



## Summary Report of Consolidated Financial Results for the Fiscal Year Ended February 28, 2010

April 14, 2010

Listed company name: AEON DELIGHT CO., LTD.      Listed exchanges: Tokyo Stock Exchange and  
Osaka Securities Exchange (First Section)  
Stock code: 9787      URL <http://www.aeondelight.co.jp>  
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Communication Dept.  
Planned date of ordinary      May 20, 2010      Planned date for starting      May 6, 2010  
general meeting of shareholders      dividend payment  
Planned date for filling of      May 20, 2010  
annual securities report

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

### 1. Consolidated Results for the Year ended 02/2010 (from March 1, 2009 to February 28, 2010)

#### (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	%
FY02/2010	140,299	-3.7	9,970	0.2	9,912	1.0	5,466	12.1
FY02/2009	145,690	5.9	9,946	19.4	9,812	19.9	4,876	11.3

	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	%	%	%
FY02/2010	137.79	137.58	18.9	20.3	8.0
FY02/2009	122.92	122.83	19.9	20.3	6.8

(Reference) Equity in net income of affiliates      FY02/2010 3 million yen      FY02/2009 16 million yen

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	yen      Millions of yen
FY02/2010	48,670	31,364	64.2	787.84
FY02/2009	49,035	28,079	54.1	669.28

(Reference) Shareholders' equity      As of Feb. 2010 31,253 million yen      As of Feb. 2009 26,550 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
FY02/2010	7,031	-1,966	-4,169	7,873
FY02/2009	6,668	-2,087	-5,255	6,970

### 2. Dividends

	Dividends per Share					Total Dividends (annual)	Payout Ratio (consolidated)	Ratio of Dividends to Net Assets (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY02/2009	—	10.00	—	12.00	22.00	872	17.9	3.6
FY02/2010	—	12.00	—	15.00	27.00	1,071	19.6	3.7
FY02/2011 (Forecast)	—	1700	—	22.00	39.00		27.5	

Note: Dividend forecast at the end of FY02/2011 includes the commemorative dividend of 5 yen per share, under the premise that the merger with CERTO Corp. effective as of Sept. 1, 2010 will be approved at the ordinary general meeting of shareholders. The consolidated payout ratio excluding commemorative dividend will be 23.9%.

## 3. Forecast of Consolidated Results for the Year Ending Feb. 28, 2011 (from March 1, 2010 to February 28, 2011)

(Figures expressed as a percentage represent year-on-year changes.)

	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
First Half	73,000	0.2	5,000	2.4	5,000	2.9	2,600	0.3	65.54
Full Year	181,000	29.0	12,050	20.9	12,105	22.1	6,470	18.4	142.00

Note: The consolidated results forecast is made under the premise of the approval of the merger with CERTO Corp. at the ordinary general meeting of shareholders. The forecast made is the sum of AEON DELIGHT full year forecast and the second half of CERTO Corp. forecast. Forecast for net income per share is calculated with the number of shares issued due to the merger.

## 4. Other Remarks

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries) : None

Newly Included: -

Excluded: -

Note: For more details, please refer "Corporate Group Organization" on page 9.

(2) Application of simplified accounting methods and accounting methods specific to the preparation of quarterly consolidated financial statements:

1) Change arising from revisions of accounting standards: Yes

2) Change due to reasons other than described above: No

Note: For more details, please refer to "Changes in significant items that constitute the basis for preparing quarterly consolidated financial statements" on page 17.

(3) Number of shares issued (common stock)

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

As of Feb. 2010: 41,400,000 shares As of Feb. 2009: 41,400,000 shares

2) Number of treasury shares at end of period:

As of Feb. 2010: 1,729,838 shares As of Feb. 2009: 1,729,838 shares

Note: Number of outstanding shares as calculation base for net income per share (consolidated) is shown in "Per share information" on page 25.

(Reference) Individual result of fiscal year ended February 28, 2010

## (1) Individual Operating Results

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY02/2010	126,528	-8.8	9,224	-3.0	9,274	-1.7	5,067	5.4
FY02/2009	138,766	4.0	9,514	16.9	9,430	17.2	4,808	9.2

	Net Income per Share	Diluted Net Income per Share
	Yen	Yen
FY02/2010	127.73	127.53
FY02/2009	121.22	121.13

## (2) Individual Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Millions of yen
FY02/2010	46,130	31,016	67.0	779.08
FY02/2009	45,680	26,679	58.2	670.71

(Reference) Shareholders' equity As of Feb. 2010 30,906 million yen As of Feb. 2009 26,607million yen

## \* Information concerning proper use of financial forecasts and other special instructions

The financial forecast provided in the preceding section was prepared on the information available as of the time of publication of report. Actual results may differ from the forecast due to various factors that may arise in the future. Since the Company conducts consolidated base financial management, only the consolidated financial forecast is disclosed.

## 1. Results of Operations

### (1) Analysis of Operating Results

<Summary of consolidated results for the fiscal year ended February 28, 2010>

During the fiscal year ended February 28, 2010, the Japanese economy remained bogged down in a deflationary environment overall, though there were some signs of recovery. The business environment for the building maintenance industry continued to be harsh, as evidenced by customer businesses' reviews of existing facility maintenance and management costs, as well as fewer new contracts and postponement of equipment replacement, as they remained strongly inclined toward saving and cutting costs.

Against this backdrop, the AEON DELIGHT Group (the "Group") pursued proactive marketing activities for further growth, while at the same time enhancing its corporate resilience as it tapped into its proposal capabilities by taking up the unique opportunities presented by the ongoing difficult business environment.

During this fiscal year, the Group placed regional sales forces under the corporate Sales Division with the aim of broadening the customer base. This initiative has proven successful, winning contracts to provide services for various types of facilities, including large-scale commercial complexes in the Kansai region, global enterprise office buildings, facilities of leading electronics manufacturers, and commercial facilities at expressway service areas, which are attracting a greater number of users.

In a bid to seize upon major business opportunities stemming from the growing awareness of environmental issues across the globe, the Group has made aggressive efforts in the area of environmental impact reduction via the newly established "Environmental Business Division." The Group hopes to make the environmental business its fourth core business, along with the facility management, cleaning, and security businesses.

Overseas, AEON DELIGHT (BEIJING) BUILDING MAINTENANCE CO., LTD. (AEON DELIGHT BEIJING) headquartered in Beijing, China, set up a branch in the Guangdong Province in January 2010. In the following month of February, a position in charge of international operations was established with a view toward expanding our business throughout China.

With regard to the ongoing initiative to improve profitability by establishing new standards for cleaning services, which began in the previous fiscal year, we launched a project team led by managers of the seven branches across the country, thereby successfully increasing profitability by introducing the new standards to our operations nationwide.

With the aim of strengthening the cleaning business in each region in Japan, in April 2009 we acquired 40% of the outstanding shares of Do Service Co., Ltd., which is based in the Kinki region, and then the remaining 60% in September 2009. Likewise, we acquired all of the remaining outstanding shares of Kankyouseibi Co., Ltd. in June 2009. Both companies are now our wholly-owned subsidiaries.

Out of our sincere wish to deepen ties with our valued customers by listening once again to what they have to say during these difficult times, we launched a *goyokiki* (order-taking) campaign to offer solutions from the customers' point of view. Our solutions, formulated from the twin perspectives of safety and comfort, were appreciated by customers. This campaign achieved some positive results.

As a result, the Group recorded consolidated net sales of 140,299 million yen (down 3.7% year on year), operating income of 9,970 million yen (up 0.2%), and ordinary income of 9,912 million yen (up 1.0%). As for extraordinary profit and loss, we posted extraordinary profit totaling 457 million yen, which included a 290 million yen gain on reversal of allowance for accrued employee retirement benefits due to a revision of the system. However, we also recorded extraordinary loss totaling 234 million yen, which included a 190 million yen loss due to impairment. Accordingly, net income after extraordinary items and income taxes and minority interests came to 5,466 million yen (up 12.1%).

As detailed thus far, we made some progress in our attempts to develop new customers; however, with customers asking us to review our service specifications and pushing back their capex plans, net sales of the Group edged downward from the previous fiscal year. Nevertheless, our earnings continued to grow despite sluggish top-line growth, with operating, ordinary, and net income all outperforming the numbers from the previous fiscal year. These results are attributable to a series of wholehearted efforts to improve productivity through higher efficiency by way of, for example, increasing productivity and lowering outsourcing costs of cleaning services, and reviewing internal costs through “work style reform” under individual initiatives.

	FY02/2009	FY02/2010	Change	% versus previous fiscal year
Net Sales	Millions of yen 145,690	Millions of yen 140,299	Millions of yen -5,390	96.3
Operating Income	9,946	9,970	24	100.2
Ordinary Income	9,812	9,912	99	101.0
Net Income	4,876	5,466	589	112.1

<Results by business segment>

**- Building Management**

The Building Management segment overall generated net sales of 134,887 million yen (down 3.5% year on year), which comprises sales from facility management services amounting to 41,666 million yen (down 1.4%), sales from security services coming to 34,281 million yen (down 6.5%), sales from cleaning services reaching 45,050 million yen (up 6.2%), and sales from construction work totaling 13,889 million yen (down 25.0%). The construction work sub-segment remained weak, as customers showed less inclination toward making capital investments by postponing equipment replacement, etc.

**- Other Operations**

Net sales from Other Operations amounted to 5,412 million yen (down 7.4%), owing partly to changes in service specifications at the request of customers.

	FY02/2009	FY02/2010	Change	% versus previous fiscal year
Facility Management	Millions of yen 42,253	Millions of yen 41,666	Millions of yen -587	98.6
Security	36,670	34,281	-2,389	93.5
Cleaning	42,403	45,050	2,646	106.2
Construction Work	18,515	13,889	-4,626	75.0
Total Building Management	139,843	134,887	-4,956	96.5
Other Operations	5,846	5,412	-434	92.6
Total	145,690	140,299	-5,390	96.3

<Issues to be addressed>

With no clear prospect of full-scale economic recovery, customer businesses are keeping a tight rein on their costs by reviewing building maintenance costs and postponing capex, etc., and our business environment may remain harsh. However, we will view this kind of environment in a positive light, by seeing it as an opportunity to achieve renewed progress and push through the following reform programs in the areas of both “growth” and “quality,” thereby accelerating the drive to enhance our corporate value further.

1) Growth management

**- Taking on the challenge of growth areas**

(Greater focus on the eco-business)

As the world becomes increasingly eco-conscious, the Group has begun stepping up its

initiatives in the eco-business during the last fiscal year, in a bid to seize this excellent opportunity by applying its expertise in building management. Among such initiatives is the development of the AEON Delight Total Energy Management Service (Ad-TEMS) in response to the Revised Act on the Rational Use of Energy that took effect in April 2009. This new service helps customers to “visualize” their energy consumption, and we make suggestions on how they can save energy based on such recorded data. With regard to the solar energy generation system, we have begun marketing this much-anticipated new energy source in the Kanto region under the lead of the Solar Business Department of the Environmental Business Division.

(Aggressive development of the overseas business)

With the aim of expanding our business in the ever-growing Chinese market, in January 2010 AEON DELIGHT BEIJING set up a branch in the Guangdong Province (Guangdong Branch) in a move to prepare itself for growth opportunities in South China. At the same time, it has been making continued efforts to develop further its business in Beijing, Tianjin, and other cities in North China. Going forward, we hope to contribute to the “creation of environmental value” for people living overseas by providing them with “safety, security, cleanliness, and comfort,” with an eye toward expanding our business to ASEAN countries.

(Creating a comprehensive facility management service (FMS) business)

There has been a growing trend among enterprises competing in the global arena and those seeking to enhance their competitiveness by streamlining their business structures to focus resources on their core businesses without having to be bothered with non-core businesses. In response to this trend, the Group intends to meet a broad range of customer needs that go beyond mere building maintenance service by utilizing its experience and expertise in providing solutions that combine facility management, cleaning, security, and other services. Our goal is to provide a package solution that caters to such customer needs, in the hopes of helping customers to reduce costs and ease the workload associated with general affairs and other administrative operations, thereby enabling them to focus on their core businesses.

As announced on March 25, 2010, AEON DELIGHT CO., LTD. (“AEON DELIGHT”) and CERTO Corporation (“CERTO”) have signed a merger agreement in which AEON DELIGHT is the surviving entity, which will take effect on September 1, 2010 subject to approval at the ordinary general meeting of shareholders scheduled for May 2010. CERTO provides office supplies and packaging materials to businesses, offers vending machine operation services, and subcontracts a broad range of back-office operations.

Taking advantage of the opportunity afforded by the merger of the two companies, we would also like to capitalize on the AEON Group’s collective strength, while furthering the AEON Group “DNA” which is embodied in the “customer focused to the first degree” principle. Our goal is to create a “comprehensive facility management service (FMS) business,” through which we can offer total solutions to diverse customer needs and manage facilities while keeping in mind the perspectives of the people who work in and visit such facilities.

#### **- Further growth in existing markets**

We have been involved in the business of managing buildings for customers, but so far, we may not have been particularly aggressive in offering solutions on incidental services, such as the design of common areas of buildings and interior finish work. With a view toward branching out into these areas, we will reinforce the organizational and workforce structure so that we can proactively offer solutions. In addition, we will carry on with the *goyokiki* campaign launched in the previous fiscal year, in which we visit customers on a regular basis to come up with suggestions on replacement, repair, or reconditioning of equipment that we have provided from the customers’ perspective.

We do not believe that we can possibly achieve a significant expansion of our business in the domestic building maintenance market if we simply follow an extension of the conventional business model. Given the ever-growing demand for technical solutions that enhance safety and comfort, however, we believe that there exists a huge market where we can meet latent social demands if only we would make use of different approaches or perspectives. We will step up efforts to provide solutions, based on our technical expertise, for various types of facilities as well as for our core market of commercial complexes. At the same time, we will make proactive suggestions on how to reduce environmental impacts and carry out reviews of service

specifications, etc., that will lead to reduced costs, so that we can achieve further growth as we gain recognition as a true partner to our customers.

## 2) Quality management

### - Changing the work style of field workers

Following in the footsteps of the initiative in cleaning services that was spread across the country in the previous fiscal year, in the fiscal year ending February 28, 2011 we will review the work routine and business model for management of buildings with no resident staff. To expedite this change, on March 1, 2010 we established the Facility Business Division, and the Facility Business Department under it. This new initiative to increase the efficiency of circuit centers has already begun, with the kick-off of a project team led by managers of the seven branches across the country on February 11, 2010.

Among other initiatives in this regard are one for enhancing productivity by introducing multitasking operations and another for building an efficient workflow by utilizing information technology.

### - Efforts to increase productivity in the service industry and develop human resources

February 2010 saw the completion of the AEON DELIGHT Academy Nagahama in Shiga Prefecture. At this research and training facility, we will conduct research for higher productivity in the service industry through industry-government-academy collaboration by redefining “documentation of specifications,” “standardization,” and “labor saving” for the service business. Knowing that human resources are the greatest asset of the Group, we will leverage the opening of the AEON DELIGHT Academy Nagahama to revise the system and structure for human resources development and pour greater resources into their training with an eye toward “relentless pursuit of better services” and “achieving higher productivity” in the field.

Through the abovementioned initiatives, we will seize upon the excellent opportunity presented by these difficult environmental changes to enhance our corporate resilience and develop new businesses. By managing “growth” and “quality of services,” we will work hard to increase the corporate value of the Group even more.

#### <Forecast for the year ending February 28, 2011>

Because of steady implementation of the aforementioned measures, we forecast consolidated earnings results for the year ending February 28, 2011 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 Aug. 31, 2010	73,000	0.2	5,000	2.4	5,000	2.9	2,600	0.3	65	54
Year ending Feb. 28, 2011	181,000	29.0	12,050	20.9	12,105	22.1	6,470	18.4	142	00

#### <Information on proper use of the financial forecast and other special instructions>

The financial forecast described above assumes that the proposed merger with CERTO effective September 1, 2010 will be approved at the general meeting of shareholders. The numbers shown above have been obtained simply by adding together the numbers for AEON DELIGHT’s full-year forecast for the year ending February 28, 2011 and those for CERTO’s forecast for the second half of the corresponding year. The forecast for net income per share (for the year ending February 28, 2011) is based on the number of outstanding shares after the merger and is shown here for reference purposes.

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

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

## (2) Analysis of Financial Position

&lt;Summary of consolidated financial position for the fiscal year ended February 28, 2010&gt;

## 1) Current assets

Current assets at the end of the fiscal year under review decreased by 124 million yen from the end of the previous fiscal year to 30,026 million yen (down 0.4%). This decrease resulted mainly from an increase of 973 million yen in cash and deposits, a decrease of 1,740 million yen in trade notes and accounts receivable, and an increase of 500 million yen in deposits for consumption paid to affiliates under bailment arrangements.

## 2) Fixed assets

Fixed assets at the end of the fiscal year under review declined by 240 million yen from the end of the previous fiscal year to 18,644 million yen (down 1.3%). The main factors behind this decline were an increase of 186 million yen in goodwill due to acquisition of subsidiaries' shares, a decrease of 865 million yen resulting from goodwill amortization, and an increase of 319 million yen due to the mark-to-market accounting of investment securities.

## 3) Current liabilities

Current liabilities at the end of the fiscal year under review decreased by a total of 3,849 million yen from the end of the previous fiscal year to 16,281 million yen (down 19.1%). This decrease is attributable primarily to a decrease of 1,576 million yen in trade notes and accounts payable and a decrease of 1,500 million yen due to the repayment of funds raised from the liquidation of future receivables.

## 4) Long-term liabilities

Long-term liabilities at the end of the fiscal year under review increased by a total of 199 million yen from the end of the previous fiscal year to 1,024 million yen (up 24.2%). This increase was due primarily to an increase of 185 million yen resulting from the recording of deferred tax liabilities mainly from the mark-to-market accounting of investment securities.

## 5) Net assets

Net assets at the end of the fiscal year under review increased by 3,284 million yen from the end of the previous fiscal year to 31,364 million yen (up 11.7%). This increase was attributable mainly to an increase of 5,466 million yen in retained earnings due to posting of net income, a decrease of 952 million yen in retained earnings due to dividend payments, and a decrease of 1,456 million yen in minority interests.

&lt;Summary of consolidated cash flows for the fiscal year ended February 28, 2010&gt;

The balance of cash and cash equivalents ("cash") at the end of the fiscal year under review increased by 902 million yen from the balance at the end of the previous fiscal year to 7,873 million yen (up 12.9%). This increase in the cash balance was a result of the posting of net income before income taxes and minority interests of 10,134 million yen and the collection of trade notes and accounts receivable of 2,507 million yen. However, the impact of these items was partially offset by income tax payments amounting to 4,233 million yen, repayment of trade notes and accounts payable of 1,986 million yen, and repayment of funds raised from the liquidation of future receivables amounting to 1,500 million yen.

Cash flows for the fiscal year under review and their underlying factors are summarized below.

## (Cash flows from operating activities)

Net cash provided by operating activities came to 7,031 million yen (up 5.4% year-on-year). This was attributable mainly to posting of net income before income taxes and minority interests of 10,134 million yen, collection of trade notes and accounts receivable of 2,507 million yen, retained earnings from goodwill amortization of 865 million yen, repayment of trade notes and accounts payable of 1,986 million yen, and income tax payments amounting to 4,233 million yen.

## (Cash flows from investing activities)

Net cash used in investing activities amounted to 1,966 million yen (down 5.8% year-on-year). The main factors behind this were an outflow of 1,608 million yen for the acquisition of additional shares of consolidated subsidiaries, an outflow of 793 million yen for the acquisition of tangible

fixed assets, and an outflow of 500 million yen for expenditure and return of deposits for consumption under bailment arrangements with affiliates.

(Cash flows from financing activities)

Net cash used in financing activities was 4,169 million yen (down 20.7% year-on-year). This owed mostly to redemption of funds raised from the liquidation of future receivables amounting to 1,500 million yen, a net decrease in short-term loans payable amounting to 1,017 million yen, and dividend payments amounting to 951 million yen.

Changes in the Group's cash flow indicators are as shown below.

	FY02/2008	FY02/2009	FY02/2010
Shareholders' equity ratio (%)	47.4	54.1	64.2
Shareholders' equity ratio at market value (%)	182.8	102.4	99.1
Ratio of interest-bearing debts to cash flows (%)	0.9	0.3	0.0
Interest coverage ratio	—	7,361.7	528.7

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio at market value: Total market capitalization / Total assets

Ratio of interest-bearing debts to cash flows: Interest-bearing debts / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest paid

Note:

1. The abovementioned indicators have been calculated based on consolidated financial data.
2. Total market capitalization was calculated as the closing stock price at the end of the period multiplied by the number of shares outstanding (excluding treasury sock) at the end of the period.
3. Interest-bearing debts represent all debts that are recorded in the consolidated balance sheets on which interest is paid.
4. Operating cash flows are the "net cash provided by operating activities" reported in the consolidated statements of cash flows.
5. Interest paid represents the "interest paid" reported in the consolidated statements of cash flows.

(3) Basic Policy on Profit Distribution and Dividends for Fiscal 2010 and 2011

AEON DELIGHT strives to ensure sustainable improvement of the Group's corporate value and shareholder value, and regards the consolidated payout ratio as an important indicator for dividends to shareholders. Accordingly, in order to maintain a stable dividend payment while taking into account dividends on consolidated shareholders' equity, we aim to achieve a consolidated payout ratio of 20% or higher.

We will use retained earnings for proactive investments in sustainable growth and improvement in the quality of our services, such as creation of environmental value for the realization of a low carbon society, etc., as well as information technology, human resources development, and M&As. We will endeavor to meet shareholders' expectations by enhancing our corporate value in accordance with medium- and long-term growth strategies.

As announced on October 6, 2009, we will pay a year-end dividend of 15 yen per share for the year ended February 28, 2010 (fiscal 2010). The year-end dividend, when combined with the dividend of 12 yen per share at the end of the second quarter, will bring the total annual dividend up to 27 yen per share, an increase of 22.7% from the previous year.

As for dividend payments for the year ending February 28, 2011 (fiscal 2011), we project an annual dividend of 39 yen per share, an increase of 12 yen from the previous term (a dividend of 17 yen per share at the end of the second quarter and a year-end dividend of 22 yen per share,



including a dividend of five yen per share commemorating the merger; an increase of 44.4% from the annual dividend to be paid for the current fiscal year). Please note that the commemorative dividend is subject to approval at the ordinary general meeting of shareholders concerning the proposed merger with CERTO scheduled on September 1, 2010.

## 2. Corporate Group Organization

The AEON DELIGHT Group comprises AEON DELIGHT CO., LTD. ("AEON DELIGHT"), ten consolidated subsidiaries, and one equity method affiliate. AEON DELIGHT is a member of the corporate group of AEON Co., Ltd., a pure holding company. The AEON Group organizes its operating companies 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, Asia operations, and the China business).

The AEON DELIGHT Group is positioned in service operations among the aforementioned business segments of AEON Co., Ltd., and as one of the core companies of the AEON Group it is engaged mainly in the following operations.

Building Management: Run by AEON DELIGHT, nine consolidated subsidiaries, and one equity method affiliate

Facility management: Building facility maintenance, inspection, and improvement

Security: Security and guards for building facilities and events

Cleaning: Environmental preservation for building facilities

Construction work: Repair work for building facilities

Other Operations: Run by AEON DELIGHT and five consolidated subsidiaries

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

Businesses are segmented by type.

## 3. Management Policy

### (1) Basic management policy

Since there have been no significant changes 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 shall be omitted.

The abovementioned report is available at the following URL:

<http://www.aeondelight.co.jp/> (AEON DELIGHT website)

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

### (2) Target management indicators and medium- and long-term management strategies

As announced on March 25, 2010, AEON DELIGHT and CERTO have signed a merger agreement in which AEON DELIGHT is the surviving entity. The merger will take effect on September 1, 2010 subject to approval at the ordinary general meeting of shareholders scheduled in May 2010. The AEON DELIGHT Group has long sought to become a group of companies that create "environmental value" going beyond the existing framework of building maintenance services. By taking up the opportunity presented by this merger with CERTO, we aim to expand the scope of our services in a bid to meet emerging social demands. Going forward, we will strive to create Japan's first comprehensive facility management service (FMS) business and further expand our service menu through alliances with external partners from many different sectors, while at the same time accelerating the drive to increase our corporate value by making the best possible use of AEON Group's management resources.

With these initiatives in place, we will shoot for operating revenues of 300 billion yen and an operating margin of nine percent for the year ending February 28, 2013.

### (3) Issues to be addressed

As described in "Analysis of Operating Results <Issues to be addressed>" on page 4.

## 4. Consolidated Financial Statements (Millions of yen)

(1) Consolidated Balance Sheet	FY02/2009	FY02/2010
<b>Assets</b>		
Current assets		
Cash and deposits	6,991	7,964
Notes and accounts receivable-trade	18,025	16,284
Inventories	28	20
Deferred tax assets	1,281	1,067
Deposit of subsidiaries and affiliates	2,500	3,000
Other	1,512	1,811
Allowance for doubtful accounts	-188	-122
Total current assets	30,150	30,026
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	762	1,185
Machinery for area control, net	343	305
Land	475	284
Construction in progress	13	15
Other, net	1,007	951
Total property, plant and equipment	2,602	2,741
Intangible assets		
Goodwill	11,974	11,295
Other	649	629
Total intangible assets	12,623	11,924
Investments and other assets		
Investment securities	1,730	2,050
Long-term loans receivable	46	65
Deferred tax assets	534	289
Other	1,518	1,712
Allowance for doubtful accounts	-172	-141
Total investments and other assets	3,658	3,977
Total noncurrent assets	18,885	18,644
Total assets	49,035	48,670

Liabilities	(Millions of yen)	
	FY02/2009	FY02/2010
Current liabilities		
Notes and accounts payable-trade	10,551	8,974
Short-term loans payable	163	55
Current portion of long-term loans payable	25	25
Liquidation of claims credit loans payable	1,500	—
Accounts payable-other	2,422	2,104
Income taxes payable	2,385	2,191
Accrued consumption taxes	705	494
Provision for bonuses	823	738
Provision for reward of business performance	—	101
Provision for directors' bonuses	103	—
Other	1,451	1,594
Total current liabilities	<u>20,131</u>	<u>16,281</u>
Noncurrent liabilities		
Long-term loans payable	56	31
Deferred tax liabilities	—	185
Provision for retirement benefits	557	577
Provision for directors' retirement benefits	57	65
Other	153	164
Total noncurrent liabilities	<u>824</u>	<u>1,024</u>
Total liabilities	<u>20,956</u>	<u>17,306</u>
Net assets		
Shareholders' equity		
Capital stock	3,238	3,238
Capital surplus	2,963	2,964
Retained earnings	20,852	25,366
Treasury stock	-461	-461
Total shareholders' equity	<u>26,592</u>	<u>31,107</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-30	149
Foreign currency translation adjustment	-11	-3
Total valuation and translation adjustments	<u>-42</u>	<u>145</u>
Subscription rights to shares	72	110
Minority interests	1,456	—
Total net assets	<u>28,079</u>	<u>31,364</u>
Total liabilities and net assets	<u>49,035</u>	<u>48,670</u>

## (2) Consolidated Statement of Income

(Millions of yen)

	FY02/2009	FY02/2010
Net sales	145,690	140,299
Cost of sales	124,735	119,180
Gross profit	20,955	21,118
Selling, general and administrative expenses	11,008	11,148
Operating income	9,946	9,970
Non-operating income		
Interest income	48	27
Dividends income	23	30
Equity in earnings of affiliates	16	3
Other	20	28
Total non-operating income	108	88
Non-operating expenses		
Interest expenses	48	18
Loss on cancellation of company housing	55	31
Loss on retirement of noncurrent assets	50	41
Compensation for accident expenses	47	14
Adjustment of labor insurance expenses	29	9
Other	10	30
Total non-operating expenses	241	147
Ordinary income	9,812	9,912
Extraordinary income		
Reversal of provision for retirement benefits	—	290
Reversal of allowance for doubtful accounts	—	83
Compensation income	—	54
Profit for surrender value	64	—
Income for insurance	38	—
Other	7	29
Total extraordinary income	110	457
Extraordinary loss		
Impairment loss	—	190
Loss on retirement of noncurrent assets	—	28
Loss on valuation of investment securities	913	—
Other	26	15
Total extraordinary losses	940	234
Income before income taxes and minority interests	8,982	10,134
Income taxes—current	4,243	4,045
Income taxes—deferred	-216	572
Total income taxes	4,026	4,618
Minority interests in income	80	50
Net income	4,876	5,466

## ( 3 ) Statements of Changes in Shareholders' Equity (Millions of yen)

	FY02/2009	FY02/2010
Shareholders' equity		
Capital stock		
Balance at the end of previous period	3,238	3,238
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	3,238	3,238
Capital surplus		
Balance at the end of previous period	2,963	2,963
Changes of items during the period		
Disposal of treasury stock	—	1
Total changes of items during the period	—	1
Balance at the end of current period	2,963	2,964
Retained earnings		
Balance at the end of previous period	16,772	20,852
Changes of items during the period		
Dividends from surplus	-793	-952
Net income	4,876	5,466
Disposal of treasury stock	-2	—
Total changes of items during the period	4,080	4,514
Balance at the end of current period	20,852	25,366
Treasury stock		
Balance at the end of previous period	-460	-461
Changes of items during the period		
Purchase of treasury stock	-9	-8
Disposal of treasury stock	8	8
Total changes of items during the period	0	0
Balance at the end of current period	-461	-461
Total shareholders' equity		
Balance at the end of previous period	22,512	26,592
Changes of items during the period		
Dividends from surplus	-793	-952
Net income	4,876	5,466
Purchase of treasury stock	-9	-8
Disposal of treasury stock	6	9
Total changes of items during the period	4,079	4,515
Balance at the end of current period	26,592	31,107

	(Millions of yen)	
	FY02/2009	FY02/2010
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	-25	-30
Changes of items during the period		
Net changes of items other than shareholders' equity	-5	180
Total changes of items during the period	-5	180
Balance at the end of current period	-30	149
Foreign currency translation adjustment		
Balance at the end of previous period	0	-11
Changes of items during the period		
Net changes of items other than shareholders' equity	-11	7
Total changes of items during the period	-11	7
Balance at the end of current period	-11	-3
Total valuation and translation adjustments		
Balance at the end of previous period	-24	-42
Changes of items during the period		
Net changes of items other than shareholders' equity	-17	188
Total changes of items during the period	-17	188
Balance at the end of current period	-42	145
Subscription rights to shares		
Balance at the end of previous period	—	72
Changes of items during the period		
Net changes of items other than shareholders' equity	72	38
Total changes of items during the period	72	38
Balance at the end of current period	72	110
Minority interests		
Balance at the end of previous period	—	1,456
Changes of items during the period		
Net changes of items other than shareholders' equity	1,456	-1,456
Total changes of items during the period	1,456	-1,456
Balance at the end of current period	1,456	—
Total net assets		
Balance at the end of previous period	22,488	28,079
Changes of items during the period		
Dividends from surplus	-793	-952
Net income	4,876	5,466
Purchase of treasury stock	-9	-8
Disposal of treasury stock	6	9
Net changes of items other than shareholders' equity	1,511	-1,230
Total changes of items during the period	5,591	3,284
Balance at the end of current period	28,079	31,364

## (4) Consolidated Statement of Cash Flow

(Millions of yen)

	FY02/2009	FY02/2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	8,982	10,134
Depreciation and amortization	638	728
Impairment loss	—	190
Amortization of goodwill	857	865
Increase (decrease) in provision for bonuses	-148	-84
Increase (decrease) in provision for retirement benefits	0	2
Increase (decrease) in provision for directors' retirement benefits	5	7
Interest and dividends income	-71	-57
Interest expenses	48	18
Loss on valuation of membership	0	—
Loss (gain) on sales of property, plant and equipment	66	75
Loss on cancellation of company housing	55	31
Loss (gain) on valuation of investment securities	913	4
Decrease (increase) in notes and accounts receivable—trade	533	2,507
Increase (decrease) in notes and accounts payable—trade	80	-1,986
Increase (decrease) in accounts payable—other	7	-493
Decrease (increase) in accounts receivable—other	-41	48
Other, net	-794	-776
Subtotal	11,134	11,219
Interest and dividends income received	72	59
Interest expenses paid	0	-13
Income taxes paid	-4,537	-4,233
Net cash provided by (used in) operating activities	6,668	7,031
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	—	806
Payments into time deposits	—	-91
Net decrease (increase) in time deposits	9	—
Purchase of property, plant and equipment	-505	-793
Proceeds from sales of property, plant and equipment	83	47
Purchase of intangible assets	-202	-119
Purchase of investment securities	-4	-5
Proceeds from sales of investment securities	7	6
Purchase of investments in subsidiaries	—	-1,608
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-463	—
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	125
Payment for deposit of subsidiaries and affiliates	-91,300	-79,800
Collection of deposit of subsidiaries and affiliates	90,300	79,300
Payments of loans receivable	-2	-3
Collection of loans receivable	—	67
Payments for guarantee deposits	-85	-52
Proceeds from collection of guarantee deposits	101	47
Other, net	-22	105
Net cash provided by (used in) investing activities	-2,087	-1,966

	(Millions of yen)	
	FY02/2009	FY02/2010
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	33	-1,017
Liquidation of claims credit loans payable	-4,500	-1,500
Repayment of long-term loans payable	—	-697
Cash dividends paid	-792	-951
Net decrease (increase) in treasury stock	3	—
Other, net	—	-2
Net cash provided by (used in) financing activities	-5,255	-4,169
Effect of exchange rate change on cash and cash equivalents	-13	7
Net increase (decrease) in cash and cash equivalents	-687	902
Cash and cash equivalents at beginning of period	7,657	6,970
Cash and cash equivalents at end of period	6,970	7,873



(5) Notes on premise of going concern

None

(6) Changes in significant items that constitute the basis for preparing quarterly consolidated financial statements

1) Application of the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Effective from the fiscal year ended February 28, 2010, the Company applied the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ Practical Issues Task Force No. 18, issued on May 17, 2006) and made necessary adjustments in its consolidated financial statements.

The impact of the application of this new rule on the Company’s profit and loss account is negligible.

2) Accounting standard for lease transactions

Previously, finance lease transactions for which ownership of the leased assets is not transferred to the lessees were not capitalized, but were rather accounted for in the same manner as ordinary rental transactions. Effective from the fiscal year ended February 28, 2010, the Company adopted the Accounting Standard for Lease Transactions (ASBJ Statement No. 13; originally issued June 17, 1993 (1<sup>st</sup> Subcommittee, Business Accounting Council); final revision March 30, 2007) and the Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16; originally issued January 18, 1994 (Accounting System Committee, Japanese Institute of Certified Public Accountants); final revision March 30, 2007). Consequently, the Company now accounts for such finance lease transactions in the same manner as purchase and sales transactions. The impact of this change on the Company’s consolidated profit and loss for the year under review is negligible.

The accounting treatments applicable to ordinary rental transactions shall still be applied to non-ownership-transfer finance lease transactions that commenced on or before February 28, 2009.

(7) Notes on consolidated financial statements  
 (Employees' pension and retirement benefits)  
 Fiscal year ended February 28, 2009

1. Outline of employees' pension and retirement benefits

The Company provides a defined benefit corporate pension fund plan established by AEON Co., Ltd. (parent company) and its main affiliates in Japan, as well as a defined contribution pension plan and retirement benefits advance payment plan.

Consolidated subsidiaries provide a lump-sum severance payment plan.

2. Liabilities for employees' pension and retirement benefits

	(Millions of yen)
(1) Projected benefit obligation	-1,990
(2) Fair value of plan assets	828
(3) Unfunded benefit obligation (1) + (2)	-1,161
(4) Unrecognized actuarial differences	614
(5) Allowance for accrued employee retirement benefits(net) (3) + (4)	-547
(6) Prepaid pension cost	9
(7) Allowance for accrued employee retirement benefits (5) – (6)	-557

3. Employees' pension and retirement benefits expenses

	(Millions of yen)
(1) Service cost	189
(2) Interest cost	34
(3) Expected return on plan assets	-18
(4) Amortization of actuarial differences	94
(5) Other*	190
(6) Employees' pension and retirement benefit expenses (1) + (2) + (3) + (4) + (5)	491

\*Includes contributions to the defined contribution pension plan and retirement benefits paid in advance to employees pursuant to the retirement benefits advance payment plan.

4. Basis for calculation of employees' pension and retirement benefit obligation

(1) Periodic allocation of anticipated employees' pension and retirement benefits	Allocated equally to each service year
(2) Discount rate	1.5%~2.4%
(3) Expected rate of return on plan assets	2.05%
(4) Amortization of unrecognized actuarial differences	10 years (amortized using the straight-line method over certain years within the average remaining service period of employees at the time of occurrence of such a difference, beginning from the fiscal year following the year in which the difference occurred)

Fiscal year ended February 28, 2010

1. Outline of employees' pension and retirement benefits

The Company provides a defined benefit corporate pension fund plan established by AEON Co., Ltd. (parent company) and its main affiliates in Japan, as well as a defined contribution pension plan and retirement benefits advance payment plan.

Consolidated subsidiaries provide a lump-sum severance payment plan.

2. Liabilities for employees' pension and retirement benefits

	(Millions of yen)
(1) Projected benefit obligation	-1,880
(2) Fair value of plan assets	975
(3) Unfunded benefit obligation (1) + (2)	-905
(4) Unrecognized actuarial differences	570
(5) Allowance for accrued employee retirement benefits(net) (3) + (4)	-334
(6) Prepaid pension cost	242
(7) Allowance for accrued employee retirement benefits(5) – (6)	-577

3. Employees' pension and retirement benefits expenses

	(Millions of yen)
(1) Service cost	220
(2) Interest cost	34
(3) Expected return on plan assets	-10
(4) Amortization of actuarial differences	104
(5) Other*	193
(6) Employees' pension and retirement benefit expenses (1) + (2) + (3) + (4) + (5)	542

\*Includes contributions to the defined contribution plan and retirement benefits paid in advance to employees pursuant to the retirement benefits advance payment plan.

4. Basis for calculation of employees' pension and retirement benefit obligation

(1) Periodic allocation of anticipated employees' pension and retirement benefits	Allocated equally to each service year
(2) Discount rate	2.4%
(3) Expected rate of return on plan assets	1.28%
(4) Amortization of unrecognized actuarial differences	10 years (amortized using the straight-line method over certain years within the average remaining service period of employees at the time of occurrence of such a difference, beginning from the fiscal year following the year in which the difference occurred)

(Segment Information)  
 [Business segment information]  
 Fiscal year ended February 28, 2009

(Millions of yen)

	Building Management				Other Operations	Total	Eliminations / corporate	Consolidated
	Facility management	Security	Cleaning	Construction work	Other businesses			
I. Net Sales and operating income or loss								
Net sales								
(1) Sales to unaffiliated customers	42,253	36,670	42,403	18,515	5,846	145,690	—	145,690
(2) Intersegment sales or transfer	18	64	31	93	674	882	(882)	—
Total sales	42,272	36,735	42,435	18,609	6,520	146,573	(882)	145,690
Operating expenses	36,916	34,471	37,448	16,902	5,899	131,638	4,105	135,744
Operating income	5,355	2,264	4,986	1,706	621	14,934	(4,988)	9,946
II. Assets, depreciation, and capital expenditures								
Assets	9,273	4,093	5,159	908	383	19,817	29,218	49,035
Depreciation and amortization	86	76	119	7	17	307	331	638
Capital expenditures	86	27	174	—	0	289	416	706

## Notes:

1. Business segments are classified based on the internal control framework.
2. Main services of each business segment are as follows:
  - (1) Building Management
    - a. Facility management: Building facility maintenance, inspection, and improvement
    - b. Security: Security and guards for building facilities and events
    - c. Cleaning: Environmental preservation for building facilities
    - d. Construction work: Repair work for building facilities
  - (2) Other Operations
    - a. Other businesses: Technical training and temporary staffing business, business incidental to store operations management, document control business, etc.
3. Unallocable operating expenses included in "Eliminations/Corporate" amount to 4,988 million yen, and consist mainly of general affairs and other administrative expenses of the Company.
4. Corporate assets included in "Eliminations/Corporate" amount to 29,218 million yen, and consist mainly of surplus funds (cash deposits), long-term investments (investment securities), goodwill, and assets belonging to the administrative function of the Company.

Fiscal year ended February 28, 2010

(Millions of yen)

	Building Management				Other Operations	Total	Eliminations / corporate	Consolidated
	Facility management	Security	Cleaning	Construction work	Other businesses			
I. Net sales and operating income or loss								
Net sales								
(1) Sales to unaffiliated customers	41,666	34,281	45,050	13,889	5,412	140,299	—	140,299
(2) Intersegment sales or transfer	10	141	127	156	578	1,013	(1,013)	—
Total sales	41,676	34,422	45,177	14,046	5,990	141,313	(1,013)	140,299
Operating expenses	37,168	31,684	39,397	12,724	5,242	126,217	4,111	130,329
Operating income	4,507	2,738	5,780	1,321	748	15,095	(5,125)	9,970
II. Assets, depreciation, and capital expenditures								
Assets	9,099	4,062	5,187	825	368	19,543	29,126	48,670
Depreciation and amortization	97	74	240	8	11	433	295	728
Capital expenditures	61	34	220	1	—	317	791	1,109

Notes: 1. Business segments are classified based on the internal control framework.

2. Main services of each business segment are as follows:

(1) Building Management

- a. Facility management: Building facility maintenance, inspection, and improvement
- b. Security: Security and guards for building facilities and events
- c. Cleaning: Environmental preservation for building facilities
- d. Construction work: Repair work for building facilities

(2) Other Operations

- a. Other businesses: Technical training and temporary staffing business, business incidental to store operations management, document control business, etc.

3. Unallocable operating expenses included in "Eliminations/Corporate" amount to 5,125 million yen, and consist mainly of general affairs and other administrative expenses of the Company.

4. Corporate assets included in "Eliminations/Corporate" amount to 29,126 million yen, and consist mainly of surplus funds (cash deposits), long-term investments (investment securities), goodwill, and assets belonging to the administrative function of the Company.

[Geographical segment information]

Fiscal year ended February 28, 2009

Since the proportion of business conducted by the Group in Japan exceeds 90% of the total sales and total assets of all segments, geographic segment information is not presented.

Fiscal year ended February 28, 2010

Since the proportion of business conducted by the Group in Japan exceeds 90% of total sales and total assets of all segments, geographic segment information is not presented.

[Overseas sales]

Fiscal year ended February 28, 2009

Since the proportion of overseas sales is less than 10% of consolidated sales, overseas sales information is not presented.

Fiscal year ended February 28, 2010

Since the proportion of overseas sales is less than 10% of consolidated sales, overseas sales information is not presented.

## [Related party information]

Fiscal year ended February 28, 2009

Parent companies and principal corporate shareholders, etc.

Attribute	Name of companies, etc.	Address	Capital (millions of yen)	Business lines / occupation	(Parent company's ownership of voting rights, etc. (%))	Nature of relationship		Nature of transactions	Transaction amount (millions of yen)	Item	Balance at year-end (millions of yen)	
						Concurrent directorship, etc.	Business relationship					
Parent company	AEON Co., Ltd.	Mihama-ku, Chiba City	199,054	Pure holding company*3	(Parent company's ownership) Direct 1.5 Indirect 58.6	Transferee(s): 6 Concurrent director(s): 2	Subcontracting of facility management, security, cleaning, construction work, and other services, and bailment for consumption	Business transaction	Sales	22,928	—	—
								Transaction other than business transaction	Bailment for consumption* Return of deposits for consumption*	91,300 90,300	Deposits from affiliates	2,500
	MYCAL Corp.	Chuo-ku, Osaka City	20,000	General merchandise store	(Parent company's ownership) Direct 58.6 Indirect —	Transferee(s): 2	Subcontracting of facility management, security, cleaning, construction work, and other services, and leasing of offices, etc.	Business transaction	Sales	15,774	Accounts receivable	1,792

Terms of transaction and policy on determination of terms of transaction, etc.

Pricing and other terms of transaction for relevant parties are the same as those for other parties who are not related to the Company.

Notes: \*1 Interest rates on deposits for consumption are decided rationally by considering market rates.

\*2 Consumption taxes, etc. are not included in the transaction amount, but are included in the balance at year-end.

\*3 Effective August 21, 2008, AEON Co., Ltd. spun off its retail business, transferring it to AEON RETAIL Co., Ltd., its wholly-owned subsidiary. With this move, AEON Co., Ltd. became a pure holding company.

Fellow subsidiaries, etc.

Attribute	Name of companies, etc.	Address	Capital (millions of yen)	Business lines / occupation	(Parent company's ownership of voting rights, etc. (%))	Nature of relationship		Nature of transactions	Transaction amount (millions of yen)	Item	Balance at year-end (millions of yen)	
						Concurrent directorship, etc.	Business relationship					
Parent company's subsidiary	AEON RETAIL Co., Ltd.	Mihama-ku, Chiba City	50,000	General merchandise store	None	Concurrent director(s): 1	Subcontracting of facility management, security, cleaning, construction work, and other services	Business transaction	Sales	21,772	Notes receivable Accounts receivable	823 4,970
Parent company's subsidiary	AEON MALL Co., Ltd.	Mihama-ku, Chiba City	16,662	Shopping center / Insurance agent	Direct 0.3 Indirect — (Ownership)	Concurrent director(s): 1	Subcontracting of facility management, security, cleaning, construction work, and other services	Business transaction	Sales	7,860	Notes receivable Accounts receivable	17 956
Parent company's subsidiary	AEON KYUSHU Co., Ltd.	Hakata-ku, Fukuoka City	3,144	General merchandise store	Direct 0.2 Indirect — (Ownership)	—	Subcontracting of facility management, security, cleaning, construction work, and other services	Business transaction	Sales	6,620	Notes receivable Accounts receivable	122 667
Parent company's subsidiary	AEON Hokkaido Corp.	Shiraishi-ku, Sapporo City	6,100	General merchandise store	Direct 0.1 Indirect — (Ownership)	—	Subcontracting of facility management, security, cleaning, construction work, and other services	Business transaction	Sales	4,504	Notes receivable Accounts receivable	291 373

Terms of transaction and policy on determination of terms of transaction, etc.

Pricing and other terms of transaction for relevant parties are the same as those for other parties who are not related to the Company.

Note: Consumption taxes, etc. are not included in the transaction amount, but are included in the balance at year-end.

Fiscal year ended February 28, 2010

## 1. Transactions with related parties

Transactions between the reporting company and related parties

## (1) Parent companies and principal shareholders (limited to corporations, etc.), etc. of the reporting company

Type	Name of companies, etc.	Address	Capital (millions of yen)	Business lines / occupation	(Parent company's ownership of voting rights, etc. (%))	Nature of relationship		Nature of transactions	Transaction amount (millions of yen)	Item	Balance at year-end (millions of yen)	
						Concurrent directorship, etc.	Business relationship					
Parent company	AEON Co., Ltd.	Mihama-ku, Chiba City	199,054	Pure holding company	(Parent company's ownership) Direct 1.5 Indirect 58.6	Transferee(s): 6 Concurrent director(s): 2	Subcontracting of facility management, security, cleaning, construction work, and other services, and bailment for consumption	Transaction other than business transaction	Bailment for consumption <sup>*1</sup>  Return of deposits for consumption <sup>*1</sup>	90,300  90,300	Deposits from affiliates	3,000
	MYCAL Corp.	Chuo-ku, Osaka City	20,000	General merchandise store	(Parent company's ownership) Direct 58.6 Indirect —	Transferee(s): 2	Subcontracting of facility management, security, cleaning, construction work, and other services, and leasing of offices, etc.	Business transaction  Transaction other than business transaction	Sales  Receipt of compensation money <sup>*2</sup>	13,810  54	Accounts receivable  —	1,364  —

Terms of transaction and policy on determination of terms of transaction, etc.

Pricing and other terms of transaction for relevant parties are the same as those for other parties who are not related to the Company.

Notes:

- \*<sup>1</sup> Interest rates on deposits for consumption are decided rationally by considering market rates.
- \*<sup>2</sup> Compensation money was received due to cancellation of a real estate lease agreement.
- \*<sup>3</sup> Consumption taxes, etc. are not included the transaction amount, but are included in the balance at year-end.

## (2) Companies, etc. who share the same parent company with the reporting company and subsidiaries, etc. of other affiliates of the reporting company

Type	Name of companies, etc.	Address	Capital (millions of yen)	Business lines / occupation	(Parent company's) ownership of voting rights, etc. (%)	Nature of relationship		Nature of transactions		Transaction amount (millions of yen)	Item	Balance at year-end (millions of yen)
						Concurrent directorship, etc.	Business relationship					
Company who shares the same parent company	AEON RETAIL Co., Ltd.	Mihama-ku, Chiba City	50,000	General merchandise store	None	Concurrent director(s): 1	Subcontracting of facility management, security, cleaning, construction work, and other services	Business transaction	Sales	40,748	Notes receivable Accounts receivable	167 4,495
Company who shares the same parent company	AEON MALL Co., Ltd.	Mihama-ku, Chiba City	16,662	Shopping center / Insurance agent	(Ownership) Direct 0.3 Indirect —	Concurrent director(s): 1	Subcontracting of facility management, security, cleaning, construction work, and other services	Business transaction	Sales	7,949	Accounts receivable	918
Company who shares the same parent company	AEON KYUSHU Co., Ltd.	Hakata-ku, Fukuoka City	3,144	General merchandise store	(Ownership) Direct 0.2 Indirect —	—	Subcontracting of facility management, security, cleaning, construction work, and other services	Business transaction	Sales	5,931	Notes receivable Accounts receivable	137 552
Company who shares the same parent company	Ryukyu Jusco Co., Ltd.	Shimajiri-gun, Okinawa	360	General merchandise store	None	—	Subcontracting of facility management, security, cleaning, construction work, and other services	Business transaction	Sales	1,928	Notes receivable Accounts receivable	101 654

Terms of transaction and policy on determination of terms of transaction, etc.

Pricing and other terms of transaction for relevant parties are the same as those for other parties who are not related to the Company.

Note: Consumption taxes, etc. are not included in the transaction amount, but are included in the balance at year-end.

## 2. Notes on parent companies or important affiliates

## (1) Parent company information

AEON Co., Ltd. (Listed on the Tokyo Stock Exchange)

MYCAL Corp. (Not listed)

## (2) Summarized financial information of important affiliates

None



(Per share information)

FY02/2009 (from March 1, 2008 to February 28, 2009)		FY02/2010 (from March 1, 2009 to February 28, 2010)	
Net assets per share	¥669.28	Net assets per share	¥787.84
Net income per share	¥122.92	Net income per share	¥137.79
Net income per share (diluted)	¥122.83	Net income per share (diluted)	¥137.58

Notes: Basis for calculation

## 1. Net assets per share

	FY02/2009 As of February 28, 2009	FY02/2010 As of February 28, 2010
Total net assets (millions of yen)	28,079	31,364
Net assets attributable to common stock (millions of yen)	26,550	31,253
Breakdown of difference (millions of yen)		
Subscription rights	72	110
Minority interests	1,456	—
Amount of common stock outstanding (thousands of shares)	41,400	41,400
Amount of common stock in treasury (thousands of shares)	1,729	1,729
Amount of common stock used to calculate net assets per share (thousands of shares)	39,670	39,670

## 2. Net income per share and net income per share (diluted)

	FY02/2009 (from March 1, 2008 to February 28, 2009)	FY02/2010 (from March 1, 2009 to February 28, 2010)
Net income (millions of yen)	4,876	5,466
Net income attributable to common stock (millions of yen)	4,876	5,466
Average amount of common stock outstanding during the year (thousands of shares)	39,669	39,669
Breakdown of increase in amount of common stock used to calculate net assets per share (diluted) (thousands of shares)		
Subscription rights	29	60

## (Significant Subsequent Events)

For the fiscal year ended February 28, 2010

Following the adoption of the resolutions at the Board of Directors meeting held on March 25, 2010, AEON DELIGHT on the same date entered into a merger agreement with CERTO in which CERTO is the entity ceasing to exist and AEON DELIGHT is the surviving entity. Details of the merger are shown below.

## 1. Company profiles

## (1) Names of the companies concerned and their businesses

## a. Surviving company

Name	AEON DELIGHT CO., LTD.
Principal Business	Comprehensive building maintenance services

## b. Outline of the merged company (as of February 20, 2009)

Name	CERTO Corporation
Principal Business	Supplies / materials provision, vending machine operation services
Capital	1,222 million yen
Operating Revenues	70,745 million yen
Net Income	2,171 million yen
Total Assets	29,144 million yen
Net Assets	14,977 million yen

## (2) Legal form of the business combination and corporate name after the merger

The merger will be effected by the merger of CERTO with and into AEON DELIGHT, with AEON DELIGHT as the surviving entity. The corporate name after the merger will be AEON DELIGHT CO., LTD.

## (3) Outline of the transaction, including its purpose

## a. Purpose of the transaction

The Group takes up the mission to meet the growing social demands for greater safety and comfort as a leading company in the building maintenance industry, with respect to the Management Principle of “pursuing the creation of ‘environmental value’ for its customers.” The Group offers its services to buildings for a wide range of purposes including large-scale commercial complexes.

CERTO takes up the mission “to deliver ‘certain’ and reliable qualities eternally” in order to meet customers’ demands in changing societies. CERTO provides office supplies and packaging materials to businesses and offers vending machine operation services.

The two companies have agreed to integrate their management resources in order to create a “comprehensive facility management service (FMS) business” that aims to meet diverse customer demands and customizes facility management in the best interest of people who work in or visit buildings under its management. At the same time, they will further the AEON Group “DNA” which is embodied in the “customer focused to the first degree” principle.

With these missions in mind, as a pioneer in the comprehensive FMS business, the new AEON Delight aims to achieve a scale and profitability equivalent to that of global competitors by tapping into a greater number of marketing opportunities created through the merger synergies, all-in-one services made possible by the group’s extensive network, and high productivity backed by knowledge in service science.

## b. Outline of the transaction

- Date of the merger  
September 1, 2010
- Structure of the merger  
The Merger will be effected by the merger of CERTO with and into AEON DELIGHT, with AEON DELIGHT as the surviving entity.
- The number of shares of the surviving entity to be issued in exchange for one share of the entity ceasing to exist, or details of shareholding

AEON DELIGHT will issue 1.30 shares of its common stock in exchange for every CERTO common share.

2. Outline of Accounting Treatment

The Merger will be treated as an incorporation transaction under common authority under the Accounting Standard for Business Combinations. As such, the accounting statement shall be made under the provisions of Item 247 of the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10). Thus, there will be no “goodwill” incurred.

Notes other than those shown above shall be omitted here, as they are deemed as having little importance.

## 5. Financial Statements, etc.

(Millions of yen)

(1) Balance Sheet	FY02/2009	FY02/2010
<b>Assets</b>		
Current assets		
Cash and deposits	4,466	4,362
Notes receivable-trade	1,415	471
Accounts receivable-trade	15,569	14,589
Raw materials and supplies	7	8
Advance payments-trade	985	1,040
Prepaid expenses	351	425
Deferred tax assets	1,161	935
Deposit of subsidiaries and affiliates	2,500	3,000
Accounts receivable-other	389	404
Other	65	562
Allowance for doubtful accounts	-184	-119
Total current assets	26,726	25,680
Noncurrent assets		
Property, plant and equipment		
Buildings	998	1,280
Accumulated depreciation	-582	-473
Buildings, net	415	806
Machinery for area control	4,329	4,136
Accumulated depreciation	-4,028	-3,863
Machinery for area control, net	301	273
Vehicles	52	2
Accumulated depreciation	-28	-1
Vehicles, net	23	1
Tools, furniture and fixtures	2,316	2,131
Accumulated depreciation	-1,550	-1,429
Tools, furniture and fixtures, net	765	702
Land	280	89
Lease assets	—	22
Accumulated depreciation	—	-4
Lease assets, net	—	17
Construction in progress	13	12
Total property, plant and equipment	1,799	1,902
Intangible assets		
Goodwill	11,705	11,026
Right of trademark	23	20
Software	532	522
Telephone subscription right	73	73
Right of using facilities	0	—
Other	8	1
Total intangible assets	12,345	11,645

	(Millions of yen)	
	FY02/2009	FY02/2010
Investments and other assets		
Investment securities	1,060	1,376
Stocks of subsidiaries and affiliates	2,621	4,252
Investments in capital	1	1
Investments in capital of subsidiaries and affiliates	72	72
Long-term loans receivable	40	39
Long-term loans receivable from subsidiaries and affiliates	28	12
Claims provable in bankruptcy, claims provable in rehabilitation and other	92	63
Long-term prepaid expenses	94	96
Deferred tax assets	75	—
Guarantee deposits	633	634
Other	235	468
Allowance for doubtful accounts	-148	-119
Total investments and other assets	<u>4,808</u>	<u>6,901</u>
Total noncurrent assets	<u>18,953</u>	<u>20,449</u>
Total assets	<u>45,680</u>	<u>46,130</u>
Liabilities		
Current liabilities		
Notes payable-trade	2,229	1,473
Accounts payable-trade	8,540	7,669
Liquidation of claims credit loans payable	1,500	—
Lease obligations	—	5
Accounts payable-other	2,275	1,882
Accrued expenses	129	85
Income taxes payable	2,229	2,008
Accrued consumption taxes	536	322
Advances received	64	71
Deposits received	502	425
Provision for bonuses	700	604
Provision for reward of business performance	—	76
Provision for directors' bonuses	91	—
Other	47	141
Total current liabilities	<u>18,848</u>	<u>14,765</u>
Noncurrent liabilities		
Lease obligations	—	14
Deferred tax liabilities	—	185
Other	152	148
Total noncurrent liabilities	<u>152</u>	<u>347</u>
Total liabilities	<u>19,000</u>	<u>15,113</u>

	(Millions of yen)	
	FY02/2009	FY02/2010
Net assets		
Shareholders' equity		
Capital stock	3,238	3,238
Capital surplus		
Legal capital surplus	2,963	2,963
Other capital surplus	641	641
Total capital surpluses	3,605	3,605
Retained earnings		
Legal retained earnings	395	395
Other retained earnings		
General reserve	7,120	7,120
Retained earnings brought forward	12,734	16,849
Total earned surpluses	20,250	24,365
Treasury stock	-461	-461
Total shareholders' equity	26,631	30,746
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-24	159
Total valuation and translation adjustments	-24	159
Subscription rights to shares	72	110
Total net assets	26,679	31,016
Total liabilities and net assets	45,680	46,130

## (2) Statement of Income

(Millions of yen)

	FY02/2009	FY02/2010
Net sales	138,766	126,528
Cost of sales	119,799	108,608
Gross profit	18,966	17,920
Selling, general and administrative expenses	9,452	8,695
Operating income	9,514	9,224
Non-operating income		
Interest income	46	21
Interest on securities	0	0
Dividends income	85	137
Other	10	7
Total non-operating income	142	166
Non-operating expenses		
Interest expenses	47	3
Loss on cancellation of company housing	54	30
Loss on retirement of noncurrent assets	42	35
Compensation for accident expenses	45	11
Adjustment of labor insurance expenses	28	13
Other	7	20
Total non-operating expenses	226	116
Ordinary income	9,430	9,274
Extraordinary income		
Reversal of provision for retirement benefits	—	290
Reversal of allowance for doubtful accounts	—	78
Compensation income	—	54
Income for insurance	38	—
Adjustment of lease profit	7	—
Other	—	1
Total extraordinary income	45	423
Extraordinary loss		
Loss on valuation of stocks of subsidiaries and affiliates	—	254
Impairment loss	—	190
Loss on valuation of investment securities	913	—
Other	15	38
Total extraordinary losses	929	483
Income before income taxes	8,546	9,214
Income taxes—current	4,023	3,788
Income taxes—deferred	-285	359
Total income taxes	3,737	4,147
Net income	4,808	5,067

## ( 3 ) Statements of Changes in Shareholders' Equity (Millions of yen)

	FY02/2009	FY02/2010
Shareholders' equity		
Capital stock		
Balance at the end of previous period	3,238	3,238
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	3,238	3,238
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	2,963	2,963
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	2,963	2,963
Other capital surplus		
Balance at the end of previous period	641	641
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	641	641
Total capital surplus		
Balance at the end of previous period	3,605	3,605
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	3,605	3,605
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	395	395
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	395	395
Other retained earnings		
General reserve		
Balance at the end of previous period	7,120	7,120
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	7,120	7,120
Retained earnings brought forward		
Balance at the end of previous period	8,718	12,734
Changes of items during the period		
Dividends from surplus	-793	-952
Net income	4,808	5,067
Total changes of items during the period	4,015	4,114
Balance at the end of current period	12,734	16,849



	(Millions of yen)	
	FY02/2009	FY02/2010
<b>Total retained earnings</b>		
Balance at the end of previous period	16,234	20,250
Changes of items during the period		
Dividends from surplus	-793	-952
Net income	4,808	5,067
Total changes of items during the period	4,015	4,114
Balance at the end of current period	20,250	24,365
<b>Treasury stock</b>		
Balance at the end of previous period	-460	-461
Changes of items during the period		
Purchase of treasury stock	0	0
Total changes of items during the period	0	0
Balance at the end of current period	-461	-461
<b>Total shareholders' equity</b>		
Balance at the end of previous period	22,617	26,631
Changes of items during the period		
Dividends from surplus	-793	-952
Net income	4,808	5,067
Purchase of treasury stock	0	0
Total changes of items during the period	4,014	4,114
Balance at the end of current period	26,631	30,746
<b>Valuation and translation adjustments</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance at the end of previous period	-25	-24
Changes of items during the period		
Net changes of items other than shareholders' equity	0	184
Total changes of items during the period	0	184
Balance at the end of current period	-24	159
<b>Total valuation and translation adjustments</b>		
Balance at the end of previous period	-25	-24
Changes of items during the period		
Net changes of items other than shareholders' equity	0	184
Total changes of items during the period	0	184
Balance at the end of current period	-24	159
<b>Subscription rights to shares</b>		
Balance at the end of previous period	—	72
Changes of items during the period		
Net changes of items other than shareholders' equity	72	38
Total changes of items during the period	72	38
Balance at the end of current period	72	110
<b>Total net assets</b>		
Balance at the end of previous period	22,591	26,679

	(Millions of yen)	
	FY02/2009	FY02/2010
Changes of items during the period		
Dividends from surplus	-793	-952
Net income	4,808	5,067
Purchase of treasury stock	0	0
Net changes of items other than shareholders' equity	73	222
Total changes of items during the period	<u>4,087</u>	<u>4,337</u>
Balance at the end of current period	<u>26,679</u>	<u>31,016</u>

(4) Note on the going concern assumption: None

Notes on Individual Financial Statement are insignificant, therefore skipped.

6. Other Remarks

(1) Change in representative director

(2) Management reshuffles (scheduled on May 20, 2010)

1. Candidates for new directors (present position)

Director	Tajiro Yashi	(General Manager of Group Sales Division)
Director	Naoto Haga	(CERTO President)
Director	Masakazu Yano	(CERTO Director, GM of Sales Division)
Director	Yutaka Shibayama	(CERTO Director, GM of Finance and Accounting Dept.)
Director	Osamu Matsui	(CERTO Director, GM of Personnel and General Affairs Dept.)
Director	Nowaki Harada	(CERTO Director, GM of Commodities Control Dept.)
Director	Nobukazu Tanaka	(CERTO GM of Sales Control Dept. in Sales Division)
Director	Akira Sugihara	(CERTO GM of Operation Control Dept. in Sales Division)

2. Retiring directors (present position)

Director	Masakazu Miyoshi	(Vice President, Operation designing and Group Sales in charge)
Director	Fumio Nakamura	(Director, International Administrator)
Director	Takao Kato	(Director, Senior Advisor)
Director	Hiroyuki Fujita	(Director, Deputy GM of Sales Division)

3. Candidates for new auditor

Full-time auditor	Masakazu Miyoshi	(Vice President, Operation designing and Group Sales in charge)
Auditor	Hitoshi Kanda	(CERTO Full-time auditor)

4. Retiring auditor

Full-time auditor	Tadayuki Morishige
Auditor	Muneo Nishihara