

Summary Report of Consolidated Financial Results for the First Quarter of the Fiscal Year Ending February 28, 2010



July 2, 2009

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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Planned date for filing of quarterly financial statements: July 14, 2009 Planned date for commencement of dividend payments: —

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

1. Consolidated Results for the First Quarter of the Fiscal Year Ending February 28, 2010 (from March 1, 2009 to May 31, 2009)

(1) Consolidated Operating Results (cumulative)

(Figures expressed in percentages represent year-on-year percentage changes.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended May 31, 2009	36,758	—	2,439	—	2,447	—	1,344	—
Three months ended May 31, 2008	36,940	7.7	2,586	25.8	2,544	25.3	1,442	32.0

	Net Income per Share		Diluted Net Income per Share	
	Yen		Yen	
Three months ended May 31, 2009	33	89	33	85
Three months ended May 31, 2008	36	37	36	36

(2) Consolidated Financial Position

	Total Assets		Net Assets		Shareholders' Equity Ratio		Net Assets per Share	
	Millions of yen		Millions of yen		%	Yen		
As of May 31, 2009	50,904		29,299		54.2	695	51	
As of Feb. 28, 2009	49,035		28,079		54.1	669	28	

(Reference) Shareholders' equity As of May 31, 2009: 27,586 million yen As of February 28, 2009: 26,550 million yen

2. Dividends

(Record Date)	Dividends per Share				
	End of the 1 st Quarter	End of the 2 nd Quarter	End of the 3 rd Quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year Ended February 28, 2009	—	10 00	—	12 00	22 00
Year Ending February 28, 2010	—				
Year Ending February 28, 2010 (Forecast)		12 00	—	12 00	24 00

Note: Adjustments to dividend forecast made during the first quarter of fiscal 2010: None

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

(Figures expressed in percentages represent year-on-year percentage 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	
Six months ending August 31, 2009	74,000	—	4,900	—	4,800	—	2,480	—	62	51
Full year	150,000	3.0	10,100	1.5	9,900	0.9	5,200	6.6	131	08

Note: Adjustments to consolidated results forecast made during the first quarter of fiscal 2010: None

4. Other Remarks

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation)

[Newly included: — (Company name:) Excluded: — (Company name:)]

Note: Following the acquisition of shares in Kankyouseibi Co., Ltd. in October 2008, the Company acquired shares in Do Service Co., Ltd. on April 1, 2009, and included this firm in the scope of consolidation.

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

[Note: For more details, please refer to "4. Other Remarks" in the 【Qualitative Information and Financial Statements】 section on page 5.]

(3) Change in accounting principles and procedures, and the methods of presentation used in the preparation of quarterly consolidated financial statements (matters to be described in the section for "changes in significant items that constitute the basis for preparing quarterly consolidated financial statements")

1) Change arising from revisions of accounting standards : Yes

2) Change due to reasons other than those described in "1)" above : No

[Note: For more details, please refer to "4. Other Remarks" in the 【Qualitative Information and Financial Statements】 section on page 5.]

(4) Number of shares outstanding (common stock)

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

As of May 31, 2009: 41,400,000 shares As of February 28, 2009: 41,400,000 shares

2) Number of treasury shares at end of period:

As of May 31, 2009: 1,736,492 shares As of February 28, 2009: 1,729,647 shares

3) Average number of shares during the period (quarterly cumulative):

Three months ended May 31, 2009: 39,666,908 shares Three months ended May 31, 2009: 39,670,677 shares

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

(1) Effective from the fiscal year ending February 28, 2010, the Company applies the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No.12) and the "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14). The Company also prepares its quarterly consolidated financial statements in accordance with the "Regulations on Quarterly Consolidated Financial Statements."

(2) The financial forecast given on the previous page has been prepared on the basis of the information available at the time this report was published. Actual results may differ from those forecast due to various factors that may arise in the future. For information on financial forecasts, please refer to "3. Qualitative Information on Consolidated Financial Forecast" in the "Qualitative Information and Financial Statements" section on page 4.

【Qualitative Information and Financial Statements】

1. Qualitative Information on Consolidated Operating Results

During the fiscal 2010, deteriorating corporate earnings became a prominent feature of the Japanese economy, where recessionary conditions were triggered by the global financial crisis that first struck last year. The business environment remained harsh.

Against this backdrop, the AEON DELIGHT Group (“AEON DELIGHT” or the “Company”), reformed its organizational structure effective March 1, 2009 to strengthen its sales function and created a system enabling appropriate responses to diverse customer needs, while implementing an aggressive marketing plan with a focus on businesses that have become increasingly conscious of facility management costs. These efforts gave the Company opportunities to start doing business with a wider range of customers, in the course of which services are provided for various types of buildings, including global enterprise office buildings and amusement facilities operating nationwide.

In the area of spot services centered on construction work, original construction schedules were delayed in some cases, but some positive results were delivered for environmental load reduction proposals. The Company attaches great importance to addressing proposals of this kind and seeks to take proactive steps to further such proposals on an ongoing basis.

With regard to mergers and acquisitions, after making Kankyouseibi Co., Ltd. its subsidiary by acquiring the company’s stock on October 1, 2008, on April 1, 2009 AEON DELIGHT acquired 40% of the outstanding shares in Do Service Co., Ltd., which operates a cleaning services business primarily in the Kinki region and has a competitive edge in cleaning services for small-scale commercial facilities, focusing on convenience stores in particular.

While striving to increase operating revenues as noted above, AEON DELIGHT, in a bid to improve profitability, worked to develop the Company’s new cleaning service models from a horizontal integration perspective and optimize contract prices, and at the same time, promoted efficient operations by changing the “awareness” and “working style” of each worker.

Meanwhile, the dramatic deterioration in the business environment since last year fueled cost consciousness among customers, and in some cases, the Company came under increasing pressure to review specifications and reduce costs. On the other hand, the effect of the system consolidation associated with management integration filtered all the way down the organization. As a result, the Company posted consolidated net sales of 36,758 million yen (99.5% versus the first quarter of fiscal 2008), operating income of 2,439 million yen (94.3%), and net income of 1,344 million yen (93.2%). These figures were, by and large, within the Company’s initially anticipated ranges.

Results by business segment

The Building Management segment, including facility management, security, cleaning and construction work, generated net sales of 35,432 million yen (99.9% versus the first quarter of fiscal 2008), which consisted of 10,775 million yen (101.5%) from facility management services, 8,798 million yen (96.3%) from security services, 11,051 million yen (106.3%) from cleaning services, and 4,807 million yen (90.2%) from construction work. Net sales from other operations stood at 1,325 million yen (90.4%).

Note:

The year-on-year comparison data included in the “Qualitative Information on Consolidated Operating Results” section are given for the purpose of reference.

2. Qualitative Information on Consolidated Financial Position

Total assets as of May 31, 2009 increased by 1,869 million yen (3.8%) compared with the balance at the end of fiscal 2008 to 50,904 million yen. This increase is attributable mainly to the inclusion of Do Service Co., Ltd. and two other affiliates within the scope of consolidation from the fiscal 2010, as well as to the net income earned during the first quarter.

Net assets increased by 1,219 million yen (4.3%) from the balance at the end of fiscal 2008 to 29,299 million yen, resulting from an increase of 1,344 million yen in retained earnings due to posting of net income for the first quarter and a decrease of 476 million yen in retained earnings due to dividend payments. The shareholders' equity ratio as of May 31, 2009 stood at 54.2%.

Cash Flows

The balance of cash and cash equivalents (hereinafter referred to as "cash") at May 31, 2009 increased by 2,388 million yen (34.3%) compared to the balance at the end of fiscal 2008 to 9,358 million yen. This increase is mainly attributable to income before income taxes posted for the three month and the return of deposits for consumption under bailment arrangements with affiliates, although the effect of these factors was partly offset by corporate income tax payments and expenditure on the acquisition of tangible fixed assets.

Summarized below are cash flows and their underlying factors for the fiscal 2010.

(Cash flows from operating activities)

Net cash provided by operating activities during the first quarter was 1,359 million yen. The major factors contributing to the net cash inflow were income before income taxes of 2,471 million yen in the first quarter, a 961 million yen provision for the allowance for bonuses, and an increase of 504 million yen in trade accounts payable, which were partially offset by corporate income tax payments of 2,328 million yen and a decrease of 607 million yen in other accounts payable.

(Cash flows from investing activities)

Net cash provided by investing activities during the first quarter was 2,755 million yen. The principal factors behind the net cash inflow were an inflow of 2,500 million yen from expenditure on and the return of deposits for consumption under bailment arrangements with affiliates, and an outflow of 113 million yen for the acquisition of tangible fixed assets, etc.

(Cash flows from financing activities)

Net cash used in financing activities during the first quarter was 1,729 million yen. The major factors contributing to the net cash outflow were the repayment of funds raised through the liquidation of future receivables amounting to 1,125 million yen and dividend payments of 476 million yen.

3. Qualitative Information on Consolidated Financial Forecast

Regarding its earnings projection for the fiscal year ending February 28, 2010, AEON DELIGHT's forecast released on April 6, 2009 remains unchanged. While maintaining its efforts to "expand operating revenues" and "improve profitability" as originally planned, in a bid to steadily achieve its performance forecast in a difficult management environment, the Company has been implementing on-site measures proposed from a customer safety and comfort perspective, and has been working to improve the profit margins of poorly performing facilities under its revamped system.

4. Other Remarks

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None
- (2) Simplified accounting methods
 - Method for estimating credit losses on general receivables
Since the difference between the actual credit loss ratio as of May 31, 2009 and the ratio computed at the end of fiscal 2008 was deemed insignificant, the actual credit loss ratio at the end of fiscal 2008 was used in estimating credit losses.
- (3) Application of accounting methods specific to the preparation of quarterly consolidated financial statements: None
- (4) Changes in accounting principles and procedures, and the methods of presentation used in the preparation of quarterly consolidated financial statements
 - 1) Application of the Accounting Standard for Quarterly Financial Reporting
Effective from the fiscal year ending February 28, 2010, the Company applies the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No.12) and the "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14). The Company also prepares its quarterly consolidated financial statements in accordance with the "Regulation on Quarterly Consolidated Financial Statements."
 - 2) Application of the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements
Effective from the fiscal 2010, the Company applies 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 the necessary adjustments in its consolidated financial statements.
The impact of the application of the new rule on the Company's profit and loss account is insignificant.

5 【Consolidated Financial Statements】
(1) 【First Quarter Consolidated Balance Sheet】

(millions of yen)

	First three months of FY2010 ended May 31, 2009	FY2009 ended Feb. 28, 2009
Assets		
Current assets		
Cash and deposits	10,116	6,991
Notes and accounts receivable-trade	18,776	18,025
Other	3,035	5,322
Allowance for doubtful accounts	△174	△188
Total current assets	31,754	30,150
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	804	762
Land	475	475
Other, net	1,425	1,364
Total property, plant and equipment	2,705	2,602
Intangible assets		
Goodwill	11,798	11,974
Other	634	649
Total intangible assets	12,432	12,623
Investments and other assets		
Investment securities	2,056	1,730
Other	2,138	2,100
Allowance for doubtful accounts	△182	△172
Total investments and other assets	4,012	3,658
Total noncurrent assets	19,150	18,885
Total assets	50,904	49,035

Liabilities	First three months of FY2010 ended May 31, 2009	FY 2009 ended Feb. 28, 2009
Current liabilities		
Notes and accounts payable-trade	11,467	10,551
Short-term loans payable	973	163
Current portion of long-term loans payable	474	25
Liquidation of claims credit loans payable	375	1,500
Income taxes payable	1,092	2,385
Provision for bonuses	1,785	823
Provision for reward of business performance	23	—
Provision for directors' bonuses	—	103
Other	4,324	4,578
Total current liabilities	20,515	20,131
Noncurrent liabilities		
Long-term loans payable	257	56
Provision for retirement benefits	580	557
Provision for directors' retirement benefits	47	57
Other	204	153
Total noncurrent liabilities	1,090	824
Total liabilities	21,605	20,956
Net assets		
Shareholders' equity		
Capital stock	3,238	3,238
Capital surplus	2,963	2,963
Retained earnings	21,721	20,852
Treasury stock	△469	△461
Total shareholders' equity	27,452	26,592
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	140	△30
Foreign currency translation adjustment	△6	△11
Total valuation and translation adjustments	133	△42
Subscription rights to shares	110	72
Minority interests	1,602	1,456
Total net assets	29,299	28,079
Total liabilities and net assets	50,904	49,035

(2) 【Consolidated Statements of Income】
【First Quarter】

(millions of yen)

	First three month of FY2010 (March 1, 2009 – May 31, 2009)
Net sales	36,758
Cost of sales	31,456
Gross profit	5,302
Selling, general and administrative expenses	2,862
Operating income	2,439
Non-operating income	
Interest income	7
Dividends income	14
Equity in earnings of affiliates	5
Other	9
Total non-operating income	36
Non-operating expenses	
Interest expenses	5
Loss on cancellation of company housing	8
Other	14
Total non-operating expenses	28
Ordinary income	2,447
Extraordinary income	
Reversal of allowance for doubtful accounts	18
Surrender profit of insurance	8
Total extraordinary income	26
Extraordinary loss	
Loss on cancellation of lease contracts	3
Total extraordinary losses	3
Income before income taxes and minority interests	2,471
Income taxes-current	1,053
Income taxes-deferred	38
Total income taxes	1,092
Minority interests in income	34
Net income	1,344

(3) 【Consolidated Statements of Cash Flow】

(millions of yen)

	First three months of FY2010 (March 1, 2009 – May 31, 2009)
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	2,471
Depreciation and amortization	171
Amortization of goodwill	221
Increase (decrease) in provision for bonuses	961
Increase (decrease) in provision for retirement benefits	6
Increase (decrease) in provision for directors' retirement benefits	△9
Interest and dividends income	△21
Interest expenses	5
Decrease (increase) in notes and accounts receivable-trade	69
Increase (decrease) in notes and accounts payable-trade	504
Increase (decrease) in accounts payable-other	△607
Decrease (increase) in accounts receivable-other	△18
Other, net	△87
Subtotal	3,668
Interest and dividends income received	22
Interest expenses paid	△2
Income taxes paid	△2,328
Net cash provided by (used in) operating activities	1,359
Net cash provided by (used in) investment activities	
Proceeds from withdrawal of time deposits	48
Purchase of property, plant and equipment	△113
Proceeds from sales of property, plant and equipment	10
Purchase of intangible assets	△27
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	284
Payments for deposit of subsidiaries and affiliates	△22,500
Collection of deposit of subsidiaries and affiliates	25,000
Other, net	52
Net cash provided by (used in) investment activities	2,755
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	△100
Repayment of long-term loans payable	△22
Liquidation of claims credit loans payable	△1,125
Cash dividends paid	△476
Other, net	△4
Net cash provided by (used in) financing activities	△1,729
Effect of exchange rate change on cash and cash equivalents	3
Net increase (decrease) in cash and cash equivalents	2,388
Cash and cash equivalents at beginning of period	6,970
Cash and cash equivalents at end of period	9,358

Effective from the fiscal year ending February 28, 2010, the Company applies the "Accounting Standard

for Quarterly Financial Reporting" (ASBJ Statement No.12) and the "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14). The Company also prepares its quarterly consolidated financial statements in accordance with the "Regulations on Quarterly Consolidated Financial Statements."

(4) Note on the going concern assumption: None

(5) Note on significant changes in shareholders' equity: None