

JALUX Inc. and Consolidated Subsidiaries

Consolidated Balance Sheets

	March 31,		
	2005	2004	2005
	<i>(Thousands of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Assets			
Current assets:			
Cash and time deposits	¥ 5,218,478	¥ 4,130,377	\$ 48,771
Notes and accounts receivable <i>(Notes 16 and 17)</i> :			
Trade	10,961,620	8,099,154	102,445
Parent	2,843	3,925,984	27
Unconsolidated subsidiary and affiliates	49,495	45,942	463
Other	1,194,792	1,123,597	11,166
Allowance for doubtful accounts	(33,777)	(34,876)	(316)
Inventories	5,210,814	5,115,801	48,699
Deferred income taxes <i>(Note 10)</i>	424,203	412,545	3,965
Other <i>(Note 17)</i>	1,766,699	1,249,858	16,511
Total current assets	<u>24,795,171</u>	<u>24,068,386</u>	<u>231,731</u>
Investments and advances:			
Unconsolidated subsidiary and affiliates	1,987,501	1,860,858	18,575
Other <i>(Note 5)</i>	294,521	255,083	2,753
Total investments and advances	<u>2,282,023</u>	<u>2,115,942</u>	<u>21,327</u>
Property and equipment <i>(Note 7)</i> :			
Land	388,772	445,033	3,633
Buildings and structures	4,260,217	4,385,208	39,815
Machinery and vehicles	549,354	556,730	5,134
Flight equipment	2,241,948	3,015,537	20,953
Construction in process	19,188	25,363	179
Other	697,467	625,367	6,518
	<u>8,156,949</u>	<u>9,053,242</u>	<u>76,233</u>
Accumulated depreciation	(3,484,944)	(4,404,618)	(32,570)
Property and equipment, net	<u>4,672,005</u>	<u>4,648,623</u>	<u>43,664</u>
Intangible assets:			
Software	454,253	463,680	4,245
Other	37,584	76,905	351
Total intangible assets	<u>491,838</u>	<u>540,586</u>	<u>4,597</u>
Long-term loans	499,693	1,395,753	4,670
Deposits for business space <i>(Note 17)</i>	1,793,931	2,357,550	16,766
Deferred income taxes <i>(Note 10)</i>	382,316	317,633	3,573
Other assets, net	247,716	262,279	2,315
	<u>¥35,164,696</u>	<u>¥35,706,754</u>	<u>\$328,642</u>

	March 31,		
	2005	2004	2005
	<i>(Thousands of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Liabilities and stockholders' equity			
Current liabilities:			
Short-term borrowings <i>(Notes 7 and 17)</i>	¥ 1,778,187	¥ 1,986,723	\$ 16,619
Current portion of long-term debt <i>(Note 7)</i>	1,580,510	1,282,069	14,771
Notes and accounts payable <i>(Note 16)</i> :			
Trade	10,260,355	11,555,793	95,891
Parent	—	224,500	—
Unconsolidated subsidiary and affiliates	602,772	532,121	5,633
Accrued expenses	2,141,546	2,407,207	20,014
Accrued income taxes <i>(Note 10)</i>	805,075	647,475	7,524
Other	2,373,139	1,707,154	22,179
Total current liabilities	<u>19,541,588</u>	<u>20,343,046</u>	<u>182,632</u>
Long-term debt <i>(Notes 7 and 16)</i>	2,758,646	3,881,290	25,782
Accrued pension and severance costs <i>(Note 8)</i>	329,100	212,202	3,076
Directors' and statutory auditors' retirement benefits	174,950	139,452	1,635
Other	10,277	27,433	96
Minority interests	733,930	626,225	6,859
Commitments and contingent liabilities <i>(Notes 12 and 13)</i>			
Stockholders' equity <i>(Note 11)</i> :			
Common stock, without par value:			
Authorized: 20,000,000 shares			
Issued: 12,775,000 shares in 2005 and 2004	2,558,550	2,558,550	23,912
Capital surplus	711,296	711,260	6,648
Retained earnings	8,608,902	7,448,233	80,457
Net unrealized gain on other securities, net of taxes <i>(Note 5)</i>	10,413	8,053	97
Translation adjustments	(263,946)	(242,130)	(2,467)
Common stock in treasury: 14,179 shares in 2005 and 13,209 shares in 2004	(9,013)	(6,863)	(84)
Total stockholders' equity	<u>11,616,202</u>	<u>10,477,102</u>	<u>108,563</u>
	<u>¥35,164,696</u>	<u>¥35,706,754</u>	<u>\$328,642</u>

The accompanying notes are an integral part of these statements.

JALUX Inc. and Consolidated Subsidiaries

Consolidated Statements of Income

	Year ended March 31,			
	2005	2004	2003	2005
	<i>(Thousands of yen)</i>			<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Operating revenues <i>(Notes 15 and 17)</i>	¥98,622,995	¥86,089,991	¥86,867,003	\$921,710
Operating expenses <i>(Notes 15 and 17)</i> :				
Cost of sales	75,549,297	65,845,097	67,402,869	706,068
Selling, general and administrative expenses	20,332,031	18,163,531	17,627,788	190,019
	<u>95,881,328</u>	<u>84,008,629</u>	<u>85,030,657</u>	<u>896,087</u>
Operating income	<u>2,741,667</u>	<u>2,081,362</u>	<u>1,836,346</u>	<u>25,623</u>
Non-operating income (expenses):				
Interest income	42,343	40,830	14,233	396
Interest expense	(69,082)	(75,929)	(94,175)	(646)
Equity in earnings of affiliates	78,921	84,847	85,374	738
Other, net <i>(Note 9)</i>	57,259	101,954	210,478	535
	<u>109,441</u>	<u>151,702</u>	<u>215,911</u>	<u>1,023</u>
Income before income taxes and minority interests	<u>2,851,108</u>	<u>2,233,064</u>	<u>2,052,257</u>	<u>26,646</u>
Income taxes <i>(Note 10)</i> :				
Current	1,349,346	1,207,818	1,048,840	12,611
Deferred	(78,800)	(166,573)	(159,619)	(736)
	<u>1,270,546</u>	<u>1,041,244</u>	<u>889,221</u>	<u>11,874</u>
Minority interests	<u>(144,891)</u>	<u>(106,409)</u>	<u>(130,036)</u>	<u>(1,354)</u>
Net income	<u>¥ 1,435,670</u>	<u>¥ 1,085,411</u>	<u>¥ 1,032,999</u>	<u>\$ 13,417</u>

The accompanying notes are an integral part of these statements.

JALUX Inc. and Consolidated Subsidiaries

Consolidated Statements of Stockholders' Equity

	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Net unrealized gain (loss) on other securities, net of taxes (Note 5)	Translation adjustments	Common stock in treasury	Total
	<i>(Thousands of yen)</i>							
Balance at March 31, 2002	12,250,000	¥2,558,550	¥661,250	¥5,309,269	¥ 3,632	¥ 86,606	¥ (535)	¥ 8,618,773
Net income for the year ended March 31, 2003				1,032,999				1,032,999
Cash dividends				(183,735)				(183,735)
Bonuses to directors and statutory auditors				(10,250)				(10,250)
Net change during the year					(14,667)	(157,458)	(4,312)	(176,438)
Balance at March 31, 2003	12,250,000	2,558,550	661,250	6,148,284	(11,034)	(70,852)	(4,847)	9,281,349
Net income for the year ended March 31, 2004				1,085,411				1,085,411
Cash dividends				(195,960)				(195,960)
Bonuses to directors and statutory auditors				(11,690)				(11,690)
Increase resulting from merger	525,000		50,000	422,186				472,186
Other			10		19,088	(171,277)	(2,016)	(154,195)
Balance at March 31, 2004	12,775,000	2,558,550	711,260	7,448,232	8,053	(242,130)	(6,863)	10,477,102
Net income for the year ended March 31, 2005				1,435,670				1,435,670
Cash dividends				(255,439)				(255,439)
Bonuses to directors and statutory auditors				(19,562)				(19,562)
Other			36		2,360	(21,816)	(2,149)	(21,568)
Balance at March 31, 2005	<u>12,775,000</u>	<u>¥2,558,550</u>	<u>¥711,296</u>	<u>¥8,608,902</u>	<u>¥ 10,413</u>	<u>¥(263,946)</u>	<u>¥(9,013)</u>	<u>¥11,616,202</u>

	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Net unrealized gain (loss) on other securities, net of taxes (Note 5)	Translation adjustments	Common stock in treasury	Total
	<i>(Thousands of U.S. dollars) (Note 3)</i>							
Balance at March 31, 2004	12,775,000	\$23,912	\$6,647	\$69,610	\$75	\$(2,263)	\$(64)	\$ 97,917
Net income for the year ended March 31, 2005				13,417				13,417
Cash dividends				(2,387)				(2,387)
Bonuses to directors and statutory auditors				(183)				(183)
Other			0		22	(204)	(20)	(202)
Balance at March 31, 2005	<u>12,775,000</u>	<u>\$23,912</u>	<u>\$6,648</u>	<u>\$80,457</u>	<u>\$97</u>	<u>\$(2,467)</u>	<u>\$(84)</u>	<u>\$108,563</u>

The accompanying notes are an integral part of these statements.

JALUX Inc. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

	Year ended March 31,			
	2005	2004	2003	2005
	<i>(Thousands of yen)</i>			<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Operating activities				
Income before income taxes and minority interests	¥ 2,851,108	¥ 2,233,064	¥ 2,052,257	\$ 26,646
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	634,346	637,524	662,914	5,928
Provision for allowance for doubtful accounts	(9,234)	55,672	(28,663)	(86)
Net provision for accrued pension and severance costs	116,898	103,106	92,867	1,093
Interest and dividend income	(80,618)	(96,150)	(58,411)	(753)
Interest expense	69,082	75,929	94,175	646
Exchange (gain) loss, net	(3,192)	777	(2,575)	(30)
Equity in earnings of affiliates	(78,921)	(84,847)	(85,374)	(738)
(Gain) loss on sales of, and loss on disposal of property and equipment	(81,246)	(262,686)	(177,219)	(759)
Impairment losses on fixed assets	123,340	-	-	1,153
Gain on sales of investments in securities	(15,995)	(123,114)	(1,446)	(149)
Loss on revaluation of investments in securities	-	7,800	12,750	-
Decrease (increase) in notes and accounts receivable	979,608	(702,146)	(1,063,729)	9,155
(Increase) decrease in inventories	(101,030)	197,212	383,445	(944)
(Decrease) increase in notes and accounts payable	(1,445,848)	1,074,175	(893,968)	(13,513)
Increase (decrease) in bad debts on receivables	47,587	(60,172)	59,874	445
Payments of bonuses to directors and statutory auditors	(20,570)	(12,950)	(11,550)	(192)
Other, net	248,558	(438,441)	124,867	2,323
Subtotal	3,233,873	2,604,753	1,160,213	30,223
Interest and dividends received	94,819	107,875	64,691	886
Interest paid	(66,912)	(80,123)	(90,570)	(625)
Income taxes paid	(1,260,408)	(1,157,629)	(872,200)	(11,780)
Net cash provided by operating activities	2,001,372	1,474,876	262,133	18,704
Investing activities				
Purchases of property and equipment	(699,801)	(836,715)	(1,459,471)	(6,540)
Proceeds from sales of property and equipment	243,822	494,320	197,040	2,279
Purchases of intangible assets	(119,932)	(218,370)	(215,521)	(1,121)
Purchases of investments in subsidiaries	(50,000)	-	-	(467)
Purchases of investments in securities	(51,264)	-	(51,116)	(479)
Proceeds from sales of investments in securities	78,376	202,457	61,256	732
Purchases of investments in capital	(50,000)	(50,000)	-	(467)
Long-term loans receivable made	(121,685)	(2,800)	(714,456)	(1,137)
Collection of long-term loans	612,942	128,502	716,141	5,728
Purchases of time deposits	-	(10,002)	(14,711)	-
Proceeds from maturity of time deposits	272	10,000	160,000	3
Increase in deposits for business space	(100,934)	(93,103)	(78,354)	(943)
Decrease in deposits for business space	700,135	44,387	285,443	6,543
Other, net	(56,009)	120,050	(32,809)	(523)
Net cash used in investing activities	385,922	(211,273)	(1,146,559)	3,607
Financing activities				
(Decrease) increase in short-term borrowings	(258,160)	19,177	(49,978)	(2,413)
Proceeds from long-term loans	468,900	2,484,280	1,439,650	4,382
Repayment of long-term loans	(1,288,953)	(2,817,850)	(725,930)	(12,046)
Redemption of bonds	-	(350,000)	-	-
Dividends paid to stockholders	(255,439)	(195,960)	(183,735)	(2,387)
Dividends paid to minority interests	(36,000)	(36,000)	(36,000)	(336)
Other, net	(1,868)	(3,189)	(1,753)	(17)
Net cash (used in) provided by financing activities	(1,371,520)	(899,542)	442,252	(12,818)
Effect of exchange rate changes on cash and cash equivalents	12,875	5,753	(1,991)	120
Net increase (decrease) in cash and cash equivalents	1,028,649	369,814	(444,165)	9,614
Cash and cash equivalents at beginning of the year	4,106,222	3,523,755	3,967,921	38,376
Increase in cash and cash equivalents resulting from merger	-	212,651	-	-
Cash and cash equivalents at end of the year	¥ 5,134,871	¥ 4,106,222	¥ 3,523,755	\$ 47,989

The accompanying notes are an integral part of these statements.