

JALUX Inc. and Consolidated Subsidiaries

Consolidated Balance Sheets

	<b>March 31,</b>		
	<b>2007</b>	<b>2006</b>	<b>2007</b>
	<i>(Thousands of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
<b>Assets</b>			
Current assets:			
Cash and time deposits	¥ 5,688,228	¥ 4,954,081	\$ 48,205
Notes and accounts receivable <i>(Notes 15 and 16)</i> :			
Trade	13,408,709	11,291,926	113,633
Parent	–	3,626	–
Unconsolidated subsidiary and affiliates	61,010	88,501	517
Other	1,656,721	2,133,644	14,040
Allowance for doubtful accounts	(29,364)	(43,653)	(249)
Short-term investment in securities <i>(Note 5)</i>	7,681	–	65
Inventories	6,117,340	5,653,412	51,842
Deferred income taxes <i>(Note 9)</i>	469,397	473,671	3,978
Other <i>(Note 16)</i>	2,178,944	744,498	18,466
Total current assets	<u>29,558,670</u>	<u>25,299,710</u>	<u>250,497</u>
Investments and advances:			
Unconsolidated subsidiaries and affiliates	2,257,327	2,224,261	19,130
Other <i>(Note 5)</i>	604,436	459,512	5,122
Total investments and advances	<u>2,861,763</u>	<u>2,683,773</u>	<u>24,252</u>
Property and equipment <i>(Note 6)</i> :			
Land	293,077	412,073	2,484
Buildings and structures	4,375,069	4,582,931	37,077
Machinery and vehicles	239,651	307,458	2,031
Flight equipment	3,742,954	3,229,398	31,720
Construction in process	99,307	51,151	842
Other	755,219	760,305	6,400
	<u>9,505,280</u>	<u>9,343,319</u>	<u>80,553</u>
Accumulated depreciation	(4,295,003)	(3,958,383)	(36,398)
Property and equipment, net	<u>5,210,276</u>	<u>5,384,936</u>	<u>44,155</u>
Intangible assets:			
Software	422,595	293,953	3,581
Software under development	1,410,977	933,038	11,957
Other	28,201	30,966	239
Total intangible assets	<u>1,861,775</u>	<u>1,257,958</u>	<u>15,778</u>
Long-term loans	530,925	462,941	4,499
Deposits for business space <i>(Note 16)</i>	1,860,995	1,917,076	15,771
Deferred income taxes <i>(Note 9)</i>	276,601	342,692	2,344
Other assets, net	184,928	211,715	1,567
	<u>¥42,345,936</u>	<u>¥37,560,804</u>	<u>\$358,864</u>

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	<i>(Thousands of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
<b>Liabilities and net assets</b>			
Current liabilities:			
Short-term borrowings <i>(Notes 6 and 16)</i>	¥ 2,632,869	¥ 1,846,696	\$ 22,312
Current portion of long-term debt <i>(Note 6)</i>	1,198,467	1,153,966	10,157
Notes and accounts payable <i>(Note 15)</i> :			
Trade	12,890,050	11,295,702	109,238
Unconsolidated subsidiary and affiliates	671,493	558,947	5,691
Accrued expenses	2,407,705	2,267,168	20,404
Accrued income taxes <i>(Note 9)</i>	684,399	596,344	5,800
Other	2,552,839	2,238,365	21,634
Total current liabilities	<u>23,037,825</u>	<u>19,957,190</u>	<u>195,236</u>
Long-term debt <i>(Note 6)</i>	3,388,976	2,967,180	28,720
Accrued pension and severance costs <i>(Note 7)</i>	112,767	283,616	956
Directors' and statutory auditors' retirement benefits	195,006	185,728	1,653
Deferred income taxes <i>(Note 9)</i>	90,412	57,027	766
Other	5,370	6,744	46
Commitments and contingent liabilities <i>(Notes 11 and 12)</i>			
Net assets <i>(Note 10)</i> :			
Common stock, without par value:			
Authorized: 20,000,000 shares			
Issued: 12,775,000 shares in 2007 and 2006	2,558,550	2,558,550	21,683
Capital surplus	711,421	711,363	6,029
Retained earnings	11,289,771	9,992,376	95,676
Common stock in treasury: 14,429 shares in 2007 and 14,319 shares in 2006	(9,677)	(9,284)	(82)
Net unrealized gain on other securities, net of taxes <i>(Note 5)</i>	13,707	22,663	116
Net unrealized loss (gain) on hedging instruments, net of taxes	4,068	(2,609)	34
Translation adjustments	7,144	(51,101)	61
Minority interests	940,591	881,358	7,971
Total net assets	<u>15,515,577</u>	<u>14,103,315</u>	<u>131,488</u>
	<u>¥42,345,936</u>	<u>¥37,560,804</u>	<u>\$358,864</u>

*The accompanying notes are an integral part of these statements.*

JALUX Inc. and Consolidated Subsidiaries

Consolidated Statements of Income

	Year ended March 31,			
	2007	2006	2005	2007
	<i>(Thousands of yen)</i>			<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Operating revenues <i>(Notes 14 and 16)</i>	¥114,133,497	¥107,952,007	¥98,622,995	\$967,233
Operating expenses <i>(Notes 14 and 16)</i> :				
Cost of sales	89,602,555	84,595,451	75,549,297	759,344
Selling, general and administrative expenses	21,284,783	20,911,898	20,332,031	180,380
	<u>110,887,338</u>	<u>105,507,350</u>	<u>95,881,328</u>	<u>939,723</u>
Operating income	<u>3,246,158</u>	<u>2,444,656</u>	<u>2,741,667</u>	<u>27,510</u>
Non-operating income (expenses):				
Interest income	16,998	19,283	42,343	144
Interest expense	(132,492)	(94,722)	(69,082)	(1,123)
Equity in earnings of affiliates	162,429	108,864	78,921	1,377
Other, net <i>(Note 8)</i>	(126,866)	691,679	57,259	(1,075)
	<u>(79,930)</u>	<u>725,104</u>	<u>109,441</u>	<u>(677)</u>
Income before income taxes and minority interests	<u>3,166,227</u>	<u>3,169,761</u>	<u>2,851,108</u>	<u>26,832</u>
Income taxes <i>(Note 9)</i> :				
Current	1,309,046	1,246,151	1,349,346	11,094
Deferred	93,932	49,784	(78,800)	796
	<u>1,402,979</u>	<u>1,295,936</u>	<u>1,270,546</u>	<u>11,890</u>
Minority interests	<u>(183,420)</u>	<u>(184,584)</u>	<u>(144,891)</u>	<u>(1,554)</u>
Net income	<u>¥ 1,579,827</u>	<u>¥ 1,689,240</u>	<u>¥ 1,435,670</u>	<u>\$ 13,388</u>

*The accompanying notes are an integral part of these statements.*

**JALUX Inc. and Consolidated Subsidiaries**  
**Consolidated Statements of Changes in Net Assets**

	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Common stock in treasury	Net unrealized gain on other securities, net of taxes (Note 5)	Net unrealized gain (loss) on hedging instruments, net of taxes (Note 15)	Translation adjustments	Minority interests	Total
	<i>(Thousands of yen)</i>									
Balance at March 31, 2004	12,775,000	¥2,558,550	¥711,260	¥ 7,448,232	¥(6,863)	¥ 8,053	¥ 8,501	¥(242,130)	¥626,225	¥11,111,829
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)
Purchases of common stock in treasury					(2,169)					(2,169)
Sales of common stock in treasury			36		19					56
Other						2,360	13,048	(21,816)	107,704	101,296
Balance at March 31, 2005	12,775,000	2,558,550	711,296	8,608,902	(9,013)	10,413	21,549	(263,946)	733,930	12,371,682
Net income for the year ended March 31, 2006				1,689,240						1,689,240
Cash dividends				(280,974)						(280,974)
Bonuses to directors and statutory auditors				(24,792)						(24,792)
Share increase in affiliate					(7)					(7)
Purchases of common stock in treasury					(313)					(313)
Sales of common stock in treasury			66		49					116
Other						12,250	(24,158)	212,844	147,427	348,363
Balance at March 31, 2006	12,775,000	2,558,550	711,363	9,992,376	(9,284)	22,663	(2,609)	(51,101)	881,358	14,103,315
Net income for the year ended March 31, 2007				1,579,827						1,579,827
Cash dividends				(306,515)						(306,515)
Adjustment due to changes in the number of affiliates				24,082						24,082
Share decrease in affiliate					8					8
Purchases of common stock in treasury					(452)					(452)
Sales of common stock in treasury			58		51					109
Other						(8,956)	6,677	58,246	59,233	115,201
Balance at March 31, 2007	12,775,000	¥2,558,550	¥711,421	¥11,289,771	¥(9,677)	¥13,707	¥ 4,068	¥ 7,144	¥940,591	¥15,515,577

  

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	<i>(Thousands of U.S. dollars)</i>									
Balance at March 31, 2006	12,775,000	\$21,683	\$6,029	\$84,681	\$(79)	\$192	\$(22)	\$(433)	\$7,469	\$119,520
Net income for the year ended March 31, 2007				13,388						13,388
Cash dividends				(2,598)						(2,598)
Adjustment due to changes in the number of affiliates				204						204
Share decrease in affiliate					0					0
Purchases of common stock in treasury					(4)					(4)
Sales of common stock in treasury			0		0					0
Other						(76)	57	494	502	976
Balance at March 31, 2007	12,775,000	\$21,683	\$6,029	\$95,676	\$(82)	\$116	\$ 34	\$ 61	\$7,971	\$131,488

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# JALUX Inc. and Consolidated Subsidiaries

## Consolidated Statements of Cash Flows

	Year ended March 31,			
	2007	2006	2005	2007
	<i>(Thousands of yen)</i>			<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
<b>Operating activities</b>				
Income before income taxes and minority interests	¥ 3,166,227	¥ 3,169,761	¥ 2,851,108	\$ 26,832
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	759,293	696,862	634,346	6,435
Provision for allowance for doubtful accounts	(35,300)	(15,041)	(9,234)	(299)
Net provision for accrued pension and severance costs	(170,848)	(45,483)	116,898	(1,448)
Interest and dividend income	(57,980)	(55,840)	(80,618)	(491)
Interest expense	132,492	94,722	69,082	1,123
Exchange (gain) loss, net	(52,210)	(26,545)	(3,192)	(442)
Equity in earnings of affiliates	(162,429)	(108,864)	(78,921)	(1,377)
Loss on changes in equity interest	14,343	8,550	-	122
Loss (gain) on sales of, and loss on disposal of property and equipment	126,112	14,289	(81,246)	1,069
Impairment losses on fixed assets	9,382	26,507	123,340	80
Loss (gain) on sales of investments in securities	3,599	-	(15,995)	31
Loss on sales of investments in affiliates	1,265	-	-	11
(Increase) decrease in notes and accounts receivable	(1,675,530)	(673,942)	979,608	(14,199)
Increase in inventories	(150,434)	(343,115)	(101,030)	(1,275)
Increase (decrease) in notes and accounts payable	1,628,897	884,319	(1,445,848)	13,804
(Increase) decrease in advance payment	(1,409,312)	626,720	(175,201)	(11,943)
Increase in advance received	670,312	124,114	295,571	5,681
Decrease in bad debts on receivables	25,784	17,782	47,587	219
Payments of bonuses to directors and statutory auditors	(22,870)	(26,100)	(20,570)	(194)
Other, net	62,399	(377,201)	128,189	529
Subtotal	2,863,193	3,991,497	3,233,873	24,264
Interest and dividends received	72,140	70,272	94,819	611
Interest paid	(118,387)	(89,566)	(66,912)	(1,003)
Income taxes paid	(1,223,163)	(1,449,779)	(1,260,408)	(10,366)
Net cash provided by operating activities	1,593,783	2,522,424	2,001,372	13,507
<b>Investing activities</b>				
Purchases of property and equipment	(748,410)	(1,096,982)	(699,801)	(6,342)
Proceeds from sales of property and equipment	10,701	12,022	243,822	91
Purchases of investment in unconsolidated subsidiaries and affiliates	(50,000)	(30,000)	(50,000)	(424)
Proceeds from sales of investments in affiliates	54,683	-	-	463
Purchases of intangible assets	(727,972)	(895,550)	(119,932)	(6,169)
Purchases of investments in securities	(192,358)	(262,307)	(51,264)	(1,630)
Proceeds from sales of investments in securities	3,900	100,280	78,376	33
Purchases of investments in capital	-	(5,000)	(50,000)	-
Purchases of investments in unconsolidated subsidiaries	-	(115,561)	-	-
Long-term loans receivable made	(220,761)	(1,741)	(121,685)	(1,871)
Collection of long-term loans	40,229	465,153	612,942	341
Purchases of time deposits	(37,200)	(243,613)	-	(315)
Proceeds from maturity of time deposits	-	268,628	272	-
Increase in deposits for business space	(236,374)	(82,982)	(100,934)	(2,003)
Decrease in deposits for business space	310,399	28,349	700,135	2,631
Other, net	(30,383)	2,563	(56,009)	(257)
Net cash (used in) provided by investing activities	(1,823,547)	(1,856,740)	385,922	(15,454)
<b>Financing activities</b>				
Increase (decrease) in short-term borrowings, net	766,679	5,906	(258,160)	6,497
Proceeds from long-term loans	1,675,120	639,602	468,900	14,196
Repayment of long-term loans	(1,246,722)	(1,192,628)	(1,288,953)	(10,565)
Dividends paid to stockholders	(303,575)	(280,974)	(255,439)	(2,573)
Dividends paid to minority interests	(123,114)	(36,990)	(36,000)	(1,043)
Other, net	(3,294)	(1,381)	(1,868)	(28)
Net cash provided by (used in) financing activities	765,092	(866,466)	(1,371,520)	6,484
Effect of exchange rate changes on cash and cash equivalents	48,335	12,859	12,875	410
Net increase (decrease) in cash and cash equivalents	583,663	(187,922)	1,028,649	4,946
Cash and cash equivalents at beginning of the year	4,946,949	5,134,871	4,106,222	41,923
Increase in cash and cash equivalents arising from initial inclusion of subsidiaries in consolidation	115,561	-	-	979
Cash and cash equivalents at end of the year	¥ 5,646,173	¥ 4,946,949	¥ 5,134,871	\$ 47,849

*The accompanying notes are an integral part of these statements.*