

1. Operating Results

(1) Operating Results

Operating Results in the Current Interim

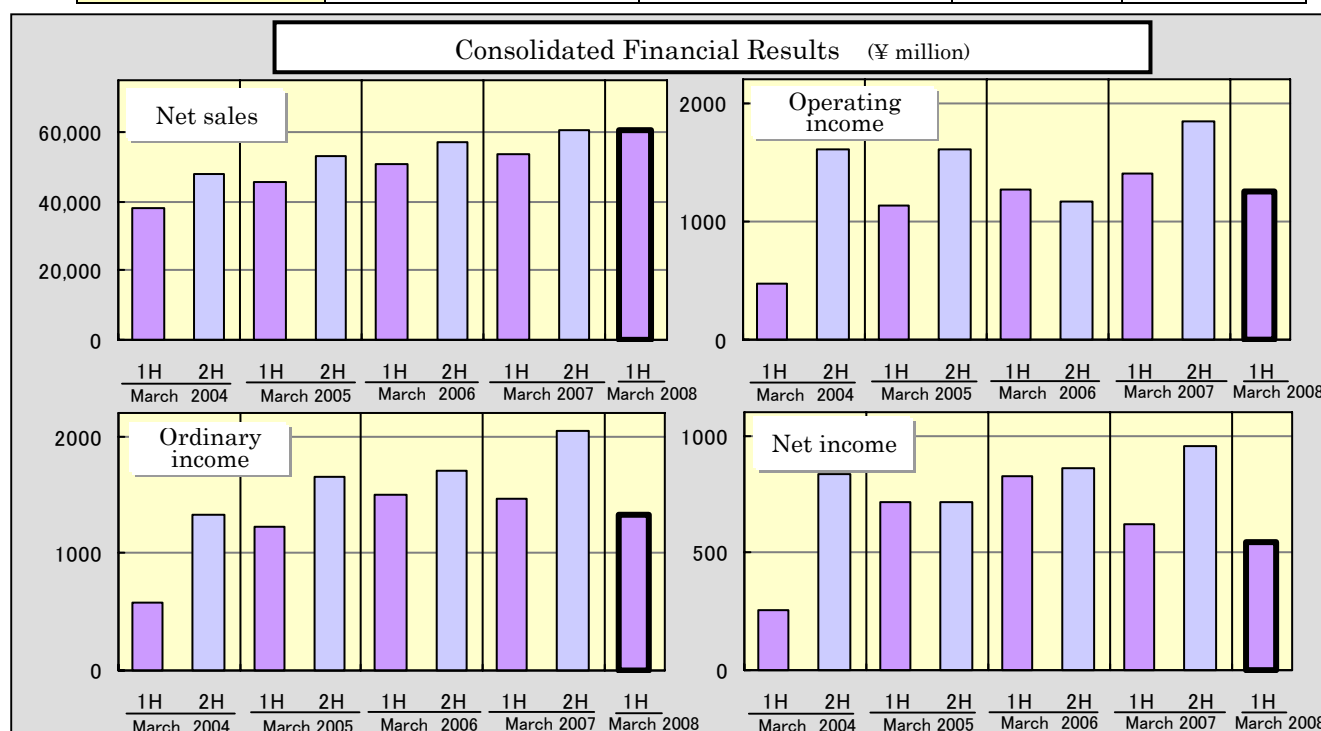
In the interim under review (April 1, 2007, to September 30, 2007), the aviation, lifestyle, and customer services segments showed overall solid performance thanks to a largely sound operating environment including general consumption trends, but results at store operations fell below the year-earlier level mainly due to instances of intensifying competition at airports.

Viewed by segment, the aviation related business posted healthy results with higher sales revenue and earnings especially from sales of used aircraft to foreign airlines. At the lifestyle related business, results were approximately at the year-earlier level thanks to contributions from import sales of agricultural and marine products covering for a drop in earnings from general merchandise, printing, and media. In the customer services business, airport store operations saw a earnings fall back mostly due to effects of the reorganization of terminals and the new shopping mall at Narita airport, but real estate development and real estate sales were favorable.

Owing to these factors, revenues for the period under review reached 60,623 million yen, reflecting an increase over the year-earlier period. However, operating income and ordinary income declined on the year, totaling 1,258 million yen and 1,335 million yen, respectively. This was due to weak growth in sales and earnings at the lifestyle and customer service businesses, as well as the cost of external services for the development and improvement of the computer basic system and higher general and administrative expenses from depreciation charges for the computer basic system. After extra expenses and corporate tax related items, net income for the period came to 543 million yen, thus with all income metrics left below year-earlier levels.

It should be noted that despite the 214 million yen shortfall in ordinary income for the period compared with the initial half-year estimate, results for the full fiscal year, as indicated below, are expected to meet initial estimates thanks to contributions to operating income from real estate operations (which were not included in the plan at the start of this term) anticipated in the second half of this fiscal year.

Operating Results (¥ million)	Previous interim (Apr. 1, 2006- Sep. 30, 2006)	Current interim (Apr. 1, 2007- Sep. 30, 2007)	Change (%)	Increase/ Decrease
Net sales	53,609	60,623	113.1	7,014
Operating income	1,400	1,258	89.8	-142
Ordinary income	1,468	1,335	90.9	-133
Net income	623	543	87.1	-80



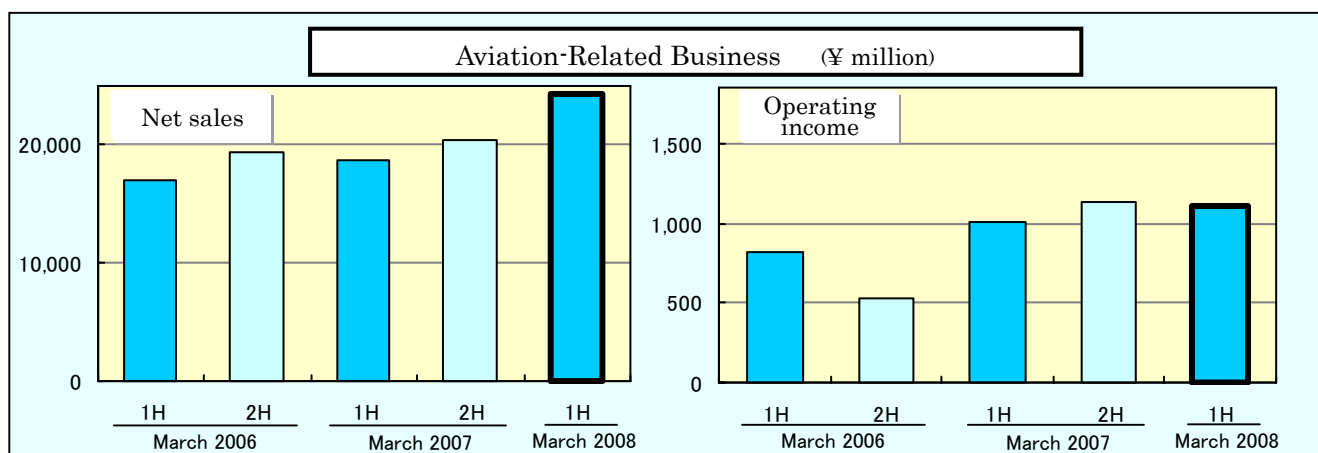
① Aviation-related business

In aircraft and aircraft parts sector, sales growth was weak in aircraft machinery and materials as well as airport rolling stock, and sales of aircraft parts experienced temporary stagnation. However, sales of used aircrafts performed favorably, centered on large aircraft sold to foreign airlines, thanks to efforts at developing new sales channels.

In cabin-related sales, wholesale revenue increased in merchandise for domestic duty-free shops, but earnings fell in procurements operations (as a service provider) surrounding cabin supplies, uniforms, and cleaning

As a result of these factors, net sales reached 24,329 million yen and operating income 1,113 million yen, with both figures exceeding those for the previous period.

Aviation-related business (¥ million)	Previous interim (Apr. 1, 2006- Sep. 30, 2006)	Current interim (Apr. 1, 2007- Sep. 30, 2007)	Change (%)	Increase/ Decrease
Net sales	18,711	24,329	130.0	5,618
Operating income	1,011	1,113	110.1	102



② Lifestyle services business

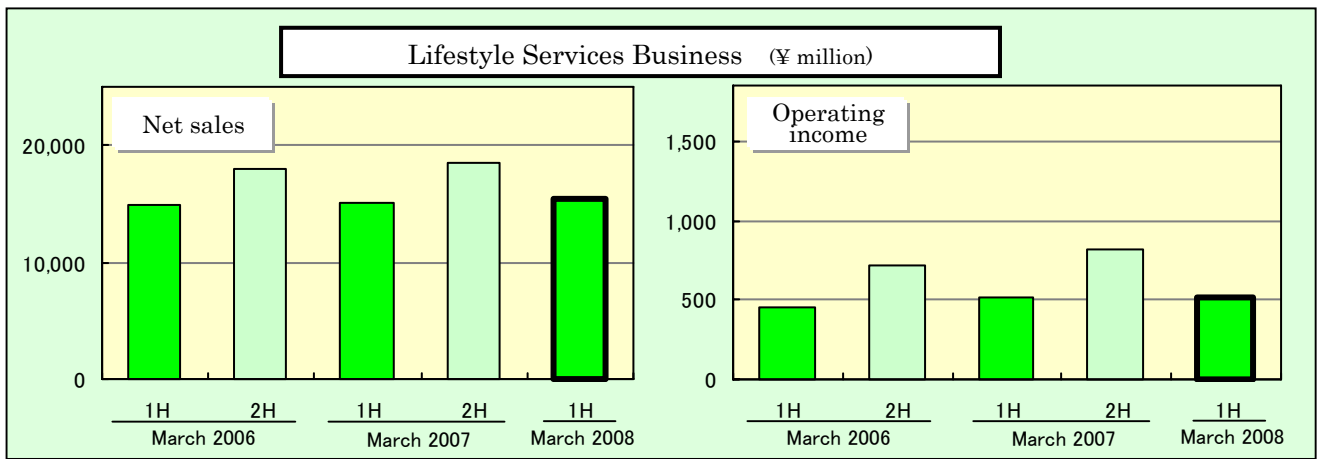
Favorable performance continued from the previous year in food sector, involving import sales of fruit (fresh fruit and frozen processed vegetables, etc.), in particular paprika and mango, and in import sales of frozen marine products for processed marine foods manufacturer and sushi restaurant chains. In processed food, sales were generally solid surrounding self-developed products in the “JAL Selection de Sky series” such as “Curry de Sky” and “Hayashi de Sky” which were redesigned in March 2007. Furthermore, performance has been solid also in imported wine wholesales.

In miscellaneous and media related sector, wholesales of general merchandise to trading companies for gift articles expanded, but in promotion articles for corporations (sales promotion articles, advertising media, printed materials, etc.), procurement operations supplying to JAL group companies saw results fall below the year-earlier level.

In mail order sector, catalog sales experienced a drop in orders surrounding the “JAL Shop” in-flight catalog, but “JAL World Shopping Club” direct-marketing catalog sales and “JAL Shopping” internet based sales increased, with higher sales revenues and earnings.

As a result of these factors, net sales reached 15,380 million yen and operating income 515 million yen, with both figures exceeding those for the previous period.

Lifestyle services business (¥ million)	Previous interim (Apr. 1, 2006- Sep. 30, 2006)	Current interim (Apr. 1, 2007- Sep. 30, 2007)	Change (%)	Increase/ Decrease
Net sales	15,070	15,380	102.1	309
Operating income	511	515	100.7	3



③ Customer services business

The life-design sector performed favorably particularly at real estate operations, such as dormitory development for corporations (construction and subleasing), resale of former dormitory facilities, office building development (as general principal contractor), and facility management for real estate in airport vicinity. Moreover, in the resort business, based on sales support from “JAL Vacations*” performance was solid centered on objects located in Hawaii.

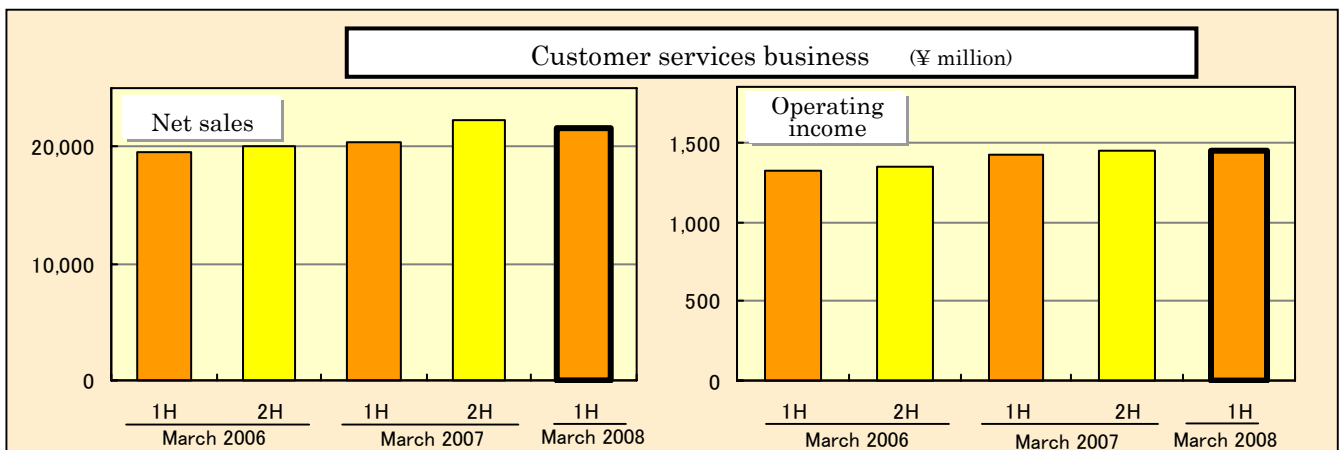
* A resort timeshare system selling the rights to resort properties in Hawaii and other places in weekly units.

In airport shops, domestic airport stores “Blue Sky” at Narita airport (No. 2 Terminal) saw results fall below the year-earlier level. This was due to the reorganization of Narita airport terminals in June 2006 (with the “Grand Opening” of the No. 1 Terminal leading to a decline in visitors at the No. 2 Terminal) and the opening in April 2007 of the “Narita 5th Avenue” shopping mall that is directly operated by the airport (bringing more competing stores to the No. 2 Terminal). Furthermore, under the effects from reinforced flight and airport security measures including cabin carry-on restrictions, Haneda airport stores facing depressed trading conditions were unable to cover sales declines at Narita airport stores, with a drop in earnings at “Blue Sky” operations. Due to a similar impact from the terminal reorganization, earnings declined also at Narita airport “JAL – DFS” duty-free stores*.

* Managed by consolidated subsidiary JAL-DFS Co., Ltd.

As a result of these factors, net sales reached 21,584 million yen and operating income 1,446 million yen, with both figures exceeding those for the previous period.

Customer services business (¥ million)	Previous interim (Apr. 1, 2006- Sep. 30, 2006)	Current interim (Apr. 1, 2007- Sep. 30, 2007)	Change (%)	Increase/ Decrease
Net sales	20,436	21,584	105.6	1,147
Operating income	1,419	1,446	101.9	27



Operating Results Outlook for the Full Year

- Consolidated revenues for the six-month period under review increased but earnings declined, with income metrics falling short of projections for the period. However, for the second half of the fiscal year, significant contributions to the attainment of full-year projections for consolidated operating income are expected from sales of for-sale real estate (land and buildings) at real estate operations due to sound market trends, which were not included in the projections announced at the start of the fiscal year. Moreover, based on the measures described below, operations that in the period under review failed to attain the hoped-for performance levels are seen to perform at the projected levels in the second half of the fiscal year. Therefore, as full-year results are anticipated to meet initial estimates, no revisions have been made to consolidated and non-consolidated results forecast released on May 8, 2007, for the full fiscal year ending March 31, 2008.
- In the lifestyle services, especially in the mail order sector, the new computer system going into full-scale operation is meant to enhance marketing strength (with respect to merchandise and customer analysis, catalog distribution accuracy, and customer service) and generate efficiency gains (through online operations and data cost reductions). Furthermore, as measures to increase revenue, campaigns related to mileage will be launched to increase sales by encouraging use and by retaining customers, expand the merchandise segment through cooperation and partnering with other companies, while as an efficiency enhancing measure, the order call center will be relocated. In this way, the Company will work to attain steady earnings growth.
- In the customer service sector, especially concerning "Blue Sky" airport stores, efforts will be made to expand earnings by increasing the number of stores at Narita airport and by reviewing the operating formats of stores with weak profitability. Moreover, with the reinforcement of merchandise strength as the central theme, development of own products such as "Sora-ben" and "Sora-sweets", the Company will strive to enhance competitive capabilities, customer attraction, and earnings strength. As specific measures, building on the success in joint development with "Hanabatake Bokujo" in the sweets segment, the Company will establish a joint venture with Up-Front Group, the parent company of Hanabatake Bokujo Co., Ltd., and will promote product development initiatives using the knowledge assets of Up-Front Group. Moreover, new platforms for sales and earnings generation will be created that will not be limited to JALUX-specific retail channels such as airport stores and mail order operations but also use stores in commercial building complexes and promote sale through events.

Operating Results (¥ million)	Current period (year ended March 2007)	Next period (E) (year ending March 2008)	Change (%)	Increase/ Decrease
Net sales	114,133	120,000	105.1	5,866
Operating income	3,246	3,500	107.8	253
Ordinary income	3,516	3,700	105.2	183
Net income	1,579	1,850	117.1	270

(2) Financial Position

Cash and cash equivalents (“Cash”) at the end of the period under review totaled 5,065 million yen, corresponding to 89.7% of the year-earlier 4th quarter level and reflecting a 580 million yen decline year-earlier 4th quarter. Main factors included overall solid cash flow from trading, as well as capital expenditure for refurbishing construction of airport stores and development cost of the computer basic system, and repayment of bank borrowings.

Individual cash flows for the current period are as follows.

Operating activities

Trade receivables declined, reflecting payment and settlement of receivables after a temporary build-up of unsettled trade claims at the end of the year-earlier period. On the expenditure side, the Company acquired for-sale real estate, and with a view to the end of the calendar year replenished inventories. As a result, financial resources provided by operating activities in the period under review totaled 1,658 million yen, corresponding to 174.1% of the year-earlier level and reflecting a 705 million yen year-on-year increase.

Investing activities

In the period under review, the Company introduced a new basic system and made capital investments in refurbishment construction at airport stores of the Company and duty-free airport stores of the Company’s subsidiary JAL-DFS Co., Ltd. Furthermore, JAL-DFS Co., Ltd. paid funds into a time deposit. As a result, financial resources used for investing activities in the period under review totaled 673 million yen, corresponding to 71.7% of the year-earlier level and reflecting a 266 million yen year-on-year decline.

Financing activities

In the period under review, the Company strove to reduce interest-bearing debt, proactively repaid bank borrowings, and paid dividends, as did JAL-DFS Co., Ltd. As a result, net cash used in financing activities in the period under review totaled 1,569 million yen, corresponding to 192.6% of the year-earlier level and reflecting a 754 million yen year-on-year increase.

Cash flow index trends for our corporate group are outlined below.

	Period ended March 2004	Period ended March 2005	Period ended March 2006	Period ended March 2007	Interim of Year Ending Mar. 2007
Shareholders’ equity ratio (%)	29.3	33.0	35.2	34.4	36.3
Shareholders’ equity at market value (%)	82.2	71.5	72.7	66.9	64.6
Debt repayment (yrs)	4.7	2.9	2.2	4.3	3.8
Interest coverage ratio	18.4	29.9	28.2	13.5	22.7

Shareholders’ equity ratio: Shareholders’ equity/total assets

Shareholders’ equity at market value: market capitalization of stock/total assets

Debt repayment (yrs): Interest-bearing debt/operating cash flow

Interest coverage ratio: Operating cash flow/interest payment

Notes: 1. All financial values are calculated on a consolidated basis.

2. “Market capitalization of stock” is calculated as stock price value at end of period × total number of shares issued at end of period.

3. “Operating cash flow” uses cash flow from operating activities reported on the consolidated Cash Flow Financial Report. “Interest-bearing debts” target all debts where interest is payable from among the debts reported on the Consolidated Balance Sheet. “Interest payment” uses interest payment figures recorded on the consolidated Cash Flow Financial Report.

(3) Profit distribution: Basic aims and dividends for the current and following periods

We consider building long-term relationships with our shareholders and returning stable profits to them to be key management positions. We also favor a stable and continuous distribution of dividends while taking into consideration dividend payout ratio.

We are predicting a 6 yen rise in dividends to 30 yen per share in the period ended March 2007, and a dividend of 35 yen per share in the period ending March 2008, marking successive dividend rises over eight periods.

Hitherto the mid-term target values for dividend payouts have been set at 30 percent on a non-consolidated basis, and we anticipate achieving this general target in the period ending March 2008. In the future (to the period ending March 2010), we will set payout ratio targets of 30 percent on a consolidated basis.

(4) Business and other risks

Risk factors that could affect the business development of the JALUX group are listed below.

JALUX pays close attention to the causes of these risks, and endeavours either to avoid their occurrence or to respond in the optimum way if they should occur.

① Relations with the JAL (Japan Airlines) group

JALUX is an affiliate of Japan Airlines Corporation, and also undertakes product sales and consulting work for Japan Airlines Corporation, Japan Airlines International Co., Ltd. and other JAL group members.

The figures below show the JALUX group sales amounts and percentage (including consolidated net sales). Any significant change in the relationship with the JAL group happening in the future may impact the performance of the JALUX group.

In the period ended March 2007, moreover, the stockholding ratio of Japan Airlines Corporation reached 21 percent (51 percent as of September 30, 2006) due to stock movements aimed at raising JALUX's corporate value. From the next period onward, the influence on results should be slight.

	Interim of Year Ended Mar. 2006		Interim of Year Ending Mar. 2007	
	Amount (million yen)	Ratio to sales (%)	Amount (million yen)	Ratio to sales (%)
Japan Airlines Corporation	37	0.1	10	0.0
Japan Airlines International Co., Ltd.	8,051	15.0	9,406	15.5
Other JAL group companies	6,331	11.8	6,340	10.5
Total	14,420	26.9	15,757	26.0

Note: The above figures do not include consumption tax.

② The impact of airline passenger numbers

Any substantial change in airline passenger numbers may impact the performance of the JALUX group. The JALUX group businesses most affected, either directly or indirectly, by changes in airline passenger numbers are as follows.

- 1) Mainly affected by international passenger numbers: In-flight sales products and food business, JAL-DFS duty-free shop at Narita Airport
- 2) Mainly affected by domestic passenger numbers: In-flight mail-order business, BLUE SKY domestic airport shops

The net sales for these businesses reach around 40 percent of consolidated net sales. In recent years, the terrorist attack on the United States, the Iraq war and SARS caused international passenger numbers to fall in the fiscal years ended March 2002 and March 2004.

③ Relationship of trust between the corporate brand and the customer

As well as effectively exploiting the JALUX brand and the JAL brand, business develops on a basis of customer trust built on the quality of products and services. Any change taking place in this trust and popularity, or any major problem occurring with the quality of our products and services leading to loss of trust could impact the performance of the JALUX group.

On the listing on the first section of the Tokyo Stock Exchange in April 2004, JALUX established a Business Quality Improvement Committee. We are taking initiatives to further improve the quality of our overall business activities, and to develop as a socially aware "good corporate citizen" on a basis of legality and fairness.

④ Entering new business areas

The mid-term business plan predicts sustained growth for the JALUX group from the cultivation of new mainstay businesses. We also plan new business development in the three areas of the environment, culture, and welfare based on our corporate philosophy.

Specifically, we have already established a care-facility management company, and are investing in environmental technologies as well as medical product developers and manufacturers. We made these investments after careful consideration, and are convinced that these businesses will contribute to the future profit growth of the JALUX group. There is no guarantee, however, that we will achieve the results predicted in the plan.

2. The JALUX Group

The JALUX group consists of JALUX, ten subsidiaries (of which eight are consolidated), and eleven affiliates (of which seven are accounted for by the equity method). As the core distribution and services enterprise of the Japan Airlines (JAL) Group, JALUX supplies products and services to each member of the JAL group and to companies outside the group in both aviation and non-aviation areas.

On the basis of aviation-related business, we aim to actively develop lifestyle and customer services targeting the general market and general consumer, and to enhance corporate value.

The JALUX group's main product and sales structures for each business are as follows.

Business segment	Major fields and sales structures	Subsidiaries
Aviation-related	Aircraft, aircraft components, machinery, equipment & materials, cabin service supply, in-flight sales < Consulting service & supporting work and wholesale businesses >	JALUX AMERICAS, Inc. JALUX EUROPE Ltd. JALUX SHANGHAI Co., Ltd. JALUX HONG KONG Co., Ltd.
Lifestyle services	Agricultural & marine products, processed foods, food gift items, wine, general merchandise, creative design and printing < Catalog sales, Web sales, and wholesale businesses >	JALUX AMERICAS, Inc. JALUX EUROPE Ltd. JALUX ASIA Ltd. JALUX SHANGHAI Co., Ltd. JALUX HONG KONG Co., Ltd. JALUX ASIA SERVICE Ltd.
Customer services	Life design services (including insurance & FP and real estate), BLUE SKY airport shops, JAL-DFS duty-free shops	JAL-DFS Co., Ltd. JALUX AIRPORT Inc. JALUX EUROPE Ltd.

(1) Aviation-related business

This sector mainly targets the general company, especially aviation-related businesses. It carries out sales and procurement supporting services for aircraft; aircraft components; aircraft machinery, equipment, and materials (ground service equipment for airports); cabin service supplies; in-flight sales (including duty-free products on international air routes); and textile supplies (including uniforms).

Overseas, JALUX AMERICAS, Inc. runs a training-type aircraft leasing business in addition to supplying aircraft components and other products.

(2) Lifestyle services business

This sector mainly targets the general consumer and company and sells agricultural (including livestock and flowers) and marine products; processed foods; food gift items; wine; general merchandise; and planning & production in the creative design and printing business.

In the processed foods sector, the main products include JALUX's original JAL SELECTION De Sky series.

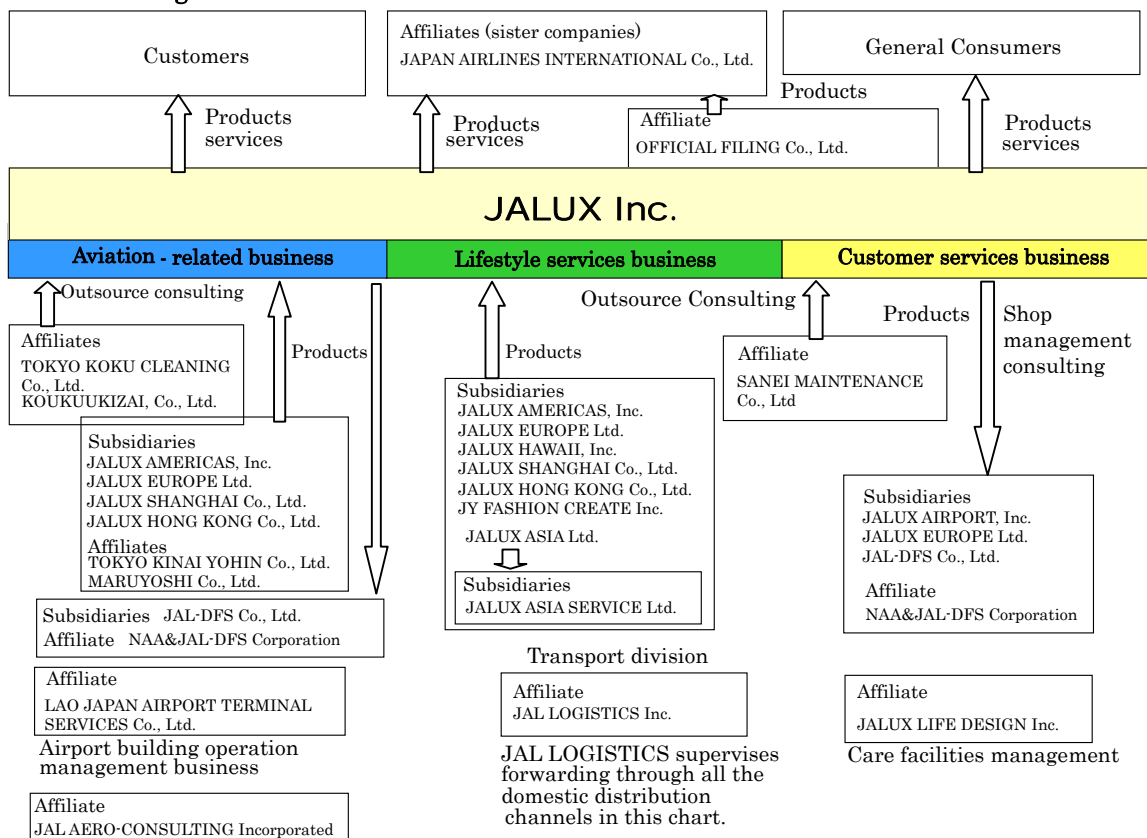
For sales to the general consumer, the main retail channel is direct mail using catalogs such as the in-flight JAL SHOP and JAL World Shopping Club, as well as JAL Shopping on the JAL website's Web mall

(3) Customer services business

This sector mainly targets the general consumer and company and undertakes as well as "life design" businesses such as insurance (including damage insurance), FP and real estate sales, agency work, and property activation.

It also operates BLUE SKY shops and restaurants and JAL-DFS duty-free shops at major domestic airports, mainly targeting airline passengers.

The following flow chart illustrates our main business sectors.



CONSOLIDATED SUBSIDIARIES

JALUX EUROPE Ltd.	Gift sales and trading
JALUX AMERICAS, Inc.	Leasing and trading
JALUX ASIA Ltd.	Trading
JAL-DFS Co., Ltd.	Duty-free sales shops
JALUX AIRPORT, Inc.	Management consulting for shops, restaurants, and cafes
JALUX SHANGHAI Co., Ltd.	Trading
JALUX HONG KONG Co., Ltd.	Trading
JALUX ASIA SERVICE Ltd.	Trading

NON- CONSOLIDATED SUBSIDIARIES

JALUX HAWAII, Inc.	Trading
JY FASHION CREATE Inc.	Planning, manufacture, and sale of fashion brands

AFFILIATES

※TOKYO KOKU CLEANING Co., Ltd.	Linen supplies and cleaning
※TOKYO KINAI YOHIN Co., Ltd.	Production of cabin equipment for aircraft, ships, and rolling stock, and production and repair of aircraft equipment
※MARUYOSHI Co., Ltd.	Manufacture and sales of bags, purses, fancy goods, footwear, and sports supplies.
※JAL LOGISTICS Inc.	Automobile transport handling, export-import customs clearance, warehousing
※SANEI MAINTENANCE Co., Ltd.	Building cleaning, facilities management, security
※KOUKUUKIZAI Co., Ltd.	Design and manufacture of special equipment for transport machines Parts repair and processing for airplane devices
※JALUX LIFE DESIGN Inc.	Care facilities management
OFFICIAL FILING Co., Ltd.	Consulting business dealing with passenger fares, freight fares, and arrival/departure times
LAO JAPAN AIRPORT TERMINAL SERVICES Co., Ltd.	Operation and management of the terminal buildings inside Vientiane Wattay International Airport
JAL AERO-CONSULTING Incorporated	Development planning data gathering and consulting business dealing with the aviation field
NAA&JAL-DFS Corporation	Duty-free sales shops
※----Affiliates accounted for by the equity method	

OTHER AFFILIATES

JAPAN AIRLINES INTERNATIONAL Co., Ltd.	Air transport business
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Status of affiliates

Name	Address	Capitalization (thousand yen)	Subject of business or occupation (note 1)	Voting rights ratio (%)	Relationship with JALUX JALUX:
Other affiliates					
SOJIZ Corporation (notes 2, 3)	Minato-ku, Tokyo	122,790,000	General trading company	30.1	maintains and manages buildings.
JAPAN AIRLINES Corporation (notes 2, 3)	Shinagawa- ku, Tokyo	174,250,000	Holding corporation for companies engaged in air transport services and related businesses	21.4 (0.2)	
Consolidated subsidiaries					
JALUX EUROPE Ltd. (note 4)	UK London	STG £ 500,000	Aviation-related Lifestyle services Customer services	100.0	purchases aircraft parts, in-flight cabin supplies, and in-flight sales supplies.
JALUX AMERICAS, Inc. (note 4)	US Los Angeles	US \$ 5,000,000	Aviation-related Lifestyle services	100.0	purchases aircraft parts, in-flight cabin supplies, and in-flight sales supplies.
JALUX ASIA Ltd.	Thailand Bangkok	THB 24,000,000	Lifestyle services	85.0	purchases sales products.
JAL-DFS Co., Ltd. (notes 4)	Narita-City, Chiba	300,000	Customer services	60.0	sells goods for duty-free shops.
JALUX AIRPORT, Inc.	Shinagawa- ku, Tokyo	15,000	Customer services	100.0	commissions for airport shop management services.
JALUX SHANGHAI Co., Ltd.	China Shanghai	CNY 8,060,800	Aviation-related Lifestyle services	100.0	purchases sales products.
JALUX HONG KONG Co., Ltd.	China Hong Kong	HKD 3,883,250	Aviation-related Lifestyle services	100.0	purchases in-flight cabin supplies, and sales products.
JALUX ASIA SERVICE Ltd. (notes 5)	Thailand Bangkok	THB 2,000,000	Lifestyle services	100.0 [100.0]	commissions for shop management and crew transport services.
Affiliates accounted for by the equity method					
JALUX LIFE DESIGN Inc.	Shinagawa- ku, Tokyo	100,000	Customer services	50.0	care facilities management.
TOKYO KOKU CLEANING Co., Ltd.	Ota-ku, Tokyo	40,000	Aviation-related	30.0	commissions cleaning business for cabin and staff textiles.
TOKYO KINAI YOHIN Co., Ltd.	Ota-ku, Tokyo	10,000	Aviation-related	20.0	purchases aircraft cabin equipment.
MARUYOSHI Co., Ltd.	Bunkyo-ku, Tokyo	98,000	Aviation-related	25.7	purchases clothing for in-flight service supplies.
JAL LOGISTICS Inc.	Ota-ku, Tokyo	144,000	Customer services	28.0	commissions customs clearance, warehouse storage, and transport for sales products.
SANEI MAINTENANCE Co., Ltd.	Sanbu-Gun, Chiba	70,000	Customer services	28.6	commissions maintenance, management, and cleaning of facilities business.
KOUKUUKIZAI, Co., Ltd.	Ota-ku, Tokyo	15,000	Aviation-related	24.0	commissions repair and maintenance business of cabin equipment.

- Notes: 1. The name of the business segment is recorded in the “subject of business or occupation” column (excluding the parent company).
2. Submits a security report.
3. The voting rights ratio indicates the ownership ratio. Figures in parentheses indicate indirect ownership ratios.
4. Applicable to specific subsidiaries.
5. Figures in parentheses indicate indirect ownership ratios.

3. Management Policies

(1) Basic Management Policies

I. Corporate philosophy

“Contributing to Tomorrow”

We enhance the well-being of society by constantly creating high-quality products and services to enrich customer lifestyles.

II. Corporate culture

“Challenge & Change - Yes, We Can”

We take the changing times as an opportunity, challenge resolutely without fear of failure, and continue our self-transformation.

III. Management position

We aim to develop the company by continually supplying good quality products and services to the customer, while at the same time strengthening corporate foundations by creating the capacity for long-term, stable profit growth, and returning profits to customers, shareholders, employees, and the community.

1. Focus on the customer: Cooperate to achieve customer satisfaction, and carry the conviction that we can “Contribute to Tomorrow.”
2. Prioritize the shareholder: Build long-term relationships with all shareholders and return stable profits.
3. Highlight employee contentment: Emphasize staff and family happiness, and create an environment where employees are motivated to work.
4. Contribute to corporate social responsibility: Emphasize CSR and tackle business activities while working to conserve the environment and contribute to society.

(2) Management index targets

Positioning return on equity (ROE) and return on assets (ROA) as an important management target, we aim to build and modify a highly efficient business model and a management style focused on balance sheets.

Concerning the key drivers of ordinary income to net sales, we have raised the standards over the past several years by improving management efficiency through such means as shifting resources to high-profit businesses. We are not complacent, but aim at further improvement through reviews of the business portfolio and raising cost efficiency.

Planned Management Targets for the Period Ending March 2010 (Consolidated)		
(million yen)	Results for period ended March 2007	Period ending March 2010 (plan)
Net sales	114,133	150,000
Ordinary income	3,516	5,000
Ratio of ordinary income to sales	3.1%	3.3%
Net income	1,579	2,500
ROE	11.4%	12.7%
ROA	4.0%	4.1%

(3) Mid- to long-term corporate management strategies and themes

In the mid- to long-term, we plan to expand the lifestyle creation business (retail and creating value-added) on the platform of the aviation business.

Aviation-related

We plan to strengthen and expand overseas development, keeping a competitive edge in aviation (airport) related businesses (especially sales of aircraft parts for domestic heavy industry), while developing this know-how and specialization at the highest global level.

Lifestyle Creation (Lifestyle services • Customer services)

We aim to expand our customer base and business region for the general market in order to improve customer satisfaction levels, brand values, quality, and originality in the retail businesses of communications sales, airport shops, and life design (resorts, real estate, insurance, and care).

We also aim to expand the high value-added model together with upstream and downstream development including food, miscellaneous, real estate development, and environment related business centered on trading company functions. We plan to enhance our competitive power with products high in customer value and highly specialized services, and to become professionals in creating value-added.

(4) Key Themes

① Strengthening symbiosis with society

Through initiatives such as dealing sincerely with customers, contributing to the environment, and complying with laws and ordinances, in order to comprehensively put into practice CSR*, we aim to maintain and enhance the quality of business activities and transactions based on JALUX group activity guidelines.

* Corporate Social Responsibility

② Enhancing specialization

Taking the theme of enhancing specialization centered on aviation-related business, we aim to maintain and enhance a strong competitive edge in JALUX's mid- to long-term business platform by enhancing specialist expertise and knowledge relating to aviation and airports, and to achieve the highest global level with this specialization.

③ Enhancing marketing power

We aim to create a highly competitive retail business by taking up the theme of enhancing marketing power, especially in the retail business, through accurately grasping customer needs to enhance customer satisfaction, and transforming this satisfaction into appreciation through creativity, marketing power, and sensibility.

④ Enhancing value-added

Taking the theme of enhancing value-added for business centered on trading company functions, we are aiming for a value-added professionalism capable of constructing business models while developing both upstream and downstream, and creating products that prioritize customer values and highly specialized services.

4. Consolidated financial statements

1. Consolidated balance sheets

(thousand yen)

Account	End of previous interim (as of Sep. 30, 2006)		End of current interim (as of Sep. 30, 2007)		Change	End of previous accounting period (as of Mar. 31, 2007)		
	Amount	Composi- tion rate (%)	Amount	Composi- tion rate (%)	Amount	Amount	Composi- tion rate (%)	
(Assets)								
I Current assets								
1. Cash and deposits	4,940,120		5,535,246			5,688,228		
2. Notes and accounts receivable	11,534,647		12,248,112			13,468,655		
3. Securities	7,879		—			7,681		
4. Inventories	5,973,088		6,920,806			6,117,340		
5. Deferred tax assets	451,242		433,695			469,397		
6. Other	3,391,844		2,711,255			3,836,730		
Allowance for doubtful accounts	-46,630		-26,813			-29364		
Total current assets	26,252,191	67.8	27,822,303	68.2	1,570,112	29,558,670	69.8	
II Fixed assets								
1. Property, plant and equipment								
(1) Buildings and structures	4,550,179		4,471,459			4,375,069		
Accumulated depreciation	2,262,578	2,287,600	2,370,131	2,101,327		2,294,244	2,080,824	
(2) Machinery and delivery equipment	263,030		202,664			239,651		
Accumulated depreciation	199,697	63,332	175,535	27,128		195,074	44,577	
(3) Aircraft	3,150,352		3,873,982			3,742,954		
Accumulated depreciation	1,167,868	1,982,483	1,559,951	2,314,030		1,347,403	2,395,550	
(4) Other	772,795		790,763			755,219		
Accumulated depreciation	473,994	298,800	494,865	295,897		458,281	296,938	
(5) Land		407,218		300,083			293,077	
(6) Construction in progress		88,846		130,361			99,307	
Total property, plant and equipment		5,128,283	13.3	5,168,829	12.6	40,546	5,210,276	12.3
2. Intangible fixed assets								
(1) Software		1,702,200		1,953,620			1,833,573	
(2) Other		28,546		40,592			28,201	
Total intangible fixed assets		1,730,747	4.5	1,994,212	4.9	263,465	1,861,775	4.4
3. Investments and other assets								
(1) Investment securities		2,571,178		2,687,937			2,794,350	
(2) Investment affiliated		546,857		484,038			530,925	
(3) Long-term rental deposits		1,890,160		1,880,092			1,860,995	
(4) Prepaid pension cost		—		285,854			—	
(5) Deferred tax assets		295,733		143,451			276,601	
(6) Other		392,733		446,046			363,727	
Allowance for doubtful accounts		-106,536		-102,906			-111,385	
Total investments and other assets		5,590,127	14.4	5,824,513	14.3	234,386	5,715,214	13.5
Total fixed assets		12,449,158	32.2	12,987,555	31.8	538,397	12,787,266	30.2
Total assets		38,701,349	100.0	40,809,859	100.0	2,108,509	42,345,936	100.0

(thousand yen)

Account	End of previous interim (as of Sep. 30, 2006)		End of current interim (as of Sep. 30, 2007)		Change	End of previous accounting period (as of Mar. 31, 2007)	
	Amount	Composi- tion rate (%)	Amount	Composi- tion rate (%)	Amount	Amount	Composi- tion rate (%)
(Liabilities)							
I Current liabilities							
1. Notes and accounts payable	13,131,920		13,707,032			13,561,543	
2. Short-term debt	2,873,866		3,764,125			3,826,728	
3. Accrued corporate tax, etc.	591,298		367,764			684,399	
4. Accrued expenses	2,405,309		2,402,724			2,407,705	
5. Other	1,649,478		1,589,474			2,557,448	
Total current liabilities	20,651,873	53.4	21,831,121	53.5	1,179,248	23,037,825	54.4
II Fixed liabilities							
1. Long-term debt	2,827,481		2,479,944			2,963,320	
2. Directors' retirement allowances	194,756		34,782			112,767	
3. Addition to reserve for compensation to retired directors	164,814		140,859			195,006	
4. Deferred tax liabilities	77,861		123,166			90,412	
5. Other	421,083		466,853			431,026	
Total fixed liabilities	3,685,998	9.5	3,245,607	8.0	-440,391	3,792,533	9.0
Total liabilities	24,337,872	62.9	25,076,729	61.5	738,856	26,830,359	63.4
(Net assets)							
I Shareholder's equity							
1. Common stock	2,558,550	6.6	2,558,550	6.3	—	2,558,550	6.0
2. Paid-in capital	711,363	1.8	711,499	1.7	136	711,421	1.7
3. Retained earnings	10,333,837	26.7	11,450,189	28.0	1,116,351	11,289,771	26.7
4. Treasury stock	-9,388	-0.0	-9,860	-0.0	-471	-9,677	-0.0
Total shareholder's equity	13,594,361	35.1	14,710,378	36.0	1,116,016	14,550,065	34.4
II Evaluation and conversion figures							
1. Unrealized gains on securities	5,315	0.0	2,960	0.0	-2,355	13,707	0.0
2. Deferred gains or losses on hedges	8,392	0.0	-1,785	0.0	-10,177	4,068	0.0
3. Conversion adjustment	-91,571	-0.2	109,926	0.3	201,498	7,144	0.0
Total evaluation and conversion figures	-77,864	-0.2	111,101	0.3	188,965	24,920	0.0
III Minority interests	846,979	2.2	911,649	2.2	64,670	940,591	2.2
Total net assets	14,363,477	37.1	15,733,130	38.5	1,369,652	15,515,577	36.6
Total liabilities and net assets	38,701,349	100.0	40,809,859	100.0	2,108,509	42,345,936	100.0

2. Consolidated income statements

(thousand yen)

Account	Previous interim (Apr. 1, 2006 to Sep. 30, 2006)		Current interim (Apr. 1, 2007 to Sep. 30, 2007)		Change Amount	Previous accounting year (Apr. 1, 2006 to Mar. 31, 2007)				
	Amount	Composi- tion rate (%)	Amount	Composi- tion rate (%)		Amount	Composi- tion rate (%)			
I Net sales		53,609,711	100.0		60,623,803	100.0	7,014,091		114,133,497	100.0
II Cost of sales		41,781,153	77.9		48,629,239	80.2	6,848,085		89,602,555	78.5
Gross profit		11,828,558	22.1		11,994,564	19.8	166,006		24,530,941	21.5
III Selling, general and administrative expenses										
1. Packing and transportation expenses	456,805			442,877			971,342			
2. Payroll allowance	4,039,149			4,046,752			8,067,072			
3. Employee retirement expenses	103,902			109,566			214,532			
4. Rent expenses	2,383,305			2,394,870			4,784,117			
5. Depreciation	191,644			334,304			396,602			
6. Addition to reserve for compensation to retired directors	27,961			32,999			58,223			
7. Other	3,225,031	10,427,800	19.5	3,374,615	10,735,986	17.7	308,185	6,792,892	21,284,783	18.7
Operating income		1,400,757	2.6		1,258,578	2.1	-142,179		3,246,158	2.8
IV Non-Operating income										
1. Interest income	7,252			18,155			16,998			
2. Dividends	13,541			13,816			40,982			
3. Exchange gain	29,652			72,429			6,846			
4. Group insurance dividends	16,050			10,410			—			
5. Equity in earnings of affiliates	14,806			—			162,429			
6. Agency commissions	—			23,993			62,146			
7. Other	67,632	148,937	0.3	56,572	195,377	0.3	46,440	172,207	461,611	0.4
V Non-Operating expenses										
1. Interest paid	63,956			70,391			132,492			
2. Equity in losses of affiliates	—			33,624			—			
3. Commission paid	—			7,529			20,000			
4. Other	17,227	81,183	0.2	7,404	118,950	0.2	37,767	38,835	191,328	0.1
Ordinary income		1,468,511	2.7		1,335,004	2.2	-133,506		3,516,441	3.1

(thousand yen)

Account	Previous interim (Apr. 1, 2006 to Sep. 30, 2006)			Current interim (Apr. 1, 2007 to Sep. 30, 2007)			Change Amount	Previous accounting year (Apr. 1, 2006 to Mar. 31, 2007)		
	Amount		Composi- tion rate (%)	Amount		Composi- tion rate (%)		Amount		Composi- tion rate (%)
VI Extraordinary profit										
1. Gain on sales of fixed assets	198			—				204		
2. Gain on sales of investment securities	—			19,999				3,899		
3. Reversal of allowance for doubtful receivables	27,647			1,102				24,378		
4. Accrued directors' retirement benefits	—			15,010				—		
5. Other	2,634	30,480	0.1	3,588	39,700	0.1	9,220	—	28,483	0.0
VII Extraordinary loss										
1. Fixed asset disposal losses	43,456			56,983				126,317		
2. Loss on revaluation of investments in securities	—			33,110				—		
3. Fixed asset impairment losses	—			35,592				—		
4. Write-down of inventories	14,343			—				14,343		
5. Other	3,493	61,293	0.1	—	125,686	0.2	64,393	238,036	378,697	0.3
Net income before adjustment of taxes, etc.		1,437,699	2.7		1,249,019	2.1	-188,679		3,166,227	2.8
Corporate income taxes, resident taxes, etc.	628,756			404,208				1,309,046		
Deferred income taxes	93,788	722,545	1.3	210,575	614,783	1.0	-107,761	93,932	1,402,979	1.2
Minority interest in income of consolidated subsidiaries		91,260	0.2		90,678	0.2	-581		183,420	0.2
Net income		623,893	1.2		543,557	0.9	-80,336		1,579,827	1.4

3. Consolidated interim statement of changes in shareholders' equity

Previous interim (Apr. 1, 2006 to Sep. 30, 2006)

	Net assets				
	Shareholder's equity	Paid-in capital	Retained earnings	Treasury stock	Total shareholder's equity
Balance as of March 31, 2006 (thousand yen)	2,558,550	711,363	9,992,376	-9,284	13,253,004
Amount of change					
Dividend earnings			-306,515		-306,515
Net income			623,893		623,893
Acquired treasury stock				-111	-111
Increase in affiliates accounted for by the equity method			24,082		24,082
Decrease in treasury stock from changes in equity				8	8
Other net changes					
Total changes (thousand yen)	—	—	341,460	-103	341,357
Balance as of September 30, 2006 (thousand yen)	2,558,550	711,363	10,333,837	-9,388	13,594,361

	Evaluation and conversion figures				Minority interests	Total net assets
	Unrealized gains on securities	Deferred gains or losses on hedges	Conversion adjustment	Total evaluation and conversion figures		
Balance as of March 31, 2006 (thousand yen)	22,663	—	-51,101	-28,437	881,358	14,105,924
Amount of change						
Dividend earnings						-306,515
Net income						623,893
Acquired treasury stock						-111
Increase in affiliates accounted for by the equity method						24,082
Decrease in treasury stock from changes in equity						8
Other net changes	-17,348	8,392	-40,470	-49,426	-34,378	-83,804
Total changes (thousand yen)	-17,348	8,392	-40,470	-49,426	-34,378	257,552
Balance as of September 30, 2006 (thousand yen)	5,315	8,392	-91,571	-77,864	846,979	14,363,477

Current interim (Apr. 1, 2007 to Sep. 30, 2007)

	Net assets				
	Shareholder's equity	Paid-in capital	Retained earnings	Treasury stock	Total shareholder's equity
Balance as of March 31, 2007 (thousand yen)	2,558,550	711,421	11,289,771	-9,677	14,550,065
Amount of change					
Dividend earnings			-383,139		-383,139
Net income			543,557		543,557
Acquired treasury stock				-264	-264
Disposal of treasury stock				82	160
Other net changes					
Total changes (thousand yen)	—	78	160,417	-182	160,313
Balance as of September 30, 2007 (thousand yen)	2,558,550	711,499	11,450,189	-9,860	14,710,378

	Evaluation and conversion figures				Minority interests	Total net assets
	Unrealized gains on securities	Deferred gains or losses on hedges	Conversion adjustment	Total evaluation and conversion figures		
Balance as of March 31, 2007 (thousand yen)	13,707	4,068	7,144	24,920	940,591	15,515,577
Amount of change						
Dividend earnings						-383,139
Net income						543,557
Acquired treasury stock						-264
Disposal of treasury stock						160
Other net changes	-10,747	-5,854	102,782	86,181	-28,941	57,239
Total changes (thousand yen)	-10,747	-5,854	102,782	86,181	-28,941	217,553
Balance as of September 30, 2007 (thousand yen)	2,960	-1,785	109,926	111,101	911,649	15,733,130

Previous accounting year (Apr. 1, 2006 to Mar. 31, 2007)

	Net assets				
	Shareholder's equity	Paid-in capital	Retained earnings	Treasury stock	Total shareholder's equity
Balance as of March 31, 2006 (thousand yen)	2,558,550	711,363	9,992,376	-9,284	13,253,004
Amount of change					
Dividend earnings			-306,515		-306,515
Net income			1,579,827		1,579,827
Acquired treasury stock				-452	-452
Disposal of treasury stock		58		51	109
Increase in affiliates accounted for by the equity method			24,082		24,082
Decrease in treasury stock from changes in equity				8	8
Other net changes					
Total changes (thousand yen)	—	58	1,297,395	-392	1,297,060
Balance as of March 31, 2007 (thousand yen)	2,558,550	711,421	11,289,771	-9,677	14,550,065

	Evaluation and conversion figures				Minority interests	Total net assets
	Unrealized gains on securities	Deferred gains or losses on hedges	Conversion adjustment	Total evaluation and conversion figures		
Balance as of March 31, 2006 (thousand yen)	22,663	—	-51,101	-28,437	881,358	14,105,924
Amount of change						
Dividend earnings						-306,515
Net income						1,579,827
Acquired treasury stock						-452
Disposal of treasury stock						109
Increase in affiliates accounted for by the equity method						24,082
Decrease in treasury stock from changes in equity						8
Other net changes	-8,956	4,068	58,246	53,358	59,233	112,591
Total changes (thousand yen)	-8,956	4,068	58,246	53,358	59,233	1,409,652
Balance as of March 31, 2007 (thousand yen)	13,707	4,068	7,144	24,920	940,591	15,515,577

4. Consolidated cash flow statement

(thousand yen)

	Previous interim (Apr. 1, 2006 to Sep. 30, 2006)	Current interim (Apr. 1, 2007 to Sep. 30, 2007)	Change	Previous accounting year (Apr. 1, 2006 to Mar. 31, 2007)
Account	Amount	Amount	Amount	Amount
I Cash flows from operating activities				
1. Net income before adjustment of taxes, etc.	1,437,699	1,249,019	-188,679	3,166,227
2. Depreciation	372,017	536,583	164,565	759,293
3. Decrease in doubtful debt reserve	-22,579	-11,360	11,219	-35,300
4. Decrease in addition to reserve for compensation to retired directors	-20,913	-54,147	-33,233	—
5. Increase (decrease) in employee retirement expenses	-88,860	-77,985	10,874	-170,848
6. Interest and dividends received	-20,794	-31,971	-11,176	-57,980
7. Interest paid	63,956	70,391	6,435	132,492
8. Exchange gain or loss	-20,276	10,707	30,984	-52,210
9. Equity in earnings of affiliates	-14,806	33,624	48,431	-162,429
10. Write-down of inventories	14,343	—	-14,343	14,343
11. Loss on retirement of fixed assets	43,257	56,983	13,725	126,112
12. Fixed asset impairment losses	—	35,592	35,592	—
13. Gain on sales of investment securities	-2,634	-19,999	-17,365	3,599
14. Loss on evaluation of investment securities	—	33,110	33,110	—
15. Increase in prepaid pension cost	—	-285,854	-285,854	—
16. Increase (decrease) in accounts receivable	-338,202	1,118,507	1,456,710	-1,675,530
17. Increase in inventories	-341,990	-746,218	-404,228	-150,434
18. Increase (decrease) in accounts payable	1,297,733	51,070	-1,246,662	1,628,897
19. Increase in advance payments	-518,205	1,119,798	1,638,003	-1,409,312
20. Increase in advance payments received	—	-746,801	-746,801	670,312
21. Other	-256,103	30,315	286,418	75,962
Subtotal	1,583,638	2,371,366	787,727	2,863,193
22. Interest and dividends received	35,360	50,696	15,336	72,140
23. Interest paid	-58,966	-73,122	-14,155	-118,387
24. Corporate taxes paid	-607,010	-690,093	-83,082	-1,223,163
Net cash provided by operating activities	953,021	1,658,847	705,825	1,593,783

(thousand yen)

	Previous interim (Apr. 1, 2006 to Sep. 30, 2006)	Current interim (Apr. 1, 2007 to Sep. 30, 2007)	Change	Previous accounting year (Apr. 1, 2006 to Mar. 31, 2007)
Account	Amount	Amount	Amount	Amount
II Cash flows from investing activities				
1. Payments for acquisition of property, plant and equipment	-164,984	-243,244	-78,260	-748,410
2. Proceeds from sales of property, plant and equipment	903	2,887	1,984	10,701
3. Payments for acquisition of intangible fixed assets	-526,628	-377,510	149,118	-727,972
4. Payments for acquisition of investment in subsidiaries and affiliate companies	-25,500	—	25,500	-50,000
5. Proceeds from sales of investment in subsidiaries and affiliate companies	54,683	—	-54,683	54,683
6. Payments for acquisition of securities and investment securities	-150,238	-119	150,118	-192,358
7. Proceeds from sales of securities and investment securities	3,900	20,000	16,100	3,900
8. Expense for loans	-174,998	-3,503	171,495	-220,761
9. Proceeds from loan collection	26,739	93,365	66,625	40,229
10. Payments for term deposits	—	-100,916	-100,916	-37,200
11. Expense for increase in long-term rental deposits	-151,992	-35,662	116,330	-236,374
12. Income from decrease in long-term rental deposits	248,307	11,735	-236,572	310,399
13. Increase in restrictive deposits	-71,796	-5,427	66,369	—
14. Other	-8,598	-35,466	-26,868	-30,383
Net cash provided by (used for) investing activities	-940,205	-673,863	266,342	-1,823,547
III Cash flows from financing activities				
1. Net increase (decrease) in short-term debt	-818,240	-465,107	353,132	766,679
2. Proceeds from increase in long-term debt	1,000,000	—	-1,000,000	1,675,120
3. Payments for long-term debt	-571,918	-599,486	-27,567	-1,246,722
4. Dividends paid	-302,705	-382,741	-80,036	-303,575
5. Dividends paid to minority shareholders	-121,105	-120,000	1,105	-123,114
6. Other	-1,073	-2,505	-1,431	-3,294
Net cash provided by (used for) financing activities	-815,043	-1,569,840	-754,797	765,092

(thousand yen)

	Previous interim (Apr. 1, 2006 to Sep. 30, 2006)	Current interim (Apr. 1, 2007 to Sep. 30, 2007)	Change	Previous accounting year (Apr. 1, 2006 to Mar. 31, 2007)
Account	Amount	Amount	Amount	Amount
IV Conversion effect on cash and cash equivalents	12,454	4,625	-7,828	48,335
V Net increase in cash and cash equivalents	-789,772	-580,230	209,541	583,663
VI Cash and cash equivalents at beginning of period	4,946,949	5,646,173	699,224	4,946,949
VII Cash and cash equivalents from new consolidated subsidiaries at beginning of period	115,561	—	-115,561	115,561
VIII Cash and cash equivalents at end of period	4,272,737	5,065,942	793,205	5,646,173

Consolidated Segment Data

a. By business category

Previous interim (Apr. 1, 2006 to Sep. 30, 2006)						
(thousand yen)						
	Aviation-related	Lifestyle services	Customer services	Total	Elimination or unallocated amount	Consolidated
Net sales						
1. External customers	18,160,763	15,012,039	20,436,908	53,609,711	—	53,609,711
2. Inter-segment internal sales / transfers	550,539	58,618	—	609,157	(609,157)	—
Total	18,711,302	15,070,657	20,436,908	54,218,869	(609,157)	53,609,711
Operating expenses	17,700,072	14,558,845	19,017,317	51,276,235	932,718	52,208,953
Operating income	1,011,229	511,812	1,419,591	2,942,633	(1,541,875)	1,400,757

Notes: 1. Method of business classification

Businesses are classified with consideration for sales targets and methods, products supplied, and profit/loss aggregates.

2. Main products and sales for each business

- (1) Aviation-related ----- Aircraft, aircraft components, machinery, equipment & materials, cabin service supplies, in-flight sales, and textile supplies (consulting service and supporting work, wholesale business, etc.)
- (2) Lifestyle services ----- General merchandise, agricultural & marine products, processed foods, food gift items, wine & liquor, and creative design & printing (catalog sales, Web sites, wholesale business, etc.)
- (3) Customer services ----- Life design services (insurance/FP, real estate), Blue Sky airport shops, and JAL-DFS duty-free shops

3. For operating expenses in the current accounting period, non-allocatable operating expense included in the elimination or unallocated amount totalled 1,546 million yen. The main reason was costs relating to the administrative division of the General Affairs department at the parent company's headquarters.

Current interim (Apr. 1, 2007 to Sep. 30, 2007)						
(thousand yen)						
	Aviation-related	Lifestyle services	Customer services	Total	Elimination or unallocated amount	Consolidated
Net sales						
1. External customers	23,711,937	15,327,709	21,584,156	60,623,803	—	60,623,803
2. Inter-segment internal sales / transfers	617,664	52,885	—	670,550	(670,550)	—
Total	24,329,601	15,380,595	21,584,156	61,294,353	(670,550)	60,623,803
Operating expenses	23,215,786	14,865,288	20,137,355	58,218,431	1,146,794	59,365,225
Operating income	1,113,814	515,306	1,446,801	3,075,922	(1,817,344)	1,258,578

Notes: 1. Method of business classification

Businesses are classified with consideration for sales targets and methods, products supplied, and profit/loss aggregates.

2. Main products and sales for each business

- (1) Aviation-related ----- Aircraft, aircraft components, machinery, equipment & materials, cabin service supplies, in-flight sales, and textile supplies (consulting service and supporting work, wholesale business, etc.)

- (2) Lifestyle services ----- General merchandise, agricultural & marine products, processed foods, food gift items, wine & liquor, and creative design & printing (catalog sales, Web sites, wholesale business, etc.)
- (3) Customer services ----- Life design services (insurance/FP, real estate), Blue Sky airport shops, and JAL-DFS duty-free shops

3. For operating expenses in the current accounting period, non-allocatable operating expense included in the elimination or unallocated amount totalled 1,816 million yen. The main reason was costs relating to the administrative division of the General Affairs department at the parent company's headquarters.

Previous accounting year (April 1, 2006 to March 31, 2007)						
						(thousand yen)
	Aviation-related	Lifestyle services	Customer services	Total	Elimination or unallocated amount	Consolidated
Net sales						
1. External customers	37,892,090	33,467,399	42,774,006	114,133,497	—	114,133,497
2. Inter-segment internal sales / transfers	1,177,738	118,205	—	1,295,943	(1,295,943)	—
Total	39,069,829	33,585,604	42,774,006	115,429,440	(1,295,943)	114,133,497
Operating expenses	36,924,431	32,252,905	39,901,100	109,078,437	1,808,901	110,887,338
Operating income	2,145,397	1,332,699	2,872,906	6,351,002	(3,104,844)	3,246,158

Notes: 1. Method of business classification

Businesses are classified with consideration for sales targets and methods, products supplied, and profit/loss aggregates.

2. Main products and sales for each business

- (1) Aviation-related ----- Aircraft, aircraft components, machinery, equipment & materials, cabin service supplies, in-flight sales, and textile supplies (consulting service and supporting work, wholesale business, etc.)
- (2) Lifestyle services ----- Jewelry & general merchandise, agricultural & marine products, processed foods, food gift items, and wine & liquor (catalog sales, Web sites, wholesale business, etc.)
- (3) Customer services ----- Creative design & printing, life design services (insurance, FP, real estate), "Blue Sky" airport shops, and "JAL-DFS" duty-free shops

3. For operating expenses in the current accounting period, non-allocatable operating expense included in the elimination or unallocated amount totalled 3,109 million yen. The main reason was costs relating to the administrative division of the General Affairs department at the parent company's headquarters.

b. By geographical category

	Previous interim (Apr. 1, 2006 to Sep. 30, 2006)					(thousand yen)
	Japan	North America	Other regions	Total	Elimination or unallocated amount	Consolidated
Net sales						
1. External customers	50,815,057	1,875,032	919,621	53,609,711	—	53,609,711
2. Inter-segment internal sales / transfers	475,905	6,327,733	918,998	7,722,637	(7,722,637)	—
Total	51,290,963	8,202,765	1,838,619	61,332,348	(7,722,637)	53,609,711
Operating expenses	49,997,862	8,020,621	1,911,382	59,929,866	(7,720,912)	52,208,953
Operating income	1,293,100	182,144	(72,763)	1,402,481	(1,724)	1,400,757

- Notes: 1. National and regional classifications depend on geographical proximity.
2. The breakdown of regions outside Japan is as follows:
(1) North America: United States
(2) Other regions: UK, Thailand, China

	Current interim (Apr. 1 2007 to Sep. 30, 2007)					(thousand yen)
	Japan	North America	Other regions	Total	Elimination or unallocated amount	Consolidated
Net sales						
1. External customers	56,613,945	3,110,071	899,786	60,623,803	—	60,623,803
2. Inter-segment internal sales / transfers	166,799	5,731,073	895,722	6,793,595	(6,793,595)	—
Total	56,780,745	8,841,145	1,795,508	67,417,399	(6,793,595)	60,623,803
Operating expenses	55,691,040	8,597,406	1,817,124	66,105,571	(6,740,346)	59,365,225
Operating income	1,089,705	243,738	(21,615)	1,311,827	(53,249)	1,258,578

- Notes: 1. National and regional classifications depend on geographical proximity.
2. The breakdown of regions outside Japan is as follows:
(1) North America: United States
(2) Other regions: UK, Thailand, China

	Previous accounting year (April 1, 2006 to March 31, 2007)					(thousand yen)
	Japan	North America	Other regions	Total	Elimination or unallocated amount	Consolidated
Net sales						
1. External customers	108,287,779	3,460,012	2,385,704	114,133,497	—	114,133,497
2. Inter-segment internal sales / transfers	855,014	12,354,050	1,656,467	14,865,533	(14,865,533)	—
Total	109,142,794	15,814,063	4,042,172	128,999,030	(14,865,533)	114,133,497
Operating expenses	106,046,654	15,567,204	4,153,248	125,767,107	(14,879,768)	110,887,338
Operating income	3,096,139	246,858	(111,075)	3,231,922	14,235	3,246,158

- Notes: 1. National and regional classifications depend on geographical proximity.
2. The breakdown of regions outside Japan is as follows:
(1) North America: United States
(2) Other regions: UK, Thailand, China

c. Overseas net sales

Previous interim(Apr. 1, 2006 to Sep. 30, 2006)

Since overseas net sales make up less than 10 percent of consolidated net sales, they were omitted from the table.

Current interim(Apr. 1, 2007 to Sep. 30, 2007)

	North America	Europe	Other regions	Total
I Overseas net sales (thousand yen)	3,164,306	3,519,433	988,447	7,672,186
II Consolidated net sales (thousand yen)	—	—	—	60,623,803
III Ratio of overseas sales to consolidated sales (%)	5.2	5.8	1.6	12.6

Notes: 1. National and regional classifications depend on geographical proximity.

2. The breakdown of regions outside Japan is as follows:

(1) North America: United States

(2) Europe: UK, Russia

(3) Other regions: Thailand, China, Vietnam

3. Overseas sales comprise sales of the Company and its consolidated subsidiaries posted in countries and regions other than Japan.

Previous accounting year(April 1, 2006 to March 31, 2007)

Since overseas net sales make up less than 10 percent of consolidated net sales, they were omitted from the table.

Per share information

Previous interim (Apr. 1, 2006 to Sep. 30, 2006)	Current interim (Apr. 1, 2007 to Sep. 30, 2007)	Previous accounting year (April 1, 2006 to March 31, 2007)
Book value per share ¥1,059.23	Book value per share ¥1,161.51	Book value per share ¥1,142.19
Earnings per share ¥49.10	Earnings per share ¥42.60	Earnings per share ¥124.01
Concerning per-share net income for the current period after dilution, potential shares do not exist and so are not recorded.	Concerning per-share net income for the current period after dilution, potential shares do not exist and so are not recorded.	Concerning per-share net income for the current period after dilution, potential shares do not exist and so are not recorded.

Note: The basis for calculating per-share net income is shown below.

	Previous interim (Apr. 1, 2006 to Sep. 30, 2006)	Current interim (Apr. 1, 2007 to Sep. 30, 2007)	Previous accounting year (April 1, 2006 to March 31, 2007)
Net income (thousand yen)	623,893	543,557	1,579,827
Sum not attributable to holders of shares of common stock (thousand yen)	-2,673	—	-2,673
(Sum of which paid out as employee bonuses for profit disposal)	(-2,673)	—	(-2,673)
Net income attributable to holders of shares of common stock (thousand yen)	626,567	543,557	1,582,501
Average number of outstanding shares (thousand yen)	12,760	12,760	12,760