

# 1. Operating Results

## (1) Operating Results

### Operating Results in the Current Period

The Japanese economy in the period under review experienced a moderately paced recovery in the first half of the fiscal year. However, into the second half, the outlook turned uncertain and recession fears mounted amid soaring crude oil prices and a decelerating U.S. economy. Surrounded by these conditions, JALUX Group worked to expand its business base in accordance with its Medium-Term Management Plan covering the fiscal years March 2008 through March 2010.

Viewed by segment, in the aviation related business sales of used aircraft to foreign carriers performed well, as did wholesale trading in duty-free merchandise, yet due to weakness in aircraft parts earnings declined despite higher segment sales. In the lifestyle related business, procurement service operations for miscellaneous goods, printed products, and other media saw earnings fall on the year, but import sales of (processed) agricultural and marine products and sales of wine were favorable, leaving results largely on a par with the year-earlier level. In the customer services business, strong performance at real estate operations contrasted with airport store operations, where intensifying competition with industry peers and the changed operating environment connected to lower profitability.

As a result of these developments, sales for the period under review totaled ¥120,228 million, reflecting an increase on the year. However, operating income declined to ¥2,188 million due to the external service cost for the development and updating of the Company's computer base system, and due to higher general and administrative expenses from the system's depreciation charges. Furthermore, including a transitory loss from a cleaning operations affiliate accounted for under the equity method, ordinary income fell to ¥2,596 million, while net income declined to ¥978 million after extraordinary items and income taxes.

Operating Results (¥ million)	Previous period (year ended March 2007)	Current period (year ended March 2008)	Change (%)	Increase/ Decrease
Net sales	114,133	120,228	105.3	6,094
Operating income	3,246	2,188	67.4	-1,057
Ordinary income	3,516	2,596	73.8	-919
Net income	1,579	978	61.9	-601



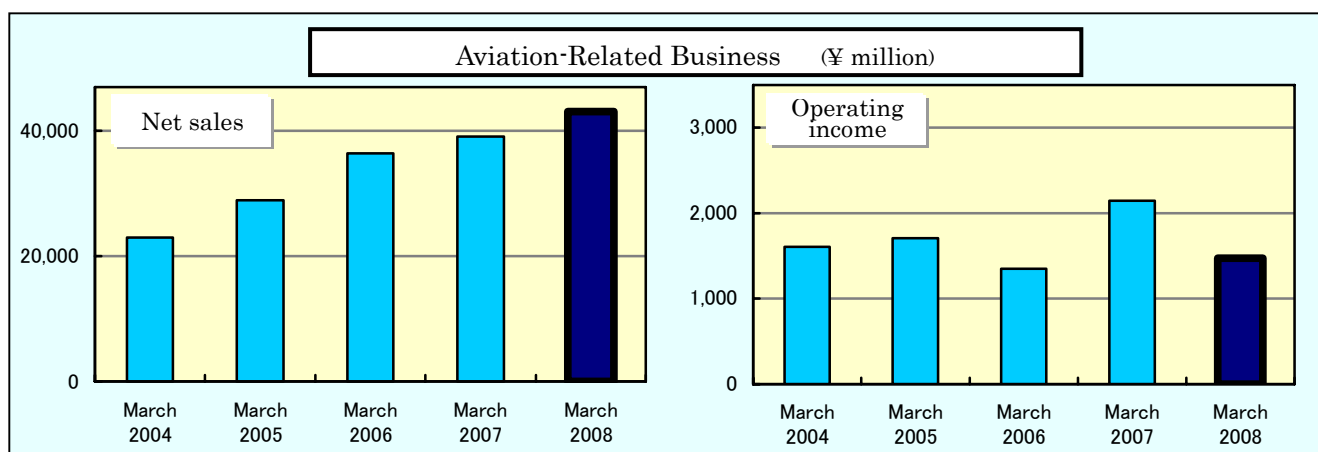
The outlook by segment is as follows. The figures for each category are shown before adjustment for inter-segment net sales, transfers, and unallocatable costs.

① Aviation-related business

The aircraft and aircraft parts segment posted higher sales of used aircraft thanks to efforts to develop sales routes for large aircraft, but earnings fell below the year-earlier level due to the sales of aircraft parts with their comparatively high profit margins were stagnant for example.

In cabin-related sales, duty-free wholesale trading showed solid growth but earnings fell due to lower profitability at cleaning operations. As a result, although sales rose compared with the previous year, posting ¥43,079 million, operating profit declined to ¥1,473 million.

Aviation-related business (¥ million)	Previous period (year ended March 2007)	Current period (year ended March 2008)	Change (%)	Increase/Decrease
Net sales	39,069	43,079	110.3	4,009
Operating income	2,145	1,473	68.7	-671



② Lifestyle services business

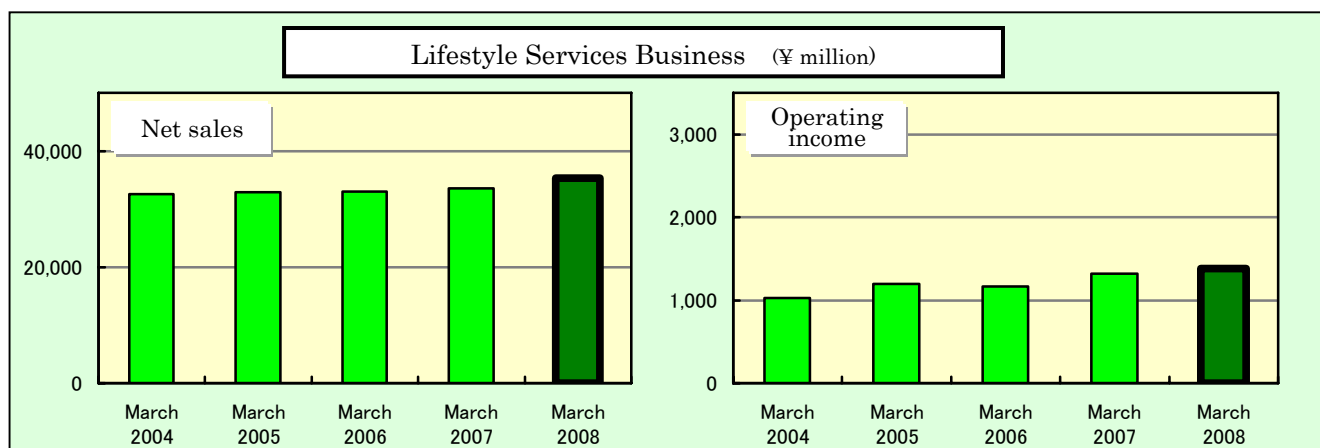
In miscellaneous goods, printed materials, and other media, the Company made efforts at expanding sales-promotion related transactions geared at corporations, yet earnings fell despite higher sales amid receding procurement operations for JAL group companies and with high crude oil prices driving up the cost of printing paper.

In the mail order segment, sales displayed weakness surrounding the direct mail food catalogue “Gourmet First Class,” but thanks to the new e-commerce engine and effects from campaigns aiming to attract customers, contributions to sales and earnings came from “JAL Shopping” internet sales with results almost on a par with a year earlier.

In the food segment, import sales of frozen mackerel and salmon processed in Vietnam, other imported frozen marine products, and imported vegetables and fruits (fresh fruit and frozen processed vegetables, etc.) fared well alongside efforts to expand sales of own-branded wine in a move to increase sales and earnings. Moreover, in merchandise for use as gifts, “Choice Communication Gift” program and “*Osechi*” geared at major distributors were popular.

As a result, sales and operating profit rose on the year, posting ¥35,313 million and ¥1,381 million, respectively.

Lifestyle services business (¥ million)	Previous period (year ended March 2007)	Current period (year ended March 2008)	Change (%)	Increase/Decrease
Net sales	33,585	35,313	105.1	1,727
Operating income	1,332	1,381	103.7	48



### ③ Customer services business

Meanwhile, in the life-design segment, real-estate operations advanced real estate development in airport vicinities and worked to expand sub-leasing operations, with contributions to sales and earnings from for-sale real estate (land and buildings). Moreover, resort operations were favorable, centered on objects in Hawaii, thanks to sales support from “JAL Vacations\*.” Furthermore, the Company entered into a partnership with a marketing firm for luxury real estate in Canada in a move to further strengthen operations going forward.

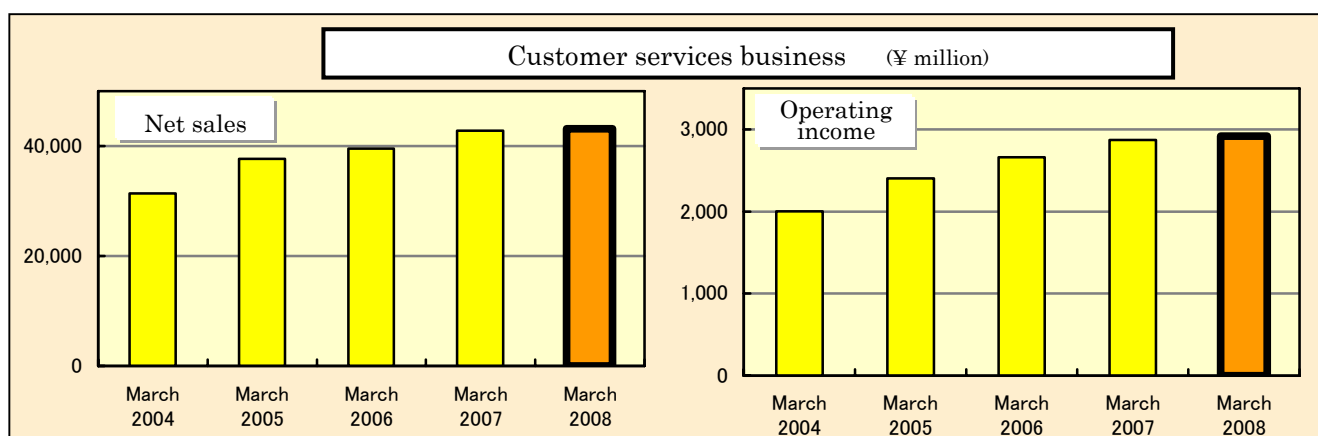
\* A resort timeshare system selling the rights to resort properties in Hawaii and other places in weekly units.

In airport shop operations, “Blue Sky” shop operations at domestic airport contributed to sales and earnings thanks to the own-developed “Sky Sweets Series,” which has been a runaway success. However, earnings declined due to intensifying competition at Narita Airport from the airport-operated “Narita 5th Avenue” shopping mall opened in April 2007, effects from refurbishment work at the Fukuoka airport terminal building, and reverberations from food safety concerns with suspended sales of some popular, well-known confectionary products from the regions. Moreover, also at Narita airport “JAL – DFS” duty-free stores\* results fell on the year due to the opening of the “Narita 5th Avenue” shopping mall and other factors.

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

As a result, sales and operating profit posted ¥43,167 million and ¥2,918 million, respectively, largely on a par with a year earlier.

Customer services business (¥ million)	Previous period (year ended March 2007)	Current period (year ended March 2008)	Change (%)	Increase/Decrease
Net sales	42,774	43,167	100.9	393
Operating income	2,872	2,918	101.6	45



## Operating Results Outlook for the Next Period

The financial results of the Company will to no small extent be impacted by slowing economic activity in Japan and abroad beginning in the second half of the current fiscal year and a changed operating environment. Addressing these challenges, the Company will react swiftly and positively to new trends, work to increase its market competitiveness through continued quality enhancement of operations, and in so doing attain its targets.

In the aviation related business, the Company will work to expand its maintenance and supply business in aircraft parts (\*), which offers growing business opportunities in step with aviation demand at constant high levels in Asian countries, and will go forward with establishing a new business base combining the aircraft operations business resources of Sojitz Group with the Company's functions and expertise.

\*A delivery system that stores (stockpiling and quality control) imported parts needed for aircraft engine repairs and supplies them promptly to heavy industry.

In the lifestyle related business, the Company will take steps to promote sales and increase the customer scope for its mail order operations surrounding the in-flight catalogue "JAL SHOP" and direct mail catalogue "JAL World Shopping Club." At the same time, efforts will be made to retain customers in cooperation with JAL group companies and develop "inner markets" by targeting company employees through internet based activities.

In the customer services business, favorable results are expected to continue at real estate operations, even taking into account a slower pace after last year's big-ticket sales. With regard to airport store operations, the Company will take measures geared at differentiation and enhancing sales and earnings by developing own products, alongside steps to strengthen BLUE SKY brand penetration by fully leveraging the predominance of the company's nationwide operations.

In June 2008, the Company will introduce an executive officer system with a view to strengthening the cooperation across business segments and accelerating decision making. Moreover, the Company will work to strengthen earning power and enterprise value added by entering into business alliances with Sojitz Group in each business area further to the aviation related business.

Operating Results (¥ million)	Current period (year ended March 2008)	Next period (E) (year ending March 2009)	Change (%)	Increase/ Decrease
Net sales	120,228	127,000	105.6	6,771
Operating income	2,188	3,000	137.1	811
Ordinary income	2,596	3,100	119.4	503
Net income	978	1,550	158.4	571

## (2) Financial Position

Cash and cash equivalents ("Cash") at the end of the period totaled ¥6,174 million (109.4% of the end of the previous fiscal year level), ¥528 million higher than the end of the previous fiscal year. Main factors included expenses for the purchase of for-sale real estate inventory, expenses for the enhancement of a new computer base system that was taken into operation this fiscal year, refurbishment expenses for airport store operations, cash derived from favorable business operations, and cash from bank borrowings.

Individual cash flows for the current period are as follows.

### Operating activities

Net cash from operating activities at the end of the period totaled ¥1,872 million (117.5% of the end of the previous fiscal year level), which was ¥278 million higher than the end of the

previous fiscal year. Main factors were a marked decline in trade receivables as claims temporarily held on the books as of the previous balance sheet date were settled, and an increase in inventories due to purchases of real estate for sale and imported processed marine products.

### Investing activities

Net cash used in investing facilities as of the end of the period totaled ¥1,088 million (59.7% of the end of the previous fiscal year level), which was ¥734 million less than the end of the previous fiscal year. Main factors were expenses for the enhancement of a new computer base system taken into operation this fiscal year, expenses for new store openings, and expenses for increasing the floor area and refurbishing of existing stores including duty-free stores. Additionally, the Company refurbished dormitory facilities for flight personnel trainees at a U.S. subsidiary, while guarantee deposits when leasing airport building space reached maturity and were redeemed.

### Financing activities

Net cash used in financing activities at the end of the period totaled ¥216 million (compared with ¥765 million net cash provided by financing activities at the end of the previous fiscal year). Main factors were new loans from banks for the enhancement of the new computer base system and for store refurbishment, repayment of loans for the acquisition of aircraft to be used for crew training at a U.S. subsidiary, and payment of dividends by the Company and its domestic subsidiaries.

### 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	Period ended March 2008
Shareholders' equity ratio (%)	29.3	33.0	35.2	34.4	36.2
Shareholders' equity at market value (%)	82.2	71.5	72.7	66.9	51.4
Debt repayment (yrs)	4.7	2.9	2.2	4.3	3.7
Interest coverage ratio	18.4	29.9	28.2	13.5	12.8

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.

The Company proposes to increase the dividend for the fiscal year to March 2008 by ¥5.0 to ¥35.0 per share of common stock, and to pay a dividend of ¥35.0 for the fiscal year to March 2009, unchanged from the previous fiscal year.

As one target management indicator, since the previous fiscal year the Company has designated a consolidated 30% payout ratio as a medium-term objective. This goal was attained last year, but due to a decline in net profit.

The Company understands this profit decline to be temporary, however, and considers it not an appropriate reason for a discussion of the payout ratio.

Therefore, with regard to the dividend for the current and coming fiscal years, the Company maintains its medium-term objective of a consolidated 30% payout ratio, and will strive to achieve stable and sustained income returns to shareholders.

### (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.

	Period ended March 2007		Period ended March 2008	
	Amount (million yen)	Ratio to sales (%)	Amount (million yen)	Ratio to sales (%)
Japan Airlines Corporation	58	0.1	18	0.0
Japan Airlines International Co., Ltd.	17,953	15.7	19,178	16.0
Other JAL group companies	12,918	11.3	13,164	10.9
Total	30,930	27.1	32,361	26.9

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. We plan to continue making new investments in the environment, culture, and welfare areas. 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 twelve affiliates (of which eight 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
<b>Aviation-related</b>	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.
<b>Lifestyle services</b>	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.
<b>Customer services</b>	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.

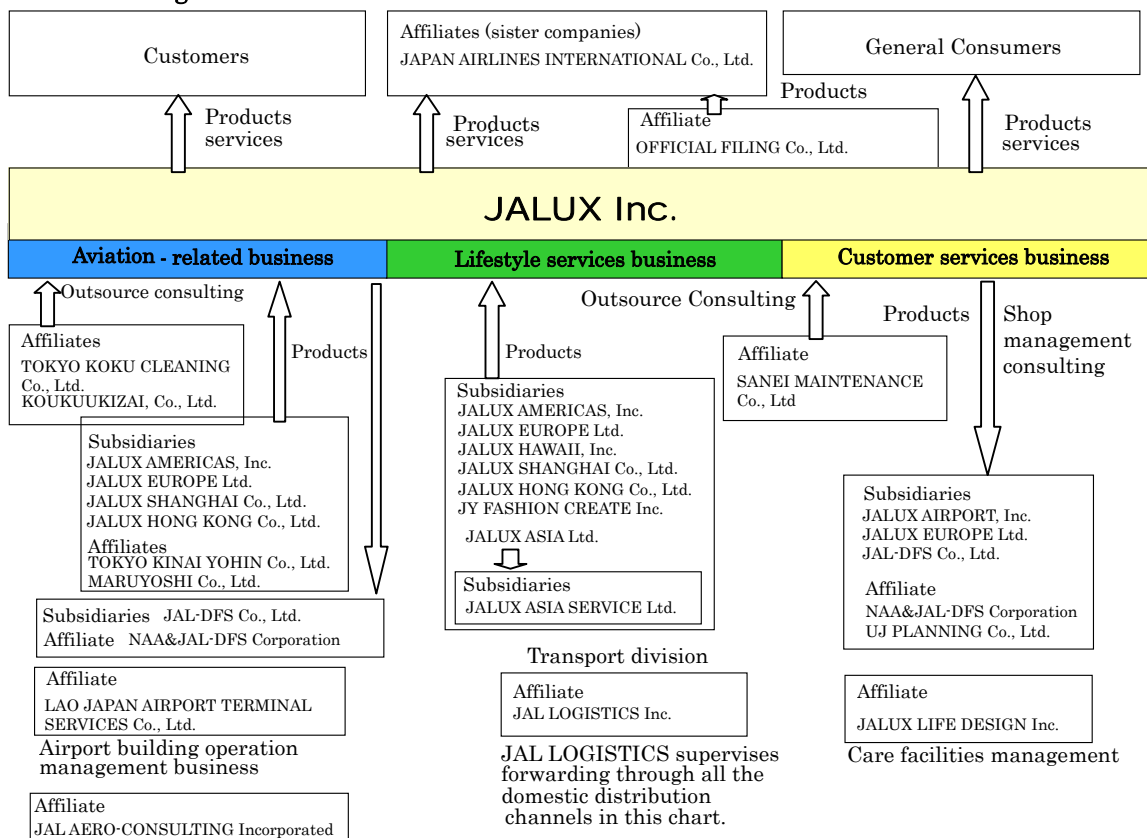
### (3) Customer services business

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.

Overseas, JALUX EUROPE is developing the JAL shopping EUROPE (website).

The following flow chart illustrates our main business sectors.



#### CONSOLIDATED SUBSIDIARIES

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

#### NON- CONSOLIDATED SUBSIDIARIES

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

#### AFFILIATES

※TOKYO KOKU CLEANING Co., Ltd.  
 ※TOKYO KINAI YOHIN Co., Ltd.  
 Linen supplies and cleaning  
 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  
 ※KOUKUKIZAI 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  
 ○※UJ PLANNING Co., Ltd.  
 Planning, production, and selling of event items and character goods.  
 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  
 ○---- UJ PLANNING Co., Ltd. was established on November 20, 2007

#### OTHER AFFILIATES

JAPAN AIRLINES INTERNATIONAL Co., Ltd. Air transport business

## Status of affiliates

Name	Address	Capitalization (thousand yen)	Subject of business or occupation (note 1)	Voting rights ratio (%)	Relationship with JALUX JALUX:
<b>Other affiliates</b>					
SOJIZ Corporation (notes 2, 3)	Minato-ku, Tokyo	160,339,621	General trading company	30.1	maintains and manages buildings.
JAPAN AIRLINES Corporation (notes 2, 3)	Shinagawa- ku, Tokyo	251,000,000	Holding corporation for companies engaged in air transport services and related businesses	21.4 (0.2)	
<b>Consolidated subsidiaries</b>					
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.
<b>Affiliates accounted for by the equity method</b>					
JALUX LIFE DESIGN Inc.	Shinagawa- ku, Tokyo	100,000	Customer services	50.0	care facilities management.
UJ PLANNING Co., Ltd.	Shinagawa- ku, Tokyo	60,000	Customer services	45.0	planning, production, and selling of goods.
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	27.2	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.	Narita-City, Chiba	70,000	Customer services	28.6	commissions maintenance, management, and cleaning of facilities business.
KOKUUKIZAI, 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 2008	Period ending March 2010 (plan)
Net sales	120,228	150,000
Ordinary income	2,596	5,000
Ratio of ordinary income to sales	2.2%	3.3%
Net income	978	2,500
ROE	6.4%	12.7%
ROA	2.3%	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 term (as of March 31, 2007)		Composi- tion rate (%)	End of current term (as of March 31, 2008)		Change Amount
	Amount			Amount		
(Assets)						
I Current assets						
1. Cash and deposits		5,688,228			6,280,283	
2. Notes and accounts receivable		13,468,655			12,158,395	
3. Securities		7,681			—	
4. Inventories		6,117,340			7,309,995	
5. Deferred tax assets		469,397			470,034	
6. Other		3,836,730			3,013,703	
Allowance for doubtful accounts		-29,364			-21,902	
Total current assets		29,558,670	69.8		29,210,510	70.3
Change						-348,159
II Fixed assets						
1. Property, plant and equipment						
(1) Buildings and structures	4,375,069			4,380,280		
Accumulated depreciation	2,294,244	2,080,824		2,260,173	2,120,106	
(2) Machinery and delivery equipment	239,651			212,378		
Accumulated depreciation	195,074	44,577		172,055	40,322	
(3) Aircraft	3,742,954			3,587,102		
Accumulated depreciation	1,347,403	2,395,550		1,597,565	1,989,536	
(4) Other	755,219			781,797		
Accumulated depreciation	458,281	296,938		498,895	282,901	
(5) Land		293,077			282,071	
(6) Construction in progress		99,307			97,663	
Total property, plant and equipment		5,210,276	12.3		4,812,603	11.6
Change						-397,673
2. Intangible fixed assets						
(1) Software		422,595			1,837,729	
(2) Software in progress		1,410,977			—	
(3) Other		28,201			35,983	
Total intangible fixed assets		1,861,775	4.4		1,873,712	4.5
Change						11,937

(thousand yen)

Account	End of previous term (as of March 31, 2007)		End of current term (as of March 31, 2008)		Change
	Amount	Composi- tion rate (%)	Amount	Composi- tion rate (%)	Amount
3. Investments and other assets					
(1) Investment securities	2,794,350		2,589,902		
(2) Investment affiliated	530,925		445,589		
(3) Long-term rental eposit	1,860,995		1,959,907		
(4) Prepaid pension cost	—		246,936		
(5) Deferred tax assets	276,601		199,820		
(6) Other	363,727		341,028		
Allowance for doubtful accounts	-111,385		-105,067		
Total investments and other assets	5,715,214	13.5	5,678,117	13.6	-37,096
Total fixed assets	12,787,266	30.2	12,364,433	29.7	-422,832
Total assets	42,345,936	100.0	41,574,944	100.0	-770,992
(Liabilities)					
I Current liabilities					
1. Notes and accounts payable	13,561,543		13,259,593		
2. Short-term debt	3,826,728		3,953,469		
3. Accrued corporate tax, etc.	684,399		413,664		
4. Accrued expenses	2,407,705		2,255,387		
5. Other	2,557,448		1,831,545		
Total current liabilities	23,037,825	54.4	21,713,660	52.2	-1,324,165
II Fixed liabilities					
1. Long-term debt	2,963,320		2,970,730		
2. Directors' retirement allowances	112,767		30,526		
3. Addition to reserve for compensation to retired directors	195,006		176,561		
4. Deferred tax liabilities	90,412		150,120		
5. Other	431,026		500,546		
Total fixed liabilities	3,792,533	9.0	3,828,486	9.2	35,952
Total liabilities	26,830,359	63.4	25,542,146	61.4	-1,288,213

(thousand yen)

Account	End of previous term (as of March 31, 2007)		End of current term (as of March 31, 2008)		Change
	Amount	Composi- tion rate (%)	Amount	Composi- tion rate (%)	Amount
(Net assets)					
I Shareholder's equity					
1. Common stock	2,558,550	6.0	2,558,550	6.1	—
2. Paid-in capital	711,421	1.7	711,499	1.7	78
3. Retained earnings	11,289,771	26.7	11,885,115	28.6	595,343
4. Treasury stock	-9,677	-0.0	-10,888	-0.0	-1,211
Total shareholder's equity	14,550,065	34.4	15,144,276	36.4	594,210
II Evaluation and conversion figures					
1. Unrealized gains on securities	13,707	0.0	-5,890	-0.0	-19,598
2. Deferred gains or losses on hedges	4,068	0.0	-43,161	-0.1	-47,230
3. Conversion adjustment	7,144	0.0	-48,576	-0.1	-55,721
Total evaluation and conversion figures	24,920	0.0	-97,629	-0.2	-122,549
III Minority interests	940,591	2.2	986,150	2.4	45,559
Total net assets	15,515,577	36.6	16,032,797	38.6	517,220
Total liabilities and net assets	42,345,936	100.0	41,574,944	100.0	-770,992

## (2) Consolidated income statements

(thousand yen)

Account	Previous term (April 1, 2006 - March 31, 2007)		Composi- tion rate (%)	Current term (April 1, 2007 - March 31, 2008)		Change Amount	
	Amount	Amount		Amount	Composi- tion rate (%)		
I Net sales		114,133,497	100.0		120,228,386	100.0	6,094,889
II Cost of sales		89,602,555	78.5		96,359,302	80.1	6,756,746
Gross profit		24,530,941	21.5		23,869,083	19.9	-661,857
III Selling, general and administrative expenses							
1. Packing and transportation expenses	971,342			971,585			
2. Payroll allowance	8,067,072			8,060,470			
3. Employee retirement expenses	214,532			272,118			
4. Rent expenses	4,784,117			4,757,364			
5. Depreciation	396,602			715,697			
6. Addition to reserve for compensation to retired directors	58,223			68,683			
7. Other	6,792,892	21,284,783	18.7	6,834,735	21,680,655	18.1	395,871
Operating income		3,246,158	2.8		2,188,428	1.8	-1,057,729
IV Non-Operating income							
1. Interest income	16,998			34,809			
2. Dividends	40,982			43,323			
3. Equity in earnings of affiliates	162,429			—			
4. Exchange gain	6,846			446,493			
5. Agency commissions	62,146			53,292			
6. Other	172,207	461,611	0.4	106,633	684,551	0.6	222,939
V Non-Operating expenses							
1. Interest paid	132,492			135,928			
2. Equity in losses of affiliates	—			91,047			
3. Commission paid	20,000			24,796			
4. Other	38,835	191,328	0.1	24,600	276,372	0.2	85,044
Ordinary income		3,516,441	3.1		2,596,607	2.2	-919,833
VI Extraordinary profit							
1. Gain on sales of fixed assets	204			—			
2. Gain on sales of investment securities	3,899			19,999			
3. Reversal of allowance for doubtful receivables	24,378			4,654			
4. Accrued directors' retirement benefits	—			15,010			
5. Other	—	28,483	0.0	3,588	43,252	0.0	14,769

(thousand yen)

Account	Previous term (April 1, 2006 - March 31, 2007)			Current term (April 1, 2007 - March 31, 2008)			Change
	Amount		Composi- tion rate(%)	Amount		Composi- tion rate(%)	Amount
VII Extraordinary loss							
1. Fixed asset disposal losses	126,317			141,546			
2. Fixed asset impairment losses	—			35,592			
3. Loss on sales of investment securities	7,499			—			
4. Loss on revaluation of investments in securities	—			90,879			
5. Loss on sales of investment in subsidiaries and affiliates	1,265			—			
6. Loss on revaluation of inventories	87,358			—			
7. Loss from closure of shops	58,655			20,265			
8. Loss from transition to a pension plan retirement scheme	—			29,917			
9. Other	97,601	378,697	0.3	838	319,040	0.3	-59,656
Net income before adjustment of taxes, etc.		3,166,227	2.8		2,320,819	1.9	-845,407
Corporate income taxes, resident taxes, etc.	1,309,046			997,868			
Deferred income taxes	93,932	1,402,979	1.2	180,196	1,178,065	1.0	-224,914
Minority interest in income of consolidated subsidiaries		183,420	0.2		164,271	0.1	-19,148
Net income		1,579,827	1.4		978,483	0.8	-601,344

**(3) Consolidated statement of changes in shareholders' equity**

Previous (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)			341,460	-103	341,357
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

Current (Apr. 1, 2007 to Mar. 31, 2008)

	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			978,483		978,483
Acquired treasury stock				-1,293	-1,293
Disposal of treasury stock		78		82	160
Other net changes					
Total changes (thousand yen)	—	78	595,343	-1,211	594,210
Balance as of March 31, 2008 (thousand yen)	2,558,550	711,499	11,885,115	-10,888	15,144,276

	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						978,483
Acquired treasury stock						-1,293
Disposal of treasury stock						160
Other net changes	-19,598	-47,230	-55,721	-122,549	45,559	-76,990
Total changes (thousand yen)	-19,598	-47,230	-55,721	-122,549	45,559	517,220
Balance as of March 31, 2008 (thousand yen)	-5,890	-43,161	-48,576	-97,629	986,150	16,032,797

**(4) Consolidated cash flow statement**

(thousand yen)

	Previous term (April 1, 2006 - March 31, 2007)	Current term (April 1, 2007 - March 31, 2008)	Change
Account	Amount	Amount	Amount
I Net cash from operating activities			
Net income before adjustment of taxes, etc.	3,166,227	2,320,819	-845,407
Depreciation	759,293	1,111,740	352,446
Decrease in doubtful debt reserve	-35,300	-13,387	21,912
Decrease in employee retirement expenses	-170,848	-82,240	88,608
Interest and dividends received	-57,980	-78,133	-20,152
Interest paid	132,492	135,928	3,435
Exchange gain or loss	-52,210	39,686	91,896
Equity in earnings of affiliates	-162,429	91,047	253,476
Write-down of inventories	14,343	—	-14,343
Loss on retirement of fixed assets	126,112	141,546	15,433
Fixed asset impairment losses	—	35,592	35,592
Gain on sales of investment securities	3,599	-19,999	-23,599
Loss on sales of investment in subsidiaries and affiliates	1,265	—	-1,265
Loss on evaluation of investment securities	—	90,879	90,879
Increase (decrease) in accounts receivable	-1,675,530	922,958	2,598,488
Increase (decrease) in inventories	-150,434	-1,238,277	-1,087,842
Increase (decrease) in accounts payable	1,628,897	-200,189	-1,829,086
Increase in advance payments	-1,409,312	739,175	2,148,487
Increase in advance payments received	670,312	-916,872	-1,587,184
Increase (decrease) in bankruptcy claims, etc.	25,784	11,513	-14,271
Directors' bonuses	-22,870	—	22,870
Increase (decrease) in prepaid pension cost	—	-246,936	-246,936
Other	71,782	368,220	296,437
Subtotal	2,863,193	3,213,070	349,877
Interest and dividends received	72,140	71,392	-747
Interest paid	-118,387	-145,746	-27,359
Corporate taxes paid	-1,223,163	-1,266,258	-43,095
Net cash provided by operating activities	1,593,783	1,872,458	278,674

(thousand yen)

	Previous term (April 1, 2006 - March 31, 2007)	Current term (April 1, 2007 - March 31, 2008)	Change
Account	Amount	Amount	Amount
II Net cash from investing activities			
Payments for acquisition of property, plant and equipment	-748,410	-478,985	269,424
Proceeds from sales of property, plant and equipment	10,701	2,927	-7,773
Payments for acquisition of intangible fixed assets	-727,972	-581,539	146,432
Payments for acquisition of investment in subsidiaries and affiliates	-50,000	-27,000	23,000
Proceeds from sales of investment in subsidiaries and affiliates	54,683	—	-54,683
Payments for acquisition of securities and investment securities	-192,358	-240	192,118
Proceeds from sales of securities and investment securities	3,900	20,000	16,099
Expense for loans	-220,761	-14,308	206,452
Proceeds from loan collection	40,229	153,585	113,356
Payments for term deposits	-37,200	-127,469	-90,269
Refund from term deposits	—	100,000	100,000
Expense for increase in long-term rental deposits	-236,374	-145,187	91,187
Income from decrease in long-term rental deposits	310,399	70,598	-239,801
Increase in restrictive deposits	—	-5,449	-5,449
Other	-30,383	-55,585	-25,202
Net cash from investing activities	-1,823,547	-1,088,655	734,891

(thousand yen)

	Previous term (April 1, 2006 - March 31, 2007)	Current term (April 1, 2007 - March 31, 2008)	Change
Account	Amount	Amount	Amount
III Net cash from financing activities			
Net increase (decrease) in short-term debt	766,679	275,480	-491,198
Proceeds from increase in long-term debt	1,675,120	1,200,000	-475,120
Payments for long-term debt	-1,246,722	-1,188,272	58,450
Dividends paid	-303,575	-377,810	-74,234
Dividends paid to minority shareholders	-123,114	-122,473	640
Other	-3,294	-3,706	-412
Net cash from financing activities	765,092	-216,782	-981,875
IV Conversion effect on cash and cash equivalents	48,335	-38,364	-86,699
V Net increase in cash and cash equivalents	583,663	528,654	-55,009
VI Cash and cash equivalents at beginning of period	4,946,949	5,646,173	699,224
VII Cash and cash equivalents from new consolidated subsidiaries at beginning of period	115,561	—	-115,561
VIII Cash and cash equivalents at end of period	5,646,173	6,174,828	528,654

## Segment Data

By business type

Previous consolidated accounting period (April 1, 2006 to March 31, 2007)						
(thousand yen)						
	Aviation-related	Lifestyle services	Customer services	Total	Elimination or unallocated amount	Consolidated
I . Net sales, operating income and loss						
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	39,901,10	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
II . Assets, depreciation and amortization, and capital expenditure						
Assets	15,846,030	8,555,737	11,154,239	35,556,006	6,789,929	42,345,936
Depreciation and amortization	380,946	44,526	245,868	671,341	87,951	759,293
Impairment loss	595,550	54,383	202,905	852,838	718,957	1,571,796
Capital expenditure	1,048,891	24,893	162,342	1,236,127	893,709	2,129,837

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 previous 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.

4. For assets in the previous accounting period, the total whole-firm assets including elimination or unallocated amount totalled 6,658 million yen. Factors included assets relating to parent company's long-term investment assets (investment securities) and the administrative division.

Current consolidated accounting period (April 1, 2007 to March 31, 2008)							(thousand yen)
	Aviation-related	Lifestyle services	Customer services	Total	Elimination or unallocated amount	Consolidated	
I. Net sales, operating income and loss							
Net sales							
1. External customers	41,851,962	35,208,682	43,167,741	120,228,386	—	120,228,386	
2. Inter-segment internal sales / transfers	1,227,407	104,338	—	1,331,745	(1,331,745)	—	
Total	43,079,369	35,313,021	43,167,741	121,560,132	(1,331,745)	120,228,386	
Operating expenses	41,605,579	33,931,526	40,248,870	115,785,976	2,253,981	118,039,957	
Operating income	1,473,790	1,381,494	2,918,870	5,774,155	(3,585,726)	2,188,428	
II. Assets, depreciation and amortization, and capital expenditure							
Assets	13,453,927	9,547,905	11,790,548	34,792,381	6,782,563	41,574,944	
Depreciation and amortization	422,979	101,224	233,812	758,016	353,723	1,111,740	
Capital expenditure	182,601	260,790	389,529	832,921	290,228	1,123,149	
	—	—	35,592	35,592	—	35,592	

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 3,585 million yen. The main reason was costs relating to the administrative division of the General Affairs department at the parent company's headquarters.
4. For assets in the current accounting period, the total whole-firm assets including elimination or unallocated amount totalled 5,089 million yen. Factors included assets relating to parent company's long-term investment assets (investment securities) and the administrative division.

By location

	Previous consolidated accounting period (April 1, 2006 to March 31, 2007) (thousand yen)					
	Japan	North America	Other regions	Total	Elimination or unallocated amount	Consolidated
I. Net sales, operating income and loss						
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 (or loss)	3,096,139	246,858	(111,075)	3,231,922	14,235	3,246,158
II. Assets	36,784,448	8,610,790	912,129	46,307,367	(3,961,431)	42,345,936

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 consolidated accounting period (April 1, 2007 to March 31, 2008) (thousand yen)					
	Japan	North America	Other regions	Total	Elimination or unallocated amount	Consolidated
I. Net sales, operating income and loss						
Net sales						
1. External customers	115,362,639	2,750,801	2,114,946	120,228,386	—	120,228,386
2. Inter-segment internal sales / transfers	341,294	12,094,410	1,955,007	14,390,712	(14,390,712)	—
Total	115,703,933	14,845,211	4,069,953	134,619,098	(14,390,712)	120,228,386
Operating expenses	113,284,789	14,633,769	4,084,920	132,003,479	(13,963,521)	118,039,957
Operating income (or loss)	2,419,144	211,442	(14,967)	2,615,619	(427,190)	2,188,428
II. Assets	34,149,783	7,763,279	1,045,836	42,958,899	(1,383,955)	41,574,944

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

Overseas net sales

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.

Current accounting period (April 1, 2007 to March 31, 2008)

	North America	Europe	Other regions	Total
I Overseas net sales (thousand yen)	3,564,914	7,053,106	1,539,429	12,157,450
II Consolidated net sales (thousand yen)	—	—	—	120,228,386
III Ratio of overseas sales to consolidated sales (%)	3.0	5.9	1.3	10.1

- 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.

Transactions with affiliates

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

(1) Parent company and major shareholder corporations

(1) Sister companies

Status		Other affiliated company subsidiary					
Name		JAPAN AIRLINES INTERNATIONAL Co., Ltd.		JAPAN TRANSOCEAN AIR Co., Ltd.		JAL CAPITAL Co., Ltd.	
Address		Shinagawa-ku, Tokyo		Naha-City, Okinawa		Shinagawa-ku, Tokyo	
Capital or investment (¥ thousand)		100,000,000		4,537,200		3,500,000	
Subject of business or occupation		Air transport service		Air transport service		Finance and general leasing	
Percentage of voting stock ownership		None		None		None	
Related matters	Common board members	Transferred residence 2 Holding additional posts 3		None		None	
	Business relationship	Procurement consulting and support services & sales relating to aviation		Aircraft components supply		Loan company dealing with JALUX	
Transaction details and Amount (¥ thousand)		Procurement and sales of aircraft components and cabin service goods.		Sales of aircraft parts		Loan and repayment of transport and equipment assets	
		Sale 14,899,629 Procurement 5,118,236		2,284,092		Loan 17,000,000 Repayment 16,400,000	
Account and balance at the end of term (¥ thousand)		Accounts receivable trade	Advance payments	Account payable	Accounts receivable trade	Short-term debt	Interest paid
		2,395,277	462,482	1,106,628	598,439	1,000,000	3,828

Transaction conditions and decision-making policy

(1) When undertaking procurement, supporting or consulting work relating to sales of aircraft parts, cabin supplies and other items with Japan Airlines International Co., Ltd. decisions are to be made after taking into consideration market value and general cost price, suggesting a desired price, and negotiating in each period

Concerning other transactions, make decisions through discussions after considering market trends.

(2) When undertaking procurement, supporting or consulting work relating to sales of aircraft parts with Japan Transocean Air Co., Ltd. decisions are to be made after taking into consideration market value and general cost price, suggesting a desired price, and negotiating in each period

Concerning other transactions, make decisions through discussions after considering market trends.

(3) JAL Capital Co., Ltd. loans of operating and equipment capital are determined by short-term prime rates and Japanese yen-denominated TIBOR.

Note: Consumption tax does not apply to transaction sums.

Current consolidated accounting period (April 1, 2007 to March 31, 2008)

(1) Sister companies

Status		Other affiliated company subsidiary			
Name		JAPAN AIRLINES INTERNATIONAL Co., Ltd.			
Address		Shinagawa-ku, Tokyo			
Capital or investment (¥ thousand)		100,000,000			
Subject of business or occupation		Air transport service			
Percentage of voting stock ownership		None			
Related matters	Common board members	Transferred residence 2 Holding additional posts 3			
	Business relationship	Procurement consulting and support services & sales relating to aviation			
Transaction details and Amount (¥ thousand)		Procurement and sales of aircraft components and cabin service goods.			
		Sale 14,899,629 Procurement 5,118,236			
Account and balance at the end of term (¥ thousand)		Accounts receivable trade	Advance payments	Account payable	
		2,395,277	462,482	1,106,628	

Transaction conditions and decision-making policy

- (1) When undertaking procurement, supporting or consulting work relating to sales of aircraft parts, cabin supplies and other items with Japan Airlines International Co., Ltd. decisions are to be made after taking into consideration market value and general cost price, suggesting a desired price, and negotiating in each period

Concerning other transactions, make decisions through discussions after considering market trends.

Note: Consumption tax does not apply to transaction sums.

Per share information

Previous consolidated accounting period (April 1, 2006 to March 31, 2007)	Current consolidated accounting period (April 1, 2007 to March 31, 2008)
Book value per share  ¥1,142.19	Book value per share  ¥1,179.21
Earnings per share  ¥124.01	Earnings per share  ¥76.68
Concerning per-share net income for the current period after potential stock adjustment, potential shares do not exist and so are not recorded.	Concerning per-share net income for the current period after potential stock adjustment, potential shares do not exist and so are not recorded.

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

	Previous consolidated accounting period (April 1, 2006 to March 31, 2007)	Current consolidated accounting period (April 1, 2007 to March 31, 2008)
Earnings per share		
Net income (thousand yen)	1,579,827	978,483
Sum not belonging to holders of shares of common stock (thousand yen)	-2,673	—
(Sum of which paid out as employee bonuses for profit disposal)	(-2,673)	—
Net income available to shareholders of shares of common stock (thousand yen)	1,582,501	978,483
Average number of outstanding shares (thousand yen)	12,760	12,760