

## Management Discussion & Analysis, and Financial Statements, Etc.

### 1. Information Concerning Consolidated Financial Results

#### (1) Analysis of Financial Results

(Operating Results for the 3rd Quarter(Apr.-Dec.))

The Japanese economy in the period under review displayed a deepening recessionary trend reflected in a rapid deterioration of corporate earnings under the impact of financial market turmoil attended by stagnating personal consumption due to worsening conditions surrounding household incomes and employment.

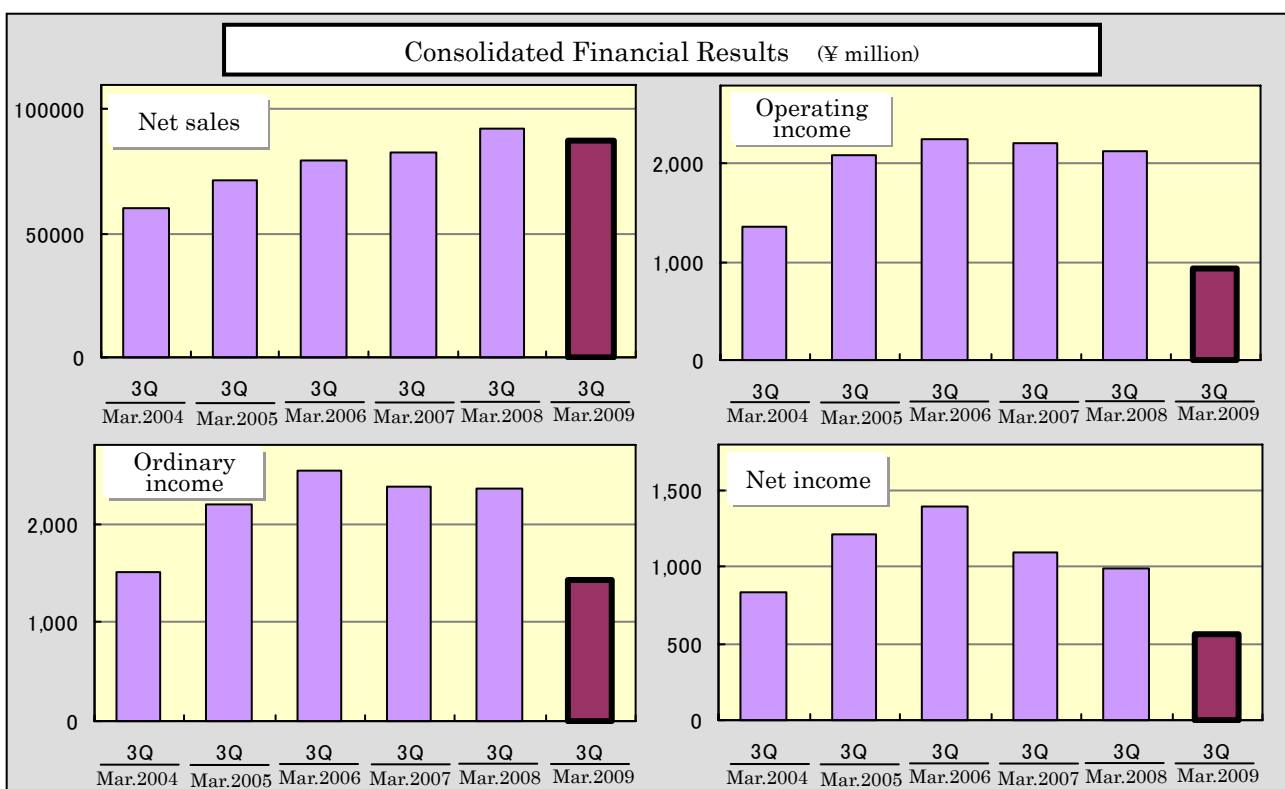
In this setting, leveraging group companies' management resources, the Group worked to increase earning power by streamlining operations and implementing systematic cost reductions.

As to business developments, the B-to-B business saw sales and earnings fall below the level of the previous same period due to a steepening downtrend in corporate demand amid a deteriorating real economy. At the B-to-C business, operations associated with agricultural and marine products performed well, but into the third quarter, which in an average year accounts for a relatively large part of sales and earnings, personal consumption plummeted. This left gift-use food product operations in an uphill struggle, given that main sales routes include department stores. Additionally, trading was stagnant at the mail order sales business and airport store business. As a result, the B-to-C business posted lower sales and earnings.

Due to these factors, consolidated sales in the period under review came to ¥87,732 million (94.9 percent of the year-earlier result), with a gross profit of ¥17,202 million (93.5 percent of the year-earlier result). Moreover, with rising retirement benefit costs from the impact of financial market dislocation, operating income totaled ¥939 million (43.9 percent of the year-earlier result) while ordinary income came to ¥1,430 million (60.6 percent of the year-earlier result). After extraordinary items and income tax adjustments, net income for the period under review was ¥560 million (56.3 percent of the year-earlier result).

It should be noted that given the consolidated financial results so far this fiscal year and considering the current business environment, the Company today revised its consolidated and non-consolidated earnings forecasts for the fiscal year ending March 31, 2009. For details, refer to the 3.Consolidated Earnings Forecasts.

Operating Results (¥ million)	Previous 3 <sup>rd</sup> quarter (April – December, 2007)	Current 3 <sup>rd</sup> quarter (April – December, 2008)	Change (%)	Increase/ Decrease
Net sales	92,438	87,732	94.9	(4,705)
Operating income	2,138	939	43.9	(1,199)
Ordinary income	2,359	1,430	60.6	(928)
Net income	995	560	56.3	(435)



[Performance by Segment]

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

At the aircraft and aircraft parts business, aircraft components operations performed well thanks to proactive efforts surrounding sales of aircraft components to domestic emerging airlines. However, sales of used aircraft saw earnings diminish due to lower handling volumes of highly lucrative large-size aircraft.

As a result, sales and operating income posted ¥26,002 million and ¥788 million, respectively.

Aviation-related business (¥ million)	Previous 3 <sup>rd</sup> quarter (April – December, 2007)	Current 3 <sup>rd</sup> quarter (April – December, 2008)	Change (%)	Increase/ Decrease
Net sales	27,648	26,002	94.0	(1,645)
Operating income	991	788	79.6	(202)

② Corporate solutions business

The printing and media business experienced a drop in earnings due to significantly lower corporate demand especially since the third quarter. At the real estate business, earnings normalized after the strong gains seen last period from large-scale property sales (land and buildings) and came in below the previous same period level.

As a result, sales and operating income posted ¥13,089 million and ¥1,047 million, respectively.

Corporate solutions business (¥ million)	Previous 3 <sup>rd</sup> quarter (April – December, 2007)	Current 3 <sup>rd</sup> quarter (April – December, 2008)	Change (%)	Increase/ Decrease
Net sales	14,358	13,089	91.2	(1,269)
Operating income	1,614	1,047	64.9	(566)

③ Travel retail business

At the brand and duty-free merchandise business, wholesaling operations to duty-free stores did well thanks to the introduction of merchandise in tune with the changed consumption environment. On the other hand, in-flight sales posted lower turnover and earnings, despite an array of supportive measures, due to falling personal consumption and with passenger volumes on international routes remaining below the year-earlier level. Also mail-order sales saw results fall on the year owing to consumers' growing buying restraint. As for store operations, while hit products launched in Hokkaido helped attract more customers, declines were steep at stores for international travelers at Narita, Kansai, and Centrair airports, leaving store operations overall including duty-free shop operations with lower earnings.

As a result, sales and operating income posted ¥32,967 million and ¥881 million, respectively.

Travel retail business (¥ million)	Previous 3 <sup>rd</sup> quarter (April – December, 2007)	Current 3 <sup>rd</sup> quarter (April – December, 2008)	Change (%)	Increase/ Decrease
Net sales	35,398	32,967	93.1	(2,430)
Operating income	1,619	881	54.4	(738)

④ Food & Beverage business

Food & Beverage business were able to post higher sales and earnings on a segment-basis. Sales of gift articles for the year-end season stagnated amid a chill over consumer sentiment, but agricultural and marine product business, import sales of fruits and vegetables as well as frozen marine products showed solid performance, rewarding many years of patient effort reflected in customers' strong confidence in the Company's stable supply of high-added valued products and assured food safety.

As a result, sales and operating income posted ¥15,772 million and ¥560 million, respectively.

Food & Beverage business (¥ million)	Previous 3 <sup>rd</sup> quarter (April – December, 2007)	Current 3 <sup>rd</sup> quarter (April – December, 2008)	Change (%)	Increase/ Decrease
Net sales	15,195	15,772	103.8	577
Operating income	446	560	125.5	114

## 2. Consolidated financial position

### (1) Assets, liabilities, and shareholders' equity

Total consolidated assets at the end of the third quarter amounted to ¥46,981 million, an increase of ¥5,406 million compared with the end of the previous fiscal year. Main factors were higher trade receivables from sales of gift-use food products to department stores, increased inventory assets including for-sale real estate and marine products for processing, and higher fixed assets from increased rental real estate. Additionally, investment securities grew due to new equity investments, which were funded through short and long-term loans.

Net assets decreased ¥256 million to ¥15,776 million as the appreciation of the yen caused an increase in foreign currency translation adjustments (which diminishes equity). As a result, the equity ratio fell 4.6 percentage points to 31.6 percent.

### (2) Cash flows

Net cash and cash equivalents ("Cash") at the end of the period under review totaled ¥5,618 million. This was ¥556 million lower than, or 91.0% the level of, the end of the previous fiscal year.

Cash flows developed as follows.

#### Operating cash flows

Cash used in operating activities totaled ¥2,577 million. Main factors were ¥1,347 million in income for the quarter before adjustments for tax and higher trade payables, but even higher trade receivables, and inventory assets. Payment of income taxes was another factor.

#### Investing cash flows

Cash used in investing activities totaled ¥2,968 million. This was mainly due to acquisition of rental real estate and acquisition of equity, including affiliates.

#### Financing cash flows

Net cash provided by financing activities totaled ¥5,122 million. Main factors were payment of dividends and funds acquired through financing activities.

## 3. Consolidated earnings forecasts

As to the outlook for the full fiscal year, prospects are for a yet harsher management environment given expectations that the Japanese economy will experience protracted stagnation as the global recession caused by the subprime problem turns long-term and in the near future concerns over employment and social security. In light of these conditions, earnings estimates for the full fiscal year, call for sales of ¥115,000 million, operating income of ¥1,550 million, ordinary income of ¥1,600 million, and net income of ¥600 million.

This being the situation, the Group will work to strengthen its corporate structure and, in order to continue maximizing enterprise value of JALUX group, advance strategic efforts including investments in strategic initiatives. Specifically, with regard to the mail order sales business, the core of the B-to-C business, the Company decided on January 30, 2009, to acquire the share capital of SHUFUNOTOMO- DIRECT Co., Ltd., which will become a consolidated group company. This step will increase sales revenue of the mail order sales business to ¥10,000 million and enable capturing new customer strata and the diversifying of mail order sales channels. Moreover, through measures geared at leveraging economies of scale such as the sharing of and integration with the new subsidiary's business resources, the Group will work to enhance business profitability on and after the next fiscal year.

Furthermore, strategic efforts will be promoted to ensure that growth from mid-term business opportunities will be seized upon in business areas where the Company is particularly strong, such as the rising demand for domestic air travel and expanding aviation-related industry in the Asian region on the back of an increased number of takeoff and landing slots at Narita and Haneda airports expected in 2010.

In other business areas, consistent with its corporate culture of "Challenge & Change," and unfettered by existing business, the Company will take a proactive stance in promoting business model and structural innovation, and strengthening robust earnings platforms.

Operating Results (¥ million)	Current period (year ended March 2008)	Next period (E) (year ending March 2009)	Change (%)	Increase/ Decrease
Net sales	120,228	115,000	95.7	(5,228)
Operating income	2,188	1,550	70.8	(638)
Ordinary income	2,596	1,600	61.6	(996)
Net income	978	600	61.3	(378)

#### 4. Other matters

- (1) Change in important subsidiaries during the period under review (change in specified subsidiaries due to changes in the scope of consolidation)  
None.

- (2) Application of simplified accounting procedures and special accounting procedures for the preparation of quarterly consolidated financial statements.  
(Calculation method for tax expenses)

The Company calculates tax expenses by rendering a reasonable estimate of the effective tax rate applicable to consolidated pre-tax income, after accounting for tax effects, for the fiscal year including this third quarter and applying this estimated effective tax rate to income before tax. Deferred income taxes are presented included in current corporation income taxes, and residents taxes.

- (3) Change in accounting principles, procedures, and presentation, etc. concerning the preparation of quarterly consolidated financial statement

(i) Application of the Financial Accounting Standard for Quarterly Financial Statements

Beginning with the period under review, the Company applies the Financial Accounting Standard for Quarterly Financial Statements (Financial Accounting Standard No. 12) and the Application Guidelines for the Financial Accounting Standard for Quarterly Financial Statements (Financial Accounting Standard Application Guideline No. 14). The Company prepares consolidated quarterly financial statements in accordance with the Rules Concerning the Preparation of Quarterly Consolidated Financial Statements.

(ii) Application of the Financial Accounting Standard for Inventory Valuation

For the valuation of inventories, the Company has historically used mainly the moving average method and specific identification method as valuation methods. Beginning with the period of 1<sup>st</sup> quarter, the Company applies the Financial Accounting Standard for Inventory Valuation (Financial Accounting Standard No. 9; July 5, 2006). Consequently, the Company uses mostly the cost method based on the moving average method and specific identification method to calculate the value of inventories (balance sheet carrying values are written down consistent with declining profitability).

The effects on operating income, ordinary income, and pretax income for the period are negligible.

(iii) Application of the Financial Accounting Standard for Lease Transactions

With regard to finance leases without ownership transfer, the Company has historically applied accounting treatment consistent with that for rental transactions. However, with the Financial Accounting Standard for Lease transactions (Accounting Standards Board of Japan; Financial Accounting Standard No. 13, Revision of March 30, 2007) and the Application Guidelines for the Financial Accounting Standard for Lease transactions (Accounting Standards Board of Japan; Financial Accounting Standard Application Guideline No. 16; Revision of March 30, 2007) becoming available for application to consolidated quarterly financial statements for fiscal years beginning on or after April 1, 2008, the Company applies these accounting standards to lease contracts that begin on or after April 1, 2008, using accounting treatment consistent with regular trade transactions.

With regard to depreciation charges applicable to lease assets under finance leases without ownership transfer, the Company uses the straight-line method with the contract term as the useful life of the lease asset and with a residual value of zero.

For finance leases without ownership transfer whose start-date predates the first applicable fiscal year, the Company continues to use accounting treatment consistent with normal rental transactions.

This change has no effects on operating income, ordinary income, and pretax income for the period

(iv) Application of the Provisional Guidelines for the Accounting Treatment of Foreign Subsidiaries in the Preparation of Consolidated Financial Statements

Beginning with the period of 1<sup>st</sup> quarter, the Company applies the Provisional Guidelines for the Accounting Treatment of Foreign Subsidiaries in the Preparation of Consolidated Financial Statements (Practical Solutions Statement No. 18; May 17, 2006) and has made the adjustments necessary for consolidated financial reporting.

There are no effects on operating income, ordinary income, and pretax income for the period

(v) Changed segment information categories

Segment information categories were changed beginning with the period of 1<sup>st</sup> quarter .  
(Ref.p12;(5)Segment data by business type)

Beginning with the fiscal year under review, the Company applies the Financial Accounting Standard for Quarterly Financial Statements (Financial Accounting Standard No. 12) and the Application Guidelines for the Financial Accounting Standard for Quarterly Financial Statements (Financial Accounting Standard Application Guideline No. 14). The Company prepares consolidated quarterly financial statements in accordance with the Rules Concerning the Preparation of Quarterly Consolidated Financial Statements.

## 5. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(thousand yen)

	End of current 3 <sup>rd</sup> quarter (December 31, 2008)	End of previous consolidated financial year (March 31, 2008)
<b>Assets</b>		
Current assets		
Cash and deposits	5,691,213	6,280,283
Notes and accounts receivable	14,607,662	12,158,395
Merchandise	7,077,220	6,085,069
Real estate for sale	1,261,550	1,224,925
Other	4,545,322	3,483,738
Allowance for doubtful accounts	(39,511)	(21,902)
Total current assets	33,143,457	29,210,510
Fixed assets		
Property, plant and equipment	6,084,400	4,812,603
Intangible fixed assets	1,634,109	1,873,712
Investments and other assets	6,119,540	5,678,117
Total fixed assets	13,838,050	12,364,433
Total assets	46,981,507	41,574,944
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	13,964,869	13,259,593
Short-term debt	6,756,141	3,953,469
Accrued corporate tax, etc.	34,390	413,664
Accrued expenses	2,278,865	2,255,387
Other	1,762,071	1,831,545
Total current liabilities	24,796,337	21,713,660
Fixed liabilities		
Long-term debt	5,563,927	2,970,730
Directors' retirement allowances	32,819	30,526
Addition to reserve for compensation to retired directors	97,244	176,561
Other	715,050	650,667
Total fixed liabilities	6,409,042	3,828,486
Total liabilities	31,205,380	25,542,146

(thousand yen)

	End of current 3 <sup>rd</sup> quarter (December 31, 2008)	End of previous consolidated financial year (March 31, 2008)
Net assets		
Shareholder's equity		
Common stock	2,558,550	2,558,550
Paid-in capita	711,499	711,499
Retained earnings	11,998,416	11,885,115
Treasury stock	(11,213)	(10,888)
Total shareholder's equity	15,257,252	15,144,276
Evaluation and conversion figures		
Unrealized gains on securities	(53,525)	(5,890)
Deferred gains or losses on hedges	(72,669)	(43,161)
Conversion adjustment	(297,598)	(48,576)
Total evaluation and conversion figures	(423,793)	(97,629)
Minority interests	942,667	986,150
Total net assets	15,776,127	16,032,797
Total liabilities and net assets	46,981,507	41,574,944

## (2) Quarterly Consolidated Income Statement

	(thousand yen)
	Current 3 <sup>rd</sup> quarter (April 1 – to December 31, 2008)
Net sales	87,732,726
Cost of sales	70,530,009
Gross profit	17,202,716
Selling, general and administrative expenses	
Packing and transportation expenses	778,117
Payroll allowance	6,010,788
Employee retirement expenses	353,596
Depreciation	551,305
Rent expenses	3,396,810
Addition to reserve for compensation to retired directors	51,042
Other	5,121,894
Total selling, general and administrative expenses	16,263,555
Operating income	939,161
Non-operating income	
Interest income	10,505
Dividends	19,972
Equity in earnings of affiliates	87,446
Group insurance dividends	12,871
Exchange gain	369,816
Agency commissions	42,308
Other	71,218
Total non-operating income	614,139
Non-operating expenses	
Interest paid	101,423
Other	21,195
Total non-operating expenses	122,619
Ordinary income	1,430,681
Extraordinary profit	
Gain on revaluation of investments in securities	2,123
Total extraordinary profit	2,123
Extraordinary loss	
Fixed asset disposal losses	23,351
Loss on revaluation of investments in securities	7,315
Loss on valuation of stocks of subsidiaries and affiliates	46,507
Other	8,036
Total extraordinary loss	85,210
Net income before adjustment of taxes, etc.	1,347,594
Corporate income taxes, resident taxes, etc.	704,430
Minority interest in income of consolidated subsidiaries	82,868
Net income	560,295

### (3) Quarterly Consolidated Cash Flow Statement

	(thousand yen)
	Current 3 <sup>rd</sup> quarter (April 1 – to December 31, 2008)
Net cash from operating activities	
Net income before adjustment of taxes, etc.	1,347,594
Depreciation	814,509
Decrease in doubtful debt reserve (decline)	65,570
Decrease in employee retirement expenses (decline)	2,293
Interest and dividends received	(30,478)
Interest paid	101,423
Exchange gain or loss (gain)	62,714
Equity in earnings of affiliates (gain)	(87,446)
Gain on retirement of fixed assets (gain)	21,228
Gain on sales of investment securities (gain)	7,315
Loss on valuation of stocks of subsidiaries and affiliates	46,507
Increase (decrease) in accounts receivable (increase)	(3,378,443)
Increase (decrease) in inventories (increase)	(1,156,925)
Increase (decrease) in accounts payable (decline)	1,005,908
Increase (decrease) in advance payments (increase)	(448,487)
Increase in advance payments received (decline)	149,904
Change in claims in bankruptcy rehabilitation (increase)	(42,695)
Increase (decrease) in prepaid pension cost (increase)	118,571
Other	(233,840)
Subtotal	(1,634,776)
Interest and dividends received	74,478
Interest paid	(87,018)
Corporate taxes paid	(930,379)
Net cash provided by operating activities	(2,577,695)
Cash flows from investing activities	
Payments for acquisition of property, plant and equipment	(1,996,450)
Proceeds from sales of property, plant and equipment	2,283
Payments for acquisition of intangible fixed assets	(220,728)
Expenditures for the acquisition of equity in affiliates	(309,500)
Payments for acquisition of investment securities	(249,745)
Proceeds from sales of property of investment securities	2,185
Expense for loans	(463)
Proceeds from loan collection	13,930
Payments for term deposits	(973)
Expense for increase in long-term rental deposits	(279,427)
Income from decrease in long-term rental deposits	63,638
Increase in restrictive deposits (increase)	20,593
Other	(13,906)
Net cash provided by (used for) investing activities	(2,968,564)

	(thousand yen)
	Current 3 <sup>rd</sup> quarter
	(April 1 – to December 31, 2008)
Net cash from financing activities	
Net increase (decrease) in short-term debt (decline)	2,409,513
Proceeds from increase in long-term debt	4,000,000
Payments for long-term debt	(714,087)
Dividends paid	(449,490)
Dividends paid to minority shareholders	(120,000)
Other	(3,766)
Net cash from financing activities	5,122,169
Conversion effect on cash and cash equivalents	(132,590)
Net increase (decrease) in cash and cash equivalents (decline)	(556,681)
Cash and cash equivalents at beginning of period	6,174,828
Cash and cash equivalents at the end of period	5,618,146

(4) Notes concerning going-concern assumption: None.

(5) Segment data by business type

Current 3 <sup>rd</sup> quarter (April 1 to December 31, 2008)							
							(thousand yen)
	Aviation-related	Corporate solutions	Travel retail	Food & Beverage	Total	Elimination or unallocated amount	Consolidated
Net sales							
1. External customers	25,996,914	13,030,615	32,955,967	15,749,228	87,732,726	-	87,732,726
2. Inter-segment internal sales / transfers	5,997	59,129	11,560	23,477	100,165	(100,165)	-
Total	26,002,912	13,089,745	32,967,528	15,772,706	87,832,892	(100,165)	87,732,726
Operating expenses	25,214,122	12,042,274	32,086,469	15,211,828	84,554,694	2,238,870	86,793,565
Operating income	788,790	1,047,470	881,059	560,877	3,278,197	(2,339,036)	939,161

Notes: 1. Method of business classification

Businesses are classified with consideration for sales methods and products supplied.

2. Main products and sales for each business

- |                         |      |   |
|-------------------------|------|---|
| (1) Aviation-related    | ---- | Aircraft, Aircraft components, Machinery/Facilities, Materials, Cabin service supply, Textiles supply, Clothing/Uniform                                 |
| (2) Corporate solutions | ---- | Printing, Insurance, Real estate, Property management   |
| (3) Travel retail       | ---- | Cabin service supply, Brand/Fashion, Mail-order sales, Overseas real estate, and at airport Souvenir/Specialty goods sales, Restaurant, Duty-free items |
| (4) Food & Beverage     | ---- | Agricultural & marine products, Processed foods, Wine, Food gift items  |

3. For operating expenses in the current 1<sup>st</sup> to 3<sup>rd</sup> quarter, non-allocatable operating expense included in the elimination or unallocated amount totalled 2,333 million yen. The main reason was costs relating to the Management Department including General Affairs Division at the parent company's headquarters.

4. Change in business categories

In a reorganization effort dated June 18, 2008, the Company reorganized part of its existing business divisions. Based on a concept that judges sales strategies and sales activities from the perspective of the service receiving markets, the so-called "market-in concept," the Company formed a Corporate Sales Division and a Retail Business Division, respectively centered on the BtoB business and BtoC business. At the same time, based on a review of divisions' merchandise for sales method and products supplied, the Company changed its segment categories from the previous aviation-related business, lifestyle services business, and customer services business, to the four categories of aviation-related business, corporate solutions business, travel retail business, and the food & beverage business.

Segment information by business category for the third quarter of the previous fiscal year are shown below based on the new categories used in the period under review.

Previous 3 <sup>rd</sup> quarter (April 1 to December 31, 2007) (thousand yen)							
	Aviation-related	Corporate solutions	Travel retail	Food & Beverage	Total	Elimination or unallocated amount	Consolidated
Net sales							
1. External customers	27,640,560	14,275,684	35,393,386	15,129,068	92,438,699	-	92,438,699
2. Inter-segment internal sales / transfers	7,855	83,272	5,137	66,584	162,850	(162,850)	-
Total	27,648,416	14,358,957	35,398,523	15,195,653	92,601,550	(162,850)	92,438,699
Operating expenses	26,656,858	12,744,616	33,779,455	14,748,824	87,929,754	2,370,454	90,300,209
Operating income	991,557	1,614,341	1,619,068	446,828	4,671,795	(2,533,304)	2,138,490

(6) Notes in case of a material change in shareholders' equity

None.

[Notes]

Quarterly Consolidated Financial Statements

(1) Consolidated Income Statement

(thousand yen)

Account	Previous 3 <sup>rd</sup> quarter (Apr. 1, 2007 to Dec. 31, 2007)		Composi- tion rate (%)
	Amount		
I Net sales		92,438,699	100.0
II Cost of sales		74,033,318	80.1
Gross profit		18,405,380	19.9
III Selling, general and administrative expenses			
1. Payroll allowance	6,057,447		
2. Employee retirement expenses	191,531		
3. Rent expenses	3,594,127		
4. Depreciation	523,744		
5. Addition to reserve for compensation to retired directors	50,850		
6. Other	5,849,189	16,266,890	17.6
Operating income		2,138,490	2.3
IV Non-Operating income			
1. Dividends	15,431		
2. Exchange gain	213,684		
3. Other	143,289	372,405	0.4
v Non-Operating expenses			
1. Interest paid	96,041		
2. Equity in losses of affiliates	36,958		
3. Other	18,218	151,219	0.1
Ordinary income		2,359,676	2.6
VI Extraordinary profit		40,022	0.0
VII Extraordinary loss		205,917	0.2
Net income before adjustment of taxes, etc.		2,193,782	2.4
Tax expenses		1,061,787	1.2
Minority interest in income of consolidated subsidiaries		136,476	0.1
Net income		995,517	1.1

## (3) Segment data by business type

Previous 3 <sup>rd</sup> quarter (Apr. 1, 2007 to Dec. 31, 2007)						
						(thousand yen)
	Aviation-related	Lifestyle services	Customer services	Total	Elimination or unallocated amount	Consolidated
Net sales						
1. External customers	33,358,790	26,512,095	32,567,813	92,438,699	-	92,438,699
2. Inter-segment internal sales / transfers	951,555	83,124	1,552	1,036,232	(1,036,232)	-
Total	34,310,346	26,595,219	32,569,366	93,474,932	(1,036,232)	92,438,699
Operating expenses	33,003,184	25,420,183	30,191,501	88,614,869	1,685,339	90,300,209
Operating income	1,307,161	1,175,036	2,377,864	4,860,062	(2,721,572)	2,138,490

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 third quarter, non-allocatable operating expense included in the elimination or unallocated amount totalled 2,719 million yen. The main reason was costs relating to the Management Department including General Affairs Division at the parent company's headquarters.