Report of Independent Auditors

The Board of Directors
JALUX Inc.

We have audited the accompanying consolidated balance sheets of JALUX Inc. and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets, and cash flows for each of three years in the period ended March 31, 2009, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of JALUX Inc. and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2009 in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

June 19, 2009

JALUX Inc. and Consolidated Subsidiaries

Consolidated Balance Sheets

	March 31,		
	2009	2008	2009
	(Thousands of yen)		*(Thousands of U.S. dollars) (Note 3)*
Assets			
Current assets:			
Cash and time deposits *(Note 5)*	¥ 6,151,963	¥ 6,280,283	$ 62,775
Notes and accounts receivable *(Notes 17 and 18)*:			
Trade	11,750,986	12,080,232	119,908
Unconsolidated subsidiaries and affiliates	122,223	106,092	1,247
Other	1,918,807	1,586,041	19,580
Allowance for doubtful accounts	(76,826)	(21,902)	(784)
Inventories	8,056,575	7,309,995	82,210
Deferred income taxes *(Note 11)*	390,453	470,034	3,984
Other *(Note 18)*	1,088,614	1,399,731	11,108
Total current assets	29,402,798	29,210,510	300,029
Investments and advances:			
Unconsolidated subsidiaries and affiliates	2,194,887	2,162,640	22,397
Other *(Note 6)*	480,755	475,924	4,906
Total investments and advances	2,675,642	2,638,564	27,302
Property and equipment *(Notes 7 and 10)*:			
Land	274,205	282,071	2,798
Buildings and structures	3,835,781	4,380,280	39,141
Machinery and vehicles	158,836	212,378	1,621
Flight equipment	2,860,632	3,587,102	29,190
Construction in process	1,933,556	97,663	19,730
Other	848,233	781,797	8,655
	9,911,245	9,341,294	101,135
Accumulated depreciation	(4,227,949)	(4,528,691)	(43,142)
Property and equipment, net	5,683,295	4,812,603	57,993
Intangible assets:			
Software	1,691,083	1,837,729	17,256
Other	236,193	35,983	2,410
Total intangible assets	1,927,277	1,873,712	19,666
Long-term loans	378,951	445,589	3,867
Deposits for business space	2,185,073	1,959,907	22,297
Prepaid pension expenses *(Note 8)*	94,368	246,936	963
Deferred income taxes *(Note 11)*	369,988	199,820	3,775
Other assets, net	181,812	187,298	1,855
	¥42,899,208	¥41,574,944	$437,747

	March 31,		
	2009	2008	2009
	(Thousands of yen)		(Thousands of U.S. dollars) (Note 3)
Liabilities and net assets			
Current liabilities:			
Short-term borrowings *(Note 7)*	¥ 2,120,074	¥ 2,841,587	$ 21,633
Current portion of long-term debt *(Note 7)*	1,637,292	1,116,875	16,707
Notes and accounts payable *(Notes 17 and 18)*:			
Trade	12,868,124	12,736,107	131,307
Affiliates	394,701	523,485	4,028
Accrued expenses	2,300,718	2,255,387	23,477
Accrued income taxes *(Note 11)*	44,908	413,664	458
Other	1,921,463	1,826,552	19,607
Total current liabilities	21,287,284	21,713,660	217,217
Long-term debt *(Note 7)*	5,368,349	3,466,495	54,779
Accrued pension and severance costs *(Note 8)*	77,954	30,526	795
Directors' and statutory auditors' retirement benefits	189,344	176,561	1,932
Deferred income taxes *(Note 11)*	179,348	150,120	1,830
Other	94,676	4,781	966
Commitments and contingent liabilities *(Notes 13 and 14)*			
Net assets *(Note 12)*:			
Common stock, without par value:			
Authorized: 20,000,000 shares			
Issued: 12,775,000 shares in 2009 and 2008	2,558,550	2,558,550	26,108
Capital surplus	711,499	711,499	7,260
Retained earnings	11,868,103	11,885,115	121,103
Common stock in treasury: 15,275 shares in 2009 and 15,050 shares in 2008	(11,213)	(10,888)	(114)
Net unrealized (loss) gain on other securities, net of taxes *(Note 6)*	(25,214)	(5,890)	(257)
Net unrealized gain (loss) on hedging instruments, net of taxes *(Note 17)*	948	(43,161)	10
Translation adjustments	(581,058)	(48,576)	(5,929)
Minority interests	1,180,632	986,150	12,047
Total net assets	15,702,249	16,032,797	160,227
	¥42,899,208	¥41,574,944	$437,747

The accompanying notes are an integral part of these statements.

JALUX Inc. and Consolidated Subsidiaries

Consolidated Statements of Income

	Year ended March 31,			
	2009	2008	2007	2009
	(Thousands of yen)			*(Thousands of U.S. dollars) (Note 3)*
Operating revenues *(Notes 16 and 18)*	¥113,225,704	¥120,228,386	¥114,133,497	$1,155,364
Operating expenses *(Notes 16 and 18)*:				
Cost of sales	90,721,969	96,359,302	89,602,555	925,734
Selling, general and administrative expenses	21,902,105	21,680,655	21,284,783	223,491
	112,624,075	118,039,957	110,887,338	1,149,225
Operating income	601,628	2,188,428	3,246,158	6,139
Non-operating income (expenses):				
Interest income	18,388	34,809	16,998	188
Interest expense	(143,612)	(135,928)	(132,492)	(1,465)
Equity in earnings (losses) of affiliates	88,808	(91,047)	162,429	906
Other, net *(Note 9)*	390,887	324,557	(126,866)	3,989
	354,471	132,390	(79,930)	3,617
Income before income taxes and minority interests	956,099	2,320,819	3,166,227	9,756
Income taxes *(Note 11)*:				
Current	480,465	997,868	1,309,046	4,903
Deferred	(6,730)	180,196	93,932	(69)
	473,735	1,178,065	1,402,979	4,834
Minority interests	(90,073)	(164,271)	(183,420)	(919)
Net income	¥ 392,290	¥ 978,483	¥ 1,579,827	$ 4,003

The accompanying notes are an integral part of these statements.

JALUX Inc. and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets

	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Common stock in treasury	Net unrealized (loss) gain on other securities, net of taxes *(Note 6)*	Net unrealized gain (loss) on hedging instruments, net of taxes *(Note 17)*	Translation adjustments	Minority interests	Total net assets
					(Thousands of yen)					
Balance at March 31, 2006	12,775,000	¥2,558,550	¥711,363	¥ 9,992,376	¥ (9,284)	¥ 22,663	¥ (2,609)	¥ (51,101)	¥ 881,358	¥14,103,315
Cash dividends (¥24 per share)				(306,515)						(306,515)
Net income for the year ended March 31, 2007				1,579,827						1,579,827
Adjustment due to changes in the number of affiliates				24,082						24,082
Share decrease in affiliate					8					8
Purchases of common stock in treasury					(452)					(452)
Sales of common stock in treasury			58		51					109
Other						(8,956)	6,677	58,246	59,233	115,201
Balance at March 31, 2007	12,775,000	2,558,550	711,421	11,289,771	(9,677)	13,707	4,068	7,144	940,591	15,515,577
Cash dividends (¥30 per share)				(383,139)						(383,139)
Net income for the year ended March 31, 2008				978,483						978,483
Purchases of common stock in treasury					(1,293)					(1,293)
Sales of common stock in treasury			78		82					160
Other						(19,598)	(47,230)	(55,721)	45,559	(76,990)
Balance at March 31, 2008	12,775,000	2,558,550	711,499	11,885,115	(10,888)	(5,890)	(43,161)	(48,576)	986,150	16,032,797
Cash dividends (¥35 per share)				(446,994)						(446,994)
Net income for the year ended March 31, 2009				392,290						392,290
Change in scope of equity method				37,692						37,692
Purchases of common stock in treasury					(324)					(324)
Other						(19,323)	44,110	(532,481)	194,482	(313,212)
Balance at March 31, 2009	12,775,000	¥2,558,550	¥711,499	¥11,868,103	¥(11,213)	¥(25,214)	¥ 948	¥(581,058)	¥1,180,632	¥15,702,249

	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Common stock in treasury	Net unrealized (loss) gain on other securities, net of taxes *(Note 6)*	Net unrealized gain (loss) on hedging instruments, net of taxes *(Note 17)*	Translation adjustments	Minority interests	Total net assets
					(Thousands of U.S. dollars) (Note 3)					
Balance at March 31, 2008	12,775,000	$26,108	$7,260	$121,277	$(111)	$ (60)	$(440)	$ (496)	$10,063	$163,600
Cash dividends ($0.36 per share)				(4,561)						(4,561)
Net income for the year ended March 31, 2009				4,003						4,003
Change in scope of equity method				385						385
Purchases of common stock in treasury					(3)					(3)
Other						(197)	450	(5,433)	1,985	(3,196)
Balance at March 31, 2009	12,775,000	$26,108	$7,260	$121,103	$(114)	$(257)	$ 10	$(5,929)	$12,047	$160,227

The accompanying notes are an integral part of these statements.

JALUX Inc. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

	Year ended March 31,			
	2009	2008	2007	2009
		(Thousands of yen)		*(Thousands of U.S. dollars) (Note 3)*
Operating activities				
Income before income taxes and minority interests	¥ 956,099	¥ 2,320,819	¥ 3,166,227	$ 9,756
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization	1,095,961	1,111,740	759,293	11,183
Increase (decrease) in provision for allowance for doubtful accounts	75,299	(13,387)	(35,300)	768
Increase (decrease) in net provision for accrued pension and severance costs	3,542	(82,240)	(170,848)	36
Decrease (increase) in prepaid pension expenses	152,567	(246,936)	–	1,557
Interest and dividend income	(64,619)	(78,133)	(57,980)	(659)
Interest expense	143,612	135,928	132,492	1,465
Exchange loss (gain), net	41,530	39,686	(52,210)	424
Equity in (earnings) losses of affiliates	(88,808)	91,047	(162,429)	(906)
Loss on changes in equity interest	–	–	14,343	–
Loss on sales of, and loss on disposal of property and equipment	51,922	141,546	126,112	530
Impairment losses on fixed assets	17,905	35,592	9,382	183
Loss (gain) on sales of investments in securities	26,704	(19,999)	3,599	272
Loss on sales of investments in affiliates	69,094	–	1,265	705
Loss on revaluation of investments in securities	190,061	90,879	–	1,939
(Increase) decrease in notes and accounts receivable	(748,177)	922,958	(1,675,530)	(7,634)
Increase in inventories	(537,145)	(1,238,277)	(150,434)	(5,481)
Increase (decrease) in notes and accounts payable	329,200	(200,189)	1,628,897	3,359
Decrease (increase) in advance payment	197,209	739,175	(1,409,312)	2,012
Increase (decrease) in advance received	172,317	(916,872)	670,312	1,758
(Increase) decrease in bad debts on receivables	(70,138)	11,513	25,784	(716)
Payments of bonuses to directors and statutory auditors	–	–	(22,870)	–
Other, net	357,418	368,220	62,399	3,647
Subtotal	2,371,558	3,213,070	2,863,193	24,200
Interest and dividends received	81,985	71,392	72,140	837
Interest paid	(153,922)	(145,746)	(118,387)	(1,571)
Income taxes paid	(899,433)	(1,266,258)	(1,223,163)	(9,178)
Net cash provided by operating activities	1,400,187	1,872,458	1,593,783	14,288
Investing activities				
Purchases of property and equipment	(2,159,132)	(478,985)	(748,410)	(22,032)
Proceeds from sales of property and equipment	3,166	2,927	10,701	32
Purchases of investment in unconsolidated subsidiaries and affiliates	(14,907)	(27,000)	(50,000)	(152)
Proceeds from sales of investments in affiliates	–	–	54,683	–
Purchases of intangible assets	(287,080)	(581,539)	(727,972)	(2,929)
Purchases of investments in securities	(264,658)	(240)	(192,358)	(2,701)
Proceeds from sales of investments in securities	2,185	20,000	3,900	22
Payments for purchase of investments in affiliate resulting in change in scope of consolidation	(160,301)	–	–	(1,636)
Long-term loans receivable made	(463)	(14,308)	(220,761)	(5)
Collection of long-term loans	59,392	153,585	40,229	606
Purchases of time deposits	(1,366)	(127,469)	(37,200)	(14)
Proceeds from maturity of time deposits	–	100,000	–	–
Increase in deposits for business space	(295,377)	(145,187)	(236,374)	(3,014)
Decrease in deposits for business space	76,345	70,598	310,399	779
Decrease (increase) in deposits with restrictions	20,593	(5,449)	–	210
Other, net	(22,691)	(55,585)	(30,383)	(232)
Net cash used in investing activities	(3,044,344)	(1,088,655)	(1,823,547)	(31,065)
Financing activities				
(Decrease) increase in short-term borrowings, net	(449,978)	275,480	766,679	(4,592)
Proceeds from long-term loans	4,000,000	1,200,000	1,675,120	40,816
Repayment of long-term loans	(1,262,741)	(1,188,272)	(1,246,722)	(12,885)
Dividends paid to stockholders	(449,824)	(377,810)	(303,575)	(4,590)
Dividends paid to minority interests	(120,000)	(122,473)	(123,114)	(1,224)
Other, net	(4,492)	(3,706)	(3,294)	(46)
Net cash provided by (used in) financing activities	1,712,962	(216,782)	765,092	17,479
Effect of exchange rate changes on cash and cash equivalents	(152,586)	(38,364)	48,335	(1,557)
Net (decrease) increase in cash and cash equivalents	(83,780)	528,654	583,663	(855)
Cash and cash equivalents at beginning of the year	6,174,828	5,646,173	4,946,949	63,008
Increase in cash and cash equivalents arising from initial inclusion of subsidiaries in consolidation	–	–	115,561	–
Cash and cash equivalents at end of the year *(Note 5)*	¥ 6,091,048	¥ 6,174,828	¥ 5,646,173	$ 62,154

The accompanying notes are an integral part of these statements.

JALUX Inc. and Consolidated Subsidiaries

Notes to Consolidated Financial Statements

March 31, 2009

1. Summary of Significant Accounting Policies

a. Basis of preparation

JALUX Inc. (the "Company") and its consolidated domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and its consolidated foreign subsidiaries, in conformity with those of their countries of domicile. The accompanying consolidated financial statements have been compiled from the consolidated financial statements filed with the Financial Services Agency as required by the Financial Instruments and Exchange Law of Japan and include certain additional financial information for the convenience of readers outside Japan.

As permitted by the Financial Instruments and Exchange Law of Japan, amounts of less than one thousand yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sum of the individual amounts.

Certain amounts previously reported have been reclassified to conform to the current year's classification except for the effects with respect to the adoption of new accounting standards.

b. Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The consolidated financial statements include the accounts of the Company and significant companies controlled directly or indirectly by the Company. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis.

The balance sheet date of seven of the consolidated subsidiaries is December 31. Any significant differences in intercompany accounts and transactions arising from intervening intercompany transactions during the period from January 1 through March 31 have been adjusted, if necessary, for the respective years.

All significant intercompany accounts and transactions and unrealized gain or loss on intercompany accounts and transactions have been eliminated.

1. Summary of Significant Accounting Policies (continued)

c. Securities

Securities except for investments in an unconsolidated subsidiaries and affiliates are classified as trading securities, held-to-maturity securities or other securities. Trading securities are carried at fair value. Held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any unrealized gain or loss reported as a separate component of net assets, net of taxes. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined principally by the average method.

d. Derivatives

Derivatives positions are stated at fair value.

Gain or loss on derivatives designated as hedging instruments is deferred until the loss or gain on the underlying hedged items is recognized. Foreign receivables and payables are translated at the applicable forward foreign exchange rates if certain conditions are met. In addition, the related interest differential paid or received under interest-rate swaps utilized as hedging instruments is recognized over the terms of the swap agreements as an adjustment of interest expense on the hedged items if certain conditions are met.

e. Inventories

Inventories are stated at the lower of cost or net selling value, cost being determined as follows:

Merchandise:		
The Company	–	by the moving average method
Subsidiaries	–	principally by the first-in, first-out method
Real estate for sale	–	by the specific identification method Leasing real estates for sale are depreciated by applying the method of tangible fixed assets.
Supplies	–	by the last purchase price method

f. Property and equipment

Property and equipment is stated at cost and depreciation is computed as follows:

Flight equipment:

Depreciation of flight equipment is computed by the straight-line method based on the estimated useful lives of the respective assets.

1. Summary of Significant Accounting Policies (continued)

f. Property and equipment (continued)

Other property and equipment:

For the Company and the consolidated domestic subsidiaries, depreciation of the shops in airports is computed principally by the straight-line method and depreciation of other property and equipment is computed principally by the declining-balance method based on the useful lives stipulated in the Corporation Tax Law of Japan. The consolidated foreign subsidiaries principally adopt the straight-line method based on the estimated useful lives of the respective assets.

Effective April 1, 2007, the Company and domestic consolidated subsidiaries changed the method of depreciation based on an amendment to the Corporation Tax Law of Japan for tangible fixed assets acquired on or prior to March 31, 2007. Such tangible fixed assets are to be depreciated based on the difference between the equivalent of 5% of acquisition cost and memorandum value over a period of 5 years once they have been fully depreciated to the limits of their respective depreciable amounts effect April 1, 2007.

g. Software

Computer software intended for internal use is amortized by the straight-line method based on their estimated useful life.

h. Leased assets

Leased assets arising from transactions under finance lease agreements which do not transfer the ownership to the lessee is depreciated to residual value of zero by the straight-line method over the terms of the agreements. However, such finance lease agreements, contracted prior to April 1, 2008 continue to be accounted for by a method corresponding to that used for ordinary operating lease contracts.

i. Allowance for doubtful accounts

The allowance for doubtful accounts on specific receivables is provided at the estimate of the unrecoverable amounts. The allowance for doubtful accounts on other receivables is provided based on the historical rate of losses on receivables.

j. Accrued pension and severance costs

To provide for employees’ severance indemnities and pension payments, net periodic pension and severance costs are computed based on the projected benefit obligation and the pension plan assets.

Past service cost is being amortized by the straight-line method over a period of 5 years.

1. Summary of Significant Accounting Policies (continued)

j. Accrued pension and severance costs (continued)

The adjustment incurred during this fiscal year arising from revisions to the actuarial assumptions (the "actuarial assumption adjustment") is to be amortized by the straight-line method beginning the following fiscal year over a period of 5 years.

Effective October 1, 2007, the Company changed its retirement pension plan to the combination of defined contribution plans and defined benefit pension plans which the Company manages from tax qualified non-contributory defined pension plans. Effective March 1, 2008, a domestic consolidated subsidiary changed its retirement pension plan to the lump-sum retirement plans and the defined benefit pension plan from tax qualified non-contributory defined pension plans. The Company and a domestic consolidated subsidiary applied "Accounting for the Transfer between Retirement Benefit Plans" (Accounting Standards Board of Japan Implementation Guidance No. 1).

k. Directors' and statutory auditors' retirement benefits

Reserve for directors', statutory auditors' and operating officers' retirement benefits is provided at the amount which would have been paid had all directors and statutory auditors resigned at the year end.

l. Reserve for bonuses to officers

Reserve for bonuses to officers is provided for at the necessary amounts based on the estimated amounts payable at the date of the balance sheet.

m. Cash equivalents

The Company and its consolidated subsidiaries define cash equivalents as highly liquid, short-term investments with an original maturity of three months or less.

n. Goodwill

Differences between the cost and the underlying net equity at fair value of investment in consolidated subsidiaries and in companies which are accounted for by the equity method have been amortized by the straight-line method over the estimated effective period.

2. Accounting Change

Accounting Standard for Measurement of Inventories

Effective the year ended March 31, 2009, the Company and its consolidated subsidiaries have adopted "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan (ASBJ) Statement No. 9 issued on July 5, 2006). The impact on net income was immaterial for the year ended March 31, 2009.

2. Accounting Change (continued)

Change in Method of Accounting for Inventories

Effective April 1, 2007, the Company changed its accounting method to calculate cost for merchandise to the moving average method from the first-in, first-out method. The purpose of this change was to improve operational efficiency and to average the price volatility and ensure accuracy in the periodic accounting for profit and loss.

Accounting Standard for Lease Transactions

Up to March 31, 2008, transactions under finance lease agreements which do not transfer the ownership of the leased assets were formerly accounted for by a method corresponding to that used for ordinary operating lease contracts. Effective April 1, 2008, the company and its consolidated subsidiaries adopted the "Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan (ASBJ) Statement No. 13 issued on June 17, 1993, amended on March 30, 2007) and the "Implementation Guidance on the Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 issued on January 18, 1994, amended on March 30, 2007). Accordingly, such finance lease agreements contracted on and after April 1, 2008 are being accounted for similarly as the ordinary sales and purchase transactions. However, such finance lease agreements contracted prior to April 1, 2008 continue to be accounted for by a method corresponding to that used for ordinary operating lease contracts. This change has no impact on net income for the year ended March 31, 2009.

Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Effective April 1, 2008, the Company and its consolidated subsidiaries adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18 issued on May 17, 2006) and made revisions required for consolidated accounting. This change has no impact on net income for the year ended March 31, 2009.

Change in Method of Accounting for Depreciation Related to Tangible Fixed Assets

Effective April 1, 2007, the Company and domestic consolidated subsidiaries changed the method of depreciation based on an amendment to the Corporation Tax Law of Japan for tangible fixed assets acquired on or after April 1, 2007.

3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥98.00 = U.S.$1.00, the approximate exchange rate prevailing on March 31, 2009, has been used. The inclusion of such amounts is not intended to imply that yen have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

4. Inventories

Inventories at March 31, 2009 and 2008 were as follows:

	March 31,		
	2009	2008	2009
	(Thousands of yen)		(Thousands of U.S. dollars)
Merchandise and finished products	¥6,596,654	¥6,049,008	$67,313
Real estate held for sale	1,364,489	1,224,925	13,923
Raw materials and supplies	95,431	36,061	974
	¥8,056,575	¥7,309,995	$82,210

5. Cash Flow Information

The components of cash and cash equivalents are summarized as follows:

	March 31,		
	2009	2008	2009
	(Thousands of yen)		(Thousands of U.S. dollars)
Cash and time deposits	¥6,151,963	¥6,280,283	$62,775
Time deposits with maturities of more than three months	(60,200)	(105,027)	(614)
Credit balances of current accounts included in short-term bank loans	(714)	(427)	(7)
	¥6,091,048	¥6,174,828	$62,154

The following is the summary of assets acquired and liabilities assumed through the acquisition of shares of SHUFUNOTOMO DIRECT Co., Ltd. for the year ended March 31, 2009, relating acquisition cost and net disbursement:

	(Thousands of yen)	(Thousands of U.S. dollars)
Current assets	¥1,081,664	$11,037
Fixed assets	121,618	1,241
Goodwill	208,949	2,132
Current liabilities	(603,684)	(6,160)
Long-term liabilities	(118,135)	(1,205)
Minority interests	(234,912)	(2,397)
Acquisition cost	455,500	4,648
Cash and cash equivalents	295,198	3,012
Net disbursement due to the share acquisition	$ 160,301	$ 1,636

6. Fair Value of Securities

The Company and its consolidated subsidiaries did not possess any trading securities or held-to-maturity securities at March 31, 2009 and 2008. Securities classified as other securities have been included in "investments and advances – other" in the accompanying consolidated balance sheets at March 31, 2009 and 2008.

The components of unrealized gain or loss on marketable securities classified as other securities at March 31, 2009 and 2008 are summarized as follows:

	March 31, 2009		
	Acquisition costs	Carrying value	Unrealized gain (loss)
	(Thousands of yen)		
Unrealized gain:			
Stocks	¥ 20,241	¥ 36,969	¥ 16,728
	20,241	36,969	16,728
Unrealized loss:			
Stocks	155,940	144,271	(11,668)
Bonds:			
Other	100,000	92,130	(7,870)
Other	23,810	13,197	(10,613)
	279,751	249,599	(30,151)
Total	¥299,992	¥286,568	¥(13,423)

	March 31, 2009		
	Acquisition costs	Carrying value	Unrealized gain (loss)
	(Thousands of U.S. dollars)		
Unrealized gain:			
Stocks	$ 207	$ 377	$ 171
	207	377	171
Unrealized loss:			
Stocks	1,591	1,472	(119)
Bonds:			
Other	1,020	940	(80)
Other	243	135	(108)
	2,855	2,547	(308)
Total	$3,061	$2,924	$(137)

6. Fair Value of Securities (continued)

	March 31, 2008		
	Acquisition costs	Carrying value	Unrealized gain (loss)
	(Thousands of yen)		
Unrealized gain:			
Stocks	¥ 17,180	¥ 42,972	¥ 25,791
Other	1,657	1,801	143
	18,837	44,773	25,935
Unrealized loss:			
Stocks	33,216	30,336	(2,879)
Bonds:			
Other	100,000	86,560	(13,440)
Other	2,153	1,666	(486)
	135,369	118,563	(16,806)
Total	¥154,207	¥163,336	¥ 9,129

Non-marketable securities classified as other securities at March 31, 2009 and 2008 amounted to ¥176,816 thousand ($1,804 thousand) and ¥263,925 thousand, respectively.

Proceeds from sales of securities classified as other securities amounted to ¥2,185 thousand ($22 thousand) and ¥20,000 thousand with an aggregate gain of nil and ¥19,999 thousand and an aggregate loss of ¥26,704 thousand ($272 thousand) and nil for the years ended March 31, 2009 and 2008, respectively.

The redemption schedule for securities with maturity dates which were classified as other securities as of March 31, 2009 and 2008 are summarized as follows:

	March 31, 2009	
	Due after one year through five years	Due after ten years
	(Thousands of yen)	
Bonds:		
Other	¥ –	¥100,000
Other:		
Investment trusts	2,193	11,003
Total	¥2,193	¥111,003

	March 31, 2009	
	Due after one year through five years	Due after ten years
	(Thousands of U.S. dollars)	
Bonds:		
Other	$ –	$1,020
Other:		
Investment trusts	22	112
Total	$22	$1,133

6. Fair Value of Securities (continued)

	March 31, 2008			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
	(Thousands of yen)			
Bonds:				
Other	¥–	¥ –	¥–	¥100,000
Other:				
Investment trusts	–	3,467	–	–
Total	¥–	¥3,467	¥–	¥100,000

7. Short-Term Borrowings and Long-Term Debt

The weighted average interest rates on short-term borrowings outstanding at March 31, 2009 and 2008 were 1.40% and 3.55%, respectively.

Long-term debt at March 31, 2009 and 2008 consisted of the following:

	March 31,		
	2009	2008	2009
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Loans with collateral, due 2008 to 2013, at rates ranging from 4.25% to 7.03%	¥ 1,126,620	¥ 1,857,611	$ 11,496
Loans without collateral, due 2008 to 2013, at rates ranging from 1.28% to 2.68%	5,358,000	2,225,000	54,673
Other	521,021	500,758	5,317
	7,005,641	4,583,370	71,486
Less current portion of long-term debt	(1,637,292)	(1,116,875)	(16,707)
	¥ 5,368,349	¥ 3,466,495	$ 54,779

The aggregate annual maturities of long-term debt subsequent to March 31, 2009 are summarized as follows:

Year ending March 31,	*(Thousands of yen)*	*(Thousands of U.S. dollars)*
2010	¥1,637,292	$16,707
2011	1,546,654	15,782
2012	1,358,857	13,866
2013	1,263,548	12,893
2014 and thereafter	1,199,289	12,238
	¥7,005,641	$71,486

7. Short-Term Borrowings and Long-Term Debt (continued)

Assets pledged as collateral for long-term debt at March 31, 2009 and 2008 are summarized as follows:

	March 31,		
	2009	2008	2009
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Land	¥ 152,947	¥ 191,788	$1,561
Buildings and structures, net of accumulated depreciation	919,653	1,219,165	9,384
Flight equipment, net of accumulated depreciation	890,677	1,328,206	9,089
	¥1,963,278	¥2,739,160	$20,033

8. Accrued Pension and Severance Costs

An employee whose employment is terminated is entitled, in most cases, to pension payments or lump-sum severance indemnities, the amounts of which are determined by reference to the basic rate of pay, length of service and the conditions under which the termination occurs.

Effective October 1, 2007 the Company and three domestic consolidated subsidiaries changed their retirement pension plan to defined benefit pension plans and defined contribution pension plans from tax-qualified pension plans. And effective March 1, 2008, a domestic consolidated subsidiary changed its retirement pension plan to the lump-sum retirement plans and the defined benefit pension plan from tax-qualified pension plans.

The projected benefit obligation and the funded status of the plans including a portion of the governmental welfare pension program were as follows:

	March 31,		
	2009	2008	2009
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Projected benefit obligation	¥(3,302,334)	¥(3,221,910)	$(33,697)
Plan assets	2,499,071	2,677,930	25,501
Accrued pension and severance costs	77,954	30,526	795
Prepaid pension expenses	(94,368)	(246,936)	(963)
Net unrecognized amount	¥ (819,676)	¥ (760,389)	$ (8,364)

In computing the projected benefit obligation, several simplified methods are permitted for small companies, and certain consolidated subsidiaries have adopted such methods.

8. Accrued Pension and Severance Costs (continued)

The net unrecognized amount was as follows:

	March 31, 2009	March 31, 2008	2009
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Actuarial assumption adjustment	¥(578,302)	¥(458,672)	$(5,901)
Post service cost	(241,373)	(301,716)	(2,463)
Net unrecognized amount	¥(819,676)	¥(760,389)	$(8,364)

The components of net periodic pension and severance costs excluding the employees' contributory portion were as follows:

	Year ended March 31, 2009	2008	2007	2009
	(Thousands of yen)			*(Thousands of U.S. dollars)*
Service cost	¥166,527	¥147,993	¥146,730	$1,699
Interest cost on projected benefit obligation	56,391	63,368	67,778	575
Expected return on plan assets	(65,485)	(68,820)	(61,370)	(668)
Amortization of actuarial assumption adjustment	102,245	41,327	32,759	1,043
Amortization of past service cost	60,343	–	–	616
Loss on transfer of retirement benefit plan	–	29,917	–	–
Net periodic pension and severance costs	¥320,022	¥213,786	¥185,897	$3,266

The contributions based on the defined contribution pension plans have been charged to income as paid.

The assumptions used were as follows:

	2009	2008
Discount rate	1.8%	1.8%
Expected rate of return on plan assets	2.5%	2.5%

9. Other Income (Expenses)

The components of "Other, net" in "Non-operating income (expenses)" for each of the three years in the period ended Match 31, 2009, 2008 and 2007 were as follows:

	Year ended March 31,			
	2009	**2008**	**2007**	**2009**
	(Thousands of yen)			*(Thousands of U.S. dollars)*
Dividends received	¥ 46,230	¥ 43,323	¥ 40,982	$ 472
Exchange gain, net	544,250	446,493	6,846	5,554
Brokerage commission received	53,194	53,292	62,146	543
Gain on sales of property and equipment	2,906	–	204	30
Gain on sales of investments in securities	–	19,999	3,899	–
Gain on reversal of allowance for doubtful accounts	–	4,654	24,378	–
Gain on reversal of reserve for bonuses to officers	–	15,010	–	–
Commission paid	(24,339)	(24,796)	(20,000)	(248)
Loss on sales and disposal of property and equipment	(54,828)	(141,546)	(126,317)	(559)
Impairment losses on fixed assets	(17,905)	(35,592)	(9,382)	(183)
Loss on sales of investments in securities	(26,704)	–	(7,499)	(272)
Loss on revaluation of investments in securities	(190,061)	(90,879)	–	(1,939)
Loss on sales of investments in affiliate	–	–	(1,265)	–
Loss on revaluation of investments in non-consolidated subsidiaries and affiliates	(69,094)	–	–	(705)
Loss on revaluation of inventories	(8,707)	–	(87,358)	(89)
Loss on closing stores	–	(20,265)	(58,655)	–
Loss on transfer of retirement benefit plan	–	(29,917)	–	–
Other, net	135,947	84,781	45,153	1,387
	¥ 390,887	¥ 324,557	¥(126,866)	$ 3,989

10. Impairment of Fixed Assets

For the years ended March 31, 2009, 2008 and 2007, the Company recognized impairment losses on fixed assets of ¥17,905 thousand ($183 thousand) and ¥35,592 thousand and ¥9,382 thousand which consisted of the following:

			Year ended March 31,			
Location	**Use**	**Classification**	**2009**	**2008**	**2007**	**2009**
			(Thousands of yen)			*(Thousands of U.S. dollars)*
Ikeda-shi, Osaka and other 5 shops	Airport shop	Buildings, furniture and other	¥17,905	–	–	$183
Kobe-shi, Hyogo and other 4 shops	Airport shop	Buildings, furniture and other	–	¥35,592	–	–

The Company and its consolidated subsidiaries did not recognize material impairment losses for the year ended March 31, 2007. As a result, the details of such impairment losses are not required to be disclosed in accordance with accounting principles generally accepted in Japan.

10. Impairment of Fixed Assets (continued)

The Company and its consolidated subsidiaries base its grouping for assessing the impairment loss on fixed assets on the smallest identifiable groups of assets which generate cash inflows and which are largely independent of the cash inflows from other assets or groups of assets.

Impairment losses on airport shops were recognized due to significant decrease in expected future cash flows on the medium-range strategy plan.

The recoverable amount of airport shops was measured by their usage value and future cash flows at discount rates of 3.7% and 5.0% for the years ended March 31, 2009 and 2008, respectively.

11. Income Taxes

The significant components of deferred tax assets and liabilities at March 31, 2009 and 2008 were as follows:

	March 31,		
	2009	2008	2009
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Deferred tax assets:			
Accrued bonuses	¥ 241,208	¥ 259,817	$ 2,461
Allowance for doubtful accounts	72,845	45,809	743
Elimination of unrecognized gain on intercompany accounts and transactions	78,168	75,625	798
Directors' and statutory auditors' retirement benefits	100,067	71,721	1,021
Accrued enterprise tax	11,675	45,327	119
Accrued pension and severance costs	31,929	12,592	326
Impairment losses on fixed assets	62,470	62,724	637
Loss on revaluation of inventories	42,029	45,403	429
Loss on revaluation of investments in securities	93,666	38,659	956
Loss on revaluation of other investments	37,693	35,435	385
Deferred loss on hedging instruments	–	29,611	–
Tax loss carryforwards	30,192	34,903	308
Other	113,766	113,043	1,161
	915,714	870,673	9,344
Valuation allowance	(68,760)	(41,025)	(702)
Total deferred tax assets	846,954	829,647	8,642
Deferred tax liabilities:			
Accumulated earnings of consolidated subsidiaries	(41,476)	(46,380)	(423)
Depreciation	(179,257)	(149,663)	(1,829)
Prepaid pension expenses	(38,398)	(100,478)	(392)
Other	(6,727)	(13,389)	(69)
Total deferred tax liabilities	(265,860)	(309,912)	(2,713)
Net deferred tax assets	¥ 581,093	¥ 519,734	$ 5,930

11. Income Taxes (continued)

Reconciliations between the statutory tax rate and the effective tax rates for the years ended March 31, 2009, 2008 and 2007 were presented as follows:

	Year ended March 31,		
	2009	**2008**	**2007**
Statutory tax rate	40.69%	40.69%	40.69%
Disallowed expenses, including entertainment expenses	12.10	5.48	3.81
Inhabitants' per capita taxes	1.74	0.68	0.48
Changes in valuation allowance	–	1.76	–
Equity in (earnings) losses of affiliates	(3.78)	1.60	–
Other	0.21	0.55	(0.67)
Effective tax rate	50.96%	50.76%	44.31%

12. Net Assets

The Corporation Law of Japan provides that an amount equal to at least 10% of the amount to be disbursed as distributions of capital surplus (except for distributions from additional paid-in capital) and retained earnings (except for distributions from the legal reserve) be appropriated to additional paid-in capital and the legal reserve, respectively, until the sum of additional paid-in capital and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the stockholders, or by the Board of Directors if certain conditions are met, but neither additional paid-in capital nor the legal reserve is available for distribution by resolution of the Board of Directors.

The total number and periodic changes in the number of shares of stock in issue and the total number and periodic changes in the number of shares of common stock in treasury for the years ended March 31, 2009 and 2008 were as follows:

	Year ended March 31, 2009			
	At March 31, 2008	Increase	Decrease	At March 31, 2009
	(Thousands of shares)			
Number of shares of stock in issue:				
Common stock	12,775	–	–	12,775
Number of shares of common stock in treasury:				
Common stock	15	0	–	15

12. Net Assets (continued)

The increase in common stock in treasury of 0 thousand shares during the current period resulted from the Company's purchase of 0 thousand odd-lot shares of less than one unit at the request of the stockholders.

	Year ended March 31, 2008			
	At March 31, 2007	Increase	Decrease	At March 31, 2008
	(Thousands of shares)			
Number of shares of stock in issue:				
Common stock	12,775	–	–	12,775
Number of shares of common stock in treasury:				
Common stock	14	0	0	15

The increase in common stock in treasury of 0 thousand shares during the period resulted from the Company's purchase of 0 thousand odd-lot shares of less than one unit at the request of the stockholders and purchase of 0 thousand shares by related companies accounted for by the equity method. The decrease in common stock in treasury of 0 thousand shares during the period resulted from the Company's sales of such odd-lot shares at the request of the stockholders.

Dividends

Dividends whose cut off date fall within the reporting period are as follows:

Resolution	Type of shares	Resources of dividends	Total dividends		Dividends per share	Cut off date	Effective date
			(Thousands of yen)	*(Thousands of U.S. dollars)*	*(Yen)*		
General meeting of stockholders held on June 19, 2009	Common stock	Retained earnings	¥446,986	$4,561	¥35.0	March 31, 2009	June 22, 2009

13. Leases

As lessee under financing leases contracted prior to April 1, 2008

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased property held under financing accounted for as operating leases at March 31, 2009 and 2008, and the related depreciation and interest expense for the years ended March 31, 2009, 2008 and 2007, respectively, which would have been reflected in the consolidated balance sheets and the related consolidated statements of income:

	March 31, 2009		
	Property and equipment – other	Software	Total
	(Thousands of yen)		
Acquisition costs	¥116,264	¥11,551	¥127,816
Less accumulated depreciation	79,713	8,158	87,871
Net book value	¥ 36,550	¥ 3,393	¥ 39,944

	March 31, 2009		
	Property and equipment – other	Software	Total
	(Thousands of U.S. dollars)		
Acquisition costs	$1,186	$118	$1,304
Less accumulated depreciation	813	83	897
Net book value	$ 373	$ 35	$ 408

	March 31, 2008		
	Property and equipment – other	Software	Total
	(Thousands of yen)		
Acquisition costs	¥181,970	¥18,698	¥200,668
Less accumulated depreciation	101,171	9,771	110,942
Net book value	¥ 80,799	¥ 8,926	¥ 89,725

	Year ended March 31,			
	2009	**2008**	**2007**	**2009**
	(Thousands of yen)			*(Thousands of U.S. dollars)*
Depreciation expense	¥25,990	¥46,687	¥50,183	$265
Interest expense	¥ 1,237	¥ 2,936	¥ 3,832	$ 13

13. Leases (continued)

As lessee under financing leases contracted prior to April 1, 2008 (continued)

No impairment loss had been recognized on leased property for the years ended March 31, 2009, 2008 and 2007.

Lease expenses relating to the financing leases accounted for as operating leases amounted to ¥27,375 thousand ($279 thousand), ¥49,644 thousand and ¥53,427 thousand for the years ended March 31, 2009, 2008 and 2007, respectively.

Future rental expenses under financing leases accounted for as operating leases outstanding at March 31, 2009 and 2008 are summarized as follows:

	March 31,		
	2009	**2008**	**2009**
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Within 1 year	¥25,164	¥40,502	$257
Over 1 year	19,059	51,952	194
	¥44,223	¥92,454	$451

As lessee under operating leases

Future rental expenses under operating leases outstanding at March 31, 2009 and 2008 are summarized as follows:

	March 31,		
	2009	**2008**	**2009**
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Within 1 year	¥112,719	¥116,465	$1,150
Over 1 year	294,104	408,458	3,001
	¥406,731	¥524,924	$4,150

As lessor under financing leases

The annual collections of lease receivables subsequent to March 31, 2009 are summarized as follows:

Year ending March 31,	*(Thousands of yen)*	*(Thousands of U.S. dollars)*
2010	¥48,767	$498
2011	30,896	315
2012	22,117	226
2013	21,804	222
2014	17,432	178
2015 and thereafter	26,670	272

13. Leases (continued)

As lessor under operating leases

Certain consolidated subsidiaries lease equipment under operating leases. Future rental income under operating leases outstanding at March 31, 2009 and 2008 are summarized as follows:

	March 31,		
	2009	2008	2009
	(Thousands of yen)		(Thousands of U.S. dollars)
Within 1 year	¥ 635,483	¥ 688,127	$ 6,485
Over 1 year	1,903,104	2,727,554	19,419
	¥2,538,588	¥3,415,681	$25,904

As lessee and lessor under subleases

The Company subleases equipment to a third party, and the lease agreements between the two original parties remain in effect. The original and the new lease agreements are operating leases.

Future rental revenues as lessor under the new lease agreements outstanding at March 31, 2009 and 2008 are summarized as follows:

	March 31,		
	2009	2008	2009
	(Thousands of yen)		(Thousands of U.S. dollars)
Within 1 year	¥1,853,628	¥ 1,756,471	$18,915
Over 1 year	6,446,460	8,944,112	65,780
	¥8,300,089	¥10,700,584	$84,695

Future rental expenses as lessee under the original lease agreements outstanding at March 31, 2009 and 2008 are summarized as follows:

	March 31,		
	2009	2008	2009
	(Thousands of yen)		(Thousands of U.S. dollars)
Within 1 year	¥ 1,756,203	¥ 1,769,791	$ 17,920
Over 1 year	9,115,486	8,258,716	93,015
	¥10,871,689	¥10,028,508	$110,936

14. Loan Commitment Agreements

The Company has entered into loan commitment agreements with banks in order to source funds for its operations smoothly.

The outstanding balance of loan commitment as of March 31, 2009 and 2008 were as follows:

	March 31,		
	2009	2008	2009
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Total commitment available	¥4,500,000	¥4,000,000	$45,918
Less amount utilized	–	800,000	–
Balance available	¥4,500,000	¥3,200,000	$45,918

15. Amounts Per Share

Net income per share is computed based on the weighted average number of shares of common stock outstanding during each year. The Company and its consolidated subsidiaries have not issued any potentially dilutive stocks during either year. Accordingly, fully diluted net income per share and basic net income per share for the years ended March 31, 2009, 2008 and 2007 were the same.

	Year ended March 31,			
	2009	2008	2007	2009
		(Yen)		*(U.S. dollars)*
Net income per share	¥30.74	¥76.68	¥124.01	$0.314

Net assets per share are computed based on the number of shares of common stock outstanding at each balance sheet date.

	March 31,		
	2009	2008	2009
	(Yen)		*(U.S. dollars)*
Net assets per share	¥1,138.08	¥1,179.21	$11.613

15. Amounts Per Share (continued)

The following table sets forth the basis of the computation of net income per share for the years ended March 31, 2009, 2008 and 2007:

	Year ended March 31,			
	2009	**2008**	**2007**	**2009**
	(Thousands of yen, except share)			*(Thousands of U.S. dollars, except share)*
Net income	¥392,290	¥978,483	¥1,579,827	$4,003
Less: appropriation of bonuses to directors and statutory auditors	–	–	2,673	–
Net income available to stockholders of shares of common stock	¥392,290	¥978,483	¥1,582,501	$4,003
Weighted average number of shares of common stock outstanding	12,759,809	12,760,491	12,760,644	12,759,809

16. Segment Information

The Company and its consolidated subsidiaries conduct worldwide operations in aviation-related, corporate solutions, travel retail and food & beverage business.

The primary products and services for each of the new reportable segments are as follows:

Business segment	Main product and sales
Aviation-related business	Aircraft, Aircraft components, Machinery & Facilities, Materials, Cabin service supply, Textiles supply, Clothing & Uniform
Corporate solutions business	Printing, Insurance, Real estate, Property management
Travel retail business	Cabin service supply, Brand & Fashion, Mail-order sales, Overseas real estate, Souvenir & Specialty goods, Restaurant, Duty-free items
Food & beverage business	Agriculture & marine products, Processed foods, Wine, Food gift items

16. Segment Information (continued)

The business segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2009 and 2008 are summarized as follows:

	Year ended March 31, 2009						
	Aviation-related business	Corporate solution business	Travel retail business	Food & beverage business	Total	General corporate assets and intercompany eliminations	Consolidated
				(Thousands of yen)			
Sales to outside parties	¥31,968,583	¥17,159,203	¥43,346,717	¥20,751,200	¥113,225,704	¥ –	¥113,225,704
Inter-segment sales and transfers	8,575	78,170	16,407	27,186	130,340	(130,340)	–
Total	31,977,158	17,237,374	43,363,125	20,778,386	113,356,045	(130,340)	113,225,704
Operating expenses	31,179,193	15,898,257	42,592,897	20,082,035	109,752,383	2,871,692	112,624,075
Operating income	¥ 797,965	¥ 1,339,116	¥ 770,227	¥ 696,351	¥ 3,603,661	¥(3,002,032)	¥ 601,628
Depreciation and amortization	¥ 373,803	¥ 30,866	¥ 292,318	¥ 23,098	¥ 720,087	¥ 375,873	¥ 1,095,961
Impairment losses on fixed assets	¥ –	¥ –	¥ 17,905	¥ –	¥ 17,905	¥ –	¥ 17,905
Capital expenditures	¥ 59,699	¥ 1,938,501	¥ 293,786	¥ 13,353	¥ 2,305,341	¥ 240,604	¥ 2,545,945
Identifiable assets	¥11,425,781	¥ 6,941,408	¥11,947,400	¥ 6,341,000	¥ 36,655,591	¥ 6,243,616	¥ 42,899,208

	Year ended March 31, 2009						
	Aviation-related business	Corporate solution business	Travel retail business	Food & beverage business	Total	General corporate assets and intercompany eliminations	Consolidated
				(Thousands of U.S. dollars)			
Sales to outside parties	$326,210	$175,094	$442,313	$211,747	$1,155,364	$ –	$1,155,364
Inter-segment sales and transfers	88	798	167	277	1,330	(1,330)	–
Total	326,298	175,892	442,481	212,024	1,156,694	(1,330)	1,155,364
Operating expenses	318,155	162,227	434,621	204,919	1,119,922	29,303	1,149,225
Operating income	$ 8,143	$ 13,664	$ 7,859	$ 7,106	$ 36,772	$(30,633)	$ 6,139
Depreciation and amortization	$ 3,814	$ 315	$ 2,983	$ 236	$ 7,348	$ 3,835	$ 11,183
Impairment losses on fixed assets	$ –	$ –	$ 183	$ –	$ 183	$ –	$ 183
Capital expenditures	$ 609	$ 19,781	$ 2,998	$ 136	$ 23,524	$ 2,455	$ 25,979
Identifiable assets	$116,590	$ 70,831	$121,912	$ 64,704	$ 374,037	$ 63,710	$ 437,747

	Year ended March 31, 2008						
	Aviation-related business	Corporate solution business	Travel retail business	Food & beverage business	Total	General corporate assets and intercompany eliminations	Consolidated
				(Thousands of yen)			
Sales to outside parties	¥34,240,826	¥18,745,724	¥46,999,899	¥20,241,936	¥120,228,386	¥ –	¥120,228,386
Inter-segment sales and transfers	10,599	84,975	6,773	76,795	179,144	(179,144)	–
Total	34,251,426	18,830,699	47,006,673	20,318,731	120,407,531	(179,144)	120,228,386
Operating expenses	33,171,532	16,925,809	45,200,783	19,587,864	114,885,990	3,153,967	118,039,957
Operating income	¥ 1,079,893	¥ 1,904,890	¥ 1,805,889	¥ 730,867	¥ 5,521,540	¥(3,333,111)	¥ 2,188,428
Depreciation and amortization	¥ 427,789	¥ 30,750	¥ 280,069	¥ 29,775	¥ 768,384	¥ 343,355	¥ 1,111,740
Impairment losses on fixed assets	¥ –	¥ –	¥ 35,592	¥ –	¥ 35,592	¥ –	¥ 35,592
Capital expenditures	¥ 182,601	¥ 38,939	¥ 529,727	¥ 51,652	¥ 802,921	¥ 320,228	¥ 1,123,149
Identifiable assets	¥12,005,843	¥ 5,213,064	¥11,788,522	¥ 5,655,109	¥ 34,662,540	¥ 6,912,404	¥ 41,574,944

16. Segment Information (continued)

Unallocated operating expenses included in "General corporate assets and intercompany eliminations" for the years ended March 31, 2009 and 2008 amounted to ¥2,997,075 thousand ($30,582 thousand) and ¥3,585,467 thousand respectively, and consisted primarily of administrative expenses incurred at the Company's headquarters.

In addition, unallocated assets included in "General corporate assets and intercompany eliminations" at March 31, 2009 and 2008 amounted to ¥6,288,474 thousand ($64,168 thousand) and ¥6,910,902 thousand, respectively, and consisted primarily of cash and cash equivalents, investments in securities and assets belonging to the headquarters of the Company.

Effective June 18, 2008, the Company reorganized its business headquarters into two new divisions: the "Corporate Sales" division, which is focused on its "B-to-B" business, and the "Retail Business" division, which is focused on its "B-to-C" business. This change resulted from the Company's conclusion that business strategy and business operations are judged from the standpoint of the market. As a result of the changes in the structure of the internal organization, the Company's reportable segments were also changed from "Aviation business," "Lifestyle services business," and "Customer services business" to "Aviation-related business," "Corporate solutions business," "Travel retail business," and "Food & beverage business."

The business segment information prior to the reclassification for the years ended March 31, 2008 and 2007 are summarized as follows:

	Year ended March 31, 2008					
	Aviation business	Life service business	Customer service business	Total	General corporate assets and intercompany eliminations	Consolidated
	(Thousands of yen)					
Sales to outside parties	¥41,851,962	¥35,208,682	¥43,167,741	¥120,228,386	¥ –	¥120,228,386
Inter-segment sales and 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
Depreciation and amortization	¥ 422,979	¥ 101,224	¥ 233,812	¥ 758,016	¥ 353,723	¥ 1,111,740
Impairment losses on fixed assets	¥ –	¥ –	¥ 35,592	¥ 35,592	¥ –	¥ 35,592
Capital expenditures	¥ 182,601	¥ 260,790	¥ 389,529	¥ 832,921	¥ 290,228	¥ 1,123,149
Identifiable assets	¥13,453,927	¥ 9,547,905	¥11,790,548	¥ 34,792,381	¥ 6,782,563	¥ 41,574,944

16. Segment Information (continued)

	Year ended March 31, 2007					
	Aviation business	Life service business	Customer service business	Total	General corporate assets and intercompany eliminations	Consolidated
			(Thousands of yen)			
Sales to outside parties	¥37,892,090	¥33,467,399	¥42,774,006	¥114,133,497	¥ –	¥114,133,497
Inter-segment sales and 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
Depreciation and amortization	¥ 380,946	¥ 44,526	¥ 245,868	¥ 671,341	¥ 87,951	¥ 759,293
Capital expenditures	¥ 595,550	¥ 54,383	¥ 202,905	¥ 852,838	¥ 718,957	¥ 1,571,796
Identifiable assets	¥15,846,030	¥ 8,555,737	¥11,154,239	¥ 35,556,006	¥ 6,789,929	¥ 42,345,936

The geographical segment information of the Company and the consolidated subsidiaries for the years ended March 31, 2009, 2008 and 2007 are summarized as follows:

	Year ended March 31, 2009					
	Japan	North America	Other overseas counties	Total	General corporate assets and intercompany eliminations	Consolidated
			(Thousands of yen)			
Sales to outside parties	¥108,315,637	¥ 3,452,180	¥1,457,886	¥113,225,704	¥ –	¥113,225,704
Inter-segment sales and transfers	349,046	13,562,186	1,516,201	15,427,434	(15,427,434)	–
Total	108,664,684	17,014,366	2,974,087	128,653,138	(15,427,434)	113,225,704
Operating expenses	107,887,165	16,674,280	2,922,390	127,483,836	(14,859,760)	112,624,075
Operating income	¥ 777,519	¥ 340,085	¥ 51,696	¥ 1,169,302	¥ (567,673)	¥ 601,628
Identifiable assets	¥ 36,745,178	¥ 7,392,641	¥ 518,557	¥ 44,656,377	¥ (1,757,169)	¥ 42,899,208

	Year ended March 31, 2009					
	Japan	North America	Other overseas counties	Total	General corporate assets and intercompany eliminations	Consolidated
			(Thousands of U.S. dollars)			
Sales to outside parties	$1,105,262	$ 35,226	$14,876	$1,155,364	$ –	$1,155,364
Inter-segment sales and transfers	3,562	138,390	15,471	157,423	(157,423)	–
Total	1,108,823	173,616	30,348	1,312,787	(157,423)	1,155,364
Operating expenses	1,100,889	170,146	29,820	1,300,855	(151,630)	1,149,225
Operating income	$ 7,934	$ 3,470	$ 528	$ 11,932	$ (5,793)	$ 6,139
Identifiable assets	$ 374,951	$ 75,435	$ 5,291	$ 455,677	$ (17,930)	$ 437,747

16. Segment Information (continued)

	Year ended March 31, 2008					
	Japan	North America	Other overseas counties	Total	General corporate assets and intercompany eliminations	Consolidated
			(Thousands of yen)			
Sales to outside parties	¥115,362,639	¥ 2,750,801	¥2,114,946	¥120,228,386	¥ –	¥120,228,386
Inter-segment sales and 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 (loss)	¥ 2,419,144	¥ 211,442	¥ (14,967)	¥ 2,615,619	¥ (427,190)	¥ 2,188,428
Identifiable assets	¥ 34,149,783	¥ 7,763,279	¥1,045,836	¥ 42,958,899	¥ (1,383,955)	¥ 41,574,944

	Year ended March 31, 2007					
	Japan	North America	Other overseas counties	Total	General corporate assets and intercompany eliminations	Consolidated
			(Thousands of yen)			
Sales to outside parties	¥108,287,779	¥ 3,460,012	¥2,385,704	¥114,133,497	¥ –	¥114,133,497
Inter-segment sales and 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 (loss)	¥ 3,096,139	¥ 246,858	¥ (111,075)	¥ 3,231,922	¥ 14,235	¥ 3,246,158
Identifiable assets	¥ 36,784,448	¥ 8,610,790	¥ 912,129	¥ 46,307,367	¥ (3,961,431)	¥ 42,345,936

For the years ended March 31, 2009 and 2007, operating revenues from overseas operations represented less than 10% of consolidated operating revenues. As a result, operating revenues from overseas operations are not required to be disclosed.

Operating revenues from overseas operations of the Company and the consolidated subsidiaries for the year ended March 31, 2008 are summarized as follows:

	Year ended March 31, 2008			
	North America	Europe	Other	Total
		(Thousands of yen)		
Operating revenues from overseas operations	¥3,564,914	¥7,053,106	¥1,539,429	¥ 12,157,450
Consolidated operating revenues				¥120,228,386
Operating revenues from overseas operations as a percentage of consolidated operating revenues	3.0%	5.9%	1.2%	10.1%

17. Derivative and Hedging Activities

The Company has utilized forward foreign exchange contracts to hedge certain foreign currency transactions related to foreign accounts receivable and payable on a consistent basis. The Company has also utilized interest-rate swaps to minimize the risk of fluctuation in cash flows arising from changes in interest rate related to its outstanding debt.

And a certain subsidiary has the hybrid financial instrument with embedded derivative (bond).

The Company enters into hedging transactions in accordance with its internal guidelines. The routine operations relating to hedging activities are formalized and controlled by the Finance (Accounting in 2008) Department. Gain or loss on hedging instruments and the assessment of hedge effectiveness, which is performed both at the inception and on an ongoing basis, is reported to the related directors and department managers on a timely basis.

The fair value information of embedded derivative of the hybrid financial instrument (bond) is included in Note 5.

Since all other derivative instruments held by the Company, met the criteria for hedge accounting, fair value information has not been presented here.

18. Related Party Transactions

The Company had related party transactions with the companies controlled by Japan Airlines Corporation for which the Company is an affiliate and the companies over which the Company exercises significant influence in the terms of their operating and financial policies.

Effective April 1, 2008, the Company has adopted the "Accounting Standard for Related Party Disclosures" (ASBJ Statement No. 11, issued by ASBJ on October 17, 2006) and "Guidance on Accounting Standard for Related Party Disclosures" (ASBJ Guidance No. 13, issued by ASBJ on October 17, 2006). Accordingly, the significant transactions between consolidated subsidiaries and related parties are required to be disclosed.

The significant transactions between the Company and the companies controlled by Japan Airlines Corporation for the years ended March 31, 2009, 2008 and 2007 are summarized as follows:

With Japan Airlines International Co., Ltd.:

	Year ended March 31,			
	2009	**2008**	**2007**	**2009**
	(Thousands of yen)			*(Thousands of U.S. dollars)*
Sales of flight equipment	¥13,023,066	¥15,863,137	¥14,899,629	$132,888
Purchases of merchandise	7,075,975	8,288,247	5,118,236	72,204
Purchase of land for business	490,028	–	–	5,000

18. Related Party Transactions (continued)

	March 31, 2009	March 31, 2008	March 31, 2009
	(Thousands of yen)		(Thousands of U.S. dollars)
Accounts receivable	¥1,945,443	¥2,511,575	$19,851
Advance payment	5,296	113,391	54
Accounts payable	356,202	289,415	3,635

With JAL Capital Co., Ltd.:

	Year ended March 31, 2009	2008	2007	2009
	(Thousands of yen)			(Thousands of U.S. dollars)
Proceeds from short-term borrowings	¥–	¥–	¥17,000,000	$–
Repayment of short-term borrowings	–	–	16,400,000	–
Interest expenses	–	–	3,828	–

With Japan Trans Ocean Air Co., Ltd.:

	Year ended March 31, 2009	2008	2007	2009
	(Thousands of yen)			(Thousands of U.S. dollars)
Sales of flight equipment spare parts	¥–	¥–	¥2,284,092	$–

The significant transactions between a certain consolidated subsidiary and the company controlled by Japan Airlines Corporation for the year ended March 31, 2009 are summarized as follows:

With Japan Airlines International Co., Ltd.:

	Year ended March 31, 2009	2009
	(Thousands of yen)	(Thousands of U.S. dollars)
Sales of flight equipment and revenue from leases of aircraft	¥2,267,176	$23,134

	March 31, 2009	2009
	(Thousands of yen)	(Thousands of U.S. dollars)
Accounts receivable	¥ 84,452	$ 862
Lease receivable	167,690	1,711

19. Subsequent Events

At the ordinary stockholders' meeting held on June 19, 2009, the termination of directors' and statutory auditors' retirement benefits plan and the implementation of the stock option plan as compensation scheme for the Company's directors and statutory auditors (except outside directors and statutory auditors) were resoluted.

The resolution is summarized as follows:

Date of resolution	June 19, 2009
Qualified beneficiaries	Directors and statutory auditors (Note 1)
Type of shares	Common stock
Maximum number of share subscription rights	250 within one year after the date of annual stockholders' meeting
Maximum number of shares	25,000 within one year after the date of annual stockholders' meeting
Exercise price	¥1 per share
Exercise period	Exercise period will be decided by the Company's board of directors within the range of less than 30 years from the next day of the grant date.
Exercise conditions	Share subscription rights can be exercised within 10 days after a beneficiary resigns from directors or statutory auditors. Other conditions will be decided by the Company's board of directors.
Details regarding transfer of subscription rights	Acquisitions of share subscription rights are required to be approved by the Company's board of directors.

Note 1: Operating officers of the Company are included in qualified beneficiaries.

2: The Company adjusts the number of shares in the event of a share split, gratis stock allocation or reverse split of shares with the following formula. Odd-lot share less than one share resulting from the adjustment is disregarded.

Adjusted number of shares = number of shares before adjustment × ratio of a share split, gratis allocation or reverse split of shares

The Company may adjust the number of shares to a reasonable extent in the event of a merger, a company split or in any other similar event where and adjustment of the number of shares will be required.