Independent Auditor's Report

The Board of Directors
JALUX Inc.

We have audited the accompanying consolidated financial statements of JALUX Inc. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 its consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

June 24, 2013
Tokyo, Japan

JALUX Inc. and Consolidated Subsidiaries

Consolidated Balance Sheet

	March 31,		
	2013	2012	2013
	(Thousands of yen)		*(Thousands of U.S. dollars) (Note 3)*
Assets			
Current assets:			
Cash and time deposits *(Notes 15 and 19)*	¥ 5,219,694	¥ 5,391,474	$ 55,529
Notes and accounts receivable *(Notes 15 and 21)*:			
Trade	8,023,113	9,597,134	85,352
Affiliates	11,300	18,124	120
Other	1,406,250	1,483,330	14,960
Allowance for doubtful accounts	(76,035)	(68,984)	(809)
Inventories *(Note 4)*	5,502,201	5,919,467	58,534
Deferred income taxes *(Note 11)*	304,790	380,574	3,242
Other *(Note 21)*	1,020,583	1,285,025	10,857
Total current assets	21,411,898	24,006,148	227,786
Investments and advances:			
Unconsolidated subsidiaries and affiliates *(Note 15)*	1,225,640	1,273,530	13,039
Other *(Notes 15 and 16)*	290,666	279,453	3,092
Total investments and advances	1,516,306	1,552,983	16,131
Property and equipment *(Notes 5, 10 and 18)*:			
Land	2,099,940	1,748,449	22,340
Buildings and structures	3,713,481	3,646,893	39,505
Machinery and vehicles	205,297	186,243	2,184
Flight equipment	647,061	909,727	6,884
Construction in process	4,550	2,704	48
Other	1,256,748	1,197,373	13,370
	7,927,080	7,691,392	84,331
Accumulated depreciation	(2,592,265)	(2,573,031)	(27,577)
Property and equipment, net	5,334,815	5,118,360	56,753
Intangible assets *(Note 10)*:			
Software	376,546	373,965	4,006
Other	30,960	31,393	329
Total intangible assets	407,506	405,358	4,335
Long-term loans	104,244	170,795	1,109
Deposits for business space *(Note 15)*	2,073,691	2,044,277	22,061
Deferred income taxes *(Note 11)*	266,566	265,691	2,836
Business commencement expenses	64,991	81,698	691
Other assets, net	61,570	57,615	655
	¥31,241,592	¥33,702,929	$332,357

	March 31,		
	2013	2012	2013
	(Thousands of yen)		(Thousands of U.S. dollars) (Note 3)
Liabilities and net assets			
Current liabilities:			
Short-term borrowings *(Notes 5 and 15)*	¥ 1,271,757	¥ 1,957,249	$ 13,529
Current portion of long-term debt *(Notes 5 and 15)*	842,812	1,135,766	8,966
Notes and accounts payable *(Notes 15 and 21)*:			
Trade	6,694,188	8,452,289	71,215
Affiliates	96,291	120,439	1,024
Accrued expenses	2,164,214	1,796,380	23,024
Accrued income taxes *(Note 11)*	396,301	286,390	4,216
Other	2,290,468	2,978,743	24,367
Total current liabilities	13,756,034	16,727,258	146,341
Long-term debt *(Notes 5 and 15)*	1,512,412	1,299,251	16,089
Accrued pension and severance costs *(Note 6)*	529,783	411,248	5,636
Directors' and statutory auditors' retirement benefits	9,200	33,225	98
Deferred income taxes *(Note 11)*	36,860	201,864	392
Other	574,557	654,276	6,112
Commitments and contingent liabilities *(Notes 5 and 13)*			
Net assets *(Note 7)*:			
Common stock, without par value:			
Authorized: 20,000,000 shares			
Issued: 12,775,000 shares in 2013 and 2012	2,558,550	2,558,550	27,219
Capital surplus	711,250	711,250	7,566
Retained earnings	11,400,172	10,811,239	121,278
Common stock in treasury	(147,089)	(68,191)	(1,565)
Net unrealized loss on other securities, net of taxes *(Note 16)*	(1,870)	(7,685)	(20)
Net unrealized gain on hedging instruments, net of taxes *(Note 17)*	53,458	27,730	569
Translation adjustments	(716,881)	(919,112)	(7,626)
Subscription rights to shares *(Note 8)*	9,882	9,882	105
Minority interests	955,271	1,252,141	10,162
Total net assets	14,822,743	14,375,804	157,689
	¥31,241,592	¥33,702,929	$332,357

The accompanying notes are an integral part of these statements.

JALUX Inc. and Consolidated Subsidiaries

Consolidated Statements of Income

	Year ended March 31,		
	2013	**2012**	**2013**
	(Thousands of yen)		*(Thousands of U.S. dollars) (Note 3)*
Operating revenues *(Notes 20 and 21)*	¥85,937,397	¥89,082,950	$914,228
Operating expenses *(Notes 20 and 21)*:			
Cost of sales	66,944,669	70,263,898	712,177
Selling, general and administrative expenses *(Note 8)*	17,601,138	17,198,037	187,246
	84,545,808	87,461,936	899,423
Operating income	1,391,589	1,621,014	14,804
Non-operating income (expenses):			
Interest income	10,181	10,869	108
Interest expense	(46,343)	(104,938)	(493)
Equity in earnings (losses) of affiliates	109,330	(81,404)	1,163
Other, net *(Note 9)*	(184,502)	(41,654)	(1,963)
	(111,334)	(217,128)	(1,184)
Income before income taxes and minority interests	1,280,254	1,403,885	13,620
Income taxes *(Note 11)*:			
Current	666,998	379,198	7,096
Deferred	82,362	287,388	876
	749,360	666,586	7,972
Net income before minority interests	530,893	737,298	5,648
Minority loss (interests)	248,966	(43,981)	2,649
Net income	¥ 779,860	¥ 693,317	$ 8,296

The accompanying notes are an integral part of these statements.

JALUX Inc. and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income

	March 31,		
	2013	2012	2013
	(Thousands of yen)		*(Thousands of U.S. dollars) (Note 3)*
Income before minority interests	¥ 530,893	¥737,298	$ 5,648
Other comprehensive income:			
Net unrealized gain (loss) on other securities, net of taxes	7,331	8,549	78
Net unrealized gain on hedging instruments, net of taxes	25,728	9,968	274
Translation adjustments	186,502	(96,107)	1,984
Share of other comprehensive income of companies accounted for by the equity method	21,090	6,461	224
Total other comprehensive income *(Note 12)*	240,653	(71,127)	2,560
Comprehensive income	¥ 771,547	¥666,171	$ 8,208
Comprehensive income attributable to:			
Stockholders of JALUX Inc.	¥1,013,634	¥621,879	$10,783
Minority interests	¥ (242,087)	¥ 44,292	$ (2,575)

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 on other securities, net of taxes *(Note 15)*	Net unrealized gain on hedging instruments, net of taxes *(Note 16)*	Translation adjustments	Subscription rights to shares *(Note 8)*	Minority interests	Total net assets
						(Thousands of yen)					
Balance at March 31, 2011	12,775,000	¥2,558,550	¥711,250	¥10,482,317	¥ (75,687)	¥(21,994)	¥17,761	¥(823,396)	¥13,276	¥1,113,367	¥13,975,444
Cash dividends (¥5 per share)				(63,620)							(63,620)
Net income for the year ended March 31, 2012				693,317							693,317
Change in scope of equity method				(298,501)	1,407						(297,093)
Purchases of common stock in treasury					(139)						(139)
Disposal of common stock in treasury				(2,273)	6,227						3,954
Other						14,309	9,968	(95,715)	(3,394)	138,774	63,942
Balance at March 31, 2012	12,775,000	2,558,550	711,250	10,811,239	(68,191)	(7,685)	27,730	(919,112)	9,882	1,252,141	14,375,804
Cash dividends (¥15 per share)				(190,926)							(190,926)
Net income for the year ended March 31, 2013				779,860							779,860
Purchases of common stock in treasury					(78,897)						(78,897)
Other						5,814	25,728	202,230		(296,870)	(63,096)
Balance at March 31, 2013	12,775,000	¥2,558,550	¥711,250	¥11,400,172	¥(147,089)	¥ (1,870)	¥53,458	¥(716,881)	¥ 9,882	¥ 955,271	¥14,822,743

	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Common stock in treasury	Net unrealized loss on other securities, net of taxes *(Note 15)*	Net unrealized gain on hedging instruments, net of taxes *(Note 16)*	Translation adjustments	Subscription rights to shares *(Note 8)*	Minority interests	Total net assets
						(Thousands of U.S. dollars) (Note 3)					
Balance at March 31, 2012	12,775,000	$27,219	$7,566	$115,013	$ (725)	$(82)	$295	$(9,778)	$105	$13,321	$152,934
Cash dividends ($0.16 per share)				(2,031)							(2,031)
Net income for the year ended March 31, 2013				8,296							8,296
Purchases of common stock in treasury					(839)						(839)
Other						62	274	2,151		(3,158)	(671)
Balance at March 31, 2013	12,775,000	$27,219	$7,566	$121,278	$(1,565)	$(20)	$569	$(7,626)	$105	$10,162	$157,689

The accompanying notes are an integral part of these statements.

JALUX Inc. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

	Year ended March 31,		
	2013	2012	2013
	(Thousands of yen)		*(Thousands of U.S. dollars) (Note 3)*
Operating activities			
Income before income taxes and minority interests	¥ 1,280,254	¥ 1,403,885	$ 13,620
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	633,691	728,340	6,741
Decrease in provision for allowance for doubtful accounts	(4,844)	(55,270)	(52)
Increase in net provision for accrued pension and severance costs	118,194	118,878	1,257
Interest and dividend income	(34,706)	(15,543)	(369)
Interest expense	46,343	104,938	493
Exchange loss, net	688	4,596	7
Equity in (earnings) losses of affiliates	(109,330)	81,404	(1,163)
Loss on sales of, and loss on disposal of property and equipment	44,978	63,016	478
Impairment losses on fixed assets	536	58,808	6
Loss (gain) on sales of investments in securities	481	42,073	5
Loss on revaluation of investments in securities	7,308	11,028	78
Decrease (increase) in notes and accounts receivable	1,784,680	(677,659)	18,986
Decrease in inventories	500,674	571,082	5,326
(Decrease) increase in notes and accounts payable	(1,882,060)	86,050	(20,022)
Decrease (increase) in advance payment	315,851	(438,580)	3,360
(Decrease) increase in advance received	(121,136)	312,944	(1,289)
Decrease in bad debts on receivables	7,830	11,499	83
Other, net	46,158	(261,394)	491
Subtotal	2,635,594	2,150,100	28,038
Interest and dividends received	95,436	52,366	1,015
Interest paid	(50,533)	(124,322)	(538)
Income taxes paid	(577,801)	(238,680)	(6,147)
Net cash provided by operating activities	2,102,696	1,839,462	22,369
Investing activities			
Purchases of property and equipment	(1,225,420)	(273,121)	(13,036)
Proceeds from sales of property and equipment	4,732	6,172	50
Purchases of intangible assets	(95,495)	(128,004)	(1,016)
Purchases of investments in securities	(8,263)	(2,253)	(88)
Proceeds from sales of investments in securities	117,734	5,522	1,252
Long-term loans receivable made	(156)	(431)	(2)
Collection of long-term loans	64,015	129,646	681
Purchases of time deposits	(5,707)	(17,990)	(61)
Proceeds from maturity of time deposits	9,596	17,430	102
Increase in deposits for business space	(153,615)	(140,189)	(1,634)
Decrease in deposits for business space	106,362	279,893	1,132
Other, net	(10,552)	49,524	(112)
Net cash used in investing activities	(1,196,769)	(73,799)	(12,732)
Financing activities			
(Decrease) increase in short-term borrowings, net	(702,092)	1,747,278	(7,469)
Proceeds from long-term loans	1,032,000	610,000	10,979
Repayment of long-term loans	(1,074,652)	(4,687,110)	(11,432)
Proceeds from minority stockholders	–	98,000	–
Dividends paid to stockholders	(191,122)	(64,172)	(2,033)
Dividends paid to minority stockholders	(60,000)	–	(638)
Other, net	(148,827)	(62,524)	(1,583)
Net cash used in financing activities	(1,144,694)	(2,358,529)	(12,178)
Effect of exchange rate changes on cash and cash equivalents	70,842	(21,782)	754
Net decrease in cash and cash equivalents	(167,925)	(614,648)	(1,786)
Cash and cash equivalents at beginning of the year	5,384,667	5,999,315	57,284
Cash and cash equivalents at end of the year *(Note 19)*	¥ 5,216,742	¥ 5,384,667	$ 55,497

The accompanying notes are an integral part of these statements.

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. 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, certain modifications and inclusion of certain additional financial information are made 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.

f. Property and equipment

For the Company and the consolidated domestic subsidiaries, depreciation of the shops in airports and the buildings for rent is computed principally by the straight-line method and depreciation of other property and equipment is computed principally by the declining-balance method. The consolidated foreign subsidiaries principally adopt the straight-line method. The estimated useful lives of the assets are as follows:

Buildings and structures:	8 to 47 years
Machinery and vehicles:	4 to 10 years

1. Summary of Significant Accounting Policies (continued)

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.

i. Deferred charges

Business commencement expenses are amortized using the straight-line method over 5 years or less.

j. 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.

k. 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.

l. 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.

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.

m. 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.

1. Summary of Significant Accounting Policies (continued)

n. 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.

o. Standards issued but not yet effective

Accounting Standard for Retirement Benefits (Accounting Standard Board of Japan (ASBJ) Statement No. 26 issued on May 17, 2012)

Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 issued on May 17, 2012)

The accounting standard and related guidance were amended from the viewpoint of improvements to financial reporting and international convergence, mainly focusing on how actuarial assumption adjustment and past service cost should be accounted for, how retirement benefit obligation and current service cost should be determined, and enhancement of disclosure.

The Company will adopt the accounting standard and related guidance from the end of the fiscal year ending March 31, 2014. However, the Company will adopt amendments relating to determination of retirement benefit obligation and current service cost from the beginning of the fiscal year ending March 31, 2015.

The Company is currently evaluating the effect these modifications will have on its consolidated results of operations and financial position.

2. Accounting Changes

In accordance with an amendment to the Corporation Tax Law effective April 1, 2012, the Company and its domestic consolidated subsidiaries have changed their depreciation method for property and equipment acquired on or after April 1, 2012 to reflect the methods prescribed in the amended Corporation Tax Law. The impact on operating income and income before income taxes and minority interests for the year ended March 31, 2013 is immaterial.

3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥94.00 = U.S.$1.00, the approximate exchange rate prevailing on March 31, 2013, 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, 2013 and 2012 were as follows:

	March 31,		
	2013	2012	2013
	(Thousands of yen)		(Thousands of U.S. dollars)
Merchandise and finished products	¥4,677,034	¥4,163,630	$49,756
Real estate held for sale	773,438	1,690,464	8,228
Raw materials and supplies	51,729	65,372	550
	¥5,502,201	¥5,919,467	$58,534

Revaluation loss included in "Cost of sales" amounted to ¥17,957 thousand ($191 thousand) and ¥71,668 thousand for the years ended March 31, 2013 and 2012.

5. Short-Term Borrowings and Long-Term Debt

Short-term borrowings and long-term debt at March 31, 2013 and 2012 consisted of the following:

	March 31,		
	2013	2012	2013
	(Thousands of yen)		(Thousands of U.S. dollars)
Short-term Borrowings:			
Short-term Borrowings with collateral, at rates 0.98%	¥ –	¥ 840,000	$ –
Short-term Borrowings without collateral, at rates ranging from 0.88% to 1.88%	1,271,757	1,117,249	13,529
	¥1,271,757	¥ 1,957,249	$13,529
Long-term debt:			
Loans with collateral, due 2011 to 2016, at rates ranging from 1.65% to 1.85%	¥ –	¥ –	$ –
Loans without collateral, due 2011 to 2016, at rates ranging from 1.59% to 4.32%	2,237,299	2,270,774	23,801
Other	117,926	164,242	1,255
	2,355,225	2,435,017	25,056
Less current portion of long-term debt	(842,812)	(1,135,766)	(8,966)
	¥1,512,412	¥ 1,299,251	$16,089

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

The aggregate annual maturities of long-term debt subsequent to March 31, 2013 are summarized as follows:

Year ending March 31,	*(Thousands of yen)*	*(Thousands of U.S. dollars)*
2014	$ 842,812	$ 8,966
2015	427,887	4,552
2016	438,261	4,662
2017	434,649	4,624
2018	205,425	2,185
2019 and thereafter	6,188	66
	¥2,355,225	$25,056

Assets pledged as collateral at March 31, 2013 and 2012 are summarized as follows:

	March 31,		
	2013	**2012**	**2013**
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Land	¥ –	¥1,710,059	$ –
Buildings and structures, net of accumulated depreciation	–	1,482,483	–
Inventories	–	715,024	–
	¥ –	¥3,907,568	$ –

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, 2013 and 2012 were as follows:

	March 31,		
	2013	**2012**	**2013**
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Total commitment available	¥7,000,000	¥ 7,000,000	$74,468
Less amount utilized	(500,000)	(1,650,000)	(5,319)
Balance available	¥6,500,000	¥ 5,350,000	$69,149

6. 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.

The Company, three domestic consolidated subsidiaries and an overseas consolidated subsidiary adopt lump-sum retirement plans and defined benefit pension plans. And the Company and consolidated subsidiaries adopt defined contribution pension plans.

The projected benefit obligation and the funded status of the plans were as follows:

	March 31,		
	2013	2012	2013
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Projected benefit obligation	¥(2,854,663)	¥(2,790,332)	$(30,369)
Plan assets	2,317,883	2,117,423	24,658
Accrued pension and severance costs	529,783	411,248	5,636
Net unrecognized amount	¥ (6,995)	¥ (261,659)	$ (74)

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

The net unrecognized amount was as follows:

	March 31,		
	2013	2012	2013
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Actuarial assumption adjustment	¥(6,995)	¥(201,315)	$(74)
Post service cost	–	(60,343)	–
Net unrecognized amount	¥(6,995)	¥(261,659)	$(74)

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

	Year ended March 31,		
	2013	2012	2013
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Service cost	¥165,379	¥171,738	$1,759
Interest cost on projected benefit obligation	45,409	45,310	483
Expected return on plan assets	(48,473)	(46,585)	(516)
Amortization of actuarial assumption adjustment	137,262	150,310	1,460
Amortization of past service cost	60,343	60,343	642
Contribution to defined contribution pension plans	85,786	89,605	913
Net periodic pension and severance costs	¥445,708	¥470,722	$4,742

6. Accrued Pension and Severance Costs (continued)

The assumptions used were as follows:

	2013	2012
Discount rate	1.8%	1.8%
Expected rate of return on plan assets	2.5%	2.5%

7. 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, 2013 and 2012 were as follows:

	Year ended March 31, 2013			
	At March 31, 2012	Increase	Decrease	At March 31, 2013
		(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	54	89	–	143

The increase in common stock in treasury of 89 thousand shares resulted from the Company's purchase of 89 thousand shares based on the resolution of the board of directors and purchase of 0 thousand odd-lot shares of less than one unit at the request of the stockholders.

	Year ended March 31, 2012			
	At March 31, 2011	Increase	Decrease	At March 31, 2012
		(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	61	0	6	54

7. Net Assets (continued)

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

The decrease in common stock in treasury of 4 thousand shares resulted from exercise of subscription rights as stock options, and 2 thousand shares resulted from change in scope of equity method.

Dividends

Dividends paid

Resolution	Type of shares	Total dividends		Dividends per share		Cut off date	Effective date
		(Thousands of yen)	*(Thousands of U.S. dollars)*	*(Yen)*	*(U.S. dollars)*		
General meeting of stockholders held on June 15, 2012	Common stock	¥190,926	$2,031	¥15.0	$0.16	March 31, 2012	June 18, 2012

Dividends with the cut off date in the year ended March 31, 2013 and effective date in the year ended March 31, 2014

Resolution	Type of shares	Total dividends		Dividends per share		Cut off date	Effective date
		(Thousands of yen)	*(Thousands of U.S. dollars)*	*(Yen)*	*(U.S. dollars)*		
General meeting of stockholders held on June 21, 2013	Common stock	¥189,591	$2,017	¥15.0	$0.16	March 31, 2013	June 24, 2013

8. Stock Options

The Company adopted the stock option plan under which share subscription rights are granted to directors and operating officers of the Company in accordance with the Corporation Law.

The description of stock options for the year ended March 31, 2013 are as follows:

	2010 Stock Option Plan	2009 Stock Option Plan
Individuals covered by the plan	4 directors of the Company	7 directors of the Company 6 operating officers of the Company
Type and number of shares to be issued upon the exercise of the share subscription rights	15,000 shares of common stock	23,600 shares of common stock
Granted date	September 24, 2010	October 29, 2009
Vesting conditions	No provisions	No provisions
Vesting period	No provisions	No provisions
Exercise period	September 25, 2010 – September 24, 2040	October 30, 2009 – October 29, 2039

The changes in the size of stock options for the year ended March 31, 2013 are as follows:

	2010 Stock Option Plan	2009 Stock Option Plan
Share subscription rights which are not yet vested *(Number of shares)*		
Outstanding as of March 31, 2012	–	–
Granted	–	–
Forfeited	–	–
Vested	–	–
Outstanding as of March 31, 2013	–	–
Share subscription rights which have already been vested *(Number of shares)*		
Outstanding as of March 31, 2012	9,200	3,200
Vested	–	–
Exercised	–	–
Forfeited	–	–
Outstanding as of March 31, 2013	9,200	3,200
Exercise price *(yen)*	¥ 1	¥ 1
Weighted average fair value per stock at the exercising date *(yen)*	–	–
Fair value per stock option at the granted date *(yen)*	654	1,208
Exercise price *(U.S. dollars)*	$ 0.01	$ 0.01
Weighted average fair value per stock at the exercising date *(U.S. dollars)*	–	–
Fair value per stock option at the granted date *(U.S. dollars)*	6.96	12.85

Stock option expense included in “Selling, general and administrative expenses” amounted to none for the year ended March 31, 2013 and ¥555 thousand for the year ended March 31, 2012.

9. Other Income (Expenses)

The components of "Other, net" in "Non-operating income (expenses)" for each of the three years in the period ended March 31, 2013 and 2012 were as follows:

	Year ended March 31,		
	2013	2012	2013
	(Thousands of yen)		(Thousands of U.S. dollars)
Dividends received	¥ 24,525	¥ 4,674	$ 261
Exchange gain (loss), net	(252,965)	157,664	(2,691)
Brokerage commission received	–	32,289	–
Gain on sales of property and equipment	1,608	4,061	17
Gain on liquidation of investment securities	–	16,754	–
Settlement received	10,000	–	106
Gain on reversal of translation adjustments	80,102	–	852
Commission paid	(42,280)	(45,726)	(450)
Loss on sales and disposal of property and equipment	(46,586)	(67,077)	(496)
Impairment losses on fixed assets	(536)	(58,808)	(6)
Loss on sales of investments in securities	(481)	(42,073)	(5)
Loss on revaluation of investments in securities	(7,308)	(11,028)	(78)
Special termination benefits	–	(88,886)	–
Other, net	49,419	56,501	526
	¥(184,502)	¥ (41,654)	$(1,963)

10. Impairment of Fixed Assets

For the year ended March 31, 2013, the Company recognized impairment losses on fixed assets of ¥536 thousand ($6 thousand), and for the year ended March 31, 2012 the Company and a consolidated subsidiary recognized impairment losses on fixed asset of ¥58,808 thousand which consisted of the following:

			Year ended March 31,		
Location	Use	Classification	2013	2012	2013
			(Thousands of yen)		(Thousands of U.S. dollars)
Hakodate-shi, Hokkaido	Airport shops	Buildings, furniture and other	¥536	¥ –	$6
Sennan-gun, Osaka	Airport shops	Buildings, furniture and other	–	5,514	–
Shinagawa-ku, Tokyo	Business assets	Buildings, furniture, software and other	–	53,294	–

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 Business assets including airport shops were recognized due to significant decrease in expected future cash flows on the strategy plan for the years ended March 31, 2013 and 2012.

The recoverable amount of each group of assets was measured by their usage value and future cash flows at discount rates of 3.3% and 3.1% for the years ended March 31, 2013 and 2012.

11. Income Taxes

The significant components of deferred tax assets and liabilities at March 31, 2013 and 2012 were as follows:

	March 31,		
	2013	2012	2013
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Deferred tax assets:			
Accrued bonuses	¥ 181,496	¥ 186,093	$ 1,931
Allowance for doubtful accounts	14,935	19,034	159
Accrued pension and severance costs	194,893	154,840	2,073
Impairment losses on fixed assets	42,708	122,035	454
Accrued enterprise tax	37,925	23,522	403
Elimination of unrecognized gain on intercompany accounts and transactions	72,767	72,331	774
Directors' and statutory auditors' retirement benefits	11,024	11,978	117
Loss on revaluation of inventories	20,117	94,780	214
Loss on revaluation of investments in securities	6,180	3,575	66
Tax loss carryforwards	318,125	142,614	3,384
Other	122,669	195,646	1,305
	1,022,843	1,026,453	10,881
Valuation allowance	(340,131)	(126,503)	(3,618)
Total deferred tax assets	682,712	899,950	7,263
Deferred tax liabilities:			
Accumulated retained earnings of consolidated subsidiaries	(45,602)	(58,397)	(485)
Depreciation	(48,712)	(243,844)	(518)
Other	(53,900)	(153,307)	(573)
Total deferred tax liabilities	(148,215)	(455,549)	(1,577)
Net deferred tax assets	¥ 534,497	¥ 444,401	$ 5,686

Reconciliations between the statutory tax rate and the effective tax rates for the years ended March 31, 2013 and 2012 were presented as follows:

	Year ended March 31,	
	2013	2012
Statutory tax rate	38.01%	40.69%
Disallowed expenses, including entertainment expenses	2.74	2.46
Non-taxable income, including dividends received	(0.64)	(0.19)
Inhabitants' per capita taxes	1.21	1.07
Changes in valuation allowance	18.10	(1.49)
Equity in earnings of affiliates	(3.25)	2.36
Decrease in deferred tax assets due to tax rate change	–	3.37
Other	2.36	(0.79)
Effective tax rate	58.53%	47.48%

12. Other Comprehensive Income

The following table presents reclassifications adjustments and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2013 and 2012:

	March 31,		
	2013	**2012**	**2013**
	(Thousands of yen)		*(Thousands of U.S. dollars) (Note 3)*
Net unrealized loss on other securities:			
Amount arising during the year	¥ 10,243	¥ 6,482	$ 109
Reclassification adjustments for gains and losses included in net income	–	9,814	–
Amount before tax effect	10,243	16,296	109
Tax effect	(2,912)	(7,746)	(31)
	7,331	8,549	78
Net unrealized gain on hedging instruments:			
Amount arising during the year	41,503	14,786	442
Tax effect	(15,775)	(4,817)	(168)
	25,728	9,968	274
Translation adjustments:			
Amount arising during the year	236,649	(98,568)	2,518
Reclassification adjustments for gains and losses included in net income	(80,102)	–	(852)
Amount before tax effect	156,546	(98,568)	1,665
Tax effect	29,956	2,460	319
	186,502	(96,107)	1,984
Share of other comprehensive income of companies accounted for by the equity method:			
Amount arising during the year	21,090	6,461	224
Total other comprehensive income	¥ 240,653	¥(71,127)	$ 2,560

13. Leases

As lessee under operating leases

Future rental expenses under operating leases outstanding at March 31, 2013 and 2012 are summarized as follows:

	March 31,		
	2013	**2012**	**2013**
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Within 1 year	¥38,224	¥39,997	$407
Over 1 year	12,179	56,231	130
	¥50,403	¥96,229	$536

13. Leases (continued)

As lessor under financing leases

The annual collections of lease receivables subsequent to March 31, 2013 are summarized as follows:

Year ending March 31,	*(Thousands of yen)*	*(Thousands of U.S. dollars)*
2014	¥8,703	$93
2015	5,700	61
2016	2,582	27
2017	1,000	11

The annual collections of lease receivables subsequent to March 31, 2012 were summarized as follows:

Year ending March 31,	*(Thousands of yen)*
2013	¥11,936
2014	7,816
2015	5,119
2016	2,319
2017	1,015

As lessor under operating leases

Future rental revenues under operating leases outstanding at March 31, 2013 and 2012 are summarized as follows:

	March 31,		
	2013	**2012**	**2013**
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Within 1 year	¥ 177,674	¥ 177,674	$ 1,890
Over 1 year	1,712,457	1,890,132	18,218
	¥1,890,132	¥2,067,806	$20,108

13. Leases (continued)

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 sublease agreements are operating leases.

Future rental revenues as lessor under the sublease agreements outstanding at March 31, 2013 and 2012 are summarized as follows:

	March 31,		
	2013	2012	2013
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Within 1 year	¥1,630,890	¥1,592,742	$17,350
Over 1 year	3,372,376	4,536,253	35,876
	¥5,003,267	¥6,128,996	$53,226

Future rental expenses as lessee under the original lease agreements outstanding at March 31, 2013 and 2012 are summarized as follows:

	March 31,		
	2013	2012	2013
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Within 1 year	¥1,587,741	¥1,577,967	$16,891
Over 1 year	4,606,247	5,487,372	49,003
	¥6,193,989	¥7,065,340	$65,894

14. Amounts Per Share

Net income per share is computed based on the weighted average number of shares of common stock outstanding during each year. Diluted net income per share is computed based on the weighted average number of shares of common stock outstanding during each year after giving effect to the potentially dilutive securities to be issued upon the exercise of subscription rights as stock options.

	Year ended March 31,		
	2013	2012	2013
	(Yen)		*(U.S. dollars)*
Net income per share of common stock:			
Basic	¥61.70	¥54.51	$0.656
Diluted	¥61.64	¥54.45	$0.656

14. Amounts Per Share (continued)

The following table sets forth the basis of the computation of net income per share and diluted net income per share of common stock for the years ended March 31, 2013 and 2012:

	Year ended March 31,		
	2013	**2012**	**2013**
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Net income	¥779,860	¥693,317	$8,296
Net income available to stockholders of shares of common stock	¥779,860	¥693,317	$8,296

	Year ended March 31,	
	2013	**2012**
	(Thousands of shares)	
Weighted-average number of shares of common stock outstanding	12,638	12,719
Effect of dilutive securities:		
Subscription rights to shares	12	13

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

	March 31,		
	2013	**2012**	**2013**
	(Yen)		*(U.S. dollars)*
Net assets per share	¥1,097.06	¥1,030.90	$11.671

15. Financial Instruments

Policy for financial instruments

The Company and its consolidated subsidiaries (the "Group") manage temporary cash surpluses mainly through short-term deposits. Further, the Group raises short-term capital through bank borrowings.

Types of financial instruments and related risk

Notes and accounts receivable are exposed to credit risk in relation to customers. In addition, the Company is exposed to foreign currency exchange risk arising from receivables denominated in foreign currencies. In principle, the foreign currency exchange risks deriving from the trade receivables denominated in foreign currencies are hedged by forward foreign exchange contracts.

Marketable securities and investment securities are composed of mainly stocks. Those securities are exposed to market risk.

Deposits for business space are composed of mainly deposits for rental spaces of the airport buildings. Those deposits are exposed to credit risk in relation to counterparties.

15. Financial Instruments (continued)

Types of financial instruments and related risk (continued)

All notes and accounts payable have payment due dates within one year. Although the Company is exposed to foreign currency exchange risk arising from those payables denominated in foreign currencies, foreign exchange contracts are arranged to reduce the risk.

Short-term borrowings are raised mainly in connection with business activities, and long-term debt is taken out principally for the purpose of making capital investments. Long-term debt with variable interest rates is exposed to interest rate fluctuation risk. However, to reduce such risk and fix interest expense for long-term debt bearing interest at variable rates, the Company utilizes interest rate swap transactions as a hedging instrument.

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

Risk management for financial instruments

a. Monitoring of credit risk (the risk that customers or counterparties may default)

   In accordance with the internal policies of the Group for managing credit risk arising from receivables and deposits for business space, each related division monitors credit worthiness of their main customers periodically, and monitors due dates and outstanding balances by individual customer. In addition, the Group is making efforts to identify and mitigate risks of bad debts from customers who are having financial difficulties.

   The Group believes that the credit risk of derivatives is insignificant as it enters into derivative transactions only with financial institutions which have the high credit-rating.

b. Monitoring of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)

   For accounts receivables and payables denominated in foreign currencies, the Company enters into forward foreign exchange contracts to hedge such risk. In order to mitigate the interest rate risk for loans payable bearing interest at variable rates, the Company may also enter into interest rate swap transactions if certain conditions are met.

   For marketable securities and investment securities, the Group periodically reviews the fair values of such financial instruments and the financial position of the issuers. In addition, the Group continuously evaluates whether securities should be maintained taking into account their fair values and relationships with the issuers.

   In conducting derivative transactions, the division in charge of each derivative transaction follows the internal policies, which set forth delegation of authority and maximum upper limit on positions.

c. Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates)

   Based on the report from each division, the Group prepares and updates its cash flow plans on a timely basis to manage liquidity risk.

15. Financial Instruments (continued)

Estimated Fair Value of Financial Instruments

Carrying value of financial instruments and estimated fair value on the consolidated balance sheet as of March 31, 2013 and 2012 are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value.

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value.

	March 31, 2013		
	Carrying value	Estimated fair value	Difference
	(Thousands of yen)		
Assets			
Cash and time deposits	¥ 5,219,694	¥ 5,219,694	¥ –
Trade notes and accounts receivable	8,034,413	8,034,413	–
Investment securities	121,167	121,167	–
Total assets	¥13,375,276	¥13,375,276	¥ –
Liabilities			
Trade notes and accounts payable	¥ 6,790,479	¥ 6,790,479	¥ –
Short-term borrowings	1,271,757	1,271,757	–
Accrued expenses	2,164,214	2,164,214	–
Long-term debt (*1)	2,237,299	2,234,937	(2,361)
Total liabilities	¥12,463,751	¥12,461,389	¥(2,361)
Derivatives (*2)	¥ 86,237	¥ 86,237	¥ –

	March 31, 2013		
	Carrying value	Estimated fair value	Difference
	(Thousands of U.S. dollars)		
Assets			
Cash and time deposits	$ 55,529	$ 55,529	$ –
Trade notes and accounts receivable	85,472	85,472	–
Investment securities	1,289	1,289	–
Total assets	$142,290	$142,290	$ –
Liabilities			
Trade notes and accounts payable	$ 72,239	$ 72,239	$ –
Short-term borrowings	13,529	13,529	–
Accrued expenses	23,024	23,024	–
Long-term debt (*1)	23,801	23,776	(25)
Total liabilities	$132,593	$132,568	$(25)
Derivatives (*2)	$ 917	$ 917	$ –

15. Financial Instruments (continued)

Estimated Fair Value of Financial Instruments (continued)

	March 31, 2012		
	Carrying value	Estimated fair value	Difference
	(Thousands of yen)		
Assets			
Cash and time deposits	¥ 5,391,474	¥ 5,391,474	¥ –
Trade notes and accounts receivable	9,615,259	9,615,259	–
Investment securities	111,065	111,065	–
Total assets	¥15,117,800	¥15,117,800	¥ –
Liabilities			
Trade notes and accounts payable	¥ 8,572,728	¥ 8,572,728	¥ –
Short-term borrowings	1,957,249	1,957,249	–
Accrued expenses	1,796,380	1796,380	–
Long-term debt (*1)	2,270,774	2,277,215	6,440
Total liabilities	¥14,597,133	¥14,603,573	¥6,440
Derivatives (*2)	¥ 15,608	¥ 15,608	¥ –

*1. Long-term debt includes current portion of long-term debt.

*2. The value of assets and liabilities arising from derivatives is shown at net value, and with the amount in parentheses representing net liability position.

Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

a. Cash and time deposits, Trade notes and accounts receivable and Other notes and accounts receivable

Since these items are settled in a short period of time, their carrying value approximates fair value.

b. Investment securities

The fair value of stocks is based on quoted market prices. The fair value of investment trusts and debt securities is based on either quoted market prices or prices provided by the financial institutions making markets in these securities.

c. Trade notes and accounts payable, short-term borrowings and accrued expenses

Since these items are settled in a short period of time, their carrying value approximates fair value.

15. Financial Instruments (continued)

Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions (continued)

d. Long-term debt

The fair value of long-term debt is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new debt agreements were entered into.

e. Derivative transactions

Refer to Note 17 Derivative Transactions of the notes to the consolidated financial statements. The fair value information of embedded derivative of the hybrid financial instrument is included in Note 16 Securities.

Financial instruments for which it is extremely difficult to determine the fair value

	March 31,		
	2013	**2012**	**2013**
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Unlisted stocks	¥1,390,138	¥1,436,917	$14,789
Deposits for business space	2,073,691	2,044,277	22,061

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in the above table.

Redemption schedule for receivables and marketable securities with maturities

	March 31, 2013			
	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)			
Cash and time deposits	¥ 5,175,413	¥ –	¥ –	¥ –
Trade notes and accounts receivable	8,034,413	–	–	–
Investment securities with maturities:				
Bonds	–	–	–	100,000
Other	–	–	–	–
Total	¥13,209,827	¥ –	¥ –	¥100,000

15. Financial Instruments (continued)

Redemption schedule for receivables and marketable securities with maturities (continued)

	March 31, 2013			
	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 U.S. dollars)			
Cash and time deposits	$ 55,058	$ –	$ –	$ –
Trade notes and accounts receivable	85,472	–	–	–
Investment securities with maturities:				
Bonds	–	–	–	1,064
Other	–	–	–	–
Total	$140,530	$ –	$ –	$1,064

	March 31, 2012			
	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)			
Cash and time deposits	¥ 5,346,330	¥ –	¥ –	¥ –
Trade notes and accounts receivable	9,615,259	–	–	–
Investment securities with maturities:				
Bonds	–	–	–	100,000
Other	–	–	–	–
Total	¥14,961,590	¥ –	¥ –	¥100,000

16. Securities

The components of unrealized gain or loss on marketable securities classified as other securities at March 31, 2013 and 2012 are summarized as follows:

	March 31, 2013		
	Carrying value	Acquisition costs	Unrealized gain (loss)
	(Thousands of yen)		
Unrealized gain:			
Stocks	¥ 17,540	¥ 11,585	¥ 5,954
	17,540	11,585	5,954
Unrealized loss:			
Stocks	885	980	(94)
Bonds:			
Other	87,050	100,000	(12,950)
Other	15,692	20,000	(4,307)
	103,627	120,980	(17,352)
Total	¥121,167	$132,565	¥(11,397)

	March 31, 2013		
	Carrying value	Acquisition costs	Unrealized gain (loss)
	(Thousands of U.S. dollars)		
Unrealized gain:			
Stocks	$ 187	$ 123	$ 63
	187	123	63
Unrealized loss:			
Stocks	9	10	(1)
Bonds:			
Other	926	1,064	(138)
Other	167	213	(46)
	1,102	1,287	(185)
Total	$1,289	$1,410	$(121)

	March 31, 2012		
	Carrying value	Acquisition costs	Unrealized gain (loss)
	(Thousands of yen)		
Unrealized gain:			
Stocks	¥ 1,313	¥ 1,116	¥ 197
	1,313	1,116	197
Unrealized loss:			
Stocks	11,006	11,186	(179)
Bonds:			
Other	85,020	100,000	(14,980)
Other	13,726	20,000	(6,273)
	109,752	131,186	(21,433)
Total	¥111,065	¥132,302	¥(21,236)

16. Securities (continued)

Non-marketable securities classified as other securities at March 31, 2013 and 2012 amounted to ¥164,498 thousand ($1,750 thousand) and ¥163,387 thousand, respectively.

The Company recognized ¥9,814 thousand of impairment losses on other securities for the year ended March 31, 2012.

17. Derivative Transactions

The Company utilizes forward foreign exchange contracts to reduce the foreign currency exchange risk arising from the receivables and payables denominated in foreign currencies.

As of March 31, 2013, there were no derivative transactions outstanding for which hedged accounting has not been applied.

The notional amounts and the estimated fair value of the forward foreign exchange contracts outstanding at March 31, 2012 for which hedged accounting has not been applied, are summarized as follows:

	March 31, 2012		
Maturing within one year	Notional amount	Fair value	Unrealized gain (loss)
	(Thousands of yen)		
Sell:			
USD	¥536,094	¥(29,125)	¥(29,125)

The notional amounts and the estimated fair value of the forward foreign exchange contracts outstanding at March 31, 2013 and 2012, for which hedged accounting has been applied, are summarized as follows:

	March 31, 2013	
Maturing within one year	Notional amount	Fair value
	(Thousands of yen)	
Sell:		
USD	¥ 26,693	¥ 33
EUR	499	17
Buy:		
USD	1,912,169	81,221
EUR	139,549	5,672
Others	78,749	(707)
Total	¥2,157,659	¥86,237

17. Derivative Transactions (continued)

Maturing within one year	March 31, 2013	
	Notional amount	Fair value
	(Thousands of U.S. dollars)	
Sell:		
USD	$ 284	$ 0
EUR	5	0
Buy:		
USD	20,342	864
EUR	1,485	60
Others	838	(8)
Total	$22,954	$917

Maturing within one year	March 31, 2012	
	Notional amount	Fair value
	(Thousands of yen)	
Sell:		
USD	¥ 5,332	¥ (3)
Buy:		
USD	1,146,615	41,316
EUR	80,252	3,159
Others	16,904	260
Total	¥1,249,103	¥44,732

Foreign receivables and payables are translated at the applicable forward foreign exchange rates if certain conditions are met. The notional amounts of the forward foreign exchange contracts accounted for as part of accounts receivable or payable outstanding at March 31, 2013 and 2012, are summarized as follows:

	March 31,		
	2013	2012	2013
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Sell:			
USD	¥ 4,781	¥143,172	$ 51
EUR	51,032	–	543
Other	36,287	–	386
Buy:			
USD	354,561	322,432	3,772
EUR	30,340	69,917	323
Others	9,092	2,017	97
Total	¥486,094	¥537,538	$5,171

17. Derivative Transactions (continued)

The Company also utilizes interest rate swap transactions to reduce fluctuation risk deriving from interest payable for long-term debt bearing interest at variable rates. 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. The notional amounts of the interest-rate swaps hedging long-term debt outstanding at March 31, 2013 and 2012, are summarized as follows:

	March 31,		
	2013	**2012**	**2013**
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Maturing within one year	¥ 80,000	¥200,000	$ 851
Maturing after one year	240,000	20,000	2,553
Total	¥320,000	¥220,000	$3,404

The notional amounts of derivatives are not necessarily indicative of the actual market risk involved in derivative transactions.

18. Investment and Rental Properties

The Company and a certain consolidated subsidiary own buildings and lands for lease mainly in Tokyo and other areas.

The carrying value in the consolidated balance sheet and corresponding fair value of those properties for the year ended March 31, 2013 are as follows:

Carrying Value			Fair Value
March 31, 2013	Net change	March 31, 2012	March 31, 2013
(Thousands of yen)			
¥3,499,049	¥292,440	¥3,206,608	¥2,793,852

Carrying Value			Fair Value
March 31, 2013	Net change	March 31, 2012	March 31, 2013
(Thousands of U.S. dollars)			
$37,224	$3,111	$34,113	$29,722

The components of net change in carrying value include increases mainly due to acquisitions of real estate in the amount of ¥352,470 thousand ($3,750 thousand).

18. Investment and Rental Properties (continued)

The carrying value in the consolidated balance sheet and corresponding fair value of those properties for the year ended March 31, 2012 were as follows:

Carrying Value			Fair Value
March 31, 2012	Net change	March 31, 2011	March 31, 2012
	(Thousands of yen)		
¥3,206,608	¥(783,029)	¥3,989,638	¥2,544,295

The components of net change in carrying value include decreases mainly due to transfer to real estate held for sale in the amount of ¥719,303 thousand.

The carrying value represents the acquisition cost less accumulated depreciation and cumulative impairment loss. The fair value is mainly estimated in accordance with appraisal standards for valuing real estate. However, if no material change has occurred in certain values or indices, the fair values are determined by adjusting such appraised values and indices.

19. Cash Flow Information

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

	March 31,		
	2013	**2012**	**2013**
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Cash and time deposits	¥5,219,694	¥5,391,474	$55,529
Time deposits with maturities of more than three months	(2,952)	(6,807)	(31)
	¥5,216,742	¥5,384,667	$55,497

20. Segment Information

The reportable segments of the Company and its consolidated subsidiaries are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance.

Aviation-related business segment includes aircraft components and aviation-related business. Media & life service business segment includes printing, insurance and real estate business. Retail business segment includes cabin service supply, mail-order sales, airport shops and gift item business. Food & beverage business segment includes agriculture & marine products, processed foods and wine sales business.

The accounting policies of the segments are substantially the same as those described in the significant accounting policies in Note 1. Segment performance is evaluated based on operating income or loss. Intersegment sales are recorded at the same price used in transactions with third parties.

20. Segment Information (continued)

The reportable segments information of the Company and its consolidated subsidiaries for the years ended March 31, 2013 and 2012 are summarized as follows:

	Year ended March 31, 2013						
	Reportable segments						
	Aviation-related business	Media & life service business	Retail business	Food & beverage business	Total	Adjustments and eliminations	Consolidated
				(Thousands of yen)			
Sales, profits and assets by reportable segments:							
Sales to outside parties	¥17,182,600	¥10,617,953	¥44,476,019	¥13,660,824	¥85,937,397	¥ –	¥85,937,397
Inter-segment sales and transfers	135,782	172,154	23,545	420,721	752,204	(752,204)	–
Total	17,318,382	10,790,107	44,499,565	14,081,546	86,689,601	(752,204)	85,937,397
Segment profits	¥ 963,971	¥ 1,062,330	¥ 1,217,552	¥ 44,445	¥ 3,288,299	¥(1,896,710)	¥ 1,391,589
Segment assets	¥ 4,394,111	¥ 7,746,895	¥10,720,615	¥ 5,978,164	¥28,839,787	¥ 2,401,805	¥31,241,592
Other items:							
Depreciation and amortization	¥ 57,992	¥ 70,113	¥ 304,624	¥ 103,061	¥ 535,790	¥ 97,901	¥ 633,691
Investment in affiliates accounted for by the equity method	¥ 94,928	¥ 307,141	¥ –	¥ –	¥ 402,070	¥ 806,728	¥ 1,208,798
Capital expenditures	¥ 14,196	¥ 371,174	¥ 341,973	¥ 37,645	¥ 764,990	¥ 177,921	¥ 942,912

	Year ended March 31, 2013						
	Reportable segments						
	Aviation-related business	Media & life service business	Retail business	Food & beverage business	Total	Adjustments and eliminations	Consolidated
				(Thousands of U.S. dollars)			
Sales, profits and assets by reportable segments:							
Sales to outside parties	$182,794	$112,957	$473,149	$145,328	$ 914,228	$ –	$ 914,228
Inter-segment sales and transfers	1,444	1,831	250	4,476	8,002	(8,002)	–
Total	184,238	114,788	473,400	149,804	922,230	(8,002)	914,228
Segment profits	$ 10,255	$ 11,301	$ 12,953	$ 473	$ 34,982	$(20,178)	$ 14,804
Segment assets	$ 46,746	$ 82,414	$114,049	$ 63,597	$ 306,806	$ 25,551	$ 332,357
Other items:							
Depreciation and amortization	$ 617	$ 746	$ 3,241	$ 1,096	$ 5,700	$ 1,042	$ 6,741
Investment in affiliates accounted for by the equity method	$ 1,010	$ 3,267	$ –	$ –	$ 4,277	$ 8,582	$ 12,860
Capital expenditures	$ 151	$ 3,949	$ 3,638	$ 400	$ 8,138	$ 1,893	$ 10,031

Adjustments and eliminations for segment profits and losses include ¥1,432 thousand ($15 thousand) of elimination of inter-segment profit and minus ¥1,898,143 thousand ($20,193 thousand) of corporate general administration expenses which are not allocable to the reportable segments.

Adjustments and eliminations for segment assets include minus ¥97,875 thousand ($1,041 thousand) of elimination of accounts inter-segment receivable and ¥2,499,680 thousand ($26,592 thousand) of corporate assets which are not allocable to the reportable segments. Corporate assets consist primarily of investments in securities and assets belonging to the administrative part of the Company.

Adjustments and eliminations for capital expenditures consist primarily of investments in the head office software.

20. Segment Information (continued)

Segment profits are adjusted with operating income reported in the consolidated statements of income.

	Year ended March 31, 2012						
	Reportable segments						
	Aviation-related business	Media & life service business	Retail business	Food & beverage business	Total	Adjustments and eliminations	Consolidated
	(Thousands of yen)						
Sales, profits and assets by reportable segments:							
Sales to outside parties	¥20,241,549	¥10,282,926	¥41,772,318	¥16,786,155	¥89,082,950	¥ –	¥89,082,950
Inter-segment sales and transfers	19,040	197,961	26,254	277,657	520,914	(520,914)	–
Total	20,260,590	10,480,888	41,798,573	17,063,813	89,603,865	(520,914)	89,082,950
Segment profits	¥ 775,905	¥ 1,178,373	¥ 791,991	¥ 898,940	¥ 3,645,210	¥(2,024,196)	¥ 1,621,014
Segment assets	¥ 7,314,064	¥ 7,268,621	¥10,473,429	¥ 6,283,795	¥31,339,909	¥ 2,363,019	¥33,702,929
Other items:							
Depreciation and amortization	¥ 69,745	¥ 67,482	¥ 319,421	¥ 7,297	¥ 463,946	¥ 264,394	¥ 728,340
Investment in affiliates accounted for by the equity method	¥ 75,337	¥ 284,538	¥ –	¥ –	¥ 359,875	¥ 897,504	¥ 1,257,380
Capital expenditures	¥ 33,183	¥ 2,092	¥ 248,741	¥ 633,884	¥ 917,901	¥ 46,668	¥ 964,569

Adjustments and eliminations for segment profits and losses include minus ¥5,025 thousand of elimination of inter-segment profit and minus ¥2,019,171 thousand of corporate general administration expenses which are not allocable to the reportable segments.

Adjustments and eliminations for segment assets include minus ¥97,827 thousand of elimination of accounts inter-segment receivable and ¥2,460,846 thousand of corporate assets which are not allocable to the reportable segments. Corporate assets consist primarily of investments in securities and assets belonging to the administrative part of the Company.

Adjustments and eliminations for capital expenditures consist primarily of investments in the head office software.

Segment profits are adjusted with operating income reported in the consolidated statements of income.

For the years ended March 31, 2013 and 2012, net sales to outside parties in Japan represent more than 90% of consolidated operating revenues. As a result, net sales to outside parties by countries or areas grouped according to geographical classification are not required to be disclosed.

For the years ended March 31, 2013 and 2012, property and equipment in Japan represent more than 90% of consolidated property and equipment. As a result, property and equipment by geographical countries or areas is not required to be disclosed.

20. Segment Information (continued)

Impairment loss on fixed assets by reportable segments for the years ended March 31, 2013 and 2012 is summarized as follows:

	March 31,		
	2013	2012	2013
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Aviation-related business	¥ –	¥ –	$–
Media & life service business	–	–	–
Retail business	536	58,808	6
Food & beverage business	–	–	–
Reportable segments total	536	58,808	6
Adjustments and eliminations	–	–	–
	¥536	¥58,808	$6

21. Related Party Transactions

The significant transactions between the Company and Japan Airline Co., Ltd., for the years ended March 31, 2013 and 2012 are summarized as follows:

	Year ended March 31,		
	2013	2012	2013
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Sales of flight equipment	¥6,649,003	¥6,924,543	$70,734
Purchases of merchandise	900,803	651,852	9,583

	March 31,		
	2013	2012	2013
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Accounts receivable	¥739,762	¥933,277	$7,870
Advance payment	62	15,566	1
Accounts payable	60,515	68,340	644

21. Related Party Transactions (continued)

The significant transactions between certain consolidated subsidiaries of the Company and Japan Airlines Co., Ltd. for the years ended March 31, 2013 and 2012 are summarized as follows:

	Year ended March 31,		
	2013	**2012**	**2013**
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Sales of flight equipment	¥278,039	¥364,784	$2,958

	March 31,		
	2013	**2012**	**2013**
	(Thousands of yen)		*(Thousands of U.S. dollars)*
Accounts receivable	¥49,872	¥70,026	$531

22. Subsequent Events

The Company has decided at its Board of Directors meeting on May 22, 2013 to conclude a business transfer agreement with Agri-Sun Co., Ltd. ("AgriSun"), and concluded the agreement on May 23, 2013. This business transfer agreement includes the acquisition of trade rights of AgriSun, and the acquisition of all shares of two overseas group subsidiaries owned by AgriSun in order to convert them into subsidiaries.

a. Overview of acquisition

(1) Names and business of acquired companies

Name of companies

Acquisition of trade rights:	AgriSun
Acquisition of shares:	Taniyama Siam Co., Ltd. ("Taniyama Siam) Advance Agriculture Co., Ltd. ("Advance Agriculture")
Business of acquired companies:	Produce, process, export and sell agricultural products

(2) Reason for acquisition

The Company has defined "Aviation, Airports and Foods" as three core business domains in the new JALUX Group Mid-Term Management Plan "Innovate 2014" (announced on May 23, 2012), and will expand its business under the plan. In the agricultural business in the foods business domain, the Group imports fresh vegetables and fruits, etc. from overseas, with paprika as the main commodity, and sells them wholesale to businesses, such as large retail stores, markets, and the food restaurant industry.

22. Subsequent Events (continued)

a. Overview of acquisition (continued)

AgriSun owns two overseas group subsidiaries, Taniyama Siam in Thailand, and Advance Agriculture in Laos. It produces, processes, and exports local asparagus, okra, etc., and holds a large share in the imported asparagus and okra markets in Japan.

To expand the Group's agricultural business on the whole, the Company has concluded a business transfer agreement with AgriSun to acquire trade rights from AgriSun, and to acquire all shares of the above mentioned two AgriSun overseas subsidiaries to convert them into subsidiaries of the Company. The plan is to implement the acquisition of trade rights through the establishment of a wholly-owned consolidated subsidiary (sales company).

As a result of the acquisition of trade rights and acquisition of shares, the Group will expand its fresh vegetable commodities in the agricultural business by introducing asparagus and okra of AgriSun as its second and third key commodities, in addition to its main commodity paprika. The Group will use its respective sales channels and seek synergistic effects to improve earning power.

(3) Date of acquisition

July 1, 2013

(4) Legal form of acquisition

Acquisition of trade rights and acquisition of shares

(5) Name of combined company

The name of the combined company has not yet been determined.

(6) Ratio of acquired voting rights

Taniyama Siam: 100%
Advance Agriculture: 100%

b. Details of acquisition cost

Acquisition cost: From ¥138 million to ¥168 million (from $1.5 million to $1.8 million)

Direct costs related to the acquisition, including advisory fee: ¥20 million ($0.2 million)

c. Amount of goodwill, basis for recognition, and method and period for amortization of goodwill

Amount of goodwill, basis for recognition, and method and period for amortization of goodwill have not yet been determined.

d. Assets acquired and liabilities assumed on the date of acquisition

Assets acquired and liabilities assumed have not yet been determined.