November 13, 2009

Notice Concerning Differences between Financial Results for six months ended September 30, 2009 and September 30, 2008

Differences between financial results for six months ended September 30, 2009 and 2008 is as follows.

Note

1. Differences between actual financial results for six months ended September 30, 2009 and 2008.

(Unit: million yen)

	Operating Revenue	Operating income	Ordinary income	Net Income for the current fiscal year
Performance of six month ended September 30, 2008 (A)	1,073,597	30,229	18,023	36,674
Performance of six months ended September 30, 2009 (B)	763,953	-95,793	-114,449	-131,217
Amount of increase/decrease (B-A)	-309,644	-126,022	-132,472	-167,891
Rate of increase/decrease (%)	-28.8	-	-	-

2. Reasons of Differences

Tourist demand on international routes decreased sharply in the first quarter of the current term owing to the effects of the H1N1 influenza epidemic, but a gradual recovery trend became apparent in the second quarter against the backdrop of lower fuel surcharges and the appreciation of the yen. Despite this, international passenger demand in the first-half period as a whole posted a major decline from the same period of the previous term, owing to cutbacks on business travel amid the severe business downturn. Demand originating overseas was also sluggish, once again due to the global downturn as well as the yen's continued high exchange rate. During the six-month reporting period, passenger yield fell sharply below the previous year's level as a combined result of slack business demand and changes in the class mix in line with growing passenger preference for lower fares.

On domestic routes, in addition to declines in business and tourism demand amid the economic downturn, the spread of H1N1 influenza also had a dampening effect, and both individual passenger and group demand fell below the level for the corresponding period of the previous year. Passenger yield also fell year-on-year during the first-half period, owing to weak business demand and the shift in customer preference toward lower fares.

In international cargo operations, the volume of cargo handled registered a decline as a result of the Company's steps to reduce capacity as well as a fall in demand amid the recession. Cargo yield also fell substantially from the previous year's level, due to a decline in fuel surcharges as well as price cuts necessitated by intensified competition and the yen's higher exchange rate.

As a result of the above, revenues for the six-month first-half period decreased by 28.8% from the same period of the previous year, to ¥763.9 billion.

With regard to costs, thanks to the Company's policy of implementing rigorous cost-cutting measures with no areas treated as off-limits, paralleled by steady progress in reforming the Company's cost structure, we achieved reductions on a year-on-year comparison for almost all cost categories, notably fuel. Unfortunately, this was not sufficient to offset the decline in revenues, and as a result, the Company posted an operating loss of ¥95.7 billion on a consolidated basis compared with an operating income of ¥30.2 billion for the same period of the previous term; an ordinary loss of ¥114.4 billion compared with an ordinary income of ¥18.0 billion; and a net loss of ¥131.2 billion compared with a net income of ¥36.6 billion.

End