

## Japan Airlines Corporation and Consolidated Subsidiaries Results for the Half-year Ended September 30 2005

**TOKYO November 7 2005:** Japan Airlines Corporation the holding company of the JAL Group announced the consolidated financial results of the JAL Group for the half year ended September 30, 2005.

Total operating revenues for the six-month period were 1,112.3 billion yen, up 3.4% on the same period last year. Operating costs were 1,096.5 billion yen (10.9% up on last year), resulting in half year operating income of 15.7 billion yen. Ordinary income was 9.7 billion yen and the first half net loss was 12 billion yen.

### JAL GROUP CONSOLIDATED RESULTS FIRST HALF FY 2005 (April 1-September 30, 2005)

Units: million yen	Half year ended 30/9 2005	Half year ended 30/9 2004	Difference
<b>Operating revenue</b>	<b>1,112,346</b>	<b>1,075,762</b>	36,584
<i>1.International Passenger</i>	360,443	346,040	14,403
<i>2.Domestic passenger</i>	340,493	344,912	- 4,419
<i>3.International cargo</i>	85,480	83,540	1,940
<i>4.Others</i>	325,900	301,200	24,600
<b>Operating expenses</b>	<b>1,096,561</b>	<b>988,862</b>	107,699
<b>Operating income (loss)</b>	<b>15,785</b>	<b>86,899</b>	- 71,114
<b>Ordinary income (loss)</b>	<b>9,780</b>	<b>107,873</b>	- 98,092
<b>Net income (loss)</b>	<b>- 12,042</b>	<b>82,962</b>	- 95,005

#### 1) FIRST HALF FACTORS

**International passenger traffic:** Transpacific, Korea and Taiwan routes showed steady demand but demand on South East Asia, Europe and Oceania routes was stagnant. On Japan-China routes demand dropped drastically as a result of anti-Japanese demonstrations in April and tourist demand did not pick up. Overall traffic rose by 0.3% in terms of revenue passenger-kilometers on a year-on-year basis and the total number of passengers carried was 7,230,244. Revenues rose 4% to 360 billion yen, 14.4 billion yen more than the same period last year.

**Domestic traffic:** Individual passenger demand was stagnant reflecting a series of safety-related issues. Total passenger demand was down by 1% on the same period last year, with a total of 22,286,276 domestic passengers carried. Traffic volume in terms of revenue passenger kilometers performed also went down by 1%. Domestic passenger revenue was down by 4.4 billion yen (-1%) to a total of 340.4 billion yen.

**International cargo traffic:** There was steady demand from Asia and China to the USA. Due to delays in inventory adjustment of semiconductor and digital home appliances, demand from Japan to Asia and the USA was weak. Demand measured in revenue cargo ton kilometers fell by 3.5% on last year. Yield rose 6% and sales revenue grew by 1.9 billion yen (+2.0% on same period last year) to 85.4 billion yen. Volume carried decreased by 4.4% to 389,821 tons.

**Fuel costs:** Fuel costs in the period averaged US\$69.6 per barrel of Singapore Kerosene versus US\$44.4 per barrel last year. At the start of the period the price was US\$54 per barrel. The fuel bill for the first half was up by 44.2 billion yen, over 32% more than the same period last year. (Total first half fuel cost: 181.3 billion yen).

**Operating costs:** Despite various cost reduction measures, operating costs increased by 107.6 billion yen compared to last year, to a total of 1096.5 billion yen, mostly due to increased fuel cost. Personnel costs rose by 50 billion yen on last year, when there was a reduction of personnel cost as a result of revisions to the pension scheme.

**Non operating and extraordinary results:** Last year the non-operating result included 34.4 billion yen of credit memos linked to aircraft purchases. There are no such memos this year. Foreign exchange gains were up by

1.6 billion yen to 3 billion yen. The final non-operating result was a loss of 6 billion yen, 26.9 billion yen below last year's result. Extraordinary losses totaled 15.6 billion yen, due to reduced valuation of assets including buildings and land.

**Exchange rate:** The average US\$-Yen exchange rate in the first half last year was 109.7 yen, compared to 108.5 yen this year produced benefits amounting to 4.5 billion yen in the air transport segment.

## 2) OUTLOOK FOR FY2005 – REVISED FORECAST

**Consolidated Financial Forecast for the Year Ending March 31, 2006:** The revised forecasts of consolidated results for the complete fiscal year replace those announced on May 9 2005 and are as follows:

Units <i>Billion yen</i>	Revised Forecast For year ending March 31, 2006	Previous forecast May 9 2005	Difference in forecast	FY2004 Result at March 31 2005	Variation on previous year Result
<b>Operating revenues:</b>	2,195	2,209	-14	2,129.8	65.1
<i>1.International passenger</i>	688	720	-32	671.2	16.7
<i>2.Domestic passenger</i>	667.5	685	-17.5	674.7	-7.2
<i>3.International cargo</i>	177	175	2	171.3	5.6
<i>4.Other</i>	662.5	629	33.5	612.4	50
<b>Operating income</b>	-34	60	-94	56.1	90.1
<b>Ordinary income</b>	-57	29	-86	69.8	-126.8
<b>Net income</b>	-47	17	-64	30	-77

## 3) FACTORS AND TRENDS, SECOND HALF

**International passenger:** Steady demand will continue on transpacific routes but demand on China and Asia routes is weak. Revenue will be below forecast.

**Domestic passenger:** Individual demand remains stagnant. Despite efforts to increase revenue, the result will be below forecast.

**International cargo:** Demand from Japan is picking up and is expected to continue. Revenue should exceed forecast.

**Fuel:** In the second half the average price per barrel of Singapore kerosene is US\$84.0 per barrel with an average for the full year of US\$77.0. JAL anticipates a fuel bill for the full year of 380 billion yen – an increase of 40 billion yen on forecast.

**Exchange rate:** 109 yen against the US\$1.00.

**Dividend:** The company has revised plans for a dividend of four yen per share to zero.

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## JAL GROUP - CONSOLIDATED TRAFFIC STATISTICS

FIRST HALF 2005 VS 2004 (April 1<sup>st</sup> – September 30 2005 vs. April 1<sup>st</sup> – September 30<sup>h</sup> 2004)

	First half 2005	First half 2004	Change% -Or points
<b>INTERNATIONAL</b>			
Passenger number	7,230,244	7,238,656	-0.1
Revenue passenger kms (000)	34,444,365	34,350,600	+0.3
Available seat kms (000)	50,754,677	49,770,767	+2.0
Revenue seat load factor	67.9%	69.0%	-1.1 points
Revenue cargo ton kms (000)	2,259,975	2,340,786	-3.5
Mail ton kilometers (000)	76,575	68,982	+11.0
Revenue ton kms (000)	5,530,216	5,606,133	-1.4
Available ton kms (000)	8,486,495	8,273,302	+2.6
Revenue weight load factor	65.2%	67.8%	-2.6 points
<b>DOMESTIC</b>			
Passenger number	22,286,276	22,521,914	-1.0
Revenue passenger kms (000)	16,708,672	16,869,741	-1.0
Available seat kms (000)	25,991,109	26,463,985	-1.8
Revenue seat load factor	64.3%	63.7%	+0.6 points
Revenue cargo ton kms (000)	191,380	196,655	-2.7
Mail ton kilometers (000)	40,845	37,013	+10.4
Revenue ton kms (000)	1,484,330	1,498,151	-0.9
Available ton kms (000)	3,047,129	3,114,043	-2.1
Revenue weight l/factor	48.7%	48.1%	+0.6 points
<b>TOTAL</b>			
Passenger number	29,516,520	29,760,570	-0.8
Revenue passenger kms (000)	51,153,037	51,220,341	-0.1
Available seat kms (000)	76,745,786	76,234,752	+0.7
Revenue seat load factor	66.7%	67.2%	-0.5 points
Revenue cargo ton kms (000)	2,451,355	2,537,441	-3.4
Mail ton kilometers (000)	117,420	105,995	+10.8
Revenue ton kms (000)	7,014,546	7,104,284	-1.3
Available ton kms (000)	11,533,624	11,387,345	+1.3
Revenue weight load factor	60.8%	62.4%	-1.6 points

- International results include data from JAL International, Japan Asia Airways and JALways

- Domestic results include data from JAL Domestic, Japan TransoceanAir, JAL Express, Japan Air Commuter, Hokkaido Air System and J-Air

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