

## JAL Group Announces First Quarter Consolidated Results for Financial Year 2006

**Tokyo, Monday August 7, 2006:** Today the JAL Group announced consolidated financial results for the first quarter (April through June 2006) of the current financial year (ending March 31 2007).

Total operating revenues for the three-month period were 522.2 billion yen, 18.8 billion yen (+3.7%) more than the same period last year. During the quarter, JAL continued its restructuring of international passenger routes by concentrating more on high profit and high growth routes. Route restructuring led to an improvement in passenger load factors, and contributed to the 5.2% increase in international passenger revenue during the period.

Cost-structure reforms conducted by the JAL Group limited the negative impact that increased fuel costs, up 11.6% on the previous year, and an unfavorable US\$ = Yen exchange rate had on operating expenses. Operating expenses were 554.1 billion yen, up 3.5% on the same period last year.

The Group posted a first quarter net result of a 26.7 billion yen loss, an improvement of 11.5 billion yen on the previous year's first quarter net loss of 38.3 billion yen.

Over the past 12 years, the first quarter result has generally shown a loss, with the loss being made up and profits earned in the second quarter.

### JAL Group First Quarter Consolidated Results for FY06

<i>Units: billions of yen</i>	1st Quarter FY06 (April 1 – June 30, 2006)	1st Quarter FY05 (April 1 – June 30, 2005)	Previous Yen Comparison	Previous Year % Comparison
Total operating revenue	522.2	503.3	18.8	103.7%
International passenger	167.8	159.6	8.2	105.2%
Domestic passenger	150.9	150.3	0.6	100.4%
International cargo	43.8	41.1	2.6	106.6%
Other	159.5	152.3	7.2	104.7%
Total operating expenses	554.1	535.4	18.7	103.5%
Operating income (loss)	- 31.9	- 32.0	0.1	-
Ordinary income (loss)	- 35.5	- 37.4	1.8	-
1st quarter net income (loss)	- 26.7	- 38.3	11.5	-

*(Figures rounded down to one decimal place.)*

### AIR TRANSPORT SEGMENT DETAILS

**International passenger traffic:** Overall passenger demand on international routes was favourable. There was particularly strong demand on Europe, US, Southeast Asia and Korea routes. Demand on China routes bounced back, making a remarkable recovery from the negative impact that last year's anti-Japanese demonstrations had on travel to China.

Due to an increase in demand for first and business class travel, and fuel surcharges introduced to cope with higher fuel prices, there was an 11.2% increase in unit price. Revenue passenger numbers decreased by 5.8% to 3,192,191 on the same period last year, mainly due to a 11.6% reduction in the number of available seats kilometer (ASK), the result of route restructuring and aircraft down-sizing. The international passenger load factor was up 4.6 points on the same period last year. Revenue passenger kilometers decreased by 5.4% and revenue grew by 8.2 billion yen (5.2%) to 167.8 billion yen.

**Domestic passenger traffic:** When compared to last year, the domestic revenue passenger total was down by 1.6% to 10,368,755, mainly due to the increase demand generated by the 2005 World Exposition held in Japan from March 25, 2005. Unit price increased due to fare increases caused by rising fuel costs, resulting in revenues of 150.9 billion yen, up 0.6 billion yen (+0.4%) on the same period last year. JAL increased the number of Class J

seats - business class seats - on domestic routes due to popular demand, and expanded its IC check in services. There was a reduction in revenue passenger kilometers of 0.8% - basically no change on the year before.

**International cargo traffic:** Demand out of overseas markets, such as China including Hong Kong, was generally weak, but demand from Japan was buoyant. Traffic measured in revenue cargo ton kilometers was down 3.4%. However, unit price rose 10.3% when compared to the previous year, due to an increase in the percentage of high yield cargo carried, and due to revised fuel surcharges. Revenue was up by 2.6 billion yen (+6.6%) to 43.8 billion yen.

**Fuel:** This year's first quarter fuel costs rose to an average of US\$82.0 per barrel of Singapore Kerosene, compared to an average price of US\$66.7 in the same period last year. Countermeasures such as fuel hedging and fuel consumption reductions, helped to limit the full impact of the price increase. As a result, the fuel bill for the quarter was 97.4 billion yen, an increase of 10.1 billion yen, up 11.6% on the same period last year.

**Foreign exchange:** The average US dollar - yen exchange rate for the period was US\$1.00 = 115 yen, compared to a rate of US\$1 = 106.7 yen for the previous year. The exchange rate had a negative effect on operating income of minus 6 billion yen.

**Forecast for the consolidated results for the year ending March 31, 2007** is unchanged on the forecast made on May 10, 2006.

## Consolidated Financial Forecast for the Year Ending March 31, 2007 (As of May 10, 2006)

<i>Units: millions of yen</i>	FY 2006 - Year ended March 31, 2007	Difference on FY2005 Year ended March 31, 2006
<b>(1) Consolidated operating revenues:</b>	2,301,000	101,700
International passenger revenue	725,000	34,800
Domestic passenger revenue	703,000	43,100
International cargo revenue	198,000	17,500
Other	675,000	6,500
<b>(2) Consolidated operating income</b>	17,000	43,800
<b>(3) Consolidated ordinary income</b>	500	42,100
<b>(4) Consolidated net income</b>	3,000	50,200

## JAL Group Consolidated Traffic Statistics First Quarter

	<b>First Quarter FY2006</b> (April 1 - June 30 2006)	<b>First Quarter FY2005</b> (April 1 - June 30 2005)	<b>Change % Or points</b>
<b>INTERNATIONAL</b>			
Passenger number	3,192,191	3,390,003	94.2%
Revenue passenger Kilometers (000)	15,341,359	16,219,477	94.6%
Available seat Kilometers (000)	21,961,711	24,854,560	88.4%
Revenue seat load factor	69.9%	65.3%	4.6
Revenue cargo ton Kilometers (000)	1,049,579	1,086,497	96.6%
Mail ton kilometers (000)	38,548	37,669	102.3%
Revenue ton Kilometers (000)	2,510,256	2,628,343	95.5%
Available ton kilometers	3,819,694	4,122,269	92.7%
Revenue weight load factor	65.7%	63.8%	1.9
<b>DOMESTIC</b>			
Passenger number	10,368,755	10,542,344	98.4%
Revenue passenger Kilometers (000)	7,724,386	7,786,396	99.2%
Available seat Kilometers (000)	12,779,296	12,732,734	100.4%

Revenue seat load factor	60.4%	61.2%	-0.8
Revenue cargo ton Kilometers (000)	90,637	91,801	98.7%
Mail ton kilometers (000)	19,327	19,028	101.6%
Revenue ton Kilometers (000)	697,319	693,591	100.5%
Available ton kilometers	1,500,428	1,493,280	100.5%
Revenue weight l/factor	46.5%	46.4%	0.1
<b>TOTAL</b>			
Passenger number	13,560,946	13,932,347	97.3%
Revenue passenger Kilometers (000)	23,065,745	24,005,873	96.1%
Available seat Kilometers (000)	34,741,007	37,587,294	92.4%
Revenue seat load factor	66.4%	63.9%	2.5
Revenue cargo ton Kilometers (000)	1,140,216	1,178,298	96.8%
Mail ton kilometers (000)	57,875	56,697	102.1%
Revenue ton Kilometers (000)	3,207,575	3,321,934	96.6%
Available ton Kilometers (000)	5,320,122	5,615,549	94.7%
Revenue weight l/f	60.3%	59.2%	1.1

International results include data from JAL, Japan Asia Airways and JALways. Domestic results include data from JAL, Japan Transocean Air, JAL Express, Japan Air Commuter, Hokkaido Air System and J-Air.. Domestic results for the 1<sup>st</sup> quarter FY2006 also includes data from Ryukyu Air Commuter.

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