# Summary of JAL Group 1st Quarter Consolidated Results for Financial Year 2008

**Disclaimer**

This financial information is unaudited.

The original Japanese language version of summary statements of financial results is the official version. This is an English version of the Japanese statement of financial results that has been summarized in English for reference purposes for non-Japanese readers. In the event of a discrepancy between the Japanese and English versions, the Japanese version shall prevail.

## 1. Qualitative Information concerning the consolidated financial results

### (1) Overview of business performance

The first quarter (April through June 2008) of the current fiscal year saw continued modest economic expansion in East Asia and the Eurozone. In the United States, however, there was mounting concern about recession, fueled by factors such as the unrest in financial markets sparked by the subprime mortgage loan problem and other issues such as soaring energy prices and the sluggishness of the housing market. Overall, the world economy showed increasingly widespread signs of slowing.

In Japan, meanwhile, developments such as further sharp rises in prices of raw materials and energy caused corporate earnings to decline, and growth in both capital investment and consumer spending slowed. In consequence, the domestic economy as a whole tended to decelerate during the quarter.

For the JAL Group, the operating environment was characterized by persistently high prices for aviation fuel, intensifying competition, and fears of a decline in aviation demand as a result of the slowdown in the world economy. In view of this situation, there is little cause for optimism.

Against this background, in February 2008 we completed formulation of our FY2008-2010 New Medium-Term Revival Plan, which deepens and broadens the previous Medium-Term Revival Plan, and has the aim to building a solid corporate structure that will enable the JAL Group to generate stable profit in any environment, no matter how harsh. In line with this new plan, we have been working vigorously to reduce costs across the board, strengthen the competitiveness of our product and service offerings, and enhance profitability.

In international passenger operations we continued our vigorous program of aircraft downsizing, enhancing profitability by switching the aircraft operated on Osaka ( Kansai )–Guangzhou routes etc. from Boeing 767-300s to Boeing 737-800s, and increasing flight frequency on routes with strong business demand, such as the Narita -New York and Narita–Moscow routes. These changes formed part of a finely-tuned network restructuring strategy. In addition, in April 2008 Japan Asia Airways was integrated into JAL International, thereby enhancing both convenience and efficiency.

During the quarter we also expanded our code-sharing agreements with British Airways and Finnair, both fellow members of the **one**world global alliance, expanding the JAL network in Europe to 38 routes providing service to 26 cities. Also, with China Eastern Airlines we improved convenience by expanding code-sharing routes substantially, to 15 in total. This code-share expansion increased the total number of routes offered by JAL's between Japan and China to 36, creating the largest network between two countries, serving 13 destinations in China with a total of 318 flights every week.

At Narita Airport, JAL's main international hub, following the remodeling of our First Class, Executive Class counters and the introduction of completely new JGC and Support counters in December 2007, further steps were taken to enhance passenger convenience. These included the revamping of our Economy Class counters which were unveiled at the airport in April 2008 together with the introduction of a new type of automated self check-in machines, and the inauguration of dedicated counters for JAL Premium Economy passengers.

In domestic passenger operations, we made further progress with our measures initiated in the previous fiscal year, increasing profitability by making revisions to our routes. We also used fares as a tool to combat intensifying competition from other airlines and the Shinkansen. Steps taken here included the introduction, in April, of the "JAL Business Ticket," a new discount fare for domestic routes that can be reserved and purchased right up to the embarkation date, and the revision of fares in the "Tokubin (specific-flights) discount" scheme on some routes. Among other efforts introduced to stimulate demand, our "Sakitoku (Advance) Discount Fares" were extended to include routes to which they had not previously applied, thereby covering the entire domestic network, and our range of travel products was further improved by enhancements made to our "JAL Dynamic Package" offerings available via the Internet.

In international cargo operations, we continued our program of enhancing profitability by decommissioning conventional Boeing 747 freighters. As part of the enhanced dedication to quality called for by the New Medium-Term Revival Plan, we expanded the high-value-added J-PRODUCTS service, which caters to the diverse needs of customers by offering optimum handling, customized for individual cargo categories.

Steps were also taken to enhance and broaden JAL's Premium strategies, which constitute one of the core components of the New Medium-Term Revival Plan. On international routes, the JAL Premium Economy service, which was very favorably received when introduced on the Narita–London route in December 2007 and on the Narita–Frankfurt route in February this year, was extended to the Narita–Paris route in April. In the current fiscal year we plan to extend it to the routes between Narita and New York, San Francisco, Amsterdam, and Moscow, Osaka ( Kansai)–London route, and the Nagoya–Paris route. On domestic routes, meanwhile, after inaugurating the JAL First Class service on the route between Tokyo (Haneda) and Osaka (Itami) in December 2007, on which it has gained considerable praise from passengers, during the quarter we added this service to the Haneda–Fukuoka route in April and the Haneda–Sapporo route in June.

The JAL Group has also been putting importance on increasing the number of members of the JAL Mileage Bank (JMB), Japan's largest frequent flyer program, and enhancing the content of the program. The amount of JMB mileage a passenger can accrue on domestic Japan flights now varies depending on the route traveled. We have also made innovations to render the program more user-friendly, including conducting promotional campaigns in which members can exchange even small amounts of miles for awards on both international and domestic routes. Customer convenience was also boosted by the extension of the cutoff period for redemption of miles to 36 months after the miles were accumulated, from the previous cutoff of the end of December of the year two years after the time of flying. Boosted by these measures, the number of JMB members reached 21 million at the end of June 2008.

In addition, as companies are assuming increasing social responsibility for conserving the environment, the JAL Group regards environment-conscious practices as an important management issue. Accordingly, in April 2008 JAL issued the "Sky Eco" declaration, pledging to further strengthen and promote the measures it has long been implementing in the sphere of environmental issues. On international routes, JAL engages in environmental activities such as monitoring greenhouse gases in the upper atmosphere, and reporting wildfires using passenger aircraft flying on international routes. Through a variety of measures, the JAL Group is targeting cuts in carbon dioxide emissions from its fleet of 20% of transport capacity in terms of available ton-kilometers by fiscal 2010 compared with fiscal 1990 levels.

With regard to operating costs, fuel prices have remained at record-high levels, but the Group has taken various measures to reduce fuel consumption and absorb the impact of this to the greatest possible extent. The measures have included flexible fuel hedging, the enhancement of fuel efficiency through fleet renewal, the adoption of more fuel efficient flight operations such as choosing optimum flying altitudes and new landing methods, an increase in the frequency aircraft engines are cleaned, and the reduction of the weight of cabin equipment and cargo containers.

As a result of the developments outlined above, total operating revenues in the air transportation segment increased by ¥6.1 billion year-on-year, since positive factors such as strong international passenger demand more than offset the reduction in capacity resulting from route restructuring and aircraft downsizing. On a consolidated basis, however, total operating revenues fell by ¥30.3 billion, to ¥ 490.3 billion, primarily because former consolidated subsidiary Pacific Fuel Trading Corporation (PFTC) was removed from the scope of consolidation as a result of the sale of its shares.

Consolidated operating costs declined by ¥42.8 billion, to ¥486.4 billion, because in spite of sharp increases in fuel prices, Group-wide efforts to reduce costs achieved results, and PFTC was removed from the consolidated financial statement. In consequence, we achieved growth in consolidated income: operating income up by ¥12.4 billion, to ¥3.9 billion; ordinary income up by ¥3.9 billion, to ¥0.7 billion; and net income up by ¥0.8 billion, to minus ¥ 3.4billion.

**(2) Results by business segment (prior to adjustments for intersegment transactions)**

a. Air Transportation Segment

In line with the measures set out in the New Medium-Term Revival Plan, passenger capacity on international routes declined by 3.5% year-on-year as measured by available seat-kilometers (ASK), owing to route restructuring and aircraft downsizing. There was increased demand on Hawaii routes and routes to Korea, where inbound traffic was very strong, but demand was down year-on-year on Europe, transpacific, Oceania, Southeast Asia, and Guam routes on which capacity was reduced and leisure demand was weak. Demand on routes to China, particularly tourist demand, was weak because of events such as food scares, and the Sichuan earthquake, and was well down on the previous first quarter. In consequence, overall demand fell by 5.7% in terms of revenue passenger kilometers (RPK), and the passenger load factor (L/F) slipped by 1.5 points, to 66.3%.

Revenues from international passenger operations increased by 4.8% year-on-year, to ¥180.4 billion. The principal factors behind this were growth in business demand and the shift of resources to more profitable routes, and to the raising of fares and fuel surcharges, which boosted passenger yield by 11.2% year-on-year.

Capacity on domestic routes fell by 2.6% year-on-year in terms of available seat-kilometers (ASK), primarily because of route restructuring and the downsizing of aircraft so that supply better matched demand. Demand, however, was down by only 0.3% in terms of revenue passenger kilometers (RPK), because in spite of the slowing of demand growth by individual passengers through the quarter, demand for group travel was strong. In consequence, the passenger load factor (L/F) rose by 1.4 points, to 60.6%. Passenger yield fell by 0.8% year-on-year, particular among group passengers, causing domestic passenger revenues to decline by 1.1%, to ¥153.7 billion.

Total capacity for international air cargo transportation declined by 4.9 % year-on-year in terms of available cargo ton-kilometers, because conventional Boeing 747 freighters were progressively decommissioned partly because fuel prices remained high.

On the demand side, factors such as the slowing of the economy and the strength of the yen against the dollar were instrumental in causing year-on-year falls in demand on routes to the United States and Europe, on which capacity had been reduced, though cargo space utilization efficiency had been improved. On routes to China, on which capacity had been increased, there was robust demand with both export and import cargo volumes exceeding year-earlier levels. Demand on routes to Southeast Asia was up year-on-year, in part because of the suspension of operations by competitors. As a result, due to the increase in percentage of short-haul routes operated to China and Southeast Asia, the total volume of air cargo transportation in terms of revenue cargo ton-kilometers (RCTK) declined by 6.6% year-on-year.
Cargo yield rose by 9.6%, boosted partly by the raising of the fuel surcharge from April. As a result, revenue rose by 2.3% year-on-year, to ¥45.4 billion.
In international mail services, business originating in Japan, and also primarily in the U.S., remained brisk.

Since the outset of FY2008, fuel prices (Singapore Kerosene) have risen still further, moving in the US$125–175/barrel range in the April–June quarter. In response, JAL conducted a flexible fuel hedging policy and took other active steps to reduce fuel costs, including aircraft downsizing. As a result, in view of the effect of strong yen, fuel cost increased only by 3.6 billion yen to 101. 1 billion yen compared to last year. Costs other than fuel costs in the air transportation segment were reduced to below their year-earlier levels in almost every category, thanks to the stepping up of in-house cost-reduction measures. Also JAL implemented a variety of measures to increase revenues, for example the implementation of its Premium strategies, doing everything possible to absorb the impact of the increases in the price of fuel.

As a result of the factors outlined above, total operating revenues in the air transportation segment rose by 1.4% year-on-year, to ¥428.1 billion, and operating income was up by ¥14.2 billion at ¥3.3 billion.

b. Airline-Related Business Segment

TFK Corporation, an in-flight catering company, posted growth in revenue, buoyed in particular by the inauguration of the new route between Haneda and Shanghai (Hongqiao) and by the winning of commissions for lounges at Narita Airport. The impact of steep increases in fuel costs, however, was instrumental in causing profit to decline.

The revenues of the airline-related business segment fell by ¥33.4 billion year-on-year, to ¥52.7 billion, and operating income was down by ¥1.0 billion, at ¥0.3 billion.

Note: The principal reasons for the decline in revenues and profits was the change in status of AGP Corporation from consolidated subsidiary to affiliate accounted for by the equity method, as well as the sale of subsidiary PFTC.

c. Travel Services Business Segment

At JALPAK, tour business to China remained depressed from the second half of the preceding fiscal year, and during the quarter business was down year-on-year to all destinations. As a result, both revenue and profit fell.

At JAL Tours, however, revenue was up. This was because, in spite of a decline in unit tour prices as a result of price competition, with the exception of the Chubu region the number of passengers handled was up across the board from a year earlier: that is, to Hokkaido, the Tohoku and Hokuriku regions, the Kanto district, the Kansai, central Japan, and Shikoku regions, Kyushu, and Okinawa. Operating income declined, however, as the company benefited from only a slim reduction in procurement unit price.

Revenues in this travel services business segment declined by ¥ 9.6 billion year-on-year, to ¥79.7 billion, and the operating loss widened by ¥0.2 billion, to ¥1.3 million.

d. Credit Card and Leasing Services Business

The Group’s credit card company, JALCard, made vigorous efforts to attract new cardholders, for example by introducing "JAL Business Ticket" exclusively to members. As a result, the number of cardholders at the end of June 2008 was up by 3% from the end of March, at approximately 2.09 million. In addition, growth in transaction volume caused both revenue and profit to rise.

Revenues in this segment grew by ¥1.0 million year-on-year, to ¥17.5 billion, and operating income rose by ¥0.3 billion, to ¥1.5 billion.

e. Other Businesses

Hotel operator JAL Hotels terminated operations at its directly managed hotels Hotel Nikko Winds Narita and Hotel Nikko Bayside Osaka, with the result that both revenue and profit declined. In addition, subsidiaries Nikko Hotels (U.K.) Ltd., and Hotel Nikko Saipan, Inc.were sold.

Revenues in this segment declined by ¥4.0 billion year-on-year, to ¥20.5 billion, and operating income was down by ¥0.4 billion, to ¥0.1 billion.

**2. Qualitative information relating to consolidated financial condition**

(1) Assets, Liabilities and Net Assets

Total assets at the end of the first quarter stood at ¥2,247.5 billion, representing an increase of ¥124.7 billion from the end of the previous fiscal year. This increase comprised an increase in current assets of ¥53.4 billion, attributable to an increase in derivative assets as a result of fuel price hike and an increase in noncurrent assets of ¥71.5 billion. As a result of a rise in deferred tax liabilities related to derivative assets, total current liabilities rose by ¥33.6 billion, while noncurrent liabilities fell by ¥26.0 billion, principally because transfers of corporate bonds and long-term borrowings to current liabilities caused the totals of those two categories to decline by ¥15.0 billion and ¥27.7 billion respectively. In consequence, total liabilities increased by ¥7.6 billion, to ¥1,659.3 billion. With regard to net assets, since a net loss was posted for the quarter, retained earnings fell by ¥3.4 billion, but principally because of an increase in net deferred hedge gains as a result of the application of hedge accounting, net assets rose by ¥117.0 billion, to ¥588.1 billion.

(2) Cash flows

Cash and cash equivalents as of the end of the fiscal 2008 first-quarter period stood at ¥278.8 billion, for a decrease of ¥75.1 billion from the previous fiscal year-end.

Cash flow from operating activities

Net cash provided by operating activities amounted to ¥2.2 billion, for a decrease of ¥28.7 billion year-on-year. This figure factors in depreciation expenses and non-cash items, as well as trade receivables and payables, into a loss before income taxes of ¥2.1 billion for the reporting first quarter.

Cash flow from investing activities

Net cash used in investing activities came to ¥40.8 billion, for an increase of ¥27.4 billion year-on-year. Cash inflow from the sale and redemption of investment securities, and from the sale of property & equipment, recorded a decline compared with the same quarter of the previous year, while expenditure on the acquisition of investment securities and property & equipment increased.

Cash flow from financing activities

Net cash used in financing activities increased by ¥15.3 billion year-on-year, to ¥37.3 billion, as a result of a decrease of ¥60.5 billion in cash inflow from long-term loans and an increase in cash outflow from the repayment of long-term loans.

**3.Others**

(1) Changes in scope of consolidation

Not applicable

(2) Employment of simplified accounting method and special accounting method for the preparation of quarterly financial statements

Not applicable

(3) Changes to accounting standards and special methods for the preparation of quarterly financial statements

1. Effective, April 2008, we have applied Business Accounting Standard No. 12 (Accounting Standards for the Preparation of Quarterly Financial Statements) and Application Guidelines for Accounting Standard No. 14 (Application Guidelines for Accounting Standards for the Preparation of Quarterly Financial Statements). In addition, our quarterly financial statements have been prepared in accordance with current regulations governing the preparation of consolidated quarterly financial statements.

2. The value of inventories was formerly determined primarily by the cost method based on the moving average method, but the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, Accounting Standards Board, July 5, 2006) is being applied as of the reporting first quarter. Inventory value remains to be determined primarily by the cost

method based on the moving average method (regarding balance sheet values, however, they are being calculated by a method that reduces book value on the basis of declines in profitability). The effect of this on profit and loss is insignificant.

3. Effective, this first quarter, the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ Practical Issues Task Force No. 18, May 17, 2006) is being applied. The effect of this on profit and loss is insignificant.

4. Capital lease transactions in which there is no transfer of ownership were formerly accounted for by a method corresponding to that used for ordinary operating lease contracts. However, for quarterly financial statements relating to accounting years commencing on or after April 1, 2008, it is permitted to apply the Accounting Standard for Lease Transactions (ASBJ Statement No. 13 (June 17, 1993 (Business Accounting Council, First Subcommittee) revised March 30, 2007) and the Implementation Guidance on the Accounting Standard for Lease Transactions (ASBJ Guidance No. 16 (January 18, 1994 (Japanese Institute of Certified Public Accountants, Accounting System Committee) revised March 30, 2007). Accordingly, they are being duly applied as of the reporting first quarter in accordance with accounting relating to ordinary buying and selling transactions. With regard to the method of depreciation of leased assets relating to capital lease transactions in which there is no transfer of ownership, the assets are depreciated by the straight-line method on the assumption that the lease term is the useful life and the residual value is zero.

With regard to finance leases in which there is no transfer of ownership for which contracts were concluded prior to April 1, 2008, they will continue to be accounted for by a method corresponding to that used for ordinary operating lease contracts.
The effect of this on profit and loss is insignificant.

Japan Airlines Corporation and Consolidated Subsidiaries

Comparative Consolidated Balance Sheets

| | FY2008 first quarter As of Jun.30 | FY2007 As of Mar.31 |
|---|---|---|
| | *(Millions of yen)* | |
| **Assets** | | |
| I. Current assets: | | |
| Cash and time deposits | ¥ 279,683 | ¥ 354,977 |
| Notes and accounts receivable – trade | 261,582 | 241,349 |
| Supplies | 94,200 | 90,985 |
| Other current assets | 231,603 | 126,578 |
| Allowance for bad debts | (3,322) | (3,575) |
| Total current assets | 863,748 | 810,315 |
| II. Fixed assets: | | |
| Tangible fixed assets: | | |
| Flight equipment | 728,366 | 721,967 |
| Other tangible fixed assets | 311,009 | 315,149 |
| Total tangible fixed assets | 1,039,375 | 1,037,117 |
| Intangible fixed assets: | 81,724 | 82,838 |
| Investments: | 260,952 | 190,579 |
| Total fixed assets | 1,382,051 | 1,310,534 |
| III. Deferred charges: | | |
| Total deferred charges | 1,717 | 1,933 |
| Total assets | ¥2,247,517 | ¥2,122,784 |

| | FY2008 first quarter As of Jun.30 | FY2007 As of Mar.31 |
|---|---|---|
| | *(Millions of yen)* | |
| **Liabilities** | | |
| I. Current liabilities: | | |
| Accounts payable – trade | ¥ 248,729 | ¥ 264,914 |
| Short-term borrowings | 3,631 | 3,084 |
| Current portion of bonds | 43,000 | 28,000 |
| Current portion of long-term loans | 121,783 | 130,335 |
| Accrued income taxes | 1,828 | 4,454 |
| Allowance | — | 6,529 |
| Other current liabilities | 275,948 | 223,910 |
| Total current liabilities | 694,921 | 661,229 |
| II. Non-current liabilities: | | |
| Bonds | 87,229 | 102,229 |
| Long-term loans | 623,659 | 651,416 |
| Accrued pension and severance costs | 95,781 | 95,485 |
| Other Allowance | 6,580 | 15,210 |
| Other non-current liabilities | 151,222 | 126,142 |
| Total non-current liabilities | 964,473 | 990,483 |
| Total liabilities | 1,659,394 | 1,651,713 |
| **Net assets** | | |
| I. Stockholders' equity: | | |
| Common stock and preferred stock | 251,000 | 251,000 |
| Capital surplus | 155,833 | 155,836 |
| Retained earnings | 37,905 | 41,320 |
| Common stock in treasury, at cost | (894) | (890) |
| Total stockholders' equity | 443,844 | 447,266 |
| II. Valuation, translation adjustments and other: | | |
| Net unrealized gain on other securities, net of taxes | 1,692 | 2,578 |
| Net unrealized gain on hedging instruments, net of taxes | 130,431 | 8,167 |
| Translation adjustments | (4,684) | (4,077) |
| Total valuation, translation adjustments and other | 127,438 | 6,668 |
| III. Minority interests | 16,839 | 17,136 |
| Total net assets | 588,122 | 471,070 |
| Total liabilities and net assets | ¥2,247,517 | ¥2,122,784 |

## Japan Airlines Corporation and Consolidated Subsidiaries

## Consolidated Statements of Operations

For the first quarter ended June 30, 2008

| | **FY2008 first quarter** |
|---|---|
| | *(Millions of yen)* |
| Operating revenues | ¥ 490,336 |
| Cost of operating revenues | 404,319 |
| Gross Profit | 86,016 |
| Selling, general and administrative expenses | 82,102 |
| Operating income | 3,914 |
| Non-operating income: | |
| Interest income and dividend income | 1,376 |
| Equity in earnings of affiliates | 650 |
| Other non-operating income | 2,154 |
| Total non-operating income | 4,182 |
| Non-operating expenses: | |
| Interest expense | 4,576 |
| Other non-operating expenses | 2,768 |
| Total non-operating expenses | 7,345 |
| Ordinary income | 751 |
| Extraordinary gain: | |
| Gain on revision of actuarial calculation method for projected benefit obligation from simplified method to the standard method | 221 |
| Other extraordinary gain | 75 |
| Total extraordinary gain | 296 |
| Extraordinary losses: | |
| Non-recurring depreciation | 1,436 |
| Other extraordinary losses | 1,730 |
| Total extraordinary losses | 3,166 |
| Income before income taxes and minority interests | (2,118) |
| Income taxes | 1,750 |
| Minority interests | (453) |
| Net (loss) income | ¥ (3,414) |

Japan Airlines Corporation and Consolidated Subsidiaries

# Consolidated Statements of Cash Flows

For the first quarter ended June 30, 2008

| | **FY2008 first quarter** |
|---|---|
| | *(Millions of yen)* |
| **Operating activities** | |
| Income before income taxes and minority interests | ¥ (2,118) |
| Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities: | |
| Depreciation and amortization | 28,290 |
| Gain and loss on sales and loss on revaluation of short-term investments in securities and investments in securities, net | 3 |
| Gain and loss on sales and disposal of fixed assets and loss on impairment of fixed assets, net | 1,400 |
| Net provision for accrued pension and severance costs | 287 |
| Interest and dividend income | (1,376) |
| Interest expense | 4,576 |
| Exchange loss, net | (1,144) |
| Equity in earnings of affiliates | (650) |
| Increase in notes and accounts receivable – trade | (20,372) |
| Increase in supplies | (3,302) |
| Decrease in accounts payable – trade | (16,408) |
| Other | 20,842 |
| Subtotal | 10,027 |
| Interest and dividends received | 1,640 |
| Interest paid | (5,499) |
| Income taxes paid | (3,916) |
| Net cash provided by operating activities | 2,251 |
| **Investing activities** | |
| Purchases of time deposits | (122) |
| Proceeds from maturity of time deposits | 197 |
| Purchases of fixed assets | (51,648) |
| Proceeds from sales of fixed assets | 15,500 |
| Purchases of short-term investments in securities | (4) |
| Purchases of investments in securities | (4,360) |
| Loans receivable made | (847) |
| Collection of loans receivable | 363 |
| Other | 68 |
| Net cash used in investing activities | (40,853) |

Japan Airlines Corporation and Consolidated Subsidiaries

## Consolidated Statements of Cash Flows (continued)

For the first quarter ended June 30, 2008

| | FY2008 first quarter |
|---|---|
| | *(Millions of yen)* |
| **Financing activities** | |
| Increase in short-term borrowings, net | ¥ 301 |
| Proceeds from long-term loans | 525 |
| Repayment of long-term loans | (36,833) |
| Dividends paid to minority interests | (174) |
| Other | (1,170) |
| Net cash (used in) provided by financing activities | (37,352) |
| Effect of exchange rate changes on cash and cash equivalents | 1,047 |
| Net decrease in cash and cash equivalents | (74,906) |
| Cash and cash equivalents at beginning of year | 354,037 |
| Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation | (235) |
| Cash and cash equivalents at end of year | ¥ 278,894 |

## Components of Revenues from the Air Transportation Segment

| | FY2007 first quarter Apr.1～Jun.30 | | FY2008 first quarter Apr.1～Jun.30 | | Change |
|---|---|---|---|---|---|
| | Amount | Percentage | Amount | Percentage | Percentage |
| | | *(Millions of yen)* | | | |
| International: | | | | | |
| Passenger operations | \172,126 | 40.8% | \180,437 | 42.1% | 104.8% |
| Cargo operations | 44,433 | 10.5% | 45,475 | 10.6% | 102.3% |
| Mail-service operations | 2,221 | 0.5% | 2,277 | 0.6% | 102.5% |
| Luggage operations | 499 | 0.1% | 415 | 0.1% | 83.2% |
| Subtotal | 219,281 | 51.9% | 228,605 | 53.4% | 104.3% |
| Domestic: | | | | | |
| Passenger operations | 155,414 | 36.8% | 153,720 | 35.9% | 98.9% |
| Cargo operations | 6,763 | 1.6% | 8,298 | 2.0% | 122.7% |
| Mail-service operations | 2,408 | 0.6% | 1,369 | 0.3% | 56.9% |
| Luggage operations | 70 | 0.0% | 63 | 0.0% | 89.4% |
| Subtotal | 164,656 | 39.0% | 163,451 | 38.2% | 99.3% |
| Total of International & Domestic | 383,937 | 90.9% | 392,057 | 91.6% | 102.1% |
| Other revenues | 15,064 | 3.6% | 16,051 | 3.7% | 106.6% |
| Incidental business revenues | 23,069 | 5.5% | 20,079 | 4.7% | 87.0% |
| Total revenues | \422,071 | 100.0% | \428,187 | 100.0% | 101.4% |

Note: Figures are rounded-down.

# Consolidated Traffic Results

| | FY2007 first quarter April 1－June 30 | FY2008 first quarter April 1－June 30 | Change Percentage |
|---|---|---|---|
| **International:** | | | |
| Number of passengers | 3,091,999 | 2,935,698 | 94.9 |
| Revenue Passenger-Km(thousand km) | 14,024,825 | 13,225,918 | 94.3 |
| Available Seat-Km(thousand km) | 20,675,767 | 19,953,650 | 96.5 |
| Passenger load factor | 67.8 | 66.3 | (1.5) |
| Revenue Cargo Tons-Km(thousand | 1,071,818 | 1,001,200 | 93.4 |
| Mail Tons-Km(thousand km) | 40,685 | 48,263 | 118.6 |
| Revenue(total) Tons-Km(thousand km) | 2,412,255 | 2,275,108 | 94.3 |
| Available Tons-Km(thousand km) | 3,714,138 | 3,549,765 | 95.6 |
| Weight load factor(*) | 64.9 | 64.1 | (0.8) |
| **Domestic:** | | | |
| Number of passengers | 10,028,920 | 9,958,042 | 99.3 |
| Revenue Passenger-Km(thousand km) | 7,459,864 | 7,435,981 | 99.7 |
| Available Seat-Km(thousand km) | 12,592,882 | 12,263,524 | 97.4 |
| Passenger load factor | 59.2 | 60.6 | 1.4 |
| Revenue Cargo Tons-Km(thousand | 94,032 | 109,508 | 116.5 |
| Mail Tons-Km(thousand km) | 20,055 | 8,496 | 42.4 |
| Revenue(total) Tons-Km(thousand km) | 673,080 | 675,244 | 100.3 |
| Available Tons-Km(thousand km) | 1,475,472 | 1,457,583 | 98.8 |
| Weight load factor(*) | 45.6 | 46.3 | 0.7 |
| **Total:** | | | |
| Number of passengers | 13,120,919 | 12,893,740 | 98.3 |
| Revenue Passenger-Km(thousand km) | 21,484,689 | 20,661,899 | 96.2 |
| Available Seat-Km(thousand km) | 33,268,649 | 32,217,174 | 96.8 |
| Passenger load factor | 64.6 | 64.1 | (0.5) |
| Revenue Cargo Tons-Km(thousand | 1,165,850 | 1,110,708 | 95.3 |
| Mail Tons-Km(thousand km) | 60,740 | 56,759 | 93.4 |
| Revenue(total) Tons-Km(thousand km) | 3,085,335 | 2,950,352 | 95.6 |
| Available Tons-Km(thousand km) | 5,189,610 | 5,007,348 | 96.5 |
| Weight load factor(*) | 59.5 | 58.9 | (0.6) |

Notes:

International：Japan Airlines International Co., Ltd. + Jalways Co., Ltd.
Domestic： Japan Airlines International Co., Ltd. + Japan Trans Ocean Air Co., Ltd. + Jal Express Co., Ltd. + Japan Air Commuter Co., Ltd. + Hokkaido Air System Co., Ltd. + J Air Co., Ltd. + Ryukyu Air Commuter Co., Ltd.

With regard to the first quarter of FY2007 ,
International：Japan Airlines International Co., Ltd. + Japan Asia Airways Co., Ltd. + Jalways Co., Ltd.
Domestic： Japan Airlines International Co., Ltd. + Japan Trans Ocean Air Co., Ltd. + Jal Express Co., Ltd. + Japan Air Commuter Co., Ltd. + Hokkaido Air System Co., Ltd. + J Air Co., Ltd. + Ryukyu Air Commuter Co., Ltd.

(*)Weight load factor：Revenue(total) Tons-Km(thousand km)／Available Tons-Km(thousand