



## JAL GROUP NEWS RELEASE

### JAPAN AIRLINES CORPORATION AND CONSOLIDATED SUBSIDIARIES RESULTS FOR THE HALF-YEAR ENDED SEPTEMBER 30 2004

**TOKYO November 5:** 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, 2004.

Total operating revenues for the six-month period were 1,075.7 billion yen, up 13.9% on the same period last year. Operating costs were 988.8 billion yen (0.4% down on last year), resulting in half year operating income of 86.8 billion yen. Ordinary income was 107.8 billion yen and the first half net income was 82.9 billion yen.

#### JAL GROUP CONSOLIDATED RESULTS FIRST HALF FY 2004 April 1-September 30 2004

Units: million yen	Half year ended 30/9 2004	Half year ended 30/9 2003	Difference
<b>Operating revenue</b>	<b>1,075,762</b>	<b>944,476</b>	131,286
<i>1.International Passenger</i>	346,000	250,700	95,300
<i>2.Domestic passenger</i>	344,900	343,800	1,100
<i>3.International cargo</i>	83,500	71,300	12,200
<b>Operating expenses</b>	<b>988,800</b>	<b>992,900</b>	-4,100
<b>Operating income (loss)</b>	<b>86,899</b>	<b>(- 48,475)</b>	135,374
<b>Ordinary income (loss)</b>	<b>107,873</b>	<b>(-49,879)</b>	157,752
<b>Net income (loss)</b>	<b>82,962</b>	<b>(-57,591)</b>	140,553

#### First half factors

- **International passenger traffic.** International passenger demand rose by 46.2% year-on-year in terms of the number of passengers carried and by 32.3% in terms of revenue passenger-kilometers. Even so, revenues rose by 95.3 billion yen to 346 billion yen.
- **Domestic traffic.** Domestic passenger leisure demand was affected by the shift in demand back to international routes, reversing the switch to domestic routes in FY2003. Measures to boost sales included introduction of the new "Class-J" service and increased use of e-business sales methods. The number of domestic passengers went down by 7.2% in comparison to the same period last year. Revenue passenger kilometers performed went down by 6.6%. However, following an improvement in yield, domestic passenger revenue was up by 1.1 billion yen to a total of 344.9 billion yen.
- **International cargo traffic.** International cargo operations benefited from a substantial increase in demand for digital consumer products. Revenue grew by 12.2 billion yen (+17% on same period last year) to 83.5 billion yen. Volume carried rose 17.2% to 407,881 tons.

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- JAL FIRST HALF FY2004/2
- Fuel costs in the period last year averaged US\$30.6 per barrel of Singapore Kerosene but in the same period this year the price averaged US\$44.4 per barrel, whereas. JAL's forecast was based on US\$34 per barrel. The increase in the fuel bill for the first half was 15.5 billion yen, 13% more than the same period last year. (total first half fuel cost: 137.1 billion yen).:
- Despite the rise in fuel costs, JAL took remedial measures to reduce operating costs including more efficient utilization of aircraft and personnel made possible as a result of the integration with Japan Air System. Adoption of a new pension scheme has also reduced costs. As a result operating costs for the half year are 4 billion yen less than the same period last year.
- The average US\$-Yen exchange rate in the same period last year was 118.7 yen, compared to 109.7 yen this year. The stronger yen produced exchange benefits amounting to 9.3 billion yen in the air transport segment.
- Non-operating income included 34.4 billion yen in credits from manufacturers relating to aircraft and equipment purchase (18.9 billion yen more than the first half last year).
- **OUTLOOK FOR FY2004 – REVISED FORECAST**
- **Consolidated Financial Forecast for the Year Ending March 31, 2005:** The revised forecasts of consolidated results for the complete fiscal year replace those announced on May 9 2004 and are as follows

<b>Units Billion yen</b>	<b>Revised forecast Nov 5 2004</b>	<b>Previous forecast May 7 2004</b>	<b>Difference in forecast</b>	<b>FY2003 Result at March 31 2004</b>	<b>Variation on previous year result</b>
<b>Operating revenues:</b>	2,128	2,190	-62	1,931.7	196.3
<i>1. International passenger</i>	<i>676</i>	<i>695</i>	<i>-19</i>	<i>549.7</i>	<i>126.3</i>
<i>2. Domestic passenger</i>	<i>672</i>	<i>690</i>	<i>-18</i>	<i>668.8</i>	<i>3.2</i>
<i>3. International cargo</i>	<i>171</i>	<i>162</i>	<i>+9</i>	<i>153.0</i>	<i>1.8</i>
<b>Operating income</b>	53	81	-28	-67.6	120.6
<b>Ordinary income</b>	66	69	-3	-71.9	137.9
<b>Net income</b>	23	36	-13	-88.6	111.6

#### **Factors and trends, second half**

- **International passenger** trends show that business travel demand has recovered from the adverse effects of the SARS outbreak of 2003 and the Iraq war, but recovery of group leisure travel to Southeast Asia and Europe has been slower than anticipated and overall international passenger performance is below expectations
- **Domestic passenger** demand has been affected by a post-SARS shift back to international travel and by the large number of typhoons that hit Japan this summer. Total domestic demand especially leisure travel is seen as weaker than first thought.

- JAL FIRST HALF FY2004/3
- **International cargo** operations are running well, due to the generally good condition of the global economy and are above last year's performance
- **Fuel.** In the second half the average price per barrel of Singapore kerosene has reached US\$62 per barrel, meaning for the full year an average price per barrel of US\$53. JAL anticipates a fuel bill for the full year of 304 billion yen – an increase of 55 billion yen on FY2003.
- **Exchange rates.** Assumptions on which the revised forecast is based include an exchange rate of 110 yen against the U.S. dollar.
- Non-operating income includes credit memos from manufacturers of aircraft and equipment to the value of 48.2 billion yen.
- **Dividend.** In the year ending March 31, 2005, JAL forecasts operating income of 53 billion yen, recurring (ordinary) income of 66 billion yen and a net income of 23 billion yen. The company plans a dividend of four yen per share

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JAL GROUP FIRST HALF 2004 STATISTICS FOLLOW

**JAL GROUP - CONSOLIDATED TRAFFIC STATISTICS**  
**FIRST HALF 2004 VS 2003**  
**April 1<sup>st</sup> – September 30 2004 vs April 1<sup>st</sup> – September 30<sup>h</sup> 2003**

	First half 2004	First half 2003	Change% -Or points
<b>INTERNATIONAL</b>			
Passenger number	7,238,656	4,950,407	+46.2%
Revenue passenger kms (000)	34,350,600	25,971,547	+32.3%
Available seat kms (000)	49,770,767	42,593,329	+16.9%
Revenue seat load factor	69.0%	61.0%	+8.0
Revenue cargo ton kms (000)	2,340,786	2,057,979	+13.7%
Mail ton kilometers (000)	68,982	74,976	-8.0%
Revenue ton kms (000)	5,606,133	4,550,321	+23.2%
Available ton kms (000)	8,273,302	7,309,834	+13.2%
Revenue weight load factor	67.8%	62.2%	+5.6
<b>DOMESTIC</b>			
Passenger number	22,521,914	24,298,624	-7.2%
Revenue passenger kms (000)	16,869,741	18,096,328	-6.6%
Available seat kms (000)	26,463,985	27,481,614	-3.7%
Revenue seat load factor	63.7%	65.8%	-2.1
Revenue cargo ton kms (000)	196,655	182,143	+8.0%
Mail ton kilometers (000)	37,013	35,135	+5.3%
Revenue ton kms (000)	1,498,151	1,573,914	-4.7%
Available ton kms (000)	3,114,043	3,233,356	-3.6%
Revenue weight l/factor	48.1%	48.7%	-0.6
<b>TOTAL</b>			
Passenger number	29,760,570	29,249,031	+1.9%
Revenue passenger kms (000)	51,220,341	44,067,875	+16.3%
Available seat kms (000)	76,234,752	70,074,943	+8.8%
Revenue seat load factor	67.2%	62.9%	+4.4
Revenue cargo ton kms (000)	2,537,441	2,240,122	+13.3%
Mail ton kilometers (000)	105,995	110,111	-3.7%
Revenue ton kms (000)	7,104,284	6,124,235	+16.0%
Available ton kms (000)	11,387,345	10,543,190	+8.0%
Revenue weight load factor	62.4%	58.1%	+4.3

1. International results include data from JAL International, Japan Asia Airways and JALways
2. Domestic results include data from JAL Domestic, Japan TransoceanAir, JAL Express, Japan Air Commuter, Hokkaido Air System and J-Air
3. First half 2003 includes JAS and JAL listed separately, i.e. prior to integration (effective April 1, 2004).