Promoting the strengthening and expansion of the business infrastructure through the Tokyo Stock Exchange 1st section listing and merger.

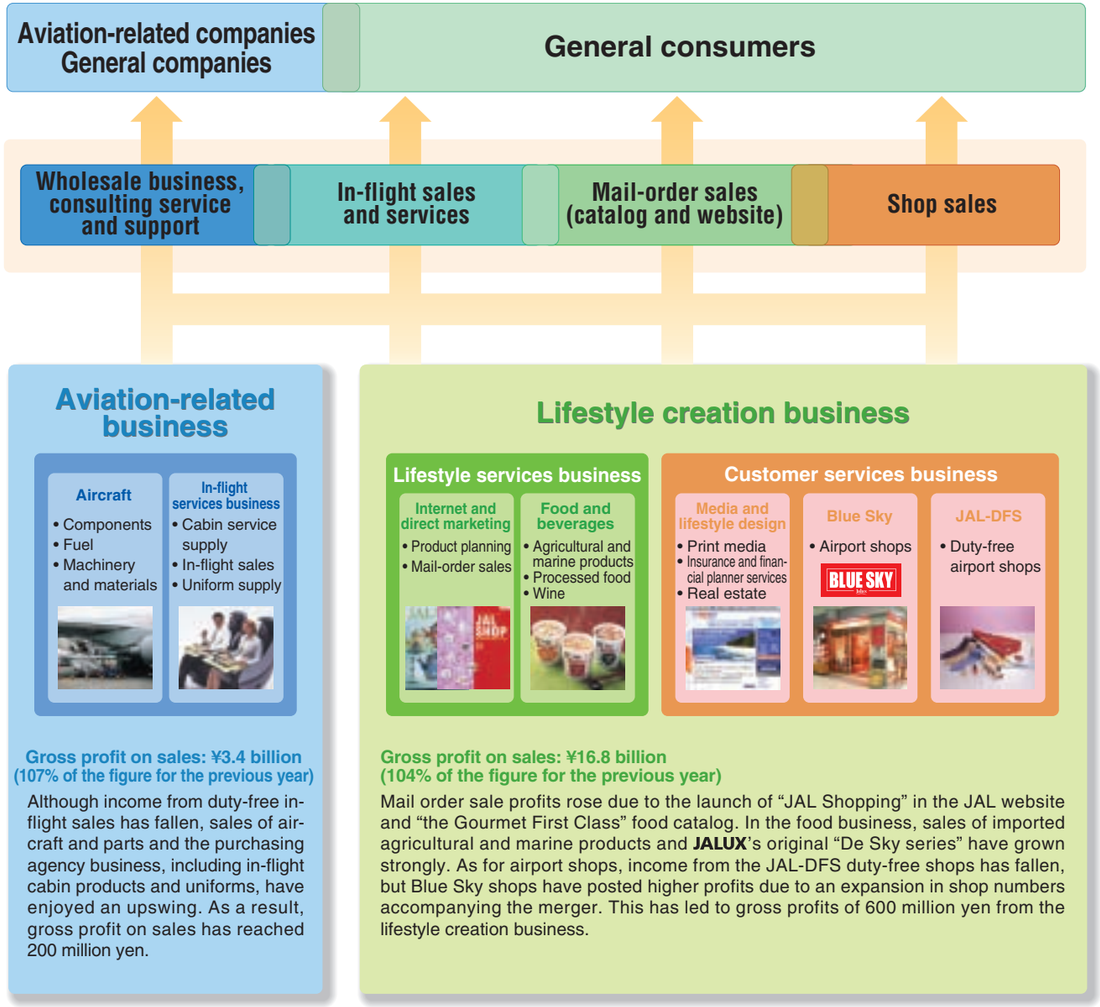
The business environment surrounding **JALUX** has grown increasingly harsh in the year ended March 2004, although signs of recovery have emerged in the second half of the year. Against the background of the JAL-JAS merger, we have implemented a raft of policies including renewal of the corporate logo and expansion of retail channels (shops and mail order). Alongside this, we have been strengthening and expanding the business infrastructure through the merger with JAS Trading in January 2004 and the listing on the first section of the Tokyo Stock Exchange (designated stock) in March 2004. Looking forward, in order to meet raised expectations and social responsibilities, we will strive to strengthen competitiveness by improving business quality, rise above our historic growth trend, and enhance corporate values. I look forward to receiving your continued support and encouragement.

Zenta Yokoyama
Chairman of the Board, President & CEO

Outline of Consolidated Results for Fiscal Year Ended March 2004 (April 2003 to March 2004)

Demand from international passengers fell in the first half of the year under review due to uncertainty in the international situation and the SARS scare. This led to a fall in income from airport duty-free shops and other businesses catering to international passengers. Meanwhile, mail order and food divisions focusing on the general consumer posted strong performances, and the financial impact of the fourth-quarter merger with JAS trading contributed to the income growth of airport shops. Consolidated net sales reached 86.09 billion yen, just one percent below the figure for the previous year. Moreover, the success of retail channel expansion has led to gross profits of 20.24 billion yen, 104 percent of the figure for the previous year (when the aviation-related business took 3.4 billion yen and lifestyle creation businesses took 16.8 billion yen). Meanwhile, operating income reached 2.08 billion yen, 113 percent of the figure for the previous year. The financial impact of the conversion on the consolidated statement led to ordinary income of 1.91 billion yen (97 percent of the figure for the previous year). However, due to profits on sales of fixed assets, net profit reached a historical high of 1.09 billion yen (105 percent of the figure for the previous year).

Consolidated Earnings Outlook for Fiscal Year Ending March 2005 (April 2004 to March 2005)

We predict an upswing in the business environment as a result of factors such as a recovery in international passenger demand. The financial impact of the merger and increased efficiency will also contribute to the full year's results. We aim to expand our commercial dominance in the mid- to long-term for the aviation-related business, which forms the bedrock of our stability. We will achieve this by such means as securing steady profit growth through consulting and developing a high value-added parts sales business, As for the lifestyle creation business, we are promoting sustainable expansion of retail channels in a number of ways, including maximizing the merger effect by raising shop management efficiency and expanding the catalog mail-order customer base. As a result of these initiatives, we predict a 119 percent rise in net sales to 102 billion yen; a 134 percent rise in ordinary income to 2.57 billion yen; and a 111 percent rise in net income to 1.2 billion yen for the year ending March 2005. The outlook is for an increase in both income and profit. Looking at sustainable growth in the mid- to long-term, we will be moving forward from these very achievable figures.

Fiscal Year Ended March 2004 by Segment