

Business Outlook

Outline of Consolidated Financial Results for the Year Ended March 2005

Each business performed well as a result of factors that included the recovery in the aviation market (especially international passenger numbers) and the full-year contribution of the merger effect following the merger with JAS Trading in January 2004. Both profits and revenues grew sharply from duty-free sales targeting international passengers at JAL-DFS shops in Narita International Airport and on board international flights, as well as from the expansion and enhanced efficiency of the domestic BLUE SKY shops following the merger. Aircraft parts, food, creative design and printing, and life design services (insurance and real estate) have also performed well, leading to a rise in both net sales and gross profit over the

previous period. Net sales reached 98.6 billion yen (a 15 percent rise) and gross profits 23.1 billion yen (a 14 percent rise in which aviation contributed 3.6 billion yen and lifestyle creation 19.5 billion yen). Moreover, efforts to curtail rises in SG&A expenses accompanying the merger have led to operating income of 2.7 billion yen (a rise of 32 percent) and ordinary income of 2.9 billion yen (a rise of 50 percent). Both these figures are far higher than those for the previous period. As a result, net income reached 1.4 billion yen (a rise of 32 percent) to achieve the third successive period of maximum profits.

Outlook for the Year Ending March 2006

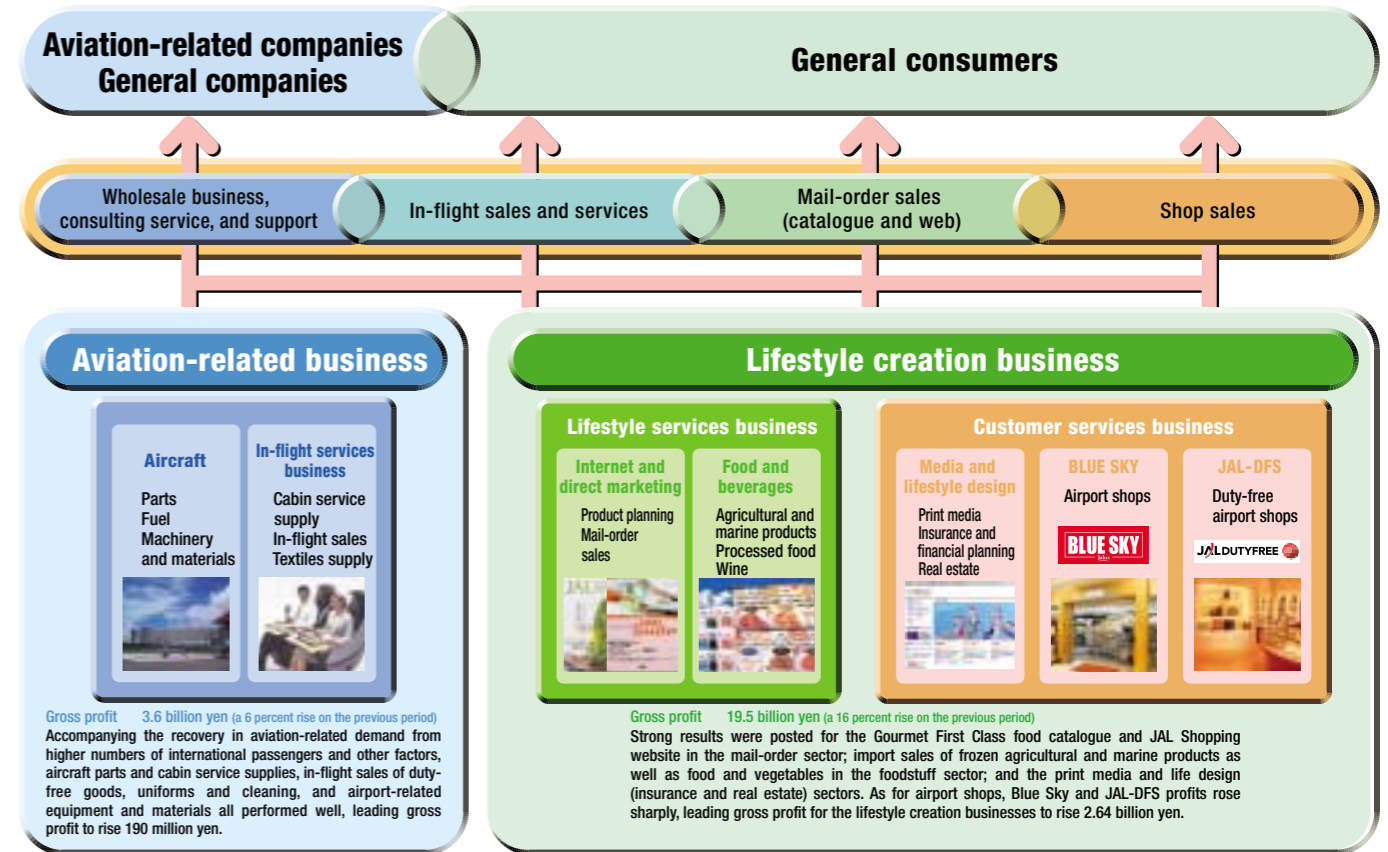
JALUX foresees a steady expansion in demand. We aim to grow the aircraft parts storage and supply business in the aviation sector and strengthen our bases for participation in the overseas airports and infrastructure sector. In the lifestyle creation sector, we aim to enhance product and service quality and to expand retail business through such means as mail order and airport shops. We are also aggressively taking on new business.* In the culture sector we are producing image content, developing the sale of "THE GREAT CHINA" travelogue DVDs recording places of scenic beauty throughout China as high-definition, digital images.

In the area of public welfare, we are delivering new value and contributing to the enrichment of customers' lifestyles with the stable operation of the fee-paying old people's care facility, JALUX Good Time Home, Chofu, opened in 2004, and by initiating the JAL Vacation Ownership System. As a result, we expect to maintain growth in revenue and profits with net sales of 103 billion yen (a rise of 4 percent over the previous period), ordinary income of 3.2 billion yen (a rise of 11 percent), and net income of 1.6 billion yen (a rise of 11 percent).

* Please refer to the table at the end for details of products and services.

Performance by operating segment (current period)

Performance per Operating Segment



Consolidated performance trends and plans

Figures for periods ending March 2006 onward are projected or planned.

Statements regarding future plans are based on currently available information or provisional figures. Actual results may differ from the plans for a variety of reasons.

(unit: million yen)

