

JALUX Good Time Home, Chofu

Currently accepting trial residents!

For the ideal, radiant lifestyle.

JALUX Good Time Home, Chofu, a fee-paying care facility designed for optimal lifestyles, was launched in the fall of 2004.

The facility offers secure care and a total of 73 single and twin rooms.

A lifestyle of abundant time spent in a comfortable environment awaits.



Summary of the facility Location: 2-3-6 Kojimacho, Chofu-shi, Tokyo (9 minutes' walk from Chofu station) Total no. of rooms: 73 (64 singles and 9 twins) Resident requirements: Independence for residents aged 65 and over together with primary nursing care Resident rights: Right to use facility for life (single-year use type also available) Care insurance: Special facility with care insurance designated by the Tokyo metropolitan government No. 1374201331 Carer/resident ratio: 1:1.5 or above

Inquiries: JALUX Life Design Inc.

0120-32-9006

<http://www.jalux-goodtimehome.com>

中国大紀行
THE GREAT CHINA

New product!

Definitive edition of China Travelogue.

Original planning for all volumes, recording 50 selected places from all over China.

This is the first full-scale recording on hi-definition, digital image of China's historical scenery, ruins, and unexplored regions.

This great travelogue recorded on a splendid set of 10 DVDs, entitled "THE GREAT CHINA" is now on sale.



Inquiries: JALUX Direct Marketing Dept.

0120-25-3984

<http://chugokudaikiko.com>

JAL Vacation Ownership System

Now being successfully promoted

A new resort lifestyle begins here.

"Vacation ownership" is attracting attention as a means of purchasing resort properties. The resort share system, known as "Timeshare" is popular in Europe and America.

JALUX introduces properties from world-famous brands such as the Hilton and Marriott operating in Hawaii and offering properties with a full range of services appealing to the Japanese.



Timeshare Features

Timeshare conveys ownership rights registration that can be used for one week per year, with the possibilities of inheritance and donation. Use a transfer system to travel to resorts the world over!

Inquiries: JALUX Life Design Division

0120-25-0740

<http://www.jalux.com/jvos>

JALUX Inc.

JAL Building, 2-4-11 Higashi Shinagawa, Shinagawa-ku, Tokyo 140-8638

+81-(0)3-5460-7109 (Shareholder Relations Team)

+81 (0)3-5460-7233 (Investor Relations Team)

www.jalux.com

(TSE, 1st section: Stock Code 2729)



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Jalux

Business Report 2005

April 1, 2004 to March 31, 2005

JALUX Inc.

Aviation-related



Lifestyle services



Customer services



JALUX airport shops and services expand!

Use JAL IC Coupons in BLUE SKY and JAL-DFS shops!

Mileage accumulated from JAL group flights and shopping can now be used to purchase goods at BLUE SKY airport shops throughout Japan and at JAL-DFS shops in Narita International Airport.

Please use this speedy and convenient service at **JALUX** airport shops.

Mileage accumulated through flights and shopping can be transferred using JAL IC Coupons (charged on IC cards or IC-loaded cell phones).

These coupons can be used when shopping without the need for a purse.



JAL IC Coupons can also be used in JAL group hotels in Japan. For details, see website at http://www.jal.co.jp/ic_service/

Please note that previous versions of the JAL Coupons could not be used in JALUX airport shops.

Launch of the new "Soraben" !

The sky lunchbox menu has become still more varied. New boxes on sale at Haneda airport include the healthful "Kuro-inari" (fried bean curd stuffed with sushi rice) and "Shamo" (game fowl), as well as the new lineup of "Michiko's grilled Wakasa mackerel sushi" featuring "Grilled bream sushi" and "Pickled mackerel sushi wrapped in kelp".



For details of the "Soraben" catalogue, see our website at www.jalux.com/c/bluesky

New shops open at Haneda Airport and Chubu International Airport!

Six new BLUE SKY shops opened to coincide with Haneda Airport's terminal renewal (December 2004) and the opening of Chubu "Centrair" International Airport (February 2005). We will endeavor to provide enhanced convenience and a full range of services for all passengers into the future.



Provision for: Chubu International Airport, Inc.

MONTBLANC duty-free shop opens at Narita International Airport!



New MONTBLANC-branded JAL-DFS shop opens in December 2005.

With the renewal of the BVLGARI shop, we can enjoy a still more comprehensive shopping experience.



Information

Gift Certificates Issued to Shareholders to Commemorate Three Years' Listing

To commemorate JALUX's three-year listing on the Tokyo Stock Exchange, we issued gift certificates valued at 3,000 yen each to all our shareholders at the end of March 2005.

Starting from September 2005, we will present the gift certificates to all shareholders on March 31 and September 30 each year, according to the formula on the right.

Between 100 and 499 shares:	2 certificates (4 per year)
Between 500 and 1,999 shares:	4 certificates (8 per year)
Between 2,000 and 3,999 shares:	7 certificates (14 per year)
Between 4,000 and 5,999 shares:	10 certificates (20 per year)
Between 6,000 and 9,999 shares:	12 certificates (24 per year)
10,000 shares or above:	14 certificates (28 per year)

About the gift certificates

JALUX gift certificates are valued at 1,000 yen each and are valid for one year. They can be used with JALUX's JAL World Shopping Club mail order catalogs or in the BLUE SKY range of airport shops.

Please note that these gift certificates are not valid for Internet mail order, JAL-DFS shops, JAL in-flight sales, or JAL PLAZA, nor in combination with any discount coupons.

Where to use the gift certificates

Mail-order catalogs

JAL World Shopping Club



Shops at airports throughout Japan



Please be aware that changes to the gift certificate system (including shop locations) may be made due to a number of factors.

IR (investor relations) news mail service launched

The JALUX website provides an e-mail information service entitled "JALUX IR NEWS" offering JALUX news releases, IR site updates, and other information. Please feel free to use it. There is no charge for registration. *Currently this service is available in Japanese only.

www.jalux.com



"Investor relations"



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Toshiki Okazaki assumed the post of President & CEO at the regular shareholders' meeting and board of directors held on June 22, 2005.

President & CEO
Toshiki Okazaki

Q:First of all, I'd like to ask how you feel on taking up this new position.

A:The JALUX group has developed a culture arising from the corporate philosophy of "Contributing to Tomorrow" and management policies emphasising such areas as business quality and Corporate Social Responsibility. As well as reconfirming these basic positions, I would like to have the resolve to discharge our responsibilities.

Q:Have any changes been made to the business strategies?

A:There have been no fundamental changes, but in order to better secure the 20 percent growth target* announced in 2004 we must advance swiftly and dynamically by accelerating the implementation of a raft of policies relating to the mid-term management plan. We have a sound financial base, and plenty of willpower to reach our targets.

* The starting point for the year ended March 2004 is a mid-term average growth rate producing ordinary income of 1.9 billion yen a year.

Q:What issues are you facing at the present time?

A:Improvement of business and organizational efficiency are two examples. We need to verify the profitability and future prospects of each business and to take new measures without missing opportunities to sustain and accelerate the growth curve. We also need to promote effective investment.

Q:What about investment policies?

A:We judge effectiveness on the basis of high expectations for the synergy effects among our businesses and of gaining know-how, as well as investment targets of competitiveness and growth. We then take aggressive measures, including mergers and acquisitions, to obtain speedy results.

Q:What do you perceive to be JALUX's strengths?

A:I see our unique strengths as specialist aviation knowledge and a stable customer base, together with our brand recognition as a corporation.

Q:Exactly what kind of specialist knowledge does JALUX possess?

A:Since its founding in 1962, our company has aimed at the expansion of businesses relating to aviation and airports. The knowledge and experience gained in fields ranging from aircraft engine parts to in-flight equipment has given JALUX an unrivalled competitive edge.



Q:Can you give us details of your customer base?

A:Customers are divided between companies and the general consumer. The latter includes around 60 million* JAL group customers in its stable customer base. I imagine that many of our customers use our shops and mail order for the first time when they travel.

* Annual passenger numbers

Q:What are your thoughts on brand power?

A:I believe that the source of brand power lies not only in "quality competitiveness" — the quality of products and services — but also in "business quality," which includes management and employee quality.

We do not rely on the JAL brand alone. Sustaining and enhancing business quality and customer satisfaction levels as JALUX, and building the trust of society through customers, shareholders, and investors all relate to brand power in the mid- to long-term.

Q:How do you position JALUX within the JAL group?

A:The JAL group undertakes business related to travel and hotels around a core of aviation transport. Within these boundaries, JALUX undertakes "lifestyle creation" for customers as what might be termed a new paradigm for trading companies.

With this position, the ability to efficiently activate group resources leads to effective business growth.

Q:What are your thoughts on returning profits to shareholders?

A:We recognize the aim of enhancing corporate value and returning appropriate profits to all shareholders as an

important obligation for an independently listed company.

Q:What specific policies do you have?

A:Concerning dividends, we aim to enhance profit levels and returns while considering dividend payout ratios.* We will carry out these aims as mid- to long-term policy on a stable and continuous basis.

We would also like to investigate ways of continuously upgrading the content of the gift certificates, especially since they are so popular among individual shareholders.

* Dividend payout ratio = proportion of dividend relating to the current period's net income.

Q:Finally, would you please give a message to all the shareholders and investor?

A:The recently released mid-term plan established an ordinary income target of 4.0 billion yen for the period ending March 2008.

We are making a concerted effort to ensure that we meet this target, and looking forward to receiving everyone's warm support.

Toshiki Okazaki

Appointed JALUX consultant in April 2005, and president & CEO in June 2005, through Japan Airlines Co., Ltd.* (managing director), Japan Asia Airways, Co., Ltd. (president and representative director), and JAL Sales Co., Ltd. (president and representative director).

*Currently Japan Airlines International, Co., Ltd.



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

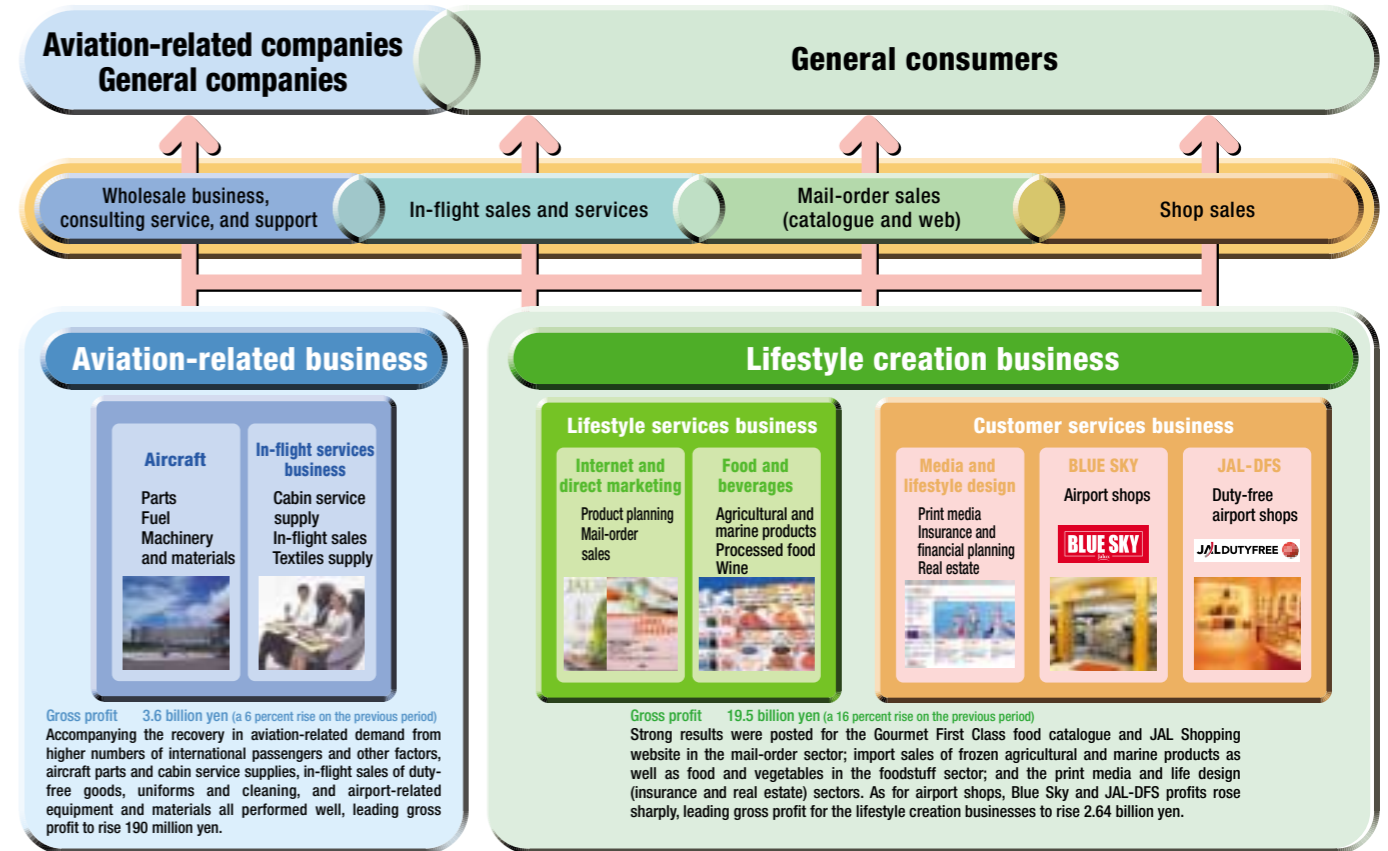
JALUX foresees a steady expansion in demand. We aim to grow the aircraft parts storage and supply business in the aviation sector and strengthen our bases for participation in the overseas airports and infrastructure sector. In the lifestyle creation sector, we aim to enhance product and service quality 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

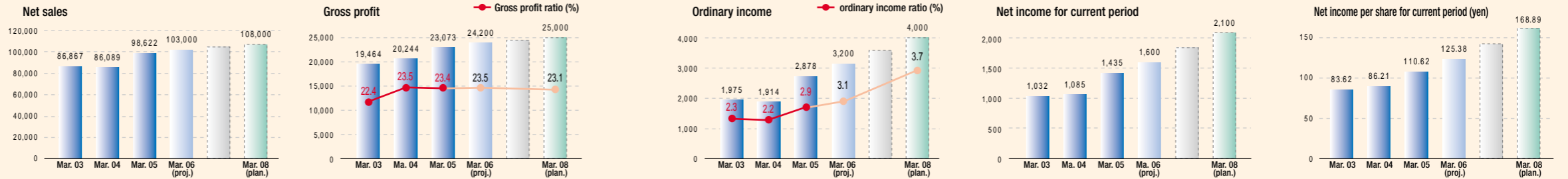


Consolidated performance trends and plans

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)



Consolidated Financial Statements (Summary) (unit: million yen, rounded down)

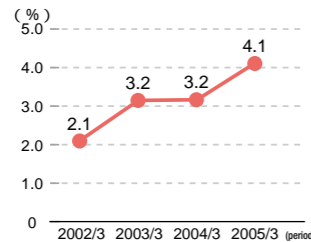
Balance Sheet

Item	Period	Previous (43rd) ended March 31, 2004	Current (44th) ended March 31, 2005
Assets			
Current assets		24,068	24,795
Cash and deposits		4,130	5,218
Notes and accounts receivable		12,042	11,013
Inventories		5,115	5,210
Deferred tax assets		412	424
Other current assets		2,401	2,961
Allowance for doubtful accounts		34	33
Fixed assets		11,638	10,369
Property, plant and equipment		4,648	4,672
Intangible fixed assets		540	491
Investments and other assets		6,449	5,205
Investment securities		2,065	2,181
Long-term loans		1,395	499
Long-term rental deposits		2,357	1,793
Deferred tax assets		317	382
Other		531	503
Allowance for doubtful accounts		218	155
Total assets		35,706	35,164

ROA

(net income ÷ average total assets)

The net income to total assets ratio rose due to return of long-term rental deposits relating to the airport shop business together with a fall in interest-bearing debt and a 350 million yen rise in profits.

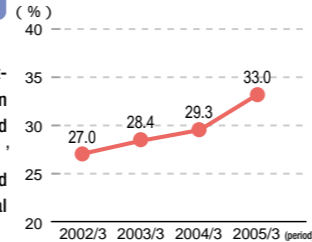


Item	Period	Previous (43rd) ended March 31, 2004	Current (44th) ended March 31, 2005
Liabilities			
Current liabilities		20,343	19,541
Notes and accounts payable		12,312	10,863
Short-term debt		3,267	3,357
Accrued corporate tax, etc.		647	805
Accrued expenses		2,407	2,141
Other current liabilities		1,708	2,374
Fixed liabilities		4,260	3,272
Long-term debt		3,618	2,458
Directors' retirement allowances		212	329
Addition to reserve for compensation to retired directors		139	174
Other fixed liabilities		289	310
Total liabilities		24,603	22,814
Minority interests			
Minority interests		626	733
Shareholders' equity			
Common stock		2,558	2,558
Paid-in capital		711	711
Retained earnings		7,448	8,608
Unrealized gains on securities		8	10
Conversion adjustment		242	263
Treasury stock		6	9
Total shareholders' equity		10,477	11,616
Total liabilities, minority interests and shareholders' equity		35,706	35,164

Shareholders' equity ratio

(Shareholders' equity ÷ total assets)

A 1.07 billion yen fall in interest-bearing debt and a 1.16 billion yen rise in retained earnings led to an improvement in shareholders' equity ratio and a sustained strengthening of the financial base.



Consolidated Income Statements

Item	Period	Previous (43rd) April 1, 2003 to March 31, 2004	Current (44th) April 1, 2004 to March 31, 2005
Net sales		86,089	98,622
Cost of sales		65,845	75,549
Gross profit		20,244	23,073
SG&A		18,163	20,332
Operating income		2,081	2,741
Non-operating income		321	349
Non-operating expenses		488	213
Ordinary income		1,914	2,878
Extraordinary profit		429	253
Extraordinary loss		110	280
Net income before taxes and minority interests		2,233	2,851
Current income taxes		1,207	1,349
Deferred income taxes		166	78
Minority interests (deductions)		106	144
Net income		1,085	1,435

Selling, general and administrative expenses

Personnel costs accompanying the merger rose 810 million yen and rental costs (including rent commissions) accompanying increased shop revenue rose 780 million yen. However, reductions in other costs curtailed the rise in selling, general and administrative expenses to 2.17 billion yen, keeping it below the 2.83 billion yen rise in gross profit.

Non-operating income and expenses

Net non-operating income rose to 140 million yen as a result of minority interests and dividends received.

Extraordinary profits and losses

Net extraordinary loss fell to 30 million yen due to factors such as gains from sales of fixed assets and a decrease in losses and loss disposal.

Consolidated Statement of Shareholders' Equity

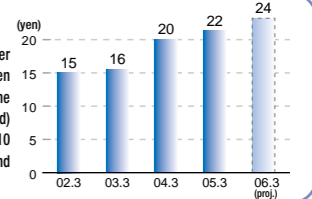
Item	Period	Previous (43rd) April 1, 2003 to March 31, 2004	Current (44th) April 1, 2004 to March 31, 2005
Paid-in capital			
At beginning		661	711
Increase		50	0
At end		711	711
Retained earnings			
At beginning		6,148	7,448
Increase		1,507	1,435
Decrease		207	275
At end		7,448	8,608

Cash Flows

Item	Period	Previous (43rd) April 1, 2003 to March 31, 2004	Current (44th) April 1, 2004 to March 31, 2005
Net cash from operating activities		1,474	2,001
Net cash from investing activities		211	385
Net cash from financing activities		899	1,371
Conversion effects on cash and cash equivalents		5	12
Net increase in cash and cash equivalents		369	1,028
Cash and cash equivalents at beginning		3,523	4,106
Increase due to merger		212	-
Cash and cash equivalents at end		4,106	5,134

Dividend per share (non-consolidated basis)

We have decided to raise the dividend per share from 20 yen (ordinary dividend of 16 yen + commemorative dividend of 4 yen) in the previous period to 22 yen (ordinary dividend) in the current period, representing a rise of 10 percent. We are planning to increase dividend payments again in the next period.



Share Information (as of March 31, 2005)

Total no. of shares issued by **JALUX**: 20 million
 Total no. of shares issued (excluding treasury stock, etc.): 12,760,821
 No. of shareholders: 9,205

Major shareholders (ten largest)

Name of shareholder	Shares held (thousand)	Voting rights
Japan Airlines Corporation	6,560	51.5
Tokio Marine & Nichido Fire Insurance Co., Ltd.	455	3.6
Nissay Dowa General Insurance Co., Ltd.	392	3.1
Mitsui Sumitomo Insurance Co., Ltd.	252	2.0
Aioi Insurance Co., Ltd.	189	1.5
Sompo Japan Insurance Inc.	189	1.5
JALUX Employees Shareholding Association	170	1.3
Airport Facilities Co., Ltd.	168	1.3
The Master Trust Bank of Japan, Ltd. (trust account)	136	1.1
Japan Trustee Services Bank, Ltd. (trust account)	91	0.7

Shareholder Memo (as of June 22, 2005)

End of accounting period: March 31
 Annual shareholders' meeting: June
 Shareholder registration date (for entitlement to annual meeting entry and dividend payment): March 31
 Minimum share-trading unit: 100 shares
 Transfer agent: UFJ Trust Bank, Ltd.
 1-4-3 Marunouchi, Chiyoda-ku, Tokyo
 Administration: UFJ Trust Bank, Ltd.
 7-10-11 Higashi-suna, Koto-ku, Tokyo
 ☎0120-232-711
 Agent: UFJ Trust Bank branches nationwide
 Nomura Securities Co., Ltd. headquarters as well as branches and offices nationwide
 Public announcements: Please refer to the **JALUX** website

(Information relating to balance sheets and income statements will be provided on our website at <http://www.jalux.com>)

Share price and trade volume trends (April 1, 2004 to March 31, 2005)



Company Overview (as of March 31, 2005)

Trade name: **JALUX** Inc.
 Established: March 28, 1962
 Capitalization: 2,558,550,000 yen
 Number of employees: 1,590 (including 955 at consolidated subsidiaries)
 Domestic airport shops: 93 shops in 24 airports including Chitose, Haneda, Osaka, and Fukuoka
 Domestic subsidiaries: JAL-DFS Co., Ltd. (duty-free sales)^{*1}
 JALUX Airport Inc. (airport shop management business)^{*1}
 Overseas offices: JALUX EUROPE Ltd. (London and Vienna)^{*1}
 JALUX AMERICAS, Inc. Los Angeles)^{*1}
 JALUX ASIA Ltd. (Bangkok & Hong Kong)^{*1}
 JALUX HAWAII, Inc. (Honolulu)
 JALUX Inc. Shanghai Representative Office (Shanghai)

*1. Consolidated subsidiary.

*2. JAL/DFS Duty Free Shoppers Co., Ltd. has changed its name to JAL-DFS Co., Ltd.

List of directors (as of June 22, 2005)

President & CEO	Toshiki Okazaki
Managing director	Yoshikazu Kato
Managing director	Yoshiyuki Tsutsumi
Managing director	Kazuro Aoyama
Managing director	Hiroaki Nai
Managing director	Toshio Sakamoto
Managing director	Sumio Shionoya
Managing director	Hiroshi Iijima
Managing director	Yuji Tsukahara
Director	Ryoji Yoshida
Director	Kenji Ichikawa
Director (External)	Kimio Hiroike
Director (External)	Toshihiro Ishii
Director (External)	Hiroyuki Kato
Auditor	Tsunehiko Nakano
Auditor (External)	Yasunaka Furukawa
Auditor (External)	Haruka Nishimatsu

Based on the corporate philosophy of "Contributing to Tomorrow," the **JALUX** group acknowledges its social responsibility as a good corporate citizen. With a strong sense of ethics, we aim to provide goods and services to satisfy the customer at all times, and become a corporate group contributing to society in a broad sense.

Disaster recovery support



Relief supplies for the Niigata Chuetsu earthquake

In October 2004, receiving reports of an earthquake, we transported around 8,300 drinks, noodles, retort foodstuffs, and other initial relief supplies to victims at the disaster site on a JAL special flight.

Fund-raising support for Sumatra offshore earthquake and tsunami

At the time of the disaster in December 2004 we carried out emergency fund-raising activities in our BLUE SKY shops, raising money throughout Japan from customers as well as from employee and corporate donations. We donated the funds raised to the Japan Committee for UNICEF in order to help children in the disaster locations.

Regarding disaster relief support activities generally, JAL group takes initiatives to exploit the unique strengths of the group by participating in such areas as special flight transport, support for transport of goods and transport of aid workers, and volunteer activities.

Sustained social support

JALUX makes regular financial donations to the Japan Committee for UNICEF in support of children throughout the world.

In December each year we hold a charity sale and donate part of the proceeds to JAL group volunteer activity funds.

JALUX employees cooperate in donations to the Minsai Center's Darunee Scholarship Fund to support elementary school children in Laos, where school attendance rates are low.

Once again, while expressing our sympathies for disaster victims, we thank everyone for your warm cooperation with funding activities.