

# 楽園に暮らす贅沢

JAL バケーション ショーンズ からの 新たな 提案

ヒルトンやマリオットなど世界に名だたるブランドが運営する物件から、JALバケーションズが厳選した世界各地のリゾートに交換利用できる「タイムシェア(バケーション・オーナーシップ)」をご紹介します。

JAL  
Vacation  
Ownership  
System

O a h u



H a w a i i



P h u k e t



Las Vegas



## タイムシェア (バケーション・オーナーシップ)のしくみ

タイムシェアは、リゾートのタイムシェア専用物件の1年を52週に分割し、その「1週間分の権利」を購入する、というものです。別荘やコンドミニアムを購入するような高額な費用も不要。ご自分で購入した物件ですので、ご利用時の宿泊費は必要ありません。また購入した権利は、世界中の提携タイムシェアリゾート物件と交換利用することができ、「今年はハワイへ、来年は交換利用を使いラスベガスへ」といったご利用も可能です。

最多販売価格帯  
(ハワイ) 300万円~400万円台

取り扱い物件例  
オアフ島 / MCCI・マリオット・コオリナ・ビーチクラブ/HGVCアット・ヒルトン・ハワイアン・ビレッジ  
ハワイ島 / HGVCアット・ヒルトン・ワイコロア・ビーチリゾート  
プーケット島 / マリオット・プーケット・ビーチ・クラブ ラスベガス / マリオット・グランドシャトー・ラスベガス

## JALバケーションズ

JALバケーションズは、JALバケーション・オーナーシップ・システムの略称です。

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

タイムシェアの資料請求・説明会についてのお問合せは  
ニック・オーナーシップ

0120-25-0740

FAX : 03-5460-6959

営業時間▶9:30~18:00(土・日・祝日を除く)

## 株式会社 JALUX



ライフデザイン事業部

上質の暮らしと旅を創る「Jライフでざいん」はこちら

<http://www.jlife.jal.co.jp/>

# Jalux

## Business Report 2006

April 1, 2005 to March 31, 2006



Aviation-related



Lifestyle services



Customer services

JALUX Inc.

(TSE, 1st section: Stock Code 2729)

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](http://www.jalux.com)



This report is printed on 100 percent recycled paper using soy ink recognized by the America Soybean Association

June 2006

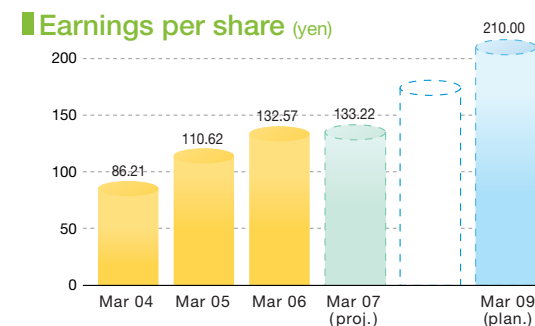
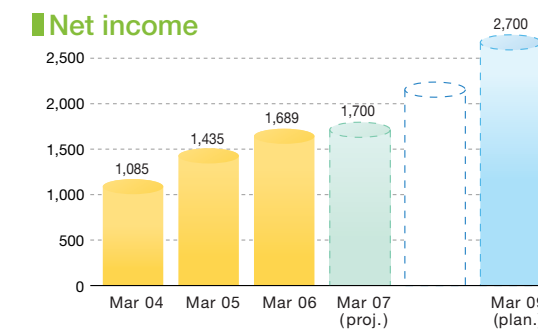
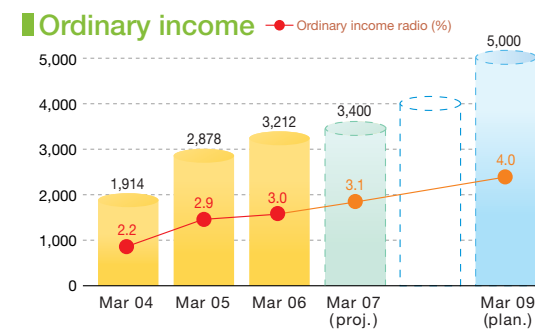
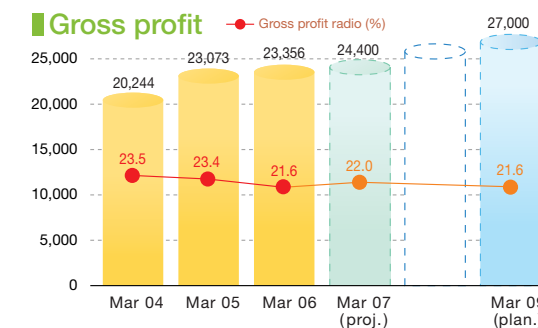
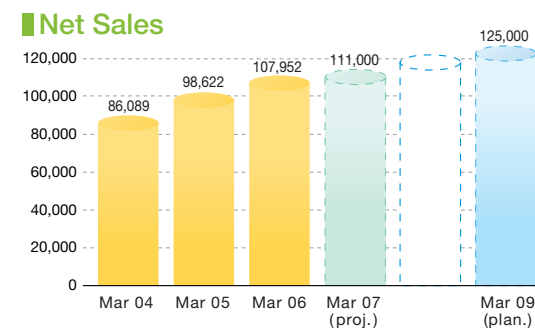
# Lighting the Way to a Brighter Future.

As a core enterprise of JAL group's distribution and services, **JALUX** has been aiming to expand the lifestyle services business and the customer services business around the axis of the aviation field. We will continue striving to enhance corporate values, and to deliver greater value to individuals and the community by **"Contributing to Tomorrow"**.

## CONTENTS

Consolidated Performance Trends and Plan	2
Message from the President (Sales Outlook)	3
Performance by Operating Segment	4
Expanding the Airport Shop Business	5
Consolidated Financial Statements	7
Share Information / Share Price and Trade Volume Trends	9
Company Overview/ Executives	10

## Consolidated Performance Trends and Plan (Unit: million yen)



● Figures for periods ending March 2007 onward are projected or planned.

The description concerning the plan for the future is based on information and assumptions available now. Actual performance may differ from the plan as a result of various factors.

## Message from the President (Sales Outlook)

In the current period, we have worked to enhance business expansion amidst a gentle recovery trend in the economic environment, especially in the general consumer markets, and have seen good results in each segment.

In the aviation-related business, especially, we saw good results in the aircraft parts storage and supply business launched as a new business model in the previous period. In the customer services business, profits and revenue both rose thanks to the contribution from the remodeled JAL-DFS duty-free shops at Narita Airport and the new branded shops.

As a result of these factors, our net income for the period ended March 2006 exceeded the figure for the previous period and marked the fourth successive period of optimum profits. I would like to express my heartfelt gratitude for the steadfast support of all the shareholders and other related parties.

On the basis of this strong performance, we are looking for increased profit and revenue in the next period, and have announced an operating income goal of 5.0 billion yen in line with the mid-term plan for the period ending March 2009.



President & CEO  
Toshiki Okazaki

We intend to work hard to expand the customer base and positively promote sales development centered on the lifestyle creation business positioned as area to strengthen and expand. At the same time, we will endeavor to achieve our goals and return appropriate value to the shareholder.

I look forward to receiving your continued support and encouragement.

C consolidated Performance (unit: million yen)	March 06	Ration with the previous period (%)	Project on March 07	Ration with the previous period (%)
Net Sales	107,952	110	111,000	103
Gross profit	23,356	101	24,400	105
Operating income	2,444	89	3,100	127
Ordinary income	3,212	112	3,400	106
Net income	1,689	118	1,700	101

### Outlook for the Year Ending March 2007

We anticipate that the business environment will continue on the road to recovery in the period ending March 2007.

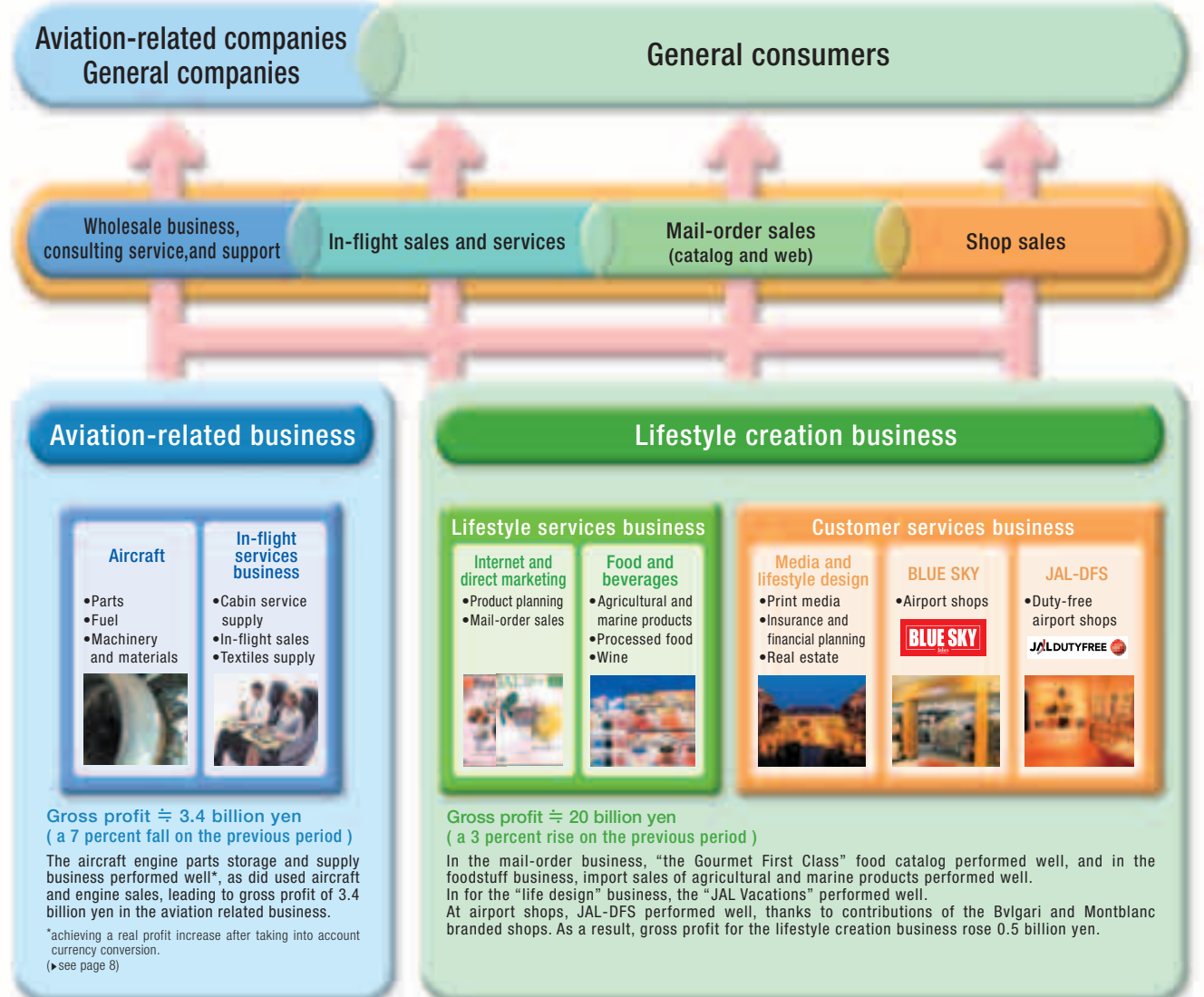
In the aviation related business, which has performed strongly in the current period, we anticipate a continued rise in profits from sales of parts and used aircraft.

In the lifestyle related business, we aim to expand the customer base, focusing especially on the expansion of the direct marketing business. Among our products, we will be promoting sales of "The Great China" Travelog DVD set which was launched in the current period as well as the "JAL SELECTION de Sky" series, especially "Miso Shiru de Sky (miso soup)" and "Okayu & Zosui de Sky (rice porridge)" which are also new launches.

In the customer services business, we anticipate an expansion of lineup and profits for the "JAL Vacations" resort timeshare. In addition to the Hawaiian property, a property in Phuket, Thailand, became available from December 2005, and another in Las Vegas, US, from April 2006.

As a result of these activities, we anticipate optimum profits in the next period, and aim for sustained growth under the mid-term plan.

## Performance by Operating Segment



# Expanding the Airport Shop Business

The **JALUX** “Blue Sky” airport shops are providing diverse products and services to the airport users, especially the original “Soraben” and sweets but also local souvenirs, miscellaneous goods, cafes, and restaurants.

Business scale expanded due to the branches at new airports, and net sales in the current period reached 21 billion yen from the opening of 95 shops at 25 airports throughout Japan.

In the future, too, we will work to enhance convenience for the customer and expand products and services. We are looking forward to your patronage.

**JALUX** gift certificates for shareholders are valid for **BLUE SKY** shops.

## JALUX Gift Certificates

**JALUX** will present shareholders possessing 100 shares or above with **JALUX** product gift certificates twice a year, as of September 30 and March 31, according to the following formula:

- 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** mail order catalogs or at airport shops. Please note the following:

- \* These certificates cannot be used in combination with discount coupons.
- \* Change cannot be given when paying with gift certificates only.
- \* Gift certificates are not valid for Internet mail order, JAL-DFS shops, JAL in-flight sales, or JAL PLAZA.

### ◆ Where to use the gift certificates

Mail-order catalogs

JAL World Shopping Club

Shops at airports throughout Japan

BLUE SKY

Before using your certificates, please be aware that the gift certificate system (including the number and the location of shops) may be made to the system due to a number of factors.

## Shop at Kobe Airport

In February 2006, one shop opened together with Marine Air airport at Kobe, which is set to become the new gateway to Kobe. Nine shops are now operating in the Kansai district, including the established shops at Osaka (Itami) and Kansai Airport. We anticipate increased yields from stimulation of demand alongside enhanced convenience.



## Shops at New Chitose Airport

At the New Chitose Airport shop, five new shops were transferred to **JALUX** in April 2006, bringing the total number of shops in operation to twelve. We anticipate increased profit and revenue as a result of factors such as introducing **JALUX**'s best-selling products in the new shops and improving operating efficiency.



## JALUX airport shop network



## Shop at Kitakyushu Airport

In March 2006, one shop opened together with Kitakyushu's new, offshore, maritime airport. Increased yield is anticipated in the future from such factors as expansion in demand.



## Shops at Haneda (Tokyo) Airport

Restructuring of the terminal in December 2004 reduced the operating efficiency of the shops, but we aim to increase profits by enhancing profitability from the perspective of internationalization in 2009.

## Shops at Narita Airport

In order to enhance customer convenience, one new shop opened to sell goods, food, and drink in the airline lounge, bringing the total number of shops in operation to twelve.

## Haruka's Sunflower

On the morning of the January 17, 1995, earthquake, an 11-year old girl called Haruka lost her life under the rubble of her house. In the summer of that year, a large sunflower bloomed in the ruins of the destroyed house.

Haruka's older sister, Itsuka Kato, transplanted the seeds from the rubble. She went on to become a member of the non-profit organization, “Hanshin-Awaji Network for Disaster Survivors (HANDS)” give lectures about the earthquake, and distribute seeds, increasing the number of sunflowers.

Upon learning that “Haruka's sunflower” was a symbol of revival, Itsuka has continued her activities to communicate the importance of life and the importance of mutual support through her memory of the earthquake.

Learning the meaning of this from a TV program, the Blue Sky staff wanted to help the people of Kobe who had experienced the earthquake, and proposed cooperating with volunteer activities.

At the time of opening Kobe Airport, Blue Sky staff gained the cooperation of “HANDS” and client companies, and distributed “Haruka's sunflower” seeds. They received a favorable reaction from every quarter.

This distribution has been reported in the mass media, and a later development was that shops nationwide distributed seeds to 100,000 customers. We also received great cooperation from everyone for fund-raising activities.

Once again, thank you for your cooperation.

Based on the corporate philosophy of “Contributing to Tomorrow,” **JALUX** will continue to deliver greater value to individuals and the community.



# Consolidated Financial Statements (Summary)

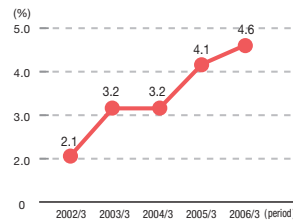
## Balance Sheet

Item	Period	Previous (44th) ended March 31, 2005	Current (45th) ended March 31, 2006
<b>Assets</b>			
<b>Current assets</b>		24,795	25,302
Cash and deposits		5,218	4,954
Notes and accounts receivable		11,013	11,376
Inventories		5,210	5,653
Deferred tax assets		424	471
Other current assets		2,961	2,889
Allowance for doubtful accounts		△33	△43
<b>Fixed assets</b>		10,369	12,261
Property, plant, and equipment		4,672	5,384
Intangible fixed assets		491	1,257
Investments and other assets		5,205	5,618
Investment securities		2,181	2,481
Long-term loans		499	462
Long-term rental deposits		1,793	1,917
Deferred tax assets		382	342
Other		503	546
Allowance for doubtful accounts		△155	△132
<b>Total assets</b>		35,164	37,563

### ROA

(net income ÷ average total assets)

New system development and renewal of training aircraft for lease have boosted fixed assets while curtailing profit growth to 250 million yen and further increasing asset efficiency.

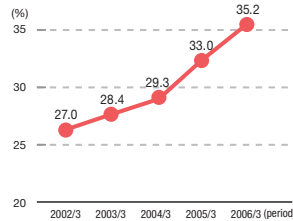


Item	Period	Previous (44th) ended March 31, 2005	Current (45th) ended March 31, 2006
<b>Liabilities</b>			
<b>Current liabilities</b>		19,541	19,957
Notes and accounts payable		10,863	11,854
Short-term debt		3,357	2,999
Accrued corporate tax, etc.		805	596
Accrued expenses		2,141	2,267
Other current liabilities		2,374	2,239
<b>Fixed liabilities</b>		3,272	3,500
Long-term debt		2,458	2,549
Directors' retirement allowances		329	283
Addition to reserve for compensation to retired directors		174	185
Deferred tax liabilities		-	57
Other fixed liabilities		310	424
<b>Total liabilities</b>		22,814	23,457
<b>Minority interests</b>			
Minority interests		733	881
<b>Shareholders' equity</b>			
<b>Common stock</b>		2,558	2,558
<b>Paid-in capital</b>		711	711
<b>Retained earnings</b>		8,608	9,992
<b>Unrealized gains on securities</b>		10	22
<b>Conversion adjustment</b>		△263	△51
<b>Treasury stock</b>		△9	△9
<b>Total shareholders' equity</b>		11,616	13,224
<b>Total liabilities, minority interests, and shareholders' equity</b>		35,164	37,563

### Shareholders' equity ratio

(Shareholders' equity ÷ total assets)

A 270 million yen fall in interest-bearing debt, 1.4 billion yen rise in retained earnings and other factors led to an improvement in shareholders' equity ratio and a sustained strengthening of the financial base.



## Consolidated Income Statements

Item	Period	Previous (44th) April 1, 2004 to March 31, 2005	Current (45th) April 1, 2005 to March 31, 2006
<b>Net sales</b>		98,622	107,952
Cost of sales		75,549	84,595
<b>Gross profit</b>		23,073	23,356
SG&A		20,332	20,911
<b>Operating income</b>		2,741	2,444
Non-operating income		349	878
Non-operating expenses		213	110
<b>Ordinary income</b>		2,878	3,212
Extraordinary profit		253	148
Extraordinary loss		280	192
<b>Net income before taxes and minority interests</b>		2,851	3,169
<b>Current income taxes</b>		1,349	1,246
<b>Deferred income taxes</b>		△78	49
<b>Minority interests</b>		144	184
<b>Net income</b>		1,435	1,689

### Selling, general, and administrative expenses

Personnel, rental (including shop rental commissions), advertising, and other costs increased, but reductions in other costs cut the selling, general, and administrative expenses ratio to 19.4 percent of net sales, down from 20.6 percent in the previous period.

### Non-operating income and expenses

Because an overseas subsidiary's currency conversion on the consolidated account amounting to 520 million yen was transferred as non-operating income, part of the increased profits for the aviation related business is calculated as exchange gain.

## Consolidated Statement of Retained Earnings

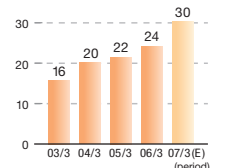
Item	Period	Previous (44th) April 1, 2004 to March 31, 2005	Current (45th) April 1, 2005 to March 31, 2006
<b>Paid-in capital</b>			
<b>At beginning</b>		711	711
<b>Increase</b>		0	0
<b>At end</b>		711	711
<b>Retained earnings</b>			
<b>At beginning</b>		7,448	8,608
<b>Increase</b>		1,435	1,689
<b>Decrease</b>		275	305
<b>At end</b>		8,608	9,992

## Consolidated Statement of Cash Flows

Item	Period	Previous (44th) April 1, 2004 to March 31, 2005	Current (45th) April 1, 2005 to March 31, 2006
<b>Net cash from operating activities</b>		2,001	2,522
<b>Net cash from investing activities</b>		385	△1,856
<b>Net cash from financing activities</b>		△1,371	△866
<b>Conversion effects on cash and cash equivalents</b>		12	12
<b>Net increase in cash and cash equivalents</b>		1,028	△187
<b>Cash and cash equivalents at beginning</b>		4,106	5,134
<b>Cash and cash equivalents at end</b>		5,134	4,946

### Dividend per share (non-consolidated)

We distributed a dividend of 22 yen per share in the previous period and 24 yen in the current period. Aiming to increase the dividend payout ratio, in the next period we plan to raise the dividend another 6 yen to 30 yen per share.



Share Information

(as of March 31, 2006)

Authorized shares : 20,000,000  
 Outstanding shares : 12,760,681  
 No. of shareholders : 10,802

Major shareholders (ten largest)

Name of shareholder	Shares held (thousand)	Voting rights (%)
Japan Airlines Corporation	6,560	51.5
The Tokio Marine and Nichido Fire Insurance	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
Airport Facilities Co., Ltd.	168	1.3
JALUX Employees Shareholding Association	152	1.2
HSBC Bank PLC A/C Atlantis Japan Growth Fund	97	0.8
The Master Trust Bank of Japan, Ltd(trust account)	87	0.7

Shareholder Memo

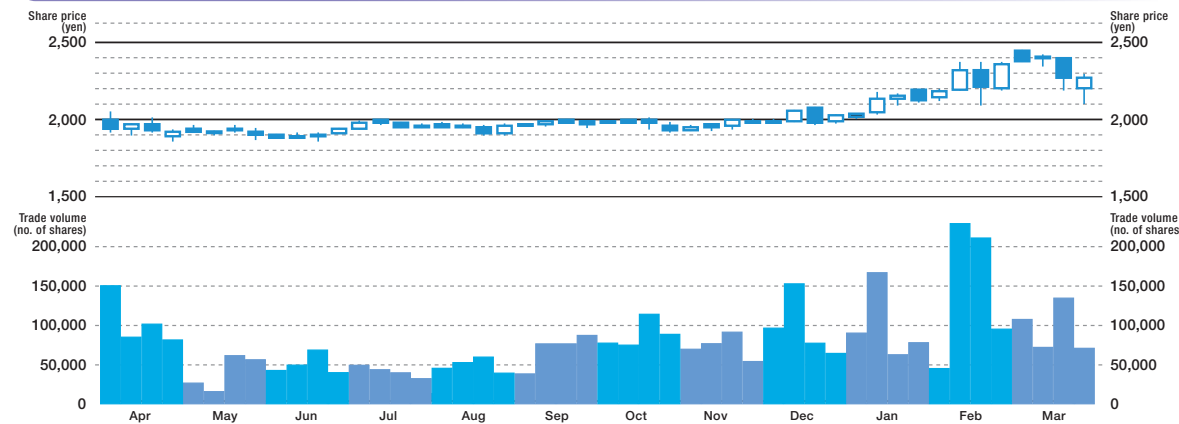
(as of June 23, 2006)

- Fiscal year : April 1 to March 31
- Annual shareholders' meeting : June
- Shareholder registration date (for entitlement to annual meeting entry and period-end dividend payment) : March 31
- Minimum share-trading unit : 100 shares
- Shareholder register manager : Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
- Contact and postal address : UFJ Trust Bank, Ltd.7-10-11 Higashi-suna, Koto-ku, Tokyo Tel. 0120-232-711
- Agent : Mitsubishi 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 statement will be provided on our website at <http://www.jalux.com>

Share price and trade volume trends

(April 1, 2005 to March 31, 2006)



Company overview

(as of March 31, 2006)

Trade name	<b>JALUX Inc.</b>
Established	March 28, 1962
Capitalization	2,558,550,000 yen
Number of employees	1,656 (including 1,022 at consolidated subsidiaries)
Domestic airport branches	93 shops in 25 airports including Narita, Haneda, Kansai, and Fukuoka
Domestic subsidiaries	JAL-DFS Co., Ltd. (duty-free sales)*1 JALUX Airport Inc. (airport shop management)*1
Overseas subsidiaries	JALUX EUROPE Ltd. (London, Vienna)*1 JALUX AMERICAS, Inc. (Los Angeles)*1 JALUX ASIA Ltd. (Bangkok, Hong Kong)*1*2 JALUX HAWAII, Inc. (Honolulu) JALUX SHANGHAI Co., Ltd. (Shanghai)

\*1. Consolidated subsidiary.  
 \*2. JALUX HONG KONG Co., Ltd. is planned for launch on July 2006

Executives

(as of June 23, 2006)

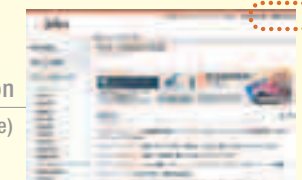
President & CEO	Toshiki Okazaki
Senior managing director	Yoshiyuki Tsutsumi
Managing director	Kazuro Aoyama
Managing director	Hiroaki Nai
Managing director	Toshio Sakamoto
Managing director	Sumio Shionoya
Managing director	Hiroshi Iijima
Managing director	Yuji Tsukahara
Director	Kenji Ichikawa
Director	Toshiro Yamaguchi
Director	Kaneo Maki
Director	Tokuhisa Asayama
Director	Yoshio Matsushita
Director	Masayuki Abiko
Director (external)	Kimio Hiroike
Director (external)	Yoshihiro Omura
Director (external)	Fudeji Hama
Auditor	Ryoji Yoshida
Auditor	Tsunehiko Nakano
Auditor (external)	Yasunaka Furukawa
Auditor (external)	Atsuro Nishi

Please make use of the JALUX website.

[www.jalux.com](http://www.jalux.com)



Investor information  
 (Japanese)



Investor information  
 (English)



Please refer to the English version of the JALUX website for Financial results and Materials for briefing, the FACT BOOK, and other information.