

Japan Airlines Corporation and Consolidated Subsidiaries Results for the Half-year Ended September 30, 2007

Tokyo November 6, 2007: Today, the JAL Group announced the consolidated half-year results for financial year 2007, the period from April 1, 2007 to September 30, 2007.

1. JAL Group First Half 2007 Consolidation Financial Results

Operating Revenue

Supply on international and domestic passenger routes measured in available seat kilometers (ASK) decreased respectively by 5.6% and 2.3%, as a result of network restructuring by shifting to high profit routes, suspending low profit routes and aircraft downsizing, as outlined in the JAL Group Medium Term Revival Plan FY2007-2010. Consequently, demand measured in revenue passenger kilometers (RPK) fell on international passenger routes by 5.7% and on domestic routes by 3.5%. However, due to an increase in unit price, operating revenue for the core air transport business segment which includes cargo, increased by 2.3% when compared to the same period last year, up by 20.6 billion yen to a total of 931.6 billion yen.

Consolidated operating revenue decreased by 7 billion yen or 0.6% from the same period last year to 1,142.9 billion yen. One main factor was a 38 billion yen decrease in non-air transport business revenue resulting from the exclusion of JALUX from the consolidated statement, after the trading company changed from a consolidated subsidiary to an equity method affiliate.

Operating Expenses

As a result of steady implementation of business structure and cost reforms outlined in the Medium Term Revival Plan, such as a review of all routes, aircraft downsizing, and personnel cost reduction, operating expenses decreased by 4.9% or 55.5 billion yen from the same period last year, to a total of 1,086.2 billion yen.

Operating & Ordinary Income

Operating profit increased by 48.4 billion yen from the same period last year to 56.6 billion yen. Ordinary profit increased by 53.3 billion yen to 58.7 billion yen.

Net Income

When compared to the same period last year, extraordinary losses increased by 34.8 billion yen to 40.5 billion yen, mainly due to implementation of the special early retirement plan, the posting of impairment losses resulting from speeding up of the retirement of aircraft and subsequent decision to sell aircraft, and provision of a reserve for anti-competitive practice litigation. As a result, net profit increased by 5.7 billion yen from the same period last year to 7.3 billion yen.

2. JAL Group Consolidated Results First Half FY2007 (April 1 - September 30, 2007)

Units: billion yen	Half year ended Sept 30, 2007	Half year ended Sept 30, 2006	Difference Half -Year-on- Year	Half Year-on-Year Comparison
Operating revenue	1,142.9	1,150.0	- 7.0	99.4%
<i>International Passenger</i>	384.1	370.7	+ 13.4	103.6%
<i>Domestic passenger</i>	352.7	345.8	+ 6.9	102.0%
<i>International cargo</i>	91.4	92.4	- 0.9	99.0%
<i>Others</i>	314.5	340.9	- 26.4	92.2%
Operating costs	1,086.2	1,141.8	- 55.5	95.1%
Operating income (loss)	56.6	8.1	48.4	694.3%
Ordinary income (loss)	58.7	5.3	53.3	-
Net income (loss)	7.3	1.5	5.7	483.9%

*Figures rounded down to the nearest 100 million yen



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3. First Half Factors

a) Operating income

International Passenger

Demand: Tourism demand was weak on Europe routes and Hawaii routes due to a weakening of the yen, and also on Taiwan routes where competition intensified. Demand out of Korea was particularly strong, and business demand was strong on US routes, Southeast Asian routes and China routes. Oceania routes, where supply has been reduced considerably from the previous year, also enjoyed strong demand. As a result, demand measured in revenue passenger kilometers (RPK) was 94.3% from the same period last year. Revenue seat load factor was almost the same as last year at 71.4%. The number of international passengers carried by JAL Group airlines decreased just 0.8% to 6,703,388.

Supply: In addition to fleet downsizing, JAL has actively reduced flight frequency and suspended flights on low profit routes. On the other hand, the airline has increased scheduled flights on high profit routes to such high growth markets as China, India and Vietnam, whilst increasing international charter flights to meet demand primarily from the 'baby boomer' generation. Supply measured in available seat kilometers decreased by 5.6% from the same period last year.

Unit price: In addition to an increase in business passenger demand and the shifting of resources to high profit routes, air fares were revised and the fuel surcharge was increased resulting in an increase in unit price of 9.9% compared to the same period last year.

Revenue: Given the above, revenue increased by 3.6% from the same period last year up 13.4 billion yen to 384.1 billion yen.

Domestic Passenger

Demand: JAL implemented a number of measures that increased customer convenience and value through, for example, the introduction of discount fares and the launch of seasonal promotional campaigns. However, group demand in particular was sluggish due to a review of last year's air fares. Overall demand was also negatively affected by flight cancellations caused by typhoons which hit Japan in July. Demand measured in revenue passenger kilometers was 3.5% down on the same period last year. The number of domestic passengers carried by JAL Group airlines decreased by 3.7% to 21,371,061.

Supply: After reviewing routes, flight frequency was increased on routes with strong demand such as Osaka (Kansai) - Sapporo and Osaka (Kansai) - Okinawa (Naha). Supply measured in available seat kilometer was 2.3% down on the same period last year.

Unit price: Due to changes in passenger composition and an increase in air fares, unit price increased by 5.7% when compared to the same period last year.

Revenue: Given the above, revenue increased by 2.0% from the same period last year by 6.9 billion yen to 352.7 billion yen.

International Cargo

Demand: Demand from Japan to North America decreased from the same period last year due to a reduction in belly space resulting from a decrease in the number of passenger flights operated. However, from Japan to China, where supply has been increased, demand has increased by over 20% when compared to the same period last year. Demand to Europe and Southeast Asia also increased. Demand from China to Japan increased from last year, but demand from Europe was sluggish from the summer onwards due to a strong Euro. Demand from Southeast Asia to Japan also decreased. Demand to the US via Japan was stagnant as supply beyond Japan was decreased. Revenue cargo ton kilometers was 0.9% down when compared to the same period last year.

Unit price: Declined 0.2% from the same period last year.

Revenue: Revenue decreased by 1.0% from the same period last year by 0.9 billion yen to 91.4 billion yen.



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b) Operating Expenses & Foreign Exchange

Fuel costs

The price of Singapore kerosene from April to September 2007 averaged US\$82.2 per barrel, a slight decrease on the US\$84.9 per barrel average for the same period last year. Nevertheless, fuel prices remained high. Despite the weak yen, a reduction in the effect of hedging, and other factors that increased fuel costs, due to a reduction of fuel consumption through steady implementation of the Revival Plan, such as aircraft downsizing, fuel costs decreased by 3.1 billion yen to 206 billion yen.

Personnel costs

As a result of steadily implementing the various measures of the Medium Term Revival Plan, in the air transport segment personnel costs decreased by 7.1 billion yen from the same period last year. The group will continue to increase productivity by, for example, expanded introduction of Toyota Production System methods, and reducing retirement benefit expenses.

Foreign Exchange

The average yen-to-dollar exchange rate for the half year was ¥119.7 to US\$1.00 compared to the average rate of ¥115.5 to US\$1.00 for the same period last year. The impact of foreign exchange on operating profit was minus 3.7 billion yen, but as a result of hedging and other measures, the company posted a foreign exchange gain of 10.3 billion yen in non-operating income.

Miscellaneous

Steady reduction of sales commission rates, review of external contracts and so on.

4. Outlook for FY2007 – Revised Forecast

Consolidated Financial Forecast for FY2007 the Year Ending March 31, 2008: The revised forecasts of consolidated results for the complete fiscal year replace those announced on May 9, 2007 and are as follows:

Units: billion yen	FY2007 Revised Forecast	FY2007 Previous Forecast Announced May 9, 2007	Difference in forecasts	FY2006 Result at March 31 2006
Operating revenue	2,238.0	2197.0	41.0	2,301.9
<i>International passenger</i>	744.5	724.0	20.5	724.8
<i>Domestic passenger</i>	689.0	691.0	- 2.0	675.6
<i>International cargo</i>	188.5	192.5	- 4.0	190.5
<i>Other</i>	616.0	589.5	26.5	710.8
Operating costs	2,190.0	2162.0	28.0	2,278.9
Operating income	48.0	35.0	13.0	22.9
Ordinary income	44.0	21.0	23.0	20.5
Net income	7.0	7.0	0.0	- 16.2

*Figures rounded down to the nearest 100 million yen

5. JAL Group – Consolidated Traffic Statistics

First Half 2007 vs 2006 (April 1 – September 30, 2007 vs. April 1 – September 30, 2006)

	First half 2007	First half 2006	Change% -Or points
INTERNATIONAL			
Passenger number	6,703,388	6,760,569	99.2%
Revenue passenger kms (000)	30,500,422	32,354,267	94.3%
Available seat kms (000)	42,743,468	45,286,215	94.4%
Revenue seat load factor	71.4%	71.4%	- 0.0 points
Revenue cargo ton kms (000)	2,194,721	2,213,925	99.1%
Mail ton kilometers (000)	85,670	76,318	112.3%
Revenue ton kms (000)	5,106,369	5,289,073	96.5%
Available ton kms (000)	7,626,384	7,958,566	95.8%
Revenue weight load factor	67.0%	66.5%	+ 0.5 points
DOMESTIC			
Passenger number	21,371,961	22,190,898	96.3%
Revenue passenger kms (000)	16,159,645	16,749,367	96.5%
Available seat kms (000)	25,552,379	26,154,645	97.7%
Revenue seat load factor	63.2%	64.0%	- 0.8 points
Revenue cargo ton kms (000)	197,802	194,575	101.7%
Mail ton kilometers (000)	42,076	41,023	102.6%
Revenue ton kms (000)	1,450,922	1,511,548	96.0%
Available ton kms (000)	2,996,808	3,059,465	98.0%
Revenue weight l/factor	48.4%	49.4%	- 1.0 points
TOTAL			
Passenger number	28,074,449	28,951,467	97.0%
Revenue passenger kms (000)	46,660,087	49,103,634	95.0%
Available seat kms (000)	68,295,847	71,440,860	95.6%
Revenue seat load factor	68.3%	68.7%	- 0.4 points
Revenue cargo ton kms (000)	2,392,523	2,408,500	99.3%
Mail ton kilometers (000)	127,746	117,341	108.9%
Revenue ton kms (000)	6,577,291	6,800,621	96.4%
Available ton kms (000)	10,623,192	11,018,031	96.4%
Revenue weight load factor	61.7%	61.7%	- 0.0 points

- International results include data from JAL International, Japan Asia Airways and JALways
- Domestic results include data from JAL International, Japan Transocean Air, JAL Express, Japan Air Commuter, Hokkaido Air System, J-Air & Ryukyu Air Commuter.

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