

[REFERENCE TRANSLATION]

Please note that this translation is to be used solely as reference and the financial statements in this material are unaudited. In case of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Consolidated Financial Results for the Nine Months Ended December 31, 2012 (Japanese GAAP)

Company name Japan Airlines Co., Ltd Feb 04, 2013
Stock Listing Tokyo Stock Exchange
Code No. 9201 **URL:** <http://www.jal.com>
Representative Yoshiharu Ueki, President
Contact Kojiro Yamashita, Vice President, Finance **Phone:** +81-3-5460-3068
 Scheduled date for filing of quarterly report: February 05, 2013 Scheduled date for dividend payment: Not Applicable
 Supplementary explanations of quarterly financial results: Yes
 Presentation for the quarterly financial results: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen unless otherwise indicated)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2012 (April 1, 2012 to December 31, 2012)
(1) Consolidated Operating Results (Cumulative)

(Percentage compared to prior year)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Nine months ended December 31, 2012	942,041	3.6	158,174	(2.2)	154,243	(1.2)	140,636	(3.7)
Nine months ended December 31, 2011	909,155	-	161,661	-	156,040	-	146,007	-

* Comprehensive income for the period April 1, 2012 - December 31, 2012: 142,766 Million Yen, April 1, 2011 - December 31, 2011: 142,648 Million Yen

	Net income per share	Diluted net income per share
Nine months ended December 31, 2012	Yen 775.54	Yen -
Nine months ended December 31, 2011	Yen 805.10	Yen -

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity ratio (%)	Net Asset Per share
As of December 31, 2012	Millions of Yen 1,176,841	Millions of Yen 547,376	44.8	Yen 2,907.08
As of March 31, 2012	Millions of Yen 1,087,627	Millions of Yen 413,861	35.7	Yen 2,142.37

(Reference) Shareholder's equity As of December 31, 2012: 527,116 Million Yen, As of March 31, 2012: 388,523 Million Yen

2. Dividends

	Dividends per Share				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
Year Ended March 31, 2012	Yen -	Yen -	Yen -	Yen 0.00	Yen 0.00
Year Ending March 31, 2013	-	-	-		
Year Ending March 31, 2013 (Forecast)				180.00	180.00

Note 1: Revisions to the most recently disclosed dividend forecasts: Yes

Note 2: We express our heartfelt gratitude to our shareholders, and will proactively distribute benefits to you, taking into consideration future corporate growth, investments to respond to changes in the operating environment, founding of a strong financial structure, and such. Consequently, we will change our targeted dividend payout ratio from this fiscal year from approximately 15% to approximately 20% of consolidated net profit, and expect to pay dividends of 180 yen per share at the end of the fiscal year.

3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2013

(Percentage compared to prior year)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Entire Fiscal Year	1,228,000	1.9	186,000	(9.2)	177,000	(10.5)	163,000	(12.7)	898.86

Note: Revisions to the most recently disclosed earnings forecasts: Yes

Please refer to Attachment page 9 "(3) Qualitative Information on Forecast of Consolidated Financial Results" for details.

The consolidated financial forecast herein is based on the assumptions and expectations of Japan Airlines Co., Ltd. (hereafter: the "Company") considering currently available information. The actual financial results of the Company are subject to change depending on unforeseen risks,

uncertainties and other factors.

Notes

(1) Changes in significant consolidated subsidiaries during the Nine months ended December 31, 2012: None

(2) Application of accounting methods which are exceptional for quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and restatement of corrections

1) Changes in accounting policies resulting from the revision of the accounting standards and other regulations: Yes

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: Yes

4) Restatement of corrections: None

Note: For more details, please refer to “Changes in Accounting Policy and Estimate” on page 10 in the Attachment.

(4) Number of shares issued (common stock)

(a) Total number of shares issued at the end of the period (including treasury stock)

As of December 31, 2012: 181,352,000

As of March 31, 2012: 181,352,000

(b) Number of treasury stock at the end of the period

As of December 31, 2012: 30,202

As of March 31, 2012: 0

(c) Average number of shares outstanding

During the nine months ended December 31, 2012 181,339,919

During the nine months ended December 31, 2011 181,352,000

Indication of quarterly review procedure implementation status

These quarterly financial results are not subject to the quarterly review requirements as provided in the Financial Instruments and Exchange Act. The review of quarterly consolidated financial statements as provided in the Financial Instruments and Exchange Act had not been completed as of the date of these Consolidated Financial Results for the Nine Months Ended December 31, 2012.

Explanation for appropriate use of forecasts and other notes

The forward-looking statements such as operational forecasts contained in this statements summary are based on information currently available to the Company and certain assumptions which are regarded as legitimate. Actual results may differ from such forward-looking statements for a variety of reasons. Please refer to “Qualitative Information of Quarterly Financial Results” on page 2 in the Attachment for the assumptions used and other notes.

* The Company holds a presentation for institutional investors and analysts on Feb 04, 2013. Documents distributed at the presentation are scheduled to be posted on our website on the same day.

Attachment

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1. Qualitative Information of Quarterly Financial Results

(1) Conditions during the Reporting Period of April 1, 2012 to December 31, 2012

(Nine months of the fiscal year ending March 31, 2013)

During the reporting period, post-quake restoration demand continued to drive the Japanese economy; however, the economic rebound was blunted by a slowdown in the global economy. Recently, signs of a business recovery were seen following the change of administration in Japan, such as the end of the strong yen, and a rise in stock prices. On the other hand, the third quarter encountered risks of possible economic stagnation due to the economic slowdown in Europe, China, etc., deflation in Japan, strained diplomatic relations due to territorial issues, and such, and so the outlook remains opaque. Under these economic conditions, JAL strived to raise profit consciousness through the divisional profitability accounting system, and achieve greater business effectiveness, founded on its strong commitment to ensuring flight safety, with the aim to achieve the targets in the Mid-Term Management Plan announced on February 15, 2012.

Consequently, during the reporting period, consolidated operating revenue increased on-year by 3.6% to 942.0 billion yen, operating expense increased on-year by 4.9% to 783.8 billion yen, operating income declined on-year by 2.2% to 158.1 billion yen, and ordinary income declined on-year by 1.2% to 154.2 billion yen. Net income for the three quarters declined on-year by 3.7% to 140.6 billion yen.

Financial results of each business segment are described below.

<Air transport segment>

During the reporting period, we strived to maintain and increase profitability, while flexibly balancing demand and capacity. Operating revenue increased on-year by 3.2 % to 843.0 billion yen, and operating income declined on-year by 7.2% to 138.7 billion yen.

(Operating revenue and operating income are before inter-company consolidation adjustment and intersegment elimination between reporting segments.)

Details are as follows.

a. International operations

	Nine months ended December 31, 2011	Nine months ended December 31, 2012	% or points compared to prior period
Revenue from passenger operations (millions of Yen)	288,978	308,348	106.7%
Revenue passengers carried (number of passengers)	4,971,071	5,618,809	113.0%
Revenue passenger km (RPK) (1,000 passenger-km)	22,067,506	25,430,408	115.2%
Available seat km (ASK) (thousands-km)	32,059,345	33,387,948	104.1%
Revenue passenger-load factor (L/F) (%)	68.8	76.2	7.3
Revenue from Cargo Operations (millions of Yen)	40,613	38,180	94.0%
Revenue cargo ton-km (RCTK) (thousands-km)	982,620	1,037,759	105.6%

We accelerated measures to improve our products and services, and increase profitability in order to become the customers' most preferred airline group.

JAL launched a nonstop service to Boston on April 22, 2012, the first transpacific destination in 13 years, and inaugurated San Diego flights on December 2, 2012. In addition to the route's convenience as the sole nonstop flight between Narita and Boston, we utilized the sales network of joint business partner American Airlines to attract customers expansively from Asia and North America. As a result, the load factor of the Boston service during the reporting period was over 80%, and the San Diego service also enjoyed a good start. Given the territorial issues, demand on China flights weakened, but we managed to minimize the impact on profitability by swiftly reducing flight frequency. From November 2012, the number of individual and inbound group passengers resurged on these routes. We will continue to swiftly assess the impact of demand on profitability, and respond appropriately. To maximize revenue, from the end of October 2012, we increased flight frequency from 5 to 7 weekly round-trip flights on the Narita=Delhi route to accommodate more corporate demand, and from 7 to 14 weekly round-trip flights on the Narita=Singapore route and provided convenient connections at Narita, as well, to attract demand between North American and Asia via Narita.

JAL and British Airways started a joint business on October 1, 2012 to provide better links between Japan and Europe. The carriers will work jointly to create more customer benefits in terms of products and services, such as offering codeshare flights between Tokyo (Haneda and Narita) and London (Heathrow), and selling aligned fares. On July 1, 2012, JAL and Malaysia Airlines, which joined oneworld on February 1, 2013, began a codeshare partnership between Japan and Asia. This partnership will benefit customers by offering smoother connections between Asia and the Middle East via Malaysia Airlines' primary hub in Kuala Lumpur, and will benefit both carriers as well with business opportunities to tap new demand.

JAL began offering the JAL SKY Wi-Fi service, an inflight Wi-Fi connection service that supports passengers' own smart phones, computers and other wireless LAN devices, between Narita and New York, Chicago, Los Angeles, and Jakarta. As JAL's original service and the first of its kind on a Japanese carrier, it is used by many passengers, and will be progressively expanded to other routes. To increase product and service competitiveness, from January 2013, new seats and new services will be introduced under

the concept of “service a notch higher in all Classes” on flights between Narita and London.

Consequently, international capacity for the reporting period, 2012 on a consolidated basis increased on-year by 4.1% when measured in available-seat-kilometer (ASK), and demand increased on-year by 15.2% in terms of revenue-passenger-kilometer (RPK). Load factor (L/F) increased on-year by 7.3 points to 76.2%. Revenue from international passenger operations increased on-year by 6.7% to 308.3 billion yen.

International cargo operations experienced sluggish inbound and outbound overall demand, but sales sections responded flexibly and found ways to maximize revenue by exploring new customers, improving service to existing customers, and acquiring transit cargo. In sales activities, Haneda airport’s convenient location was optimized to aggressively attract perishables and Express cargo, and connection services between international and domestic flights at Haneda were expanded to boost shipments to and from regional Japan. San Diego flights have been profitable since the launch in December 2012, as they carried robust demand from China and Asia on outbound flights, and perishables such as marine products on inbound flights. The volume of international cargo transported during the reporting period in revenue-cargo-ton-kilometer terms (RCTK) increased on-year by 5.6%. Revenue declined on-year by 6.0% to 38.1 billion yen.

b. Domestic operations

	Nine months ended December 31, 2011	Nine months ended December 31, 2012	% or points compared to prior period
Revenues from passenger operations (millions of Yen)	367,275	373,478	101.7%
Revenue passengers carried (number of passengers)	21,839,478	22,946,237	105.1%
Revenue passenger km (RPK) (1,000 passenger-km)	16,748,578	17,579,046	105.0%
Available seat km (ASK) (thousands-km)	26,472,908	27,687,564	104.6%
Revenue passenger-load factor (L/F) (%)	63.3	63.5	0.2
Revenue from Cargo Operations (millions of Yen)	19,195	19,395	101.0%
Revenue cargo ton-km (RCTK) (thousands-km)	273,058	277,791	101.7%

We strived to increase profitability by stimulating demand and striking a balance between demand and capacity.

In route operations, in the first-half we increased flights and used large aircraft on Haneda outbound routes, where passenger demand resurged after the post-quake decline the year before, and on Tohoku routes where post-quake restoration demand was strong. We also expanded our network by resuming scheduled flights between Fukuoka=Hanamaki and Sapporo=Niigata. To maximize revenue, we increased flights between Haneda=Izumo, Sapporo=Sendai, and Fukuoka=Miyazaki, according to changes in seasonal demand.

In sales, we added a new discount to Sakitoku and Super Sakitoku fares, which offers greater savings by purchasing tickets 55 days before the day of departure. We also offered Sakitoku and Super Sakitoku fares in the year-end period (December 29~31, 2012) for the first time to enable as many customers as possible to use them to return to their hometown or to enjoy traveling. Through sales promotions of tours to Tokyo Sky Tree, of which JAL is an Official Partner, we strived to hoist leisure demand.

As for products, in addition to increasing the number of flights offering JAL First Class service, which have been popular among customers since its launch, we expanded the service to Haneda=Okinawa flights from August 2012. We also increased Class J seats, which are well received by corporate passengers to increase the customers' convenience. Diamond and Premier security gates and JAL Global Club entrances were installed at Shin-Chitose airport in December 2012, bringing the total to four major airports in Japan with this service (Haneda, Itami, Fukuoka, Shin-Chitose). This service has shrunken the waiting time at security of frequent users, and enabled them to proceed to the lounge more speedily.

Consequently, domestic capacity for the reporting period on a consolidated basis increased on-year by 4.6% when measured in available-seat-kilometer (ASK) and demand increased on-year by 5.0% in terms of revenue-passenger-kilometer (RPK). Revenue from domestic passenger operations increased on-year by 1.7% to 373.4 billion yen.

Domestic cargo operations encountered sluggish demand from the second-half of the fiscal year, but through efforts to strengthen customer relations, we successively maintained revenue. In December, when cargo demand usually increases, we operated 9 extra cargo flights between Haneda and Okinawa to meet the customers' needs. The volume of domestic cargo transported during the reporting period in revenue-cargo-ton-kilometer (RCTK) terms increased on-year by 1.7% and revenue increased on-year by 1.0% to 19.3 billion yen.

Furthermore, as Official Partner of Tokyo 2020 Olympic and Paralympic Bid activities, we are conducting relevant activities, such as operating an aircraft with special livery, and putting up a special display at Haneda Airport Terminal 1.

Components of Revenues from the Air Transportation Segment are as follows.

	Nine months ended December 31, 2011 [Millions of Yen]	% contribution to total	Nine months ended December 31, 2012 [Millions of Yen]	% contribution to total	% compared to prior period
International:					
Passenger operations	288,978	35.4	308,348	36.6	106.7
Cargo operations	40,613	5.0	38,180	4.5	94.0
Mail-service operations	4,723	0.6	4,442	0.5	94.0
Luggage operations	357	0.0	374	0.0	104.9
Sub-total	334,672	41.0	351,345	41.7	105.0
Domestic:					
Passenger operations	367,275	45.0	373,478	44.3	101.7
Cargo operations	19,195	2.3	19,395	2.3	101.0
Mail-service operations	2,437	0.3	2,370	0.3	97.2
Luggage operations	217	0.0	204	0.0	93.9
Sub-total	389,125	47.6	395,448	46.9	101.6
Total revenues from international and domestic operations	723,798	88.6	746,794	88.6	103.2
Other revenues	38,665	4.7	43,657	5.2	112.9
Incidental business revenues	54,518	6.7	52,622	6.2	96.5
Total revenues	816,981	100.0	843,074	100.0	103.2

Note: Amounts are rounded down to the nearest million yen, percentages are round off to the first decimal place.

Consolidated Traffic Results

	Nine months ended December 31, 2011	Nine months ended December 31, 2012	% or points compared to prior period
INTERNATIONAL			
Revenue passengers carried (number of passengers)	4,971,071	5,618,809	113.0%
Revenue passenger km (1,000 passenger-km)	22,067,506	25,430,408	115.2%
Available seat km (thousands-km)	32,059,345	33,387,948	104.1%
Revenue passenger-load factor (%)	68.8	76.2	7.3
Revenue cargo ton-km (thousands-km)	982,620	1,037,759	105.6%
Mail ton-km (thousands-km)	153,015	133,405	87.2%
DOMESTIC			
Revenue passengers carried (number of passengers)	21,839,478	22,946,237	105.1%
Revenue passenger-km (1,000 passenger-km)	16,748,578	17,579,046	105.0%
Available seat km (thousands-km)	26,472,908	27,687,564	104.6%
Revenue passenger-load factor (%)	63.3	63.5	0.2
Revenue cargo ton-km (thousands-km)	273,058	277,791	101.7%
Mail ton-km (thousands-km)	15,818	15,894	100.5%
TOTAL			
Revenue passengers carried (number of passengers)	26,810,549	28,565,046	106.5%
Revenue passenger-km (1,000 passenger-km)	38,816,084	43,009,454	110.8%
Available seat km (thousands-km)	58,532,253	61,075,512	104.3%
Revenue passenger-load factor (%)	66.3	70.4	4.1
Revenue cargo ton-km (thousands-km)	1,255,678	1,315,551	104.8%
Mail ton-km (thousands-km)	168,833	149,300	88.4%

- Revenue passenger kilometer (RPK) is the number of fare-paying passengers multiplied by the distance flown (km).
Available seat kilometer (ASK) is the number of available seats multiplied by the distance flown (km).
Revenue cargo ton kilometer (RCTK) is the amount of cargo (ton) transported multiplied by the distance flown (km).
- The distance flown between two points, used for calculations of RPK, ASK and RCTK above is based on the great-circle distance and according to statistical data from IATA (International Air Transport Association) and ICAO (International Civil Aviation Organization).
- 3rd Quarter of FY2012**
International operations: Japan Airlines Co., Ltd,
Domestic operations: Japan Airlines Co., Ltd, Japan Trans Ocean Air Co., Ltd, JAL Express Co., Ltd, Japan Air Commuter Co., Ltd, J Air Co., Ltd, Ryukyu Air Commuter Co., Ltd.
3rd Quarter of FY2011
International operations: Japan Airlines Co., Ltd, Japan Trans Ocean Air Co., Ltd.
Domestic operations: Japan Airlines Co., Ltd, Japan Trans Ocean Air Co., Ltd, JAL Express Co., Ltd, Japan Air Commuter Co., Ltd, J Air Co., Ltd, Ryukyu Air Commuter Co., Ltd.
- Figures have been truncated and percentages are rounded off to the first decimal place

<Others>

We did our best to maximize the Group's corporate value and improve profitability. Here are the results of two major companies in this segment.

JALPAK Co., Ltd. offered timely products during the reporting period to respond to fluctuations in demand and to increase revenue, while using costs efficiently to improve profitability. Although the number of overseas travelers to Korea, China and Hong Kong, etc., decreased due to the effects of territorial issues, it handled many passengers to Europe, North America, and Southeast Asia, etc. backed by the strong yen, resulting in on-year increase of 8.9% to 246,000 passengers. Domestically, due to a recovery in post-quake demand for tours to Tokyo Disneyland Resort, etc. and strong web sales of Dynamic Packages, the number of travelers it handled increased on-year by 5.8% to 1,474,000 passengers.

Consequently, thanks to the increase of customers it handled, operating revenue during the reporting period (prior to intercompany transactions elimination increased on-year by 8.5% to 124.9 billion yen.

JAL Card Co., Ltd. increased its membership by approximately 90,000 members from March 31, 2012 to 2.73 million members through various enrollment campaigns, WEB marketing measures such as affiliate marketing and listing (search advertising), and greater exposure through TV commercials, etc. In December 2012, it announced the issuance of JAL American Express Card, the first new card in six years, and started to accept applications. Consequently, backed by robust personal spending, operating revenue during the reporting period (prior to intercompany transactions elimination) increased on-year by 8.0% to 12.8 billion yen.

(2) Qualitative Information of Financial Position

a. Assets, Liabilities and Equity

At the end of the reporting period, total assets increased on-year by 89.2 billion yen to 1,176.8 billion yen, mainly due to an increase in cash, deposits and aircraft.

Liabilities declined year-on-year by 44.3 billion yen to 629.4 billion yen, mainly due to a decline in interest-bearing liabilities such as lease obligations.

Net assets increased year-on-year by 133.5 billion yen to 547.3 billion yen, mainly due to an increase in stockholders' equity as a result of net income in the quarter results.

Accordingly, stockholders' equity increased to 527.1 billion yen, and the stockholders' equity ratio increased by 9.1 points to 44.8%.

For details, please refer to "Consolidated Balance Sheets as of March 31, 2012 and as of December 31, 2012" on page 11.

b. Cash Flows

Operating Activities

As a result of adding and subtracting the non-cash and cash accounts from Net Income of before Income Taxes and Minority Interests of 154.0 billion yen, the net cash provided by operating activities was 198.9 billion yen.

Investing Activities

Largely due to the purchase of time deposits and the acquisition of fixed assets, the net cash provided by investing activities was minus 196.7 billion yen.

Financing Activities

Due to the decrease of long term borrowings and leasing liabilities, the net cash provided by financing activities was minus 43.4 billion yen.

Consequently, the balance of cash and cash equivalent was declined by 40.0 billion yen to 118.9 billion yen at the end of the reporting period.

(3) Qualitative Information on Forecast of Consolidated financial Results

a. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2013

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Net income per share
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Yen
Previous Forecast (A)	1,215,000	165,000	155,000	140,000	772.00
New Forecast (B)	1,228,000	186,000	177,000	163,000	898.86
Change (B-A)	+13,000	+21,000	+22,000	+23,000	—
Change (%)	+1.1	+12.7	+14.2	+16.4	—
Ref. Consolidated Operating Result of the Fiscal Year Ended March 31, 2012	1,204,813	204,922	197,688	186,616	1,029.03

b. Non-Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2013

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Net income per share
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Yen
Previous Forecast (A)	975,000	120,000	110,000	120,000	661.70
New Forecast (B)	985,000	130,000	123,000	132,000	727.87
Change (B-A)	+10,000	+10,000	+13,000	+12,000	—
Change (%)	+1.0	+8.3	+11.8	+10.0	—
Ref. Non-consolidated Operating Result of the Fiscal Year Ended March 31, 2012	969,030	153,767	146,325	178,637	985.03

c. Reasons for Revisions of Financial Forecast for Fiscal Year Ending March 31, 2013

While there are concerns of the impact of the suspended use of JAL's Boeing 787 aircraft in January 2013, business has been robust, especially on European, North American and Southeast Asian routes. Various measures including new products and services, which we have steadily promoted, are also expected to uplift revenue. As a result, consolidated revenue for the full fiscal year is expected to increase by 13 billion yen compared to the previously announced forecast.

Although the weekend yen is expected to push fuel costs, etc. upward, the effects of hedging and persistent cost reduction efforts have been effective, and consolidated operating expenses are expected to decline by 8 billion yen from the previously announced forecast.

Consolidated operating profit for the full fiscal year reflecting the above is seen to increase by 21 billion yen compared to the previously announced forecast.

Consolidated ordinary income is expected to increase by approximately 22 billion yen due to an increase in consolidated operating profit, while net profit is expected to increase by approximately 23 billion yen. Therefore, the forecast for the fiscal year ending on March 31, 2013 has been revised as shown in the above table.

2. Notes Regarding Summary Information (Notes)

(1) Changes in the Scope of Consolidation

None

(2) Application of Special Accounting Treatment

None

(3) Changes in Accounting Policy and Estimate

(Change in depreciation method for tangible fixed assets)

The fixed rate method was used by certain consolidated Group companies in Japan to calculate depreciation of tangible fixed assets. However, from the first quarter consolidated accounting period, calculation of depreciation of tangible fixed assets acquired from/after April 1, 2012 was revised to comply with the revised Corporation Tax Act in Japan. The impact on profit and loss during the reporting period will be minimal.

(Change of useful life for tangible fixed assets)

From the first quarter consolidated accounting period, related companies have changed the useful life of certain aircraft (including spare parts) from the conventional method to useful life reflecting estimated use in the future.

As a result, operating income for the reporting period declined by 2,592 million yen and ordinary income and pre-adjusted net income due to taxes, etc. for the quarter declined by 2,449 million yen from the conventional method. For impacts on segment information, please refer to p.14 "Segment Information, etc."

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets as of March 31, 2012 and as of December 31, 2012

(Millions of Yen)

Account	FY2011 As of March 31, 2012	FY2012 As of December 31, 2012
(Assets)		
Current assets		
Cash and time deposits	272,475	317,490
Notes and account receivable-trade	117,005	112,868
Short-term investments in securities	30	11
Flight equipment spare parts and supplies	22,996	21,438
Other	56,510	60,604
Allowance for doubtful accounts	(661)	(652)
Total current assets	468,355	511,760
Fixed assets		
Tangible fixed assets, net		
Flight equipment	369,502	396,931
Other tangible fixed assets	109,329	118,833
Total tangible fixed assets	478,831	515,764
Intangible fixed assets	42,960	43,309
Investments and other assets	97,480	106,006
Total fixed assets	619,271	665,080
Total assets	1,087,627	1,176,841

Account	FY2011 As of March 31, 2012	FY2012 As of December 31, 2012
(Liabilities)		
Current liabilities		
Accounts payable-trade	125,185	122,171
Short-term borrowings	561	660
Current portion of long-term loans payable	10,197	24,404
Lease payable	35,997	36,007
Reserves	5,033	2,566
Other	121,500	124,042
Total current liabilities	298,475	309,853
Non-current liabilities		
Long-term loans payable	46,512	27,288
Lease payable	113,310	85,072
Accrued pension and severance costs	154,800	155,070
Other reserves	8,120	7,223
Other	52,546	44,955
Total non-current liabilities	375,290	319,610
Total liabilities	673,766	629,464
(Net Assets)		
Stockholders' equity		
Common stock	181,352	181,352
Capital surplus	189,901	183,043
Retained earnings	19,665	167,160
Treasury Stock	-	(114)
Total stockholders' equity	390,919	531,441
Accumulated other comprehensive income		
Net unrealized gains (losses) on other securities	(661)	(1,371)
Deferred gains (losses) on hedges	5,343	4,004
Foreign currency translation adjustments	(7,077)	(6,957)
Total accumulated other comprehensive loss	(2,395)	(4,324)
Minority interests	25,337	20,259
Total net assets	413,861	547,376
Total liabilities and net assets	1,087,627	1,176,841

(2) Consolidated Statement of Income and Comprehensive Income

(Millions of Yen)

Account	Nine months ended December 31, 2011	Nine months ended December 31, 2012
Operating revenues	909,155	942,041
Cost of operating revenues	633,986	664,399
Gross operating profit	275,168	277,642
Selling, general and administrative expenses	113,507	119,468
Operating income	161,661	158,174
Non-operating income		
Interest income and dividend income	816	1,082
Gain on sale of flight equipment	3,073	3,043
Equity in earnings of affiliates	984	-
Other	2,674	1,630
Total non-operating income	7,548	5,756
Non-operating expenses		
Interest expense	9,698	2,468
Loss on sales and disposal of flight equipment	1,797	2,041
Other	1,673	5,178
Total non-operating expenses	13,170	9,687
Ordinary income	156,040	154,243
Extraordinary gains		
Gain on compensation	881	2,616
Others	8,524	1,089
Total extraordinary gains	9,406	3,705
Extraordinary losses		
Loss on difference of retirement benefit plan	547	1,516
Impairment loss	1,911	1,022
Other	1,703	1,369
Total extraordinary losses	4,161	3,908
Income before income taxes and minority interests	161,284	154,039
Income taxes	11,912	9,453
Income before minority interests	149,371	144,586
Minority interests	3,364	3,949
Net income	146,007	140,636
Minority interests	3,364	3,949
Income before minority interests	149,371	144,586
Other comprehensive income		
Net unrealized gains (losses) on other securities, net of taxes	(465)	(667)
Net unrealized gains (losses) on hedging instruments, net of taxes	(6,608)	(1,264)
Foreign currency translation adjustments	367	148
Share of other comprehensive income of associates accounted for using equity method	(15)	(37)
Total other comprehensive income	(6,723)	(1,820)
Comprehensive income	142,648	142,766
Breakdown		
Comprehensive income attributable to owners of the parent	139,161	138,707
Comprehensive income attributable to minority interests	3,486	4,058

(3) < Summary > Consolidated Statement of Cash Flows

(Millions of Yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
I . Operating activities: (※ 1)	190,755	198,985
II . Investing activities:	(174,696)	(196,737)
III . Financing activities:	(250,499)	(43,440)
IV . Cash and cash equivalents at end of period	88,763	118,971
※ 1 Depreciation and amortization	62,493	61,665

Nine months ended December 31, 2011		Nine months ended December 31, 2012	
Relationship between balance of cash and cash equivalents and amounts of consolidated balance sheet items at the end of the reporting period		Relationship between balance of cash and cash equivalents and amounts of consolidated balance sheet items at the end of the reporting period	
	(mil. yen)		(mil. yen)
Cash and deposits	241,803	Cash and deposits	317,490
Term deposits for over 3 months	(153,052)	Term deposits for over 3 months	(198,522)
Short-term investments (marketable securities) that mature in 3 months or less	12	Short-term investments (marketable securities) that mature in 3 months or less	4
Cash and cash equivalents	<u>88,763</u>	Cash and cash equivalents	<u>118,971</u>

(4) Going Concern Assumptions

None

(5) Explanatory Note in Case of Remarkable Changes of Shareholders' Equity

By resolution of the shareholders' meeting held on June 20, 2012, we increased the amount of its capital surplus by 6,858 million yen by reducing the same amount of its capital reserve based on Article 448.1 of the Corporation Law of Japan. Subsequently, based on Article 452 of the Corporation Law of Japan, we made an appropriation of the increased capital surplus to transfer it to retained earnings. As a result, capital surplus decreased by 6,858 million yen and retained earnings increased by 6,858 million yen in the first quarter of the year ending March 31, 2013.

(6) Segment Information, etc.

<Segment information>

a. Consolidated financial results for the Nine months ended December 31, 2011 (April 1, 2011 to December 31, 2011)

1) Information concerning amount of operating revenue and profits or losses by reporting segment

(millions of yen)

	Reporting segment	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Air transportation				
Revenue					
1. Revenue from external customers	724,731	184,424	909,155	-	909,155
2. Intersegment revenue or transfer	92,250	92,368	184,618	(184,618)	-
Total	816,981	276,792	1,093,774	(184,618)	909,155
Segment profit	149,492	12,354	161,846	(184)	161,661

(Note) 1. "Others" refer to business segments that are not included in the reporting segment, such as airline-related business, travel services, etc.

2. Adjustment includes intersegment elimination.

3. Segment profit has been adjusted with operating income on the quarterly consolidated profit and loss statement.

b. Consolidated financial results for the Nine months ended December 31, 2012 (April 1, 2012 to December 31, 2012)

1) Information concerning amount of operating revenue and profits or losses by reporting segment

(millions of yen)

	Reporting segment	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Air transportation				
Revenue					
1. Revenue from external customers	748,740	193,301	942,041	-	942,041
2. Intersegment revenue or transfer	94,333	112,647	206,980	(206,980)	-
Total	843,074	305,948	1,149,022	(206,980)	942,041
Segment profit	138,753	19,964	158,717	(543)	158,174

(Note) 1. "Others" refer to business segments that are not included in the reporting segment, such as airline-related business, travel services, etc.

2. Adjustment includes intersegment elimination.

3. Segment profit has been adjusted with operating income on the quarterly consolidated profit and loss statement.

2) Change in accounting policy, change of estimates in accounting, re-reporting of revisions

(Change in service lives for tangible fixed assets)

From this reporting period, we have changed the useful lives of some of our aircraft (including spare parts) to reviewed useful lives based on the estimated future use. Consequently, compared to the conventional estimation, the operating income of the air transportation segment during the reporting period decreased by 2,592 million yen.

(7) Significant Subsequent Event

None