

**[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 Six Months Ended September 30, 2012 (Japanese GAAP)**

**Company name** Japan Airlines Co., Ltd. Nov 02, 2012  
**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: November 05, 2012 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 Six Months Ended September 30, 2012 (April 1, 2012 to September 30, 2012)**
**(1) Consolidated Operating Results (Cumulative)**

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six months ended September 30, 2012	634,225	5.7	112,190	5.7	111,061	7.7	99,718	2.4
Six months ended September 30, 2011	599,873	-	106,174	-	103,131	-	97,414	-

\* Comprehensive income for the period April 1, 2012 - September 30, 2012: 93,006 Million Yen, April 1, 2011 - September 30, 2011: 90,600 Million Yen

	Net income per share	Diluted net income per share
Six months ended September 30, 2012	Yen 549.87	Yen -
Six months ended September 30, 2011	Yen 537.16	Yen -

**(2) Consolidated Financial Position**

	Total Assets	Net Assets	Equity ratio (%)	Net Asset Per share
As of September 30, 2012	Millions of Yen 1,147,366	Millions of Yen 497,625	41.7	Yen 2,639.86
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 September 30, 2012: 478,664 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)	-	-	-	-	-

Note 1: Revisions to the most recently disclosed dividend forecasts: None

Note 2: Providing returns to our shareholders is one of our key management goals. We currently expect such dividend payments to be equivalent to approximately 15% of our consolidated net income for the fiscal year ending March 31, 2013. We will announce the amount of dividends when our performance becomes clearer.

**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
Entire Fiscal Year	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
	1,215,000	0.8	165,000	(19.5)	155,000	(21.6)	140,000	(25.0)	772.00

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 Six months ended September 30, 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 September 30, 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 September 30, 2012: 30,202
    - As of March 31, 2012: 0
  - (c) Average number of shares outstanding
    - During the six months ended September 30, 2012 181,347,686
    - During the six months ended September 30, 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 Six Months Ended September 30, 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 Nov 02, 2012. 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 September 30, 2012

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

Although the Japanese economy has shown signs of a gradual recovery in production, business earnings, personal spending, and such, prompted by post-quake restoration demand, the economic rebound has recently come to a standstill. Furthermore, risks are still prevalent of a downward pressure on the economy caused by fluctuations in financial capital markets and downside overseas business conditions triggered by the European debt crisis, deflation, etc. Under these conditions, we rigorously increased profit consciousness of our staff through the divisional profitability management system to realize greater efficiency in management, on the premise of flight safety, so as to clear the targets set out in the Mid-Term Management Plan announced on February 15, 2012.

Consequently, during the reporting period, consolidated operating revenue increased on-year by 5.7% to 634.2 billion yen, operating expense increased on-year by 5.7% to 522.0 billion yen, operating income increased on-year by 5.7% to 112.1 billion yen, and ordinary income increased on-year by 7.7% to 111.0 billion yen. Net income for the quarter increased on-year by 2.4% to 99.7 billion yen.

Financial results of each business segment are described below.

#### <Air transport segment>

During the reporting period, we strived to maintain and improve profitability, while flexibly balancing demand and capacity. Operating revenue increased on-year by 5.2% to 567.7 billion yen, and operating income increased on-year by 0.1% to 98.7 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**

	Six months ended September 30, 2011	Six months ended September 30, 2012	% or points compared to prior period
Revenue from passenger operations (millions of Yen)	190,832	210,317	110.2%
Revenue passengers carried (number of passengers)	3,210,236	3,778,806	117.7%
Revenue passenger km (RPK) (1,000 passenger-km)	14,391,710	16,852,215	117.1%
Available seat km (ASK) (thousands-km)	21,167,969	22,127,274	104.5%
Revenue passenger-load factor (L/F) (%)	68.0	76.2	8.2
Revenue from Cargo Operations (millions of Yen)	27,092	25,268	93.3%
Revenue cargo ton-km (RCTK) (thousands-km)	650,343	678,074	104.3%

We accelerated measures to improve product appeal and increase profitability so that we may be recognized as the world's most favored airline by customers.

We launched a brand new route between Tokyo's Narita International Airport and Boston Logan International Airport starting April 22, 2012, as its first new transpacific destination in 13 years. Optimizing the features of the fuel-efficient Boeing 787, the first midsize airplane capable of flying long-range routes, we were able to establish a new business model of opening new nonstop routes to mid-size cities, which would not have been profitable had we used large aircraft. Furthermore, by utilizing code-share flights with Jet Blue with a hub in Boston while making most of the convenient, sole nonstop service from Asia including Japan, our Boston service has enabled us to attract customers expansively from all parts of Asia and North America. The Narita=Boston load factor in the fiscal first-half has been remarkably strong at 83.6%. Additional Boeing 787 routes were introduced between Narita=Delhi, where demand continues to thrive, Narita=Moscow, and Haneda=Beijing, so as to align supply with demand, and thus improve profitability. We also operated a total of 214 charter flights to including off-line destinations such as Barcelona, Athens, Rome, Madrid, and Venice, to meet robust leisure demand prompted by the strong yen.

We expanded our network from Japan to Europe, North America and Asia by increasing code-share flights with our alliance partners. In our transpacific joint business with American Airlines (AA), Haneda=New York services by AA were resumed on July 17, 2012, facilitating connections to destinations in North American and South America by the early morning arrival in New York, and enabling us to attract transit passengers in particular. Following a mutual decision to commence the joint business with British Airways (BA) on October 1, 2012, we launched sales of joint fares from September 5, 2012. Code-share flights with BA between Tokyo (Narita and Haneda) and London will start on October 1, 2012, and products and services will be enhanced to improve the passenger experience between Japan and Europe. As for alliance strategies in Asia, on July 1, 2012 we launched Japan=Asia code-share flights with Malaysia Airlines, which will officially join oneworld in the latter half of 2012. Kuala Lumpur has now become a new base in Southeast Asia, facilitating connections to Asia and the Middle East, and allowing us to attract new demand.

Through original services and products, we strived to meet the customers' diverse needs. We introduced the world's first

electronic manga service “SKY MANGA” in the international inflight entertainment program onboard the Boeing 787. We also launched the service “JAL SKY Wi-Fi” on flights between Narita and New York, the sole Japanese airline providing this service, to enable passengers to use their Smartphones, laptops, tablet PCs, etc. on board to access the internet. The service, enjoyed by many passengers, will be progressively expanded to other routes. We also announced the launch of “JAL NEW SKY PROJECT”, as part of our strategy to deliver travel experiences that are always new and refreshing. This includes sweeping changes to seats and services onboard Boeing 777-300ER aircraft, under the concept of “a leap forward in comfort level, functionality, and the overall onboard experience”. The aircraft will be deployed first on the Narita=London route from January 2013.

Although we faced many flight cancellations and a decline in passenger traffic from late-September, caused by the territorial issues with China and South Korea, we responded swiftly. On September 21, 2012, we decided to reduce flight frequency on certain routes from October 2012, and thus took steps to reduce costs. We will continue to assess impacts on profitability promptly, and respond appropriately.

Consequently, international capacity for the six months ended September 30, 2012 on a consolidated basis increased on-year by 4.5% when measured in available-seat-kilometer (ASK), and demand increased on-year by 17.1% in terms of revenue-passenger-kilometer (RPK). Load factor (L/F) increased on-year by 8.2 points to 76.2%. Revenue from international passenger operations increased on-year by 10.2% to 210.3 billion yen.

With regards to international cargo operations, amid a decline in overall demand from Japan due to the economic downturn in Europe, etc., we did our utmost to maximize revenue by using space efficiently and attracting transit cargo. Through aggressive sales efforts, we attracted perishables and express cargo by utilizing the geographic benefits of Haneda airport, and also boosted demand from regional Japan by improving international and domestic connection services at Haneda. Through enhanced temperature-controlled transport services for high added-value cargo such as pharmaceuticals, results in revenue-cargo-ton-kilometer (RCTK) increased on-year by 4.3% in this reporting period on a consolidated basis, however, the revenue from international cargo operations decreased on-year by 6.7% to 25.2 billion yen.

**b. Domestic operations**

	Six months ended September 30, 2011	Six months ended September 30, 2012	% or points compared to prior period
Revenues from passenger operations (millions of Yen)	243,374	250,467	102.9%
Revenue passengers carried (number of passengers)	14,175,649	15,226,736	107.4%
Revenue passenger km (RPK) (1,000 passenger-km)	10,853,327	11,689,238	107.7%
Available seat km (ASK) (thousands-km)	17,352,853	18,668,396	107.6%
Revenue passenger-load factor (L/F) (%)	62.5	62.6	0.1
Revenue from Cargo Operations (millions of Yen)	12,158	12,669	104.2%
Revenue cargo ton-km (RCTK) (thousands-km)	172,023	181,561	105.5%

We strived to improve profitability of domestic passenger operations by implementing measures to stimulate demand and modifying capacity to meet demand.

To maximize revenue, we increased flight frequency and assigned large aircraft on routes from Haneda to destinations in Hokkaido/Chugoku/Shikoku/Okinawa, taking into account the rebound in passenger demand from the post-quake decline last year, and on routes to and from Tohoku to meet the demand for post-quake restoration. In July, we resumed scheduled services between Sapporo and Niigata.

To meet the customers' diversifying needs, we introduced new "Sakitoku" and "Super Sakitoku" discount fares to provide greater savings by purchasing a ticket 55 days in advance. By boosting leisure demand through aggressive sales promotions, such as attractive tours to Tokyo Sky Tree for which we are an Official Partner, we were able to increase passenger traffic.

As part of our product strategies, we increased flights offering "JAL First Class" service, which has enjoyed high popularity since its launch, on the Haneda=Fukuoka route from July, and introduced on the Haneda=Okinawa route from August. We also strived to improve the customers' convenience by increasing the number of "Class J" seat equipped aircrafts. "Class J" is popular among corporate passengers.

Consequently, domestic capacity for the reporting period on a consolidated basis increased on-year by 7.6% when measured in available-seat-kilometer (ASK) and demand increased on-year by 7.7% in terms of revenue-passenger-kilometer (RPK). Revenue from domestic passenger operations increased on-year by 2.9% to 250.4 billion yen.

In our domestic cargo operations, we strived to secure stability of regular cargo by improving our relationships with customers, promoting air transport of perishables from regional Japan, and such. The volume of domestic cargo transported during the reporting period in revenue-cargo-ton-kilometers (RCTK) terms increased on-year by 5.5 % due to a recovery in demand and increase in capacity. Revenue generated from domestic cargo operations was increase on-year 4.2% to 12.6 billion yen.

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

	Six months ended September 30, 2011 [Millions of Yen]	% contribution to total	Six months ended September 30, 2012 [Millions of Yen]	% contribution to total	% compared to prior period
International:					
Passenger operations	190,832	35.4	210,317	37.0	110.2
Cargo operations	27,092	5.0	25,268	4.5	93.3
Mail-service operations	2,784	0.5	2,722	0.5	97.8
Luggage operations	239	0.0	252	0.0	105.5
Sub-total	220,948	41.0	238,560	42.0	108.0
Domestic:					
Passenger operations	243,374	45.1	250,467	44.1	102.9
Cargo operations	12,158	2.3	12,669	2.2	104.2
Mail-service operations	1,531	0.3	1,510	0.3	98.7
Luggage operations	152	0.0	141	0.0	92.6
Sub-total	257,217	47.7	264,788	46.6	102.9
Total revenues from international and domestic operations	478,166	88.6	503,348	88.7	105.3
Other revenues	25,481	4.7	28,802	5.1	113.0
Incidental business revenues	35,768	6.6	35,552	6.3	99.4
Total revenues	539,416	100.0	567,704	100.0	105.2

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

## Consolidated Traffic Results

	Six months ended September 30, 2011	Six months ended September 30, 2012	% or points compared to prior period
<b>INTERNATIONAL</b>			
Revenue passengers carried (number of passengers)	3,210,236	3,778,806	117.7%
Revenue passenger km (1,000 passenger-km)	14,391,710	16,852,215	117.1%
Available seat km (thousands-km)	21,167,969	22,127,274	104.5%
Revenue passenger-load factor (%)	68.0	76.2	8.2
Revenue cargo ton-km (thousands-km)	650,343	678,074	104.3%
Mail ton-km (thousands-km)	89,982	80,142	89.1%
<b>DOMESTIC</b>			
Revenue passengers carried (number of passengers)	14,175,649	15,226,736	107.4%
Revenue passenger-km (1,000 passenger-km)	10,853,327	11,689,238	107.7%
Available seat km (thousands-km)	17,352,853	18,668,396	107.6%
Revenue passenger-load factor (%)	62.5	62.6	0.1
Revenue cargo ton-km (thousands-km)	172,023	181,561	105.5%
Mail ton-km (thousands-km)	9,764	10,059	103.0%
<b>TOTAL</b>			
Revenue passengers carried (number of passengers)	17,385,885	19,005,542	109.3%
Revenue passenger-km (1,000 passenger-km)	25,245,037	28,541,453	113.1%
Available seat km (thousands-km)	38,520,822	40,795,670	105.9%
Revenue passenger-load factor (%)	65.5	70.0	4.4
Revenue cargo ton km (thousands-km)	822,366	859,635	104.5%
Mail ton km (thousands-km)	99,746	90,202	90.4%

- 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).
- 2nd 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.  
**2nd 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.

JAL PAK 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. It handled a large number of overseas travelers primarily to Europe and North America backed by the strong yen, with the total reaching 168,000 customers, an on-year increase of 17.4%. For the domestic travel, the number of travelers increased on-year by 12.0% to 1,003,000 users, due to a recovery in post-quake demand for tours to Tokyo Disney Resort, etc. and web sales of "Dynamic Package". Consequently, operating revenue (prior to intercompany transactions elimination) increased on-year by 14.3% to 86.8 billion yen due to an increase in the number of customers handled.

JAL Card Co., Ltd. increased its membership by approximately 60,000 members from March 31, 2012 to 2.7 million members through the "First Time JAL Card Enrollment Campaign" launched in April, continuation of the online-limited enrollment campaign, and website marketing measures such as affiliate marketing and search advertising. As the amount which it handled was high, backed by robust personal spending, operating revenue (prior to intercompany transactions elimination) increased on-year by 7.5% to 8.5 billion yen.

## (2) Qualitative Information of Financial Position

### a. Assets, Liabilities and Equity

During the second quarter, total assets increased by 59.7 billion yen to 1,147.3 billion yen due to increase in time deposit and cash resulted from a high net income.

Total liabilities decreased by 24.0 billion yen to 649.7 billion yen due to decrease in the leasing debt and loans.

Net assets increased by 83.7 billion yen to 497.6 billion yen, due to net profits in quarterly results, despite the decrease in deferred gains or losses on hedges.

Consequently, the shareholders' equity was 478.6 billion yen and the equity ratio increased by 6.0 points to 41.7%.

For details, please refer to "Consolidated Balance Sheets as of March 31, 2012 and as of September 30, 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 110.6 billion yen, the net cash provided by operating activities was 152.9 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 99.7 billion yen.

#### Financing Activities

Due to the decrease of long term borrowings and leasing liabilities, the net cash provided by financing activities was minus 31.4 billion yen.

Consequently, the balance of cash and cash equivalent was increased by 21.4 billion yen to 180.4 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)	1,220,000	150,000	140,000	130,000	716.84
<b>New Forecast (B)</b>	<b>1,215,000</b>	<b>165,000</b>	<b>155,000</b>	<b>140,000</b>	<b>772.00</b>
Change (B-A)	(5,000)	+15,000	+15,000	+10,000	—
Change (%)	(0.4)	+10.0	+10.7	+7.7	—
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)	980,000	110,000	100,000	110,000	606.56
<b>New Forecast (B)</b>	<b>975,000</b>	<b>120,000</b>	<b>110,000</b>	<b>120,000</b>	<b>661.70</b>
Change (B-A)	(5,000)	+10,000	+10,000	+10,000	—
Change (%)	(0.5)	+9.1	+10.0	+9.1	—
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

By reflecting the decline in passenger traffic in the air transportation segment caused by the territorial issue, etc., consolidated operating revenue for the full fiscal year is expected to decline by approximately 5 billion yen from the previously announced forecast. As for operating expense, although fuel costs are expected to increase due to rising fuel prices, group-wide cost reduction initiatives will be continued in the second-half, aiming to reduce approximately 20 billion yen for the entire fiscal year. Thus, we expect an increase in operating income of approximately 15 billion yen from the previously announced forecast.

Consolidated ordinary profit is expected to increase by approximately 15 billion yen due to an increase in consolidated operating income, while net profit is expected to increase by approximately 10 billion yen due to an increase in taxes given an increase in profit. 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 1,727 million yen and ordinary income and pre-adjusted net income due to taxes, etc. for the quarter declined by 1,666 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 September 30, 2012

(Millions of Yen)

Account	FY2011 As of March 31, 2012	FY2012 As of September 30, 2012
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and time deposits	272,475	349,074
Notes and account receivable-trade	117,005	116,110
Short-term investments in securities	30	11
Flight equipment spare parts and supplies	22,996	20,897
Other	56,510	44,602
Allowance for doubtful accounts	(661)	(692)
<b>Total current assets</b>	<b>468,355</b>	<b>530,002</b>
<b>Fixed assets</b>		
<b>Tangible fixed assets, net</b>		
Flight equipment	369,502	386,843
Other tangible fixed assets	109,329	88,128
<b>Total tangible fixed assets</b>	<b>478,831</b>	<b>474,972</b>
Intangible fixed assets	42,960	43,043
Investments and other assets	97,480	99,348
<b>Total fixed assets</b>	<b>619,271</b>	<b>617,364</b>
<b>Total assets</b>	<b>1,087,627</b>	<b>1,147,366</b>

Account	FY2011 As of March 31, 2012	FY2012 As of September 30, 2012
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Accounts payable-trade	125,185	127,456
Short-term borrowings	561	707
Current portion of long-term loans payable	10,197	10,115
Lease payable	35,997	35,910
Reserves	5,033	2,920
Other	121,500	128,332
<b>Total current liabilities</b>	<b>298,475</b>	<b>305,442</b>
<b>Non-current liabilities</b>		
Long-term loans payable	46,512	40,352
Lease payable	113,310	95,392
Accrued pension and severance costs	154,800	155,205
Other reserves	8,120	7,586
Other non-current liabilities	52,546	45,761
<b>Total non-current liabilities</b>	<b>375,290</b>	<b>344,298</b>
<b>Total liabilities</b>	<b>673,766</b>	<b>649,741</b>
<b>(Net Assets)</b>		
<b>Stockholders' equity</b>		
Common stock	181,352	181,352
Capital surplus	189,901	183,043
Retained earnings	19,665	126,241
Treasury Stock	-	(114)
<b>Total stockholders' equity</b>	<b>390,919</b>	<b>490,522</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized gains (losses) on other securities	(661)	(1,532)
Deferred gains (losses) on hedges	5,343	(3,210)
Foreign currency translation adjustments	(7,077)	(7,114)
<b>Total accumulated other comprehensive loss</b>	<b>(2,395)</b>	<b>(11,858)</b>
<b>Minority interests</b>	<b>25,337</b>	<b>18,960</b>
<b>Total net assets</b>	<b>413,861</b>	<b>497,625</b>
<b>Total liabilities and net assets</b>	<b>1,087,627</b>	<b>1,147,366</b>

**(2) Consolidated Statement of Income and Comprehensive Income**

(Millions of Yen)

Account	Six months ended September 30, 2011	Six months ended September 30, 2012
<b>Operating revenues</b>	<b>599,873</b>	<b>634,225</b>
Cost of operating revenues	418,660	443,354
Gross operating profit	181,213	190,871
Selling, general and administrative expenses	75,038	78,680
<b>Operating income</b>	<b>106,174</b>	<b>112,190</b>
<b>Non-operating income</b>		
Interest income and dividend income	526	669
Gain on sale of flight equipment	2,487	2,355
Equity in earnings of affiliates	844	-
Other	2,031	1,367
<b>Total non-operating income</b>	<b>5,890</b>	<b>4,392</b>
<b>Non-operating expenses</b>		
Interest expense	6,683	1,690
Loss on sales and disposal of flight equipment	1,456	1,407
Other	792	2,423
<b>Total non-operating expenses</b>	<b>8,933</b>	<b>5,521</b>
<b>Ordinary income</b>	<b>103,131</b>	<b>111,061</b>
<b>Extraordinary gains</b>		
Gain on compensation	669	1,682
Gain on sale of investment securities	3,126	-
Others	5,127	680
<b>Total extraordinary gains</b>	<b>8,922</b>	<b>2,363</b>
<b>Extraordinary losses</b>		
Loss on difference of retirement benefit plan	547	1,516
Other	2,501	1,302
<b>Total extraordinary losses</b>	<b>3,048</b>	<b>2,818</b>
<b>Income before income taxes and minority interests</b>	<b>109,005</b>	<b>110,606</b>
Income taxes	9,156	8,046
<b>Income before minority interests</b>	<b>99,849</b>	<b>102,559</b>
Minority interests	2,434	2,841
<b>Net income</b>	<b>97,414</b>	<b>99,718</b>
Minority interests	2,434	2,841
<b>Income before minority interests</b>	<b>99,849</b>	<b>102,559</b>
<b>Other comprehensive income</b>		
Net unrealized gains (losses) on other securities, net of taxes	185	(808)
Net unrealized gains (losses) on hedging instruments, net of taxes	(10,065)	(8,631)
Foreign currency translation adjustments	646	(41)
Share of other comprehensive income of associates accounted for using equity method	(14)	(71)
<b>Total other comprehensive income</b>	<b>(9,248)</b>	<b>(9,553)</b>
<b>Comprehensive income</b>	<b>90,600</b>	<b>93,006</b>
<b>Breakdown</b>		
Comprehensive income attributable to owners of the parent	88,017	90,255
Comprehensive income attributable to minority interests	2,583	2,751

**(3) Consolidated Statement of Cash Flows**

(Millions of Yen)

Account	Six months ended September 30, 2011	Six months ended September 30, 2012
<b>Operating activities:</b>		
Net income before income taxes and minority interests	109,005	110,606
Depreciation and amortization	41,523	40,737
Gain and loss on sales and disposal of fixed assets and loss on impairment of fixed assets, net	981	209
Net reversal of accrued pension and severance costs	(526)	409
Gain and loss on sales and revaluation of investments in securities	(2,893)	366
Interest and dividend income	(526)	(669)
Interest expense	6,683	1,690
Exchange loss, net	(2,509)	(1,093)
Equity in (earnings) loss of affiliates	(844)	377
(Increase) decrease in notes and accounts receivable	(9,125)	838
Decrease in flight equipment spare parts and supplies	1,982	2,098
Decrease in accounts payable	(13,713)	2,375
Other	5,158	8,020
<b>Subtotal</b>	<b>135,198</b>	<b>165,967</b>
Interest and dividends received	1,048	813
Interest paid	(6,808)	(1,679)
Payments for extra retirement	(2,842)	-
Income taxes paid	(4,424)	(12,104)
<b>Net cash provided by (used in ) operating activities</b>	<b>122,172</b>	<b>152,996</b>
<b>Investing activities:</b>		
Purchase of time deposits	(261,844)	(198,114)
Proceeds from maturity of time deposits	16,382	142,412
Purchase of fixed assets	(24,084)	(45,863)
Proceeds from sales of fixed assets	22,144	5,473
Purchase of investments in securities	(1,093)	(5,797)
Proceeds from sales and maturity of investments in securities	5,564	364
Proceeds from purchase of subsidiaries resulting in change in scope of consolidation	1,360	-
Proceeds from sales of consolidated subsidiaries resulting in changes in scope of consolidation	272	-
Payments of loans receivable	(1,631)	(123)
Collection of loans receivable	986	1,009
Other	1,098	850
<b>Net cash provided by (used in) investing activities</b>	<b>(240,845)</b>	<b>(99,787)</b>
<b>Financing activities:</b>		
Decrease (increase) in short-term borrowings, net	51	145
Proceeds from long-term loans	503	236
Repayment of long-term loans	(21,752)	(5,166)
Payment for lease payables	(22,902)	(18,244)
Proceeds from stock issuance to minority shareholders	1,506	-
Dividends paid to minority interests	(194)	(8,177)
Other	(457)	(212)
<b>Net cash provided by (used in) financing activities</b>	<b>(43,246)</b>	<b>(31,418)</b>
Effect of exchange rate changes on cash and cash equivalents	(491)	(352)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(162,411)</b>	<b>21,438</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>323,797</b>	<b>158,995</b>
<b>Increase in cash and cash equivalents resulting from merger</b>	<b>31</b>	<b>-</b>
<b>Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation</b>	<b>(247)</b>	<b>-</b>
<b>Cash and cash equivalents at end of period</b>	<b>161,169</b>	<b>180,434</b>

#### (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 reserve 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 Six months ended September 30, 2011 (April 1, 2011 to September 30, 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	478,154	121,719	599,873	-	599,873
2. Intersegment revenue or transfer	61,261	60,288	121,550	(121,550)	-
Total	539,416	182,008	721,424	(121,550)	599,873
Segment profit	98,618	7,815	106,433	(259)	106,174

(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.

b. Consolidated financial results for the Six months ended September 30, 2012 (April 1, 2012 to September 30, 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	502,476	131,749	634,225	-	634,225
2. Intersegment revenue or transfer	65,227	75,682	140,909	(140,909)	-
Total	567,704	207,431	775,135	(140,909)	634,225
Segment profit	98,747	13,848	112,596	△405	112,190

(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 1,727 million yen

(7) Significant Subsequent Event

None