

[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, 2013 (Japanese GAAP)

**Company name** Japan Airlines Co., Ltd  
**Stock Listing** Tokyo Stock Exchange  
**Code No.** 9201 **URL:** <http://www.jal.com> **October 31, 2013**  
**Representative** Yoshiharu Ueki, President  
**Contact** Kojiro Yamashita, Vice President, Finance **Phone:** +81-3-5460-3068  
 Scheduled date for filing of quarterly report: November 1, 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 Six Months Ended September 30, 2013 (April 1, 2013 to September 30, 2013)

#### (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, 2013	659,300	4.0	95,840	(14.6)	90,171	(18.8)	81,940	(17.8)
Six months ended September 30, 2012	634,225	5.7	112,190	5.7	111,061	7.7	99,718	2.4

\*Comprehensive income for the period April 1, 2013 - September 30, 2013: 87,693 Millions of Yen, April 1, 2012 - September 30, 2012: 93,006 Millions of Yen

	Net income per share	Diluted net income per share
Six months ended September 30, 2013	Yen 451.91	Yen -
Six months ended September 30, 2012	Yen 549.87	Yen -

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity ratio (%)	Net Asset Per share
As of September 30, 2013	Millions of Yen 1,261,457	Millions of Yen 636,570	49.0	Yen 3,406.60
As of March 31, 2013	Millions of Yen 1,216,612	Millions of Yen 583,189	46.4	Yen 3,116.30

(Reference) Shareholder's equity As of September 30, 2013: 617,683 Millions of Yen, As of March 31, 2013: 565,048 Millions of Yen

### 2. Dividends

	Dividends per Share				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
Year Ended March 31, 2013	Yen -	Yen -	Yen -	Yen 190.00	Yen 190.00
Year Ending March 31, 2014	-	-	-	-	-
Year Ending March 31, 2014 (Forecast)	-	-	-	-	-

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

### 3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2014

(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	1,286,000	3.8	155,000	(20.6)	144,000	(22.5)	128,000	(25.4)	705.93

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

Please refer to "Qualitative Information concerning Financial Results for the Second Quarter of FY2013" in the Attachment for the assumptions used and other notes.

## Notes

- (1) Changes in significant consolidated subsidiaries during the Six months ended September 30, 2013: 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: None
  - 2) Changes in accounting policies other than 1): None
  - 3) Changes in accounting estimates: None
  - 4) Restatement of corrections: None
- (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, 2013:	181,352,000
As of March 31, 2013:	181,352,000
  - (b) Number of treasury stock at the end of the period

As of September 30, 2013:	31,990
As of March 31, 2013:	31,950
  - (c) Average number of shares outstanding

During the six months ended September 30, 2013	181,320,027
During the six months ended September 30, 2012	181,347,686

## **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 disclosure date of these Consolidated Financial Results for the Six Months Ended September 30, 2013.

## **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 concerning Financial Results for the Second Quarter of FY2013” in the Attachment for the assumptions used and other notes.

\* The Company will hold a presentation for institutional investors and analysts on October 31, 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 concerning Financial Results for the Second Quarter of FY2013

### (1) Explanation of Operating Results

During the reporting period of consolidated financial results for the first half of the fiscal year, Japan's economy has been on a moderate recovery track. Exports have shown movements of picking up and the effects of Japanese government policies have been developing, while household income and business investment have increased. However, the slowdown of overseas economies has been a downside risk to the Japanese economy. Under these economic conditions, JAL Group strived to increase management efficiency and deliver the highest standard of service, while maintaining a strong commitment to flight safety, in an effort to achieve the targets of Rolling Plan 2013 of the Medium Term Management Plan. On June 1, 2013, JAL resumed operations of the Boeing 787 on completion of all necessary safety measures, after battery problems grounded the fleet in January 2013 and caused substantial concerns and inconvenience.

As a result of the above, consolidated operating revenues and operating expenses increased to 659.3 billion yen (up 4.0%) and to 563.4 billion yen (up 7.9%) respectively year-on-year, while operating profit and ordinary income declined to 95.8 billion yen (down 14.6 %) and 90.1 billion yen (down 18.8%) respectively from the previous year. Net income declined to 81.9 billion yen (down 17.8%) from a year ago.

Financial results of each segment are as follows.

From the first quarter of consolidated financial results of the fiscal year ending March 31, 2014, the companies in the air transportation segment indicated as reporting segments have changed, and comparison and analysis of financial results are based on categorization of companies after this change. For details, please refer to “ 3. Consolidated Financial Statements, (4) Notes for Consolidated Financial Statements, Segment Information, etc. ”.

#### Air Transportation Segment

During the reporting period, operating revenue of the air transportation business segment increased by 3.0 % year-on-year to 589.0 billion yen, while operating profit declined by 16.4 % year-on-year to 86.1 billion yen. (Operating revenue and operating profit represent amounts prior to elimination of intra-company transactions. )

Financial results of each business segment are described below.

**a. International operations**

	Six months ended September 30, 2012	Six months ended September 30, 2013	% or points compared to prior period
Revenue from passenger operations (millions of Yen)	210,317	222,209	105.7%
Revenue passengers carried (number of passengers)	3,778,806	3,847,675	101.8%
Revenue passenger km (RPK) (1,000 passenger-km)	16,852,215	17,608,006	104.5%
Available seat km (ASK) (thousands)	22,127,274	23,089,875	104.4%
Revenue passenger-load factor (L/F) (%)	76.2	76.3	0.1
Revenue from Cargo Operations (millions of Yen)	25,268	26,291	104.0%
Revenue cargo ton-km (RCTK) (thousands)	678,074	743,334	109.6%

In international passenger operations, we took necessary action to expand our network and increase aircraft efficiency following the resumption of Boeing 787 operations to maximize revenue. We also installed new cabin seats, and such to improve our products and services.

In route operations, the Boeing 787 was returned to service on Narita=Boston/San Diego, Haneda=Beijing, and Narita/Haneda=Singapore routes from June 1, 2013, and deployed on Narita=Delhi route on July 12, 2013, and on Narita=Moscow and Haneda=San Francisco routes on September 1 to increase product competitiveness and operational cost efficiency. The postponed Narita=Helsinki route was launched on July 1, 2013. While temporarily reducing flights on Narita=Beijing route to flexibly respond to sluggish demand and improve profitability, the Boeing 767 was replaced with the larger Boeing 777-200ER to meet robust demand on Narita=Honolulu (JL782/781) and Chubu/Kansai=Honolulu routes.

Sales-wise, special time-limited fares for connections from Helsinki were sold, timed to the launch of Helsinki flights in July 2013, to increase customer awareness and use of this new route. As a decline in corporate demand was anticipated in the summer peak season, time-limited fares on business class travel were sold from Japan to Europe and Asia to increase the load factor.

As for alliance strategies, Japan's Ministry of Land, Infrastructure, Transport and Tourism granted anti-trust immunity to a joint business between Japan Airlines, Finnair and British Airways, paving the way for Finnair to join the existing joint business between Japan Airlines and British Airways launched in October 2013. The three airlines will make preparations to launch the joint business, which will dramatically improve customer benefits by enhancing the route network, products, and service quality, and increase customer convenience and selections.

On the product side, JAL SKY SUITE 777, a fully revamped Boeing 777-300ER with sweeping upgrades in spaciousness, comfort and functionality in every class, was deployed between Narita and New York, as well as between Narita and London where it was first rolled out. It will start operating between Narita and Los Angeles in November 2013, and between Narita and Chicago in January 2014. The Boeing 767-300ER will also be installed with fully-flat seats in

Business Class providing direct access to the aisle, while Economy Class will be fitted with the Sky Wider, just as on the Boarding 777-300ER, to provide passengers with 10 cm. (max.) more legroom than the previous seat. The revamped Boeing 767-300ER named JAL SKY SUITE 767 will be put in service between Narita and Vancouver in December 2013, and progressively expanded to long-distance Southeast Asia routes, such as between Narita and Kuala Lumpur in January 2014, and Honolulu flights. JAL SKY Wi-Fi service, which allows passengers to get online from their seats, was introduced on Narita=Paris route in August, in addition to Narita=New York/Chicago/Los Angeles/London/Frankfurt/Jakarta routes. JAL BEDD-SKY AUBERGE, JAL's exclusive restaurant in the sky offering delectable delights prepared by a team of Japan's star chefs in First Class and Business Class on European and North American routes, was expanded to Honolulu flights on September 1, 2013. Called BEDD for Resort, celebrity chef Chikara Yamada is in charge of this special Business Class menu. In Economy Class, AIR Kumamon, in collaboration with Kumamoto Prefecture, was served as the ninth installment of JAL's popular AIR Series. We will continuously improve our products and services to deliver a totally refreshing onboard experience.

As a result of the above, despite the suspension of Boeing 787 flights and stagnant demand on Korea and China routes, etc., international supply when measured in available-seat-kilometer (ASK) increased by 4.4 % year-on-year, demand in terms of revenue-passenger-kilometer (RPK) increased by 4.5 % year-on-year, while the load factor (L/F) increased by 0.1 points year-on-year to 76.3 %. International passenger revenue increased by 5.7 % year-on-year to 222.2 billion yen.

In international cargo operations, we strove to increase volume and maximize revenue by attracting perishable commodities and express shipments overseas, and effectively using space through enhanced revenue management and aggressive sales activities. Product wise, we improved our temperature-controlled transport services, and in particular, successively increased results of J SOLUTIONS PHARMA, an advanced customized transport service for pharmaceuticals. We also renewed JAL CARGO's website to improve accessibility and usability, and become the customer's first choice for air cargo services. The volume of international cargo transported during the reporting period in terms of revenue-cargo-ton-kilometer (RCTK) increased by 9.6 % year-on-year, and international cargo revenue increased by 4.0 % year-on-year to 26.2 billion yen.

**b. Domestic operations**

	Six months ended September 30, 2012	Six months ended September 30, 2013	% or points compared to prior period
Revenues from passenger operations (millions of Yen)	250,467	251,710	100.5%
Revenue passengers carried (number of passengers)	15,226,736	15,784,298	103.7%
Revenue passenger km (RPK) (1,000 passenger-km)	11,689,238	11,999,957	102.7%
Available seat km (ASK) (thousands)	18,668,396	19,229,546	103.0%
Revenue passenger-load factor (L/F) (%)	62.6	62.4	△0.2
Revenue from Cargo Operations (millions of Yen)	12,669	12,671	100.0%
Revenue cargo ton-km (RCTK) (thousands)	181,561	182,852	100.7%

We adjusted supply to meet demand and implemented demand-boosting measures to maximize profitability.

In route operations, we endeavored to expand the domestic network following the increase of flight slots at Haneda and Itami airports. We increased Haneda flights, and launched Haneda= Chubu services to improve connectivity to international flights. At Itami, we resumed scheduled flights to Matsuyama/Hakodate/Misawa, and increased a total of 18 flights on 16 routes. Code-sharing of all flights operated by Hokkaido Air System Co., Ltd. began in July 2013 to improve customer convenience, and contribute to the regional and economic development of Hokkaido.

In airport services, we revamped lounges to provide greater comfort and convenience for passengers and enhance lounge service. For example, we installed newly designed original JAL sofas and additional electric outlets in lounges at Itami, Kansai, Hiroshima, Matsuyama, Kumamoto and Kagoshima airports.

In sales activities, as an official sponsor of Tokyo Disney Resort® since it opened in 1983, JAL is collaborating with Disney to celebrate the 30th anniversary of Disneyland and boost leisure demand. Six JAL Happiness Express jets (two Boeing 777-200's and four Boeing 737-800's) painted with Disney character motifs are plying domestic routes during this campaign, and they have been used by many customers. To expand WEB sales channel, we tied up with Recruit Lifestyle Co., Ltd., which operates Jalan.net, one of the largest hotel and *ryokan* booking sites in Japan, and started sales of JAL Jalan Pack, a Dynamic Package product that allows users to freely assemble a travel package for themselves using JAL domestic tickets and domestic accommodations made available online, in addition to JAL Raku Pack, also a dynamic travel package.

As a result of the above, domestic supply during the reporting period increased by 3.0 % year-on-year when measured in available-seat-kilometer (ASK), demand increased by 2.7 % in terms of

revenue-passenger-kilometer (RPK), while the load factor (L/F) declined by 0.2 points year-on-year to 62.4%. Domestic passenger revenue increased by 0.5 % year-on-year to 251.7 billion yen.

Domestic cargo operations were affected by a decline in perishable commodities due to adverse weather conditions, and a reduction of packets and parcels, but sales staff strengthened relationships with customers and acquired new shipments to maximize revenue. The volume of domestic cargo transported during the reporting period in terms of revenue-cargo-ton-kilometers (RCTK) increased by 0.7 % year-on-year, and domestic cargo revenue increased to 12.6 billion yen.

Components of Revenues from the Air Transportation Segment are as follows

	Six months ended September 30, 2012 Millions of Yen	Percentage contribution to total (%)	Six months ended September 30, 2013 Millions of Yen	Percentage contribution to total (%)	% compared to prior year
International:					
Passenger operations	210,317	36.8	222,209	37.7	105.7
Cargo operations	25,268	4.4	26,291	4.5	104.0
Mail-service operations	2,722	0.5	3,970	0.7	145.9
Luggage operations	252	0.0	302	0.1	120.0
Sub-total	238,560	41.7	252,774	42.9	106.0
Domestic:					
Passenger operations	250,467	43.8	251,710	42.7	100.5
Cargo operations	12,669	2.2	12,671	2.2	100.0
Mail-service operations	1,510	0.3	1,555	0.3	103.0
Luggage operations	141	0.0	132	0.0	93.8
Sub-total	264,788	46.3	266,070	45.2	100.5
Total revenues of international and domestic operations	503,348	88.0	518,844	88.1	103.1
Other revenues	68,341	12.0	70,211	11.9	102.7
Total revenues	571,690	100.0	589,056	100.0	103.0

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

From the previous reporting period, the air transportation segment indicated as a reporting segment has been changed, and comparisons and analyses for the second quarter are made according to the categorization after this change. Please refer to “Segment Information, etc.” in the “Notes for Consolidated Financial Statements” for detail.

## Consolidated Traffic Results

	Six months ended September 30, 2012	Six months ended September 30, 2013	% or points compared to prior period
<b>INTERNATIONAL</b>			
Revenue passengers carried (number of passengers)	3,778,806	3,847,675	101.8%
Revenue passenger km (1,000 passenger-km)	16,852,215	17,608,006	104.5%
Available seat km (thousands)	22,127,274	23,089,875	104.4%
Revenue passenger-load factor (%)	76.2	76.3	0.1
Revenue cargo ton-km (thousands)	678,074	743,334	109.6%
Mail ton-km (thousands)	80,142	97,201	121.3%
<b>DOMESTIC</b>			
Revenue passengers carried (number of passengers)	15,226,736	15,784,298	103.7%
Revenue passenger-km (1,000 passenger-km)	11,689,238	11,999,957	102.7%
Available seat km (thousands)	18,668,396	19,229,546	103.0%
Revenue passenger-load factor (%)	62.6	62.4	△0.2
Revenue cargo ton-km (thousands)	181,561	182,852	100.7%
Mail ton-km (thousands)	10,059	10,904	108.4%
<b>TOTAL</b>			
Revenue passengers carried (number of passengers)	19,005,542	19,631,973	103.3%
Revenue passenger-km (1,000 passenger-km)	28,541,453	29,607,964	103.7%
Available seat km (thousands)	40,795,670	42,319,422	103.7%
Revenue passenger-load factor (%)	70.0	70.0	0.0
Revenue cargo ton km (thousands)	859,635	926,187	107.7%
Mail ton km (thousands)	90,202	108,105	119.8%

- 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).
- 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.
- Figures have been truncated and percentages are rounded off to the first decimal place.

## Other businesses

We did our best to maximize JAL 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 increase revenue, while using costs efficiently. Although the number of overseas travelers to Europe was robust, sluggish leisure demand to China and Korea resulted in a decline of 9.3% year-on-year to 152,000 passengers. Domestically, an increase in demand to the Kanto area impacted by Tokyo Disney Resort®'s 30<sup>th</sup> Anniversary and strong web sales of JAL Dynamic Packages contributed to increasing the number of travelers handled by JALPAK to 1,082,000 passengers (vs py +7.9%). Consequently, operating revenue during the reporting period increased by 2.3% year-on-year to 88.9 billion yen (prior to elimination of intra-company transactions).

JAL Card Co., Ltd. actively conducted activities to increase membership through various campaigns, such as JAL CARD 30<sup>th</sup> Anniversary Celebration Membership Campaign and Amazon JAL Card Membership Campaign. It also endeavored to improve its products and services for the younger generation, such as improving services for holders of JAL CARD navi, a credit card for students, and issuing the new JAL CLUB EST, a high value-added card for members in their 20's. As a result, membership increased by approximately 65,000 members from the end of March 2013 to 2.83 million members. It also implemented measures to promote use of JAL Cards and improve services for members, such as increasing partner shops to win double-miles and holding a variety of events. Consequently, backed by a steady increase in personal spending, operating revenue increased by 5.7% year-on-year to 9 billion yen (prior to elimination of intra-company transactions).

### (2) Explanation of Financial Conditions

#### Assets, liabilities and net assets

Total assets at the end of the reporting period increased by 44.8 billion yen to 1,261.4 billion yen from the end of the previous consolidated fiscal year, mainly due to increases in cash and accounts receivable.

Debts declined by 8.5 billion yen from the end of the previous consolidated fiscal year to 624.8 billion yen, due to the payment of lease obligations and loans.

Net assets increased by 53.3 billion yen from the end of the previous consolidated fiscal year to 636.5 billion yen, as a result of posting net profit for the reporting period as well as paying dividends.

For details, please refer to "3. Consolidated Financial Statements (1) Consolidated Balance Sheets".

#### Cash Flows

##### Cash Flows from Sales Activities

Cash flows from operating activities (inflow) totaled 138.3 billion yen, as a result of addition and subtraction of non-fund accounts such as depreciation costs, and debts and credits relating to operating activities.

##### Cash Flows from Investing Activities

Cash flows from investing activities (outflow) totaled (73.3) billion yen, mainly due to expenditures for acquirement of fixed assets and for time deposits.

##### Cash Flows from Financing Activities

Cash flows from financing activities (outflow) totaled (57.0) billion yen, due to expenditures to pay liabilities and dividends.

As a result, the balance of cash and cash equivalents at the end of the reporting period totaled 107.7 billion yen, an increase of 8.3 billion yen from the end of the previous consolidated fiscal year.

(2) Explanations of Forecast of Consolidated Financial Results

a. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2014

	<b>Operating Revenues</b>	<b>Operating Income</b>	<b>Ordinary Income</b>	<b>Net Income</b>	<b>Net income per share</b>
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Yen
Previous Forecast (A)	1,272,000	140,000	127,000	118,000	650.78
<b>New Forecast (B)</b>	<b>1,286,000</b>	<b>155,000</b>	<b>144,000</b>	<b>128,000</b>	<b>705.93</b>
Change (B-A)	+14,000	+15,000	+17,000	+10,000	—
Change (%)	+1.1	+10.7	+13.4	+8.5	—
Ref. Consolidated Financial Results of the Fiscal Year Ended March 31, 2013	1,238,839	195,242	185,863	171,672	946.71

b. Non-Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2014

	<b>Operating Revenues</b>	<b>Ordinary Income</b>	<b>Net Income</b>	<b>Net income per share</b>
	Millions of Yen	Millions of Yen	Millions of Yen	Yen
Previous Forecast (A)	1,023,000	100,000	117,000	645.15
<b>New Forecast (B)</b>	<b>1,034,000</b>	<b>114,000</b>	<b>116,000</b>	<b>639.64</b>
Change (B-A)	+11,000	+14,000	(1,000)	—
Change (%)	+1.1	+14.0	(0.9)	—
Ref. Non-consolidated Financial Results of the Fiscal Year Ended March 31, 2013	989,989	139,174	152,374	840.21

c. Reasons for Revisions of Financial Forecast for Fiscal Year Ending March 31, 2014

	Exchange Rate (JPY/USD)	Singapore Kerosene (USD/BBL)
Previous Forecast	95.0	127.0
New Forecast	99.3 (2 <sup>nd</sup> half: 100.0)	119.8 (2 <sup>nd</sup> half: 120.0)

Consolidated operating revenues for the full year are expected to increase by 14.0 billion yen from the previously announced forecast, due to a revision of market preconditions, and strong demand on Southeast Asia routes, etc. Consolidated operating expenses for the full year are expected to decline by 1.0 billion yen from the previously announced forecast due to falling fuel prices and continuous cost reduction initiatives in the second half of the fiscal year, though foreign currency rates may push costs upward. Consolidated operating income for the full year reflecting the above factors is expected to increase by 15.0 billion yen from the previous forecast.

As consolidated ordinary income and consolidated net income for the full year are expected to increase by 17.0 billion yen and 10.0 billion yen respectively due to the increase in consolidated operating income for the full year, financial results for the fiscal year ending March 31, 2014 have been revised as above.

We intend to pay the shareholders, dividends of approximately 20% of consolidated net income for the fiscal year, and will disclose the payout ratio when financial result estimates get clearer. Given changes in profit are substantial in the airline industry owing to event risks, and such, we are aware that it is very important to accumulate

internal reserves. On the other hand, we will proactively consider shareholder benefits when we have reasonably determined that we have established a firm financial foundation.

## 2. Regarding Summary Information (Notes)

### (1) Changes in the Scope of Consolidation

None

### (2) Application of Special Accounting Methods

None

### (3) Change in Accounting Policy and Estimates

None

### 3. Consolidated Financial Statements

(1) Consolidated Balance Sheets as of March 31, 2013 and as of September 30, 2013

(Millions of Yen)

Account	FY2012 As of March 31, 2013	FY2013 As of September 30, 2013
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and time deposits	347,986	371,838
Notes and account receivable-trade	121,058	133,229
Short-term investments in securities	7	8
Flight equipment spare parts and supplies	22,277	20,678
Other	60,782	63,768
Allowance for doubtful accounts	(764)	(816)
<b>Total current assets</b>	<b>551,348</b>	<b>588,705</b>
<b>Fixed assets</b>		
<b>Tangible fixed assets, net</b>		
Flight equipment	385,267	401,354
Other tangible fixed assets	119,170	102,662
<b>Total tangible fixed assets</b>	<b>504,438</b>	<b>504,017</b>
<b>Intangible fixed assets</b>	44,219	47,716
<b>Investments and other assets</b>	116,606	121,018
<b>Total fixed assets</b>	<b>665,263</b>	<b>672,751</b>
<b>Total assets</b>	<b>1,216,612</b>	<b>1,261,457</b>
Account	FY2012 As of March 31, 2013	FY2013 As of September 30, 2013
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Accounts payable-trade	135,830	140,476
Short-term borrowings	828	325
Current portion of long-term loans payable	9,767	7,200
Lease payable	35,801	35,739
Accounts payable-installment purchase	240	193
Reserves	1,184	1,047
Other	129,500	144,027
<b>Total current liabilities</b>	<b>313,154</b>	<b>329,012</b>
<b>Non-current liabilities</b>		
Long-term loans payable	34,517	32,539
Lease payable	77,592	60,058
Long-term accounts payable-installment purchase	1,396	1,311
Accrued pension and severance costs	154,483	153,842
Other reserves	6,466	6,458
Other non-current liabilities	45,812	41,665
<b>Total non-current liabilities</b>	<b>320,269</b>	<b>295,875</b>
<b>Total liabilities</b>	<b>633,423</b>	<b>624,887</b>
<b>(Net Assets)</b>		
<b>Stockholders' equity</b>		
Common stock	181,352	181,352
Capital surplus	183,043	183,043
Retained earnings	198,196	247,756
Treasury stock	(122)	(122)
<b>Total stockholders' equity</b>	<b>562,469</b>	<b>612,029</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized gains(losses) on other securities	2,353	5,930
Deferred gains(losses) on hedges	6,603	5,415
Foreign currency translation adjustments	(6,378)	(5,692)
<b>Total accumulated other comprehensive income</b>	<b>2,578</b>	<b>5,654</b>
<b>Minority interests</b>	<b>18,141</b>	<b>18,886</b>
<b>Total net assets</b>	<b>583,189</b>	<b>636,570</b>
<b>Total liabilities and net assets</b>	<b>1,216,612</b>	<b>1,261,457</b>

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

(Millions of Yen)

Account	Six months ended September 30, 2012	Six months ended September 30, 2013
<b>Operating revenues</b>	<b>634,225</b>	<b>659,300</b>
Cost of operating revenues	443,354	480,984
<b>Gross operating profit</b>	<b>190,871</b>	<b>178,315</b>
Selling, general and administrative expenses	78,680	82,475
<b>Operating income</b>	<b>112,190</b>	<b>95,840</b>
<b>Non-operating income</b>		
Interest income and dividend income	669	835
Gain on sale of flight equipment	2,355	928
Other	1,367	1,514
<b>Total non-operating income</b>	<b>4,392</b>	<b>3,278</b>
<b>Non-operating expenses</b>		
Interest expense	1,690	1,097
Other	3,830	7,849
<b>Total non-operating expenses</b>	<b>5,521</b>	<b>8,947</b>
<b>Ordinary income</b>	<b>111,061</b>	<b>90,171</b>
<b>Extraordinary gains</b>		
Gain on compensation	1,682	2,355
Others	680	219
<b>Total extraordinary gains</b>	<b>2,363</b>	<b>2,575</b>
<b>Extraordinary losses</b>		
Loss on impairment of fixed assets	542	1,497
Loss on difference of retirement benefit plan	1,516	-
Other	759	378
<b>Total extraordinary losses</b>	<b>2,818</b>	<b>1,875</b>
<b>Income before income taxes and minority interests</b>	<b>110,606</b>	<b>90,871</b>
Income taxes	8,046	6,445
<b>Income before minority interests</b>	<b>102,559</b>	<b>84,425</b>
Minority interests	2,841	2,485
<b>Net income</b>	<b>99,718</b>	<b>81,940</b>
Minority interests	2,841	2,485
<b>Income before minority interests</b>	<b>102,559</b>	<b>84,425</b>
<b>Other comprehensive income</b>		
Net unrealized gains(losses) on other securities, net of taxes	(808)	3,520
Net unrealized gains(losses) on hedging instruments, net of taxes	(8,631)	(1,195)
Foreign currency translation adjustments	(41)	901
Share of other comprehensive income of associates accounted for using equity method	(71)	40
<b>Total other comprehensive income</b>	<b>(9,553)</b>	<b>3,267</b>
<b>Comprehensive income</b>	<b>93,006</b>	<b>87,693</b>
<b>Breakdown</b>		
Comprehensive income attributable to owners of the parent	90,255	85,015
Comprehensive income attributable to minority interests	2,751	2,677

## (3) Consolidated Statement of Cash Flows

(Millions of Yen)

Account	Six months ended September 30, 2012	Six months ended September 30, 2013
<b>Operating activities:</b>		
Net income before income taxes and minority interests	110,606	90,871
Depreciation and amortization	40,737	40,561
Gain and loss on sales and disposal of fixed assets and loss on impairment of fixed assets, net	209	3,313
Net reversal of accrued pension and severance costs	409	(1,103)
Interest and dividend income	(669)	(835)
Interest expense	1,690	1,097
Exchange loss, net	(1,093)	324
Equity in (earnings) loss of affiliates	377	1,381
(Increase) decrease in notes and accounts receivable	838	(11,917)
Decrease in flight equipment spare parts and supplies	2,098	382
Decrease in accounts payable	2,375	4,606
Other	8,386	15,972
<b>Subtotal</b>	<b>165,967</b>	<b>144,655</b>
Interest and dividends received	813	1,224
Interest paid	(1,679)	(1,183)
Income taxes paid	(12,104)	(6,378)
<b>Net cash provided by (used in ) operating activities</b>	<b>152,996</b>	<b>138,319</b>
<b>Investing activities:</b>		
Purchase of time deposits	(198,114)	(247,880)
Proceeds from maturity of time deposits	142,412	232,702
Purchase of fixed assets	(45,863)	(56,277)
Proceeds from sales of fixed assets	5,473	2,203
Purchase of investments in securities	(5,797)	(1,336)
Proceeds from sales and maturity of investments in securities	364	328
Payments of loans receivable	(123)	(4,159)
Collection of loans receivable	1,009	1,026
Other	850	1
<b>Net cash provided by (used in) investing activities</b>	<b>(99,787)</b>	<b>(73,391)</b>
<b>Financing activities:</b>		
Decrease (increase) in short-term borrowings, net	145	62
Proceeds from long-term loans	236	-
Repayment of long-term loans	(5,166)	(4,906)
Payment for lease payables	(18,244)	(18,076)
Payment of dividends	-	(32,234)
Dividends paid to minority interests	(8,177)	(1,929)
Other	(212)	(0)
<b>Net cash provided by (used in) financing activities</b>	<b>(31,418)</b>	<b>(57,085)</b>
Effect of exchange rate changes on cash and cash equivalents	(352)	530
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>21,438</b>	<b>8,373</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>158,995</b>	<b>99,413</b>
Increase in cash and cash equivalents resulting from merger	-	2
<b>Cash and cash equivalents at end of period</b>	<b>180,434</b>	<b>107,789</b>

(4) Notes for Consolidated Financial Statements

Going Concern Assumptions

None

Consolidated Statement of Cash Flows

Relationship between the amount of accounts that are in the consolidated balance sheet and cash and cash equivalents

(Millions of Yen)

	FY2012 April 1, 2012 to September 30, 2012	FY2013 April 1, 2013 to September 30, 2013
Cash and deposits	349,074	371,838
Term deposits for over 3 months	(168,651)	(264,049)
Short-term investments (marketable securities) that mature in 3 months or less	11	—
Cash and cash equivalents	180,434	107,789

Explanatory Note in case of Remarkable Changes in Shareholders' Equity

None

## Segment Information, etc.

### Segment information

#### a. Consolidated financial results for the Second quarter of FY2012 (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	507,826	126,399	634,225	-	634,225
2. Intersegment revenue or transfer	63,863	16,352	80,215	(80,215)	-
Total	571,690	142,751	714,441	(80,215)	634,225
Segment profit	103,070	9,381	112,452	(261)	112,190

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

2. Adjustment includes intersegment elimination.

3. Segment profit has been adjusted with operating income on the Consolidated Statement of Income and Comprehensive Income.

#### b. Consolidated financial results for the Second quarter of FY2013 (April 1, 2013 to September 30, 2013)

##### 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	526,210	133,089	659,300	-	659,300
2. Intersegment revenue or transfer	62,845	16,237	79,083	(79,083)	-
Total	589,056	149,327	738,383	(79,083)	659,300
Segment profit	86,150	9,949	96,100	(259)	95,840

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

2. Adjustment includes intersegment elimination.

3. Segment profit has been adjusted with operating income on the Consolidated Statement of Income and Comprehensive Income.

##### 2) Information on changes to reporting segments, etc.

Up until the previous consolidated accounting year, six Group transport operators were reported in the reporting segment (air transport segment). However, as the cost structure of the air transport business practically covers many Group company businesses relating to air transportation, we have decided to change the reporting segment (air transport segment) to 32 companies, starting from this first quarter in order to build a more appropriate cost management system.

Segment information for the previous second quarter has been made and disclosed, based on the categorization of reporting segment after this change.

## Significant Subsequent Event

None