

**[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 Three Months Ended June 30, 2014 (Japanese GAAP)**

**Company name** Japan Airlines Co., Ltd  
**Stock Listing** Tokyo Stock Exchange  
**Code No.** 9201 **URL:** <http://www.jal.com> **July 29, 2014**  
**Representative** Yoshiharu Ueki, President  
**Contact** Kojiro Yamashita, Vice President, Finance **Phone:** +81-3-5460-3068  
 Scheduled date for filing of quarterly report: July 30, 2014  
 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 Three Months Ended June 30, 2014 (April 1, 2014 to June 30, 2014)**
**(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	%
Three months ended June 30, 2014	307,083	4.4	18,624	(15.6)	16,933	(14.0)	14,778	(19.4)
Three months ended June 30, 2013	294,103	2.6	22,078	(29.8)	19,699	(35.9)	18,337	(31.9)

\*Comprehensive income for the period April 1, 2014 - June 30, 2014: 16,996 Millions of Yen April 1, 2013 - June 30, 2013: 19,893 Millions of Yen,

	Net income per share	Diluted net income per share
Three months ended June 30, 2014	Yen 81.50	Yen -
Three months ended June 30, 2013	Yen 101.14	Yen -

**(2) Consolidated Financial Position**

	Total Assets	Net Assets	Equity ratio (%)	Net Asset Per share
As of June 30, 2014	Millions of Yen 1,342,373	Millions of Yen 666,186	48.2	Yen 3,565.65
As of March 31, 2014	Millions of Yen 1,340,168	Millions of Yen 711,064	51.5	Yen 3,807.05

(Reference) Shareholder's equity As of June 30, 2014: 646,518 Millions of Yen, As of March 31, 2014: 690,288 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, 2014	Yen -	Yen -	Yen -	Yen 160.00	Yen 160.00
Year Ending March 31, 2015	-	-	-	-	-
Year Ending March 31, 2015 (Forecast)	-	-	-	-	-

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

**3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2015**

(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	1,350,000	3.1	140,000	(16.1)	135,000	(14.4)	115,000	(30.8)	317.12

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

The amount of net profit per share for FY2014 in the consolidated earnings forecast for the fiscal year ending March 31, 2015 takes into account the 2 for 1 common stock split taking effect on October 1, 2014.

## Notes

- (1) Changes in significant consolidated subsidiaries during the Three months ended June 30, 2014: 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): Yes
  - 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 June 30, 2014 : 181,352,000
    - As of March 31, 2014 : 181,352,000
  - (b) Number of treasury stock at the end of the period
    - As of June 30, 2014 : 33,659
    - As of March 31, 2014 : 33,659
  - (c) Average number of shares outstanding
    - During the three months ended June 30, 2014 181,318,341
    - During the three months ended June 30, 2013 181,320,040

## 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 Three Months Ended June 30, 2014.

## Explanation for appropriate use of forecasts and other notes

Remarks on the description on future forecast

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 First Quarter of FY2014” in the Attachment for the assumptions used and other notes.

Other special note

We have decided to make a stock split of our common shares as below. The amount of net profit per share for FY2014 in the consolidated earnings forecast for the fiscal year ending March 31, 2015 takes into account the 2 for 1 common stock split taking effect on October 1, 2014.

Number of shares increasing as a result of the stock split

① Total number of issued shares prior to the stock split	:	181,352,000 shares
② Number of shares increasing as a result of the stock split	:	181,352,000 shares
③ Total number of issued shares after the stock split	:	362,704,000 shares

\* The Company will hold a presentation for institutional investors and analysts on July 29, 2014. 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 First Quarter of FY2014**

### **(1) Explanation of Operating Results**

During the reporting period of consolidated financial results for the first quarter of the fiscal year (April 1 to June 30, 2014)(hereinafter referred to as the “first quarter”), the Japanese economy has been recovering at a moderate pace, while affected by a reactionary decline in demand following the front-loaded increase in demand prior to the consumption tax hike, though the impact has gradually weakened. Effects of the Japanese government’s stimulus package have begun to show, although the prolonged downturn of European economies has been a downside risk to the Japanese economy. Under these conditions, JAL Group strived to increase management efficiency and provide unparalleled service to the customers, founded on its strong commitment to flight safety in order to achieve the targets in Rolling Plan 2014 of the Medium Term Management Plan announced on March 26, 2014.

As a result of the above, consolidated operating revenue increased by 4.4% year-on-year to 307.0 billion yen and operating expense increased by 6.0% to 288.4 billion yen, while operating profit declined by 15.6% from the previous year to 18.6 billion yen and ordinary income declined by 14.0% to 16.9 billion yen. Net income for the first quarter was 14.7 billion yen, down 19.4% from a year ago.

#### **Air Transportation Segment**

Operating revenue increased by 4.3% year-on-year to 274.1 billion yen and operating profit declined by 17.7% year-on-year to 15.2 billion yen. (Operating revenue and operating profit are before elimination of transactions between segments.)

Details are provided below.

### a. International operations

	Three months ended June 30, 2013	Three months ended June 30, 2014	% or points compared to prior period
Revenue from passenger operations (millions of Yen)	98,952	107,224	108.4%
Revenue passengers carried (number of passengers)	1,781,552	1,844,514	103.5%
Revenue passenger km (RPK) (1,000 passenger-km)	8,180,632	8,596,417	105.1%
Available seat km (ASK) (thousands)	11,260,495	11,728,075	104.2%
Revenue passenger-load factor (L/F) (%)	72.6	73.3	0.6
Revenue from Cargo Operations (millions of Yen)	12,864	14,044	109.2%
Revenue cargo ton-km (RCTK) (thousands)	354,000	412,298	116.5%

In international passenger operations, we strived to improve our foundation of profitable growth by enhancing and developing the functions of our two major hubs, Haneda and Narita.

In route operations, we launched new daytime services between Haneda and London/Paris/ Singapore/Bangkok using our additional international flights at Haneda. We also opened a route between Haneda and Ho Chi Minh using our midnight and early morning slots. Through the effective use of Haneda for domestic and international connections, we aimed to attract customers from regional Japan travelling overseas through Haneda, and vice versa, overseas visitors to regional Japan via Haneda. At Narita airport, we increased flights on the Narita=New York (March 30, 2014~) and Narita=Jakarta routes (June 13, 2014~) by 7 flights to 14 weekly flights to promote traffic between North America and Asia, and on the Narita=Moscow route (March 30, 2014~), where robust corporate demand is expected, by 1 flight to 4 weekly flights.

In our alliances, Finnair joined our joint business with British Airways on flights between Europe and Japan. Consequently, the three airlines will start sales of joint fares, and improve the network by adjusting flight schedules of nonstop flights between Japan and Europe and connecting flights in Europe and Japan to provide customers with better connectivity and seamless travel to cities throughout Europe via Helsinki. In our trans-pacific joint business with American Airlines, we stepped up joint sales activities to attract demand between the Americas and Asia. With the inclusion of TAM Airlines and US Airways in oneworld on March 31 and Sri Lankan Airlines on May 1, the world's premier global alliance has further expanded in terms of its network and competitive edge. We also expanded our code-share agreements with Bangkok Airways, Qatar Airways, Korean Air and Jet Blue respectively, and will continue to enhance our network through partnerships to provide customers with greater convenience and selectivity.

Sales-wise, as the number of overseas visitors to Japan topped 10 million last year and is increasing at a faster pace this year, we are strengthening sales overseas. For example, we upgraded JAL's overseas websites and made them more appealing and user-friendly, such as renewing our Guide to Japan to provide helpful, easy-to-understand travel information, and expanding our Hokkaido campaign to overseas customers. Also, from June 23, 2014 overseas customers purchasing a JAL ticket to Japan can obtain a free ID and password for connecting to Hikari Station, NTT East's public wireless LAN access points. In these ways, we will continue to improve sales overseas to contribute to establishing Japan as a country oriented towards tourism.

On the product side, we increased our SKY SUITE fleet, retrofitted with full-flat Business Class seats with unobstructed aisle access for every seat and ‘Shin-Kankaku’ Economy class seats with approximately 10cm more (maximum) legroom. Thirteen Boeing 777-300’s, dubbed SKY SUITE 777, were rolled out on the Haneda=London/Paris routes and the Narita=New York/Los Angeles/Chicago/Frankfurt/Jakarta routes. We also revamped nine Boeing 767-300ER’s, dubbed SKY SUITE 767, and deployed them on mainly Asian routes such as Kuala Lumpur and Singapore. Our inflight Internet service, JAL SKY Wi-Fi, is currently available on the Narita=New York (JL5/6)/Chicago/Los Angeles/Frankfurt/Jakarta (JL725/726) routes and the Haneda=London/Paris (JL45/46) routes. Coinciding with the expansion of Haneda’s international passenger terminal and international network, we opened a new Sakura Lounge at Haneda. Based on the concept “modern Japanese-style,” the lounge expresses the spirit of Japan and Japanese-style hospitality through the use of Japanese elements such as sakura (cherry blossoms) and Japanese traditional art work. As part of the Japan Project to revitalize regional communities, a special inflight meal using Japanese seasonal delicacies is served in Business Class on select international flights. We will continue to embrace new challenges to deliver a refreshing and inspirational travel experience, as well as convenience, to our customers.

As a result of the above, international supply when measured in available-seat-kilometer (ASK) increased by 4.2% year-on-year, demand in terms of revenue-passenger-kilometer (RPK) increased by 5.1% year-on-year, and the Load Factor (L/F) increased 0.6 points year-on-year to 73.3%. International passenger revenue increased by 8.4% year-on-year to 107.2 billion yen.

In international cargo operations, we actively captured automobile-related shipments prompted by the moderate recovery of exports, improved revenue management, and efficiently captured transit shipments such as perishables in an effort to maximize revenues. In sales, we improved our system at Haneda airport and did our best to increase domestic and international transfers (J-LINK), given the increase of flights at Haneda. On routes with expected demand, we transported shipments on other airlines’ aircraft through airline charter agreements, on minimizing risks. During the reporting period, the volume of international cargo in terms of revenue-cargo-ton-kilometers (RCTK) increased by 16.5% year-on-year, and international cargo revenue increased by 9.2% to 14.0 billion yen.

In international mail operations, by getting shipments of individual mail orders, which have been growing strongly, and mail shipments on new flights, we achieved demand surpassing the result set last fiscal year. During the reporting period, the volume of international mail in terms of revenue-cargo-ton-kilometers (RCTK) increased by 4.1% year-on-year, and international mail revenue increased by 11.3% to 2.1 billion yen.

**b. Domestic operations**

	Three months ended June 30, 2013	Three months ended June 30, 2014	% or points compared to prior period
Revenues from passenger operations (millions of Yen)	108,806	105,774	97.2%
Revenue passengers carried (number of passengers)	7,360,454	7,515,213	102.1%
Revenue passenger km (RPK) (1,000 passenger-km)	5,531,314	5,654,957	102.2%
Available seat km (ASK) (thousands)	9,444,591	9,067,991	96.0%
Revenue passenger-load factor (L/F) (%)	58.6	62.4	3.8
Revenue from Cargo Operations (millions of Yen)	6,094	5,788	95.0%
Revenue cargo ton-km (RCTK) (thousands)	87,554	82,340	94.0%

In domestic passenger operations, we strived to maximize revenue by deploying stimulus measures to support demand.

In route operations, we increased flights on seven Haneda routes (e.g. Haneda=Naha/Okayama/Tokushima/Takamatsu/Kita-Kyushu) and routes with expected demand (e.g. Itami=Naha) to maximize revenues. In addition, we increased flights between Haneda and Yamagata using contest slots, in which the local government and airlines worked together to improve regional routes for passengers convenience.

In cabin services, we rolled out aircraft featuring the JAL SKY NEXT interior, which offers all-leather seats covered with genuine leather used on luxury cars, and slimmed-down Economy Class seats with 5 cm (max) more legroom (around the knees) from the previous seat for greater comfort. By using LED lighting throughout the cabin, the cabin atmosphere can be changed according to the time of day or season during flight and the natural rhythm of time to create a relaxing ambience and a feeling of Japan. We sought to create a luxurious ambience through a totally coordinated cabin interior and to provide cabin service with enhanced quality. In addition we have started internet connection service “JAL SKY Wi-Fi” as the pioneer in Japanese domestic carrier, by which the passenger can connect to the internet in the cabin by using the smartphones and computer and our original entertainment program.

Due to the increase in international flights slots at Haneda airport this fiscal year, we proactively lured customers, both at home and abroad, to use our domestic flights and strived to increase transit passengers between regional Japan and overseas via Haneda.

As a result of the above, domestic supply during the reporting period decreased by 4% year-on-year when measured in available-seat-kilometer (ASK), demand increased by 2.2% in terms of revenue-passenger-kilometer (RPK), while the load factor (L/F) increased by 3.8 point year-on-year to 62.4%. Domestic passenger revenue decline by 2.8% year-on-year to 105.7 billion yen.

Domestic cargo operations were affected by the front-loaded increase in demand prior to the consumption tax hike which continued to the beginning of the first quarter, and a modal shift from surface transport to air transport due to a shortage of trucks, which consequently increased shipments temporarily. However due to the decrease in supply, the volume of domestic

cargo during the reporting period when measured in revenue-cargo-ton-kilometers (RCTK) came minus 6.0 % year-on-year, and domestic cargo revenue was 5.7 billion yen, minus 5.0% over the previous year.



Components of Revenues from the Air Transportation Segment are as follows

	Three months ended June 30, 2013 Millions of Yen	Percentage contribution to total (%)	Three months ended June 30, 2014 Millions of Yen	Percentage contribution to total (%)	% compared to prior year
International:					
Passenger operations	98,952	37.6	107,224	39.1	108.4
Cargo operations	12,864	4.9	14,044	5.1	109.2
Mail-service operations	1,971	0.8	2,195	0.8	111.3
Luggage operations	148	0.1	165	0.1	111.5
Sub-total	113,937	43.3	123,630	45.1	108.5
Domestic:					
Passenger operations	108,806	41.4	105,774	38.6	97.2
Cargo operations	6,094	2.3	5,788	2.1	95.0
Mail-service operations	815	0.3	808	0.3	99.2
Luggage operations	57	0.0	55	0.0	97.1
Sub-total	115,773	44.0	112,427	41.0	97.1
Total revenues of international and domestic operations	229,711	87.4	236,057	86.1	102.8
Other revenues	33,203	12.6	38,103	13.9	114.8
Total revenues	262,914	100.0	274,160	100.0	104.3

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

## Consolidated Traffic Results

	Three months ended June 30, 2013	Three months ended June 30, 2014	% or points compared to prior period
<b>INTERNATIONAL</b>			
Revenue passengers carried (number of passengers)	1,781,552	1,844,514	103.5%
Revenue passenger km (1,000 passenger-km)	8,180,632	8,596,417	105.1%
Available seat km (thousands)	11,260,495	11,728,075	104.2%
Revenue passenger-load factor (%)	72.6	73.3	0.6
Revenue cargo ton-km (thousands)	354,000	412,298	116.5%
Mail ton-km (thousands)	48,338	50,336	104.1%
<b>DOMESTIC</b>			
Revenue passengers carried (number of passengers)	7,360,454	7,515,213	102.1%
Revenue passenger-km (1,000 passenger-km)	5,531,314	5,654,957	102.2%
Available seat km (thousands)	9,444,591	9,067,991	96.0%
Revenue passenger-load factor (%)	58.6	62.4	3.8
Revenue cargo ton-km (thousands)	87,554	82,340	94.0%
Mail ton-km (thousands)	5,650	5,586	98.9%
<b>TOTAL</b>			
Revenue passengers carried (number of passengers)	9,142,006	9,359,727	102.4%
Revenue passenger-km (1,000 passenger-km)	13,711,946	14,251,374	103.9%
Available seat km (thousands)	20,705,086	20,796,067	100.4%
Revenue passenger-load factor (%)	66.2	68.5	2.3
Revenue cargo ton km (thousands)	441,554	494,639	112.0%
Mail ton km (thousands)	53,989	55,923	103.6%

- 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

In other business operations, we strived to maximize the corporate value of JAL Group and improve the operating profit margin. The financial results of two major companies in this segment are as follows.

JALPAK Co., Ltd. celebrates the 50th anniversary of the JALPAK brand in 2014. To mark this occasion, special 50th anniversary products were put on sale. Seminars were held by planning section staff and experts on sightseeing attractions to explain the attractive product lineup of overseas and domestic travel products.

Due to the increase in sales prices owing to the weak yen and unstable conditions in Asia, JALPAK handled 61,000 customers traveling overseas, down 7.3% from the same period last year. Domestically, it handled 548,000 customers, up 12.3% from the year before, due to an increase in booking by last-minute customers as a result of extending booking time limit.

As a result, operating revenue (before elimination of consolidated transactions) increased by 2.0% year-on-year to 36.7 billion yen.

JAL Card Co., Ltd. carried out activities to increase its members, such as conducting a Spring JAL Card Membership Campaign and upgrading its enrollment webpage. As a result, the number of JAL Card members increased by approximately 40,000 to 2.96 million from the end of March 2014. A new platinum status card, JAL JCB Card Platinum, was issued this April, and members are increasing steadily.

Despite concerns of a decline in consumer spending due to the consumption tax hike and a reactionary decline in demand due to the last-minute spending at the end of the previous fiscal year, consumer spending remained strong even after April, and has stayed on an uptrend through an increase in double-mile partner shops and a promotion campaign.

As a result, operating revenue (before elimination of consolidated transactions) increased by 8.4% year-on-year to 5 billion yen.

## (2) Explanation of Financial Conditions

### Assets, liabilities and net assets

At the end of the first quarter, total assets totaled 1,342.3 billion yen, up 2.2 billion yen from the end of the previous fiscal year, due to a 15.9 billion yen decrease in liquid assets such as cash and deposits from the end of the previous fiscal year, and a 18.1 billion yen increase in fixed assets such as construction suspense accounts from the end of the previous fiscal year.

Liabilities totaled 676.1 billion yen, up 47 billion yen from the end of the previous fiscal year, mainly due to retirement benefit obligations and an increase in advance received.

Net assets totaled 666.1 billion yen, down 44.8 billion yen from the end of the previous fiscal year, mainly due to a 45.1 billion yen decrease in shareholder's equity from the end of the previous fiscal year, owing to the payment of dividends and changes in calculation of retirement benefit obligations and work expenditures as a result of the revised accounting standards for retirement benefits.

### Cash Flows

#### Cash Flows from Sales Activities

As a result of addition/subtraction of non-cash items, such as depreciation costs and debts/credits relating to operating activities to/from 17.5 billion yen in net profit before tax, etc. for the first quarter, cash flow from operating activities (inflow) came to 61.9 billion yen.

#### Cash Flows from Investing Activities

Due to expenditures to acquire fixed assets, and revenues from maturity refund of time deposits, cash

flows from investing activities (outflow) totaled 46.6 billion yen, which was 20.8 billion yen inflow in the last period.

#### Cash Flows from Financing Activities

As a result of repaying lease obligations and paying dividends, cash flows from financing activities (outflow) totaled 40.7 billion yen.

As a result of the above, the balance of cash and cash equivalents at the end of the consolidated accounting period of the first quarter decreased by 25.5 billion yen from the end of the previous consolidated accounting year to 129.6 billion yen.

### (3) Explanations of Forecast of Consolidated Financial Results

There are no changes in the forecast of consolidated financial results for the full year announced in “Consolidated Financial Results for the year ended March 31, 2014” disclosed on April 30, 2014.

Estimated dividends for fiscal year 2014 ending March 31, 2015 will be disclosed as soon as the estimate of financial results becomes clearer. We intend to pay dividends to the shareholders by applying the dividend payout ratio of approximately 20% of consolidated net income, excluding Income Tax-deferred, for the full year. We will consider improving shareholder returns when we have reasonably determined that we have built a strong financial foundation.

## 2. Regarding Summary Information (Notes)

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

None

### (2) Application of Special Accounting Treatment

None

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

#### (Application of Accounting Standard for Retirement Benefits, etc.)

We have applied Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012, hereinafter “the Accounting Standard”) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012, hereinafter “the Guidance”), specifically the provisions prescribed in Item 35 of the Accounting Standard and Item 67 of the Guidance, from this first quarter reporting period. We have reviewed the method of calculation of retirement benefit obligations and current service costs, changed the way of attributing expected benefit to periods from straight-line basis to mainly the benefit formula basis, and changed the way of determining the discount rate from a discount rate based on the period approximate to the expected average remaining working lives of employees to the use of a single weighted average discount rate.

Regarding the application of the Accounting Standard, etc., the amount affected by changes in determination of retirement benefit obligations and current service costs have been adjusted in retained earnings at the beginning of the first quarter of the fiscal year, according to transitional handling provided in Accounting Standard Item 37.

As a result, retained earnings at the beginning of the first quarter of this consolidated fiscal year

have declined by 30,965 million yen. Furthermore, operating profit, ordinary profit and net profit before tax, etc. for the first quarter of the fiscal year have increased by 575 million yen respectively. Effects on segment information are provided in Segment Information.

(Application of Accounting Standard for Business Combination, etc.)

As the Accounting Standard for Business Combination (Corporate Accounting Standards No. 21, September 13, 2013, hereinafter referred to as “Business Combination Accounting Standard”), Accounting Standard for Consolidated Financial Statement (Corporate Accounting Standards No. 22, September 13, 2013, hereinafter referred to as “Consolidated Accounting Standard”) and Accounting Standard for Business Divestitures (Corporate Accounting Standards No. 7, September 13, 2013, hereinafter referred to as “Business Divestitures Accounting Standard”), etc. are applicable from the beginning of the consolidated fiscal year starting April 1, 2014, we have applied these accounting standards from the first quarter of the consolidated fiscal year (excluding provisions in clause 39 of Consolidated Accounting Standard), and changed the way of reporting to reporting the difference, due to changes in JAL’s shareholders’ equity in subsidiary companies which JAL continues to control, as capital surplus, and acquisition costs as costs incurred during the consolidated fiscal year.

Regarding business combination implemented after the start of the first quarter of the consolidated fiscal year, we have changed the way of reporting to reflecting the reviewed allocation of acquisition costs through provisional accounting work in the quarterly consolidated financial statement of the quarterly consolidated accounting period to which the business combination date belongs. Business combination accounting standards, etc. are applied according to transition handling stipulated in Business Combination Accounting Standard No. 58-2(4), Consolidated Accounting Standard No. 44-(5) and Business Divestitures Accounting Standard No. 57-4(4), and will be applied in the future from the beginning of the first quarter of the consolidated fiscal year.

The impact on operating profit, ordinary profit and net profit before tax, etc. for the first quarter of the consolidated fiscal year, and capital surplus at the end of the first quarter of the consolidated fiscal year resulting from the above is minimal.

### 3. Consolidated Financial Statements

(1) Consolidated Balance Sheets as of March 31, 2014 and as of June 30, 2014 (Millions of Yen)

Account	FY2013 As of March 31, 2014	FY2014 As of June 30, 2014
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and time deposits	368,774	348,486
Notes and account receivable-trade	143,807	143,384
Short-term investments in securities	58	-
Flight equipment spare parts and supplies	20,680	22,238
Other	72,614	75,918
Allowance for doubtful accounts	(926)	(927)
<b>Total current assets</b>	<b>605,009</b>	<b>589,100</b>
<b>Fixed assets</b>		
<b>Tangible fixed assets, net</b>		
Flight equipment	447,021	450,334
Other tangible fixed assets	114,256	126,501
<b>Total tangible fixed assets</b>	<b>561,277</b>	<b>576,835</b>
Intangible fixed assets	49,703	51,268
Investments and other assets	124,177	125,168
<b>Total fixed assets</b>	<b>735,158</b>	<b>753,273</b>
<b>Total assets</b>	<b>1,340,168</b>	<b>1,342,373</b>
<b>Account</b>	<b>FY2013</b>	<b>FY2014</b>
	<b>As of March 31, 2014</b>	<b>As of June 30, 2014</b>
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Accounts payable-trade	148,999	143,084
Short-term borrowings	287	64
Current portion of long-term loans payable	8,062	8,055
Lease payable	32,455	30,584
Accounts payable-installment purchase	196	196
Reserves	332	301
Other	143,932	178,655
<b>Total current liabilities</b>	<b>334,265</b>	<b>360,943</b>
<b>Non-current liabilities</b>		
Long-term loans payable	45,084	44,484
Lease payable	46,996	38,601
Long-term accounts payable-installment purchase	1,200	1,157
Accrued pension and severance costs	166,643	196,147
Other reserves	6,352	5,988
Other non-current liabilities	28,561	28,864
<b>Total non-current liabilities</b>	<b>294,838</b>	<b>315,243</b>
<b>Total liabilities</b>	<b>629,103</b>	<b>676,187</b>
<b>(Net Assets)</b>		
<b>Stockholders' equity</b>		
Common stock	181,352	181,352
Capital surplus	183,043	183,043
Retained earnings	332,067	286,870
Treasury stock	(130)	(130)
<b>Total stockholders' equity</b>	<b>696,332</b>	<b>651,134</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized gains(losses) on other securities	6,450	8,032
Deferred gains(losses) on hedges	6,887	6,381
Foreign currency translation adjustments	(5,187)	(5,347)
Accumulated adjustment for retirement benefit plan	(14,193)	(13,682)
<b>Total accumulated other comprehensive income</b>	<b>(6,044)</b>	<b>(4,615)</b>
<b>Minority interests</b>	<b>20,775</b>	<b>19,667</b>
<b>Total net assets</b>	<b>711,064</b>	<b>666,186</b>
<b>Total liabilities and net assets</b>	<b>1,340,168</b>	<b>1,342,373</b>

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

(Millions of Yen)

Account	Three months ended June 30, 2013	Three months ended June 30, 2014
<b>Operating revenues</b>	<b>294,103</b>	<b>307,083</b>
Cost of operating revenues	232,135	245,542
<b>Gross operating profit</b>	<b>61,967</b>	<b>61,541</b>
Selling, general and administrative expenses	39,889	42,917
<b>Operating income</b>	<b>22,078</b>	<b>18,624</b>
<b>Non-operating income</b>		
Interest income and dividend income	478	506
Gain on sales and disposal of flight equipment	43	1,527
Other	789	344
<b>Total non-operating income</b>	<b>1,312</b>	<b>2,377</b>
<b>Non-operating expenses</b>		
Interest expense	566	460
Loss on sales and disposal of flight equipment	876	1,386
Equity in loss of affiliates	738	1,081
Other	1509	1,140
<b>Total non-operating expenses</b>	<b>3,691</b>	<b>4,068</b>
<b>Ordinary income</b>	<b>19,699</b>	<b>16,933</b>
<b>Extraordinary gains</b>		
Gain on compensation	1,206	564
Others	209	73
<b>Total extraordinary gains</b>	<b>1,415</b>	<b>637</b>
<b>Extraordinary losses</b>		
Provision of the reserve for the Antitrust Act	29	37
Loss on sales and disposal of fixed assets	112	17
Loss on valuation of investments in securities	45	-
Other	8	4
<b>Total extraordinary losses</b>	<b>195</b>	<b>60</b>
<b>Income before income taxes and minority interests</b>	<b>20,919</b>	<b>17,511</b>
Income taxes	1,635	1,911
<b>Income before minority interests</b>	<b>19,284</b>	<b>15,599</b>
Minority interests	946	821
<b>Net income</b>	<b>18,337</b>	<b>14,778</b>
Minority interests	946	821
<b>Income before minority interests</b>	<b>19,284</b>	<b>15,599</b>
<b>Other comprehensive income</b>		
Net unrealized gains(losses) on other securities, net of taxes	922	1,547
Net unrealized gains(losses) on hedging instruments, net of taxes	(929)	(508)
Foreign currency translation adjustments	604	(204)
Accumulated adjustment for retirement benefit plan	-	525
Share of other comprehensive income of associates accounted for using equity method	11	35
<b>Total other comprehensive income</b>	<b>608</b>	<b>1,396</b>
<b>Comprehensive income</b>	<b>19,893</b>	<b>16,996</b>
<b>Breakdown</b>		
Comprehensive income attributable to owners of the parent	18,818	16,206
Comprehensive income attributable to minority interests	1,074	790

## (3) Consolidated Statement of Cash Flows - Summary

(Millions of Yen)

	Three months ended June 30, 2013	Three months ended June 30, 2014
I. Operating activities: (※ 1)	58,427	61,956
II. Investing activities:	20,860	(46,672)
III. Financing activities:	(41,667)	(40,705)
IV. Cash and cash equivalents at end of period	136,504	129,682
※ 1 Depreciation and amortization	19,682	21,350

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

(Millions of Yen)

	FY2013 April 1, 2013 to June 30, 2013	FY2014 April 1, 2014 to June 30, 2014
Cash and deposits	340,413	348,486
Term deposits for over 3 months	(203,909)	(218,803)
Cash and cash equivalents	136,504	129,682

## (4) Notes for Consolidated Financial Statements

Going Concern Assumptions

None

Explanatory Note in case of Remarkable Changes in Shareholders' Equity

From the beginning of the first quarter of the accounting period, the retained earnings has been decreased by 30,965 million yen due to the change of calculation method of retirement benefit and service cost. Please refer its detail in (3) Change in Accounting Policy and Estimates in 2. Regarding Summary Information (Notes).

Segment Information, etc.

Segment information

a. Consolidated financial results for the first quarter of FY2013 (April 1, 2013 to June 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	236,665	57,437	294,103	-	294,103
2. Intersegment revenue or transfer	26,248	7,376	33,625	(33,625)	-
Total	262,914	64,814	327,729	(33,625)	294,103
Segment profit	18,472	3,837	22,310	(231)	22,078

(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 first quarter of FY2014 (April 1, 2014 to June 30, 2014)

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	248,119	58,964	307,083	-	307,083
2. Intersegment revenue or transfer	26,041	7,791	33,833	(33,833)	-
Total	274,160	66,756	340,917	(33,833)	307,083
Segment profit	15,202	3,951	19,153	(529)	18,624

(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.

(Application of Accounting Standard for Retirement Benefits, etc.)

As mentioned in "Change of Accounting Policy, Change of Estimate in Accounting • Restatement of Corrections," we have reviewed the method of calculation of retirement benefit obligations and current service costs, changed the way of attributing expected benefit to periods from straight-line basis to mainly the benefit formula basis, and changed the way of determining the discount rate from a discount rate based on the period approximate to the expected average remaining working lives of employees to the use of a single weighted average discount rate. As a result, air transportation segment profit for the first quarter of the fiscal year increased by 57.5 million yen compared to the previous method of calculation.

Significant Subsequent Event

None

( Additional Information)

We have announced that the Board of Directors had approved at a meeting on January 31, 2014 and April 30, 2014 a stock split of our common shares as below, along with the approval of amendments of our Articles of Incorporation at the 65th General Shareholders' Meeting scheduled in June 2014. It will be effective as of October 1, 2014.

1. Purpose of the stock split and the partial amendment of our Articles of Incorporation

JAL is aware of the general price of a shareholder's investment in companies listed on the first section of the Tokyo Stock Exchange, and will undertake a two-for-one stock split to develop an environment to make its common shares more affordable to a broader range of investors including individual investors and increase JAL's shareholder base. The Articles of Incorporation will be partially amended to implement the stock split above.

2. Stock split

(1) Method of stock split

The stock split will be implemented by way of a stock dividend whereby each shareholder will receive one additional share of stock for each share owned as of the close of business on the record date, September 30, 2014 (Tue.). Shares which JAL refused to register in the shareholders' list (adjusted shares held by foreigners) pursuant to provisions of the Civil Aeronautics Law will also be split.

(2) Number of shares increasing as a result of the stock split

① Total number of issued shares prior to the stock split	:	181,352,000 shares
② Number of shares increasing as a result of the stock split	:	181,352,000 shares
③ Total number of issued shares after the stock split	:	362,704,000 shares
④ Total number of authorized shares after the stock split	:	750,000,000 shares

3. Schedule of the stock split

(1) Official notice of record date	:	September 12, 2014 (Fri.)
(2) Record date for the stock dividend	:	September 30, 2014 (Tue.)
(3) Effective date	:	October 1, 2014 (Wed.)

4. The influence per stock by the stock split

Given the stock split will be performed on the first date of the former fiscal year, the influence per share to the first quarter of the last fiscal year and that of this fiscal year is estimated as follows.

The influential amount to influence net income for the year per share

1st quarter of FY2013	50.57 yen
1st quarter of FY2014	40.75 yen

5. The content of Partial amendment of Articles of Incorporation

(1) The content of amendment

Current Articles of Incorporation	Proposed amendment
(Total number of authorized shares) Article 6 The company's total number of authorized shares is 400 million shares. The total number of authorized shares in each type is as follows. Common shares 350 million shares Type 1 preferred shares 12.5 million shares Type 2 preferred shares 12.5 million shares Type 3 preferred shares 12.5 million shares Type 4 preferred shares 12.5 million shares	(Total number of authorized shares) Article 6 The company's total number of authorized shares is 750 million shares. The total number of authorized shares in each type is as follows. Common shares 700 million shares Type 1 preferred shares 12.5 million shares Type 2 preferred shares 12.5 million shares Type 3 preferred shares 12.5 million shares Type 4 preferred shares 12.5 million shares

(2) Effective date:

The date on which the stock split takes force, October 1, 2014, as planned