

**[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, 2016 (Japanese GAAP)

**Company name** Japan Airlines Co., Ltd  
**Stock Listing** Tokyo Stock Exchange  
**Code No.** 9201 **URL:** <http://www.jal.com> October 31, 2016  
**Representative** Yoshiharu Ueki, President  
**Contact** Yuichiro Kito, General Manager, Finance **Phone:** +81-3-5460-3068  
 Scheduled date for filing of quarterly report: November 1, 2016  
 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, 2016 (April 1, 2016 to September 30, 2016)

#### (1) Consolidated Operating Results (Cumulative)

	Operating Revenues		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six months ended September 30, 2016	651,928	(5.2)	92,442	(23.0)	89,804	(26.8)	71,405	(30.9)
Six months ended September 30, 2015	687,932	0.6	119,982	29.2	122,640	33.7	103,398	28.7

\*Comprehensive income for the period April 1, 2016- September 30, 2016: 88,579 Millions of Yen. April 1, 2015 - September 30, 2015: 95,996 Millions of Yen.

	Profit per share	Diluted profit per share
	Yen	Yen
Six months ended September 30, 2016	196.98	-
Six months ended September 30, 2015	285.24	-

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity ratio (%)	Net Asset Per share
As of September 30, 2016	Millions of Yen 1,581,092	Millions of Yen 912,822	56.0	Yen 2,441.24
As of March 31, 2016	Millions of Yen 1,578,928	Millions of Yen 870,557	53.4	Yen 2,325.79

(Reference) Shareholder's equity As of September 30, 2016: 884,952 Millions of Yen As of March 31, 2016: 843,099 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, 2016	Yen -	Yen -	Yen -	Yen 120.00	Yen 120.00
Year Ending March 31, 2017	-	-	-	-	-
Year Ending March 31, 2017 (Forecast)	-	-	-	-	-

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

### 3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2017

(Percentage compared to prior year)

	Operating Revenues		Operating Income		Ordinary Income		Profit attributable to owners of parent		Profit per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Entire Fiscal Year	1,280,000	(4.2)	170,000	(18.7)	163,000	(22.1)	161,000	(7.7)	444.14

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

## Notes

- (1) Changes in significant consolidated subsidiaries during the six months ended September 30, 2016: 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: 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, 2016	:	362,704,000
As of March 31, 2016	:	362,704,000
  - (b) Number of treasury stock at the end of the period

As of September 30, 2016	:	203,395
As of March 31, 2016	:	203,395
  - (c) Average number of shares outstanding

During the six months ended September 30, 2016	:	362,500,605
During the six months ended September 30, 2015	:	362,500,605

## **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, 2016.

## **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 Second Quarter of FY2016” in the Attachment for the assumptions used and other notes.

\* The Company will hold a presentation for institutional investors and analysts on October 31, 2016. 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 FY2016

### (1) Explanation of Operating Results

During the first six months of the fiscal year ending March 31, 2017 (April 1, 2016 to September 30, 2016, hereinafter referred to as “the second quarter”), the Japanese economy showed weakness while consumer confidence stabilized. Due to effects of the earthquakes that struck Kumamoto Prefecture in the Kyushu region in April (the “2016 Kumamoto Earthquakes”), the demand in Kyushu declined. In overseas economies, weakness was observed in new emerging markets in Asia and resource-rich countries such as China’s economic slowdown. Crude oil prices, which affect our fuel purchasing costs, international passenger revenue and international cargo revenue, have been lower than the year before, and the JPY/USD foreign exchange rate showed the Japanese yen getting stronger. Under these economic conditions, we worked to increase profit consciousness of every staff by aligning our actions with the JAL Philosophy and the amoeba management system, realizing greater management efficiencies, and providing the finest service to our customers anchored in our firm commitment to flight safety in order to reach the targets set out in Rolling Plan 2016 for the JAL Group Medium Term Management Plan announced on February 18, 2016.

As a result of the above, consolidated operating revenue decreased by 5.2% year-on-year to 651.9 billion yen and operating expense decreased by 1.5% to 559.4 billion yen, while operating income decreased by 23.0% year on year to 92.4 billion yen and ordinary income decreased by 26.8% to 89.8 billion yen. Net income attributable to owners of the parent for the second quarter was 71.4 billion yen, down 30.9% year on year.

#### Air Transportation Segment

Second quarter financial results of the air transportation business segment are operating revenue of 585.6 billion yen, down 5.6% year-on-year, and operating income of 83.5 billion yen, 23.7% lower than the year before. (Operating revenue and operating income are values before elimination of intra-segment transactions.)

Details are provided below.

### a. International Operations

	Six months ended September 30, 2015	Six months ended September 30, 2016	% or points compared to prior period
Revenue from passenger operations (millions of Yen)	235,666	213,154	90.4%
Revenue passengers carried (number of passengers)	4,280,570	4,213,414	98.4%
Revenue Passenger Kilometers (RPK) (1,000 passenger-km)	20,377,276	20,405,606	100.1%
Available Seat Kilometers (ASK) (thousands)	25,307,238	25,500,869	100.8%
Revenue Passenger Load Factor (L/F) (%)	80.5	80.0	(0.5)
Revenue from Cargo Operations (millions of Yen)	28,988	20,375	70.3%
Revenue CargoTon Kilometers (RCTK) (thousands)	889,705	899,776	101.1%

Note: From the first quarter under review, figures for Revenue Passengers Carried, Revenue Passenger Kilometers, Available Seat Kilometers, and Load Factor are calculated including “marketed portion by other airlines through code-sharing from among JAL operation flights.” As a result, these items for the second quarter of the previous year represent figures after reflecting these changes.

In international passenger operations, inbound demand remained robust primarily on Southeast Asia routes, but growth of outbound demand from Japan was sluggish. Under these conditions, we worked to launch and expand high quality products and services to inspire customers to choose to fly with JAL.

In route operations, the Narita and Dallas/Fort Worth service which opened the previous fiscal year has been in great demand, and therefore, we increased services from four weekly services to daily services from March 20, 2016. Coupled with operations by our joint business partner American Airlines, currently three flights are operated daily, bringing greater convenience to customers. Flight frequency was also increased on the Narita=Moscow route by one flight to four weekly flights from April to June, and further, to five weekly flights from July to October to cater to increasing passenger demand.

As for alliances, the proposed inclusion of Iberia in the trilateral joint business with British Airways and Finnair on routes between Japan and Europe received antitrust immunity approval. As part of the joint business, Iberia and JAL have commenced codeshare cooperation on Iberia-operated flights between Narita and Madrid from October 18, following the sales of new joint fares by the four airlines began from September 21, 2016. We expect more passengers will travel to Europe, South America and Africa through Spain, as well as between Japan and Spain. Furthermore, JAL and Alaska Airlines forged a codeshare partnership effective June 29, 2016 to bring more convenience in travel on the expanded route network on the U.S. west coast.

On the marketing front, to increase customer preference for JAL and enhance affinity for Japan in China, taking into account the large influx of Chinese tourists to Japan, we opened a special website and have sent contents regularly over China’s largest SNS “WeChat.” In addition, we operated a JAL Doraemon Jet painted with special Doraemon livery, held events about this popular cat-like manga character, and conducted a present campaign, amongst others, to further boost tourism to Japan and invigorate demand for routes between Japan and China.

To make our Premium Economy Class affordable for more customers, we introduced attractive special fares on select Hawaii and Southeast Asia routes and successfully stimulated demand.

On the product side, we continue to expand routes operated with SKY SUITE configured aircraft, offering full-flat seats in Business Class with unobstructed aisle access from every seat and the “New Spacious Economy” in Economy Class, which is more spacious than the standard seating arrangement. We are also progressively retrofitting our 777-200ER aircraft with JAL SKY SUITE cabin interiors. The JAL SKY SUITE 777-200ER is currently in service on the Haneda=Bangkok and Haneda=Singapore routes, and will progressively be deployed on the Haneda=Hong Kong route and routes to Honolulu departing from Haneda, Kansai, Chubu and Narita respectively. Incidentally, the JAL SKY SUITE 777-200ER received the 2016 Good Design Award. As of the end of September 2016, JAL SKY SUITE operated routes including the 777-300ER, 787-8, 787-9 and 767-300ER have increased to 30 flights on 25 routes.

JAL will continue to embrace the challenge of enhancing convenience and comfort and delivering a refreshing and inspiring travel experience so as to provide customers with unparalleled service

As a result of the above, capacity on international routes measured in Available Seat Kilometers (ASK) increased by 0.8% year-on-year, demand measured in Revenue Passenger Kilometers (RPK) increased by 0.1% year-on-year, the Load Factor (L/F) was 80.0% year-on-year (down 0.5 percentage points), and international passenger revenue was 213.1 billion yen, down 9.6% from the year before due to a decrease in fuel surcharge revenue and appreciation of the yen.

In international cargo operations, we worked to steadily secure demand by efficiently capturing transit cargo to a third country in order to maximize revenues. As a result, cargo volume during the reporting period when measured in Revenue Cargo Ton Kilometers (RCTK) increased by 1.1% year-on-year. However, revenue came to 20.3 billion yen, down 29.7% from the year-earlier-period, due to a decline in fuel surcharge revenue caused by lower fuel prices, effects of the strong yen on foreign currency denominated cargo revenue, and netting international cargo sales commission from revenue due to a change in adjusting method.

In international mail operations, we secured demand comparable to previous year levels by capturing strong demand for individual mail orders. Cool EMS, cold storage delivery service for international express parcels provided in collaboration with Japan Post Co., Ltd., increased in handling volume from the previous fiscal year, through higher recognition in markets and more post offices handling this service. As a result, mail volume when measured in Mail Ton Kilometers increased by 4.7% from the year-earlier-period, but revenue decreased by 15.8% year-on-year to 4 billion yen caused by effects of the strong yen on foreign currency denominated mail revenue, and such.

**b. Domestic Operations**

	Six months ended September 30, 2015	Six months ended September 30, 2016	% or points compared to prior period
Revenues from passenger operations (millions of Yen)	256,801	253,381	98.7%
Revenue passengers carried (number of passengers)	16,082,955	16,130,936	100.3%
Revenue Passenger Kilometers (RPK) (1,000 passenger-km)	12,205,957	12,154,662	99.6%
Available Seat Kilometers (ASK) (thousands)	18,267,169	17,884,848	97.9%
Revenue Passenger Load Factor (L/F) (%)	66.8	68.0	1.1
Revenue from Cargo Operations (millions of Yen)	11,773	11,198	95.1%
Revenue Cargo Ton Kilometers(RCTK) (thousands)	184,370	177,929	96.5%

In domestic passenger operations, we deployed measures to stimulate demand and allocated aircraft to meet demand in an effort to increase profitability.

In route operations, in response to falling passenger demand caused by the 2016 Kumamoto Earthquakes, we speedily downsized aircraft principally on Kyushu routes to/from Haneda to improve profitability, while operating many unscheduled flights mainly between Fukuoka and Kagoshima to supplement disrupted surface transport services in Kyushu.

On routes to/from Itami, we introduced the new Embraer 190, the first regional jet configured with Class J, and launched services with this new jet on the Itami=Kagoshima route from May 2016 and further, on the Itami=Sendai route from July to offer greater convenience and comfort when flying on Itami routes.

On the marketing front, to support restoration from the Kumamoto Earthquakes, we set up a special fare “Oen (Support) Sakitoku” offering greater discounts than regular discount fares applicable to routes to/from Kyushu. We cooperated in relief efforts to the greatest extent possible, such as meeting passenger demand to Kyushu to visit hometowns or volunteer in quake stricken areas, and providing free transportation for volunteer groups and relief supplies. In addition, to lure international travelers to Kyushu, we launched a new domestic fare called “oneworld YOKOSO/Visit KYUSHU Fare” to create opportunities for international visitors to visit Kyushu starting from May 2016. We also participated in the “Kyushu Fukko (Restoration) Discount” Project from July 2016 in partnership with General Incorporated Association Kyushu Tourism Promotion Organization, and started selling travel products with JAL Dynamic Package to revive demand for tourism in the Kyushu region, using the Kyushu Tourism Oen (Support) Grant subsidized by the Japanese government.

To create new influxes of tourists, we launched sales of “one-way by Shinkansen and one-way by air,” a product for travelling around Hokkaido and Aomori, in collaboration with East Japan Railway Company, with the aim of attracting tourism demand to the Hokkaido and Aomori areas.

To provide easy, convenient and simple airport services under the concept of “JAL Smart Style,” we installed large monitors showing waiting times at security checkpoints along the traffic flow to the departure floor from Tokyo monorail and Keihin Kyuko stations to alleviate wait-time stress of customers.

In June 2016 we renovated Sakura Lounge at New Chitose Airport in its entirety and created Diamond Premier Lounge, the second domestic airport offering this prestigious lounge, improved our food and drink service menu, reviewed service times, and such to offer enhanced quality in our airport lounge service.

As for inflight service, to enable more customers to try our inflight W-Fi service introduced in July 2014, we conducted a “15 minute for free campaign” on all flights operated by Wi-Fi available aircraft. We also increased the number of programs available in our free video program to provide more pleasant and enjoyable flights.

As a result of the above, capacity on domestic routes measured in Available Seat Kilometers (ASK) decreased by 2.1% year-on-year, demand measured in Revenue Passenger Kilometers (RPK) decreased by 0.4% year-on-year, the Load Factor (L/F) was 68.0% year-on-year (up 1.1 percentage points), and domestic passenger revenue came to 253.3 billion yen, down 1.3% from the year before.

In domestic cargo operations, though the parcel transport business remained strong, cargo volume measured in Revenue Cargo Ton Kilometers (RCTK) declined 3.5% year-on-year as a result of a demand change of certain shipments to the ground transportation, a decrease in perishable shipments caused by adverse weather conditions, and such. As a result, domestic cargo revenue slipped 4.9% year-on-year to 11.1 billion yen.

Components of Revenues from the Air Transportation Segment are as follows

	Six months ended September 30, 2015 Millions of Yen	Percentage contribution to total (%)	Six months ended September 30, 2016 Millions of Yen	Percentage contribution to total (%)	% compared to prior year
International:					
Passenger operations	235,666	38.0	213,154	36.4	90.4
Cargo operations	28,988	4.7	20,375	3.5	70.3
Mail-service operations	4,836	0.8	4,071	0.7	84.2
Luggage operations	444	0.1	377	0.1	84.9
Sub-total	269,936	43.5	237,979	40.6	88.2
Domestic:					
Passenger operations	256,801	41.4	253,381	43.3	98.7
Cargo operations	11,773	1.9	11,198	1.9	95.1
Mail-service operations	1,739	0.3	1,846	0.3	106.2
Luggage operations	148	0.0	150	0.0	101.3
Sub-total	270,463	43.6	266,577	45.5	98.6
Total revenues of international and domestic operations	540,400	87.1	504,556	86.1	93.4
Other revenues	79,831	12.9	81,132	13.9	101.6
Total revenues	620,231	100.0	585,689	100.0	94.4

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, 2015	Six months ended September 30, 2016	% or points compared to prior period
<b>INTERNATIONAL</b>			
Revenue passengers carried (number of passengers)	4,280,570	4,213,414	98.4%
Revenue passenger km (1,000 passenger-km)	20,377,276	20,405,606	100.1%
Available seat km (thousands)	25,307,238	25,500,869	100.8%
Revenue passenger-load factor (%)	80.5	80.0	(0.5)
Revenue cargo ton-km (thousands)	889,705	899,776	101.1%
Mail ton-km (thousands)	103,707	108,572	104.7%
<b>DOMESTIC</b>			
Revenue passengers carried (number of passengers)	16,082,955	16,130,936	100.3%
Revenue passenger-km (1,000 passenger-km)	12,205,957	12,154,662	99.6%
Available seat km (thousands)	18,267,169	17,884,848	97.9%
Revenue passenger-load factor (%)	66.8	68.0	1.1
Revenue cargo ton-km (thousands)	184,370	177,929	96.5%
Mail ton-km (thousands)	12,392	12,877	103.9%
<b>TOTAL</b>			
Revenue passengers carried (number of passengers)	20,363,525	20,344,350	99.9%
Revenue passenger-km (1,000 passenger-km)	32,583,234	32,560,269	99.9%
Available seat km (thousands)	43,574,408	43,385,717	99.6%
Revenue passenger-load factor (%)	74.8	75.0	0.3
Revenue cargo ton km (thousands)	1,074,076	1,077,706	100.3%
Mail ton km (thousands)	116,099	121,449	104.6%

- From the first quarter under review, figures for Revenue Passengers Carried, Revenue Passenger Kilometers, Available Seat Kilometers, and Load Factor of the international operations are calculated including “marketed portion by other airlines through code-sharing from among JAL operation flights.” As a result, these items for the second quarter of the previous year represent figures after reflecting these changes.
- Revenue Passenger Kilometers (RPK) is the number of fare-paying passengers multiplied by the distance flown (km).  
Available Seat Kilometers (ASK) is the number of available seats multiplied by the distance flown (km).  
Revenue Cargo Ton Kilometers (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 Transocean Air Co., Ltd., Japan Air Commuter Co., Ltd., J-Air Co., Ltd., Ryukyu Air Commuter Co., Ltd., and Hokkaido Air System Co., Ltd..
- Figures have been truncated and percentages are rounded off to the first decimal place.

## Other businesses

In “Other operations,” we worked to increase customer convenience and enhance JAL Group’s corporate value. The financial results of two major companies in this segment are as follows.

JALPAK Co., Ltd. introduced pamphlet products to suit demand trends and promoted JAL Dynamic Package over the Internet in a timely manner, amongst others, in an effort to maximize revenue. Despite favorable winds such as the stronger yen and zero fuel surcharge for tickets issued from April, customer volume of overseas travel decreased by 5.8% from the previous year to 119 thousand persons due to sluggish tourism demand growth to Europe and seat capacity reduction as a result of new aircraft introduced on Honolulu routes. Domestically, customer volume rose 2.4% to 1,239 thousand persons, due to strong sales of JAL Dynamic Package, bolstered by increased online advertising and sales promotions and reservations through smartphones. As a result, operating revenue (before elimination of consolidated transactions) was 90.3 billion yen, down 0.8% year-on-year.

JAL Card Co., Ltd. was successful in advertising to make a significant increase in new members enrolling at airports and online from the prior year. Promotions at banks starting from fiscal 2016 contributed to the enrollment of new members. Membership increased by 66 thousand persons to 3,195 thousand members from the end of March 2016. On the other hand, despite the increase of double-mile partner shops and measures to boost card usage, trading volume lacked strength against the overall slump in personal spending and decrease in the amount used overseas caused by the stronger yen. As a result, operating revenue (before elimination of consolidated transactions) was 10.2 billion yen, down 0.1% year-on-year.

## (2) Explanation of Financial Conditions

### Assets, liabilities and net assets

Total assets in the second quarter increased by 2.1 billion yen from the end of the previous fiscal year to 1,581.0 billion yen, and total liabilities decreased by 40.1 billion yen from the end of the previous fiscal year to 668.2 billion yen.

Though paying of dividends to shareholders decreased net assets, we posted a quarterly profit attributable to owners of the parent, resulting in net assets of 912.8 billion yen, increased by 42.2 billion yen from the amount reported at the end of the previous fiscal year.

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

### Cash Flows

#### Cash Flows from Operating Activities

As a result of addition/subtraction of non-cash items, such as depreciation and amortization costs and debts/credits relating to operating activities to/from 89.2 billion yen in profit before income taxes for the second quarter, cash flow from operating activities (inflow) came to 132.4 billion yen, down 45.2 billion yen year-on-year .

#### Cash Flows from Investing Activities

As a result of expenditures to acquire fixed assets and proceeds from withdrawal of time deposits, cash flows from investing activities (outflow) totaled 38.9 billion yen, down 104.6 billion yen year-on-year.

#### Cash Flows from Financing Activities

As a result of repaying short-term loans and paying dividends, cash flows from financing activities (outflow) totaled 64.3 billion yen, up 6 billion yen year-on-year.

As a result of the above, the balance of cash and cash equivalents at the end of the second quarter increased by 28.5 billion yen from the end of the previous fiscal year to 121.4 billion yen.

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

#### a. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2017

	Operating Revenues	Operating Income	Ordinary Income	Profit attributable to owners of parent	Net income per share
Previous Forecast(A)	Million of Yen 1,343,000	Million of Yen 201,000	Million of Yen 193,000	Million of Yen 192,000	Yen 529.65
<b>New Forecast(B)</b>	<b>1,280,000</b>	<b>170,000</b>	<b>163,000</b>	<b>161,000</b>	<b>444.14</b>
Change(B-A)	(63,000)	(31,000)	(30,000)	(31,000)	-
Change(%)	(4.7)	(15.4)	(15.5)	(16.2)	-
Ref.Consolidated Financial Results of the Fiscal Year Ended March 31, 2016	1,336,661	209,192	209,219	174,468	481.29

#### b. Non-Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2017

	Operating Revenues	Ordinary Income	Net Income	Net income per share
Previous Forecast(A)	Million of Yen 1,105,000	Million of Yen 150,000	Million of Yen 169,000	Yen 466.12
<b>New Forecast(B)</b>	<b>1,048,000</b>	<b>123,000</b>	<b>142,000</b>	<b>391.65</b>
Change(B-A)	(57,000)	(27,000)	(27,000)	-
Change(%)	(5.2)	(18.0)	(16.0)	-
Ref.Non-Consolidated Financial Results of the Fiscal Year Ended March 31, 2016	1,092,312	175,121	163,281	450.35

#### c. Reasons for Revisions of Financial Forecast for the Fiscal Year Ending March 31, 2017

We have revised market preconditions to reflect the recent market as follows.

	Exchange Rate (JPY/USD)	Singapore Kerosene (USD/BBL)	Dubai Crude Oil (USD/BBL)
Previous Forecast	123.0	50.0	36.0
New Forecast	106.4 (2 <sup>nd</sup> half:106.0)	54.5 (2 <sup>nd</sup> half:56.0)	42.9 (2 <sup>nd</sup> half:44.0)

The full-year consolidated revenue is expected to decrease by 63.0 billion yen over our previous forecast, primarily due to weaker demand in international passenger operations and less revenue per passenger both in international and domestic than expected. In addition, we have revised exchange rate and fuel price estimates on which we base our plan. The full-year consolidated expense is expected to decrease by 32.0 billion yen compared to the previous estimate due to continuous cost controlling initiatives and the revision of estimates on which we base our plan. As a result, full-year consolidated operating income is seen to decrease by 31.0 billion yen from our previous forecast.

As we project a decrease of 30.0 billion yen in full-year consolidated ordinary income and a decrease of 31.0 billion yen in full-year net income attributable to owners of the parent, we have revised our earnings forecast for the fiscal year ending March 31, 2017 as the above chart.

We plan to disclose our dividend estimate for the fiscal year ending March 31, 2017 when our earnings forecast becomes clearer.

## 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

Effective beginning the three-month period ended June 30, 2016, some of the domestic consolidated subsidiaries have adopted the "Practical Solution on Accounting for Changes in Depreciation Method related to the 2016 Tax Law Changes (PITF No.32 of June 17, 2016)," following the revision of the Corporation Tax Act. Accordingly, the depreciation method of structures and facilities attached to buildings acquired on and after April 1, 2016 was changed from declining-balance method to straight-line method.

There are minimal impacts to the Operating Income, Ordinary Income and Profit before Income Taxes of the six months period ended September 30, 2016. .

### 3. Consolidated Financial Statements

(1) Consolidated Balance Sheets as of March 31, 2016 and as of September 30, 2016 (Millions of Yen)

Account	FY2015 As of March 31, 2016	FY2016 As of September 30, 2016
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and deposits	420,333	353,490
Notes and account receivable-trade	128,148	131,863
Securities	-	16,000
Flight equipment spare parts and supplies	20,314	20,922
Other	61,154	46,785
Allowance for doubtful accounts	(709)	(700)
<b>Total current assets</b>	<b>629,242</b>	<b>568,361</b>
<b>Non-current assets</b>		
<b>Tangible fixed assets, net</b>		
Flight equipment	560,601	637,756
Other tangible fixed assets	168,072	155,095
<b>Total tangible fixed assets</b>	<b>728,673</b>	<b>792,852</b>
Intangible fixed assets	80,518	89,038
Investments and other assets	140,494	130,840
<b>Total non-current assets</b>	<b>949,686</b>	<b>1,012,731</b>
<b>Total assets</b>	<b>1,578,928</b>	<b>1,581,092</b>
<b>Account</b>	<b>FY2015</b>	<b>FY2016</b>
	<b>As of March 31, 2016</b>	<b>As of June 30, 2016</b>
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Accounts payable-trade	145,413	146,643
Short-term loans payable	5,792	199
Current portion of long-term loans payable	10,851	10,455
Lease obligations	13,254	8,449
Accounts payable-installment purchase	178	179
Other	193,062	181,720
<b>Total current liabilities</b>	<b>368,552</b>	<b>347,648</b>
<b>Non-current liabilities</b>		
Long-term loans payable	51,331	47,370
Lease obligations	10,373	6,617
Long-term accounts payable-installment purchase	847	757
Net defined benefit liability	236,310	231,420
Provision	6,294	5,583
Other	34,660	28,873
<b>Total non-current liabilities</b>	<b>339,818</b>	<b>320,621</b>
<b>Total liabilities</b>	<b>708,371</b>	<b>668,270</b>
<b>(Net Assets)</b>		
<b>Shareholders' equity</b>		
Common stock	181,352	181,352
Capital surplus	183,042	183,057
Retained earnings	557,905	585,810
Treasury shares	(538)	(538)
<b>Total shareholders' equity</b>	<b>921,761</b>	<b>949,681</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	14,767	12,491
Deferred losses on hedges	(24,777)	(10,728)
Foreign currency translation adjustment	427	(584)
Remeasurements of defined benefit plans	(69,079)	(65,908)
<b>Total accumulated other comprehensive income</b>	<b>(78,662)</b>	<b>(64,729)</b>
<b>Non-controlling interests</b>	27,457	27,870
<b>Total net assets</b>	<b>870,557</b>	<b>912,822</b>
<b>Total liabilities and net assets</b>	<b>1,578,928</b>	<b>1,581,092</b>

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

(Millions of Yen)

Account	Six months ended September 30, 2015	Six months ended September 30, 2016
<b>Operating revenue</b>	<b>687,932</b>	<b>651,928</b>
<b>Operating cost</b>	474,380	464,639
<b>Operating gross profit</b>	213,551	187,288
<b>Selling, general and administrative expenses</b>	93,569	94,846
<b>Operating income</b>	<b>119,982</b>	<b>92,442</b>
<b>Non-operating income</b>		
Interest and dividend income	1,509	1,005
Share of profit of entities accounted for using equity method	588	1,895
Other	4,813	1,749
<b>Total non-operating income</b>	<b>6,912</b>	<b>4,649</b>
<b>Non-operating expenses</b>		
Interest expense	642	416
Loss on sales and disposal of flight equipment	1,566	3,381
Other	2,044	3,489
<b>Total non-operating expenses</b>	<b>4,254</b>	<b>7,287</b>
<b>Ordinary income</b>	<b>122,640</b>	<b>89,804</b>
<b>Extraordinary income</b>		
Reversal of reserve for loss on antitrust litigation	108	711
Compensation income	1,172	-
Other	128	123
<b>Total extraordinary income</b>	<b>1,409</b>	<b>835</b>
<b>Extraordinary losses</b>		
Compensation payments	-	995
Impairment loss	264	312
Other	181	95
<b>Total extraordinary losses</b>	<b>446</b>	<b>1,403</b>
<b>Profit before income taxes</b>	<b>123,603</b>	<b>89,236</b>
<b>Income taxes</b>	16,626	14,167
<b>Profit</b>	<b>106,976</b>	<b>75,068</b>
<b><u>Breakdown</u></b>		
<b>Profit attributable to owners of parent</b>	<b>103,398</b>	<b>71,405</b>
<b>Profit attributable to non-controlling interests</b>	<b>3,577</b>	<b>3,663</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(5,813)	(2,241)
Deferred gains on hedges	(5,896)	13,864
Foreign currency translation adjustment	182	(1,204)
Remeasurements of defined benefit plans	659	3,183
Share of other comprehensive income of entities accounted for using equity method	(111)	(90)
<b>Total other comprehensive income</b>	<b>(10,979)</b>	<b>13,511</b>
<b>Comprehensive income</b>	<b>95,996</b>	<b>88,579</b>
<b><u>Breakdown</u></b>		
<b>Comprehensive income attributable to owners of the parent</b>	92,397	85,337
<b>Comprehensive income attributable to non-controlling interests</b>	3,598	3,242

## (3) Consolidated Statement of Cash Flows

(Millions of Yen)

Accounts	Six months ended September 30, 2015	Six months ended September 30, 2016
<b>Cash flows from operating activities</b>		
Income before income taxes	123,603	89,236
Depreciation and amortization	43,414	46,958
Loss (gain) on sales and disposal of non-current assets and impairment loss	(1,724)	3,405
Decrease in net defined benefit liability	(4,200)	(1,723)
Interest and dividend income	(1,509)	(1,005)
Interest expenses	642	416
Foreign exchange losses (gains)	525	(815)
Share of profit of entities accounted for using equity method	(588)	(1,895)
Decrease (increase) in notes and accounts receivable -trade	4,182	(4,011)
Increase in flight equipment spare parts and supplies	(1,506)	(607)
Increase in accounts payable-trade	2,923	1,536
Other	16,957	20,511
<b>Subtotal</b>	<b>182,720</b>	<b>152,005</b>
Interest and dividend income received	2,002	1,431
Interest expenses paid	(689)	(471)
Income taxes paid	(6,327)	(20,498)
<b>Net cash provided by operating activities</b>	<b>177,706</b>	<b>132,466</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(190,107)	(133,451)
Proceeds from withdrawal of time deposits	144,369	212,513
Purchase of non-current assets	(97,361)	(127,922)
Proceeds from sales of non-current assets	4,219	2,477
Purchase of investment securities	(5,562)	(217)
Proceeds from sales and redemption of investment securities	3	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	39	—
Payments of loans receivable	(144)	(148)
Collection of loans receivable	726	660
Other	204	7,124
<b>Net cash used in investing activities</b>	<b>(143,613)</b>	<b>(38,964)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	18	(5,533)
Proceeds from long-term loans payable	309	3,034
Repayments of long-term loans payable	(3,939)	(6,669)
Repayments of lease obligations	(13,808)	(8,941)
Cash dividends paid	(37,661)	(43,450)
Dividends paid to non-controlling interests	(3,264)	(2,806)
<b>Net cash used in financing activities</b>	<b>(58,345)</b>	<b>(64,367)</b>
Effect of exchange rate changes on cash and cash equivalents	(468)	(687)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(24,720)</b>	<b>28,446</b>
Cash and cash equivalents at beginning of period	119,287	92,951
Increase in cash and cash equivalents resulting from merger	—	58
<b>Cash and cash equivalents at end of period</b>	<b>※ 1 94,566</b>	<b>※ 1 121,456</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)

	FY2015 April 1, 2015 to September 30, 2015	FY2016 April 1, 2016 to September 30, 2016
Cash and deposits	386,061	353,490
Term deposits for over three months	(291,495)	(248,034)
Securities	-	16,000
Cash and cash equivalents	94,566	121,456

##### 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 FY2015 (April 1, 2015 to September 30, 2015)

###### 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	560,602	127,330	687,932	-	687,932
2. Intersegment revenue or transfer	59,629	14,057	73,687	(73,687)	-
Total	620,231	141,388	761,620	(73,687)	687,932
Segment profit	109,427	10,525	119,952	29	119,982

(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 FY2016 (April 1, 2016 to September 30, 2016)

###### 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	526,375	125,553	651,928	-	651,928
2. Intersegment revenue or transfer	59,313	14,425	73,739	(73,739)	-
Total	585,689	139,978	725,668	(73,739)	651,928
Segment profit	83,543	9,043	92,586	(144)	92,442

(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.

## Significant Subsequent Event

(Major Events after the Reporting Period)

JAL decided at the Board of Directors meeting held on October 31, 2016 to purchase its own shares in accordance with provisions in Article 156 of the Companies Act, applicable by replacing the phrase pursuant to provisions in Article 165 Clause 3 of the Companies Act.

### 1. Reason for the share repurchase

To increase capital efficiency and improve returns to shareholders

### 2. Content of acquisition

(1) Type of shares acquired: Common shares of JAL

(2) Total number of shares acquired: 15 million shares (maximum)

Percentage against total number of issued shares (excluding own shares): 4.1%

(3) Total price of shares acquired: 30 billion yen (maximum)

(4) Period of acquisition: November 1, 2016 ~ March 31, 2017

(5) Others: All acquired shares herein are planned to be retired based on the resolution at the Board of Directors meeting in accordance with provisions in Article 178 of the Companies Act.