

**[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 year Ended March 31, 2018 (Japanese GAAP)**

<b>Company name</b>	<b>Japan Airlines Co., Ltd</b>	April 27, 2018
<b>Stock Listing</b>	<b>Tokyo Stock Exchange</b>	
<b>Code No.</b>	<b>9201</b>	<b>URL: <a href="http://www.jal.com">http://www.jal.com</a></b>
<b>Representative</b>	<b>Tadashi Fujita, Executive Vice President</b>	
<b>Contact</b>	<b>Yuichiro Kito, General Manager, Finance</b>	<b>Phone: +81-3-5460-3068</b>
Scheduled date of Ordinary General Meeting of Shareholders:		June 19, 2018
Scheduled starting date of dividend payment:		June 20, 2018
Scheduled date of filing Financial Report for the Fiscal Year 2017:		June 20, 2018
Supplementary explanations of Fiscal Year 2017 financial results:		Yes
Presentation for the Fiscal Year 2017 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 Year Ended March 31, 2018 (April 1, 2017 to March 31, 2018 )**
**(1) Consolidated Operating Results (Cumulative)**

(Percentage compared to prior year)

	Operating Revenues		Operating Profit		Ordinary Profit		Profit attributable to owners of the parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
<b>FY2017 ended March 31, 2018</b>	<b>1,383,257</b>	<b>7.3</b>	<b>174,565</b>	<b>2.5</b>	<b>163,180</b>	<b>(1.1)</b>	<b>135,406</b>	<b>(17.5)</b>
<b>FY2016 ended March 31, 2017</b>	<b>1,288,967</b>	<b>(3.6)</b>	<b>170,332</b>	<b>(18.6)</b>	<b>165,013</b>	<b>(21.1)</b>	<b>164,174</b>	<b>(5.9)</b>

\* Comprehensive profit ; Year ended March 31, 2018: 155,809 million Yen ( -25.8%), Year ended March 31, 2017: 210,021 million Yen (89.6%)

	Earnings per share	Diluted earnings per share	Return on Equity	Ratio of Ordinary profit To total assets	Operating Profit margin ratio
	Yen		%	%	%
<b>FY2017 ended March 31, 2018</b>	<b>383.23</b>	—	<b>13.3</b>	<b>9.1</b>	<b>12.6</b>
<b>FY2016 ended March 31, 2017</b>	<b>456.56</b>	—	<b>18.1</b>	<b>10.0</b>	<b>13.2</b>

(Reference) Equity in profit of affiliates; Year ended March 31, 2018: 2,521 million Yen, Year ended March 31, 2017: 2,180 million Yen

**(2) Consolidated Financial Position**

	Total Assets	Net Assets	Shareholder's equity ratio (%)	Shareholder's equity Per share
	Millions of Yen	Millions of Yen		Yen
<b>FY2017 ended March 31, 2018</b>	<b>1,854,227</b>	<b>1,094,127</b>	<b>57.2</b>	<b>3,019.52</b>
<b>FY2016 ended March 31, 2017</b>	<b>1,728,777</b>	<b>1,003,393</b>	<b>56.2</b>	<b>2,749.71</b>

(Reference) Shareholder's equity ; Year ended March 31, 2018: 1,060,335 million Yen, Year ended March 31, 2017: 972,064 million Yen

**(3) Consolidated Cash Flows**

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
<b>FY2017 ended March 31, 2018</b>	<b>281,542</b>	<b>(166,600)</b>	<b>(55,883)</b>	<b>182,870</b>
<b>FY2016 ended March 31, 2017</b>	<b>253,153</b>	<b>(168,077)</b>	<b>(53,531)</b>	<b>124,261</b>

**2. Dividends**

	Dividends per Share					Total amount of dividend (Annual)	Payout ratio (Consolidated)	Dividend On equity (Consolidated)
	First Quarter End	Second Quarter End	Third Quarter End	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
<b>FY2016</b>	-	-	-	<b>94.00</b>	<b>94.00</b>	<b>33,236</b>	<b>20.6</b>	<b>3.7</b>
<b>FY2017</b>	-	<b>52.50</b>	-	<b>57.50</b>	<b>110.00</b>	<b>38,758</b>	<b>28.7</b>	<b>3.8</b>
<b>FY2018(Forecast)</b>	-	<b>55.00</b>	-	<b>55.00</b>	<b>110.00</b>		<b>34.9</b>	

**3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2019**

(Percentage compared to prior year)

Entire Fiscal Year	Operating Revenues		Operating Profit		Ordinary Profit		Profit attributable to owners of the parent		Earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
	<b>1,455,000</b>	<b>5.2</b>	<b>167,000</b>	<b>(4.3)</b>	<b>156,000</b>	<b>(4.4)</b>	<b>110,000</b>	<b>(18.8)</b>	<b>315.18</b>

Note: Forecast for the six months ending September 30, 2018 is not made.

Notes

(1) Changes in significant consolidated subsidiaries during the fiscal year ended March 31, 2018: None

(2) 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

(3) Number of shares issued (common stock)

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

Year ended March 31, 2018: 353,715,800

Year ended March 31, 2017: 353,715,800

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

Year ended March 31, 2018: 2,555,957

Year ended March 31, 2017: 199,873

(c) Average number of shares outstanding

Year ended March 31, 2018: 353,334,369

Year ended March 31, 2017: 359,594,163

Indication of audit procedure implementation status

These financial results are not subject to the audit requirements as provided in the Financial Instruments and Exchange Act. The audit of 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 Year Ended March 31, 2018.

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. However it does not mean that we guarantee its achievement. Actual results may differ from such forward-looking statements for a variety of reasons. Please refer to “1. Outline of Operating results (1) Outline of operating results for the current fiscal year and (4) Outlook for the next fiscal year” in the Attachment for the assumptions used and other notes.

\* The Company holds a presentation for institutional investors and analysts on April 27, 2018. Documents distributed at the presentation are scheduled to be posted on our website on the same day.

# Attachment

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## 1. Outline of operating results

### (1) Outline of operating results for the current fiscal year

During the fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018), total air travel demand remained strong, mainly for domestic travel and inbound travel to Japan, due to continuing moderate economic recovery trends in both Japan and overseas.

Crude oil prices, which affect JAL's fuel purchasing costs, international passenger and international cargo revenues, increased as OPEC and other oil leaders agreed to extend production cuts and geopolitical risks emerged. The exchange rate of the Japanese yen against the US dollar has been in the range of 105 to 115 yen.

Under these economic conditions, we made efforts to increase profit consciousness of all our employees through the JAL Philosophy and the divisional profitability management system, realize greater management efficiencies, and provide unparalleled service to customers, in order to reach the targets set out in the FY2017~2020 JAL Group Medium Term Management Plan announced on April 28, 2017. All of the above are based on our firm commitment to flight safety.

As a result of the above, the operating revenue for the consolidated fiscal year increased by 7.3% year over year to 1,383.2 billion yen and the operating expense increased by 8.1% year over year to 1,208.6 billion yen, while the operating profit increased by 2.5% year over year to 174.5 billion yen and the ordinary profit declined by 1.1% from the previous year to 163.1 billion yen. The profit attributable to owners of parent was 135.4 billion yen, down 17.5% from the previous year due to the income tax deferred in the previous fiscal year.

(JPY Bn)	FY2016 April 1, 2016 to March 31, 2017	FY2017 April 1, 2017 to March 31, 2018	% or points compared to prior period
<b>Operating Revenue</b>	1,288.9	1,383.2	107.3%
International Passenger	415.2	462.9	111.5%
Domestic Passenger	498.6	518.2	103.9%
Cargo / Mail	78.2	92.0	117.6%
Other	296.8	310.0	104.4%
<b>Operating Expense</b>	1,118.6	1,208.6	108.1%
Fuel	198.7	215.2	108.3%
Excluding Fuel	919.8	993.4	108.0%
<b>Operating Profit</b>	170.3	174.5	102.5%
<b>Operating Profit Margin (%)</b>	13.2	12.6	△0.6
<b>Ordinary Profit</b>	165.0	163.1	98.9%
<b>Profit attributable to owners of parent</b>	164.1	135.4	82.5%

Note: Figures have been truncated and percentages are rounded off to the first decimal place.

Financial results of each segment are as follows.

#### Air Transportation Segment

The operating revenue increased by 8.4% year-on-year to 1,257.2 billion yen and the operating profit increased by 5.3% year-on-year to 161.2 billion yen. (The operating revenue and the operating profit are before elimination of transactions between segments.)

Details are provided below.

**a. International operations**

	FY2016 April 1, 2016 to March 31, 2017	FY2017 April 1, 2017 to March 31, 2018	% or points compared to prior period
Revenue from passenger operations (millions of Yen)	415,218	462,919	111.5%
Revenue passengers carried (number of passengers)	8,394,777	8,585,399	102.3%
Revenue passenger km (RPK) (1,000 passenger-km)	40,633,050	42,013,111	103.4%
Available seat km (ASK) (thousands-km)	50,621,656	51,836,491	102.4%
Revenue passenger-load factor (L/F) (%)	80.3	81.0	0.8
Revenue from Cargo Operations (millions of Yen)	43,334	56,036	129.3%
Revenue cargo ton-km (RCTK)	1,887,856	2,233,387	118.3%

In the international passenger operations, the passenger traffic increased 2.3% year over year, and the revenue passenger load factor reached to a record high of 81.0%, attributed to strong outbound demand and robust inbound demand.

With regard to the route operations, JAL launched new services between Tokyo(Narita) and Melbourne and between Tokyo(Narita) and Kona in September 2017, and increased flight frequency on the late-night service to Europe, the Tokyo(Haneda)=London route, in October 2017 in order to capture corporate and leisure outbound demand and a wide range of inbound demand. JAL also

made partnership agreements with Vietjet, Vistara, Hawaiian Airlines, Aeromexico, and Aeroflot, and will work jointly with these partner airlines to further improve its network.

Regarding its products, JAL newly introduced JAL SKY SUITE 787.

On the service front, JAL won top honors for “Loyalty (Repeat Intention Rate)” for the fifth consecutive year and “Customer Satisfaction” in the International Airlines category of the Japanese Customer Satisfaction Index (JCSI) Survey. This survey is conducted annually by an external service evaluation organization in Japan. For inflight meals, JAL introduced menus created by young chefs, who were finalists from RED U-35 including the FY2016 Grand Prix winner, for Premium Economy and Economy Class on medium- and long-haul routes from Japan. RED U-35 is the Japan’s largest culinary competition for a new generation of chefs.

As a result of the above, the capacity on international routes measured in Available Seat Kilometers (ASK) increased by 2.4% year-on-year, and international passenger revenue was 462.9 billion yen, up 11.5% from the year before.

**b. Domestic operations**

	FY2016 April 1, 2016 to March 31, 2017	FY2017 April 1, 2017 to March 31, 2018	% or points compared to prior period
Revenue from passenger operations (millions of Yen)	498,628	518,239	103.9%
Revenue passengers carried (number of passengers)	32,570,397	34,033,475	104.5%
Revenue passenger km (RPK) (1,000 passenger-km)	24,550,154	25,643,092	104.5%
Available seat km (ASK) (thousands-km)	35,423,513	35,714,021	100.8%
Revenue passenger-load factor (L/F) (%)	69.3	71.8	2.5
Revenue from Cargo Operations (millions of Yen)	22,260	22,444	100.8%
Revenue cargo ton-km (RCTK)	357,803	364,089	101.8%

In domestic passenger operations, although the revenue per passenger declined from the previous year primarily due to competition with other airlines, passenger traffic increased 4.5% year over year. This was attributed to the recovery in demand, which dropped in the aftermath of the Kumamoto Earthquakes in April 2016, and the success of various demand-boosting measures. As a result, the passenger revenue increased year over year.

In route operations, in order to improve the convenience and comfort of the on regional network routes service, Embraer 190 was introduced to more routes to/from Osaka (Itami) Airport, and the state-of-the-art ATR42-600 turboprop was introduced to the island routes in Kagoshima Prefecture operated by Japan Air Commuterr .

Regarding products, JAL began to offer a complimentary inflight Wi-Fi service on flights operated with JAL SKY NEXT aircraft and received favorable feedback from many customers. In addition, 737-800 aircraft operated by Japan Transocean Air were retrofitted with JAL SKY NEXT cabin interiors for greater convenience and comfort in air travel.

On the sales and marketing front, JAL and Trip Advisor, Inc. collaborated to open a travel information website to provide travel content on lesser-known local sights and events to incoming travelers to Japan. “Untold Stories of Japan”, the immersive portal on Trip Advisor’s website provides information about tourist facilities and activities and a special fare for overseas visitors “JAL Japan Explorer Pass” to boost and spread inbound tourism across Japan. Further, JAL made a capital and business partnership with Hyakusen Renma, an intermediary for Airbnb-style Japanese home-share accommodations. Not only Hyakusen Renma, we also collaborated with other leisure business-related industries to create new travel products combining air travel and the ‘minpaku’ ,Airbnb-style experience of staying at a local home and enjoying local tourism resources to promote inter-regional travel by both domestic and overseas visitors

As a result of the above, the capacity on domestic routes measured in Available Seat Kilometers (ASK) increased by 0.8% year-on-year, and domestic passenger revenue was 518.2 billion yen, up 3.9% from the year before.

**Fleet**

as of March 31, 2018

Type of Aircraft	Owned	Leased	Total
Boeing 777-200	12	0	12
Boeing 777-200ER	11	0	11
Boeing 777-300	4	0	4
Boeing 777-300ER	13	0	13
Large-sized Total	40	0	40
Boeing 787-8	25	0	25
Boeing 787-9	10	1	11
Boeing 767-300	6	0	6
Boeing 767-300ER	28	1	29
Medium-sized Total	69	2	71
Boeing 737-400	8	0	8
Boeing 737-800	34	23	57
Small-sized Total	42	23	65
Embraer 170	17	0	17
Embraer 190	12	0	12
Bombardier DHC-8-400	5	1	6
Bombardier DHC-8-400CC	5	0	5
Bombardier DHC-8-300	1	0	1
SAAB340B	10	0	10
ATR42-600	4	0	4
Regional Total	54	1	55
Total	205	26	231

Note: Aircraft shown as “Leased” are the aircraft introduced under the operating lease scheme.

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

	FY2016 April 1, 2016 to March 31, 2017 [Millions of Yen]	% contribution to total	FY2017 April 1, 2017 to March 31, 2018 [Millions of Yen]	% contribution to total	% compared to prior period
International:					
Passenger operations	415,218	35.8	462,919	36.8	111.5
Cargo operations	43,334	3.7	56,036	4.5	129.3
Mail-service operations	8,699	0.8	9,858	0.8	113.3
Luggage operations	764	0.1	749	0.1	98.0
Sub-total	468,017	40.4	529,563	42.1	113.2
Domestic:					
Passenger operations	498,628	43.0	518,239	41.2	103.9
Cargo operations	22,260	1.9	22,444	1.8	100.8
Mail-service operations	3,959	0.3	3,718	0.3	93.9
Luggage operations	301	0.0	304	0.0	101.0
Sub-total	525,150	45.3	544,706	43.3	103.7
Total revenues from international and domestic operations	993,168	85.7	1,074,269	85.4	108.2
Other revenues	166,224	14.3	182,995	14.6	110.1
Total revenues	1,159,392	100.0	1,257,265	100.0	108.4

Note: The amounts are rounded down to the nearest million yen and the percentages are round off to the first decimal place.



## Consolidated Traffic Results

	FY2016 April 1,2016 to March 31,2017	FY2017 April 1,2017 to March 31,2018	% or points compared to prior period
<b>INTERNATIONAL</b>			
Revenue passengers carried (number of passengers)	8,394,777	8,585,399	102.3%
Revenue passenger km (1,000 passenger-km)	40,633,050	42,013,111	103.4%
Available seat km (thousands)	50,621,656	51,836,491	102.4%
Revenue passenger-load factor (%)	80.3	81.0	0.8
Revenue cargo ton-km (thousands)	1,887,856	2,233,387	118.3%
Mail ton-km (thousands)	239,127	254,679	106.5%
<b>DOMESTIC</b>			
Revenue passengers carried (number of passengers)	32,570,397	34,033,475	104.5%
Revenue passenger-km (1,000 passenger-km)	24,550,154	25,643,092	104.5%
Available seat km (thousands)	35,423,513	35,714,021	100.8%
Revenue passenger-load factor (%)	69.3	71.8	2.5
Revenue cargo ton-km (thousands)	357,803	364,089	101.8%
Mail ton-km (thousands)	26,104	24,697	94.6%
<b>TOTAL</b>			
Revenue passengers carried (number of passengers)	40,965,174	42,618,874	104.0%
Revenue passenger-km (1,000 passenger-km)	65,183,205	67,656,203	103.8%
Available seat km (thousands)	86,045,169	87,550,512	101.7%
Revenue passenger-load factor (%)	75.8	77.3	1.5
Revenue cargo ton-km (thousands)	2,245,659	2,597,477	115.7%
Mail ton-km (thousands)	265,231	279,377	105.3%

- 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.  
However, in the year-earlier period,  
International operations : Japan Airlines Co., Ltd., Japan Transocean Air 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., Hokkaido Air System Co., Ltd.
- The amounts are rounded down and the percentages are round off to the first decimal place.

<Others>

The financial results of two major companies in this segment are as follows.

JALPAK Co., Ltd.

	FY2016	FY2017	% or points compared to prior period
	April 1,2016 to March 31,2017	April 1,2017 to March 31,2018	
Overseas travelers handled (10,000 number of travelers)	24.1	23.1	95.8%
Domestic travelers handled (10,000 number of travelers)	251.0	254.5	101.4%
Operating Revenue (before elimination of consolidated transactions, billions of yen)	1,725	1,751	101.5%

JAL Card Co., Ltd

	FY2016	FY2017	% or points compared to prior period
	April 1,2016 to March 31,2017	April 1,2017 to March 31,2018	
Memberships (10,000 number of members)	327.2	342.6	104.7%
Operating Revenue (before elimination of consolidated transactions, billions of yen)	204	183	89.6%

## **(2) Outline of financial condition for the current fiscal year**

### **Assets, liabilities and net assets**

The assets at the fiscal year-end increased by 125.4 billion yen from the end of the previous fiscal year to 1 trillion 854.2 billion yen, mainly due to procurement of aircraft and advance aircraft payments.

The liabilities increased by 34.7 billion yen from the end of the previous fiscal year to 760.0 billion yen due to issuance of corporate bonds and an increase in loans.

The net assets increased by 90.7 billion yen from the end of the previous fiscal year to 1 trillion 94.1 billion yen, as a result of paying dividends and acquiring own shares, and also the net profit attributable to owners of parent in the current fiscal year and an increase in accumulated other comprehensive income.

As a result of the above, shareholders' equity ended at 1 trillion 60.3 billion yen, and the equity ratio rose by 1.0 percentage points from the end of the previous fiscal year to 57.2%. For details, refer to "3. Consolidated Financial Statements (1) Consolidated Balance Sheets as of March 31, 2017 and as of March 31, 2018-1".

## **(3) Outline of Cash Flows for the current fiscal year**

### **Cash Flows from Operating Activities**

As a result of adjusting net profit before income tax deferred etc. of 162.4 billion yen with non-cash items, such as depreciation costs, and debts and credits in operating activities, cash flow from operating activities (inflow) increased by 28.3 billion yen year-on-year to 281.5 billion yen.

### **Cash Flows from Investing Activities**

Cash flow from investing activities (outflow) declined by 1.4 billion yen year-on-year to 166.6 billion yen, mainly for expenditures for acquiring fixed assets.

### **Cash Flows from Financing Activities**

Cash flow from financing activities (outflow) increased by 2.3 billion yen year-on-year to by 55.8 billion yen due to payment of dividends and share repurchase.

As a result, the balance of cash and cash equivalents at the end of the current fiscal year increased by 58.6 billion yen from the end of the previous fiscal year to 182.8 billion yen.

#### **(4) Future Outlook**

To achieve the management vision defined in the FY2017~2020 JAL Group Medium Term Management Plan (published on April 28, 2017), the JAL Group will steadily implement JAL Group Medium Term Management Plan, Rolling Plan 2018 (published on February 28, 2018), which defines our actions in the second year of the mid-term plan and onwards.

##### **(International Routes)**

In international passenger operations, in addition to stable outbound demand from Japan, it is expected that inbound demand will continue to grow. On the other hand, capacity expansion by other airlines including LCCs is expected to further intensify the competitive environment. In this environment, JAL will set flights for a seasonal rise of demand (Osaka(Kansai)=Honolulu, Tokyo(Narita)=Guam, Tokyo(Narita)=Bangkok), deepen ongoing joint businesses and alliance relationships and utilize cooperative relationships with new partners in order to improve the network and enhance services. Furthermore, JAL will increase its presence in overseas markets as well as in Japan by introducing aircraft with high-quality cabin configurations and by providing customized services to meet individual needs.

##### **(Domestic Routes)**

In domestic passenger operations, amid expectations of intensifying price and service competition with other companies, JAL will flexibly assign various types of aircraft to meet demand for improving profitability. It will also implement measures for improving passenger convenience.

In route operations, in addition to increasing flight frequency such as between Tokyo(Haneda)=Sapporo(New-Chitose) during the high summer season or on weekends, a new service will be launched by Japan Air Commuter connecting Tokunoshima, Okinoerabu and Okinawa(Naha) from July 2018 to develop the Amami Islands network and contribute to more passenger flows among those islands. These islands are currently registered on the World Natural Heritage Tentative List and attracting much attention.

On the product side, the inflight Wi-Fi service available on flights operated with JAL SKY NEXT aircraft will offer a wider selection of video programs and new inflight satellite TV programs to further enhance passenger convenience and comfort.

##### **(Expenses)**

Various cost increases are expected such as higher fuel costs due to rising fuel prices in the market, higher depreciation costs for the new passenger service system released in November 2017, higher engine maintenance costs and other cost increases due to business expansion. We will continue to pursue productivity enhancement measures, deepen the divisional profitability management system and make ceaseless efforts to increase cost-efficiency.

We will strive to improve cost management from a medium- to long-term perspective. This includes productivity enhancement through the use of AI and RPA (Robotic Process Automation) in back office departments, quality enhancement and greater efficiency through the use of new IT technologies and leveling out of engine maintenance costs in the Maintenance Division.

As a result of the above, our forecast of consolidated financial results for the fiscal year ending March 31, 2019 are operating revenue of 1 trillion 455 billion yen (up 5.2% y-o-y), operating expenses of 1 trillion 288 billion yen (up 6.6% y-o-y), operating profit of 167 billion yen (down 4.3% y-o-y), and net profit attributable to owners of parent of 110 billion yen (down 18.8% y-o-y). We estimate lower earnings of 7.5 billion yen in operating profit compared to results for the fiscal year ended March 31, 2018, but we will do our utmost to improve profitability through innovation and ingenuity of every staff in every division.

## **(5) Basic policy on distribution of profits, and dividend for the current and next fiscal years**

The Company regards shareholder returns as one of our most important management issues. Our fundamental policy is to actively implement shareholder returns based on continuous and stable dividends, while securing internal reserves for making investments for corporate growth in the future and changing business environments and to build a strong financial structure.

JAL has been adopted Dividend on Equity (DOE) in addition to the current dividend indicator, the payout ratio, as a reference.

Regarding the payout ratio, approximately 30% of net profit attributable to owners of parent excluding income tax deferred is considered as the proportion of profits paid out as dividends to shareholders. At the same time, JAL will aim for DOE of 3% or above, considering the target ROE level (10%) and the target payout ratio (30%). We will continue to further improve capital efficiency and realize stable shareholder returns.

Based on this policy, the dividend at the fiscal year-end will be 57.50 yen per share. As a result, the annual dividend per share for this fiscal year will be 110 yen, including the interim dividend of 52.50 yen. In the next fiscal year, the year-end dividend is expected to be 110 yen per share, with the interim dividend at 55 yen per share.

In addition, taking into consideration the economic environment and the Company's financial position, we will consider additional shareholder returns in a timely manner such as making share repurchases and further improving shareholder returns.

## **(6) Business risks**

Taking into account the content of its business centering on the scheduled and unscheduled air transportation business, the JAL Group is exposed to the following risks, or items with possible major effects on investors' investment decisions. This does not cover all risks which the JAL Group is exposed to, as risks exist other than those below are unpredictable. The following includes forward-looking matters, but these items were determined as of March 31, 2018.

- Risks concerning the external management environment such as international affairs and economic trends
- Risks concerning introduction of aircraft
- Risks concerning changes in market environments such as jet fuel and exchange rates
- Risks concerning disasters
- Risks concerning air safety
- Risks concerning legal regulations and litigations
- Risks concerning handling of IT (information system) and customer information
- Risks concerning human resources and industrial affairs

## **2. Basic policy concerning the selection of accounting standards**

The JAL Group creates consolidated financial statements based on Japanese standards, but to improve international comparability of financial information in capital markets and communication with our stakeholders, we are considering applying International Financial Reporting Standards (IFRS) at our discretion.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets as of March 31, 2017 and as of March 31, 2018-1

(Millions of Yen)

Account	FY2016 As of March 31, 2017	FY2017 As of March 31, 2018
<b>(Assets)</b>		
Current assets		
Cash and deposits	392,075	417,842
Notes and operating account receivable	142,745	151,262
Securities	12,000	30,999
Flight equipment spare parts and supplies	21,118	21,996
Deferred tax assets	7,436	5,576
Other	51,450	58,924
Allowance for doubtful accounts	(493)	(533)
<b>Total current assets</b>	<b>626,332</b>	<b>686,069</b>
Non-current assets		
Tangible fixed assets, net		
Buildings and structures	33,090	32,247
Machinery, equipment and vehicles	9,611	10,718
Flight equipment	671,387	704,134
Land	879	864
Advances on flight equipment and other purchases	101,832	123,902
Other tangible fixed assets	8,126	8,898
<b>Total tangible fixed assets</b>	<b>824,928</b>	<b>880,765</b>
Intangible assets		
Software	95,738	95,551
Other intangible fixed assets	174	134
<b>Total intangible assets</b>	<b>95,913</b>	<b>95,686</b>
Investments		
Investment securities	82,680	90,757
Long-term loans receivable	7,303	7,715
Deferred tax assets	61,457	60,690
Net defined benefit asset	1,240	2,119
Other investments	29,185	30,756
Allowance for doubtful accounts	(264)	(334)
<b>Total investments</b>	<b>181,602</b>	<b>191,706</b>
<b>Total non-current assets</b>	<b>1,102,444</b>	<b>1,168,158</b>
<b>Total assets</b>	<b>1,728,777</b>	<b>1,854,227</b>

**(1) Consolidated Balance Sheets as of March 31, 2017 and as of March 31, 2018-2**

(Millions of Yen)

Account	FY2016 As of March 31, 2017	FY2017 As of March 31, 2018
<b>(Liabilities)</b>		
Current liabilities		
Operating accounts payable	159,218	177,937
Short-term loans payable	5,372	3,150
Current portion of long-term loans payable	13,037	14,555
Lease obligations	5,712	2,389
Accounts payable-installment purchase	181	185
Income taxes payable	10,829	14,074
Advances received	96,453	107,506
Deferred tax liabilities	173	—
Asset retirement obligations	249	393
Other	73,372	76,653
<b>Total current liabilities</b>	<b>364,601</b>	<b>396,846</b>
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	65,802	80,696
Lease obligations	5,300	4,319
Long-term accounts payable-installment purchase	666	480
Deferred tax liabilities	353	458
Reserve for loss on antitrust litigation	5,965	5,931
Net defined benefit liabilities	238,481	230,084
Asset retirement obligations	3,538	3,595
Other	20,676	17,687
<b>Total non-current liabilities</b>	<b>360,783</b>	<b>363,253</b>
<b>Total liabilities</b>	<b>725,384</b>	<b>760,099</b>
<b>(Net Assets)</b>		
Shareholders' equity		
Common stock	181,352	181,352
Capital surplus	183,047	183,049
Retained earnings	647,701	731,106
Treasury shares	(531)	(10,535)
<b>Total shareholders' equity</b>	<b>1,011,569</b>	<b>1,084,972</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,828	16,469
Deferred losses on hedges	(667)	6,360
Foreign currency translation adjustment	232	(30)
Remeasurements of defined benefit plans	(52,898)	(47,436)
Total accumulated other comprehensive income	(39,504)	(24,637)
Non-controlling interests	31,328	33,792
<b>Total net assets</b>	<b>1,003,393</b>	<b>1,094,127</b>
<b>Total liabilities and net assets</b>	<b>1,728,777</b>	<b>1,854,227</b>



**(2) Consolidated Statement of Income and Comprehensive Income-1**

(Millions of Yen)

Account	FY2016 (April 1, 2016– March 31, 2017)	FY2017 (April 1, 2017– March 31, 2018)
Operating revenue	1,228,967	1,383,257
Operating cost	926,936	993,635
<b>Operating gross profit</b>	<b>362,030</b>	<b>389,621</b>
Selling, general and administrative expenses		
Personnel expenses	65,602	69,627
Retirement benefit expenses	4,581	4,931
Other	121,514	140,497
<b>Total selling, general and administrative expenses</b>	<b>191,698</b>	<b>215,055</b>
<b>Operating profit</b>	<b>170,332</b>	<b>174,565</b>
Non-operating income		
Interest income	874	816
Dividend income	979	1,446
Gain on sales of flight equipment	1,875	1,761
Share of profit of entities accounted for using equity method	2,180	2,521
Other	3,023	2,239
<b>Total non-operating income</b>	<b>8,934</b>	<b>8,784</b>
Non-operating expenses		
Interest expenses	843	798
Loss on sales and disposal of flight equipment	8,458	11,964
Foreign exchange losses	—	2,495
Other	4,951	4,910
<b>Total non-operating expenses</b>	<b>14,252</b>	<b>20,169</b>
<b>Ordinary profit</b>	<b>165,013</b>	<b>163,180</b>

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

(Millions of Yen)

Account	FY2016 (April 1, 2016– March 31, 2017)	FY2017 (April 1, 2017– March 31, 2018)
Extraordinary income		
Subsidy income for aircraft purchase	6,692	5,477
Gain on sales of investment securities	—	829
Other	882	837
Total extraordinary income	<b>7,574</b>	<b>7,144</b>
Extraordinary losses		
Loss on reduction of aircraft	6,959	5,475
Impairment loss	505	1,209
Compensation payments	1,285	—
Other	1,059	1,158
<b>Total extraordinary losses</b>	<b>9,809</b>	<b>7,844</b>
Profit before income taxes	162,778	162,480
Income taxes-current	23,570	24,974
Income taxes-deferred	(31,657)	(3,488)
Total income taxes	(8,087)	<b>21,485</b>
Profit	170,865	140,995
<u>Breakdown</u>		
Profit attributable to owners of parent	164,174	135,406
Profit attributable to non-controlling interests	6,690	5,588
Other comprehensive income		
Valuation difference on available-for-sale securities	(971)	2,590
Deferred losses on hedges	23,923	6,969
Foreign currency translation adjustment	(257)	(296)
Remeasurements of defined benefit plans	16,152	5,481
Share of other comprehensive income of entities accounted for using equity method	308	70
Total other comprehensive income	39,155	14,814
<b>Comprehensive income</b>	<b>210,021</b>	<b>155,809</b>
<u>Breakdown</u>		
Comprehensive income attributable to owners of parent	203,331	150,274
Comprehensive income attributable to non-controlling interests	6,689	5,535

### (3) Consolidated Statements of Changes in Net Assets-1

FY2016(April 1, 2016 – March 31, 2017)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	181,352	183,042	557,905	(538)	921,761
Changes of items during period					
Dividends of surplus			(43,500)		(43,500)
Profit attributable to owners of the parent			164,174		164,174
Purchase of treasury shares				(29,944)	(29,944)
Retirement of treasury shares			(29,944)	29,444	—
Change of scope of equity method, etc.		4	(934)	7	(922)
Net changes of items other than shareholders's equity					
Total changes of items during period	—	4	89,795	7	89,808
Balance at end of current period	181,352	183,047	647,701	(531)	1,011,569

(Millions of Yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the end of previous period	14,767	(24,777)	427	(69,079)	(78,662)	27,457	870,557
Changes of items during period							
Dividends of surplus							(43,500)
Profit attributable to owners of the parent							164,174
Purchase of treasury shares							(29,944)
Retirement of treasury shares							—
Change of scope of equity method, etc.							(922)
Net changes of items other than shareholders's equity	(938)	24,110	(195)	16,181	39,157	3,870	43,027
Total changes during the period	(938)	24,100	(195)	16,181	39,157	3,870	132,835
Balance at the end of the period	13,828	(667)	232	(52,898)	(39,504)	31,328	1,003,393

### (3) Consolidated Statements of Changes in Net Assets-2

FY2017(April 1, 2017 – March 31, 2018)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	181,352	183,047	647,701	(531)	1,011,569
Changes of items during period					
Dividends of surplus			(51,790)		(51,790)
Profit attributable to owners of the parent			135,406		135,406
Purchase of treasury shares				(9,999)	(9,999)
Change of scope of equity method, etc.		2	(211)	(3)	(213)
Net changes of items other than shareholders's equity					
Total changes of items during period	—	2	83,405	(10,003)	73,403
Balance at end of current period	181,352	183,049	731,106	(10,535)	1,084,972

(Millions of Yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the end of previous period	13,828	(667)	232	(52,898)	(39,504)	31,328	1,003,393
Changes of items during period							
Dividends of surplus							(51,790)
Profit attributable to owners of the parent							135,406
Purchase of treasury shares							(9,999)
Change of scope of equity method, etc.							(213)
Net changes of items other than shareholders's equity	2,640	7,027	(262)	5,461	14,867	2,463	17,331
Total changes during the period	2,640	7,027	(262)	5,461	14,867	2,463	90,734
Balance at the end of the period	16,469	6,360	(30)	(47,436)	(24,637)	33,792	1,094,127

#### (4) Consolidated Statement of Cash flows

(Millions of Yen)

Account	FY2016 (April 1, 2016 – March 31, 2017)	FY2017 (April 1, 2017 – March 31, 2018)
Cash flows from operating activities:		
Profit before income taxes	162,778	162,480
Depreciation and amortization	95,777	110,860
Loss on sales and disposal of non-current assets and impairment loss	6,459	9,882
Decrease in net defined benefit liability	(3,589)	(1,422)
Interest and dividend income	(1,854)	(2,262)
Interest expenses	843	798
Foreign exchange gains	(8)	(81)
Share of profit of entities accounted for using equity method	(2,180)	(2,521)
Decrease (increase) in notes and operating accounts receivable	(14,609)	(8,621)
Increase in flight equipment spare parts and supplies	(801)	(876)
Increase in operating accounts payable	13,952	18,803
Other, net	27,974	13,780
<b>Subtotal</b>	<b>284,742</b>	<b>300,820</b>
Interest and dividends income received	2,312	2,895
Interest expenses paid	(862)	(802)
Income taxes paid	(33,039)	(21,370)
<b>Net cash provided by operating activities</b>	<b>253,153</b>	<b>281,542</b>
Cash flows from investing activities:		
Payments into time deposits	(363,892)	(408,263)
Proceeds from withdrawal of time deposits	411,381	421,808
Purchase of non-current assets	(233,125)	(208,002)
Proceeds from sales of non-current assets	8,427	22,701
Purchase of investment securities	(342)	(2,941)
Proceeds from sales and redemption of investment securities	1,134	1,578
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	48
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	23
Payments of loans receivable	(386)	(1,270)
Collection of loans receivable	1,485	954
Other, net	7,239	6,761
<b>Net cash used in investing activities</b>	<b>(168,077)</b>	<b>(166,600)</b>
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	(360)	(2,221)
Proceeds from long-term loans payable	27,895	30,306
Repayments of long-term loans payable	(11,169)	(13,468)
Repayments of lease obligations	(13,491)	(6,004)
Proceeds from issuance of bonds	19,875	—
Purchase of treasury shares	(29,992)	(10,004)
Cash dividends paid	(43,481)	(51,749)
Dividends paid to non-controlling interests	(2,807)	(2,851)
Other, net	—	111
<b>Net cash used in financing activities</b>	<b>(53,531)</b>	<b>(55,883)</b>
Effect of exchange rate changes on cash and cash equivalents	(292)	(354)
Net increase (decrease) in cash and cash equivalents	31,251	58,704
Cash and cash equivalents at beginning of period	92,951	124,261
Increase in cash and cash equivalents resulting from merger	58	122
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(218)
<b>Cash and cash equivalents at end of period</b>	<b>※1 124,261</b>	<b>※1 182,870</b>

## (5) Notes to Consolidated Financial Statements

(Going Concern Assumptions)

None.

(Accounting standards not yet implemented, etc.)

- Implementation Guidelines on Accounting Standards for Tax Effect Accounting (Corporate Accounting Standards Application Guidelines No. 28 revised by the Accounting Standards Board of Japan on February 16, 2018)
- Implementation Guidelines on Recoverability of Deferred Tax Assets (Corporate Accounting Standards Application Guideline No. 26 final revision by the Accounting Standards Board of Japan on February 16, 2018)

(1) Overview

Implementation Guidelines on Accounting Standards for Tax Effect Accounting, etc. underwent the following necessary revisions basically following their relevant contents, when Practical Guidelines on Accounting Standards for Tax Effect Accounting in the Japanese Institute of Certified Public Accountants were transferred to the Accounting Standards Board of Japan.

(Main handling revised in accounting work)

- Handling of future taxable amount of stocks of subsidiaries, etc. in individual financial statements
- Handling of recoverable deferred tax assets in companies corresponding to (Category 1)

(2) Planned applicable date

Applied from the beginning of the fiscal year ending in March 2019

(3) Impact of application of these accounting standards, etc.

We are currently assessing the amount of effect of application of Implementation Guidelines on Accounting Standards for Tax Effect Accounting, etc. on consolidated financial statements.

- Accounting Standards on Revenue Recognition (Corporate Accounting Standards No. 29, March 30, 2018 Accounting Standards Board of Japan)
- Implementation Guidelines on Accounting Standard on Revenue Recognition (Corporate Accounting Standards Application Guideline No. 30, March 30, 2018 Accounting Standards Board of Japan)

(1) Overview

The International Accounting Standards Board (IASB) and US Financial Accounting Standards Board (FASB) co-developed a new comprehensive revenue recognition standard and published “Revenue from Contracts with Customers” in May 2014 (IFRS No. 15 in IASB, Topic 606 in FASB). Considering IFRS No. 15 will be applied from the fiscal year starting January 1, 2018 and Topic 606 from the fiscal year starting December 15, 2017, the Accounting Standards Board of Japan developed comprehensive Accounting Standards on Revenue Recognition and published them together with implementation guidelines.

The fundamental policy for developing Accounting Standards on Revenue Recognition by the Accounting Standards Board of Japan was that the accounting standards would incorporate the fundamental policy of IFRS No. 15 as the starting point from the perspective of comparability of financial statements, which is the one of the benefits of achieving consistency with IFRS No. If there are matters to be taken into consideration in Japan in actual practice, etc., alternative handling will be added within a range that would not impair financial statement comparability.

(2) Planned date of application

We are currently considering the applicable date.

(3) Impact of application on these accounting standards, etc.

We are currently assessing the amount of impact of Accounting Standards on Revenue Recognition, etc. on consolidated financial statements.

(Notes to consolidated statements of cash flows)

\*1 The components of cash and cash equivalents in the accompanying consolidated statements of cash flows are as follows:

	(Millions of Yen)	
	FY2016 April 1, 2016 to March 31, 2017	FY2017 April 1, 2017 to March 31, 2018
Cash and time deposits	392,075	417,842
Securities	12,000	30,999
Time deposits with a maturity of more than three months	(279,813)	(265,971)
Cash and cash equivalents	124,261	182,870

## (Segment Information)

### a. Segment Information

#### 1. Overview of reportable segments

The reportable segments of the Company and its consolidated subsidiaries are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance.

Air transportation includes international and domestic passenger operations, cargo operations and other transportation services.

#### 2. Calculation method of reportable segment

The accounting policies of the segments are based on those adopted for the preparation of Consolidated Financial Statements.

Profit of reporting segments is based on operating profit.

Inter-group sales are recorded under the same conditions used in transactions with third parties.

#### 3. Segment Information

FY2016 April 1, 2016 to March 31, 2017

(Millions of Yen)

	Reportable segment	Others (note1)	Total	Adjustment (note2)	Consolidated (note3)
	Air Transportation				
1. Operating revenues					
(1) Sales to external	1,044,915	244,051	1,288,967	—	1,288,967
(2) Intersegment	114,476	29,440	143,917	(143,917)	—
Total	1,159,392	273,491	1,432,884	(143,917)	1,288,967
Segment profit	153,191	17,400	170,591	(259)	170,332
2. Assets	1,673,011	167,188	1,840,199	(111,422)	1,728,777
Others					
Depreciation and amortization	93,397	2,386	95,784	(7)	95,777
Impairment loss	505	—	505	—	505
Investments in entities accounted for using equity method	7,820	20,510	28,331	—	28,331
Increase in tangible fixed assets and intangible assets	231,562	1,633	233,196	—	233,196

(Note) 1. "Others" refers to a segment which is not included in a reportable segment. It includes the travel planning and sales business.

2. The adjusted amounts of segment profit and segment assets represent elimination inter-segment transactions.

3. Segment profit has been adjusted with operating profit on consolidated financial statements.



	Reportable segment	Others (note1)	Total	Adjustment (note2)	Consolidated (note3)
	Air Transportation				
1.Operating revenues					
(1)Sales to external	1,140,333	242,923	1,383,257	—	1,383,257
(2)Intersegment	116,931	32,386	149,318	(149,318)	—
Total	1,257,265	275,310	1,532,575	(149,318)	1,383,257
Segment profit	161,261	13,401	174,662	(96)	174,565
2.Assets	1,800,326	173,029	1,973,356	(119,128)	1,854,227
Others					
Depreciation and amortization	108,236	2,635	110,872	(11)	110,860
Impairment loss	1,184	25	1,209	—	1,209
Investments in entities accounted for using equity method	8,475	22,192	30,668	—	30,668
Increase in tangible fixed assets and intangible assets	209,541	1,263	210,804	—	210,804

(Note) 1. "Others" refers to a segment which is not included in a reportable segment. It includes the travel planning and sales business.

2. The adjusted amounts of segment profit and segment assets represent elimination inter-segment transactions.

3. Segment profit has been adjusted with operating profit on consolidated financial statements.

(Per share information)

	FY2016 April 1, 2016 to March 31, 2017	FY2017 April 1, 2017 to March 31, 2018
Net assets per share	2,749.71yen	3,019.52yen
Earnings per share	456.56yen	383.23yen

(Note) 1. Earnings per share (diluted) have not been shown because potential shares do not exist.  
2. The basis for calculating is follows:

(1) Net assets per share

	FY2016 As of March 31, 2017	FY2017 As of March 31, 2018
Total net assets (Millions of yen)	1,003,393	1,094,127
Amounts deducted from total net assets (Millions of yen)	31,328	33,792
(Non-controlling interests) (Millions of yen)	(31,328)	(33,792)
Net assets at the balance sheet related to common stock (Millions of yen)	972,064	1,060,335
The year-end number of common stock used for the calculation of net assets per share (Thousand shares)	353,515	351,159

(2) Earnings per share

	FY2016 April 1, 2016 to March 31, 2017	FY2017 April 1, 2017 to March 31, 2018
Profit attributable to owners of the parent (Millions of yen)	164,174	135,406
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of the parent in accordance with the common stock (Millions of yen)	164,174	135,406
Average number of shares outstanding during the period (Thousand shares)	359,594	353,334

## (Significant Subsequent Event)

### Share repurchase

The Company resolved to repurchase shares at the meeting of the Board of Directors held on February 28, 2018, in Accordance with the Companies Act Article 165, Paragraph 1, applied by replacement under Article 165, Paragraph 3 of the same Act. As a result, the following was implemented.

#### 1. Reason for share repurchase

To increase capital efficiency and expanded shareholders return

#### 2. Content of share repurchase

(1) Type of shares to be acquired	Common shares of JAL
(2) Total number of shares to be acquired	7 million shares (maximum)
(3) Total price of shares to be acquired	20 billion yen (maximum)
(4) Period of acquisition	March 1, 2018 ~ April 27, 2018

#### 3. Result of repurchase

##### (1) Content of shares repurchased before March 31, 2018

① Type of shares acquired	Common shares of JAL
② Total number of shares acquired	2,354,000 shares
③ Total price of shares acquired	9,999,955,400 yen
④ Period of acquisition	March 1, 2018 ~ March 31, 2018
⑤ Method of repurchase of shares	Offers to buy on the Tokyo Stock Exchange

##### (2) Content of shares repurchased from April 1, 2018

① Type of shares acquired	Common shares of JAL
② Total number of shares acquired	2,333,100 shares
③ Total price of shares acquired	9,999,983,483 yen
④ Period of acquisition	April 1, 2018 ~ April 13, 2018
⑤ Method of repurchase of shares	Offers to buy on the Tokyo Stock Exchange

### Cancellation of treasury stock

The Company resolved to cancel treasury stock at the meeting of the Board of Directors held on April 27, 2018 in accordance with the Companies Act Article 178.

#### 1. Overview of cancellation of treasury stock

(1) Type of shares to be retired	Common shares of JAL
(2) Number of shares to be retired	4,687,100 shares (1.33% of total number of issued shares)
(3) Scheduled date of cancellation	May 23, 2018

2. Total number of issued shares after cancellation above will be 349,028,700 shares.