

[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, 2018 (Japanese GAAP)

Company name Japan Airlines Co., Ltd
Stock Listing Tokyo Stock Exchange
Code No. 9201 **URL:** <http://www.jal.com> **October 31, 2018**
Representative Yuji Akasaka, President
Contact Yuichiro Kito, General Manager, Finance **Phone:** +81-3-5460-3068
 Scheduled date for filing of quarterly report: November 1, 2018
 Scheduled date for dividend payment: December 3, 2018
 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, 2018(April 1, 2018 to September 30, 2018)

(1) Consolidated Operating Results (Cumulative)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six months ended September 30, 2018	750,179	8.4	96,831	(2.3)	94,289	(3.5)	73,398	(5.9)
Six months ended September 30, 2017	692,319	6.2	99,073	7.2	97,696	8.8	77,962	9.2

*Comprehensive income for the period April 1, 2018 - September 30, 2018 : 97,279 Millions of Yen (9.5%) , April 1, 2017 - September 30, 2017 : 88,823 Millions of Yen (0.3%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	210.21	-
Six months ended September 30, 2017	220.54	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder's equity ratio (%)	Shareholder's equity Per share
	Millions of Yen	Millions of Yen		Yen
As of September 30, 2018	1,943,180	1,157,939	57.9	3,223.87
As of March 31, 2018	1,853,997	1,094,127	57.2	3,019.52

(Reference)Shareholder's equity : Six months ended September 30, 2018:1,124,572 Millions of Yen, Year ended March 31, 2018:1,060,335 Millions of Yen

Note: The Company applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Corporate Accounting Standard No. 28, February16, 2018),etc. from the beginning of the first three months of consolidated financial statements. The figure as of March 31, 2018 is based on retroactive application.

2. Dividends

	Dividends per Share				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
	Yen	Yen	Yen	Yen	Yen
Year Ended March 31, 2018	-	52.50	-	57.50	110.00
Year Ending March 31, 2019	-	55.00			
Year Ending March 31, 2019 (Forecast)			-	55.00	110.00

Note: Revisions to the most recently disclosed dividends forecast: No

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

(Percentage compared to prior year)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Entire Fiscal Year	1,488,000	7.6	167,000	(4.3)	156,000	(4.4)	110,000	(18.8)	315.18

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

Notes

- (1) Changes in significant consolidated subsidiaries during the six months ended September 30, 2018: None
- (2) Application of accounting methods which are exceptional for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates and restatement of corrections
- 1) Changes in accounting policies resulting from the revision of the accounting standards and other regulations: None
 - 2) Changes in accounting policies other than 1): None
 - 3) Changes in accounting estimates: None
 - 4) Restatement of corrections: None
- (4) Number of shares issued (common stock)
- (a) Total number of shares issued at the end of the period (including treasury stock)
 - As of September 30, 2018 : 349,028,700
 - As of March 31, 2018 : 353,715,800
 - (b) Number of treasury stock at the end of the period
 - As of September 30, 2018 : 201,957
 - As of March 31, 2018 : 2,555,957
 - (c) Average number of shares outstanding
 - During the six months ended September 30, 2018 : 349,160,043
 - During the six months ended September 30, 2017 : 353,515,927

Indication of quarterly review procedure implementation status

This document is unaudited by certificated public accountants or audit firms.

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 “1. Qualitative Information concerning Financial Results for the Second Quarter of FY2018” (2) Explanations of Forecast of Consolidated Financial Results” in the Attachment for the assumptions used and other notes.

* The Company will hold a presentation for institutional investors and analysts on October 31, 2018. Documents distributed at the presentation are scheduled to be posted on our website on the same day.

*From the “Summary of Financial Results for the Second-Quarter of Fiscal Year Ending March 2019,” dates will be indicated according to the Western calendar, replacing the Japanese calendar which was previously adopted.

Attachment

CONTENTS

1.	Qualitative Information concerning Financial Results for the Second Quarter of FY2018	2
	(1) Explanation of Operating Results	2
	(2) Explanations of Forecast of Consolidated Financial Results	6
2.	Consolidated Financial Statements with Some Notes.....	7
	(1) Consolidated Balance Sheets	7
	(2) Consolidated Statements of Income and Comprehensive Income	8
	(3) Consolidated Statement of Cash Flows.....	9
	(4) Notes for Consolidated Financial Statements	11
	Going Concern Assumptions	11
	Consolidated Statement of Cash Flows.....	11
	Explanatory Note in case of Remarkable Changes in Shareholders' Equity.....	11
	Additional Information	11
	Segment Information.....	12
	Significant Subsequent Event	12

1. Qualitative Information concerning Financial Results for the Second Quarter of FY2018

(1) Explanation of Operating Results

Consolidated operating revenue increased by 8.4% year-on-year to 750.1billion yen, operating expense increased by 10.1% to 653.3billion yen, and operating profit decreased by 2.3% year on year to 96.8 billion yen and ordinary profit decreased by 3.5% to 94.2 billion yen. Profit attributable to owners of parent for the second quarter was 73.3 billion yen, down 5.9% year on year.

(JPY Bn)	Six months ended September 30, 2017	Six months ended September 30, 2018	% or points compared to prior period
Operating Revenue	692.3	750.1	108.4%
International Passenger	229.3	269.2	117.4%
Domestic Passenger	265.0	268.1	101.2%
Cargo / Mail	43.0	49.7	115.6%
Other	154.9	163.0	105.3%
Operating Expense	593.2	653.3	110.1%
Fuel	101.9	125.3	122.9%
Excluding Fuel	491.2	527.9	107.5%
Operating Profit	99.0	96.8	97.7%
Operating Profit Margin (%)	14.3	12.9	(1.4)
Ordinary Profit	97.6	94.2	96.5%
Profit attributable to owners of parent	77.9	73.3	94.1%

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

On April 1, 2018 Yuji Akasaka took office of President of Japan Airlines and a new management team was established. JAL will continue to pursue safety and sense of security and implement initiatives to accomplish the Medium Term Management Plan up until FY2020 under the theme, “Challenge, Leading to Growth.”

In the second quarter of the fiscal year ending March 2019, many natural disasters struck regions across Japan, such as the Northern Osaka Prefecture Earthquake in June, massive rains centered in western Japan in July, and a number of typhoons and the Hokkaido Eastern Iburi Earthquake in September. In response to these natural disasters, the JAL Group proactively implemented measures to fulfill its social mission as a public transport operator, such as providing emergency transportation services for relief supplies and offering discount fares to support recovery assistance of the affected areas. At the same time, we disseminated information to domestic and international visitors that there would be no safety concern when traveling to these regions.

Further, on May 24, JAL flight JL632 (from Kumamoto Airport to Tokyo International Airport) suffered left engine failure when ascending after takeoff, and while turning back to Kumamoto Airport, broken metal parts from the damaged engine fell on Mashiki-machi, Kamimashiki-gun, Kumamoto Prefecture. This incident was rated as a Serious Incident (*1) by the Japan Civil Aviation Board (JCAB) of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT). We extend our sincerest apologies to the residents who suffered damages, the passengers on board, and the municipality for the inconvenience caused. In addition, on June 24, a cabin attendant on duty aboard JAL flight JL514 (from New Chitose Airport to Tokyo International Airport) fell and sustained a fracture of her left ankle (lateral malleolus) when the aircraft suddenly encountered turbulence during cruising. This incident was rated as an Aircraft Accident (*2) by JCAB. It is most regrettable that these serious safety incidents happened. We will thoroughly investigate into their cause, implement measures to prevent recurrence, and take action under the strong leadership of top management to build an unshakeable safety foundation with an uncompromising stance, because safety is basis of existence of the JAL Group.

To realize “Challenge, Leading to Growth” as defined in the JAL Group Medium Term Management Plan for Fiscal Years 2017-2020, JAL Innovation Lab was established as the activity hub for “Open Innovation” of creating new added-value and

new businesses utilizing internal and external expertise. T.B.L. Co., Ltd. was established in July as a preparatory company for a new medium- and long-haul low-cost business. Preparations have begun to launch medium and long-haul flights to destinations in Asia, Europe and the Americas from its base at Tokyo (Narita) International Airport in 2020.

Further, in order to “actively contribute to tackling social issues such as SDGs”, JAL has decided to invest in Fulcrum BioEnergy, Inc., a US-based company which produces biojet fuel, to promote the use of biojet fuels to reduce CO₂ emissions. Through the biojet fuel production from general waste and delivery and distribution to US-domestic airports, JAL will make strive to promote the practical use of biojet fuels.

In May, JAL cancelled its shares (4,687,100 shares, 1.33% of total number of issued shares before cancellation) for “maintaining a firm financial structure as well as high capital efficiency the same time”. Further, as a part of disciplinary debt utilization initiatives, JAL issued straight bonds (10-year and 20-year bonds) totaling 20 billion yen in September, and is working to increase capital efficiency and provide stable shareholder returns.

To summarize the business environment in the second-quarter of the fiscal year ending March 2019, major global economies including the Japanese and the US economies remained robust and spurred air travel demand on both international and domestic routes. On the other hand, crude oil prices, which affect our fuel costs and international passenger and international cargo revenues, increased significantly over the previous year, because of the extended oil production cuts by OPEC and heightening geopolitical risks caused by growing tension in the Middle East. Therefore, we will need to keep watch of these impacts on economic trends and JAL Group’s financial performance. However, the JAL Group is taking action to mitigate negative impacts on its financial performance by utilizing hedging and fuel surcharges.

*1 “Serious Incident” is defined as an incident with circumstances indicating a high probability of an aircraft accident, such as overrunning or deviating from the runway and emergency evacuations.

*2 “Aircraft Accident” is defined as human death or injury (serious injury or worse) caused by operation of an aircraft, an aircraft crash, collision or fire, damage to aircraft during flight (requiring major repairs), etc.

Financial results of each segment are as follows.

Air Transportation Segment

Operating revenue increased by 8.9% year-on-year to 682.8 billion yen and operating profit decreased by 2.8% year-on-year to 88.5 billion yen. (Operating revenue and operating profit are before elimination of transactions between segments.)

Details are provided below.

a. International Operations

In international passenger operations, JAL proactively increased supply to capture robust outbound demand from Japan and the continuing strong demand for inbound tourism and business in Japan. For example, we optimized cabin configuration to balance demand and supply and increase seat availability. Together with the new routes that had been launched in FY2017 (Tokyo (Narita)=Kona, Tokyo (Narita)=Melbourne and the second flight on Tokyo (Haneda)=London routes), as a result, available seat kilometers (ASK) increased by 6.9% year over year, passenger traffic grew by 9.4% year over year, revenue passenger kilometers (RPK) rose by 8.7% year over year, and load factor was 82.4%.

In route operations, JAL announced new service launches between Tokyo (Haneda)=Manila (from February 1, 2019) and Tokyo (Narita)=Seattle (from March 31, 2019).

JAL also strengthened and expanded partnerships with other airlines.

With regard to codeshare agreements, JAL announced the launch and expansion of codeshare flights with S7 Airlines of Russia (from April 29, 2018), Garuda Indonesia (from October 28, 2018), Vietjet Air (from October 28, 2018), Alaska Airlines (from March 31, 2019) and British Airways (BA) on the Kansai=London route operated by BA (from March 31, 2019).

To promote joint businesses with partner airlines, JAL filed applications with Hawaiian Airlines for antitrust immunity in June, signed a memorandum of understanding to pursue a joint business with China Eastern Airlines in August (filed applications for antitrust immunity in October), and reached a partnership agreement including a joint business in the future with Garuda Indonesia in September.

On the product and service front, JAL was awarded the 5-Star rating in the World Airline Awards by SKYTRAX, and for the third time, won the award for the Best Economy Class Airline Seat for the second year running.

The JAL Group will continue to embrace challenges to expand its route network to offer greater customer convenience and comfort, and improve the quality of its products and services.

In disaster response operations, JAL operated extra international flights to/from Tokyo (Narita) International Airport (between Tokyo (Narita) and Los Angeles, Bangkok, Honolulu, Taiwan Taoyuan and Shanghai (Pudong) respectively) to supplement Kansai International Airport's function due to Typhoon Jebi (Typhoon No. 21) that struck the Kansai region in September 2018. To promote inflow of overseas passengers to Kansai region, JAL set inbound promotional fares for Osaka (Kansai) routes between Osaka(Kansai) and Los Angeles, Bangkok, Honolulu, Taiwan Taoyuan and Shanghai (Pudong).

The new passenger service system, which was renewed in November 2017, is running smoothly and effectively, and its effects are being steadily observed such as yield management with greater precision and revenue increases on overseas online sales channels.

As a result of the above, international passenger revenue was 269.2 billion yen, or up 17.4% year over year.

In international cargo operations, air freight demand centered on automobile- and semiconductor-related shipments was as strong as it was in the previous year. On the other hand, cargo facilities at Kansai International Airport were impacted by Typhoon Jebi (Typhoon No. 21) in September. In response, JAL used cargo space to the maximum extent on the international extra flights to/from Tokyo (Narita) International Airport and expanded cargo handling at Tokyo (Narita) and Chubu international airports instead of Kansai in efforts to contribute to maintaining Japan's distribution channels.

b. Domestic Operations

To cater to robust domestic demand, JAL further expanded routes operated with the Embraer 190 centered on routes in and out of Osaka(Itami) Airport, and rolled out JAL SKY NEXT-configured Boeing 737-800 aircraft on Okinawa(Naha) routes operated by Japan Transocean Air. However, given the impacts of the earthquake and typhoons, available seat kilometers (ASK) rose by 0.5% year over year, and as a result, passenger traffic grew by 1.4% year over year, revenue passenger kilometers (RPK) rose by 0.7% year over year, and the load factor was 72.1%.

In route operations, JAL launched new services between the islands of Tokunoshima=Okinoerabu=Okinawa (Naha), also known as the "Amami Islands Hopping Route," from July 2018 operated by Japan Air Commuter to further expand travel among the Amami Islands.

In disaster response operations, JAL operated numerous extra flights centered on the Tokyo (Narita)=Osaka(Itami) route to enable passengers to connect to extra international flights to/from Tokyo (Narita) International Airport for supplementing Kansai International Airport's function due to Typhoon Jebi (Typhoon No. 21) that struck the Kansai region in September 2018. To support recovery of leisure demand that had dropped in the aftermath of the 2018 Hokkaido Eastern Iburi Earthquake, JAL is offering "Support Sakitoku" fares at even more affordable prices than usual on routes to/from Hokkaido and is selling JAL Dynamic Package travel products such as "Hokkaido Support Discount." In addition, to cater to inbound demand, JAL lowered domestic discount fares of "JAL Japan Explorer Pass" as a limited time offer on Hokkaido routes and Kansai region routes (Kansai, Itami, Nanki-Shirahama) to revitalize leisure demand including inbound demand.

The new passenger service system also generated yield management with greater precision in domestic passenger operations

As a result of the above, domestic passenger revenue was 268.1 billion yen, or up 1.2% year over year.

Consolidated Traffic Results

	Six months ended September 30, 2017	Six months ended September 30, 2018	% or points compared to prior period
INTERNATIONAL			
Revenue passengers carried (number of passengers)	4,210,442	4,605,384	109.4%
Revenue passenger km (1,000 passenger-km)	20,766,883	22,572,916	108.7%
Available seat km (thousands)	25,619,600	27,399,486	106.9%
Revenue passenger-load factor (%)	81.1	82.4	1.3
Revenue cargo ton-km (thousands)	1,087,547	1,233,546	113.4%
Mail ton-km (thousands)	124,982	114,650	91.7%
DOMESTIC			
Revenue passengers carried (number of passengers)	17,170,027	17,408,061	101.4%
Revenue passenger-km (1,000 passenger-km)	12,943,587	13,037,001	100.7%
Available seat km (thousands)	17,980,984	18,076,780	100.5%
Revenue passenger-load factor (%)	72.0	72.1	0.1
Revenue cargo ton-km (thousands)	184,007	173,812	94.5%
Mail ton-km (thousands)	11,814	12,141	102.8%
TOTAL			
Revenue passengers carried (number of passengers)	21,380,469	22,013,445	103.0%
Revenue passenger-km (1,000 passenger-km)	33,710,470	35,609,917	105.6%
Available seat km (thousands)	43,600,584	45,476,267	104.3%
Revenue passenger-load factor (%)	77.3	78.3	1.0
Revenue cargo ton km (thousands)	1,271,555	1,407,358	110.7%
Mail ton km (thousands)	136,796	126,791	92.7%

- 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.

(2) Explanations of Forecast of Consolidated Financial Results

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

	Operating Revenue	Operating Profit	Ordinary Profit	Profit attributable to owners of parent	Earnings per share
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen	Yen
Previous Forecast (A)	1,455,000	167,000	156,000	110,000	315.18
New Forecast (B)	1,488,000	167,000	156,000	110,000	315.18
Change (B-A)	33,000	-	-	-	-
Change (%)	2.3	-	-	-	-
Ref.) Consolidated Financial Results of the Fiscal Year Ended March 31, 2018	1,383,257	174,565	163,180	135,406	383.23

b. Reasons for Revisions of Financial Forecast for the Fiscal Year Ending March 31, 2019

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	115.0	73.0	61.0
New Forecast	112.3 (2 nd half:115.0)	90.5 (2 nd half:95.0)	74.9 (2 nd half:79.0)

As shown in the table above, we have revised the full-year consolidated sales forecast in our earnings forecast for the fiscal year ending March 2019.

Full-year consolidated sales is expected to increase by 33 billion yen from the previously announced forecast, reflecting the first-half results and the latest demand forecast for the second-half. On the other hand, as full-year consolidated operating expenses are also expected to increase by 33 billion yen from the previously announced forecast reflecting the first-half results and changes in fuel price assumptions and other factors according to the latest situation, full-year consolidated operating profit has not been revised from the previously announced forecast. Further, full-year consolidated ordinary profit and full-year net profit belonging to shareholders of the parent remain the same amount as the previously announced forecast.

In the third quarter or further, the demand is expected to be robust for the international and domestic routes and the whole JAL group will strive to achieve an operational profit target of 167 billion yen and further pursue more profits by maximizing sales and minimizing costs.

The projected annual dividend for the fiscal year ending March 2019 remains the same at 110 yen per share, of which the interim dividend will be 55 yen per share as decided through a resolution of the Board of Directors on October 31, 2018.

2. Consolidated Financial Statements with Some Notes

(1) Consolidated Balance Sheets as of March 31, 2018 and September 30, 2018

(Millions of Yen)

	FY2017 As of March 31, 2018	FY2018 As of September 30, 2018
(Assets)		
Current assets		
Cash and deposits	417,842	386,181
Notes and operating account receivable	151,262	159,634
Securities	30,999	65,000
Flight equipment spare parts and supplies	21,996	23,145
Other	58,924	66,543
Allowance for doubtful accounts	(533)	(578)
Total current assets	680,492	699,924
Non-current assets		
Tangible fixed assets, net		
Flight equipment	704,134	741,554
Other tangible fixed assets	176,630	191,812
Total tangible fixed assets	880,765	933,367
Intangible assets	95,686	92,852
Investments and other assets	197,052	217,036
Total non-current assets	1,173,504	1,243,255
Total assets	1,853,997	1,943,180
(Liabilities)		
Current liabilities		
Operating accounts payable	177,937	184,001
Short-term loans payable	3,150	19
Current portion of long-term loans payable	14,555	12,622
Lease obligations	2,389	2,501
Accounts payable-installment purchase	185	187
Other	198,627	218,550
Total current liabilities	396,846	417,883
Non-current liabilities		
Bonds payable	20,000	40,000
Long-term loans payable	80,696	71,005
Lease obligations	4,319	2,894
Long-term accounts payable-installment purchase	480	386
Provision	5,931	6,324
Net defined benefit liability	230,084	226,053
Other non-current liabilities	21,511	20,693
Total non-current liabilities	363,023	367,357
Total liabilities	759,869	785,240
(Net Assets)		
Shareholders' equity		
Common stock	181,352	181,352
Capital surplus	183,049	183,050
Retained earnings	731,106	764,330
Treasury shares	(10,535)	(535)
Total shareholders' equity	1,084,972	1,128,197
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,469	23,299
Deferred gains (losses) on hedges	6,360	17,815
Foreign currency translation adjustment	(30)	168
Remeasurements of defined benefit plans	(47,436)	(44,908)
Total accumulated other comprehensive income	(24,637)	(3,625)
Non-controlling interests	33,792	33,367
Total net assets	1,094,127	1,157,939
Total liabilities and net assets	1,853,997	1,943,180

(2) Consolidated Statement of Income and Comprehensive Income

(Millions of Yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Operating revenue	692,319	750,179
Operating cost	491,791	537,818
Operating gross profit	200,527	212,361
Selling, general and administrative expenses	101,454	115,530
Operating profit	99,073	96,831
Non-operating income		
Interest and dividend income	1,333	1,355
Share of profit of entities accounted for using equity method	1,949	1,304
Other	1,574	2,885
Total non-operating income	4,858	5,545
Non-operating expenses		
Interest expense	405	470
Loss on sales and disposal of flight equipment	4,686	6,755
Other	1,143	860
Total non-operating expenses	6,234	8,086
Ordinary profit	97,696	94,289
Extraordinary income		
Gain on sales of non-current assets	15	63
Gain on sales of investment securities	723	—
Other	116	8
Total extraordinary income	855	72
Extraordinary losses		
Provision for loss on antitrust litigation	132	392
Loss on disposal of non-current assets	157	378
Impairment loss	885	—
Other	7	25
Total extraordinary losses	1,183	796
Profit before income taxes	97,369	93,565
Income taxes	15,853	17,268
Profit	81,515	76,296
Breakdown		
Profit attributable to owners of parent	77,962	73,398
Profit attributable to non-controlling interests	3,552	2,898
Other comprehensive income		
Valuation difference on available-for-sale securities	1,639	6,778
Deferred gains (losses) on hedges	2,834	11,146
Foreign currency translation adjustment	(149)	98
Remeasurements of defined benefit plans, net of tax	2,750	2,528
Share of other comprehensive income of entities accounted for using equity method	233	430
Total other comprehensive income	7,307	20,982
Comprehensive income	88,823	97,279
Breakdown		
Comprehensive income attributable to owners of parent	85,302	94,409
Comprehensive income attributable to non-controlling interests	3,520	2,869

(3) Consolidated Statement of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	97,369	93,565
Depreciation	51,607	61,848
Loss (gain) on sales and disposal of noncurrent assets and impairment loss	5,129	4,695
Increase (decrease) in net defined benefit liability	(725)	(295)
Interest and dividend income	(1,333)	(1,355)
Interest expenses	405	470
Foreign exchange losses (gains)	(533)	(281)
Share of (profit) loss of entities accounted for using equity method	(1,949)	(1,304)
Decrease (increase) in notes and operating account receivable -trade	(3,421)	(8,344)
Decrease (increase) in supplies	(436)	(1,254)
Increase (decrease) in operating accounts payable-trade	13,538	5,981
Other, net	9,058	10,112
Subtotal	168,708	163,838
Interest and dividend income received	1,887	1,804
Interest expenses paid	(351)	(447)
Income taxes paid	(11,126)	(14,903)
Net cash provided by (used in) operating activities	159,118	150,291
Cash flows from investing activities		
Payments into time deposits	(188,684)	(232,031)
Proceeds from withdrawal of time deposits	178,380	260,395
Purchase of non-current assets	(108,087)	(125,456)
Proceeds from sales of non-current assets	4,119	4,603
Purchase of investment securities	(374)	(3,024)
Proceeds from sales and redemption of investment securities	1,336	22
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	(435)	(124)
Collection of loans receivable	757	360
Other, net	6,712	5,595
Net cash provided by (used in) investing activities	(106,203)	(89,659)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(5,043)	(3,131)
Proceeds from long-term loans payable	3,056	—
Repayments of long-term loans payable	(7,294)	(11,823)
Proceeds from issuance of bonds	—	19,859
Purchase of treasury shares	—	(10,024)
Repayments of lease obligations	(4,169)	(1,904)
Cash dividends paid	(33,190)	(20,187)
Dividends paid to non-controlling interests	(2,851)	(3,534)
Other, net	—	236
Net cash provided by (used in) financing activities	(49,492)	(30,510)

Effect of exchange rate change on cash and cash equivalents	560	656
Net increase (decrease) in cash and cash equivalents	3,983	30,777
Cash and cash equivalents at beginning of period	124,261	182,870
Increase in cash and cash equivalents resulting from merger	122	—
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(44)
Cash and cash equivalents at end of period	*1 128,367	*1 213,604

(4) Notes for Consolidated Financial Statements

Going Concern Assumptions

None

Consolidated Statement of Cash Flows

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

(Millions of Yen)

	FY2017 April 1, 2017 to September 30, 2017	FY2018 April 1, 2018 to September 30, 2018
Cash and deposits	414,179	386,181
Securities	3,999	65,000
Term deposits for over three months	(289,811)	(237,576)
Cash and cash equivalents	128,367	213,604

Explanatory Note in case of Remarkable Changes in Shareholders' Equity

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, and repurchased shares. As a result, treasury stock increased by 9,999 million yen in the first three months of consolidated financial results.

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, and canceled shares on May 23, 2018. As a result, retained earnings decreased by 19,999 million yen and treasury stock decreased by 19,999 million yen in the first three months of consolidated financial statements.

As a result of the above, the value of retained earnings was 764,330 million yen and treasury stock was 535 million yen at the end of the second three months of consolidated financial statements.

Additional Information

(Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”, etc.)

We applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Corporate Accounting Standard No. 28, February 16, 2018), etc. from the beginning of the first three months of consolidated financial statements. Deferred tax asset is indicated under Investments and Other Assets and deferred tax liability is indicated under Non-current liabilities.

Segment Information, etc.

Segment information

a. Consolidated financial results for the second quarter of FY2017 (April 1, 2017 to September 30, 2017)

1) Information concerning amount of operating revenue and profits or losses by reportable segment

(millions of yen)

	Reportable segment	Others (Note) 1	Total	Adjustment (Note) 2	Consolidated Statement (Note) 3
	Air transportation				
Operating revenue					
1. Sales to external	565,974	126,344	692,319	—	692,319
2. Intersegment	61,343	15,265	76,608	(76,608)	—
Total	627,317	141,609	768,927	(76,608)	692,319
Segment profit	91,138	7,985	99,123	(49)	99,073

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

2. Adjustment includes intersegment elimination.

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

b. Consolidated financial results for the second quarter of FY2018 (April 1, 2018 to September 30, 2018)

1) Information concerning amount of operating revenue and profits or losses by reportable segment

(millions of yen)

	Reportable segment	Others (Note) 1	Total	Adjustment (Note) 2	Consolidated Statement (Note) 3
	Air transportation				
Operating revenue					
1. Sales to external	619,262	130,916	750,179	—	750,179
2. Intersegment	63,625	17,336	80,962	(80,962)	—
Total	682,888	148,253	831,142	(80,962)	750,179
Segment profit	88,556	8,281	96,837	(6)	96,831

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

2. Adjustment includes intersegment elimination.

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

Significant Subsequent Event

None