May 12, 2009

Summary of Consolidated Business Results of Japan Airlines Corporation and Consolidated Subsidiaries for the year ended March 31, 2009

Company Name: Japan Airlines Corporation
Security Code: 9205
Listings: Tokyo, Osaka and Nagoya Stock Exchanges
URL: http://www.jal.com/ja
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Scheduled date of Ordinary General Meeting of Shareholders: June 23, 2009
Scheduled date for filing Financial Report for the Fiscal Year 2008: June 24, 2009
Scheduled date for starting payment of Dividends: —

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Year Ended March 31, 2009(April 1, 2008 to March 31, 2009)

(1) Consolidated Operating Results

(Notes) Percentage figures shown year-on-year changes

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2008 ended Mar. 2009	1,951,158	-12.5	-50,884	—	-82,177	—	-63,194	—
FY2007 ended Mar. 2008	2,230,416	-3.1	90,013	292.8	69,817	239.3	16,921	—

	Net income per share	Diluted net income per share	ROE	Ratio of ordinary profit to total assets	Ratio of operating income to operating revenue
	yen	yen	%	%	%
FY2008 ended Mar. 2009	-25.47	—	-20.1	-4.2	-2.6
FY2007 ended Mar. 2008	6.20	6.03	4.4	3.3	4.0

(Reference) Equity in net income of affiliates;
Year ended March 31, 2009: 1,630 million yen
Year ended March 31, 2008: 2,176 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio excluding minority interests	Net assets per share excluding minority interests
	million yen	million yen	%	yen
FY2008 ended Mar. 2009	1,750,679	196,771	10.0	5.44
FY2007 ended Mar. 2008	2,122,784	471,070	21.4	110.08

(Reference) Net assets excluding minority interest;
Year ended March 31, 2009: 174,656 million yen
Year ended March 31, 2008: 453,934 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
	million yen	million yen	million yen	million yen
FY2008 ended Mar. 2009	31,755	-105,653	-116,767	161,751
FY2007 ended Mar. 2008	157,331	-26,229	36,896	354,037

2. Dividends

Record date	Dividend per share					Total amount of dividend (Full year)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Full year			
	yen	yen	yen	yen	yen	million yen	%	%
FY2007	—	—	—	0.00	0.00	—	—	—
FY2008	—	—	—	0.00	0.00	—	—	—
FY2009(Forecast)	—	—	—	0.00	0.00		—	

(Note) Refer to page 3 of this document regarding the information of preferred stock.

3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2010(April 1, 2009 to March 31, 2010)

(Notes) Percentage figures shown year-on-year changes

	Operating revenue		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
For the six months ending September 30, 2009	－	－	－	－	－	－	－	－	－
Full year for FY2009	1,748,000	-10.4	-59,000	－	-108,000	－	-63,000	－	-25.20

(Note) Forecast for the six months ending September 30, 2009 is not made.

4. Others

(1) Significant changes with respect to the important subsidiaries during the fiscal year 2008 ended March 31, 2009
(Such as inclusion or exclusion of specific subsidiaries resulting in a change in the scope of consolidation): None

(2) Changes in accounting policies, procedures and presentations applied to consolidated financial statements
(Matters described in significant changes in the basis of consolidated financial statements)

(a) Changes to reflect amendments of accounting standards and related matters: Yes
(b) Changes other than (a): None

Note: Please refer to page 28 of this document regarding “Basis of presentation of the consolidated financial statements” for detail.

(3) Number of shares issued (common stock)

(a) Total number of the shares issued at the end of the period (including treasury stock)
Year ended March 31, 2009: 2,732,383,250
Year ended March 31, 2008: 2,732,383,250

(b) Number of treasury stock at the end of the period
Year ended March 31, 2009: 3,309,457
Year ended March 31, 2008: 3,037,499

（Reference）

Non-Consolidated Financial Results for the Year Ended March 31, 2009(April 1, 2008 to March 31, 2009)

(1) Non-Consolidated Operating Results

(Notes) Percentage figures shown year-on-year changes

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
FY2008 ended Mar. 2009	18,495	11.4	3,394	210.8	3,517	247.8	2,959	153.5
FY2007 ended Mar. 2008	16,595	-23.9	1,092	-87.3	1,011	-88.2	1,167	-86.6

	Net income per share	Diluted net income per share
	yen	yen
FY2008 ended Mar. 2009	-1.23	－
FY2007 ended Mar. 2008	0.43	0.42

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio excluding minority interests	Net assets per share excluding minority interests
	million yen	million yen	%	yen
FY2008 ended Mar. 2009	1,063,414	451,316	42.4	106.80
FY2007 ended Mar. 2008	1,101,389	448,421	40.7	108.04

(Reference) Net assets excluding minority interest;
Year ended March 31, 2009: 451,316 million yen
Year ended March 31, 2008: 448,421 million yen

Notes: Concerning the business forecast and others
The above business forecast is based on information available as of the date of publication of this document. Actual results could differ materially from various factors. Please refer to page 4 of this document for the assumptions used in producing forecasts for the year ending March 31, 2010 and other related matters.

5. Dividends for Preferred stock

	Dividend per share				
Record date	First quarter	Second quarter	Third quarter	Year-end	Full year
Type A Stock	yen	yen	yen	yen	yen
FY2008	－	－	－	10.27	10.27
FY2009	－	－	－	－	9.43
FY2009(Forecast)	－	－	－	9.43	

Disclaimer

This financial information is unaudited. The original Japanese language version of summary statements of financial results is the official version. This is an English version of the Japanese statement of financial results that has been summarized in English for reference purposes for non-Japanese readers. In the event of a discrepancy between the Japanese and English versions, the Japanese version shall prevail.

1. Business Performance and Financial Condition

(1) Analysis of business performance

Overview of the period

The Japanese economy underwent a gradual deceleration from the first half of the reporting period, impacted by the slowing of the world economy and sharp increases in prices of raw materials and energy. From the third quarter, however, the turmoil in financial markets, sparked in the U.S. by factors such as the subprime mortgage loan problem, spilled over into the real economy worldwide, causing a sharp downward spiral in the world economy. Against that backdrop, Japan suffered setbacks in such forms as a major slump in exports, declines in corporate earnings and capital investment, substantial falls in production, and a serious deterioration in the employment situation that rapidly degenerated the domestic economy.

For the JAL Group the operating environment remained very harsh throughout the year. During the first half, aviation fuel prices (Singapore Kerosene) rose even further, temporarily exceeding US$180 in July, causing fuel costs to rise substantially. Subsequently, the sharply deteriorating state of the domestic and overseas economies gave rise to adverse ripple effects such as companies limiting the number of business trips, leading to a significant fall in aviation demand, and outweighing positive factors such as the sharp declines in fuel prices in the second half.

Amid these circumstances, the JAL Group worked energetically on various initiatives in line with its FY2008-2010 Medium-Term Revival Plan, formulated in February 2008, that included reducing costs across the board, strengthening the competitiveness of its product and service offerings, and enhancing profitability. This plan focuses on the expansion of the two major airports in the Tokyo area – Narita International Airport and Tokyo International Airport (Haneda) – scheduled for completion in 2010, and aims to build a corporate fabric that will enable the Group to generate stable profit in any environment, no matter how harsh. Particular effort was devoted to restraining the rise in fuel costs, the Group's largest cost category, including by taking a variety of measures to reduce fuel consumption amid the volatility of fuel prices described above. With regard to non-fuel costs, we stepped up the intensity of our existing "nothing off-limits" cost-cutting measures, at the same time accelerating the implementation of some aspects of our cost restructuring, which included a radical overhaul of the operating structure and business processes, and implementing supplementary emergency measures to enhance profitability from the second half. Of course, all such measures were premised on the giving of utmost priority to ensuring aviation safety. As a result, we were able to cut costs to below year-earlier levels in most categories of our air transportation business segment.

The safety of flight operations constitutes the very foundation of the JAL Group. Under the leadership of the senior management we enhanced our ability to gather, study, and analyze information on safety-related issues, including by improving the voluntary reporting system and introducing the Interview Program, so as to ensure that the safety-management cycle functions appropriately.

In addition, the Safety Promotion Center, which was established in April 2006, has already hosted more than 60,000 visitors from within and outside the Group, and has begun to display new items from accidents and incidents. It is used for safety education for JAL Group employees, serving as an important arena for ensuring that past accidents are never forgotten and for learning lessons from past incidents.

Companies are assuming increasing social responsibility for protecting the environment, and for its part the JAL Group regards environment-conscious practices to be an important management issue. In consequence, the Group is making every effort to reduce total CO2 emissions by means of diverse measures to cut fuel consumption, including fleet-renewal by switching to highly fuel-efficient aircraft, actively introducing new aircraft operating methods, and enhancing fuel efficiency by increasing the frequency of aircraft engine cleaning. In addition, JAL engages in environmental activities such as the conduct of atmospheric observations and the provision of information on forest fires gathered from aircraft flying at high altitudes on international routes. In April 2008 JAL issued its "Sky Eco" declaration, through which it has pledged to further strengthen and promote the measures it has long been implementing in the sphere of environmental conservation. That was followed in January 2009 by the operation of the world's first demonstration flight using biofuel in which the principal component was camelina (a plant of the brassica family). Also, in response to customers' wishes we introduced the JAL Carbon Offset service, which enables customers to offset a portion of the CO2 emissions caused by their travel on JAL. Through measures such as these, the JAL Group will continue its efforts to address environmental issues.

The Group's consolidated results were impacted by factors such as a year-on-year decline in revenues from air transportation business from early autumn, owing primarily to the fall in aviation demand resulting from the global economic downturn, and they were also impacted by the removal of former consolidated subsidiary Pacific Fuel Trading Corporation (PFTC) from the scope of consolidation, as a result of the sale of its shares. In consequence, consolidated operating revenues declined by 12.5%, to ¥1,951.1 billion. Meanwhile operating expenses declined by 6.5% to ¥2,002.0 billion, in spite of the fact that we were unable to avoid an increase in fuel costs resulting from the soaring price of aviation fuel. This was because of positive factors such as the aforementioned removal of PFTC from the consolidation, and the partial bringing-forward of the reform of the cost structure, including the thorough implementation of our ongoing no-holds-barred cost-reduction measures and the radical overhaul of business processes. In consequence, we registered an operating loss of ¥50.8 billion, a deterioration of ¥140.8 billion compared with the operating income figure for the previous term, and we posted an ordinary loss of ¥82.1 billion, a deterioration of ¥151.9 billion from the ordinary income figure posted for the previous term.

Posting of extraordinary gain, including from the sale of shares in JALCard, Inc., cushioned the degree of decline in the Group's overall net income that fell by ¥80.1 billion from last term's figure, and eventually recorded a net loss of ¥63.1 billion.

Earnings by segment

1. Air Transportation Business

International passenger operations

In route operations, against the backdrop of very high fuel prices we took active steps to revise timetables and numbers of routes and flights with the aim of enhancing profitability. We inaugurated or increased flights on 10 routes, including the Narita–New York and Kansai–Shanghai routes, and ceased operations on four routes, including the Narita–Xian and Kansai–Qingdao routes, progressing further with the ongoing shift of management resources to fast-growing, high-profit routes. We also enhanced the timetables on the routes between Narita and Amsterdam, Kuala Lumpur, Busan, and Guangzhou, thereby strengthening Narita's status as a global hub. We also aggressively operated charter flights originating at Tokyo International Airport (Haneda), flying some 700 charter flights during the year, including on a route between Haneda and Hong Kong newly opened in July.

In addition, as a result of the integration of Japan Airlines International and Japan Asia Airways Co., Ltd. in April 2008, all flights to Taiwan were unified under the JAL code.

With regard to the fleet, we made active progress with downsizing aircraft, for example by switching the aircraft operated on the routes between Narita and New York and San Francisco, and between Haneda and Shanghai, from Boeing 747-400s to Boeing 777s, and switching aircraft operated on the routes between Narita and Guangzhou, Shanghai and Hangzhou, and between Kansai and both Shanghai and Guangzhou, from the medium-sized Boeing 767 to the narrowbody Boeing 737-800. This approach was designed to enhance operating efficiency and profitability by ensuring a good match between supply and demand, and the introduction of state-of-the-art aircraft boosted the Group's competitiveness.

We expanded codesharing alliances with British Airways and Finnair, members of the **one**world global alliance, which JAL joined in fiscal year 2007, and also with airlines that are not members of **one**world, including China Eastern Airlines, Air France, and Jetstar Airways. Customer convenience has been enhanced through the expansion of the JAL network in this way.

With respect to product strategy, as part of our Premium Strategies we introduced new types of seat on international routes, installing the new JAL Suite in First Class and the new JAL Shell Flat Neo in Executive Class on the routes between Narita and New York (flights JL006/005) and San Francisco. In addition, the routes on which the JAL Premium Economy service JAL Sky Shell Seat – winner of a Good Design Award in FY2008 – is available were widened in stages to include, in addition to the Narita–London route, the Narita–Paris, Narita–New York (flights JL006/005), and Narita–San Francisco routes in the first half, and in the second half the routes between Narita and Amsterdam and Moscow, and between Nagoya (Centrair) and Paris. First Class service was also inaugurated on the Narita–Delhi route, on which there is expected to be strong growth in business demand, reflecting the substantial influx of Japanese companies into India.

In the sphere of management at airports from which we operate international routes, we revamped and re-opened our Economy Class check-in counters in Terminal 2 at Narita, and further facilitated the check-in process by installing state-of-the-art automated check-in machines and introducing an inline luggage screening system that enables passengers to go through the check-in procedures more quickly than before, without first being obliged to have their hand luggage checked by x-ray scanners.

In the realm of marketing, various steps were taken to promote the Premium Strategies, by making the JAL Suite, JAL Shell Flat Neo, and JAL Premium Economy service widely known, and deploying a variety of sales-promotion measures designed to boost both market share and competitiveness. To stimulate tourist demand, meanwhile, we introduced fares tailored to match customer needs. The discounted Goku fares were offered again for the second successive year, and in addition the Value Goku fare was inaugurated on the Honolulu, Bangkok, Singapore, and other routes for a limited period.

Passenger capacity on international routes during the year declined by 5.4% year-on-year as measured by available seat-kilometers, owing to the measures to enhance the efficiency of route operations to improve profitability, and aircraft downsizing. On the other side, demand was hit by the sudden economic deterioration both in Japan and overseas, and passenger numbers were down on routes to China, which also felt the after-effects of food scares, and to the Americas, Europe, Southeast Asia, Oceania, Guam and elsewhere, causing overall demand to fall by 13.6% in terms of revenue passenger kilometers. Revenues from international passenger operations were down by 6.7% year-on-year, to ¥703.5 billion, attributable to a disappointing 8.0% increase in passenger yield resulting from the sharp decline in business demand and the strength of the yen, which more than offset increases in fuel surcharges.

Domestic passenger operations

In domestic passenger operations we continued progress in route restructuring and aircraft downsizing. Steps to improve and enhance the efficiency of the operating structure included the suspension of 14 routes, including the Sapporo–Okinawa route, and the reduction of flight numbers on five other routes.

With regard to product strategy, in the previous fiscal year we introduced a first class service on the domestic network for the first time ever, on the Haneda-Itami (Osaka) route, and since then the JAL First Class service has gained an excellent reputation. During the reporting term it was also introduced on the Haneda-Fukuoka and Haneda-Sapporo routes, and in July it was extended to a total of 15 return flights on the original Haneda-Itami route. In ways such as these we endeavored to give customers greater comfort and convenience in our service offerings.

In the fleet, we began introducing the Embraer 170, a strategic small-scale aircraft for domestic routes, commencing operations on the Komaki (Nagoya)–Fukuoka and Komaki–Matsuyama routes in February.

At the airports from which we operate domestic flights, in conjunction with the increase in routes offering JAL First Class, we instituted exclusive security gates in the Sakura Lounges at airports in Fukuoka, Itami, and New Chitose Airports in Sapporo. These are for customers using JAL First Class, as well as JMB Diamond and JGC Premier members, enabling them to have a restful experience while waiting to board their flights to depart.

A number of marketing measures were implemented to counteract persistently high fuel costs, including increases in normal fares and round-trip discount fares and the introduction of business tickets to enhance our ability to secure business traveler demand. We also sought to maximize revenues by making painstaking efforts to fix Tokubin (specific flights) discount fares fine-tuned to demand trends and the competitive environment on individual routes. Among additional measures to tweak demand, we strengthened Web-based reservations enhanced by such means as adding new functions, extended the scope of our Sakitoku (Advance booking) Discount Fares to encompass the entire JAL Group domestic network, and expanded the JAL Dynamic Package travel products available only online.

Capacity on JAL Group domestic routes fell by 1.8% year-on-year during the year in terms of available seat-kilometers, reflecting the effect of our route restructuring and aircraft downsizing. Demand, meanwhile, was down by 1.4% in terms of revenue passenger kilometers, as in spite of year-on-year growth in group travel resulting in part from our measures to stimulate demand, demand from individual passengers was down, principally demand for business travel impacted by the economic downturn. Revenues declined by 1.6%, to ¥666.5 billion, largely attributable to the shift to low fares amid the increasingly harsh competitive environment in the air transportation industry, causing passenger yield to fall by 0.2%.

Cargo and mail

In international cargo operations, demand was down from the previous year on routes to the Americas and Europe, against the backdrop of the global economic downturn and the strength of the yen. In contrast, demand showed year-on-year growth on routes to Southeast Asia and China during the first half, but that also fell abruptly in the second half.

In the sphere of cargo fleet and route management, our existing program of decommissioning conventional Boeing 747 freighters was progressed, and on routes to China and Southeast Asia services were provided primarily through the deployment of medium-sized Boeing 767 freighters. These measures reflected our efforts to ensure efficient allocation of aircraft to match the scale of demand. We suspended cargo flights on the New York route from January 2009 as part of our program of shifting rapidly and flexibly to a supply structure configured to achieve further increases in profitability. We also took steps to provide customers with greater convenience, including by inaugurating a route between Nagoya (Centrair) and Chicago via Narita.

With regard to product strategy, in addition to fundamental quality enhancement we endeavored to stimulate demand by expanding our high-value-added J PRODUCTS service, which is designed to cater to diverse customer needs. Specifically, we launched J CARRY, a freight delivery service by special couriers, and J DIRECT for direct carriage to airports of cargoes that have not yet cleared through customs.

The total capacity for international air cargo transportation fell by 8.2% year-on-year in terms of available cargo ton-kilometers, in part due to the progress in decommissioning of conventional Boeing 747 freighters during the reporting term. On the demand side there was a 20.2% decline in terms of revenue cargo ton-kilometers, attributable to the reduction of supply capacity and the deterioration in business conditions. International cargo revenue fell by 19.2%, to ¥152.1 billion, as in spite of sales-promotion efforts such as the expansion of the J PRODUCTS service and revisions in the fuel surcharge and other positive factors for cargo yield, plus the impact of an increase in the ratio of short-haul routes in line with the reduction in supply capacity, cargo yield rose by only 1.3% owing to factors such as the intensification of competition and the yen's sharp appreciation.

In international mail services, the volume of business originating in Japan faltered under the impact of the recession, as was the case with regard to international cargo, but was robust from the U.S., buoyed by effective sales-promotion measures, and from Korea, where the won weakened. As a result, overall demand remained around its year-earlier level.

In domestic cargo operations, demand recorded year-on-year growth, in spite of the fact that business on some regional routes was affected by capacity reduction in line with route restructuring for passenger flights. The major factors offsetting that were painstaking sales measures to secure cargo business amid a climate of brisk shipments of home-delivery and perishable cargoes, and the fact that the handling of Yu-Pack parcels was switched from the mail services segment to the cargo segment. The total volume of domestic air cargo transportation during the year increased by 14.8% year-on-year in terms of revenue cargo ton-kilometers, and cargo revenue was up by 24.8%, to ¥34.7 billion.

For domestic mail, demand registered a decline from the previous year as a result of the switch to handling Yu-Pack items as cargo.

Fuel prices (Singapore Kerosene) showed unprecedented volatility, reaching record-high levels during the first half and then falling sharply in the second. Given these circumstances, JAL endeavored to restrain rises in fuel costs by using diverse means to reduce fuel consumption, but the impact of exchange rates and other factors ultimately caused fuel costs to increase by a substantial ¥96.3 billion from the previous year. With regard to non-fuel costs, however, almost all categories showed year-on-year declines. This was due primarily to the partial bringing-forward of the reform of our cost structure, radical overhaul of the operating structure and business processes, and the impact of supplementary emergency measures to improve profitability from the third quarter onwards in addition to more exhaustive implementation of existing "nothing off-limits" cost-cutting measures.

As a net result of the developments outlined above, total operating revenues in this segment decreased by ¥110.2 billion to ¥1,716.4 billion, and figures in the operating loss account deteriorated by ¥139.5 billion to ¥-60.8 billion. (These figures for operating revenues and operating income are after intra-segment eliminations and before intersegment eliminations. A breakdown of operating revenues and transportation results in this segment can be found on page 41 and 42.)

Aircraft Fleet

Changes in the total number of aircraft operated by our consolidated subsidiaries during the year and the total number of owned and leased aircraft at the end of the year are shown below.

	At March 31, 2008		Purchase	Lease	Sale/ Disposal	Lease termination	Other (Repair)	At March 31, 2009	
	Owned	Leased						Owned	Leased
Boeing 747-400	36	1						36	1
Boeing 747-400F	5	2						5	2
Boeing 747LR	9	0			-3			6	0
Boeing 747F	3	1	+1		-3	-1		1	0
Boeing 777	15	25	+5			-2		20	23
Airbus A300-600R	18	4						18	4
Boeing 767	19	24		+3				19	27
Boeing 767F	0	3						0	3
Douglas MD-90	16	0						16	0
Douglas MD-81	12	6			-4			8	6
Douglas MD-87	2	0			-2			0	0
Boeing 737-400	9	14	+3			-3		12	11
Boeing 737-800	2	8		+8				2	16
Bombardier CRJ200	0	9						0	9
Embraer170	0	0	+2					2	0
Bombardier DHC-8-400	3	8						3	8
SAAB340B	10	4	+1			-1		11	3
Bombardier DHC-8-100	4	0						4	0
Bombardier DHC-8-300	1	0						1	0
B-N Group BN-2B	2	0						2	0
Total	166	109	+12	+11	-12	-7		166	113

2. Airline-Related Business

TFK Corporation, an in-flight catering company, suffered declines in both revenue and profit, as in spite of the impact on revenues of positive factors such as the operation of newly inaugurated international charter flights from Haneda and the provision of First Class services on domestic routes for the full year, overall airline passenger demand was sluggish. Both TFK and its corporate customers under outsourcing contracts recorded declines in sales revenues because of the resultant cuts in routes and flight numbers.

The revenues of the airline-related business segment fell by ¥136.4 billion year-on-year, to ¥212.3 billion, and operating income was down by ¥100 million, to ¥4.0 billion.

Note: The principal reasons for the decline in revenues and profits were the sale of a former subsidiary of PFTC during the previous year, and the change in status of AGP Corporation from consolidated subsidiary to an affiliate accounted for by the equity method during the reporting period.

3. Travel Services Business

At JALPAK both revenue and profit fell as a result of the sluggishness of demand caused by the deteriorating economic conditions in Japan and increases in the fuel surcharge. In the fourth quarter (January to March, 2009), however, developments such as the appreciation of the yen and cuts in the fuel surcharge led to an upturn in some overseas tourism demand, particularly to Asian destinations.

Both revenue and profit rose at JAL Tours. This was because, in spite of a slight decline in unit tour prices, a variety of promotional campaigns and the development of new products led to a year-on-year increases in passenger traffic in all sectors. Other positive impacts included a substantial cost overhaul.

Revenues in this travel services business segment fell by ¥53.4 billion year-on-year, to ¥320.3 billion, while operating income was up by ¥100 million, at ¥1.1 billion.

4. Credit Card and Leasing Services Business

The separation of JALCard’s non-card business under a capital alliance with Bank of Tokyo-Mitsubishi UFJ caused both income and expenses to fall. On the other hand, through vigorous efforts to gain new cardholders, for example the introduction of the “JAL Business Ticket” exclusively for members, the number of cardholders at the end of March 2009 was up by 11% year-on-year, at approximately 2.25 million. The consequent growth in transaction volume enabled the company to achieve an increase in profit.

Revenues in this segment rose by ¥300 million year-on-year, to ¥66.1 billion, while operating income rose by ¥1.0 billion, to ¥4.9 billion.

5. Other Businesses

AXESS International Network, which operates reservation systems, suffered a particularly severe decline in income from airline reservation charges as a result of factors such as the global decline in aviation demand and the yen’s appreciation. In consequence, both revenue and profit declined.

Hotel operator JAL Hotels was impacted by sluggish demand for accommodation and entertainment as a result of the economic recession. It was also affected by other factors such as the termination of the management of Hotel Nikko Winds Narita and Hotel Nikko Bayside Osaka, and the sell-offs of Nikko Hotels (U.K.) Ltd. and Hotel Nikko Saipan, Inc., which were consolidated subsidiaries in the previous term. As a result, revenues in this segment declined by ¥16.7 billion year-on-year, to ¥84.6 billion, and operating income was down by ¥1.8 billion, at ¥700 million.

Outlook for FY2009

Looking ahead to the business performance in FY2009, ending March 31, 2010, with regard to international passenger operations we will continue to reduce supply capacity to match demand, including by radical route restructuring and progressive downsizing of aircraft. Tourist demand is anticipated to recover gradually on short-haul routes, owing to factors such as the yen’s strength and substantial cuts in the fuel surcharge, and that should spill over into other routes. Business demand, however, is expected to remain sluggish for a while yet, owing to factors such as ongoing curbs by companies on

business trips amid the slowdown in the world economy.
With regard to domestic passenger operations, the adverse economic climate is causing aggregate demand growth to slow, and supply capacity will continue to be reduced as a result of our steady progress with measures such as those for ceasing operations on unprofitable routes and for downsizing aircraft. On the demand side, business demand is very unlikely to recover soon, as in the case of international routes, while demand by private individuals and group travelers are also expected to remain sluggish, and group travel is expected to remain somewhat down on the previous year in the immediate future.

International cargo operations have been hard-hit by sharp declines in exports and imports resulting from the global economic downturn. The resultant sluggishness of cargo demand is expected to persist for the time being, and in consequence we will reduce capacity progressively by revising operations on routes serviced by freighters, and by lowering operating ratios.

As for the yield, although in domestic passenger business it is projected to maintain its year-earlier level, it is projected to decline in the cases of international passengers and international cargo, owing to factors such as cuts in fuel surcharges and changes in the composition of passengers and routes.

As a consequence of the above, we forecast that operating revenues on a consolidated basis will decline by ¥203.1 billion from the previous year, to ¥1,748.0 billion, owing principally to the substantial fall in revenues from air transportation business. Operating expenses are also expected to be reduced by ¥195.0 billion, falling to ¥1,807.0 billion, as a result of cuts in almost all cost categories. This is attributable primarily to a major ¥111.1 billion reduction in fuel costs, made possible in part by developments such as capacity reductions and self-help measures to cut fuel consumption, and by the effect of our Group-wide reform of the cost structure. In consequence, operating loss figures on a consolidated basis are forecast to be ¥ 59.0 billion. Ordinary loss is projected to show a year-on-year decrease of ¥25.9 billion, to ¥108.0 billion, but net loss is forecast to remain level with the previous year, at ¥63.0 billion due mainly to the effect of fundamental reform of pension system.

Current financial targets on a consolidated basis for the fiscal year ending March 2010

(Unit: billions of yen)

	Year ended Mar. 31, 2009	Year ending Mar. 31, 2010 (Forecast)	Difference
Operating Revenue	1,951.1	1,748.0	-203.1
Operating Income	-50.8	-59.0	-8.2
Ordinary Income	-82.1	-108.0	-25.9
Net Income	-63.1	-63.0	0.1

1. Assumptions underlying the financial targets

The computation of the forecast is based on the assumption of an exchange rate of ¥95 against the U.S. dollar and an aviation fuel price (Singapore Kerosene) at a market price of US$76.2 per barrel. As of the end of March 2009 we had entered into hedging transactions covering approximately 78% of our expected fuel requirements for the fiscal year ending March 31, 2010.

The above target figures are subject to certain uncertainties and risks, including those mentioned below. In the event that any of these risks materialize (e.g. decline in air travel demand due to the outbreak of new type of influenza, increases in fuel costs), we will make every effort to achieve the forecast results.

2. Status of implementation of medium-term business plan

Please refer to "(3) Medium- and Long-Term Management Strategies" in the "3. Management Policies" section.

3. Achievement of targeted management indicators

The management indicators we have designated are a return on equity (ROE) at around the 10% level and a ratio of interest-bearing debt to operating cash flow at a maximum of 5, as prescribed in the Medium-Term Revival Plan. The targets were not met in the reporting period as a result of the sharp deterioration in business conditions, but we will continue to devote maximum effort to achieving the targets.

(2) Analysis of financial position

1. Assets, liabilities, and net assets

Current assets as of the reporting term-end declined by ¥323.2 billion, mainly due to a decline of ¥191.2 billion in cash and time deposits. This was the result of steady investment, mainly in aircraft, utilizing the funds provided through a capital increase in the previous term via the issuance of preferred stock by means of a third party allocation, as well as the repayment of bank loans and redemption of corporate bonds in line with our policy of reducing the Company's interest-bearing debt.

Non-current assets also declined, by ¥47.9 billion, and as a result, total assets declined by ¥372.1 billion to ¥1,750.6 billion.

In spite of an increase in derivatives liabilities, total liabilities decreased by ¥97.8 billion to ¥1,553.9 billion, as a result of the reduction in interest-bearing debt.

Net assets posted a year-on-year decrease of ¥274.2 billion to ¥196.7 billion, mainly as a result of the decline in retained earnings in line with the posting of a net loss, as well as a deterioration in gains/losses on deferred hedge transactions.

2. Cash flows

Cash flow from operating activities

Net cash provided by operating activities amounted to ¥31.7 billion. The Company posted a loss before income taxes in the amount of ¥59.0 billion, which was more than offset by non-cash items (principally depreciation) and changes in receivables and payables relating to operating activities.

Cash flow from investing activities

Net cash used in investing activities amounted to ¥105.6 billion. This is mainly due to expenditures for the acquisition of aircraft and parts, and advance payments for newly introduced aircraft.

Cash flow from financing activities

Net cash used in financing activities amounted to ¥116.7 billion. This is attributable to expenditures involved in the redemption of corporate bonds and on the repayment of long-term borrowings.

As a result of the above, cash and cash equivalents as of the reporting term-end, on a consolidated basis, stood at ¥161.7 billion, for a decrease of ¥192.2 billion from the previous term-end.

Reference: Cash flow indicators

	FY2004	FY2005	FY2006	FY2007	FY2008
Equity ratio (%)	9.0	6.9	14.9	21.4	10.0
Equity ratio at market value (%)	28.7	28.2	32.0	33.3	31.2
Interest-bearing debt repayment period (years)	9.0	12.2	8.0	5.8	25.2
Interest coverage ratio	5.7	4.5	6.7	8.2	1.7

* Equity ratio at market value: Gross equity market capitalization/Total assets
Interest-bearing debt repayment period: Interest-bearing debt/operating cash flow
Interest coverage ratio: Cash flow from operating activities/Interest payments
Notes
(1) All indicators are calculated on the basis of consolidated financial data.
(2) Gross equity market capitalization is calculated by multiplying the closing price of our shares at the end of the period by the number of ordinary shares issued and outstanding at the end of the period.
(3) Cash flow from operating activities refers to cash flow from operating activities for the period as stated in the consolidated statement of cash flows.
(4)Interest-bearing debt refers to that portion of our liabilities stated in the consolidated balance sheets, which includes borrowings, bonds and other liabilities upon which we pay interest (including installment payments).
(5) Interest payments mean interest paid as stated in the consolidated statement of cash flows.

(3) Basic policy on distribution of profits, and dividends for reporting and current term

The JAL Group is currently making steady progress in implementing the measures laid out in its New Medium-Term Revival Plan, with the aim of establishing a path towards stable growth from FY2010 onward. Of particular note is that the measures aimed at cutting personnel and other costs, in which nothing is off-limits, have already proved effective. Nevertheless, the business environment has been undergoing significant change as a result of the considerable volatility of fuel prices and unprecedented economic deterioration, pointing inevitably to a substantial worsening of our performance during the reporting term, primarily as a result of major declines in both passenger and cargo demand, and increased fuel costs.

In view of this, we express our most sincere regrets to our shareholders that we do not expect to be able to pay a dividend on common stock for either the reporting term or the current term. To enable us to resume dividend payments as soon as possible, we will endeavor to further improve profitability and to build a company with the inherent capacity to pay dividends for business term, irrespective of the business environment.

The Company plans to pay dividends on Type A Stock issued in March 2008.

(4) Business risks

1. Medium-term business plan

The JAL Group has been implementing its New Medium-Term Revival Plan assiduously since it was announced in February 2008, but taking into account the recent business deterioration caused by the global recession it is now positioning itself to formulate a new management plan, which it plans to unveil during FY2009.

The Company has incorporated into these plans the most recent data and analyses deemed adequate at the time of compilation. However, factors such as changes in the Group’s business environment within Japan and overseas may affect the attainment of these goals.

2. Indebtedness and financing

The JAL Group is currently carrying large amounts of debt, lease obligations, and retirement benefit obligations. It is also essential for it to be able to procure funds without difficulty for the purposes of capital investment, including for aircraft, and the redemption of obligations. In case of fund-raising and the arrangement of leases we have conducted in the past becoming difficult as a result of factors such as reforms to the tax or accounting systems, changes in financial markets or elsewhere in the external environment, the lowering of the Group's credit ratings, or the deterioration of its creditworthiness as a result of poor business performance, this may affect the Group's business and results of operations.

3. Possible impact of changes in our market and geopolitical events abroad

Both our international and domestic operations depend to a large extent on the portion of our customer base made up of Japanese citizens, but our business and results of operations may be affected by such factors as increased competition, changes in the economic situation in Japan or the rest of the world, a decline in demand for air transportation in the Japanese customer base, seasonality, natural disasters, outbreaks of contagious diseases such as SARS and animal-linked influenza, terrorist attacks, conflicts, wars or other similar events. In addition, in the event of terrorist attacks or acts of war, insurance premiums may be increased and insurance coverage restricted.

4. Possible effects of fluctuations in fuel prices and foreign exchange rates

The JAL Group uses hedging and other means to mitigate the risk of fluctuations in aviation fuel prices. However, the continuation of high fuel prices or significant disruptions in the supply of fuel may adversely affect our business and operational results. In addition, we add a fuel surcharge to fares on international routes that varies according to fluctuations in fuel prices, but if a major rise in fuel prices causes fares subject to the surcharge to increase substantially, that may depress demand for airline services and affect our business and results of operations.

In addition, owing to the international nature of our business, a large part of our revenues and expenses are denominated in certain foreign currencies. In view of this, fluctuations in exchange rates may affect our business and results of operations.

5. Operations and aircraft

In the event of an accident involving an aircraft operated by the JAL Group or an aircraft on a codeshare flight operated by another company, customer confidence in the Group and its standing in society would decline, and the resultant decline in demand and other factors may have an impact on its business performance. In addition, in the event that a technical circular directive in regard to airworthiness is issued in relation to problems relating to aircraft safety, or production delays by an aircraft manufacturer or aircraft-parts manufacturer necessitates the modification of plans for an aircraft's introduction, the business performance of the JAL Group may be affected.

6. Possible impact of laws and regulations

Our group companies are, in a variety of aspects, subject to international regulations and regulations based on laws and rules on both the national administrative level and the local government level. These regulations regulate the businesses of our group, and may require a significant increase in costs.

Our company and our consolidated subsidiary, Japan Airlines International, received from the European Commission a statement of objections in December 2007 regarding possible price cartel activity in air cargo service among major world airline companies but a decision has not yet been issued. Further, in December 2008, the New Zealand Commerce Commission instituted a case against our consolidated subsidiary Japan Airlines International. In addition, we are now under investigation from antitrust authorities in Canada, Switzerland, Australia and South Korea.

In the US, a number of class action lawsuits have been filed against multiple carriers, including Japan Airlines International, seeking unspecified damages from the operation of alleged price cartels in both cargo and passenger service. Class action suits relating to cargo service have also been filed in Canada and Australia.

Depending on how the foregoing circumstances develop, there is the possibility of an impact on our group results. In addition, there is the danger that our group companies will become involved in various lawsuits with respect to other business activities, and it is possible that such lawsuits would impact our group businesses and results.

7. Reliance on technology systems and handling of customer information

The JAL Group's operations rely to some extent on certain technology systems that entail operational risks, including its information systems. Any difficulties in those technology systems resulting from factors such as computer viruses could disrupt Group business operations. In addition, any incident in which personal information concerning Group customers that is in its possession is leaked or improperly accessed could decrease public confidence in the Group and may affect its business.

8. Effects of legislation to prevent global warming

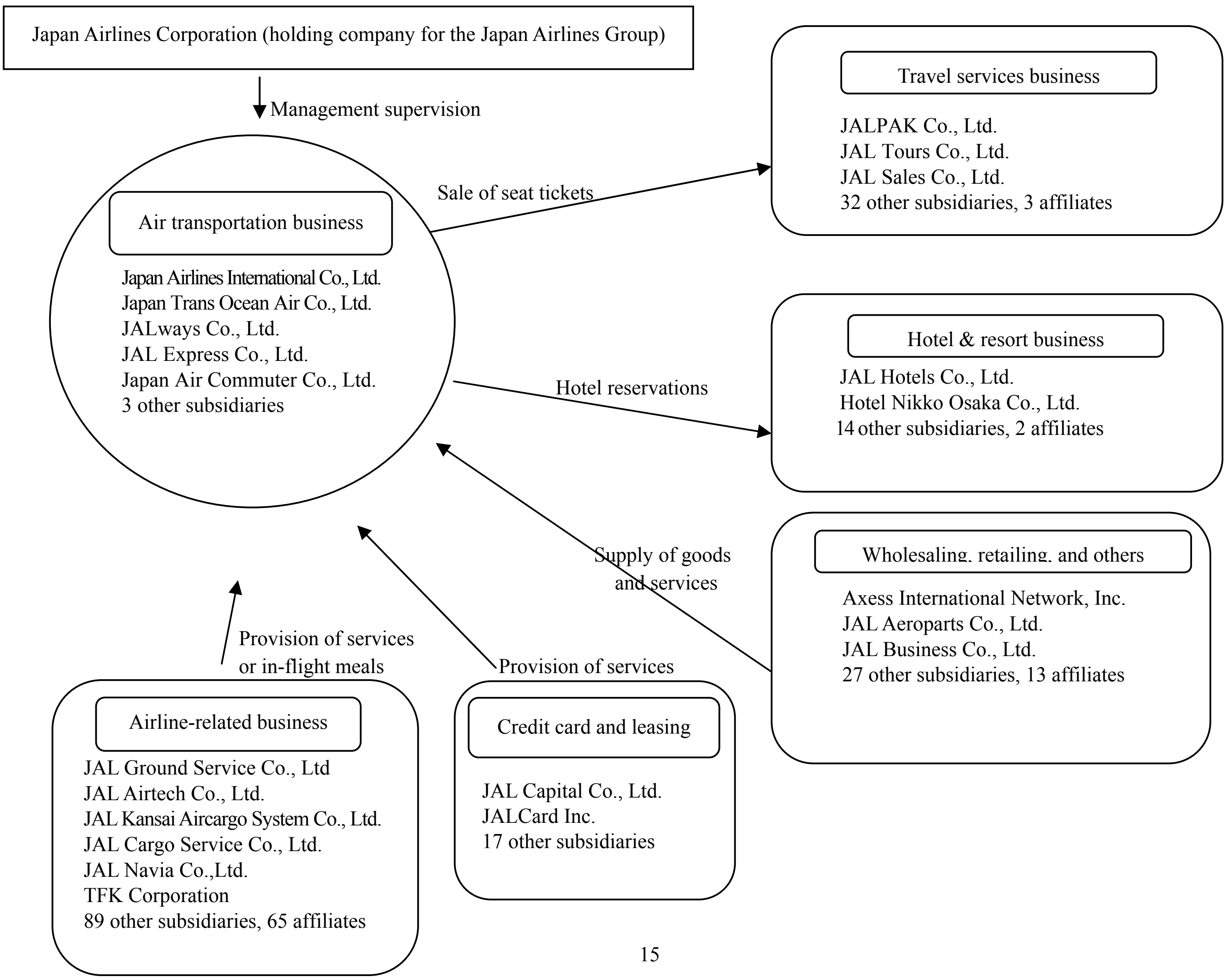
In recent years, companies have been assuming increasing social responsibility for protecting the environment. In the EU the inclusion of the aviation sector in the Europe Emissions Trading Scheme has been approved, and the trial operation of a domestic emissions-trading has begun within Japan, exemplifying how laws and regulations pertaining to emissions of greenhouse gases are being stiffened both within Japan and worldwide. In the event that the present rules and regulations are strengthened further, or new ones are introduced, this may affect the Group's business performance.

2. Outline of the Japan Airlines Group

The Japan Airlines Group comprises 203 consolidated and nonconsolidated subsidiaries and 83 affiliates; including companies engaged in air transportation operations, related businesses peripheral to air transport, and companies operating travel planning and sales services, credit card services, leasing services, and other businesses. Below, we describe the nature of the various business operations in which Group companies are engaged and the relationship of the companies' activities to the Company's business segments.

1. Air transportation business	Eight consolidated subsidiaries: Japan Airlines International Co., Ltd., Japan Trans Ocean Air Co., Ltd., JALways Co., Ltd., JAL Express Co., Ltd., Japan Air Commuter Co., Ltd., Hokkaido Air System Co., Ltd., Ryukyu Air Commuter Co., Ltd., and J-Air Co., Ltd.
2. Airline-related business	95 subsidiaries and 65 affiliates engaged in the travel agency business, freight handling, provision of in-flight meals, provision and maintenance of aircraft and ground equipment, and the fueling of aircraft; of these, 55 subsidiaries are included in the scope of consolidation, most notably JAL Ground Service Co., Ltd., JAL Cargo Service Co., Ltd., and TFK Corporation.
3. Travel services business	35 subsidiaries and 3 affiliated companies are engaged in the planning and sale of travel services incorporating the air transportation services of the Group's 8 air transportation operators, among other airline companies; of these, 30 companies are included in the scope of consolidation, notably JALPAK Co., Ltd., JAL Tours Co., Ltd., and JAL Sales Co., Ltd.
4. Credit card and leasing services business	19 subsidiaries are engaged in financial services such as loans and the issuance and management of credit cards, as well as leasing services; of these, JAL Capital Co., Ltd., JALCard Inc. and one other company are included in the scope of consolidation.
5. Other businesses	As listed below, 46 subsidiaries and 15 affiliated companies (total of 61 companies) are included within this category.
(1) Hotel & resort business	16 subsidiaries and 2 affiliated companies are engaged in the operation of hotels; of these, 9 are included in the scope of consolidation, most notably JAL Hotels Company Ltd.
(2) Wholesaling, retailing, and others	30 subsidiaries and 13 affiliated companies are engaged in various businesses including wholesaling, retailing, real estate agency business, printing, construction, manpower dispatch, and telecommunications; of these, 15 companies are included in the scope of consolidation, notably Axess International Network, Inc., JAL Aeroparts Co., Ltd., and JAL Business Co., Ltd.

JAL Airlines Corporation, the holding company, establishes goals and strategies for the whole Group, and allocates management resources to maximize enterprise value.



3. Management Policies

(1) Fundamental Policy

Based on the following corporate philosophy, the JAL Group, as a comprehensive air transportation company group, strives to bring customers, their cultures and their hearts closer together as it contributes to the peace and prosperity of Japan and the world. The Group also aims to rank among the world's leading air transportation company groups, while striving to maximize its enterprise value for the benefit of all of its stakeholders.

Corporate philosophy

As a comprehensive air transportation company group, the JAL Group strives to bring customers, their cultures and their hearts closer together as it contributes to the peace and prosperity of Japan and the world.

(1) We will pursue safety and quality relentlessly.
(2) We will think and act from the standpoint of the customer.
(3) We will strive to maximize our enterprise value.
(4) We will endeavor to fulfill our responsibility as a corporate citizen.
(5) We will place value on diligence and the willingness to take on challenges.

(2) Targeted Principal Management Indicators

With the objective of maximizing corporate value, the JAL Group will endeavor to increase asset efficiency and enhance profitability so as to ensure the soundness of its financial position. Our key management indicators are return on equity (ROE) and the ratio of interest-bearing debt to operating cash flow to raise the former to about 10% level and to bring the latter down a maximum of 5.

(3) Medium- and Long-Term Management Strategies

In February 2007 the JAL Group announced its FY2007-2010 Medium-Term Revival Plan. Its objective was to rebuild the foundation of the Group's business so as to seize the business opportunities presented by the expansion of Narita International Airport and Tokyo International Airport (Haneda) and the increase in their takeoff and landing slots, scheduled for 2010, and ensure that they were used to accelerate stable corporate growth. The business environment subsequently changed, characterized by rises in fuel prices and an economic slowdown sparked by the subprime mortgage loan crisis. This prompted us to devise and issue the "New Medium-Term Revival Plan," which deepens and amplifies the Medium-Term Revival Plan, and supplements it with new strategies.

During FY2008, the first year of the new plan, strenuous Group-wide efforts were made to achieve its goals. These were based on an approach in which nothing was regarded as off-limits, and involved the steady implementation of a variety of measures. These included the progressive introduction of new, highly fuel-efficient aircraft combined with aircraft downsizing; the implementation of Premium Strategies, including the introduction of new seats for First and Business Class on international routes and the expansion of the Premium Economy Service on international routes and First Class service on domestic routes; the achievement of our personnel-reduction goal on a consolidated basis one year ahead of schedule, reducing consolidated personnel expenses by over ¥50 billion; and the overhauling of related business activities.

Recently, however, fuel prices have fluctuated on an unprecedented scale, and since the autumn of 2008 the world economy has been plunged into a recessionary phase of a harshness never experienced before, sparked by the turmoil in financial markets originating in the U.S. In consequence, the JAL Group's revenues and profits were significantly below forecast in FY2008.

Given these circumstances, and cognizant that this harsh operating environment would persist in FY2009, the JAL Group has formulated a one-year management plan specifically for FY2009, under the name of the FY2009 Management Plan. This plan includes measures to enhance profitability by means of full-scale implementation of the reform of the cost structure and new measures to address personnel costs, and revises down the profit targets from those laid down in the Medium-Term Revival Plan.

With regard to the steps to be taken from FY2010 onward, during FY2009 we will devise a medium-term plan which will incorporate measures to ensure that the Group takes advantage of the business opportunities afforded by the expansion of the

Tokyo-area airports, as well as various measures for the rapid building of a sound operating structure. With this plan we will endeavor to strengthen our structural resistance to business risks, eliminating the need for emergency countermeasures, and to improve our ability to achieve our goals no matter how challenging the business conditions. In this way, we will set out a path towards stable growth from FY2010 onward.

(4) Issues to be addressed

For the JAL Group, universal issues that pervade its operations and will continue to be pursued are those of ensuring the maintenance of safety in flight operations, which constitutes the very foundation of the Group; ensuring that the customer's perspective is rigorously adopted; and reforming the corporate culture. With regard to aviation safety, under the leadership of the president the fundamental measures will be the building and maintenance of a safety management system, the establishment of a safety culture (measures to prevent human error), the enhancement of crisis-management capability, and the maintenance of aviation safety.

With regard to looking at our services from the customer's viewpoint, our fundamental measures will be to enhance basic quality, reflect customer opinion in merchandise and services, and generate and ensure the spread of dedication to customer satisfaction. On that basis, we will enhance the human touch in our services and ensure the extension of the use of universal designs globally, including at overseas locations.

Since FY2001 the JAL Group has been unable to secure profits consistently as a result of a succession of external factors, including the after-effects of the 9/11 terrorist attacks, the outbreak of the SARS (severe acute respiratory syndrome) outbreaks, and steep increases in fuel prices, and also internal factors such as a series of safety-related problems. Amid these difficult circumstances, in February 2008 the JAL Group unveiled its New Medium-Term Revival Plan, which is designed to improve the Group's financial position and put it on a stable growth track, positioning it to grasp the massive business opportunities for the airline industry presented by the expansion of Haneda and Narita Airports.

As stated above, however, the unprecedented deterioration of the global economy caused the Group to perform significantly below its forecast for FY2008, and thereby created a need to formulate the FY2009 Management Plan to cover a single fiscal year. In order to achieve an improvement in profitability in FY2009, the plan includes: a) measures to secure revenues, b) measures to ensure the most appropriate business scale, c) measures to reform the cost structure, and d) its priority strategy in the form of measures to strengthen human resources, which constitute the core element in business planning.

With regard to measures to secure a sufficient level of operating revenues, Premium Strategies will continue to be used as constructive measures for enhancing competitiveness in the area of high-yield premium travel. Also, given the sluggishness of business demand, during FY2009 a variety of measures will be implemented to stimulate tourism-related demand and maximize revenues. To ensure the most appropriate business scale, in each field – international passengers, domestic passengers, and cargo – we will continue to revise routes and further downsize our aircraft, so as to optimize supply capacity and reduce fixed costs, thereby improving profitability. The Company will take prompt action to adapt to demand fluctuations even in the middle of the term, by adjusting supply flexibly.

For the reform of the cost structure, we will step up the radical overhaul of our operating structure and business processes that is currently ongoing, endeavoring to enhance basic quality and sales competitiveness and to build a cost structure able to withstand unforeseen risks. In this way we will create a structure able to overcome the competition that is certain to follow the increase in slots at Narita and Haneda airports. We will also implement supplementary measures to address personnel expenses, adopting methods of various kinds to maximize earnings.

In order to remain the airline of choice for customers, we will further improve our domestic and international networks, taking maximum advantage of the increase in the number of airport slots in the Tokyo area, doing so in line with the vision that "The JAL Group is a global player bridging the world, with safety, security and quality as our top priorities." We will do our utmost to enhance and raise the quality of our products and services.

As a corporate citizen we endeavor to fulfill our social responsibilities by engaging in activities in the economic, social, and environmental spheres that place importance on relationships with stakeholders. In this way we seek to repay their confidence in us and to meet their expectations.

We will also build a structure to ensure that internal controls prescribed by the Corporate Law, the Financial Instruments and Exchange Act, and other laws function effectively, assuring the effectiveness and efficiency of our business and reliability in our financial reporting.

To our great regret it will be impossible to avoid making an operating loss in FY2009, owing to the rapid deterioration of the world economy. Nevertheless, the JAL Group will continue to act in a flexible manner in supplementing, deepening, or modifying its strategies in light of changes in the domestic and international environment, for example a further slide in the global economy, the intensification of competition, or sharp increases in fuel prices. Steps taken may include the revision of business plans or capital investment plans, or additional reform of the cost structure. In this way we will build a strong corporate fabric that will enable us to generate an adequate level of profits in any business environment.

4. Consolidated Financial Statements

(1)Consolidated Balance Sheet as of March 31, 2009

(Millions of yen)

Account	FY2007 As of March 31, 2008	FY2008 As of March 31, 2009	Change
(Assets)			
Current assets	810,315	487,029	-323,285
Cash and time deposits	354,977	163,696	-191,281
Notes and accounts receivable-trade	241,349	170,912	-70,436
Short-term investments in securities	8,795	9,391	596
Flight equipment spare parts and supplies, at cost	90,985	81,857	-9,127
Deferred income taxes	2,595	2,909	313
Prepaid expense and other	115,187	60,952	-54,235
Less: Allowance for doubtful accounts	-3,575	-2,690	885
Fixed assets	1,310,534	1,262,580	-47,953
Tangible fixed assets	1,037,117	1,031,021	-6,095
Buildings and structure	116,698	110,012	-6,685
Machinery, equipment and vehicles	30,772	30,342	-429
Flight equipment	721,967	723,590	1,622
Land	35,609	35,013	-596
Advances on flight equipment purchases and other	113,247	116,510	3,262
Other tangible fixed assets	18,821	15,551	-3,269
Intangible assets	82,838	79,548	-3,289
Software	81,876	78,630	-3,245
Other intangible fixed assets	961	917	-43
Investments	190,579	152,010	-38,568
Investments in securities	62,174	58,611	-3,562
Long-term loans receivable	12,720	12,846	126
Deferred income taxes	5,593	6,030	436
Other investments	112,728	77,017	-35,711
Less: Allowance for doubtful accounts	-2,638	-2,494	143
Deferred charges	1,933	1,068	-865
Stock issurance expenses	1,933	1,068	-865
Total assets	2,122,784	1,750,679	-372,104

(Millions of yen)

Account	FY2007 As of March 31, 2008	FY2008 As of March 31, 2009	Change
(Liabilities)			
Current liabilities	661,229	649,897	-11,331
Accounts payable-trade	264,914	190,045	-74,868
Short-term borrowings	3,084	2,911	-172
Current portion of bonds	28,000	52,000	24,000
Current portion of long-term debts	130,335	128,426	-1,908
Accrued income taxes	4,454	1,521	-2,932
Deferred income taxes	15,016	33	-14,983
Allowance for bonuses to employees	4,526	-	-4,526
Reserve for loss on antitrust litigation	2,003	1,964	-39
Liabilities on derivative instruments	-	126,259	126,259
Other current liabilities	208,894	146,734	-62,159
Non-current liabilities	990,483	904,010	-86,473
Bonds	102,229	50,229	-52,000
Long-term debts	651,416	567,963	-83,453
Deferred income taxes	17,192	6,534	-10,657
Accrued pension and severance costs	95,485	94,911	-573
Reserve for loss on antitrust litigation	15,210	5,083	-10,127
Other non-current liabilities	108,950	179,288	70,337
Total liabilities	1,651,713	1,553,907	-97,805
(Net assets)			
Stockholders' equity	447,266	384,014	-63,252
Common stock and preferred stock	251,000	251,000	-
Capital surplus	155,836	155,806	-30
Retained earnings	41,320	-21,874	-63,194
Common stock in treasury, at cost	-890	-917	-26
Valuation, translation adjustments and other	6,668	-209,358	-216,026
Net unrealized gain on other securities, net of taxes	2,578	-1,440	-4,018
Net unrealized gain on hedging instruments, net of taxes	8,167	-201,816	-209,983
Translation adjustments	-4,077	-6,101	-2,024
Minority interests	17,136	22,115	4,979
Total net assets	471,070	196,771	-274,299
Total liabilities and net assets	2,122,784	1,750,679	-372,104

(2)Consolidated Statements of Operations

(Millions of yen)

Account	FY2007 (April 1, 2007 to March 31,2008)	FY2008 (April 1, 2008 to March 31,2009)	Change
Operating revenue	2,230,416	1,951,158	-279,257
Cost of operating revenues	1,776,979	1,687,881	-89,098
Gross Profit	453,436	263,277	-190,159
Selling, general and administrative expenses	363,423	314,162	-49,261
Operating income	90,013	-50,884	-140,898
Non-operating income	20,825	31,341	10,515
Interest income	4,859	3,878	-981
Dividend income	2,365	1,425	-940
Equity in earnings of affiliates	2,176	1,630	-545
Gain on derivative instruments	-	17,462	17,462
Exchange gain, net	4,070	-	-4,070
Other non-operating income	7,354	6,944	-409
Non-operating expenses	41,021	62,634	21,613
Interest expense	20,009	17,536	-2,473
Loss on sales and disposal of flight equipment	11,871	7,633	-4,237
Loss on derivative instruments	-	8,874	8,874
Exchange loss, net	-	19,571	19,571
Other non-operating expenses	9,140	9,018	-121
Ordinary income	69,817	-82,177	-151,995
Extraordinary gain	36,232	44,604	8,371
Gain from licensing card-related usage rights	-	23,426	23,426
Gain on sales of investments in securities	20,557	18,088	-2,468
Gain on sales of fixed assets	5,988	-	-5,988
Gain recognized upon separation of substitutional portion of benefit obligation of welfare pension fund plan, net	5,528	-	-5,528
Other extraordinary gain	4,158	3,088	-1,069
Extraordinary loss	76,217	21,440	-54,777
Loss recognized upon separation of substitutional portion of benefit obligation of welfare pension fund plan, net	-	8,798	8,798
Loss on sales and disposal of fixed assets	-	2,577	2,577
Non-recurring depreciation	9,116	2,504	-6,612
Loss on impairment of fixed assets	13,501	2,273	-11,227
Special termination benefits	20,016	-	-20,016
Provision of reserve for loss on antitrust litigation	17,213	-	-17,213
Other extraordinary loss	16,368	5,286	-11,081
Income before income taxes and minority interests	29,832	-59,014	-88,846
Income taxes-current	4,897	3,181	-1,716
Income taxes-deferred	6,894	22	-6,872
Minority interests	1,118	977	-141
Net income	16,921	-63,194	-80,116

(3)Consolidated Statements of changes in net assets

(Millions of yen)

Account	FY2007 (April 1, 2007 to March 31,2008)	FY2008 (April 1, 2008 to March 31,2009)
(Stockholders' equity)		
Common stock		
Balance at Mar. 31, 2008	174,250	251,000
Changes during the year ended Mar. 31, 2009		
Issuance of preferred stock	76,750	-
Total changes	76,750	-
Balance at Mar. 31, 2009	251,000	251,000
Capital surplus		
Balance at Mar. 31, 2008	79,096	155,836
Changes during the year ended Mar. 31, 2009		
Issuance of preferred stock	76,750	-
Sales of common stock in treasury	-9	-30
Total changes	76,740	-30
Balance at Mar. 31, 2009	155,836	155,806
Retained earnings		
Balance at Mar. 31, 2008	24,776	41,320
Changes during the year ended Mar. 31, 2009		
Net income (loss) for the year ended March 31, 2009	16,921	-63,194
Changes in scope of consolidation and application of the eqity method	-377	-
Total changes	16,544	-63,194
Balance at Mar. 31, 2009	41,320	-21,874
Common stock in treasury, at cost		
Balance at Mar. 31, 2008	-887	-890
Changes during the year ended Mar. 31, 2009		
Changes in scope of consolidation and application of the equity method	13	-
Changes in ownership interests in affiliates accounted for by the equity method	44	-
Purchases of common stock in treasury	-139	-168
Sales of common stock in treasury	77	141
Total changes	-3	-26
Balance at Mar. 31, 2009	-890	-917
Total stockholders' eqity		
Balance at Mar. 31, 2008	277,235	447,266
Changes during the year ended Mar. 31, 2009		
Issuance of preferred stock	153,500	-
Net income (loss) for the year ended March 31, 2009	16,921	-63,194
Changes in scope of consolidation and application of the equity method	-363	-
Changes in ownership interest in affiliates accounted for by the equity method	44	-
Purchases of common stock in treasury	-139	-168
Sales of common stock in treasury	67	110
Total changes	170,030	-63,252
Balance at Mar. 31, 2009	447,266	384,014

(Millions of yen)

Account	FY2007 (April 1, 2007 to March 31,2008)	FY2008 (April 1, 2008 to March 31,2009)
(Valuation,translation adjustments and other)		
Net unrealized gain on other securities, net of taxes		
Balance at Mar. 31, 2008	3,557	2,578
Changes during the year ended Mar. 31, 2009		
Changes other than stockholders' equity, net	-979	-4,018
Total changes	-979	-4,018
Balance at Mar. 31, 2009	2,578	-1,440
Net unrealized gain on hedging instruments, net of taxes		
Balance at Mar. 31, 2008	35,314	8,167
Changes during the year ended Mar. 31, 2009		
Changes other than stockholders' equity, net	-27,147	-209,983
Total changes	-27,147	-209,983
Balance at Mar. 31, 2009	8,167	-201,816
Translation adjustments		
Balance at Mar. 31, 2008	-5,020	-4,077
Changes during the year ended Mar. 31, 2009		
Changes other than stockholders' equity, net	943	-2,024
Total changes	943	-2,024
Balance at Mar. 31, 2009	-4,077	-6,101
Total valuation, translation adjustments and other		
Balance at Mar. 31, 2008	33,851	6,668
Changes during the year ended Mar. 31, 2009		
Changes other than stockholders' equity, net	-27,183	-216,026
Total changes	-27,813	-216,026
Balance at Mar. 31, 2009	6,668	-209,358
Minority interests		
Balance at Mar. 31, 2008	20,785	17,136
Changes during the year ended Mar. 31, 2009		
Changes other than stockholders' equity, net	-3,649	4,979
Total changes	-3,649	4,979
Balance at Mar. 31, 2009	17,136	22,115
Total net assets		
Balance at Mar. 31, 2008	331,873	471,070
Changes during the year ended Mar. 31, 2009		
Issuance of preferred stock	153,500	-
Net income (loss) for the year ended March 31, 2009	16,921	-63,194
Changes in scope of consolidation and application of the equity method	-363	-
Changes in ownership interest in affiliates accounted for by the equity method	44	-
Purchases of common stock in treasury	-139	-168
Sales of common stock in treasury	67	110
Changes other than stockholders' equity, net	-30,832	-211,047
Total changes	139,197	-274,299
Balance at Mar. 31, 2009	471,070	196,771

(4)Consolidated Statements of Cash Flows

(Millions of yen)

Account	FY2007 (April 1, 2007 to March 31,2008)	FY2008 (April 1, 2008 to March 31,2009)
(Operating activities)		
Income (loss) before income taxes and minority interests	29,832	-59,014
Depreciation and amortization	116,580	118,043
Gain and loss on sales and loss on revaluation of short-term investments in securities and investments in securities, net	-18,596	-
Gain and loss on sales of short-term investments in securities and investments in securities, net	-	-18,053
Gain and loss on revaluation of short-term investments in securities and investments in securities, net	-	1,434
Gain and loss on sales and disposal of fixed assets and loss on impairment of fixed assets, net	21,824	10,448
Net reversal for accrued pension and severance costs	-32,522	-524
Interest and dividend income	-7,224	-5,303
Interest expense	20,009	17,536
Exchange loss, net	2,857	853
Equity in earnings of affiliates	-2,176	-1,630
Gain from licensing card-related usage rights	-	-23,426
Decrease (increase) in notes and accounts receivable-trade	12,179	68,336
Decrease (increase) in supplies	-9,055	9,238
Increase (decrease) in accounts payable-trade	10,775	-73,344
Other	30,857	-18,203
Sub-total	175,341	26,390
Interest and dividends received	7,945	6,074
Interest paid	-19,300	-18,175
Proceeds from gain from licensing card-related usage rights	-	23,426
Income taxes paid	-6,654	-5,961
Net cash provided by operating activities	157,331	31,755
(Investing activities)		
Purchases of time deposit	-1,290	-119,126
Proceeds from maturity of time deposit	8,044	118,222
Purchases of fixed assets	-174,831	-167,856
Proceeds from sales of fixed assets	115,759	45,789
Purchases of short-term investments in securities	-9,012	-42,406
Proceeds from sales and maturity of short-term investments in securities	10,576	41,439
Purchases of investments in securities	-1,604	-4,387
Proceeds from sales and maturity of investments in securities	16,051	22,462
Proceeds from purchases of a subsidiary resulting in change in scope of consolidation	95	-
Payments for sales of consolidated subsidiaries resulting in change in scope of consolidation	-722	-135
Proceeds from sales of consolidated subsidiaries resulting in change in scope of consolidation	8,716	143
Loans receivable made	-1,397	-2,045
Collection of loans receivable	3,182	1,763
Other	203	480
Net cash used in investing activities	-26,229	-105,653
(Financing activities)		
Increase(decrease) in short-term borrowings, net	-2,747	-367
Proceeds from long-term loans	82,786	46,652
Repayment of long-term loans	-122,592	-132,015
Proceeds from issuance of common and preferred stock	151,825	-
Redemption of bonds	-70,000	-28,000
Dividends paid to stockholders	-6	-2
Dividends paid to minority interests	-284	-205
Other	-2,083	-2,829
Net cash (used in) provided by financing activities	36,896	-116,767
Effect of exchange rate changes on cash and cash equivalents	-3,644	-1,307
Net decrease in cash and cash equivalents	164,354	-191,973

(5) Substantial doubts raised about the Company's viability as a going concern
Not applicable.

(6) Basis of presentation of the consolidated financial statements
1. Scope of consolidation

Number of consolidated subsidiaries: 120
Names of the major consolidated subsidiaries

JAPAN AIRLINES INTERNATIONAL CO., LTD.
JAPAN TRANS OCEAN AIR CO., LTD.
JALWAYS CO., LTD.
JAL EXPRESS CO., LTD.
JAPAN AIR COMMUTER CO., LTD.
JALPAK CO., LTD.
JAL TOURS CO., LTD.
JAL HOTELS COMPANY LTD.

JAL Mileage Bank Co., Ltd. was newly established as a result of a corporate split at JALCARD, INC. and has been included in the scope of consolidation as of the reporting term.

Former consolidated subsidiary Japan Asia AiRways Co., Ltd. merged with Japan Airlines International Co., Ltd., Narita Logistics Terminal Co., Ltd. merged with JAL Cargo Service Co., Ltd., and Tour Create, Inc. and Hawaii Hotel Reservations Systems, Inc. merged with JALPAK International Hawaii, Inc. and thus have been excluded from the scope of consolidation as of the reporting term.

Holdings in former consolidated subsidiaries JALPAK INTERNATIONAL U.S.A., INC., JALPAK MALAYSIA SDN. BHD, and UNIVERSAL HOLIDAYS were sold, and these companies have been excluded from the scope of consolidation as of the reporting term.

Owing to their having become immaterial, ASIA CREATIVE TOURS CO., LTD., J INTER Co., Ltd., JALPAK DE MEXICO S.A. DE C.V., JALSKY FUKUSHIMA Co., Ltd., and JAL CAPITAL CORPORATION have been excluded from the scope of consolidation as of the reporting term.

The equity interest in former consolidated subsidiary TRANS QUALITY, INC. decreased as a result of the sale of shares, with the result that it has become a company accounted for by the equity method as of the reporting term.

With the exclusion of TRANS QUALITY, INC. from the scope of consolidation as of the reporting period, CREATIVE GREETING SERVICE, INC., a subsidiary of the former consolidated subsidiary TRANS QUALITY, INC., has also been excluded from the scope of consolidation as of the reporting term.

The company name in Japanese of JAL ACADEMY Co., Ltd. was changed by adopting the use of JAL in the Latin alphabet rather than in Japanese characters.

2. Application of the equity method
Among the 83 non-consolidated subsidiaries and 83 affiliates, 18 are subject to the equity method of accounting, for example JAPAN TURBINE TECHNOLOGIES Co., Ltd.

Since the sale of shares held in Former consolidated subsidiary TRANS QUALITY, INC. led to a reduction in the proportion of shares held, it has become a company accounted for by the equity method as of the reporting term.

3. Fiscal years of consolidated subsidiaries

The balance sheet dates of 17 of the consolidated subsidiaries, including JAL HAWAII INCORPORATED, is December 31, and is February 28 for Official Filing Co., Ltd. Any significant differences arising on intercompany transactions during the period between these dates and the consolidation date have been adjusted if necessary.

4. Summary of significant accounting policies

(1) Valuation of significant assets

① Inventories:	Inventories are principally stated at cost based on the moving average method (regarding balance sheet values, however, they are being calculated by a method that reduces book value on the basis of declines in profitability).
② Securities:	Marketable securities classified as other securities are carried at fair value with any unrealized gain or loss reported as a separate component of net assets, net of taxes. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined principally by the moving average method.
③ Derivatives:	Derivative positions are stated at fair value.

(2) Depreciation and amortization of tangible and intangible fixed assets

Tangible fixed assets	
Aircraft	The straight-line method or the declining-balance method based on the estimated useful life of the aircraft
Other tangible fixed assets of:	
Japan Airlines International Co., Ltd.	The straight-line method based on their estimated useful lives
Other companies	Principally the declining-balance method based on their estimated useful lives
Intangible fixed assets	The straight-line method based on their estimated useful lives

(3) Deferred charges

Stock issuance expenses are capitalized and are being amortized over a period of 3 years.

(4) Provision of significant allowances

①Accrued pension and severance costs

To provide for employees' severance indemnities, net periodic pension cost is accounted for based on the projected benefit obligation and the plan assets.

The unrecognized obligation at transition is being amortized by the straight-line method principally over a period of 15 years. However, JALI introduced a revised pension scheme under which employees have the option to change a portion of their existing lump-sum payments of retirement benefits to a defined contribution plan or to an early payment scheme on October 1, 2005. The portion of the unrecognized obligation at transition which relates to reducing the benefit obligation by the introduction of the option referred to above is being amortized by the straight-line method over a period of 8 years in accordance with Paragraph 15, "Transitional Arrangement," of "Accounting for the Transfer between Retirement Benefit Plans" (Accounting Standards Board of Japan Implementation Guidance No.1).

The adjustment for actuarial assumptions is being amortized by the straight-line method over a period ranging from 5 to 15 years, which is less than the average remaining years of service of the active participants in the plans. Amortization is computed from the fiscal year subsequent to the year in which the adjustment was recorded.

Past service cost is principally charged to income as incurred. However, at certain subsidiaries, past service cost is being amortized by the straight-line method over a period which is less than the average remaining years of service of the active participants in the plans.

Additional information

With regard to the substitutional portion of the Japan Airlines employees' pension fund (kosei nenkin kikin, whose form of management was revised on October 1, 2008, as the JAL corporate pension fund), in which consolidated subsidiary Japan Airlines International Co., Ltd. (JALI) is a participant, approval was received on October 1, 2008, from the Minister of Health, Labour and Welfare with respect to exemption from the benefit obligation related to past services, and the scheme was also partially reformed. As a result, in the year ended March 31, 2009, both operating income and ordinary income increased by ¥955 million, and income before income taxes and minority interests increased by ¥9,753 million.

Airport Ground Service Pension Fund, consisting of consolidated subsidiaries JAL Ground Service Co., Ltd. and JAL Ground Service Kansai Co., Ltd., received approval from the Minister of Health, Labour and Welfare on March 31, 2008, with respect to exemption from the benefit obligation related to past service, and returned the substitutional portion (minimum actuarial reserve) to the government on January 13, 2009. The impact of this on profit and loss was insignificant.

With regard to the portion pertaining to domestic employees of Japan Asia Airways Co., Ltd., which merged with JALI. on April 1, 2008, the latter being the surviving company, and to part of the consolidated subsidiary, the method of calculating projected benefit obligations changed from the simplified method to the standard method. The impact of this on profit and loss was insignificant.

② Allowance for bad debts

The allowance for bad debts on specific receivables is provided at an estimate of the unrecoverable amounts. The allowance for bad debts on other receivables is provided based on the historical rate of losses on receivables.

③ Reserve for loss on antitrust litigation

Our company and our consolidated subsidiary, Japan Airlines International, received from the European Commission a statement of objections in December 2007 regarding possible price cartel activity in air cargo service among major world airline companies but a decision has not yet been issued; further, in December 2008, the New Zealand Commerce Commission instituted a case against our consolidated subsidiary Japan Airlines International. In addition, we are now under investigation from antitrust authorities in Canada, Switzerland, Australia and South Korea.

In the US, a number of class action lawsuits have been filed against multiple carriers, including Japan Airlines International, seeking unspecified damages from the operation of alleged price cartels in both cargo and passenger service. Class action suits relating to cargo service have also been filed in Canada and Australia.

We have, with regard to the European Commission investigation and the US class action passenger lawsuits, recorded a reserve for our best estimate at the current time of losses that may arise in the future. With regard to the cargo lawsuits, it is difficult to make a reasonable estimate of what the results might be.

(5) Foreign currency accounts

Foreign currency receivables and payables are translated into yen at the applicable year-end exchange rates and any gain or loss on translation is included in current earnings. Translation adjustments arising from the translation of assets, liabilities, revenues and expenses of the consolidated subsidiaries and affiliates accounted for by the equity method into yen at the applicable exchange rates at the year end are presented in minority interests and translation adjustments in the consolidated balance sheets.

(6) Leases

Finance leases in which there is no transfer of ownership are accounted for in accordance with accounting relating to ordinary buying and selling transactions. With regard to finance leases in which there is no transfer of ownership for which contracts were concluded prior to April 1, 2008, they will continue to be accounted for by a method corresponding to that used for ordinary operating lease contracts.

(7) Hedge accounting

Gain or loss on derivatives designated as hedging instruments is deferred until the loss or gain on the underlying hedged items is recognized. Foreign currency receivables and payables are translated at the applicable forward foreign exchange rates if certain conditions are met.

The related interest differential paid or received on interest-rate swaps used as hedging instruments is recognized over the term of each swap agreement as an adjustment to the interest expense of the underlying hedged items if certain conditions are met.

(8) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(9) Income taxes

The Company and certain domestic subsidiaries have adopted the Japanese consolidated tax return system.

5. Amortization of good will and negative goodwill

Goodwill acquired and negative goodwill recognized are amortized over a period of five years.

6. Valuation of assets and liabilities of consolidated subsidiaries

The assets and liabilities of newly consolidated subsidiaries are revalued at fair value.

7. Cash equivalents

The Company and its consolidated subsidiaries define cash equivalents as highly liquid, short-term investments with original maturities of three months or less.

(7) Basis of presentation of the consolidated financial statements

1. The value of inventories was formerly determined primarily by the cost method based on the moving average method, but the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, Accounting Standards Board, July 5, 2006) is being applied as of the reporting period. Inventory value remains to be determined primarily by the cost method based on the moving average method (regarding balance sheet values, however, they are being calculated by a method that reduces book value on the basis of declines in profitability).

   In consequence, operating loss rose by ¥19 million, and ordinary loss, and loss before income taxes each increased by ¥468 million.

2. As of the reporting period, the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ Practical Issues Task Force No. 18, May 17, 2006) is being applied. The effect of this on profit and loss is insignificant.

3. Finance lease transactions in which there is no transfer of ownership were formerly accounted for by a method corresponding to that used for ordinary operating lease contracts. However, effective April 1, the company and its consolidated subsidiaries adopted the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, revised on March 30, 2007) and the “Implementation Guidance on the Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16, revised on March 30, 2007). Accordingly, they are being duly applied in accordance with accounting relating to ordinary buying and selling transactions.

   With regard to the method of depreciation of leased assets relating to finance lease transactions in which there is no transfer of ownership, the assets are depreciated by the straight-line method on the assumption that the lease term is the useful life and the residual value is zero.

With regard to finance leases in which there is no transfer of ownership for which contracts were concluded prior to April 1, 2008, they will continue to be accounted for by a method corresponding to that used for ordinary operating lease contracts.

The effect of this on profit and loss is insignificant.

Notes to the consolidated balance sheet

(1) Accumulated depreciation at March 31, 2008 and 2009 amounted to ¥1,420,162 million and ¥1,374,021 million, respectively.

(2) At March 31, 2008 and 2009, contingent liabilities for guarantees amounted to ¥4,471 million and ¥3,905 million, respectively. In addition, at March 31, 2008 and 2009, contingent liabilities for commitments to guarantees, keep-well agreements and other amounted to ¥981 million and ¥671 million, respectively.

Our company and our consolidated subsidiary, Japan Airlines International, received from the European Commission a statement of objections in December 2007 regarding possible price cartel activity in air cargo service among major world airline companies but a decision has not yet been issued; further, in December 2008, the New Zealand Commerce Commission instituted a case against our consolidated subsidiary Japan Airlines International. In addition, we are now under investigation from antitrust authorities in Canada, Switzerland, Australia and South Korea.

In the US, a number of class action lawsuits have been filed against multiple carriers, including Japan Airlines International, seeking unspecified damages from the operation of alleged price cartels in both cargo and passenger service. Class action suits relating to cargo service have also been filed in Canada and Australia.

There is a danger that as a result of the foregoing there will be a material impact on our business results. We have, with regard to the European Commission investigation and the US class action passenger lawsuits, recorded a reserve for our best estimate at the current time of losses that may arise in the future. With regard to the cargo lawsuits, it is difficult to make a reasonable estimate of what the results might be.

(3) At March 31, 2008 and 2009, assets pledged as collateral amounted to ¥817,643 million and ¥791,841 million, respectively. Furthermore, shares of certain consolidated subsidiaries were pledged as collateral at March 31, 2008 and 2009.

At March 31, 2008 and 2009, collateralized indebtedness amounted to ¥447,687 million and ¥411,034 million, respectively.

In addition, future rental expenses under operating lease with collateral amounted to ¥6,453 million at March 31, 2009. A portion of consolidated subsidiaries' shares are provided as security.

Notes to the consolidated statements of operations

Loss on impairment of fixed assets

Certain consolidated subsidiaries recognized impairment losses on the following groups of assets in the accompanying consolidated statement of income for the year ended March 31, 2008:

Assets utilized in the Company's and consolidated subsidiaries' operations	Groups of assets	Locations
Assets to be sold	Flight equipment, buildings and structures and other	Saipan and other
Idle assets	Buildings and structures and other	Ota-ku, Tokyo
Golf courses	Land, buildings and structures and other	Asahikawa-shi, Hokkaido and other

Assets are attributed or allocated to cash generating units which generate largely independent cash flows for calculating impairment losses.

Facilities which are expected to be unprofitable, assets to be sold and idle assets are written down to their respective recoverable amounts. Consequently, an impairment loss of ¥13,501 million has been recognized as an extraordinary loss in the accompanying consolidated statement of income for the year ended March 31, 2008. A breakdown of the total loss on impairment of fixed assets is as follows: ¥5,624 million on buildings and structures, ¥6,433 million on flight equipment, ¥662 million on land and ¥780 million on other. The Company and its consolidated subsidiaries estimate recoverable amounts as the higher of fair value less costs to sell and value in use.

Fair value is based on reasonable estimates made by the Company and its consolidated subsidiaries in accordance with the contract amounts of sales and value in use is calculated by discounting estimated future cash flows at the rate of 5.0%. In addition, a certain affiliate accounted for by the equity method has recognized loss on impairment of fixed assets by a method similar to that applied by the Company and its consolidated subsidiaries. Consequently, a loss on impairment of fixed assets of ¥7 million was recognized in equity in earnings of affiliates for the year ended March 31, 2008.

Certain consolidated subsidiaries recognized impairment losses on the following groups of assets in the accompanying consolidated statement of income for the year ended March 31, 2009:

Assets utilized in the Company's and consolidated subsidiaries' operations	Groups of assets	Locations
Assets to be sold	Flight equipment	--
Idle assets	Buildings and structures and other	Narita-shi, Chiba prefecture

Assets are attributed or allocated to cash generating units which generate largely independent cash flows for calculating impairment losses.

Assets to be sold and idle assets are written down to their respective recoverable amounts. Consequently, an impairment loss of ¥2,273 million has been recognized as an extraordinary loss in the accompanying consolidated statement of income for the year ended March 31, 2009. A breakdown of the total loss on impairment of fixed assets is as follows: ¥2,121 million on flight equipment and ¥152 million on buildings and structures. The Company and its consolidated subsidiaries estimate recoverable amounts as the higher of fair value less costs to sell and value in use.

Fair value is based on reasonable estimates made by the Company and its consolidated subsidiaries in accordance with the contract amounts of sales and value in use is calculated by discounting estimated future cash flows at the rate of 3.7%. In addition, a certain affiliate accounted for by the equity method has recognized loss on impairment of fixed assets by a method similar to that applied by the Company and its consolidated subsidiaries. Consequently, a loss on impairment of fixed assets of ¥3 million was recognized in equity in earnings of affiliates for the year ended March 31, 2009.

Note to consolidated statements of changes in net assets

The total number and changes in the total number of shares of stock in issue and common stock in treasury were as follows:

	At March 31, 2007	Increase	Decrease	At March 31, 2008
Number of shares of stock in issue:				
Common stock	2,732,383	--	--	2,732,383
Preferred stock	--	614,000	--	614,000
Total	2,732,383	614,000	--	3,346,383
Number of shares of common stock in treasury:				
Common stock	2,934	565	462	3,037

The number of shares of preferred stock in issue increased by 614,000 thousand because of an allocation of shares of preferred stock to third parties.

The increase in common stock in treasury of 565 thousand shares during the year ended March 31, 2008 resulted from the Company's purchase of 565 thousand odd-lot shares of less than one unit at the request of the stockholders. The decrease in common stock in treasury of 462 thousand shares during the year ended March 31, 2008 resulted from the Company's sales of 274 thousand odd-lot shares of less than one unit at the request of the stockholders, a decrease of the equivalent of 52 thousand shares arising from changes in the scope of application of the equity method and a decrease of the equivalent of 135 thousand shares arising from a decrease in ownership interests in affiliates accounted for by the equity method.

The total number and changes in the total number of shares of stock in issue and common stock in treasury were as follows:

	At March 31, 2008	Increase	Decrease	At March 31, 2009
Number of shares of stock in issue:				
Common stock	2,732,383	--	--	2,732,383
Preferred stock	614,000	--	--	614,000
Total	3,346,383	--	--	3,346,383
Number of shares of common stock in treasury:				
Common stock	3,037	792	520	3,309

The increase in common stock in treasury of 792 thousand shares during the year ended March 31, 2009 resulted from the Company's purchase of 792 thousand odd-lot shares of less than one unit at the request of the stockholders. The decrease in common stock in treasury of 520 thousand shares during the year ended March 31, 2009 resulted from the Company's sales of 520 thousand odd-lot shares of less than one unit at the request of the stockholders.

Leases (Millions of yen)

	March 31, 2008			March 31, 2009		
As lessee						
Financing lease arrangements that do not transfer ownership of the leased property to the Company and its domestic subsidiaries				Financing lease arrangements that are principally accounted for as operating leases		
	Flight equipment	Other	Total	Flight equipment	Other	Total
1. Acquisition costs	598,358	18,366	616,725	553,861	10,106	563,968
Less accumulated depreciation	272,121	11,711	283,833	278,268	5,097	283,366
Accumulated impairment loss	-	-	-	-	-	-
Net book value	326,237	6,654	332,891	275,593	5,009	280,602
2. Lease payments payable for finance leases	Within 1 year	53,429		Within 1 year	45,471	
	Over 1 year	287,579		Over 1 year	243,098	
	Total	341,009		Total	288,570	
Balance of impairment losses on leased assets	-			-		
3. Lease expenses relating to capital leases accounted for operating leases	60,862			57,593		
Disposition of impairment of leased assets	-			-		
Depreciation expense	56,295			53,397		
Interest expense	4,831			4,125		
Impairment loss	-			-		
4. Method of calculating depreciation charges	Assets are depreciated by the straight-line method on the assumption that the lease term is the useful life and the residual value is zero.			Assets are depreciated by the straight-line method on the assumption that the lease term is the useful life and the residual value is zero.		
5. Method of calculating interest	The difference between aggregate lease rentals and the acquisition cost of leased assets is deemed to be the interest and is apportioned over accounting terms by the interest method.			The difference between aggregate lease rentals and the acquisition cost of leased assets is deemed to be the interest and is apportioned over accounting terms by the interest method.		
Operating leases						
1. Future lease payments	Within 1 year	37,783		Within 1 year	42,304	
	Over 1 year	252,478		Over 1 year	272,937	
	Total	290,261		Total	315,242	
As lessor						
Finance leases which do not transfer the ownership of the leased property to the lessee				Financing lease arrangements that are principally accounted for as operating leases		
	Machinery and vehicles	Other	Total	Machinery and vehicles	Other	Total
1. Acquisition costs	247	698	946	-	-	-
Less accumulated depreciation	193	298	492	-	-	-
Accumulated impairment loss	-	-	-	-	-	-
Net book value	53	400	454	-	-	-
2. Lease payments receivable for finance leases	Within 1 year	137		Within 1 year	-	
	Over 1 year	314		Over 1 year	-	
	Total	451		Total	-	
3. Lease payments received	193			141		
Depreciation expense	175			126		
Interest revenues	17			15		
4. Method of calculating interest	The total of aggregate lease rentals and estimated residual value less the purchase cost of leased assets is deemed to be the interest and is apportioned over accounting terms by the interest method.			The total of aggregate lease rentals and estimated residual value less the purchase cost of leased assets is deemed to be the interest and is apportioned over accounting terms by the interest method.		

Notes to marketable securities (Millions of yen)

March 31, 2008

1. Marketable securities classified as other securities(March 31, 2008)

(Balance on the consolidated balance sheets exceeds the acquisition cost)

	Acquisition costs	Carrying value	Unrealized gain (loss)
(1) Stocks	5,227	11,663	6,435
(2) Bonds	--	--	--
(3) Other	180	180	0
Subtotal	5,407	11,843	6,436

(Balance on the consolidated balance sheets does not exceed the acquisition cost)

	Acquisition costs	Carrying value	Unrealized gain (loss)
(1) Stocks	3,371	2,823	(548)
(2) Bonds	8,892	7,402	(1,490)
(3) Other	641	640	(0)
Subtotal	12,905	10,866	(2,039)
Total	18,312	22,709	4,396

2. Proceeds from sales of securities classified as other securities

Amount sold	Total gain on sales of securities	Total loss on sales of securities
6,855	3,474	6

3. Major components and balance sheet amounts of non-marketable securities

Classified as other securities

Unlisted stocks	17,157
Other	852
Total	18,010

4. Redemption schedule for bonds with maturity dates

	Due in one year or less
Bonds	
Corporate bonds	7,414
Total	7,414

(Millions of yen)

March 31, 2009

1. Marketable securities classified as other securities (March 31, 2009)

(Balance on the consolidated balance sheets exceeds the acquisition cost)

	Acquisition costs	Carrying value	Unrealized gain (loss)
(1) Stocks	5,215	5,988	773
(2) Bonds	8,352	8,550	198
(3) Other	180	181	0
Subtotal	13,747	14,719	972

(Balance on the consolidated balance sheets does not exceed the acquisition cost)

	Acquisition costs	Carrying value	Unrealized gain (loss)
(1) Stocks	6,408	4,293	(2,115)
(2) Bonds	--	--	--
(3) Other	617	605	(11)
Subtotal	7,026	4,899	(2,126)
Total	20,773	19,619	(1,154)

2. Proceeds from sales of securities classified as other securities

Amount sold	Total gain on sales of securities	Total loss on sales of securities
862	15	0

3. Major components and balance sheet amounts of non-marketable securities

Classified as other securities

Money management funds	230
Unlisted stocks	17,026
Other	103
Total	17,360

4. Redemption schedule for bonds with maturity dates

	Due in one year or less
Bonds	
Corporate bonds	8,352
Total	8,352

Accrued pension and severance costs

1. Outline of current retirement benefit system

An employee whose employment is terminated is entitled, in most cases, to a lump-sum severance payment, the amount of which is determined by reference to the basic rate of pay, the length of service and the conditions under which the termination occurs.

Certain significant domestic subsidiaries have established defined benefit pension plans pursuant to the Welfare Pension Insurance Law of Japan, i.e., welfare pension fund plans.

JAL Group Pension Fund established by certain consolidated subsidiaries introduced a cash-balance plan option.

With regard to the substitutional portion of the Japan Airlines employees' pension fund (kosei nenkin kikin, whose form of management was revised on October 1, 2008, as the JAL corporate pension fund), in which consolidated subsidiary Japan Airlines International Co., Ltd. (JALI) is a participant, approval was received on October 1, 2008, from the Minister of Health, Labour and Welfare with respect to exemption from the benefit obligation related to past services, and the scheme was also partially reformed. This fund introduced an option similar to a cash-balance plan as well as other options.

On October 1, 2005, JALI introduced a revised pension scheme under which employees have the option to change a portion of their existing lump-sum payments of retirement benefits to a defined contribution plan or to an early payment scheme.

2. Retirement benefit obligation

(Millions of yen)

	March 31, 2008	March 31, 2009
Projected benefit obligation	(844,232)	(800,971)
Plan assets	479,214	408,398
Accrued pension and severance costs	95,485	94,911
Prepaid pension and severance costs	(54,205)	(33,814)
Net unrecognized amount	(323,737)	(331,476)
(Breakdown)		
Unrecognized obligation at transition	(97,534)	(75,600)
Adjustment for actuarial assumptions	(225,654)	(256,111)
Unrecognized past service cost	(547)	235
Total	(323,737)	(331,476)

3. Components of net periodic pension cost

(Millions of yen)

	March 31, 2008	March 31, 2009
Service cost	25,320	22,413
Interest cost on projected benefit obligation	22,697	20,511
Expected return on plan assets	(26,042)	(20,796)
Amortization of unrecognized obligation at transition	14,516	13,307
Amortization of adjustment for actuarial assumptions	15,227	20,178
Amortization of past service cost	(20,548)	786
Subtotal	31,171	56,401
Other	2,204	2,119
Net periodic pension cost	33,375	58,521
Gain recognized upon separation of substitutional portion of benefit obligation of welfare pension fund plans, net	(5,528)	8,629
Loss on partial termination of defined benefit plans, net	74	37
Effect of changes to standard method for calculating projected benefit obligation	508	(4)
Total	28,430	67,184

4. Basis for calculation of retirement benefit obligations

	March 31, 2008	March 31, 2009
Periodical allocation of estimated retirement benefits	Straight line basis	Straight line basis
Discount rates for projected benefit obligation at end of year	1.7% -- 2.8%	1.7% -- 2.8%
Expected rates of return on plan assets	1.5% -- 5.1%	1.5% -- 6.1%
Period for amortization of unrecognized retirement obligations at transition	Principally over a period of 15 years.	Principally over a period of 15 years.
Amortization period of actuarial gain/loss	The adjustment for actuarial assumptions is being amortized by the straight-line method over a period ranging from 5 to 15 years, which is less than the average remaining years of service of the active participants in the plans. Amortization is computed from the fiscal year subsequent to the year in which the adjustment was recorded.	The adjustment for actuarial assumptions is being amortized by the straight-line method over a period ranging from 5 to 15 years, which is less than the average remaining years of service of the active participants in the plans. Amortization is computed from the fiscal year subsequent to the year in which the adjustment was recorded.
Amortization period of prior service cost	Past service cost is principally charged to income as incurred. However, at certain subsidiaries, past service cost is being amortized by the straight-line method over a period which is less than the average remaining years of service of the active participants in the plans.	Past service cost is principally charged to income as incurred. However, at certain subsidiaries, past service cost is being amortized by the straight-line method over a period which is less than the average remaining years of service of the active participants in the plans.

Tax-effect accounting

March 31, 2008

1. Deferred tax assets

	(Millions of yen)
Deferred tax assets:	
Flight equipment purchase incentives	29,240
Revaluation loss on investments in subsidiaries and affiliates	23,060
Accrued pension and severance costs	16,855
Deferred loss on hedging instruments	12,193
Accounts payable – trade	10,420
Reserve for loss on antitrust litigation	6,783
Accounts payable related to transitional payments to defined contribution plans	3,330
Non-recurring depreciation	2,795
Allowance for bad debts	2,156
Tax loss carryforwards	23,472
Other	18,162
	148,472
Deferred tax liabilities:	
Deferred gain on hedging instruments	(25,126)
Undistributed earnings of consolidated subsidiaries and affiliates	(7,750)
Net unrealized gain on other securities	(2,282)
Other	(3,247)
	(38,406)
Subtotal: net deferred tax assets	110,065
Valuation allowance	(134,084)
Deferred tax liabilities, net	(24,019)

2. The difference between the statutory tax rate and the effective tax rate for the year ended March 31, 2008 represented less than 5% of the statutory tax rate. As a result, a reconciliation for the year ended March 31, 2008 is not required to be disclosed in accordance with accounting principles generally accepted in Japan.

March 31, 2009

	(Millions of yen)
Deferred tax assets:	
Deferred loss on hedging instruments	81,371
Flight equipment purchase incentives	25,408
Accrued pension and severance costs	24,980
Revaluation loss on investments in subsidiaries and affiliates	22,280
Accounts payable – trade	10,327
Reserve for loss on antitrust litigation	2,777
Accounts payable related to transitional payments to defined contribution plans	2,448
Tax loss carryforwards	44,226
Other	20,342
	234,165
Deferred tax liabilities:	
Undistributed earnings of consolidated subsidiaries and affiliates	(6,029)
Deferred gain on hedging instruments	(1,856)
Other	(2,769)
	(10,654)
Subtotal: net deferred tax assets	223,510
Valuation allowance	(221,139)
Deferred tax assets, net	2,371

2. A reconciliation between the Japanese statutory tax rate and the Company's and the consolidated subsidiaries' effective tax rates is not required to be disclosed since the Company and the consolidated subsidiaries recorded loss before income taxes and minority interests. As a result, a reconciliation for the year ended March 31, 2009 is not required to be disclosed in accordance with accounting principles generally accepted in Japan. The statutory tax rate was 40.69%.

Derivatives
All open derivatives positions at March 31, 2007 met the criteria required for the application of hedge accounting.

The contract amounts and the estimated fair value of open derivatives positions at March 31, 2008 which did not meet the criteria required for the application of hedge accounting are summarized as follows:

(Millions of yen)

Categories applicable	Types of transactions	Contract amount (Premium)	Estimated fair value	Net unrealized loss
Commodities:	Call options Buy	16,270 (1,104)	218	(885)
Total				(885)

Notes:
1. All derivative transactions presented above were conducted as over-the-counter transactions.
2. All derivative transactions presented above are to be settled within one year.
3. Fair value is estimated based on the prices quoted by financial institutions and others.
4. The remaining open derivatives positions at March 31, 2008 met the criteria required for the application of hedge accounting.

All open derivatives positions at March 31, 2007 met the criteria required for the application of hedge accounting.

The contract amounts and the estimated fair value of open derivatives positions at March 31, 2009 which did not meet the criteria required for the application of hedge accounting are summarized as follows:

(Millions of yen)

Categories applicable	Types of transactions	Contract amount (Premium)	Estimated fair value	Net unrealized gain (loss)
Commodities:	Swaps Payable fixed/receivable floating	5,323	(2,489)	(2,489)
	Receivable fixed/payable floating	4,243	2,489	2,489
Total				--

Notes:
1. All derivative transactions presented above were conducted as over-the-counter transactions.
2. All derivative transactions presented above are to be settled within one year.
3. Fair value is estimated based on the prices quoted by financial institutions and others.
4. The remaining open derivatives positions at March 31, 2009 met the criteria required for the application of hedge accounting.

Segment Information

(1) Business segment information

Year ended March 31, 2008 (Unit: million yen)

	Air Transportation	Airline-related business	Travel services	Card and lease operations	Other	Total	General corporate assets and intercompany eliminations	Consolidated
Operating revenues								
(1)Sales to third parties	1,625,960	154,883	369,367	17,735	62,469	2,230,416	—	2,230,416
(2)Inter-group sales and transfers	200,756	193,943	4,355	48,116	38,932	486,103	-486,103	—
Total	1,826,717	348,827	373,722	65,851	101,401	2,716,520	-486,103	2,230,416
Operating expenses	1,748,018	344,590	372,794	61,960	98,768	2,626,132	-485,728	2,140,403
Operating income	78,698	4,236	928	3,891	2,632	90,388	-375	90,013
Identifiable assets	2,079,366	97,065	65,281	249,865	62,696	2,554,275	-431,491	2,122,784
Depreciation and amortization	107,334	2,701	862	4,456	1,397	116,751	-170	116,580
Loss on impairment of fixed assets	9,470	—	—	—	4,141	13,612	-110	13,501
Capital expenditure	202,038	1,437	744	1,398	1,589	207,208	-5,120	202,088

Year ended March 31, 2009 (Unit: million yen)

	Air Transportation	Airline-related business	Travel services	Card and lease operations	Other	Total	General corporate assets and intercompany eliminations	Consolidated
Operating revenues								
(1)Sales to third parties	1,527,336	34,538	316,703	19,423	53,157	1,951,158	—	1,951,158
(2)Inter-group sales and transfers	189,090	177,831	3,612	46,748	31,531	448,813	-448,813	—
Total	1,716,426	212,370	320,315	66,171	84,688	2,399,972	-448,813	1,951,158
Operating expenses	1,777,308	208,292	319,198	61,211	83,949	2,449,961	-447,917	2,002,043
Operating income	-60,882	4,078	1,116	4,959	738	-49,989	-895	-50,884
Identifiable assets	1,681,852	121,334	49,274	168,410	55,179	2,076,052	325,372	1,750,679
Depreciation and amortization	111,331	2,260	628	2,773	1,212	118,206	162	118,043
Loss on impairment of fixed assets	2,273	—	—	—	—	2,273	—	2,273
Capital expenditure	163,210	2,619	419	676	1,036	167,962	2,534	165,427

Notes

1. Business segmentation has been determined for internal management purposes.
2. Trading business and hotel and resort operations have been included in "Other".

(2) Geographic segment information

Year ended March 31, 2008;

Total assets in Japan at March 31, 2008 and operating revenues from operations in Japan for the year ended represented more than 90% of consolidated total assets and consolidated operating revenues, respectively.

As a result, geographic segment information for the year ended March 31, 2008 is not required to be disclosed in accordance with accounting principles generally accepted in Japan.

Year ended March 31, 2009;

Total assets in Japan at March 31, 2009 and operating revenues from operations in Japan for the year ended represented more than 90% of consolidated total assets and consolidated operating revenues, respectively.

As a result, geographic segment information for the year ended March 31, 2009 is not required to be disclosed in accordance with accounting principles generally accepted in Japan.

(3) Operating revenues from overseas operations

Year ended March 31, 2008

	Asia and Oceania	North and South America	Europe	Total
Operating revenues from overseas operations	million yen 498,825	million yen 410,908	million yen 215,715	million yen 1,125,449
Consolidated operating revenues				million yen 2,230,416
Operating revenues from overseas operations as a percentage of consolidated operating revenues	% 22.4	% 18.4	% 9.7	% 50.5

Year ended March 31, 2009

	Asia and Oceania	North and South America	Europe	Total
Operating revenues from overseas operations	million yen 435,795	million yen 269,525	million yen 193,817	million yen 899,138
Consolidated operating revenues				million yen 1,951,158
Operating revenues from overseas operations as a percentage of consolidated operating revenues	% 22.3	% 13.8	% 9.9	% 46.1

Notes

1. Operating revenues from overseas operations, which include Japan Airlines International Co., Ltd. and JALways Co., Ltd, Japan Trans Ocean Air Co., LTD, export sales of domestic subsidiaries and sales of subsidiaries outside Japan are summarized.
2. Geographical segmentation in based on geographical proximity of the countries and areas.
   Asia and Oceania: China, South Korea, Singapore, India, Australia, Guam
   North and South America: U.S.A. (excluding Guam), Canada, Mexico, Brazil
   Europe: U.K., France, Germany, Italy

Components of Revenues from the Air Transportation Segment

	FY2007		FY2008		Change
	Amount (million yen)	Percentage (%)	Amount (million yen)	Percentage (%)	Percentage (%)
International:					
Passenger operations	754,300	41.3	703,522	41.0	93.3
Cargo operations	188,235	10.3	152,184	8.9	80.8
Mail-service operations	9,926	0.5	8,519	0.5	85.8
Luggage operations	1,949	0.1	1,561	0.1	80.1
Subtotal	954,411	52.2	865,786	50.5	90.7
Domestic:					
Passenger operations	677,437	37.1	666,547	38.8	98.4
Cargo operations	27,862	1.5	34,765	2.0	124.8
Mail-service operations	10,122	0.6	4,373	0.3	43.2
Luggage operations	307	0.0	302	0.0	98.5
Subtotal	715,730	39.2	705,989	41.1	98.6
Total revenues of international and domesti	1,670,142	91.4	1,571,775	91.6	94.1
Other revenues	63,881	3.5	64,890	3.8	101.6
Incidental business revenues	92,693	5.1	79,760	4.6	86.0
Total revenues	1,826,717	100.0	1,716,426	100.0	94.0

Note: Amounts rounded down to the nearest million yen, percentages rounded up

Consolidated Traffic Results

	FY2007	FY2008	Change
	April 1－March 31	April 1－March 31	Percentage
International:			
Number of passengers	13,367,904	11,704,043	87.6
Revenue Passenger-Km(thousand km)	60,426,280	52,186,351	86.4
Available Seat-Km(thousand km)	84,128,194	79,576,012	94.6
Passenger load factor	71.8	65.6	-6.2
Revenue Cargo Tons-Km(thousand	4,377,147	3,491,812	79.8
Mail Tons-Km(thousand km)	191,489	192,059	100.3
Revenue(total) Tons-Km(thousand km)	10,167,354	8,519,216	83.8
Available Tons-Km(thousand km)	15,030,186	13,948,197	92.8
Weight load factor(*)	67.6	61.1	-6.5
Domestic:			
Number of passengers	41,904,924	41,154,433	98.2
Revenue Passenger-Km(thousand km)	31,746,470	31,300,401	98.6
Available Seat-Km(thousand km)	50,085,682	49,167,920	98.2
Passenger load factor	63.4	63.7	0.3
Revenue Cargo Tons-Km(thousand	396,053	454,505	114.8
Mail Tons-Km(thousand km)	86,632	27,782	32.1
Revenue(total) Tons-Km(thousand km)	2,861,730	2,828,147	98.8
Available Tons-Km(thousand km)	5,878,950	5,854,278	99.6
Weight load factor(*)	48.7	48.3	-0.4
Total:			
Number of passengers	55,272,828	52,858,476	95.6
Revenue Passenger-Km(thousand km)	92,172,750	83,486,752	90.6
Available Seat-Km(thousand km)	134,213,876	128,743,932	95.9
Passenger load factor	68.7	64.8	-3.9
Revenue Cargo Tons-Km(thousand	4,773,200	3,946,317	82.7
Mail Tons-Km(thousand km)	278,121	219,841	79.0
Revenue(total) Tons-Km(thousand km)	13,029,084	11,347,363	87.1
Available Tons-Km(thousand km)	20,909,136	19,802,475	94.7
Weight load factor(*)	62.3	57.3	-5.0

Notes:

1. International： Japan Airlines International Co., Ltd. + Jalways Co., Ltd. + Japan Trans Ocean Air Co., Ltd.
   Domestic： Japan Airlines International Co., Ltd. + Japan Trans Ocean Air Co., Ltd. + Jal Express Co., Ltd. + Japan Air Commuter Co., Ltd. + Hokkaido Air System Co., Ltd. + J Air Co., Ltd. + Ryukyu Air Commuter Co., Ltd.

   With regard to the first quarter of FY2007 ,
   International： Japan Airlines International Co., Ltd. + Japan Asia Airways Co., Ltd. + Jalways Co., Ltd.
   Domestic： Japan Airlines International Co., Ltd. + Japan Trans Ocean Air Co., Ltd. + Jal Express Co., Ltd. + Japan Air Commuter Co., Ltd. + Hokkaido Air System Co., Ltd. + J Air Co., Ltd. + Ryukyu Air Commuter Co., Ltd.
   (*)Weight load factor：Revenue(total) Tons-Km(thousand km)／Available Tons-Km(thousand km)

2. Amounts rounded down to the nearest million yen, percentages rounded up

5. Non-Consolidated Financial Statements

(1)Non-Consolidated Balance Sheet as of March 31, 2009

(Millions of yen)

Account	FY2007 As of March 31, 2008	FY2008 As of March 31, 2009	Change
(Assets)			
Current assets	340,433	147,233	-193,200
Cash and time deposits	166,450	11,445	-155,004
Accounts receivable-trade	2,365	2,493	128
Short-term loans receivable from a subsidiary	86,871	44,588	-42,283
Currrent portion of long-term loans receivable from a subsidiary	79,292	85,571	6,278
Prepaid expenses	19	18	-1
Accounts receivable-other	5,368	3,047	-2,321
Deferred income taxes	12	34	22
Other current assets	52	32	-19
Fixed assets	759,022	915,112	156,090
Tangible fixed assets	20	13	-7
Furniture and fixtures	20	13	-7
Intangible fixed assets	1	0	-1
Software	1	0	-1
Other intangible fixed assets	0	0	-
Investments	758,999	915,098	156,099
Investments in securities	275	263	-11
Investments in subsidiaries and affiriates	213,210	413,210	200,000
Long-term loans receivable from a subsidiary	545,396	501,609	-43,786
Deferred income taxes	20	14	-5
Other investments	97	-	-97
Deferred charges	1,933	1,068	-865
Stock issuance expenses	1,933	1,068	-865
Total assets	1,101,389	1,063,414	-37,975

(Millions of yen)

Account	FY2007 As of March 31, 2008	FY2008 As of March 31, 2009	Change
(Liabilities)			
Current liabilities	87,318	90,924	3,605
Accounts payable-trade	146	97	-49
Current portion of bonds	10,000	-	-10,000
Current portion of long-term debts	69,292	85,571	16,278
Accounts payable-other	5,427	2,974	-2,452
Accrued income taxes	121	130	9
Accrued expenses	2,267	2,087	-179
Other current liabilities	63	62	-1
Non-current liabilities	565,649	521,172	-44,476
Bonds	40,229	40,229	-
Long-term debts	525,396	480,943	-44,452
Other non-current liabilities	24	-	-24
Total liabilities	652,968	612,097	-40,870
(Net assets)			
Stockholders' equity	448,406	451,308	2,902
Common stock and preferred stock	251,000	251,000	-
Capital surplus	188,253	188,253	-
Additional paid-in capital	188,253	188,253	-
Retained earnings	9,876	12,805	2,929
Other retained earnings			
Retained earnings carried forward	9,876	12,805	2,929
Common stock in treasury, at cost	-723	-750	-26
Valuation, translation adjustments and other	15	8	-6
Net unrealized gain on other securities, net of taxes	15	8	-6
Total net assets	448,421	451,316	2,895
Total liabilities and net assets	1,101,389	1,063,414	-37,975

(2)Non-Consolidated Statements of Operations

(Millions of yen)

Account	FY2007 (April 1, 2007 to March 31,2008)	FY2008 (April 1, 2008 to March 31,2009)	Change
Operating revenue	16,595	18,495	1,900
Cost of operating revenues	13,061	12,803	-258
Gross Profit	3,533	5,691	2,158
Selling, general and administrative expenses	2,441	2,297	-144
Operating income	1,092	3,394	2,302
Non-operating income	521	1,030	508
Interest income and dividends	497	966	468
Other non-operating income	24	64	39
Non-operating expenses	602	907	305
Amortization of stock issuance expenses	439	865	425
Other non-operating expenses	163	42	-120
Ordinary income	1,011	3,517	2,505
Extraordinary gain	433	-	-433
Gain on sales of investments in subsidiaries	433	-	-433
Income before income taxes	1,445	3,517	2,072
Income taxes-current	282	570	287
Income taxes-deferred	-4	-12	-7
Net(loss) income	1,167	2,959	1,792

(3)Non-Consolidated Statements of changes in net assets

(Millions of yen)

Account	FY2007 (April 1, 2007 to March 31,2008)	FY2008 (April 1, 2008 to March 31,2009)
(Stockholders' equity)		
Common stock		
Balance at Mar. 31, 2008	174,250	251,000
Changes during the year ended Mar. 31, 2009		
Issuance of preferred stock	76,750	-
Total changes	76,750	-
Balance at Mar. 31, 2009	251,000	251,000
Capital surplus		
Additional paid-in capital		
Balance at Mar. 31, 2008	111,503	188,253
Changes during the year ended Mar. 31, 2009		
Issuance of preferred stock	76,750	-
Total changes	76,750	-
Balance at Mar. 31, 2009	188,253	188,253
Total Capital surplus		
Balance at Mar. 31, 2008	111,503	188,253
Changes during the year ended Mar. 31, 2009		
Issuance of preferred stock	76,750	-
Total changes	76,750	-
Balance at Mar. 31, 2009	188,253	188,253
Retained earnings		
Other retained earnings		
Retained earnings carried forward		
Balance at Mar. 31, 2008	8,718	9,876
Changes during the year ended Mar. 31, 2009		
Net income for the year ended Mar. 31, 2009	1,167	2,959
Sales of common stock in treasury	-9	-30
Total changes	1,157	2,929
Balance at Mar. 31, 2009	9,876	12,805
Total Retained earnings		
Balance at Mar. 31, 2008	8,718	9,876
Changes during the year ended Mar. 31, 2009		
Net income for the year ended Mar. 31, 2009	1,167	2,959
Sales of common stock in treasury	-9	-30
Total changes	1,157	2,929
Balance at Mar. 31, 2009	9,876	12,805
Common stock in treasury, at cost		
Balance at Mar. 31, 2008	-661	-723
Changes during the year ended Mar. 31, 2009		
Purchases of common stock in treasury	-139	-168
Sales of common stock in treasury	77	141
Total changes	-62	-26
Balance at Mar. 31, 2009	-723	-750
Total stockholders' eqity		
Balance at Mar. 31, 2008	293,810	448,406
Changes during the year ended Mar. 31, 2009		
Issuance of preferred stock	153,500	-
Net income for the year ended Mar. 31, 2009	1,167	2,959
Purchases of common stock in treasury	-139	-168
Sales of common stock in treasury	67	110
Total changes	154,595	2,902
Balance at Mar. 31, 2009	448,406	451,308

(Millions of yen)

Account	FY2007 (April 1, 2007 to March 31,2008)	FY2008 (April 1, 2008 to March 31,2009)
(Valuation,translation adjustments and other)		
Net unrealized gain on other securities, net of taxes		
Balance at Mar. 31, 2008	142	15
Changes during the year ended Mar. 31, 2009		
Changes other than stockholders' equity, net	-127	-6
Total changes	-127	-6
Balance at Mar. 31, 2009	15	8
Total valuation, translation adjustments and other		
Balance at Mar. 31, 2008	142	15
Changes during the year ended Mar. 31, 2009		
Changes other than stockholders' equity, net	-127	-6
Total changes	-127	-6
Balance at Mar. 31, 2009	15	8
Total net assets		
Balance at Mar. 31, 2008	293,953	448,421
Changes during the year ended Mar. 31, 2009		
Issuance of preferred stock	153,500	-
Net income for the year ended Mar. 31, 2009	1,167	2,959
Purchases of common stock in treasury	-139	-168
Sales of common stock in treasury	67	110
Changes other than stockholders' equity, net	-127	-6
Total changes	154,467	2,895
Balance at Mar. 31, 2009	448,421	451,316

(4)Substantial doubts raised about the Company's viability as a going concern

Not applicable.