JAL Group Announces Consolidated Financial Results for the First Six Months of the Fiscal Year 2015

Tokyo October 30, 2015: JAL Group (JAL) today announced the consolidated financial results for the first six months of the fiscal year of 2015 - the period from April 1 to September 30, 2015. For the details, please refer to attached **[Consolidated Financial Results for the Six Months Ended September 30, 2015]**.

During the reporting period (hereinafter referred to as the "second quarter"), the Japanese economy continued to recover at a moderate pace with the pace of consumer spending remaining generally robust. Global economies recovered in general with some exceptions such as China and Korea, where weakness was observed. On the other hand, the number of international visitors to Japan, which affects passenger revenue, increased significantly over the previous year. Fuel prices, which greatly affect our fuel purchasing costs, were lower than what they were last year, but the Japanese yen remained weak against the U.S. dollar. Under these conditions, JAL Group strived to increase a sense of profitability amongst employees through JAL Philosophy and the amoeba management system, realize greater management efficiencies, provide the finest service to its customers anchored in its strong commitment to flight safety, and thus achieve the targets in the JAL Group Medium Term Management Plan Rolling 2015 announced on February 18, 2015.

As a result, operating revenue in the second quarter was 687.9 billion yen (up 0.6% year-on-year), operating expense was 567.9 billion yen (down 3.9% year-on-year), and consequently, operating income came to 119.9 billion yen (up 29.2% year-on-year), ordinary income was 122.6 billion yen (up 33.7% year-on-year), and net income attributable to owners of the parent was 103.3 billion yen (up 28.7% year-on-year).

(1) JAL Group Consolidated Results for the Period April 1 - September 30, 2015

Unit: Billions of yen	**Fiscal Year 2014 (Apr. 1 – Sep. 30, 2014)**	**Fiscal Year 2015 (Apr. 1 – Sep. 30, 2015)**	**Difference vs. Prior Year**	**% vs. Prior Year**
Operating Revenues	683.7	687.9	+ 4.1	100.6
International Passenger	233.9	235.6	+ 1.7	100.7
Domestic Passenger	248.1	256.8	+ 8.6	103.5
Int. and Dom. Cargo	41.1	40.7	- 0.3	99.1
Others	160.4	154.7	- 5.7	96.4
Operating Expenses	590.9	567.9	- 22.9	96.1
Operating Income	92.8	119.9	+ 27.1	129.2
Operating Margin	13.6%	17.4%	+ 3.9 points	-
Ordinary Income	91.6	122.6	+ 30.9	133.7
Net Income attributable to owners of the parent	80.3	103.3	+ 23.0	128.7

Figures are rounded down to the nearest tenth of a billion yen while percentages are rounded off to the first decimal place.

<More>

(2) Air Transportation Segment

International Passenger

In international passenger operations, we captured robust demand from inbound traffic especially on China and Southeast Asia routes, while outbound corporate demand remained steady across the period. As a result, passenger traffic results increased, contributing to an increase in international passenger revenue over the previous year.

In route operations, we increased flights on the Tokyo (Narita) = Moscow route from 3 to 4 weekly flights and suspended services on the Kansai = Seoul (Gimpo) route in the summer 2015 schedule.

On the product side, to provide greater value to air travel, fully-flat JAL SKY SUITE seats in Business Class with unrestricted aisle access is currently available on 18 routes, primarily Europe, North America and Southeast Asia routes, while “New Spacious Economy” seats are being gradually ushered in on our Boeing 777-300ER, Boeing 767-300ER, and Boeing 787-8. The Boeing 787-9, a stretched variant of the Boeing 787-8, offering these spacious economy seats was introduced on the Narita=Jakarta route (JL725/JL726) in July 2015.

As a result of the above, the capacity of international flights in the second quarter when measured in Available Seat Kilometers (ASK) increased by 1.0% year-on-year, demand when measured in Revenue Passenger Kilometers (RPK) increased by 6.2% year-on-year, the Load Factor (L/F) was 79.7%, up 3.9 percentage points year-on-year, and international passenger revenue came to 235.6 billion yen, up 0.7% from the previous year.

Domestic Passenger

In domestic passenger operations, we strived to boost demand and strike a balance between demand and supply in order to increase our profitability.

In route operations, we operated seasonal services again this fiscal year on six of the regional routes that had been suspended.

Product-wise, services by JAL SKY NEXT with retrofitted cabins, launched in FY2014, were progressively expanded to routes bridging Osaka (Itami) and regional cities, in addition to routes flying in and out of Tokyo (Haneda).

Sales-wise, we offered new 75 day advance purchase fares called “Ultra Sakitoku,” and increased flights available at discounted fares during high season such as Golden Week in spring and Obon in summer. These flights were in great demand by many customers flying home or vacationing.

<More>

As a result of the above, capacity of domestic flights during the reporting period decreased by 1.2% year-on-year when measured in Available Seat Kilometers (ASK), demand increased by 0.6% in terms of Revenue Passenger Kilometers (RPK), while the load factor (L/F) increased by 1.2 percentage point year-on-year to 66.8%. Domestic passenger revenue increased by 3.5% year-on-year to 256.8 billion yen.

International and Domestic Cargo

In international cargo operations, amid reductions in overall outbound and inbound shipments from the previous year, we improved revenue management to efficiently capture transit shipments in order to steadily secure shipments and maximize revenues.

As a result, the volume of international cargo we handled during the reporting period in terms of Revenue Cargo Ton Kilometers (RCTK) increased by 4.9% year-on-year, and international cargo revenue increased by 0.6% to 28.9 billion yen.

In domestic cargo operations, we managed to secure demand above last year's levels despite a decline in capacity through aggressive sales activities. Regarding traffic results for the second quarter, volume when measured in revenue-cargo-ton-kilometers (RCTK) increased by 4.1% year-on-year, but domestic cargo revenue declined by 4.4% from the previous year to 11.7 billion yen, due to intensifying competition, etc.

(3) JAL Group Consolidated Financial Position

	FY2014 As of March 31, 2015	The Second Quarter of FY2015 As of September 30, 2015	Difference
Total Assets (billion yen)	1,473.3	1,511.2	+ 37.8
Net Assets (billion yen)	800.7	855.7	+ 55.0
Equity Ratio [*1](%)	52.7	55.0	+ 2.3 points
Interest-bearing Debt (billion yen)	100.5	83.3	- 17.2
Debt/Equity Ratio [*2]	0.1	0.1	- 0.0

Figures are rounded down to the nearest tenth of a billion yen while percentages are rounded off to the first decimal place.
Note:
1. Shareholders' equity is total net assets excluding minority interests.
2. Debt-to-equity ratio is interest-bearing debt divided by shareholders equity.

<More>

(4) Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2016

Unit: Billions of yen	**Operating Revenues**	**Operating Income**	**Ordinary Income**	**Net Income attributable to owners of the parent**
Previous Forecast (Announced on April 30, 2015)	1,328.0	172.0	169.0	144.0
New forecast	1,347.0	204.0	202.0	172.0

Reasons for Revisions of Financial Forecast for Fiscal Year Ending March 31, 2016

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

	Exchange Rate (JPY/USD)	**Singapore Kerosene (USD/BBL)**	**Dubai Crude Oil (USD/BBL)**
Previous Forecast	118.0	80.0	63.0
New Forecast	123.4 (2nd half:125.0)	70.3 (2nd half:71.0)	56.1 (2nd half:55.0)

In full-year consolidated revenues, we have revised exchange rate and fuel price estimates on which we base our plan, and expect an increase of 19.0 billion yen over our previous forecast, primarily due to strong inbound demand in international passenger operations. While cost increases are expected due to effects of exchange rates, full-year consolidated operating expenses are expected to decrease by 13.0 billion yen from our previous forecast due to the decline in fuel prices, continuous cost controlling initiatives, and other factors. As a result, full-year consolidated operating income is seen to increase by 32.0 billion yen from our previous forecast.

As we project an increase of 33.0 billion yen in full-year consolidated ordinary income and an increase of 28.0 billion yen in full-year net income attributable to owners of the parent, we have revised our earnings forecast for the fiscal year ending March 31, 2016 as the above chart.

END