JAPAN AIRLINES

[REFERENCE TRANSLATION]
Please note that this translation is to be used solely as reference and the financial statements in this material are unaudited.
In case of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Consolidated Financial Results for the year Ended March 31, 2015 (Japanese GAAP)

Apr 30, 2015

Company name **Japan Airlines Co., Ltd**
Stock Listing **Tokyo Stock Exchange**
Code No. **9201** **URL: http://www.jal.com**
Representative **Yoshiharu Ueki, President**
Contact **Kojiro Yamashita, Vice President, Finance** **Phone: +81-3-5460-3068**

Scheduled date of Ordinary General Meeting of Shareholders:	Jun 17, 2015
Scheduled date of dividend payment:	Jun 18, 2015
Scheduled date of filing Financial Report for the Fiscal Year 2014:	Jun 18, 2015
Supplementary explanations of Fiscal Year 2014 financial results:	Yes
Presentation for the Fiscal Year 2014 financial results:	Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen unless otherwise indicated)

1. Consolidated Financial Results for the Year Ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(1) Consolidated Operating Results (Cumulative)

(Percentage compared to prior year)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2014 ended March 31 , 2015	**1,344,711**	**2.7**	**179,689**	**7.7**	**175,275**	**11.2**	**149,045**	**(10.3)**
FY2013 ended March 31 , 2014	**1,309,343**	**5.7**	**166,792**	**(14.6)**	**157,634**	**(15.2)**	**166,251**	**(3.2)**

* Comprehensive income ; Year ended March 31, 2015: 151,768 million Yen (13.9%) Year ended March 31, 2014: 176,277 million Yen (3.1%)

	Net income per share	Diluted net Income per share	Return on Equity	Ratio of Ordinary profit To total assets	Operating income margin ratio
	Yen		%	%	%
FY2014 ended March 31 , 2015	**411.06**	―	**20.3**	**12.5**	**13.4**
FY2013 ended March 31 , 2014	**458.45**	―	**26.5**	**12.3**	**12.7**

(Reference) Equity in net income of affiliates; Year ended March 31, 2015: (2,609) million Yen, Year ended March 31, 2014: (3,749) million Yen

Note: JAL undertook a two-for-one stock split of its common shares as of October 1, 2014. As a result, net income per share is calculated on the assumption that the stock split was undertaken at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder's equity ratio (%)	Shareholder's equity Per share
	Millions of Yen	Millions of Yen		Yen
FY2014 ended March 31 , 2015	**1,473,354**	**800,751**	**52,7**	**2,142.00**
FY2013 ended March 31 , 2014	**1,340,168**	**711,064**	**51.5**	**1,903.53**

(Reference) Shareholder's equity ; Year ended March 31, 2015: 776,475 million Yen, Year ended March 31, 2014: 690,288 million Yen

Note: JAL undertook a two-for-one stock split of its common shares as of October 1, 2014. As a result, shareholder's equity per share is calculated on the assumption that the stock split was undertaken at the beginning of the previous consolidated fiscal year.

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY2014 ended March 31 , 2015	**261,139**	**(230,559)**	**(67,323)**	**119,287**
FY2013 ended March 31 , 2014	**247,941**	**(131,237)**	**(61,912)**	**155,252**

2. Dividends

	Dividends per Share					Total amount of dividend (Annual)	Payout ratio (Consolidated)	Dividend On equity (Consolidated)
	First Quarter End	Second Quarter End	Third Quarter End	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY2013	-	-	-	**160.00**	**160.00**	**29,016**	**17.5**	**4.6**
FY2014	-	-	-	**104.00**	**104.00**	**37,707**	**25.3**	**5.1**
FY2015(Forecast)	-	-	-	-	-		-	

Note: JAL undertook a two-for-one stock split of its common shares as of October 1, 2014. As for the year ended March 31,2014 the actual amount of Dividend before the stock split is described.

3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2016

(Percentage compared to prior year)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Entire Fiscal Year	**1,328,000**	**(1.2)**	**172,000**	**(4.3)**	**169,000**	**(3.6)**	**144,000**	**(3.4)**	**397.24**

Note: Forecast for the six months ending September 30, 2015 is not made.

Notes

(1) Changes in significant consolidated subsidiaries during the fiscal year ended March 31, 2015: None

(2) Changes in accounting policies, accounting estimates and restatement of corrections

1) Changes in accounting policies resulting from the revision of the accounting standards and other regulations: Yes

2) Changes in accounting policies other than : Yes

3) Changes in accounting estimates: None

4) Restatement of corrections: None

Note: for more details, please refer to “Changes in Accounting Policy” in the Attachment.

(3) Number of shares issued (common stock)

(a) Total number of shares issued at the end of the period (including treasury stock)
Year ended March 31, 2015: 362,704,000
Year ended March 31, 2014: 362,704,000

(b) Number of treasury stock at the end of the period
Year ended March 31, 2015: 203,395
Year ended March 31, 2014: 67,318

(c) Average number of shares outstanding
Year ended March 31, 2015: 362,584,185
Year ended March 31, 2014: 362,639,780

Note:JAL undertook a two-for-one stock split of its common shares as of October 1, 2014. As a result, Total number of shares issued at the end of the period and number of treasury stock at the end of the period, average number of shares outstanding is calculated on the assumption that the stock split was undertaken at the beginning of the previous consolidated fiscal year.

(Reference)

1. Non-consolidated Financial Results for the Year Ended March 31, 2015 (April 1, 2014 to March 31, 2015)

(1) Non-consolidated Operating Results (Cumulative)

(Percentage compared to prior year)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2014ended March 31 , 2015	**1,090,140**	**3.9**	**128,623**	**5.9**	**138,627**	**8.5**	**163,175**	**12.6**
FY2013 ended March 31 , 2014	**1,049,247**	**6.0**	**121,467**	**(10.9)**	**127,770**	**(8.2)**	**144,874**	**(4.9)**

	Net income per Share	Diluted net Income per share
	Yen	
FY2014 ended March 31 , 2015	**449.95**	—
FY2013 ended March 31 , 2014	**399.43**	—

Note:JAL undertook a two-for-one stock split of its common shares as of October 1, 2014. As a result, net income per share is calculated on the assumption that the stock split was undertaken at the beginning of the previous consolidated fiscal year.

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Shareholder's equity ratio (%)	Shareholder's equity Per share
	Millions of Yen	Millions of Yen		Yen
FY2014 ended March 31 , 2015	**1,460,688**	**728,437**	**49.9**	**2,009.11**
FY2013 ended March 31 , 2014	**1,346,372**	**633,653**	**47.1**	**1,747.03**

(Reference) Shareholder's equity ; Year ended March 31, 2015: 728,437 million Yen, Year ended March 31, 2014: 633,653 million Yen

Note:JAL undertook a two-for-one stock split of its common shares as of October 1, 2014. As a result, shareholder's equity per share is calculated on the assumption that the stock split was undertaken at the beginning of the previous consolidated fiscal year.

2. Non-consolidated Financial Forecast for the Fiscal Year Ending March 31, 2016

(Percentage compared to prior year)

	Operating Revenues		Ordinary Income		Net Income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Entire Fiscal Year	**1,107,000**	**1.5**	**134,000**	**(3.3)**	**123,000**	**(24.6)**	**339.25**

Note: Forecast for the six months ending September 30,2015 is not made.

<u>Indication of audit procedure implementation status</u>

These financial results are not subject to the review requirements as provided in the Financial Instruments and Exchange Act. The review of consolidated financial statements as provided in the Financial Instruments and Exchange Act had not been completed as of the date of these Consolidated Financial Results for the Year Ended March 31, 2015.

<u>Explanation for appropriate use of forecasts and other notes</u>

The forward-looking statements such as operational forecasts contained in this statements summary are based on information currently available to the Company and certain assumptions which are regarded as legitimate. However it does not mean that we guarantee its achievement. Actual results may differ from such forward-looking statements for a variety of reasons. Please refer to "1.Operating results (1)Analysis of operating results" on page 2 in the Attachment for the assumptions used and other notes.

* The Company holds a presentation for institutional investors and analysts on Apr 30, 2015. Documents distributed at the presentation are scheduled to be posted on our website on the same day.

Attachment

CONTENTS

1. Operating results

(1) Analysis of operating results

During the reporting period of consolidated financial results for the fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015), the Japanese economy continued to recover moderately, while consumer spending bottomed out in general. Overseas economies partly weakened, but are on the recovery track in general including the U.S. economy.

Exchange rate fluctuations, which affect company profits, remained stable until August, but the Japanese yen weakened sharply from September and aviation fuel prices dropped dramatically from October.

Under these economic conditions, we strived to increase management efficiency and provide customers with unparalleled service with safety as our top priority by penetrating JAL Philosophy and the Amoeba Management System into organizations in order to achieve our targets set out in Rolling Plan 2014 for the Medium Term Management Plan announced on March 26, 2014.

As a result of the above, during the consolidated fiscal year, consolidated operating revenue was increased on-year by 2.7 % to 1,344.7 billion yen, operating expenses, increased on-year by 2.0% to 1,165.0 billion yen, operating income, increased on-year by 7.7% to 179.6 billion yen, ordinary income, increased on-year by 11.2% to 175.2 billion yen, and net income for the full year was declined on-year by 10.3% to 149.0 billion yen.

Financial results of each business segment are described below.

<Air transport segment>

During the consolidated fiscal year, the air transport business registered sales of increased on-year by 2.5 % to 1,196.2 43billion yen and operating profit of increased on-year by 8.4% to 161.5 billion yen. (Sales and operating profit amounts represent amounts before elimination of inter-segment transactions, after elimination of intra-air transport segment transactions.)

Financial results of each business segment are described below.

a. International operations

	FY2013 April 1,2013 to March 31,2014	FY2014 April 1,2014 to March 31,2015	% or points compared to prior period
Revenue from passenger operations (millions of Yen)	437,578	454,857	103.9%
Revenue passengers carried (number of passengers)	7,723,293	7,793,704	100.9%
Revenue passenger km (RPK) (1,000 passenger-km)	35,390,384	36,109,588	102.0%
Available seat km (ASK) (thousands-km)	46,235,058	47,696,816	103.2%
Revenue passenger-load factor (L/F) (%)	76.5	75.7	(0.8)
Revenue from Cargo Operations (millions of Yen)	54,238	60,301	111.2%
Revenue cargo ton-km (RCTK) (thousands-km)	1,512,142	1,754,657	116.0%

In international passenger operations, we expanded our route network and enhanced our products and services such as newly configured aircraft to maximize revenue and strived to capture international visitors and transit passengers amid robust passenger traffic growth.

In route operations, we launched new daytime services between Tokyo(Haneda) and London/Paris/Singapore/Bangkok and late-night and early morning services between Haneda and Ho Chi Minh City using new international flight slots at Haneda Airport. At Narita Airport, we increased services from 7 to 14 weekly flights between Tokyo(Narita) and New York (March 30, 2014 ~) and Narita and Jakarta (June 13, 2014 ~) to capture passenger traffic between the U.S and Asia with expectations of future growth. We also launched new services between Nagoya(Chubu) and Bangkok (December 20, 2014 ~) and Osaka(Kansai) and Los Angeles (March 20, 2015~) to expand our network in regions outside the Tokyo metropolitan area. As the only Japanese carrier operating nonstop flights on both routes, we will contribute to economic development of the Chubu and Kansai regions through international exchanges and increase the customers' convenience. On the other hand, we reduced flights from 14 to 7 weekly flights between Narita and Incheon (October 26, 2014~) and suspended flights between Kansai and Gimpo (March 29, 2015 ~) to respond flexibly to recent demand.

In our alliances, with Finnair's inclusion in April 2014 in the joint business between Europe and Japan between JAL and British Airways, we enhanced the customers' benefits through an attractive range of joint fares and an expansion of codeshare cooperation with Finnair beyond Helsinki. In our transpacific joint business with American Airlines, we stepped up unified sales activities to attract traffic between the Americas and Asia. We also began a code-share agreement with Brazilian carrier TAM Airlines, which joined oneworld in March 2014, between the U.S./Europe and Brazil. To respond to growing demand between Japan and South America, customers can now fly between Europe and Brazil through Europe as well as through the U.S. (code-share flights with American Airlines). In such ways, the world's premier global alliance has further expanded its global network and competitive edge.

Sales-wise, we improved JAL's overseas websites to make them more appealing and user-friendly. Furthermore, overseas customers purchasing a JAL ticket to Japan can obtain a free ID and password for accessing public wireless LAN access points of NTT East and Wire and Wireless Co., Ltd. of KDDI Group and enjoy convenience and accessibility to the Internet while in Japan.

In cooperation with BIC Camera Inc., we began offering BIC Camera coupons to JAL customers traveling to Japan from overseas to receive further discounts at all BIC Camera stores. Through tie-ups with various industries such as these, we will contribute to enhancing Japan's standing as a tourism-oriented country by welcoming as many international visitors to Japan.

On the product side, we completed retrofitting 13 Boeing 777-300ER aircraft and 9 Boeing 767-300ER with JAL SKY SUITE cabin interiors, and introduced a newly configured Boeing 787-8 called SKY SUITE 787 between Narita and Frankfurt in December 2014, Narita and New York (JL004/JL003) in January 2015, and Narita and Paris in March 2015. As with JAL SKY SUITE 777 and SKY SUITE 767, SKY SUITE 787 is installed with fully-flat Business Class seats with direct access to the aisle, and "New Spacious Economy" seats with more legroom. The Boeing 787-8 offers 8-abreast economy seating, while the industry norm is a 9-abreast layout, to offer greater comfort and space. JAL SKY Wi-Fi for enjoying inflight Internet services has been used by over 40,000 customers to date. At Haneda Airport International Terminal, we opened newly refurbished Sakura Lounges on March 30, 2014 and a more spacious and comfortable JAL First Class Lounge on August 29, 2014. In JAL First Class Lounge, meals are prepared "live" in front of the customers' eyes in Teppan Dining, based on our wish to serve freshly cooked meals before boarding. This service has received favorable customer reviews. JAL will continue to embrace new challenges to deliver a refreshing and inspirational travel experience as well as greater convenience to the customers.

As a result, international supply during the reporting period increased by 3.2% year-on-year in terms of available-seat-kilometer (ASK), demand increased by 2.0% year-on-year in terms of revenue-passenger-kilometer (RPK), the load factor (L/F) decreased by 0.8 points year-on-year to 75.7%, and international passenger revenue came to 454.8 billion yen, up 3.9% from the year before.

In international cargo operations, we aggressively captured automobile shipments, etc. from Japan spurred by the growth in exports especially to North America and efficiently captured transit shipments to maximize revenue. In sales, we improved our system at Haneda Airport, where flight frequency has increased, expanded connection services between domestic and international flights (J-LINK), and transported shipments on other airlines' aircraft under airline charter agreements on minimizing risks. As a result, the volume of international cargo handled during the reporting period in terms of Revenue Cargo Ton Kilometers (RCTK) increased by 16.0% year-on-year, and revenue increased by 11.2% to 60.3 billion yen.

In International mail operations, by capturing shipments of individual mail orders, which have shown steady growth, we achieved demand surpassing the result set last fiscal year. As a result, the volume of international mail handled during the reporting period in terms of Revenue Mail Ton Kilometers (RMTK) increased by 6.1% year-on-year, and international mail revenue increased by 14.9% year-on-year to 10.3 billion yen.

b. Domestic operations

	FY2013 April 1,2013 to March 31,2014	FY2014 April 1,2014 to March 31,2015	% or points compared to prior period
Revenues from passenger operations (millions of Yen)	487,414	487,555	100.0%
Revenue passengers carried (number of passengers)	31,218,734	31,644,018	101.4%
Revenue passenger km (RPK) (1,000 passenger-km)	23,745,163	23,993,738	101.0%
Available seat km (ASK) (thousands-km)	37,084,260	36,306,359	97.9%
Revenue passenger-load factor (L/F) (%)	64.0	66.1	2.1
Revenue from Cargo Operations (millions of Yen)	25,447	24,294	95.5%
Revenue cargo ton-km (RCTK) (thousands-km)	366,989	356,691	97.2%

In domestic passenger operations, we strived to increase profitability by improving JAL Group's mobility in balancing supply and demand through the merger of JAL Express Co., Ltd. and JAL on October 1, 2014. Following the inclusion of Hokkaido Air System Co., Ltd. (HAC) in JAL Group on October 24, 2014, we strived to increase HAC's management capabilities and maintain and develop regional routes through sales activities leveraging JAL's sales channels and know-how and JAL Group's cost competitiveness.

In route operations, we increased flights between Haneda and Itami/Okayama/Kita-Kyushu, etc., and between Haneda and Yamagata using "contest slots" designed for local governments and airlines to jointly improve regional routes, and resumed seasonal services on six of the regional routes which had been suspended. We also increased flights between Itami and Naha and other routes with expectations of growth in demand to increase the customers' convenience.

Sales-wise, to promote domestic travel by international visitors, who are expected to increase owing to international slot expansion at Haneda Airport, we tied up with JTB Global Marketing & Travel Co., Ltd. and started sales of JAL Special Packages for individual tourists from abroad. By drawing international visitors to cities around Japan using JAL's domestic network, we contributed to revitalizing regional economies. As services for mobile devices have become widespread and gained popularity, we introduced a tablet app "JAL Flight Navi" for booking flights, purchasing tickets and gathering travel information, and renewed our smartphone app "JAL Domestic Flights" and such to provide and improve functions of such services.

Regarding domestic products, we launched JAL SKY NEXT with updated cabin interiors using the Boeing 777/767 from May 2014 mainly on hub routes such as Haneda=Fukuoka/Itami/Sapporo, and have progressively launched JAL SKY NEXT using the Boeing 737 since October 2014 between Haneda and regional cities. Seats covered with genuine leather produce a sense of high quality, and slimmed-down Economy Class seats with legroom (around the knees) increase seating comfort, while in-cabin LED lighting orchestrates the change of seasons and flow of time to create a relaxing ambience and get a feel of Japan. Furthermore, JAL became the foremost airline to provide domestic an inflight Internet service called JAL SKY Wi-Fi for enjoying inflight entertainment or accessing the Internet via personal Wi-Fi enabled smartphones, computers, etc. Through these innovations, we sought to create a luxurious ambience through totally coordinated cabin interiors and cabin service with enhanced quality, which was favorably recognized by many customers. Incidentally, JAL SKY NEXT was awarded Good Design Best 100 for FY2014 (sponsored by Japan Institute of Design Promotion).

In airport services, we started JAL Express Tag Service at Haneda Airport domestic counters on March 31, 2015 to allow customers to check in their baggage more speedily and conveniently. We will continue to embrace the challenge of offering "Simple, Convenient and Speedy" services under the concept of JAL Smart Style.

As a result, domestic supply during the reporting period decreased by 2.1% year-on year in terms of available-seat-kilometer (ASK), demand increased by 1.0 % year-on-year in terms of revenue-passenger-kilometer (RPK), the load factor (L/F) increased by 2.1 points year-on-year to 66.1%, and domestic passenger revenue came to 487.5 billion yen, up 141 million yen from the year before.

Domestic cargo operations were affected by a modal shift from surface transportation to air transportation due to a shortage of trucks. However due to the decrease in supply, the volume of domestic cargo handled during the reporting period when measured in RCTK (Revenue Cargo Ton Kilometers) decreased by 2.8% year-on-year, and revenue decreased by 4.5% year-on-year to 24.2 billion yen .

Fleet as of March 31,2015

Aircraft	Own	Leases	Total
Boeing 787	20	0	20
Boeing 777	44	0	44
Boeing 767	37	8	45
Boeing 737-400	12	0	12
Boeing 737-800	21	29	50
Embraer 170	15	0	15
Bombardier CRJ200	9	0	9
Bombardier DHC-8-400	9	2	11
SAAB340B	13	0	13
Bombardier DHC-8-300	1	0	1
Bombardier DHC-8-100	4	0	4
Total	185	39	224

Note :Aircraft listed on "Leases" are aircraft operated under operating lease scheme in accounting standards.

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

	FY2013 April 1,2013 to March 31,2014 [Millions of Yen]	% contribution to total	FY2014 April 1,2014 to March 31,2015 [Millions of Yen]	% contribution to total	% compared to prior period
International:					
Passenger operations	437,578	37.5	454,857	38.0	103.9
Cargo operations	54,238	4.6	60,301	5.0	111.2
Mail-service operations	9,035	0.8	10,379	0.9	114.9
Luggage operations	623	0.1	715	0.1	114.6
Sub-total	501,476	43.0	526,253	44.0	104.9
Domestic:					
Passenger operations	487,414	41.8	487,555	40.8	100.0
Cargo operations	25,447	2.2	24,294	2.0	95.5
Mail-service operations	3,201	0.3	3,388	0.3	105.8
Luggage operations	262	0.0	287	0.0	109.5
Sub-total	516,326	44.3	515,526	43.1	99.8
Total revenues from international and domestic operations	1,017,802	87.2	1,041,780	87.1	102.4
Other revenues	148,878	12.8	154,463	12.9	103.8
Total revenues	1,166,681	100.0	1,196,243	100.0	102.5

Note: Amounts are rounded down to the nearest million yen, percentages are round off to the first decimal place.

Consolidated Traffic Results

	FY2013 April 1,2013 to March 31,2014	FY2014 April 1,2014 to March 31,2015	% or points compared to prior period
INTERNATIONAL			
Revenue passengers carried (number of passengers)	7,723,293	7,793,704	100.9%
Revenue passenger km (1,000 passenger-km)	35,390,384	36,109,588	102.0%
Available seat km (thousands-km)	46,235,058	47,696,816	103.2%
Revenue passenger-load factor (%)	76.5	75.7	(0.8)
Revenue cargo ton-km (thoussands-km)	1,512,142	1,754,657	116.0%
Mail ton-km (thousands-km)	217,017	230,276	106.1%
DOMESTIC			
Revenue passengers carried (number of passengers)	31,218,734	31,644,018	101.4%
Revenue passenger-km (1,000 passenger-km)	23,745,163	23,993,738	101.0%
Available seat km (thousands-km)	37,084,260	36,306,359	97.9%
Revenue passenger-load factor (%)	64.0	66.1	2.1
Revenue cargo ton-km (thousands-km)	366,989	356,691	97.2%
Mail ton-km (thousands-km)	22,824	24,286	106.4%
TOTAL			
Revenue passengers carried (number of passengers)	38,942,027	39,437,722	101.3%
Revenue passenger-km (1,000 passenger-km)	59,135,548	60,103,327	101.6%
Available seat km (thousands-km)	83,319,319	84,003,176	100.8%
Revenue passenger-load factor (%)	71.0	71.5	0.6
Revenue cargo ton-km (thousands-km)	1,879,132	2,111,349	112.4%
Mail ton-km (thousands-km)	239,842	254,563	106.1%

1. Revenue passenger kilometer (RPK) is the number of fare-paying passengers multiplied by the distance flown (km).
   Available seat kilometer (ASK) is the number of available seats multiplied by the distance flown (km).
   Revenue cargo ton kilometer (RCTK) is the amount of cargo (ton) transported multiplied by the distance flown (km).
2. The distance flown between two points, used for calculations of RPK, ASK and RCTK above is based on the great-circle distance and according to statistical data from IATA (International Air Transport Association) and ICAO (International Civil Aviation Organization).
3. International operations: Japan Airlines Co., Ltd,

   Domestic operations: Japan Airlines Co., Ltd, Japan Trans Ocean Air Co., Ltd, JAL Express Co., Ltd(absorbed by JAL in October 2014), Japan Air Commuter Co., Ltd, J Air Co., Ltd, Ryukyu Air Commuter Co., Ltd, Hokkaido Air System Co., Ltd. (becomes a consolidated subsidiary in October 2014)

   However, in the year-earlier period,

   International operations: Japan Airlines Co., Ltd, Japan Trans Ocean Air Co., Ltd,

   Domestic operations: Japan Airlines Co., Ltd, Japan Trans Ocean Air Co., Ltd, JAL Express Co., Ltd, Japan Air Commuter Co., Ltd, J Air Co., Ltd, Ryukyu Air Commuter Co., Ltd
4. Figures have been truncated and percentages are rounded off to the first decimal place.

<Others>

In other businesses, we strived to increase the customers' convenience and maximize JAL Group's corporate value. The financial results of two major companies in this segment are as follows.

JALPAK Co.,Ltd. celebrated the 50th anniversary of the JALPAK brand in 2014. To mark this occasion, special 50th anniversary tours offering high quality and originality were put on sale and were in great demand by the customers. It also sold JAL Dynamic Packages and products for JAL Mileage Bank members online to meet demand trends and maximize revenue. JALPAK handled 275,000 international travelers, down 9.0% from the same period last year due to an increase in sales prices owing to the weak yen and Europe and unstable conditions in certain Asian countries. It handled 2,301,000 domestic travelers, up 7.4% from the year before, due to an increase in reservations by last-minute customers as a result of extending the booking timeline from 10 days to 7 days prior to the departure date. As a result, operating revenue (before elimination of consolidated transactions) increased by1.1% year-on-year to 169.8 billion yen.

JAL Card Co., Ltd. proactively carried out membership enrollment activities, approached sports fan associations, and such to expand and increase customers. Product-wise, it introduced a new platinum status card, JAL・JCB Card Platinum, in April 2014 and improved its lineup of JAL Cards. As a result, the number of JAL Card members increased by 120,000 to 3,038,000 from March 31, 2014. Despite unstable consumer spending after the consumption tax hike in April 2014, it maintained strong sales by strengthening efforts to increase convenience and promote use of JAL Cards, such as introducing an official JAL Card application for smartphones in January 2015 and expanding the network of lifestyle partner shops. As a result, operating revenue during the reporting period increased by 6.2% year-on-year to 19.6 billion yen (prior to elimination of intra-company transactions).

(2) Analysis of financial condition

a. Qualitative Information of Financial Position

Total assets for this consolidated fiscal year increased by 133.1 billion yen year-on-year to 1,473.3 billion yen mainly due to advance payment and purchase of aircraft.

Liabilities totaled 672.6 billion yen, up 43.4 billion yen from the end of the previous fiscal year, mainly due to retirement benefit obligations and an increase in advance received.

Net assets totaled 800.7 billion yen, up 89.6 billion yen from the end of the previous fiscal year, mainly due to recognition of net income from the end of the previous fiscal year, owing to the payment of dividends and changes in calculation

As a result of the above, equity was 776.4 billion yen, and the equity ratio increased by 1.2 points from the previous year to 52.7%. For details, please refer to "5. Consolidated Financial Statements (1) Consolidated Balance Sheets" .

b. Cash Flows

Cash Flows from Sales Activities

As a result of adding and subtracting the non-cash and cash accounts from Net Income of before Income Taxes and Minority Interests of 169.9 billion yen, the net cash provided by operating activities was 261.1 billion yen increased by 13.1billion yen year on year.

Cash Flows from Investing Activities

Largely due to the purchase of the acquisition of fixed assets, the net cash used by investing activities was 230.5 billion yen increased by 99.3 billion yen year on year.

Cash Flows from Financing Activities

Due to the decrease of long term borrowings and payment for the dividend, the net cash used by financing activities was minus 67.3 billion yen increased by 5.4 billion yen year on year.

Consequently, the balance of cash and cash equivalent was 119.2 billion yen at the end of the reporting period.

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

Passing benefits to our shareholders is one of the most important management goals of the company. It is our basic policy to distribute benefits to our shareholders in the form of dividends, while executing capital expenditures to respond to the change in business environment, and maintain internal reserves for building a strong financial structure.

We previously announced our policy to allocate approximately 20% of consolidated net income after deducting Income Taxes-deferred to our dividend source. From this fiscal year, we will change the dividend payout ratio to 25% of our net income after deducting Income Taxes-deferred.

With regard to dividends for FY2014, we will pay 104 yen per share, taking into account financial results and financial conditions for the full year, and the future business environment on the whole.

Dividends for the next fiscal year will be disclosed when we get a better picture of business forecast

(4)Business risks

Risks affecting decisions of investors to invest in shares are mentioned below. However, they do not cover all the risks relating to JAL Group, as unforeseen risks excluding those listed here may exist. This section includes forward-looking statements based on judgment as of March 31, 2015. JAL Group is exposed to the following risks, given the group's business operations, primarily scheduled and unscheduled air transport business services.

a. Risks concerning changes in the international situation

JAL Group transports international air passengers and air cargo to mainly North America, Europe, Asia-Oceania and China. Air transport demand can decline significantly due to terrorist attacks, regional conflicts, wars, and outbreaks and transmission of infectious diseases etc. Especially if recommendations are issued to defer travel to regions of conflict or outbreaks and epidemics of infectious diseases, or if actions to defer nonessential and nonurgent travel due to concerns of the users, etc. become marked, they could have serious negative impacts on demand for JAL Group flights that depart and arrive in those regions.

b. Risks concerning changes in the Japanese and global economy

JAL Group's international and domestic passenger operations depend largely on the Japanese market. Therefore, Japanese economic trends and global economic conditions, or a decline in airline demand of the customer base in Japan, natural disasters or unfavorable weather, etc. could negatively impact JAL Group's business. Our international passenger operations, in particular, are easily affected by economic conditions.

c. Risks concerning our Medium Term Management Plan and Annual Plan

JAL Group establishes a Medium Term Management Plan and Annual Plan, but various internal and external factors pose a risk to the execution of these plans. These management plans are based on many assumptions, but if they do not go as planned, our ability to achieve the revenue targets and profit goals set out in the plans could be negatively affected.
JAL Group's Medium Term Management Plan and Annual Plan are established based on effective accounting and tax systems, processing methods and legal requirements at the time of compilation. If these systems, methods and requirements are changed into the future, financial forecasts announced into the plans could change.

d. Risks concerning our aircraft delivery plans

JAL Group aims to build a fleet principally of new, fuel-efficient, small/mid-size aircraft for its air transport business, and has placed orders with aircraft manufacturers such as Boeing and Airbus. If delivery of aircraft is postposed due to technical, financial or other reasons of the aircraft manufacturer or component manufacturer, JAL Group's medium and long term business could be affected.

e. Risks concerning alliances

There have been active movements in the airline business to join a global alliance composed of several airlines or starting a joint business with partner airlines transcending national borders on receiving approval of anti-trust immunity (ATI). JAL Group is a member of the oneworld global alliance, alongside American Airlines (AA), British Airways (BA) and Finnair(AY). We also have a joint business with AA over the transpacific and with BA and AY over European routes.

Our reliance on strategic partners and the oneworld alliance could expose us to a variety of risks which could affect our alliance strategies, such as changes in business conditions of the other party, changes in membership to oneworld, or changes in partnerships with JAL Group.

f. Risks concerning competition

JAL Group faces substantial and intensifying competition in routes, services and fares in both the domestic and international markets.

On domestic routes, we face tough competition with another major Japanese airline, new low cost carriers (LCC), and Shinkansen express train services, and competition with LCCs is also seen to intensify.

On international routes, competition with major Japanese and international airlines is getting increasingly fierce, and the increase in flight slots in Haneda and Narita airports is certain to intensify competition.

We have stakes in Jetstar Japan, which is an LCC established with Jetstar of Australia and another party, and an affiliated company accounted for by the equity-method. At present, impacts of LCCs have been contained within our estimated range. But if competition with Japanese and international LCCs intensify, we will be compelled to reduce our fares. And if a large number of customers shift from JAL Group flights to LCCs including Jetstar Japan, it could negatively affect our LCC strategies, as well as our management and business performance.

If the competitive environment or business environment changes significantly due to this intensifying competition, it could negatively affect management of JAL Group.

g. Risks concerning cost structure

JAL Group has higher unit costs (cost per ASK) compared to Asian airlines and LCCs, as fuel costs, personnel costs, aircraft costs, and taxes account for a large percentage of total operating costs. Therefore, there is a limit to our freedom of reducing costs to match economic conditions. If demand declines or the price of tickets falls, it could negatively affect our business performance.

h. Risks concerning changes in jet fuel prices

JAL Group's business performance is greatly affected by changes in fuel price. The group's fuel costs in FY2014 were approximately 282 billion yen, which accounts for approximately 25% of consolidated operating expenses in FY2014. As competition in the airline industry is extremely tough, we have difficulty dealing with price hikes by increasing fares or asking our customers to pay a fuel surcharge for the increased portion of fuel costs. To reduce risks posed by fluctuations in fuel price, we conduct hedging transactions, etc., using commodity derivatives of crude oil or jet fuel. If the price of crude oil or jet fuel suddenly drops in a short period of time, depending on our hedging position, etc., the fall in market conditions might not be reflected in our business performance at once and might not contribute to improving our business performance.

i. Risks concerning fluctuations in foreign exchange rates

JAL Group conducts business extensively in domestic and international markets, and partially receives revenue and partially pays expenses in foreign currencies. Especially, as jet fuel prices, which account for the largest percentage of total costs, are affected by the US dollar, USD currency volatility has a greater impact on expenses than revenue. To reduce risks to profitability caused by currency volatility, foreign currencies received as revenue are basically used for paying expenses in foreign currencies. We also conduct derivative transactions. Furthermore, as the price of aircraft is mostly in amounts linked to the US dollar, the capitalized amount and depreciation cost have a risk of increasing or decreasing due to exchange fluctuations. To reduce foreign currency exchange fluctuation risk, we conduct derivative transactions to spread the chances of acquiring foreign currencies.

j. Risks concerning disasters

The majority of JAL Group aircraft passengers use aircraft departing and arriving at Haneda and Narita airports. The positioning of Haneda and Narita airports in the group's air transport business is very important. Our important information system center for aircraft operations, such as operations control and reservation control, is located in the Tokyo area. The Operation Control Center which controls the operation and schedule of all our aircraft operating around the world is also located in the Tokyo area. Therefore, if this important facility is affected by a large earthquake in the Tokyo area, etc., fire or terrorist attacks, etc., and Haneda and Narita airports are closed or our information systems or operation functions are suspended for a long period of time, it could seriously affect our business.

k. Risks concerning trust in aviation safety

JAL Group implements various measures each day to ensure safety in aircraft operations, but if we should cause a fatal accident due to a plane crash, it could damage the customers' trust in the safety of our operations and our reputation in society, and we would have to compensate, etc. for the death of passengers, etc. Business continuity could even be put at stake. Furthermore, if safety problems occur to an aircraft type operated by JAL Group or a group's code-share flight, it could also damage the customers' trust in the safety of our operations and our reputation in society, and seriously impact the group's business performance. To reduce various damages caused by an aircraft accident and properly compensate for damages incurred by the victims, we have purchased liability insurance within the equivalent amount and range of compensation as current industry standards.

l. Risks concerning legal regulations

JAL Group's business complies with international regulations and regulations at the government and regional government level in conformance to laws, ordinances and regulations. If these regulations are revised, our business could be further regulated, and we might require a large increase in expenditures.

(a) Airworthiness directives, etc.

If technical problems seriously affect safety in aircraft operations, an airworthiness directive, etc., might be issued by the Japanese Minister of Land, Infrastructure, Transport and Tourism in accordance with laws and ordinances, and operations of aircraft might not be approved until safety has been confirmed. Even if an airworthiness directive is not issued under laws and ordinances, we might have to voluntarily suspend operation of aircraft under internal regulations, etc. If this happens to our aircraft, including the Boeing 787 which we are putting into service with priority, operations of our aircraft might be disrupted, which would negatively affect our business performance.

(b) Laws, ordinances, etc. concerning the air transport business

JAL Group as an air transport operator does business according to laws, ordinances, etc. concerning the airline business. On international routes, we are required to conform to conventions including bilateral aviation agreements, and other international rules. Furthermore, in the air transport business, fares and fees are regulated by the anti-trust law and other similar overseas laws and ordinances.

(c) Environmental regulations, etc.

Amid increasing awareness of corporate social responsibility for the global environment, including prevention of global warming, environmental regulations concerning CO2 emissions, noise, toxic substances, etc., have been heightened. If global gas emission trading increases on the international aviation scene, or environmental regulations, such as fines for global warming gases, etc. are tightened, etc., it could negatively affect our business performance.

(d) Tax and fees, etc.

Taxes and fees, etc. in the airline business refer to landing fees, navigation support facility fees, etc.

Landing fees at some Japanese airports are subject to reduction measures by the Japanese government, but depending on the financial conditions or direction of transport administration of the government of each State, if the reduction of landing fees is abolished or taxes and fees are increased substantially, it could negatively affect our business performance.

m. Risks concerning litigations

JAL Group is currently subject to various litigations concerning business activities, which could affect our business or business performance. We could be sued etc. in the following situations, and depending on the situation, it could negatively affect our business performance due to additional expenditures or need of a reserve fund.

(a) Incidents concerning employment of former employees

In Japan, a lawsuit filed by former JAL employees in January 2011, demanding confirmation of status under the labor contract, was pending in the Supreme Court. But based on the Court's decision to reject their appeal in February 2015, the Tokyo District Court's decision of June 2014, ruling that they have no status under the labor contract with JAL, was legally finalized, and the lawsuit has concluded. Another labor lawsuit is pending in court in Japan, and overseas, several lawsuits concerning confirmation of status under wage/allowance and labor contracts have been filed in Brazil.

(b) Incidents concerning cartels

With regard to an alleged air cargo price cartel charged by the anti-trust authorities, we filed a suit with the European court in January 2011, objecting to orders from the European Union to pay a fine. Also several airlines including JAL were sued by shippers in a civil suit, claiming they suffered damages by an alleged air cargo cartel. With regard to these incidents, the estimated amount of future losses have been registered in a reserve fund for probable future losses and in amounts that can be estimated in a reasonable manner.

n. Risks concerning our dependence on third parties

JAL Group's business is dependent on services by third parties to a certain extent; e.g. maintenance staff, airport staff, aviation security agents, fuel handling workers, baggage handling staff, private security companies.

o. Risks concerning IT (information systems)

JAL Group is dependent on information systems for our business operations. If various problems occur with our information systems caused by computer program problems, computer viruses, etc., important data could be lost, costs for repairs, etc. could increase, etc., and negatively affect our business. If large scale problems occur with infrastructure, etc., electric power which supports our information systems, etc. could seriously disrupt our business.

p. Risks concerning financing

JAL Group is purchasing aircraft in order to renew aircraft, revamping cabins and upgrading core systems, and may need to obtain financing from financial institutions or markets to fulfill capital requirements. Our ability or costs to obtain financing may change depending on financial markets, our credibility, etc. If financial markets or our credibility declines, it might be difficult to obtain financing, and we might suffer a decline in outstanding liquid capital or an increase in costs to obtain financing.

q. Risks concerning handling of customer data

If JAL Group experiences information leaks due to mishandling of or unauthorized access, etc. to the customers' personal information in its possession, it might be obliged to compensate or be subjected to administrative measures. If this happens, it could damage public trust in our business, systems and brand and we could lose the trust of the customers and markets, which

could negatively affect our business, financial conditions and business performance.
In the second quarter of this fiscal year, we confirmed evidence of the theft of customer data due to a malicious program installed in some JAL personal computers which have access to our customer information system. Investigations have been completed, and we are striving to heighten security to prevent recurrence, such as enhancing information management and reviewing system operation.

r. Risks concerning recruitment

We need to secure employees with various qualifications, including national qualifications, and with skills to operate aircraft required under law to conduct our business operations, but it takes considerable time for them to acquire these qualifications and skills. If we are unable to secure the necessary manpower in the required time, it could affect our business operations.

s. Risks concerning labor disputes

Many group employees belong to labor unions. If a labor dispute breaks out, such as a collective strike by our employees, it could negatively affect our aircraft operations.

2.Outline of the Japan Airlines Group

JAL Group (JAL and JAL's subsidiaries) is composed of 90 subsidiaries and 60 affiliated companies, and its business operations are the air transport business and other businesses. The business operations and positions of each business, and the correlation with each segment are as follows.

(1)Air transport business	JAL,33 subsidiaries and 3 affiliated companies, a total of 37 companies, are engaged in the air transport business.
① Air transport business	Japan Airlines Co., Ltd, Japan Trans Ocean Air Co., Ltd, Japan Air Commuter Co., Ltd, J Air Co., Ltd, Hokkaido Air System Co., Ltd, Ryukyu Air Commuter Co., Ltd.and affiliated companies
②Airport Passenger Service	Subsidiaries such as JAL Sky Co.,Ltd. provide check-in and information services for customers, operational support services and load control services.
③ Ground handling	Subsidiaries such as JAL Ground Service Co., Ltd. provide airport ground services, such as baggage and cargo loading, marshaling, and cleaning services inside and outside aircraft.
④ Maintenance	Subsidiaries such as JAL Engineering Co. Ltd. perform maintenance of aircraft, aircraft engines and aircraft parts.
⑤ Cargo	Subsidiaries such as JAL Cargo Service Co., Ltd. and affiliated companies perform cargo and mail handling, warehouse (cargo handling facility) duties, etc.
⑥ Passenger sales	Subsidiaries such as JAL Navia handle reservations and provide information over the phone, etc.
⑦Airport peripheral businesses	Subsidiaries such as JAL Royal Catering Co., Ltd. and affiliated companies produce inflight meals, etc.
(2) Other	57 companies and 57 affiliated companies, a total of 114 companies, are engaged in travel planning/sales using air transport, sales of aircraft seats, baggage delivery, fueling, system development/operations, provision of reservation/ticketing systems for travel agencies, export/import sales of aircraft parts, the credit card business, etc., such as JALPAK Co., Ltd. JAL Sales Co., Ltd., JAL Information technology Co., Ltd. AXESS International Network Inc., JAL Aeroparts Co., Ltd., and JAL CARD Inc.

3.Management Policies

(1)Fundamental Policy

①We will do our best to improve our business performance by maintaining flight safety and providing comfortable services, never forgetting our remorse and regret over our past failure or our gratitude to everyone, and never letting down our guard even when business results are positive.

②As mentioned in the JAL Group Corporate Policy, we will provide customers with unparalleled service, increase corporate value, and contribute to the betterment of society in various ways.

③We will thoroughly analyze profitability of each route, and continuously improve our network in order to build a net work that is convenient for the customers.

④We will continuously pay dividends in order to pass on benefits to shareholders.

【JAL Group Corporate Policy】

The JAL Group will;

Pursue the material and intellectual growth of all our employees;

・Deliver unparalleled service to our customers; and

・Increase corporate value and contribute to the betterment of society.

(2)Targeted Principal Management Indicators

We aim to achieve the following three management targets as set out in the JAL Group Medium Term Management Plan for Fiscal Years 2012-2016 ～To the Next Growth Stage on Establishing a High Profitability Structure～.

① JAL recognizes that “flight safety” is the basis of the existence of the JAL Group and our social responsibility. As a leading company in safety in the transportation sector, JAL will maintain the highest standards of safety.

② JAL will provide unparalleled services to continuously deliver a fresh and enjoyable travel experience for customers. We aim to achieve “Customer Satisfaction No. 1” by FY2016.

③ JAL aims to establish sufficient profitability and financial stability levels capable of absorbing the impact of economic fluctuations and risk events by achieving “10% or above operating profit margin for 5 consecutive years and 50% or above equity ratio at the end of FY2016”.

(3)Medium-and Long-Term Management Strategies

Although various changes in the business environment are expected, we will clearly differentiate JAL from other airlines on three points below in order to “provide a refreshing and inspirational travel experience and become the most preferred airline group by customers in Japan and around the world.”

1.Enhance JAL Brand

“To provide unparalleled service to the customers,” which is one of the goals of JAL Group’s Corporate Policy, we will strive to maintain flight safety, enhance our products and services including human service, and improve and expand our network through joint efforts of every JAL Group staff.

Consequently, we will pursue and create the JAL Brand as a full service carrier, which is clearly different from low cost carriers (LCC).

We have started to take steps to not only enhance the brand of our products and services, but also the corporate brand as a corporate value. We will put in group-wide efforts to create a brand that is widely needed by society and consistently chosen by the customers.

2.Route network, products and services

We are striving to improve our route network, products and services with speed, as we do not merely aim to expand our business, but become an airline that is chosen by as many customers as possible. In international operations, we will expand the operation of aircraft installed with JAL SKY SUITE cabin interiors, and domestically, we have launched JAL SKY NEXT aircraft. We will continuously strive to increase the customers' convenience and provide services that deliver a refreshing travel experience to every customer.

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3.Cost competitiveness

Despite an increase in costs driven by changes in the external environment such as the depreciation of the Japanese yen and elements that push costs upwards such as new services, we are continuously putting in efforts to slash costs by improving productivity. To achieve our targeted Unit Cost (UC), we will continue to improve and penetrate the amoeba management system, on the premise of maintaining and enhancing safety and quality, and to maintain cost competitiveness that is predominant over rival airlines through the staff's ingenuity and innovation.

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(4)Issues to be addressed

JAL Group established the JAL Group Medium Term Management Plan for Fiscal Years 2012-2016- To the Next Growth Stage on Establishing a High Profitability Structure- to overcome major changes and uncertainties in the business environment, survive the competition, and achieve sustainable growth and development. Under the plan, we will meet challenges in especially the following five areas.

① Safety initiatives

② Route network

③ Products and services

④ Group management

⑤ Human resources development

We will approach these areas through the following approaches.

1. Safety initiative

   Flight safety is the foundation of JAL Group's existence and its social responsibility. Leveraging our rich experience accumulated over the years as the pioneer of air transportation in Japan, we will carry out activities in three areas; to develop human resources to maintain safety, to evolve systems to maintain safety, and to cultivate a culture to maintain safety, and thus accumulate our safety layers and provide customers with safe and comfortable flights. To establish safety management systems with high standards and ensure that every JAL Group staff acts with adequate knowledge and high awareness, we will implement safety initiatives with speed under the strong leadership of management.

2. Route network

   We will not merely pursue business expansion, but scrutinize profitability generated on each route and build a highly convenient network bridging cities in Japan and Japan and the world. In international operations, we will continue to pool our business resources on medium and long-haul routes (Europe, North America, Southeast Asia). To respond appropriately to ever-changing supply and demand conditions, we will expand and improve our network in anticipation of future demand growth in North America and Asia, while carefully evaluating profitability. In domestic operations, we will focus on improving our competitiveness according to the competitive environment, respond precisely to changes at Haneda and Itami, our major markets, and maintain and improve profitability while matching supply and demand.

3. Products and services

Based on the key words “high quality and full services” of international flights and “convenience and simplicity” of domestic flights, we aim to provide products and services which provide a refreshing and inspiration travel experience on every flight. Using JAL Education Center and internal and external evaluations, we will develop human resources who compassionately sense the customers’ needs and flexibly respond to their needs. We will create a mileage program where customers can use award tickets more conveniently, and earn and use miles more easily.

4. Group management

   We will continue to hold JAL Philosophy Education classes for every JAL Group staff at the pace of 4 themes a year and penetrate the philosophies. We will also expand the amoeba management system to Group companies, and build a firm organizational operating structure where every staff takes part in management and consciously maximizes revenues and minimizes expenses.

5. Human resources development

   We will establish the ideal qualities in human resources sought by JAL Group and recruit staff in necessary and appropriate numbers. On developing a common basic education/training program for the entire JAL Group, we will train staff focusing on developing leaders and safety/service professionals. By developing human resources in this way and improving productivity in each division, we will maintain JAL Group’s headcount at 32,000 (Group consolidated staff numbers) despite business expansion.

   We have been expanding opportunities for competent staff with abilities and motivation to play active roles at work, regardless of company of employment or region of recruitment. We will continue efforts to create workplaces where diverse human resources can work actively with their colleagues’ support. For example, we will train female staff through training programs to promote growth and motivation so that female staff may occupy 20% or more of total management posts in JAL Group based on the merit system.

JAL Group faces a tough business environment, such as cost increases owing to the weaker yen, capacity expansion of competitors, expansion of LCC services, and extension of the Shinkansen railway network. But by steadily implementing the aforementioned measures, we will do our best to achieve stable profits in any economic situation no matter how tough competition may be so that we can meet the expectations of all stakeholders including our shareholders.

4.Basic policy concerning the selection of accounting standards

JAL Group establishes its consolidated financial statement in accordance with “Regulations concerning Terms, Formats and Method of Compilation of Consolidated Financial Statements” (excluding Chapters 7 and 8) (1976 Ministry of Finance Ordinance No. 28) to enable comparisons between companies and comparisons over the years.

We will adopt IFRS depending on domestic and international conditions.

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5.Consolidated Financial Statements

(1)Consolidated Balance Sheets as of March 31, 2014 and as of March 31, 2015

(Millions of Yen)

Account	FY2013 As of March 31, 2014	FY2014 As of March 31, 2015
(Assets)		
Current assets		
Cash and time deposits	368,774	364,988
Notes and account receivable	143,807	142,150
Short-term investments in securities	58	-
Flight equipment spare parts and supplies	20,680	19,754
Deferred income tax assets	4,532	12,448
Other	68,082	76,931
Allowance for doubtful receivables	(926)	(817)
Total current assets	**605,009**	**615,455**
Fixed assets		
Tangible fixed assets		
Buildings and structure (Net)	34,710	33,686
Machinery, equipment and vehicles (Net)	8,951	7,714
Flight equipment (Net)	447,021	491,295
Land	1,811	1,793
Advances on flight equipment purchases and other	61,992	97,752
Other tangible fixed assets(Net)	6,788	7,016
Total tangible fixed assets	***1 561,277**	***1 639,258**
Intangible assets		
Software	47,336	61,668
Other intangible fixed assets	2,367	1,505
Total intangible assets	**49,703**	**63,174**
Investments		
Investments in securities	***2** 64,931	***2** 93,185
Long-term loans receivable	10,745	9,343
Deferred income tax assets	10,570	3,860
Assets regarding retirement benefit	275	1,974
Other investments	38,024	47,362
Less:Allowance for doubtful accounts	(371)	(258)
Total investments	**124,177**	**155,466**
Total fixed assets	**735,158**	**857,899**
Total assets	**1,340,168**	**1,473,354**

Account	FY2013 As of March 31, 2014	FY2014 As of March 31, 2015
(Liabilities)		
Current liabilities		
Accounts payable-trade	148,999	144,846
Short-term debt	287	106
Current maturities of long-term debt	8,062	7,807
Lease liabilities	32,455	25,123
Accounts payable-installment purchase	196	174
Sales deposit	72,830	78,770
Deferred income taxes	122	181
Reserves for Business restructuring	332	-
Provision for loss on business of subsidiaries and associates	-	3,889
Asset retirement obligation	1,048	-
Other	69,931	112,174
Total current liabilities	**334,265**	**373,074**
Non-current liabilities		
Long-term debt	45,084	43,809
Lease liabilities	46,996	22,548
Long-term accounts payable-installment purchase	1,200	1,025
Deferred income taxes	91	2,317
	-	
Reserve for loss on antitrust liabilities	6,352	5,858
liabilities regarding retirement benefit	166,643	191,635
Asset retirement obligation	3,356	3,419
Other	25,112	28,914
Total non-current liabilities	**294,838**	**299,528**
Total liabilities	**629,103**	**672,603**
(Net Assets)		
Stockholders' equity		
Common stock	181,352	181,352
Capital surplus	183,043	183,042
Retained earnings	332,067	421,137
Treasury stock	(130)	(538)
Total stockholders' equity	**696,332**	**784,992**
Accumulated other comprehensive income		
Net unrealized loss on other securities, net of taxes	6,450	24,334
Net unrealized gain or loss on hedging instruments, net of taxes	6,887	(15,612)
Translation adjustments	(5,187)	(4,101)
Adjustment for retirement benefit	(14,193)	(13,136)
Total accumulated other comprehensive income	(6,044)	(8,516)
Minority interests	20,775	24,275
Total net assets	**711,064**	**800,751**
Total liabilities and net assets	**1,340,168**	**1,473,354**

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

(Millions of Yen)

Account	FY2013 (April 1, 2013– March 31, 2014	FY2014 (April 1, 2014– March 31, 2015)
Operating revenues	1,309,343	1,344,711
Cost of operating revenues	970,098	986,723
Gross operating profit	**339,244**	**357,988**
Selling, general and administrative expenses		
Sales commissions	24,137	25,617
Provision for credit losses	140	111
Labor costs	58,986	61,866
Retirement benefit expenses	4,677	3,962
Other	84,510	86,741
Total Selling, general and administrative expenses	**172,452**	**178,298**
Operating income	166,792	179,689
Non-operating income		
Interest income	784	808
Dividend income	987	1,097
Equity in earnings of affiliates	1,234	1,889
Gain on sale of flight equipment	1,136	3,154
Other	2,860	3,376
Total non-operating income	**7,004**	**10,326**
Non-operating expenses		
Interest expense	2,078	1,665
Loss on sales of flight equipment	4,716	6,954
Equity in loss of affiliates	3,749	2,609
Other	5,618	3,510
Total non-operating expenses	**16,162**	14,740
Ordinary income	**157,634**	**175,275**
Extraordinary gains		
Gain on compensation	8,411	846
Gain on sales of investment securities	929	121
Others	161	206
Total extraordinary gains	**9,502**	1,175

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

(Millions of Yen)

Account	FY2013 (April 1, 2013 – March 31, 2014)	FY2014 (April 1, 2014 – March 31, 2015)
Extraordinary losses		
Provision for loss on business of subsidiaries and associates	-	3,889
Lease contract cancellation cost	4,554	1,454
Impairment loss	*1 1,497	*1 881
Other	1,038	323
Total extraordinary losses	**7,089**	**6,549**
Income before income taxes and minority interests	160,047	169,901
Income taxes-current	11,159	14,656
Income taxes-deferred	(21,498)	1,319
Total income taxes	(10,338)	15,976
Net income before minority interests	170,386	153,925
Minority interests	4,134	4,880
Net income	166,251	149,045
Minority interests	4,134	4,880
Net income before minority interests	170,386	153,925
Other comprehensive income		
Net unrealized loss on other securities, net of taxes	4,026	17,610
Net unrealized gain on hedging instruments, net of taxes	280	(22,515)
Translation adjustments	1,512	1,333
Adjustments for Retirement Benefits	-	1,058
Equivalent interest in equity affiliates	71	355
Total other comprehensive income	5,891	(2,157)
Comprehensive income	**176,277**	**151,768**
Breakdown		
Comprehensive income attributable to owners of the parent	171,822	146,572
Comprehensive income attributable to minority interests	4,455	5,196

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

FY2013(April 1, 2013 – March 31, 2014)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital Surplus	Retained earnings	Common stock in treasury	Total sharholders' equity
Balance at the end of previous period	181,352	183,043	198,196	△ 122	562,469
Changes during the period					
Dividends of Surplus			△ 32,379		△ 32,379
Net income			166,251		166,251
Stock repurchase				△ 8	△ 8
Other changes excluding Shareholders's equity					
Total changes during the period	–	–	133,871	△ 8	133,863
Balance at the end of the period	181,352	183,043	322,067	△ 130	696,332

	Other accumulated comprehensive income					Minority interest on consolidated subsidiaries	Total net assets
	Valuation difference on available–for–sale securities	Deffered gains or losses on hedges	Foreign currency translation adjustment and others	Accrued pension and serverance cost adjustment	Total valuation, tranlsation sdjustment and others		
Balance at the end of previous period	2,353	6,603	△ 6,378	–	2,578	18,141	583,189
Changes during the period							
Dividends of Surplus							△ 32,379
Net income							166,251
Stock repurchase							△ 8
Other changes excluding Shareholders's equity	4,097	283	1,190	△ 14,193	△ 8,622	2,634	△ 5,988
Total changes during the period	4,097	283	1,190	△ 14,193	△ 8,622	2,634	127,875
Balance at the end of the period	6,450	6,887	△ 5,187	△ 14,193	△ 6,044	20,775	711,064

FY2014(April 1, 2014 – March 31, 2015)

	Shareholders' equity				
	Common Stock	Capital Surplus	Retained earnings	Common stock in treasury	Total sharholders' equity
Balance at the end of previous period	181,352	183,043	332,067	△ 130	696,332
Cumulated amount with the changes in accounting policy			△ 30,965		△ 30,965
Balance at the beginning with the changes in accounting policy	181,352	183,043	301,102	△ 130	665,367
Changes during the period					
Dividends of Surplus			△ 29,010		△ 29,010
Net income			149,045		149,045
Stock repurchase				△ 408	△ 408
Difference by equity intrests' fluctuation		△0			△0
Other changes excluding Shareholders's equity					
Total changes during the period	–	△0	120,034	△ 408	119,625
Balance at the end of the period	181,352	183,042	421,137	△ 538	784,992

	Other accumulated comprehensive income					Minority interest on consolidated subsidiaries	Total net assets
	Valuation difference on available–for–sale securities	Deffered gains or losses on hedges	Foreign currency translation adjustment and others	Accrued pension and serverance cost adjustment	Total valuation, tranlsation sdjustment and others		
Balance at the end of previous period	6,450	6,887	△ 5,187	△ 14,193	△ 6,044	20,775	711,064
Cumulated amount with the changes in accounting policy							△ 30,965
Balance at the beginning with the changes in accounting policy	6,450	6,887	△ 5,187	△ 14,193	△ 6,044	20,775	680,099
Changes during the period							
Dividends of Surplus							△ 29,010
Net income							149,045
Stock repurchase							△ 408
Difference by equity intrests' fluctuation							△0
Other changes excluding Shareholders's equity	17,883	△ 22,499	1,085	1,056	△ 2,472	3,499	1,026
Total changes during the period	17,883	△ 22,499	1,085	1,056	△ 2,472	3,499	120,651
Balance at the end of the period	24,334	△ 15,612	△ 4,101	△ 13,136	△ 8,516	24,275	800,751

(4)Consolidated Statement of Cash flows

(Millions of Yen)

Account	FY2013 (April 1, 2013 – March 31, 2014)	FY2014 (April 1, 2014 – March 31, 2015)
Operating activities:		
Net income before income taxes and minority interests	160,047	169,901
Depreciation and amortization	82,718	85,897
Loss on sales and disposal of fixed assets and loss on impairment of fixed assets, net	6,875	6,108
Net reversal of severance benefit	(2,129)	(5,686)
Interest and dividend income	(1,772)	(1,905)
Interest expense	2,078	1,665
Exchange profit, net	652	943
Equity in earnings of affiliates	3,749	2,609
Decrease (increase) in notes and accounts receivable	(22,131)	1,975
Decrease (increase) decrease in supplies	380	851
Increase (decrease) in accounts payable-payable	12,883	(4,392)
Other	17,194	15,730
Subtotal	**260,546**	**273,700**
Interest and dividends income received	2,303	2,360
Interest expenses paid	(2,232)	(1,768)
Income taxes paid	(12,675)	(13,152)
Net cash provided by operating activities	**247,941**	**261,139**
Investing activities:		
Payments into time deposits	(471,404)	(427,960)
Proceeds from withdrawal of time deposits	506,867	396,645
Purchase of non-current assets	(164,590)	(198,635)
Proceeds from sales of non-current assets	2,893	3,538
Purchase of investments in securities	(8,176)	(5,287)
Proceeds from sales and redemption of investment securities	1,206	243
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	145	76
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	-	169
Payments of loans receivable	(4,293)	(287)
Collection of loans receivable	6,138	1,859
Other	(24)	(920)
Net cash used in investing activities	**(131,237)**	**(230,559)**
Financing activities:		
Net increase in short-term loans payable	23	(84)
Proceeds from long-term loans payable	17,880	15,342
Repayment of long-term loans payable	(9,833)	(18,465)
Proceeds from stock issuance to minority shareholders	(32,283)	(28,989)
Dividends paid to minority shareholders	(1,929)	(2,046)
Repayment of lease obligations	(36,112)	(32,638)
Other	342	(441)
Net cash provided (used in) financing activities	**(61,912)**	**(67,323)**
Effect of exchange rate changes on cash and cash equivalents	1,045	1,037
Net increase (decrease) in cash and cash equivalents	55,836	(35,705)
Cash and cash equivalents at the beginning of period	99,413	155,252
Increase in cash and cash equivalents resulting from merger	2	4
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(264)
Cash and cash equivalents at end of period	***1 155,252**	***1 119,287**

(5) Notes Consolidated Financial Statements

・Going Concern Assumptions

None

・Base of presentation of the consolidated financial statement

1. Scope of consolidation

Number of consolidated subsidiaries: 58

JALPAK INTERNATIONAL (GERMANY) GMBH, a consolidated subsidiary, has been removed from the scope of consolidation from this consolidated fiscal year, as JAL transferred its shares.

JAL Express Co., Ltd., a consolidated subsidiary, has been removed from the scope of consolidation from this consolidated fiscal year, as it was dissolved as a result of absorption type merger with JAL, resulting in JAL as the surviving company.

Hokkaido Air System Co., Ltd. has been included in the scope of consolidation from this consolidated fiscal year, as JAL acquired shares in HAC.

JAL Simulator Engineering Co., Ltd., a consolidated subsidiary, has been removed from the scope of consolidation from this consolidated fiscal year, as JAL transferred its shares..

2. Application of the equity method

Number of non-consolidated affiliated company accounted for by the equity-method : 14

Loyalty Marketing Co., Ltd. has been included in the range of companies consolidated by the equity method from this consolidated fiscal year, as JAL received payment for the new shares issued to a third party.

Aviation Training Northeast Asia B.V. has been included in the range of companies consolidated by the equity method from this consolidated fiscal year, as it was newly established.

non-consolidated subsidies, such as Naha Airport Service Co., Ltd., and 46 subsidies, such as Hiroshima Airport Fueling Facility Co., Ltd., are not included in the scope of the equity-method.

Non-consolidated companies and affiliated companies not applicable to the equity-method have been excluded from the scope of the equity-method, as they have very low impact on net loss/profit and retained earnings, as well as consolidated financial statements.

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3. Fiscal year of consolidated subsidiaries

The balance sheet dates of 49 the consolidated subsidiaries,including Japan Transocean co.,Ltd. are March 31.

The balance sheet dates of 9 of the consolidated subsidiaries,including JAL HAWAII INCORPORATED, are December 31. 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

a.Securities: Evaluated based on the market price method, etc. according to market price, etc. on the date of financial closing (the difference in market price is reported in as a component of shareholders' equity, and the cost of products sold are mainly calculated by the moving-average method.)

Non-marketable securities classified as other securities are carried at cost.

Cost of securities sold is determined principally by the moving average method.

b.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).

c.Derivatives: Derivative positions are stated at fair value.

(2)Depreciation of tangible fixed assets (excluding leased assets)

a.Tangible fixed assets Aircraft: The straight-line method

b.Other tangible fixed assets:	Japan Airlines Co.,Ltd	The straight-line method
(excluding aircraft)	Other companies	Principally the declining-balance method based on their estimated useful lives.

Estimated useful lives

Aircraft: 12-20years

Other: 2-65years

(3)Depreciation of intangible fixed assets (excluding leased assets)

The straight-line method

We used the straight line depreciation method based on period of internal usability (mainly 5 - 7 years) for the group's software.

(4)Depreciation of lease assets

a. Lease assets related to ownership transfer finance leases

We used the same method as the depreciation method applied to fixed assets owned by the company.

b. Lease assets related to finance lease transactions that do not transfer ownership

We used the straight-line depreciation method with the lease period as the useful life, and residual value as zero. With regard to some consolidated subsidies, accounting work for finance leases exempt from ownership transfer whose contract was signed prior to April 1, 2008 will be handled according to the normal lease method.

(5)Accounting standards of important provisions

a. Allowance for doubtful accounts

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 historical rate of losses on receivables.

b. A reserve fund to cover unexpected losses of affiliated business

We recognized an estimated amount of possible losses in the future to prepare ourselves against losses of affiliated businesses.

c. Reserve for loss on antitrust litigation

To prepare for payment of court fees or compensation, etc. relating to a price cartel, we have reported an estimated amount of losses in the future.

(6) Accounting Standard for Retirement Benefits

a. 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.

b. Amortization is computed from the fiscal year subsequent to the year in which the adjustment was recorded.

c. 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 period which is less than the average remaining years of service of the active participants in the plans.

(7) Consumption taxes

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

(8) Foreign currency accounts

Foreign currency receivables and payables are translated into yen at the applicable year-end exchange rate 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.

(9) Hedge accounting

a.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. Exchange contracts are under the allocation method.

b.Hedging policy and the hedging instrument and the hedged item

As for foreign currency operational debts(e.g. hotel fees, product purchasing, planned trading in foreign currency) to avert exchange rate volatility risks in the future, we have used forward exchange contracts and currency option trades. To curb price volatility risks of products (jet fuel) and stabilize costs, we use commodity derivatives (swap, options).

c.Risk management and method of assessing hedge effectiveness

Transactions by reporting companies and major consolidated companies are based on the basic policy and established rights. Daily handling is mutually checked by contract managing organization and auditing organization.

Derivative trading conditions are reported at monthly hedging meetings, and the effectiveness of hedging before and after testing is reported to related organizations, as necessary.

At other consolidated subsidies, approval procedures are followed whenever there are transactions according to rules on authorization and trading limits, and the effectiveness of hedging is reported to related departments as necessary.

(10)Amortization period and the amortization method for goodwill

Goodwill acquired recognized are amortized over a period of five years

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(11)Range of funds in the consolidated statement of cash flows

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

(12)Income taxes

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

(Change of Accounting Policy)

(Application of an accounting standard for retirement benefit)

We have applied Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012, hereinafter "the Accounting Standard") and Guidance on Accounting Standard for Retirement Benefits Items 35 and 67 have been applied from this Accounting Standard for Retirement Benefits Items 35 and 67 have been applied from this consolidated fiscal year. We reviewed the method of calculation of projected benefit obligations and current service costs, changed the way of attributing projected benefit to periods from straight-line basis to mainly the benefit formula basis, and changed the way of determining the discount rate from a discount rate based on the period approximate to the expected average remaining working lives of employees to the use of a single weighted average discount rate.

Regarding application of Accounting Standard for Retirement Benefits, the amount affected by changes in the method of calculation of projected benefit obligations and current service costs has been adjusted in retained earnings in the beginning of the consolidated fiscal year according to transitional treatment provided in Accounting Standard for Retirement Benefits Item 37.

As a result, retained earnings at the beginning of the consolidated fiscal year declined by 30,965 million yen, operating profit increased by 2,301 million yen, and ordinary profit and net profit before income tax-deferred increased by 2,302 million yen respectively this consolidated fiscal year

The amount of net asset per share declined by 79.17 yen and current net profit per share increased by 6.25 yen this consolidated fiscal year.

For effects on segment information, please refer to Segment Information, etc.

(Application of Accounting Standard for Business Combination, etc)

As Accounting Standard for Business Combination (ASBJ Statement No. 21, September 13, 2013, hereinafter referred to as "Business Combination Accounting Standard"), Accounting Standard for Consolidated Financial Statement (ASBJ Statement No. 22, September 13, 2013, hereinafter referred to as "Consolidated Accounting Standard") and Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013, hereinafter referred to as "Business Divestitures Accounting Standard"), etc. took force from the beginning of the consolidated fiscal year starting April 1, 2014, we applied these accounting standards from this consolidated fiscal year (excluding provisions in Consolidated Accounting Standard Item 39), and changed treatment to recognizing the difference due to changes in JAL's ownership interest in a subsidiary where JAL continues to control the subsidiary as capital surplus and acquisition costs as costs incurred during the consolidated fiscal year.

Regarding business combination implemented after the beginning of the consolidated fiscal year, we changed the way of. Treatment by reflecting the reviewed allocated amount of acquisition costs through transitional accounting treatment in the consolidated financial statement of the consolidated fiscal year to which the business combination date belongs.

Business combination accounting standards, etc. are applied according to transitional accounting treatment stipulated in Business Combination Accounting Standard No. 58－２(4), Consolidated Accounting Standard No. 44－５(4) and Business Divestitures Accounting Standard No. 57－４(4), and will be applied in the future from the beginning of this consolidated fiscal year.

The impact of these changes on net profit before income tax-deferred and capital surplus at the end of this consolidated fiscal year is minimal.

Regarding consolidated statements of cash flows this consolidated fiscal year, cash flows concerning the acquisition or sale of a subsidiary without a change in scope of consolidation are indicated in "Cash Flows from Investing Activities," and cash flows concerning acquisition costs of a subsidiary with a change in scope of consolidation or cash flows concerning costs arising from the acquisition or sale of a subsidiary without a change in scope of consolidation are indicated in "Cash Flows from Sales Activities."

The impact of these changes on balance of capital surplus in consolidated statements of shareholders' equity at the end of this consolidated fiscal year is minimal.

The impact of these changes on the amount of net asset per share and current net profit per share this consolidated fiscal year is minimal.

For effects on segment information, please refer to "Segment Information, etc."

Notes to the consolidated balance sheet

*1 Accumulated depreciation of tangible fixed assets

(Millions of Yen)

FY2013 As of March 31,2014	FY2014 As of March 31,2015
297,802	336,569

*2 Non-consolidated subsidiaries and affiliates

(Millions of Yen)

	FY2013 As of March 31,2014	FY2014 As of March 31,2015
Investments and other assets		
Investment securities(Stock)	31,227	34,302
Investment securities(Bond)	3,330	3,330

3 Contingent liabilities

(1) Breakdown of guaranteed debt

(Guarantees for bank loans)

(Millions of Yen)

FY2013 As of March 31,2014		FY2014 As of March 31,2015
Employee loan	281	227

4 We have signed a commitment line agreement with three financial institutions to effectively procure working capital. The balance of unexecuted loans, etc. based on these contracts is shown below.

(Millions of Yen)

	FY2013 As of March 31,2014	FY2014 As of March 31,2015
Total amount of commitment line contract	50,000	50,000
Outstanding borrowings	—	—
Net amount	50,000	50,000

Notes to consolidated statements of income and comprehensive income

*1 Impairment loss

The JAL Group has recognized an impairment loss on the following asset groups.

FY2013 April 1,2013 to March 31,2014

Assets utilized in the Company's and consolidated Subsidiaries' operations	Groups of assets	Location
Assets to be sold	Fight equipment	—

Regarding assets planned for sale for which alternative investments had not been planned, the assumed sales amount is expected to be less than book value. Therefore, the book value has been reduced to the recoverable amount and the amount of reduction has been recognized as an impairment loss (1,497 million yen). The breakdown is 1,497 million yen on fight equipment .

The collectable amount of these asset groups are measured by net selling price, and the amount in the sales agreement, etc., is used. In addition, companies accounted for using the equity method also post impartment losses using the same method, and the company's share of comprehensive income of associates accounted for using equity method is posted as an investment gain/loss (28 million yen) based on the equity method.

FY2014 April 1,2014 to March 31,2015

Assets utilized in the Company's and consolidated ubsidiaries' operations	Groups of assets	Location
Assets to be sold	Fight equipment	—

Regarding assets planned for sale for which alternative investments had not been planned, the assumed sales amount is expected to be less than book value. Therefore, the book value has been reduced to the recoverable amount and the amount of reduction has been recognized as an impairment loss (881 million yen). The breakdown is 881 million yen on fight equipment .

The collectable amount of these asset groups are measured by net selling price, and the amount in the Sales agreement, etc., is used. In addition, companies accounted for using the equity method also post impartment losses using the same method, and our company's share of comprehensive income of associates accounted for using equity method is posted as an investment gain/loss (74 million yen) based on the equity method.

Notes to consolidated statements of Cash flows

*1 Relationship between the amount of subjects that are in the consolidated balance sheet with cash and cash equivalents at the end

(Millions of Yen)

	FY2013 April 1,2013 to March 31,2014	FY2014 April 1,2014 to March 31,2015
Deposit accounts and cash	368,774	364,988
Deposit term deposits is more than three months	(213,580)	(245,700)
Maturity short-term investments within three months of the securities	58	-
Cash and cash equivalents	155,252	119,287

Leases

As lessee

1.Finance lease transactions

a.Finance lease

Mainly aviation equipment (aircraft) in the air transport business.

b.Depreciation of lease assets

Described in 4 (4), which provide important basics for preparing consolidated financial statements

At certain consolidated subsidiaries, accounting work of finance leases exempt from ownership transfer whose contracts were signed prior to April 1, 2008 was dealt with according to the normal method for rental and lease. Details are provided below.

(1)Acquisition cost of the leased property, Less accumulated depreciation and Net book value

(Millions of Yen)

	FY2013 As of March 31,2014		
	Acquisition costs	Less accumulated depreciation	Net book value
Fight equipment	988	939	49
Machinery and Vehicles	118	100	17
Other	407	385	22
Total	1,514	1,424	89

(Millions of Yen)

	FY2014 As of March 31,2015		
	Acquisition costs	Less accumulated depreciation	Net book value
Fight equipment	-	-	-
Machinery and Vehicles	58	55	2
Other	-	-	-
Total	58	55	2

(2)Lease payments receivable for finance leases

(Millions of Yen)

	FY2013 As of March 31,2014	FY2014 As of March 31,2015
Within 1 year	92	2
Over 1 year	2	-
Total	94	2

(3)Lease payments, Depreciation expense and Interest expense

(Millions of Yen)

	FY2013 April 1,2013 to March 31,2014	FY2014 April 1,2014 to March 31,2015
Lease payments	320	93
Depreciation expense	296	85
Interest expense	10	1

(4)Method of calculating depreciation

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 equivalent

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.

2.Operating leases

Unexpired lease fee for operating lease transactions that cannot be terminated

(Millions of Yen)

	FY2013 As of March 31,2014	FY2014 As of March 31,2015
Within 1 year	28,079	24,024
Over 1 year	117,398	101,071
Total	145,478	125,096

(Impairment loss)

No impairment loss allocated to least assets.

・Notes to marketable securities

1. Marketable securities classified as other securities

FY2013　March 31,2014 (Millions of Yen)

	Type	Carrying value	Acquisition costs	Unrealized gain(loss)
Balance on the consolidated balance sheets exceeding the acquisition cost	Stocks	24,884	15,595	9,289
	Subtotal	24,884	15,595	9,289
Balance on the consolidated balance sheets not exceeding the acquisition cost	Stocks	314	318	(3)
	Subtotal	314	318	(3)
Total		25,199	15,913	9,285

FY2014　March 31,2015 (Millions of Yen)

	Type	Carrying value	Acquisition costs	Unrealized gain(loss)
Balance on the consolidated balance sheets exceeding the acquisition cost	Stocks	50,105	15,913	34,191
	Subtotal	50,105	15,913	34,191
Balance on the consolidated balance sheets not exceeding the acquisition cost	Stocks	-	-	-
	Subtotal	-	-	-
Total		50,105	15,913	34,191

2. Proceeds from seals of securities classified as other securities

FY2013 April 1,2013 to March 31,2014 (Millions of Yen)

Amount sold	Total gain on sales of securities	Total loss on sales of securities
1,190	930	0

FY2014 April 1,2014 to March 31,2015 (Millions of Yen)

Amount sold	Total gain on sales of securities	Total loss on sales of securities
54	0	-

・Derivatives

1. Derivative transactions to which hedge accounting is not applied

Omitted due to lack of importance.

2. Derivative transactions to which hedge accounting is applied

As for derivatives trading requiring hedge accounting, the contracted amount on the consolidated closing date by hedge accounting method, or principal equivalent amounts provided in contracts are as below.

FY2013 April 1,2013 to March 31,2014 (Millions of Yen)

Hedge accounting	Type of transactions	The main hedged	Contract amount	Over 1 year	Estimated Fair value
Principle treatment method	Foreign exchange forwards				
	Long:	Operating accounts payable			
	U.S.dollar		25,976	3,047	5,255
	Euro		3,430	-	160
	Other		1,215	-	29
	Currency option trading				
	Denominated in yen:Call options	Operating accounts payable	194,217	22,666	7,031
	Short:Put options		82,331	20,957	(1,151)
	Commodity swaps				
	Raceivable floating/ payable fixed	Aviation fuel	105,640	26,964	3,364
	Commodity swaps options				
	Short	Aviation fuel	150,001	-	134
Processing forward foreign exchange contracts	Foreign exchange forwards				
	Long:	Operating accounts payable			
	U.S.dollar		2,969	-	319
	Euro		217	-	15
	Other		157	-	(0)
Total					15,157

Note:Calculation method of current market price

Currency option, commodity swap trading and commodity operation are based on prices, etc. presented by financial institutions

Others are based on the forward exchange rate.

FY2014 April 1,2014 to March 31,2015 (Millions of Yen)

Hedge accounting	Type of transactions	The main hedged	Contract amount	Over 1 year	Estimated Fair value
Principle treatment method	Foreign exchange forwards Long:	Operating accounts payable			
	U.S.dollar		37,248	1,690	3,624
	Euro		3,284	-	(211)
	Other		1,303	-	(32)
	Currency option trading Denominated in yen:Call options	Operating accounts payable	183,843	28,723	19,433
	Short:Put options		97,158	26,186	(869)
	Commodity swaps Raceivable floating/ payable fixed	Aviation fuel	113,996	30,971	(36,044)
	Commodity swaps options Short	Aviation fuel	158,887	-	13
Processing forward foreign exchange contracts	Foreign exchange forwards Long:	Operating accounts payable			
	U.S.dollar		1,102	-	226
	Euro		282	-	(19)
	Other		80	-	2
Total					(13,876)

Note:Calculation method of current market price

Currency option, commodity swap trading and commodity operation are based on prices, etc. presented by financial institutions.

Others are based on the forward exchange rate.

Retirement benefit

1. Outline of retirement benefit system

Japan Airlines and certain significant consolidated subsidiaries have established contributory defined benefit pension plans such as corporate pension funds and lump-sum.

As of March 31, 2015, 43 consolidated subsidiaries had adopted a lump-sum severance indemnity plan. Additionally, there were 3 corporate pension funds, including the Japan Airlines Welfare Pension Fund. Certain foreign subsidiaries have also established contributory defined benefit pension plans.

The Japan Airlines Welfare Pension Fund also introduced an option similar to a cash-balance plan as well as other alternatives.

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

In computing the projected benefit obligation, small companies are permitted to adopt certain simplified methods to calculate and certain subsidiaries have done so.

Certain consolidated subsidiaries have established contributory defined benefit pension plans such as corporate pension funds and lump-sum severance indemnity plans and they calculate retirement benefit liabilities, assets and Net periodic retirement benefit expenses in simplified methods.

2. Defined Benefit Plan

(1)Movement in retirement benefit obligations , except plan applying the simplified method

(Millions of Yen)

	FY2013 April 1,2013 to March 31,2014	FY2014 April 1,2014 to March 31,2015
Balance at beginning of year	397,607	396,449
Amount of cumulative influence	-	30,229
Opening balance changed the accounts policy	397,607	426,678
Service cost	10,244	12,813
Interest cost on projected benefit obligation	8,119	3,221
Actuarial loss	1,454	4,176
Benefit Paid	(20,966)	(22,353)
Past service costs amortization	-	(6)
Others	(9)	143
Balance at end of year	396,449	424,673

(2) Movement in plan assets, except plan applying the simplified method

	FY2013 April 1,2013 to March 31,2014	FY2014 April 1,2014 to March 31,2015
Balance at beginning of year	229,229	233,331
Expected returns on plan assets	3,538	3,613
Actuarial gain	2,207	3,102
Contributions paid by the employer	16,478	16,586
Benefit Paid	(18,122)	(18,522)
Balance at end of year	233,331	238,110

(3) Reconciliation from retirement benefit obligations and plan assets to liability(asset) for retirement benefits, applying the simplified method

	FY2013 April 1,2013 to March 31,2014	FY2014 April 1,2014 to March 31,2015
Balance at beginning of year	3,050	3,249
Retirement benefit cost	171	192
Contributions paid by the employer	(205)	(190)
Benefits Paid	(228)	(254)
Decrease on partial termination of defined benefit plan	(20)	17
Increase by merger	464	43
Other	17	39
Balance at end of year	3,249	3,098

(4) Reconciliation from retirement benefit obligations and plan assets to liability(asset) for retirement benefits

	FY2013 As of March 31,2014	FY2014 As of March 31,2015
Funded retirement benefit obligations	299,952	339,880
Plan assets	(237,004)	(241,887)
	62,948	97,993
Unfunded retirement benefit obligations	103,419	91,667
Total net liability(asset) for retirement benefits	166,367	189,661
Liability for retirement benefits	166,643	191,635
Asset for retirement benefits	(275)	(1,974)
Total net liability(asset) for retirement benefits	166,367	189,661

※Included applying the simplified method

(5) Retirement benefit cost

	FY2013 April 1,2013 to March 31,2014	FY2014 April 1,2014 to March 31,2015
Service cost	10,244	12,813
Interest cost	8,119	3,221
Expected return on plan assets	(3,538)	(3,613)
Past service costs amortization	(18)	(24)
Net actuarial loss amortization	1,884	1,475
Amortization of unrecognized severance benefit obligation at transition	684	680
Retirement benefit cost based on the simplified method	171	192
Other	(671)	(685)
Subtotal	16,876	14,059
Loss on partial termination of defined benefit plan, net	25	20
Total	16,901	14,079

(6) Adjustment for retirement of defined benefit

	FY2013 April 1,2013 to March 31,2014	FY2014 April 1,2014 to March 31,2015
Past service costs	-	(18)
Actuarial losses	-	401
Benefit obligation at transition	-	680
Total	-	1,063

(7) Accumulated adjustment for retirement benefit

	FY2013 As of March 31,2014	FY2014 As of March 31,2015
Past service costs that are yet to be recognized	(435)	(417)
Actuarial losses that are yet to be recognized	14,282	13,881
Unrecognized benefit obligation at transition	680	-
Total	14,527	13,463

(8) Plan assets

		FY2013 As of March 31,2014	FY2014 As of March 31,2015
①	General Insurance fund	79%	89%
	Bond	6	3
	Other	15	8
	Total	100	100

② Setting method for expected rate of return on Assets for long term

To decide expected rate of return on Assets for long term for the pension assets, we are taking long-term expected rate of return into our consideration , which is computed from the combination of the current and future pension asset and various assets composing our pension assets.

(9) Actuarial assumptions

	FY2013 As of March 31,2014	FY2014 As of March 31,2015
Discount rate	1.0 % to 2.0%	0.6 % to 1.8%
Long-term expected rate of return	1.0 % to 2.5%	1.0 % to 2.5%

3. Defined Contribution Plans

Japan Airlines and consolidated subsidiary needs to contribute to the total of 1,579 Million, of which value was 1,545 million yen in last fiscal year.

Tax-effect accounting

1.Deferred tax assets

(Millions of Yen)

	FY2013 As of March 31,2014	FY2014 As of March 31,2015
Deferred tax assets		
Liabilities on retirement benefit	57,417	60,834
Deferred losses on hedges	416	12,845
Lease obligations	22,381	11,284
Operating accounts payable denial	8,947	9,413
Depreciation	3,497	3,634
Flight equipment purchase incentives	4,760	3,018
Reserve for loss on antitrust litigation	2,176	1,837
Asset retirement obligation	1,513	1,075
Loss carried forward	308,571	247,720
Other	7,339	8,060
Deferred tax asset Subtotal	417,020	359,723
Valuation allowance	(377,712)	(316,836)
Deferred tax asset Total	39,307	42,887
Deferred tax liability		
Deferred gain on hedging	3,273	10,863
Leased asset	13,658	7,181
Deferred gains on hedges	4,104	6,373
Other	3,381	4,659
Deferred tax liability Total	24,418	29,077
Deferred tax liabilities, net	14,889	13,809

Net amount of deferred tax assets (liabilities) in the previous consolidated fiscal year and this consolidated fiscal year are included in the following items of the consolidated balance sheet.

(Millions of Yen)

	FY2013 As of March 31,2014	FY2014 As of March 31,2015
Current assets - Deferred tax assets	4,532	12,448
Fixed assets - Deferred tax assets	10,570	3,860
Current liabilities - Deferred tax liabilities	122	181
Fixed liabilities - Deferred tax liabilities	91	2,317

2. Difference cause of the tax rate after application of tax effect accounting and statutory tax rate

(Millions of Yen)

	FY2013 As of March 31,2014	FY2014 As of March 31,2015
Statutory tax rate	36.7%	34.3%
(Adjustment)		
Equity in earnings loss of affiliats	0.9	0.5
Valuation allowance increase or decrease	(42.4)	(27.5)
Decrease in deferred tax assets due to change in tax rate	0.5	1.0
Other	(2.2)	1.1
the tax rate after application of tax effect accounting	(6.5)	9.4

3.Revision of deferred tax assets and deferred tax liabilities due to change in statutory tax rate

Due to the enforcement of the Law Revising a Portion of the Income Tax Law (2015 Law No. 9) on March 31, 2015, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities for this consolidated fiscal year (limited to those cancelled after April 1, 2015) has been changed from 34.3% of the previous consolidated fiscal year to 31.9％for those recovered or expected to be recovered between April 1, 2015 to March 31, 2016, and to 31.4％ for those recovered or expected to be recovered after April 1, 2016.

As a result, deferred tax assets (the amount after deducting deferred tax liabilities) decreased by 992 million yen, income tax-deferred recognized this consolidated fiscal year increased by 958 million yen, valuation difference on available-for-sale security increased by 352 million yen, deferred gains or losses on hedges decreased by 370 million yen, and accumulated adjustment of retirement benefits decreased by 16 million yen.

・Segment Information, etc.

a. Segment Information

1. Overview of reportable segments

Separate financial statements of JAL Group composite units are accessible, and for the Board of Directors to effectively use resources and evaluate business performance, according to management policies, progress of important business executions are reported and considered as necessary. The air transport business is a reporting segment.

The air transport business refers to scheduled and non-scheduled air transport services for international and domestic passengers and cargo.

2. Calculation method of segment

The reported accounting method of business segments is generally the same as stated in “Important matters providing the basis for the preparation of consolidated financial statements”.

Profit of reporting segments is based on operating profit.

Transactions between a reporting segment and others are transactions between consolidated companies based on market prices etc.,

（Application of Accounting Standard for Retirement Benefits, etc. ）

As mentioned in “Change in accounting policy”, we reviewed the method of calculation of projected benefit obligations and current service costs, changed the way of attributing projected benefit to periods from straight-line basis to mainly the benefit formula basis, and changed the way of determining the discount rate from a discount rate based on the period approximate to the expected average remaining working lives of employees to the use of a single weighted average discount rate.

As a result, profit of the air transportation segment for this consolidated fiscal year increased by 2,303 million yen and profit of other businesses declined by 1 million yen compared to the conventional method of calculation.

（Application of Accounting Standard for Business Combination, etc. ）

As mentioned in “Change in accounting policy,”, we changed treatment to recognizing the difference due to change in JAL’s ownership interest in a subsidiary where JAL continues to control the subsidiary as capital surplus and recognize acquisition costs as costs incurred during the consolidated fiscal year.

The impact of these changes on segment profit for this consolidated fiscal year is minimal.

3. Segment Information

FY2013 April 1,2013 to March 31,2014

(Millions of Yen)

	Segment	Others (note1)	Total	Adjustment (note2)	Consolidated (note3)
	Air Transportation				
1.Operating revenues					
(1)Sales to third parties	1,048,107	261,236	1,309,343	-	1,309,343
(2)Inter-group sales and transfers	118,574	31,852	150,426	(150,426)	-
Total	1,166,681	293,089	1,459,770	(150,426)	1,309,343
Segment profit	149,135	17,648	166,784	8	166,792
2.Segment assets	1,279,671	155,475	1,435,146	(94,978)	1,340,168
Others					
Depreciation and amortization	80,643	2,080	82,724	(5)	82,718
Impairment loss	1,497	-	1,497	-	1,497
Investment in equity method affiliates	3,121	20,613	23,735	-	23,735
Increase in Tangible fixed assets and Intangible fixed assets	159,406	3,945	163,351	-	163,351

(Note) 1.“Others”refers to a segment which is not included in a reporting segment. It includes the air transport business and the travel planning and sales business.

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

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

FY2014 April 1,2014 to March 31,2015 (Millions of Yen)

	Segment	Others (note1)	Total	Adjustment (note2)	Consolidated (note3)
	Air Transportation				
1.Operating revenues (1)Sales to third parties	1,079,073	265,638	1,344,711	-	1,344,711
(2)Inter-group sales and transfers	117,169	32,818	149,988	(149,988)	-
Total	1,196,243	298,456	1,494,699	(149,988)	1,344,711
Segment profit	161,593	18,030	179,624	65	179,689
2.Segment assets	1,411,174	166,854	1,578,029	(104,674)	1,473,354
Others					
Depreciation and amortization	84,269	1,944	86,214	(316)	85,897
Impairment loss	881	-	881	-	881
Investment in equity method affiliates	2,818	24,011	26,830	-	26,830
Increase in Tangible fixed assets and Intangible fixed assets	194,227	2,250	196,477	(13)	196,464

(Note) 1.“Others”refers to a segment which is not included in a reporting segment. It includes the air transport business and the travel planning and sales business.

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

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

b. Related information

FY2013　April 1,2013 to March 31,2014

1. Information of each service and product

Omitted as the same information is provided in Segment Information.

2. Operating revenues from overseas operations

(1)Operating revenues (Millions of Yen)

Asia and Oceania	North America	Europe	Total
235,696	171,803	99,918	507,418

(Note) 1.The total of sales on international routes and in countries or regions excluding Japan of reporting companies and consolidated companies.

2.Geographical segmentation in based on geographical proximity of the countries and areas.

Asia and Oceania:China,South Korea,Singapore,India,Australia,Guam

North America:U.S.A.(excluding Guam),Canada

Europe:U.K.,France,Garmany

(2)Tangible fixed assets

Omitted as the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on Consolidated Balance Sheets.

3. Information by major customer

Omitted as none of the earnings of specific external customers do not account for over 10% of earnings on the Consolidated Statement of Income and Comprehensive Income.

FY2014　April 1,2014 to March 31,2015

1. Information of each service and product

Omitted as the same information is provided in Segment Information.

2. Operating revenues from overseas operations

(1)Operating revenues (Millions of Yen)

Asia and Oceania	North America	Europe	Total
247,832	193,505	90,944	532,282

(Note) 1.The total of sales on international routes and in countries or regions excluding Japan of reporting companies and consolidated companies.

2.Geographical segmentation in based on geographical proximity of the countries and areas.

Asia and Oceania:China,South Korea,Singapore,India,Australia,Guam

North America:U.S.A.(excluding Guam),Canada

Europe:U.K.,France,Garmany

(2)Tangible fixed assets

Omitted as the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on consolidated financial statements.

3. Information by major customer

Omitted as none of the earnings of specific external customers do not account for over 10% of earnings on the Consolidated Statement of Income and Comprehensive Income.

c. Information on impairment loss on fixed assets by reportable segment

FY2013 April 1,2013 to March 31,2014

Omitted as the same information is provided in Segment Information.

FY2014 April 1,2014 to March 31,2015

Omitted as the same information is provided in Segment Information.

d. Information about the amortization of goodwill and year-end balance by reportable segment

FY2013 April 1,2013 to March 31,2014 (Millions of Yen)

	Reportable segments	Other	Total	Adjustment	Consolidated
	Air transport business				
Amortization amount	-	852	852	-	852
Year-end balance	-	2,154	2,154	-	2,154

FY2014 April 1,2014 to March 31,2015 (Millions of Yen)

	Reportable segments	Other	Total	Adjustment	Consolidated
	Air transport business				
Amortization amount	22	849	871	-	871
Year-end balance	-	1,305	1,305	-	1,305

e. Information about the gain on negative goodwill by reportable segment

FY2013 April 1,2013 to March 31,2014

There is no applicable matter

FY2014 April 1,2014 to March 31,2015

There is no applicable matter

(Per share information)

	FY2013 April 1,2013 to March 31,2014	FY2014 April 1,2014 to March 31,2015
Net assets per share	1,903.53 yen	2,142.00 yen
Net income per share	458.45 yen	411.06 yen

(Note) 1.For net income per share (diluted), have not been shown because potential shares does not exist.
2.The basis for calculating

(1)Net assets per share

	FY2013 As of March 31,2014	FY2014 As of March 31,2015
Total net assets (Millions of yen)	711,064	800,751
Amounts deducted from total net assets (Millions of yen)	20,775	24,275
(Minority interests) (Millions of yen)	(20,775)	(24,275)
Net assets at the balance sheet related to common stock (Millions of yen)	690,288	776,475
The year-end number of common stock used for the calculation of net assets per share (Thousand shares)	362,636	362,500

Note: JAL undertook a two-for-one stock split of its common shares as of October 1, 2014. As a result, net asset per share is calculated on the assumption that the stock split was undertaken at the beginning of the previous consolidated fiscal year.

(2) Net income per share

	FY2013 April 1,2013 to March 31,2014	FY2014 April 1,2014 to March 31,2015
Net income (Millions of yen)	166,251	149,045
Amount not attributable to common shareholders (Millions of yen)	—	—
Net income in accordance with the common stock (Millions of yen)	166,251	149,045
Average number of shares outstanding during the period (Thousand shares)	362,639	362,584

Note: JAL undertook a two-for-one stock split of its common shares as of October 1, 2014. As a result, net income per share is calculated on the assumption that the stock split was undertaken at the beginning of the previous consolidated fiscal year.

Significant Subsequent Event ; None

6.Non-consolidated Financial Statements

(1) Balance Sheets

(Millions of Yen)

Account	FY2013 As of March 31, 2014	FY2014 As of March 31, 2015
(Assets)		
Current assets		
Cash and time deposits	354,202	349,592
Accounts receivable	155,838	150,431
Flight equipment spare parts and supplies	17,071	16,046
Prepaid expenses	6,547	7,315
Deferred tax assets	2,779	10,860
Other	68,765	73,228
Allowance for doubtful accounts	(66)	(113)
Total current assets	**605,138**	**607,361**
Fixed assets		
Tangible fixed assets		
Buildings	29,081	28,331
Structures	57	72
Machinery and equipment	5,726	3,793
Flight equipment	434,788	479,065
Vehicles	461	719
Tools, furniture and fixtures	5,680	6,104
Land	1,246	1,246
Advances on flight equipment and other purchases	61,895	90,692
Total tangible fixed assets	**538,937**	**610,026**
Intangible assets		
Software	42,882	59,855
Other	4	4
Total intangible assets	**42,887**	**59,859**
Investments and other oassets		
Investments in securities	29,645	54,796
Shares of subsidiaries and affiliates	73,531	71,948
Bonds of subsidiaries and affiliates	3,330	3,330
Long-term loans receivable	10,681	9,284
Long-term prepaid expenses	3,596	1,526
Deferred tax assets	7,743	185
Other	30,989	42,478
Allowance for doubtful accounts	(107)	(109)
Total investments and other assets	159,408	183,440
Total fixed assets	**741,233**	**853,327**
Total assets	**1,346,372**	**1,460,688**

Balance Sheets

(Millions of Yen)

Account	FY2013 As of March 31, 2014	FY2014 As of March 31, 2015
(Liabilities)		
Current liabilities		
Accounts payable-trade	160,992	162,867
Short-term borrowings	141,580	123,035
Current portion of long-term loans payable	7,413	7,127
Lease payable	32,031	24,778
Accounts payable-installment purchase	196	174
Accounts payable - other	16,411	16,422
Accrued expenses	8,506	8,618
Income taxes payable	678	742
Advances received	55,381	64,466
Deposits received	14,123	18,765
Air Transport deposits received	27,511	24,459
Provision for restructuring on business	332	-
Other	3,937	33,009
Total current liabilities	**469,097**	**484,467**
Non-current liabilities		
Long-term loans payable	43,602	40,853
Lease payable	45,410	20,950
Long-term accounts payable-installment purchase	1,200	1,025
Provision for retirement benefits	123,296	151,444
Reserve for loss on antitrust litigation	6,352	5,858
Other	23,759	27,650
Total non-current liabilities	**243,620**	**247,783**
Total liabilities	**712,718**	**732,251**
(Net Assets)		
Shareholders' equity		
Common stock	181,352	181,352
Capital surplus		
Legal capital reserves	174,493	174,493
Total capital surplus	174,493	174,493
Retained earnings		
Other retained earnings		
Earned surplus brought forward	264,863	364,967
Total Retained earnings	264,863	364,967
Treasury stock	(0)	(408)
Total owners' equity	**620,708**	**720,404**
Valuation, translation adjustments and other		
Net unrealized gains or losses on other securities, net of taxes	6,241	23,819
Deferred gains or losses on hedges , net of taxes	6,703	(15,786)
Total valuation, translation adjustments and other	**12,945**	**8,032**
Total net assets	**633,653**	**728,437**
Total liabilities and net assets	**1,346,372**	**1,460,688**

(2)Statement of Income (Millions of Yen)

Account	FY2013 (April 1, 2013 – March 31, 2014)	FY2014 (April 1, 2014 – March 31, 2015)
Operating revenues	1,049,247	1,090,140
Cost of operating revenues	799,516	825,467
Gross operating profit	249,730	264,673
Selling, general and administrative expenses	128,263	136,049
Operating income	121,467	128,623
Non-operating income		
Interest income and dividend income	13,835	14,179
Exchange gain, net	1,110	1,944
Other	3,483	5,534
Total non-operating income	18,429	21,659
Non-operating expenses	-	-
Interest expense	2,131	1,734
Other	9,994	9,920
Total non-operating expenses	12,126	11,655
Ordinary income	127,770	138,627
Extraordinary gains		
Gain on extinguishment of tie-in shares	-	26,980
Other	10,202	861
Total extraordinary gains	10,202	27,841
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	8,728	3,959
Lease penalties	4,554	1,454
Loss on impairment of fixed assets	1274	820
Other	923	282
Total extraordinary losses	15,481	6,517
Net income before income taxes and minority interests	122,491	159,951
Income taxes-current	(5,115)	(3,984)
Income taxes-deferred	(17,267)	760
Total Income taxes	(22,383)	(3,223)
Net income	144,874	163,175

(3) Non-consolidated statement of Change in Net Assets

FY2013(April 1,2013- March 31,2014)

(Millions of Yen)

	Shareholders' equity						
		Capital Surplus		Retained earnings			
	Capital	Legal Capital Surplus	Total of Capital Surplus	Other retained earnings earned surplus	Total of retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	181,352	174,493	174,493	152,374	152,374	–	508,220
Changes during the period							
Dividends of Surplus				△ 32,385	△ 32,385		△ 32,385
Net income				144,874	144,874		144,874
Stock repurchase						△ 0	△ 0
Other changes excluding Shareholders's equity							
Total changes during the period	–	–	–	112,488	112,488	△ 0	112,488
Balance at the end of the period	181,352	174,493	174,493	264,863	264,863	△ 0	620,708

	Other accumulated comprehensive income			
	Valuation difference on available-for-sale securities	Deffered gains or losseson hedges	Total of the valuation	Total shareholders' equity
Balance at the end of previous period	2,227	5,930	8,158	516,378
Changes during the period				
Dividends of Surplus				△ 32,385
Net income				144,874
Stock repurchase				△ 0
Other changes excluding Shareholders's equity	4,014	772	4,786	4,786
Total changes during the period	4,014	772	4,786	117,275
Balance at the end of the period	6,241	6,703	12,945	633,653

FY2014(April 1,2014- March 31,2015)

(Millions of Yen)

	Shareholders' equity						
		Capital Surplus		Retained earnings			
	Capital	Legal Capital Surplus	Total of Capital Surplus	Other retained earnings earned surplus	Total of retained earnings	Treasury stock	Total shareholders' equity
Balance at the end of previous period	181,352	174,493	174,493	264,863	264,863	△ 0	620,708
Cumulated amount with the changes in accounting policy				△ 34,054	△ 34,054		△ 34,054
Balance at the beginning with the changes in accounting policy	181,352	174,493	174,493	230,808	230,808	△ 0	586,653
Changes during the period							
Dividends of Surplus				△ 29,016	△ 29,016		△ 29,016
Net income				163,175	163,175		163,175
Stock repurchase						△ 408	△ 408
Other changes excluding Shareholders's equity							
Total changes during the period	–	–	–	134,158	134,158	△ 408	133,750
Balance at the end of the period	181,352	174,493	174,493	364,967	364,967	△ 408	720,404

	Shareholders' equity			
	Valuation difference on available-for-sale securities	Deffered gains or losseson hedges	Total of the valuation	Total shareholders' equity
Balance at the end of previous period	6,241	6,703	12,945	633,653
Cumulated amount with the changes in accounting policy				△ 34,054
Balance at the beginning with the changes in accounting policy	6,241	6,703	12,945	599,599
Changes during the period				
Dividends of Surplus				△ 29,016
Net income				163,175
Stock repurchase				△ 408
Other changes excluding Shareholders's equity	17,577	△ 22,489	△ 4,912	△ 4,912
Total changes during the period	17,577	△ 22,489	△ 4,912	128,838
Balance at the end of the period	23,819	△ 15,786	8,032	728,437