

**[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 Three Months Ended June 30, 2017 (Japanese GAAP)

**Company name** Japan Airlines Co., Ltd  
**Stock Listing** Tokyo Stock Exchange  
**Code No.** 9201 **URL:** <http://www.jal.com> July 31, 2017  
**Representative** Yoshiharu Ueki, President  
**Contact** Yuichiro Kito, General Manager, Finance **Phone:** +81-3-5460-3068  
 Scheduled date for filing of quarterly report: August 1, 2017  
 Scheduled date for dividend payment: Not Applicable  
 Supplementary explanations of quarterly financial results: Yes  
 Presentation for the quarterly financial results: Yes (for institutional investors and analysts)

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

### 1. Consolidated Financial Results for the Three Months Ended June 30, 2017 (April 1, 2017 to June 30, 2017)

#### (1) Consolidated Operating Results (Cumulative)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Three months ended June 30, 2017	314,815	5.9	24,747	12.0	24,553	24.6	19,563	32.9
Three months ended June 30, 2016	297,210	(4.8)	22,090	(39.1)	19,705	(49.8)	14,720	(54.9)

\*Comprehensive income for the period April 1, 2017 - June 30, 2017: 21,966 Millions of Yen (-10.2%) , April 1, 2016 - June 30, 2016: 24,474 Millions of Yen (-40.1%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2017	55.34	-
Three months ended June 30, 2016	40.61	-

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder's equity ratio (%)	Shareholder's equity Per share
	Millions of Yen	Millions of Yen		Yen
As of June 30, 2017	1,731,338	988,899	55.4	2,713.84
As of March 31, 2017	1,728,777	1,003,393	56.2	2,749.71

(Reference) Shareholder's equity: Three months ended June 30, 2017: 959,386 Millions of Yen, Year ended March 31, 2017: 972,064 Millions of Yen

### 2. Dividends

	Dividends per Share				
	1st Quarter End	2nd Quarter End	3rd Quarter End	Fiscal Year End	Total
	Yen	Yen	Yen	Yen	Yen
Year Ended March 31, 2017	-	-	-	94.00	94.00
Year Ending March 31, 2018	-	-	-	-	-
Year Ending March 31, 2018 (Forecast)	-	48.00	-	48.00	96.00

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

### 3. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2018

(Percentage compared to prior year)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Earnings per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Entire Fiscal Year	1,348,000	4.6	153,000	(10.2)	146,000	(11.5)	108,000	(34.2)	305.50

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

Forecast for the six months ending September 30, 2017 is not made.

## Notes

- (1) Changes in significant consolidated subsidiaries during the three months ended June 30, 2017: None
- (2) Application of accounting methods which are exceptional for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates and restatement of corrections
  - 1) Changes in accounting policies resulting from the revision of the accounting standards and other regulations: None
  - 2) Changes in accounting policies other than 1): None
  - 3) Changes in accounting estimates: None
  - 4) Restatement of corrections: None
- (4) Number of shares issued (common stock)
  - (a) Total number of shares issued at the end of the period (including treasury shares)
    - As of June 30, 2017 : 353,715,800
    - As of March 31, 2017 : 353,715,800
  - (b) Number of treasury shares at the end of the period
    - As of June 30, 2017 : 199,873
    - As of March 31, 2017 : 199,873
  - (c) Average number of shares outstanding
    - During the three months ended June 30, 2017 : 353,515,927
    - During the three months ended June 30, 2016 : 362,500,605

## **Indication of quarterly review procedure implementation status**

The quarterly consolidated financial results are excluded from the quarterly review.

## **Explanation for appropriate use of forecasts and other notes**

Remarks on the description on future forecast

The forward-looking statements such as operational forecasts contained in this statements summary are based on information currently available to the Company and certain assumptions which are regarded as legitimate. Actual results may differ from such forward-looking statements for a variety of reasons. Please refer to “Qualitative Information concerning Financial Results for the First Quarter of FY2017” in the Attachment for the assumptions used and other notes.

\* The Company will hold a presentation for institutional investors and analysts on July 31, 2017. Documents distributed at the presentation are scheduled to be posted on our website on the same day.

# Attachment

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## 1. Qualitative Information concerning Financial Results for the First Quarter of FY2017

### (1) Explanation of Operating Results

Consolidated operating revenue increased by 5.9% year-on-year to 314.8 billion yen and operating expense increased by 5.4% to 290.0 billion yen, while operating profit increased by 12.0% year on year to 24.7 billion yen and ordinary profit increased by 24.6% to 24.5 billion yen. Profit attributable to owners of parent for the first quarter was 19.5 billion yen, up 32.9% year on year.

(JPY Bn)	Three months ended June 30, 2016	Three months ended June 30, 2017	% or points compared to prior period
<b>Operating Revenue</b>	297.2	314.8	105.9%
International Passenger	99.5	105.5	106.1%
Domestic Passenger	109.4	116.1	106.1%
Cargo / Mail	18.6	21.0	112.9%
Other	69.6	72.0	103.5%
<b>Operating Expense</b>	275.1	290.0	105.4%
Fuel	49.3	50.3	101.9%
Excluding Fuel	225.7	239.7	106.2%
<b>Operating Profit</b>	22.0	24.7	112.0%
<b>Operating Profit Margin (%)</b>	7.4	7.9	0.4
<b>Ordinary Profit</b>	19.7	24.5	124.6%
<b>Profit attributable to owners of parent</b>	14.7	19.5	132.9%

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

Financial results of each segment are as follows.

#### Air Transportation Segment

Operating revenue increased by 6.5% year-on-year to 285.8 billion yen and operating profit increased by 12.4% year-on-year to 21.9 billion yen. (Operating revenue and operating profit are before elimination of transactions between segments.)

Details are provided below.

### **a. International Operations**

In international passenger operations, inbound demand from overseas remained robust and outbound demand has been buoyant, resulting in higher load factors than the year before.

In route operations, the Narita=New York JFK route operated with the 787-8 was upgauged to the 777-300ER with a First Class cabin from March 26, 2017, and a new Haneda=New York JFK route was launched starting on April 1, 2017. Both of these routes have been in great demand by our customers. In addition to a new route between Narita and Melbourne (from September 1, 2017) and the resumed service between Narita and Kona (from September 15, 2017), flights between Haneda and London will be increased (from October 29, 2017) to provide customers with a more convenient and extensive network.

On the marketing and service front, a second and newly painted JAL Doraemon Jet began operating between Haneda and Beijing and between Haneda and Guangzhou to inspire customers to fly with JAL when travelling between Japan and China. The JAL Doraemon Jet is painted in a special livery featuring the iconic manga character Doraemon, which is popular in China. JAL also launched sales of the JAL FALCON Business Jet Service in collaboration with Dassault Falcon Service to offer a private business jet charter service providing passengers flying on JAL's scheduled flights between Tokyo and Paris with seamless onward connections.

On the product side, JAL won the title for the Best Economy Class Airline Seat at the 2017 SKYTRAX World Airline Awards held at Paris Air Show. JAL received this award for the second time, after also winning it in 2015.

As a result of the above, capacity on international routes measured in Available Seat Kilometers (ASK) decreased by 0.8% year-on-year, and international passenger revenue was 105.5 billion yen, up 6.1% from the year before thanks to JAL's revenue management initiatives, an increase in fuel surcharge revenue and such.

### **b. Domestic Operations**

In route operations, Embraer 190 operated routes were further expanded, primarily to and from Itami (Osaka), and the state-of-the-art ATR42-600 turboprop was newly introduced to Japan Air Commuter's services to outlying island routes of Kagoshima, Kyushu to improve convenience and comfort on regional network routes.

On the product side, JAL launched Japan's one and only free inflight Wi-Fi service on domestic routes available aboard JAL SKY NEXT flights as part of its value creation initiatives for domestic passenger services. In addition, the 737-800 aircraft, operated by Japan Transocean Air, are progressively being retrofitted with JAL SKY NEXT cabin interiors to add greater convenience and comfort in air travel.

Airport services saw renovations of Sakura Lounge at Fukuoka Airport and Hiroshima Airport, and the opening of the newly renovated luxury lounge for top-tier domestic passengers, Diamond Premier Lounge, at Fukuoka Airport, following those opened at Haneda, New Chitose (Sapporo), and Itami (Osaka). Meal and drink service menus were improved and service hours were reviewed to improve the quality of lounge services.

As a result of the above, capacity on domestic routes measured in Available Seat Kilometers (ASK) increased by 0.9% year-on-year, and domestic passenger revenue was 116.1 billion yen, up 6.1% from the year before.

## Consolidated Traffic Results

	Three months ended June 30, 2016	Three months ended June 30, 2017	% or points compared to prior period
<b>INTERNATIONAL</b>			
Revenue passengers carried (number of passengers)	2,052,250	2,038,345	99.3%
Revenue passenger km (1,000 passenger-km)	9,930,109	10,091,581	101.6%
Available seat km (thousands)	12,690,256	12,588,402	99.2%
Revenue passenger-load factor (%)	78.2	80.2	1.9
Revenue cargo ton-km (thousands)	432,741	538,445	124.4%
Mail ton-km (thousands)	57,560	63,095	109.6%
<b>DOMESTIC</b>			
Revenue passengers carried (number of passengers)	7,465,134	8,070,230	108.1%
Revenue passenger-km (1,000 passenger-km)	5,567,589	6,025,372	108.2%
Available seat km (thousands)	8,743,580	8,820,017	100.9%
Revenue passenger-load factor (%)	63.7	68.3	4.6
Revenue cargo ton-km (thousands)	86,857	89,110	102.6%
Mail ton-km (thousands)	6,565	6,249	95.2%
<b>TOTAL</b>			
Revenue passengers carried (number of passengers)	9,517,384	10,108,575	106.2%
Revenue passenger-km (1,000 passenger-km)	15,497,698	16,116,953	104.0%
Available seat km (thousands)	21,433,836	21,408,419	99.9%
Revenue passenger-load factor (%)	72.3	75.3	3.0
Revenue cargo ton km (thousands)	519,598	627,555	120.8%
Mail ton km (thousands)	64,125	69,344	108.1%

- Revenue Passenger Kilometers (RPK) is the number of fare-paying passengers multiplied by the distance flown (km).  
Available Seat Kilometers (ASK) is the number of available seats multiplied by the distance flown (km).  
Revenue Cargo Ton Kilometers (RCTK) is the amount of cargo (ton) transported multiplied by the distance flown (km).
- The distance flown between two points, used for calculations of RPK, ASK and RCTK above is based on the great-circle distance and according to statistical data from IATA (International Air Transport Association) and ICAO (International Civil Aviation Organization).
- International operations: Japan Airlines Co., Ltd.  
Domestic operations: Japan Airlines Co., Ltd., Japan Transocean Air Co., Ltd., Japan Air Commuter Co., Ltd., J-Air Co., Ltd., Ryukyu Air Commuter Co., Ltd., and Hokkaido Air System Co., Ltd..
- Figures have been truncated and percentages are rounded off to the first decimal place.

## (2) Explanations of Forecast of Consolidated Financial Results

### a. Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2018

	Operating Revenue	Operating Profit	Ordinary Profit	Profit attributable to owners of parent	Earnings per share
Previous Forecast (A)	Millions of Yen 1,339,000	Millions of Yen 142,000	Millions of Yen 137,000	Millions of Yen 100,000	Yen 282.87
New Forecast (B)	1,348,000	153,000	146,000	108,000	305.50
Change (B-A)	9,000	11,000	9,000	8,000	-
Change (%)	0.7	7.7	6.6	8.0	-
Ref.) Consolidated Financial Results of the Fiscal Year Ended March 31, 2017	1,228,967	170,332	165,013	164,174	456.56

### b. Reasons for Revisions of Financial Forecast for the Fiscal Year Ending March 31, 2018

Full-year consolidated revenues are expected to increase 9.0 billion yen over the previous forecast, as international passenger unit revenue, domestic passenger demand, and cargo demand outperformed their respective forecasts for the first quarter. Full-year consolidated expenses are expected to decline 2.0 billion yen from the previous forecast due to lower-than-expected fuel prices during the reporting period and continuous efforts to increase cost effectiveness throughout the year. Full-year consolidated operating profit reflecting these factors is seen to increase 11.0 billion yen over the previous forecast.

We have revised our earnings forecast for the fiscal year ending March 31, 2018 due to a 9.0 billion yen increase in full-year consolidated ordinary profit and an 8.0 billion yen increase in full-year net profit attributable to owners of parent.

Based on revisions to the full-year consolidated earnings forecast, we have revised our dividend forecast for the fiscal year ending March 31, 2018 to 96.0 yen per share and our interim dividend forecast to 48.0 yen per share.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets as of March 31, 2017 and as of June 30, 2017

(Millions of Yen)

Account	FY2016 As of March 31, 2017	FY2017 As of June 30, 2017
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and deposits	392,075	372,634
Notes and operating account receivable	142,745	141,843
Securities	12,000	16,000
Flight equipment spare parts and supplies	21,118	21,529
Other	58,886	51,923
Allowance for doubtful accounts	(493)	(490)
<b>Total current assets</b>	<b>626,332</b>	<b>603,441</b>
<b>Non-current assets</b>		
<b>Tangible fixed assets, net</b>		
Flight equipment	671,387	680,870
Other tangible fixed assets	153,540	165,754
<b>Total tangible fixed assets</b>	<b>824,928</b>	<b>846,625</b>
Intangible assets	95,913	98,095
Investments and other assets	181,602	183,175
<b>Total non-current assets</b>	<b>1,102,444</b>	<b>1,127,897</b>
<b>Total assets</b>	<b>1,728,777</b>	<b>1,731,338</b>
<b>Account</b>	<b>FY2016</b>	<b>FY2017</b>
	<b>As of March 31, 2017</b>	<b>As of June 30, 2017</b>
<b>(Liabilities)</b>		
<b>Current liabilities</b>		
Operating accounts payable	159,218	152,576
Short-term loans payable	5,372	54
Current portion of long-term loans payable	13,037	12,069
Lease obligations	5,712	4,468
Accounts payable-installment purchase	181	182
Other	181,078	216,343
<b>Total current liabilities</b>	<b>364,601</b>	<b>385,696</b>
<b>Non-current liabilities</b>		
Bonds payable	20,000	20,000
Long-term loans payable	65,802	64,405
Lease obligations	5,300	5,262
Long-term accounts payable-installment purchase	666	619
Provision	5,965	6,009
Net defined benefit liability	238,481	236,361
Other non-current liabilities	24,568	24,083
<b>Total non-current liabilities</b>	<b>360,783</b>	<b>356,743</b>
<b>Total liabilities</b>	<b>725,384</b>	<b>742,439</b>
<b>(Net Assets)</b>		
<b>Shareholders' equity</b>		
Common stock	181,352	181,352
Capital surplus	183,047	183,047
Retained earnings	647,701	634,034
Treasury shares	(531)	(531)
<b>Total shareholders' equity</b>	<b>1,011,569</b>	<b>997,902</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	13,828	16,344
Deferred losses on hedges	(667)	(3,444)
Foreign currency translation adjustment	232	117
Remeasurements of defined benefit plans	(52,898)	(51,532)
<b>Total accumulated other comprehensive income</b>	<b>(39,504)</b>	<b>(38,516)</b>
<b>Non-controlling interests</b>	31,328	29,513
<b>Total net assets</b>	<b>1,003,393</b>	<b>988,899</b>
<b>Total liabilities and net assets</b>	<b>1,728,777</b>	<b>1,731,338</b>



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

(Millions of Yen)

Account	Three months ended June 30, 2016	Three months ended June 30, 2017
Operating revenue	297,210	314,815
Operating cost	227,671	239,738
Operating gross profit	69,539	75,077
Selling, general and administrative expenses	47,448	50,329
Operating profit	22,090	24,747
Non-operating income		
Interest and dividend income	627	982
Gain on sales of flight equipment	327	492
Other	847	559
Total non-operating income	1,803	2,034
Non-operating expenses		
Interest expense	233	195
Loss on sales and disposal of flight equipment	688	1,645
Other	3,275	387
Total non-operating expenses	4,187	2,228
Ordinary profit	19,705	24,553
Extraordinary income		
Gain on sales of investment securities	-	722
Reversal of reverse for loss on antitrust litigation	619	-
Other	15	126
Total extraordinary income	635	849
Extraordinary losses		
Loss on disposal of fixed assets	48	88
Provision of reserve for loss on antitrust litigation	-	44
Other	18	7
Total extraordinary losses	66	139
Profit before income taxes	20,274	25,262
Income taxes	4,196	4,243
Profit	16,078	21,018
<b>Breakdown</b>		
Profit attributable to owners of parent	14,720	19,563
Profit attributable to non-controlling interests	1,357	1,455
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,950)	2,437
Deferred gains (losses) on hedges	9,618	(2,695)
Foreign currency translation adjustment	(705)	(172)
Remeasurements of defined benefit plans	1,592	1,374
Share of other comprehensive income of entities accounted for using equity method	(158)	3
Total other comprehensive income	8,396	947
Comprehensive income	24,474	21,966
<b>Breakdown</b>		
Comprehensive income attributable to owners of the parent	23,394	20,552
Comprehensive income attributable to non-controlling interests	1,080	1,413

### (3) Consolidated Statement of Cash Flows - Summary

(Millions of Yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
I . Cash flows from operating activities *1:	60,927	69,918
II . Cash flows from investing activities:	30,200	(23,247)
III . Cash flows from financing activities:	(56,647)	(43,395)
IV . Cash and cash equivalents at end of period	125,975	127,689
*1 Depreciation and amortization	23,426	25,578

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

(Millions of Yen)

	FY2016 April 1, 2016 to June 30, 2016	FY2017 April 1, 2017 to June 30, 2017
Cash and deposits	344,236	372,634
Securities	13,000	16,000
Term deposits for over three months	(231,261)	(260,944)
Cash and cash equivalents	125,975	127,689

### (4) Notes for Consolidated Financial Statements

#### Going Concern Assumptions

None

#### Explanatory Note in case of Remarkable Changes in Shareholders' Equity

None

## Segment Information, etc.

### Segment information

#### a. Consolidated financial results for the first quarter of FY2016 (April 1, 2016 to June 30, 2016)

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

(millions of yen)

	Reportable segment	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Air transportation				
Operating revenue					
1. Sales to external	243,516	53,694	297,210	-	297,210
2. Intersegment	24,801	6,806	31,607	(31,607)	-
Total	268,317	60,500	328,818	(31,607)	297,210
Segment profit	19,501	2,626	22,127	(37)	22,090

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

2. Adjustment includes intersegment elimination.

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

#### b. Consolidated financial results for the first quarter of FY2017 (April 1, 2017 to June 30, 2017)

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

(millions of yen)

	Reportable segment	Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Air transportation				
Operating revenue					
1. Sales to external	259,555	55,260	314,815	—	314,815
2. Intersegment	26,273	7,238	33,512	(33,512)	—
Total	285,828	62,499	348,327	(33,512)	314,815
Segment profit	21,925	2,869	24,794	(47)	24,747

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

2. Adjustment includes intersegment elimination.

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

### Significant Subsequent Event

None