

Japan Airlines Corporation

Non-Consolidated Interim Financial Information

*For the six months ended September 30, 2004 and 2003
and the year ended March 31, 2004*

Non-Consolidated Financial Highlights

(As permitted by the Securities and Exchange Law of Japan, amounts of less than one million yen have been omitted.)

1. Non-Consolidated Operating Results for the Six Months Ended September 30, 2004 (FH 04) and September 30, 2003 (FH 03) and the Year Ended March 31, 2004 (FY 03)

(Millions of yen except for per share information)

(i) Operating revenues:	FH04	¥ 8,358	(-41.9%)
	FH03	¥14,384	(-)
	FY03	¥21,329	
(ii) Operating income:	FH04	¥ 441	(-95.2%)
	FH03	¥ 9,101	(-)
	FY03	¥10,374	
(iii) Ordinary income:	FH04	¥ 383	(-95.7%)
	FH03	¥ 9,002	(-)
	FY03	¥10,167	
(iv) Net income:	FH04	¥ 297	(-96.6%)
	FH03	¥ 8,782	(-)
	FY03	¥ 8,701	
(v) Net income per share:	FH04	¥ 0.15	
	FH03	¥ 4.44	
	FY03	¥ 4.41	

Note 1. Weighted average number of shares outstanding during the period:

September 30, 2004	2,032,174,118
September 30, 2003	1,976,104,010
March 31, 2004	1,972,757,752

2. Changes in Accounting Policy

Not applicable

3. Dividends

(i) Annual dividends per share:	FH04	—
	FH03	—
	FY03	0.00
(ii) Semiannual dividends per share:	FH04	—
	FH03	—
	FY03	—

4. Non-Consolidated Financial Position at September 30, 2004 (FH 04) and March 31, 2004 (FY 03) and September 30, 2003 (FH 03)

(i) Total assets:	FH04	¥1,011,929 million
	FH03	¥ 741,021 million
	FY03	¥ 931,961 million
(ii) Total stockholders' equity:	FH04	¥ 295,551 million
	FH03	¥ 289,456 million
	FY03	¥ 285,648 million
(iii) Stockholders' equity ratio:	FH04	29.2%
	FH03	39.1%
	FY03	30.7%
(iv) Stockholders' equity per share:	FH04	¥ 144.60
	FH03	¥ 146.55
	FY03	¥ 145.54

Note 1. Number of shares outstanding at end of the period:

September 30, 2004	2,043,871,176
September 30, 2003	1,975,074,669
March 31, 2004	1,962,659,184

Note 2. Number of shares of common stock in treasury outstanding at end of the period:

September 30, 2004	1,594,074
September 30, 2003	5,390,581
March 31, 2004	17,806,066

5. Non-Consolidated Financial Forecast for the Year Ending March 31, 2005

(1) Operating revenues	¥16,900 million
(2) Ordinary income	¥ 600 million
(3) Net income	¥ 400 million
(4) Annual dividends per share	¥ 4.00
(5) Net income per share	¥ 0.20

For assumptions underlying the forecast and other concerns, refer to page xx of the attached documents.

Japan Airlines Corporation

Non-Consolidated Balance Sheets

	September 30, 2004	March 31, 2004	September 30, 2003
	<i>(Millions of yen)</i>		
Assets			
I. Current assets:			
Cash and time deposits	¥ 88,253	¥ 30	¥ 43
Accounts receivable – trade	2,754	3,741	1,155
Current portion of long-term loans receivable from subsidiaries	45,293	36,751	12,762
Prepaid expenses	42	38	50
Accounts receivable – other	2,956	5,837	2,995
Deferred income taxes	22	40	21
Other current assets	34	4	17
Total current assets	139,356	46,445	17,045
II. Fixed assets:			
Tangible fixed assets:			
Buildings	–	–	663
Furniture and fixtures	51	56	59
Total tangible fixed assets	51	56	722
Intangible fixed assets:			
Software	15	13	9
Other intangible fixed assets	0	0	0
Total intangible fixed assets	15	13	9
Investments:			
Investments in subsidiaries	310,387	300,822	299,601
Long-term loans receivable from subsidiaries	561,659	584,090	422,812
Deferred income taxes	19	18	13
Other investments	0	0	360
Total investments	872,067	884,931	722,788
Total fixed assets	872,135	885,001	723,519
III. Deferred charges:			
Start-up costs	326	391	456
Bond issuance expenses	111	123	–
Total deferred charges	437	514	456
Total assets	¥1,011,929	¥931,961	¥741,021

	September 30, 2004	March 31, 2004	September 30, 2003
	<i>(Millions of yen)</i>		
Liabilities			
I. Current liabilities:			
Accounts payable – trade	¥ 611	¥ 768	¥ 464
Short-term loans from a subsidiary	3,000	17,018	12,252
Current portion of long-term loans	45,293	36,751	12,762
Accounts payable – other	3,047	4,235	1,441
Accrued income taxes	61	148	80
Accrued expenses	2,687	3,287	1,737
Other current liabilities	13	12	14
Total current liabilities	54,715	62,222	28,753
II. Non-current liabilities:			
Bonds	130,000	30,000	–
Long-term loans	531,659	554,090	422,812
Accrued severance costs	3	–	–
Total non-current liabilities	661,662	584,090	422,812
Total liabilities	716,378	646,313	451,565
Stockholders' equity			
I. Common stock	100,000	100,000	100,000
II. Capital surplus:			
Additional paid-in capital	105,069	100,000	100,000
Other capital surplus			
Transfer from additional paid-in capital	81,887	81,887	81,887
Gain on sales of common stock in treasury	47	20	1
Total other capital surplus	81,934	81,908	81,888
Total capital surplus	187,004	181,908	181,888
III. Retained earnings:			
Unappropriated retained earnings	9,011	8,713	8,794
IV. Common stock in treasury, at cost	(463)	(4,973)	(1,226)
Total stockholders' equity	295,551	285,648	289,456
Total liabilities and stockholders' equity	¥1,011,929	¥931,961	¥741,021

Japan Airlines Corporation

Non-Consolidated Statements of Income

	Six months ended September 30, 2004	Six months ended September 30, 2003	Year ended March 31, 2004
	<i>(Millions of yen)</i>		
Operating revenues	¥8,358	¥14,384	¥21,329
Operating expenses:			
Cost of operating revenues	4,713	2,671	5,566
Selling, general and administrative expenses	3,203	2,610	5,388
Total operating expenses	7,917	5,282	10,954
Operating income	441	9,101	10,374
Non-operating income:			
Interest income	9	0	0
Other income	20	3	9
Total non-operating income	29	3	9
Non-operating expenses:			
Interest expense	9	28	70
Amortization of start-up costs	65	65	130
Other expenses	12	8	14
Total non-operating expenses	87	102	215
Ordinary income	383	9,002	10,167
Extraordinary loss:			
Loss on sales and disposal of fixed assets	–	–	1,009
Total extraordinary loss	–	–	1,009
Income before income taxes	383	9,002	9,158
Income taxes – current	68	235	495
Income taxes – deferred	17	(15)	(38)
Net income	297	8,782	8,701
Retained earnings brought forward	8,713	11	11
Retained earnings at end of period	¥9,011	¥ 8,794	¥ 8,713

Japan Airlines Corporation

Notes to Non-Consolidated Interim Financial Statements

*September 30, 2004 and September 30, 2003
and March 31, 2004*

1. Summary of Significant Accounting Policies

a. Securities

Investments in subsidiaries are stated at cost based on the moving average method.

b. Tangible and intangible fixed assets

The straight-line method based on their estimated useful lives.

c. Deferred charges

Start-up costs have been capitalized and are being amortized over a period of 5 years. Bond issuance expenses have been capitalized and are being amortized over a period of 3 years.

d. Accrued severance costs

Accrued severance costs have been provided at an amount calculated based on the retirement benefit obligation.

e. Hedge accounting

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

f. Consumption taxes

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

g. Income taxes

The Company has adopted the Japanese consolidated corporate tax return system.

2. Other Footnote Information

- a. As permitted by the Securities and Exchange Law of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying non-consolidated interim financial statements do not necessarily agree with the sum of the individual amounts.
- b. Accumulated depreciation at September 30, 2004 and March 31, 2004 and September 30, 2003 amounted to ¥14 million, ¥10 million and ¥43 million, respectively.
- c. At September 30, 2004 and March 31, 2004 and September 30, 2003, contingent liabilities for guarantees amounted to ¥664,895 million, ¥581,459 million and ¥556,587 million, respectively.
- d. At September 30, 2004 and March 31, 2004 and September 30, 2003, investments in subsidiaries which have no determinable market prices and the related fair value information have been omitted.