Japan Airlines Corporation

Non-Consolidated Financial Information

For the years ended March 31, 2006 and 2005

Non-Consolidated Financial Highlights

(Amounts of less than one million yen have been omitted.)

1. Non-Consolidated Operating Results

(Millions of yen except for per share information)

(1)	Total operating revenues	FY05	¥	23,260	(43.6%)
		FY04	¥	16,197	(-24.1%)
(2)	Operating income	FY05	¥	8,705	(–)
		FY04	¥	617	(-94.1%)
(3)	Ordinary income	FY05	¥	8,595	(–)
		FY04	¥	489	(-95.2%)
(4)	Net (loss) income	FY05	¥	(132,336)	(–)
		FY04	¥	270	(-96.9%)
(5)	Net (loss) income per share	FY05	¥	(66.82)	
		FY04	¥	0.13	
(6)	Diluted net income per share	FY05	¥	–	
		FY04	¥	0.12	
(7)	Return on equity	FY05		-64.0%	
		FY04		0.1%	
(8)	Ordinary income as a percentage of total assets	FY05		0.9%	
		FY04		0.1%	
(9)	Ordinary income as a percentage of total operating revenues	FY05		37.0%	
		FY04		3.0%	

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

FY05	1,980,360,933
FY04	2,018,105,840

2. Dividends

(1)	Annual dividends per share	FY05	¥ 0.00	
		FY04	¥ 4.00	
(2)	Total annual dividends	FY05	–	
		FY04	¥ 7,922	million
(3)	Dividends as a percentage of net income	FY05	–	
		FY04	2,928.0%	
(4)	Dividends as a percentage of stockholders' equity	FY05	–	
		FY04	2.9%	

3. Non-Consolidated Financial Position

(1)	Total assets	FY05	¥ 885,620	million
		FY04	¥1,016,808	million
(2)	Total stockholders' equity	FY05	¥ 136,593	million
		FY04	¥ 276,965	million
(3)	Stockholders' equity as a percentage of total assets	FY05	15.4%	
		FY04	27.2%	
(4)	Equity per share	FY05	¥ 68.98	
		FY04	¥ 139.84	

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

March 31, 2006	1,980,173,622
March 31, 2005	1,980,539,861

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

March 31, 2006	2,209,628
March 31, 2005	1,843,389

4. Non-Consolidated Financial Forecast for the Year Ending March 31, 2007

(1)	Total operating revenues	¥ 21,000	million
(2)	Operating income	¥ 7,500	million
(3)	Ordinary income	¥ 7,500	million
(4)	Net income	¥ 7,500	million
(5)	Annual dividend per share	–	
(6)	Net income per share	¥ 3.79	

For the assumptions underlying the forecast and other concerns, refer to page 18 of the attached documents.

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Comparative Non-Consolidated Balance Sheets

March 31, 2006 and 2005

(Millions of yen)

	2006	%	2005	%	Change
Assets					
I. Current assets					
Cash and time deposits	¥ 3,129		¥ 14,614		¥ (11,484)
Accounts receivable – trade	2,296		2,546		(250)
Short-term loans receivable from a subsidiary	11,700		–		11,700
Current portion of long-term loans receivable from subsidiaries	53,084		44,235		8,848
Prepaid expenses	46		30		15
Accounts receivable – other	5,338		5,525		(186)
Deferred income taxes	27		12		14
Other current assets	20		16		4
Total current assets	75,644	8.5	66,981	6.6	8,662
II. Fixed assets					
Tangible fixed assets:					
Furniture and fixtures	35		43		(7)
Total tangible fixed assets	35	0.0	43	0.0	(7)
Intangible fixed assets:					
Software	11		15		(3)
Other intangible fixed assets	0		0		–
Total intangible fixed assets	11	0.0	15	0.0	(3)
Investments:					
Investments in securities	249		–		249
Investments in subsidiaries	220,629		362,076		(141,447)
Long-term loans receivable from subsidiaries	588,769		587,193		1,575
Deferred income taxes	95		137		(41)
Other investments	47		22		24
Total investments	809,791	91.5	949,430	93.4	(139,638)
Total fixed assets	809,839	91.5	949,488	93.4	(139,649)
III. Deferred charges					
Start-up costs	130		261		(130)
Bond issuance expenses	6		76		(69)
Total deferred charges	137	0.0	337	0.0	(200)
Total assets	¥885,620	100.0	¥1,016,808	100.0	¥(131,187)

(Millions of yen)

	2006	%	2005	%	Change
Liabilities					
I. Current liabilities					
Accounts payable – trade	¥ 471		¥ 621		¥ (150)
Current portion of long-term loans	53,084		44,235		8,848
Accounts payable – other	4,062		5,296		(1,233)
Accrued income taxes	105		26		79
Accrued expenses	2,239		2,267		(27)
Other current liabilities	131		8		122
Total current liabilities	60,095	6.8	52,457	5.2	7,638
II. Non-current liabilities					
Bonds	130,000		130,000		–
Long-term loans	558,769		557,193		1,575
Accrued severance costs	16		6		10
Other non-current liabilities	146		185		(39)
Total non-current liabilities	688,932	77.8	687,385	67.6	1,546
Total liabilities	749,027	84.6	739,842	72.8	9,184
Stockholders' equity					
I. Common stock	100,000	11.3	100,000	9.8	–
II. Capital surplus:					
Additional paid-in capital	105,069	11.8	105,069	10.3	–
Other capital surplus	63,458	7.2	63,455	6.3	3
Transfer from additional paid-in capital	63,406		63,406		–
Gain on sales of common stock in treasury	52		48		3
III. Retained earnings:					
(Accumulated deficit) unappropriated retained earnings	(131,274)	(14.8)	8,984	0.9	(140,258)
IV. Common stock in treasury	(659)	(0.1)	(543)	(0.1)	(116)
Total stockholders' equity	136,593	15.4	276,965	27.2	(140,372)
Total liabilities and stockholders' equity	¥ 885,620	100.0	¥1,016,808	100.0	¥(131,187)

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Japan Airlines Corporation

Comparative Non-Consolidated Statements of Operations

For the years ended March 31, 2006 and 2005

(Millions of yen)

	2006	**%**	**2005**	**%**	**Change**
Operating revenues	¥ 23,260	100.0	¥16,197	100.0	¥ 7,063
Operating expenses:					
Cost of operating revenues	8,963		9,238		(275)
Selling, general and administrative expenses	5,591		6,341		(749)
Total operating expenses	14,555	62.6	15,579	96.2	(1,024)
Operating income	8,705	37.4	617	3.8	8,087
Non-operating income:					
Interest income	3		17		(13)
Other non-operating income	59		22		37
Total non-operating income	63	0.3	39	0.2	23
Non-operating expenses:					
Interest expense	0		13		(13)
Amortization of start-up costs	130		130		–
Other non-operating expenses	42		23		19
Total non-operating expenses	173	0.7	167	1.0	5
Ordinary income	8,595	37.0	489	3.0	8,105
Extraordinary loss:					
Loss on sales and disposal of fixed assets	–		3		(3)
Loss on revaluation of investments in subsidiaries	140,433		103		140,330
Loss on cancellation of software lease contract	61		–		61
Total extraordinary loss	140,495	604.1	106	0.6	140,388
(Loss) income before income taxes	(131,900)	(567.1)	382	2.4	(132,282)
Income taxes:					
Current	409		203		205
Deferred	27		(91)		118
Net (loss) income	(132,336)	(568.9)	270	1.7	(132,607)
Unappropriated retained earnings at beginning of the year	1,062		8,713		(7,651)
(Accumulated deficit) unappropriated retained earnings at end of the year	¥(131,274)		¥ 8,984		¥(140,258)

Japan Airlines Corporation

Comparative Proposal for Disposition of Accumulated Deficit or Appropriation of Retained Earnings and Other Capital Surplus

(Millions of yen)

	2006	**2005**
(Accumulated deficit) unappropriated retained earnings		
Disposition of accumulated deficit or appropriation of unappropriated retained earnings:		
(Accumulated deficit) unappropriated retained earnings	¥(131,274)	¥ 8,984
Transfer from other capital surplus	63,458	–
Transfer from additional paid-in capital	67,815	–
Cash dividend (¥4 per share in 2005)	–	7,922
(Accumulated deficit) unappropriated retained earnings to be carried forward	¥ –	¥ 1,062
Other capital surplus		
Appropriation of other capital surplus:		
Other capital surplus	¥ 63,458	¥63,455
Disposition of accumulated deficit	(63,458)	–
Unappropriated other capital surplus to be carried forward	¥ –	¥63,455

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Notes to Non-Consolidated Financial Statements

March 31, 2006 and 2005

1. Summary of Significant Accounting Policies

a. Investments in securities

Investments in subsidiaries are stated at cost based on the moving average method. Investments in non-marketable securities are stated at cost based on the moving average method.

b. Tangible fixed assets

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

c. Deferred charges

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

d. Accrued severance costs

To provide for employees' severance indemnities, accrued severance costs are provided at an amount calculated based on the retirement benefit obligation.

e. Leases

The Company leases certain equipment under noncancelable lease agreements referred to as capital leases. At the Company, capital leases, defined as leases which do not transfer the ownership of the leased property to the lessee, are accounted for as operating leases.

f. Hedge accounting

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

g. Consumption taxes

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

h. Income taxes

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

2. Change in Accounting Policy

Accounting standard for impairment of fixed assets

Effective April 1, 2005, the Company adopted a new accounting standard for the impairment of fixed assets ("Opinion Concerning the Establishment of an Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Council on August 9, 2002) and the "Implementation Guidance on the Accounting Standard for the Impairment of Fixed Assets" (Accounting Standard Implementation Guidance No. 6 issued on October 31, 2003). The adoption of this standard had no effect on the accompanying non-consolidated financial statements for the year ended March 31, 2006.

3. Other Footnote Information

a. Amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying non-consolidated financial statements do not necessarily agree with the sum of the individual amounts.

b. Accumulated depreciation at March 31, 2006 and 2005 amounted to ¥24 million and ¥16 million, respectively.

c. At March 31, 2006 and 2005, investments in subsidiaries which are pledged as collateral amounted to ¥15,792 million and ¥15,342 million, respectively.

d. At March 31, 2006 and 2005, contingent liabilities for guarantees amounted to ¥669,929 million and ¥668,678 million, respectively.

4. Fair Value of Investments in Subsidiaries

Investments in subsidiaries are stated at cost. Net unrealized gain or loss on investments in marketable securities of subsidiaries at March 31, 2006 is summarized as follows:

	March 31, 2006		
	Carrying value	Fair value	Net unrealized gain
	(Millions of yen)		
Investments in subsidiaries	¥15,792	¥17,651	¥1,858

	March 31, 2005		
	Carrying value	Fair value	Net unrealized loss
	(Millions of yen)		
Investments in subsidiaries	¥15,792	¥15,628	¥(164)

5. Income Taxes

The significant components of deferred tax assets and liabilities and the related valuation allowance at March 31, 2006 and 2005 were as follows:

	March 31,	
	2006	**2005**
	(Millions of yen)	
Deferred tax assets:		
Loss on revaluation of investments in subsidiaries	¥ 57,142	¥ 42
Accounts payable	59	75
Other	63	37
	57,265	154
Valuation allowance	(57,142)	(4)
Deferred tax assets, net	¥ 122	¥150

For the year ended March 31, 2006, a reconciliation between the Japanese statutory tax rate and the Company's effective tax rate is not required to be disclosed since the Company recorded a loss before income taxes. The statutory tax rate for the year ended March 31, 2006 was 40.7%.

A reconciliation between the Japanese statutory tax rate and the Company's effective tax rate for the year ended March 31, 2005 is as follows:

	Year ended March 31, 2005
Japanese statutory tax rate	40.7%
Non-taxable income, including dividends received	(26.6)
Disallowed expenses, including entertainment expenses	15.3
Other	(0.1)
Effective tax rate	29.3%

6. Leases

The following *pro forma* amounts represent the acquisition costs, accumulated depreciation and net book value of the leased property as of March 31, 2006 and 2005 and the related depreciation and interest expense for the years ended March 31, 2006 and 2005, which would have been reflected in the non-consolidated balance sheets and the related statements of operations if capital lease accounting had been applied to the capital leases currently accounted for as operating leases:

	March 31, 2006	March 31, 2005
	Vehicles	
	(Millions of yen)	
Acquisition costs	¥ 14	¥14
Less accumulated depreciation	(11)	(6)
Net book value	¥ 3	¥ 7

	Year ended March 31, 2006	Year ended March 31, 2005
	(Millions of yen)	
Depreciation expense	¥4	¥4
Interest expense	¥0	¥0

No impairment loss on leased property was recognized for the year ended March 31, 2006.

Lease expenses relating to capital leases accounted for as operating leases amounted to ¥4 million and ¥4 million for the years ended March 31, 2006 and 2005, respectively.

The present value of future rental expenses under capital leases outstanding at March 31, 2006 and 2005 which have been accounted for as operating leases is summarized as follows:

	March 31, 2006	March 31, 2005
	(Millions of yen)	
Within 1 year	¥2	¥4
Over 1 year	0	3
	¥3	¥8