

Japan Airlines Corporation

Non-Consolidated Interim Financial Information

*For the six months ended September 30, 2006 and 2005
and the year ended March 31, 2006*

Non-Consolidated Financial Highlights

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

1. Non-Consolidated Operating Results for the Six Months Ended September 30, 2006 (FH06) and September 30, 2005 (FH05) and the Year Ended March 31, 2006 (FY05)

(Millions of yen except for per share information)

(i) Operating revenues:	FH06	¥	15,920	(1.2%)
	FH05	¥	15,729	(88.2%)
	FY05	¥	23,260	
(ii) Operating income:	FH06	¥	8,562	(1.6%)
	FH05	¥	8,429	(-)
	FY05	¥	8,705	
(iii) Ordinary income:	FH06	¥	8,506	(1.4%)
	FH05	¥	8,391	(-)
	FY05	¥	8,595	
(iv) Net income (loss):	FH06	¥	8,392	(2.8%)
	FH05	¥	8,165	(-)
	FY05	¥	(132,336)	
(v) Net income (loss) per share:	FH06	¥	3.66	
	FH05	¥	4.12	
	FY05	¥	(66.82)	

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

September 30, 2006	2,294,463,381
September 30, 2005	1,980,472,427
March 31, 2006	1,980,360,933

2. Changes in Accounting Policy

Not applicable

3. Non-Consolidated Financial Position at September 30, 2006 (FH06) and March 31, 2006 (FY05) and September 30, 2005 (FH05)

(i) Total assets:	FH06	¥1,015,926 million
	FH05	¥ 992,753 million
	FY05	¥ 885,620 million
(ii) Net assets:	FH06	¥ 293,493 million
	FH05	¥ 277,147 million
	FY05	¥ 136,593 million
(iii) Net assets ratio:	FH06	28.9%
	FH05	27.9%
	FY05	15.4%
(iv) Net assets per share:	FH06	¥ 107.50
	FH05	¥ 139.95
	FY05	¥ 68.98

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

September 30, 2006	2,730,218,588
September 30, 2005	1,980,339,741
March 31, 2006	1,980,173,622

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

September 30, 2006	2,164,662
September 30, 2005	2,043,509
March 31, 2006	2,209,628

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

(1) Operating revenues:	¥ 22,400 million
(2) Ordinary income:	¥ 8,600 million
(3) Net income:	¥ 8,400 million
(4) Net income per share:	¥ 3.08

5. Dividends

Annual dividends per share:	FY06 (forecast)	—
	FY05	—

For assumptions underlying the forecast and other concerns, refer to page 24 of the PDF file on our web-site. www.jal.com/en/ir/finance/pdf/line/061109_1.pdf

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Comparative Non-Consolidated Balance Sheets

	September 30, 2006	March 31, 2006	Change	September 30, 2005
	<i>(Millions of yen)</i>			
Assets				
I. Current assets:				
Cash and time deposits	¥ 147,245	¥ 3,129	¥144,116	¥ 15,064
Accounts receivable – trade	8,942	2,296	6,645	2,055
Short-term loans receivable from a subsidiary	16,005	11,700	4,304	–
Current portion of long-term loans receivable from subsidiaries	52,171	53,084	(913)	47,523
Prepaid expenses	56	46	10	46
Accounts receivable – other	3,536	5,338	(1,802)	5,365
Deferred income taxes	7	27	(20)	16
Other current assets	1,950	20	1,929	34
Total current assets	229,915	75,644	154,271	70,106
II. Fixed assets:				
Tangible fixed assets:				
Furniture and fixtures	32	35	(3)	39
Total tangible fixed assets	32	35	(3)	39
Intangible fixed assets:				
Software	8	11	(3)	13
Other intangible fixed assets	0	0	–	0
Total intangible fixed assets	8	11	(3)	13
Investments:				
Investments in securities	249	249	–	–
Investments in subsidiaries and an affiliate	221,394	220,629	765	361,038
Long-term loans receivable from subsidiaries	563,334	588,769	(25,435)	561,213
Deferred income taxes	34	95	(60)	82
Other investments	62	47	15	22
Total investments	785,075	809,791	(24,715)	922,355
Total fixed assets	785,116	809,839	(24,722)	922,409
III. Deferred charges:				
Start-up costs	65	130	(65)	195
Stock issuance expenses	825	–	825	–
Bond issuance expenses	3	6	(3)	41
Total deferred charges	894	137	756	237
 Total assets	 ¥1,015,926	 ¥885,620	 ¥130,305	 ¥992,753

	September 30, 2006	March 31, 2006	Change	September 30, 2005
	<i>(Millions of yen)</i>			
Liabilities				
I. Current liabilities:				
Accounts payable – trade	¥ 632	¥ 471	¥ 161	¥ 474
Current portion of long-term loans	52,171	53,084	(913)	47,523
Accounts payable – other	1,506	4,062	(2,556)	477
Accrued income taxes	2,143	105	2,037	3,467
Accrued expenses	2,587	2,239	347	2,205
Other current liabilities	4	131	(126)	85
Total current liabilities	59,045	60,095	(1,049)	54,234
II. Non-current liabilities:				
Bonds	130,000	130,000	–	130,000
Long-term loans	533,334	558,769	(25,435)	531,213
Accrued severance costs	–	16	(16)	12
Other non-current liabilities	52	146	(93)	145
Total non-current liabilities	663,387	688,932	(25,544)	661,370
Total liabilities	722,433	749,027	(26,594)	715,605
Stockholders' equity				
I. Common stock	–	100,000	–	100,000
II. Capital surplus:				
Additional paid-in capital	–	105,069	–	105,069
Other capital surplus:				
Transfer from additional paid-in capital	–	63,406	–	63,406
Gain on sales of common stock in treasury	–	52	–	50
Total other capital surplus	–	63,458	–	63,456
Total capital surplus	–	168,528	–	168,526
III. Retained earnings:				
(Accumulated deficit) unappropriated retained earnings	–	(131,274)	–	9,227
IV. Common stock in treasury, at cost	–	(659)	–	(606)
Total stockholders' equity	–	136,593	–	277,147
Total liabilities and stockholders' equity	¥ –	¥ 885,620	¥ –	¥992,753
Net assets				
Stockholders' equity:				
Common stock	¥ 174,250	¥ –	¥ –	¥ –
Capital surplus:				
Additional paid-in capital	111,503	–	–	–
Retained earnings:				
Other retained earnings:				
Unappropriated retained earnings	8,377	–	–	–
Common stock in treasury, at cost	(638)	–	–	–
Total stockholders' equity	293,493	–	–	–
Total net assets	293,493	–	–	–
Total liabilities and net assets	¥1,015,926	¥ –	¥ –	¥ –

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Comparative Non-Consolidated Statements of Operations

	Six months ended September 30, 2006	Six months ended September 30, 2005	Change	Year ended March 31, 2006
	<i>(Millions of yen)</i>			
Operating revenues	¥15,920	¥15,729	¥ 190	¥ 23,260
Cost of operating revenues	4,623	4,515	108	8,963
Gross profit	11,297	11,214	82	14,296
Selling, general and administrative expenses	2,734	2,785	(50)	5,591
Operating income	8,562	8,429	132	8,705
Non-operating income:				
Interest income and dividends	95	0	95	3
Other non-operating income	55	55	(0)	59
Total non-operating income	150	56	94	63
Non-operating expenses:				
Interest expense	–	0	(0)	0
Amortization of start-up costs	65	65	–	130
Amortization of stock issuance expenses	75	–	75	–
Other non-operating expenses	66	28	38	42
Total non-operating expenses	206	93	113	173
Ordinary income	8,506	8,391	114	8,595
Extraordinary loss:				
Loss on revaluation of investments in subsidiaries	–	–	–	140,433
Loss on cancellation of software lease contract	–	–	–	61
Total extraordinary loss	–	–	–	140,495
Income (loss) before income taxes	8,506	8,391	114	(131,900)
Income taxes – current	32	175	(142)	409
Income taxes – deferred	81	51	29	27
Net income (loss)	¥ 8,392	¥ 8,165	¥ 226	¥(132,336)

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Non-Consolidated Statement of Changes in Net Assets

	Stockholders' equity					
	Capital surplus				Retained earnings	
					Other retained earnings	
	Common stock	Additional paid-in capital	Other capital surplus	Total capital surplus	Unappropriated retained earnings (accumulated deficit)	Total retained earnings
	(Millions of yen)					
Balance at March 31, 2006	¥100,000	¥105,069	¥ 63,458	¥ 168,528	¥(131,274)	¥(131,274)
Changes during the six months ended September 30, 2006:						
Transfer from capital surplus to accumulated deficit in accordance with a resolution approving elimination of deficit		(67,815)	(63,458)	(131,274)	131,274	131,274
Issuance of common stock	74,250	74,250		74,250		
Net income for the six months ended September 30, 2006					8,392	8,392
Purchases of common stock in treasury						
Sales of common stock in treasury					(14)	(14)
Total changes	74,250	6,434	(63,458)	(57,024)	139,652	139,652
Balance at September 30, 2006	¥174,250	¥111,503	¥ —	¥ 111,503	¥ 8,377	¥ 8,377

	Stockholders' equity		
	Common stock in treasury	Total stockholders' equity	Total net assets
	<i>(Millions of yen)</i>		
Balance at March 31, 2006	¥(659)	¥136,593	¥136,593
Changes during the six months ended September 30, 2006:			
Transfer from capital surplus to accumulated deficit in accordance with a resolution approving elimination of deficit		—	—
Issuance of common stock		148,500	148,500
Net income for the six months ended September 30, 2006		8,392	8,392
Purchases of common stock in treasury	(63)	(63)	(63)
Sales of common stock in treasury	85	70	70
Total changes	21	156,899	156,899
Balance at September 30, 2006	¥(638)	¥293,493	¥293,493

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Notes to Non-Consolidated Interim Financial Statements

*September 30, 2006 and September 30, 2005
and March 31, 2006*

1. Summary of Significant Accounting Policies

a. Securities

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

Non-marketable securities classified as other securities are carried at cost based on the moving average method.

b. Tangible and intangible fixed assets

Tangible and intangible fixed assets are depreciated or amortized by the straight-line method based on the estimated useful lives of the respective assets.

c. Deferred charges

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

d. 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.

e. Hedge accounting

The related interest differential paid or received on interest-rate swaps used 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.

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. Change in Accounting Policy

Accounting Standard for Presentation of Net Assets in the Balance Sheet

Effective April 1, 2006, the Company adopted the “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (Accounting Standards Board of Japan Statement No.5 issued on December 9, 2005) and the “Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet” (Accounting Standards Board of Japan Implementation Guidance No. 8 issued on December 9, 2005). Total stockholders’ equity, which was presented until the prior fiscal year, amounted to ¥293,493 million as of September 30, 2006.

Net assets in the balance sheet at September 30, 2006 have been prepared in accordance with the revised Regulations for Semiannual Financial Statements.

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 interim financial statements do not necessarily agree with the sum of the individual amounts.
- b. Accumulated depreciation at September 30, 2006, March 31, 2006 and September 30, 2005 amounted to ¥28 million, ¥24 million and ¥20 million, respectively.
- c. At September 30, 2006, March 31, 2006 and September 30, 2005, contingent liabilities for guarantees amounted to ¥674,206 million, ¥669,929 million and ¥699,265 million, respectively.
- d. At September 30, 2006, March 31, 2006 and September 30, 2005, assets pledged as collateral amounted to ¥15,792 million, ¥15,792 million and ¥15,792 million, respectively. In addition, at September 30, 2006, March 31, 2006 and September 30, 2005, collateralized indebtedness amounted to ¥274,686 million, ¥297,221 million and ¥305,267 million, respectively.
- e. At September 30, 2006 and March 31, 2006, shares of common stock in treasury numbered 2,164 thousand and 2,209 thousand, respectively. In addition, the number of shares of common stock in treasury increased by 241 thousand and decreased by 286 thousand for the six months ended September 30, 2006. The increase in treasury stock during this period resulted from purchases of odd-lot shares less than one unit at the request of these stockholders and the decrease in this period resulted from sales of such shares also at the request of the stockholders.

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 September 30, 2006 and 2005 and March 31, 2006 is summarized as follows:

September 30, 2006			
	Carrying value	Estimated fair value	Net unrealized gain
	<i>(Millions of yen)</i>		
Investments in subsidiaries	¥15,792	¥17,464	¥1,671

September 30, 2005			
	Carrying value	Estimated fair value	Net unrealized loss
	<i>(Millions of yen)</i>		
Investments in subsidiaries	¥15,792	¥15,626	¥(166)

March 31, 2006			
	Carrying value	Estimated fair value	Net unrealized gain
	<i>(Millions of yen)</i>		
Investments in subsidiaries	¥15,792	¥17,651	¥1,858

5. Leases

The following *pro forma* amounts represent the acquisition costs, accumulated depreciation and net book value of the leased property as of September 30, 2006, March 31, 2006 and September 30, 2005 and the related depreciation and interest expense for the six months ended September 30, 2006 and 2005 and the year ended March 31, 2006, 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:

	Vehicles		
	September 30, 2006	March 31, 2006	September 30, 2005
	<i>(Millions of yen)</i>		
Acquisition costs	¥7	¥14	¥14
Less accumulated depreciation	5	11	8
Net book value	¥1	¥ 3	¥5
	Six months ended September 30, 2006	Six months ended September 30, 2005	Year ended March 31, 2006
	<i>(Millions of yen)</i>		
Depreciation expense	¥1	¥2	¥4
Interest expense	¥0	¥0	¥0

No impairment loss has been recognized on the leased property for the six months ended September 30, 2006 and 2005 and the year ended March 31, 2006.

Lease expenses relating to capital leases accounted for as operating leases amounted to ¥1 million and ¥2 million for the six months ended September 30, 2006 and 2005, respectively, and ¥4 million for the year ended March 31, 2006.

The present value of future rental expenses under capital leases accounted for as operating leases outstanding at September 30, 2006, March 31, 2006 and September 30, 2005 is summarized as follows:

	September 30, 2006	March 31, 2006	September 30, 2005
	<i>(Millions of yen)</i>		
Within 1 year	¥1	¥2	¥ 4
Over 1 year	–	0	1
	¥1	¥3	¥5

5. Leases (continued)

Future rental expenses under operating leases outstanding at September 30, 2006 are summarized as follows:

	September 30, 2006
	<i>(Millions of yen)</i>
Within 1 year	¥2
Over 1 year	3
	<hr/>
	¥5
	<hr/> <hr/>