

Japan Airlines Corporation

Comparative Non-Consolidated Balance Sheets

March 31, 2007 and 2006

(Millions of yen)

	<u>2006</u>	%	<u>2007</u>	%	<u>Change</u>
Assets					
I. Current assets:					
Cash and time deposits	¥ 3,129		¥ 8,960		¥ 5,830
Accounts receivable – trade	2,296		2,488		191
Short-term loans receivable from a subsidiary	11,700		90,200		78,500
Current portion of long-term loans receivable from subsidiaries	53,084		53,800		716
Prepaid expenses	46		50		3
Accounts receivable – other	5,338		3,764		(1,574)
Deferred income taxes	27		7		(19)
Other current assets	20		3		(17)
Total current assets	<u>75,644</u>	8.5	<u>159,276</u>	17.2	<u>83,631</u>
II. Fixed assets:					
Tangible fixed assets:					
Furniture and fixtures	35		28		(7)
Total tangible fixed assets	<u>35</u>	0.0	<u>28</u>	0.0	<u>(7)</u>
Intangible fixed assets:					
Software	11		4		(6)
Other intangible fixed assets	0		0		–
Total intangible fixed assets	<u>11</u>	0.0	<u>5</u>	0.0	<u>(6)</u>
Investments:					
Investments in securities	249		490		240
Investments in subsidiaries and affiliates	220,629		213,489		(7,140)
Long-term loans receivable from subsidiaries	588,769		553,669		(35,100)
Deferred income taxes	95		–		(95)
Other investments	47		72		25
Total investments	<u>809,791</u>	91.5	<u>767,721</u>	82.7	<u>(42,069)</u>
Total fixed assets	<u>809,839</u>	91.5	<u>767,754</u>	82.7	<u>(42,084)</u>
III. Deferred charges:					
Stock issuance expenses	–		669		669
Start-up costs	130		–		(130)
Bond issuance expenses	6		–		(6)
Total deferred charges	<u>137</u>	0.0	<u>669</u>	0.1	<u>532</u>
 Total assets	 <u>¥885,620</u>	 100.0	 <u>¥927,700</u>	 100.0	 <u>¥ 42,079</u>

(Millions of yen)					
	2006	%	2007	%	Change
Liabilities					
I. Current liabilities:					
Accounts payable – trade	¥ 471		¥ 240		¥ (230)
Current portion of long-term loans	53,084		53,800		716
Accounts payable – other	4,062		1,599		(2,463)
Accrued income taxes	105		14		(91)
Accrued expenses	2,239		2,467		227
Other current liabilities	131		1,610		1,478
Total current liabilities	60,095	6.8	59,731	6.4	(363)
II. Non-current liabilities:					
Bonds	130,000		50,229		(79,771)
Long-term loans	558,769		523,669		(35,100)
Accrued severance costs	16		–		(16)
Deferred income taxes	–		67		67
Other non-current liabilities	146		49		(96)
Total non-current liabilities	688,932	77.8	574,015	61.9	(114,917)
Total liabilities	749,027	84.6	633,747	68.3	(115,280)
Stockholders' equity					
I. Common stock	100,000	11.3	–		–
II. Capital surplus:					
Additional paid-in capital	105,069	11.8	–		–
Other capital surplus:	63,458	7.2	–		–
Transfer from additional paid-in capital	63,406		–		–
Gain on sales of common stock in treasury	52		–		–
III. Retained earnings:					
Accumulated deficit	(131,274)	(14.8)	–		–
IV. Common stock in treasury, at cost	(659)	(0.1)	–		–
Total stockholders' equity	136,593	15.4	–		–
Total liabilities and stockholders' equity	¥ 885,620	100.0	¥ –		¥ –
Net assets					
I. Stockholders' equity:					
Common stock	–		174,250	18.8	–
Capital surplus:					
Additional paid-in capital	–		111,503	12.0	–
Retained earnings:					
Other retained earnings:					
Unappropriated retained earnings	–		8,718	1.0	–
Common stock in treasury, at cost	–		(661)	(0.1)	–
Total stockholders' equity	–		293,810	31.7	–
II. Valuation, translation and other:					
Unrealized gain on other securities, net of taxes	–		142	0.0	–
Total valuation, translation and other	–		142	0.0	–
Total net assets	–		293,953	31.7	–
Total liabilities and net assets	¥ –		¥927,700	100.0	¥ –

Japan Airlines Corporation

Comparative Non-Consolidated Statements of Operations

For the years ended March 31, 2007 and 2006

	(Millions of yen)				
	2006	%	2007	%	Change
Operating revenues	¥ 23,260	100.0	¥21,808	100.0	¥ (1,451)
Cost of operating revenues	8,963	38.6	9,449	43.3	485
Gross profit	14,296	61.4	12,359	56.7	(1,937)
Selling, general and administrative expenses	5,591	24.0	3,764	17.3	(1,827)
Operating income	8,705	37.4	8,594	39.4	(110)
Non-operating income:					
Interest income and dividends	3		354		350
Other non-operating income	59		57		(2)
Total non-operating income	63	0.3	411	1.9	348
Non-operating expenses:					
Interest expense	0		—		(0)
Amortization of start-up costs	130		130		0
Amortization of stock issuance expenses	—		223		223
Other non-operating expenses	42		79		36
Total non-operating expenses	173	0.7	432	2.0	259
Ordinary income	8,595	37.0	8,573	39.3	(21)
Extraordinary income:					
Gain on sales of investments in subsidiaries	—		503		503
Total extraordinary income	—	—	503	2.3	503
Extraordinary loss:					
Loss on revaluation of investments in subsidiaries	140,433		—		(140,433)
Loss on cancellation of software lease contract	61		—		(61)
Total extraordinary loss	140,495	604.1	—	—	(140,495)
(Loss) income before income taxes	(131,900)	(567.1)	9,077	41.6	140,977
Income taxes:					
Current	409		249		(159)
Deferred	27		85		57
Net (loss) income	(132,336)	(568.9)	8,742	40.1	141,079
Unappropriated retained earnings at beginning of the year	1,062		—		—
Accumulated deficit	¥(131,274)		¥ —		¥ —

Japan Airlines Corporation

Proposal for Disposition of Accumulated Deficit and Appropriation of Other Capital Surplus

(Millions of yen)

2006

Accumulated deficit

Disposition of accumulated deficit:

Accumulated deficit

¥(131,274)

Transfer from other capital surplus

63,458

Transfer from additional paid-in capital

67,815

Accumulated deficit to be carried forward

¥ —

Other capital surplus

Appropriation of other capital surplus:

Other capital surplus

¥ 63,458

Disposition of accumulated deficit

(63,458)

Unappropriated other capital surplus to be carried forward

¥ —

Japan Airlines Corporation

Non-Consolidated Statement of Changes in Net Assets

	Stockholders' equity					
	Capital surplus				Retained earnings	
	Common stock	Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings
					Unappropriated retained earnings (accumulated deficit)	
(Millions of yen)						
Balance at March 31, 2006	¥100,000	¥105,069	¥ 63,458	¥ 168,528	¥(131,274)	¥(131,274)
Changes during the year ended March 31, 2007:						
Issuance of common stock	74,250	74,250		74,250		
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
Net income for the year ended March 31, 2007					8,742	8,742
Purchases of common stock in treasury						
Sales of common stock in treasury					(24)	(24)
Changes other than stockholders' equity, net						
Total changes	74,250	6,434	(63,458)	(57,024)	139,993	139,993
Balance at March 31, 2007	¥174,250	¥111,503	¥ –	¥ 111,503	¥ 8,718	¥ 8,718

	Stockholders' equity		Valuation, translation and other		Total net assets
	Common stock in treasury, at cost	Total stockholders' equity	Unrealized gain on other securities, net of taxes	Total valuation, translation and other	
(Millions of yen)					
Balance at March 31, 2006	¥(659)	¥136,593	¥ –	¥ –	¥136,593
Changes during the year ended March 31, 2007:					
Issuance of common stock		148,500			148,500
Transfer from capital surplus to accumulated deficit in accordance with a resolution approving elimination of deficit		–			
Net income for the year ended March 31, 2007		8,742			8,742
Purchases of common stock in treasury	(130)	(130)			(130)
Sales of common stock in treasury	129	105			105
Changes other than stockholders' equity, net			142	142	142
Total changes	(1)	157,217	142	142	157,359
Balance at March 31, 2007	¥(661)	¥293,810	¥142	¥142	¥293,953