

9. Income Taxes

The significant components of deferred tax assets and liabilities at March 31, 2007 and 2006 were as follows:

	March 31,		
	2007	2006	2007
	<i>(Thousands of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Deferred tax assets:			
Accrued bonuses	¥ 273,362	¥ 274,498	\$ 2,317
Elimination of unrecognized gain on intercompany accounts and transactions	69,782	69,078	591
Directors' and statutory auditors' retirement benefits	79,258	75,435	672
Accrued enterprise tax	67,486	59,073	572
Allowance for doubtful accounts	46,261	66,612	392
Accrued pension and severance costs	46,026	115,489	390
Impairment losses on fixed assets	61,433	63,548	521
Loss on revaluation of inventories	40,222	47,230	341
Other	134,674	112,706	1,141
Total deferred tax assets	<u>818,508</u>	<u>883,674</u>	<u>6,937</u>
Deferred tax liabilities:			
Depreciation	(89,935)	(54,784)	(762)
Accumulated earnings of consolidated subsidiaries	(46,572)	(52,610)	(395)
Other	(26,413)	(16,943)	(224)
Total deferred tax liabilities	<u>(162,921)</u>	<u>(124,338)</u>	<u>(1,381)</u>
Net deferred tax assets	<u>¥ 655,586</u>	<u>¥ 759,335</u>	<u>\$ 5,556</u>

The difference between the statutory tax rate and the effective tax rate for the year ended March 31, 2006 represented less than 5% of the statutory tax rate. As a result, a reconciliation is not required to be disclosed.

Reconciliations between the statutory tax rate and the effective tax rates for the years ended March 31, 2007 and 2005 were presented as follows:

	Year ended March 31,	
	2007	2005
Statutory tax rate	40.69%	40.69%
Disallowed expenses, including entertainment expenses	3.81	3.08
Inhabitants' per capita taxes	0.48	—
Other	(0.67)	0.79
Effective tax rate	<u>44.31%</u>	<u>44.56%</u>

10. Net Assets

The new Corporation Law of Japan (the “Law”), which superseded most of the provisions of the Commercial Code of Japan, went into effect on May 1, 2006. The Law provides that an amount equal to at least 10% of the amount to be disbursed as distributions of capital surplus (except for distributions from additional paid-in capital) and retained earnings (except for distributions from the legal reserve) be appropriated to additional paid-in capital and the legal reserve, respectively, until the sum of additional paid-in capital and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the stockholders, or by the Board of Directors if certain conditions are met, but neither additional paid-in capital nor the legal reserve is available for distribution by resolution of the Board of Directors.

The total number and periodic changes in the number of shares of stock in issue and the total number and periodic changes in the number of shares of common stock in treasury were as follows:

	Year ended March 31, 2007			At March 31, 2007
	At March 31, 2006	Increase	Decrease	
		<i>(Thousands of shares)</i>		
Number of shares of stock in issue:				
Common stock	12,775	–	–	12,775
Number of shares of common stock in treasury:				
Common stock	14	0	0	14

The increase in common stock in treasury of 0 thousand shares during this period resulted from the Company’s purchase of 0 thousand odd-lot shares of less than one unit at the request of the stockholders. The decrease in common stock in treasury of 0 thousand shares during this period resulted from the Company’s sales of such odd-lot shares at the request of the stockholders and reversion of 0 thousand similar shares by related company accounted for by the equity method.

Dividends

Resolution	Type of shares	Cash dividends paid		Dividends per share <i>(Yen)</i>	Cut off date	Effective date
		<i>(Thousands of yen)</i>	<i>(Thousands of U.S. dollars)</i>			
General meeting of shareholders held on June 23, 2006	Common stock	¥306,515	\$2,598	¥24.0	March 31, 2006	June 26, 2006

10. Net Assets (continued)

Dividends whose cut off date fall within the reporting period and effective date falling on the day immediately after the end of the period.

Resolution	Type of shares	Resources of dividends	Total dividends		Dividends per share	Cut off date	Effective date
			(Thousands of yen)	(Thousands of U.S. dollars)			
General meeting of shareholders held on June 22, 2007	Common stock	Retained earnings	¥383,139	\$3,247	¥30.0	March 31, 2007	June 25, 2007

11. Leases

As lessee under financing and operating leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation and net book value of the leased property held under financing accounted for as operating leases at March 31, 2007 and 2006, and the related depreciation and interest expense for the years ended March 31, 2007, 2006 and 2005, respectively, which would have been reflected in the consolidated balance sheets and the related consolidated statements of income:

	March 31, 2007		
	Property and equipment – other	Software	Total
	(Thousands of yen)		
Acquisition costs	¥218,113	¥18,698	¥236,811
Less accumulated depreciation	94,266	6,132	100,398
Net book value	¥123,846	¥12,566	¥136,412

	March 31, 2007		
	Property and equipment – other	Software	Total
	(Thousands of U.S. dollars)		
Acquisition costs	\$1,848	\$158	\$2,007
Less accumulated depreciation	799	52	851
Net book value	\$1,050	\$106	\$1,156

11. Leases (continued)

As lessee under financing and operating leases (continued)

	March 31, 2006		
	Property and equipment – other	Software	Total
	<i>(Thousands of yen)</i>		
Acquisition costs	¥221,534	¥18,698	¥240,232
Less accumulated depreciation	86,711	2,492	89,204
Net book value	<u>¥134,822</u>	<u>¥16,205</u>	<u>¥151,028</u>

	Year ended March 31,			
	2007	2006	2005	2007
	<i>(Thousands of yen)</i>			<i>(Thousands of U.S. dollars)</i>
Depreciation expense	<u>¥50,183</u>	<u>¥54,227</u>	<u>¥56,424</u>	<u>\$425</u>
Interest expense	<u>¥ 3,832</u>	<u>¥ 3,872</u>	<u>¥ 2,686</u>	<u>\$ 32</u>

No impairment loss had been recognized on leased property for the years ended March 31, 2007 and 2006.

Lease expenses relating to the financing leases accounted for as operating leases amounted to ¥53,427 thousand (\$453 thousand), ¥57,941 thousand and ¥60,619 thousand for the years ended March 31, 2007, 2006 and 2005, respectively.

Future rental expenses under financing leases accounted for as operating leases outstanding at March 31, 2007 and 2006 are summarized as follows:

	March 31,		
	2007	2006	2007
	<i>(Thousands of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Within 1 year	¥ 46,707	¥ 46,073	\$ 396
Over 1 year	92,454	107,176	784
	<u>¥139,161</u>	<u>¥153,250</u>	<u>\$1,179</u>

11. Leases (continued)

As lessee under financing and operating leases (continued)

Future rental expenses under operating leases outstanding at March 31, 2007 and 2006 are summarized as follows:

	March 31,		
	2007	2006	2007
	<i>(Thousands of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Within 1 year	¥137,660	¥ 89,646	\$1,167
Over 1 year	324,448	298,632	2,750
	<u>¥462,108</u>	<u>¥388,278</u>	<u>\$3,916</u>

As lessor under operating leases

Certain consolidated subsidiaries lease equipment under operating leases. Future rental income under operating leases outstanding at March 31, 2007 and 2006 are summarized as follows:

	March 31,		
	2007	2006	2007
	<i>(Thousands of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Within 1 year	¥ 805,284	¥ 668,384	\$ 6,824
Over 1 year	3,833,650	3,043,895	32,489
	<u>¥4,638,934</u>	<u>¥3,712,279</u>	<u>\$39,313</u>

As lessee and lessor under subleases

The Company subleases equipment to a third party, and the lease agreements between the two original parties remain in effect. The original and the new lease agreements are operating leases.

Future rental revenues as lessor under the new lease agreements outstanding at March 31, 2007 and 2006 are summarized as follows:

	March 31,		
	2007	2006	2007
	<i>(Thousands of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Within 1 year	¥ 982,253	¥ 821,679	\$ 8,324
Over 1 year	3,486,111	3,683,504	29,543
	<u>¥4,445,364</u>	<u>¥4,505,183</u>	<u>\$37,673</u>

11. Leases (continued)

As lessee and lessor under subleases (continued)

Future rental expenses as lessee under the original lease agreements outstanding at March 31, 2007 and 2006 are summarized as follows:

	March 31,		
	2007	2006	2007
	(Thousands of yen)		(Thousands of U.S. dollars)
Within 1 year	¥ 935,739	¥ 811,504	\$ 7,930
Over 1 year	5,144,310	5,169,459	43,596
	<u>¥6,080,050</u>	<u>¥5,980,964</u>	<u>\$51,526</u>

12. Loan Commitment Agreements

The Company has entered into loan commitment agreements amounting to ¥4,000,000 thousand (\$33,898 thousand), in the aggregate, with banks in order to source funds for its operations smoothly.

However, no loans payable were outstanding at March 31, 2007, under that loan commitment agreements.

13. Amounts Per Share

Net income per share is computed based on the weighted average number of shares of common stock outstanding during each year. The Company and its consolidated subsidiaries have not issued any potentially dilutive stocks during either year. Accordingly, fully diluted net income per share and basic net income per share for the years ended March 31, 2007, 2006 and 2005 were the same.

	Year ended March 31,			
	2007	2006	2005	2007
	(Yen)			(U.S. dollars)
Net income per share	¥124.01	¥132.57	¥110.62	\$1.051

Net assets per share are computed based on the number of shares of common stock outstanding at each balance sheet date.

	March 31,		
	2007	2006	2007
	(Yen)		(U.S. dollars)
Net assets per share	¥1,142.19	¥1,036.14	\$9.680

13. Amounts Per Share (continued)

The following table sets forth the basis of the computation of net income per share for the years ended March 31, 2007, 2006 and 2005:

	Year ended March 31,			
	2007	2006	2005	2007
	<i>(Thousands of yen, except share)</i>			<i>(Thousands of U.S. dollars, except share)</i>
Net income	¥1,579,827	¥1,689,240	¥1,435,670	\$13,388
Less: appropriation of bonuses to directors and statutory auditors	2,673	2,491	(24,006)	23
Net income available to stockholders of shares of common stock	<u>¥1,582,501</u>	<u>¥1,691,732</u>	<u>¥1,411,664</u>	<u>\$13,411</u>
Weighted average number of shares of common stock outstanding	12,760,644	12,760,783	12,761,085	12,760,644

14. Segment Information

The Company and its consolidated subsidiaries conduct worldwide operations related to aviation as well as to lifestyle and customer services. They have segmented their business into three categories: “Aviation business,” “Life service business” and “Customer service business.”

Aviation business:

Operations within the Aviation business segment are as follows:

- Purchases of aircraft, spare engines and full flight simulators
- Sales of used aircraft
- Aircraft parts – supply and logistics
- Handling airline surpluses
- Support for the steady supply of fuel as a fuel purchasing agent
- Sales and operating agreement of equipment for airport facilities and of materials for construction
- Sales and operating agreement of airport vehicles and security equipment
- Planning and sales of international inflight duty-free goods and domestic inflight goods
- Planning and sales of uniforms mainly for airlines and airport shops
- Aircraft leasing for training purposes

14. Segment Information (continued)

Life service business:

Operations within the Life service business segment are as follows:

- Import and sales of agricultural and marine products and flowers
- Planning and sales of processed foodstuffs, gifts of food, high quality wines
- Providing wines for JAL inflight beverage service
- Planning and sales of original jewelry
- Mail order business through inflight magazines (“JALSHOP”)
- Online shopping on a web site
- Planning and creation of printed matter and other media

Customer service business:

Operations within the Customer service business segment are as follows:

- Wholesale sales of office appliances
- Insurance and life assurance agent
- Sales of real estate and relocation consulting services
- Management of BLUE SKY (souvenir shops, restaurants and coffee shops)
- Management of JAL–DFS (duty free stores)

With reorganization, the Company transferred creative design and printing business classified as “Customer service business” to “Life service business” in this period.

In this connection, the financial statements for the year ended March 31, 2006 and 2005 have been restated to conform to the presentation of the financial statements for the year ended March 31, 2007.

The business segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2007, 2006 and 2005 are summarized as follows:

	Year ended March 31, 2007					Consolidated
	Aviation business	Life service business	Customer service business	Total	General corporate assets and intercompany eliminations	
	<i>(Thousands of yen)</i>					
Sales to outside parties	¥37,892,090	¥33,467,399	¥42,774,006	¥114,133,497	¥ –	¥114,133,497
Inter-segment sales and transfers	1,177,738	118,205	–	1,295,943	(1,295,943)	–
Total	39,069,829	33,585,604	42,774,006	115,429,440	(1,295,943)	114,133,497
Operating expenses	36,924,431	32,252,905	39,901,100	109,078,437	1,808,901	110,887,338
Operating income	<u>¥ 2,145,397</u>	<u>¥ 1,332,699</u>	<u>¥ 2,872,906</u>	<u>¥ 6,351,002</u>	<u>¥(3,104,844)</u>	<u>¥ 3,246,158</u>
Depreciation and amortization	¥ 380,946	¥ 44,526	¥ 245,868	¥ 671,341	¥ 87,951	¥ 759,293
Capital expenditures	¥ 595,550	¥ 54,383	¥ 202,905	¥ 852,838	¥ 718,957	¥ 1,571,796
Identifiable assets	<u>¥15,846,030</u>	<u>¥ 8,555,737</u>	<u>¥11,154,239</u>	<u>¥ 35,556,006</u>	<u>¥ 6,789,929</u>	<u>¥ 42,345,936</u>

14. Segment Information (continued)

	Year ended March 31, 2007					
	Aviation business	Life service business	Customer service business	Total	General corporate assets and intercompany eliminations	Consolidated
	<i>(Thousands of U.S. dollars)</i>					
Sales to outside parties	\$321,119	\$283,622	\$362,492	\$967,233	\$ –	\$967,233
Inter-segment sales and transfers	9,981	1,002	–	10,983	(10,983)	–
Total	331,100	284,624	362,492	978,216	(10,983)	967,233
Operating expenses	312,919	273,330	338,145	924,394	15,330	939,723
Operating income	<u>\$ 18,181</u>	<u>\$ 11,294</u>	<u>\$ 24,347</u>	<u>\$ 53,822</u>	<u>\$(26,312)</u>	<u>\$ 27,510</u>
Depreciation and amortization	<u>\$ 3,228</u>	<u>\$ 377</u>	<u>\$ 2,084</u>	<u>\$ 5,689</u>	<u>\$ 745</u>	<u>\$ 6,435</u>
Capital expenditures	<u>\$ 5,047</u>	<u>\$ 461</u>	<u>\$ 1,720</u>	<u>\$ 7,227</u>	<u>\$ 6,093</u>	<u>\$ 13,320</u>
Identifiable assets	<u>\$134,288</u>	<u>\$ 72,506</u>	<u>\$ 94,527</u>	<u>\$301,322</u>	<u>\$ 57,542</u>	<u>\$358,864</u>
	Year ended March 31, 2006					
	Aviation business	Life service business	Customer service business	Total	General corporate assets and intercompany eliminations	Consolidated
	<i>(Thousands of yen)</i>					
Sales to outside parties	¥35,516,160	¥32,863,906	¥39,571,940	¥107,952,007	¥ –	¥107,952,007
Inter-segment sales and transfers	865,338	119,291	2,985	987,615	(987,615)	–
Total	36,381,498	32,983,198	39,574,925	108,939,622	(987,615)	107,952,007
Operating expenses	35,031,574	31,812,882	36,911,410	103,755,866	1,751,483	105,507,350
Operating income	<u>¥ 1,349,924</u>	<u>¥ 1,170,315</u>	<u>¥ 2,663,515</u>	<u>¥ 5,183,756</u>	<u>¥(2,739,099)</u>	<u>¥ 2,444,656</u>
Depreciation and amortization	<u>¥ 336,093</u>	<u>¥ 53,515</u>	<u>¥ 252,441</u>	<u>¥ 642,050</u>	<u>¥ 54,812</u>	<u>¥ 696,862</u>
Capital expenditures	<u>¥ 1,048,891</u>	<u>¥ 24,893</u>	<u>¥ 162,342</u>	<u>¥ 1,236,127</u>	<u>¥ 893,709</u>	<u>¥ 2,129,837</u>
Identifiable assets	<u>¥13,619,181</u>	<u>¥ 7,905,524</u>	<u>¥10,269,973</u>	<u>¥ 31,794,680</u>	<u>¥ 5,768,734</u>	<u>¥ 37,563,414</u>
	Year ended March 31, 2005					
	Aviation business	Life service business	Customer service business	Total	General corporate assets and intercompany eliminations	Consolidated
	<i>(Thousands of yen)</i>					
Sales to outside parties	¥28,141,383	¥32,804,414	¥37,677,185	¥98,622,983	¥ –	¥98,622,983
Inter-segment sales and transfers	835,799	107,567	–	943,366	(943,366)	–
Total	28,977,183	32,911,981	37,677,185	99,566,350	(943,366)	98,622,983
Operating expenses	27,270,612	31,713,965	35,272,073	94,250,652	1,624,663	95,881,315
Operating income	<u>¥ 1,706,570</u>	<u>¥ 1,198,015</u>	<u>¥ 2,405,111</u>	<u>¥ 5,309,698</u>	<u>¥(2,568,030)</u>	<u>¥ 2,741,667</u>
Depreciation and amortization	<u>¥ 269,370</u>	<u>¥ 67,266</u>	<u>¥ 224,200</u>	<u>¥ 560,837</u>	<u>¥ 73,509</u>	<u>¥ 634,346</u>
Capital expenditures	<u>¥ 308,047</u>	<u>¥ 36,484</u>	<u>¥ 589,536</u>	<u>¥ 934,068</u>	<u>¥ 43,357</u>	<u>¥ 977,425</u>
Identifiable assets	<u>¥11,223,935</u>	<u>¥ 8,794,692</u>	<u>¥10,331,172</u>	<u>¥30,349,801</u>	<u>¥ 4,814,895</u>	<u>¥35,164,696</u>

14. Segment Information (continued)

Unallocated operating expenses included in “General corporate assets and intercompany eliminations” for the years ended March 31, 2007, 2006 and 2005 amounted to ¥3,109,431 thousand (\$26,351 thousand), ¥2,738,471 thousand and ¥2,568,816 thousand, respectively, and consisted primarily of administrative expenses incurred at the Company’s headquarters.

In addition, unallocated assets included in “General corporate assets and intercompany eliminations” at March 31, 2007, 2006 and 2005 amounted to ¥6,658,940 thousand (\$6,432 thousand), ¥5,541,806 thousand and ¥5,028,922 thousand, respectively, and consisted primarily of cash and cash equivalents, investments in securities and assets belonging to the headquarters of the Company.

The geographical segment information of the Company and the consolidated subsidiaries for the years ended March 31, 2007, 2006 and 2005 is summarized as follows:

	Year ended March 31, 2007					Consolidated
	Japan	North America	Other overseas countries	Total	General corporate assets and intercompany eliminations	
	<i>(Thousands of yen)</i>					
Sales to outside parties	¥108,287,779	¥ 3,460,012	¥2,385,704	¥114,133,497	¥ –	¥114,133,497
Inter-segment sales and transfers	855,014	12,354,050	1,656,467	14,865,533	(14,865,533)	–
Total	109,142,794	15,814,063	4,042,172	128,999,030	(14,865,533)	114,133,497
Operating expenses	106,046,654	15,567,204	4,153,248	125,767,107	(14,879,768)	110,887,338
Operating income (loss)	¥ 3,096,139	¥ 246,858	¥ (111,075)	¥ 3,231,922	¥ 14,235	¥ 3,246,158
Identifiable assets	¥ 36,784,448	¥ 8,610,790	¥ 912,129	¥ 46,307,367	¥ (3,961,431)	¥ 42,345,936
	Year ended March 31, 2007					
	Japan	North America	Other overseas countries	Total	General corporate assets and intercompany eliminations	Consolidated
	<i>(Thousands of U.S. dollars)</i>					
Sales to outside parties	\$917,693	\$ 29,322	\$20,218	\$ 967,233	\$ –	\$967,233
Inter-segment sales and transfers	7,246	104,695	14,038	125,979	(125,979)	–
Total	924,939	134,017	34,256	1,093,212	(125,979)	967,233
Operating expenses	898,700	131,925	35,197	1,065,823	(126,100)	939,723
Operating income (loss)	\$ 26,238	\$ 2,092	\$ (941)	\$ 27,389	\$ 121	\$ 27,510
Identifiable assets	\$311,733	\$ 72,973	\$ 7,730	\$ 392,435	\$ (33,571)	\$358,864

14. Segment Information (continued)

Year ended March 31, 2006						
	Japan	North America	Other overseas counties	Total	General corporate assets and intercompany eliminations	Consolidated
	<i>(Thousands of yen)</i>					
Sales to outside parties	¥104,140,596	¥ 1,864,875	¥1,946,535	¥107,952,007	¥ –	¥107,952,007
Inter-segment sales and transfers	602,653	13,383,598	1,226,047	15,212,299	(15,212,299)	–
Total	104,743,250	15,248,474	3,172,583	123,164,307	(15,212,299)	107,952,007
Operating expenses	101,816,053	15,013,094	3,350,851	120,179,999	(14,672,648)	105,507,350
Operating income (loss)	¥ 2,927,196	¥ 235,379	¥ (178,267)	¥ 2,984,308	¥ (539,651)	¥ 2,444,656
Identifiable assets	¥ 33,338,735	¥ 7,536,463	¥ 743,936	¥ 41,619,135	¥ (4,055,721)	¥ 37,563,414
Year ended March 31, 2005						
	Japan	North America	Other overseas counties	Total	General corporate assets and intercompany eliminations	Consolidated
	<i>(Thousands of yen)</i>					
Sales to outside parties	¥95,131,871	¥1,824,609	¥1,666,515	¥ 98,622,995	¥ –	¥98,622,995
Inter-segment sales and transfers	283,610	7,617,345	1,558,682	9,459,638	(9,459,638)	–
Total	95,415,481	9,441,954	3,225,197	108,082,634	(9,459,638)	98,622,995
Operating expenses	92,768,755	9,308,966	3,404,436	105,482,158	(9,600,830)	95,881,328
Operating income (loss)	¥ 2,646,726	¥ 132,988	¥ (179,239)	¥ 2,600,475	¥ 141,191	¥ 2,741,667
Identifiable assets	¥31,988,156	¥5,129,848	¥ 631,673	¥ 37,749,678	¥(2,584,982)	¥35,164,696

For the years ended March 31, 2007, 2006 and 2005, operating revenues from overseas operations represented less than 10% of consolidated operating revenues. As a result, operating revenues from overseas operations are not required to be disclosed.

15. Derivative and Hedging Activities

The Company has utilized forward foreign exchange contracts to hedge certain foreign currency transactions related to foreign accounts receivable and payable on a consistent basis. The Company has also utilized interest-rate and currency swaps to minimize the risk of fluctuation in cash flows arising from changes in interest and foreign exchange rates related to its outstanding debt.

And one of subsidiaries has the hybrid financial instrument with embedded derivative (bond), whose redemption schedule is substantially affected by the foreign exchange rate fluctuation.

The Company enters into hedging transactions in accordance with its internal guidelines. The routine operations relating to hedging activities are formalized and controlled by the Accounting Department. Gain or loss on hedging instruments and the assessment of hedge effectiveness, which is performed both at the inception and on an ongoing basis, is reported to the related directors and department managers on a timely basis.

15. Derivative and Hedging Activities (continued)

The Company has utilized interest-rate and currency swaps at March 31, 2007, 2006 and 2005. And one of subsidiaries has the hybrid financial instrument with embedded derivative (bond) at March 31, 2007.

The fair value information of embedded derivative of the hybrid financial instrument (bond) is included in Note 5.

Since all other derivative instruments held by the Company, met the criteria for hedge accounting, fair value information has not been presented here.

16. Related Party Transactions

The Company had significant related party transactions with the parent company, the companies controlled by the parent company and the companies over which the Company exercises significant influence in the terms of their operating and financial policies.

The transactions between the Company and the parent company for the year ended March 31, 2007, 2006 and 2005 are summarized as follows:

With Japan Airlines Corporation:

	Year ended March 31,			2007 (Thousands of U.S. dollars)
	2007	2006	2005	
	<i>(Thousands of yen)</i>			
Proceeds from sales of investments in securities	¥-	¥-	¥22,111	\$-
Gain on sales of investments in securities	-	-	15,995	-

The transactions between the Company and the companies controlled by the parent company, for the years ended March 31, 2007, 2006 and 2005 are summarized as follows:

With Japan Airlines International Co., Ltd.:

	Year ended March 31,			2007 (Thousands of U.S. dollars)
	2007	2006	2005	
	<i>(Thousands of yen)</i>			
Operating revenues:				
Sales of flight equipment	¥14,899,629	¥14,445,701	¥16,110,755	\$126,268
Purchases of merchandise	5,118,236	-	-	43,375
	March 31,			
	2007	2006	2007	
	<i>(Thousands of yen)</i>			<i>(Thousands of U.S. dollars)</i>
Accounts receivable	¥2,473,366	¥2,397,699	\$20,961	
Advanced money	462,482	-	3,919	
Accounts payable	1,106,628	-	9,378	

16. Related Party Transactions (continued)

With Japan Airlines Domestic Co., Ltd.:

	Year ended March 31,			
	2007	2006	2005	2007
	<i>(Thousands of yen)</i>			<i>(Thousands of U.S. dollars)</i>
Operating revenues:				
Sales of flight equipment spare parts	¥-	¥-	¥2,210,936	\$-

With JAL Capital Co., Ltd.:

	Year ended March 31,		
	2007	2006	2007
	<i>(Thousands of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Proceeds from short-term borrowings	¥17,000,000	¥2,400,000	\$144,068
Repayment of short-term borrowings	16,400,000	2,800,000	138,983
Interest expenses	3,828	430	32

	March 31,		
	2007	2006	2007
	<i>(Thousands of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Short-term borrowings	¥1,000,000	¥400,000	\$8,475

With Japan Trans Ocean Air Co., Ltd.:

	Year ended March 31,		
	2007	2006	2007
	<i>(Thousands of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Operating revenue:			
Sales of flight equipment spare parts	¥2,284,092	¥2,389,425	\$19,357

	Year ended March 31,		
	2007	2006	2007
	<i>(Thousands of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Accounts receivable	¥598,439	¥379,356	\$5,072

The transactions between the Company and the company over which the Company exercises significant influence in the terms of their operating and financial policies.

16. Related Party Transactions (continued)

With Fukuoka Airport Building Co., Ltd.:

	Year ended March 31,			
	2007	2006	2005	2007
	<i>(Thousands of yen)</i>			<i>(Thousands of U.S. dollars)</i>
Operating expenses:				
Rent for office space	¥—	¥—	¥56	\$—