

ANA reports consolidated financial results for first quarter ended June 30, 2007

1. Consolidated financial highlights for the first quarter ended June 30, 2007

(1) Summary of consolidated operating results Yen (Millions)

	FY2007 first quarter	Year on Year (%)	FY2006 first quarter	Year on Year (%)	FY2006
Operating revenues	349,619	1.3	345,222	10.5	1,489,658
Operating income	13,220	(32.3)	19,534	66.1	92,190
Recurring profit	6,810	(53.0)	14,485	132.8	62,574
Net income	87,379	1037.2	7,684	255.7	32,658
Net income per share	44.86yen	-	3.95yen	-	16.77yen

(2) Summary of consolidated financial positions Yen (Millions)

	FY2007 first quarter	FY2006 first quarter	FY2006
Total assets	1,701,083	1,631,775	1,602,091
Total net assets	509,623	384,206	405,912
Net worth / total assets	29.5%	23.1%	24.9%
Net worth per share	257.71yen	193.68yen	204.42yen

(3) Summary of consolidated cash flows Yen (Millions)

	FY2007 first quarter	FY2006 first quarter	FY2006
Cash flows from operating activities	31,036	17,358	158,714
Cash flows from investing activities	203,058	(49,892)	(128,298)
Cash flows from financing activities	(84,140)	(34,930)	(100,897)
Cash and cash equivalents at the end of the period	322,300	175,222	172,274

2. Forecast of consolidated operating results for the period ending March 31, 2008

No revision of the forecasted operating results for the period ending March 31, 2008 has been made.

3. Other

- (1) Significant change in scope of consolidation during the current fiscal year : None
- (2) Adoption of simplified accounting methods : Yes
- (3) Change in accounting treatment since the previous financial period : None

Overview of consolidated financial results for first quarter ended June 30, 2007

Qualitative Information/Financial Statements, etc.

Overview of first quarter of fiscal year under review (from April 1, 2007 to June 30, 2007)

In the Japanese economy, capital investment was generally strong thanks to good corporate earnings, the employment situation improved, and personal spending continued its gradual recovery. However, with crude oil prices remaining high it is still not possible to be optimistic about the future outlook.

Amidst this business environment, air travel demand was stable overall, but competition on major routes grew even fiercer. At ANA Group, we worked to increase revenues by expanding our network and creating demand, and enhanced our cost competitiveness by promoting an efficient operational regime, striving to continue to maintain revenue levels and enhance our financial standing. As a result, although our hotel income decreased consequent to the transfer of hotel business assets, our operating revenues increased compared with the previous year, to ¥349.6billion (¥ 4.3 billion year-on-year increase). Our operating income was ¥13.2billion (¥6.3billion year-on-year decrease); recurring profit was ¥6.8billion (¥7.6billion year-on-year decrease); and net income for the quarter was ¥87.3billion (¥79.6billion year-on-year increase).

Performance by business segment was as follows (note that sales for each business include inter-segment sales):

【 Air Transportation 】

In our domestic passenger business, competition on major routes grew fiercer. Although the total number of passengers was 3.1% down compared with the previous year, thanks to tight yield management in line with April fare revisions and demand levels, domestic passenger revenue increased by ¥2.3billion year-on-year.

Our international passenger business performed well, and both passenger numbers and unit price increased, attributable mainly to the expansion of our network by starting flights between Narita and Chicago in the previous year, and solid business demand on Asian routes. Both business and leisure demand were strong on our China routes and passenger numbers increased. As a result, the total number of international passengers was up 5.6% year on year, and international passenger revenue increased by ¥11.3 billion.

In our cargo business, cargo volumes increased compared with the previous year, despite greater competition due to the entry of new carriers on domestic routes. On international routes, we worked to grow cargo volumes by increasing the number of freighters in our fleet, and expanding our route network through wetlease contracts with ABX Air of the USA, since May. As a result, our domestic cargo revenues increased slightly, and international cargo revenues increased by ¥2.8billion.

As we expanded our network, crude oil prices remained consistently high. For this reason, our fuel expenses increased by ¥11.1billion compared with the previous year, and both expenses related to aircraft depreciation and sales increased. As a result, our operating revenues for the air-transportation business were ¥305.9billion (¥18.1billion year-on-year increase), and operating income was ¥12.1billion (¥5.2billion year-on-year decrease).

【 Travel services 】

In our travel business, we created and sold products that accurately reflected travel needs. As a result, our operating revenues grew by ¥1.5billion year-on-year, and we achieved an operating income of ¥100million (¥100million year-on-year decrease).

【 Other Businesses 】

Performance in our other businesses was generally strong, especially trading. Operating revenues showed a ¥1.8billion increase compared with the previous year, with operating income of ¥90million (¥30million year-on-year increase).

Qualitative Information Regarding Consolidated Financial Situation

Under Assets, our current assets increased by ¥179.3billion compared with the end of the last period, due to such factors as the great increase in our cash and marketable securities consequent to the transfer of our hotel business assets on 1 June 2007. Meanwhile, our fixed assets decreased by ¥80.1billion, due to the decrease of our land, buildings, and other hotel assets and the like. As a result, our total assets increased by ¥98.9billion to ¥1,701.0billion.

Under Liabilities, our total liabilities decreased by ¥4.7billion compared with the end of the last period. Our end-of-term balance of interest-bearing debt (sum of short-term loans, long-term loans, and bonds) decreased by ¥78.1billion to ¥671.3billion.

As a result of our increased net assets calculated from our net income for the quarter under review, and our dividend payments, our retained earnings grew by ¥81.5billion. Additionally, our deferred gain on hedging instruments increased by ¥19.1billion. Due to this and other factors, our total net assets were ¥509.6billion (¥103.7billion increase compared with the end of the last period). As a result, our equity ratio was 29.5%, further improving our financial standing.

Our cash flow from operating activities in the first quarter of the fiscal year under review was ¥31.0billion, due to such factors as increased/decreased depreciation and debts payable/receivable.

Our cash flow from investment activities was ¥203.0billion, mainly due to the hotel business transfer.

Our cash flow from financing activities was negative ¥84.1billion, due to procurement and repayment of loans, redemption of bonds, payment for dividends, and the like. As a result, our balance of cash and cash equivalents as of the end of the period was ¥322.3billion, a ¥150.0billion year-on-year increase compared with the end of the

fiscal year (March 31, 2007).

Others

(1) Changes in major subsidiaries during the period under review (changes in specified subsidiaries as defined by TSE due to change in scope of consolidation)

- None applicable
- Note that on 1 June 2007, 14 hotel companies directly managed by our group were removed from the scope of consolidation due to the transfer of all shares owned by us and the like.

(2) Use of simplified accounting methods, if any

- As a rule, we do not record impairment of financial products.
- Tax expenses are calculated via the predicted annual tax rate based on statutory tax rates or the actual tax rate for the most recent consolidated accounting year. Some simplified methods are used to calculate tax expenses consequent to the application of the consolidated tax-payment system.

(3) Changes to accounting methods since the previous financial period, if any

- None applicable

(1) Consolidated Statements of Income (Loss)

Yen(Millions)

	FY2007 first quarter Apr.1 - Jun.30	FY2006 first quarter Apr.1 - Jun.30	Difference
Operating revenues and expenses			
Operating revenues	349,619	345,222	4,397
Operating expenses	267,932	260,854	7,078
Sales, general and administrative expenses	68,467	64,834	3,633
Operating income	13,220	19,5341	(6,314)
Non-operating income and expenses			
Non-operating income	2,925	1,793	1,132
Interest income	745	254	491
Other	2,180	1,539	641
Non-operating expenses	9,335	6,842	2,493
Interest expenses	3,535	3,915	(380)
Other	5,800	2,927	2,873
Total Recurring Profit	6,810	14,485	(7,675)
Extraordinary gains	134,752	34	134,718
Gain on sale of property and equipment	910	-	910
Gain on sale of investment securities	828	-	828
Gain on sale of hotel businesses	132,996	-	132,996
Other	18	34	(16)
Extraordinary losses	2,390	1,031	1,359
Loss on sale of fixed assets	310	-	310
Loss on retirement of fixed assets	-	35	(35)
Other	2,080	996	1,084
Net income before taxes	139,172	13,488	125,684
Corporate, inhabitant and enterprise tax	51,490	5,686	45,804
Minority interests in income of consolidated subsidiaries	303	118	185
Net income	87,379	7,684	79,695

(2) Consolidated Balance Sheets

Yen(Millions)

	FY2007 first quarter As of Jun.30	FY2006 As of Mar.31	Difference
Assets			
Current assets	601,375	422,048	179,327
Cash, deposits and Marketable securities	335,957	172,992	162,965
Trade accounts receivable	121,565	123,288	(1,723)
Inventories	65,185	60,736	4,449
Other	78,668	65,032	13,636
Fixed assets	1,099,403	1,179,535	(80,132)
Tangible fixed assets	882,212	969,810	(87,598)
Intangible fixed assets	41,265	43,022	(1,757)
Investments and others	175,926	166,703	9,223
Deferred assets	305	508	(203)
Total assets	1,701,083	1,602,091	98,992
Liabilities			
Current liabilities	469,003	473,034	(4,031)
Trade accounts payable	199,749	198,988	761
Short-term loans, Current portion of long-term debt and bonds payable	77,679	158,724	(81,045)
Other	191,575	115,322	76,253
Long-term liabilities	722,457	723,145	(688)
Bonds payable and Long-term debt payable	593,652	590,722	2,930
Accrued employees' retirement benefits	111,946	112,606	(660)
Other	16,859	19,817	(2,958)
Total liabilities	1,191,460	1,196,179	(4,719)
Net assets			
Shareholders' equity	446,029	364,545	81,484
Common stock	160,001	160,001	-
Capital surplus	125,741	125,739	2
Retained earnings	161,065	79,530	81,535
Treasury stock	(778)	(725)	(53)
Evaluation and exchange Adjustments	55,976	33,678	22,298
Unrealized holding gains on securities	13,911	10,885	3,026
Deferred gain on hedging instrument	42,289	23,155	19,134

Foreign currency translation adjustment	(224)	(362)	138
Minority interests	7,618	7,689	(71)
Total Net assets	509,623	405,912	103,711
Total liabilities, minority interests and Net assets	1,701,083	1,602,091	98,992

(3) Consolidated Statement of Cash Flows

	Yen(Millions)	
	FY2007 first quarter Apr.1 - Jun.30	FY2006 first quarter Apr.1 - Jun.30
I. Cash flows from operating activities		
Income before income taxes and minority interests	139,172	13,488
Depreciation and amortization	21,985	18,821
Other, net	(130,121)	(14,951)
Net cash provided by (used in) operating activities	31,036	17,358
II. Cash flows from investing activities		
Payment for acquisition of tangible fixed assets	(65,047)	(65,676)
Proceeds from sale of tangible fixed assets	25,343	23,295
Payment for acquisition of intangible fixed assets	(2,444)	(3,373)
Other, net	245,206	(4,138)
Net cash provided by (used in) investing activities	203,058	(49,892)
III. Cash flows from financing activities		
Increase (Decrease) in short-term loans (Net)	2,700	(2,771)
Proceeds from long-term debt	30,000	27,878
Repayment of long-term debt	(66,150)	(24,096)
Redemption of bonds	(45,000)	(30,000)
Payment for dividends	(5,844)	(5,842)
Other, net	154	(99)
Net cash provided by (used in) financing activities	(84,140)	(34,930)
IV. Effect of exchange rate changes on cash and cash equivalents	72	(99)
V. Net increase (decrease) in cash and cash equivalents	150,026	(67,563)
VI. Cash and cash equivalents at the beginning of the period	172,274	242,785
VII. Cash and cash equivalents at the end of the period	322,300	175,222

(4) Segment information

The Company and consolidated subsidiaries conduct operations in air transportation, travel services and other businesses. Businesses other than air transportation and travel services are insignificant to the consolidated results of operations of the Company and its consolidated subsidiaries and, accordingly, are included in "Other businesses" in the following segment information. Segment information is as follows:

	<FY2007 first quarter Apr.1 - Jun.30>					
	Air transportation	Travel services	Other businesses	Total	Elimination	Consolidated
Operating revenues	278,276	42,047	29,296	349,619	-	349,619
Intra-group sales and transfers	27,696	4,630	18,495	50,821	(50,821)	-
Total	305,972	46,677	47,791	400,440	(50,821)	349,619
Operating expenses	293,781	46,493	46,834	387,108	(50,709)	336,399
Operating income	12,191	184	957	13,332	(112)	13,220

	<FY2006 first quarter Apr.1 - Jun.30>						
	Air transportation	Travel services	Hotel operations	Other businesses	Total	Elimination	Consolidated
Operating revenues	262,475	40,641	14,290	27,816	345,222	-	345,222
Intra-group sales and transfers	25,373	4,528	1,946	18,102	49,949	(49,949)	-
Total	287,848	45,169	16,236	45,918	395,171	(49,949)	345,222
Operating expenses	270,428	44,788	15,141	45,266	375,623	(49,935)	325,688
Operating income	17,420	381	1,095	652	19,548	(14)	19,534

(5) Breakdown of Operating Revenues (Air transportation)

	Yen (Millions)		
	FY2007 first quarter Apr.1 - Jun.30	FY2006 first quarter Apr.1 - Jun.30	Difference
Domestic routes			
Passenger	169,768	167,379	2,389
Cargo	7,349	7,315	34
Mail	1,866	2,162	(296)
Baggage handling	73	79	(6)
Subtotal	179,056	176,935	2,121
International routes			
Passenger	76,390	65,081	11,309
Cargo	16,717	13,885	2,832
Mail	959	782	177
Baggage handling	129	133	(4)
Subtotal	94,195	79,881	14,314
Revenues from scheduled flights	273,251	256,816	16,435
Other operating revenues	32,721	31,032	1,689
Operating revenues	305,972	287,848	18,124

Notes: Segment operating revenue includes inter-segment transactions.

(6) Overview of Airline Operating Results (Consolidated)

	FY2007 first quarter Apr.1 - Jun.30	FY2006 first quarter Apr.1 - Jun.30	Year on Year (%)
Domestic routes			
Number of passengers	10,757,105	11,106,843	96.9
Available seat-km (thousand km)	15,475,663	15,269,575	101.3
Revenue passenger-km (thousand km)	9,298,541	9,630,321	96.6
Passenger load factor	60.1	63.1	(3.0)
Cargo(tons)	108,071	107,689	100.4
Cargo traffic volume (thousand kg)	104,590	104,273	100.3
Mail(tons)	19,937	20,554	97.0
Mail traffic volume (thousand kg)	20,733	22,213	93.3
International routes			
Number of passengers	1,153,190	1,091,636	105.6
Available seat-km (thousand km)	7,023,275	6,456,989	108.8
Revenue passenger-km (thousand km)	5,166,554	4,923,210	104.9
Passenger load factor	73.6	76.2	(2.6)
Cargo(tons)	77,678	61,516	126.3
Cargo traffic volume (thousand kg)	380,105	282,296	134.6
Mail(tons)	3,588	3,732	96.1
Mail traffic volume (thousand kg)	16,822	16,186	103.9

Notes:

Domestic routes: ANA Group + Code share flights (IBEX airlines co., ltd. , Hokkaido international airlines co., ltd. , Skynet Asia Airways Co., ltd. and Star Flyer Inc.)

International routes: ANA Group + Code share flights (United Airlines and EVA Airways)

Each result does not include results of charter flights.

Domestic routes' data include results of night cargo flights.