

## **ANA reports consolidated financial results for third quarter ended December 31, 2007**

### **1. Consolidated financial highlights for the third quarter (nine months) ended December 31, 2007**

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

	FY2007 1Q-3Q	Year on Year (%)	FY2006 1Q-3Q	Year on Year (%)	FY2006
Operating revenues	1,141,555	0.6	1,134,554	9.3	1,489,658
Operating income	93,989	2.5	91,739	2.0	92,190
Recurring profit	78,793	8.3	72,778	(3.4)	62,574
Net income	117,978	176.9	42,610	42.5	32,658

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

	FY2007 3Q As of Dec.31	FY2006 3Q As of Dec.31	FY2006 As of Mar.31
Total assets	1,732,758	1,642,324	1,602,091
Total net assets	539,389	410,977	405,912
Net worth /total assets	30.7%	24.5%	24.9%

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

	FY2007 1Q-3Q	FY2006 1Q-3Q	FY2006
Cash flows from operating activities	141,526	135,967	158,714
Cash flows from investing activities	100,712	(97,616)	(128,298)
Cash flows from financing activities	(104,742)	(67,067)	(100,897)
Cash and cash equivalents at the end of the period	309,391	214,142	172,274

### **2. Dividends**

	FY2007	FY2006
Annual dividend per share	5	3
Interim	-	-
Year-end (Forecast for FY2007)	5	3

### **3. Forecast of consolidated operating results for the period ending March 31, 2008**

No revision has been made to the forecast announced on October 31 2007, for the period ending March 31, 2008.

### **4. Others**

- (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 third quarter ended December 31, 2007**

### **Qualitative Information/ Financial Statements, etc**

#### **Overview of third quarter of fiscal year under review (from April 1, 2007 to December 31, 2007)**

The Japanese economy continues to grow, with strong corporate earnings and capital investment, and a mild recovery in consumer spending. Meanwhile, however, the future of the economy is uncertain, due to such factors as skyrocketing oil prices and the effects of the sub-prime loan problem in the United States. Under these circumstances, we strove to stimulate demand and hold down costs while expanding our network, and continued to work to secure earnings and improve our financial standing.

As a result, our consolidated financial performance for the third quarter (nine months) was as follows. Although we no longer had the contribution to income of the hotel business segment, increased income from our air transportation business enabled us to increase net sales by ¥7.0 billion compared with the previous year, to ¥1,141.5 billion. Our operating income was ¥93.9 billion (a ¥2.2 billion year-on-year increase); ordinary profit was ¥78.7 billion (a ¥6.0 billion year-on-year increase); and net profit for the quarter was ¥117.9 billion (a ¥75.3 billion year-on-year increase).

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

#### **【 Air Transportation 】**

Demand was weak in our domestic passenger business, as competition on major routes heated up, and the total number of domestic passengers carried fell 1.8% compared with the previous year. Nevertheless, we were able to increase domestic passenger revenue by ¥12.5 billion by flexibly setting prices in accordance with demand and through appropriate seat management.

Our international passenger business performed well. Both numbers of passengers and unit price increased thanks to strong business demand, especially on our Europe, North America and Asia routes. The number of passengers on our China routes -- where we have expanded our network -- also increased compared with the previous year. As a result, the number of passengers increased 7.4% year-on-year, and international-route passenger revenues grew by ¥30.0 billion.

In our cargo business, volumes increased year-on-year despite the impact of new entrants on domestic routes. We strengthened our international cargo-network infrastructure, thus increasing cargo volumes 21.2% year-on-year. As a result, domestic cargo revenues increased slightly, and international cargo revenues increased by ¥7.6 billion.

In terms of operating expenses, fuel expenses and taxes increased by ¥22.4 billion compared with the previous year due to skyrocketing oil prices. Additionally, depreciation and sales-related expenses increased as we expanded our route network, with a focus on international routes.

Net sales for the air-transportation business finished at ¥997.2 billion (47.2 billion year-on-year increase), and operating income was ¥87.3 billion (a ¥7.5 billion year-on-year increase).

#### **【 Travel business 】**

In our travel business, we offered products and services that responded to consumer's travel needs. As a result, our net sales grew by ¥7.2 billion year-on-year, and we had operating income of ¥2.4 billion (a ¥400 million year-on-year decrease).

#### **【 Other business 】**

In our other businesses, the performance of our trading/retail, food, and paper pulp businesses remained strong, although handling in the air transport business field decreased. As a result, net sales showed a ¥1.4 billion year-on-year decrease, with operating income increasing by ¥400 million year-on-year to ¥4.6 billion.

### **Qualitative Information Regarding Consolidated Financial Situation**

Under Assets, our liquid assets increased by ¥184.8 billion against the end of the last period, due to such factors as the great increase to our cash and marketable securities consequent to the transfer of Hotel business assets in June 2007. Meanwhile, our fixed assets decreased by ¥53.7 billion, due to the decrease in our land, buildings, and other hotel-business assets and the like. As a result, our total assets increased by ¥130.6 billion compared to the end of the last period, to ¥1,732.7 billion.

Under Liabilities, our total liabilities decreased by ¥2.8 billion year-on-year. Our end-of-term balance of interest-bearing debt (sum of short-term loans, long-term loans, and corporate bonds) decreased by ¥96.9 billion compared with the end of the last period, to ¥652.5 billion.

Under Net Assets, as a result of our calculated net profit in the third quarter and dividend payment, our retained earnings grew by ¥112.1 billion compared with the end of the last period. Meanwhile, losses on deferred hedging activities increased by ¥23.7 billion. Due to this and other factors, our total net assets were ¥539.3 billion (a ¥133.4 billion increase compared with the end of the last period), and our equity ratio was 30.7%.

Cash flow from sales activities in the third quarter of the fiscal year under review was ¥141.5 billion, due to such factors as increased/decreased depreciation and debts payable/receivable against quarterly income before income taxes.

Although expenditure was incurred from the acquisition of new aircraft, we had a large flow of income from the transfer of hotel-business assets. As a result cash flow from investing activities was ¥100.7 billion.

Cash flow from financing activities was minus ¥104.7billion, due to procurement and repayment of loans, repayment of corporate bonds, payment of dividends, and the like. As a result, our balance of cash and cash equivalents as of the end of the third quarter was ¥309.3 billion, a ¥137.1 billion increase against the end of the fiscal year ending in 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 subsidiaries directly managed by ANA Group were removed from the scope of consolidation due to the transfer of all shares owned by ANA.

(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**

Yen(Millions)

	FY2007 1Q-3Q Apr.1 - Dec.31	Interim FY2007 Apr 1 - Sep.30	FY2007 3Q Oct.1 - Dec.31	FY2006 1Q-3Q Apr.1 - Dec.31	Difference (1Q-3Q)
<b>Operating revenues and expenses</b>					
Operating revenues	1,141,555	763,276	378,279	1,134,554	7,001
Operating expenses	831,624	552,100	279,524	832,246	(622)
Sales, general and administrative expenses	215,942	144,086	71,856	210,569	5,373
Operating income	93,989	67,090	26,899	91,739	2,250
<b>Non-operating income and expenses</b>					
<b>Non-operating income</b>	8,226	5,640	2,626	8,891	(625)
Interest income	2,236	1,482	754	3,249	(1,013)
Other	6,030	4,158	1,872	5,642	388
<b>Non-operating expenses</b>	23,462	15,959	7,503	27,852	(4,390)
Interest expenses	10,070	6,846	3,224	13,886	(3,816)
Other	13,392	9,113	4,279	13,966	(574)
<b>Total Recurring Profit</b>	<b>78,793</b>	<b>56,771</b>	<b>22,022</b>	<b>72,778</b>	<b>6,015</b>
<b>Extraordinary gains</b>	137,853	137,763	90	4,049	133,804
Gain on sales of fixed assets	2,758	2,758	-	548	2,210
Gain on sales of investment securities	840	831	9	1,176	(336)
Gain on sale of hotel business	132,992	132,992	-	-	132,992
Other	1,263	1,182	81	2,325	(1,062)
<b>Extraordinary losses</b>	26,026	25,760	266	3,778	22,248
Loss on sales of fixed assets	559	559	-	187	372
Loss on disposal of fixed assets	105	1	104	1,038	(933)
Special retirement benefit	156	150	6	230	(74)
Loss on sales of investment securities	11	11	-	315	(304)
Extraordinary depreciation	22,331	22,331	-	-	22,331
Other	2,864	2,708	156	2,008	856
<b>Net income before taxes</b>	<b>190,620</b>	<b>168,774</b>	<b>21,846</b>	<b>73,049</b>	<b>117,571</b>
Corporate, inhabitant and enterprise tax	71,888	62,796	9,092	29,405	42,483
Minority interests in income of consolidated subsidiaries	754	477	277	1,034	(280)
<b>Net income</b>	<b>117,978</b>	<b>105,501</b>	<b>12,477</b>	<b>42,610</b>	<b>75,386</b>

**(2) Consolidated Balance Sheets**

Yen(Millions)

	FY2007 3Q As of Dec.31	FY2006 As of Mar.31	Difference	FY2007 Interim As of Sep.30	Difference
<b>Assets</b>					
<b>Current assets</b>	606,884	422,048	184,836	592,293	14,591
Cash, deposits and Marketable securities	310,123	172,992	137,131	323,451	(13,328)
Trade accounts receivable	121,388	123,288	(1,900)	116,114	5,274
Inventories	68,063	60,736	7,327	64,678	3,385
Other	107,310	65,032	42,278	88,050	19,260
<b>Fixed assets</b>	1,125,748	1,179,535	(53,787)	1,101,385	24,363
Tangible fixed assets	905,208	969,810	(64,602)	893,029	12,179
Intangible fixed assets	43,302	43,022	280	43,112	190
Investments and others	177,238	166,703	10,535	165,244	11,994
<b>Deferred assets</b>	126	508	(382)	211	(85)
<b>Total assets</b>	<b>1,732,758</b>	<b>1,602,091</b>	<b>130,667</b>	<b>1,693,889</b>	<b>38,869</b>
<b>Liabilities</b>					
<b>Current liabilities</b>	524,472	473,034	51,438	490,584	33,888
Trade accounts payable	200,419	198,988	1,431	203,992	(3,573)
Short-term loans, Current portion of long-term debt and current portion of bonds payable	115,054	158,724	(43,670)	94,494	20,560
Other	208,999	115,322	93,677	192,098	16,901
<b>Long-term liabilities</b>	668,897	723,145	(54,248)	692,000	(23,103)
Bonds payable and Long-term debt payable	537,480	590,722	(53,242)	561,699	(24,219)
Accrued employees' retirement benefits	113,681	112,606	1,075	112,384	1,297
Other	17,736	19,817	(2,081)	17,917	(181)
<b>Total liabilities</b>	<b>1,193,369</b>	<b>1,196,179</b>	<b>(2,810)</b>	<b>1,182,584</b>	<b>10,785</b>
<b>NET assets</b>					
<b>Shareholders' equity</b>	476,493	364,545	111,948	464,053	12,440
Common stock	160,001	160,001	-	160,001	-
Capital surplus	125,748	125,739	9	125,745	3
Retained earnings	191,664	79,530	112,134	179,187	12,477

Treasury stock	(920)	(725)	(195)	(880)	(40)
<b>Valuation, translation adjustments and others</b>	<b>55,603</b>	<b>33,678</b>	<b>21,925</b>	<b>40,144</b>	<b>15,459</b>
Unrealized gains on securities	9,477	10,885	(1,408)	13,354	(3,877)
Deferred gain on hedging instruments	46,932	23,155	23,777	26,941	19,991
Foreign currency translation adjustments	(806)	(362)	(444)	(151)	(655)
<b>Minority interests</b>	<b>7,293</b>	<b>7,689</b>	<b>(396)</b>	<b>7,108</b>	<b>185</b>
<b>Total net assets</b>	<b>539,389</b>	<b>405,912</b>	<b>133,477</b>	<b>511,305</b>	<b>28,084</b>
<b>Total liabilities and net assets</b>	<b>1,732,758</b>	<b>1,602,091</b>	<b>130,667</b>	<b>1,693,889</b>	<b>38,869</b>

### **(3) Consolidated Statement of Cash Flows**

	Yen(Millions)			
	FY2007 1Q-3Q Apr.1 - Dec.31	Interim FY2007 Apr.1 - Sep.30	FY2007 3Q Oct.1 - Dec.31	FY2006 1Q-3Q Apr.1 - Dec.31
<b>I. Cash flows from operating activities</b>				
Net income before taxes	190,620	168,774	21,846	73,049
Depreciation and amortization	70,161	46,402	23,759	64,259
Extraordinary depreciation	22,331	22,331	-	-
Other, net	(141,586)	(125,944)	(15,642)	(1,341)
Net cash provided by operating activities	141,526	111,563	29,963	135,967
<b>II. Cash flows from investing activities</b>				
Payment for acquisition of tangible fixed assets	(174,357)	(128,378)	(45,979)	(176,341)
Proceeds from sale of tangible fixed assets	44,785	32,520	12,265	77,824
Payment for acquisition of intangible fixed assets	(13,020)	(7,555)	(5,465)	(10,060)
Other, net	243,304	233,689	9,615	10,961
Net cash provided by (used in) investing activities	100,712	130,276	(29,564)	(97,616)
<b>III. Cash flows from financing activities</b>				
Increase (Decrease) in short-term loans (Net)	1,500	(90)	1,590	(3,339)
Proceeds from long-term debt	54,120	30,000	24,120	71,818
Repayment of long-term debt	(107,752)	(78,395)	(29,357)	(86,135)
Redemption of bonds	(45,000)	(45,000)	-	(45,000)
Other, net	(7,610)	(8,154)	544	(4,411)
Net cash used in financing activities	(104,742)	(101,639)	(3,103)	(67,067)
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	(379)	221	(600)	44
<b>V. Net increase (decrease) in cash and cash equivalents</b>	137,117	140,421	(3,304)	(28,672)
<b>VI. Cash and cash equivalents at the beginning of the period</b>	172,274	172,274	312,695	242,785
<b>VII. Net increase resulting from changes in scope of consolidation</b>	-	-	-	29
<b>VIII. Cash and cash equivalents at the end of the period</b>	<b>309,391</b>	<b>312,695</b>	<b>309,391</b>	<b>214,142</b>

#### (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 industry segment information. Segment information is as follows:

<FY2007 1Q-3Q Apr.1 - Dec.31>						Yen (Millions)	
	Air transportation	Travel services	Other businesses	Total	Elimination	Consolidated	
Operating revenues	902,725	150,561	88,269	1,141,555	-	1,141,555	
Intra-group sales and transfers	94,555	14,895	58,488	167,938	(167,938)	-	
Total	997,280	165,456	146,757	1,309,493	(167,938)	1,141,555	
Operating expenses	909,970	162,977	142,147	1,215,094	(167,528)	1,047,566	
Operating income	87,310	2,479	4,610	94,399	(410)	93,989	

<FY2006 1Q-3Q Apr.1 - Dec.31>						Yen (Millions)	
	Air transportation	Travel services	Hotel operations	Other businesses	Total	Elimination	Consolidated
Operating revenues	862,943	142,343	44,838	84,430	1,134,554	-	1,134,554
Intra-group sales and transfers	87,042	15,834	6,535	63,800	173,211	(173,211)	-
Total	949,985	158,177	51,373	148,230	1,307,765	(173,211)	1,134,554
Operating expenses	870,193	155,223	46,414	144,083	1,215,913	(173,098)	1,042,815
Operating income	79,792	2,954	4,959	4,147	91,852	(113)	91,739

<FY2007 3Q Oct.1 - Dec.31>						Yen (Millions)	
	Air transportation	Travel services	Other businesses	Total	Elimination	Consolidated	
Operating revenues	302,300	46,713	29,266	378,279	-	378,279	
Intra-group sales and transfers	28,874	4,838	20,093	53,805	(53,805)	-	
Total	331,174	51,551	49,359	432,084	(53,805)	378,279	
Operating expenses	306,616	50,971	47,282	404,869	(53,489)	351,380	
Operating income	24,558	580	2,077	27,215	(316)	26,899	

<FY2006 3Q Oct.1 - Dec.31>						Yen (Millions)	
	Air transportation	Travel services	Hotel operations	Other businesses	Total	Elimination	Consolidated
Operating revenues	293,700	44,079	15,912	27,990	381,681	-	381,681
Intra-group sales and transfers	26,982	5,066	2,005	20,676	54,729	(54,729)	-
Total	320,682	49,145	17,917	48,666	436,410	(54,729)	381,681
Operating expenses	301,630	48,685	16,141	46,917	413,373	(54,650)	358,723
Operating income	19,052	460	1,776	1,749	23,037	(79)	22,958

## **(5) Breakdown of Operating Revenues ( Air transportation )**

	Yen(Millions)		
	FY2007 1Q-3Q Apr.1 - Dec.31	FY2006 1Q-3Q Apr.1 - Dec.31	Difference
<b>Domestic routes</b>			
Passenger	569,064	556,554	12,510
Cargo	23,307	23,402	(95)
Mail	6,162	7,055	(893)
Baggage handling	240	244	(4)
Subtotal	598,773	587,255	11,518
<b>International routes</b>			
Passenger	239,772	209,744	30,028
Cargo	53,941	46,334	7,607
Mail	3,289	2,570	719
Baggage handling	396	344	52
Subtotal	297,398	258,992	38,406
Revenues from scheduled flights	896,171	846,247	49,924
Other operating revenues	101,109	103,738	(2,629)
Operating revenues	997,280	949,985	47,295

	Yen(Millions)		
	FY2007 3Q Oct.1 - Dec.31	FY2006 3Q Oct.1 - Dec.31	Difference
<b>Domestic routes</b>			
Passenger	187,815	183,560	4,255
Cargo	8,269	8,290	(21)
Mail	2,294	2,501	(207)
Baggage handling	72	66	6
Subtotal	198,450	194,417	4,033
<b>International routes</b>			
Passenger	77,672	71,502	6,170
Cargo	19,669	17,765	1,904
Mail	1,231	952	279
Baggage handling	104	112	(8)
Subtotal	98,676	90,331	8,345
Revenues from scheduled flights	297,126	284,748	12,378
Other operating revenues	34,048	35,934	(1,886)
Operating revenues	331,174	320,682	10,492

Notes: Segment operating revenue includes inter-segment transactions.

## **(6) Overview of Airline Operating Results (Consolidated)**

	FY2007 1Q-3Q Apr.1 - Dec.31	FY2006 1Q-3Q Apr.1 - Dec.31	Year on Year (%)
<b>Domestic routes</b>			
Number of passengers	35,780,610	35,412,863	98.2
Available seat-km (thousand km)	47,387,678	47,105,351	100.6
Revenue passenger-km (thousand km)	30,414,958	30,906,522	98.4
Passenger loadfactor	64.2	65.6	(1.4)
Cargo (tons)	352,542	349,883	100.8
Cargo traffic volume (thousand kg)	338,484	337,731	100.2
Mail( tons)	69,050	71,710	96.3
Mail traffic volume (thousand kg)	71,623	76,482	93.6
<b>International routes</b>			
Number of passengers	3,639,894	3,387,816	107.4
Available seat-km (thousand km)	21,234,268	19,678,869	107.9
Revenue passenger-km (thousand km)	16,091,446	15,088,751	106.6
Passenger load factor	75.8	76.7	(0.9)
Cargo (tons)	249,144	205,549	121.2
Cargo traffic volume (thousand kg)	1,218,181	930,801	130.9
Mail (tons)	11,373	11,697	97.2
Mail traffic volume (thousand kg)	55,801	50,560	110.4
<b>Domestic routes</b>			
	FY2007 3Q Oct.1 - Dec.31	FY2006 3Q Oct.1 - Dec.31	Year on Year (%)
Number of passengers	11,744,506	12,019,499	97.7
Available seat-km (thousand km)	15,687,914	15,645,325	100.3
Revenue passenger-km (thousand km)	10,247,405	10,435,996	98.2
Passenger load factor	65.3	66.7	(1.4)
Cargo (tons)	127,132	126,358	100.6
Cargo traffic volume (thousand kg)	121,429	121,417	100.0
Mail (tons)	26,339	27,122	97.1
Mail traffic volume (thousand kg)	27,321	28,496	95.9
<b>International routes</b>			
Number of passengers	1,215,383	1,148,407	105.8
Available seat-km (thousand km)	7,121,645	6,839,855	104.1
Revenue passenger-km (thousand km)	5,327,378	5,092,417	104.6
Passenger load factor	74.8	74.5	0.3
Cargo (tons)	90,017	77,571	116.0
Cargo traffic volume (thousand kg)	440,596	353,505	124.6
Mail (tons)	4,222	4,340	97.3
Mail traffic volume (thousand kg)	20,876	18,732	111.4

### Notes:

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

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

Each result does not include results of charter flights.

Domestic routes' data include results of night cargo flights.