

ANA reports consolidated financial results for FY2007

1. Consolidated financial highlights for the period ended March 31, 2008

(1) Summary of consolidated operating results		Yen (Millions)		
	FY2007 Apr.1 - Mar.31	Year on year (%)	FY2006 Apr.1 - Mar.31	Year on year (%)
Operating revenues	1,487,827	(0.1%)	1,489,658	8.8%
Operating income (loss)	84,389	(8.5%)	92,190	3.8%
Recurring profit (loss)	56,523	(9.7%)	62,574	(6.3%)
Net income	64,143	96.4%	32,658	22.2%
Net income per share	32.93yen		16.77yen	
Net income / Shareholders' equity	15.1%		8.4%	
Recurring profit (loss) / Total assets	3.3%		3.8%	
Operating income (loss)/ Operating revenues	5.7%		6.2%	
Gain on equity method	385		284	
Average number of shares of outstanding during the period (consolidated)	1,947,736,799	shares	1,947,618,000	shares

Note: Changes in the accounting policy during the period: Yes

(2) Summary of consolidated financial positions		Yen (Millions)		
	FY2007 As of Mar.31	FY2006 As of Mar.31		
Total assets	1,783,393	1,602,091		
Shareholders' equity	455,946	405,912		
Shareholders' equity ratio	25.4%	24.9%		
Shareholders' equity per share	232.58yen	204.42yen		
Number of shares of outstanding at balance sheet date (consolidated)	1,947,615,401	shares	1,948,023,282	shares

(3) Summary of consolidated cash flows		Yen (Millions)	
	FY2007 Apr.1 - Mar.31	FY2006 Apr.1 - Mar.31	
Cash flows from operating activities	165,765	158,714	
Cash flows from investing activities	(69,827)	(128,298)	
Cash flows from financing activities	(87,336)	(100,897)	
Cash and cash equivalents at the end of the period	179,964	172,274	

(4) Scope of consolidation and application of the equity method

Number of consolidated subsidiaries: 81

Number of non-consolidated subsidiaries accounted for by the equity method: 5

Number of affiliates accounted for by the equity method: 18

(5) Change of scope of consolidation and application of the equity method

	Consolidation	Equity method
Newly added	2	-
Excluded	16	2

2. Forecast of consolidated operating results for the period ending March 31, 2009

	Yen (Millions)
Operating revenues	1,510,000
Recurring profit (loss)	52,000
Net income (loss)	27,000

Note: Forecast of net income per share: 13.86yen

This forecast is made based on (1) the information available to ANA as of the date of publication of this material and (2) assumptions as of the same date with respect to the various factors which might have impact on the future financial result of ANA. The reader should be aware that actual results could differ materially due to various factors.

The ANA Group

The ANA Group comprises All Nippon Airways Co., Ltd (ANA) and its 112 subsidiaries and 40 affiliates. Of those companies, 81 are consolidated subsidiaries and 23 are accounted for by the equity method. The Group's operations are classified into three business segments: air transportation, travel services, and other businesses. For each segment, the fields of business and the operational positions of the parent company, subsidiaries, and affiliates are described below:

As of March 31, 2008 Operational segment	No. of subsidiaries	of which,		No. of affiliates	of which, equity method
		consolidated	of which, equity method		
Air Transportation	40	40	-	4	4
Travel Services	9	9	-	1	1
Other Businesses	63	32	5	35	13
Group Total	112	81	5	40	18

Air Transportation

The ANA Group's air transportation operations and other aircraft operations are centered on All Nippon Airways Co., Ltd.; subsidiaries Air Nippon Co., Ltd. (ANK), and Air Japan Co., Ltd. (AJX). Air transportation principally comprises passenger services, cargo and airmail transportation. Incidental operations including airport customer services, telephone reservation and information services and the maintenance of ANA's aircraft, and are provided by International Airport Utility Co., Ltd., ANA TELEMART Co., Ltd., ANA Aircraft Maintenance Co., Ltd., and other companies. Airport passenger handling, and maintenance services are also provided to domestic and overseas airlines that are not members of the ANA Group.

Travel Services

Travel packages are structured and sold under the brand names ANA Hallo Tour and ANA Sky Holiday, mainly by ANA Sales Co., Ltd. These operations mainly comprise the development and sale of products that use the air transportation services of ANA or ANK. Overseas, ANA Sales Europe Ltd. and other companies provide a range of services to customers traveling on ANA Hallo Tour brand packages and sell airline tickets and travel products.

Other Businesses

Group companies provide communications, trading and sales, real estate, building management, ground transportation and distribution, aircraft equipment maintenance, and other services. ANA Information Systems Planning Co., Ltd., Infini Travel Information, Inc., and others principally develop terminals and software for airline-related information systems. ANA Logistics Services Co., Ltd., operates warehouse for imported air cargo. All Nippon Airways Trading Co., Ltd., and others conduct operations centered primarily on the import of airline-related materials and on sales through stores and catalogs. Jamoo Corporation and others provide the maintenance of aircraft equipment. All Nippon Airways Co., Ltd., and ANA Group subsidiaries and affiliates are customers for these products and services.

1. Corporate Performance

(1) Analysis

1. Overview of the fiscal year

In the first half of the fiscal year, domestic capital investment continued to increase against a backdrop of strong corporate profits, and consumer spending picked up as the improvement in the employment situation broadened. On the other hand, in the second half of the year, the sub-prime loan related slowdown in the U.S. economy and surging crude oil prices began to have an adverse affect on domestic economic conditions, and the future remains difficult to forecast.

In this environment, the ANA Group's operating revenues edged down 0.1% year-on-year, to ¥1,487.8 billion; operating income was down 8.5%, to ¥84.3 billion; and recurring profit fell 9.7%, to ¥56.5 billion. Net income, however, increased 96.4%, to ¥64.1 billion, due to the recording of extraordinary profit accompanying an asset transfer in hotel operations.

On a non-consolidated basis, operating revenues increased 4.0% year-on-year, to ¥1,341.3 billion, operating income fell 3.3%, to ¥73.7 billion, recurring profit declined 0.1%, to ¥46.2 billion, and net income was up 58.7%, to ¥50.5 billion.

Operating results by business segment are as follows (revenues for each business segment include intra-group sales).

• Air Transportation

We revised domestic fares, international fares, and fuel surcharges in order to stimulate demand. As a result, air transportation operating revenues grew 4.2% year-on-year, to ¥1,301.6 billion. Although we sought to counter surging jet fuel prices by matching supply to demand and striving to reduce costs through the introduction of fuel-efficient new aircraft, we were unable to entirely offset cost increases. Consequently, operating income fell 2.2%, to ¥77.9 billion.

Domestic Passenger Services

Demand was somewhat weak during the fiscal year. In response to intensified competition on major routes and with other competing methods of transportation, we utilized a range of initiatives to strengthen our competitiveness, including "*Toku-wari*" and "*Tabi-wari*" flexible discount fares, and we aggressively introduced additional flights during peak-demand periods. Despite these measures, passenger numbers fell below the previous year.

Maintaining our basic route network from the previous period, we reduced the number of flights on low-profit routes while increasing flights on high-profit routes and continuing to introduce fuel efficient new aircraft. Furthermore, we took steps to expand our network and enhance convenience for our customers. We entered into code-sharing agreements with Star Flyer Inc. for flights on the Haneda–Kitakyushu route from June and with Skynet Asia Airways for the Haneda–Kagoshima route from September.

Based on the concepts of simplicity and convenience, we continue to refine our SKiP boarding service, and as of December, we had rolled it out across all domestic airports served by the Group.. In addition, our complete shift to e-tickets means that customers no longer have the inconvenience of having to carry a ticket.

In December, we finalized an agreement for a comprehensive business tie-up with the East Japan Railway Company, offering enhanced convenience to passengers through a 'land by train, sky by plane' service. As part of our strategy for stimulating demand for leisure travel, we rolled-out nationwide the *Nippon 2* campaign from April to March and the *Mattarina-Hokkorina Okinawa Ishigaki Miyako* campaign from November to March.

All in all, despite passenger numbers edging down 2.0% year-on-year, to 45.6 million, operating revenues rose 1.9%, to ¥739.5 billion, as a result of enhanced passenger unit prices stemming from the April fare revision and the implementation of sales strategies corresponding to demand trends.

Domestic Cargo and Mail Services

Domestic cargo demand was strong, due to a high volume of cargo for Okinawa in the first half of the year, and high volumes of home-delivery and south Kyushu fresh-cargo shipments from December. Further, from November, we began a cargo-business tie-up with Skynet Asia Airways on its Haneda–Miyazaki route, bolstering the competitiveness of our cargo operations on this route by enhancing convenience for customers. We are taking positive steps to increase the volumes of international cargo passing through domestic hubs, and since January, we have switched one of our midnight cargo operation bases from Centrair, Nagoya, to Kansai International Airport.

In mail services, operating revenues declined year-on-year, as the volume of cargo handled and unit price both fell due to intensified competition.

As a result of these factors, cargo volumes rose 1.0% year-on-year, to 462 thousand tons, but because of a lower unit price due to increased competition, operating revenues were down slightly, to ¥30.5 billion (no percentage change).

Mail volume carried decreased by 2.6%, to 88 thousand tons, and operating revenues fell 10.8%, to ¥7.9 billion.

International Passenger Services

In international passenger services, the favorable conditions of the previous fiscal year continued. In addition to solid individual demand, centered on business travel, the depreciation of the yen also supported inbound travel. In this environment, we reinforced our China route network, a growth market, and our Asia route network. We moved to a twice-daily service on the Narita-Guangzhou route from May, opened the Haneda–Shanghai Hongqiao route in September, and increased flights on the Haneda–Hochimin route from October. Moreover, against a backdrop of notable economic growth in India, we worked to capture business demand in the rapidly growing Japan-India market. In September, we launched the ANA Business Jet service on the Narita–Mumbai route, using a Boeing 737-700ER in an all-business-class configuration.

We are working to further enhance profitability. To match supply to demand, from May we downsized to the Airbus A320-200 for some China routes. Further, following its introduction on North American routes, service was commenced with the highly fuel-efficient Boeing 777-300ER on the Narita–London route in May.

The year under review marked the 35th anniversary of the normalization of diplomatic ties between Japan and China and the 20th year of ANA service to China. Under the banner

“ANA’s China Year” we implemented the *Live China/20 Years of China Service/ANA* campaign with a panda-liveried aircraft, known as *Fly! Panda* initiated special charter flights and cooperated in various cultural events and exchange programs.

We have strengthened the competitiveness of our U.S. and Europe routes to meet brisk individual demand, particularly for business travel, such as introducing a new discount fare, the *Eco-wari Premium*, from December, which can be used on our popular *Premium Economy* service.

Due to these initiatives, international passenger numbers rose 6.0% year-on-year, to 4.82 million people. Yields increased due to the revision of fares and fuel surcharges, and operating revenues increased 11.9%, to ¥311.5 billion.

International Cargo and Mail Services

As a whole, demand for outbound shipments of international cargo was sluggish, particularly on the Japan–China route, as new market entrants and increased flights by competitors led to challenging market conditions. However, we made positive efforts to secure shipments from Asia and China through Japan to Europe and North America, and also to acquire shipments distributed within the Asia region. The volume of shipments of fresh products from North America and Europe increased, leading to a significant growth in overall volume.

In May, we consigned some international cargo operations to ABX Air, Inc., of the U.S., and as a result effectively expanded to a fleet of six cargo freighters, including four owned by ANA. This has enabled us to enhance the scale of our cargo network to over 100 flights per week, centered on Asia and China, and heightened convenience levels by increasing the combined volume of space supplied by both cargo and passenger flights.

From January, we consolidated our freight operations within Kansai International Airport to achieve improved corrections and to enhance system efficiencies. Also, we responded to surging jet fuel prices by revising our fuel surcharges.

In mail services, shipments from Japan to China decreased due to aircraft downsizing, and overall volume was down year-on-year. However, operating revenues grew, principally on the back of the strong performance of long-haul mail, which has a high unit price.

Due to these factors, in the fiscal period, cargo volume on international routes was up 19.8%, to 332,000 tons, and operating revenues increased 16.1%, to ¥72.1 billion. Mail volume carried was down 0.4%, to 15,000 tons, but operating revenues increased 4.0%, to ¥3.5 billion.

Other Businesses

In other businesses, we worked to increase revenues from aircraft maintenance and ground handling services provided to other airlines, such as passenger check-in and baggage handling, as well as from in-flight sales. Nonetheless, operating revenue declined 2.1% year-on-year, to ¥136.2 billion.

Changes in Fleet Composition

The following changes took place in the ANA Group’s fleet during the fiscal year ended March 2008:

Boeing 747-400: 1 Purchased, 1 Returned, 4 Sold/ Removed, Change of fleet: -4

[Remarks: 2 sold in April 2007, 2 sold in October 2007, 1 returned in February 2008(1), 1 purchased in February 2008(1)]

Boeing 777-300: 4 Purchased, Change of fleet: +4

[Remarks: 1 purchased in April 2007, 1 purchased in June 2007, 1 purchased in September 2007, 1 purchased in January 2008]

Boeing 777-200: 3 Purchased, 3 Returned, Change of fleet: 0

[Remarks: 1 returned in June 2007(1), 2 returned in December 2007(1), 1 purchased in June 2007(1), 2 purchased in December 2007(1)]

Boeing 767-300: 2 Purchased, 2 Returned, Change of fleet: 0

[Remarks: 1 returned in June 2007(1), 1 returned in February 2008(1), 1 purchased in June 2007(1), 1 purchased in February 2008(1)]

Airbus A321-100: 2 Returned, 1 Sold/ Removed, Change of fleet: -3

[Remarks: 1 returned in May 2007, 1 returned in January 2008, 1 sold in March 2008]

Airbus A320-200: 5 Leased, 2 Sold/ Removed, Change of fleet: +3

[Remarks: 1 sold in April 2007(2), 1 sold in March 2008, 1 leased in April 2007, 1 leased in April 2007(2), 1 leased in May 2007, 1 leased in June 2007, 1 leased in July 2007]

Boeing 737-700: 7 Purchased, Change of fleet: +7

[Remarks: 1 purchased in May 2007, 1 purchased in June 2007, 1 purchased in August 2007, 1 purchased in September 2007, 1 purchased in October 2007, 1 purchased in January 2008, 1 purchased in February 2008]

Boeing 737-500: 1 Purchased, 1 Returned, Change of fleet: 0

[Remarks: 1 returned in April 2007(1), 1 purchased in April 2007(1)]

Total: 18 Purchased, 5 Leased, 9 Returned, 7 Sold/ Removed, Change of fleet: +7

Note:(1)purchased after lease termination, (2)ANA-owned leased after sale

• **Travel Services**

In travel services, demand for flights to Kyushu and Okinawa were firm and domestic travel revenues increased significantly year-on-year. On the other hand, the effect of increased fuel surcharges and diminished demand for flights to China resulted in overseas travel revenues edging down slightly.

In domestic travel, we developed a new style of travel products based on the theme of contact with other people. We began sales of the *Kando Annainin* Plan, an individual travel product that is available for as few as two people and includes a local tour guide.

With a highly innovative concept, this product won the Grand Prix in the domestic travel division at the Tour of the Year 2007 awards in Japan.

In overseas travel, we bolstered our lineup of beach resort products, *Nettai Rakuen Jikan*, centered on Chang Island, Thailand, and our products for business and first class passengers that offer a tour guide for two or more people.

Also, the ANA Hangzhou-Xi Hu *Fureai Walk*, which was designed as an experience travel product, won a special prize in the Tour of the Year Award 2007 in the overseas travel division.

We bolstered our presence and performance in the domestic and international travel markets with the launch of the *Tabi-saku* flexible package product, which enables customers to use the Internet to freely combine airline tickets and hotel arrangements. This product was utilized by more than 90,000 domestic and international customers during the fiscal year.

From April, we launched *Tabi-dachi*, a new travel club established within the ANA Mileage Club, which now totals 940,000 members.

As a result of these factors, operating revenues for our travel services increased 3.5% year-on-year, to ¥215.3 billion. However, operating income declined 44.1%, to ¥1.0 billion, due to the increase in purchasing costs that accompanied intensified price competition and surging jet fuel prices.

• Other Businesses

All Nippon Airways Trading Co., Ltd., conducts trading and retailing. In aircraft related operations, revenues continued to increase. In trading operations, business was favorable in such products as food, pulp and paper, and machinery, and revenues increased substantially. In customer service operations, the number of users was flat, and sales were the same as in the previous year. Overall, sales increased significantly year-on-year.

Infini Travel Information Inc., which provides an international flight reservation and ticketing system to airlines and travel agencies, made good progress with market development of its INFINI LINX Internet reservations tool and other strategic products.

However, slack demand for international travel meant the number of uses of the international flight reservation and ticketing system were flat and revenues declined. ANA Information Systems Planning Co., Ltd, which principally provides information systems development, maintenance, and operations services to ANA and other Group companies, saw a marginal decline in overall operating revenues year-on-year.

As a result, operating revenues in other businesses were up 1.1%, to ¥198.9 billion, while operating income was down 7.4%, to ¥5.1 billion.

(Elimination of the hotel operations business segment)

In June 2007, in line with our management strategy of increasing profitability by concentrating management resources on air transport operations, we transferred the shares and assets of 14 hotel related subsidiaries outside the Group. Accordingly, the 15 hotel related subsidiaries have been removed from the scope of consolidation and the hotel operations segment has been eliminated from the period under review. Through IHG ANA Hotels Group Japan, a joint venture between the Company and the Intercontinental Hotels Group, we will continue to operate the hotels in its portfolio, but as an equity method affiliate,

and IHG ANA Hotels Group Japan is included in the other business section.

2. Fiscal Year 2008 Ending March 31, 2009 – Forecast

In fiscal year 2008, we expect to see some slowdown in the Japanese economy in line with the sluggish conditions in the U.S. economy and the surging price of crude oil. There is also a danger of stagnation in consumer spending as business sentiment increasingly trends towards caution.

In this operating environment, based on the “ANA Group Mid-Term Corporate Strategy” (FY2006-FY2009), we will strive to maintain and improve the high levels of quality in our air transport products and services, and will further fortify our revenue base and target growth in profits. Through these efforts, we aim to achieve our goal of “becoming one of the leading corporate groups in Asia centered on air transportation,” as stated in the ANA Group Corporate Vision.

In domestic passenger operations, to help in our efforts to match supply to demand and deal with increasingly intense competition, we will improve our on-time performance and efficiency by switching to a simple rotation system, which is effective in dealing with the repositioning of aircraft in the event of operational irregularities, while bolstering our competitiveness through strategic price-settings and the supply of high-quality services.

To capture business demand, in April 2008 we launched My Shuccho Support, offering our ANA card members the services they need on a business trip, such as hotel reservations in addition to airline ticket reservations. We are further targeting business demand by through our *Business Ticket* special fare, exclusively for use by ANA card holders on all domestic routes, providing them with another convenient business trip service.

In leisure travel, we will stimulate demand by adding a new flexible discount fare, *Noritsugi Tabi-wari*, to our popular *Tabi-wari* fare plan. Moreover, we aim to provide even more luxurious and pleasant services, and from April 2008 we introduced an enhanced version of our *Super Seat Premium* service, *Premium Class*.

In international passenger operations, we will continue to develop the foundations of our network-carrier business model in advance of the Tokyo-metropolitan area expansion in airport capacity, scheduled for completion in 2010. We will fully utilize the time-window allocated for international charter flights at Haneda Airport. In April 2007, we began flights on the Haneda–Hong Kong route, and with an eye to the Beijing Olympics in August, plan to open a Haneda–Beijing Nanyuan route once the necessary operating conditions are in place. As with Kansai–Qingdao flights March 2007, we will also increase flights on the Kansai–Dalian route to offer a daily service. Further, matching demand to supply, we will downsize our aircraft on the Kansai–Hangzhou route to the Boeing 737-700.

In terms of sales and marketing, we are targeting individual demand through the introduction of our highly competitive new pricing system, *Super Eco-wari*, which can be used on flights from April 2008. We are also working to heighten convenience for our customers, and from May 2008 will begin a code-sharing agreement and mileage tie-up with Jet Airways of India. We intend to take advantage of the opportunities that will be created by the expected deregulation of the airline industry, and with this in mind we are continuously striving to further improve our products and services and strengthen our competitiveness.

Our goal is to make cargo operations our third core business, and we are steadily implementing measures to establish a revenue base and create a new business model. We will bolster profitability through measures that include increasing the number of freighter aircraft in use from June to December 2008; establishing daily flights on weekdays to Xiamen, Qingdao, and Taipei; increasing the number of early morning and late night flights; and advancing the creation of a freight-hub network by improving connections at our key airports.

Further, to advance our express freight operations – a priority door-to-door service, and an area forecast for high-growth – in April 2008 we joined with Nippon Express and Kintetsu World Express to establish a new joint venture company, All Express Corporation, to provide express delivery services. Furthermore, against the backdrop of these efforts, we are working to further strengthen our operational base by continuing preparations for our international freight-hub in Okinawa, slated to open in the second half of fiscal 2009.

To support these operational developments and to meet our fiscal 2008 targets, we will expand our freighter cargo fleet to 11 aircraft. In addition to one Boeing 777-300ER, two Boeing 767-300 ERs, and one Boeing 737-700, we will introduce five Boeing 737-800 aircraft and also convert two Boeing 767-300ER passenger aircraft into freighters. On the other hand, we will retire two Boeing 747-400s, six Airbus A320-200s, and all of our three Fokker 50s. With these measures, we are working to streamline aircraft types and introduce fuel-efficient aircraft in line with the cost-reduction structural reforms described in our fleet strategy.

Despite the postponement of the delivery of the Boeing 787s that we initially planned to introduce during the next fiscal period, there will be no changes to plans and targets because the postponement has already been incorporated into our operational planning for the next fiscal year.

In travel operations, we will enhance our travel product planning capabilities centered on ANA Sales, and strive to differentiate ourselves from the competition. We will bolster our sales capabilities and improve profitability by enhancing our product lineup to meet the increasingly diverse needs of our customers.

In other businesses, we will continue to promote speedy and timely management focused on securing profit on a consolidated basis. This will support the objective stated in our Group management vision of heightening the integrated capacity of the entire ANA Group.

Through such measures, we intend to continue building a corporate platform capable of generating stable profits whatever the nature of the operating environment. Our consolidated financial forecast for the fiscal year ending March 2009 recognizes that the current economic slowdown may weaken future demand for airline services and that the high price of jet fuel is likely to continue. However, based on our dual strategy of forward investment to expand the scale of future operations and positive measures to further strengthen our cost competitiveness, our forecast calls for operating revenues of ¥1,510.0 billion (an increase of ¥22.1 billion over the previous period); operating profit of ¥80.0 billion (a decrease of ¥4.3 billion over the previous period); recurring income of ¥52.0 billion (a decrease of ¥4.5 billion over the previous period); and net income of ¥27.0 billion (a decrease of ¥37.1 billion over the previous period).

Forecasts assume an exchange rate of ¥106 to the dollar, a market price for Dubai crude oil –

an indicator of jet fuel prices – of US \$95 per barrel, and a price for Singapore kerosene of US \$119 per barrel. The capital investment plan for the next fiscal period forecasts ¥21.5 billion for air transportation and ¥2.0 billion for other businesses, for a total ¥21.7 billion.

(2) Financial Condition Analysis

1. Consolidated Balance Sheets

Current assets were up ¥51.4 billion, mainly due to an increase in deferred income tax, while fixed assets increased ¥130.2 billion. As a result, total assets increased ¥181.3 billion, to ¥1,783.3 billion.

The increase in fixed assets was primarily due to capital investment, centered on aircraft. Although hotel business assets were deducted from fixed assets, due to the Company's early adoption of the Accounting Standards Board of Japan's (ASBJ) 'Accounting Standard for Lease Transactions', (revised March 30, 2007, subsequently, new lease accounting standards), these assets were recorded as lease assets from the fiscal period under review.

Liabilities increased ¥131.2 billion year on year, to ¥1,327.4 billion. Interest-bearing debt increased ¥18.4 billion year on year, as the repayment of long and short term debt and bonds was offset by the recording of lease obligations from the fiscal period under review following the early adoption of new lease accounting standards.

Retained earnings increased ¥58.2 billion due to the recording of net income. Consequently, net assets increased ¥50.0 billion, to ¥455.9 billion.

2. Consolidated Statements of Cash Flows

Net income before taxes of ¥115.2 billion was adjusted for non-cash items, such as depreciation and amortization and extraordinary depreciation, and other items including increases and decreases for trade payables and receivables from operating activities. As a result, net cash provided by operating activities increased ¥7.0 billion, to ¥165.7 billion.

Net cash used in investing activities was ¥69.8 billion, while free cash flow of ¥95.9 billion was secured. Primary cash outflows were related to the acquisition of aircraft and aircraft parts and advance payment for new aircraft, while cash inflows were related to the sale of assets in hotel operations.

Net cash flow used in financing activities was ¥87.3 billion, as the repayment of debt and bonds, the repayment of lease obligations, and dividend payments were not enough to offset an increase in proceeds from long term-debt and the issue of bonds.

As a result, cash and cash equivalents at the end of the period increased ¥7.6 billion year on year, to ¥179.9 billion.

The Group's cash flow indices for the period under review are as follows.

Equity ratio (shareholders equity / net assets) 25.4% (24.9%)

Shareholders' equity ratio to net assets at market value (market capitalization / net assets)
47.9% (56.3%)

Debt repayment period (interest bearing debt / cash flow from operating activities) 4.6 years (4.7 years)

Interest coverage (net cash provided by operating activities / interest payments) 10.7 (8.9)

(3) Dividend Policy and Dividend for the Current Period

The dividend for the current period is based on our basic policy of maintaining retained earnings and strengthening financial structure to sustain profit growth in an increasingly competitive environment. We were able to improve balance sheet consistency by taking hotel operations off balance. Therefore, we have determined a dividend of ¥5 per share for the current fiscal period, an increase of ¥2 from the previous fiscal period.

ANA considers its key management issue to be achieving a balance between providing a return to shareholders while solidifying its financial position through retained earnings for future operational development. We project a dividend for the next period, although the final decision will be based on a comprehensive consideration of the management environment and performance trends.

4. Operating Risks

The following risks could have a significant effect on the judgment of investors in the ANA Group. These forward-looking statements are the ANA Group's judgments as of the end of the fiscal year under review.

1) Risks related to crude oil price fluctuations

The price of jet fuel comprises such expenses as the cost of importing, refining, and transporting crude oil and customs tariffs. Among those costs, the cost of importing crude oil accounts for approximately 80% of the price of jet fuel. Consequently, if the price of crude oil increases, the price of jet fuel will increase, leading to a significant burden for the Company.

To control the risk of fluctuating jet-fuel prices and to stabilize associated expenses, ANA purchases crude oil and jet fuel commodity derivatives in planned, continuous hedging transactions for specific periods of time. The Company's hedging transactions are limited to a certain percentage of aggregate purchases of fuel in Japan and overseas, with plans for hedging amounts set quarterly. Individual transactions are maintained within limits that are set in such a way that the Company's transactions will not affect the spot market, and margins are adjusted monthly to avoid any physical delivery obligations. At present, the price of crude oil has been hovering at record-high levels and the Company's fuel expenses, including taxes, in the year under review totaled ¥266.1 billion, up ¥30.0 billion from the previous fiscal year and representing 18.5% of operating expenses. Given the limitations of the Company's current efforts to offset high crude oil prices through cost reductions and higher fares and charges, prolonged high crude oil prices in the future could significantly affect the Company's performance.

2) Risks related to foreign exchange rate fluctuations

Since jet fuel purchases, which account for a significant share of the Company's expenses, are conducted in foreign currencies, the depreciation of the yen has a significant effect on the Company's profits. Accordingly, to the greatest extent possible, foreign currency taken in as revenue is used to pay expenses denominated in the same foreign currency, thereby minimizing the risk of foreign exchange rate fluctuations. In addition, the Company uses forward exchange agreements and currency options for its jet fuel purchases to limit the risk of fluctuations in foreign exchange rates and to stabilize and control payment amounts.

3) Risks related to the international stage

Currently, the Company is conducting international operations mainly in North America,

Europe, China and Asia; international passenger operations account for more than 20% of its air transportation revenues. Any future international conflicts, large-scale terrorist attacks or outbreaks of contagious diseases in the regions we serve could affect the Company's performance due to the accompanying decrease in demand for travel to the affected region.

4) Risks related to statutory regulations

As an airline operator, the Company undertakes operations based on the stipulations of statutory regulations relating to airline operations. Further, the Company is required to conduct passenger operations and cargo operations on international routes in accordance with the stipulations of international agreements including treaties, bilateral agreements, and the decisions of IATA (International Air Transport Association). Further, the Company's operations are constrained by Japanese Antitrust Law and similar laws and regulations in other countries with regard to the pricing of fares and charges.

5) Risks related to litigation

The Company may become involved in litigation, which could affect the Company's performance. Specifically, the Company could be sued in the wake of the following.

(1) Alleged cartel in the U.S.

In February 2006, the Company's New York Office was interviewed by the U.S. judicial authority in relation to an alleged cartel of airfares by major world airlines. At the same time, a subpoena for submission of various materials was issued. In addition, The Americas office in Los Angeles was searched by the U.S. Federal Bureau of Investigation in March 2007, most likely relating to antitrust law. At present, the Company is cooperating with such searches. A class action suit has been brought in the U.S. relating to these incidents, but no specific damages have been sought, making analysis of the situation difficult.

(2) Notice from the European Commission

Based on their own evidence and that provided by other companies, the European Commission pointed out that the Company might be violating EU Competition Law with regard to cargo. We are carefully examining this claim through attorneys and making appropriate responses. However, should the commission find any transgressions, a heavy fine could be levied. We have set aside ¥16.1 billion, the maximum estimated amount, as an extraordinary expense for the period under review.

6) Risks related to fleet strategy

In air transportation operations, the Company is pursuing a fleet strategy centered on the deployment of medium and small-sized aircraft, standardization of models, and the introduction of highly economical aircraft. However, measures related to fleet strategy could prove ineffective due to the factors given below. Further, the expected benefits of the fleet strategy may diminish significantly.

(1) Dependence on The Boeing Company

In accordance with its fleet strategy, the Company has ordered 85 aircraft, all of them from Boeing. If Boeing were unable to fulfill its agreements to the Company due to financial or other factors, the Company would be unable to acquire aircraft according to its fleet strategy. Such eventualities could significantly affect the Company's performance. Currently the Company has received a notice of delay of delivery from Boeing, which could create obstacles to its medium-to-long term operations.

(2) Delay of aircraft development plan

In accordance with its fleet strategy, the Company decided at the end of March 2008 to introduce the Mitsubishi Regional Jet (MRJ), yet to be developed by Mitsubishi Heavy Industries, Ltd. Any delays in development, or delay of delivery, currently scheduled for after 2013, could create obstacles to the Company's medium-to-long term operations.

(3) Increase in the cost of raising funds

The Company acquires aircraft through bank loans, capital increases and bond issuance. However, future changes in the tax system or reorganization of governmental financial agencies may make it difficult or even impossible to raise funds on terms advantageous to the Company. Such eventualities could significantly affect the Company's performance.

7) Risks relating to public-sector fees

Public-sector fees include landing, navigation and other airport usage fees. In the year under review, airport usage fees for the ANA Group totaled ¥106.0 billion, or 8% of operating expenses. While the government had implemented a policy to reduce landing fees, some fees were later raised after being reduced, and similar changes could occur in the future.

8) Risks relating to environmental regulations

In recent years, as part of global environmental preservation, numerous statutory regulations addressing such issues as aircraft emissions of greenhouse gases, the usage and treatment of environmental pollutants, and energy use at major offices have been introduced or strengthened. Adhering to such statutory regulations imposes a considerable cost burden on the Company; it may have to shoulder an even larger burden if current regulations are strengthened, or if new regulations such as environmental taxes are introduced.

9) Risks relating to competition

The possibility of increased expenses for the Company's air transportation operations due to such factors as jet fuel prices, the cost of raising funds, and responses to environmental regulations cannot be denied. If such expenses increase, it becomes necessary for the Company to secure income by reducing indirect fixed costs, enhancing efficiency through the standardization of aircraft, and raising fares and charges. However, because the Company is in competition with other airlines in Japan and overseas, as well as with alternative forms of transportation such as the bullet train on certain routes, passing on costs could diminish its competitiveness and lead to a loss of customers to competitors. As price competition greatly restricts the passing on of costs to customers, an increase in expenses could affect the Company's performance.

10) Risks relating to ineffective strategic alliances

Through its membership of Star Alliance, the Company enjoys a variety of benefits including the sale of tickets to customers of alliance partners and heightened brand recognition outside Japan. However, the benefits of Star Alliance membership would diminish if a major partner were to leave the Alliance, or if the Alliance were ordered to dissolve or reduce the extent of its activities based on certain member countries' antitrust laws. Such eventualities could significantly affect the Company's performance.

11) Risks relating to flight operations

(1) Aircraft accidents, etc.

Any aircraft accident involving Company- or code-share-operated flights could cause a drop in customer confidence and demand, creating a medium-to-long term downturn that could

affect the Company's performance. A major accident suffered by a competitor could similarly lead to a reduction in aviation demand that could affect the Company's performance. An accident would give rise to significant expenses including compensation for damages and the repair or replacement of aircraft. Such direct expenses would be largely met by aviation insurance.

(2) Technical circular directives etc.

If an issue arises that significantly compromises the safety of an aircraft, the Minister of Land, Infrastructure and Transport by law issues a technical circular directive. In some cases, operations of the same type of aircraft are not permitted until the aircraft's safety has been confirmed. Even when the law does not require issuance of a technical circular directive, in some cases, when safety cannot be confirmed, operation of the same type of aircraft is voluntarily suspended in accordance with in-house regulations. The occurrence of such a situation could significantly affect the Company's performance.

12) Risks relating to leaked customer information

The Company holds a huge amount of information relating to customers, such as that pertaining to the approximately 17.16 million members (as of March 31, 2008) of the ANA Mileage Club. The proper management of such personal information is now dictated by a tightened Personal Information Protection Law. The Group has stated its privacy policy, apprised customers thereof, and established full measures to ensure information security including in its IT systems. In addition, work procedures and information systems are continuously monitored and revised when needed to eliminate any potential security gaps. Despite these precautions, a major leak of personal information caused by unauthorized access or some other unforeseen factor could still occur and carry significant cost, in terms of both compensation and loss of public confidence, which could significantly affect the Company's performance.

13) Risks relating to disasters

The Company's data center is located in the Tokyo area, while operational control of its domestic and international flights is conducted at Haneda Airport. More than 60% of the Company's passengers on domestic routes use Haneda Airport. A major disaster such as an earthquake in the Tokyo area or a fire at the abovementioned facilities could lead to a long-term shutdown of its information systems and/or operational control functions that could significantly affect the Company's performance. Further, disasters such as earthquakes, typhoons or heavy snow could force the closure of affected airports and lead to the suspension of flight arrivals and departures, which could also affect the Company's performance.

14) Risks relating to information systems

Air transportation operations are highly dependent on information systems for such critical functions as reservations and sales, boarding procedures, and operational control and management. Any system failure, including in telecommunications networks, would make it difficult to maintain operations and would result in a loss of public confidence, which could affect the Company's performance.

15) Risks relating to asset impairment

If the profitability of various operations deteriorates, or an asset is sold off, the Company may be required to recognize asset impairment losses in the future.

2. The ANA Group

The ANA Group comprises All Nippon Airways Co., Ltd (ANA) and its 112 subsidiaries and 40 affiliates. The Group's operations are classified into three business segments: air transportation, travel services, and other businesses. For each segment, the fields of business and the operational positions of the parent company, subsidiaries, and affiliates are described below.

• Air Transportation

The ANA Group's air transportation operations and other aircraft operations are centered on All Nippon Airways Co., Ltd.; subsidiaries Air Nippon Co., Ltd. (ANK), and Air Japan Co., Ltd. (AJX). Incidental operations include airport customer services, telephone reservation and information services and the maintenance of ANA's aircraft, and are provided by International Airport Utility Co., Ltd., ANA TELEMART Co., Ltd., ANA Aircraft Maintenance Co., Ltd., and other companies. These services are also provided to domestic and overseas airlines that are not members of the ANA Group.

This segment consists of 40 consolidated subsidiaries and four affiliates accounted for by the equity method.

• Travel Services

Travel packages are structured and sold under the brand names ANA Hallo Tour and ANA Sky Holiday, mainly by ANA Sales Co., Ltd. These operations mainly comprise the development and sale of products that use the air transportation services of ANA or ANK and accommodation at ANA hotels. Overseas, ANA Sales Europe Ltd. and other companies provide a range of services to customers traveling on ANA Hallo Tour brand packages and sell airline tickets and travel products.

This segment consists of nine consolidated subsidiaries and one affiliate accounted for by the equity method.

• Other Businesses

Group companies provide communications, trading and sales, real estate, building management, ground transportation and distribution, aircraft equipment maintenance, and other services. ANA Information Systems Planning Co., Ltd., Infini Travel Information, Inc., and others principally develop terminals and software for airline-related information. ANA Logistics Services Co., Ltd., operates warehouse for imported air cargo. All Nippon Airways Trading Co., Ltd., and others conduct operations centered primarily on the import and export of airline-related materials and on sales through stores and catalogs. All Nippon Airways Co., Ltd., and ANA Group subsidiaries and affiliates are customers for these products and services.

This segment includes 63 subsidiaries and 35 affiliates. Of those companies, 32 are consolidated subsidiaries; five subsidiaries and 13 affiliates are accounted for by the equity method.

3. Management Policy

1) Keynote

The ANA Group Safety Principles state that "Safety is our promise to the public and the

foundation of our business.” Indeed, safety is our duty as a provider of public transportation, and is always at the forefront of our operations. While giving top priority to the safe operation of Group airlines, we aim to win the confidence of customers and shareholders by raising the quality of our air transportation services and by drastically increasing the profits of the ANA Group as a whole.

2) Medium- and Long-Term Management Strategies

Based on the “ANA Group Mid-Term Corporate Strategy (FY2006–FY2009)” formulated in January 2006, we have been steadily shifting to a corporate structure better able to withstand changes in the business environment; our goal, as stated in the ANA Group Corporate Vision, remains to become “No. 1 in Asia.”

However, given the rapid industry changes both in and outside of Japan, such as ever-higher jet fuel prices, global trends toward deregulation, and the scheduled post-2010 expansion of airport capacity in the Tokyo metropolitan area, in January we formulated the “ANA Group Mid-Term Corporate Strategy (FY2008–FY2011).”

This new mid-term corporate strategy is based on the acknowledgment that growth will require a drastic shift in thinking as well as a whole new operating structure. In it, we have established “innovation” and “globalization” as the keywords through which we will pursue new value.

By steadily implementing the following action plan, enhancing our profitability and strengthening our operating base, we aim to realize our goal of becoming “Asia’s No. 1 airline for quality, customer satisfaction and value creation”—and an airline that can weather the harshest business climates.

(1) Consolidated Balance Sheets

Yen(Millions)

	FY2007 As of Mar.31	FY2006 As of Mar.31	Difference
Assets			
<u>Current assets</u>	473,499	422,048	51,451
Cash and deposits	51,410	172,958	(121,548)
Trade accounts receivable	118,226	123,288	(5,062)
Marketable securities	129,279	34	129,245
Inventories	52,893	60,736	(7,843)
Deferred income taxes - current	33,915	9,408	24,507
Other	87,859	56,164	31,695
Allowance for doubtful accounts	(83)	(540)	457
<u>Fixed assets</u>	1,309,750	1,179,535	130,224
[Tangible fixed assets]	[1,099,050]	[969,810]	129,240
Buildings and structures	100,381	159,607	(59,226)
Flight equipment	608,488	583,724	24,764
Machinery, Equipment and vehicles	18,587	19,211	(624)
Tools and fixtures	14,168	16,071	(1,903)
Land	45,946	94,303	(48,357)
Lease assets	69,727	-	69,727
Construction in progress	241,753	96,894	144,859
[Intangible fixed assets]	[47,086]	[43,022]	4,064
[Investments and others]	[163,623]	[166,703]	(3,080)
Investment securities	64,579	68,358	(3,779)
Long-term loans receivables	2,393	3,788	(1,395)
Deferred income taxes - non-current	44,848	35,556	9,292
Other	53,156	60,083	(6,927)
Allowance for doubtful accounts	(1,353)	(1,082)	(271)
<u>Deferred assets</u>	135	508	(373)
Total assets	1,783,393	1,602,091	181,302

	Yen(Millions)		
	FY2007 As of Mar.31	FY2006 As of Mar.31	Difference
Liabilities			
<u>Current liabilities</u>	546,950	473,034	73,916
Trade accounts payable	183,295	198,988	(15,693)
Short-term loans	2,580	3,500	(920)
Current portion of long-term debt	68,022	110,224	(42,202)
Current portion of bonds payable	50,000	45,000	5,000
Lease obligation	15,797	-	15,797
Accrued income taxes	81,324	3,369	77,955
Accrued bonuses to employees	25,103	15,332	9,771
Provision for potential loss on antitrust proceedings	16,198	-	16,198
Other	104,631	96,621	8,010
<u>Long-term liabilities</u>	780,497	723,145	57,352
Bonds payable	145,000	165,000	(20,000)
Long-term debt payable	429,578	425,722	3,856
Accrued employees' retirement benefits	112,253	112,606	(353)
Consolidation adjustment account	2,787	1,105	1,682
Retirement benefit for directors and Cooperate Auditors	531	-	531
Deferred tax	75	1,488	(1,413)
Lease obligation	56,899	-	56,899
Other	33,374	17,224	16,150
Total liabilities	1,327,447	1,196,179	131,268
Net assets			
Shareholders' equity	422,657	364,545	58,112
Common stock	160,001	160,001	-
Capital surplus	125,750	125,739	11
Retained earnings	137,829	79,530	58,299
Less treasury common stock, at cost	(923)	(725)	(198)
Total valuation, translation adjustments and others	30,315	33,678	(3,363)
Net unrealized holding gain on securities	7,858	10,885	(3,027)
Deferred gain on hedging instruments	22,269	23,155	(886)
Foreign currency translation adjustments	188	(362)	550
Minority interests in consolidated subsidiaries	2,974	7,689	(4,715)
Total net assets	455,946	405,912	50,034
Total liabilities and net assets	1,783,393	1,602,091	181,302

Note:

	Yen (Millions)	
	FY2007 As of Mar.31	FY2006 As of Mar.31
Accumulated depreciation	889,774	872,709
Contingent liabilities	10,154	31,454

(2) Consolidated Statements of Income (Loss)

	FY2007 Apr.1 - Mar.31	FY2006 Apr.1 - Mar.31	Yen(Millions) Difference
Operating revenues and expenses			
Operating revenues	1,487,827	1,489,658	(1,831)
Operating expenses	1,114,162	1,114,736	(574)
Sales, general and administrative expenses	289,276	282,732	6,544
Operating income (loss)	84,389	92,190	(7,801)
Non-operating income and expenses			
Non-operating income	12,594	11,412	1,182
Interest income	3,178	3,722	(544)
Dividends income	1,432	1,631	(199)
Equity in income of affiliates	385	284	101
Foreign exchange gain	-	746	(746)
Gains on sale of assets	2,426	605	1,821
Other	5,173	4,424	749
Non-operating expenses	40,460	41,028	(568)
Interest expenses	15,049	17,708	(2,659)
Foreign exchange loss	1,653	-	1,653
Loss on sale of assets	2,483	156	2,327
Loss on disposal of assets	5,434	6,692	(1,258)
Provision for accrued employees' retirement benefits	6,634	6,713	(79)
Other	9,207	9,759	(552)
Total Recurring Profit (loss)	56,523	62,574	(6,051)
Extraordinary gains	139,801	4,272	135,529
Gain on sale of fixed assets	2,758	468	2,290
Gain on sale of investment securities	876	1,239	(363)
Gain on sale of hotel business assets	132,992	-	132,992
Other	3,175	2,565	610
Extraordinary losses	81,100	15,782	65,318
Loss on sale of fixed assets	736	259	477
Loss on disposal of fixed assets	321	1,295	(974)
Impairment loss	14,111	10,809	3,302
Loss on sale of investment securities	14	315	(301)
Valuation loss on investment securities	3,825	215	3,610
Special retirement benefit	1,217	600	617
Extraordinary depreciation	22,331	-	22,331
Reserve for potential loss on antitrust proceedings	16,198	-	16,198
Adoption of accounting standard for leases	3,823	-	3,823
Loss on disposal of the parts for aircrafts expected to retire	11,198	-	11,198
Other	7,326	2,289	5,037
Net income (loss) before taxes	115,224	51,064	64,160
Corporate, inhabitant and enterprise tax	84,886	12,818	72,068
Deferred taxes	(34,692)	4,552	(39,244)
Minority interests in income(loss) of consolidated subsidiaries	887	1,036	(149)
Net income (loss)	64,143	32,658	31,485

(3) Consolidated Statements of Changes in Net Asset

Yen(Millions)

For the period from Apr.1,2007 - Mar.31, 2008	Shareholders' equity				
	Common Stock	Capital surplus	Retained earnings	Less treasury Common stock, at cost	Total shareholders' equity
	160,001	125,739	79,530	(725)	364,545
Balance at the end of previous period					
Changes of items during the period					
Dividends from retained earnings			(5,844)		(5,844)
Net income			64,143		64,143
Purchase of treasury stock				(307)	(198)
Disposal of treasury stock		11		109	120
Changes in scope of consolidation and application of the equity method					
Net changes of items other than shareholders' equity during the period					
Total changes during the period	-	11	58,299	(198)	58,112
Balance at the end of the period	160,001	125,750	137,829	(923)	422,657

For the period from Apr.1,2007 - Mar.31, 2008	Valuation, translation adjustments and others				Minority Interests in consolidated subsidiaries	Total net assets
	Net unrealized holding gain on securities	Deferred gain on hedging instruments	Foreign currency translation adjustments	Total valuation, translation adjustments and others		
	10,885	23,155	(362)	33,678		
Balance at the end of previous period						
Changes of items during the period						
Dividends from retained earnings						(5,844)
Net income						64,143
Purchase of treasury stock						(307)
Disposal of treasury stock						120
Changes in scope of consolidation and application of the equity method						
Net changes of items other than shareholders' equity during the period	(3,027)	(886)	550	(3,363)	(4,715)	(8,078)
Total changes during the period	(3,027)	(886)	550	(3,363)	(4,715)	50,034
Balance at the end of the period	7,858	22,269	188	30,315	2,974	455,946

	FY2006 As of Mar.31	Increase FY2007	Decrease FY2007	FY2007 As of Mar.31
Number of shares of outstanding at balance sheet date				
Common Stock	1,949,959	-	-	1,949,959
Total	1,949,959	-	-	1,949,959
Treasury Stock				
Common Stock	3,211	680	273	2,343
Total	3,211	680	273	2,343

(4) Consolidated Statement of Cash Flows

	Yen(Millions)	
	FY2007	FY2006
	Apr.1 – Mar.31	Apr.1 – Mar.31
I. Cash flows from operating activities		
Net income (loss) before taxes	115,224	51,064
Depreciation and amortization	116,787	88,610
Extraordinary depreciation	22,331	-
Impairment loss	14,111	10,809
Loss on adoption of new accounting standard of leases	3,823	-
Gain and loss on sale of fixed assets, loss on retirement of fixed assets (Net)	15,128	7,533
Gain and loss on sales, valuation of securities (Net)	2,963	(709)
Increase (Decrease) in allowance for doubtful accounts	24	273
Increase (Decrease) in employees' retirement benefits	1,848	5,241
Interest expenses	15,049	17,708
Interest and dividends income	(4,610)	(5,353)
Foreign exchange loss (gain)	810	(348)
Gain on sale of hotel business assets	(132,992)	-
Special retirement benefit	1,217	600
Decrease (Increase) in trade accounts receivable	997	(10,620)
Decrease (Increase) in other receivable	(10,976)	(1,165)
Increase (Decrease) in trade accounts payable	(11,909)	28,389
Other, net	33,647	(124)
Sub-total	183,472	191,908
Interest and dividends received	4,797	5,390
Interest paid	(15,446)	(17,787)
Corporate, inhabitant and enterprise taxes paid	(5,841)	(20,197)
Special retirement benefit paid	(1,217)	(600)
Net cash provided by (used in) operating activities	165,765	158,714
II. Cash flows from investing activities		
Payment for acquisition of tangible fixed assets	(337,212)	(236,750)
Proceeds from sale of tangible fixed assets	45,206	104,900
Payment for acquisition of intangible fixed assets	(20,521)	(15,176)
Payment for acquisition of securities	(13,018)	(5,995)
Proceeds from redemption of securities	13,018	21,410
Payment for acquisition of investments in securities	(4,620)	(5,891)
Proceeds from sale of investments in securities	1,551	1,015
Payment for lending	(493)	(2,416)
Proceeds from collection of loans	2,124	5,606
Proceeds from acquisition of subsidiaries' stock with changes in scope of consolidation	(30)	-
Proceeds from sale of hotel business assets	245,909	-
Proceeds from sale of subsidiaries' stock with changes in scope of consolidation	-	1,375
Other, net	(1,741)	3,624
Net cash provided by (used in) investing activities	(69,827)	(128,298)

	Yen(Millions)	
	FY2007 Apr.1 - Mar.31	FY2006 Apr.1 – Mar.31
III. Cash flows from financing activities		
Increase (Decrease) in short-term loans (Net)	(920)	(5,190)
Proceeds from long-term debt	103,992	97,158
Repayment of long-term debt	(142,484)	(113,809)
Proceeds from issuance of bonds	29,847	-
Redemption of bonds	(45,000)	(75,000)
Proceeds from issuance of new stock	(22,867)	-
Payment for dividends	(5,844)	(5,839)
Payment for acquisition of treasury stock	(187)	997
Other, net	(3,873)	786
Net cash provided by (used in) financing activities	(87,336)	(100,897)
IV. Effect of exchange rate changes on cash and cash equivalents	(912)	(59)
V. Net increase (decrease) in cash and cash equivalents	7,690	(70,540)
VI. Cash and cash equivalents at the beginning of the period	172,274	242,785
VII. Net increase (decrease) resulting from changes in scope of consolidation	-	29
VIII. Cash and cash equivalents at the end of the period	179,964	172,274

Supplementary cash flow information

Reconciliation of the difference between cash stated in the consolidated balance sheets is as follows:

	Yen(millions)	
	FY2007	FY2006
Cash	51,410	172,958
Time deposits with maturities of more than three months	(723)	(711)
Marketable securities	129,279	34
Marketable securities with maturities of more than three months	(2)	(7)
Cash and cash equivalents at the end of period	179,964	172,274

Breakdown of sale of hotel business assets

	Yen(millions)
Current assets	142,087
Fixed assets	125,305
Deferred assets	117
Current liability	(136,266)
Fixed liability	(6,027)
Not realized gain, etc	(2,934)
Gain on sale of hotel business assets	132,992
Sales amount of hotel business assets	255,274
Cash and equivalents at the end of period	(9,365)
Proceeds from sale of hotel business assets	245,909

1. Basis of presenting consolidated financial statements

All Nippon Airways Co., Ltd. (the Company) and its domestic subsidiaries maintain their books of account in accordance with the provisions set forth in the Japanese Company Law and in conformity with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. The Company's foreign subsidiaries maintain their books of account in conformity with accounting principles and practices of the countries of their domicile.

2. Summary of significant accounting policies

(a) Principles of consolidation and accounting for investments in non-consolidated subsidiaries and affiliates

The consolidated financial statements include the accounts of the Company and all of its significant subsidiaries. All significant inter-company accounts and transactions have been eliminated.

Investments in certain subsidiaries and significant affiliates are accounted for by the equity method of accounting. The difference between the cost and the underlying net equity in the net assets at dates of acquisition of consolidated subsidiaries and companies accounted for by the equity method of accounting is amortized using the straight-line method over a period of five years.

Investments in non-consolidated subsidiaries and affiliates not accounted for by the equity method of accounting are stated at cost. The companies' equity in undistributed earnings of these companies is not significant.

Certain subsidiaries have fiscal years not ending on March 31 and the necessary adjustments for significant transactions, if any, are made on consolidation.

(b) Marketable securities and investment securities

Held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in Net assets.

Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

Investments in subsidiaries and affiliates are stated at cost determined by the moving average method.

(c) Derivatives

Derivatives, such as forward foreign exchange contracts, interest rate swaps and commodity options and swaps, are used to limit exposure to fluctuations in foreign exchange rates, interest rates, and commodity prices. These are not used for trading purposes.

Derivative financial instruments are carried at fair value with changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting under which an unrealized gain or loss is deferred as an asset or a liability. Receivables and payables hedged by qualified forward exchange contracts are translated at the corresponding foreign exchange contract rates.

(d) Inventories

Until the previous fiscal year Inventories were stated at cost. Cost is determined by the moving average method for aircraft spare parts, and mainly first-in, first-out method for miscellaneous supplies.

The balance of inventories in the consolidated balance sheet is written-down because of a fall in its value.

(e) Property and equipment and depreciation (excluding lease assets)

Property and equipment are stated at cost less accumulated depreciation. Depreciation of property and equipment is computed based on estimated useful lives by the following methods:

Flight equipment Straight-line method mainly

Buildings Straight-line method mainly

Other ground property and equipment..... Declining balance method

The Company employs principally the following useful lives, based upon the Company's estimated durability of such aircraft:

International type equipment..... 20 years

Domestic type equipment..... 17 years

(Additional information)

Regarding capital expenditure on aircraft, the useful life and residual value of assets added to aircraft (eg, seats, etc) have been brought in line with the useful life of the aircraft to which they are attached, due to their small worth on the used aircraft market.

As a result of this change, depreciation expenses increased by ¥23,782 million (including Extraordinary depreciation ¥22,331 million), Operating income and Recurring profit each decreased by ¥1,451 million, and Net income decreased by ¥23,782 million.

(f) Intangible fixed assets and amortization (excluding lease assets)

Intangible fixed assets included in other assets are amortized by the straight-line method. Cost of software purchased for internal use is amortized by the straight-line method over 5 years, the estimated useful life of purchased software.

(g) Lease assets

For finance leases where ownership is not transferred, depreciation and amortization are calculated by the straight-line method over the lease period. For leases with a guaranteed minimum residual value, the contracted residual value is considered to be the residual value for financial accounting purposes. For other leases, the residual value is zero.

As a result of this change, Operating income increased by ¥2,440 million, Recurring profit increased by ¥801 million, and Net income decreased by ¥30,222 million

(h) Bond issuance costs and new stock issuance costs

New stock issuance costs are principally capitalized and amortized over a period of three years.

Bond issuance costs are principally capitalized and amortized over the period of redemption.

(i) Foreign currency translation

Foreign currency receivables and payables are translated into yen at the rates of exchange in effect at the balance sheet date, and translation adjustments are included in the profit and loss account.

(j) Allowance for doubtful receivables

A general provision is made for doubtful receivables based on past experience. Provisions are made against specific receivables as and when required.

(k) Accrued bonuses to employees

Provisions are made for bonus payment for employees of the company. The accrued amounts of estimated bonus payments at balance sheet date are stated as accrued bonuses to employees.

(l) Retirement benefits

Accrued retirement benefits for employees at the balance sheet date are provided mainly at an amount calculated based on the retirement benefit obligation and the fair market value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized net retirement benefit obligation at transition, unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated service years of the eligible employees. The net retirement benefit obligation at transition is being amortized principally over a period of 15 years by the straight-line method. Actuarial gains and losses are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods which are shorter than the average remaining service years of employees. Prior service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining service years of the employees.

(m) Retirement benefit for directors and Corporate Auditors

Accrued retirement benefits for directors and Corporate Auditor at the balance sheet date are provided mainly at an amount calculated based on the retirement benefit for directors and Corporate Auditor obligation.

(n) Provision for antitrust law

Regarding receipt of Statement of Objections from European Commission with respect to alleged anti-competitive behaviour in Air Freight Transport Services, the company has made an estimated provision in case of possible loss arising from the proceedings.

(o) Leases

Finance lease transactions other than those that are expected to transfer ownership of the assets to the lessee are accounted for as operating leases.

(p) Revenue recognition

Passenger revenues are recorded when services are rendered.

(q) Consumption taxes

Consumption taxes are excluded from the amounts of profit and loss statements.

(r) Consolidated tax return system

The Company applied a consolidated tax return system.

Changes in accounting policies

(Accounting Standards for Evaluation of Inventories in the Balance Sheet)

Effective from the period ended March 31, 2008, the company and its subsidiaries have written-down their

evaluation of inventories when the value of the said inventories has fallen, in accordance with the Japanese accounting policy on inventories and their regulation.

The balance of inventories in the consolidated balance sheet is written-down because of a fall in of its value.

(Accounting Standards for Depreciation Method of Tangible Fixed Assets)

Effective from the period ended March 31, 2008, the Company and its domestic subsidiaries changed the depreciation method for tangible assets acquired after March 31, 2007 due to the revision of Japanese Corporation Tax Law and its regulations.

(Additional information)

Effective from the period ended March 31, 2008, the Company depreciates the residual value of tangible fixed assets acquired on or before March 31, 2007, to the memorandum value in five years using the straight-line method. Prior to March 31, 2007, depreciation was calculated in accordance with the previous Japanese Corporation Tax Law.

(Accounting Standards for Retirement benefit for directors and Corporate Auditors)

Until the previous fiscal year, some domestic subsidiaries expensed retirement benefit for directors and Corporate Auditors at the time of payment. Starting from this period, however, the amended public announcement, "Auditing Treatment Relating to Reserve Defined under the Special Tax Measurement Law, Reserve Defined under the Special Law, and Reserve Director and Corporate Auditor Retirement Benefits" (Japanese Institute of Certified Public Accountants, Auditing and Assurance Practice Committee, Report No.42, April 13, 2007) has been applied.

(Accounting Standards for leases)

Commencing in the end of FY2007, ANA and its domestic consolidated subsidiaries adopted early the Accounting Standards Board of Japan ("ASBJ") Statement No.13, *Accounting Standard for Lease Transaction*, and ASBJ Guideline No.16, *Guidance on accounting Standard for Lease Transaction*, originally issued by the Business Accounting Deliberation Council on June 17, 1993 and the Japanese institute of Certified Public Accountants on January 18, 1994 respectively, and both revised by the ASBJ on March 30, 2007. Early adoption of ASBJ Statement No.13 and ASBJ Guideline No.16 is permitted as of the start of a fiscal year beginning April 1, 2007.

(Accounting Standards for Bond issuance cost)

Effective from the period ended March 31, 2008, the Company and its domestic subsidiaries changed the amortization method of bond issuance cost, due to the adoption of Accounting Standards Board of Japan ("ASBJ") Statement No.19, *Accounting Standard for deferred Assets*.

3. Marketable securities and investments in securities

Market value information is summarized as follows:

Held-to-maturity securities having market value

	Yen (Millions)	
	FY2007	FY2006
Gross unrealized gain:		
Cost	9,994	3
Market value	9,994	3
	0	0
Gross unrealized loss:		
Cost	-	5
Market value	-	5
	-	0
Net unrealized gain	0	0

Other securities having market value

	Yen (Millions)	
	FY2007	FY2006
Gross unrealized gain:		
Cost	14,246	14,857
Market value	31,912	33,826
	17,666	18,969
Gross unrealized loss:		
Cost	6,982	3,392
Market value	4,774	3,227
	(2,208)	(165)
Net unrealized gain	15,458	18,804

Sell-off of other securities

	Yen (Millions)	
	FY2007	FY2006
Proceeds	234	464
Gain on sale	44	323
Loss on sale	3	1

Breakdown of other securities not having market value

	Yen (Millions)	
	FY2007	FY2006
Bonds held to maturity	-	-
Other securities	137,721	22,415
	137,721	22,415

The redemption schedule of other securities and held-to-maturity debt securities is summarized as follows:

	Yen (Millions)	
	FY2007	FY2006
Bonds:		
Within 1 year	9,996	5
Over 1 year to 5 years	13	3
Over 5 years to 10 years	-	-
Over 10 years	-	-
Others:		
Within 1 year	119,288	29
Over 1 year to 5 years	-	-
Over 5 years to 10 years	-	-
Over 10 years	-	-
Total:		
Within 1 year	129,284	34
Over 1 year to 5 years	13	3
Over 5 years to 10 years	-	-
Over 10 years	-	-

4. Retirement benefit plans

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., welfare pension fund plans, tax qualified pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amount of which is determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. In addition, the Company and certain domestic consolidated subsidiaries have also defined contributory pension plans.

One of the domestic consolidated subsidiaries received approval from the Minister of Health, Labor and Welfare on February 1, 2008 for the exemption from future payments of the substituted portion of the pension fund.

	Yen (Millions)	
	FY2007	FY2006
Retirement benefit obligation	(265,910)	(278,278)
Plan assets at fair value	97,538	118,190
Unfunded retirement benefit obligation	(168,372)	(160,088)
Unrecognized net transitional retirement benefit obligation	45,721	53,698
Unrecognized actuarial loss	36,273	23,826
Unrecognized prior service cost	(25,168)	(29,014)
Gross amount recognized	(111,546)	(111,578)
Prepaid pension cost	707	1,028
Accrued employees' retirement benefits	(112,253)	(112,606)

The government sponsored portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.

The components of retirement benefit expenses are as follows:

	Yen (Millions)	
	FY2007	FY2006
Service cost	10,873	10,953
Interest cost	6,513	6,426
Expected return on plan assets	(4,563)	(4,369)
Amortization of net retirement benefit obligation at transition	6,634	6,713
Amortization of actuarial loss	3,968	3,650
Amortization of prior service cost	(3,845)	(3,739)
Net periodic pension and severance cost	19,580	19,634
Other	660	608
Total	20,240	20,242

Note :

The Company and its consolidated subsidiaries paid premium retirement benefit as extraordinary losses.

	FY2007	FY2006
Special retirement benefit paid	1,217	600

5. Income taxes

The tax effect of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities is as follows:

	Yen (Millions)	
	FY2007	FY2006
Deferred tax assets:		
Accrued employees' retirement benefits	44,530	44,543
Accrued bonuses to employees	9,880	7,203
Unrealized gain on inventories and property and equipment	11,131	5,428
Impairment loss	-	3,671
Loss on evaluation for hedging exchange	10,925	-
Provision for antitrust law	6,505	-
Accrued enterprise taxes	5,758	-
Tax loss carried forward	-	2,306
Valuation loss on investments in securities	2,472	1,048
Others	11,605	13,773
Total gross deferred tax assets	102,806	77,972
Less valuation allowance	(12,157)	(8,611)
Total net deferred tax assets	90,649	69,361
 Deferred tax liabilities:		
Deferred hedge gains/ losses	-	(13,241)
Unrealized gains (losses) on securities	(6,907)	(7,641)
Reserve for special depreciation	-	(2,729)
Reserve for special taxation measures law	(3,873)	-
Others	(1,183)	(2,280)
Total gross deferred tax liabilities	(11,963)	(25,891)
Net deferred tax assets	78,686	43,470

Deferred tax assets are described on the consolidated balance sheets as follows:

	Yen (millions)	
	FY2007	FY2006
Current assets - Deferred tax assets	33,915	9,408
Investments - Deferred tax assets	44,848	35,556
Other short-term liabilities	(2)	(6)
Other long-term liabilities	(75)	(1,488)

Reconciliation of the difference between the statutory tax rate and the effective income tax rate for the year ended March 31, 2008 is as follows:

	FY2007
Statutory tax rate	40.16%
Reconciliation:	
Entertainment expenses not qualifying for deduction	0.85%
Inhabitants tax per capita levy	0.17%
Change in valuation allowance and related adjustments	2.67%
Other	(0.29%)
Effective income tax rate	43.56%

6. Leases

Lessee

(a) Finance leases

Finance lease transactions other than those that are expected to transfer ownership of the assets to the lessee are accounted for as assets.

Until previous fiscal year, the information on finance leases which are not recorded as assets and liabilities is summarized as follows.

Estimated acquisition costs, accumulated depreciation, accumulated impairment loss and net book value of lease assets at March 31 2007, are as follows:

	Yen (Millions)
	FY2006
Aircraft:	
Estimated acquisition cost	223,363
Estimated amount of accumulated depreciation	138,153
Estimated net book value	85,210
Others:	
Estimated acquisition cost	15,365
Estimated amount of accumulated depreciation	6,954
Estimated net book value	8,411
Estimated acquisition cost	238,728
Estimated amount of accumulated depreciation	145,107
Estimated net book value	93,621

Outstanding finance lease obligations are as follows:

	Yen (Millions)
	FY2006
Current portion of finance lease obligations	23,169
Long-term finance lease obligations	74,341
	97,510

Annual lease expenses, reversal of impairment loss on leased assets, estimated amount of depreciation, estimated interest cost and impairment loss are as follows:

	Yen (Millions)
	FY2006
Annual lease expenses charged to income	30,048
Estimated amount of depreciation	
by the straight-line method over the lease period	26,737
Estimated interest cost	2,099

From this fiscal year, due to the adoption of the new standards for the consolidated balance sheet as of March 31, 2008, the company states lease assets.

Tangible fixed lease assets include mainly aircraft, flight equipment and host computers.

Intangible fixed lease assets include software.

The depreciation method for lease assets is defined as '2. Summary of significant accounting policies (g) Lease assets'.

(b) Operating leases

The rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

	Yen (Millions)	
	FY2007	FY2006
Current portion of operating lease obligations	33,275	32,824
Long-term operating lease obligations	173,860	173,450
	207,135	206,274

Lessor

(c) Operating leases

The rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows

	Yen (Millions)
	FY2007
Current portion of operating lease obligations	1,175
Long-term operating lease obligations	3,551
	4,726

7. Segment information

The Company and consolidated subsidiaries conduct operations in air transportation, travel services, hotel operations and other businesses. Businesses other than air transportation, travel services and hotel operations 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.

The Company and its domestic subsidiaries and affiliates applied "Accounting Standards for Impaired Fixed Assets" ("Statement of position for setting accounting standards for impaired fixed assets" (Business Accounting Council, 9 August 2002)) and the "Applicable guidelines for accounting standards concerning the impairment of fixed assets" (Issue No.6 of Accounting Standards for Business Enterprises, 31 October 2003).

Segment information is as follows:

	<FY2006 Apr.1 - Mar.31>					Yen (Millions)	
	Air transportation	Travel services	Hotel operations	Other businesses	Total	Inter-company eliminations	Consolidated
Operating revenues	1,134,250	186,872	58,022	110,514	1,489,658	-	1,489,658
Intra-group sales and transfers	114,532	21,154	8,615	86,381	230,682	(230,682)	-
Total	1,248,782	208,026	66,637	196,895	1,720,340	(230,682)	1,489,658
Operating expenses	1,169,061	206,106	61,415	191,281	1,627,863	(230,395)	1,397,468
Operating income (loss)	79,721	1,920	5,222	5,614	92,477	(287)	92,190
Identifiable assets	1,447,781	51,870	143,179	116,548	1,759,378	(157,287)	1,602,091
Depreciation and amortization	81,465	1,241	3,825	2,079	88,610	-	88,610
Impairment loss	10,704	-	-	105	10,809	-	10,809
Capital expenditure	242,572	2,432	2,899	4,357	252,260	(334)	251,926

<FY2007 Apr.1 - Mar.31> Yen (Millions)

	Air transportation	Travel services	Other businesses	Total	Inter-company eliminations	Consolidated
Operating revenues	1,178,884	195,376	113,567	1,487,827	-	1,487,827
Intra-group sales and transfers	122,745	20,021	85,407	228,173	(228,173)	-
Total	1,301,629	215,397	198,974	1,716,000	(228,173)	1,487,827
Operating expenses	1,223,692	214,323	193,776	1,631,791	(228,353)	1,403,438
Operating income (loss)	77,937	1,074	5,198	84,209	180	84,389
Identifiable assets	1,669,618	52,023	122,078	1,843,719	(60,326)	1,783,393
Depreciation and amortization	135,202	1,400	2,516	139,118	-	139,118
Impairment loss	14,111	-	-	14,111	-	10,111
Capital expenditure	356,408	2,206	3,377	361,991	(4,258)	357,733

8. Impairment loss

The assets of the Company and its domestic consolidated subsidiaries are grouped by individual property in the case of rental real estate, assets expected to be sold, and idle assets, and by management accounting categories in the case of business assets. Due to slumping performance in business assets, and falling price of assets expected to be sold, the book value of assets whose profitability dropped notably in the accounting year under review and fell to the recoverable value, is accounted for as impairment loss (¥14,111 million) under extraordinary losses.

		< FY2007 as of Mar.31>			< FY2006 as of Mar.31>		
Application	Location	Category	Impairment loss	Location	Category	Impairment loss	
Business assets			-	1 in Hokkai - do	Buildings	44	
			-		Land	61	
			-			105	
The asset expected to be sold		Aircraft	14,111		Aircraft	10,704	
			-			-	
			14,111			10,704	

For as of FY2006 Mar.31

Note that the recoverable value of the assets is calculated by the value of use, real estate appraisal, or fair value less costs to sell, minus future cash flow of 3.5 – 11.7 %.

For as of FY2007 Mar.31

Note that the recoverable value of the assets is calculated by the fair value less costs to sell.

9. Breakdown of Operating Revenues (Consolidated)

	FY2007 Apr.1 - Mar.31	% of total	FY2006 Apr.1 - Mar.31	% of total	Yen(Millions) Difference
Domestic routes					
Passenger	739,514	43.1	726,063	42.2	13,451
Cargo	30,566	1.8	30,574	1.8	(8)
Mail	7,973	0.5	8,936	0.5	(963)
Baggage handling	321	0.0	328	0.0	(7)
Subtotal	778,374	45.4	765,901	44.5	12,473
International routes					
Passenger	311,577	18.2	278,478	16.2	33,099
Cargo	72,192	4.2	62,195	3.6	9,997
Mail	3,575	0.2	3,438	0.2	137
Baggage handling	523	0.0	458	0.0	65
Subtotal	387,867	22.6	344,569	20.0	43,298
Revenues from scheduled flights	1,166,241	68.0	1,110,470	64.5	55,771
Other operating revenues	135,388	7.9	138,312	8.1	(2,924)
Subtotal	1,301,629	75.9	1,248,782	72.6	52,847
Travel services					
Package tours (Domestic)	150,303	8.7	140,570	8.2	9,733
Package tours (International)	43,978	2.6	45,666	2.6	(1,688)
Other revenues	21,116	1.2	21,790	1.3	(674)
Subtotal	215,397	12.5	208,026	12.1	7,371
Hotel operations					
Guestrooms	-	-	25,804	1.5	(25,804)
Banquets	-	-	19,088	1.1	(19,088)
Foods and drinks	-	-	16,611	1.0	(16,611)
Other revenues	-	-	5,134	0.3	(5,134)
Subtotal	-	-	66,637	3.9	(66,637)
Other businesses					
Trading and retailing	141,902	8.3	136,795	8.0	5,107
Information and telecommunication	25,310	1.5	26,386	1.5	(1,076)
Real estate & building maintenance	10,977	0.6	12,553	0.7	(1,576)
Other revenues	20,785	1.2	21,161	1.2	(376)
Subtotal	198,974	11.6	196,895	11.4	2,079
Total operating revenues	1,716,000	100.0	1,720,340	100.0	(4,340)
Intercompany eliminations	(228,173)	-	(230,682)	-	2,509
Operating revenue(Consolidated)	1,487,827	-	1,489,658	-	(1,831)

Notes:

1. Segment breakdown is based on classifications employed for internal management.
2. Segment operating revenue includes inter-segment transactions.
3. Due to the sale of the hotel business assets, from this fiscal year the company does not indicate segment information for hotel operations.

10.Overview of Airline Operating Results (Consolidated)

	FY2007 Apr.1 - Mar.31	FY2006 Apr.1 - Mar.31	Year on year (%)
Domestic routes			
Number of passengers	45,556,807	46,471,436	98.0
Available Seat-Km (thousand km)	62,650,757	62,414,073	100.4
Revenue Passenger-Km (thousand km)	39,927,533	40,563,514	98.4
Passenger load factor	63.7	65.0	(1.3)
Cargo (tons)	462,569	457,914	101.0
Cargo traffic volume (thousand kg)	443,998	442,139	100.4
Mail (tons)	88,649	90,977	97.4
Mail traffic volume (thousand kg)	92,027	97,013	94.9
International routes			
Number of passengers	4,826,520	4,552,478	106.0
Available Seat-Km (thousand km)	28,285,311	26,607,003	106.3
Revenue Passenger-Km (thousand km)	21,290,692	20,144,917	105.7
Passenger load factor	75.3	75.7	(0.4)
Cargo (tons)	332,507	277,571	119.8
Cargo traffic volume (thousand kg)	1,644,900	1,271,267	129.4
Mail (tons)	15,330	15,389	99.6
Mail traffic volume (thousand kg)	75,383	67,317	112.0
Total			
Number of passengers	50,383,327	51,023,914	98.7
Available Seat-Km (thousand km)	90,936,068	89,021,076	102.2
Revenue Passenger-Km (thousand km)	61,218,225	60,708,431	100.8
Passenger load factor	67.3	68.2	(0.9)
Cargo (tons)	795,076	735,485	108.1
Cargo traffic volume (thousand kg)	2,088,898	1,713,406	121.9
Mail (tons)	103,979	106,366	97.8
Mail traffic volume (thousand kg)	167,410	164,330	101.9

Notes:

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

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

Each result does not include the results of charter flights.

Domestic routes' data include results of night cargo flights.

Fiscal year ended March 31, 2008
 Non-consolidated financial results
 All Nippon Airways Co., Ltd. (9202)

ANA reports non-consolidated financial results for FY2007

1. Non-consolidated financial highlights for the period ended March 31, 2008 (FY2007)

(1) Summary of non-consolidated operating results

	FY2007 Apr.1 - Mar.31	Year on year (%)	FY2006 Apr.1 - Mar.31	Year on year (%)
Operating revenues	1,341,360	4.0%	1,289,429	10.1%
Operating income (loss)	73,799	(3.3%)	76,284	9.6%
Recurring profit (loss)	46,212	(0.1%)	46,240	(9.0%)
Net income (loss)	50,532	58.7%	31,833	13.1%
Net income (loss) per share	25.94yen		16.34yen	
Diluted net income (loss) per share	-		-	
Average number of shares of outstanding during the period	1,947,909,428 shares		1,948,455,619 shares	

Note:

Changes in the accounting policy during the period: Yes

(2) Dividends

	Yen	
	FY2007	FY2006
Annual dividend per share	5.00	3.00
Interim	-	-
Year – end	5.00	3.00

(3) Summary of Non-consolidated financial positions

	Yen (Millions rounded down)	
	FY2007	FY2006
Total assets	1,702,230	1,501,805
Shareholders' equity	424,443	383,509
Shareholders' equity ratio	24.9%	25.5%
Shareholders' equity per share	217.91yen	196.85yen
Number of shares of outstanding at balance sheet date (Excluding treasury stocks)	1,947,788,030 shares	1,948,195,911 shares
Number of treasury stocks at balance sheet date	2,171,227 shares	1,763,346 shares

2. Forecast of non-consolidated operating results for the period ending March 31, 2009

	Yen (Millions rounded down)
Operating revenues	1,350,000
Recurring profit (loss)	43,000
Net income (loss)	24,000

Note: Forecast of net income per share: 12.32yen

This forecast involves risks, uncertainties and other factors since it reflects the management's views in light of the information currently available as of the date hereof. The reader should be aware that actual results could differ materially due to various factors.

(1) Non-consolidated Balance Sheets

	Yen(Millions rounded down)		
	FY2007 As of Mar.31	FY2006 As of Mar.31	Difference
Assets			
<u>Current assets</u>	428,631	443,452	(14,820)
Cash and deposits	36,100	136,127	(100,026)
Trade accounts receivable	102,050	98,444	3,606
Marketable securities	129,250	-	129,250
Inventories	47,999	55,051	(7,051)
Prepaid expenses	8,422	7,763	659
Short-term loans receivable	679	98,842	(98,162)
Other accounts receivable	12,917	7,938	4,978
Suspense payments	14,988	15,198	(209)
Deferred income taxes - current	27,668	608	27,060
Payment in advance	4,195	1,384	2,811
Other	44,414	22,333	22,181
Allowance for doubtful accounts	(56)	(139)	83
<u>Fixed assets</u>	1,273,496	1,058,024	215,472
[Tangible fixed assets]	[1,078,809]	[840,027]	238,781
Buildings	83,532	83,871	(339)
Structures	1,962	2,157	(195)
Flight equipment	607,226	582,561	24,665
Machinery and equipment	12,153	12,826	(672)
Transportation equipment other than aircraft	2,754	1,989	765
Tools and fixtures	11,702	11,252	449
Land	50,703	48,755	1,948
Lease assets	67,266	-	67,266
Construction in progress	241,506	96,612	144,894
[Intangible fixed assets]	[37,707]	[33,432]	4,275
Facilities deposits	11	14	(2)
Software	35,786	31,059	4,726
Lease assets	0	-	0
Other	1,909	2,357	(448)
[Investments and others]	[156,980]	[184,565]	(27,584)
Investment securities	52,183	56,191	(4,007)
Investments in subsidiaries and affiliates	25,886	42,836	(16,949)
Long-term loans receivables	6,290	20,487	(14,196)
Housing loans to employees	289	166	123
Long-term prepaid expenses	2,466	3,027	(560)
Deferred income taxes - non-current	29,294	23,980	5,313
Other	41,026	38,726	2,300
Allowance for doubtful accounts	(457)	(849)	392
<u>Deferred assets</u>	101	328	(226)
New stock issuance expenses	-	266	(266)
Bond issuance expenses	101	62	39
Total assets	1,702,230	1,501,805	200,424

	FY2007 As of Mar.31	FY2006 As of Mar.31	Yen(Millions rounded down)
			Difference
Liabilities			
<u>Current liabilities</u>	535,026	438,253	96,773
Trade accounts payable	165,380	170,190	(4,809)
Short-term debt	37,437	27,299	10,138
Current portion of long-term debt	65,877	106,678	(40,800)
Current portion of bonds payable	50,000	45,000	5,000
Lease obligation	14,763	-	14,763
Non-operating accounts payable	5,602	6,248	(646)
Accrued expenses	16,259	18,254	(1,994)
Accrued income taxes	79,343	496	78,846
Deposits	1,934	805	1,129
Advance ticket sales	53,507	51,062	2,444
Accrued bonuses to employees	14,509	6,961	7,548
Provision for potential loss on antitrust proceedings	16,198	-	16,198
Other	14,211	5,256	8,955
<u>Long-term liabilities</u>	742,759	680,042	62,716
Bonds payable	145,000	165,000	(20,000)
Long-term loans payable	425,745	418,916	6,829
Accrued employees' retirement benefits	86,633	84,955	1,678
Retirement benefit for directors and Cooperate Auditors	173	-	173
Provision for loss on related company	265	-	265
Lease obligation	55,108	-	55,108
Other	30,271	11,171	19,100
Total liabilities	1,277,786	1,118,296	159,490
Net assets			
Shareholders' equity	394,337	349,836	44,501
Common stock	160,001	160,001	-
Capital surplus	125,363	125,352	10
Capital reserve	95,024	95,024	-
Other surplus	30,339	30,328	10
Retained earnings	109,851	65,163	44,688
Treasury Stock	(878)	(680)	(197)
Total valuation, translation adjustment and others	30,106	33,673	(3,567)
Net unrealized holding gain on securities	7,672	10,621	(2,948)
Deferred gain on hedging instruments	22,433	23,051	(618)
Total net assets	424,443	383,509	40,934
Total liabilities and net assets	1,702,230	1,501,805	200,424

Note:

	FY2007 As of Mar.31	FY2006 As of Mar.31	Yen(Millions rounded down)
Accumulated depreciation	840,821	790,559	
Contingent liabilities	10,191	32,321	

(2) Non-consolidated Statements of Income (Loss)		Yen(Millions rounded down)		
		FY2007 Apr.1 - Mar.31	FY2006 Apr.1 - Mar.31	Difference
Operating revenues and expenses				
Operating revenues	1,341,360	1,289,429		51,931
Operating expenses	1,062,003	1,012,723		49,279
Sales, general and administrative expenses	205,558	200,420		5,137
Operating income (Loss)	73,799	76,284		(2,485)
Non-operating income and expenses				
Non-operating income	10,889	10,190		698
Interest income	2,442	1,776		665
Other	8,447	8,414		32
Non-operating expenses	38,475	40,235		(1,759)
Interest expense	14,722	14,850		(127)
Other	23,753	25,384		(1,631)
Total Recurring income (loss)	46,212	46,240		(28)
Extraordinary gains	130,745	10,032		120,713
Gain on sales of stock of affiliates	1,101	966		134
Gain on sale of investment securities	27	46		(18)
Reversal of allowance for doubtful accounts	329	6,529		(6,199)
Gain on sale of hotel business assets	123,781	-		123,781
Other	5,505	2,490		3,015
Extraordinary losses	78,257	14,761		63,496
Loss on sale of fixed assets	246	191		55
Loss on retirement of fixed assets	133	938		(805)
Impairment loss	14,111	11,333		2,777
Valuation loss on shares of affiliates	1,192	-		1,192
Valuation loss on investment securities	3,822	200		3,622
Valuation loss on other investments	6	11		(5)
Provision for allowance for doubtful accounts	-	37		(37)
Special retirement benefits	970	393		577
Extraordinary depreciation	22,331	-		22,331
Reserves for potential loss on antitrust proceedings	16,198	-		16,198
Loss on disposal of the parts for aircrafts expected to retire	11,198	-		11,198
Other	8,045	1,654		(6,389)
Net income (loss) before taxes	98,700	41,511		57,188
Corporate, inhabitant and enterprise tax	79,465	4,757		74,707
Deferred taxes	(31,298)	4,920		(36,218)
Net income (loss)	50,532	31,833		18,699

(3)Non-Consolidated Statements of Changes in Net Asset

Yen(Millions)

For the period from Apr.1, 2007 - Mar.31, 2008	Shareholders' equity				
	Common Stock	Capital surplus	Retained earnings	Less treasury Common stock, at cost	Total shareholders' equity
	160,001	125,352	65,163	(680)	349,836
Balance at the end of previous period					
Changes of items during the period					
Dividends from retained earnings			(5,844)		(5,844)
Net income			50,532		50,532
Purchase of treasury stock				(307)	(307)
Disposal of treasury stock		10		109	119
Net changes of items other than shareholders' equity during the period					
Total changes during the period	-	10	44,688	(198)	44,501
Balance at the end of the period	160,001	125,363	109,851	(878)	394,337

For the period from Apr.1, 2007 - Mar.31, 2008	Evaluation and exchange adjustments			Total net assets
	Net unrealized holding gain on securities	Deferred gain on hedging instruments	Total Evaluation and exchange adjustments	
	10,621	23,051	33,673	
Balance at the end of previous period				
Changes of items during the period				
Dividends from retained earnings				(5,844)
Net income				50,532
Purchase of treasury stock				(307)
Disposal of treasury stock				119
Net changes of items other than shareholders' equity during the period	(2,948)	(618)	(3,567)	(3,567)
Total changes during the period	(2,948)	(618)	(3,567)	40,934
Balance at the end of the period	7,672	22,433	30,106	424,443

	FY2006 As of Mar.31	Increase FY2007	Decrease FY2007	FY2007 As of Mar.31
Treasury Stock				
Common Stock	1,763	680	272	2,171
Total	1,763	680	272	2,171

Summary of significant accounting policies

(a) Marketable securities and investment securities

Held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity.

Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

Investments in subsidiaries and affiliates are stated at cost determined by the moving average method.

(b) Derivatives

Derivatives, such as forward foreign exchange contracts, interest rate swaps and commodity options and swaps, are used to limit exposure to fluctuations in foreign exchange rates, interest rates, and commodity prices. These are not used for trading purposes.

Derivative financial instruments are carried at fair value with changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting under which an unrealized gain or loss is deferred as an asset or a liability. Receivables and payables hedged by qualified forward exchange contracts are translated at the corresponding foreign exchange contract rates.

(c) Inventories

Until the previous fiscal year Inventories were stated at cost. Cost is determined by the moving average method for aircraft spare parts, and mainly first-in, first-out method for miscellaneous supplies.

The balance of inventories in the balance sheet is written-down because of a fall in its value.

(d) Property and equipment and depreciation (excluding lease assets)

Property and equipment are stated at cost less accumulated depreciation. Depreciation of property and equipment is computed based on estimated useful lives by the following methods:

Flight equipment Straight-line method mainly

Buildings Straight-line method mainly

Other ground property and equipment Declining balance method

The Company employs principally the following useful lives, based upon the Company's estimated durability of such aircraft:

International type equipment 20 years

Domestic type equipment 17 years

(Additional information)

Regarding capital expenditure on aircraft, the useful life and residual value of assets added to aircraft (eg, seats, etc) have been brought in line with the useful life of the aircraft to which they are attached, due to their small worth on the used aircraft market.

As a result of this change, depreciation expenses increased by ¥23,782 million (including Extraordinary depreciation ¥22,331 million), Operating income and Recurring profit each decreased by ¥1,451 million, and Net income decreased by ¥23,782 million.

(e) Intangible fixed assets and amortization (excluding lease assets)

Intangible fixed assets included in other assets are amortized by the straight-line method. Cost of software purchased for internal use is amortized by the straight-line method over 5 years, the estimated useful life of purchased software.

(f) Lease assets

For finance leases where ownership is not transferred, depreciation and amortization are calculated by the straight-line method over the lease period. For leases with a guaranteed minimum residual value, the contracted residual value is considered to be the residual value for financial accounting purposes. For other leases, the residual value is zero.

As a result of this change, Operating income increased by ¥2,367 million, Recurring profit increased by ¥802 million, and Net income decreased by ¥2,972 million.

(g) Bond issuance costs and new stock issuance costs

New stock issuance costs are principally capitalized and amortized over a period of three years.

Bond issuance costs are principally capitalized and amortized over the period of redemption.

(h) Allowance for doubtful receivables

A general provision is made for doubtful receivables based on past experience. Provisions are made against specific receivables as and when required.

(i) Accrued bonuses to employees

Provisions are made for bonus payment for employees of the company. The accrued amounts of estimated bonus payments at balance sheet date are stated as accrued bonuses to employees.

(j) Retirement benefits

Accrued retirement benefits for employees at the balance sheet date are provided mainly at an amount calculated based on the retirement benefit obligation and the fair market value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized net retirement benefit obligation at transition unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated service years of the eligible employees. The net retirement benefit obligation at transition is being amortized principally over a period of 15 years by the straight-line method. Actuarial gains and losses are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods which are shorter than the average remaining service years of employees. Prior service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining service years of the employees.

(k) Retirement benefit for directors and Corporate Auditors

Accrued retirement benefits for directors and Corporate Auditor at the balance sheet date are provided mainly at an amount calculated based on the retirement benefit for directors and Corporate Auditor obligation.

(l) Provision for antitrust law

Regarding receipt of Statement of Objection with respect to alleged anti-competitive behaviour in Air Freight Transport Service from European Commissions, the company has made an estimated provision in case of possible loss arising from the proceedings,

(m) Provision for loss on related business

Provisions are made for estimated losses from investments in subsidiaries and affiliates.

(n) Leases

Until previous fiscal year, finance lease transactions other than those that are expected to transfer ownership of the assets to the lessee are accounted for as operating leases. From this fiscal year, the company adopted the lease accounting.

(o) Revenue recognition

Passenger revenues are recorded when services are rendered.

(p) Consumption taxes

Consumption taxes are excluded from the amounts of profit and loss statements.

(q) Consolidated tax return system

The Company applied a consolidated tax return system.

Changes in accounting policies

(Accounting Standards for Evaluation of Inventories in the Balance Sheet)

Effective from the period ended March 31, 2008, the company has written-down its evaluation of inventories when the value of the said inventories has fall, in accordance with the Japanese accounting policy on inventories and their regulation.

The balance of inventories in the balance sheet is written-down because of a fall in its value.

(Accounting Standards for Depreciation Method of Tangible Fixed Assets)

Effective from the period ended March 31, 2008, the Company changed the depreciation method for tangible assets acquired after March 31, 2007 due to the revision of Japanese Corporation Tax Law and its regulations.

(Additional information)

Effective from the period ended March 31, 2008, the Company depreciates the residual value of tangible fixed assets acquired on or before March 31, 2007, to the memorandum value in five years using the straight-line method. Prior to March 31, 2007, depreciation was calculated in accordance with the previous Japanese Corporation Tax Law.

(Accounting Standards for Retirement benefit for directors and Corporate Auditors)

Until the previous fiscal year, accrued retirement benefit for directors was included in "long-term payable" in other long-term liabilities. However, in accordance with the public announcement, "Auditing Treatment Relating to Reserve Defined under the Special Tax Measurement Law, Reserve Defined under the Special Law, and Reserve Director and Corporate Auditor Retirement Benefits" (Japanese Institute of Certified Public Accountants, Auditing and Assurance Practice Committee, Report No.42, April 13,2007) accrued retirement benefit for directors and Corporate Auditors is included within "Accrued retirement benefits for directors and Corporate Auditors" in other long-term liabilities.

(Accounting Standard for leases)

Commencing in the end of FY2007, ANA adopted early the Accounting Standards Board of Japan ("ASBJ") Statement No.13, *Accounting Standard for Lease Transaction*, and ASBJ Guideline No.16, *Guidance on accounting Standard for Lease Transaction*, originally issued by the Business Accounting Deliberation Council on June 17, 1993 and the Japanese institute of Certified Public Accountants on January 18, 1994 respectively, and both revised by the ASBJ on March 30, 2007. Early adoption of ASBJ Statement No.13 and ASBJ Guideline No.16 is permitted as of the start of the fiscal year beginning April 1, 2007.

(Accounting Standards for Bond issuance cost)

Effective from the period ended March 31, 2008, the Company and its domestic subsidiaries changed the amortization method of bond issuance cost, due to the adoption of Accounting Standards Board of Japan ("ASBJ") Statement No.19, *Accounting Standard for deferred Assets*.

Leases

Lessee

(a) Finance leases

Finance lease transactions other than those that are expected to transfer ownership of the assets to the lessee are accounted for as operating leases. Until previous fiscal year, information on finance leases which are not recorded as assets and liabilities is summarized as follows.

Estimated acquisition costs, accumulated depreciation, accumulated impairment loss and net book value of leased assets are as follows:

	Yen (Millions)
	FY2006
Aircraft:	
Estimated acquisition cost	222,388
Estimated amount of accumulated depreciation	137,835
Estimated net book value	84,552
Others:	
Estimated acquisition cost	7,686
Estimated amount of accumulated depreciation	2,611
Estimated net book value	5,074
Total:	
Estimated acquisition cost	230,075
Estimated amount of accumulated depreciation	140,447
Estimated net book value	89,627

Outstanding finance lease obligations are as follows:

	Yen (Millions)
	FY2006
Current portion of finance lease obligations	21,568
Long-term finance lease obligations	71,832
	<u>93,401</u>

Annual lease expenses, reversal of impairment loss on leased assets, estimated amount of depreciation, estimated interest cost and impairment loss are as follows:

	Yen (Millions)
	FY2006
Annual lease expenses charged to income	28,001
Estimated amount of depreciation	
by the straight-line method over the lease period	24,885
Estimated interest cost	1,989

From this fiscal year, due to the adoption of the new standards for the consolidated balance sheet as of March 31, 2008, the company states lease assets.

Tangible fixed lease assets include mainly aircraft, flight equipment and host computers.

Intangible fixed lease assets include software.

The depreciation method for lease assets is defined as 'Summary of significant accounting policies (f) Lease assets'.

(b) Operating leases

The rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

	Yen (Millions)	
	FY2007	FY2006
Current portion of operating lease obligations	30,703	30,474
Long-term operating lease obligations	162,839	165,022
	<u>193,542</u>	<u>195,496</u>

Lessor

(c) Operating leases

The rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows

	Yen (Millions)
	FY2007
Current portion of operating lease obligations	896
Long-term operating lease obligations	1,920
	<u>2,816</u>

Marketable securities and investments in securities

Stocks investment in subsidiaries and affiliates having market value are as follows:

	FY2007			FY2006			Yen (Millions)
	Cost	Market value	Difference	Cost	Market value	Difference	
Subsidiaries	-	-	-	-	-	-	-
Affiliates	675	4,777	4,101	675	6,523	5,847	5,847
	<u>675</u>	<u>4,777</u>	<u>4,101</u>	<u>675</u>	<u>6,523</u>	<u>5,847</u>	<u>5,847</u>

Impairment loss

The assets of the Company are grouped by individual property in the case of rental real estate, the assets expected to be sold, and idle assets, and by management accounting categories in the case of business assets. Due to falling price of rental real estate and assets expected to be sold, the book value of assets whose profitability dropped notably in the accounting year under review and fell to the recoverable value, is accounted for as impairment loss (¥14,111 million) under extraordinary losses.

		< FY2007 as of Mar.31>			< FY2006 as of Mar.31>		
Application	Location	Category	Impairment loss	Location	Category	Impairment loss	
Business assets			-	1 in Fukuoka	Land	629	
			-			-	
			-		Total	629	
The asset expected to be sold		Aircraft	14,111		Aircraft	10,704	
			-			-	
			14,111		Total	10,704	

Income taxes

The tax effect of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities is as follows:

	Yen (Millions)	
	FY2007	FY2006
Deferred tax assets:		
Accrued employees' retirement benefits	34,791	34,118
Valuation loss on stocks investment in subsidiaries	-	5,707
Loss on evaluation for hedging exchange	10,812	-
Provision for potential loss on antitrust proceedings	6,505	-
Approximation of accrued sales charge payable	5,867	4,480
Accrued bonuses to employees	5,827	3,317
Impairment loss	-	692
Accrued enterprise taxes	5,427	-
Valuation loss on investment securities	-	678
Other	11,756	2,519
Total gross deferred tax assets	80,987	51,513
Less valuation allowance	(12,854)	(3,485)
Total net deferred tax assets	68,132	48,028
Deferred tax liabilities:		
Deferred gain on hedging instruments	-	(13,164)
Unrealized holding gain/loss on securities	(6,634)	(7,925)
Reserve for special depreciation	(3,867)	-
Other	(667)	(2,978)
Total gross deferred tax liabilities	(11,169)	(23,438)
Net deferred tax assets	56,963	24,589

Reconciliation of the difference between the statutory tax rate and the effective income tax rate for the year ended March 31, 2008 is as follows:

	FY2007
Statutory tax rate	40.16%
Reconciliation:	
Adjustment for carried over stock of subsidiaries	0.63%
Change in valuation allowance and related adjustments	8.66%
Inhabitants tax per capita levy	0.09%
Exclusion of dividend income from gross revenue	(0.77%)
Other	0.03%
Effective income tax rate	48.80%