

For the first quarter ended June 30, 2008
Consolidated financial results
All Nippon Airways Co., Ltd. (9202)

ANA reports consolidated financial results for first quarter ended June 30, 2008

1. Consolidated financial highlights for the first quarter ended June 30, 2008

(1) Summary of consolidated operating results		Yen (Millions)		
	FY2008 first quarter	Year on Year (%)	FY2007 first quarter	Year on Year (%)
				FY2007
Operating revenues	345,524	-	349,619	1.3
Operating income	14,605	-	13,220	(32.3)
Recurring profit	11,079	-	6,810	(53.0)
Net income	6,646	-	87,379	1037.2
Net income per share	3.41yen	-	44.86yen	-
				32.93yen

(2) Summary of consolidated financial positions		Yen (Millions)	
	FY2008 first quarter	FY2007 first quarter	FY2007
Total assets	1,881,981	1,701,083	1,783,393
Total net assets	543,718	509,623	455,946
Net worth / total assets	28.7%	29.5%	25.4%
Net worth per share	277.68yen	257.71yen	232.58yen

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

No revision of the forecasted operating results for the period ending March 31, 2009 has been made.

3. Other

- (1) Significant change in scope of consolidation during the current fiscal year :No
- (2) Adoption of simplified accounting methods : Yes
- (3) Changes to accounting methods since the previous financial period.

Effective from the fiscal year ending March 2009, the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.12) and its Implementation Guidance, “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No.14) have been applied.

Quarterly Consolidated financial Statements have been prepared in accordance with “Regulation for Quarterly Consolidated Financial Reporting”.

Effective from the first quarter ended June 30, 2008, the “Practical Solution on Unification of accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No.18) has been applied.

- (4) This financial results statement is unaudited and provided for reference only.

Overview of consolidated financial results for first quarter ended June 30, 2008

Qualitative Information/Financial Statements, etc.

1 . Overview of first quarter of fiscal year under review (from April 1, 2008 to June 30, 2008)

In the first quarter of fiscal 2008 (April 1, 2008 to June 30, 2008), the Japanese economy was characterized by a slowdown in both corporate capital investment and consumer spending. Further, the price of crude oil continued to surge and it was difficult to be optimistic about the future direction of the economy.

In this economic environment, ANA Group consolidated results of operations in the first quarter of the fiscal year were as follows.

Operating revenues: ¥345.5 billion, down 1.2% year on year

Operating income: ¥14.6 billion, up 10.5%

Recurring profit: ¥11.0 billion, up 62.7%

Net income for the quarter: ¥6.6 billion, down 92.4%

*A capital gain of ¥132.9 billion was recorded in the previous fiscal year on the transfer of hotel business assets.

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

Air Transportation

Domestic Passenger Business

Overall demand fell below the level of the previous year. However, despite intensified competition with other airlines and alternative methods of transportation, we were able to achieve year-on-year increases in passenger numbers on the major routes between Tokyo and Sapporo, Fukuoka, and Okinawa.

Under these circumstances we implemented a range of initiatives, including optimizing our network to better match supply with demand, stimulating leisure demand through the *Tabi Wari* flexible discount fare, and expanding the *Premium Class* service.

In April, we revised some fares in response to spiking jet fuel prices and also updated our discounted fare prices, *Business Toku Wari*, *Business Kippu*, *Noritsugi Toku Wari*, and *Noritsugi Tabi Wari*.

Efforts to optimize our network resulted in the number of available passenger seats decreasing 4% year on year. But due to the previously identified initiatives, we were able to hold the decline in passenger numbers to just 2.8%, or 10.45 million passengers, while operating revenues were down 2.0%, to ¥166.4 billion.

Domestic Cargo and Mail Services

Domestic cargo services recorded improved profitability. Cargo traffic volumes increased due to firm demand for cargo outbound from Hokkaido and Tokyo. Moreover, revisions to domestic freight rates came into effect from April, resulting in both an improvement in unit price and an increase in demand for flights at off-peak periods.

In domestic mail services, both operating revenues and volume of handled declined year-on-year due to changes in methods of handling some *Yu-Pack* mail, whose classification was changed from "mail" to "cargo".

As a result of these factors, domestic cargo traffic volumes rose 4.9% year on year, to 113,000 tons, and operating revenues increased 9.8%, to ¥8.0 billion. Domestic mail volume was down 47.4%, to 10,000 tons, and operating income declined 43.3%, to ¥1.0 billion.

International Passenger Services

Despite fears of an economic recession in the U.S. and Europe, both U.S. - Japan and Europe - Japan passenger services performed strongly, supported by steady business demand. We began daily flights to some Chinese destinations from Kansai International Airport to strengthen our China network. However, passenger numbers to China fell year on year due to the effects of concerns over the safety of Chinese food and the Sichuan earthquake.

We utilized the time window allocated for international charter flights at Haneda Airport to begin a Haneda—Hong Kong service from April. The service has proved popular, with a passenger load factor of over 80%.

In sales and marketing, we bolstered measures to capture individual demand through the introduction in April of our highly competitive new pricing system, Super Eco-wari. We also revised fuel surcharges in response to the surging price of jet fuel.

As a result of the above, international passenger numbers were practically unchanged, down just 0.4%, to 1.14 million people, while operating revenues increased 2.8%, to ¥78.5 billion.

International Cargo and Mail Services

Demand for outbound shipments of international cargo was sluggish. In particular, a shift towards marine transport on the Japan—China route saw a decrease in demand for air cargo, and both cargo load factors and yields declined.

However, we aggressively carried out measures to capture demand for shipments from China to North America and Europe, and also for shipments within Asia. In addition, shipments from North America and Europe to Japan increased. Consequently, the overall volume of shipments grew significantly year-on-year. Further, we heightened convenience for customers, such as commencing a daily weekday service to Xiamen and Qingdao, and also revised fuel surcharges from April.

In international mail services, outbound shipments from Japan were favorable in all directions, while inbound shipments from Europe and Asia were also strong.

As a result of these factors, cargo traffic volume on international routes increased 25.6%, to 97,000 tons, and operating revenues were up 17.7%, to ¥19.6 billion. Mail volume carried grew 19.1%, to 4,000 tons, while operating revenues were down 4.6%, to ¥0.9 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. However, operating revenues remained at about the same level, down 0.3%, to ¥32.8 billion.

Thanks to the above factors, air transportation operating revenues grew 0.5%, to ¥307.5 billion. Despite the continuing surging price of jet fuel, we were able to increase operating income 19.3%, to ¥14.5 billion, by implementing thorough measures to cut air transportation costs, such as better matching supply with demand and by introducing new fuel efficient aircraft.

Travel Services

Domestic travel services posted a weak performance and while international travel services benefited from the start of the Haneda—Hong Kong service, the higher fuel surcharge price

resulted in an overall fall in demand. Further, concerns over the safety of Chinese food and the Sichuan earthquake reduced demand for flights to China, and the international travel services sales environment became increasingly challenging.

As a result, travel services operating revenues were down 11.1%, to ¥41.5 billion, and an operating loss of ¥0.4 billion was recorded.

Other Businesses

Revenues decreased at All Nippon Airways Trading Co., Ltd., due to a change in the nature of its contract with ANA for aircraft parts operations. Also, revenues declined at INFINI Travel Information Inc., because slumping overseas leisure demand caused a fall in the use of its international flight reservation and ticketing system for airlines and travel agencies. ANA Information Systems Planning Co., Ltd., posted solid results on the recording of revenue that accompanied its development of a customer information system.

Due to the above, other business operating revenues were down 23.6%, to ¥36.5 billion, and operating income fell 59.0%, to ¥0.3 billion.

Qualitative Information Regarding Consolidated Financial Situation

(1) Financial Situation

Under Assets, our derivative assets increased greatly consequent to the application of hedge accounting in relation to fuel and exchange rates, while fixed assets decreased due to the sale of aircraft and other measures consequent to our aggressive updates to our fleet, in accordance with the Group's medium-term management strategy for fiscal year 2008 to 2011. As a result, total assets increased by ¥98.5billion from the end of the previous year, to ¥1,881.9billion.

Although our current liabilities decreased through the payment of corporation tax, our fixed liabilities increased due to new financing. Our total liabilities grew by ¥10.8billion against the previous year, to ¥1,338.2billion. Note that our interest-bearing debt grew by ¥43.7billion against the end of the previous year, to ¥811.6billion, due to new loans and the issuance of corporate bonds.

Under Net assets, although our earned surplus decreased by ¥3.0billion against the previous year due to the calculation of net profit and payment of dividends, our profit on deferred hedging instruments increased greatly consequent to the application of hedge accounting. As a result, our total net assets were ¥543.7billion (an ¥87.7billion year-on-year increase).

(2) Cash Flows

Our pre-tax net profit for the fiscal year was ¥11.9billion. After adjusting for depreciation and other non-fund items, and for debts and credits relating to operations, we had a cash flow expenditure of ¥38.8billion from operating activities (a ¥69.8billion year-on-year decrease).

Under Investment activities, we had expenditure for the acquisition of (mainly) aircraft, parts, and the like, as well as pre-payments for the planned introduction of new aircraft. Meanwhile, we had revenues from the sale of aircraft and the like consequent to updates to our fleet. As a result, we had a cash-flow expenditure of ¥15.3billion from investment activities, with a free cash flow of negative ¥54.1billion.

Under Finance activities, we had expenditures included the repayment of loans and lease obligations and the payment of dividends; we also obtained financing through long-term loans and issuance of corporate bonds. As a result, we had a cash-flow income of ¥34.1billion from finance activities.

As a result of the above, our cash and cash equivalents for the fiscal year under review decreased by ¥20.0 billion against the previous year, with a 1st quarterly-end balance of ¥159.8billion.

Others

(1) Significant changes in subsidiaries during the period under review (changes in specified subsidiaries due to change in scope of consolidation)

- None applicable

(2) Use of simplified accounting methods, if any

- The calculation of income tax payments was limited to major taxable additions and subtractions and tax credits.

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

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(1) Consolidated Statements of Income (Loss)

Yen(Millions)

	FY20068 first quarter Apr.1 - Jun.30	FY20075 first quarter Apr.1 – Jun.30	Difference
Operating revenues and expenses			
Operating revenues	345,524	349,619	(4,095)
Operating expenses	266,694	267,932	(1,238)
Sales, general and administrative expenses	64,225	68,467	(4,242)
Operating income	14,605	13,220	1,385
Non-operating income and expenses			
Non-operating income		5,417	2,925
Interest income	396	745	(349)
Other	5,021	2,180	2,841
Non-operating expenses		8,943	9,335
Interest expenses	3,444	3,535	(91)
Other	5,499	5,800	(301)
Total Recurring Profit	11,079	6,810	4,269
Extraordinary gains			
Gain on sale of property and equipment	-	910	(910)
Gain on sale of investment securities	294	828	(534)
Gain on sale of hotel businesses	-	132,996	(132,996)
Compensation income for damage	678	-	678
Other	4	18	(14)
Extraordinary losses	67	2,390	(2,323)
Loss on sale of property and equipment	-	310	(310)
Loss on disposal of property and equipment	19	-	19
Valuation loss on investment securities	14	-	14
Other	34	2,080	(2,046)
Net income before taxes	11,988	139,172	(127,184)
Income taxes	5,327	51,490	(46,163)
Minority interests	15	303	(288)
Net income	6,646	87,379	80,733

(2) Consolidated Balance Sheets

			Yen(Millions)
	FY2008 first quarter As of Jun.30	FY2007 As of Mar.31	Difference
Assets			
Current assets	513,630	473,499	40,131
Cash, deposits and Marketable securities	44,403	51,410	(7,007)
Trade accounts receivable	126,521	118,226	8,295
Marketable securities	116,118	129,279	(13,161)
Inventories (Merchandise)	6,287	6,554	(267)
Inventories (Supplies)	50,945	46,339	4,606
Differed income tax - current	6,725	33,915	(27,190)
Other	162,777	87,859	74,918
Allowance for doubtful accounts	(146)	(83)	(63)
Fixed assets	1,368,129	1,309,759	58,370
Tangible fixed assets	1,081,780	1,099,050	(17,270)
Buildings and structure	100,865	100,381	484
Flight equipment	606,063	608,488	(2,425)
Land	45,850	45,946	(96)
Leased assets	65,503	69,727	(4,224)
Construction in progress and advance payment on aircraft purchase contracts	231,377	241,753	(10,376)
Other	32,122	32,755	(633)
Intangible fixed assets	48,020	47,086	934
Investments and others	238,329	163,623	74,706
Investment in securities	63,808	64,579	(771)
Differed income tax – long term	68,455	44,848	23,607
Other	107,418	55,549	51,869
Allowance for doubtful accounts	(1,352)	(1,353)	1
Deferred assets	222	135	87
Total assets	1,881,981	1,783,393	98,588
Liabilities			
Current liabilities	534,791	546,950	(12,159)
Trade accounts payable	175,992	183,295	(7,303)
Short-term loans	3,681	2,580	1,101
Current portion of long-term debt	72,647	68,022	4,625
Current portion of bonds payable	50,000	50,000	-
Lease obligation	14,257	15,797	(1,540)
Accrued income tax	2,708	81,324	(78,616)
Accrued bonuses to employees	26,448	25,103	1,345
Provision for potential loss on antitrust proceedings	16,198	16,198	-
Other	172,860	104,631	68,229
Long-term liabilities	803,472	780,497	22,975
Bonds payable	165,000	145,000	20,000
Long-term debt payable	451,847	429,578	22,269
Lease obligation	54,226	56,899	(2,673)
Accrued employees' retirement benefits	113,991	112,253	1,738
Retirement benefit for directors and Cooperate Auditors	441	531	(90)
Consolidation adjustment account	2,593	2,787	(194)
Other	15,374	33,449	(18,075)
Total liabilities	1,338,263	1,327,447	10,816
Net assets			
Shareholders' equity	419,543	422,657	(3,114)
Common stock	160,001	160,001	-
Capital surplus	125,750	125,750	-
Retained earnings	134,736	137,829	(3,093)
Treasury stock	(944)	(923)	(21)
Valuation, translation adjustments and others	121,264	30,315	90,949
Net unrealized holding gain on securities	7,712	7,858	(146)
Deferred gain on hedging instruments	113,174	22,269	90,905
Foreign currency translation adjustments	378	188	190
Minority interests	2,911	2,974	(63)
Total Net assets	543,718	455,946	87,772
Total liabilities and net assets	1,881,981	1,783,393	98,588

(3) Consolidated Statement of Cash Flows

	Yen(Millions)	
	FY2008 first quarter Apr.1 - Jun.30	FY2007 first quarter Apr.1 – Jun.30
I. Cash flows from operating activities		
Income before income taxes and minority interests	11,988	139,172
Depreciation and amortization	27,757	21,985
Loss (gain) on disposal and sale of fixed assets	890	866
Loss (gain) on valuation and sale of securities	(280)	(817)
Increase (decrease) in accrued employees' retirement benefit	1,745	1,541
Interest expense	3,444	3,535
Interest and dividend income	(877)	(1,118)
Decrease (increase) in notes and accounts receivable-trade	(8,378)	(2,342)
Increase (decrease) in notes and accounts payable-trade	(7,253)	(7,858)
Other, net	13,826	(117,794)
Cash generated from operations	42,862	37,170
Interest and dividends received	901	1,164
Interest paid	(3,892)	(4,239)
Income tax paid	(78,719)	(3,059)
Net cash provided by (used in) operating activities	(38,848)	17,358
		31,036
II. Cash flows from investing activities		
Payment for purchase of tangible fixed assets	(28,503)	(65,047)
Proceeds from sale of tangible fixed assets	17,814	25,343
Payment for purchase of intangible fixed assets	(4,037)	(2,444)
Payment for purchase of investment securities	(154)	(838)
Proceeds from sale of investment securities	28	1,331
Payment for loan receivable	(731)	(69)
Collection of loan receivable	358	583
Other, net	(124)	244,199
Net cash provided by (used in) investing activities	(15,349)	203,058
III. Cash flows from financing activities		
Increase (Decrease) in short-term loans (Net)	1,101	2,700
Proceeds from long-term debt	50,000	30,000
Repayment of long-term debt	(23,114)	(66,150)
Proceeds from issuance bond	19,900	-
Redemption of bonds	-	(45,000)
Repayment of finance lease obligation	(4,545)	-
Payment for dividends	(9,739)	(5,844)
Other, net	503	154
Net cash provided by (used in) financing activities	34,106	(84,140)
IV. Effect of exchange rate changes on cash and cash equivalents	91	72
V. Net increase (decrease) in cash and cash equivalents	(20,000)	150,026
VI. Cash and cash equivalents at the beginning of the period	179,964	172,274
VII. Net increase (decrease) resulting from changes in scope of consolidation	(164)	-
VIII. Cash and cash equivalents at the end of the period	159,800	322,300

Changes to accounting methods since the previous financial period

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(4) Segment information

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

<FY2008 first quarter Apr.1 - Jun.30>				Yen (Millions)		
	Air transportation	Travel services	Other businesses	Total	Elimination	Consolidated
Operating revenues	282,574	37,344	25,606	345,524	-	345,524-
Intra-group sales and transfers	24,979	4,158	10,926	40,063	(40,063)	-
Total	307,553	41,502	36,532	385,587	(40,063)	345,524
Operating income(Loss)	14,549	(488)	392	14,453	152	14,605

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

Note : Segment of ANA Logistic service is changed from Other businesses to Air transportation.

(5) Breakdown of Operating Revenues (Air transportation)

	FY2008 first quarter Apr.1 - Jun.30	FY2007 first quarter Apr.1 - Jun.30	Yen (Millions)
			Difference
Domestic routes			
Passenger	166,446	169,768	(3,322)
Cargo	8,071	7,349	722
Mail	1,058	1,866	(808)
Baggage handling	77	73	4
Subtotal	175,652	179,056	(3,404)
International routes			
Passenger	78,559	76,390	2,169
Cargo	19,678	16,717	2,961
Mail	915	959	(44)
Baggage handling	151	129	22
Subtotal	99,303	94,195	5,108
Revenues from scheduled flights	274,955	273,251	1,704
Other operating revenues	32,598	32,721	(123)
Subtotal	307,553	305,972	1,581
Travel services			
Package tours (Domestic)	29,601	-	-
Package tours (International)	7,514	-	-
Other revenues	4,387	-	-
Subtotal	41,502	-	-
Other businesses			
Trading and retailing	25,362	-	-
Information and telecommunication	5,985	-	-
Real estate & building maintenance	2,481	-	-
Other revenues	2,704	-	-
Subtotal	36,532	-	-
Total operating revenues	385,587	-	-
Intercompany eliminations	(40,063)	-	-
Operating revenue(Consolidated)	345,524	-	-

Notes:

1. Segment breakdown is based on classifications employed for internal management.
2. Segment operating revenue includes inter-segment transactions.
3. Travel service and Other businesses are mentioned as from FY2008 1st quarter.

(6) Overview of Airline Operating Results (Consolidated)

	FY2008 first quarter Apr.1 - Jun.30	FY2007 first quarter Apr.1 - Jun.30	Year on Year (%)
Domestic routes			
Number of passengers	10,453,823	10,757,105	97.2
Available seat-km (thousand km)	14,923,369	15,475,663	96.4
Revenue passenger-km (thousand km)	9,082,155	9,298,541	97.7
Passenger load factor	60.9	60.1	0.8
Cargo(tons)	113,387	108,071	104.9
Cargo traffic volume (thousand kg)	110,280	104,590	105.4
Mail(tons)	10,484	19,937	52.6
Mail traffic volume (thousand kg)	9,967	20,733	48.1
International routes			
Number of passengers	1,148,476	1,153,190	99.6
Available seat-km (thousand km)	7,086,502	7,023,275	100.9
Revenue passenger-km (thousand km)	5,121,890	5,166,554	99.1
Passenger load factor	72.3	73.6	(1.3)
Cargo(tons)	97,575	77,678	125.6
Cargo traffic volume (thousand kg)	459,259	380,105	120.8
Mail(tons)	4,274	3,588	119.1
Mail traffic volume (thousand kg)	21,883	16,822	130.1

Notes:

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

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

Each result does not include results of charter flights.

Domestic routes' data include results of night cargo flights.

Changes to accounting methods since the previous financial period

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