

ANA reports consolidated financial results for the interim of FY 2008

1. Consolidated financial highlights for the period ended September 30, 2008

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

	FY2008 first half Apr.1-Sep.30	Year on Year (%)	FY2007 first half Apr.1-Sep.30	Year on Year (%)
Operating revenues	753,328	-	763,276	1.4
Operating income	49,835	-	67,090	(2.5)
Recurring profit	39,529	-	56,771	(2.1)
Net income	22,045	-	105,501	216.9
Net income per share	11.32 yen	-	54.16yen	-

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

	FY2008 first half As of Sep. 30	FY2007 As of Mar. 31
Total assets	1,781,969	1,783,393
Total net assets	457,634	455,946
Net worth / total assets	25.4	25.4
Net worth per share	233.09	232.58

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

	FY2008 Apr.1-Sep.30	Year on Year (%)
Operating revenues	1,460,000	(1.9)
Operating income	55,000	(34.8)
Recurring profit	29,000	(48.7)
Net income	17,000	(73.5)
Net income per share	8.74yen	-

Note: A 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) Change in accounting treatment since the previous financial period : Yes
- (4) Type and numbers of outstanding shares

	FY2008 as of Sep. 30	FY2007 as of Mar. 31
Issued stock		
Common stock	1,949,959,257	1,949,959,257
Trasury Stock		
Common stock	4,647,308	2,343,856

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

Overview of consolidated financial results for the interim of FY 2008

Qualitative Information/ Financial Statements, etc.

Overview of the interim of fiscal year under review (from April 1, 2008 to September 30, 2008)

1. Overview of interim period of fiscal year under review (six months from April 1, 2008 to September 30, 2008)

In the fiscal 2008 interim period from April 1, 2008 to September 30, 2008, the Japanese economy was characterized by a slowdown in both corporate capital investment and consumer spending. In addition, the slumping U.S. economy and the record high price of crude oil further raised economic concerns, and despite the subsequent downward trend in the price of crude oil, the future direction of the economy remains unclear.

In this economic environment, ANA Group consolidated results of operations in the interim period of the fiscal year were as follows:

Operating revenues: ¥753.3 billion, down 1.3% year on year

Operating income: ¥49.8 billion, down 25.7% year on year

Recurring profit: ¥39.5 billion, down 30.4%

A capital gain of ¥132.9 billion was recorded in the previous fiscal year on the transfer of hotel business assets. As a result, net income for the interim period was ¥22.0 billion, down 79.1% year on year.

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

□Air Transportation

Domestic Passenger Services

In addition to spiking jet fuel prices, overall demand fell below the level of the previous year and competition with other airlines and alternative methods of transportation further intensified. In this severe operating environment, we optimized our network to better match supply with demand and, from April, implemented a range of measures to respond to surging jet fuel prices through revisions to some fares. We also targeted improved profitability through the introduction of a new aircraft, the highly fuel-efficient Boeing 737-800.

In sales and marketing, we worked to strengthen our price competitiveness through updating our discounted fare prices: *Business Toku Wari*, *Business Kippu*, *Noritsugi Toku Wari*, and *Noritsugi Tabi Wari*. We also pursued measures to capture leisure demand, such as by substantially increasing the number of discounted seats during the summer peak period and launching the *ANA Pica Nori Summer 2008* campaign.

Efforts to optimize our networks resulted in the number of available passenger seats decreasing 4.2% year on year. However, due to the previously identified initiatives, we were able to hold the decline in passenger numbers to just 3.3%, or 22.28 million passengers, while operating revenues were down 2.3%, to ¥372.5 billion.

Domestic Cargo and Mail Services

Cargo traffic volume increased due to firm demand for cargo outbound from Tokyo and Okinawa and also due to a reclassification in the method of handling some *Yu-Pack* mail from “mail” to “cargo.” 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 during off-peak periods.

In domestic mail services, both volume handled and operating revenues declined year on year, due to the previously mentioned change in methods of handling *Yu-Pack* mail.

As a result of the above factors, in the six-month interim period domestic cargo traffic volume rose 4.5% year on year, to 235,000 tons, and operating revenues increased 9.8%, to ¥16.5 billion. Domestic mail volume was down 54.7% year on year, to 19,000 tons, and operating revenues declined 48.3%, to ¥2.0 billion.

International Passenger Services

The slowdown of the global economy impacted business demand, particularly for flights to Europe and North America. Leisure demand was sluggish due to a decline in tourist demand to China, principally because of the effects of concerns over the safety of Chinese food and the Sichuan earthquake. In addition, the economic slowdown led to a cooling-off of peak summer season demand.

In this operating environment, we worked to strengthen the competitiveness of our China network. We began daily flights from Kansai to Qingdao from the end of March and to Dalian from June. In addition, we positively implemented measures to capture demand during the August Beijing Olympic period, establishing charter flights from Haneda to Beijing and upgrading from standard to large-scale aircraft. Moreover, we utilized the time window allocated for international charter flights at Haneda to begin a Haneda-Hong Kong service from April. The service has proved popular, with a passenger load factor of approximately 80%.

In sales and marketing, we strengthened measures to capture individual demand through the introduction in April of our highly competitive new fare, Super Eco-wari, which has contributed significantly to increasing passenger numbers. We also revised fuel surcharges in April and July in response to the surging price of jet fuel.

As a result of the above, we were able to minimize the decline in international passenger numbers to just 3.7%, to 2.33 million people, while operating revenues increased 2.2%, to ¥165.6 billion and operating income decreased 23.2% to 48.2billion.

International Cargo and Mail Services

Demand for outbound shipments from Japan was sluggish because of the effect of the economic slowdown. In particular, a shift toward marine transport on the Japan-China route saw a decrease in demand for air cargo.

However, we aggressively carried out measures to capture demand for shipments from China to North America and Europe, and also for shipments of freight within Asia. In addition, shipments from North America and Europe to Japan increased, and consequently the overall volume of shipments grew significantly year on year.

Further, we enhanced our freight network, increasing services to every weekday to Xiamen and Qingdao from the end of March and to Taipei from July, and we also revised fuel surcharges in April and July in response to the surging price of jet fuel. In July, we introduced our first converted Boeing 767-300 Converted Freighter (BCF), becoming the first airline company in the world to adopt the conversion of a 767-300 passenger aircraft into a freighter.

In April, we joined with a major cargo forwarding company to establish All Express Corporation, a new joint venture providing business-to-business international express delivery services. It commenced operations in July offering services from Japan to Hong Kong and Shanghai.

As a result of these factors, during the six-month interim period cargo traffic volume on international routes increased 24.2%, to 197,000 tons, and operating revenues were up 20.9%, to ¥41.4 billion, Mail volume carried grew 19.2%, to 8,000 tons, while operating revenues were down 10.4%, to ¥1.8 billion.

Other Air Transport related 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 for the six-month interim period remained at about the same level, down 0.9%, to ¥66.9 billion.

As a result of the above factors, air transportation operating revenues in the six-month interim period increased slightly, by 0.1%, to ¥666.8 billion. To counter the surging price of jet fuel and other adverse factors, we implemented thorough measures to cut air transportation costs, such as better matching supply with demand and by introducing new fuel-efficient aircraft. However, these measures were unable to fully absorb the increased costs, and operating income declined 23.2%, to ¥48.2 billion.

□Travel Services

We proactively implemented sales and marketing initiatives and improved product structure. However, sales were sluggish on weak demand for package travel services during the peak summer period.

International travel services operating conditions remained extremely severe due to a decline in demand accompanying the economic slowdown. In addition, concerns over the safety of Chinese food and the Sichuan earthquake significantly contributed to slumping sales of travel services for China.

In this environment, we implemented a range of initiatives to strengthen our sales competitiveness, including creating tour packages for the Beijing Olympics, forming a business alliance with KNT Co., Ltd., and launching a service on some overseas flights enabling passengers to reserve specific seats in advance.

As a result, travel services operating revenues were down 10.0%, to ¥102.4 billion, and operating income was down 84.4%, to ¥0.2 billion.

□Other Businesses

Revenues decreased at All Nippon Airways Trading Co., Ltd., due to the change in the nature of its contract with ANA for aircraft parts operations and declines in the volume of work handled in its aircraft and machinery operations.

Despite the solid market launch of the new INFINI LINX PLUS flight reservation system for travel agencies, revenues also declined at INFINI Travel Information Inc., as

slumping overseas travel demand caused a fall in the use of its international flight reservation and ticketing system.

ANA Information Systems Planning Co., Ltd. recorded increased revenues that accompanied its continued development of its customer information system, its provision of integrated server solutions, and its development support for upgrades to information systems for domestic passengers, operations, and freight.

Due to the above, other businesses operating revenues in the six-month interim period were down 23.1%, to ¥74.8 billion, and operating income was down 54.7%, to ¥1.1 billion.

2. Qualitative Information Regarding the Consolidated Financial Situation

(1) Financial Situation

Under assets, current assets increased, with increases in cash reserves and negotiable certificates of deposits included in securities. Meanwhile, fixed assets decreased, due to such actions as the sale of aircraft, as we actively upgraded our fleet in line with our FY 2008 -2011 Group Medium-term Management Strategy. As a result, our total assets were reduced by ¥1.4billion year-on-year, to ¥1,781.9billion.

We reduced our current liabilities through payment of corporate and other taxes, while our fixed liabilities increased due to new fundraising. Total liabilities decreased by ¥3.1billion year-on-year, to ¥1,324.3billion.

Note that our interest-bearing debts increased by ¥75.9billion against the previous year, to ¥843.8billion. This was due to taking out new loans and issuance of corporate bonds.

As a result of calculating our net profit for the quarter and payment of dividends, our earned surplus increased by ¥12.3billion year-on-year. Meanwhile, variance in the revaluation of other securities and decrease in profit / loss on deferred hedges resulted in total net assets of ¥457.6billion (a ¥1.6billion year-on-year increase).

(2) Cash Flows

Operating activities: After adjusting for taxes and the like from the current second-quarter consolidated cumulative period, and adjusting the ¥38.7billion in net profit in the quarter for depreciation expenses and other non-asset items, and for sales-related credits and obligations, our cash flow from operating activities was ¥26.4billion.

Investment activities: Expenditures arose from the acquisition of (primarily) aircraft, parts, and the like, and from the prepayment of aircraft scheduled for delivery. Meanwhile, we received income from the sale of aircraft and the like consequent to upgrading our fleet. As a result, our cash flow from investment activities was ¥ (43.4) billion, with a reduction of ¥16.9billion to our free cash flow.

Financial activities: While we made such payments as the repayment of loans, redemption of corporate bonds, payment of leases, and payment of dividends, we secured financing via long-term loans and the issuance of corporate bonds. As a result, our cash flow from financial activities was ¥55.9billion.

As a result of the above, our cash and cash equivalents for the current second-quarter consolidated cumulative period increased by ¥39.0billion year-on-year, with a balance of ¥219.0billion for the quarter.

3.Full-year Forecasts

Amid the global-scale rapid economic slowdown caused by financial instability, the recent operating environment in Japan has also become increasingly tough. Based on these conditions, we anticipate demand for our air transportation businesses to trend downward in the near future. We have already experienced a sudden fall in business demand to Europe and the U.S. in international passenger services, adding to a declining demand trend in domestic passenger services.

Due to these conditions, we have determined it will be difficult for us to achieve the revenue targets we initially set for the fiscal year ending March 2009, and have subsequently revised our full-year consolidated operating results forecasts as follows:

Forecasts for full-year operating results for the fiscal year ending March 2009

Operating revenues: ¥1.46 trillion (down 1.9% year on year)

Operating income: ¥55.00 billion (down 34.8% year on year)

Recurring profit: ¥29.00 billion (down 48.7% year on year)

Net income: ¥17.00 billion (down 73.5% year on year)

4.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

- 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.

(1) Consolidated Statements of Income (Loss)

Yen (Millions)

	FY2008 first half Apr.1 - Sep.30	FY2007 first half Apr.1 - Sep.30	Difference
Operating revenues and expenses			
Operating revenues	753,328	763,276	(9,948)
Operating expenses	565,667	552,100	13,567
Sales, general and administrative expenses	137,826	144,086	(6,260)
Operating income	49,835	67,090	(17,255)
Non-operating income and expenses			
Non-operating income	7,680	5,640	2,040
Interest income	789	1,482	(693)
Other	6,891	4,158	2,733
Non-operating expenses	17,986	15,959	2,027
Interest expenses	7,138	6,846	292
Other	10,848	9,113	1,735
Total Recurring Profit	39,529	56,771	(17,242)
Extraordinary gains	1,015	137,763	(136,748)
Gain on sale of property and equipment	-	2,758	(2,758)
Gain on sale of investment securities	294	831	(537)
Gain on sale of hotel businesses	-	132,992	(132,992)
Income from compensation damages	678	-	678
Other	43	1,182	(1,139)
Extraordinary losses	1,829	25,760	(23,931)
Loss on sale of property and equipment	-	559	(559)
Loss on disposal of property and equipment	88	1	87
Valuation loss on investment securities	1,066	39	1,027
Other	675	25,161	(24,486)
Net income before taxes	38,715	168,774	(130,059)
Income taxes	16,746	62,796	(46,050)
Minority interests (loss)	(76)	477	(553)
Net income	22,045	105,501	(83,456)

(2) Consolidated Balance Sheets

Yen (Millions)

Assets	FY2008 as of Sep.30	FY2007 as of Mar.31	Difference
Current assets	497,125	473,499	23,626
Cash, deposits and Marketable securities	61,715	51,410	10,305
Trade accounts receivable	112,339	118,226	(5,887)
Marketable securities	168,038	129,279	38,759
Inventories (Merchandise)	6,560	6,554	6
Inventories (Supplies)	52,999	46,339	6,660
Differed income tax - current	8,259	33,915	(25,656)
Other	87,632	87,859	(227)
Allowance for doubtful accounts	(417)	(83)	(334)
Fixed assets	1,284,629	1,309,759	(25,130)
Tangible fixed assets	1,075,398	1,099,050	(23,652)
Buildings and structures	104,976	100,381	4,595
Flight equipment	621,065	608,488	12,577
Land	45,846	45,946	(100)
Leased assets	61,383	69,727	(8,344)
Construction in progress and advance payment on aircraft purchase contracts	208,479	241,753	(33,274)
Other	33,649	32,755	894
Intangible fixed assets	52,005	47,086	4,919
Investments and others	157,226	163,623	(6,397)
Investment in securities	56,056	64,579	(8,523)
Differed income tax – long term	63,232	44,848	18,384
Other	39,237	55,549	(16,312)
Allowance for doubtful accounts	(1,299)	(1,353)	54
Deferred assets	215	135	80
Total assets	1,781,969	1,783,393	(1,424)
Liabilities			
Current liabilities	490,678	546,950	(56,272)
Trade accounts payable	196,718	183,295	13,423
Short-term loans	1,021	2,580	(1,559)
Current portion of long-term debt	76,413	68,022	8,391
Current portion of bonds payable	60,000	50,000	10,000
Lease obligation	12,917	15,797	(2,880)
Accrued income tax	2,255	81,324	(79,069)
Accrued bonuses to employees	17,454	25,103	(7,649)
Provision for potential loss on antitrust proceedings	16,198	16,198	-
Other	107,702	104,631	3,071
Long-term liabilities	833,657	780,497	53,160
Bonds payable	145,000	145,000	-
Long-term debt payable	497,143	429,578	67,565
Lease obligation	51,363	56,899	(5,536)
Accrued employees' retirement benefits	115,760	112,253	3,507
Retirement benefit for directors and Cooperate Auditors	486	531	(45)
Consolidation adjustment account	2,403	2,787	(384)
Other	21,502	33,449	(11,947)
Total liabilities	1,324,335	1,327,447	(3,112)
Net assets			
Shareholders' equity	434,042	422,657	11,385
Common stock	160,001	160,001	-
Capital surplus	125,745	125,750	(5)
Retained earnings	150,135	137,829	12,306
Treasury stock	(1,839)	(923)	(916)
Valuation, translation adjustments and others	19,394	30,315	(10,921)
Net unrealized holding gain on securities	3,364	7,858	(4,494)
Deferred gain on hedging instruments	15,745	22,269	(6,524)
Foreign currency translation adjustments	285	188	97
Minority interests	4,198	2,974	1,224
Total Net assets	457,634	455,946	1,688
Total liabilities and net assets	1,781,969	1,783,393	(1,424)

(3) Consolidated Statement of Cash Flows

Yen (Millions)

	FY2008 first half Apr.1 - Sep.30	FY2007 first half Apr.1 - Sep.30
I. Cash flows from operating activities		
Income before income taxes and minority interests	38,715	168,774
Depreciation and amortization	55,301	46,402
Loss (gain) on disposal and sale of fixed assets	2,335	456
Loss (gain) on valuation and sale of securities	772	(782)
Increase (decrease) in accrued employees' retirement benefit	3,514	1,979
Interest expense	7,138	6,846
Interest and dividend income	(1,860)	(2,665)
Decrease (increase) in notes and accounts receivable-trade	5,665	3,109
Increase (decrease) in notes and accounts payable-trade	13,457	8,788
Other, net	(14,257)	(116,160)
Cash generated from operations	110,780	116,747
Interest and dividends received	1,905	2,696
Interest paid	(7,113)	(7,137)
Income tax paid	(79,018)	(593)
extra employees' retirement benefit	(71)	(150)
Net cash provided by (used in) operating activities	26,483	111,563
II. Cash flows from investing activities		
Payment for purchase of tangible fixed assets	(58,013)	(128,378)
Proceeds from sale of tangible fixed assets	24,793	32,520
Payment for purchase of intangible fixed assets	(11,064)	(7,555)
Payment for purchase of investment securities	(1)	(2,920)
Proceeds from sale of investment securities	68	1,396
Payment for loan receivable	(858)	(115)
Collection of loan receivable	565	862
Other, net	1,096	234,466
Net cash provided by (used in) investing activities	(43,414)	130,276
III. Cash flows from financing activities		
Increase (decrease) in short-term loans (net)	(1,559)	(90)
Proceeds from long-term debt	111,560	30,000
Repayment of long-term debt	(35,622)	(78,395)
Proceeds from issuance bond	19,900	-
Redemption of bonds	(20,000)	(45,000)
Repayment of finance lease obligation	(8,957)	-
Payment for dividends	(9,739)	(5,844)
Other, net	385	(2,310)
Net cash provided by (used in) financing activities	55,968	(101,639)
IV. Effect of exchange rate changes on cash and cash equivalents	22	221
V. Net increase (decrease) in cash and cash equivalents	39,059	140,421
VI. Cash and cash equivalents at the beginning of the period	179,964	172,274
VIII. Cash and cash equivalents at the end of the period	219,023	312,695

(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:

<FY2008 first half Apr.1 - Sep.30>						Yen (Millions)
	Air transportation	Travel services	Other Businesses	Total	Elimination	Consolidated
Operating revenues	608,108	92,820	52,400	753,328	-	753,328
Intra-group sales and transfers	58,781	9,645	22,472	90,898	(90,898)	-
Total	666,889	102,465	74,872	844,226	(90,898)	753,328
Operating income (loss)	48,203	296	1,148	49,647	188	49,835

<FY2007 first half Apr.1 - Sep.30>						Yen (Millions)
	Air transportation	Travel services	Other Businesses	Total	Elimination	Consolidated
Operating revenues	600,425	103,848	59,003	763,276	-	763,276
Intra-group sales and transfers	65,681	10,057	38,395	114,133	(114,133)	-
Total	666,106	113,905	97,398	877,409	(114,133)	763,276
Operating income (loss)	62,752	1,899	2,533	67,184	(94)	67,090

(5) Breakdown of Operating Revenues (Air Transportation)

	Yen (Millions)		
	FY2008	FY2007	Difference
	Apr.1- Sep.30	Apr.1- Sep.30	
Domestic routes			
Passenger	372,560	381,249	(8,689)
Cargo	16,509	15,038	1,471
Mail	2,000	3,868	(1,868)
Baggage Handling	173	168	5
Subtotal	391,242	400,323	(9,081)
International route			
Passenger	165,603	162,100	3,503
Cargo	41,449	34,272	7,177
Mail	1,844	2,058	(214)
Baggage Handling	317	292	25
Subtotal	209,213	198,722	10,491
Revenues from scheduled flights	600,455	599,045	1,410
Other operating revenues	66,434	67,061	(627)
Subtotal	666,889	666,106	783
Travel Service			
Package tours(Domestic)	76,713	78,216	(1,503)
Package tours (International)	16,868	24,240	(7,372)
Other revenues	8,884	11,449	(2,565)
Subtotal	102,465	113,905	(11,440)
Other Businesses			
Trading and retailing	52,408	70,596	(18,188)
Information and telecommunication	11,707	12,055	(348)
Real estate & building maintenance	5,201	5,180	21
Other revenues	5,556	9,567	(4,011)
Subtotal	74,872	97,398	(22,526)
Total operating revenues	844,226	877,409	(33,183)
Intercompany eliminations	(90,898)	(114,133)	23,235
Operating revenue(Consolidated)	753,328	763,276	(9,948)

Notes:

1. Segment breakdown is based on classifications employed for internal management.
2. Segment operating revenue includes inter-segment transactions.

(6) Overview of Airline Operating Results (Consolidated)

	FY2008 Apr.1- Sep.30	FY2007 Apr.1- Sep.30	Year on year (%)
Domestic routes			
Number of passengers	22,281,363	23,036,104	96.7
Available seat km (thousand km)	30,452,843	31,699,764	96.1
Revenue passenger km (thousand km)	19,542,917	20,167,553	96.9
Passenger load factor	64.2	63.6	0.6
Cargo (tons)	235,661	225,410	104.5
Cargo traffic volume (thousand ton-kg)	229,050	217,055	105.5
Mail (tons)	19,348	42,711	45.3
Mail traffic volume (thousand ton-kg)	18,493	44,302	41.7
International routes			
Number of passengers	2,335,810	2,424,511	96.3
Available seat km (thousand km)	14,227,126	14,112,622	100.8
Revenue passenger km (thousand km)	10,376,406	10,764,068	96.4
Passenger load factor	72.9	76.3	(3.3)
Cargo (tons)	197,690	159,127	124.2
Cargo traffic volume (thousand ton-kg)	915,118	777,585	117.7
Mail (tons)	8,521	7,151	119.2
Mail traffic volume (thousand ton-kg)	44,800	34,925	128.3

Notes:

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

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

Results do not include charter flights.

Domestic route data includes the results of night cargo flights.