

ANA reports consolidated financial results for FY2008

1. Consolidated financial highlights for the period ended March 31, 2009

(1) Summary of consolidated operating results

Yen (Millions)

	FY2008 Apr.1 - Mar.31	Year on Year (%)	FY2007 Apr.1 - Mar.31	Year on Year (%)
Operating revenues	1,392,581	(6.4)	1,487,827	(0.1)
Operating income	7,589	(91.0)	84,389	(8.5)
Recurring profit	91	(99.8)	56,523	(9.7)
Net income / loss	(4,260)	-	64,143	(96.4)
Net income per share	(2.19) yen		32.93yen	
Net income / Shareholders' equity	(1.1)%		15.1%	
Recurring profit (loss) / Total assets	0.0%		3.3%	
<u>Operating income (loss) / Operating revenue</u>	<u>0.5%</u>		<u>5.7%</u>	
Gain on equity method	271		385	
Average number of shares of outstanding during the period (Consolidated)	1,945,061,577 shares		1,947,736,799 shares	

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

(2) Summary of consolidated financial positions

Yen (Millions)

	FY2008 as of Mar. 31	FY2007 as of Mar. 31
Total assets	1,761,065	1,783,393
Total net assets	325,797	455,946
Net worth / total assets	18.3	25.4
Net worth per share	166.50	232.58
Number of shares of outstanding at balance sheet date (consolidated)	1,933,181,240 shares	1,947,615,401 shares

(3) Summary of consolidated cash flows

Yen (Millions)

	FY2008 Apr.1-Mar.31	FY2007 Apr.1-Mar.31
Cash flows from operating activities	(39,783)	165,765
Cash flows from investing activities	(111,139)	(69,827)
Cash flows from financing activities	114,504	(87,336)
Cash and cash equivalents at the end of the period	143,436	179,964

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

Number of consolidated subsidiaries: 76

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

Number of affiliates accounted for by the equity method: 19

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

	Consolidated	Equity method
Newly added	1	1
Excluded	6	-

2. Forecast of consolidated operating results for the period ending March 31, 2010

	Yen (Millions)
Operating revenue	1,350,000
Recurring profit (loss)	5,000
Net income (loss)	3,000

Note: Forecast of net income per share: 1.55yen

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.

Qualitative Information Regarding Consolidated Financial Situation

. Corporate Performance

1 . Analysis of operating results

1) . Overview of the fiscal year

In the fiscal year ended March 31, 2009, amid a global economic recession triggered by the crisis in the world's financial markets, the Japanese economy experienced sagging domestic demand as well as the effects of declining demand from overseas. The domestic economy entered a period of contraction, characterized by deteriorating corporate profits and stagnating capital investment and consumer spending. In addition, although the price of crude oil reached record levels in the first half of the year, in the second half the price fell and it has subsequently been returning to previous levels.

Overall, however, the outlook for the future remains uncertain.

In this economic environment, the ANA Group's consolidated results in the fiscal year were as follows: operating revenues were down 6.4% year on year, to ¥1,392.5 billion; operating income fell 91.0%, to ¥7.5 billion; recurring profit declined 99.8%, to ¥91.0 million; and a net loss of ¥4.2 billion was recorded.

On a non-consolidated basis, operating revenues declined 6.9% year on year, to ¥1,248.6 billion, contributing to an operating loss of ¥0.7 billion, a recurring loss of ¥3.5 billion, and a net loss of ¥1.8 billion.

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

Air Transportation

In addition to a decline in overall demand in domestic passenger services due to the economic slowdown, competition with other airlines and alternative methods of transportation further intensified and passenger numbers consequently fell year on year.

In international passenger services, during the first half of the fiscal year passenger numbers were only slightly below the level of the previous year, but from the second half of the year numbers declined substantially due to the effects of the financial crisis.

In domestic cargo and mail services, the volume of cargo slightly increased year on year.

In international cargo and mail services, during the first half of the year shipments were solid and the volume of cargo was marginally higher than the previous year. Although demand fell in the last six months, full-year volumes exceeded the previous term.

Under such operating conditions, in addition to developing initiatives to stimulate demand we also worked to increase profits through revisions to domestic and

international fares and to fuel surcharges. We also aimed to further increase efficiencies by optimizing our network to better match supply with demand. However, the impact of surging fuel prices and other factors was substantial, and operating income significantly declined year on year.

As a result of our efforts, despite the severe business environment in the Group's air transportation business, the fall in operating revenues was restricted to just 5.5% year on year, to ¥1229.5 billion, although operating income declined 93.9%, to ¥4.7 billion.

Domestic Passenger Services

Against the backdrop of the decline in overall demand, competition on trunk routes with other airlines and alternative methods of transportation further intensified. In addition, the tough conditions deteriorated even further from September as the economic slowdown become even more pronounced, resulting in an additional cooling of demand. Aiming to meet the challenges presented by this situation, we rolled out a series of measures intended to stimulate demand, but we were unable to prevent passenger numbers falling below the level of the previous year.

To enhance our route network, from June we introduced highly fuel-efficient Boeing 737-800 aircraft on the Tokyo–Tottori and Tokyo–Yonago routes. While no changes were made to major routes on our network from the previous period, we reduced the number of flights on routes with low load factors and increased the number of flights and invested in new equipment for flights on highly profitable routes. Further, we took steps to maintain and improve convenience for our customers, entering into code-sharing agreements with Star Flyer Inc. for flights on the Tokyo–Kansai route and with Hokkaido International Airlines for flights on the Sapporo–Sendai route from November, and also with Skynet Asia for the Kagoshima–Okinawa and Nagasaki–Okinawa routes from February.

In sales and marketing, we introduced a series of initiatives to strengthen our price competitiveness, such as updating our discounted and flexible fares—*Business Toku Wari*, *Business Kippu*, *Noritsugi Toku Wari*, and *Noritsugi Tabi Wari*—and actively establishing additional flights during periods of high demand.

Further, as part of the comprehensive alliance with JR East Railway announced in December 2007, from October 22 we began a campaign to increase subscribers to the ANA VISA Suica Card, a credit card that adds the SKiP and Suica electronic money functions to the existing functionality of the ANA Viewcard. We also pursued measures to stimulate leisure demand, aiming to capture demand from families going on vacation during the summer peak period through the *ANA Pika Nori Summer 2008* campaign, and

from November launching nationwide the *Mattarina Hokkorina OKINAWA* and *Itadaki-manmosu HOKKAIDO* campaigns.

In the final analysis, despite the above efforts, domestic passenger numbers in fiscal 2008 were 42.75 million people, a 6.2% decrease year on year, while operating revenues were 699.3 billion yen, a fall of 5.4%.

Domestic Cargo and Mail Services

Despite the effects of the economic slowdown, cargo traffic volume increased year on year due to factors such as the reclassification of the method of handling some *Yu-Pack* mail from “mail” to “cargo.” Further, earnings also increased as revisions to domestic freight rates came into effect from April, resulting in an improvement in unit price, and we also were able to increase demand for flights during off-peak periods by enhancing our lineup of discounted fares, such as *Hiru-wari* and *Holiday-wari*.

In domestic mail services, both volume handled and operating revenues declined year on year, due to the previously mentioned change in method of classifying *Yu-Pack* mail. Consequently, in fiscal 2008, domestic cargo traffic volume was 475 thousand tons, 2.7 % up year on year, and operating revenues were ¥33 billion, an increase 8.3%.

Domestic mail volume fell 57.1% to 37 thousand tons, and operating revenues declined 50.9%, to ¥ 3.9 billion.

International Passenger Services

There had been signs of slowdown in business demand from the beginning of the period, accompanying the global economic recession. Following the marked deterioration in business conditions from September, companies began to noticeably cut back on business trips, resulting in a further cooling-down of business demand through to the end of the fiscal year.

Leisure demand was also sluggish, as, in addition to weak demand on routes to China because of concerns over food safety and the Sichuan earthquake, the economic slowdown adversely affected demand, particularly in the peak summer period. Further, the closure of Bangkok Suvarnabhumi International Airport in November and the terrorist incident in Mumbai further impacted already severe operating conditions.

It was against this environment that, from October, we implemented measures to optimize our China network by better matching fleet resources to demand. In addition, we actively carried out initiatives to increase revenues, such as establishing charter flights and upgauging from medium to large-wide body aircraft on the Haneda–Beijing route in August to coincide with the Beijing Olympic period. Also, we began a

Haneda–Hong Kong service from April, which has proved popular and has maintained an average load factor in excess of 70%.

To respond to continued sagging demand on some routes, we implemented emergency measures such as suspending the Kansai–Dalian and Kansai–Shenyang routes, reducing the number of flights on the Narita–Shanghai and Narita –Mumbai route, and down gauging to smaller aircraft on the Narita–Bangkok route. In these ways, we worked to increase revenues and decrease expenditures by further matching supply to demand. In sales and marketing, we implemented a series of initiatives to further capture demand. We strengthened measures to capture individual passengers through the introduction from April of our highly competitive new fare, *Super Eco-wari*, and we re-launched *Super Eco-wari* and *Eco-wari 14* for flights from October, making them easier to use with fewer restrictions, with prices changing according to seat availability. We also revised fuel surcharges in response to the surging price of jet fuel. In light of the above and despite our best efforts, international passenger numbers for the full year declined 8.2% year on year to 4.43 million, while operating revenues declined 6.6%, to ¥291 billion.

International Cargo and Mail Services

Demand for international cargo was sluggish due to the effects of the global economic slowdown. In particular, a shift towards marine transport on the Japan–China route ushered in a decrease in demand for air cargo. Further, the worsening of the global economic slowdown from November resulted in substantial decreases across all international cargo markets.

In these conditions, we were able to maintain the overall volume of shipments at approximately the same level as the previous year by aggressively implementing measures to capture demand from China and the rest of Asia to North America and Europe, for shipments of freight within Asia, and also for shipments from North America and Europe to Japan. We also revised fuel surcharges in response to the surging price of jet fuel. Despite these efforts, unit prices fell due to the increasingly intense competition to capture declining demand, and operating revenues decreased year on year.

We took steps to enhance our freight network, such as increasing services to every weekday to Xiamen and Qingdao from the end of March 2008, and to Taipei from July. From October, we responded to high levels of demand and increased flights from Narita. Elsewhere, we also strove to improve revenues and expenditure by suspending freight services on some routes from January 2009 in response to major decreases in demand.

In July, we introduced the world's first 767-300 Boeing Converted Freighter (BCF) to replace wet-leased aircraft, aiming to reduce costs by procuring freighter aircraft from our existing passenger fleet. As a result, at the end of March 2009 we had a freighter fleet of 6 aircraft.

In April, we joined with major forwarding companies to establish All Express Corporation, which commenced business-to-business (B2B) international express delivery services from July. We also aggressively implemented measures to capture international mail service demand, and as a result, despite the economic slowdown, results were robust from Japan to all destinations apart from Europe, and were also solid inbound to Japan from Europe and Asia.

As a result of these factors, during fiscal 2008 cargo traffic volume on international routes increased 6.5% year on year, to 354 thousand tons, while operating revenues declined 4.3%, to ¥ 69 billion. Mail volume carried was up 22.5%, to 18,000 tons, while operating revenues increased 2.7%, to ¥3.6 billion.

Other

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 in fiscal 2008 were down 5.1% year on year, to ¥129.3 billion.

Changes in Fleet Composition for the period under review
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The following changes took place in the ANA Group's fleet during the fiscal year ended March 2009.

Aircraft	Purchased	Leased-in	Returned	Leased-out	Sold / Removed	Change	Reference
Boeing 747-400	1	3	1	—	7	4	<p>Sold: April, 2008, 1 aircraft June 2008, 4 aircrafts(1) July 2008, 1 aircraft</p> <p>Lease-in: June 2008, 3 aircrafts(1)</p> <p>Returned: May 2008, 1 aircraft (2)</p> <p>Purchased: May, 2008, 1 aircraft(2)</p> <p>Removed: August 2008, 1 aircraft</p>
Boeing 777-300	5	—	4	—	—	+1	<p>Returned: August 2008, 1 aircraft (2) October, 2008, 2 aircraft (2) March, 2009, 1 aircraft (2)</p> <p>Purchased: August, 2008, 1 aircraft August, 2008, 1 aircraft (2) October, 2008, 2 aircraft (2) March 2009, 1 aircraft (2)</p>
Boeing 777-200	3	—	3	—	—	0	<p>Returned: June 2008, 1 aircraft (2) September 2008, 1 aircraft (2) November, 2008, 1 aircraft (2)</p> <p>Purchased: June, 2008, 1 aircraft(2)</p>

Aircraft	Purchased	Leased-in	Returned	Leased-out	Sold / Removed	Change	Reference
							September: 2008, 1 aircraft(2) November 2008, 1 aircraft(2)
Boeing 767-300	1	—	—	—	—	+1	Purchased: September 2008, 1 aircraft
Airbus A320-200	—	—	1	—	1	△2	Sold: May 2008, 1 aircraft Returned: January 2009, 1 aircraft
Boeing B737-800	4	—	—	—	—	+4	Purchased: May 2008, 1 aircraft June 2008, 1 aircraft December 2008, 1 aircraft March 2009, 1 aircraft
Boeing 737-700	1	—	—	—	—	+1	Purchased: April 2008, 1 aircraft
Boeing 737-500	—	—	—	—	3	△3	Sold: May 2008, 1 aircraft September 2008, 1 aircraft December 2008, 1 aircraft
Bombardier DHC8-400	1	—	1	—	—	0	Returned: January 2009, 1 aircraft(2) Purchased: January 2009, 1 aircraft(2)
Fokker F50	—	—	3	—	—	△3	Returned: August 2008, 1 aircraft March, 2009, 2 aircrafts
Total	16	3	13	—	11	△5	—

Notes: (1) ANA-owned aircraft leased after sale.

(2) Purchased aircraft after lease termination.

Travel Services

Demand declined in domestic travel services, and, in addition, consumer preferences further moved toward a desire for “inexpensive, nearby, and short.” In this severe operating environment, we aggressively worked to increase sales, such as **bringing** forward the sales period of tour products. But apart from Tokyo Disneyland-related products, sales of all products declined and domestic travel service operating revenues fell year on year. Overall demand for international travel services declined throughout the year, due to the effects of surging jet fuel costs, concerns over the safety of Chinese food and the Sichuan earthquake, and the demonstrations in Bangkok. In this environment, we implemented decisive methods to strengthen our sales competitiveness, including tour packages for the Beijing Olympics and forming a business alliance with KNT Co., Ltd. However, these efforts could not compensate for the significant cooling-down of demand that accompanied the global economic slowdown, and operating revenues for our international travel services were substantially down year on year.

In April 2007, we launched the *Tabi-dachi* travel club, established for *ANA Mileage Club* members. The club has been an enormous success, with the number of participants growing to 1.4 million (as of the end of February 2009), and member-only tours steadily expanding. Moreover, in January 2009 we launched the *Travel Design Corner* website. Accessible from the ANA website, it provides a range of travel information, and our goal is that it will increase convenience for customers and stimulate demand.

Despite these efforts, as a result of the severe operating environment, operating revenues declined 12.4%, to ¥188.7 billion, and an operating loss of ¥0.6 billion was recorded.

Other Businesses

Revenues decreased year on year at All Nippon Airways Trading Co., Ltd., due to the change in the nature of its contract with ANA for aircraft parts 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 and the positive development of new markets for strategic products, revenues declined year on year at INFINI Travel Information Inc., as sagging 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, accompanying its continued development of systems for customer information, cargo, and operations.

The above, overall operating revenues in other businesses fell 25.5% year on year, to ¥148.2 billion, and operating income was down 35.6%, to ¥3.3 billion.

2) . Outlook for the Fiscal Year 2009 ending March 31, 2010

We anticipate that our business environment in fiscal 2009 will be extremely tough, as we expect the global economic recession that sharply worsened in September 2008 to continue, and that our operating environment will be the severest that we have ever experienced.

Responding to these kind of conditions, we will implement and progress our “Emergency Plan for FY09” to overcome challenges posed by the current severe environment and enable us to realize our goal of being “the number one airline group in Asia, with air transportation as our core operation.” In addition, to seize the business opportunity that will be created in

2010 by the capacity expansion at both Haneda and Narita Airports, we are striving to maintain and improve our provision of high-quality air transportation services.

In domestic passenger operations, our biggest business, we are presupposing that demand will continue to slump and competition will further intensify. In response, in addition to wide-ranging fare revisions to stimulate demand, we will continue to match supply with demand and work to maintain and strengthen our competitiveness.

Specifically, to capture business demand we will continue to update our discounted and flexible fares, such as *Business Toku Wari* and *Business Kippu*, and strengthen measures to capture frequent-flyer premium customers and corporate customers. Moreover, while continuing to develop our *Tabi Wari* fare we will also target leisure demand and aim to stably secure revenue through the introduction of our new *Senior Kara Wari* fare.

To improve profitability, we will continue to optimize our route network by precisely matching supply with demand. We will achieve this by reorganizing the network and aiming for the ideal allocation of fleet resources for each route.

In international passenger operations, against the backdrop of the expected continuation of the global economic slowdown, we forecast that demand will remain sluggish across the board. But in order to maintain profitability, we will strive to maximize revenues by flexibly responding to changes in the demand-supply balance and by setting optimal fares to stimulate demand. In particular, to help achieve stable revenues we will push forward with measures to capture business demand, which slumped significantly from the second half of 2008.

In addition, we will review our route network by considering those routes that are experiencing declining demand, responding by downgauging to smaller aircraft when necessary, and aiming to create an optimized cost structure.

In advance of the opening in the fall of 2009 of our Okinawa international cargo hub, our intention is to make cargo operations our “third core business,” and we are steadily constructing the business foundation toward achieving this goal.

In travel operations, against the backdrop of the global economic recession, to maintain and enhance profitability we are fine-tuning supply to realize an appropriate balance between supply and declining demand.

Further, to advance our express freight operations, which is a major pillar of our cargo operations, in March 2009 we increased our capital participation in Overseas Courier Service (OCS) Co., Ltd., to become its majority shareholder. This further strengthening of our relationship with OCS will help us push forward with developing sales and marketing systems for our express delivery operations.

To support these business developments and to enable us to get on a growth track, and in particular, with an eye to the businesses opportunities we expect to be created in 2010 with the Tokyo metropolitan area expansion in airport capacity, we plan to introduce 16 aircraft into our fleet as part of our strategic investment within our fiscal 2009 fleet plan. In addition to introducing two of our mainstay aircraft, the Boeing 777-300ER, one Boeing 767-300ER, and six Boeing 737-800s, we will convert three of our Boeing 767-300ER passenger aircraft into freighters, introduce one Bombardier DHC8-400, and also three Boeing 787s, following their late delivery due to delays in the manufacturing process. Conversely, we will retire seven aircraft from our fleet, including one Boeing 747-400 and an Airbus A320-200. By positively introducing fuel-efficient aircraft into our fleet we will steadily improve our cost structure.

In travel operations, under the auspices of ANA Sales we have been pressing ahead with measures to enhance our travel product planning capabilities and to further differentiate our products from those of our competitors. Going forward, in order to meet increasingly diversified customer needs, we are strengthening our sales capabilities and aiming to improve profitability by proposing new travel products that will enhance a lineup already full of

originality, such as our *Kando-Annainin Plan*, tours using guides who live in and are knowledgeable about the tour area, and also tours only available to members of *Tabi-dachi* travel club, established within the *ANA Mileage Club*.

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 these efforts, we will continue to pursue the creation of value, regardless of the unprecedented severity of our present operating environment, and strive to construct solid management foundations.

Further, we will carry out the three central tenants of our “Emergency Plan for 2009”: first, we will review operations centered on a reorganization of our route network in line with demand trends; second, we will limit all but strategically necessary investment; and third, we will drastically reform and strengthen our business structure to reduce costs.

In making our current consolidated performance forecasts for the fiscal year ending March 2010, we were aware that the sagging demand for air transport due to the major economic slowdown is likely to continue and that, while we will carry out investment toward expanding the scale of our future business, we will also implement cost-controlling initiatives to strengthen competitiveness. As a result, our forecasts call for operating revenues of ¥1,350.0 billion (a 3.1% decrease year on year), operating income of ¥35.0 billion (an 361.2% increase), recurring income of ¥5.0 billion, and net income of ¥3.0 billion.

These performance forecasts are based on the presumption of an exchange rate of ¥95 to the US\$; a market price of Dubai crude oil, which is used as an indicator of jet fuel costs, of US\$ 50 per barrel; and a price for Singapore kerosene of US\$ 63 per barrel.

Earnings results and forecasts, capital investment forecasts, and borrowing results and forecasts are as follows.

Consolidated earnings results and forecasts

Items (billion yen)	Period ended March, 2009 (results)	Period ending March, 2010 (forecasts)
Operating revenues	1,392.5	1,350
Operating expenses	1,384.9	1,315
Operating income	7.5	35
Recurring profit	0	5
Net income	4.2	3

Non-consolidated earnings results and forecasts

Items (billion yen)	Period ended March, 2009 (results)	Period ending March, 2010 (forecasts)
Operating revenues	1,248.6	1,210
Operating expenses	1,249.3	1,180
Operating income	0.7	30
Recurring profit	3.5	1.5
Net income	1.8	1

ANA Group capital investment forecasts

Items (billion yen)	Fiscal 2009 (forecasts)
Aircraft added and replacement	165
Aircraft refurbishment	7
Aircraft related total	172
Systems related	26
Other	32
Group-total	230

Balance of interest bearing debt, etc.

Items (¥ billion)	Period ended March 2009 (results)		Period ending March 2010 (forecasts)	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Balance of interest bearing debt	897.2	931.4	955.0	996.0
Balance of non-elapsd lease fees	194.8	183.5	161.0	152.2

2 . Analysis of the Financial Situation

1). Financial Situation

Our current assets decreased by ¥26.8billion against the previous year, and our fixed assets increased by ¥4.4billion against the previous year, resulting in assets of ¥1,761.0billion (¥22.3billion year-on year decrease).

While we repaid corporate bonds, we obtained new financing through loans. As a result, our liabilities increased by ¥107.8billion from the previous year, to ¥1,435.2billion.

Our net assets were ¥325.7billion (a ¥130.1billion year-on year increase), due mainly to a decrease in loss on deferred hedges of ¥104.8billion against the previous year.

2). Cash Flows

We had a net loss of ¥4.4billion for the period before tax adjustments. After applying depreciation, non-recurring depreciation, and other non-cash items, changes in sales-related debts and credits, and changes in taxes, our sales-related cash flow was negative ¥39.7billion.

In our investment activities, our main expenditure was from the acquisition of aircraft, parts, and the like, and prepayment of aircraft scheduled for introduction, resulting in a cash flow from investment activities of negative ¥111.1billion. As a result, our free cash flow was negative ¥150.9billion.

In our financing activities, our payments included payment of loans and leases, repayment of corporate bonds, and dividend payments, while we obtained financing via long-term loans and the issuance of corporate bonds. As a result, our cash flow from financing activities was negative ¥114.5billion.

As a result of the above, our cash and cash equivalents for the fiscal year were down ¥36.5billion against the previous year, and the balance was ¥143.4billion.

The trends of our group's cash-flow index are indicated below.

Category	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Equity ratio (%)	13.3	20.8	24.9	25.4	25.4
Equity ratio based on market prices	38.0	50.1	56.3	47.9	42.4
Debt repayment period (years)	6.3	6.6	4.7	4.6	-
Interest coverage ratio	7.0	6.3	8.9	10.7	-

* Equity ratio: Equity / total assets

Equity ratio based on market prices: Total market value of shares / total assets

Debt repayment period: Interest bearing debt / sales-related cash flow

Interest coverage ratio: Sales-related cash flow / interest payments

Notes: 1. All indices are calculated from consolidated financial figures.
2. The total market value of shares is calculated as the closing stock price at fiscal year-end 08, and the total number of shares issued as of fiscal year-end (minus treasury stock).
3. The sales-related cash flow in the Consolidated Statement of Cash Flow is used as the sales-related cash flow. Interest-bearing debt is all debt recorded on the Consolidated Balance Sheet for which interest is being paid.

3 . Dividend Policy and Dividends for the Current and Next Fiscal Periods

The dividend for the current period is based on our basic policy of maintaining retained earnings and strengthening the financial structure to sustain profit growth in an environment expected to become increasingly competitive. Due to an operating environment in fiscal 2008 of unprecedented severity, the ANA Group recorded a net loss. However, we will maintain a dividend of ¥1 per share.

ANA considers a 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. Therefore, dividends paid in the future 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 relating to crude oil price fluctuations

The price of jet fuel comprises such expenses as the cost of importing, refining, and transporting crude oil as well as 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.

Due to record-high crude oil prices in the first half, the Company's fuel expenses, including taxes, in the year under review totaled ¥303.4 billion, up ¥37.3 billion from the previous fiscal year and representing 21.9% 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, resurgent crude oil prices could significantly affect the Company's performance.

2). Risks relating 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 relating to the international stage

The Company currently conducts international operations mainly in North America, Europe, China and Asia; international passenger operations account for more than 25% of its air transportation revenues. Any future international conflicts, large-scale terrorist attacks or outbreaks of contagious diseases in the regions it serves could affect the Company's performance due to the accompanying decrease in demand for travel to the affected region.

4). Risks relating 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 relating 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.

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.

Notice from the European Commission

Based on their own evidence and that provided by other companies, the European Commission pointed out in December 2007 that the Company might be violating EU Competition Law with regard to cargo. The Company is carefully examining this claim through attorneys and making appropriate responses. However, should the commission find any transgressions, a heavy fine could be levied. The Company therefore put aside ¥16.1 billion, the maximum estimated provision, as an extraordinary expense in the last period.

6). Risks relating to fleet strategy

In air transportation operations, the Company is pursuing a fleet strategy centered on the deployment of medium and small-sized aircraft, rationalization of models, and the introduction of

highly economical aircraft. In line with this strategy, orders have been placed with three companies: The Boeing Company, Bombardier Inc. and Mitsubishi Aircraft Corporation. Any delays in delivery due to financial or other factors at any of these three companies could create obstacles to the Company's medium-to-long term operations.

Further, the fleet strategy could prove ineffective due to the factors given below, significantly diminishing its expected benefits.

Dependence on The Boeing Company

As of end of March, 2009, The Company had ordered 89 aircraft from Boeing, out of the 111 aircraft purchases mandated by its fleet strategy. 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. Further, any delays in delivery of the Boeing 787 aircraft, scheduled for introduction during FY2009, could create obstacles to the Company's medium-to-long term operations.

Delay of aircraft development plan

In accordance with its fleet strategy, the Company decided to introduce the Mitsubishi Regional Jets (MRJ) currently being developed by Mitsubishi Aircraft Corporation. Any delays in delivery of this aircraft, currently scheduled for after 2013, could create obstacles to the Company's medium-to-long term operations.

Increase in the cost of raising funds

The Company acquires aircraft through bank loans, capital increase 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 ¥101.1 billion, or approximately 7% of operating expenses. While the Japanese government had implemented a policy to reduce landing fees, the policy may be abolished or some fees may be raised 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 emission 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 the European Union Emission Trading Scheme and 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

The Company enjoys various benefits from its strategic alliances, mainly through its membership in Star Alliance. Benefits include not only heightened brand recognition outside Japan, the accompanying passenger mix and market diversification, but also the sale of code-share tickets by alliance partners and the use of the Company's flights by members of partner airlines' mileage programs. However, the benefits of Star Alliance membership would diminish if a strategic partner were to leave the Alliance, bilateral cooperation were cancelled, its business were to deteriorate or undergo restructuring, or if regulations were to curtail alliance activities. Such eventualities could significantly affect the Company's performance.

11) . Risks relating to flight operations

Aircraft accidents, etc.

Any aircraft accidents on 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.

Technical circular directives, etc.

If an issue arises that significantly compromises the safety of an aircraft, the Minister of Land, Infrastructure, Transport and Tourism 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 18.5 million members (as of March 31, 2009) of the ANA Mileage Club. The proper management of such personal information is now dictated by a strengthened 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 in areas other than Tokyo could force the closure of the affected airports and lead to the suspension of flight arrivals and departures, which could also affect the Company's performance.

Moreover, the outbreak and spread of serious contagious diseases including a new type influenza derived from avian flu could drastically reduce the number of passengers for domestic and international flights and thereby affect the Company's performance.

14) . Risks relating to information systems

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

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.

. Corporate Profile

The ANA Group

The ANA Group comprises All Nippon Airways Co., Ltd (ANA) and its 107 subsidiaries and 41 affiliates. Of those companies, 76 are consolidated subsidiaries and 46 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, 2009					
Operational segment	No. of subsidiaries	of which, consolidated	of which, equity method	No. of affiliates	of which, equity method
Air transportation	41	41		5	5
Travel Services	9	9		1	1
Other Businesses	57	26	5	35	13
Group Total	107	76	5	41	19

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. Jamco 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.

. 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

After establishing the two keywords of "innovation" and "globalization" in the **"ANA Group Mid-Term Corporate Strategy (FY2008–FY2011)"** formulated in January 2008, we strove to expand our growth areas—international passenger and cargo operations.

However, facing rapidly declining demand due to the global economic recession, we compiled the **ANA Group Mid-Term Corporate Policy** in January of this year. This policy aims to put business on a growth track by revising previous plans, by properly coping with the deteriorating business environment stemming from global economic recession, and by ensuring that we don't miss the opportunities created by the post-2010 expansion of airport capacity in the Tokyo metropolitan area (Narita and Haneda).

Despite the volatile environment, we will set our sights on achieving significant progress after 2010, giving top priority to safe flight operations and maintaining our fundamental vision of becoming one of Asia's leading airline groups.

1) . Strengthening the management base

Safety

We will instill a corporate culture of prioritizing safety so that the Group's level of safety is among the world's highest, expand and strengthen safety management functions, and provide our customers not only safe flights but also security and peace of mind in every setting.

On-time operation

In addition to adhering to safe flight operations, we will further ensure our reputation for punctuality as "ANA, the on-time Airline."

Corporate social responsibility (CSR)

A Mid-Term Ecology Plan will be implemented to fulfill our corporate social responsibility toward the global environment. In addition, from our position of having been acknowledged as the first Eco-First company in Japan's aviation and transport industries, we will aim to be the world's leading airline in terms of the environment.

2.) Implementation of FY2009 emergency plan

Based on the assumption that the operating environment will be at its toughest in FY2009, we will carry out the following emergency plans to review operations, improve profitability, and thereby overcome obstacles towards surviving to FY2010 and beyond.

Review of operations to meet declining demand

After reviewing our routes in terms of trends in demand, we will aim to improve profits by adjusting supply and reallocating resources.

Curbing investments

We will reduce variable costs by curbing operational scale and volume, and by postponing or decreasing certain investments other than those deemed strategically necessary, such as the introduction of energy-efficient aircraft.

Drastic enhancement of operational structure vis-à-vis costs

We will greatly strengthen our cost structure by reducing personnel costs, beginning with executive compensation, and by closely reviewing administrative and general expenses and operational costs.

3). Toward formulation of new Mid-Term Corporate Strategy (FY2010–FY2013)

Using the 2010 Tokyo metropolitan area airport expansion as a springboard, we will formulate a **new Mid-Term Corporate Strategy (FY2010–FY2013)** during FY2009, working toward our vision of becoming one of Asia's leading airline groups. In line with the Mid-Term Corporate Policy formulated in January of this year, we will carry out emergency plans as well as the following individual strategies in preparation for future progress.

Fleet strategy

We will make best use of our position as a launch-customer of the Boeing 787 and

accelerate its introduction after the initial rollout in February 2010 (approximately 20 by the end of 2011), thereby realizing—ahead of competitors—superior energy efficiency, superior product competitiveness, and a superior contribution to the environment.

Product marketing strategy

Positioning “product strategy” as an important theme, ours will be among the highest quality and customer satisfaction in Asia, centered on new products and services such as newly developed seats for long-haul international routes.

Operational strategy

(i) Domestic operation

We will fine-tune how we match supply and demand, promote a fleet structure capable of handling any irregularity based on a “simple rotation” between hubs such as Haneda and other airports, and optimize our network by forging stronger ties with localities throughout Japan.

(ii) International operation

We will strengthen our network competitiveness through increased take-off and landing slots following the expansion of capacity in the Tokyo metropolitan area, increase our routes (mainly long-haul Europe and U.S. routes), and deepen our strategic cooperation with other airlines.

(iii) Cargo operation

We will increase our number of Asian destinations and enhance our alliance strategy, including that for the transport, through two key measures: by establishing a network base in Okinawa as an international cargo hub, and by promoting an express service to expand the scope of the business.

* * *

.Consolidated Financial Statement

(1) Consolidated Balance Sheets

Yen (Millions)

Assets	FY2008 as of Mar.31	FY2007 as of Mar.31
Current assets	446,673	473,499
Cash and deposits	59,668	51,410
Trade accounts receivable	89,179	118,226
Marketable securities	84,483	129,279
Inventories	-	52,893
Inventories (Merchandise)	5,927	-
Inventories (Supplies)	51,192	-
Differed income tax - current	73,296	33,915
Other	83,399	87,859
Allowance for doubtful accounts	(471)	(83)
Fixed assets	1,314,208	1,309,759
Tangible fixed assets	1,080,268	1,099,050
Buildings and structures	104,047	100,381
Flight equipment	633,111	608,488
Machinery, equipment and vehicles	22,814	18,587
Tools and fixrures	13,509	14,168
Land	45,836	45,946
Leased assets	54,653	69,727
Construction in progress and advance payment on aircraft purchase contracts	206,298	241,753
Intangible fixed assets	62,934	47,086
Investments and others	171,006	163,623
Investment in securities	54,748	64,579
Long-term loans receivables	3,196	2,393
Differed income tax – long term	81,589	44,848
Other	32,546	53,156
Allowance for doubtful accounts	(1,073)	(1,353)
Deferred assets	184	135
Total assets	1,761,065	1,783,393
Liabilities		
Current liabilities	503,120	546,950
Trade accounts payable	148,919	183,295
Short-term debt	46,571	2,580
Current portion of long-term debt	81,111	68,022
Current portion of bonds payable	30,000	50,000
Lease obligation	11,780	15,797
Accrued income tax	1,349	81,324
Accrued bonuses to employees	12,317	25,103
Provision for potential loss on antitrust proceedings	16,198	16,198
Other	154,875	104,631
Long-term liabilities	932,148	780,497
Bonds payable	135,000	145,000
Long-term debt payable	546,975	429,578
Accrued employees' retirement benefits	116,917	112,253
Consolidation adjustment account	2,056	2,787
Retirement benefit for directors and Cooperate Auditors	572	531
Deferred tax	70	75
Lease obligation	45,799	56,899
Other	84,759	33,374
Total liabilities	1,435,268	1,327,447

Net assets		
Shareholders' equity	403,157	422,657
Common stock	160,001	160,001
Capital surplus	125,720	125,750
Retained earnings	123,830	137,829
Treasury stock	(6,394)	(923)
Valuation, translation adjustments and others	(81,274)	30,315
Net unrealized holding gain on securities	1,391	7,858
Deferred loss/gain on hedging instruments	(82,597)	22,269
Foreign currency translation adjustments	(68)	188
Minority interests	3,914	2,974
Total Net assets	325,797	455,946
Total liabilities and net assets	1,761,065	1,783,393

Note:

	FY2008	FY2007
	As of Mar.31	As of Mar.31
Accumulated depreciation	843,771	889,774
Contingent liabilities	146	10,154

(2) Consolidated Statements of Income (Loss)

Yen (Millions)

	FY2008 Apr.1 - Mar.31	FY2007 Apr.1 - Mar.31
Operating revenues and expenses		
Operating revenues	1,392,581	1,487,827
Operating expenses	1,124,805	1,114,162
Sales, general and administrative expenses	260,187	289,276
Operating income	7,589	84,389
Non-operating income and expenses		
Non-operating income	25,482	12,594
Interest income	1,553	3,178
Dividends income	1,315	1,432
Equity in income of affiliates	271	385
Gain on sale of assets	15,020	2,426
Foreign exchange gain	1,126	-
Other	6,197	5,173
Non-operating expenses	32,980	40,460
Interest expenses	14,832	15,049
Loss on sale of assets	2,574	2,483
Loss on disposal of assets	5,419	5,434
Foreign exchange loss	-	1,653
Provision for accrued employee's retirement benefits	6,534	6,634
Other	3,621	9,207
Total Recurring Profit	91	56,523
Extraordinary gains	4,114	139,801
Gain on sale of property and equipment	-	2,758
Gain on sale of investment securities	324	876
Gain on sale of hotel businesses	-	132,992
Income from compensation	678	-
Gain on insurance adjustment	2,869	-
Other	243	3,175
Extraordinary losses	8,650	81,100
Loss on sale of property and equipment	-	736
Loss on disposal of property and equipment	220	321
Impairment loss	-	14,111
Valuation loss on investment securities	3,893	3,825
Loss on sale of investment securities	-	14
Special retirement benefits	660	1,217
Extraordinary depreciation	-	22,331
Adoption of accounting standard for leases	-	3,823
Loss on disposal of parts for retired aircraft property and equipment	-	11,198
Provision for loss on antitrust proceedings	-	16,198
Expense related to antitrust proceedings	2,105	-
Other	1,772	7,326
Net income before taxes	(4,445)	115,224
Income taxes current	1,334	84,886
Income taxes deferred	(1,277)	(34,692)
Minority interests (loss)	(242)	887
Net income (loss)	(4,260)	64,143

(3) Consolidated Statements of Changes in Net Asset

Yen (Millions rounded down)

	FY2008 Apr.1 - Mar.31	FY2007 Apr.1 - Mar.31
Shareholders' equity		
Common stock		
Balance at the end of previous period	160,001	160,001
Changes of items during the period		
Total changes during the period	-	-
Balance at the end of the period	160,001	160,001
Capital surplus		
Balance at the end of previous period	125,750	125,739
Changes of items during the period		
Disposal of treasury stock	(30)	11
Total changes during the period	(30)	11
Balance at the end of the period	125,720	125,750
Retained earnings		
Balance at the end of previous period	137,829	79,530
Changes of items during the period		
Dividends from retained earnings	(9,739)	(5,844)
Net income (loss)	(4,260)	64,143
Total changes during the period	(13,999)	58,299
Balance at the end of the period	123,830	137,829
Less treasury common stock		
Balance at the end of previous period	(923)	(725)
Changes of items during the period		
Purchase of treasury stock	(6,121)	(307)
Disposal of treasury stock	650	109
Total changes during the period	(5,471)	(198)
Balance at the end of the period	(6,394)	(923)
Total shareholders' equity		
Balance at the end of previous period	422,657	364,545
Changes of items during the period		
Dividends from retained earnings	(9,739)	(5,844)
Net income (loss)	(4,260)	64,143
Purchase of treasury stock	(6,121)	(307)
Disposal of treasury stock	620	120
Total changes during the period	(19,500)	58,112
Balance at the end of the period	403,157	422,657

Valuation and translation adjustments and others		
Net unrealized holding gain on securities		
Balance at the end of previous period	7,858	10,885
Changes of items during the period		
Net changes of items other than shareholders' equity during the period	(6,467)	(3,027)
Total changes during the period	(6,467)	(3,027)
Balance at the end of the period	1,391	7,858
Deferred gain on hedging instruments		
Balance at the end of previous period	22,269	23,155
Changes of items during the period		
Net changes of items other than shareholders' equity during the period	(104,866)	(886)
Total changes during the period	(104,866)	(886)
Balance at the end of the period	(82,597)	22,269
Foreign currency translation adjustment and others		
Balance at the end of previous period	188	(362)
Changes of items during the period		
Net changes of items other than shareholders' equity during the period	(256)	550
Total changes during the period	(256)	550
Balance at the end of the period	(68)	188
Total valuation, translation adjustments and others		
Balance at the end of previous period	30,315	33,678
Changes of items during the period		
Net changes of items other than shareholders' equity during the period	(111,589)	(3,363)
Total changes during the period	(111,589)	(3,363)
Balance at the end of the period	(81,274)	30,315
Minority interest on consolidated subsidiaries		
Balance at the end of previous period	2,974	7,689
Changes of items during the period		
Net changes of items other than shareholders' equity during the period	940	(4,715)
Total changes during the period	940	(4,715)
Balance at the end of the period	3,914	2,974
Total net assets		
Balance at the end of previous period	455,946	405,912
Changes of items during the period		
Dividends from retained earnings	(9,739)	(5,844)
Net income (loss)	(4,260)	64,143
Purchase of treasury stock	(6,121)	(307)
Disposal of treasury stock	620	120
Net changes of items other than shareholders' equity during the period	(110,649)	(8,078)
Total changes during the period	(130,149)	50,034
Balance at the end of the period	325,797	455,946

	FY2007 As of Mar. 31	Increase FY2008	Decrease FY2008	FY2008 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	2,343	16,055	1,619	16,779
Total	2,343	16,055	1,619	16,779

(4) Consolidated Statement of Cash Flows

	Yen (Millions)	
	FY2008 Apr.1 - Mar.31	FY2007 Apr.1 - Mar.31
I. Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(4,445)	115,224
Depreciation and amortization (including extraordinary depreciation)	112,881	116,787
Extraordinary depreciation	-	22,331
Impairment loss	-	14,111
Loss on adoption of new accounting standards for lease	-	3,823
Loss (gain) on disposal and sale of fixed assets	(6,696)	15,128
Loss (gain) on valuation and sale of securities	3,570	2,963
Increase (decrease) in allowance for doubtful accounts	164	24
Increase (decrease) in accrued employees' retirement benefit	4,671	1,848
Interest expense	14,832	15,049
Interest and dividend income	(2,868)	(4,610)
Exchange loss (gain)	675	810
Gain on sale of hotel business assets	-	(132,992)
Special retirement benefit	660	1,217
Decrease (increase) in notes and accounts receivable-trade	29,024	997
Decrease (increase) in other receivable	7,022	(10,976)
Increase (decrease) in notes and accounts payable-trade	(34,342)	(11,909)
Other, net	(32,401)	33,647
Cash generated from operations	92,747	183,472
Interest and dividends received	2,887	4,797
Interest paid	(14,591)	(15,446)
Income tax paid	(120,166)	(5,841)
Other, net	(660)	(1,217)
Net cash provided by (used in) operating activities	(39,783)	165,765
II. Cash flows from investing activities		
Payment for purchase of tangible fixed assets	(116,386)	(337,212)
Proceeds from sale of tangible fixed assets	42,588	45,206
Payment for purchase of intangible fixed assets	(29,323)	(20,521)
Payment for purchase of marketable securities	-	(13,018)
Proceeds from redemption of marketable securities	-	13,018
Payment for acquisition of investments in securities	(504)	(4,620)
Proceeds from sale of investments in securities	72	1,551
Payment for advances	(1,675)	(493)
Proceeds from collection of advances	1,446	2,124
Payment for purchasing subsidiaries' stock on change in scope of consolidation	-	(30)
Proceeds from selling subsidiaries' stock on change in scope of consolidation	741	
Proceeds from sale of hotel business assets	-	245,909
Other, net	(8,098)	(1,741)
Net cash provided by (used in) investing activities	(111,139)	(69,827)

III. Cash flows from financing activities		
Increase (decrease) in short-term loans, net	43,991	(920)
Proceeds from long-term debt	205,722	103,992
Repayment of long-term debt	(75,327)	(142,484)
Proceeds from issuance of bonds	19,900	29,847
Redemption of bonds	(50,000)	(45,000)
Repayment of finance lease obligation	(16,148)	(22,867)
Proceeds from issuing stock to minority stockholders	1,371	-
Payment for dividends	(9,739)	(5,844)
Payment for acquisition of treasury stock	(5,501)	(187)
Other, net	235	(3,873)
Net cash provided by (used in) financing activities	114,504	(87,336)
equivalents	(110)	(912)
V. Net increase (decrease) in cash and cash equivalents	(36,528)	7,690
VI. Cash and cash equivalents at the beginning 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)	
	FY2008	FY2007
Cash	59,668	51,410
Time deposits with maturities of more than three months	(713)	(723)
Marketable securities	84,483	129,279
Marketable securities with maturities of more than three months	(2)	(2)
Cash and cash equivalents at the end of period	143,436	179,964

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 sales of hotel business assets	245,909

Notes to Consolidated Financial Statements

All Nippon Airways Co., Ltd. and its consolidated subsidiaries

FY2008

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: changes, since FY2007)

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.

(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, since 2007)

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, since FY2007)

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: changes, since FY2007)

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.

(Additional information: changes, since FY2008)

Effective from the 1st quarter of current fiscal year ended June 30, 2008, some subsidiaries changed the useful life of their "Machinery and equipment" assets, due to the revision of Japanese Corporation Tax Law and its regulations.

(Accounting Standards for Retirement benefit for directors and Corporate Auditors, since FY2007)

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, since FY2007)

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, since FY2007)

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*.

(Practical solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statement, since FY2008)

Effective from the period ended March 31, 2009, the Company applied the Practical solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial statement (ASBJ Practical Issues Task Force (PITF) NO.18 May 17 2006) and amended the consolidated financial statements as required.

The effect of this change on operating income, total recurring profit and net income (loss) before tax for the fiscal year ended March 31, 2009 was not material.

3. Marketable securities and investments in securities

Market value information is summarized as follows:

Held-to-maturity securities having market value

	Yen(Millions)	
	FY2008	FY2007
Gross unrealized gain:		
Cost	3	9,994
Market value	3	9,994
	-	-
Gross unrealized loss:		
Cost	-	-
Market value	-	-
	-	-
Net unrealized gain	-	-

Other securities having market value

	Yen(Millions)	
	FY2008	FY2007
Gross unrealized gain:		
Cost	6,670	14,246
Market value	13,245	31,912
	6,575	17,666
Gross unrealized loss:		
Cost	14,531	6,982
Market value	9,298	4,774
	(5,233)	(2,208)
Net unrealized gain	1,342	15,458

Sell-off of other securities

	Yen(Millions)	
	FY2008	FY2007
Proceeds	72	234
Gain on sale	30	44
Loss on sale	1	3

Breakdown of other securities not having market value

	Yen(Millions)	
	FY2008	FY2007
Bonds held to maturity	-	-
Other securities	102,556	137,721
	102,556	137,721

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

	Yen(Millions)	
	FY2008	FY2007
Bonds:		
Within 1 year	-	9,996
Over 1 year to 5years	13	13
Over 5 years to 10 years	-	-
Over 10 years	-	-
Others:		
Within 1 year	84,483	119,288
Over 1 year to 5years	-	-
Over 5 years to 10 years	-	-
Over 10 years	-	-
Total:		
Within 1 year	84,483	129,284
Over 1 year to 5years	13	13
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., 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.

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

	Yen(Millions)	
	FY2008	FY2007
Retirement benefit obligation	(269,719)	(265,910)
Plan assets at fair value	82,956	97,538
Unfunded retirement benefit obligation	(186,763)	(168,372)
Unfunded net transitional retirement benefit obligation	39,187	45,721
Unrecognized actuarial loss	52,258	36,273
Unrecognized prior service cost	(21,396)	(25,168)
Gross amount recognized	(116,714)	(111,546)
Prepaid pension cost	203	707
Accrual employees' retirement benefits	(116,917)	(112,253)

The government sponsored portion of the benefits under the 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)	
	FY2008	FY2007
Service cost	10,407	10,873
Interest cost	6,508	6,513
Expected return on plan assets	(4,022)	(4,563)
Amortization of net retirement benefit obligation at transition	6,534	6,634
Amortization of accrual loss	5,411	3,968
Amortization of prior service cost	(3,854)	(3,845)
Net periodic pension and severance cost	20,984	19,580
Other	789	660
Total	21,773	20,240

Note :

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

	FY2008	FY2007
Special retirement benefit paid	660	1,217

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)	
	FY2008	FY2007
Differed tax assets:		
Accrued employees' retirement benefits	46,882	44,530
Accrued bonuses to employees	5,065	9,880
Unrealized gain on inventories and property and equipment	13,159	11,131
Loss on evaluation for hedging exchange	-	10,925
Provision for potential loss on antitrust law	6,505	6,505
Accrued enterprise tax	-	5,758
Tax loss carried forward	37,145	-
Valuation loss on investments in securities	3,532	2,472
Loss on deferred hedging	55,453	-
Others	10,401	11,605
Total gross deferred tax assets	178,142	102,806
Less valuation allowance	(13,255)	(12,157)
Total net deferred tax assets	164,887	90,649
Unrealized gains (losses) on securities	(2,540)	(6,907)
Reserve for special taxation measures law	(4,038)	(3,873)
Enterprise tax refund	(2,434)	-
Others	(1,060)	(1,183)
Total gross deferred tax liabilities	(10,072)	(11,963)
Net deferred tax assets	154,815	78,686

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

	Yen (millions)	
	FY2008	FY2007
Current assets - Deferred tax assets	73,296	33,915
Fixed assets - Deferred tax assets	81,589	44,848
Other short-term liabilities	-	(2)
Fixed liabilities-deffered tax liabilities	(70)	(75)

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

From the previous 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)	
	FY2008	FY2007
Current portion of operating lease obligations	33,818	33,275
Long-term operating lease obligations	161,077	173,860
	194,895	207,135

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)	
	FY2008	FY2007
Current portion of operating lease obligations	1,118	1,175
Long-term operating lease obligations	3,977	3,526
	5,095	4,701

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:

<FY2007 Apr.1- Mar.31>						Yen (Millions)
	Air Transportation	Travel Services	Other Businesses	Total	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	-	14,111
Capital expenditure	356,408	2,206	3,377	361,991	(4,258)	357,733

<FY2008 Apr.1 - Mar.31>						Yen (Millions)
	Air Transportation	Travel Services	Other Businesses	Total	Eliminations	Consolidated
Operating revenues	1,120,945	171,117	100,519	1,392,581	-	1,392,581
Intra-group sales and transfers	108,580	17,663	47,687	173,930	(173,930)	-
Total	1,229,525	188,780	148,206	1,566,511	(173,930)	1,392,581
Operating expenses	1,224,734	189,408	144,858	1,559,000	(174,008)	1,384,992
Operating income (loss)	4,791	(628)	3,348	7,511	78	7,589
Identifiable assets	1,673,813	41,727	132,196	1,847,736	(86,671)	1,761,065
Depreciation and amortization	110,064	437	2,380	112,881	-	112,881
Impairment loss	-	-	-	-	-	-
Capital expenditure	143,362	203	3,721	147,286	(1,577)	145,709

Overseas sales

Regarding the previous fiscal year, overseas netsales as a percentage of consolidated net sales was less than 10 %.

This fiscal year, ended Mar.31 2009 (From Apr.30 2008 to Mar.31 2009)

Overseas net sales	141,069 Yen(Millioon)
Consolidated net sales	1,392,581 Yen(Millioon)
Overseas net sales as a percentage of consolidated net	10.1 %

Notes:

1. "Overseas" consists substantially of the United States of America, Europe, China and Asia.
2. "Consolidated overseas net sales" indicates sales of the Company and its consolidated subsidiaries in the countries or regions other than Japan.

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.

Application	FY2008 as of Mar.31			FY2007 as of Mar.31		
	Location	Category	Impairment loss	Location	Category	Impairment loss
Business assets						
The asset expected to be sold					Aircraft	14,111
						-
						14,111

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)

	Yen (Millions)				
	FY2008 Apr.1 - Mar.31	% of total	FY2007 Apr.1 - Mar.31	% of total	Difference
Domestic routes					
Passenger	699,389	44.7%	739,514	43.1%	(40,125)
Cargo	33,097	2.1%	30,566	1.8%	2,531
Mail	3,914	0.2%	7,973	0.5%	(4,059)
Baggage Handling	333	0.0%	321	0.0%	12
Subtotal	736,733	47.0%	778,374	45.4%	(41,641)
International routes					
Passenger	291,077	18.6%	311,577	18.2%	(20,500)
Cargo	69,069	4.4%	72,192	4.2%	(3,123)
Mail	3,672	0.2%	3,575	0.2%	97
Baggage Handling	531	0.0%	523	0.0%	8
Subtotal	364,349	23.2%	387,867	22.6%	(23,518)
Revenues from scheduled flights	1,101,082	70.2%	1,166,241	68.0%	(65,159)
Other operating revenues	128,443	8.2%	135,388	7.9%	(6,945)
Subtotal	1,229,525	78.4%	1,301,629	75.9%	(72,104)
Travel Services					
Package tours (Domestic)	143,981	9.2%	150,303	8.7%	(6,322)
Package tours (International)	29,655	1.9%	43,978	2.6%	(14,323)
Other revenues	15,144	0.9%	21,116	1.2%	(5,972)
Subtotal	188,780	12.1%	215,397	12.5%	(26,617)
Other Businesses					
Trading and retailing	100,980	6.4%	141,902	8.3%	(40,922)
Information and telecommunicati	25,932	1.7%	25,310	1.5%	622
Real estate & building maintenanc	10,775	0.7%	10,977	0.6%	(202)
Other revenues	10,519	0.7%	20,785	1.2%	(10,266)
Subtotal	148,206	9.5%	198,974	11.6%	(50,768)
Total operating revenues	1,566,511	100.0%	1,716,000	100.0%	(149,489)
Intercompany eliminations	(173,930)	-	(228,173)	-	54,243
Operating revenue (Consolidated)	1,392,581	-	1,487,827	-	(95,246)

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)

	FY2008 Apr.1 - Mar.31	FY2007 Apr.1 - Mar.31	Year on Year (%)
Domestic routes			
Number of passengers	42,753,008	45,556,807	93.8
Available seat km (thousand km)	59,222,096	62,650,757	94.5
Revenue passenger km (thousand km)	37,596,329	39,927,533	94.2
Passenger load factor	63.5	63.7	(0.2)
Cargo (tons)	475,014	462,569	102.7
Cargo traffic volume (thousand ton kg)	463,712	443,998	104.4
Mail (tons)	37,997	88,649	42.9
Mail traffic volume (thousand ton kg)	37,035	92,027	40.2
International routes			
Number of passengers	4,432,148	4,826,520	91.8
Available seat km (thousand km)	27,905,056	28,285,311	98.7
Revenue passenger km (thousand km)	19,360,691	21,290,692	90.9
Passenger load factor	69.4	75.3	(5.9)
Cargo (tons)	354,251	332,507	106.5
Cargo traffic volume (thousand ton kg)	1,652,872	1,644,900	100.5
Mail (tons)	18,772	15,330	122.5
Mail traffic volume (thousand ton kg)	100,929	75,383	133.9
Total			
Number of passengers	47,185,156	50,383,327	93.7
Available Seat-Km (thousand km)	87,127,152	90,936,068	95.8
Revenue Passenger-Km (thousand km)	56,957,020	61,218,225	93.0
Passenger load factor	65.4	67.3	(1.9)
Cargo (tons)	829,266	795,076	104.3
Cargo traffic volume (thousand ton kg)	2,116,585	2,088,898	101.3
Mail (tons)	56,769	103,979	54.6
Mail traffic volume (thousand ton kg)	137,964	167,410	82.4

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.

ANA reports non-consolidated financial results for FY2008

1. Non-consolidated financial highlights for the period ended March 31, 2009 (FY2008)

(1) Summary of non-consolidated operating results

	Yen (Millions rounded down)			
	FY2008 Apr.1 - Mar.31	Year on Year (%)	FY2007 Apr.1 - Mar.31	Year on Year (%)
Operating revenues	1,248,647	(6.9)	1,341,360	4.0
Operating income(loss)	(712)	-	73,799	(3.3)
Recurring profit(loss)	(3,521)	-	46,212	(0.1)
Net income (loss)	(1,832)	-	50,532	58.7
Net income(loss) per share	(0.94)yen	-	25.94yen	-
Net income / Shareholders' equity				
Recurring profit (loss) / Total assets				
Operating income (loss) / Operating revenue				
Gain on equity method				
Average number of shares of outstanding during the period (Consolidated)	1,945,234,206 share		1,947,909,428 share	

Note:

Changes in the accounting policy during the period: Yes

(2) Dividends

	Yen	
	FY2008	FY2007
Annual dividend per share	1.00	5.00
Interim	-	-
Year-end	1.00	5.00

(3) Summary of Non-consolidated financial positions

	Yen (Millions rounded down)	
	FY2008	FY2007
Total assets	1,697,188	1,702,230
Total net assets	296,376	424,443
Net worth / total assets	17.5 %	24.9 %
Net worth per share	153.30 Yen	217.91 Yen
Number of shares of outstanding at balance sheet date (consolidated)	193,353,869 Shares	1,947,788,030 Shares
Number of treasury stocks at balance sheet	16,605,388 Shares	2,171,227 Shares

2. Forecast of non-consolidated operating results for the period ending March 31, 2010

	Yen (Millions rounded down)
Operating revenue	1,210,000
Recurring profit(loss)	1,500
Net income(loss)	1,000

Note: Forecast of net income per share: 0.52yen

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)

Assets	FY2008 as of Mar.31	FY2007 as of Mar.31
Current assets	412,323	428,631
Cash and deposits	48,927	36,100
Trade accounts receivable	79,236	102,050
Marketable securities	84,320	129,250
Inventories	52,625	47,999
Prepaid expenses	8,113	8,422
Short-term loans receivable	708	679
Other account receivable	52,647	12,917
Suspense payment		
Differed income tax - current	68,162	27,668
Payment in advance	6,717	4,195
Other	11,169	59,403
Allowance for doubtful accounts	(305)	(56)
Fixed assets	1,284,709	1,273,496
Tangible fixed assets	1,062,445	1,078,809
Buildings	88,147	83,532
Structures	2,045	1,962
Flight equipment	631,985	607,226
Machinery and equipment	16,608	12,153
Transportation equipment other than aircraft	2,486	2,754
Tools and fixtures	11,349	11,702
Land	50,703	50,703
Leased assets	53,104	67,266
Construction in progress and advance payment on aircraft purchase contracts	206,015	241,506
Intangible fixed assets	56,783	37,707
Facilities deposits	5	11
Software	55,292	35,786
Other	1,484	1,909
Investments and others	165,480	156,980
Investment in securities	38,571	52,183
Investment in subsidiaries and affiliates	29,692	25,886
Long-term loans receivable	6,870	6,290
Housing loans to employees	345	289
Long-term prepaid expenses	1,672	2,466
Differed income tax – long term	65,110	29,294
Other	23,601	41,026
Allowance for doubtful accounts	(384)	(457)
Deferred assets	154	101
Bond insurance expenses	154	101
Total assets	1,697,188	1,702,230

Liabilities		
Current liabilities	505,885	535,026
Trade accounts payable	134,230	165,380
Short-term debt	87,809	37,437
Current portion of long-term debt	79,699	65,877
Current portion of bonds payable	30,000	50,000
Lease obligation	11,090	14,763
Non operating account payable	14,458	5,602
Accrued expenses	12,557	16,259
Accrued income tax	-	79,343
Deposit	622	1,934
Advance ticket sales	45,104	53,507
Accrued bonuses to employees	4,344	14,509
Provision for potential loss on antitrust proceedings	16,198	16,198
Other	69,769	14,211
Long-term liabilities	894,926	742,759
Bonds payable	135,000	145,000
Long-term debt payable	543,515	425,745
Lease obligation	44,300	55,108
Accrued employees' retirement benefits	90,688	86,633
Retirement benefit for directors and Cooperative	240	173
Provision of loss on related company	255	265
Other	80,924	29,832
Total liabilities	1,400,812	1,277,786
Net assets		
Shareholders' equity	377,265	394,337
Common stock	160,001	160,001
Capital surplus	125,333	125,363
Retained earnings	98,279	109,851
Treasury stock	(6,350)	(878)
Valuation, translation adjustments and others	(80,888)	30,106
Net unrealized holding gain on securities	1,738	7,672
Deferred loss/gain on hedging instruments	(82,627)	22,433
Total Net assets	296,376	42,443
Total liabilities and net assets	1,697,188	1,702,230

Note:

	Yen (Millions rounded down)	
	FY2008	FY2007
	As of Mar.31	As of Mar.31
Accumulated depreciation	796,064	840,821
Contingent liabilities	162	10,191

(2) Non-consolidated Statements of Income (Loss)

Yen (Millions rounded down)

	FY2008 Apr.1 - Mar.31	FY2007 Apr.1 - Mar.31	Difference
Operating revenues and expenses			
Operating revenues	1,248,647	1,341,360	(92,713)
Operating expenses	1,058,691	1,062,003	(3,312)
Sales, general and administrative expenses	190,668	205,558	(14,890)
Operating income	(712)	73,799	(74,511)
Non-operating income and expenses			
Non-operating income	28,761	10,889	17,872
Interest income	1,524	2,442	(918)
Other	27,236	8,447	18,789
Non-operating expenses	31,569	38,475	(6,906)
Interest expenses	14,941	14,722	219
Other	16,627	23,753	(7,126)
Total Recurring Profit (Loss)	(3,521)	46,212	(49,733)
Extraordinary gains	5,009	130,745	(125,736)
Gain on sale of property and equipment	707	1,101	(1,101)
Gain on sale of investment securities	2	27	(25)
Reversal of allowance for doubtful account	10	329	(319)
Gain on sale of hotel businesses	-	123,781	(123,781)
Income from compensation	678	-	678
Gain on insurance adjustment	2,869	-	-
Other	740	5,505	(4,765)
Extraordinary losses	7,250	78,257	(71,007)
Loss on sale of property and equipment	-	246	(246)
Loss on retirement of property and equipment	122	133	(11)
Impairment loss	-	14,111	(14,111)
Valuation loss on shares of affiliates	-	1,192	(1,192)
Valuation loss on investment securities	3,482	3,822	(340)
Valuation loss on other securities	-	6	(6)
Special retirement benefit	283	970	(687)
Extraordinary depreciation	-	22,331	(22,331)
Adoption of accounting standard	-	16,198	(16,198)
Provision for loss on antitrust proceedings	-	16,198	(16,198)
Loss on disposal of parts for retired aircraft property and equipment	-	11,198	(11,198)
Other	772	25,322	(24,550)
Net income (loss) before taxes	(5,762)	98,700	(104,462)
Income taxes	(2,246)	79,465	(81,711)
Minority interests (loss)	(1,683)	(31,298)	29,615
Net income (loss)	(1,832)	50,532	(52,364)

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

	FY2008 Apr.1 - Mar.31	FY2007 Apr.1 - Mar.31
Shareholders' equity		
Common stock		
Balance at the end of previous period	160,001	160,001
Changes of items during the period		
Total changes of items other than shareholders' equity during the period	-	-
Balance at the end of the period	160,001	160,001
Capital surplus		
Balance at the end of previous period	125,363	125,352
Changes of items during the period		
Disposal of treasury stock	(29)	10
Total changes of items other than shareholders' equity during the period	(29)	10
Balance at the end of the period	125,333	125,363
Retained earnings		
Balance at the end of previous period	109,851	65,163
Changes of items during the period		
Reversal of reserve for special depreciation	-	-
Provision of reserve for special depreciation	-	-
Reversal of reserve for advanced depreciation of noncurrent assets	-	-
Provision of reserve for advanced depreciation of noncurrent assets	-	-
Dividends from retained earnings	(9,738)	(5,844)
Net income (loss)	(1,832)	50,532
Total changes of items other than shareholders' equity during the period	(11,571)	44,688
Balance at the end of the period	98,279	109,851
Less treasury common stock, at cost		
Balance at the end of previous period	(878)	(680)
Changes of items during the period		
Purchase of treasury stock	(6,121)	(307)
Disposal of treasury stock	649	109
Total changes of items other than shareholders' equity during the period	(5,471)	(198)
Balance at the end of the period	(6,350)	(878)
Total shareholders' Equity		
Balance at the end of previous period	394,337	349,836
Changes of items during the period		
Dividends from retained earnings	(9,738)	(5,844)
Net income (loss)	(1,832)	50,532
Purchase of treasury stock	(6,121)	(307)
Disposal of treasury stock	620	119
Total changes of items other than shareholders' equity during the period	(17,072)	44,501
Balance at the end of the period	377,265	394,337

Valuation, translation adjustments and others		
Net unrealized holding gain on securities		
Balance at the end of previous period	7,672	10,621
Changes of items during the period		
Net changes of items other than shareholders' equity	(5,934)	(2,948)
Total changes of items other than shareholders' equity during the period	(5,934)	(2,948)
Balance at the end of the period	1,738	7,672
Deferred gain on hedging instruments		
Balance at the end of previous period	22,433	23,051
Changes of items during the period		
Net changes of items other than shareholders' equity	(105,060)	(618)
Total changes of items other than shareholders' equity during the period	(105,060)	(618)
Balance at the end of the period	(82,627)	22,433
Foreign currency translation adjustments and others		
Balance at the end of previous period		
Changes of items during the period		
Net changes of items other than shareholders' equity		
Total changes of items other than shareholders' equity during the period		
Balance at the end of the period		
Total valuation, translation adjustments and others		
Balance at the end of previous period	30,106	33,673
Changes of items during the period		
Net changes of items other than shareholders' equity	(110,994)	(3,567)
Total changes of items other than shareholders' equity during the period	(110,994)	(3,567)
Balance at the end of the period	(80,888)	30,106
Total net assets		
Balance at the end of previous period	424,443	383,509
Changes of items during the period		
Dividends from retained earnings	(9,738)	(5,844)
Net income (loss)	(1,832)	50,532
Purchase of treasury stock	(6,121)	(307)
Disposal of treasury stock	620	119
Net changes of items other than shareholders' equity	(110,994)	(3,567)
Total changes of items other than shareholders' equity during the period	(128,067)	40,934
Balance at the end of the period	296,376	424,443

	FY2007 As of Mar.31	Increase FY2008	Decrease FY2008	FY2008 As of Mar.31
Treasury Stock				
Common Stock	2,171	16,055	1,619	16,606
Total	2,171	16,055	1,619	16,606

Notes to Non-consolidated Financial Statements
All Nippon Airways Co., Ltd.

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: changes, since FY2007)

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, since FY2007)

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, since FY2007)

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: changes, since FY2007)

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, since FY2007)

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, since FY2007)

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, since FY2007)

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.

From the previous fiscal year, due to the adoption of the 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.

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)	
	FY2008	FY2007
Current portion of operating lease obligations	31,289	30,703
Long - term operating lease obligations	152,241	162,839
	183,530	193,542

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)	
	FY2008	FY2007
Current portion of operating lease obligations	847	896
Long - term operating lease obligations	2,685	1,920
	3,532	2,816

Marketable securities and investments in securities

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

	Yen (Millions)					
	FY2008			FY2007		
	Cost	Market value	Difference	Cost	Market value	Difference
Subsidiaries	-	-	-	-	-	-
Affiliates	675	3,355	2,680	675	4,777	4,101
	675	3,355	2,680	675	4,777	4,101

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 in the previous fiscal year.

Application	FY2008 as of Mar.31			FY2007 as of Mar.31		
	Location	Category	Impairment loss	Location	Category	Impairment loss
Business assets						
The asset expected to be sold					Aircraft	14,111
						-
						14,111

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)	
	FY2008	FY2007
Deferred tax assets:		
Accrued employees' retirement benefits	36,420	34,791
Loss on evaluation for hedging exchange	-	10,812
Provision for potential loss on antitrust proceedings	6,505	6,505
Approximation of accrued sales charge payable	7,267	5,867
Accrued bonuses to employees	1,744	5,827
Accrued enterprise taxes	-	5,427
Valuation loss on investment securities	3,033	-
Loss on deferred hedging	55,453	-
Tax loss carried forward	36,287	-
Other	10,058	11,756
Total gross deferred tax assets	156,770	80,985
Less valuation allowance	(13,904)	(12,854)
Total net deferred tax assets	142,865	68,132
Deferred tax liabilities:		
Unrealized holding gain/loss on securities	(2,516)	(6,634)
Reserve for special depreciation	(4,034)	(3,867)
Enterprise tax refund	(2,398)	-
Other	(644)	(667)
Total gross deferred tax liabilities	(9,592)	(11,168)
Net deferred tax assets	133,273	56,964

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:

	FY2008
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	49.57%