

ANA reports consolidated financial results for FY2009

1. Consolidated financial highlights for the period ended March 31, 2010

	Yen (Millions)			
	FY2009 Apr.1 - Mar.31	Year on Year (%)	FY2008 Apr.1 - Mar.31	Year on Year (%)
Operating revenues	1,228,353	(11.8)	1,392,581	(6.4)
Operating income (loss)	(54,247)	-	7,589	(91.0)
Recurring profit (loss)	(86,303)	-	91	(99.8)
Net income (loss)	(57,387)	-	(4,260)	-
Net income (loss) per share	(24.67) yen		(2.19) yen	
Net income (loss) / Shareholders' equity	(14.4) %		(1.1) %	
Recurring profit (loss) / Total assets	(4.8) %		0.0 %	
Operating income (loss) / Operating revenue	(4.4) %		0.5 %	
Gain (loss) on equity method	(204)		271	
Average number of shares of outstanding during the period (Consolidated)	2,326,547	thousands shares	1,945,061	thousands shares

	Yen (Millions)	
	FY2009 as of Mar. 31	FY2008 as of Mar. 31
Total assets	1,859,085	1,761,065
Total net assets	480,089	325,797
Net worth	473,552	321,883
Net worth / total assets	25.5	18.3
Net worth per share	188.93	166.50
Number of shares of outstanding at balance sheet date (consolidated)	2,506,430	thousands shares
		1,933,181
		thousands shares

	Yen (Millions)	
	FY2009 Apr.1-Mar.31	FY2008 Apr.1-Mar.31
Cash flows from operating activities	82,991	(39,783)
Cash flows from investing activities	(251,893)	(111,139)
Cash flows from financing activities	173,791	114,504
Cash and cash equivalents at the end of the period	148,189	143,436

	Yen				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of fiscal year	Full fiscal year
Dividends per share	-	-	-	1.00	1.00
FY2008	-	-	-	1.00	1.00
FY2009	-	-	-	0.00	0.00
FY2010 (Forecast)	-	-	-	1.00	1.00

(5) Other

a. Scope of consolidation and application of the equity method

Number of consolidated subsidiaries: 72

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

Number of affiliates accounted for by the equity method: 19

b. Change of scope of consolidation and application of the equity method

	Consolidated	Equity method
Newly added	1	1
Excluded	5	1

c. Changes in the accounting policy during the period: Yes

d. This financial results statement is unaudited and provided for reference only.

2. Forecast of consolidated operating results for the period ending March 31, 2011

	Yen (Millions)
Operating revenue	1,360,000
Operating income	42,000
Recurring profit	13,000
Net income	5,000

Note: Forecast of net income per share: 1.99yen

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 under review, ended March 31, 2010, economic conditions in Japan remained challenging. Although business conditions were influenced by the global recession that was triggered by the financial crisis in the United States, economic improvements were seen overseas, with emergency economic measures and other government initiatives taking effect. In this setting, consumer spending picked up, the decline in capital investment slowed, and business conditions began a steady recovery. Nonetheless, the recovery is weak, and unemployment rates remain high.

Moreover, due to the high price of crude oil, and also to deflation caused by significant fluctuations in currency exchange rates and plummeting prices of commodities, the future of operating conditions remains unclear.

In this type of environment, all businesses were affected to an extent not seen in recent years, and the air transport business was especially affected. As a result, operating revenues were ¥1,228.3 billion on a consolidated basis, a decrease of 11.8% year on year. While cost reduction measures were implemented throughout the year, these measures were not sufficient to offset the decline in operating revenues, and the Company recorded an operating loss of ¥54.2 billion, compared to operating income of ¥7.5 billion in the previous year. Additionally, a recurring loss of ¥86.3 billion was recorded in the year under review, compared to recurring profit of ¥91.0 million in the previous year. Net loss was ¥57.3 billion in the year under review, compared to ¥4.2 billion in the previous year.

On a non-consolidated basis, operating revenues declined 14.1% year on year, to ¥1,072.9 billion, and operating loss was ¥61.2 billion, compared to ¥0.7 billion in the previous year. Recurring loss was ¥90.2 billion, compared to ¥ 3.5 billion in the previous year, and net loss was ¥58.7 billion, compared to ¥4.2 billion in the previous year.

In the beginning of the year under review, we implemented the cost reduction measures of about ¥73.0 billion, followed by the FY2009 Emergency Income Recovery Plan, announced on July 1, 2009, including additional measures to improve earnings of about

¥30.0 billion. These measures have progressed according to plan, and we reduced ¥102.3 billion year on year in operating expenses on a consolidated basis at the end of the fiscal year under review.

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

Air Transportation

Segment revenues: ¥1,087.8 billion, a 11.5% decrease year on year

Segment operating loss: ¥57.5 billion, compared to operating income of ¥4.7 billion in the previous year.

Details are outlined below.

Domestic Passenger Services

Domestic passenger services were affected significantly by the decrease in business demand resulting from the recession that began in the second half of the previous fiscal year. In particular, the epidemic of the N1H1 influenza seen throughout Japan starting in mid-May, caused many cancellations of business and leisure trips. In the fourth quarter, passenger demand finally began to recover, and from February onward, the number of passengers soared year on year. However, the slump in demand for air transport continued throughout the year, and total passenger numbers in the year under review were down year on year.

In order to expand our route network, we increased flights where we expected high demand including starts of new routes, Shizuoka–Sapporo and Shizuoka–Okinawa in June 2009, and Haneda–Hiroshima and Nagoya–Okinawa in November. We increased the number of flights on certain routes in and out of Itami in December. On the other hand, in response to changes in demand, we suspended a number of routes, including Oshima–Hachijojima in October, and Kansai–Matsuyama, Kansai–Kochi, Kansai–Kagoshima, Miyazaki–Okinawa, Kumamoto–Okinawa, Sapporo–Fukushima, Sapporo–Toyama, and Sapporo–Komatsu in November 2009. Additionally, we worked to effectively balance the supply of aircraft with demand through such initiatives as decreasing the number of flights on certain routes, downsizing the aircraft used on certain routes, and flexibly choosing the aircraft used for a flight based on the number of reservations for the flight.

Furthermore, in order to maintain and improve convenience for our customers, we expanded our code-sharing agreements with IBEX Airlines, Skynet Asia, and Hokkaido International Airlines, and in November, entered into a new code-sharing agreement with Oriental Air Bridge.

In sales and marketing, we made efforts to increase our competitiveness, including offering two new flexible discount fares—*Super-Wari* and *Senior-Wari*. We also took steps to further enhance *Tokutei Noritsugi-Waribiki* and *Noritsugi Tabi-Wari*.

In order to stimulate leisure demand, we worked in cooperation with regional bodies in the summer to develop promotional sightseeing campaigns, and starting in November, we instituted nationwide campaigns to stimulate demand for trips to Okinawa, Hokkaido, and Kyushu. We also brought back the “ANA Mohican Jet” livery for certain aircraft that were put into service in December.

In October, we began promoting the ANA American Express Card, in cooperation with American Express International Inc., and implemented other initiatives geared toward increasing the number of members in the ANA Mileage Club.

Despite the recovery in business and leisure demand after the fourth quarter, the recovery took much longer than anticipated, leading to year on year declines in domestic passenger numbers and revenues. Domestic passenger numbers decreased 6.7%, to 39.8 million year on year, and revenues dropped 9.8%, to ¥630.9 billion..

International Passenger Services

International passenger services continued to be affected by low business demand resulting from the global recession. Particularly, from mid-May to June 2009, the epidemic of the N1H1 influenza caused cancellations of business and recreational trips, and accordingly passenger numbers were adversely affected. From August 2009, with emphasis on leisure demand, passenger demand recovered back to levels before the economic recession, and in the fourth quarter, business demand also began to pick-up, resulting in passenger numbers increasing year on year. However, the slow recovery of unit prices lead to severe conditions in revenues.

In regard to our route network, in May 2009, the Kansai–Gimpo route, which had been suspend at the end of March 2009, was launched, while flights on the

Narita–Guangzhou route were reduced in July 2009. Responding to changes in demand, in October 2009 we established new scheduled charter flights on the Haneda–Beijing route and reopened the Kansai–Dalian route that had been temporarily suspended. In February and March 2010, our initiatives included the temporary increase of flights on the Narita–Incheon route. Additionally, in September 2009, we changed the aircraft used on the Narita–Frankfurt route, from the Boeing 747-400 to the Boeing 777-300ER. In October 2009, we changed the aircraft used on the Narita–Shenyang and Narita–Hangzhou routes from the Boeing 767-300ER to the Boeing 737-700ER. On the other hand, in periods of high demand, we switched to larger aircraft on such routes as Narita–Paris, Narita–Washington D.C., and Narita–Honolulu. Through such measures, we worked to improve profitability by matching the supply of aircraft with demand throughout our route network.

In sales and marketing, we stepped-up initiatives focused on leisure demand. We offered charter flights on the Narita–Guam route, and added special flights on the Narita–Honolulu route during summer and the New Year season. We also enhanced our lineup of flexible discount fares. We introduced the new *Eco-Wari Haru Ichiban*, which is an advance-purchase, limited-time discount fare for flights in April and May. We also decided to continue the *Super Busi-Wari 28* and *Super Eco-Wari*, which have both proved to be highly competitive. We also introduced new fares such as *Eco-Wari Youth*, from January to March. Moreover, in order to stimulate demand for business class, we implemented initiatives, such as introducing a new fare, *Busi-Wari 14*, on North American routes (excluding Hawaii) and Seoul. In response to fuel prices rising yet again, the fuel-surcharges that had been abolished in July 2009 were reinstated in October 2009. Therefore, in order to improve responsiveness to conditions in the fuel market, the revision period was changed from once every three months to once every two months.

Regarding inbound demand, from July 2009 applications for individual tourist visas were accepted from Chinese tourists. In response, in October 2009 ANA commenced campaigns promoting trips to Japan geared toward Chinese travelers to increase the number of Chinese passengers.

In December 2009, in order to meet the wide variety of needs of customers on international routes, we introduced a new pay-service “ANA My Choice.”

Additionally, in December 2009, together with United Airlines and Continental Airlines, we filed an application with the United States Department of Transportation for antitrust immunity (ATI), in relation to the trans-Pacific network routes. Accordingly, ANA has begun laying the foundation to form a strategic alliance with these two companies, through which we will work together to make network plans, manage revenues, and construct sales strategies.

As of result of these factors, international passenger numbers in the year under review, centered on leisure demand, began recovering in August, and total passengers in the year under review exceeded the previous year's level, totaling 4.6 million people, an increase of 5.3% year on year. Operating revenues, however, fell 26.4%, to ¥214.1 billion. This decline was due to the effects of such factors as reduced use of business class, the reduction and eventual suspension of fuel-surcharges, increased market competition, and falling unit prices.

Cargo Services

In domestic cargo services, the down-sizing of aircraft in response to the recession that began in the second half of the previous fiscal year, caused reduced capacity, and the demand for general cargo shipments remained sluggish throughout the entire year. However, demand for home delivery services, such as Yu-Pack, remained strong, and business for cargo connecting to international routes increased, due to the start-up of the Okinawa Cargo Hub & Network. As a result, domestic cargo traffic volume exceeded the previous year's level.

Consequently, in the year under review, domestic cargo traffic volume was 458,000 tons, a 3.4% decrease year on year, and operating revenues fell 3.8%, to ¥31.8 billion. Domestic mail volume dropped 13.5%, to 32,000 tons, and operating revenues decreased 9.4%, to 3.5 billion.

In international cargo services, while demand was sluggish as a result of the global recession that began in the latter half of the previous fiscal year, business performance from September onward surged in the same period. As a result of efforts to stimulate demand within China, shipments of such cargo as LCD components and other electronic devices picked up, leading to a recovery in demand for shipments on China routes and other Asian routes. Also, demand for shipments of cargo such as automobile parts to North America and Europe also recovered, and international cargo volume exceeded the

previous year's level. However, while unit prices showed a trend toward recovery, they were still down year on year.

In this environment, we worked to improve revenues by reducing the number of flights on routes with low cargo demand, increasing the number of flights on high-demand routes out of Narita, and actively offering special flights to meet sudden rises in demand. Through these efforts, ANA worked to effectively respond to demand for cargo, with a special focus on China, which has seen a remarkable recovery in demand.

In October 2009, we began operation of Okinawa Cargo Hub & Network, which connects three domestic airports, Haneda, Narita, and Kansai, with five overseas airports, Seoul, Shanghai, Hong Kong, Taipei, and Bangkok. The network uses a hub and spoke system, with Naha Airport as the central hub. Through this network, cargo deliveries are connected through Naha, and sent out on mid-sized freight aircraft late at night. Also, leveraging the strength of this network, we have developed a new express shipment service called "Rush." Additionally, in August 2009, ANA took steps to enhance its ability to offer integrated express shipping from customer to customer, by merging Overseas Courier Service Co., Ltd., which specializes in express shipping, and All Express Corporation.

Moreover, by changing the revision for fuel-surcharges to a bi-monthly basis from April 2009, ANA is increasing its responsiveness to changes in the fuel market.

Consequently, in the year under review international cargo traffic volume was up year on year, reaching 422,000 tons, a 19.3% increase. Operating revenues fell 19.3%, to ¥55.7 billion. This was due to the effects of falling unit prices, due to increased fare competition and reduced fuel-surcharges. While international mail volume soared 9.6%, to 20,000 tons, year on year, operating revenues declined 11.2%, to ¥3.2 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. As a result of such efforts, combined with Overseas Courier Service Co., Ltd., the backbone of ANA's express shipping operations, becoming a consolidated subsidiary, operating revenues in the year under review increased 14.7%, to ¥148.3 billion.

Changes in Fleet Composition for the period under review

The following changes took place in the ANA Group's fleet during the fiscal year ended March 2010.

Aircraft	Purchased	Leased-in	Returned	Leased-out	Sold / Removed	Change	Reference
Boeing 747-400	—	—	—	—	2	2	Sold: July 2009, 1 aircraft October 2009, 1 aircraft
Boeing 777-300	1	—	—	—	—	+ 1	Purchased: March 2010, 1 aircraft
Boeing 767-300	1	—	—	1	—	0	Purchased: April 2009, 1 aircraft Leased-out: November 2009, 1 aircraft
Airbus A320-200	—	—	1	—	—	△ 1	Returned: May 2009, 1 aircraft
Boeing B737-800	4	—	—	—	—	+ 4	Purchased: May 2009, 1 aircraft June 2009, 1 aircraft September 2009, 1 aircraft October 2009, 1 aircraft
Boeing 737-500	—	—	—	2	—	△ 2	Leased-out: April 2009, 1 aircraft September 2009, 1 aircraft
Bombardier DHC8-400	1	—	—	—	1	0	Purchased: February 2010, 1 aircraft Sold: March 2010, 1 aircraft
Total	7	—	1	3	3	0	—

Travel Services

Segment revenues from travel services in the year under review fell 11.5%, to ¥166.9 billion. Segment operating loss for the year was ¥18 million, compared to ¥0.6 billion in the previous year.

In domestic travel services, while demand in the first half of the year was low due to the recession and the epidemic of the N1H1 influenza, we worked to increase sales through the Internet through such efforts as developing summer campaigns and enhancing Tabi-Saku, our search function that enables customers to freely create their own original travel plans. In the second half of the year demand saw some recovery due to a lineup expansion of skiing-related products. However, for the full year under review, the total number of customers for these products declined. Revenues from domestic travel services also fell below the previous year's level. This was due to the increased price competition and the continued unit prices decline throughout the year due primarily to deflation and the shift toward low-priced products.

In international travel services, the epidemic of the N1H1 influenza resulted in slumping demand in May and June 2009. However, as a result of product enhancement measures, including charter flights from Haneda to Guam in the summer and New Year season and expanded business class tour products, as well as our proactive sales initiatives, the total number of customers for these products increased year on year. However, as a result of travelers changing their focus toward lower costs and toward short-range overseas trips, unit prices for trips declined, and as a result revenues from overseas trips were down year on year.

Other Businesses

Revenues from other businesses segment in the year under review dropped 7.0%, to ¥137.7 billion. Segment operating income also fell 8.8%, to ¥3.0 billion. Information regarding principal companies in this segment is outlined below.

Revenues decreased year on year at All Nippon Airways Trading Co., Ltd, which handles trading and sales operations. This decrease was due to a decline in retail sales, from stores in airports, stemming from a decrease in passengers, as well as declines in the volume of work handled in its aircraft and machinery operations.

Revenues increased at INFINI Travel Information Inc., which provides an international flight reservation and ticketing system for airlines and travel agencies, despite the adverse effects of the limited overseas travel and the cancellation of trips resulting from the epidemic of the new strain of influenza. The increase was primarily attributable to increased usage of its international flight reservation and ticketing system as results of the recovery in demand for overseas travel, principally focused around Asia stemming from reduction and suspension of fuel-surcharges until the second quarter and the strong yen.

2). Outlook for the Full Fiscal Year

In the coming fiscal year, while developing nations in Asia and other regions are expected to drive the recovery of the global economy, the recovery among developed nations including Japan is still slow, and thus it will still take some time before the global economy reaches the levels seen before the economic recession. Particularly, in regard to the Japanese economy, while the trend toward recovery is expected to continue, trend of deflation will likely proceed in consumer prices. Accordingly, we cannot be optimistic about our operating environment for the coming year.

In order to overcome this uncertain and drastically changing environment, and achieve stable and continued growth, the Company will steadily implement the measures outlined in the ANA Group FY2010-2011 Corporate Strategy that was announced in March 2010. We will work in accordance with the Group's management vision, striving to be "the number one airline group in Asia, transporting travelers and cargo through the world with air transportation as our core operations."

In domestic passenger services, while we anticipate that competition from other airlines and other transportation systems will become increasingly intense, we will strive to maintain and enhance our level of competitiveness, through the development of an optimal network created by accurately matching supply with demand.

To bolster our route network, in July 2010 we will centralize all inner routes of Hokkaido at the New Chitose Airport. Additionally, in response to the increase in the number of flight slots at Haneda Airport, we plan to restart the Haneda-Tokushima route in October 2010.

In sales and marketing, in order to maximize revenues generated by our network, we will work to stimulate potential demand by modifying and enhancing our selection of connection-based fares, including introducing a new discounted fare *Noritsugi Toku-Wari*. Also, by taking steps to strengthen sales and marketing structures, such as improving Internet sales channels, we will aim to increase revenues by stimulating all types of demand, from business demand to leisure demand.

In international passenger services, the extension of Narita Airport's Runway B and the expansion of Haneda Airport's international flight capacity present significant opportunities for the ANA to expand its operations. By leveraging the strengths of both airports, we will push forward with a "Tokyo Area Dual Hub Strategy" (or "Narita-Haneda Dual Hub model.")

In order to strengthen our route network, in response to the increase in flight slots at Narita Airport, starting at the end March 2010, we increased flights on the Narita-Shenyang and Narita-Ho Chi Minh routes, and worked to increase the convenience of flight connections from China to North America and from China to other parts of Asia by further expanding our Asian route network. Also, we introduced a new Narita-Munich route, and are improving our network of connections to South Europe and East Europe. Through these initiatives, we are stepping-up measures geared toward demand for connections, not only by using its own network but also by taking advantage of the networks of other Star Alliance members.

Taking advantage of the internationalization of Haneda Airport, in October 2010 we will introduce a new Haneda-Taipei (Songshan) route, and increase flights on the Haneda-Seoul (Gimpo), the Haneda-Beijing, and the Haneda-Shanghai (Hongqiao) routes. We are

exploring the possibility of offering long-haul flights out of Haneda in the late night and early morning time periods during which Narita is closed, as well as strengthening efforts toward demand for flights in and out of Tokyo and demand for connection within Japan. (These plans are subject to approval by the proper authorities. Also, the development of routes from Haneda to China requires the approval of the China-Japan Air Talk.)

In order to remain responsive to trends in demand, we will continue to revise its routes, optimize its fleet resources, and redevelop its cost structures.

In sales and market, by creating and leveraging a wide-ranging global database, we will strengthen our marketing initiatives focused on markets and customers, in order to expand our demand catchment area, which is a necessity resulting from the expansion of our global network. Also, with the introduction of our new product and brand concept, "Inspiration of Japan," we will continue to work to increase profits by further improving product quality and further strengthening competitiveness.

Upon the scheduled approval of antitrust immunity (ATI) application that ANA, along with United Airlines and Continental Airlines, submitted to the United States Department of Transportation in relation to its Pacific network December 2009, and in order to make the most of the alliance formed by this collaboration, we will establish joint systems among the three companies for flight network operations, revenue management, and marketing strategies at the earliest possible date..

In cargo services, we will work to stabilize operation of the Okinawa Cargo Hub & Network, which began full-fledged operation in fall 2009. In addition, we will maintain and enhance profitability by precisely adjusting supply to match rapid fluctuations in demand. In order to bolster marketing, we will continue to develop high-quality products based on market needs, and strengthen our ability to distribute them through the Internet and through ANA own distribution channels. We will also work to maximize revenue through the introduction of cargo revenue management system (CARGO PROS), which will improve the management of loading space.

In the coming year, as part of strategic investments, we plan to introduce 25 new aircraft to our fleet. In addition to introducing four of our mainstay aircraft, the Boeing 777-300 ER, five Boeing 767-300 ERs, and five Boeing 737-800s, we will convert two of our Boeing 767-300 ER passenger aircraft into freighters, introduce one Bombardier DHC8-400, and also eight Boeing 787s, following their late delivery due to delays in manufacturing. Conversely, we will retire ten aircraft from our fleet, including Boeing 747-400s used for international flights and Airbus A320-200s. By actively introducing fuel-efficient aircraft into our fleet we will steadily improve our cost structure.

In travel services, in order to respond to the continued diversification of customer needs, we will enhance Internet sales capabilities, and implement customer-based strategies geared toward the characteristic of specific customer groups.

In other businesses, acting in accordance with the Group's management vision, we will increase the collective strength of the entire group and improve profitability by further solidifying the foundations of existing businesses, reconstructing internal systems, and increasing external transactions.

Through these measures, we are striving to build a more stable operating foundation. To this end, against backdrop of such uncertain tough business environment, by taking it as an opportunity we will further create and improve our corporate value.

In making our current consolidated performance forecasts for the year ending March 31, 2011, we recognize that the operating environment will continue to remain harsh due to such factors as slow recovery of economic conditions and the possibility of continued deflation. Accordingly, we will work to recover profitability by strengthening market capabilities and will strive to develop high-quality products and to switch-over to a flexible cost structure that is strong and flexible in response to changes in the environment. As a result, our forecasts call for operating revenues of ¥1,360.0 billion (a ¥131.6 billion increase year on year), operating income of ¥42.0 billion (a ¥96.2 billion increase year on year), recurring profit of ¥13.0 billion (a ¥99.3 billion increase year on year), and net income of ¥5.0 billion (a ¥62.3 billion increase year on year).

These performance forecasts are based on, 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\$75 per barrel; and a price for Singapore kerosene of US\$85 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, 2010 (results)	Period ending March, 2011 (forecasts)
Operating revenues	1,228.3	1,360
Operating expenses	1,282.6	1,318
Operating income (loss)	(54.2)	42
Recurring profit (loss)	(86.3)	13
Net income (loss)	(57.3)	5

Non-consolidated earnings results and forecasts

Items (billion yen)	Period ended March, 2010 (results)	Period ending March, 2011 (forecasts)
Operating revenues	1,072.9	1,190
Operating expenses	1,134.1	1,154
Operating income (loss)	(61.2)	36
Recurring profit (loss)	(90.2)	10
Net income (loss)	(58.7)	4

ANA Group capital investment forecasts

Items (billion yen)	Fiscal 2010 (forecasts)
Aircraft related	162
Systems related	28
Other	36
Group-total	226

Balance of interest bearing debt, etc.

Items (¥ billion)	Period ended March 2010 (results)		Period ending March 2011 (forecasts)	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Balance of interest bearing debt	941.6	983.2	957.0	1,007.0
Balance of non-elapsd lease fees	177.3	165.7	143.3	134.3

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

Category	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Net worth ratio (%)	20.8	24.9	25.4	18.3	25.5
Net worth ratio based on market prices (%)	50.1	56.3	47.9	42.4	36.0
Debt repayment period (years)	6.6	4.7	4.6	-	11.3
Interest coverage ratio	6.3	8.9	10.7	-	4.6

- * Net worth ratio: Net worth / total assets
 Net worth 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, 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.

2 . Analysis of the Financial Situation

1). Financial Situation

Assets: Our liquid assets decreased by ¥25.1 billion from the end of FY2008, and our fixed assets increased by ¥122.5 billion from the end of the previous year, resulting in assets of ¥1,859.0 billion (¥98.0 billion year-on-year increase).

Liabilities: While our interest-bearing debt increased due to procurement of financing by taking out new loans, our derivative debt relating to fuel-oil and currency-exchange hedges decreased, resulting in a ¥56.2 billion decrease in liabilities from the end of the previous year, to ¥1,378.9 billion. Note that our interest-bearing debt increased by ¥44.4 billion year-on-year.

Net assets: Although our retained earnings were reduced due to a net loss for the fiscal year and payment of dividends, our net assets were ¥480.0 billion (¥154.2 billion year-on-year increase), due to such factors as an increase to our capital and capital surplus through the issuance of new shares, and improvement to our loss on deferred hedges.

2). Cash Flows

Operating activities: We had a net loss of ¥95.5billion 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 cash flows from operating activities were ¥82.9billion.

Investment activities: Our investment activities, our main expenditure was from the acquisition of aircraft, parts, and the like, and prepayment of aircraft scheduled for delivery, resulting in a cash flows from investment activities of negative ¥251.8billion. As a result, our free cash flows were negative ¥168.9billion.

Financial activities: While our payments included payment of loans and leases, repayment of corporate bonds, and dividend payments, we secured financing through long-term loans and the issuance of new shares. As a result, our cash flows from financing activities were ¥173.7billion.

As a result of the above, our cash and cash equivalents for the fiscal year were up ¥4.7billion against the end of the previous year, and the balance was ¥148.1billion.

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

Category	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Net worth ratio (%)	20.8	24.9	25.4	18.3	25.5
Net worth ratio based on market prices (%)	50.1	56.3	47.9	42.4	36.0
Debt repayment period (years)	6.6	4.7	4.6	-	11.3
Interest coverage ratio	6.3	8.9	10.7	-	4.6

* Net worth ratio: Net worth / total assets

Net worth 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, 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 Company views returning profit to shareholders as an important function of management, and has always worked to provide robust shareholder returns with maintaining a balance between returns and strengthening financial structures to support future business expansion.

While the Company did explore the possibility of dividend payments under these circumstances, as the current environment is harsh that anything we have previously experienced, forcing us to record a net loss, we have no choice but to suspend dividend payments in the year under review.

In regard to future dividend payments, we will carefully consider this possibility based on future trends in such areas as the operating environment and our business results. Based on the assumption that we will return to profitability through the institution of the ANA Group FY2010-2011 Corporate Strategy, we plan to pay dividends of ¥1 per share.

4. Operating Risks

The following risks could significantly affect 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 accompanying delay in economic recovery

Although the Japanese economy is steadily picking up, recovery remains fragile and highly dependent on the health of overseas economies. In addition, there is the possibility that the recent deflationary trend will continue. If consumer spending remains stagnant and downward pressures in retail and corporate sectors continue, this could lead to a drop in the unit price of airfares, which account for a significant share of the Company's earning and affect Company performance.

2) Risks related to corporate strategies

(1) Risks related to fleet strategy

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

(i) Dependence on The Boeing Company

As of the end of March 2010, the Company had ordered 90 aircraft from Boeing, out of the 100 aircraft purchases mandated by our 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 the fleet strategy. Such eventualities could significantly affect the Company's performance.

The Boeing 787 Dreamliner schedule was announced in August 2009, and a flight test took place on December 15. There is currently no change in the current delivery schedule of October–December 2010. Significant delays in delivery could create obstacles to the Company's medium-to-long term operations.

(ii) 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. Significant delays in delivery of this aircraft, currently scheduled sometime after 2014, could create obstacles to the Company's medium-to-long term operations.

(2) Risks related to arrival/departure slots

Acknowledging the expansion of Haneda airport as a major business opportunity for the Company, we have been making various investments and improving our infrastructure.

The Ministry of Land, Infrastructure, Transport and Tourism has announced the slot allocation for the increased portions for 2010 but has not announced the detailed contents, including specific allocation of the increased slots in the second phase.

Consequently, if the size of the capacity expansion or the timing at both Tokyo metropolitan airports is different from the Company's assumption, it could affect the Company's growth strategy of taking advantage of the capacity expansion to be a "growing airline group" and achieve its corporate plan.

(3) Risks related to cargo business strategies

Our cargo business, including express operations, depends highly on cargo shipped to and from China and other Asian regions; economic conditions in these regions could decrease the volume of freight and lower the unit price.

3) Risks related to crude oil price fluctuations

The price of jet fuel comprises such expenses as the cost of importing, refining, and transporting crude oil as well as taxes such as the aviation fuel tax. Among these costs, that of importing crude oil accounts for approximately 80% of the price of jet fuel. If the price of crude oil fluctuates, the price of jet fuel fluctuates, affecting the Company's performance as follows:

(1) Risks related to crude oil price increases

If the price of crude oil increases, the price of jet fuel will basically 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.

The impact of increases in crude oil prices is limited, as about 80% of the subject amounts are hedged for FY2010. In the future, should the price of crude oil increase further, hedging transaction prices will generally increase in accordance with the market. 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 affect the Company's performance in the mid to long term.

(2) Risks related to sharp drops in crude-oil prices

The Company offsets the risk of fluctuating crude-oil prices through hedging transactions. Consequently, if the price of crude oil drops sharply during the fiscal year, the effect of the fall in the market might not be reflected immediately, depending on the status of the hedging position, and may not lead to immediate profit.

4) Risks related to infectious diseases

Outbreaks of serious contagious diseases like the H1N1 flu could drastically decrease demand not only for international services but also for the Company's entire operations. By instilling fear and reducing public interest in travel, such outbreaks could sharply decrease the number of both domestic and international passengers, affecting the Company's performance.

Further, the spread of new, highly infectious strains of influenza affecting a higher than expected number of employees and outsourced personnel, with virulence becoming stronger due to mutation, could affect the Company's continuation of business.

5) Risks related to fluctuations in foreign exchange rates

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. Further, with increased earnings from international operations, appreciation of the yen has come to have a greater impact on earnings. 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 fluctuations in foreign exchange rates. 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.

6) Risks related to the international stage

The Company currently conducts international operations mainly in North America, Europe, China and Asia. Any future political instability, conflict or large-scale terrorist attack in these regions could affect the Company's performance due to the accompanying decrease in demand for travel to the affected region.

7) Risks related to statutory regulations

As an airline operator, the Company undertakes operations based on the stipulations of statutory regulations for 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.

8) Risks related to litigation

The Company may become involved in litigation, which could affect the Company's performance. Specifically, the Company could be sued in the wake of the following, and similar investigations could be initiated in other countries and regions.

(1) Alleged cartel in the U.S.A.

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 FBI in March 2007, most likely on antitrust matters. At present, the Company is cooperating with such searches. A class-action suit concerning these incidents has been brought before a U.S. federal court, but no specific damages have been sought, making analysis of the situation difficult.

(2) Notice from the European Commission

Based on their own evidence and that provided by other companies, the European Commission pointed out 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 as the maximum estimated provision.

(3) Notice from the South Korea Fair Trade Commission

The South Korea Fair Trade Commission submitted the Examiner's Report on October 29, 2009, regarding the Company's potential violation of Korea's antitrust law in the area of cargo operations. The Company is carefully examining this claim through attorneys and making appropriate responses. However, should the commission find any transgressions, a fine could be levied. The Company therefore has posted ¥600 million, the maximum estimated provision, in the year under review.

9) Risks related to public-sector fees

Public-sector fees include fees for landing, navigation and other airport usage. In the year under review, airport usage fees for the ANA Group totaled ¥92.4 billion. 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.

10) Risks related 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.

11) Risks related to the airline industry

The airline industry is undergoing sweeping changes. Mergers and acquisitions are taking place worldwide, causing tectonic shifts in the competitive environment. In Japan, future changes in policy introduced by new ruling parties, and the situation at rival companies—in particular, any imbalance in the currently healthy competitive environment caused by public aid to Japan Airlines, which filed for protection under the bankruptcy law—could cause major changes and affect the Company's performance.

12) Risks related 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, the Company must secure income by reducing indirect fixed costs, enhancing efficiency through the standardization of aircraft, and raising fares and charges. However, because the Company competes 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, any increase in expenses could affect the Company's performance.

13) Risks related 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.

The Company submitted the antitrust immunity (ATI) request to the United States Department of Transportation in December 2009 jointly with Star Alliance partners, United Airlines and Continental Airlines. Disapproval of the request or ineffective alliance strategy upon approval could affect the Company's performance.

14) Risks related to flight operations

(1) 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.

(2) 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.

15) Risks related to leaked customer information

The Company holds a huge amount of customer information, such as personal data on approximately 20 million AMC members (as of March 31, 2010). 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.

16) Risks related 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 above-mentioned 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, heavy snow or volcanic eruptions in areas other than Tokyo—in Japan as well as abroad—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.

17) Risks related to cost structure

Fixed costs such as aircraft and personnel costs account for a high share of the Company's expenses, constraining it from adjusting the scale of operation to meet a given financial situation. Consequently, any decrease in the number of passengers or in cargo volume could greatly affect the Company's profits.

18) Risks related 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, so any effects would not be confined to the Group.

19) Increase in the cost of raising funds

The Company acquires aircraft through bank loans, capital increase and bond issuance. Any disruption in financial markets, reorganization of governmental financial agencies, or downgrading of the Company's credit rating 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.

20) Risks related 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 117 subsidiaries and 47 affiliates. Of those companies, 72 are consolidated subsidiaries and 24 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, 2010 Operational segment	No. of subsidiaries	of which, consolidated	of which, equity	No. of	
				affiliates	of which, equity
Air transportation	54	40		10	5
Travel Services	8	8		1	1
Other Businesses	55	24	5	36	13
Group Total	117	72	5	47	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, the maintenance of ANA's aircraft and courier services, and are provided by International Airport Utility Co., Ltd., ANA TELEMART Co., Ltd., ANA Aircraft Maintenance Co., Ltd., Overseas Courier Service 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. 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, 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. 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

On the cusp of new business opportunities presented by the increased capacity of Tokyo metropolitan airports and introduction of the strategic Boeing 787 Dreamliner in FY2010, the ANA Group FY2010-2011 Corporate Strategy, compiled in March, is based on the recognition that the Group must rebuild its business base to accommodate the global economic downturn as well as the drastically changing business environment.

We will seize this major business opportunity, extend the Group’s strength, overcome our weakness and expand our global presence in order to become Asia’s top airline.

1). Strengthening the management base

(1) 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.

(2) 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.”

(3) Corporate social responsibility (CSR)

Based on global trends and public calls for a more sustainable society, and on our position as an eco-first company, we will implement our Mid-Term Ecology Plan to fulfill our corporate social responsibility and aim to be the world's most environmentally responsible airline.

2) Implementation of FY2010-2011 Corporate Strategy

The ANA Group has been advancing its management reform by pursuing a corporate strategy based on the selection and concentration of air transportation operations. Stronger marketing and a business structure that withstands volatility are required for the Group to continue overcoming the current severe business environment and achieve stable growth. To this end, we will position FY2010 and FY2011 as a reform period in which to reinvent ANA and implement new corporate strategy.

(1) Aims of the new ANA

- (i) Make the Group more competitive in global markets by designating international operations as a core business.
- (ii) Strengthen marketing and cost structures of domestic and international operations to assure our business structure can withstand volatility.
- (iii) Pursue a corporate culture flexible enough to adapt to major restructuring.

(2) Key strategies

In order to evolve into the new ANA, our sense of value and speed must change greatly. This will require implementation of the following key strategies.

(i) Expanding “network” business based on Haneda expansion and Narita-Haneda Dual Hub model

- Will capture demand by using both airports as the hub mainly for the routes between North America and China and other Asian countries.
- Will expand the market share through alliance with our partner carriers, and strengthen the profitability by flexible operations via code-sharing.
- Using our domestic network, will enlarge our connection demand from the domestic local district. Will also start new routes in response to the trend in demands.*

*New service to Munich, the second hub of Lufthansa, will start from July, 2010 from Narita

*Resumption of the Haneda-Tokushima route will accelerate, service starting from October 31, 2010

(ii) Expansion of Global Marketing with further penetration into new global markets

- After being approved of the ATI, will structure a business model that is strategically strong as an alliance in such areas as networks, airfares, sales systems.
- By expanding the target areas for marketing through the launch of the revenue management system handling flight connections (OD PROS), will ensure to capitalize on the global demands.
- Reconsidering the general idea of flights as “international” and “domestic,” and in stead group them as “long-haul” (routes to Europe and North America) and “short-haul” (meaning domestic and nearby Asia region).
- Will create product and service by constantly keeping pace with the changing trend.

(iii) Stabilization of Okinawa cargo hub and strengthening the sales structure

- Will develop a specialized cargo business operation by maximizing the connective combination of cargo flights and international and domestic passenger flights, and will

differentiate our model from the rival carriers.

- Will start the full-scale operation of cargo revenue management system (CARGO PROS), strengthening the management function of pricing and loading space.

(iv) Materialization of the New Cost Structure and the Productivity

- Will implement measures to further improve its productivity
- Will further examine our cost structure reform
- Will carry out further reviews on the thorough check on the total costs and reviews on inter-Group transactions

In addition to the above-mentioned cost reductions, the Company will carry out the measures to increase its revenue by 32 billion yen, materializing the improvement of the balance of income and expenditure by 118 billion yen in total.

(v) Materialization of the Group Reform

- Will commence the transition period toward the Group Headquarters/ Divisions in April 2010, to complete the process during FY2011.
- Accelerating the initial schedule, will reduce the number of employees who are engaged in indirect operations by approximately 20% (approximately 1,000 persons) during FY2010.
- Will carry out the combination of Air Japan and ANA & JP Express by July 2010, as well as the combination of Air Nippon Network, Air Next and Air Central by October 2010, and eventually consolidate the Group airlines into a 3-company system by the end of FY2011.

* * *

.Consolidated Financial Statement

1.Consolidated Balance Sheets

Yen (Millions)

Assets	FY2009 as of Mar.31	FY2008 as of Mar.31
Current assets	421,516	446,673
Cash and deposits	13,246	59,668
Trade accounts receivable	96,833	89,179
Marketable securities	180,576	84,483
Inventories (Merchandise)	5,545	5,927
Inventories (Supplies)	51,365	51,192
Differed income tax - current	24,715	73,296
Other	49,982	83,399
Allowance for doubtful accounts	(746)	(471)
Fixed assets	1,436,760	1,314,208
Tangible fixed assets	1,152,354	1,080,268
Buildings and structures	109,642	104,047
Flight equipment	646,100	633,111
Machinery, equipment and vehicles	26,395	22,814
Tools and fixtures	11,853	13,509
Land	51,617	45,836
Leased assets	43,796	54,653
Construction in progress and advance payment on aircraft purchase contracts	262,951	206,298
Intangible fixed assets	70,577	62,934
Investments and others	213,829	171,006
Investment in securities	50,588	54,748
Long-term loans receivables	4,223	3,196
Differed income tax – long term	124,558	81,589
Other	35,829	32,546
Allowance for doubtful accounts	(1,369)	(1,073)
Deferred assets	809	184
Total assets	1,859,085	1,761,065

Liabilities	FY2009 as of Mar.31	FY2008 as of Mar.31
Current liabilities	472,613	503,120
Trade accounts payable	151,017	148,919
Short-term debt	29,096	46,571
Current portion of long-term debt	99,820	81,111
Current portion of bonds payable	40,000	30,000
Lease obligation	11,859	11,780
Accrued income tax	2,670	1,349
Accrued bonuses to employees	11,382	12,317
Provision for potential loss on antitrust proceedings	16,846	16,198
Other	109,923	154,875
Long-term liabilities	906,383	932,148
Bonds payable	95,000	135,000
Long-term debt payable	628,609	546,975
Lease obligation	37,307	45,799
Accrued employees' retirement benefits	119,425	116,917
Retirement benefit for directors and Cooperate Auditors	517	572
Deferred tax	406	70
Consolidation adjustment account	919	2,056
Other	24,200	84,759
Total liabilities	1,378,996	1,435,268
Net assets		
Shareholders' equity	485,510	403,157
Common stock	231,381	160,001
Capital surplus	196,635	125,720
Retained earnings	64,510	123,830
Treasury stock	(7,016)	(6,394)
Valuation, translation adjustments and others	(11,958)	(81,274)
Net unrealized holding gain on securities	1,516	1,391
Deferred loss/gain on hedging instruments	(13,212)	(82,597)
Foreign currency translation adjustments	(262)	(68)
Minority interests	6,537	3,914
Total Net assets	480,089	325,797
Total liabilities and net assets	1,859,085	1,761,065

Note:

	Yen(Millions)	
	FY2009 As of Mar.31	FY2008 As of Mar.31
Accumulated depreciation	874,958	843,771
Contingent liabilities	482	146

2. Consolidated Statements of Income

Yen (Millions)

	FY2009 Apr.1 - Mar.31	FY2008 Apr.1 - Mar.31
Operating revenues and expenses		
Operating revenues	1,228,353	1,392,581
Operating expenses	1,049,367	1,124,805
Sales, general and administrative expenses	233,233	260,187
Operating income	(54,247)	7,589
Non-operating income and expenses		
Non-operating income	11,269	25,482
Interest income	1,133	1,553
Dividnds income	1,539	1,315
Equity in income of affiliates	-	271
Foreing exchange gain	1,694	1,126
Gain on sale of assets	1,092	15,020
Other	5,811	6,197
Non-operating expenses	43,325	32,980
Interest expenses	18,160	14,832
Equity in loss of affiliates	204	-
Loss on sale of assets	5,660	2,574
Loss on disposal of assets	7,531	5,419
Provision for accrued employee's retirement benefits	6,423	6,534
Other	5,347	3,621
Total Recurring Profit	(86,303)	91
Extraordinary gains	2,274	4,114
Gain on sale of investment securities	18	324
Gain on transfer of benefit obligation relating to employees' pension fund	1,723	-
Income from compensation	273	678
Gain on insurance adjustment	-	2,869
Other	260	243
Extraordinary losses	11,564	8,650
Loss on disposal of property and equipment	877	220
Impairment loss	1,253	-
Special retirement benefits	4,467	660
Valuation loss on investment securities	644	3,893
Expense reletad to antitrust proceedings	856	2,105
Provision for loss on antitrust proceedings	648	-
Other	2,819	1,772
Net income before taxes	(95,593)	(4,445)
Income taxes current	2,796	1,334
Income taxes deferred	(40,821)	(1,277)
Minority interests (loss)	(181)	(242)
Net income (loss)	(57,387)	(4,260)

3. Consolidated Statements of Changes in Net Asset

Yen (Millions)

	FY2009 Apr.1 - Mar.31	FY2008 Apr.1 - Mar.31
Shareholders' equity		
<u>Common stock</u>		
Balance at the end of previous period	160,001	160,001
Changes of items during the period		
Issuance of stock	71,380	-
Total changes during the period	71,380	-
Balance at the end of the period	231,381	160,001
<u>Capital surplus</u>		
Balance at the end of previous period	125,720	125,750
Changes of items during the period		
Issuance of stock	71,380	-
Disposal of treasury stock	(465)	(30)
Total changes during the period	70,915	(30)
Balance at the end of the period	196,635	125,720
<u>Retained earnings</u>		
Balance at the end of previous period	123,830	137,829
Changes of items during the period		
Dividends from retained earnings	(1,933)	(9,739)
Net income (loss)	(57,387)	(4,260)
Total changes during the period	(59,320)	(13,999)
Balance at the end of the period	64,510	123,830
Less treasury common stock		
Balance at the end of previous period	(6,394)	(923)
Changes of items during the period		
Purchase of treasury stock	(2,463)	(6,121)
Disposal of treasury stock	1,841	650
Total changes during the period	(622)	(5,471)
Balance at the end of the period	(7,016)	(6,394)
Total shareholders' equity		
Balance at the end of previous period	403,157	422,657
Changes of items during the period		
Issuance of stock	142,760	-
Dividends from retained earnings	(1,933)	(9,739)
Net income (loss)	(57,387)	(4,260)
Purchase of treasury stock	(2,463)	(6,121)
Disposal of treasury stock	1,376	620
Total changes during the period	82,353	(19,500)
Balance at the end of the period	485,510	403,157

	FY2009 Apr.1 - Mar.31	FY2008 Apr.1 - Mar.31
Valuation and translation adjustments and others		
<u>Net unrealized holding gain on securities</u>		
Balance at the end of previous period	1,391	7,858
Changes of items during the period		
Net changes of items other than shareholders' equity during the period	125	(6,467)
Total changes during the period	125	(6,467)
Balance at the end of the period	1,516	1,391
Deferred gain on hedging instruments		
Balance at the end of previous period	(82,597)	22,269
Changes of items during the period		
Net changes of items other than shareholders' equity during the period	69,385	(104,866)
Total changes during the period	69,385	(104,866)
Balance at the end of the period	(13,212)	(82,597)
<u>Foreign currency translation adjustment and others</u>		
Balance at the end of previous period	(68)	188
Changes of items during the period		
Net changes of items other than shareholders' equity during the period	(194)	(256)
Total changes during the period	(194)	(256)
Balance at the end of the period	(262)	(68)
<u>Total valuation, translation adjustments and others</u>		
Balance at the end of previous period	(81,274)	30,315
Changes of items during the period		
Net changes of items other than shareholders' equity during the period	69,316	(111,589)
Total changes during the period	69,316	(111,589)
Balance at the end of the period	(11,958)	(81,274)
Minority interest on consolidated subsidiaries		
Balance at the end of previous period	3,914	2,974
Changes of items during the period		
Net changes of items other than shareholders' equity during the period	2,623	940
Total changes during the period	2,623	940
Balance at the end of the period	6,537	3,914
Total net assets		
Balance at the end of previous period	325,797	455,946
Changes of items during the period		
Issuance of stock	142,760	-
Dividends from retained earnings	(1,933)	(9,739)
Net income (loss)	(57,387)	(4,260)
Purchase of treasury stock	(2,463)	(6,121)
Disposal of treasury stock	1,376	620
Net changes of items other than shareholders' equity during the period	71,939	(110,649)
Total changes during the period	154,292	(130,149)
Balance at the end of the period	480,089	325,797

Note: Type and number of outstanding shares (thousands)

	FY2008 As of Mar.31	Increase FY2009	Decrease FY2009	FY2009 As of Mar.31
Issued Stock				
Common Stock	1,949,959	575,000	-	2,524,959
Total	1,949,959	575,000	-	2,524,959
Treasury Stock				
Common Stock	16,778	6,642	4,892	18,528
Total	16,778	6,642	4,892	18,528

4. Consolidated Statements of Cash Flows

Yen (Millions)

	FY2009 Apr. 1 - Mar. 31	FY2008 Apr. 1 - Mar. 31
I. Cash flows from operating activities		
Income (loss) before income taxes and minority interests	(95,593)	(4,445)
Depreciation and amortization (including extraordinary)	113,806	112,881
Impairment loss	1,253	-
Loss (gain) on disposal and sale of fixed assets	13,134	(6,696)
Loss (gain) on valuation and sale of securities	824	3,570
Increase (decrease) in allowance for doubtful accounts	606	164
Increase (decrease) in accrued employees' retirement benefit	882	4,671
Interest expense	18,160	14,832
Interest and dividend income	(2,672)	(2,868)
Exchange loss (gain)	43	675
Special retirement benefit	4,467	660
Decrease (increase) in notes and accounts receivable-trade	(5,699)	29,024
Decrease (increase) in other receivable	6,214	7,022
Increase (decrease) in notes and accounts payable-trade	1,551	(34,342)
Other, net	7,754	(32,401)
Cash generated from operations	64,730	92,747
Interest and dividends received	2,801	2,887
Interest paid	(18,083)	(14,591)
Income tax paid	37,386	(120,166)
Other, net	(3,843)	(660)
Net cash provided by (used in) operating activities	82,991	(39,783)
II. Cash flows from investing activities		
Payment for purchase of short-term investment securities	(116,000)	-
Proceeds from sale of short-term investment securities	71,000	-
Payment for purchase of tangible fixed assets	(186,173)	(116,386)
Proceeds from sale of tangible fixed assets	9,963	42,588
Payment for purchase of intangible fixed assets	(23,764)	(29,323)
Payment for acquisition of investments in securities	(77)	(504)
Proceeds from sale of investments in securities	338	72
Payment for purchasing subsidiaries' stock on change in scope of consolidation	(2,374)	-
Proceeds from selling subsidiaries' stock on change in scope of consolidation	-	741
Payment for loan receivable	(3,289)	(1,675)
Proceeds from collection of loan receivable	2,201	1,446
Other, net	(3,718)	(8,098)
Net cash provided by (used in) investing activities	(251,893)	(111,139)

	FY2009 Apr.1 - Mar.31	FY2008 Apr.1 - Mar.31
III. Cash flows from financing activities		
Increase (decrease) in short-term loans, net	(17,475)	43,991
Proceeds from long-term debt	194,320	205,722
Repayment of long-term debt	(94,063)	(75,327)
Proceeds from issuance of bonds	-	19,900
Redemption of bonds	(30,000)	(50,000)
Repayment of finance lease obligation	(12,286)	(16,148)
Proceeds from issuance of stock	141,841	-
Proceeds from issuing stock to minority stockholders	-	1,371
Payment for dividends	(1,933)	(9,739)
Payment for acquisition of treasury stock	(1,086)	(5,501)
Other, net	(5,527)	235
Net cash provided by (used in) financing activities	173,791	114,504
equivalents	(136)	(110)
V. Net increase (decrease) in cash and cash equivalents	4,753	(36,528)
VI. Cash and cash equivalents at the beginning of the period	143,436	179,964
VIII. Cash and cash equivalents at the end of the period	148,189	143,436

Supplementary cash flow information

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

	Yen(Millions)	
	FY2009	FY2008
Cash	13,246	59,668
Time deposits with maturities of more than three months	(631)	(713)
Marketable securities	180,576	84,483
Marketable securities with maturities of more than three months	(45,002)	(2)
Cash and cash equivalents at the end of period	148,189	143,436

Notes to Consolidated Financial Statements

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

FY2009

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

Inventories are stated at cost principally based on the moving average method for aircraft spare parts, and mainly first-in, first-out method for miscellaneous supplies.

Net book value of inventories in the consolidated balance sheet is written-down when their net realizable values decline.

(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 mainly

Domestic type equipment..... 17 years mainly

(Supplementary information, since FY2008)

Effective April 1, 2008, the Company and certain subsidiaries have changed their useful life of machinery and equipment based on an amendment to the Corporation Tax Law of Japan. The effect of the change on operating income and loss before income taxes and minority interests for the fiscal year ended March 31, 2009 was immaterial.

(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 transported, 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 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.

(Partial Revisions to Accounting Policies Relating to Employees' Retirement Benefits (Part 3), since FY2009)

Effective April 1, 2009, the Company and its subsidiaries had applied the Partial Revisions to Accounting Standards Relating to Employees' Retirement Benefits (Part 3). This will have no impact on operating loss, recurring loss, or net loss before tax and minority interests.

(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 and Examiner's Report from Korean Fair Trade Commission with respect to alleged anti-competitive behavior 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.

(s) Regarding the accounting of Trust Type Employee Stock Ownership Incentive Plan, since FY2008

The Company introduced a "Trust Type Employee Stock Ownership Incentive Plan". The purposes of this plan are to: increase incentives for the Company's employees to accumulate their own property as a part of the Company's benefit plan and to endeavor to enhance the Company's corporate value; as well as to ensure stable provision of the Company's shares to the Employee Stock Ownership Group (the "ESOP Group").

Under this plan, the "Employee Stock Ownership Trust (the "ESOP Trust")", which was established for the purpose of transferring the Company's shares to the ESOP Group, acquires the Company's shares in advance in a quantity sufficient for the ESOP Group to obtain for the next five years, and subsequently sells those shares to the ESOP Group.

Taking the conservative view and focusing on the economic substance, the accounting treatment for the acquisition and sale of the Company's shares is based on the assumption that the Company and the ESOP Trust form substantially a single entity given that the Company guarantees the ESOP Trust's liability. Therefore, the Company's shares owned by the ESOP Trust as well as the assets and liabilities and income and expenses of the ESOP Trust are included in the consolidated balance sheets, consolidated statements of operations, consolidated statements of changes in net assets and consolidated statements of cash flows of the Company. The number of the Company's shares owned by the ESOP Trust as of March 31, 2009 was 12,157,000.

Changes in accounting policies

(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.

(Changes to Accounting Standards for Construction Sales and Cost, since FY2009)

Effective April 1, 2009, the Company and its subsidiaries had applied the Accounting Policies for Construction Contracts and the Guideline for Accounting Policies for Construction Contracts. Starting with construction contracts begun in the current fiscal year, they are applying the construction-progress standard for progress made on construction by the end of the fiscal year, where the certainty of the results have been recognized, they are applying the construction-completion standard for other construction. This will have no impact on our operating revenues, operating loss, recurring loss, or net loss before tax and minority interests.

3. Marketable securities and investments in securities

Market value information is summarized as follows:

Held-to-maturity securities having market value

	Yen(Millions)	
	FY2009	FY2008
Gross unrealized gain:		
Cost	1	3
Market value	1	3
	0	0
Gross unrealized loss:		
Cost	-	-
Market value	-	-
	-	-
Net unrealized gain	-	-

Other securities having market value

	Yen(Millions)	
	FY2009	FY2008
Gross unrealized gain:		
Cost	12,245	6,670
Market value	16,975	13,245
	4,730	6,575
Gross unrealized loss:		
Cost	4,278	14,531
Market value	3,463	9,298
	(815)	(5,233)
Net unrealized gain	3,915	1,342

Sell-off of other securities

	Yen(Millions)	
	FY2009	FY2008
Proceeds	171	72
Gain on sale	18	30
Loss on sale	122	1

Breakdown of other securities not having market value

	Yen(Millions)	
	FY2009	FY2008
Bonds held to maturity	-	-
Other securities	193,483	102,556
	193,483	102,556

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

	Yen(Millions)	
	FY2009	FY2008
Bonds:		
Within 1 year	2	2
Over 1 year to 5years	11	13
Over5 years to 10 years	-	-
Over 10 years	-	-
Others:		
Within 1 year	180,774	84,481
Over 1 year to 5years	-	-
Over5 years to 10 years	-	-
Over 10 years	-	-
Total:		
Within 1 year	180,776	84,483
Over 1 year to 5years	11	13
Over5 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 April 1, 2009 for the exemption from past payments of the substituted portion of the pension fund.

	Yen(Millions)	
	FY2009	FY2008
Retirement benefit obligation	(268,131)	(269,719)
Plan assets at fair value	96,703	82,956
Unfunded retirement benefit obligation	(171,428)	(186,763)
Unfunded net transitional retirement benefit obligation	32,125	39,187
Unrecognized actuarial loss	40,501	52,258
Unrecognized prior service cost	(20,406)	(21,396)
Gross amount recognized	(119,208)	(116,714)
Prepaid pension cost	217	203
Accrual employees' retirement benefits	(119,425)	(116,917)

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)	
	FY2009	FY2008
Service cost	10,778	10,407
Interest cost	6,682	6,508
Expected return on plan assets	(3,302)	(4,022)
Amortization of net retirement benefit obligation at transition	6,423	6,534
Amortization of accrual loss	7,147	5,411
Amortization of prior service cost	(3,997)	(3,854)
Net periodic pension and severance cost	23,731	20,984
Other	921	789
Total	24,652	21,773

Note :

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

	Yen(Millions)	
	FY2009	FY2008
Special retirement benefit	4,467	660

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)	
	FY2009	FY2008
Differed tax assets:		
Accrued employees' retirement benefits	47,986	46,882
Accrued bonuses to employees	4,674	5,065
Unrealized gain on inventories and property and equipment	13,342	13,159
Provision for potential loss on antitrust law	6,765	6,505
Tax loss carried forward	77,120	37,145
Valuation loss on investments in securities	2,306	3,532
Loss on deferred hedging	8,870	55,453
Others	7,037	10,401
Total gross deferred tax assets	168,100	178,142
Less valuation allowance	(12,463)	(13,255)
Total net deferred tax assets	155,637	164,887
Unrealized gains (losses) on securities	(1,724)	(2,540)
Reserve for special taxation measures law	(4,060)	(4,038)
Others	(986)	(3,494)
Total gross deferred tax liabilities	(6,770)	(10,072)
Net deferred tax assets	148,867	154,815

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

	Yen (millions)	
	FY2009	FY2008
Current assets - Deferred tax assets	24,715	73,296
Fixed assets - Deferred tax assets	124,558	81,589
Fixed liabilities-deferred tax liabilities	(406)	(70)

Reconciliation of the difference between the statutory tax rate and the effective income tax rate for the year ended March 31, 2009 and 2010 is not disclosed because of the loss before income taxes and minority interests.

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.

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)	
	FY2009	FY2008
Current portion of operating lease obligations	33,974	33,818
Long-term operating lease obligations	143,343	161,077
	<u>177,317</u>	<u>194,895</u>

Lessor

(c) Operating leases

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

	Yen (Millions)	
	FY2009	FY2008
Current portion of operating lease obligations	1,331	1,118
Long-term operating lease obligations	3,636	3,977
	<u>4,967</u>	<u>5,095</u>

7. Segment information

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

Segment information is as follows:

<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

<FY2009 Apr.1- Mar.31>						Yen (Millions)
	Air Transportation	Travel Services	Other Businesses	Total	Eliminations	Consolidated
Operating revenues	988,865	150,763	88,725	1,228,353	-	1,228,353
Intra-group sales and transfers	98,992	16,213	49,045	164,250	(164,250)	-
Total	1,087,857	166,976	137,770	1,392,603	(164,250)	1,228,353
Operating expenses	1,145,454	166,994	134,718	1,447,166	(164,566)	1,282,600
Operating income (loss)	(57,597)	(18)	3,052	(54,563)	316	(54,247)
Identifiable assets	1,779,683	41,488	113,870	1,935,041	(75,956)	1,859,085
Depreciation and amortization	111,310	295	2,201	113,806	-	113,806
Impairment loss	1,253	-	-	1,253	-	1,253
Capital expenditure	207,897	33	3,442	211,372	(1,435)	209,937

Overseas sales

	Yen (Millions)	
	FY2009	FY2008
Overseas net sales	118,129	141,069
Consolidated net sales	1,228,353	1,392,581
Overseas net sales as a percentage of consolidated net sales:	9.6%	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 and falling fair market value of unused assets, 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 (¥1,253 million) under extraordinary losses.

Yen(millions)			
FY2009 as of Mar.31			
Application	Category	Location	Impairment loss
Business assets	Aircraft	-	284
	Building	Hokkaido	785
Assets expected to be sold	Building and Land	Shizuoka and Gunma	28
Unused	Land	Osaka	156

9. Breakdown of Operating Revenues (Consolidated)

	Yen (Millions)				
	FY2009 Apr.1- Mar.31	% of total	FY2008 Apr.1- Mar.31	% of total	Difference
Domestic routes					
Passenger	630,976	45.3%	699,389	44.7%	(68,413)
Cargo	31,829	2.3%	33,097	2.1%	(1,268)
Mail	3,545	0.3%	3,914	0.2%	(369)
Baggage Handling	437	0.0%	333	0.0%	104
Subtotal	666,787	47.9%	736,733	47.0%	(69,946)
International routes					
Passenger	214,124	15.4%	291,077	18.6%	(76,953)
Cargo	55,750	4.0%	69,069	4.4%	(13,319)
Mail	3,260	0.2%	3,672	0.2%	(412)
Baggage Handling	473	0.0%	531	0.0%	(58)
Subtotal	273,607	19.6%	364,349	23.2%	(90,742)
Revenues from scheduled flights	940,394	67.5%	1,101,082	70.2%	(160,688)
Other operating revenues	147,463	10.6%	128,443	8.2%	19,020
Subtotal	1,087,857	78.1%	1,229,525	78.4%	(141,668)
Travel Services					
Package tours (Domestic)	132,459	9.5%	143,981	9.2%	(11,522)
Package tours (International)	21,189	1.5%	29,655	1.9%	(8,466)
Other revenues	13,328	1.0%	15,144	1.0%	(1,816)
Subtotal	166,976	12.0%	188,780	12.1%	(21,804)
Other Businesses					
Trading and retailing	92,987	6.7%	100,980	6.4%	(7,993)
Information and telecommunications	25,806	1.9%	25,932	1.7%	(126)
Real estate & building maintenance	10,227	0.7%	10,775	0.7%	(548)
Other revenues	8,750	0.6%	10,519	0.7%	(1,769)
Subtotal	137,770	9.9%	148,206	9.5%	(10,436)
Total operating revenues	1,392,603	100.0%	1,566,511	100.0%	(173,908)
Intercompany eliminations	(164,250)	-	(173,930)	-	9,680
Operating revenue (Consolidated)	1,228,353	-	1,392,581	-	(164,228)

Notes:

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

10.Overview of Airline Operating Results (Consolidated)

	FY2009 Apr.1- Mar.31	FY2008 Apr.1- Mar.31	Year on Year (%)
Domestic routes			
Number of passengers	39,894,927	42,753,008	93.3
Available seat km (thousand km)	57,104,569	59,222,096	96.4
Revenue passenger km (thousand km)	35,397,606	37,596,329	94.2
Passenger load factor (%)	62.0	63.5	(1.5)
Available cargo capacity (thousand ton- Cargo (tons)	1,893,226 458,732	- 475,014	- 96.6
Cargo traffic volume (thousand ton-km)	453,640	463,712	97.8
Mail (tons)	32,859	37,997	86.5
Mail traffic volume (thousand ton-km)	33,421	37,035	90.2
Cargo and mail load factor (%)	25.7	-	-
International routes			
Number of passengers	4,666,704	4,432,148	105.3
Available seat km (thousand km)	26,723,770	27,905,056	95.8
Revenue passenger km (thousand km)	20,220,904	19,360,691	104.4
Passenger load factor (%)	75.7	69.4	6.3
Available cargo capacity (thousand ton- Cargo (tons)	2,687,955 422,449	- 354,251	- 119.3
Cargo traffic volume (thousand ton-km)	1,717,270	1,652,872	103.9
Mail (tons)	20,570	18,772	109.6
Mail traffic volume (thousand ton-km)	105,221	100,929	104.3
Cargo and mail load factor (%)	67.8	-	-
Total			
Number of passengers	44,561,631	47,185,156	94.4
Available Seat-Km (thousand km)	83,828,339	87,127,152	96.2
Revenue Passenger-Km (thousand km)	55,618,510	56,957,020	97.6
Passenger load factor (%)	66.3	65.4	1.0
Available cargo capacity (thousand ton- Cargo (tons)	4,581,181 881,181	- 829,266	- 106.3
Cargo traffic volume (thousand ton kg)	2,170,911	2,116,585	102.6
Mail (tons)	53,429	56,769	94.1
Mail traffic volume (thousand ton kg)	138,642	137,964	100.5
Cargo and mail load factor (%)	50.4	-	-

Notes:

1. Number of domestic passengers includes code share flights (IBEX airlines co., Ltd. , Hokkaido International Airlines co., Ltd., Skynet Asia Airways Co., Ltd and StarFlyer Inc. and Oriental Air Bridge Co., Ltd)
2. Domestic available cargo capacity includes code share flights with Hokkaido International Airlines Co., Ltd. and Skynet Asia Airways Co., Ltd.
3. International available cargo capacity includes code share flights and land transportation.
4. International cargo and mail for FY2008 includes the results of ABX Air, Inc.
5. Each result does not include the results of charter flights.
6. Domestic routes' data include results of night cargo flights.
7. Available cargo capacity is the total cargo capacity available for each sector multiplied by distance traveled.
8. Cargo and mail load factor = Cargo and Mail traffic volume / available cargo capacity.

ANA reports non-consolidated financial results for FY2009

1. Non-consolidated financial highlights for the period ended March 31, 2010

(1) Summary of non-consolidated operating results	Yen (Millions)			
	FY2009	Year on	FY2008	Year on
	Apr.1 - Mar.31	Year (%)	Apr.1 - Mar.31	Year (%)
Operating revenues	1,072,967	(14.1)	1,248,647	(6.9)
Operating income(loss)	(61,230)	-	(712)	-
Recurring profit(loss)	(90,205)	-	(3,521)	-
Net income (loss)	(58,751)	-	(1,832)	-
Net income(loss) per share	(25.25) yen		(0.94) yen	

(2) Summary of Non-consolidated financial positions	Yen (Millions)
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	FY2009		FY2008	
Total assets	1,797,194		1,697,188	
Total net assets	446,670		296,376	
Net worth / total assets	24.9 %		17.5 %	
Net worth per share	178.20 Yen		153.30 Yen	

2. Forecast of non-consolidated operating results for the period ending March 31, 2011

	Yen (Millions)
Operating revenue	1,190,000
Operating income	36,000
Recurring profit	10,000
Net income	4,000

Note: Forecast of net income per share: 1.60yen

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.

3. Non-consolidated Financial Statement

(1) Non-consolidated Balance sheets

Yen (Millions)

Assets	FY2009 as of Mar.31	FY2008 as of Mar.31
Current assets	383,516	412,323
Cash and deposits	1,252	48,927
Trade accounts receivable	84,402	79,236
Marketable securities	180,540	84,320
Inventories	52,699	52,625
Payment in advance	9,267	6,717
Prepaid expenses	8,827	8,113
Short-term loans receivable	682	708
Other account receivable	12,918	52,647
Differed income tax - current	19,263	68,162
Other	13,717	11,169
Allowance for doubtful accounts	(56)	(305)
Fixed assets	1,412,882	1,284,709
Tangible fixed assets	1,133,362	1,062,445
Buildings	95,254	88,147
Structures	1,914	2,045
Flight equipment	645,275	631,985
Machinery and equipment	21,730	16,608
Transportation equipment other than aircraft	2,274	2,486
Tools and fixtures	10,154	11,349
Land	51,132	50,703
Leased assets	42,698	53,104
Construction in progress and advance payment on aircraft purchase contracts	262,927	206,015
Intangible fixed assets	64,401	56,783
Facilities deposits	4	5
Software	63,339	55,292
Other	1,057	1,484
Investments and others	215,119	165,480
Investment in securities	35,754	38,571
Investment in subsidiaries and affiliates	35,676	29,692
Long-term loans receivable	7,886	6,870
Housing loans to employees	299	345
Long-term prepaid expenses	2,736	1,672
Differed income tax – long term	107,946	65,110
Other	25,963	23,601
Allowance for doubtful accounts	(1,144)	(384)
Deferred assets	795	154
Stock insurance expenses	689	-
Bond insurance expenses	105	154
Total assets	1,797,194	1,697,188

Liabilities	FY2009 as of Mar.31	FY2008 as of Mar.31
Current liabilities	481,540	505,885
Trade accounts payable	136,237	134,230
Short-term debt	75,947	87,809
Current portion of long-term debt	98,850	79,699
Current portion of bonds payable	40,000	30,000
Lease obligation	11,257	11,090
Non operating account payable	10,838	14,458
Accrued expenses	12,299	12,557
Accrued income tax	783	-
Deposit	805	622
Advance ticket sales	53,033	45,104
Accrued bonuses to employees	3,695	4,344
Provision for potential loss on antitrust proceedings	16,846	16,198
Other	20,944	69,769
Long-term liabilities	868,983	894,926
Bonds payable	95,000	135,000
Long-term debt payable	626,119	543,515
Lease obligation	36,046	44,300
Accrued employees' retirement benefits	92,627	90,688
Retirement benefit for directors and Cooperate Auditors	135	240
Provison of loss on related company	-	255
Other	19,053	80,924
Total liabilities	1,350,523	1,400,812
Net assets		
Shareholders' equity	458,254	377,265
Common stock	231,381	160,001
Capital surplus	196,248	125,333
Retained earnings	37,595	98,279
Treasury stock	(6,970)	(6,350)
Valuation, translation adjustments and others	(11,584)	(80,888)
Net unrealized holding gain on securities	1,627	1,738
Deferred loss/gain on hedging instruments	(13,212)	(82,627)
Total Net assets	446,670	296,376
Total liabilities and net assets	1,797,194	1,697,188

Note:

	Yen (Millions)	
	FY2009	FY2008
	As of Mar.31	As of Mar.31
Accumulated depreciation	829,652	795,024
Contingent liabilities	146	162

(2) Non-consolidated Statements of Income

Yen (Millions)

	FY2009 Apr.1 - Mar.31	FY2008 Apr.1 - Mar.31
Operating revenues and expenses		
Operating revenues	1,072,967	1,248,647
Operating expenses	963,701	1,058,691
Sales, general and administrative expenses	170,496	190,668
Operating income (loss)	(61,230)	(712)
Non-operating income and expenses		
Non-operating income	12,382	28,761
Interest income	1,165	1,524
Other	11,217	27,236
Non-operating expenses	41,357	31,569
Interest expenses	18,237	14,941
Other	23,119	16,627
Total Recurring Profit (Loss)	(90,205)	(3,521)
Extraordinary gains	741	5,009
Gain on sale of shares of affiliates	-	707
Gain on sale of investment securities	10	2
Reversal of allowance for doubtful account	4	10
Income from compensation	272	678
Gain on insurance adjustment	-	2,869
Other	452	740
Extraordinary losses	9,716	7,250
Loss on sale of property and equipment	67	-
Loss on retirement of property and equipment	734	122
Impairment loss	1,069	-
Valuation loss on investment securities	496	3,482
Provision for loss on antitrust proceedings	648	-
Special retirement benefit	3,629	283
Expenses related to antitrust proceedings	856	2,104
Other	2,214	1,257
Net income (loss) before taxes	(99,180)	(5,762)
Income taxes	(724)	(2,246)
Income taxes deferred	(39,705)	(1,683)
Net income (loss)	(58,751)	(1,832)

(3) Non-consolidated Statements of Changes in Net Assets

Yen (Millions)

	FY2009 Apr.1 - Mar.31	FY2008 Apr.1 - Mar.31
Shareholders' equity		
<u>Common stock</u>		
Balance at the end of previous period	160,001	160,001
Changes of items during the period		
Issuance of stock	71,380	-
Total changes during the period	71,380	-
Balance at the end of the period	231,381	160,001
<u>Capital surplus</u>		
Balance at the end of previous period	125,333	125,363
Changes of items during the period		
Issuance of stock	71,380	-
Disposal of treasury stock	(465)	(29)
Total changes during the period	70,914	(29)
Balance at the end of the period	196,248	125,333
<u>Retained earnings</u>		
Balance at the end of previous period	98,279	109,851
Changes of items during the period		
Dividends from retained earnings	(1,933)	(9,738)
Net income (loss)	(58,751)	(1,832)
Total changes during the period	(60,684)	(11,571)
Balance at the end of the period	37,595	98,279
<u>Less treasury common stock, at cost</u>		
Balance at the end of previous period	(6,350)	(878)
Changes of items during the period		
Purchase of treasury stock	(2,462)	(6,121)
Disposal of treasury stock	1,841	649
Total changes during the period	(620)	(5,471)
Balance at the end of the period	(6,970)	(6,350)
<u>Total shareholders' Equity</u>		
Balance at the end of previous period	377,265	394,337
Changes of items during the period		
Issuance of stock	142,761	-
Dividends from retained earnings	(1,933)	(9,738)
Net income (loss)	(58,751)	(1,832)
Purchase of treasury stock	(2,462)	(6,121)
Disposal of treasury stock	1,375	620
Total changes during the period	80,989	(17,072)
Balance at the end of the period	458,254	377,265

	FY2009 Apr.1 - Mar.31	FY2008 Apr.1 - Mar.31
Valuation, translation adjustments and others		
<u>Net unrealized holding gain on securities</u>		
Balance at the end of previous period	1,738	7,672
Changes of items during the period		
Net changes of items other than shareholders' equity	(110)	(5,934)
Total changes during the period	(110)	(5,934)
Balance at the end of the period	1,627	1,738
<u>Deferred gain on hedging instruments</u>		
Balance at the end of previous period	(82,627)	22,433
Changes of items during the period		
Net changes of items other than shareholders' equity	69,415	(105,060)
Total changes during the period	69,415	(105,060)
Balance at the end of the period	(13,212)	(82,627)
Total valuation, translation adjustments and others		
Balance at the end of previous period	(80,888)	30,106
Changes of items during the period		
Net changes of items other than shareholders' equity	69,304	(110,994)
Total changes during the period	69,304	(110,994)
Balance at the end of the period	(11,584)	(80,888)
Total net assets		
Balance at the end of previous period	296,376	424,443
Changes of items during the period		
Issuance of stock	142,761	-
Dividends from retained earnings	(1,933)	(9,738)
Net income (loss)	(58,751)	(1,832)
Purchase of treasury stock	(2,462)	(6,121)
Disposal of treasury stock	1,375	620
Net changes of items other than shareholders' equity	69,304	(110,994)
Total changes during the period	150,294	(128,067)
Balance at the end of the period	446,670	296,376

Note: Type and number of treasury stocks (thousands)

	FY2008 As of Mar.31	Increase FY2009	Decrease FY2009	FY2009 As of Mar.31
Treasury Stock				
Common Stock	16,605	6,640	4,892	18,354
Total	16,605	6,640	4,892	18,354

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

Inventories are stated at cost principally based on the moving average method for aircraft spare parts, and mainly first-in, first-out method for miscellaneous supplies.

Net book value of inventories in the consolidated balance sheet is written-down when their net realizable values decline.

(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

(Supplementary information, since FY2008)

Effective April 1, 2008, the Company have changed their useful life of machinery and equipment based on an amendment to the Corporation Tax Law of Japan. The effect of the change on operating income and loss before income taxes and minority interests for the fiscal year ended March 31, 2009 was immaterial.

(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.

(g) Bond issuance costs and 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.

(Partial Revisions to Accounting Policies Relating to Employees' Retirement Benefits (Part 3), since FY2009)

Effective April 1, 2009, the Company and its subsidiaries had applied the Partial Revisions to Accounting Standards Relating to Employees' Retirement Benefits (Part 3). This will have no impact on operating loss, recurring loss, or net loss before tax and minority interests.

(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 Objections from European Commission and Examiner's Report from Korean Fair Trade Commission with respect to alleged anti-competitive behavior in Air Freight Transport Services, 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

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

(o) Revenue and cost recognition

Passenger revenues are recorded when services are rendered.

(Changes to Accounting Standards for Construction Sales and Cost, since FY2009)

Effective April 1, 2009, the Company had applied the Accounting Policies for Construction Contracts and the Guideline for Accounting Policies for Construction Contracts. Starting with construction contracts begun in the current fiscal year, the Company is applying the construction-progress standard for progress made on construction by the end of the fiscal year, where the certainty of the results have been recognized, it is applying the construction-completion standard for other construction. This will have no impact on our operating revenues, operating loss, recurring loss, or net loss before tax and minority interests.

(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.

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.

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)	
	FY2009	FY2008
Current portion of operating lease obligations	31,378	31,289
Long - term operating lease obligations	134,371	152,241
	165,749	183,530

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)	
	FY2009	FY2008
Current portion of operating lease obligations	1,062	847
Long - term operating lease obligations	2,624	2,685
	3,686	3,532

Marketable securities and investments in securities

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

	Yen (Millions)					
	FY2009			FY2008		
	Cost	Market value	Difference	Cost	Market	Difference
Subsidiaries	-	-	-	-	-	-
Affiliates	1,897	8,981	7,084	675	3,355	2,680
	1,897	8,981	7,084	675	3,355	2,680

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 slumping performance in business assets, 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 (¥1,069 million) under extraordinary losses.

Application	FY2009 as of Mar.31		
	Category	Location	Impairment loss
Business assets	Aircraft	-	284
	Building	Hokkaido	785

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)	
	FY2009	FY2008
Deferred tax assets:		
Accrued employees' retirement benefits	37,199	36,420
Provision for potential loss on antitrust proceedings	6,765	6,505
Approximation of accrued sales charge payable	7,428	7,267
Accrued bonuses to employees	1,484	1,744
Valuation loss on investment securities	1,807	3,033
Loss on deferred hedging	8,870	55,453
Tax loss carried forward	75,004	36,287
Other	8,002	10,058
Total gross deferred tax assets	146,563	156,770
Less valuation allowance	(12,962)	(13,904)
Total net deferred tax assets	133,600	142,865
Deferred tax liabilities:		
Unrealized holding gain/loss on securities	(1,698)	(2,516)
Reserve for special depreciation	(4,058)	(4,034)
Other	(633)	(3,042)
Total gross deferred tax liabilities	(6,390)	(9,592)
Net deferred tax assets	127,210	133,273

Reconciliation of the difference between the statutory tax rate and the effective income tax rate for the year ended March 31, 2009 and 2010 is not disclosed because of the loss before income taxes and minority interests.