

## ANA reports consolidated financial results for FY2010

### 1. Consolidated financial highlights for the period ended March 31, 2011

	Yen (Millions)			
	FY2010 Apr.1 - Mar.31	Year on Year (%)	FY2009 Apr.1 - Mar.31	Year on Year (%)
Operating revenues	1,357,653	10.5	1,228,353	(11.8)
Operating income (loss)	67,808	-	(54,247)	-
Recurring profit (loss)	37,020	-	(86,303)	-
Net income (loss)	23,305	-	(57,387)	-
Net income (loss) per share	9.29 yen		(24.67) yen	
Net income (loss) / Shareholders' equity	4.7 %		(14.4) %	
Recurring profit (loss) / Total assets	2.0 %		(4.8) %	
Operating income (loss) / Operating revenue	5.0 %		(4.4) %	
Gain (loss) on equity method	684		(204)	
Average number of shares of outstanding during the period (Consolidated)	2,507,572	thousands shares	2,326,547	thousands shares
Consolidated comprehensive income	38,377	226.4	11,759	-

	Yen (Millions)	
	FY2010 as of Mar. 31	FY2009 as of Mar. 31
Total assets	1,928,021	1,859,085
Total net assets	526,354	480,089
Net worth	520,254	473,552
Net worth / total assets	27.0 %	25.5 %
Net worth per share	207.35 yen	188.93 yen
Number of shares of outstanding at balance sheet date (consolidated)	2,524,959	2,524,959
	thousands shares	thousands shares

	Yen (Millions)	
	FY2010 Apr.1-Mar.31	FY2009 Apr.1-Mar.31
Cash flows from operating activities	203,889	82,991
Cash flows from investing activities	(139,619)	(251,893)
Cash flows from financing activities	(10,596)	173,791
Cash and cash equivalents at the end of the period	201,606	148,189

(4) Dividends						Yen
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of fiscal year	Full fiscal year	
Dividends per share						
FY2009	-	-	-	0.00	0.00	
FY2010	-	-	-	2.00	2.00	
FY2011 (Forecast)	-	-	-	-	-	

(5) Others

a. Scope of consolidation and application of the equity method

Number of consolidated subsidiaries: 64

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

Number of affiliates accounted for by the equity method: 20

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

	Consolidated	Equity method
Newly added	-	1
Excluded	8	-

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

d. Number of outstanding shares (Common stock)

	Shares (Thousands)			
	FY2010		FY2009	
Issued stock	as of Mar.31	2,524,959	as of Mar. 31	2,524,959
Treasury stock	as of Mar.31	15,903	as of Mar. 31	18,528
Average number during the period		2,507,572		2,326,547

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

**2. Forecast of consolidated operating results for the period ending March 31, 2012**

	Yen (Millions)
Operating revenue	-
Operating income	-
Recurring profit	-
Net income	-

The forecast for consolidated financial results for the fiscal year ending March 2012 is currently being reexamined to ascertain the impact of the Earthquake in the Northern Coast of Japan that occurred on March 11, 2011. Disclosure of that forecast will be made at such time when disclosure becomes possible.

# **1. Corporate Performance**

## **(1) Analysis of Operating Results**

### **1) Overview of the period ended March 31, 2011**

Although a trend of improving capital investments and consumer spending was observed in the Japanese economy during the fiscal year under review, there was an increased sense of uncertainty at the end of the period about the future of the business environment. This was due to concerns over the effect of the Great East Japan Earthquake,, in addition to a steep rise in crude oil prices, and concerns over financial market and exchange rate fluctuations.

Under this economic climate, consolidated results for the period were as follows:

Operating revenue :	¥1,357.6 billion, up 10.5% year-on-year
Operating income:	¥67.8 billion (¥54.2 billion operating loss, previous year)
Recurring profit	¥37.0 billion (¥86.3 billion recurring loss, previous year)
Net income:	¥23.3 billion (¥57.3 billion net loss, previous year)

On a non consolidated basis, the results were as follows;

Operating revenue :	¥1,191.5 billion, up 11.1% year-on-year
Operating income	¥60.0 billion (¥61.2 billion operating loss, previous year)
Recurring profit	¥31.6 billion (¥90.2 billion recurring loss, the previous year)
Net income	¥23.0 billion (¥58.7 billion net loss, the previous year).

The Great East Japan Earthquake had an impact on March results due to cancellation and restriction of leisure and business trips following the earthquake disaster, along with a reduction in the foreign travelers to Japan. In particular, the slump in leisure travel demand was severe. These influenced revenue down by approximately ¥12 billion in domestic passenger service and ¥3 billion in international passenger service. In addition, due to suspension of operations and restricted handling of imports immediately following the earthquake, international cargo traffic revenue was down by ¥10 million. As for travel service segment, revenue was down by approximately ¥5 billion. The whole impact was a decrease of approximately ¥19 billion, after intra-company elimination..

Performance by business segment was as follows (sales for each business segment include inter-segment sales, operating profit corresponds to segment profit).

## **Air Transportation**

Operating revenue for the air transportation segment for the period was ¥1,218.2 billion (up 11.9% year-on-year) and operating income was ¥60.5 billion (¥57.9 billion operating loss in the previous year). Details are outlined below.

As part of the FY2010-11 ANA Group Corporate Plan, two consolidated subsidiaries, Air Japan (the surviving company) and ANA & JP Express Co., Ltd. were merged on July 1, 2010, and three other consolidated subsidiaries—Air Nippon Network (the surviving company, name changed to ANA WINGS), Air Next Co., Ltd. and Air Central Co. Ltd. were merged on October 1, 2010.

### **① Domestic Passenger Services**

The number of passengers during the year surpassed that of the same period last year, with strong demand for both business and leisure travel, due in part to a rebound from the serious decline seen during the previous year caused by the H1N1 influenza. This was despite the impact of the Great East Japan Earthquake.

Within the route network, in conjunction with the opening of runway D at Haneda Airport and in addition to the Haneda-Tokushima route which resumed on October 31, efforts were made to strengthen the network by adding flights to the Haneda-Hiroshima/Takamatsu, Osaka(Itami)-Fukuoka/Matsuyama, Osaka(Kansai)-Chitose and Nagoya(Centrair)-Sendai routes. In addition, code sharing with IBEX Airlines Co., Ltd., Hokkaido International Airlines Co., Ltd., and Skynet Asia Airways Co., Ltd. was expanded to maintain and improve customer convenience. While flights were added and upsizing of aircraft was implemented during the summer and year-end periods when demand was brisk, the Nagoya(Centrair)-Yonago/Tokushima, and Osaka(Itami)-Odate/Iwami/Saga routes were discontinued from January to ensure ongoing matching of supply with demand.

On the sales and marketing front, more was done to become competitive and tap into latent demand by expanding our *Super Tabiwari* fares and offering new connection discounts under the *Noritsugi Tokuwari* plan. In addition, service was strengthened with commencement from April of the *ANA Card Family Mile* program, which enables family member miles to be combined and exchanged for flight awards.

As a result of the above measures, domestic routes carried 40.57 million passengers (up 1.1% year-on-year), and generated operating revenue of ¥652.6 billion (up 3.4% year-on-year), surpassing that of the same period last year.

## **② International Passenger Services**

In addition to the recovery of international flight operations at Haneda Airport, there was a noticeable recovery in demand for business travel across the board. Despite the decline in tourist travel to China due to the Senkaku Islands issue, and the impact of the Earthquake in the Northern Coast of Japan, passenger numbers for the period exceeded those of the previous period, when there was a significant drop in demand due to the H1N1 influenza pandemic,.

With the expansion of Haneda Airport's international flights, new routes were launched on October 31, consisting of Haneda-Los Angeles/Honolulu/ Bangkok/Singapore/Taipei (Songshang) routes, and flights on the Haneda-Seoul (Gimpo) route were increased. In all cases, including demand for connections from regional departures, the reception has been favorable in terms of load factor.

In addition to the expansion and commissioning of new routes in conjunction with the internationalization of Haneda Airport, new routes were added to Munich from July and to Manila at the end of February, with the Jakarta route recommencing in January. Further, capacity was expanded on routes such as the Narita-Shanghai (Pudong)/Qingdao and Haneda-Seoul (Gimpo)/Shanghai (Hongqiao) routes, where demand was anticipated by upsizing aircraft.

In terms of sales, passengers on China routes increased drastically in the first half of the year due to provision of travel products tailored to the World Expo in Shanghai, and continuation of a Visit Japan promotional campaign for Chinese travelers conducted since the previous period. Further, to commemorate the joint venture on Pacific routes commencing from April 2011, made possible under ATI approval, ANA, United and Continental conducted joint-fare sales for flights beginning in February.

In July, a new function was added to the ANA Web sites serving markets in Europe, China, and Asia, that allows for advance ticket purchases in each local currency, part of efforts to make the Web site even more user-friendly.

The new product and service concept "Inspiration of Japan" specification aircraft, introduced this period, were deployed on New York, Frankfurt and London routes and saw a high utilization rate.

As a result of the above, there were 5.16 million passengers on international routes (up 10.8% year-on-year), which surpassed that of the same period last year. Operating revenue was also better than last year at ¥280.6 billion (up 31.1% year-on-year), as unit prices improved along with the rebound in demand.

### **③ Cargo Services**

In domestic cargo services, ANA proactively captured demand for cargo connections to overseas routes from all over Japan, and respective seasonal demand, such as for flowers from Okinawa. However, cargo volume for the period fell short of the same period last year due to the large impact of reduced available space caused by downsizing of aircraft in the first half.

Tariffs for domestic cargo were partially revised in October, and a system was introduced that enabled freight space to be utilized more effectively.

As a result of the above, although domestic cargo volume handled in the period declined to 453,000 tons (down 1.1% year-on-year), operating revenue exceeded the previous period to reach ¥32.4 billion (up 1.8% year-on-year). The volume of domestic mail transported was 30,000 tons (down 5.8% year-on-year), while operating revenue declined to ¥3.4 billion (down 3.9% year-on-year).

In international cargo services, volume handled for the period was better than last year due to proactive capture of: demand from North America and Europe for auto parts; demand centered on liquid crystal, semiconductor and smart phone-related components within the Asian region, and demand for cargo to Japan emanating from North America and Europe during the continuing trend of a strong yen.

In terms of the network of cargo flight services, special cargo flights are established to quickly respond to locations and periods where local demand arises, with plans to capture demand by increasing daytime cargo flights on the high demand routes of Shanghai (Pudong)/Hong Kong/Taipei from October 31.

The Okinawa cargo hub network, which operates at nighttime, proactively captures demand in the Asia region and is achieving favorable results. Further, new cargo demand has been captured due to the increased cargo space on international passenger flights accompanying the internationalization of Haneda Airport in October. This includes third country cargo between North America and Asia. In addition, express service across overseas networks was enhanced using the internationalized Haneda Airport as a transfer station, adding to the existing Okinawa cargo hub network.

The above efforts led to international cargo transport volume of 557,000 tons (up 32.0% year-on-year) and operating revenue of ¥86.0 billion (up 54.4% year-on-year), surpassing the previous period. International mail transport volume was 22,000 tons (up 8.6% year-on-year), but operating revenues fell to ¥3.1 billion (down 2.5% year-on-year).

#### **④ Other Air Transport-Related Businesses**

Operating revenue from maintenance of other airline's aircraft and international express delivery services fell. However, revenue from outsourced ground services, such as passenger check-in and baggage handling services, increased. As a result, operating revenue from other air transport-related businesses was ¥159.9 billion (up 7.2% year-on-year), an increase over the previous period.

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 2011.

Aircraft	Purchased	Leased-in	Returned	Leased-out	Sold / Removed	Change	Reference
Boeing 747-400	—	—	2	—	—	△2	Returned: December 2010, 1 aircraft January 2011, 1 aircraft
Boeing 777-300	5	—	—	—	—	+ 5	Purchased: May 2010, 2 aircrafts June 2010, 1 aircraft July 2010, 2 aircrafts
Boeing 767-300	5	4	1	—	4	+ 4	Purchased: September 2010, 1 aircraft November 2010, 1 aircraft January 2011, 1 aircraft February 2011, 1 aircraft March 2011, 1 aircraft Leased-in October 2010, 1 aircraft January 2011, 1 aircraft March 2011, 2 aircrafts Sold: October 2010, 1 aircraft January 2011, 1 aircraft March 2011, 2 aircrafts Returned: February 2011, 1 aircraft

Aircraft	Purchased	Leased-in	Returned	Leased-out	Sold / Removed	Change	Reference
Airbus A320-200	—	—	1	—	—	△1	Returned: February 2011, 1 aircraft
Boeing 737-800	7	1	—	—	1	+ 7	Purchased: October 2010, 1 aircraft November 2010, 1 aircraft December 2010, 1 aircraft January 2011, 1 aircraft February 2011, 3 aircraft Leased-in : February 2011, 1 aircraft Sold : February 2011, 1 aircraft
Boeing 737-500	—	—	1	1	—	△2	Leased-out: March 2011, 1 aircraft Returned: March 2011, 1 aircraft
Bombardier DHC8-400	1	—	—	—	—	+ 1	Purchased: November 2010, 1 aircraft
Total	18	5	5	1	5	+ 12	—

## **Travel Services**

Operating revenue for travel services was lower than the previous period at ¥159.3 billion (down 4.5% year-on-year), however operating income exceeded the previous period at ¥2.6 billion (compared with a loss of ¥18.0 million) due to cost reduction efforts.

In domestic travel, *Tabisaku*, a dynamic package that allows for airline ticketing and lodging to be freely combined, has been producing favorable results. The mainstay ANA Sky Holiday also saw favorable results with its plan for travel from various localities to the Tokyo area, with the leading product being travel to Tokyo Disney Resort. In addition, travel to the Chugoku-Shikoku region has been popular, with the influence of NHK's serial television drama *Ryoma-den* also evident. However, domestic travel sales fell below the previous period due to sluggish results for leading destinations such as Hokkaido, Okinawa and Kyushu in the first half of the year, and cancellations due to the effect of the Earthquake in the Northern Coast of Japan.

In overseas travel, a series of events leading to reduced demand included the volcanic eruption in Iceland, Thailand's political instability, the Senkaku Islands issue, an attack on South Korea, and the Great East Japan Earthquake. However, overseas sales exceeded the previous period due to summertime charter flights to Honolulu from Haneda, and sales promotion of the package tours departing from Haneda Airport since the end of October.

In accordance with the FY2010-2011 ANA Group Corporate Plan, the four consolidated subsidiaries ANA Sales Co., Ltd. (the surviving company), ANA Sales Hokkaido Co., Ltd., ANA Sales Kyushu Co., Ltd. and ANA Sales Okinawa Co., Ltd. merged on October 1, 2010.

## **Other Business**

Operating revenue in the Other Business category was ¥138.9 billion, exceeding that of the previous period (up 1.1% year-on-year). Operating income was ¥4.8 billion, greatly exceeding that of the previous period (up 44% year-on-year), mainly due to cost reduction efforts.

All Nippon Airways Trading Co., Ltd., which engages in trading, distribution and retail sales, saw a recovery in its customer service business sector, mainly at its airport shops, as well as in its aircraft and machinery business, and posted an increase in revenue.

INFINI Travel Information, Inc., a provider of international route reservation and ticketing systems to airlines and travel agencies, saw an increase in the use of reservation and ticketing systems for international routes, resulting from the growth in demand for vacations to Asia, and recorded an increase in revenue.

## **2) Outlook for the Next Financial Year**

In addition to the anticipated downward pressure on GDP due to the impact of the Great East Japan Earthquake, it is thought that concerns over the effects of the Fukushima Nuclear Power Plant accident and power supply restrictions, along with decline in consumer confidence due to a sense of uncertainty about the future given these circumstances, will have a heavy impact on the Japanese economy.

Under these circumstances, partial amendments will be made to the FY2011-2012 ANA Group Corporate Plan (released on February 24, 2011) based on the effects of the earthquake on Company operations. At the same time, however, ANA will continue to steadily implement each strategy under the plan to achieve its business vision of becoming No.1 Airline in Asia..

While current demand for air transportation is recovering somewhat compared to immediately after the earthquake, ANA will overcome this unprecedented national crisis by means of the following emergency measures which account for approximately ¥30 billion cost reduction, to be taken in response to the revenue slump accompanying the sudden decrease in demand: A review of business plans centered around adjusting supply capacity, such as downsizing aircraft and reducing flights based on demand trends; and early development of improved income and expenditure focused on thorough cost management and reduction, including outsourcing, advertising and maintenance fees.

In domestic passenger operations, ANA will ensure competitive strength through its business base with the deployment of optimal aircraft in each market in response to demand conditions and the competitive environment, and by maintaining and improving the competitive strength of its timetables.

In terms of the route network, temporary downsizing of aircraft and flight cancellations on some routes are being carried out in response to the current decrease in demand. However, even after demand has recovered, ANA must deal with changes to the competitive environment, such as the opening of all Kyushu Shinkansen lines and a reduction in supply capacity by competitors. In addition, ANA will strive to maintain and improve convenience and profitability with measures to include resumption of the Matsuyama-Chitose route, and increasing the number of flights on Nagoya(Centrair)-Kumamoto routes, while proceeding with production capacity increases by improving aircraft operating ratio. Further, based on increased arrival/departure slots at Haneda Airport, including temporary utilization in the period prior to establishment of China-Japan aviation negotiations, an increase of seven round-trip flights per day is planned on the Haneda-Osaka(Itami) route.

In sales, with reduced demand resulting from the recent disaster anticipated for the beginning of the period, fare creation and various sales promotions will be deployed in order to stimulate demand.

In international passenger operations, the Narita-Haneda dual hub strategy, which makes maximum use of the respective features of Narita and Haneda Airports, will be promoted to strengthen the capture of demand for arrivals/departures in the Tokyo area, connections between Asia and North America at Narita, and connections from domestic Japanese flights at Haneda.

In terms of the route network, temporary downsizing of aircraft and flight cancellations on some routes are being carried out in response to the current decrease in demand. However, following the recovery of demand, under management's policy that growth in the Asia region will feed the growth of ANA overall, ANA will proceed with increasing the number of flights and aircraft size, with a focus mainly on China routes. In June, ANA plans to open access to inland regions of China by establishing a new Narita-Chengdu route, a move which is anticipated will increase medium- to long-term economic development and mobility. (These routes are subject to the approval of the authorities concerned. Haneda arrivals/departures for expanded China routes assume agreement is reached in China-Japan aviation negotiations.)

In sales, with reduced demand resulting from the recent disaster anticipated for the beginning of the period, fare creation and various sales promotions will be deployed in order to stimulate demand. Further, a joint venture with United and Continental Airlines commences on April 1 and preparations are proceeding with the aim of also starting a joint venture with Lufthansa beginning with the winter timetable.

In cargo operations, the reduction in demand is expected to be limited compared to passenger operations, which will call for the implementation of reliable revenue maximization and further progress with business model reforms. Above all, the aim is for rapid domestic ↔ international and international ↔ domestic connections, with the Okinawa cargo hub network and Haneda Airport as transfer stations, and to improve profitability with express and network strategies that fully utilize late night and early morning transportation. Further, ANA will continue to expand its market for internet bookings and its logistics solutions to promote its strategy of differentiation from

other companies.

In order to support these business developments and put the Group on the track to growth, this fiscal year's equipment plan includes strategic investment in the introduction of 23 aircraft. In addition to four mainstay Boeing 767-300ER aircraft and two Boeing 737-800 aircraft, three Bombardier DHC8-400 aircraft, and 14 Boeing 787 aircraft (delivered late due to repeated production delays) will be introduced. At the same time, nine aircraft will be retired starting with the Airbus A320-200, and further progress will be made with cost restructuring through the proactive introduction of low fuel consumption aircraft.

In Travel Services, ANA is confronting a drastic reduction in demand due to the effects of the recent earthquake disaster. However, ANA will bring a sense of urgency as it proceeds with a bold shift to direct sales, focusing on the internet, to support the diverse needs of its customers.

In Other Business, ANA aims to exploit the comprehensive strengths of the Group and contribute to increased profits Group-wide by restructuring existing operations and implementing expansion of external business.

Through these means, even given the uncertain and increasingly severe operating environment, ANA will work to solidly capture business opportunities, achieve value creation, and sustain a stable operation.

Furthermore, in order to fulfill its mission as a public transport organization, ANA Group will endeavor to maintain stable operations, and will work as a united Group in pushing ahead with maximum efforts towards the earliest possible recovery.

Note that the forecast for consolidated financial results for the fiscal year ending March 2012 is currently being reexamined to ascertain the impact of the Earthquake in the Northern Coast of Japan that occurred on March 11, 2011. Disclosure of that forecast will be made at such time when disclosure becomes possible.

## (2) Analysis of the Financial Situation

### 1). Financial Situation

**Assets:** Our liquid assets increased by ¥50.6 billion from the end of FY2009, and our fixed assets increased by ¥18.5 billion from the end of the previous year, resulting in assets of ¥1,928.0 billion (¥68.9 billion year-on-year increase).

**Liabilities:** While our liabilities increased due to procurement of financing by taking out new loans, resulting in a ¥22.6 billion increase in liabilities from the end of the previous year, to ¥1,401.6 billion. Note that our interest-bearing debt decreased by ¥2.8 billion year-on-year.

**Net assets:** Although our retained earnings were increased due to a net income for the fiscal year, our net assets were ¥526.3 billion (¥46.2 billion year-on-year increase).

### 2). Cash Flows

**Operating activities:** We had a net income of ¥35.0 billion for the period before tax adjustments. After applying depreciation, and other non-cash items, changes in sales-related debts and credits, and changes in taxes, our cash flows from operating activities were ¥203.8 billion.

**Investment activities:** As for our investment activities, our main expenditures were from the acquisition of aircraft, parts, and the like, as well as prepayment of aircraft scheduled for delivery, resulting in cash flows from investment activities of negative ¥139.6 billion. As a result, our free cash flows were positive ¥64.2 billion.

**Financial activities:** While our payments include payment of loans and leases, repayment of corporate bonds, and dividend payments, we secured financing through long-term loans and the issuance of new corporate bonds. As a result, our cash flows from financing activities were negative ¥10.5 billion.

As a result of the above, our cash and cash equivalents for the fiscal year were up ¥53.4 billion against the end of the previous year, and the balance was ¥201.6 billion.

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

Category	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Net worth ratio (%)	24.9	25.4	18.3	25.5	27.0
Net worth ratio based on market prices (%)	56.3	47.9	42.4	36.0	32.3
Debt repayment period (years)	4.7	4.6	-	11.3	4.6
Interest coverage ratio	8.9	10.7	-	4.6	10.7

- \* 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 / cash flow from operating activities  
Interest coverage ratio: cash flow from operating activities / interest payments

- Notes: 1. All indices are calculated from consolidated financial figures.  
2. The total market value of shares is calculated from the closing stock price at fiscal year-end, and the total number of shares issued as of the end of the fiscal year (less treasury stock).  
3. The cash flow from operating activities in the Consolidated Statements of Cash Flows is used as the cash flow from operating activities. Interest-bearing debt is all the debts recorded on the Consolidated Balance Sheet for which interests are

being paid.

### **(3) Dividend Policy and Dividends for the Current and Next Fiscal Periods**

In regards to dividend payments for the current period, in order to plan for steady profit growth in what is expected to be an increasingly competitive environment, and after review based on consideration of ANA's basic policy of further enhancement of internal reserves and strengthening of its financial status, a dividend of ¥2 per share is proposed.

ANA views the return of profits to shareholders as an important function of management, and has always worked to provide robust shareholder returns while maintaining a balance between returns and enhancing financial status to support future business expansion. Going forward, ANA will give careful consideration to future dividend payments based on future trends in such areas as its operating environment and business results. While the dividend for the next period has not yet been finalized, disclosure will be made at such time as an expected dividend can be disclosed.

### **(4) Operating Risks**

The following risks could significantly affect the judgment of investors in the ANA Group. These forward-looking statements are being made at the determination of the ANA Group as of the end of the fiscal year under review.

#### 1) Risks accompanying delay in economic recovery

The sluggish domestic economy may cause reduced demand for air travel due to deterioration in personal consumption and corporate profits. In addition, a weak international economy could cause a decline in air passenger demand and stagnation in the distribution of goods which may affect the Group's performance.

#### 2) Risks accompanying the impact of the Great East Japan Earthquake

The impact of the Great East Japan Earthquake is expected to exert downward pressure on the Japanese economy. There has been reduced business demand due to restriction of business trips by corporations and leisure travel demand has declined due to a general self-exercised restraint and cancellation of travel because of a sense of uncertainty about the future. This situation could possibly extend well into the future.

In addition, there has been an impact, particularly on Japan inbound demand, from fears of radioactive contamination resulting from the accident at Fukushima Nuclear Power Plant. This also includes the effect of rumors. This situation could possibly extend well into the future. If the effects of the accident become even more serious, airlines may face detours on operating routes and other restrictions.

In the event of power supply restrictions or major power outages, maintaining operation of essential Company systems, such as booking and flight management systems, will be impossible, which in turn may affect service provision and the maintenance of operations.

These impacts of the Great East Japan Earthquake may affect the Company's performance

#### 3) Risks related to corporate strategies

##### ① Risks related to fleet strategy

In air transportation operations, ANA 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, this fleet strategy could prove ineffective due to the factors given below, significantly diminishing expected benefits.

(i) Dependence on the Boeing Company

As of the end of March 2011, the Company had ordered 76 aircraft from Boeing, out of the 57 aircraft purchases mandated by our fleet strategy. If Boeing were unable to fulfill its agreements to ANA due to financial or other factors, ANA would be unable to acquire aircraft according to this fleet strategy. Such circumstances could significantly affect ANA's performance.

On January 18, 2011, Boeing announced a new production schedule for its 787 Dreamliner; scheduled delivery to ANA is expected to be delayed from January-March 2011 to July-September. Obstacles to the Company's medium-to-long term operations may arise if delivery is significantly delayed even further.

(ii) Delay of aircraft development plan

In accordance with its fleet strategy, ANA has decided to introduce the Mitsubishi Regional Jet (MRJ) currently being developed by Mitsubishi Aircraft Corporation. Significant delays in delivery of this aircraft, currently scheduled for sometime after FY2014, could create obstacles to ANA's medium-to-long term operations.

② Risks related to arrival/departure slots

Starting with the expansion of arrival/departure slots at Haneda airport in 2010, the expansion of Tokyo metropolitan airports is seen as a major business opportunity for ANA, and ANA has been making various investments and working to improve our infrastructure. The increased arrival/departure slots at Haneda in 2010 have already been allocated. However, an official announcement concerning specific details of allocations of the second phase of slot increases, taking annual arrival/departure slots to 407,000, has yet to be made, and a decision is pending. In light of this situation, if the size or timing of capacity expansion at both Tokyo metropolitan airports (Haneda and Narita) differs from Company assumptions, it could affect ANA'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.

④ Risks related to crude oil price fluctuations

The price of jet fuel fluctuates in conjunction with the price of crude oil, since jet fuel is derived from crude oil. This may affect the Company's performance as follows.

(i) 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 ANA. 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. ANA'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 ANA's transactions will not affect the spot market, and margins are adjusted monthly to avoid any physical delivery obligations.

Approximately 60% of the amounts involved are hedged for FY2011. However, should the price of crude oil increase further in the future, hedging transaction prices will generally increase in accordance with the market. Given the limitations of ANA's current efforts to offset high crude oil prices through cost reductions and higher fares and surcharges, resurgent crude oil prices could affect ANA's performance in the mid- to long-term.

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

ANA 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.

⑤ Risks related to infectious diseases such as H1N1 influenza

Outbreaks of serious contagious diseases, like H1N1 influenza, could drastically decrease demand not only for international services but also for ANA'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 ANA's performance.

Furthermore, 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 ANA's continuation of business.

⑥ Risks related to fluctuations in foreign exchange rates

Since jet fuel purchases, which account for a significant share of ANA's expenses, are conducted in foreign currencies, the depreciation of the yen has a significant effect on ANA'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, ANA 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.

⑦ Risks related to the international situation

ANA 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 ANA's performance due to an accompanying decrease in demand for travel to the affected region.

⑧ Risks related to statutory regulations

As an airline operator, ANA undertakes operations based on the stipulations of statutory regulations for airline operations. Further, ANA 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 the IATA (International Air Transport Association). Further, ANA's operations are constrained by Japanese Antimonopoly Act and similar laws and regulations in other countries with regard to the pricing of fares and charges.

⑨ Risks related to litigation

ANA may become involved in various litigation in relation to its business activities, which could affect ANA's performance. Further, ANA could be specifically sued in the wake of the following events and similar investigations could be initiated in other countries and regions.

(i) Antitrust Law Investigations in the U.S.A.

Since February 2006, ANA has cooperated with investigations by the U.S. Department of Justice (“DOJ”). As the result of a comprehensive review of various factors concerning international air cargo and passenger transport, a plea agreement was reached with the DOJ in November 2010 which included payment of a US\$73 million (approximately ¥5.9 billion) fine. Settlement was also reached in October 2010 concerning the class action related to air cargo in connection with this case, with conditions including payment of US\$10.4 million (approximately ¥800 million). As such, a ¥6.8 billion settlement payment is included in the financial results report for the first nine months of FY2010.

Note that because no claim amount has been specified with regards to the class action related to air passenger transport, a detailed analysis is difficult.

( ii ) Notice from the Korea Fair Trade Commission

The Korea Fair Trade Commission submitted an Examiner's Report in October 2009 regarding ANA's alleged violation of Korea's Monopoly Regulation and Fair Trade Act in the area of air cargo. Subsequently, an official announcement in relation to decision was made in May 2010 following a public hearing. In November 2010, ANA received a resolution notice ordering payment of 1.633 billion won (approximately ¥117 million) in charges. However, a revocation of that disposition was sought, with ANA's case presented to the Seoul High Court in December 2010.

A provision of ¥648 million for antitrust proceedings was recorded in the financial results report for FY2009 as the estimated future loss arising from this matter. However, a reversal of provision for loss on antitrust proceedings of ¥531 million was recorded among extraordinary gains in the financial report for the first nine months of FY2010.

⑩ Risks related to public-sector fees

Public-sector fees in relation to the air transportation business include airport usage fees such as landing fees and fees for use of navigation-aid facilities. Airport usage fees for the ANA Group in FY2010 totaled ¥93.2 billion. While the Japanese government has implemented measures to reduce the landing fee component of airport usage fees, these reduction measures may be curtailed or abolished in the future.

⑪ Risks related to environmental regulations

In recent years, as part of efforts to protect the global environment, numerous domestic and international regulations addressing such issues as aircraft emission of greenhouse gases (CO<sub>2</sub>, etc.), the usage and treatment of environmental pollutants, and energy use at major business operations have been introduced or strengthened. Compliance with such statutory regulations imposes a considerable cost burden on ANA; it may have to shoulder an even larger burden when current regulations are strengthened, or if new regulations such as the European Union Emission Trading Scheme and environmental taxes by various governments are introduced.

⑫ Risks related to the airline industry

The environment surrounding the airline industry is currently undergoing sweeping changes. In the global airline industry, factors including progress with open skies policies, the rise of low-cost carriers and deepening alliances between existing airlines are causing tectonic shifts in the competitive environment. Within Japan, there could be an effect on ANA's performance if drastic changes occur in the future to current competitive and industry environments; this includes changes to aviation policy and among rival companies, especially management trends at Japan Airlines, which has received public assistance.

⑬ Competitive risks

The possibility of increased expenses for ANA'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, ANA must secure income by reducing indirect fixed costs, enhancing efficiency through the

standardization of aircraft, and raising fares and fees. However, because ANA 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.

⑭ Risks related to ineffective strategic alliances

ANA 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 ANA's flights by members of partner airlines' mileage programs. Further, a joint venture on Pacific routes commenced on April 1, 2011 with United Airlines and Continental Airlines based on ATI (antitrust immunity) approval. However, the benefits of Star Alliance membership would diminish if a strategic partner were to leave the Alliance, bilateral cooperation was to be cancelled, its business were to deteriorate or undergo restructuring, or if regulations were to curtail alliance activities. Such circumstances could significantly affect ANA's performance.

Moreover, on February 23, 2011, ANA submitted an antitrust immunity (ATI) request to the Ministry of Land, Infrastructure, Transport and Tourism in conjunction with Star Alliance partner Lufthansa Airlines. However, non-approval of this ATI request, or an ineffective alliance strategy upon approval, could affect ANA's performance.

⑮ Risks related to flight operations

( i ) 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 ANA's performance. A major accident suffered by a competitor could similarly lead to a reduction in aviation demand that could affect ANA'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.

( ii ) 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 ANA's performance.

⑯ Risks related to leaked customer information

ANA holds a huge amount of customer information, including personal data on approximately 22 million AMC members (as of March 31, 2011). 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 ANA's performance.

⑰ Risks related to disasters

ANA'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 ANA'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 flights, which could also affect ANA's performance.

⑱ Risks related to cost structure

Fixed costs such as aircraft and personnel costs account for a high share of ANA's expenses, constraining it from adjusting the scale of operations 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.

⑲ 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 ANA's performance. The Group's information systems are also used by ANA's partner airlines, so any effects would not be confined to the Group.

Furthermore, if there are large scale electricity outages, or requests for conservation of electricity, there are concerns that there will be insufficient power to supply essential information systems of ANA, such as booking and operations management systems, which may affect maintenance of system operations.

⑳ Increase in the cost of raising funds

( i ) The Company acquires aircraft through bank loans, capital increases and bond issuances. Any future disruption in financial markets, reorganization of government financial agencies, or downgrading of ANA's credit rating may make it difficult or even impossible to raise funds on terms advantageous to the Company. Such circumstances could significantly affect ANA's performance.

( ii ) Risks related to asset impairment

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

## 2. 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

The Company acknowledges the requirement to reconstruct a business foundation to deal with sluggish economic conditions and rapidly changing business conditions on a global scale. In accordance with the FY2010-2011 ANA Group Corporate Strategy (released on March 19, 2010), the Company is placing the greatest importance on working to ensure profitability and the resumption of dividends, as well as to realize its hopes for the internationalization of Haneda Airport.

At present, while the Earthquake in the Northern Coast of Japan is having some impact on the performance of the Company, , looking forward to the future business environment, by FY2015 further progress is expected with capacity expansion at Tokyo metropolitan airports and with liberalization of aviation. The FY2011-2012 ANA Group Corporate Strategy (released on February 24, 2011) was compiled with the understanding that ANA will be facing an age of full-scale competition, not only with existing Japanese carriers, but with mega-carriers in Asia and the West, and with low-cost carriers (LCCs). As the impact of the earthquake disaster is ascertained going forward, ANA will continue amending its strategic plan, drilling down further while also accelerating implementation. The environment surrounding ANA fluctuates day by day, moment by moment, but the Company’s vision - becoming the number one airline group in Asia – does not change. ANA will move ahead with its goal of making major strides in FY2011, its primary principle always to maintain safe operations.

### 1) Strengthening the management base

#### (1) Safety

We will ensure a world class standard of safety across the entire Group by responding appropriately to new risks and bringing a global perspective to promoting safety and strengthening management systems.

#### (2) On-time operations

Creation of “on-time arrival quality” suiting the characteristics of routes and flights, by making efficient use of production assets, in order to survive global competition as a network carrier.

#### (3) Corporate social responsibility (CSR)

Toward the realization of a sustainable society, we will work to achieve accountability to stakeholders, as well as being sensitive in perceiving the expectations and demands of society with respect to the Group, tying those efforts to the actions of each individual.

### 2) Implementation of FY2011-2012 ANA Group Corporate Strategy

Close investigation of the impact of the Earthquake in the Northern Coast of Japan will proceed going forward. However, in order to survive as an airline group in the 21<sup>st</sup> century, ANA continues to work toward further growth and the realization of its vision of becoming the number one airline group in Asia. This will be achieved by positioning FY2011-2012 as a two-year period in which ANA will deal with the changing business environment and target greater growth by shifting toward a more stable business structure. Achievement of this business vision will center on improving management efficiency through maximum utilization of corporate resources, and on enhancing both basic quality and customer satisfaction.

① AIMS for FY2011-2012

- (i) Designating international operations as a growth pillar at the core of Group business
- (ii) Building corporate strength by using growth in the Asia region to feed growth of the Group itself
- (iii) Enhancing and strengthening the financial structure by reducing unit costs through productivity improvements, to ensure profits are recorded

② Key strategies

- (i) Implementation of a network strategy that makes maximum use of current Tokyo metropolitan airport arrival/departure slots
- (ii) Deepen global marketing with the driving force of expanded arrival/departure slots at Tokyo metropolitan airports
- (iii) Establish and deepen Okinawa hub and express business model
- (iv) Maintain and improve basic quality
- (v) Persistent review of productivity improvements and Group management systems

\*With regards to the Group operating company structure, commencement of preparations for unification of the Company with Air Nippon by the set date of April 1, 2012 to complete the 3-company system.

## IV.Consolidated Financial Statement

### 1.Consolidated Balance Sheets

Yen (Millions)

<b>Assets</b>	FY2010 as of Mar.31	FY2009 as of Mar.31
<b>Current assets</b>	472,187	421,516
Cash and deposits	36,956	13,246
Trade accounts receivable	95,756	96,833
Marketable securities	173,874	180,576
Inventories (Merchandise)	5,445	5,545
Inventories (Supplies)	50,014	51,365
Deferred income tax - current	38,618	24,715
Other	72,766	49,982
Allowance for doubtful accounts	(1,242)	(746)
<b>Fixed assets</b>	1,455,318	1,436,760
<b>Tangible fixed assets</b>	1,189,200	1,152,354
Buildings and structures	117,775	109,642
Flight equipment	714,572	646,100
Machinery, equipment and vehicles	25,457	26,395
Tools and fixtures	11,486	11,853
Land	57,279	51,617
Leased assets	35,904	43,796
Construction in progress and advance payment on aircraft purchase contracts	226,727	262,951
<b>Intangible fixed assets</b>	74,403	70,577
<b>Investments and others</b>	191,715	213,829
Investment in securities	51,079	50,588
Long-term loans receivables	5,075	4,223
Deferred income tax – long term	93,116	124,558
Other	43,329	35,829
Allowance for doubtful accounts	(884)	(1,369)
<b>Deferred assets</b>	516	809
<b>Total assets</b>	1,928,021	1,859,085

<b>Liabilities</b>	FY2010 as of Mar.31	FY2009 as of Mar.31
<b>Current liabilities</b>	447,591	472,613
Trade accounts payable	160,755	151,017
Short-term debt	166	29,096
Current portion of long-term debt	115,036	99,820
Current portion of bonds payable	20,000	40,000
Lease obligation	11,193	11,859
Accrued income tax	4,787	2,670
Accrued bonuses to employees	27,683	11,382
Provision for potential loss on antitrust proceedings	116	16,846
Asset retirement obligations	1,614	-
Other	106,241	109,923
<b>Long-term liabilities</b>	954,076	906,383
Bonds payable	95,000	95,000
Long-term debt payable	665,161	628,609
Lease obligation	32,263	37,307
Deferred tax	1,951	406
Accrued bonuses to employees	2,132	-
Accrued employees' retirement benefits	123,400	119,425
Retirement benefits for directors and Corporate Auditors	569	517
Asset retirement obligations	977	-
Negative goodwill	392	919
Other	32,231	24,200
<b>Total liabilities</b>	<b>1,401,667</b>	<b>1,378,996</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>	516,803	485,510
Common stock	231,381	231,381
Capital surplus	196,330	196,635
Retained earnings	94,892	64,510
Treasury stock	(5,800)	(7,016)
<b>Valuation, translation adjustments and others</b>	3,451	(11,958)
Net unrealized holding gain(loss) on securities	(810)	1,516
Deferred loss/gain on hedging instruments	5,010	(13,212)
Foreign currency translation adjustments	(749)	(262)
<b>Minority interests</b>	6,100	6,537
<b>Total Net assets</b>	<b>526,354</b>	<b>480,089</b>
<b>Total liabilities and net assets</b>	<b>1,928,021</b>	<b>1,859,085</b>

## 2. Consolidated Statements of Income and comprehensive income

Yen (Millions)

### Consolidated Statements of Income

	FY2010 Apr.1 - Mar.31	FY2009 Apr.1 - Mar.31
<b>Operating revenues and expenses</b>		
Operating revenues	1,357,653	1,228,353
Operating expenses	1,071,003	1,049,367
Sales, general and administrative expenses	218,842	233,233
Operating income(loss)	67,808	(54,247)
<b>Non-operating income and expenses</b>		
<b>Non-operating income</b>	9,096	11,269
Interest income	994	1,133
Dividnds income	1,603	1,539
Foreing exchange gain	1,437	1,694
Gain on sale of properties and equipments	414	1,092
Equity in earnings of affiliates	684	-
Other	3,964	5,811
<b>Non-operating expenses</b>	39,884	43,325
Interest expenses	19,314	18,160
Loss on sale of properties and equipments	2,197	5,660
Loss on disposal of properties and equipments	6,872	7,531
Provision for accrued employee's retirement benefits	6,425	6,423
Equity in losses of affiliates	-	204
Other	5,076	5,347
<b>Total Recurring Profit (loss)</b>	37,020	(86,303)
<b>Extraordinary gains</b>	16,882	2,274
Gain on sale of investment securities	-	18
Reversal of provision for loss on antitrust proceedings	16,729	-
Gain on transfer of benefit obligation relating to employees' pension fund	38	1,723
Income from compensation	76	273
Other	39	260
<b>Extraordinary losses</b>	18,844	11,564
Loss on disposal of properties and equipments	3,047	877
Impairment loss	315	1,253
Valuation loss on investment securities	3,536	644
Special retirement benefits	192	4,467
Settlement package	6,835	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	2,130	-
Provision for loss on antitrust proceedings	-	648
Expense reletad to antitrust proceedings	693	856
Other	2,096	2,819
<b>Net income(loss) before taxes</b>	35,058	(95,593)

Income taxes current	4,657	2,796
Income taxes deferred	7,377	(40,821)
Income before minority interests	23,024	-
Minority interests	(281)	(181)
<b>Net income (loss)</b>	23,305	(57,387)

**Consolidated Statements of comprehensive Income**

	FY2010 Apr.1 - Mar.31	FY2009 Apr.1 - Mar.31
<b>Income before minority interests</b>	23,024	-
Valuation difference on available-for-sale securities	(2,350)	-
Deferred gain(loss) on hedges	18,222	-
Foreign currency translation adjustments	(492)	-
Share of other comprehensive income of associates accounted for using equity method	(27)	-
<b>Other comprehensive income</b>	15,353	-
<b>Comprehensive income</b>	38,377	-
Comprehensive income attributable to owners of the parent	38,662	-
Comprehensive income attributable to minority interests	(285)	-

### 3. Consolidated Statements of Changes in Net Asset

Yen (Millions)

	FY2010 Apr.1 - Mar.31	FY2009 Apr.1 - Mar.31
<b>Shareholders' equity</b>		
<u>Common stock</u>		
Balance at the end of previous period	231,381	160,001
Changes		
Issuance of stock	-	71,380
Total changes	-	71,380
Balance at the end of the period	231,381	231,381
<u>Capital surplus</u>		
Balance at the end of previous period	196,635	125,720
Changes		
Issuance of stock	-	71,380
Disposal of treasury stock	(305)	(465)
Total changes	(305)	70,915
Balance at the end of the period	196,330	196,635
<u>Retained earnings</u>		
Balance at the end of previous period	64,510	123,830
Changes		
Dividends from retained earnings	-	(1,933)
Net income (loss)	23,305	(57,387)
Change of scope of equity method	7,077	-
Total changes	30,382	(59,320)
Balance at the end of the period	94,892	64,510
<u>Less treasury common stock</u>		
Balance at the end of previous period	(7,016)	(6,394)
Changes		
Purchase of treasury stock	(56)	(2,463)
Disposal of treasury stock	1,373	1,841
Change of scope of equity method	(101)	-
Total changes	1,216	(622)
Balance at the end of the period	(5,800)	(7,016)
<u>Total shareholders' equity</u>		
Balance at the end of previous period	485,510	403,157
Changes		
Issuance of stock	-	142,760
Dividends from retained earnings	-	(1,933)
Net income (loss)	23,305	(57,387)
Purchase of treasury stock	(56)	(2,463)
Disposal of treasury stock	1,068	1,376
Change of scope of equity method	6,976	-
Total changes	31,293	82,353
Balance at the end of the period	516,803	485,510

	FY2010 Apr.1 - Mar.31	FY2009 Apr.1 - Mar.31
<b>Valuation and translation adjustments and others</b>		
<u>Net unrealized holding gain on securities</u>		
Balance at the end of previous period	1,516	1,391
Changes		
Change of scope of equity method	52	-
Net changes of items other than shareholders' equity during the period	(2,378)	125
Total changes	(2,326)	125
Balance at the end of the period	(810)	1,516
<u>Deferred gain on hedging instruments</u>		
Balance at the end of previous period	(13,212)	(82,597)
Changes		
Net changes of items other than shareholders' equity during the period	18,222	69,385
Total changes	18,222	69,385
Balance at the end of the period	5,010	(13,212)
<u>Foreign currency translation adjustment and others</u>		
Balance at the end of previous period	(262)	(68)
Changes		
Net changes of items other than shareholders' equity during the period	(487)	(194)
Total changes	(487)	(194)
Balance at the end of the period	(749)	(262)
<u>Total valuation, translation adjustments and others</u>		
Balance at the end of previous period	(11,958)	(81,274)
Changes		
Change of scope of equity method	52	-
Net changes of items other than shareholders' equity during the period	15,357	69,316
Total changes	15,409	69,316
Balance at the end of the period	3,451	(11,958)
<b>Minority interest on consolidated subsidiaries</b>		
Balance at the end of previous period	6,537	3,914
Changes		
Net changes of items other than shareholders' equity during the period	(437)	2,623
Total changes	(437)	2,623
Balance at the end of the period	6,100	6,537
<b>Total net assets</b>		
Balance at the end of previous period	480,089	325,797
Changes		
Issuance of stock	-	142,760
Dividends from retained earnings	-	(1,933)
Net income (loss)	23,305	(57,387)
Purchase of treasury stock	(56)	(2,463)
Disposal of treasury stock	1,068	1,376
Change of scope of equity method	7,028	-
Net changes of items other than shareholders' equity during the period	14,920	71,939
Total changes	46,265	154,292
Balance at the end of the period	526,354	480,089

Note: Type and number of outstanding shares

(thousands)

	FY2009 As of Mar.31	Increase FY2010	Decrease FY2010	FY2010 As of Mar.31
Issued Stock				
Common Stock	2,524,959	-	-	2,524,959
Total	2,524,959	-	-	2,524,959
Treasury Stock				
Common Stock	18,528	1,026	3,651	15,903
Total	18,528	1,026	3,651	15,903

#### 4. Consolidated Statements of Cash Flows

Yen (Millions)

	FY2010 Apr.1 - Mar.31	FY2009 Apr.1 - Mar.31
<b>I. Cash flows from operating activities</b>		
Income (loss) before income taxes and minority interests	35,058	(95,593)
Depreciation and amortization	118,440	113,806
Impairment loss	315	1,253
Loss on adjustment for changes of accounting standard for asset retirement obligations	2,130	-
Settlement package	6,835	-
Loss (gain) on disposal and sale of fixed assets	11,749	13,134
Loss (gain) on valuation and sale of securities	3,536	824
Increase (decrease) in allowance for doubtful accounts	153	606
Increase (decrease) in accrued employees' retirement benefit	4,517	882
Interest and dividend income	(2,597)	(2,672)
Interest expense	19,314	18,160
Exchange loss (gain)	359	43
Special retirement benefit	192	4,467
Decrease (increase) in notes and accounts receivable-trade	1,088	(5,699)
Decrease (increase) in other receivable	2,938	6,214
Increase (decrease) in notes and accounts payable-trade	9,738	1,551
Other, net	18,194	7,754
Cash generated from operations	231,959	64,730
Interest and dividends received	2,235	2,801
Interest paid	(19,137)	(18,083)
Payments for extra retirement payments	(791)	(3,843)
Settlement package paid	(6,985)	-
Income taxes (paid) refund	(3,392)	37,386
Net cash provided by (used in) operating activities	203,889	82,991
<b>II. Cash flows from investing activities</b>		
Payment for purchase of short-term investment securities	(106,460)	(116,000)
Proceeds from sale of short-term investment securities	142,860	71,000
Payment for purchase of tangible fixed assets	(188,113)	(186,173)
Proceeds from sale of tangible fixed assets	38,190	9,963
Payment for purchase of intangible fixed assets	(23,585)	(23,764)
Payment for acquisition of investments in securities	(20)	(77)
Proceeds from sale of investments in securities	502	338
Payment for purchasing subsidiaries' stock on change in scope of consolidation	-	(2,374)
Payment for loan receivable	(3,126)	(3,289)
Proceeds from collection of loan receivable	765	2,201
Other, net	(632)	(3,718)
Net cash provided by (used in) investing activities	(139,619)	(251,893)

	FY2010 Apr.1 - Mar.31	FY2009 Apr.1 - Mar.31
<b>III. Cash flows from financing activities</b>		
Increase (decrease) in short-term loans, net	(28,930)	(17,475)
Proceeds from long-term debt	161,504	194,320
Repayment of long-term debt	(109,736)	(94,063)
Proceeds from issuance of bonds	19,909	-
Redemption of bonds	(40,000)	(30,000)
Repayment of finance lease obligation	(14,269)	(12,286)
Proceeds from issuance of stock	-	141,841
Decrease (increase) in treasury stock	1,012	(1,086)
Payment for dividends	-	(1,933)
Other, net	(86)	(5,527)
Net cash provided by (used in) financing activities	(10,596)	173,791
<b>equivalents</b>	(257)	(136)
<b>V. Net increase (decrease) in cash and cash equivalents</b>	53,417	4,753
<b>VI. Cash and cash equivalents at the beginning of the period</b>	148,189	143,436
<b>VIII. Cash and cash equivalents at the end of the period</b>	201,606	148,189

## Notes to Consolidated Financial Statements

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

FY2010

### 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

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

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

(g) Lease assets

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

(h) Bond issuance costs and 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 from 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 Auditors at the balance sheet date are provided mainly at an amount calculated based on the retirement benefit for directors and Corporate Auditors obligation.

(n) Provision for antitrust law

Regarding receipt of 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, 2011 was 10,233,000.

**Changes in accounting policies**

(Adoption of Accounting Standards since FY2010)

The Company and its domestic consolidated subsidiaries have adopted "Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Statement No. 18, March 31, 2008) and "Implementation Guidance for Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Implementation Guidance No. 21, March 31, 2008) for consolidated financial statements beginning with the fiscal year ending March 31, 2011.

The Company and its domestic consolidated subsidiaries have also adopted "Accounting Standard for Consolidated Financial Statements" (Accounting Standards Board of Japan Statement No. 22, December 26, 2008)

**Additional information**

The Company and its domestic consolidated subsidiaries have adopted "Accounting Standard for Presentation of Comprehensive Income" ((Accounting Standards Board of Japan Implementation Guidance No. 25, June 30, 2010) , "Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (Accounting Standards Board of Japan Statement No. 17, March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (Accounting Standards Board of Japan Guidance No. 20, March 21, 2008).

### 3. 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 January 1, 2011 for the exemption from past payments of the substituted portion of the pension fund.

	Yen(Millions)	
	FY2010	FY2009
Retirement benefit obligation	(269,579)	(268,131)
Plan assets at fair value	95,924	96,703
Unfunded retirement benefit obligation	(173,655)	(171,428)
Unfunded net transitional retirement benefit obligation	25,700	32,125
Unrecognized actuarial loss	41,327	40,501
Unrecognized prior service cost	(16,760)	(20,406)
Gross amount recognized	(123,388)	(119,208)
Prepaid pension cost	12	217
Accrual employees' retirement benefits	(123,400)	(119,425)

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)	
	FY2010	FY2009
Service cost	10,766	10,778
Interest cost	6,527	6,682
Expected return on plan assets	(3,466)	(3,302)
Amortization of net retirement benefit obligation at transition	6,425	6,423
Amortization of accrual loss	6,284	7,147
Amortization of prior service cost	(3,831)	(3,997)
Net periodic pension and severance cost	22,705	23,731
Other	980	921
Total	23,685	24,652

Note :

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

	Yen(Millions)	
	FY2010	FY2009
Special retirement benefit	192	4,467

#### 4. 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)	
	FY2010	FY2009
Differed tax assets:		
Tax loss carried forward	58,411	77,120
Accrued employees' retirement benefits	49,433	47,986
Loss on deferred hedging	13,850	8,870
Unrealized gain on inventories and property and equipment	13,720	13,342
Accrued bonuses to employees	11,619	4,674
Provision for potential loss on antitrust law	-	6,765
Valuation loss on investments in securities	2,534	2,306
Asset retirement obligations	1,026	-
Accrued income tax	1,022	-
Others	8,201	7,037
Total gross deferred tax assets	<u>159,816</u>	<u>168,100</u>
Less valuation allowance	<u>(5,589)</u>	<u>(12,463)</u>
Total net deferred tax assets	<u>154,227</u>	<u>155,637</u>
Differed tax liabilities:		
Deferred hedge gains/losses	(17,207)	
Unrealized gains (losses) on securities	(1,139)	(1,724)
Reserve for special taxation measures law	(4,987)	(4,060)
Others	(1,111)	(986)
Total gross deferred tax liabilities	<u>(24,444)</u>	<u>(6,770)</u>

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

	Yen (millions)	
	FY2010	FY2009
Current assets – Deferred tax assets	38,618	24,715
Fixed assets – Deferred tax assets	93,116	124,558
Fixed liabilities – Deferred tax liabilities	(1,951)	(406)

Reconciliation of the difference between the statutory tax rate and the effective income tax rate for the year ended March 31, 2011 is as follows:

Statutory tax rate	40.16 %
Reconciliation:	
Entertainment expenses not qualifying for deduction	1.78 %
Inhabitants tax per capita levy	0.53 %
loss on antitrust proceedings	6.81 %
Change in valuation allowance and related adjustments	(13.46)%
Other	(1.49)%
Effective income tax rate	<u>34.33 %</u>

## 5. 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)	
	FY2010	FY2009
Current portion of operating lease obligations	31,362	33,974
Long-term operating lease obligations	145,595	143,343
	<u>176,957</u>	<u>177,317</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)	
	FY2010	FY2009
Current portion of operating lease obligations	1,153	1,331
Long-term operating lease obligations	2,188	3,636
	<u>3,341</u>	<u>4,967</u>

## 6. Segment information

The Company and consolidated subsidiaries conduct operations in Air Transportation, Travel Services and Other Businesses. Businesses other than Air Transportation and Travel Services are insignificant to the consolidated results of operations of the Company and its consolidated subsidiaries and, accordingly, are included in "Other Businesses" in the following segment information:

<FY2009 Apr.1 – Mar.31>							Yen (Millions)
	Reportable Segment			Other	Total	Adjustment	Consolidated
	Air Transportation	Travel Services	Subtotal				
Operating revenues	989,991	150,763	1,140,754	87,599	1,228,353	-	1,228,353
Intra-group sales and transfers	98,677	16,213	114,890	49,887	164,777	(164,777)	-
Total	1,088,668	166,976	1,255,644	137,486	1,393,130	(164,777)	1,228,353
Segment result	△57,976	△18	△57,994	3,343	△54,651	404	△54,247
Segment assets	1,779,757	41,488	1,821,245	117,096	1,938,341	(79,256)	1,859,085
Other							
Depreciation and amortization	111,366	295	111,661	2,179	113,840	(34)	113,806
Increased in tangible or intangible fixed asset	207,930	33	207,963	3,409	211,372	(1,435)	209,937

<FY2010 Apr.1 – Mar.31>							Yen (Millions)
	Reportable Segment			Other	Total	Adjustment	Consolidated
	Air Transportation	Travel Services	Subtotal				
Operating revenues	1,121,272	146,945	1,268,217	89,436	1,357,653	-	1,357,653
Intra-group sales and transfers	97,020	12,436	109,456	49,527	158,983	(158,983)	-
Total	1,218,292	159,381	1,377,673	138,963	1,516,636	(158,983)	1,357,653
Segment result	60,504	2,637	63,141	4,813	67,954	(146)	67,808
Segment assets	1,848,754	36,602	1,885,356	119,350	2,004,706	(76,685)	1,928,021
Other							
Depreciation and amortization	116,287	223	116,510	1,930	118,440	-	118,440
Increased in tangible or intangible fixed asset	210,592	68	210,660	4,734	215,394	(3,696)	211,698

## Overseas sales

<FY2010 Apr.1 – Mar.31>

Japan	Overseas	Total
1,199,474	158,179	1,357,653

Notes:

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

## 7. Impairment loss

The assets of the Company and its domestic consolidated subsidiaries are grouped by individual property in the case of rental real estate, assets expected to be sold, and idle assets, and by management accounting categories in the case of business assets. Due to slumping performance in business assets, and falling price of assets expected to be sold, the book value of assets whose profitability dropped notably in the accounting year under review and fell to the recoverable value, is accounted for as impairment loss (¥315 million) under extraordinary losses.

Yen(millions)

Application	〈FY2010 Apr.1- Mar.31〉		
	Category	Location	Impairment loss
Business assets	Land	Chiba, Niigata and Shizuoka	201
Assets expected to be sold	Land	Chiba	114

## 8. Breakdown of Operating Revenues (Consolidated)

Yen (Millions)

	FY2010 Apr.1– Mar.31	FY2009 Apr.1– Mar.31	Difference
<b>Domestic routes</b>			
Passenger	652,611	630,976	21,635
Cargo	32,413	31,829	584
Mail	3,408	3,545	(137)
Subtotal	688,432	666,350	22,082
<b>International routes</b>			
Passenger	280,637	214,124	66,513
Cargo	86,057	55,750	30,307
Mail	3,180	3,260	(80)
Subtotal	369,874	273,134	96,740
Revenues from air transportation	1,058,306	939,484	118,822
Other operating revenues	159,986	149,184	10,802
Subtotal	1,218,292	1,088,668	129,624
<b>Travel Services</b>			
Package tours(Domestic)	127,627	132,459	(4,832)
Package tours(International)	21,558	21,189	369
Other revenues	10,196	13,328	(3,132)
Subtotal	159,381	166,976	(7,595)
<b>Other Businesses</b>			
Trading and retailing	93,799	92,958	841
Information and telecommunications	24,950	25,780	(830)
Realestate and building maintenance	17,226	15,132	2,094
Other revenues	2,988	3,616	(628)
Subtotal	138,963	137,486	1,477
Total operating revenues	1,516,636	1,393,130	123,506
Intercompany eliminations	(158,983)	(164,777)	5,794

### Notes:

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

## 9. Overview of Airline Operating Results (Consolidated)

	FY2010 Apr.1– Mar.31	FY2009 Apr.1– Mar.31	Year on Year (%)
<b>Domestic routes</b>			
Number of passengers	40,574,438	39,894,927	101.7
Available seat km (thousand km)	56,796,327	57,104,569	99.5
Revenue passenger km (thousand km)	35,983,767	35,397,606	101.7
Passenger load factor (%)	63.4	62.0	1.4
Available cargo capacity (thousand ton- Cargo (tons))	1,861,365 453,606	1,893,226 458,732	98.3 98.9
Cargo traffic volume (thousand ton-km)	450,481	453,640	99.3
Mail (tons)	30,966	32,859	94.2
Mail traffic volume (thousand ton-km)	31,886	33,421	95.4
Cargo and mail load factor (%)	25.9	25.7	0.2
<b>International routes</b>			
Number of passengers	5,168,612	4,666,704	110.8
Available seat km (thousand km)	29,768,766	26,723,770	111.4
Revenue passenger km (thousand km)	22,430,244	20,220,904	110.9
Passenger load factor (%)	75.3	75.7	(0.3)
Available cargo capacity (thousand ton- Cargo (tons))	3,059,811 557,445	2,687,955 422,449	113.8 132.0
Cargo traffic volume (thousand ton-km)	2,069,828	1,717,270	120.5
Mail (tons)	22,349	20,570	108.6
Mail traffic volume (thousand ton-km)	107,553	105,221	102.2
Cargo and mail load factor (%)	71.2	67.8	3.4
<b>Total</b>			
Number of passengers	45,743,050	44,561,631	102.7
Available Seat-Km (thousand km)	86,565,094	83,828,339	103.3
Revenue Passenger-Km (thousand km)	58,414,012	55,618,510	105.0
Passenger load factor (%)	67.5	66.3	1.1
Available cargo capacity (thousand ton- Cargo (tons))	4,921,177 1,011,052	4,581,181 881,181	107.4 114.7
Cargo traffic volume (thousand ton kg)	2,520,309	2,170,911	116.1
Mail (tons)	53,315	53,429	99.8
Mail traffic volume (thousand ton kg)	139,439	138,642	100.6
Cargo and mail load factor (%)	54.0	50.4	3.6

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

## ANA reports non-consolidated financial results for FY2010

### 1. Non-consolidated financial highlights for the period ended March 31, 2011

	Yen (Millions)			
	FY2010 Apr.1 - Mar.31	Year on Year (%)	FY2009 Apr.1 - Mar.31	Year on Year (%)
Operating revenues	1,191,571	11.1	1,072,967	(14.1)
Operating income(loss)	60,052	-	(61,230)	-
Recurring profit(loss)	31,621	-	(90,205)	-
Net income (loss)	23,012	-	(58,751)	-
Net income(loss) per share	9.17 yen		(25.25) yen	

	Yen (Millions)	
	FY2010 as of Mar. 31	FY2009 as of Mar. 31
Total assets	1,857,025	1,797,194
Net worth	486,774	446,670
Net worth / total assets	26.2 %	24.9 %
Net worth per share	193.93 yen	178.20 yen

### 2. Forecast of non-consolidated operating results for the period ending March 31, 2012

	Yen (Millions)
Operating revenue	-
Operating income	-
Recurring profit	-
Net income	-

The forecast for consolidated financial results for the fiscal year ending March 2012 is currently being reexamined to ascertain the impact of the Earthquake in the Northern Coast of Japan that occurred on March 11, 2011. Disclosure of that forecast will be made at such time when disclosure becomes possible.

### 3. Non-consolidated Financial Statement

(1) Non-consolidated Balance sheets

Yen (Millions)

<b>Assets</b>	FY2010 as of Mar.31	FY2009 as of Mar.31
<b>Current assets</b>	431,455	383,516
Cash and deposits	27,233	1,252
Trade accounts receivable	80,034	84,402
Marketable securities	173,850	180,540
Inventories	51,447	52,699
Payment in advance	7,631	9,267
Prepaid expenses	8,210	8,827
Short-term loans receivable	2,187	682
Other account receivable	7,070	12,918
Deffered income tax - current	30,440	19,263
Other	43,402	13,717
Allowance for doubtful accounts	(53)	(56)
<b>Fixed assets</b>	1,425,054	1,412,882
<b>Tangible fixed assets</b>	1,172,272	1,133,362
Buildings	104,298	95,254
Structures	1,906	1,914
Flight equipment	714,024	645,275
Machinery and equipment	21,454	21,730
Transportation equipment other than aircraft	1,782	2,274
Tools and fixtures	9,931	10,154
Land	57,174	51,132
Leased assets	35,059	42,698
Construction in progress and advance payment on aircraft purchase contracts	226,639	262,927
<b>Intangible fixed assets</b>	68,438	64,401
Facilities deposits	7	4
Software	67,725	63,339
Other	705	1,057
<b>Investments and others</b>	184,343	215,119
Investment in securities	28,661	35,754
Investment in subsidiaries and affiliates	35,913	35,676
Long-term loans receivable	8,750	7,886
Housing loans to employees	780	299
Long-term prepaid expenses	2,367	2,736
Deffered income tax – long term	75,131	107,946
Other	33,443	25,963
Allowance for doubtful accounts	(705)	(1,144)
<b>Deferred assets</b>	514	795
Stock insurance expenses	383	689
Bond insurance expenses	131	105
<b>Total assets</b>	1,857,025	1,797,194

<b>Liabilities</b>	<b>FY2010 as of Mar.31</b>	<b>FY2009 as of Mar.31</b>
<b>Current liabilities</b>	455,503	481,540
Trade accounts payable	148,933	136,237
Short-term debt	50,613	75,947
Current portion of long-term debt	114,376	98,850
Current portion of bonds payable	20,000	40,000
Lease obligation	10,699	11,257
Non operating account payable	6,184	10,838
Accrued expenses	14,038	12,299
Accrued income tax	1,059	783
Deposit	1,317	805
Advance ticket sales	50,832	53,033
Accrued bonuses to employees	15,077	3,695
Provision for potential loss on antitrust proceedings	116	16,846
Asset retirement obligations	1,598	-
Other	20,654	20,944
<b>Long-term liabilities</b>	914,747	868,983
Bonds payable	95,000	95,000
Long-term debt payable	663,330	626,119
Lease obligation	31,228	36,046
Accrued bonuses to employees	1,447	-
Accrued employees' retirement benefits	95,226	92,627
Retirement benefits for directors and Corporate Auditors	218	135
Asset retirement obligations	934	-
Other	27,361	19,053
<b>Total liabilities</b>	<b>1,370,250</b>	<b>1,350,523</b>
<b>Shareholders' equity</b>	482,280	458,254
Common stock	231,381	231,381
Capital surplus	195,944	196,248
Retained earnings	60,607	37,595
Treasury stock	(5,653)	(6,970)
<b>Valuation, translation adjustments and others</b>	4,494	(11,584)
Net unrealized holding gain on(loss) securities	(515)	1,627
Deferred loss/gain on hedging instruments	5,010	(13,212)
<b>Total Net assets</b>	<b>486,774</b>	<b>446,670</b>
<b>Total liabilities and net assets</b>	<b>1,857,025</b>	<b>1,797,194</b>

## (2) Non-consolidated Statements of Income

Yen (Millions)

	FY2010 Apr.1 - Mar.31	FY2009 Apr.1 - Mar.31
<b>Operating revenues and expenses</b>		
Operating revenues	1,191,571	1,072,967
Operating expenses	970,337	963,701
Sales, general and administrative expenses	161,181	170,496
Operating income (loss)	60,052	(61,230)
<b>Non-operating income and expenses</b>		
<b>Non-operating income</b>	10,141	12,382
Interest income	1,041	1,165
Other	9,099	11,217
<b>Non-operating expenses</b>	38,571	41,357
Interest expenses	19,421	18,237
Other	19,150	23,119
<b>Total Recurring Profit (Loss)</b>	31,621	(90,205)
<b>Extraordinary gain</b>	16,743	741
Gain on sale of investment securities	-	10
Reversal of allowance for doubtful account	3	4
Income from compensation	-	272
Reversal of provision for loss on antitrust proceedings	16,729	-
Other	10	452
<b>Extraordinary losses</b>	17,128	9,716
Loss on sale of property and equipment	-	67
Loss on retirement of property and equipment	2,794	734
Impairment loss	-	1,069
Valuation loss on investment securities	3,526	496
Settlement package	6,835	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	2,101	-
Provision for loss on antitrust proceedings	-	648
Special retirement benefit	141	3,629
Expenses related to antitrust proceedings	693	856
Other	1,036	2,214
<b>Net income (loss) before taxes</b>	31,236	(99,180)
Income taxes	(1,777)	(724)
Income taxes deferred	10,001	(39,705)
<b>Net income (loss)</b>	23,012	(58,751)

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

Yen (Millions)

	FY2010 Apr.1 - Mar.31	FY2009 Apr.1 - Mar.31
<b>Shareholders' equity</b>		
<u>Common stock</u>		
Balance at the end of previous period	231,381	160,001
Changes		
Issuance of stock	-	71,380
Total changes	-	71,380
Balance at the end of the period	231,381	231,381
<u>Capital surplus</u>		
Balance at the end of previous period	196,248	125,333
Changes		
Issuance of stock	-	71,380
Disposal of treasury stock	(304)	(465)
Total changes	(304)	70,914
Balance at the end of the period	195,944	196,248
<u>Retained earnings</u>		
Balance at the end of previous period	37,595	98,279
Changes		
Dividends from retained earnings	-	(1,933)
Net income (loss)	23,012	(58,751)
Total changes	23,012	(60,684)
Balance at the end of the period	60,607	37,595
<u>Less treasury common stock, at cost</u>		
Balance at the end of previous period	(6,970)	(6,350)
Changes		
Purchase of treasury stock	(56)	(2,462)
Disposal of treasury stock	1,373	1,841
Total changes	1,317	(620)
Balance at the end of the period	(5,653)	(6,970)
<u>Total shareholders' Equity</u>		
Balance at the end of previous period	458,254	377,265
Changes		
Issuance of stock	-	142,761
Dividends from retained earnings	-	(1,933)
Net income (loss)	23,012	(58,751)
Purchase of treasury stock	(56)	(2,462)
Disposal of treasury stock	1,068	1,375
Total changes	24,025	80,989
Balance at the end of the period	482,280	458,254

	FY2010 Apr.1 - Mar.31	FY2009 Apr.1 - Mar.31
<b>Valuation, translation adjustments and others</b>		
<u>Net unrealized holding gain on securities</u>		
Balance at the end of previous period	1,627	1,738
Changes		
Net changes of items other than shareholders' equity	(2,143)	(110)
Total changes	(2,143)	(110)
Balance at the end of the period	(515)	1,627
<u>Deferred gain on hedging instruments</u>		
Balance at the end of previous period	(13,212)	(82,627)
Changes		
Net changes of items other than shareholders' equity	18,222	69,415
Total changes	18,222	69,415
Balance at the end of the period	5,010	(13,212)
<u>Total valuation, translation adjustments and others</u>		
Balance at the end of previous period	(11,584)	(80,888)
Changes of items during the period		
Net changes of items other than shareholders' equity	16,078	69,304
Total changes	16,078	69,304
Balance at the end of the period	4,494	(11,584)
<b>Total net assets</b>		
Balance at the end of previous period	446,670	296,376
Changes		
Issuance of stock	-	142,761
Dividends from retained earnings	-	(1,933)
Net income (loss)	23,012	(58,751)
Purchase of treasury stock	(56)	(2,462)
Disposal of treasury stock	1,068	1,375
Net changes of items other than shareholders' equity	16,078	69,304
Total changes	40,104	150,294
Balance at the end of the period	486,774	446,670