

**ANA HOLDINGS reports Consolidated Financial Results  
for the Six Months Ended September 30, 2018**

**1. Consolidated financial highlights for the six months ended September 30, 2018**

(1) Consolidated financial and operating results (%: year-on-year)

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Yen (Millions)	%	Yen (Millions)	%	Yen (Millions)	%	Yen (Millions)	%
Six months ended Sep.30, 2018	1,038,059	5.4	105,201	(8.6)	102,932	(8.7)	73,738	(37.7)
Six months ended Sep.30, 2017	985,049	11.3	115,084	28.5	112,736	35.1	118,384	106.1

\*Comprehensive income for the period Apr.1 - Sep. 30, 2018      ¥ 117,657 million [(13.8%)]  
for the period Apr.1 - Sep. 30, 2017      ¥ 136,427 million [202.5%]

	Net income per share
	Yen
Six months ended Sep.30, 2018	220.35
Six months ended Sep.30, 2017	338.49

\*See Note 1 below.

(2) Consolidated financial positions

	Total assets	Net assets	Shareholder's equity ratio	Net assets per Share
	Yen (Millions)	Yen (Millions)	%	Yen
As of Sep. 30, 2018	2,626,663	1,085,510	41.0	3,216.13
As of Mar. 31, 2018	2,562,462	1,000,552	38.6	2,954.47

(Reference) Shareholders' equity as of Sep. 30, 2018      ¥ 1,076,225 million  
as of Mar. 31, 2018      ¥ 988,661 million

**2. Consolidated operating results forecast for the fiscal year ending March 31, 2019**

(%: year-on-year)

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Yen (Millions)	%	Yen (Millions)	%	Yen (Millions)	%	Yen (Millions)	%	Yen
FY2018	2,040,000	3.5	165,000	0.3	158,000	(1.6)	102,000	(29.1)	304.81

\*Revisions to the most recently disclosed earnings forecasts: None

### 3. Other

- (1) Changes of significant subsidiaries during the period (changes of specific subsidiaries in accordance with changes in the scope of consolidation): None

	Consolidated	Equity method
Newly added	-	-
Excluded	-	-

- (2) Application of accounting methods which are exceptional for quarterly consolidated financial statements: None

- (3) Changes in accounting policies, accounting estimates and restatement of corrections

- (i) Changes caused by revision of accounting standards: None
- (ii) Changes other than (i): None
- (iii) Changes in accounting estimates: None
- (iv) Restatement of corrections: None

- (4) Number of issued shares (Common stock)

	Number of Shares			
	FY2018		FY2017	
Number of shares issued (including treasury stock)	As of Sep.30	348,498,361	As of Mar.31	348,498,361
Number of treasury stock	As of Sep.30	13,864,776	As of Mar.31	13,866,101
Average number of shares outstanding during the period	Six months ended Sep.30	334,633,703	Six months ended Sep.30	349,739,718

\*See Note 1 below.

\* This report is not subject to audit procedures

\* Explanation for appropriate use of forecasts and other notes

The forward-looking statements such as operational forecasts contained in this statements summary are based on information currently available to ANA HOLDINGS INC., hereinafter "the Company" and certain assumptions which are regarded as legitimate. Actual results may differ from such forward-looking statements for a variety of reasons.

Note:

1. Since a 10-to-1 share consolidation was conducted effective October 1, 2017, the noted items were calculated based on the assumption that the share consolidation was conducted at the beginning of the previous consolidated fiscal year.

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## APPENDIX

### Overview of consolidated financial results for the Six Months Ended September 30, 2018

#### 1. Qualitative Information / Financial Statements, etc.

##### (1) Explanation of Consolidated Operating Results

Yen (Billions)			
Consolidated Operating Results	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2017	Year-on-Year (%)
Operating Revenues	1,038.0	985.0	5.4
Air Transportation	915.8	865.4	5.8
Airline Related	145.2	141.5	2.6
Travel Services	79.7	83.5	(4.6)
Trade and Retail	75.0	69.1	8.5
Others	19.4	18.6	4.3
Intersegment Transactions	(197.1)	(193.2)	-
Operating Income	105.2	115.0	(8.6)
Air Transportation	101.0	109.2	(7.5)
Airline Related	7.6	6.8	11.3
Travel Services	0.6	2.2	(69.5)
Trade and Retail	1.7	2.2	(20.6)
Others	1.2	1.6	(26.5)
Intersegment Transactions	(7.2)	(7.2)	-
Ordinary income	102.9	112.7	(8.7)
Net income attributable to owners of the parent	73.7	118.3	(37.7)

\*See Notes 1, 2, & 3 below.

In the first six months of fiscal year 2018 (April 1, 2018 - September 30, 2018; hereinafter the "six months ended September 30, 2018"), Japan's economy has continued to experience a gradual recovery with personal consumption picking up in accordance with continued improvements in corporate earnings and the employment environment. Although there are concerns about the risk of a downturn in the economy due to the impact of trade issues on the global economy, a slump in some overseas economies, and the impact of numerous natural disasters on the economy, the economic outlook for the future is expected to be a continued, gradual recovery due to improvements in the employment and income environment and the effect of various government policies.

Under these economic conditions, increased revenues mainly in Air Transportation resulted in operating revenues of ¥1,038.0 billion, while operating income was ¥105.2 billion and ordinary income was ¥102.9 billion due to an increase in operating expenses. As a result of the extraordinary income recorded during the previous fiscal year due to the inclusion of Peach Aviation Limited as a consolidated subsidiary, net income attributable to owners of the parent decreased to ¥73.7 billion.

Furthermore, for the second year in succession, the Company was chosen as a constituent of the Dow Jones Sustainability World Index, one of the world's leading indicators of socially responsible investment.

An overview of the six months ended September 30, 2018 by segment follows.

## Overview by Segment

### ◎ Air Transportation

**Operating revenues: ¥915.8 billion, up 5.8% year-on-year**

**Operating income: ¥101.0 billion, down 7.5% year-on-year**

Although the occurrence of numerous natural disasters throughout Japan had an impact during the second quarter (July - September), underpinned by robust demand, strong performance in international passenger service and international cargo service resulted in operating revenues in Air Transportation increasing year-on-year. Meanwhile, operating income decreased year-on-year due to factors such as increased expenses caused by the investment for safety, quality and personnel, and the rising fuel cost.

The ANA Group was again chosen by U.K. based SKYTRAX as the best airline in two segments of the 2018 World Airline Awards: Best Airline Staff in Asia and World's Best Airline Cabin Cleanliness.

#### <Domestic Passenger Service>

Category		Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2017	Year-on-Year (%)
Passenger Revenues	(Billion yen)	352.3	355.1	(0.8)
Number of Passengers	(Passengers)	22,340,278	22,499,884	(0.7)
Available Seat Km	(Thousand km)	29,372,896	30,051,920	(2.3)
Revenue Passenger Km	(Thousand km)	20,511,929	20,481,048	0.2
Passenger Load Factor	(%)	69.8	68.2	1.7

\*See Notes 3, 4, 5, 8, 9, 13 & 14 below.

In domestic passenger service, although efforts were made to capture steady business demand and robust inbound demand, both the number of passengers and revenues decreased year-on-year due to the impact of the Hokkaido Eastern Iburi Earthquake and typhoons that wreaked more havoc than the previous year, the cancellation of flights due to inspection and maintenance of Rolls-Royce engines, and the temporary closure of Kansai International Airport during the second quarter.

In terms of the route network, efforts were made to capture demand by resuming the Fukuoka-Miyako route beginning in June, in addition to increasing flights on the Kansai-Miyako, Chubu-Okinawa and late-night flights (*Galaxy Flights*) for the Haneda-Okinawa route for a limited period in summer.

In terms of sales and service, ANA renewed its fares and made an effort to improve convenience, such as by commencing the booking and sale of tickets 355 days in advance of the boarding date from September. In addition, ANA endeavored to improve convenience and comfort as a full service carrier by becoming the first Japanese airline to introduce automated check-in machines enabling connection from domestic to international flights in July, and installing wide boarding gates enabling smoother boarding by passengers using wheelchairs in Itami Airport and Fukuoka Airport ahead of deployment in airports nationwide.

< International Passenger Service >

Category		Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2017	Year-on-Year (%)
Passenger Revenues	(Billion yen)	331.0	295.5	12.0
Number of Passengers	(Passengers)	5,172,995	4,761,762	8.6
Available Seat Km	(Thousand km)	33,315,179	31,852,186	4.6
Revenue Passenger Km	(Thousand km)	25,788,316	24,156,652	6.8
Passenger Load Factor	(%)	77.4	75.8	1.6

\*See Notes 3, 5, 8, 9, 13 & 14 below.

In international passenger service, both the number of passengers and revenues increased year-on-year due to strong business demand originating in Japan and the capture of robust inbound demand from countries such as China.

In terms of the route network, the number of flights on the Haneda-Bangkok route was increased to three per day from June, bringing the total number of flights to five per day when added to the Narita-Bangkok route as ANA strengthened its efforts to capture business and leisure demand to and from the Tokyo Metropolitan Area.

In terms of sales and service, in addition to renewing the wine selection and saké provided on flights from September, ANA endeavored to create an environment offering greater safety and comfort to passengers through efforts such as providing newly developed gluten-free rice bread to enable customers with food allergies to enjoy their meals with peace of mind.

< Cargo Service >

Category		Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2017	Year-on-Year(%)
Domestic Cargo Revenues	(Billion yen)	14.0	15.1	(7.6)
Available Cargo Capacity	(Thousand ton km)	868,900	912,504	(4.8)
Cargo Volume	(Tons)	197,758	216,408	(8.6)
Cargo Traffic Volume	(Thousand ton km)	205,170	222,208	(7.7)
Mail Revenues	(Billion yen)	1.5	1.6	(3.8)
Mail Volume	(Tons)	15,004	16,571	(9.5)
Mail Traffic Volume	(Thousand ton km)	14,762	16,275	(9.3)
Cargo and Mail Load Factor	(%)	25.3	26.1	(0.8)
International Cargo Revenues	(Billion yen)	64.2	54.8	17.1
Available Cargo Capacity	(Thousand ton km)	3,590,412	3,391,214	5.9
Cargo Volume	(Tons)	483,719	500,389	(3.3)
Cargo Traffic Volume	(Thousand ton km)	2,253,994	2,222,927	1.4
Mail Revenues	(Billion yen)	2.7	2.6	1.8
Mail Volume	(Tons)	13,725	15,127	(9.3)
Mail Traffic Volume	(Thousand ton km)	67,883	70,208	(3.3)
Cargo and Mail Load Factor	(%)	64.7	67.6	(3.0)

\*See Notes 3, 5, 6, 7, 10, 11, 12, 13 & 15 below.

In international cargo service, cargo from Japan to overseas destinations performed well backed by robust cargo demand centered on automotive parts and electronic components bound for North America and Europe. In cargo from overseas, in addition to cargo to Japan performing well, ANA endeavored to capture demand through steps such as utilizing airline charters (cargo charter flights using other companies' aircraft). The cargo volume decreased year-on-year, due to the declined of trilateral cargo traffic but revenues increased year-on-year as a result of strengthening yield management.

#### <LCC>

Category		Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2017	Year-on-Year (%)
Passenger Revenues	(Billion yen)	48.3	44.2	9.5
Number of Passengers	(Passengers)	4,067,734	3,885,653	4.7
Available Seat Km	(Thousand km)	6,000,392	5,842,912	2.7
Revenue Passenger Km	(Thousand km)	5,228,565	5,111,055	2.3
Passenger Load Factor	(%)	87.1	87.5	(0.3)

\*See Notes 3, 8, 9 & 16 below.

#### <LCC>

In LCCs, although the temporary closure of Kansai International Airport had an impact, both the number of passengers and revenues increased year-on-year due to the expansion of the route network and the capture of robust inbound travel demand.

In the route network, Peach Aviation Limited expanded its network by beginning a new Okinawa-Kaohsiung route in April and the Kansai-Kushiro route in August, while Vanilla Air Inc. expanded its network by opening the Narita-Ishigaki route and the Okinawa-Ishigaki route in July.

In marketing, Peach Aviation Limited endeavored to stimulate demand through sales commemorating the launch of the new routes, and Vanilla Air Inc. also endeavored to capture inbound demand centered on Taiwan and Hong Kong by establishing "Domestic-International Set Discounts" providing discounts for sets of domestic and international tickets.

#### <Others in Air Transportation>

Other revenue in the Air Transportation business increased by 5.5% from ¥96.2 billion in the same period of the previous year to ¥101.4 billion. Revenues in "Others in Air Transportation" are derived mainly from the mileage program, in-flight sales, and maintenance service contracts.

#### ◎ Airline Related

**Operating revenues: ¥145.2 billion, up 2.6% year-on-year**

**Operating income: ¥7.6 billion, up 11.3% year-on-year**

Operating revenues increased by 2.6% year-on-year because of an increase in contracts with various airlines for ground handling services including passenger check-in and baggage handling at airports such as Fukuoka Airport, and an increase in contracts related to in-flight meals from foreign airline companies.

#### ◎ Travel Services

**Operating revenues: ¥79.7 billion, down 4.6% year-on-year**

**Operating income: ¥0.6 billion, down 69.5% year-on-year**

A decline in turnover in both domestic travel and overseas travel resulted in operating revenues decreasing by 4.6% year-on-year. Furthermore, operating income decreased 69.5% year-on-year due to an increase in expenses for the newly operating travel system.

In domestic travel service, operating revenues decreased year-on-year due to sluggish growth in customers primarily bound for Okinawa in *ANA Sky Holidays* and the impact of the Hokkaido Eastern Iburi earthquake and typhoons, despite steady turnover through the capture of early bird booking by strengthening products and increasing price competitiveness for the dynamic package product *Tabisaku*.

In overseas travel service, operating revenues decreased year-on-year due to sluggish growth in customers in other regions. Despite steady turnover in the Hawaii market where a focused effort was made to strengthen in sales.

#### ◎ Trade and Retail

**Operating revenues: ¥75.0 billion, up 8.5% year-on-year**

**Operating income: ¥1.7 billion, down 20.6% year-on-year**

Although operating revenues in the Trade and Retail increased by 8.5% due to the capture of inbound demand in the retail business including the *ANA DUTY FREE SHOP* airport duty free stores and an increase in turnover of fresh foods in the Food business, operating income decreased by 20.6% year-on-year due to the impact of a decrease in income in the Aerospace & Electronics business and the Lifestyle Industries business.

#### ◎ Others

**Operating revenues: ¥19.4 billion, up 4.3% year-on-year**

**Operating income: ¥1.2 billion, down 26.5% year-on-year**

Although operating revenue increased by 4.3% year-on-year due to strong performance in the airline security business, operating income decreased by 26.5% year-on-year due to a decrease in brokerage fees for land sales in the real estate business.

#### Notes:

1. The breakdowns within segments are the categories used for internal management.
2. The revenues for each segment include internal inter-segment revenues; operating income/loss is the income/loss for the segment.
3. The above figures do not include consumption tax, etc.
4. The results for passenger travel on domestic routes include results from code share flights with IBEX Airlines Co., Ltd., AIRDO Co., Ltd., Solaseed Air Inc., and Star Flyer Inc. and some of code share flights with ORIENTAL AIR BRIDGE CO., LTD from October 29, 2017.
5. Irregular flights have been excluded from both domestic and international routes.
6. Domestic cargo and mail results include results for code share flights with AIRDO Co., Ltd., Solaseed Air Inc., Oriental Air Bridge Co., Ltd. and Star flyer, Inc., results for airline charter flights, and land transport results.
7. The results for international cargo and mail include the results for code share flights, results for airline charter, flights, flights with block space agreements, and land transport results.
8. Available Seat-Kilometers represent the total figure calculated by multiplying the available number of seats on each segment of each route (seats) by the distance for each segment (km).
9. Revenue Passenger-Kilometers represent the total figure calculated by multiplying the number of passengers (people) on each segment of each route by the distance for each segment (km).
10. Available Cargo Capacity is the total calculated by multiplying the available cargo space (tons) on each segment of each route by the distance for each segment (km). Please note that for passenger aircraft, the available cargo space in the hold (belly) of the aircraft is multiplied by the distance traveled for each segment. Moreover, the available cargo space in the belly includes the available space for checked luggage of passengers on the flight in addition to cargo, mail, etc.
11. Cargo Traffic Volume and Mail Traffic Volume is the total calculated by multiplying the volume of cargo transported on each segment of each route (tons) by the distance for each segment (km).



12. The Cargo and Mail Load Factor is the figure arrived at by dividing the sum of the cargo traffic volume and the mail traffic volume by the available cargo capacity.
13. Percentage point difference for Passenger load factor and cargo and mail load factor between previous year and FY2018 is indicated in field of year-on-year.
14. The results for Peach Aviation Limited and Vanilla Air Inc. are not included.
15. Peach Aviation Limited and Vanilla Air Inc. does not handle cargo or mail.
16. The results for LCC include the results for Peach Aviation Limited and Vanilla Air Inc.

## **(2) Information Regarding Consolidated Financial Conditions**

### **(a) Financial conditions as of September 30, 2018**

**Assets:** Due to increase in property and equipment by acquisition of aircrafts, total assets increased by ¥64.2 billion compared to the balance as of the end of FY2017, to ¥2,626.6 billion.

**Liabilities:** Due to decrease in income taxes payable and repayment of debt, total liabilities decreased by ¥20.7 billion compared to the balance as of the end of FY2017, to ¥1,541.1 billion. Interest-bearing debt decreased by ¥4.8 billion compared to the balance as of the end of FY2017, to ¥793.5 billion.

**Net assets:** Despite payment of dividends, due to recording of net income attributable to owners of the parent and improvements in deferred gain on derivatives under hedge accounting, net assets increased by ¥84.9 billion compared to the balance as of the end of FY2017, to ¥1,085.5 billion.

For details, please refer to page 11 “2. Financial Statements and Operating Results (1) Consolidated Balance Sheet.”

### **(b) Cash Flows for six months ended September 30, 2018**

**Operating activities:** Net income before income taxes and non-controlling interests for the current period was ¥102.9 billion. After adjustments on non-cash items such as depreciation and amortization and addition and subtraction of accounts receivable and payable for operating activities, cash flows from operating activities (inflow) was ¥159.7 billion.

**Investment activities:** Due to advance payment for acquisition of aircraft and parts, cash flows from investing activities (outflow) was ¥122.8 billion. As a result, free cash flow (inflow) was ¥36.9 billion.

**Financial activities:** Despite funding through long-term debt, due to payment of dividends and repayment of debt, cash flows from financing activities (outflow) was ¥40.8 billion.

As a result of the above, cash and cash equivalents at the end of the current period decreased by ¥2.9 billion compared to the balance as of the end of FY2017, to ¥267.6 billion.

For details, please refer to page 15 “2. Financial Statements and Operating Results (3) Consolidated Statement of Cash Flows.”

## **(3) Explanation of Forecast of Consolidated Financial Results**

The Company has not revise the consolidated financial forecast because air travel demand is expected to remain steady despite the cancellation of flights caused by inspection and maintenance of Rolls-Royce engines and the impact of numerous natural disasters in the six months ended September 30, 2018.

## 2. Financial Statements and Operating Results

### (1) Consolidated Balance Sheet

	Yen (Millions)	
Assets	FY2018 as of Sep. 30, 2018	FY2017 as of Mar. 31, 2018
<b>Current assets:</b>		
Cash and deposits	103,610	78,036
Notes and accounts receivable	167,464	173,472
Lease receivables	27,935	27,341
Marketable securities	238,650	279,540
Inventories (Merchandise)	13,500	12,364
Inventories (Supplies)	57,020	50,106
Other current assets	126,670	103,113
Allowance for doubtful accounts	(487)	(479)
<b>Total current assets</b>	<b>734,362</b>	<b>723,493</b>
<b>Fixed assets</b>		
<b>Property and equipment:</b>		
Buildings and structures	95,322	98,961
Aircraft	1,029,688	1,027,910
Machinery, equipment and vehicles	28,351	30,269
Furniture and fixtures	10,204	10,608
Land	55,216	55,786
Lease assets	6,797	7,239
Construction in progress	246,925	202,328
<b>Total property and equipment</b>	<b>1,472,503</b>	<b>1,433,101</b>
<b>Intangible assets:</b>		
Goodwill	53,316	55,336
Other intangible assets	104,822	99,902
<b>Total intangible assets</b>	<b>158,138</b>	<b>155,238</b>
<b>Investments and other assets:</b>		
Investments securities	137,816	119,962
Long-term receivables	4,785	4,721
Deferred income taxes	72,672	93,376
Other assets	47,529	33,699
Allowance for doubtful accounts	(1,644)	(1,618)
<b>Total investments and other assets</b>	<b>261,158</b>	<b>250,140</b>
<b>Total fixed assets</b>	<b>1,891,799</b>	<b>1,838,479</b>
<b>Deferred assets</b>	<b>502</b>	<b>490</b>
<b>TOTAL</b>	<b>2,626,663</b>	<b>2,562,462</b>

	Yen (Millions)	
	FY2018 as of Sep. 30, 2018	FY2017 as of Mar. 31, 2018
<b>Liabilities and Net assets</b>		
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Notes and accounts payable	228,490	220,330
Short-term loans	502	176
Current portion of long-term debt	80,529	84,738
Current portion of bonds	30,000	10,000
Finance lease obligations	5,008	5,211
Income taxes payable	25,859	37,709
Advance ticket sales	201,760	181,353
Accrued bonuses to employees	28,904	45,332
Other current liabilities	50,509	63,231
<b>Total current liabilities</b>	<b>651,561</b>	<b>648,080</b>
<b>Long-term liabilities:</b>		
Bonds	105,000	125,000
Convertible bond-type bonds with stock acquisition rights	140,000	140,000
Long-term debt	417,050	418,185
Finance lease obligations	15,457	15,083
Deferred income taxes	58	94
Accrued corporate executive officers' retirement benefits	837	742
Net defined benefit liabilities	157,968	156,765
Other provisions	13,819	11,421
Asset retirement obligations	1,022	1,196
Other long-term liabilities	38,381	45,344
<b>Total long-term liabilities</b>	<b>889,592</b>	<b>913,830</b>
<b>Total liabilities</b>	<b>1,541,153</b>	<b>1,561,910</b>
<b>Net assets</b>		
<b>Shareholders' equity:</b>		
Common stock	318,789	318,789
Capital surplus	258,823	268,208
Retained earnings	511,400	457,746
Treasury stock	(59,015)	(59,015)
<b>Total shareholders' equity</b>	<b>1,029,997</b>	<b>985,728</b>
<b>Accumulated other comprehensive income:</b>		
Unrealized gain on securities	33,868	24,467
Deferred gain (loss) on derivatives under hedge accounting	29,225	(3,471)
Foreign currency translation adjustments	2,972	3,201
Defined retirement benefit plans	(19,837)	(21,264)
<b>Total</b>	<b>46,228</b>	<b>2,933</b>
<b>Non-controlling interests</b>	<b>9,285</b>	<b>11,891</b>
<b>Total net assets</b>	<b>1,085,510</b>	<b>1,000,552</b>
<b>TOTAL</b>	<b>2,626,663</b>	<b>2,562,462</b>

**(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**

## Consolidated Statement of Income

Yen (Millions)

	Six months ended Sep.30, 2018	Six months ended Sep.30, 2017
<b>Operating revenues</b>	1,038,059	985,049
<b>Cost of sales</b>	767,020	709,411
<b>Gross profit</b>	271,039	275,638
<b>Selling, general and administrative expenses</b>		
Commissions	53,630	48,092
Advertising	5,833	5,496
Employees' salaries and bonuses	18,800	18,105
Provision of allowance for doubtful accounts	36	44
Provision for accrued bonuses to employees	5,171	4,954
Retirement benefit expenses	1,735	1,691
Depreciation	11,601	10,468
Other	69,032	71,704
<b>Total selling, general and administrative expenses</b>	165,838	160,554
<b>Operating income</b>	105,201	115,084
<b>Other income:</b>		
Interest income	331	318
Dividend income	1,354	502
Equity in earnings of unconsolidated subsidiaries and affiliates	861	778
Gain on sales of assets	434	1,033
Gain on donation of non-current assets	309	654
Other	2,284	1,200
<b>Total other income</b>	5,573	4,485
<b>Other expenses:</b>		
Interest expenses	3,634	4,617
Foreign exchange loss, net	1,521	393
Loss on sales of assets	7	28
Loss on disposal of assets	2,107	1,078
Other	573	717
<b>Total other expenses</b>	7,842	6,833
<b>Ordinary income</b>	102,932	112,736
<b>Special income</b>		
Gain on sales of property and equipment	-	9,449
Gain on sales of investment securities	-	1,290
Gain on step acquisition	-	33,801
Subsidy	4	2
Other	-	21
<b>Total special income</b>	4	44,563
<b>Special loss</b>		
Loss on disposal of property and equipment	-	598
<b>Total special loss</b>	-	598
<b>Income before income taxes</b>	102,936	156,701
<b>Income taxes</b>	28,697	36,936
<b>Net income</b>	74,239	119,765
<b>Net income attributable to non-controlling interests</b>	501	1,381
<b>Net income attributable to owners of the parent</b>	73,738	118,384

## Consolidated Statement of Comprehensive Income

Yen (Millions)

	Six months ended Sep.30, 2018	Six months ended Sep.30, 2017
<b>Net income</b>	74,239	119,765
<b>Other comprehensive income:</b>		
Unrealized gain on securities	9,358	2,227
Deferred gain on derivatives under hedge accounting	32,799	13,078
Foreign currency translation adjustments	(259)	(258)
Defined retirement benefit plans	1,423	1,634
Share of other comprehensive income (loss) in affiliates	97	(19)
<b>Total other comprehensive income</b>	43,418	16,662
<b>Comprehensive income</b>	117,657	136,427
Total comprehensive income attributable to:		
Owners of the parent	117,033	135,046
Non-controlling interests	624	1,381

**(3) Consolidated Statement of Cash Flows**

	Yen (Millions)	
	Six months ended Sep.30, 2018	Six months ended Sep.30, 2017
<b>I. Cash flows from operating activities</b>		
Income before income taxes and non-controlling interests	102,936	156,701
Depreciation and amortization	76,779	74,041
Amortization of goodwill	2,015	2,015
Loss (gain) on disposal and sales of property and equipment	1,680	(8,778)
Loss (gain) on sales and valuation of marketable securities	5	(1,290)
Increase in allowance for doubtful accounts	34	134
Increase in liability for retirement benefits	3,353	3,512
Interest and dividend income	(1,685)	(820)
Interest expenses	3,634	4,617
Foreign exchange gain	(1,325)	(315)
Gain on step acquisition	-	(33,801)
Decrease (increase) in notes and accounts receivable	6,008	(4,804)
(Increase) decrease in other current assets	(2,886)	2,243
Increase in notes and accounts payable	8,160	25,378
Increase in advance ticket sales	20,407	19,348
Other, net	(19,490)	(8,946)
<b>Subtotal</b>	<b>199,625</b>	<b>229,235</b>
Interest and dividends received	2,232	1,641
Interest paid	(3,754)	(4,666)
Income taxes paid	(38,350)	(19,698)
<b>Net cash provided by operating activities</b>	<b>159,753</b>	<b>206,512</b>
<b>II. Cash flows from investing activities</b>		
Increase in time deposits	(20,012)	(11,181)
Proceeds from withdrawal of time deposits	10,000	3,556
Purchase of marketable securities	(81,120)	(51,340)
Proceeds from sales of marketable securities	103,530	14,810
Purchase of property and equipment	(150,789)	(175,617)
Proceeds from sales of property and equipment	40,780	52,972
Purchase of intangible assets	(18,778)	(21,266)
Purchase of investments securities	(3,531)	(2,683)
Proceeds from sales of investments securities	2	1,484
Payment for purchases of investments in subsidiaries with changes in scope of consolidation	-	(19,476)
Other, net	(2,896)	(2,093)
<b>Net cash used in investing activities</b>	<b>(122,814)</b>	<b>(210,834)</b>

	Yen (Millions)	
	Six months ended Sep.30, 2018	Six months ended Sep.30, 2017
<b>III. Cash flows from financing activities</b>		
Proceeds from long-term loans	40,000	30,000
Repayment of long-term loans	(45,308)	(47,287)
Proceeds from issuance of bonds	9,932	149,863
Repayment of bonds	(10,000)	(20,000)
Repayment of finance lease obligations	(2,963)	(2,831)
Payment for purchases of investments in subsidiaries with no changes in scope of consolidation	(11,326)	-
Increase of treasury stock	(0)	(19,214)
Payment for dividends	(20,084)	(21,021)
Other, net	(1,084)	(2,385)
<b>Net cash (used in) provided by financing activities</b>	<b>(40,833)</b>	<b>67,125</b>
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	<b>987</b>	<b>364</b>
<b>V. Net (decrease) increase in cash and cash equivalents</b>	<b>(2,907)</b>	<b>63,167</b>
<b>VI. Cash and cash equivalents at beginning of period</b>	<b>270,509</b>	<b>309,058</b>
<b>VII. Cash and cash equivalents at end of period</b>	<b>267,602</b>	<b>372,225</b>

#### **(4) Notes to Consolidated Financial Statements**

(Additional information)

Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting"

The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28 issued on February 16, 2018) from the first quarter of the current fiscal year. Accordingly, the Company presents deferred tax assets under investments and other assets and deferred tax liabilities under long-term liabilities.

And the Company has applied this standard etc. in consolidated financial position and balance sheets as of 31 March, 2018 retroactively.



(Segment Information)

I. Six months ended Sep. 30, 2018

1. Information on amount of operating revenues, profit or loss, assets, liabilities and others by reporting segment

					Yen (Millions)
	Reportable Segments				Subtotal
	Air Transportation	Airline Related	Travel Services	Trade and Retail	
Operating revenues from external customers	870,617	24,788	74,695	61,192	1,031,292
Intersegment revenues or transfers	45,187	120,438	5,019	13,835	184,479
Total	915,804	145,226	79,714	75,027	1,215,771
Segment profit	101,099	7,645	699	1,769	111,212
	Others (*1)	Total	Adjustments (*2)	Consolidated (*3)	
Operating revenues from external customers	6,767	1,038,059	-	1,038,059	
Intersegment revenues or transfers	12,635	197,114	(197,114)	-	
Total	19,402	1,235,173	(197,114)	1,038,059	
Segment profit	1,227	112,439	(7,238)	105,201	

\*1. "Others" refers to all business segments that are not included in reportable segments, such as facility management, business support and other operations.

\*2. "Adjustments" of "Segment profit" are mainly the elimination of intersegment transactions and general corporate expenses.

\*3. "Segment profit" is reconciled to operating income on the consolidated statement of income for the current period.

2. Information on depreciation of fixed assets and amortization of goodwill by reportable segment: None

II. Six months ended Sep. 30, 2017

1. Information on amount of operating revenues, profit or loss, assets, liabilities and others by reporting segment

	Reportable Segments					Yen (Millions)
	Air Transportation	Airline Related	Travel Services	Trade and Retail	Subtotal	
Operating revenues from external customers	819,222	24,853	78,488	56,049	978,612	
Intersegment revenues or transfers	46,182	116,741	5,061	13,113	181,097	
Total	865,404	141,594	83,549	69,162	1,159,709	
Segment profit	109,292	6,867	2,294	2,229	120,682	
	Others (*1)	Total	Adjustments (*2)	Consolidated (*3)		
Operating revenues from external customers	6,437	985,049	-	985,049		
Intersegment revenues or transfers	12,173	193,270	(193,270)	-		
Total	18,610	1,178,319	(193,270)	985,049		
Segment profit	1,669	122,351	(7,267)	115,084		

\*1. "Others" refers to all business segments that are not included in reportable segments, such as facility management, business support and other operations.

\*2. "Adjustments" of "Segment profit" are mainly the elimination of intersegment transactions and general corporate expenses.

\*3. "Segment profit" is reconciled to operating income on the consolidated statement of income for the current period.

2. Information on depreciation of fixed assets and amortization of goodwill by reportable segment: None