ANA Reports Results
For First Six Months 2002 Fiscal Year

November 22, 2002 – All Nippon Airways Co., Ltd., (ANA) today announced its consolidated financial results for the first half of the 2002 fiscal year, which ends March 31, 2003.

ANA CONSOLIDATED RESULTS (April 1-September 30, 2002)

Units: Yen billions

	Interim 2002	Interim 2001	Year on year
Operating revenues	622.1	638.7	-2.6%
[Domestic passenger]	[335.5]	[351.2]	[-4.4%]
[International passenger]	[96.3]	[99.9]	[-3.5%]
Operating income	14.9	44.2	-66.2%
Recurring income	6.0	31.9	-81.2%
Net income (loss)	(8.1)	16.8	—

ANA's consolidated financial results for the first half of FY2002 were influenced mainly by decreased domestic passenger revenue due to low demand, particularly for individual air travel, which caused severe competition and lower fares. Decreased revenue on international flights was due to the continuing slow pace of recovery from the terrorist attacks on September 11, 2001.

ANA CONSOLIDATED FORECAST (FY2002, ending March 31, 2003)

Units: Yen billions

Operating revenues	1,230.0
Operating income	15.0
Recurring income(loss)	(3.0)
Net income(loss)	(18.0)

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Six months ended September 30, 2002
Consolidated financial results
All Nippon Airways Co., Ltd. (9202)

1. Consolidated financial highlights for the period ended September 30, 2002

(1) Consolidated operating results

Yen (Millions rounded down)

	Interim 2002	Year on year (%)	Interim 2001	Year on year (%)	Fiscal 2001
Operating revenues	622,134	(2.6%)	638,722	(1.9%)	1,204,514
Operating income (loss)	14,928	(66.2%)	44,189	(27.5%)	22,968
Recurring profit (loss)	6,012	(81.2%)	31,913	(40.6%)	1,400
Net income (loss)	(8,105)	—	16,825	(47.3%)	(9,456)
Net income per share	(5.28 yen)		10.97 yen		(6.17 yen)
Diluted net income per share	—		10.39 yen		—

Notes:1. Gain (loss) on equity method: Interim 2002 (105m)／Interim 2001 (702m)／Fiscal 2001 804m
2. Average number of shares of outstanding during the period (consolidated):
Interim 2002 1,534,237,705 shares Interim 2001 1,533,713,751 shares Fiscal 2001 1,533,744,749 shares
3. Changes in the accounting policy during the period: none

(2) Consolidated financial positions

Yen (Millions rounded down)

	Interim 2002	Interim 2001	Fiscal 2001
Total assets	1,455,578	1,465,506	1,510,982
Shareholders' equity	141,624	162,462	138,641
Shareholders' equity ratio	9.7%	11.1%	9.2%
Shareholders' equity per share	92.32yen	105.92yen	90.40yen

Note:Number of shares of outstanding at balance sheet date (consolidated)
Interim 2002 1,533,981,551 shares Interim 2001 1,533,852,715 shares Fiscal 2001 1,533,704,681 shares

(3) Consolidated cash flows

Yen (Millions rounded down)

	Interim 2002	Interim 2001	Fiscal 2001
Cash flows from operating activities	66,109	62,887	33,993
Cash flows from investing activities	13,996	(50,385)	(123,927)
Cash flows from financing activities	(70,006)	(20,555)	69,104
Cash and cash equivalents at the end of the period	197,300	200,004	188,648

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

Number of consolidated subsidiaries: 113
Number of non-consolidated subsidiaries accounted for by the equity method: 6
Number of affiliates accounted for by the equity method: 19

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

	Consolidation	Equity method
Newly added	1	—
Excluded	6	2

2. Forecast of consolidated operating results for the period ending March 31, 2003

	Yen (Millions rounded down)
Operating revenues	1,230,000
Recurring profit (loss)	(3,000)
Net income (loss)	(18,000)

Note:Forecast of net loss per share: 11.73yen

Ⅰ. Corporate Performance and Financial Conditions

1. Overview

During the first half of FY 2002 under review, on a consolidated basis ANA posted a total revenue of ¥ 622.1 billion (down 2.6% from the same period of the previous year), operating profit of ¥ 14.9 billion (down 66.2%), and recurring profit of ¥ 6.0 billion (a decline of 81.2%). Net loss of ¥ 8.1 billion after corporate taxes and adjustments of the tax amounts by the tax effect accounting due to the extraordinary loss from the sales of overseas hotels.

During this first half year period, on a non-consolidated basis, ANA reported sales of ¥ 477.7 billion (down 2.5% from the same period of the previous year), operating profit of ¥ 10.4 billion (down 70.7%) and recurring profit of ¥ 3.1 billion (down 87.5 %). Net profit for this interim term after corporate taxes and adjustment of the tax amounts by the tax effect accounting totaled ¥ 10.0 billion (a decline of 5.9%).

Following is a summary of operating results by business segment. (The sales of each business segment include internal sales among segments.)

Air Transportation

The sales of air transportation business of our Group totaled ¥ 509.8 billion (down 2.8% from the same period of the previous year), while operating profit came to ¥ 11.4 billion (down 70.5%). Following is a summary of each business within the Air Transportation segment.

Domestic Passenger Services

To seek expanded revenue for the Group, in July we restructured flight routes in conjunction with an increase of slots at Haneda airport so that the number of flights from Tokyo to Sapporo, Fukuoka, Okayama, Hiroshima, Takamatsu and Kagoshima were increased, while services on some routes were suspended or reduced. We also opened new routes, Narita - Sendai and Narita - Fukuoka and added more flights on the Narita - Sapporo, Narita - Nagoya and Narita - Osaka routes. By expanding our domestic route network that departs from and arrives at Narita airport, we have made efforts to improve connection services between domestic and international routes called “ANA Connection.” Furthermore, in July we instituted a “Web Discount” fare whereby passengers could obtain a discount of up to 29% in fares if reservations were made via the Internet or by mobile phone. The super-discount fares, “Chowari,” were made available for a total of 44 days during the first half of the fiscal year (compared to 27days during the same period of the previous year) and the period that the discounted fares were valid for was lengthened to about 2 weeks. As a result, a Group total of 1,250,000 passengers took advantage of this offer (compared to 950,000 during the same period of the previous year). We have thus endeavored to stimulate demand by continuing with various forms of discount fares.

Despite our efforts, however, weak demand from business sectors, reflecting the stagnant economy, and intense competition for customer acquisition during this six months period resulted in a

1.9% year-on-year decline in the number of domestic route passengers to 23.47 million. Revenue decreased 4.4 % to ¥ 335.5 billion.

Domestic Cargo and Mail Service

Domestic distribution of goods slumped amidst the sluggish economy and some air cargoes were switched to land transportation due to tightened inspections for explosives following the terrorist attacks. As such an adverse market environment persisted, we endeavored to increase cargo revenue by using larger-sized aircraft on routes with high cargo demand. Although this past September saw a recovery from the slow demand that had continued after the terrorist incidents and the volume exceeded that for the same month of the previous year, it was not sufficient to cover the apathetic performance that lasted through August. Consequently, the tonnage during this half-year period was below the volume recorded during the same period of the previous year.

As a result, compared with the same period of the previous year, the volume of cargo carried during this reporting period fell by 4.1% to 187,000 tons, while revenue dropped by 5.4% to ¥ 11.9 billion. The volume of mail carried during this fiscal first half was 38,000 tons, down 4.0% and revenue was ¥ 5.1 billion, down 5.0%.

International Passenger Services

With the start of the operation of a provisional parallel runway at Narita airport on April 18, the ANA Group’s slots at Narita increased 60% to 144 flights a week. This allowed us to complete the network foundation using Narita as the hub, which we had worked to build since the inauguration of our scheduled international flights in 1986. It also meant that a large bottleneck which impeded our international business development has been eased and it is now possible for us to make full-fledged efforts to meet the high demand of business customers in the metropolitan market. Accordingly, we opened a new Tokyo - Taipei and Tokyo - Xiamen routes and doubled the daily flights to Beijing, Shanghai and Hong Kong, thus concentrating our efforts on expanding the short-distance Asian route network, primarily the China routes. In addition, we instituted daily flights from Tokyo to San Francisco, Honolulu, Frankfurt, Singapore, Seoul and so on. We also completed the linkage of route systems from China to Japan to the United States and improved the convenience for connecting passengers. Furthermore, in an effort to increase revenue, we operated a total of 110 return charter flights between Haneda and Inchon in this half year, including the period during which the 2002 FIFA World Cup was being held.

Despite these efforts, with the delay in recovery of tourism demand following the September 11 events and the suspension, since the last reporting period, of certain routes with insufficient prospects of recovery in demand, the number of international flight passengers during the first half of this fiscal year declined 2.5% to 1,860,000, while revenue fell 3.5% to ¥ 96.3 billion.

International Cargo and Mail Services

Robust demand for North American destinations paced the market for cargo outbound from Japan, reflecting indications of a recovery of the U.S. economy, which had been in the doldrums since the terrorist attacks. Demand was particularly strong for shipment of IT-related goods, semiconductors, electrical equipment, machinery and automobile parts to North America. The result was a substantial increase in cargo transportation performance. In addition, shipment of IT-related goods to China and other Asian countries registered a satisfactory expansion. With respect to cargo inbound from abroad, North America-originated cargo was adversely impacted by the weak yen and stagnant domestic consumption, while cargo originating in China and Asia increased substantially, helped in part by increased flights on short-distance Asian routes. In September, ANA flew our very first freighter to serve the expanding markets of China and Asia with an aim to increasing revenue.

As a result the amount of cargo carried during this half-year period increased 21.8% to 91,000 tons, while revenue increased 13.8% to ¥ 18.5 billion, compared to the same period of the previous year. The total tonnage of mail handled during this period increased 54.6% to 5,000 tons, and the revenue increased 40.5% to ¥ 1.4 billion, compared with the same period a year before.

Other Business

Revenue from passenger baggage fees, and revenue from such services as passenger check-in, baggage loading and other ground support services under contract with other carriers as well as increased in-flight sales enabled us to post a revenue of ¥ 40.7 billion for these affiliated services, which represented a 6.4% increase.

Changes in Fleet Composition

The following changes took place in ANA Group's fleet composition during this reporting period:

Equipment	A	B	C	D	E	F	Remarks
Boeing 747-200B					1	- 1	1 sold April 2002
Boeing 747SR-100			1			- 1	1 returned Sept. 2002
Boeing 767-300	3	4				7	1 purchased May 2002 2 purchased Aug. 2002 1 leased June 2002 2 leased July 2002 1 leased Aug. 2002
Boeing 767-200			2		1	- 3	1 returned June 2002 1 returned Sept. 2002 1 removed Sept. 2002
Airbus A321-100		6			6	0	6 sold Sept. 2002 6 leased Sept. 2002
Boeing 737-500		2				2	1 leased April 2002 1 leased May 2002
Bombardier DHC8-300		1				1	1 leased April 2002
YS-11					1	- 1	1 sold May 2002
Total	3	13	3	--	9	3	

Legend: A = Purchased; B = Leased from; C = Returned; D = Leased to; E = Sold/Removed; F = Change

Travel Services

During this interim term our travel services were forced to struggle under very difficult circumstances due to the lingering effects of last year's terrorism and the lethargic domestic economy.

Domestic travel performance exceeded the results of the same period of the previous year both in terms of the number of passengers and the amount of sales, as we undertook aggressive marketing campaigns focusing on Kyushu and Okinawa destinations.

On the international front, in addition to packages featuring the exclusive deluxe bus "Super Vistana" in European tours, we actively promoted and sold "The Kingdoms of Travel," which is a high-quality and value-added product. We also sold unique products on the substantially expanded China routes.

These efforts, however, were not sufficient to compensate for the decline in products for North American destinations due to the aftermath of the terrorist attacks that persisted since last year. The number of passengers and the amount of sales were below the levels achieved during the same period of the previous year.

As a result of the foregoing developments, the travel services did post the sales of ¥ 85.6 billion during this fiscal half year, up 1.7% from the same period of the previous year, but the operating profit of ¥ 400 million fell short of the last year results by 36.8%.

Hotel Business

During the fiscal half year under review, we sold the shares we owned of ANA Grand Hotel Vienna in July and ANA Harbor Grand Hotel Sydney in August with a view to recouping our invested capital and to improve our financial conditions. These actions completed our disposition of the overseas hotels owned by our Group.

With respect to the hotel business at home, we have built and strengthened hotel management system at ANA Hotels, Ltd., which is charged with the responsibility to provide our chain hotels with management support. In addition, we took action to make sure the system is installed and incorporated in all such hotels.

However, due to the economic slowdown in Japan as well as in the United States, the sale of our overseas hotels and the transfer of ANA Kyoto Hotel to a franchisee, sales were ¥ 38.6 billion (down 2.3% compared to the same period last year) and operating profit was ¥ 300 million (up 361.9%).

Other Businesses

Total sales of Other Businesses during this reporting period came to ¥ 83.4 billion, down 10.2% from the same period of the previous year, while the operating profit was posted at ¥ 2.6 billion, down 28.6%.

2. Cash Flow

Although a net loss was recorded in operating cash flow before taxes and other adjustments during this six months reporting period, it registered an inflow of ¥ 66.1 billion, up ¥3.2 billion from the previous year due to the increase of the disposition and sale of affiliated businesses and their disposition loss as well as the increased reserves for employee retirement benefits.

With respect to investment cash flow, outflow principally consisted of payments for aircraft upon delivery, purchase of spare parts and advance payment for aircraft to be delivered during and after next fiscal year. Proceedings mainly consisted of the sale of aircraft to be retired and sale of overseas hotel businesses. Consequently, the net inflow was ¥ 13.9 billion, an increase of ¥ 64.3 billion, compared with the corresponding period of the previous year.

The free cash flow of ¥ 80.1 billion thus obtained was applied to repayment of loans and redemption of corporate bonds, resulting in a financial cash outflow of ¥ 70 billion.

As a result of the foregoing developments, cash and cash equivalents increased by ¥ 8.4 billion, with the balance standing at ¥197.3 billion at the end of the first half of the current fiscal year.

3. Fiscal Year 2002 ending March 31, 2003- Forecast

Consolidated

（in million yen）

	Fiscal year 2002 ending March 31, 2003(Forecast)		
	Original plan(24/05/02)	Revised plan(22/11/02)	Difference
Operating revenues	12,750	12,300	(450)
Operating income	410	150	(260)
Recurring profit(loss)	230	(30)	(260)
Net income(loss)	20	(180)	(200)

Non Consolidated

（in million yen）

	Fiscal year 2002 ending March 31, 2003(Forecast)		
	Original plan(24/05/02)	Revised plan(22/11/02)	Difference
Operating revenues	9,700	9,440	(260)
Operating income	330	100	(230)
Recurring profit(loss)	200	(50)	(250)
Net income(loss)	170	10	(160)

Assumptions used in arriving at these figures are an exchange rate of 121 yen to the dollar and market price of Dubai crude oil, which is an indicator of jet fuel price, of USD25.3 per barrel, kerosene price of USD30.4 per barrel.

The ANA Group

The ANA Group comprises 143 subsidiaries and 45 affiliates. Of those companies, 113 are consolidated subsidiaries and 25 are accounted for by the equity method. The Group's operations are classified into four business segments: air transportation, travel services, hotel operations, and other businesses. For each segment, the fields of business and the operational positions of the parent company, subsidiaries, and affiliates are described below.

As of September 30, 2002 Operational segment	No. of subsidiaries	of which, consolidated	of which, equity method	No. of affiliates	of which, equity method
Air Transportation	31	30	–	7	3
Travel Services	16	13	–	3	3
Hotel Operations	23	23	–	3	2
Other Businesses	73	47	6	32	11
Group Total	143	113	6	45	19

Air Transportation

The ANA Group's air transportation operations and other aircraft operations are centered on All Nippon Airways Co., Ltd.; subsidiaries Air Nippon Co., Ltd. (ANK), and Air Japan Co., Ltd. (AJX); and affiliate Nippon Cargo Airlines Co., Ltd. Operations principally comprise the provision of passenger, cargo, and mail air transportation. Incidental operations include airport customer services, telephone reservation and information services, and the maintenance of ANA's aircraft and are provided by International Airport Utility Co., Ltd., ANA TELEMART Co., Ltd., ANA Aircraft Maintenance Co., Ltd., and other companies. Airport passenger, handling, and maintenance services are also provided to domestic and overseas airlines that are not members of the ANA Group.

Travel Services

Travel packages are structured and sold under the brand names ANA Hallo Tour and ANA Sky Holiday, mainly by ANA Sales Holdings Co., Ltd., and its wholly owned subsidiaries, All Nippon Airways World Tours Co., Ltd., ANA Sky Holiday Tours Co., Ltd., and All Nippon Airways Travel Co., Ltd. These operations mainly comprise the development and sale of products that use the air transportation services of ANA or ANK and accommodation at ANA hotels. Overseas, ANA World Tours (Europe) Ltd. and other companies provide a range of services to customers traveling on ANA Hallo Tour brand packages and sell airline tickets and travel products.

Hotel Operations

Subsidiaries and affiliates, centered on ANA Hotels, Ltd., develop and operate hotels by providing a wide range of services including lodging, meals, banquets, and wedding receptions.

Other Businesses

Group companies provide communications, trading and sales, real estate, building management, ground transportation and distribution, aircraft equipment maintenance, and other services. ANA Information Systems Planning Co., Ltd., Infini Travel Information, Inc., and others principally develop terminals and software for airline-related information. ANA Logistics Services Co., Ltd., operates warehouse for imported air cargo. All Nippon Airways Trading Co., Ltd., and others conduct operations centered primarily on the import of airline-related materials and on sales through stores and catalogs. ANA Real Estate Co., Ltd., and other companies carry out the sale, rental, and management of real estate, and affiliate Jamco Corporation and others provide the maintenance of aircraft equipment. All Nippon Airways Co., Ltd., and ANA Group subsidiaries and affiliates are customers for these products and services.

Ⅱ. Financial Results

(1) Consolidated Balance Sheets

Unit: ¥million

Assets	Interim 2002 As of 9.30.02	Fiscal 2001 As of 3.31.02	Difference	Interim 2001 As of 9.30.01
Current assets	417,776	407,833	9,943	404,315
Cash and deposits	187,197	159,340	27,857	140,533
Trade accounts receivable	101,645	92,783	8,862	91,883
Marketable securities	8,799	27,370	(18,571)	49,026
Inventories	56,843	55,001	1,842	57,307
Deferred tax assets	10,753	6,213	4,540	10,063
Other current assets	53,013	70,067	(17,054)	55,975
Allowance for doubtful accounts	(474)	(2,941)	2,467	(472)
Fixed assets	1,037,320	1,101,623	(64,303)	1,059,289
[Tangible fixed assets]	[834,109]	[910,130]	(76,021)	[871,606]
Buildings and structures	184,825	210,743	(25,918)	212,183
Aircraft	435,209	445,371	(10,162)	448,971
Land	116,772	119,966	(3,194)	120,446
Construction in progress	63,512	96,274	(32,762)	43,760
Other	33,791	37,776	(3,985)	46,246
[Intangible fixed assets]	[38,403]	[30,622]	7,781	[31,844]
Consolidation adjustment account	—	77	(77)	662
Other intangible fixed assets	38,403	30,545	7,858	31,182
[Investments and others]	[164,808]	[160,871]	3,937	[155,839]
Investment securities	58,645	63,639	(4,994)	64,106
Deferred tax assets	38,505	23,489	15,016	21,037
Other	75,244	80,690	(5,446)	74,842
Allowance for doubtful accounts	(7,586)	(6,947)	(639)	(4,146)
Deferred assets	482	1,526	(1,044)	1,902
Total assets	1,455,578	1,510,982	(55,404)	1,465,506

Unit: ¥million

Liabilities	Interim 2002 As of 9.30.02	Fiscal 2001 As of 3.31.02	Difference	Interim 2001 As of 9.30.01
Current liabilities	402,875	444,863	(41,988)	452,864
Trade accounts payable	117,168	123,896	(6,728)	137,855
Short-term loans	45,669	77,586	(31,917)	82,307
Current portion of long-term debt	69,899	74,685	(4,786)	62,686
Current portion of bonds payable	49,210	69,210	(20,000)	50,000
Bonus payment reserve	15,684	14,338	1,346	15,132
Other current liabilities	105,245	85,148	20,097	104,884
Long-term liabilities	899,266	915,189	(15,923)	836,866
Bonds payable	302,789	302,789	—	353,509
Long-term loans payable	472,323	493,553	(21,230)	373,942
Accrued employees' retirement benefits	99,373	88,980	10,393	83,727
Other long-term liabilities	24,781	29,867	(5,086)	25,688
Total liabilities	1,302,141	1,360,052	(57,911)	1,289,730
Minority interest	11,813	12,289	(476)	13,314
Shareholders' equity				
Common stock	86,239	86,239	—	86,239
Capital surplus	104,232	104,232	—	104,232
Earned surplus	(47,340)	(39,198)	(8,142)	(12,379)
Unrealized gains on securities	(362)	560	(922)	(21)
Foreign currency translation adjustment	(501)	(12,462)	11,961	(14,927)
Treasury stock	(644)	(730)	86	(682)
Total shareholders' equity	141,624	138,641	2,983	162,462
Total liabilities, minority interest and shareholders' equity	1,455,578	1,510,982	(55,404)	1,465,506

Note: Accumulated depreciation:

Interim 2002: 875,453 million／Fiscal 2001 : 888,347 million／Interim 2001: 880,709 million

(2)Consolidated Statements of Income (Loss)

Unit: ¥million

	Interim 2002	Interim 2001	Difference	Fiscal 2001
Operating revenues and expenses				
Operating revenues	622,134	638,722	(16,588)	1,204,514
Operating expenses	476,583	462,761	13,822	923,361
Sales, General and administrative expenses	130,623	131,772	(1,149)	258,185
Operating income	14,928	44,189	(29,261)	22,968
Non-operating income and expenses				
Non-operating income	25,750	14,385	11,365	31,682
Interest income	2,514	3,283	(769)	6,386
Other	23,236	11,102	12,134	25,296
Non-operating expenses	34,666	26,661	8,005	53,250
Interest expenses	13,161	14,554	(1,393)	28,758
Other	21,505	12,107	9,398	24,492
Total Recurring Profit	6,012	31,913	(25,901)	1,400
Extraordinary gains	223	1,177	(954)	1,922
Gains on sales of fixed assets	197	50	147	490
Gain on sale of investment securities	—	1,127	(1,127)	1,132
Other	26	—	26	300
Extraordinary losses	29,044	1,180	27,864	10,500
Loss on sale of affiliates	22,890	—	22,890	—
Loss on liquidation of affiliates	3,577	—	3,577	—
Other	2,577	1,180	1,397	10,500
Net income (loss) before taxes	(22,809)	31,910	(54,719)	(7,178)
Corporate, inhabitant and enterprise tax	3,509	19,824	(16,315)	6,115
Deferred taxes	(19,438)	(5,548)	(13,890)	(3,871)
Minority interest	1,225	809	416	34
Net income (loss)	(8,105)	16,825	(24,930)	(9,456)

(3)Consolidated Statements of Surplus

Unit: ¥million

	Interim 2002	Interim 2001	Fiscal 2001
Capital surplus			
Capital surplus at the beginning of period	104,232	104,232	104,232
Capital surplus at the end of period	104,232	104,232	104,232
Earned surplus			
Earned surplus at the beginning of period	(39,198)	(24,004)	(24,004)
Increase in surplus on consolidation	—	16,825	959
Net income	—	16,825	—
Increase resulting from excluded consolidated subsidiaries	—	—	959
Decrease in surplus on consolidation	8,142	5,200	16,153
Net loss	8,105	—	9,456
Decrease resulting from newly consolidated subsidiaries	37	—	6
Decrease resulting from changes in equity interest in subsidiaries and affiliates	—	5,156	6,647
Decrease resulting from excluded affiliates	—	35	35
Directors bonus	—	9	9
Earned surplus at the end of period	(47,340)	(12,379)	(39,198)

(4) Consolidated statement of Cash flows

Unit: ¥ Million

	Interim 2002	Interim 2001	Fiscal 2001
I. Cash flows from operating activities			
Net income (loss) before taxes	(22,809)	31,910	(7,178)
Depreciation	30,298	29,643	61,337
Gain and loss on sale of fixed assets, loss on removal fixed assets (Net)	9,834	900	7,474
Gain and loss on sale, and revaluation of marketable securities (Net)	920	(890)	1,269
Loss on sale of affiliates	22,890	—	—
Loss on liquidation of affiliates	2,063	—	—
Increase (Decrease) in employee's retirement benefits	10,393	6,100	11,399
Interest expenses	13,161	14,554	28,758
Interest and dividends income	(3,532)	(3,718)	(7,143)
Currency loss	1,373	1,235	1,101
Bonus goods of aircraft equipment	(5,976)	—	—
Decrease (Increase) in trade accounts receivable	(9,381)	11,551	8,846
Decrease (Increase) in other receivable	11,326	(1,287)	(18,132)
Increase (Decrease) in trade accounts payable	(6,522)	1,030	(12,957)
Others	15,913	(4,447)	(1,455)
Sub-total	69,951	86,581	73,319
Interest and dividend received	3,593	3,714	7,143
Interest paid	(12,488)	(14,510)	(28,889)
Corporation and other taxes paid	(2,592)	(14,000)	(18,726)
Receipt of bonus goods of aircraft equipment	5,976	—	—
Others	1,669	1,102	1,146
Net cash provided by (used in) operating activities	66,109	62,887	33,993
II. Cash flows from investing activities			
Payment for acquisition of tangible fixed assets	(69,716)	(51,507)	(124,530)
Proceeds from sale of tangible fixed assets	71,713	2,227	7,432
Payment for acquisition of intangible fixed assets	(7,132)	(3,074)	(7,878)
Proceeds from sale of investment securities	1,364	1,592	2,949
Proceeds from sale of subsidiaries' common stock with changing subsidiaries and affiliates	17,012	—	—
Payment for lending	(1,749)	(2,592)	(6,833)
Proceeds from collection of loans	5,689	5,831	7,465
Others	(3,185)	(2,862)	(2,532)
Net cash provided by (used in) investing activities	13,996	(50,385)	(123,927)
III. Cash flows from financing activities			
Increase (Decrease) in short-term loans	(26,212)	94	(3,777)
Proceeds from long-term loans	34,450	7,961	169,463
Repayment of long-term loans	(56,727)	(44,378)	(78,506)
Proceeds from issuance of bonds	—	19,904	19,904
Redemption of bonds	(20,000)	—	(31,510)
Payment for acquisition of treasury stock	(110)	2	(46)
Others	(1,407)	(4,138)	(6,424)
Net cash provided by (used in) financing activities	(70,006)	(20,555)	69,104
IV. Effect of exchange rate changes on cash and cash equivalents	(1,605)	340	1,786
V . Net increase(decrease) in cash and cash equivalents	8,494	(7,713)	(19,044)
VI. Cash and cash equivalents at the beginning of the period	188,648	207,717	207,717
VII. Net increase (decrease) resulting from changes in scope of consolidation	158	—	(25)
VIII. Cash and cash equivalents at the end of period	197,300	200,004	188,648

Notes to Consolidated Financial Statements

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

Six months ended September 30, 2002 and 2001, Years ended March 31, 2002.

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 Commercial Code 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 intercompany 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.

The accounts of certain foreign subsidiaries have fiscal years ending on December 31. The necessary adjustments for significant transactions, if any, are made on consolidation.

(b) 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 made included in profit and loss account.

The balance sheet accounts of foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except for components of shareholders' equity which are translated at historic exchange rates. Revenues and expenses are translated at the rates of exchange prevailing when such transactions are made. Foreign currency translation adjustments are presented as a component of shareholders' equity.

(c) Marketable securities and investment securities

Trading securities are carried at fair value. Held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity.

Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

(d) Derivatives

The Company and its subsidiaries use derivatives, such as forward foreign exchange contracts, interest rate swaps and -commodity options and swaps, to limit their exposure to fluctuations in foreign exchange rates, interests rates and commodity prices. The Company and its subsidiaries do not use derivatives 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.

(e) 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.

(f) Inventories

Inventories are stated at cost determined by the moving average method.

(g) Property and equipment and depreciation

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
Buildings	Straight-line method
Other ground property and equipment	Declining balance method

The Company and some of the subsidiaries employ principally the following useful lives, based upon the Company's estimated durability of such aircraft:

International type equipment..................... 20 years
Domestic type equipment .... 17 years

(h) Intangible assets and amortization

Intangible 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.

(i) Bonus payment reserve

Provisions are made for bonus payment for employees of the company and subsidiaries. The accrued amounts of estimated bonus payments at balance sheet date are stated as bonus payment reserve.

(j) Retirement benefits

The retirement benefit plan of the Company and some of the subsidiaries covers substantially all employees other than directors, officers and statutory auditors. Under the terms of this plan, eligible employees are entitled, upon mandatory - retirement or earlier voluntary severance, to lump-sum payments based on their compensation at the time of leaving and years of service with the Company and subsidiaries.

The Company and certain significant domestic subsidiaries have trustee employee pension funds to provide coverage for part of the lump-sum benefits or monthly pension. Several subsidiaries have tax-qualified pension plans which cover all or part of the lump-sum 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 eligible employees. The net retirement benefit obligation at transition is being amortized principally over a period of 15 years by the straight-line method. Actuarial gains and losses are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods which are shorter than the average remaining service years of employees. Prior service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining service years of the employees.

(k) Appropriation of retained earnings

The appropriation of unappropriated retained earnings of the Company with respect to a financial period is made by resolution of the Company's shareholders at a general meeting to be held subsequent to the close of the financial period and the accounts for that period do not therefore reflect such appropriation.

(l) 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.

(m) Bond issuance costs

Bond issuance costs are principally capitalized and amortized over a period of three years.

(n) Cash equivalents

For the purpose of the statements of cash flows, cash and short-term, highly liquid investments with a maturity of three months or less are treated as cash equivalents.

3.Marketable securities and investments in securities

Market value information at September 30, 2002 and 2001, March 31, 2002 is summarized as follows:

Held-to-maturity securities having market value are as follows:

			Yen (Millions)
	Interim 2002	Interim 2001	Fiscal 2001
Cost	252	482	245
Market value	256	494	252
Net unrealized gain	4	12	7

Other securities having market value are as follows:

			Yen (Millions)
	Interim 2002	Interim 2001	Fiscal 2001
Cost	14,767	15,001	13,674
Market value	15,411	17,647	16,526
Net unrealized gain	644	2,646	2,852

Breakdown of other securities not having market value are as follows:

			Yen (Millions)
	Interim 2002	Interim 2001	Fiscal 2001
Bonds held to maturity	15,604	16,780	17,229
Other securities	23,591	63,909	43,100
	39,195	80,689	60,329

4.Leases

(a) Finance leases

Finance lease transactions other than those that are expected to transfer ownership of the assets to the lessee are accounted for as operating leases. Information on finance leases which are not recorded as assets and liabilities is -summarized as follows.

Estimated acquisition costs, accumulated depreciation and net book value of leased assets are as follows:

			Yen (Millions)
	Interim 2002	Interim 2001	Fiscal 2001
Aircraft:			
Estimated acquisition cost	267,014	236,121	237,621
Estimated amount of accumulated depreciation	131,725	109,684	120,046
Estimated net book value	135,289	126,437	117,575
Others:			
Estimated acquisition cost	28,745	19,632	27,390
Estimated amount of accumulated depreciation	13,351	9,709	10,573
Estimated net book value	15,394	9,923	16,817
Total:			
Estimated acquisition cost	295,759	255,753	265,011
Estimated amount of accumulated depreciation	145,076	119,393	130,619
Estimated net book value	150,683	136,360	134,392

Outstanding finance lease obligations are as follows:

			Yen (Millions)
	Interim 2002	Interim 2001	Fiscal 2001
Current portion of finance lease obligations	30,352	24,868	28,300
Long-term finance lease obligations	129,454	122,481	118,840
	159,806	147,349	147,140

Estimated amount of depreciation, estimated finance charges and lease expenses are as follows:

			Yen (Millions)
	Interim 2002	Interim 2001	Fiscal 2001
Estimated amount of depreciation			
by the straight-line method over the lease period	14,318	12,338	25,587
Estimated interest cost	2,205	2,421	4,695

Annual lease expenses charged to income:

Interim 2002 16,758 million／Interim 2001 14,569 million／Fiscal 2001 29,999 million

(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)
	Interim 2002	Interim 2001	Fiscal 2001
Current portion of operating lease obligations	44,447	45,594	43,377
Long-term operating lease obligations	126,137	149,063	134,475
	170,584	194,657	177,852

5.Contingent liabilities

The Company and consolidated subsidiaries were contingently liable as guarantor of loans, principally to affiliates, amounting to ¥2,791 million at September 30, 2002.

6.Segment information

The Company and consolidated subsidiaries conduct operations in air transportation, travel services, hotel operations and other businesses. Businesses other than air transportation, travel services and hotel operations are insignificant to the consolidated results of operations of the Company and its consolidated subsidiaries and, accordingly, are included in “Other businesses” in the following industry segment information.
Other segment information of the Company and its subsidiaries such as geographical breakdown of sales and assets is not disclosed because of its insignificance.

Segment information is as follows:

Six months ended September 30, 2002 — Yen (Millions)

	Air transportation	Travel services	Hotel operations	Other businesses	Total	Intercompany eliminations	Consolidated
Operating revenues	466,189	76,190	31,551	48,204	622,134	-	622,134
Intra-group sales and transfers	43,651	9,475	7,126	35,207	95,459	(95,459)	-
Total	509,840	85,665	38,677	83,411	717,593	(95,459)	622,134
Operating expenses	498,368	85,254	38,289	80,786	702,697	(95,491)	607,206
Operating income	11,472	411	388	2,625	14,896	32	14,928

Sixth months ended September 30, 2001 — Yen (Millions)

	Air transportation	Travel services	Hotel operations	Other businesses	Total	Intercompany eliminations	Consolidated
Operating revenues	482,448	75,090	32,810	48,374	638,722	-	638,722
Intra-group sales and transfers	42,298	9,103	6,795	44,464	102,660	(102,660)	-
Total	524,746	84,193	39,605	92,838	741,382	(102,660)	638,722
Operating expenses	485,856	83,543	39,521	89,161	698,081	(103,548)	594,533
Operating income	38,890	650	84	3,677	43,301	888	44,189

Year ended March 31, 2002 — Yen (Millions)

	Air transportation	Travel services	Hotel operations	Other businesses	Total	Intercompany eliminations	Consolidated
Operating revenues	900,847	143,367	63,366	96,934	1,204,514	-	1,204,514
Intra-group sales and transfers	77,564	15,166	12,305	91,235	196,270	(196,270)	-
Total	978,411	158,533	75,671	188,169	1,400,784	(196,270)	1,204,514
Operating expenses	959,662	158,615	76,335	183,181	1,377,793	(196,247)	1,181,546
Operating income (loss)	18,749	(82)	(664)	4,988	22,991	(23)	22,968

7.Supplementary cash flow information

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

Yen (Millions)

	Interim 2002	Interim 2001	Fiscal 2001
Cash	187,197	140,533	159,340
Time deposits with maturities of more than three months	(417)	(1,033)	(728)
Marketable securities	8,799	49,026	27,370
Marketable securities with maturities of more than three months	(72)	(320)	(68)
Short-term investments with maturities of three months or less, included in prepaid expenses and other current assets	1,793	11,798	2,734
Cash and cash equivalents at end of year	197,300	200,004	188,648

8.Breakdown of Operating Revenues（Consolidated） Unit: ¥ million

	Interim 2002	% of total	Interim 2001	% of total	Difference	Fiscal 2001	% of total
Domestic routes							
Passenger	335,577	46.8	351,154	47.4	(15,577)	662,772	47.3
Cargo	11,959	1.7	12,648	1.7	(689)	24,746	1.8
Mail	5,182	0.7	5,454	0.8	(272)	11,491	0.8
Baggage handling	162	0.0	152	0.0	10	294	0.0
Subtotal	352,880	49.2	369,408	49.9	(16,528)	699,303	49.9
International routes							
Passenger	96,399	13.5	99,879	13.5	(3,480)	169,660	12.1
Cargo	18,569	2.6	16,312	2.2	2,257	32,937	2.4
Mail	1,406	0.2	1,001	0.1	405	2,240	0.2
Baggage handling	297	0.0	244	0.0	53	551	0.0
Subtotal	116,671	16.3	117,436	15.8	(765)	205,388	14.7
Revenues from scheduled flights	469,551	65.5	486,844	65.7	(17,293)	904,691	64.6
Other operating revenues	40,289	5.6	37,902	5.1	2,387	73,720	5.3
Subtotal	509,840	71.1	524,746	70.8	(14,906)	978,411	69.9
Travel services							
Package tours(Domestic)	54,160	7.5	50,272	6.8	3,888	99,507	7.1
Package tours(International)	20,159	2.8	23,471	3.2	(3,312)	35,772	2.5
Other revenues	11,346	1.6	10,450	1.4	896	23,254	1.7
Subtotal	85,665	11.9	84,193	11.4	1,472	158,533	11.3
Hotel operations							
Guestrooms	14,320	2.0	14,304	1.9	16	26,093	1.9
Banquets	8,854	1.2	9,625	1.3	(771)	20,509	1.4
Foods and drinks	8,785	1.2	9,477	1.3	(692)	17,906	1.3
Other revenues	6,718	1.0	6,199	0.8	519	11,163	0.8
Subtotal	38,677	5.4	39,605	5.3	(928)	75,671	5.4
Other businesses							
Trading and retailing	57,833	8.0	67,420	9.1	(9,587)	135,181	9.6
Information And telecommunication	9,135	1.3	9,639	1.3	(504)	19,815	1.4
Real estate &building maintenance	8,016	1.1	7,702	1.0	314	16,254	1.2
Other revenues	8,427	1.2	8,077	1.1	350	16,919	1.2
Subtotal	83,411	11.6	92,838	12.5	(9,427)	188,169	13,4
Total operating revenue	717,593	100.0	741,382	100.0	(23,789)	1,400,784	100.0
Intercompany eliminations	(95,459)	-	(102,660)	-	7,201	(196,270)	-
Operating revenue(Consolidated)	622,134	-	638,722	-	(16,588)	1,204,514	-

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)

	Interim 2002	Interim 2001	Year on year (%)	Fiscal 2001
Domestic routes				
Number of passengers	23,474,377	23,921,333	98.1	45,795,753
Available seat-km (thousand km)	31,223,156	31,101,359	100.4	60,980,320
Revenue passenger-km(thousand km)	20,067,397	20,230,326	99.2	38,779,691
Passenger load factor	64.3	65.0	(0.8)	63.6
Cargo(tons)	187,384	195,497	95.9	386,727
Mail(tons)	38,314	39,915	96.0	85,328
International routes				
Number of passengers	1,866,321	1,915,122	97.5	3,510,006
Available seat-km (thousand km)	13,206,136	14,655,036	90.1	26,927,960
Revenue passenger-km (thousand km)	9,559,312	10,366,812	92.2	18,123,981
Passenger load factor	72.4	70.7	1.6	67.3
Cargo(tons)	91,885	75,444	121,8	152,942
Mail(tons)	5,173	3,347	154,6	7,264
Total				
Number of passengers	25,340,698	25,836,455	98.1	49,305,759
Available seat-km (thousand km)	44,429,292	45,756,395	97.1	87,908,280
Revenue passenger-km (thousand km)	29,626,709	30,597,138	96.8	56,903,672
Passenger load factor	66.7	66.9	(0.2)	64.7
Cargo(tons)	279,269	270,941	103.1	539,669
Mail(tons)	43,487	43,262	100.5	92,592

Notes:

Domestic routes: All Nippon Airways Co. + Air Nippon Co. + Air Hokkaido Co. + Air Nippon Network Co.

International routes: All Nippon Airways Co. + Air Nippon Co. + Air Japan Co.

Each result does not include results of charter flights.

International passengers represent revenue passengers.

10.Subsequent events

On October 23, 2002, the Company issued notes due 2005 in the amount of ¥20,000 million with 0.95% interest rate. Paid-in date is November 11, 2002, and redemption date is November 11, 2005.

Six months ended September 30, 2002

Nonconsolidated financial results

All Nippon Airways Co., Ltd. (9202)

1. Nonconsolidated financial highlights for the period ended September 30, 2002

(1) Nonconsolidated operating results

Yen (Millions rounded down)

	Interim 2002	Year on Year (%)	Interim 2001	Year on Year (%)	Fiscal 2001
Operating revenues	477,735	(2.5%)	490,187	(1.2%)	915,008
Operating income (loss)	10,482	(70.7%)	35,766	(29.7%)	18,448
Recurring profit (loss)	3,112	(87.5%)	24,896	(45.9%)	(715)
Net income (loss)	10,088	(5.9%)	10,715	6.3%	(12,878)
Net income per share	6.57 yen		6.98 yen		(8.38 yen)

Notes:1. Average number of shares of outstanding during the period

Interim 2002 1,535,828,317 shares Interim 2001 1,535,942,208 shares Fiscal 2001 1,535,973,206 shares

2. Changes in the accounting policy during the period: none

(2) Dividends

Yen

	Interim 2002	Interim 2001	Fiscal 2002
Annual dividend per share			
Interim	—	—	—
Year – end	—	—	0.00

(3) Nonconsolidated financial positions

Yen (Millions rounded down)

	Interim 2002	Interim 2001	Fiscal 2001
Total assets	1,176,853	1,139,382	1,202,542
Shareholders' equity	165,499	179,433	156,313
Shareholders' equity ratio	14.1%	15.7%	13.0%
Shareholders' equity per share	107.78yen	116.81yen	101.77yen

Note:1. Number of shares of outstanding at balance sheet date

Interim 2002 1,535,581,572 shares Interim 2001 1,536,081,172 shares Fiscal 2001 1,535,933,138 shares

2. Number of treasury stocks at balance sheet date

Interim 2002 501,114 shares Interim 2001 1,514 shares Fiscal 2001 149,548 shares

2. Forecast of non-consolidated operating results for the period ending March 31, 2003

	Yen (Millions rounded down)
Operating revenues	944,000
Recurring profit (loss)	(5,000)
Net income (loss)	1,000

Note:Forecast of net income per share: (0.65yen)

(1) Nonconsolidated Balance Sheets

Unit: ¥million

Assets	Interim 2002 As of 9.30.02	Fiscal 2002 As of 3.31.02	Difference	Interim 2002 As of 9.30.01
Current assets	342,683	327,718	14,964	301,030
Cash and deposits	140,755	115,960	24,795	92,807
Trade accounts receivable	80,819	68,728	12,091	68,070
Marketable securities	4,250	24,682	(20,432)	45,317
Inventories	47,434	45,657	1,776	47,973
Deferred tax assets	5,106	3,249	1,857	6,138
Other current assets	64,340	69,607	(5,267)	40,879
Allowance for doubtful accounts	(23)	(167)	143	(155)
Fixed assets	833,942	874,399	(40,457)	837,628
[Tangible fixed assets]	[657,281]	[699,555]	(42,274)	[661,140]
Buildings	99,726	101,059	(1,332)	102,920
Aircraft	408,803	418,574	(9,771)	421,760
Land	59,972	59,972	-	60,367
Construction in progress	62,328	92,230	(29,901)	40,083
Other tangible fixed assets	26,451	27,719	(1,268)	36,007
[Intangible fixed assets]	[32,409]	[24,352]	[8,057]	[24,349]
[Investments and others]	[144,251]	[150,492]	(6,240)	[152,138]
Investment securities	25,320	25,978	(657)	26,828
Investments in subsidiaries and affiliates	52,696	70,601	(17,904)	70,825
Bonds of subsidiaries and affiliates	-	5,500	(5,500)	5,500
Deferred tax assets	29,641	15,352	14,289	10,994
Other investments	57,340	53,486	3,854	50,911
Allowance for doubtful accounts	(20,748)	(20,426)	(322)	(12,921)
Deferred assets	227	423	(195)	723
Bond issuance expenses	227	423	(195)	723
Total assets	1,176,853	1,202,542	(25,689)	1,139,382

Liabilities	Interim 2002 As of 9.30.02	Fiscal 2002 As of 3.31.02	Difference	Interim 2002 As of 9.30.01
Current liabilities				
Current liabilities	277,361	287,294	(9,932)	291,858
Trade accounts payable	86,363	91,289	(4,925)	105,675
Current portion of long-term debt	47,381	52,020	(4,638)	49,533
Current portion of bonds payable	49,210	69,210	(20,000)	50,000
Accrued income taxes	55	55	-	16,048
Bonus payment reserve	7,991	7,290	701	7,674
Other current liabilities	86,359	67,429	18,930	62,926
Long-term liabilities	733,991	758,934	(24,942)	668,090
Straight Bonds	200,000	200,000	-	200,000
Convertible Bonds	102,789	102,789	-	153,509
Long-term loans payable	338,735	367,979	(29,243)	235,494
Accrued employees' retirement benefits	79,383	70,176	9,206	65,992
Reserve for losses on related businesses	448	448	-	448
Other long-term liabilities	12,635	17,541	(4,905)	12,647
Total liabilities	1,011,353	1,046,229	(34,875)	959,949
Shareholders' equity				
Common stock	86,239	86,239	-	86,239
Capital surplus	104,232	104,232	-	104,232
Capital reserve	21,632	104,232	(82,600)	104,232
Other surplus	82,600	-	82,600	-
Earned Surplus	(24,509)	(34,598)	10,088	(11,004)
Earned surplus reserve	10,301	10,301	-	10,301
Reserve	6,641	7,588	(946)	7,588
Special depreciation reserve	4,255	5,202	(946)	5,202
Other reserve	1,600	1,600	-	1,600
Land devaluation reserve	785	785	-	785
Unappropriated net loss	41,452	52,487	(11,035)	28,893
Unrealized gains on securities	(304)	487	(792)	(34)
Treasury Stock	(158)	(48)	(109)	0
Total shareholders' equity	165,499	156,313	9,186	179,433
Total liabilities and shareholders' equity	1,176,853	1,202,542	(25,689)	1,139,382

Note:Accumulated Depreciation

Interim 2002 ¥788,014million Fiscal 2001 ¥796,247million Interim 2001 ¥792,255 million

(2)Nonconsolidated Statements of Income (Loss)

Unit:￥million

	Interim 2002	Interim 2001	Difference	Fiscal 2001
Operating revenues and expenses				
Operating revenues	477,735	490,187	(12,452)	915,008
Operating expenses	380,340	367,736	12,604	728,889
Sales, General and administrative expenses	86,912	86,685	227	167,670
Operating income	10,482	35,766	(25,283)	18,448
Non-operating income and expenses				
Non-operating income	22,085	9,441	12,643	22,038
Interest and dividend income	428	320	107	1,663
Other	21,657	9,121	12,536	20,375
Non-operating expenses	29,454	20,311	9,143	41,203
Interest expenses	8,954	9,733	(779)	19,234
Other	20,500	10,578	9,922	21,968
Total Recurring Profit (Loss)	3,112	24,896	(21,783)	(715)
Extraordinary gains	758	1,517	(759)	1,517
Gains on sales of securities of affiliates	755	1,517	(762)	1,517
Other	2	-	2	—
Extraordinary losses	9,781	4,809	4,972	16,816
Loss on sale of affiliate stock	8,348	-	8,348	39
Valuation loss on shares of affiliates	205	4,138	(3,932)	5,713
Special retirement benefits	458	439	18	1,048
Valuation loss on marketable securities	355	183	172	1,984
Other	413	48	365	8.030
Net income (loss) before taxes	(5,910)	21,604	(27,515)	(16,014)
Corporate, inhabitant and enterprise tax	55	15,871	(15,816)	3,154
Deferred taxes	(16,054)	(4,982)	(11,072)	(6,290)
Net gain	10,088	10,715	(626)	(12,878)
Loss carried over from last year	51,541	39,609	(11,931)	39,609
Unappropriated loss	41,452	28,893	(12,558)	52,487

Notes to Nonconsolidated Financial Statements

All Nippon Airways Co., Ltd.

Six months ended September 30, 2002 and 2001, Years ended March 31,2002.

1.Summary of significant accounting policies

(a) Marketable securities and investment securities

Trading securities are carried at fair value. Held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity.

Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

Investments in subsidiaries and affiliates are stated at cost determined by the moving average method.

(b) Derivatives

Derivatives, such as forward foreign exchange contracts, interest rate swaps and commodity options and swaps, are used, to limit their exposure to fluctuations in foreign exchange rates, interest rates, and commodity prices. These are not used for trading purposes.

Derivative financial instruments are carried at fair value with changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting under which an unrealized gain or loss is deferred as an asset or a liability. Receivables and payables hedged by qualified forward exchange contracts are translated at the corresponding foreign exchange contract rates.

(c) Inventories

Inventories are stated at cost. Cost is determined by the moving average method for aircraft spare parts, and first-in, first-out method for miscellaneous supplies.

(d) Property and equipment and depreciation

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
Buildings .... Straight-line method
Other ground property and equipment .... Declining balance method

The Company employs principally the following useful lives, based upon the Company's estimated durability of such aircraft:

International type equipment..................... 20 years
Domestic type equipment .... 17 years

(e) Intangible assets and amortization

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

(f) Bond issuance costs and development costs

Bond issuance costs are principally capitalized and amortized over a period of three years and five years, respectively.

(g) 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 made included in profit and loss account.

(h) Allowance for doubtful receivables

A general provision is made for doubtful receivables based on past experience. Provisions are made against specific receivables as and when required.

(i) Bonus payment reserve

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 bonus payment reserve.

(j) Retirement benefits

Accrued retirement benefits for employees at the balance sheet date are provided mainly at an amount calculated based on the retirement benefit obligation and the fair market value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized net retirement benefit obligation at transition, unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated service years of the eligible employees. The net retirement benefit obligation at transition is being amortized principally over a period of 15 years by the straight-line method. Actuarial gains and losses are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods which are shorter than the average remaining service years of employees. Prior service cost is being amortized as incurred by the straight-line method over periods which are shorter than the average remaining service years of the employees.

(k) Reserve for losses on related businesses

Provisions are made for estimated losses from investments in subsidiaries and affiliates.

(l) 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.

(m) Revenue recognition

Passenger revenues, cargo and other operating revenues are recorded when services are rendered.

(n) Consumption taxes

Consumption taxes are excluded from the amounts of profit and loss statements.

2. Notes to balance sheets

(a) Contingent liabilities

Contingent liability as guarantor of loans, principally to affiliates, amounted to ¥76,753 million at September 30, 2002, ¥69,298 million at March 31,2002, and ¥69,238 at September 30, 2001.

(b) Subsequent events

On October 23, 2002, notes due year 2005 were issued amounting ¥20,000 million, with a 0.95% interest rate. The paid-in date is November 11,2002, and redemption date is November 11, 2005.