

## ANA Reports Profitable First Quarter

– net profit more than triple previous term on strong international business demand,  
and domestic economic recovery –

TOKYO July 31, 2006 ANA today reported strong earnings for the first quarter of fiscal 2006, ended June 30, attributing its performance to the continued economic recovery in Japan and strong demand for individual and international business travel. Consolidated revenue increased 10.5% to ¥345.2 billion, and operating profit rose 66.1% to ¥19.5 billion compared with the same quarter of the previous term. A consolidated net profit of ¥7.6 billion was posted – a 255.7% rise – with recurring profit also rising just over 132.8% to ¥14.4 billion.

ANA Group airlines carried 11 million passengers on domestic routes, up 2.3% year-on-year and generating a ¥10.3 billion increase in domestic revenues for the quarter under review. Routes to and from Tokyo's Haneda Airport showed particularly strong demand. The growth was attributed to fare initiatives designed to spur demand, and ANA's policy of differentiating its product line from that of its competitors, for example, its Super Seat Premium product enjoyed a 60% increase in use.

Internationally, passenger numbers grew a robust 16.2% to 1.09 million, led by demand for business travel on North America and Europe routes. Demand for leisure travel on China routes recovered from the previous term's fall, joining steady business demand. Routes to other parts of Asia and the resorts of Guam and Hawaii also performed well. Revenue from international routes grew 23.4% to ¥65 billion.

Domestic and international load factors for the three month period were 63.1% and 76.2% respectively. Passengers were carried over 9.6 billion domestic and 4.9 billion international Revenue Passenger Kilometres (RPKs).

Cargo services produced a total revenue of ¥ 21.2 billion, an increase of 8.3%, despite tougher competition, represented by ¥7.3 billion domestic and ¥13.8 billion international. ANA Group airlines carried 107, 689 tonnes of cargo on domestic routes and 61,516 tonnes on international routes, both showing an increase of 6.8%.

On an airline segment basis\*, the Group showed an increase of 71% in operating profit to ¥17.4 billion on revenue of ¥287.8 billion, itself up by 11.4%.

ANA will not make a change to its forecast for the whole year, given the current price of oil, which pushed ANA's fuel bill up ¥9.5 billion yen year-on-year after hedging for the period under review. Despite this, the overall

rise in costs was contained at 8% year-on-year, thanks to cost reduction measures relating to aircraft operations, amongst others.

Consolidated Financial results in outline

(billion yen rounded down)

	<u>2006 Fiscal</u> <u>Year</u> <u>Q1 ended</u> <u>Jun30, 2006</u>	2005 Fiscal Year Q1 ended Jun 30, 2005	Year on year change (%)	
Revenue	345.2	312.3	32.8	(+10.5)
Domestic pax	167.3	157.0	10.3	(+6.6)
International pax	65.0	52.7	12.3	(+23.4)
Total cargo	21.2	19.5	1.6	(+8.3)
Operating profit	19.5	11.7	7.7	(+66.1)
Recurring profit	14.4	6.2	8.2	(+132.8)
Net profit	7.6	2.1	5.5	(+255.7)

All comparisons are year-on-year.

\*ANA Group Airlines: ANA, Air Nippon (ANK), Air Japan (AJX), A-Net (Air Nippon Network), Air Next (NXA), Air Central (CRF)

For detailed results, please refer to the attached explanation.

[http://www.ana.co.jp/eng/aboutana/corporate/ir/pdf/tan\\_060731\\_e.pdf](http://www.ana.co.jp/eng/aboutana/corporate/ir/pdf/tan_060731_e.pdf)