

ANA reports consolidated financial results for FY2005

1. Consolidated financial highlights for the period ended March 31, 2006 (FY2005)

(1) Summary of consolidated operating results

	FY2005		FY2004	
	Apr.1 - Mar.31	Year on year (%)	Apr.1 - Mar.31	Year on year (%)
Operating revenues	1,368,792	5.9%	1,292,813	6.2%
Operating income (loss)	88,802	14.2%	77,774	126.4%
Recurring profit (loss)	66,755	2.3%	65,224	95.0%
Net income (loss)	26,722	(0.9%)	26,970	8.9%
Net income (loss) per share	15.64yen		17.26yen	
Diluted net income (loss) per share	15.64yen		15.31yen	
Net income (loss) / Shareholders' equity	9.5%		14.8%	
Recurring profit (loss) / Total assets	4.1%		4.1%	
Recurring profit (loss) / Operating revenues	4.9%		5.0%	
Gain (loss) on equity method	(1,335)	Yen (millions)	97	Yen (millions)
Average number of shares of outstanding during the period (consolidated)	1,708,031,488	shares	1,562,537,470	shares

Note:

Changes in the accounting policy during the period: Yes

(2) Summary of consolidated financial positions

	FY2005	FY2004
	As of Mar.31	As of Mar.31
Total assets	1,666,843	1,606,613
Shareholders' equity	346,309	214,284
Shareholders' equity ratio	20.8%	13.3%
Shareholders' equity per share	177.89yen	128.31yen
Number of shares of outstanding at balance sheet date (consolidated)	1,946,747,897 shares	1,669,988,640 shares

(3) Summary of consolidated cash flows

	FY2005	FY2004
	Apr.1 - Mar.31	Apr.1 - Mar.31
Cash flows from operating activities	128,525	149,070
Cash flows from investing activities	(46,449)	(169,247)
Cash flows from financing activities	(3,137)	(51,600)
Cash and cash equivalents at the end of the period	242,785	163,155

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

Number of consolidated subsidiaries: 98

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

Number of affiliates accounted for by the equity method: 18

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

	Consolidation	Equity method
Newly added	8	3
Excluded	6	2

2. Forecast of consolidated operating results for the period ending March 31, 2007

	Yen (Millions)
Operating revenues	1,420,000
Recurring profit (loss)	47,500
Net income (loss)	27,000

Note: Forecast of net income per share: 13.87yen

This forecast is made based on (1) the information available to ANA as of the date of publication of this material and (2) assumptions as of the same date with respect to the various factors which might have impact on the future financial result of ANA. The reader should be aware that actual results could differ materially due to various factors.

The ANA Group

The ANA Group comprises All Nippon Airways Co., Ltd (ANA) and its 129 subsidiaries and 41 affiliates. Of those companies, 98 are consolidated subsidiaries and 23 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 March 31, 2006 Operational segment	No. of subsidiaries			No. of affiliates	of which, equity method
		of which, consolidated	of which, equity method		
Air Transportation	36	34	-	5	4
Travel Services	9	9	-	1	1
Hotel Operations	21	20	-	1	1
Other Businesses	63	35	5	34	12
Group Total	129	98	5	41	18

Air Transportation

The ANA Group's air transportation operations and other aircraft operations are centered on All Nippon Airways Co., Ltd.; subsidiaries Air Nippon Co., Ltd. (ANK), and Air Japan Co., Ltd. (AJX). Air transportation principally comprises passenger services, cargo and airmail transportation. Incidental operations 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 TELE MART 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 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 Sales Europe Ltd. and other companies provide a range of services to customers traveling on ANA Hallo Tour brand packages and sell airline tickets and travel products.

Hotel Operations

Subsidiaries and affiliates, centered on ANA Hotels & Resorts Co, 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. 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.

2. Management Policy

1. Keynote

While giving top priority to the safe operation of Group airlines, we aim to win the confidence of customers and shareholders by raising the quality of our air transportation services and drastically increasing the profits of the ANA Group as a whole.

2. Medium- and Long-Term Management Strategies

As a result of the entire Group's efforts to enforce drastic cost-structure reforms over the three years spanning FY2003 to FY2005—with the aim of lowering Group costs in the final fiscal year by approximately ¥30 billion—we were able to achieve our cost reduction goal of ¥30 billion in FY2004, one year ahead of schedule.

Moreover, to prepare for the heightened competition expected following the expansion of Haneda Airport in 2009, we formulated the new “ANA Group Mid-Term Corporate Strategy (FY2006 – FY2009)” based on our “ANA Group Mid-Term Corporate Strategy (FY2005 – 2007)” and on changes in the business environment, including hikes in the price of crude oil, so as to achieve our goal of “becoming one of the leading corporate groups in Asia with air transportation business as its core,” as stated in the ANA Group Corporate Vision. Under the current mid-term corporate strategy, we have positioned international passenger operations and cargo as the engines of our growth; strategies have been devised to increase profits in line with increased revenues and, as a result, improve our financial constitution. We will continue to strengthen our business base and endeavor to realize the ANA Group Corporate Vision by implementing the following action plan.

1) Cost Competitiveness Surpassing That of Rivals

To adapt to the post-Haneda business environment, we will continue to promote our fleet strategy, human resource strategy, alliance strategy, and so on, establish a cost structure surpassing that of rival companies through strengthened cost competitiveness, and secure a stable earnings base able to withstand the not unlikely scenario of soaring fuel costs.

· Fleet Strategy

In addition to flexible deployment of medium- and small-sized aircraft, we are continuing to develop an optimized fleet that can help us minimize the effects of fluctuations in the economy and in demand. From the standpoint of promoting the best supply-demand balance, we will continue to optimize aircraft allocation according to demand on weekends and weekdays. In tandem with improving productivity through aircraft rationalisation, we are actively pursuing the introduction of new fuel-efficient, highly cost-effective aircraft such as Boeing's planned 787, especially important given rising fuel costs, and working to achieve a fleet that will help us develop future strategic networks.

Finally, we will increase dedicated cargo aircraft in preparation for making that cargo our third core business.

· Human Resource Strategy

With “achieving a level surpassing that of rival companies” as the key phrase, we are aiming to ensure appropriate, streamlined costs for all human resources in our Group and to achieve a synergistic effect with the fleet strategy. In June 2005, Air Next Co., Ltd., which we established in August 2004 to achieve a cost-competitiveness for small aircraft surpassing that of rivals, commenced service from its headquarters at Fukuoka Airport.

· Alliance Strategy

With a view to the business environment following the expansion of Haneda Airport, we will make best use of Star Alliance resources centered on its major projects, and work to retain the competitive lead we gained by being the first to move in terms of joining a global alliance. In June of this year, ten Star Alliance carriers will relocate to Terminal 1 at Narita Airport and work to greatly enhance customer convenience. We will further strengthen our network through bilateral tie-ups with new partners including Swiss International Airlines, a fellow Star Alliance member.

2) Enhanced Competitiveness in Marketing and Sales

In addition to enhancing and maintaining the basic tenets of our quality service (safety, punctuality and comfort), we will grasp ever-changing customer needs, provide services and products with high added value that other companies cannot imitate, thereby capturing “mind-share,” and aim to establish “sustainable competitiveness” even in the increasingly competitive environment.

· Domestic Air Transport Operations

Following efforts undertaken in the previous term, we will work to improve network competitiveness by unifying route development among all Group airlines; by increasing code-share flights with partner airlines and entering additional tie-ups with land transport operators; and by promoting optimal supply-demand measures including flexible fleet allocation.

While further differentiating ourselves by installing more of our value-added “Super Seat Premium” product, we will work with our sales arm, ANA Sales Group, to raise demand for tourism with our new airfare, “Tabiwari” and with online sales.

Not only vis-à-vis other airlines, but also when competing with the shinkansen (“bullet train”), whose revised schedule has made it more convenient, we will monitor trends and take appropriate, timely measures to enhance and maintain our competitiveness in the domestic market.

We will steadily implement these measures and aim to secure stable earnings.

· International Air Transport Operations

The route strategy we are promoting positions us as a “network carrier” and focuses on enhanced connections at the hub airports of Star Alliance partners; we are also developing profitable services in America, Europe, China and Asia. Our fleet strategy involves adding Boeing’s latest 777-300ER in order to offer ANA-brand services and products—including “New Style, CLUB ANA”—across all North American routes. We are also introducing Boeing’s next-generation 737-700, as well as Airbus’ long-haul A320-200 to serve China with smaller aircraft and increased frequency.

In June of this year, we will join other Star Alliance carriers at Narita’s Terminal 1; we will work to differentiate our services based on the greatly shortened connection times made possible by the facility, and based on its amenities such as premium lounges. In addition, as in our Domestic operations, we will pursue unified sales activities with the ANA Sales Group.

We will steadily implement these measures and increase our earnings.

· Cargo & Mail Services

Following the introduction of our fourth dedicated cargo freighter, a Boeing 767, we are revamping our North American service. In addition to Japan outbound cargo, we will pursue

the transport of cargo from China to North America, thus enhancing our earning power. In addition, we will utilize ANA & JP Express Co., Ltd., a new company formed through our joint investment with Japan Post and other companies, to promote an express delivery business, which has high potential for growth. Domestically, we will establish late-night air cargo logistics and strengthen our position through an enhanced freighter network connecting major domestic airports and East Asia.

Through these measures, we will expand cargo revenues and make further progress in our efforts to establish cargo as our “third core business,” one of three pillars in our growth strategy.

3) Strategy for Other Businesses

Regarding profitability to be primary in investments, we will aim to improve earnings in our other businesses including hotels, trading and real estate. We will reduce interest-bearing debts through our efforts to reduce investments by optimal allocation of existing management resources and recovery of funds through sales of assets and so forth. As part of the strategy, in March of this year we transferred to ORIX Corporation all outstanding shares of ANA Real Estate Co., Ltd., our wholly owned subsidiary engaged in real-estate leasing.

In our hotel operations, we will work to further increase GOP (Gross Operating Profit) aiming to create new value.

3. Parent company

Not applicable.

3. Corporate Performance & Financial Condition

1. Overview of the Fiscal Year

On a consolidated basis, operating revenues for the fiscal year under review increased 5.9% year-on-year, to ¥1,368.7 billion. Operating income was up 14.2%, to ¥88.8 billion, and recurring income rose 2.3%, to ¥66.7 billion. Net income edged down 0.9%, to ¥26.7 billion.

On a non-consolidated basis, operating revenues for the fiscal year under review rose 6.4% year-on-year, to ¥1,171.0 billion. Operating income was up 8.2%, to ¥69.5 billion, and recurring income declined 3.1%, to ¥50.8 billion. Net income jumped 170.5%, to ¥28.1 billion.

The following is a summary of operating results by business segment. (Revenues for each business segment include intra-group sales.)

• Air Transportation

During the fiscal year, overall domestic demand for air transportation was favorable thanks to a more-pronounced pick up in the Japanese economy.

On domestic routes, thanks to the success of efforts to date focused on enhancing and expanding services, the Group steadily tapped demand among individuals—mainly business travelers. Further, domestic routes saw brisk tourism demand as a result of such factors as demand stemming from the 2005 World Exposition, Aichi, Japan. International routes, however, saw sluggish tourism demand on routes to China and the United Kingdom attributable to such factors as the anti-Japan demonstrations in China and terrorist attacks in the United Kingdom. Nevertheless, business demand on international routes remained solid throughout the fiscal year. Particularly in the second half of the fiscal year, cargo and

mail services enjoyed favorable demand stemming from an increase in freighter aircraft and other factors.

Faced with those conditions, we sought to minimize the impact of hikes in jet fuel prices by taking such steps as matching supply to demand, continuing thorough efforts to reduce operating costs, and introducing jet fuel surcharges. Consequently, air transportation operating revenues grew 6.2% year on year, to ¥1,132.6 billion, and operating income increased 8.9%, to ¥74.1 billion.

Domestic Passenger Services

Buoyed mainly by strong demand from individual business travelers that accompanied the economic upturn, demand was solid throughout the year, with passenger numbers increasing from the previous year. We undertook a range of measures to enhance and expand services that allowed us to take advantage of heavy demand among individuals and steadily increase passenger numbers. Those measures included the introduction of new economy seats on domestic routes; the expansion of the “Super Seat Premium” service; the rolling out of total transportation solutions based on coordination with ground transportation providers; the enhancement of the convenience of the “Smart e-service,” which was launched to improve service “simplicity and convenience;” and the addition of further value to “ANA Mileage Club” services. Meanwhile, we took aggressive measures to cater to tourism demand arising from such events as the 2005 World Exposition by developing travel products and offering discounted fares.

We expanded our route network from the Kansai region by adding six new routes from Kobe Airport to existing routes from Osaka (Itami) Airport and Kansai Airport. Launched at the same time as Kobe Airport, on February 16, the new routes are from Kobe to Haneda, Sapporo, Okinawa, Sendai, Niigata, and Kagoshima.

Meanwhile, the Group increased the overall efficiency of its transportation system with the June commencement of operations by Air Next Co., Ltd. We established the new company to further match supply to demand, to “secure unrivaled cost competitiveness,” and to “strategically enhance the operating efficiency of our small aircraft.” Through the introduction smaller aircraft, we worked to heighten profitability and buttress our profit base by reducing costs. For example, we retired Boeing 747SR-100s while introducing Boeing 737-700s.

Further, we sought to enhance customer convenience through total transportation solutions based on coordination with ground transportation providers. In addition to coordination with Nagoya Railroad Co., Ltd., at Central Japan International Airport (Centrair) and with Hokkaido Railway Company at Chitose Airport, those efforts included the December launch of the first-ever service integrating ticketing for the airport bus services with the reservation, settlement, and check-in services for ANA flights. This initiative involved 13 bus companies operating at airports in Haneda, Centrair, Okayama, and Yamaguchi-Ube.

As a result of those efforts, passenger numbers on domestic routes increased a healthy 2.2% year-on-year, to 45.47 million. Moreover, operating revenues rose 4.0%, to ¥685.0 billion, as a consequence of enhanced unit prices resulting from ongoing efforts to achieve seat allocation that accurately reflects demand trends.

Domestic Cargo and Mail Services

Domestic cargo services saw first-half demand at the same level as in the same period of the previous year. However, in the second half shipments rose year on year due to higher shipments from November that accompanied Japan’s economic recovery and to an autumn

increase in fresh cargo. In addition, we created new air cargo demand by launching secure transportation services for valuable goods to coincide with the April 1 enactment of the Personal Information Protection Law. In late-night scheduled cargo flights, we introduced a Boeing 767 cargo freighter from February 23, and on the Haneda–Saga route we changed from cargo transportation using twice daily passenger aircraft to daily cargo transportation using a Boeing 767 cargo freighter. Also, we newly established Centrair–Saga and Haneda–Kansai routes. Consequently, cargo revenues and volumes were up for the full fiscal year.

In mail services, volume remained unchanged, and revenues were also approximately the same year on year. In the first half, the growth of cargo handled for Japan Post’s parcel program faltered. However, this was offset by mail passing through the newly opened Kobe Airport and by the start of mail carrying by late night scheduled cargo flights.

As a result of those measures, cargo volume carried rose 4.3% year on year, to 440 thousand tons, and operating revenues edged up 0.5%, to ¥29.6 billion. Mail volume carried increased 0.3%, to 87 thousand tons, while operating revenue grew 0.1%, to ¥8.5 billion.

International Passenger Services

Although demand for leisure travel to China and the United Kingdom temporarily dipped due to the influence of factors including anti-Japan demonstrations in China and terrorist attacks in London, as with domestic routes, business demand was solid throughout the year. Against that backdrop, international passenger services posted recurring income for the second consecutive year by steadily capturing market demand through aggressive initiatives to expand the route network and to roll out a range of sales promotions, such as “eco discount” fares for individual passengers and the “Live / China / ANA” advertising campaign.

In network development, we expanded and strengthened routes in Asia, focusing on China—a market that can be expected to grow. Aiming to buttress our ability to cater to strong business and cargo demand in the Changjiang river delta, we inaugurated a Narita–Guangzhou route from April, introducing daily services on the route from the winter schedule. Further, we opened a Centrair–Shanghai route in May, and a Centrair–Taipei route in January. Also, we increased services on the Haneda–Kimpo (Seoul) route in August and on the Narita–Taipei route in October. Moreover, we sought to increase operating revenues through flexible aircraft deployment that reflected demand trends by actively establishing charter flights and other services.

In fleet development, we moved forward with the replacement of the Boeing 747 series traditionally used on North American routes with the operationally more economical Boeing 777 series. Further, through such measures as the introduction of domestic aircraft on services from Japan to Incheon (Seoul), we worked aggressively to enhance passenger load factors and unit prices and to lower operating costs. Meanwhile, we endeavored to cater to heavy business demand on routes to Europe and North America. On the Narita–New York route, we introduced the latest aircraft: Boeing 777-300ERs, and enhanced in-flight services. On the Narita–Paris and Narita–London routes, we increased the number of business-class seats in May.

In an effort to spread the use of e-tickets, we introduced them on the Narita–Taipei route in December and then expanded e-ticket services to include all international routes. Also, we enhanced the convenience of Internet ticket sales for international routes through a renewal of the ANA Sky Web that upgraded a variety of the web site’s functions.

Thanks to those initiatives, international passenger numbers rose 0.4%, to 4.13 million, while operating revenues recorded an 8.8% increase, to ¥229.2 billion.

International Cargo and Mail Services

In international cargo, outbound shipments were lackluster in the first half due to inventory adjustments for digital goods and other factors but picked up in the second half as the yen weakened. Further, shipments from China stayed at a high level throughout the year because of local economic growth. In addition, performance improved sharply year-on-year as a result of the introduction of a second Boeing 767 cargo freighter in December, followed by a third in February, on routes in China and Asia. Furthermore, March saw cargo volume and revenues of 23 thousand tons and ¥5.3 billion—our best-ever monthly results.

Outbound shipments remained at the same level as in the previous year due to a strong upturn in demand for shipments of digital consumer goods to the United States and for shipments of electronic and automotive components to China and South East Asia in the second-half, counteracting a substantial downturn in shipments of digital goods to Asia in the first-half.

Inbound shipments grew because of factors including the second-half introduction of larger aircraft, which offset reduced shipments from Europe related to increasingly fierce competition and sluggish shipments from North America due to unseasonable West Coast weather that led to a poor crop harvest in first half. Despite the impact of inventory adjustments for digital goods in the first half, shipments from South East Asia rose significantly due to the second-half introduction of two more cargo freighters. Buoyed by robust demand for shipment services that accompanied economic growth and by the deployment of cargo freighters, shipments from China posted a large year-on-year increase.

In mail services, cargo volume increased from the previous year. Although affected by stagnation in economy mail from Europe and by a reduction in services on the Kansai–Shanghai route, cargo volume rose due to higher shipments on the Haneda–Kimpō route and on routes to Europe and North America. Also, operating revenues grew substantially on the back of an increase in high-price long-haul mail.

As a consequence of those efforts, cargo volume recorded a 6.1% year-on-year increase, to 248 thousand tons, while operating revenue was up 10.6%, to ¥55.3 billion. Mail volume rose 3.5%, to 14 thousand tons, and operating revenues increased 10.3%, to ¥3.0 billion.

Other Businesses

We worked to increased revenues from in-flight sales as well as from aircraft maintenance and ground services provided to other airlines, such as passenger check-in and baggage handling. As a result of these efforts, operating revenue rose 14.3% year on year, to ¥121.6 billion.

Changes in Fleet Composition

The following changes took place in the ANA Group's fleet composition during the fiscal year ended March 2006:

Boeing 747-100SR

1 sold in May 2005

1 sold in March 2006

Boeing 747-200B

1 sold in November 2005

1 sold in February 2006

Boeing 747-400

2 purchased in May 2005 (1)
1 purchased in September 2005(1)
1 purchased in March 2006(1)
2 returned in May 2005
1 returned in September 2005
1 returned in March 2006

Boeing 777-300

1 leased in May 2005
1 leased in October 2005

Boeing 777-200

1 leased in April 2005
1 leased in July 2005

Boeing 767-300

1 purchased in June 2005 (1)
2 purchased in August 2005(1)
2 purchased in October 2005(1)
1 purchased in November 2005(1)
2 purchased in December 2005(1)
1 leased in April 2005
1 leased in November 2005
1 leased in February 2006
1 returned in June 2005
2 returned in August 2005
2 returned in October 2005
1 returned in November 2005
2 returned in December 2005

Boeing 767-200

1 returned in July 2005

Airbus A320-200

1 purchased in June 2005(1)
1 purchased in September 2005(1)
1 purchased in December 2005(1)
2 leased in January 2006(2)
1 returned in June 2005
1 returned in September 2005
1 returned in December 2005
2 sold in January 2006

Boeing 737-700

1 leased in December 2005
2 leased in February 2005
1 leased in March 2006

Boeing 737-500

1 purchased in September 2005 (1)
1 purchased in February 2006(1)
1 returned in September 2005
1 returned in February 2006

Boeing 737-400

1 returned in June 2005

Bombardier DHC8-400

1 leased in April 2005

1 leased in July 2005

1 leased in September 2005

1 leased in November 2005

Notes (1) Purchased after lease termination. (2) ANA-owned, leased after sale.

• **Travel Services**

Overall, we handled a higher amount of travel service business than in the previous year. Overseas tourism demand to some destinations was sluggish due to the impact of anti-Japan demonstrations in China and other factors. However, the 2005 World Exposition and other factors fueled strong domestic tourism demand.

In domestic travel services, we developed travel products aimed at vitalizing regional areas through concerted efforts that brought together government agencies, academic institutions, and the private sector. Such initiatives included collaboration with Yokohama's local authorities and Women's colleges to create our "Yokohama time" travel product; the launch of the "Aisangi" travel product designed to promote tourism in the Centrair region following the 2005 World Exposition; and the marketing of a "Kobe time" travel product taking advantage of the February 16 opening of Kobe Airport.

In overseas travel services, we stringently managed product quality to ensure customers worry-free travel. In addition, we responded to the emergence of increasingly diversified travel needs in the previous year by creating an extensive menu of travel packages and customizable packages catering to the increasing demand for individual travel.

Further, we bolstered our Internet sales system by upgrading the general travel "A Tour" web site at the same time as we upgraded the "ANA Sky Web" web site. And, we fortified our targeting of demand among individual travelers for combined flight and hotel reservation by hosting links to the reservation systems of overseas hotels and by increasing domestic contract hotels. Consequently, our year-on-year performance was significantly better.

As a result of those efforts, travel services recorded year-on-year increases of 4.8% in operating revenues, to ¥199.4 billion, and 3.0% in operating income, to ¥3.2 billion.

• **Hotel Operations**

In hotel operations, sales of accommodation, food, and beverages outperformed those of the previous year because of the effect of renovations, strict yield management, recovery in consumer confidence among guests, and other factors. Boosted by continued heavy tourist demand, resort hotels in Okinawa again performed favorably. Further, we completed renovations aimed at enhancing the marketability of ANA Hotel Hiroshima and ANA Hotel Osaka facilities. However, the hotel industry operating environment remains challenging, with major non-Japanese hotel chains starting to enter Japan in earnest.

As a consequence of those initiatives, operating revenues decreased 4.5% year on year, to ¥66.3 billion. But, we secured operating income of ¥4.6 billion. The year-on-year decrease in operating revenues was attributable to the exclusion of catering revenues, which were included in air transportation.

•Other Businesses

All Nippon Airways Trading Co., Ltd., which conducts trading and sales of goods, saw an overall increase in revenues compared with the previous year. Aircraft parts operations and other aircraft related operations recorded an increase in revenues. Further, retail sales were up, as new shops at Haneda Airport's second terminal and at Centrair posted brisk sales on the back of firm demand for air travel. Moreover, ANA Trading absorbed ANK Trading Co., Ltd., on April 1, 2006, to institute a new, more-efficient retail sales management system. In addition, paper pulp operations, machine operations, and food operations recorded favorable performances.

Inifi Travel Information, Inc., saw revenues grow due to stepped-up usage of its international flight reservation and ticketing system by airlines and travel agencies, which stemmed from favorable outbound passenger trends.

ANA Information Systems Planning Co., Ltd., which provides information systems development, maintenance, and operation services to ANA and other Group companies, registered an overall increase in revenues. Maintenance and operation services recorded lower revenues as a result of reductions in ANA's systems maintenance costs. However, sales of development services rose significantly due to factors such as the upgrading of existing systems necessitated by the activation of new flight systems and new tie-ups with other airlines.

ANA Real Estate Co., Ltd., which operates as a real estate agent and insurance agent, generally posted favorable results in its real estate agency, insurance agency, and other operations. Further, we split ANA Real Estate into a company responsible for general real estate leasing operations and a company responsible for other operations. ANA then transferred its stake in the company managing general real estate leasing operations to Orix Corporation in March. As a result, ANA Real Estate's sales declined year-on-year due to the exclusion of revenues from general real estate leasing operations from our consolidated financial statements.

As a result of those efforts, operating revenues from other businesses increased 4.1%, to ¥190.9 billion, while operating income declined 2.7%, to ¥6.7 billion.

2. Cash Flow

Net cash provided by operating activities decreased ¥20.5 billion, to ¥128.5 billion, which was associated with income before income taxes and minority interests of ¥52.4 billion, non-cash items such as depreciation and amortization and impairment loss, and receivable and payable trade accounts. Net cash used in investing activities amounted to ¥46.4 billion. Cash used in investing activities mainly comprised advance payments for the acquisition of aircraft and parts and for new aircraft, while cash provided by investing activities included proceeds from sale of aircraft and investments in securities and proceeds from collection of loans. Moreover, cash provided by investing activities also included proceeds from the sale of all of the shares of former consolidated subsidiary ANA Building that were owned by ANA. Free cash flow was a net inflow of ¥82.0 billion.

Net cash used in financing activities totaled ¥3.1 billion. The Company repaid debt, paid dividends, and redeemed straight bonds and bonds with warrants while raising funds through proceeds from long-term debt and proceeds from the issuance of bonds. Further, the

Company raised funds of ¥95.8 billion by issuing new shares through a public offering and through private allocation to third parties.

As a result, cash and cash equivalents at the end of the fiscal year increased ¥79.4 billion from the previous fiscal year-end, to ¥242.7 billion.

Cash flow indicators are shown in the following table.

Fiscal years ended March	2002	2003	2004	2005	2006
Shareholders' equity ratio (%)	9.2	8.5	9.6	13.3	20.8
Shareholders' equity ratio (market price) (%)	34.7	23.4	35.2	38.0	50.1
Debt repayment period (years)	29.9	11.0	11.5	6.3	6.6
Interest coverage ratio	1.2	3.8	4.1	7.0	6.3

(Notes)

Shareholders' equity ratio:

shareholders' equity / total assets

Shareholders' equity ratio (market price):

aggregate market value of stock / total assets

Debt repayment period (years):

interest-bearing debt / operating cash flow

Interest coverage ratio:

operating cash flow / interest paid

1. Each indicator is calculated on a consolidated basis.
2. Aggregate market value of stock is calculated by multiplying the closing stock price on the last day of the period by the number of shares outstanding at the end of the period.
3. Net cash provided by operating activities from the consolidated statements of cash flows is used as operating cash flow. Interest-bearing debt is that portion of debt on the consolidated balance sheets for which interest is paid.

3. Operating Risks

The following risks could have a significant effect on the judgment of investors in the ANA Group. Further, the forward-looking statements in the following section are the ANA Group's judgments as of the end of the consolidated fiscal year under review.

1) Risks related to crude oil price fluctuations

The price of jet fuel comprises such expenses as the cost of importing, refining, and transporting crude oil and customs tariffs. Among those costs, the cost of importing crude oil accounts for approximately 60% of the price of jet fuel. Consequently, if the price of crude oil increases, the price of jet fuel will increase, leading to a significant burden for the Company. Accordingly, to control the risk of fluctuations in the price of jet fuel and to stabilize jet fuel expenses, ANA hedges risks using crude oil and jet fuel commodity derivatives in planned, continuous hedging transactions for specific periods of time. The Company's hedging transactions are limited to a certain percentage of aggregate purchases of fuel in Japan and overseas, with plans for hedging amounts set quarterly. Individual transactions are maintained within limits that are set in such a way that the Company's transactions will not affect the spot market, and margins are adjusted monthly or quarterly to avoid any physical delivery obligations. Currently, the price of crude oil remains at a high level. The Group's fuel expense and fuel tax in the year under review reached ¥179.8 billion, which represents

14.0% of operating expenses. Given the limitations of the Company's current efforts to offset high crude oil prices through cost reductions and higher fares and charges, prolonged high crude oil prices could significantly affect the Company's performance.

2) Risks related to foreign exchange rate fluctuations

Because purchases of jet fuel, which accounts for a significant share of the Company's expenses, are conducted in foreign currencies, the depreciation of the yen will have a significant effect on the Company's profits. Accordingly, to the greatest extent possible, foreign currency taken in as revenue is used to pay expenses denominated in the same foreign currency, thereby minimizing foreign exchange rate fluctuation risks. In addition, for obligations to purchase jet fuel, the Company uses forward exchange agreements and currency options to limit the risk of fluctuations in foreign exchange rates and to stabilize and control payment amounts.

3) Risks related to the international situation

Due to the outbreak of the Iraq war and SARS in 2003, there was a significant adverse influence on air transportation and travel operations, especially on international routes, and in the previous fiscal year these events had the effect of reducing revenues by more than ¥30.0 billion. The occurrence of wars, large-scale terrorist attacks, or outbreaks of contagious diseases could significantly affect the Company's performance. In its international operations, the Group is currently expanding its routes, principally to China, which now accounts for about 20% of revenues. At the beginning of the fiscal year, issues relating to textbooks, territorial boundaries, and Japan's bid to become a permanent member of the Security Council triggered anti-Japan demonstrations in China. Since then, the situation has calmed. However, tourism demand takes time to recover. In the future, anti-Japan demonstrations or outbreaks of such contagious diseases as a new strain of influenza, regarding which there is currently concern, could significantly affect the Group's performance.

4) Risks related to statutory regulations

As an airline operator, the Group undertakes operations based on the stipulations of statutory regulations relating to airline operations. Further, the Group is required to conduct passenger operations and cargo operations on international routes in accordance with the stipulations of international agreements including treaties, bilateral agreements, and the decisions of IATA (International Air Transport Association). Further, the Group's operations are constrained by Japanese Antitrust Law and similar laws and regulations in other countries with regard to the pricing of fares and charges.

5) Risks related to fleet strategy

In air transportation operations, the Group is pursuing a fleet strategy centered on using medium- and small-sized aircraft, standardizing aircraft models, and introducing highly economical aircraft. However, measures related to fleet strategy could prove ineffective due to the factors given below. Further, the expected benefits of the fleet strategy may diminish significantly.

1. Dependence on The Boeing Company

In accordance with its fleet strategy, the Company has ordered 114 aircraft, of which almost all, 108 aircraft, have been ordered from Boeing. Therefore, if Boeing was unable to perform agreements between Boeing and the Company due to financial or other issues, the Group would be unable to acquire aircraft in accordance with its fleet strategy. Such eventualities could significantly affect the Group's performance.

2. Increase in the cost of raising funds

The Company acquires aircraft through bank loans and bond issuance as well as through leasing. However, the cost of raising funds could increase due to changes in the tax system or to reorganization of governmental financial agencies that made it difficult or impossible to raise funds on terms advantageous to the Company. Such eventualities could significantly affect the Group's performance.

6) Risks relating to public-sector fees

Public-sector fees include landing and navigation fees and other airport usage fees. In the year under review, airport usage fees for the ANA Group totaled ¥100.4 billion, or 7.9% of operating expenses. The government has implemented a policy to reduce landing fees, which had the effect of reducing these fees by about ¥12 billion in the year under review. However, in the year ended March 2004 landing fees at Osaka (Itami) Airport were increased, and a portion of the reduction measures for Haneda Airport were cut back, and it is possible that similar measures could be implemented in the future.

7) Risks relating to environmental regulations

In recent years, regulatory authorities in Japan and other countries have introduced numerous statutory regulations addressing such issues as aircraft noise and emissions, the usage of hazardous materials, and environmental pollution. The Group shoulders a considerable cost burden in order to adhere to such statutory regulations. However, the Group may have to shoulder a large additional cost burden if current regulations are strengthened or if new regulations such as environmental taxes are introduced.

8) Risks relating to competition

The possibility of an increase in costs related the Group's air transportation operations due to such factors as jet fuel expenses, the cost of raising funds, and responses to environmental regulations cannot be denied. If such costs increase, in order to secure income, it is necessary for the Group to reduce indirect fixed costs, reduce costs by enhancing efficiency through the standardization of aircraft types, and pass on costs to fares and charges. However, because the Group is in competition with other airlines in Japan and overseas as well as with alternative forms of transportation, such as the Shinkansen, on certain routes, passing on costs could diminish competitiveness and lead to the loss of customers to competitors. Further, because price competition with competitors greatly restricts the passing on of costs, an increase in costs could affect the Group's performance.

9) Risks relating to ineffective joint ventures and strategic alliances

1. Alliance with Japan Post in the field of international logistics

On October 2005, the Company concluded an agreement with Japan Post on a strategic alliance in the field of international logistics that will include international cargo operations and international mail operations. Based on that agreement, the Company established the cargo airline ANA&JP Express Co., Ltd., on February 1, 2006. There is no guarantee that the strategic alliance will generate the profits that the Company expects. Further, if the strategic alliance is dissolved, the Group will be forced to review its strategies for international cargo operations and international mail operations, which could affect the Group's performance.

2. Star Alliance

Through its membership of Star Alliance, the Company enjoys a variety of benefits, including the sale of tickets to the customers of alliance partners and heightened name recognition outside Japan. However, the benefits of Star Alliance membership would diminish if a major

alliance partner quit the alliance or if Star Alliance was ordered to dissolve or to reduce the extent of its activities based various countries antitrust laws. Such eventualities could significantly affect the Group's performance.

10) Risks relating to flight operations

1. Aircraft accidents etc.

An aircraft accident would give rise to significant expenses associated with the repair or replacement of aircraft, compensation for damages, and other items. Although such direct expenses would be largely met by aviation insurance, a medium-to-long term downturn in aviation demand immediately following an accident could significantly affect the Group's performance. Further, a major accident involving a code-share flight or a competitor could similarly lead to a reduction in aviation demand that could affect the Group's performance.

2. Technical circular directives etc.

If an issue arises that significantly compromises the safety of an aircraft, in accordance with the law, the Minister of Land, Infrastructure and Transport issues a technical circular directive. In some cases, operations of the same type of aircraft are not permitted until the aircraft's safety has been confirmed. Further, even when the law does not require issuance of a technical circular directive, in some cases, where safety cannot be confirmed, operation of the same type of aircraft is voluntarily suspended in accordance with in-house regulations. The occurrence of such a situation could significantly affect the Group's performance.

11) Risks relating to leakages of customer information

The Group holds a huge amount of information relating to customers, such as the information relating to approximately 14.3 million members (as of March 31, 2006) of the ANA Mileage Club. The full enactment of the Personal Information Protection Law on April 1, 2005, increases the stringency required for the proper management of such personal information. The Group undertakes adequate measures to ensure information security. However, a large leakage of personal information caused by unauthorized access or some other factor could lead to significant expenses arising from damages compensation and to loss of public confidence, which could significantly affect the Group's performance.

12) Risks relating to disasters

The Group's data center is located in the Tokyo area, while the operational control for all of the Group's domestic and international flights is conducted at Haneda Airport. Further, more than 60% of the Group's passengers on domestic routes use Haneda Airport. As a result, a major disaster, such as an earthquake, in the Tokyo area or a disaster, such as a fire, at the abovementioned facilities could lead to a long-term shutdown of the Group's information systems or operational control functions that could significantly affect the Group's performance. Further, the long-term closure of an airport due to an earthquake, a typhoon, or snow would lead to the suspension of flight arrivals and departures at that airport during the period of closure, which could affect the Group's performance.

13) Risks relating to information systems

Air transportation operations are highly dependent on information systems, using them for such operationally critical functions as reservations and sales, boarding procedures, operational control, and operational management. The failure of one of those systems or the failure of telecommunications networks would make it difficult to maintain operations and would result in a loss of public confidence, which could affect the Group's performance.

14) Risks relating to asset impairment

From April 2005, the Group introduced asset impairment accounting. In the fiscal year under review, the Group recorded an extraordinary loss of ¥20.4 billion. However, if the profitability of various operations deteriorates, the Group may be required to recognize further asset impairment losses in the future.

4. Dividend Policy

ANA places a high priority on providing a return to shareholders. Allocation of profits is based on a comprehensive consideration of the management environment and performance trends. For future operational development, the Company is working to solidify its financial position through retained earnings and bolster its management foundation.

5. Fiscal Year 2006 Ending March 31, 2007 – Forecast

In current fiscal year, ending March 31, 2007, we expect Japan's economic recovery will fuel continued improvements in corporate earnings, employment, and incomes. However, concern remains over possible further hikes in crude oil prices due to such factors as restrictive pressure on crude oil supply stemming from international instability or upward pressure on demand stemming from increased fuel consumption worldwide. Therefore, we need to continue monitoring the impact of such factors on Japan's economy and on economies worldwide.

Given this tough operating environment, the Group will continue constructing a stable profit base by implementing a raft of measures aimed at strengthening cost competitiveness. Further, guided by the "ANA Group Mid-Term Corporate Plan (FY2006–FY2009)" we will not only maintain a stable profit base but will also realize new income growth as we move toward 2009. And, we will take steps to become "one of the leading corporate groups in Asia with the air transportation business as its core" as set out in our "Group Management Vision."

In domestic passenger operations, we will bolster our network and make optimal use of our landing and departure slots at Haneda Airport. At the same time, we will bolster our competitiveness by strengthening alliances with new airlines. For example, we began code sharing with Skynet Asia Airways Co., Ltd., from April 1, 2006. In addition, we aim to further enhance customer convenience through steady expansion of our "Smart e-service" service starting from March. Also, we plan to strengthen our popular "Super Seat Premium" product, introduced in the year ended March 2005, and to steadily increase the number of aircraft on domestic routes fitted with new economy seats.

In international passenger operations, plans call for ensuring that all aircraft on routes to Europe and North America are configured with our competitive product "New Style, Club ANA" by July. Meanwhile, on routes to China, we aim to ensure stable high profitability by matching supply to demand. To that end—as an addition to Boeing 737-700s—we will deploy Airbus A320-200s for exclusive use on international routes. Further, our June 2006 move to Narita Airport's terminal 1 will bring the Star Alliance members together "under one roof." We plan to take advantage of the dramatic improvement in convenience that the move will afford to buttress tie-ups with our Alliance partners and thereby build an even stronger international network.

In cargo and mail operations, we plan to establish a new company, ANA&JP Express Co., Ltd., in collaboration with Japan Post and others, which will start operations in August 2006. Also, we intend to break into the rapidly growing market for logistics between Asia and North America. Therefore, we will time the inauguration of a new Nagoya-Anchorage-Chicago route to coincide with the introduction of our fourth Boeing 767

cargo freighter in October 2006. With regard to late-night cargo flights on domestic routes, which began operations three years ago, we will leverage our cargo freighters to entrench “late-night air cargo logistics” and to grow revenues.

To facilitate those operational developments, plans call for the introduction of a record 20 aircraft in the fiscal year ended March 31, 2007. We intend to actively introduce Boeing 777-300ERs as international-route workhorses and Boeing 737-700s as the mainstay small aircraft that promises to play a key role on domestic and international routes. At the same time, we will steadily retire Airbus A321-100s and reform cost structures through the standardization of our aircraft (fleet strategy).

In travel operations, we will enhance our travel product planning capabilities, centered on ANA Sales. Also, we aim to strengthen marketing capabilities and heighten operational efficiency by further integrating ANA’s marketing departments and marketing activities.

In hotels, we plan to continue efforts to stabilize and enhance profits by improving the balance of income and expenditure.

In trading, we will enable expansion of transactions outside the Group by strengthening competitiveness through the pursuit of efficient operational management and enhanced customer service. In building maintenance, we will attract customers from outside the Group and expand operations to grow profits through efforts focused on Sky Building Service Co., Ltd., that will strengthen competitiveness by offering high-quality operations and by implementing efficient management.

Through such measures, we intend to continue building a corporate platform capable of generating stable profits even in exacting operating environments.

Our current forecasts for consolidated results in the fiscal year ending March 2007 call for operating revenues of ¥1,420 billion (up ¥51.3 billion), operating income of ¥76 billion (down ¥12.8 billion), recurring income of ¥47.5 billion (down ¥19.2 billion), and net income of ¥27 billion (up ¥0.3 billion).

Forecasts assume an exchange rate of ¥115 to the U.S. dollar; a market price for Dubai crude oil—an indicator of jet fuel prices—of US\$55 per barrel, and a price for Singapore kerosene of US\$74 per barrel. Future profit and capital investment plans are as follows.

Group Capital Investment Plan

Unit: ¥ billion

Fiscal year ending	March 2007 (forecast)
Air transportation	
Aircraft related	162.5
Passenger cabin renovation	11.5
Systems related	17.0
Other	13.0
Subtotal	204.0
Other businesses	3.0
Group total	207.0

Balance of Interest-Bearing Debt

Unit: ¥ billion

Fiscal years ending	March 2006 (actual)	March 2007 (forecast)
Consolidated	846.3	848.3
Non-consolidated	790.6	815.7
Balance of interest-bearing debt		
Lease obligations	267.7	220.4
	257.1	209.4

(1) Consolidated Balance Sheets

Yen(Millions)

	FY2005 As of Mar.31	FY2004 As of Mar.31	Difference
Assets			
<u>Current assets</u>	530,374	421,170	109,204
Cash and deposits	234,461	158,204	76,257
Trade accounts receivable	113,316	113,850	(534)
Marketable securities	24,645	5,730	18,915
Inventories	57,915	52,636	5,279
Deferred income taxes - current	23,561	25,618	(2,057)
Other	76,720	65,341	11,379
Allowance for doubtful accounts	(244)	(209)	(35)
<u>Fixed assets</u>	1,135,463	1,184,838	(49,375)
[Tangible fixed assets]	[927,409]	[958,415]	(31,006)
Buildings and structures	165,693	180,149	(14,456)
Flight equipment	492,358	497,656	(5,298)
Machinery, Equipment and vehicles	16,875	16,983	(108)
Tools and fixtures	14,967	16,054	(1,087)
Land	97,899	109,662	(11,763)
Construction in progress	139,617	137,911	1,706
[Intangible fixed assets]	[41,850]	[37,685]	4,165
[Investments and others]	[166,204]	[188,738]	(22,534)
Investment securities	60,854	68,238	(7,384)
Long-term loans receivables	4,989	24,656	(19,667)
Deferred income taxes - non-current	42,780	46,869	(4,089)
Other	58,746	60,294	(1,548)
Allowance for doubtful accounts	(1,165)	(11,319)	10,154
<u>Deferred assets</u>	1,006	605	401
Total assets	1,666,843	1,606,613	60,230

	Yen (Millions)		
	FY2005	FY2004	
	As of Mar.31	As of Mar.31	Difference
Liabilities			
<u>Current liabilities</u>	480,848	506,474	(25,626)
Trade accounts payable	170,729	142,105	28,624
Short-term loans	8,690	16,045	(7,355)
Current portion of long-term debt	95,748	139,991	(44,243)
Current portion of bonds payable	45,000	48,418	(3,418)
Accrued income taxes	9,258	34,392	(25,134)
Accrued bonuses to employees	14,117	13,286	831
Other	137,306	112,237	25,069
<u>Long-term liabilities</u>	832,554	875,638	(43,084)
Bonds payable	240,000	250,000	(10,000)
Long-term debt payable	456,879	487,802	(30,923)
Accrued employees' retirement benefits	107,377	107,740	(363)
Consolidation adjustment account	672	514	158
Other	27,626	29,582	(1,956)
Total liabilities	1,313,402	1,382,112	(68,710)
Minority interests	7,132	10,217	(3,085)
Shareholders' equity			
Common stock	160,001	107,292	52,709
Capital surplus	125,605	73,676	51,928
Earned surplus (deficit)	52,697	31,225	21,472
Unrealized gains on securities	9,410	4,620	4,790
Foreign currency translation adjustment	(376)	(1,672)	1,296
Treasury stock	(1,028)	(857)	(171)
Total shareholders' equity	346,309	214,284	132,025
Total liabilities, minority interests and shareholders' equity	1,666,843	1,606,613	60,230

Note:

	Yen (Millions)	
	FY2005	FY2004
	As of Mar.31	As of Mar.31
Accumulated depreciation	841,944	853,672
Contingent liabilities	164	1,786

(2) Consolidated Statements of Income (Loss)

Yen(Millions)

	FY2005	FY2004	
	Apr.1 - Mar.31	Apr.1 - Mar.31	Difference
Operating revenues and expenses			
Operating revenues	1,368,792	1,292,813	75,979
Operating expenses	1,017,117	957,923	59,194
Sales, general and administrative expenses	262,873	257,116	5,757
Operating income (loss)	88,802	77,774	11,028
Non-operating income and expenses			
Non-operating income	14,476	32,947	(18,471)
Interest income	3,694	4,162	(468)
Dividends income	987	1,256	(269)
Equity in income of affiliates	-	97	(97)
Foreign exchange gain	1,774	1,139	635
Gains on sale of assets	936	1,477	(541)
Rebate on purchasing aircraft	-	15,969	(15,969)
Other	7,085	8,847	(1,762)
Non-operating expenses	36,523	45,497	(8,974)
Interest expenses	20,172	21,117	(945)
Equity in loss of affiliates	1,335	-	1,335
Loss on sale of assets	675	6,262	(5,587)
Loss on retirement of assets	5,571	8,856	(3,285)
Amortization of net transitional retirement benefit obligation	6,712	6,712	-
Other	2,058	2,550	(492)
Total Recurring Profit (loss)	66,755	65,224	1,531
Extraordinary gains	23,311	2,110	21,201
Gain on sale of fixed assets	1,702	104	1,598
Gain on sale of investment securities	18,632	881	17,751
Other	2,977	1,125	1,852
Extraordinary losses	37,633	21,655	15,978
Loss on sale of fixed assets	572	3,026	(2,454)
Loss on retirement of fixed assets	3,566	3,385	181
Impairment loss	20,451	-	20,451
Loss on sale of investment securities	1	1,143	(1,142)
Valuation loss on investment securities	751	485	266
Valuation loss on other investments	-	5,098	(5,098)
Provision for allowance for doubtful accounts	2	4,593	(4,591)
Special retirement benefit	4,373	1,858	2,515
Other	7,917	2,067	5,850
Net income (loss) before taxes	52,433	45,679	6,754
Corporate, inhabitant and enterprise tax	20,935	34,592	(13,657)
Deferred taxes	5,955	(16,960)	22,915
Minority interests in income of consolidated subsidiaries	(1,179)	1,077	(2,256)
Net income (loss)	26,722	26,970	(248)

(3) Consolidated Statements of Surplus

Yen(Millions)

	FY2005 Apr.1 - Mar.31	FY2004 Apr.1 - Mar.31
<u>Capital surplus</u>		
Capital surplus at the beginning of period	73,676	53,114
<u>Increase in surplus</u>	52,339	20,562
Increase resulting from issuance of new stock by increased capitalization	48,130	-
Increase resulting from disposal of treasury stock	-	37
Increase resulting from conversion of convertible bonds	-	4,733
Increase resulting from issuance of new stock by execution of convertible bonds	4,208	15,791
<u>Decrease in surplus</u>	410	-
Decrease resulting from disposal of treasury stock	410	-
Capital surplus at the end of period	125,605	73,676
<u>Earned surplus</u>		
Earned surplus at the beginning of period	31,225	8,882
<u>Increase in surplus</u>	26,722	26,970
Net income	26,722	26,970
<u>Decrease in surplus</u>	5,250	4,627
Dividends	5,010	4,611
Decrease resulting from new ly consolidated subsidiaries	98	-
Decrease resulting from excluded consolidated subsidiaries	-	16
Decrease resulting from equity method new ly applied to affiliates	142	-
Earned surplus at the end of period	52,697	31,225

(4) Consolidated Statement of Cash Flows

	Yen(Millions)	
	FY2005	FY2004
	Apr.1 - Mar.31	Apr.1 - Mar.31
I. Cash flows from operating activities		
Net income (loss) before taxes	52,433	45,679
Depreciation and amortization	76,201	70,446
Impairment loss	20,451	-
Gain and loss on sales of fixed assets, loss on retirement of fixed assets (Net)	7,939	20,534
Gain and loss on sales, valuation of securities (Net)	(17,885)	5,844
Increase (Decrease) in allowance for doubtful accounts	(4,403)	4,537
Increase (Decrease) in employees' retirement benefits	(408)	2,228
Interest expenses	20,172	21,117
Interest and dividends income	(4,681)	(5,418)
Foreign exchange loss (gain)	(91)	(546)
Rebate on purchasing aircraft	-	(15,969)
Special retirement benefit	4,373	1,858
Decrease (Increase) in trade accounts receivable	520	(11,782)
Decrease (Increase) in other receivable	3,007	(468)
Increase (Decrease) in trade accounts payable	28,417	17,958
Other, net	9,839	(4,073)
Sub-total	195,884	151,945
Interest and dividends received	4,726	5,468
Interest paid	(20,511)	(21,166)
Corporate, inhabitant and enterprise taxes paid	(47,201)	(3,336)
Receipt of rebate on purchasing aircraft	-	15,969
Special retirement benefit paid	(4,373)	(1,858)
Other, net	-	2,048
Net cash provided by (used in) operating activities	128,525	149,070
II. Cash flows from investing activities		
Payment for acquisition of tangible fixed assets	(218,278)	(199,650)
Proceeds from sales of tangible fixed assets	125,392	39,090
Payment for acquisition of intangible fixed assets	(17,302)	(10,530)
Payment for acquisition of investments in securities	(6,845)	(4,671)
Proceeds from sales of investments in securities	11,282	5,093
Payment for lending	(1,528)	(635)
Proceeds from collection of loans	49,574	2,524
Proceeds from acquisition of subsidiaries' stock with changes in scope of consolidation	205	269
Proceeds from sales of subsidiaries' stock with changes in scope of consolidation	12,219	-
Other, net	(1,168)	(737)
Net cash provided by (used in) investing activities	(46,449)	(169,247)

	Yen(Millions)	
	FY2005	FY2004
	Apr.1 - Mar.31	Apr.1 - Mar.31
III. Cash flows from financing activities		
Increase (Decrease) in short-term loans (Net)	(7,355)	(9,038)
Proceeds from long-term debt	84,278	126,028
Repayment of long-term debt	(163,141)	(74,300)
Proceeds from issuance of bonds	34,813	19,895
Redemption of bonds	(40,000)	(109,975)
Proceeds from issuance of new stock	95,865	-
Payment for dividends	(5,010)	(4,611)
Payment for acquisition of treasury stock	(2,289)	(135)
Other, net	(298)	536
Net cash provided by (used in) financing activities	(3,137)	(51,600)
IV. Effect of exchange rate changes on cash and cash equivalents	517	420
V. Net increase (decrease) in cash and cash equivalents	79,456	(71,357)
VI. Cash and cash equivalents at the beginning of the period	163,155	234,524
VII. Net increase (decrease) resulting from changes in scope of consolidation	174	(12)
VIII. Cash and cash equivalents at the end of the period	242,785	163,155

Supplementary cash flow information

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

	Yen(millions)	
	FY2005	FY2004
Cash	234,461	158,204
Time deposits with maturities of more than three months	(903)	(777)
Marketable securities	24,645	5,730
Marketable securities with maturities of more than three months	(15,418)	(2)
Cash and cash equivalents at the end of period	242,785	163,155

Significant non-cash transactions are as follows:

	Yen(millions)	
	FY2005	FY2004
Issuance of new stock by execution of convertible bonds:		
Credited to common stock	4,208	15,791
Credited to capital surplus	4,208	15,791
	8,418	31,582

	Yen(millions)	
	FY2005	FY2004
Conversion of convertible bonds:		
Credited to common stock	-	4,733
Credited to capital surplus	-	4,733
	-	9,466

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.

Certain foreign subsidiaries have fiscal years ending on December 31 and the necessary adjustments for significant transactions, if any, are made on consolidation.

(b) 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.

(c) 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.

(d) 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.

(e) Inventories

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

(f) Property and equipment and depreciation

Property and equipment are principally 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 certain 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

(g) Intangible fixed assets and amortization

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

(h) Accrued bonuses to employees

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 Accrued bonuses to employees.

(i) Retirement benefits

The retirement benefit plan of the Company and certain subsidiaries covers substantially all. 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 annuity payments. 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.

(j) 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.

(k) 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.

(l) Bond issuance costs

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

(m) Cash equivalents

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

(n) Consolidated tax return system

The Company and certain subsidiaries applied a consolidated tax return system.

Change in Accounting policies

(Accounting standards relating to the impairment of fixed assets)

The Company and its domestic subsidiaries and affiliates applied "Accounting Standards for Impaired Fixed Assets" ("Statement of position for setting accounting standards for impaired fixed assets" (Business Accounting Council, 9 August 2002)) and the "Applicable guidelines for accounting standards concerning the impairment of fixed assets" (Issue No.6 of Accounting Standards for Business Enterprises, 31 October 2003). As a result, a loss resulting from impaired fixed assets reduced net income before taxes by ¥204.51 billion. Note that accumulated impairment loss is deducted directly from each asset, in accordance with the revised regulations on interim consolidated financial statements.

3. Marketable securities and investments in securities

Market value information is summarized as follows:

Held-to-maturity securities having market value

	Yen (Millions)	
	FY2005	FY2004
Gross unrealized gain:		
Cost	38	30
Market value	38	30
	0	0
Gross unrealized loss:		
Cost	-	5
Market value	-	5
	-	0
Net unrealized gain	0	0

Other securities having market value

	Yen (Millions)	
	FY2005	FY2004
Gross unrealized gain:		
Cost	14,369	8,338
Market value	30,898	17,714
	16,529	9,376
Gross unrealized loss:		
Cost	446	4,157
Market value	405	2,998
	(41)	(1,159)
Net unrealized gain	16,488	8,217

Sell-off of other securities

	Yen (Millions)	
	FY2005	FY2004
Proceeds	228	1,778
Gain on sale	8	878
Loss on sale	-	1,096

Breakdown of other securities not having market value

	Yen (Millions)	
	FY2005	FY2004
Bonds held to maturity	15,416	13,606
Other securities	31,449	25,862
	46,865	39,468

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

	Yen (Millions)	
	FY2005	FY2004
Bonds:		
Within 1 year	23,415	4,000
Over 1 year to 5 years	38	13,641
Over 5 years to 10 years	-	-
Over 10 years	-	-
Others:		
Within 1 year	1,230	1,730
Over 1 year to 5 years	-	-
Over 5 years to 10 years	-	-
Over 10 years	-	-
Total:		
Within 1 year	24,645	5,730
Over 1 year to 5 years	38	13,641
Over 5 years to 10 years	-	-
Over 10 years	-	-

4 .Retirement benefit plans

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., welfare pension fund plans, tax qualified pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amount of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs. In addition, the Company and certain domestic consolidated subsidiaries have also defined contributory pension plans.

Domestic consolidated subsidiary received approval from the Minister of Health, Labor and Welfare on May 1, 2005 for the exemption from future payments of the substituted portion of the pension fund.

	Yen (Millions)	
	FY2005	FY2004
Retirement benefit obligation	(269,868)	(262,224)
Plan assets at fair value	110,939	90,327
Unfunded retirement benefit obligation	(158,929)	(171,897)
Unrecognized net transitional retirement benefit obligation	60,430	67,119
Unrecognized actuarial loss	23,949	33,521
Unrecognized prior service cost	(31,813)	(35,813)
Gross amount recognized	(106,363)	(107,070)
Prepaid pension cost	1,014	670
Accrued employees' retirement benefits	(107,377)	(107,740)

The government sponsored portion of the benefits under the welfare pension fund plans has been included in the amounts shown in the above table.

The components of retirement benefit expenses are as follows:

	Yen (Millions)	
	FY2005	FY2004
Service cost	12,225	11,947
Interest cost	6,250	6,167
Expected return on plan assets	(4,952)	(3,671)
Amortization of net retirement benefit obligation at transition	6,712	6,712
Amortization of actuarial loss	4,071	3,213
Amortization of prior service cost	(3,715)	(3,090)
Net periodic pension and severance cost	20,591	21,278
Other	568	608
Total	21,159	21,886

Note :

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

	FY2005	FY2004
Special retirement benefit paid	4,373	1,858

5. Income taxes

The tax effect of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities is as follows:

	Yen (Millions)	
	FY2005	FY2004
Deferred tax assets:		
Accrued employees' retirement benefits	42,209	39,149
Gain on deferred hedge	11,780	11,145
Accrued bonuses to employees	5,751	5,336
Unrealized gain on inventories and property and equipment	5,311	6,419
Tax loss carried forward	2,725	3,045
Accrued enterprise tax	1,162	3,054
Allowance for doubtful accounts	-	4,425
Valuation loss on other investments	-	3,068
Others	15,065	10,260
Total gross deferred tax assets	84,003	85,901
Less valuation allowance	(9,024)	(7,790)
Total net deferred tax assets	74,979	78,111
Deferred tax liabilities:		
Unrealized gains (losses) on securities	(6,754)	(3,799)
Reserve for special depreciation	(984)	(1,148)
Others	(2,716)	(2,571)
Total gross deferred tax liabilities	(10,454)	(7,518)
Net deferred tax assets	64,525	70,593

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

	Yen (millions)	
	FY2005	FY2004
Current assets - Deferred tax assets	23,561	25,618
Investments - Deferred tax assets	42,780	46,869
Other long-term liabilities	(1,816)	(1,894)

Reconciliation of the difference between the statutory tax rate and the effective income tax rate for the year ended March 31, 2006 is as follows:

	FY2005
Statutory tax rate	40.16%
Reconciliation:	
Entertainment expenses not qualifying for deduction	1.67%
Inhabitants tax per capita levy	0.44%
Change in valuation allowance and related adjustments	10.23%
Other	(1.22%)
Effective income tax rate	51.28%

Reconciliation of the difference between the statutory tax rate and the effective income tax rate for the year ended March 31, 2005 is not disclosed because it is of no importance.

6. 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, accumulated impairment loss and net book value of leased assets are as follows:

	Yen (Millions)	
	FY2005	FY2004
Aircraft:		
Estimated acquisition cost	278,217	326,539
Estimated amount of accumulated depreciation	174,610	195,921
Estimated accumulated impairment loss	-	-
Estimated net book value	103,607	130,618
Others:		
Estimated acquisition cost	11,688	14,818
Estimated amount of accumulated depreciation	6,449	8,451
Estimated accumulated impairment loss	-	-
Estimated net book value	5,239	6,367
Total:		
Estimated acquisition cost	289,905	341,357
Estimated amount of accumulated depreciation	181,059	204,372
Estimated accumulated impairment loss	-	-
Estimated net book value	108,846	136,985

Outstanding finance lease obligations are as follows:

	Yen (Millions)	
	FY2005	FY2004
Current portion of finance lease obligations	26,879	33,066
Long-term finance lease obligations	87,143	110,470
	114,022	143,536
Impairment Loss on leased assets	-	-

Annual lease expenses, reversal of impairment loss on leased assets, estimated amount of depreciation, estimated interest cost and impairment loss are as follows:

	Yen (Millions)	
	FY2005	FY2004
Annual lease expenses charged to income	36,735	39,444
Reversal of impairment loss on leased assets	-	-
Estimated amount of depreciation by the straight-line method over the lease period	31,476	33,616
Estimated interest cost	3,216	3,967
Impairment loss	-	-

(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)	
	FY2005	FY2004
Current portion of operating lease obligations	31,791	28,660
Long-term operating lease obligations	121,934	46,095
	153,725	74,755

7. 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.

The Company and its domestic subsidiaries and affiliates applied "Accounting Standards for Impaired Fixed Assets" ("Statement of position for setting accounting standards for impaired fixed assets" (Business Accounting Council, 9 August 2002)) and the "Applicable guidelines for accounting standards concerning the impairment of fixed assets" (Issue No.6 of Accounting Standards for Business Enterprises, 31 October 2003).

Segment information is as follows:

							Yen (Millions)	
	Air transportation	Travel services	Hotel operations	Other businesses	Total	Intercompany eliminations	Consolidated	
<FY2005 Apr. 1 - Mar. 31>								
Operating revenues	1,022,090	180,189	57,695	108,818	1,368,792	-	1,368,792	
Intra-group sales and transfers	110,574	19,303	8,681	82,095	220,653	(220,653)	-	
Total	1,132,664	199,492	66,376	190,913	1,589,445	(220,653)	1,368,792	
Operating expenses	1,058,551	196,274	61,741	184,123	1,500,689	(220,699)	1,279,990	
Operating income (loss)	74,113	3,218	4,635	6,790	88,756	46	88,802	
Identifiable assets	1,476,599	50,120	150,367	131,675	1,808,761	(141,918)	1,666,843	
Depreciation and amortization	67,984	1,046	3,822	3,349	76,201	-	76,201	
Impairment loss	1,663	-	9,083	9,705	20,451	-	20,451	
Capital expenditure	189,501	1,176	42,881	2,224	235,782	(202)	235,580	
<FY2004 Apr. 1 - Mar. 31>								
	Air transportation	Travel services	Hotel operations	Other businesses	Total	Intercompany eliminations	Consolidated	
Operating revenues	961,969	170,937	55,454	104,453	1,292,813	-	1,292,813	
Intra-group sales and transfers	104,972	19,357	14,044	78,904	217,277	(217,277)	-	
Total	1,066,941	190,294	69,498	183,357	1,510,090	(217,277)	1,292,813	
Operating expenses	998,900	187,170	69,965	176,375	1,432,410	(217,371)	1,215,039	
Operating income (loss)	68,041	3,124	(467)	6,982	77,680	94	77,774	
Identifiable assets	1,326,276	45,732	117,122	180,856	1,669,986	(63,373)	1,606,613	
Depreciation and amortization	61,703	1,134	4,004	3,605	70,446	-	70,446	
Capital expenditure	195,963	1,216	10,164	3,152	210,495	(315)	210,180	

8. Impairment loss

The assets of the Company and its domestic consolidated subsidiaries are grouped by individual property in the case of hotel business assets, rental real estate, and idle assets, and by management accounting categories in the case of business assets. Due to slumping performance in hotel business assets, and falling rental levels and land prices for rental real estate and idle assets, the book value of assets whose profitability dropped notably in the accounting year under review and fell to the recoverable value, is accounted for as impairment loss (¥20,451 million) under extraordinary losses.

<FY2005 as of Mar. 31>				Yen(million)
Application	Location	Category	Impairment loss	
Hotel business assets	1 in Kanto / 2 others	Buildings and others	8,232	
		Others	806	
		Total	9,038	
Rental real estate assets	1 in Kanto / 5 others	Land, Buildings, and others	7,462	
		Buildings and others	3,154	
		Total	10,616	
Idle assets	2 in Kanto / 5 others	Land and others	778	
		Intangible fixed assets and others	19	
		Total	797	

Note that the recoverable value of the assets is calculated by the value of use, real estate appraisal, or fair value less costs to sell, minus future cash flow of 3.5-10.0%.

9. Breakdown of Operating Revenues (Consolidated)

	Yen(Millions)				
	FY2005	% of	FY2004	% of	Difference
	Apr.1 - Mar.31	total	Apr.1 - Mar.31	total	
Domestic routes					
Passenger	685,074	43.1	658,762	43.6	26,312
Cargo	29,659	1.9	29,515	2.0	144
Mail	8,586	0.5	8,581	0.6	5
Baggage handling	331	0.0	292	0.0	39
Subtotal	723,650	45.5	697,150	46.2	26,500
International routes					
Passenger	229,232	14.4	210,735	14.0	18,497
Cargo	55,380	3.5	50,089	3.3	5,291
Mail	3,091	0.2	2,803	0.2	288
Baggage handling	517	0.1	528	0.0	(11)
Subtotal	288,220	18.2	264,155	17.5	24,065
Revenues from scheduled flights	1,011,870	63.7	961,305	63.7	50,565
Other operating revenues	120,794	7.6	105,636	7.0	15,158
Subtotal	1,132,664	71.3	1,066,941	70.7	65,723
Travel services					
Package tours(Domestic)	136,794	8.6	124,650	8.2	12,144
Package tours(International)	41,248	2.6	41,885	2.8	(637)
Other revenues	21,450	1.3	23,759	1.6	(2,309)
Subtotal	199,492	12.5	190,294	12.6	9,198
Hotel operations					
Guestrooms	24,895	1.6	23,483	1.6	1,412
Banquets	18,576	1.2	17,818	1.2	758
Foods and drinks	16,568	1.0	15,776	1.0	792
Other revenues	6,337	0.4	12,421	0.8	(6,084)
Subtotal	66,376	4.2	69,498	4.6	(3,122)
Other businesses					
Trading and retailing	126,969	8.0	121,920	8.1	5,049
Information and telecommunication	26,067	1.6	25,043	1.6	1,024
Real estate & building maintenance	17,306	1.1	17,391	1.1	(85)
Other revenues	20,571	1.3	19,003	1.3	1,568
Subtotal	190,913	12.0	183,357	12.1	7,556
Total operating revenues	1,589,445	100.0	1,510,090	100.0	79,355
Intercompany eliminations	(220,653)	-	(217,277)	-	(3,376)
Operating revenue(Consolidated)	1,368,792	-	1,292,813	-	75,979

Notes:

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

10. Overview of Airline Operating Results (Consolidated)

	FY2005 Apr.1 - Mar.31	FY2004 Apr.1 - Mar.31	Year on year (%)
Domestic routes			
Number of passengers	45,474,069	44,485,771	102.2
Available seat-km (thousand km)	60,972,655	60,648,949	100.5
Revenue passenger-km (thousand km)	39,712,101	38,454,145	103.3
Passenger load factor	65.1	63.4	1.7
Cargo(tons)	440,750	422,397	104.3
Cargo traffic volume (thousand kg)	426,741	409,685	104.2
Mail(tons)	87,513	87,272	100.3
Mail traffic volume (thousand kg)	93,135	92,621	100.6
International routes			
Number of passengers	4,134,552	4,116,095	100.4
Available seat-km (thousand km)	25,337,958	25,190,294	100.6
Revenue passenger-km (thousand km)	18,769,014	19,191,016	97.8
Passenger load factor	74.1	76.2	(2.1)
Cargo(tons)	248,735	234,417	106.1
Cargo traffic volume (thousand kg)	1,134,805	1,083,820	104.7
Mail(tons)	14,252	13,764	103.5
Mail traffic volume (thousand kg)	60,050	59,532	100.9
Total			
Number of passengers	49,608,621	48,601,866	102.1
Available seat-km (thousand km)	86,310,613	85,839,244	100.5
Revenue passenger-km (thousand km)	58,481,115	57,645,161	101.5
Passenger load factor	67.8	67.2	0.6
Cargo(tons)	689,485	656,815	105.0
Cargo traffic volume (thousand kg)	1,561,546	1,493,506	104.6
Mail(tons)	101,765	101,037	100.7
Mail traffic volume (thousand kg)	153,185	152,154	100.7

Notes:

Domestic routes: ANA Group + Code share flights (IBEX airlines co., ltd. and Hokkaido international airlines co., ltd.(AIR DO))

International routes: ANA Group + Code share flights (UA and EVA AIR)

Each result does not include results of charter flights.

Domestic routes' data include results of night cargo flights.

Fiscal year ended March 31, 2006
 Non-consolidated financial results
 All Nippon Airways Co., Ltd. (9202)

ANA reports non-consolidated financial results for FY2005

1. Non-consolidated financial highlights for the period ended March 31, 2006 (FY2005)

	Yen (Millions rounded down)			
	FY2005 Apr.1 - Mar.31	Year on year (%)	FY2004 Apr.1 - Mar.31	Year on year (%)
Operating revenues	1,171,088	6.4%	1,100,448	13.5%
Operating income (loss)	69,587	8.2%	64,308	167.6%
Recurring profit (loss)	50,813	(3.1%)	52,417	109.1%
Net income (loss)	28,137	170.5%	10,401	1.3%
Net income (loss) per share	16.45yen		6.65yen	
Diluted net income (loss) per share	16.45yen		5.97yen	
Net income (loss) / Shareholders' equity	10.5%		5.9%	
Recurring profit (loss) / Total assets	3.6%		3.9%	
Recurring profit (loss) / Operating revenues	4.3%		4.8%	
Average number of shares of outstanding during the period	1,710,019,085 shares		1,564,199,177 shares	

Note:

Changes in the accounting policy during the period: Yes

	Yen	
	FY2005	FY2004
Annual dividend per share	3.00	3.00
Interim	-	-
Year – end	3.00	3.00
Total amount of dividends (Yen million)	5,846	5,015
Pay-out ratio	18.2%	45.1%
Dividend ratio for shareholders' equity	1.8%	2.5%

	Yen (Millions rounded down)	
	FY2005	FY2004
Total assets	1,505,643	1,348,849
Shareholders' equity	333,155	201,118
Shareholders' equity ratio	22.1%	14.9%
Shareholders' equity per share	170.96yen	120.31yen
Number of shares of outstanding at balance sheet date	1,948,733,499 shares	1,671,721,889 shares
Number of treasury stocks at balance sheet date	1,225,758 shares	1,082,538 shares

2. Forecast of non-consolidated operating results for the period ending March 31, 2007

Yen (Millions rounded down)	
Operating revenues	1,230,000
Recurring profit (loss)	37,500
Net income (loss)	22,500
Annual dividend per share	3.00yen

Note: Forecast of net income per share: 11.55yen

This forecast involve risks, uncertainties and other factors since it reflects management's views in light of the information currently available as of the date hereof. The reader should be aware that actual results could differ materially due to various factors.

(1) Non-consolidated Balance Sheets

Yen(Millions rounded down)

	FY2005 As of Mar.31	FY2004 As of Mar.31	Difference
Assets			
Current assets	454,524	337,186	117,338
Cash and deposits	193,699	111,058	82,641
Trade accounts receivable	97,281	97,869	(587)
Marketable securities	7,998	3,999	3,998
Inventories	50,300	44,840	5,459
Prepaid expenses	7,903	10,993	(3,089)
Short-term loans receivable	17,764	789	16,975
Other accounts receivable	4,423	4,131	292
Deferred income taxes - current	18,195	20,652	(2,456)
Other	57,010	42,862	14,148
Allowance for doubtful accounts	(53)	(10)	(43)
Fixed assets	1,050,448	1,011,501	38,946
[Tangible fixed assets]	[789,418]	[802,990]	(13,571)
Buildings	84,638	91,580	(6,941)
Structures	2,037	2,383	(346)
Flight equipment	491,085	496,134	(5,049)
Machinery and equipment	10,564	10,269	294
Transportation equipment other than aircraft	1,895	1,861	34
Tools and fixtures	10,073	10,527	(454)
Land	49,563	54,147	(4,584)
Construction in progress	139,561	136,085	3,475
[Intangible fixed assets]	[33,810]	[30,191]	3,618
Telephone deposits	241	264	(22)
Software	30,991	26,920	4,070
Other	2,577	3,006	(429)
[Investments and others]	[227,219]	[178,319]	48,899
Investment securities	49,507	37,341	12,166
Investments in subsidiaries and affiliates	42,996	50,580	(7,583)
Advances to subsidiaries and affiliates	-	60	(60)
Long-term loans receivables	73,934	30,444	43,490
Housing loans to employees	1,455	1,523	(67)
Long-term prepaid expenses	4,572	5,139	(567)
Deferred income taxes - non-current	27,831	32,663	(4,831)
Other	34,377	35,768	(1,391)
Allowance for doubtful accounts	(7,457)	(15,202)	7,744
Deferred assets	670	161	508
New stock issuance expenses	510	-	510
Bond issuance expenses	159	161	(1)
Total assets	1,505,643	1,348,849	156,794

Yen(Millions rounded down)

	FY2005 As of Mar.31	FY2004 As of Mar.31	Difference
Liabilities			
Current liabilities	398,708	365,928	32,779
Trade accounts payable	146,285	109,626	36,659
Current portion of long-term debt	71,807	71,376	430
Current portion of bonds payable	45,000	48,418	(3,418)
Non-operating accounts payable	4,933	3,631	1,301
Accrued expenses	21,506	22,835	(1,328)
Accrued income taxes	6,163	31,344	(25,180)
Deposits	774	811	(36)
Advance ticket sales	46,135	36,734	9,401
Accrued bonuses to employees	6,253	6,254	(1)
Other	49,849	34,896	14,952
Long-term liabilities	773,779	781,802	(8,023)
Bonds payable	240,000	250,000	(10,000)
Long-term loans payable	433,839	426,696	7,142
Accrued employees' retirement benefits	80,376	82,267	(1,890)
Reserve for losses on related businesses	-	3,157	(3,157)
Other	19,563	19,681	(117)
Total liabilities	1,172,487	1,147,731	24,756
Shareholders' equity			
Common stock	160,001	107,292	52,708
Capital surplus	125,342	73,663	51,678
Capital reserve	95,024	42,685	52,338
Other surplus	30,317	30,978	(660)
Gain on decrease of common stock and capital surplus	30,317	30,958	(640)
Gain resulting from disposal of treasury stock	-	20	(20)
Earned Surplus	39,176	16,054	23,122
Unappropriated reserve	1,710	-	1,710
Reserve for special depreciation	1,710	-	1,710
Unappropriated net gain (loss)	37,465	16,054	21,411
Unrealized gains on securities	9,063	4,452	4,610
Treasury Stock	(427)	(344)	(82)
Total shareholders' equity	333,155	201,118	132,037
Total liabilities and shareholders' equity	1,505,643	1,348,849	156,794

Note:

Yen(Millions rounded down)

	FY2005 As of Mar.31	FY2004 As of Mar.31
Accumulated depreciation	760,414	770,445
Contingent liabilities	10,849	45,972

(2) Non-consolidated Statements of Income (Loss)

Yen(Millions rounded down)

	FY2005 Apr.1 - Mar.31	FY2004 Apr.1 - Mar.31	Difference
Operating revenues and expenses			
Operating revenues	1,171,088	1,100,448	70,639
Operating expenses	919,958	858,710	61,248
Sales, general and administrative expenses	181,541	177,429	4,112
Operating income (Loss)	69,587	64,308	5,279
Non-operating income and expenses			
Non-operating income	13,452	28,513	(15,061)
Interest income	1,111	874	237
Other	12,340	27,639	(15,298)
Non-operating expenses	32,226	40,404	(8,177)
Interest expense	15,860	15,416	444
Other	16,366	24,988	(8,621)
Total Recurring income (loss)	50,813	52,417	(1,604)
Extraordinary gains	16,773	1,524	15,248
Gain on sales of stock of affiliates	13,660	-	13,660
Gain on sale of investment securities	2	865	(863)
Reversal of allowance for doubtful accounts	1,680	-	1,680
Other	1,429	658	771
Extraordinary losses	20,530	29,664	(9,134)
Loss on sale of fixed assets	1,473	2,303	(830)
Loss on retirement of fixed assets	2,682	2,539	143
Impairment loss	1,094	-	1,094
Valuation loss on shares of affiliates	3,839	4,899	(1,060)
Valuation loss on other investments	-	5,073	(5,073)
Reserve for losses on related businesses	-	2,709	(2,709)
Provision for allowance for doubtful accounts	2,102	7,379	(5,277)
Special retirement benefits	4,316	1,058	3,258
Other	5,020	3,699	1,320
Net income (loss) before taxes	47,056	24,277	22,778
Corporate, inhabitant and enterprise tax	14,379	30,680	(16,300)
Deferred taxes	4,539	(16,803)	21,343
Net income (loss)	28,137	10,401	17,735
Income (loss) carried over from last year	9,328	5,652	3,675
Unappropriated net gain (loss)	37,465	16,054	21,411

(3) Statement of appropriation of gain and loss

Yen(Millions rounded down)

	FY2005 Apr.1 - Mar.31	FY2004 Apr.1 - Mar.31
(1) Appropriation of Unappropriated gain		
Unappropriated gain at end of the year	37,465	16,054
Reversal of reserve for special depreciation	244	-
Total	37,710	16,054
Appropriation of gain		
Dividends (3 yen per share)	5,846	5,015
Reserve for advanced depreciation of fixed assets	187	-
Post-balance reserve for advanced depreciation of fixed assets	131	-
Reserve for special depreciation	-	1,710
Unappropriated gain carried forward	31,544	9,328
(2) Appropriation of other capital surplus		
Other capital surplus	30,317	30,978
Other capital surplus carried forward	30,317	30,978

Summary of significant accounting policies

(a) Marketable securities and investment securities

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

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

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

(b) Derivatives

Derivatives, such as forward foreign exchange contracts, interest rate swaps and commodity options and swaps, are used, to limit 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 fixed assets and amortization

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

(f) Bond issuance costs

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

(g) 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.

(h) Accrued bonuses to employees

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

(i) 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.

(j) Reserve for losses on related businesses

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

(k) 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.

(l) Revenue recognition

Passenger revenues are recorded when services are rendered.

(m) Consumption taxes

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

(n) Consolidated tax return system

The Company applied a consolidated tax return system from Fiscal 2002.

Change in Accounting policies

(Accounting standards relating to the impairment of fixed assets)

The Company applied "Accounting Standards for Impaired Fixed Assets" ("Statement of position for setting accounting standards for impaired fixed assets" (Business Accounting Council, 9 August 2002)) and the "Applicable guidelines for accounting standards concerning the impairment of fixed assets" (Issue No.6 of Accounting Standards for Business Enterprises, 31 October 2003). As a result, a loss resulting from impaired fixed assets reduced net income before taxes by ¥1,094 million. Note that accumulated impairment loss is deducted directly from each asset, in accordance with the revised regulations on interim consolidated financial statements.

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, accumulated impairment loss and net book value of leased assets are as follows:

	Yen (Millions)	
	FY2005	FY2004
Aircraft:		
Estimated acquisition cost	278,025	326,539
Estimated amount of accumulated depreciation	174,508	195,920
Estimated accumulated impairment loss	-	-
Estimated net book value	103,516	130,618
Others:		
Estimated acquisition cost	4,470	7,578
Estimated amount of accumulated depreciation	2,000	4,522
Estimated accumulated impairment loss	-	-
Estimated net book value	2,470	3,056
Total:		
Estimated acquisition cost	282,496	334,118
Estimated amount of accumulated depreciation	176,508	200,443
Estimated accumulated impairment loss	-	-
Estimated net book value	105,987	133,674

Outstanding finance lease obligations are as follows:

	Yen (Millions)	
	FY2005	FY2004
Current portion of finance lease obligations	25,736	31,841
Long-term finance lease obligations	85,334	108,282
	111,070	140,124
Impairment Loss on leased assets	-	-

Annual lease expenses, reversal of impairment loss on leased assets, estimated amount of depreciation, estimated interest cost and impairment loss are as follows:

	Yen (Millions)	
	FY2005	FY2004
Annual lease expenses charged to income	35,233	38,029
Reversal of impairment loss on leased assets	-	-
Estimated amount of depreciation by the straight-line method over the lease period	30,089	32,321
Estimated interest cost	3,137	3,875
Impairment loss	-	-

(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)	
	FY2005	FY2004
Current portion of operating lease obligations	29,269	25,827
Long-term operating lease obligations	116,849	39,338
	146,118	65,165

Marketable securities and investments in securities

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

	Yen (Millions)					
	FY2005			FY2004		
	Cost	Market value	Difference	Cost	Market value	Difference
Subsidiaries	-	-	-	4,424	6,537	2,112
Affiliates	675	8,992	8,317	675	4,228	3,553
	675	8,992	8,317	5,100	10,765	5,665

Income taxes

The tax effect of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities is as follows:

	Yen (Millions)	
	FY2005	FY2004
Deferred tax assets:		
Accrued employees' retirement benefits	32,279	30,090
Gain on deferred hedge	11,779	11,145
Valuation loss on stocks investment in subsidiaries	6,846	4,217
Approximation of accrued sales charge payable	3,541	5,849
Allowance for doubtful accounts	2,936	6,054
Accrued bonuses to employees	2,511	2,511
Accrued enterprise tax	-	2,567
Valuation loss on investment securities	-	2,037
Other	4,371	4,123
Total gross deferred tax assets	64,268	68,597
Less valuation allowance	(10,771)	(10,576)
Total net deferred tax assets	53,496	58,020
Deferred tax liabilities:		
Unrealized gains (losses) on securities	(6,248)	(3,499)
Reserve for special depreciation	(984)	(1,148)
Other	(236)	(57)
Total gross deferred tax liabilities	(7,469)	(4,704)
Net deferred tax assets	46,026	53,316

Reconciliation of the difference between the statutory tax rate and the effective income tax rate for the year ended March 31, 2006 is not disclosed because it is of no importance.

Reconciliation of the difference between the statutory tax rate and the effective income tax rate for the year ended March 31, 2005 is as follows:

	FY2004
Statutory tax rate	40.16%
Reconciliation:	
Adjustment for carried over stock of subsidiaries	2.14%
Change in valuation allowance and related adjustments	18.04%
Inhabitants tax per capita levy	0.41%
Credit against tax measures for promoting investments of information technology	(4.93%)
Exclusion of dividend income from gross revenue	(0.17%)
Other	1.51%
Effective income tax rate	57.16%