

ANA Financial Results for the First Half of FY 2010 and Revised Outlook for the Year

TOKYO October 29, 2010 - ANA Group today reported improved income and revenues as Japan's leading airline operator reaped the benefits of tight cost controls and rising passenger demand in the first half of the fiscal year ending March, 2011.

Strong demand helped the air transportation business to deliver significantly increased revenues compared to the same period the previous year, which was adversely affected by the global recession and the H1N1 influenza.

ANA also saw improvements in productivity and cost structure as the company continued to implement its ANA Group FY2010-2011 Corporate Plan, which has reduced operating costs across the entire Group.

Nevertheless, an extraordinary loss of approximately ¥14.1 billion was recorded, including transfer of provisions linked to Anti-trust cases.

The underlying financial performance of the Group continued to strengthen with first half revenue and income increasing significantly. Operating revenues reached ¥684.1 billion and operating income was ¥56.8 billion. Recurring profit was ¥45.5 billion, and net income was ¥13.2 billion.

Consolidated Financial Performance

unit: billion yen (rounded down)

	1H/ FY2010	1H/ FY2009	Difference	% Comparison	2Q/ FY2010	Difference from 2Q/ FY2009
Operating revenues	684.1	611.8	+ 72.3	+11.8	372.2	+ 35.3
Operating expenses	627.3	640.0	- 12.7	- 2.0	323.4	+ 4.3
Operating income/ loss	56.8	- 28.2	+ 85.0	—	53.8	+ 39.6
Non-operating income/ loss	- 11.3	- 13.2	+ 1.9	—	- 5.3	+ 0.8
Recurring profit/ loss	45.5	- 41.5	+ 87.0	—	48.4	+ 40.5
Extraordinary gains/ loss	- 14.1	0.0	- 14.2	—	- 11.7	- 10.4
Net income/ loss	13.2	- 25.3	+ 38.6	—	18.5	+ 14.7

Performance by business segment (consolidated)

unit: billion yen (rounded down)

	1H/ FY2010		(for Reference) 1H/ FY2009		difference		2Q/ FY2010		difference	
	Operating revenues	Segment results *1	Operating revenues	Operating income	Revenue	Operating income	Operating revenues	Operating income	Revenue	Operating income
Air Transportation	611.7	51.4	540.0	- 28.7	+ 71.7	+ 80.2	337.2	50.3	+ 33.9	+ 37.5
Travel Services	85.0	2.6	87.5	- 0.6	- 2.5	+ 3.2	52.3	1.9	- 1.5	+ 1.3
Others	68.3	2.5	69.1	0.8	- 0.8	+ 1.6	34.1	1.4	- 1.0	+ 0.7

*1 Operating income/loss in each business is applied to segment profits.

Domestic Passenger Services

- Both business and leisure demand were strong, and even with capacity reduced, passenger numbers were above those of the previous year.
- With the addition of new routes to its transit discount fare, and the start of the ANA Card Family Miles program, ANA worked to further stimulate demand and strengthen services.
- ANA also continued its efforts to match supply and demand, adding seasonal flights and utilizing larger aircraft to meet higher demand during the peak Golden Week and summer periods.

As a result, domestic passenger revenue increased 2.5% over the previous year, by ¥8.1 billion.

Domestic Air Transportation (consolidated)	1H/ FY2010	1H/ FY2009	Difference	% Comparison	2Q/ 2010	% Comparison on 2Q/2009
Revenue (billion yen)	332.5	324.4	+ 8.1	+ 2.5	189.0	+ 1.7
Number of passengers (thousand)	20,957	20,206	+ 750	+ 3.7	11,390	+ 1.9
Available seat km (million)	28,398	29,559	- 1,160	- 3.9	14,781	- 3.0
Revenue passenger km (million)	18,632	17,960	+ 672	+ 3.7	10,233	+ 2.2
Passenger load factor (%)	65.6	60.8	+ 4.8	—	69.2	+ 3.5

International Passenger Services

- Despite the impact in the first quarter of the volcanic eruption in Iceland and political instability in Thailand, a marked recovery in business demand, and strong demand for leisure travel helped push passenger numbers on all routes above those of the previous year.
- With the start of its new Narita=Munich route in July, along with introduction of new "Inspiration of Japan" products and services on its Narita=New York and Narita=Frankfurt routes, ANA continued to strengthen its competitiveness in the market.
- By offering new package tours tying in with the Shanghai Expo starting in May, and through implementation of campaigns promoting travel to Japan, ANA also worked to capture greater leisure demand.

As a result, international passenger revenue increased 40.5% over the previous year, by ¥40.8 billion.

International Air Transportation (consolidated)	1H/ FY2010	1H/ FY2009	Difference	% Comparison	2Q/ 2010	% Comparison on 2Q/ 2009
Revenue (billion yen)	141.8	100.9	+ 40.8	+ 40.5	77.6	+ 36.0
Number of passengers (thousand)	2,601	2,186	+ 414	+ 19.0	1,377	+ 13.2
Available seat km (million)	13,925	13,475	+ 449	+ 3.3	7,268	+ 6.8
Revenue passenger km (million)	11,025	9,750	+ 1,274	+ 13.1	5,904	+ 11.3
Passenger load factor (%)	79.2	72.4	+ 6.8	—	81.2	+ 3.3

Cargo Services

- Demand was strong on domestic routes, with growth in transshipments to international routes, but domestic cargo volumes nevertheless fell below those of the previous year, affected by the downsizing of aircraft.
- International cargo saw strong demand on routes to China and other Asian destinations, driven by brisk movement of plasma display and semiconductor materials, and international cargo volumes increased over those of the previous year.

As a result, domestic cargo revenue was flat while international cargo revenue rose 78.9% over the previous year, by ¥18.0 billion.

Cargo (consolidated)		1H/ FY2010	1H/ FY2009	Difference	% Comparison	2Q/ 2010	% Comparison on 2Q/ 2009
Domestic	Revenue (billion yen)	15.6	15.8	- 0.1	- 1.2	8.1	- 1.4
	Freight carried (thousand tons)	219	229	- 10	- 4.4	116	- 3.7
	Ton km (million)	218	227	- 8	- 3.7	114	- 3.0
International	Revenue (billion yen)	40.9	22.8	+ 18.0	+ 78.9	20.8	+ 66.1
	Freight carried (thousand tons)	272	186	+ 85	+ 45.6	139	+ 39.7
	Ton km (million)	998	819	+ 179	+ 21.8	513	+ 19.0

Outlook for FY2010 (April 1, 2010 - March 31, 2011)

- In 3Q and beyond, ANA will take full advantage of the enormous business opportunity represented by the expansion of Tokyo's Haneda Airport, working to strengthen competitiveness and stimulate demand while moving ahead to curb expenses through continuing cost structure reforms.
- While the Japanese economy is showing signs of picking up along with the global economic recovery focused primarily in Asia, employment conditions remain severe, and a suddenly stronger yen, along with sluggish stock prices, make taking an optimistic view difficult.

Given these conditions, and after a careful review of the outlook going forward, ANA announces the following changes to its consolidated forecast. Moreover, the Group expects to pay a dividend in line with the initial plan of ¥1 per share for the year.

unit: billion yen (rounded down)

Outlook for FY 2010	Revised Forecast for FY2010	Initial Forecast FY2010	Difference	FY2009	Difference
Operating Revenues	1,377	1,360	+ 17	1,228	+ 148
Operating income	70	42	+ 28	- 54	+ 124
Recurring profit	37	13	+ 24	- 86	+ 123
Net income	6	5	+ 1	- 57	+ 63

Notes for Editors:

- All percentages are rounded off; all other figures including monetary figures are rounded down
- All comparisons are year-on-year
- All figures are given on a consolidated Group basis
(71 consolidated subsidiaries, 5 non-consolidated equity method subsidiaries, and 20 equity method affiliates)

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