

ANA Financial Results for the First Quarter of FY2011 and Earning Forecast for FY2011

Tokyo July 29, 2011 - ANA Group, Japan's largest airline group, today reported its consolidated financial results for the first three months (April – June) of fiscal year 2011. The Group made an operating loss of 8.1 billion yen, a recurring loss of 14.4 billion yen, and net loss of 8.4 billion yen for the period on consolidated operating revenues of 305.0 billion yen.

The losses during the period reflect the severe disruption caused by the Great East Japan earthquake in March which resulted in a significant decline in passenger numbers. Despite the steady recovery of the Japanese economy during the period, the short-term outlook remains unclear due to factors including restrictions on electric power distribution, the nuclear power shutdown, and a steep rise in crude oil prices.

Immediately following the earthquake, there was a large decline in demand on both domestic and international routes. However, ANA sought to minimize the impact of this with a series of initiatives to stimulate demand and reduce costs through a 30 billion yen efficiency program. As part of its support for rescue and recovery efforts, special flights were scheduled to Sendai, Fukushima and Yamagata.

The following results refer to the three month period April – June, 2011. Results for the first quarter of fiscal year 2010 are given for reference only and appear in the right side of each table.

Consolidated Financial Performance

unit: billion yen (rounded down)

	1Q/ FY2011	1Q/FY 2010	Difference	% Comparison
Operating revenues	305.0	306.8	-1.7	-0.6
Operating expenses	313.1	303.8	9.3	+3.1
Operating income/ loss	-8.1	2.9	-11.0	-
Non-operating income/ loss	-6.3	-5.9	-0.4	-
Recurring profit/ loss	-14.4	-2.9	-11.4	-
Extraordinary gains/ loss	-0.1	-2.3	2.2	-
Net income/ loss	-8.4	-5.2	-3.2	-

Performance by business segment (consolidated)

unit: billion yen (rounded down)

	1Q/ FY2011		1Q/ FY2010		Difference	
	Operating revenues	Segment results *1	Operating revenues	Operating income	Revenue	Operating income
Air Transportation	274.3	-9.2	274.5	1.1	-0.2	-10.4
Travel Services	26.4	0.0	32.7	0.6	-6.2	-0.6
Others	33.4	0.9	34.1	1.0	-0.6	-0.0

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

Domestic Passenger Services

Demand declined in the three-month period due to cooling consumer confidence following the earthquake. However, business passenger numbers began to recover after bottoming out in April, with the level of demand in June almost returning to that of the previous year. Leisure traffic also showed signs of improvement after April.

In order to deal with the decline in passenger numbers following the earthquake, the Group took action to match supply with demand by partially reducing regular services and down-sizing aircraft on many routes. ANA flew relief flights to Sendai, Fukushima and Yamagata to provide recovery assistance following the earthquake.

This resulted in 6.2% decrease in passenger revenues on domestic routes compared to the previous period to 134.5 billion yen.

Domestic Air Transportation (consolidated)	1Q/ FY2011	1Q/FY 2010	Difference	% Comparison
Revenue (billion yen)	134.5	143.5	-8.9	-6.2
Number of passengers (thousand)	8,164	9,566	-1,402	-14.7
Available seat km (million)	13,331	13,616	-285	-2.1
Revenue passenger km (million)	7,149	8,398	-1,249	-14.9
Passenger load factor (%)	53.6	61.7	-8.0	-

International Passenger Services

In the month immediately following the earthquake, there was a marked decline in international passenger numbers. However, traffic levels began rebound around the middle of April, with business demand showing early recovery. However, recovery in leisure demand is slow; above all, with in-bound passenger numbers significantly down.

In order to counter this, initiatives have been introduced to capture more passengers wishing to connect to flights between North America and Asia via Narita, travel to western Japan and return to Japan from overseas countries. Furthermore, efforts have been made to stimulate leisure demand by strengthening discount fare options. With respect to demand for flights to visit Japan, the sector most seriously affected by the earthquake, ANA has actively sought to restore the image of the country with initiatives such as inviting governments, industry groups and media to visit various regions of Japan. ANA suspended the Narita-Seoul (Incheon) route, reduced flights on the Narita-Beijing route and introduced smaller aircraft on the Narita-Shanghai (Pudong) route. Flights to inland China were newly commissioned with establishment of the Narita-Chengdu route on June 19.

This resulted in 8.0% increase in passenger revenues on international routes compared to the previous period to 69.2 billion yen.

International Air Transportation (consolidated)	1Q/ FY2011	1Q/FY 2010	Difference	% Comparison
Revenue (billion yen)	69.2	64.1	5.1	+8.0
Number of passengers (thousand)	1,273	1,224	49	+4.0
Available seat km (million)	8,326	6,656	1,670	+25.1
Revenue passenger km (million)	5,470	5,121	349	+6.8
Passenger load factor (%)	65.7	76.9	-11.2	-

Cargo Services

Cargo capacity was reduced on domestic routes as a result of the downsizing of some aircraft. However, transport volumes exceeded those of the same period last year as the demand to carry goods on air route instead of land transport increased after the earthquake, especially to Hokkaido.

International cargo volumes were affected by the impact of the earthquake on the supply chain for automotive components and semiconductors. However, this was more than offset by the increase in transportation of emergency supplies such as medical equipment and water and a rise in volumes of tobacco-related materials and stockpiled components. This resulted in an overall increase in international cargo volumes compared to the corresponding period a year earlier.

Overall, domestic cargo revenues increased by 4.6% compared to the previous period, an increase of 0.3 billion yen, while revenues on international cargo showed 18.1% increase compared to the previous period, an increase of 3.6 billion yen.

Cargo (consolidated)		1Q/ FY2011	1Q/ FY2010	Difference	% Comparison
Domestic	Revenue (billion yen)	7.9	7.5	0.3	+4.6
	Freight carried (thousand tons)	108	103	4	+4.7
	Ton km (million)	108	104	4	+4.5
International	Revenue (billion yen)	23.6	20.0	3.6	+18.1
	Freight carried (thousand tons)	140	132	8	+6.2
	Ton km (million)	563	485	78	+16.1

Outlook for FY2011 (April, 2011 - March, 2012)

Improved business conditions and a recovery in production levels as supply chains are restored should help support the Japanese economy. However, the short-term outlook remains unclear due to factors including restrictions on electric power distribution, the nuclear power shutdown, and a steep rise in crude oil prices.

A gradual recovery is taking place in domestic and international passenger numbers and this is supported by increased demand due to reconstruction work and signs of improved consumer confidence. However, we do not expect demand to return to pre-earthquake levels until the end of this fiscal year.

In these circumstances, we will continue to pursue our strategy of strengthening revenues by stimulating demand with the aim of becoming Asia's Number One airline.

We will also continue to constrain costs through the Group's ¥30 billion efficiency program and by matching supply and demand. Based on the aforementioned outlook, the consolidated earnings forecast for the fiscal year ending March 2012 is as follows.

Consolidated Operating Results (Forecast)

unit: billion yen (rounded down)

	Forecast for FY2011	FY2010	Difference
Operating Revenues	1,410.0	1,357.6	52.3
Operating income	70.0	67.8	2.1
Recurring profit	36.0	37.0	-1.0
Net income	20.0	23.3	-3.3

Based on the achievement of the above financial outturn, a dividend of 2 yen per share is forecasted.

Notes for Editors:

- All financial information are prepared on the basis of accounting principles generally accepted in Japan.
- All financial information are not audited and provided for reference only.
- 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

(64 consolidated subsidiaries and 22 equity method affiliates)

Contact: Ryosei Nomura and Megumi Tezuka, ANA Public Relations TEL +81-(0)3-6735-1111

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http://www.ana.co.jp/eng/aboutana/corporate/ir/pdf/tan_110729_e.pdf