Profits Continue at ANA

- first half results show five consecutive quarters of profitable operations -

Tokyo October 29, 2004 -- ANA Group today announced its financial results for the first six months of fiscal 2004 (April 1 – September 30), posting a consolidated net profit of ¥29.8 billion, up ¥9.3 billion or 45.3% compared with the same period last year, and marking a fifth successive quarter of profitable operations.

Revenue for the period was ¥659.4 billion, operating profit ¥59.7 billion and recurring profit ¥53.1 billion. These figures show a significant year-on-year improvement of ¥51.1 billion, ¥45.3 billion and ¥38.7 billion, respectively.

The ANA Group is comprised of more than 100 air transportation, travel-related and other businesses. On a consolidated air transportation segment basis, a revenue of ¥546.5 billion and an operating profit of ¥54.1 billion were posted for the six-month period. The five airlines within ANA Group* carried 24.5 million passengers over 29.2 billion Revenue Passenger Kilometers (RPK), which breaks down into 22.5 million domestic and 2 million international passengers over 19.6 billion RPKs and 9.6 billion RPKs respectively.

The entire network performed well, with Europe and North America routes producing particularly strong results, as evidenced by an average load factor in excess of 80%. Leisure travel demand to China returned to pre-SARS levels from the summer; business demand had rebounded strongly at the end of the crisis last year. Overall, a 36.6% increase in passenger numbers and a ¥24.4 billion increase in revenue were reported for Chinese routes compared with the previous year.

Domestically, passenger numbers were down 1.3% as ANA cut the number of available seats by 4.7%; however, revenues rose by 2.5 % or ¥8.3 billion yen year-on-year. Among other factors, this can largely be attributed to the introduction of the FAM (Fleet Assignment Model) system, which matches aircraft-size to passenger demand, and also to the Passenger Revenue Optimization System (PROS), which assigns fares per seat according to demand.

Despite revenue and passenger growth, rising oil prices will significantly increase ANA's operating costs over the remainder of the financial year. Therefore no change will be made to the previously announced consolidated forecast for fiscal 2004 of a net profit of ¥14 billion, on revenue of ¥1.26 trillion and a recurring profit of ¥29.0 billion.

*ANA (All Nippon Airways), ANK (Air Nippon), AJX (Air Japan), A-Net (Air Nippon Network), ADK (Air Hokkaido)

Contact: Rob Henderson, ANA Public Relations, r.henderson@ana.co.jp

Sixth months ended September 30, 2004
Consolidated financial results
All Nippon Airways Co., Ltd. (9202)

ANA reports consolidated financial results for the interim of FY2004

1. Consolidated financial highlights for the period ended September 30, 2004

(1) Summary of consolidated operating results Yen (Millions)

	Interim FY2004 Apr.1 - Sep.30	Year on year (%)	Interim FY2003 Apr.1 - Sep.30	Year on year (%)	FY2003 Apr.1 - Mar.31
Operating revenues	659,480	8.4	608,341	(2.2)	1,217,596
Operating income	59,766	313.3	14,460	(3.1)	34,354
Recurring profit	53,107	271.1	14,310	138.0	33,443
Net income	29,889	45.3	20,570	—	24,756
Net income per share	19.36yen		13.42yen		16.14yen
Diluted net income per share	16.89yen		12.59yen		14,10yen
Gain (loss) on equity method	(76)		(64)		242
Average number of shares of outstanding during the period (consolidated)	1,543,955,085		1,532,814,664		1,533,368,357

Note: Changes in the accounting policy during the period: none

(2) Summary of consolidated financial positions Yen (Millions)

	Interim FY2004 As of Sep.30	Interim FY2003 As of Sep.30	FY2003 As of Mar.31
Total assets	1,585,455	1,491,138	1,565,106
Shareholders' equity	184,441	144,510	150,086
Shareholders' equity ratio	11.6%	9.7%	9.6%
Shareholders' equity per share	117.58yen	94.25yen	97.66yen
Number of shares of outstanding at balance sheet date (consolidated)	1,568,612,876	1,533,325,206	1,536,856,312

(3) Summary of consolidated cash flows Yen (Millions)

	Interim FY2004 Apr.1 - Sep.30	Interim FY2003 Apr.1 - Sep.30	FY2003 Apr.1 - Mar.31
Cash flows from operating activities	97,231	34,144	89,793
Cash flows from investing activities	(60,597)	(37,990)	(95,882)
Cash flows from financing activities	(53,089)	17,374	82,867
Cash and cash equivalents at the end of the period	218,666	171,468	234,524

(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: 6
Number of affiliates accounted for by the equity method: 17

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

	Consolidation	Equity method
Newly added	—	—
Excluded	4	—

2. Forecast of consolidated operating results for the period ending March 31, 2005

	Yen (Millions)
Operating revenues	1,266,000
Recurring profit	29,000
Net income	14,000

Note: Forecast of net income per share: 8.93yen

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 with reference to the supporting data.

<Attachment>

1.The ANA Group

The ANA Group comprises 133 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 September 30, 2004 Operational segment	No. of subsidiaries	of which, consolidated	of which, equity method	No. of affiliates	of which, equity method
Air Transportation	33	31	–	7	4
Travel Services	12	9	–	2	2
Hotel Operations	22	21	–	1	1
Other Businesses	66	37	6	31	10
Group Total	133	98	6	41	17

Air Transportation

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

Travel Services

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

Hotel Operations

Subsidiaries and affiliates, centered on ANA Hotels & 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. ANA Real Estate Co., Ltd., and other companies carry out the sale, rental, and management of real estate, and affiliate Jamco Corporation and others provide the maintenance of aircraft equipment. All Nippon Airways Co., Ltd., and ANA Group subsidiaries and affiliates are customers for these products and services.

2. Management Policy

(1). Keynote

While giving top priority to the safe operation of airlines within the Group, 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

We formulated the Cost Reduction Plan in February 2003 to create a revenue-expenditure structure less dependent on revenue increases, thereby ensuring profit even in a prolonged deflationary economy. The Plan aims to carry out a drastic cost structure reform for the three year period from FY2003 to FY2005 and reduce costs in the last fiscal year by approximately ¥30 billion of the Group total. Based on the Plan, during fiscal year 2003, we strongly accelerated the cost structure reform, centered on personnel costs, and as a result reduced costs by approximately ¥19 billion for the whole Group, enabling us to resume dividend payments for the first time in seven terms. We are continuing our efforts to establish a stable earnings base by accelerating the implementation of various measures in the Cost Reduction Plan in the current fiscal year.

In addition, so as to achieve our goal of "becoming one of the leading corporate groups in Asia with air transportation business as its core," as listed in the ANA Group Corporate Vision, we have newly formulated the "ANA Group Mid-Term Corporate Strategy (FY2004 – FY2006)" in anticipation of greater competition after the expansion of Haneda Airport in 2009, and we will steadily carry out each task listed in the strategy. Specific tasks are as follows:

1) Establishment of Cost Competitiveness Surpassing Rival Companies

Upon securing a stable earnings base by accelerating the implementation of each measure listed in the Cost Reduction Plan, we are stepping up measures to enhance cost competitiveness by promoting our Fleet Strategy, Human Resource Strategy, Alliance Strategy, etc, so as to better adapt to the business environment after the expansion of Haneda Airport.

- **Fleet Strategy**

In addition to conventional utilization of larger aircraft, we are making flexible use of medium-sized and smaller aircraft according to demand, and improving passenger convenience by increasing flights; we are working toward an optimized fleet that can minimize fluctuating risks such as the economy and demand. In addition, we made Nakanihon Airlines Co., Ltd. our subsidiary, and so as to enhance our network targeting the opening of Central Japan International Airport (Centrair), purchased an additional six small turboprop aircraft (Bombardier DHC-8-400) as well as made a firm order for 50 Boeing 7E7 aircraft to replace our current medium-sized fleet of Boeing 767-300 aicraft. We will introduce the 7E7 as it becomes available starting in 2008.

- **Human Resource Strategy**

With "achieving a level surpassing that of rival companies" as a key phrase, we are aiming to ensure appropriate costs for all human resources in our Group, and to achieve a synergistic effect with the fleet strategy. At ANA, we are working to improve cost competitiveness by reviewing wages for flight crew and working terms for cabin crew; further, we established Air Next Co., Ltd. in August this year, which is scheduled to commence service in June 2005, to achieve a cost level surpassing that of rival companies in the area of small aircraft.

· Alliance Strategy

As one means of increasing revenue through the alliance strategy, we started code-share operations with Singapore Airlines and Shanghai Airlines, and an air-rail connecting service with Deutsche Bahn from Frankfurt Airport. Furthermore, as part of our cost reduction measures, we reduced procurement costs for telecommunication links and fuel, utilizing our bargaining power achieved through a tie-up with each Star Alliance member airline.

2) Enhancement of Competitiveness Through Marketing and Sales

Deftly grasping an ever-changing market, and aiming to establish sustainable competitiveness by building up a structure other companies cannot imitate with “simple and convenient” and “focus on the individual” as the key phrases, we are striving to enhance our Group’s “brand value” and our competitiveness in marketing and sales.

3) Strategy for Other Businesses

Regarding profitability primary in investments, we will aim to improve earnings in our other businesses including hotel operations, trading and real estate. We will reduce interest-bearing debt through our efforts to reduce investments by optimal allocation of existing management resources and recovery of funds through sales of assets and so forth.

(3). Corporate Governance: Fundamental Approach and Activities

1) Fundamental Approach Toward Corporate Governance

ANA believes that corporate governance is important to ensure transparency and accountability toward stakeholders, and for the enhancement of corporate value.

2) Implementation of Measures Related to Corporate Governance

ANA’s management system comprises 16 board directors, 4 auditors, and 31 corporate executive officers (including those who are both directors and corporate executive officers). For important administrative issues, discussions are held and decisions are made by the Management Committee, with the President and representative director serving as chairman and 12 board members, who are senior vice presidents of the Company, serving as committee members

During this period, we held 6 Board of Director meetings (including extraordinary meetings) headed by the chairman in which all directors participated, including two outside directors and four auditors, two of whom are outside auditors.

3) Activities During This First Half Period Toward Enhancement of Corporate Governance

(i) Advisory Board

Besides those institutions required by law, in order to hear frank and open comments about the Company’s management, ANA has established an Advisory Board, which consists of 7 members from a range of backgrounds. The board met twice during the period under review.

(ii) Internal Control System

ANA has positioned its internal control system as a key part of its corporate governance infrastructure, and taken the following steps to strengthen and promote it.

< Risk management functions>

To enhance the stability and efficiency of ANA Group management, we have been promoting enterprise risk management and have established a risk management system throughout the Group.

During this period, while continuously promoting enterprise risk management, we have been enhancing our measures in the fields of “information security management” and “business continuity plan.”

In the field of “information security management,” so as to keep pace with the Personal Information Protection Act to be fully implemented in April next year, we have made analysis and evaluation of the existing information security management system as special task force during this period, and stricter measures are scheduled to be implemented in the latter half. As for the “business continuity plan”, we have enacted our plans, and according to the result of the analysis and assessment concerning earthquake-proof performance of our office structures, which are concentrated in the metropolitan Tokyo, we started additional measures against huge earthquake .

<Compliance functions>

In our compliance activities, which started in the previous fiscal year, we listed “infiltration” as an annual objective. During this current fiscal year we have worked for a thorough infiltration of the system within the Group. We also newly established a CSR (Corporate Social Responsibility) Promotion Committee and are examining how to promote our CSR.

Toward the full-fledged implementation starting next fiscal year, we plan to examine future specific ways to promote our CSR.

<Internal audit functions>

Internal Audit Division under the direct control of the President has been examining and evaluating all management activities of our company as well as Group companies to verify the legality, rationality, and ethicality of management and operational systems and administrative execution. The division will make suggestions and proposals targeting improvement and rationalization

3. Corporate Performance & Financial Condition

(1). Overview of the Interim Period

During the six-month interim period of the current fiscal year , ended 30th September 2004, the Japanese economy gradually shook off its long-term slump. With support from external demand, especially from the United States and China, corporate profitability improved, leading to continued favorable growth in private-sector capital investment. Furthermore, there were clear signs of steady progress toward economic recovery, such as a turn toward moderate growth in consumer spending. Nonetheless, from the summer, the instability in Iraq and other oil-producing countries led to continued increases in crude oil prices, which gradually began to affect a range of industries, and the sense of uncertainty about the future was not completely eliminated.

On a consolidated basis, operating revenues for the interim period rose 8.4%, to ¥659.4 billion. Operating income was up 313.3%, to ¥59.7 billion, and recurring profit rose 271.2%, to ¥53.1 billion. Net income increased 45.3%, to ¥29.8 billion.

On a non-consolidated basis, operating revenues rose 16.9%, to ¥562.7 billion. Operating income was up 465.4%, to ¥50.3 billion, and recurring profit rose 349.7%, to ¥44.3 billion. Net income increased 208.7%, to ¥23.0 billion.

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

Air Transportation

During the interim period, Japan's airline industry benefited from a gradual recovery in individual demand on domestic routes. This improvement was attributable to recovery in Japan's business conditions which accompanied higher corporate profitability and increased consumer spending. In the second quarter, demand was adversely affected by several major typhoons, but overall passenger demand was favorable.

On international routes, conditions improved from the previous interim period, when SARS (severe acute respiratory syndrome) and other factors resulted in a significant decline in demand, centered on Asian routes. In the interim period under review, however, economies around the world, including Japan and Europe, turned steadily toward recovery, and as a result both business and leisure travel demand were favorable on all routes.

In this environment, the Group worked to implement the Cost Reduction Plan and continued to pursue fundamental cost structure reforms. As a result, air transportation operating revenues were up 9.7% from the same period of the previous year, to ¥546.5 billion, and operating income rose 355.9%, to ¥54.1 billion.

Domestic Passenger Services

On domestic routes, accompanying the recovery in business conditions, individual demand, centered on business travelers, turned towards recovery.

In this setting, in April we standardized all domestic flights, including those of subsidiaries, under the ANA brand, thereby making it easier for customers to understand flight name displays.

Moreover, we enhanced service on routes on which strong demand is expected. In April, we increased flights on the Tokyo-Osaka, Osaka-Okinawa, Nagoya-Fukuoka, and Nagoya-Kagoshima routes. In June, we established the Nagoya-Wakkanai route and increased flights on the Tokyo-Wakkanai, Fukuoka-Sapporo, Niigata-Sapporo, and Sendai-Sapporo routes. We also expanded regional operations using small turbo-prop aircraft (Bombardier Q400s) operated by Air Nippon Network. We took steps to enhance our network, such as operating 14 round-trips per day on the Osaka (Itami)-Kochi route. At the same time, through full-fledged operation of the Fleet Assignment Model (FAM) system, which facilitates the use of aircraft suited to demand, we worked to increase load factors and improve profitability.

In June 2003, we began the world's first service that enables accumulated miles to be converted into electronic money. In the interim period under review, we worked to promote the spread of "Electronic Money (Edy)." At the same time, to assist regional development, we implemented the "Edy Promotion Plan" in cooperation with regional business districts and governments. Furthermore, we worked to increase the added value of ANA Mileage Club (AMC) membership through tie-ups with a range of companies. In conjunction with the start of NTT Docomo's i-mode FeliCa service, we introduced the "Cellular Phone Edy Mile" service under which miles are accumulated when payment is made with "Electronic Money Edy" using a cellular phone. Also, from July, as an external AMC tie-up, we began a mutual exchange agreement between AMC and the points program one of Japan's biggest on-line retailers, Rakuten, Inc.

Due to the downsizing of aircraft, the number of passengers on domestic routes in the interim period decreased slightly, down 1.3% from the same period of the previous year, to 22.55 million. However, through the use of the PROS system (Passenger Revenue Optimization System), which adjusts the selling price of seats in line with demand trends and maximizes revenues, unit prices increased, and operating revenues rose 2.5%, to ¥337.5 billion.

Domestic Cargo and Mail Services

Domestic cargo services continued to enjoy strong demand. In the previous period, air cargo demand began to increase in line with expectations for the Japanese economy. Our cargo business recorded a significant increase from the same period of the previous year. Also, from July 7, we began operating mid-night, scheduled cargo flights on the Tokyo-Saga route. We worked to reduce the transport time between Tokyo and the northern Kyushu area and strove to develop new demand. ANA endeavored to raise overall demand for domestic cargo services.

In mail services, unit prices declined accompanying intensified competition following the transition of Japan's postal services from a government agency to a public corporation. In response, from April we worked aggressively to win business from competitors and to carry special loads of mail. As a result, the volume of mail carried rose significantly from the same period of the previous year, but mail revenues declined.

Compared with the same period of the previous year, the volume of cargo carried rose 4.7% to 206 thousand tons, while revenues increased 14.9%, to ¥14.3 billion. The volume of mail carried during the interim period was 40 thousand tons, up 15.0%, while operating revenue was ¥4.0 billion, down 15.0%.

International Passenger Services

Demand for international passenger services was solid overall. In addition to continued favorable conditions on European and U.S. routes, demand was on Asian routes. On China routes, which had been severely affected by SARS in the same period of the previous year, leisure travel demand, which had been recovering slowly, returned to pre-SARS levels in the second quarter.

In this setting, we worked to bolster our route network by strengthening our service to the Changjiang river delta, where growth in tourism, business, and cargo demand is high. From the summer schedule, we operated four flights a week on the Narita-Hangzhou route, and three flights a week on the Kansai-Hangzhou route, creating a daily service between Japan and Hangzhou. Moreover, we further bolstered our existing China network: in addition to the existing Kansai-Shenyang route, we operated three flights a week on the Narita-Shenyang route, creating a total of five flights a week between Japan and Shenyang. We also took steps to increase revenues. During the summer vacation season, we operated daily charter flights from Narita to Guam, and at the same time charter to such holiday destinations as Calgary, Hawaii, and Urumchi.

On April 1, in addition to other routes where this service was already available, we began an e-ticket service on 16 routes to 8 airports in China. We also strove to raise customer convenience. From July, for customers traveling with e-tickets on international flights departing from Narita and Kansai airports, we began an “e-PreCheck-in” service, which enables customers to use a PC or cellular phone to check themselves in starting three days prior to departure.

As a result of these efforts, the number of international passengers during the interim period was 2,020 thousand, up 36.6% from the same period of the previous year, when passenger numbers declined significantly due SARS and other factors. Operating revenues increased 28.5%, to ¥110.4 billion.

International Cargo and Mail Services

In international cargo services, the fuel surcharge was revised upward due to the rising price of jet fuel. In outbound shipments, cargo volume increased substantially from the same period of the previous year. In addition to the so-called three new treasures--DVD players, digital cameras, and LCD TVs--demand was strong for PC and cellular phone batteries for North America and for electronic and automotive components for China. In outbound shipments, our performance declined from the previous year due to Allowable Cabin Load (ACL) limitations from the east coast of North America, intensified competition due to oversupply of cargo space, and the low price strategy of competing airlines on cargo from Europe. Flights from Southeast Asia were reduced, but demand was strong for electronic components, and our performance was about the same as in the previous interim period. In flights from China, our cargo freighter turned in a strong performance, and our performance improved from the previous interim period.

Mail services were adversely affected by the concentration in New York of the United States Postal Service’s international mail, which reduced our volume. In addition, China Southern Airlines operated a mail freighter on flights through Kansai Airport. Our performance in mail services declined significantly from the same period of the previous year.

As a result, the amount of cargo carried during the interim period increased 9.5% to 117 thousand tons, while operating revenues increased 8.4% to ¥22.6 billion. The total volume of mail handled during the period increased 1.8% to 6 thousand tons, while operating revenues declined 12.6% to ¥1.3 billion.

Other Businesses

We worked to increase revenues from aircraft maintenance and airport services, such as passenger check-in and baggage handling, provided to other airlines, as well as from in-flight sales. As a result of these efforts, operating revenue rose 29.7%, to ¥56.1 billion.

Changes in Fleet Composition

The following changes took place in the ANA Group's fleet composition during the six-month interim period from April through September 2004:

①Aircraft Purchased

One Boeing B777-200,
One Boeing B737-500（execute purchase option of leased aircraft）
One Airbus A320-200（execute purchase option of leased aircraft）

②Aircraft Leased

Two Boeing B767-300
One Bombardier DHC-8-400

③Aircraft Sold/Removed

Three Boeing B747-100
One Boeing B767-200

Travel Services

During the interim period, we bolstered our group tour operations when ANA Sales & Tours Hokkaido, ANA Sales & Tours Kyushu, and ANA Sales & Tours Okinawa became wholly owned subsidiaries of ANA Sales & Tours through a stock swap.

Domestic travel services recorded better results than in the previous year due to continued improvement in demand, our enhanced ability to offer attractive products, and aggressive sales activities.

In overseas travel services, demand recovered from the severe decline seen in the previous interim period stemming from SARS and the war in Iraq. In particular, travel to China and other destinations in Asia increased substantially. Also, products for Europe continued to enjoy firm demand, and sales of products using charter flights during the summer vacation season were firm, leading to a significant increase in performance over the previous interim period.

As a result, travel services posted operating revenues of ¥99.2 billion during the interim period, up 18.1% from the same period of the previous year, and operating income was ¥2.8 billion, an increase of 199.3%.

Hotel Operations

In hotel operations, renovation work on our flagship ANA Hotel Tokyo was mostly completed at the end of September. To raise the value of the ANA Hotel Hiroshima facilities, we commenced a major renovation project in August.

Even with improved corporate profitability and consumer spending on a gradual recovery track,

our urban hotels faced difficult conditions. Demand for weddings and other banquets remained sluggish, and reservations at certain hotels had to be halted due to renovation work during the period under review. In Okinawa, although the influence of typhoons was much greater than average, occupancy rates remained high due to strong demand.
As a result, operating revenues in hotel operations rose 1.4%, to ¥34.4 billion, and the operating loss was ¥0.6 billion.

Other Businesses

Infini Travel Information, Inc., which provides an international reservation and ticketing system for airlines, recorded increases in revenues and profits. Demand on international routes, which had been sluggish in the previous interim period due to SARS and other factors, improved. As a result, the use of reservation and ticketing systems by airlines and travel agents increased significantly.

All Nippon Airways Trading Co., Ltd., which conducts trading and retails, recorded increased revenues and profits. International passenger demand recovered, and sales improved in the customer service field, where shop management and duty free operations had seen declining demand in the previous period. Aircraft parts, direct sales, and food operations enjoyed solid demand.

ANA Information Systems Planning Co., Ltd., which provides information system development, maintenance, and operation services to ANA and other Group companies, registered a small decline in sales from the same period of the previous year. Revenues from maintenance and operation services rose due to growth in the systems for which these services are provided. However, system development revenues declined due to reduced system investment.

ANA Real Estate Co., Ltd., which handles real estate sales, rentals, and building management and maintenance, recorded a decline in revenues. However as a result of efforts to achieve high rates of occupancy and profitability in rental office buildings and apartments, performance in core rental operations was basically in line with planned levels. In real estate and insurance agency services, the company posted a favorable performance. Nevertheless, the company recorded a decline in revenues from the same period of the previous year.

As a result, operating revenues in the other businesses segment rose 4.4% from the previous interim period, to ¥90.6 billion, and operating income was up 75.1%, to ¥3.1 billion.

(2). Cash Flow

Income before income taxes and minority interests of ¥52.2 billion, after adjustments for non-cash expenses, such as depreciation and amortization, an increase in accounts receivable, and increase in accounts and notes payable—trade, contributed to a net cash inflow of ¥97.2 billion from operating activities .

The Company's investing activities included acquisition of aircraft, advance payments for aircraft, purchases of spare parts, sales of aircraft, and sales of investments in securities. Consequently, a net cash outflow of ¥60.5 billion was recorded from investing activities .

.As a result ,free cash flow was a net inflow of ¥36.6 billion.

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In financing activities, the Company repaid debt, redeemed bonds, and paid dividends. Net cash outflow for financing activities was ¥53.0 billion .

As a result, cash and cash equivalents at the end of the interim period totaled ¥218.6 billion, a decrease of ¥15.8 billion compare to the end of the previous fiscal year.

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(3). Dividend Policy

ANA places a high priority on providing a return to shareholders while working to secure a stable management foundation. The implementation of the Group Corporate Reform Plan and Cost Reduction Plan have progressed as scheduled, and for the interim period under review, we are planning dividend payments of ¥3 per share.

4. Fiscal Year 2004 Ending March 31, 2005 – Forecast

In the second half of the fiscal year, as Japan's business conditions recover, we expect continued improvement in corporate profitability and the labor market as well as improvement in incomes. As a result, consumer spending is expected to increase. However, due to instability in Iraq and other oil-producing countries, crude oil prices will likely continue increasing in the second half of the fiscal year. The trend in crude oil prices will have an effect on economies around the world, including Japan.

The ANA Group hedges the majority of its exposure to fluctuations in the price of jet fuel. However, the jump in prices is gradually having an effect, and in accordance with a decision of the International Air Transport Association (IATA), we raised international passenger fares on July 1 and increased the jet fuel surcharge for outbound international cargo on July 16. Subsequently, the price of crude oil has continued to increase, so in the second half of the fiscal year, we anticipate having no choice but to revise fares on international routes and jet fuel surcharges. We cannot disregard the influence on our future profitability.

In these challenging conditions, we will continue to accelerate the implementation of the Cost Reduction Plan, thereby building a stable profit foundation. Moreover, by steadily implementing each item in the ANA Group Mid-Term Corporate Plan (April 2004 to March 2007), we will strive to achieve the goal spelled out in the Group corporate vision of being the number one airline group in Asia. Further, in travel services, hotel operations, and other businesses, we will work to improve revenues through aggressive marketing efforts and to increase profitability through continued cost-cutting.

At this point we will not revise our performance forecast. The assumptions for the second half of the fiscal year used in making our forecast are an exchange rate of 110 yen to the dollar ,a market price for Dubai crude oil (an indicator of jet fuel prices) of US$38 per barrel and Singapore kerosene of US $60 per barrel..

4.Financial Statements

(1) Consolidated Balance Sheets

Yen(Millions)

Assets	Interim FY2004 As of Sep.30	FY2003 As of Mar.31	Difference	Interim FY2003 As of Sep.30
Current assets	460,795	463,392	(2,597)	400,380
Cash and deposits	204,363	216,284	(11,921)	169,220
Trade accounts receivable	109,980	101,799	8,181	99,864
Marketable securities	15,229	19,029	(3,800)	2,697
Inventories	56,475	52,765	3,710	57,521
Deferred tax assets	15,738	17,322	(1,584)	23,789
Other	59,286	56,524	2,762	47,596
Allowance for doubtful accounts	(276)	(331)	55	(307)
Fixed assets	1,123,959	1,100,848	23,111	1,089,873
[Tangible fixed assets]	[898,864]	[871,460]	27,404	[858,070]
Buildings and structures	179,034	179,967	(933)	181,484
Aircraft	468,084	461,870	6,214	472,738
Land	111,385	111,893	(508)	115,387
Construction in progress	112,813	88,513	24,300	56,781
Other	27,548	29,217	(1,669)	31,680
[Intangible fixed assets]	[37,359]	[40,342]	(2,983)	[40,719]
[Investments and others]	[187,736]	[189,046]	(1,310)	[191,084]
Investment securities	69,439	68,813	626	68,664
Deferred tax assets	41,347	38,404	2,943	41,189
Other	83,808	88,708	(4,900)	88,176
Allowance for doubtful accounts	(6,858)	(6,879)	21	(6,945)
Deferred assets	701	866	(165)	885
Total assets	**1,585,455**	**1,565,106**	**20,349**	**1,491,138**
Liabilities				
Current liabilities	495,344	441,657	53,687	346,822
Trade accounts payable	131,756	123,922	7,834	117,431
Short-term loans	22,117	25,083	(2,966)	24,588
Current portion of long-term debt	100,863	71,725	29,138	67,427
Current portion of bonds payable	89,749	109,749	(20,000)	20,000
Accrued bonuses to employees	14,431	13,535	896	13,474
Other	136,428	97,643	38,785	103,902
Long-term liabilities	896,174	964,453	(68,279)	990,330
Bonds payable	309,850	319,694	(9,844)	361,524
Long-term debt payable	451,493	505,462	(53,969)	490,912
Accrued employees' retirement benefits	109,706	105,389	4,317	107,325
Other	25,125	33,908	(8,783)	30,569
Total liabilities	**1,391,518**	**1,406,110**	**(14,592)**	**1,337,152**
Minority interests	**9,496**	**8,910**	**586**	**9,476**
Shareholders' equity				
Common stock	91,576	86,767	4,808	86,239
Capital surplus	57,934	53,114	4,819	52,580
Earned surplus	34,144	8,882	25,262	4,691
Unrealized gains on securities	3,235	4,040	(805)	2,440
Foreign currency translation adjustment	(1,625)	(1,927)	302	(656)
Treasury stock	(823)	(790)	(33)	(784)
Total shareholders' equity	184,441	150,086	34,355	144,510
Total liabilities, minority interest and shareholders' equity	**1,585,455**	**1,565,106**	**20,349**	**1,491,138**

Note:

Yen(Millions)

	Interim FY2004 As of Sep.30	FY2003 As of Mar.31	Interim FY2003 As of Sep.30
Accumulated depreciation	871,905	869,821	884,970
Contingent liabilities	1,946	2,101	2,318

(2)Consolidated Statements of Income (Loss)

Yen(Millions)

	Interim FY2004 Apr.1 - Sep.30	Interim FY2003 Apr.1 - Sep.30	Difference	FY2003 Apr.1 - Mar.31
Operating revenues and expenses				
Operating revenues	659,480	608,341	51,139	1,217,596
Operating expenses	474,697	475,035	(338)	939,538
Sales, general and administrative expenses	125,017	118,846	6,171	243,704
Operating income	59,766	14,460	45,306	34,354
Non-operating income and expenses				
Non-operating income	11,270	24,552	(13,282)	52,402
Interest income	2,079	2,128	(49)	4,076
Equity in income of affiliates	—	—	—	242
Foreign exchange gain	877	—	877	—
Other	8,314	22,424	(14,110)	48,084
Non-operating expense	17,929	24,702	(6,773)	53,313
Interest expense	10,625	11,323	(698)	22,247
Equity in loss of affiliates	76	64	12	—
Foreign exchange loss	—	1,059	(1,059)	1,900
Other	7,228	12,256	(5,028)	29,166
Total recurring profit	**53,107**	**14,310**	**38,797**	**33,443**
Extraordinary gains and losses				
Extraordinary gains	650	7,822	(7,172)	10,389
Gain on sales of fixed assets	—	746	(746)	1,055
Gain on sales of investment securities	592	544	48	1,081
Gain on return of the substituted portion of the employee pension fund	—	6,094	(6,094)	6,662
Other	58	438	(380)	1,591
Extraordinary losses	1,552	1,099	453	8,611
Loss on sales of fixed assets	531	276	255	4,430
Loss on retirement of fixed assets	140	109	31	504
Provision for allowance for doubtful accounts	122	137	(15)	317
Special retirement benefit	519	136	383	1,957
Loss on sales of investment securities	45	9	36	265
Valuation loss on investment securities	46	18	28	369
Valuation loss on other investments	16	27	(11)	108
Other	133	387	(254)	661
Net income before taxes	**52,205**	**21,033**	**31,172**	**35,221**
Corporate, inhabitant and enterprise tax	22,860	3,151	19,709	4,167
Deferred taxes	(1,140)	(2,892)	1,752	6,262
Minority interests	596	204	392	36
Net income	**29,889**	**20,570**	**9,319**	**24,756**

(3)Consolidated statements of surplus

Yen(Millions)

	Interim FY2004 Apr.1 - Sep.30	Interim FY2003 Apr.1 - Sep.30	FY2003 Apr.1 - Mar.31
Capital surplus			
Capital surplus at the beginning of period	53,114	104,228	104,228
Increase in surplus	4,819	—	527
Increase resulting from disposal of treasury stock	10	—	—
Increase resulting from conversion of convertible bonds	4,808	—	527
Decrease in surplus	—	51,648	51,641
Decrease resulting from disposal of treasury stock	—	8	1
Decrease resulting from reversal by disposition of loss	—	51,640	51,640
Capital surplus at the end of period	57,934	52,580	53,114
Earned surplus			
Earned surplus at the beginning of period	8,882	(67,388)	(67,388)
Increase in surplus	29,889	72,210	76,401
Net income	29,889	20,570	24,756
Increase resulting from reversal of capital surplus	—	51,640	51,640
Increase resulting from excluded affiliates	—	—	5
Decrease in surplus	4,627	131	131
Dividends	4,611	—	—
Decrease resulting from excluded subsidiaries	16	—	—
Decrease resulting from subsidiaries merger	—	131	131
Earned surplus at the end of period	34,144	4,691	8,882

(4) Consolidated statement of Cash flows

Yen(Millions)

	Interim FY2004 Apr.1 - Sep.30	Interim FY2003 Apr.1 - Sep.30	FY2003 Apr.1 - Mar.31
I. Cash flows from operating activities			
Net income before taxes	52,205	21,033	35,221
Depreciation and amortization	31,840	31,318	64,236
Gain and loss on sales of fixed assets, loss on retirement of fixed assets (Net)	2,856	2,329	13,545
Gain and loss on sales, and valuation of securities (Net)	(485)	(505)	(368)
Increase (Decrease) in allowance for doubtful accounts	83	(123)	(183)
Increase (Decrease) in employees' retirement benefits	4,317	545	(1,391)
Interest expenses	10,625	11,323	22,247
Interest and dividends income	(3,215)	(3,089)	(5,791)
Foreign exchange loss (gain)	(505)	272	5,606
Rebate on purchasing aircraft	(1,709)	(9,591)	(23,220)
Special retirement benefit	519	136	1,957
Decrease (Increase) in trade accounts receivable	(8,181)	(5,429)	(7,364)
Decrease (Increase) in other receivable	(1,778)	(6,687)	(9,701)
Increase (Decrease) in trade accounts payable	7,837	(9,480)	(2,989)
Other, net	11,561	567	(5,697)
Sub-total	105,970	32,619	86,108
Interest and dividends received	3,265	3,185	5,931
Interest paid	(10,624)	(11,025)	(22,127)
Corporate, inhabitant and enterprise taxes paid	(1,516)	(1,159)	(3,278)
Receipt of rebate on purchasing aircraft	1,709	9,591	23,220
Special retirement benefit paid	(519)	(136)	(1,957)
Other, net	(1,054)	1,069	1,896
Net cash provided by (used in) operating activities	97,231	34,144	89,793
II. Cash flows from investing activities			
Payment for acquisition of tangible fixed assets	(87,273)	(75,657)	(137,229)
Proceeds from sales of tangible fixed assets	30,828	40,861	50,152
Payment for acquisition of intangible fixed assets	(3,220)	(3,587)	(10,415)
Payment for acquisition of investments in securities	(2,229)	(1,225)	(2,259)
Proceeds from sales of investments in securities	977	4,388	5,244
Payment for lending	(300)	(740)	(890)
Proceeds from collection of loans	1,097	479	1,524
Other, net	(477)	(2,509)	(2,009)
Net cash provided by (used in) investing activities	(60,597)	(37,990)	(95,882)

	Interim FY2004 Apr.1 - Sep.30	Interim FY2003 Apr.1 - Sep.30	FY2003 Apr.1 - Mar.31
			Yen(Millions)
III. Cash flows from financing activities			
Increase (Decrease) in short-term loans (Net)	(2,971)	2,465	3,165
Proceeds from long-term debt	12,903	30,967	83,850
Repayment of long-term debt	(37,978)	(44,048)	(75,106)
Proceeds from issuance of bonds	—	29,823	79,790
Redemption of bonds	(20,225)	(208)	(1,234)
Payment for dividends	(4,611)	—	—
Payment for capital reduction to Minority shareholders	—	(800)	(800)
Payment for acquisition of treasury stock	(84)	152	149
Other, net	(123)	(977)	(6,947)
Net cash provided by (used in) financing activities	(53,089)	17,374	82,867
IV. Effect of exchange rate changes on cash and cash equivalents	609	(181)	(375)
V . Net increase (decrease) in cash and cash equivalents	(15,846)	13,347	76,403
VI. Cash and cash equivalents at the beginning of the period	234,524	158,121	158,121
VII. Net increase (decrease) resulting from changes in scope of consolidation	(12)	—	—
VIII. Cash and cash equivalents at the end of period	218,666	171,468	234,524

Supplementary cash flow information

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

	Interim FY2004 Apr.1 - Sep.30	Interim FY2003 Apr.1 - Sep.30	FY2003 Apr.1 - Mar.31
			Yen(Millions)
Cash	204,363	169,220	216,284
Time deposits with maturities of more than three months	(924)	(417)	(787)
Marketable securities	15,229	2,697	19,029
Marketable securities with maturities of more than three months	(2)	(32)	(2)
Cash and cash equivalents at the end of period	218,666	171,468	234,524

(5).Notes to Consolidated Financial Statements

All Nippon Airways Co., Ltd. and its consolidated subsidiaries
Interim FY2004 and 2003, FY2003.

1.Basis of presenting consolidated financial statements

All Nippon Airways Co., Ltd. (the Company) and its domestic subsidiaries maintain their books of account in accordance with the provisions set forth in the Japanese Commercial Code and in conformity with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. The Company's foreign subsidiaries maintain their books of account in conformity with accounting principles and practices of the countries of their domicile.

2.Summary of significant accounting policies

(a) Principles of consolidation and accounting for investments in non-consolidated subsidiaries and affiliates

The consolidated financial statements include the accounts of the Company and all of its significant subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Investments in certain subsidiaries and significant affiliates are accounted for by the equity method of accounting. The difference between the cost and the underlying net equity in the net assets at dates of acquisition of consolidated subsidiaries and companies accounted for by the equity method of accounting is amortized using the straight-line method over a period of five years.

Investments in non-consolidated subsidiaries and affiliates not accounted for by the equity method of accounting are stated at cost. The companies' equity in undistributed earnings of these companies is not significant.

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

(b) Foreign currency translation

Foreign currency receivables and payables are translated into yen at the rates of exchange in effect at the balance sheet date, and translation adjustments are made included in profit and loss account.

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

(c) Marketable securities and investment securities

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

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

(d) Derivatives

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

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

(e) Allowance for doubtful receivables

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

(f) Inventories

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

(g) Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation. Depreciation of property and equipment is computed based on estimated useful lives by the following methods:

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

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

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

(h) Intangible 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.

(i) 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.

(j) Retirement benefits

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

The Company and certain significant domestic subsidiaries have trustee employee pension funds to provide coverage for part of the lump-sum benefits or monthly pension. Several subsidiaries have tax-qualified pension plans which cover all or part of the lump-sum benefits.

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

(k) Appropriation of retained earnings

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

(l) Leases

Finance lease transactions other than those that are expected to transfer ownership of the assets to the lessee are accounted for as operating leases.

(m) Bond issuance costs

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

(n) Cash equivalents

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

(o) Consolidated tax return system

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

3.Leases

(a)Finance leases

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

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

	Yen (Millions)		
	Interim FY2004	Interim FY2003	FY2003
Aircraft:			
Estimated acquisition cost	333,611	310,748	314,854
Estimated amount of accumulated depreciation	193,008	165,973	180,505
Estimated net book value	140,603	144,775	134,349
Others:			
Estimated acquisition cost	16,810	17,350	16,773
Estimated amount of accumulated depreciation	10,578	8,278	9,085
Estimated net book value	6,232	9,072	7,688
Total:			
Estimated acquisition cost	350,421	328,098	331,627
Estimated amount of accumulated depreciation	203,586	174,251	189,590
Estimated net book value	146,835	153,847	142,037

Outstanding finance lease obligations are as follows:

	Yen (Millions)		
	Interim FY2004	Interim FY2003	FY2003
Current portion of finance lease obligations	34,216	33,745	33,584
Long-term finance lease obligations	119,791	128,500	116,168
	154,007	162,245	149,752

Annual lease expenses, estimated amount of depreciation and estimated interest cost are as follows:

	Yen (Millions)		
	Interim FY2004	Interim FY2003	FY2003
Annual lease expenses charged to income	19,897	18,562	37,573
Estimated amount of depreciation by the straight-line method over the lease period	16,943	15,960	32,335
Estimated interest cost	2,053	2,100	4,012

(b)Operating leases

The rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

	Yen (Millions)		
	Interim FY2004	Interim FY2003	FY2003
Current portion of operating lease obligations	35,634	44,075	41,590
Long-term operating lease obligations	54,256	89,989	70,308
	89,890	134,064	111,898

4.Marketable securities and investments in securities

Held-to-maturity securities having market value

Yen (Millions)

	Interim FY2004	Interim FY2003	FY2003
Cost	35	5	5
Market value	35	5	5
Net unrealized gain	0	0	0

Other securities having market value

Yen (Millions)

	Interim FY2004	Interim FY2003	FY2003
Cost	13,018	11,824	12,143
Market value	20,051	18,099	20,358
Net unrealized gain	7,033	6,275	8,215

Breakdown of other securities not having market value

Yen (Millions)

	Interim FY2004	Interim FY2003	FY2003
Bonds held to maturity	14,157	15,641	13,987
Other securities	36,830	24,731	40,207
	50,987	40,372	54,194

5.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.

Segment information is as follows:

<Interim FY2004 Apr.1 - Sep.30> Yen (Millions)

	Air transportation	Travel services	Hotel operations	Other businesses	Total	Intercompany eliminations	Consolidated
Operating revenues	491,170	89,243	27,139	51,928	659,480	—	659,480
Intra-group sales and transfers	55,370	10,038	7,316	38,675	111,399	(111,399)	—
Total	546,540	99,281	34,455	90,603	770,879	(111,399)	659,480
Operating expenses	492,348	96,468	35,138	87,457	711,411	(111,697)	599,714
Operating income (loss)	54,192	2,813	(683)	3,146	59,468	298	59,766

<Interim FY2003 Apr.1 - Sep.30> Yen (Millions)

	Air transportation	Travel services	Hotel operations	Other businesses	Total	Intercompany eliminations	Consolidated
Operating revenues	453,344	74,863	26,897	53,237	608,341	—	608,341
Intra-group sales and transfers	44,797	9,233	7,083	33,541	94,654	(94,654)	—
Total	498,141	84,096	33,980	86,778	702,995	(94,654)	608,341
Operating expenses	486,253	83,156	34,528	84,981	688,918	(95,037)	593,881
Operating income (loss)	11,888	940	(548)	1,797	14,077	383	14,460

<FY2003 Apr.1 - Mar.31> Yen (Millions)

	Air transportation	Travel services	Hotel operations	Other businesses	Total	Intercompany eliminations	Consolidated
Operating revenues	908,273	150,728	55,391	103,204	1,217,596	—	1,217,596
Intra-group sales and transfers	89,704	17,882	13,450	73,826	194,862	(194,862)	—
Total	997,977	168,610	68,841	177,030	1,412,458	(194,862)	1,217,596
Operating expenses	970,703	166,543	69,483	172,339	1,379,068	(195,826)	1,183,242
Operating income (loss)	27,274	2,067	(642)	4,691	33,390	964	34,354

6.Breakdown of Operating Revenues (Consolidated)

Yen(millions)

	Interim FY2004 Apr.1 - Sep.30	% of total	Interim FY2003 Apr.1 - Sep.30	% of total	Difference	FY2003 Apr.1 - Mar.31	% of total
Domestic routes		%		%			%
Passenger	337,523	43.8	329,167	46.8	8,356	644,861	45.7
Cargo	14,385	1.9	12,516	1.8	1,869	26,670	1.9
Mail	4,022	0.5	4,732	0.7	(710)	9,241	0.6
Baggage handling	143	0.0	166	0.0	(23)	319	0.0
Subtotal	356,073	46.2	346,581	49.3	9,492	681,091	48.2
International routes							
Passenger	110,459	14.3	85,988	12.2	24,471	176,956	12.6
Cargo	22,671	3.0	20,908	3.0	1,763	43,205	3.1
Mail	1,365	0.2	1,562	0.2	(197)	3,147	0.2
Baggage handling	255	0.0	302	0.1	(47)	567	0.0
Subtotal	134,750	17.5	108,760	15.5	25,990	223,875	15.9
Revenues from scheduled flights	490,823	63.7	455,341	64.8	35,482	904,966	64.1
Other operating revenues	55,717	7.2	42,800	6.1	12,917	93,011	6.6
Subtotal	546,540	70.9	498,141	70.9	48,399	997,977	70.7
Travel services							
Package tours(Domestic)	64,439	8.4	59,144	8.4	5,295	116,706	8.2
Package tours(International)	22,188	2.9	13,285	1.9	8,903	29,042	2.1
Other revenues	12,654	1.6	11,667	1.7	987	22,862	1.6
Subtotal	99,281	12.9	84,096	12.0	15,185	168,610	11.9
Hotel operations							
Guestrooms	12,531	1.6	12,027	1.7	504	23,031	1.6
Banquets	7,816	1.0	7,997	1.1	(181)	18,014	1.3
Foods and drinks	7,696	1.0	7,759	1.1	(63)	15,821	1.1
Other revenues	6,412	0.9	6,197	0.9	215	11,975	0.9
Subtotal	34,455	4.5	33,980	4.8	475	68,841	4.9
Other businesses							
Trading and retailing	62,254	8.1	59,072	8.4	3,182	120,585	8.5
Information And telecommunication	11,078	1.4	9,347	1.3	1,731	19,675	1.4
Real estate &building maintenance	8,402	1.1	9,251	1.3	(849)	18,212	1.3
Other revenues	8,869	1.1	9,108	1.3	(239)	18,558	1.3
Subtotal	90,603	11.7	86,778	12.3	3,825	177,030	12.5
Total operating revenue	770,879	100.0	702,995	100.0	67,884	1,412,458	100.0
Intercompany eliminations	(111,399)	—	(94,654)	—	(16,745)	(194,862)	—
Operating revenue(Consolidated)	659,480	—	608,341	—	51,139	1,217,596	—

Notes:

1.Segment breakdown is based on classifications employed for internal management.

2.Segment operating revenue includes inter-segment transactions.

7.Overview of Airline Operating Results (Consolidated)

	Interim FY2004	Interim FY2003	Year on year	FY2003
			%	
Domestic routes				
Number of passengers	22,558,559	22,865,756	98.7	44,784,274
Available seat-km (thousand km)	30,955,028	32,495,528	95.3	63,146,960
Revenue passenger-km(thousand km)	19,548,175	19,837,983	98.5	38,857,252
Passenger loadfactor	63.2	61.0	2.1	61.5
Cargo(tons)	206,335	197,088	104.7	415,463
Cargo traffic volume (thousand kg)	200,347	190,365	105.2	402,011
Mail(tons)	40,552	35,255	115.0	73,226
Mail traffic volume (thousand kg)	43,300	37,875	114.3	78,549
International routes				
Number of passengers	2,023,279	1,480,697	136.6	3,301,057
Available seat-km (thousand km)	12,611,154	12,149,693	103.8	24,626,298
Revenue passenger-km(thousand km)	9,663,122	7,907,043	122.2	16,950,174
Passenger loadfactor	76.6	65.1	11.5	68.8
Cargo(tons)	117,514	107,307	109.5	220,502
Cargo traffic volume (thousand kg)	535,941	505,943	105.9	1,040,318
Mail(tons)	6,422	6,306	101.8	13,480
Mail traffic volume (thousand kg)	28,975	30,276	95.7	62,757
Total				
Number of passengers	24,581,838	24,346,453	101.0	48,085,331
Available seat-km (thousand km)	43,566,182	44,645,221	97.6	87,773,258
Revenue passenger-km(thousand km)	29,211,297	27,745,026	105.3	55,807,426
Passenger loadfactor	67.1	62.1	4.9	63.6
Cargo(tons)	323,849	304,395	106.4	635,965
Cargo traffic volume (thousand kg)	736,289	696,309	105.7	1,442,329
Mail(tons)	46,974	41,561	113.0	86,706
Mail traffic volume (thousand kg)	72,276	68,151	106.1	141,306

Notes:

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

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

Each result does not include results of charter flights.

Six months ended September 30, 2004
Non-consolidated financial results
All Nippon Airways Co., Ltd. (9202)

ANA reports non-consolidated financial results for the interim of FY2004

1.Non-consolidated financial highlights for the period ended September 30, 2004

(1) Summary of non-consolidated operating results — Yen (Millions rounded down)

	Interim FY2004 Apr.1 - Sep.30	Year on Year (%)	Interim FY2003 Apr.1 - Sep.30	Year on Year (%)	FY2003 Apr.1 - Mar.31
Operating revenues	562,757	16.9	481,347	0.8	969,971
Operating income	50,381	465.4	8,910	(15.0)	24,033
Recurring profit	44,341	349.7	9,860	216.8	25,065
Net income	23,057	208.7	7,468	(26.0)	10,268
Net income per share	14.91yen		4.87yen		6.69yen
Average number of shares of outstanding during the period	1,545,593,627		1,534,472,539		1,535,022,169

Note:
Changes in the accounting policy during the period: none

(2) Dividends

	Interim FY2004 Apr.1 - Sep.30	Interim FY2003 Apr.1 - Sep.30	FY2003 Apr.1 - Mar.31
Annual dividend per share			
Interim	—	—	—
Year - end	—	—	3.00yen

(3) Summary of non-consolidated financial positions — Yen (Millions rounded down)

	Interim FY2004 As of Sep.30	Interim FY2003 As of Sep.30	FY2003 As of Mar.31
Total assets	1,321,269	1,228,698	1,315,082
Shareholders' equity	180,941	148,371	153,751
Shareholders' equity ratio	13.7%	12.1%	11.7%
Shareholders' equity per share	115.24yen	96.66yen	99.94yen
Number of shares of outstanding at balance sheet date	1,570,100,191	1,534,983,081	1,538,502,949
Number of treasury stocks at balance sheet date	1,310,729	1,099,605	1,073,112

2. Forecast of non-consolidated operating results for the period ending March 31, 2005

	Yen (Millions rounded down)
Operating revenues	1,069,000
Recurring profit	20,500
Net income	7,000
Annual dividend per share	3.00yen

Notes: Forecast of net income per share: 4.46yen

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 with reference to the supporting data.

3.Non-consolidated financial statements

(1) Non-consolidated Balance Sheets

Yen (Millions rounded down)

	Interim FY2004 As of Sep.30	FY 2003 As of Mar.31	Difference	Interim FY2003 As of Sep.30
Assets				
Current assets	371,931	387,810	(15,879)	315,804
Cash and deposits	153,602	174,955	(21,353)	120,555
Trade accounts receivable	95,129	85,203	9,925	87,024
Marketable securities	12,999	14,999	(1,999)	599
Inventories	48,012	45,907	2,105	48,709
Deferred tax assets	11,012	12,457	(1,445)	17,118
Other	51,186	54,305	(3,119)	41,815
Allowance for doubtful accounts	(10)	(19)	8	(19)
Fixed assets	949,157	927,002	22,154	912,607
[Tangible fixed assets]	[742,534]	[716,000]	26,533	[703,263]
Buildings	89,814	91,906	(2,091)	95,909
Aircraft	465,085	458,700	6,385	469,195
Land	55,677	55,677	—	58,852
Construction in progress	111,948	88,148	23,800	54,665
Other	20,008	21,567	(1,559)	24,641
[Intangible fixed assets]	[29,659]	[32,677]	(3,018)	[32,767]
[Investments and others]	[176,964]	[178,324]	(1,360)	[176,576]
Investment securities	34,972	35,481	(509)	34,023
Investments in subsidiaries and affiliates	55,352	54,877	474	54,464
Deferred tax assets	26,963	24,247	2,715	27,501
Other	70,373	71,501	(1,127)	68,390
Allowance for doubtful accounts	(10,697)	(7,783)	(2,914)	(7,803)
Deferred assets	179	268	(88)	286
Bond issuance expenses	179	268	(88)	286
Total assets	**1,321,269**	**1,315,082**	**6,186**	**1,228,698**
Liabilities				
Current liabilities	377,632	352,501	25,131	251,478
Trade accounts payable	99,948	94,643	5,304	88,075
Current portion of long-term debt	59,619	54,836	4,783	49,870
Current portion of bonds payable	89,749	109,749	(20,000)	20,000
Accrued income taxes	19,956	192	19,764	47
Accrued bonuses to employees	6,741	6,569	171	5,872
Other	101,617	86,509	15,107	87,612
Long-term liabilities	762,695	808,829	(46,134)	828,848
Straight bonds	270,000	270,000	—	260,000
Convertible bonds	—	9,694	(9,694)	101,524
Convertible bonds with stock acquisition rights	39,850	40,000	(150)	—
Long-term loans payable	354,220	385,002	(30,782)	365,540
Accrued employees' retirement benefits	85,150	82,210	2,940	84,109
Reserve for losses on related business	448	448	—	448
Other	13,026	21,474	(8,448)	17,226
Total liabilities	**1,140,327**	**1,161,330**	**(21,002)**	**1,080,327**
Shareholders' equity				
Common stock	91,576	86,767	4,808	86,239
Capital surplus	57,938	53,118	4,819	52,584
Capital reserve	26,969	22,160	4,808	21,632
Other surplus	30,968	30,958	10	30,951
Earned surplus	28,710	10,268	18,442	30,951
Unappropriated net gain (loss)	28,710	10,268	18,442	7,468
Unrealized gain (loss) on securities	3,091	3,878	(786)	2,356
Treasury Stock	(374)	(280)	(93)	(278)
Total shareholders' equity	**180,941**	**153,751**	**27,189**	**148,371**
Total liabilities and shareholders' equity	**1,321,269**	**1,315,082**	**6,186**	**1,228,698**

Note: Yen (Millions rounded down)

	Interim FY2004 As of Sep.30	FY2003 As of Mar.31	Interim FY2003 As of Sep.30
Accumulated depreciation	787,643	788,764	805,965
Contingent liabilities	50,093	51,368	64,513

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

Yen (Millions rounded down)

	Interim FY2004 Apr.1 - Sep.30	InterimFY2003 Apr.1 - Sep.30	Difference	FY2003 Apr.1 - Mar.31
Operating revenues and expenses				
Operating revenues	562,757	481,347	81,409	969,971
Operating expenses	423,883	392,325	31,557	781,010
Sales, general and administrative expenses	88,492	80,111	8,380	164,927
Operating income	50,381	8,910	41,471	24,033
Non-operating income and expenses				
Non-operating income	8,887	21,874	(12,987)	46,848
Interest income	458	302	156	551
Other	8,429	21,572	(13,143)	46,296
Non-operating expenses	14,927	20,925	(5,997)	45,815
Interest expense	7,746	8,089	(343)	15,986
Other	7,181	12,835	(5,654)	29,828
Total recurring profit	**44,341**	**9,860**	**34,481**	**25,065**
Extraordinary gains and losses				
Extraordinary gains	645	6,721	(6,076)	8,028
Gain on sales of investment securities	591	518	73	1,054
Gain on return of the substituted portion of the employee pension fund	—	6,094	(6,094)	6,094
Other	53	108	(55)	879
Extraordinary losses	3,145	2,209	936	7,461
Provision for allowance for doubtful accounts	2,924	1,776	1,147	1,897
Special retirement benefit	128	125	3	963
Other	92	307	(214)	4,600
Net income before taxes	**41,841**	**14,372**	**27,468**	**25,632**
Corporate, inhabitant and enterprise tax	19,820	857	18,962	1,512
Deferred taxes	(1,036)	6,046	(7,083)	13,851
Net income	**23,057**	**7,468**	**15,589**	**10,268**
Gain(loss) carried over from last year	5,652	(10,301)	15,953	(10,301)
Reversal of earned surplus reserve	—	10,301	(10,301)	10,301
Unappropriated net gain	28,710	7,468	21,242	10,268

Notes to Non-consolidated Financial Statements
All Nippon Airways Co., Ltd.
Interim FY2004 and 2003, FY2003

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) Foreign currency translation

Foreign currency receivables and payables are translated into yen at the rates of exchange in effect at the balance sheet date, and translation adjustments are made included in profit and loss account.

(h) Allowance for doubtful receivables

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

(I) 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.

(j) Retirement benefits

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

(k) Reserve for losses on related businesses

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

(l) Leases

Finance lease transactions other than those that are expected to transfer ownership of the assets to the lessee are accounted for as operating leases.

(m) Revenue recognition

Passenger revenues are recorded when services are rendered.

(n) Consumption taxes

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

(o) Consolidated tax return system

The Company applied a consolidated tax return system.