

ANA reports consolidated financial results for 3rd quarter ended December 31, 2004

1. Basis of quarterly financial results

(1) Changes in significant accounting policies :

Certain simplified methods compared with latest financial period are applied.

Impairment of financial instruments isn't applied.

Tax expenses are calculated from the yearly tax rate forecast, based on the effective statutory tax rate or effective tax rate for the most recent consolidated accounting year. Some simplified methods were used to calculate taxes consequent to the application of the consolidated tax return system.

(2) Change of scope of consolidation and application of the equity method :

	Consolidation	Equity method
Newly added	-	-
Excluded	4	-

2. Consolidated financial highlights for the third quarter ended December 31, 2004

(1) Summary of consolidated operating results

	FY2004 Q1-Q3		FY2003 Q1-Q3		Yen (Millions)	
	Apr 1 - Dec 31	Year on year (%)	Apr 1 - Dec 31	Year on year (%)	Apr 1 - Mar 31	FY2003
Operating revenues	982,548	6.6	921,461	-	-	1,217,596
Operating income	81,125	162.6	30,894	-	-	34,354
Recurring profit	65,320	148.4	26,297	-	-	33,443
Net income	35,084	27.6	27,500	-	-	24,756

(2) Summary of consolidated financial positions

	FY2004 Q3	FY2003 Q3	Yen (Millions)	
	As of Dec 31	As of Dec 31	FY2003	As of Mar 31
Total assets	1,636,402	1,523,953	-	1,565,106
Shareholders' equity	190,316	150,516	-	150,086
Shareholders' equity ratio	11.6%	9.9%	-	9.6%

(3) Summary of consolidated cash flows

	FY2004 Q1-Q3		FY2003 Q1-Q3		Yen (Millions)	
	Apr 1 - Dec 31	Apr 1 - Dec 31	Apr 1 - Dec 31	Apr 1 - Dec 31	Apr 1 - Mar 31	FY2003
Cash flows from operating activities	127,677	57,347	57,347	-	-	89,793
Cash flows from investing activities	(105,767)	(63,216)	(63,216)	-	-	(95,882)
Cash flows from financing activities	(25,044)	37,277	37,277	-	-	82,867
Cash and cash equivalents at the end of the period	231,373	189,281	189,281	-	-	234,524

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

	Consolidated	Non-consolidated
Operating revenues	1,281,000	1,099,000
Recurring profit	61,000	48,000
Net income	25,000	7,000

Note:

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.

Business Performance
Outlook as of the 3rd quarter of the 2005 fiscal year
Nine-month period April 1 to December 31, 2004

Air transportation companies within ANA Group performed well during the nine-month period under review. Despite uncertainties as to the future of the Japanese economy caused by the slowdown in economic recovery, high crude oil prices and the rapid rise in the value of the yen against the U.S. dollar, passenger and cargo demand climbed steadily upward. Consequently, consolidated revenues for the Group as a whole reached ¥982.5 billion, a ¥61 billion improvement over the same period in the previous year, which was still affected residually by SARS and the Iraq War.

Profits for the current nine-month period were adversely affected by continuing high oil prices and the subsequent large increase in costs. However, thanks to aggressive cost-cutting drives the Group was able to achieve the aims of the Three Year Cost Reduction Plan (in place since April 1, 2003) one year early. This provided a robust foundation from which to achieve stable earnings and better withstand volatile shifts in the operating environment.

An operating income of ¥81.1 billion was thus reported - a ¥50.2 billion increase compared with the same period last year - and net profit was also up ¥7.5 billion to ¥35 billion, compared with the same period last year.

The performance of each business segment is as follows. Note that the sales figures of each segment include internal sales between segments.

Air Transportation

ANA Group reduced domestic capacity by 4.4% compared with the same period last year, downsized aircraft and better distributed capacity in line with passenger demand. Despite less capacity, domestic passenger numbers remained almost constant at 99.3% of the previous term. Furthermore, since the move to Haneda Airport's new Terminal 2 on December 1, 2004, an increase in passenger numbers has been recorded. These factors plus a unit price increase of 2.6% in passenger fares allowed the Group to achieve a ¥9.3 billion increase domestic revenues.

In international operations, routes to North America and Europe continued to enjoy a strong performance throughout the nine-month period. Increased capacity on China routes was accompanied by a steady rise in demand for leisure travel from the summer, in addition to business travel demand. As a result, 3.1 million international passengers traveled on Group airlines, a year-on-year increase of 27%, with a ¥29.2 billion revenue increase.

Domestic and international cargo services enjoyed robust growth in response to strong demand. Late night scheduled cargo flights between Tokyo and Sapporo and Saga, as well as the freighter aircraft dedicated to Chinese routes contributed to the overall increased revenues.

Revenue increases were also reported from additional sources such as ground handling and maintenance services provided to other airlines, as well as in-flight sales, amongst others.

Despite increases in variable costs, other passenger and cargo related costs which grow in tandem with increased revenues, and huge rises in oil prices, ANA was able to contain overall operating cost increases to a minimum level. This was achieved through continued restructuring efforts mainly in terms of personnel salary revisions, and fleet utilization, i.e. the operation of smaller aircraft with lower costs. As a result, air transportation posted an operating income of ¥72.8 billion of the nine-month period.

Travel Services

Demand for overseas travel completely overcame the lingering influence of SARS, and demand for domestic travel services enjoyed steady growth, meaning that the Travel Services segment posted a year-on-year revenue increase of ¥16.9 billion, and an operating income of ¥3.5 billion of the nine-month period.

Hotel Operations

No change was seen in the revenues of the Hotel Operations segment, which posted a loss of ¥0.4 billion. This was influenced by refurbishment works starting with the rooms and restaurants of the ANA Hotel Tokyo, which inevitably meant room closures and a fall in sales.

Other businesses

Other businesses within the Group also performed well, including those subsidiary companies that had been affected by SARS in the same period last year but have since recovered. This segment posted an operating income of ¥4.9 billion, and a revenue increase of ¥3.5 billion.

Financial Status

The free cash flow as of the 3rd Quarter of the nine-month period under review was ¥21.9 billion. An operating inflow of ¥127.6 billion was registered thanks to improvements in the Group's profitability. A cash outflow of ¥105.7 was registered from investing activities, mainly into aircraft. In terms of investing activities, while the Group raised funds through a new bond issue, it also repaid outstanding loans and redeemed bonds. As a result, the balance of cash and cash equivalents was ¥3.1 billion less than the same period last year.

Overall, combined assets have increased ¥71.2 billion, due to an increase in fixed assets (mainly aircraft). Although interest-bearing debt (loans and bonds) was reduced by ¥30.2 billion, overall debt increased ¥30.2 billion due to increased trade account payments and taxes. Additionally, shareholder capital increased by ¥40.2 billion, with the shareholder capital ratio improving by 11.6%.

Revision of the Financial Forecast for fiscal year 2004, ended march 31, 2005

Performance for the nine-month period ended December 31, 2004 exceeded initial expectations, thanks to marked improvements in profitability brought about by cost reduction and restructuring efforts, culminating in a greater than forecast operating income. However, the present difficult operating environment is expected to continue, dominated by the high price of crude oil and the ensuing pressure on operating costs, combined with flat demand in the domestic passenger market.

In the domestic passenger market, better matching of aircraft type with demand and improved yield management has resulted in improved unit prices. In turn, domestic passenger revenues are expected to exceed the whole year forecast made at the start of the current fiscal year.

Similarly, international passenger numbers are expected to exceed the initial forecast. North America and Europe routes continue to enjoy strong demand in business travel. Fueled by the growing Chinese economy, demand also continues to follow increases in capacity on China routes.

In cargo, new demand created by scheduled late night domestic cargo flights, and the continuing favorable performance of the freighter service to China, mean better results than originally forecast.

In consideration of the performance of mainly the Air Transportation and Travel Services segments, ANA Group will upwardly revise its forecast for the fiscal year.

The price of crude oil, which was US\$27 per barrel* at the start of the current fiscal year and now remains at an unprecedented and unforeseen level of around US\$40, continues to place pressure on the Group's profitability. However, as stated earlier, cost reduction and restructuring efforts have enabled the Group to establish a robust foundation able to maintain profitability within volatile market conditions. Although the pressure of crude oil prices will be felt most in the 4th Quarter (January 1 – March 31, 2005), the overall outlook for the Group's consolidated financial performance across the entire fiscal year is better than forecast at the start, and will be revised thus:

*Based on Dubai crude oil prices

Revised Financial Forecast for Fiscal 2004, ended March 31, 2005
Unit: billion yen

Consolidated

	Revised Forecast	Initial Forecast	Difference
Revenue	128.1	126.6	15.0
Operating Income	70.0	56.0	14.0
Recurring Profit	61.0	29.0	32.0
Net Income	25.0	14.0	11.0

Non-consolidated

	Revised Forecast	Initial Forecast	Difference
Revenue	109.9	106.9	30.0
Operating Income	57.0	45.0	12.0
Recurring Profit	48.0	20.5	27.5
Net Income	7.0	7.0	0.0

(1) Consolidated statements of income (loss)

	Yen(millions)				
	FY2004 Q1-Q3 Apr 1 - Dec 31	Interim FY2004 Apr 1 - Sep 30	FY2004 Q3 Oct 1 - Dec 31	FY2003 Q1-Q3 Apr 1 - Dec 31	Difference
Operating revenues and expenses					
Operating revenues	982,548	659,480	323,068	921,461	61,087
Operating expenses	713,800	474,697	239,103	710,545	3,255
Sales, general and administrative expenses	187,623	125,017	62,606	180,022	7,601
Operating income	81,125	59,766	21,359	30,894	50,231
Non-operating income	13,298	11,270	2,028	29,874	(16,576)
Interest income	2,316	2,079	237	2,234	82
Other	10,982	9,191	1,791	27,640	(16,658)
Non-operating expenses	29,103	17,929	11,174	34,471	(5,368)
Interest expense	15,046	10,625	4,421	15,971	(925)
Other	14,057	7,304	6,753	18,500	(4,443)
Total recurring profit	65,320	53,107	12,213	26,297	39,023
Extraordinary gains	1,142	650	492	8,814	(7,672)
Gain on sales of fixed assets	-	-	-	1,042	(1,042)
Gain on sales of investment securities	867	592	275	545	322
Gain on return of the substituted portion of the employee pension fund	-	-	-	6,094	(6,094)
Other	275	58	217	1,133	(858)
Extraordinary losses	6,124	1,552	4,572	1,478	4,646
Loss on sales of fixed assets	1,219	531	688	355	864
Loss on retirement of fixed assets	1,134	140	994	169	965
Provision for allowance for doubtful accounts	122	122	-	137	(15)
Special retirement benefit	522	519	3	197	325
Loss on sales of investment securities	1,131	45	1,086	9	1,122
Other	1,996	195	1,801	611	1,385
Net income before taxes	60,338	52,205	8,133	33,633	26,705
Corporate, inhabitant and enterprise tax	24,347	21,720	2,627	5,827	18,520
Minority interests	907	596	311	306	601
Net income	35,084	29,889	5,195	27,500	7,584

(2) Consolidated balance sheets

	Yen(millions)				
	FY2004 Q3 As of Dec 31	FY2003 As of Mar 31	Difference	Interim FY2004 As of Sep 30	Difference
Assets					
Current assets	483,488	463,392	20,096	460,795	22,693
Cash, deposits and marketable securities	234,345	235,313	(968)	219,592	14,753
Trade accounts receivable	108,132	101,799	6,333	109,980	(1,848)
Inventories	58,993	52,765	6,228	56,475	2,518
Other	82,018	73,515	8,503	74,748	7,270
Fixed assets	1,152,204	1,100,848	51,356	1,123,959	28,245
Tangible fixed assets	922,645	871,460	51,185	898,864	23,781
Intangible fixed assets	36,579	40,342	(3,763)	37,359	(780)
Investments and others	192,980	189,046	3,934	187,736	5,244
Deferred assets	710	866	(156)	701	9
Total assets	1,636,402	1,565,106	71,296	1,585,455	50,947
Liabilities					
Current liabilities	528,050	441,657	86,393	495,344	32,706
Trade accounts payable	150,783	123,922	26,861	131,756	19,027
Short-term loans, current portion of bonds payable and long-term debt	240,823	206,557	34,266	212,729	28,094
Other	136,444	111,178	25,266	150,859	(14,415)
Long-term liabilities	908,341	964,453	(56,112)	896,174	12,167
Bonds payable and long-term loans payable	760,647	825,156	(64,509)	761,343	(696)
Accrued employees' retirement benefits	112,319	105,389	6,930	109,706	2,613
Other	35,375	33,908	1,467	25,125	10,250
Total liabilities	1,436,391	1,406,110	30,281	1,391,518	44,873
Minority interests	9,695	8,910	785	9,496	199
Shareholders' equity					
Common stock	91,576	86,767	4,808	91,576	-
Capital surplus	57,947	53,114	4,832	57,934	13
Earned surplus	39,339	8,882	30,457	34,144	5,195
Unrealized gains (loss) on securities	3,851	4,040	(189)	3,235	616
Foreign currency translation adjustment	(1,573)	(1,927)	354	(1,625)	52
Treasury stock	(824)	(790)	(34)	(823)	(1)
Total shareholders' equity	190,316	150,086	40,230	184,441	5,875
Total liabilities, minority interest and shareholders' equity	1,636,402	1,565,106	71,296	1,585,455	50,947

(3) Consolidated statement of Cash flows

	Yen(Millions)			
	FY2004 Q1-Q3 Apr 1 - Dec 31	Interim FY2004 Apr 1 - Sep 30	FY2004 Q3 Oct 1 - Dec 31	FY2003 Q1-Q3 Apr 1 - Dec 31
I. Cash flows from operating activities				
Net income (loss) before taxes	60,338	52,205	8,133	33,633
Depreciation and amortization	49,125	31,840	17,285	47,672
Other, net	18,214	13,186	5,028	(23,958)
Net cash provided by (used in) operating activities	127,677	97,231	30,446	57,347
II. Cash flows from investing activities				
Payment for acquisition of tangible fixed assets	(137,315)	(87,273)	(50,042)	(103,611)
Proceeds from sales of tangible fixed assets	37,296	30,828	6,468	44,918
Payment for acquisition of intangible fixed assets	(5,529)	(3,220)	(2,309)	(5,666)
Other, net	(219)	(932)	713	1,143
Net cash provided by (used in) investing activities	(105,767)	(60,597)	(45,170)	(63,216)
III. Cash flows from financing activities				
Increase (Decrease) in short-term loans (Net)	(4,738)	(2,971)	(1,767)	(964)
Proceeds from long-term loans	43,164	12,903	30,261	31,286
Repayment of long-term loans	(58,556)	(37,978)	(20,578)	(58,191)
Proceeds from issuance of bonds	19,895	-	19,895	69,814
Redemption of bonds	(20,225)	(20,225)	-	(1,026)
Other, net	(4,584)	(4,818)	234	(3,642)
Net cash provided by (used in) financing activities	(25,044)	(53,089)	28,045	37,277
IV. Effect of exchange rate changes on cash and cash equivalents	(5)	609	(614)	(248)
V. Net increase(decrease) in cash and cash equivalents	(3,139)	(15,846)	12,707	31,160
VI. Cash and cash equivalents at the beginning of the period	234,524	234,524	218,666	158,121
VII. Net increase (decrease) resulting from changes in scope of consolidation	(12)	(12)	-	-
VIII. Cash and cash equivalents at the end of period	231,373	218,666	231,373	189,281

(4) Segment information

<FY2004 Q1-Q3 (Apr 1 - Dec 31)> Yen (Millions)

	Air transportation	Travel services	Hotel operations	Other businesses	Total	Elimination	Consolidated
Operating revenues	732,366	128,293	42,284	79,605	982,548	-	982,548
Intra-group sales and transfers	79,505	14,494	10,552	56,988	161,539	(161,539)	-
Total	811,871	142,787	52,836	136,593	1,144,087	(161,539)	982,548
Operating expenses	739,052	139,208	53,265	131,670	1,063,195	(161,772)	901,423
Operating income	72,819	3,579	(429)	4,923	80,892	233	81,125

<FY2003 Q1-Q3 (Apr 1 - Dec 31)> Yen (Millions)

	Air transportation	Travel services	Hotel operations	Other businesses	Total	Elimination	Consolidated
Operating revenues	687,934	112,398	42,601	78,528	921,461	-	921,461
Intra-group sales and transfers	66,740	13,431	10,240	54,521	144,932	(144,932)	-
Total	754,674	125,829	52,841	133,049	1,066,393	(144,932)	921,461
Operating expenses	728,921	124,160	52,952	130,067	1,036,100	(145,533)	890,567
Operating income	25,753	1,669	(111)	2,982	30,293	601	30,894

<FY2004 Q3 (Oct 1 - Dec 31)> Yen (Millions)

	Air transportation	Travel services	Hotel operations	Other businesses	Total	Elimination	Consolidated
Operating revenues	241,196	39,050	15,145	27,677	323,068	-	323,068
Intra-group sales and transfers	24,135	4,456	3,236	18,313	50,140	(50,140)	-
Total	265,331	43,506	18,381	45,990	373,208	(50,140)	323,068
Operating expenses	246,704	42,740	18,127	44,213	351,784	(50,075)	301,709
Operating income	18,627	766	254	1,777	21,424	(65)	21,359

<FY2003 Q3 (Oct 1 - Dec 31)> Yen (Millions)

	Air transportation	Travel services	Hotel operations	Other businesses	Total	Elimination	Consolidated
Operating revenues	234,590	37,535	15,704	25,291	313,120	-	313,120
Intra-group sales and transfers	21,943	4,198	3,157	20,980	50,278	(50,278)	-
Total	256,533	41,733	18,861	46,271	363,398	(50,278)	313,120
Operating expenses	242,668	41,004	18,424	45,086	347,182	(50,496)	296,686
Operating income	13,865	729	437	1,185	16,216	218	16,434

(5) Breakdown of operating revenues and overview of airline operating results (Consolidated)

Operating revenues			
	FY2004 Q1-Q3 Apr 1 - Dec 31	FY2003 Q1-Q3 Apr 1 - Dec 31	Difference
Domestic routes			
Passenger	500,562	491,230	9,332
Cargo	22,477	19,958	2,519
Mail	6,670	7,549	(879)
Baggage handling	215	238	(23)
Subtotal	529,924	518,975	10,949
International routes			
Passenger	162,597	133,304	29,293
Cargo	35,018	32,566	2,452
Mail	2,146	2,411	(265)
Baggage handling	397	439	(42)
Subtotal	200,158	168,720	31,438
Revenues from scheduled flights	730,082	687,695	42,387
Other operating revenues	81,789	66,979	14,810
Subtotal	811,871	754,674	57,197

Notes: Segment operating revenue includes inter-segment transactions.

Overview of airlines operating results			
	FY2004 Q1-Q3 Apr 1 - Dec 31	FY2003 Q1-Q3 Apr 1 - Dec 31	Year on year %
Domestic routes			
Number of passengers	33,808,588	34,047,254	99.3
Available seat-km (thousand km)	45,986,569	48,115,770	95.6
Revenue passenger-km(thousand km)	29,146,878	29,453,059	99.0
Passenger loadfactor	63.4	61.2	2.2
Cargo(tons)	323,062	314,295	102.8
Cargo traffic volume (thousand kg)	313,145	303,377	103.2
Mail(tons)	68,297	58,087	117.6
Mail traffic volume (thousand kg)	72,296	62,315	116.0
International routes			
Number of passengers	3,077,363	2,408,716	127.8
Available seat-km (thousand km)	18,894,467	18,440,735	102.5
Revenue passenger-km(thousand km)	14,493,178	12,583,609	115.2
Passenger loadfactor	76.7	68.2	8.5
Cargo(tons)	178,901	164,765	108.6
Cargo traffic volume (thousand kg)	821,892	776,065	105.9
Mail(tons)	10,326	10,239	100.8
Mail traffic volume (thousand kg)	45,646	47,451	96.2

Notes:

1. Domestic routes: All Nippon Airways Co. + Air Nippon Co. + Air Hokkaido Co. + Air Nippon Network Co.
2. International routes: All Nippon Airways Co. + Air Nippon Co. + Air Japan Co.
3. Each result do not include results of charter flights.
4. Cargo results include results of late-night cargo flights.

Operating revenues

	FY2004 Q3 Oct 1 - Dec 31	FY2003 Q3 Oct 1 - Dec 31	Difference
Domestic routes			
Passenger	163,039	162,063	976
Cargo	8,092	7,442	650
Mail	2,648	2,817	(169)
Baggage handling	72	72	-
Subtotal	173,851	172,394	1,457
International routes			
Passenger	52,138	47,316	4,822
Cargo	12,347	11,658	689
Mail	781	849	(68)
Baggage handling	142	137	5
Subtotal	65,408	59,960	5,448
Revenues from scheduled flights	239,259	232,354	6,905
Other operating revenues	26,072	24,179	1,893
Subtotal	265,331	256,533	8,798

Notes: Segment operating revenue includes inter-segment transactions.

Overview of airlines operating results

	FY2004 Q3 Oct 1 - Dec 31	FY2003 Q3 Oct 1 - Dec 31	Year on year %
Domestic routes			
Number of passengers	11,250,029	11,181,498	100.6
Available seat-km (thousand km)	15,031,541	15,620,242	96.2
Revenue passenger-km(thousand km)	9,598,703	9,615,076	99.8
Passenger loadfactor	63.9	61.6	2.3
Cargo(tons)	116,727	117,207	99.6
Cargo traffic volume (thousand kg)	112,798	113,012	99.8
Mail(tons)	27,745	22,832	121.5
Mail traffic volume (thousand kg)	28,996	24,440	118.6
International routes			
Number of passengers	1,054,084	928,019	113.6
Available seat-km (thousand km)	6,283,313	6,291,042	99.9
Revenue passenger-km(thousand km)	4,830,056	4,676,566	103.3
Passenger loadfactor	76.9	74.3	2.5
Cargo(tons)	61,387	57,458	106.8
Cargo traffic volume (thousand kg)	285,951	270,122	105.9
Mail(tons)	3,904	3,933	99.3
Mail traffic volume (thousand kg)	16,671	17,175	97.1

Notes:

1. Domestic routes: All Nippon Airways Co. + Air Nippon Co. + Air Hokkaido Co. + Air Nippon Network Co.
2. International routes: All Nippon Airways Co. + Air Nippon Co. + Air Japan Co.
3. Each result do not include results of charter flights.
4. Cargo results include results of late-night cargo flights.