

ANA reports consolidated financial results for 1st quarter ended June 30, 2005

1. Basis of quarterly financial results

- (1) Changes in significant accounting policies :
 Certain simplified methods compared with latest financial period are applied.
 Impairment of investment securities is not 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) Changes of scope of consolidation and application of the equity method :

	Consolidation	Equity method
Newly added	5	-
Excluded	2	1

2. Consolidated financial highlights for the first quarter ended June 30, 2005

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

	FY2005 first quarter	Year on year (%)	FY2004 first quarter	Year on year (%)	FY2004
Operating revenues	312,350	5.1	297,203	14.5	1,292,813
Operating income (loss)	11,759	32.6	8,868	-	77,774
Recurring profit (loss)	6,223	6.0	5,872	-	65,224
Net income (loss)	2,160	(10.9)	2,425	-	26,970

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

	FY2005 first quarter	FY2004 first quarter	FY2004
Total assets	1,575,708	1,541,090	1,606,613
Shareholders' equity	217,404	148,661	214,284
Shareholders' equity ratio	13.8%	9.6%	13.3%

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

	FY2005 first quarter	FY2004 first quarter	FY2004
Cash flows from operating activities	2,252	27,390	149,070
Cash flows from investing activities	951	(24,644)	(169,247)
Cash flows from financing activities	(35,687)	(42,745)	(51,600)
Cash and cash equivalents at the end of the period	131,075	194,617	163,155

3. Forecast of consolidated operating results for the period ending March 31, 2006

No revision of the forecasted operating results for the period ending March 31, 2006 has been made.

Overview of consolidated financial results for 1st quarter ended June 30, 2005

Business Performance

Overview of first quarter of fiscal year under review (from April 1, 2005 to June 30, 2005)

The gradual recovery of the Japanese economy continued, driven by strong corporate performance and a recovery in individual consumption. However, long term outlook remained cautious due to a number of risks that could impact the world economy and corporate revenues, including the geopolitical situation and skyrocketing petroleum prices. Set in such an environment, ANA Group continued to work to increase revenues, while at the same time accelerating the transformation of our cost structure to achieve a stable revenue stream and strengthen our bottom line. Thanks to these efforts, our consolidated management performance was as follows: operating revenues of ¥312.3 billion (¥15.1 billion year on year increase); operating income of ¥11.7 billion (¥2.8 billion year on year increase); recurring profit of ¥6.2 billion, and net income of ¥2.1 billion.

Performance by business segment was as follows (note that sales for each business include inter-segment sales).

[Air Transportation]

On domestic routes, overall, passenger demand was notably strong. Boosted by the Aichi Expo 2005, passenger traffic was especially originating at or departing from Central Japan International Airport (Centrair) in Nagoya, and Haneda Airport's Terminal 2, both of which newly opened in the previous financial year. We continued our efforts from the previous period to improve the efficiency of our air-transportation structure. Through our subsidiaries, we made use of smaller aircraft, adjusted capacity to demand, and improved efficiency while keeping production volume (seat-km) at about the same levels from the previous year (99.6% against previous year). As a result, operating revenues increased by ¥7.7 billion year on year.

Internationally, we enhanced our China route network with a new route between Narita and Guangzhou, opened April 25, 2005, and one between Centrair and Shanghai, opened May 16, 2005. In April, large-scale anti-Japanese demonstrations in China caused passengers to cancel their travel plans to that country, and the psychological impact remaining after these events prevented leisure growth. However, business demand was quick to recover and remains strong. Business travel to the United States and Europe was also strong for the three months period, as was travel to resort destinations, in part due to the fact that Japan's Golden Week holidays fell on favorable days. As a result of these factors, while passenger numbers were slightly down from the previous year (99.0% of the previous year), operating revenues showed a ¥2.7 billion year on year increase.

In the cargo business, we saw increased revenues in both our domestic and international divisions, fueled by increased revenue from regular late-night cargo flights between Haneda and Saga starting in July of last year, and air-cargo transportation from China, which remained strong.

As a result of these factors, operating revenues of Air transportation showed a ¥13.3 billion year on year increase.

Meanwhile, petroleum prices continued to soar, and our fuel costs were much greater than in the same quarter of the previous year. This was offset, however, by continued thorough cost management, and a reduction in fuel taxes and other public taxes and fees through the utilization of mid-sized aircraft, as well as efforts to minimize our sales, general and administrative expenses. Through these efforts, we were able to ameliorate the impact of fuel costs to a certain degree. As a result, air transportation achieved operating income of ¥10.1 billion in the first quarter - a period of low revenues due to seasonal factors - which is an increase in income over the same quarter in the previous year.

[Non air transportation business]

Travel services: although we experienced a drop in tourist traffic to China, this was offset by strong sales of resort travel products, including travel to Okinawa domestically and to Hawaii internationally, as well as strong sales of Expo 2005 Aichi products. Thus, operating revenues showed a ¥2.0 billion year on year increase, and we achieved a ¥0.2 billion increase in operating income.

In hotel operations, although we had strong performance in our recently renovated Tokyo ANA Hotel, as well as our resort hotels in Okinawa, sales in the catering division of the Narita ANA Hotel fell due to a reorganization of air transportation and hotel operations, and the decrease in this division caused a decrease in net sales compared with the previous year. Thanks to a reduction in costs, however, we recorded an operating profit, with an increase in operating income of ¥0.6 billion against that of the previous year.

Performance in other businesses was generally strong, and operating revenues showed a ¥1.4 billion increase compared with the previous year, with an operating income of ¥1.0 billion.

(1) Consolidated Statements of Income (Loss)

Yen(Millions)

	FY2005 first quarter Apr.1 - Jun.30	FY2004 first quarter Apr.1 - Jun.30	Difference
Operating revenues and expenses			
Operating revenues	312,350	297,203	15,147
Operating expenses	241,548	230,124	11,424
Sales, general and administrative expenses	59,043	58,211	832
Operating income (loss)	11,759	8,868	2,891
Non-operating income and expenses			
Non-operating income	2,063	4,547	(2,484)
Interest income	165	167	(2)
Other	1,898	4,380	(2,482)
Non-operating expenses	7,599	7,543	56
Interest expenses	4,525	4,556	(31)
Other	3,074	2,987	87
Total Recurring Profit (loss)	6,223	5,872	351
Extraordinary gains	5	354	(349)
Gain on sale of investment securities	1	301	(300)
Other	4	53	(49)
Extraordinary losses	2,413	1,028	1,385
Loss on sale of fixed assets	2,304	523	1,781
Loss on retirement of fixed assets	2	99	(97)
Special retirement benefit	3	382	(379)
Other	104	24	80
Net income (loss) before taxes	3,815	5,198	(1,383)
Corporate, inhabitant and enterprise tax	1,898	2,761	(863)
Minority interests in income of consolidated subsidiaries	(243)	12	(255)
Net income (loss)	2,160	2,425	(265)

(2) Consolidated Balance Sheets

Yen(Millions)

	FY2005 first quarter As of Jun.30	FY2004 As of Mar.31	Difference
Assets			
Current assets	444,796	421,170	23,626
Cash, deposits and Marketable securities	146,107	163,934	(17,827)
Trade accounts receivable	105,508	113,850	(8,342)
Inventories	54,246	52,636	1,610
Other	138,935	90,750	48,185
Fixed assets	1,130,325	1,184,838	(54,513)
Tangible fixed assets	934,282	958,415	(24,133)
Intangible fixed assets	36,315	37,685	(1,370)
Investments and others	159,728	188,738	(29,010)
Deferred assets	587	605	(18)
Total assets	1,575,708	1,606,613	(30,905)
Liabilities			
Current liabilities	546,685	506,474	40,211
Trade accounts payable	128,061	142,105	(14,044)
Short-term loans, Current portion of long-term debt and current portion of bonds payable	236,253	204,454	31,799
Other	182,371	159,915	22,456
Long-term liabilities	801,726	875,638	(73,912)
Bonds payable and Long-term debt payable	669,043	737,802	(68,759)
Accrued employees' retirement benefits	110,106	107,740	2,366
Other	22,577	30,096	(7,519)
Total liabilities	1,348,411	1,382,112	(33,701)
Minority interests	9,893	10,217	(324)
Shareholders' equity			
Common stock	111,501	107,292	4,208
Capital surplus	77,888	73,676	4,211
Earned surplus (deficit)	28,268	31,225	(2,957)
Unrealized gains on securities	4,406	4,620	(214)
Foreign currency translation adjustment	(1,223)	(1,672)	449
Treasury stock	(3,436)	(857)	(2,579)
Total shareholders' equity	217,404	214,284	3,120
Total liabilities, minority interests and shareholders' equity	1,575,708	1,606,613	(30,905)

(3) Consolidated Statement of Cash Flows

	Yen (Millions)	
	FY2005 first quarter Apr.1 - Jun.30	FY2004 first quarter Apr.1 - Jun.30
I. Cash flows from operating activities		
Net income (loss) before taxes	3,815	5,198
Depreciation and amortization	18,308	15,689
Other, net	(19,871)	6,503
Net cash provided by (used in) operating activities	2,252	27,390
II. Cash flows from investing activities		
Payment for acquisition of tangible fixed assets	(46,948)	(37,264)
Proceeds from sale of tangible fixed assets	53,447	15,367
Payment for acquisition of intangible fixed assets	(1,764)	(1,407)
Other, net	(3,784)	(1,340)
Net cash provided by (used in) investing activities	951	(24,644)
III. Cash flows from financing activities		
Increase (Decrease) in short-term loans (Net)	(887)	(7,028)
Proceeds from long-term debt	-	10,116
Repayment of long-term debt	(28,604)	(20,803)
Redemption of bonds	-	(20,000)
Payment for dividends	(5,010)	(4,616)
Other, net	(1,186)	(414)
Net cash provided by (used in) financing activities	(35,687)	(42,745)
IV. Effect of exchange rate changes on cash and cash equivalents	270	104
V. Net increase (decrease) in cash and cash equivalents	(32,214)	(39,895)
VI. Cash and cash equivalents at the beginning of the period	163,155	234,524
VII. Net increase (decrease) resulting from changes in scope of consolidation	134	(12)
VIII. Cash and cash equivalents at the end of the period	131,075	194,617

(4) 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:

	Yen (Millions)						
	<FY2005 first quarter Apr.1 - Jun.30>						
	Air transportation	Travel services	Hotel operations	Other businesses	Total	Elimination	Consolidated
Operating revenues	234,262	37,743	13,509	26,836	312,350	-	312,350
Intra-group sales and transfers	24,204	4,225	1,944	18,650	49,023	(49,023)	-
Total	258,466	41,968	15,453	45,486	361,373	(49,023)	312,350
Operating expenses	248,285	41,713	15,385	44,431	349,814	(49,223)	300,591
Operating income	10,181	255	68	1,055	11,559	200	11,759
	<FY2004 first quarter Apr.1 - Jun.30>						
	Air transportation	Travel services	Hotel operations	Other businesses	Total	Elimination	Consolidated
Operating revenues	222,560	35,800	13,497	25,346	297,203	-	297,203
Intra-group sales and transfers	22,536	4,123	3,238	18,656	48,553	(48,553)	-
Total	245,096	39,923	16,735	44,002	345,756	(48,553)	297,203
Operating expenses	237,080	39,794	17,277	42,927	337,078	(48,743)	288,335
Operating income (loss)	8,016	129	(542)	1,075	8,678	190	8,868

(5) Breakdown of Operating Revenues (Air transportation)

	Yen(Millions)		
	FY2005 first quarter Apr.1 - Jun.30	FY2004 first quarter Apr.1 - Jun.30	Difference
Domestic routes			
Passenger	157,013	149,232	7,781
Cargo	7,075	6,715	360
Mail	1,855	1,845	10
Baggage handling	71	51	20
Subtotal	166,014	157,843	8,171
International routes			
Passenger	52,731	50,028	2,703
Cargo	12,490	11,079	1,411
Mail	696	679	17
Baggage handling	121	132	(11)
Subtotal	66,038	61,918	4,120
Revenues from scheduled flights	232,052	219,761	12,291
Other operating revenues	26,414	25,335	1,079
Operating revenues	258,466	245,096	13,370

Notes:

Segment operating revenue includes inter-segment transactions.

(6) Overview of Airline Operating Results (Consolidated)

	FY2005 first quarter Apr.1 - Jun.30	FY2004 first quarter Apr.1 - Jun.30	Year on year (%)
Domestic routes			
Number of passengers	10,855,399	10,580,494	102.6
Available seat-km (thousand km)	15,045,613	15,105,917	99.6
Revenue passenger-km (thousand km)	9,360,636	9,059,181	103.3
Passenger loadfactor	62.2	60.0	2.2
Cargo(tons)	100,816	98,814	102.0
Cargo traffic volume (thousand kg)	97,774	96,200	101.6
Mail(tons)	18,782	18,130	103.6
Mail traffic volume (thousand kg)	20,091	19,341	103.9
International routes			
Number of passengers	939,754	949,546	99.0
Available seat-km (thousand km)	6,206,159	6,233,601	99.6
Revenue passenger-km (thousand km)	4,456,855	4,639,757	96.1
Passenger load factor	71.8	74.4	(2.6)
Cargo(tons)	57,588	57,116	100.8
Cargo traffic volume (thousand kg)	266,748	266,547	100.1
Mail(tons)	3,440	3,360	102.4
Mail traffic volume (thousand kg)	14,456	14,939	96.8

Notes:

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

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

Each result does not include results of charter flights.

Domestic routes' data include results of night cargo flights.