

# Financial Statements

## Statement of Accounts for Fiscal 2003 Non-Consolidated Balance Sheet Non-Consolidated Profit and Loss Statement Business Plan in FY 2004

## Statement of Accounts for Fiscal 2003

### 1. Airport Construction Projects

Investment in airport construction projects, including administration costs totaled JPY 68.9 billion in fiscal 2003. JPY 47.6 billion was spent on airport facilities; major works included apron paving and capacity expansion projects in Terminal 1.

A further JPY 14.9 billion was spent on environment measures such as relocation compensation and subsidies for soundproofing in areas affected by aircraft noise as part of the drive to maintain close relations between the airport and the surrounding communities.

#### Airport Construction Investment and Future Development Programs

(Unit: ¥ billion)

Description	Fiscal Year		Total
	To FY 2002	FY 2003	
Airport facilities	1,232.4	47.6	1,280.0
Air navigation facilities	40.9	0.9	41.8
Environment program	207.9	14.9	222.8
Interest payable & administration expenses, etc.	421.1	5.5	426.6
<b>Total</b>	<b>1,902.3</b>	<b>68.9</b>	<b>1,971.2</b>

Note: Airport Construction Investment is the cost of the construction of the airport plus related interest payable and other administration costs.

#### Total Investment in Airport Construction Projects by Year

(Unit: ¥ billion)

Fiscal Year	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Investment	0.5	1.9	6.7	12.8	21.5	43.8	48.4	28.2	23.9	28.8
Fiscal Year	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Investment	30.3	36.0	18.8	37.0	51.4	49.6	38.0	29.7	21.1	22.0
Fiscal Year	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Investment	20.4	31.3	54.8	87.5	109.1	189.8	103.0	85.2	70.5	66.5
Fiscal Year	1996	1997	1998	1999	2000	2001	2002	2003		
Investment	70.3	63.6	82.7	50.8	72.5	106.7	87.2	68.9		

**Total**

**1,971.2**

## 2. Profit & Loss Statement

### (1) Revenue

Operating revenue in fiscal 2003 decreased JPY8.4 billion over the previous year with the fall in aircraft movements and passenger numbers due to the SARS outbreak and the Iraq war. With aircraft movements down by 5,238 over the previous year to 171,000, revenue from airport usage charges dropped JPY3.2 billion to JPY57.6 billion. Likewise, fueling facilities charge revenue dropped JPY1.6 billion to JPY20.1 billion. Passenger Service Facilities Charge (PSFC) revenue also fell JPY2.8 billion to JPY21.5 billion as a result of the drop in passenger traffic. In fiscal 2003, PSFC was collected from 11.23 million passengers as opposed to 12.67 million in fiscal 2002. Also as a result of fewer passengers, other facility usage charge revenue such as concession charges for shops, etc., office leases and parking fees fell JPY800 million to JPY48.6 billion. Non-operating revenue comprising those from commissioned operations, interest received, other miscellaneous income and extraordinary income fell JPY2.1 billion to JPY 3.4 billion.

### (2) Expenses

Operating expenses comprising airport operation expenses and depreciation costs decreased JPY 4.7 billion to JPY102 billion despite the additional costs accrued in the lead up to privatization. This was due to cost saving efforts in the face of falling demand for air transport as a result of SARS and the Iraq war. General administration expenses primarily made up of human resource costs decreased by JPY100 million to JPY10.1 billion. Non-operating expenses comprising those from commissioned operations, interest paid, amortization of deferred assets and extraordinary losses decreased JPY2.6 billion to JPY43.4 billion after setting aside a total of JPY22.6 billion earmarked for future investment in the development of the Narita Rapid Rail system. As a result, total revenue was JPY151.2 billion and total expenses (excluding adjustment reserve of collected financial resources) were JPY155.5 billion, leaving a real deficit of JPY4.3 billion. However, the amount was transferred to the adjustment reserve of collected financial resources and hence no profits were recorded for the period.

### Statement of Profit and Loss

(Unit: ¥ billion)

Description	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
<b>Revenue</b>					
Operating revenue	141.5	143.2	136.7	156.2	147.8
Airport charges	53.5	53.4	51.8	60.8	57.6
Fueling facilities charges	22.0	21.1	19.9	21.7	20.1
Passenger service facilities charges	21.5	23.0	20.4	24.3	21.5
Miscellaneous facilities charges	44.5	45.7	44.6	49.4	48.6
Adjustment reserve of collected financial resources reimbursement	0.3	4.4	-	1.2	4.3
Non-operating revenues	1.0	4.1	2.2	5.5	3.4
<b>Total</b>	<b>142.8</b>	<b>151.7</b>	<b>138.9</b>	<b>162.9</b>	<b>155.5</b>
<b>Expenses</b>					
Operating expenses	99.7	98.5	99.6	106.7	102.0
General administrative expenses	9.7	9.5	9.8	10.2	10.1
Transfer of adjustment reserve of collected financial resources	-	-	1.0	-	-
Non-operating costs, miscellaneous	33.4	43.7	28.5	46.0	43.4
<b>Total</b>	(ext. losses 5.1) <b>142.8</b>	(ext. losses 17.2) <b>151.7</b>	(ext. losses 5.8) <b>138.9</b>	(ext. losses 26.9) <b>162.9</b>	(ext. losses 29.8) <b>155.5</b>
Current term profit	0	0	0	0	0
<b>Total</b>	<b>142.8</b>	<b>151.7</b>	<b>138.9</b>	<b>162.9</b>	<b>155.5</b>

Note: 1. Airport charges are aircraft landing and parking charges.  
 2. Fueling facilities charges are imposed for the use of pipelines and other aircraft fuel transport facilities.  
 3. Passenger service facilities charges are collected from passengers for the use of facilities.  
 4. Other facility charges consist of parking charges, supply facility charges, concession charges, building rentals, etc.  
 5. Adjustment reserve of collected financial resources reimbursement is from reserves transferred to make up for losses incurred as a result of airport projects.

### 3. Balance Sheet

#### (1) Assets

Current assets, which include cash, deposits, and accounts receivable, amounted to JPY39.6 billion in fiscal 2003, a decrease of 7.6 billion on the fiscal 2002 figure of JPY47.2 billion.

Operating assets increased JPY16.3 billion to JPY909.7 billion despite depreciation allowances due to increased assets such land for the Tennami cargo area.

Miscellaneous assets increased by JPY2.1 billion to JPY8.0 billion as a result of investment in Narita Rapid Rail Access Co., Ltd.

Deferred assets, which comprise prepaid debenture discounts, decreased JPY200 million to JPY700 million after bonds outstanding were calculated as one-off expenses under new accounting practices.

#### (2) Liabilities

Current liabilities are short-term debts incurred in the course of day-to-day transactions by NAA and fell by JPY5.4 billion over the previous fiscal year to JPY21.7 billion.

Fixed liabilities comprise New Tokyo International Airport bonds and long-term loans payable and long-term deposits received. New Tokyo International Airport bonds totaled

JPY415.4 billion, a decrease of JPY500 million over the previous fiscal year. Long-term loans payable from the government and private sector totaled JPY153.3 billion, a decrease of JPY2.1 billion from the previous year. Long-term deposits received increased JPY21.8 billion to JPY65.9 billion after calculation of the allowance for the Narita Rapid Rail Co., Ltd.

The adjustment reserve of collected financial resources, which is an allowance specified under special legislation, amounted to JPY1.8 billion after a JPY4.3 billion adjustment.

#### (3) Capital

NAA's capital is funded completely by government investment. No additional government capital investment was provided in fiscal 2003, leaving NAA's capital value at JPY305 billion, the same as the previous fiscal year. Losses brought forward remained constant at JPY5.1 billion, the same as the previous year.

#### Balance Sheet

(Unit: ¥ billion)

Description	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
<b>Assets</b>					
Current assets	39.5	37.3	64.0	47.2	39.6
Fixed assets	825.8	832.9	875.0	899.3	917.7
Operating assets	820.3	827.4	869.5	893.4	909.7
Investments and other assets	5.5	5.5	5.5	5.9	8.0
Deferred assets	1.5	1.1	4.7	0.9	0.7
<b>Total</b>	<b>866.8</b>	<b>871.3</b>	<b>943.7</b>	<b>947.4</b>	<b>958.0</b>

(Unit: ¥ billion)

Description	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
<b>Liabilities and Capital</b>					
Current liabilities	23.1	27.5	36.6	27.1	21.7
Fixed liabilities	561.9	558.0	608.7	614.4	634.6
New Tokyo International Airport bonds	500.7	460.0	420.2	414.9	415.4
Long-term loans payable	24.8	61.9	156.4	155.4	153.3
Long-term deposits received	36.4	36.1	32.1	44.1	65.9
Allowance specified by special laws (Adjustment reserve of collected financial resources)	10.6	6.2	7.2	6.0	1.8
Total liabilities	595.6	591.7	652.5	647.5	658.1
Capital stock (Government investment)	276.3	284.7	296.3	305.0	305.0
Loss (Brought forward)	-5.1	-5.1	-5.1	-5.1	-5.1
Total capital	271.2	279.6	291.2	299.9	299.9
<b>Total</b>	<b>866.8</b>	<b>871.3</b>	<b>943.7</b>	<b>947.4</b>	<b>958.0</b>

## Non-Consolidated Balance Sheet

As of March 31, 2003 and March 31, 2004

	¥ million		US\$ thousand
	FY 2003	FY 2002	FY 2003
<b>Assets</b>			
Current assets	39,663	47,199	371,759
Cash and cash deposits	26,034	33,093	244,015
Accounts due	11,102	11,011	104,058
Stored goods	485	365	4,546
Commissioned business disbursements	928	167	8,698
Prepaid expenses	125	122	1,172
Accrued revenues	960	2,430	8,998
Allowance for doubtful debts	-2	-1	-19
Other current assets	28	19	262
Fixed assets	917,702	899,311	8,601,575
Operating assets	907,054	890,521	8,501,771
Airport facilities	101,951	97,532	955,582
Service facilities	443,983	446,649	4,161,430
Structures	58,439	58,777	547,746
Land	260,340	242,317	2,440,154
Construction in progress	42,340	45,243	396,851
Tangible fixed assets	2,675	2,850	25,073
Intangible fixed assets	19	23	178
Other assets	7,951	5,916	74,524
Deferred charge	682	934	6,392
Bond issue costs	0	286	0
Margin on bond issue	682	647	6,392
<b>Total Assets</b>	<b>958,048</b>	<b>947,445</b>	<b>8,979,736</b>

<b>Liabilities and Capital</b>			
Current liabilities	21,778	27,101	204,124
Accounts payable	15,279	20,956	143,209
Accrued expenses	2,582	3,205	24,201
Commissioned business income	966	176	9,054
Deferred income	2,115	2,263	19,824
Allowance for bonuses	726	411	0
Other current liabilities	108	87	1,012
Fixed liabilities	634,616	614,398	5,948,224
New Tokyo International Airport bonds	415,351	414,935	3,893,064
Long-term loans payable	153,343	155,400	1,437,276
Long-term deposits	18,061	18,695	169,285
Allowance for employee retirement benefits	23,975	23,974	224,716
Allowance for Narita New Rapid Railway imposition	22,592	0	211,754
Other fixed liabilities	1,293	1,393	12,119
Allowances for other requirements specified by special law	1,785	6,077	16,731
Adjustment reserve of collected financial resources	1,785	6,077	16,731
(Total Liabilities)	658,180	647,577	6,169,088
Capital stock	304,956	304,956	2,858,337
Government investment	304,956	304,956	2,858,337
Loss	-5,088	-5,088	-47,690
Loss brought forward	-5,088	-5,088	-47,690
(Total Capital)	299,867	299,867	2,810,638
<b>Total Liabilities and Capital</b>	<b>958,048</b>	<b>947,445</b>	<b>8,979,736</b>

Note: The sum of individual figures may not match the totals given above since trailing figures under a million have been omitted.  
U.S. dollar amounts have been translated for convenience only, at the rate of US\$1=¥106.69, the rate prevailing on March 31, 2004.

## Non-Consolidated Profit and Loss Statement

Years ended March 31, 2003 and March 31, 2004

	¥ million		US\$ thousand
	FY 2003	FY 2002	FY 2003
<b>Expenses</b>			
Ordinary expenses	125,681	135,966	1,178,002
Operating expenses	101,934	106,669	955,422
Administration	62,939	69,219	589,924
Depreciation	38,994	37,450	365,489
Commissioned business costs	656	2,974	6,149
General and administrative expenses	10,101	10,194	94,676
Bad-debt loss	0	0	
Doubtful debt account	2	1	19
Non-operating expenses	12,986	16,126	133,053
Interest paid	12,506	14,586	117,218
Bond-issue related administrative expenses	329	362	3,084
R&D expenses	108	182	1,012
Miscellaneous losses	40	994	375
Extraordinary loss	29,779	26,926	279,117
Loss on sale of fixed assets	205	0	1,921
Loss on disposal of fixed assets	6,653	7,766	64,358
Loss from write-down of securities	41	53	384
Special loss generated by changes in the accounting standards	22,878	19,105	214,434
Net profit	0	0	0
<b>Total Expenses</b>	<b>155,461</b>	<b>162,892</b>	<b>1,457,128</b>
<b>Profit</b>			
Ordinary income	152,944	160,773	1,433,536
Operating income	147,773	156,228	1,385,069
Airport usage charge	57,628	60,769	540,144
Facility usage charge	88,340	93,789	828,006
Auxiliary service charge	1,804	1,669	16,909
Commissioned business revenues	656	2,974	6,149
Return of adjustment reserve of collected financial resources	4,292	1,171	-
Non-operating revenues	221	399	2,071
Interest received	2	19	19
Miscellaneous income	219	380	2,053
Special income	2,516	2,118	23,582
Gain on sale of fixed assets	21	0	
Profit received	2,494	0	
Reversal of collateral burden charge on operating assets	0	2,118	0
<b>Total Profit</b>	<b>155,461</b>	<b>162,892</b>	<b>1,457,128</b>

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U.S. dollar amounts have been translated for convenience only, at the rate of US\$1=¥106.69, the rate prevailing on March 31, 2004.

# Narita International Airport Corporation Business Plan in Fiscal 2004

Operating profits fell during fiscal 2003 with the impact of the Iraq war and SARS, but have recovered in 2004. NAA, therefore, will implement the following measures for the first year of its mid-term management plan (fiscal 2004-2006) which was announced on May 24, 2004 and will aim to attain the same level of operating revenue and ordinary profits as fiscal 2002 of JPY 156 billion and JPY 22 billion respectively.

NAA will aim to cut down controllable expenses by 3.5% although there will be an increase in expenses resulting from facility expansion and the introduction of accounting procedures for a joint stock company.

It will fully introduce public sector ordering methods and market pricing for its investments and will aim to reduce costs related to new construction works by 7%.

To increase non-aeronautical revenue it will set up an operating company for directly managed stores and will begin new businesses such as duty-free stores in July 2004.

## Facility Investment **Approx. JPY 65 billion** (Main Facility Investments)

- Extension of Runway B' to 2,500 m
- Extension and renovation of Terminal 1
- Construction of Taxiways C and D (between Terminals 1 and 2)
- Repairs to Terminal 1 apron
- Construction of Southern Cargo Building
- Expansion of Terminal 2

## Fiscal 2004 Budget Plan (solely NAA)

(Unit: ¥ billion)

Excluding transactions relating to commissioned work		Fiscal 2004 Plan
<b>Profit and Loss Statement</b>	Operating profit (A)	156.0
	Aeronautical revenue	109.0
	Non-aeronautical revenue	47.0
	Operating expenses (B)	122.0
	Op. costs & sales admin. exp.	80.0
	Depreciation costs	42.0
	Operating profit/loss (C=A-B)	34.0
	Non-operating profit (D)	2.0
	Non-operating expenses (E)	14.0
	Ordinary profit/loss (F=C+D-E)	22.0

(NB) 1. All charges, including airport usage charges, are calculated using current rates.  
 2. Aeronautical and non-aeronautical revenues are categorized as follows:  
 Aeronautical revenue: Airport usage charge, Passenger Service Facilities Charge, Baggage Handling Facilities Charge, Fuel Supply Facilities Charge  
 Non-aeronautical revenue: Building rent, concession fees, facility charges, land rent, etc.

Fiscal 2004	
<b>Liabilities Balance</b>	Loans and bonds 713.0

: JPY 149.7 billion of the JPY 305 billion government investment has been switched to an interest-free loan since privatization.

## Key Facility Investment Program for Fiscal 2004

