

# Foreword

On May 20, 2008, Narita Airport reached a major milestone in its history with its 30th anniversary. The day was marked by the arrival of the first A380 scheduled flight in Japan. This heralded a new page in the history of our airport. Compared to 30 years ago, Narita Airport handles 3.2 times more aircraft traffic, 4.3 times more passengers and 5.8 times more cargo. We are immensely proud of our safety record and the fact that there has not been a major accident during that time.

With Japan moving into a long period of strong economic growth, the recent globalization on a human and commodity level has triggered a major expansion for demand at Narita Airport as the nation's portal for international traffic. We have also experienced a period of adverse conditions which precipitated a dramatic drop in demand with the second oil crisis in 1980, the Gulf war in 1991, the 9.11 attack in the US in 2001 and the SARS epidemic in 2003. While demand for air transport was cooling immediately after the terrorist attacks in the US, we were finally able to open the long-awaited interim parallel runway as a result of the efforts of a great many people. In 2006, we completed the reconstruction of Terminal 1 and by consolidating each of the alliances under a single roof, we managed to expand the capacity of the airport in real terms.

I would like to take this opportunity again to express my sincere appreciation to all of the stakeholders who have lent their support in making Narita Airport what it is today.

I am delighted to report on our achievements in fiscal 2007. Airport operations were once again supported by strong demand on international services last year. The number of aircraft movements remained close to capacity but still traffic increased 1.8% over the previous year to an all time high as a result of moving some domestic slots over for use by international flights. At the same time however, aeronautical revenue from landing and parking charges dropped 1.7% due to the introduction of smaller and quieter aircraft. Smaller aircraft were also a factor in the 1.3% drop in fuel supplied, with fuel facility usage charges also falling 1.3%. Passenger figures increased by a mere 0.8%. While the number of Japanese travelers declined due to spiraling fuel surcharges, there was an increase in visitors to Japan as a result of the Visit Japan tourism campaign. Consequently, revenue from passenger service facilities charge increased 0.8%. Cargo also increased by 0.1% over the previous year.

Retailing business continued to consolidate itself as one of our mainstay operations following privatization in 2004. In April last year, "Narita 5th Avenue", one of the nation's largest duty-free brand boutique malls, opened in Terminal 2. The group subsidiaries then began operating the new facilities which included general duty-free shops and brand boutiques. Revenue from merchandising, food and beverage also increased sharply by 73.8% with "narita nakamise" completing its first full year of trading since opening in Terminal 1 in June 2006. Other revenue also increased 21.7% due to expanded business operations. Consequently, although operating revenue increased 41.7%, operating profit increased only 24.2% due to rising expenditure associated with the opening of "narita nakamise".

Operating revenue from facility leasing rose 1.4% due to increased leasing area in lounges, etc., but additional expenditure in facility maintenance produced a 3% decline in operating profit. Expenditure on railway works is increasing and the group affiliate, Narita Rapid Rail Access Co. Ltd., continues construction on the Narita New Rapid Railway, due to open in 2010. Use of the Shibayama Railway remains at low levels, resulting in a 10.5% decline in operating revenue and 40.2% increase in operating loss.

We adhered closely to our policies to not only expand revenue again in 2007 but to reduce costs in all sectors and enable us to achieve the goals of our group mid-term management plan, New Stage 2010. Our consolidated results for fiscal 2007, therefore, show an 8.4% increase in operating revenue to 199.873 billion yen. Operating profit, meanwhile, declined 1.6% to 32.866 billion yen due to rising facility maintenance costs and an increase in depreciation expenses resulting from taxation regulation revisions. Net



**President & CEO**

**Kosaburo Morinaka**

Compliance Committee  
Safety Planning Committee  
Parallel Runway Development & Planning Headquarters  
Internal Audit

income for term fell 7.0% to 10.929 billion yen. We will continue in our march to improve our performance and company infrastructure and build a strong financial base for our public listing and full privatization.

Financial performance is not our only objective. We will not rest from our commitment to offer a safe, comfortable, convenient airport for all to use. Fiscal 2007 saw many projects designed to improve our capabilities, including the opening of the duty-free brand boutique malls which I have already referred to. The check-in area in Terminal 2 was refurbished and an inline baggage screening system was installed in the South Wing in Terminal 1. We also improved the airport's transit facilities and dramatically shortened connection times between domestic and international flights. We are working diligently on the extension of Runway B to 2,500 meters, which will open in 2010. 2010 is also the year in which the Narita New Rapid Railway is slated to open, cutting traveling time between Narita and central Tokyo to less than 40 minutes. This will be a dramatic benefit to airport users.

In this, our 30th anniversary year, we stand at the threshold of a new era in our development. As a corporate group, we remain committed to safety above all else and operating an airport that provides a level of service that exceeds the expectations of its users, that strives to integrate itself with the local community, and that is held in esteem throughout the community.

Kosaburo Morinaka  
President & CEO