



# Finance

# Consolidated Financial Statement for Fiscal 2013-Overview



Japan's economy during this term experienced a gentle recovery with the effects of a major financial deregulation, continuing depreciation of the yen and climbing share prices as well as continuing upbeat trends in corporate profitability and individual consumption. Looking overseas, the US saw a mild recovery and Europe also demonstrated signs of a recovery, albeit small, while growth in nations such as China slowed.

Narita Airport's operating environment has seen the beginning of the Open Skies framework in March 2013, new and additional services on international routes as well as services by Japanese low-cost carriers (LCCs) on domestic routes and, as a result, an expansion of Narita's international and domestic networks. Further, with the ongoing depreciation of the yen as well as the lifting or easing of visa requirements for visitors from five Southeast Asian nations including Thailand and Malaysia, there have been an increase in passenger

traffic from Southeast Asia and resurgence in passenger numbers from China. There were 10.364 million visitors to Japan in 2013, the first time the figure exceeded 10 million.

The NAA Group recognizes its primary mission as being an international hub of the nation's capital and at the same time the gateway to Japan well into the future while ensuring to continue meeting the growing demand for air transport in greater Tokyo. With this awareness, it is pushing forward with the construction of the LCC terminal and aircraft parking stands in preparation for the increased capacity of 300,000 annual aircraft movements in fiscal 2014. With the Open Skies coming into effect, in order to enhance its international competitiveness, Narita Airport has reduced its international landing charges, reviewed the charging structure and reduced charges for use of the international baggage handling systems. In addition to this, it introduced discounts for additional tonnage on international routes on April 1, 2013 as an incentive to encourage use of Narita Airport and, with the consent and support of the local community, relaxed the restrictions on nighttime flight operation as from March 31, 2013.

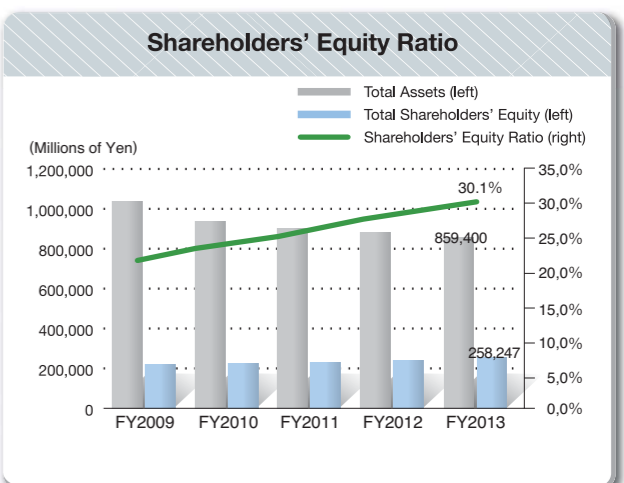
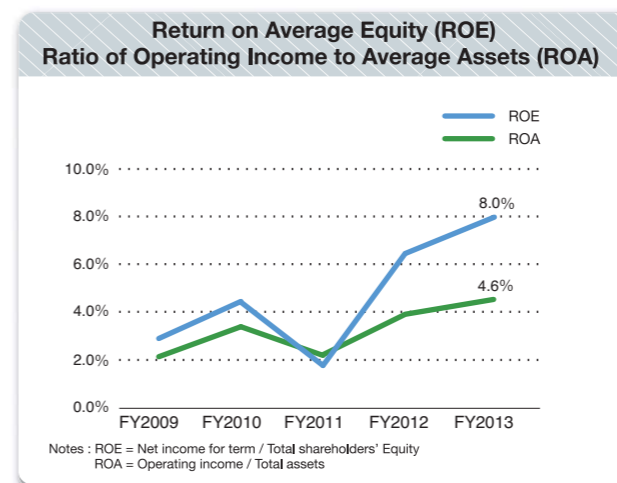
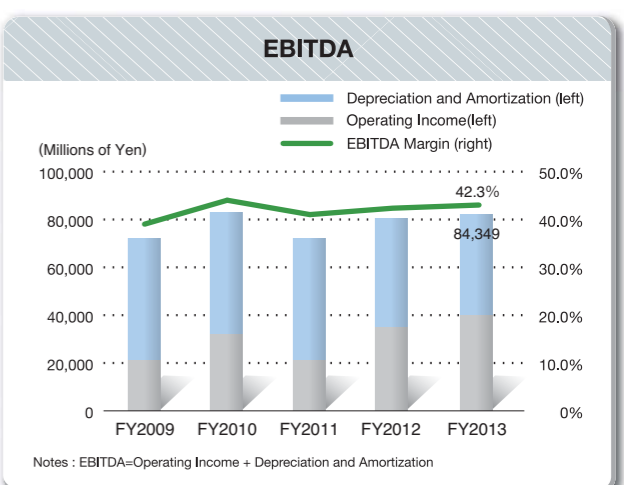
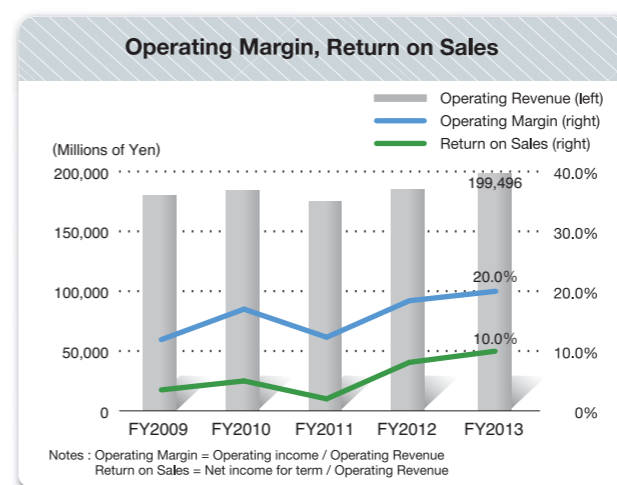
Narita Airport's handling capacity in this fiscal year exceeded that in the previous year in terms of aircraft movements and fuel supplied, due to the introduction of new and additional services on international routes and the resumption of Boeing 787 operation, and due to the

results achieved from a full year of operation on domestic routes by Japan's LCCs. Passenger figures surpassed the previous year's figures due to the increase in inbound passengers resulting from the depreciated yen and easing of visa requirements for travelers from certain Southeast Asian countries, in addition to the increase in domestic passengers on new LCC services. Although exports and imports fell due to changes in the structure of manufacturers' production sites, there was an increase in transit cargo to third countries via Narita Airport and the total volume of international air cargo exceeded figures for the previous year.

In these prevailing circumstances, aircraft movements for the consolidated fiscal year increased 6.7% to 226,182, passenger figures were up 7.8% to 36.042

million, cargo traffic finished up 3.4% at 1.986 million tonnes and the volume of fuel supplied rose 3.0% to 4.815 million kiloliters.

Consequently, consolidated results for the fiscal year saw a 5.4% increase in operating revenue to JPY199.496 billion mainly from passenger service facility charges and sales of goods and services in line with a rise in passenger traffic. Operating income increased by 14.6% to JPY39.811 billion while ordinary income rose 20.9% to JPY33.332 billion and net income also surged 30.1% to JPY19.936 billion due to compensation received for loss sustained by harmful rumors associated with the Tokyo Electric Power Co., Inc. (TEPCO) nuclear power plant accident at Fukushima being calculated as extraordinary income.



Trends in major management indicators	Fiscal Year (Years Ended March 31)				
	2009	2010	2011	2012	2013
Operating revenue	179,808	187,846	173,513	189,207	199,496
Ordinary income	12,532	23,428	13,144	27,571	33,332
Net income for term	6,055	9,952	3,555	15,324	19,936
Comprehensive income	-	9,518	3,180	15,348	20,161
Total net assets	227,479	235,657	236,348	250,806	267,470
Total assets	1,036,121	935,553	902,566	881,158	859,400
Net cash provided by (used in) operating activities	59,040	70,634	52,843	69,653	69,961
Net cash provided by (used in) investing activities	△61,015	△24,189	△17,759	△27,065	△26,777
Net cash provided by (used in) financing activities	4,116	△46,088	△34,578	△40,549	△44,768
Balance of cash and cash equivalents at end of term	27,382	27,765	28,289	30,355	28,803
Shareholders' equity ratio	21.0%	24.2%	25.2%	27.4%	30.1%
Return on average equity	2.8%	4.5%	1.6%	6.5%	8.0%
	(Yen)				
Book value per share	108,917.75	113,159.89	113,661.58	120,877.42	129,175.96
Earnings per share	3,027.61	4,976.16	1,777.72	7,662.49	9,968.42



# 1 Assets, Liabilities and Net Assets

## Assets

Assets fell 2.5% to JPY859.400 billion. Current assets decreased 2.2% from the end of the previous year to JPY54.205 billion mainly due to a decrease in cash and deposits. Although non-current assets increased as a result of facility development to support 300,000 annual aircraft movements, depreciation more than offset that increase and produced a decrease in non-current assets of 2.5% to JPY805.194 billion.

## Liabilities

Liabilities fell 6.1% to JPY591.929 billion. Current liabilities increased 1.7% to JPY118.981 billion due to increases in corporate bonds redeemable within one year and corporate income taxes payable. Non-current liabilities declined 7.9% to JPY472.948 billion mainly owing to a decrease in corporate bonds which were transferred to current liabilities. Long-term borrowings (including those repayable within one year) totaled JPY145.344 billion (including JPY38.653 billion in

interest-free government loans) with borrowings totaling JPY15.000 billion and repayments totaling JPY35.557 billion. Consequently, long-term debt was down 7.3% to JPY517.228 billion when combined with JPY371.883 billion in corporate bonds (including those redeemable within one year).

totalled JPY3.832 billion while net income for term was JPY19.936 billion. Consolidated capital to asset ratio at the end of the consolidated term increased from 27.4% for the previous year to 30.1% due to a decrease in assets mainly as a result of depreciation.

Net assets, including other accumulated comprehensive income, totaled JPY267.470 billion including minority interests that rose 0.7% to JPY9.118 billion.

## Net Assets

Shareholders' equity increased 6.7% to JPY258.247 billion. This was due to the fact that dividend payments

**Consolidated Balance Sheet** Fiscal Year (Years Ended March 31) (Millions of Yen)

	2012	2013
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	30,585	29,093
Notes and accounts receivable-trade	14,130	13,294
Lease investment assets	3,071	2,712
Securities	30	-
Inventories	4,029	4,976
Deferred tax assets	1,585	1,848
Other	2,008	2,293
Allowance for doubtful accounts	△ 41	△ 12
<b>Total current assets</b>	<b>55,400</b>	<b>54,205</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	448,105	426,068
Machinery, equipment and vehicles	39,679	38,011
Tools, furniture and fixtures	12,327	13,820
Land	280,016	281,120
Construction in progress	6,384	9,172
Other	280	191
<b>Total property, plant and equipment</b>	<b>786,794</b>	<b>768,385</b>
<b>Intangible assets</b>		
Software	4,484	4,624
Other	11,259	10,819
<b>Total intangible assets</b>	<b>15,743</b>	<b>15,444</b>
<b>Investments and other assets</b>		
Investment securities	2,582	2,596
Long-term loans receivable	1,632	1,632
Deferred tax assets	17,339	16,099
Net defined benefit asset	-	153
Other	1,668	887
Allowance for doubtful accounts	△ 4	△ 4
<b>Total investments and other assets</b>	<b>23,220</b>	<b>21,365</b>
<b>Total noncurrent assets</b>	<b>825,758</b>	<b>805,194</b>
<b>Total assets</b>	<b>881,158</b>	<b>859,400</b>

Fiscal Year (Years Ended March 31) (Millions of Yen)

	2012	2013
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	7,650	8,268
Short-term loans payable	100	-
Current portion of bonds	49,994	67,111
Current portion of long-term loans payable	32,326	12,356
Income taxes payable	7,307	8,408
Provision for bonuses	1,803	1,814
Other	17,785	21,023
<b>Total current liabilities</b>	<b>116,968</b>	<b>118,981</b>
<b>Noncurrent liabilities</b>		
Bonds payable	341,863	304,772
Long-term loans payable	133,575	132,988
Provision for retirement-benefits	25,982	-
Net defined benefit liability	-	23,802
Provision for directors' retirement benefits	457	375
Provision for environmental measures	1,616	1,616
Other	9,887	9,391
<b>Total noncurrent liabilities</b>	<b>513,383</b>	<b>472,948</b>
<b>Total liabilities</b>	<b>630,351</b>	<b>591,929</b>
<b>Net Assets</b>		
<b>Shareholders' equity</b>		
Capital stock	100,000	100,000
Capital surplus	52,000	52,000
Retained earnings	90,142	106,247
<b>Total Shareholders' equity</b>	<b>242,142</b>	<b>258,247</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	0	2
Deferred gains or losses on hedges	△ 388	△ 301
Remeasurements of defined benefit plans	-	403
<b>Total Valuation and translation adjustments</b>	<b>△ 387</b>	<b>104</b>
<b>Minority interests</b>	<b>9,052</b>	<b>9,118</b>
<b>Total net assets</b>	<b>250,806</b>	<b>267,470</b>
<b>Total liabilities and net assets</b>	<b>881,158</b>	<b>859,400</b>

## 2 Performance Analysis

### Operating Revenue

Although aircraft movements, passenger numbers and fuel consumption increased over the previous year owing to new and additional international services introduced as a result of the Open Skies and resumption of Boeing 787 services, as well as a full year of domestic service operations by Japanese LCCs, revenue from airport user charges declined due to reductions in international landing charges. The loss in revenue was made up by increased revenue from passenger service facility and fuel service facility charges. However, subsidiary companies' revenue from construction and maintenance declined, leading to a 0.6% fall in overall operating revenue to JPY106.882 billion in the airport operations.

In retailing, directly operated shops and tenanted shops both staged increases in sales owing to the additional international and domestic passenger traffic and the depreciation of the yen. As a result, revenue from merchandising, food & beverage as well as tenant fees increased 20.3% to JPY58.595 billion.

In facility leasing, there was a 3.0% increase in revenue from land and building leasing to JPY31.067 billion produced by the removal of discounts on leases and a rise in revenue from car park charges, etc. generated by increased passenger numbers.

The railway business saw a growth of 3.1% to JPY2.950 billion owing to an increase in Narita Sky Access rail usage charges.

These results combined to produce a 5.4% increase in consolidated operating revenue for the fiscal year to JPY199.496 billion.

### Operating Expenses

Operating expenses for the consolidated fiscal year increased by 3.4% to JPY159.684 billion due to a rise in the cost of product purchases in the retail business despite a reduction in depreciation and amortization expenses as facilities reached the end of their service life.

### Operating Income

Consolidated operating income for the fiscal year increased 14.6% to JPY39.811 billion. The margin of operating income to operating revenue was 20.0% for the consolidated fiscal year in contrast to 18.4% for the previous term.

### Non-operating Income or Loss

Consolidated non-operating profit/loss improved 9.6% from a JPY7.163 billion (net) loss in the previous fiscal year to a (net) loss of JPY6.479 billion. This was mainly due to a decline in interest produced by a reduction in outstanding long-term debt.

### Ordinary Income

Consolidated ordinary income for the fiscal year increased 20.9% to JPY33.332 billion.

### Extraordinary Income or Loss

Extraordinary income/loss improved 83.2% from a (net) loss of JPY3.377 billion in the previous fiscal year to a (net) loss of JPY568 million. This was mainly due to compensation received for loss sustained by harmful rumors associated with the TEPCO nuclear power plant accident at Fukushima being calculated as extraordinary income.

### Net Income before Income Taxes

Net income before income taxes for the consolidated fiscal year increased by 35.4% to JPY32.764 billion.

### Net Income before Minority Interests

Net income before minority interests for the consolidated fiscal year after adjustment for corporate and other taxes increased by 30.2% to JPY19.998 billion.

### Net Income for Term

Net income for the consolidated fiscal year after adjustment for profit/loss of minority interests increased by 30.1% to JPY19.936 billion. Earnings per share for the term was JPY9,968.42 compared to JPY7,662.49 in the previous consolidated fiscal year.

### Consolidated Profit & Loss and Comprehensive Income Statement Fiscal Year (Years Ended March 31) (Millions of Yen)

	2012	2013
<b>Operating revenue</b>	189,207	199,496
<b>Operating cost</b>	129,742	134,464
<b>Operating gross profit</b>	59,465	65,031
<b>Selling, general and administrative expenses</b>	24,730	25,219
<b>Operating income</b>	34,734	39,811
<b>Non-operating income</b>		
Interest and dividends income	85	91
Compensation for damages received	52	81
Insurance income	0	74
Equity in earnings of affiliates	10	3
Other	254	260
<b>Total non-operating income</b>	403	511
<b>Non-operating expenses</b>		
Interest expenses	1,388	1,256
Interest on bonds	6,047	5,608
Other	130	126
<b>Total non-operating expenses</b>	7,566	6,990
<b>Ordinary income</b>	27,571	33,332
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	10	1
Compensation for damages received	-	3,200
Railway subsidies	170	170
Contribution for construction	-	4
Other	-	0
<b>Total extraordinary income</b>	180	3,377
<b>Extraordinary loss</b>		
Loss on retirement of noncurrent assets	2,570	2,606
Loss on reduction of noncurrent assets	-	4
Impairment loss	701	1,315
Other	285	18
<b>Total extraordinary loss</b>	3,557	3,945
<b>Net income before income taxes</b>	24,194	32,764
<b>Income taxes-current</b>	8,372	12,004
<b>Income taxes-deferred</b>	465	762
<b>Total income taxes</b>	8,837	12,766
<b>Income before minority interests</b>	15,356	19,998
<b>Minority interests in income</b>	31	61
<b>Net income for term</b>	15,324	19,936
<b>Minority interests in income</b>	31	61
<b>Income before minority interests</b>	15,356	19,998
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	1	1
Deferred gains or losses on hedges	△ 8	162
<b>Total other comprehensive income</b>	△ 7	163
<b>Comprehensive income (Breakdown)</b>	15,348	20,161
Comprehensive income attributable to owners of the parent	15,321	20,025
Comprehensive income attributable to minority interests	27	136



# 3 Cash Flow Report

## Consolidated Cash Flow Statement Fiscal Year (Years Ended March 31) (Millions of Yen)

	2012	2013
<b>Net cash provided by (used in) operating activities</b>		
Net income before income taxes	24,194	32,764
Depreciation and amortization	46,223	44,538
Increase(decrease) in provision for bonuses (decrease:△)	△122	10
Increase(decrease) in provision for retirement benefits (decrease:△)	△490	-
Increase(decrease) in Liabilities for retirement benefits(decrease:△)	-	△1,541
Increase(decrease) in provision for loss on disaster (decrease:△)	△523	-
Impairment loss	701	1,315
Interest and dividends income	△85	△91
Compensation for damages received	-	△3,200
Interest expenses paid loans and bonds	7,435	6,864
Equity in earnings (losses) of affiliates (earnings:△)	△10	△3
Losses on disposal and fixed assets	2,357	1,951
Losses and gains on sales of noncurrent assets (gains:△)	△0	5
Decrease (increase) in notes and accounts receivable-trade (increase:△)	△336	894
Decrease (increase) in inventories (increase:△)	△229	△1,062
Decrease (increase) in prepaid pension costs (increase:△)	△54	-
Increase (decrease) in notes and accounts payable-trade (decrease:△)	629	1,230
Increase (decrease) in lease and guarantee deposits received (decrease:△)	△470	△127
Increase (decrease) in accounts payable-other (decrease:△)	△55	224
Increase (decrease) in accrued consumption taxes (decrease:△)	273	83
Increase (decrease) in advances received (decrease:△)	182	124
Other, net	493	426
<b>Subtotal</b>	<b>80,111</b>	<b>84,409</b>
Interests and dividends income received	88	94
Compensation for damages received	-	3,200
Interest expenses paid	△7,402	△6,844
Income taxes paid	△3,143	△10,897
<b>Net cash provided by (used in) operating activities</b>	<b>69,653</b>	<b>69,961</b>
<b>Net cash provided by (used in) investing activities</b>		
Purchase of noncurrent assets	△26,886	△26,565
Proceeds from sales of noncurrent assets	83	3
Purchase of long-term prepaid expenses	△185	△110
Purchase of investment securities	△0	△31
Payments of loans receivable	△1	△4
Collection of loans receivable	5	3
Payments into time deposits	△30	△60
Payments for lease and guarantee deposits	△2	△1
Other	△48	△11
<b>Net cash provided by (used in) investing activities</b>	<b>△27,065</b>	<b>△26,777</b>
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable (decrease:△)	-	△100
Proceeds from long-term loans payable	13,000	15,000
Repayment of long-term loans payable	△27,756	△35,557
Proceeds from issuance of bonds	29,906	29,906
Redemption of bonds	△54,652	△50,000
Cash dividends paid	△890	△3,832
Payments for refund to minority interests	-	△1
Other	△158	△183
<b>Net cash provided by (used in) financing activities</b>	<b>△40,549</b>	<b>△44,768</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>28</b>	<b>33</b>
<b>Net increase (decrease) in cash and cash equivalents (decrease:△)</b>	<b>2,066</b>	<b>△1,552</b>
<b>Balance of cash and cash equivalents at the beginning of term</b>	<b>28,289</b>	<b>30,355</b>
<b>Balance of cash and cash equivalents at end of term</b>	<b>30,355</b>	<b>28,803</b>

## Cash Flow from Operating Activities

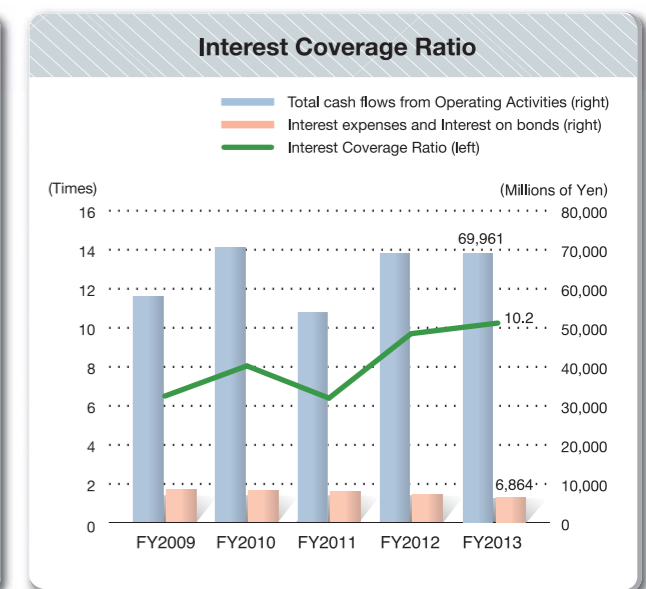
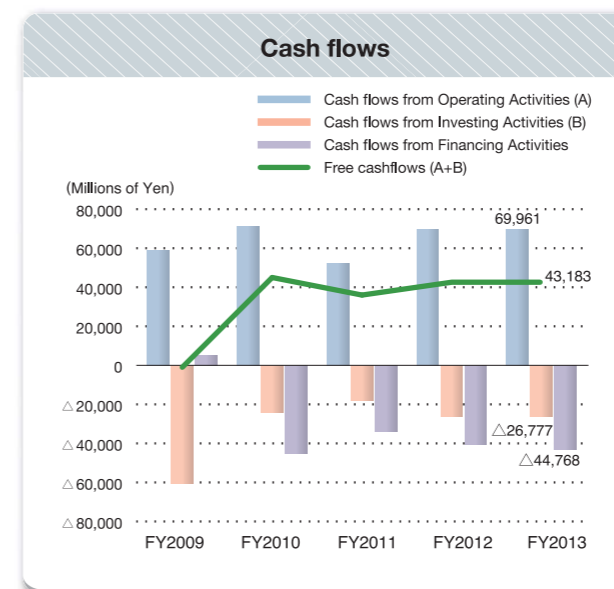
Cash flow from operating activities resulted in cash in of JPY69.961 billion, an increase of JPY307 million due to a rise in pre-tax profit.

## Cash Flow from Investment Activities

Cash flow from investment activities resulted in cash out of JPY26.777 billion, a decrease of JPY288 million due to a decrease in expenses for the acquisition of non-current assets.

## Cash Flow from Finance Activities

Cash flow from financing activities resulted in a cash out of JPY44.768 billion, an increase of JPY4.218 billion owing to an increase in expenditure due to the repayment of long-term loans payable.



# 4 Stock Information

Fiscal Year (Years Ended March 31)

	2012	2013
Number of Shares Issued (Unit)	2,000,000	2,000,000
Total dividends (Millions of Yen)	3,832	5,982
Book value Per Share (Yen)	120,877.42	129,175.96
Earnings Per Share (Yen)	7,662.49	9,968.42

## Principal Stockholders

Name	Numbers of Shares	Percentage Held
Minister of Land, Infrastructure, Transport and Tourism	1,800,258	90.01%
Minister of Finance	199,742	9.99%
Total	2,000,000	100.00%

# 5 Segment Report

## Airport Operations

In airport operations, aircraft movements were greater than the previous year due to new and additional international services introduced as a result of the Open Skies agreement and resumption of Boeing 787 services, as well as a full year of domestic service operations by Japanese LCCs. However, revenue from airport user charges comprising landing and parking charges fell 4.7% to JPY42.766 billion due to a reduction in international landing charges.

Passenger figures were higher than the previous year due to increases in visitors from abroad on international flights and increases in domestic passengers. Consequently, revenue from passenger service facility charges collected from international passengers increased 3.8% to JPY33.795 billion.

The volume of fuel supplied increased over the previous year due to a rise in aircraft movements despite a continuing trend of aircraft downsizing. This resulted in a 3.0% increase in revenue from fuel service facility charges to JPY16.803 billion.

Although the loss in revenue from reductions in international landing charges was made up by increases in other revenues, operating revenue declined 0.6% to JPY106.882 billion due to a fall in subsidiary companies' revenue from construction and maintenance, while operating income increased 0.7% to JPY 7.932 billion.

## Retailing

In retailing, directly operated shops and tenanted shops both staged significant recoveries in sales as a result of increases in the number of visitors from abroad as well as in passengers on domestic services. Merchandising and food & beverage revenue increased 27.6% to JPY41.998 billion and concession fee revenue rose 14.0% to JPY9.326 billion.

As a result, operating revenue increased 20.3% to JPY58.595 billion and operating income increased 29.0% to JPY17.752 billion.

## Facility Leasing

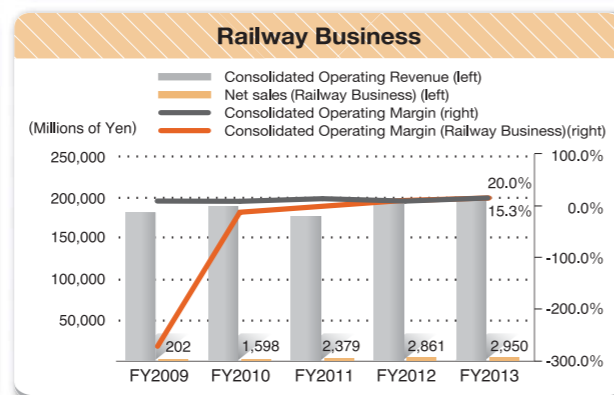
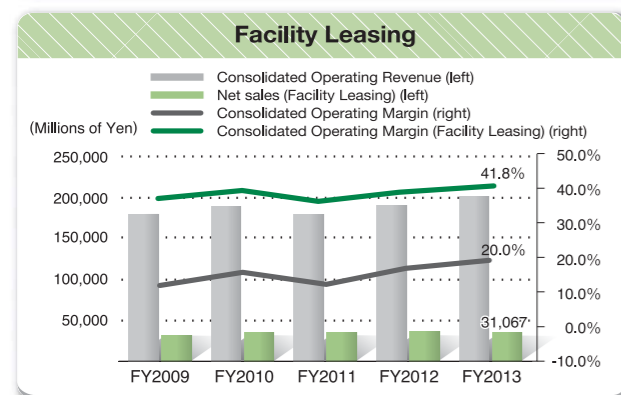
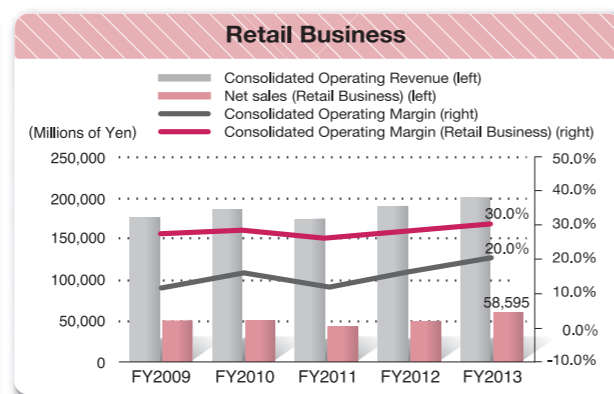
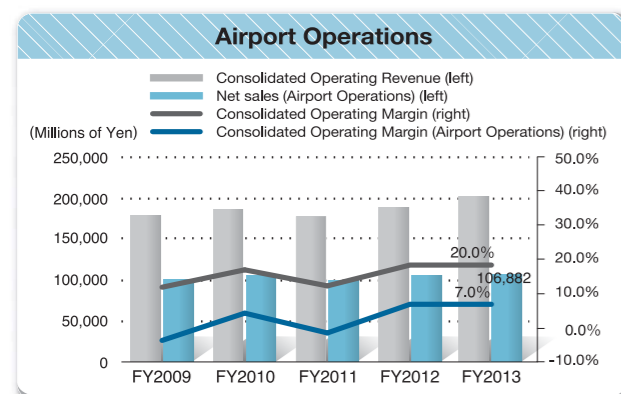
In facility leasing, there was a 4.6% increase in revenue from land and building leasing to JPY22.070 billion due to the removal of discounts on leases and a rise in revenue from car park and other charges as a result of an increase in passenger traffic.

Consequently, operating revenue increased 3.0% to JPY31.067 billion and operating income rose 7.4% to JPY13.733 billion.

## Railway Business

In railway business, operating revenue increased 3.1% to JPY2.950 billion and an operating income increase of 12.5% to JPY461 million was obtained owing to an increase in revenue from Narita Sky Access rail usage charges.

### Net sales & operating margin by segment



## Segment Report Fiscal Year (Years Ended March 31)

(Millions of Yen)

	2012	2013
<b>Airport Operations</b>		
Net sales	113,505	113,138
Net sales from external customers	107,477	106,882
Landing and parking charges	44,888	42,766
Passenger service facilities and security charge	32,568	33,795
Fuel supply facilities charge	16,312	16,803
Other revenues	13,708	13,516
Intersegment sales or transfers	6,028	6,255
Operating Income	7,878	7,932
Depreciation and Amortization	34,490	33,423
Capital Expenditures	23,745	23,625

	2012	2013
<b>Retail Business</b>		
Net sales	49,124	59,086
Net sales from external customers	48,696	58,595
Merchandising and food/beverage revenue	32,912	41,998
Tenant fee revenue	8,179	9,326
Other revenues	7,604	7,271
Intersegment sales or transfers	427	490
Operating Income	13,764	17,752
Depreciation and Amortization	2,422	2,361
Capital Expenditures	1,386	1,626

	2012	2013
<b>Facility Leasing</b>		
Net sales	32,110	32,873
Net sales from external customers	30,172	31,067
Rent income of real estate	21,098	22,070
Other revenues	9,074	8,996
Intersegment sales or transfers	1,937	1,806
Operating Income	12,783	13,733
Depreciation and Amortization	7,919	7,392
Capital Expenditures	1,209	2,867

	2012	2013
<b>Railway Business</b>		
Net sales	2,992	3,018
Net sales from external customers	2,861	2,950
Intersegment sales or transfers	131	67
Operating Income	410	461
Depreciation and Amortization	1,445	1,424
Capital Expenditures	56	79

	2012	2013
<b>Adjustments</b>		
Intersegment sales or transfers	△ 8,525	△ 8,619
Operating Income	△ 102	△ 67
Depreciation and Amortization	△ 54	△ 63
Capital Expenditures	△ 94	△ 21

	2012	2013
<b>Total</b>		
Net sales from external customers	189,207	199,496
Operating Income	34,734	39,811
Depreciation and Amortization	46,223	44,538
Capital Expenditures	26,303	28,178