



Finance





and August 2012, domestic facilities were opened in the south and north ends of Terminal 2 on September 2 and October 23, 2012.

In view of the new Open Skies environment from the summer 2013 schedule, airport user charges for international services were also reviewed to provide Narita with greater competitive strength on the international stage. In addition to reducing international landing charges, reviewing the international BHS categories and lowering those charges as well, NAA introduced incentives to encourage more frequent use of Narita Airport in the form of Additional Tonnage Discount on international landing charges commencing April 1, 2013.

Figures for aircraft movements, passengers and fuel handled at Narita Airport during fiscal 2012 all increased over the previous year. This was due to a recovery from the effects of the Great East Japan Earthquake and the Fukushima nuclear accident, the launch of domestic services by two Japanese LCCs and the introduction of new and additional

services by other airlines. Figures for cargo remained almost the same as the previous year owing to an increase in transit cargo passing through Narita to third countries, although both exports and imports fell due to sluggish economies at home and abroad and changes in the locations of manufacturer production sites.

In these prevailing circumstances, aircraft movements for fiscal 2012 increased 13.3% to 212,078, passenger figures were up 15.9% to 33.431 million, cargo traffic finished 0.4% down at 1.921 million tonnes and fuel supply volume rose 9.8% to 4.674 million kiloliters.

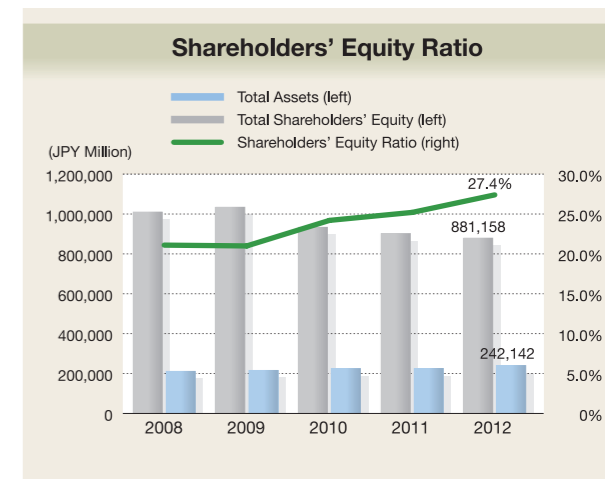
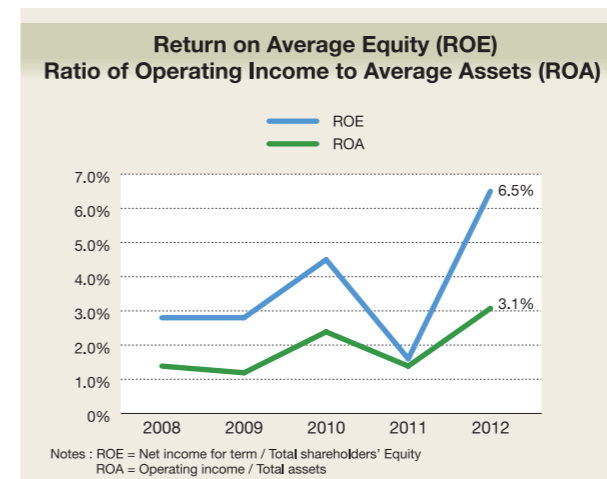
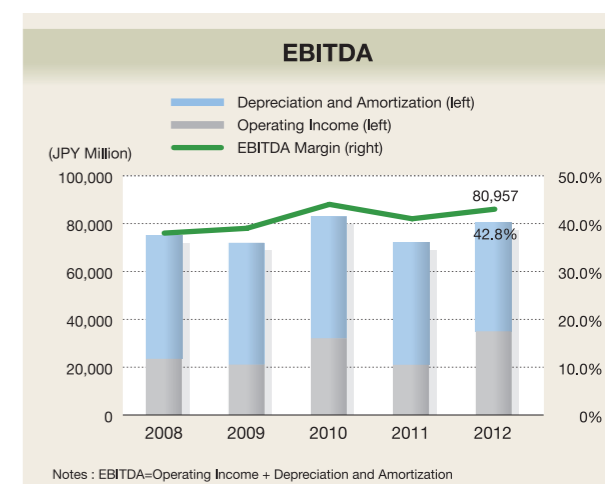
Consequently, consolidated results for fiscal 2012 saw a 9.0% increase to JPY189.207 billion with an increase in operating revenue, mainly from airport facility charges and sales of merchandise and food & beverages as a result of a rise in passenger traffic. Operating income increased by 62.9% to JPY34.734 billion while ordinary income rose 109.8% to JPY27.571 billion and net income also surged 331.0% to JPY15.324 billion.

Consolidated Financial Statement for Fiscal 2012 - Overview

Uncertainty over the future continued to affect Japan's economy in the consolidated accounting year owing to the effects of a downturn in overseas economies following the European debt crisis, appreciation of the yen and other issues, despite ongoing recovery underpinned by restoration from the Great East Japan Earthquake and reconstruction demand. Towards the end of the year, however, the economy is believed to have emerged out of recession helped in part by heightened expectations for economic and monetary measures, a lift in consumer sentiment and improved export conditions due to rising share prices and a weakening yen. While there is still a risk that economic stagnation overseas might exert downward pressure on the economy of Japan, the recovery trend is expected to continue for some time.

The environment surrounding the air transport industry has been affected by destabilizing factors such as a slump in overseas economies, continued high prices of oil, and the temporary suspension from service of Boeing's B787 aircraft, but airlines have maintained their competitive edge by adjusting their supply capacities.

The NAA Group undertook development of new taxiways and aprons to expand Narita's annual capacity to 270,000 aircraft movements to meet the growing demand for air transport in the Greater Tokyo Capital Area. The work was completed in March 2013 and the airport's capacity was expanded from 250,000 to 270,000 movements with the start of the summer schedule on March 31. Furthermore, in conjunction with the launch of domestic services by two new Japanese low cost carriers (LCCs) in July



1 Consolidated Balance Sheet

Assets

Assets at the end of the consolidated term fell 2.4% from the previous year to JPY881.158 billion. Current assets increased 4.4% to JPY55.400 billion mainly due to an increase in cash and deposits. Although noncurrent assets increased as a result of facility development to accommodate 270,000 aircraft movements a year as a precursor to an expansion to 300,000 movements, depreciation exceeded that increase and produced a decrease in noncurrent assets of 2.8% to JPY825.758 billion.

Liabilities

Liabilities at the end of the consolidated term decreased 5.4% from the previous year to JPY630.351 billion. Current liabilities were up 3.9% to JPY116.968 billion mainly due to an increase in corporate income taxes payable. Noncurrent liabilities declined 7.3% to JPY513.383 billion mainly owing to a decrease in corporate bonds which were transferred to current liabilities.

Long term borrowings (including those repayable

within one year) fell to JPY165.902 billion (including JPY49.753 billion in interest-free government loans) with borrowings totaling JPY13.000 billion and repayments totaling JPY27.756 billion. Consequently, long-term debt totaled JPY557.760 billion (down 6.6%) with JPY391.858 billion in corporate bonds (including those redeemable within one year).

JPY242.142 billion. This was due to the fact that dividend payments totaled JPY890 million while net income for term was JPY15.324 billion. Consolidated capital to asset ratio at the end of the consolidated term increased from 25.2% for the previous year to 27.4% due to a decrease in assets mainly as a result of depreciation.

Net assets

Shareholder's equity at the end of the consolidated term increased 6.3% from the previous year to

Net assets totaled JPY250.806 billion including minority interests which rose 0.3% to JPY9.052 billion and other accumulated comprehensive income.

Consolidated Balance Sheet Fiscal Year (As of March 31) (JPY Million)

	2010	2011	2012
Assets			
Current assets			
Cash and deposits	27,935	28,489	30,585
Notes and accounts receivable-trade	10,372	13,754	14,130
Lease investment assets	3,739	3,414	3,071
Securities	-	-	30
Inventories	4,789	3,771	4,029
Deferred tax assets	1,642	1,546	1,585
Other	3,004	2,130	2,008
Allowance for doubtful accounts	△ 41	△ 41	△ 41
Total current assets	51,442	53,064	55,400
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	492,200	466,191	448,105
Machinery, equipment and vehicles	48,271	43,449	39,679
Tools, furniture and fixtures	16,268	13,579	12,327
Land	277,828	279,081	280,016
Construction in progress	3,399	6,021	6,384
Other	252	369	280
Total property, plant and equipment	838,220	808,693	786,794
Intangible assets			
Software	4,514	4,326	4,484
Other	11,979	11,693	11,259
Total intangible assets	16,493	16,020	15,743
Investments and other assets			
Investment securities	2,546	2,603	2,582
Long-term loans receivable	1,637	1,634	1,632
Deferred tax assets	21,600	17,845	17,339
Other	3,616	2,708	1,668
Allowance for doubtful accounts	△ 4	△ 4	△ 4
Total investments and other assets	29,396	24,787	23,220
Total noncurrent assets	884,111	849,501	825,758
Total assets	935,553	920,566	881,158

Fiscal Year (As of March 31) (JPY Million)

	2010	2011	2012
Liabilities			
Current liabilities			
Accounts payable-trade	5,840	6,699	7,650
Short-term loans payable	100	100	100
Current portion of bonds	91,978	54,643	49,994
Current portion of long-term loans payable	11,838	27,754	32,326
Income taxes payable	5,671	2,014	7,307
Provision for bonuses	1,924	1,925	1,803
Provision for loss on disaster	1,791	523	-
Other	16,409	18,932	17,785
Total current liabilities	135,553	112,595	116,968
Noncurrent liabilities			
Bonds payable	376,414	361,822	341,863
Long-term loans payable	148,652	152,904	133,575
Long-term lease and guarantee deposited	8,389	8,416	8,142
Provision for retirement-benefits	26,880	26,472	25,982
Provision for directors' retirement benefits	561	507	457
Provision for environmental measures	1,616	1,616	1,616
Other	1,826	1,882	1,745
Total noncurrent liabilities	564,341	553,622	513,383
Total liabilities	699,895	666,218	630,351
Net Assets			
Shareholders' equity			
Capital stock	100,000	100,000	100,000
Capital surplus	52,000	52,000	52,000
Retained earnings	74,642	75,707	90,142
Total Shareholders' equity	226,642	227,707	242,142
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	△ 0	△ 0	0
Deferred gains or losses on hedges	△ 322	△ 383	△ 388
Total Valuation and translation adjustments	△ 322	△ 384	△ 387
Minority interests	9,337	9,024	9,052
Total net assets	235,657	236,348	250,806
Total liabilities and net assets	935,553	920,566	881,158

2 Consolidated Profit & Loss and Comprehensive Income Statement

Operating revenue

Aircraft movements and passenger traffic increased over the same period in the previous year. This was due to a recovery from the effects of the Great East Japan Earthquake and the nuclear accident, and the launch of domestic services by two Japanese LCCs. The resulting increases in revenue from airport usage, passenger facility and fuel facility usage charges, produced an increase of 10% over the same period in the previous year to JPY107.477 billion in the airport operations business.

In retailing, directly operated shops and tenanted shops both staged significant recoveries in sales as a result of the additional passenger traffic with increases in revenue from merchandising, food and beverage and tenant charges. This produced a 10.7% increase to JPY48.696 billion.

The facility leasing business generated a 2.7% increase to JPY30.172 billion due to increases in revenue from lease charges for properties and premises, etc. produced by a rise in revenue from car park charges, etc. as a result of more new office space lease agreements with airlines and additional passenger traffic.

The railway business produced a 20.2% increase to JPY2.861 billion due to an increase in revenue from usage charges for the Narita Sky Access railway line.

Consequently, operating revenue for the consolidated fiscal year rose by 9.0% to JPY189.207 billion.

Operating expenses

Operating expenses for the consolidated fiscal year increased by 1.5% to JPY154.473 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

Therefore, operating income for the consolidated fiscal year increased by 62.9% to JPY34.734 billion. The margin of operating income to operating revenue was 18.4% for the consolidated fiscal year in contrast to 12.3% for the previous term.

Non-operating income and loss

Consolidated non-operating profit and loss improved 12.4% from a JPY8.180 billion (net) loss in the previous fiscal year to a (net) loss of JPY7.163 billion. This was mainly due to a decline in interest and discount expenses produced by reduced debt and interest.

Ordinary income

As a result, ordinary income for the consolidated fiscal year increased by 109.8% to JPY27.571 billion.

Extraordinary income and loss

Extraordinary income and loss increased from a (net) loss of JPY2.817 billion in the previous fiscal year to JPY3.377 billion. This was mainly due to the inclusion of impairment losses associated with testing and research assets and sewage assets in extraordinary losses.

Net income before income taxes

Therefore, net income before income taxes for the consolidated fiscal year increased by 134.3% to JPY24.194 billion.

Net income before minority interests

Net income before minority interests for the consolidated fiscal year after adjustment for corporate tax, etc. increased by 365.9% to JPY15.356 billion.

Net income for term

Net income for term for the consolidated fiscal year after adjustment for profit/loss of minority interests increased by 331.0% to JPY15.324 billion. Net income per share for the term was JPY7,662.49 compared to JPY1,777.72 in the previous consolidated fiscal year.

Consolidated Profit & Loss and Comprehensive Income Statement

(JPY Million)

	2010	2011	2012
Operating revenue	187,846	173,513	189,207
Operating cost	130,905	127,608	129,742
Operating gross profit	56,941	45,904	59,465
Selling, general and administrative expenses	24,917	24,580	24,730
Operating income	32,023	21,324	34,734
Non-operating income			
Interest and dividends income	87	86	85
Accident compensation received	-	32	52
Consulting income	31	57	-
Equity in earnings of affiliates	2	-	10
Other	474	224	255
Total non-operating income	595	401	403
Non-operating expenses			
Interest expenses	1,568	1,256	1,388
Interest on bonds	7,424	7,115	6,047
Equity in losses of affiliates	-	6	-
Other	197	202	130
Total non-operating expenses	9,191	8,582	7,566
Ordinary income	23,428	13,144	27,571
Extraordinary income			
Gain on sales of noncurrent assets	35	469	10
Railway subsidies	170	170	170
Contribution for construction	63,386	63	-
Provision for loss on disaster	-	377	-
Other	9	5	-
Total extraordinary income	63,602	1,085	180
Extraordinary loss			
Loss on retirement of noncurrent assets	670	2,967	2,570
Impairment loss	-	110	701
Loss on reduction of noncurrent assets	63,386	63	-
Provision for loss on disaster	1,791	700	-
Provision for environmental measures	1,616	-	-
Other	431	60	285
Total extraordinary loss	67,896	3,903	3,557
Net income before income taxes	19,133	10,327	24,194
Income taxes-current	7,939	3,180	8,372
Income taxes-deferred	1,437	3,851	465
Total income taxes	9,377	7,031	8,837
Net income before minority interests	9,756	3,295	15,356
Minority interests in income or losses	△ 196	△ 259	31
Net income for term	9,952	3,555	15,324
Minority interests in losses (△)	△ 196	△ 259	31
Net income before minority interests	9,756	3,295	15,356
Other comprehensive income			
Valuation difference on available-for-sale securities	△ 0	△ 0	1
Deferred gains or losses on hedges	△ 237	△ 115	△ 8
Total other comprehensive income	△ 238	△ 115	△ 7
Comprehensive income	9,518	3,180	15,348
(Breakdown)			
Comprehensive income attributable to owners of the parent	9,824	3,493	15,321
Comprehensive income attributable to minority interests	△ 306	△ 312	27

3 Consolidated Cash Flow Statement

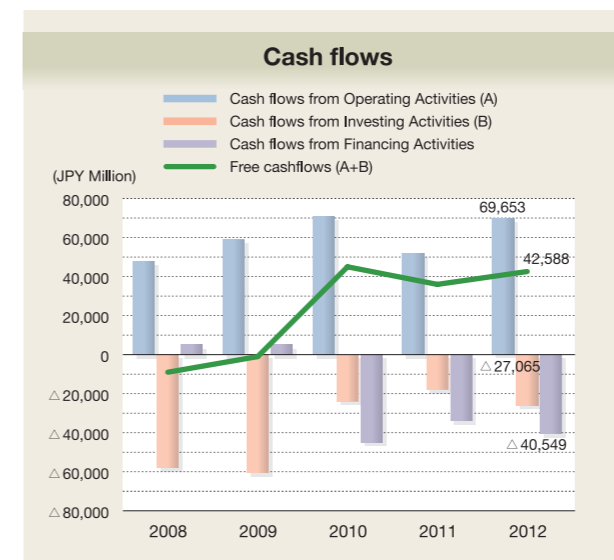
Consolidated Cash Flow Statement Fiscal Year (For the Years Ended March 31) (JPY Million)

	2010	2011	2012
Cash flows from Operating Activities			
Net income before income taxes	19,133	10,327	24,194
Depreciation and amortization	51,240	49,989	46,223
Increase(decrease) in provision for bonuses (decrease: △)	31	1	△ 122
Increase(decrease) in provision for retirement benefits (decrease: △)	△ 1,381	△ 407	△ 490
Increase(decrease) in provision for loss on disaster (decrease: △)	1,791	△ 1,267	△ 523
Increase(decrease) in provision for environmental measures (decrease: △)	1,616	-	-
Impairment loss	-	110	701
Interest and dividends income	△ 87	△ 86	△ 85
Interest expenses paid loans and bonds	8,993	8,372	7,435
Equity in earnings (losses) of affiliates (earnings: △)	△ 2	6	△ 10
Losses on disposal and fixed assets	64,444	2,717	2,357
Losses and gains on sales of noncurrent assets (gains: △)	109	△ 464	△ 0
Decrease (increase) in notes and accounts receivable-trade (increase: △)	1,373	△ 3,372	△ 336
Decrease (increase) in inventories (increase: △)	△ 26	1,045	△ 229
Decrease (increase) in prepaid pension costs (increase: △)	6	△ 1	△ 54
Increase (decrease) in notes and accounts payable-trade (decrease: △)	△ 1,409	717	629
Increase (decrease) in lease and guarantee deposits received (decrease: △)	△ 706	△ 285	△ 470
Increase (decrease) in accounts payable-other (decrease: △)	649	△ 223	△ 55
Increase (decrease) in accrued consumption taxes (decrease: △)	2,575	△ 819	273
Increase (decrease) in advances received (decrease: △)	460	△ 135	182
Proceeds from contribution for construction	△ 63,386	△ 63	-
Other, net	△ 403	1,845	493
Subtotal	85,023	68,006	80,111
Interests and dividends income received	46	155	88
Interest expenses paid	△ 9,082	△ 8,519	△ 7,402
Income taxes paid	△ 5,353	△ 6,800	△ 3,143
Total cash flows from Operating Activities	70,634	52,843	69,653
Cash flows from Investing Activities			
Purchase of noncurrent assets	△ 22,735	△ 17,951	△ 26,886
Proceeds from sales of noncurrent assets	233	626	83
Purchase of long-term prepaid expenses	△ 50	△ 228	△ 185
Purchase of investment securities	△ 940	△ 66	△ 0
Payments of loans receivable	△ 653	△ 8	△ 1
Collection of loans receivable	14	10	5
Payments into time deposits	-	△ 30	△ 30
Payments for lease and guarantee deposits	△ 4	△ 54	△ 2
Other	△ 53	△ 56	△ 48
Total cash flows from Investing Activities	△ 24,189	△ 17,759	△ 27,065
Cash flows from Financing Activities			
Net increase (decrease) in short-term loans payable (decrease: △)	△ 1,370	-	-
Proceeds from long-term loans payable	7,976	32,000	13,000
Repayment of long-term loans payable	△ 49,218	△ 11,831	△ 27,756
Proceeds from issuance of bonds	9,968	39,875	29,906
Redemption of bonds	△ 12,000	△ 92,000	△ 54,652
Cash dividends paid	△ 1,340	△ 2,490	△ 890
Other	△ 104	△ 131	△ 158
Total cash flows from Financing Activities	△ 46,088	△ 34,578	△ 40,549
Effect of exchange rate change on cash and cash equivalents	25	18	28
Net increase (decrease) in cash and cash equivalents (decrease: △)	383	524	2,066
Balance of cash and cash equivalents at the beginning of term	27,382	27,765	28,289
Balance of cash and cash equivalents at end of term	27,765	28,289	30,355

Cash and cash equivalents for fiscal 2012 increased by JPY2.066 billion over the previous year to JPY30.355 billion. Free cash flow was also up by JPY7.504 billion at JPY42.588 billion.

Cash flows from operating activities

Cash flows from operating activities resulted in cash in of JPY69.653 billion, an increase of JPY16.810 billion due to an increase in net income before income taxes.



Cash flows from investing activities

Cash flows from investing activities resulted in cash out of JPY27.065 billion, an increase of JPY9.306 billion due to a rise in expenses for the purchase of noncurrent assets.

Cash flows from financing activities

Cash flows from financing activities resulted in a cash out of JPY40.549 billion, an increase of JPY5.971 billion owing to the repayment of long-term loans payable.



4 Stock Information

	2010	2011	2012
Number of Shares Issued (Unit)	2,000,000	2,000,000	2,000,000
Total dividends (JPY Million)	2,490	890	3,832
Earnings Per Share (JPY)	4,976.16	1,777.72	7,662.49
Book value Per Share (JPY)	113,159.89	113,661.58	120,877.42

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 up significantly over the previous year. This was due to a recovery from the effects of the Great East Japan Earthquake and the ensuing accident at Fukushima Dai-ichi nuclear plant, and the launch of domestic services by two Japanese LCCs. Consequently, revenue from airport usage charges comprising landing and parking charges rose 7.7% to JPY44.888 billion.

Due to a recovery in international passenger figures following the earthquake and nuclear accident as well as an upturn in domestic traffic from the launch of domestic services by the two Japanese LCCs, passenger facility usage charge revenue comprising the passenger service facility charge and the passenger security service charge, was up 11.7% at JPY32.568 billion.

Revenue from fuel facility charges increased 9.8% to JPY16.312 billion due to a rise in aircraft movements despite a continuing trend toward the use of smaller aircraft.

As a result of the above, operating revenue increased 10.0% to JPY107.477 billion to produce an operating income of JPY7.878 billion, in contrast to the operating loss of JPY1.581 billion in the previous year.

Retail Business

In retailing, directly operated shops and tenanted shops both staged significant recoveries in sales as a result of the additional passenger traffic. Merchandising and food/beverage revenue increased 11.0% to JPY32.912 billion and tenant fee revenue rose 14.1% to JPY8.179 billion.

As a result, operating revenue rose 10.7% at JPY48.696 billion and operating income increased 21.0% at JPY13.764 billion.

Facility leasing

In facility leasing, there was an increase in revenue from land and building leasing (up 2.7% to JPY21.098 billion) produced by a rise in revenue from car park charges, etc. as a result of more new office space lease agreements with airlines and additional passenger traffic.

Therefore, operating revenue was up 2.7% to JPY30.172 billion and operating income increased 10.6% to JPY12.783 billion.

Railway business

In railway business, operating revenue increased 20.2% to JPY2.861 billion and an operating income of JPY410 million was obtained owing to an increase in Narita Sky Access rail usage charges, in contrast to an operating loss of JPY31 million in the previous year.

Segment Report Fiscal Year (For the Years Ended March 31)

(JPY Million)

	2010	2011	2012
Airport Operations			
Net sales	110,466	103,085	113,505
Net sales to outside customers	105,305	97,736	107,477
Landing and parking charges	41,986	41,665	44,888
Passenger service facilities and security charge	33,866	29,167	32,568
Fuel supply facilities charge	16,324	14,857	16,312
Other revenues	13,127	12,045	13,708
Intersegment sales or transfers	5,161	5,349	6,028
Operating Income	4,759	△ 1,581	7,878
Operating Margin	4.3%	△ 1.5%	6.9%
Depreciation and Amortization	38,981	37,663	34,490
Capital Expenditures	12,731	19,731	23,745

	2010	2011	2012
Retail Business			
Net sales	50,463	44,498	49,124
Net sales to outside customers	50,025	44,005	48,696
Merchandising and food/beverage revenue	34,129	29,637	32,912
Tenant fee revenue	8,578	7,169	8,179
Other revenues	7,317	7,198	7,604
Intersegment sales or transfers	438	493	427
Operating Income	14,329	11,375	13,764
Operating Margin	28.4%	25.6%	28.0%
Depreciation and Amortization	2,370	2,358	2,422
Capital Expenditures	592	1,206	1,386

	2010	2011	2012
Facility Leasing			
Net sales	32,838	31,310	32,110
Net sales to outside customers	30,917	29,391	30,172
Rent income of real estate	21,524	20,550	21,098
Other revenues	9,392	8,841	9,074
Intersegment sales or transfers	1,921	1,918	1,937
Operating Income	13,232	11,562	12,783
Operating Margin	40.3%	36.9%	39.8%
Depreciation and Amortization	8,804	8,572	7,919
Capital Expenditures	1,839	790	1,209

	2010	2011	2012
Railway Business			
Net sales	1,716	2,511	2,992
Net sales to outside customers	1,598	2,379	2,861
Intersegment sales or transfers	118	131	131
Operating Income	△ 302	△ 31	410
Operating Margin	△ 17.6%	△ 1.3%	13.7%
Depreciation and Amortization	1,124	1,440	1,445
Capital Expenditures	2,781	510	56

	2010	2011	2012
Adjustments			
Intersegment sales or transfers	△ 7,638	△ 7,893	△ 8,525
Operating Income	6	△ 0	△ 102
Depreciation and Amortization	△ 40	△ 45	△ 54
Capital Expenditures	△ 3	△ 8	△ 94

	2010	2011	2012
Total			
Net sales to outside customers	187,846	173,513	189,207
Operating Income	32,023	21,324	34,734
Operating Margin	17.0%	12.3%	18.4%
Depreciation and Amortization	51,240	49,989	46,223
Capital Expenditures	17,942	22,228	26,303

Net sales to outside customer & operating margin by segment

