

Kansai International Airport Company, Ltd.

Consolidated Balance Sheets

March 31, 2007 and 2006

ASSETS	Millions of Yen		Thousands of U.S. Dollars	LIABILITIES AND EQUITY	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007		2007	2006	2007
CURRENT ASSETS:				CURRENT LIABILITIES:			
Cash and cash equivalents:				Current maturities of long-term debt	¥ 274,678	¥ 76,961	2,327,780
Cash	¥ 19,728	¥ 17,426	\$ 167,186	Payables:			
Time deposits	41,000	41,000	347,458	Trade accounts	4,381	3,188	37,127
Total cash and cash equivalents	60,728	58,426	514,644	Construction and other	10,888	10,692	92,271
Receivables:				Other current liabilities	10,884	9,875	92,237
Trade accounts	5,907	5,784	50,059	Total current liabilities	300,831	100,716	2,549,415
Other	2,351	1,222	19,924				
Other current assets	6,883	2,461	58,331	LONG-TERM LIABILITIES:			
Allowance for doubtful accounts	(92)	(84)	(780)	Long-term debt	1,143,663	1,363,814	9,692,059
Total current assets	75,777	67,809	642,178	Long-term deposits received	11,163	11,561	94,602
				Other long-term liabilities	4,988	4,070	42,271
PROPERTY, PLANT AND EQUIPMENT				Total long-term liabilities	1,159,814	1,379,445	9,828,932
Land	629,702	620,502	5,336,458				
Buildings and structures	808,444	807,415	6,851,220	MINORITY INTERESTS		661	
Machinery and equipment	102,847	111,436	871,585				
Furniture and fixtures	9,885	9,027	83,771	EQUITY			
Construction in progress	829,272	809,766	7,027,729	Common stock, 17,542 thousand shares			
Total	2,380,150	2,358,146	20,170,763	authorized in 2007 and 2006;			
Accumulated depreciation	(406,978)	(389,818)	(3,448,966)	16,218 thousand and 15,771 thousand shares			
Net property, plant and equipment	1,973,172	1,968,328	16,721,797	issued and outstanding in 2007 and 2006	810,900	788,556	6,872,034
				Deficits	(219,133)	(228,954)	(1,857,059)
INVESTMENTS AND OTHER ASSETS	3,721	3,205	31,534	Total	591,767	559,602	5,014,975
DEFERRED CHARGES - NET	93	1,082	788	Minority Interests	351		2,974
				Total equity	592,118	559,602	5,017,949
TOTAL	¥ 2,052,763	¥ 2,040,424	17,396,297	TOTAL	¥ 2,052,763	¥ 2,040,424	17,396,297

Kansai International Airport Company, Ltd.

Consolidated Statements of Operations
Years Ended March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars
	<u>2007</u>	<u>2006</u>	<u>2007</u>
OPERATING REVENUES:			
Airport facilities	¥ 58,554	¥ 58,348	\$ 496,220
Airport service	19,830	19,999	168,051
Airport - other	22,459	21,327	190,331
Railway facilities	4,894	4,913	41,474
Total operating revenues	<u>105,737</u>	<u>104,587</u>	<u>896,076</u>
OPERATING EXPENSES:			
Airport - facilities and service operations	30,019	32,680	254,398
Airport - other operations	9,693	9,054	82,144
Airport - selling, general and administrative	9,928	9,773	84,136
Airport - depreciation	26,797	26,574	227,093
Total airport operating expenses	<u>76,437</u>	<u>78,081</u>	<u>647,771</u>
Railway facilities - operations	925	1,002	7,839
Railway facilities - general and administrative	162	201	1,373
Railway facilities - depreciation	2,505	2,565	21,229
Total railway operating expenses	<u>3,592</u>	<u>3,768</u>	<u>30,441</u>
Total operating expenses	<u>80,029</u>	<u>81,849</u>	<u>678,212</u>
OPERATING INCOME	<u>25,708</u>	<u>22,738</u>	<u>217,864</u>
OTHER INCOME(EXPENSES):			
Interest income	249	20	2,110
Government subsidy	9,000	9,000	76,271
Interest expense	(22,103)	(23,120)	(187,314)
Amortization of deferred charges	(415)	(443)	(3,517)
Cumulative adjustment to depreciation expenses due to change in estimated useful lives of fixed assets	-	(2,437)	-
Loss on impairment of fixed assets	-	(23,984)	-
Other - net	(2,397)	705	(20,313)
Other expenses - net	<u>(15,666)</u>	<u>(40,259)</u>	<u>(132,763)</u>
INCOME(LOSS) BEFORE INCOME TAXES AND MINORITY INTERESTS	<u>10,041</u>	<u>(17,521)</u>	<u>85,093</u>
INCOME TAXES			
Current	211	205	1,788
Deferred	(20)	(168)	(169)
Total income taxes	<u>191</u>	<u>37</u>	<u>1,619</u>
MINORITY INTERESTS IN NET INCOME OF SUBSIDIARIES	<u>29</u>	<u>160</u>	<u>246</u>
NET INCOME(LOSS)	<u>¥ 9,821</u>	<u>¥ (17,718)</u>	<u>83,228</u>
	<u>Yen</u>		<u>U.S. Dollars</u>
INCOME (LOSS) PER COMMON SHARE	¥ 616.20	¥ (1,165.90)	\$ 5.22

Kansai International Airport Company, Ltd.

**Consolidated Statements of Changes in Equity
Years Ended March 31, 2007 and 2006**

	Thousands	Millions of Yen				
	Issued Number of Shares of Common Stock	Shareholders' Equity			Minority interest	Total Equity
		Common Stock	Deficits	Total		
BALANCE, APRIL 1, 2005	14,808	¥ 740,400	¥ (211,236)	¥ 529,164	¥	¥ 529,164
Issuance of common stock	963	48,156		48,156		48,156
Net loss			(17,718)	(17,718)		(17,718)
BALANCE, MARCH 31, 2006	15,771	788,556	(228,954)	559,602		559,602
Reclassified balance as of March 31, 2006					661	661
Issuance of common stock	447	22,344		22,344		22,344
Net income			9,821	9,821		9,821
Net change in the year					(310)	(310)
BALANCE, MARCH 31, 2007	<u>16,218</u>	<u>¥ 810,900</u>	<u>¥ (219,133)</u>	<u>¥ 591,767</u>	<u>¥ 351</u>	<u>¥ 592,118</u>

Kansai International Airport Company, Ltd.

**Consolidated Statements of Changes in Equity
Years Ended March 31, 2007 and 2006**

	Thousands	Thousands of U.S. dollars				
	Issued Number of Shares of Common Stock	Shareholders' Equity			Minority interest	Total Equity
		Common Stock	Deficits	Total		
BALANCE, APRIL 1, 2005	14,808					
Issuance of common stock	963					
Net loss						
BALANCE, MARCH 31, 2006	15,771	\$ 6,682,678	\$ (1,940,288)	\$ 4,742,390	\$	\$ 4,742,390
Reclassified balance as of March 31, 2006					5,602	5,602
Issuance of common stock	447	189,356		189,356		189,356
Net income			83,229	83,229		83,229
Net change in the year					(2,627)	(2,627)
BALANCE, MARCH 31, 2007	<u>16,218</u>	<u>\$ 6,872,034</u>	<u>\$ (1,857,059)</u>	<u>\$ 5,014,975</u>	<u>\$ 2,975</u>	<u>\$ 5,017,950</u>