

# Consolidated Financial Statements

The accompanying consolidated financial statements of Central Nippon Expressway Company Limited and its subsidiaries are an English translation of the consolidated financial statements, the original Japanese version of which was audited by Ernst & Young Shin Nihon LLC, on June 24, 2011. This document was prepared solely for the convenience of non-Japanese readers. Should any discrepancy arise between the English translation and the original Japanese statements, the latter shall prevail.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥83.15 to \$1, the approximate rate of exchange at March 31, 2011. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

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# Consolidated Balance Sheets

As of March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and deposits	¥ 16,342	¥ 27,389	\$ 196,536
Accounts receivable from expressway business operations	50,016	54,202	601,515
Other accounts receivable	13,021	16,967	156,597
Marketable securities	81,997	76,549	986,133
Unfinished roads	1,194,018	1,033,729	14,359,808
Inventories	2,707	2,558	32,556
Deferred tax assets	1,672	2,072	20,108
Others	19,151	19,097	230,319
Allowance for doubtful accounts	(16)	(22)	(192)
Total current assets	1,378,912	1,232,544	16,583,428
<b>Fixed assets</b>			
Property and equipment			
Buildings, less accumulated depreciation	33,987	30,742	408,743
Structures, less accumulated depreciation	39,258	29,470	472,135
Machinery, less accumulated depreciation	44,848	42,828	539,363
Transportation equipment, less accumulated depreciation	3,816	3,923	45,893
Tools and other equipment, less accumulated depreciation	5,072	4,644	60,998
Land	115,495	115,727	1,388,996
Lease assets, less accumulated depreciation	598	257	7,192
Construction in progress	10,534	12,956	126,687
Total property and equipment	253,611	240,550	3,050,042
Intangible fixed assets	9,240	8,710	111,124
<b>Investments and other assets</b>			
Investment securities	3,552	2,357	42,718
Deferred tax assets	1,811	1,408	21,780
Others	5,046	4,915	60,686
Allowance for doubtful accounts	(293)	(342)	(3,524)
Total investments and other assets	10,117	8,339	121,672
Total fixed assets	272,969	257,601	3,282,850
<b>Deferred assets</b>			
Issuing expenses for bonds related to road construction	1,764	1,574	21,215
Total deferred assets	1,764	1,574	21,215
<b>Total assets</b>	<b>¥1,653,647</b>	<b>¥1,491,720</b>	<b>\$19,887,517</b>

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable for expressway business operation	¥ 61,045	¥ 52,269	\$ 734,155
Current portion of long-term debt	3,616	5,604	43,488
Other accounts payable	21,423	21,302	257,643
Income taxes payable	1,583	4,662	19,038
Reserve for employee bonuses	2,857	2,850	34,360
Reserve to cover losses due to forged expressway cards	149	188	1,792
Others	20,210	26,472	243,055
Total current liabilities	110,887	113,350	1,333,578
<b>Fixed liabilities</b>			
Bonds related to road construction	818,943	693,530	9,848,984
Long-term debt related to road construction	438,980	406,940	5,279,375
Other long-term debt	8,555	12,172	102,886
Reserve for retirement benefits	55,812	53,583	671,221
Reserve for officers' retirement bonuses	180	159	2,165
Reserve for ETC mileage service	5,908	6,033	71,052
Reserve for card point service	29	138	349
Others	21,741	20,374	261,467
Total fixed liabilities	1,350,151	1,192,932	16,237,535
Total liabilities	1,461,039	1,306,282	17,571,124
<b>NET ASSETS</b>			
<b>Shareholders' equity</b>			
Capital stock	65,000	65,000	781,720
Additional paid-in capital	71,650	71,650	861,696
Retained earnings	55,277	48,730	664,787
Total shareholders' equity	191,928	185,381	2,308,214
<b>Valuation and translation adjustments</b>			
Valuation differences on other marketable securities	(45)	(42)	(541)
Total valuation and translation adjustment	(45)	(42)	(541)
<b>Minority interests</b>	724	99	8,707
Total net assets	192,607	185,437	2,316,380
<b>Total liabilities and net assets</b>	¥1,653,647	¥1,491,720	\$19,887,517

# Consolidated Statements of Income

Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
<b>Operating revenues</b>	<b>¥659,296</b>	¥581,502	<b>\$7,928,996</b>
<b>Operating expenses</b>			
Road rental expenses	328,661	316,952	3,952,628
Expressway business administrative and cost-of-sales expenses	269,803	206,078	3,244,775
Selling, general and administrative expenses	50,906	48,738	612,219
Total operating expenses	649,371	571,770	7,809,633
<b>Operating income</b>	<b>9,925</b>	9,732	<b>119,363</b>
<b>Non-operating revenues</b>			
Interest income	130	373	1,563
Land and property rental fees	221	263	2,658
Amortization of negative goodwill	342	354	4,113
Equity in earnings of affiliates	518	—	6,230
Others	490	743	5,893
Total non-operating revenues	1,703	1,733	20,481
<b>Non-operating expenses</b>			
Interest expense	248	345	2,983
Compensation expenses	63	—	758
Others	193	157	2,321
Total non-operating expenses	506	503	6,085
<b>Ordinary income</b>	<b>11,122</b>	10,963	<b>133,758</b>
<b>Extraordinary income</b>			
Gain on sale of fixed assets	—	97	—
Prior period adjustment profit	170	207	2,044
Gain on anonymous investment partnership	482	—	—
Insurance premium refunded on cancellation	—	141	—
Others	94	0	1,130
Total extraordinary income	747	447	8,984
<b>Extraordinary losses</b>			
Loss on sale of fixed assets	—	73	—
Loss on disposal of fixed assets	846	39	10,174
Impairment loss	116	—	1,395
Prior period adjustment loss	135	78	1,624
Loss on revision of retirement benefit scheme	—	—	—
Loss on changes in equity	—	—	—
Others	43	8	517
Total extraordinary losses	1,142	200	13,734
Net income before taxes and minority interests	10,727	11,210	129,008
Income, inhabitant and enterprise taxes	4,157	6,613	49,994
Deferred taxes	(2)	(987)	(24)
Total taxes	4,154	5,625	49,958
Income before minority interests	6,573	—	79,050
Minority interests	25	45	301
<b>Net income</b>	<b>¥ 6,547</b>	¥ 5,540	<b>\$ 78,737</b>

## Consolidated Statements of Changes in Net Assets

Years Ended March 31, 2011, 2010 and 2009

(Millions of yen)

	Shareholders' Equity				Valuation and Translation Adjustments		Minority Interests	Total Net Assets
	Capital Stock	Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity	Valuation Differences on Other Marketable Securities	Total Valuation and Translation Adjustment		
<b>Balance at March 31, 2009</b>	65,000	71,650	43,190	179,840	(43)	(43)	999	180,797
Net changes during the year								
Net income	—	—	5,540	5,540	—	—	—	5,540
Changes in items other than shareholders' equity (net)	—	—	—	—	0	0	(900)	(899)
Total net change during the year	—	—	5,540	5,540	0	0	(900)	4,640
<b>Balance at March 31, 2010</b>	65,000	71,650	48,730	185,381	(42)	(42)	99	185,437
Changes during the year								
Net income	—	—	6,547	6,547	—	—	—	6,547
Changes in items other than shareholders' equity (net)	—	—	—	—	(2)	(2)	625	622
Total net change during the year	—	—	6,547	6,547	(2)	(2)	625	7,170
<b>Balance at March 31, 2011</b>	65,000	71,650	55,277	191,928	(45)	(45)	724	192,607

(Thousands of U.S. dollars)

	Shareholders' Equity				Valuation and Translation Adjustments		Minority Interests	Total Net Assets
	Capital Stock	Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity	Valuation Differences on Other Marketable Securities	Total Valuation and Translation Adjustment		
<b>Balance at March 31, 2010</b>	781,720	861,696	586,049	2,229,477	(505)	(505)	1,191	2,230,150
Changes during the year								
Net income	—	—	78,737	78,737	—	—	—	78,737
Changes in items other than shareholders' equity (net)	—	—	—	—	(24)	(24)	7,517	7,480
Total net change during the year	—	—	78,737	78,737	(24)	(24)	7,517	86,230
<b>Balance at March 31, 2011</b>	781,720	861,696	664,787	2,308,214	(541)	(541)	8,707	2,316,380

# Consolidated Statements of Cash Flows

Years Ended March 31, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
<b>Cash flows from operating activities</b>			
Net income before taxes and minority interests	¥ 10,727	¥ 11,210	\$ 129,008
Depreciation and amortization	16,802	14,633	202,069
Impairment loss	116	—	1,395
Gain on negative goodwill	(482)	—	(5,797)
(Gain) Loss on investments by the equity method	(518)	(141)	(6,230)
Increase (Decrease) in reserve for retirement benefits	2,086	2,350	25,087
Increase (Decrease) in reserve for employee bonuses	6	23	72
Increase (Decrease) in reserve for ETC mileage service	(124)	(574)	(1,491)
Increase (Decrease) in allowance for doubtful accounts	(54)	(67)	(649)
Interest and dividend income	(135)	(376)	(1,624)
Interest expense	16,871	15,961	202,898
(Gain) Loss on sale of fixed assets	43	(24)	517
Loss on disposal of fixed assets	2,191	1,568	26,350
(Increase) Decrease in accounts receivable-trade	3,201	27,535	38,497
(Increase) Decrease in inventories	(161,297)	(180,260)	(1,939,832)
Increase (Decrease) in accounts payable	9,669	(1,706)	116,284
Otherst	1,883	(2,327)	22,646
<b>Subtotal</b>	<b>(98,012)</b>	<b>(112,195)</b>	<b>(1,178,737)</b>
Interest and dividends received	171	416	2,057
Interest paid	(16,834)	(15,474)	(202,453)
Income taxes paid	(6,999)	(3,555)	(84,173)
Income taxes refunded	81	23	974
<b>Net cash used in operating activities</b>	<b>(121,592)</b>	<b>(130,784)</b>	<b>(1,462,321)</b>
<b>Cash flows from investing activities</b>	<b>(400)</b>	<b>(3,900)</b>	<b>(4,811)</b>
Payments for placement of time deposits	2,900	22,500	34,877
Proceeds from redemption of time deposits	(2,986)	(3,000)	(35,911)
Proceeds from sales of short-term investment securities	3,050	—	36,681
Payments for purchase of securities	(240)	(53)	(2,886)
Payments for purchase of investment securities	—	12	—
Proceeds from sale of investment securities	(35,800)	(31,175)	(430,547)
Payments for purchase of fixed assets	74	215	890
Proceeds from sale of fixed assets	566	—	6,807
Payments for business transfer	—	(3)	—
Others	74	31	890
<b>Net cash used in investing activities</b>	<b>(32,761)</b>	<b>(15,372)</b>	<b>(393,999)</b>
<b>Cash flows from financing activities</b>			
Proceeds from long-term debt	75,000	91,000	901,984
Repayment of long-term debt	(48,564)	(42,553)	(584,053)
Proceeds from issuance of bonds related to road construction	244,334	179,271	2,938,473
Redemption of bond related to road construction	(119,729)	(60,000)	(1,439,916)
Payment of minority interest dividends	—	(48)	—
Purchase of treasury share by subsidiary	(8)	—	(96)
Others	(123)	(62)	(1,479)
<b>Net cash provided by financing activities</b>	<b>150,908</b>	<b>167,607</b>	<b>1,814,889</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,446)</b>	<b>21,451</b>	<b>(41,443)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>97,988</b>	<b>76,537</b>	<b>1,178,449</b>
<b>Cash and cash equivalents at end of year</b>	<b>¥ 94,542</b>	<b>¥ 97,988</b>	<b>\$1,137,005</b>

## Supplemental Data

## Segment Information

Year Ended March 31, 2011

(Millions of yen)

	Expressway Business	Rest Area Business	Other Related Businesses	Total	Elimination and/or Corporate	Consolidated
I. Operating revenue and operating income:						
(1) Revenues to external customers	607,881	34,071	17,344	659,296	—	659,296
(2) Intersegment revenues	24	16	10	51	(51)	—
<b>Total</b>	607,905	34,087	17,354	659,348	(51)	659,296
Operating expenses						
Operating income (loss)	3,697	6,488	(264)	9,920	4	9,925
II. Assets, depreciation and amortization, and capital expenditures:						
Total assets	1,372,348	146,373	14,055	1,532,777	120,870	1,653,647
Depreciation and amortization	14,564	2,048	188	16,802	—	16,802
Capital expenditures	25,219	8,531	41	33,793	3,680	37,474

(Thousands of U.S. dollars)

	Expressway Business	Rest Area Business	Other Related Businesses	Total	Elimination and/or Corporate	Consolidated
I. Operating revenue and operating income:						
(1) Revenues to external customers	7,310,655	409,753	208,587	7,928,996	—	7,928,996
(2) Intersegment revenues	289	192	120	613	(613)	—
<b>Total</b>	7,310,944	409,946	208,707	7,929,621	(613)	7,928,996
Operating expenses						
Operating income (loss)	44,462	78,028	(3,175)	119,302	48	119,363
II. Assets, depreciation and amortization, and capital expenditures:						
Total assets	16,504,486		169,032	18,433,879	1,453,638	19,887,517
Depreciation and amortization	175,153		2,261	202,069	—	202,069
Capital expenditures	303,295		493	406,410	44,257	450,679

## >> Privatization of Japan's Public Expressway Corporations

### Privatization Framework of the Four Public Expressway Corporations

#### Objectives

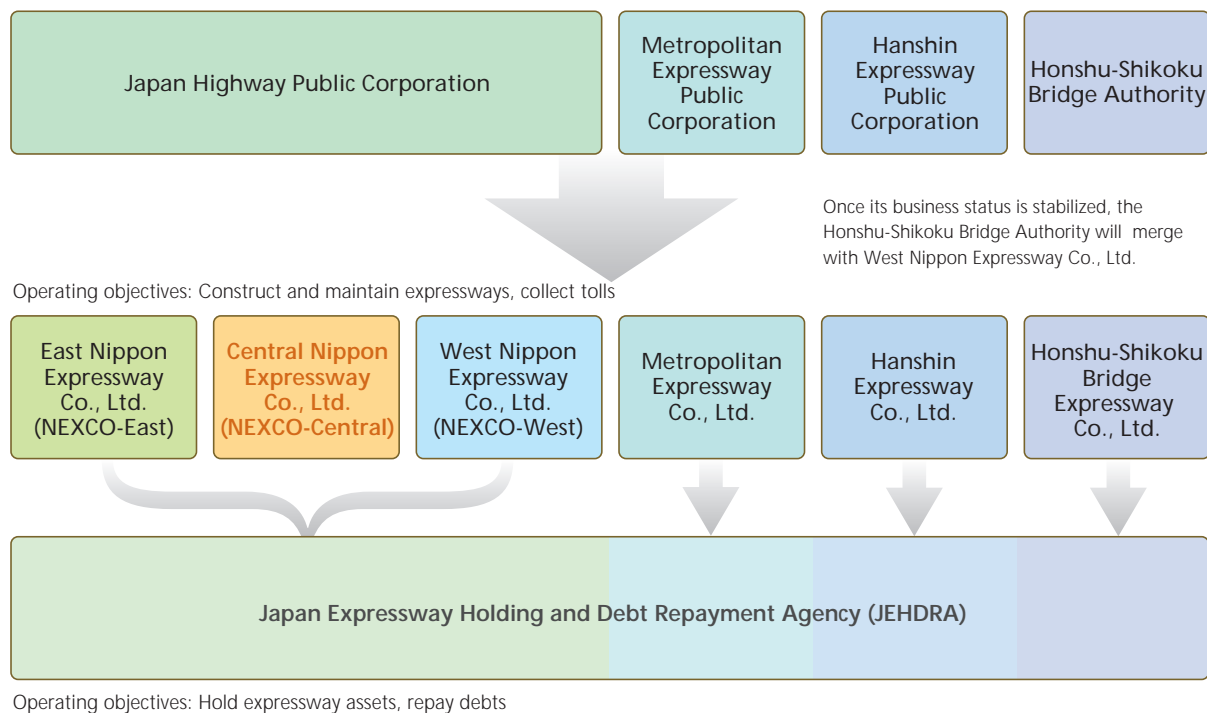
Based on the principle that tasks that can be performed by the private sector should be entrusted to it, Japan's public expressway corporations have been privatized to achieve the following objectives.

- Fully repay interest-bearing debts amounting to over ¥40 trillion within 45 years.
- Succeed in the early completion of construction on expressways and toll roads that the public truly requires, while minimizing the burden on the public and achieving private-sector autonomy for the new companies.
- Make the most of private-sector expertise by realizing diverse and flexible tolls and offering various services pertaining to the operation of rest areas and the utilization of expressway assets.

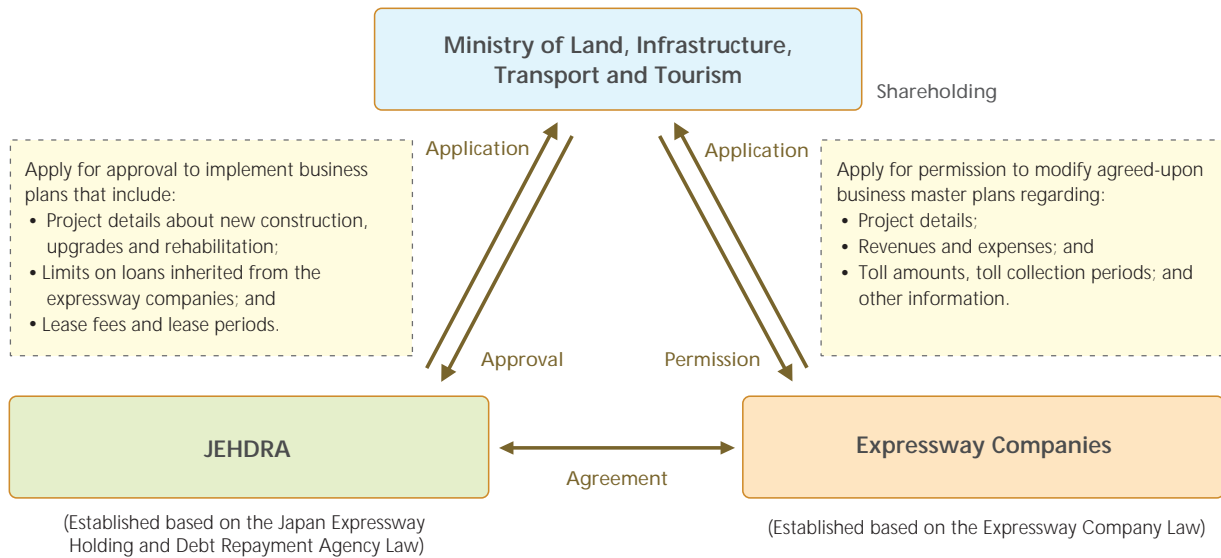
#### Principal Laws Concerning the Privatization of the Four Public Expressway Corporations

- Expressway Company Law
- Japan Expressway Holding and Debt Repayment Agency Law
- Others

### Privatization Scheme



## Relationship Among the Organizations



## Roles of JEHDRRA and the Expressway Companies

Expressway assets and liabilities resulting from construction are transferred from the expressway companies to JEHDRRA once construction is complete. The expressway companies lease back assets to earn toll revenue. Lease fees are calculated as follows.

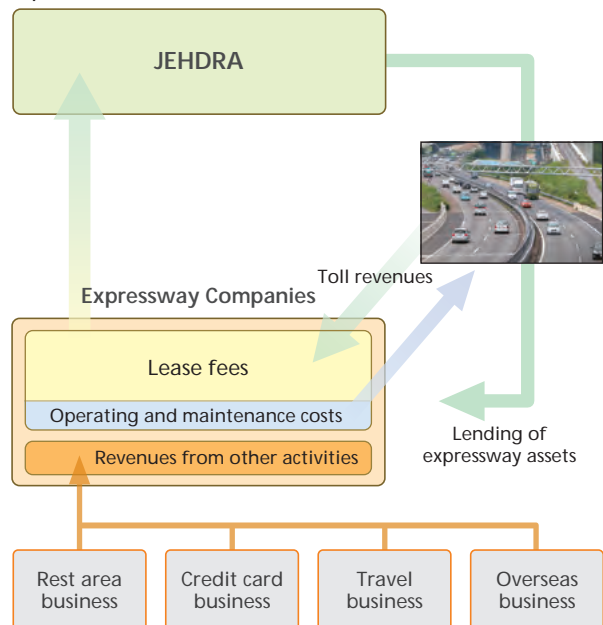
Lease fees = estimated toll revenue – estimated operating and maintenance costs

Note: Expressway companies may not earn profits or make losses through expressway construction and operation. However, expressway companies are eligible for certain incentive payments if construction is completed at a lower cost than originally estimated, as and when the Agency recognizes that such cost reductions are due to the companies' efforts. Also, the companies may earn profits through other activities, such as the operation of rest areas.

### Construction → Transfer of Assets and Liabilities



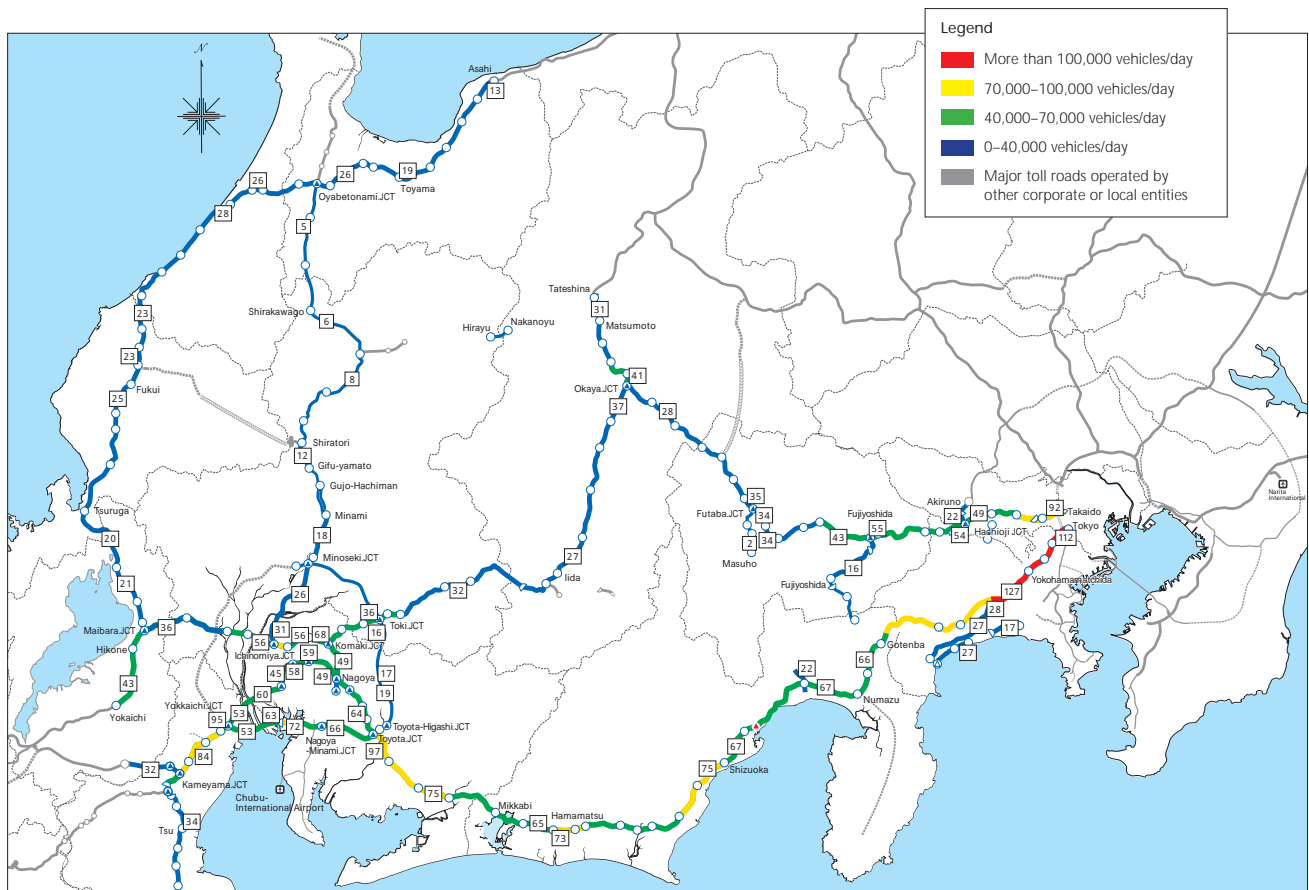
### Operation



# >> NEXCO-Central Statistics for Fiscal 2010

## Traffic Volume

Expressway	Section	Length (km)	Lanes	Average Daily Traffic Volume	Cumulative Daily Traffic Volume
Chuo Expressway	Takaido-Hachioji	25.8	4	80,991	116,736
	Hachioji-Lake Kawaguchi	68.1	4-7	45,555	65,818
	Otsuki Junction-Komaki Junction	272.9	4-6	37,245	97,678
Meishin Expressway	Komaki-Youkaichi	87.5	4	54,235	75,737
Nagano Expressway	Okaya Junction-Toyoshina	33.1	4	41,227	37,357
Tomei Expressway	Tokyo-Komaki	346.7	4-7	80,543	428,434
Tokai-Hokuriku Expressway	Ichinomiya Junction-Oyabe-Tonami Junction	184.8	2-4	14,412	53,893
Chubu Odan Expressway	Masuhō-Futaba Junction	16.0	2	5,550	6,642
Hokuriku Expressway	Asahi-Maibara	282.1	4	26,638	103,974
Nagoya Ring Road No. 2	Nagoya Junction-Nagoya Nishi	43.6	4	49,957	125,599
Higashi-Meihan Expressway	Nagoya Nishi-Kameyama Minami Junction	55.1	4	71,138	96,095
Ise Expressway	Seki Junction-Ise	68.8	4	33,704	57,086
Ise-Wangan Expressway	Toyota Higashi Junction-Tokai	30.6	6	65,074	102,206
	Tobishima-Yokkaichi Junction	19.6	6	59,825	57,053
New Meishin Expressway	Kameyama Junction-Kokatsuchiyama	18.8	4-6	38,581	—
Kisei Expressway	Seiwataki Junction-Kisei-Ouchiyama	23.8	2	10,485	6,485
New Shonan Bypass	Fujisawa-Chigasaki-Kaigan	8.7	4	32,084	48,243
Seisho Bypass	Seisho-Ninomiya-Hakoneguchi	14.5	4	39,684	61,125
Higashi Fuji-Goko Road	Fujiyoshida-Subashiri	18.0	2	15,778	31,337
Odawara-Atsugi Road	Odawara-Nishi-Atsugi	31.7	4	29,670	66,579
Ise-Wangan Road	Tokai-Tobishima	6.1	6	81,085	90,201
Ken-O Expressway	Hachioji Junction-Akiruno	9.2	4	24,717	11,556
	Ebina Junction-Ebina	1.9	4	11,542	6,064
Tokai Ring Road	Toyota Higashi Junction-Seki-Hiromi	75.9	4	16,420	48,474
Hachioji Bypass	Aihara-Uchikoshi	4.5	4	43,957	43,957
Nishi Fuji Road	Fuji-Fujinomiya	6.8	4	34,332	34,332
Chubu Jukan Expressway	Kamatataka-Azumi	5.6	2	2,894	2,894
	Total	approx. 1,760			1,891,045



## Length of Expressways in Operation

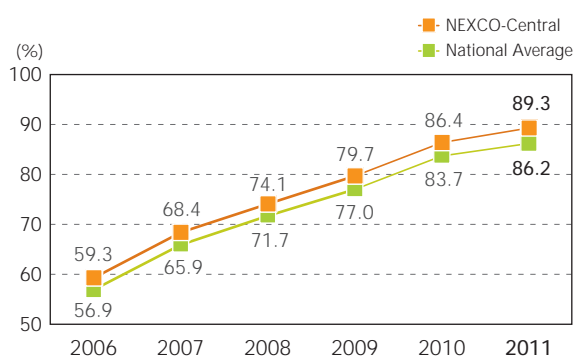
Fiscal Year	Expressways Operated by NEXCO-Central (km)	Remarks
1989	1,315	
1990	1,350	
1991	1,361	
1992	1,382	
1993	1,410	
1994	1,410	
1995	1,411	
1996	1,426	
1997	1,464	
1998	1,468	
1999	1,495	
2000	1,530	
2001	1,545	
2002	1,576	
2003	1,587	
2004	1,673	
2005	1,687	Kisei Expressway (13.4km) opened March 11, 2006.
2006	1,693	Chubu Odan Expressway (6.2km) opened December 16, 2006.
2007	1,721	Ken-O Expressway (9.2km) opened June 23, 2007. New Meishin Expressway (18.8km) opened February 23, 2008.
2008	1,757	Tokai-Hokuriku Expressway (24.9km) opened July 5, 2008. Kisei Expressway (10.4km) opened February 7, 2009.
2009	1,761	Tokai Ring Road (2.9km) opened April 18, 2009. Ken-O Expressway (1.9km) opened February 27, 2010.
2010	1,774	Nagoya Ring Road No. 2 (12.7km) opened March 20, 2011.

## Traffic Congestion: Intensity and Causes

Traffic congestion intensity = length (km) x duration (hour)

Expressway	Fiscal 2009					Fiscal 2010				
	Traffic concentration	Roadwork	Accident	Other factor	Total	Traffic concentration	Roadwork	Accident	Other factor	Total
Tomei Expressway	36,503	11,689	15,755	2,706	66,653	43,784	16,489	20,482	2,710	83,465
Meishin Expressway	5,189	1,333	1,695	114	8,331	6,221	1,561	3,113	370	11,265
Chuo Expressway	23,179	903	6,783	391	31,256	27,049	3,029	6,611	572	31,256
Chubu Odan Expressway	0	0	0	0	0	0	0	0	0	0
Nagano Expressway	447	121	195	45	808	555	28	122	113	818
Hokuriku Expressway	1,551	23	308	60	1,942	636	23	313	84	1,061
Tokai-Hokuriku Expressway	5,357	25	352	52	5,786	3,274	20	538	93	3,925
Ise Wangan Expressway	495	255	611	12	1,373	790	169	922	71	1,952
Higashi Meihan Expressway	10,772	2,360	2,762	118	16,012	12,184	5,131	4,099	344	21,758
Ise Expressway	173	48	89	13	323	890	155	120	22	1,187
Kisei Expressway	0	0	2	0	2	7	0	2	0	9
New Meishin Expressway	42	0	17	0	59	368	231	281	0	880
New Shonan Bypass	0	0	0	0	0	35	0	0	0	35
Seisho Bypass	311	0	12	3	326	727	0	6	11	744
Higashi Fuji-Goko Road	215	0	0	0	215	384	33	10	7	434
Odawara-Atsugi Road	456	15	39	2	512	725	36	107	12	880
Ise Wangan Road (Tokai - Tobishima)	0	0	17	0	17	0	6	36	0	42
Ken-O Expressway	36	0	0	0	36	111	0	98	10	219
Tokai Ring Road	273	0	94	0	367	422	0	53	2	477
Hachioji Bypass	0	0	0	0	0	0	0	0	0	0
Nishi Fuji Road	10	1	0	0	11	103	0	0	0	103
Abo Toge Road	0	0	0	0	0	0	0	0	0	0

## ETC Usage Rate in the NEXCO-Central Area and in Japan





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