



# Financial Report for the First Quarter of the Fiscal Year Ending March 31, 2014 (FY2013) [J-GAAP] (Consolidated)

July 31, 2013

This document has been translated from the Japanese original, for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Company name: Japan Airport Terminal Co., Ltd. Listed stock exchange: Tokyo, 1st Section  
 Code number: 9706 URL: <http://www.tokyo-airport-bldg.co.jp/>  
 Representative: Isao Takashiro, President  
 Contact: Hiroshi Miyauchi, Managing Director, Senior Vice President, Administration Department  
 TEL 03-5757-8030

Scheduled date of filing securities report: August 14, 2013  
 Scheduled date of commencing dividend payment: —  
 Supplementary materials on financial results (yes/no) No  
 Holding of quarterly earnings announcement (yes/no) No

(Figures are rounded down to the nearest million yen.)

## 1. Consolidated Financial Results for the First Three Months of FY2013 (April 1, 2013 to June 30, 2013)

(1) Consolidated Business Results (Cumulative)

(%: Change from the same period of the previous year)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Three Months of								
FY2013	34,598	2.6	802	(24.0)	782	(36.6)	334	(49.6)
FY2012	33,716	18.6	1,056	-	1,234	-	663	-

(Note) Comprehensive income: First three months of FY2013 ¥1,122 million (810.6%) First three months of FY2012 ¥123 million (-%)

	Net income per share	Diluted net income per share
First Three Months of	Yen	Yen
FY2013	4.12	-
FY2012	8.17	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2013	182,471	101,199	54.6	1,226.68
As of March 31, 2013	186,431	100,633	53.1	1,219.40

(Reference) Equity capital: As of June 30, 2013 ¥99,643 million As of March 31, 2013 ¥99,052 million

## 2. Dividends

	Dividends per share				
	Q1-End	Q2-End	Q3-End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
FY2012	-	3.50	-	6.50	10.00
FY2013	-	-	-	-	-
FY2013 (Forecast)	-	5.00	-	5.00	10.00

(Note) Revisions to the most recently announced dividends forecast for FY2013: None

## 3. Forecast of Consolidated Financial Results for FY 2013 (April 1, 2013 to March 31, 2014)

(%: Change from the same period of the previous year)

	Operating revenues		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	68,400	(1.9)	1,800	(30.2)	1,100	(56.9)	300	(75.9)	3.69
Full-year	135,900	(0.2)	4,300	2.9	3,200	(12.7)	1,300	(20.0)	16.00

(Note) Revisions to the most recently announced forecast of consolidated financial results for FY2013: None

**\* Notes**

(1) Significant changes in subsidiaries during the period under review (changes in specified subsidiaries involving changes in scope of consolidation): None

New: None                      Excluded: None

(2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements: Yes

(Note) For details, please refer to page 4 of the appendix materials “2. Summary (Notes) Information (2) Adoption of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements”.

(3) Changes in accounting policies, accounting estimates, and restatement of revisions.

1) Changes in accounting policies due to revisions of accounting standards, etc.: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatement of revisions: None

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding at the period-end (including treasury stock):

As of June 30, 2013	84,476,500 shares	As of March 31, 2013	84,476,500 shares
---------------------	-------------------	----------------------	-------------------

2) Number of treasury stock at the period-end:

As of June 30, 2013	3,246,422 shares	As of March 31, 2013	3,246,167 shares
---------------------	------------------	----------------------	------------------

3) Average number of shares outstanding (quarterly consolidated cumulative period):

First quarter of FY2013	81,230,164 shares	First quarter of FY2012	81,231,668 shares
-------------------------	-------------------	-------------------------	-------------------

**\* Implementation status of quarterly review procedures**

The quarterly review procedure based on the Financial Instruments and Exchange Act does not apply to this Financial Report, and the quarterly review procedure based on the Financial Instruments and Exchange Act had not been completed as of the release of this Financial Report.

**\* Statements regarding the proper use of financial forecast and other special remarks**

1. The forecast of the business results reported herein was prepared based on information the Company had in its possession as of the time this report was prepared and on certain assumptions judged to be reasonable. The Company makes no guarantee that these figures will be achieved. Actual results may differ significantly from forecasts due to various factors.

2. For the assumptions used in financial forecast and precautionary statements regarding the use of the forecasts, please refer to page 3 of the appendix materials “1. Qualitative Information on Consolidated Financial Results for the First Three Months of FY2013

(3) Explanation of Consolidated Financial Forecasts and Other Forward-looking Statements”.

## Contents of the Appendix Materials

<b>1. QUALITATIVE INFORMATION ON CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST THREE MONTHS OF FY2013 (APRIL 1, 2013 TO JUNE 30, 2013)</b> .....	<b>- 2 -</b>
(1) EXPLANATION OF OPERATING RESULTS.....	- 2 -
(2) EXPLANATION OF FINANCIAL POSITION.....	- 3 -
(3) EXPLANATION OF CONSOLIDATED FINANCIAL FORECASTS AND OTHER FORWARD-LOOKING STATEMENTS .....	- 3 -
<b>2. SUMMARY (NOTES) INFORMATION</b> .....	<b>- 4 -</b>
(1) SIGNIFICANT CHANGES IN SUBSIDIARIES DURING THE PERIOD UNDER REVIEW .....	- 4 -
(2) ADOPTION OF SPECIAL ACCOUNTING METHODS FOR PREPARATION OF QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS .....	- 4 -
<b>3. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS</b> .....	<b>- 5 -</b>
(1) QUARTERLY CONSOLIDATED BALANCE SHEETS .....	- 5 -
(2) QUARTERLY CONSOLIDATED STATEMENTS OF INCOME AND QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME .....	- 7 -
<i>Quarterly Consolidated Statements of Income</i> .....	- 7 -
<i>Quarterly Consolidated Statements of Comprehensive Income</i> .....	- 9 -
(3) NOTES ON QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS .....	- 10 -
(NOTES ON THE PREMISE OF A GOING CONCERN).....	- 10 -
(NOTES ON A SIGNIFICANT CHANGE IN SHAREHOLDERS' EQUITY) .....	- 10 -
(SEGMENT INFORMATION, ETC.).....	- 10 -

## 1. Qualitative Information on Consolidated Financial Results for the First Three Months of FY2013 (April 1, 2013 to June 30, 2013)

### (1) Explanation of Operating Results

During the first three months of the fiscal year ending March 31, 2014, the Japanese economy followed a gradual, yet steady recovery. This was driven in part by solid domestic demand supported by economic stimulus package as well as monetary policy. Nevertheless, the prospect of an economic downturn overseas still poses a risk that could weaken the domestic economy.

In the airline industry, passenger volume on domestic flights increased compared to the same period during the previous year, due in part to increased flights in conjunction with Haneda Airport's expansion of landing slots for domestic flights by 20,000 annually. Passenger volume on international flights declined from the same period in the previous year, because an increase in incoming non-Japanese visitors, enticed by the correction of the Yen's appreciation, was more than offset by a decrease in Japanese passengers. The airline industry needs to further strengthen its competitiveness for a number of reasons, including industry liberalization (open skies agreements), intensifying competition triggered by the expansion of low-cost carriers (LCC), and the ongoing review concerning airport management, as evidenced by the newly-enacted law for "The operation of state-run airports, etc. by utilizing the management capabilities of the private sector".

Under these circumstances, the Japan Airport Terminal (JAT) Group has developed a new medium-term business plan (FY 2013 through FY 2015) with a view toward responding to the changing environment as a key member of the airline industry. Our strategic priorities include 1) Responding to the internationalization of Haneda Airport, 2) Laying the groundwork to ensure the future of the airport's operation and 3) Improving the profitability of group businesses.

The expansion project involving three new spots at Haneda Airport's domestic passenger Terminal 2 was completed in April 2013 while the increase of international slots is also projected later in this fiscal year in March 2014. The new spots are expected to enhance convenience, functionality, and comfort. In line with the ongoing expansion of the international passenger terminal, construction started in May 2013 to build a new hotel that we will operate.

Furthermore, to implement the business plan to ensure future operations at Haneda Airport, we pushed forward with value-enhancing measures, including the marketing of private-branded merchandise and the development of new business. Through these measures, we endeavor to enhance customer convenience and improve profitability as a group.

As a result of these measures, consolidated operating revenues for the cumulative fiscal first quarter (April 1, 2013 - June 30, 2013) rose 2.6% compared with the same period during the previous year to ¥34,598 million. However, due primarily to increased depreciation resulting from the three new spots at domestic passenger Terminal 2 as well as one-time costs, profits declined with operating income of ¥802 million (down 24% year-on-year), ordinary income of ¥782 million (down 36.6% year-on-year) and net income of ¥334 million (down 49.6% year-on-year).

The following is a breakdown of earnings by segment. Note that the figures for operating income (loss) are equivalent to those for segment income (loss).

#### [Facilities Management]

Rent revenue decreased from the same period during the previous year. This was primarily because we utilized fixed-term lease contracts for airline companies renting offices at the domestic passenger terminal and reviewed the rental fees for some of those contracts in order to mitigate the risk of further reducing the office space rented by airlines.

Revenue from facility user charges exceeded that of the same period during the previous year because user charges revenue for domestic terminal facilities increased due to the continued recovery of passenger volume as well as the addition of three spots at domestic Terminal 2.

Other revenues slightly decreased from the same period during the previous year mainly because of a decrease in revenue from subcontracted work despite the benefits generated from an increase in parking and airport lounge revenue following a recovery in passenger volume.

As a result, operating revenues from the facilities management operations decreased to ¥11,013 million (down 0.3% year-on-year). Operating income for the segment was ¥579 million (down 41.9% year-on-year) due to an increase in maintenance expenses incurred because of the three newly completed spots at domestic passenger Terminal 2.

#### [Merchandise Sales]

Sales at domestic terminal stores slightly surpassed those of the same period during the previous year due to an increasingly higher recognition among passengers of new directly-managed stores in the departure gate lounge

in domestic Terminal 1, as well as the sales promotion and expansion of private-branded merchandise.

Sales at international terminal stores surpassed the figure for the same period during the previous year. The increase can be attributed to higher passenger volume, favorable sales results of brand products impacted by the weakening of the Yen, as well as the development of new directly-managed stores at Narita International Airport and Kansai International Airport.

Other revenues also increased compared with the figures for the same period during the previous year. This was due to an increase in the wholesaling of products to stores at the Haneda Airport's international passenger terminal building and to other airports, despite the negative impact of changes in contracts for wholesale business at Narita International Airport and Kansai International Airport.

As a result, operating revenues from the merchandise sales operations increased to ¥20,498 million (up 3.4% year-on-year) and operating income to ¥1,309 million (up 7.6% year-on-year) due to various cost reductions in procurement as well as efforts to reduce the cost of goods through marketing private-branded merchandise.

#### [Food and Beverage]

Sales from food and beverage operations increased from the same period during the previous year for a variety of reasons, including the continued recovery of passenger volume, the opening of new directly-managed stores in conjunction with the expansion of three spots at domestic passenger Terminal 2, as well as proactive sales and marketing activities focused on customer acquisition.

In addition, sales from in-flight meals rose as passenger volume of foreign carriers increased.

Other revenues also rose due to an increase in outsourcing business operated at airline lounges at international passenger terminals.

As a result, operating revenues from food and beverage operations rose 6.7% year-on-year to ¥4,232 million. Combined with various cost savings in labor costs and purchases, operating income for the segment turned into a profit of ¥11 million (compared to an operating loss of ¥89 million in the same period during the previous year).

## (2) Explanation of Financial Position

### [Assets]

Current assets decreased ¥2,742 million from the previous fiscal year end to ¥29,841 million, primarily due to a decrease in cash and deposits by ¥6,127 million, despite an increase in prepaid expenses by ¥2,564 million.

Fixed assets decreased ¥1,217 million from the previous fiscal year end to ¥152,629 million, primarily due to a decline in tangible fixed assets by ¥1,761 million resulting from the progress of depreciation, despite an increase in investment securities by ¥678 million.

As a result, total assets decreased by ¥3,960 million from the previous fiscal year end to ¥182,471 million.

### [Liabilities]

Current liabilities decreased ¥1,907 million from the previous fiscal year end to ¥28,161 million, primarily because income taxes payable decreased by ¥1,377 million.

Fixed liabilities decreased ¥2,618 million from the previous fiscal year end to ¥53,109 million, primarily because long-term loans payable decreased by ¥2,114 million.

As a result, total liabilities decreased by ¥4,526 million from the previous fiscal year end to ¥81,271 million.

### [Net assets]

Total net assets increased ¥566 million to ¥101,199 million primarily because deferred gains on hedges increased by ¥571 million.

As a result, equity ratio was 54.6% (compared to 53.1% at the previous fiscal year end).

## (3) Explanation of Consolidated Financial Forecasts and Other Forward-looking Statements

Consolidated revenue and profits (operating income, ordinary income and net income) for the first quarter surpassed forecasts, because duty free business saw strong performances at Narita International Airport and Haneda Airport's international terminal. Recent figures for passenger volume are progressing largely in line with the initial forecast, with higher-than-expected results at Kansai International Airport. However, business outlook remains uncertain because the prospect of an economic downswing overseas still poses a risk that could weaken the domestic economy.

At present, there have been no changes to the interim and full-year consolidated forecasts announced on May 8, 2013.

## 2. Summary (Notes) Information

### (1) Significant Changes in Subsidiaries during the Period under Review

None

### (2) Adoption of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements

(Calculation of tax expenses)

The effective tax rate on income before taxes for the consolidated fiscal year including the first quarter after the application of deferred tax accounting is reasonably estimated, and that estimated rate is applied to net income for the quarterly period to calculate estimated tax expenses.

## 3. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	FY2012 (As of March 31, 2013)	First Three Months of FY2013 (As of June 30, 2013)
<b>ASSETS</b>		
Current assets		
Cash and deposits	16,167	10,039
Accounts receivable	9,528	10,139
Merchandise and finished products	4,158	4,183
Raw materials and stored goods	134	105
Deferred tax assets	1,068	1,069
Other current assets	1,539	4,315
Allowance for doubtful accounts	(12)	(12)
Total current assets	32,584	29,841
Fixed assets		
Tangible fixed assets		
Buildings and structures	265,219	269,757
Accumulated depreciation and impairment loss	(165,240)	(167,638)
Buildings and structures (net)	99,978	102,119
Machinery, equipment and vehicles	10,231	10,253
Accumulated depreciation and impairment loss	(8,237)	(8,320)
Machinery, equipment and vehicles (net)	1,994	1,933
Land	10,476	10,476
Lease assets	2,552	2,905
Accumulated depreciation and impairment loss	(1,018)	(1,138)
Lease assets (net)	1,534	1,767
Construction in progress	4,436	1
Other tangible fixed assets	24,479	25,187
Accumulated depreciation and impairment loss	(20,137)	(20,485)
Other tangible fixed assets (net)	4,341	4,702
Total tangible fixed assets	122,761	121,000
Intangible fixed assets	2,214	2,194
Investments and other assets		
Investment securities	13,102	13,781
Long-term loans receivable	6,668	6,668
Deferred tax assets	6,673	6,560
Other investments	2,425	2,424
Total investments and other assets	28,870	29,434
Total fixed assets	153,846	152,629
<b>TOTAL ASSETS</b>	<b>186,431</b>	<b>182,471</b>

(Millions of yen)

	FY2012 (As of March 31, 2013)	First Three Months of FY2013 (As of June 30, 2013)
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	5,062	4,960
Short-term loans payable	12,104	12,472
Income taxes payable	1,831	453
Allowance for employees' bonuses	896	407
Allowance for directors' bonuses	152	41
Other current liabilities	10,022	9,825
Total current liabilities	30,069	28,161
Fixed liabilities		
Long-term loans payable	44,702	42,588
Allowance for employees' retirement benefits	4,770	4,417
Asset retirement obligations	443	444
Other fixed liabilities	5,813	5,659
Total fixed liabilities	55,728	53,109
<b>TOTAL LIABILITIES</b>	<b>85,798</b>	<b>81,271</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	17,489	17,489
Capital surplus	21,309	21,309
Retained earnings	64,874	64,681
Treasury stock	(3,239)	(3,239)
Total shareholders' equity	100,434	100,240
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,670	1,868
Deferred gains (losses) on hedges	(3,073)	(2,501)
Foreign currency translation adjustment	20	35
Total Accumulated other comprehensive income	(1,382)	(597)
Minority interests	1,581	1,555
<b>TOTAL NET ASSETS</b>	<b>100,633</b>	<b>101,199</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>186,431</b>	<b>182,471</b>

## (2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

## Quarterly Consolidated Statements of Income

	(Millions of yen)	
	First Three Months of FY2012 (from April 1, 2012 to June 30, 2012)	First Three Months of FY2013 (from April 1, 2013 to June 30, 2013)
Operating revenues		
Rent revenue	3,446	3,313
Facility user charges revenue	3,782	3,934
Other revenues	3,514	3,450
Sale of merchandise	19,622	20,328
Sale of food and beverage	3,350	3,571
Total operating revenue	33,716	34,598
Cost of sales		
Cost of sales of merchandise	14,580	15,063
Cost of sales of food and beverage	2,077	2,204
Total cost of sales	16,658	17,267
Gross profit	17,058	17,330
Selling, general and administrative expenses		
Salaries and wages	1,849	1,832
Provision for employees' bonuses	367	383
Provision for directors' bonuses	-	39
Expenses for retirement benefits	215	231
Rent expenses	2,177	2,194
Outsourcing and commission	3,420	3,294
Depreciation expenses	3,144	3,123
Other costs and expenses	4,825	5,428
Total selling, general and administrative expenses	16,002	16,528
Operating income	1,056	802
Non-operating income		
Interest income	74	82
Dividends income	76	160
Miscellaneous income	509	199
Total non-operating income	660	442
Non-operating expenses		
Interest expenses	246	224
Equity in losses of affiliates	198	215
Miscellaneous expenses	37	21
Total non-operating expenses	482	461
Ordinary income	1,234	782

	(Millions of yen)	
	First Three Months of FY2012 (from April 1, 2012 to June 30, 2012)	First Three Months of FY2013 (from April 1, 2013 to June 30, 2013)
Extraordinary loss		
Loss on valuation of other investments	—	1
Total extraordinary loss	—	1
Quarterly income before income taxes and minority interests	1,234	781
Income taxes – current	574	445
Quarterly income before minority interests	659	335
Minority interests income (loss)	(4)	0
Quarterly net income	663	334

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	First Three Months of FY2012 (from April 1, 2012 to June 30, 2012)	First Three Months of FY2013 (from April 1, 2013 to June 30, 2013)
Quarterly income before minority interests	659	335
Other comprehensive income		
Valuation difference on available-for-sale securities	(37)	200
Foreign currency translation adjustment	10	15
Share of other comprehensive income of associates accounted for using equity method	(509)	571
Total other comprehensive income	(536)	786
Comprehensive income	123	1,122
Comprehensive income attributable to:		
Comprehensive income (loss) attributable to owners of the parent	127	1,119
Comprehensive income (loss) attributable to minority interests	(4)	2

## (3) Notes on Quarterly Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable

(Notes on a Significant Change in Shareholders' Equity)

Not applicable

(Segment Information, etc.)

Segment Information

I. First three months of FY2012 (from April 1, 2012 to June 30, 2012)

1. Sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segments				Adjustments Note 1	Quarterly consolidated financial statements Note 2
	Facilities Management	Merchandise Sales	Food and Beverage	Total		
Operating revenues						
Sales to external customers	10,515	19,657	3,544	33,716	-	33,716
Intersegment sales and transfers	528	166	421	1,116	(1,116)	-
Total	11,043	19,824	3,965	34,832	(1,116)	33,716
Segment income (loss)	996	1,217	(89)	2,124	(1,068)	1,056

(Notes) 1. Adjustments to the segment income (loss) include ¥1,065 million of administration expenses for the parent company's administration divisions and others at head office which are not allocated to each of the reportable segments.

2. Segment income (loss) is adjusted with operating income recorded in the Quarterly Consolidated Statements of Income.

2. Information on impairment loss on fixed assets and goodwill, etc., by reportable segment

Not applicable

II. First three months of FY2013 (from April 1, 2013 to June 30, 2013)

1. Sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segments				Adjustments Note 1	Quarterly consolidated financial statements Note2
	Facilities Management	Merchandise Sales	Food and Beverage	Total		
Operating revenues						
Sales to external customers	10,516	20,337	3,744	34,598	-	34,598
Intersegment sales and transfers	496	160	487	1,144	(1,144)	-
Total	11,013	20,498	4,232	35,743	(1,144)	34,598
Segment income (loss)	579	1,309	11	1,900	(1,097)	802

(Notes) 1. Adjustments to the segment income include ¥1,098 million of administration expenses for the parent company's administration divisions and others at head office which are not allocated to each of the reportable segments.

2. Segment income is adjusted with operating income recorded in the Quarterly Consolidated Statements of Income.

2. Information on impairment loss on fixed assets and goodwill, etc., by reportable segment

Not applicable