



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

November 6, 2013

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Scheduled date of filing securities report: November 14, 2013
 Scheduled date of commencing dividend payment: December 9, 2013
 Supplementary materials on financial results (yes/no) Yes
 Holding of quarterly earnings announcement (yes/no) Yes (for financial analysts and institutional investors)

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

1. Consolidated Financial Results for the First Six Months of FY2013 (April 1, 2013 to September 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 Six Months of								
FY2013	72,522	4.1	3,043	18.1	3,253	27.6	1,881	51.2
FY2012	69,694	11.4	2,577	-	2,550	-	1,244	-

(Note) Comprehensive income : First six months of FY2013 ¥3,111 million (351.6%) First six months of FY2012 ¥689 million (-%)

	Net income per share	Diluted net income per share
First Six Months of	Yen	Yen
FY2013	23.16	-
FY2012	15.32	-

(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 September 30, 2013	185,545	103,188	54.8	1,250.89
As of March 31, 2013	186,431	100,633	53.1	1,219.40

(Reference) Equity capital: As of September 30, 2013 ¥101,609 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	-	6.00	-	-	-
FY2013 (Forecast)	-	-	-	5.00	11.00

(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 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
Full-year	143,000	5.0	5,500	31.6	4,500	22.7	2,200	35.4	27.08

(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 September 30, 2013	84,476,500 shares	As of March 31, 2013	84,476,500 shares
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2) Number of treasury stock at the period-end:

As of September 30, 2013	3,246,572 shares	As of March 31, 2013	3,246,167 shares
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3) Average number of shares outstanding (quarterly consolidated cumulative period):

First six months of FY2013	81,230,085 shares	First six months of FY2012	81,231,651 shares
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*** 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. 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 Six Months of FY2013 (3) Explanation of Consolidated Financial Forecasts and Other Forward-looking Statements”.

2. Earnings announcement is planned to be held on November 15, 2013 for institutional investors and financial analysts. Video of the presentation as well as presentation materials used in the earnings announcement will be promptly posted on the Company’s website following the meeting.

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

(1) Explanation of Operating Results

During the first six months of the fiscal year ending March 31, 2014, the Japanese economy showed modest recovery primarily driven by corporate earnings of large companies and private consumption. The prospect of an economic downturn overseas still poses a risk that could weaken the domestic economy, though movements toward economic recovery are expected to be more certain and solid.

In the airline industry, passenger volume on domestic flights increased compared to the same period during the previous year supported by economic recovery and increased flights in conjunction with Haneda Airport's expansion of landing slots for domestic flights by 20,000 annually since March 2013. Passenger volume on international flights at Narita International Airport and Kansai International Airport rose year-on-year, because a decrease in Chinese passengers was more than offset by a substantial increase in visitors to Japan from overseas. The increase was because visa requirements for Southeast Asian tourists were eased and more people have begun to feel that weaker yen has made it easier to travel to Japan. On the other hand, international passenger at Haneda Airport declined since a decrease in Japanese passengers was larger than an increase in incoming foreign travelers.

The airline industry needs to further strengthen its competitiveness for a number of factors that have changed industry landscape, 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 worked on our strategic priorities based on a new medium-term business plan (FY 2013 through FY 2015) that we started to implement from this year, which marks the 60th anniversary of the founding of the JAT Group. These 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, which is expected to enhance convenience, functionality, and comfort for airport users. In line with the ongoing expansion of the international passenger terminal, we proceed with efforts to expand our business, including operations of new duty-free shops, maintenance and management business and operation of a new hotel.

The JAT Group delivered strong consolidated operating results for the first six months (April 1, 2013 - September 30, 2013). The strong results were achieved primarily because strengthened marketing efforts helped to acquire customers among increasing inbound foreign travelers and because unit purchase price improved due to carefully planned measures to meet customer needs in response to customers' widespread willingness to take advantage of weaker yen.

As a result, consolidated operating revenues during the period (April 1, 2013 - September 30, 2013) increased 4.1% year-on-year to ¥72,522 million. Operating income rose to ¥3,043 million (up 18.1% year-on-year), ordinary income to ¥3,253 million (up 27.6% year-on-year) and net income to ¥1,881 million (up 51.2% 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 space rented by airlines.

Revenue from facility user charges exceeded that of the same period of 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 increased primarily due to an increase in parking and airport lounge revenue following a recovery in passenger volume.

As a result, operating revenues from the facilities management operations increased to ¥22,903 million (up 1.3% year-on-year). Operating income for the segment was ¥1,894 million (down 5.7% 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 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 an increase in travelers who visited Japan from overseas, 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 ¥43,058 million (up 5.2% year-on-year) and operating income to ¥3,033 million (up 20.7% year-on-year) due to various cost reductions in procurement as well as efforts to reduce the cost of goods through expanding line-up of 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 an increase in 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.

Sales from in-flight meals rose as passenger volume of foreign carriers increased.

Other revenues decreased due to the negative impact of stores that were temporarily closed during construction period at international passenger terminal.

As a result, operating revenues from food and beverage operations rose 4.3% year-on-year to ¥8,963 million. Combined with various cost savings in labor costs and purchases, operating income for the segment was ¥175 million (up 59.9% year-on-year).

(2) Explanation of Financial Position

[Assets]

Current assets decreased ¥366 million from the previous fiscal year end to ¥32,218 million, primarily due to a decrease in cash and deposits by ¥2,233 million, despite an increase in prepaid expenses by ¥1,419 million.

Fixed assets decreased ¥519 million from the previous fiscal year end to ¥153,327 million, primarily due to a decline in tangible fixed assets by ¥4,257 million resulting from the progress of depreciation, despite an increase in investment securities by ¥4,218 million.

As a result, total assets decreased by ¥885 million from the previous fiscal year end to ¥185,545 million.

[Liabilities]

Current liabilities decreased ¥1,240 million from the previous fiscal year end to ¥28,828 million, primarily because accrued expenses and income taxes payable decreased by ¥642 million and ¥458 million, respectively.

Fixed liabilities decreased ¥2,200 million from the previous fiscal year end to ¥53,528 million, primarily because long-term loans payable decreased by ¥1,586 million.

As a result, total liabilities decreased by ¥3,440 million from the previous fiscal year end to ¥82,357 million.

[Net assets]

Total net assets increased ¥2,555 million to ¥103,188 million primarily because retained earnings and valuation difference on available-for-sale securities increased by ¥1,353 million and 687 million, respectively.

As a result, equity ratio was 54.8% (compared to 53.1% at the previous fiscal year end).

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

The JAT Group delivered strong consolidated operating results for the first half of the fiscal year 2013, primarily driven by robust sales at international shops at Narita International Airport and Haneda Airport. The sales growth was achieved due to increasing foreign travelers visiting Japan and improving unit price as weaker yen has helped create a sense of better value for money to foreign tourists to Japan. As a result, operating income, ordinary income and net income on a consolidated basis for the first six months greatly surpassed initial forecasts

In the second half of the fiscal year under review, we expect consolidated results to surpass original forecast reflecting favorable results in the first half, though maintenance costs will likely increase since part of the planned capital expenditure has been postponed from the first half to the second half.

Full-year consolidated forecasts that were previously announced on May 8, 2013 have been revised as disclosed on October 30, 2013. Full-year non-consolidated results were also revised in the same disclosure.

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 half 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 Six Months of FY2013 (As of September 30, 2013)
ASSETS		
Current assets		
Cash and deposits	16,167	13,934
Accounts receivable	9,528	10,003
Merchandise and finished products	4,158	4,075
Raw materials and stored goods	134	102
Deferred tax assets	1,068	1,071
Other current assets	1,539	3,043
Allowance for doubtful accounts	(12)	(12)
Total current assets	32,584	32,218
Fixed assets		
Tangible fixed assets		
Buildings and structures	265,219	270,134
Accumulated depreciation and impairment loss	(165,240)	(170,010)
Buildings and structures (net)	99,978	100,123
Machinery, equipment and vehicles	10,231	10,237
Accumulated depreciation and impairment loss	(8,237)	(8,391)
Machinery, equipment and vehicles (net)	1,994	1,846
Land	10,476	10,476
Lease assets	2,552	2,914
Accumulated depreciation and impairment loss	(1,018)	(1,259)
Lease assets (net)	1,534	1,654
Construction in progress	4,436	-
Other tangible fixed assets	24,479	25,227
Accumulated depreciation and impairment loss	(20,137)	(20,824)
Other tangible fixed assets (net)	4,341	4,403
Total tangible fixed assets	122,761	118,503
Intangible fixed assets	2,214	2,162
Investments and other assets		
Investment securities	13,102	17,320
Long-term loans receivable	6,668	6,668
Deferred tax assets	6,673	6,302
Other investments	2,425	2,369
Total investments and other assets	28,870	32,660
Total fixed assets	153,846	153,327
TOTAL ASSETS	186,431	185,545

	(Millions of yen)	
	FY2012 (As of March 31, 2013)	First Six Months of FY2013 (As of September 30, 2013)
LIABILITIES		
Current liabilities		
Accounts payable	5,062	5,159
Short-term loans payable	12,104	11,772
Income taxes payable	1,831	1,372
Allowance for employees' bonuses	896	918
Allowance for directors' bonuses	152	92
Other current liabilities	10,022	9,514
Total current liabilities	30,069	28,828
Fixed liabilities		
Long-term loans payable	44,702	43,116
Allowance for employees' retirement benefits	4,770	4,521
Asset retirement obligations	443	446
Other fixed liabilities	5,813	5,444
Total fixed liabilities	55,728	53,528
TOTAL LIABILITIES	85,798	82,357
NET ASSETS		
Shareholders' equity		
Common stock	17,489	17,489
Capital surplus	21,309	21,309
Retained earnings	64,874	66,228
Treasury stock	(3,239)	(3,240)
Total shareholders' equity	100,434	101,787
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,670	2,358
Deferred gains (losses) on hedges	(3,073)	(2,581)
Foreign currency translation adjustment	20	46
Total Accumulated other comprehensive income	(1,382)	(177)
Minority interests	1,581	1,578
TOTAL NET ASSETS	100,633	103,188
TOTAL LIABILITIES AND NET ASSETS	186,431	185,545

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

Quarterly Consolidated Statements of Income

	(Millions of yen)	
	First Six Months of FY2012 (from April 1, 2012 to September 30, 2012)	First Six Months of FY2013 (from April 1, 2013 to September 30, 2013)
Operating revenues		
Rent revenue	6,906	6,671
Facility user charges revenue	7,885	8,248
Other revenues	7,247	7,363
Sale of merchandise	40,521	42,717
Sale of food and beverage	7,133	7,520
Total operating revenue	69,694	72,522
Cost of sales		
Cost of sales of merchandise	30,165	31,600
Cost of sales of food and beverage	4,411	4,643
Total cost of sales	34,576	36,244
Gross profit	35,117	36,278
Selling, general and administrative expenses		
Salaries and wages	3,643	3,592
Provision for employees' bonuses	909	862
Provision for directors' bonuses	65	89
Expenses for retirement benefits	436	485
Rent expenses	4,324	4,528
Outsourcing and commission	6,924	6,822
Depreciation expenses	6,341	6,258
Other costs and expenses	9,894	10,593
Total selling, general and administrative expenses	32,540	33,234
Operating income	2,577	3,043
Non-operating income		
Interest income	152	168
Dividends income	80	165
Miscellaneous income	716	416
Total non-operating income	948	750
Non-operating expenses		
Interest expenses	510	450
Equity in losses of affiliates	398	15
Miscellaneous expenses	66	74
Total non-operating expenses	975	540
Ordinary income	2,550	3,253

	(Millions of yen)	
	First Six Months of FY2012 (from April 1, 2012 to September 30, 2012)	First Six Months of FY2013 (from April 1, 2013 to September 30, 2013)
Extraordinary income		
Subsidy income from government	-	89
Total extraordinary income	-	89
Extraordinary loss		
Loss on reduction of fixed assets	-	88
Loss on retirement of fixed assets	-	37
Loss on valuation of investment securities	119	-
Loss on valuation of other investments	-	1
Total extraordinary loss	119	126
Quarterly income before income taxes and minority interests	2,431	3,216
Income taxes – current	1,160	1,313
Quarterly income before minority interests	1,270	1,902
Minority interests income	26	21
Quarterly net income	1,244	1,881

Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	First Six Months of FY2012 (from April 1, 2012 to September 30, 2012)	First Six Months of FY2013 (from April 1, 2013 to September 30, 2013)
Quarterly Income before minority interests	1,270	1,902
Other comprehensive income		
Valuation difference on available-for-sale securities	(107)	691
Foreign currency translation adjustment	2	25
Share of other comprehensive income of associates accounted for using equity method	(475)	491
Total other comprehensive income	(581)	1,209
Comprehensive income	689	3,111
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	665	3,086
Comprehensive income attributable to minority interests	23	25

(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 six months of FY2012 (from April 1, 2012 to September 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	21,563	40,590	7,540	69,694	-	69,694
Intersegment sales and transfers	1,041	322	1,052	2,416	(2,416)	-
Total	22,604	40,913	8,592	72,110	(2,416)	69,694
Segment income	2,008	2,513	109	4,632	(2,054)	2,577

(Notes) 1. Adjustments to the segment income include ¥2,055 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

II. First six months of FY2013 (from April 1, 2013 to September 30, 2013)

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	21,882	42,736	7,904	72,522	-	72,522
Intersegment sales and transfers	1,021	322	1,059	2,403	(2,403)	-
Total	22,903	43,058	8,963	74,926	(2,403)	72,522
Segment income (loss)	1,894	3,033	175	5,104	(2,061)	3,043

(Notes) 1. Adjustments to the segment income include ¥2,062 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