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

February 5, 2014

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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:	February 13, 2014
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 Nine Months of FY2013 (April 1, 2013 to December 31, 2013)

(1) Consolidated Business Results (Cumulative) (%: Change from the same period of the previous year)

	Operating revenues		Operating income		Ordinary income		Net income	
First Nine Months of	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2013	110,708	6.7	5,147	33.3	5,218	41.1	3,013	56.6
FY2012	103,762	6.7	3,860	387.6	3,698	-	1,924	-

(Note) Comprehensive income: First nine months of FY2013 ¥4,132 million (176.1%) First nine months of FY2012 ¥1,496 million (-%)

	Net income per share	Diluted net income per share
First Nine Months of	Yen	Yen
FY2013	37.10	-
FY2012	23.69	-

(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 December 31, 2013	188,473	103,721	54.2	1,257.40
As of March 31, 2013	186,431	100,633	53.1	1,219.40

(Reference) Equity capital: As of December 31, 2013 ¥102,138 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 December 31, 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 December 31, 2013	3,246,632 shares	As of March 31, 2013	3,246,167 shares

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

First nine months of FY2013	81,230,024 shares	First nine months of FY2012	81,231,584 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. 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 Nine Months of FY2013 (3) Explanation of Consolidated Financial Forecasts and Other Forward-looking Statements".

Contents of Appendix Materials

1. Qualitative Information on Consolidated Financial Results for the First Nine Months of FY2013 (April 1, 2013 to December 31, 2013)

(1) Explanation of Operating Results

During the first nine months of the fiscal year ending March 31, 2014, the Japanese economy has been on a modest recovery track primarily driven by improvement of corporate earnings in a wide range of sectors and private consumption. While consumption tax hike is likely to trigger front-loaded increase and subsequent decline in demand, movements toward economic recovery are expected to become more solid. However, the prospect of an economic downturn overseas still poses a risk that could weaken the domestic economy.

In the airline industry, passenger volume at Haneda Airport 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 by 20,000 annually since March 2013. Passenger volume on international flights rose year-on-year, because visa requirements for Southeast Asian tourists were eased and weaker yen has made it easier to travel to Japan. The annual number of foreign visitors to Japan in 2013 surpassed 10 million for the first time. In terms of passenger volume by airport, at Narita International Airport and Kansai International Airport, the volume rose year-on-year, while Haneda Airport which had seen decline also started to recover in the third quarter.

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). 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. At Haneda Airport's domestic passenger Terminal, transfer facility between domestic and international terminals is being constructed to meet the demand that will be created by the increased international flights at Haneda after March 2014. By enhancing convenience, functionality, and comfort, we try to help increase connecting passengers between international and domestic flights, thereby maximizing potential to generate business for JAT Group. 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 nine months (April 1, 2013 – December 31, 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 – December 31, 2013) increased 6.7% year-on-year to ¥110,708 million. Operating income rose to ¥5,147 million (up 33.3 year-on-year), ordinary income to ¥5,218 million (up 41.1% year-on-year) and net income to ¥3,013 million (up 56.6% 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 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 an increase in 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 ¥34,759 million (up 2.1% year-on-year). Operating income for the segment was ¥2,968 million (up 1.5% year-on-year).

[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 significantly 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 which rebounded from FY 2012 when the figures were negatively impacted by the dispute over Senkaku Islands, favorable sales results of brand products supported 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 the other airports, despite the negative impact of changes in contracts for wholesale business at Kansai International Airport.

As a result, operating revenues from the merchandise sales operations increased to ¥66,211 million (up 9.5% year-on-year) and operating income to ¥5,027 million (up 32.7% 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 primarily because of the closing of a store due to construction at international passenger terminal.

As a result, operating revenues from food and beverage operations rose 4.4% year-on-year to ¥13,412 million. Combined with various cost savings in labor costs and purchases, operating income for the segment was ¥230 million (up 88.4% year-on-year).

(2) Explanation of Financial Position

[Assets]

Current assets increased ¥4,011 million from the previous fiscal year end to ¥36,596 million, primarily due to an increase in cash and deposits by ¥3,061 million.

Fixed assets decreased ¥1,969 million from the previous fiscal year end to ¥151,877 million, primarily due to a decline in tangible fixed assets by ¥5,337 million resulting from the progress of depreciation, despite an increase in investment securities by ¥3,944 million.

As a result, total assets increased by ¥2,042 million from the previous fiscal year end to ¥188,473 million.

[Liabilities]

Current liabilities increased ¥358 million from the previous fiscal year end to ¥30,427 million, primarily because an increase in accounts payable by ¥983 million exceeded a decrease in income taxes payable by ¥660 million.

Fixed liabilities decreased ¥1,404 million from the previous fiscal year end to ¥54,324 million, primarily because long-term loans payable decreased by ¥700 million.

As a result, total liabilities decreased by ¥1,046 million from the previous fiscal year end to ¥84,751 million.

[Net assets]

Total net assets increased ¥3,088 million to ¥103,721 million primarily because retained earnings and valuation difference on available-for-sale securities increased by ¥1,998 million and 591 million, respectively.

As a result, equity ratio was 54.2% (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 nine months of the fiscal year 2013, primarily driven by robust sales at duty-free shops at Narita International Airport and Haneda Airport. The sales growth was attributed to increasing foreign travelers who visited 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 nine months surpassed forecasts. However, the forecasts of full-year consolidated results have been left unchanged at this point from those announced on November 6, 2013 considering the prospect of an economic downswing overseas that poses a risk that could weaken the domestic economy.

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 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 Nine Months of FY2013 (As of December 31, 2013)
ASSETS		
Current assets		
Cash and deposits	16,167	19,229
Accounts receivable	9,528	9,439
Merchandise and finished products	4,158	4,654
Raw materials and stored goods	134	140
Deferred tax assets	1,068	1,069
Other current assets	1,539	2,075
Allowance for doubtful accounts	(12)	(12)
Total current assets	32,584	36,596
Fixed assets		
Tangible fixed assets		
Buildings and structures	265,219	270,371
Accumulated depreciation and impairment loss	(165,240)	(172,293)
Buildings and structures (net)	99,978	98,078
Machinery, equipment and vehicles	10,231	10,214
Accumulated depreciation and impairment loss	(8,237)	(8,437)
Machinery, equipment and vehicles (net)	1,994	1,776
Land	10,476	10,476
Lease assets	2,552	2,919
Accumulated depreciation and impairment loss	(1,018)	(1,380)
Lease assets (net)	1,534	1,538
Construction in progress	4,436	1,107
Other tangible fixed assets	24,479	25,532
Accumulated depreciation and impairment loss	(20,137)	(21,086)
Other tangible fixed assets (net)	4,341	4,446
Total tangible fixed assets	122,761	117,424
Intangible fixed assets	2,214	1,990
Investments and other assets		
Investment securities	13,102	17,046
Long-term loans receivable	6,668	6,668
Deferred tax assets	6,673	6,371
Other investments	2,425	2,376
Total investments and other assets	28,870	32,462
Total fixed assets	153,846	151,877
TOTAL ASSETS	186,431	188,473

(Millions of yen)

	FY2012 (As of March 31, 2013)	First Nine Months of FY2013 (As of December 31, 2013)
LIABILITIES		
Current liabilities		
Accounts payable	5,062	6,046
Short-term loans payable	12,104	12,322
Income taxes payable	1,831	1,170
Allowance for employees' bonuses	896	467
Allowance for directors' bonuses	152	137
Other current liabilities	10,022	10,283
Total current liabilities	30,069	30,427
Fixed liabilities		
Long-term loans payable	44,702	44,002
Allowance for employees' retirement benefits	4,770	4,609
Asset retirement obligations	443	448
Other fixed liabilities	5,813	5,264
Total fixed liabilities	55,728	54,324
TOTAL LIABILITIES	85,798	84,751
NET ASSETS		
Shareholders' equity		
Common stock	17,489	17,489
Capital surplus	21,309	21,309
Retained earnings	64,874	66,873
Treasury stock	(3,239)	(3,240)
Total shareholders' equity	100,434	102,432
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,670	2,261
Deferred gains (losses) on hedges	(3,073)	(2,601)
Foreign currency translation adjustment	20	45
Total Accumulated other comprehensive income	(1,382)	(293)
Minority interests	1,581	1,583
TOTAL NET ASSETS	100,633	103,721
TOTAL LIABILITIES AND NET ASSETS	186,431	188,473

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

Quarterly Consolidated Statements of Income

(Millions of yen)

	First Nine Months of FY2012 (from April 1, 2012 to December 31, 2012)	First Nine Months of FY2013 (from April 1, 2013 to December 31, 2013)
Operating revenues		
Rent revenue	10,225	10,027
Facility user charges revenue	11,945	12,497
Other revenues	10,957	11,214
Sale of merchandise	59,940	65,702
Sale of food and beverage	10,693	11,267
Total operating revenue	103,762	110,708
Cost of sales		
Cost of sales of merchandise	44,660	48,684
Cost of sales of food and beverage	6,644	6,947
Total cost of sales	51,304	55,631
Gross profit	52,457	55,077
Selling, general and administrative expenses		
Salaries and wages	6,292	6,264
Provision for employees' bonuses	398	450
Provision for directors' bonuses	105	134
Expenses for retirement benefits	676	729
Rent expenses	6,301	6,771
Outsourcing and commission	10,463	10,442
Depreciation expenses	9,580	9,424
Other costs and expenses	14,780	15,711
Total selling, general and administrative expenses	48,597	49,929
Operating income	3,860	5,147
Non-operating income		
Interest income	229	266
Dividends income	121	208
Miscellaneous income	992	546
Total non-operating income	1,343	1,020
Non-operating expenses		
Interest expenses	756	679
Equity in losses of affiliates	633	106
Miscellaneous expenses	115	164
Total non-operating expenses	1,505	950
Ordinary income	3,698	5,218

(Millions of yen)

	First Nine Months of FY2012 (from April 1, 2012 to December 31, 2012)	First Nine Months of FY2013 (from April 1, 2013 to December 31, 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	35	—
Loss on valuation of other investments	1	1
Total extraordinary loss	37	126
Quarterly income before income taxes and minority interests	3,661	5,181
Income taxes – current	1,697	2,139
Quarterly income before minority interests	1,963	3,041
Minority interests income	39	27
Quarterly net income	1,924	3,013

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	First Nine Months of FY2012 (from April 1, 2012 to December 31, 2012)	First Nine Months of FY2013 (from April 1, 2013 to December 31, 2013)
Quarterly income before minority interests	1,963	3,041
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	(46)	594
Foreign currency translation adjustment	(0)	25
Share of other comprehensive income of associates accounted for using equity method	(420)	472
Total other comprehensive income (loss)	(466)	1,091
Comprehensive income	1,496	4,132
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	1,456	4,102
Comprehensive income attributable to minority interests	40	30

(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.)

I. First nine months of FY2012 (from April 1, 2012 to December 31, 2012)

1. Sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segments				Adjustments Note1	Quarterly consolidated financial statements Note2
	Facilities Management	Merchandise Sales	Food and Beverage	Total		
Operating revenues						
Sales to external customers	32,479	59,997	11,285	103,762	—	103,762
Intersegment sales and transfers	1,557	480	1,566	3,604	(3,604)	—
Total	34,037	60,477	12,851	107,367	(3,604)	103,762
Segment income (loss)	2,924	3,787	122	6,834	(2,973)	3,860

(Notes) 1. Adjustments to the segment income include ¥2,974 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 nine months of FY2013 (from April 1, 2013 to December 31, 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	33,156	65,730	11,821	110,708	-	110,708
Intersegment sales and transfers	1,602	480	1,590	3,674	(3,674)	-
Total	34,759	66,211	13,412	114,383	(3,674)	110,708
Segment income (loss)	2,968	5,027	230	8,226	(3,078)	5,147

(Notes) 1. Adjustments to the segment income include ¥3,081 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