May 08, 2014

Financial Report for the Year Ended March 31, 2014 (FY2013) [J-GAAP] (Consolidated)

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 annual general meeting of shareholders:	June 27, 2014
Scheduled date of filing securities report:	June 27, 2014
Scheduled date of commencing dividend payment:	June 30, 2014
Supplementary materials on financial results (yes/no)	Yes
Holding of earnings announcement (yes/no)	Yes (for institutional investors and financial analysts)

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

1. Consolidated Financial Results for the Year Ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(1) Consolidated Business Results (%: Change from the previous period)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2013	147,116	8.1	6,194	48.2	5,723	56.1	2,979	83.4
FY2012	136,149	5.2	4,179	376.4	3,666	-	1,624	-

(Note) Comprehensive income: FY2013 ¥ 3,914 million (117.8%) FY2012 ¥1,797 million (-%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to operating revenues
	Yen	Yen	%	%	%
FY2013	36.68	-	3.0	3.1	4.2
FY2012	20.00	-	1.7	2.0	3.1

(Reference) Equity in earnings (losses) of affiliates: FY2013 ¥ (706) million FY2012 ¥ (974) million

(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 March 31, 2014	185,358	101,866	54.1	1,235.25
As of March 31, 2013	186,431	100,633	53.1	1,219.40

(Reference) Equity capital: As of March 31, 2014 ¥100,339 million As of March 31, 2013 ¥99,052 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the year-end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2013	15,204	(9,660)	(6,574)	15,133
FY2012	15,695	(15,389)	(4,983)	16,151

2. Dividends

	Dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividends on net assets (consolidated)
	Q1-End	Q2-End	Q3-End	Year-End	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2012	-	3.50	-	6.50	10.00	812	50.0	0.8
FY2013	-	6.00	-	7.00	13.00	1,055	35.4	1.1
FY2014 (Forecast)	-	6.50	-	6.50	13.00		25.1	

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(%: 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	77,500	6.9	4,100	34.7	3,700	13.7	2,000	6.3	24.62
Full-year	157,600	7.1	8,300	34.0	7,600	32.8	4,200	41.0	51.71

4. Other Information

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

New: None Excluded: None

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

1) Changes in accounting policies due to revisions of accounting standards, etc.: Yes

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

3) Changes in accounting estimates: None

4) Restatement of revisions: None

(Note) For details, please see "(5) Notes on the Consolidated Financial Statements (Notes on Changes in Accounting Policies)" in "4. Consolidated Financial Statements" in the appendix materials.

(3) Number of shares outstanding (common stock)

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

As of March 31, 2014	84,476,500 shares	As of March 31, 2013	84,476,500 shares

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

As of March 31, 2014	3,246,682 shares	As of March 31, 2013	3,246,167 shares

3) Average number of shares outstanding during the period:

Year ended March 31, 2014	81,229,979 shares	Year ended March 31, 2013	81,231,324 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Financial Results for the Year Ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(1) Non-Consolidated Business Results (%: Change from the previous period)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2013	118,343	6.9	3,914	60.4	4,229	52.8	2,358	50.4
FY2012	110,675	3.7	2,440	-	2,768	-	1,568	-

	Net income per share	Diluted net income per share
	Yen	Yen
FY2013	29.04	-
FY2012	19.31	-

(2) Non-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 March 31, 2014	174,063	90,701	52.1	1,116.60
As of March 31, 2013	175,508	88,971	50.7	1,095.30

(Reference) Equity capital: As of March 31, 2014 ¥90,701 million As of March 31, 2013 ¥88,971 million

2. Forecast of Non-Consolidated Financial Results for the Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

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

	Operating revenues		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	63,300	8.3	3,400	57.6	2,100	56.4	25.85
Full-year	129,200	9.2	6,300	49.0	3,900	65.3	48.01

* Implementation status of audit procedures

The audit procedure based on the Financial Instruments and Exchange Act does not apply to this Financial Report, and the audit 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 matters related to financial forecast mentioned above, please refer to page 2 of the appendix materials "1. Business Results (1) Analysis of Consolidated Business Results".

2. Earnings announcement is planned to be held on May 16, 2014 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.

Contents of the Appendix Materials

1. Business Results

(1) Analysis of Consolidated Business Results

1) Summary of earnings for the fiscal year ended March 31, 2014

During the fiscal year ended March 31, 2014, the Japanese economy showed modest recovery primarily driven by improvement of corporate earnings in a wide range of sectors and by private consumption. Although the economy may be negatively affected by a downturn in demand following the consumption tax hike, increases in household income and investment are expected to support ongoing economic recovery. Nevertheless, 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 previous year supported by economic recovery and increased flights in conjunction with the airport's expansion of landing slots by 20,000 annually since March 2013. Passenger volume on international flights as a whole rose year-on-year, because visa requirements for Southeast Asian tourists were eased and the weaker Yen has made it easier to travel to Japan. This helped the annual number of foreign visitors to Japan in 2013 surpass 10 million for the first time. To accommodate further increase, landing slots for international flights at Haneda Airport were increased from 60,000 to 90,000 annually from the end of March 2014.

The airline industry still needs to further strengthen its competitiveness for a number of reasons in order to accommodate changes in the 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 marked the 60th anniversary of its founding and formulated a new medium-term business plan (FY 2013 through FY 2015). We have worked on strategic priorities under the medium-term business plan that 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.

To respond to the internationalization of Haneda Airport, in line with the increased international flights after March 2014 as well as the expansion of the international passenger terminal at Haneda, a transfer facility between the domestic and international terminals was constructed at the airport's domestic passenger terminal. This contributed to enhancing customer convenience, comfort, and functionality. We are also trying to improve the profitability of our group businesses by expanding the operations of new duty-free shops and of facility maintenance and management in the expanded space in Haneda's international passenger terminal.

As a step toward enhancing the future of the airport's operation at Haneda, we introduced a new structure involving passenger service facility charges for public areas. While these charges were previously paid by the airlines, they will be paid by airport users as of April 2014. This change is intended to create greater transparency with respect to the cost and benefit relationship involving the use of the airport facility.

With a view toward higher profitability, we strengthened marketing efforts targeting customer needs. At shops in the international terminal, our efforts to respond to increasing inbound international travelers' widespread willingness to take advantage of the weaker Yen resulted in an improvement in unit purchase prices.

Moreover, in April 2013 we opened Flight Deck Tokyo, an indoor observation floor where users can view aircrafts and Tokyo Bay, regardless of weather conditions, on the fifth story of Terminal 2. In doing so, our aim was to improve convenience and comfort at the domestic passenger terminal.

In recognition of these efforts, in March 2014 Haneda was ranked first for the second consecutive year in the categories of "World's Best Domestic Airport" and "Best Airport Terminal Cleanliness" in the International Airport Award administered by UK-based Skytrax.

As a result, consolidated operating revenues for the current fiscal year totaled ¥147,116 million (up 8.1% from the previous fiscal year), with operating income of ¥6,194 million (up 48.2%), ordinary income of ¥5,723 million (up 56.1%), and net income of ¥2,979 million (up 83.4%).

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

[Facilities Management]

Rent revenue rose slightly from that of the previous year, primarily because of increased office space rented by airlines in the domestic passenger terminal building at Haneda Airport and an increase in percentage rent revenue.

Revenue from facility user charges surpassed the figure for 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 revenue at airport lounges and parking revenue following a recovery in passenger volume.

As a result, operating revenues from the facilities management segment increased to ¥46,228 million (up 3.3% from the previous year) and operating income for the segment rose to ¥3,656 million (up 9.0 %).

[Merchandise Sales]

Sales at domestic terminal stores rose year-on-year due to an increasingly higher recognition among passengers of new directly-managed stores in the departure gate lounge in domestic Terminal 1. Sales promotion and expansion of private-branded merchandise also fueled this increase.

Sales at international terminal stores significantly surpassed the figure for the previous year. The increase can be attributed to favorable sales results of brand products, supported by the weaker Yen and a rise in the volume of travelers who visited Japan from overseas, which rebounded from FY 2012 when the figures were negatively impacted by the dispute over the Senkaku Islands.

Other revenues also rose year-on-year due to an increase in the wholesaling of products to stores at Haneda Airport's international passenger terminal building and to 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 segment increased to ¥88,150 million (up 11.3% from the previous year). Operating income for the segment grew to ¥6,515 million (up 40.7%) due to various cost reductions in procurement as well as efforts to reduce the cost of goods by expanding the line-up of private-branded merchandise.

[Food and Beverage]

Sales from the food and beverage segment increased from the previous year. The increase was attributable to a growth 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 slightly declined because some international carriers decreased their passenger volume and reduced the frequency of some of their flights.

Other revenues decreased primarily because of the closing of a store due to construction at the international passenger terminal.

As a result, operating revenues from the food and beverage segment totaled ¥17,584 million (up 4.2% from the previous year). Operating income for the segment rose to ¥147 million (up 38.5%) due to cost reductions in labor costs and purchases.

2) Forecast for the fiscal year ending March 31, 2015

Over the next fiscal year, the Japanese economy is expected to continue its recovery trajectory as exports grow, the stimulus package starts to help sustain the economy, and household income and investment improve. Nevertheless, the prospect of an economic downturn overseas still poses a risk that could weaken the economy. In addition, the economy is likely to be negatively affected by downturn in demand after the consumption tax hike.

In the airline industry, passenger volume is forecast to grow year-on-year primarily because of the landing slots for international flights at Haneda were increased from 60,000 to 90,000 annually from the end of March 2014. Nevertheless, the airline industry needs to further strengthen its competitiveness and adapt to changes that are taking place, including industry liberalization, intensifying competition triggered by the expansion LCCs, and the ongoing review concerning airport management, as evidenced by the enforcement of the law for "The operation of state-run airports, etc. by utilizing the management capabilities of the private sector".

Under these conditions, our present expectations for earnings by segment are described below.

Facilities management operations are expected to generate higher revenue than in the previous year mainly because passenger volume growth is forecast to bring in greater revenue from facility user charges.

Merchandise sales operations are forecast to rise year-on-year because of the growth in passenger volume due to increased landing slots for international flights at Haneda.

Food and beverage operations are expected to grow compared to the previous year reflecting the expansion of stores at Haneda Airport's international terminal despite the negative effect caused by the closure of a store.

Therefore, for consolidated performance in the fiscal year ending March 31, 2015, we forecast operating revenue of ¥157,600 million (up 7.1% year-on-year), operating income of ¥8,300 million (up 34.0%), ordinary income of ¥7,600 million (up 32.8%), and net income of ¥4,200 million (up 41.0%).

(2) Analysis of Consolidated Financial Position

1) Assets, liabilities and net assets

[Assets]

Current assets decreased by ¥495 million from the previous fiscal year end to ¥32,088 million, primarily due to a decrease in cash and deposits of ¥991 million. Fixed assets decreased by ¥576 million from the previous fiscal year end to ¥153,270 million, primarily due to a decline in tangible fixed assets of ¥6,579 million resulting from the progress of depreciation, despite an increase in investment securities of ¥5,577 million.

As a result, total assets decreased by ¥1,072 million from the previous fiscal year end to ¥185,358 million.

[Liabilities]

Current liabilities increased by ¥1,403 million from the previous fiscal year end to ¥31,472 million, primarily because of an increase in accounts payable of ¥674 million and in income taxes payable of ¥179 million. Fixed liabilities decreased by ¥3,709 million from the previous fiscal year end to ¥52,019 million, primarily because long-term loans payable decreased by ¥4,972 million.

As a result, total liabilities decreased by ¥2,305 million from the previous fiscal year end to ¥83,492 million.

[Net assets]

Total net assets increased by ¥1,233 million to ¥101,866 million primarily because retained earnings increased by ¥1,964 million, despite a decrease in total accumulated other comprehensive income of ¥676 million due mainly to remeasurements of defined benefit plans recorded under new accounting standard for retirement benefits.

As a result, the equity ratio was 54.1% (compared to 53.1% at the previous fiscal year end).

2) Cash flows

Cash and cash equivalents (hereinafter referred to as “cash”) at the current fiscal year end decreased by ¥1,017 million compared to the previous fiscal year end, to ¥15,133 million.

The following is a summary of cash flows and the factors behind these flows for the current fiscal year.

[Cash flows from operating activities]

Net cash provided by operating activities decreased by ¥491 million (down 3.1%) from the previous fiscal year, to ¥15,204 million.

This was primarily due to an increase in income and other taxes paid, despite an increase in income before income taxes and minority interests.

[Cash flows from investing activities]

Net cash used in investing activities decreased by ¥5,728 million (down 37.2%) from the previous fiscal year, to ¥9,660 million.

This was largely due to a decrease in the purchase of tangible fixed assets.

[Cash flows from financing activities]

Net cash used in financing activities increased by ¥1,590 million (up 31.9%) from the previous fiscal year, to ¥6,574 million.

This was mainly due to an increase in the repayment of long-term loans, despite new long-term borrowings.

Cash flow indicators

	FY2009	FY2010	FY2011	FY2012	FY2013
Equity ratio (%)	54.4	50.6	51.7	53.1	54.1
Equity ratio based on market value (%)	56.0	42.1	46.8	54.7	117.5
Debt to cash flow ratio (years)	4.1	5.7	4.3	3.8	3.5
Interest coverage ratio (times)	16.7	11.8	13.9	17.3	15.2

Equity ratio: equity capital / total assets

Equity ratio based on market value: market capitalization / total assets

Debt to cash flow ratio: interest-bearing debt / operating cash flow

Interest coverage ratio: operating cash flow / interest payment

(Notes)

1. All indicators are calculated using financial figures on a consolidated basis.
2. Market capitalization is calculated by multiplying the final stock price at term end by the number of shares outstanding at term end (after deduction of treasury stock).
3. "Operating cash flow" uses cash flow from operating activities shown in consolidated statements of cash flows. "Interest-bearing debt" refers to all debt posted in consolidated balance sheets for which interest is paid. "Interest payment" refers to the interest paid on consolidated statements of cash flows.

(3) Basic Policy Regarding Distribution of Earnings and Dividends for the Year Ended March 31, 2014 and the Year Ending March 31, 2015

JAT considers distributing profits to shareholders an important issue. We have a basic policy of continuing to pay stable dividends by taking a more aggressive stance toward business and striving to improve earnings, while at the same time securing sufficient retained earnings in light of the possibility of large scale investments, such as the maintenance of the domestic terminal buildings at Haneda Airport.

In light of above-mentioned dividend policy and business results, dividends for the current fiscal year will come to ¥13 per share (of which ¥6 per share has already been paid as an interim dividend).

Regarding dividends for the next fiscal year, the JAT Group expects to pay an annual dividend of ¥13 per share (of which ¥6.5 per share will be paid as an interim dividend), though the dividend policy will be flexibly examined taking into account various prevailing factors, such as business conditions and results.

(4) Business and Other Risks

Matters that could significantly impact judgment by investors are discussed below.

Among these, those involving future considerations have been identified based on judgments made by the JAT Group as of the end of the fiscal year ended March 31, 2014.

1) The JAT Group's business base

As a company that constructs, manages, and operates Haneda Airport's domestic passenger terminal buildings and other facilities, the JAT Group's core businesses consist of the leasing of office and other spaces, sales of merchandise, operation of food and beverage services, and the provision of travel-related services. We also conduct operational services and wholesale business at Haneda Airport's international passenger terminal building. In addition, we engage in activities like sales of merchandise and the provision of food and beverage services at Narita International Airport, Kansai International Airport, as well as other airports. The JAT Group leases to other parties commercial real estate it owns outside of airports, and we apply experience and expertise that we have accumulated over the years to develop promising new businesses, both inside and outside of airport facilities.

2) Business risks for the JAT Group

The JAT Group has identified the business risks described below. To minimize the business impact of these risks should they materialize, the JAT Group has diversified its revenue base both geographically (among Haneda, Narita International, and other airports) and operationally (among facilities management operations, merchandise sales operations, and food and beverage operations). Moreover, it has strengthened measures to address the possibility of operating expense increases in each of its businesses. Through these and other prudent steps, the JAT Group has endeavored to enhance its core business strengths and boost its overall capabilities.

(i) The JAT Group's core businesses consist of the leasing of offices and other spaces in airport passenger terminal buildings and the operation of merchandise sales, food and beverage services and travel-related services for air travelers. As such, it is highly reliant on the airline companies that are its primary lessees and the air travelers who are its primary customers. Fluctuations in international and domestic passenger volume resulting from international political or economic upheaval, natural disasters, and developments like the emergence of new strains of influenza, and the business results of airline companies, could significantly impact the JAT Group's business results and financial position.

(ii) The JAT Group manages its key business – operation of the domestic and international passenger terminal buildings at Haneda Airport – based on its designation as an Airport Facilities Operator pursuant to provisions of The Airport Act. Therefore, legal or organizational changes concerning terminal building operations and changes in airport management policy by the national government (which oversees airport management) or regulatory authorities, could significantly impact the JAT Group's business results and financial position.

(iii) Aimed at fueling the growth of the air transport industry and revitalizing the Japanese economy, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) has developed a growth strategy that consists of three cornerstones: air transport liberalization, promotion of the entry of new carriers (such as LCCs) into the market, and reforms in airport management. Progress has been made toward the reform in 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". Therefore, the guidelines to be set forth by the national government and regulatory authorities have the potential to significantly impact the JAT Group's future business results and financial position

(iv) The JAT Group has constructed and owns two domestic passenger terminal buildings and multilevel parking facilities at Haneda Airport. Within these two buildings, it leases offices as well as other spaces, and operates merchandise sales, food and beverage services, and travel-related services. The JAT Group has endeavored to take all reasonable measures to prevent or respond to disasters, criminal activity, and accidents, to promote the safe and comfortable operation of its terminal buildings. However, despite its best efforts, earthquakes, fires, acts of terror, or other such events resulting in injuries, deaths, or property damage at the airport or terminal buildings could significantly impact the JAT Group's business results and financial position.

(v) The JAT Group operates airport food and beverage services, sells processed and other food products in airport retail stores, and engages in the production and sale of in-flight meals. In pursuing these activities, it pays strict attention to food safety. Damage to the JAT Group's reputation, administrative dispositions, and other such consequences of food poisoning, the inclusion of foreign objects in products, or other quality assurance issues at a dining facility or retail store, for example, could significantly impact the JAT Group's business results and financial position.

(vi) The JAT Group, in order to efficiently and stably secure financing, has entered into syndicated loan agreements with financial institutions. These agreements include financial and other covenants. The violation of these covenants – for example, by a significant lowering of JAT's credit rating following a change in tax regulations or the Group's business environment – could result in the forfeiture of the benefit of time and significantly impact the JAT Group's cash flow, business results, and financial position.

2. Outline of the Business Group

The JAT Group (JAT and its group companies) consists of JAT (Japan Airport Terminal Co., Ltd.), 16 subsidiaries, and 10 affiliated companies. In addition to its main business of facilities management operations, including the operation of domestic and international passenger terminals and the provision of services to domestic and international users of Haneda Airport, the JAT Group conducts merchandise sales operations and food and beverage operations. Furthermore, the JAT Group conducts operations, such as merchandise sales at Narita International Airport, Kansai International Airport, Central Japan International Airport, and Chengdu Shuangliu International Airport (Chengdu, Sichuan province, China).

The following is a description of the position of JAT and its subsidiaries and affiliates within the corporate group and the details of its operations.

Facilities management operations:

JAT and one of its affiliated companies operate domestic and international passenger terminal building facilities at Haneda Airport, including the leasing of the facilities to aviation-related companies (particularly airline companies) and the development and operation of these facilities.

In addition, Japan Airport Techno Co., Ltd., along with three other subsidiaries and six affiliated companies, performs maintenance, operation, security and cleaning of facilities related to airport terminals, passenger transportation, and ground handling operations. Furthermore, BIG WING Co., Ltd. and one other subsidiary provide services, such as advertising agency operations and passenger services, at airport terminals.

Merchandise sales operations:

JAT, International Trade Inc., along with five other subsidiaries and three affiliated companies, conduct merchandise sales operations. These companies carry out retail sales to parties such as airline passengers, particularly those at Haneda Airport (domestic and international), Narita International Airport, and Kansai International Airport. Moreover, they sell wholesale to entities such as companies operating airport terminals, particularly Central Japan International Airport.

In addition, a JAT subsidiary called Japan Airport Logitem Co., Ltd. conducts operations such as transporting merchandise and managing warehouses.

Furthermore, another JAT subsidiary called as Japan Airport Terminal Trading (Chengdu) Co., Ltd. conducts merchandise sales operations at Chengdu Shuangliu International Airport (Chengdu, Sichuan Province, China).

Food and beverage operations:

JAT, Tokyo Airport Restaurant Co., Ltd., one other subsidiary, and an affiliated company provide food and beverage services to various parties, such as users of Haneda Airport (domestic and international) and Narita International Airport.

Cosmo Enterprise Co., Ltd., one other subsidiary, and one affiliated company produce and sell in-flight meals and frozen foods to airline companies mainly flying international routes through Haneda Airport and Narita International Airport. Another JAT subsidiary, Japan Airport Terminal Trading (Chengdu) Co., Ltd. conducts food and beverage services in China (Chengdu, Sichuan Province).

The following diagram shows the operations discussed above.

<table>
<tr><td colspan="4">Customers</td></tr>
<tr><td colspan="4">↑</td></tr>
<tr><td colspan="4">Japan Airport Terminal Co., Ltd.</td></tr>
<tr><td></td><td>Facilities management operations</td><td>Merchandise sales operations</td><td>Food and beverage operations</td></tr>
<tr><td rowspan="3">Subsidiary</td><td>Haneda Airport Security Co., Ltd. *1
Haneda Passenger Service Co., Ltd. *1
Japan Airport Ground Handling Co., Ltd. *1
Sakura Co., Ltd. *1</td><td>International Trade Inc. *1
Japan Airport Logitem Co., Ltd. *1
Haneda Airport Enterprise Co., Ltd. *1
Hamashin Co., Ltd. *1
Tsukizi Hamashin Co., Ltd. *2</td><td rowspan="2">Tokyo Airport Restaurant Co., Ltd. *1
Cosmo Enterprise Co., Ltd. *1
CTT Co., Ltd. *1
Kaikan Development Co., Ltd. *1</td></tr>
<tr><td colspan="2">BIG WING Co., Ltd. *1
Japan Airport Techno Co., Ltd. *1</td></tr>
<tr><td></td><td colspan="2">Japan Airport Terminal Trading (Chengdu) Co., Ltd. *1</td></tr>
<tr><td rowspan="2">Affiliated company</td><td>Airport Transport Service Co., Ltd. *3
Narita Airport Techno Corporation *3
Tokyo City Air Terminal Co., Ltd. *4
Seikousha Inc. *4
Kanto Kowa Co., Ltd. *4
SK Clean Service Co., Ltd. *4</td><td>Japan Trade Culture Inc. *4
Gran' Bird Co., Ltd. *4</td><td>Japan Airport Delica Inc. *3</td></tr>
<tr><td colspan="3">Tokyo International Air Terminal Corporation *3</td></tr>
</table>

*1. Consolidated subsidiary: 15 companies
*2. Non-consolidated subsidiary that is not accounted for using the equity method: one company
*3. Affiliated company that is accounted for using the equity method: 4 companies
*4. Affiliated company that is not accounted for using the equity method: 6 companies

3. Management Policy

(1) Basic Management Policy

The JAT Group has a basic management philosophy to achieve harmony between society and business as a corporate group that constructs and manages domestic passenger terminals and other facilities at Haneda Airport, the base of the domestic air transportation network.

Under this basic philosophy, the JAT Group is committed to fulfill its social responsibilities by ensuring safety at terminals and operating customer-oriented terminals in a stable and efficient manner.

In order to continue to enhance corporate value, the JAT Group strives to improve the convenience, comfort, and functionality of terminals through the implementation and management of strategically important investments and by responding appropriately to increasingly sophisticated and diversified customer needs. As a basic management policy, we work to create value for stakeholders, including airline companies, airport users, business partners, and shareholders.

JAT has been designated as an Airport Facilities Operator under *The Airport Act*. To fulfill its responsibilities, JAT will take comprehensive measures to fully realize its basic management philosophy.

(2) Key Performance Indicator

In order to maximize the return on capital and thoroughly adopt management policies aimed at increasing shareholder value, the JAT Group newly formulated a medium-term business plan. Under this plan, we will takes necessary measures in facility development, revenue expansion, efficiency promotion, and other measures to secure appropriate levels of earnings. Moreover, we aim to improve the Group’s performance measured in terms of return on assets (ROA) and return on equity (ROE), which we consider key performance indicators. Furthermore, we will continue with efforts to maintain financial soundness by keeping our equity ratio above 50% through prudent management of borrowings and other liabilities.

(3) Mid- and Long-Term Business Plan and Issues which the Company Needs to Address

The JAT Group celebrated the 60th anniversary of its founding and developed a new medium-term business plan (FY 2013 through FY 2015). Under the medium-term business plan, we have worked on strategic priorities including 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.

In the airline industry, efforts have been made to transform Haneda Airport into an international air hub based on the Ministry of Land, Infrastructure, Transport and Tourism’s Growth Strategy. Landing slots for international flights at Haneda were increased from 60,000 to 90,000 annually from the end of March 2014. Furthermore, an expansion of the international passenger building is planned, including the opening of a new hotel.

Meanwhile, environments surrounding the JAT Group are undergoing dramatic changes, including industry liberalization, intensifying competition triggered by the expansion of 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”. With Tokyo hosting the 2020 Olympics and Paralympics Games and the central government pushing for its policy toward a tourism-oriented country, it is essential to upgrade functions of airport infrastructure around the Tokyo metropolitan area.

Under these circumstances, in conjunction with the increased international flights after March 2014, a transfer facility between the domestic and international terminals was built at Haneda’s domestic passenger terminal, in order to enhance customer convenience, comfort, and functionality. To further improve Haneda’s hub function, we will proceed with efforts including those to make more multi-language options for the facility and services available to better serve an increasing number of international visitors. Moreover, to take advantage of the significant business opportunities that Haneda Airport’s internationalization will bring, we will enhance the profitability by expanding operations of new duty-free shops, facility maintenance and management, as well as the operation of a new hotel at international passenger terminal. Based on these business expansions, we will continue to invest in capital expenditure and to develop a new rent structure for domestic terminals that reflects the current situation with a view toward ensuring the future success of the airport’s operation. Furthermore, we will also try to utilize our know-how to develop new businesses outside of Haneda Airport, including the possibility of participating in new businesses at overseas airports, which would facilitate the evolution of Haneda Airport’s operation. We aim to enhance the corporate value of the JAT Group by achieving greater efficiencies in existing business, to strengthen our organizational capabilities, and to proceed steadily with corporate-wide efforts to implement concrete strategies under the medium-term business plan in response to changing environments.

We are proud that, for the second consecutive year, Haneda Airport was evaluated as #1 in the recent Skytrax ranking of the "World's Best Domestic Airport" and "Best Airport Terminal Cleanliness" categories, and we sincerely hope to continue to live up to this assessment. We will continue to put our customers first and ensure that our facility and services offer convenience, comfort, and functionality to airport users, with a view toward creating customer trust and loyalty.

The JAT Group is committed to carrying out its responsibilities as an Airport Facilities Operator, which constructs, operates, and manages domestic terminals at Haneda Airport, in compliance with *The Airport Act*. To fulfill this mission, while respecting our core management philosophy of establishing harmony between society and business, the entire Group is working in earnest to improve the convenience, comfort, and functionality of its passenger terminal buildings by monitoring and taking into consideration various issues, such as the condition of the Japanese economy as well as airline industry trends. We will continue to embrace a "customer-centric" philosophy, ensure safety, and steadily move ahead with measures to continuously create value at Haneda Airport and contribute to the advancement of air transportation. Through these efforts, we proudly strive to enhance the corporate value of the entire JAT Group.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2012 (As of March 31, 2013)	FY2013 (As of March 31, 2014)
ASSETS		
Current assets		
Cash and deposits	16,167	15,175
Accounts receivable	9,528	9,558
Merchandise and finished products	4,158	4,369
Raw materials and stored goods	134	108
Deferred tax assets	1,068	1,003
Other current assets	1,539	1,885
Allowance for doubtful accounts	(12)	(12)
Total current assets	32,584	32,088
Fixed assets		
Tangible fixed assets		
Buildings and structures	265,219	272,769
Accumulated depreciation and impairment loss	(165,240)	(174,638)
Buildings and structures (net)	99,978	98,131
Machinery, equipment and vehicles	10,231	10,136
Accumulated depreciation and impairment loss	(8,237)	(8,417)
Machinery, equipment and vehicles (net)	1,994	1,719
Land	10,476	10,466
Lease assets	2,552	2,930
Accumulated depreciation and impairment loss	(1,018)	(1,502)
Lease assets (net)	1,534	1,428
Construction in progress	4,436	3
Other tangible fixed assets	24,479	25,906
Accumulated depreciation and impairment loss	(20,137)	(21,472)
Other tangible fixed assets (net)	4,341	4,433
Total tangible fixed assets	122,761	116,182
Intangible fixed assets	2,214	1,949
Investments and other assets		
Investment securities	13,102	18,680
Long-term loans receivable	6,668	6,664
Deferred tax assets	6,673	7,595
Other investments	2,425	2,197
Total investments and other assets	28,870	35,137
Total fixed assets	153,846	153,270
TOTAL ASSETS	186,431	185,358

(Millions of yen)

	FY2012 (As of March 31, 2013)	FY2013 (As of March 31, 2014)
LIABILITIES		
Current liabilities		
Accounts payable	5,062	5,737
Short-term loans payable	12,104	12,272
Income taxes payable	1,831	2,010
Allowance for employees' bonuses	896	1,052
Allowance for directors' bonuses	152	170
Other current liabilities	10,022	10,229
Total current liabilities	30,069	31,472
Fixed liabilities		
Long-term loans payable	44,702	39,730
Lease obligations	1,572	1,216
Allowance for employees' retirement benefits	4,770	—
Net defined benefit liabilities	—	6,786
Asset retirement obligations	443	449
Other fixed liabilities	4,240	3,836
Total fixed liabilities	55,728	52,019
TOTAL LIABILITIES	85,798	83,492
NET ASSETS		
Shareholders' equity		
Common stock	17,489	17,489
Capital surplus	21,309	21,309
Retained earnings	64,874	66,839
Treasury stock	(3,239)	(3,240)
Total shareholders' equity	100,434	102,397
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,670	2,099
Deferred gains or losses on hedges	(3,073)	(2,626)
Foreign currency translation adjustment	20	51
Remeasurements of defined benefit plans	—	(1,583)
Total accumulated other comprehensive income	(1,382)	(2,058)
Minority interests	1,581	1,527
TOTAL NET ASSETS	100,633	101,866
TOTAL LIABILITIES AND NET ASSETS	186,431	185,358

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

(Millions of yen)

	FY2012 (from April 1, 2012 to March 31, 2013)	FY2013 (from April 1, 2013 to March 31, 2014)
Operating revenues		
Rent revenue	13,274	13,355
Facility user charges revenue	15,764	16,487
Other revenues	14,554	15,038
Sale of merchandise	78,506	87,462
Sale of food and beverage	14,048	14,772
Total operating revenues	136,149	147,116
Cost of sales		
Cost of sales of merchandise	58,635	64,979
Cost of sales of food and beverage	8,698	9,110
Total cost of sales	67,333	74,090
Gross profit	68,815	73,026
Selling, general and administrative expenses		
Salaries and wages	8,034	8,021
Provision for employees' bonuses	845	989
Provision for directors' bonuses	152	170
Expenses for retirement benefits	907	971
Rent expenses	8,331	9,083
Outsourcing and commission	13,812	13,920
Depreciation expenses	12,865	12,680
Other costs and expenses	19,685	20,992
Total selling, general and administrative expenses	64,635	66,831
Operating income	4,179	6,194
Non-operating income		
Interest income	310	360
Dividends income	122	212
Amortization of negative goodwill	191	122
Miscellaneous income	1,009	620
Total non-operating income	1,635	1,315
Non-operating expenses		
Interest expenses	990	896
Equity in losses of affiliates	974	706
Miscellaneous expenses	184	184
Total non-operating expenses	2,148	1,786
Ordinary income	3,666	5,723

(Millions of yen)

	FY2012 (from April 1, 2012 to March 31, 2013)	FY2013 (from April 1, 2013 to March 31, 2014)
Extraordinary gains		
Gain on sales of investment securities	14	—
Gain on sales of fixed assets	—	90
Government subsidy	—	89
Total extraordinary gains	14	180
Extraordinary loss		
Loss on valuation of investment securities	32	—
Impairment loss	8	87
Loss on reduction entry of fixed assets	—	88
Loss on retirement of fixed assets	—	42
Other extraordinary loss	1	16
Total extraordinary loss	42	235
Income before income taxes and minority interests	3,638	5,668
Income taxes – current	2,126	2,905
Income taxes – deferred	(164)	(242)
Total income taxes	1,962	2,662
Income before minority interests	1,675	3,005
Minority interests income	51	25
Net income	1,624	2,979

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2012 (from April 1, 2012 to March 31, 2013)	FY2013 (from April 1, 2013 to March 31, 2014)
Income before minority interests	1,675	3,005
Other comprehensive income		
Valuation difference on available-for-sale securities	669	431
Foreign currency translation adjustment	21	31
Share of other comprehensive income of associates accounted for using equity method	(569)	446
Total other comprehensive income	121	909
Comprehensive income	1,797	3,914
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	1,743	3,886
Comprehensive income attributable to minority interests	53	27

(3) Consolidated Statements of Changes in Shareholders' Equity

FY2012 (from April 1, 2012 to March 31, 2013)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	17,489	21,309	63,818	(3,238)	99,379
Changes during current period					
Dividend from retained earnings			(568)		(568)
Net income			1,624		1,624
Purchase of treasury stock				(1)	(1)
Changes of items other than shareholders' equity during current period (net)					
Total changes during current period	－	－	1,056	(1)	1,054
Balance at the end of current period	17,489	21,309	64,874	(3,239)	100,434

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at the beginning of current period	1,003	(2,503)	(1)	－	(1,500)
Changes during current period					
Dividend from retained earnings					
Net income					
Purchase of treasury stock					
Changes of items other than shareholders' equity during current period (net)	666	(569)	21	－	118
Total changes during current period	666	(569)	21	－	118
Balance at the end of current period	1,670	(3,073)	20	－	(1,382)

	Minority interests	Total net assets
Balance at the beginning of current period	1,555	99,433
Changes during current period		
Dividend from retained earnings		(568)
Net income		1,624
Purchase of treasury stock		(1)
Changes of items other than shareholders' equity during current period (net)	25	144
Total changes during current period	25	1,199
Balance at the end of current period	1,581	100,633

FY2013 (from April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	17,489	21,309	64,874	(3,239)	100,434
Changes during current period					
Dividend from retained earnings			(1,015)		(1,015)
Net income			2,979		2,979
Purchase of treasury stock				(0)	(0)
Changes of items other than shareholders' equity during current period (net)					
Total changes during current period	－	－	1,964	(0)	1,963
Balance at the end of current period	17,489	21,309	66,839	(3,240)	102,397

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at the beginning of current period	1,670	(3,073)	20	－	(1,382)
Changes during current period					
Dividend from retained earnings					
Net income					
Purchase of treasury stock					
Changes of items other than shareholders' equity during current period (net)	428	446	31	(1,583)	(676)
Total changes during current period	428	446	31	(1,583)	(676)
Balance at the end of current period	2,099	(2,626)	51	(1,583)	(2,058)

	Minority interests	Total net assets
Balance at the beginning of current period	1,581	100,633
Changes during current period		
Dividend from retained earnings		(1,015)
Net income		2,979
Purchase of treasury stock		(0)
Changes of items other than shareholders' equity during current period (net)	(53)	(730)
Total changes during current period	(53)	1,233
Balance at the end of current period	1,527	101,866

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2012 (from April 1, 2012 to March 31, 2013)	FY2013 (from April 1, 2013 to March 31, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	3,638	5,668
Depreciation and amortization	12,939	12,747
Impairment loss	8	87
Amortization of negative goodwill	(191)	(122)
Increase (decrease) in allowance for employees' bonuses	95	155
Increase (decrease) in allowance for directors' bonuses	152	18
Increase (decrease) in allowance for employees' retirement benefits	(93)	(4,770)
Increase (decrease) in net defined benefit liabilities	—	4,679
Interest and dividends income	(433)	(572)
Interest expenses	990	896
Equity in losses (earnings) of affiliates	974	706
Loss (gain) on sales of investment securities	(14)	—
Loss (gain) on valuation of investment securities	32	—
Loss on retirement of tangible fixed assets	107	42
Loss (gain) on sales of fixed assets	(0)	(90)
Government subsidy	—	(89)
Loss on reduction entry of fixed assets	—	88
Decrease (increase) in accounts receivable – trade	3	(28)
Decrease (increase) in inventories	(846)	(178)
Decrease (increase) in other current assets	265	(138)
Increase (decrease) in accounts payable - trade	(138)	674
Increase (decrease) in other current liabilities	(370)	(1,122)
Increase (decrease) in other fixed liabilities	(223)	(306)
Others	(15)	119
Subtotal	16,880	18,463
Interest and dividends received	424	528
Interest paid	(909)	(1,000)
Income and other taxes paid	(700)	(2,787)
Net cash provided by (used in) operating activities	15,695	15,204
Cash flows from investing activities		
Payments into time deposits	(24)	(26)
Proceeds from withdrawal of time deposits	78	—
Purchase of investment securities	(6,938)	(5,329)
Proceeds from sales of investment securities	11	—
Purchase of tangible fixed assets	(7,478)	(4,074)
Proceeds from sales of tangible fixed assets	1	102
Purchase of intangible fixed assets	(597)	(338)
Payments for asset retirement obligations	(167)	—
Purchase of long-term prepaid expenses	(28)	(32)
Payments of long-term loans receivable	(1)	(2)
Proceeds from government subsidy	—	89
Other payments	(284)	(94)
Other proceeds	33	36
Others	6	7
Net cash provided by (used in) investing activities	(15,389)	(9,660)

(Millions of yen)

	FY2012 (from April 1, 2012 to March 31, 2013)	FY2013 (from April 1, 2013 to March 31, 2014)
Cash flows from financing activities		
Repayment of short-term loans payable	(120)	—
Proceeds from long-term loans payable	5,000	7,300
Repayment of long-term loans payable	(8,610)	(12,104)
Repayments of lease obligations	(655)	(725)
Dividends paid by parent company	(568)	(1,015)
Dividends paid to minority shareholders	(28)	(28)
Others	(1)	(0)
Net cash provided by (used in) financing activities	(4,983)	(6,574)
Effect of exchange rate change on cash and cash equivalents	12	12
Increase (decrease) in cash and cash equivalents	(4,664)	(1,017)
Cash and cash equivalents at the beginning of period	20,816	16,151
Cash and cash equivalents at the end of period	16,151	15,133

(5) Notes on the Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

There is nothing to report.

(Notes on Changes in Accounting Policies)

(Application of accounting standard for retirement benefits)

Effective from the end of FY 2013, the Company has applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012) (except for the provisions of the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits). Under the new standard, the Company has changed its accounting policy to one that recognizes the difference between retirement benefit obligations and plan assets as net defined benefit liabilities and has recorded unrecognized actuarial gains or losses and unrecognized past service costs under net defined benefit liabilities.

With the application of the Accounting Standard for Retirement Benefits, the Company has followed the transitional treatment set forth in Paragraph 37 of the Accounting Standard for Retirement Benefits. The effects arising from such changes have been added to or subtracted from remeasurements of defined benefit plans under accumulated other comprehensive income at the end of the current fiscal year.

As a result, at the end of FY2013, net defined benefit liabilities of ¥6,786 million was recorded, while accumulated other comprehensive income decreased by ¥1,583 million and minority interests decreased by ¥53 million. Net assets per share decreased by ¥20.15.

(Notes on Changes in Presentation)

(Consolidated Statements of Income)

"Contributions in aid of construction", which was recorded as separate item in the previous fiscal year, is now included in "Miscellaneous income" under "Non-operating income" in the current fiscal year because "Contributions in aid of construction" now accounts for 10% or less than total of non-operating income. To reflect this change in presentation, the consolidated financial statements of the previous fiscal year have been reclassified.

As a result, ¥255 million recorded as "Contributions in aid of construction" under "Non-operating income" in the consolidated statements of income of the previous fiscal year has been reclassified as "Miscellaneous income".

"Loss on valuation of other investments", which was recorded as separate item in the previous fiscal year, is now included in "Other extraordinary loss" under "Extraordinary loss" in the current fiscal year because "Loss on valuation of other investments" now accounts for 10% or less than total of extraordinary loss. To reflect this change in presentation, the consolidated financial statements of the previous fiscal year have been reclassified.

As a result, ¥1 million recorded as "Loss on valuation of other investments" under "Extraordinary loss" in the consolidated statements of income of the previous fiscal year has been reclassified as "Others extraordinary loss".

(Notes on Consolidated Balance Sheets)

1. Assets pledged as collateral and corresponding liabilities with collateral

The following are assets pledged as collateral.

(Millions of yen)

	FY2012 (As of March 31, 2013)	FY2013 (As of March 31, 2014)
Buildings and structures	80,914	80,798
Land	53	53
Total	80,968	80,852

The followings are liabilities for which assets are pledged as collateral.

(Millions of yen)

	FY2012 (As of March 31, 2013)	FY2013 (As of March 31, 2014)
Short-term loans payable	9,496	9,664
Long-term loans payable	35,794	26,130
Total	45,290	35,794

2. The following items are related to non-consolidated subsidiaries and affiliated companies.

(Millions of yen)

	FY2012 (As of March 31, 2013)	FY2013 (As of March 31, 2014)
Investment securities (shares)	3,288	2,882
Investment securities (corporate bonds)	1,332	6,660

3. Liabilities guaranteed

The Company provides a guarantee to the following group company for its borrowing from financial institutions.

(Millions of yen)

FY2012 (As of March 31, 2013)		FY2013 (As of March 31, 2014)	
Japan Airport Delica Inc. (borrowing)	548	Japan Airport Delica Inc. (borrowing)	548

4. Amount of reduction entry

Due to receipt of government subsidy, etc. for the acquisition of assets, reduction entry of the following amount was deducted from the acquisition costs of tangible fixed assets.

(Millions of yen)

	FY2012 (As of March 31, 2013)	FY2013 (As of March 31, 2014)
Buildings and structures	-	88

(Notes on Consolidated Statements of Income)

1. Impairment loss

The JAT Group recognized impairment loss on the assets as follows:

FY2012 (from April 1, 2012 to March 31, 2013)

Location	Use	Type	Impairment loss
Ota-ku, Tokyo	Store (Food and beverage)	Machinery, equipment and vehicles	8 million yen

The JAT Group classifies assets into groups primarily according to business locations.

By examining impairment for fixed assets based on the groupings, the business assets owned by a consolidated subsidiary whose profitability declined were identified. Based on the judgment that the carrying amount is unrecoverable, total carrying amount of the assets was recognized as impairment loss, which consists of ¥8 million for machinery, equipment and vehicles.

FY2013 (from April 1, 2013 to March 31, 2014)

Location	Use	Type	Impairment loss
Shibuya-ku, Tokyo	Store (Merchandise sales)	Buildings and structures, and others	26 million yen
Sichuan Province, China	Store (Food and beverage, and merchandise sales)	Buildings and structures, and others	61 million yen

The JAT Group classifies assets into groups primarily according to business locations.

By examining impairment for fixed assets based on the groupings, the business assets owned by the Company and a consolidated subsidiary whose profitability declined were identified. The carrying amount of those assets was reduced to the recoverable value and the reduced amount was recognized as impairment loss. The loss consists of ¥62 million for buildings and structures, and ¥24 million for others.

2. Gain on sales of fixed assets

(Millions of yen)

	FY2012 (from April 1, 2012 to March 31, 2013)	FY2013 (from April 1, 2013 to March 31, 2014)
Land	—	90

3. Loss on retirement of fixed assets

(Millions of yen)

	FY2012 (from April 1, 2012 to March 31, 2013)	FY2013 (from April 1, 2013 to March 31, 2014)
Buildings and structures	—	30
Machinery, equipment and vehicles	—	9
Others	—	2
Total	—	42

(Notes on Consolidated Statements of Comprehensive Income)

1. Amount of reclassification adjustment involved in other comprehensive income

(Millions of yen)

	FY2012 (from April 1, 2012 to March 31, 2013)	FY2013 (from April 1, 2013 to March 31, 2014)
Valuation difference on available-for-sale securities		
Amount arising during the fiscal year	978	654
Reclassification adjustment	15	-
Total	994	654
Foreign currency translation adjustment		
Amount arising during the fiscal year	21	31
Reclassification adjustment	-	-
Total	21	31
Share of other comprehensive income of associates accounted for using equity method		
Amount arising during the fiscal year	(569)	446
Reclassification adjustment	-	-
Total	(569)	446
Pre-adjustment of tax effect	446	1,132
Tax effect amount	(325)	(223)
Total other comprehensive income	121	909

2. Amount of tax effect involved in other comprehensive income

(Millions of yen)

	FY2012 (from April 1, 2012 to March 31, 2013)	FY2013 (from April 1, 2013 to March 31, 2014)
Valuation difference on available-for-sale securities		
Pre-adjustment of tax effect	944	654
Tax effect amount	(325)	(223)
Net-of-tax	669	431
Foreign currency translation adjustment		
Pre-adjustment of tax effect	21	31
Tax effect amount	-	-
Net-of-tax	21	31
Share of other comprehensive income of associates accounted for using equity method		
Pre-adjustment of tax effect	(569)	446
Tax effect amount	-	-
Net-of-tax	(569)	446
Total other comprehensive income		
Pre-adjustment of tax effect	446	1,132
Tax effect amount	(325)	(223)
Net-of-tax	121	909

(Notes on Consolidated Statements of Changes in Shareholders' Equity)

FY2012 (from April 1, 2012 to March 31, 2013)

1. Type and total number of shares outstanding, and type and number of treasury stock

	Number of shares at the beginning of the fiscal year	Increase in the number of shares during the fiscal year	Decrease in the number of shares during the fiscal year	Number of shares at the fiscal year end
Shares outstanding				
Common stock	84,476,500	—	—	84,476,500
Total	84,476,500	—	—	84,476,500
Treasury stock				
Common stock(Note)	3,244,814	1,353	—	3,246,167
Total	3,244,814	1,353	—	3,246,167

Note: 1,353 shares of increase in common treasury stock resulted from the purchase of odd lot shares.

2. Dividends

(1) Amount of dividends paid

Resolution	Type of stock	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
June 28, 2012 Ordinary General Meeting of Shareholders	Common stock	284	3.5	March 31, 2012	June 29, 2012
November 7, 2012 Board of Directors Meeting	Common stock	284	3.5	September 30, 2012	December 10, 2012

(2) Dividends for which the record date came during FY2012, but for which the effective date will come after said period

Resolution	Type of stock	Total dividends to be paid (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
June 27, 2013 Ordinary General Meeting of Shareholders	Common stock	527	Retained earnings	6.5	March 31, 2013	June 28, 2013

FY2013 (from April 1, 2013 to March 31, 2014)

1. Type and total number of shares outstanding, and type and number of treasury stock

	Number of shares at the beginning of the fiscal year	Increase in the number of shares during the fiscal year	Decrease in the number of shares during the fiscal year	Number of shares at the fiscal year end
Shares outstanding				
Common stock	84,476,500	—	—	84,476,500
Total	84,476,500	—	—	84,476,500
Treasury stock				
Common stock(Note)	3,246,167	515	—	3,246,682
Total	3,246,167	515	—	3,246,682

Note: 515 shares of increase in common treasury stock resulted from the purchase of odd lot shares.

2. Dividends

(1) Amount of dividends paid

Resolution	Type of stock	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
June 27, 2013 Ordinary General Meeting of Shareholders	Common stock	527	6.5	March 31, 2013	June 28, 2013
November 6, 2013 Board of Directors Meeting	Common stock	487	6.0	September 30, 2013	December 9, 2013

(2) Dividends for which the record date came during FY2013, but for which the effective date will come after said period

The following resolution is planned to be made.

Resolution	Type of stock	Total dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
June 27, 2014 Ordinary General Meeting of Shareholders	Common stock	568	Retained earnings	7.0	March 31, 2014	June 30, 2014

(Notes on Consolidated Statements of Cash Flows)

Relationship between the closing balance of cash and cash equivalents and the value of items listed on the consolidated balance sheets

(Millions of yen)

	FY2012 (from April 1, 2012 to March 31, 2013)	FY2013 (from April 1, 2013 to March 31, 2014)
Cash and deposits	16,167	15,175
Time deposits with a maturity greater than 3 months	(16)	(42)
Cash and cash equivalents	16,151	15,133

(Segment Information)

1. Overview of reportable segments

The reportable segments of the Group are units for which separate financial information is available and whose operating results are regularly reviewed by the Board of Directors in order to decide how to allocate management resources and evaluate their performances.

The Company is primarily engaged in the management of passenger terminal buildings and the provision of services to users at Haneda Airport. Business divisions at the Company's headquarters develop comprehensive business strategies and pursue business activities.

The Company is, therefore, composed of business segments with different services based on the business divisions. Its three reportable segments are the facilities management operations, merchandise sales operations, and food and beverage operations.

The segment of facilities management operations leases, maintains and repairs, and operates passenger terminal facilities at Haneda Airport. It also provides services for passengers. The segment of merchandise sales operations is engaged in retail sales of products to passengers and others, wholesales of products to companies operating airport terminals and others, and other activities incidental to these two sales operations. The segment of food and beverage operations provides food and beverage services to parties including users of Haneda Airport and Narita International Airport. It is also engaged in the production and sales of in-flight meals and other incidental activities.

2. Method of calculations of sales, income (loss), assets, liabilities, and other items by reportable segments

Accounting methods for reportable business segments are, in general, the same as those described in "Basic Important Conditions to Prepare the Consolidated Financial Statements."

Segment income (loss) is based on operating income (loss).

Intersegment sales and transfers are based on prevailing market price.

3. Sales, income (loss), assets, liabilities, and other items by reportable segments

FY2012 (from April 1, 2012 to March 31, 2013)

(Millions of yen)

	Reportable segments				Adjustments	Consolidated financial statements
	Facilities Management	Merchandise Sales	Food and Beverage	Total		
Operating revenues						
Sales to external customers	42,731	78,586	14,830	136,149	-	136,149
Intersegment sales and transfers	2,038	614	2,039	4,692	(4,692)	-
Total	44,770	79,201	16,870	140,841	(4,692)	136,149
Segment income (loss)	3,353	4,630	106	8,090	(3,910)	4,179
Segment assets	117,406	23,322	13,265	153,994	32,436	186,431
Other items						
Depreciation and amortization	10,709	1,175	552	12,437	501	12,939
Increase in tangible fixed assets and intangible fixed assets	6,599	961	134	7,695	50	7,745

FY2013 (from April 1, 2013 to March 31, 2014)

(Millions of yen)

	Reportable segments				Adjustments	Consolidated financial statements
	Facilities Management	Merchandise Sales	Food and Beverage	Total		
Operating revenues						
Sales to external customers	44,115	87,505	15,496	147,116	-	147,116
Intersegment sales and transfers	2,112	645	2,088	4,846	(4,846)	-
Total	46,228	88,150	17,584	151,963	(4,846)	147,116
Segment income (loss)	3,656	6,515	147	10,318	(4,124)	6,194
Segment assets	112,872	23,633	13,450	149,956	35,402	185,358
Other items						
Depreciation and amortization	10,703	1,108	486	12,297	450	12,747
Increase in tangible fixed assets and intangible fixed assets	5,447	314	208	5,970	241	6,212