Financial Report for the First Quarter of the Fiscal Year Ending March 31, 2017 (FY2016) [J-GAAP] (Consolidated)

August 10, 2016

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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:	Nobuaki Yokota, President	
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Scheduled date of filing securities report: August 12, 2016
Scheduled date of commencing dividend payment: —
Supplementary materials on financial results (yes/no) No
Holding of quarterly earnings announcement (yes/no) No

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

1. Consolidated Financial Results for the First Three Months of FY2016 (April 1, 2016 to June 30, 2016)

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

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent	
First Three Months of	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2016	48,896	1.0	1,724	(40.7)	2,694	(24.0)	1,816	(25.3)
FY2015	48,433	24.1	2,909	21.8	3,543	21.4	2,430	30.0

(Note) Comprehensive income: First three months of FY2016 ¥2,138 million (-31.4%) First three months of FY2015 ¥3,116 million (62.9%)

	Net income per share	Diluted net income per share
First Three Months of	Yen	Yen
FY2016	22.37	22.06
FY2015	29.93	29.54

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2016	209,101	119,137	55.8	1,436.09
As of March 31, 2016	222,542	118,394	52.1	1,427.66

(Reference) Equity capital: As of June 30, 2016 ¥116,651 million As of March 31, 2016 ¥115,967 million

2. Dividends

	Dividends per share				
	Q1-End	Q2-End	Q3-End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
FY2015	-	15.00	-	18.00	33.00
FY2016	-				
FY2016 (Forecast)		18.00	-	18.00	36.00

(Note) Revisions to the most recently announced dividends forecast for FY2016: None

3. Forecast of Consolidated Financial Results for FY 2016 (April 1, 2016 to March 31, 2017)

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

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	107,400	7.3	6,300	(4.2)	7,800	0.9	5,600	6.1	68.94
Full-year	221,000	8.3	12,900	14.1	15,600	14.2	11,100	25.1	136.65

(Note) Revisions to the most recently announced forecast of consolidated financial results for FY2016: 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. Summery (Notes) Information (2) Adoption of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements".

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

1) Changes in accounting policies due to revisions of accounting standards, etc.: None
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Restatement of revisions: None

(4) Number of shares outstanding (common stock)

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

As of June 30, 2016	84,476,500 shares	As of March 31, 2016	84,476,500 shares

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

As of June 30, 2016	3,247,491 shares	As of March 31, 2016	3,247,422 shares

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

First quarter of FY2016	81,229,029 shares	First quarter of FY2015	81,229,280 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**

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 4 of the appendix materials "1.Qualitative Information on Consolidated Financial Results for the First Three Months of FY2016 (3) Explanation of Consolidated Financial Forecasts and Other Forward-looking Statements".

Contents of the Appendix Materials

1. Qualitative Information on Consolidated Financial Results for the First Three Months of FY2016 (April 1, 2016 to June 30, 2016)

(1) Explanation of Operating Results

During the first three months of the fiscal year ending March 31, 2017, the Japanese economy experienced a gradual trend of recovery despite some weakness observed. Looking ahead, continuing improvement in employment and income, coupled with various government policies, is expected to support moderate economic recovery. Nevertheless, with signs of weakness seen in overseas economies, the prospect of economic downturns in Asian emerging countries including China and natural resource-rich countries and the uncertainty in overseas markets heightened by Britain's vote to leave EU pose a risk that could spill over and weaken the Japanese domestic economy.

The airline industry needs to further strengthen its competitiveness for a number of reasons that are transforming our business environment, including increased competition caused by industry liberalization (open skies agreements) and expansion of routes by low-cost carriers (LCCs), reform of airport management structures aimed at enhancing efficiency by integrating airport land and terminal building operations, and movements aimed at strengthening functions of metropolitan airports. Furthermore, in March 2016, the Japanese government revised upward its target for annual inbound tourists to Japan in 2020 from its previous target of 20 million, which was almost achieved in 2015, to 40 million in order to meet the new challenge of a tourism-oriented developed nation.

A review of passenger volume during the first quarter shows that passengers on domestic flights at Haneda Airport slightly increased compared to the same period during the previous year. Passenger volume on international flights at Haneda Airport, Narita International Airport, and Kansai International Airport during the first quarter rose year-on-year since monthly number of inbound tourists continued to see its record high and inbound tourists for six months from January to June 2016 reached its record high of 11.71 million, exceeding 10 million for the first time.

Under these circumstances, JAT Group decided to lay out its new long-term vision of "To be a World Best Airport" so that we can achieve sustainable growth through the creation of new businesses and the generation of profits, while aiming to be an airport that satisfies the needs of all stakeholders. Based on this long-term vision, the new medium-term business plan (FY2016 to FY 2020) identifies three strategic pillars: 1) Pursuit of the ideal of Haneda Airport, 2) Expansion of our business domain utilizing our strengths and the diversification of profits, and 3) Reconstruction of our profit base and the building of competitive advantages. We will continue to reposition and strengthen our organizational and governance structure to ensure that we effectively implement these strategies.

In pursuit of the ideal of Haneda Airport, we sought to enhance customer convenience, comfort and functionality of the airport by creating facilities that are more user-friendly to both domestic and international customers, such as the opening of a multi-purpose restroom equipped with a dressing room, nursing room, and toilets for children at Terminal 1. Furthermore, we have made progress in applying next-generation robots in an effort to introduce Japanese technology and also to provide superior services that offer safety, security and convenience to airport users. Keeping the future of the airport's operation in mind, we will continue to work to create new value and improve the quality of convenience for customers by carrying out research and development involving new robots aimed at labor-saving and further sophistication of the airport facilities.

To expand and diversify our business domain leveraging our strengths, as part of our efforts to create a new market, we opened an airport-style in-city duty-free shop (Japan Duty Free GINZA) on the eighth floor of the Mitsukoshi Ginza department store on January 27, 2016, and Air BIC CAMERA at Haneda's international terminal that offers popular products among foreign tourists including electronics on April 27, 2016. So-called "buying spree" phenomenon has been settling down since the latter half of the last year, and related revenue f fell short of its target in the first quarter. We believe, however, that consumption by international visitors to Japan, in the duty-free market in particular, will expand further in line with the growth of inbound tourists in the mid- to the long-term.

As a result, consolidated operating revenues for the cumulative fiscal first quarter (April 1, 2016 - June 30, 2016) rose 1.0% compared with the same period of the previous year to ¥48,896 million. Operating income decreased to ¥1,724 million (down 40.7% year-on-year), ordinary income to ¥2,694 million (down 24.0% year-on-year) and net income (attributable to owners of the parent) to ¥1,816 million (down 25.3% year-on-year).

Haneda Airport's passenger terminals, being recognized as meeting the global best standard, earned 5-Star Airport status last year in the Global Airport Ranking conducted by Skytrax in the UK for the second year in a row. Haneda Airport terminals were awarded first place both in the World's Best Domestic Airport category (for the fourth year in a row) and in the World's Best Airport Cleanliness category in March 2016. In a bid to further enhance our reputation, we will work cooperatively as an entire airport to move together in our preparations for the 2020 Tokyo Olympics and Paralympics Games. With the highest priority placed on airport customers, we will ensure the safety of the airport and will provide services that offer exceptional customer convenience, comfort, and functionality. Aiming to be the world's best passenger terminal and to earn the long-term trust of customers, we are committed to contributing to the advancement of air transportation.

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]

Rental revenue slightly rose from the same period during the previous year due to an increase in general rent spaces.

Revenue from facility user charges rose from the same period during the previous year because a growth in domestic passenger volume increased user charges revenue for domestic terminal facilities.

Other revenues rose from the same period during the previous year because revenue from outsourcing business at Haneda's international terminal and revenue from advertisement increased. .

As a result, operating revenues from facilities management operations increased to ¥12,816 million (up 4.3% year-on-year). Operating income for the segment was ¥1,299 million (down 13.0% year-on-year) due to an increase in maintenance and other costs.

[Merchandise Sales]

Sales at domestic terminal stores slightly rose from the same period during the previous year primarily due to an increase in domestic passenger volume.

Sales at international terminal stores decreased from the same period during the previous year, since the so-called "buying spree" phenomenon settled down and the resulting negative impact was seen at Narita Airport and Kansai International Airport, which more than offset the addition of revenue from the opening of an airport-style in-city duty-free shop.

Other revenues (wholesale) rose due to an increase in the wholesaling of products to stores at Haneda's international terminal in line with growing international passenger volume at Haneda.

As a result, operating revenues from merchandise sales operations decreased to ¥32,245 million (down 1.5% year-on-year) and operating income decreased to ¥1,669 million (down 38.3% year-on-year), coupled with increased marketing costs at in-city duty-free shop.

[Food and Beverage]

Sales from food and beverage operations slightly increased from the same period during the previous year as a result of growth in domestic passenger volume.

Sales from in-flight meals significantly rose from the same period during the previous year since foreign carriers, our clients in this business, increased their flights and we also acquired a new client.

Other revenues increased due to an increase in outsourcing business at Haneda's international passenger terminal.

As a result, operating revenues from food and beverage operations increased to ¥5,073 million (up 9.6% year-on-year). Operating income for the segment was ¥32 million (down 19.1% year-on-year) due to an increase in outsourcing costs.

(2) Explanation of Financial Position

[Assets]

Current assets decreased by ¥12,513 million from the previous fiscal year end to ¥61,689 million, primarily due to a decrease in cash and deposits by ¥10,339 million and in account receivables by ¥2,874 million, despite an increase in merchandise and finished products by ¥713 million.

Fixed assets decreased by ¥927 million from the previous fiscal year end to ¥147,411 million, primarily due to a decline in tangible fixed assets by ¥1,818 million resulting from the progress of depreciation, despite the increase of investment securities by ¥562 million.

As a result, total assets decreased by ¥13,441 million from the previous fiscal year end to ¥209,101 million.

[Liabilities]

Current liabilities decreased by ¥12,160 million from the previous fiscal year end to ¥31,197 million, primarily because accrued expenses decreased by ¥7,266 million and income taxes payable decreased by ¥1,751 million.

Fixed liabilities decreased by ¥2,024 million from the previous fiscal year end to ¥58,766 million, primarily because long-term loans payable decreased by ¥1,600 million.

As a result, total liabilities decreased by ¥14,184 million from the previous fiscal year end to ¥89,963 million.

[Net assets]

Total net assets increased by ¥742 million to ¥119,137 million primarily because deferred losses on hedges improved by ¥873 million and retained earnings increased by ¥354 million, though valuation differences on available-for-sale securities decreased by ¥614 million.

As a result, equity ratio was 55.8% (compared to 52.1% at the previous fiscal year end).

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

There have been no changes to the interim and full-year consolidated forecasts announced on May 11, 2016.

2. Summary (Notes) Information

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

None

Although not falling under the category of changes in specified subsidiary, Air BIC Inc. was newly established during the period and included in the scope of consolidation.

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

(Calculation of tax expenses)

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

(3) Changes in Accounting Policies, Accounting Estimates, and Restatement of Revisions

None

(4) Additional Information

(Application of Guidance on Recoverability of Deferred Tax Assets)

From the first quarter ended June 30, 2016, the Company has applied the “Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No.26 of March 28, 2016).

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY2015 (As of March 31, 2016)	First Three Months of FY2016 (As of June 30, 2016)
ASSETS		
Current assets		
Cash and deposits	29,667	19,327
Accounts receivable	17,151	14,277
Marketable securities	14,002	14,002
Merchandise and finished products	9,445	10,158
Raw materials and stored goods	137	139
Deferred tax assets	1,241	1,260
Other current assets	2,570	2,540
Allowance for doubtful accounts	(12)	(17)
Total current assets	74,203	61,689
Fixed assets		
Tangible fixed assets		
Buildings and structures	276,109	276,394
Accumulated depreciation and impairment loss	(189,289)	(191,253)
Buildings and structures (net)	86,819	85,140
Machinery, equipment and vehicles	10,430	10,408
Accumulated depreciation and impairment loss	(8,215)	(8,302)
Machinery, equipment and vehicles (net)	2,214	2,106
Land	10,466	10,466
Lease assets	1,996	2,063
Accumulated depreciation and impairment loss	(1,034)	(1,103)
Lease assets (net)	962	959
Construction in progress	3	242
Other tangible fixed assets	29,758	29,913
Accumulated depreciation and impairment loss	(23,423)	(23,846)
Other tangible fixed assets (net)	6,334	6,066
Total tangible fixed assets	106,801	104,983
Intangible fixed assets	1,763	1,870
Investments and other assets		
Investment securities	24,678	25,240
Long-term loans receivable	6,665	6,665
Deferred tax assets	5,384	5,610
Net defined benefit assets	50	77
Other investments	2,995	2,962
Total investments and other assets	39,774	40,557
Total fixed assets	148,339	147,411
TOTAL ASSETS	222,542	209,101

(Millions of yen)

	FY2015 (As of March 31, 2016)	First Three Months of FY2016 (As of June 30, 2016)
LIABILITIES		
Current liabilities		
Accounts payable	8,038	7,365
Short-term loans payable	10,666	9,352
Income taxes payable	2,868	1,117
Accrued expenses	13,699	6,433
Deposit received	2,221	2,925
Allowance for employees' bonuses	1,378	672
Allowance for directors' bonuses	247	60
Other current liabilities	4,236	3,270
Total current liabilities	43,357	31,197
Fixed liabilities		
Bonds with stock acquisition rights	30,122	30,115
Long-term loans payable	21,162	19,562
Lease obligations	761	751
Net defined benefit liabilities	4,829	4,638
Asset retirement obligations	458	459
Other fixed liabilities	3,457	3,238
Total fixed liabilities	60,790	58,766
TOTAL LIABILITIES	104,148	89,963
NET ASSETS		
Shareholders' equity		
Common stock	17,489	17,489
Capital surplus	21,337	21,337
Retained earnings	79,929	80,284
Treasury stock	(3,244)	(3,244)
Total shareholders' equity	115,512	115,867
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,906	4,291
Deferred gains (losses) on hedges	(3,127)	(2,254)
Foreign currency translation adjustment	55	53
Remeasurements of defined benefit plans	(1,379)	(1,305)
Total accumulated other comprehensive income	454	784
Non-controlling interests	2,427	2,485
TOTAL NET ASSETS	118,394	119,137
TOTAL LIABILITIES AND NET ASSETS	222,542	209,101

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

Quarterly Consolidated Statements of Income

(Millions of yen)

	First Three Months of FY2015 (from April 1, 2015 to June 30, 2015)	First Three Months of FY2016 (from April 1, 2016 to June 30, 2016)
Operating revenues		
Rent revenue	3,191	3,220
Facility user charges revenue	4,126	4,167
Other revenues	4,884	5,568
Sale of merchandise	32,573	31,956
Sale of food and beverage	3,657	3,983
Total operating revenues	48,433	48,896
Cost of sales		
Cost of sales of merchandise	24,122	23,939
Cost of sales of food and beverage	2,410	2,568
Total cost of sales	26,532	26,507
Gross profit	21,900	22,389
Selling, general and administrative expenses		
Salaries and wages	2,058	2,222
Provision for employees' bonuses	533	631
Provision for directors' bonuses	43	60
Expenses for retirement benefits	247	240
Rent expenses	2,970	3,141
Outsourcing and commission	4,661	5,356
Depreciation expenses	2,759	2,832
Other costs and expenses	5,717	6,179
Total selling, general and administrative expenses	18,991	20,664
Operating income	2,909	1,724
Non-operating income		
Interest income	156	157
Dividends income	183	216
Equity in earnings of affiliates	398	601
Miscellaneous income	120	142
Total non-operating income	858	1,118
Non-operating expenses		
Interest expenses	150	117
Loss on retirement of fixed assets	57	21
Miscellaneous expenses	17	8
Total non-operating expenses	224	148
Ordinary income	3,543	2,694
Quarterly income before income taxes and non-controlling interests	3,543	2,694
Income taxes – current	1,144	884
Quarterly income	2,399	1,809
Quarterly net income (loss) attributable to non-controlling interests	(31)	(6)
Quarterly net income attributable to owners of the parent	2,430	1,816

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	First Three Months of FY2015 (from April 1, 2015 to June 30, 2015)	First Three Months of FY2016 (from April 1, 2016 to June 30, 2016)
Quarterly income	2,399	1,809
Other comprehensive income		
Valuation difference on available-for-sale securities	634	(621)
Foreign currency translation adjustment	(0)	(2)
Remeasurements of defined benefit plans	50	70
Share of other comprehensive income of associates accounted for using equity method	31	881
Total other comprehensive income	716	328
Comprehensive income	3,116	2,138
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	3,138	2,147
Comprehensive income attributable to non-controlling interests	(22)	(8)

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable

(Notes on a Significant Change in Shareholders' Equity)

Not applicable

(Segment Information, etc.)

Segment Information

I. First three months of FY2015 (from April 1, 2015 to June 30, 2015)

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	11,822	32,577	4,033	48,433	-	48,433
Intersegment sales and transfers	461	169	594	1,224	(1,224)	-
Total	12,283	32,746	4,628	49,658	(1,224)	48,433
Segment income	1,493	2,705	40	4,238	(1,329)	2,909

(Notes) 1. Adjustments to the segment income include ¥1,330 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 three months of FY2016 (from April 1, 2016 to June 30, 2016)

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	12,367	32,057	4,471	48,896	-	48,896
Intersegment sales and transfers	449	188	602	1,239	(1,239)	-
Total	12,816	32,245	5,073	50,136	(1,239)	48,896
Segment income	1,299	1,669	32	3,001	(1,277)	1,724

(Notes) 1. Adjustments to the segment income include ¥1,280 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