May 12, 2017

# Financial Report for the Year Ended March 31, 2017 (FY2016) [J-GAAP] (Consolidated)

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

Company name: Japan Airport Terminal Co., Ltd.
Listed stock exchange: Tokyo, 1st Section
Code number: 9706
URL: http://www.tokyo-airport-bldg.co.jp/company/en/
Representative: Nobuaki Yokota, President and COO
Contact: Kazuhito Tanaka, Managing Director TEL 03-5757-8030
Scheduled date of annual general meeting of shareholders: June 29, 2017
Scheduled date of filing securities report: June 29, 2017
Scheduled date of commencing dividend payment: June 30, 2017
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, 2017 (April 1, 2016 to March 31, 2017)

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

| | Operating revenues | | Operating income | | Ordinary income | | Net income attributable to owners of the parent | |
|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY2016 | 204,953 | 0.4 | 9,497 | (16.0) | 12,843 | (5.9) | 6,886 | (22.4) |
| FY2015 | 204,134 | 17.7 | 11,302 | 14.3 | 13,654 | 15.2 | 8,870 | 33.4 |

(Note) Comprehensive income: FY2016 ¥9,739 million (20.1%) FY2015 ¥8,110 million (-14.5%)

| | Net income per share | Diluted net income per share | Return on equity | Ordinary income to total assets | Operating income to operating revenues |
|---|---|---|---|---|---|
| | Yen | Yen | % | % | % |
| FY2016 | 84.78 | 80.84 | 5.8 | 5.9 | 4.6 |
| FY2015 | 109.20 | 104.21 | 7.9 | 6.2 | 5.5 |

(Reference) Equity in earnings of affiliates: FY2016 ¥2,291million FY2015 ¥1,529 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, 2017 | 213,026 | 125,438 | 57.7 | 1,511.92 |
| As of March 31, 2016 | 222,542 | 118,394 | 52.1 | 1,427.66 |

(Reference) Equity capital: As of March 31, 2017 ¥122,811million As of March 31, 2016 ¥115,967 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 |
| FY2016 | 15,620 | (8,373) | (11,702) | 39,108 |
| FY2015 | 15,235 | (7,810) | (10,759) | 43,565 |

## 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 | % | % |
| FY2015 | - | 15.00 | - | 18.00 | 33.00 | 2,680 | 30.2 | 2.4 |
| FY2016 | - | 16.00 | - | 17.00 | 33.00 | 2,680 | 38.9 | 2.2 |
| FY2017 (Forecast) | - | 18.00 | - | 18.00 | 36.00 | | 32.9 | |

## 3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(%: 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 | 103,400 | 3.6 | 5,200 | 16.5 | 6,600 | 5.8 | 4,700 | 9.4 | 57.86 |
| Full-year | 208,600 | 1.8 | 10,500 | 10.6 | 12,800 | (0.3) | 8,900 | 29.2 | 109.57 |

**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.: None

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

3) Changes in accounting estimates: None

4) Restatement of revisions: None

(3) Number of shares outstanding (common stock)

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

| | | | |
|---|---|---|---|
| As of March 31, 2017 | 84,476,500 shares | As of March 31, 2016 | 84,476,500 shares |

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

| | | | |
|---|---|---|---|
| As of March 31, 2017 | 3,247,541 shares | As of March 31, 2016 | 3,247,422 shares |

3) Average number of shares outstanding during the period:

| | | | |
|---|---|---|---|
| Year ended March 31, 2017 | 81,229,018 shares | Year ended March 31, 2016 | 81,229,164 shares |

**(Reference) Summary of Non-Consolidated Financial Results**

**Financial Results for the Year Ended March 31, 2017 (April 1, 2016 to March 31, 2017)**

(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 | % |
| FY2016 | 160,541 | (3.0) | 6,552 | (23.2) | 7,832 | (17.9) | 3,156 | (32.9) |
| FY2015 | 165,564 | 17.4 | 8,532 | 25.0 | 9,538 | 24.0 | 4,703 | 9.0 |

| | Net income per share | Diluted net income per share |
|---|---|---|
| | Yen | Yen |
| FY2016 | 38.86 | 36.94 |
| FY2015 | 57.90 | 55.16 |

(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, 2017 | 190,788 | 100,498 | 52.7 | 1,237.22 |
| As of March 31, 2016 | 201,488 | 99,553 | 49.4 | 1,225.59 |

(Reference) Equity capital: As of March 31, 2017 ¥100,498 million As of March 31, 2016 ¥99,553 million

*** This financial report is not subject to the audit procedures in accordance with the Financial Instruments and Exchange Act of Japan.**

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

**Notes on the use of forward-looking statements**

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 forecasts and precautionary statements regarding the use of the forecasts, please refer to page 4 of the appendix materials “1. Analysis of Business and Financial Results (4) Forecast for the fiscal year ending March 31, 2018.

**Supplementary materials on financial results and details of presentation at earnings announcement**

Earnings announcement is planned to be held on May 19, 2017 for 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. Analysis of Business and Financial Results

## (1) Analysis of Consolidated Business Results for FY2016

During the fiscal year ended March 31, 2017 (FY2016), the Japanese economy experienced a gradual trend of recovery, despite the fact that some sectors have seen slower pace of improvement. Looking ahead, continuing improvement in employment and income, coupled with various government policies, is expected to support moderate economic recovery, though it is important to prudently monitor the risk factors such as uncertainty in overseas economies and volatility of capital markets.

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, the Japanese government revised upward its target for annual inbound tourists to Japan in 2020 from its previous target of 20 million to 40 million in order to meet the new challenge of a tourism-oriented developed nation, and the annual number of inbound tourists for 2016 exceeded 24 million.

A review of passenger volume during FY 2016 shows that passengers on domestic flights at Haneda Airport and on international flights at Haneda Airport, Narita International Airport, and Kansai International Airport rose year-on-year.

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 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 started the “Haneda Robotics Lab” project which introduces the experimental use of robots at Haneda to evaluate their technology, with an aim to introduce Japanese technology and 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 strive to create new value and improve service quality and convenience for our customers.

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 in January 2016, Air BIC CAMERA at Haneda’s international terminal in April 2016 that offers electronics and other popular products among foreign tourists and the same shop at Narita’s terminal 2 in November 2016. Although merchandise sales fell year-on-year as “buying spree” phenomenon has dwindled, we will try to generate profit by taking advantage of opportunities created by inbound tourists that are expected to grow in the mid- to the long-term.

As a result, consolidated operating revenues for FY 2016 (April 1, 2016 – March 31, 2017) totaled ¥204,953 million (up 0.4% from the previous fiscal year), with operating income of ¥9,497 million (down 16.0%), ordinary income of ¥12,843 million (down 5.9%), and net income attributable to owners of the parent of ¥6,886 million (down 22.4%) due to recognition of impairment loss on fixed assets of airport-style in-city duty-free shop.

In the Skytrax (UK) World Airport Awards in 2017, Haneda Airport’s passenger terminals were awarded second place in the World’s Best Airports category, which evaluates various aspects of international airports comprehensively, a significant jump from fourth place last year. We were also awarded first place in the World's Cleanest Airport (the fourth time, for the second year in a row) and World's Best Domestic Airport (for the fifth year in a row). 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 rose from the previous year due to a decrease in vacant spaces at domestic passenger terminals at Haneda Airport as a result of our proactive marketing efforts to airlines and other companies.

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

Other revenues rose from 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 ¥56,801 million (up 3.5% year-on-year). Operating income for the segment was ¥6,470 million (up 5.5% year-on-year) due to a decrease in utility costs and other reasons.

[Merchandise Sales]

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

Sales at international terminal stores decreased from the previous year, since the "buying spree" phenomenon has faded and resulting pullback in sales was seen at Narita Airport and Kansai International Airport, which more than offsets the addition of revenue from the opening of an airport-style in-city duty-free shop and other shops.

Other revenues (wholesale) fell due to a decrease in the wholesaling of products to other airports, despite an increase in the wholesaling of products to stores at Haneda's international terminal which saw growing international passenger volume.

As a result, operating revenues from merchandise sales operations decreased to ¥131,911 million (down 1.9% year-on-year) and operating income for the segment fell to ¥7,254 million (down 23.4% year-on-year), coupled with increased marketing costs at in-city duty-free shops.

[Food and Beverage]

Sales from food and beverage operations increased from the previous year primarily driven by growth in domestic passenger volume.

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

Other revenues increased significantly 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 ¥21,395 million (up 6.6% year-on-year) and operating income for the segment increased to ¥757 million (up 34.2% year-on-year), coupled with various cost savings.

(2) Analysis of Consolidated Financial Position for FY2016

[Assets]

Current assets decreased by ¥6,648 million from the previous fiscal year end to ¥67,555 million, primarily due to a decrease in marketable securities by ¥7,002 million, despite an increase in cash and deposits by ¥2,573 million.

Fixed assets decreased by ¥2,868 million from the previous fiscal year end to ¥145,471 million, primarily due to a decline in tangible fixed assets by ¥6,111 million resulting from the progress of depreciation, despite the increase of investment securities by ¥3,168 million.

As a result, total assets decreased by ¥9,516 million from the previous fiscal year end to ¥213,026 million.

[Liabilities]

Current liabilities decreased by ¥7,761 million from the previous fiscal year end to ¥35,596 million, primarily because accrued expenses decreased by ¥6,074 million and income taxes payable decreased by ¥954 million.

Fixed liabilities decreased by ¥8,798 million from the previous fiscal year end to ¥51,992 million, primarily because long-term loans payable decreased by ¥7,712 million.

As a result, total liabilities decreased by ¥16,559 million from the previous fiscal year end to ¥87,588 million.

[Net assets]

Total net assets increased by ¥7,043 million from the previous fiscal year end to ¥125,438 million primarily because retained earnings increased by ¥4,124 million and deferred losses on hedges improved by ¥1,581 million.

As a result, equity ratio was 57.7% (compared to 52.1% at the previous fiscal year end).

### (3) Analysis of Consolidated Cash Flows for FY2016

Cash and cash equivalents (hereinafter referred to as “cash”) at the current fiscal year end decreased by ¥4,456 million compared to the previous fiscal year end to ¥39,108 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 increased by ¥384 million (up 2.5%) from the previous fiscal year to ¥15,620 million. This was primarily due to a decrease in inventories.

[Cash flows from investing activities]

Net cash used in investing activities increased by ¥562 million (up 7.2%) from the previous fiscal year to ¥8,373 million. This was largely due to an increase in the purchase of tangible fixed assets.

[Cash flows from financing activities]

Net cash used by financing activities increased by ¥942 million (up 8.8%) from the previous year to ¥11,702 million. This was mainly because the amounts of dividends paid by parent company increased.

### (4) Forecast for the fiscal year ending March 31, 2018

Over the next fiscal year, continuing improvement in employment and income, coupled with various government policies, is expected to support moderate economic recovery, while it is also necessary to prudently monitor the risk factors such as uncertainty in overseas economies and volatility of capital markets.

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 and expansion of routes by 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, the Japanese government revised upward its target for annual inbound tourists to Japan in 2020 from its previous target of 20 million to 40 million to meet the new challenge of a tourism-oriented nation, and the annual number of inbound tourists for 2016 exceeded 24 million.

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

Facilities management operations are expected to generate better results than in FY2016 primarily driven by an increase in outsourcing business at Haneda’s international passenger terminal.

Merchandise sales operations are forecast to exceed the results of FY 2016 due to growth in international passenger volume.

Food and beverage operations are expected to remain nearly on par with FY2016.

Therefore, for consolidated performance in the fiscal year ending March 31, 2018 (FY2017), we forecast operating revenue of ¥208,600 million (up 1.8% year-on-year), operating income of ¥10,500 million (up 10.6%), ordinary income of ¥12,800 million (down 0.3%), and net income attributable to owners of the parent of ¥8,900 million (up 29.2%).

## 2. Basic approach on selection of accounting standards

To secure comparability between companies and between fiscal years, the Group prepares its consolidated financial statements in accordance with the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Finance Ministry Ordinance No. 28 of 1976), excluding Chapter 7 and Chapter 8.

The Group will appropriately consider the possibility of adoption of international accounting standards taking into consideration of conditions in Japan and overseas.

# 3. Consolidated Financial Statements and Main Notes

## (1) Consolidated Balance Sheets

(Millions of yen)

| | FY2015 (As of March 31, 2016) | FY2016 (As of March 31, 2017) |
|---|---|---|
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 29,667 | 32,240 |
| Accounts receivable | 17,151 | 16,991 |
| Marketable securities | 14,002 | 7,000 |
| Merchandise and finished products | 9,445 | 7,687 |
| Raw materials and stored goods | 137 | 178 |
| Deferred tax assets | 1,241 | 1,146 |
| Other current assets | 2,570 | 2,334 |
| Allowance for doubtful accounts | (12) | (23) |
| Total current assets | 74,203 | 67,555 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Buildings and structures | 276,109 | 277,768 |
| Accumulated depreciation and impairment loss | (189,289) | (197,790) |
| Buildings and structures (net) | 86,819 | 79,978 |
| Machinery, equipment and vehicles | 10,430 | 10,878 |
| Accumulated depreciation and impairment loss | (8,215) | (8,384) |
| Machinery, equipment and vehicles (net) | 2,214 | 2,494 |
| Land | 10,466 | 11,412 |
| Lease assets | 1,996 | 2,070 |
| Accumulated depreciation and impairment loss | (1,034) | (1,271) |
| Lease assets (net) | 962 | 799 |
| Construction in progress | 3 | 1,064 |
| Other tangible fixed assets | 29,758 | 30,524 |
| Accumulated depreciation and impairment loss | (23,423) | (25,582) |
| Other tangible fixed assets (net) | 6,334 | 4,941 |
| Total tangible fixed assets | 106,801 | 100,690 |
| Intangible fixed assets | 1,763 | 1,812 |
| Investments and other assets | | |
| Investment securities | 24,678 | 27,846 |
| Long-term loans receivable | 6,665 | 6,665 |
| Deferred tax assets | 5,384 | 4,999 |
| Net defined benefit assets | 50 | 538 |
| Other investments | 2,995 | 2,933 |
| Allowance for doubtful accounts | - | (16) |
| Total investments and other assets | 39,774 | 42,967 |
| Total fixed assets | 148,339 | 145,471 |
| TOTAL ASSETS | 222,542 | 213,026 |

(Millions of yen)

| | FY2015 (As of March 31, 2016) | FY2016 (As of March 31, 2017) |
|---|---|---|
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable | 8,038 | 8,695 |
| Short-term loans payable | 10,666 | 9,712 |
| Income taxes payable | 2,868 | 1,913 |
| Allowance for employees’ bonuses | 1,378 | 1,477 |
| Accrued expenses | 13,699 | 7,625 |
| Allowance for directors’ bonuses | 247 | 227 |
| Other current liabilities | 6,457 | 5,944 |
| Total current liabilities | 43,357 | 35,596 |
| Fixed liabilities | | |
| Bonds with stock acquisition rights | 30,122 | 30,096 |
| Long-term loans payable | 21,162 | 13,450 |
| Lease obligations | 761 | 527 |
| Net defined benefit liabilities | 4,829 | 4,254 |
| Asset retirement obligations | 458 | 464 |
| Other fixed liabilities | 3,457 | 3,198 |
| Total fixed liabilities | 60,790 | 51,992 |
| TOTAL LIABILITIES | 104,148 | 87,588 |
| NET ASSETS | | |
| Shareholders’ equity | | |
| Common stock | 17,489 | 17,489 |
| Capital surplus | 21,337 | 21,337 |
| Retained earnings | 79,929 | 84,054 |
| Treasury stock | (3,244) | (3,244) |
| Total shareholders’ equity | 115,512 | 119,637 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4,906 | 5,444 |
| Deferred gains or losses on hedges | (3,127) | (1,545) |
| Foreign currency translation adjustment | 55 | 52 |
| Remeasurements of defined benefit plans | (1,379) | (776) |
| Total accumulated other comprehensive income | 454 | 3,174 |
| Non-controlling interests | 2,427 | 2,626 |
| TOTAL NET ASSETS | 118,394 | 125,438 |
| TOTAL LIABILITIES AND NET ASSETS | 222,542 | 213,026 |

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

### Consolidated Statements of Income

(Millions of yen)

| | FY2015 (from April 1, 2015 to March 31, 2016) | FY2016 (from April 1, 2016 to March 31, 2017) |
|---|---|---|
| Operating revenues | | |
| Rent revenue | 12,900 | 13,078 |
| Facility user charges revenue | 17,851 | 18,194 |
| Other revenues | 23,907 | 26,205 |
| Sale of merchandise | 133,647 | 130,759 |
| Sale of food and beverage | 15,827 | 16,715 |
| Total operating revenues | 204,134 | 204,953 |
| Cost of sales | | |
| Cost of sales of merchandise | 99,956 | 99,000 |
| Cost of sales of food and beverage | 10,114 | 10,477 |
| Total cost of sales | 110,070 | 109,477 |
| Gross profit | 94,064 | 95,475 |
| Selling, general and administrative expenses | | |
| Salaries and wages | 9,233 | 9,838 |
| Provision for employees' bonuses | 1,340 | 1,376 |
| Provision for directors' bonuses | 245 | 227 |
| Expenses for retirement benefits | 913 | 1,047 |
| Rent expenses | 12,679 | 12,504 |
| Outsourcing and commission | 22,320 | 24,464 |
| Depreciation expenses | 11,232 | 11,609 |
| Other costs and expenses | 24,795 | 24,910 |
| Total selling, general and administrative expenses | 82,761 | 85,978 |
| Operating income | 11,302 | 9,497 |
| Non-operating income | | |
| Interest income | 649 | 627 |
| Dividends income | 237 | 276 |
| Equity in gains of affiliates | 1,529 | 2,291 |
| Miscellaneous income | 672 | 676 |
| Total non-operating income | 3,089 | 3,871 |
| Non-operating expenses | | |
| Interest expenses | 556 | 417 |
| Loss on retirement of fixed assets | 107 | 58 |
| Miscellaneous expenses | 73 | 49 |
| Total non-operating expenses | 737 | 525 |
| Ordinary income | 13,654 | 12,843 |

(Millions of yen)

| | FY2015 (from April 1, 2015 to March 31, 2016) | FY2016 (from April 1, 2016 to March 31, 2017) |
|---|---|---|
| Extraordinary gains | | |
| Gains on sales of investment securities | 24 | 277 |
| Total extraordinary gains | 24 | 277 |
| Extraordinary loss | | |
| Impairment loss | 30 | 1,777 |
| Loss on retirement of fixed assets | 178 | 109 |
| Loss on valuation of other investments | 6 | 4 |
| Loss on sales of other investments | 4 | — |
| Total extraordinary loss | 219 | 1,891 |
| Income before income taxes and non-controlling interests | 13,459 | 11,230 |
| Income taxes – current | 4,965 | 4,244 |
| Income taxes – deferred | (31) | (9) |
| Total income taxes | 4,933 | 4,234 |
| Net income before non-controlling interests | 8,525 | 6,995 |
| Net income (loss) attributable to non-controlling interests | (344) | 109 |
| Net income attributable to owners of the parent | 8,870 | 6,886 |

Consolidated Statements of Comprehensive Income

(Millions of yen)

| | FY2015 (from April 1, 2015 to March 31, 2016) | FY2016 (from April 1, 2016 to March 31, 2017) |
|---|---|---|
| Net income before non-controlling interests | 8,525 | 6,995 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 501 | 537 |
| Foreign currency translation adjustment | (1) | (3) |
| Remeasurements of defined benefit plans | (603) | 591 |
| Share of other comprehensive income of associates accounted for using equity method | (312) | 1,618 |
| Total other comprehensive income | (415) | 2,743 |
| Comprehensive income | 8,110 | 9,739 |
| Comprehensive income attributable to: | | |
| Comprehensive income attributable to owners of the parent | 8,529 | 9,606 |
| Comprehensive income attributable to non-controlling interests | (419) | 133 |

## (3) Consolidated Statements of Changes in Shareholders' Equity

FY2015 (from April 1, 2015 to March 31, 2016)

(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 | 73,252 | (3,242) | 108,808 |
| Changes during current period | | | | | |
| Dividend from retained earnings | | | (2,193) | | (2,193) |
| Net income attributable to owners of the parent | | | 8,870 | | 8,870 |
| Purchase of treasury stock | | | | (1) | (1) |
| Changes in shareholders' equity due to transaction with non-controlling interests | | 28 | | | 28 |
| Changes of items other than shareholders' equity during current period (net) | | | | | |
| Total changes during current period | — | 28 | 6,677 | (1) | 6,703 |
| Balance at the end of current period | 17,489 | 21,337 | 79,929 | (3,244) | 115,512 |

| | 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 | 4,405 | (2,816) | 56 | (850) | 795 |
| Changes during current period | | | | | |
| Dividend from retained earnings | | | | | |
| Net income attributable to owners of the parent | | | | | |
| Purchase of treasury stock | | | | | |
| Changes in shareholders' equity due to transaction with non-controlling interests | | | | | |
| Changes of items other than shareholders' equity during current period (net) | 500 | (311) | (1) | (528) | (340) |
| Total changes during current period | 500 | (311) | (1) | (528) | (340) |
| Balance at the end of current period | 4,906 | (3,127) | 55 | (1,379) | 454 |

| | Non-controlling interests | Total net assets |
|---|---|---|
| Balance at the beginning of current period | 2,926 | 112,530 |
| Changes during current period | | |
| Dividend from retained earnings | | (2,193) |
| Net income attributable to owners of the parent | | 8,870 |
| Purchase of treasury stock | | (1) |
| Changes in shareholders' equity due to transaction with non-controlling interests | (48) | (20) |
| Changes of items other than shareholders' equity during current period (net) | (450) | (791) |
| Total changes during current period | (498) | 5,864 |
| Balance at the end of current period | 2,427 | 118,394 |

FY2016 (from April 1, 2016 to March 31, 2017)

(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 | 21,337 | 79,929 | (3,244) | 115,512 |
| Changes during current period | | | | | |
| Dividend from retained earnings | | | (2,761) | | (2,761) |
| Net income attributable to owners of the parent | | | 6,886 | | 6,886 |
| Purchase of treasury stock | | | | (0) | (0) |
| Changes of items other than shareholders' equity during current period (net) | | | | | |
| Total changes during current period | ― | - | 4,124 | (0) | 4,124 |
| Balance at the end of current period | 17,489 | 21,337 | 84,054 | (3,244) | 119,637 |

| | 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 | 4,906 | (3,127) | 55 | (1,379) | 454 |
| Changes during current period | | | | | |
| Dividend from retained earnings | | | | | |
| Net income attributable to owners of the parent | | | | | |
| Purchase of treasury stock | | | | | |
| Changes of items other than shareholders' equity during current period (net) | 538 | 1,581 | (3) | 603 | 2,719 |
| Total changes during current period | 538 | 1,581 | (3) | 603 | 2,719 |
| Balance at the end of current period | 5,444 | (1,545) | 52 | (776) | 3,174 |

| | Non-controlling interests | Total net assets |
|---|---|---|
| Balance at the beginning of current period | 2,427 | 118,394 |
| Changes during current period | | |
| Dividend from retained earnings | | (2,761) |
| Net income attributable to owners of the parent | | 6,886 |
| Purchase of treasury stock | | (0) |
| Changes of items other than shareholders' equity during current period (net) | 199 | 2,919 |
| Total changes during current period | 199 | 7,043 |
| Balance at the end of current period | 2,626 | 125,438 |

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

| | FY2015 (from April 1, 2015 to March 31, 2016) | FY2016 (from April 1, 2016 to March 31, 2017) |
|---|---|---|
| Cash flows from operating activities | | |
| Income before income taxes and minority interests | 13,459 | 11,230 |
| Depreciation and amortization | 11,311 | 11,693 |
| Impairment loss | 30 | 1,777 |
| Increase (decrease) in allowance for employees' bonuses | 212 | 98 |
| Increase (decrease) in allowance for directors' bonuses | 51 | (19) |
| Increase (decrease) in net defined benefit liabilities | (88) | 80 |
| Decrease (increase) in net defined benefit assets | (190) | (295) |
| Interest and dividends income | (887) | (904) |
| Interest expenses | 556 | 417 |
| Equity in losses (earnings) of affiliates | (1,529) | (2,291) |
| Loss (gain) on sales of investment securities | (24) | (277) |
| Loss on retirement of tangible fixed assets | 286 | 165 |
| Loss (gain) on sales of tangible fixed assets | (2) | (5) |
| Decrease (increase) in accounts receivable – trade | (2,767) | 160 |
| Decrease (increase) in inventories | (3,975) | 1,716 |
| Decrease (increase) in other current assets | (896) | 300 |
| Increase (decrease) in accounts payable - trade | 801 | 658 |
| Increase (decrease) in other current liabilities | 4,383 | (3,774) |
| Increase (decrease) in other fixed liabilities | (149) | (249) |
| Others | (148) | 77 |
| Subtotal | 20,432 | 20,558 |
| Interest and dividends received | 876 | 893 |
| Interest paid | (568) | (434) |
| Income and other taxes paid | (5,505) | (5,398) |
| Net cash provided by (used in) operating activities | 15,235 | 15,620 |
| Cash flows from investing activities | | |
| Payments into time deposits | (27) | (27) |
| Purchase of investment securities | (1) | (1) |
| Proceeds from sales of investment securities | 25 | 1,770 |
| Purchase of tangible fixed assets | (6,734) | (9,008) |
| Proceeds from sales of tangible fixed assets | 30 | 9 |
| Purchase of intangible fixed assets | (649) | (1,052) |
| Purchase of long-term prepaid expenses | (39) | (86) |
| Payments of long-term loans receivable | (3) | (1) |
| Other payments | (468) | (108) |
| Other proceeds | 55 | 131 |
| Others | 2 | 1 |
| Net cash provided by (used in) investing activities | (7,810) | (8,373) |

(Millions of yen)

| | FY2015 (from April 1, 2015 to March 31, 2016) | FY2016 (from April 1, 2016 to March 31, 2017) |
|---|---|---|
| Cash flows from financing activities | | |
| Proceeds from short-term loans payable | — | 2,000 |
| Proceeds from long-term loans payable | 3,500 | — |
| Repayment of long-term loans payable | (11,402) | (10,666) |
| Repayments of lease obligations | (611) | (340) |
| Payments to non-controlling shareholders | (20) | — |
| Proceeds from stock issuance to non-controlling shareholders | — | 98 |
| Dividends paid by parent company | (2,193) | (2,761) |
| Dividends paid to non-controlling shareholders | (31) | (31) |
| Others | (1) | (0) |
| Net cash provided by (used in) financing activities | (10,759) | (11,702) |
| Effect of exchange rate change on cash and cash equivalents | 2 | (1) |
| Increase (decrease) in cash and cash equivalents | (3,332) | (4,456) |
| Cash and cash equivalents at the beginning of period | 46,897 | 43,565 |
| Cash and cash equivalents at the end of period | 43,565 | 39,108 |

## (5) Notes on the Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

There is nothing to report.

(Basic Important Conditions to Prepare Consolidated Financial Statements)

1. Scope of consolidation

1) Number of consolidated subsidiaries: 17 companies

Tokyo Airport Restaurant Co., Ltd.
Japan Duty Free Fa-So-La Isetan Mitsukoshi Co., Ltd
Cosmo Enterprise Co., Ltd.
International Trade Inc.
Japan Airport Logitem Co., Ltd.
BIG WING Co., Ltd.
Japan Airport Techno Co., Ltd.
Air BIC Inc.
Haneda Airport Enterprise Co., Ltd.
Haneda Airport Security Co., Ltd.
Haneda Passenger Service Co., Ltd.
Japan Airport Ground Handling Co., Ltd.
Japan Airport Terminal Trading (Chengdu) Co., Ltd.
Sakura Co., Ltd.
Hamashin Co., Ltd.
CTT Co., Ltd.
Kaikan Development Co., Ltd.

Air BIC Inc. was newly established during the current fiscal year and included in the scope of consolidation.

2) Non-consolidated subsidiary

Tsukizi Hamashin Co., Ltd.

The non-consolidated subsidiary is small in size, and its total assets, operating revenues, net income/loss, and retained earnings do not have a significant impact on the consolidated financial statements.

2. Application of equity method

1) Number of affiliated company that is accounted for using the equity method: 3 companies

Tokyo International Air Terminal Corporation
Airport Transport Service Co., Ltd.
Japan Airport Delica Inc.

Narita Airport Techno Corporation was excluded from affiliated company under equity method because all the shares in the company have been sold.

2) A non-consolidated subsidiary and Seikousha Inc. and five other affiliated companies are not included in the scope of the application of equity method, since the aggregate amounts corresponding to the shares held by the Company of those companies' net income/loss and retained earnings do not have a significant impact on those of consolidated financial statements.

3. Fiscal year of consolidated subsidiaries

Of consolidated subsidiaries, Japan Airport Terminal Trading (Chengdu) Co., Ltd. ends its fiscal year on December 31. Necessary adjustments arising from important transactions during the period between its closing date and the consolidated closing date are made.

4. Summary of significant accounting policies

1) Valuation standards and methods for important assets

(A) Securities

(i) Held-to-maturity securities are carried at cost.

(ii) Other securities

Other securities with fair values are stated at fair value based on the market value at the closing date, with valuation differences included in net assets. Cost of securities sold is determined by the moving average method.

Other securities without fair values are stated at cost based on moving average method.

(B) Derivatives
Derivative financial instruments are stated at fair value.

(C) Inventories
Inventories are principally stated at cost determined by the retail method (book value of inventories in the balance sheet is written-down when their profitability declines). Some consolidated subsidiaries use last-purchase-price method (book value of inventories in the balance sheet is written-down when their profitability declines).

2) Depreciation method of important depreciable assets
(A) Tangible fixed assets (excluding lease assets)
Depreciation of tangible fixed assets is calculated by the declining balance method. Some consolidated subsidiaries use the straight-line method for some assets.

(B) Intangible fixed assets (excluding lease assets)
Amortization of intangible fixed assets is calculated by the straight-line method. Software intended for internal use is amortized by the straight-line method over its estimated useful life of 5 years.

(C) Lease assets
The straight-line method is adopted in which the lease term is treated as useful life and the asset is depreciated to zero or residual value.

3) Accounting policies for important allowances
(A) Allowance for doubtful accounts
To prepare for losses from doubtful accounts, estimated uncollectible amounts are recorded, which are computed either by using historical default rate for normal receivables or by considering individual collectibility for particular receivables such as highly doubtful accounts.

(B) Allowance for employees’ bonuses
To prepare for the payment of bonuses to employees, the estimated amount is recorded as allowance.

(C) Allowance for directors’ bonuses
To prepare for the payment of bonuses to directors, the estimated amount is recorded as allowance.

4) Accounting method for employees' retirement benefits
(A) Allocation method of projected retirement benefits to each period
The benefit formula method is used to allocate the projected retirement benefits to each period up to the end of the fiscal year under review.

(B) Amortization of actuarial gains and losses and prior service costs
Prior service costs are amortized under the straight-line method over a certain number of years within the average remaining service years (5-10 years). Actuarial gains and losses are amortized, beginning in the year following their occurrence, under the straight-line method over a certain number of years within the average remaining service years (5-10 years).

5) Recognition of significant revenues and costs
*Standards for recognition of revenues and costs of construction contracts*
(i) Construction of which the percentage of completion by the end of the fiscal year can be reliably estimated
The percentage-of-completion method is used to recognize revenues and costs. Percentage of completion is calculated based on cost proportion method.
(ii) Other constructions
The completed-contract method is used to recognize revenues and costs.

6) Accounting method for important deferred assets
Bond issuance cost is recognized as an expense when expended.

7) Accounting standards for important hedging transactions
(A) Hedge accounting method
Hedging transactions are accounted for under deferred hedge accounting method. Interest rate swaps that meet certain conditions are accounted for using special treatment.

(B) Hedging instrument and hedged item

Hedging instrument ----------- Interest rate swap

Hedged item -------------------- Floating rate borrowings

(C) Hedging policy

Hedging transactions are executed to avoid the risk of interest rate fluctuation, and our basic policy is that they are not used for speculation purposes.

(D) Evaluation of hedging effectiveness

The effectiveness of hedging is evaluated by comparing the cumulative changes of hedging instruments and corresponding changes in underlying hedged items. The evaluation is omitted regarding interest rate swaps that meet the requirements for special treatment.

8) Scope of “Cash and cash equivalents” in consolidated statements of cash flows

“Cash and cash equivalents” in the consolidated statements of cash flows consist of cash on hand, deposits with banks that are withdrawable on demand, and short-term investments which are easily convertible to cash with insignificant risk of values whose maturity will come within three months.

9) Other important matters regarding preparing consolidated financial statements

*Consumption Taxes*

Consumption taxes are excluded from transaction amounts.

(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 less than 10% of 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, ¥82 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”.

(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)

| | FY2015<br>(As of March 31, 2016) | FY2016<br>(As of March 31, 2017) |
|---|---|---|
| Buildings and structures | 70,407 | 66,166 |
| Land | 53 | 53 |
| Total | 70,461 | 66,220 |

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

(Millions of yen)

| | FY2015<br>(As of March 31, 2016) | FY2016<br>(As of March 31, 2017) |
|---|---|---|
| Short-term loans payable | 6,244 | 5,722 |
| Long-term loans payable | 11,522 | 5,800 |
| Total | 17,766 | 11,522 |

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

(Millions of yen)

| | FY2015<br>(As of March 31, 2016) | FY2016<br>(As of March 31, 2017) |
|---|---|---|
| Investment securities (shares) | 4,975 | 7,385 |
| Investment securities (corporate bonds) | 6,660 | 6,660 |

3. Liabilities guaranteed

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

(Millions of yen)

| FY2015<br>(As of March 31, 2016) | | FY2016<br>(As of March 31, 2017) | |
|---|---|---|---|
| Japan Airport Delica Inc.<br>(borrowing) | 335 | Japan Airport Delica Inc.<br>(borrowing) | 225 |

4. Amount of reduction entry

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

(Millions of yen)

| | FY2015<br>(As of March 31, 2016) | FY2016<br>(As of March 31, 2017) |
|---|---|---|
| Buildings and structures | 88 | 88 |

(Notes on Consolidated Statements of Income)

1. Impairment loss

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

FY2015 (from April 1, 2015 to March 31, 2016)

| Location | Use | Type | Impairment loss |
|---|---|---|---|
| Ota-ku, Tokyo | Store (Food and beverage) | Buildings and structures, machinery, equipment and vehicles, and others | 30 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. 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 ¥7 million for buildings and structures, ¥11 million for machinery, equipment and vehicles, and ¥11 million for others.

FY2016 (from April 1, 2016 to March 31, 2017)

| Location | Use | Type | Impairment loss |
|---|---|---|---|
| Chuo-ku, Tokyo | Store (Merchandise sales) | Buildings and structures, others, intangible fixed assets | 1,777 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. 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 ¥1,161 million for buildings and structures, ¥611 million for others, and ¥4 million for intangible fixed assets.

2. Loss on retirement of fixed assets

(Millions of yen)

| | FY2015 (from April 1, 2015 to March 31, 2016) | FY2016 (from April 1, 2016 to March 31, 2017) |
|---|---|---|
| Buildings and structures | 176 | 109 |
| Others | 1 | — |
| Total | 178 | 109 |

(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)

| | FY2015 (from April 1, 2015 to March 31, 2016) | FY2016 (from April 1, 2016 to March 31, 2017) |
|---|---|---|
| Cash and deposits | 29,667 | 32,240 |
| Marketable securities | 14,002 | 7,000 |
| Time deposits with a maturity greater than 3 months | (104) | (131) |
| Cash and cash equivalents | 43,565 | 39,108 |

(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

FY2015 (from April 1, 2015 to March 31, 2016)

(Millions of yen)

| | Reportable segments | | | | Adjustments | Consolidated financial statements |
|---|---|---|---|---|---|---|
| | Facilities Management | Merchandise Sales | Food and Beverage | Total | | |
| Operating revenues | | | | | | |
| Sales to external customers | 52,880 | 133,718 | 17,535 | 204,134 | - | 204,134 |
| Intersegment sales and transfers | 2,006 | 753 | 2,528 | 5,288 | (5,288) | - |
| Total | 54,887 | 134,471 | 20,063 | 209,422 | (5,288) | 204,134 |
| Segment income | 6,135 | 9,476 | 564 | 16,176 | (4,873) | 11,302 |
| Segment assets | 107,179 | 38,390 | 14,551 | 160,121 | 62,421 | 222,542 |
| Other items | | | | | | |
| Depreciation and amortization | 9,277 | 1,231 | 430 | 10,939 | 372 | 11,311 |
| Increase in tangible fixed assets and intangible fixed assets | 5,393 | 3,110 | 574 | 9,079 | 274 | 9,354 |

(Notes) 1. Details of adjustments are as follows:

(1) Adjustments to the segment income include ¥4,878 million of administration expenses for the parent company's administration and other divisions at head office which are not allocated to each of the reportable segments.

(2) Adjustments to the segment assets include ¥78,614 million of corporate assets which are not allocated to each of the reportable segments, which includes excess funds managed by parent company, long-term investment (investment securities), assets related to administration divisions and other assets.

(3) Adjustments to depreciation and amortization include ¥382 million of depreciation with regard to administration divisions at head office of parent company which are not allocated to each of the reportable segments.

(4) Adjustments to increase in tangible fixed assets and intangible fixed assets (¥274 million) are primarily due to equipment and fixtures purchased by parent company's head office.

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

FY2016 (from April 1, 2016 to March 31, 2017)

(Millions of yen)

| | Reportable segments | | | | Adjustments | Consolidated financial statements |
|---|---|---|---|---|---|---|
| | Facilities Management | Merchandise Sales | Food and Beverage | Total | | |
| Operating revenues | | | | | | |
| Sales to external customers | 54,975 | 131,098 | 18,879 | 204,953 | - | 204,953 |
| Intersegment sales and transfers | 1,825 | 813 | 2,516 | 5,155 | (5,155) | - |
| Total | 56,801 | 131,911 | 21,395 | 210,108 | (5,155) | 204,953 |
| Segment income | 6,470 | 7,254 | 757 | 14,482 | (4,985) | 9,497 |
| Segment assets | 104,111 | 34,981 | 14,982 | 154,076 | 58,950 | 213,026 |
| Other items | | | | | | |
| Depreciation and amortization | 9,518 | 1,283 | 444 | 11,246 | 446 | 11,693 |
| Increase in tangible fixed assets and intangible fixed assets | 5,536 | 410 | 275 | 6,222 | 1,390 | 7,613 |

(Notes) 1. Details of adjustments are as follows:

(1) Adjustments to the segment income include ¥5,000 million of administration expenses for the parent company’s administration and other divisions at head office which are not allocated to each of the reportable segments.

(2) Adjustments to the segment assets include ¥73,400 million of corporate assets which are not allocated to each of the reportable segments, which includes excess funds managed by parent company, long-term investment (investment securities), assets related to administration divisions and other assets.

(3) Adjustments to depreciation and amortization include ¥456 million of depreciation with regard to administration divisions at head office of parent company which are not allocated to each of the reportable segments.

(4) Adjustments to increase in tangible fixed assets and intangible fixed assets (¥1,390 million) are primarily due to land acquisition intended for use as company dormitory for employees of parent company’s head office.

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

(Per Share Information)

(Yen)

| | FY2015 (from April 1, 2015 to March 31, 2016) | FY2016 (from April 1, 2016 to March 31, 2017) |
|---|---|---|
| Net assets per share | 1,427.66 | 1,511.92 |
| Net income per share | 109.20 | 84.78 |
| Diluted net income per share | 104.21 | 80.84 |

Notes: Net income per share and diluted net income per share are calculated based on the following:

(Millions of yen, except for number of shares)

| | FY2015 (from April 1, 2015 to March 31, 2016) | FY2016 (from April 1, 2016 to March 31, 2017) |
|---|---|---|
| Net income per share | | |
| Net income attributable to owners of the parent | 8,870 | 6,886 |
| Amount not attributable to common shareholders | — | — |
| Net income attributable to owners of the parent available for distribution to common shareholders | 8,870 | 6,886 |
| Average number of shares outstanding during the period (thousand shares) | 81,229 | 81,229 |
| | | |
| Diluted net income per share | | |
| Adjustments to net income attributable to owners of the parent | -17 | -17 |
| [Interest income] | [-17] | [-17] |
| Increase in common shares (thousand shares) | 3,724 | 3,737 |
| [Bonds with stock acquisition rights (thousand shares)] | [3,724] | [3,737] |
| Description of potential shares which were not included in computing diluted net income per share as they have no dilutive effect. | — | — |

(Significant Subsequent Events)

Not applicable