



# Financial Report for the First Quarter of the Fiscal Year Ending March 31, 2018 (FY2017) [J-GAAP] (Consolidated)

August 9, 2017

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/>  
 Representative: Nobuaki Yokota, President and COO  
 Contact: Kazuhito Tanaka, Managing Director  
 TEL 03-5757-8409

Scheduled date of filing securities report: August 14, 2017  
 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 FY2017 (April 1, 2017 to June 30, 2017)

(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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First Three Months of FY2017	51,759	5.9	2,787	61.6	3,758	39.5	2,640	45.3
FY2016	48,896	1.0	1,724	(40.7)	2,694	(24.0)	1,816	(25.3)

(Note) Comprehensive income: First three months of FY2017 ¥3,257 million (52.3%) First three months of FY2016 ¥2,138 million (-31.4%)

	Net income per share	Diluted net income per share
First Three Months of	Yen	Yen
FY2017	32.50	31.01
FY2016	22.37	21.33

## (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, 2017	210,662	127,280	59.2	1,534.54
As of March 31, 2017	213,026	125,438	57.7	1,511.92

(Reference) Equity capital: As of June 30, 2017 ¥124,648 million As of March 31, 2017 ¥122,811 million

## 2. Dividends

	Dividends per share				
	Q1-End	Q2-End	Q3-End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
FY2016	-	16.00	-	17.00	33.00
FY2017	-	-	-	-	-
FY2017 (Forecast)	-	18.00	-	18.00	36.00

(Note) Revisions to the most recently announced dividends forecast for FY2017: None

## 3. Forecast of Consolidated Financial Results for FY 2017 (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

(Note) Revisions to the most recently announced forecast of consolidated financial results for FY2017: 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 9 of the appendix materials “2. Quarterly Consolidated Financial Statements and Notes

(3) Notes on Quarterly Consolidated Financial Statements: 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, 2017	84,476,500 shares	As of March 31, 2017	84,476,500 shares
---------------------	-------------------	----------------------	-------------------

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

As of June 30, 2017	3,247,675 shares	As of March 31, 2017	3,247,541 shares
---------------------	------------------	----------------------	------------------

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

First quarter of FY2017	81,228,895 shares	First quarter of FY2016	81,229,029 shares
-------------------------	-------------------	-------------------------	-------------------

**\* This quarterly financial report is not subject to the quarterly review procedure.**

**\* 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 3 of the appendix materials “1. Qualitative Information on Consolidated Financial Results for the First Three Months of FY2017 (3) Explanation of Consolidated Financial Forecasts and Other Forward-looking Statements”.

## Contents of the Appendix Materials

<b>1. QUALITATIVE INFORMATION ON CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST THREE MONTHS OF FY2017 (APRIL 1, 2017 TO JUNE 30, 2017)</b> .....	<b>2 -</b>
(1) EXPLANATION OF OPERATING RESULTS .....	2 -
(2) EXPLANATION OF FINANCIAL POSITION .....	3 -
(3) EXPLANATION OF CONSOLIDATED FINANCIAL FORECASTS AND OTHER FORWARD-LOOKING STATEMENTS .....	3 -
<b>2. QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS AND NOTES</b> .....	<b>4 -</b>
(1) QUARTERLY CONSOLIDATED BALANCE SHEETS .....	4 -
(2) QUARTERLY CONSOLIDATED STATEMENTS OF INCOME AND QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME .....	6 -
<i>Quarterly Consolidated Statements of Income</i> .....	6 -
<i>Quarterly Consolidated Statements of Comprehensive Income</i> .....	8 -
(3) NOTES ON QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS .....	9 -
(NOTES ON THE PREMISE OF A GOING CONCERN) .....	9 -
(NOTES ON A SIGNIFICANT CHANGE IN SHAREHOLDERS' EQUITY) .....	9 -
(ADOPTION OF SPECIAL ACCOUNTING METHODS FOR PREPARATION OF QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS) .....	9 -
(SEGMENT INFORMATION, ETC.) .....	9 -

## 1. Qualitative Information on Consolidated Financial Results for the First Three Months of FY2017 (April 1, 2017 to June 30, 2017)

### (1) Explanation of Operating Results

During the first three months of the fiscal year ending March 31, 2018, the Japanese economy has continued a gradual trend of recovery. 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 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 the first quarter 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 has laid out its 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.

As part of our efforts to expand and diversify our business domain and profit base by leveraging our strengths, airport lounges at Haneda's domestic terminal 1 and 2 have newly opened Power Lounge in April 2017 after having been renovated. In addition, as the first phase of the business mall project targeting business people, Regus Express, equipped with rental offices, meeting rooms, and a business lounge, has opened in May 2017 on the fifth floor at Market Place at terminal 1. Furthermore, Air BIC CAMERA, which offers electronics and other products popular among foreign tourists to Japan, has opened in Odaiba, the third outlet of this store after Haneda's international terminal and Narita airport. Also, airport-style in-city duty-free shop (Japan Duty Free GINZA) has performed well as a result of various marketing efforts. We will continue to generate profits 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 the cumulative fiscal first quarter (April 1, 2017 - June 30, 2017) increased 5.9% compared with the same period of the previous year to ¥51,759 million. Operating income rose to ¥2,787 million (up 61.6% year-on-year), ordinary income to ¥3,758 million (up 39.5% year-on-year) and net income (attributable to owners of the parent) to ¥2,640 million (up 45.3% year-on-year).

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 comprehensively evaluates various aspects of international airports. This represents a significant jump from fourth place last year. We were also awarded first place in the World's Cleanest Airports (the fourth time, for the second year in a row) and World's Best Domestic Airports (for the fifth consecutive year). 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 same period during the previous year due to an increase in rental spaces to airlines and general tenants.

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 construction works increased.

As a result, operating revenues from facilities management operations increased to ¥13,800 million (up 7.7% year-on-year). Operating income for the segment was ¥1,679 million (up 29.3% year-on-year) despite an increase in outsourcing expenses.

#### [Merchandise Sales]

Sales at domestic terminal stores 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, primarily because the contract structure of boutique shops at Kansai International Airport was partially changed despite the revenue increase from airport-style in-city duty-free shops.

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 increased to ¥33,952 million (up 5.3% year-on-year) and operating income rose to ¥2,348 million (up 40.7% year-on-year) driven by growth in gross profit mainly from wholesale business.

#### [Food and Beverage]

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

Sales from in-flight meals rose from the same period during the previous year due to an increase in the passenger load factors of foreign carriers, our clients in this business, and acquisition of new clients, although some carriers decreased their flights and some business with previous clients was not renewed.

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 ¥5,329 million (up 5.0% year-on-year). Operating income for the segment was ¥154 million (up 370.4% year-on-year) because profit margins across food and beverage operations have been improved.

## (2) Explanation of Financial Position

### [Assets]

Current assets decreased by ¥2,145 million from the previous fiscal year end to ¥65,410 million, primarily due to a decrease in account receivables by ¥1,789 million and in merchandise and finished products by ¥284 million.

Fixed assets decreased by ¥218 million from the previous fiscal year end to ¥145,252 million, primarily due to a decline in tangible fixed assets by ¥1,289 million resulting from the progress of depreciation, despite the increase of investment securities by ¥1,302 million.

As a result, total assets decreased by ¥2,363 million from the previous fiscal year end to ¥210,662 million.

### [Liabilities]

Current liabilities decreased by ¥2,585 million from the previous fiscal year end to ¥33,010 million, primarily because allowance for employees' bonuses decreased by ¥778 million and income taxes payable decreased by ¥703 million.

Fixed liabilities decreased by ¥1,620 million from the previous fiscal year end to ¥50,371 million, primarily because long-term loans payable decreased by ¥1,600 million.

As a result, total liabilities decreased by ¥4,206 million from the previous fiscal year end to ¥83,382 million.

### [Net assets]

Total net assets increased by ¥1,842 million to ¥127,280 million primarily because retained earnings increased by ¥1,259 million and valuation differences on available-for-sale securities increased by ¥494 million.

As a result, equity ratio was 59.2% (compared to 57.7% 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 12, 2017.

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	FY2016 (As of March 31, 2017)	First Three Months of FY2017 (As of June 30, 2017)
<b>ASSETS</b>		
Current assets		
Cash and deposits	32,240	31,993
Accounts receivable	16,991	15,201
Marketable securities	7,000	7,000
Merchandise and finished products	7,687	7,402
Raw materials and stored goods	178	157
Deferred tax assets	1,146	1,135
Other current assets	2,334	2,548
Allowance for doubtful accounts	(23)	(28)
Total current assets	67,555	65,410
Fixed assets		
Tangible fixed assets		
Buildings and structures	277,768	278,023
Accumulated depreciation and impairment loss	(197,790)	(199,375)
Buildings and structures (net)	79,978	78,648
Machinery, equipment and vehicles	10,878	10,919
Accumulated depreciation and impairment loss	(8,384)	(8,526)
Machinery, equipment and vehicles (net)	2,494	2,393
Land	11,412	11,412
Lease assets	2,070	2,158
Accumulated depreciation and impairment loss	(1,271)	(1,342)
Lease assets (net)	799	815
Construction in progress	1,064	1,330
Other tangible fixed assets	30,524	30,652
Accumulated depreciation and impairment loss	(25,582)	(25,851)
Other tangible fixed assets (net)	4,941	4,800
Total tangible fixed assets	100,690	99,401
Intangible fixed assets	1,812	1,785
Investments and other assets		
Investment securities	27,846	29,149
Long-term loans receivable	6,665	6,663
Deferred tax assets	4,999	4,747
Net defined benefit assets	538	572
Other investments	2,933	2,931
Allowance for doubtful accounts	(16)	-
Total investments and other assets	42,967	44,065
Total fixed assets	145,471	145,252
<b>TOTAL ASSETS</b>	213,026	210,662

(Millions of yen)

	FY2016 (As of March 31, 2017)	First Three Months of FY2017 (As of June 30, 2017)
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	8,695	8,358
Short-term loans payable	9,712	9,712
Income taxes payable	1,913	1,210
Allowance for employees' bonuses	1,477	698
Allowance for directors' bonuses	227	58
Other current liabilities	13,570	12,971
Total current liabilities	35,596	33,010
Fixed liabilities		
Bonds with stock acquisition rights	30,096	30,090
Long-term loans payable	13,450	11,850
Lease obligations	527	572
Net defined benefit liabilities	4,254	4,198
Asset retirement obligations	464	466
Other fixed liabilities	3,198	3,193
Total fixed liabilities	51,992	50,371
<b>TOTAL LIABILITIES</b>	<b>87,588</b>	<b>83,382</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	17,489	17,489
Capital surplus	21,337	21,337
Retained earnings	84,054	85,314
Treasury stock	(3,244)	(3,245)
Total shareholders' equity	119,637	120,895
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,444	5,938
Deferred gains (losses) on hedges	(1,545)	(1,524)
Foreign currency translation adjustment	52	51
Remeasurements of defined benefit plans	(776)	(713)
Total accumulated other comprehensive income	3,174	3,752
Non-controlling interests	2,626	2,631
<b>TOTAL NET ASSETS</b>	<b>125,438</b>	<b>127,280</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>213,026</b>	<b>210,662</b>

## (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 FY2016 (from April 1, 2016 to June 30, 2016)	First Three Months of FY2017 (from April 1, 2017 to June 30, 2017)
Operating revenues		
Rent revenue	3,220	3,295
Facility user charges revenue	4,167	4,453
Other revenues	5,568	6,251
Sale of merchandise	31,956	33,616
Sale of food and beverage	3,983	4,142
Total operating revenues	48,896	51,759
Cost of sales		
Cost of sales of merchandise	23,939	25,443
Cost of sales of food and beverage	2,568	2,646
Total cost of sales	26,507	28,090
Gross profit	22,389	23,669
Selling, general and administrative expenses		
Salaries and wages	2,222	2,301
Provision for employees' bonuses	631	665
Provision for directors' bonuses	60	58
Expenses for retirement benefits	240	239
Rent expenses	3,141	2,985
Outsourcing and commission	5,356	5,876
Depreciation expenses	2,832	2,585
Other costs and expenses	6,179	6,169
Total selling, general and administrative expenses	20,664	20,881
Operating income	1,724	2,787
Non-operating income		
Interest income	157	156
Dividends income	216	223
Equity in earnings of affiliates	601	572
Miscellaneous income	142	135
Total non-operating income	1,118	1,088
Non-operating expenses		
Interest expenses	117	81
Loss on retirement of fixed assets	21	25
Miscellaneous expenses	8	11
Total non-operating expenses	148	118
Ordinary income	2,694	3,758



	(Millions of yen)	
	First Three Months of FY2016 (from April 1, 2016 to June 30, 2016)	First Three Months of FY2017 (from April 1, 2017 to June 30, 2017)
Extraordinary loss		
Loss on retirement of fixed assets	-	4
Loss on valuation of other investments	-	4
Total extraordinary loss	-	8
Quarterly income before income taxes and non-controlling interests	2,694	3,749
Income taxes – current	884	1,079
Quarterly income	1,809	2,669
Quarterly net income (loss) attributable to non-controlling interests	(6)	29
Quarterly net income attributable to owners of the parent	1,816	2,640

## Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	First Three Months of FY2016 (from April 1, 2016 to June 30, 2016)	First Three Months of FY2017 (from April 1, 2017 to June 30, 2017)
Quarterly income	1,809	2,669
Other comprehensive income		
Valuation difference on available-for-sale securities	(621)	499
Foreign currency translation adjustment	(2)	(0)
Remeasurements of defined benefit plans	70	61
Share of other comprehensive income of associates accounted for using equity method	881	27
Total other comprehensive income	328	588
Comprehensive income	2,138	3,257
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	2,147	3,218
Comprehensive income attributable to non-controlling interests	(8)	39

## (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

(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.

(Segment Information)

## Segment Information

I. 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

II. First three months of FY2017 (from April 1, 2017 to June 30, 2017)

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	13,283	33,756	4,719	51,759	-	51,759
Intersegment sales and transfers	517	196	609	1,322	(1,322)	-
Total	13,800	33,952	5,329	53,082	(1,322)	51,759
Segment income	1,679	2,348	154	4,182	(1,395)	2,787

(Notes) 1. Adjustments to the segment income include ¥1,395 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