May 10, 2019

Financial Report for the Year Ended March 31, 2019 (FY2018) [J-GAAP] (Consolidated)

Company name: Japan Airport Terminal Co., Ltd.
Listed stock exchange: Tokyo, 1st Section
Code number: 9706
URL: http://www.tokyo-airport-bldg.co.jp/company/en/
Representative: Nobuaki Yokota, President and COO
Contact: Kazuhito Tanaka, Managing Director TEL 03-5757-8409
Scheduled date of annual general meeting of shareholders: June 26, 2019
Scheduled date of filing securities report: June 26, 2019
Scheduled date of commencing dividend payment: June 27, 2019
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, 2019 (April 1, 2018 to March 31, 2019)

(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	%
FY2018	273,618	21.1	22,481	67.4	20,379	22.1	33,004	180.3
FY2017	225,953	10.2	13,429	41.4	16,696	30.0	11,776	71.0

(Note) Comprehensive income: FY2018 ¥36,748 million (167.1%) FY2017 ¥13,758 million (41.3%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to operating revenues
	Yen	Yen	%	%	%
FY2018	406.31	388.03	22.2	5.6	8.2
FY2017	144.98	138.37	9.2	7.4	5.9

(Reference) Equity in earnings of affiliates: FY2018 ¥297 million FY2017 ¥2,335 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, 2019	484,654	201,390	33.7	2,011.61
As of March 31, 2018	239,389	136,156	55.7	1,641.82

(Reference) Equity capital: As of March 31, 2019 ¥163,399 million As of March 31, 2018 ¥133,362 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
FY2018	34,288	(8,489)	19,152	87,273
FY2017	22,257	(28,474)	9,438	42,329

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	%	%
FY2017	-	20.00	-	24.00	44.00	3,574	30.4	2.8
FY2018	-	23.00	-	22.00	45.00	3,655	31.2	2.5
FY2019 (Forecast)	-	20.00	-	20.00	40.00		40.6	

In calculating the dividend payout ratio for FY 2018, ¥21.3 billion is excluded from net income attributable to owners of the parent (¥33 billion). ¥21.3 billion is the amount, after considering deferred tax effect, of one-time extraordinary gain on negative goodwill, etc. that was recognized (¥23 billion) concerning the stock acquisition of Tokyo International Air Terminal Corp.

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(%: 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	137,300	-0.1	9,900	-23.1	9,200	-21.3	4,900	-82.6	60.32
Full-year	277,500	1.4	16,000	-28.8	14,200	-30.3	8,000	-75.8	98.49

Other Information

(1) Significant changes in subsidiaries during the year under review (changes in specified subsidiaries involving changes in scope of consolidation): Yes

New: 1 company (Tokyo International Air Terminal Corp.) 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, 2019 84,476,500 shares As of March 31, 2018 84,476,500 shares

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

As of March 31, 2019 3,247,973 shares As of March 31, 2018 3,247,735 shares

3) Average number of shares outstanding during the period:

Year ended March 31, 2019 81,228,641 shares Year ended March 31, 2018 81,228,813 shares

(Reference) Summary of Non-Consolidated Financial Results

Financial Results for the Year Ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(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	%
FY2018	188,121	6.8	6,880	-11.9	7,517	-14.3	5,460	-12.4
FY2017	176,160	9.7	7,811	19.2	8,769	12.0	6,233	97.5

	Net income per share	Diluted net income per share
	Yen	Yen
FY2018	67.23	64.03
FY2017	76.74	73.14

(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, 2019	246,452	105,384	42.8	1,297.38
As of March 31, 2018	211,950	104,497	49.3	1,286.46

(Reference) Equity capital: As of March 31, 2019 ¥105,384 million As of March 31, 2018 ¥104,497 million

*** This financial report is not subject to audits by certified public accountants or auditing firms.**

*** 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 Japan Airport Terminal Co., Ltd. (hereinafter “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 5 of the appendix materials “1. Analysis of Business and Financial Results (4) Forecast for FY 2019 (the fiscal year ending March 31, 2020).

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

Earnings announcement is planned to be held on May 17, 2019 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 FY 2018

During the fiscal year ended March 31, 2019 (FY 2018), the Japanese economy experienced a gradual recovery, despite the fact that exports and production in some sectors showed some signs of weakness toward the end of the fiscal year in March 2019. Looking ahead, though weakness will remain to be seen in some sectors, continuing improvement in employment and income, combined with various government policies, is expected to support moderate economic recovery. Nevertheless, it is important to prudently monitor various issues, such as effects of rising trade tensions on the global economy, China's economic trends, the uncertainty in overseas economies and policies, and the volatility of capital markets. In particular, the Chinese economy has been gradually slowing down and this trend is expected to continue in the near future, while the effects of various government measures are expected to unfold. However, the uncertainty in terms of how trade tensions will develop, and what impact they will have, means that there is a risk of an economic downturn.

Looking at our business environment, the Japanese government targets 40 million annual inbound tourists for Japan in 2020. The volume of inbound tourists in 2018 (January – December) hit a record high of over 30 million. The growth was primarily due to an increase in total seat capacity fueled by new routes and an increase in flights and continuing promotional campaigns for traveling to Japan, despite the adverse impacts observed since September 2018 due to natural disasters that struck Japan during the summer and fall seasons last year.

A review of passenger traffic during FY 2018 shows that passenger volume at Haneda Airport, both on domestic and international flights, rose year-on-year since airlines increased their nighttime flights on Haneda's international routes, increased seat capacity by redesigning aircraft seating layouts, and offered various types of demand-based discount pricing. International flights at Narita International Airport also increased year-on-year not only because additional flights were operated in September 2018 following the disaster that hit Kansai International Airport, but also because passenger traffic has remained robust since then.

Under these circumstances, the Japan Airport Terminal group ("JAT Group") has embraced its long-term vision "To be a World Best Airport" that best satisfies the needs of all stakeholders. To achieve this long-term vision, the medium-term business plan has been developed and implemented as our five-year growth strategy until FY 2020. This medium-term business plan was reviewed to keep up with the current corporate growth strategy and updated to reflect recent developments, including the consolidation of Tokyo International Air Terminal Corp. ("TIAT") by subscribing for a third-party allotment of shares in April 2018, as well as the strengthening of airport functions to meet the increasing demand of international flights after 2020. Our main priorities for FY 2018 have been to realize the intended effects and purpose of consolidation of TIAT, achieve appropriate results, respond to changes in the business environment, and further improve the performance of airport-style in-city duty-free shops. While pursuing these priorities, JAT Group is implementing various measures based on 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.

With regard to the "Pursuit of the ideal of Haneda Airport", passenger terminal facilities are being constructed with a view toward re-expansion of Haneda international flights. As part of this project, the boarding stations near the North Pier of Terminal 2 and the satellite facility at Terminal 2 began operating in May 2018 and in December 2018 respectively. Other re-expansion projects are proceeding in line with the construction schedule that will be completed for service by March 2020. In terms of airport safety, we are taking additional protective measures, such as installing water-stopping boards to prevent flooding into the underground facilities in light of the last year's unprecedented natural disaster which significantly affected the safety of airport functions. We will step up our investments to enhance airport safety and continue to implement our business policy of establishing absolute safety. Besides, we continue to make efforts to improve the terminal environment and passenger convenience by means of renovation projects that began at Terminal 1 in October 2018, as well as the expansion of P4 parking in March 2019. Moreover, in a drastically changing business environment, it is important not only to utilize our experience and know-how more extensively, but also to expand our business domain by bringing in expertise that our company does not possess, so that we can achieve more stable growth by taking full advantage of the prominent location of Haneda Airport. To this end, Haneda Future Research Institute Inc. was established on July 2, 2018. Its business is now being undertaken in consideration of the perspective that art and culture will play a vital role in supporting the Japanese economy after the 2020 Olympics. While we contribute to regional revitalization by taking advantage of the premier location of Haneda Airport in connecting local municipalities and Haneda Airport, we are also creating new values by promoting abroad Japanese fine products, art, and culture. In addition, we will propose a future design of Japan, such as new lifestyle, while educating human resources who can meet the needs of the times and fulfilling the role of a think tank. Furthermore, Haneda Robotics Lab, a robot technology project that aims to improve functionality and customer convenience of Haneda Airport, has gone through demonstration experiments, product improvement and introductory testing of various service robots, and participated in exhibitions in Japan and abroad to promote our activities. These efforts were recognized as a meaningful initiative in the field of airport operation that helps improve passenger experiences, leading to these efforts being awarded "Best Passenger Experience Initiative" at Future Travel Experience Asia Expo 2018 that took place in Singapore in November 2018. We will continue to explore ways to utilize the latest technology at Haneda Airport.

In terms of the "Expansion of our business domain utilizing our strengths and the diversification of profits", a duty-free shop at the arrival hall in the Haneda's international terminal was opened in April 2018. TIAT DUTY FREE SHOP CENTRAL within the departure area held a grand opening on March 28, 2019 following renovations that began in July 2018. This new shop, which has enhanced customer convenience by offering a wider variety of goods, particularly cosmetics and perfumery, handles Japanese brands popular among inbound travelers, including a number of new brands, and its sales have been successful so far. On the other hand, tightened enforcement of regulations on bringing duty-free goods into China, as well as the weakening of the Chinese Yuan, have caused a slowdown in the pace of growing consumption by Chinese travelers at our duty-free shops since October 2018. Also, since January 2019, sales at our duty-free shops at Narita airport and airport-style in-city duty-free shop "Japan Duty Free Ginza" have fallen short of that of the previous year, with sentiment of Chinese customers affected by the economic slowdown and new legislation in China. Nevertheless, we will continue a comprehensive approach to enhance their revenues and to align with e-commerce business in order to take advantage of the demand for shopping by Chinese visitors which is expected to grow. Since the number of outbound Japanese customers hit a record-high in 2018 and is expected to grow steadily, we also carry out merchandise strategy that reflects the preferences of Japanese customers. Also, MSJA-Kumamoto Consortium, to which the Company belongs, was awarded preferred negotiation rights on the Qualified Project etc. for Kumamoto Airport Operation in March 2019. Consequently, a Special Purpose Company is proceeding with preparations for starting the business in July 2019. As for the Palau International Airport project, locally based joint venture company "Palau International Airport Company" started operating the airport terminal in April 14, 2019 and is working on renovation and expansion of the terminal facilities which are scheduled to be completed within FY 2020. Furthermore, a consortium of Japanese companies, including the Company, signed a shareholders' agreement in December 2018 with Joint-Stock Company, Khabarovsk Airport, for participation in a business to construct and operate a passenger terminal at Khabarovsk International Airport. The efforts will be accelerated with the other partner companies in order to start the business.

With respect to the "Reconstruction of our profit base and the building of competitive advantages", we opened a new 14 tenant commercial facility, "THE HANEDA HOUSE", on December 19, 2018 on the 5th floor of Haneda's Terminal 1. This project is designed to provide new types of airport experiences by bringing together facilities specializing in offering unique experiences. "Air BIC CAMERA" showed strong results by opening two stores at Chubu Centrair International Airport in April and June 2018, and one at Naha Airport on March 18, 2019, and by offering products that meet the needs of foreign travelers. To leverage the profit opportunity created by foreign travelers' spending outside of the airport, a new store was opened at Divercity Tokyo Plaza on November 2, 2018, following the store opening at Aqua City Odaiba.

Additionally, ¥30,000 million was financed on August 31, 2018 through Hybrid Loan (subordinated debt), a strategic financing scheme that achieves both financial stability and improvement in return on capital. As this Hybrid Loan is recognized by a credit rating agency to qualify for equity classification to a certain extent, it serves essentially to strengthen financial structure without diluting its shares. In the area of corporate governance, we are working to strengthen governance structure by holding legal and corporate governance seminars in which our CEO and other management members participate, amending internal rules and guidelines, including regulation of the board of directors, and analyzing the effectiveness of the board of directors, including objective third-party evaluations.

Consolidated financial results for FY 2018 (April 1, 2018 – March 31, 2019) were affected by the changes in profit structure resulting from consolidation of TIAT as a consolidated subsidiary and recognition of extraordinary income and losses. Under these circumstances, consolidated operating revenues for FY 2018 totaled ¥273,618 million (up 21.1% from the previous fiscal year), with operating income of ¥22,481 million (up 67.4%), ordinary income of ¥20,379 million (up 22.1%), and net income attributable to owners of the parent of ¥33,004 million (up 180.3%).

In September 2018, Haneda Airport's passenger terminals were awarded "5-Star Airport" quality ranking, the highest global standard, for the fifth consecutive year in the "Global Airport Rating" evaluated by the Skytrax (UK). In March 2019, we were awarded second place in the World's Best Airports category, which comprehensively evaluates various aspects of international airports. We were also awarded first place in the World's Cleanest Airports (for the fourth year in a row), World's Best Domestic Airports (for the seventh consecutive year), and World's Best PRM / Accessible Facilities, a category that was newly introduced this year. With the Tokyo Olympics and Paralympics approaching, JAT Group works cooperatively as an entire airport and as a sky gateway to the Tokyo metropolitan area, so that both domestic and international terminals offer a high level of customer convenience, comfort, and functionality. In pursuit of the ideal of Haneda Airport, we aim to be the airport that earns the long-term trust of customers from all over the world.

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]

Since TIAT became a consolidated subsidiary, revenue at Haneda's international terminal has been added including rental revenue, facility user charges on international flights, parking revenue, and sales from advertisements and at lounges, while what was recognized as revenue from outsourced operations at the international terminal in previous years is now offset.

Looking at factors other than the consolidation of TIAT, rental revenue rose from the previous year primarily due to an increase in rental spaces to airlines and opening of "THE HANEDA HOUSE" on the 5th floor of Terminal 1, despite a decrease in rental revenue resulting from the closure of tenants due to ongoing construction for the expansion of Terminal 2.

Revenue from facility user charges rose from the previous year because a growth in domestic passenger volume fueled by strong demand for business travelers and inbound travelers using domestic routes increased user charges revenue for domestic terminal facilities, despite flight cancellations due to natural disasters.

Other revenues rose from the previous year primarily because revenue at lounges at domestic terminals increased.

As a result, operating revenues from facilities management operations increased to ¥87,584 million (up 44.9% year-on-year). Operating income for the segment was ¥14,339 million (up 113.5% year-on-year).

[Merchandise Sales]

Since TIAT became a consolidated subsidiary, sales at duty-free shops at Haneda's international terminal have been added, while what was recognized as revenue from wholesaling in previous years is now offset.

Looking at factors other than the consolidation of TIAT, sales at domestic terminal stores rose from the previous year as a result of an increase in domestic passenger volume and efforts to achieve higher average purchase prices.

With regard to sales at international terminal stores, we have seen a slowing trend of consumption growth by Chinese travelers at our duty-free shops, such as a decrease in the numbers of items purchased and a hesitance to buy expensive goods, affected by tightened enforcement of regulations on bringing duty-free goods into China as well as the weakening of the Chinese Yuan. Nevertheless, the sales at international terminal stores increased from the previous year because international passenger volume grew at Haneda Airport and efforts were made to improve the merchandise lineup and to realize greater operational efficiency by opening a new duty-free shop on the arrival floor, renovating "TIAT DUTY FREE SHOP CENTRAL", and opening new shops at Chubu Centrair International Airport.

Other revenues rose because the wholesaling to regional airports progressed well.

As a result, operating revenues from merchandise sales operations increased to ¥172,996 million (up 16.4% year-on-year) and operating income rose to ¥15,760 million (up 39.2% year-on-year).

[Food and Beverage]

Since TIAT became a consolidated subsidiary, sales from food and beverage operations at Haneda's international terminal have been added, while what was recognized as the revenue from the outsourced operations at international terminal in previous years is now offset.

Looking at factors other than the consolidation of TIAT, sales from food and beverage operations decreased from the previous year because some restaurants and stores were closed due to renovations and construction for internationalization at domestic terminal.

Sales from in-flight meals rose from the previous year due to an increase in flights of foreign carriers, our clients in this business, and the acquisition of new clients.

As a result, operating revenues from food and beverage operations increased to ¥22,613 million (up 1.5% year-on-year) and operating income rose to ¥880 million (down 1.8% year-on-year).

(2) Analysis of Consolidated Financial Position for FY2018

[Assets]

Current assets increased by ¥51,832 million from the previous fiscal year end to ¥123,817 million, primarily due to an increase in cash and deposits by ¥44,971 million and in merchandise and finished products by ¥4,456 million, despite a decrease in accounts receivable by ¥1,607 million.

Fixed assets increased by ¥193,432 million from the previous fiscal year end to ¥360,837 million, primarily because tangible fixed assets rose by ¥174,405 million and leasehold right increased by ¥37,050 million, despite a decrease in investment securities by ¥15,118 million.

As a result, total assets increased by ¥245,265 million from the previous fiscal year end to ¥484,654 million.

[Liabilities]

Current liabilities increased by ¥30,208 million from the previous fiscal year end to ¥67,894 million, primarily because “Current portion of bonds with stock acquisition rights” increased by ¥15,013 million, short-term loans payable increased by ¥4,934 million and other current liabilities increased by ¥4,611 million. Fixed liabilities increased by ¥149,823 million from the previous fiscal year end to ¥215,370 million, primarily because long-term loans payable increased by ¥133,135 million.

As a result, total liabilities increased by ¥180,031 million from the previous fiscal year end to ¥283,264 million.

[Net assets]

Total net assets increased by ¥65,233 million from the previous fiscal year end to ¥201,390 million primarily because non-controlling interests increased by ¥35,196 million and retained earnings increased by ¥29,185 million.

As a result, equity ratio was 33.7% (compared to 55.7% at the previous fiscal year end).

(3) Analysis of Consolidated Cash Flows for FY 2018

Cash and cash equivalents (hereinafter referred to as “cash”) at the current fiscal year end increased by ¥44,943 million compared to the previous fiscal year end to ¥87,273 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 ¥12,031 million (up 54.1%) from the previous fiscal year to ¥34,288 million. This was primarily due to an increase in income before income taxes and minority interests.

[Cash flows from investing activities]

Net cash used in investing activities decreased by ¥19,985 million (down 70.2%) from the previous fiscal year to ¥8,489 million. This was primarily due to proceeds from purchase of investments in subsidiary resulting in change in scope of consolidation.

[Cash flows from financing activities]

Net cash provided by financing activities increased by ¥9,714 million (up 102.9%) from the previous fiscal year to ¥19,152 million. This was primarily because of proceeds from long-term loans payable.

(4) Forecast for FY 2019 (the fiscal year ending March 31, 2020)

Over the next fiscal year, continuing improvements in employment and income, coupled with various government policies, are expected to support moderate economic recovery, though weaknesses remain in some sectors. Nevertheless, it is necessary to prudently monitor risk factors, such as impacts of rising trade tensions on the global economy, trends involving China’s economy, as well as uncertainty in overseas economies and policy, and volatility in the capital markets.

The airline industry is experiencing a number of important initiatives aimed at strengthening functions of metropolitan airports to meet the demands for hosting the 2020 Tokyo Olympic and Paralympic Games and beyond, as well as upgrading the gateway functions at regional airports to meet the Japanese government’s goal of a tourism-oriented developed nation and its targets of 40 million for annual inbound tourists in 2020, and 60 million in 2030. The industry is also stepping up its efforts to heighten security against terrorism and taking security and safety measures with a view toward enhancing aviation safety.

To cope with these circumstances, JAT Group is working hard to address key challenges: to make preparations regarding terminal operation that should be planned after the new international facilities come into use, to respond effectively to changes in consumption by inbound Chinese travelers, and to execute the financial plan that will lead to meeting the guidelines for FY 2020. Our present expectations for earnings by segment for FY 2019 are described below.

Facilities management operations are expected to surpass the results of FY 2018 because of the full-year contribution of “THE HANEDA HOUSE” that opened in December 2018, an increase in rental revenue due to expansion at Terminal 2 in FY 2019 of office rental space to airlines, and an increase in revenue from facility user charges due to growing passenger volume at the domestic and international terminals. On the other hand, operating income is expected to fall short of that of FY 2018 because of a one-time cost incurred due to completion of international facilities.

As for merchandise sales operations, sales have decreased year-on-year in some duty-free stores since January 2019. Despite the prospect of growing numbers of inbound tourists, the merchandise sales will remain in a difficult situation, due to the slowdown in the growth of purchase prices, decreases in sales at shops at domestic terminals caused by construction for expansion of Haneda’s Terminal 2, as well as a renovation project planned for brand shops at Haneda’s international terminal and duty-free shop at Narita Airport. Nevertheless, financial results are expected to remain largely on par with FY 2018 due to the contribution of “TIAT DUTY FREE SHOP

CENTRAL" which opened at the end of March 2019, combined with efforts to develop e-commerce and sales to regional airports by leveraging information technology.

Food and beverage operations are expected to remain nearly at the same level as FY 2018, despite the temporary closure of shops during construction for expansion of international facilities in Terminal 2.

Therefore, for consolidated performance in the fiscal year ending March 31, 2020 (FY 2019), we forecast operating revenue of ¥277,500 million (up 1.4% year-on-year), operating income of ¥16,000 million (down 28.8%), ordinary income of ¥14,200 million (down 30.3%), and net income attributable to owners of the parent of ¥8,000 million (down 75.8%).

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)

	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
ASSETS		
Current assets		
Cash and deposits	42,487	87,458
Accounts receivable	19,566	17,959
Merchandise and finished products	6,512	10,968
Raw materials and stored goods	161	141
Other current assets	3,294	7,306
Allowance for doubtful accounts	(37)	(16)
Total current assets	71,985	123,817
Fixed assets		
Tangible fixed assets		
Buildings and structures	281,100	459,499
Accumulated depreciation and impairment loss	(204,919)	(261,619)
Buildings and structures (net)	76,180	197,879
Machinery, equipment and vehicles	11,827	23,945
Accumulated depreciation and impairment loss	(8,821)	(13,457)
Machinery, equipment and vehicles (net)	3,005	10,488
Land	11,371	11,371
Lease assets	1,159	1,261
Accumulated depreciation and impairment loss	(537)	(695)
Lease assets (net)	621	565
Construction in progress	21,496	58,988
Other tangible fixed assets	32,101	59,926
Accumulated depreciation and impairment loss	(26,789)	(46,826)
Other tangible fixed assets (net)	5,311	13,099
Total tangible fixed assets	117,987	292,393
Intangible fixed assets		
Leasehold right	—	37,050
Other intangible fixed assets	1,889	2,586
Total intangible fixed assets	1,889	39,637
Investments and other assets		
Investment securities	31,953	16,835
Long-term loans receivable	6,665	2
Deferred tax assets	5,789	6,981
Net defined benefit assets	298	1,385
Other investments	2,820	3,601
Total investments and other assets	47,527	28,806
Total fixed assets	167,404	360,837
TOTAL ASSETS	239,389	484,654

(Millions of yen)

	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
LIABILITIES		
Current liabilities		
Accounts payable	9,707	9,774
Short-term loans payable	7,790	12,724
Current portion of bonds with stock acquisition rights	—	15,013
Accrued expenses	9,317	13,547
Income taxes payable	3,202	4,482
Allowance for employees' bonuses	1,673	1,725
Allowance for directors' bonuses	250	269
Other current liabilities	5,743	10,355
Total current liabilities	37,685	67,894
Fixed liabilities		
Bonds	—	11,127
Bonds with stock acquisition rights	30,070	15,031
Long-term loans payable	28,210	161,345
Lease obligations	504	409
Deferred tax liabilities	—	14,204
Allowance for directors' retirement benefits	—	57
Net defined benefit liabilities	3,304	4,059
Asset retirement obligations	471	478
Other fixed liabilities	2,986	8,656
Total fixed liabilities	65,547	215,370
TOTAL LIABILITIES	103,233	283,264
NET ASSETS		
Shareholders' equity		
Common stock	17,489	17,489
Capital surplus	21,337	21,337
Retained earnings	92,826	122,012
Treasury stock	(3,245)	(3,246)
Total shareholders' equity	128,408	157,592
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,276	5,506
Deferred gains or losses on hedges	(1,259)	197
Foreign currency translation adjustment	54	47
Remeasurements of defined benefit plans	(116)	55
Total accumulated other comprehensive income	4,954	5,807
Non-controlling interests	2,793	37,990
TOTAL NET ASSETS	136,156	201,390
TOTAL LIABILITIES AND NET ASSETS	239,389	484,654

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

Consolidated Statements of Income

(Millions of yen)

	FY2017 (from April 1, 2017 to March 31, 2018)	FY2018 (from April 1, 2018 to March 31, 2019)
Operating revenues		
Rent revenue	13,278	17,454
Facility user charges revenue	18,754	43,505
Other revenues	29,665	21,314
Sale of merchandise	147,117	171,249
Sale of food and beverage	17,138	20,095
Total operating revenues	225,953	273,618
Cost of sales		
Cost of sales of merchandise	111,480	121,195
Cost of sales of food and beverage	10,746	10,934
Total cost of sales	122,226	132,129
Gross profit	103,726	141,489
Selling, general and administrative expenses		
Salaries and wages	10,651	12,072
Provision for employees’ bonuses	1,572	1,620
Provision for directors’ bonuses	250	269
Expenses for retirement benefits	997	955
Rent expenses	12,734	16,974
Outsourcing and commission	27,502	30,333
Depreciation expenses	10,806	24,634
Other costs and expenses	25,782	32,147
Total selling, general and administrative expenses	90,296	119,007
Operating income	13,429	22,481
Non-operating income		
Interest income	627	26
Dividends income	324	330
Equity in gains of affiliates	2,335	297
Miscellaneous income	763	1,119
Total non-operating income	4,050	1,775
Non-operating expenses		
Interest expenses	331	3,102
Loss on retirement of fixed assets	110	82
Fee and commission expenses	269	584
Miscellaneous expenses	72	107
Total non-operating expenses	783	3,877
Ordinary income	16,696	20,379

(Millions of yen)

	FY2017 (from April 1, 2017 to March 31, 2018)	FY2018 (from April 1, 2018 to March 31, 2019)
Extraordinary gains		
Gains on sales of fixed assets	1	—
Gain on offsetting assets and liabilities	—	5,626
Gain on negative goodwill	—	20,126
Other extraordinary gains	—	207
Total extraordinary gains	1	25,960
Extraordinary loss		
Impairment loss	138	117
Loss on retirement of fixed assets	7	315
Loss on valuation of other investments	27	—
Loss of step acquisition	—	2,725
Other extraordinary loss	—	152
Total extraordinary loss	173	3,311
Income before income taxes and non-controlling interests	16,523	43,027
Income taxes – current	4,940	7,742
Income taxes – deferred	(370)	(381)
Total income taxes	4,569	7,360
Net income before non-controlling interests	11,954	35,666
Net income attributable to non-controlling interests	177	2,662
Net income attributable to owners of the parent	11,776	33,004

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2017 (from April 1, 2017 to March 31, 2018)	FY2018 (from April 1, 2018 to March 31, 2019)
Net income before non-controlling interests	11,954	35,666
Other comprehensive income		
Valuation difference on available-for-sale securities	842	(772)
Deferred gains (losses) on hedges	—	386
Foreign currency translation adjustment	2	(6)
Remeasurements of defined benefit plans	664	238
Share of other comprehensive income of associates accounted for using equity method	294	1,235
Total other comprehensive income	1,803	1,081
Comprehensive income	13,758	36,748
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	13,556	33,856
Comprehensive income attributable to non-controlling interests	201	2,891

(3) Consolidated Statements of Changes in Shareholders' Equity

FY2017 (from April 1, 2017 to March 31, 2018)

(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	84,054	(3,244)	119,637
Changes during current period					
Dividend from retained earnings			(3,005)		(3,005)
Net income attributable to owners of the parent			11,776		11,776
Purchase of treasury stock				(0)	(0)
Changes of items other than shareholders' equity during current period (net)					
Total changes during current period	—	—	8,771	(0)	8,771
Balance at the end of current period	17,489	21,337	92,826	(3,245)	128,408

	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	5,444	(1,545)	52	(776)	3,174
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)	832	286	2	659	1,780
Total changes during current period	832	286	2	659	1,780
Balance at the end of current period	6,276	(1,259)	54	(116)	4,954

	Non-controlling interests	Total net assets
Balance at the beginning of current period	2,626	125,438
Changes during current period		
Dividend from retained earnings		(3,005)
Net income attributable to owners of the parent		11,776
Purchase of treasury stock		(0)
Changes of items other than shareholders' equity during current period (net)	167	1,947
Total changes during current period	167	10,718
Balance at the end of current period	2,793	136,156

FY2018 (from April 1, 2018 to March 31, 2019)

(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	92,826	(3,245)	128,408
Changes during current period					
Dividend from retained earnings			(3,817)		(3,817)
Net income attributable to owners of the parent			33,004		33,004
Purchase of treasury stock				(1)	(1)
Changes of items other than shareholders' equity during current period (net)					
Total changes during current period	—	—	29,185	(1)	29,184
Balance at the end of current period	17,489	21,337	122,012	(3,246)	157,592

	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	6,276	(1,259)	54	(116)	4,954
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)	(769)	1,457	(6)	171	852
Total changes during current period	(769)	1,457	(6)	171	852
Balance at the end of current period	5,506	197	47	55	5,807

	Non-controlling interests	Total net assets
Balance at the beginning of current period	2,793	136,156
Changes during current period		
Dividend from retained earnings		(3,817)
Net income attributable to owners of the parent		33,004
Purchase of treasury stock		(1)
Changes of items other than shareholders' equity during current period (net)	35,196	36,048
Total changes during current period	35,196	65,233
Balance at the end of current period	37,990	201,390

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2017 (from April 1, 2017 to March 31, 2018)	FY2018 (from April 1, 2018 to March 31, 2019)
Cash flows from operating activities		
Income before income taxes and minority interests	16,523	43,027
Depreciation and amortization	10,913	24,737
Impairment loss	138	117
Gain on negative goodwill	—	(20,126)
Gain on offsetting assets and liabilities	—	(5,626)
Loss (gain) on step acquisition	—	2,725
Increase (decrease) in allowance for employees’ bonuses	196	51
Increase (decrease) in allowance for directors’ bonuses	22	19
Increase (decrease) in net defined benefit liabilities	89	113
Decrease (increase) in net defined benefit assets	157	(101)
Interest and dividends income	(952)	(357)
Interest expenses	331	3,102
Equity in losses (earnings) of affiliates	(2,335)	(297)
Loss on retirement of tangible fixed assets	116	395
Loss (gain) on sales of tangible fixed assets	(3)	(6)
Government subsidy	—	(207)
Decrease (increase) in accounts receivable – trade	(2,575)	(503)
Decrease (increase) in inventories	1,191	(1,085)
Decrease (increase) in other current assets	(836)	(2,378)
Increase (decrease) in accounts payable - trade	1,011	68
Increase (decrease) in other current liabilities	1,410	2,681
Increase (decrease) in other fixed liabilities	(152)	(56)
Others	8	(260)
Subtotal	25,258	46,034
Interest and dividends received	944	350
Interest paid	(283)	(3,439)
Income and other taxes paid	(3,662)	(8,657)
Net cash provided by (used in) operating activities	22,257	34,288
Cash flows from investing activities		
Payments into time deposits	(25)	(27)
Purchase of investment securities	(271)	(792)
Proceeds from sales of investment securities	0	—
Proceeds from purchase of investments in subsidiary resulting in change in scope of consolidation	—	46,211
Purchase of tangible fixed assets	(27,410)	(53,459)
Proceeds from sales of tangible fixed assets	2	8
Purchase of intangible fixed assets	(691)	(565)
Purchase of long-term prepaid expenses	(186)	(6)
Payments of long-term loans receivable	(2)	(2)
Proceeds from government subsidy	—	207
Other payments	(186)	(162)
Other proceeds	295	96
Others	2	4
Net cash provided by (used in) investing activities	(28,474)	(8,489)

(Millions of yen)

	FY2017 (from April 1, 2017 to March 31, 2018)	FY2018 (from April 1, 2018 to March 31, 2019)
Cash flows from financing activities		
Net increase (decrease) of short-term loans payable	200	300
Proceeds from long-term loans payable	20,000	40,110
Repayment of long-term loans payable	(7,362)	(17,224)
Repayments of lease obligations	(359)	(180)
Dividends paid by parent company	(3,005)	(3,817)
Dividends paid to non-controlling shareholders	(34)	(33)
Others	(0)	(1)
Net cash provided by (used in) financing activities	9,438	19,152
Effect of exchange rate change on cash and cash equivalents	0	(8)
Increase (decrease) in cash and cash equivalents	3,221	44,943
Cash and cash equivalents at the beginning of period	39,108	42,329
Cash and cash equivalents at the end of period	42,329	87,273

(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: 20 companies

Names of consolidated subsidiaries

Tokyo International Air Terminal Corp.
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.
Haneda Future Research Institute Inc.
Japan Airport Terminal Trading (Chengdu) Co., Ltd.
LANI KE AKUA PACIFIC, INC.
Sakura Co., Ltd.
Hamashin Co., Ltd.
CTT Co., Ltd.
Kaikan Development Co., Ltd.

During the current fiscal year, Tokyo International Air Terminal Corp. (TIAT), which had been an affiliated company accounted for using the equity method, became a consolidated subsidiary since payment procedures were completed with regard to subscribing for a third-party allotment of shares issued by TIAT, and was included in the scope of consolidation.

Haneda Future Research Institute 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: 2 companies

Names of affiliated company that is accounted for using the equity method

Airport Transport Service Co., Ltd.
Japan Airport Delica Inc.

2) A non-consolidated subsidiary and Seikousha Inc. and seven 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. and LANI KE AKUA PACIFIC, INC. end the 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 year-end, 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

At the Company and major consolidated subsidiaries, 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). Certain 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)

The Company uses the declining balance method. Consolidated subsidiaries principally use the straight-line method.

(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.

(D) Allowance for directors’ retirement benefits

To provide for future payments of retirement benefits to directors, certain consolidated subsidiaries record the amount that would be required at the end of the fiscal period in accordance with their internal rules.

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.

(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).

(C) Adoption of simplified methods at small companies

Certain consolidated subsidiaries adopt a simplified method of using the amounts payable for voluntary retirement of employees at fiscal year-end in calculating net defined benefit liabilities and expenses for retirement benefits.

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 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.

7) 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.

8) Capitalization of borrowing costs

At certain consolidated subsidiaries, interest costs and related expenses on borrowings during construction period of passenger terminals and other facilities are included in acquisition cost (¥174 million for FY 2018, ¥4,300 million for accumulated amount as of March 31, 2019) and recorded as tangible asset.

9) Other important matters regarding preparing consolidated financial statements

Consumption Taxes

Consumption taxes are excluded from transaction amounts.

(Notes on Changes in Presentation)

Partial Amendments to Accounting Standard for Tax Effect Accounting

“Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28 issued on February 16, 2018) has been applied from the beginning of FY2018. Accordingly, “deferred tax assets” are presented under “investments and other assets”, while “deferred tax liabilities” are presented under “fixed liabilities”.

(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)

	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
Cash and deposits	—	54,379
Accounts receivable	—	47
Buildings and structures	62,456	184,937
Machinery, equipment and vehicles	—	1,576
Land	53	53
Other investments	—	1,000
Total	62,510	241,994

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

(Millions of yen)

	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
Short-term loans payable	3,600	1,700
Long-term loans payable	2,550	98,277
Total	6,150	99,977

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

(Millions of yen)

	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)
Investment securities (shares)	10,005	1,942
Investment securities (corporate bonds)	6,660	—

3. Liabilities guaranteed

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

(Millions of yen)

FY2017 (As of March 31, 2018)		FY2018 (As of March 31, 2019)	
Japan Airport Delica Inc. (borrowing)	225	Japan Airport Delica Inc. (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)

	FY2017 (As of March 31, 2017)	FY2018 (As of March 31, 2019)
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:

FY2017 (from April 1, 2017 to March 31, 2018)

Location	Use	Type	Impairment loss
Izumisano, Osaka	Store (Merchandise sales), etc.	Buildings and structures, others, intangible fixed assets	97 million yen
Narita, Chiba and other locations	Unused land	Land	41 million yen

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

By examining impairment for fixed assets based on the groupings, it was judged that the carrying amount of the stores and other assets at Kansai International Airport directly operated by the Company is not recoverable in the future. The entire carrying amount of those assets was recognized as impairment loss. The loss consists of ¥58 million for buildings and structures, ¥34 million for others, and ¥4 million for intangible fixed assets.

As for the unused land whose market value significantly fell below the carrying amount, the carrying amount was reduced to the recoverable value and the reduced amount was recognized as impairment loss of ¥41 million in extraordinary loss.

Recoverable values of those assets were measured as net realizable values, which were based on real estate appraisal standards and other methods.

FY2018 (from April 1, 2018 to March 31, 2019)

Location	Use	Type	Impairment loss
Ota-ku, Tokyo	Incinerator	Construction in progress	117 million yen

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

By examining impairment for fixed assets based on the groupings, since the plan to construct incinerator was cancelled by the consolidated subsidiary, the carrying amount was reduced to the recoverable value and the reduced amount was recognized as impairment loss of ¥117 million in extraordinary loss. Recoverable value was measured as zero based on its value in use.

2. Gains on sales of fixed assets

(Millions of yen)

	FY2017 (from April 1, 2017 to March 31, 2018)	FY2018 (from April 1, 2018 to March 31, 2019)
Land	1	—

3. Loss on retirement of fixed assets

(Millions of yen)

	FY2017 (from April 1, 2017 to March 31, 2018)	FY2018 (from April 1, 2018 to March 31, 2019)
Buildings and structures	4	273
Machinery, equipment and vehicles	2	0
Furniture and fixtures	—	41
Total	7	315

(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)

	FY2017 (from April 1, 2017 to March 31, 2018)	FY2018 (from April 1, 2018 to March 31, 2019)
Cash and deposits	42,487	87,458
Time deposits with a maturity greater than 3 months	(157)	(185)
Cash and cash equivalents	42,329	87,273

(Segment Information)

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 is based on operating income. Intersegment sales and transfers are based on prevailing market price.

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

FY2017 (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segments				Adjustments (Notes 1)	Consolidated financial statements (Notes 2)
	Facilities Management	Merchandise Sales	Food and Beverage	Total		
Operating revenues						
Sales to external customers	58,443	147,787	19,722	225,953	—	225,953
Intersegment sales and transfers	2,007	860	2,563	5,431	(5,431)	—
Total	60,451	148,647	22,285	231,385	(5,431)	225,953
Segment income	6,714	11,322	896	18,934	(5,504)	13,429
Segment assets	120,867	38,558	15,511	174,936	64,452	239,389
Other items						
Depreciation and amortization	9,005	1,024	475	10,505	408	10,913
Increase in tangible fixed assets and intangible fixed assets	25,946	1,245	400	27,591	998	28,590

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

(1) Adjustments to the segment income include ¥5,513 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 ¥77,969 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 ¥420 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 (¥998 million) are primarily due to acquisition of a 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.

FY2018 (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments				Adjustments (Notes 1)	Consolidated financial statements (Notes 2)
	Facilities Management	Merchandise Sales	Food and Beverage	Total		
Operating revenues						
Sales to external customers	82,050	171,472	20,095	273,618	—	273,618
Intersegment sales and transfers	5,533	1,523	2,518	9,574	(9,574)	—
Total	87,584	172,996	22,613	283,193	(9,574)	273,618
Segment income	14,339	15,760	880	30,979	(8,497)	22,481
Segment assets	329,373	48,245	16,769	394,387	90,267	484,654
Other items						
Depreciation and amortization	21,974	1,609	558	24,142	594	24,737
Increase in tangible fixed assets and intangible fixed assets	54,467	2,944	231	57,643	479	58,123

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

(1) Adjustments to the segment income include ¥8,506 million of administration expenses for the parent company's administration and other divisions at head office and certain subsidiaries which are not allocated to each of the reportable segments.

(2) Adjustments to the segment assets include ¥134,993 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, special purpose funds of certain subsidiaries and other assets.

(3) Adjustments to depreciation and amortization include ¥599 million of depreciation with regard to administration divisions at head office of parent company and certain subsidiaries which are not allocated to each of the reportable segments.

(4) Adjustments to increase in tangible fixed assets and intangible fixed assets (¥479 million) are primarily due to acquisition of a 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.

Related Information

FY2017 (from April 1, 2017 to March 31, 2018)

1. Information by product and service

Sales to external customers by product and service is equivalent to the amount described in segment information, thus the information is omitted.

2. Information by area

(1) Operating revenues

Operating revenues in Japan account for more than 90% of the operating revenues recorded in the Consolidated Statements of Income, thus the information is omitted.

(2) Tangible fixed assets

Tangible fixed assets in Japan account for more than 90% of the tangible fixed assets recorded in the Consolidated Balance Sheet, thus the information is omitted.

3. Information by major customer

Not applicable

FY2018 (from April 1, 2018 to March 31, 2019)

1. Information by product and service

Sales to external customers by product and service is equivalent to the amount described in segment information, thus the information is omitted.

2. Information by area

(1) Operating revenues

Operating revenues in Japan account for more than 90% of the operating revenues recorded in the Consolidated Statements of Income, thus the information is omitted.

(2) Tangible fixed assets

Tangible fixed assets in Japan account for more than 90% of the tangible fixed assets recorded in the Consolidated Balance Sheet, thus the information is omitted.

3. Information by major customer

Not applicable

Information on impairment loss of fixed assets by reportable segment

FY2017 (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Facilities Management	Merchandise Sales	Food and Beverage	Corporation / Elimination	Total
Impairment Loss	—	97	—	41	138

FY2018 (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Facilities Management	Merchandise Sales	Food and Beverage	Corporation / Elimination	Total
Impairment Loss	117	—	—	—	117

Information on amortized amount and unamortized balance of goodwill by reportable segment

FY2017 (from April 1, 2017 to March 31, 2018)

Not applicable

FY2018 (from April 1, 2018 to March 31, 2019)

Not applicable

Information on gain on negative goodwill by reportable segment

FY2017 (from April 1, 2017 to March 31, 2018)

Not applicable

FY2018 (from April 1, 2018 to March 31, 2019)

The Company completed the acquisition of shares in TIAT, which changed TIAT’s status for our consolidated accounting to a consolidated subsidiary. Though ¥20,126 million was recorded as gain on negative goodwill as a result of the acquisition, the amount is not allocated to reportable segment.

(Per Share Information)

(Yen)

	FY2017 (from April 1, 2017 to March 31, 2018)	FY2018 (from April 1, 2018 to March 31, 2019)
Net assets per share	1,641.82	2,011.61
Net income per share	144.98	406.31
Diluted net income per share	138.37	388.03

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)

	FY2017 (from April 1, 2017 to March 31, 2018)	FY2018 (from April 1, 2018 to March 31, 2019)
Net income per share		
Net income attributable to owners of the parent	11,776	33,004
Amount not attributable to common shareholders	—	—
Net income attributable to owners of the parent available for distribution to common shareholders	11,776	33,004
Average number of shares outstanding during the period (thousand shares)	81,228	81,228
Diluted net income per share		
Adjustments to net income attributable to owners of the parent	-17	-17
[Interest income] net-of-tax	[-17]	[-17]
Increase in common shares (thousand shares)	3,753	3,780
[Bonds with stock acquisition rights (thousand shares)]	[3,753]	[3,780]
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

4. Others

Production, orders received and sales

As for production and other results, the JAT Group finds it difficult to present production and orders received for each segment.

Therefore, regarding the status of production, orders received, and sales, please see “1. Analysis of Business and Financial Results” in relation to the financial results for each segment.

Operating revenues the current fiscal year were as follows:

(Millions of Yen)

		FY2017 (from April 1, 2017 to March 31, 2018)	FY2018 (from April 1, 2018 to March 31, 2019)
Facilities Management		58,443	82,050
	Rent revenue	13,278	17,454
	Facility user charges revenue	18,754	43,505
	Other revenues	26,410	21,090
Merchandise Sales		147,787	171,472
	Sales at domestic terminal shops	35,153	36,212
	Sales at international terminal shops	35,497	98,515
	Other sales	77,136	36,745
Food and Beverage		19,722	20,095
	Sales from food and beverage operations	9,846	12,514
	Sales from in-flight meals	6,588	6,764
	Other sales	3,286	816
Total		225,953	273,618

Notes

1) The amounts above do not include consumption taxes.

2) Data on leasing regarding rental revenue in Facilities Management is summarized as follows:

(m^2)

		FY2017 (from April 1, 2017 to March 31, 2018)	FY2018 (from April 1, 2018 to March 31, 2019)
Total floor space owned by the JAT Group		616,142	874,602
Total leasable floor space		232,648	274,206
Total leased floor space		221,258	268,740
	Airlines	122,754	149,545
	General tenants	56,291	63,381
	Used by the JAT Group	42,212	55,814