



Financial Report for the Second Quarter of the Fiscal Year Ending March 31, 2020 (FY2019) [J-GAAP] (Consolidated)

November 8, 2019

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 Code number: 9706 URL: <https://www.tokyo-airport-bldg.co.jp/company/en/>
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Scheduled date of filing securities report: November 13, 2019
 Scheduled date of commencing dividend payment: December 3, 2019
 Supplementary materials on financial results (yes/no) Yes
 Holding of quarterly 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 First Six Months of FY2019 (April 1, 2019 to September 30, 2019)

(1) Consolidated Business Results (Cumulative)

#: Change from the same period of the previous year

First Six Months of	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	%
FY2019	135,270	-1.6	11,156	-13.9	10,728	-8.8	5,945	-78.9
FY2018	137,423	27.2	12,961	92.1	11,761	34.4	28,202	355.3

(Note) Comprehensive income: First six months of FY2019 ¥7,434 million (-76.5%) First six months of FY2018 ¥31,593 million (346.3%)

First Six Months of	Net income per share	Diluted net income per share
	Yen	Yen
FY2019	73.20	69.82
FY2018	347.20	331.67

(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 September 30, 2019	474,224	207,002	35.3	2,060.62
As of March 31, 2019	484,654	201,390	33.7	2,011.61

(Reference) Equity capital: As of September 30, 2019 ¥167,380 million As of March 31, 2019 ¥163,399 million

2. Dividends

	Dividends per share				
	Q1-End	Q2-End	Q3-End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
FY2018	-	23.00	-	22.00	45.00
FY2019	-	22.00	-	-	-
FY2019 (Forecast)	-	-	-	20.00	42.00

(Note) Revisions to the most recently announced dividends forecast for FY2019: Yes

For the revision of dividends forecast, please refer to the "Announcement of the dividend of retained earnings (interim dividend)" announced on November 8, 2019 (in Japanese only).

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

#: Change from the same period of the previous year

Full-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
	275,700	0.8	16,700	-25.7	15,100	-25.9	8,300	-74.9	102.18

(Note) Revisions to the most recently announced forecast of consolidated financial results for FY2019: Yes

*** Notes**

(1) Significant changes in subsidiaries during the period under review (changes in specified subsidiaries involving changes in scope of consolidation): No

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 11 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 September 30, 2019	84,476,500 shares	As of March 31, 2019	84,476,500 shares
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2) Number of treasury stock at the period-end:

As of September 30, 2019	3,248,108 shares	As of March 31, 2019	3,247,973 shares
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3) Average number of shares outstanding (quarterly consolidated cumulative period):

Second quarter of FY2019	81,228,476 shares	Second quarter of FY2018	81,228,710 shares
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*** This quarterly financial report is not subject to the quarterly review 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 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 5 of the appendix materials “1. Qualitative Information on Consolidated Financial Results for the First Six Months of FY2019 (3) Explanation of Consolidated Financial Forecasts and Other Forward-looking Statements”.

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

Earnings announcement is planned to be held on November 19, 2019 for institutional investors and financial analysts. Video of the presentation will be promptly posted on the Company’s website following the meeting.

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1. Qualitative Information on Consolidated Financial Results for the First Six Months of FY2019 (April 1, 2019 to September 30, 2019)

(1) Explanation of Operating Results

During the first six months of the fiscal year ending March 31, 2020, the Japanese economy has experienced a gradual recovery, though exports and other indicators have continued to show some signs of weakness. Looking ahead, despite the near-term prospect of weakness, continuing improvement in employment and income, coupled with various government policies, is expected to support moderate economic recovery.

With respect to our business environment, the volume of inbound tourists has continued to increase due to visitors for the Rugby World Cup 2019 hosted in Japan and visitors from China and Southeast Asia region. In addition, although the typhoon in September 2019 has had negative effect, recovering from the decline in 2018 due to large-scale natural disasters including earthquake and typhoon, the total accumulated number of inbound tourist in 2019 (January to September) has reached 24.41 million exceeding the volume during the same period in the previous year. However, it is important to prudently monitor various issues, such as the steep decline in visitors from Korea since August 2019 and the uncertainty of China's economic outlook.

A review of passenger traffic during the first half shows that passenger volume on domestic flights at Haneda Airport has rose year-on-year. International flights at Haneda Airport also rose year-on-year due to an increase in the number of flights by, and seat capacities of, each airline since the previous year. Robust demand for traveling to Japan and growth in the Japanese outbound passengers also contributed to this growth. At Narita International Airport and other airports, passenger traffic growth has progressed well, particularly on international routes.

Under these circumstances, the Japan Airport Terminal group ("JAT Group") has embraced its long-term vision "To be a World Best Airport" that aspires to best satisfy the needs of all stakeholders. To achieve this long-term vision, 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. Our management priorities for FY 2019 include preparations for operation after the opening of Haneda international facilities, an appropriate response to changes in the consumption trend of Chinese travelers to Japan, and the implementation of our profit plan to ensure that we accomplish our guidelines for FY 2020.

For "preparations for opening of Haneda international facilities", while Ministry of Land, Infrastructure, Transport and Tourism announce the allocation of the increased flight slots of international flights at Haneda Airport in September 2019, the construction of passenger terminal facilities as the functional enhancement of international flights, including additional work at international section in Terminal 2 needed for 24-hour operation, is proceeding in line with the target to commence service by March 2020. The expansion of office space in Terminal 2, part of such effort, has been completed in October 2019 and the space will be rented to airline companies from second half of FY 2019. In addition, for further improvement of the terminal environment, the renovation work of Terminal 1 arrival lobby and first basement level has been completed on September 30, 2019 which had been taking place since October 2018 resulting in consolidation of the arrival gates and installation of bus waiting space.

For "an appropriate response to changes in the consumption trend of Chinese travelers", JAPAN DUTY FREE Main Building Shop has reopened after renovation at Narita Airport in August 2019 along with the launch of a new shopping space in collaboration with Shiseido Group at airport-style in-city duty-free shop "Japan Duty Free GINZA" in October 2019 as we plan to increase the variety of goods especially for the one that have robust demand from the inbound tourists.

Looking ahead to "accomplish our guidelines for FY 2020", in order to materialize the benefit of consolidation of Tokyo International Air Terminal Corporation ("TIAT") that we have been working, we are achieving and further pursuing cost reduction through integration of core business system. Moreover, as Terminal 2 will start to be operated for both domestic and international flights in 2020, while maintaining customer convenience, we are coordinating with TIAT and reviewing current practice to establish a more efficient operation.

In addition to the above, being conscious to the environment, we are taking proactive measures and have banned the use of plastic straw at directly owned restaurants and lounges resulting in reduction of approximately 1 million plastic straws per year in order to address the issues of marine plastic waste.

Under these circumstances, regarding consolidated financial results for the first six months of the fiscal year ending March 31, 2020, operating revenues decreased 1.6% compared with the same period during the previous year to ¥135,270 million. This decline in revenue occurred primarily because merchandise sales fell due to temporary closure of some duty-free shops during renovation period, a slow-down in consumption by Chinese travelers, and the closure of retail stores at Haneda Terminal 2 where construction work was undertaken to enhance its international functions. The decline in revenue, coupled with the increase in depreciation expense and operating expenses as a result of opening of boarding stations and the satellite

facility near Terminal 2 in the previous year and the expansion of P4 parking, and increase in maintenance expense upon the completion of renovation work of Terminal 1 in September 2019, caused operating income to fall to ¥11,156 million (down 13.9% year-on-year). Ordinary income, without the one-time expense due to financing in the previous year, was ¥10,728 million (down 8.8% year-on-year). Without the one-off extraordinary income due to consolidation of TIAT in the previous fiscal year, net income (attributable to owners of the parent) was ¥5,945 million (down 78.9% year-on-year).

(Millions of yen)			
Operating Results	First Six Months of FY2018 (ended September 30, 2018)	First Six Months of FY2019 (ended September 30, 2019)	Year-on-Year (%)
Operating revenues	137,423	135,270	-1.6
[Facilities Management]	40,661	42,645	4.9
[Merchandise Sales]	86,560	82,234	-5.0
[Food and Beverage]	10,201	10,389	1.8
Operating income	12,961	11,156	-13.9
Ordinary income	11,761	10,728	-8.8
Quarterly net income attributable to owners of the parent	28,202	5,945	-78.9

In the Skytrax (UK) “Global Airport Rating” published in November 2019, Haneda Airport’s passenger terminals were awarded the world’s highest standard “5-star Airport” for six consecutive years.

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 under segment income.

Overview by Segment

[Facilities Management]

(Millions of yen)			
Operating Results	First Six Months of FY2018 (ended September 30, 2018)	First Six Months of FY2019 (ended September 30, 2019)	Year-on-Year (%)
Facilities Management	40,661	42,645	4.9
Rent revenue	8,693	9,024	3.8
Facility user charges revenue	21,663	22,269	2.8
Other revenues	10,303	11,351	10.2
Intersegment sales and transfers	2,682	2,653	-1.1
Total of Operating Revenues	43,343	45,298	4.5
Segment income	8,446	7,462	-11.7

Rent revenue rose from the same period of the previous year due to the opening of “THE HANEDA HOUSE” in December 2018 and an increase in rental spaces to airline companies at domestic and international terminals.

Revenue from facility user charges rose from the same period of the previous year because growth in domestic and international passenger traffic increased user charges revenue.

Other revenues rose from the same period of the previous year primarily because of increase in contracting construction work and revenue from outsourced operations such as security and the expansion of P4 parking in March 2019, which contributed to the growth of parking revenue. In addition, the advertising revenue at international terminal increased and the revenue from lounges for both domestic and international terminals increased as a result of the renovation of the “POWER LOUNGE” for domestic passengers and other efforts.

As a result, operating revenues from facilities management operations increased to ¥45,298 million (up 4.5% year-on-year). Operating income for the segment decreased to ¥7,462 million (down 11.7% year-on-year) because of the increase in depreciation expense and operating expenses resulting from the opening of boarding stations and the satellite facility near Terminal 2 and the expansion of P4 parking during the previous year, as well as a one-time cost related to the increase in maintenance expense upon the completion of renovation work of Terminal 1 in September 2019.

[Merchandise Sales]

Operating Results	(Millions of yen)		
	First Six Months of FY2018 (ended September 30, 2018)	First Six Months of FY2019 (ended September 30, 2019)	Year-on-Year (%)
Merchandise Sales	86,560	82,234	-5.0
Sales at domestic terminal stores	17,956	17,946	-0.1
Sales at international terminal stores	50,200	47,489	-5.4
Other revenues	18,404	16,798	-8.7
Intersegment sales and transfers	473	488	3.2
Total of Operating Revenues	87,034	82,723	-5.0
Segment income	8,102	7,430	-8.3

Sales at domestic terminal stores slightly fell from the same period of the previous year due to the closures of Isetan Haneda Store (men's) in Terminal 2 and other stores as construction work progressed on the expansion of Terminal 2, despite proactive sales growth efforts involving promotional events including launch of the official store for Japan's rugby national team during the 2019 Rugby World Cup.

Sales at international terminal stores decreased from the same period of the previous year. The decrease was primarily due to temporary closures of duty free shops at Narita Airport and airport-style in-city duty-free shop during the renovation period coupled with the decline in consumption by Chinese travelers since October 2018 and the negative effect of the Typhoon 15 which hit the Kanto region in September 2019, despite an increase in sales due to the renewal opening of TIAT DUTY FREE SHOP CENTRAL and passenger growth. Although the total sales at duty-free shops has decreased compared to the record high from the previous year due to reinforcement of regulation in China to carrying in duty free goods and depreciation of Chinese yuan since the second half of the previous year, it still exceeds the total sales from two years ago, so we believe the upward trend is continuing. We will continue our efforts to increase sales by capturing the increasing volume of inbound tourists especially from China and the positive effect on sales through renovation of the shops. Also, though the sales of visitors from Korea have decreased by more than 30% year-on-year, the effect is considered to be minor since the share of such sales within the total sales at stores at international terminal is approximately 4%.

Other revenues fell due to a decrease in the wholesaling business and outsourced store operations at Narita Airport and a decrease in wholesale business at regional airports resulting from the decrease in inbound tourists from Korea.

As a result, operating revenues from merchandise sales operations decreased to ¥82,723 million (down 5.0% year-on-year) and operating income fell to ¥7,430 million (down 8.3% year-on-year) due to the increase in one-time cost for the renovation of duty free shops at Narita Airport in addition to the revenue decline.

[Food and Beverage]

Operating Results	(Millions of yen)		
	First Six Months of FY2018 (ended September 30, 2018)	First Six Months of FY2019 (ended September 30, 2019)	Year-on-Year (%)
Food and Beverage	10,201	10,389	1.8
Sales from food and beverage stores	6,423	6,448	0.4
Sales from in-flight meals	3,405	3,498	2.7
Other revenues	372	442	18.6
Intersegment sales and transfers	1,322	1,293	-2.2
Total of Operating Revenues	11,523	11,683	1.4
Segment income	492	531	7.9

Sales from food and beverage operations slightly increased from the same period of the previous year driven by the growth of international passenger volume, though sales decreased at Haneda's domestic terminals due to closures of food and beverage shops during the expansion construction period.

Sales from in-flight meals rose from the same period of the previous year due to an increase in the passenger numbers of foreign carriers, our clients in this business.

As a result, operating revenues from food and beverage operations increased to ¥11,683 million (up 1.4 % year-on-year). Operating income for the segment amounted to ¥531 million (up 7.9% year-on-year) because of revenue growth and cost-saving efforts in procurement and other costs.

(2) Explanation of Financial Position

[Assets]

Regarding current assets, cash and deposits decreased due to payment of usage fee for government-owned properties. Fixed assets decreased due to the depreciation of buildings and structures, despite the increase in the same account due to the completion of renovation work of Terminal 1. As a result, total assets decreased by ¥10,430 million from the previous fiscal year end to ¥474,224 million.

[Liabilities]

Liabilities decreased due to payment of accrued expenses booked at the previous fiscal year end, combined with the repayment of long-term loans payable. As a result, total liabilities decreased by ¥16,043 million from the previous fiscal year end to ¥267,221 million.

[Net Assets]

While dividend distribution was made, quarterly income attributable to owners of the parent increased retained earnings and non-controlling interests. As a result, total net assets increased by ¥5,612 million from the previous fiscal year end to ¥207,002 million.

As a result, the equity ratio was 35.3% (compared to 33.7% at the previous fiscal year end).

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

For the first six months of the fiscal year ending March 31, 2020, operating revenues fell below the forecast due to fall in merchandise sales by continued slowdown in consumption by Chinese travelers and constraint on operation of in-city duty-free shops because of the Typhoon 15.

In terms of profit, our group's operating income, ordinary income, quarterly net income attributable to owners of the parent have all exceeded the forecast, because rent revenue and parking revenue exceeded the forecast on the revenue side and expenditure on maintenance, advertisement and outsourcing fee scheduled in the first half fell below the forecast.

In the second half, however, within operating revenues, as facility user charge remained unchanged when the consumption tax was raised, revenue from facility user charge is expected to fall below the original forecast. Merchandise sale is expected to fall short of the original forecast due to slowdown in consumption by Chinese travelers at Narita Airport and regional airports and decrease in Korean travelers, although we plan proactive sales promotion such as the launch of temporary stores at Haneda international terminal. However, total operating revenues is expected to exceed the original forecast due to an increase in rent revenue for increased spaces rented to airline companies, upward trend in parking revenue and sales from food and beverage by increased number of visitors, and revenue growth from increased number of international flights starting from March 29, 2020.

On the cost side, the expenditure scheduled in the first half was partially postponed to the second half and the one-time cost from acquiring a new training facility will be recorded, which will result in income in the second half falling below the original forecast.

The current situation including number of visitors from Korea and the situation in Hong Kong continues to require caution, but we will take swift actions to changing environment and make proactive measures to achieve better performance.

Accordingly, full-year consolidated forecasts that were previously announced on May 10, 2019 have been partly revised as follows:

Revised Forecast of Consolidated Financial Results for FY 2019 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Operating revenues	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share (Yen)
Previous Forecasts (A)	277,500	16,000	14,200	8,000	98.49
Revised Forecasts (B)	275,700	16,700	15,100	8,300	102.18
Change (B-A)	-1,800	700	900	300	3.69
Change (%)	-0.6	4.4	6.3	3.8	3.7
Reference: FY 2018 results	273,618	22,481	20,379	33,004	406.31

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	FY2018 (As of March 31, 2019)	First Six Months of FY2019 (As of September 30, 2019)
ASSETS		
Current assets		
Cash and deposits	87,458	78,340
Accounts receivable	17,959	17,850
Merchandise and finished products	10,968	10,845
Raw materials and stored goods	141	143
Other current assets	7,306	9,907
Allowance for doubtful accounts	(16)	(19)
Total current assets	123,817	117,068
Fixed assets		
Tangible fixed assets		
Buildings and structures	459,499	464,071
Accumulated depreciation and impairment loss	(261,619)	(268,392)
Buildings and structures (net)	197,879	195,679
Machinery, equipment and vehicles	23,945	24,884
Accumulated depreciation and impairment loss	(13,457)	(14,371)
Machinery, equipment and vehicles (net)	10,488	10,513
Land	11,371	11,340
Lease assets	1,261	1,746
Accumulated depreciation and impairment loss	(695)	(782)
Lease assets (net)	565	964
Construction in progress	58,988	56,061
Other tangible fixed assets	59,926	61,435
Accumulated depreciation and impairment loss	(46,826)	(48,599)
Other tangible fixed assets (net)	13,099	12,836
Total tangible fixed assets	292,393	287,395
Intangible fixed assets		
Leasehold right	37,050	36,128
Other intangible fixed assets	2,586	2,416
Total intangible fixed assets	39,637	38,545
Investments and other assets		
Investment securities	16,835	19,216
Deferred tax assets	6,981	7,065
Net defined benefit assets	1,385	1,471
Other investments	3,604	3,462
Total investments and other assets	28,806	31,215
Total fixed assets	360,837	357,156
TOTAL ASSETS	484,654	474,224

	(Millions of yen)	
	FY2018 (As of March 31, 2019)	First Six Months of FY2019 (As of September 30, 2019)
LIABILITIES		
Current liabilities		
Accounts payable	9,774	8,604
Short-term loans payable	12,724	12,301
Current portion of bonds with stock acquisition rights	15,013	15,006
Accrued expenses	13,547	7,028
Income taxes payable	4,482	4,323
Allowance for employees' bonuses	1,725	1,826
Allowance for directors' bonuses	269	127
Other current liabilities	10,355	9,147
Total current liabilities	67,894	58,365
Fixed liabilities		
Bonds	11,127	11,056
Bonds with stock acquisition rights	15,031	15,025
Long-term loans payable	161,345	155,257
Lease obligations	409	799
Deferred tax liabilities	14,204	13,785
Allowance for directors' retirement benefits	57	47
Net defined benefit liabilities	4,059	4,025
Asset retirement obligations	478	482
Other fixed liabilities	8,656	8,376
Total fixed liabilities	215,370	208,855
TOTAL LIABILITIES	283,264	267,221
NET ASSETS		
Shareholders' equity		
Common stock	17,489	17,489
Capital surplus	21,337	21,337
Retained earnings	122,012	126,171
Treasury stock	(3,246)	(3,247)
Total shareholders' equity	157,592	161,750
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,506	5,181
Deferred gains or losses on hedges	197	294
Foreign currency translation adjustment	47	31
Remeasurements of defined benefit plans	55	122
Total accumulated other comprehensive income	5,807	5,629
Non-controlling interests	37,990	39,621
TOTAL NET ASSETS	201,390	207,002
TOTAL LIABILITIES AND NET ASSETS	484,654	474,224

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

Quarterly Consolidated Statements of Income

	(Millions of yen)	
	First Six Months of FY2018 (from April 1, 2018 to September 30, 2018)	First Six Months of FY2019 (from April 1, 2019 to September 30, 2019)
Operating revenues		
Rent revenue	8,693	9,024
Facility user charges revenue	21,663	22,269
Other revenues	10,442	11,513
Sales of merchandise	86,422	82,072
Sales of food and beverage	10,201	10,389
Total operating revenue	137,423	135,270
Cost of sales		
Cost of sales of merchandise	61,112	57,689
Cost of sales of food and beverage	5,616	5,532
Total cost of sales	66,729	63,222
Gross profit	70,694	72,048
Selling, general and administrative expenses		
Salaries and wages	5,202	5,746
Provision for employees' bonuses	1,627	1,692
Provision for directors' bonuses	118	121
Provision for directors' retirement benefits	8	8
Expenses for retirement benefits	481	449
Rent expenses	8,530	8,386
Outsourcing and commission	14,701	13,518
Depreciation expenses	11,998	12,827
Other costs and expenses	15,063	18,139
Total selling, general and administrative expenses	57,732	60,891
Operating income	12,961	11,156
Non-operating income		
Interest income	13	13
Dividends income	226	254
Equity in earnings of affiliates	169	162
Miscellaneous income	539	794
Total non-operating income	948	1,223
Non-operating expenses		
Interest expenses	1,517	1,462
Loss on retirement of fixed assets	24	132
Miscellaneous expenses	605	56
Total non-operating expenses	2,148	1,651
Ordinary income	11,761	10,728

	(Millions of yen)	
	First Six Months of FY2018 (from April 1, 2018 to September 30, 2018)	First Six Months of FY2019 (from April 1, 2019 to September 30, 2019)
Extraordinary gains		
Gain on sales of fixed assets	-	81
Gain on offsetting assets and liabilities	5,626	-
Gain on negative goodwill	20,126	-
Other extraordinary gains	207	99
Total extraordinary gains	25,960	181
Extraordinary loss		
Loss on retirement of fixed assets	9	44
Loss of step acquisition	2,725	-
Other extraordinary loss	63	-
Total extraordinary loss	2,798	44
Quarterly income before income taxes and non-controlling interests	34,923	10,866
Income taxes – current	5,279	3,346
Quarterly income	29,644	7,519
Quarterly net income attributable to non-controlling interests	1,442	1,573
Quarterly net income attributable to owners of the parent	28,202	5,945

Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	First Six Months of FY2018 (from April 1, 2018 to September 30, 2018)	First Six Months of FY2019 (from April 1, 2019 to September 30, 2019)
Quarterly income	29,644	7,519
Other comprehensive income		
Valuation difference on available-for-sale securities	25	(332)
Deferred gains (losses) on hedges	566	189
Foreign currency translation adjustment	(1)	(16)
Remeasurements of defined benefit plans	92	68
Share of other comprehensive income of associates accounted for using equity method	1,265	6
Total other comprehensive income	1,948	(84)
Comprehensive income	31,593	7,434
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	29,864	5,768
Comprehensive income attributable to non-controlling interests	1,729	1,666

(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 second quarter after the application of tax effect accounting is reasonably estimated, and that estimated rate is applied to net income for the quarterly period to calculate estimated tax expenses.

(Segment Information, etc.)

Segment Information

I. First six months of FY2018 (from April 1, 2018 to September 30, 2018)

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	40,661	86,560	10,201	137,423	-	137,423
Intersegment sales and transfers	2,682	473	1,322	4,478	(4,478)	-
Total	43,343	87,034	11,523	141,902	(4,478)	137,423
Segment income	8,446	8,102	492	17,042	(4,080)	12,961

(Notes) 1. Adjustments to the segment income include ¥4,089 million of administration expenses for administration divisions at parent company's head office and some of the subsidiaries 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.

3. During the first quarter, with the acquisition of TIAT's shares, TIAT became included in the scope of consolidation.

Accordingly, amount of assets in each reportable segment increased by ¥175,926 million for "Facilities Management", ¥6,547 million for "Merchandise Sales", and ¥628 million for "Food and Beverage".

2. Information on impairment loss on fixed assets and goodwill, etc., by reportable segment

Not applicable

II. First six months of FY2019 (from April 1, 2019 to September 30, 2019)

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	42,645	82,234	10,389	135,270	-	135,270
Intersegment sales and transfers	2,653	488	1,293	4,435	(4,435)	-
Total	45,298	82,723	11,683	139,705	(4,435)	135,270
Segment income	7,462	7,430	531	15,424	(4,267)	11,156

(Notes) 1. Adjustments to the segment income include ¥4,270 million of administration expenses for administration divisions at parent company's 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