

Balance Sheet

(As of March 31, 2016)

(Millions of yen)

Assets		Liabilities	
Account title	Amount	Account title	Amount
Current assets	40,944	Current liabilities	13,204
Cash and deposits	31,672	Accounts payable-trade	2,813
Accounts receivable - trade	3,999	Current portion of long-term loans payable	4,404
Merchandise	3,536	(Preferred loan)	(4,404)
Accounts receivable - other	703	Accounts payable - other	1,641
Prepaid expenses	136	Accrued expenses	3,007
Deferred tax assets (current)	897	Income taxes payable	583
		Accrued interest expenses	7
		Other current liabilities	749
Noncurrent assets	117,994	Noncurrent liabilities	139,386
Property, plant and equipment	116,860	Shareholder subordinated bonds	14,580
Buildings	101,760	Long-term loans payable	115,240
Structures	1,323	(Preferred loan)	(97,240)
Machinery and equipment	6,057	(Shareholder subordinated loans)	(18,000)
Vehicles	11	Long-term lease deposited	475
Tools, furniture and fixtures	7,707	Provision for directors' retirement benefits	49
		Interest rate swap liabilities	9,039
		Total liabilities	152,591
Intangible assets	61	Net assets	
Software	61	Shareholders' equity	15,387
		Capital stock	9,000
		Capital surplus	9,000
Investments and other assets	1,072	Legal capital surplus	9,000
Long-term prepaid expenses	62	Retained earnings	△ 2,612
Deferred tax assets (noncurrent)	10	Other retained earnings	△ 2,612
Separately managed penalty in trust	1,000	Retained earnings brought forward	△ 2,612
		Valuation and translation adjustments	△ 9,039
		Deferred gains or losses on hedges	△ 9,039
		Total net assets	6,348
Total assets	158,939	Total liabilities and net assets	158,939

Income Statement

(From April 1, 2015 to March 31, 2016)

(Millions of yen)

Account title	Amount	
Operating revenue		
Rents	4,520	
Facility rental income	19,055	
Sales of goods	42,227	
Restaurant sales	1,899	
Other revenue	3,116	70,819
Cost of sales		
Cost of goods sold		29,253
Operating gross profit		41,565
Selling, general and administrative expenses		32,742
Operating income		8,822
Non-operating income		
Interest income	6	
Miscellaneous income	293	300,599
Non-operating expenses		
Interest expenses	4,379	
Amortization of business commencement expenses	99	
Miscellaneous loss	5	4,483
Ordinary income		4,639
Extraordinary loss		
Loss on retirement of noncurrent assets	52	52
Income before income taxes		4,587
Income taxes-current		651
Income taxes-deferred		△ 380
Net income		4,316

Notes to Non-consolidated Financial Statements

I. Notes on Matters Related to Important Accounting Policies

1. Criteria and methods for evaluating assets

(1) Derivatives Market value method

(2) Inventory assets Based on cost method using retail method (balance sheet values are calculated using method of reducing book value when the contribution of inventories to profitability declines)

2. Method of depreciation of noncurrent assets

(1) Property, plant and equipment Straight line method

(2) Intangible assets Straight line method

As for the software used in-house, the Company adopts the straight line method based on an expected usage period of five years for internal use.

3. Criteria for recording reserves

(1) Provision for directors' retirement benefits

The Company records required allowance as of the end of the term in accordance with internal rules on payment of directors' retirement benefits to prepare for the payment of retirement benefits to directors.

4. Treatment of consumption tax, etc.

The accounting treatment of consumption tax and local consumption tax is based on tax exclusion method.

5. Treatment of deferred assets

(1) Start-up cost Depreciated using straight line method for 5 years

6. Inclusion of interest payable, etc. in noncurrent assets acquisition cost

The interest payable and loan-related ancillary cost incurred during the construction of the passenger terminal building have been added to the acquisition cost (for the fiscal year under review – yen; cumulative at the end of the fiscal year under review 3,380,012,000 yen) and recorded as part of noncurrent assets.

7. Hedge accounting method

(1) Hedge accounting method Deferred hedge treatment

(2) Hedge procedure and hedge target

- Hedge procedure Derivative trading (interest swap trading)

- Hedge target Borrowings based on variable interest rate

(3) Hedge policy It is carried out with the aim of avoiding risks rising from future fluctuation of interest rate and the Company's policy is not to carry out any speculative transactions.

(4) Method to evaluate the hedge effectiveness

The assessment on the effectiveness is omitted, as the important conditions for hedge procedures and hedge target are the same and it is assumed in advance to fully offset the risk of interest rate fluctuations from the start of the hedge and continuously thereafter.

II. Notes on Balance Sheet

(Millions of yen)

1. The amounts are rounded down to the nearest thousand.

2. Pledged assets

Assets pledged as collateral	Ordinary deposits	31,515
	Accounts receivable - trade	50
	Buildings	101,760
	Structures	1,323
	Machinery and equipment	6,057
	Separately managed penalty in trust	1,000

Liabilities corresponding to the above

Long-term loans payable	101,645
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3. Total depreciation of property, plant and equipment 42,273

4. Monetary claims and obligations to subsidiaries and affiliates

Monetary claims	Accounts receivable – trade	74
	Accounts receivable - other	12
Monetary obligations	Accounts payable - trade	2,813
	Accrued expenses	2,491
	Shareholder subordinated bonds	6,660
	Long-term loans payable	6,660
	Long-term lease deposited	250

III. Notes on Income Statement

(Millions of yen)

1. The amounts are rounded down to the nearest thousand.

2. Transactions with subsidiaries and affiliates

Operating transactions	46,477
Non-operating transactions	300

IV. Notes on Tax Effect Accounting

Breakdown of main causes for deferred tax assets

(Deferred tax assets)	(Millions of yen)
Accrued enterprise tax, etc.	70
Provision for directors' retirement benefits	15
Loss carried forward	1,141
Deferred losses on hedges	2,789
Other	214
Deferred tax assets subtotal	4,231
Valuation reserve	△3,324
Deferred tax assets total	907

V. Notes on Related Party Transaction

(Millions of yen)

Type	Name of the company, etc.	The ratio of voting rights, etc. in the Company	Relationship with the party	Transactions	Transaction value	Account title	Balance at the end of the period
Other related company	Japan Airport Terminal Co., Ltd.	38% direct	-	Fund procurement (Note 1)	-	Shareholder subordinated bonds	6,660
				Borrowing funds (Note 2)	-	Long-term loans payable	6,660
				Business consignment (Note 3)	14,699	Accrued expenses	2,491
				Procurement of goods (Note 4)	30,297	Accounts payable-trade	2,813
Main shareholder	Japan Airlines Co., Ltd.	19% direct	-	Fund procurement (Note 1)	-	Shareholder subordinated bonds	3,330
				Borrowing funds (Note 2)	-	Long-term loans payable	3,330
Main shareholder	ANA Holdings Inc.	19% direct	-	Fund procurement (Note 1)	-	Shareholder subordinated bonds	3,330
				Borrowing funds (Note 2)	-	Long-term loans payable	3,330

Terms and conditions of transactions and policy on deciding them

Note 1. Procurement conditions are in accordance with the Shareholder Subordinated Bond Agreement signed between the Company and its six shareholders including the above three companies on March 30, 2012 following the approval by the Board of Directors Meeting on February 23, 2012 (prepared based on the loan terms of the Shareholders Agreement agreed among the shareholders as of the establishment of the Company).

As for the repayment of the principal, it has been agreed that the order of the settlement of claims is after that of repayment of preferred loans from the lenders based on the Limited Loan Contract Alteration Contract signed with the lenders.

Note 2. Loan conditions are in accordance with the Shareholder Subordinated Loan Agreement signed between the Company and its nine shareholders including the above three companies on March 27, 2008 following the approval by the Board of Directors Meeting on March 18, 2008 (prepared based on the loan terms of the Shareholders Agreement agreed among the shareholders as of the establishment of the Company).

As for the repayment of the principal, it has been agreed that the order of the settlement of claims is after that of repayment of preferred loans from the lenders based on the Limited Loan Contract Alteration Contract signed with the lenders.

Note 3. The business consignment conditions are decided upon price negotiations taking into consideration the prevailing market situation and a contract on the conditions is signed.

Note 4. The goods procurement conditions are decided upon price negotiations taking into consideration the prevailing market situation and a contract on the conditions is signed.

VI. Notes Regarding Per Share Information

1. Net assets per share	1,545,836.38 yen
2. Net income per share	1,186,638.18 yen