

Balance Sheet

(As of March 31, 2019)

(Millions of yen)

Assets		Liabilities	
Account title	Amount	Account title	Amount
Current assets	65,626	Current liabilities	19,039
Cash and deposits	54,705	Accounts payable-trade	3,532
Accounts receivable - trade	5,875	Current portion of long-term loans payable	6,184
Merchandise	3,443	(Senior loan)	(6,184)
Accounts receivable - other	1,410	Accounts payable - other	3,265
Prepaid expenses	191	Accrued expenses	3,081
Other current assets	0	Income taxes payable	2,140
		Accrued interest expenses	25
		Other current liabilities	809
Noncurrent assets	120,973	Noncurrent liabilities	129,545
Tangible assets	117,004	Shareholder subordinated bonds	14,580
Buildings	89,328	Long-term loans payable	108,893
Structures	1,054	(Preferred loan)	(90,893)
Machinery and equipment	5,648	(Shareholder subordinated loans)	(18,000)
Vehicles	2	Long-term lease deposit received	484
Tools, furniture and fixtures	5,411	Provision for directors' retirement benefits	57
Construction in progress	15,560	Interest rate swap liabilities	5,529
		Total liabilities	148,584
Intangible assets	797	Net assets	
Software	797	Shareholders' equity	41,852
		Capital stock	13,265
		Capital surplus	13,265
Investments and other assets	3,171	Capital reserve	13,265
Deferred tax assets	2,171	Retained earnings	15,322
Separately managed penalty in trust	1,000	Other retained earnings	15,322
		Retained earnings brought forward	15,322
		Valuation and translation adjustments	△ 3,836
		Deferred gains or losses on hedges	△ 3,836
		Total net assets	38,015
Total assets	186,600	Total liabilities and net assets	186,600

Income Statement

(From April 1, 2018
To March 31, 2019)

(Millions of yen)

Account title	Amount	
Operating revenue		
Rents	4,821	
Facility rental income	24,668	
Sales of goods	59,368	
Restaurant sales	2,978	
Other revenue	4,849	96,685
Cost of sales		
Cost of goods sold		41,210
Operating gross profit		55,475
Selling, general and administrative expenses		41,930
Operating income		13,545
Non-operating income		
Interest income	0	
Miscellaneous income	341	341
Non-operating expenses		
Interest expenses	3,577	
Stock issuance expenses	30	
Miscellaneous loss	16	3,624
Ordinary income		10,262
Extraordinary income		
Government subsidy	207	207
Extraordinary loss		
Loss on retirement of noncurrent assets	285	285
Income before income taxes		10,183
Income taxes-current		3,210
Income taxes-deferred		Δ 103
Net income		7,077

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

Provision for directors' retirement benefits: The Company records the 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 the tax exclusion method.

5. 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 -- 174 million yen; cumulative at the end of the fiscal year under review -- 4,300 million yen) and recorded as part of noncurrent assets.

6. Hedge accounting method

(1) Hedge accounting method: Deferred hedge treatment

(2) Hedge procedure and hedge target

Hedge procedure: Derivative trading (interest swap trading)

Items hedged: Borrowings based on variable interest rate

(3) Hedge policy: It is carried out with the aim of avoiding risks rising from future fluctuation of the interest rate and the Company's policy 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 Changes in Presentation Methods

Application of Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.

Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) etc. are applied from the beginning of the fiscal year under review, and deferred tax assets are indicated

in the category of investments and other assets.

III. Notes on Balance Sheet

(Millions of yen)

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

2. Pledged assets

Assets pledged as collateral	Ordinary deposits	54,379
	Accounts receivable - trade	96
	Buildings	89,328
	Structures	1,054
	Machinery and equipment	1,576
	Separately managed penalty in trust	1,000
Liabilities corresponding to the above	Current portion of long-term loans payable	6,184
	Long-term loans payable	90,893

3. Total depreciation of property, plant and equipment 70,284

4. Monetary claims and obligations to subsidiaries and affiliates

Monetary claims	Accounts receivable - trade	4,132
	Accounts receivable - other	6
Monetary obligations	Accounts payable - trade	3,532
	Accounts payable - other	1,545
	Accrued expenses	2,273
	Accrued interest expenses	3
	Shareholder subordinated bonds	13,320
	Long-term loans payable	13,320
	Long-term lease deposit received	272

IV. Notes on Income Statement

(Millions of yen)

1. Reported amounts are rounded down to the nearest million yen.

2. Transactions with subsidiaries and affiliates	Operating transactions	61,467
	Non-operating transactions	599

V. Notes on Tax Effect Accounting

Breakdown of main causes for deferred tax assets

(Deferred tax assets)	(Millions of yen)
Accrued enterprise tax, etc.	224
Provision for directors' retirement benefits	17
Deferred losses on hedges	1,693
Other	<u>276</u>
Deferred tax assets subtotal	2,211
Valuation reserve	<u>△ 40</u>
Deferred tax assets total	2,171

VI. Notes on Related Party Transaction

1. Main corporate shareholders etc.

(Millions of yen)

Type	Name of the company etc.	Ratio of voting rights and other ownership	Relationship with the party	Transactions	Transaction value	Account title	Balance at the term-end
Parent company	Japan Airport Terminal Co., Ltd.	51.00% directly held	Procurement of goods and consignment of operation of stores etc.	Financing (Note 1)	6,550	Shareholder subordinated bonds	6,660
				(Note 2)	-	Long-term loans payable	6,660
				Borrowing of funds (Note 3)	20,135	Accrued expenses	2,273
				Business consignment (Note 4)	41,331	Accounts payable – trade	3,532
				Procurement of goods (Note 5)	599	Accrued interest expenses	1
				Payment of interest			
Main shareholder	Japan Airlines Co., Ltd.	16.87% directly held	-	Financing (Note 1)	990	Shareholder subordinated bonds	3,330
				(Note 2)	-	Long-term loans payable	3,330
				Borrowing of funds (Note 3)	299	Accrued interest expenses	0
				Payment of interest			

Main shareholder	ANA Holdings Inc.	16.87% directly held	-	Financing (Note 1) (Note 2)	990	Shareholder subordinated bonds	3,330
				Borrowing of funds (Note 3)	-	Long-term loans payable	3,330
				Payment of interest	299	Accrued interest expenses	0
Director	Toshihiro Kawasaki Representative Director and President, TEPCO Energy Partner, Incorporated	-	Borrowing of funds	Borrowing of funds (Note 3) (Note 6)	-	Long-term loans payable	1,260
				Payment of interest	56	Accrued interest expenses	0
Director	Futoshi Osada Representative Director and Senior Executive President, Narita International Airport Corporation	-	Borrowing of funds	Borrowing of funds (Note 3) (Note 7)	-	Long-term loans payable	1,620
				Payment of interest	72	Accrued interest expenses	0

Terms and conditions of transactions and policy on determining them

Note 1: Financing terms and conditions are 5 million yen per share, and the Company issues 1,706 shares of common stock. The terms and conditions were approved in an extraordinary general meeting of shareholders held on October 26, 2017, and the payment was completed on April 27, 2018.

Note 2: Financing terms and 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 loan syndication based on the Limited Loan Contract Alteration Contract signed with the loan syndication.

Note 3: Loan terms and 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 loan syndication based on the Limited Loan Contract Alteration Contract signed with the loan syndication.

Note 4: Prices, other terms and conditions for the business consignment are determined after consultations between both companies while taking into consideration details of business with a reference to general terms and conditions, etc.

Note 5: The prices, terms and conditions for procurement of goods are determined after negotiations with a

reference to market prices.

Note 6: This transaction was conducted for a third party by Toshihiro Kawasaki, a director at our company, in the capacity of a representative of TEPCO Energy Partner, Incorporated.

Note 7: This transaction was conducted for a third party by Futoshi Osada, a director at our company, in the capacity of a representative of Narita International Airport Corporation.

Note 8: Among the amounts indicated in the table above, transaction amounts do not include consumption tax.

Note 9: The ratios of voting rights and other ownership are rounded down to the nearest two decimal places.

VII. Notes on data per share

1. Net asset per share: 7,134,186.23 yen
2. Current net profit per share: 1,383,905.29 yen

VIII. Matters concerning important subsequent events

There are no applicable matters.