

Balance Sheet

(As of March 31, 2017)

(Millions of yen)

Assets		Liabilities	
Account title	Amount	Account title	Amount
Current assets	45,991	Current liabilities	15,010
Cash and deposits	36,388	Accounts payable-trade	—
Accounts receivable - trade	—	Current portion of long-term loans payable	—
Merchandise	—	(Preferred loan)	—
Accounts receivable - other	852	Accounts payable - other	—
Prepaid expenses	—	Accrued expenses	—
Deferred tax assets (current)	212	Income taxes payable	—
Other current assets	10	Accrued interest expenses	6
		Other current liabilities	1,270
Noncurrent assets	114,190	Noncurrent liabilities	129,328
Tangible assets	109,847	Shareholder subordinated bo	—
Buildings	95,744	Long-term loans payable	—
Structures	1,286	(Preferred loan)	(18,000)
Machinery and equipment	5,822	(Shareholder subordinated loans)	(18,000)
Vehicles	6	Long-term lease deposit received	485
Tools, furniture and fixtures	6,251	Provision for directors' retirement benefits	—
Construction in progress	736	Interest rate swap liabilities	—
		Total liabilities	144,338
Intangible assets	1,121	Net assets	
Software	—	Shareholders' equity	20,804
		Capital stock	9,000
Investments and other assets	3,221	Capital surplus	9,000
Long-term prepaid expenses	15	Capital reserve	9,000
Deferred tax assets (noncurrent)	2,205	Retained earnings	2,804
Separately managed penalty in trust	1,000	Other retained earnings	2,804
		Retained earnings brought forward	2,804
		Valuation and translation adjustments	Δ 4,960
		Deferred gains or losses on hedges	—
		Total net assets	15,843
Total assets	160,182	Total liabilities and net assets	160,182

Income Statement

(From April 1, 2016
To March 31, 2017)

(Millions of yen)

Account title	Amount	
Operating revenue		
Rents	4,682	
Facility rental income	21,697	
Sales of goods	45,433	
Restaurant sales	2,338	
Other revenue	3,695	77,847
Cost of sales		
Cost of goods sold		31,601
Operating gross profit		46,246
Selling, general and administrative expenses		35,411
Operating income		10,834
Non-operating income		
Interest income	0	
Miscellaneous income	374	374
Non-operating expenses		
Interest expenses	4,088	
Miscellaneous loss	1	4,089
Ordinary income		7,119
Income before income taxes		7,119
Income taxes-current		1,113
Income taxes-deferred		588
Net income		5,417

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. 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 – 2 million yen; cumulative at the end of the fiscal year under review -- 3,382 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 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.

<Additional information>

[Application of Implementation Guidance on Recoverability of Deferred Tax Assets]

“Implementation Guidance on Recoverability of Deferred Tax Assets” (Corporate Accounting Standard Guideline No. 26, March 28, 2016) is applied from this fiscal year.

II. 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	36,225
Accounts receivable - trade	59
Buildings	95,744
Structures	1,286
Machinery and equipment	5,822
Separately managed penalty in trust	1,000

Liabilities corresponding to the above

Current portion of long-term debt	5,292
Long-term loans payable	89,157

3. Total depreciation of property, plant and equipment 51,938

4. Monetary claims and obligations to subsidiaries and affiliates

Monetary claims	Accounts receivable – trade	73
	Accounts receivable – other	14
Monetary obligations	Accounts payable – trade	2,916
	Accrued expenses	2,055
	Shareholder subordinated bonds	6,660
	Long-term loans payable	6,660
	Long-term lease deposited	261

III. Notes on Income Statement

(Millions of yen)

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

2. Transactions with subsidiaries and affiliates

Operating transactions	49,185
Non-operating transactions	299

IV. Notes on Tax Effect Accounting

Breakdown of main causes for deferred tax assets

(Deferred tax assets)	(Millions of yen)
Accrued enterprise tax, etc.	92
Provision for directors' retirement benefits	13
Deferred losses on hedges	2,099
Other	225
Deferred tax assets subtotal	2,431
Valuation reserve	△13
Deferred tax assets total	2,418

V. 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
Other related company	Japan Airport Terminal Co., Ltd	38.78%; directly held	Procurement of goods and consignment of operation of stores etc.: and double-hatting of directors	Financing (Note 1);	—	Shareholder subordinated bonds;	6,660
				Borrowing of funds (Note 2);	—	Long-term loans payable;	6,660
				Business consignment (Note 3);	15,679	Accrued expenses;	
				Procurement of goods (Note 4)	31,666	Accounts payable—trade	2,055
							2,916
Main shareholder	Japan Airlines Co., Ltd.	19.36%; directly held	—	Financing (Note 1);	—	Shareholder subordinated bonds;	3,330
				Borrowing of funds (Note 2);	—	Long-term loans	3,330
Main shareholder	ANA Holdings Inc.	19.36%; directly held	—	Financing (Note 1);	—	Shareholder subordinated bonds;	3,330
				Borrowing of funds (Note 2);	—	Long-term loans	3,330

Terms and conditions of transactions and policy on determining them

Note 1: 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 lenders based on the Limited Loan Contract Alteration Contract signed with the lenders.

Note 2: 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 lenders based on the Limited Loan Contract Alteration Contract signed with the lenders.

Note 3: The business consignment terms and conditions are determined as in the cases of any other similar transactions conducted generally.

Note 4: The terms and conditions for procurement of goods are determined as in the cases of any other similar transactions conducted generally.

Note 5: Among the amounts indicated in the table above, transaction amounts do not include consumption tax.

Note 6: The ratios of voting rights and other ownership are rounded down to the nearest two decimal places.

2. Directors, main individual shareholders, etc.

(Millions of yen)

Type	Name of the person, company etc.	Business or profession	Ratio of voting rights and other ownership	Relationship with the party	Transactions	Transaction value	Account title	Balance at the term-end
Director	Tomoaki Kobayakawa	Director at our company; Representative Director and President, TEPCO Energy Partner, Incorporated	—	Borrowing of funds	Borrowing of funds (Note 1)	—	Long-term loans	1,260
Director	Masaki Saida	Director at our company; Representative Director and Senior Executive President, Narita International Airport Corporation	—	Borrowing of funds	Borrowing of funds (Note 2)	—	Long-term loans	1,620

Terms and conditions of transactions and policy on determining them

Note 1: This transaction was conducted for a third party by Tomoaki Kobayakawa, director at our company, in the capacity of the representative of TEPCO Energy Partner Incorporated. The borrowing rate was

determined rationally based on market interest rates and transaction terms and conditions.

Note 2: This transaction was conducted for a third party that was conducted by Masaki Saida, director at our company, in the capacity of the representative of Narita International Airport Corporation. The borrowing rate was determined rationally based on market interest rates and transaction terms and conditions.

Note 3: Among the amounts indicated in the table above, transaction amounts do not include consumption tax.

VI. Notes on data per share

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|----------------------------------|------------------|
| 1. Net asset per share: | 4,170,443.98 yen |
| 2. Current net profit per share: | 1,491,682.82 yen |