

Financial Results for the Third Quarter of the Year Ending March 31, 2013 [J-GAAP] (Consolidated)

Company name: AIRPORT FACILITIES CO., LTD. (AFC)
 Stock exchange listed on: Tokyo Stock Exchange (First Section)
 Company code: 8864 URL: <http://www.afc-group.jp>
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 The date of filing the quarterly securities report: February 7, 2013
 The date of the dividend payment start: —
 Preparation of quarterly earnings presentation material: No
 Holding of quarterly earnings announcement: No

(Figures are rounded off to the nearest million yen.)

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 2013 (April 1, 2012 - December 31, 2012)

(1) Consolidated Business Results (Percentages are changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First nine months ended								
December 31, 2012	15,777	2.6	2,866	20.5	2,960	25.7	1,717	69.4
December 31, 2011	15,374	(9.1)	2,378	(9.1)	2,355	(8.5)	1,013	(51.2)

(Note) Comprehensive income: First nine months ended December 31, 2012: 1,618 million yen (47.4%)
 First nine months ended December 31, 2011: 1,098 million yen ((48.8%))

	Net income per share	Diluted net income per share
First nine months ended	Yen	Yen
December 31, 2012	33.23	—
December 31, 2011	19.61	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2012	72,452	46,662	62.5	876.39
As of March 31, 2012	74,864	47,274	61.4	915.05

(Reference) Equity capital: As of December 31, 2012: 45,276million yen As of March 31, 2012: 45,958 million yen

2. Dividends

	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2012	—	6.00	—	6.00	12.00
FY ending March 31, 2013	—	6.00	—		
FY ending March 31, 2013 (Forecasts)				6.00	12.00

(Note) Changes in the latest forecasts released: No

3. Forecast of Consolidated Earnings for the Year Ending March 2013 (April 1, 2012 - March 31, 2013)

(Percentages are changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	21,170	1.7	3,430	23.8	3,340	23.2	1,980	14.5	38.33

(Note) Changes in the latest forecasts released: No

4. Other Information

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting from changes in scope of consolidation): No
- (2) Application of specific accounting treatments in preparing the quarterly consolidated financial statements: Yes
 Note: For details, please refer to “2. Summary Information (Other), (2) Application of Specific Accounting Treatments in Preparing the Quarterly Consolidated Financial Statements” on page 4.
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
- 1) Changes in accounting policies with revision of accounting standards, etc. : Yes
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: Yes

4) Restatement of revisions: No

(4) Number of issued shares (common shares)

1) Number of issued shares (including treasury stock)	As of December 31, 2012:	54,903,750 shares	As of March 31, 2012:	54,903,750 shares
2) Number of treasury stock	As of December 31, 2012:	3,241,454 shares	As of March 31, 2012:	3,241,249 shares
3) Average number of shares during the period	First nine months ended December 31, 2012:	51,662,457 shares	First nine months ended December 31, 2011:	51,662,719 shares

* Implementation status of quarterly review procedures

The quarterly review procedures stipulated in the Financial Instruments and Exchange Act are not applicable to this Financial Results report, and the procedures have not been completed when this Financial Results report was disclosed.

* Explanation of the proper use of earnings forecasts and other special notes

The statements about future described on this report such as earnings forecasts have been made based on information currently available and certain assumptions considered reasonable, and it is not intended to assure that we will achieve such results. Actual earnings may differ significantly from the above forecasts for various reasons. For the assumptions for earnings forecasts and cautions regarding the use of the earnings forecasts, please refer to "1. Qualitative Information on Consolidated Financial Results for the Quarter Ended December 31, 2012" (3) Qualitative Information on Consolidated Earnings Forecast on page 4.

1. Qualitative Information on Consolidated Financial Results for the Quarter Ended December 31, 2012

(1) Qualitative Information on Consolidated Business Results

In Japan, despite the continuous support from the reconstruction demand related to the Great Eastern Japan Earthquake, business earnings, especially in manufacturing industry, have grown weaker during the nine months ended December 31, 2012, in consequence of slowdown in the European and U.S. economies and the negative impact on export of the worsening relationship with China and South Korea. The outlook of the economy continues to be uncertain as improvement of the employment conditions also seemed to have paused; however, the change of government has raised the expectations for implementation of the new economic policies.

In the aviation industry, the entry of low-cost carriers (LCC) contributed to increasing demands in the industry and led to increases in number of flights in airports and revenues, and further improvements in the LCC business environment are in progress, including the opening of exclusive terminals for LCCs in the Narita International Airport, the Kansai International Airport and the Naha Airport. Major airline companies also announced sound business results as a decrease in passengers flying to China and South Korea was covered by an increase in passengers to South East Asia or U.S., resulting in growth from the previous year both in number of passengers and cargo volume, and the number of passengers during the year-end holiday season also remained on the upward trend.

In the aviation administration, in November, the Ministry of Land, Infrastructure, Transport and Tourism determined the allocation of the new capacity for domestic flights arrivals and departures to be increased in March 2013 in the Tokyo International Airport, which is expected to further grow and develop as the hub for air network.

Under such economic conditions, the Group (the Company and its consolidated subsidiaries) recorded net sales of ¥15,777 million (up 2.6% from the same period of the previous year), operating income of ¥2,866 million (up 20.5%) and ordinary income of ¥2,960 million (up 25.7%) and net income of ¥1,717 million (up 69.4%) due to full-year operation of facilities in a local airport and outside the airport purchased during the fiscal year ended March 31, 2012, new operation of properties purchased during the period and improvement in occupancy rates of idle facilities.

Performance by business segment is as follows:

(i) Real Estate Business

Real Estate Business recorded net sales of ¥10,760 million, an increase by ¥611 million (6.0%) from the same period of the previous year, and operating income of ¥1,990 million, an increase by ¥535 million (36.7%), as a result of full-year operation of Rinku International Logistics Center purchased during the fiscal year ended March 31, 2012, new operation of Kitakyushu Airport Training Center completed in August 2012, as well as improvement in occupancy rates of idle facilities in the Tokyo International Airport.

(ii) District Heating & Cooling Business

District Heating & Cooling Business recorded net sales of ¥3,161 million, an increase by ¥126 million (4.1%) from the same period of the previous year, due to solid sales from heating business which benefited from the average winter temperature lower than the previous year and an increase in sales from cooling business during the summer, but operating income decreased by ¥36 million (4.7%) to ¥724 million due to increase in expenses such as gas and electricity fees.

(iii) Waterworks & Drainage Management and Other Business

Net sales in Waterworks & Drainage Management and Other Business decreased by ¥334 million (15.3%) from the same period of the previous year to ¥1,856 million as a result of expiration of the waterworks & drainage management contract with the New Chitose Airport and the change in contract forms with the Osaka International Airport, but operating income decreased only by ¥10 million (6.4%) to ¥153 million which was almost the same level as the previous fiscal year as expenses such as water charge also decreased.

(2) Qualitative Information on Consolidated Financial Position

(Assets)

Total assets as of December 31, 2012 amounted to ¥72,452 million, a decrease by ¥2,413 million compared to March 31, 2012, due to a decrease in cash and deposits as a result of deconsolidation of a consolidated subsidiary and a decrease in noncurrent assets from depreciation.

(Liabilities)

Despite increases in unearned revenue arising from land rent invoiced for the year ending March 31, 2013 and in guarantee deposited from new tenants, liabilities as of December 31, 2012 decreased by ¥1,801 million from March 31, 2012 to ¥25,790 million, as a result of repayment of long-term loans payable.

(Net assets)

Despite net income for the nine months ended December 31, net assets as of December 31 decreased by ¥611 million compared to March 31, 2012 to ¥46,662 million as retained earnings decreased due to dividends payment and deconsolidation of a consolidated subsidiary.

As a result, equity ratio increased by 1.1 points to 62.5% compared to March 31, 2012.

(3) Qualitative Information on Consolidated Earnings Forecast

There is no change as to Consolidated Earnings Forecast for the Year Ending March 2013 which was announced in the Financial Results for the Year Ended March 31, 2012 [J-GAAP] dated May 11, 2012.

2. Summary Information (Other)

(1) Changes in Material Subsidiaries during the Period under Review

Not applicable.

(2) Application of Specific Accounting Treatments in Preparing the Quarterly Consolidated Financial Statements

Specific accounting treatments in preparing the quarterly consolidated financial statements

Tax expenses are calculated as income before income taxes and minority interests for the quarter multiplied by the estimated effective tax rate. The effective tax rate is reasonably estimated taking into consideration deferred tax accounting as the rate applicable to income before income taxes and minority interests for the consolidated fiscal year including the quarter ended December 31, 2012.

(3) Changes in Accounting Policies and Estimates, and Restatements

Change in accounting policy

(Change in depreciation method)

Following the amendment to the Corporate Tax Law, property, plant and equipment acquired on or after April 1, 2012 are depreciated using the depreciation method in accordance with the amended Corporate Tax Law effective April 1, 2012.

The impact of this change is insignificant.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	FY3/12 (As of March 31, 2012)	Third quarter of FY3/13 (As of December 31, 2012)
Assets		
Current assets		
Cash and deposits	2,855,193	2,582,576
Notes and accounts receivable-trade	1,409,289	1,069,726
Lease investment assets	920,135	1,354,396
Merchandise and finished goods	5,358	—
Raw materials and supplies	44,437	46,402
Deferred tax assets	94,763	94,763
Short-term loans receivable	2,299,417	—
Others	636,270	1,238,384
Total current assets	8,264,862	6,386,247
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	50,321,117	48,778,618
Machinery, equipment and vehicles, net	3,111,551	3,237,476
Tools, furniture and fixtures, net	50,792	37,922
Land	8,038,134	7,991,622
Construction in progress	139,657	449,549
Total property, plant and equipment	61,661,251	60,495,187
Intangible assets	131,425	105,190
Investments and other assets		
Investment securities	2,508,437	2,985,800
Long-term loans receivable	7,596	6,599
Deferred tax assets	1,962,805	2,077,566
Others	366,259	433,516
Allowance for doubtful accounts	(38,233)	(38,233)
Total investments and other assets	4,806,864	5,465,248
Total noncurrent assets	66,599,540	66,065,625
Total assets	74,864,402	72,451,872

(Thousands of yen)

	FY3/12 (As of March 31, 2012)	Third quarter of FY3/13 (As of December 31, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,756,444	529,267
Short-term loans payable	4,963,532	5,107,092
Accounts payable	162,917	406,520
Income taxes payable	256,940	530,379
Accrued expenses	171,416	111,049
Unearned revenue	763,680	1,454,826
Provision for bonuses	119,239	57,687
Provision for directors' bonuses	21,038	10,519
Provision for removal cost of property, plant and equipment	31,801	34,964
Others	966,624	931,219
Total current liabilities	9,213,631	9,173,522
Noncurrent liabilities		
Long-term loans payable	13,092,862	10,865,440
Long-term guarantee deposited	4,606,985	5,017,225
Long-term accounts payable-facilities	359,471	359,471
Provision for retirement benefits	148,425	171,317
Provision for directors' retirement benefits	169,454	202,694
Total noncurrent liabilities	18,377,197	16,616,147
Total liabilities	27,590,828	25,789,669
Net assets		
Shareholders' equity		
Capital stock	6,826,100	6,826,100
Capital surplus	6,982,921	6,982,921
Retained earnings	33,156,964	32,682,382
Treasury stock	(1,561,558)	(1,561,637)
Total shareholders' equity	45,404,427	44,929,766
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	553,678	346,438
Total accumulated other comprehensive income	553,678	346,438
Minority interests	1,315,469	1,385,999
Total net assets	47,273,574	46,662,203
Total liabilities and net assets	74,864,402	72,451,872

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

(Thousands of yen)

	First nine months of FY3/12 (April 1, 2011 – December 31, 2011)	First nine months of FY3/13 (April 1, 2012 – December 31, 2012)
Net sales	15,374,414	15,777,102
Cost of sales	11,767,040	11,782,302
Gross profit	3,607,374	3,994,800
Selling, general, and administrative expenses		
Directors' compensations	183,143	190,409
Salaries and bonuses	405,362	390,912
Provision for bonuses	35,787	34,110
Provision for directors' bonuses	10,519	10,519
Transportation and communication expenses	58,505	63,007
Taxes and dues	78,063	54,741
Depreciation	20,403	26,601
Others	437,641	358,133
Total selling, general, and administrative expenses	1,229,423	1,128,432
Operating income	2,377,951	2,866,368
Non-operating income		
Interest income	16	318
Dividends income	74,481	354,521
Commission fee	31,148	10,099
Gain on investments in silent partnership	24,504	28,477
Others	67,903	47,213
Total non-operating income	198,052	440,628
Non-operating expenses		
Interest expenses	207,813	212,227
Cost of abandonment of noncurrent assets	—	134,318
Others	13,077	461
Total non-operating expenses	220,890	347,006
Ordinary income	2,355,113	2,959,990
Extraordinary income		
Insurance income	57,000	—
Others	1,000	—
Total extraordinary income	58,000	—
Extraordinary loss		
Loss on retirement of noncurrent assets	40,706	45,295
Loss on disaster	55,383	—
Directors' retirement benefits	4,669	495
Loss on valuation of investment securities	2,608	—
Total extraordinary loss	103,366	45,790
Income before income taxes	2,309,747	2,914,200
Income taxes	1,160,657	1,088,543
Income before minority interests	1,149,090	1,825,657
Minority interests in income	135,773	108,858
Net income	1,013,317	1,716,799

(Quarterly Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	First nine months of FY3/12 (April 1, 2011 – December 31, 2011)	First nine months of FY3/13 (April 1, 2012 – December 31, 2012)
Income before minority interests	1,149,090	1,825,657
Other comprehensive income		
Valuation difference on available-for-sale securities	(51,116)	(207,240)
Total other comprehensive income	(51,116)	(207,240)
Comprehensive income	1,097,974	1,618,417
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	962,201	1,509,559
Comprehensive income attributable to minority interests	135,773	108,858

(3) Notes on Premise of Going Concern

Not applicable.

(4) Notes on Significant Changes in Shareholders' Equity

Not applicable.