

## Financial Results for the First Quarter of the Year Ending March 31, 2015 [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>  
 Representative: Hiroshi Maruyama, President and CEO  
 Inquiries: Kazuhiko Muraishi, Director, Senior Corporate Officer, General Manager of Accounting Dept. TEL: +81-3-3747-0251  
 The date of filing the quarterly securities report: August 5, 2014  
 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 First Quarter of the Fiscal Year Ending March 2015 (April 1, 2014 - June 30, 2014)

(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 three months ended								
June 30, 2014	5,188	2.0	966	0.1	1,229	21.9	725	34.4
June 30, 2013	5,087	0.0	965	5.1	1,008	(10.8)	539	(15.7)

(Note) Comprehensive income: First three months ended June 30, 2014: 985 million yen (37.4%)  
 First three months ended June 30, 2013: 717 million yen (17.6%)

	Net income per share	Diluted net income per share
First three months ended	Yen	Yen
June 30, 2014	14.03	—
June 30, 2013	10.44	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2014	82,068	48,635	57.4	912.53
As of March 31, 2014	77,621	47,998	59.9	900.07

(Reference) Equity capital: As of June 30, 2014: 47,143 million yen As of March 31, 2014: 46,499 million yen

### 2. Dividends

	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2014	—	6.00	—	6.00	12.00
FY ending March 31, 2015	—				
FY ending March 31, 2015 (Forecasts)		6.00	—	6.00	12.00

(Note) Changes in the latest forecasts released: No

### 3. Forecast of Consolidated Earnings for the Year Ending March 2015 (April 1, 2014 - March 31, 2015)

(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
First half	10,440	(0.8)	1,540	(18.6)	1,760	(5.1)	870	(18.2)	16.84
Full fiscal year	20,350	(3.0)	2,710	(22.5)	2,910	(5.8)	1,550	41.8	30.00

(Note) Changes in the latest forecasts released: No

**\* Notes**

(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. : No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Restatement of revisions: No

(4) Number of issued shares (common shares)

1) Number of issued shares (including treasury stock)	As of June 30, 2014:	54,903,750 shares	As of March 31, 2014:	54,903,750 shares
2) Number of treasury stock	As of June 30, 2014:	3,242,006 shares	As of March 31, 2014:	3,241,952 shares
3) Average number of shares during the period	First three months ended June 30, 2014:	51,661,780 shares	First three months ended June 30, 2013:	51,662,201 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**

(Remarks on forward-looking statements)

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 June 30, 2014 (3) Qualitative Information on Consolidated Earnings Forecast” on page 4.

## 1. Qualitative Information on Consolidated Financial Results for the Quarter Ended June 30, 2014

### (1) Explanation about Business Results

During the quarter ended June 30, 2014, the Japanese economy remained weak at the beginning as a result of backlash of the last-minute demand before the consumption tax rise in April, but such effects gradually diminished while various government policies were starting to take effects and personal consumption showed recovery, leading the economy to a moderate recovery. However, downturn in overseas economies remains as risks to depress the Japanese economy.

In the aviation industry, demands of international passengers continued to grow due to an increase of the arrival and departure slots for international flights at Tokyo International Airport as well as a continued upward trend in foreign passengers visiting Japan since the previous consolidated fiscal year. Domestic flights have also been showing better results than last year overall despite the concerns over the unfavorable sequence of holiday dates of the Golden Week compared to last year and the backlash related to the consumption tax rise. On the other hand, aviation industry has been facing new issues such that some airline companies are forced to cancel or reduce flights due to shortage of pilots.

Under such economic conditions, the Group (the Company and its consolidated subsidiaries) recorded net sales of ¥5,188 million (up 2.0% from the same period of the previous year), as the impact from full-scale operation of new property including an in-flight meal factory completed at the end of the fiscal year ended March 31, 2014 exceeded decline in sales due to termination of Area Heating & Cooling Business in 1-chome District of Tokyo International Airport, operating income of ¥966 million (up 0.1%) and ordinary income of ¥1,229 million (up 21.9%) and net income of ¥725 million (up 34.4%).

Performance by business segment is as follows:

#### (i) Real Estate Business

Real Estate Business recorded net sales of ¥3,872 million, an increase by ¥207 million (5.6%) from the same period of the previous year, as a result of full-scale operation of an in-flight meal factory and maintenance center at the Tokyo International Airport completed at the end of the fiscal year ended March 31, 2014 and new rent income from Omori Higashi apartment for major airline companies. Operating income also increased by ¥44 million (6.6%) to ¥713 million.

#### (ii) Area Heating & Cooling Business

Area Heating & Cooling Business recorded net sales of ¥755 million, a decrease by ¥81 million (9.7%) from the same period of the previous year as our service in the 1-chome District of Tokyo International Airport was terminated at the end of May 2014 due to a decrease in customers and facility deterioration and shifted to a heating & cooling system for individual building while the business provided by Tokyo Airport Heating & Cooling Co., Ltd., a consolidated subsidiary, at the 3-chome District of Tokyo International Airport has shown favorable growth. Operating income also decreased by ¥25 million (11.8%) to ¥189 million.

#### (iii) Water Supply & Drainage Service and Other Business

Net sales in Water Supply & Drainage Service and Other Business decreased by ¥25 million (4.3%) from the same period of the previous year to ¥560 million as a result of reviewing management fees for the waterworks & drainage management business at the Tokyo International Airport. Operating income also decreased by ¥18 million (22.0%) to ¥64 million.

### (2) Qualitative Information on Consolidated Financial Position

#### (Assets)

Total assets as of June 30, 2014 amounted to ¥82,068 million, an increase by ¥4,447 million compared to March 31, 2014, due to an increase in prepaid expense for the payment of land rent for the year ending March 31, 2015.

#### (Liabilities)

Liabilities as of June 30, 2014 amounted to ¥33,433 million, an increase by ¥3,810 million from March 31, 2014, due to an increase in unearned revenue arising from land rent invoiced for the year ending March 31, 2015 and proceeds from long-term loans payable.

#### (Net assets)

Net assets as of June 30, 2014 increased by ¥637 million compared to March 31, 2014 to ¥48,635 million due mainly to an increase in retained earnings.

As a result, an increase in net assets was surpassed by an increase in liabilities, resulting in a decrease in equity ratio by 2.5 points to 57.4 % compared to March 31, 2014.

**(3) Qualitative Information on Consolidated Earnings Forecast**

There is no change as to Consolidated Earnings Forecast for the Year Ending March 2015 which was announced in the Financial Results for the Year Ended March 31, 2014 [J-GAAP] dated May 14, 2014.

**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 June 30, 2014.

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

Not applicable.

**3. Material Events concerning Going Concern**

Not applicable.

#### 4. Quarterly Consolidated Financial Statements

##### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	FY3/14 (As of March 31, 2014)	First quarter of FY3/15 (As of June 30, 2014)
<b>Assets</b>		
Current assets		
Cash and deposits	2,232,163	2,978,542
Notes and accounts receivable-trade	1,231,205	1,002,842
Lease investment assets	2,326,755	2,293,893
Raw materials and supplies	24,810	14,887
Deferred tax assets	245,883	245,883
Short-term loans receivable	—	2,410,807
Others	510,514	2,317,407
Total current assets	6,571,330	11,264,261
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	49,688,914	49,043,273
Machinery, equipment and vehicles, net	4,210,656	4,721,888
Tools, furniture and fixtures, net	39,816	37,010
Land	9,507,156	9,510,578
Construction in progress	757,489	403,049
Total property, plant and equipment	64,204,031	63,715,798
Intangible assets	75,003	66,503
Investments and other assets		
Investment securities	4,594,849	4,950,394
Long-term loans receivable	5,102	4,832
Deferred tax assets	1,488,211	1,361,494
Net defined benefit asset	75,235	75,235
Others	648,332	670,307
Allowance for doubtful accounts	(40,867)	(40,867)
Total investments and other assets	6,770,862	7,021,395
Total noncurrent assets	71,049,896	70,803,696
Total assets	77,621,226	82,067,957

(Thousands of yen)

	FY3/14 (As of March 31, 2014)	First quarter of FY3/15 (As of June 30, 2014)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	1,205,511	576,998
Short-term loans payable	4,102,092	4,301,894
Accounts payable	4,069,162	838,263
Income taxes payable	96,492	339,625
Accrued expenses	112,983	178,905
Unearned revenue	838,397	2,324,170
Provision for bonuses	115,579	66,102
Provision for directors' bonuses	27,600	12,898
Provision for removal cost of property, plant and equipment	375,191	338,700
Others	712,852	845,930
<b>Total current liabilities</b>	<b>11,655,859</b>	<b>9,823,485</b>
Noncurrent liabilities		
Long-term loans payable	12,627,848	18,167,200
Long-term guarantee deposited	4,849,441	5,001,658
Long-term accounts payable-facilities	256,765	256,765
Net defined benefit liability	12,398	10,983
Provision for directors' retirement benefits	210,557	162,833
Provision for long-term removal cost of property, plant and equipment	10,178	10,178
<b>Total noncurrent liabilities</b>	<b>17,967,187</b>	<b>23,609,617</b>
<b>Total liabilities</b>	<b>29,623,046</b>	<b>33,433,102</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,826,100	6,826,100
Capital surplus	6,982,921	6,982,921
Retained earnings	33,219,444	33,634,326
Treasury stock	(1,562,002)	(1,562,040)
<b>Total shareholders' equity</b>	<b>45,466,463</b>	<b>45,881,307</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,032,562	1,261,391
<b>Total accumulated other comprehensive income</b>	<b>1,032,562</b>	<b>1,261,391</b>
Minority interests	1,499,156	1,492,157
<b>Total net assets</b>	<b>47,998,180</b>	<b>48,634,855</b>
<b>Total liabilities and net assets</b>	<b>77,621,226</b>	<b>82,067,957</b>

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

(Thousands of yen)

	First three months of FY3/14 (April 1, 2013 – June 30, 2013)	First three months of FY3/15 (April 1, 2014 – June 30, 2014)
Net sales	5,087,274	5,187,863
Cost of sales	3,731,173	3,816,354
Gross profit	1,356,101	1,371,509
Selling, general, and administrative expenses		
Directors' compensations	58,647	68,277
Salaries and bonuses	108,920	108,877
Provision for bonuses	38,145	35,337
Provision for directors' bonuses	13,800	12,898
Transportation and communication expenses	22,149	25,207
Taxes and dues	26,676	24,344
Depreciation	8,260	8,015
Others	114,610	122,801
Total selling, general, and administrative expenses	391,207	405,756
Operating income	964,894	965,753
Non-operating income		
Interest income	9	169
Dividends income	77,862	319,229
Commission fee	928	1,031
Gain on investments in silent partnership	15,378	16,528
Others	31,586	11,519
Total non-operating income	125,763	348,476
Non-operating expenses		
Interest expenses	62,839	71,664
Removal cost of property, plant and equipment	16,346	7,964
Others	3,217	5,874
Total non-operating expenses	82,402	85,502
Ordinary income	1,008,255	1,228,727
Extraordinary income		
Others	—	200
Total extraordinary income	—	200
Extraordinary loss		
Loss on retirement of noncurrent assets	24,999	68,766
Loss on sale of noncurrent assets	—	2
Total extraordinary loss	24,999	68,768
Income before income taxes and minority interests	983,256	1,160,159
Income taxes	401,408	403,976
Income before minority interests	581,848	756,183
Minority interests in income	42,684	31,330
Net income	539,164	724,853

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

(Thousands of yen)

	First three months of FY3/14 (April 1, 2013 – June 30, 2013)	First three months of FY3/15 (April 1, 2014 – June 30, 2014)
Income before minority interests	581,848	756,183
Other comprehensive income		
Valuation difference on available-for-sale securities	135,024	228,829
Total other comprehensive income	135,024	228,829
Comprehensive income	716,872	985,012
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	674,188	953,682
Comprehensive income attributable to minority interests	42,684	31,330



**(3) Notes on Quarterly Consolidated Financial Statements**

**(Notes on Premise of Going Concern)**

Not applicable.

**(Notes on Significant Changes in Shareholders' Equity)**

Not applicable.