

## Financial Results for the Third Quarter of the Year Ending March 31, 2014 [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, 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 Third Quarter of the Fiscal Year Ending March 2014 (April 1, 2013 – December 31, 2013)

(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, 2013	15,575	(1.3)	3,004	4.8	2,953	(0.2)	1,680	(2.1)
December 31, 2012	15,777	2.6	2,866	20.5	2,960	25.7	1,717	69.4

(Note) Comprehensive income: First nine months ended December 31, 2013: 2,129 million yen (31.5%)  
 First nine months ended December 31, 2012: 1,618 million yen (47.4%)

	Net income per share	Diluted net income per share
First nine months ended	Yen	Yen
December 31, 2013	32.52	—
December 31, 2012	33.23	—

(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, 2013	75,373	48,496	62.4	910.23
As of March 31, 2013	73,317	47,026	62.2	882.80

(Reference) Equity capital: As of December 31, 2013: 47,024 million yen As of March 31, 2013: 45,607 million yen

### 2. Dividends

	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2013	—	6.00	—	6.00	12.00
FY ending March 31, 2014	—	6.00	—		
FY ending March 31, 2014 (Forecasts)				6.00	12.00

(Note) Changes in the latest forecasts released: No

### 3. Forecast of Consolidated Earnings for the Year Ending March 2014 (April 1, 2013 - March 31, 2014)

(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	0.5	3,380	0.5	3,130	(10.3)	1,730	(2.9)	33.49

(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 December 31, 2013:	54,903,750 shares	As of March 31, 2013:	54,903,750 shares
2) Number of treasury stock	As of December 31, 2013:	3,241,921 shares	As of March 31, 2013:	3,241,454 shares
3) Average number of shares during the period	First nine months ended December 31, 2013:	51,662,038 shares	First nine months ended December 31, 2012:	51,662,457shares

\* 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 December 31, 2013” (3) Qualitative Information on Consolidated Earnings Forecast on page 4.

## 1. Qualitative Information on Consolidated Financial Results for the Quarter Ended December 31, 2013

### (1) Explanation about Business Results

During the nine months ended December 31, 2013, the Japanese economy has shown a gradual recovery due to recovery of exports and continued increases in private consumptions and capital investments while various policies including monetary easing and weakening yen started to take effects. On the other hand, increases in import prices and downturn in overseas economies continued to constitute risks to depress the Japanese economy.

In the aviation industry, demands of domestic passengers continued to increase steadily, partly due to positive contribution from the long year-end holiday season, and significantly exceeded the previous year's result. International passengers demand also showed a strong growth as the effects from weak yen and relaxation of the requirements for issuing visas to South-East Asian countries continued and resulted in annual foreign passengers visiting Japan to exceed 10 million for the first time.

However, as the competition has become further intensified as a result of increased supplies by airline companies, particularly business expansion of LCCs, the fuel cost hovering at a high level due to weak yen continued to impose a heavy burden on airline companies, despite their cost saving efforts, and they are now working on changing their management system and reviewing business strategies in order to further improve their business.

Regarding the "Bill for Operation of the Government-managed Airports with the Use of the Private Sector Capabilities" which passed last year, basic policies were set, and it was decided to start detailed discussions based on the market sounding to be performed for individual airport. Also, a subcommittee was established based on the decision by the Council of Transport Policy and started discussions about the enhancement of functions in the airports in the Tokyo metropolitan area. We will continue to keep a close eye on the development of the aviation administration as it may have a material impact on the Company's business operation.

Under such economic conditions, the Group (the Company and its consolidated subsidiaries) recorded net sales of ¥15,575million (down 1.3% from the same period of the previous year), operating income of ¥3,004 million (up 4.8%) and ordinary income of ¥2,953 million (down 0.2%) due to a decrease in dividend from subsidiary, and net income of ¥1,680 million (down 2.1%).

Performance by business segment is as follows:

#### (i) Real Estate Business

Real Estate Business recorded net sales of ¥11,023 million, an increase by ¥263 million (2.4%) from the same period of the previous year, due to rent income from new large tenant at Tokyo International Airport starting in the previous period and full-year operation of Kitakyushu Airport Training Center despite the impact of cost reduction by major airline companies. Operating income also increased by ¥209 million (10.5%) to ¥2,199 million as a result of a decrease in depreciation expense of the existing facilities.

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

District Heating & Cooling Business recorded net sales of ¥2,766 million, a decrease by ¥395 million (12.5%) from the same period of the previous year, due to a decrease in clients in the 1-chome District of Tokyo International Airport. Operating income also decreased by ¥168 million (23.2%) to ¥556 million due to increased price of electricity.

#### (iii) Waterworks & Drainage Management and Other Business

Net sales in Waterworks & Drainage Management and Other Business decreased by ¥71 million (3.8%) from the same period of the previous year to ¥1,785 million due to change of the contract form of the waterworks & drainage management business at Osaka International Airport despite increases in sales due to shared communications network business and solar energy generation which started the operation during this period. Operating income, however, increased by ¥96 million (62.9%) to ¥249 million due to decreases in expense for shared communications network, land rent, and water charge in Osaka International Airport.

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

#### (Assets)

Total assets as of December 31, 2013 amounted to ¥75,373 million, an increase by ¥2,056 million compared to March 31, 2013, due to increases in construction-in-progress from payments for construction of a facility to provide in-flight services,

apartments for single airport employees, and new facilities in local airports, and an increase in unrealized gains on investment securities from rising stock price.

**(Liabilities)**

Total liabilities as of December 31, 2013 amounted to ¥26,876 million, an increase by ¥586 million from March 31, 2013, as an increase in long-term loans payable exceeded contract repayments.

**(Net assets)**

Net assets as of December 31, 2013 increased by ¥1,470 million compared to March 31, 2013 to ¥48,496 million mainly due to an increase in retained earnings from recording net income for the period and an increase in valuation difference on available-for-sale securities.

As a result, equity ratio increased by 0.2 points to 62.4% compared to March 31, 2013.

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

There is no change as to Consolidated Earnings Forecast for the Year Ending March 2014 which was announced in the Financial Results for the Year Ended March 31, 2013 [J-GAAP] dated May 14, 2013.

**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 period 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 period ended December 31, 2013.

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

Not applicable.

**3. Material Events concerning Going Concern**

Not applicable.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	FY3/13 (As of March 31, 2013)	Third quarter of FY3/14 (As of December 31, 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	1,937,693	2,488,530
Notes and accounts receivable-trade	1,104,213	1,015,531
Lease investment assets	1,941,007	1,901,209
Raw materials and supplies	46,175	46,882
Deferred tax assets	220,842	220,842
Short-term loans receivable	799,712	998,825
Others	456,394	1,306,448
Total current assets	6,506,036	7,978,267
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	47,731,536	46,399,590
Machinery, equipment and vehicles, net	3,125,742	3,573,037
Tools, furniture and fixtures, net	37,284	37,335
Land	8,627,706	8,664,706
Construction in progress	1,502,063	2,261,929
Total property, plant and equipment	61,024,331	60,936,597
Intangible assets	96,114	72,534
Investments and other assets		
Investment securities	3,490,582	4,044,709
Long-term loans receivable	6,266	5,372
Deferred tax assets	1,801,151	1,603,661
Others	422,885	762,000
Allowance for doubtful accounts	(30,600)	(30,600)
Total investments and other assets	5,690,284	6,385,142
Total noncurrent assets	66,810,729	67,394,273
Total assets	73,316,765	75,372,540

(Thousands of yen)

	FY3/13 (As of March 31, 2013)	Third quarter of FY3/14 (As of December 31, 2013)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	1,257,057	528,911
Short-term loans payable	4,247,722	3,902,092
Accounts payable	715,383	238,191
Income taxes payable	478,046	698,765
Accrued expenses	153,850	112,551
Unearned revenue	813,465	1,314,815
Provision for bonuses	120,200	56,631
Provision for directors' bonuses	21,038	13,800
Provision for removal cost of property, plant and equipment	258,964	204,070
Others	968,940	993,971
<b>Total current liabilities</b>	<b>9,034,665</b>	<b>8,063,797</b>
Noncurrent liabilities		
Long-term loans payable	11,645,140	13,553,048
Long-term guarantee deposited	5,012,653	4,744,417
Long-term accounts payable-facilities	308,118	308,118
Provision for retirement benefits	73,676	11,493
Provision for directors' retirement benefits	216,364	195,282
<b>Total noncurrent liabilities</b>	<b>17,255,951</b>	<b>18,812,358</b>
<b>Total liabilities</b>	<b>26,290,616</b>	<b>26,876,155</b>
Net assets		
Shareholders' equity		
Capital stock	6,826,100	6,826,100
Capital surplus	6,982,921	6,982,921
Retained earnings	32,746,818	33,807,170
Treasury stock	(1,561,637)	(1,561,975)
<b>Total shareholders' equity</b>	<b>44,994,202</b>	<b>46,054,216</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	613,054	969,690
<b>Total accumulated other comprehensive income</b>	<b>613,054</b>	<b>969,690</b>
Minority interests	1,418,893	1,472,479
<b>Total net assets</b>	<b>47,026,149</b>	<b>48,496,385</b>
<b>Total liabilities and net assets</b>	<b>73,316,765</b>	<b>75,372,540</b>

**(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 FY3/13 (April 1, 2012–December 31, 2012)	First nine months of FY3/14 (April 1, 2013–December 31, 2013)
Net sales	15,777,102	15,574,641
Cost of sales	11,782,302	11,561,301
Gross profit	3,994,800	4,013,340
Selling, general, and administrative expenses		
Directors' compensations	190,409	222,801
Salaries and bonuses	390,912	354,749
Provision for bonuses	34,110	28,324
Provision for directors' bonuses	10,519	13,800
Transportation and communication expenses	63,007	63,183
Taxes and dues	54,741	54,312
Depreciation	26,601	24,479
Others	358,133	247,530
Total selling, general, and administrative expenses	1,128,432	1,009,178
Operating income	2,866,368	3,004,162
Non-operating income		
Interest income	318	19
Dividends income	354,521	91,715
Commission fee	10,099	32,754
Gain on investments in silent partnership	28,477	31,363
Others	47,213	41,069
Total non-operating income	440,628	196,920
Non-operating expenses		
Interest expenses	212,227	181,111
Loss on retirement of noncurrent assets	134,318	21,166
Provision for removal cost	—	36,491
Others	461	9,194
Total non-operating expenses	347,006	247,962
Ordinary income	2,959,990	2,953,120
Extraordinary loss		
Removal cost of property, plant and equipment	45,295	38,903
Directors' retirement benefits	495	—
Total extraordinary loss	45,790	38,903
Income before income taxes	2,914,200	2,914,217
Income taxes	1,088,543	1,142,005
Income before minority interests	1,825,657	1,772,212
Minority interests in income	108,858	91,916
Net income	1,716,799	1,680,296

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

(Thousands of yen)

	First nine months of FY3/13 (April 1, 2012–December 31, 2012)	First nine months of FY3/14 (April 1, 2013–December 31, 2013)
Income before minority interests	1,825,657	1,772,212
Other comprehensive income		
Valuation difference on available-for-sale securities	(207,240)	356,636
Total other comprehensive income	(207,240)	356,636
Comprehensive income	1,618,417	2,128,848
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,509,559	2,036,932
Comprehensive income attributable to minority interests	108,858	91,916



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

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

Not applicable.

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

Not applicable.