

## Financial Results for the First Quarter of the Year Ending March 31, 2016 [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.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 3, 2015  
 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 2016 (April 1, 2015 - June 30, 2015)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First three months ended								
June 30, 2015	5,032	(3.0)	810	(16.1)	814	(33.7)	464	(36.0)
June 30, 2014	5,188	2.0	966	0.1	1,229	21.9	725	34.4

(Note) Comprehensive income: First three months ended June 30, 2015: 536 million yen ((45.6%))  
 First three months ended June 30, 2014: 985 million yen (37.4%)

	Basic earnings per share	Diluted earnings per share
First three months ended	Yen	Yen
June 30, 2015	8.98	—
June 30, 2014	14.03	—

### (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, 2015	82,627	50,909	59.7	954.53
As of March 31, 2015	84,270	50,715	58.3	951.16

(Reference) Equity capital: As of June 30, 2015: 49,312 million yen As of March 31, 2015: 49,138 million yen

### 2. Dividends

	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2015	—	6.00	—	6.00	12.00
FY ending March 31, 2016	—	—	—	—	—
FY ending March 31, 2016 (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 2016 (April 1, 2015 - March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	10,230	(3.5)	1,190	(33.1)	1,140	(42.5)	710	(33.3)	13.74
Full fiscal year	20,670	(2.1)	2,690	(15.0)	2,730	(13.7)	1,720	14.3	33.29

(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. : Yes
- 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, 2015:	54,903,750 shares	As of March 31, 2015:	54,903,750 shares
2) Number of treasury stock	As of June 30, 2015:	3,242,625 shares	As of March 31, 2015:	3,242,446 shares
3) Average number of shares during the period	First three months ended June 30, 2015:	51,661,147 shares	First three months ended June 30, 2014:	51,661,780 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, 2015 (3) Qualitative Information on Consolidated Earnings Forecast” on page 4.

## 1. Qualitative Information on Consolidated Financial Results for the Quarter Ended June 30, 2015

### (1) Explanation about Business Results

During the quarter ended June 30, 2015, the Japanese economy continued to be on a moderate recovery trend as the continued substantial monetary easing policy by the Bank of Japan and a decline in crude oil prices contributed to depreciation of yen against dollar and lower interest rate as well as favorable fiscal earnings announcement from major companies, which resulted in the Nikkei Stock Average recovering to ¥20,000 level and hitting a record high for the first time in 18 years in June. However, attention should be given to risks that might depress the Japanese and global economy, including the Greek crisis and economic downturn in China.

Demands in the aviation industry, especially for international flights, continue to grow due to a significant increase in foreign passengers visiting Japan. On the other hand, domestic flights face increasingly severe competition, although passengers during the Golden Week increased from the previous year, due to the start of the operation of Shinkansen on the Hokuriku routes and the commencement of civil rehabilitation proceedings by a domestic airline company; and therefore, we should continue to pay attention to the trends.

Under such economic conditions, the Group (the Company and its consolidated subsidiaries) recorded net sales of ¥5,032 million (down 3.0% from the same period of the previous year) due to a reduction of leased area by major airline companies as part of their cost reduction measures, operating income of ¥810 million (down 16.1%), ordinary income of ¥814 million (down 33.7%), and profit attributable to owners of parent of ¥464 million (down 36.0%).

Performance by business segment is as follows:

#### (i) Real Estate Business

Real Estate Business recorded net sales of ¥3,739 million, a decrease by ¥132 million (3.4%) from the same period of the previous year, as a result of the move-out of tenants and rent reduction for major airline companies in Tokyo International Airport, despite the completion of Sky Residence Otorii in December 2014 and additions of two new properties including a small aircraft hangar and an engine maintenance shop by a consolidated subsidiary in Singapore. Operating income decreased by ¥194 million (27.3%) to ¥517 million as the fixed costs such as security expense still incurred after the above-mentioned move-out of tenants.

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

Area Heating & Cooling Business recorded net sales of ¥746 million, a decrease by ¥8 million (1.1%) 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, despite a steady demand for cooling service by Tokyo Airport Heating & Cooling Co., Ltd., a consolidated subsidiary, at the 3-chome District of Tokyo International Airport. Operating income increased by ¥66 million (35.3%) to ¥256 million due to decreased rates of electricity and gas.

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

Net sales in Water Supply & Drainage Service and Other Business decreased by ¥14 million (2.5%) from the same period of the previous year to ¥546 million as a result of a decrease in sales from declining number of lines due to partial cancellation in shared telecommunication network business, while sales in water supply & drainage service increased due to an increase in water supply and sewage usage at Tokyo International Airport. Operating income also decreased by ¥27 million (42.7%) to ¥36 million due to an increase in depreciation expense associated with renewal of PBX, equipment for shared telecommunication network.

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

#### (Assets)

Total assets as of June 30, 2015 amounted to ¥82,627 million, a decrease by ¥1,642 million compared to March 31, 2015, due to a decrease in securities used to pay for construction contracts with own fund.

#### (Liabilities)

Liabilities as of June 30, 2015 amounted to ¥31,718 million, a decrease by ¥1,836 million from March 31, 2015, due to the scheduled repayments of long-term loans payable.

**(Net assets)**

Net assets as of June 30, 2015 increased by ¥193 million compared to March 31, 2015 to ¥50,909 million mainly due to an increase in retained earnings.

As a result, equity ratio as of June 30, 2015 increased by 1.4 points to 59.7% compared to March 31, 2015.

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

There is no change as to Consolidated Earnings Forecast for the Year Ending March 2016 which was announced in the Financial Results for the Year Ended March 31, 2015 [J-GAAP] dated May 14, 2015.

**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 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 for the consolidated fiscal year including the period ended June 30, 2015.

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

Change in accounting policies

From the beginning of the first quarter of the current consolidated fiscal year, the Company started applying “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013) and “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. As the Company applied these accounting standards, the expression for quarterly net profit, etc. has been changed, and “minority interests” has been changed to “non-controlling interests”. In order to reflect these changes, the consolidated financial statements for the first quarter of the previous fiscal year have been reclassified, as well as the entire previous fiscal year.

**3. Material Events concerning Going Concern**

Not applicable.

## 4. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	FY3/15 (As of March 31, 2015)	First quarter of FY3/16 (As of June 30, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	2,891,402	3,516,860
Notes and accounts receivable-trade	1,133,796	1,342,948
Securities	3,000,000	1,000,000
Lease investment assets	3,429,585	3,281,652
Raw materials and supplies	23,395	16,952
Deferred tax assets	306,501	306,501
Others	211,950	126,990
Total current assets	10,996,629	9,591,906
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	47,340,793	46,679,087
Machinery, equipment and vehicles, net	4,877,121	5,690,875
Tools, furniture and fixtures, net	30,050	29,480
Land	9,544,939	9,544,938
Construction in progress	177,653	793,309
Total property, plant and equipment	61,970,556	62,737,691
Intangible assets	41,196	32,909
Investments and other assets		
Investment securities	6,764,238	6,843,164
Long-term loans receivable	4,167	3,959
Deferred tax assets	323,237	297,712
Net defined benefit asset	180,682	171,729
Others	4,105,469	3,044,558
Allowance for doubtful accounts	(115,948)	(95,992)
Total investments and other assets	11,261,845	10,265,131
Total non-current assets	73,273,597	73,035,732
Total assets	84,270,226	82,627,639

(Thousands of yen)

	FY3/15 (As of March 31, 2015)	First quarter of FY3/16 (As of June 30, 2015)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	998,571	580,993
Short-term loans payable	5,290,218	4,335,624
Accounts payable	1,617,997	859,246
Income taxes payable	595,161	285,250
Accrued expenses	801,135	1,094,541
Unearned revenue	756,115	822,453
Provision for bonuses	121,481	66,087
Provision for directors' bonuses	25,796	12,940
Provision for removal cost of property, plant and equipment	490,991	448,926
Others	811,819	887,486
<b>Total current liabilities</b>	<b>11,509,284</b>	<b>9,393,549</b>
Non-current liabilities		
Long-term loans payable	16,820,248	17,000,931
Long-term guarantee deposited	4,809,516	4,893,146
Long-term accounts payable-other	205,412	425,918
Net defined benefit liability	3,146	3,618
Provision for directors' retirement benefits	207,132	1,392
<b>Total non-current liabilities</b>	<b>22,045,454</b>	<b>22,325,005</b>
<b>Total liabilities</b>	<b>33,554,738</b>	<b>31,718,555</b>
Net assets		
Shareholders' equity		
Capital stock	6,826,100	6,826,100
Capital surplus	6,982,921	6,982,920
Retained earnings	34,103,121	34,263,319
Treasury stock	(1,562,347)	(1,562,470)
<b>Total shareholders' equity</b>	<b>46,349,795</b>	<b>46,509,869</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,718,548	2,771,949
Foreign currency translation adjustment	69,583	30,458
<b>Total accumulated other comprehensive income</b>	<b>2,788,131</b>	<b>2,802,408</b>
<b>Non-controlling interests</b>	<b>1,577,562</b>	<b>1,596,806</b>
<b>Total net assets</b>	<b>50,715,488</b>	<b>50,909,083</b>
<b>Total liabilities and net assets</b>	<b>84,270,226</b>	<b>82,627,639</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 FY3/15 (April 1, 2014 – June 30, 2014)	First three months of FY3/16 (April 1, 2015 – June 30, 2015)
Net sales	5,187,863	5,032,958
Cost of sales	3,816,354	3,804,331
Gross profit	1,371,509	1,228,626
Selling, general, and administrative expenses		
Directors' compensations	68,277	61,632
Salaries and bonuses	108,877	108,647
Provision for bonuses	35,337	41,994
Provision for directors' bonuses	12,898	12,940
Transportation and communication expenses	25,207	19,195
Taxes and dues	24,344	27,548
Depreciation	8,015	7,984
Others	122,801	138,106
Total selling, general, and administrative expenses	405,756	418,048
Operating income	965,753	810,578
Non-operating income		
Interest income	169	—
Dividends income	319,229	72,940
Commission fee	1,031	18,269
Gain on investments in silent partnership	16,528	—
Others	11,519	28,172
Total non-operating income	348,476	119,382
Non-operating expenses		
Interest expenses	71,664	75,360
Removal cost of property, plant and equipment	7,964	9,992
Foreign exchange losses	—	2,188
Depreciation	—	27,370
Others	5,874	174
Total non-operating expenses	85,502	115,085
Ordinary income	1,228,727	814,875
Extraordinary income		
Gain on sales of non-current assets	—	6,707
Others	200	—
Total extraordinary income	200	6,707
Extraordinary loss		
Loss on retirement of non-current assets	68,766	7,204
Loss on sales of non-current assets	2	—
Total extraordinary loss	68,768	7,204
Income before income taxes	1,160,159	814,378
Income taxes	403,976	292,631
Profit	756,183	521,746
Profit attributable to non-controlling interests	31,330	57,573
Profit attributable to owners of parent	724,853	464,172

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

(Thousands of yen)

	First three months of FY3/15 (April 1, 2014 – June 30, 2014)	First three months of FY3/16 (April 1, 2015 – June 30, 2015)
Profit	756,183	521,746
Other comprehensive income		
Valuation difference on available-for-sale securities	228,829	53,401
Foreign currency translation adjustment	—	(39,124)
Total other comprehensive income	228,829	14,276
Comprehensive income	985,012	536,023
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	953,682	478,449
Comprehensive income attributable to non-controlling interests	31,330	57,573



**(3) Notes on Quarterly Consolidated Financial Statements  
(Notes on Premise of Going Concern)**

Not applicable.

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

Not applicable.