

**Consolidated Financial Results  
for the First Quarter of the Fiscal Year 2017  
Ending March 31, 2018  
[Japanese GAAP]**



August 4, 2017

Company name: JAMCO Corporation  
 Stock exchange listing: Tokyo Stock Exchange  
 Stock Exchange Code: 7408  
 URL: <https://www.jamco.co.jp/>  
 Representative: Harutoshi Okita, President & CEO  
 Contact: Toshikazu Kimura, Director & Senior Managing Executive Officer  
 Phone: +81-42-503-9145  
 The date of filing quarterly securities report: August 7, 2017  
 The start date of payout of dividend: —  
 Availability of supplementary briefing material on quarterly financial results: None  
 Schedule of quarterly financial results briefing session: None

(Amounts are rounded down to the nearest million yen.)

**1. Consolidated Operating Results for the First Quarter of the Fiscal Year 2017 (from April 1, 2017 to June 30, 2017)**

(1) Consolidated Operating Results (%: Changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the first quarter of								
Fiscal year 2017	17,679	(10.8)	68	-	69	-	(323)	-
Fiscal year 2016	19,812	(3.2)	(1,100)	-	(1,711)	-	(1,150)	-

(Note) Comprehensive income: The first quarter of fiscal year 2017: ¥(171) million [-%]  
 The first quarter of fiscal year 2016: ¥(1,615) million [-%]

	Net income per share	Diluted net income per share
For the first quarter of	Yen	Yen
Fiscal year 2017	(12.05)	-
Fiscal year 2016	(42.89)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2017	91,023	27,512	29.4
As of March 31, 2017	92,559	28,003	29.4

(Reference) Equity: As of June 30, 2017: ¥26,755 million  
 As of March 31, 2017: ¥27,189 million

## 2. Dividend distribution

	Dividend distribution per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year 2016	Yen -	Yen 0.00	Yen -	Yen 10.0	Yen 10.0
Fiscal year 2017	-				
Fiscal year 2017 (Planned)		0.00	-	20.0	20.0

(Note) Revision to the plan of dividend distribution announced most recently: None

## 3. Consolidated Financial Results Forecast for the Fiscal Year 2017 (from April 1, 2017 to March 31, 2018)

(%: indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
2nd quarter-end	40,300	0.1	1,810	-	1,660	-	1,050	-	39.14
Full year	79,400	(3.0)	3,800	78.2	3,470	169.8	2,280	124.7	84.99

(Note) Revision to the forecast of consolidated financial results announced most recently: None

### \* Notes:

(1) Changes in significant subsidiaries during this quarter of the fiscal year 2017: None

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Number of common shares issued

1) Number of common shares outstanding (including the number of treasury stock):

As of June 30, 2017: 26,863,974 shares

As of March 31, 2017: 26,863,974 shares

2) Number of treasury stock:

As of June 30, 2017: 38,762 shares

As of March 31, 2017: 38,730 shares

3) Average number of common shares outstanding:

1<sup>st</sup> quarter of FY 2017: 26,825,228 shares

1<sup>st</sup> quarter of FY 2016: 26,825,298 shares

**\*Notes:**

\*1. This document is an English translation of a statement written initially in Japanese. The Japanese original document should be considered as the primary version.

\*2. These quarterly financial results are outside the scope of quarterly review.

**\*3. Explanation of the proper use of financial results forecast and other notes**

The earnings forecasts and other statements herein are based on information currently available to the Company and certain premises that the Company deems to be reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors.

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## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Operating Results

During the first quarter of FY 2017, the overall global economy generally remained firm, as the U.S. economy gradually improved, and the economies in Japan and the euro-zone also recovered moderately, while China and emerging countries also showed signs of economic rebound. In the foreign exchange market, the dollar-yen exchange rate remained unstable, repeatedly moving within the range of ¥108 to ¥114 per US\$1, amid uncertainties about the future due mainly to trends in monetary policies in the U.S.

In the air transportation industry, fierce competition continued due to the rise of low-cost carriers (LCCs), despite the growing demand for air transportation and low crude oil prices that contributed to the business climate with improvements in airline earnings. Aircraft manufacturers are maintaining the number of new aircrafts produced at a high level in response to increasing aircraft demand, while pushing ahead with production adjustment by reducing the production of conventional models. Also, with major aircraft manufacturers receiving a record level of orders at the 2017 Paris Air Show, the aircraft market is anticipated to remain robust.

Under such circumstances, in the aircraft interiors business and the aircraft seat business, the Group endeavored to improve production efficiency and stabilize the production system, while promoting initiatives to reduce cost.

In the aircraft components business, we promoted efforts to improve productivity for CFRP structure parts and aircraft engine parts.

In the aircraft maintenance business, we continued with initiatives to ensure flight safety and enhance quality, while also taking initiatives to expand the range of services and improve earnings, in addition to promoting order receipt of new products.

As a result, on a consolidated basis, during the first quarter of FY 2017, the Company posted net sales of ¥17,679 million (down ¥2,133 million compared to the same period of the previous fiscal year), operating income of ¥68 million (operating loss of ¥1,100 million in the same period of the previous fiscal year), ordinary income of ¥69 million (ordinary loss of ¥1,711 million in the same period of the previous fiscal year) and net loss attributable to shareholders of parent company of ¥323 million (net loss attributable to shareholders of parent company of ¥1,150 million in the same period of the previous fiscal year).

During the first quarter of FY 2017, additional provision for loss on construction contracts was recognized as of June 30, 2017, reflecting an expected increase in initial costs in the development and manufacturing process for some new aircraft seat manufacturing programs. As a result, provision for loss on construction contracts, including the portion due to products other than seats, amounted to ¥4,798 million, and the impact of an increase in cost of sales for the first quarter of FY 2017 resulting therefrom was ¥1,364 million (provision for loss on construction contracts at the end of FY 2016 was ¥3,434 million).

Selling, general and administrative expenses, non-operating income/expenses and extraordinary income/loss for the Group are as follows:

Selling, general and administrative expenses were ¥2,137 million (a decrease of ¥184 million compared to the same period of the previous fiscal year) due mainly to a decrease in warranty expenses.

In terms of non-operating income/expenses, an income of ¥1 million was reported, an improvement of ¥612 million compared to the same period of the previous fiscal year during which foreign exchanges losses of ¥576 million were recognized as a result of the sharp appreciation of the yen (an expense of ¥611 million in the same period of the previous fiscal year).

As for extraordinary income/loss, a loss of ¥23 million was reported due to loss on disposal of non-current assets (a loss of ¥12 million in the same period of the previous fiscal year).

Business performance by segment is as follows.

[Aircraft Interiors Business] and [Aircraft Seat Business]

In the reorganization on June 28, 2016, the aircraft seat business segment was established by a split from the aircraft interiors business segment.

During the first quarter of FY 2017, since it is difficult to compare the business performance of the aircraft seat business segment with the same period of the previous fiscal year, the business performance was compared using the segment before reorganization.

In the aircraft interiors business and aircraft seat business, net sales decreased from the same period of the previous fiscal year. This decline was attributable to factors including a decrease in shipments of galleys for the current Boeing 777s that are in the transition period to the Boeing 777X under development by Boeing, and postponement of shipment of the new program of aircraft seats to the second quarter. As for ordinary income, although earnings improved in the aircraft interiors business, it was affected by the increase in cost due to the recording of additional provision for loss on construction contracts for some new aircraft seat manufacturing programs as above.

As a result, the aircraft interiors business segment before reorganization, composed of the aircraft interiors and aircraft seat businesses, posted net sales of ¥14,963 million (down ¥1,930 million compared to the same period of the previous fiscal year) and ordinary income of ¥160 million (ordinary loss of ¥1,632 million in the same period of the previous fiscal year). As for the breakdown of results of each segment, the aircraft interiors business posted net sales of ¥13,238 million and ordinary income of ¥2,145 million and the aircraft seat business posted net sales of ¥1,725 million and ordinary loss of ¥1,984 million.

[Aircraft Components Business]

In the aircraft components business, net sales decreased from the same period of the previous fiscal year and ordinary loss was posted due mainly to a decrease in shipments of heat exchangers and other defense-related components, despite a reduction in cost of new products for CFRP structure parts and an improvement in production efficiency for aircraft engine parts.

As a result, the aircraft components business posted net sales of ¥1,372 million (down ¥206 million compared to the same period of the previous fiscal year) and ordinary loss of ¥53 million (ordinary loss of ¥28 million in the same period of the previous fiscal year).

[Aircraft Maintenance Business]

In the aircraft maintenance business, although net sales increased from the same period of the previous fiscal year due to continued solid production for equipment maintenance, ordinary loss was reported, reflecting a decline in profit margin due mainly to a decrease in completed construction for aircraft maintenance.

As a result, the aircraft maintenance business posted net sales of ¥1,342 million (up ¥3 million compared to the same period of the previous fiscal year) and ordinary loss of ¥37 million (ordinary loss of ¥51 million in the same period of the previous fiscal year).

[Others]

The Others segment includes the businesses of the consolidated subsidiary Orange JAMCO Corporation, and we were able to make steady progress mainly in inter-segment transactions, including assistance work in the aircraft interiors business.

As a result, the Others segment posted net sales of ¥0 million (up ¥0 million from the same period of the previous fiscal year) and ordinary income of ¥0 million (down ¥0 million from the same period of the previous fiscal year).

## (2) Explanation of Financial Position

### [Assets, liabilities and net assets]

Total assets as of June 30, 2017 amounted to ¥91,023 million, down ¥1,536 million from the end of the previous fiscal year. Of such, total current assets decreased by ¥1,309 million from the end of the previous fiscal year, due mainly to a decrease in notes and accounts receivable - trade (down ¥5,738 million compared to the end of the previous fiscal year), despite an increase in cash and deposits (up ¥941 million compared to the end of the previous fiscal year) and an increase in work in process (up ¥3,300 million compared to the end of the previous fiscal year). Total non-current assets decreased by ¥227 million from the end of the previous fiscal year as a result of relatively limited investment for the first quarter of FY 2017.

Total liabilities amounted to ¥63,510 million, down ¥1,045 million from the end of the previous fiscal year. This was attributable primarily to a decrease in notes and accounts payable - trade (down ¥2,157 million compared to the end of the previous fiscal year) and a decrease in short-term loans payable (down ¥2,725 million compared to the end of the previous fiscal year), which offset the increase in provision for loss on construction contracts (up ¥1,364 million compared to the end of the previous fiscal year) and the increase in accrued expense-salary (up ¥933 million compared to the end of the previous fiscal year).

Total net assets amounted to ¥27,512 million, down ¥490 million from the end of the previous fiscal year. This was due primarily to a decrease in retained earnings (down ¥591 million compared to the end of the previous fiscal year). As a result, the equity ratio stood at 29.4%.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Earnings for the first quarter of FY 2017 were lower than expected in terms of progress towards the consolidated financial results forecast for FY 2017 announced on May 10, 2017. However, as earnings are expected to recover as a result of countermeasures, the consolidated financial results forecast for the second quarter of FY 2017 and the full fiscal year ending March 31, 2018 remain unchanged at the present time.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2017	As of June 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	2,277,428	3,219,058
Notes and accounts receivable - trade	23,158,092	17,419,248
Merchandise and finished goods	602,859	635,073
Work in process	23,098,314	26,398,755
Raw materials and supplies	17,659,592	17,384,910
Other	5,958,534	6,387,865
Allowance for doubtful accounts	(6,161)	(5,425)
Total current assets	72,748,660	71,439,487
Non-current assets		
Property, plant and equipment	14,356,198	14,150,035
Intangible assets	1,562,225	1,516,262
Investments and other assets	3,892,687	3,917,566
Total non-current assets	19,811,111	19,583,864
Total assets	92,559,772	91,023,351
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	9,608,011	7,450,212
Electronically recorded obligations - operating	6,371,831	8,290,170
Short-term loans payable	22,741,823	20,016,000
Current portion of long-term loans payable	700,000	700,000
Income taxes payable	965,269	941,981
Accrued expense-salary	1,302,943	2,236,536
Provision for loss on construction contracts	3,434,215	4,798,633
Other	7,121,763	6,776,270
Total current liabilities	52,245,859	51,209,804
Non-current liabilities		
Long-term loans payable	4,700,000	4,700,000
Provision for directors' and auditors' retirement benefits	175,420	143,754
Provision for executive officers' retirement benefits	119,702	129,512
Liability for employee retirement benefits	6,808,585	6,831,982
Other	506,664	495,354
Total non-current liabilities	12,310,373	12,300,604
Total liabilities	64,556,232	63,510,408

(Thousand yen)

	As of March 31, 2017	As of June 30, 2017
Net assets		
Shareholders' equity		
Capital stock	5,359,893	5,359,893
Capital surplus	4,367,993	4,367,993
Retained earnings	17,626,220	17,034,619
Treasury stock	(30,689)	(30,772)
Total shareholders' equity	27,323,417	26,731,733
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	106,871	145,970
Deferred gains or losses on hedges	(72,280)	4,764
Foreign currency translation adjustment	135,690	154,049
Accumulated adjustment for employee retirement benefits	(304,154)	(280,749)
Total accumulated other comprehensive income	(133,873)	24,035
Non-controlling interests	813,996	757,174
Total net assets	28,003,540	27,512,943
Total liabilities and net assets	92,559,772	91,023,351

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

## Quarterly Consolidated Statement of Income

First Quarter of the Fiscal Year (from April 1 to June 30)

(Thousand yen)

	The first quarter of FY 2016	The first quarter of FY 2017
Net sales	19,812,450	17,679,125
Cost of sales	18,590,363	15,473,189
Gross profit	1,222,087	2,205,935
Selling, general and administrative expenses	2,322,212	2,137,384
Operating income (loss)	(1,100,125)	68,550
Non-operating income		
Interest income	768	1,771
Dividend income	2,720	3,056
Share of profit of entities accounted for using equity method	7,334	5,371
Subsidy income	49,886	44,793
Insurance income	-	33,000
Contract cancellation fee	-	28,050
Other	19,378	5,644
Total non-operating income	80,088	121,686
Non-operating expenses		
Interest expenses	70,318	82,223
Foreign exchange losses	576,733	22,671
Other	44,624	15,751
Total non-operating expenses	691,676	120,645
Ordinary income (loss)	(1,711,713)	69,591
Extraordinary loss		
Loss on disposal of non-current assets	6,426	23,672
Head office transfer expenses	6,288	-
Total extraordinary loss	12,715	23,672
Income (loss) before taxes	(1,724,428)	45,918
Income taxes - current	380,797	869,727
Income taxes - deferred	(946,475)	(489,290)
Total income taxes	(565,678)	380,437
Net loss	(1,158,750)	(334,518)
Net loss attributable to non-controlling shareholders	(8,257)	(11,169)
Net loss attributable to shareholders of parent company	(1,150,492)	(323,348)

Quarterly Consolidated Statement of Comprehensive Income  
 First Quarter of the Fiscal Year (from April 1 to June 30)

(Thousand yen)

	The first quarter of FY 2016	The first quarter of FY 2017
Net loss	(1,158,750)	(334,518)
Other comprehensive income		
Valuation difference on available-for-sale securities	(16,724)	39,099
Deferred gains or losses on hedges	-	77,045
Foreign currency translation adjustment	(446,592)	20,834
Adjustment for employee retirement benefits	20,434	23,404
Share of other comprehensive income of entities accounted for using equity method	(14,349)	2,272
Total other comprehensive income	(457,231)	162,656
Comprehensive income	(1,615,982)	(171,861)
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of parent company	(1,534,701)	(165,439)
Comprehensive income attributable to non-controlling shareholders	(81,280)	(6,421)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the case of significant changes in shareholders' equity)

There is no relevant information.

(Segment information, etc.)

[Segment information]

I. For the first quarter of FY 2016

1. Information on net sales and income (loss) by reportable segment

(Thousand yen)

	Reportable segment				Others (Note)	Total
	Aircraft Interiors Business	Aircraft Components Business	Aircraft Maintenance Business	Total		
Net sales						
Net sales to outside customers	16,894,444	1,579,249	1,338,747	19,812,442	8	19,812,450
Inter-segment net sales or transfers	1,988	839	18,158	20,986	22,751	43,738
Total	16,896,432	1,580,089	1,356,906	19,833,428	22,760	19,856,188
Segment loss	(1,632,901)	(28,856)	(51,248)	(1,713,007)	1,294	(1,711,713)

(Note) The Others segment includes the businesses of affiliates Orange JAMCO Corporation and JAMCO TECHNICAL CENTER Co., Ltd. Orange JAMCO Corporation is a special-purpose subsidiary, dedicated to promoting the employment of people with disabilities and provides assistance work in the Company's factories, which is one of the corporate social responsibilities.

2. Differences between the total amount of income or loss of reportable segments and the amounts in the Quarterly Consolidated Statement of Income and the major details of such differences

(Matters relating to adjustment of differences)

(Thousand yen)

Income	Amount
Reportable segments total	(1,713,007)
Income of Others	1,294
Ordinary loss in the Quarterly Consolidated Statement of Income	(1,711,713)

3. Information on impairment loss on non-current assets and goodwill by reportable segment

There is no relevant information.

II. For the first quarter of FY 2017

1. Information on net sales and income (loss) by reportable segment

(Thousand yen)

	Reportable segment					Others (Note)	Total
	Aircraft Interiors Business	Aircraft Seat Business	Aircraft Components Business	Aircraft Maintenance Business	Total		
Net sales							
Net sales to outside customers	13,238,135	1,725,814	1,372,418	1,342,744	17,679,113	11	17,679,125
Inter-segment net sales or transfers	595,539	-	197	100,319	696,056	26,147	722,204
Total	13,833,674	1,725,814	1,372,615	1,443,064	18,375,170	26,159	18,401,329
Segment income (loss)	2,145,258	(1,984,933)	(53,673)	(37,704)	68,947	644	69,591

(Note) The Others segment includes the businesses of affiliate Orange JAMCO Corporation. Orange JAMCO Corporation is a special-purpose subsidiary, dedicated to promoting the employment of people with

disabilities and provides assistance work in the Company's factories, which is one of the corporate social responsibilities.

2. Differences between the total amount of income or loss of reportable segments and the amounts in the Quarterly Consolidated Statement of Income and the major details of such differences  
(Matters relating to adjustment of differences)

(Thousand yen)

Income	Amount
Reportable segments total	68,947
Income of Others	644
Ordinary income in the Quarterly Consolidated Statement of Income	69,591

3. Matters concerning changes to reportable segments, etc.  
(Changes to reportable segments)

The Company has abolished the previous in-house company system since June 28, 2016, in light of changes in the business environment and the scale of its operations, as well as to establish a framework capable of meeting the rising demand in commercial aircraft. The Company has reorganized its system into a framework comprising a single group and four divisions. The business of development, design and manufacture of aircraft seats, which had formerly been conducted in the aircraft interiors business, has become an independent business segment, and the former divisions have been reorganized into the "Aircraft Interiors Manufacturing Division," "Aircraft Seat Manufacturing Division," "Aircraft Components Manufacturing Division" and "Aircraft Maintenance Division." Furthermore, the "Aircraft Interiors and Components Group" has been established to oversee the three manufacturing divisions, excluding the Aircraft Maintenance Division. In accordance with this change, from the second quarter of FY 2016, the previous reportable segments of "Aircraft Interiors Business," "Aircraft Components Business" and "Aircraft Maintenance Business" have been changed to "Aircraft Interiors Business," "Aircraft Seat Business," "Aircraft Components Business" and "Aircraft Maintenance Business."

As it would be difficult to retrospectively obtain the information necessary to prepare segment information for the first quarter of FY 2016 according to the segment classification of the first quarter of FY 2017, the segment information for the first quarter of FY 2017 has been prepared as follows based on the classification method before the reorganization for comparison.

(Thousand yen)

	Reportable segment				Others (Note)	Total
	Aircraft Interiors Business	Aircraft Components Business	Aircraft Maintenance Business	Total		
Net sales						
Net sales to outside customers	14,963,950	1,372,418	1,342,744	17,679,113	11	17,679,125
Inter-segment net sales or transfers	28,280	197	100,319	128,797	26,147	154,945
Total	14,992,231	1,372,615	1,443,064	17,807,911	26,159	17,834,071
Segment income (loss)	160,324	(53,673)	(37,704)	68,947	644	69,591

4. Information on impairment loss on non-current assets and goodwill by reportable segment

There is no relevant information.