

**Consolidated Financial Results
for the First Quarter of the Fiscal Year 2018
Ending March 31, 2019
[Japanese GAAP]**



August 7, 2018

Company name: JAMCO Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Stock Exchange Code: 7408
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The date of filing quarterly securities report: August 8, 2018

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 2018 (from April 1, 2018 to June 30, 2018)

(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 2018	22,117	25.1	1,456	-	1,609	-	981	-
Fiscal year 2017	17,679	(10.8)	68	-	69	-	(323)	-

(Note) Comprehensive income: The first quarter of fiscal year 2018: ¥945 million [-%]

The first quarter of fiscal year 2017: ¥(171) million [-%]

	Net income per share	Diluted net income per share
	Yen	Yen
For the first quarter of		
Fiscal year 2018	36.59	-
Fiscal year 2017	(12.05)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2018	97,397	29,962	30.0
As of March 31, 2018	94,456	29,553	30.4

(Reference) Equity: As of June 30, 2018: ¥29,182 million

As of March 31, 2018: ¥28,752 million

2. Dividend distribution

	Dividend distribution per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year 2017	Yen -	Yen 0.00	Yen -	Yen 20.00	Yen 20.00
Fiscal year 2018	-				
Fiscal year 2018 (Planned)		0.00	-	20.00	20.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year 2018 (from April 1, 2018 to March 31, 2019)

(%: 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	5.9	1,550	(18.7)	1,400	(25.3)	930	(10.1)	34.66
Full year	81,900	5.3	3,110	(30.4)	2,680	(23.5)	1,800	7.0	67.10

(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 2018: 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, 2018: 26,863,974 shares

As of March 31, 2018: 26,863,974 shares

2) Number of treasury stock:

As of June 30, 2018: 38,762 shares

As of March 31, 2018: 38,762 shares

3) Average number of common shares outstanding:

1st quarter of FY 2018: 26,825,212 shares

1st quarter of FY 2017: 26,825,228 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 by certified public accountants or audit firms.

***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.

Table of Contents

1. Qualitative Information on Quarterly Financial Results for the Period under Review	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position	4
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information	4
2. Quarterly Consolidated Financial Statements and Primary Notes.....	5
(1) Quarterly Consolidated Balance Sheets	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
Quarterly Consolidated Statements of Income.....	7
Quarterly Consolidated Statements of Comprehensive Income.....	8
(3) Notes to Quarterly Consolidated Financial Statements.....	9
(Notes on going concern assumption)	9
(Notes in the case of significant changes in shareholders' equity).....	9
(Additional information)	9
(Segment information, etc.).....	10

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

(1) Explanation of Operating Results

During the first quarter of FY 2018, the overall global economy generally remained firm, as the U.S. economy steadily grew, and the economies in Japan and the euro-zone also continued to recover moderately, while China also showed signs of economic rebound. In the foreign exchange market, the dollar-yen exchange rate generally showed a trend of a yen depreciation, moving within the range of ¥105 to ¥111 per US\$1, amid uncertainties about the future due mainly to the trends in trade issues.

In the air transportation industry, while fierce competition continues due to aggressive efforts of low-cost carriers (LCCs), major airlines are launching various strategies such as securing flight routes with high demand, enhancing passenger cabin services, and entering into LCC business as a result of growing global demand for air transportation. Backed by rising aircraft demand, aircraft manufacturers have maintained a high level of order backlog. With major aircraft manufacturers receiving a record level of orders surpassing the previous-year level at the 2018 Farnborough Airshow, the aircraft market is expected to remain robust. Furthermore, historic realignment movements, such as strategic alliances formed between regional jet manufacturers and Boeing or Airbus, have been observed.

Under such circumstances, in the aircraft interiors business, the Group promoted initiatives to improve production efficiency and reduce cost, while starting shipment of lavatories for Boeing 777X, which is the successor to Boeing 777.

In the aircraft seat business, we promoted initiatives to improve production efficiency and reduce cost, while working to expand order receipt of the new standard seats.

In the aircraft components business, we promoted initiatives to improve productivity, while proceeding with initiatives to increase production of 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.

As a result, on a consolidated basis, during the first quarter of FY 2018, the Company posted net sales of ¥22,117 million (up ¥4,438 million compared to the same period of the previous fiscal year), operating income of ¥1,456 million (up ¥1,388 million compared to the same period of the previous fiscal year), ordinary income of ¥1,609 million (up ¥1,540 million compared to the same period of the previous fiscal year) and net income attributable to shareholders of parent company of ¥981 million (net loss attributable to shareholders of parent company of ¥323 million in the same period of the previous fiscal year).

Provision for loss on construction contracts of ¥2,584 million for construction to be completed in or after the next fiscal year was recognized as of June 30, 2018. The impact of this provision for loss on construction contracts on income (loss) for the first quarter of FY 2018 was an increase of ¥517 million in cost of sales (provision for loss on construction contracts as of March 31, 2018 was ¥2,066 million).

Selling, general and administrative expenses, non-operating income (expenses), and extraordinary income (loss) are as follows:

Selling, general and administrative expenses were ¥2,323 million (an increase of ¥186 million compared to the same period of the previous fiscal year) due mainly to increases in sales commissions and warranty expenses.

In terms of non-operating income (expenses), an income of ¥153 million was reported, an increase of ¥152 million due mainly to an improvement in foreign exchange gains (losses) resulting from the depreciation of the yen in the foreign exchange market from the end of the previous fiscal year (an income of ¥1 million in the same period of the previous fiscal year).

As for extraordinary income (loss), a loss of ¥78 million was reported due mainly to loss on disposal of non-current assets (a loss of ¥23 million in the same period of the previous fiscal year).

Business performance by segment is as follows.

[Aircraft Interiors Business]

In the aircraft interiors business, net sales increased from the same period of the previous fiscal year due mainly to initial shipments of lavatories for flight tests of Boeing 777X, which is under development by Boeing, and an increase in sales of spare parts, despite the impact of a decrease in shipments of galleys and lavatories for the current Boeing 777s that are being replaced by Boeing 777X.

Meanwhile, although ordinary income was somewhat impacted by the increase in net sales, it was affected by the increase in costs due to the additional recording of provision for loss on construction contracts, mainly reflecting an increase in initial costs for some programs.

As a result, the aircraft interiors business posted net sales of ¥14,889 million (up ¥1,650 million compared to the same period of the previous fiscal year) and ordinary income of ¥1,622 million (down ¥522 million compared to the same period of the previous fiscal year).

[Aircraft Seat Business]

In the aircraft seat business, net sales increased from the same period of the previous fiscal year due to an increase in product shipments. Ordinary income (loss) improved from the same period of the previous fiscal year due mainly to reaction to additional provision for loss on construction contracts recorded as a result of an increase in initial costs in the same period of the previous fiscal year and shipments of profitable programs.

As a result, the aircraft seat business posted net sales of ¥4,760 million (up ¥3,034 million compared to the same period of the previous fiscal year) and ordinary income of ¥5 million (ordinary loss of ¥1,984 million in the same period of the previous fiscal year).

[Aircraft Components Business]

In the aircraft components business, net sales decreased from the same period of the previous fiscal year due to the impact of a decrease in shipments of heat exchangers and other defense-related components, despite an increase in shipments of aircraft engine parts. However, ordinary income (loss) improved mainly as a result of improved productivity.

As a result, the aircraft components business posted net sales of ¥1,246 million (down ¥125 million compared to the same period of the previous fiscal year) and ordinary income of ¥12 million (ordinary loss of ¥53 million in the same period of the previous fiscal year).

[Aircraft Maintenance Business]

In the aircraft maintenance business, net sales decreased from the same period of the previous fiscal year as a result of a decrease in completed construction due to factors such as changes in the delivery dates for some aircraft maintenance. Moreover, although ordinary income (loss) improved due to initiatives to reduce cost, ordinary loss was reported.

As a result, the aircraft maintenance business posted net sales of ¥1,221 million (down ¥120 million compared to the same period of the previous fiscal year) and ordinary loss of ¥32 million (ordinary loss of ¥37 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 (down ¥0 million compared to the same period of the previous fiscal year) and ordinary income of ¥1 million (up ¥0 million compared to the same period of the previous fiscal year).

(2) Explanation of Financial Position

[Assets, liabilities and net assets]

Total assets as of June 30, 2018 amounted to ¥97,397 million, up ¥2,940 million from the end of the previous fiscal year. Of such, total current assets increased by ¥2,677 million from the end of the previous fiscal year, due mainly to an increase in cash and deposits (up ¥2,023 million compared to the end of the previous fiscal year), an increase in notes and accounts receivable - trade (up ¥144 million compared to the end of the previous fiscal year) and an increase in work in process (up ¥461 million compared to the end of the previous fiscal year), despite a decrease in raw materials and supplies (down ¥188 million compared to the end of the previous fiscal year). Total non-current assets increased by ¥262 million from the end of the previous fiscal year as a result of an increase in investments and other assets (up ¥503 million compared to the end of the previous fiscal year), despite decreases in property, plant and equipment (down ¥91 million compared to the end of the previous fiscal year) and intangible assets (down ¥149 million compared to the end of the previous fiscal year) as a result of relatively limited investment for the first quarter of FY 2018.

Total liabilities amounted to ¥67,434 million, up ¥2,531 million from the end of the previous fiscal year. This was attributable primarily to an increase in accrued expense-salary (up ¥830 million compared to the end of the previous fiscal year) and an increase in provision for loss on construction contracts (up ¥517 million compared to the end of the previous fiscal year), which offset the decrease in loans payable (down ¥894 million compared to the end of the previous fiscal year).

Total net assets amounted to ¥29,962 million, up ¥408 million from the end of the previous fiscal year. This was due primarily to an increase in retained earnings (up ¥445 million compared to the end of the previous fiscal year). As a result, the equity ratio stood at 30.0%.

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

Financial results for the first quarter of FY 2018 were higher than expected in terms of progress of profit against the consolidated financial results forecast announced on May 8, 2018. This was attributable primarily to strong sales for the aircraft interiors business and the aircraft seat business, and a weaker-than-expected yen. The exchange rate assumed for the consolidated financial results forecast is unchanged at ¥105 per US\$1, and the financial results forecast for the second quarter of FY 2018 and the fiscal year ending March 31, 2019 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, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	3,833,880	5,856,911
Notes and accounts receivable - trade	22,451,904	22,596,298
Merchandise and finished goods	715,123	802,268
Work in process	27,009,919	27,471,341
Raw materials and supplies	14,933,273	14,744,636
Other	3,770,053	3,923,821
Allowance for doubtful accounts	(2,944)	(6,070)
Total current assets	72,711,210	75,389,208
Non-current assets		
Property, plant and equipment	13,840,417	13,748,865
Intangible assets	1,943,674	1,794,246
Investments and other assets	5,961,625	6,464,725
Total non-current assets	21,745,718	22,007,837
Total assets	94,456,929	97,397,045
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,518,512	7,868,055
Electronically recorded obligations - operating	7,462,195	7,620,456
Short-term loans payable	22,239,114	20,744,896
Current portion of long-term loans payable	900,000	1,600,000
Income taxes payable	611,221	969,402
Accrued expense-salary	1,604,173	2,434,849
Provision for loss on construction contracts	2,066,719	2,584,623
Other	9,900,322	11,073,237
Total current liabilities	52,302,258	54,895,523
Non-current liabilities		
Long-term loans payable	4,500,000	4,400,000
Provision for directors' and auditors' retirement benefits	184,006	-
Provision for executive officers' retirement benefits	129,501	-
Liability for employee retirement benefits	6,876,571	6,901,170
Provision for loss on compensation	203,751	256,894
Other	706,975	981,077
Total non-current liabilities	12,600,807	12,539,143
Total liabilities	64,903,066	67,434,666

(Thousand yen)

	As of March 31, 2018	As of June 30, 2018
Net assets		
Shareholders' equity		
Capital stock	5,359,893	5,359,893
Capital surplus	4,367,993	4,367,993
Retained earnings	19,039,542	19,484,544
Treasury stock	(30,772)	(30,772)
Total shareholders' equity	28,736,656	29,181,658
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	177,595	192,099
Deferred gains or losses on hedges	72,818	(120,411)
Foreign currency translation adjustment	(46,134)	103,804
Accumulated adjustment for employee retirement benefits	(188,623)	(174,932)
Total accumulated other comprehensive income	15,656	560
Non-controlling interests	801,550	780,159
Total net assets	29,553,862	29,962,378
Total liabilities and net assets	94,456,929	97,397,045

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

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

(Thousand yen)

	The first quarter of FY 2017	The first quarter of FY 2018
Net sales	17,679,125	22,117,737
Cost of sales	15,473,189	18,337,383
Gross profit	2,205,935	3,780,353
Selling, general and administrative expenses	2,137,384	2,323,457
Operating income	68,550	1,456,896
Non-operating income		
Interest income	1,771	7,317
Dividend income	3,056	3,272
Foreign exchange gains	-	266,853
Share of profit of entities accounted for using equity method	5,371	7,283
Subsidy income	44,793	47,557
Insurance income	33,000	-
Contract cancellation fee	28,050	-
Other	5,644	5,005
Total non-operating income	121,686	337,290
Non-operating expenses		
Interest expenses	82,223	98,285
Foreign exchange losses	22,671	-
Compensation expenses	-	53,143
Other	15,751	32,770
Total non-operating expenses	120,645	184,200
Ordinary income	69,591	1,609,987
Extraordinary loss		
Loss on disposal of non-current assets	23,672	78,998
Total extraordinary loss	23,672	78,998
Income before taxes	45,918	1,530,988
Income taxes – current	869,727	947,947
Income taxes – deferred	(489,290)	(356,004)
Total income taxes	380,437	591,943
Net income (loss)	(334,518)	939,044
Net loss attributable to non-controlling shareholders	(11,169)	(42,461)
Net income (loss) attributable to shareholders of parent company	(323,348)	981,506

Quarterly Consolidated Statements of Comprehensive Income

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

(Thousand yen)

	The first quarter of FY 2017	The first quarter of FY 2018
Net income (loss)	(334,518)	939,044
Other comprehensive income		
Valuation difference on available-for-sale securities	39,099	14,503
Deferred gains or losses on hedges	77,045	(193,229)
Foreign currency translation adjustment	20,834	171,516
Adjustment for employee retirement benefits	23,404	13,691
Share of other comprehensive income of entities accounted for using equity method	2,272	(506)
Total other comprehensive income	162,656	5,975
Comprehensive income	(171,861)	945,020
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of parent company	(165,439)	966,411
Comprehensive income attributable to non-controlling shareholders	(6,421)	(21,391)

(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.

(Additional information)

The first quarter of FY 2018
(from April 1, 2018 to June 30, 2018)

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

From the beginning of the first quarter of FY 2018, the Company applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc. Accordingly, deferred tax assets are presented under investments and other assets, and deferred tax liabilities are presented under non-current liabilities.

(Abolition of the retirement benefits plan for Directors and Audit & Supervisory Board Members)

The Company had recognized the amount required to be paid at the end of period pursuant to the internal rules in preparation for the award of retirement benefits for Directors and Audit & Supervisory Board Members as "provision for directors' and auditors' retirement benefits" as well as the amount required to be paid at the end of period pursuant to the internal rules in preparation for the award of retirement benefits for Executive Officers as "provision for executive officers' retirement benefits." However, the Company decided to abolish the retirement benefits plan for Directors and Audit & Supervisory Board Members and for Executive Officers at the closing of the Annual General Meeting of Shareholders held on June 27, 2018 and to make final payments of the retirement benefits corresponding to their terms of office.

Accordingly, ¥328,953 thousand of "provision for directors' and auditors' retirement benefits" and "provision for executive officers' retirement benefits" were fully reversed, and the unpaid portion of the final payments was recognized as "long-term accounts payable - other." The amount of long-term accounts payable - other was included in "other" under non-current liabilities.

(Segment information, etc.)

[Segment information]

I. 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 (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. 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 2018

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	14,889,048	4,760,175	1,246,645	1,221,859	22,117,728	9	22,117,737
Inter-segment net sales or transfers	410,507	37,768	6,511	25,603	480,390	27,386	507,776
Total	15,299,555	4,797,943	1,253,157	1,247,462	22,598,118	27,395	22,625,514
Segment income (loss)	1,622,761	5,989	12,432	(32,433)	1,608,750	1,236	1,609,987

(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 (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	1,608,750
Income of Others	1,236
Ordinary income in the Quarterly Consolidated Statement of Income	1,609,987

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

There is no relevant information.