

**Consolidated Financial Results
for the Fiscal Year 2018
Ended March 31, 2019
[Japanese GAAP]**



May 10, 2019

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: Kentaro Goto, Director & Managing Executive Officer
 Phone: +81-42-503-9145
 Scheduled date of general meeting of shareholders held: June 26, 2019
 The start date of payout of dividend: June 27, 2019
 Submission date of securities report scheduled: June 26, 2019
 Availability of supplementary briefing material on financial results: Yes
 Schedule of financial results briefing session: Yes (for institutional investors)

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

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

(1) Consolidated Operating Results (%: Changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the year ended March 31, 2019	84,068	8.1	4,321	(3.2)	3,290	(6.1)	1,910	13.6
March 31, 2018	77,791	(4.9)	4,466	109.5	3,504	172.5	1,681	65.8

(Note) Comprehensive income: Year ended March 31, 2019: ¥2,071 million [9.6%]

Year ended March 31, 2018: ¥1,890 million [103.7%]

	Net income per share	Diluted net income per share	Rate of return on equity	Ordinary income to total assets	Operating income to net sales
For the year ended	Yen	Yen	%	%	%
March 31, 2019	71.23	-	6.5	3.3	5.1
March 31, 2018	62.69	-	6.0	3.7	5.7

(Reference) Equity in earnings (losses) of affiliates: Year ended March 31, 2019: ¥(52) million

Year ended March 31, 2018: ¥37 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	102,980	30,715	29.3	1,124.82
As of March 31, 2018	94,456	29,553	30.4	1,071.84

(Reference) Equity: As of March 31, 2019: ¥30,173 million

As of March 31, 2018: ¥28,752 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
For the year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2019	9,365	(1,944)	(5,828)	4,046
March 31, 2018	3,971	(2,810)	(460)	2,399

2. Dividend distribution

	Dividend distribution per share					Total dividends	Dividend payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year 2017	-	0.00	-	20.00	20.00	536	31.9	1.9
Fiscal year 2018	-	0.00	-	20.00	20.00	536	28.1	1.8
Fiscal year 2019 (Planned)	-	0.00	-	25.00	25.00		25.5	

3. Consolidated Financial Results Forecast for the Fiscal Year 2019 (from April 1, 2019 to March 31, 2020)

(%: 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
Full year	92,100	9.6	4,310	(0.3)	3,850	17.0	2,630	37.6	98.04

* Notes:

(1) Changes in significant subsidiaries during the fiscal year 2018 (Changes in specified subsidiaries resulting in change in scope of consolidation): None

(2) 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

(3) Number of common shares issued

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

As of March 31, 2019: 26,863,974 shares

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

2) Number of treasury stock:

As of March 31, 2019: 38,832 shares

As of March 31, 2018: 38,762 shares

3) Average number of common shares outstanding:

For the year ended March 31, 2019: 26,825,183 shares

For the year ended March 31, 2018: 26,825,217 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year 2018 (April 1, 2018 to March 31, 2019)

(1) Non-consolidated Operating Results (%: indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the year ended								
March 31, 2019	76,447	15.5	3,104	4.2	2,537	9.9	2,034	29.1
March 31, 2018	66,183	(3.1)	2,979	33.6	2,309	38.0	1,576	22.6

	Net income per share		Diluted net income per share	
	Yen		Yen	
For the year ended				
March 31, 2019	75.85		-	
March 31, 2018	58.77		-	

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	91,132	29,300	32.2	1,092.26
As of March 31, 2018	82,016	27,836	33.9	1,037.68

(Reference) Equity: As of March 31, 2019: ¥29,300 million

As of March 31, 2018: ¥27,836 million

***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 consolidated financial results are outside the scope of audit 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 forward-looking 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. For the conditions that form the premises of the forecasts, please refer to “Future Outlook” on page 5 of the Attachment.

The Company intends to hold a briefing session for institutional investors on May 21, 2019. The materials distributed at the briefing session are scheduled to be posted on the Company’s corporate website.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Fiscal Year Under Review

During FY 2018, the overall global economy remained firm, as the U.S. economy steadily grew, and the economies in Japan and the euro-zone also continued to recover moderately, despite the expected slowdown in the Chinese economy due to the growing impact of trade friction between the U.S. and China. In the foreign exchange market, the dollar-yen exchange rate generally showed a trend of a yen depreciation, moving within the range of the upper ¥105 to the lower ¥114 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 new flight routes, 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, both Boeing and Airbus, delivered a record number of aircraft in 2018. With plans to increase production of some models, along with progress toward the development of new models aiming at improved fuel efficiency, the aircraft market is expected to remain robust. Furthermore, historic realignment movements, such as strategic acquisitions of regional jet manufacturers by Boeing and Airbus, are progressing.

Under such circumstances, in the aircraft interiors business, the Group worked to improve production efficiency, while proceeding with the development of lavatories for Boeing 777X. We also embarked on the development of galleys for Boeing 777X upon receipt of orders from major airlines.

In the aircraft seat business, we worked to further expand order receipt following order receipt of standard seats for KLM Royal Dutch Airlines, while conducting initiatives to improve production efficiency and reduce cost. We also started shipment of first class seats for a major airline.

In the aircraft components business, we promoted initiatives to improve productivity, while proceeding with initiatives to increase production of aircraft engine parts. We also began in-house production of interiors and seat parts, applying the metal processing technologies we have accumulated over the years.

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. We also conducted capital participation in MRO Japan Co., Ltd. of the ANA Group, in order to expand the business fields of aircraft maintenance.

As a result, on a consolidated basis, during FY 2018, the Company posted net sales of ¥84,068 million (up ¥6,276 million compared to the previous fiscal year), operating income of ¥4,321 million (down ¥144 million compared to the previous fiscal year), ordinary income of ¥3,290 million (down ¥213 million compared to the previous fiscal year) and net income attributable to shareholders of parent company of ¥1,910 million (up ¥229 million compared to the previous fiscal year).

Provision for loss on construction contracts of ¥3,781 million for construction to be completed in or after the next fiscal year was recognized at the end of FY 2018. The impact of this provision for loss on construction contracts on income (loss) for the fourth quarter of FY 2018 was an increase of ¥842 million in cost of sales (provision for loss on construction contracts as of December 31, 2018 was ¥2,938 million) and, for FY 2018, an increase of ¥1,714 million in cost of sales (provision for loss on construction contracts at the end of FY 2017 was ¥2,066 million).

Selling, general and administrative expenses were ¥9,321 million (an increase of ¥633 million compared to the previous fiscal year) due mainly to increases in research and development expenses and sales commissions.

In terms of non-operating income (expenses), an expense of ¥1,030 million was reported due mainly to recognition of compensation expenses, despite an increase in foreign exchange gains (an expense of ¥962 million in the previous fiscal year).

As for extraordinary income (loss), a loss of ¥263 million was reported due mainly to loss related to quality and loss on disposal of non-current assets (a loss of ¥49 million in the previous fiscal year).

The inappropriate inspections at the Company and Miyazaki JAMCO Corporation, to which the Company outsources production, were announced on March 26, 2019. After these inappropriate inspections came to light,

we immediately confirmed the safety and promptly took measures. We also apologized to our customers and explained to them that there was no direct impact on product quality and safety, and we are currently working to obtain their understanding. In addition, we are proceeding with an investigation, covering Group companies, to identify the cause and verify the validity of the preventive measures through the establishment of an in-house quality and service improvement team and the Special Investigation Committee comprising third parties who do not have a relationship of interest with the Company.

The Group takes these quality issues seriously and will make efforts to raise our “quality first” awareness, while earnestly undertaking corrective/preventive measures based on thorough analysis of the cause.

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 an increase in sales of the passenger cabin modification kit and spare parts, and shipments of rear galleys for Airbus A350 and lavatories for flight tests of Boeing 777X, which is under development by Boeing, despite the impact of a decrease in shipments of galleys 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 a decrease in shipments of galleys for Boeing 777 and an increase in initial costs for some programs, and by the increase in selling, general and administrative expenses.

As a result, the aircraft interiors business posted net sales of ¥56,869 million (up ¥5,876 million compared to the previous fiscal year) and ordinary income of ¥6,113 million (down ¥680 million compared to the previous fiscal year).

[Aircraft Seat Business]

In the aircraft seat business, net sales decreased from the previous fiscal year due mainly to the postponement of shipments of some construction to the next fiscal year and thereafter. Although ordinary income (loss) was affected by the increase in costs, mainly reflecting an increase in the cost of some programs, the increase in research and development expenses, and recognition of compensation expenses, it improved from the previous fiscal year due mainly to an improvement in profitability as a result of improved production efficiency and a reaction to the impact of an increase in the initial costs of some programs in the previous fiscal year.

As a result, the aircraft seat business posted net sales of ¥12,175 million (down ¥308 million compared to the previous fiscal year) and ordinary loss of ¥3,143 million (ordinary loss of ¥3,641 million in the previous fiscal year).

[Aircraft Components Business]

In the aircraft components business, despite a decrease in shipments of heat exchangers and other equipment as a result of factors such as changes in delivery dates, net sales increased from the previous fiscal year due to an increase in shipments of aircraft engine parts. Meanwhile, ordinary income decreased due mainly to the impact of a decrease in shipments of heat exchangers and other equipment, despite our efforts to improve production efficiency.

As a result, the aircraft components business posted net sales of ¥6,597 million (up ¥284 million compared to the previous fiscal year) and ordinary income of ¥110 million (down ¥105 million compared to the previous fiscal year).

[Aircraft Maintenance Business]

In the aircraft maintenance business, despite a decrease in completed construction for aircraft maintenance, net sales increased from the previous fiscal year due to continued solid performance of equipment maintenance. Ordinary income increased due to initiatives to improve profitability, in addition to an increase in net sales.

As a result, the aircraft maintenance business posted net sales of ¥8,426 million (up ¥423 million compared

to the previous fiscal year) and ordinary income of ¥210 million (up ¥70 million compared to the previous fiscal year).

[Others]

The Others segment includes the businesses of the consolidated subsidiary Orange JAMCO Corporation, and mainly consisted of 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 compared to the previous fiscal year) and ordinary loss of ¥0 million (ordinary loss of ¥4 million in the same period of the previous fiscal year).

(2) Overview of Financial Position for the Fiscal Year Under Review

Total assets as of March 31, 2019 amounted to ¥102,980 million, up ¥8,523 million from the end of the previous fiscal year. Of such, total current assets increased by ¥7,890 million from the end of the previous fiscal year, due mainly to an increase in work in process (up ¥3,272 million compared to the end of the previous fiscal year), an increase in cash and deposits (up ¥1,988 million compared to the end of the previous fiscal year), an increase in merchandise and finished goods (up 1,525 million compared to the end of the previous fiscal year), and an increase in raw materials and supplies (up 1,270 million compared to the end of the previous fiscal year). Total non-current assets increased by ¥632 million from the end of the previous fiscal year as a result of an increase in deferred tax assets (up ¥728 million compared to the end of the previous fiscal year) and proceeding with investments such as purchase of metal molds for aircraft interiors and seat manufacture.

Total liabilities amounted to ¥72,265 million, up ¥7,362 million from the end of the previous fiscal year. This was attributable primarily to an increase in advances received (up ¥4,624 million compared to the end of the previous fiscal year), an increase in provision for loss on construction contracts (up ¥1,714 million compared to the end of the previous fiscal year), an increase in electronically recorded obligations – operating (up ¥1,448 million compared to the end of the previous fiscal year), and an increase in notes and accounts payable – trade (up ¥1,301 million compared to the end of the previous fiscal year) which offset the decrease in loans payable (down ¥4,235 million compared to the end of the previous fiscal year).

Total net assets amounted to ¥30,715 million, up ¥1,161 million from the end of the previous fiscal year. This was due primarily to an increase in retained earnings (up ¥1,374 million compared to the end of the previous fiscal year). As a result, the equity ratio stood at 29.3%.

(3) Overview of Cash Flows for the Fiscal Year Under Review

Cash and cash equivalents as of March 31, 2019 increased by ¥1,646 million compared to the end of the previous fiscal year, as a result of the cash flows described below.

(Cash flows from operating activities)

During FY 2018, net cash provided by operating activities increased by ¥5,393 million compared to the previous fiscal year, to a cash inflow of ¥9,365 million. This was mainly due to an increase in inflows from an increase in notes and accounts payable - trade, an increase in provision for loss on construction contracts and an increase in advances received.

(Cash flows from investing activities)

During FY 2018, net cash used in investing activities decreased by ¥866 million compared to the previous fiscal year, to a cash outflow of ¥1,944 million. This was mainly due to a decrease in time deposits and proceeds from sales of investment securities, despite outflows from capital participation in MRO Japan Co., Ltd.

(Cash flows from financing activities)

During FY 2018, net cash used in financing activities increased by ¥5,367 million compared to the previous fiscal year, to a cash outflow of ¥5,828 million. The cash outflow was mainly because outflows from repayments of loans payable exceeded the proceeds from loans payable from financial institutions, and was also due to cash dividends paid and other factors.

(4) Future Outlook

The global economy faces growing uncertainties about the future, with fears of a global economic slowdown from the issues surrounding Brexit along with concerns regarding the impact of trade friction between the U.S. and China, despite continued strength in the global economy led by firm growth in the U.S. economy. As for exchange fluctuations, there are concerns regarding the risk of sharp exchange fluctuations as a result of strong risk aversion amid uncertainties about the future due to a slower pace of rate hikes in the U.S., trends in the economic policies of each country, and mounting geopolitical risks. In such a business environment, we will keep in mind that the universal code of conduct of “commitment to quality first” and “compliance” is the foundation of the Company’s survival and development. At the same time, we will seek to continue growing beyond enhancement of the business base. To that end, we will strengthen our competitiveness, driven by promotion of reform and rationalization of operational processes and investment for the future, while aiming to become a company that is trusted by our customers and where employees can be proud of themselves by investing in and cultivating human resources to be in charge of corporate activities.

The Group will raise awareness of compliance and quality and improve operational flow with a view to preventing the recurrence of recent quality issues. By doing so, the Group will strengthen corporate power, realize quality reform and enhance the control function while engaging in group management in close collaboration with partner companies.

In the aircraft interiors business, although demand for large aircraft is expected to remain weak, the Group will continue initiatives to expand order receipt of aftermarket products, respond to the increase in monthly aircraft production to 14 with regard to products for Boeing 787, respond to the increase in production of galleys for Airbus A350 as well as initiatives to promote development of products for Boeing 777X and reduce cost.

In the aircraft seat business, we will strive to improve profitability through expanding order receipt of standard seats, responding to increased production, optimizing the supply chain, and improving production efficiency. Although production at Miyazaki JAMCO Corporation has currently been suspended, the Group is taking measures to minimize the impact on our business partners mainly by shifting orders to other production bases of the Group. Miyazaki JAMCO Corporation will ensure that measures to prevent recurrence will be taken with a view to resuming production as soon as possible. Along with this, Miyazaki JAMCO Corporation will take corrective measures such as fundamentally reviewing the governance structure, and will improve the corporate culture in an effort to restore confidence in the Group.

In the aircraft components business, although production of CFRP structure parts for Airbus A380 is expected to decrease, an increase in those for other Airbus aircraft and an increase in shipments of heat exchangers and other components are expected. We will work to expand order receipt of various products, while pushing ahead with initiatives such as applying metal processing technologies to interior products and seat products.

In the aircraft maintenance business, we will advance efforts to expand aircraft maintenance for airlines and activities to win orders for equipment maintenance by setting our sights on foreign customers as well on the basis of ensuring flight safety and enhancing quality. By doing so, we will engage in high-value-added maintenance operations by leveraging our technical capabilities.

In light of these circumstances, our outlook of consolidated operating results for FY 2019 calls for net sales of ¥92,100 million, operating income of ¥4,310 million, ordinary income of ¥3,850 million, and net income attributable to shareholders of parent company of ¥2,630 million. The exchange rate assumed for the outlook is ¥105 to US\$1.

2. Basic Approach to the Selection of Accounting Standards

Taking into consideration the comparability of consolidated financial statements by term and the comparability between companies, the Group’s policy is to prepare consolidated financial statements based on Japanese GAAP.

The Group plans to carefully consider the adoption of IFRS (International Financial Reporting Standards),

taking into account the circumstances in Japan and overseas.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	3,833,880	5,822,330
Notes and accounts receivable - trade	22,451,904	22,571,490
Merchandise and finished goods	715,123	2,240,670
Work in process	27,009,919	30,282,883
Raw materials and supplies	14,933,273	16,203,864
Consumption taxes receivable	228,005	317,124
Other	3,542,048	3,167,196
Allowance for doubtful accounts	(2,944)	(3,388)
Total current assets	72,711,210	80,602,172
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,640,039	19,071,923
Accumulated depreciation	(11,413,692)	(12,053,348)
Buildings and structures, net	7,226,347	7,018,575
Machinery, equipment and vehicles	9,915,596	10,246,336
Accumulated depreciation	(8,067,128)	(8,160,499)
Machinery, equipment and vehicles, net	1,848,468	2,085,837
Land	3,460,331	3,449,025
Leased assets	545,644	596,572
Accumulated depreciation	(345,167)	(351,367)
Leased assets, net	200,476	245,204
Construction in progress	381,764	90,544
Other	6,577,176	7,380,799
Accumulated depreciation	(5,854,146)	(6,281,666)
Other, net	723,029	1,099,133
Total property, plant and equipment	13,840,417	13,988,321
Intangible assets		
Leased assets	658,060	683,148
Other	1,285,614	1,067,101
Total intangible assets	1,943,674	1,750,249
Investments and other assets		
Investment securities	604,018	552,301
Long-term prepaid expenses	75,727	66,942
Guarantee deposits	87,222	84,695
Deferred tax assets	5,162,538	5,890,668
Other	32,118	45,500
Total investments and other assets	5,961,625	6,640,107
Total non-current assets	21,745,718	22,378,679
Total assets	94,456,929	102,980,852

(Thousand yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,518,512	8,821,292
Electronically recorded obligations - operating	7,462,195	8,910,255
Short-term loans payable	22,239,114	17,404,112
Current portion of long-term loans payable	900,000	2,300,000
Lease obligations	220,798	249,535
Accrued expenses	1,327,751	1,427,419
Income taxes payable	611,221	1,465,270
Accrued consumption taxes	117,085	99,794
Advances received	6,051,066	10,675,352
Accrued expense-salary	1,604,173	1,696,645
Provision for loss on construction contracts	2,066,719	3,781,190
Provision for loss related to quality	-	67,817
Other	2,183,620	2,657,953
Total current liabilities	52,302,258	59,556,639
Non-current liabilities		
Long-term loans payable	4,500,000	3,700,000
Lease obligations	613,308	641,442
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	7,070,783
Provision for loss on compensation	203,751	921,541
Long-term accounts payable - other	-	322,265
Deferred tax liabilities	66,457	52,703
Other	27,209	-
Total non-current liabilities	12,600,807	12,708,736
Total liabilities	64,903,066	72,265,376
Net assets		
Shareholders' equity		
Capital stock	5,359,893	5,359,893
Capital surplus	4,367,993	4,309,484
Retained earnings	19,039,542	20,413,755
Treasury stock	(30,772)	(30,968)
Total shareholders' equity	28,736,656	30,052,165
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	177,595	166,007
Deferred gains or losses on hedges	72,818	50,597
Foreign currency translation adjustment	(46,134)	121,844
Accumulated adjustment for employee retirement benefits	(188,623)	(217,091)
Total accumulated other comprehensive income	15,656	121,358
Non-controlling interests	801,550	541,951
Total net assets	29,553,862	30,715,475
Total liabilities and net assets	94,456,929	102,980,852

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

(Thousand yen)

	FY 2017 (From April 1, 2017 to March 31, 2018)	FY 2018 (From April 1, 2018 to March 31, 2019)
Net sales	77,791,842	84,068,168
Cost of sales	64,637,686	70,425,097
Gross profit	13,154,156	13,643,071
Selling, general and administrative expenses	8,687,995	9,321,739
Operating income	4,466,160	4,321,331
Non-operating income		
Interest income	16,872	37,726
Dividend income	4,599	5,222
Foreign exchange gains	-	325,162
Share of profit of entities accounted for using equity method	37,434	-
Insurance income	33,000	-
Subsidy income	113,344	111,409
Other	80,473	94,220
Total non-operating income	285,724	573,742
Non-operating expenses		
Interest expenses	325,221	392,030
Foreign exchange losses	416,227	-
Share of loss of entities accounted for using equity method	-	52,401
Compensation expenses	416,291	975,465
Other	90,032	184,820
Total non-operating expenses	1,247,773	1,604,717
Ordinary income	3,504,111	3,290,356
Extraordinary income		
Gain on sales of non-current assets	5,560	-
Gain on sales of investment securities	-	211,377
Total extraordinary income	5,560	211,377
Extraordinary loss		
Loss on disposal of non-current assets	54,581	144,535
Impairment loss	-	82,817
Loss related to quality	-	247,824
Total extraordinary loss	54,581	475,176
Income before taxes	3,455,090	3,026,557
Income taxes – current	743,993	1,746,537
Income taxes – deferred	946,682	(662,816)
Total income taxes	1,690,676	1,083,720
Net income	1,764,413	1,942,836
Net income attributable to non-controlling shareholders	82,839	32,119
Net income attributable to shareholders of parent company	1,681,574	1,910,717

Consolidated Statements of Comprehensive Income

(Thousand yen)

	FY 2017 (From April 1, 2017 to March 31, 2018)	FY 2018 (From April 1, 2018 to March 31, 2019)
Net income	1,764,413	1,942,836
Other comprehensive income		
Valuation difference on available-for-sale securities	70,724	(11,587)
Deferred gains or losses on hedges	145,099	(22,220)
Foreign currency translation adjustment	(207,101)	205,081
Adjustment for employee retirement benefits	115,530	(28,467)
Share of other comprehensive income of entities accounted for using equity method	1,353	(14,023)
Total other comprehensive income	125,606	128,780
Comprehensive income	1,890,020	2,071,617
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of parent company	1,831,102	2,016,420
Comprehensive income attributable to non-controlling shareholders	58,917	55,197

(3) Consolidated Statements of Changes in Equity
For fiscal year 2017 (from April 1, 2017 to March 31, 2018)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	5,359,893	4,367,993	17,626,220	(30,689)	27,323,417
Changes in items during period					
Dividends of surplus			(268,252)		(268,252)
Net income attributable to shareholders of parent company			1,681,574		1,681,574
Purchase of treasury stock				(83)	(83)
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,413,321	(83)	1,413,238
Balance at the end of period	5,359,893	4,367,993	19,039,542	(30,772)	28,736,656

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Accumulated adjustment for employee retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of period	106,871	(72,280)	135,690	(304,154)	(133,873)	813,996	28,003,540
Changes in items during period							
Dividends of surplus							(268,252)
Net income attributable to shareholders of parent company							1,681,574
Purchase of treasury stock							(83)
Change in ownership interest of parent due to transactions with non-controlling interests							-
Net changes of items other than shareholders' equity	70,724	145,099	(181,825)	115,530	149,529	(12,445)	137,083
Total changes of items during period	70,724	145,099	(181,825)	115,530	149,529	(12,445)	1,550,322
Balance at the end of period	177,595	72,818	(46,134)	(188,623)	15,656	801,550	29,553,862

For fiscal year 2018 (from April 1, 2018 to March 31, 2019)

(Thousand yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	5,359,893	4,367,993	19,039,542	(30,772)	28,736,656
Changes in items during period					
Dividends of surplus			(536,504)		(536,504)
Net income attributable to shareholders of parent company			1,910,717		1,910,717
Purchase of treasury stock				(195)	(195)
Change in ownership interest of parent due to transactions with non-controlling interests		(58,508)			(58,508)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(58,508)	1,374,213	(195)	1,315,509
Balance at the end of period	5,359,893	4,309,484	20,413,755	(30,968)	30,052,165

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Accumulated adjustment for employee retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of period	177,595	72,818	(46,134)	(188,623)	15,656	801,550	29,553,862
Changes in items during period							
Dividends of surplus							(536,504)
Net income attributable to shareholders of parent company							1,910,717
Purchase of treasury stock							(195)
Change in ownership interest of parent due to transactions with non-controlling interests							(58,508)
Net changes of items other than shareholders' equity	(11,587)	(22,220)	167,978	(28,467)	105,702	(259,598)	(153,896)
Total changes of items during period	(11,587)	(22,220)	167,978	(28,467)	105,702	(259,598)	1,161,613
Balance at the end of period	166,007	50,597	121,844	(217,091)	121,358	541,951	30,715,475

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	FY 2017 (From April 1, 2017 to March 31, 2018)	FY 2018 (From April 1, 2018 to March 31, 2019)
Cash flows from operating activities		
Income before taxes	3,455,090	3,026,557
Depreciation	2,228,371	2,280,576
Impairment loss	-	82,817
Increase (decrease) in allowance for doubtful accounts	(3,050)	334
Increase (decrease) in accrued expense-salary	301,229	92,472
Increase (decrease) in liability for employee retirement benefits	253,642	161,277
Increase (decrease) in provision for loss on compensation	203,751	717,789
Increase (decrease) in provision for loss on construction contracts	(1,367,045)	1,714,014
Increase (decrease) in provision for loss related to quality	-	67,817
Interest and dividend income	(21,472)	(42,949)
Interest expenses	325,221	392,030
Foreign exchange losses (gains)	(212,480)	206,092
Share of loss (profit) of entities accounted for using equity method	(37,434)	52,401
Loss (gain) on sales of non-current assets	(5,560)	-
Loss (gain) on disposal of non-current assets	54,581	144,535
Loss (gain) on sales of investment securities	-	(211,377)
Other non-operating expenses (income)	(136,785)	(20,809)
Decrease (increase) in notes and accounts receivable - trade	391,671	131,526
Decrease (increase) in inventories	(1,550,071)	(5,854,813)
Increase (decrease) in notes and accounts payable - trade	(881,202)	2,653,356
Decrease (increase) in advances paid	(192,787)	287,195
Increase (decrease) in advances received	2,458,009	3,979,826
Other	(47,245)	809,512
Subtotal	5,216,433	10,670,184
Interest and dividend income received	40,885	61,627
Interest expenses paid	(331,627)	(391,868)
Income taxes paid	(954,321)	(974,656)
Net cash provided by (used in) operating activities	3,971,369	9,365,287

(Thousand yen)

	FY 2017 (From April 1, 2017 to March 31, 2018)	FY 2018 (From April 1, 2018 to March 31, 2019)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,283,136)	(1,477,907)
Proceeds from sales of property, plant and equipment	6,754	1,775
Purchase of investment securities	(1,889)	(251,641)
Proceeds from sales of investment securities	-	413,202
Payments of loans receivable	(2,147)	(1,000)
Collection of loans receivable	1,348	2,472
Decrease (increase) in time deposits	(997,650)	(277,275)
Other payments	(549,201)	(361,024)
Other proceeds	15,009	6,771
Net cash provided by (used in) investing activities	(2,810,912)	(1,944,626)
Cash flows from financing activities		
Increase in short-term loans payable	57,236,380	63,989,859
Decrease in short-term loans payable	(57,177,170)	(69,266,307)
Proceeds from long-term loans payable	700,000	1,500,000
Repayments of long-term loans payable	(700,000)	(900,000)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(319,204)
Repayments of lease obligations	(179,797)	(242,602)
Purchase of treasury stock	(83)	(195)
Cash dividends paid	(268,870)	(535,872)
Cash dividends paid to non-controlling shareholders	(71,362)	(54,100)
Net cash provided by (used in) financing activities	(460,904)	(5,828,422)
Effect of exchange rate changes on cash and cash equivalents	(72,846)	54,696
Net increase (decrease) in cash and cash equivalents	626,706	1,646,935
Cash and cash equivalents, beginning of period	1,772,528	2,399,235
Cash and cash equivalents, end of period	2,399,235	4,046,170

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Changes in presentation)

(Changes due to the application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

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

As a result, ¥2,240,936 thousand of “deferred tax assets” under “current assets” was included in ¥5,162,538 thousand of “deferred tax assets” in “investments and other assets” for the FY 2017 on the Consolidated Balance Sheets.

(Additional information)

(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, total amounts of “provision for directors’ and auditors’ retirement benefits” and “provision for executive officers’ retirement benefits” were fully reversed, and ¥322,265 thousand of the unpaid portion of the final payments were recognized as “long-term accounts payable - other.”

(Consolidated Statements of Income)

(Compensation expenses)

Compensation expenses are as follows.

	FY 2017 (From April 1, 2017 to March 31, 2018)	FY 2018 (From April 1, 2018 to March 31, 2019)
Compensation expenses pursuant to contractual warranty clause in the aircraft seat business	-	785,706 thousand yen
Compensation expenses due to the contract cancellation before the agreed term in the aircraft interiors business	416,291 thousand yen	147,756 thousand yen
Others	-	42,002 thousand yen
Total	416,291 thousand yen	975,465 thousand yen

(Impairment loss)

Impairment losses are as follows.

(1) Assets or asset groups whose impairment losses were recognized

Item	Detail	Type	Location	Impairment loss
Idle assets	Aircraft hangar for maintenance	Land, buildings and structures	Miyazaki-shi, Miyazaki	40,142 thousand yen
	Manufacturing facility for aircraft interiors	Machinery, equipment and vehicles	Tachikawa-shi, Tokyo	9,623 thousand yen
	Manufacturing facility for aircraft interiors	Machinery, equipment and vehicles	Philippines	33,050 thousand yen
Total				82,817 thousand yen

(2) Background for recognizing the impairment losses

Impairment losses were recognized since invested amounts in the aircraft hangar for maintenance were expected to be unrecoverable due to the change in business plan, and invested amounts in the two manufacturing facilities for aircraft interiors were expected to be unrecoverable as there was no prospect for them to be used in the conventional way.

(3) Method of grouping assets

Assets are in principle grouped according to the business groups. However, some assets or asset groups are grouped separately as units that generate independent cash flows from other asset groups.

(4) Method of calculating recoverable amounts

For land, buildings and structures of aircraft hangar for maintenance, net realizable value is used, and the net realizable value is calculated by deducting estimated costs of disposal from assessed value of non-current assets for property tax. For the other idle assets, since their recoverability is not recognized, their carrying amounts are reduced to memorandum value, and the net decrease is recognized as impairment loss.

(Loss related to quality)

In the aircraft seat business, ¥247,824 thousand of loss related to quality was recognized as expenses related to inappropriate inspections at a subsidiary of the Company that was announced on March 26, 2019.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

Reportable segments of the Group are determined from those which can provide separate financial information, and are regularly reviewed by the Board of Directors to determine the allocation of management resources and to evaluate achievements among the constituent units of the Group.

The Group is composed of a single group and four divisions, each of which conducts business activities by developing independent management strategies for products and services it handles. The Group therefore consists of segments organized by product and service based on divisions, and the reportable segments comprise “Aircraft Interiors Business,” “Aircraft Seat Business,” “Aircraft Components Business” and “Aircraft Maintenance Business.”

“Aircraft Interiors Business” mainly engages in the manufacturing and sales of products including galleys and lavatories for passenger aircraft. “Aircraft Seat Business” primarily engages in manufacturing and sales of products including passenger aircraft seats. “Aircraft Components Business” engages in manufacturing and sales primarily of heat exchangers, aircraft equipment including aircraft engine parts, and CFRP structure parts. “Aircraft Maintenance Business” conducts operations such as maintenance and alteration of regional jets, medium- and small-sized aircraft and helicopters, as well as repairs of equipment for these aircraft.

2. Method of calculating net sales, income (loss), assets, liabilities and others by reportable segment

The accounting method used for reportable business segments is a method that is in compliance with the accounting principles and procedures adopted for the preparation of consolidated financial statements. Reportable segment income figures are based on ordinary income. Inter-segment net sales and transfers are based on market prices.

3. Information on net sales, income (loss), assets, liabilities and others by reportable segment

For fiscal year 2017 (from April 1, 2017 to March 31, 2018)

(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	50,992,198	12,484,309	6,312,464	8,002,851	77,791,825	17	77,791,842
Inter-segment net sales or transfers	1,904,719	-	15,786	202,132	2,122,638	103,765	2,226,404
Total	52,896,918	12,484,309	6,328,251	8,204,984	79,914,463	103,782	80,018,246
Segment income (loss)	6,793,890	(3,641,005)	216,470	139,268	3,508,624	(4,513)	3,504,111
Segment assets	56,631,960	18,577,657	10,418,878	8,778,871	94,407,368	49,560	94,456,929
Other items							
Depreciation	1,310,361	109,130	501,157	307,722	2,228,371	-	2,228,371
Interest income	14,717	985	630	539	16,872	-	16,872
Interest expenses	178,068	98,594	26,366	22,192	325,221	-	325,221
Share of profit of entities accounted for using equity method	37,434	-	-	-	37,434	-	37,434
Increase in property, plant and equipment, intangible assets and long-term prepaid expenses	1,202,402	88,501	374,748	192,309	1,857,961	-	1,857,961

(Note) The Others segment includes the businesses of affiliates 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.

For fiscal year 2018 (from April 1, 2018 to March 31, 2019)

(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	56,869,081	12,175,486	6,597,312	8,426,252	84,068,132	36	84,068,168
Inter-segment net sales or transfers	1,311,849	208,466	11,326	38,725	1,570,368	108,634	1,679,002
Total	58,180,930	12,383,953	6,608,639	8,464,977	85,638,500	108,670	85,747,171
Segment income (loss)	6,113,760	(3,143,327)	110,642	210,190	3,291,265	(908)	3,290,356
Segment assets	77,561,230	5,130,585	11,079,482	9,177,024	102,948,323	32,529	102,980,852
Other items							
Depreciation	1,385,024	127,212	459,633	308,705	2,280,576	-	2,280,576
Interest income	35,036	951	938	800	37,726	-	37,726
Interest expenses	227,020	101,803	34,856	28,349	392,030	-	392,030
Share of profit of entities accounted for using equity method	18,442	-	-	(70,844)	(52,401)	-	(52,401)
Increase in property, plant and equipment, intangible assets and long-term prepaid expenses	1,161,778	201,823	421,682	224,101	2,009,385	-	2,009,385

(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.

4. Differences between the total amount of reportable segments and the amounts in the Consolidated Financial Statements and the major details of such differences
(Matters relating to adjustment of differences)

(Thousand yen)

Net sales	Fiscal year 2017	Fiscal year 2018
Reportable segments total	79,914,463	85,638,500
Net sales of Others	103,782	108,670
Eliminations of inter-segment transactions	(2,226,404)	(1,679,002)
Net sales in the Consolidated Financial Statements	77,791,842	84,068,168

(Thousand yen)

Income	Fiscal year 2017	Fiscal year 2018
Reportable segments total	3,508,624	3,291,265
Loss of Others	(4,513)	(908)
Ordinary income in the Consolidated Financial Statements	3,504,111	3,290,356

(Thousand yen)

Assets	Fiscal year 2017	Fiscal year 2018
Reportable segments total	94,407,368	102,948,323
Assets of Others	49,560	32,529
Total assets in the Consolidated Financial Statements	94,456,929	102,980,852

(Thousand yen)

Other items	Reportable segments total		Others		Adjustments		Amounts in the Consolidated Financial Statements	
	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018
Depreciation	2,228,371	2,280,576	-	-	-	-	2,228,371	2,280,576
Increase in property, plant and equipment, intangible assets, and long-term prepaid expenses	1,857,961	2,009,385	-	-	-	-	1,857,961	2,009,385

[Related information]

For fiscal year 2017 (from April 1, 2017 to March 31, 2018)

1. Information by product and service

This is omitted as similar information is disclosed in segment information.

2. Information by geographical area

(1) Net sales

(Thousand yen)

Japan	North America		Asia & Oceania		Europe	Total
		U.S.		Singapore		
13,339,500	33,568,215	33,180,118	25,362,402	17,769,703	5,521,724	77,791,842

(Note) Net sales are classified by country or area based on the locations of customers.

(2) Property, plant and equipment

(Thousand yen)

Japan	North America	Asia & Oceania	Europe	Total
10,857,713	2,097,818	884,886	-	13,840,417

3. Information by major customers

(Thousand yen)

Name of customer	Net sales	Related segment
MITSUBISHI INTERNATIONAL CORP.	28,553,725	Aircraft interiors business
ITOCHU Singapore Pte, Ltd.	13,948,052	Aircraft interiors business, Aircraft seat business

For fiscal year 2018 (from April 1, 2018 to March 31, 2019)

1. Information by product and service

This is omitted as similar information is disclosed in segment information.

2. Information by geographical area

(1) Net sales

(Thousand yen)

Japan	North America		Asia & Oceania		Europe	Total
		U.S.		Singapore		
20,241,274	35,706,941	34,954,784	20,249,391	11,406,829	7,870,561	84,068,168

(Note) Net sales are classified by country or area based on the locations of customers.

(2) Property, plant and equipment

(Thousand yen)

Japan	North America	Asia & Oceania	Europe	Total
11,043,721	2,221,231	723,368	-	13,988,321

3. Information by major customers

(Thousand yen)

Name of customer	Net sales	Related segment
MITSUBISHI INTERNATIONAL CORP.	30,529,092	Aircraft interiors business
ITOCHU Singapore Pte, Ltd.	8,971,307	Aircraft interiors business, Aircraft seat business

[Information on impairment loss on non-current assets by reportable segment]

For fiscal year 2017 (from April 1, 2017 to March 31, 2018)

There is no relevant information.

For fiscal year 2018 (from April 1, 2018 to March 31, 2019)

(Thousand yen)

	Reportable segment					Others	Total
	Aircraft Interiors Business	Aircraft Seat Business	Aircraft Components Business	Aircraft Maintenance Business	Total		
Impairment loss	42,674	-	-	40,142	82,817	-	82,817

[Information on amortization and unamortized balance of goodwill by reportable segment]

For fiscal year 2017 (from April 1, 2017 to March 31, 2018)

There is no relevant information.

For fiscal year 2018 (from April 1, 2018 to March 31, 2019)

There is no relevant information.

[Information on gain on bargain purchase by reportable segment]

For fiscal year 2017 (from April 1, 2017 to March 31, 2018)

There is no relevant information.

For fiscal year 2018 (from April 1, 2018 to March 31, 2019)

There is no relevant information.

(Per share information)

	Fiscal year 2017 (from April 1, 2017 to March 31, 2018)	Fiscal year 2018 (from April 1, 2018 to March 31, 2019)
Net assets per share	1,071.84 yen	1,124.82 yen
Net income per share	62.69 yen	71.23 yen
Diluted net income per share	Not presented because there are no latent shares.	Not presented because there are no latent shares.

(Notes) 1. The basis for calculating net income per share is as shown below.

	Fiscal year 2017 (from April 1, 2017 to March 31, 2018)	Fiscal year 2018 (from April 1, 2018 to March 31, 2019)
Net income attributable to shareholders of parent company (thousand yen)	1,681,574	1,910,717
Amount not attributable to common shareholders (thousand yen)	-	-
Net income attributable to shareholders of parent company related to common shares (thousand yen)	1,681,574	1,910,717
Average number of common shares (thousand shares)	26,825	26,825

2. The basis for calculating net assets per share is as shown below.

	Fiscal year 2017 (as of March 31, 2018)	Fiscal year 2018 (as of March 31, 2019)
Total net assets (thousand yen)	29,553,862	30,715,475
Amount deducted from total net assets (thousand yen)	801,550	541,951
[including non-controlling interests (thousand yen)]	[801,550]	[541,951]
Year-end net assets related to common shares (thousand yen)	28,752,312	30,173,524
Number of common shares at year-end used to calculate net assets per share (thousand shares)	26,825	26,825

(Significant subsequent events)

There is no relevant information.