

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



February 6, 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: February 7, 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 Third Quarter of the Fiscal Year 2017 (from April 1, 2017 to December 31, 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 third quarter of								
Fiscal year 2017	55,896	(4.5)	3,026	144.8	2,933	265.5	1,323	114.3
Fiscal year 2016	58,499	(11.9)	1,236	(82.5)	802	(88.9)	617	(86.3)

(Note) Comprehensive income: The third quarter of fiscal year 2017: ¥1,719 million [367.5%]
 The third quarter of fiscal year 2016: ¥367 million [(92.0)%]

	Net income per share	Diluted net income per share
For the third quarter of	Yen	Yen
Fiscal year 2017	49.32	-
Fiscal year 2016	23.02	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2017	92,581	29,383	30.8
As of March 31, 2017	92,559	28,003	29.4

(Reference) Equity: As of December 31, 2017: ¥28,559 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 10.00	Yen 10.00
Fiscal year 2017	-	0.00	-		
Fiscal year 2017 (Planned)				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 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
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	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 December 31, 2017: 26,863,974 shares

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

2) Number of treasury stock:

As of December 31, 2017: 38,762 shares

As of March 31, 2017: 38,730 shares

3) Average number of common shares outstanding:

3rd quarter of FY 2017: 26,825,218 shares

3rd quarter of FY 2016: 26,825,273 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 third quarter of FY 2017, the overall global economy remained firm, as the U.S. economy steadily improved, and the economies in Japan and the euro-zone also continued to recover moderately, while China and emerging countries also showed signs of economic rebound. In the foreign exchange market, the dollar-yen exchange rate remained unstable due mainly to trends in monetary policies in the U.S. and a heightened sense of caution about the situation concerning North Korea. Meanwhile, since the U.S. Federal Reserve Board (FRB) demonstrated a positive attitude towards raising interest rates for the time being in September, the dollar is expected to further strengthen, and generally has stably hovered around ¥112 per US\$1 toward the end of the third quarter of FY 2017.

In the air transportation industry, growing global demand for air transportation and low crude oil prices have resulted in improved earnings for airlines. However, fierce competition continues due to aggressive efforts of low-cost carriers (LCCs), and major airlines are launching various strategies such as securing flight routes with high demand, introducing new fuel-efficient aircraft, and enhancing attractive passenger cabin services. Backed by rising aircraft demand, aircraft manufacturers have maintained a high level of order backlog. Aircraft demand continues to expand, with the number of aircraft delivered in 2017 reaching record highs for both Boeing and Airbus. In addition, Boeing has announced plans to increase its monthly production of the Boeing 787 to 14 in 2019, as well as the delivery schedule for the first Boeing 777X. Accordingly, order volume for aircraft-related manufacturers, including the Company, is expected to grow.

Under such circumstances, in the aircraft interiors business and the aircraft seat business, the Group endeavored to improve production efficiency, 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 third quarter of FY 2017, the Company posted net sales of ¥55,896 million (down ¥2,603 million compared to the same period of the previous fiscal year), operating income of ¥3,026 million (up ¥1,789 million compared to the same period of the previous fiscal year), ordinary income of ¥2,933 million (up ¥2,131 million compared to the same period of the previous fiscal year) and net income attributable to shareholders of parent company of ¥1,323 million (up ¥705 million compared to the same period of the previous fiscal year).

Provision for loss on construction contracts of ¥2,705 million for construction to be completed in or after the next fiscal year was recognized as of December 31, 2017. The impact of this provision for loss on construction contracts on income (loss) for the quarterly third quarter of FY 2017 was an increase of ¥355 million in cost of sales (provision for loss on construction contracts as of September 30, 2017 was ¥2,350 million) and, for the cumulative third quarter of FY 2017, a decrease of ¥728 million in cost of sales (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), extraordinary income (loss) and total income taxes for the Group are as follows:

Selling, general and administrative expenses were ¥6,073 million (a decrease of ¥387 million compared to the same period of the previous fiscal year) due to a decrease in expenses such as personnel expenses, sales commissions, and warranty expenses.

In terms of non-operating income (expenses), an expense of ¥92 million was reported, an improvement of ¥341 million compared to the same period of the previous fiscal year during which foreign exchanges losses of ¥184 million due to yen appreciation and compensation expenses of ¥127 million were recognized (an expense of ¥433 million in the same period of the previous fiscal year).

As for extraordinary income (loss), a loss of ¥30 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).

Total income taxes were ¥1,523 million (¥147 million in the same period of the previous fiscal year) primarily due to recording of a partial reversal of a U.S. subsidiary's deferred tax assets of ¥468 million during the third quarter of FY 2017. This is the result of the enactment of the tax reform act, which includes a reduction of the U.S. federal income tax rate from 35% to 21% on December 22, 2017 (local time).

Business performance by segment is as follows.

[Aircraft Interiors Business]

In the aircraft interiors business, although U.S. dollar-denominated net sales were higher than expected due to the weaker yen in the foreign exchange market compared to the same period of the previous fiscal year, 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 and lavatories for the current Boeing 777s that are being replaced by the Boeing 777X, which is under development by Boeing. Meanwhile, although ordinary income was somewhat impacted by the decrease in net sales, it increased from the same period of the previous fiscal year, owing to the higher-than-expected net sales denominated in U.S. dollars and an improvement in foreign exchange gains and losses due to the weaker yen, as well as additional sales resulting from changes in customer specifications, lower costs achieved through cost reduction measures and a decline in provision for loss on construction contracts.

As a result, the aircraft interiors business posted net sales of ¥37,788 million (down ¥2,673 million compared to the same period of the previous fiscal year) and ordinary income of ¥5,051 million (up ¥2,046 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. This increase was attributable to product shipments from new programs and increased sales of spare parts for seats. However, with regard to ordinary income (loss), although the Company sought to improve profitability through measures that included the improvement of production efficiency, an increase in the initial costs of development and manufacturing of new programs and other factors resulted in an ordinary loss.

As a result, the aircraft seat business posted net sales of ¥8,426 million (up ¥372 million compared to the same period of the previous fiscal year) and ordinary loss of ¥2,196 million (ordinary loss of ¥2,138 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. This was primarily because, although the production of aircraft engine parts rose, there was a decline in the production of CFRP structure parts (ADP) owing to the impact of the decrease in monthly production of the Airbus A380, and also because of the decline in shipments of heat exchangers and other defense-related components. With regard to ordinary income (loss), despite an improvement in production efficiency for aircraft engine parts, an ordinary loss was reported, largely affected by the decrease in production of the Airbus A380 and the decrease in net sales of heat exchangers and other defense-related components.

As a result, the aircraft components business posted net sales of ¥4,151 million (down ¥570 million compared to the same period of the previous fiscal year) and ordinary loss of ¥53 million (ordinary loss of ¥8 million in the same period of the previous fiscal year).

[Aircraft Maintenance Business]

In the aircraft maintenance business, although net sales of aircraft maintenance were weak as a result of a decrease in completed construction due to factors such as the termination of our contract for regular inspection and maintenance of Civil Aviation Bureau flight inspection aircraft and changes in the delivery dates for a portion of defense-related aircraft maintenance, net sales increased from the same period of the previous fiscal year and ordinary income (loss) improved due to increased profitability thanks to continued strong production for equipment maintenance.

As a result, the aircraft maintenance business posted net sales of ¥5,529 million (up ¥266 million compared to the same period of the previous fiscal year) and ordinary income of ¥131 million (ordinary loss of ¥53 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 from the same period of the previous fiscal year) and ordinary loss of ¥0 million (ordinary loss of ¥0 million in the same period of the previous fiscal year).

(2) Explanation of Financial Position

[Assets, liabilities and net assets]

Total assets as of December 31, 2017 amounted to ¥92,581 million, up ¥22 million from the end of the previous fiscal year. Of such, total current assets increased by ¥489 million from the end of the previous fiscal year, due mainly to an increase in cash and deposits (up ¥2,508 million compared to the end of the previous fiscal year) and an increase in work in process (up ¥4,732 million compared to the end of the previous fiscal year), despite a decrease in notes and accounts receivable - trade (down ¥ 4,462 million compared to the end of the previous fiscal year) and a decrease in raw materials and supplies (down ¥ 1,584 million compared to the end of the previous fiscal year). Total non-current assets decreased by ¥467 million from the end of the previous fiscal year as a result of relatively limited investment for the third quarter of FY 2017.

Total liabilities amounted to ¥63,198 million, down ¥1,357 million from the end of the previous fiscal year. This was attributable primarily to a decrease in notes and accounts payable - trade (down ¥1,920 million compared to the end of the previous fiscal year), a decrease in accrued expense-salary (down ¥648 million compared to the end of the previous fiscal year) and a decrease in provision for loss on construction contracts (down ¥728 million compared to the end of the previous fiscal year), which offset the increase in electronically recorded obligations - operating (up ¥447 million compared to the end of the previous fiscal year) and the increase in short-term loans payable (up ¥261 million compared to the end of the previous fiscal year).

Total net assets amounted to ¥29,383 million, up ¥1,379 million from the end of the previous fiscal year. This was due primarily to an increase in retained earnings (up ¥1,054 million compared to the end of the previous fiscal year). As a result, the equity ratio stood at 30.8%.

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

While an ordinary loss was posted in the aircraft seat business and total income taxes increased as a result of a partial reversal of a U.S. subsidiary's deferred tax assets due to a reduction of the U.S. federal tax income rate during the third quarter of FY 2017, with regard to the financial results of the entire Group, the consolidated financial results forecast for the full fiscal year ending March 31, 2018, announced on May 10, 2017, remains unchanged due primarily to higher-than-expected income for the aircraft interiors business. The exchange rate assumed for the outlook is unchanged as well at ¥110 per US\$1.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	2,277,428	4,785,569
Notes and accounts receivable - trade	23,158,092	18,695,347
Merchandise and finished goods	602,859	275,315
Work in process	23,098,314	27,831,150
Raw materials and supplies	17,659,592	16,074,749
Other	5,958,534	5,578,088
Allowance for doubtful accounts	(6,161)	(2,412)
Total current assets	72,748,660	73,237,807
Non-current assets		
Property, plant and equipment	14,356,198	13,819,877
Intangible assets	1,562,225	1,803,360
Investments and other assets	3,892,687	3,720,736
Total non-current assets	19,811,111	19,343,973
Total assets	92,559,772	92,581,781
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,608,011	7,687,932
Electronically recorded obligations - operating	6,371,831	6,819,415
Short-term loans payable	22,741,823	23,003,597
Current portion of long-term loans payable	700,000	900,000
Income taxes payable	965,269	454,447
Accrued expense-salary	1,302,943	654,732
Provision for loss on construction contracts	3,434,215	2,705,419
Other	7,121,763	8,609,590
Total current liabilities	52,245,859	50,835,135
Non-current liabilities		
Long-term loans payable	4,700,000	4,500,000
Provision for directors' and auditors' retirement benefits	175,420	170,589
Provision for executive officers' retirement benefits	119,702	149,132
Liability for employee retirement benefits	6,808,585	6,899,602
Other	506,664	643,932
Total non-current liabilities	12,310,373	12,363,256
Total liabilities	64,556,232	63,198,392

(Thousand yen)

	As of March 31, 2017	As of December 31, 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	18,681,071
Treasury stock	(30,689)	(30,772)
Total shareholders' equity	27,323,417	28,378,185
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	106,871	182,805
Deferred gains or losses on hedges	(72,280)	(7,244)
Foreign currency translation adjustment	135,690	239,383
Accumulated adjustment for employee retirement benefits	(304,154)	(233,940)
Total accumulated other comprehensive income	(133,873)	181,004
Non-controlling interests	813,996	824,199
Total net assets	28,003,540	29,383,388
Total liabilities and net assets	92,559,772	92,581,781

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Third Quarter of the Fiscal Year (from April 1 to December 31)

(Thousand yen)

	The third quarter of FY 2016	The third quarter of FY 2017
Net sales	58,499,644	55,896,092
Cost of sales	50,802,532	46,796,196
Gross profit	7,697,112	9,099,895
Selling, general and administrative expenses	6,460,922	6,073,894
Operating income	1,236,189	3,026,001
Non-operating income		
Interest income	4,415	10,248
Dividend income	4,445	4,599
Foreign exchange gains	-	12,898
Share of profit of entities accounted for using equity method	20,635	15,793
Subsidy income	60,003	54,200
Other	40,216	109,594
Total non-operating income	129,716	207,336
Non-operating expenses		
Interest expenses	218,642	239,192
Foreign exchange losses	184,512	-
Compensation expenses	127,324	-
Other	32,880	60,598
Total non-operating expenses	563,359	299,790
Ordinary income	802,546	2,933,546
Extraordinary income		
Gain on sales of investment securities	4,062	-
Gain on sales of non-current assets	360	-
Total extraordinary income	4,423	-
Extraordinary loss		
Loss on disposal of non-current assets	14,842	30,855
Head office transfer expenses	13,320	-
Total extraordinary loss	28,162	30,855
Income before taxes	778,807	2,902,691
Income taxes - current	9,801	605,485
Income taxes - deferred	137,927	917,771
Total income taxes	147,728	1,523,256
Net income	631,078	1,379,434
Net income attributable to non-controlling shareholders	13,575	56,331
Net income attributable to shareholders of parent company	617,503	1,323,103

Quarterly Consolidated Statements of Comprehensive Income
 Third Quarter of the Fiscal Year (from April 1 to December 31)

(Thousand yen)

	The third quarter of FY 2016	The third quarter of FY 2017
Net income	631,078	1,379,434
Other comprehensive income		
Valuation difference on available-for-sale securities	13,477	75,934
Deferred gains or losses on hedges	(372,876)	65,036
Foreign currency translation adjustment	40,376	119,586
Adjustment for employee retirement benefits	61,303	70,214
Share of other comprehensive income of entities accounted for using equity method	(5,541)	9,340
Total other comprehensive income	(263,260)	340,111
Comprehensive income	367,818	1,719,546
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of parent company	355,993	1,637,981
Comprehensive income attributable to non-controlling shareholders	11,824	81,565

(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 third 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 Seat Business	Aircraft Components Business	Aircraft Maintenance Business	Total		
Net sales							
Net sales to outside customers	40,461,556	8,053,375	4,721,717	5,262,934	58,499,584	60	58,499,644
Inter-segment net sales or transfers	719,068	-	3,524	40,012	762,605	67,918	830,524
Total	41,180,625	8,053,375	4,725,242	5,302,946	59,262,190	67,978	59,330,169
Segment income (loss)	3,004,488	(2,138,859)	(8,348)	(53,905)	803,374	(827)	802,546

(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 (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	803,374
Loss of Others	(827)
Ordinary income in the Quarterly Consolidated Statement of Income	802,546

3. Information on impairment loss on non-current assets and goodwill by reportable segment
There is no relevant information.

II. For the third 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	37,788,364	8,426,288	4,151,702	5,529,725	55,896,080	11	55,896,092
Inter-segment net sales or transfers	1,465,797	-	3,166	134,205	1,603,169	77,940	1,681,110
Total	39,254,162	8,426,288	4,154,868	5,663,930	57,499,250	77,952	57,577,202
Segment income (loss)	5,051,450	(2,196,264)	(53,128)	131,790	2,933,849	(302)	2,933,546

(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	2,933,849
Loss of Others	(302)
Ordinary income in the Quarterly Consolidated Statement of Income	2,933,546

3. Matters concerning changes to reportable segments, etc.
There is no relevant information.