

Consolidated Financial Results
for the Second Quarter of the Fiscal Year 2016
Ending March 31, 2017
[Japanese GAAP]



November 7, 2016

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: November 8, 2016
 The start date of payout of dividend: —
 Availability of supplementary briefing material on quarterly financial results: None
 Schedule of quarterly financial results briefing session: Yes (for institutional investors)

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

1. Consolidated Operating Results for the Second Quarter of the Fiscal Year 2016 (from April 1, 2016 to September 30, 2016)

(1) Consolidated Operating Results (%: Changes from the same period of 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 second quarter of								
Fiscal year 2016	40,248	(5.4)	(293)	-	(1,759)	-	(1,122)	-
Fiscal year 2015	42,554	23.7	3,908	24.6	3,981	10.7	2,690	6.0

(Note) Comprehensive income: The second quarter of fiscal year 2016: ¥(1,680) million [-%]

The second quarter of fiscal year 2015: ¥2,664 million [(5.2)%]

	Net income per share	Diluted net income per share
For the second quarter of	Yen	Yen
Fiscal year 2016	(41.85)	-
Fiscal year 2015	100.31	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2016	85,935	25,395	28.8
As of March 31, 2016	92,284	28,202	29.7

(Reference) Equity: As of September 30, 2016: ¥24,711 million

As of March 31, 2016: ¥27,363 million

2. Dividend distribution

	Dividend distribution per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year 2015	Yen -	Yen 0.00	Yen -	Yen 40.00	Yen 40.00
Fiscal year 2016	-	0.00			
Fiscal year 2016 (Planned)			-	10.00	10.00

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

3. Outlook of Consolidated Operating Results for the Fiscal Year 2016 (from April 1, 2016 to March 31, 2017)

(%: Changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to shareholders of parent company		Net income per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	83,400	(8.9)	1,800	(79.5)	500	(93.9)	300	(94.2)	11.18

(Note) Revision to the outlook of consolidated operating results announced most recently: None

4. Other information

(1) Changes in significant subsidiaries during this quarter of the fiscal year 2016: 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: Yes

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 September 30, 2016: 26,863,974 shares

As of March 31, 2016: 26,863,974 shares

2) Number of treasury stock:

As of September 30, 2016: 38,730 shares

As of March 31, 2016: 38,635 shares

3) Average number of common shares outstanding:

2nd quarter of FY 2016: 26,825,286 shares

2nd quarter of FY 2015: 26,825,423 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. Presentation regarding the implementation status of the quarterly review procedures

These quarterly financial results are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these quarterly financial results, quarterly review procedures for the quarterly financial statements have been completed.

*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 and notes on the use of the forecasts, please refer to “(3) Explanation of Consolidated Operating Results Outlook and Other Forward-looking Information” on page 5 of the Attachment.

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

(1) Explanation of Operating Results

During the second quarter of FY 2016, the overall global economy generally remained firm, as the U.S. economy was on track towards recovery, and the economies in Japan and the euro-zone also recovered moderately, despite the lingering uncertainty about the future due to the slowdown of economic growth in China and the sluggish economic recovery in the emerging economies in Asia. However, due to issues regarding U.K.'s decision to exit the EU and the normalization of monetary policies in the U.S., significant fluctuations on the foreign exchange market and other uncertainties are on the rise, and concerns have been growing over its repercussions on the global economy going forward.

In the air transportation industry, fierce competition continued, despite the growing global demand for air transportation and the drop in crude oil prices that contributed to improvements in airline earnings. Although some concerns remain regarding decreased demand for large aircraft, major aircraft manufacturers have been promoting initiatives to enhance the production of their mainstay small passenger aircraft in response to an increase in overall aircraft demand, while maintaining high production levels of their fuel-efficient, mid-sized passenger aircraft such as the Boeing 787 and Airbus A350XWB. As a supplier to the manufacturers, the Company has also maintained high production levels.

Under such circumstances, in the aircraft interiors business, the Group promoted initiatives to improve production efficiency and reduce cost, while coping with the increase in production of interior products for Boeing 787s. We also promoted the development of lavatories for the Boeing 777X, which is being developed by Boeing as a successor to the Boeing 777. However, orders for galleys for the current Boeing 777s, for which airlines directly place orders, fell due to the transition to the Boeing 777X. As a result, net sales of our mainstay galleys fell compared to the same period of the previous fiscal year.

In the aircraft seat business, which became a separate business segment with the reorganization of the Company that took place on June 28, 2016, we implemented cost reductions. We also worked on establishing a production system at the No. 2 Plant, Miyazaki JAMCO Corporation, which began mass production of the primary components of seats (back shells, console units, etc.) in December 2015, and made efforts to improve production efficiency.

In the aircraft components business, we promoted efforts to address rising costs for cargo struts for Airbus A350XWBs, which are new products for CFRP structure parts, while also cutting costs for other products.

In the aircraft maintenance business, we continued with initiatives to ensure flight safety and enhance quality, while also making efforts to recover orders and improve productivity.

Meanwhile, during the second quarter of FY 2016, the Company was significantly impacted by the appreciation of the yen including the decline in U.S. dollar-denominated net sales, the increase in the provision for loss on construction contracts for construction to be completed from the third quarter onward and significant foreign exchange losses incurred on U.S. dollar-denominated notes and accounts receivable. Provision for loss on construction contracts as of September 30, 2016 increased by ¥1,196 million from the end of the previous fiscal year.

As a result, on a consolidated basis, during the second quarter of FY 2016, the Company posted net sales of ¥40,248 million (down ¥2,306 million compared to the same period of the previous fiscal year), operating loss of ¥293 million (operating income of ¥3,908 million in the same period of the previous fiscal year), ordinary loss of ¥1,759 million (ordinary income of ¥3,981 million in the same period of the previous fiscal year) and net loss attributable to shareholders of parent company of ¥1,122 million (net income attributable to shareholders of parent company of ¥2,690 million in the same period of the previous fiscal year).

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

Selling, general and administrative expenses were ¥4,436 million (a decrease of ¥152 million compared to the same period of the previous fiscal year) due to a decrease in experiment and research expenses, etc.

In terms of non-operating income/expenses, an expense of ¥1,465 million was reported due to recognition of foreign exchange losses of ¥1,298 million as a result of the sharp appreciation of the yen (income of ¥73 million in the same period of the previous fiscal year).

As for extraordinary income/loss, an expense of ¥24 million was reported due to factors including loss on disposal of non-current assets and head office transfer expenses (a loss of ¥11 million in the same period of the previous fiscal year).

Business performance by segment is as follows.

[Aircraft Interiors Business] and [Aircraft Seat Business]

Following the reorganization on June 28, 2016, the aircraft seat business segment was newly established by a split from the aircraft interiors business segment, which previously included the aircraft seat business.

In the aircraft interiors business and aircraft seat business, although the shipment of interior products for Boeing 787s and aircraft seats increased, net sales of galleys for Boeing 777s fell as described earlier. Furthermore, sales of spare parts, which were strong during the same period of the previous fiscal year, were slightly weak during the current period. In addition, net sales decreased from the same period of the previous fiscal year and an ordinary loss was reported, due to a significant impact of the appreciating yen on the foreign exchange market including a relative decrease in foreign currency-denominated net sales, an increase in cost of sales as a result of the increase in provision for loss on construction contracts, and incurring significant foreign exchange losses under non-operating expenses.

As a result, the former aircraft interiors business segment, composed of the aircraft interiors and aircraft seat businesses, posted net sales of ¥33,889 million (down ¥1,267 million compared to the same period of the previous fiscal year) and ordinary loss of ¥1,637 million (ordinary income of ¥3,652 million in the same period of the previous fiscal year).

As for business performance of each segment for the second quarter of FY 2016, the aircraft interiors business posted net sales of ¥28,241 million and ordinary income of ¥461 million and the aircraft seat business posted net sales of ¥5,648 million and ordinary loss of ¥2,099 million.

[Aircraft Components Business]

In the aircraft components business, net sales decreased as a result of a decline in production volume of CFRP structure parts for the Airbus A380 and a relative decrease in foreign currency-denominated net sales due to the appreciating yen on the foreign exchange market, despite increased production volume due to robust order receipt of engine parts for commercial aircrafts. In addition, costs associated with the new CFRP structure parts for the Airbus A350XWB increased. These resulted in the reporting of ordinary loss and decline in profitability for the business as a whole.

As a result, the aircraft components business posted net sales of ¥3,245 million (down ¥162 million compared to the same period of the previous fiscal year) and ordinary loss of ¥85 million (ordinary income of ¥247 million in the same period of the previous fiscal year).

[Aircraft Maintenance Business]

In the aircraft maintenance business, net sales fell due in part to a decrease in completed construction for the current period compared to the same period of the previous fiscal year, when net sales were relatively high due to a large number of completed construction and order receipt for special work. This decrease in net sales resulted in the reporting of ordinary loss due to a decline in profitability for the business as a whole.

As a result, the aircraft maintenance business posted net sales of ¥3,112 million (down ¥876 million compared to the same period of the previous fiscal year) and ordinary loss of ¥35 million (ordinary income of ¥79 million in the same period of the previous fiscal year).

[Others]

The Others segment includes the businesses of the consolidated subsidiaries Orange JAMCO Corporation and JAMCO TECHNICAL CENTER Co., Ltd. As of March 31, 2016, JAMCO TECHNICAL CENTER Co., Ltd. was dissolved, with its liquidation completed on August 22, 2016.

As a result, the Others segment posted net sales of ¥0 million (up ¥0 million from the same period of the previous fiscal year) and ordinary loss of ¥1 million (ordinary income of ¥1 million in the same period of the previous fiscal year).

(2) Explanation of Financial Position

[Assets, liabilities and net assets]

Total assets as of September 30, 2016 amounted to ¥85,935 million, down ¥6,348 million from the end of the previous fiscal year. Of such, total current assets decreased by ¥6,287 million from the end of the previous fiscal year, due mainly to a decrease in cash and deposits (down ¥800 million compared to the end of the previous fiscal year), a decrease in notes and accounts receivable - trade (down ¥2,113 million compared to the end of the previous fiscal year), a decrease in work in process (down ¥1,662 million compared to the end of the previous fiscal year) and a decrease in raw materials and supplies (down ¥412 million compared to the end of the previous fiscal year). Total non-current assets decreased by ¥61 million from the end of the previous fiscal year, due mainly to a cutback in capital expenditures for the purpose of reducing expenses, a relative decrease in overseas assets due to the appreciation of the yen and depreciation.

Total liabilities amounted to ¥60,540 million, down ¥3,541 million from the end of the previous fiscal year. This was due primarily to a decrease in notes and accounts payable - trade (down ¥1,994 million compared to the end of the previous fiscal year), a decrease in income taxes payable (down ¥1,389 million compared to the end of the previous fiscal year) and a decrease in long-term loans payable (down ¥400 million compared to the end of the previous fiscal year), which offset the increase in provision for loss on construction contracts (up ¥1,196 million compared to the end of the previous fiscal year).

Total net assets amounted to ¥25,395 million, down ¥2,806 million from the end of the previous fiscal year. This was due primarily to a decrease in retained earnings (down ¥2,195 million compared to the end of the previous fiscal year). As a result, the equity ratio stood at 28.8%.

[Cash flows]

During the second quarter of FY 2016, cash and cash equivalents on a consolidated basis decreased by ¥2,727 million compared to the same period of the previous fiscal year, as a result of the cash flows described below.

(Cash flows from operating activities)

During the second quarter of FY 2016, net cash provided by operating activities decreased by ¥2,987 million compared to the same period of the previous fiscal year, to a cash inflow of ¥496 million. This was mainly due to a decrease in inflows, including loss before taxes and a decrease in advances received, as well as an increase in outflows, including a decrease in notes and accounts payable - trade.

(Cash flows from investing activities)

During the second quarter of FY 2016, net cash used in investing activities decreased by ¥141 million compared to the same period of the previous fiscal year, to a cash outflow of ¥1,657 million. This was mainly due to the postponement of non-urgent capital expenditure projects in an effort to cut back on expenses.

(Cash flows from financing activities)

During the second quarter of FY 2016, net cash provided by financing activities amounted to a cash inflow of ¥155 million. This was mainly because the proceeds from loans payable from financial institutions exceeded outflows such as cash dividends paid and repayments of loans payable to financial institutions (cash outflow of ¥141 million for the same period of the previous fiscal year).

(3) Explanation of Consolidated Operating Results Outlook and Other Forward-looking Information

As there have been no revisions to the operating results outlook announced most recently, please refer to the reasons for the revision of the full-year operating results outlook stated in the “Notice on Revision of Outlook on Operating Results and Dividend Distribution” announced on November 2, 2016.

2. Matters Concerning Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Second Quarter of FY 2016

There is no relevant information.

(2) Accounting Policies Adopted Specially for the Preparation of Quarterly Consolidated Financial Statements

There is no relevant information.

(3) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement (Changes in Accounting Policies)

Following the revision of the Corporation Tax Act, the Company has applied the “Practical Solution on a change in depreciation method due to Tax Reform 2016” (PITF No. 32, June 17, 2016), effective from the first quarter of FY 2016, and accordingly, has changed the method for the depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

The impact of this change on profit or loss is immaterial.

(Additional Information)

Effective from the first quarter of FY 2016, the Company has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26, March 28, 2016).

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	3,479,003	2,678,062
Notes and accounts receivable - trade	20,232,940	18,118,967
Merchandise and finished goods	580,002	608,957
Work in process	22,938,144	21,275,912
Raw materials and supplies	18,691,439	18,279,309
Other	6,714,549	5,387,212
Allowance for doubtful accounts	(4,501)	(3,939)
Total current assets	72,631,578	66,344,482
Non-current assets		
Property, plant and equipment	14,496,373	14,362,857
Intangible assets	1,213,884	1,374,521
Investments and other assets	3,942,502	3,853,831
Total non-current assets	19,652,760	19,591,210
Total assets	92,284,339	85,935,693
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,216,137	13,221,410
Short-term loans payable	22,374,049	22,630,032
Income taxes payable	1,598,026	208,345
Accrued expense-salary	1,894,715	1,921,385
Provision for loss on construction contracts	1,827,438	3,024,005
Other	8,832,547	7,418,339
Total current liabilities	51,742,914	48,423,518
Non-current liabilities		
Long-term loans payable	5,100,000	4,700,000
Provision for directors' and auditors' retirement benefits	154,939	142,673
Provision for executive officers' retirement benefits	80,869	105,893
Liability for employee retirement benefits	6,738,093	6,723,579
Provision for environmental measures	6,887	6,887
Other	258,316	437,631
Total non-current liabilities	12,339,105	12,116,664
Total liabilities	64,082,020	60,540,183

(Thousand yen)

	As of March 31, 2016	As of September 30, 2016
Net assets		
Shareholders' equity		
Capital stock	5,359,893	5,359,893
Capital surplus	4,367,993	4,367,993
Retained earnings	17,684,729	15,489,030
Treasury stock	(30,452)	(30,689)
Total shareholders' equity	27,382,163	25,186,228
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	87,484	68,839
Foreign currency translation adjustment	214,971	(263,673)
Accumulated adjustment for employee retirement benefits	(320,734)	(279,865)
Total accumulated other comprehensive income	(18,278)	(474,699)
Non-controlling interests	838,434	683,980
Total net assets	28,202,319	25,395,509
Total liabilities and net assets	92,284,339	85,935,693

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

Second Quarter of the Fiscal Year (from April 1 to September 30)

(Thousand yen)

	The second quarter of FY 2015	The second quarter of FY 2016
Net sales	42,554,877	40,248,475
Cost of sales	34,057,770	36,106,178
Gross profit	8,497,107	4,142,296
Selling, general and administrative expenses	4,588,735	4,436,205
Operating income (loss)	3,908,371	(293,908)
Non-operating income		
Interest income	616	3,080
Dividend income	2,858	3,237
Foreign exchange gains	126,687	-
Share of profit of entities accounted for using equity method	12,321	13,573
Dividend income of insurance	2,959	5,915
Subsidy income	63,932	57,946
Other	13,503	17,465
Total non-operating income	222,879	101,218
Non-operating expenses		
Interest expenses	130,431	139,320
Foreign exchange losses	-	1,298,538
Other	19,432	128,999
Total non-operating expenses	149,863	1,566,858
Ordinary income (loss)	3,981,387	(1,759,549)
Extraordinary income		
Gain on sales of non-current assets	445	139
Total extraordinary income	445	139
Extraordinary loss		
Loss on disposal of non-current assets	10,526	11,282
Head office transfer expenses	-	13,320
Other	1,522	-
Total extraordinary loss	12,049	24,603
Income (loss) before taxes	3,969,783	(1,784,012)
Income taxes - current	1,246,508	117,079
Income taxes - deferred	(4,579)	(768,247)
Total income taxes	1,241,928	(651,167)
Net income (loss)	2,727,854	(1,132,844)
Net income (loss) attributable to non-controlling shareholders	37,000	(10,159)
Net income (loss) attributable to shareholders of parent company	2,690,853	(1,122,685)

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

(Thousand yen)

	The second quarter of FY 2015	The second quarter of FY 2016
Net income (loss)	2,727,854	(1,132,844)
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,490)	(18,644)
Foreign currency translation adjustment	(69,534)	(550,906)
Adjustment for employee retirement benefits	16,969	40,869
Share of other comprehensive income of entities accounted for using equity method	(4,878)	(18,750)
Total other comprehensive income	(62,935)	(547,432)
Comprehensive income	2,664,918	(1,680,277)
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of parent company	2,644,514	(1,579,107)
Comprehensive income attributable to non-controlling shareholders	20,404	(101,170)

(3) Quarterly Consolidated Statement of Cash Flows
 Second Quarter of the Fiscal Year (from April 1 to September 30)

(Thousand yen)

	The second quarter of FY 2015	The second quarter of FY 2016
Cashflows from operating activities		
Income (loss) before taxes	3,969,783	(1,784,012)
Depreciation	1,168,250	1,165,027
Increase (decrease) in liability for employee retirement benefits	(137,369)	58,773
Increase (decrease) in provisions	986,888	1,223,089
Interest and dividend income	(3,475)	(6,317)
Interest expenses	130,431	139,320
Foreign exchange losses (gains)	1,055	(324,063)
Share of (profit) loss of entities accounted for using equity method	(12,321)	(13,573)
Decrease (increase) in notes and accounts receivable - trade	1,883,116	1,356,950
Decrease (increase) in inventories	(6,470,117)	955,281
Increase (decrease) in notes and accounts payable - trade	930,068	(1,456,241)
Increase (decrease) in advances received	1,627,835	(796,210)
Decrease/increase in consumption taxes receivable/payable	1,036,971	716,391
Other	530,549	748,946
Subtotal	5,641,666	1,983,361
Interest and dividend income received	25,338	25,757
Interest expenses paid	(134,347)	(138,829)
Other revenue	76,834	71,731
Other payments	(3,839)	(17,616)
Income taxes paid	(2,121,703)	(1,428,110)
Net cash provided by (used in) operating activities	3,483,949	496,294
Cashflows from investing activities		
Purchase of property, plant and equipment	(1,656,299)	(1,055,044)
Proceeds from sales of property, plant and equipment	1,712	417
Purchase of investment securities	(1,442)	(1,394)
Collection of loans receivable	2,409	2,205
Payments of loans receivable	(3,184)	-
Other	(141,629)	(603,269)
Net cash provided by (used in) investing activities	(1,798,434)	(1,657,085)
Cashflows from financing activities		
Increase in short-term loans payable	21,738,940	30,988,820
Decrease in short-term loans payable	(20,919,730)	(29,809,525)
Proceeds from long-term loans payable	1,200,000	300,000
Repayments of long-term loans payable	(1,111,835)	(92,128)
Repayments of lease obligations	(102,935)	(107,784)
Purchase of treasury stock	-	(236)
Cash dividends paid	(936,727)	(1,069,943)
Cash dividends paid to non-controlling shareholders	(9,258)	(53,281)
Net cash provided by (used in) financing activities	(141,546)	155,920
Effect of exchange rate changes on cash and cash equivalents	(21,835)	(200,550)
Net increase (decrease) in cash and cash equivalents	1,522,133	(1,205,421)
Cash and cash equivalents, beginning of period	3,050,112	3,479,003
Cash and cash equivalents, end of period	4,572,245	2,273,582

(4) 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 second quarter of FY 2015

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

(Thousand yen)

	Reportable segment				Others (Note)	Total
	Aircraft Interiors Business	Aircraft Components Business	Aircraft Maintenance Business	Total		
Net sales						
Net sales to outside customers	35,157,056	3,408,623	3,989,172	42,554,852	24	42,554,877
Inter-segment net sales or transfers	92,239	38,452	145,869	276,561	66,793	343,355
Total	35,249,296	3,447,076	4,135,041	42,831,414	66,818	42,898,232
Segment income	3,652,591	247,542	79,555	3,979,689	1,697	3,981,387

(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, while JAMCO TECHNICAL CENTER Co., Ltd. is engaged in the research and development of new technologies and products.

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

(Matters relating to adjustment of differences)

(Thousand yen)

Income	Amount
Reportable segments total	3,979,689
Income of Others	1,697
Ordinary income in the Quarterly Consolidated Statement of Income	3,981,387

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

There is no relevant information.

II. For the second 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	28,241,014	5,648,830	3,245,681	3,112,897	40,248,423	52	40,248,475
Inter-segment net sales or transfers	327,175	-	1,153	29,252	357,580	45,206	402,786
Total	28,568,189	5,648,830	3,246,834	3,142,149	40,606,004	45,258	40,651,262
Segment income (loss)	461,253	(2,099,132)	(85,585)	(35,026)	(1,758,490)	(1,058)	(1,759,549)

(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 works in the Company's factories, which is one of the corporate social responsibilities.

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

(Thousand yen)

Income	Amount
Reportable segments total	(1,758,490)
Income of Others	(1,058)
Ordinary loss in the Quarterly Consolidated Statement of Income	(1,759,549)

3. Matters concerning changes to reportable segments, etc.

(Changes to reportable segments)

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

As it would be difficult to retrospectively obtain the information necessary to prepare segment information for the second quarter of FY 2015 according to the segment classification of the second quarter of FY 2016, the segment information for the second quarter of FY 2016 has been prepared as follows based on the classification method of the previous fiscal year for comparison.

(Thousand yen)

	Reportable segment				Others (Note)	Total
	Aircraft Interiors Business	Aircraft Components Business	Aircraft Maintenance Business	Total		
Net sales						
Net sales to outside customers	33,889,844	3,245,681	3,112,897	40,248,423	52	40,248,475
Inter-segment net sales or transfers	321	1,153	29,252	30,727	45,206	75,933
Total	33,890,166	3,246,834	3,142,149	40,279,150	45,258	40,324,408
Segment loss	(1,637,879)	(85,585)	(35,026)	(1,758,490)	(1,058)	(1,759,549)

(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.

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

There is no relevant information.