

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



August 5, 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: August 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: None

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

1. Consolidated Operating Results for the First Quarter of the Fiscal Year 2016 (from April 1, 2016 to June 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	
For the first quarter of	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year 2016	19,812	(3.2)	(1,100)	-	(1,711)	-	(1,150)	-
Fiscal year 2015	20,467	33.9	2,979	196.8	3,014	247.1	2,097	182.5

(Note) Comprehensive income: The first quarter of fiscal year 2016: ¥(1,615) million [-%]
 The first quarter of fiscal year 2015: ¥2,281 million [233.0%]

	Net income per share	Diluted net income per share
For the first quarter of	Yen	Yen
Fiscal year 2016	(42.89)	-
Fiscal year 2015	78.21	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2016	88,596	25,513	27.9
As of March 31, 2016	92,284	28,202	29.7

(Reference) Equity: As of June 30, 2016: ¥24,756 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	-				
Fiscal year 2016 (Planned)		0.00	-	35.00	35.00

(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 corresponding period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to shareholders of parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	41,960	(1.4)	2,382	(39.1)	2,255	(43.4)	1,423	(47.1)	53.05
Full year	88,123	(3.8)	5,525	(37.2)	5,265	(36.1)	3,312	(35.9)	123.47

(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 June 30, 2016: 26,863,974 shares

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

2) Number of treasury stock:

As of June 30, 2016: 38,690 shares

As of March 31, 2016: 38,635 shares

3) Average number of common shares outstanding:

1st quarter of FY 2016: 26,825,298 shares

1st 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 4 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 first quarter of FY 2016, the 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 continued to recover 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. However, following Britain's decision to exit the EU in late June, stock prices plunged around the world and the pound dropped to historic lows on the foreign exchange market, while the yen temporarily surged to top the ¥100 to US\$1 level, and concerns have been growing over its repercussions on the global economy going forward.

In the air transportation industry, the business climate continued to favor airlines improving their earnings owing to the growing global demand for air transportation and the drop in crude oil prices. In response to this sudden surge in aircraft demand, the major aircraft manufacturers have been promoting initiatives to enhance the production of their mainstay small passenger aircraft, while maintaining high production levels of their fuel-efficient, mid-sized passenger aircraft such as the Boeing 787 and Airbus A350XWB, which has resulted in a busy situation for the Company, as a supplier that shares in production with the manufacturers.

Under such circumstances, in the aircraft interiors business, the Group promoted initiatives to improve production efficiency, while coping with the increase in production volume of interior products for Boeing 787s. Additionally, we promoted efforts to cut costs, while endeavoring to stabilize the production system of the aircraft seat business.

In the aircraft components business, we promoted efforts to promptly stabilize the production system for cargo struts of Airbus A350XWBs, which are new products for CFRP structure parts.

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 production efficiency.

In addition to these factors, during the first 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 due to the appreciating yen in the exchange rates compared to the same period of the previous fiscal year, the increase in the provision for loss on construction contracts for construction to be completed in and after the second quarter and the foreign exchange losses incurred on U.S. dollar-denominated receivables, etc., due to the sharp appreciation of the yen. As a result, on a consolidated basis, during the first quarter of FY 2016, the Company posted net sales of ¥19,812 million (down ¥654 million compared to the same period of the previous fiscal year), operating loss of ¥1,100 million (operating income of ¥2,979 million in the same period of the previous fiscal year), ordinary loss of ¥1,711 million (ordinary income of ¥3,014 million in the same period of the previous fiscal year) and net loss attributable to shareholders of parent company of ¥1,150 million (net income attributable to shareholders of parent company of ¥2,097 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 ¥2,322 million (an increase of ¥20 million compared to the same period of the previous fiscal year) due to an increase in warranty expenses, etc.

In terms of non-operating income/expenses, an expense of ¥611 million was reported due to recognition of foreign exchange losses of ¥576 million as a result of the sharp appreciation of the yen (income of ¥34 million in the same period of the previous fiscal year).

As for extraordinary income/expenses, an expense of ¥12 million was reported due to factors including loss on disposal of non-current assets (a loss of ¥10 million in the same period of the previous fiscal year).

Business performance by segment is as follows.

[Aircraft Interiors Business]

In the aircraft interiors business, net sales decreased slightly from the same period of the previous fiscal year and an ordinary loss was reported, as a result of the significant impact of the appreciating yen on the foreign exchange market, including a decrease in foreign currency-denominated net sales, an increase in the cost of sales as a result of the increase in provision for loss on construction contracts and incurring foreign exchange losses under non-operating expenses, despite the increased shipment of interior products for Boeing 787s and seats.

As a result, the aircraft interiors business posted net sales of ¥16,894 million (down ¥238 million compared to the same period of the previous fiscal year) and ordinary loss of ¥1,632 million (ordinary income of ¥2,758 million in the same period of the previous fiscal year).

[Aircraft Components Business]

In the aircraft components business, net sales slightly decreased from the same period of the previous fiscal year, as a result of changes in delivery dates by the customer and a decrease in foreign currency-denominated net sales due to the appreciating yen on the foreign exchange market, despite firm order receipt. Additionally, the costs associated with the new products CFRP structure parts increased more than initially planned. These resulted in the reporting of ordinary loss.

As a result, the aircraft components business posted net sales of ¥1,579 million (down ¥7 million compared to the same period of the previous fiscal year) and ordinary loss of ¥28 million (ordinary income of ¥214 million in the same period of the previous fiscal year).

[Aircraft Maintenance Business]

In the aircraft maintenance business, net sales decreased from the same period of the previous fiscal year and ordinary loss was reported as a result of a portion of aircraft maintenance work being deferred to the second quarter onward and a decrease in work volume compared to the same period of the previous fiscal year, which had experienced unscheduled special demand.

As a result, the aircraft maintenance business posted net sales of ¥1,338 million (down ¥408 million compared to the same period of the previous fiscal year) and ordinary loss of ¥51 million (ordinary income of ¥37 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 and is currently under liquidation proceedings.

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 income of ¥1 million (down ¥2 million from the same period of the previous fiscal year).

(2) Explanation of Financial Position
(Assets, liabilities and net assets)

Total assets as of June 30, 2016 amounted to ¥88,596 million, down ¥3,687 million from the end of the previous fiscal year. Of such, total current assets decreased by ¥3,599 million from the end of the previous fiscal year, due mainly to a decrease in notes and accounts receivable - trade (down ¥3,821 million compared to the previous period) and a decrease in raw materials and supplies (down ¥969 million compared to the end of the previous fiscal year). Total non-current assets decreased by ¥88 million from the end of the previous fiscal year, due mainly to limited investment other than the capital expenditures associated with the relocation of the head office, etc. during the first quarter and a decrease in overseas assets as a result of the sharp appreciation of the yen and the depreciation of non-current assets.

Total liabilities amounted to ¥63,083 million, down ¥998 million from the end of the previous fiscal year. This was due primarily to a decrease in notes and accounts payable - trade (down ¥1,207 million compared to the end of the previous fiscal year), a decrease in short-term loans payable (down ¥1,407 million compared to the end of the previous fiscal year) and a decrease in income taxes payable (down ¥1,074 million compared to the end of the previous fiscal year), which offset the increase in accrued expense-salary (up ¥960 million compared to the end of the previous fiscal year) and the increase in provision for loss on construction contracts (up ¥1,512 million compared to the end of the previous fiscal year).

Total net assets amounted to ¥25,513 million, down ¥2,689 million from the end of the previous fiscal year. This was due primarily to a decrease in retained earnings (down ¥2,223 million compared to the end of the previous fiscal year). As a result, the equity ratio stood at 27.9%.

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

The market environment surrounding the Group is expected to remain firm owing to the robust demand for air transportation and the drop in crude oil prices. Meanwhile, in the aftermath of Britain's exit from the EU in late June, the yen surged on the foreign exchange market, appreciating significantly from the exchange rate of ¥110 to the US\$1, which was assumed by the Company for the current period. As a result, as of June 30, 2016, an operating loss was reported for the first quarter of FY2016, due mainly to the recording of a substantial provision for loss on construction contracts, reflecting the deterioration of profitability estimated on the work to be completed in and after the second quarter. As for the second quarter onward, we will continue to closely monitor foreign exchange trends while endeavoring to recover performance by implementing various measures including cost reductions. Therefore, the operating results outlook for the six months ending September 30, 2016 and the fiscal year ending March 31, 2017 remain unchanged at the present time. However, we will promptly disclose any changes in the outlook should they arise.

The exchange rate from August 2016 onward, assumed for the operating results outlook, is ¥110 to US\$1.

2. Matters Concerning Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the first 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 June 30, 2016
Assets		
Current assets		
Cash and deposits	3,479,003	3,975,909
Notes and accounts receivable - trade	20,232,940	16,410,951
Merchandise and finished goods	580,002	502,585
Work in process	22,938,144	23,513,572
Raw materials and supplies	18,691,439	17,721,590
Other	6,714,549	6,911,847
Allowance for doubtful accounts	(4,501)	(4,662)
Total current assets	72,631,578	69,031,794
Non-current assets		
Property, plant and equipment	14,496,373	14,444,135
Intangible assets	1,213,884	1,268,559
Investments and other assets	3,942,502	3,851,969
Total non-current assets	19,652,760	19,564,664
Total assets	92,284,339	88,596,458
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,216,137	14,009,090
Short-term loans payable	22,374,049	20,966,306
Income taxes payable	1,598,026	523,971
Accrued expense-salary	1,894,715	2,855,308
Provision for loss on construction contracts	1,827,438	3,339,636
Other	8,832,547	8,952,307
Total current liabilities	51,742,914	50,646,620
Non-current liabilities		
Long-term loans payable	5,100,000	5,100,000
Provision for directors' and auditors' retirement benefits	154,939	126,099
Provision for executive officers' retirement benefits	80,869	95,244
Liability for employee retirement benefits	6,738,093	6,737,525
Provision for environmental measures	6,887	6,887
Other	258,316	370,909
Total non-current liabilities	12,339,105	12,436,666
Total liabilities	64,082,020	63,083,287

(Thousand yen)

	As of March 31, 2016	As of June 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	15,461,223
Treasury stock	(30,452)	(30,605)
Total shareholders' equity	27,382,163	25,158,505
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	87,484	70,760
Foreign currency translation adjustment	214,971	(172,946)
Accumulated adjustment for employee retirement benefits	(320,734)	(300,299)
Total accumulated other comprehensive income	(18,278)	(402,485)
Non-controlling interests	838,434	757,151
Total net assets	28,202,319	25,513,171
Total liabilities and net assets	92,284,339	88,596,458

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statement of Income
First Quarter of the Fiscal Year

(Thousand yen)

	The first quarter of FY 2015	The first quarter of FY 2016
Net sales	20,467,304	19,812,450
Cost of sales	15,185,682	18,590,363
Gross profit	5,281,621	1,222,087
Selling, general and administrative expenses	2,301,681	2,322,212
Operating income (loss)	2,979,940	(1,100,125)
Non-operating income		
Interest income	260	768
Dividend income	2,286	2,720
Foreign exchange gains	36,254	-
Share of profit of entities accounted for using equity method	6,201	7,334
Commission for insurance office work	2,261	2,264
Subsidy income	56,756	49,886
Other	3,561	17,114
Total non-operating income	107,580	80,088
Non-operating expenses		
Interest expenses	63,837	70,318
Foreign exchange losses	-	576,733
Other	9,067	44,624
Total non-operating expenses	72,905	691,676
Ordinary income (loss)	3,014,615	(1,711,713)
Extraordinary loss		
Loss on disposal of non-current assets	8,579	6,426
Head office transfer expenses	-	6,288
Other	1,522	-
Total extraordinary loss	10,102	12,715
Income (loss) before taxes	3,004,512	(1,724,428)
Income taxes - current	1,041,877	380,797
Income taxes - deferred	(157,108)	(946,475)
Total income taxes	884,769	(565,678)
Net income (loss)	2,119,743	(1,158,750)
Net income (loss) attributable to non-controlling shareholders	21,817	(8,257)
Net income (loss) attributable to shareholders of parent company	2,097,926	(1,150,492)

Quarterly Consolidated Statement of Comprehensive Income
 First Quarter of the Fiscal Year

(Thousand yen)

	The first quarter of FY 2015	The first quarter of FY 2016
Net income (loss)	2,119,743	(1,158,750)
Other comprehensive income		
Valuation difference on available-for-sale securities	16,995	(16,724)
Foreign currency translation adjustment	129,866	(446,592)
Adjustment for employee retirement benefits	8,484	20,434
Share of other comprehensive income of entities accounted for using equity method	6,424	(14,349)
Total other comprehensive income	161,771	(457,231)
Comprehensive income	2,281,515	(1,615,982)
Comprehensive income attributable to		
Comprehensive income attributable to shareholders of parent company	2,236,101	(1,534,701)
Comprehensive income attributable to non-controlling shareholders	45,414	(81,280)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

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

There is no relevant information.

(Segment information, etc.)

[Segment information]

I. For the first quarter of FY 2015

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

(Thousands of yen)

	Reportable segment				Others (Note)	Total
	Aircraft Interiors Business	Aircraft Components Business	Aircraft Maintenance Business	Total		
Net sales						
Net sales to outside customers	17,132,785	1,587,137	1,747,365	20,467,287	16	20,467,304
Inter-segment net sales or transfers	72,370	5,394	58,685	136,450	33,667	170,117
Total	17,205,155	1,592,532	1,806,050	20,603,738	33,683	20,637,422
Segment income	2,758,983	214,636	37,433	3,011,053	3,561	3,014,615

(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)

(Thousands of yen)

Income	Amount
Reportable segments total	3,011,053
Income of Others	3,561
Ordinary income in the Quarterly Consolidated Statement of Income	3,014,615

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

There is no relevant information.

II. For the first quarter of FY 2016

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

(Thousands of yen)

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

(Note) The Others segment includes the businesses of affiliates, Orange JAMCO Corporation and JAMCO TECHNICAL CENTER Co., Ltd. Orange JAMCO Corporation is a special-purpose subsidiary, dedicated to promoting the employment of people with disabilities and provides assistance 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)

(Thousands of yen)

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

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

There is no relevant information.