

Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2017

Company name: **ICHIKOH INDUSTRIES, LTD.**
 Listing: Tokyo Stock Exchange, First Section
 Code number: 7 2 4 4
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 Date for starting dividends payment: December 6, 2016
 Quarterly earnings supplementary explanatory documents: No
 Quarterly earnings presentation: No

*Amounts under one million yen have been rounded down.

1. Performance in the Second Quarter Ended September 30, 2016 (April 1, 2016 to September 30, 2016)

(1) Consolidated Financial Results (Millions of yen; percentage figures indicate year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
2nd Quarter (As of September 30, 2016)	50,874	5.0	1,110	—	1,055	360.7	1,261	—
2nd Quarter (As of September 30, 2015)	48,433	10.9	93	—	229	△ 65.1	0	△ 100.0

(Note) Comprehensive income:

September 30, 2016 △577 million yen (— %) September 30, 2015 △1,383 million yen — %)

	Net income per share (Yen)	Net income per share-diluted (Yen)
2nd Quarter (As of September 30, 2016)	13.15	-
2nd Quarter (As of September 30, 2015)	0.00	-

(2) Consolidated Financial Position (Millions of yen; except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)
2nd Quarter (As of September 30, 2016)	90,725	22,753	23.8
FY2015 (As of Mar 31, 2016)	92,232	23,578	24.0

[Reference] Equity: Second Quarter Ended September 30, 2016 ¥21,562 million

Fiscal Year Ended Mar 31, 2016 ¥22,117 million

2. Cash Dividends

(Cut-off Date)	Cash Dividends per share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Full Year
FY2015 (As of Mar 31, 2016)	-	1.50	-	1.50	3.00
FY2016 (As of Mar 31, 2017)	-	1.50			
FY2016 (As of Mar 31, 2017) [plan]			-	1.50	3.00

Note: Revision to quarterly dividend forecast : No

3. Consolidated Performance Forecasts for the Fiscal Year 2017 (April 1, 2016 to March 31, 2017)

(Millions of yen; percentages indicate changes over the same period in the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
		%		%		%		%	yen
Full Year	110,000	7.7	3,300	35.8	3,600	19.7	4,100	63.7	42.73

Note: Revision to consolidated performance forecast : Yes

4. Other

(1) Principal affiliates' transfer in this fiscal term (in accordance with the change of consolidation scope) No

Added - (Corporate name)

Excluded - (Corporate name)

(2) Application of simple accounting as well as specific accounting for preparing the quarterly consolidated financial statements: Applied

(3) Changes in accounting policies, changes in accounting estimates, and restatement

① Changes in accounting policies due to revisions to accounting standard: No

② Changes in accounting policies due to other reasons: No

③ Changes in accounting estimates: No

④ Restatement: No

(4) Number of issued shares (common stock)

① Number of shares outstanding at the end of the period (including treasury stock)

As of September 30, 2016 96,036,851

As of March 31, 2016 96,036,851

② Number of shares of treasury stock at the end of period

As of September 30, 2016 147,478

As of March 31, 2016 145,522

③ Average number of shares during the period (cumulative; consolidated)

FY2016 2nd quarter: 95,943,356

FY2015 2nd quarter: 95,894,628

*Quarterly revise procedures:

We have completed the review for the quarterly financial reporting required in accordance with the Financial Instruments.

*Appropriate use of business forecast; other special items:

Performance Forecasts are based on judgments and estimated that have been made on the basis of currently available information. Change in the company's business environment and in market trends may cause actual result to differ materially from these forecast figures.

1. Qualitative Information on Quarterly Results

(1) Analysis of operating results

The Japanese economy for the consolidated cumulative second quarter remained low as a whole due to uncertainty of economic outlook of domestic consumption. The demand from overseas also remained low due to the sluggish exports caused by the long-term yen's strength and the slowdown of Chinese economy. As for global economy, US economy was steady due to the growth in consumer spending while economic slowdown remained in developing countries such as ASEAN countries. The China's economic trend The domestic car production volume maintained the same level as the previous year due to the new product launches which counteracted the influence of the falsification of fuel economy tests and earthquakes in Kumamoto prefecture. In the ASEAN region in total, the volume of car production increased. The production volume decreased in Malaysia due to economic recession and stricter requirements for car loans, but increased in Thailand due to recovery of the market, also increased in Indonesia by the improving trend of macro economy. As for China, car production increased by the implementation of tax reduction measures for

Under those circumstances, Ichikoh Group has taken all the measures to achieve sales increase and cost reduction while securing satisfactory margin as the first priority and eventually to make the Group financially robust. As a result, the revenue for the consolidated cumulative second quarter of 2016 has increased in year-on-year, mainly due to the growth in orders received in Japan and performance recovery of overseas affiliate companies in ASEAN. The revenue was 50,874 million yen (5.0% increase compared to the same term of last year), operating profit was 1,110 million yen (1,082.2% increase compared to the same term of last year), ordinary profit was 1,055 million yen (360.7% increase compared to the same term of last year), and quarterly net income attributable to shareholders of the parent company was 1,261 million yen (quarterly net income attributable to shareholders of the parent company was 0 million yen in the same term of last year).

Results by each segment are as follows:

1. Auto-Components business

The revenue of auto-components business compared to the previous term of last year has increased mainly due to the steady increase of orders received in Japan. The revenue was 47,059 million yen (6.6% increase compared to same term of last year), operating income was 1,319 million yen (719.0% increase compared to same term of last year).

2. After-Market business

After-Market business revenue decreased to 3,633 million yen (12.2% decrease compared to same term of last year) because of the shrinking market of service parts. Operating loss was 236 million yen (operating loss 37 million yen in the same term of the last year).

3. Other business

Other business revenue was 928 million yen (3.4% increase compared to same term of last year), operating profit was 4 million yen (operating loss 51 million yen in the same term of last year).

3. Consolidated Financial Statement

(1) Consolidated Balance Sheets

(Unit: 1,000,000)

	Previous Fiscal Year End (As of March 31, 2016)	Second Quarter Ended (As of September 30, 2016)
Assets		
Current assets		
Cash and deposits	17,182	12,973
Notes and accounts receivable-trade	18,326	16,994
Electronically recorded monetary claims-operating	1,797	845
Merchandise and finished goods	3,698	3,933
Work in process	483	525
Raw materials and supplies	2,988	3,176
Deferred tax assets	72	597
Other	2,368	4,346
Allowance for doubtful accounts	(151)	(189)
Total current assets	46,767	43,204
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	9,068	9,827
Machinery, equipment and vehicles, net	7,553	8,920
Tools, furniture and fixtures, net	2,409	2,633
Land	3,424	3,391
Lease assets, net	5,557	5,900
Construction in progress	3,439	3,805
Total property, plant and equipment	31,454	34,479
Intangible assets		
goodwill	906	701
Other	1,383	1,305
Total intangible assets	2,290	2,007
Investments and other assets		
Investment securities	5,125	4,928
Long-term loans receivable	1,303	1,066
Deferred tax assets	238	244
Other	5,060	4,801
Allowance for doubtful accounts	(7)	(6)
Total investments and other assets	11,719	11,034
Total noncurrent assets	45,464	47,521
Total assets	92,232	90,725

(Millions of yen)

	Previous Fiscal Year End (As of March 31, 2016)	First Quarter Ended (As of June 30, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,345	20,312
Short-term loans payable	1,158	2,228
Current portion of long-term loans payable	5,058	5,040
Lease obligations	3,228	3,560
Income taxes payable	321	160
Accrued expenses	2,128	2,590
Provision for bonuses	1,774	1,708
Provision for directors' bonuses	52	31
Provision for product warranties	1,262	1,144
Other	2,543	2,817
Total current liabilities	37,874	39,595
Noncurrent liabilities		
Long-term loans payable	16,317	14,224
Lease obligations	3,663	3,642
Deferred tax liabilities	827	738
Retirement benefits	9,775	9,576
Asset retirement obligations	182	182
Provision for environmental program	9	9
Other	2	2
Total noncurrent liabilities	30,779	28,376
Total liabilities	68,653	67,972
Net assets		
Shareholders' equity		
Capital stock	8,929	8,955
Capital surplus	2,708	2,735
Retained earnings	11,509	12,627
Treasury stock	(34)	(35)
Total shareholders' equity	23,112	24,282
Accumulated other comprehensive income		
Valuation difference on other securities.	1,423	1,284
Deferred gain for hedges	(12)	(9)
Foreign currency translation adjustment	(1,560)	(3,247)
Adjustment retirement benefits	(846)	(747)
Total accumulated other comprehensive income	(995)	(2,719)
Minority interests	1,460	1,190
Total net assets	23,578	22,753
Total liabilities and net assets	92,232	90,725

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

Consolidated Statements of Income

(Millions of yen)

	Previous 2nd Quarter (April 1, 2015 ~ June 30, 2015)	Current 2nd Quarter (April 1, 2016 ~ June 30, 2016)
Net sales	48,433	50,874
Cost of sales	39,349	40,818
Gross profit	9,084	10,055
Selling, general and administrative expenses	8,990	8,945
Operating income	93	1,110
Non-operating income		
Interest income	19	43
Dividends income	106	92
Equity in earnings of affiliates	396	391
Other	207	53
Non-operating income	731	580
Non-operating expenses		
Interest expenses	174	192
Foreign exchange losses	386	402
Other	35	41
Non-operating expenses	595	636
Ordinary income	229	1,055
Extraordinary income		
Gain on sales of noncurrent assets	2	6
Extraordinary income	2	6
Extraordinary loss		
Settlement money	—	187
Loss on disposal of noncurrent assets	61	30
Total Extraordinary loss	61	218
Income (loss) before minority interests	169	843
Income taxes	237	(420)
Quarter net income (loss)	(67)	1,263
Quarterly net income (loss) attributable to the Non-controlling shareholder	(67)	1
quarterly net income (loss) attributable to the shareholder parent company	0	1,261

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous 2nd Quarter (April 1, 2015 ~ June 30, 2015)	Current 2nd Quarter (April 1, 2016 ~ June 30, 2016)
Quarterly net income (loss)	(67)	1,263
Other comprehensive income		
Valuation difference on other securities	(605)	(139)
Foreign currency translation adjustment	(1,024)	(1,019)
Deferred gain for hedges	70	2
Adjustment retirement benefits	151	99
Share of other comprehensive income of associates accounted for using equity method	93	(784)
Total other comprehensive income	(1,315)	(1,841)
Quarterly comprehensive income (items)	(1,383)	(577)
Quarterly comprehensive income (loss) attributable to equity holders of the parent	(1,094)	(462)
Quarter comprehensive income (loss) attributable to Non-controlling shareholders	(288)	(115)

(3) Note on assumptions for going concern

There is no item to be reported.

(4) Segment Information

I . Previous First Quarter (April 1, 2015 to September 30, 2015)

1. Sales and profits or losses for each reportable segment

(Millions of yen)

	Segments			Other	Total
	Automotive Parts	Automotive Aftermarket	Sub Total		
Net sales					
(1) Sales to Outside Customers	44,153	3,702	47,856	577	48,433
(2) Intersegment Sales or Transfers	4	437	442	320	762
TOTAL	44,157	4,140	48,298	897	49,196
Segment income	161	(37)	123	(51)	71

* "Other" shows business segments which is not included in reportable segment. It shows "Realestate business in our group".

2. Total amount for profit and loss in reportable segment and

Details of adjustment in the quarterly consolidated statement (Adjustment amounts and items)

(Millions of yen)

Profit	Amount
Total amount for Segment	123
Profit including "Other"	(51)
Elimination for intersegment	22
Operating income in quarterly consolidated statement	93

II . Current First Quarter (April 1, 2016 to September 30, 2016)

1. Sales and profits or losses for each reportable segment

(Millions of yen)

	Segments			Other	Total
	Automotive Parts	Automotive Aftermarket	Sub Total		
Net sales					
(1) Sales to Outside Customers	47,056	3,161	50,218	655	50,874
(2) Intersegment Sales or Transfers	2	471	474	272	746
TOTAL	47,059	3,633	50,692	928	51,621
Segment income	1,319	(236)	1,083	4	1,087

* "Other" shows business segments which is not included in reportable segment. It shows "Sales and production business of electric bulb for automotive in our group".

2. Total amount for profit and loss in reportable segment and

Details of adjustment in the quarterly consolidated statement (Adjustment amounts and items)

(Millions of yen)

Profit	Amount
Total amount for Segment	1,083
Profit including "Other"	4
Elimination for intersegment	23
Operating income in quarterly consolidated statement	1,110