

Consolidated Financial Results for the third 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: —
 Quarterly earnings supplementary explanatory documents: No
 Quarterly earnings presentation: No

*Amounts under one million yen have been rounded down.

1. Performance in the third Quarter Ended December 31, 2016 (April 1, 2016 to December 31, 2016)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
3rd.Quarter (As of December. 31, 2016)	82,144	9.1	2,721	327.9	3,061	185.4	3,536	455.4
3rd Quarter (As of December. 31, 2015)	75,293	13.0	636	—	1,072	△ 13.8	636	△ 65.8

(Note) Comprehensive income:

December. 31, 2016 3,093 million yen (— %) December. 31, 2015 △472 million yen (— %)

	Net income per share (Yen)	Net income per share-diluted (Yen)
3rd.Quarter (As of December. 31, 2016)	36.84	-
3rd Quarter (As of December. 31, 2015)	6.64	-

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

	Total Assets	Net Assets	Equity Ratio (%)
3rd.Quarter (As of December. 31, 2016)	94,600	26,279	26.5 %
FY2015 (As of Mar 31, 2016)	92,232	23,578	24.0

[Reference] Equity: Third Quarter Ended December. 31, 2016 ¥25,044 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	113,000	10.6	4,200	72.9	4,800	59.6	5,200	107.6	54.18

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 December 31, 2016 96,220,851

As of March 31, 2016 96,036,851

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

As of December 31, 2016 150,529

As of March 31, 2016 145,522

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

FY2016 3rd quarter: 95,981,910

FY2015 3rd quarter: 95,894,172

*Quarterly review procedures:

As of when this summary of quarterly results have been released as flash report, we have not completed the review for the quarterly financial reporting required in accordance with the Financial Instruments.

1. Qualitative Information on Quarterly Results

(1) Analysis of operating results

The Japanese economy for the consolidated cumulative third quarter gradually recovered as a whole by the gradual increase of domestic consumption due to the rising stock market and gradual increase of exports due to depreciation of yen. 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 economy remained as the level of the past.

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 by higher exports, also increased in Indonesia due to strong sales of low cost eco-cars in which Indonesia provides tax breaks. As for China, car production increased by the implementation of tax reduction measures for small cars.

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 third 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 82,144 million yen (9.1% increase compared to the same term of last year), operating profit was 2,721 million yen (327.9% increase compared to the same term of last year), ordinary profit was 3,061 million yen (185.4% increase compared to the same term of last year), and quarterly net income attributable to shareholders of the parent company was 3,536 million yen (455.4% increase compared to 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 75,905 million yen (10.9% increase compared to same term of last year), operating income was 2,838 million yen (418.6% increase compared to same term of last year).

2. After-Market business

After-Market business revenue decreased to 5,934 million yen (10.4% decrease compared to same term of last year) because of the shrinking market of service parts. Operating loss was 137 million yen (operating income 74 million yen in the same term of the last year).

3. Other business

Other business revenue was 1,403 million yen (1.5% decrease compared to same term of last year), operating loss was 1million yen (operating loss 6 million yen in the same term of last year).

As the result of TOB, our top shareholder of Valeo Bayen was changed from " other affiliated company" to "parent company" on January 20, 2017.

3. Consolidated Financial Statement

(1) Consolidated Balance Sheets

(Unit: 1,000,000)

	Previous Fiscal Year End (As of March 31, 2016)	Third Quarter Ended (As of December 31, 2016)
Assets		
Current assets		
Cash and deposits	17,182	11,612
Notes and accounts receivable-trade	18,326	18,972
Electronically recorded monetary claims-operating	1,797	958
Merchandise and finished goods	3,698	3,899
Work in process	483	560
Raw materials and supplies	2,988	3,216
Deferred tax assets	72	1,057
Other	2,368	2,514
Allowance for doubtful accounts	(151)	(232)
Total current assets	46,767	42,560
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	9,068	9,951
Machinery, equipment and vehicles, net	7,553	9,793
Tools, furniture and fixtures, net	2,409	2,782
Land	3,424	3,461
Lease assets, net	5,557	6,852
Construction in progress	3,439	4,722
Total property, plant and equipment	31,454	37,562
Intangible assets		
goodwill	906	728
Other	1,383	1,387
Total intangible assets	2,290	2,115
Investments and other assets		
Investment securities	5,125	6,103
Long-term loans receivable	1,303	1,109
Deferred tax assets	238	245
Other	5,060	4,909
Allowance for doubtful accounts	(7)	(6)
Total investments and other assets	11,719	12,361
Total noncurrent assets	45,464	52,039
Total assets	92,232	94,600

(Millions of yen)

	Previous Fiscal Year End (As of March 31, 2016)	Third Quarter Ended (As of December 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	20,345	22,354
Short-term loans payable	1,158	1,159
Current portion of long-term loans payable	5,058	5,121
Lease obligations	3,228	3,881
Income taxes payable	321	162
Accrued expenses	2,128	2,940
Provision for bonuses	1,774	845
Provision for directors' bonuses	52	20
Provision for product warranties	1,262	1,141
Other	2,543	3,236
Total current liabilities	37,874	40,864
Noncurrent liabilities		
Long-term loans payable	16,317	12,371
Lease obligations	3,663	4,332
Deferred tax liabilities	827	1,101
Retirement benefits	9,775	9,456
Asset retirement obligations	182	182
Provision for environmental program	9	9
Other	2	2
Total noncurrent liabilities	30,779	27,456
Total liabilities	68,653	68,320
Net assets		
Shareholders' equity		
Capital stock	8,929	8,955
Capital surplus	2,708	2,735
Retained earnings	11,509	14,757
Treasury stock	(34)	(36)
Total shareholders' equity	23,112	26,411
Accumulated other comprehensive income		
Valuation difference on other securities.	1,423	2,104
Deferred gain for hedges	(12)	(6)
Foreign currency translation adjustment	(1,560)	(2,767)
Adjustment retirement benefits	(846)	(697)
Total accumulated other comprehensive income	(995)	(1,367)
Minority interests	1,460	1,235
Total net assets	23,578	26,279
Total liabilities and net assets	92,232	94,600

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

Consolidated Statements of Income	(Millions of yen)	
	Previous 3rd Quarter (April 1, 2015 ~ December 31, 2015)	Current 3rd Quarter (April 1, 2016 ~ December 31, 2016)
Net sales	75,293	82,144
Cost of sales	61,183	65,512
Gross profit	14,109	16,631
Selling, general and administrative expenses	13,473	13,910
Operating income	636	2,721
Non-operating income		
Interest income	71	67
Dividends income	194	177
Equity in earnings of affiliates	527	493
Other	271	85
Non-operating income	1,066	823
Non-operating expenses		
Interest expenses	264	300
Foreign exchange losses	315	125
Other	48	58
Non-operating expenses	629	484
Ordinary income	1,072	3,061
Extraordinary income		
Gain on sales of noncurrent assets	2	2
Gain on transfer of business	997	—
Extraordinary income	999	2
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	103	73
Settlement money	1,000	187
Special extra retirement payments	49	—
Total Extraordinary loss	1,152	260
Income before income taxes and minority interests	919	2,802
Income taxes	402	(750)
Quarterly net income	516	3,553
Quarterly net income (loss) attributable to the Non-controlling shareholder	(119)	17
Quarterly net income (loss) attributable to the shareholder parent company	636	3,536

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous 3rd Quarter (April 1, 2015 ~ December 31, 2015)	Current 3rd Quarter (April 1, 2016 ~ December 31, 2016)
Quarterly net income	516	3,553
Other comprehensive income		
Valuation difference on other securities	(262)	680
Foreign currency translation adjustment	(944)	(422)
Deferred gain for hedges	72	5
Adjustment retirement benefits	226	148
Share of other comprehensive income of associates accounted for using equity method	(81)	(871)
Total other comprehensive income	(989)	(459)
Quarterly comprehensive income	(472)	3,093
(items)		
Quarterly comprehensive income (loss) attributable to equity holders of the parent	(182)	3,164
Quarter comprehensive income (loss) attributable to Non-controlling shareholders	(289)	(70)

(3) Note on assumptions for going concern

There is no item to be reported.

(4) Segment Information

I . Previous Third Quarter (April 1, 2015 to December 31, 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	68,426	5,958	74,385	908	75,293
(2) Intersegment Sales or Transfers	4	668	672	517	1,190
TOTAL	68,430	6,626	75,057	1,425	76,483
Segment income	547	74	622	(6)	615

* "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	622
Profit including "Other"	(6)
Elimination for intersegment	20
Operating income in quarterly consolidated statement	636

II . Current Third Quarter (April 1, 2016 to December 31, 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	75,902	5,260	81,162	981	82,144
(2) Intersegment Sales or Transfers	2	674	677	422	1,099
TOTAL	75,905	5,934	81,840	1,403	83,243
Segment income	2,838	(137)	2,700	(1)	2,699

* "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	2,700
Profit including "Other"	(1)
Elimination for intersegment	22
Operating income in quarterly consolidated statement	2,721