

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

Company name: **ICHIKOH INDUSTRIES, LTD.**  
 Listing: Tokyo Stock Exchange, First Section  
 Code number: 7 2 4 4  
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Filing of Quarterly Financial Report: November 9, 2017

Date for starting dividends payment: December 5, 2017

Quarterly earnings supplementary explanatory documents: Yes

Quarterly earnings presentation: Yes (Institutional Investor, Analyst)

\*Amounts under one million yen have been rounded down.

### 1. Performance at the end of the Second Quarter as of September 30, 2017 (April 1, 2017 to September 30, 2017)

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

	Net Sales	Operating Income	Ordinary Income	quarterly net income (loss) attributable to the shareholder parent company
	%	%	%	%
2nd Quarter (As of Sep. 30, 2017)	60,571 19.1	2,316 108.6	2,773 162.7	2,212 75.3
2nd Quarter (As of Sep. 30, 2016)	50,874 5.0	1,110 —	1,055 360.7	1,261 —

(Note) Comprehensive income:

Sep. 30, 2017 2,907 million yen (— %) Sep. 30, 2016 Δ577 million yen (— %)

	Net income per share (Yen)	Net income per share-diluted (Yen)
2nd Quarter (As of Sep. 30, 2017)	23.03	-
2nd Quarter (As of Sep. 30, 2016)	13.15	-

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

	Total Assets	Net Assets	Equity Ratio (%)
			%
2nd Quarter (As of Sep. 30, 2017)	101,399	31,319	29.6
FY2016 (As of Mar 31, 2017)	96,850	28,930	28.6

[Reference] Equity: Second Quarter Ended Sep. 30, 2017 29,993 million yen

Fiscal Year Ended Mar 31, 2017 27,673 million yen

### 2. Cash Dividends

(Cut-off Date)	Cash Dividends per share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Full Year
FY2016 (As of Mar 31, 2017)	-	1.50	-	2.50	4.00
FY2017 (As of Dec 31, 2017)	-	2.50	-	-	-
FY2017 (As of Dec 31, 2017) [plan]	-	-	-	1.50	4.00

Note: Revision to quarterly dividend forecast : No

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

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

	Net Sales	Operating Income	Ordinary Income	quarterly net income (loss) attributable to the shareholder parent company	Net Income per Share (Yen)
	%	%	%	%	yen
Full Year	90,900 -	3,800 -	4,300 -	3,700 -	38.54

Note: Revision to consolidated performance forecast : No

Ichikoh Industries would change its fiscal year-end, which is subject to the partial amendment of the Company's Articles of Incorporation approved at the 87th Ordinary General Meeting of Shareholders to be held on 28 June 2017. In consolidated and non-consolidated financial statements, the 88th business term, which is a transitional period for the change in the fiscal year-end, will be a nine-month period commencing April 1, 2017 and Ending December 31, 2017. For this reason, percentage changes of full year forecast are not given.

#### 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, 2017	96,225,501
As of March 31, 2017	96,220,851
  - ② Number of shares of treasury stock at the end of period

As of September 30, 2017	161,550
As of March 31, 2017	157,639
  - ③ Average number of shares during the period (cumulative; consolidated)

FY2017 2nd quarter:	96,063,232
FY2016 2nd quarter:	95,943,356

\*Quarterly review 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

### Analysis of operating results

The Japanese economy for the consolidated cumulative first quarter gradually recovered by the improvement of domestic consumption due to the continued trend of high stock prices, the robust housing investment due to the continuing low interest rate and the recovery of the overseas demand due to the weaker yen. As for global economy, North America maintained a steady employment index, and the economy of ASEAN countries such as China and developing countries in total remained strong.

The domestic car production volume increased compared to the same term of last year reflecting the production interruption by the earthquake in Kumamoto prefecture last year. In ASEAN market, increase in Thailand due to the increase of domestic sales, but the sales of total three countries in ASEAN region decreased compared to the same term of last year due to the sluggish domestic sales in Malaysia and Indonesia. As for China, the production volume increased compared to the same term of last year due to the strong economy of the country.

Under those circumstances, Ichikoh Group has taking all the measures to achieve sales increase and cost reduction while securing satisfactory margin as first priority and eventually make the Group financially robust. As a result, both revenue and profit for the consolidated cumulative second quarter of 2017 has increased in year-on-year, mainly owing to the growth in orders received in Japan and performance recovery of overseas affiliate companies in ASEAN. The results of the consolidated cumulative second quarter were: revenue 60,571 million yen (19.1% increase compared to same term of last year), operating profit 2,316 million yen (108.6% increase compared to same term of last year), ordinary profit 2,773 million yen (162.7% increase compared to same term of last year), net income attributable to shareholders of the parent company was 2,212 million yen (54.0% increase compared to same term of last year).

Results by each segment are as follows:

#### 1. Auto-Components business

The revenue and profit of auto-components business increased mainly due to the steady increase of orders received in Japan and the performance recovery of overseas affiliate companies in ASEAN. The revenue was 56,348 million yen (19.7% increase compared to same term of last year), operating income was 2,482 million yen (88.1% increase compared to same term of last year).

#### 2. After-Market business

The results of after-market business were: revenue 4,014 million yen (10.5% increase compared to same term of last year), operating loss 154 million yen (operating loss of same term of last year was 236 million yen), with the increase of revenue it reduced the deficit in after-market.

#### 3. Other business

Other business revenue was 995 million yen (7.3% increase compared to same term of last year), operating income was 16 million yen (299.5% increase compared to same term of last year).

## 2. Consolidated Financial Statement

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year End (As of March 31, 2017)	Second Quarter Ended (As of September 30, 2017)
<b>Assets</b>		
Current assets		
Cash and deposits	11,552	10,420
Notes and accounts receivable-trade	20,466	22,109
Electronically recorded monetary claims-operating	903	1,029
Merchandise and finished goods	4,004	4,377
Work in process	534	639
Raw materials and supplies	2,857	3,140
Deferred tax assets	1,627	1,717
Other	2,481	2,358
Allowance for doubtful accounts	(312)	(270)
<b>Total current assets</b>	<b>44,115</b>	<b>45,523</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	10,362	10,441
Machinery, equipment and vehicles, net	10,080	11,064
Tools, furniture and fixtures, net	2,916	3,071
Land	3,459	3,468
Lease assets, net	6,313	7,810
Construction in progress	4,942	4,244
<b>Total property, plant and equipment</b>	<b>38,074</b>	<b>40,100</b>
Intangible assets		
goodwill	658	587
Other	1,460	1,306
<b>Total intangible assets</b>	<b>2,119</b>	<b>1,894</b>
Investments and other assets		
Investment securities	5,580	5,995
Long-term loans receivable	978	1,057
Deferred tax assets	270	298
Other	5,718	6,535
Allowance for doubtful accounts	(5)	(6)
<b>Total investments and other assets</b>	<b>12,541</b>	<b>13,880</b>
<b>Total noncurrent assets</b>	<b>52,734</b>	<b>55,876</b>
<b>Total assets</b>	<b>96,850</b>	<b>101,399</b>

(Millions of yen)

	Previous Fiscal Year End (As of March 31, 2017)	Second Quarter Ended (As of September 30, 2017)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	22,698	23,425
Short-term loans payable	1,155	1,749
Current portion of long-term loans payable	4,724	4,223
Lease obligations	4,234	5,147
Income taxes payable	633	568
Accrued expenses	2,881	3,116
Provision for bonuses	1,825	1,936
Provision for directors' bonuses	64	44
Provision for product warranties	1,329	1,374
Other	2,935	3,330
<b>Total current liabilities</b>	<b>42,480</b>	<b>44,916</b>
Noncurrent liabilities		
Long-term loans payable	11,992	11,631
Lease obligations	3,551	3,878
Deferred tax liabilities	678	743
Retirement benefits	9,021	8,715
Asset retirement obligations	183	182
Provision for environmental program	9	9
Other	2	2
<b>Total noncurrent liabilities</b>	<b>25,439</b>	<b>25,163</b>
<b>Total liabilities</b>	<b>67,919</b>	<b>70,080</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	8,955	8,957
Capital surplus	2,735	2,476
Retained earnings	17,138	19,110
Treasury stock	(39)	(42)
<b>Total shareholders' equity</b>	<b>28,788</b>	<b>30,501</b>
Accumulated other comprehensive income		
Valuation difference on other securities.	1,738	2,024
Deferred gain for hedges	(5)	(6)
Foreign currency translation adjustment	(2,482)	(2,273)
Adjustment retirement benefits	(365)	(252)
<b>Total accumulated other comprehensive income</b>	<b>(1,114)</b>	<b>(508)</b>
Minority interests	1,256	1,325
<b>Total net assets</b>	<b>28,930</b>	<b>31,319</b>
<b>Total liabilities and net assets</b>	<b>96,850</b>	<b>101,399</b>

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

## Consolidated Statements of Income

(Millions of yen)

	Previous 2nd Quarter (April 1, 2016 ~ September 30, 2016)	Current 2nd Quarter (April 1, 2017 ~ September 30, 2017)
Net sales	50,874	60,571
Cost of sales	40,818	48,441
Gross profit	10,055	12,129
Selling, general and administrative expenses	8,945	9,813
Operating income	1,110	2,316
Non-operating income		
Interest income	43	50
Dividends income	92	99
Equity in earnings of affiliates	391	592
Other	53	74
Non-operating income	580	816
Non-operating expenses		
Interest expenses	192	290
Foreign exchange losses	402	40
Other	41	28
Non-operating expenses	636	360
Ordinary income	1,055	2,773
Extraordinary income		
Gain on sales of noncurrent assets	6	16
Extraordinary income	6	16
Extraordinary loss		
Loss on disposal of noncurrent assets	30	64
Settlement	187	-
Total Extraordinary loss	218	64
Income (loss) before income taxes	843	2,725
Income taxes	(420)	457
Income (loss) before minority interests	1,263	2,267
Minority interests in income	1	55
quarterly net income (loss) attributable to the shareholder parent company	1,261	2,212

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous 2nd Quarter (April 1, 2016 ~ September 30, 2016)	Current 2nd Quarter (April 1, 2017 ~ September 30, 2017)
Income (loss) before minority interests	1,263	2,267
Other comprehensive income		
Valuation difference on other securities	(139)	285
Foreign currency translation adjustment	(1,019)	322
Deferred gain for hedges	2	0
Adjustment retirement benefits	99	112
Share of other comprehensive income of associates accounted for using equity method	(784)	(80)
Total other comprehensive income	(1,841)	639
Comprehensive income	(577)	2,907
Comprehensive income attributable to		
Owners of the parent	(462)	2,819
Minority interests	(115)	88

(3) Note on assumptions for going concern

There is no item to be reported.

(4) Segment Information

I. Previous Second 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

II. Current Second Quarter (April 1, 2017 to September 30, 2017)

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	56,345	3,546	59,892	679	60,571
(2) Intersegment Sales or Transfers	2	468	470	316	786
TOTAL	56,348	4,014	60,362	995	61,358
Segment income	2,482	(154)	2,328	16	2,344

\* "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	2,328
Profit including "Other"	16
Elimination for intersegment	(27)
Operating income in quarterly consolidated statement	2,316