

Consolidated Financial Results for the First 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: August 7, 2017

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 First Quarter Ended June 30, 2017 (April 1, 2017 to June. 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	
		%		%		%		%
1st Quarter (As of June. 30, 2017)	28,544	14.9	724	127.5	784	327.1	576	510.0
1st Quarter (As of June. 30, 2016)	24,851	5.1	318	—	183	—	94	—

(Note) Comprehensive income:

June. 30, 2017 664 million yen (— %) June. 30, 2016 Δ1,441 million yen (— %)

	Net income per share (Yen)	Net income per share-diluted (Yen)
1st Quarter (As of June. 30, 2017)	6.00	-
1st Quarter (As of June. 30, 2016)	0.99	-

(2) Consolidated Financial Position

(Millions of yen; except for per share figures)

	Total Assets	Net Assets	Equity Ratio (%)
1st Quarter (As of June. 30, 2017)	98,587	29,090	28.2
FY2016 (As of Mar 31, 2017)	96,850	28,930	28.6

[Reference] Equity: First Quarter Ended June. 30, 2017 27,795 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)	-	-	-	-	-
FY2017 (As of Dec 31, 2017) [plan]	-	2.50	-	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
First Half	58,300	14.6	2,000	80.0	2,300	117.9	1,900	50.6	19.79
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 June 30, 2017	96,220,851
As of March 31, 2017	96,220,851
 - ② Number of shares of treasury stock at the end of period

As of June 30, 2017	158,367
As of March 31, 2017	157,639
 - ③ Average number of shares during the period (cumulative; consolidated)

FY2017 1st quarter:	96,063,030
FY2016 1st quarter:	95,891,173

***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 rising stock market, the robust housing investment due to the continuing low interest rate and the recovery of the overseas demand. 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, production volume of the three countries in ASEAN region decreased in total compared to the same term of last year due to the sluggish exports in Thailand, also weak in Malaysia and Indonesia. As for China, domestic and overseas demand is recovering, resulted in an increase of production volume compared to same term of last year.

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 first 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 first quarter were: revenue 28,544 million yen (14.9% increase compared to same term of last year), operating profit 724 million yen (127.5% increase compared to same term of last year), ordinary profit 784 million yen (327.1% increase compared to same term of last year), net income attributable to shareholders of the parent company was 576 million yen (510.0% 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 26,397 million yen (14.9% increase compared to same term of last year), operating income was 745 million yen (55.3% increase compared to same term of last year).

2. After-Market business

The results of after-market business were: revenue 1,997 million yen (14.9% increase compared to same term of last year), operating loss 29 million yen (operating loss of same term of last year was 181 million yen), with the increase of revenue it reduced the deficit in after-market.

3. Other business

Other business revenue was 486 million yen (3.2% increase compared to same term of last year), operating income was 7 million yen (0.4% decrease compared to same term of last year).

2. Consolidated Financial Statement

(1) Consolidated Balance Sheets

(Unit: 1,000,000)

	Previous Fiscal Year End (As of March 31, 2017)	First Quarter Ended (As of June 30, 2017)
Assets		
Current assets		
Cash and deposits	11,552	10,605
Notes and accounts receivable-trade	20,466	19,729
Electronically recorded monetary claims-operating	903	898
Merchandise and finished goods	4,004	4,416
Work in process	534	602
Raw materials and supplies	2,857	3,081
Deferred tax assets	1,627	1,699
Other	2,481	3,394
Allowance for doubtful accounts	(312)	(362)
Total current assets	44,115	44,065
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	10,362	10,496
Machinery, equipment and vehicles, net	10,080	10,669
Tools, furniture and fixtures, net	2,916	2,959
Land	3,459	3,463
Lease assets, net	6,313	7,398
Construction in progress	4,942	4,847
Total property, plant and equipment	38,074	39,835
Intangible assets		
goodwill	658	621
Other	1,460	1,401
Total intangible assets	2,119	2,022
Investments and other assets		
Investment securities	5,580	5,557
Long-term loans receivable	978	991
Deferred tax assets	270	297
Other	5,718	5,823
Allowance for doubtful accounts	(5)	(6)
Total investments and other assets	12,541	12,664
Total noncurrent assets	52,734	54,522
Total assets	96,850	98,587

(Millions of yen)

	Previous Fiscal Year End (As of March 31, 2017)	First Quarter Ended (As of June 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	22,698	23,010
Short-term loans payable	1,155	1,752
Current portion of long-term loans payable	4,724	3,781
Lease obligations	4,234	4,770
Income taxes payable	633	207
Accrued expenses	2,881	3,350
Provision for bonuses	1,825	2,808
Provision for directors' bonuses	64	67
Provision for product warranties	1,329	1,292
Other	2,935	2,771
Total current liabilities	42,480	43,813
Noncurrent liabilities		
Long-term loans payable	11,992	12,028
Lease obligations	3,551	3,934
Deferred tax liabilities	678	594
Retirement benefits	9,021	8,930
Asset retirement obligations	183	183
Provision for environmental program	9	9
Other	2	2
Total noncurrent liabilities	25,439	25,684
Total liabilities	67,919	69,497
Net assets		
Shareholders' equity		
Capital stock	8,955	8,955
Capital surplus	2,735	2,474
Retained earnings	17,138	17,474
Treasury stock	(39)	(40)
Total shareholders' equity	28,788	28,864
Accumulated other comprehensive income		
Valuation difference on other securities.	1,738	1,719
Deferred gain for hedges	(5)	(4)
Foreign currency translation adjustment	(2,482)	(2,520)
Adjustment retirement benefits	(365)	(262)
Total accumulated other comprehensive income	(1,114)	(1,068)
Minority interests	1,256	1,294
Total net assets	28,930	29,090
Total liabilities and net assets	96,850	98,587

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

Consolidated Statements of Income

(Millions of yen)

	Previous 1st Quarter (April 1, 2016 ~ June 30, 2016)	Current 1st Quarter (April 1, 2017 ~ June 30, 2017)
Net sales	24,851	28,544
Cost of sales	19,989	22,953
Gross profit	4,861	5,591
Selling, general and administrative expenses	4,542	4,866
Operating income	318	724
Non-operating income		
Interest income	22	18
Dividends income	91	93
Equity in earnings of affiliates	208	206
Other	24	16
Non-operating income	347	334
Non-operating expenses		
Interest expenses	98	133
Foreign exchange losses	369	82
Other	13	58
Non-operating expenses	481	274
Ordinary income	183	784
Extraordinary income		
Gain on sales of noncurrent assets	1	0
Extraordinary income	1	0
Extraordinary loss		
Loss on disposal of noncurrent assets	7	63
Total Extraordinary loss	7	63
Income (loss) before income taxes	177	721
Income taxes	71	122
Income (loss) before minority interests	106	598
Minority interests in income	12	22
quarterly net income (loss) attributable to the shareholder parent company	94	576

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Previous 1st Quarter (April 1, 2016 ~ June 30, 2016)	Current 1st Quarter (April 1, 2017 ~ June 30, 2017)
Income (loss) before minority interests	106	598
Other comprehensive income		
Valuation difference on other securities	(529)	(19)
Foreign currency translation adjustment	(805)	152
Deferred gain for hedges	1	1
Adjustment retirement benefits	49	102
Share of other comprehensive income of associates accounted for using equity method	(263)	(171)
Total other comprehensive income	(1,547)	65
Comprehensive income	(1,441)	664
Comprehensive income attributable to		
Owners of the parent	(1,369)	623
Minority interests	(71)	41

(3) Note on assumptions for going concern

There is no item to be reported.

(4) Segment Information

I . Previous First Quarter (April 1, 2016 to June 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	22,966	1,545	24,511	339	24,851
(2) Intersegment Sales or Transfers	0	192	193	132	325
TOTAL	22,967	1,737	24,705	471	25,176
Segment income	479	(181)	298	7	306

* "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	298
Profit including "Other"	7
Elimination for intersegment	12
Operating income in quarterly consolidated statement	318

II . Current First Quarter (April 1, 2017 to June 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	26,396	1,807	28,203	341	28,544
(2) Intersegment Sales or Transfers	0	190	190	145	336
TOTAL	26,397	1,997	28,394	486	28,881
Segment income	745	(29)	715	7	722

* "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	715
Profit including "Other"	7
Elimination for intersegment	1
Operating income in quarterly consolidated statement	724