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**Consolidated Financial Results
for the Nine Months Ended December 31, 2016
<under Japanese GAAP>**

F-TECH INC.

19, Showanuma, Shobu-cho, Kuki City, Saitama, JAPAN

1. Qualitative information regarding financial results for the period under review

(1) Information regarding operating results

An overview of the global economy in the nine months ended December 31, 2016 is as follows. In the United States, consumer spending has been firm, due to an improved employment environment, but there are concerns regarding the uncertainty of the policies of the new administration. In Europe, the economy remained firm due to monetary easing and a recovery in emerging economies. Economic growth has continued in China, albeit at a slower pace, owing to policies that included an increase in public sector investment and a tax reduction on compact cars. Other emerging countries are in a trend of economic slowdown, but some are showing signs of bottoming out.

In the Japanese economy, various government measures led to improvements in the employment environment, although economic deceleration in emerging markets, coupled with yen appreciation, caused weakness in production and exports.

On the other hand, in the automotive industry, automobile sales in North America have been firm and auto sales in China are increasing owing to the tax reduction on compact cars. In Japan, auto sales were flat as a result of stagnant sales in the light and compact car market.

Under these circumstances, the Group pushed ahead with expanding sales on a global basis under the corporate policy "To become a chassis system manufacturer with overwhelming competitive strength," outlined in its 12th Mid-Term Plan, which started in April 2014.

The operating results for the Group during the nine months under review are as follows. The Group benefited mainly from a recovery in production at major customers in the Japanese market and favorable sales for customers in the Chinese market. In detail, net sales decreased 1.8% year on year to 141,530 million yen, operating income rose 31.9% year on year to 5,888 million yen, ordinary income rose 17.0% year on year to 4,988 million yen and profit attributable to owners of parent rose 82.1% year on year to 2,396 million yen.

Operating results by segment are as follows.

(Japan)

The recovery in production volume of the major customers of the Company, along with an increase in the number of export automobiles, led to net sales rising by 17.2% year on year to 18,700 million yen and an operating income of 866 million yen (compared with an operating loss of 599 million yen in the same period of the previous fiscal year).

(North America)

In the North American market, although firm automobile sales continued, the effect of yen appreciation on foreign exchange, increased labor costs due to the tight labor market and other factors led to net sales falling by 7.8% year on year to 85,811 million yen. The segment recorded an operating income of 2,272 million yen, down 35.8% year on year.

(Asia)

Sales to major customers were favorable, and sales to new customers increased in the Chinese market. Net sales rose 5.4% year on year to 37,018 million yen and operating income rose 123.5% year on year to 2,522 million yen.

(2) Information regarding financial position

As of December 31, 2016, total assets decreased by 3,586 million yen compared with the end of the previous fiscal year to 134,393 million yen, mainly reflecting decreases in cash and deposits, notes and accounts receivable - trade, buildings and structures and construction in progress.

Liabilities decreased by 1,315 million yen from the end of the previous fiscal year to 89,596 million yen mainly reflecting decreases in notes and accounts payable - trade and short-term loans payable.

Net assets decreased by 2,271 million yen from the end of the previous fiscal year to 44,797 million yen mainly reflecting decreases in foreign currency translation adjustment and non-controlling interests.

(3) Information regarding revisions to consolidated earnings forecasts

Taking recent performance trends into consideration, the Company has revised its consolidated earnings forecasts, which were announced on November 7, 2016, as described below.

Revisions to consolidated earnings forecasts for the fiscal year ending March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share (Yen)
Previous forecasts (A)	183,000	6,500	5,450	2,350	153.03
Current forecasts (B)	192,000	7,400	6,400	3,000	195.31
Difference (B-A)	9,000	900	950	650	
Difference (%)	4.9	13.8	17.4	27.7	
(Reference) Actual results for the previous fiscal year (Fiscal year ended March 31, 2016)	196,343	6,821	6,182	2,704	176.14

Reasons for the revisions

The above-stated revisions to the Company's consolidated earnings forecasts for the full fiscal year ending March 31, 2017 are mainly attributable to the impact of foreign exchange trends and increased production in China. Compared with previous forecasts, the current forecasts therefore show net sales, operating income, ordinary income, and profit attributable to owners of parent as higher.

Average exchange rates for the fiscal year are assumed at 108.00 yen to the U.S. dollar.

Note: The above-stated earnings forecasts are based on information currently available to the Company and are considered to be rational on this basis. However, as they include risks and uncertainties which are subject to various future events, actual results may differ from forecasts.

2. Matters regarding summary information (Notes)

(1) Application of special accounting for preparing quarterly consolidated financial statements

Tax expenses in the quarterly consolidated financial statements for a portion of consolidated subsidiaries are calculated first by reasonably estimating the effective tax rate after applying tax effect accounting against profit before income taxes for the fiscal year including the third quarter ended December 31, 2016, and next by multiplying the quarterly profit (loss) before income taxes by such estimated effective tax rate.

(2) Additional information

The Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016) has been applied from the first quarter ended June 30, 2016.

3. Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	6,831	5,723
Notes and accounts receivable - trade	28,930	25,209
Merchandise and finished goods	4,779	5,484
Work in process	3,942	4,963
Raw materials and supplies	8,069	8,348
Other	4,855	4,906
Total current assets	57,409	54,636
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,648	18,302
Machinery, equipment and vehicles, net	29,985	31,012
Construction in progress	13,423	12,203
Other, net	10,352	10,865
Total property, plant and equipment	73,410	72,383
Intangible assets	671	536
Investments and other assets		
Investment securities	4,880	5,475
Other	1,608	1,379
Allowance for doubtful accounts	-	(17)
Total investments and other assets	6,489	6,838
Total non-current assets	80,570	79,757
Total assets	137,980	134,393
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,690	17,435
Short-term loans payable	22,589	18,695
Current portion of long-term loans payable	11,576	10,662
Income taxes payable	499	332
Provision for directors' bonuses	99	95
Other	9,036	8,934
Total current liabilities	62,492	56,156
Non-current liabilities		
Bonds payable	4,000	3,900
Long-term loans payable	18,597	23,575
Provision for directors' retirement benefits	233	236
Net defined benefit liability	954	931
Negative goodwill	72	68
Other	4,561	4,727
Total non-current liabilities	28,419	33,440
Total liabilities	90,911	89,596

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Net assets		
Shareholders' equity		
Capital stock	4,790	4,840
Capital surplus	5,419	5,380
Retained earnings	17,512	19,785
Treasury shares	(18)	(18)
Total shareholders' equity	27,703	29,988
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	618	812
Foreign currency translation adjustment	1,533	(918)
Remeasurements of defined benefit plans	(549)	(501)
Total accumulated other comprehensive income	1,602	(607)
Non-controlling interests	17,762	15,416
Total net assets	47,068	44,797
Total liabilities and net assets	137,980	134,393

(2) Consolidated statements of income and comprehensive income

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	144,145	141,530
Cost of sales	128,064	123,849
Gross profit	16,080	17,681
Selling, general and administrative expenses	11,616	11,792
Operating income	4,463	5,888
Non-operating income		
Interest income	37	41
Dividend income	39	42
Share of profit of entities accounted for using equity method	302	371
Other	141	120
Total non-operating income	521	576
Non-operating expenses		
Interest expenses	654	640
Foreign exchange losses	38	808
Other	28	27
Total non-operating expenses	721	1,476
Ordinary income	4,263	4,988
Extraordinary income		
Gain on sales of non-current assets	155	29
Gain on sales of investment securities	–	2
Total extraordinary income	155	32
Extraordinary losses		
Loss on sales of non-current assets	4	1
Loss on retirement of non-current assets	63	32
Impairment loss	–	152
Total extraordinary losses	67	186
Profit before income taxes	4,352	4,835
Income taxes - current	1,601	1,211
Income taxes - deferred	(12)	280
Total income taxes	1,588	1,492
Profit	2,763	3,342
Profit attributable to		
Profit attributable to owners of parent	1,316	2,396
Profit attributable to non-controlling interests	1,447	946
Other comprehensive income		
Valuation difference on available-for-sale securities	(6)	112
Foreign currency translation adjustment	(2,042)	(3,320)
Remeasurements of defined benefit plans, net of tax	(71)	52
Share of other comprehensive income of entities accounted for using equity method	(32)	(50)
Total other comprehensive income	(2,153)	(3,206)
Comprehensive income	610	136
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(60)	186
Comprehensive income attributable to non-controlling interests	670	(50)

(3) Notes to quarterly consolidated financial statements

Uncertainties of entity's ability to continue as going concern

Not applicable.

Substantial changes in the amount of shareholders' equity

Not applicable.

Segment information, etc.

Segment information

I. Nine months ended December 31, 2015

1. Disclosure of net sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	15,961	93,067	35,116	144,145
Transactions with other segments	9,702	1,164	1,488	12,354
Total	25,663	94,231	36,604	156,499
Segment profit (loss)	(599)	3,538	1,128	4,067

2. Differences between total amounts of profit (loss) for reportable segments and amounts in the consolidated statements of income and comprehensive income and main details of these differences (matters relating to difference adjustments)

(Millions of yen)

Profit	Amount
Reportable segments total	4,067
Elimination of intersegment transactions	396
Operating income in the consolidated statements of income and comprehensive income	4,463

3. Disclosure of impairment loss on non-current assets and goodwill, etc. for each reportable segment

Not applicable.

II. Nine months ended December 31, 2016

1. Disclosure of net sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	18,700	85,811	37,018	141,530
Transactions with other segments	10,983	1,275	2,113	14,372
Total	29,683	87,087	39,132	155,903
Segment profit	866	2,272	2,522	5,661

2. Differences between total amounts of profit for reportable segments and amounts in the consolidated statements of income and comprehensive income and main details of these differences (matters relating to difference adjustments)

(Millions of yen)

Profit	Amount
Reportable segments total	5,661
Elimination of intersegment transactions	227
Operating income in the consolidated statements of income and comprehensive income	5,888

3. Disclosure of impairment loss on non-current assets and goodwill, etc. for each reportable segment (significant impairment loss on non-current assets)

(Millions of yen)

	Japan	North America	Asia	Unallocated amounts and elimination	Total
Impairment loss	53	70	28	–	152

Significant events after reporting period

Not applicable.