

Consolidated Financial Results
for the Nine Months Ended September 30, 2016
[Japanese GAAP]



November 14, 2016

Company name: RS Technologies Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 3445
 URL: <http://www.rs-tec.jp/>
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 Scheduled date of filing quarterly securities report: November 14, 2016
 Scheduled date of commencing dividend payments:—
 Availability of supplementary briefing material on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: No

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2016 (January 1, 2016 to September 30, 2016)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended September 30, 2016	6,271	60.3	890	5.0	491	(31.7)	242	14.0
September 30, 2015	3,913	15.5	848	4.1	720	(5.6)	212	(53.3)

(Note) Comprehensive income: Nine months ended September 30, 2016: ¥168 million [(10.4)%]
 Nine months ended September 30, 2015: ¥187 million [(60.1)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2016	44.58	43.29
September 30, 2015	39.78	38.59

(Note) The Company was listed on the Tokyo Stock Exchange Mothers market on March 24, 2015. Accordingly, the diluted earnings per share for the nine months ended September 30, 2015 was calculated on the assumption that the average share price from the listing date to September 30, 2015 was the average share price during the nine-month period.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2016	10,243	2,820	27.5
As of December 31, 2015	9,737	2,644	27.1

(Reference) Equity: As of September 30, 2016: ¥2,814 million
 As of December 31, 2015: ¥2,638 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2015	—	—	—	—	—
Fiscal year ending December 31, 2016	—	—	—	—	—
Fiscal year ending December 31, 2016 (Forecast)	—	—	—	—	—

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2016 (January 1, 2016 to December 31, 2016)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	7,740	39.6	1,531	41.6	1,147	22.3	742	143.9	136.54

(Note) Revision to the financial results forecast announced most recently: No

*** Notes:**

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2016 (changes in specified subsidiaries resulting in changes in scope of consolidation): No
 - (2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No
 - (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
 - (4) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
September 30, 2016: 5,442,500 shares
December 31, 2015: 5,440,000 shares
 - 2) Total number of treasury shares at the end of the period:
September 30, 2016: 4,056 shares
December 31, 2015: 6,700 shares
 - 3) Average number of shares during the period:
Nine months ended September 30, 2016: 5,435,098 shares
Nine months ended September 30, 2015: 5,341,206 shares
- (Note) The total number of treasury shares at the end of the period includes the Company's shares (As of September 30, 2016: 4,000 shares, As of December 31, 2015: 6,700 shares) held in the "Employee Stock Ownership Plan (ESOP) Trust Account." In calculating the average number of shares during the period, the number of treasury shares deducted includes the Company's shares (Nine months ended September 30, 2016: 5,320 shares, Nine months ended September 30, 2015: 881 shares) held in the "Employee Stock Ownership Plan (ESOP) Trust Account."

*** Presentation regarding the implementation status of the quarterly review procedures**

These quarterly financial results are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure of these quarterly financial results, review procedures for the quarterly consolidated financial statements under the Financial Instruments and Exchange Act have been completed.

*** Explanation of the proper use of financial results forecast and other notes**

(Note on the forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information that is available and certain assumptions deemed reasonable as of the date of publication of this document. The Company does not guarantee that such forecasts will be achieved. Actual results may differ significantly from these forecasts due to a wide range of factors.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of December 31, 2015	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	1,842,523	1,558,091
Notes and accounts receivable - trade	970,873	2,366,524
Merchandise and finished goods	346,599	414,546
Work in process	123,123	140,826
Raw materials and supplies	146,355	170,682
Other	463,151	352,315
Total current assets	3,892,627	5,002,986
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,505,754	1,302,281
Machinery, equipment and vehicles, net	3,607,520	3,610,119
Other, net	73,954	54,975
Construction in progress	480,434	45,219
Total property, plant and equipment	5,667,664	5,012,595
Intangible assets	29,136	23,133
Investments and other assets	148,308	204,767
Total non-current assets	5,845,109	5,240,497
Total assets	9,737,737	10,243,484
Liabilities		
Current liabilities		
Notes and accounts payable - trade	186,167	347,576
Short-term loans payable	353,000	989,001
Current portion of long-term loans payable	863,295	970,533
Accounts payable - other	732,078	275,839
Income taxes payable	8,949	240,137
Provision for bonuses	22,311	85,262
Other	129,810	155,420
Total current liabilities	2,295,613	3,063,771
Non-current liabilities		
Long-term loans payable	4,079,442	3,752,757
Deferred tax liabilities	717,086	605,185
Other	1,472	1,645
Total non-current liabilities	4,798,001	4,359,588
Total liabilities	7,093,615	7,423,360
Net assets		
Shareholders' equity		
Capital stock	616,450	616,950
Capital surplus	616,440	616,940
Retained earnings	1,418,257	1,660,538
Treasury shares	(17,094)	(10,336)
Total shareholders' equity	2,634,052	2,884,091
Accumulated other comprehensive income		
Foreign currency translation adjustment	4,055	(69,981)
Total accumulated other comprehensive income	4,055	(69,981)
Subscription rights to shares	6,013	6,013
Total net assets	2,644,121	2,820,123
Total liabilities and net assets	9,737,737	10,243,484

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Nine months ended September 30

(Thousand yen)

	For the nine months ended September 30, 2015	For the nine months ended September 30, 2016
Net sales	3,913,079	6,271,203
Cost of sales	2,525,578	4,704,726
Gross profit	1,387,501	1,566,477
Selling, general and administrative expenses	539,453	675,726
Operating income	848,047	890,751
Non-operating income		
Interest income	694	940
Subsidy income	19,563	16,017
Commission fee	1,425	1,982
Other	5,026	7,469
Total non-operating income	26,709	26,409
Non-operating expenses		
Interest expenses	63,660	57,120
Going public expenses	14,292	—
Foreign exchange losses	55,538	344,519
Other	21,106	23,650
Total non-operating expenses	154,598	425,289
Ordinary income	720,159	491,870
Extraordinary income		
State subsidy income	2,443,047	14,776
Total extraordinary income	2,443,047	14,776
Extraordinary losses		
Facilities transfer cost	248,577	—
Loss on retirement of non-current assets	—	573
Loss on reduction of non-current assets	2,443,047	9,715
Total extraordinary losses	2,691,625	10,289
Profit before income taxes	471,581	496,357
Income taxes - current	2,470	220,686
Income taxes - deferred	256,633	33,390
Total income taxes	259,103	254,076
Profit	212,477	242,280
Profit attributable to owners of parent	212,477	242,280

Quarterly Consolidated Statements of Comprehensive Income
 Nine months ended September 30

(Thousand yen)

	For the nine months ended September 30, 2015	For the nine months ended September 30, 2016
Profit	212,477	242,280
Other comprehensive income		
Foreign currency translation adjustment	(24,705)	(74,036)
Total other comprehensive income	(24,705)	(74,036)
Comprehensive income	187,771	168,243
Comprehensive income attributable to:		
Owners of parent	187,771	168,243
Non-controlling interests	—	—