

Nov. 7, 2017

Brief Financial Report for the Second Quarter Ending March 2018 [Based on Japanese Accounting Standards] (Consolidated)

Listed Company: PIOLAX Inc.

Code No.: 5988 (URL <http://www.piolax.co.jp>)

Representative: President Yukihiro Shimazu

Contact person in charge: General Manager, Management & Planning Department Toru Nagashima (Tel. 045-731-1211)

Estimated submission date of quarterly report: November 8, 2017

Date scheduled to start dividend payment: December 1, 2017

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results to be held: Yes (for corporate investors and investment analysts)

(Amounts are rounded to the nearest million yen)

1. Consolidated performance for the second quarter ending March 31, 2018 (April 1, 2017 to September 30, 2017)

(1) Consolidated business results (Total sum)

(Percentage changes from the same period the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of PIOLAX Inc.	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY3/18 2Q	33,197	5.3	5,170	5.5	5,538	4.3	4,003	5.3
FY3/17 2Q	31,514	0.6	4,898	11.3	5,310	9.7	3,800	10.3

Note: Comprehensive income FY3/18 2Q 3,892 million yen (-%), FY 3/17 2Q -1,117 million yen (-%)

	Quarter net income per share	Quarter net income per share-diluted
	Yen	Yen
FY3/18 2Q	111.78	-
FY3/17 2Q	106.12	-

Note: The Company implemented a stock split of 3 shares for each 1 share of common stock with an effective date of April 1, 2017. Quarter net income per share was calculated based on the assumption that the aforementioned stock split had been made at the beginning of the previous consolidated fiscal year.

(2) Consolidate financial position

	Total assets	Net assets	Equity capital ratio
	Millions of yen	Millions of yen	%
FY3/18 2Q	95,624	82,600	85.0
FY3/17	92,668	79,424	84.4

(Reference) Equity capital: FY3/18 2Q 81,308 million yen, FY 3/17 78,180 million yen

2. Cash dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	Term end	Full year
	Yen	Yen	Yen	Yen	Yen
FY3/17	-	40.00	-	60.00	100.00
FY3/18	-	17.00	-	-	-
FY3/18 (Forecast)	-	-	-	17.00	34.00

Note: Changes in the latest forecasts released: No

Note: The Company implemented a stock split of 3 shares for each 1 share of common stock with an effective date of April 1, 2017. Dividend per share for the fiscal year ended March 31, 2017 is the actual dividend amount declared prior to this stock split.

3. Forecast consolidated performance for the year ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(Percentage changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of PIOLAX Inc.		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Annual	63,200	-1.7	9,500	-8.5	10,200	-10.8	6,900	-13.8	192.66

Note: Changes in the latest forecasts released: No

2. Quarterly consolidated financial statement

(1) Quarterly consolidated balance sheet

(Millions of Yen)

	Previous consolidated FY (March 31, 2017)	Current second quarter (September 30, 2017)
Assets		
Current assets		
Cash and cash equivalents	25,474	27,627
Notes and accounts receivable-trade	14,172	14,025
Electronically recorded monetary claims-operating	1,610	1,907
Marketable securities	-	300
Goods and Finished products	4,119	4,126
Material in progress	1,359	1,403
Raw materials and inventory goods	1,701	1,751
Other	2,240	2,487
Allowance for bad loans	-13	-36
Total current assets	50,664	53,593
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	8,212	8,135
Machinery equipment and vehicles (net)	7,864	7,574
Tools, furniture and fixture (net)	2,272	2,189
Land	5,143	5,145
Lease asset (net)	38	38
Construction in progress	1,020	955
Total tangible fixed assets	24,552	24,038
Intangible fixed assets		
Goodwill	2	1
Other	961	1,241
Total intangible fixed assets	963	1,242
Investments and other assets		
Investment account securities	14,967	15,711
Other	1,521	1,037
Allowance for bad loans	-0	-0
Total investments and other assets	16,488	16,749
Total fixed assets	42,003	42,030
Total assets	92,668	95,624

	Previous consolidated FY (March 31, 2017)	Current second quarter (September 30, 2017)
Liabilities		
Current liabilities		
Accounts payable-trade	3,434	3,240
Short-term borrowings	423	412
Accrued income taxes	1,269	953
Allowance reserve	851	851
Other	3,724	3,640
Total current liabilities	9,702	9,098
Long-term liabilities		
Provision	-	14
Net defined benefit liability	149	187
Asset removal liabilities	18	18
Other	3,373	3,704
Total long-term liabilities	3,541	3,925
Total liabilities	13,244	13,024
Total equity		
Equity		
Common stock	2,960	2,960
Capital surplus	2,697	2,888
Retained earnings	73,182	76,469
Treasury stock	-2,838	-3,029
Total shareholders' equity	76,003	79,289
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	1,701	1,951
Foreign currency translation adjustments	839	399
Remeasurements of defined benefit plans	-363	-332
Total accumulated other comprehensive income	2,177	2,018
Non-controlling interests	1,243	1,291
Total equity	79,424	82,600
Total liabilities and equity	92,668	95,624

(2) Quarterly Consolidated Statements of (Comprehensive) Income
 (Quarterly Consolidated Statements of Income)
 [FY2018 second quarter]

(Millions of Yen)

	Previous second quarter (April 1, 2016 to September 30, 2016)	Current second quarter (April 1, 2017 to September 30, 2017)
Net sales	31,514	33,197
Cost of sales	21,796	22,967
Gross profit	9,717	10,230
Selling, general and administrative expenses	4,819	5,060
Operating income	4,898	5,170
Non-operating income		
Interest income	32	31
Dividend income	31	32
Equity method investment gain	368	435
Other	81	70
Total non-operating income	512	569
Non-operating expenses		
Interest expense	12	7
Loss on valuation of derivatives	8	51
Foreign exchange loss	41	100
Loss on disposal of property and equipment	14	12
Cost of lease revenue	3	3
Other	20	26
Total non-operating expenses	101	201
Ordinary income	5,310	5,538
Extraordinary loss		
Impairment loss	-	46
Total extraordinary loss	-	46
Quarterly net income before taxes and other adjustments	5,310	5,492
Corporate taxes	1,464	1,437
Net income before non-controlling interests	3,845	4,054
Net income attributable to non-controlling interests	44	51
Net income attributable to owners of PIOLAX Inc.	3,800	4,003