

**Brief Financial Report for the Third 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: February 9, 2018

Date scheduled to start dividend payment: -

Preparation of supplementary materials for quarterly financial results: No

Information meeting for quarterly financial results to be held: No

(Amounts are rounded to the nearest million yen)

**1. Consolidated performance for the third quarter ending March 31, 2018 (April 1, 2017 to December 31, 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 3Q	50,613	6.6	8,005	3.9	8,736	4.5	6,345	4.9
FY3/17 3Q	47,466	-0.3	7,702	10.7	8,357	8.2	6,049	10.1

Note: Comprehensive income FY3/18 3Q 7,066 million yen (433.9%), FY 3/17 3Q 1,323 million yen (-70.6%)

	Quarter net income per share	Quarter net income per share-diluted
	Yen	Yen
FY3/18 3Q	177.17	-
FY3/17 3Q	168.91	-

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 3Q	97,458	85,163	86.0
FY3/17	92,668	79,424	84.4

(Reference) Equity capital: FY3/18 3Q 83,833 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	67,000	4.2	10,000	-3.7	11,000	-3.8	7,400	-7.5	206.62

Note: Changes in the latest forecasts released: Yes

2. Quarterly consolidated financial statement

(1) Quarterly consolidated balance sheet

(Millions of Yen)

	Previous consolidated FY (March 31, 2017)	Current third quarter (December 31, 2017)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	25,474	25,444
Notes and accounts receivable-trade	14,172	14,573
Electronically recorded monetary claims-operating	1,610	2,062
Marketable securities	-	1,599
Goods and Finished products	4,119	4,396
Material in progress	1,359	1,552
Raw materials and inventory goods	1,701	1,847
Other	2,240	2,468
Allowance for bad loans	-13	-36
<b>Total current assets</b>	<b>50,664</b>	<b>53,909</b>
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Buildings and structures (net)	8,212	8,200
Machinery equipment and vehicles (net)	7,864	7,535
Tools, furniture and fixture (net)	2,272	2,243
Land	5,143	5,154
Lease asset (net)	38	39
Construction in progress	1,020	1,149
<b>Total tangible fixed assets</b>	<b>24,552</b>	<b>24,322</b>
<b>Intangible fixed assets</b>		
Goodwill	2	0
Other	961	1,386
<b>Total intangible fixed assets</b>	<b>963</b>	<b>1,386</b>
<b>Investments and other assets</b>		
Investment account securities	14,967	16,280
Other	1,521	1,560
Allowance for bad loans	-0	-0
<b>Total investments and other assets</b>	<b>16,488</b>	<b>17,840</b>
<b>Total fixed assets</b>	<b>42,003</b>	<b>43,549</b>
<b>Total assets</b>	<b>92,668</b>	<b>97,458</b>

	Previous consolidated FY (March 31, 2017)	Current third quarter (December 31, 2017)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	3,434	3,511
Short-term borrowings	423	-
Accrued income taxes	1,269	523
Allowance reserve	851	433
Other	3,724	3,933
Total current liabilities	9,702	8,403
Long-term liabilities		
Provision	-	22
Net defined benefit liability	149	204
Asset removal liabilities	18	18
Other	3,373	3,646
Total long-term liabilities	3,541	3,892
Total liabilities	13,244	12,295
<b>Total equity</b>		
Equity		
Common stock	2,960	2,960
Capital surplus	2,697	2,888
Retained earnings	73,182	78,201
Treasury stock	-2,838	-3,029
Total shareholders' equity	76,003	81,021
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	1,701	2,108
Foreign currency translation adjustments	839	1,019
Remeasurements of defined benefit plans	-363	-315
Total accumulated other comprehensive income	2,177	2,811
Non-controlling interests	1,243	1,329
Total equity	79,424	85,163
Total liabilities and equity	92,668	97,458

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

(Millions of Yen)

	Previous third quarter (April 1, 2016 to December 31, 2016)	Current third quarter (April 1, 2017 to December 31, 2017)
Net sales	47,466	50,613
Cost of sales	32,548	34,906
Gross profit	14,918	15,707
Selling, general and administrative expenses	7,215	7,702
Operating income	7,702	8,005
Non-operating income		
Interest income	48	59
Dividend income	59	65
Equity method investment gain	600	719
Other	125	103
Total non-operating income	833	948
Non-operating expenses		
Interest expense	17	8
Loss on valuation of derivatives	114	28
Foreign exchange loss	-	107
Loss on disposal of property and equipment	15	19
Cost of lease revenue	5	4
Other	24	48
Total non-operating expenses	178	216
Ordinary income	8,357	8,736
Extraordinary loss		
Impairment loss	-	46
Total extraordinary loss	-	46
Quarterly net income before taxes and other adjustments	8,357	8,690
Corporate taxes	2,241	2,269
Net income before non-controlling interests	6,115	6,420
Net income attributable to non-controlling interests	65	74
Net income attributable to owners of PIOLAX Inc.	6,049	6,345