

Brief Financial Report for the Second Quarter Ending March 2019
[Based on Japanese Accounting Standards] (Consolidated)

Listed Company: PIOLAX Inc.

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

Representative: President Yukihiko Shimazu

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

Estimated submission date of quarterly report: November 9, 2018

Date scheduled to start dividend payment: December 3, 2018

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, 2019 (April 1, 2018 to September 30, 2018)

(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	%
FY3/19 2Q	34,596	4.2	5,281	2.1	5,799	4.7	4,333	8.3
FY3/18 2Q	33,197	5.3	5,170	5.5	5,538	4.3	4,003	5.3

Note: Comprehensive income FY3/19 2Q 2,746 million yen (29.4%), FY 3/18 2Q 3,892 million yen (-%)

	Quarter net income per share	Quarter net income per share-diluted
	Yen	Yen
FY3/19 2Q	121.01	-
FY3/18 2Q	111.78	-

(2) Consolidate financial position

	Total assets	Net assets	Equity capital ratio
	Millions of yen	Millions of yen	%
FY3/19 2Q	100,460	88,895	87.1
FY3/18	99,140	87,154	86.5

(Reference) Equity capital: FY3/19 2Q 87,542 million yen, FY 3/18 85,751 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
FY3/18	-	17.00	-	28.00	45.00
FY3/19	-	22.50	-	-	-
FY3/19 (Forecast)	-	-	-	22.50	45.00

Note: Changes in the latest forecasts released: No

Note: The term-end dividend for the fiscal year ending March 31, 2018 includes a commemorative dividend of 5.00 yen.

3. Forecast consolidated performance for the year ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(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	-1.3	9,500	-7.0	10,800	-1.7	7,200	-11.4	201.03

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, 2018)	Current second quarter (September 30, 2018)
Assets		
Current assets		
Cash and cash equivalents	27,848	28,370
Notes and accounts receivable-trade	14,425	14,759
Electronically recorded monetary claims-operating	1,913	2,156
Marketable securities	1,699	1,760
Goods and Finished products	4,534	4,759
Material in progress	1,565	1,643
Raw materials and inventory goods	1,837	1,857
Other	1,650	1,722
Allowance for bad loans	-32	-30
Total current assets	55,441	56,998
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	8,151	7,649
Machinery equipment and vehicles (net)	7,684	7,299
Tools, furniture and fixture (net)	2,225	2,239
Land	5,183	5,148
Lease asset (net)	36	34
Construction in progress	1,058	1,399
Total tangible fixed assets	24,339	23,771
Intangible fixed assets		
Other	1,375	1,531
Total intangible fixed assets	1,375	1,531
Investments and other assets		
Investment account securities	16,100	16,590
Other	1,883	1,567
Allowance for bad loans	-0	-0
Total investments and other assets	17,984	18,157
Total fixed assets	43,699	43,461
Total assets	99,140	100,460

	Previous consolidated FY (March 31, 2018)	Current second quarter (September 30, 2018)
Liabilities		
Current liabilities		
Accounts payable-trade	3,566	3,295
Accrued income taxes	978	952
Allowance reserve	876	890
Other	3,734	3,562
Total current liabilities	9,156	8,701
Long-term liabilities		
Allowance reserve	29	50
Net defined benefit liability	225	289
Asset removal liabilities	18	56
Other	2,556	2,466
Total long-term liabilities	2,829	2,863
Total liabilities	11,985	11,564
Total equity		
Equity		
Common stock	2,960	2,960
Capital surplus	2,888	2,888
Retained earnings	79,982	83,311
Treasury stock	-3,029	-3,029
Total shareholders' equity	82,802	86,131
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	1,902	1,684
Deferred gains or losses on hedges	-8	-13
Foreign currency translation adjustments	1,376	33
Remeasurements of defined benefit plans	-321	-293
Total accumulated other comprehensive income	2,948	1,410
Non-controlling interests	1,402	1,353
Total equity	87,154	88,895
Total liabilities and equity	99,140	100,460

(2) Consolidated Statements of Income
 [FY2019 second quarter]

(Millions of Yen)

	Previous second quarter (April 1, 2017 to September 30, 2017)	Current second quarter (April 1, 2018 to September 30, 2018)
Net sales	33,197	34,596
Cost of sales	22,967	23,941
Gross profit	10,230	10,655
Selling, general and administrative expenses	5,060	5,374
Operating income	5,170	5,281
Non-operating income		
Interest income	31	55
Dividend income	32	38
Equity method investment gain	435	476
Other	70	54
Total non-operating income	569	624
Non-operating expenses		
Interest expense	7	-
Loss on valuation of derivatives	51	50
Foreign exchange loss	100	26
Loss on disposal of property and equipment	12	15
Cost of lease revenue	3	2
Other	26	10
Total non-operating expenses	201	105
Ordinary income	5,538	5,799
Extraordinary loss		
Impairment loss	46	152
Total extraordinary loss	46	152
Quarterly net income before taxes and other adjustments	5,492	5,647
Corporate taxes	1,437	1,276
Net income before non-controlling interests	4,054	4,370
Net income attributable to non-controlling interests	51	36
Net income attributable to owners of PIOLAX Inc.	4,003	4,333