Brief Financial Report for the Second Quarter Ending March 2017 [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 8, 2016 Date scheduled to start dividend payment: December 1, 2016

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, 2017 (April 1, 2016 to September 30, 2016)

(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	%
FY3/17 2Q	31,514	0.6	4,898	11.3	5,310	9.7	3,800	10.3
FY3/16 2Q	31,335	6.5	4,400	1.4	4,839	1.6	3,446	3.2

Note: Comprehensive income FY3/17 2Q -1,117 million yen (-%), FY 3/16 2Q 3,667 million yen (20.4%)

	Quarter net income per share	Quarter net income per share-diluted
	Yen	Yen
FY3/17 2Q	318.35	-
FY3/16 2Q	288.69	-

(2) Consolidate financial position

	Total assets	Net assets	Equity capital ratio
	Millions of yen	Millions of yen	%
FY3/17 2Q	83,440	72,277	85.3
FY3/16	86,544	73,933	84.0

(Reference) Equity capital: FY3/17 2Q 71,162 million yen, FY 3/16 72,686 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
FY3/16	-	35.00	-	45.00	80.00
FY3/17	-	40.00			
FY3/17 (Forecast)			-	40.00	80.00

Note: Changes in the latest forecasts released: No

3. Forecast consolidated performance for the year ending March 31, 2017 (April 1, 2016 to March 31, 2017)

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

						(Felcellay	e chang	jes nom me same pend	o or the p	nevious year)
		Net sales		Operating income		Ordinary income		Net income attributable to owners of PIOLAX Inc.		Net income per share
ĺ		Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	Annual	61,500 -4	4	8,600	-6.0	9,100	-9.6	6,200	-11.7	519.33

Note: Changes in the latest forecasts released: No

3. [Quarterly consolidated financial statement]

(1) Quarterly consolidated balance sheet

(Millions of Yen)

	Previous consolidated FY (March 31, 2016)	Current second quarter (September 30, 2016)
Assets		
Current assets		
Cash and cash equivalents	21,517	21,629
Notes and accounts receivable-trade	13,055	12,535
Electronically recorded monetary claims-operating	1,228	1,376
Marketable securities	187	-
Goods and Finished products	4,310	3,824
Material in progress	1,595	1,365
Raw materials and inventory goods	1,768	1,529
Other	2,124	2,222
Allowance for bad loans	-42	-17
Total current assets	45,746	44,466
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	7,872	7,252
Machinery equipment and vehicles (net)	7,663	6,704
Tools, furniture and fixture (net)	2,553	2,234
Land	5,179	5,091
Lease asset (net)	62	88
Construction in progress	1,122	1,736
Total tangible fixed assets	24,455	23,106
Intangible fixed assets		
Goodwill	4	2
Other	904	863
Total intangible fixed assets	909	866
Investments and other assets		
Investment account securities	14,197	13,903
Other	1,235	1,097
Allowance for bad loans	-0	-0
Total investments and other assets	15,433	15,000
Total fixed assets	40,797	38,973
Total assets	86,544	83,440

Current liabilities		Previous consolidated FY (March 31, 2016)	Current second quarter (September 30, 2016)
Accounts payable-trade 3,199 2,913 Short-term borrowings 881 508 Accrued income taxes 1,050 971 Allowance reserve 831 821 Other 3,468 2,878 Total current liabilities 9,430 8,093 Long-term liabilities 168 163 Net defined benefit liability 168 163 Asset removal liabilities 18 18 Other 2,993 2,886 Total long-term liabilities 3,180 3,068 Total labilities 12,611 11,162 Total equity 2,960 2,960 Capital surplus 2,960 2,960 Capital surplus 2,697 2,697 Retained earnings 66,193 69,456 Treasury stock 2,837 2,2,837 Total shareholders' equity 69,014 72,277 Accumulated other comprehensive income 1,615 1,354 Foreign currency translation adjustments 2,465 -2,093	Liabilities		
Short-term borrowings 881 508 Accrued income taxes 1,050 971 Allowance reserve 831 821 Other 3,468 2,878 Total current liabilities 9,430 8,093 Long-term liabilities 168 163 Net defined benefit liability 168 18 Asset removal liabilities 18 18 Other 2,993 2,886 Total long-term liabilities 3,180 3,068 Total lord term liabilities 12,611 11,162 Total equity 2 2,960 2,960 Common stock 2,960 2,960 2,960 Capital surplus 2,697 2,697 2,697 Retained earnings 66,193 69,456 2,837 Total shareholders' equity 69,014 72,277 Accumulated other comprehensive income 1,615 1,354 Unrealized gain on available-for-sale securities 1,615 1,354 Foreign currency translation adjustments 2,465	Current liabilities		
Accrued income taxes 1,050 971 Allowance reserve 831 821 Other 3,468 2,878 Total current liabilities 9,430 8,093 Long-term liabilities 8 163 Net defined benefit liability 168 163 Asset removal liabilities 18 18 Other 2,993 2,886 Total long-term liabilities 3,180 3,068 Total lequity 2,993 2,886 Total equity 2,993 2,886 Total liabilities 12,611 11,162 Total equity 2,960 2,960 Capital surplus 2,697 2,697 Retained earnings 66,193 69,456 Treasury stock -2,837 -2,837 Total shareholders' equity 69,014 72,277 Accumulated other comprehensive income 1,615 1,354 Foreign currency translation adjustments 2,465 -2,093 Remeasurements of defined benefit plans -408 -3	Accounts payable-trade	3,199	2,913
Allowance reserve 831 821 Other 3,468 2,878 Total current liabilities 9,430 8,093 Long-term liabilities 8 108 Net defined benefit liability 168 163 Asset removal liabilities 18 18 Other 2,993 2,886 Total long-term liabilities 3,180 3,068 Total liabilities 12,611 11,162 Total equity Equity 2 Common stock 2,960 2,960 Capital surplus 2,697 2,897 Retained earnings 66,193 69,456 Treasury stock -2,837 -2,837 Total shareholders' equity 69,014 72,277 Accumulated other comprehensive income 1,615 1,354 Foreign currency translation adjustments 2,465 -2,093 Remeasurements of defined benefit plans -408 -376 Total accumulated other comprehensive income 3,672 -1,115 Non-controlling interests	Short-term borrowings	881	508
Other 3,468 2,878 Total current liabilities 9,430 8,093 Long-term liabilities 168 163 Net defined benefit liability 168 163 Asset removal liabilities 18 18 Other 2,993 2,886 Total long-term liabilities 3,180 3,068 Total lequity 2,961 11,162 Equity 2,960 2,960 Capital surplus 2,697 2,697 Retained earnings 66,193 69,456 Treasury stock -2,837 -2,837 Total shareholders' equity 69,014 72,277 Accumulated other comprehensive income 1,615 1,354 Unrealized gain on available-for-sale securities 1,615 1,354 Foreign currency translation adjustments 2,465 -2,093 Remeasurements of defined benefit plans -408 -376 Total accumulated other comprehensive income 3,672 -1,115 Non-controlling interests 1,246 1,115	Accrued income taxes	1,050	971
Total current liabilities 9,430 8,093 Long-term liabilities 168 163 Net defined benefit liability 168 18 Asset removal liabilities 18 18 Other 2,993 2,886 Total long-term liabilities 3,180 3,068 Total liabilities 12,611 11,162 Total equity Equity 2,960 2,960 Common stock 2,960 2,960 2,960 Capital surplus 2,697 2,697 2,697 Retained earnings 66,193 69,456 69,456 Treasury stock -2,837 -2,837 -2,837 Total shareholders' equity 69,014 72,277 Accumulated other comprehensive income 1,615 1,354 Foreign currency translation adjustments 2,465 -2,093 Remeasurements of defined benefit plans -408 -376 Total accumulated other comprehensive income 3,672 -1,115 Non-controlling interests 1,246 1,115	Allowance reserve	831	821
Long-term liabilities 168 163 Asset removal liabilities 18 18 Other 2,993 2,886 Total long-term liabilities 3,180 3,068 Total liabilities 12,611 11,162 Total equity 2 2,960 2,960 Equity 2,697 2,697 2,697 Capital surplus 2,697 2,697 2,697 Retained earnings 66,193 69,456 69,014 72,277 Accumulated other comprehensive income Unrealized gain on available-for-sale securities 1,615 1,354 Foreign currency translation adjustments 2,465 -2,093 Remeasurements of defined benefit plans -408 -376 Total accumulated other comprehensive income 3,672 -1,115 Non-controlling interests 1,246 1,115 Total equity 73,933 72,277	Other	3,468	2,878
Net defined benefit liability 168 163 Asset removal liabilities 18 18 Other 2,993 2,886 Total long-term liabilities 3,180 3,068 Total equity 2 2 11,162 Total equity Equity 2 2,960 2,960 Capital surplus 2,697 2,697 2,697 Retained earnings 66,193 69,456 Treasury stock -2,837 -2,837 Total shareholders' equity 69,014 72,277 Accumulated other comprehensive income 1,615 1,354 Foreign currency translation adjustments 2,465 -2,093 Remeasurements of defined benefit plans -408 -376 Total accumulated other comprehensive income 3,672 -1,115 Non-controlling interests 1,246 1,115 Total equity 73,933 72,277	Total current liabilities	9,430	8,093
Asset removal liabilities 18 18 Other 2,993 2,886 Total long-term liabilities 3,180 3,068 Total equity 12,611 11,162 Total equity Equity 2,960 2,960 Capital surplus 2,697 2,697 Retained earnings 66,193 69,456 Treasury stock -2,837 -2,837 Total shareholders' equity 69,014 72,277 Accumulated other comprehensive income 1,615 1,354 Foreign currency translation adjustments 2,465 -2,093 Remeasurements of defined benefit plans -408 -376 Total accumulated other comprehensive income 3,672 -1,115 Non-controlling interests 1,246 1,115 Total equity 73,933 72,277	Long-term liabilities		
Other 2,993 2,886 Total long-term liabilities 3,180 3,068 Total liabilities 12,611 11,162 Total equity Equity Common stock 2,960 2,960 Capital surplus 2,697 2,697 Retained earnings 66,193 69,456 Treasury stock -2,837 -2,837 Total shareholders' equity 69,014 72,277 Accumulated other comprehensive income 1,615 1,354 Foreign currency translation adjustments 2,465 -2,093 Remeasurements of defined benefit plans -408 -376 Total accumulated other comprehensive income 3,672 -1,115 Non-controlling interests 1,246 1,115 Total equity 73,933 72,277	Net defined benefit liability	168	163
Total long-term liabilities 3,180 3,068 Total liabilities 12,611 11,162 Total equity Equity Common stock 2,960 2,960 Capital surplus 2,697 2,697 Retained earnings 66,193 69,456 Treasury stock -2,837 -2,837 Total shareholders' equity 69,014 72,277 Accumulated other comprehensive income 1,615 1,354 Unrealized gain on available-for-sale securities 1,615 1,354 Foreign currency translation adjustments 2,465 -2,093 Remeasurements of defined benefit plans -408 -376 Total accumulated other comprehensive income 3,672 -1,115 Non-controlling interests 1,246 1,115 Total equity 73,933 72,277	Asset removal liabilities	18	18
Total liabilities 12,611 11,162 Total equity Equity Common stock 2,960 2,960 Capital surplus 2,697 2,697 Retained earnings 66,193 69,456 Treasury stock -2,837 -2,837 Total shareholders' equity 69,014 72,277 Accumulated other comprehensive income Unrealized gain on available-for-sale securities 1,615 1,354 Foreign currency translation adjustments 2,465 -2,093 Remeasurements of defined benefit plans -408 -376 Total accumulated other comprehensive income 3,672 -1,115 Non-controlling interests 1,246 1,115 Total equity 73,933 72,277	Other	2,993	2,886
Total equity Equity 2,960 2,960 2,960 2,697 2,697 2,697 2,697 2,697 8,697 2,697 2,697 8,697 8,69,456 6,193 69,456 69,456 7,2,837 7,2,837 7,2,837 7,2,837 7,2,277	Total long-term liabilities	3,180	3,068
Equity 2,960 2,960 Capital surplus 2,697 2,697 Retained earnings 66,193 69,456 Treasury stock -2,837 -2,837 Total shareholders' equity 69,014 72,277 Accumulated other comprehensive income 1,615 1,354 Foreign currency translation adjustments 2,465 -2,093 Remeasurements of defined benefit plans -408 -376 Total accumulated other comprehensive income 3,672 -1,115 Non-controlling interests 1,246 1,115 Total equity 73,933 72,277	Total liabilities	12,611	11,162
Common stock 2,960 2,960 Capital surplus 2,697 2,697 Retained earnings 66,193 69,456 Treasury stock -2,837 -2,837 Total shareholders' equity 69,014 72,277 Accumulated other comprehensive income 1,615 1,354 Foreign currency translation adjustments 2,465 -2,093 Remeasurements of defined benefit plans -408 -376 Total accumulated other comprehensive income 3,672 -1,115 Non-controlling interests 1,246 1,115 Total equity 73,933 72,277	Total equity		
Capital surplus 2,697 2,697 Retained earnings 66,193 69,456 Treasury stock -2,837 -2,837 Total shareholders' equity 69,014 72,277 Accumulated other comprehensive income 1,615 1,354 Unrealized gain on available-for-sale securities 1,615 -2,093 Remeasurementy translation adjustments 2,465 -2,093 Remeasurements of defined benefit plans -408 -376 Total accumulated other comprehensive income 3,672 -1,115 Non-controlling interests 1,246 1,115 Total equity 73,933 72,277	Equity		
Retained earnings 66,193 69,456 Treasury stock -2,837 -2,837 Total shareholders' equity 69,014 72,277 Accumulated other comprehensive income	Common stock	2,960	2,960
Treasury stock -2,837 -2,837 Total shareholders' equity 69,014 72,277 Accumulated other comprehensive income Unrealized gain on available-for-sale securities 1,615 1,354 Foreign currency translation adjustments 2,465 -2,093 Remeasurements of defined benefit plans -408 -376 Total accumulated other comprehensive income 3,672 -1,115 Non-controlling interests 1,246 1,115 Total equity 73,933 72,277	Capital surplus	2,697	2,697
Total shareholders' equity 69,014 72,277 Accumulated other comprehensive income	Retained earnings	66,193	69,456
Accumulated other comprehensive income 1,615 1,354 Unrealized gain on available-for-sale securities 2,465 -2,093 Remeasurements of defined benefit plans -408 -376 Total accumulated other comprehensive income 3,672 -1,115 Non-controlling interests 1,246 1,115 Total equity 73,933 72,277	Treasury stock	-2,837	-2,837
Unrealized gain on available-for-sale securities 1,615 1,354 Foreign currency translation adjustments 2,465 -2,093 Remeasurements of defined benefit plans -408 -376 Total accumulated other comprehensive income 3,672 -1,115 Non-controlling interests 1,246 1,115 Total equity 73,933 72,277	Total shareholders' equity	69,014	72,277
Foreign currency translation adjustments 2,465 -2,093 Remeasurements of defined benefit plans -408 -376 Total accumulated other comprehensive income 3,672 -1,115 Non-controlling interests 1,246 1,115 Total equity 73,933 72,277	Accumulated other comprehensive income		
Remeasurements of defined benefit plans -408 -376 Total accumulated other comprehensive income 3,672 -1,115 Non-controlling interests 1,246 1,115 Total equity 73,933 72,277	Unrealized gain on available-for-sale securities	1,615	1,354
Total accumulated other comprehensive income 3,672 -1,115 Non-controlling interests 1,246 1,115 Total equity 73,933 72,277	Foreign currency translation adjustments	2,465	-2,093
Non-controlling interests 1,246 1,115 Total equity 73,933 72,277	Remeasurements of defined benefit plans	-408	-376
Total equity 73,933 72,277	Total accumulated other comprehensive income	3,672	-1,115
Total equity 73,933 72,277	Non-controlling interests	1,246	1,115
	Total equity	73,933	
	Total liabilities and equity	86,544	83,440

(2) Consolidated Statements of Income [FY2017 second quarter]

(Millions of Yen)

	Previous second quarter (April 1, 2015 to September 30, 2015)	Current second quarter (April 1, 2016 to September 30, 2016)
Net sales	31,335	31,514
Cost of sales	22,116	21,796
Gross profit	9,218	9,717
Selling, general and administrative expenses	4,818	4,819
Operating income	4,400	4,898
Non-operating income		
Interest income	29	32
Dividend income	24	31
Equity method investment gain	358	368
Other	110	81
Total non-operating income	523	512
Non-operating expenses		
Interest expense	31	12
Loss on valuation of derivatives	-	8
Foreign exchange loss	10	41
Loss on disposal of property and equipment	13	14
Cost of lease revenue	6	3
Other	22	20
Total non-operating expenses	84	101
Ordinary income	4,839	5,310
Quarterly net income before taxes and other adjustments	4,839	5,310
Corporate taxes	1,371	1,464
Net income before non-controlling interests	3,468	3,845
Net income attributable to non-controlling interests	21	44
Net income attributable to owners of PIOLAX Inc.	3,446	3,800