

**Brief Financial Report for the Third 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: February 9, 2017

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, 2017 (April 1, 2016 to December 31, 2016)**

**(1) Consolidated business results (Total sum)**

(Percentage changes from the same period of 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 3Q	47,466	-0.3	7,702	10.7	8,357	8.2	6,049	10.1
FY3/16 3Q	47,619	7.5	6,959	9.6	7,727	10.3	5,494	12.0

Note: Comprehensive income FY3/17 3Q 1,323 million yen (-70.6%), FY 3/16 3Q 4,500 million yen (-29.1%)

	Quarter net income per share	Quarter net income per share-diluted
	Yen	Yen
FY3/17 3Q	506.73	-
FY3/16 3Q	460.25	-

**(2) Consolidate financial position**

	Total assets	Net assets	Equity capital ratio
	Millions of yen	Millions of yen	%
FY3/17 3Q	85,379	74,241	85.6
FY3/16	86,544	73,933	84.0

(Reference) Equity capital: FY3/17 3Q 73,088 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)	-	-	-	50.00	90.00

Note: Changes in the latest forecasts released: Yes

**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)

	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	63,000	-2.1	9,600	4.9	10,300	2.3	7,100	1.1	594.72

Note: Changes in the latest forecasts released: Yes

## 3. [Quarterly consolidated financial statement]

## (1) Quarterly consolidated balance sheet

(Millions of Yen)

	Previous consolidated FY (March 31, 2016)	Current Third quarter (December 31, 2016)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	21,517	20,845
Notes and accounts receivable-trade	13,055	13,400
Electronically recorded monetary claims-operating	1,228	1,629
Marketable securities	187	-
Goods and Finished products	4,310	3,772
Material in progress	1,595	1,425
Raw materials and inventory goods	1,768	1,646
Other	2,124	2,387
Allowance for bad loans	-42	-14
Total current assets	45,746	45,091
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	7,872	7,135
Machinery equipment and vehicles (net)	7,663	6,562
Tools, furniture and fixture (net)	2,553	2,163
Land	5,179	5,094
Lease asset (net)	62	94
Construction in progress	1,122	2,154
Total tangible fixed assets	24,455	23,204
Intangible fixed assets		
Goodwill	4	2
Other	904	868
Total intangible fixed assets	909	871
Investments and other assets		
Investment account securities	14,197	14,748
Other	1,235	1,464
Allowance for bad loans	-0	-0
Total investments and other assets	15,433	16,212
Total fixed assets	40,797	40,288
Total assets	86,544	85,379

	Previous consolidated FY (March 31, 2016)	Current third quarter (December 31, 2016)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	3,199	2,905
Short-term borrowings	881	378
Accrued income taxes	1,050	705
Allowance reserve	831	417
Other	3,468	3,482
<b>Total current liabilities</b>	<b>9,430</b>	<b>7,889</b>
<b>Long-term liabilities</b>		
Net defined benefit liability	168	175
Asset removal liabilities	18	18
Other	2,993	3,055
<b>Total long-term liabilities</b>	<b>3,180</b>	<b>3,248</b>
<b>Total liabilities</b>	<b>12,611</b>	<b>11,138</b>
<b>Total equity</b>		
<b>Equity</b>		
Common stock	2,960	2,960
Capital surplus	2,697	2,697
Retained earnings	66,193	71,228
Treasury stock	-2,837	-2,837
<b>Total shareholders' equity</b>	<b>69,014</b>	<b>74,048</b>
<b>Accumulated other comprehensive income</b>		
Unrealized gain on available-for-sale securities	1,615	1,825
Foreign currency translation adjustments	2,465	-2,426
Remeasurements of defined benefit plans	-408	-360
<b>Total accumulated other comprehensive income</b>	<b>3,672</b>	<b>-960</b>
Non-controlling interests	1,246	1,153
<b>Total equity</b>	<b>73,933</b>	<b>74,241</b>
<b>Total liabilities and equity</b>	<b>86,544</b>	<b>85,379</b>

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

(Millions of Yen)

	Previous Third quarter (April 1, 2015 to December 31, 2015)	Current Third quarter (April 1, 2016 to December 31, 2016)
Net sales,	47,619	47,466
Cost of sales	33,433	32,548
Gross profit	14,186	14,918
Selling, general and administrative expenses	7,226	7,215
Operating income	6,959	7,702
Non-operating income		
Interest income	42	48
Dividend income	48	59
Equity method investment gain	570	600
Other	201	125
Total non-operating income	863	833
Non-operating expenses		
Interest expense	44	17
Loss on valuation of derivatives	-	114
Loss on disposal of property and equipment	21	15
Cost of lease revenue	7	5
Other	21	24
Total non-operating expenses	95	178
Ordinary income	7,727	8,357
Quarterly net income before taxes and other adjustments	7,727	8,357
Corporate taxes	2,180	2,241
Net income before non-controlling interests	5,546	6,115
Net income attributable to non-controlling interests	52	65
Net income attributable to owners of PIOLAX Inc.	5,494	6,049