

Brief Financial Report for the Year Ended March 31, 2018 [Based on Japanese Accounting Standards] (Consolidated)

Listed Company Name: PIOLAX Inc. Listing Exchanges: Tokyo Stock Exchange (First Section)
 Code No.: 5988 URL: <http://www.piolax.co.jp>
 Representative: President Yukihiko Shimazu
 Contact: General Manager, Management & Planning Department Toru Nagashima Tel.: 045-731-1211
 Date scheduled for general meeting of shareholders: June 26, 2018 Date scheduled to start dividend payment: June 27, 2018
 Date scheduled to submit asset securities report: June 27, 2018
 Preparation of supplementary materials for quarterly financial results: Yes
 Information meeting for financial results to be held: Yes (For institutional investor and investment analyst)

(Amounts are rounded to the nearest million yen.)

1. Consolidated performance for the year ended March 31, 2018 (April 1, 2017 to March 31, 2018)

(1) Consolidated business results

(Percentage changes from previous period.)

	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	67,876	5.6	10,220	-1.6	10,987	-3.9	8,126	1.5
FY3/17	64,275	-0.1	10,384	13.5	11,429	13.6	8,003	13.9

(Note) Comprehensive income FY3/18 9,089 million yen (39.0%) FY3/17 6,540 million yen (33.8%)

	Net income per share	Net income per share-diluted	Net income to treasury shares	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
FY3/18	226.91	-	9.9	11.4	15.1
FY3/17	223.48	-	10.6	12.8	16.2

(Reference) Investment profit (loss) arising from equity method FY3/18 755 million yen FY3/17 770 million yen

The Company implemented a stock split of 3 shares for each 1 share of common stock with an effective date of April 1, 2017. 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) Consolidated financial position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY3/18	99,558	87,154	86.1	2,394.31
FY3/17	92,668	79,424	84.4	2,182.90

(Reference) Shareholders' equity FY3/18 85,751 million yen FY3/17 78,180 million yen

The Company implemented a stock split of 3 shares for each 1 share of common stock with an effective date of April 1, 2017. Net assets 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.

(3) Consolidated cash flows

	Net cash flows from operating activities	Net cash flows from investing activities	Net cash flows from financing activities	Cash and cash equivalents at ending of the term
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY3/18	9,853	-5,892	-1,835	26,403
FY3/17	10,541	-5,995	-1,463	24,175

2. Dividends

	Annual dividends					Total dividend amount (annual)	Payout ratio (consolidated)	Dividend on net assets (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Term end	Full year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY3/17	-	40.00	-	60.00	100.00	1,234	14.9	1.6
FY3/18	-	17.00	-	28.00	45.00	1,670	19.8	2.0
FY3/19 (forecast)	-	22.50	-	22.50	45.00		22.4	

1. 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.

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

3. From the current consolidated fiscal year, we have introduced a new performance-linked stock compensation plan, and the total dividend includes the dividend paid to the trust account.

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

(Percentage changes from previous period, and changes from the previous first half term for the same term)

	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
First half (total sum)	33,100	-0.3	4,500	-13.0	5,200	-6.1	3,600	-10.1	100.52
Annual	67,000	-1.3	9,500	-7.0	10,800	-1.7	7,200	-11.4	201.03

4. Consolidated financial statement

(1) Consolidated balance sheet

(Millions of yen)

	FY 2016 (As of March 31, 2017)	FY 2017 (As of March 31, 2018)
Assets		
Current assets		
Cash and cash equivalents	25,474	27,848
Notes and accounts receivable-trade	14,172	*3 14,425
Electronically recorded monetary claims-operating	1,610	*3 1,913
Marketable securities	-	1,699
Goods and finished products	4,119	4,534
Material in progress	1,359	1,565
Raw materials and inventory goods	1,701	1,837
Deferred income taxes	637	695
Other current assets	1,602	1,650
Allowance for bad loans	-13	-32
Total current assets	50,664	56,136
Fixed assets		
Tangible fixed assets		
Buildings and structures	16,594	17,162
Accumulated depreciation	-8,382	-9,010
Buildings and structures (net)	8,212	8,151
Machinery equipment, and vehicles	26,525	27,907
Accumulated depreciation	-18,660	-20,222
Machinery equipment and vehicles (net)	7,864	7,684
Tools, furniture and fixture	26,762	27,830
Accumulated depreciation	-24,490	-25,604
Tools, furniture and fixture (net)	2,272	2,225
Land	5,143	5,183
Lease asset	75	72
Accumulated depreciation	-36	-36
Lease asset (net)	38	36
Construction in progress	1,020	1,058
Total tangible fixed assets	24,552	24,339
Intangible fixed assets		
Goodwill	2	-
Other	961	1,375
Total intangible fixed assets	963	1,375
Investments and other assets		
Investment securities	*1 14,967	*1 16,100
Deferred income taxes	43	65
Other assets	1,478	1,540
Allowance for bad loans	-0	-0
Total investments and other assets	16,488	17,706
Total fixed assets	42,003	43,421
Total assets	92,668	99,558

(Millions of yen)

	FY 2016 (As of March 31, 2017)	FY 2017 (As of March 31, 2018)
Liabilities		
Current liabilities		
Accounts payable-trade	3,434	3,566
Short-term borrowings	423	-
Lease obligation	14	10
Accrued income taxes	1,269	978
Accrued bonuses to employees	844	868
Accrued bonuses to directors	5	6
Reserve for environmental measures	2	1
Other current liabilities	3,709	3,724
Total current liabilities	9,702	9,156
Long-term liabilities		
Lease obligation	41	31
Deferred tax liabilities	2,766	2,278
Provision for directors' stock benefit	-	29
Net defined benefit liability	149	225
Asset removal liabilities	18	18
Other long-term liabilities	565	664
Total long-term fixed liabilities	3,541	3,247
Total liabilities	13,244	12,403
Total equity		
Equity		
Common stock	2,960	2,960
Capital surplus	2,697	2,888
Retained earnings	73,182	79,982
Treasury stock	-2,838	-3,029
Total shareholders' equity	76,003	82,802
Accumulated other comprehensive income		
Valuation difference on available-for-sale	1,701	1,902
Deferred gains or losses on hedges	-	-8
Foreign currency translation adjustments	839	1,376
Remeasurements of defined benefit plans	-363	-321
Total accumulated other comprehensive income	2,177	2,948
Non-controlling interests	1,243	1,402
Total equity	79,424	87,154
Total liabilities and equity	92,668	99,558

(2) Consolidated statements of income and Consolidated comprehensive income
 (Consolidated statements of income)

(Millions of yen)

	FY 2016 (April 1, 2016 to March 31, 2017)	FY 2017 (April 1, 2017 to March 31, 2018)
Net sales	64,275	67,876
Cost of sales	^{*2} ^{*3} 44,214	^{*2} ^{*3} 47,054
Gross profit	20,060	20,822
Selling, general and administrative expenses	^{*1} 9,676	^{*1} 10,601
Operating income	10,384	10,220
Non-operating income		
Interest income	69	83
Dividend income	65	66
Equity method investment gain	770	755
Other	220	124
Total non-operating income	1,125	1,029
Non-operating expenses		
Interest expense	21	8
Loss on disposal of property and equipment	14	24
Foreign exchange loss	-	143
Leases	7	7
Other	36	79
Total non-operating expenses	80	262
Ordinary income	11,429	10,987
Extraordinary income		
Gain on sales of investment securities	25	-
Total extraordinary income	25	-
Extraordinary loss		
Impairment loss	114	^{*4} 46
Loss on welfare pension fund dissolution	-	^{*5} 215
Total extraordinary loss	114	261
Net income before taxes and other adjustments	11,340	10,725
Corporate taxes	2,941	3,108
Income taxes-deferred	294	-606
Total corporate taxes	3,235	2,501
Current net income	8,105	8,224
Net income attributable to non-controlling interests	101	97
Net income attributable to owners of PIOLAX Inc.	8,003	8,126