

Brief Financial Report for the Year Ended March 31, 2013 [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: Accounting Group Leader Management & Planning Dept. Shinichi Gohara Phone: 045-731-1211
 Date scheduled for general meeting of shareholders: June 27, 2013 Date scheduled to start dividend payment: June 28, 2013
 Date scheduled to submit asset securities report: June 28, 2013
 Preparation of supplementary materials for quarterly financial results: None
 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, 2013 (April 1, 2012 to March 31, 2013)

(1) Consolidated business results

(Percentage changes from previous period.)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|--------|-----------------|-----|------------------|------|-----------------|------|-----------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY3/13 | 48,476 | 4.2 | 5,189 | 10.4 | 5,776 | 11.5 | 3,757 | 10.4 |
| FY3/12 | 46,500 | 3.7 | 4,701 | -3.9 | 5,182 | -7.9 | 3,404 | -3.9 |

(Note) Comprehensive income FY3/13 5,710 million yen (90.8%) FY3/12 2,993 million yen (11.6%)

| | 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 | % | % | % |
| FY3/13 | 302.05 | - | 7.3 | 9.4 | 10.7 |
| FY3/12 | 271.61 | - | 7.2 | 9.1 | 10.1 |

(Reference) Investment profit (loss) arising from equity method FY3/13 478 million yen FY3/12 386 million yen

(2) Consolidated financial position

| | Total assets | Net assets | Equity capital ratio | Net assets per share |
|--------|-----------------|-----------------|----------------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| FY3/13 | 64,109 | 54,345 | 84.0 | 4,327.01 |
| FY3/12 | 58,151 | 49,079 | 83.7 | 3,913.34 |

(Reference) Shareholders' equity FY3/13 53,822 million yen FY3/12 48,676 million yen

(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 |
| FY3/13 | 7,220 | -4,150 | -258 | 15,049 |
| FY3/12 | 3,690 | -4,092 | -472 | 12,080 |

2. Dividends

| (Record date) | 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 | % | % |
| FY3/12 | - | 15.00 | - | 17.50 | 32.50 | 417 | 12.0 | 0.9 |
| FY3/13 | - | 17.50 | - | 27.50 | 45.00 | 577 | 14.9 | 2.1 |
| FY3/14 (forecast) | - | 17.50 | - | 17.50 | 35.00 | | 11.5 | |

(Note) Breakdown of the term-end dividends (FY3/13) Ordinary dividend 17.50 Yen Commemorative dividend 10.00 Yen

3. Consolidated performance forecast for the year ending March 31, 2014 (April 1, 2013 to March 31, 2014)

(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 | | Net income per share |
|------------------------|-----------------|------|------------------|-------|-----------------|-------|-----------------|-------|----------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| First half (total sum) | 24,800 | -1.8 | 2,400 | -23.8 | 2,600 | -25.8 | 1,800 | -21.0 | 144.71 |
| Annual | 50,600 | 4.4 | 5,300 | 2.1 | 5,800 | 0.4 | 3,800 | 1.1 | 305.50 |

4. Consolidated financial statement
 (1) Consolidated balance sheet

(Millions of yen)

| | FY 2011 (As of March 31, 2012) | FY 2012 (As of March 31, 2013) |
|---|-----------------------------------|-----------------------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 11,913 | 14,881 |
| Notes and accounts receivable-trade | *5 11,879 | *5 10,626 |
| Marketable securities | 187 | 187 |
| Goods and finished products | 2,710 | 3,264 |
| Material in progress | 1,277 | 1,245 |
| Raw materials and inventory goods | 1,087 | 1,341 |
| Deferred income taxes | 578 | 708 |
| Other current assets | 1,157 | 1,368 |
| Allowance for bad loans | -32 | -38 |
| Total current assets | 30,760 | 33,584 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Buildings and structures | 10,424 | 11,196 |
| Accumulated depreciation | -6,382 | -6,797 |
| Buildings and structures (net) | 4,042 | 4,398 |
| Machinery equipment, and vehicles | 16,558 | 18,789 |
| Accumulated depreciation | -12,189 | -13,350 |
| Machinery equipment and vehicles (net) | 4,369 | 5,438 |
| Tools, furniture and fixture | 24,410 | 24,592 |
| Accumulated depreciation | -23,084 | -23,222 |
| Tools, furniture and fixture (net) | 1,325 | 1,369 |
| Land | 4,699 | 4,722 |
| Lease asset | 80 | 113 |
| Accumulated depreciation | -54 | -32 |
| Lease asset (net) | 26 | 80 |
| Construction in progress | 985 | 1,497 |
| Total tangible fixed assets | 15,448 | 17,507 |
| Intangible fixed assets | | |
| Goodwill | - | *4 0 |
| Lease asset | 2 | 0 |
| Other | 395 | 608 |
| Total intangible fixed assets | 397 | 609 |
| Investments and other assets | | |
| Investment securities | *1 10,480 | *1 11,281 |
| Deferred income taxes | 58 | 49 |
| Other assets | 1,006 | 1,076 |
| Allowance for bad loans | -0 | -0 |
| Total investments and other assets | 11,545 | 12,408 |
| Total fixed assets | 27,391 | 30,524 |
| Total assets | 58,151 | 64,109 |

(Millions of yen)

| | FY 2011 (As of March 31, 2012) | FY 2012 (As of March 31, 2013) |
|---|-----------------------------------|-----------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-trade | 2,567 | 2,127 |
| Short-term borrowings | 353 | 625 |
| Lease obligation | 10 | 14 |
| Accrued income taxes | 731 | 882 |
| Accrued bonuses to employees | 710 | 730 |
| Accrued bonuses to directors | 5 | 1 |
| Reserve for disaster loss | 2 | - |
| Reserve for environmental measures | - | 73 |
| Other current liabilities | 2,566 | 2,815 |
| Total current liabilities | 6,947 | 7,271 |
| Long-term liabilities | | |
| Lease obligation | 9 | 31 |
| Deferred tax liabilities | 1,579 | 1,886 |
| Accrued retirement allowances | 71 | 113 |
| Asset removal liabilities | 18 | 18 |
| Negative goodwill | ⁴ 0 | - |
| Other long-term liabilities | 444 | 442 |
| Total long-term fixed liabilities | 2,124 | 2,492 |
| Total liabilities | 9,072 | 9,763 |
| Total equity | | |
| Equity | | |
| Common stock | 2,960 | 2,960 |
| Capital surplus | 2,696 | 2,696 |
| Retained earnings | 46,004 | 49,325 |
| Treasury stock | -710 | -710 |
| Total shareholders' equity | 50,951 | 54,273 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale | 608 | 863 |
| Foreign currency translation adjustments | -2,883 | -1,314 |
| Total accumulated other comprehensive income | -2,274 | -451 |
| Minority interests in consolidated subsidiaries | 402 | 523 |
| Total equity | 49,079 | 54,345 |
| Total liabilities and equity | 58,151 | 64,109 |

(Millions of yen)

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

| | FY 2011 (April 1, 2011 to March 31, 2012) | FY 2012 (April 1, 2012 to March 31, 2013) |
|---|--|--|
| Net sales | 46,500 | 48,476 |
| Cost of sales | ^{*2} ^{*3} 35,012 | ^{*2} ^{*3} 36,044 |
| Gross profit | 11,487 | 12,432 |
| Selling, general and administrative expenses | ^{*1} 6,785 | ^{*1} 7,243 |
| Operating income | 4,701 | 5,189 |
| Non-operating income | | |
| Interest income | 24 | 23 |
| Dividend income | 21 | 26 |
| Equity method investment gain | 386 | 478 |
| Other | 173 | 130 |
| Total non-operating income | 606 | 659 |
| Non-operating expenses | | |
| Interest expense | 15 | 19 |
| Loss on valuation of derivative | 13 | 7 |
| Loss on disposal of property and equipment | 23 | 17 |
| Exchange losses | 38 | - |
| Leases | 9 | 8 |
| Other | 24 | 18 |
| Total non-operating expenses | 125 | 71 |
| Ordinary income | 5,182 | 5,776 |
| Specials losses | | |
| Provision of reserve for disaster loss | 2 | - |
| Disaster loss | 14 | - |
| Provision of reserve for environmental measures | - | ^{*4} 73 |
| Total special losses | 16 | 73 |
| Net income before taxes and other adjustments | 5,165 | 5,703 |
| Corporate taxes | 1,694 | 1,765 |
| Income taxes-deferred | 32 | 134 |
| Total corporate taxes | 1,726 | 1,899 |
| Net income before minority interests in income or loss of minority shareholders adjustments | 3,439 | 3,803 |
| Minority interests in income of minority shareholders | 35 | 46 |
| Current net income | 3,404 | 3,757 |