

**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 Yukihiro 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)

	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	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)
<b>Assets</b>		
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

	Previous consolidated FY (March 31, 2016)	Current second quarter (September 30, 2016)
<b>Liabilities</b>		
Current liabilities		
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		
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
<b>Total equity</b>		
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
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