

Consolidated Financial Results

For the 2nd Quarter Ended September 30, 2016

Company name: PACIFIC INDUSTRIAL CO., LTD.

Stock exchange listings: Tokyo and Nagoya Stock Exchanges (First Section)

Stock code number: 7250

URL: <http://www.pacific-ind.co.jp/>

Representative: Shinya Ogawa, President

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(Amounts less than one million yen are omitted)

1. Consolidated Financial Results for FY 2016 2nd Quarter (From April 1, 2015 to Sep. 30, 2016)

(1) Consolidated Financial Results

(%:changes from the same period of the previous fiscal year)

| | Net Sales | | Operating Income | | Ordinary Income | | Profit attribute to owners of parent | |
|--------------------|-------------|------|------------------|------|-----------------|------|--------------------------------------|------|
| | Million Yen | % | Million Yen | % | Million Yen | % | Million Yen | % |
| FY2016 2nd quarter | 49,754 | △4.9 | 4,056 | 19.5 | 4,035 | △0.7 | 3,094 | △8.1 |
| FY2015 2nd quarter | 52,340 | 9.9 | 3,393 | 17.4 | 4,064 | 15.1 | 3,365 | 36.5 |

Note: Comprehensive income

FY2016 2nd quarter: △1,816 million yen(—%), FY2015 2nd quarter: 130million yen(△96.3%)

| | Earnings Per Share | Fully Diluted Earnings Per Share |
|--------------------|--------------------|----------------------------------|
| | Yen | Yen |
| FY2016 2nd quarter | 57.26 | 51.08 |
| FY2015 2nd quarter | 62.81 | 55.63 |

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Net assets excluding subscription rights to shares and Non-controlling interests as a percentage of total assets |
|--------------------|--------------|-------------|--|
| | Million Yen | Million Yen | % |
| FY2016 2nd quarter | 128,227 | 70,691 | 54.5 |
| FY2015 | 129,954 | 73,244 | 55.7 |

Note: Shareholders' equity:

FY2015 half year: 69,888 million yen FY2015: 72,358 million yen

2. Cash Dividends

| | Annual Cash Dividends Per Share | | | | |
|------------------|---------------------------------|-------------|-------------|-------------|----------|
| | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter | FY Total |
| | Yen | Yen | Yen | Yen | Yen |
| FY2015 | — | 12.00 | — | 14.00 | 26.00 |
| FY2016 | — | 13.00 | — | — | — |
| FY2016(Forecast) | — | — | — | 13.00 | 26.00 |

Note: Revisions to the forecasts announced most recently: None

3. Forecasts of Consolidated Financial Results for FY 2016(April 1, 2016 through March 31, 2017)

(%:changes from the same period of the previous fiscal year)

| | Net Sales | | Operating Income | | Ordinary Income | | Profit attribute to owners of parent | | Earning Per Share |
|--------|-------------|------|------------------|-----|-----------------|------|--------------------------------------|-------|-------------------|
| | Million Yen | % | Million Yen | % | Million Yen | % | Million Yen | % | Yen |
| FY2016 | 100,000 | △6.4 | 7,900 | 0.4 | 8,700 | △3.5 | 6,300 | △11.4 | 116.57 |

Note: Revisions to the forecasts announced most recently: Yes

4. Notes

(1) Changes in major subsidiaries during the current quarter: None

(changes in specified subsidiaries that caused a change in the scope of consolidation)

Newly included: — (company name)

Newly excluded: — (company name)

(2) Application of special accounting methods for the preparation of quarterly consolidated financial statements : None

(3) Changes in accounting policies, accounting estimates and restatement

① Changes in accounting policies with revision of accounting standards : None

② Changes other than ① : None

③ Changes in accounting estimates : None

④ Restatement : None

(4) Number of shares issued and outstanding (common stock)

| | | | | |
|--|-----------------------|-------------------|-----------------------|-------------------|
| ①Number of shares outstanding at end of period(including treasury stock) | FY2016 2nd quarter | 55,054,599 shares | FY 2015 | 55,051,262 shares |
| ②Number of shares of treasury stock at end of period | FY2016 2nd quarter | 1,000,154 shares | FY 2015 | 1,037,219 shares |
| ③Average number of common stock (quarterly total) | FY2016 2nd quarter | 54,036,166 shares | FY2015 2nd quarter | 53,587,701 shares |

* Note on status of quarterly review procedures

This summary of quarterly financial results is not subject to quarterly review procedures under the Financial Instruments and Exchange Act. As of the time of disclosure of this summary of quarterly financial results, however, the review procedures for quarterly consolidated financial statements under the Financial Instruments and Exchange Act have not been completed.

* Explanation about appropriate use of the financial results forecasts, and other noteworthy matters

Statements related to the future, including the forecasts of financial results, described in this document are based on information currently available to Pacific industrial and on certain assumptions deemed by Pacific industrial to be rational.

Consolidated Balance Sheets

(Mmillion Yen)

| | FY2015 (As of Mar.31, 2016) | FY2016 (As of Sep.30, 2016) | | FY2015 (As of Mar.31, 2016) | FY2016 (As of Sep.30, 2016) |
|---------------------------------------|--------------------------------|--------------------------------|---|--------------------------------|--------------------------------|
| (Assets) | | | (Liabilities) | | |
| Current Assets | 40,670 | 38,113 | Current Liabilities | 30,104 | 26,635 |
| Cash and time deposits | 15,164 | 15,208 | Trade notes and accounts payable | 6,313 | 6,034 |
| Trade notes and accounts receivable | 15,507 | 13,327 | Electronically recorded obligations - operating | 6,208 | 6,343 |
| Inventories | 6,617 | 6,289 | Short-term borrowings | 3,480 | 3,470 |
| Other current assets | 3,406 | 3,317 | Current portion of long-term borrowings | 4,826 | 1,779 |
| Less: Allowance for doubtful accounts | (25) | (28) | Other accounts payable | 3,633 | 3,262 |
| Fixed Assets | 89,283 | 86,329 | Income taxes payable | 910 | 698 |
| Property, Plant and Equipment | 58,065 | 59,597 | Allowance for bonuses | 1,366 | 1,382 |
| Buildings and structures | 18,510 | 16,838 | Allowance for bonuses to directors | 69 | 28 |
| Machinery and vehicles | 22,269 | 21,243 | Other current liabilities | 3,296 | 3,637 |
| Tools, Furniture, and fixtures | 4,744 | 3,843 | Noncurrent Liabilities | 26,605 | 30,899 |
| Land | 5,392 | 5,274 | Convertible bond | 5,635 | 5,632 |
| Lease Asset | 449 | 422 | Long-term borrowings | 13,428 | 18,118 |
| Construction in progress | 6,697 | 11,974 | Provision for directors retirement benefit | 248 | 193 |
| Intangible Fixed Assets | 1,001 | 935 | Net defined benefit liabilities | 135 | 230 |
| Investments and Other Assets | 30,216 | 29,580 | Other noncurrent liabilities | 7,158 | 6,725 |
| Investments in securities | 24,924 | 23,909 | Total Liabilities | 56,710 | 57,535 |
| Other fixed assets | 5,300 | 5,679 | (Net assets) | | |
| Less: Allowance for doubtful accounts | (9) | (8) | Shareholders' Equity | 58,642 | 60,999 |
| Total Assets | 129,954 | 128,227 | Capital stock | 4,502 | 4,504 |
| | | | Capital surplus | 4,800 | 4,813 |
| | | | Retained earnings | 49,632 | 51,964 |
| | | | Less: Treasury stock at cost | (294) | (283) |
| | | | Valuation and Translation Adjustment | 13,716 | 8,889 |
| | | | Valuation difference on available securities | 10,551 | 9,998 |
| | | | Foreign currency translation adjustments | 2,861 | (1,457) |
| | | | Remeasurement of defined benefit plan | 303 | 348 |
| | | | Subscription rights to shares | 190 | 201 |
| | | | Minority Interests | 695 | 601 |
| | | | Total Net Assets | 73,244 | 70,691 |
| | | | Total Liabilities and Net Assets | 129,954 | 128,227 |

Consolidated Statements of Income

(Million Yen)

| | FY2015 For the Second Quarter Sep.30, 2015 | FY2016 For the 1st Quarter Jun.30, 2016 |
|--|--|---|
| Net sales | 52,340 | 49,754 |
| Cost of sales | 44,823 | 41,675 |
| Gross profit | 7,517 | 8,079 |
| Selling, general and administrative expenses | 4,124 | 4,022 |
| Operating Income | 3,393 | 4,056 |
| Non-operating income | 990 | 735 |
| Interest income | 25 | 26 |
| Dividend income | 328 | 305 |
| Equity in earnings of affiliated companies | 441 | 279 |
| Other non-operating income | 194 | 125 |
| Non-operating Expenses | 319 | 756 |
| Interest expense | 84 | 74 |
| Foreign exchange losses | 205 | 680 |
| Other non-operating expense | 30 | 0 |
| Ordinary income | 4,064 | 4,035 |
| Extraordinary income | 47 | 289 |
| Gains on sale of fixed assets | 3 | - |
| Gain on sales of investment securities | - | 289 |
| Gains on sale of subsidiaries and affiliates' stocks | 44 | - |
| Extraordinary Losses | 88 | 84 |
| Losses on sales and retirements of fixed assets | 88 | 84 |
| Income before income taxes and non controlling interests | 4,022 | 4,240 |
| Income taxes | 659 | 1,148 |
| Current term net profit | 3,363 | 3,091 |
| Loss attributable to non controlling interests | (2) | (2) |
| Profit attributable to the owners of parent | 3,365 | 3,094 |