

Consolidated Financial Results For the 2nd Quarter Ended September 30, 2019

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/>

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(Amounts less than one million yen are omitted)

1. Consolidated Financial Results for FY 2019 2nd Quarter (From April 1, 2019 to September 30, 2019)

(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	%
FY2019 2nd quarter	82,765	28.7	4,683	19.1	4,935	△ 2.5	3,473	△ 9.2
FY2018 2nd quarter	64,285	13.7	3,933	2.3	5,064	6.7	3,824	12.3

Note: Comprehensive income

FY2019 2nd quarter: 2,026 million yen (△60.8%), FY2018 2nd quarter: 5,173 million yen (9.9%)

	Earnings Per Share	Fully Diluted Earnings Per Share
	Yen	Yen
FY2019 2nd quarter	57.53	57.27
FY2018 2nd quarter	63.45	63.07

(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	%
FY2019 2nd quarter	201,677	97,958	48.0
FY2018	203,831	97,075	47.0

Note: Shareholders' equity: FY2019 2nd quarter: 96,893 million yen FY2018: 95,900 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
FY2018	—	14.00	—	19.00	33.00
FY2019	—	16.00	—	—	—
FY2019(Forecast)	—	—	—	17.00	33.00

Note: Revisions to the forecasts announced most recently: Yes

3. Forecasts of Consolidated Financial Results for FY 2019 (April 1, 2019 through March 31, 2020)

(%: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
FY2019	160,000	10.3	10,000	△ 3.0	11,000	△ 6.5	8,000	△ 8.4	132.42

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)

① Number of shares outstanding at end of period (including treasury stock)	FY2019 2nd quarter	61,312,896 shares	FY 2018	61,312,896 shares
② Number of shares of treasury stock at end of period	FY2019 2nd quarter	868,730 shares	FY 2018	1,001,484 shares
③ Average number of common stock (quarterly total)	FY2019 2nd quarter	60,384,449 shares	FY2018 2nd quarter	60,276,116 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 Statements of Income

(Million Yen)

	FY2018 For the Year Ended Sep.30, 2018	FY2019 For the Year Ended Sep.30, 2019
Net sales	64,285	82,765
Cost of sales	55,202	71,595
Gross profit	9,083	11,170
Selling, general and administrative expenses	5,149	6,486
Operating Income	3,933	4,683
Non-operating income	1,371	747
Interest income	35	47
Dividend income	333	341
Equity in earnings of affiliated companies	377	204
Foreign exchange gain	480	-
Other non-operating income	145	154
Non-operating Expenses	241	495
Interest expense	122	128
Commission fee	61	-
Foreign exchange losses	-	323
Other non-operating expense	57	42
Ordinary income	5,064	4,935
Extraordinary income	128	-
Gain on sales of fixed assets	128	-
Extraordinary Losses	30	81
Loss on sales and retirements of fixed assets	30	81
Income before income taxes and non controlling interests	5,162	4,854
Income taxes	1,320	1,381
Current term net profit	3,841	3,473
Loss attributable to non controlling interests	16	△ 0
Profit attributable to the owners of parent	3,824	3,473

Consolidated Balance Sheets

(Mmillion Yen)

	FY2018 (As of Mar.31, 2019)	FY2019 (As of Sep.30, 2019)		FY2018 (As of Mar.31, 2019)	FY2019 (As of Sep.30, 2019)
(Assets)			(Liabilities)		
Current Assets	64,320	58,317	Current Liabilities	45,151	41,546
Cash and time deposits	21,763	19,607	Trade notes and accounts payable	10,626	9,607
Trade notes and accounts receivable	23,949	21,064	Electronically recorded obligations - operating	8,447	8,603
Inventories	14,671	14,253	Short-term borrowings	4,769	4,720
Other accounts receivable	3,366	2,929	Current portion of long-term borrowings	5,285	3,515
Other current assets	652	545	Other accounts payable	6,509	4,516
Less: Allowance for doubtful accounts	△ 82	△ 84	Accrued expenses	2,163	2,670
			Income taxes payable	1,924	996
Fixed Assets	139,510	143,360	Consumption taxes payable	111	85
Property, Plant and Equipment	92,178	94,936	Deposit received	784	725
Buildings and structures	23,332	24,810	Allowance for bonuses	1,615	1,586
Machinery and vehicles	37,002	40,433	Allowance for bonuses to directors	60	30
Tools, Furniture, and fixtures	7,605	7,526	Notes concerning installations	127	72
Land	7,627	7,503	Other current liabilities	2,727	4,413
Lease Asset	412	576	Noncurrent Liabilities	61,604	62,172
Construction in progress	16,197	14,086	Long-term borrowings	51,529	51,693
Intangible Fixed Assets	15,035	14,300	Deferred tax liabilities	8,181	8,482
Goodwill	8,803	8,491	Provision for directors retirement benefit	191	187
Other	6,232	5,808	Net defined benefit liabilities	648	676
Investments and Other Assets	32,296	34,123	Other noncurrent liabilities	1,052	1,132
Investments in securities	26,675	28,262	Total Liabilities	106,755	103,719
Long-term loans	64	63	(Net assets)		
Deferred tax assets	273	284	Shareholders' Equity	82,973	85,412
Net defined benefit asset	4,473	4,646	Capital stock	7,316	7,316
Other fixed assets	812	868	Capital surplus	7,626	7,705
Less: Allowance for doubtful accounts	△ 3	△ 3	Retained earnings	68,315	70,635
			Less: Treasury stock at cost	△ 285	△ 245
			Valuation and Translation Adjustment	12,927	11,481
			Valuation difference on available securities	11,480	12,484
			Foreign currency translation adjustments	1,015	△ 1,366
			Remeasurement of defined benefit plan	431	363
			Subscription rights to shares	274	184
			Minority Interests	900	880
			Total Net Assets	97,075	97,958
Total Assets	203,831	201,677	Total Liabilities and Net Assets	203,831	201,677