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Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2019 (under IFRS)

October 31, 2018

Company name: **F.C.C. CO., LTD.**
 Listing: Tokyo Stock Exchange
 Securities code: 7296
 URL: <http://www.fcc-net.co.jp/>
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Scheduled date to file Quarterly Securities Report: November 9, 2018

Scheduled date to commence dividend payments: November 27, 2018

Preparation of supplementary results briefing material on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded, unless otherwise noted)

1. Consolidated financial results for the Second quarter of the fiscal year ending March 31, 2019 (from April 1, 2018 to September 30, 2018)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Sales revenue		Operating profit		Profit before income taxes		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended												
September 30, 2018	88,916	8.5	8,915	33.9	9,788	32.6	6,847	41.1	6,752	42.3	8,245	43.8
September 30, 2017	81,925	9.1	6,656	12.7	7,380	128.6	4,851	104.3	4,746	130.5	5,734	—

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2018	134.54	—
September 30, 2017	94.57	—

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
September 30, 2018	175,289	125,925	124,336	70.9	2,477.42
March 31, 2018	170,302	118,900	117,311	68.9	2,337.43

2. Cash dividends

	Annual cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	–	21.00	–	21.00	42.00
Fiscal year ending March 31, 2019	–	23.00			
Fiscal year ending March 31, 2019 (Forecast)			–	23.00	46.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Percentages indicate year-on-year changes.)

	Sales revenue		Operating profit		Profit before income taxes		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2019	183,000	5.7	17,000	21.0	17,800	26.4	12,800	29.0	12,600	30.0	251.06

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: None

Excluded: None

- (2) Changes in accounting policies and changes in accounting estimates

a. Changes in accounting policies required by IFRS: Yes

b. Changes in accounting policies other than the above: None

c. Changes in accounting estimates: None

- (3) Number of shares issued (ordinary shares)

- a. Total number of shares issued at the end of the period (including treasury shares)

As of September 30, 2018	52,644,030 shares
As of March 31, 2018	52,644,030 shares

- b. Number of treasury shares at the end of the period

As of September 30, 2018	2,455,945 shares
As of March 31, 2018	2,455,841 shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the six months ended September 30, 2018	50,188,124 shares
For the six months ended September 30, 2017	50,188,221 shares

- * Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

- * Proper use of earnings forecasts, and other special matters

Caution regarding forward-looking statements

The forward-looking statements including earnings forecasts contained in these materials are based on information currently available to the Company and certain assumptions deemed reasonable by the Company, and are not intended as the Company's commitment to achieve such forecasts. Actual business and other results may differ significantly from these forecasts due to a wide range of factors.

Condensed quarterly consolidated financial statements

(1) Condensed quarterly consolidated statement of financial position

	(Millions of yen)	
	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and cash equivalents	25,230	26,673
Trade and other receivables	28,855	29,101
Other financial assets	2,339	1,905
Inventories	18,428	20,084
Other current assets	2,038	2,349
Total current assets	<u>76,892</u>	<u>80,114</u>
Non-current assets		
Property, plant and equipment	72,942	74,633
Goodwill and intangible assets	4,396	4,631
Investments accounted for using the equity method	117	104
Other financial assets	12,561	12,423
Deferred tax assets	2,734	2,756
Other non-current assets	657	625
Total non-current assets	<u>93,410</u>	<u>95,174</u>
Total assets	<u>170,302</u>	<u>175,289</u>

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	16,044	14,251
Borrowings	16,179	14,886
Other financial liabilities	128	142
Income taxes payable	2,784	2,842
Other current liabilities	6,006	6,273
Total current liabilities	41,143	38,395
Non-current liabilities		
Borrowings	365	85
Other financial liabilities	448	654
Defined benefit liability	2,027	2,050
Provisions	33	33
Deferred tax liabilities	7,086	7,849
Other non-current liabilities	297	295
Total non-current liabilities	10,258	10,967
Total liabilities	51,402	49,363
Equity		
Issued capital	4,175	4,175
Retained earnings	112,828	118,513
Treasury shares	(3,409)	(3,409)
Other components of equity	3,716	5,056
Total equity attributable to owners of parent	117,311	124,336
Non-controlling interests	1,589	1,588
Total equity	118,900	125,925
Total liabilities and equity	170,302	175,289

(2) Condensed quarterly consolidated statement of income

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Sales revenue	81,925	88,916
Cost of sales	(68,185)	(72,783)
Gross profit	13,739	16,132
Selling, general and administrative expenses	(7,330)	(7,652)
Other income	406	564
Other expense	(159)	(129)
Operating profit	6,656	8,915
Finance income	835	1,179
Finance costs	(106)	(299)
Share of profit (loss) in investments accounted for using the equity method	(4)	(6)
Profit before income taxes	7,380	9,788
Income tax expense	(2,528)	(2,940)
Profit	4,851	6,847
Profit attributable to		
Owners of parent	4,746	6,752
Non-controlling interests	105	95
Profit	4,851	6,847
Earnings per share (Attributable to owners of parent)		
Basic earnings per share (Yen)	94.57	134.54
Diluted earnings per share (Yen)	—	—

(3) Condensed quarterly consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	4,851	6,847
Other comprehensive income		
Components that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(0)	(9)
Changes in the fair value of financial assets measured at fair value through other comprehensive income	–	(94)
Total	<u>(0)</u>	<u>(103)</u>
Components that may be reclassified to profit or loss		
Changes in fair value of available-for-sale financial assets	278	–
Exchange differences of foreign operations	614	1,511
Share of other comprehensive income of associates accounted for using equity method	(10)	(10)
Total	<u>882</u>	<u>1,501</u>
Total other comprehensive income	<u>882</u>	<u>1,397</u>
Comprehensive income	<u>5,734</u>	<u>8,245</u>
Comprehensive income attributable to		
Owners of parent	5,628	8,116
Non-controlling interests	<u>105</u>	<u>128</u>
Comprehensive income	<u>5,734</u>	<u>8,245</u>

(4) Condensed quarterly consolidated statement of changes in equity
Six months ended September 30, 2017

	Equity attributable to owners of parent				
	Issued capital	Retained earnings	Treasury shares	Other components of equity	
				Exchange differences of foreign operations	Changes in fair value of available-for-sale financial assets
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of April 1, 2017	4,175	104,908	(3,409)	1,792	4,156
Changes in accounting policies	–	–	–	–	–
Balance after restatement	–	–	–	–	–
Profit	–	4,746	–	–	–
Other comprehensive income	–	–	–	604	278
Total comprehensive income	–	4,746	–	604	278
Purchase of treasury shares	–	–	–	–	–
Dividends	–	(1,003)	–	–	–
Increase (decrease) through changes in interests	–	–	–	–	–
Transfer from other components of equity	–	(0)	–	–	–
Total transactions with the owners	–	(1,003)	–	–	–
Balance as of September 30, 2017	4,175	108,651	(3,409)	2,396	4,434

	Equity attributable to owners of parent					
	Other components of equity					Total equity
	Changes in the fair value of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total	Non-controlling interests	
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of April 1, 2017	–	–	5,949	111,624	1,530	113,155
Changes in accounting policies	–	–	–	–	–	–
Balance after restatement	–	–	–	–	–	–
Profit	–	–	–	4,746	105	4,851
Other comprehensive income	–	(0)	881	881	0	882
Total comprehensive income	–	(0)	881	5,628	105	5,734
Purchase of treasury shares	–	–	–	–	–	–
Dividends	–	–	–	(1,003)	(131)	(1,135)
Increase (decrease) through changes in interests	–	–	–	–	–	–
Transfer from other components of equity	–	0	0	–	–	–
Total transactions with the owners	–	0	0	(1,003)	(131)	(1,135)
Balance as of September 30, 2017	–	–	6,831	116,249	1,504	117,753

Six months ended September 30, 2018

	Equity attributable to owners of parent				
	Issued capital	Retained earnings	Treasury shares	Other components of equity	
				Exchange differences of foreign operations	Changes in fair value of available-for-sale financial assets
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of April 1, 2018	4,175	112,828	(3,409)	(1,156)	4,872
Changes in accounting policies	–	(37)	–	–	(4,872)
Balance after restatement	4,175	112,791	(3,409)	(1,156)	–
Profit	–	6,752	–	–	–
Other comprehensive income	–	–	–	1,464	–
Total comprehensive income	–	6,752	–	1,464	–
Purchase of treasury shares	–	–	(0)	–	–
Dividends	–	(1,053)	–	–	–
Increase (decrease) through changes in interests	–	–	–	–	–
Transfer from other components of equity	–	23	–	–	–
Total transactions with the owners	–	(1,030)	(0)	–	–
Balance as of September 30, 2018	4,175	118,513	(3,409)	307	–

	Equity attributable to owners of parent					
	Other components of equity					Total equity
	Changes in the fair value of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total	Non-controlling interests	
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance as of April 1, 2018	–	–	3,716	117,311	1,589	118,900
Changes in accounting policies	4,872	–	–	(37)	–	(37)
Balance after restatement	4,872	–	3,716	117,274	1,589	118,863
Profit	–	–	–	6,752	95	6,847
Other comprehensive income	(90)	(9)	1,364	1,364	33	1,397
Total comprehensive income	(90)	(9)	1,364	8,116	128	8,245
Purchase of treasury shares	–	–	–	(0)	–	(0)
Dividends	–	–	–	(1,053)	(129)	(1,183)
Increase (decrease) through changes in interests	–	–	–	–	–	–
Transfer from other components of equity	(32)	9	(23)	–	–	–
Total transactions with the owners	(32)	9	(23)	(1,054)	(129)	(1,183)
Balance as of September 30, 2018	4,748	–	5,056	124,336	1,588	125,925

(5) Condensed quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from (used in) operating activities		
Profit before income taxes	7,380	9,788
Depreciation and amortization expense	6,606	5,974
Finance income and finance costs	(314)	(287)
Share of loss (profit) in investments accounted for using the equity method	4	6
Loss (gain) on sales and retirement of non-current assets	1	(61)
(Increase) decrease in inventories	(1,172)	(1,763)
(Increase) decrease in trade and other receivables	(1,259)	267
Increase (decrease) in trade and other payables	1,031	(1,516)
Increase (decrease) in defined benefit liability	107	23
Other	58	147
Subtotal	12,443	12,578
Interest and dividend income received	363	386
Interest expenses paid	(108)	(103)
Income taxes paid	(1,938)	(2,544)
Net cash flows from (used in) operating activities	10,759	10,317
Cash flows from (used in) investing activities		
Payments into time deposits	(2,072)	(1,072)
Proceeds from withdrawal of time deposits	1,039	1,527
Purchase of property, plant and equipment	(5,873)	(6,066)
Proceeds from sales of property, plant and equipment	176	255
Purchase of intangible assets	(643)	(530)
Proceeds from sales of intangible assets	0	0
Payments for acquisition of newly consolidated subsidiaries	(791)	—
Payments of loans receivable	(52)	(83)
Collection of loans receivable	79	97
Purchase of investments	(17)	(27)
Proceeds from sales of investments	—	44
Other	(38)	(40)
Net cash flows from (used in) investing activities	(8,193)	(5,896)
Cash flows from (used in) financing activities		
Net increase (decrease) in short-term borrowings	(1,186)	(2,077)
Purchase of treasury shares	—	(0)
Cash dividends paid	(1,003)	(1,054)
Cash dividends paid to non-controlling shareholders	(131)	(129)
Other	(61)	(65)
Net cash flows from (used in) financing activities	(2,382)	(3,326)
Net increase (decrease) in cash and cash equivalents	183	1,094
Cash and cash equivalents at beginning of period	23,474	25,230
Effect of exchange rate change on cash and cash equivalents	190	348
Cash and cash equivalents at end of period	23,848	26,673