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

January 31, 2019

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: February 8, 2019

Scheduled date to commence dividend payments: —

Preparation of supplementary results briefing material on quarterly financial results: None

Holding of quarterly financial results presentation meeting: None

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

1. Consolidated financial results for the Third quarter of the fiscal year ending March 31, 2019 (from April 1, 2018 to December 31, 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	%
Nine months ended												
December 31, 2018	132,012	3.8	12,552	12.6	12,942	7.9	9,273	13.9	9,119	14.3	8,471	(19.6)
December 31, 2017	127,130	10.9	11,151	28.2	11,993	35.4	8,140	34.6	7,978	44.2	10,539	42.3

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2018	181.71	—
December 31, 2017	158.96	—

(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
December 31, 2018	169,653	124,996	123,385	72.7	2,458.47
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: None

* **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 December 31, 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 December 31, 2018	2,455,975 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 nine months ended December 31, 2018	50,188,110 shares
For the nine months ended December 31, 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 December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	25,230	29,135
Trade and other receivables	28,855	25,466
Other financial assets	2,339	1,819
Inventories	18,428	20,839
Other current assets	2,038	2,213
Total current assets	<u>76,892</u>	<u>79,475</u>
Non-current assets		
Property, plant and equipment	72,942	71,684
Goodwill and intangible assets	4,396	4,050
Investments accounted for using the equity method	117	92
Other financial assets	12,561	10,867
Deferred tax assets	2,734	2,808
Other non-current assets	657	673
Total non-current assets	<u>93,410</u>	<u>90,178</u>
Total assets	<u>170,302</u>	<u>169,653</u>

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	16,044	12,725
Borrowings	16,179	13,114
Other financial liabilities	128	141
Income taxes payable	2,784	2,754
Other current liabilities	6,006	5,602
Total current liabilities	41,143	34,337
Non-current liabilities		
Borrowings	365	24
Other financial liabilities	448	536
Defined benefit liability	2,027	1,973
Provisions	33	29
Deferred tax liabilities	7,086	7,465
Other non-current liabilities	297	290
Total non-current liabilities	10,258	10,319
Total liabilities	51,402	44,657
Equity		
Issued capital	4,175	4,175
Retained earnings	112,828	119,726
Treasury shares	(3,409)	(3,409)
Other components of equity	3,716	2,892
Total equity attributable to owners of parent	117,311	123,385
Non-controlling interests	1,589	1,611
Total equity	118,900	124,996
Total liabilities and equity	170,302	169,653

(2) Condensed quarterly consolidated statement of income

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Sales revenue	127,130	132,012
Cost of sales	(105,294)	(108,711)
Gross profit	21,836	23,301
Selling, general and administrative expenses	(11,029)	(11,396)
Other income	592	821
Other expense	(247)	(173)
Operating profit	11,151	12,552
Finance income	1,015	674
Finance costs	(172)	(265)
Share of profit (loss) in investments accounted for using the equity method	(1)	(17)
Profit before income taxes	11,993	12,942
Income tax expense	(3,853)	(3,668)
Profit	8,140	9,273
Profit attributable to		
Owners of parent	7,978	9,119
Non-controlling interests	162	154
Profit	8,140	9,273
Earnings per share (Attributable to owners of parent)		
Basic earnings per share (Yen)	158.96	181.71
Diluted earnings per share (Yen)	—	—

(3) Condensed quarterly consolidated statement of comprehensive income

(Millions of yen)

	Nine months ended December 31 2017	Nine months ended December 31 2018
Profit	8,140	9,273
Other comprehensive income		
Components that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	0	(8)
Changes in the fair value of financial assets measured at fair value through other comprehensive income	–	(1,058)
Total	<u>0</u>	<u>(1,067)</u>
Components that may be reclassified to profit or loss		
Changes in fair value of available-for-sale financial assets	1,053	–
Exchange differences of foreign operations	1,359	268
Share of other comprehensive income of associates accounted for using equity method	(13)	(3)
Total	<u>2,399</u>	<u>264</u>
Total other comprehensive income	<u>2,399</u>	<u>(802)</u>
Comprehensive income	<u>10,539</u>	<u>8,471</u>
Comprehensive income attributable to		
Owners of parent	10,359	8,320
Non-controlling interests	<u>180</u>	<u>151</u>
Comprehensive income	<u>10,539</u>	<u>8,471</u>

(4) Condensed quarterly consolidated statement of changes in equity
Nine months ended December 31, 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	–	7,978	–	–	–
Other comprehensive income	–	–	–	1,335	1,045
Total comprehensive income	–	7,978	–	1,335	1,045
Purchase of treasury shares	–	–	–	–	–
Dividends	–	(2,057)	–	–	–
Increase (decrease) through changes in interests	–	–	–	–	–
Transfer from other components of equity	–	0	–	–	–
Total transactions with the owners	–	(2,057)	–	–	–
Balance as of December 31, 2017	4,175	110,829	(3,409)	3,128	5,201

	Equity attributable to owners of parent					Total equity
	Other components of equity				Non-controlling interests	
	Changes in the fair value of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total	Total		
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	–	–	–	7,978	162	8,140
Other comprehensive income	–	0	2,380	2,380	18	2,399
Total comprehensive income	–	0	2,380	10,359	180	10,539
Purchase of treasury shares	–	–	–	–	–	–
Dividends	–	–	–	(2,057)	(131)	(2,189)
Increase (decrease) through changes in interests	–	–	–	–	–	–
Transfer from other components of equity	–	(0)	(0)	–	–	–
Total transactions with the owners	–	(0)	(0)	(2,057)	(131)	(2,189)
Balance as of December 31, 2017	–	–	8,329	119,925	1,579	121,505

Nine months ended December 31, 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	–	9,119	–	–	–
Other comprehensive income	–	–	–	255	–
Total comprehensive income	–	9,119	–	255	–
Purchase of treasury shares	–	–	(0)	–	–
Dividends	–	(2,208)	–	–	–
Increase (decrease) through changes in interests	–	–	–	–	–
Transfer from other components of equity	–	24	–	–	–
Total transactions with the owners	–	(2,184)	(0)	–	–
Balance as of December 31, 2018	4,175	119,726	(3,409)	(901)	–

	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	–	–	–	9,119	154	9,273
Other comprehensive income	(1,045)	(8)	(799)	(799)	(2)	(802)
Total comprehensive income	(1,045)	(8)	(799)	8,320	151	8,471
Purchase of treasury shares	–	–	–	(0)	–	(0)
Dividends	–	–	–	(2,208)	(129)	(2,337)
Increase (decrease) through changes in interests	–	–	–	–	–	–
Transfer from other components of equity	(32)	8	(24)	–	–	–
Total transactions with the owners	(32)	8	(24)	(2,208)	(129)	(2,338)
Balance as of December 31, 2018	3,793	–	2,892	123,385	1,611	124,996

(5) Condensed quarterly consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Cash flows from (used in) operating activities		
Profit before income taxes	11,993	12,942
Depreciation and amortization expense	9,680	9,272
Finance income and finance costs	(458)	(465)
Share of loss (profit) in investments accounted for using the equity method	1	17
Loss (gain) on sales and retirement of non-current assets	36	(61)
(Increase) decrease in inventories	(1,768)	(2,868)
(Increase) decrease in trade and other receivables	(194)	3,079
Increase (decrease) in trade and other payables	1,003	(2,197)
Increase (decrease) in defined benefit liability	212	111
Other	(251)	(62)
Subtotal	20,255	19,767
Interest and dividend income received	597	602
Interest expenses paid	(198)	(124)
Income taxes paid	(2,881)	(3,426)
Net cash flows from (used in) operating activities	17,773	16,818
Cash flows from (used in) investing activities		
Payments into time deposits	(3,271)	(1,231)
Proceeds from withdrawal of time deposits	2,734	1,682
Purchase of property, plant and equipment	(8,954)	(8,471)
Proceeds from sales of property, plant and equipment	227	566
Purchase of intangible assets	(933)	(910)
Proceeds from sales of intangible assets	4	0
Payments for acquisition of newly consolidated subsidiaries	(791)	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	1,828
Payments of loans receivable	(75)	(150)
Collection of loans receivable	150	142
Purchase of investments	(32)	(44)
Proceeds from sales of investments	—	44
Other	(87)	(106)
Net cash flows from (used in) investing activities	(11,029)	(6,650)
Cash flows from (used in) financing activities		
Net increase (decrease) in short-term borrowings	(1,382)	(3,802)
Purchase of treasury shares	—	(0)
Cash dividends paid	(2,039)	(2,192)
Cash dividends paid to non-controlling shareholders	(131)	(129)
Other	(73)	(99)
Net cash flows from (used in) financing activities	(3,627)	(6,224)
Net increase (decrease) in cash and cash equivalents	3,116	3,943
Cash and cash equivalents at beginning of period	23,474	25,230
Effect of exchange rate change on cash and cash equivalents	452	(38)
Cash and cash equivalents at end of period	27,043	29,135