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Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2020 (under IFRS)

November 5, 2019

Company name: **F.C.C. CO., LTD.**
 Listing: Tokyo Stock Exchange
 Securities code: 7296
 URL: <https://www.fcc-net.co.jp/>
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Scheduled date to file Quarterly Securities Report: November 12, 2019

Scheduled date to commence dividend payments: November 27, 2019

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, 2020 (from April 1, 2019 to September 30, 2019)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	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, 2019	88,598	(0.4)	7,598	(14.8)	6,793	(30.6)	5,181	(24.3)	5,082	(24.7)	2,047	(75.2)
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

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2019	102.29	-
September 30, 2018	134.54	-

(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, 2019	169,361	128,044	126,415	74.6	2,544.18
March 31, 2019	173,644	127,527	125,875	72.5	2,533.32

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, 2019	–	23.00	–	29.00	52.00
Fiscal year ending March 31, 2020	–	29.00			
Fiscal year ending March 31, 2020 (Forecast)		–	–	29.00	58.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Percentages indicate year-on-year changes.)

	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, 2020	175,000	(1.5)	13,500	(14.8)	13,000	(21.2)	9,700	(18.9)	9,500	(19.3)	191.19

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, 2019	52,644,030 shares
As of March 31, 2019	52,644,030 shares

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

As of September 30, 2019	2,956,011 shares
As of March 31, 2019	2,955,975 shares

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

For the six months ended September 30, 2019	49,688,042 shares
For the six months ended September 30, 2018	50,188,124 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.

How to obtain supplementary results briefing material on quarterly financial results

The Company plans to hold a quarterly financial results presentation meeting on November 12, 2019. The Company also plans to post to its website the materials that are used at the meeting promptly after the meeting is held.

Condensed quarterly consolidated financial statements

(1) Condensed quarterly consolidated statement of financial position

	(Millions of yen)	
	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and cash equivalents	32,444	30,822
Trade and other receivables	28,080	28,412
Other financial assets	1,625	1,754
Inventories	20,503	19,730
Other current assets	2,366	2,411
Total current assets	85,020	83,132
Non-current assets		
Property, plant and equipment	69,786	68,076
Goodwill and intangible assets	4,201	4,285
Investments accounted for using the equity method	89	83
Other financial assets	11,238	10,896
Deferred tax assets	2,775	2,759
Other non-current assets	532	127
Total non-current assets	88,624	86,228
Total assets	173,644	169,361

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	12,794	13,378
Borrowings	12,791	7,251
Other financial liabilities	152	427
Income taxes payable	2,704	2,511
Other current liabilities	6,604	6,417
Total current liabilities	<u>35,046</u>	<u>29,985</u>
Non-current liabilities		
Borrowings	19	10
Other financial liabilities	488	1,069
Defined benefit liability	2,144	2,261
Provisions	29	29
Deferred tax liabilities	8,129	7,564
Other non-current liabilities	258	395
Total non-current liabilities	<u>11,069</u>	<u>11,331</u>
Total liabilities	<u>46,116</u>	<u>41,316</u>
Equity		
Issued capital	4,175	4,175
Retained earnings	122,365	126,012
Treasury shares	(4,787)	(4,787)
Other components of equity	4,122	1,014
Total equity attributable to owners of parent	<u>125,875</u>	<u>126,415</u>
Non-controlling interests	1,652	1,629
Total equity	<u>127,527</u>	<u>128,044</u>
Total liabilities and equity	<u>173,644</u>	<u>169,361</u>

(2) Condensed quarterly consolidated statement of income

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Revenue	88,916	88,598
Cost of sales	(72,783)	(73,605)
Gross profit	16,132	14,993
Selling, general and administrative expenses	(7,652)	(7,856)
Other income	564	584
Other expense	(129)	(122)
Operating profit	8,915	7,598
Finance income	1,179	533
Finance costs	(299)	(1,339)
Share of profit (loss) in investments accounted for using the equity method	(6)	1
Profit before income taxes	9,788	6,793
Income tax expense	(2,940)	(1,612)
Profit	6,847	5,181
Profit attributable to		
Owners of parent	6,752	5,082
Non-controlling interests	95	98
Profit	6,847	5,181
Earnings per share (Attributable to owners of parent)		
Basic earnings per share (Yen)	134.54	102.29
Diluted earnings per share (Yen)	—	—

(3) Condensed quarterly consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	6,847	5,181
Other comprehensive income		
Components that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(9)	(2)
Changes in the fair value of financial assets measured at fair value through other comprehensive income	(94)	(296)
Total	<u>(103)</u>	<u>(299)</u>
Components that may be reclassified to profit or loss		
Exchange differences of foreign operations	1,511	(2,835)
Share of other comprehensive income of associates accounted for using equity method	(10)	1
Total	<u>1,501</u>	<u>(2,834)</u>
Total other comprehensive income	<u>1,397</u>	<u>(3,133)</u>
Comprehensive income	<u>8,245</u>	<u>2,047</u>
Comprehensive income attributable to		
Owners of parent	8,116	1,980
Non-controlling interests	128	66
Comprehensive income	<u>8,245</u>	<u>2,047</u>

(4) Condensed quarterly consolidated statement of changes in equity
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	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)	–	–	–
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)
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

Six months ended September 30, 2019

	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, 2019	4,175	122,365	(4,787)	187	—
Profit	—	5,082	—	—	—
Other comprehensive income	—	—	—	(2,806)	—
Total comprehensive income	—	5,082	—	(2,806)	—
Purchase of treasury shares	—	—	(0)	—	—
Dividends	—	(1,440)	—	—	—
Transfer from other components of equity	—	5	—	—	—
Total transactions with the owners	—	(1,435)	(0)	—	—
Balance as of September 30, 2019	4,175	126,012	(4,787)	(2,618)	—

	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, 2019	3,934	—	4,122	125,875	1,652	127,527
Profit	—	—	—	5,082	98	5,181
Other comprehensive income	(292)	(2)	(3,101)	(3,101)	(32)	(3,133)
Total comprehensive income	(292)	(2)	(3,101)	1,980	66	2,047
Purchase of treasury shares	—	—	—	(0)	—	(0)
Dividends	—	—	—	(1,440)	(90)	(1,531)
Transfer from other components of equity	(8)	2	(5)	—	—	—
Total transactions with the owners	(8)	2	(5)	(1,441)	(90)	(1,531)
Balance as of September 30, 2019	3,633	—	1,014	126,415	1,629	128,044

(5) Condensed quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from (used in) operating activities		
Profit before income taxes	9,788	6,793
Depreciation and amortization expense	5,974	6,824
Finance income and finance costs	(287)	(471)
Share of loss (profit) in investments accounted for using the equity method	6	(1)
Loss (gain) on sales and retirement of non-current assets	(61)	(37)
(Increase) decrease in inventories	(1,763)	(9)
(Increase) decrease in trade and other receivables	267	(1,234)
Increase (decrease) in trade and other payables	(1,516)	1,419
Increase (decrease) in defined benefit liability	23	143
Other	147	1,154
Subtotal	12,578	14,582
Interest and dividend income received	386	519
Interest expenses paid	(103)	(118)
Income taxes paid	(2,544)	(2,231)
Income taxes refund and interest on refund received	—	69
Net cash flows from (used in) operating activities	10,317	12,822
Cash flows from (used in) investing activities		
Payments into time deposits	(1,072)	(695)
Proceeds from withdrawal of time deposits	1,527	453
Purchase of property, plant and equipment	(6,066)	(5,361)
Proceeds from sales of property, plant and equipment	255	219
Purchase of intangible assets	(530)	(591)
Proceeds from sales of intangible assets	0	0
Payments of loans receivable	(83)	(44)
Collection of loans receivable	97	57
Purchase of investments	(27)	(199)
Proceeds from sales of investments	44	10
Other	(40)	(23)
Net cash flows from (used in) investing activities	(5,896)	(6,175)
Cash flows from (used in) financing activities		
Net increase (decrease) in short-term borrowings	(2,077)	(5,464)
Repayments of lease liabilities	—	(227)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,054)	(1,441)
Cash dividends paid to non-controlling shareholders	(129)	(90)
Other	(65)	—
Net cash flows from (used in) financing activities	(3,326)	(7,223)
Net increase (decrease) in cash and cash equivalents	1,094	(575)
Cash and cash equivalents at beginning of period	25,230	32,444
Effect of exchange rate change on cash and cash equivalents	348	(1,045)
Cash and cash equivalents at end of period	26,673	30,822