

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2014 (Based on Japanese GAAP)

November 5, 2014

Company name: OILES CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 6282 URL <http://www.oiles.co.jp/>
 Representative: President Toshio Okayama
 Director, Senior Operating Officer, General
 Inquiries: Manager of the Corporation Planning and Administrative Division Takahiko Uchida TEL 0466-44-4901
 Scheduled date to file Quarterly Securities Report: November 12, 2014
 Scheduled date to commence dividend payments: December 5, 2014
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2014 (from April 1, 2014 to September 30, 2014)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2014	29,514	6.6	2,839	4.2	2,941	(4.9)	1,814	(2.0)
Six months ended September 30, 2013	27,679	3.8	2,725	2.7	3,093	11.8	1,852	9.1

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2014	53.39	—
Six months ended September 30, 2013	54.19	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2014	70,014	55,342	77.2	1,578.80
As of March 31, 2014	71,845	56,735	77.2	1,620.00

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2014	—	20.00	—	30.00	50.00
Year ending March 31, 2015	—	25.00	—	—	—
Year ending March 31, 2015 (Forecast)	—	—	—	25.00	50.00

3. Forecast of consolidated financial results for the year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	62,700	5.6	6,550	5.8	6,950	(2.4)	4,100	(2.5)	119.75

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2014
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2014	38,300,505 shares	As of March 31, 2014	38,300,505 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2014	5,177,486 shares	As of March 31, 2014	4,063,228 shares
--------------------------	------------------	----------------------	------------------

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

Six months ended September 30, 2014	33,983,318 shares	Six months ended September 30, 2013	34,173,450 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
Assets		
Current assets		
Cash and deposits	10,679	9,108
Notes and accounts receivable - trade	19,011	16,694
Securities	1,991	3,287
Merchandise and finished goods	3,234	3,437
Work in process	2,635	2,909
Raw materials and supplies	2,261	2,059
Other	1,883	1,844
Allowance for doubtful accounts	(21)	(21)
Total current assets	41,676	39,320
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,293	8,983
Machinery and equipment, net	5,092	4,603
Land	3,762	3,753
Other, net	1,862	2,261
Total property, plant and equipment	20,011	19,601
Intangible assets	1,292	1,359
Investments and other assets		
Investment securities	7,096	7,719
Net defined benefit asset	104	221
Other	1,694	1,821
Allowance for doubtful accounts	(30)	(29)
Total investments and other assets	8,865	9,733
Total non-current assets	30,168	30,694
Total assets	71,845	70,014

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,756	6,525
Income taxes payable	1,418	803
Provision for bonuses	1,142	1,145
Provision for directors' bonuses	125	63
Other	2,442	2,377
Total current liabilities	11,884	10,915
Non-current liabilities		
Long-term loans payable	582	497
Provision for directors' retirement benefits	102	76
Net defined benefit liability	1,076	1,007
Other	1,464	2,176
Total non-current liabilities	3,225	3,757
Total liabilities	15,109	14,672
Net assets		
Shareholders' equity		
Capital stock	8,585	8,585
Capital surplus	9,582	9,582
Retained earnings	39,986	40,990
Treasury shares	(5,149)	(7,585)
Total shareholders' equity	53,003	51,572
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,880	2,371
Foreign currency translation adjustment	1,304	790
Remeasurements of defined benefit plans	(724)	(670)
Total accumulated other comprehensive income	2,460	2,492
Minority interests	1,270	1,277
Total net assets	56,735	55,342
Total liabilities and net assets	71,845	70,014

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales	27,679	29,514
Cost of sales	17,801	18,814
Gross profit	9,878	10,699
Selling, general and administrative expenses	7,153	7,860
Operating income	2,725	2,839
Non-operating income		
Interest income	42	17
Dividend income	62	68
Foreign exchange gains	164	–
Other	132	109
Total non-operating income	402	196
Non-operating expenses		
Interest expenses	0	11
Foreign exchange losses	–	14
Share of loss of entities accounted for using equity method	27	41
Other	6	26
Total non-operating expenses	34	94
Ordinary income	3,093	2,941
Extraordinary income		
Gain on sales of investment securities	1	–
Total extraordinary income	1	–
Extraordinary losses		
Loss on disposal of non-current assets	22	7
Loss on valuation of investment securities	–	54
Total extraordinary losses	22	61
Income before income taxes and minority interests	3,071	2,880
Income taxes	1,147	994
Income before minority interests	1,924	1,886
Minority interests in income	72	71
Net income	1,852	1,814

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Income before minority interests	1,924	1,886
Other comprehensive income		
Valuation difference on available-for-sale securities	691	492
Foreign currency translation adjustment	1,006	(546)
Remeasurements of defined benefit plans, net of tax	–	53
Share of other comprehensive income of entities accounted for using equity method	49	11
Total other comprehensive income	1,747	10
Comprehensive income	3,671	1,897
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,511	1,845
Comprehensive income attributable to minority interests	160	51

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	3,071	2,880
Depreciation	1,256	1,315
Increase (decrease) in allowance for doubtful accounts	(10)	0
Increase (decrease) in provision for retirement benefits	19	–
Increase (decrease) in net defined benefit liability	–	20
Interest and dividend income	(104)	(86)
Interest expenses	0	11
Share of (profit) loss of entities accounted for using equity method	27	41
Loss (gain) on disposal of non-current assets	22	7
Loss (gain) on valuation of investment securities	–	54
Decrease (increase) in notes and accounts receivable - trade	538	2,147
Decrease (increase) in inventories	(344)	(417)
Increase (decrease) in notes and accounts payable - trade	(620)	(190)
Other, net	(492)	138
Subtotal	3,362	5,920
Interest and dividend income received	94	109
Interest expenses paid	(2)	(13)
Income taxes paid	(898)	(1,469)
Net cash provided by (used in) operating activities	2,556	4,546
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,562)	(1,260)
Proceeds from sales of property, plant and equipment	47	9
Purchase of intangible assets	(121)	(246)
Purchase of investment securities	(8)	(8)
Proceeds from sales of investment securities	2	–
Proceeds from redemption of investment securities	1,000	700
Payments into time deposits	(6)	(6)
Proceeds from withdrawal of time deposits	–	12
Collection of loans receivable	0	0
Purchase of insurance funds	(107)	(121)
Proceeds from maturity of insurance funds	11	13
Other, net	(1)	(18)
Net cash provided by (used in) investing activities	(1,744)	(925)
Cash flows from financing activities		
Proceeds from long-term loans payable	720	–
Repayments of long-term loans payable	(57)	(85)
Cash dividends paid	(568)	(865)
Cash dividends paid to minority shareholders	(39)	(44)
Purchase of treasury shares	(721)	(2,500)
Proceeds from disposal of treasury shares	782	86
Proceeds from sales and leasebacks	–	416
Repayments of lease obligations	(24)	(43)
Net cash provided by (used in) financing activities	91	(3,037)
Effect of exchange rate change on cash and cash equivalents	431	(148)
Net increase (decrease) in cash and cash equivalents	1,334	434
Cash and cash equivalents at beginning of period	11,603	11,890
Cash and cash equivalents at end of period	12,938	12,325