

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2016 (Based on Japanese GAAP)

May 12, 2016

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 Masami Iida TEL 0466-44-4901
 Scheduled date of ordinary general meeting of shareholders: June 29, 2016
 Scheduled date to file Securities Report: June 29, 2016
 Scheduled date to commence dividend payments: June 30, 2016
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	60,083	(2.9)	4,952	(18.6)	5,054	(23.9)	4,927	14.6
Year ended March 31, 2015	61,897	4.2	6,084	(1.8)	6,637	(6.8)	4,300	2.3

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	150.54	–	8.6	6.9	8.2
Year ended March 31, 2015	128.01	–	7.5	9.0	9.8

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	70,882	57,748	79.4	1,773.66
As of March 31, 2015	75,322	60,210	78.0	1,771.43

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2016	8,160	1,308	(4,968)	15,369
Year ended March 31, 2015	6,545	(3,827)	(3,787)	11,196

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2015	–	25.00	–	25.00	50.00	1,534	39.1	2.9
Year ended March 31, 2016	–	25.00	–	25.00	50.00	1,636	33.2	2.8
Year ending March 31, 2017 (Forecast)	–	25.00	–	25.00	50.00		39.2	

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2016	29,500	0.6	2,400	15.7	2,500	12.0	1,710	(12.7)	53.87
Full year	61,500	2.4	5,600	13.1	5,800	14.8	4,050	(17.8)	127.58

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2016

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2016	36,300,505 shares	As of March 31, 2015	36,300,505 shares
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Number of treasury shares at the end of the period

As of March 31, 2016	4,556,608 shares	As of March 31, 2015	3,142,744 shares
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Average number of shares during the period

Year ended March 31, 2016	32,730,762 shares	Year ended March 31, 2015	33,595,261 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	8,138	12,806
Notes and accounts receivable - trade	19,354	17,080
Securities	3,287	2,788
Merchandise and finished goods	3,344	3,533
Work in process	2,794	2,558
Raw materials and supplies	2,245	2,081
Deferred tax assets	1,049	762
Accounts receivable - other	216	211
Other	584	664
Allowance for doubtful accounts	(51)	(98)
Total current assets	40,963	42,389
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,859	20,869
Machinery and equipment	21,845	22,759
Tools, furniture and fixtures	11,474	11,768
Land	3,791	3,778
Leased assets	725	697
Construction in progress	1,371	630
Other	261	261
Accumulated depreciation	(38,523)	(40,446)
Total property, plant and equipment	21,807	20,318
Intangible assets		
Other	1,466	1,159
Total intangible assets	1,466	1,159
Investments and other assets		
Investment securities	9,069	4,928
Long-term time deposits	20	20
Deferred tax assets	38	57
Net defined benefit asset	106	112
Other	1,881	1,914
Allowance for doubtful accounts	(32)	(18)
Total investments and other assets	11,084	7,014
Total non-current assets	34,358	28,493
Total assets	75,322	70,882

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,337	5,893
Lease obligations	98	106
Accrued expenses	1,511	1,581
Income taxes payable	584	546
Accrued consumption taxes	286	256
Provision for bonuses	1,203	955
Provision for directors' bonuses	125	98
Other	1,143	722
Total current liabilities	11,290	10,160
Non-current liabilities		
Long-term loans payable	412	234
Lease obligations	330	243
Deferred tax liabilities	1,778	1,042
Provision for directors' retirement benefits	83	96
Net defined benefit liability	619	747
Asset retirement obligations	4	5
Long-term guarantee deposited	487	493
Long-term accounts payable - other	62	32
Other	41	78
Total non-current liabilities	3,821	2,973
Total liabilities	15,111	13,134
Net assets		
Shareholders' equity		
Capital stock	8,585	8,585
Capital surplus	9,474	9,479
Retained earnings	39,955	43,259
Treasury shares	(4,606)	(7,553)
Total shareholders' equity	53,407	53,770
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,983	1,341
Foreign currency translation adjustment	2,867	1,785
Remeasurements of defined benefit plans	(522)	(594)
Total accumulated other comprehensive income	5,328	2,532
Non-controlling interests	1,473	1,445
Total net assets	60,210	57,748
Total liabilities and net assets	75,322	70,882

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	61,897	60,083
Cost of sales	39,917	38,899
Gross profit	21,979	21,183
Selling, general and administrative expenses		
Advertising expenses	247	189
Packing and transportation expenses	1,405	1,340
Compensations, salaries and allowances	6,194	6,448
Provision for bonuses	584	491
Provision for directors' bonuses	125	98
Retirement benefit expenses	377	336
Provision for directors' retirement benefits	14	14
Welfare expenses	1,275	1,386
Traveling and transportation expenses	677	613
Communication expenses	212	182
Supplies expenses	581	435
Entertainment expenses	104	90
Rent expenses	539	633
Depreciation	845	1,010
Commission fee	782	818
Provision of allowance for doubtful accounts	44	70
Other	1,881	2,071
Total selling, general and administrative expenses	15,894	16,231
Operating income	6,084	4,952
Non-operating income		
Interest income	36	58
Dividend income	129	151
Foreign exchange gains	215	–
Insurance income	23	70
Royalty income	34	23
Gain on valuation of derivatives	52	57
Other	190	162
Total non-operating income	680	524
Non-operating expenses		
Interest expenses	39	36
Sales discounts	16	16
Foreign exchange losses	–	346
Share of loss of entities accounted for using equity method	66	–
Other	4	23
Total non-operating expenses	128	422
Ordinary income	6,637	5,054

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Extraordinary income		
Gain on sales of investment securities	–	1,564
Gain on sales of shares of subsidiaries and associates	–	298
Total extraordinary income	–	1,863
Extraordinary losses		
Loss on disposal of non-current assets	27	29
Loss on contract cancellation	–	120
Other	–	1
Total extraordinary losses	27	150
Profit before income taxes	6,610	6,767
Income taxes - current	1,784	1,508
Income taxes - deferred	382	205
Total income taxes	2,166	1,714
Profit	4,443	5,052
Profit attributable to non-controlling interests	142	125
Profit attributable to owners of parent	4,300	4,927

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit	4,443	5,052
Other comprehensive income		
Valuation difference on available-for-sale securities	1,103	(1,647)
Foreign currency translation adjustment	1,559	(996)
Remeasurements of defined benefit plans, net of tax	201	(71)
Share of other comprehensive income of entities accounted for using equity method	107	(188)
Total other comprehensive income	2,972	(2,904)
Comprehensive income	7,415	2,148
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,168	2,103
Comprehensive income attributable to non-controlling interests	247	44

Consolidated statements of changes in equity

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,585	9,582	39,986	(5,149)	53,003
Cumulative effects of changes in accounting policies			56		56
Restated balance	8,585	9,582	40,042	(5,149)	53,060
Changes of items during period					
Dividends of surplus			(1,563)		(1,563)
Profit attributable to owners of parent			4,300		4,300
Effect of change of the fiscal year end of consolidated subsidiaries					–
Purchase of treasury shares				(2,513)	(2,513)
Disposal of treasury shares				124	124
Retirement of treasury shares		(108)	(2,823)	2,931	–
Change in treasury shares of parent arising from transactions with non-controlling shareholders					–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(108)	(87)	543	347
Balance at end of current period	8,585	9,474	39,955	(4,606)	53,407

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,880	1,304	(724)	2,460	1,270	56,735
Cumulative effects of changes in accounting policies						56
Restated balance	1,880	1,304	(724)	2,460	1,270	56,791
Changes of items during period						
Dividends of surplus						(1,563)
Profit attributable to owners of parent						4,300
Effect of change of the fiscal year end of consolidated subsidiaries						–
Purchase of treasury shares						(2,513)
Disposal of treasury shares						124
Retirement of treasury shares						–
Change in treasury shares of parent arising from transactions with non-controlling shareholders						–
Net changes of items other than shareholders' equity	1,103	1,562	201	2,867	202	3,070
Total changes of items during period	1,103	1,562	201	2,867	202	3,418
Balance at end of current period	2,983	2,867	(522)	5,328	1,473	60,210

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	8,585	9,474	39,955	(4,606)	53,407
Cumulative effects of changes in accounting policies					–
Restated balance	8,585	9,474	39,955	(4,606)	53,407
Changes of items during period					
Dividends of surplus			(1,674)		(1,674)
Profit attributable to owners of parent			4,927		4,927
Effect of change of the fiscal year end of consolidated subsidiaries			50		50
Purchase of treasury shares				(3,074)	(3,074)
Disposal of treasury shares				128	128
Retirement of treasury shares					–
Change in treasury shares of parent arising from transactions with non-controlling shareholders		5			5
Net changes of items other than shareholders' equity					
Total changes of items during period	–	5	3,303	(2,946)	362
Balance at end of current period	8,585	9,479	43,259	(7,553)	53,770

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,983	2,867	(522)	5,328	1,473	60,210
Cumulative effects of changes in accounting policies						–
Restated balance	2,983	2,867	(522)	5,328	1,473	60,210
Changes of items during period						
Dividends of surplus						(1,674)
Profit attributable to owners of parent						4,927
Effect of change of the fiscal year end of consolidated subsidiaries						50
Purchase of treasury shares						(3,074)
Disposal of treasury shares						128
Retirement of treasury shares						–
Change in treasury shares of parent arising from transactions with non-controlling shareholders					(25)	(20)
Net changes of items other than shareholders' equity	(1,642)	(1,082)	(71)	(2,796)	(1)	(2,798)
Total changes of items during period	(1,642)	(1,082)	(71)	(2,796)	(27)	(2,461)
Balance at end of current period	1,341	1,785	(594)	2,532	1,445	57,748

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	6,610	6,767
Depreciation	2,870	3,108
Increase (decrease) in net defined benefit liability	(180)	49
Increase (decrease) in provision for directors' retirement benefits	(18)	13
Increase (decrease) in provision for bonuses	43	(248)
Increase (decrease) in provision for directors' bonuses	(0)	(26)
Increase (decrease) in allowance for doubtful accounts	26	38
Interest and dividend income	(165)	(209)
Interest expenses	39	36
Share of (profit) loss of entities accounted for using equity method	66	–
Loss (gain) on disposal of non-current assets	27	29
Loss (gain) on sales and valuation of investment securities	–	(1,563)
Loss (gain) on sales of shares of subsidiaries and associates	–	(298)
Decrease (increase) in notes and accounts receivable - trade	111	2,035
Decrease (increase) in inventories	90	51
Increase (decrease) in notes and accounts payable - trade	(506)	(374)
Increase (decrease) in accrued expenses	36	81
Other, net	(57)	10
Subtotal	8,995	9,499
Interest and dividend income received	187	208
Interest expenses paid	(43)	(36)
Income taxes paid	(2,594)	(1,511)
Net cash provided by (used in) operating activities	6,545	8,160
Cash flows from investing activities		
Payments into time deposits	(152)	(571)
Proceeds from withdrawal of time deposits	12	559
Purchase of property, plant and equipment	(3,249)	(2,058)
Proceeds from sales of property, plant and equipment	14	40
Purchase of intangible assets	(512)	(154)
Purchase of investment securities	(514)	(16)
Proceeds from sales of investment securities	–	2,816
Proceeds from redemption of investment securities	703	–
Proceeds from sales of shares of subsidiaries and associates	–	736
Payments of loans receivable	(1)	(1)
Collection of loans receivable	0	1
Purchase of insurance funds	(246)	(230)
Proceeds from maturity of insurance funds	127	194
Other, net	(9)	(7)
Net cash provided by (used in) investing activities	(3,827)	1,308

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from financing activities		
Repayments of long-term loans payable	(170)	(177)
Proceeds from sales and leasebacks	425	–
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(24)
Repayments of lease obligations	(93)	(103)
Purchase of treasury shares	(2,513)	(3,074)
Proceeds from disposal of treasury shares	171	128
Cash dividends paid	(1,561)	(1,673)
Dividends paid to non-controlling interests	(44)	(43)
Net cash provided by (used in) financing activities	(3,787)	(4,968)
Effect of exchange rate change on cash and cash equivalents	375	(330)
Net increase (decrease) in cash and cash equivalents	(694)	4,170
Cash and cash equivalents at beginning of period	11,890	11,196
Increase (decrease) in cash and cash equivalents resulting from changes in the fiscal year-end of subsidiaries	–	2
Cash and cash equivalents at end of period	11,196	15,369