

Translation

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

April 27, 2016

Company name: Aica Kogyo Company, Limited
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 4206 URL <http://www.aica.co.jp>
 Representative: President Yuji Ono
 Managing Director, Financial Management
 Inquiries: Satoshi Toudou TEL 052-409-8261
 Department
 Scheduled date of ordinary general meeting of shareholders: June 23, 2016
 Scheduled date to file Securities Report: June 24, 2016
 Scheduled date to commence dividend payments: June 24, 2016
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and 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	150,061	4.3	16,184	6.6	16,352	2.9	9,962	(1.7)
Year ended March 31, 2015	143,843	1.9	15,181	4.5	15,885	7.7	10,137	23.3

	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	152.62	152.51	9.4	10.9	10.8
Year ended March 31, 2015	155.99	155.82	10.4	11.4	10.6

(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	153,434	112,501	70.4	1,654.14
As of March 31, 2015	147,017	107,226	70.2	1,581.17

(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	14,612	(7,025)	(4,849)	37,449
Year ended March 31, 2015	13,080	(143)	(1,912)	35,220

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	–	20.00	–	23.00	43.00	2,806	27.6	2.9
Year ended March 31, 2016	–	21.00	–	25.00	46.00	3,003	30.1	2.8
Year ending March 31, 2017 (Forecast)	–	38.00	–	42.00	80.00		50.2	

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	74,500	6.9	7,750	7.4	7,850	2.8	4,900	6.3	75.05
Full year	155,000	3.3	16,750	3.5	17,000	4.0	10,400	4.4	159.30

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	67,590,664 shares	As of March 31, 2015	67,590,664 shares
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Number of treasury shares at the end of the period

As of March 31, 2016	2,303,153 shares	As of March 31, 2015	2,333,601 shares
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Average number of shares during the period

Year ended March 31, 2016	65,280,064 shares	Year ended March 31, 2015	64,989,414 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	35,220	37,449
Notes and accounts receivable - trade	45,692	49,333
Merchandise and finished goods	5,926	6,391
Work in process	560	919
Raw materials and supplies	5,021	4,814
Deferred tax assets	867	864
Other	3,655	3,498
Allowance for doubtful accounts	(273)	(241)
Total current assets	96,670	103,028
Non-current assets		
Property, plant and equipment		
Buildings and structures	29,188	31,494
Accumulated depreciation	(18,008)	(20,530)
Buildings and structures, net	11,179	10,964
Machinery, equipment and vehicles	34,535	44,643
Accumulated depreciation	(26,954)	(35,977)
Machinery, equipment and vehicles, net	7,581	8,666
Tools, furniture and fixtures	7,023	8,305
Accumulated depreciation	(6,096)	(7,316)
Tools, furniture and fixtures, net	927	988
Land	7,700	8,975
Leased assets	430	477
Accumulated depreciation	(291)	(299)
Leased assets, net	139	178
Construction in progress	790	699
Total property, plant and equipment	28,318	30,472
Intangible assets		
Goodwill	4,495	2,792
Other	2,126	2,172
Total intangible assets	6,621	4,965
Investments and other assets		
Investment securities	13,920	13,323
Deferred tax assets	244	238
Net defined benefit asset	628	545
Other	613	895
Allowance for doubtful accounts	—	(34)
Total investments and other assets	15,406	14,968
Total non-current assets	50,346	50,405
Total assets	147,017	153,434

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,400	20,850
Electronically recorded obligations - operating	4,674	3,982
Short-term loans payable	1,429	513
Income taxes payable	2,566	2,394
Accrued consumption taxes	904	516
Provision for bonuses	1,469	1,693
Other	5,211	4,693
Total current liabilities	34,655	34,644
Non-current liabilities		
Long-term loans payable	1,426	1,043
Deferred tax liabilities	2,280	2,101
Net defined benefit liability	684	1,147
Other	743	1,997
Total non-current liabilities	5,134	6,289
Total liabilities	39,790	40,933
Net assets		
Shareholders' equity		
Capital stock	9,891	9,891
Capital surplus	13,270	13,271
Retained earnings	73,527	80,618
Treasury shares	(2,030)	(2,005)
Total shareholders' equity	94,659	101,776
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,511	3,027
Deferred gains or losses on hedges	(8)	(4)
Foreign currency translation adjustment	4,845	3,092
Remeasurements of defined benefit plans	174	103
Total accumulated other comprehensive income	8,523	6,218
Subscription rights to shares	67	36
Non-controlling interests	3,976	4,469
Total net assets	107,226	112,501
Total liabilities and net assets	147,017	153,434

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	143,843	150,061
Cost of sales	104,992	108,067
Gross profit	38,850	41,993
Selling, general and administrative expenses		
Packing and transportation expenses	6,288	7,056
Advertising expenses	1,738	1,702
Salaries and bonuses	6,307	6,679
Provision for bonuses	874	895
Retirement benefit expenses	320	313
Welfare expenses	1,407	1,571
Depreciation	923	894
Rent expenses	460	561
Other	5,347	6,134
Total selling, general and administrative expenses	23,669	25,809
Operating income	15,181	16,184
Non-operating income		
Interest income	90	109
Dividend income	244	302
Rent income on facilities	126	105
Foreign exchange gains	127	–
Purchase discounts	104	104
Gain on investments in partnership	196	180
Other	399	479
Total non-operating income	1,289	1,281
Non-operating expenses		
Interest expenses	137	103
Sales discounts	135	138
Foreign exchange losses	–	176
Loss on disposal of non-current assets	37	42
Loss on valuation of investment securities	2	255
Subsidiary stock acquisition-related cost	–	152
Other	272	244
Total non-operating expenses	585	1,113
Ordinary income	15,885	16,352
Extraordinary income		
Gain on transfer of business	1,381	–
Total extraordinary income	1,381	–
Profit before income taxes	17,266	16,352
Income taxes - current	6,157	5,501
Income taxes - deferred	173	(20)
Total income taxes	6,330	5,481
Profit	10,935	10,871
Profit attributable to non-controlling interests	798	908
Profit attributable to owners of parent	10,137	9,962

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit	10,935	10,871
Other comprehensive income		
Valuation difference on available-for-sale securities	1,304	(484)
Deferred gains or losses on hedges	(10)	4
Foreign currency translation adjustment	2,822	(2,065)
Remeasurements of defined benefit plans, net of tax	268	(71)
Share of other comprehensive income of entities accounted for using equity method	5	42
Total other comprehensive income	4,390	(2,573)
Comprehensive income	15,325	8,297
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,025	7,657
Comprehensive income attributable to non-controlling interests	1,299	639

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	9,891	13,269	65,765	(2,334)	86,591
Cumulative effects of changes in accounting policies			169		169
Restated balance	9,891	13,269	65,935	(2,334)	86,761
Changes of items during period					
Dividends of surplus			(2,544)		(2,544)
Profit attributable to owners of parent			10,137		10,137
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares				299	299
Exercise of subscription rights to shares		1		8	9
Net changes of items other than shareholders' equity					
Total changes of items during period	-	1	7,592	304	7,897
Balance at end of current period	9,891	13,270	73,527	(2,030)	94,659

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	2,206	1	2,519	(93)	4,634
Cumulative effects of changes in accounting policies					
Restated balance	2,206	1	2,519	(93)	4,634
Changes of items during period					
Dividends of surplus					
Profit attributable to owners of parent					
Purchase of treasury shares					
Disposal of treasury shares					
Exercise of subscription rights to shares					
Net changes of items other than shareholders' equity	1,304	(10)	2,326	268	3,888
Total changes of items during period	1,304	(10)	2,326	268	3,888
Balance at end of current period	3,511	(8)	4,845	174	8,523

	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at beginning of current period	77	3,085	94,389
Cumulative effects of changes in accounting policies			169
Restated balance	77	3,085	94,558
Changes of items during period			
Dividends of surplus			(2,544)
Profit attributable to owners of parent			10,137
Purchase of treasury shares			(3)
Disposal of treasury shares			299
Exercise of subscription rights to shares			9
Net changes of items other than shareholders' equity	(9)	890	4,769
Total changes of items during period	(9)	890	12,667
Balance at end of current period	67	3,976	107,226

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	9,891	13,270	73,527	(2,030)	94,659
Changes of items during period					
Dividends of surplus			(2,871)		(2,871)
Profit attributable to owners of parent			9,962		9,962
Purchase of treasury shares				(1)	(1)
Exercise of subscription rights to shares		3		27	30
Net changes of items other than shareholders' equity		(2)			(2)
Total changes of items during period	-	0	7,090	25	7,116
Balance at end of current period	9,891	13,271	80,618	(2,005)	101,776

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of current period	3,511	(8)	4,845	174	8,523
Changes of items during period					
Dividends of surplus					
Profit attributable to owners of parent					
Purchase of treasury shares					
Exercise of subscription rights to shares					
Net changes of items other than shareholders' equity	(484)	4	(1,753)	(71)	(2,304)
Total changes of items during period	(484)	4	(1,753)	(71)	(2,304)
Balance at end of current period	3,027	(4)	3,092	103	6,218

	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at beginning of current period	67	3,976	107,226
Changes of items during period			
Dividends of surplus			(2,871)
Profit attributable to owners of parent			9,962
Purchase of treasury shares			(1)
Exercise of subscription rights to shares			30
Net changes of items other than shareholders' equity	(30)	493	(1,845)
Total changes of items during period	(30)	493	5,274
Balance at end of current period	36	4,469	112,501

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	17,266	16,352
Depreciation	3,117	3,510
Increase (decrease) in allowance for doubtful accounts	53	(1)
Increase (decrease) in provision for bonuses	(18)	190
Increase (decrease) in net defined benefit liability	49	60
Interest and dividend income	(334)	(412)
Interest expenses	137	103
Loss (gain) on transfer of business	(1,381)	–
Decrease (increase) in notes and accounts receivable - trade	(408)	(1,682)
Decrease (increase) in inventories	(1,458)	292
Decrease (increase) in other current assets	202	185
Increase (decrease) in notes and accounts payable - trade	757	886
Increase (decrease) in other current liabilities	422	(916)
Other, net	998	1,449
Subtotal	19,403	20,019
Interest and dividend income received	351	431
Interest expenses paid	(147)	(111)
Income taxes paid	(6,526)	(5,727)
Net cash provided by (used in) operating activities	13,080	14,612
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,175)	(2,843)
Purchase of intangible assets	(143)	(264)
Purchase of investment securities	(1,112)	(909)
Proceeds from sales of investment securities	1,149	807
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(4,225)
Proceeds from transfer of business	3,001	–
Other, net	136	409
Net cash provided by (used in) investing activities	(143)	(7,025)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(30)	(880)
Repayments of long-term loans payable	(261)	(512)
Proceeds from long-term loans payable	531	–
Cash dividends paid	(2,545)	(2,872)
Dividends paid to non-controlling interests	(409)	(430)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(84)
Proceeds from sales of treasury shares	859	–
Repayments of lease obligations	(52)	(67)
Other, net	(3)	(1)
Net cash provided by (used in) financing activities	(1,912)	(4,849)
Effect of exchange rate change on cash and cash equivalents	423	(508)
Net increase (decrease) in cash and cash equivalents	11,448	2,228
Cash and cash equivalents at beginning of period	23,772	35,220
Cash and cash equivalents at end of period	35,220	37,449