

# Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2017 (Based on Japanese GAAP)

April 26, 2017

Company name: Aica Kogyo Company, Limited  
 Stock exchange listing: Tokyo, Nagoya  
 Stock code: 4206 URL <http://www.aica.co.jp>  
 Representative: President Yuji Ono  
 General Manager, Financial Management  
 Inquiries: Department Toyoaki Ichikawa TEL 052-409-8261  
 Scheduled date of ordinary general meeting of shareholders: June 23, 2017  
 Scheduled date to file Securities Report: June 26, 2017  
 Scheduled date to commence dividend payments: June 26, 2017  
 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, 2017 (from April 1, 2016 to March 31, 2017)

#### (1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	151,633	1.0	18,099	11.8	18,374	12.4	11,064	11.1
Year ended March 31, 2016	150,061	4.3	16,184	6.6	16,352	2.9	9,962	(1.7)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	169.48	169.39	9.9	11.6	11.9
Year ended March 31, 2016	152.62	152.51	9.4	10.9	10.8

#### (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, 2017	164,634	119,685	69.8	1,759.91
As of March 31, 2016	153,434	112,501	70.4	1,654.14

#### (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, 2017	18,331	(3,269)	(4,587)	47,622
Year ended March 31, 2016	14,612	(7,025)	(4,849)	37,449

### 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, 2016	—	21.00	—	25.00	46.00	3,003	30.1	2.8
Year ended March 31, 2017	—	38.00	—	47.00	85.00	5,549	50.2	5.0
Year ending March 31, 2018 (Forecast)	—	40.00	—	48.00	88.00		50.4	

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		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, 2017	75,000	3.1	8,900	2.7	9,000	2.9	5,450	4.0	83.48
Full year	156,000	2.9	18,600	2.8	18,800	2.3	11,400	3.0	174.61

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(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, 2017	67,590,664 shares	As of March 31, 2016	67,590,664 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	2,303,875 shares	As of March 31, 2016	2,303,153 shares
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Average number of shares during the period

Year ended March 31, 2017	65,287,126 shares	Year ended March 31, 2016	65,280,064 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	37,449	47,646
Notes and accounts receivable - trade	49,333	50,549
Merchandise and finished goods	6,391	6,292
Work in process	919	956
Raw materials and supplies	4,814	4,901
Deferred tax assets	864	988
Other	3,498	4,283
Allowance for doubtful accounts	(241)	(281)
Total current assets	103,028	115,338
Non-current assets		
Property, plant and equipment		
Buildings and structures	31,494	31,611
Accumulated depreciation	(20,530)	(21,109)
Buildings and structures, net	10,964	10,501
Machinery, equipment and vehicles	44,643	45,867
Accumulated depreciation	(35,977)	(37,132)
Machinery, equipment and vehicles, net	8,666	8,734
Tools, furniture and fixtures	8,305	8,497
Accumulated depreciation	(7,316)	(7,376)
Tools, furniture and fixtures, net	988	1,120
Land	8,975	8,537
Leased assets	477	275
Accumulated depreciation	(299)	(133)
Leased assets, net	178	141
Construction in progress	699	988
Total property, plant and equipment	30,472	30,024
Intangible assets		
Goodwill	2,792	1,318
Other	2,172	1,941
Total intangible assets	4,965	3,259
Investments and other assets		
Investment securities	13,323	14,510
Deferred tax assets	238	247
Net defined benefit asset	545	584
Other	895	688
Allowance for doubtful accounts	(34)	(17)
Total investments and other assets	14,968	16,012
Total non-current assets	50,405	49,296
Total assets	153,434	164,634

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,850	21,541
Electronically recorded obligations - operating	3,982	4,456
Short-term loans payable	513	1,314
Income taxes payable	2,394	3,255
Accrued consumption taxes	516	784
Provision for bonuses	1,693	1,760
Other	4,693	5,484
Total current liabilities	34,644	38,596
Non-current liabilities		
Long-term loans payable	1,043	532
Deferred tax liabilities	2,101	2,721
Net defined benefit liability	1,147	1,190
Other	1,997	1,908
Total non-current liabilities	6,289	6,352
Total liabilities	40,933	44,949
Net assets		
Shareholders' equity		
Capital stock	9,891	9,891
Capital surplus	13,271	13,271
Retained earnings	80,618	87,570
Treasury shares	(2,005)	(2,007)
Total shareholders' equity	101,776	108,726
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,027	4,222
Deferred gains or losses on hedges	(4)	(9)
Foreign currency translation adjustment	3,092	1,822
Remeasurements of defined benefit plans	103	137
Total accumulated other comprehensive income	6,218	6,172
Subscription rights to shares	36	36
Non-controlling interests	4,469	4,749
Total net assets	112,501	119,685
Total liabilities and net assets	153,434	164,634

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

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	150,061	151,633
Cost of sales	108,067	106,134
Gross profit	41,993	45,499
Selling, general and administrative expenses		
Packing and transportation expenses	7,056	7,477
Advertising expenses	1,702	1,808
Salaries and bonuses	6,679	7,299
Provision for bonuses	895	934
Retirement benefit expenses	313	364
Welfare expenses	1,571	1,575
Depreciation	894	877
Rent expenses	561	512
Other	6,134	6,549
Total selling, general and administrative expenses	25,809	27,399
Operating profit	16,184	18,099
Non-operating income		
Interest income	109	144
Dividend income	302	267
Other	869	699
Total non-operating income	1,281	1,110
Non-operating expenses		
Interest expenses	103	57
Sales discounts	138	157
Loss on disposal of non-current assets	42	123
Bad debts expenses	—	147
Other	828	350
Total non-operating expenses	1,113	836
Ordinary profit	16,352	18,374
Extraordinary income		
Gain on sales of non-current assets	—	96
Total extraordinary income	—	96
Extraordinary losses		
Loss on sales of non-current assets	—	268
Total extraordinary losses	—	268
Profit before income taxes	16,352	18,201
Income taxes - current	5,501	6,190
Income taxes - deferred	(20)	(97)
Total income taxes	5,481	6,092
Profit	10,871	12,108
Profit attributable to non-controlling interests	908	1,044
Profit attributable to owners of parent	9,962	11,064

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	10,871	12,108
Other comprehensive income		
Valuation difference on available-for-sale securities	(484)	1,195
Deferred gains or losses on hedges	4	(5)
Foreign currency translation adjustment	(2,065)	(1,339)
Remeasurements of defined benefit plans, net of tax	(71)	33
Share of other comprehensive income of entities accounted for using equity method	42	(50)
Total other comprehensive income	(2,573)	(165)
Comprehensive income	8,297	11,943
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,657	11,018
Comprehensive income attributable to non-controlling interests	639	924

## Consolidated statements of changes in equity

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)
Change in ownership interest of parent due to transactions with non-controlling interests		(2)			(2)
Exercise of subscription rights to shares		3		27	30
Net changes of items other than shareholders' equity					
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					
Change in ownership interest of parent due to transactions with non-controlling interests					
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)
Change in ownership interest of parent due to transactions with non-controlling interests			(2)
Exercise of subscription rights to shares			30
Net changes of items other than shareholders' equity	(30)	493	(1,842)
Total changes of items during period	(30)	493	5,274
Balance at end of current period	36	4,469	112,501

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	9,891	13,271	80,618	(2,005)	101,776
Changes of items during period					
Dividends of surplus			(4,113)		(4,113)
Profit attributable to owners of parent			11,064		11,064
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	6,951	(1)	6,949
Balance at end of current period	9,891	13,271	87,570	(2,007)	108,726

	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	3,027	(4)	3,092	103	6,218
Changes of items during period					
Dividends of surplus					
Profit attributable to owners of parent					
Purchase of treasury shares					
Net changes of items other than shareholders' equity	1,195	(5)	(1,269)	33	(45)
Total changes of items during period	1,195	(5)	(1,269)	33	(45)
Balance at end of current period	4,222	(9)	1,822	137	6,172

	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at beginning of current period	36	4,469	112,501
Changes of items during period			
Dividends of surplus			(4,113)
Profit attributable to owners of parent			11,064
Purchase of treasury shares			(1)
Net changes of items other than shareholders' equity	–	280	234
Total changes of items during period	–	280	7,184
Balance at end of current period	36	4,749	119,685



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	16,352	18,201
Depreciation	3,510	3,512
Increase (decrease) in allowance for doubtful accounts	(1)	29
Increase (decrease) in provision for bonuses	190	73
Increase (decrease) in net defined benefit liability	60	53
Interest and dividend income	(412)	(411)
Interest expenses	103	57
Decrease (increase) in notes and accounts receivable - trade	(1,682)	(1,631)
Decrease (increase) in inventories	292	(96)
Decrease (increase) in other current assets	185	186
Increase (decrease) in notes and accounts payable - trade	886	1,326
Increase (decrease) in other current liabilities	(916)	485
Other, net	1,449	1,608
Subtotal	20,019	23,395
Interest and dividend income received	431	425
Interest expenses paid	(111)	(38)
Income taxes paid	(5,727)	(5,450)
Net cash provided by (used in) operating activities	14,612	18,331
Cash flows from investing activities		
Payments into time deposits	–	(24)
Purchase of property, plant and equipment	(2,843)	(3,189)
Purchase of intangible assets	(264)	(112)
Purchase of investment securities	(909)	(319)
Proceeds from sales of investment securities	807	920
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,225)	–
Other, net	409	(543)
Net cash provided by (used in) investing activities	(7,025)	(3,269)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(880)	829
Repayments of long-term loans payable	(512)	(585)
Cash dividends paid	(2,872)	(4,110)
Dividends paid to non-controlling interests	(430)	(644)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(84)	(10)
Repayments of lease obligations	(67)	(64)
Other, net	(1)	(1)
Net cash provided by (used in) financing activities	(4,849)	(4,587)
Effect of exchange rate change on cash and cash equivalents	(508)	(324)
Net increase (decrease) in cash and cash equivalents	2,228	10,150
Cash and cash equivalents at beginning of period	35,220	37,449
Increase in cash and cash equivalents resulting from merger	–	22
Cash and cash equivalents at end of period	37,449	47,622