

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2017 (Based on Japanese GAAP)

October 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 Department  
 Inquiries: Toyoaki Ichikawa TEL 052-409-8261  
 Scheduled date to file Quarterly Securities Report: November 6, 2017  
 Scheduled date to commence dividend payments: December 5, 2017  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2017	78,012	7.2	9,300	7.3	9,595	9.7	5,726	9.2
Six months ended September 30, 2016	72,754	4.4	8,664	20.1	8,749	14.5	5,242	13.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2017	87.72	87.67
Six months ended September 30, 2016	80.30	80.25

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	169,310	123,601	70.0
As of March 31, 2017	164,634	119,685	69.8

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, 2017	–	38.00	–	47.00	85.00
Year ending March 31, 2018	–	42.00			
Year ending March 31, 2018 (Forecast)			–	48.00	90.00

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
Full year	159,000	4.9	19,000	5.0	19,400	5.6	11,700	5.7	179.21

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2017  
(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: No
- (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: No
- 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, 2017	67,590,664 shares	As of March 31, 2017	67,590,664 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	2,304,292 shares	As of March 31, 2017	2,303,875 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2017	65,286,579 shares	Six months ended September 30, 2016	65,287,304 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	47,646	50,124
Notes and accounts receivable - trade	50,549	50,728
Merchandise and finished goods	6,292	6,766
Work in process	956	968
Raw materials and supplies	4,901	4,708
Other	5,272	5,929
Allowance for doubtful accounts	(281)	(267)
Total current assets	115,338	118,959
Non-current assets		
Property, plant and equipment	30,024	30,071
Intangible assets		
Goodwill	1,318	665
Other	1,941	2,024
Total intangible assets	3,259	2,690
Investments and other assets		
Other	16,030	17,607
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	16,012	17,589
Total non-current assets	49,296	50,351
Total assets	164,634	169,310
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	21,541	22,049
Electronically recorded obligations - operating	4,456	5,064
Short-term loans payable	1,314	1,473
Income taxes payable	3,255	2,799
Provision for bonuses	1,760	1,541
Other	6,268	5,956
Total current liabilities	38,596	38,884
Non-current liabilities		
Long-term loans payable	532	418
Net defined benefit liability	1,190	1,209
Other	4,629	5,196
Total non-current liabilities	6,352	6,825
Total liabilities	44,949	45,709

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Net assets		
Shareholders' equity		
Capital stock	9,891	9,891
Capital surplus	13,271	13,271
Retained earnings	87,570	90,228
Treasury shares	(2,007)	(2,008)
Total shareholders' equity	108,726	111,382
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,222	5,388
Deferred gains or losses on hedges	(9)	0
Foreign currency translation adjustment	1,822	1,600
Remeasurements of defined benefit plans	137	158
Total accumulated other comprehensive income	6,172	7,148
Subscription rights to shares	36	36
Non-controlling interests	4,749	5,032
Total net assets	119,685	123,601
Total liabilities and net assets	164,634	169,310

**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, 2016	Six months ended September 30, 2017
Net sales	72,754	78,012
Cost of sales	51,026	55,401
Gross profit	21,728	22,611
Selling, general and administrative expenses	13,063	13,310
Operating profit	8,664	9,300
Non-operating income		
Interest income	65	78
Dividend income	133	190
Other	299	336
Total non-operating income	499	605
Non-operating expenses		
Interest expenses	34	30
Sales discounts	69	77
Commission fee	–	67
Foreign exchange losses	103	–
Other	206	135
Total non-operating expenses	413	310
Ordinary income	8,749	9,595
Extraordinary losses		
Loss on sales of non-current assets	334	–
Total extraordinary losses	334	–
Profit before income taxes	8,415	9,595
Income taxes - current	2,795	3,073
Income taxes - deferred	(9)	191
Total income taxes	2,785	3,265
Profit	5,630	6,330
Profit attributable to non-controlling interests	387	603
Profit attributable to owners of parent	5,242	5,726

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	5,630	6,330
Other comprehensive income		
Valuation difference on available-for-sale securities	75	1,166
Deferred gains or losses on hedges	10	10
Foreign currency translation adjustment	(3,760)	(323)
Remeasurements of defined benefit plans, net of tax	21	20
Share of other comprehensive income of entities accounted for using equity method	(12)	32
Total other comprehensive income	(3,665)	906
Comprehensive income	1,964	7,236
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,109	6,703
Comprehensive income attributable to non-controlling interests	(145)	533

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	8,415	9,595
Depreciation	1,745	1,710
Increase (decrease) in allowance for doubtful accounts	(6)	(8)
Increase (decrease) in provision for bonuses	(193)	(215)
Increase (decrease) in net defined benefit liability	34	37
Interest and dividend income	(199)	(269)
Interest expenses	34	30
Decrease (increase) in notes and accounts receivable - trade	3,006	(317)
Decrease (increase) in inventories	352	(405)
Decrease (increase) in other current assets	(409)	(818)
Increase (decrease) in notes and accounts payable - trade	(1,470)	1,216
Increase (decrease) in other current liabilities	38	(178)
Other, net	1,226	508
Subtotal	12,574	10,885
Interest and dividend income received	200	271
Interest expenses paid	(38)	(29)
Income taxes paid	(2,470)	(3,427)
Net cash provided by (used in) operating activities	10,265	7,700
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,414)	(2,055)
Purchase of intangible assets	(62)	(84)
Purchase of investment securities	(209)	(5)
Proceeds from sales of investment securities	458	439
Other, net	(349)	(120)
Net cash provided by (used in) investing activities	(1,579)	(1,825)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	275	171
Repayments of long-term loans payable	(300)	(94)
Cash dividends paid	(1,630)	(3,064)
Dividends paid to non-controlling interests	(313)	(251)
Repayments of lease obligations	(36)	(28)
Other, net	(0)	(1)
Net cash provided by (used in) financing activities	(2,006)	(3,267)
Effect of exchange rate change on cash and cash equivalents	(1,099)	(129)
Net increase (decrease) in cash and cash equivalents	5,580	2,477
Cash and cash equivalents at beginning of period	37,449	47,622
Increase in cash and cash equivalents resulting from merger	22	-
Cash and cash equivalents at end of period	43,051	50,099