

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2018 (Based on Japanese GAAP)

October 25, 2018

Company name: Aica Kogyo Company, Limited  
 Stock exchange listing: Tokyo, Nagoya  
 Stock code: 4206 URL <http://www.aica.co.jp>  
 Representative: President Yuji Ono  
 Inquiries: General Manager, Financial Management Department Yousuke Mori TEL 052-533-3135  
 Scheduled date to file Quarterly Securities Report: November 5, 2018  
 Scheduled date to commence dividend payments: December 4, 2018  
 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, 2018 (from April 1, 2018 to September 30, 2018)

#### (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, 2018	90,832	16.4	9,670	4.0	10,109	5.4	6,044	5.5
Six months ended September 30, 2017	78,012	7.2	9,300	7.3	9,595	9.7	5,726	9.2

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	92.58	92.54
Six months ended September 30, 2017	87.72	87.67

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	187,387	133,769	66.3
As of March 31, 2018	189,626	132,616	64.7

### 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, 2018	–	42.00	–	50.00	92.00
Year ending March 31, 2019	–	47.00			
Year ending March 31, 2019 (Forecast)			–	56.00	103.00

### 3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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	185,000	13.0	20,800	8.9	21,000	7.1	13,400	11.7	205.25

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2018  
(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, 2018	67,590,664 shares	As of March 31, 2018	67,590,664 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	2,295,602 shares	As of March 31, 2018	2,304,868 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, 2018	65,290,298 shares	Six months ended September 30, 2017	65,286,579 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	49,521	47,907
Notes and accounts receivable - trade	59,259	56,452
Merchandise and finished goods	8,550	9,010
Work in process	1,046	1,047
Raw materials and supplies	6,404	7,013
Other	5,608	5,540
Allowance for doubtful accounts	(189)	(355)
Total current assets	130,200	126,616
Non-current assets		
Property, plant and equipment	38,464	39,146
Intangible assets		
Goodwill	168	349
Other	2,686	2,615
Total intangible assets	2,855	2,964
Investments and other assets		
Other	18,125	18,673
Allowance for doubtful accounts	(17)	(12)
Total investments and other assets	18,107	18,660
Total non-current assets	59,426	60,771
Total assets	189,626	187,387
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	26,127	26,002
Electronically recorded obligations - operating	6,058	5,516
Short-term loans payable	4,052	3,891
Income taxes payable	3,492	2,229
Provision for bonuses	1,763	1,576
Other	8,086	6,833
Total current liabilities	49,579	46,049
Non-current liabilities		
Long-term loans payable	777	588
Net defined benefit liability	1,406	1,390
Other	5,246	5,589
Total non-current liabilities	7,430	7,568
Total liabilities	57,010	53,617
<b>Net assets</b>		
Shareholders' equity		
Capital stock	9,891	9,891
Capital surplus	13,279	13,280
Retained earnings	93,756	96,536
Treasury shares	(2,011)	(2,004)
Total shareholders' equity	114,917	117,704

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,402	5,595
Deferred gains or losses on hedges	(4)	(2)
Foreign currency translation adjustment	2,187	751
Remeasurements of defined benefit plans	243	243
Total accumulated other comprehensive income	7,828	6,587
Share acquisition rights	36	27
Non-controlling interests	9,833	9,450
Total net assets	132,616	133,769
Total liabilities and net assets	189,626	187,387

**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, 2017	Six months ended September 30, 2018
Net sales	78,012	90,832
Cost of sales	55,401	67,328
Gross profit	22,611	23,504
Selling, general and administrative expenses	13,310	13,833
Operating profit	9,300	9,670
Non-operating income		
Interest income	78	99
Dividend income	190	182
Other	336	465
Total non-operating income	605	747
Non-operating expenses		
Interest expenses	30	58
Sales discounts	77	83
Other	202	166
Total non-operating expenses	310	308
Ordinary income	9,595	10,109
Extraordinary losses		
Loss on disaster	–	400
Total extraordinary losses	–	400
Profit before income taxes	9,595	9,709
Income taxes - current	3,073	2,796
Income taxes - deferred	191	339
Total income taxes	3,265	3,135
Profit	6,330	6,574
Profit attributable to non-controlling interests	603	529
Profit attributable to owners of parent	5,726	6,044

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

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	6,330	6,574
Other comprehensive income		
Valuation difference on available-for-sale securities	1,166	192
Deferred gains or losses on hedges	10	1
Foreign currency translation adjustment	(323)	(1,926)
Remeasurements of defined benefit plans, net of tax	20	0
Share of other comprehensive income of entities accounted for using equity method	32	(16)
Total other comprehensive income	906	(1,748)
Comprehensive income	7,236	4,825
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,703	4,802
Comprehensive income attributable to non-controlling interests	533	22

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	9,595	9,709
Depreciation	1,710	2,011
Increase (decrease) in allowance for doubtful accounts	(8)	170
Increase (decrease) in provision for bonuses	(215)	(176)
Increase (decrease) in net defined benefit liability	37	17
Interest and dividend income	(269)	(281)
Interest expenses	30	58
Decrease (increase) in notes and accounts receivable - trade	(317)	2,189
Decrease (increase) in inventories	(405)	(1,496)
Decrease (increase) in other current assets	(818)	(205)
Increase (decrease) in notes and accounts payable - trade	1,216	(259)
Increase (decrease) in other current liabilities	(178)	(1,403)
Other, net	508	20
Subtotal	10,885	10,353
Interest and dividend income received	271	279
Interest expenses paid	(29)	(57)
Income taxes paid	(3,427)	(3,742)
Net cash provided by (used in) operating activities	7,700	6,833
Cash flows from investing activities		
Payments into time deposits	–	(1,108)
Proceeds from withdrawal of time deposits	–	813
Purchase of property, plant and equipment	(2,055)	(3,140)
Purchase of intangible assets	(84)	(370)
Purchase of investment securities	(5)	(111)
Proceeds from sales of investment securities	439	232
Other, net	(120)	(347)
Net cash provided by (used in) investing activities	(1,825)	(4,031)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	171	28
Repayments of long-term loans payable	(94)	(154)
Cash dividends paid	(3,064)	(3,258)
Dividends paid to non-controlling interests	(251)	(405)
Repayments of lease obligations	(28)	(29)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(207)
Other, net	(1)	(2)
Net cash provided by (used in) financing activities	(3,267)	(4,029)
Effect of exchange rate change on cash and cash equivalents	(129)	(672)
Net increase (decrease) in cash and cash equivalents	2,477	(1,899)
Cash and cash equivalents at beginning of period	47,622	48,896
Cash and cash equivalents at end of period	50,099	46,996