

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

April 26, 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
 General Manager, Financial Management
 Inquiries: Department Yousuke Mori TEL 052-533-3135
 Scheduled date of ordinary general meeting of shareholders: June 22, 2018
 Scheduled date to file Securities Report: June 25, 2018
 Scheduled date to commence dividend payments: June 25, 2018
 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, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	163,726	8.0	19,092	5.5	19,600	6.7	11,996	8.4
Year ended March 31, 2017	151,633	1.0	18,099	11.8	18,374	12.4	11,064	11.1

	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, 2018	183.76	183.66	10.1	11.0	11.7
Year ended March 31, 2017	169.48	169.39	9.9	11.6	11.9

(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, 2018	190,487	132,616	64.4	1,880.13
As of March 31, 2017	164,634	119,685	69.8	1,759.91

(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, 2018	16,436	(7,950)	(7,406)	48,896
Year ended March 31, 2017	18,331	(3,269)	(4,587)	47,622

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, 2017	–	38.00	–	47.00	85.00	5,549	50.2	5.0
Year ended March 31, 2018	–	42.00	–	50.00	92.00	6,006	50.1	5.1
Year ending March 31, 2019 (Forecast)	–	47.00	–	56.00	103.00		50.2	

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
Six months ending September 30, 2018	88,000	12.8	9,800	5.4	9,900	3.2	6,300	10.0	96.50
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 year ended March 31, 2018

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

Yes

(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:

No

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, 2018	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 March 31, 2018	2,304,868 shares	As of March 31, 2017	2,303,875 shares
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Average number of shares during the period

Year ended March 31, 2018	65,286,300 shares	Year ended March 31, 2017	65,287,126 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	47,646	49,521
Notes and accounts receivable - trade	50,549	59,259
Merchandise and finished goods	6,292	8,550
Work in process	956	1,046
Raw materials and supplies	4,901	6,404
Deferred tax assets	988	1,060
Other	4,283	5,608
Allowance for doubtful accounts	(281)	(189)
Total current assets	115,338	131,260
Non-current assets		
Property, plant and equipment		
Buildings and structures	31,611	35,380
Accumulated depreciation	(21,109)	(23,724)
Buildings and structures, net	10,501	11,656
Machinery, equipment and vehicles	45,867	53,808
Accumulated depreciation	(37,132)	(43,467)
Machinery, equipment and vehicles, net	8,734	10,340
Tools, furniture and fixtures	8,497	9,009
Accumulated depreciation	(7,376)	(7,656)
Tools, furniture and fixtures, net	1,120	1,353
Land	8,537	14,203
Leased assets	275	279
Accumulated depreciation	(133)	(163)
Leased assets, net	141	116
Construction in progress	988	792
Total property, plant and equipment	30,024	38,464
Intangible assets		
Goodwill	1,318	168
Other	1,941	2,686
Total intangible assets	3,259	2,855
Investments and other assets		
Investment securities	14,510	16,287
Deferred tax assets	247	267
Net defined benefit asset	584	582
Other	688	788
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	16,012	17,907
Total non-current assets	49,296	59,226
Total assets	164,634	190,487

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,541	26,127
Electronically recorded obligations - operating	4,456	6,058
Short-term loans payable	1,314	4,052
Income taxes payable	3,255	3,492
Accrued consumption taxes	784	486
Provision for bonuses	1,760	1,763
Other	5,484	7,600
Total current liabilities	38,596	49,579
Non-current liabilities		
Long-term loans payable	532	777
Deferred tax liabilities	2,721	4,136
Net defined benefit liability	1,190	1,406
Other	1,908	1,971
Total non-current liabilities	6,352	8,291
Total liabilities	44,949	57,871
Net assets		
Shareholders' equity		
Capital stock	9,891	9,891
Capital surplus	13,271	13,279
Retained earnings	87,570	93,756
Treasury shares	(2,007)	(2,011)
Total shareholders' equity	108,726	114,917
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,222	5,402
Deferred gains or losses on hedges	(9)	(4)
Foreign currency translation adjustment	1,822	2,187
Remeasurements of defined benefit plans	137	243
Total accumulated other comprehensive income	6,172	7,828
Share acquisition rights	36	36
Non-controlling interests	4,749	9,833
Total net assets	119,685	132,616
Total liabilities and net assets	164,634	190,487

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	151,633	163,726
Cost of sales	106,134	116,112
Gross profit	45,499	47,614
Selling, general and administrative expenses		
Packing and transportation expenses	7,477	8,013
Advertising expenses	1,808	1,802
Salaries and bonuses	7,299	7,224
Provision for bonuses	934	952
Retirement benefit expenses	364	460
Welfare expenses	1,575	1,621
Depreciation	877	774
Rent expenses	512	556
Other	6,549	7,116
Total selling, general and administrative expenses	27,399	28,521
Operating profit	18,099	19,092
Non-operating income		
Interest income	144	162
Dividend income	267	350
Gain on bargain purchase	–	244
Other	699	669
Total non-operating income	1,110	1,426
Non-operating expenses		
Interest expenses	57	44
Sales discounts	157	161
Loss on disposal of non-current assets	123	331
Bad debts expenses	147	–
Other	350	381
Total non-operating expenses	836	919
Ordinary profit	18,374	19,600
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	18,201	19,600
Income taxes - current	6,190	6,510
Income taxes - deferred	(97)	(185)
Total income taxes	6,092	6,324
Profit	12,108	13,275
Profit attributable to non-controlling interests	1,044	1,278
Profit attributable to owners of parent	11,064	11,996

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	12,108	13,275
Other comprehensive income		
Valuation difference on available-for-sale securities	1,195	1,180
Deferred gains or losses on hedges	(5)	5
Foreign currency translation adjustment	(1,339)	353
Remeasurements of defined benefit plans, net of tax	33	105
Share of other comprehensive income of entities accounted for using equity method	(50)	30
Total other comprehensive income	(165)	1,675
Comprehensive income	11,943	14,951
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,018	13,653
Comprehensive income attributable to non-controlling interests	924	1,297

Consolidated statements of changes in equity

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)
Other					
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					
Other					
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

	Share acquisition rights	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)
Other			
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

Fiscal year ended March 31, 2018

(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	87,570	(2,007)	108,726
Changes of items during period					
Dividends of surplus			(5,810)		(5,810)
Profit attributable to owners of parent			11,996		11,996
Purchase of treasury shares				(3)	(3)
Other		8			8
Net changes of items other than shareholders' equity					
Total changes of items during period	-	8	6,186	(3)	6,191
Balance at end of current period	9,891	13,279	93,756	(2,011)	114,917

	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	4,222	(9)	1,822	137	6,172
Changes of items during period					
Dividends of surplus					
Profit attributable to owners of parent					
Purchase of treasury shares					
Other					
Net changes of items other than shareholders' equity	1,180	5	365	105	1,656
Total changes of items during period	1,180	5	365	105	1,656
Balance at end of current period	5,402	(4)	2,187	243	7,828

	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of current period	36	4,749	119,685
Changes of items during period			
Dividends of surplus			(5,810)
Profit attributable to owners of parent			11,996
Purchase of treasury shares			(3)
Other			8
Net changes of items other than shareholders' equity	-	5,083	6,739
Total changes of items during period	-	5,083	12,931
Balance at end of current period	36	9,833	132,616

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	18,201	19,600
Depreciation	3,512	3,638
Increase (decrease) in allowance for doubtful accounts	29	(90)
Increase (decrease) in provision for bonuses	73	(1)
Increase (decrease) in net defined benefit liability	53	144
Interest and dividend income	(411)	(512)
Interest expenses	57	44
Decrease (increase) in notes and accounts receivable - trade	(1,631)	(3,630)
Decrease (increase) in inventories	(96)	(1,072)
Decrease (increase) in other current assets	186	(753)
Increase (decrease) in notes and accounts payable - trade	1,326	3,587
Increase (decrease) in other current liabilities	485	118
Other, net	1,608	1,453
Subtotal	23,395	22,526
Interest and dividend income received	425	536
Interest expenses paid	(38)	(79)
Income taxes paid	(5,450)	(6,547)
Net cash provided by (used in) operating activities	18,331	16,436
Cash flows from investing activities		
Payments into time deposits	(24)	(20)
Purchase of property, plant and equipment	(3,189)	(4,088)
Purchase of intangible assets	(112)	(225)
Purchase of investment securities	(319)	(508)
Proceeds from sales of investment securities	920	574
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(3,477)
Other, net	(543)	(204)
Net cash provided by (used in) investing activities	(3,269)	(7,950)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	829	(332)
Repayments of long-term loans payable	(585)	(187)
Cash dividends paid	(4,110)	(5,805)
Dividends paid to non-controlling interests	(644)	(594)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(10)	(426)
Repayments of lease obligations	(64)	(56)
Other, net	(1)	(3)
Net cash provided by (used in) financing activities	(4,587)	(7,406)
Effect of exchange rate change on cash and cash equivalents	(324)	194
Net increase (decrease) in cash and cash equivalents	10,150	1,274
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	47,622	48,896

Support Data for the Summary of Consolidated
Financial Results for
the Year Ended March 31, 2018

Challenge & Creation

April 26, 2018

AICA KOGYO CO., LTD

1. Summary of consolidated financial results for the year ended March 31, 2018

[Millions of yen]

	2017/3		2018/3				
	Results	%	Budget	Results	%	Growth Rate	Achievement Rate
Net Sales	151,633		159,000	163,726		8.0%	103.0%
Operating Profit	18,099	11.9%	19,000	19,092	11.7%	5.5%	100.5%
Ordinary Profit	18,374	12.1%	19,400	19,600	12.0%	6.7%	101.0%
Net Income *	11,064	7.3%	11,700	11,996	7.3%	8.4%	102.5%

* Profit attributable to owners of parent

[Unit per share: Yen]

ROE	9.9%	-	9.9%	10.1%	-	-	102.0%
Earnings per share	169.5	-	179.2	183.8	-	-	102.6%
Shareholder's equity per share	1,759.9	-	1,865.0	1,879.1	-	-	100.8%

Growth Percent :

Net Sales	+8.0%	Increased net sales in 8 consecutive accounting periods
Operating Profit	+5.5%	Increased profit in 9 consecutive accounting periods.
Ordinary Profit	+6.7%	Increased profit in 9 consecutive accounting periods
Net Income ※	+8.4%	Increased profit for 2 consecutive accounting periods

※ Profit attributable to owners of parent.

Net Sales • Operating profit • Ordinary profit

: Increased **6** consecutive accounting year and set a new all-time high.

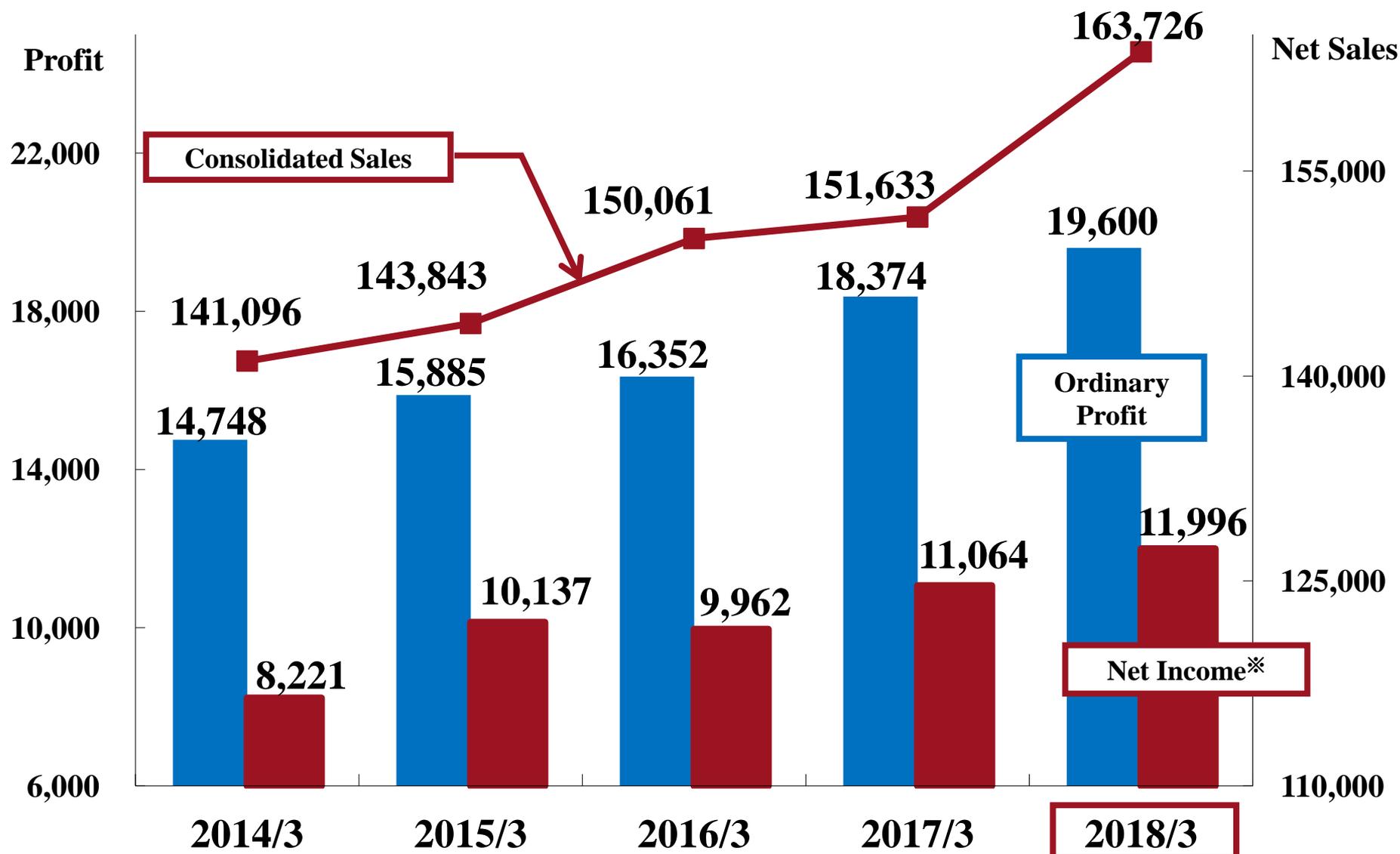
Net Income

: Increased **2** consecutive accounting year and set a new all time high.

- **Domestic Operations :** Both housing and non-housing construction market continues strong. Specialty & performance materials continues strong.
- **Overseas Operations :** AICA Asia Pacific Holding (AAP) continues strong. HPL sales in Southeast Asian markets are continues strong.

3. Historical consolidated results for the year ended March 31, 2018

[Millions of yen]



*Profit attributable to owners of parent.

4. Sales result at the year ended March 31, 2018 and the breakdown by business segment

[Millions of yen]

	Net Sales			Operating Profit			
	2017/3	2018/3	Difference	2017/3	2018/3	Difference	
Chemical Products	74,881	82,911	8,030	6,223	6,537	314	Amount
				8.3%	7.9%	▲0.4%	Profit Margin
Construction Materials	76,752	80,815	4,063	14,488	15,623	1,135	Amount
				18.9%	19.3%	0.5%	Profit margin
(Non-allocation operating expenses →)				▲ 2,611	▲ 3,068	▲ 457	Amount
TOTAL	151,633	163,726	12,093	18,099	19,092	993	Amount
				11.9%	11.7%	▲ 0.3%	Profit margin

5. Expected sales record at the fiscal year ended March 31, 2019

[Millions of yen]

	2018/3 (Results)		2019/3 (Budget)			
	Apr.-Sep.	Apr.-Mar.	Apr.-Sep.	Growth rate	Apr.-Mar.	Growth rate
Net Sales	78,012	163,726	88,000	12.8%	185,000	13.0%
Chemical Products	39,889	82,911	48,150	20.7%	101,000	21.8%
Construction Materials	38,125	80,815	39,850	4.5%	84,000	3.9%
Operating Profit	9,300	19,092	9,800	5.4%	20,800	8.9%
Profit Margin	11.9%	11.7%	11.1%	(▲0.8%)	11.2%	(▲0.5%)
Ordinary Profit	9,595	19,600	9,900	3.2%	21,000	7.1%
Profit Margin	12.3%	12.0%	11.3%	(▲1.0%)	11.4%	(▲0.6%)
Net Income※	5,726	11,996	6,300	10.0%	13,400	11.7%
Profit Margin	7.3%	7.3%	7.2%	(▲0.1%)	7.2%	(▲0.1%)

※ Profit attributable to owners of parent



[Billions of yen]

	2017/3 (Results)	2018/3 (Results)	2019/3 (Budget)	2021/3 (Budget)
Net sales	151.6	163.7	185.0	200.0
Ordinary Profit	18.3	19.6	21.0	22.0
ROE	9.9%	10.1%	10.6%	Over 10%
Overseas Sales Ratio	30.8%	33.4%	Over 38%	Over 35%

【Reference】 Chemical Products Segment : Sales Breakdown by Product

[Billions of yen]

	2017/3	2018/3			
	Results	Budget	Results	Achivement Rate	Growth Rate
Adhesive	47.71	50.96	53.97	5.9%	13.1%
AAP ^(*)	34.87	37.50	40.56	8.2%	16.3%
Construction Resin	9.70	9.70	95.20	▲1.9%	▲1.9%
Speciality & Performance materials	9.22	10.00	9.80	▲2.0%	6.3%
Others	8.23	8.91	9.61	7.9%	16.7%
Total	74.88	79.60	82.91	4.2%	10.7%

(*)AAP: AICA Asia Pacific Holding Pte. Ltd. (Singapore)

【Reference】 Construction Materials Segment : Sales Breakdown by Product **AICA**

[Billions of yen]

	2017/3	2018/3			
	Results	Budget	Results	Achivement Rate	Growth Rate
Melamine Decorative Laminated Sheets	15.843	16.36	16.633	1.6%	5.0%
Decorative Polyester Boards, Decorative Films	14.16	13.95	14.34	2.8%	1.3%
Melamine Noncombustible Decorative Panel "Cerarl"	18.42	19.14	19.18	0.2%	4.1%
Noncombustible Decorative Panel (Except "Cerarl")	8.12	8.96	9.251	3.2%	13.8%
Counterstops, Postforming products	14.29	15.054	15.633	3.8%	9.4%
Fittings, Interior Housing Materials	5.9	5.91	5.76	▲2.6%	▲2.3%
TOTAL	76.75	79.4	80.81	1.8%	5.3%



C&C2000

CHALLENGE & CREATION

The matters such as current plan, prospect, strategy, or conviction which indicated in this report but not historical fact are only the expectation of the future achievement, and there are the risks or unexpected factors.

This information has made based on the judgment of the manager of Aica Kogyo Co., Ltd. using current available information. The actual result can be difference from the current prospect because of various important elements, so please avoid depending on fully to only this prospect.

This document is not a thing for investment inducement. We request that the decision about the investment will be performed by the judgment of each user.