

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2016 (Based on Japanese GAAP)

October 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
 Inquiries: Managing Director, Financial Management Department Satoshi Toudou TEL 052-409-8261
 Scheduled date to file Quarterly Securities Report: November 4, 2016
 Scheduled date to commence dividend payments: December 5, 2016
 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, 2016 (from April 1, 2016 to September 30, 2016)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2016	72,754	4.4	8,664	20.1	8,749	14.5	5,242	13.7
Six months ended September 30, 2015	69,691	1.9	7,212	3.8	7,638	4.0	4,608	(13.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2016	80.30		80.25	
Six months ended September 30, 2015	70.61		70.55	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	151,183	112,518	71.7
As of March 31, 2016	153,434	112,501	70.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2016	–	21.00	–	25.00	46.00
Year ending March 31, 2017	–	38.00			
Year ending March 31, 2017 (Forecast)			–	42.00	80.00

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
Full year	152,000	1.3	17,500	8.1	17,500	7.0	10,500	5.4	160.83

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2016
(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: Yes
- 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, 2016	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 September 30, 2016	2,303,428 shares	As of March 31, 2016	2,303,153 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, 2016	65,287,304 shares	Six months ended September 30, 2015	65,272,473 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	37,449	43,051
Notes and accounts receivable - trade	49,333	45,190
Merchandise and finished goods	6,391	6,016
Work in process	919	940
Raw materials and supplies	4,814	4,258
Other	4,363	5,008
Allowance for doubtful accounts	(241)	(217)
Total current assets	103,028	104,248
Non-current assets		
Property, plant and equipment	30,472	28,545
Intangible assets		
Goodwill	2,792	1,876
Other	2,172	1,891
Total intangible assets	4,965	3,768
Investments and other assets		
Other	15,002	14,650
Allowance for doubtful accounts	(34)	(28)
Total investments and other assets	14,968	14,621
Total non-current assets	50,405	46,935
Total assets	153,434	151,183
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,850	18,870
Electronically recorded obligations - operating	3,982	3,852
Short-term loans payable	513	682
Income taxes payable	2,394	2,715
Provision for bonuses	1,693	1,482
Other	5,210	5,241
Total current liabilities	34,644	32,846
Non-current liabilities		
Long-term loans payable	1,043	556
Net defined benefit liability	1,147	1,115
Other	4,098	4,146
Total non-current liabilities	6,289	5,818
Total liabilities	40,933	38,664

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Net assets		
Shareholders' equity		
Capital stock	9,891	9,891
Capital surplus	13,271	13,271
Retained earnings	80,618	84,228
Treasury shares	(2,005)	(2,006)
Total shareholders' equity	101,776	105,385
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,027	3,102
Deferred gains or losses on hedges	(4)	6
Foreign currency translation adjustment	3,092	(148)
Remeasurements of defined benefit plans	103	124
Total accumulated other comprehensive income	6,218	3,085
Subscription rights to shares	36	36
Non-controlling interests	4,469	4,010
Total net assets	112,501	112,518
Total liabilities and net assets	153,434	151,183

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, 2015	Six months ended September 30, 2016
Net sales	69,691	72,754
Cost of sales	50,409	51,026
Gross profit	19,281	21,728
Selling, general and administrative expenses	12,069	13,063
Operating income	7,212	8,664
Non-operating income		
Interest income	50	65
Dividend income	167	133
Other	524	299
Total non-operating income	742	499
Non-operating expenses		
Interest expenses	65	34
Sales discounts	62	69
Foreign exchange losses	64	103
Other	124	206
Total non-operating expenses	316	413
Ordinary income	7,638	8,749
Extraordinary losses		
Loss on sales of non-current assets	–	334
Total extraordinary losses	–	334
Profit before income taxes	7,638	8,415
Income taxes - current	2,450	2,795
Income taxes - deferred	170	(9)
Total income taxes	2,620	2,785
Profit	5,017	5,630
Profit attributable to non-controlling interests	408	387
Profit attributable to owners of parent	4,608	5,242

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	5,017	5,630
Other comprehensive income		
Valuation difference on available-for-sale securities	(508)	75
Deferred gains or losses on hedges	10	10
Foreign currency translation adjustment	(481)	(3,760)
Remeasurements of defined benefit plans, net of tax	7	21
Share of other comprehensive income of entities accounted for using equity method	26	(12)
Total other comprehensive income	(945)	(3,665)
Comprehensive income	4,071	1,964
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,745	2,109
Comprehensive income attributable to non-controlling interests	326	(145)

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	7,638	8,415
Depreciation	1,594	1,745
Increase (decrease) in allowance for doubtful accounts	19	(6)
Increase (decrease) in provision for bonuses	(148)	(193)
Increase (decrease) in net defined benefit liability	43	34
Interest and dividend income	(218)	(199)
Interest expenses	65	34
Decrease (increase) in notes and accounts receivable - trade	4,180	3,006
Decrease (increase) in inventories	484	352
Decrease (increase) in other current assets	(169)	(409)
Increase (decrease) in notes and accounts payable - trade	(3,358)	(1,470)
Increase (decrease) in other current liabilities	(1,459)	38
Other, net	444	1,226
Subtotal	9,117	12,574
Interest and dividend income received	234	200
Interest expenses paid	(90)	(38)
Income taxes paid	(2,773)	(2,470)
Net cash provided by (used in) operating activities	6,487	10,265
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,412)	(1,414)
Purchase of intangible assets	(161)	(62)
Purchase of investment securities	(505)	(209)
Proceeds from sales of investment securities	721	458
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,782)	–
Other, net	536	(349)
Net cash provided by (used in) investing activities	(2,603)	(1,579)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(219)	275
Repayments of long-term loans payable	(200)	(300)
Cash dividends paid	(1,501)	(1,630)
Dividends paid to non-controlling interests	(290)	(313)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(84)	–
Repayments of lease obligations	(24)	(36)
Other, net	(0)	(0)
Net cash provided by (used in) financing activities	(2,321)	(2,006)
Effect of exchange rate change on cash and cash equivalents	(140)	(1,099)
Net increase (decrease) in cash and cash equivalents	1,420	5,580
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	36,640	43,051