

Translation

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

November 2, 2017

Company name: ADEKA CORPORATION  
 Stock exchange listing: Tokyo  
 Stock code: 4401 URL <http://www.adeka.co.jp>  
 Representative: PRESIDENT AND CHIEF EXECUTIVE OFFICER AKIO KOHRI  
 GENERAL MANAGER, LEGAL AFFAIRS & PUBLICITY DEPARTMENT HIKARU KAGESHIMA TEL 03-4455-2803  
 Inquiries: HIKARU KAGESHIMA TEL 03-4455-2803  
 Scheduled date to file Quarterly Securities Report: November 8, 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

(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	114,712	5.3	10,205	3.3	10,542	18.9	7,262	19.3
Six months ended September 30, 2016	108,895	(0.7)	9,875	10.0	8,865	1.8	6,085	3.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2017	70.61		-	
Six months ended September 30, 2016	58.95		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	298,835	195,275	62.6
As of March 31, 2017	290,485	187,956	62.0

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, 2017	-	15.00	-	20.00	35.00
Year ending March 31, 2018	-	17.00	-	-	-
Year ending March 31, 2018 (Forecast)	-	-	-	18.00	35.00

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	240,000	7.4	21,100	0.3	22,500	3.0	15,400	0.5	149.62

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	103,651,442 shares	As of March 31, 2017	103,651,442 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	721,098 shares	As of March 31, 2017	820,217 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	102,847,767 shares	Six months ended September 30, 2016	103,238,811 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
Assets		
Current assets		
Cash and deposits	51,374	48,528
Notes and accounts receivable - trade	50,250	53,619
Securities	5,822	7,326
Merchandise and finished goods	20,244	21,617
Work in process	4,707	4,712
Raw materials and supplies	16,251	16,613
Other	7,521	6,840
Allowance for doubtful accounts	(270)	(271)
Total current assets	155,901	158,987
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,354	23,671
Machinery, equipment and vehicles, net	26,672	27,773
Land	21,184	21,191
Other, net	8,909	10,261
Total property, plant and equipment	80,121	82,898
Intangible assets		
Goodwill	89	57
Other	3,892	3,810
Total intangible assets	3,982	3,867
Investments and other assets		
Investment securities	42,060	43,964
Other	8,419	9,117
Total investments and other assets	50,479	53,082
Total non-current assets	134,583	139,848
Total assets	290,485	298,835

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	33,145	35,017
Short-term loans payable	18,015	17,196
Current portion of bonds	8	4
Income taxes payable	3,435	2,544
Provision for bonuses	2,239	2,267
Other provision	78	37
Other	10,923	15,755
Total current liabilities	67,845	72,822
Non-current liabilities		
Bonds payable	300	300
Long-term loans payable	11,467	7,104
Net defined benefit liability	15,910	16,231
Other provision	255	247
Other	6,749	6,854
Total non-current liabilities	34,682	30,737
Total liabilities	102,528	103,560
<b>Net assets</b>		
Shareholders' equity		
Capital stock	22,899	22,944
Capital surplus	19,926	19,993
Retained earnings	124,520	129,663
Treasury shares	(590)	(553)
Total shareholders' equity	166,755	172,048
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,919	10,623
Revaluation reserve for land	4,276	4,276
Foreign currency translation adjustment	2,604	2,475
Remeasurements of defined benefit plans	(2,477)	(2,335)
Total accumulated other comprehensive income	13,321	15,039
Non-controlling interests	7,879	8,187
Total net assets	187,956	195,275
Total liabilities and net assets	290,485	298,835

**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	108,895	114,712
Cost of sales	82,000	86,806
Gross profit	26,895	27,905
Selling, general and administrative expenses	17,019	17,700
Operating profit	9,875	10,205
Non-operating income		
Interest income	145	141
Dividend income	200	248
Foreign exchange gains	–	80
Other	258	286
Total non-operating income	604	757
Non-operating expenses		
Interest expenses	202	194
Share of loss of entities accounted for using equity method	169	74
Foreign exchange losses	1,018	–
Other	225	151
Total non-operating expenses	1,615	420
Ordinary profit	8,865	10,542
Extraordinary income		
Gain on sales of investment securities	74	–
Total extraordinary income	74	–
Extraordinary losses		
Loss on retirement of property, plant and equipment	81	128
Loss on valuation of investments in capital of subsidiaries and associates	146	–
Total extraordinary losses	228	128
Profit before income taxes	8,711	10,414
Income taxes - current	2,230	2,757
Income taxes - deferred	(73)	(58)
Total income taxes	2,156	2,699
Profit	6,554	7,715
Profit attributable to non-controlling interests	469	452
Profit attributable to owners of parent	6,085	7,262

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

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	6,554	7,715
Other comprehensive income		
Valuation difference on available-for-sale securities	517	1,122
Foreign currency translation adjustment	(4,850)	(218)
Remeasurements of defined benefit plans, net of tax	143	140
Share of other comprehensive income of entities accounted for using equity method	(38)	571
Total other comprehensive income	(4,228)	1,615
Comprehensive income	2,326	9,330
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,785	8,979
Comprehensive income attributable to non-controlling interests	(459)	351

## 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	8,711	10,414
Depreciation	4,509	4,628
Increase (decrease) in net defined benefit liability	222	521
Loss on retirement of property, plant and equipment	81	128
Loss on valuation of investments in capital of subsidiaries and associates	146	–
Interest and dividend income	(345)	(390)
Interest expenses	202	194
Foreign exchange losses (gains)	853	(286)
Share of (profit) loss of entities accounted for using equity method	169	74
Decrease (increase) in notes and accounts receivable - trade	(1,985)	(3,410)
Decrease (increase) in inventories	(847)	(1,739)
Increase (decrease) in notes and accounts payable - trade	(300)	1,833
Other, net	480	(1,833)
Subtotal	11,898	10,133
Interest and dividend income received	569	571
Interest expenses paid	(184)	(197)
Income taxes paid	(2,987)	(3,645)
Net cash provided by (used in) operating activities	9,295	6,862
Cash flows from investing activities		
Proceeds from sales and redemption of securities	6,199	7,800
Purchase of securities	(9,799)	(9,300)
Purchase of property, plant and equipment	(4,814)	(5,619)
Purchase of intangible assets	(460)	(393)
Purchase of investment securities	(22)	(33)
Other, net	357	328
Net cash provided by (used in) investing activities	(8,539)	(7,217)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(218)	(541)
Proceeds from long-term loans payable	2,115	1,474
Repayments of long-term loans payable	(2,464)	(1,323)
Cash dividends paid	(1,654)	(2,066)
Other, net	(375)	(157)
Net cash provided by (used in) financing activities	(2,597)	(2,613)
Effect of exchange rate change on cash and cash equivalents	(2,630)	57
Net increase (decrease) in cash and cash equivalents	(4,471)	(2,909)
Cash and cash equivalents at beginning of period	49,981	50,762
Increase in cash and cash equivalents from newly consolidated subsidiary	89	–
Cash and cash equivalents at end of period	45,599	47,852