

Translation

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

November 14, 2018

Company name: ADEKA CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 4401 URL <https://www.adeka.co.jp>
 Representative: PRESIDENT AND CHIEF OPERATING OFFICER HIDETAKA SHIROZUME
 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 14, 2018
 Scheduled date to commence dividend payments: December 10, 2018
 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, 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	126,127	10.0	10,706	4.9	11,244	6.7	7,756	6.8
Six months ended September 30, 2017	114,712	5.3	10,205	3.3	10,542	18.9	7,262	19.3

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2018	75.34		-	
Six months ended September 30, 2017	70.61		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	403,613	235,407	49.4
As of March 31, 2018	312,152	205,088	63.0

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, 2018	-	17.00	-	22.00	39.00
Year ending March 31, 2019	-	21.00	-	-	-
Year ending March 31, 2019 (Forecast)	-	-	-	24.00	45.00

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	298,000	24.4	25,500	19.5	26,000	16.4	16,400	6.9	159.56

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): Yes
- (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	103,651,442 shares	As of March 31, 2018	103,651,442 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	870,790 shares	As of March 31, 2018	721,601 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	102,950,646 shares	Six months ended September 30, 2017	102,847,767 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
Assets		
Current assets		
Cash and deposits	49,669	69,950
Notes and accounts receivable - trade	55,397	80,494
Securities	7,763	5,505
Merchandise and finished goods	22,833	35,640
Work in process	4,928	5,960
Raw materials and supplies	18,452	24,460
Other	6,250	10,057
Allowance for doubtful accounts	(341)	(778)
Total current assets	164,953	231,291
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	25,104	30,398
Machinery, equipment and vehicles, net	29,882	34,152
Land	21,282	27,347
Other, net	9,276	12,833
Total property, plant and equipment	85,546	104,731
Intangible assets		
Goodwill	29	7,910
Other	4,051	5,137
Total intangible assets	4,080	13,048
Investments and other assets		
Investment securities	46,123	38,398
Other	11,448	16,144
Total investments and other assets	57,571	54,542
Total non-current assets	147,198	172,322
Total assets	312,152	403,613

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	38,599	50,885
Short-term loans payable	15,567	41,744
Current portion of bonds	300	300
Income taxes payable	3,040	2,771
Provision for bonuses	2,355	3,128
Provision for environmental measures	–	778
Other provision	75	104
Other	15,877	19,382
Total current liabilities	75,815	119,095
Non-current liabilities		
Bonds payable	–	1,694
Long-term loans payable	7,349	21,098
Net defined benefit liability	16,959	18,015
Other provision	274	212
Other	6,663	8,089
Total non-current liabilities	31,248	49,110
Total liabilities	107,063	168,206
Net assets		
Shareholders' equity		
Capital stock	22,944	22,944
Capital surplus	19,985	20,022
Retained earnings	135,988	141,466
Treasury shares	(554)	(1,221)
Total shareholders' equity	178,363	183,212
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,002	11,421
Revaluation reserve for land	4,276	4,276
Foreign currency translation adjustment	4,346	2,533
Remeasurements of defined benefit plans	(2,368)	(2,219)
Total accumulated other comprehensive income	18,256	16,011
Non-controlling interests	8,468	36,182
Total net assets	205,088	235,407
Total liabilities and net assets	312,152	403,613

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	114,712	126,127
Cost of sales	86,806	96,367
Gross profit	27,905	29,759
Selling, general and administrative expenses	17,700	19,052
Operating profit	10,205	10,706
Non-operating income		
Interest income	141	132
Dividend income	248	221
Share of profit of entities accounted for using equity method	–	152
Foreign exchange gains	80	113
Other	286	355
Total non-operating income	757	975
Non-operating expenses		
Interest expenses	194	204
Share of loss of entities accounted for using equity method	74	–
Other	151	233
Total non-operating expenses	420	437
Ordinary profit	10,542	11,244
Extraordinary income		
Gain on step acquisitions	–	67
Total extraordinary income	–	67
Extraordinary losses		
Loss on abandonment of non-current assets	128	186
Total extraordinary losses	128	186
Profit before income taxes	10,414	11,125
Income taxes - current	2,757	2,871
Income taxes - deferred	(58)	31
Total income taxes	2,699	2,903
Profit	7,715	8,222
Profit attributable to non-controlling interests	452	466
Profit attributable to owners of parent	7,262	7,756

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	7,715	8,222
Other comprehensive income		
Valuation difference on available-for-sale securities	1,122	(557)
Foreign currency translation adjustment	(218)	(2,049)
Remeasurements of defined benefit plans, net of tax	140	124
Share of other comprehensive income of entities accounted for using equity method	571	1
Total other comprehensive income	1,615	(2,481)
Comprehensive income	9,330	5,741
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,979	5,511
Comprehensive income attributable to non-controlling interests	351	229

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	10,414	11,125
Depreciation	4,628	4,889
Increase (decrease) in net defined benefit liability	521	492
Loss on abandonment of non-current assets	128	186
Interest and dividend income	(390)	(353)
Interest expenses	194	204
Foreign exchange losses (gains)	(286)	15
Share of loss (profit) of entities accounted for using equity method	74	(152)
Decrease (increase) in notes and accounts receivable - trade	(3,410)	(2,991)
Decrease (increase) in inventories	(1,739)	(439)
Increase (decrease) in notes and accounts payable - trade	1,833	954
Other, net	(1,833)	(996)
Subtotal	10,133	12,934
Interest and dividend income received	571	590
Interest expenses paid	(197)	(192)
Income taxes paid	(3,645)	(3,568)
Net cash provided by (used in) operating activities	6,862	9,763
Cash flows from investing activities		
Proceeds from sales and redemption of securities	7,800	8,200
Purchase of securities	(9,300)	(6,100)
Purchase of property, plant and equipment	(5,619)	(6,989)
Purchase of intangible assets	(393)	(397)
Purchase of investment securities	(33)	(313)
Payments of long-term loans receivable	(0)	(1,027)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,543)
Other, net	329	(109)
Net cash provided by (used in) investing activities	(7,217)	(8,280)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(541)	20,257
Proceeds from long-term loans payable	1,474	6,909
Repayments of long-term loans payable	(1,323)	(5,790)
Cash dividends paid	(2,066)	(2,275)
Other, net	(157)	(857)
Net cash provided by (used in) financing activities	(2,613)	18,244
Effect of exchange rate change on cash and cash equivalents	57	(787)
Net increase (decrease) in cash and cash equivalents	(2,909)	18,939
Cash and cash equivalents at beginning of period	50,762	48,902
Cash and cash equivalents at end of period	47,852	67,841