

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2017
(Based on Japanese GAAP)**

May 11, 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 of ordinary general meeting of shareholders: June 23, 2017
 Scheduled date to file Securities Report: June 23, 2017
 Scheduled date to commence dividend payments: June 26, 2017
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(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, 2017	223,440	0.3	21,041	9.0	21,846	11.6	15,325	15.6
Year ended March 31, 2016	222,746	8.2	19,300	37.8	19,569	18.6	13,259	18.6

	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, 2017	149.03	–	8.9	7.8	9.4
Year ended March 31, 2016	128.38	–	8.3	7.4	8.7

(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, 2017	290,485	187,956	62.0	1,751.20
As of March 31, 2016	270,038	170,586	60.5	1,581.14

(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, 2017	22,183	(16,666)	(3,805)	50,762
Year ended March 31, 2016	23,806	(10,673)	(4,566)	49,981

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, 2016	–	14.00	–	16.00	30.00	3,104	23.4	1.8
Year ended March 31, 2017	–	15.00	–	20.00	35.00	3,621	23.5	1.9
Year ending March 31, 2018 (Forecast)	–	17.00	–	18.00	35.00		25.7	

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
Six months ending September 30, 2017	117,500	7.9	9,200	(6.8)	9,100	2.7	6,100	0.2	59.32
Full year	240,000	7.4	20,000	(4.9)	20,800	(4.8)	14,000	(8.6)	136.15

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

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

No

(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:

Yes

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, 2017	103,651,442 shares	As of March 31, 2016	103,651,442 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	820,217 shares	As of March 31, 2016	365,531 shares
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Average number of shares during the period

Year ended March 31, 2017	102,831,339 shares	Year ended March 31, 2016	103,286,183 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	48,367	51,374
Notes and accounts receivable - trade	45,444	50,250
Securities	4,733	5,822
Merchandise and finished goods	20,702	20,244
Work in process	4,323	4,707
Raw materials and supplies	14,944	16,251
Deferred tax assets	1,710	1,694
Other	5,057	5,827
Allowance for doubtful accounts	(207)	(270)
Total current assets	145,076	155,901
Non-current assets		
Property, plant and equipment		
Buildings and structures	60,418	61,276
Accumulated depreciation	(36,922)	(37,921)
Buildings and structures, net	23,496	23,354
Machinery, equipment and vehicles	125,663	128,529
Accumulated depreciation	(99,396)	(101,856)
Machinery, equipment and vehicles, net	26,266	26,672
Land	21,210	21,184
Leased assets	1,872	1,748
Accumulated depreciation	(1,097)	(1,080)
Leased assets, net	774	668
Construction in progress	1,941	3,586
Other	26,675	27,097
Accumulated depreciation	(21,835)	(22,442)
Other, net	4,840	4,655
Total property, plant and equipment	78,529	80,121
Intangible assets		
Goodwill	155	89
Software	1,508	1,402
Leased assets	53	40
Other	2,101	2,449
Total intangible assets	3,818	3,982
Investments and other assets		
Investment securities	33,472	42,060
Long-term loans receivable	1,613	1,551
Deferred tax assets	4,319	3,347
Other	3,450	3,756
Allowance for doubtful accounts	(241)	(237)
Total investments and other assets	42,613	50,479
Total non-current assets	124,962	134,583
Total assets	270,038	290,485

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,505	33,145
Current portion of bonds	–	8
Short-term loans payable	17,406	18,015
Lease obligations	225	212
Income taxes payable	2,551	3,435
Provision for bonuses	2,133	2,239
Provision for directors' bonuses	69	78
Other	10,099	10,711
Total current liabilities	65,991	67,845
Non-current liabilities		
Bonds payable	–	300
Long-term loans payable	10,814	11,467
Lease obligations	598	494
Deferred tax liabilities	665	788
Deferred tax liabilities for land revaluation	3,424	3,424
Provision for directors' retirement benefits	160	255
Net defined benefit liability	15,707	15,910
Other	2,091	2,041
Total non-current liabilities	33,461	34,682
Total liabilities	99,452	102,528
Net assets		
Shareholders' equity		
Capital stock	22,899	22,899
Capital surplus	19,926	19,926
Retained earnings	110,764	124,520
Treasury shares	(227)	(590)
Total shareholders' equity	153,363	166,755
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,490	8,919
Revaluation reserve for land	4,276	4,276
Foreign currency translation adjustment	4,082	2,604
Remeasurements of defined benefit plans	(2,904)	(2,477)
Total accumulated other comprehensive income	9,945	13,321
Non-controlling interests	7,276	7,879
Total net assets	170,586	187,956
Total liabilities and net assets	270,038	290,485

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

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	222,746	223,440
Cost of sales	170,144	167,576
Gross profit	52,602	55,863
Selling, general and administrative expenses	33,301	34,822
Operating profit	19,300	21,041
Non-operating income		
Interest income	286	254
Dividend income	516	432
Share of profit of entities accounted for using equity method	750	914
Other	597	618
Total non-operating income	2,151	2,220
Non-operating expenses		
Interest expenses	448	379
Foreign exchange losses	767	577
Other	666	458
Total non-operating expenses	1,881	1,415
Ordinary profit	19,569	21,846
Extraordinary income		
Gain on sales of investment securities	–	167
Total extraordinary income	–	167
Extraordinary losses		
Loss on abandonment of non-current assets	560	263
Loss on valuation of investment securities	29	–
Loss on valuation of investments in capital of subsidiaries and associates	–	146
Impairment loss	222	19
Total extraordinary losses	813	429
Profit before income taxes	18,756	21,585
Income taxes - current	4,646	5,596
Income taxes - deferred	28	(253)
Total income taxes	4,675	5,343
Profit	14,081	16,241
Profit attributable to non-controlling interests	821	916
Profit attributable to owners of parent	13,259	15,325

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	14,081	16,241
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,800)	2,981
Revaluation reserve for land	180	–
Foreign currency translation adjustment	(1,413)	(1,800)
Remeasurements of defined benefit plans, net of tax	(798)	408
Share of other comprehensive income of entities accounted for using equity method	(70)	7
Total other comprehensive income	(3,901)	1,598
Comprehensive income	10,179	17,840
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,538	17,237
Comprehensive income attributable to non-controlling interests	641	602

Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	22,899	19,925	100,652	(226)	143,251
Changes of items during period					
Dividends of surplus			(2,897)		(2,897)
Profit attributable to owners of parent			13,259		13,259
Change of scope of consolidation			(250)		(250)
Change of scope of equity method					–
Reversal of revaluation reserve for land					–
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	0	10,112	(0)	10,112
Balance at end of current period	22,899	19,926	110,764	(227)	153,363

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	6,363	4,095	5,316	(2,108)	13,667	6,314	163,233
Changes of items during period							
Dividends of surplus					–		(2,897)
Profit attributable to owners of parent					–		13,259
Change of scope of consolidation					–		(250)
Change of scope of equity method					–		–
Reversal of revaluation reserve for land					–		–
Purchase of treasury shares					–		(0)
Change in ownership interest of parent due to transactions with non-controlling interests					–		0
Net changes of items other than shareholders' equity	(1,872)	180	(1,233)	(796)	(3,721)	962	(2,759)
Total changes of items during period	(1,872)	180	(1,233)	(796)	(3,721)	962	7,352
Balance at end of current period	4,490	4,276	4,082	(2,904)	9,945	7,276	170,586

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	22,899	19,926	110,764	(227)	153,363
Changes of items during period					
Dividends of surplus			(3,204)		(3,204)
Profit attributable to owners of parent			15,325		15,325
Change of scope of consolidation			244		244
Change of scope of equity method			1,390		1,390
Reversal of revaluation reserve for land					-
Purchase of treasury shares				(363)	(363)
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	13,755	(363)	13,392
Balance at end of current period	22,899	19,926	124,520	(590)	166,755

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	4,490	4,276	4,082	(2,904)	9,945	7,276	170,586
Changes of items during period							
Dividends of surplus					-		(3,204)
Profit attributable to owners of parent					-		15,325
Change of scope of consolidation					-		244
Change of scope of equity method					-		1,390
Reversal of revaluation reserve for land					-		-
Purchase of treasury shares					-		(363)
Change in ownership interest of parent due to transactions with non-controlling interests					-		-
Net changes of items other than shareholders' equity	4,428	-	(1,477)	426	3,376	602	3,978
Total changes of items during period	4,428	-	(1,477)	426	3,376	602	17,370
Balance at end of current period	8,919	4,276	2,604	(2,477)	13,321	7,879	187,956

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	18,756	21,585
Depreciation	9,459	9,230
Impairment loss	222	19
Interest and dividend income	(803)	(687)
Interest expenses	448	380
Share of (profit) loss of entities accounted for using equity method	(750)	(914)
Loss on abandonment of non-current assets	560	263
Decrease (increase) in notes and accounts receivable - trade	(1,511)	(4,714)
Decrease (increase) in inventories	(583)	(1,787)
Increase (decrease) in notes and accounts payable - trade	(213)	542
Other, net	1,716	2,454
Subtotal	27,302	26,372
Interest and dividend income received	1,058	989
Interest expenses paid	(461)	(371)
Income taxes paid	(4,093)	(4,807)
Net cash provided by (used in) operating activities	23,806	22,183
Cash flows from investing activities		
Purchase of securities	(6,200)	(18,099)
Proceeds from sales and redemption of securities	5,200	14,999
Purchase of property, plant and equipment	(8,345)	(10,615)
Purchase of intangible assets	(932)	(1,053)
Purchase of investment securities	(120)	(677)
Purchase of shares of subsidiaries and associates	–	(379)
Other, net	(274)	(840)
Net cash provided by (used in) investing activities	(10,673)	(16,666)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	51	719
Proceeds from long-term loans payable	5,708	2,115
Repayments of long-term loans payable	(6,972)	(2,940)
Cash dividends paid	(2,897)	(3,205)
Dividends paid to non-controlling interests	(183)	(262)
Other, net	(272)	(232)
Net cash provided by (used in) financing activities	(4,566)	(3,805)
Effect of exchange rate change on cash and cash equivalents	(860)	(1,019)
Net increase (decrease) in cash and cash equivalents	7,706	692
Cash and cash equivalents at beginning of period	41,697	49,981
Increase in cash and cash equivalents from newly consolidated subsidiary	577	89
Cash and cash equivalents at end of period	49,981	50,762