

Translation

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

November 2, 2016

Company name: ADEKA CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 4401 URL <http://www.adeka.co.jp>
 Representative: REPRESENTATIVE DIRECTOR AND PRESIDENT 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 9, 2016
 Scheduled date to commence dividend payments: December 2, 2016
 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, 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	108,895	(0.7)	9,875	10.0	8,865	1.8	6,085	3.8
Six months ended September 30, 2015	109,697	9.3	8,980	31.3	8,705	19.6	5,863	16.9

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2016	58.95		-	
Six months ended September 30, 2015	56.77		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	266,898	171,444	61.7
As of March 31, 2016	270,038	170,586	60.5

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	-	14.00	-	16.00	30.00
Year ending March 31, 2017	-	15.00	-	-	-
Year ending March 31, 2017 (Forecast)	-	-	-	20.00	35.00

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	221,500	(0.6)	18,500	(4.1)	18,100	(7.5)	12,300	(7.2)	119.14

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	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 September 30, 2016	412,666 shares	As of March 31, 2016	365,531 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	103,238,811 shares	Six months ended September 30, 2015	103,286,307 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	48,367	46,088
Notes and accounts receivable - trade	45,444	45,622
Securities	4,733	6,308
Merchandise and finished goods	20,702	20,250
Work in process	4,323	4,417
Raw materials and supplies	14,944	14,468
Other	6,768	6,137
Allowance for doubtful accounts	(207)	(185)
Total current assets	145,076	143,107
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,496	22,761
Machinery, equipment and vehicles, net	26,266	25,962
Land	21,210	21,082
Other, net	7,556	6,917
Total property, plant and equipment	78,529	76,723
Intangible assets		
Goodwill	155	105
Other	3,663	3,632
Total intangible assets	3,818	3,738
Investments and other assets		
Investment securities	33,472	34,038
Other	9,141	9,290
Total investments and other assets	42,613	43,328
Total non-current assets	124,962	123,791
Total assets	270,038	266,898

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	33,505	30,902
Short-term loans payable	17,406	15,825
Current portion of bonds	–	7
Income taxes payable	2,551	1,783
Provision for bonuses	2,133	2,199
Other provision	69	34
Other	10,324	9,189
Total current liabilities	65,991	59,940
Non-current liabilities		
Bonds payable	–	304
Long-term loans payable	10,814	12,530
Net defined benefit liability	15,707	15,745
Other provision	160	229
Other	6,779	6,703
Total non-current liabilities	33,461	35,513
Total liabilities	99,452	95,454
Net assets		
Shareholders' equity		
Capital stock	22,899	22,899
Capital surplus	19,926	19,926
Retained earnings	110,764	115,440
Treasury shares	(227)	(285)
Total shareholders' equity	153,363	157,980
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,490	4,951
Revaluation reserve for land	4,276	4,276
Foreign currency translation adjustment	4,082	159
Remeasurements of defined benefit plans	(2,904)	(2,741)
Total accumulated other comprehensive income	9,945	6,645
Non-controlling interests	7,276	6,817
Total net assets	170,586	171,444
Total liabilities and net assets	270,038	266,898

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	109,697	108,895
Cost of sales	84,298	82,000
Gross profit	25,398	26,895
Selling, general and administrative expenses	16,418	17,019
Operating income	8,980	9,875
Non-operating income		
Interest income	139	145
Dividend income	211	200
Other	200	258
Total non-operating income	550	604
Non-operating expenses		
Interest expenses	224	202
Share of loss of entities accounted for using equity method	148	169
Foreign exchange losses	166	1,018
Other	285	225
Total non-operating expenses	825	1,615
Ordinary income	8,705	8,865
Extraordinary income		
Gain on sales of investment securities	–	74
Total extraordinary income	–	74
Extraordinary losses		
Loss on retirement of property, plant and equipment	241	81
Loss on valuation of investment securities	29	–
Loss on valuation of investments in capital of subsidiaries and associates	–	146
Total extraordinary losses	271	228
Profit before income taxes	8,434	8,711
Income taxes - current	2,149	2,230
Income taxes - deferred	(10)	(73)
Total income taxes	2,139	2,156
Profit	6,294	6,554
Profit attributable to non-controlling interests	431	469
Profit attributable to owners of parent	5,863	6,085

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	6,294	6,554
Other comprehensive income		
Valuation difference on available-for-sale securities	(747)	517
Foreign currency translation adjustment	658	(4,850)
Remeasurements of defined benefit plans, net of tax	114	143
Share of other comprehensive income of entities accounted for using equity method	(36)	(38)
Total other comprehensive income	(11)	(4,228)
Comprehensive income	6,283	2,326
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,672	2,785
Comprehensive income attributable to non-controlling interests	610	(459)

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	8,434	8,711
Depreciation	4,692	4,509
Increase (decrease) in net defined benefit liability	553	222
Loss on retirement of property, plant and equipment	241	81
Loss on valuation of investments in capital of subsidiaries and associates	–	146
Interest and dividend income	(350)	(345)
Interest expenses	224	202
Foreign exchange losses (gains)	165	853
Share of (profit) loss of entities accounted for using equity method	148	169
Decrease (increase) in notes and accounts receivable - trade	(2,949)	(1,985)
Decrease (increase) in inventories	(1,338)	(847)
Increase (decrease) in notes and accounts payable - trade	611	(300)
Other, net	(650)	480
Subtotal	9,782	11,898
Interest and dividend income received	570	569
Interest expenses paid	(259)	(184)
Income taxes paid	(2,406)	(2,987)
Net cash provided by (used in) operating activities	7,688	9,295
Cash flows from investing activities		
Proceeds from sales and redemption of securities	2,600	6,199
Purchase of securities	(2,600)	(9,799)
Purchase of property, plant and equipment	(4,119)	(4,814)
Purchase of intangible assets	(543)	(460)
Purchase of investment securities	(109)	(22)
Other, net	(630)	357
Net cash provided by (used in) investing activities	(5,403)	(8,539)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	573	(218)
Proceeds from long-term loans payable	5,000	2,115
Repayments of long-term loans payable	(5,605)	(2,464)
Cash dividends paid	(1,449)	(1,654)
Other, net	(311)	(375)
Net cash provided by (used in) financing activities	(1,792)	(2,597)
Effect of exchange rate change on cash and cash equivalents	222	(2,630)
Net increase (decrease) in cash and cash equivalents	715	(4,471)
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	42,990	45,599