

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

May 15, 2018

Company name: ASAHI YUKIZAI CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 4216 URL <http://www.asahi-yukizai.co.jp>
 Representative: President & Representative Director Kazuya Nakano
 General Manager
 Inquiries: General Affairs Department TAKEYUKI FUJIOKA TEL 03-5826-8820
 Scheduled date of ordinary general meeting of shareholders: June 21, 2018
 Scheduled date to file Securities Report: June 25, 2018
 Scheduled date to commence dividend payments: June 22, 2018
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	50,174	19.4	3,362	63.0	3,402	74.9	2,785	155.2
Year ended March 31, 2017	42,029	1.2	2,062	29.6	1,944	27.5	1,091	17.8

	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, 2018	145.31	—	7.0	5.8	6.7
Year ended March 31, 2017	56.93	—	2.9	3.6	4.9

(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, 2018	63,050	41,502	65.2	2,146.82
As of March 31, 2017	55,040	38,906	70.2	2,016.28

(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, 2018	3,012	(1,789)	(239)	8,088
Year ended March 31, 2017	2,492	(2,064)	(746)	7,092

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, 2017	—	3.00	—	3.00	6.00	575	52.7	1.5
Year ended March 31, 2018	—	4.00	—	25.00	—	866	31.0	2.2
Year ending March 31, 2019 (Forecast)	—	25.00	—	25.00	50.00		29.9	

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
Six months ending September 30, 2018	25,500	18.6	1,300	12.8	1,300	1.0	1,500	53.7	78.30
Full year	55,000	9.6	3,500	4.1	3,500	2.9	3,200	14.9	167.00

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(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: No

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, 2018	19,800,400 shares	As of March 31, 2017	19,800,400 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	638,479 shares	As of March 31, 2017	635,481 shares
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Average number of shares during the period

Year ended March 31, 2018	19,163,363 shares	Year ended March 31, 2017	19,165,955 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	7,092	8,088
Notes and accounts receivable - trade	12,814	16,723
Electronically recorded monetary claims - operating	2,505	2,339
Inventories	7,552	8,732
Deferred tax assets	172	212
Other	590	761
Allowance for doubtful accounts	(36)	(49)
Total current assets	30,687	36,805
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,128	11,685
Accumulated depreciation	(6,131)	(6,442)
Buildings and structures, net	4,997	5,242
Machinery, equipment and vehicles	23,731	24,216
Accumulated depreciation	(20,016)	(20,773)
Machinery, equipment and vehicles, net	3,715	3,443
Land	6,100	6,485
Construction in progress	832	679
Other	9,674	10,098
Accumulated depreciation	(8,734)	(9,069)
Other, net	940	1,029
Total property, plant and equipment	16,583	16,879
Intangible assets		
Goodwill	625	682
Other	366	383
Total intangible assets	991	1,065
Investments and other assets		
Investment securities	3,717	4,227
Deferred tax assets	4	22
Net defined benefit asset	2,546	3,209
Other	530	862
Allowance for doubtful accounts	(18)	(19)
Total investments and other assets	6,779	8,301
Total non-current assets	24,352	26,245
Total assets	55,040	63,050

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,188	6,815
Electronically recorded obligations - operating	2,796	4,335
Short-term loans payable	375	1,256
Income taxes payable	253	449
Other	3,260	3,938
Total current liabilities	11,872	16,794
Non-current liabilities		
Long-term loans payable	312	547
Deferred tax liabilities	931	1,209
Provision for directors' retirement benefits	179	—
Net defined benefit liability	1,702	1,658
Provision for stocks payment	—	12
Provision for management board incentive plan trust	—	21
Other	1,138	1,306
Total non-current liabilities	4,261	4,754
Total liabilities	16,133	21,548
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	8,479	8,497
Retained earnings	23,872	25,985
Treasury shares	(1,072)	(1,094)
Total shareholders' equity	36,279	38,388
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	640	907
Deferred gains or losses on hedges	(3)	—
Foreign currency translation adjustment	1,006	916
Remeasurements of defined benefit plans	720	927
Total accumulated other comprehensive income	2,363	2,750
Non-controlling interests	264	365
Total net assets	38,906	41,502
Total liabilities and net assets	55,040	63,050

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	42,029	50,174
Cost of sales	28,563	34,358
Gross profit	13,466	15,816
Selling, general and administrative expenses	11,404	12,454
Operating profit	2,062	3,362
Non-operating income		
Interest income	27	29
Dividend income	54	66
Share of profit of entities accounted for using equity method	20	—
Purchase discounts	9	0
Real estate rent	5	10
Other	31	63
Total non-operating income	147	168
Non-operating expenses		
Interest expenses	22	16
Sales discounts	7	5
Loss on redemption of securities	—	1
Loss on valuation of investments in capital	41	74
Foreign exchange losses	171	12
Compensation expenses	6	—
Share of loss of entities accounted for using equity method	—	2
Other	18	19
Total non-operating expenses	265	129
Ordinary profit	1,944	3,402
Extraordinary income		
Gain on sales of non-current assets	—	9
Gain on step acquisitions	—	22
Gain on bargain purchase	—	239
Total extraordinary income	—	270
Extraordinary losses		
Loss on sales of non-current assets	—	6
Loss on retirement of non-current assets	17	82
Impairment loss	381	21
Loss on valuation of investment securities	10	—
Loss on disaster	2	—
Office transfer expenses	—	14
Loss on liquidation of subsidiaries and associates	—	38
Total extraordinary losses	409	161
Profit before income taxes	1,535	3,511
Income taxes - current	410	723
Income taxes - deferred	44	(17)
Total income taxes	454	706
Profit	1,081	2,805
Profit (loss) attributable to non-controlling interests	(10)	20
Profit attributable to owners of parent	1,091	2,785

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	1,081	2,805
Other comprehensive income		
Valuation difference on available-for-sale securities	274	275
Deferred gains or losses on hedges	2	3
Foreign currency translation adjustment	(356)	(98)
Remeasurements of defined benefit plans, net of tax	330	207
Share of other comprehensive income of entities accounted for using equity method	11	(13)
Total other comprehensive income	261	374
Comprehensive income	1,342	3,179
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,350	3,173
Comprehensive income attributable to non-controlling interests	(8)	6

Consolidated statements of changes in equity

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	5,000	8,479	23,356	(1,071)	35,765
Changes of items during period					
Dividends of surplus			(575)		(575)
Profit attributable to owners of parent			1,091		1,091
Purchase of treasury shares				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	516	(2)	514
Balance at end of current period	5,000	8,479	23,872	(1,072)	36,279

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans		
Balance at beginning of current period	355	(5)	1,364	390	272	38,141
Changes of items during period						
Dividends of surplus						(575)
Profit attributable to owners of parent						1,091
Purchase of treasury shares						(2)
Net changes of items other than shareholders' equity	285	2	(358)	330	(8)	251
Total changes of items during period	285	2	(358)	330	(8)	765
Balance at end of current period	640	(3)	1,006	720	264	38,906

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,000	8,479	23,872	(1,072)	36,279
Changes of items during period					
Dividends of surplus			(671)		(671)
Profit attributable to owners of parent			2,785		2,785
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares		17		183	200
Treasury stock possession of stock ownership plan trust				(200)	(200)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	17	2,113	(22)	2,109
Balance at end of current period	5,000	8,497	25,985	(1,094)	38,388

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans		
Balance at beginning of current period	640	(3)	1,006	720	264	38,906
Changes of items during period						
Dividends of surplus						(671)
Profit attributable to owners of parent						2,785
Purchase of treasury shares						(5)
Disposal of treasury shares						200
Treasury stock possession of stock ownership plan trust						(200)
Net changes of items other than shareholders' equity	266	3	(90)	207	101	487
Total changes of items during period	266	3	(90)	207	101	2,596
Balance at end of current period	907	–	916	927	365	41,502

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	1,535	3,511
Depreciation	1,730	1,781
Impairment loss	381	21
Amortization of goodwill	46	61
Loss (gain) on step acquisitions	–	(22)
Gain on bargain purchase	–	(239)
Increase (decrease) in allowance for doubtful accounts	(5)	2
Interest and dividend income	(81)	(95)
Interest expenses	22	16
Foreign exchange losses (gains)	63	(5)
Share of loss (profit) of entities accounted for using equity method	(20)	2
Increase (decrease) in provision for directors' retirement benefits	28	(179)
Increase (decrease) in provision for stocks payment	–	12
Increase (decrease) in provision for management board incentive plan trust	–	21
Loss (gain) on sales of non-current assets	–	(3)
Decrease (increase) in notes and accounts receivable - trade	(1,857)	(3,006)
Decrease (increase) in inventories	191	(959)
Increase (decrease) in notes and accounts payable - trade	1,017	2,094
Other, net	(215)	435
Subtotal	2,835	3,448
Interest and dividend income received	91	108
Interest expenses paid	(22)	(17)
Income taxes (paid) refund	(411)	(527)
Net cash provided by (used in) operating activities	2,492	3,012
Cash flows from investing activities		
Purchase of investment securities	(110)	(4)
Proceeds from sales of investment securities	–	0
Proceeds from redemption of investment securities	24	102
Purchase of intangible assets	(150)	(140)
Purchase of property, plant and equipment	(1,742)	(1,861)
Proceeds from sales of property, plant and equipment	–	9
Payments for transfer of business	(86)	(33)
Payments for lease deposits	–	(51)
Collection of lease deposits	–	89
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	99
Net cash provided by (used in) investing activities	(2,064)	(1,789)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(140)	697
Proceeds from long-term loans payable	34	—
Repayments of long-term loans payable	(22)	(216)
Purchase of treasury shares	(1)	(4)
Proceeds from sales of treasury shares	—	0
Cash dividends paid	(575)	(671)
Other, net	(41)	(44)
Net cash provided by (used in) financing activities	(746)	(239)
Effect of exchange rate change on cash and cash equivalents	(101)	13
Net increase (decrease) in cash and cash equivalents	(418)	996
Cash and cash equivalents at beginning of period	7,510	7,092
Cash and cash equivalents at end of period	7,092	8,088