Asahi Diamond Industrial Co., Ltd.

November 10,2016

Summary of the Consolidated Financial Results for the Second Quarter Ended September 30,2016

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Stock exchange listing : Tokyo Stock Exchange 1st Section(Code 6140)

① Financial statements

1) Consolidated Balance Sheets

Millions of yen

	FISCAL YEAR	SECOND QUARTER
	2016/3	2016/9
Cash and deposits	12,598	12,573
Notes and accounts receivable-trade	11,528	11,305
Securities	1,867	347
Merchandise and finished goods	2,374	2,284
Work in process	1,474	1,301
Raw materials and supplies	2,661	2,678
Other	1,594	1,119
Allowance for doubtful accounts	△ 286	△ 262
Current assets	33,813	31,347
Buildings and structures, net	10,063	9,863
Machinery, equipment and vehicles, net	7,575	7,208
Land	5,053	5,000
Other, net	1,863	1,467
Property, plant and equipment	24,556	23,540
Intangible assets	120	106
Investment securities	10,993	11,160
Other	2,720	2,984
Allowance for doubtful accounts	△ 1,065	△ 982
Investments and other assets	12,648	13,162
Non-current assets	37,325	36,808
Assets	71,139	68,156

※Note

- This report contains estimates and forecasts pertaining to the future plans and business results. Such statements are based on information available at the time of the report's production and include potential risks and uncertainties. Actual results may differ from estimates and forecasts contained herein.
- Numbers with "△" indicate negative numbers.

Millions of yen

	FISCAL YEAR	SECOND QUARTER
	2016/3	2016/9
Notes and accounts payable-trade	1,505	1,801
Short-term loans payable	659	478
Income taxes payable	540	360
Provision for bonuses	722	743
Provision for business structure improvement	193	163
Other	2,108	1,964
Current liabilities	5,730	5,511
Net defined benefit liability	7,644	7,555
Other	820	759
Non-current liabilities	8,465	8,314
Liabilities	14,195	13,826
Capital stock	4,102	4,102
Capital surplus	7,129	7,129
Retained earnings	41,615	41,831
Treasury shares	△ 15	△ 861
Shareholders' equity	52,832	52,201
Valuation difference on available-for-sale securities	2,346	2,141
Revaluation reserve for land	162	162
Foreign currency translation adjustment	479	△ 1,155
Remeasurements of defined benefit plans	△ 78	△ 37
Total accumulated other comprehensive income	2,910	1,111
Non-controlling interests	1,201	1,017
Net assets	56,943	54,330
Liabilities and net assets	71,139	68,156

2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Millions of yen

	SECOND QUARTER	
	2015/4-9	2016/4-9
Net sales	22,785	21,921
Cost of sales	15,887	16,191
Gross profit	6,898	5,730
Selling expenses	2,622	2,624
General and administrative expenses	1,652	1,605
Selling, general and administrative expenses	4,275	4,229
Operating income	2,623	1,500
Interest income	44	31
Dividend income	83	85
Share of profit of entities accounted for using equity method	84	71
Other	60	36
Non-operating income	273	224
Interest expenses	7	4
Foreign exchange losses	18	355
Other	9	3
Non-operating expenses	35	364
Ordinary income	2,861	1,361
Gain on sales of investment securities	—	26
Extraordinary income	—	26
Loss on valuation of investment securities	—	0
Loss on sales of investment securities	—	0
Extraordinary losses	—	0
Income before income taxes	2,861	1,386
Income taxes - current	827	319
Income taxes - deferred	△ 7	△ 19
Income taxes	820	300
Profit	2,040	1,086
Profit attributable to non-controlling interests	33	20
Profit attributable to owners of parent	2,007	1,066

Consolidated Statements of Comprehensive Income

Millions of yen

	SECOND QUARTER	
	2015/4-9	2016/4-9
Profit	2,040	1,086
Valuation difference on available-for-sale securities	△ 869	△ 204
Foreign currency translation adjustment	△ 28	△ 1,192
Remeasurements of defined benefit plans	7	45
Share of other comprehensive income of entities accounted for using equity method	△ 17	△ 600
Other comprehensive income	△ 908	△ 1,952
Comprehensive income	1,132	△ 865
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,108	△ 691
Comprehensive income attributable to non-controlling interests	23	△ 174

3) Consolidated Statements of Cash Flows

Millions of yen

	SECOND QUARTER	
	2015/4-9	2016/4-9
Cash flows from operating activities		
Profit before income taxes	2,861	1,386
Depreciation	1,730	1,646
Increase (decrease) in allowance for doubtful accounts	△ 79	△ 16
Increase (decrease) in provision for bonuses	166	28
Increase (decrease) in net defined benefit liability	△ 40	45
Increase (decrease) in provision for business structure improvement	△ 38	△ 3
Interest and dividend income	△ 128	△ 116
Interest expenses	7	4
Share of (profit) loss of entities accounted for using equity method	△ 84	△ 71
Loss (gain) on sales of investment securities	—	△ 25
Loss (gain) on valuation of investment securities	—	0
Decrease (increase) in notes and accounts receivable - trade	1,146	△ 140
Decrease (increase) in inventories	△ 128	11
Increase (decrease) in notes and accounts payable - trade	△ 35	522
Other, net	119	109
Subtotal	5,496	3,383
Interest and dividend income received	128	116
Interest expenses paid	△ 7	△ 4
Income taxes paid	△ 1,146	△ 513
Net cash provided by (used in) operating activities	4,470	2,982
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	27	—
Purchase of property, plant and equipment	△ 1,210	△ 1,104
Proceeds from sales of property, plant and equipment	13	1
Purchase of investment securities	△ 213	△ 1,013
Proceeds from sales of investment securities	2	29
Proceeds from redemption of investment securities	—	1,500
Other, net	27	6
Net cash provided by (used in) investing activities	△ 1,353	△ 580

Millions of yen

	SECOND QUARTER	
	2015/4-9	2016/4-9
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	△ 182	△ 85
Purchase of treasury shares	△ 0	△ 846
Cash dividends paid	△ 1,037	△ 851
Other, net	△ 144	△ 129
Net cash provided by (used in) financing activities	△ 1,365	△ 1,913
Effect of exchange rate change on cash and cash equivalents	△ 95	△ 534
Net increase (decrease) in cash and cash equivalents	1,656	△ 45
Cash and cash equivalents at beginning of period	12,857	12,966
Cash and cash equivalents at end of period	14,513	12,920

② Financial data

1) Forecast (2016/4-2017/3)

Net sales (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Earnings per share [EPS] (Yen)
41,500	1,940	1,950	1,580	28.16

2) Consolidated financial indicator

		SECOND QUARTER		FISCAL YEAR	FORECAST
		2015/4-9	2016/4-9	2015/4-2016/3	2016/4-2017/3
		Amount	Amount	Amount	Amount
Operating income ratio	(%)	11.5	6.8	10.5	4.7
Ordinary income ratio	(%)	12.6	6.2	11.2	4.7
Return on assets [ROA]	(%)	2.7	1.5	4.6	—
Return on equity [ROE]	(%)	3.5	2.0	5.9	—
Capital expenditures	Millions of yen	1,227	1,252	3,409	4,000
Depreciation [Property, plant and equipment]	Millions of yen	1,702	1,620	3,572	3,600
Research and development expenses	Millions of yen	785	857	1,731	1,750
Number of employees	Number	2,169	2,127	2,108	—

3) Consolidated Net Sales Breakdown

Consolidated Net Sales Breakdown by Industry

Millions of yen

	SECOND QUARTER				FISCAL YEAR		FORECAST	
	2015/4-9		2016/4-9		2015/4-2016/3		2016/4-2017/3	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Electronics and Semiconductor	10,179	44.7	10,238	46.7	20,133	44.3	17,900	43.1
Transportation	4,112	18.0	4,232	19.3	8,439	18.6	8,330	20.1
Machinery	4,759	20.9	4,368	19.9	9,368	20.6	8,900	21.5
Stone and Construction	2,709	11.9	2,347	10.7	5,541	12.2	4,860	11.7
Other	1,025	4.5	734	3.4	1,977	4.3	1,510	3.6
Net sales	22,785	100.0	21,921	100.0	45,459	100.0	41,500	100.0

Consolidated Net Sales Breakdown by Geographical Region

Millions of yen

	SECOND QUARTER				FISCAL YEAR		FORECAST	
	2015/4-9		2016/4-9		2015/4-2016/3		2016/4-2017/3	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Japan	9,944	43.6	9,273	42.3	19,567	43.1	18,600	44.8
Taiwan	2,451	10.8	2,103	9.6	4,424	9.7	3,900	9.4
China	3,071	13.5	3,884	17.7	7,293	16.0	6,600	15.9
Other Asia and Oceania	3,585	15.7	3,107	14.2	6,867	15.1	5,800	14.0
Europe	2,559	11.2	2,445	11.1	4,785	10.5	4,200	10.1
Other	1,173	5.2	1,107	5.1	2,521	5.6	2,400	5.8
Net sales	22,785	100.0	21,921	100.0	45,459	100.0	41,500	100.0