Asahi Diamond Industrial Co., Ltd.

February 8,2019

Summary of the Consolidated Financial Results for the third Quarter Ended December 31,2018

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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	THIRD QUARTER
	2018/3	2018/12
Cash and deposits	18,202	15,453
Notes and accounts receivable-trade	12,782	11,862
Securities	266	—
Merchandise and finished goods	2,413	2,691
Work in process	1,820	1,845
Raw materials and supplies	2,458	2,235
Other	449	1,032
Allowance for doubtful accounts	△ 364	△ 93
Current assets	38,029	35,027
Buildings and structures, net	8,122	7,833
Machinery, equipment and vehicles, net	5,434	5,793
Land	5,061	6,864
Other, net	1,300	1,160
Property, plant and equipment	19,919	21,651
Intangible assets	107	102
Investment securities	14,236	13,527
Other	3,075	3,347
Allowance for doubtful accounts	△ 690	△ 664
Investments and other assets	16,621	16,210
Non-current assets	36,648	37,964
Assets	74,678	72,992

※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	THIRD QUARTER
	2018/3	2018/12
Notes and accounts payable - trade	1,865	1,816
Short-term loans payable	490	424
Income taxes payable	1,087	200
Provision for bonuses	811	345
Provision for business structure improvement	14	13
Other	2,151	2,815
Current liabilities	6,421	5,614
Net defined benefit liability	7,801	7,790
Provision for business structure improvement	24	23
Provision for stock benefits	—	19
Other	723	697
Non-current liabilities	8,548	8,531
Liabilities	14,969	14,145
Capital stock	4,102	4,102
Capital surplus	7,129	7,129
Retained earnings	42,671	43,873
Treasury shares	△ 4	△ 155
Shareholders' equity	53,898	54,949
Valuation difference on available-for-sale securities	3,786	2,427
Revaluation reserve for land	162	160
Foreign currency translation adjustment	589	12
Remeasurements of defined benefit plans	△ 16	△ 4
Total accumulated other comprehensive income	4,522	2,596
Non-controlling interests	1,287	1,300
Net assets	59,708	58,846
Liabilities and net assets	74,678	72,992

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

Consolidated Statements of Income

Millions of yen

	THIRD QUARTER	
	2017/4-12	2018/4-12
Net sales	33,732	31,317
Cost of sales	23,883	22,865
Gross profit	9,849	8,452
Selling expenses	3,881	3,648
General and administrative expenses	2,576	2,553
Selling, general and administrative expenses	6,458	6,202
Operating profit	3,391	2,249
Interest income	37	49
Dividend income	119	133
Foreign exchange gains	108	32
Share of profit of entities accounted for using equity method	47	52
Miscellaneous income	46	76
Non-operating income	359	345
Interest expenses	5	5
Miscellaneous loss	1	3
Non-operating expenses	6	8
Ordinary profit	3,744	2,585
Gain on sales of investment securities	26	57
Gain on liquidation of subsidiaries	—	19
Extraordinary income	26	76
Loss on sales of investment securities	—	0
Extraordinary losses	—	0
Profit before income taxes	3,770	2,662
Income taxes - current	706	321
Income taxes - deferred	305	409
Income taxes	1,012	731
Profit	2,758	1,931
Profit attributable to non-controlling interests	66	103
Profit attributable to owners of parent	2,691	1,827

Consolidated Statements of Comprehensive Income

Millions of yen

	THIRD QUARTER	
	2017/4-12	2018/4-12
Profit	2,758	1,931
Other comprehensive income		
Valuation difference on available-for-sale securities	1,226	△ 1,358
Revaluation reserve for land	—	△ 2
Foreign currency translation adjustment	200	△ 427
Remeasurements of defined benefit plans	24	21
Share of other comprehensive income of entities accounted for using equity method	95	△ 178
Other comprehensive income	1,546	△ 1,946
Comprehensive income	4,305	△ 15
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	4,331	108
Comprehensive income attributable to non-controlling interests	△ 25	△ 124

② Financial data

1) Forecast (2018/4-2019/3)

Net sales (Millions of yen)	Operating profit (Millions of yen)	Ordinary profit (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Earnings per share [EPS] (Yen)
41,000	2,300	2,750	1,950	35.13

2) Consolidated financial indicator

		THIRD QUARTER		FISCAL YEAR	FORECAST
		2017/4-12	2018/4-12	2017/4-2018/3	2018/4-2019/3
		Amount	Amount	Amount	Amount
Operating profit ratio	(%)	10.1	7.2	10.2	5.6
Ordinary profit ratio	(%)	11.1	8.3	11.2	6.7
Return on assets [ROA]	(%)	3.7	2.5	2.2	—
Return on equity [ROE]	(%)	4.7	3.2	2.8	—
Capital expenditures	Millions of yen	1,630	3,826	2,295	5,000
Depreciation [Property, plant and equipment]	Millions of yen	2,292	1,788	3,111	2,600
Research and development expenses	Millions of yen	1,341	1,330	1,802	1,750
Number of employees	Number	2,151	2,211	2,157	—

3) Consolidated Net Sales Breakdown

Consolidated Net Sales Breakdown by Industry

Millions of yen

	THIRD QUARTER				FISCAL YEAR		FORECAST	
	2017/4-12		2018/4-12		2017/4-2018/3		2018/4-2019/3	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Electronics and Semiconductor	14,115	41.9	10,617	33.9	19,257	42.4	13,650	33.3
Transportation	6,849	20.3	7,546	24.1	9,300	20.5	9,950	24.2
Machinery	7,357	21.8	8,001	25.5	9,884	21.7	10,600	25.9
Stone and Construction	4,017	11.9	3,864	12.4	5,353	11.8	5,250	12.8
Other	1,393	4.1	1,288	4.1	1,662	3.6	1,550	3.8
Net sales	33,732	100.0	31,317	100.0	45,458	100.0	41,000	100.0

Consolidated Net Sales Breakdown by Geographical Region

Millions of yen

	THIRD QUARTER				FISCAL YEAR		FORECAST	
	2017/4-12		2018/4-12		2017/4-2018/3		2018/4-2019/3	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Japan	15,370	45.6	16,045	51.2	20,480	45.0	21,000	51.2
Taiwan	3,387	10.0	2,751	8.8	4,487	9.9	3,700	9.0
China	5,496	16.3	3,080	9.8	7,668	16.9	3,700	9.0
Other Asia and Oceania	4,468	13.2	4,319	13.8	6,042	13.3	5,800	14.2
Europe	2,994	8.9	3,041	9.7	4,079	9.0	3,900	9.5
Other	2,015	6.0	2,079	6.7	2,700	5.9	2,900	7.1
Net sales	33,732	100.0	31,317	100.0	45,458	100.0	41,000	100.0