

Consolidated Financial Results for the Three Months Ended June 30, 2015 (JPGAAP)

August 5, 2015

Name of listed company: NISSAN CHEMICAL INDUSTRIES, LTD.

Stock Exchange: Tokyo

Code Number: 4021

URL: <http://www.nissanchem.co.jp/>

Representative: Kojiro Kinoshita, President

Inquiry to: Hironori Yoshida, Executive Officer and Director of Finance and Accounting Department Tel. +81 3 3296 8356

Scheduled dividend payment date: -

Supplemental information: Yes

Financial results meeting: None

(Amounts rounded down to the nearest million yen)
(% indicates the rate of increase/decrease year on year)

1. Consolidated Financial Results for the Three Months Ended June 30, 2015 (From April 1, 2015 to June 30, 2015)

(1) Consolidated Operating Results

(Millions of Yen)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
Three Months Ended June 30, 2015	45,190	+6.4%	9,426	+5.8%	10,240	+10.2%	7,208	+14.0%
Three Months Ended June 30, 2014	42,491	+5.6%	8,910	+32.4%	9,293	+22.1%	6,325	+22.4%

(Note) Comprehensive Income: Three Months Ended June 30, 2015: 8,082 million yen (+17.1%)

Three Months Ended June 30, 2014: 6,904 million yen (+1.8%)

	Net Income per Share (Yen)	Diluted Profit Attributable to Owners of Parent per Share (Yen)
Three Months Ended June 30, 2015	45.85	—
Three Months Ended June 30, 2014	39.42	—

(2) Consolidated Financial Position

(Millions of Yen)

	Total Assets	Net Assets	Equity Ratio
As of June 30, 2015	213,812	150,414	69.7%
As of March 31, 2015	223,854	151,263	66.9%

(Reference) Shareholders' equity: As of June 30, 2015: 148,956 million yen As of March 31, 2015: 149,782 million yen

2. Cash Dividends

	Cash Dividends per Share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
Year Ended March 31, 2015	—	14.00 yen	—	22.00 yen	36.00 yen
Year Ending March 31, 2016	—	—	—	—	—
Year Ending March 31, 2016 (Forecast)	—	18.00 yen	—	22.00 yen	40.00 yen

(Note) Revision of the latest released dividend forecast: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of Yen)

(% indicates the rate of increase/decrease against the same period of the previous year)

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income per share
Six Months Ending September 30, 2016	85,000	+6.4%	12,900	+3.1%	13,600	+6.8%	10,100	+14.1%	64.94
Year Ending March 31, 2016	181,000	+5.7%	26,500	+4.5%	27,600	+4.6%	20,600	+13.2%	132.46

(Note) Revision of the latest released forecast of financial results: None

Net Income per share for the current consolidated fiscal year is calculated in consideration of repurchase and cancellation of treasury stock implemented by July 31, 2015.

4. Notes

(1) Changes in significant consolidated subsidiaries
(changes in specified subsidiaries involving changes in scope of consolidation) : None

(2) Adoption of special accounting methods of preparation of quarterly financial statement: None

(3) Changes of accounting policies and accounting estimates, and restatement

1. Changes of accounting policies due to revisions of accounting standards : Yes

2. Changes of accounting policies other than the above : None

3. Changes in accounting estimates : None

4. Restatements : None

(4) Number of shares outstanding (common stock)

1. Number of shares outstanding (including treasury stock)

as of June 30, 2015; 158,000,000 shares

as of March 31, 2015; 158,000,000 shares

2. Number of shares of treasury stock

as of June 30, 2015; 2,083,837 shares

as of March 31, 2015; 286,679 shares

3. Average number of shares outstanding(cumulative first year)

as of June 30, 2015; 157,214,729 shares

as of June 30, 2014; 160,477,948 shares

* Implementation status about the review

This financial release is not subject to audit procedures based on Financial Instruments and Exchange Law in Japan.

Audit procedures of financial statements based on Financial Instruments and Exchange have not been completed at the time of disclosure.

* Statement regarding appropriate use of forecasts and other notes

The forecast contained in this report is based on information available at the time of disclosure.

Actual operating results may differ materially from the forecast due to various factors.

For supplemental information, please refer to our website.

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1. Qualitative Information on Quarterly Results

(1) Explanation of Operating Results

During the year ended June 30, 2015 (from April 1, 2015 to June 30, 2015), the domestic economy was on the gradual recovery trend under the weaker yen and the improvement of corporate earnings.

With regard to our group business, Chemicals Segment was benefited by lower price fuels. As for Performance Materials Segment, especially Display Materials remained favorable. As for Agricultural Chemicals Segment, sales of agrochemicals grew significantly both in Japan and overseas. As for Pharmaceutical Segment, domestic "LIVALO" (anti-cholesterol drug) sales decreased due to the influence of generic products.

As a result, the sales for this term were 45,190 million yen (an increase of 2,698 million yen from the same term of the previous year). Operating income was 9,426 million yen (an increase of 516 million yen). Ordinary income was 10,240 million yen (an increase of 947 million yen). Profit attributable to owners of parent was 7,208 million yen (an increase of 883 million yen).

Explanations by segments are as below.

Chemicals

As for Basic Chemicals, the sales volume of melamine (adhesive agent for particle board) increased in overseas. As for Fine Chemicals, the sales of "HI-LITE" (chlorinated isocyanuric acid for sterilizing) exceeded previous year in overseas.

As a result, the sales of this segment were 8,670 million yen (an increase of 193 million yen from the same term of the previous year). Operating income was 1,462 million yen (an increase of 499 million yen).

Performance Materials

"SUNEVER" (LCD alignment coating) for TV and smartphone had healthy sales. The sales of bottom anti-reflective coating (ARC® coating) increased due to steady demand for semiconductors. The sales of "SNOWTEX" (silica sol for polishing electronic materials and non-polishing materials) exceeded previous year for non-polishing materials.

As a result, the sales of this segment were 12,960 million yen (an increase of 1,117 million yen from the same term of the previous year). Operating income was 3,370 million yen (an increase of 38 million yen).

*ARC® is registered trade mark of Brewer Science, Inc. Bottom anti-reflective coating and multi-layer materials beneath a photoresist are included in the registered trade mark.

Agricultural Chemicals

With regard to domestic sales, the sales volume of "ALTAIR" (paddy rice herbicide) increased. With regard to overseas sales, "TARGA" (crop herbicide) and Fluralaner (the active substance of veterinary medical product) had healthy sales.

As a result, the sales of this segment were 13,599 million yen (an increase of 1,264 million yen from the same term of the previous year). Operating income was 4,396 million yen (an increase of 415 million yen).

Pharmaceuticals

Export "LIVALO" had healthy sales. Domestic "LIVALO" continued to face a tough situation. As some deliveries were behind the original schedule, the sales of "Custom Chemicals" (custom manufacturing and process researching services for pharmaceutical companies) decreased.

As a result, the sales of this segment were 2,051 million yen (a decrease of 419 million yen from the same term of the previous year). Operating income was 384 million yen (a decrease of 373 million yen).

Trading

The sales of agricultural chemicals products increased.

As a result, the sales of this segment were 14,745 million yen (an increase of 618 million yen from the same term of the previous year). Operating income was 465 million yen (a decrease of 19 million yen).

Others

The sales of this segment were 4,109 million yen (an increase of 291 million yen from the same term of the previous year). Operating loss was 31 million yen (an improvement of 77 million yen).

(2) Financial Position

(Position of Assets, Liabilities and Net Assets)

Total assets as of June 30, 2015 were 213,812 million yen for a 10,041 million yen decrease from March 31, 2015. It is mainly due to the decrease of cash and deposits.

Also, total liabilities as of June 30, 2015 were 63,398 million yen for a decrease of 9,192 million yen from March 31, 2015. It is mainly due to the decrease of liabilities with interest.

Net Assets as of June 30, 2015 were 150,414 million yen for a decrease of 849 million yen from March 31, 2015. As a result, equity ratio was 69.7%, an increase of 2.8% from March 31, 2015.

(Position of Cash Flow)

Deducting income taxes paid from income before income taxes and minority interests, depreciation and gain and loss on working capital, net cash provided by operating activities for the three months ended June 30, 2015 were 10,553 million yen (6,590 million yen for the same term of the previous year).

Due to the investment on plant and equipment, net cash used in investing activities for the three months ended June 30, 2015 were 1,934 million yen (1,013 million yen for the same term of the previous year).

Due to the decrease in borrowings and dividends payment, net cash used in financing activities for the three months ended June 30, 2015 were 17,839 million yen (12,834 million yen for the same term of the previous year).

As a result, cash and cash equivalents at the end of this term were 22,243 million yen, reflecting 60 million yen effect of exchange rate changes and 61 million yen increase from newly consolidated subsidiaries. It decreased by 9,160 million yen from March 31, 2015 (23,455 million yen for the same term of the previous year).

(3) Forecast of Consolidated Business Results and Other Forward-looking Information

There is no change in the forecast of consolidated business results for the six months ending September 30, 2015 and the fiscal year ending March 31, 2016 from the statement announced on May 12, 2015.

2. Items concerning Summary Information (Notes)

(Changes in Accounting Policies)

Effective from the beginning of the first quarter of current consolidated fiscal year, the Company adopted the "Revised Accounting Standard for Business Combinations"(Accounting Standards Board of Japan(ASBJ) Statement No.21, issued on September 13, 2013, hereinafter referred to as the "Accounting Standard for Business Combinations"), "Revised Accounting Standard for Consolidated Financial Statements"(ASBJ Statement No.22, issued on September 13, 2013, hereinafter referred to as the "Accounting Standard for Consolidation") and "Revised Accounting Standard for Business Divestitures"(ASBJ Statement No.7, issued on September 13, 2013, hereinafter referred to as the "Accounting Standard for Business Divestitures").

In applying these revised accounting standards, the Company records any difference arising from changes in equity interest in subsidiaries as capital surplus when the control over its subsidiaries maintains and the corresponding acquisition-related costs are recognized as expenses when incurred. Also, regarding business combinations conducted after the beginning of the first quarter of current consolidated fiscal year, the disclosure method was revised to reflect the retrospective adjustment of purchase price allocation after determination of provisional accounting method in the quarterly consolidated financial statements of the fiscal period in which the business combination occurred. In addition, presentation method of net income is amended and also, the presentation of "minority interests" is changed to "non-controlling interests". To reflect these changes in presentation, the quarterly consolidated financial statements and consolidated financial statements in the previous fiscal year have been reclassified.

Concerning the application of the Accounting Standard for Business Combinations and others, the Company is subject to the transitional treatment set out in Section 58-2(4) of the Accounting Standard for Business Combinations, in Section 44-5(4) of the Accounting Standard for Consolidation and in Section 57-4(4) of the Accounting Standard for business Divestitures, and these changes are effective from the beginning of the first quarter of current consolidated fiscal year. Also, these changes have no effect on profit and loss.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	31,343	22,243
Notes and accounts receivable-trade	58,133	55,335
Merchandise and finished goods	28,123	28,491
Work in process	59	367
Raw materials and supplies	7,885	8,401
Other	7,931	7,557
Allowance for doubtful accounts	-29	-30
Total current assets	133,448	122,366
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	22,702	22,757
Other, net	24,426	23,634
Total property, plant and equipment	47,128	46,391
Intangible assets		
Goodwill	4	485
Other	669	4,672
Total intangible assets	674	5,158
Investments and other assets		
Investment securities	38,711	35,939
Other	4,079	4,135
Allowance for doubtful accounts	-187	-179
Total investments and other assets	42,603	39,896
Total noncurrent assets	90,406	91,445
Total assets	223,854	213,812

(Millions of Yen)

	As of March 31, 2015	As of June 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	15,077	14,684
Short-term loans payable	26,041	17,776
Income taxes payable	3,807	2,522
Provision for bonuses	1,827	593
Provision for directors' bonuses	24	5
Provision for environmental measures	315	314
Other	8,940	9,476
Current liabilities	56,034	45,372
Noncurrent liabilities		
Long-term loans payable	9,060	9,060
Provision for business structure improvement	704	704
Net defined benefit liability	174	158
Other	6,618	8,103
Total noncurrent liabilities	16,556	18,025
Total liabilities	72,590	63,398
Net assets		
Shareholders' equity		
Capital stock	18,942	18,942
Capital surplus	13,611	13,611
Retained earnings	105,602	108,841
Treasury stock	-584	-5,469
Total shareholders' equity	137,572	135,925
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,676	11,175
Foreign currency translation adjustment	894	1,235
Remeasurements of defined benefit plans	639	618
Total accumulated other comprehensive income	12,210	13,030
Non-controlling interests	1,481	1,458
Total net assets	151,263	150,414
Total liabilities and net assets	223,854	213,812

(2) Consolidated Statements of Income / Consolidated Statements of Comprehensive Income

- Consolidated Statements of Income

(Millions of Yen)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2015
Net sales	42,491	45,190
Cost of sales	24,201	25,643
Gross profit	18,290	19,547
Selling, general and administrative expenses	9,380	10,120
Operating income	8,910	9,426
Non-operating income		
Interest income	5	2
Dividends income	273	235
Equity in earnings of affiliates	-	203
Foreign exchange gains	224	314
Other	158	225
Total non-operating income	662	981
Non-operating expenses		
Interest expenses	77	62
Other	202	104
Total non-operating expenses	279	167
Ordinary income	9,293	10,240
Extraordinary income	-	-
Extraordinary loss	-	-
Income before income taxes and non-controlling interests	9,293	10,240
Income taxes-current	2,232	2,315
Income taxes-deferred	703	666
Total income taxes	2,936	2,982
Net income	6,357	7,257
Profit attributable to non-controlling interests	31	48
Profit attributable to owners of parent	6,325	7,208

- Consolidated Statements of Comprehensive Income

(Millions of Yen)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2015
Net income	6,357	7,257
Other comprehensive income		
Valuation difference on available-for-sale securities	366	498
Foreign currency translation adjustment	195	347
Remeasurements of defined benefit plans, net of tax	-13	-20
Share of other comprehensive income of associates accounted for using equity method	-0	0
Total other comprehensive income	547	825
Comprehensive income	6,904	8,082
(Breakdown)		
Comprehensive income attributable to owners of parent	6,852	8,028
Comprehensive income attributable to non-controlling interests	52	54

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2015
Net cash provided by (used in) operating activities		
Income before income taxes and non-controlling interests	9,293	10,240
Depreciation	1,788	2,140
Interest and dividends income	-278	-237
Interest expenses	77	62
Loss (gain) on disposal of noncurrent assets	33	33
Decrease (increase) in notes and accounts receivable-trade	1,673	2,870
Decrease (increase) in inventories	-1,802	-1,143
Increase (decrease) in notes and accounts payable-trade	-675	-472
Other	-230	421
Subtotal	9,878	13,915
Interest and dividends income received	278	298
Interest expenses paid	-37	-33
Income taxes paid	-3,529	-3,624
Net cash provided by (used in) operating activities	6,590	10,554
Net cash provided by (used in) investing activities		
Purchase of investment securities	-1,210	-3
Proceeds from sales of investment securities	3,025	105
Purchase of property, plant and equipment	-2,587	-1,813
Payments for retirement of property, plant and equipment	-31	-34
Net decrease (increase) in short-term loans receivable	-136	-37
Other	-73	-151
Net cash provided by (used in) investing activities	-1,013	-1,934
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-10,204	-8,288
Cash dividends paid	-2,567	-3,469
Cash dividends paid to non-controlling shareholders	-50	-70
Purchase of treasury stock of subsidiaries in consolidation	-	-4,885
Setting up the trust for purchase of treasury stock	-	-1,115
Other	-12	-10
Net cash provided by (used in) financing activities	-12,834	-17,839
Effect of exchange rate change on cash and cash equivalents	-44	58
Net increase (decrease) in cash and cash equivalents	-7,302	-9,160
Cash and cash equivalents at beginning of period	30,757	31,343
Increase in cash and cash equivalents from newly consolidated subsidiary	-	61
Cash and cash equivalents at end of period	23,455	22,243

(4) Notes to Consolidated Financial Statements
(Notes on Assumption of Going Concern)
Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Repurchase of the Company's Own Share under the provisions of Articles of Incorporation pursuant to Article 165, Paragraph 3 of the Companies Act. the Company, at the board of director's meeting held on May 12, 2015, has decided to repurchase its shares in the market under Article 156 of the Companies Act, as applied pursuant to Article 165, Paragraph 3 of the Companies Act. As a result, treasury stock at the end of first quarter of current fiscal year is 5,469 million yen (4,885 million yen increase).

(5) Segment Information

1. Information Regarding Sales, Income (Loss) of Reportable Segments

1) For the Three Months Ended June 30, 2014 (From April 1, 2014 to June 30, 2014)

(Millions of Yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Pharmaceuticals	Trading	Others	Total	Adjustment (1)	Consolidated Total
Sales									
Sales to outside customers	6,102	10,410	11,499	2,471	10,215	1,792	42,491	—	42,491
Intersegment Sales	2,374	1,433	835	—	3,910	2,025	10,580	-10,580	—
Total Sales	8,477	11,843	12,335	2,471	14,126	3,817	53,072	-10,580	42,491
Segment income or loss (Operating Income or Loss)	962	3,332	3,981	758	485	-109	9,411	-500	8,910

Notes: (1) The negative 500 million yen adjustment in segment income includes 60 million yen in intersegment eliminations and negative 440 million yen of corporate expenses not attributable to any reportable segment.

The corporate expenses are mainly group administrative expenses which do not belong to segments.

2) For the Three Months Ended June 30, 2015 (From April 1, 2015 to June 30, 2015)

(Millions of Yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Pharmaceuticals	Trading	Others	Total	Adjustment (1)	Consolidated Total
Sales									
Sales to outside customers	6,336	11,450	12,415	2,051	11,156	1,780	45,190	—	45,190
Intersegment Sales	2,334	1,510	1,183	—	3,588	2,328	10,946	-10,946	—
Total Sales	8,670	12,960	13,599	2,051	14,745	4,109	56,137	-10,946	45,190
Segment income or loss (Operating Income or Loss)	1,462	3,370	4,396	384	465	-31	10,049	-622	9,462

Notes: (1) The negative 622 million yen adjustment in segment income includes negative 89 million yen in intersegment eliminations and negative 533 million yen of corporate expenses not attributable to any reportable segment.

The corporate expenses are mainly group administrative expenses which do not belong to segments.

(Significant Subsequent Events)

The Company, at the board of Director's meeting held on July 14, 2015, has decided a cancellation of treasury stock pursuant to Article 178 of the Companies Act.

1. Class of cancelled shares : Common shares of the company

2. Number of cancelled shares: 2,000,000 shares
(1.27% of issued shares prior to cancellation)

3. Date of cancellation: July 31, 2015

Reference:

Number of issued shares subsequent to cancellation(including treasury shares): 156,000,000 shares