

**Consolidated Financial Results for the Year Ended March 31, 2018**  
(JPGAAP)



May 11, 2018

Name of listed company: NISSAN CHEMICAL INDUSTRIES, LTD.

Stock Exchange: Tokyo  
URL: <http://www.nissanchem.co.jp/>

Code Number: 4021

Representative: Kojiro Kinoshita, President

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Scheduled date of annual shareholders' meeting : June 27, 2018 Scheduled dividend payment date : June 28, 2018

Scheduled date of submitting the Annual Securities Report : June 27, 2018

Supplemental information : Yes

Financial results meeting : Yes (for institutional investors and analysts)

(Amounts rounded down 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 (% indicates the rate of increase/decrease year on year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2018	193,389	7.3	34,988	11.3	36,235	14.3	27,142	13.0
Year ended March 31, 2017	180,289	1.9	31,438	9.9	31,713	7.4	24,026	7.5

(Note) Comprehensive income: Year ended March 31, 2018 : 30,763 million yen, 29.4%

Year ended March 31, 2017 : 23,771 million yen, 10.5%

	Basic earnings per share	Diluted net income per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Year ended March 31, 2018	Yen 180.30	Yen —	%	%	%
Year ended March 31, 2017	156.97	—	16.1	15.1	18.1
			15.1	13.8	17.4

(Reference) Equity in earnings of affiliates : Year ended March 31, 2018: 1,324 million yen

: Year ended March 31, 2017: 701 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of March 31, 2018	Million yen 249,043	Million yen 176,364	%	Yen 1,168.07
As of March 31, 2017	231,748	163,707	70.1	1,067.76
			69.9	

(Reference) Shareholders' equity: As of March 31, 2018: 174,586 million yen

As of March 31, 2017: 162,041 million yen

(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
Year ended March 31, 2018	Million yen 37,691	Million yen (15,244)	Million yen (20,268)	Million yen 37,702
Year ended March 31, 2017	32,491	(13,152)	(19,042)	35,701

**2. Cash Dividends**

	Cash dividends per share					Total cash dividends (annual)	Dividend payout ratio (consolidated)	Ratio of dividend to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Annual			
Year ended March 31, 2017	Yen —	Yen 24.00	Yen —	Yen 28.00	Yen 52.00	Million yen 7,916	%	%
Year ended March 31, 2018	—	32.00	—	36.00	68.00	10,195	33.1	5.0
Year ending March 31, 2019 (Forecast)	—	38.00	—	40.00	78.00		37.7	6.1
							40.6	

**3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2019 (From April 1, 2018 to March 31, 2019)**

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending March 31, 2019	96,700	6.3	18,400	6.6	18,800	5.4	14,100	7.0	94.85
Year ending March 31, 2019	204,000	5.5	36,800	5.2	38,000	4.9	28,500	5.0	191.93

The above basic earnings per share are calculated in consideration of share repurchase that will be implemented until July 31, 2018.

#### 4. Notes

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

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

1. Changes of accounting policies due to revisions of accounting standards	: None
2. Changes of accounting policies other than the above	: None
3. Changes in accounting estimates	: None
4. Restatements	: None

(3) Number of shares outstanding (common shares)

1. Number of shares outstanding (including treasury shares)

As of March 31, 2018	: 151,000,000 shares
As of March 31, 2017	: 154,000,000 shares

2. Number of treasury shares

As of March 31, 2018	: 1,534,562 shares
As of March 31, 2017	: 2,242,017 shares

3. Average number of shares outstanding over the year

As of March 31, 2018	:150,542,352 shares
As of March 31, 2017	:153,058,176 shares

\* Presentation regarding implementation status of audit procedures

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.

\* Explanations regarding appropriate use of business forecasts and other special notes

The business 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.  
The prerequisite information of actual forecast and other items are on page 3.

For supplemental information, please refer to our website.

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## 1. Analysis of Business Performance and Financial Position

### (1) Analysis of Business Performance

The domestic economy for the current consolidated fiscal year (April 1, 2017 to March 31, 2018) continued to recover moderately as corporate earnings improvement, capital investment and consumer spending recovery amid the expansion of the global economy. Under such circumstance, in the Chemicals Segment, sales of Basic Chemicals increased and Fine Chemicals decreased from the same period of the previous year. In the Performance Materials Segment, sales of Display Materials, Semiconductor Materials and Inorganic Materials increased. In the Agricultural Chemicals Segment, shipments of active ingredients for veterinary pharmaceuticals increased. In the Pharmaceutical Segment, the domestic sales of "LIVALO" (anti-cholesterol drug) decreased due to expansion of generic products.

As a result, the Company's results for the current fiscal year were net sales 193,389 million yen (an increase of 131million yen), operating income 34,988 million yen (an increase of 3,550 million yen) and ordinary income 36,235 million yen (an increase of 4,521 million yen), and net income attributable to owners of parent 27,142 million yen (an increase of 3,116 million yen). Operating income and ordinary income recorded record highs for the fourth consecutive year and net income attributable to owners of parent for the fifth consecutive year.

Explanations by segments are as below.

#### The Chemicals Segment

In the Basic Chemicals, sales of melamine (adhesive agent for particle board) decreased and sales of high purity sulfuric acid (agent used for cleaning semiconductor) increased. In the Fine Chemicals, the sales of "TEPIC" (epoxy compound for LED sealants) increased, while "HI-LITE" (chlorinated isocyanuric acid for sterilizing) decreased. In addition, the profit rate of Chemical Segment decreased due to the price increase of raw fuel.

As a result, sales of this segment was 34,937 million yen (an increase of 156 million yen) and operating income was 3,410 million yen (a decrease of 410 million yen).

#### The Performance Materials Segment

In the Display Materials, "SUNEVER" (LCD alignment coating) for smartphone had healthy sales. In the Semiconductor Materials, sales of bottom anti-reflective coatings for semiconductors (ARC®) and multi-layer process materials (OptiStack®) increased due to some customers' new plant operation and the recovery of capacity utilizations. In the Inorganic Materials, "SNOWTEX" (semiconductor polishing, hard coating, etc.) and Oragno / Monomer sol (various kinds of coating materials, resin additive) had healthy sales. Sales of Oilfield materials (for enhancing oil recovery) increased.

As a result, sales of this segment was 58,762 million yen (an increase of 5,953 million yen) and operating income was 14,200 million yen (an increase of 1,666 million yen).

\*ARC® and OptiStack® are registered trade mark of Brewer Science, Inc.

#### The Agricultural Chemicals Segment

Shipments of Fluralaner (active ingredients for veterinary pharmaceuticals) increased, and sales of "ALTAIR" (paddy rice herbicide) was also firm. We launched "ALIII", a new product that is more effective in weeding than conventional products, "ROUNDUP MAXLOAD AL" (herbicide for general household). This product contributed to higher sales. In addition, agrochemicals for overseas were also well shipped.

As a result, sales of this segment was 58,138 million yen (an increase of 6,186 million yen) and operating income was 16,370 million yen (an increase of 3,169 million yen).

#### The Pharmaceuticals Segment

Overseas sales of "LIVALO" increased, while domestic sales declined due to an increase of generic products. Sales of "Custom Chemicals" (custom manufacturing and process researching services for pharmaceutical companies) was firm.

As a result, sales of this segment was 7,520 million yen (a decrease of 472 million yen) and operating income was 1,233 million yen (a decrease of 422 million yen).

## Trading

Sales of this segment was 59,486 million yen (an increase of 4,287 million yen) and operating income was 1,826 million yen (an increase of 128 million yen).

## Others

Sales of this segment was 21,461 million yen (a decrease of 2,568 million yen) and operating income was 612 million yen (a decrease of 353 million yen).

(Forecast of business result for the next term)

(Billion yen)

	Net Sales	Operating Income	Ordinary Income	Net Income attributable to Owners of Parent	Basic Earnings per Share (Yen)
Next Term	204.0	36.8	38.0	28.5	191.93
Current Term	193.4	35.0	36.2	27.1	180.30

Segment Sales and Operating Income

(Billion yen)

	Net Sales		Operating Income	
	Next Term	Current Term	Next Term	Current Term
Chemicals	38.0	34.9	3.9	3.4
Performance Materials	62.5	58.8	14.1	14.2
Agricultural Chemicals	63.0	58.1	17.7	16.4
Pharmaceuticals	7.2	7.5	1.5	1.2
Trading	64.7	59.5	2.0	1.8
Others	23.6	21.5	0.2	0.6
Adjustment	(55.0)	(46.9)	(2.6)	(2.6)
Total	204.0	193.4	36.8	35.0

As forecast of business result for the next term, we assume that net sales will be 204.0 billion yen, operating income will be 36.8 billion yen, ordinary income will be 38.0 billion yen and net income attribute to owners of parent will be 28.5 billion yen. The above forecast is calculated on the assumption that the exchange rate will be 107 yen per dollar.

## (2) Analysis of Financial Position

(Position of Assets, Liabilities and Net Assets)

Total assets as of March 31, 2018 was 249,043 million yen (an increase of 17,294 million yen from the previous year) due to increases in notes and accounts receivable-trade and investment securities.

Total liabilities as of March 31, 2018 was 72,678 million yen (an increase of 4,637 million yen) due to increases in notes and accounts payable-trade.

Net assets as of March 31, 2018 was 176,364 million yen (an increase of 12,657 million yen). As a result, the equity ratio was 70.1% (an increase of 0.2 point).

(Position of Cash Flow)

Deducting income taxes paid from income before income taxes and non-controlling interests, depreciation and amortization, and gain and loss in working capital, net cash provided by operating activities for the consolidated fiscal year ended March 31, 2018 was 37,691 million yen (32,491 million yen for the previous year).

Due to investment on plant and equipment, net cash used in investing activities for the consolidated fiscal year ended March 31, 2018 was 15,244 million yen (13,152 million yen for the previous year).

Due to share repurchase, payment for dividends and of long-term loans payable, net cash used in financing activities

for the consolidated fiscal year ended March 31, 2018 was 20,268 million yen (19,042 million yen for the previous year).

As a result, cash and cash equivalents for the consolidated fiscal year ended March 31, 2018 was 37,702 million yen (35,701 million yen for the previous year), reflecting 177 million yen effect of exchange rate changes. It increased by 2,000 million yen compared to the previous year.

<Reference> The transit of Cash Flow indices

	For the year Ended				
	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018
Shareholders' equity ratio (%)	65.7	66.9	68.1	69.9	70.1
Shareholders' equity ratio based on market value (%)	119.5	175.4	196.2	212.2	265.3
Debt repayment ratio (year)	1.5	1.7	1.1	0.9	0.8
Interest coverage ratio (times)	82.6	91.5	154.1	208.0	299.3

Shareholders' equity ratio: shareholders' equity/total assets

Shareholders' equity ratio based on market value: market capitalization/total assets

Debt repayment ratio: interest-bearing liabilities/cash flows from operating activities

Interest coverage ratio: cash flows from operating activities/interest payments

(Notes 1) All indicators are calculated based on consolidated financial figures.

(Notes 2) Market capitalization is calculated based on the number of shares outstanding, excluding treasury shares.

(Notes 3) Cash flows represents operating cash flow.

(Notes 4) Interest-bearing liabilities refer to all liabilities recorded in the consolidated balance sheets that incur interest.

(3) Basic Policy on Distribution of Earnings and Dividends for current and next term

The Company's basic policy of profit allocation is returning to shareholders by improving company value through increasing revenue in the medium and long terms.

We aim to realize dividend payout ratio to be 40% in FY2018 and maintain total payout ratio to be 70% in medium-term business plan "Vista2021" launched from April 2016.

The year-end dividend is expected to be 36 yen per share. Accordingly, the total annual dividend per share for the current year ended March 31, 2018 will become 68 yen, which was 52 yen in the previous year.

Total annual dividends per share for the next year ended FY2018 is scheduled to be 78 yen (second quarter: 38 yen, year-end: 40 yen).

## 2. Management Policy

### (1) Basic Management Policy

As a group growing with customers, we will strengthen the brand nurtured by our faithful corporate culture and maximize corporate value through productive activities for the society.

### (2) Target Management Indicator

Our most important objectives are "Return on Equity (ROE)" which represents the efficiency of managing shareholders' equity and "Operate Profit Ratio to Sales" which leads to a high-value added company. We will expand our business to increase our revenue.

We aim to realize Return on Equity (ROE) to be above 14% in medium-term business plan "Vista 2021" launched in April 2016. We have achieved it in FY2016 and FY2017.

### (3) Mid-and Long-term Management Strategies and Issues to be addressed

We have positioned "maximize the value of existing products and create new products" as our top priorities in Stage I, the first three years of the medium-term business plan "Vista2021" (FY2016-2018). We also have set forth three basic strategies: "maximize the profit from existing products", "improve marketing capability" and "enhance R&D capability".

We maintained an upward trend in both sales and profits, reaching our final income target one year ahead of schedule in FY2017, which is the second year of the plan. However, the business climate surrounding us is undergoing rapid change, and various risks are emerging. By steadily implementing measures based on our basic strategies, we aim to establish a stronger incomes basis and further increase our corporate value.

In our first strategy, "maximize the profit from existing products", we will accelerate to develop advanced materials -"EUV under layer materials" and "3D packaging process materials"- that will adapt to technological innovations of semiconductors.

As a stepping stone to the full-scale entry into the Environment & Energy field, we are expanding our shale oil and gas recovery enhancing materials -"nanoActiv HRT"- in North America. Manufacturing facilities and operations to other local communities are also expanding.

In addition, we will continue to focus our efforts on the stable supply of "BRAVECTO®"- parasite drug for pets- whose active ingredients is our compound invention, Fluralaner.

In our second strategy, "improve marketing capability", we will commence operations at our subsidiary in Suzhou, China from this summer. We are able to strengthen technical support and customer services in China's display materials market, which is expected to grow significantly in the future. In order to expand oversea agrochemical business, we established a subsidiary in Brazil in 2016 and in India in 2017. This establishment support sales of agrochemicals in growing markets, enhance promotion and accelerate the product-development required by the market.

In addition, we opened an office in Silicon Valley, United States, in 2016. We will accelerate to develop

talented personnel with high visibility and planning skills through collecting latest technical information. In recent years, we have been collaborating with several venture companies. We will start activities in the AI (artificial intelligence) and Life Sciences fields.

In the third strategy, "enhance R&D capability," we have developed a new insecticide called "GRACIA" and plan to launch it in South Korea in 2018 and in Japan in 2019. We will continue to enhance our agrochemicals and pharmaceuticals pipelines.

We will accelerate entry into new business fields by promoting the introduction of new materials and technologies through open innovation, such as "biological material creating collaboration" with Kyushu University.

In addition, we are working to quickly establish synthetic methods that will reduce the manufacturing costs of medium molecular pharmaceutical active ingredients such as peptides and nucleic acids.

This fiscal year will be the year which we formulate the medium-term business plan Stage II, starting from FY 2019. Although our recent results are favorable, we rely on some product to drive the company's performance compared to the plan and new product launching schedule is dropping behind. Under such circumstance, we will focus on building a growth strategy to realize the corporate vision of 2030, such as identifying social changes from a long-and medium- term viewpoint, creating new products and expanding our business portfolio.

We have established the CSR Committee, the Risk Management and Compliance Committee and the Environment, Safety and Quality Assurance Committee based on our corporate philosophy, "contribute to society with superior technology, products and services, while striving for harmony with the environment" and "basic CSR policy". We will encourage improving transparency of management, compliance with laws and social imperative and contribution to environment and society. We will raise the collective effort to become a group trusted by all of our stakeholders.

### **3. Basic approach to the Selection of Accounting Standards**

The Company will research on trend of IFRS in the country and overseas and correspond properly when applying IFRS.



## 4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2017	As of March 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	35,701	37,702
Notes and accounts receivable - trade	60,075	65,422
Merchandise and finished goods	28,602	29,855
Work in process	64	115
Raw materials and supplies	7,778	7,797
Accounts receivable - other	2,379	1,831
Short-term loans receivable	1,065	494
Deferred tax assets	2,708	3,019
Other	2,221	2,422
Allowance for doubtful accounts	(33)	(34)
<b>Total current assets</b>	<b>140,564</b>	<b>148,626</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	62,253	63,985
Accumulated depreciation and impairment loss	(38,428)	(39,573)
Buildings and structures, net	23,824	24,411
Machinery, equipment and vehicles	120,540	125,451
Accumulated depreciation and impairment loss	(109,038)	(112,434)
Machinery, equipment and vehicles, net	11,502	13,017
Tools, furniture and fixtures	35,717	37,323
Accumulated depreciation and impairment loss	(30,880)	(32,261)
Tools, furniture and fixtures, net	4,837	5,061
Land	9,198	9,047
Leased assets	103	22
Accumulated depreciation	(90)	(22)
Leased assets, net	12	0
Construction in progress	2,594	2,936
<b>Total property, plant and equipment</b>	<b>51,969</b>	<b>54,473</b>
Intangible assets		
Software	610	775
Other	966	993
<b>Total intangible assets</b>	<b>1,577</b>	<b>1,768</b>
Investments and other assets		
Investment securities	32,465	38,517
Deferred tax assets	125	115
Net defined benefit asset	1,987	2,193
Other	3,156	3,440
Allowance for doubtful accounts	(98)	(92)
<b>Total investments and other assets</b>	<b>37,636</b>	<b>44,174</b>
<b>Total non-current assets</b>	<b>91,183</b>	<b>100,416</b>
<b>Total assets</b>	<b>231,748</b>	<b>249,043</b>

(Million yen)

	As of March 31, 2017	As of March 31, 2018
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	14,943	18,579
Short-term loans payable	23,155	23,591
Current portion of long-term loans payable	3,070	2,554
Income taxes payable	3,288	5,156
Provision for bonuses	1,920	2,011
Provision for directors' bonuses	28	27
Other	11,259	10,950
Total current liabilities	57,665	62,871
Non-current liabilities		
Long-term loans payable	4,580	2,446
Deferred tax liabilities	2,649	4,341
Provision for business structure improvement	594	516
Provision for loss on business of subsidiaries and affiliates	309	309
Net defined benefit liability	101	126
Other	2,141	2,068
Total non-current liabilities	10,376	9,807
Total liabilities	68,041	72,678
Net assets		
Shareholders' equity		
Capital stock	18,942	18,942
Capital surplus	13,611	13,613
Retained earnings	126,370	133,822
Treasury shares	(7,587)	(5,962)
Total shareholders' equity	151,337	160,416
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,079	13,653
Foreign currency translation adjustment	243	125
Remeasurements of defined benefit plans	380	390
Total accumulated other comprehensive income	10,703	14,170
Non-controlling interests	1,666	1,778
Total net assets	163,707	176,364
Total liabilities and net assets	231,748	249,043

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

## - Consolidated Statements of Income

(Million yen)

	Year Ended March 31, 2017	Year Ended March 31, 2018
Net sales	180,289	193,389
Cost of sales	105,916	113,513
Gross profit	74,372	79,876
Selling, general and administrative expenses	42,934	44,887
Operating income	31,438	34,988
Non-operating income		
Interest income	20	26
Dividend income	726	817
Equity in earnings of affiliates	701	1,324
Other	805	768
Total non-operating income	2,253	2,937
Non-operating expenses		
Interest expenses	156	126
Loss on disposal of non-current assets	601	591
Plant stop losses	274	270
Impairment loss	220	-
Foreign exchange losses	314	460
Other	411	240
Total non-operating expenses	1,978	1,690
Ordinary income	31,713	36,235
Extraordinary income	-	-
Extraordinary losses	-	-
Income before income taxes and non-controlling interests	31,713	36,235
Income taxes - current	7,439	9,146
Income taxes - deferred	81	(214)
Total income taxes	7,520	8,932
Net income	24,192	27,302
Net income attributable to non-controlling interests	166	159
Net income attributable to owners of parent	24,026	27,142

- Consolidated Statements of Comprehensive Income

(Million yen)

	Year Ended March 31, 2017	Year Ended March 31, 2018
Net income	24,192	27,302
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(436)	3,575
Foreign currency translation adjustment	188	(124)
Remeasurements of defined benefit plans, net of tax	(174)	10
Share of other comprehensive income of entities accounted for using equity method	1	(1)
Total other comprehensive income	(420)	3,460
<b>Comprehensive income</b>	<b>23,771</b>	<b>30,763</b>
(Comprehensive income attributable to)		
Owners of parent	23,584	30,609
Non-controlling interests	186	153

## (3) Consolidated Statements of Changes in Net Assets

For the Year Ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Million yen)

	Total shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	18,942	13,611	115,878	(4,281)	144,151
Changes of items during period					
Dividends of surplus			(7,680)		(7,680)
Net income attributable to owners of parent			24,026		24,026
Change of scope of consolidation			(157)		(157)
Share repurchase				(9,002)	(9,002)
Disposal of treasury shares		0		0	0
Cancellation of treasury shares		(0)	(5,695)	5,695	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	10,492	(3,305)	7,186
Balance at end of current period	18,942	13,611	126,370	(7,587)	151,337

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	10,515	171	554	11,241	1,531	156,924
Changes of items during period						
Dividends of surplus						(7,680)
Net income attributable to owners of parent						24,026
Change of scope of consolidation						(157)
Share repurchase						(9,002)
Disposal of treasury shares						0
Cancellation of treasury shares						-
Net changes of items other than shareholders' equity	(435)	72	(174)	(537)	134	(403)
Total changes of items during period	(435)	72	(174)	(537)	134	6,782
Balance at end of current period	10,079	243	380	10,703	1,666	163,707

For the Year Ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Million yen)

	Total shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	18,942	13,611	126,370	(7,587)	151,337
Changes of items during period					
Dividends of surplus			(9,063)		(9,063)
Net income attributable to owners of parent			27,142		27,142
Share repurchase				(9,002)	(9,002)
Cancellation of treasury shares			(10,627)	10,627	-
Change in ownership interest of parent due to transactions with non-controlling interests		2			2
Net changes of items other than shareholders' equity					
Total changes of items during period	-	2	7,452	1,624	9,078
Balance at end of current period	18,942	13,613	133,822	(5,962)	160,416

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	10,079	243	380	10,703	1,666	163,707
Changes of items during period						
Dividends of surplus						(9,063)
Net income attributable to owners of parent						27,142
Share repurchase						(9,002)
Cancellation of treasury shares						-
Change in ownership interest of parent due to transactions with non-controlling interests						2
Net changes of items other than shareholders' equity	3,574	(118)	10	3,466	111	3,578
Total changes of items during period	3,574	(118)	10	3,466	111	12,657
Balance at end of current period	13,653	125	390	14,170	1,778	176,364

## (4) Consolidated Statements of Cash Flows

(Million yen)

	Year Ended March 31, 2017	Year Ended March 31, 2018
<b>Cash flows from operating activities</b>		
Income before income taxes and non-controlling interests	31,713	36,235
Depreciation and amortization	8,889	10,510
Impairment loss	220	-
Interest and dividend income	(746)	(844)
Interest expenses	156	126
Increase (decrease) in provision for business structure improve	(86)	-
Loss (gain) on disposal of non-current assets	601	591
Decrease (increase) in notes and accounts receivable - trade	(2,573)	(5,266)
Decrease (increase) in inventories	2,054	(1,309)
Increase (decrease) in notes and accounts payable - trade	(334)	3,494
Other	(474)	(328)
<b>Subtotal</b>	<b>39,419</b>	<b>43,209</b>
Interest and dividend income received	2,175	1,881
Interest expenses paid	(156)	(125)
Income taxes paid	(8,947)	(7,273)
<b>Net cash provided by (used in) operating activities</b>	<b>32,491</b>	<b>37,691</b>
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(787)	(759)
Proceeds from sales of investment securities	2,988	65
Purchase of property, plant and equipment	(12,394)	(13,768)
Payments for retirement of property, plant and equipment	(477)	(405)
Purchase of intangible assets	(1,091)	(585)
Net decrease (increase) in short-term loans receivable	(12)	546
Purchase of long-term prepaid expenses	(834)	(67)
Other	(542)	(270)
<b>Net cash provided by (used in) investing activities</b>	<b>(13,152)</b>	<b>(15,244)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	220	501
Proceeds from long-term loans payable	550	420
Repayments of long-term loans payable	(3,060)	(3,070)
Cash dividends paid	(7,680)	(9,063)
Dividends paid to non-controlling interests	(52)	(39)
Share repurchase	(9,002)	(9,002)
Other	(17)	(14)
<b>Net cash provided by (used in) financing activities</b>	<b>(19,042)</b>	<b>(20,268)</b>
Effect of exchange rate change on cash and cash equivalents	94	(177)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>390</b>	<b>2,000</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>35,335</b>	<b>35,701</b>
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(25)	-
<b>Cash and cash equivalents at end of period</b>	<b>35,701</b>	<b>37,702</b>

(5) Notes to Consolidated Financial Statements

**(Going Concern Assumption)**

Not applicable.

**(Segment and Related Information)**

**Segment Information**

1. General Information about reportable segments

The Company's reportable segments are components of the Group that engage in business activities, whose operating results are regularly reviewed by the Board of Directors when making resource allocation and performance assessment decisions, and for which discrete financial information is available.

Divisions by products and services are located in the headquarter, and each division works out a comprehensive strategy applicable to their products and services and carries out their business activities.

The Company consists of segments based on divisions as follows:

Segment	Main Products
Chemicals	Basic chemicals (melamine, sulfuric acid, nitric acid, ammonia, etc.) Fine chemicals (epoxy compound for LED sealants, solder resist and painting, flame retardants, chlorinated cyanuric acid for sterilizing, etc.)
Performance Materials	Display materials (LCD alignment coating, etc.) Semiconductor materials (bottom anti-reflective coating for semiconductors, etc.) Inorganic materials (hard coating materials, electronic information materials, polishing materials, etc.)
Agricultural Chemicals	Agrochemicals (herbicides, insecticides, fungicides, combination fungicide and insecticide, and plant growth regulators) Animal health products
Pharmaceuticals	LIVALO (anti-cholesterol drug), etc. Finetech (custom manufacturing and process researching services for pharmaceutical companies)
Trading	Trading, etc.
Others	Transportation, landscaping, engineering, fertilizer, etc.

2. Basis of measurement of reported segment income or loss, segment assets and other material items

The accounting policies for the reportable segments are consistent with the Company's accounting policies used in the preparation of its consolidated financial statements. Intersegment sales and income (loss) are recognized based on current market prices.



### 3. Information Regarding Sales, Income (Loss), and Segment Assets of Reportable Segments

1) For the Year Ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Million yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Pharmaceuticals	Trading	Others	Total	Adjustment (1)	Consolidated Total
Sales									
Customers	25,723	46,403	47,791	7,966	42,281	10,108	180,274	14	180,289
Intersegment	9,057	6,406	4,160	26	12,916	13,921	46,489	(46,489)	—
Total sales	34,780	52,809	51,952	7,992	55,198	24,029	226,764	(46,474)	180,289
Operating income (loss)	3,820	12,533	13,201	1,656	1,697	966	33,875	(2,437)	31,438
Segment assets	26,113	48,028	55,588	10,182	19,782	10,731	170,426	61,322	231,748
Other items									
Depreciation and amortization	1,613	4,763	1,336	705	59	330	8,808	79	8,887
Amortization of goodwill	—	—	—	—	2	—	2	—	2
Increase of property, plant and equipment and intangible assets	2,000	8,404	2,416	903	46	299	14,070	229	14,299

(Notes 1) The adjustments are as follows:

- (1) The (2,437) million yen adjustment in segment income includes (285) million yen in intersegment eliminations, 14 million yen sales not attributable to any reporting segment, and (2,165) million yen corporate expenses not attributable to any reportable segment. The corporate expenses are mainly group administrative expenses which do not belong to segments.
- (2) The 61,322 million yen adjustment in segment assets includes (9,338) million yen in intersegment eliminations and 70,660 million yen in corporate assets not attributable to any reportable segment. The corporate assets are mainly group administrative assets which do not belong to segments.
- (3) The 79 million yen adjustment in depreciation and amortization is corporation expenses.
- (4) The 229 million yen adjustment in increase of property, plant and equipment and intangible assets is corporate assets. The corporate assets are mainly group administrative assets which do not belong to segments.

2) For the Year Ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Million yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Pharmaceuticals	Trading	Others	Total	Adjustment (1)	Consolidated Total
Sales									
Customers	25,546	51,973	54,262	7,493	44,474	9,638	193,389	—	193,389
Intersegment	9,390	6,789	3,876	26	15,012	11,822	46,917	(46,917)	—
Total sales	34,937	58,762	58,138	7,520	59,486	21,461	240,306	(46,917)	193,389
Operating income (loss)	3,410	14,200	16,370	1,233	1,826	612	37,653	(2,665)	34,988
Segment assets	26,976	52,938	56,571	9,118	23,393	9,658	178,656	70,387	249,043
Other items									
Depreciation and amortization	1,733	5,925	1,416	713	52	319	10,161	347	10,508
Amortization of goodwill	1	—	—	—	—	—	1	—	1
Increase of property, plant and equipment and intangible assets	2,594	7,209	2,541	679	23	304	13,352	341	13,694

(Notes 1) The adjustments are as follows:

- (1) The (2,665) million yen adjustment in segment income includes (254) million yen in intersegment eliminations and (2,410) million yen corporate expenses not attributable to any reportable segment. The corporate expenses are mainly group administrative expenses which do not belong to segments.
- (2) The 70,387 million yen adjustment in segment assets includes (8,200) million yen in intersegment eliminations and 78,588 million yen in corporate assets not attributable to any reportable segment. The corporate assets are mainly group administrative assets which do not belong to segments.
- (3) The 347 million yen adjustment in depreciation and amortization is corporation expenses.
- (4) The 341 million yen adjustment in increase of property, plant and equipment and intangible assets is corporate assets. The corporate assets are mainly group administrative assets which do not belong to segments.

## Related Information

For the Year Ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

Sales by region

(Million yen)

Japan	Korea	Other Asia (except Japan and Korea)	Europe and the United States	Consolidated Total
103,077	15,513	39,286	22,412	180,289

Note: Sales are classified to either countries or regions based on customers are located.

For the Year Ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

Sales by region

(Million yen)

Japan	Korea	Other Asia (except Japan and Korea)	Europe and the United States	Consolidated Total
104,523	20,218	39,339	29,308	193,389

Note: Sales are classified to either countries or regions based on customers are located.

## Information regarding impairment loss on non-current assets by reportable segments

For the Year Ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Million yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Pharma- ceuticals	Trading	Others	Total	Adjustment	Consolidated Total
Impairment loss	—	—	—	—	—	—	—	220	220

(Note) 220 million yen adjustment is impairment loss on our head office involved in head office relocation.

For the Year Ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

Not applicable.

## Information regarding amortization and unamortized balance on goodwill by reportable segments

For the Year Ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Million yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Pharma- ceuticals	Trading	Others	Total	Adjustment	Consolidated Total
Balance as of March 31, 2017	—	—	—	—	0	—	0	—	0

For the Year Ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Million yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Pharma- ceuticals	Trading	Others	Total	Adjustment	Consolidated Total
Balance as of March 31, 2018	6	—	—	—	—	—	6	—	6

**(Per Share Information)**

(Yen)

	Year Ended March 31, 2017	Year Ended March 31, 2018
Net asset per share	1,067.76	1,168.07
Net income per share	156.97	180.30

Notes:

1. Since residual securities do not exist, diluted net income per share is not presented.

2. Net income per share is calculated on the following basis.

(Million yen)

	Year Ended March 31, 2017	Year Ended March 31, 2018
Net income per share		
Net income attribute to owners of parent	24,026	27,142
Amounts not allocated to ordinary shares	—	—
Net income allocated to ordinary shares	24,026	27,142
Average number of ordinary shares outstanding during each year	153,058,176	150,542,352

3. Net asset per share is calculated on the following basis.

(Million yen)

	Year Ended March 31, 2017	Year Ended March 31, 2018
Net asset	163,707	176,364
Amount deducted from net asset (Non-controlling interest)	1,666 (1,666)	1,778 (1,778)
Net asset as of year end allocated to ordinary shares	162,041	174,586
Number of ordinary shares as of year end used to calculate net asset per share	151,757,983	149,465,438

**(Significant Subsequent Events)**

1. The Company, at the Board of Director's meeting held on April 24, 2018, has decided to cancel its own shares under Article 178 of the Japanese Corporation Act.

- |  |   |
|--|---|
| (1) Class of shares to be cancelled :  | Common shares of company  |
| (2) Number of shares to be cancelled : | 1,000,000 shares (0.66% of issued shares prior to cancellation) |
| (3) Scheduled date of cancellation :   | May 8, 2018   |

Reference

Number of issued shares subsequent to cancellation (including treasury shares) : 150,000,000 shares

2. The Company, at the Board of Director's meeting held on May 11, 2018, has decided to repurchase its shares in the market under Article 156 of the Japanese Corporation Act, as applied pursuant to Article 165, Paragraph 3 of the same Act.

(1) Purpose of repurchase

To facilitate flexible implementation of capital policy in response to changes in the business environment.

(2) Details of repurchase

- |                           |   |
|---------------------------|---|
| ① Class of shares:        | Common shares of the company  |
| ② Total number of shares: | Up to 1,300,000 shares (Rate of the maximum shares to be acquired to the total outstanding shares: 0.87%) |
| ③ Total amount:           | Up to 5,000,000,000 yen   |
| ④ Period of repurchase:   | From May 14, 2018 to July 31, 2018  |

Reference

Number of treasury shares as of May 8, 2018

Total number of shares issued (excluding treasury shares) : 149,465,312 shares

Number of treasury shares : 534,688 shares