

Consolidated Financial Results for the Year Ended March 31, 2016
(JPGAAP)



May 12, 2016

Name of listed company: NISSAN CHEMICAL INDUSTRIES, LTD.

Stock Exchange: Tokyo

Code Number: 4021

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

Representative: Kojiro Kinoshita, President

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Scheduled date of annual shareholders' meeting : June 28, 2016 Scheduled dividend payment date : June 29, 2016

Scheduled date of submitting the Financial Statement : June 28, 2016

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, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of Yen)

(1) Consolidated Operating Results (% indicates the rate of increase/decrease year on year)

	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
Year Ended March 31, 2016	176,894 +3.3%	28,606 +12.9%	29,531 +11.9%	22,350 +22.8%
Year Ended March 31, 2015	171,206 +4.6%	25,347 +13.9%	26,391 +11.2%	18,199 +9.0%

(Note) Comprehensive Income: Year Ended March 31, 2016: 21,508million yen (Δ 10.7%)

Year Ended March 31, 2015: 24,094 million yen (+18.1%)

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)	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, 2016	143.37	—	14.6%	13.1%	16.2%
Year Ended March 31, 2015	113.99	—	12.7%	12.2%	14.8%

(Reference) Equity in earnings of affiliates: Year Ended March 31, 2016: 858 million yen Year Ended March 31, 2015: 1,093 million yen

(2) Consolidated Financial Position

(Millions of Yen)

	Total Assets	Net Assets	Equity Ratio	Net assets per share (yen)
As of March 31, 2016	228,169	156,924	68.1%	1,006.56
As of March 31, 2015	223,854	151,263	66.9%	949.71

(Reference) Shareholders' equity: As of March 31, 2016: 155,392 million yen As of March 31, 2015: 149,782 million yen

(3) Consolidated Cash Flows

(Millions of Yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and cash equivalents at the end of period
As of March 31, 2016	29,989	Δ 8,416	Δ 17,317	35,335
As of March 31, 2015	20,452	Δ 8,076	Δ 12,127	31,343

2. Cash Dividends

	Cash Dividends per Share					Total Cash Dividends (Millions of yen) (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, 2015	—	14.00 yen	—	22.00 yen	36.00 yen	5,716	31.6%	4.0%
Year Ended March 31, 2016	—	18.00 yen	—	26.00 yen	44.00 yen	6,813	30.7%	4.5%
Year Ending March 31, 2017 (Forecast)	—	24.00 yen	—	26.00 yen	50.00 yen		33.3%	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2017 (From April 1, 2016 to March 31, 2017)

(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 March 31, 2017	86,000 +2.8%	13,300 Δ 6.8%	13,300 Δ 12.1%	10,200 Δ 8.5%	66.56
Year Ending March 31, 2017	187,500 +6.0%	29,700 +3.8%	30,400 +2.9%	23,000 +2.9%	150.36

The above Net Income per share are calculated in consideration of repurchasing and cancelation of treasury shares that will be implemented until August 31, 2016

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 : Yes
2. Changes of accounting policies other than the above : None
3. Changes in accounting estimates : None
4. Restatements : None

(Note) Please see (5) Notes to Consolidate Financial Statements, "Changes of Accounting Policies" on page 15 for details.

(3) Number of shares outstanding (common stock)

1. Number of shares outstanding (including treasury stock)

as of March 31, 2016 : 156,000,000 shares

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

2. Number of shares of treasury stock

as of March 31, 2016 : 1,620,587 shares

as of March 31, 2015 : 286,679 shares

3. Average number of shares outstanding over the year

as of March 31, 2016 : 155,893,811 shares

as of March 31, 2015 : 159,654,159 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-Consolidated Financial Results for the Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(1) Non-Consolidated Operating Results (Amounts rounded down to the nearest million yen)
(% indicates the rate of increase/decrease year on year)

	Net Sales		Operating Income		Ordinary Income		Profit	
Year Ended March 31, 2016	130,987	+1.8%	24,166	+15.8%	26,059	+13.0%	19,581	+18.7%
Year Ended March 31, 2015	128,625	+6.0%	20,864	+12.8%	23,064	+12.3%	16,496	+10.0%
	Net Income per share (Yen)		Diluted Net Income per share (Yen)					
Year Ended March 31, 2016	125.61		—					
Year Ended March 31, 2015	103.33		—					

(2) Non-Consolidated Financial Position

(Millions of Yen)

	Total Assets	Net Assets	Equity Ratio	Net assets per share (yen)
As of March 31, 2016	196,014	131,616	67.1%	852.55
As of March 31, 2015	193,828	127,372	65.7%	807.62

(Note) Shareholders' equity: As of March 31, 2016: 131,616 million yen As of March 31, 2015: 127,372 million yen

* 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 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 and 4.

For supplemental information, please refer to our website.

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1. Qualitative Information on Quarterly Results

(1) Business Performance

During the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016), the domestic economy has been slowly recovering. However, the lower individual consumption and stagnation of economic growth of China and economic slowdown of emerging countries threaten the future of global economy.

With regard to our group business, the profitability of Chemicals Segment was improved by lower price of raw fuels while the domestic demand decreased. As for Performance Materials Segment, display materials have continued to grow due mainly to products for smartphone. As for Agricultural Chemicals Segment, profit increased due to both herbicides and Fluralaner. As for Pharmaceutical Segment, the domestic sales of "LIVALO" (anti-cholesterol drug) were adversely affected by generic medicines.

As a result, the sales for this term were 176,894 million yen (an increase of 5,688 million yen from the same term of the previous year). Operating income was 28,606 million yen (an increase of 3,258 million yen). Ordinary income was 29,531 million yen (an increase of 3,140 million yen). Profit attributable to owners of parent was 22,350 million yen (an increase of 4,151 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) increased. Furthermore, the price decline of raw fuel such as naphtha contributes to rising of the profit rate of Chemical segment.

As a result, the sales of this segment were 34,347 million yen (an increase of 83 million yen from the same term of the previous year). Operating income was 3,927 million yen (an increase of 2,032 million yen).

Performance Materials

"SUNEVER" (LCD alignment coating) for TV and smartphone had healthy sales. As for semiconductor materials, bottom anti-reflective coating for semiconductors ("ARC®") and multi-layer process materials ("ARC®") were adversely affected by the lower capacity utilization ratio of some customers. As for inorganic colloid materials, "SNOTEX" (silica sol for polishing electronic materials and non-polishing materials) experienced difficulty with polishing electronic materials, while the sales of Organo silica sol (various kinds of coating materials) exceeded previous year.

As a result, the sales of this segment were 51,773 million yen (an increase of 2,401 million yen from the same term of the previous year). Operating income was 12,021 million yen (an increase of 1 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

The sales volume of "ALTAIR" (paddy rice herbicide) and Fluralaner (the active substance of veterinary medical product) fairly increased. Also, "ROUNDUP" had healthy sales for individuals.

As a result, the sales of this segment were 47,487 million yen (an increase of 1,805 million yen from the same term of the previous year). Operating income was 10,831 million yen (an increase of 1,587 million yen).

Pharmaceuticals

"LIVALO" sold well in overseas but continued to face a tough situation in Japan. On the other hand, "Custom Chemicals" (custom manufacturing and process researching services for pharmaceutical companies) had healthy sales. Also, we entered into a license contract of new medicine with Yakult Honsha Co., Ltd. concerning thrombocytosis medicine (NIP-022) and acquired income.

As a result, the sales of this segment were 8,668 million yen (a decrease of 143 million yen from the same term of the previous year). Operating income was 2,006 million yen (a decrease of 302 million yen).

Trading

The sales of this segment were 55,644 million yen (an increase of 1,254 million yen from the same term of the previous year), operating income was 1,813 million yen (an increase of 133 million yen) due to the sales increase of agricultural chemicals and plastic materials.

Others

The sales of this segment were 20,879 million yen (a decrease of 3 million yen from the same term of the previous year), operating income was 475 million yen (a decrease of 104 million yen)

(Forecast of business result for the next term)

(Billions of yen)

	Net Sales	Operating Income	Ordinary Income	Profit Attribute to Owners of Parent	Net income per Share(Yen)
Next Term	187.5	29.7	30.4	23.0	150.36
Current Term	176.9	28.6	29.5	22.4	143.37

Segment Sales and Operating Income

(Billions of yen)

	Net Sales		Operating Income	
	Next Term	Current Term	Next Term	Current Term
Chemicals	35.4	34.3	4.9	3.9
Performance Materials	55.3	51.8	11.7	12.0
Agricultural Chemicals	52.1	47.5	11.3	10.8
Pharmaceuticals	7.4	8.7	1.4	2.0
Trading	60.0	55.6	1.9	1.8
Others	23.2	20.9	0.8	0.5
Adjustment	△45.9	△41.9	△2.3	△2.4
Total	187.5	176.9	29.7	28.6

As domestic and overseas economy is unpredictable, forecast for the next term is in a critical situation.

Under this situation, we launched "Progress2030", a long-term business plan, aiming for year 2030, as well as, "Vista 2021", a six-year medium-term business plan, showing the ideal vision for year 2021 from this April. We aim to construct stable business structure less affected by economic ups and downs, and establish optimum business portfolio by implementing some measures based on basic strategy and advancing into new business field.

As forecast of business result for the next term, we assume that Net Sales will be 187.5 billion yen, Operating Income will be 29.7 billion yen, Ordinary Income will be 30.4 billion yen and Profit attribute to Owners of Parent will be 23.0 billion yen. The above forecast is calculated on the assumption that naphtha price will be 35,400 yen per kiloliter and the exchange rate will be 115 yen per dollar.

(2) Financial Position

(Position of Assets, Liabilities and Net Assets)

Due to the increase of cash and deposits, assets as of March 31, 2016 were 228,169 million yen (an increase of 4,314 million yen from the previous year).

While income taxes payable increased, due to the decrease of long-term loans payable, total liabilities as of March 31, 2016 were 71,244 million yen (a decrease of 1,346 million yen from the previous year).

Net Assets as of March 31, 2016 were 156,924 million yen (an increase of 5,660 million yen from the previous year).

As a result, equity ratio was 68.1%, an increase of 1.2% from the previous year.

(Position of Cash Flow)

Deducting income taxes paid from income before income taxes and non-controlling interests, depreciation and gain and loss on working capital, net cash provided by operating activities for the year ended March 31, 2016 were 29,989 million yen (20,452 million yen for the previous year).

Due to the investment on plant and equipment, net cash used in investing activities for the year ended March 31, 2016 were 8,416 million yen (8,076 million yen for the previous year).

Due to the purchase of treasury shares, cash dividends paid and repayment of long-term loans payable, net cash used in financing activities for the year ended March 31, 2016 were 17,317 million yen (12,127 million yen for the previous year).

As a result, cash and cash equivalents at the end of this term were 35,335 million yen, reflecting negative 324 million yen effect of exchange rate changes and 61 million yen increase from newly consolidated subsidiaries (31,343 million yen for the previous year). Therefore, cash and cash equivalents at the end of this term increased 3,992 million yen compared to previous year.

<Reference>

The transit of Cash Flow indices

	For the fiscal year ended				
	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
Shareholders' equity ratio (%)	62.4	63.0	65.7	66.9	68.1
Shareholders' equity ratio on market value basis (%)	69.5	93.1	119.5	175.4	196.2
Debt repayment ratio (%)	1.8	1.7	1.5	1.7	1.1
Interest coverage ratio (times)	49.7	62.0	82.6	91.5	154.1

Stockholders' equity ratio: stockholders' equity/total assets

Stockholders' equity ratio on market value basis: aggregate market value of common stock/total assets

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

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

*1: All indicators are calculated based on the consolidated financial figures.

*2: Aggregate market value of common stock is calculated by multiplying the market price at the end of each fiscal year by the number of outstanding shares, excluding treasury stock, at the end of each fiscal year.

*3: Cash flow represents operating cash flow.

*4: Interest-bearing liabilities include all liabilities on 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 its value through increasing revenue in the medium and long terms.

In line with our basic policy of profit allocation, the year-ended dividend is scheduled to be 26.00 yen per share. Accordingly, the total annual dividend per share for the fiscal year ended March 31, 2016 will become 44.00 yen, which was 36.00 yen in the previous fiscal year.

The total annual dividend per share for the fiscal year ended March 31, 2017 is scheduled to be 50.00 yen (second quarter: 24.00 yen, year-end: 26.00 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.

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

In April 2013, The Nissan Chemical Group launched “Vista2015 Stage II,” a three-year medium-term business plan. Since then, we have been executing two basic strategies which are “creating new products and new businesses” and “pursuit of business structure reforms.” Regarding new products, active ingredient of veterinary pharmaceutical, display materials and others have enjoyed growth, while the development of new materials such as organic nanoparticle and three-dimensional cell culture media have made progress. We have also steadily advanced the development of research infrastructures to accelerate the creation of new materials, established a local subsidiary in China, and pursued other initiatives. As a result of these efforts, operating profit for the fiscal year 2015 reached 28.6 billion yen, exceeding the target by 2.6 billion yen.

Our performance is healthy for now, however, future world economy is uncertain. Under this circumstance, we have identified that “foray into new business domains”, “development of new products that match market trends”, and “enhancing R&D capability” as our tasks for ensuring sustainable growth. To overcome these challenges and secure growth, in April 2016, we launched “Progress2030,” a long-term business plan for the period to 2030, and “Vista2021,” a six-year medium-term business plan which shows our ideal situation of 2021.

Upon formulating “Progress2030”, we have recognized that we could practice corporate vision through CSR activities. Under this thought, we adopted new business model called “Future-Creating Enterprise that responds to social needs with unique, innovative technologies.” We will strive to develop in synergy with society by helping to solve social issues such as global warming, energy problems and food shortages.

To be more specific, we have drawn our year 2030 vision as “A corporate group which provides new values for helping to enrich people’s lives by integrating internal and external knowledge with facing globally-changing society” and “A group of first-class pioneers who blaze a way to the future with enthusiasm by trusts they have built and skills they have cultivated”. In addition to this, we have set business domains as “Information & Communication”, “Life Sciences”, “Environmental & Energy” and “Chemicals & Affiliates”. We will aim for net sales of 300 billion yen and operating income for 50 billion yen through “Entering new fields by evolving, deepening, and enhancing unique technologies”.

Under “Vista2021”, we will focus to establish the foundation of Environment & Energy business and a position as a promising chemical manufacturer that keeps moving forward with a strong presence. We have defined a six-year plan starting in FY2016 (The period is divided into the first three years (2016 to 2018) as

Stage I and the second three years (2019 to 2021) as Stage II. We set our goal for the last year of each stage as net sales of 217 billion yen and operating income of 35 billion yen (FY2018) and net sales of 250 billion yen and operating income of 40 billion yen (FY2021). As the existing products on Stage I, while new products on Stage II will play the leading role on group income, we have set up the following three basic strategies on Stage I.

- 1) Maximizing the profit from existing products
Boosting the market shares of products for growing fields, driving overseas business expansion, and reducing costs
- 2) Improving marketing power
Identifying market needs by moving closer to customers and obtaining information about advanced materials
- 3) Enhancing R&D capability
Improving existing technologies, establishing new technologies, and accelerating the development of new products

Under Corporate Philosophy, “Nissan Chemical Industries, Ltd. contributes to society with superior technology, products, and services, while striving for harmony with the environment”, we continue to place emphasis on transparency of management, compliance with laws and social imperative, contribution to environment and society. We aim to become a company that is trusted by all of our stakeholders.

(Notice) Our Basic CSR Policies are as follows.

- (1) Conduct sensible business activities as a member of the international community in compliance with laws and regulations.
- (2) Enhance corporate value by providing safe and useful products and services.
- (3) Strive proactively to eliminate accidents and disasters and protect the global environment.
- (4) Disclose information appropriately with a focus on dialogue with stakeholders.
- (5) Create a cheerful and pleasant place to work by respecting the individuality and personality of employees.
- (6) Conduct ourselves as a good corporate citizen and a respected member of society.

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

(Millions of Yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	31,343	35,335
Notes and accounts receivable - trade	58,133	57,606
Merchandise and finished goods	28,123	30,198
Work in process	59	43
Raw materials and supplies	7,885	8,266
Accounts receivable - other	2,097	4,726
Short-term loans receivable	841	1,039
Deferred tax assets	3,102	2,968
Other	1,890	2,030
Allowance for doubtful accounts	(29)	(34)
Total current assets	133,448	142,181
Non-current assets		
Property, plant and equipment		
Buildings and structures	58,217	59,662
Accumulated depreciation and impairment loss	(35,514)	(37,027)
Buildings and structures, net	22,702	22,635
Machinery, equipment and vehicles	114,888	116,267
Accumulated depreciation and impairment loss	(104,548)	(107,181)
Machinery, equipment and vehicles, net	10,339	9,086
Tools, furniture and fixtures	30,704	33,828
Accumulated depreciation and impairment loss	(26,876)	(28,819)
Tools, furniture and fixtures, net	3,828	5,008
Land	9,318	9,195
Leased assets	225	116
Accumulated depreciation	(150)	(87)
Leased assets, net	74	28
Construction in progress	864	1,506
Total property, plant and equipment	47,128	47,461
Intangible assets		
Goodwill	4	2
Software	308	476
Other	361	424
Total intangible assets	674	903
Investments and other assets		
Investment securities	38,711	33,251
Deferred tax assets	52	99
Net defined benefit asset	2,064	2,086
Other	1,962	2,354
Allowance for doubtful accounts	(187)	(167)
Total investments and other assets	42,603	37,623
Total non-current assets	90,406	85,988
Total assets	223,854	228,169

(Millions of Yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,077	15,350
Short-term loans payable	22,951	22,938
Current portion of long-term loans payable	3,090	3,060
Income taxes payable	3,807	4,576
Provision for bonuses	1,827	1,874
Provision for directors' bonuses	24	21
Provision for environmental measures	315	350
Other	8,940	9,765
Total current liabilities	56,034	57,937
Non-current liabilities		
Long-term loans payable	9,060	7,100
Deferred tax liabilities	4,621	3,095
Provision for business structure improvement	704	680
Provision for loss on business of subsidiaries and associates	-	309
Net defined benefit liability	174	102
Other	1,997	2,020
Total non-current liabilities	16,556	13,307
Total liabilities	72,590	71,244
Net assets		
Shareholders' equity		
Capital stock	18,942	18,942
Capital surplus	13,611	13,611
Retained earnings	105,602	115,878
Treasury shares	(584)	(4,281)
Total Shareholders' equity	137,572	144,151
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,676	10,515
Foreign currency translation adjustment	894	171
Remeasurements of defined benefit plans	639	554
Total Accumulated other comprehensive income	12,210	11,241
Non-controlling interests	1,481	1,531
Total net assets	151,263	156,924
Total liabilities and net assets	223,854	228,169

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

(Millions of Yen)

	As of March 31, 2015	As of March 31, 2016
Net sales	171,206	176,894
Cost of sales	106,184	106,146
Gross profit	65,022	70,748
Selling, general and administrative expenses	39,675	42,142
Operating income	25,347	28,606
Non-operating income		
Interest income	20	16
Dividend income	613	580
Share of profit of entities accounted for using equity method	1,093	858
Gain on sales of non-current assets	12	274
Other	1,161	748
Total Non-operating income	2,901	2,478
Non-operating expenses		
Interest expenses	211	194
Loss on disposal of non-current assets	332	319
Plant stop losses	420	327
Product compensation expenses	-	211
Foreign exchange losses	-	165
Other	892	334
Total Non-operating expenses	1,857	1,552
Ordinary income	26,391	29,531
Extraordinary income		
Gain on sales of investment securities	-	3,081
Total Extraordinary income	-	3,081
Extraordinary losses		
Impairment loss	-	3,941
Loss on business of subsidiaries and associates	-	311
Product compensation expenses	390	-
Business structure improvement expenses	704	-
Total Extraordinary losses	1,095	4,253
Income before income taxes and non-controlling interests	25,296	28,360
Income taxes - current	7,265	7,955
Income taxes - deferred	(351)	(2,151)
Total income taxes	6,914	5,804
Profit	18,381	22,556
Profit attributable to non-controlling interests	182	206
Profit attributable to owners of parent	18,199	22,350

- Consolidated Statements of Comprehensive Income

(Millions of Yen)

	As of March 31, 2015	As of March 31, 2016
Profit	18,381	22,556
Other comprehensive income		
Valuation difference on available-for-sale securities	4,538	(159)
Foreign currency translation adjustment	952	(800)
Remeasurements of defined benefit plans, net of tax	221	(84)
Share of other comprehensive income of entities accounted for using equity method	0	(1)
Total other comprehensive income	5,712	(1,047)
Comprehensive income	24,094	21,508
(Comprehensive income attribute to)		
Comprehensive income attributable to owners of parent	23,832	21,380
Comprehensive income attributable to non-controlling interests	261	127

(3) Consolidated Statements of Changes in Net Assets

For the Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Millions of Yen)

	Total shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stocks	Total shareholders' equity
Balance at beginning of current period	18,942	13,611	98,121	(698)	129,975
Cumulative effects of changes in accounting policies			213		213
Restated balance	18,942	13,611	98,334	(698)	130,189
Changes of items during period					
Dividends of surplus			(4,814)		(4,814)
Profit attribute to owners of parent			18,199		18,199
Change of scope of consolidation					-
Purchase of treasury stocks				(6,001)	(6,001)
Disposal of treasury stocks		0		0	0
Cancellation of treasury stocks		(0)	(6,116)	6,116	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	7,268	114	7,382
Balance at end of current period	18,942	13,611	105,602	(584)	137,572

	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	6,138	20	417	6,576	1,269	137,822
Cumulative effects of changes in accounting policies						213
Restated balance	6,138	20	417	6,576	1,269	138,035
Changes of items during period						
Dividends of surplus						(4,814)
Profit attribute to owners of parent						18,199
Change of scope of consolidation						-
Purchase of treasury stocks						(6,001)
Disposal of treasury stocks						0
Cancellation of treasury stocks						-
Net changes of items other than shareholders' equity	4,538	873	221	5,633	211	5,845
Total changes of items during period	4,538	873	221	5,633	211	13,227
Balance at end of current period	10,676	894	639	12,210	1,481	151,263

For the Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of Yen)

	Total shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stocks	Total shareholders' equity
Balance at beginning of current period	18,942	13,611	105,602	(584)	137,572
Cumulative effects of changes in accounting policies					-
Restated balance	18,942	13,611	105,602	(584)	137,572
Changes of items during period					
Dividends of surplus			(6,269)		(6,269)
Profit attribute to owners of parent			22,350		22,350
Change of scope of consolidation			(500)		(500)
Purchase of treasury stocks				(9,001)	(9,001)
Disposal of treasury stocks		0		0	0
Cancellation of treasury stocks		(0)	(5,304)	5,304	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	10,276	(3,696)	6,579
Balance at end of current period	18,942	13,611	115,878	(4,281)	144,151

	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	10,676	894	639	12,210	1,481	151,263
Cumulative effects of changes in accounting policies						-
Restated balance	10,676	894	639	12,210	1,481	151,263
Changes of items during period						
Dividends of surplus						(6,269)
Profit attribute to owners of parent						22,350
Change of scope of consolidation						(500)
Purchase of treasury stocks						(9,001)
Disposal of treasury stocks						0
Cancellation of treasury stocks						-
Net changes of items other than shareholders' equity	(161)	(722)	(84)	(969)	50	(918)
Total changes of items during period	(161)	(722)	(84)	(969)	50	5,660
Balance at end of current period	10,515	171	554	11,241	1,531	156,924

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	As of March 31, 2015	As of March 31, 2016
Cash flows from operating activities		
Income before income taxes and non-controlling interests	25,296	28,360
Depreciation	8,452	9,684
Impairment loss	-	3,941
Interest and dividend income	(633)	(597)
Interest expenses	211	194
Increase (decrease) in provision for business structure improvement	704	(23)
Increase (decrease) in provision for loss on business of subsidiaries and associates	-	309
Loss (gain) on sales of investment securities	-	(3,081)
Loss (gain) on disposal of non-current assets	332	319
Decrease (increase) in notes and accounts receivable - trade	(3,775)	143
Decrease (increase) in inventories	(2,659)	(2,716)
Increase (decrease) in notes and accounts payable - trade	(950)	352
Other	(714)	(514)
Subtotal	26,263	36,372
Interest and dividend income received	1,386	1,177
Interest expenses paid	(223)	(194)
Income taxes paid	(6,974)	(7,366)
Net cash provided by (used in) operating activities	20,452	29,989
Cash flows from investing activities		
Purchase of investment securities	(1,648)	(331)
Proceeds from sales and redemption of investment securities	3,077	2,206
Purchase of property, plant and equipment	(8,568)	(9,071)
Payments for retirement of property, plant and equipment	(253)	(262)
Net decrease (increase) in short-term loans receivable	(109)	(216)
Other	(574)	(742)
Net cash provided by (used in) investing activities	(8,076)	(8,416)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(854)	54
Proceeds from long-term loans payable	6,700	1,100
Repayments of long-term loans payable	(7,066)	(3,090)
Cash dividends paid	(4,814)	(6,269)
Dividends paid to non-controlling interests	(50)	(70)
Purchase of treasury shares	(6,001)	(9,001)
Other	(40)	(40)
Net cash provided by (used in) financing activities	(12,127)	(17,317)
Effect of exchange rate change on cash and cash equivalents	337	(324)
Net increase (decrease) in cash and cash equivalents	585	3,931
Cash and cash equivalents at the beginning of period	30,757	31,343
Increase in cash and cash equivalents from newly consolidated subsidiary	-	61
Cash and cash equivalents at the end of period	31,343	35,335

(5)Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(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.

(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 retardant, chlorinated isocyanuric 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	Agricultural chemicals (herbicide, insecticide, fungicide, fungicide and insecticide, plant growth regulator) active substance of veterinary medical product
Pharmaceuticals	LIVALO (anti-cholesterol drug), etc. Custom Chemicals (custom manufacturing and process 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) of Reportable Segments

1) For the Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Millions of Yen)

	Chemicals	Performance Materials	Agricultural chemicals	Pharmaceuticals	Trading	Others	Total	Adjustment (1)	Consolidated Total
Sales									
Customers	25,072	43,668	42,229	8,759	41,154	10,321	171,206	—	171,206
Intersegment	9,190	5,702	3,452	53	13,235	10,561	42,195	△ 42,195	—
Total Sales	34,263	49,371	45,682	8,812	54,390	20,882	213,401	△ 42,195	171,206
Operating Income (loss)	1,895	12,019	9,244	2,308	1,679	580	27,727	△ 2,380	25,347
Segment Assets	25,173	43,926	53,577	11,426	18,486	9,910	162,501	61,353	223,854
Other items									
Depreciation and amortization	1,384	3,561	1,374	902	70	375	7,670	305	7,975
Amortization of goodwill	—	5	468	—	2	—	476	—	476
Increase of property, plant and equipment and intangible assets	1,393	5,244	1,765	415	19	338	9,176	620	9,796

Notes (1): The adjustments are as follows:

1) The negative 2,380 million yen adjustment in segment income includes negative 386 million yen in intersegment eliminations and negative 1,993 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 61,353 million yen adjustment in segment assets includes negative 11,165 million yen in inter-segment asset and liability eliminations and 72,518 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 305 million yen adjustment in depreciation and amortization is corporation expenses.

4) The 620 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, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of Yen)

	Chemicals	Performance Materials	Agricultural chemicals	Pharmaceuticals	Trading	Others	Total	Adjustment (1)	Consolidated Total
Sales									
Customers	25,159	45,840	43,695	8,668	43,014	10,516	176,894	—	176,894
Intersegment	9,187	5,932	3,792	—	12,630	10,362	41,905	△ 41,905	—
Total Sales	34,347	51,773	47,487	8,668	55,644	20,879	218,800	△ 41,905	176,894
Operating Income (loss)	3,927	12,021	10,831	2,006	1,813	475	31,075	△ 2,469	28,606
Segment Assets	26,643	40,972	52,917	11,144	19,672	10,147	161,498	66,671	228,169
Other items									
Depreciation and amortization	1,427	5,124	1,411	818	57	386	9,226	403	9,629
Amortization of goodwill	—	51	—	—	2	—	54	—	54
Increase of property, plant and equipment and intangible assets	2,264	5,405	1,298	438	15	441	9,863	381	10,245

Notes (1): The adjustments are as follows:

1) The negative 2,469 million yen adjustment in segment income includes negative 361 million yen in intersegment eliminations and negative 2,107 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 66,671 million yen adjustment in segment assets includes negative 11,172 million yen in inter-segment asset and liability eliminations and 77,843 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 403 million yen adjustment in depreciation and amortization is corporation expenses.

4) The 381 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, 2015 (From April 1, 2014 to March 31, 2015)

Sales by region

(Millions of Yen)

Japan	Korea	Other Asia (except Japan, Korea)	Europe and the United States	Consolidated Total
104,234	16,988	32,609	17,373	171,206

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

For the Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

Sales by region

(Millions of Yen)

Japan	Korea	Other Asia (except Japan, Korea)	Europe and the United States	Consolidated Total
104,032	18,401	34,398	20,062	176,894

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, 2015 (From April 1, 2014 to March 31, 2015)

Not applicable.

For the Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of Yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Pharma- ceuticals	Trading	Others	Total	Adjustment	Consolidated Total
Impairment loss	—	3,941	—	—	—	—	3,941	—	3,941

Information regarding amortization and unamortized balance on goodwill by reportable segments

For the Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Millions of Yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Pharma- ceuticals	Trading	Others	Total	Adjustment	Consolidated Total
Balance as of March 31, 2015	—	—	—	—	4	—	4	—	4

For the Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of Yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Pharma- ceuticals	Trading	Others	Total	Adjustment	Consolidated Total
Balance as of March 31, 2016	—	—	—	—	2	—	2	—	2

(Per Share Information)

(Yen)

	Year Ended March 31, 2015	Year Ended March 31, 2016
Net asset per share	949.71	1,006.56
Net income per share	113.99	143.37

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.

(Millions of Yen)

	Year Ended March 31, 2015	Year Ended March 31, 2016
Net income per share		
Profit attribute to owners of parent	18,199	22,350
Amounts not allocated to ordinary shares	—	—
Net income allocated to ordinary shares	18,199	22,350
Average number of ordinary shares outstanding during each year	159,654,159	155,893,811

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

(Millions of Yen)

	Year Ended March 31, 2015	Year Ended March 31, 2016
Net asset per share	151,263	156,924
Amount deducted from net asset	1,481	1,531
(Non-controlling interest)	-1,481	-1,531
Net asset as of year end allocated to ordinary shares	149,782	155,392
Number of ordinary shares as of year end used to calculate net asset per share	157,713,321	154,379,413

(Significant Subsequent Events)

1. The Company, at the Board of Director's meeting held on April 25, 2016, 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
(Rate of shares to be cancelled to the total outstanding shares before cancellation: 0.64%)
- (3) Scheduled date of cancellation : May 10, 2016

2. The Company, at the Board of Director's meeting held on May 12, 2016, 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 1,700,000 shares
(Rate of the maximum shares to be acquired to the total outstanding shares: 1.10%)
- ③ Total amount: Up to 5,000,000,000 yen
- ④ Period of repurchase: From May 13, 2016 to August 31, 2016