

Consolidated Financial Results for the Year Ended March 31, 2019
(JPGAAP)



May 15, 2019

Name of listed company: Nissan Chemical Corporation
Code Number: 4021

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

Representative: Kojiro Kinoshita, President

Inquiry to: Nobuhiro Arita, Associate Executive Officer and Deputy Head of Finance and Accounting Department Tel. +81 3 4463 8404

Scheduled date of annual shareholders' meeting : June 26, 2019 Scheduled dividend payment date : June 27, 2019

Scheduled date of submitting the Annual Securities Report : June 26, 2019

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, 2019 (From April 1, 2018 to March 31, 2019)

(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, 2019	204,896	6.0	37,091	6.0	39,098	7.9	29,372	8.2
Year ended March 31, 2018	193,389	7.3	34,988	11.3	36,235	14.3	27,142	13.0

(Note) Comprehensive income: Year ended March 31, 2019 : 26,203 million yen, (14.8%)

Year ended March 31, 2018 : 30,763 million yen, 29.4%

	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
	Yen	Yen	%	%	%
Year ended March 31, 2019	197.67	—	16.6	15.9	18.1
Year ended March 31, 2018	180.30	—	16.1	15.1	18.1

(Reference) Equity in earnings of affiliates : Year ended March 31, 2019 : 970 million yen

: Year ended March 31, 2018 : 1,324 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	246,990	182,074	73.0	1,220.35
As of March 31, 2018	246,040	176,364	71.0	1,168.07

(Reference) Shareholders' equity: As of March 31, 2019: 180,345 million yen

As of March 31, 2018: 174,586 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
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2019	32,070	(10,884)	(22,563)	36,183
Year ended March 31, 2018	37,691	(15,244)	(20,268)	37,702

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			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended March 31, 2018	—	32.00	—	36.00	68.00	10,195	37.7	6.1
Year ended March 31, 2019	—	40.00	—	42.00	82.00	12,146	41.5	6.9
Year ending March 31, 2020 (Forecast)	—	42.00	—	46.00	88.00		42.8	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2020 (From April 1, 2019 to March 31, 2020)

(% 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 September 30, 2020	99,000	1.0	17,800	(8.2)	18,400	(10.7)	13,700	(11.1)	93.25
Year ending March 31, 2020	210,500	2.7	38,700	4.3	40,200	2.8	30,200	2.8	205.83

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, 2019 : 149,000,000 shares

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

2. Number of treasury shares

As of March 31, 2019 : 1,217,872 shares

As of March 31, 2018 : 1,534,562 shares

3. Average number of shares outstanding over the year

As of March 31, 2019 : 148,593,042 shares

As of March 31, 2018 : 150,542,352 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.

Financial results audio webcast will be released on our website as well.

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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, 2018 to March 31, 2019) continued to recover moderately as corporate earnings and consumer spending improved. However, exports tended to decline in the second half of the fiscal year due to an economic slowdown in China, Europe, and other countries. Under such circumstance, in the Chemicals Segment, sales of Basic Chemicals increased, while Fine Chemicals decreased. In the Performance Materials Segment, Display Materials and Semiconductor Materials performed well. In the Agricultural Chemicals Segment, shipments of Fluralaner (active ingredients for veterinary pharmaceuticals) increased. In the Pharmaceuticals Segment, sales of "LIVALO" (anti-cholesterol drug) decreased.

As a result, the Company's results for the current fiscal year were as follows. Operating and ordinary income recorded record highs for the fifth consecutive year and net income attributable to owners of parent for the sixth consecutive year.

(Million yen, amounts rounded down to the nearest million yen)

	FY2017	FY2018	Year-on-year change
Net sales	193,389	204,896	+11,506
Operating income	34,988	37,091	+2,102
Ordinary income	36,235	39,098	+2,862
Net income attributable to owners of parent	27,142	29,372	+2,229

Explanations by segments are as below.

The Chemicals Segment

In the Basic Chemicals, sales of high purity sulfuric acid (agent used for cleaning semiconductor) decreased, while sales of melamine (adhesive agent for particle board) increased. In the Fine Chemicals, sales of "HI-LITE" (chlorinated isocyanuric acid for sterilizing) increased, while sales of "TEPIC" (epoxy compound for LED sealants) decreased. In addition, department sales increased while profit decreased due to price revisions occur from increases in raw material and freight rates.

As a result, sales of this segment was 35,651 million yen (an increase of 714 million yen) and operating income was 3,046 million yen (a decrease of 363 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, supported by strong demand from customers. In the Inorganic Materials, sales of "SNOWTEX" (semiconductor polishing, hard coating, etc.) for general-purpose applications increased. Sales of Organo / Monomer sol (various kinds of coating materials, resin additive) and Oilfield materials (for enhancing oil recovery) declined.

As a result, sales of this segment was 63,031 million yen (an increase of 4,269 million yen) and operating income was 14,966 million yen (an increase of 765 million yen).

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

The Agricultural Chemicals Segment

Shipments of Fluralaner were strong. In the domestic agrochemicals market, sales of second-generation ALTAIR (paddy rice herbicide) drugs were favorable. However, conditions for "ROUNDUP" (non-selective leaf treatment herbicide) were severe due to the impacts of hot summer weather in Japan and natural disasters in the first half of the fiscal year, in addition to shipments being accelerated in the previous fiscal year. In overseas agrochemicals market, sales were favorable due to an increase in sales of "PULSOR" (fungicide), shipments of "TARGA" (herbicide) ahead of schedule, and the launch of sales of "GRACIA" (insecticide) in South Korea.

As a result, sales of this segment was 62,724 million yen (an increase of 4,586 million yen) and operating income was 18,351 million yen (an increase of 1,980 million yen).

The Pharmaceuticals Segment

Sales of "LIVALO" declined due to an increase in generics in both domestic and overseas markets. Sales of "Custom Chemicals" (custom manufacturing and process researching services for pharmaceutical companies) were firm.

As a result, sales of this segment was 7,009 million yen (a decrease of 510 million yen) and operating income was 1,000 million yen (a decrease of 233 million yen).

Trading

Sales of this segment was 67,880 million yen (an increase of 8,393 million yen) and operating income was 2,037 million yen (an increase of 211 million yen).

Others

Sales of this segment was 24,610 million yen (an increase of 3,149 million yen) and operating income was 923 million yen (an increase of 311 million yen).

(Forecast of business result for the next term)

(Billion yen, amounts rounded to the nearest billion yen)

	FY2018 Result (A)	FY2019 Forecast (B)	Increase or decrease (B-A)	Rate of change (%)
Net sales	204.9	210.5	+5.6	+3%
Operating income	37.1	38.7	+1.6	+4%
Ordinary income	39.1	40.2	+1.1	+3%
Net income attributable to owners of parent	29.4	30.2	+0.8	+3%
Basic earnings per share	197.67 yen	205.83 yen	+8.16 yen	+4%
Average U.S. dollar exchange rate	111 yen	110 yen	-	-

Segment Sales and Operating Income

(Billion yen, amounts rounded to the nearest billion yen)

	Net sales		Operating income	
	FY2018 Result	FY2019 Forecast	FY2018 Result	FY2019 Forecast
Chemicals	35.7	39.0	3.0	4.0
Performance Materials	63.0	64.3	15.0	15.0
Agricultural Chemicals	62.7	64.2	18.4	19.0
Pharmaceuticals	7.0	7.0	1.0	1.0
Trading	67.9	67.8	2.0	2.0
Other	24.6	23.3	0.9	0.6
Adjustment	△56.0	△55.1	△3.2	△2.9
Total	204.9	210.5	37.1	38.7

As forecast of business result for the next term, we assume net sales will be 210.5 billion yen, operating income will be 38.7 billion yen, ordinary income will be 40.2 billion yen and net income attributable to owners of parent will be 30.2 billion yen. The above forecast is calculated on the assumption that the exchange rate will be 110 yen per dollar.

(2) Analysis of Financial Position

(Position of Assets, Liabilities and Net Assets)

Total assets as of March 31, 2019 was 246,990 million yen (an increase of 949 million yen from the previous year). It is mainly due to the increase of notes and accounts receivable-trade and merchandise and finished goods.

Total liabilities as of March 31, 2019 was 64,916 million yen (a decrease of 4,759 million yen). It is mainly due to the decrease of loans payable.

Net assets as of March 31, 2019 was 182,074 million yen (an increase of 5,709 million yen).

As a result of these factors, equity ratio was 73.0% (an increase of 2.0% from March 31, 2018).

(Position of Cash Flow)

Deducting income taxes paid from income before income taxes and non-controlling interests, depreciation and gain and loss in working capital, net cash provided by operating activities for the consolidated fiscal year ended March 31, 2019 was 32,070 million yen (37,691 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, 2019 was 10,884 million yen (15,244 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, 2019 was 22,563 million yen (20,268 million yen for the previous year).

As a result of these factors, cash and cash equivalents for the consolidated fiscal year ended March 31, 2019 was 36,183 million yen (37,702 million yen for the previous year), reflecting exchange of 141 million yen. It decreased by 1,518 million yen compared to the previous year.

<Reference> The transit of Cash Flow indices

For the year ended

	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Shareholders' equity ratio (%)	66.9	68.1	69.9	71.0	73.0
Shareholders' equity ratio based on market value (%)	175.4	196.2	212.2	268.5	303.4
Debt repayment ratio (year)	1.7	1.1	0.9	0.8	0.8
Interest coverage ratio (times)	91.5	154.1	208.0	299.3	288.1

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 and we have achieved in FY2018.

In medium-term business plan "Vista2021" Stage II launched from April 2019, the company aim to realize dividend payout ratio to be 42.5% in FY2019 and to be 45% after FY2020. In addition, total payout ratio is aimed to be 72.5% in FY2019 and to be 75% in FY2020.

The year-end dividend is expected to be 42 yen per share. Accordingly, the total annual dividend per share for the current year ended March 31, 2019 will become 82 yen, which was 68 yen in the previous year.

Total annual dividends per share for the next year ended FY2019 is scheduled to be 88 yen (second quarter: 42 yen, year-end: 46 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, FY2017 and FY2018.

In medium-term business plan "Vista2021" Stage II launched from April 2019, ROE is aimed to be more than 16% after FY2019.

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

In April 2016, we launched the "Progress2030" long-term management plan for 2030 and the "Vista2021" six-year medium-term management plan, which sets out our vision for 2021, in order to achieve our corporate vision of "becoming a corporate group that contributes to human survival and development."

In the first three years of the Stage I (FY2016 to FY2018), we positioned "maximize the value of existing products and create new products" as our top priority, and pursued three basic strategies: "maximize the profit from existing products," "improve marketing capability," and "enhance R&D capability." As a result of these initiatives, we steadily accumulated results and achieved solid results. Nevertheless, there are major issues to be addressed, such as the fact that incomes are being driven by certain products, the delay in the creation of new products, and the response to risks that could impede growth.

In April 2019, we launched the latter three years of Stage II (FY2019 to FY2021) of our medium-term business plan, "Vista2021", with the aim of resolving issues highlighted in the Stage I. The following three basic strategies have been formulated.

- 1) Increase profitability of products that are sources of growth
- 2) Strengthen ability to create new products
- 3) Improve ability to adapt to social/market changes

The first strategy, "increase profitability of products that are sources of growth," is to launch the new insecticide "GRACIA" in Japan in FY2019 following the launch in South Korea in FY2018, and to focus on full-fledged domestic and overseas market penetration. The "ROUNDUP" (non-selective herbicide) aims to attract new customers and further sell products by strengthening approaches targeting large-scale farmers and consumers. We will also work to expand sales of "SUNEVER" (polymide for LCD / flat panel

displays) for liquid crystal displays by expanding market shares for TVs and introducing new products. In products of "nanoActiv" for enhancing oil recovery, we will strive to develop our business by developing new applications and expanding our sales network. We realize our competitive advantage by investing capital intensively in products that we expect to achieve these growths.

The second strategy, "strengthen ability to create new products," is to expand our overseas R&D infrastructure for the agrochemicals, display and semiconductor markets, which are expected to grow in the future, and expand our business opportunities by enhancing our analysis, assessment and development capabilities. In addition to cutting-edge technology information in Japan and overseas, we plan, promote and manage R&D themes using sales and intellectual property information to promote R&D based on future demand. In order to cultivate new businesses, we aim to establish technologies and commercialize materials, such as by participating in national projects. We will accelerate the commercialization of new products through early collaboration between our R&D and manufacturing divisions.

The third strategy, "improve ability to adapt to social/market changes," identifies opportunities and risks for each business and specifies measures to respond to them in a timely and appropriate manner to sudden changes in the business environment. In addition, we will promote the introduction of IoT, AI and other digital technologies for plant conservation. By raising productivity through this process, we will establish a secure conservation system to prepare for the expected shortage of labor in the future. In order to help solve social issues and deal with materiality (important issue) to realize our corporate vision for 2030, we will set the key achievement indicators for FY 2021. To enhance corporate governance, we established the Nomination and Remuneration Advisory Committee in April this year. Furthermore, by increasing one more member of outside directors under a resolution of the General Meeting of Shareholders held in June this year, more than one-third of the directors will be outside directors.

We will further strengthen our efforts to improve the soundness and transparency of business, ensure thorough compliance, give greater consideration to the environment, and contribute to society.

We believe that our group has earned a certain degree of acclaim from the market in terms of stable performance, proactive shareholder returns, and the degree to which our company plans have been achieved. In order to become a company that is even more trusted than ever before, we must take a leap forward by appropriately responding to the rapidly changing business environment and the increasingly sophisticated demands of society.

To this end, we will take on the challenge of further heightening our presence in fields where demand is expected to grow in earnest, such as automotive and regenerative medicine.

With this in mind, we have formulated the Stage II slogan "Strive for perpetual growth and become a company that carves out the future."

We are committed to meeting the expectations of our stakeholders by making every effort to realize our slogan.

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, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	37,702	36,183
Notes and accounts receivable - trade	65,422	69,193
Merchandise and finished goods	29,855	32,215
Work in process	115	41
Raw materials and supplies	7,797	9,742
Accounts receivable - other	1,831	2,207
Short-term loans receivable	494	512
Other	2,422	2,427
Allowance for doubtful accounts	(34)	(32)
Total current assets	145,606	152,490
Non-current assets		
Property, plant and equipment		
Buildings and structures	63,985	65,942
Accumulated depreciation and impairment loss	(39,573)	(40,690)
Buildings and structures, net	24,411	25,251
Machinery, equipment and vehicles	125,451	130,490
Accumulated depreciation and impairment loss	(112,434)	(117,523)
Machinery, equipment and vehicles, net	13,017	12,966
Tools, furniture and fixtures	37,323	38,458
Accumulated depreciation and impairment loss	(32,261)	(34,385)
Tools, furniture and fixtures, net	5,061	4,073
Land	9,047	9,059
Leased assets	22	-
Accumulated depreciation	(22)	-
Leased assets, net	0	-
Construction in progress	2,936	1,378
Total property, plant and equipment	54,473	52,729
Intangible assets		
Software	775	721
Other	993	796
Total intangible assets	1,768	1,517
Investments and other assets		
Investment securities	38,517	35,229
Deferred tax assets	132	110
Net defined benefit asset	2,193	2,089
Other	3,440	2,917
Allowance for doubtful accounts	(92)	(92)
Total investments and other assets	44,191	40,253
Total non-current assets	100,433	94,500
Total assets	246,040	246,990

(Million yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,579	17,809
Short-term loans payable	23,591	23,605
Current portion of long-term loans payable	2,554	1,860
Income taxes payable	5,156	4,330
Provision for bonuses	2,011	2,137
Provision for directors' bonuses	27	25
Other	10,950	10,430
Total current liabilities	62,871	60,198
Non-current liabilities		
Long-term loans payable	2,446	1,116
Deferred tax liabilities	1,338	823
Provision for business structure improvement	516	370
Provision for loss on business of subsidiaries and affiliates	309	309
Net defined benefit liability	126	152
Other	2,068	1,945
Total non-current liabilities	6,804	4,717
Total liabilities	69,675	64,916
Net assets		
Shareholders' equity		
Capital stock	18,942	18,942
Capital surplus	13,613	13,613
Retained earnings	133,822	143,200
Treasury shares	(5,962)	(6,291)
Total shareholders' equity	160,416	169,464
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,653	10,634
Foreign currency translation adjustment	125	(11)
Remeasurements of defined benefit plans	390	258
Total accumulated other comprehensive income	14,170	10,880
Non-controlling interests	1,778	1,728
Total net assets	176,364	182,074
Total liabilities and net assets	246,040	246,990

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

- Consolidated Statements of Income

(Million yen)

	Year Ended March 31, 2018	Year Ended March 31, 2019
Net sales	193,389	204,896
Cost of sales	113,513	119,911
Gross profit	79,876	84,985
Selling, general and administrative expenses	44,887	47,893
Operating income	34,988	37,091
Non-operating income		
Interest income	26	31
Dividend income	817	981
Equity in earnings of affiliates	1,324	970
Other	768	1,142
Total non-operating income	2,937	3,126
Non-operating expenses		
Interest expenses	126	110
Loss on disposal of non-current assets	591	630
Plant stop losses	270	249
Foreign exchange losses	460	24
Other	240	104
Total non-operating expenses	1,690	1,119
Ordinary income	36,235	39,098
Extraordinary income	-	-
Extraordinary losses	-	-
Income before income taxes and non-controlling interests	36,235	39,098
Income taxes - current	9,146	8,690
Income taxes - deferred	(214)	893
Total income taxes	8,932	9,583
Net income	27,302	29,514
Net income attributable to non-controlling interests	159	141
Net income attributable to owners of parent	27,142	29,372

- Consolidated Statements of Comprehensive Income

(Million yen)

	Year Ended March 31, 2018	Year Ended March 31, 2019
Net income	27,302	29,514
Other comprehensive income		
Valuation difference on available-for-sale securities	3,575	(3,018)
Foreign currency translation adjustment	(124)	(159)
Remeasurements of defined benefit plans, net of tax	10	(132)
Share of other comprehensive income of entities accounted for using equity method	(1)	(0)
Total other comprehensive income	3,460	(3,311)
Comprehensive income	30,763	26,203
(Comprehensive income attributable to)		
Owners of parent	30,609	26,083
Non-controlling interests	153	119

(3) Consolidated Statements of Changes in Net Assets
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

For the Year Ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Million yen)

	Total shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	18,942	13,613	133,822	(5,962)	160,416
Changes of items during period					
Dividends of surplus			(11,320)		(11,320)
Net income attributable to owners of parent			29,372		29,372
Share repurchase				(9,004)	(9,004)
Cancellation of treasury shares			(8,674)	8,674	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	9,377	(329)	9,048
Balance at end of current period	18,942	13,613	143,200	(6,291)	169,464

	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	13,653	125	390	14,170	1,778	176,364
Changes of items during period						
Dividends of surplus						(11,320)
Net income attributable to owners of parent						29,372
Share repurchase						(9,004)
Cancellation of treasury shares						-
Net changes of items other than shareholders' equity	(3,019)	(137)	(132)	(3,289)	(49)	(3,338)
Total changes of items during period	(3,019)	(137)	(132)	(3,289)	(49)	5,709
Balance at end of current period	10,634	(11)	258	10,880	1,728	182,074

(4) Consolidated Statements of Cash Flows

(Million yen)

	Year Ended March 31, 2018	Year Ended March 31, 2019
Cash flows from operating activities		
Income before income taxes and non-controlling interests	36,235	39,098
Depreciation and amortization	10,510	10,915
Interest and dividend income	(844)	(1,013)
Interest expenses	126	110
Loss (gain) on disposal of non-current assets	591	630
Decrease (increase) in notes and accounts receivable - trade	(5,266)	(3,877)
Decrease (increase) in inventories	(1,309)	(4,304)
Increase (decrease) in notes and accounts payable - trade	3,494	(671)
Other	(328)	(913)
Subtotal	43,209	39,974
Interest and dividend income received	1,881	1,633
Interest expenses paid	(125)	(111)
Income taxes paid	(7,273)	(9,426)
Net cash provided by (used in) operating activities	37,691	32,070
Cash flows from investing activities		
Purchase of investment securities	(759)	(910)
Proceeds from sales of investment securities	65	450
Purchase of property, plant and equipment	(13,768)	(9,747)
Payments for retirement of property, plant and equipment	(405)	(525)
Purchase of intangible assets	(585)	(192)
Net decrease (increase) in short-term loans receivable	546	(2)
Purchase of long-term prepaid expenses	(67)	(46)
Other	(270)	90
Net cash provided by (used in) investing activities	(15,244)	(10,884)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	501	(46)
Proceeds from long-term loans payable	420	530
Repayments of long-term loans payable	(3,070)	(2,554)
Cash dividends paid	(9,063)	(11,320)
Dividends paid to non-controlling interests	(39)	(167)
Share repurchase	(9,002)	(9,004)
Other	(14)	(0)
Net cash provided by (used in) financing activities	(20,268)	(22,563)
Effect of exchange rate change on cash and cash equivalents	(177)	(141)
Net increase (decrease) in cash and cash equivalents	2,000	(1,518)
Cash and cash equivalents at beginning of period	35,701	37,702
Cash and cash equivalents at end of period	37,702	36,183

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Reclassifications)

The company has applied the amendments from "Ministerial Ordinance to revise a part of Company Law Enforcement Regulations and Company Calculation Rules" (Ministry of Justice Ordinance No.5, March 26, 2018) from the beginning of the current financial year.

Accordingly, "deferred tax assets" and "deferred tax liabilities" are reclassified and included in the "investments and other assets" section and the "non-current liabilities" section, respectively.

As a result, 3,019 million yen of "deferred tax assets (current assets)" and 2,877 million yen of "deferred tax liabilities (non-current liabilities)" are reclassified as 132 million yen of "deferred tax assets" classified as "investments and other assets".

In addition, 115 million yen of "deferred tax assets (investments and other assets)" and 1,454 million yen of "deferred tax liabilities (non-current liabilities)" are reclassified as 1,338 million yen of "deferred tax liabilities" classified as "non-current liabilities".

(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, 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	52,888	56,620	9,118	23,261	9,588	178,454	67,585	246,040
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 67,585 million yen adjustment in segment assets includes (8,200) million yen in intersegment eliminations and 75,786 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.

2) For the Year Ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Million yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Pharmaceuticals	Trading	Others	Total	Adjustment (1)	Consolidated Total
Sales									
Customers	25,991	55,655	57,513	6,968	48,562	10,188	204,879	16	204,896
Intersegment	9,660	7,376	5,211	40	19,317	14,421	56,028	(56,028)	—
Total sales	35,651	63,031	62,724	7,009	67,880	24,610	260,908	(56,011)	204,896
Operating income (loss)	3,046	14,966	18,351	1,000	2,037	923	40,325	(3,234)	37,091
Segment assets	28,669	51,256	61,818	9,063	25,507	11,479	187,794	59,196	246,990
Other items									
Depreciation and amortization	1,805	6,059	1,680	645	49	322	10,563	350	10,913
Amortization of goodwill	1	—	—	—	—	—	1	—	1
Increase of property, plant and equipment and intangible assets	2,021	3,246	3,326	502	122	438	9,658	280	9,938

(Notes 1) The adjustments are as follows:

(1) The (3,234) million yen adjustment in segment income includes (405) million yen in intersegment eliminations, 16 million yen sales not attributable to any reporting segment, and (2,845) 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 59,196 million yen adjustment in segment assets includes (11,968) million yen in intersegment eliminations and 71,165 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 350 million yen adjustment in depreciation and amortization is corporation expenses.

(4) The 280 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, 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.

For the Year Ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

Sales by region

(Million yen)

Japan	Korea	Other Asia (except Japan and Korea)	Europe and the United States	Consolidated Total
107,131	22,341	43,354	32,068	204,896

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, 2018 (From April 1, 2017 to March 31, 2018)

Not applicable.

For the Year Ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

Not applicable.

Information regarding amortization and unamortized balance on goodwill by reportable segments

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

For the Year Ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Million yen)

	Chemicals	Performance Materials	Agricultural Chemicals	Pharma- ceuticals	Trading	Others	Total	Adjustment	Consolidated Total
Balance as of March 31, 2019	4	—	—	—	—	—	4	—	4

(Per Share Information)

(Yen)

	Year Ended March 31, 2018	Year Ended March 31, 2019
Net asset per share	1,168.07	1,220.35
Net income per share	180.30	197.67

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, 2018	Year Ended March 31, 2019
Net income per share		
Net income attribute to owners of parent	27,142	29,372
Amounts not allocated to ordinary shares	—	—
Net income allocated to ordinary shares	27,142	29,372
Average number of ordinary shares outstanding during each year	150,542,352	148,593,042

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

(Million yen)

	Year Ended March 31, 2018	Year Ended March 31, 2019
Net asset	176,364	182,074
Amount deducted from net asset (Non-controlling interest)	1,778 (1,778)	1,728 (1,728)
Net asset as of year end allocated to ordinary shares	174,586	180,345
Number of ordinary shares as of year end used to calculate net asset per share	149,465,438	147,782,128

(Significant Subsequent Events)

1. The Company, at the Board of Director's meeting held on April 23, 2019, 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 (0.67% of issued shares prior to cancellation) |
| (3) Scheduled date of cancellation : | May 10, 2019 |

Reference

Number of issued shares subsequent to cancellation (including treasury shares) : 148,000,000 shares

2. The Company, at the Board of Director's meeting held on May 15, 2019, 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: 1.15%) |
| ③ Total amount: | Up to 6,000,000,000 yen |
| ④ Period of repurchase: | From May 16, 2019 to August 30, 2019 |

Reference

Number of treasury shares as of May 10, 2019

Total number of shares issued (excluding treasury shares) : 147,782,048 shares

Number of treasury shares : 217,952 shares