

Consolidated Financial Results for the Year Ended March 31, 2015 (JPGAAP)

May 12, 2015

Name of listed company: NISSAN CHEMICAL INDUSTRIES, LTD.

Stock Exchange: Tokyo

Code Number: 4021

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

Representative: Kojiro Kinoshita, President

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Scheduled date of annual shareholders' meeting: June 25, 2015

Scheduled dividend payment date: June 26, 2015

Supplemental information: Yes

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

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

1. Consolidated Financial Results for the Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(1) Consolidated Operating Results

(Millions of Yen)

	Net Sales		Operating Income		Ordinary Income		Net Income	
Year Ended March 31, 2015	171,206	+4.6%	25,347	+13.9%	26,391	+11.2%	18,199	+9.0%
Year Ended March 31, 2014	163,658	+6.4%	22,246	+13.8%	23,723	+15.8%	16,701	+20.3%

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

Year Ended March 31, 2014: 20,408 million yen +26.5%

	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, 2015	113.99	—	12.7%	12.2%	14.8%
Year Ended March 31, 2014	102.11	—	12.7%	11.7%	13.6%

(Note) Equity in earnings of affiliates: Year Ended March 31, 2015: 1,093 million yen Year Ended March 31, 2014: 960 million yen

(2) Consolidated Financial Position

(Millions of Yen)

	Total Assets	Net Assets	Equity Ratio	Net assets per share (yen)
As of March 31, 2015	223,854	151,263	66.9%	949.71
As of March 31, 2014	207,999	137,822	65.7%	850.91

(Note) Shareholders' equity: As of March 31, 2015: 149,782 million yen As of March 31, 2014: 136,552 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, 2015	20,452	-8,076	-12,127	31,343
As of March 31, 2014	23,759	-13,471	-11,802	30,757

2. Cash Dividends

(Millions of Yen)

	Cash Dividends per Share					Total annual dividend paid (Millions of yen)	Dividend payout ratio	Ratio of dividend payout to net assets
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual			
Year Ended March 31, 2014	—	14.00 yen	—	16.00 yen	30.00 yen	4,860	29.4%	3.7%
Year Ended March 31, 2015	—	14.00 yen	—	22.00 yen	36.00 yen	5,716	31.6%	4.0%
Year Ending March 31, 2016 (Forecast)	—	18.00 yen	—	22.00 yen	40.00 yen		30.6%	

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

(Millions of Yen)

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

	Net Sales		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent		Net Income per share	
Six Months Ending March 31, 2016	85,000	+6.4%	12,900	+3.1%	13,600	+6.8%	10,100	+14.1%	64.04	yen
Year Ending March 31, 2016	181,000	+5.7%	26,500	+4.5%	27,600	+4.6%	20,600	+13.2%	130.62	yen

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, 2015; 158,000,000 shares
as of March 31, 2014; 161,000,000 shares

2. Number of shares of treasury stock
as of March 31, 2015; 286,679 shares
as of March 31, 2014; 522,032 shares

3. Average number of shares outstanding over the year
as of March 31, 2015; 159,654,159 shares
as of March 31, 2014; 163,564,898 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-Consolidated Financial Results for the Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(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	Net Income
Year Ended March 31, 2015	128,625 +6.0%	20,864 +12.8%	23,064 +12.3%	16,496 +10.0%
Year Ended March 31, 2014	121,323 +6.0%	18,489 +13.0%	20,541 +19.8%	14,995 +27.6%
	Net Income per share (Yen)	Diluted Net Income per share (Yen)		
Year Ended March 31, 2015	103.33	—		
Year Ended March 31, 2014	91.68	—		

(2) Non-Consolidated Financial Position (Millions of Yen)

	Total Assets	Net Assets	Equity Ratio	Net assets per share (yen)
As of March 31, 2015	193,828	127,372	65.7%	807.62
As of March 31, 2014	180,971	117,117	64.7%	729.81

(Note) Shareholders' equity: As of March 31, 2015: 127,372 million yen As of March 31, 2014: 117,117 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 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. Qualitative Information on Quarterly Results

(1) Explanation of Operating Results

During the year ended March 31, 2015 (from April 1, 2014 to March 31, 2015), the domestic consumption was weak due to the price hike and the influence of a counter reaction to the rush demand before the consumption tax raise. However, export related companies improved their earnings by weaker yen and the domestic economy was on the gradual recovery trend.

With regard to our group business, Chemicals Segment was benefited by lower price fuels and weaker yen. As for Performance Materials Segment, Display Materials and Semiconductor Materials increased their sales due to the products matched to the market needs. As for Agrochemicals Segment, while domestic sales were affected by tax raise, new paddy rice herbicide recovered the loss. As for overseas sales, pesticide had steady sales as well as Fluralaner (the active substance of veterinary medical product) was a big hit. As for Pharmaceutical Segment, domestic "LIVALO" (anti-cholesterol drug) sales decreased due to the influence of generic products.

As a result, the sales for this term were 171,206 million yen (an increase of 7,548 million yen from the same term of the previous year). All operating income, ordinary income and net income were highest ever. Operating income was 25,347 million yen (an increase of 3,100 million yen). Ordinary income was 26,391 million yen (an increase of 2,667 million yen). Net income was 18,199 million yen (an increase of 1,497 million yen).

Explanations by segments are as below.

Chemicals

As for Basic Chemicals, the sales of melamine (adhesive agent for particle board) decreased both domestically and internationally, while sales of high purity ammonia increased due to the lower price of naphtha. As for Fine Chemicals, the sales of "TEPIC" (epoxy compound for LED sealants, solder resist, painting) increased due to weaker yen, while "HI-LITE" (chlorinated isocyanuric acid for sterilizing) had a hard time with price-cutting competition.

As a result, the sales of this segment were 34,263 million yen (a decrease of 1,229 million yen from the same term of the previous year). Operating income was 1,895 million yen (a decrease of 1 million yen).

Performance Materials

"SUNEVER" (LCD alignment coating) mainly for smartphone continued to have healthy sales due to the transition to IPS. The demand for "ARC®" (bottom anti-reflective coating for semiconductors) and multi-layer process materials increased due to the miniaturization of semiconductors. The demands for BARC and multi-layer process materials increased due to the miniaturization of semiconductors. The sales of "SNOWTEX" (silica sol for polishing electronic materials and non-polishing materials) exceeded previous year for polishing electronic materials.

As a result, the sales of this segment were 49,371 million yen (an increase of 6,538 million yen from the same term of the previous year). Operating income was 12,019 million yen (an increase of 3,208 million yen).

*ARC® is registered brand of Brewer Science, Inc.

Agrochemicals

With regard to the domestic sales, the sales volume of "ROUNDUP" (non-selective herbicide) and "ALTAIR" (paddy rice herbicide) increased. Steady sales of "TARGA" (crop herbicide) and "PERMIT" (paddy rice and crop herbicide) and especially the launch of veterinary medical product including Fluralaner in Europe and the United States of America contributed to the significant increase of overseas sales.

As a result, the sales of this segment were 45,682 million yen (an increase of 6,551 million yen from the same term of the previous year). Operating income was 9,244 million yen (an increase of 3,015 million yen).

Pharmaceuticals

Export "LIVALO" had healthy sales mainly in the United States of America and Asia. Domestic "LIVALO" sales drastically decreased due to the influence of generic products. On the other hand, "Custom Chemicals" (custom manufacturing and process researching services for pharmaceutical companies) had healthy sales.

As a result, the sales of this segment were 8,812 million yen (a decrease of 2,737 million yen from the same term of the previous year). Operating income was 2,308 million yen (a decrease of 2,631 million yen).

Trading

The sales of display materials related products and agrochemicals products increased.

As a result, the sales of this segment were 54,390 million yen (an increase of 3,738 million yen from the same term of the previous year). Operating income was 1,679 million yen (an increase of 183 million yen).

Others

The sales of this segment were 20,882 million yen (a decrease of 563 million yen from the same term of the previous year). Operating loss was 580 million yen (a decrease of 177 million yen).

(Forecast for the next term)

(Millions of Yen)

	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent	Net Income per share (Yen)
Next Term	181,000	26,500	27,600	20,600	130.62*
Current Term	171,200	25,300	26,400	18,200	113.99

*If the 60 billion yen purchase of treasury stock announced on May 12, 2015 is considered, it will be 131.66 yen.

Business Segment Information

(Millions of Yen)

	Net Sales		Operating Income	
	Next Term	Current Term	Next Term	Current Term
Chemicals	35,800	34,300	3,600	1,900
Performance Materials	51,700	49,400	10,800	12,000
Agrochemicals	48,500	45,700	9,600	9,200
Pharmaceuticals	8,500	8,800	2,100	2,300
Trading	60,100	54,400	1,900	1,700
Others	21,200	20,900	500	600
Adjustment	-44,800	-42,300	-2,000	-2,400
Total	181,000	171,200	26,500	25,300

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

However, the Company will implement measures under midterm business plan "Vista 2015 Stage II" and aim to achieve earning

target of FY2015.

Forecast of the next term is 181,000 million yen for net sales, 26,500 million yen for operating income, 27,600 million yen for ordinary income and 20,600 million yen for profit attributable to owners of parent. The assumption of naphtha market price is 54,800 yen/kl and 120 yen for a dollar.

(2) Explanation of Financial Position

(Position of Assets, Liabilities and Net Assets)

Due to the increase of notes and accounts receivable-trade, stocks and investment securities, assets as of March 31, 2015 were 223,854 million yen (an increase of 15,855 million yen from the previous year).

While liabilities with interest decreased, due to the increase of deferred tax liability, total liabilities as of March 31, 2015 were 72,590 million yen (an increase of 2,414 million yen from the previous year).

Net Assets as of March 31, 2015 were 151,263 million yen (an increase of 13,441 million yen from the previous year).

As a result, equity ratio was 66.9%, an increase of 1.2% from the previous year.

(Position of Cash Flow)

Deducting income taxes paid from income before income taxes and minority interests, depreciation and gain and loss on working capital, net cash provided by operating activities for the year ended March 31, 2015 were 20,452 million yen (23,759 million yen for the previous year).

Due to the acquisitions on plant and equipment of Performance Materials division, net cash used in investing activities for the year ended March 31, 2015 were 8,076 million yen (13,471 million yen for the previous year).

Due to the decrease in borrowings and dividends payment, net cash used in financing activities for the year ended March 31, 2015 were 12,127 million yen (11,802 million yen for the previous year).

As a result, cash and cash equivalents at the end of this term were 31,343 million yen, reflecting 337 million yen effect of exchange rate changes. It increased by 585 million yen from the previous year (30,757 million yen for the previous year).

<Reference>

The transit of Cash Flow indices

For the fiscal year ended

	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
Shareholders' equity ratio (%)	60.7	62.4	63.0	65.7	66.9
Shareholders' equity ratio on market value basis (%)	79.8	69.5	93.1	119.5	175.4
Debt repayment ratio (%)	1.6	1.8	1.7	1.5	1.7
Interest coverage ratio (times)	47.7	49.7	62.0	82.6	91.5

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: 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 22.00 yen per share. Accordingly, the total annual dividend per share for the fiscal year ended March 31, 2015 will become 36.00 yen, which was 30.00 yen in the previous fiscal year.

The total annual dividend per share for the fiscal year ended March 31, 2016 is scheduled to be 40.00 yen (second quarter: 18.00 yen, year-end: 22.00 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) Targeting Management Objectives

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 Business Strategy and Issues the Company needs to deal with

The Company recognized that to achieve financial target for FY2015 by implementing measures based on two basic strategies established by “Vista 2015 Stage II”, midterm business plan from FY2013 to FY2015, is the most important task.

As for the first strategy “Creating New Products and New Businesses”, veterinary medical product “BRAVECTO”, including Fluralaner invented by us, launched in Europe in April 2014, followed by the United States of America and other countries. We will enhance stability of supply to meet increasing future demands. We will also accelerate to expand customers for “Hyper-Branch polymers” and “NANOFIBERGEL”, as well as focus on selling “FCem Series”, the three-dimensional culture for cancer cells. “Hyper-Branch polymers” are hyperbranched organic nanoparticles used as fluoro-polymeric surface modifier, ultra-high refractive index coating materials and transparent fluorine coating. “NANOFIBERGEL” are high performance gelator aiming to create the market for cosmetics and quasi-drug.

As for the research to create new products, Performance Materials integrated Electronic Materials Research Laboratories and Inorganic Materials Research Laboratories as Materials Research Laboratories in October 2014. We will accelerate creating new materials through Advanced Material Research Department and Frontier Material Research Department. Advanced Material Research Department develops materials for existing products and Frontier Material Research Department creates and researches new performance materials. In the field of life science, we drastically make-over our Biological Research Laboratories. Research centers for pharmaceutical, compound library and agrochemical are constructed by now. Greenhouse facilities are to be constructed in March 2017, which will improve the efficiency of agrochemical and pharmaceutical R&D.

As for the second strategy “Pursuit of business structure reforms”, we decided to change the feedstock used to manufacture ammonia from naphtha to natural gas in Toyama Plant. This conversion is to be completed in August 2016. As natural gas does not fluctuate as greatly in price as naphtha, we will pursue stable profitability from ammonia. Expanding overseas business is necessary for our group to grow. Therefore, we established “Nissan Chemical Product (Shanghai) Co., Ltd.” in China last year, and the operation started from April 2014. We will incorporate growing market of agrochemical in China by strengthening sales support and promotion. Considering the fact that the importance of overseas market will increase, we started study abroad program to generate and secure global-minded human resources. Junior staffs have chance to improve their language and learn other cultures. We will continue this program to increase staffs who can deal with global business.

For this financial year, we will develop new business plan starting from April 2016 as well as implementing “Vista 2015 Stage II”. Under Corporate Vision, “A company that contributes to human survival and development”, we will establish strategies for continuous growth and corporate value expansion.

Under Corporate Philosophy, “Nissan Chemical Industries, Ltd. contributes to society with superior technology, products, and services, while striving for harmony with the environment”, we places 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.

3. Our 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, 2014	As of March 31, 2015
Assets		
Current assets		
Cash and deposits	30,757	31,343
Notes and accounts receivable-trade	54,041	58,133
Merchandise and finished goods	26,775	28,123
Work in process	51	59
Raw materials and supplies	6,353	7,885
Accounts receivable - other	2,390	2,097
Short-term loans receivable	706	841
Deferred tax assets	2,882	3,102
Other	1,477	1,890
Allowance for doubtful accounts	-22	-29
Total current assets	125,413	133,448
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	53,393	58,217
Accumulated depreciation and impairment loss	-33,873	-35,514
Buildings and structures, net	19,520	22,702
Machinery, equipment and vehicles	110,022	114,888
Accumulated depreciation and impairment loss	-101,402	-104,548
Machinery, equipment and vehicles, net	8,619	10,339
Tools, furniture and fixtures	28,893	30,704
Accumulated depreciation and impairment loss	-25,319	-26,876
Tools, furniture and fixtures, net	3,573	3,828
Land	9,374	9,318
Leased assets	261	225
Accumulated depreciation	-142	-150
Leased assets, net	118	74
Construction in progress	3,768	864
Total property, plant and equipment	44,975	47,128
Intangible assets		
Goodwill	481	4
Software	342	308
Other	427	361
Total intangible assets	1,251	674
Investments and other assets		
Investment securities	33,570	38,711
Long-term loans receivable	26	21
Deferred tax assets	55	52
Net defined benefit asset	1,265	2,064
Other	1,681	1,940
Allowance for doubtful accounts	-240	-187
Total investments and other assets	36,358	42,603
Total noncurrent assets	82,585	90,406
Total assets	207,999	223,854

(Millions of Yen)

	As of March 31, 2014	As of March 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,067	15,077
Short-term loans payable	23,579	22,951
Current portion of long-term loans payable	7,066	3,090
Income taxes payable	3,512	3,807
Provision for bonuses	1,754	1,827
Provision for directors' bonuses	27	24
Provision for environmental measures	-	315
Other	7,646	8,940
Current liabilities	59,652	56,034
Noncurrent liabilities		
Long-term loans payable	5,450	9,060
Deferred tax liabilities	2,863	4,621
Provision for business structure improvement	-	704
Net defined benefit liability	244	174
Other	1,966	1,997
Total noncurrent liabilities	10,524	16,556
Total liabilities	70,176	72,590
Net assets		
Shareholders' equity		
Capital stock	18,942	18,942
Capital surplus	13,611	13,611
Retained earnings	98,121	105,602
Treasury stock	-698	-584
Total shareholders' equity	129,975	137,572
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,138	10,676
Foreign currency translation adjustment	20	894
Remeasurements of defined benefit plans	417	639
Total accumulated other comprehensive income	6,576	12,210
Minority interests	1,269	1,481
Total net assets	137,822	151,263
Total liabilities and net assets	207,999	223,854

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

	(Millions of Yen)	
	As of March 31, 2014	As of March 31, 2015
Net sales	163,658	171,206
Cost of sales	103,277	106,184
Gross profit	60,381	65,022
Selling, general and administrative expenses	38,134	39,675
Operating income	22,246	25,347
Non-operating income		
Interest income	21	20
Dividends income	638	613
Equity in earnings of affiliates	960	1,093
Foreign exchange gains	415	476
Other	968	697
Total non-operating income	3,004	2,901
Non-operating expenses		
Interest expenses	280	211
Loss on disposal of noncurrent assets	284	332
Plant stop loss	598	420
Environmental expenses	-	315
Other	363	577
Total non-operating expenses	1,527	1,857
Ordinary income	23,723	26,391
Extraordinary income	-	-
Extraordinary loss		
Product compensation expense	-	390
Business structure improvement expenses	-	704
Total extraordinary loss	-	1,095
Income before income taxes and minority interests	23,723	25,296
Income taxes-current	6,901	7,265
Income taxes-deferred	-64	-351
Total income taxes	6,836	6,914
Income before minority interests	16,887	18,381
Minority interests in income	186	182
Net income	16,701	18,199

- Consolidated Statements of Comprehensive Income

(Millions of Yen)

	As of March 31, 2014	As of March 31, 2015
Income before minority interests	16,887	18,381
Other comprehensive income		
Valuation difference on available-for-sale securities	2,598	4,538
Foreign currency translation adjustment	924	952
Remeasurements of defined benefit plans, net of tax	-	221
Share of other comprehensive income of associates accounted for using equity method	-1	0
Total other comprehensive income	3,521	5,712
Comprehensive income	20,408	24,094
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	20,152	23,832
Comprehensive income attributable to minority interests	255	261

(3) Consolidated Statements of Changes in Net Assets
 For the Year Ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(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	91,360	-1,053	122,861
Cumulative effects of changes in accounting policies					-
Restated balance	18,942	13,611	91,360	-1,053	122,861
Changes of items during period					
Dividends of surplus			-4,584		-4,584
Net income			16,701		16,701
Purchase of treasury stocks				-5,001	-5,001
Disposal of treasury stocks		0		0	0
Retirement of treasury stocks		△ 0	-5,355	5,355	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	6,760	354	7,114
Balance at end of current period	18,942	13,611	98,121	-698	129,975

	Accumulated other comprehensive income				Minority 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	3,541	-834	-	2,707	1,132	126,701
Cumulative effects of changes in accounting policies						-
Restated balance	3,541	-834	-	2,707	1,132	126,701
Changes of items during period						
Dividends of surplus						-4,584
Net income						16,701
Purchase of treasury stocks						-5,001
Disposal of treasury stocks						0
Retirement of treasury stocks						-
Net changes of items other than shareholders' equity	2,596	854	417	3,869	137	4,006
Total changes of items during period	2,596	854	417	3,869	137	11,121
Balance at end of current period	6,138	20	417	6,576	1,269	137,822

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
Net income			18,199		18,199
Purchase of treasury stocks				-6,001	-6,001
Disposal of treasury stocks		0		0	0
Retirement 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				Minority 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
Net income						18,199
Purchase of treasury stocks						-6,001
Disposal of treasury stocks						0
Retirement 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

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	As of March 31, 2014	As of March 31, 2015
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	23,723	25,296
Depreciation	8,515	8,452
Interest and dividends income	-660	-633
Interest expenses	280	211
Increase (decrease) in provision for business structure improvement	-	704
Loss (gain) on disposal of noncurrent assets	284	332
Decrease (increase) in notes and accounts receivable-trade	3,019	-3,775
Decrease (increase) in inventories	-2,281	-2,659
Increase (decrease) in notes and accounts payable-trade	-1,529	-950
Other	-1,898	-714
Subtotal	29,454	26,263
Interest and dividends income received	1,620	1,386
Interest expenses paid	-287	-223
Income taxes paid	-7,027	-6,974
Net cash provided by (used in) operating activities	23,759	20,452
Net cash provided by (used in) investing activities		
Purchase of investment securities	-918	-1,648
Proceeds from sales of investment securities	245	3,077
Purchase of stocks of subsidiaries and affiliates	-2,749	-
Purchase of property, plant and equipment	-8,999	-8,568
Payments for retirement of property, plant and equipment	-170	-253
Net decrease (increase) in short-term loans receivable	-400	-109
Other	-478	-574
Net cash provided by (used in) investing activities	-13,471	-8,076
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-588	-854
Proceeds from long-term loans payable	4,000	6,700
Repayment of long-term loans payable	-5,533	-7,066
Cash dividends paid	-4,584	-4,814
Cash dividends paid to minority shareholders	-48	-50
Purchase of treasury stock of subsidiaries in consolidation	-5,001	-6,001
Other	-45	-40
Net cash provided by (used in) financing activities	-11,802	-12,127
Effect of exchange rate change on cash and cash equivalents	393	337
Net increase (decrease) in cash and cash equivalents	-1,120	585
Cash and cash equivalents at beginning of period	31,878	30,757
Cash and cash equivalents at end of period	30,757	31,343

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

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

Effective from the beginning of current consolidated financial year, the Company adopted paragraph 35 of the "Accounting Standard for Retirement Benefits" (ASBJ Statement No.25 on May 17, 2012) and paragraph 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Statement No.25 on May 17, 2012).

Affecting the above change, the Company reviewed the calculation method of retirement benefit obligations and service costs. The Company changed the method of attributing expected benefit to periods primarily from straight-line attribution to benefit formula basis as well as the decision method of the discount rate.

The term of bond which is the basis of the discount rate determination was changed from calculating with years approximate to employees' average estimated remaining service years to weighted average discount rate reflecting the estimated payment term of retirement benefits and its amount.

In accordance with transitional accounting as stipulated in paragraph 37 of the Accounting Standard for Retirement Benefits, the effect of the changes in the calculation methods of retirement benefit obligations and service costs were adjusted in retained earnings at the beginning of current consolidated financial year.

As a result, asset for retirement benefit increased by 331 million yen and retained earnings increased by 213 million yen at the beginning of current consolidated financial year. There was a slight effect on operating income, ordinary income and net income before taxes for the year ended March 31, 2015.

(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.)
Agrochemicals	Agrochemicals (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, 2014 (From April 1, 2013 to March 31, 2014)

(Millions of Yen)

	Chemicals	Performance Materials	Agro-chemicals	Pharmaceuticals	Trading	Others	Total	Adjustment (1)	Consolidated Total
Sales									
Customers	26,461	37,617	36,168	11,493	40,503	11,413	163,655	—	163,658
Intersegment	9,031	5,214	2,961	56	10,148	10,032	37,445	-37,445	—
Total Sales	35,493	42,832	39,130	11,550	50,651	21,446	201,103	-37,445	163,658
Operating Income (loss)	1,897	8,810	6,229	4,940	1,495	757	24,130	-1,883	22,246
Segment Assets	25,777	37,980	48,569	12,699	18,109	9,082	152,221	55,778	207,999
Other items									
Depreciation and amortization	1,417	3,153	1,405	1,190	85	372	7,625	257	7,882
Amortization of goodwill	—	6	624	—	2	—	633	—	633
Increase of property, plant and equipment and intangible assets	1,231	4,275	1,342	624	27	377	7,879	906	8,786

Notes (1): The adjustments are as follows:

1) The negative 1,883 million yen adjustment in segment income includes negative 398 million yen in intersegment eliminations and negative 1,485 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 55,778 million yen adjustment in segment assets includes negative 9,738 million yen in inter-segment asset and liability eliminations and 65,516 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 257 million yen adjustment in depreciation and amortization is corporation expenses.

4) The 906 million yen adjustment in increase of property, plant and equipment and intangible assets is corporate assets.

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

(Millions of Yen)

	Chemicals	Performance Materials	Agro-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.

Related Information

For the Year Ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

Sales by region/country

(Millions of Yen)

Japan	Asia	Europe and the United States	Consolidated Total
110,002	41,833	11,823	163,658

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

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

Sales by region/country

(Millions of Yen)

Japan	Asia	Europe and the United States	Consolidated Total
104,234	49,597	17,373	171,206

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

Information regarding impairment loss on noncurrent assets by reportable segments

For the Year Ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(Millions of Yen)

	Chemicals	Performance Materials	Agro-chemicals	Pharmaceuticals	Trading	Others	Total	Adjustment	Consolidated Total
Impairment loss	—	75	—	—	—	—	75	—	75

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

Not applicable.

Information regarding goodwill and unamortized balance by reportable segments

For the Year Ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(Millions of Yen)

	Chemicals	Performance Materials	Agro-chemicals	Pharmaceuticals	Trading	Others	Total	Adjustment	Consolidated Total
Balance as of March 31, 2014	—	5	468	—	7	—	481	—	481

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

(Millions of Yen)

	Chemicals	Performance Materials	Agro-chemicals	Pharmaceuticals	Trading	Others	Total	Adjustment	Consolidated Total
Balance as of March 31, 2015	—	—	—	—	4	—	4	—	4

(Per Share Information)

(Yen)

	Year Ended March 31, 2014	Year Ended March 31, 2015
Net asset per share	850.91	949.71
Net income per share	102.11	113.99

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, 2014	Year Ended March 31, 2015
Net income per share		
Net income	16,701	18,199
Amounts not allocated to ordinary shares	—	—
Net income allocated to ordinary shares	16,701	18,199
Average number of ordinary shares outstanding during each year	163,564,898	159,654,159

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

(Millions of Yen)

	Year Ended March 31, 2014	Year Ended March 31, 2015
Net asset per share	137,822	151,263
Amount deducted from net asset	1,269	1,481
(Minority interest)	(1,269)	(1,481)
Net asset as of year end allocated to ordinary shares	136,552	149,782
Number of ordinary shares as of year end used to calculate net asset per share	160,477,968	157,713,321

(Significant Subsequent Events)

The Company 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, at the board of Director's meeting held on May

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 2,500,000 shares

(Rate of the maximum shares to be acquired to the total outstanding shares: 1.59%)

(3) Total amount: Up to 6,000,000,000 yen

(4) Period of repurchase: From May 13, 2015 to August 31, 2015

(For reference)

Number of treasury shares as of March 31, 2015

-Total number of shares issued (excluding treasury shares): 157,713,321 shares

-Number of treasury shares: 286,679 shares