

OSAKA SODA CO., LTD.
CONSOLIDATED FINANCIAL RESULTS
For the Fiscal Year Ended March 31, 2018
(Prepared under Japan GAAP, unaudited)

Company name: OSAKA SODA CO.,LTD Stock Exchange Listing: Tokyo
Securities code: 4046 URL: <http://www.osaka-soda.co.jp>
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Scheduled date of general shareholders meeting: June 28, 2018
Scheduled date of commencement of dividend payment: June 11, 2018
Scheduled date of filing of securities report: June 29, 2018
Supplementary materials prepared for the financial results: Yes
Annual financial results briefings: Yes

1. Consolidated Financial Results

(Amounts are rounded down to the nearest million yen)

(1) Results of Operations

		Year ended			
		March 31, 2018		March 31, 2017	
			Change *		Change *
Net sales	Millions of yen	101,231	8.3%	93,509	(8.4)%
Operating income	Millions of yen	7,318	11.1%	6,586	2.2%
Ordinary income	Millions of yen	7,485	14.5%	6,536	1.5%
Net income attributable to owners of parent	Millions of yen	4,778	10.6%	4,320	19.8%
Comprehensive income	Millions of yen	6,645	21.1%	5,485	262.8%
Net income per share	Yen	223.24	-	205.05	-
Diluted net income per share	Yen	178.58	-	170.11	-
Return on equity	%	8.4	-	8.6	-
Return on total assets	%	6.9	-	6.6	-
Operating income ratio	%	7.2	-	7.0	-

Note:

- Percent changes are year-on-year comparisons
- The Company implemented the Share Consolidation on the basis that every five (5) issued Existing Shares be consolidated into one (1) Consolidated Shares on October 1, 2017. As a result, net income per share and diluted net income per share are calculated assuming that the Share Consolidation was executed at the beginning of the previous fiscal year.

(2)Financial Condition

		As of March 31, 2018	As of March 31, 2017
Total assets	Millions of yen	115,591	101,503
Net assets	Millions of yen	60,953	52,725
Equity *	Millions of yen	60,953	52,725
Equity ratio	%	52.7	51.9
Net assets per share (Yen)	Yen	2,698.66	2,502.48

Note:

1. Equity = "Total net assets" minus "Subscription rights to shares"
2. The Company implemented the Share Consolidation on the basis that every five (5) issued Existing Shares be consolidated into one (1) Consolidated Shares on October 1, 2017. As a result, net assets per share are calculated assuming that the Share Consolidation was executed at the beginning of the previous fiscal year.

(3)Cash Flows

		Year ended	
		March 31, 2018	March 31, 2017
Cash flows from operating activities	Millions of yen	7,757	8,490
Cash flows from investing activities	Millions of yen	(7,398)	(3,145)
Cash flows from financing activities	Millions of yen	3,097	(3,506)
Cash and cash equivalents at end of year	Millions of yen	23,993	20,532

2. Dividends

		Year ending March 31, 2019 (Forecast)	Year ended March 31, 2018	Year ended March 31, 2017
End of first quarter	Yen	-	-	
End of second quarter	Yen	30.00	5.50	5.00*
End of third quarter	Yen	-	-	
End of fourth quarter	Yen	30.00	30.00	6.00*
Full year	Yen	60.00	-	11.00
Payment of dividends	Millions of yen	-	1,270	1,158
Dividend payout ratio	%	25.1	25.8	26.8
Ratio of dividend to net assets	%	-	2.2	2.3

Note: The Company implemented the Share Consolidation on the basis that every five (5) issued Existing Shares be consolidated into one (1) Consolidated Shares on October 1, 2017.

3. Earnings Forecast for the fiscal year ending March 31, 2019

		End of second quarter		Full-year	
			Change*		Change*
Net sales	Millions of yen	50,000	4.2%	105,000	3.7%
Operating income	Millions of yen	3,800	10.1%	8,000	9.3%
Ordinary income	Millions of yen	3,900	2.4%	8,200	9.6%
Net income	Millions of yen	2,600	4.3%	5,400	13.0%
Earnings per share	Yen	115.11	-	239.07	-

Note: Percent changes are year-on-year comparisons.

* Notes

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, accounting estimates and restatements of revisions

1) Changes in accounting policies due to revisions of accounting standards, etc.: None

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

4) Restatement of revisions: None

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of March 31, 2018: 25,052,432 Shares

As of March 31, 2017: 22,354,767 Shares

2) Number of treasury shares at the end of period

As of March 31, 2018: 2,465,710 Shares

As of March 31, 2017: 1,285,645 Shares

3) Average number of shares outstanding in each period

Year ended March 31, 2018: 21,405,910 Shares

Year ended March 31, 2017: 21,069,954 Shares

Note:

The Company implemented the Share Consolidation on the basis that every five (5) issued Existing Shares be consolidated into one (1) Consolidated Shares on October 1, 2017. As a result, number of shares outstanding at the end of the period, number of treasury shares at the end of period, and average number of shares outstanding in each period are calculated assuming that the Share Consolidation was executed at the beginning of the previous fiscal year.

* Status of audit procedure:

This financial results are not subject to the audit procedure in accordance with the Financial Instruments and Exchange Act. The audit procedure of consolidated financial statements has not been completed at the time of disclosure.

*Appropriate use of financial forecasts, other special notes

This material contains forward-looking statements such as earnings forecast about OSAKA SODA CO., LTD. and its group companies ("Osaka Soda Group"). These forward-looking statements are based on the current assumptions and beliefs of Osaka Soda Group in light of the information currently available to it, and contain known and unknown risks, uncertainties and other factors. Osaka Soda Group therefore wishes to caution readers that actual results could be materially different from any future results.

DISCLAIMER:

This is an English translation of the original Japanese document and is prepared for reference. Should there be any inconsistency between the translation and the Japanese original, the latter shall prevail.

4. Results of Operations and Financial Condition

(1) Results of Operations

During the fiscal year ended March 31, 2017, Japan's economy has continued to recover moderately as a trend, against the background of improvement in the employment and income situation, although the outlook remains uncertain due to the policy initiatives of the U.S. administration and rising geopolitical tensions.

Basic Chemical Products

Osaka Soda Group raised sales prices as the purchase prices of fuels and raw materials fluctuate and established a cost efficient production platform to improve the cost competitiveness.

Functional Chemical Products

Osaka Soda Group increased sales activity to expand market of our main products such as synthetic rubber and synthetic resins and focused on the early launch of new products such as acrylic rubber.

Osaka Soda Group has been cultivating the healthcare related business as a third pillar of profit. In the field of Active Pharmaceutical Ingredients and their Intermediates, Osaka Soda Group successfully received customer order related to contract manufacturing with specialized equipment and achieved to start an importation business of Active Pharmaceutical Ingredients. In the Separation and Purification of Pharmaceuticals, Osaka Soda Group developed new customers in Eastern Europe, China, and India, established an integrated production system immediately after purchase of chromatography business, and expanded our sales network in Asia.

Housing Facilities and Others

Osaka Soda Group changed in the business portfolio and increased profitability.

As a result, net sales were ¥101,231 million, an increase of 8.3% compared to the same fiscal period of 2016. Operating income was ¥7,318 million, an increase of 11.1% compared to the same period of fiscal 2016. Ordinary income was ¥7,485 million, an increase of 14.5% compared to the same period of fiscal 2016. Net income attributable to owners of the parent was ¥4,778 million, an increase of 10.6% compared to the same period of fiscal 2016. All three levels of profit posted record high for the sixth consecutive year.

Basic Chemical Products

In *Chlor-Alkali*, net sales increased due to continued steady demand in each industrial segment such as petrochemical and iron & steel as well as revision of sales price.

In *Epichlorohydrin*, net sales increased due to improvement in Asian market conditions and continued steady volume growth.

As a result, net sales were ¥44,513 million, an increase of 6.5% compared to the same period of fiscal 2016.

Functional Chemical Products

In *Epichlorohydrin Rubber and related businesses*, net sales increased due to expansion of domestic demand for hybrid vehicles and steady demand for automobile parts against the background of environmental regulation in developing countries. In *Acrylic Rubber*, net sales increased due to increasing order receipt in domestic and overseas market.

In *Diallyl Phthalate Resin*, net sales increased due to continued favorable sales, reflecting the demand expansion of high-sensitivity UV printing inks in domestic and European market, and the steady demand for pipe repair resin in the United States.

In *Allyl Ethers*, net sales increased due to continued steady export sales to China for application as silane coupling agents.

In *Active Pharmaceutical Ingredients (API) and their Intermediates*, net sales increased due to continued favorable sales in "Antiviral Drug", "Anti-Insomnia Drug Intermediates", and cosmeceutical raw materials as well as "Anti-Diabetes Drug Intermediates". In addition to that, net sales increased due to an agreement on

long-term contract manufacturing with pharmaceutical companies, export sales in cardiogenic intermediates, and domestic sales of imported generic API.

In *Separation Media in Pharmaceutical Industry (Silica Gel for Liquid Chromatography)*, even though inventory adjustments caused by European customers, export sales to China and India in biomedical application increased and domestic sales for analysis and purification of API continued solid growth.

As a result, net sales were ¥40,680 million, an increase of 11.9% compared to the same period of fiscal 2016.

Housing Facilities and Others

Net sales were ¥16,038 million, due to continued favorable sales in consumer goods and materials for interior construction, an increase of 4.2% compared to the same period of fiscal 2016.

(2) Financial Condition

Assets

Current assets were ¥66,768 million, an increase of 13.7% since March 31, 2017. The increase was due primarily to an increase of ¥2,460 million in *cash and deposits*, an increase of ¥2,313 million in *notes and accounts receivable-trade*, and ¥1,348 million in *electronically recorded monetary claims*.

Noncurrent assets were ¥48,823 million, an increase of 14.2% since March 31, 2017. The increase was due primarily to an increase of ¥2,040 million in *property, plant, and equipment*.

As a result, **Total assets** were ¥115,591 million, an increase of 13.9% since March 31, 2017.

Liabilities

Current liabilities were ¥33,260 million, an increase of 5.8% since March 31, 2017. The decrease was due primarily to an increase of ¥2,183 million in *notes and accounts payable-trade*.

Noncurrent liabilities were ¥21,430 million, an increase of 23.3% since March 31, 2017. The increase was due primarily to an increase of ¥3,825 million in *bonds with subscription rights to shares*.

As a result, **Total liabilities** were ¥54,637 million, an increase of 12.0% since March 31, 2017.

Net assets

Net assets were ¥60,953 million, an increase of 15.6% since March 31, 2017.

(3) Cash flow

Cash and cash equivalents at the end of fiscal year were ¥23,993 million, an increase of ¥3,460 million compared to the previous fiscal period.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥7,757 million, due primarily to ¥6,924 million in *income before income taxes* and ¥3,185 million in *depreciation*.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥7,398 million, due primarily to cash outflows of ¥4,584 million in *purchase of property, plant, and equipment*.

Cash flows from financing activities

Net cash provided by financing activities amounted to ¥3,097 million, due primarily to cash inflows of ¥9,967 in *bond proceeds*, cash outflows of ¥2,160 million in *repayments of long term loan payable*, and cash outflows of ¥3,366 million in *purchase of treasury shares*.

(4) Outlook

With regard to the economic outlook, Japan's economy is expected to continue delivering solid growth against the background of improvement of employment and income situation. However, downside risks still dominate global economic prospects due to the uncertainty over U.S. trade policy toward midterm election, economic impact of Eurozone for withdrawal of the United Kingdom from the EU, and price fluctuations of fuels and raw

materials due to geopolitical risk.

Under the circumstance, Osaka Soda Group formulated the 6th mid-term management plan “BRIGHT-2020 (from FY2018 to FY2020)” to accelerate structural reforms towards a new stage, aiming for a shift to profit oriented management. Ongoing mid-term management plan “NEXT FRONTIER-100” is to terminate one year earlier than its schedule. In this plan, toward the achievement of Group vision, “Be a company growing by business expansion of specialty chemicals”, we are executing our mid-term management plan under the basic policy, “Creating new growth engines”, “Establishing a profitable global business”, and “Completing business structural reforms”.

Creating new growth engines

Osaka Soda Group develops new business such as electronic vehicle, battery materials, carbon nanotube which is well-known as next generation electronic materials, column & equipment, and compound, improving R&D productivity with advanced technology and knowledge that we have developed over many years through Electrolysis and AC/EP Chain.

Establishing a profitable global business

Osaka Soda Group accelerates global strategies in Functional Chemical Products and pharmaceutical business, those have high global market share and are regarded as GNT (global niche top) products. We have established global business division in January 2018 for development of growth strategy by products and improvement of overseas customer service, and have been aggressively working for establishment of overseas manufacturing base and business alliance for future growth.

Completing business structural reforms

Osaka Soda Group works to expand production capacity and improve cost competitiveness for Caustic Soda, Epichlorhydrin, and main products of Functional Chemical Products, introducing “Internet of Things” and “Artificial Intelligence” to increase productivity at manufacturing facilities, building a cost efficient production, and improving supply chain operations.

Corporate department executes operational reforms such as management enhancement of affiliated companies including overseas subsidiaries and creation of a flexible organizational structure.

The outlook for fiscal 2018 will be ¥105,000 million in net sales, ¥8,000 million in operating income, ¥8,200 million in ordinary income, and ¥5,400 million in net income attributable to shareholders of the parent.

5. Accounting Standards

Our consolidated financial statements are prepared under Japanese generally accepted accounting principles in terms of comparisons to period-on-period or company-to-company. We will adopt International Financial Reporting Standards by considering the internal and external situation in an appropriate manner.

8. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	March 31, 2017	March 31, 2018
Assets		
Current assets		
Cash and deposits	11,033	13,493
Notes and accounts receivable-trade	25,397	27,710
Electronically recorded monetary claims	2,497	3,845
Short term investment securities	9,499	10,499
Merchandise and finished goods	5,743	6,155
Work in process	1,411	1,608
Raw materials and supplies	1,667	1,938
Deferred tax assets	647	707
Other current assets	843	811
Less: Allowance for doubtful accounts	(3)	(2)
Total current assets	<u>58,739</u>	<u>66,768</u>
Noncurrent assets		
Buildings and structures	13,792	16,361
Accumulated depreciation	(9,003)	(9,541)
Buildings and structures - Net	<u>4,788</u>	<u>6,819</u>
Machinery, equipment, and vehicles	54,694	56,567
Accumulated depreciation	(43,355)	(45,850)
Machinery, equipment, and vehicles - Net	<u>11,339</u>	<u>10,716</u>
Land	2,298	2,306
Lease assets-PPE	1,071	1,026
Accumulated depreciation	(8)	(77)
Lease assets, net-PPE	<u>1,063</u>	<u>948</u>
Construction in progress	1,665	2,137
Other	3,369	3,978
Accumulated depreciation	(2,968)	(3,492)
Other - Net	<u>400</u>	<u>486</u>
Total property, plant and equipment	<u>21,555</u>	<u>23,595</u>
Intangible assets		
Goodwill	769	975
Software	184	432
Other	253	191
Total intangible assets	<u>1,207</u>	<u>1,599</u>
Investments and other assets		
Investment securities	18,927	22,684
Long-term loans receivable	51	43
Deferred tax assets	158	168
Other, net	1,431	737
Less: Allowance for doubtful accounts	<u>(568)</u>	<u>(6)</u>

Total investment and other assets	<u>20,001</u>	<u>23,627</u>
Total noncurrent assets	<u>42,764</u>	<u>48,823</u>
Total assets	<u>101,503</u>	<u>115,591</u>

CONSOLIDATED BALANCE SHEETS *(Continued)*

(Millions of yen)

	March 31, 2017	March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable- trade	13,339	15,522
Short term loans payable	8,880	8,880
Current portion of long term loans payable	2,160	800
Income taxes payable	1,311	1,444
Provision for bonuses	712	792
Other current liabilities	4,987	5,767
Total current liabilities	<u>31,390</u>	<u>33,206</u>
Noncurrent liabilities		
Bonds with subscription rights to shares	9,999	13,824
Long term loans payable	800	-
Lease obligations	1,316	1,202
Deferred tax liabilities	1,776	2,763
Provision for directors retirement benefits	567	611
Net defined benefit liability	2,927	3,004
Asset retirement obligations	-	24
Total noncurrent liabilities	<u>17,387</u>	<u>21,430</u>
Total liabilities	<u>48,778</u>	<u>54,637</u>
Net assets		
Shareholders' equity		
Capital stock	10,882	13,970
Capital surplus	9,399	12,487
Retained earnings	27,964	31,517
Treasury stock	(1,670)	(5,037)
Total shareholders' equity	<u>46,576</u>	<u>52,938</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,481	8,332
Deferred gains or losses on hedges	(13)	(40)
Foreign currency translation adjustments	24	41
Re-measurements of defined benefit plans	(342)	(317)
Total accumulated other comprehensive income	<u>6,149</u>	<u>8,015</u>
Total net assets	<u>52,725</u>	<u>60,953</u>
Total net assets and liabilities	<u>101,503</u>	<u>115,591</u>

CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	<u>Year Ended</u>	
	<u>March 31, 2017</u>	<u>March 31, 2018</u>
Net sales	93,509	101,231
Cost of sales	75,335	81,417
Gross profit	<u>18,174</u>	<u>19,814</u>
Selling, general, and administrative expenses	<u>11,587</u>	<u>12,495</u>
Operating income	<u>6,586</u>	<u>7,318</u>
<i>Non-operating income</i>		
Interest income	22	15
Dividend income	332	369
Other	101	115
Total non-operating income	<u>456</u>	<u>500</u>
<i>Non-operating expenses</i>		
Interest expenses	74	125
Foreign exchange loss	415	91
Other	16	117
Total non-operating expenses	<u>506</u>	<u>333</u>
Ordinary income	<u>6,536</u>	<u>7,485</u>
<i>Extraordinary income</i>		
Gain on sales of noncurrent assets	-	106
Total extraordinary income	<u>-</u>	<u>106</u>
<i>Extraordinary loss</i>		
Loss on retirement of noncurrent assets	582	568
Impairment loss	-	97
Total extraordinary loss	<u>582</u>	<u>666</u>
Income before income taxes	<u>5,953</u>	<u>6,924</u>
Income taxes - current	1,822	2,035
Income taxes - deferred	(189)	110
Total income taxes	<u>1,633</u>	<u>2,146</u>
Net income	<u>4,320</u>	<u>4,778</u>
Net income attributable to shareholders of the parent	<u>4,320</u>	<u>4,778</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of yen)

	Year ended	
	March 31, 2017	March 31, 2018
Net income	4,320	4,778
Other comprehensive income		
Valuation difference on available-for-sale securities	980	1,851
Deferred gains or losses on hedges	68	(26)
Foreign currency translation adjustments	(20)	16
Re-measurements of defined benefit plans	136	25
Total other comprehensive income	1,165	1,866
Comprehensive income	5,485	6,645
Comprehensive income attributable to:		
Shareholders of the parent	5,485	6,645
Minority interests	—	—

STATEMENTS OF CHANGES IN NET ASSETS

(Millions of yen)

	March 31, 2017	March 31, 2018
Shareholder's Equity		
Capital Stock		
Balance at beginning of current period	10,882	10,882
Changes during the fiscal year		
Issuance of new shares	0	3,087
Total changes of items during the period	0	3,087
Balance at end of current period	10,882	13,970
Capital Surplus		
Balance at beginning of current period	9,399	9,399
Changes during the fiscal year		
Issuance of new shares	0	3,087
Total changes of items during the period	0	3,087
Balance at end of current period	9,399	12,487
Retained earnings		
Balance at beginning of current period	24,697	27,964
Changes during the fiscal year		
Dividends from surplus	(1,053)	(1,224)
Net income attributable to shareholders of the parent	4,320	4,778
Total changes of items during the period	3,266	3,553
Balance at end of current period	27,964	31,517
Treasury Stock		
Balance at beginning of current period	(1,666)	(1,670)
Changes during the fiscal year		
Purchase of treasury shares	(3)	(3,366)
Total changes of items during the period	(3)	(3,366)
Balance at end of current period	(1,670)	(5,037)
Total shareholders' equity		
Balance at beginning of current period	43,312	46,576
Changes during the fiscal year		
Issuance of new shares	1	6,175
Dividends from surplus	(1,053)	(1,224)
Net income attributable to shareholders of the parent	4,320	4,778
Purchase of treasury shares	(3)	(3,366)
Total changes of items during the period	3,263	6,362
Balance at end of current period	46,576	52,938

STATEMENTS OF CHANGES IN NET ASSETS *(Continued)*

(Millions of yen)

	March 31, 2017	March 31, 2018
Accumulated other comprehensive income		
<i>Valuation difference on available-for-sale securities</i>		
Balance at beginning of current period	5,500	6,481
Net changes of items other than shareholders' equity	(980)	1,851
Total changes of items during the period	(980)	1,851
Balance at end of current period	6,481	8,332
<i>Deferred gains or losses on hedges</i>		
Balance at beginning of current period	(82)	(13)
Net changes of items other than shareholders' equity	68	(26)
Total changes of items during the period	68	(26)
Balance at end of current period	(13)	(40)
<i>Foreign currency translation adjustment</i>		
Balance at beginning of current period	45	24
Net changes of items other than shareholders' equity	(20)	16
Total changes of items during the period	(20)	16
Balance at end of current period	24	41
<i>Re-measurements of defined benefit plans</i>		
Balance at beginning of current period	(479)	(342)
Net changes of items other than shareholders' equity	136	25
Total changes of items during the period	136	25
Balance at end of current period	(342)	(317)
<i>Total accumulated other comprehensive income</i>		
Balance at beginning of current period	4,983	6,149
Net changes of items other than shareholders' equity	1,165	1,866
Total changes of items during the period	1,165	1,866
Balance at end of current period	6,149	8,015
Total net assets		
Balance at beginning of current period	48,296	52,725
Issuance of new shares	1	6,175
Dividends from surplus	(1,053)	(1,224)
Net income attributable to shareholders of the parent	4,320	4,778
Purchase of treasury shares	(3)	(3,366)
Net changes of items other than shareholders' equity	1,165	1,866
Total changes of items during the period	4,428	8,228
Balance at end of current period	52,725	60,953

STATEMENTS OF CASH FLOWS

(Millions of yen)

	March 31, 2017	March 31, 2018
Cash flows from operating activities		
Income before Income Taxes	5,953	6,924
Depreciation	2,923	3,185
Impairment loss	-	97
Amortization of goodwill	154	162
Increase (decrease) in allowance for doubtful accounts	(9)	(26)
Increase (decrease) in provision for bonuses	3	65
Increase (decrease) in net defined benefit liability	(135)	14
Increase (decrease) in provision for directors' retirement benefits	34	44
Interest and dividend income	(355)	(385)
Interest expenses	74	125
Foreign exchange gains	319	29
Loss on retirement of non-current assets	582	568
Bond issuance costs	-	32
Decrease (increase) in notes and accounts receivable - trade	(101)	(3,522)
Decrease (increase) in inventories	297	(272)
Increase (decrease) in notes and accounts payable - trade	370	2,029
Increase (decrease) in accrued consumption taxes	(245)	22
Other, net	(213)	312
Sub total	10,079	9,409
Interest and dividend income received	355	385
Interest expenses paid	(75)	(119)
Income taxes paid	(1,868)	(1,917)
Net cash provided by operating activities	8,490	7,757

STATEMENTS OF CASH FLOWS *(Continued)*

(Millions of yen)

	<u>March 31, 2017</u>	<u>March 31, 2018</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,038)	(4,584)
Purchase of intangible assets	(185)	(226)
Purchase of investment securities	(260)	(118)
Purchase of shares of subsidiaries and associates	-	(966)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,201)
Other, net	(660)	(301)
Net cash used in investing activities	<u>(3,145)</u>	<u>(7,398)</u>
Cash flows from financing activities		
Repayments of long-term loans payable	(2,440)	(2,160)
Proceeds from issuance of bonds with subscription rights to shares	-	9,967
Purchase of treasury shares	(3)	(3,366)
Cash dividends paid	(1,052)	(1,225)
Other, net	(10)	(118)
Net cash provided by financing activities	<u>(3,506)</u>	<u>3,097</u>
Effect of exchange rate change on cash and cash equivalents	(341)	5
Net increase (decrease) in cash and cash equivalents	<u>(1,496)</u>	<u>3,460</u>
Cash and cash equivalents at beginning of period	<u>19,036</u>	<u>20,532</u>
Increase in cash and cash equivalents from newly consolidated subsidiary	-	-
Cash and cash equivalents at end of period	<u>20,532</u>	<u>23,993</u>

9. Notes to the Consolidated Financial Statements

(1) Notes regarding the going concern assumption: None

(2) Segment information

Year ended March 31, 2017

(Millions of yen)

	Basic Chemical Products	Functional Chemical Products	Housing Facilities and Others	Total	Adjustments*1	Consolidated operating income *2
Net sales						
External sales	41,783	36,338	15,387	93,509	—	93,509
Intersegment sales or reclassifications	18	29	2,063	2,112	(2,112)	—
Total	41,802	36,368	17,450	95,621	(2,112)	93,509
Segment income	1,491	6,319	(238)	7,571	(985)	6,586
Segment assets	39,977	28,245	7,134	75,357	26,146	101,503
Other items						
Depreciation	1,817	889	24	2,731	192	2,923
Amortization of goodwill	-	-	30	30	124	154
Increase of current and noncurrent assets	1,716	1,786	200	3,703	599	4,302

Notes 1: Adjustments of segment income of ¥(985) million are corporate expenses not allocated to reportable segments. Corporate expenses are mainly expenses not attributable to a reporting segment and related to fundamental research and development as well as administrative departments.

Notes 2: Adjustments of segment assets of ¥26,146 million are corporate assets of ¥26,294 million, which are not allocated to reportable segments. Corporate assets are mainly a parent company assets, those are surplus operating funds(cash and short term securities),long term investment capital(investment securities, etc.),and related to administrative, research and development departments.

Notes 3: Adjustments of Increase of current and noncurrent assets of ¥599 million are for administrative department and research and development department investment.

Notes 4: Segment income is adjusted to operating income of consolidated statement of income.

Year ended March 31, 2018

(Millions of yen)

	Basic Chemical Products	Functional Chemical Products	Housing Facilities and Others	Total	Adjustments *1	Consolidated operating income *2
Net sales						
External sales	44,513	40,680	16,038	101,231	—	101,231
Intersegment sales or reclassifications	11	30	1,046	1,088	(1,088)	—
Total	44,524	40,710	17,084	102,320	(1,088)	101,231
Segment income	2,221	6,017	137	8,375	(1,056)	7,318
Segment assets	42,815	35,628	7,271	85,715	29,875	115,591
Other items						
Depreciation	1,846	1,003	25	2,875	310	3,185
Amortization of goodwill	3	15	22	41	121	162
Increase of current and noncurrent assets	876	2,947	77	3,900	2,062	5,963

Notes 1: Adjustments of segment income of ¥(1,056) million are corporate expenses not allocated to reportable segments. Corporate expenses are mainly expenses not attributable to a reporting segment and related to fundamental research and development as well as administrative departments.

Notes 2: Adjustments of segment assets of ¥29,875 million are corporate assets of ¥30,024 million, which are not allocated to reportable segments. Corporate assets are mainly a parent company assets, those are surplus operating funds(cash and short term securities),long term investment capital(investment securities, etc.),and related to administrative, research and development departments.

Notes 3: Adjustments of Increase of current and noncurrent assets of ¥2,062 million are for administrative department and research and development department investment.

Notes 4: Segment income is adjusted to operating income of consolidated statement of income.

(5) Per share information

		March 31, 2017	March 31, 2018
Net assets per share	Yen	2,502.48	2,698.66
Earnings per share	Yen	205.05	223.24
Diluted earnings per share	Yen	170.11	178.58

Notes:

1. The Company implemented the Share Consolidation on the basis that every five (5) issued Existing Shares be consolidated into one (1) Consolidated Shares on October 1, 2017. As a result, net assets per share, net income per share, and diluted net income per share are calculated assuming that the Share Consolidation was executed at the beginning of the previous fiscal year.
2. The calculation of earnings per share and diluted earnings per share are as shown below.

		March 31, 2017	March 31, 2018
Earnings per share			
Net income	Millions of yen	4,320	4,778
Amount not attributable to owners of common stock	Millions of yen	—	—
Net income related to owner of common stock	Millions of yen	4,320	4,778
Weighted average number of common stock	Thousands of shares	21,069	21,405
Diluted earnings per share			
Adjustment to net income	Millions of yen	—	—
Increase of common stock	Thousands of shares	4,327	5,352
(Bonds with subscription rights to shares)	Thousands of shares	(4,327)	(5,352)
Details of shares not included in calculation of fully diluted net income per share due to non-dilutive effect		—	—

(6) Notes regarding subsequent events: Not Applicable