

**OSAKA SODA CO., LTD.**  
**CONSOLIDATED FINANCIAL RESULTS**  
**For the Fiscal Year Ended March 31, 2019**  
**(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>  
Representative: Kenshi Terada, Representative Director, President and Chief Executive Officer  
For inquiry: Yoshihiro Ueda, Executive Officer, General Manager, Administration Division  
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Scheduled date of general shareholders meeting: June 27, 2019  
Scheduled date of commencement of dividend payment: June 10, 2019  
Scheduled date of filing of securities report: June 28, 2019  
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, 2019		March 31, 2018	
			Change *		Change *
Net sales	Millions of yen	107,874	6.6%	101,231	8.3%
Operating income	Millions of yen	9,488	29.7%	7,318	11.1%
Ordinary income	Millions of yen	10,053	34.3%	7,485	14.5%
Net income attributable to owners of parent	Millions of yen	6,793	42.2%	4,778	10.6%
Comprehensive income	Millions of yen	4,245	(36.1)%	6,645	21.1%
Net income per share	Yen	297.10	-	223.24	-
Diluted net income per share	Yen	254.24	-	178.58	-
Return on equity	%	10.8	-	8.4	-
Return on total assets	%	8.8	-	6.9	-
Operating income ratio	%	8.8	-	7.2	-

## Notes:

- (1) Percent changes are year-on-year comparisons
- (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 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, 2019	As of March 31, 2018
Total assets	Millions of yen	112,661	115,020
Net assets	Millions of yen	64,548	60,953
Equity *	Millions of yen	64,548	60,953
Equity ratio	%	57.3	53.0
Net assets per share (Yen)	Yen	2,795.62	2,698.66

Note: Equity = "Total net assets" minus "Subscription rights to shares"

## (3) Cash Flows

		Year ended	
		March 31, 2019	March 31, 2018
Cash flows from operating activities	Millions of yen	9,854	7,757
Cash flows from investing activities	Millions of yen	(4,542)	(7,398)
Cash flows from financing activities	Millions of yen	(5,003)	3,097
Cash and cash equivalents at end of year	Millions of yen	24,376	23,993

## 2. Dividends

		Year ending March 31, 2020 (Forecast)	Year ended March 31, 2019	Year ended March 31, 2018
End of first quarter	Yen	-	-	-
End of second quarter	Yen	32.50	30.00	5.50*
End of third quarter	Yen	-	-	-
End of fourth quarter	Yen	32.50	35.00	30.00*
Full year	Yen	65.00	65.00	-
Payment of dividends	Millions of yen	-	1,499	1,270
Dividend payout ratio	%	22.1	21.9	25.8
Ratio of dividend to net assets	%	-	2.3	2.2

Notes:

- (1) Dividend forecast has been revised from the forecast most recently announced.
- (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. The amount of full year dividend for the fiscal year ended March 31, 2018 is displayed as "—" because a proper computation is deemed to be impossible. Considering common shares consolidation, the amount of full year dividend for the fiscal year ended March 31, 2018 should be ¥57.50 and the amount of annual dividend for the fiscal year ended March 31, 2019 is \$65.00, that is, an increased dividend by ¥7.50.

## 3. Earnings Forecast for the fiscal year ending March 31, 2020

		End of second quarter		Full-year	
			Change*		Change*
Net sales	Millions of yen	51,000	(3.2)%	105,000	(2.7)%
Operating income	Millions of yen	4,400	1.9%	9,600	1.2%
Ordinary income	Millions of yen	4,700	(4.2)%	10,200	1.5%
Net income	Millions of yen	3,100	(7.6)%	6,800	0.1%
Earnings per share	Yen	134.26	-	294.51	-

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, 2019: 26,090,580 Shares

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

2) Number of treasury shares at the end of period

As of March 31, 2019: 3,001,554 Shares

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

3) Average number of shares outstanding in each period

Year ended March 31, 2019: 22,866,123 Shares

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

\* Audit procedures

This financial results are not subject to the audit procedures performed by certified public accountants or an audit firm.

\* Earnings forecasts and other 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.

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## 4. Results of Operations and Financial Condition

### (1) Results of Operations

During the fiscal year ended March 31, 2019, 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 for the global economy remains uncertain due to the elevation in trade tensions caused by U.S. trade policy and China's economic downturn from the second half of the year.

Under the circumstances, Osaka Soda Group has been shifting to profit oriented management in line with the three basic policies "Creating new growth engines", "Establishing a profitable global business", and "Completing business structural reforms" set forth in the mid-term management plan "BRIGHT – 2020" that commenced in fiscal 2018.

Basic Chemical Products segment revised the sales price in response to price fluctuation of raw materials and fuels, and reduced cost through installation of the in-house developed, improved electrolyzer.

Functional Chemical Products segment focused on "Creating new growth engines", by expanding market share of major products, such as Synthetic Rubber, Synthetic Resin, and Allyl Ethers, with the aim of "Establishing a profitable global business", while expanding the new business field of chromatography column and instrument, entering into the field of Highly Pharmacologically Active Agents, and launching "RADPAR™" which is non phthalate type allyl resin following Acrylic Rubber launched last year. In addition, Osaka Soda Group began new initiatives to improve productivity, as a part of business structure reforms, by utilizing our core technology and IoT & AI through collaboration between R&D department and production engineering department.

As a result, net sales were ¥107,874 million, an increase of 6.6% compared to the same fiscal period of 2017. Operating income was ¥9,488 million, an increase of 29.7% compared to the same period of fiscal 2017. Ordinary income was ¥10,053 million, an increase of 34.3% compared to the same period of fiscal 2017. Net income attributable to owners of the parent was ¥6,793 million, an increase of 42.2% compared to the same period of fiscal 2017. Net sales and all three levels of profit posted record high.

#### Basic Chemical Products

In *Chlor-Alkali*, net sales increased due to continued steady domestic demand and price revision in caustic soda.

In *Epichlorohydrin*, net sales increased due to continued steady domestic sales as well as price increase in overseas market.

As a result, net sales were ¥48,955 million, an increase of 10.0% compared to the same period of fiscal 2017.

#### Functional Chemical Products

In Allyl Ethers, net sales increased due to growth in volume of new applications in Japan and silane coupling agents in Europe and Americas.

In Diallyl Phthalate Resin, net sales increased due to continued steady sales of UV printing inks in Japan, Asia, and the United States.

Epichlorohydrin Rubber

In *Synthetic Rubber and related businesses*, net sales in *Epichlorohydrin Rubber* increased due to increase with growing domestic demand for both hybrid vehicles and compliance with environmental regulation in developing countries. In addition, net sales in *Acrylic Rubber* increased due to increasing order receipt in domestic and overseas market.

Separation Media in Pharmaceutical Industry (Silica Gel for Liquid Chromatography) continued favorable sales, driven by the sales to Europe and China in biopharmaceutical purification as well as domestic sales and the sales to China and Korea in chromatography column/analytical instrument.

Active Pharmaceutical Ingredients (API) and their Intermediates business remained robust, led by new contract

manufacturing from pharmaceutical companies, sales for pharmaceutical intermediates, and imported sales in generic API. In addition, the generic API related business started utilizing the equipment for Highly pharmacologically active drug.

As a result, net sales were ¥43,005 million, an increase of 5.7% compared to the same period of fiscal 2017.

#### **Housing Facilities and Others**

Net sales were ¥15,912 million, a decrease of 0.8% compared to the same period of fiscal 2017.

### **(2) Financial Condition**

#### **Assets**

**Current assets** were ¥68,219 million, an increase of 3.3% since March 31, 2018. The increase was due primarily to an increase of ¥1,999 million in *short term investment securities*, an increase of ¥1,558 million in *notes and accounts receivable-trade*, and an increase of ¥894 million in *merchandise and finished goods*.

**Noncurrent assets** were ¥44,442 million, a decrease of 9.2% since March 31, 2018. The decrease was due primarily to a decrease of ¥3,041 million in *investment securities*.

As a result, **Total assets** were ¥112,661 million, a decrease of 2.1% since March 31, 2018.

#### **Liabilities**

**Current liabilities** were ¥32,197 million, a decrease of 3.0% since March 31, 2018. The decrease was due primarily to a decrease of ¥1,113 million in *short term loans payable*.

**Noncurrent liabilities** were ¥15,915 million, a decrease of 23.7% since March 31, 2018. The decrease was due primarily to a decrease of ¥3,824 million in *bonds with subscription rights to shares*.

As a result, **Total liabilities** were ¥48,113 million, a decrease of 11.0% since March 31, 2018.

#### **Net assets**

**Net assets** were ¥64,548 million, an increase of 5.9% since March 31, 2018.

### **(3) Cash flow**

**Cash and cash equivalents** at the end of fiscal year were ¥24,376 million, an increase of ¥382 million compared to the previous fiscal period.

#### **Cash flows from operating activities**

Net cash provided by operating activities amounted to ¥9,854 million, due primarily to ¥9,805 million in *income before income taxes* and ¥3,605 million in *depreciation*.

#### **Cash flows from investing activities**

Net cash used in investing activities amounted to ¥4,542 million, due primarily to cash outflows of ¥3,627 million in *purchase of property, plant, and equipment*.

#### **Cash flows from financing activities**

Net cash provided by financing activities amounted to ¥5,003 million, due primarily to cash outflows of ¥1,660 million in *purchase of treasury shares*, cash outflows of ¥1,367 million in *dividends paid* by parent company, and cash outflows of ¥1,113 million in repayment of *short term loans payable*.

### **(4) Outlook**

With regard to the economic outlook, Japan's economy is expected to recover moderately against the background of improvement of employment and income situation. However, the global economy remains uncertain due to downside risks such as the elevation in trade tensions caused by U.S. trade policy, China's economic downturn, withdrawal of the United Kingdom from the EU, and consumption tax hike in Japan.

Under the circumstance, Osaka Soda Group, in the second year with the 6<sup>th</sup> mid-term management plan "BRIGHT-2020 (from FY2018 to FY2020)", accelerates approach toward the achievement of Group vision, "Be a company growing by business expansion of specialty chemicals" since last fiscal year.

### Creating new growth engines

Osaka Soda Group will enhance the development of new products that leverage the sophisticated technologies and expertise we have cultivated over the years in our core businesses, from electrolysis to AC/EP chain. At the same time, we will move ahead with the early launch of EV and battery-related materials and electronic materials, which have been highly evaluated by our customers. The non-phthalate type allyl resin “RADPAR™” which was launched last fiscal year, will facilitate market penetration, and sales volume of Acrylic rubber, which is being adopted, will especially in Japan and Asia. In addition, we intend to make full-scale efforts to supply rubber compounds using synthetic rubber through affiliated companies as a downstream business development, and to accelerate the expansion into new business fields, including the Highly Pharmacological active drug and Chromatography column & equipment.

### Establishing a profitable global business

Overseas Business Headquarters accelerates global strategies for high-share Functional Chemical Products and pharmaceuticals, both of which are regarded as GNT (global niche top) products, while further enhancing services for local customers and promoting growth strategies by product. In addition, Osaka Soda Group aggressively works for establishment of overseas manufacturing base and business alliance for future growth.

### Completing business structural reforms

Manufacturing department further enhances cost competitiveness by improving the productivity of manufacturing plants by introducing “Internet of Things” and “Artificial Intelligence”, improving yield rate with R&D core technologies, and increasing production capacity of main products in Functional Chemical Products. Corporate department executes operational reforms such as strengthening administration of affiliated company, creation of a flexible organizational structure, and operational efficiency mainly in business process and system improvement.

The outlook for fiscal 2019 will be ¥105,000 million in net sales, ¥9,600 million in operating income, ¥10,200 million in ordinary income, and ¥6,800 million in net income attributable to shareholders of the parent.

## **5. Accounting Standards**

Osaka Soda Group prepares the consolidated financial statements in accordance with Japanese generally accepted accounting principles, taking into account the comparability between periods and companies. In adopting International Financial Reporting Standards, Osaka Soda Group intends to take appropriate measures, examining internal and external situation.

## 8. CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED BALANCE SHEETS

(Millions of yen)

	March 31, 2018	March 31, 2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	13,493	11,876
Notes and accounts receivable-trade	27,710	29,268
Electronically recorded monetary claims	3,845	3,508
Short term investment securities	10,499	12,499
Merchandise and finished goods	6,155	7,050
Work in process	1,608	1,643
Raw materials and supplies	1,938	1,827
Other current assets	811	685
Less: Allowance for doubtful accounts	(2)	(140)
Total current assets	66,060	68,219
<b>Noncurrent assets</b>		
Buildings and structures	16,361	16,933
Accumulated depreciation	(9,541)	(9,968)
Buildings and structures - Net	6,819	6,964
Machinery, equipment, and vehicles	56,567	58,573
Accumulated depreciation	(45,850)	(48,131)
Machinery, equipment, and vehicles - Net	10,716	10,442
Land	2,306	2,305
Lease assets-PPE	1,026	1,026
Accumulated depreciation	(77)	(149)
Lease assets, net-PPE	948	877
Construction in progress	2,317	877
Other	3,978	4,012
Accumulated depreciation	(3,492)	(3,517)
Other - Net	486	495
Total property, plant and equipment	23,595	21,962
Intangible assets		
Goodwill	975	864
Software	432	305
Other	191	169
Total intangible assets	1,599	1,338
Investments and other assets		
Investment securities	22,684	19,642
Long-term loans receivable	43	34
Deferred tax assets	305	442
Other, net	737	1,027
Less: Allowance for doubtful accounts	(6)	(6)
Total investment and other assets	23,764	21,141

Total noncurrent assets	48,959	44,442
<b>Total assets</b>	<b>115,020</b>	<b>112,661</b>

**CONSOLIDATED BALANCE SHEETS** (Continued)

(Millions of yen)

	March 31, 2018	March 31, 2019
<b>Liabilities</b>		
<b><i>Current liabilities</i></b>		
Notes and accounts payable- trade	15,522	15,586
Short term loans payable	8,880	7,767
Current portion of long term loans payable	800	-
Income taxes payable	1,444	2,280
Provision for bonuses	792	889
Current portion of bonds with subscription rights to shares	-	1,464
Other current liabilities	5,767	4,211
<b>Total current liabilities</b>	<b>33,206</b>	<b>32,197</b>
<b><i>Noncurrent liabilities</i></b>		
Bonds with subscription rights to shares	13,824	10,000
Lease obligations	1,202	1,135
Deferred tax liabilities	2,192	1,094
Provision for directors retirement benefits	611	651
Net defined benefit liability	3,004	3,009
Asset retirement obligations	24	24
<b>Total noncurrent liabilities</b>	<b>20,859</b>	<b>15,915</b>
<b>Total liabilities</b>	<b>54,066</b>	<b>48,113</b>
<b>Net assets</b>		
<b><i>Shareholders' equity</i></b>		
Capital stock	13,970	15,150
Capital surplus	12,487	13,667
Retained earnings	31,517	36,942
Treasury stock	(5,037)	(6,679)
<b>Total shareholders' equity</b>	<b>52,938</b>	<b>59,080</b>
<b><i>Accumulated other comprehensive income</i></b>		
Valuation difference on available-for-sale securities	8,332	5,781
Deferred gains or losses on hedges	(40)	1
Foreign currency translation adjustments	41	11
Re-measurements of defined benefit plans	(317)	(327)
<b>Total accumulated other comprehensive income</b>	<b>8,015</b>	<b>5,467</b>
<b>Total net assets</b>	<b>60,953</b>	<b>64,548</b>
<b>Total net assets and liabilities</b>	<b>115,020</b>	<b>112,661</b>



## CONSOLIDATED STATEMENTS OF INCOME

(Millions of yen)

	Year Ended	
	March 31, 2018	March 31, 2019
<b>Net sales</b>	101,231	107,874
<b>Cost of sales</b>	81,417	84,783
<b>Gross profit</b>	19,814	23,090
<b>Selling, general, and administrative expenses</b>	12,495	13,601
<b>Operating income</b>	7,318	9,488
<b><i>Non-operating income</i></b>		
Interest income	15	25
Dividend income	369	404
Foreign exchange gains	-	198
Other	115	175
Total non-operating income	500	804
<b><i>Non-operating expenses</i></b>		
Interest expenses	125	109
Foreign exchange losses	91	-
Other	117	130
Total non-operating expenses	333	239
<b>Ordinary income</b>	7,485	10,053
<b><i>Extraordinary income</i></b>		
Gain on sales of noncurrent assets	106	137
Gain on sales of investment securities	-	1
Total extraordinary income	106	139
<b><i>Extraordinary loss</i></b>		
Loss on retirement of noncurrent assets	568	382
Impairment loss	97	-
Other	-	4
Total extraordinary loss	666	387
<b>Income before income taxes</b>	6,924	9,805
Income taxes - current	2,035	3,133
Income taxes - deferred	110	(121)
Total income taxes	2,146	3,012
<b>Net income</b>	4,778	6,793
<b>Net income attributable to shareholders of the parent</b>	4,778	6,793

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions of yen)

	Year ended	
	March 31, 2018	March 31, 2019
<b>Net income</b>	4,778	6,793
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,851	(2,549)
Deferred gains or losses on hedges	(26)	41
Foreign currency translation adjustments	16	(29)
Re-measurements of defined benefit plans	25	(10)
Re-measurements of defined benefit plans	-	(0)
Total other comprehensive income	1,866	(2,548)
<b>Comprehensive income</b>	6,645	4,245
Comprehensive income attributable to:		
Shareholders of the parent	6,645	4,245
Minority interests	—	—

## STATEMENTS OF CHANGES IN NET ASSETS

(Millions of yen)

	March 31, 2018	March 31, 2019
<b>Shareholder's Equity</b>		
<b>Capital Stock</b>		
Balance at beginning of current period	10,882	13,970
Changes during the fiscal year		
Issuance of new shares	3,087	1,180
Total changes of items during the period	3,087	1,180
Balance at end of current period	13,970	15,150
<b>Capital Surplus</b>		
Balance at beginning of current period	9,399	12,487
Changes during the fiscal year		
Issuance of new shares	3,087	1,180
Total changes of items during the period	3,087	1,180
Balance at end of current period	12,487	13,667
<b>Retained earnings</b>		
Balance at beginning of current period	27,964	31,517
Changes during the fiscal year		
Dividends from surplus	(1,224)	(1,368)
Net income attributable to shareholders of the parent	4,778	6,793
Total changes of items during the period	3,553	5,424
Balance at end of current period	31,517	36,942
<b>Treasury Stock</b>		
Balance at beginning of current period	(1,670)	(5,037)
Changes during the fiscal year		
Purchase of treasury shares	(3,366)	(1,642)
Total changes of items during the period	(3,366)	(1,642)
Balance at end of current period	(5,037)	(6,679)
<b>Total shareholders' equity</b>		
Balance at beginning of current period	46,576	52,938
Changes during the fiscal year		
Issuance of new shares	6,175	2,360
Dividends from surplus	(1,224)	(1,368)
Net income attributable to shareholders of the parent	4,778	6,793
Purchase of treasury shares	(3,366)	(1,642)
Total changes of items during the period	6,362	6,142
Balance at end of current period	52,938	59,080

**STATEMENTS OF CHANGES IN NET ASSETS** *(Continued)*

(Millions of yen)

	March 31, 2018	March 31, 2019
<b>Accumulated other comprehensive income</b>		
<b><i>Valuation difference on available-for-sale securities</i></b>		
Balance at beginning of current period	6,481	8,332
Net changes of items other than shareholders' equity	1,851	(2,550)
Total changes of items during the period	1,851	(2,550)
Balance at end of current period	8,332	5,781
<b><i>Deferred gains or losses on hedges</i></b>		
Balance at beginning of current period	(13)	(40)
Net changes of items other than shareholders' equity	(26)	41
Total changes of items during the period	(26)	41
Balance at end of current period	(40)	1
<b><i>Foreign currency translation adjustment</i></b>		
Balance at beginning of current period	24	41
Net changes of items other than shareholders' equity	16	(29)
Total changes of items during the period	16	(29)
Balance at end of current period	41	11
<b><i>Re-measurements of defined benefit plans</i></b>		
Balance at beginning of current period	(342)	(317)
Net changes of items other than shareholders' equity	25	(10)
Total changes of items during the period	25	(10)
Balance at end of current period	(317)	(327)
<b><i>Total accumulated other comprehensive income</i></b>		
Balance at beginning of current period	6,149	8,015
Net changes of items other than shareholders' equity	1,866	(2,548)
Total changes of items during the period	1,866	(2,548)
Balance at end of current period	8,015	5,467
<b>Total net assets</b>		
Balance at beginning of current period	52,725	60,953
Issuance of new shares	6,175	2,360
Dividends from surplus	(1,224)	(1,368)
Net income attributable to shareholders of the parent	4,778	6,793
Purchase of treasury shares	(3,366)	(1,642)
Net changes of items other than shareholders' equity	1,866	(2,548)
Total changes of items during the period	8,228	3,594
Balance at end of current period	60,953	64,548

## STATEMENTS OF CASH FLOWS

(Millions of yen)

	March 31, 2018	March 31, 2019
<b>Cash flows from operating activities</b>		
Income before Income Taxes	6,924	9,805
Depreciation	3,185	3,605
Impairment loss	97	-
Amortization of goodwill	162	171
Increase (decrease) in allowance for doubtful accounts	(26)	138
Increase (decrease) in provision for bonuses	65	96
Increase (decrease) in net defined benefit liability	14	4
Increase (decrease) in provision for directors' retirement benefits	44	39
Interest and dividend income	(385)	(430)
Interest expenses	125	109
Foreign exchange losses (gains)	29	(113)
Loss on retirement of non-current assets	568	382
Bond issuance costs	32	-
Decrease (increase) in trade receivables	(3,522)	(1,295)
Decrease (increase) in inventories	(272)	(824)
Increase (decrease) in trade payables	2,029	141
Increase (decrease) in accrued consumption taxes	22	474
Share of loss (profit) of entities accounted for using equity method	-	(42)
Other, net	312	(413)
Sub total	9,409	11,850
Interest and dividend income received	385	448
Interest expenses paid	(119)	(110)
Income taxes paid	(1,917)	(2,333)
Net cash provided by operating activities	7,757	9,854

**STATEMENTS OF CASH FLOWS** *(Continued)*

(Millions of yen)

	March 31, 2018	March 31, 2019
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(4,584)	(3,627)
Purchase of intangible assets	(226)	(77)
Purchase of investment securities	(118)	(618)
Purchase of shares of subsidiaries and associates	(966)	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,201)	-
Other, net	(301)	(219)
Net cash used in investing activities	(7,398)	(4,542)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	-	(1,113)
Repayments of long-term loans payable	(2,160)	(800)
Proceeds from issuance of bonds with subscription rights to shares	9,967	-
Purchase of treasury shares	(3,366)	(1,660)
Dividends paid	(1,225)	(1,367)
Other, net	(118)	(62)
Net cash provided by financing activities	3,097	(5,003)
Effect of exchange rate change on cash and cash equivalents	5	74
<b>Net increase (decrease) in cash and cash equivalents</b>	3,460	382
<b>Cash and cash equivalents at beginning of period</b>	20,532	23,993
<b>Cash and cash equivalents at end of period</b>	23,993	24,376

## 9. Notes to the Consolidated Financial Statements

(1) Notes regarding the going concern assumption: None

(2) Additional Information

*Adoption of “Partial Amendments to Accounting Standard for Tax Effect Accounting”*

“Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No.28, February 16, 2018) is adopted from the first quarter of this fiscal year. Accordingly, deferred tax assets are presented under investments and other assets, and deferred tax liabilities are presented under noncurrent liabilities.

(3) Segment information

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	29,304	115,020
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.
- (2) Adjustments of segment assets of ¥29,304 million are corporate assets of ¥29,453 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.
- (3) Adjustments of Increase of current and noncurrent assets of ¥2,062 million are for administrative department and research and development department investment.
- (4) Segment income is adjusted to operating income of consolidated statement of income.

Year ended March 31, 2019

(Millions of yen)

	Basic Chemical Products	Functional Chemical Products	Housing Facilities and Others	Total	Adjustments *1	Consolidated operating income *2
Net sales						
External sales	48,955	43,005	15,912	107,874	—	107,874
Intersegment sales or reclassifications	19	73	601	695	(695)	—
Total	48,975	43,079	16,514	108,569	(695)	107,874
Segment income	5,124	5,459	169	10,753	(1,265)	9,488
Segment assets	40,975	35,973	6,500	83,269	29,391	112,661
Other items						
Depreciation	1,918	1,246	32	3,196	393	3,590
Amortization of goodwill	4	45	-	50	121	171
Increase of current and noncurrent assets	1,002	1,219	122	2,344	89	2,434

Notes:

- (1) Adjustments of segment income of ¥(1,265) 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.
- (2) Adjustments of segment assets of ¥29,391 million are corporate assets of ¥29,525 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.
- (3) Adjustments of Increase of current and noncurrent assets of ¥89 million are for administrative department and research and development department investment.
- (4) Segment income is adjusted to operating income of consolidated statement of income.



(4) Per share information

		March 31, 2018	March 31, 2019
Net assets per share	Yen	2,698.66	2,795.62
Earnings per share	Yen	223.24	297.10
Diluted earnings per share	Yen	178.58	254.24

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, 2018	March 31, 2019
Earnings per share			
Net income	Millions of yen	4,778	6,793
Amount not attributable to owners of common stock	Millions of yen	—	—
Net income related to owner of common stock	Millions of yen	4,778	6,793
Weighted average number of common stock	Thousands of shares	21,405	22,866
Diluted earnings per share			
Adjustment to net income	Millions of yen	—	—
Increase of common stock	Thousands of shares	5,352	3,854
(Bonds with subscription rights to shares)	Thousands of shares	(5,352)	(3,854)
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