

# FY2013 Consolidated Financial Results

(All financial information has been prepared in accordance with Generally Accepted Accounting Principles in Japan)

May 9, 2013

Company name : DAICEL CORPORATION  
 Stock Exchange on which the shares are listed : Tokyo Stock Exchange and Osaka Securities Exchange in Japan  
 Code number : 4202  
 URL : http://www.daicel.com  
 Representative : Misao Fudaba, President and CEO  
 Contact person : Yoshifumi Hata, General Manager-Investor Relations & Corporate communications  
 Phone +81-3-6711-8121

Scheduled date of the general meeting of shareholders : June 21, 2013  
 Scheduled date for submitting financial statements : June 21, 2013  
 Scheduled date for dividend payment : June 24, 2013  
 The additional materials of the Financial Results : Yes  
 The briefing session of the Financial Results : Yes (for institutional investors and analysts)

## 1. Consolidated Financial Results for the Year Ended March 31, 2013

(Amounts are rounded down to the nearest million)

### (1) Consolidated Operating Results

(% of change from previous year)

	Net Sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended Mar. 31, 2013	358,513	4.8	26,196	28.2	28,580	35.5	15,372	30.0
Year ended Mar. 31, 2012	341,942	△ 3.3	20,426	△ 37.6	21,094	△ 33.2	11,827	△ 29.6

(Note) Comprehensive income : 30,644 millions of yen (171.3%) for the year ended March 31, 2013 and 11,297 millions of yen (△24.3%) for the Year ended March 31, 2012

	Net income per share	Diluted earnings per share	Return on equity	Ordinary income on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended Mar. 31, 2013	43.71	-	6.7	6.6	7.3
Year ended Mar. 31, 2012	33.46	-	5.5	5.2	6.0

(Reference) Equity in earnings of affiliates : 1,147 millions of yen for the year ended March 31, 2013 and 1,358 millions of yen for the year ended March 31, 2012

### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholder's equity per total assets	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
Year ended Mar. 31, 2013	461,512	262,899	52.2	685.11
Year ended Mar. 31, 2012	398,196	234,711	54.7	618.94

(Note) Shareholder's equity : 240,964 millions of yen as of March 31, 2013 and 217,705 millions of yen as of March 31, 2012

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Year ended Mar. 31, 2013	44,480	△ 35,312	5,737	53,238
Year ended Mar. 31, 2012	34,000	△ 9,190	△ 25,044	33,435

## 2. Dividends

(Reference data)	Cash dividends per share					Dividends in total (Annual)	Dividend payout ratio (consolidated basis)	Dividends on net assets (consolidated basis)
	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
Year ended Mar. 31, 2012	-	5.00	-	5.00	10.00	3,517	29.9	1.6
Year ended Mar. 31, 2013	-	5.00	-	7.00	12.00	4,220	27.5	1.8
Year ending Mar. 31, 2014 (Forecast)	-	6.00	-	6.00	12.00		21.1	

## 3. Forecast of consolidated financial results for the Year Ending March 31, 2014

(% of change from same period of previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Six months ending Sep. 30, 2013	196,000	10.5	16,000	17.4	16,500	20.2	9,500	32.1	27.01
Year ending Mar. 31, 2014	405,000	13.0	35,000	33.6	36,000	26.0	20,000	30.1	56.86

(Note) Revisions to the latest announced forecast of consolidated financial results: Not applicable

\*Notes

(1) Changes in significant subsidiaries during the year ended Mar. 31, 2013: Not applicable  
(Note) Changes in specified subsidiaries that caused a change in the scope of consolidation

(2) Changes in accounting principles, procedures, and presentation methods  
i Changes due to revisions to accounting standards: Applicable  
ii Changes other than (2)-i: Not applicable  
iii Changes accounting estimate : Applicable  
iv Retrospective restatement : Not applicable

(3) Number of shares issued (common share)

i Number of shares issued at the end of each period (including treasury stocks)	As of Mar. 31, 2013	364,942,682 shares	As of Mar. 31, 2012	364,942,682 shares
ii Number of treasury stocks at the end of each period	As of Mar. 31, 2013	13,226,066 shares	As of Mar. 31, 2012	13,202,440 shares
iii Average number of shares during the each period (Cumulative from the beginning of the fiscal year)	Year ended Mar. 31, 2013	351,731,769 shares	Year ended Mar. 31, 2012	353,480,467 shares

**(Reference) Overview of the Unconsolidated Financial Results**

Unconsolidated Financial Results for the Year Ended March 31, 2013

(Amounts are rounded down to the nearest million)

(1) Unconsolidated Operating Results

(% of change from previous year)

	Net Sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended Mar. 31, 2013	187,111	0.3	9,483	169.4	14,147	96.3	9,699	△ 31.6
Year ended Mar. 31, 2012	186,581	△ 4.7	3,520	△ 68.9	7,207	△ 54.4	14,180	45.0

	Net income per share	Diluted earnings per share
	Yen	Yen
Year ended Mar. 31, 2013	27.58	-
Year ended Mar. 31, 2012	40.12	-

(2) Unconsolidated Financial Position

	Total assets	Net assets	Shareholder's equity per total assets	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
Year ended Mar. 31, 2013	313,430	188,189	60.0	535.06
Year ended Mar. 31, 2012	288,974	178,575	61.8	507.69

(Reference) Shareholder's equity : 188,189 millions of yen as of March 31, 2013 and 178,575 millions of yen as of March 31, 2012

※Implementation status of quarterly review procedures

This Financial Results report was exempt from quarterly review procedures which was based on Financial Instruments and Exchange Law of Japan.  
At the time of disclosure of this report, the review procedures for the quarterly financial statements are in progress.

※Explanations or other special matters to appropriate use of the forecast of consolidated financial results

The forecast of consolidated financial results and certain other statements contained in this document are forward-looking statements, which are rationally determined based on information currently available to the company. For a variety of reasons, actual performance may differ substantially from these projections.

## 1. Analysis of Operating Results and Financial Position

### (1) Analysis of Operating Results

#### 1. Operating results for the fiscal year under review

##### [1] Overview of performance for the fiscal year under review

During the consolidated fiscal year under review, entering the fourth quarter, the Japanese economy and production activities started to show a moderate recovery along with improvement in the export environment resulting from a reversal of the appreciation of the yen and other factors. Looking at the full year, however, the economic recovery lacks strength and continues to face harsh conditions, affected by the worsening overseas economy including Europe, the strong yen continued until the third quarter and the movement to boycott Japanese products in China.

Amid such circumstances, the Daicel Group made every effort to improve its performance, specifically through a sales expansion in response to the global production hikes mainly in the automobile industry, the correction of selling prices following the surge in raw fuel material prices, as well as continuous cost reduction.

As a result of the above, sales for the consolidated fiscal year under review amounted to ¥358,513 million (up 4.8% year-on-year), driven by an increase in sales volume and the selling price correction. With regard to profits, a decrease in depreciation and amortization, as well as the increase in sales volume and selling price correction, caused profits to grow. Operating income was ¥26,196 million (up 28.2% year-on-year), ordinary income was ¥28,580 million (up 35.5% year-on-year), and net income was ¥15,372 million (up 30.0% year-on-year).

##### [2] Operating performance by business segment

#### **Cellulosic Derivatives**

Sales of cellulose acetate decreased primarily due to a drop in demand for LCD film applications for sluggish flat-screen TV sales.

Sales of acetate tow for cigarette filters increased, buoyed by healthy overseas sales and other factors. Consequently, overall segment sales amounted to ¥74,492 million (up 3.3% year-on-year). Operating income rose to ¥13,620 million (up 75.4% year-on-year) due mainly to the selling price correction following the surge in raw fuel prices and the decrease in depreciation and amortization.

#### **Organic Chemicals**

The sales volume of acetic acid, the segment's principal product, increased supported by steady growth of overseas demand for purified terephthalic acid (PTA), which is its primary application, as well as the fact that the biennial periodical repair was not performed at our Himeji Production Sector's Aboshi Plant in the current fiscal year. Nevertheless, the sales amount increased only slightly due to the worsening market conditions and other factors.

As for general products, such as acetic acid derivatives and solvents, sales dropped partly affected by shrinking demand in Europe and China, despite solid sales of ethyl acetate.

Functional products such as caprolactone derivatives, epoxy compounds and others recorded a drop in sales due to stagnant demand for e-materials and sluggish overseas demand.

A sales decline was also posted for the chiral chemicals (chiral enantiomers) business, such as optical resolution columns, as order receipts for the custom separation service decreased although column sales for China and Europe were strong.

Consequently, overall segment sales amounted to ¥71,475 million (down 6.6% year-on-year). Operating income was ¥5,275 million (down 1.4% year-on-year) due partly to a fall in selling prices, despite a decrease in depreciation and amortization.

## **Plastics and Films**

The engineering plastics business, such as polyacetal (POM), polybutylene terephthalate (PBT), and liquid crystal polymers (LCP), is operated mainly by Polyplastics Co., Ltd., our consolidated subsidiary whose closing month is December, and its subsidiary companies. During the consolidated fiscal year under review, sales rose supported by an increase in sales volume along with the recovery of automobile production and a selling price correction in response to the surge in raw fuel material prices, despite the influences of the Japanese car boycott campaign in China and the yen's appreciation.

Sales declined slightly for the resin compound business centering on ABS resins and engineering plastics alloy resins. While automobile parts and other applications did well, demand for electric/electronic materials was sluggish.

Sales of the resin processing business, including sheets, molded containers and films, remained at the previous year's level due partly to a downturn in demand for e-materials, although the business scale has expanded since April 2012 through absorption-type mergers in the low density plastic foam products business.

Consequently, overall segment sales amounted to ¥140,233 million (up 5.0% year-on-year). Operating income also rose to ¥11,177 million (up 13.2% year-on-year) due primarily to the selling price correction along with the surge in raw fuel prices.

## **Pyrotechnic Devices**

Sales of automobile airbag inflators (gas-generating devices) and gas-generating devices for seat belt pretensioners (PGG) increased significantly, despite the Japanese car boycott campaign in China. This increase was brought about by the recovery of automobile production volume, which recorded a plunge in the previous fiscal year in the aftermath of the earthquake, as well as the inclusion of Special Devices, Inc.—a US manufacturer and seller of initiators (ignition parts of automobile airbag inflators) that the Company acquired in April 2012—in the scope of consolidation.

Regarding the aerospace & defense businesses, sales rose for items such as gunpowder, missile components and pilot emergency-escape systems, backed by an increase in the quantities of some products procured by the Ministry of Defense.

Consequently, overall segment sales rose to ¥65,961 million (up 24.0% year-on-year). Operating income fell to ¥4,075 million (down 18.5% year-on-year), partly affected by the Japanese car boycott campaign in China and an increase in expenses to meet rapidly rising demand in the United States.

## **Functional Products and Others**

Sales rose in the membrane business, including membrane modules for water treatment, driven by a robust demand in the medical industry.

Meanwhile, transport, warehousing, and other businesses posted sales decreases.

Consequently, overall segment sales amounted to ¥6,349 million (down 3.3% year-on-year). Operating income was ¥796 million (down 21.9% year-on-year).

## 2. Outlook for Fiscal 2014

Looking at the Japanese economy from now onward, the reversal of the appreciation of the yen and rising stock prices are expected to bring about positive changes in business and consumer confidence, thereby moving toward further vigorous recovery. On the other hand, however, surging raw material prices, deceleration of the Chinese economy or Europe's financial crises could pose a downside risk, and the economic condition containing uncertainty is anticipated to continue at home and abroad.

Under such circumstances, business performance of the Daicel Group for the year ending March 2014 is expected to improve, considering increases in the sales volume of engineering plastics and automobile airbag inflators accompanying the car production hike and acetate tow for cigarette filters, the production capacity of which will be enhanced by the commencement of its commercial operation scheduled in July 2013, as well as our continuous cost-cutting efforts. We forecast sales of ¥405,000 million, an operating income of ¥35,000 million, an ordinary income of ¥36,000 million, and a net income of ¥20,000 million. The above consolidated business performance forecast has been prepared based on the information currently available. Actual results may differ from the forecast due to various factors that may arise in the future.

## 3. Progress of the Mid-Term Management Plan and Achievement Status of the Target Management Benchmark

The Daicel Group has formulated a 3-year action plan ending fiscal 2014 (fiscal year ending March 2014), called the new "3D-I" mid-term plan, as the first step toward achievement of our long-term vision, "Grand Vision 2020."

During the consolidated fiscal year under review, which is the second year of said mid-term plan, our business results were well below the plan severely affected by the worsening overseas economy including Europe, the yen's appreciation which had continued until the third quarter, the movement to boycott Japanese products in China and other factors. Amid such circumstances, however, we steadily implemented various measures according to the mid-term plan, such as acquisition of a US company that manufactures and sells initiators (ignition parts of automobile airbag inflators) and a German manufacturer of monomers for liquid crystal polymer (LCP), as well as an approach to set up a joint venture company of acetate tow for cigarette filters production business.

### (2) Analysis of Financial Position

#### 1. Changes in assets, liabilities, and net assets

Total assets at March 31, 2013 were ¥461,512 million, an increase of ¥63,316 million from March 31, 2012, due primarily to increases in cash and deposits, inventories, property, plant and equipment, and intangible assets.

Total liabilities were ¥198,613 million, an increase of ¥35,128 million from March 31, 2012, due to an increase in long-term loans, despite a decrease registered by the redemption of debentures.

Total net assets were ¥262,899 million. Total shareholders' equity, which is net assets minus minority interests, was ¥240,964 million. The shareholders' equity ratio was 52.2%.

## 2. Situation of cash flow

### Cash flows from operating activities

Cash flow from operating activities during the consolidated fiscal year under review increased by ¥44,480 million (an increase of ¥34,000 million for the same period last year). The increase in funds was mainly attributable to ¥25,282 million of net income before income taxes, ¥24,604 million of depreciation and amortization, and a decrease of ¥4,625 million in trade receivables. Meanwhile, the main factors for the decrease in funds were an increase of ¥7,858 million in inventories and ¥3,126 million of payment for corporate income taxes.

### Cash flows from investment activities

Cash flow from investment activities during the consolidated fiscal year under review decreased by ¥35,312 million (a decrease of ¥9,190 million for the same period last year). Main factors for the decrease in funds were an expenditure of ¥24,873 million for the purchase of property, plant and equipment, and an expenditure of ¥9,437 million for the acquisition of shares in subsidiaries.

### Cash flows from financing activities

Cash flow from financing activities during the consolidated fiscal year under review increased by ¥5,737 million (a decrease of ¥25,044 million for the same period last year). The increase in funds was mainly attributable to ¥30,736 million of proceeds from long-term loans, while the decrease in funds was mainly attributable to expenditures of ¥13,898 million for repayment of long-term loans, ¥10,000 million for redemption of debentures and ¥3,517 million for dividend payments.

As a result of the above, cash and cash equivalents at March 31, 2013 totaled ¥53,238 million.

The table below shows trends in cash flow indicators.

	March 2010	March 2011	March 2012	March 2013
Shareholders' equity ratio (%)	48.1	51.6	54.7	52.2
Shareholders' equity ratio on a market value basis (%)	53.4	44.4	47.1	56.9
Ratio of interest-bearing debts to cash flow (year)	1.6	1.8	2.4	2.2
Interest coverage ratio (times)	28.7	29.4	21.9	37.6

(Notes) Shareholders' equity ratio: Shareholders' equity/Total assets

Shareholders' equity ratio on a market value basis: Market capitalization/Total assets

Ratio of interest-bearing debts to cash flow: Interest-bearing debts/Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities/Interest expenses

1. Each indicator is calculated based on consolidated financial results.

2. Market capitalization is calculated by multiplying the closing price at year end by the number of outstanding shares at year end (excluding treasury stocks).

3. Cash flow from operating activities is net cash reported on the consolidated statement of cash flow.

Interest-bearing debts include all consolidated balance sheet-reported liabilities on which interest is paid.

For interest expenses, the amount of interest payment reported on the consolidated statement of cash flow is used.

### (3) Basic Policy for Profit Distribution and Dividends for Fiscal 2012 and 2013

Daicel's basic dividend policy, from a comprehensive and long-term perspective, is to distribute profits in a balanced manner, taking into consideration a stable and sustainable shareholder return that is in line with the Company's consolidated financial results in each fiscal year, as well as enhancement of internal reserves to improve medium-to long-term shareholder value based on a more solid revenue base. The Company will also facilitate acquisition of its treasury stocks as a shareholder return measure to complement dividend payment.

As for the number of dividend payments in each fiscal year, we pay dividends twice a year based on the record dates: at the end of the second quarter and at the end of the year.

Internal reserves will be applied to investment in business expansion and reinforcement of highly-profitable business structures, such as R&D for new business development and strengthening of existing businesses, new construction and extension of facilities, efficiency improvement measures, and so on. Through future business development, we will ensure a growing benefit to our shareholders.

In our 3-year 3D-I med-term plan from Fiscal 2012 to 2014, we have set a target of 30% for the shareholder return ratio (amount of dividends plus amount of treasury stocks acquired divided by consolidated net income for the year) to be achieved by the final year.

Daicel's consolidated business results for fiscal 2013 achieved growth in both sales and profits, mainly driven by the increase in sales volume accompanying the recovery of automobile production and the correction of selling prices in response to the surge in raw fuel material prices.

In view of these results and based on our policy as outlined above, we will hold discussions at our 147th ordinary general meeting of shareholders to be held on June 21, 2013 concerning payment of an ordinary year-end dividend of ¥7 per share, an increase of ¥2 per share. This, together with the interim dividend of ¥5 per share already paid in December 2012, will achieve an annual dividend of ¥12 per share for the year ended March 2013. As a result, the dividend payout ratio for the year ended March 31, 2013 will be 27.5%. For the next fiscal year, Daicel currently plans to pay an annual dividend of ¥12 per share (including an interim dividend of ¥6).

2. Consolidated Financial Statements  
(1) Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of Mar. 31, 2012	As of Mar. 31, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	31,649	47,005
Notes and accounts receivable-trade	76,675	76,970
Short-term investment securities	3,925	7,741
Inventories	71,134	82,977
Deferred tax assets	2,916	4,435
Other	10,928	13,261
Allowance for doubtful accounts	(60)	(190)
Total current assets	<u>197,170</u>	<u>232,200</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	43,739	45,874
Machinery, equipment and vehicles, net	54,964	53,663
Land	26,503	26,707
Construction in progress	11,845	20,545
Other, net	2,151	2,532
Total property, plant and equipment	<u>139,204</u>	<u>149,323</u>
Intangible assets		
Goodwill	-	5,410
Other	2,393	8,195
Total Intangible assets	<u>2,393</u>	<u>13,605</u>
Investments and other assets		
Investment securities	44,209	49,059
Deferred tax assets	1,628	1,598
Other	13,745	15,926
Allowance for doubtful accounts	(154)	(201)
Total investments and other assets	<u>59,428</u>	<u>66,382</u>
Total noncurrent assets	<u>201,026</u>	<u>229,312</u>
Total assets	<u>398,196</u>	<u>461,512</u>

	As of Mar. 31, 2012	As of Mar. 31, 2013
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	46,212	49,896
Current portion of bonds	10,000	-
Short-term loans payable	12,020	19,118
Current portion of long-term loans payable	13,482	13,211
Lease obligations	15	-
Income taxes payable	1,515	5,842
Provision for repairs	161	3,006
Other	18,420	22,150
Total current liabilities	<u>101,828</u>	<u>113,226</u>
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	27,730	46,768
Deferred tax liabilities	485	4,360
Provision for retirement benefits	10,498	11,834
Provision for directors' retirement benefits	58	74
Provision for repairs	1,129	70
Asset retirement obligation	1,030	1,049
Other	723	1,229
Total noncurrent liabilities	<u>61,656</u>	<u>85,386</u>
Total liabilities	<u>163,485</u>	<u>198,613</u>
Net assets		
Shareholders' equity		
Common stock	36,275	36,275
Capital surplus	31,579	31,579
Retained earnings	152,858	164,927
Treasury stock	(6,011)	(6,025)
Total shareholders' equity	<u>214,701</u>	<u>226,757</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,507	15,001
Deferred gains or losses on hedges	(115)	(185)
Foreign currency translation adjustment	(8,387)	(609)
Total accumulated other comprehensive income	<u>3,004</u>	<u>14,207</u>
Minority interests	<u>17,005</u>	<u>21,935</u>
Total net assets	<u>234,711</u>	<u>262,899</u>
Total liabilities and net assets	<u>398,196</u>	<u>461,512</u>

## (2) Consolidated Statements of Income

(Unit: Millions of Yen)

	Year ended Mar. 31, 2012	Year ended Mar. 31, 2012
Net Sales	341,942	358,513
Cost of sales	271,200	277,644
Gross profit	70,742	80,869
Selling, general and administrative expenses	50,316	54,672
Operating Income	20,426	26,196
Non-operating income		
Interest income	307	337
Dividends income	1,263	971
Equity in earnings of affiliates	1,358	1,147
Foreign exchange gains	-	687
Other	1,028	1,392
Total non-operating income	3,958	4,536
Non-operating expenses		
Interest expenses	1,478	1,232
Foreign exchange loss	321	-
Other	1,490	920
Total non-operating expenses	3,289	2,153
Ordinary income	21,094	28,580
Extraordinary gain		
Gain on disposal of noncurrent assets	27	326
Gain on sales of subsidiaries and affiliates' stocks	239	-
Gain on liquidation of subsidiaries and affiliates	821	-
Subsidies from municipal governments	1,000	-
Total extraordinary gain	2,089	326
Extraordinary loss		
Loss on retirement of noncurrent assets	1,496	1,389
Impairment loss	374	304
Loss on reduction of noncurrent assets	911	-
Loss on valuation of investment securities	3	59
Loss on disaster	434	-
Loss on employees' pension fund withdrawal	-	566
Loss on claim compensation	-	1,303
Total extraordinary loss	3,221	3,623
Income before income taxes and minority interests	19,962	25,282
Income Taxes		
Income taxes-current	4,607	8,867
Income taxes-deferred	1,332	(1,376)
Total income taxes	5,939	7,490
Income before minority interests	14,022	17,791
Minority interests in income	2,195	2,419
Net income	11,827	15,372

## (3) Consolidated Statement of Comprehensive Income

(Unit: Millions of Yen)

	Year ended Mar. 31, 2012	Year ended Mar. 31, 2012
Income before minority interests	14,022	17,791
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,058)	3,500
Deferred gains or losses on hedges	38	(182)
Foreign currency translation adjustment	(1,705)	8,974
Share of other comprehensive income of associates accounted for using equity method	(0)	561
Total other comprehensive income	<u>(2,724)</u>	<u>12,852</u>
Comprehensive income	<u>11,297</u>	<u>30,644</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	9,832	26,148
Comprehensive income attributable to minority interests	1,465	4,495

## (4) Consolidated Statement of Cash Flows

(Unit: Millions of Yen)

	Year ended Mar. 31, 2012	Year ended Mar. 31, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	19,962	25,282
Depreciation and amortization	28,848	24,604
Impairment loss	374	304
Amortization of goodwill	-	818
Interest and dividends income	(1,571)	(1,309)
Interest expenses	1,478	1,232
Equity in (earnings) losses of affiliates	(1,358)	(1,147)
Loss (gain) on disposal of noncurrent assets	(27)	(326)
Loss on retirement of noncurrent assets	1,496	1,389
Loss on reduction of noncurrent assets	911	-
Gain on liquidation of subsidiaries and affiliates	(821)	-
Subsidy income	(1,000)	-
Decrease (increase) in notes and accounts receivable-trade	(6,409)	4,625
Decrease (increase) in inventories	(1,130)	(7,858)
Increase (decrease) in notes and accounts payable-trade	1,329	664
Other, net	(626)	(1,414)
Subtotal	<u>41,455</u>	<u>46,864</u>
Interest and dividends income received	2,347	1,929
Interest expenses paid	(1,553)	(1,186)
Income taxes paid	(8,248)	(3,126)
Net cash provided by (used in) operating activities	<u>34,000</u>	<u>44,480</u>
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	2,519	261
Net decrease (increase) in short-term investment securities	5,479	1,000
Purchase of property, plant and equipment	(16,767)	(24,873)
Proceeds from sales of property, plant and equipment	9	486
Purchase of intangible assets	(626)	(1,193)
Purchase of investment securities	(1,750)	(319)
Proceeds from sales and redemption of investment securities	526	327
Purchase of investments in subsidiaries	-	(9,437)
Payments of loans receivable	(31)	(8)
Collection of loans receivable	507	39
Proceeds from liquidation of subsidiaries and affiliates	1,237	39
Subsidy income	1,000	-
Other, net	(1,294)	(1,633)
Net cash provided by (used in) investing activities	<u>(9,190)</u>	<u>(35,312)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,398	3,331
Proceeds from long-term loans payable	-	30,736
Repayment of long-term loans payable	(12,970)	(13,898)
Redemption of bonds	-	(10,000)
Proceeds from issuance of stock	-	82
Purchase of treasury stock	(1,817)	(13)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(3,893)	(3,517)
Cash dividends paid to minority shareholders	(7,792)	(983)
Other, net	28	-
Net cash provided by (used in) financing activities	<u>(25,044)</u>	<u>5,737</u>
Effect of exchange rate change on cash and cash equivalents	(27)	4,221
Net increase (decrease) in cash and cash equivalents	<u>(261)</u>	<u>19,126</u>
Cash and cash equivalents at beginning of period	33,724	33,435
Increase in cash and cash equivalents from newly consolidated subsidiary	156	7
Amount of increase of cash equivalent of beginning of period due to changes in the accounting period of consolidated subsidiaries	(183)	349
Increase in cash and cash equivalents resulting from consolidation	-	318
Cash and cash equivalents at the end of period	<u>33,435</u>	<u>53,238</u>

3. Segment information

Year ended Mar. 31, 2012

(Unit: Millions of Yen)

	Cellulosic derivatives	Organic chemicals	Plastics and films	Pyrotechnic devices	Functional Products and others	Total	Corporate and eliminations	Consolidated
Net sales								
Outside customers	72,114	76,508	133,551	53,197	6,569	341,942	-	341,942
Intersegment sales	2,629	15,054	12	-	9,479	27,174	(27,174)	-
Total	74,744	91,562	133,563	53,197	16,049	369,117	(27,174)	341,942
Operating income	7,763	5,352	9,870	5,003	1,019	29,008	(8,582)	20,426
Assets	80,657	66,499	120,238	58,735	7,064	333,195	65,001	398,196
Depreciation	9,962	6,950	6,549	3,998	263	27,724	591	28,316
Investment in equity method investees	3,698	138	2,389	-	-	6,225	-	6,225
Capital expenditure	3,052	4,553	6,498	3,666	193	17,963	776	18,740

Year ended Mar. 31, 2013

(Unit: Millions of Yen)

	Cellulosic derivatives	Organic chemicals	Plastics and films	Pyrotechnic devices	Functional Products and others	Total	Corporate and eliminations	Consolidated
Net sales								
Outside customers	74,492	71,475	140,233	65,961	6,349	358,513	-	358,513
Intersegment sales	2,529	15,103	6	-	9,784	27,424	(27,424)	-
Total	77,022	86,579	140,240	65,961	16,134	385,938	(27,424)	358,513
Operating income	13,620	5,275	11,177	4,075	796	34,945	(8,749)	26,196
Assets	85,792	67,276	148,113	80,400	7,872	389,456	72,055	461,512
Depreciation	7,578	5,387	5,714	4,551	243	23,475	551	24,026
Amortization of goodwill	-	-	76	741	-	818	-	818
Investment in equity method investees	4,733	138	2,440	-	-	7,313	-	7,313
Capital expenditure	5,935	3,843	13,044	15,737	255	38,816	874	39,690

4. Related information

(1) Product and Service information

Year ended Mar. 31, 2013

(Unit: Millions of Yen)

	Cellulosic derivatives	Organic chemicals	Plastics and films	Pyrotechnic devices	Functional Products and others	Total
Sales to outside customers	74,492	71,475	140,233	65,961	6,349	358,513

(2) Geographic information

(i) Net sales

Year ended Mar. 31, 2012

(Unit: Millions of Yen)

Japan	Asia		Other	Total
	China	Other		
206,711	42,695	58,230	50,876	358,513

(ii) Property, Plant and equipment

Year ended Mar. 31, 2013

(Unit: Millions of Yen)

Japan	Asia	Other	Total
105,150	34,487	9,685	149,323

5. Information of Impairment loss

Year ended Mar. 31, 2013

(Unit: Millions of Yen)

Cellulosic derivatives	Organic chemicals	Plastics and films	Pyrotechnic devices	Functional Products and others	Corporate and eliminations	Total
-	53	-	-	-	250	304

6. Information of goodwill

Year ended Mar. 31, 2013

	Cellulosic derivatives	Organic chemicals	Plastics and films	Pyrotechnic devices	Functional Products and others	Corporate and eliminations	Total
Amortization	-	-	76	741	-	-	818
Final Balance	-	-	1,633	3,776	-	-	5,410