

FY2015 Consolidated Financial Results

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

May 12, 2015

Company name	: DAICEL CORPORATION
Stock Exchange on which the shares are listed	: Tokyo Stock Exchange in Japan
Code number	: 4202
URL	: http://www.daicel.com
Representative	: Misao Fudaba, President and CEO
Contact person	: Masahiko Hirokawa, General Manager-Investor Relations & Corporate communications Phone +81-3-6711-8121
Scheduled date of the general meeting of shareholders	: June 19, 2015
Scheduled date for submitting financial statements	: June 22, 2015
Scheduled date for dividend payment	: June 22, 2015
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, 2015

(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, 2015	443,775	7.2	51,303	35.3	55,063	32.9	31,252	36.8
Year ended Mar. 31, 2014	413,786	15.4	37,912	44.7	41,433	45.0	22,843	48.6

(Note) Comprehensive income : 66,419 millions of yen (61.3%) for the year ended March 31, 2015 and 41,187 millions of yen (34.4%) for the Year ended March 31, 2014

	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, 2015	88.95	-	10.5	10.2	11.6
Year ended Mar. 31, 2014	64.98	-	9.0	8.5	9.2

(Reference) Equity in earnings of affiliates : 1,172 millions of yen for the year ended March 31, 2015 and 726 millions of yen for the year ended March 31, 2014

(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, 2015	565,332	356,177	57.3	922.71
Year ended Mar. 31, 2014	509,834	295,805	52.7	764.51

(Note) Shareholder's equity : 324,167 millions of yen as of March 31, 2015 and 268,612 millions of yen as of March 31, 2014

(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, 2015	57,412	△ 30,283	△ 29,230	66,737
Year ended Mar. 31, 2014	44,777	△ 34,984	△ 4,472	62,573

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, 2014	-	6.00	-	9.00	15.00	5,272	23.1	2.1
Year ended Mar. 31, 2015	-	8.00	-	13.00	21.00	7,377	23.6	2.5
Year ending Mar. 31, 2016 (Forecast)	-	13.00	-	13.00	26.00		26.1	

3. Forecast of consolidated financial results for the Year Ending March 31, 2016

(% of change from same period of previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Six months ending Sep. 30, 2015	230,000	5.2	26,500	4.4	27,500	3.9	17,500	3.2	49.81
Year ending Mar. 31, 2016	467,000	5.2	54,000	5.3	56,000	1.7	35,000	12.0	99.62

*Notes

(1) Changes in significant subsidiaries during the year ended Mar. 31, 2015: 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 : Not 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, 2015	364,942,682 shares	As of Mar. 31, 2014	364,942,682 shares
ii Number of treasury stocks at the end of each period	As of Mar. 31, 2015	13,622,163 shares	As of Mar. 31, 2014	13,590,663 shares
iii Average number of shares during the each period (Cumulative from the beginning of the fiscal year)	Year ended Mar. 31, 2015	351,334,634 shares	Year ended Mar. 31, 2014	351,554,150 shares

(Reference) Overview of the Unconsolidated Financial Results

Unconsolidated Financial Results for the Year Ended March 31, 2015

(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, 2015	228,533	5.3	24,421	62.8	30,212	25.5	20,360	16.3
Year ended Mar. 31, 2014	217,125	16.0	15,001	58.2	24,082	70.2	17,508	80.5

	Net income per share	Diluted earnings per share
	Yen	Yen
Year ended Mar. 31, 2015	57.95	-
Year ended Mar. 31, 2014	49.80	-

(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, 2015	376,813	238,647	63.3	679.29
Year ended Mar. 31, 2014	349,277	207,569	59.4	590.77

(Reference) Shareholder's equity : 238,647 millions of yen as of March 31, 2015 and 207,569 millions of yen as of March 31, 2014

※Implementation status of annual review procedures

This Financial Results report was exempt from the 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 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.

4. 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 ending March 31, 2015, the Japanese economy continued to recover gradually as indicated by improved corporate earnings and increased capital investment. However, the economic situation remained uncertain due to a reaction following the spike in demand before the consumption tax hike in Japan (which was seen at the beginning of the term), downside risks to overseas economies, and other factors.

Amid such an environment, the Daicel Group has been striving to improve its performance through sales expansion into the automobile and other industries, continuous cost reduction efforts, and other means.

As a result, an increase in sales quantity and favorable foreign exchange rates pushed up Group sales for the fiscal year under review to ¥443.8 billion (up 7.2% year-on-year). On the income front, operating income grew to ¥51.3 billion (up 35.3% year-on-year), ordinary income rose to ¥55.1 billion (up 32.9% year-on-year), and net income reached ¥31.3 billion (up 36.8% year-on-year).

[2] Operating performance by business segment

Cellulosic Derivatives

Sales of cellulose acetate decreased due to a decrease in demand for LCD film applications, despite an increase for cigarette filter applications.

As for acetate tow for cigarette filters, sales recorded growth driven by healthy overseas sales, favorable foreign exchange rates, and the fact that the biennial periodic repairs of our Aboshi Plant were not implemented in the consolidated fiscal year under review.

Consequently, overall segment sales amounted to ¥95.7 billion (up 3.3% year-on-year). Operating income was ¥25.7 billion (up 34.7% year-on-year).

Organic Chemicals

Sales of acetic acid, our key product, increased due to strong sales for vinyl acetate and other applications, selling price corrections, and the fact that the biennial periodical repairs of our Aboshi Plant were not implemented in the consolidated fiscal year under review.

Looking at general products such as acetic acid derivatives and solvents, sales posted growth thanks to an increase in the sales quantity of electronic materials and other applications, as well as selling price corrections, despite a decrease in the sales quantity of paint and other applications.

Functional products such as caprolactone derivatives, epoxy compounds, and others posted sales growth backed by strong sales in overseas markets.

Sales of the chiral separation business, such as optical resolution columns, also increased, buoyed by healthy column sales for China, India, and other destinations, as well as an increase in orders for custom separation services.

Consequently, overall segment sales amounted to ¥89.0 billion (up 10.4% year-on-year). Operating income also rose to ¥9.5 billion (up 56.4% year-on-year).

Plastics

The Polyplastics Co., Ltd. Group, which operates an engineering plastics business, such as polyacetal (POM), polybutylene terephthalate (PBT), and liquid crystal polymers (LCP), has changed their closing month from December to March, effective from the consolidated fiscal year under review. During the consolidated fiscal year under review (April–March), sales increased over the previous fiscal year

(January– December) supported by an increase in sales quantity in the automobile and electronic device sectors, as well as favorable foreign exchange rates.

As for the resin compound business centering on ABS resins and engineering plastic alloy resins, healthy demand for the electric/electronic sectors helped spur growth in sales.

Sales of the resin processing business, including sheets, molded containers, and films increased buoyed by healthy sales for the food and other industries.

Consequently, overall segment sales amounted to ¥169.5 billion (up 10.1% year-on-year). Operating income was ¥15.9 billion (up 44.0% year-on-year).

Pyrotechnic Devices

Automobile safety parts business such as automobile airbag inflators (gas-generating devices) achieved sales growth partly thanks to favorable exchange rates, despite stagnating sales quantities caused by the reaction following the spike in demand just before the consumption tax hike.

Aerospace & defense businesses, which cover products such as gunpowder, missile components, and pilot emergency-escape systems also enjoyed sales growth buoyed by an increase in the quantity of some products procured by the Ministry of Defense.

Consequently, overall segment sales amounted to ¥83.6 billion (up 4.4% year-on-year). Operating income decreased to ¥10.0 billion (down 3.9% year-on-year), reflecting an increase of expenses and other factors.

Others

In the membrane business, including membrane modules for water treatment, sales declined due partly to slow growth in the medical field.

The transportation and warehousing business and other business areas also experienced a decline in sales.

Consequently, overall segment sales amounted to ¥5.9 billion (down 7.4% year-on-year). Operating income was ¥30 million (down 89.5% year-on-year).

2. Forecast of consolidated performance and other future predictions

Looking ahead to the coming years, the Japanese economy is expected to move toward moderate recovery along with improvements in income and capital investment against a backdrop of robust corporate earnings supported by falling crude oil prices. On the other hand, amid concerns over the economy, such as the start of an interest-rate hike in the United States and deceleration of growth in emerging countries, the state of the economy is likely to remain uncertain.

Under these circumstances, as for the Daicel Group's business performance for the year ending March 31, 2016, we forecast sales of ¥467.0 billion, operating income of ¥54.0 billion, ordinary income of ¥56.0 billion, and profit attributable to owners of parent of ¥35.0 billion, taking into account increases in sales quantity of engineering plastics and automobile airbag inflators, as well as our continuous cost reduction efforts.

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 the “3D-II” mid-term plan, a 3-year mid-term plan ending FY 2017 (fiscal year ending March 2017), as the second step toward the achievement of our long-term vision “Grand Vision 2020.”

In the fiscal year under review, or the first year of the mid-term plan, we achieved our target operating income (¥50 billion) for the final year (FY 2017), marking a record-high profit. This operating income, however, was largely attributable to the fluctuations in foreign exchange rates and raw material and fuel prices against the conditions of the mid-term plan, and not all concrete measures of the plan have been implemented. With the mid-term plan remaining as the target, we will move forward with cost reduction through process innovation, optimization of production balance for the cellulose acetate business, global sales expansion focused on strengthening of cost competitiveness by improving the utilization rate of enhanced engineering plastics, capacity increase of each site and construction of the second site in the Americas for the automobile airbag inflator business, creation of new businesses in the medical, healthcare, and electronics domains, improvement in efficiency of R&D activities with the use of the research center in China, and thorough implementation of safety and quality measures.

(2) Analysis of Financial Position

1. Changes in assets, liabilities, and net assets

Total assets on March 31, 2015 were ¥565.3 billion, an increase of ¥55.5 billion from March 31, 2014, due primarily to increases in cash and deposits, inventories, and market value of investment securities.

Total liabilities were ¥209.2 billion, a decrease of ¥4.9 billion from March 31, 2014, due primarily to redemption of bonds and repayment of long-term loans payable, despite an increase of deferred tax liabilities.

Total net assets were ¥356.2 billion. Total shareholders' equity, which is net assets minus minority interests, was ¥324.2 billion. The shareholders' equity ratio was 57.3%.

2. Situation of cash flow

Cash flow from operating activities

Cash flow from operating activities during the consolidated fiscal year under review increased by ¥57.4 billion (against an increase of ¥44.8 billion in the same period last year). The increase in funds was mainly attributable to ¥52.9 billion of income before income taxes and minority interests and ¥24.5 billion of depreciation and amortization. Meanwhile, the main factors for the decrease in funds were an increase of ¥12.1 billion in inventories and ¥12.1 billion of payment for corporate income taxes.

Cash flow from investing activities

Cash flow from investing activities during the consolidated fiscal year under review decreased by ¥30.3 billion (against a decrease of ¥35.0 billion in the same period last year). The main factor for the decrease in funds was an expenditure of ¥29.1 billion for purchase of property, plant, and equipment.

Cash flow from financing activities

Cash flow from financing activities during the consolidated fiscal year under review decreased by ¥29.2 billion (against a decrease of ¥4.5 billion in the same period last year). The increase in funds was mainly attributable to ¥5.0 billion in proceeds from long-term loans payable, while the decrease in funds was mainly due to expenditures of ¥15.3 billion for repayment of long-term loans payable and ¥10.0 billion for redemption of bonds, and ¥6.0 billion for cash dividends.

As a result of the above, cash and cash equivalents on March 31, 2015 totaled ¥66.7 billion.

The table below shows the trends in cash flow indicators.

	March 2012	March 2013	March 2014	March 2015
Shareholder's equity per total assets (%)	54.7	52.2	52.7	57.3
Shareholder's equity per total assets on market value basis (%)	47.1	56.9	58.3	89.1
Ratio of interest-bearing liabilities to cash flow (year)	2.4	2.2	2.4	1.5
Interest coverage ratio (times)	21.9	37.5	42.5	40.0

Notes: Shareholder's equity per total assets: Shareholders' equity/Total assets

Shareholder's equity per total assets on a market value basis: Market capitalization/Total assets

Ratio of interest-bearing liabilities to cash flow: Interest-bearing liabilities/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 liabilities 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 FY 2015 and 2016

Daicel's basic dividend policy is to distribute profits in a balanced manner, taking into comprehensive consideration a 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 robust revenue base. The Company will also facilitate acquisition of its treasury stocks as a shareholder return measure to complement dividend payments in an agile manner.

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, and efficiency improvement measures. Through future business development, we will ensure a growing benefit to our shareholders.

In our 3-year 3D-II mid-term plan, which started in FY 2015, we have set a target of 30% for the shareholder return ratio, or the amount of dividends plus amount of treasury stocks acquired divided by consolidated net income for the year.

Daicel's consolidated business results for FY 2015 achieved growth in both sales and profits, driven by an increase in sales quantity and favorable exchange rates.

In view of these results and based on our policy as outlined above, we will hold discussions on the payment of an ordinary year-end dividend of ¥13 per share, an increase of ¥4 per share at our 149th ordinary general meeting of shareholders to be held on June 19, 2015. This, together with the interim dividend of ¥8 per share which was already paid in December 2014, will achieve an annual dividend of ¥21 per share.

Dividend payout ratio for the year ended March 31, 2015 will be 23.6%.

For the next fiscal year, Daicel currently plans to pay an annual dividend of ¥26 per share (including an interim dividend of ¥13).

5. Management Policy

(1) Basic policy of corporate management (2) Mid- to long-term corporate management strategies and target management index

These sections are omitted since there are no significant changes in the information disclosed in the Consolidated Financial Results for the year ended March 31, 2014 (released on May 9, 2014).

The above-mentioned Consolidated Financial Results are available at the following URL.

<http://www.daicel.com/en/ir/irlibrary.html> (Daicel's website)

(3) Issues for the company to address

While maintaining safe operation, product safety, and quality assurance—the basics for a manufacturer—as our all-time top priority, the Daicel Group is carrying out its 3-year “3D-II” mid-term plan for the period from FY 2015 to 2017, toward realization of our long-term “Grand Vision 2020.” This mid-term plan aims to firmly put into practice the framework for becoming a company that materializes best solutions designed in its 3-year “3D-I” mid-term plan (FY 2012–2014), and seek a “leap/evolution to a new value.”

While directly taking over the framework of the basic strategy that we have been working on since the “3D-I,” we will further develop “Creation of new business,” “Further strengthening of the core businesses,” “Expansion and strengthening of global business operation,” “Enhancement of cost competitiveness,” “Strengthening of collaboration with business partners,” “Utilization of strategic M&A” and “Reinforcement of infrastructure.”

Specifically, in order to expedite new business creation, we are steadily promoting the search for new products, development of the industrialization process and consideration of M&A in view of new platform acquisitions, under a new structure designed to strengthen technology/product search and commercialization functions.

6. Basic Policies for Selecting Accounting Standards

The Daicel Group will continue to prepare consolidated financial statements in accordance with Japanese standards, taking account of comparability of the consolidated financial statements across different accounting periods and companies.

The Daicel Group will adopt International Accounting Standards, as appropriate, taking into consideration circumstances in Japan and overseas.

7. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of Mar. 31, 2014	As of Mar. 31, 2015
Assets		
Current assets		
Cash and deposits	46,533	64,594
Notes and accounts receivable-trade	85,567	83,394
Short-term investment securities	21,667	5,185
Inventories	89,832	107,101
Deferred tax assets	3,342	5,771
Other	14,272	13,856
Allowance for doubtful accounts	(168)	(115)
Total current assets	<u>261,046</u>	<u>279,788</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	47,853	50,048
Machinery, equipment and vehicles, net	55,139	62,300
Land	26,811	27,793
Construction in progress	24,532	23,604
Other, net	2,700	3,148
Total property, plant and equipment	<u>157,038</u>	<u>166,896</u>
Intangible assets		
Goodwill	5,298	4,919
Other	8,324	8,315
Total Intangible assets	<u>13,623</u>	<u>13,234</u>
Investments and other assets		
Investment securities	60,070	81,662
Deferred tax assets	1,277	1,044
Net defined benefit asset	2,329	6,440
Other	14,669	16,406
Allowance for doubtful accounts	(219)	(141)
Total investments and other assets	<u>78,127</u>	<u>105,412</u>
Total noncurrent assets	<u>248,788</u>	<u>285,543</u>
Total assets	<u>509,834</u>	<u>565,332</u>

	As of Mar. 31, 2014	As of Mar. 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	55,936	51,690
Current portion of bonds	10,000	-
Short-term loans payable	14,553	13,481
Current portion of long-term loans payable	9,651	8,577
Income taxes payable	5,395	10,467
Provision for repairs	124	3,152
Other	20,233	25,202
Total current liabilities	<u>115,894</u>	<u>112,572</u>
Noncurrent liabilities		
Bonds payable	30,000	30,000
Long-term loans payable	41,630	34,896
Deferred tax liabilities	7,410	18,705
Net defined benefit liability	15,995	10,609
Provision for directors' retirement benefits	91	79
Provision for repairs	1,085	46
Asset retirement obligation	1,098	1,093
Other	822	1,149
Total noncurrent liabilities	<u>98,134</u>	<u>96,581</u>
Total liabilities	<u>214,029</u>	<u>209,154</u>
Net assets		
Shareholders' equity		
Common stock	36,275	36,275
Capital surplus	31,579	31,579
Retained earnings	183,199	211,478
Treasury stock	(6,349)	(6,385)
Total shareholders' equity	<u>244,704</u>	<u>272,947</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,517	35,014
Deferred gains or losses on hedges	79	(88)
Foreign currency translation adjustment	5,374	14,674
Remeasurements of defined benefit plans	(2,063)	1,619
Total accumulated other comprehensive income	<u>23,907</u>	<u>51,219</u>
Minority interests	<u>27,193</u>	<u>32,010</u>
Total net assets	<u>295,805</u>	<u>356,177</u>
Total liabilities and net assets	<u>509,834</u>	<u>565,332</u>

(2) Consolidated Statements of Income

(Unit: Millions of Yen)

	Year ended Mar. 31, 2014	Year ended Mar. 31, 2015
Net Sales	413,786	443,775
Cost of sales	316,207	327,628
Gross profit	97,578	116,147
Selling, general and administrative expenses	59,666	64,844
Operating Income	37,912	51,303
Non-operating income		
Interest income	436	445
Dividends income	1,123	1,357
Equity in earnings of affiliates	726	1,172
Foreign exchange gains	1,733	1,822
Other	1,451	1,291
Total non-operating income	5,471	6,088
Non-operating expenses		
Interest expenses	1,113	1,376
Other	836	951
Total non-operating expenses	1,950	2,328
Ordinary income	41,433	55,063
Extraordinary gain		
Gain on disposal of noncurrent assets	374	436
Gain on sales of investment securities	1,923	52
Subsidies from municipal governments	98	500
Total extraordinary gain	2,396	988
Extraordinary loss		
Loss on retirement of noncurrent assets	1,744	2,539
Impairment loss	-	90
Loss on reduction of noncurrent assets	66	475
Loss on claim compensation	514	-
Loss on closure of business facilities	680	-
Total extraordinary loss	3,005	3,105
Income before income taxes and minority interests	40,823	52,947
Income Taxes		
Income taxes-current	10,863	16,545
Income taxes for prior periods	(131)	(850)
Income taxes-deferred	4,085	1,155
Total income taxes	14,817	16,850
Income before minority interests	26,006	36,096
Minority interests in income	3,162	4,843
Net income	22,843	31,252

(3) Consolidated Statement of Comprehensive Income

(Unit: Millions of Yen)

	Year ended Mar. 31, 2014	Year ended Mar. 31, 2015
Income before minority interests	26,006	36,096
Other comprehensive income		
Valuation difference on available-for-sale securities	5,612	14,603
Deferred gains or losses on hedges	405	(219)
Foreign currency translation adjustment	7,926	11,166
Remeasurements of defined benefit plans, net of tax	-	3,783
Share of other comprehensive income of associates accounted for using equity method	1,236	987
Total other comprehensive income	15,181	30,322
Comprehensive income	41,187	66,419
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	34,607	59,306
Comprehensive income attributable to minority interests	6,579	7,112

(4) Consolidated Statement of Cash Flows

(Unit: Millions of Yen)

	Year ended Mar. 31, 2014	Year ended Mar. 31, 2015
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	40,823	52,947
Depreciation and amortization	24,256	24,520
Impairment loss	-	90
Amortization of goodwill	835	1,113
Interest and dividends income	(1,559)	(1,802)
Interest expenses	1,113	1,376
Equity in (earnings) losses of affiliates	(726)	(1,172)
Loss (gain) on disposal of noncurrent assets	(374)	(436)
Loss on retirement of noncurrent assets	1,744	2,539
Loss (gain) on sales of investment securities	(1,923)	(52)
Decrease (increase) in notes and accounts receivable-trade	(4,824)	2,801
Decrease (increase) in inventories	(3,323)	(12,063)
Increase (decrease) in notes and accounts payable-trade	2,510	(6,680)
Other, net	(3,910)	3,202
Subtotal	<u>54,642</u>	<u>66,383</u>
Interest and dividends income received	2,697	3,255
Interest expenses paid	(1,055)	(1,434)
Income taxes paid	(11,637)	(12,074)
Income taxes refund	130	1,283
Net cash provided by (used in) operating activities	<u>44,777</u>	<u>57,412</u>
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	483	(293)
Net decrease (increase) in short-term investment securities	(3,632)	3,600
Purchase of property, plant and equipment	(27,090)	(29,060)
Proceeds from sales of property, plant and equipment	463	559
Purchase of intangible assets	(935)	(569)
Purchase of investment securities	(3,711)	(3,910)
Proceeds from sales and redemption of investment securities	3,237	2,117
Purchase of shares of subsidiaries and associates	(2,910)	-
Payments of loans receivable	(41)	(221)
Collection of loans receivable	7	13
Other, net	(853)	(2,517)
Net cash provided by (used in) investing activities	<u>(34,984)</u>	<u>(30,283)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(6,223)	(2,167)
Proceeds from long-term loans payable	1,014	5,000
Repayment of long-term loans payable	(13,355)	(15,314)
Redemption of bonds	-	(10,000)
Proceeds from issuance of bonds	19,894	-
Purchase of treasury stock	(324)	(36)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(4,572)	(5,972)
Cash dividends paid to minority shareholders	(906)	(739)
Net cash provided by (used in) financing activities	<u>(4,472)</u>	<u>(29,230)</u>
Effect of exchange rate change on cash and cash equivalents	<u>4,014</u>	<u>4,812</u>
Net increase (decrease) in cash and cash equivalents	<u>9,335</u>	<u>2,711</u>
Cash and cash equivalents at beginning of period	53,238	62,573
Amount of increase of cash equivalent of beginning of period due to changes in the accounting period of consolidated subsidiaries	-	1,452
Cash and cash equivalents at the end of period	<u>62,573</u>	<u>66,737</u>

. Segment information

Year ended Mar. 31, 2014

(Unit: Millions of Yen)

	Cellulosic derivatives	Organic chemicals	Plastics	Pyrotechnic devices	Others	Total	Corporate and eliminations	Consolidated
Net sales								
Outside customers	92,639	80,662	154,003	80,076	6,404	413,786	-	413,786
Intersegment sales	2,395	18,983	2	-	9,571	30,953	(30,953)	-
Total	95,034	99,646	154,005	80,076	15,976	444,739	(30,953)	413,786
Operating income	19,091	6,045	11,047	10,452	285	46,922	(9,010)	37,912
Assets	94,878	67,932	168,922	82,263	9,102	423,099	86,735	509,834
Depreciation	7,632	4,918	5,089	5,208	271	23,210	548	23,669
Amortization of goodwill	-	-	389	446	-	835	-	835
Investment in equity method investees	8,370	139	2,485	-	-	10,994	-	10,994
Capital expenditure	7,119	3,836	10,083	3,686	270	24,997	619	25,617

Year ended Mar. 31, 2015

(Unit: Millions of Yen)

	Cellulosic derivatives	Organic chemicals	Plastics	Pyrotechnic devices	Others	Total	Corporate and eliminations	Consolidated
Net sales								
Outside customers	95,704	89,041	169,520	83,578	5,930	443,775	-	443,775
Intersegment sales	2,567	17,517	5	-	9,792	29,883	(29,883)	-
Total	98,272	106,559	169,525	83,578	15,722	473,659	(29,883)	443,775
Operating income	25,712	9,456	15,912	10,043	30	61,155	(9,852)	51,303
Assets	110,583	70,783	174,552	97,015	9,921	462,857	102,474	565,332
Depreciation	6,168	4,503	6,261	5,264	235	22,431	977	23,409
Amortization of goodwill	-	-	623	489	-	1,113	-	1,113
Investment in equity method investees	9,012	139	2,539	-	-	11,692	-	11,692
Capital expenditure	14,914	6,363	2,286	6,170	378	30,112	516	30,629

. Related information

(1) Product and Service information

Year ended Mar. 31, 2015

(Unit: Millions of Yen)

	Cellulosic derivatives	Organic chemicals	Plastics	Pyrotechnic devices	Others	Total
Sales to outside customers	95,704	89,041	169,520	83,578	5,930	443,775

(2) Geographic information

(i) Net sales

Year ended Mar. 31, 2015

(Unit: Millions of Yen)

Japan	Asia		Other	Total
	China	Other		
217,874	68,916	81,490	75,493	443,775

(ii) Property, Plant and equipment

Year ended Mar. 31, 2015

(Unit: Millions of Yen)

Japan	Asia	Other	Total
108,970	46,197	11,729	166,896

10. Information of Impairment loss

Year ended Mar. 31, 2015

(Unit: Millions of Yen)

Cellulosic derivatives	Organic chemicals	Plastics	Pyrotechnic devices	Others	Corporate and eliminations	Total
-	-	-	-	-	90	90

11. Information of goodwill

Year ended Mar. 31, 2015

	Cellulosic derivatives	Organic chemicals	Plastics	Pyrotechnic devices	Others	Corporate and eliminations	Total
Amortization	-	-	623	489			1,113
Final Balance	-	-	1,171	3,747			4,919