Consolidated Financial Statements for the Fiscal Year Ended March 31, 2016
<Under Japanese GAAP>

May 6, 2016

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

NAGASE & CO., LTD. Stock exchange listing: Tokyo (First Section)
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Annual general meeting of stockholders (scheduled): June 29, 2016
Start of distribution of dividends (scheduled): June 30, 2016
Securities report filing (scheduled): June 29, 2016
Supplementary documents: Yes
Investors' meeting: Yes

(Note: Amounts have been rounded down to the nearest million yen.)

1. Consolidated Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)

(1) Consolidated Operating Results (% = year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FYE March 2016	742,194	(2.3)	18,024	(0.7)	18,390	(9.7)	12,316	8.8
FYE March 2015	759,713	5.0	18,153	15.0	20,366	13.7	11,318	(3.0)

(Notes) Comprehensive income FYE March 2016: (¥3,845) million (—%)
FYE March 2015: ¥40,453 million (68.3% increase)

	Earnings per share	Earnings per share (diluted)	Return on equity	Ordinary income/ total assets	Operating income/net sales
	Yen	Yen	%	%	%
FYE March 2016	96.96	–	4.4	3.5	2.4
FYE March 2015	89.10	–	4.3	3.9	2.4

(Reference) Equity in earnings of affiliates FYE March 2016: (¥48) million
FYE March 2015: ¥616 million

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FYE March 2016	512,081	279,149	53.5	2,156.67
FYE March 2015	546,525	287,500	51.5	2,215.18

(Reference) Equity capital FYE March 2016: ¥273,963 million
FYE March 2015: ¥281,398 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FYE March 2016	29,376	(12,600)	(12,822)	42,900
FYE March 2015	15,474	(7,732)	(3,205)	40,522

2. Dividends

	Annual Dividends per Share					Total dividends paid (full fiscal year)	Payout ratio (consolidated)	Dividends/ net assets (consolidated)
	1Q	2Q	3Q	Fiscal year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FYE March 2015	–	15.00	–	15.00	30.00	3,810	33.7	1.4
FYE March 2016	–	16.00	–	16.00	32.00	4,064	33.0	1.5
FYE March 2017 (estimate)	–	16.00	–	16.00	32.00		42.8	

3. Projected Consolidated Results for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(% = year-on-year change)

	Net sales		Operating profit		Ordinary income		Profit attributable to owners of the parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2Q (cumulative)	–	–	–	–	–	–	–	–	–
Full fiscal year	735,000	(1.0)	14,500	(19.6)	16,000	(13.0)	9,500	(22.9)	74.78

(Note) As the Company only discloses full-year earnings targets, we have omitted presentation of interim consolidated results here.

* Notes

(1) Changes in major subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): No
New: — (Company name:) Excluded: — (Company name:)

(2) Changes of accounting principles, changes in accounting estimates, and restatement of prior period financial statements after error corrections
- i. Changes in accordance with revisions to accounting and other standards: No
- ii. Changes in items other than (i) above: No
- iii. Changes in accounting estimates: No
- iv. Restatement of prior period financial statements after error corrections: No

(3) Number of shares issued and outstanding (common stock)

i. Number of shares issued and outstanding as of the fiscal period end (including treasury stock)

March 31, 2016	127,408,285 shares	March 31, 2015	127,408,285 shares

ii. Number of treasury stock as of the fiscal period end

March 31, 2016	377,300 shares	March 31, 2015	376,363 shares

iii. Average number of shares during the period

March 31, 2016	127,031,413 shares	March 31, 2015	127,032,358 shares

*** Disclosure of Audit Procedure Progress**

This earnings report is exempt from audit procedures as provided by the Financial Instruments and Exchange Act. Consolidated financial statements were undergoing the audit process at the time of the release of this report.

*** Cautionary Statement with Respect to Forecasts of Consolidated Business Results**

The earnings forecasts presented in this document are based upon currently available information and assumptions deemed rational. A variety of factors could cause actual results to differ materially from forecasts.
Please refer to "1. Business Performance" on pages 2 through 8 of this document for further information.

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1. Business Performance

(1) Analysis of Business Performance

(Performance for the Fiscal Year Ended March 2016)

a. General Summary of Results

Stagnation in Japanese consumer spending, as well as the decline in resource prices and the pressure of the strong yen on corporate earnings have created a gradually increasing sense of uncertainty about the future direction of the Japanese economy. Despite an ongoing recovery in corporate activity and consumer spending in North America, ongoing growth deceleration in China and other emerging countries have likewise clouded the direction of the future of the global economy.

In this environment, the Company recorded domestic sales of ¥363.03 billion for the consolidated fiscal year, which represented a 3.0% decrease year on year. Overseas sales amounted to ¥379.15 billion (1.6% decrease). In total, the Company recorded ¥742.19 billion (2.3% decrease) in net sales.

The Company recorded gross profit of ¥91.66 billion (0.4% decrease) in conjunction with lower revenues. Operating income amounted to ¥18.02 billion (0.7% decrease). Ordinary income amounted to ¥18.39 billion (9.7% decrease), a year-on-year decline mainly due to a loss in equity affiliates and a downturn in foreign exchange gains. Meanwhile, profit attributable to owners of the parent amounted to ¥12.31 billion, an 8.8% increase. While the Company recorded impairment losses related to goodwill and business assets, the application of the Consolidated Tax Payment System beginning with the fiscal year ending March 2017 resulted in lower tax expenses.

b. Segment Summary

Functional Materials

The Functional Materials segment reported lower net sales compared to the same period in the prior fiscal year. Growth overseas, particularly in the Americas and China, could not outpace the decline in domestic sales.

The performance chemicals business recorded lower net sales. While overseas sales grew in China and the Americas, domestic weakness in automotive production volume and slow demand for house paints resulted in lower sales of coating raw materials and urethane materials.

The speciality chemicals business reported lower overall net sales. While sales of plastic additives were strong, sales of chemicals for semiconductor-related products to the electronics industry and processing oils were sluggish.

As a result, the segment recorded net sales of ¥157.14 billion, representing a ¥11.08 billion (6.6%) decrease year on year. Operating income for the segment was ¥3.67 billion, representing a ¥620 million (14.5%) decrease. This decrease was mainly due to transfers and facilities expansions at subsidiary companies.

Advanced Materials & Processing

The Advanced Materials & Processing segment reported a slight overall increase in net sales. While sales were lower domestically, the segment saw higher sales in Northeast Asia and Southeast Asia.

The colors and imaging business recorded lower net sales. Despite higher sales of plastic materials, sales decreased for dyes and additives, information printing materials, anti-reflective optical sheets, materials for LCD TV reflectors, and conductive materials.

The segment's business selling plastics and other products to the office equipment, appliance and video game device markets reported slightly higher net sales. This result stems mainly from higher performance in Northeast Asia and Southeast Asia in contrast to lower sales in Japan.

As a result, net sales for the segment amounted to ¥255.5 billion, a ¥1.33 billion (0.5%) increase. Operating income increased ¥170 million (3.7%), reaching ¥4.97 billion for the period.

Electronics

The Electronics segment reported lower net sales compared to the same period in the prior fiscal year. While sales increased in Europe and the United States, these gains could not compensate for lower revenues in Japan and Northeast Asia.

The electronic chemicals business recorded increased sales for the period, driven higher by increase in epoxy resin sales.

The electronic materials business reported lower sales overall, mainly due to a decline in revenues for liquid crystal-related products caused by sluggishness in the smartphone market.

As a result, the segment recorded net sales of ¥127.92 billion, representing a ¥22.02 billion (14.7%) decrease. Operating income amounted to ¥6.25 billion, which was ¥670 million (12.0%) higher. This result was mainly due to the impact of the Company's Taiwanese subsidiary recording an allowance for doubtful accounts during the prior fiscal year.

Automotive & Energy

Net sales for the Company's automobile-related business were level with the same period in the prior fiscal year. While domestic sales were affected by lower automotive production, sales of products for certain car models rose over the period. Overseas, the business saw strong sales in the Americas, China, and Southeast Asia, driving sales higher.

As a result, segment net sales amounted to ¥115.35 billion, a ¥5.5 billion (5.0%) increase. Operating income was ¥1.3 billion, representing a ¥920 million (41.7%) decrease. This decrease was mainly due to expenses incurred in connection with the launch of a new business in Japan.

Life & Healthcare

The Life & Healthcare segment reported higher sales with strong performance in both domestic and overseas markets.

The life & healthcare products business recorded increase in domestic and overseas sales of TREHA™ and other products to the food materials industry. In the skin care and toiletries field, the business recorded higher sales of AA2G™, particularly to major customers in Japan. The segment also showed strong performance in sales of raw materials to the same skin care and toiletries markets. In the pharmaceuticals and medical fields, sales of raw pharmaceuticals, intermediates, and medical materials rose slightly. As a result, the business reported higher overall net sales.

The beauty care products business, which includes sales of cosmetics and health foods, reported a slight decrease in net sales. Net sales growth for new products launched during the second half of the year could not compensate for the sluggishness in existing product sales.

As a result, segment net sales amounted to ¥85.57 billion, which was an ¥8.96 billion (11.7%) increase. Operating income increased ¥700 million (22.4%), reaching ¥3.86 billion.

Other

No special matters to disclose.

(Forecast for the Fiscal Year Ending March 2017)

a. Performance Forecast for the Fiscal Year Ending March 2017

While the economy of the United States is expected to grow stronger, supported by the underlying strength of consumer spending, there are also concerns that interest rate hikes may have an impact on the U.S. economy, as well as the economies of the emerging countries. Expected slowdowns in business in China and the negative impact on a stronger yen on corporate earnings in Japan have resulted in predictions of an ongoing unstable business environment.

In light of this business environment, the NAGASE Group launched ***ACE-2020***, a five-year mid-term management plan built on the two pillars of *Profit Structure Reform* and *Corporate Culture Reform*. Under ***ACE-2020***, we will step away from the idea of NAGASE as a trading firm first and foremost. We now consider the trading firm function as another of our Group functions, as we maximize the leverage of our manufacturing, research, overseas network, logistics, and investment functions, uniting as a Group to create and deliver new value to the world.

The forecast for NAGASE Group earnings is as shown below. These forecasts have been developed based on a currency conversion rate of ¥108 to the US dollar.

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of the parent
Fiscal Year ending March 31, 2017	735,000	14,500	16,000	9,500
Fiscal Year ended March 31, 2016	742,194	18,024	18,390	12,316
Change	-1.0%	-19.6%	-13.0%	-22.9%

Company (NAGASE & CO., Ltd.) Retirement Benefit Expenses

The Company fully amortizes actuarial gains and losses related to retirement benefit obligations and plan assets in the consolidated fiscal year following the year of occurrence. Due to an interest rate reduction after the beginning of the year, the Company revised the discount rate at the end of the current consolidated fiscal year, and this resulted in a ¥3.1 billion actuarial losses. The forecast above includes this as part of the retirement benefit expense.

b. Net Sales Forecast by Business Segment

(Millions of yen)

	Fiscal year ended March 2016 Actual	Fiscal year ending March 2017 Forecast	Change
Functional Materials	157,149	158,600	+0.9%
Advanced Materials & Processing	255,505	254,700	-0.3%
Electronics	127,926	119,300	-6.7%
Automotive & Energy	115,351	113,600	-1.5%
Life & Healthcare	85,571	88,100	+3.0%
Other	689	700	+1.6%
Total Sales	742,194	735,000	-1.0%

(Note) Next-period forecasts are based on information available at the time. Actual earnings may differ from forecasts due to a variety of factors, including, but not limited to, overseas and domestic business conditions, foreign exchange rate fluctuations, etc.

(2) Analysis of Financial Position

a. Summary of Consolidated Balance Sheets

As of the end of the consolidated fiscal period, current assets amounted to ¥312.33 billion. This represents a decrease of ¥17.51 billion compared to the end of the prior consolidated fiscal year, mainly due to decreases in accounts receivable and inventories. Non-current assets amounted to ¥199.74 billion, down ¥16.93 billion. This was due mainly to a fair value decline in of investments in securities. As a result, total assets decreased by ¥34.44 billion, down to ¥512.08 billion as of the end of the consolidated fiscal year.

Liabilities amounted to ¥232.93 billion, down ¥26.09 billion compared to the end of the prior consolidated fiscal year due to decreases in accounts payable and deferred tax liability (non-current)

Net assets amounted to ¥279.14 billion, down ¥8.35 billion. This was mainly due to decreases in net unrealized holding gains on securities and translation adjustments, despite the Company recording profit attribute to owners of the parent in the amount of ¥12.31 billion.

As a result, the Company reported a shareholders' equity ratio of 53.5%, up 2.0 points compared to the end of the prior consolidated fiscal year.

b. Summary of Consolidated Cash Flows

Cash and cash equivalents (Cash) increased by ¥2.37 billion (5.9%) compared to the end of the prior consolidated fiscal year, amounting to ¥42.9 billion. Cash from operating activities amounted to ¥29.37 billion, while cash used in investing activities came to ¥12.6 billion and cash used in financing activities amounted to ¥12.82 billion. In addition, Cash balances decreased ¥1.57 billion due to the effect of exchange rate fluctuations.

(Cash Flows from Operating Activities)

Cash flows from operating activities for the consolidated fiscal year amounted to ¥29.37 billion. This result was mainly due to income before income taxes and non-controlling interests of ¥15.23 billion and depreciation and amortization of ¥9.49 billion, offsetting ¥4.54 billion in income tax payments.

(Cash Flows from Investing Activities)

Cash used in investing activities during the consolidated fiscal year amounted to ¥12.6 billion. This result is mainly due to ¥10.83 billion in purchases of property, plant and equipment and intangible fixed assets. The Company also made cash outlays of ¥2.12 billion for purchases of investment securities.

(Cash Flows from Financing Activities)

Cash used in financing activities for the consolidated fiscal year amounted to ¥12.82 billion. This result is mainly due to ¥6.44 billion in repayments of long-term loans and ¥3.93 billion in dividend payments.

	FYE March 2012	FYE March 2013	FYE March 2014	FYE March 2015	FYE March 2016
Shareholders' equity ratio	45.4%	46.9%	49.5%	51.5%	53.5%
Shareholders' equity ratio based on market value	29.2%	29.9%	32.5%	36.6%	30.7%
Interest-bearing debt to cash flow ratio	15.6 years	5.3 years	7.3 years	6.4 years	3.0 years
Interest coverage ratio	8.9	17.7	11.3	13.7	29.0

Shareholders' equity ratio: Equity capital/total assets
Shareholders' equity ratio based on market value: Market capitalization/total assets
Interest-bearing debt to cash flow ratio: Interest-bearing debt/operating cash flow
Interest coverage ratio: Operating cash flow/interest payments

(Note 1) Indicators are calculated based on consolidated figures.
(Note 2) Market capitalization is calculated using the closing price at the end of the year multiplied by the number of outstanding shares at the end of the year (less treasury stock at cost).
(Note 3) Operating cash flow is net cash provided by operating activities as shown in the consolidated statements of cash flows.
Interest-bearing debt is all liabilities in the consolidated balance sheets for which interest is payable.
Interest payments are the amount of interest paid as presented in the consolidated statements of cash flows.

(3) Dividend Policy and Dividends for the Fiscal Years Ended and Ending March 2016 and 2017

Our basic policy is to continue paying a stable dividend to our shareholders in line with our consolidated results as we improve our earnings power and management structure. We look to improve per-share dividends based on considerations of consolidated payout ratio and consolidated dividend to equity ratio. We also plan to use funds from internal reserves effectively in our business activities and to build a stronger management foundation.

The NAGASE Group declared a year-end dividend of ¥16 per share based on this policy. As a result, the scheduled full-year cash dividend will amount to a total of ¥32 per share.

We forecast a full-year dividend of ¥32 per share for the next fiscal year, consisting of a ¥16 per-share interim dividend and a ¥16 per-share year-end dividend.

(4) Operating and Other Risks

The NAGASE Group is engaged in trading, marketing, research and development, manufacturing and processing in six business segments across the world: Functional Materials, Advanced Materials & Processing, Electronics, Automotive & Energy, Life & Healthcare, and Other.

The nature of these businesses entails various risks that may have a material effect on investment decisions. We provide a discussion of the major risks below.

Any forward-looking statements are based on management decisions as of the end of fiscal year under review.

a. Overall Operating Risk

The NAGASE Group is engaged in activities that rely on the use of chemicals across a wide spectrum of products and services through our Functional Materials, Advanced Materials & Processing, Electronics, Automotive & Energy and Life & Healthcare business. These products and services include dyes/pigments, coating materials/inks, surfactants, OA, electrical equipment, home electronics, automobiles, LCDs, semiconductors, and pharmaceutical/medical applications. Accordingly, significant changes in domestic and international commercial chemicals industry could affect the NAGASE Group's earnings and financial condition.

b. Product Market Conditions

The NAGASE Group handles extensive petrochemicals manufactured from naphtha in our Functional Materials, Advanced Materials & Processing, and Automotive & Energy segments. Raw materials markets and demand-supply balance are two factors that result in unique market circumstances for each of our products. Fluctuations in these factors could affect our revenues and profits in related product lines. Also, some products manufactured by the Group use raw materials derived from grains. Raw materials costs fluctuate widely due to changes in grain market prices; we may not be able to pass on increased raw materials costs through higher sales prices, which could affect our profits in related product lined.

c. Impact of Fluctuations in Foreign Currency Exchange Rates

The NAGASE Group conducts import/export as well as non-trade business transactions denominated in foreign currencies. Fluctuations in currency markets have a significant impact when prices are converted to yen. While the Group executes exchange contract hedges for these transactions to minimize exchange rate risk to the greatest extent possible, currency exchange rate fluctuations could have a significant impact on Group earnings and financial conditions. The NAGASE Group owns foreign-domiciled corporations whose financial statements are prepared using local currencies. The conversion of these currencies to Japanese yen for consolidated reporting purposes entails currency conversion risk due to fluctuating exchange rates.

d. Impact of Fluctuations in Interest Rates

The NAGASE Group obtains funds for operating and investing activities through loans from financial institutions; some of these loans are interest-bearing debt including variable interest terms. The Group reduces interest rate fluctuation risk related to variable interest loans by utilizing interest-rate swap contracts. Group earnings and financial conditions may be affected by future interest rate trends.

Interest rate fluctuations cause variations in discount rates used for retirement benefit obligations and plan asset investment income, impacting NAGASE Group business performance and financial position.

e. Risks Involved in Operating Overseas

A significant and increasing percentage of NAGASE Group sales and manufacturing are conducted overseas in locations such as China, Southeast Asia, Europe, and the United States. While Group management keeps a close eye on local trends and conditions in order to respond appropriately, unforeseen events stemming from local government regulations, business customs, or other influences could have an impact on Group business performance and financial conditions.

f. Impact of Changes in Stock Prices

The NAGASE Group maintains a portfolio of marketable securities, primarily equity shares of companies doing business with the Group. These equity investments are subject to share price fluctuation risks. As a matter of policy, the NAGASE Group reduces risk by continuously reviewing and reorganizing its shareholdings. However, changes in share prices could impact Group earnings and financial condition. A decline in share prices could damage the value of pension plan assets managed by the Group, increasing retirement benefit costs and thereby reducing Group profits.

g. Counterparty Credit Risk

The NAGASE Group extends credit to domestic and overseas purchasers in connection with various transactions. As a matter of policy, the NAGASE Group reduces credit risk by obtaining guarantees, collateral, and insurance, etc. according to the financial condition of the purchaser. Although the NAGASE Group strives to ensure stable, uninterrupted product procurement, financial weakness or bankruptcies among suppliers or others could damage the Group's ability to procure goods. Such circumstances could have an impact on the Group’s earnings and financial condition.

h. Risk of Investments

The NAGASE Group engages in investment activities to establish new companies, to invest in equipment at manufacturing subsidiaries, and to acquire other business entities. These types of investment activities involve certain risks, including the risk of failing to recover investments in cases where the Company is not able to record profits at initially planned levels, the risk that additional funding may be required, and the risk that the Group will not be able to withdraw from investments according to the desired timing and method. The NAGASE Group strives to reduce risk in this area. Decisions to invest in new businesses are made after a careful study of the viability of business plans and profitability. At the same time, the Group regularly monitors the performance of existing investments. However, even these management initiatives cannot completely negate potential investment risk, and such risk may have an impact on Group earnings and financial condition.

i. Risk of Asset Impairment

The NAGASE Group owns non-current assets such as business assets in manufacturing subsidiaries and goodwill. These assets entail the risk of impairment loss if asset value declines. The NAGASE Group records impairment lossess when deemed necessary. However, even greater impairment losses may be incurred as a result of deteriorating business profits or other factors in the future, which may have an impact on Group business performance and financial condition.

j. Product Quality Risk

The NAGASE Group operates the Nagase R&D Center and manufacturing subsidiaries to offer high-value-added products to our customers. We pay detailed attention to the quality of the technologies and products that bear the name of Nagase and our affiliates. We also bear manufacturers' liability for imported products, products manufactured on a contract basis, etc. Accordingly, the Group treats these products with the same attention to detail and quality as if they were made in our own facilities. However, product defects could result in cessation of sales and/or product recalls, exposing the N AGASE Group to liability for damages, which could have an impact on Group earnings and financial conditions.

k. Risks related to Product Laws

The N AGASE Group imports, exports, and sells domestically a wide variety of chemicals and other products for a broad range of uses. To maintain international peace and safety, the chemicals and other items we export are subject to different laws, including the Foreign Exchange and Foreign Trade Control Law and the Export Trade Control Order. Imports and domestic sales are subject to the Chemical Substances Control Law and other related statutes, as well as similar regulations in foreign jurisdictions. To ensure compliance, the Group has established internal Security Trade Control Regulations and Chemical/Product Control Regulations. However, a violation of such laws and statutes could result in restrictions on Group business activities, having an impact on Group earnings and financial condition.

l. Risks of Natural Disasters

The N AGASE Group has put emergency response systems in place, including the creation of a business contingency plan, the adoption of safety confirmation systems, the creation of a disaster-response manual, earthquake-response measures, disaster-response training, and other measures to deal with natural disasters. However, as we conduct business across a great number of countries and regions, we are exposed to the risk of major natural disasters, H1N1 influenza and other communicable diseases, and other emergencies that could disrupt our supply chain. Such disruptions could prevent us from selling our products or damage the manufacturing capabilities of important Group facilities. Such interruptions would result in opportunity loss, and could have a significant impact on Group earnings and financial condition.

2. Management Policies

（1） Basic Management Policy

＜NAGASE Management Philosophy＞

We recognize our responsibility to society and offer beneficial products and services while maintaining the highest standards of integrity. Through our growth, we will contribute to society and enrich the lives of our employees.

＜NAGASE Vision＞

To realize a sustainable world where people live with peace of mind, each of us embodies our value proposition, Identify, Develop and Expand through daily activities.

＜NAGASE slogan＞

Bringing it all together

Consistent with this management philosophy, we believe our most important goal is to contribute to society, including efforts to maintain good and fair business practices, while ensuring continued growth and development.

This vision has been design to develop a shared awareness of our standing management philosophy in engaging in maintaining the highest standards of integrity. The NAGASE Vision is a promise to all stakeholders. To realize a sustainable world where people live with peace of mind, each of us embodies our value proposition, Identify, Develop and Expand through daily activities.

NAGASE has also created a slogan that embodies the idea of bringing infinite possibilities (people, things, information, technology, ideas, world, and time) together.

（2） Management Objectives, Medium-Term Strategies and Issues to be Addressed by the Company

Long-Term Management Policy

As we approach year 2032, our 200^{th} anniversary, we planned Long-Term Management Policy to aim normalization of 3 times of profit of today through “Challenges for growth” and “Reinforce the management platform for growth”.
Realize a significant growth by allocating management resources to focused business and by shifting operation from Japan-centrism to multinational management system under “Challenges for growth”. To lead growth challenges to success, construct a management platform that will contribute to business expansion and globalization with ”Reinforce the management platform for growth”.

New Mid-Term Management Plan ***ACE-2020***

To achieve our Long-Term Management Plan, we divide 17 years of its term into three and start stage 1:”Reform” as the beginning of the Mid-Term Management Plan, ***ACE-2020. ACE-2020*** stands for Accountability, Commitment and Efficiency by throughout 2020.

With ***ACE-2020***, we strings all the groups together to create and provide new value to the world through 6 key functions; Trading, Manufacturing, R&D, Global Network, Logistics and Investment.

Under this plan, we will set aside 100 billion yen for growth investments to increase group profits. This fund will be financed as a rule through operating cash flows and interest-bearing debt. At the same time, we will ensure long-term, stable dividends through working capital efficiencies and asset replacement.

The following table shows the quantitative targets of ***ACE-2020:***

	Targets	FY2015 Actual
Consolidated Sales	1T	742B
Consolidated Operating Income	30B	18B
ROE	6.0%<	4.4%

※Our goal is to normalize the above target.

New Mid-Term Plan

ACE-2020 enforces two kinds of reform, ”Reform Profit Structure” and “Reform Corporate Culture”.

① Reform Profit Structure

Focused Measures①-1: Portfolio Optimization

Divide entire businesses into 4 sectors, “Growth/Emerging”, ”Focus”, “Base” and “Improvement” to gain maximum efficiency of management resources and expand business. In addition, solidify management resource that can be reallocated and conduct aggressive growth investment in order to accelerate the asset replacement. Furthermore, growing investment distribution ratio for focus area has set to be greater than 35%.

Focus Area：Life & Healthcare, Electronics

Focused Measures①-2: Expand and Strengthen Revenue Base

Trading and manufacturing business sector stands individual KPI to improve each function. We create new business by leverage entire functions.

Our trading business sector will elevate the presence of the NAGASE Group through increased overseas sales and accelerated globalization, founded on effective market strategy execution in each region.

The manufacturing business sector will be managed based on long-term strategy. This strategy will support to raise “Focus” business that prioritizes to increase mid-term free cash flow and to pursue management stability by effective cost-down.

② Reform Corporate Culture

Focused Measures ②-1: Mindset

Establish four mindset concepts for creating a corporate culture in which the entire NAGASE Group is aligned toward the same goals: Accountability, Responsibility and Risk Awareness, Monitoring and Message Sharing, PDCA. Increase accuracy to achieve target by delegating authority to local units; change HR policies; step up management visibility; and exercise PDCA through ongoing monitoring.

Focused Measures②-2: Strengthen Management Platform

Pursue efficiency by back office section routine review, redefinition and reconstruction of the organization scale, integrate group companies and segments where creates the synergy to improve consolidated SG&A ratio by 0.5%.

Accelerate HR Development to increase group competition and sustainable development by carrying long term career plans and proactively recruit talents from outside.

3. Basic Policy on the Selection of Accounting Standards

The NAGASE Group intends to adopt Japanese accounting standards for the time being to allow for inter-company comparability.

We have been studying the adoption of International Financial Reporting Standards for some time, and plan to make the appropriate policy choice in the future, considering external trends and other factors.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2015)	Current Consolidated Fiscal Year (March 31, 2016)
ASSETS		
Current assets		
Cash and time deposits	40,575	43,283
Notes and accounts receivable	208,209	196,335
Merchandise and finished goods	63,719	57,404
Work in process	1,668	1,726
Raw materials and supplies	3,625	3,789
Deferred tax assets	4,058	2,842
Other	8,797	7,843
Less allowance for doubtful accounts	(806)	(890)
Total current assets	329,848	312,334
Non-current assets		
Property, plant and equipment		
Buildings and structures	54,037	55,731
Accumulated depreciation	(28,241)	(29,915)
Buildings and structures (net)	25,796	25,816
Machinery, equipment and vehicles	61,161	62,660
Accumulated depreciation	(46,512)	(47,245)
Machinery, equipment and vehicles (net)	14,649	15,414
Land	18,976	18,910
Other	23,871	22,962
Accumulated depreciation	(16,519)	(16,629)
Other (net)	7,352	6,333
Total property, plant and equipment	66,774	66,474
Intangible fixed assets		
Goodwill	27,626	24,582
Technology-based assets	16,942	15,366
Other	4,276	4,567
Total intangible fixed assets	48,844	44,516
Investments and other assets		
Investments in securities	92,638	81,345
Long-term loans receivable	1,139	1,023
Deferred tax assets	2,381	1,544
Other	6,277	5,017
Less allowance for doubtful accounts	(1,378)	(174)
Total investments and other assets	101,058	88,755
Total non-current assets	216,677	199,747
Total assets	546,525	512,081

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2015)	Current Consolidated Fiscal Year (March 31, 2016)
LIABILITIES		
Current liabilities		
Notes and accounts payable	105,737	97,800
Short-term loans	31,388	25,294
Current portion of long-term loans	6,377	8,823
Current portion of bonds	10,000	-
Accrued income taxes	2,268	4,305
Deferred tax liabilities	19	13
Accrued bonuses for employees	4,314	4,224
Accrued bonuses for directors	213	194
Other	16,105	15,461
Total current liabilities	176,424	156,118
Long-term liabilities		
Bonds	20,000	30,000
Long-term loans	30,322	23,108
Deferred tax liabilities	20,272	8,433
Net defined benefit liability	10,803	14,060
Other	1,201	1,211
Total long-term liabilities	82,600	76,813
Total liabilities	259,025	232,932
NET ASSETS		
Shareholders’ equity		
Common stock	9,699	9,699
Capital surplus	11,654	11,615
Retained earnings	205,203	213,572
Less treasury stock, at cost	(228)	(230)
Total shareholders’ equity	226,328	234,657
Accumulated other comprehensive income (loss)		
Net unrealized holding gain on securities	44,920	37,074
Deferred (loss) gain on hedges	3	(9)
Translation adjustments	9,478	4,411
Remeasurements of defined benefit plans	666	(2,169)
Total accumulated other comprehensive income	55,069	39,305
Non-controlling interests	6,102	5,185
Total net assets	287,500	279,149
Total liabilities and net assets	546,525	512,081

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	Prior Consolidated Fiscal Year (April 1, 2014 - March 31, 2015)	Current Consolidated Fiscal Year (April 1, 2015 - March 31, 2016)
Net sales	759,713	742,194
Cost of sales	667,722	650,530
Gross profit	91,991	91,663
Selling, general and administrative expenses		
Selling expenses	10,921	11,214
Employee salaries and allowances	22,307	22,020
Provision for accrued bonuses for employees	2,706	2,861
Provision for accrued bonuses for directors	202	177
Depreciation and amortization	4,407	4,343
Retirement benefit expenses	896	403
Provision for retirement benefits for directors	44	37
Allowance for doubtful accounts	1,011	(23)
Amortization of goodwill	1,623	1,634
Other	29,717	30,967
Total selling, general and administrative expenses	73,838	73,639
Operating income	18,153	18,024
Non-operating income		
Interest income	196	202
Dividend income	1,259	1,360
Rent income	253	293
Equity in earnings of affiliates	616	-
Foreign exchange gains	921	-
Other	682	643
Total non-operating income	3,930	2,499
Non-operating expenses		
Interest expenses	1,098	1,048
Equity in losses of affiliates	-	48
Foreign exchange losses	-	401
Other	619	635
Total non-operating expenses	1,718	2,133
Ordinary income	20,366	18,390
Extraordinary gains		
Gain on sale of non-current assets	392	57
Gain on sale of investment securities	213	70
Gain on sales of shares of subsidiaries and affiliates	-	33
Total extraordinary gains	606	161
Extraordinary losses		
Loss on sale of non-current assets	69	47
Loss on disposal of non-current assets	84	251
Impairment losses	602	2,756
Loss on sale of investments securities	0	9
Loss on valuation of investments securities	479	70
Loss on sales of investments in capital	20	-
Loss on sales of shares of subsidiaries and affiliates	249	-
Loss on sales of investments in capital of subsidiaries and affiliates	171	-
Loss on transfer of business	114	-
Loss on withdrawal from employees’ pension funds	163	-
Other	25	177
Total extraordinary losses	1,983	3,313
Income before income taxes and non-controlling interests	18,989	15,239
Income taxes - current	6,238	6,536
Income taxes - deferred	834	(3,763)
Total income taxes	7,073	2,772
Net income	11,916	12,466
Profit attributable to non-controlling interests	597	150
Profit attributable to owners of the parent	11,318	12,316

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Prior Consolidated Fiscal Year (April 1, 2014 - March 31, 2015)	Current Consolidated Fiscal Year (April 1, 2015 - March 31, 2016)
Net income	11,916	12,466
Other comprehensive income		
Net unrealized holding (loss) gain on securities	20,186	(7,844)
Deferred (loss) gain on hedges	3	(13)
Translation adjustments	7,339	(5,065)
Remeasurements of defined benefit plans	285	(2,835)
Share of other comprehensive income of affiliates accounted for by the equity method	720	(553)
Total other comprehensive income	28,536	(16,312)
Comprehensive income	40,453	(3,845)
Comprehensive income attributable to:		
Shareholders of the Company	39,085	(3,446)
Non-controlling interests	1,367	(399)

(3) Consolidated Statement of Change in Shareholders' Equity

Prior Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total shareholders' equity
Balance, beginning of period	9,699	10,242	206,351	(6,916)	219,377
Cumulative effects of changes in accounting policies		1,998	(2,791)		(792)
Restated balance	9,699	12,240	203,560	(6,916)	218,584
Changes					
Cash dividends			(3,683)		(3,683)
Profit attributable to owners of the parent			11,318		11,318
Purchases of treasury stock				(1)	(1)
Disposal of treasury stock		0		0	0
Retirement of treasury stock		(607)	(6,081)	6,688	-
Equity transactions with non-controlling interests		21			21
Changes in scope of consolidation			89		89
Changes other than shareholders' equity accounts (net)					
Total changes	-	(585)	1,642	6,687	7,744
Balance, end of period	9,699	11,654	205,203	(228)	226,328

	Accumulated other comprehensive income (loss)					Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Deferred (loss) gain on hedges	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance, beginning of period	24,725	(0)	2,239	380	27,346	5,168	251,892
Cumulative effects of changes in accounting policies			(64)		(64)		(857)
Restated balance	24,725	(0)	2,175	380	27,281	5,168	251,035
Changes							
Cash dividends							(3,683)
Profit attributable to owners of the parent							11,318
Purchases of treasury stock							(1)
Disposal of treasury stock							0
Retirement of treasury stock							-
Equity transactions with non-controlling interests							21
Changes in scope of consolidation							89
Changes other than shareholders' equity accounts (net)	20,194	3	7,303	285	27,787	933	28,720
Total changes	20,194	3	7,303	285	27,787	933	36,465
Balance, end of period	44,920	3	9,478	666	55,069	6,102	287,500

Current Consolidated Fiscal Year (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total shareholders' equity
Balance, beginning of period	9,699	11,654	205,203	(228)	226,328
Changes					
Cash dividends			(3,937)		(3,937)
Profit attributable to owners of the parent			12,316		12,316
Purchases of treasury stock				(1)	(1)
Equity transactions with non-controlling interests		(38)			(38)
Changes in scope of consolidation			(9)		(9)
Changes other than shareholders' equity accounts (net)					
Total changes	-	(38)	8,368	(1)	8,328
Balance, end of period	9,699	11,615	213,572	(230)	234,657

	Accumulated other comprehensive income (loss)					Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Deferred (loss) gain on hedges	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance, beginning of period	44,920	3	9,478	666	55,069	6,102	287,500
Changes							
Cash dividends							(3,937)
Profit attributable to owners of the parent							12,316
Purchases of treasury stock							(1)
Equity transactions with non-controlling interests							(38)
Changes in scope of consolidation							(9)
Changes other than shareholders' equity accounts (net)	(7,845)	(13)	(5,067)	(2,835)	(15,763)	(916)	(16,679)
Total changes	(7,845)	(13)	(5,067)	(2,835)	(15,763)	(916)	(8,351)
Balance, end of period	37,074	(9)	4,411	(2,169)	39,305	5,185	279,149

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Prior Consolidated Fiscal Year (April 1, 2014 - March 31, 2015)	Current Consolidated Fiscal Year (April 1, 2015 - March 31, 2016)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	18,989	15,239
Depreciation and amortization	9,292	9,493
Amortization of goodwill	1,623	1,634
Impairment losses	602	2,756
Increase (decrease) in adjustments for retirement benefits	(507)	(848)
Interest income and dividend income	(1,456)	(1,562)
Interest expenses	1,098	1,048
Foreign exchange loss (gain)	882	(640)
Loss (gain) on sale of non-current assets	(322)	(10)
Loss (gain) on sale of investment securities	228	(94)
(Increase) decrease in notes and accounts receivable	2,430	6,784
(Increase) decrease in inventories	(7,172)	3,162
Increase (decrease) in notes and accounts payable	(4,993)	(3,829)
Other	2,324	(168)
Subtotal	23,019	32,964
Interest and dividends received	1,893	1,965
Interest paid	(1,128)	(1,013)
Income Tax paid	(8,310)	(4,540)
Cash flows from operating activities	15,474	29,376
Cash flows from investing activities		
Purchases of property, plant and equipment	(10,899)	(8,937)
Cash from sale of property, plant and equipment	1,022	414
Purchases of intangible fixed assets	(1,046)	(1,898)
Purchases of investments securities	(624)	(2,129)
Cash from sale of investment securities	2,456	213
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(305)	-
Change in short-term loans (increase)	(2)	(177)
Net decrease (increase) in time deposits	1,165	(351)
Proceeds from transfer of business	497	-
Other	4	265
Cash flows from investing activities	(7,732)	(12,600)
Cash flows from financing activities		
Increase (decrease) in short-term loans, net	(1,585)	(3,764)
Proceeds from long-term loans	9,327	1,976
Repayment of long-term loans	(6,805)	(6,440)
Proceeds from issuance of bonds	-	9,949
Payments for redemption of bonds	-	(10,000)
Purchase of treasury stock	(1)	(1)
Cash dividends paid	(3,683)	(3,937)
Dividends paid to non-controlling interests	(334)	(421)
Other	(122)	(182)
Cash flows from financing activities	(3,205)	(12,822)
Effects of exchange rate changes on cash and cash equivalents	2,129	(1,575)
Net increase (decrease) in cash and cash equivalents	6,664	2,377
Cash and cash equivalents at beginning of the year	33,825	40,522
Increase in cash and cash equivalents accompanying consolidation	32	-
Cash and cash equivalents, at end of the period	40,522	42,900

(5) Notes related to Consolidated Financial Statements

(Assumption for Going Concern)

No matters to report.

(Change in Presentation Methods)

The Company has adopted the provisions of Paragraph 39 of the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013). Accordingly, the Company has changed its presentation with respect to quarterly net income, as well as changing its presentation from "minority interests" to "non-controlling interests." To reflect these changes in presentation, the Company has reclassified its financial statements for the prior consolidated fiscal year.

(Additional Information)

(Revised Balances for Deferred Tax Assets and Deferred Tax Liabilities due to Change in Corporate Tax Rates)

The Act for Partial Amendment of the Income Tax Act, Etc. (Act No. 15, 2016) and the Act for Partial Amendment of the Local Tax Act, Etc. (Act No.13, 2016) were enacted on March 29, 2016 by the Japanese government. According to the revised laws, corporate tax rates have been reduced for consolidated fiscal years beginning on or after April 1, 2016. In conjunction with this change in law, the effective statutory tax rate used for calculating deferred tax assets and deferred tax liabilities has been changed from 32.3% to 30.9% for temporary differences expected to be settled during the consolidated fiscal years beginning on April 1, 2016 or April 1, 2017, and 30.6% for temporary differences expected to be settled during consolidated fiscal years beginning on or after April 1, 2018.

As a result of this change in tax rates, the Company has written down deferred tax liabilities (net of deferred tax assets) by ¥381 million. Income taxes-deferred and other comprehensive income have increased by ¥448 million and ¥830 million.

(Application of the Consolidated Tax Payment System)

During the current consolidated fiscal year, the Company and certain consolidated subsidiaries filed for approval to use the Consolidated Tax Payment System. The Consolidated Tax Payment System will be applied to these entities beginning with the following consolidated fiscal year. Beginning with the current consolidated fiscal year, the Company conducts its accounting assuming the application of the Consolidated Tax Payment System, as provided under Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1) (ASBJ Practical Issues Task Force Report No. 5, January 16, 2015) and Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2) (ASBJ Practical Issues Task Force Report No. 7, January 16, 2015).
As a result of these changes, tax expenses (income taxes-current and income taxes-deferred) have decreased by ¥5,192 million.

(Segment Information, etc.)

ａ． Segment Information

1. Reportable Segments

The Company's reportable segments are those units comprising the NAGASE Group for which separate financial information is available and for which the board of directors make regular decisions regarding resource allocation and operating performance.

The Company classifies reportable segments according to the location of the business in the value chain and the market(s) targeted. Accordingly, the company has defined five segment categories: Functional Materials (located at the top of the value chain), Advanced Materials & Processing (located in the next stage of the value chain), Electronics, Automotive & Energy, and Life & Healthcare (these last three segments functioning across all industries).

The following describes the major products and services handled by each reportable segment.

The Functional Materials segment is engaged in the sales of materials for paints/inks, urethane materials, plastic materials, plastic additives, industrial oil solutions, surfactants, fluorochemicals, encapsulant materials, and silicone materials and more for the paints/inks, resins, urethane foam, organic synthesis, surfactants, semiconductor industries.

The Advanced Materials & Processing segment is engaged in the sales of dyestuffs, dyes, functional dyes, information printing products, thermoplastic resins, thermosetting resins, synthetic rubber, inorganic materials, plastics products, resins molding tools/dies, external inspection equipment for the dye/additive, information printing, fiber processing, raw resin material, resin molding, functional film and sheet and other industries.

The Electronics segment is engaged in the sales of pre-processing materials and devices for LCD/semiconductors, materials for LCD panels, materials and devices for semiconductor assembly, low-temperature/vacuum equipment, high-function epoxy resins, precision electronics abrasives, and more for the display, touch panel, LCD, semiconductor, hard disk drive, electronic components, and heavy electrical industries.

The Automotive & Energy segment is engaged in sales of plastic products, thermoplastic resins, thermosetting resins, resins molding tools/dies, battery materials, solar cell/secondary battery-related materials and more for the automotive, automotive component, and energy industries.

The Life & Healthcare segment is engaged in the sales of pharmaceutical/agricultural chemicals and materials, research products, in vitro diagnostics, enzymes, food additives, additives for cosmetics, feeds/fertilizers, and surfactants for the pharmaceutical, food, and cosmetics industries. The segment offers radiation measurement as one of its main services. In addition, this segment sells cosmetics, health foods, and beauty foods directly to consumers.

2. Net Sales, Profit (Loss), Assets, Liabilities, and Other by Segment

Accounting treatment in each reportable segment follows the principles and procedures of the accounting treatments used to prepare the Company's consolidated financial statements.

Profit in reportable segments is defined as operating profit. Inter-segment profits and transfers are based on actual market prices.

3. Information related to Net Sales, Profit (Loss), Assets, Liabilities, and Other by Segment

Prior Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable Segments						Other (Note) 1	Total	Corporate (Note) 2	Adjustments (Note) 3	To consolidated financial statements (Note) 4
	Functional Materials	Advanced Materials & Processing	Electronics	Automotive & Energy	Life & Healthcare	Total					
Net sales											
Sales to customers	168,238	254,165	149,947	109,851	76,609	758,812	900	759,713	—	—	759,713
Intersegment sales/transfers	2,361	2,224	858	2,827	286	8,559	4,955	13,515	—	(13,515)	—
Total	170,600	256,390	150,805	112,679	76,896	767,372	5,856	773,229	—	(13,515)	759,713
Segment income (loss)	4,302	4,804	5,583	2,229	3,157	20,077	201	20,278	(2,600)	475	18,153
Segment assets	75,590	131,543	66,862	45,213	98,250	417,461	7,210	424,671	155,720	(33,866)	546,525
Other											
Depreciation and amortization	483	802	2,649	122	3,136	7,193	198	7,392	1,900	—	9,292
Amortization of goodwill	—	—	120	—	1,502	1,623	—	1,623	—	—	1,623
Goodwill, unamortized	—	—	2,214	—	25,412	27,626	—	27,626	—	—	27,626
Investments in equity affiliates	2,079	2,507	132	1,932	2,219	8,871	1,896	10,768	—	(57)	10,711
Increase in property, plant, and equipment and intangible fixed assets	330	1,392	2,460	346	5,720	10,250	317	10,568	1,144	—	11,712

(Note) 1. Other is a business segment consisting of businesses not included in reportable segments, and includes logistics services, information processing services, and professional services.

2. Corporate segment income (loss) represents expenses not allocated to reportable segments or Other. Segment assets under Corporate are assets not allocable to reportable segments or Other.

3. Adjustments are eliminations of intersegment transactions.

4. The sum of segment profit (loss) totals, Corporate and Adjustments is equivalent to operating profit as presented in the consolidated statements of income.

Current Consolidated Fiscal Year (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable Segments						Other (Note) 1	Total	Corporate (Note) 2	Adjustments (Note) 3	To consolidated financial statements (Note) 4
	Functional Materials	Advanced Materials & Processing	Electronics	Automotive & Energy	Life & Healthcare	Total					
Net sales											
Sales to customers	157,149	255,505	127,926	115,351	85,571	741,505	689	742,194	－	－	742,194
Intersegment sales/transfers	1,955	2,241	1,211	2,626	514	8,549	5,851	14,401	－	(14,401)	－
Total	159,105	257,747	129,138	117,978	86,086	750,055	6,540	756,595	－	(14,401)	742,194
Segment income (loss)	3,679	4,979	6,255	1,300	3,864	20,079	215	20,295	(2,725)	455	18,024
Segment assets	71,042	122,802	62,912	42,136	99,620	398,514	7,213	405,728	145,038	(38,685)	512,081
Other											
Depreciation and amortization	509	859	2,672	157	3,258	7,458	208	7,667	1,826	－	9,493
Amortization of goodwill	－	－	132	－	1,502	1,634	－	1,634	－	－	1,634
Goodwill	－	－	672	－	23,909	24,582	－	24,582	－	－	24,582
Investments in equity affiliates	1,752	2,389	1,968	1,355	2,385	9,852	1,944	11,797	－	(53)	11,743
Increase in property, plant, and equipment and intangible fixed assets	1,690	1,466	2,855	244	2,341	8,598	158	8,757	2,368	－	11,125

(Note) 1. Other is a business segment consisting of businesses not included in reportable segments, and includes logistics services, information processing services, and professional services.

2. Corporate segment income (loss) represents expenses not allocated to reportable segments or Other. Segment assets under Corporate are assets not allocable to reportable segments or Other.

3. Adjustments are eliminations of intersegment transactions.

4. The sum of segment profit (loss) totals, Corporate and Adjustments is equivalent to operating profit as presented in the consolidated statements of income.

b. Other Information

Prior Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)

1. Products and Services

Omitted, as the same information has been disclosed under Segment Information.

2. Geographic Information

(1) Net sales

(Millions of yen)

Japan	Northeast Asia	Southeast Asia	North America	Europe & Others	Total
374,208	217,232	122,493	29,995	15,783	759,713

(Note) 1. Net sales are categorized by country or region, according to the location of the customer.
2. Countries/regions are determined by geographical proximity.

(2) Property, plant and equipment

(Millions of yen)

Japan	Other	Total
58,897	7,877	66,774

3. Major Customers

Information not presented here, since no single customer accounts for 10% or more of consolidated net sales.

Current Consolidated Fiscal Year (April 1, 2015 to March 31, 2016)

1. Products and Services

Omitted, as the same information has been disclosed under Segment Information.

2. Geographic Information

(1) Net sales

Japan	Northeast Asia	Southeast Asia	North America	Europe & Others	Total
363,038	221,197	109,837	30,684	17,437	742,194

(Note) 1. Net sales are categorized by country or region, according to the location of the customer.
2. Countries/regions are determined by geographical proximity.

(2) Property, plant and equipment

Japan	Other	Total
59,646	6,828	66,474

3. Major Customers

Information not presented here, since no single customer accounts for 10% or more of consolidated net sales.

c. Impairment Losses of Non-Current Assets for Each Reportable Segment

Prior Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable Segments						Other	Corporate/ Elimination	Total
	Functional Materials	Advanced Materials & Processing	Electronics	Automotive & Energy	Life & Healthcare	Total			
Impairment loss	―	74	176	78	―	328	―	273	602

Current Consolidated Fiscal Year (April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable Segments						Other	Corporate/ Elimination	Total
	Functional Materials	Advanced Materials & Processing	Electronics	Automotive & Energy	Life & Healthcare	Total			
Impairment loss	―	818	1,862	36	―	2,717	―	39	2,756

(Note) The profitability of the business assets in the color former manufacturing business of the Advanced Materials & Processing segment has degraded significantly. Accordingly, the Company has written down the book value of these assets to recoverable amounts, recording ¥500 million in related impairment costs. The profitability of the business assets in the plastic materials processing business of the same segment has also degraded significantly. Accordingly, the Company has written down the book value of these assets to recoverable amounts, recording ¥304 million in related impairment costs.

At present, the Company does not believe the commercial adhesive development and manufacturing business of the Electronics segment will return profits as originally projected. Accordingly, the Company has written down the book value of the associated goodwill of this business to recoverable amounts, recording ¥1,364 million in impairment costs.

The profitability of the business assets in the thin glass processing business for glass substrate of the same segment has degraded significantly. Accordingly, the Company has written down the book value of these assets to recoverable amounts, recording ¥440 million in impairment costs.

The Advanced Materials & Processing segment recorded impairment loss of ¥500 million to the color former manufacturing business assets due to decreasing profitability. The segment also recorded another impairment of ¥304 million in the plastic materials processing business assets, also out of decreasing profitability. In both cases, the Company wrote down the book values of these assets to their respective recoverable amounts.

The Electronics segment recorded impairment loss of ¥1,364 million in goodwill attributable to the commercial adhesive development and manufacturing business, since the Company no longer expects profitability as originally projected. The segment also recorded impairment in the amount of ¥440 million because of decreasing profitability in the thin glass processing business for glass substrate. In both cases, the Company wrote down the book values of these assets to their respective recoverable amounts.

d. Amortization and Unamortized Balance of Goodwill for Each Reportable Segment

Prior Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)

Omitted, as the same information has been disclosed under Segment Information.

Current Consolidated Fiscal Year (April 1, 2015 to March 31, 2016)

Omitted, as the same information has been disclosed under Segment Information.

e. Information about Gain on Bargain Purchase for Each Reportable Segment

Prior Consolidated Fiscal Year (April 1, 2014 to March 31, 2015)

No matters to report.

Current Consolidated Fiscal Year (April 1, 2015 to March 31, 2016)

No matters to report.

(Per-Share Data)

	Prior Consolidated Fiscal Year (April 1, 2014 - March 31, 2015)	Current Consolidated Fiscal Year (April 1, 2015 - March 31, 2016)
Net assets per share	¥2,215.18	¥2,156.67
Earnings per share	¥89.10	¥96.96

(Note) 1. Information for diluted earnings per share not presented, as the Company does not issue any stock with dilutive effects.
2. Basic earnings per share calculations are as shown below.

	Prior Consolidated Fiscal Year (April 1, 2014 - March 31, 2015)	Current Consolidated Fiscal Year (April 1, 2015 - March 31, 2016)
Profit attributable to owners of the parent (millions of yen)	11,318	12,316
Profit attributable to common stock owners of the parent (millions of yen)	11,318	12,316
Average number of outstanding shares of common stock (shares)	127,032,358	127,031,413

(Significant Subsequent Events)

No matters to report.