April 27, 2018

Summary of Fiscal 2017

(The Fiscal Year ended March 31, 2018)

Tokuyama Corporation

1. Consolidation

Classification	Fiscal 2017	Fiscal 2016	Changes
The number of consolidated subsidiaries	49	51	(2)
The number of subsidiaries and affiliates by the equity method	10	10	-

2. Summary of performance and other corporate data (consolidated)

(Unit: Billions of yen, except number of employees)

	Fiscal 2017	Fiscal 2016	Changes
Net sales	308.0	299.1	+8.9
Operating profit	41.2	38.5	+2.7
Ordinary profit	36.1	33.9	+2.1
Profit attributable to owners of parent	19.6	52.1	(32.4)
Basic earnings per share (Unit: yen)	259.81	738.92	(479. 11)
Capital expenditures	15.9	17.3	(1.4)
Depreciation and amortization	13.9	14.2	(0.2)
R&D expenses	7.9	7.5	+0.3
Financial income and expenses	(3.2)	(3.9)	+0.6

* From fiscal 2017, the Company has changed its presentation method and, for the cumulative consolidated accounting period of the fiscal 2016, has stated the reclassified numerical values.
* The Company consolidated its common shares at a ratio of one share for each five shares effective as of October 1, 2017. On this basis, basic earnings per share is calculated on the assumption that the consolidation of shares was conducted as of the beginning of fiscal 2016.

	As of March 31, 2018	As of March 31, 2017	Changes
Interest-bearing debt	139.9	213.9	(74.0)
Number of employees	4,889	5,406	(517)

3. Net sales and operating profit by business segment (year on year)

(Unit: Billions of yen)

	FY2017		FY2016		Changes	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Chemicals	93.5	16.1	83.3	12.9	+10.2	+3.1
Specialty Products	58.6	11.0	67.7	9.2	(9.0)	+1.7
Cement	87.3	4.5	82.9	7.5	+4.3	(2.9)
Life & Amenity	51.5	3.7	50.7	5.3	+0.8	(1.6)
Others	54.5	6.2	52.1	5.9	+2.4	+0.2
Total	345.6	41.6	336.9	41.1	+8.7	+0.5
Inter-segment eliminations and corporate-wide expenses	(37.6)	(0.4)	(37.8)	(2.5)	+0.2	+2.1
Consolidated results	308.0	41.2	299.1	38.5	+8.9	+2.7

- In the Chemicals segment, both sales and operating profit increased due to an increase in the sales volume and the revision of selling prices.
- In the Specialty Products segment, operating profit was up despite a downturn in sales during the fiscal year under review. This was largely attributable to removal of Tokuyama Malaysia Sdn. Bhd. from the Company's scope of consolidation.
- In the Cement segment, the Tokuyama Group reported lower operating profit on higher sales. Domestic sales increased at Tokyo and the other areas, and the volume of exports increased. Meanwhile, manufacturing costs increased due to a rise in raw material prices such as coal.
- In the Life & Amenity segment, the Tokuyama Group reported lower operating profit on higher sales. With regard to dental materials and ion exchange membranes, sales increased compared with the previous fiscal year. Meanwhile, manufacturing costs increased.

4. Net sales and operating profit by business segment (forecasts)

(1) Net sales and operating profit by business segment (full year comparison)

(Unit: Billions of yen)

	FY2018 Forecast		FY2017 Results		Changes	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Chemicals	102.0	18.0	93.5	16.1	+8.4	+1.8
Specialty Products	63.0	11.0	58.6	11.0	+4.3	(0.0)
Cement	93.0	4.5	87.3	4.5	+5.6	(0.0)
Life & Amenity	56.0	3.0	51.5	3.7	+4.4	(0.7)
Others	54.0	3.5	54.5	6.2	(0.5)	(2.7)
Total	368.0	40.0	345.6	41.6	+22.3	(1.6)
Inter-segment eliminations and corporate-wide expenses	(40.0)	(2.0)	(37.6)	(0.4)	(2.3)	(1.5)
Consolidated results	328.0	38.0	308.0	41.2	+19.9	(3.2)

(2) Assumptions of performance forecasts for fiscal 2018

	Fiscal 2018	**Fiscal 2017**
Domestic Naphtha Price (¥/kl)	**48,000**	**41,900**
Exchange Rate (¥/$)	**110**	**111**

The Tokuyama Group is projecting an increase in sales and a decrease in operating profit in the fiscal 2018. Expectations of a decrease in operating profit are largely based on upward trend in raw material and fuel costs.

- In the Chemicals segment, the Group has taken into account the revision of selling prices in line with the increase in domestic naphtha prices.
- In the Specialty Products segment, the Group has taken into account an increase in sales of semiconductor-related materials as well as an increase in raw material and fuel costs.
- In the Cement segment, the Group has factored the revision of selling prices as well as an increase in raw material and fuel costs mainly due to the surge in coal price.
- In the Life & Amenity segment, the Group has taken into account an increase in sales in overseas markets.

Summary of Consolidated Financial Statements for Fiscal 2017 (JP GAAP)
(The Fiscal Year ended March 31, 2018)

April 27, 2018

Tokuyama Corporation Stock exchange listings: Tokyo
(URL http://www.tokuyama.co.jp/) Code number: 4043
Representative: Hiroshi Yokota
President and Representative Director
Contact: Taro Kobayashi
General Manager, Corporate Communications & Investor Relations Dept.
+81-3-5207-2552

Scheduled date for the Ordinary General Meeting of Shareholders: June 22, 2018
Scheduled date of year-end dividends payout: June 25, 2018
Scheduled date for the filing of the consolidated financial statements: June 25, 2018
Preparation of supplementary explanatory materials: Yes
Business results IR briefing to be held: Yes (for institutional investors and analysts)

1. Consolidated results for fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(1) Performance

Note: All amounts are rounded down to the nearest million yen.
% indicates year-on-year changes.

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]
Fiscal 2017	308,061	3.0	41,268	7.1	36,196	6.5	19,698	(62.2)
Fiscal 2016	299,106	(2.6)	38,533	67.0	33,998	91.8	52,165	―

(Note) Comprehensive income: FY17: 27,436 million yen [(49.7)%] FY16: 54,562 million yen [―%]

	Basic earnings per share	Diluted net income per share	Net income to shareholders' equity	Ordinary profit to total assets	Operating profit to net sales
	(yen)	(yen)	[%]	[%]	[%]
Fiscal 2017	259.81	―	15.6	9.2	13.4
Fiscal 2016	738.92	599.66	58.5	8.2	12.9

(Reference) Equity in earnings of unconsolidated subsidiaries and affiliates: FY17: 957 million yen FY16: 900 million yen

* From the fiscal year ending March 31, 2018, the Company has changed its presentation method and, for the consolidated accounting period of the fiscal year ended March 31, 2017, has stated the reclassified numerical values and the rate of change from the previous fiscal year after having retroactively applied the appropriate presentation method.
* The Company consolidated its common shares at a ratio of one share for each five shares effective as of October 1, 2017. On this basis, basic earnings per share and diluted earnings per share data are calculated on the assumption that the consolidation of shares was conducted as of the beginning of the preceding fiscal year.
* Earnings per share data for each of fiscal 2016 and fiscal 2017 are calculated by dividing the applicable amount after deducting profit not attributable to common stock from profit attributable to owners of parent (the amount of Class A share call premium redemption or the amount of Class A daily prorated unpaid dividends) by the average number of shares of common stock over the period.

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	[%]	(yen)
Mar 31, 2018	361,949	136,591	34.7	1,806.56
Mar 31, 2017	424,433	135,976	29.9	1,527.42

(Reference) Shareholders' equity: FY17: 125,656 million yen FY16: 127,015 million yen

* The Company consolidated its common shares at a ratio of one share for each five shares effective as of October 1, 2017. On this basis, net assets per share data is calculated on the assumption that the consolidation of shares was conducted as of the beginning of the preceding fiscal year.

(3) 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 the year
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)
Fiscal 2017	61,885	(12,665)	(101,209)	66,807
Fiscal 2016	20,012	(10,089)	(11,911)	118,819

2. Dividends

(Period)	Annual dividens 1st quarter	2nd quarter	3rd quarter	Year-end	Total	Total dividends paid (Total)	Dividend payout ratio (Consolidated)	Dividend on net assets ratio (Consolidated)
	(yen)	(yen)	(yen)	(yen)	(yen)	(millions of yen)	[%]	[%]
Fiscal 2016	--	0.00	--	0.00	0.00	--	--	--
Fiscal 2017	--	2.00	--	20.00	--	2,086	11.5	1.8
Fiscal 2018 (Forecast)	--	25.00	--	25.00	50.00		12.9	

(Note)

* Dividends described above are the status of dividend related to common stock. As for the dividends related to class shares, please refer to "(Reference) Dividends for Class A shares" on page 4 of this Summary of Consolidated Financial Statement.
* The Company consolidated its common shares at a ratio of one share for each five shares effective as of October 1, 2017. The amount of dividend for the end of the fiscal year ending March 31, 2018 is presented as the amount of dividend prior to share consolidation. The forecast amount for the year-end dividend per share for the fiscal year ending March 31, 2018 is stated after taking into the account the impact of the share consolidation. The annual dividend amount is presented as "-." Meanwhile, the interim dividend per share for the fiscal year ending March 31, 2018 converted after the share consolidation and the annual dividend per share are ¥10.00 and ¥30.00, respectively.

*Year-end dividend per share for the fiscal year ending March 31, 2018 of ¥20.00, includes a 100th anniversary commemorative dividend.

3. Consolidated performance forecast for fiscal 2018 (April 1, 2018 – March 31, 2019)

(% indicates the rate of change over the corresponding previous periods respectively)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(yen)
Fiscal 2018	328,000	6.5	38,000	(7.9)	34,000	(6.1)	27,000	(37.1)	388.15

<u>* Cautions pertaining to the appropriate use of performance forecasts and other particular items</u>

The performance forecast and other forward-looking statements contained in this material have been prepared on the basis of information available at this point and certain assumptions which are judged to be rational, and may be substantially different from the actual performance etc. because of various factors that may arise from now on.

*Notes

(1) Changes of significant subsidiaries in the scope of consolidation during this period : Yes

Addition to the scope of consolidation: -
Reduction from the scope of consolidation: 1 (Company Name: Tokuyama Malaysia Sdn. Bhd.)

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

i. Changes of accounting policies by revision of accounting standards : No
ii. Changes of accounting policies other than the above : No
iii. Changes in accounting estimates : No
iv. Retrospective restatements : No

(3) Number of shares issued (in common stock)

i.	Number of shares issued at end of period (including treasury stock):	FY17:	69,934,375	FY16:	69,934,375
ii.	Number of treasury stock at end of period:	FY17:	378,378	FY16:	370,156
iii.	Average number of shares over period:	FY17:	69,560,391	FY16:	69,566,147

* The Company consolidated its common shares at a ratio of one share for each five shares effective as of October 1, 2017. On this basis, number of shares issued at end of period, number of treasury stock at end of period average number of shares over period data are calculated on the assumption that the consolidation of shares was conducted as of the beginning of the preceding fiscal year.

(Reference) Summary of Non-Consolidated Operating Results

1. Non-consolidated results for fiscal year ended March 31, 2018 (April 1, 2017 – March 31, 2018)

Note: All amounts are rounded down to the nearest million yen.
% indicates year-on-year changes.

(1) Performance

	Net sales		Operating profit		Ordinary profit		Net profit	
	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]	(millions of yen)	[%]
Fiscal 2017	188,501	8.9	33,359	3.5	29,628	(0.4)	29,262	(8.3)
Fiscal 2016	173,055	(6.3)	32,220	25.6	29,745	9.3	31,915	―

	Net profit per share	Diluted net profit per share
	(yen)	(yen)
Fiscal 2017	397.30	―
Fiscal 2016	447.83	366.88

*From the fiscal year ending March 31, 2018, the Company has changed its presentation method and, for the consolidated accounting period of the fiscal year ended March 31, 2017, has stated the reclassified numerical values and the rate of change from the previous fiscal year after having retroactively applied the appropriate presentation method.

* The Company consolidated its common shares at a ratio of one share for each five shares effective as of October 1, 2017. On this basis, net profit per share and diluted net profit per share data are calculated on the assumption that the consolidation of shares was conducted as of the beginning of the preceding fiscal year.

* Net profit per share data for each of fiscal 2016 and fiscal 2017 are calculated by dividing the applicable amount after deducting profit not attributable to common stock from net profit (the amount of Class A share call premium redemption or the amount of Class A daily prorated unpaid dividends) by the average number of shares of common stock over the period.

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	[%]	(yen)
Mar 31, 2018	281,360	89,184	31.7	1,282.20
Mar 31, 2017	330,369	82,064	24.8	881.24

(Reference) Shareholders' equity: FY17: 89,184 million yen FY16: 82,064 million yen

* The Company consolidated its common shares at a ratio of one share for each five shares effective as of October 1, 2017. On this basis, net assets per share data is calculated on the assumption that the consolidation of shares was conducted as of the beginning of the preceding fiscal year.

(Note) Notice on the implementation of audit procedures

This Summary of Consolidated Financial Statements is not subject to audit procedures of the consolidated financial statements in line with the Financial Instruments and Exchange Act. At the point of disclosure of this Summary of Consolidated Financial Statements, audit procedures of the consolidated financial statements in line with the Financial Instruments and Exchange Act are underway.

(Reference) Dividends for Class A shares

Dividends per share related to class shares are as follows:

Class A shares	Annual dividends per share				
(Period)	1st quarter	2nd quarter	3rd quarter	Year-end	Total
	(yen)	(yen)	(yen)	(yen)	(yen)
Fiscal 2016, ended Mar 31, 2017	—	—	—	38,082.20	38,082.20
Fiscal 2017, ending Mar 31, 2018	—				

(Note) All of the Class A shares issued by the Company (total paid-in amount: 20 billion yen) have been acquired and cancelled on June 14, 2017.

Contents for Accompanying Materials

1. Management Policy

(1) Basic Management Policy

Tokuyama has put in place a renewed Group vision in a bid to further clarify its role and significance. As a key component of this vision, the Tokuyama Group is determined to help realize a prosperous society by creating value that enhances people's lives centered on the field of chemistry. Drawing on the chemical technologies that it has nurtured over many years, the Group will contribute to the well-being, growth, and development of society by continuously creating and proposing new value.

(2) Medium- to Long-Term Management Strategies and Performance Targets

Under the Medium-Term Management Plan formulated in May 2016, we have identified the following two medium- to long-term management strategies, which we intend to carry out over the next decade through to the fiscal year ending March 31, 2026.

1. Transition toward a robust business structure that is resilient against changes in the Company's operating environment and is capable of sustainable growth

The Tokuyama Group has set the goal of becoming a global leader in advanced materials through unique technologies across growth businesses including the Specialty Products as well as Life & Amenity segment together with the development of new products. In such traditional businesses as the Cement and Chemicals segments, the Group will work to become a leader in Japan through strengthening competitiveness.

2. Transition to a Group-wide lost-cost structure by undertaking a comprehensive review of existing work practices

The Tokuyama Group will reduce costs by adopting a cross-departmental approach that differs from conventional methods and undertaking strategic capital expenditures as a part of efforts to cut back principal costs including raw material, fuel, repairs and maintenance, and logistics costs.

In addition, Tokuyama has identified specific numerical targets as a measure of its success in carrying out these strategies. The goals are to achieve an ROA (operating profit/total assets), cash conversion cycle, and debt-to-equity ratio of at least 10%, not more than 55 days, and not more than 1.0, respectively, as of the end of fiscal 2020, the fiscal year ending March 31, 2021.

(3) Pending Issues

The Tokuyama Group is focused on rebuilding its financial platform as a first step toward its revitalization. In addition to completing the transfer of Tokuyama Malaysia Sdn. Bhd., the Group has undertaken such measures as the redemption of Class A shares.

Recognizing the significant deterioration in our operations due to impairment losses of Tokuyama Malaysia's business since 2014, we remain committed to strengthening our financial platform, improving our corporate governance structure and systems, and clarifying the direction of business strategies as a part of efforts to make the most of lessons learned. Moving forward, we will work diligently to create the necessary driving force to propel new profit growth. In order to overcome each of these issues, we will steadfastly carry out the priority measures set out in our current medium-term management plan and reform both management and the Group's operations in a bid to secure renewed growth.

1. Change its organizational climate

Recognizing the need to promote an environment in which key positions take the initiative to foster a vibrant corporate culture that encourages independent thinking and rapid business execution among employees, we adopted a new performance-based personnel system for management and employees over the age of 60. Looking ahead, we plan to expand this system to all employees. In order to incorporate fresh perspectives in the Group's business promotion activities, we will also actively recruit outside personnel with specialized skills and a wealth of experience as a part of our human resources development system.

2. Rebuild its business strategies

In order to realize the aspirations of becoming a leader in its traditional businesses in Japan and a global leader in advanced materials identified under its Medium-Term Management Plan, Tokuyama will strengthen the competitiveness of each business utilizing ICT and accelerate the pace of overseas business development.

In addition, steps will be taken to introduce a new business evaluation system that focuses on capital efficiency and to optimize the business portfolio.

As far as research and development is concerned, we will rebuild our R&D structure so that it is more in tune with customers' needs and cultivate new business domains by implementing open innovation with other companies.

3. Strengthen Group management

In order to fully capitalize on synergies within the Tokuyama Group, every effort was made to accelerate the pace of sales strategies with strong support for a human resource perspective and management decision-making based on flexible capital policies. As a result, reform of the Group as a whole will also gather pace. In addition to applying the new business evaluation system to consolidated subsidiaries and clarifying the degree of contribution to enhancing corporate value, we will work to reinforce internal control at Group companies.

4. Improve its financial structure

Steps were taken to execute an unsecured bond trust-type debt assumption agreement, undertake the repayment in advance of loan agreements with financial covenants, and reduce interest-bearing debt in order to quickly stabilize the Company's financial position. Moving forward, Tokuyama will continue to reduce interest-bearing debt while working to enhance its shareholders' equity by building up profits for the period.

2. 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

In fiscal 2017 (April 1, 2017 to March 31, 2018), the momentum of recovery across the global economy gathered strength. This was largely due to an upswing in investment in developed countries, smartphone penetration and growth in emerging nations, increased application of information technology in the automobile, home appliance, and other sectors, and growing use of IoT and big data.

As far as the Japanese economy is concerned, export and manufacturing activities continued to improve with corporate earnings reaching record highs. In addition to improvements in employment and disposable income conditions, domestic demand also exhibited signs of a recovery on the back of such factors as personal consumption and private-sector capital investment. Taking the aforementioned into consideration, Japan advanced toward a positive economic cycle.

Under these circumstances, the Tokuyama Group continued to implement the priority measures identified in its Medium-Term Management Plan.

As a result, despite increases in raw material and fuel costs including coal and naphtha, Tokuyama benefitted from such factors as an increase in sales volume and efforts to adjust selling prices. As a result, both net sales and operating profit improved.

(Unit: Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parerent
Fiscal 2017	**308,061**	**41,268**	**36,196**	**19,698**
Fiscal 2016	299,106	38,533	33,998	52,165
Rate of change (%)	3.0	7.1	6.5	(62.2)

Net sales

Consolidated net sales increased 3.0%, or ¥8,954 million compared with the previous fiscal year, to ¥308,061 million. This was largely attributable to an increased sales volume in major products such as cement and revision in selling prices of caustic soda and petroleum products.

Cost of sales

Cost of sales increased 2.6%, or ¥5,222 million compared the previous fiscal year, to ¥207,715 million. This was due mainly to an increase in raw material and fuel costs as a result of the surge in coal and domestic naphtha prices.

SG&A expenses

SG&A expenses increased 1.7%, or ¥997 million compared with the previous fiscal year, to ¥59,077 million. This was largely attributable to the increase in logistics costs associated with the increased sales volumes.

Operating profit

Operating profit increased 7.1%, or ¥2,735 million compared with the previous fiscal year, to ¥41,268 million. Despite an increase in fuel and raw material costs, this was due mainly to an increased sales volume in major products and improved profitability with the effect of the revision in selling prices.

Non-operating income/expenses, Ordinary profit

Non-operating income/expenses deteriorated ¥537 million compared with the previous fiscal year.

As a result of the above, ordinary profit increased 6.5%, or ¥2,197 million compared with the previous fiscal year, to ¥36,196 million.

Extraordinary income/losses, Profit before income taxes, Profit, Profit attributable to owners of parent

Extraordinary income/losses deteriorated by ¥7,827 million compared with the previous fiscal year. This was largely attributable to the posting of a loss on transfer of business due to the completion of transfer of Tokuyama Malaysia Sdn. Bhd.

As a result of the above, profit before income taxes decreased 14.6%, or ¥5,630 million compared with the previous fiscal year, to ¥32,895 million.

Profit after deducting income taxes calculated in an appropriate way decreased 52.5%, or ¥28,015 million compared with the previous fiscal year, to ¥25,381 million.

Profit attributable to owners of parent decreased 62.2%, or ¥32,467 million compared with the previous fiscal year, to ¥19,698million.

[2] Operating performance by business segment

(Operating results by segment)

Sales (Unit: Millions of yen)

	Reportable segment				Others	Total	Adjustment	Figures in consolidated income statement
	Chemicals	Specialty Products	Cement	Life & Amenity				
Fiscal 2017	**93,546**	**58,678**	**87,345**	**51,579**	**54,526**	**345,676**	**(37,615)**	**308,061**
Fiscal 2016	83,346	67,726	82,995	50,751	52,124	336,943	(37,836)	299,106
Rate of change (%)	12.2	(13.4)	5.2	1.6	4.6	2.6	-	3.0

Operating profit (Unit: Millions of yen)

	Reportable segment				Others	Total	Adjustment	Figures in consolidated income statement
	Chemicals	Specialty Products	Cement	Life & Amenity				
Fiscal 2017	**16,175**	**11,003**	**4,568**	**3,728**	**6,214**	**41,691**	**(422)**	**41,268**
Fiscal 2016	12,999	9,215	7,552	5,389	5,965	41,122	(2,589)	38,533
Rate of change (%)	24.4	19.4	(39.5)	(30.8)	4.2	1.4	-	7.1

(Note) Sales and operating profit in each segment include inter-segment transactions.

Chemicals

Sales of caustic soda were up compared with the previous fiscal year both domestic sales and export volumes increased due to the upward trend of Asian market, and the revision of selling prices was also progressed.

Sales of vinyl chloride monomer (VCM) were up compared with the previous fiscal year. The volume of export mainly for Asian market increase and the selling prices were steady.

Sales of vinyl chloride resin increased. The revision of selling price was progressed.

As a result of the above, segment net sales increased 12.2% compared with the previous fiscal year, to ¥93,546 million and operating profit increased 24.4% to ¥16,175 million. The segment reported higher earnings on higher sales.

Specialty Products

Sales of polycrystalline silicon decreased. Despite a robust sales volume of semiconductor-grade polycrystalline silicon, this was primarily due to removal of Tokuyama Malaysia Sdn. Bhd. from the Company's scope of consolidation.

Sales of fumed silica increased compared with the previous fiscal year due to increased sales of such applications as a polishing material for semiconductors.

With regard to high-purity chemicals for electronics manufacturing, sales increased compared with the previous fiscal year, mainly due to the robust sales volume in such applications as semiconductor manufacturing.

With regard to thermal management material, sales increased compared with the previous fiscal year. This was attributable to an increase in sales volumes of such applications used for semiconductor manufacturing equipment.

As a result of the above, segment net sales decreased 13.4% compared with the previous fiscal year, to ¥58,678 million and operating profit increased 19.4% to ¥11,003 million. The segment reported higher earnings on lower sales.

Cement

Sales of cement increased. While the construction of infrastructure related to Tokyo Olympic was becoming more active, domestic sales increased at Tokyo and the other areas, and the volume of exports increased on the back of robust demand in the Asia region. Meanwhile, manufacturing costs increased due to a rise in raw material prices such as coal.

In the resource recycling business, despite the Company accepted a lower volume of waste, the waste disposable fees increased compared with the previous fiscal year. As a result of this, sales was almost same as the previous fiscal year.

Consolidated subsidiary net sales increased. This mainly reflected the robust shipping trends of such products as ready-mixed concrete.

As a result of the above, segment net sales increased 5.2% compared with the previous fiscal year, to ¥87,345 million and operating profit decreased 39.5% to ¥4,568 million. The segment reported lower earnings on higher sales.

Life & Amenity

With regard to dental materials and equipment, sales increased compared with the previous fiscal year, due to higher sales volumes of new products and an increase in the volume of export.

With regard to ion exchange membranes, sales were up compared with the previous fiscal year. This largely reflected the increase of sales on large-scale projects compared with the previous fiscal year.

Sales of active pharmaceutical ingredients and intermediates decreased compared with the previous fiscal year, owing mainly to the downswing in the sales volumes of generic pharmaceuticals.

With regard to microporous film, sales of such applications as sanitary articles including disposable diapers decreased at oversea subsidiaries. As a result of this, sales decreased compared with the previous fiscal year.

In gas sensors, Figaro Engineering Inc. was removed from the Company's scope of consolidation effective from the second quarter of the previous fiscal year. This reflected the transfer of a portion of the company's shares.

As a result of the above, segment net sales increased 1.6% compared with the previous fiscal year, to ¥ 51,579 million and operating profit decreased 30.8% to ¥ 3,728 million. The segment reported lower earnings on higher sales.

<2> Outlook for fiscal 2018

[1] Outlook for operating results

In fiscal 2018 (April 1, 2018 to March 31, 2019), there are concerns that such factors as growing trade restrictions and geopolitical tension will negatively impact the global economy. Despite these concerns, we expect the modest recovery in the U.S. economy will continue as improvements in the employment and disposable income environments help maintain firm personal consumption. This will allow the U.S. to drive the global economy forward along an ongoing recovery path. On the domestic front, we anticipate that Olympic-related investments as well as expenditures aimed at improving productivity will continue unabated. Personal consumption is forecast to remain firm on the back of wage increases mainly by small and medium-sized companies. As a result, we expect the Japanese economy will show signs of ongoing modest expansion. In contrast, there are concerns that rising raw material costs attributable to an upswing in international product market conditions as well as the effects of the strong yen on export activity will have a negative impact on the domestic environment.

Under these circumstances, the Tokuyama Group will continue to transition to a robust business structure that is unaffected by changes in market conditions and movements in supply and demand, and is capable of sustainable growth. In the traditional businesses as Cement and Chemicals, we will endeavor to strengthen our competitiveness by thoroughly reducing costs and increasing efficiency. In such growth businesses as Specialty Products, Life & Amenity, and Newly Developed Products, we will make every effort to bolster our product and development prowess by enhancing functions as well as quality in a bid to nurture the necessary driving force to proper new growth.

Based on the current information, we forecast net sales of ¥328.0 billion, an increase of 6.5% (¥19.9 billion) compared with the fiscal year under review, operating profit of ¥38.0 billion, a decrease of 7.9% (¥3.2 billion), ordinary profit of ¥34.0 billion, down 6.1% (¥2.1 billion) and profit attributable to owners of parerent of ¥27.0 billion, a increase of 37.1% (¥7.3 billion).

(Unit: Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parerent
Fiscal 2018	**328,000**	**38,000**	**34,000**	**27,000**
Fiscal 2017	308,061	41,268	36,196	19,698
Rate of change (%)	6.5	(7.9)	(6.1)	37.1

These forecasts are calculated based on an exchange rate of ¥110/$ and a domestic naphtha price of ¥48,000/kl.

[2] Outlook for segment results for fiscal 2018

Chemicals

While trends in sales volumes, and especially of caustic soda, are expected to remain firm against the backdrop of robust demand in the Asia region, raw material and fuel costs are projected to continue to increase. On this basis, we anticipate significant risk of ongoing fluctuation in the earnings environment. Under this operating environment, the Tokuyama Group will work to transfer the increase in raw material and fuel costs to selling prices, and strengthen its cost competitiveness including its unit consumption of raw marerials and energy as well as the efficiency of its fixed costs. Every effort will be made to secure stable earnings.

Specialty Products

The semiconductor market is expected to remain robust. In line with the trend toward an IoT society and miniaturization, customers' demand for higher levels of quality and stable supply is increasingly expanding. Under these circumstances, the Tokuyama Group will endeavor to adhere strictly to a policy of cost reduction while urgently increasing the quality of its semiconductor-related products including semiconductor-grade polycrystalline silicon and putting in place a production structure that is capable of meeting demand, thereby securing earnings. In addition, the Group will look to boost earnings by pursuing the higher qulity and expanding sales of high-value-added products which are cleary differenciated from other companies' products..

Cement

Private-sector demand in Japan is projected to continue its strong upward trend on the back of efforts to redevelop the Tokyo area, construction work relating to the 2020 Tokyo Olympics, and other factors. Public-sector demand, on the other hand, is expected to stay at around the same level as the previous fiscal year. Taking these factors into consideration, overall demand in Japan is anticipated generally flat. Under these circumstances, every effort will be made to secure earnings by transferring the increase in raw material costs to selling prices, expanding the volumes of exports and waste accepted, and thoroughly reducing manufacturing costs.

Life & Amenity

The Tokuyama Group believes that the market in Japan will continue along a modest recovery trajectory. In contrast, the Group holds concerns over the economic conditions of overseas markets on a forseenable future. This is especially true for China as well as emerging countries where there are fears of a slowdown in the rates of economic growth. Against this backdrop, the Tokuyama Group will place particular emphasis on developing and marketing products that address customers' needs and changes in the market while working to expand earnings.

Others

The "Others" segment includes businesses which are responsible for the Group's sales, logistics, utilities and other functions. The segment will work to increase Group-wide earnings by continuing to reduce costs.

(2) Analysis of Financial Position

<1> Analysis of assets, liabilities and net assets

Summery of Consolidated Balance Sheets (Unit: Millions of yen)

	Mar 31, 2017	Mar 31, 2018	Ammount of change	Rate of change (%)
Assets	424,433	361,949	(62,483)	(14.7)
Liabilities	288,457	225,357	(63,099)	(21.9)
(Interest-bearing debt)	213,955	139,917	(74,037)	(34.6)
Net assets	135,976	136,591	615	0.5
(Shareholders' equity)	127,015	125,656	(1,359)	(1.1)

Financial indicators

	Mar 31, 2017	Mar 31, 2018	Ammount of change
D/E ratio	1.68	1.11	(0.57)
Net D/E ratio	0.73	0.58	(0.15)
Shareholders' equity ratio (%)	29.9	34.7	4.8 points
Shareholders' equity ratio based on market price (%)	44.1	65.1	21.0 points

(Note)
*D/E ratio : interest-bearing debt / shareholders' equity
Net D/E ratio : (interest-bearing debt - Cash and cash equivalents) / shareholders' equity
Shareholders' equity ratio (%) : interest-bearing debt / total assets
Shareholders' equity ratio based on market price (%) : market capitalization / total assets

(Assets)

Regarding current assets, a rise in the execution of a trust-type debt assumption agreement (debt assumption agreement) with a bank and repayments in advance of long-term loans payable caused a decrease of ¥54,369 million in cash and cash equivalents (including marketable securities). Due mainly to the removal of Tokuyama Malaysia Sdn. Bhd. from the consolidation, property, plant and equipment decreased by ¥8,991million.

As a result, total assets amounted to ¥361,949 million, down ¥62,483 million compared with those as of March 31, 2017. Due to the removal of Tokuyama Malaysia Sdn. Bhd. from the consolidation, assets decreased by ¥20,522 million.

(Liabilities)

Tokuyama has promoted to reduce interest-bearing in order to improve its financial structure under its Medium-Term Management Plan. The principal factors are a decrease in bonds payable of ¥34,400 million following the execution of a debt assumption agreement with a bank , and a decrease in long-term loans payable and current portion of long-term loans payable of ¥40,585 million owing mainly to normal scheduled repayment together with repayments in advance.

As a result, total liabilities amounted to ¥225,357 million, down ¥63,099 million compared with those as of March 31, 2017. Due to the removal of Tokuyama Malaysia Sdn. Bhd. from the consolidation, liabilities decreased by ¥4,512 million.

(Net assets)

Despite the decrease of shareholders' equity of ¥22,387 million due to the payment of dividend for Class A shares and acquisition and cancellation of Class A shares, this mainly reflected an increase in retained earnings of ¥19,698 million as a result of posting profit attributable to owners of parent.

As a result, net assets totaled ¥136,591 million, an increase of ¥615 million compared with those as of March 31, 2017.

(Financial indicators)

Tokuyama has identified a D/E ratio of not more than 1.0 in fiscal 2020 as one of its numerical targets under its Medium-Term Management Plan. As previously mentioned, the Company cutback its interest-bearing debt by ¥74,037 million on the back of vigorous reduction measures in the fiscal year under review. As a result, the D/E ratio improved 0.57 compared with the end of the previous fiscal year, to 1.11 times.

Moving forward, Tokuyama will continue to improve its D/E ratio from the next fiscal year.

<2> Analysis of cash flows

Summery of Consolidated Statements of Cash Flows (Unit: Millions of yen)

	Fiscal 2017	Fiscal 2018
Cash flows from operating activities	20,012	61,885
Cash flows from investing activities	(10,089)	(12,665)
Cash flows from financing activities	(11,911)	(101,209)
Effect of exchange rate changes on cash and cash equivalents	(358)	(23)
Net increase (decrease) in cash and cash equivalents	(2,346)	(52,012)
Cash and cash equivalents at end of year	118,819	66,807

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥61,885 million, a increase of ¥41,872 million compared with the previous fiscal year. Principal items included profit before income tax of ¥32,895 million and depreciation of ¥13,985 million.

(Cash flows from investing activities)

Net cash used in investing activities totaled ¥12,665 million, an increase of ¥2,576 million compared with the previous fiscal year.

Major contributory factors were payments for purchases of property, plant and equipment of ¥15,526 million and proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation of ¥5,362 million.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥101,209 million, an increase of ¥89,298 million compared with the previous fiscal year.

This was primarily attributed to repayment of long-term loans payable owing mainly to normal scheduled repayment together with repayments in advance, redemption of bonds and payments for acquisition of shares such as Class A shares, of ¥50,384 million, ¥36,014 million, and ¥21,650 million, respectively.

<2> Procurement of Funds and Liquidity

(Procurement of Funds)

The Tokuyama Group has identified efforts to improve its financial structure as one component of the financial policy outlined under its Medium-Term Management Plan. Against this backdrop, the Group is working to build up its shareholders' equity while reducing its interest-bearing debt. Turning to other policy targets, the Group is endeavoring to acquire a "single A" rating from relevant agencies by the end of the Medium-Term Management Plan. Based on the aforementioned, the Tokuyama Group reduced interest-bearing debt by ¥74.0 billion and improved its financial structure.

Meanwhile, the Tokuyama Group recognizes the need to retain a certain level of funds in order to secure the working capital required to finance its business activities, expand its growth businesses, undertake capital expenditures geared toward strengthening the competitiveness of traditional business, and promote strategic investments. While the principal method of procuring these funds is to accumulate cash on hand through the continuous posting of business earnings, the Group will also pursue other avenues. This includes borrowing from financial institutions and issuing unsecured bonds. In addition, energies are being directed toward building a financial structure that is capable of engaging in business activities with less working capital. To this end, the Group is working to improve its cash conversion cycle (CCC), reduce inventories, and improve trading terms and conditions with business partners, issues raised under the Medium-Term Management Plan. Furthermore, the Tokuyama Group's intended investment amount for the next fiscal year is ¥21.1 billion. Plans are in place to utilize cash on hand and borrowings from financial institutions.

(Liquidity)

Cash and cash equivalents stood at ¥66.8 billion as of the end of the fiscal year under review. On this basis, the Tokuyama Group is confident that it maintains more than ample liquidity to promote its business activities. In addition, Tokuyama has executed revolving credit facility, overdraft, and credit liquidation agreements with a financial institution. Accounting for these factors, the Company is more than capable of maintain a certain level of liquidity should any impediment arise.

(3) Progress under the Medium-Term Management Plan

ROA (operating profit/total assets) came in at 10.5%, surpassing the numerical target of 10% set under the Medium-Term Management Plan. In addition to the increase in operating profit, this improvement in the Company's ROA largely reflected the contraction in total assets as a result of such factors as the decrease in cash and deposits following the execution of an unsecured bond debt assumption agreement and the repayment of long-term loans payable. The Company's cash conversion cycle (CCC) improved six days compared with the previous fiscal year, to 62 days. This was largely attributable to the contraction in inventory and changes in the trading terms and conditions of certain purchased products. Tokuyama's D/E ratio also came in at 1.11, an improvement of 0.57 compared with the previous fiscal year. This was mainly due to the accumulation of profits and cutbacks in interest-bearing debt.

(4) Basic Policy for Profit Distribution and Dividends for Fiscal 2017 and 2018

As far as the distribution of profits is concerned, Tokuyama's basic policy is the ensure the continuous and stable payment of dividends to its shareholders. In carrying out this policy, the Company takes into consideration performance trends and the roadmap established under its Medium-Term Management Plan. Meanwhile, the Company will apply internal reserves to investment and lending as well as capital expenditures with the aim of further enhancing its corporate value.

In fiscal 2017, the Company expects to pay out a year-end dividend of ¥10 per share in line with the basic policy mentioned above. In addition, the Company determined to conduct 100th anniversary commemorative dividend of ¥10 per share.

Turning to dividends for fiscal 2018, the Company intends to undertake the payment of an interim and year-end dividend of ¥25 per share respectively.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	3/31/2017	3/31/2018
Assets		
Current assets		
Cash and deposits	121,598	57,229
Notes and accounts receivable - trade	73,945	79,660
Lease receivables	6	28
Securities	—	10,000
Merchandise and finished goods	12,348	14,028
Work in process	9,919	10,075
Raw materials and supplies	16,567	15,327
Deferred tax assets	1,627	6,620
Other	10,798	4,809
Allowance for doubtful accounts	△150	△127
Total current assets	246,661	197,652
Non-current assets		
Property, plant and equipment		
Buildings and structures	100,430	102,761
Accumulated depreciation	△72,723	△73,455
Buildings and structures, net	27,707	29,305
Machinery, equipment and vehicles	450,926	446,278
Accumulated depreciation	△404,912	△404,441
Machinery, equipment and vehicles, net	46,014	41,836
Tools, furniture and fixtures	22,015	21,887
Accumulated depreciation	△20,222	△19,748
Tools, furniture and fixtures, net	1,793	2,138
Land	31,289	30,995
Leased assets	3,533	3,760
Accumulated depreciation	△1,329	△1,753
Leased assets, net	2,203	2,007
Construction in progress	10,225	3,959
Total property, plant and equipment	119,233	110,242
Intangible assets		
Goodwill	2,367	1,158
Leased assets	35	51
Other	2,384	1,556
Total intangible assets	4,787	2,766
Investments and other assets		
Investment securities	19,083	24,302
Long-term loans receivable	2,833	2,627
Deferred tax assets	19,824	11,680
Net defined benefit asset	8,936	9,657
Other	3,221	3,162
Allowance for doubtful accounts	△148	△141
Total investments and other assets	53,750	51,287
Total non-current assets	177,771	164,297
Total assets	424,433	361,949

(Millions of yen)

	3/31/2017	3/31/2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	37,035	47,610
Short-term loans payable	2,138	2,549
Current portion of long-term loans payable	15,235	15,684
Lease obligations	577	641
Income taxes payable	1,335	3,688
Deferred tax liabilities	—	0
Provision for bonuses	2,103	2,557
Provision for repairs	1,628	4,332
Provision for product warranties	81	98
Provision for loss on purchase contract	2,671	—
Other	16,346	15,870
Total current liabilities	79,153	93,032
Non-current liabilities		
Bonds payable	34,400	—
Long-term loans payable	160,555	119,521
Lease obligations	1,787	1,521
Deferred tax liabilities	268	298
Provision for directors' retirement benefits	143	143
Provision for repairs	2,829	1,594
Allowance for loss on compensation for building materials	318	261
Provision for environmental measures	287	253
Net defined benefit liability	1,430	1,527
Asset retirement obligations	6	5
Other	7,275	7,197
Total non-current liabilities	209,303	132,325
Total liabilities	288,457	225,357
Net assets		
Shareholders' equity		
Capital stock	10,000	10,000
Capital surplus	41,545	20,008
Retained earnings	72,511	90,752
Treasury shares	△1,446	△1,472
Total shareholders' equity	122,609	119,288
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	319	1,352
Deferred gains or losses on hedges	△274	△151
Foreign currency translation adjustment	1,528	2,093
Remeasurements of defined benefit plans	2,833	3,074
Total accumulated other comprehensive income	4,406	6,368
Non-controlling interests	8,960	10,935
Total net assets	135,976	136,591
Total liabilities and net assets	424,433	361,949

(2) Consolidated Statements of Income

(Millions of yen)

	FY2016	FY2017
Net sales	299,106	308,061
Cost of sales	202,492	207,715
Gross profit	96,613	100,346
Selling, general and administrative expenses		
Selling expenses	37,916	39,268
General and administrative expenses	20,164	19,809
Total selling, general and administrative expenses	58,080	59,077
Operating profit	38,533	41,268
Non-operating income		
Interest income	54	210
Dividend income	249	272
Share of profit of entities accounted for using equity method	900	957
Fiduciary obligation fee	53	878
Trial products income	27	540
Compensation income	464	—
Foreign exchange gains	115	—
Other	1,293	1,785
Total non-operating income	3,159	4,645
Non-operating expenses		
Interest expenses	4,224	3,714
Loss on bond retirement	—	1,604
Other	3,469	4,398
Total non-operating expenses	7,693	9,717
Ordinary profit	33,998	36,196
Extraordinary income		
Gain on sales of non-current assets	20	528
Gain on sales of investment securities	1	6
Gain on sales of shares of subsidiaries and associates	1,934	—
Compensation income for damage	—	7,705
Subsidy income	2,298	144
Gain on insurance adjustment	255	145
Gain on write-off debts	1,268	—
Gain on sales of patent right and other	836	—
Settlement received	500	—
Other	202	—
Total extraordinary income	7,317	8,529
Extraordinary losses		
Loss on sales of non-current assets	5	5
Impairment loss	1,683	1,098
Loss on disaster	90	4
Loss on reduction of non-current assets	50	110
Loss on disposal of non-current assets	560	715
Loss on sales of investment securities	—	6
Loss on transfer of business	—	8,059
Loss on contract cancellation	—	1,431
Other	399	398
Total extraordinary losses	2,790	11,830
Profit before income taxes	38,525	32,895
Income taxes - current	2,967	4,777
Income taxes - deferred	△17,838	2,736
Total income taxes	△14,870	7,514
Profit	53,396	25,381
Profit attributable to non-controlling interests	1,231	5,682
Profit attributable to owners of parent	52,165	19,698

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2016	FY2017
Profit	53,396	25,381
Other comprehensive income		
Valuation difference on available-for-sale securities	1,333	1,039
Deferred gains or losses on hedges	240	178
Foreign currency translation adjustment	△717	425
Remeasurements of defined benefit plans, net of tax	448	241
Share of other comprehensive income of entities accounted for using equity	△138	170
Total other comprehensive income	1,166	2,055
Comprehensive income	54,562	27,436
Comprehensive income attributable to		
Owners of the Parent	53,369	21,660
Non-controlling interests	1,193	5,775

(Millions of yen)

	FY2016	FY2017
Cash flows from operating activities		
Profit before income taxes	38,525	32,895
Depreciation	14,215	13,985
Increase (decrease) in provision	△3,149	1,433
Increase (decrease) in net defined benefit liability	135	95
Decrease (increase) in net defined benefit asset	△290	△485
Interest and dividend income	△304	△483
Foreign exchange losses (gains)	△13	△56
Loss (gain) on sales of property, plant and equipment	△14	△522
Loss (gain) on sales of investment securities	△1	△0
Loss (gain) on sales of shares of subsidiaries and associates	△1,934	—
Share of loss (profit) of entities accounted for using equity method	△900	△957
Subsidy income	△2,298	△144
Interest expenses	4,224	3,714
Loss on reduction of non-current assets	50	110
Impairment loss	1,683	1,098
Loss (gain) on disposal of non-current assets	560	715
Gain on transfer from business divestitures	98	—
Gain on write-off of debts	△1,268	—
Gain on insurance claim	△255	△145
Settlement received	△500	—
Gain on sales of patent right and other	△836	—
Loss on transfer of business	—	8,059
conpensation income for damage	—	△7,705
Loss on contract cancellation	—	1,431
Loss on redemption of bonds	—	1,604
Decrease (increase) in notes and accounts receivable - trade	△7,744	△5,857
Decrease (increase) in inventories	824	△6,463
Decrease (increase) in other current assets	△574	△414
Increase (decrease) in notes and accounts payable - trade	3,095	11,344
Increase (decrease) in other current liabilities	△815	1,673
Other, net	△1,693	972
Subtotal	40,818	55,899
Interest and dividend income received	750	805
Interest expenses paid	△4,246	△3,775
Proceeds from insurance income	255	145
Settlement package received	500	—
Proceeds from conpensation income	—	7,705
Payments for contract cancellation	—	△959
Income taxes (paid) refund	△18,065	2,064
Net cash provided by (used in) operating activities	20,012	61,885

(Millions of yen)

	FY2016	FY2017
Cash flows from investing activities		
Payments into time deposits	△84	△288
Proceeds from withdrawal of time deposits	130	161
Purchase of property, plant and equipment	△16,693	△15,526
Proceeds from sales of property, plant and equipment	197	1,618
Purchase of investment securities	△305	△3,359
Proceeds from sales of investment securities	341	76
Proceeds from sales of shares of subsidiaries resulting in change in scope	2,926	5,362
Payments of long-term loans receivable	△9	△7
Collection of long-term loans receivable	270	234
Proceeds from subsidy income	2,298	144
Gain on sales of patent right and other	905	—
Other, net	△65	△1,081
Net cash provided by (used in) investing activities	△10,089	△12,665
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	△6,625	2
Proceeds from long-term loans payable	3,116	10,120
Repayments of long-term loans payable	△17,297	△50,384
Redemption of bonds	△10,000	△36,014
Proceeds from issuance of common shares	19,712	78
Cash dividends paid	△0	△1,454
Dividends paid to non-controlling interests	△294	△406
Decrease (increase) in treasury shares	△7	△21,650
Other, net	△514	△1,500
Net cash provided by (used in) financing activities	△11,911	△101,209
Effect of exchange rate change on cash and cash equivalents	△358	△23
Net increase (decrease) in cash and cash equivalents	△2,346	△52,012
Cash and cash equivalents at beginning of period	121,166	118,819
Cash and cash equivalents at end of period	118,819	66,807

(5) Segment information

1. Summary of reportable segments

The reportable segments of the Tokuyama Group are defined as individual units, where separate financial information is available and which are subject to regular review by the Board of Directors of the Company to evaluate their results and decide the allocation of management resources.

The Company has business divisions by product group, and the Tokuyama Group conducts business operations through each business division devising its comprehensive product strategy for domestic and overseas markets.

The Tokuyama Group is, therefore, composed of segments by product group based on business divisions, and has four reportable segments, "Chemicals," "Specialty Products," "Cement," and "Life & Amenity."

Main products and services of each reportable segment are as follows:

Reportable segment	Main products and services
Chemicals	Caustic soda, soda ash, calcium chloride, sodium silicate, vinyl chloride monomer, polyvinyl chloride resin, propylene oxide, isopropyl alcohol and chlorinated solvents
Specialty Products	Polycrystalline silicon, fumed silica, tetrachlorosilane, aluminum nitride, high-purity chemicals for electronics manufacturing, and photoresist developer
Cement	Cement, ready-mixed concrete, cement-type stabilizer, and resourece recycling business
Life & Amenity	Polyolefin film, plastic window sashes, medical diagnosis systems, dental materials and equipment, ion exchange membranes, pharmaceutical ingredients and intermediates, plastic lens-related materials for glasses, and microporous film

2. Information on sales, income, assets and other items by reportable segment

Fiscal 2016 (April 1, 2016 – March 31, 2017)

(Millions of yen)

	Reportable segments				Others*1	Total	Adjustment*2	Figures in consolidated financial statements*3
	Chemicals	Specialty Products	Cement	Life & Amenity				
Sales								
Sales to customers	82,432	56,792	82,873	48,612	28,396	299,106	-	299,106
Inter-segment sales/transfer	913	10,934	121	2,139	23,728	37,836	(37,836)	-
Total	83,346	67,726	82,995	50,751	52,124	336,943	(37,836)	299,106
Segment profit	12,999	9,215	7,552	5,389	5,965	41,122	(2,589)	38,533
Segment assets	47,633	65,555	53,511	53,631	42,696	263,057	161,375	424,433
Other items								
Depreciation expenses*4	2,276	2,679	3,194	1,824	3,286	13,261	953	14,215
Increase in tangible and intangible fixed assets*5	2,410	1,474	3,907	6,425	2,473	16,692	898	17,591

*1 "Others" segment comprises businesses other than those of the reportable segments. Concretely, the segment includes overseas sales companies, a distribution company, a real estate business, etc.

*2 Adjustment is as follows:

(1) The segment profit adjustment amount consists mainly of basic R&D expenses that are not related to specific reportable segments.

(2) Included in the segment assets adjustment amount are corporate assets that are not allocated to specific reportable segments (¥194,566 million).

*3 With regard to segment profit, operating income in the consolidated financial statements has been calculated by adjusting the sum total of the reportable segments' income and the "Others" segment's profit.

*4 Included in depreciation expenses is the long-term prepaid expense depreciation amount.

*5 Included in increase in tangible and intangible fixed assets is the long-term prepaid expense increase amount.

Fiscal 2017 (April 1, 2017 – March 31, 2018)

(Millions of yen)

	Reportable segments				Others*1	Total	Adjustment*2	Figures in consolidated financial statements*3
	Chemicals	Specialty Products	Cement	Life & Amenity				
Sales								
Sales to customers	92,512	47,640	87,058	49,586	31,263	308,061	-	308,061
Inter-segment sales/transfer	1,034	11,038	286	1,993	23,262	37,615	(37,615)	-
Total	93,546	58,678	87,345	51,579	54,526	345,676	(37,615)	308,061
Segment profit	16,175	11,003	4,568	3,728	6,214	41,691	(422)	41,268
Segment assets	53,981	52,471	53,835	57,577	46,862	264,728	97,221	361,949
Other items								
Depreciation expenses*4	2,244	2,445	3,195	2,086	3,159	13,131	854	13,985
Increase in tangible and intangible fixed assets*5	2,753	3,386	3,059	4,857	1,813	15,871	424	16,295

*1 "Others" segment comprises businesses other than those of the reportable segments. Concretely, the segment includes overseas sales companies, a distribution company, a real estate business, etc.

*2 Adjustment is as follows:

(1) The segment profit adjustment amount consists mainly of basic R&D expenses that are not related to specific reportable segments.

(2) Included in the segment assets adjustment amount are corporate assets that are not allocated to specific reportable segments (¥124,248 million).

*3 With regard to segment profit, operating profit in the consolidated financial statements has been calculated by adjusting the sum total of the reportable segments' profit and the "Others" segment's profit.

*4 Included in depreciation expenses is the long-term prepaid expense depreciation amount.

*5 Included in increase in tangible and intangible fixed assets is the long-term prepaid expense increase amount.

(Information on sales, income, assets and other items by reportable segment)

”Cost of idle operations,” which was included in “Others” under “Non-operating expenses” during the cumulative of the previous fiscal year, is included under “Cost of sales” from the first quarter consolidated of this fiscal year for the purpose of stricter cost control.