

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2016 (Based on Japanese GAAP)

May 13, 2016

Company name: Nippon Soda Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 4041 URL <http://www.nippon-soda.co.jp/>
 Representative: President Akira Ishii
 Inquiries: Manager, Stakeholder Relations Group Shusaku Kiyota TEL 03-3245-6053
 Scheduled date of ordinary general meeting of shareholders: June 29, 2016
 Scheduled date to file Securities Report: June 29, 2016
 Scheduled date to commence dividend payments: June 30, 2016
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2016	142,711	(3.6)	7,415	1.8	18,952	27.0	14,313	30.8
Year ended March 31, 2015	148,062	5.3	7,285	13.9	14,924	53.2	10,945	87.6

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	92.81	–	11.5	8.6	5.2
Year ended March 31, 2015	72.00	–	9.9	7.0	4.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	220,587	131,489	58.5	828.91
As of March 31, 2015	221,285	127,181	54.6	794.87

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2016	10,639	(9,424)	(1,323)	14,494
Year ended March 31, 2015	9,588	(4,600)	(2,776)	14,853

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2015	–	0.00	–	10.00	10.00	1,520	13.9	1.4
Year ended March 31, 2016	–	5.00	–	7.00	12.00	1,867	12.9	1.5
Year ending March 31, 2017 (Forecast)	–	6.00	–	6.00	12.00		20.1	

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2016	62,000	(9.6)	1,200	(63.8)	4,500	(57.9)	4,600	(50.6)	29.56
Full year	140,000	(1.9)	5,200	(29.9)	10,800	(43.0)	9,300	(35.0)	59.77

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2016

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2016	155,636,535 shares	As of March 31, 2015	154,317,630 shares
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Number of treasury shares at the end of the period

As of March 31, 2016	30,307 shares	As of March 31, 2015	2,312,454 shares
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Average number of shares during the period

Year ended March 31, 2016	154,228,137 shares	Year ended March 31, 2015	152,019,422 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	14,875	14,517
Notes and accounts receivable - trade	44,049	42,790
Inventories	28,400	27,913
Deferred tax assets	1,834	2,001
Other	3,105	2,974
Allowance for doubtful accounts	(36)	(214)
Total current assets	92,229	89,982
Non-current assets		
Property, plant and equipment		
Buildings and structures	56,714	57,116
Accumulated depreciation	(39,537)	(40,037)
Buildings and structures, net	17,177	17,079
Machinery, equipment and vehicles	103,923	104,653
Accumulated depreciation	(85,976)	(86,576)
Machinery, equipment and vehicles, net	17,946	18,076
Tools, furniture and fixtures	10,460	10,753
Accumulated depreciation	(8,870)	(9,127)
Tools, furniture and fixtures, net	1,590	1,626
Land	15,370	15,341
Leased assets	678	618
Accumulated depreciation	(324)	(332)
Leased assets, net	353	286
Construction in progress	1,143	1,144
Total property, plant and equipment	53,581	53,553
Intangible assets		
Goodwill	1,173	939
Other	1,322	1,140
Total intangible assets	2,496	2,079
Investments and other assets		
Investment securities	59,556	63,096
Net defined benefit asset	7,486	7,030
Deferred tax assets	3,065	2,319
Other	2,936	2,623
Allowance for doubtful accounts	(66)	(98)
Total investments and other assets	72,977	74,971
Total non-current assets	129,055	130,605
Total assets	221,285	220,587

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,355	14,670
Electronically recorded obligations - operating	–	3,376
Short-term loans payable	31,706	35,712
Lease obligations	231	82
Income taxes payable	1,433	905
Provision for bonuses	3,350	3,449
Other	7,765	5,814
Total current liabilities	65,842	64,011
Non-current liabilities		
Long-term loans payable	17,292	14,019
Lease obligations	113	33
Deferred tax liabilities	4,835	5,251
Net defined benefit liability	2,837	2,564
Other	3,182	3,217
Total non-current liabilities	28,261	25,086
Total liabilities	94,104	89,097
Net assets		
Shareholders' equity		
Capital stock	29,166	29,166
Capital surplus	26,095	29,359
Retained earnings	52,790	64,806
Treasury shares	(659)	(20)
Total shareholders' equity	107,393	123,311
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,043	4,605
Deferred gains or losses on hedges	34	(166)
Foreign currency translation adjustment	5,663	1,525
Remeasurements of defined benefit plans	689	(291)
Total accumulated other comprehensive income	13,430	5,672
Non-controlling interests	6,356	2,505
Total net assets	127,181	131,489
Total liabilities and net assets	221,285	220,587

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	148,062	142,711
Cost of sales	111,776	105,675
Gross profit	36,285	37,036
Selling, general and administrative expenses	29,000	29,620
Operating income	7,285	7,415
Non-operating income		
Interest income	7	7
Dividend income	536	523
Share of profit of entities accounted for using equity method	6,338	11,728
Other	2,184	1,254
Total non-operating income	9,067	13,513
Non-operating expenses		
Interest expenses	564	500
Foreign exchange losses	–	445
Other	864	1,031
Total non-operating expenses	1,428	1,977
Ordinary income	14,924	18,952
Extraordinary income		
Gain on sales of non-current assets	47	99
Gain on sales of investment securities	4	509
Other	–	27
Total extraordinary income	51	636
Extraordinary losses		
Impairment loss	1,520	–
Loss on abandonment of non-current assets	345	352
Loss on valuation of investment securities	–	173
Other	39	70
Total extraordinary losses	1,905	596
Profit before income taxes	13,070	18,992
Income taxes - current	2,088	1,803
Income taxes - deferred	(206)	2,711
Total income taxes	1,881	4,514
Profit	11,188	14,478
Profit attributable to non-controlling interests	243	165
Profit attributable to owners of parent	10,945	14,313

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Profit	11,188	14,478
Other comprehensive income		
Valuation difference on available-for-sale securities	4,230	(2,496)
Deferred gains or losses on hedges	(98)	35
Foreign currency translation adjustment	461	(594)
Remeasurements of defined benefit plans, net of tax	2,256	(1,007)
Share of other comprehensive income of entities accounted for using equity method	3,434	(3,881)
Total other comprehensive income	10,284	(7,944)
Comprehensive income	21,472	6,533
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,943	6,555
Comprehensive income attributable to non-controlling interests	529	(21)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	29,166	26,095	44,174	(644)	98,792
Cumulative effects of changes in accounting policies			(1,112)		(1,112)
Restated balance	29,166	26,095	43,061	(644)	97,679
Changes of items during period					
Dividends of surplus			(1,216)		(1,216)
Profit attributable to owners of parent			10,945		10,945
Purchase of treasury shares				(14)	(14)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	9,729	(14)	9,714
Balance at end of current period	29,166	26,095	52,790	(659)	107,393

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,919	(112)	2,067	(1,441)	3,433	5,999	108,224
Cumulative effects of changes in accounting policies						(43)	(1,156)
Restated balance	2,919	(112)	2,067	(1,441)	3,433	5,955	107,068
Changes of items during period							
Dividends of surplus							(1,216)
Profit attributable to owners of parent							10,945
Purchase of treasury shares							(14)
Net changes of items other than shareholders' equity	4,124	146	3,596	2,130	9,997	400	10,398
Total changes of items during period	4,124	146	3,596	2,130	9,997	400	20,113
Balance at end of current period	7,043	34	5,663	689	13,430	6,356	127,181

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	29,166	26,095	52,790	(659)	107,393
Changes of items during period					
Dividends of surplus			(2,298)		(2,298)
Profit attributable to owners of parent			14,313		14,313
Purchase of treasury shares				(20)	(20)
Disposal of treasury shares		(152)		247	94
Share exchange		3,416		411	3,828
Acquisition of treasury stock		(0)		(0)	(0)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		0			0
Net changes of items other than shareholders' equity					
Total changes of items during period	–	3,264	12,015	638	15,917
Balance at end of current period	29,166	29,359	64,806	(20)	123,311

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	7,043	34	5,663	689	13,430	6,356	127,181
Changes of items during period							
Dividends of surplus							(2,298)
Profit attributable to owners of parent							14,313
Purchase of treasury shares							(20)
Disposal of treasury shares							94
Share exchange							3,828
Acquisition of treasury stock							(0)
Change in treasury shares of parent arising from transactions with non-controlling shareholders							0
Net changes of items other than shareholders' equity	(2,438)	(200)	(4,138)	(980)	(7,758)	(3,851)	(11,609)
Total changes of items during period	(2,438)	(200)	(4,138)	(980)	(7,758)	(3,851)	4,308
Balance at end of current period	4,605	(166)	1,525	(291)	5,672	2,505	131,489

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	13,070	18,992
Depreciation	6,436	6,242
Impairment loss	1,520	–
Amortization of goodwill	234	234
Share of (profit) loss of entities accounted for using equity method	(6,338)	(11,728)
Increase (decrease) in allowance for doubtful accounts	15	210
Increase (decrease) in net defined benefit asset	(957)	(1,126)
Increase (decrease) in net defined benefit liability	(112)	(46)
Interest and dividend income	(543)	(531)
Interest expenses	564	500
Loss on abandonment of non-current assets	350	357
Loss (gain) on valuation of investment securities	–	173
Loss (gain) on sales of investment securities	(4)	(509)
Decrease (increase) in notes and accounts receivable - trade	(76)	907
Decrease (increase) in inventories	(963)	328
Increase (decrease) in notes and accounts payable - trade	(1,377)	(2,922)
Other, net	(313)	(863)
Subtotal	11,505	10,217
Interest and dividend income received	1,957	3,364
Interest expenses paid	(563)	(498)
Income taxes paid	(3,310)	(2,444)
Net cash provided by (used in) operating activities	9,588	10,639
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,851)	(6,981)
Proceeds from sales of property, plant and equipment	97	111
Purchase of intangible assets	(372)	(359)
Proceeds from redemption of investment securities	2,000	–
Proceeds from sales of investment securities	8	941
Purchase of shares of subsidiaries and associates	–	(2,895)
Payments of loans receivable	(91)	(103)
Collection of loans receivable	162	135
Other, net	(552)	(272)
Net cash provided by (used in) investing activities	(4,600)	(9,424)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,421)	4,697
Proceeds from long-term loans payable	8,000	4,822
Repayments of long-term loans payable	(7,565)	(8,440)
Cash dividends paid	(1,212)	(2,290)
Repayments of lease obligations	(433)	(238)
Other, net	(142)	127
Net cash provided by (used in) financing activities	(2,776)	(1,323)
Effect of exchange rate change on cash and cash equivalents	238	(251)
Net increase (decrease) in cash and cash equivalents	2,451	(358)
Cash and cash equivalents at beginning of period	12,402	14,853
Cash and cash equivalents at end of period	14,853	14,494