

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2014 (Based on Japanese GAAP)

November 4, 2014

Company name: Nippon Soda Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 4041 URL <http://www.nippon-soda.co.jp/>  
 Representative: President Yutaka Kinebuchi  
 Inquiries: Manager, General Affairs & Legal Group Keichi Aoki TEL 03-3245-6053  
 Scheduled date to file Quarterly Securities Report: November 14, 2014  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2014 (from April 1, 2014 to September 30, 2014)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2014	67,050	7.4	2,548	(7.8)	5,054	18.6	3,774	32.6
Six months ended September 30, 2013	62,405	11.0	2,762	112.8	4,262	54.1	2,845	42.1

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended September 30, 2014	24.83		–	
Six months ended September 30, 2013	18.71		–	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2014	200,592		112,904		53.2	
As of March 31, 2014	204,297		108,224		50.0	

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2014	–	0.00	–	8.00	8.00
Year ending March 31, 2015	–	0.00	–	–	–
Year ending March 31, 2015 (Forecast)	–	–	–	8.00	8.00

3. Forecast of consolidated financial results for the year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	147,000	4.5	6,700	4.7	10,700	9.9	8,300	42.3	54.60

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2014  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2014	154,317,630 shares	As of March 31, 2014	154,317,630 shares
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Number of treasury shares at the end of the period

As of September 30, 2014	2,294,380 shares	As of March 31, 2014	2,289,384 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2014	152,025,738 shares	Six months ended September 30, 2013	152,102,416 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
Assets		
Current assets		
Cash and deposits	12,424	12,977
Notes and accounts receivable - trade	43,886	35,497
Inventories	27,464	30,131
Deferred tax assets	1,995	1,686
Other	3,119	3,252
Allowance for doubtful accounts	(30)	(26)
Total current assets	88,859	83,518
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,985	17,344
Machinery, equipment and vehicles, net	17,175	18,022
Tools, furniture and fixtures, net	1,644	1,679
Land	15,413	15,418
Leased assets, net	405	341
Construction in progress	3,008	1,660
Total property, plant and equipment	54,631	54,466
Intangible assets		
Goodwill	1,407	1,290
Other	1,421	1,276
Total intangible assets	2,828	2,566
Investments and other assets		
Investment securities	47,050	50,086
Net defined benefit asset	5,304	4,138
Deferred tax assets	3,163	2,987
Other	2,514	2,884
Allowance for doubtful accounts	(56)	(56)
Total investments and other assets	57,976	60,041
Total non-current assets	115,437	117,074
Total assets	204,297	200,592

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	22,757	19,242
Short-term loans payable	32,259	32,782
Income taxes payable	1,914	437
Provision for bonuses	3,728	1,719
Other	8,058	6,775
Total current liabilities	68,718	60,955
Non-current liabilities		
Long-term loans payable	17,701	17,006
Deferred tax liabilities	3,023	3,378
Net defined benefit liability	2,883	2,903
Other	3,745	3,444
Total non-current liabilities	27,353	26,732
Total liabilities	96,072	87,688
<b>Net assets</b>		
Shareholders' equity		
Capital stock	29,166	29,166
Capital surplus	26,095	26,095
Retained earnings	44,174	45,619
Treasury shares	(644)	(647)
Total shareholders' equity	98,792	100,234
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,919	4,242
Deferred gains or losses on hedges	(112)	53
Foreign currency translation adjustment	2,067	3,560
Remeasurements of defined benefit plans	(1,441)	(1,301)
Total accumulated other comprehensive income	3,433	6,555
Minority interests	5,999	6,114
Total net assets	108,224	112,904
Total liabilities and net assets	204,297	200,592

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales	62,405	67,050
Cost of sales	46,625	51,056
Gross profit	15,780	15,993
Selling, general and administrative expenses	13,018	13,445
Operating income	2,762	2,548
Non-operating income		
Interest income	5	2
Dividend income	214	306
Share of profit of entities accounted for using equity method	1,015	2,096
Other	803	707
Total non-operating income	2,039	3,113
Non-operating expenses		
Interest expenses	301	289
Other	237	316
Total non-operating expenses	539	606
Ordinary income	4,262	5,054
Extraordinary income		
Gain on sales of non-current assets	–	23
Other	–	4
Total extraordinary income	–	27
Extraordinary losses		
Loss on abandonment of non-current assets	37	87
Other	–	3
Total extraordinary losses	37	90
Income before income taxes and minority interests	4,225	4,991
Income taxes - current	786	464
Income taxes - deferred	519	624
Total income taxes	1,306	1,088
Income before minority interests	2,918	3,903
Minority interests in income	73	129
Net income	2,845	3,774

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Income before minority interests	2,918	3,903
Other comprehensive income		
Valuation difference on available-for-sale securities	939	1,361
Deferred gains or losses on hedges	(22)	(15)
Foreign currency translation adjustment	467	177
Remeasurements of defined benefit plans, net of tax	–	151
Share of other comprehensive income of entities accounted for using equity method	1,124	1,577
Total other comprehensive income	2,508	3,253
Comprehensive income	5,427	7,156
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,244	6,896
Comprehensive income attributable to minority interests	182	260

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	4,225	4,991
Depreciation	3,111	3,138
Amortization of goodwill	117	117
Increase (decrease) in provision for bonuses	(1,182)	(2,008)
Increase (decrease) in provision for retirement benefits	(132)	–
Increase (decrease) in net defined benefit liability	–	(46)
Increase (decrease) in net defined benefit asset	–	(514)
Interest and dividend income	(220)	(309)
Interest expenses	301	289
Share of (profit) loss of entities accounted for using equity method	(1,015)	(2,096)
Decrease (increase) in notes and accounts receivable - trade	9,218	8,399
Decrease (increase) in inventories	(2,564)	(2,727)
Increase (decrease) in notes and accounts payable - trade	(5,282)	(3,477)
Other, net	(1,288)	(947)
Subtotal	5,287	4,808
Interest and dividend income received	2,299	1,017
Interest expenses paid	(306)	(287)
Income taxes paid	(599)	(2,619)
Net cash provided by (used in) operating activities	6,681	2,919
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,206)	(2,842)
Purchase of intangible assets	(105)	(90)
Proceeds from redemption of investment securities	–	2,000
Other, net	(439)	42
Net cash provided by (used in) investing activities	(4,751)	(891)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,114	282
Proceeds from long-term loans payable	2,564	3,300
Repayments of long-term loans payable	(3,830)	(3,596)
Cash dividends paid	(908)	(1,211)
Other, net	(261)	(350)
Net cash provided by (used in) financing activities	(1,321)	(1,576)
Effect of exchange rate change on cash and cash equivalents	(288)	89
Net increase (decrease) in cash and cash equivalents	319	540
Cash and cash equivalents at beginning of period	14,346	12,402
Cash and cash equivalents at end of period	14,666	12,943