

ADEKA CORPORATION (TSE 1<sup>st</sup> Section/4401)

# FACTBOOK 2015

For the fiscal year ended March 31, 2015

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# Corporate Profile

## Company Outline (as of March 31, 2015)

|                  |   |
|------------------|---|
| Company name     | ADEKA CORPORATION   |
| URL              | <a href="http://www.adeka.co.jp/en/">http://www.adeka.co.jp/en/</a> |
| Head office      | 7-2-35 Higashi-ogu, Arakawa-ku, Tokyo 116-8554, Japan               |
| Established      | January 27, 1917  |
| Paid-in capital  | ¥22.8 billion   |
| Representative   | Akio Kohri, Representative Director and President                   |
| No. of employees | 3,099 (consolidated)  |

## Management Policies

**Work hard to be a forward-looking organization by staying on the cutting edge  
Be a respected member of the world community**

Aim for larger global presence by focusing on highly competitive and technologically superior product groups in the world market.

While focusing on growing markets with unique excellent technology, we are striving to be the leader in the specific market categories where our group is strongly competitive and contributing to promoting global welfare by providing the market with state-of-the-art products and products truly responding to needs of our customers.

## Fundamental CSR Policy



Perceiving changes in trends sharply and constantly, the ADEKA Group aims to create new products and technologies, taking into account their impacts on the environment and society.

While required to provide socially demanded and valuable things, the Group believes that it should put priority on **“gentle harmony between people and technology”** as a company aiming to develop a better community.

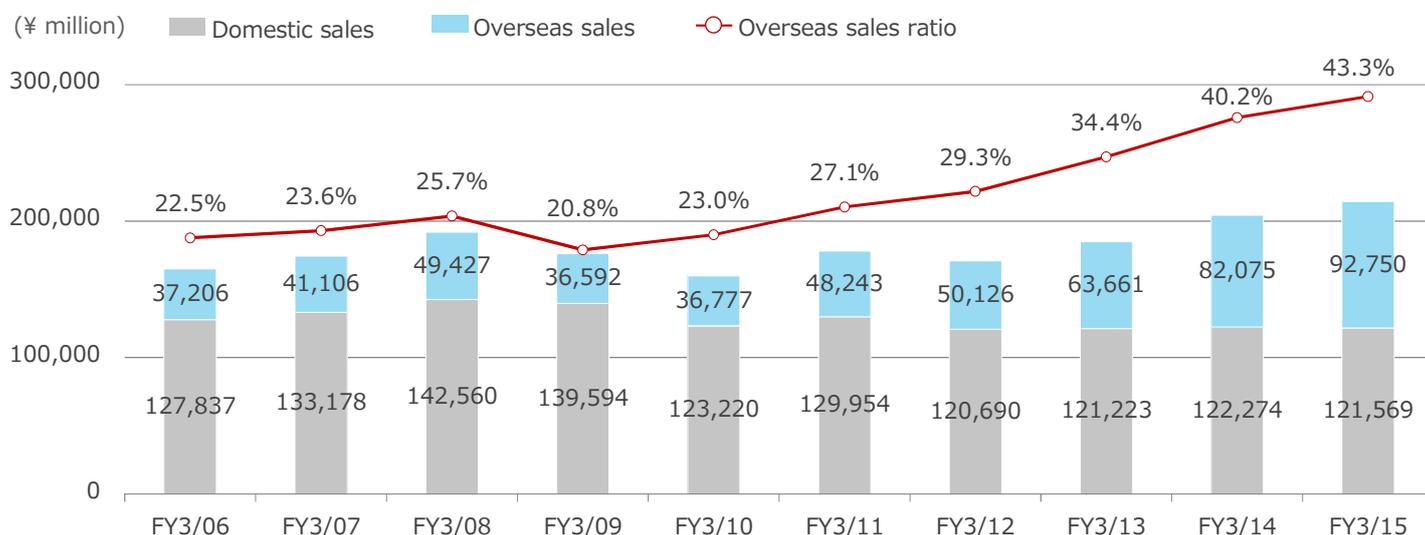
Furthermore, the Group considers it necessary to continue corporate efforts to create common values in partnership with stakeholders, striving to achieve **“harmony with society”** in terms of various environmental and social issues, in addition to social contribution through provision of products and technologies, as a respected member of the world community.

# Corporate Profile

## History

- 1917** Asahi Denka Kogyo K.K. (now ADEKA CORPORATION) was established to produce chlorine and caustic soda by salt electrolysis
- 1929** Started the manufacture of RISU BRAND margarine
- 1949** Listed its stock on the first section of the Tokyo Stock Exchange
- 1964** Moved head office to Nihonbashi, Chuo-ku, Tokyo
- 1999** Completed the new building at the Ogu R&D Laboratory
- 2000** Established Asahi Denka Korea Corp. in South Korea (changed company name to ADEKA KOREA CORP. in 2006)  
Established ADEKA PALMAROLE SAS in France
- 2001** Established Asahi Denka Shanghai Co., Ltd. in China (changed company name to ADEKA (SHANGHAI) CO., LTD. in 2006)
- 2002** Established Asahi Fine Chemical (Shanghai) Co., Ltd. in China  
(changed company name to ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD. in 2006)
- 2003** Established ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD. in China  
Established Asahi Denka (Asia) Pte. Ltd. in Singapore (changed company name to ADEKA (ASIA) PTE. LTD. in 2006)
- 2004** Established Asahi Denka U.S.A., Inc. (changed company name to ADEKA USA CORP. in 2006)  
Established Asahi Foods (Changshu) Co., Ltd. in China  
(changed company name to ADEKA FOODS (CHANGSHU) CO., LTD. in 2006)  
Established ADEKA FINE CHEMICAL (THAILAND) CO., LTD. in Thailand  
Established ADEKA FINE CHEMICAL TAIWAN CORP. in Taiwan
- 2006** Changed company name to ADEKA CORPORATION  
Built head office building in Arakawa-ku, Tokyo
- 2007** ADEKA INDIA PVT. LTD. established in India
- 2011** Established ADEKA AL GHURAIR ADDITIVES LLC in UAE (manufacturing and sales of polymer additives)
- 2012** AMFINE CHEMICAL CORP. established AM STABILIZERS CORP. in the U.S.A.  
(manufacturing and sales of polymer additives)  
AM STABILIZERS CORP. acquired the PVC stabilizer business from Hammond Group Inc. in the U.S.A.  
Established ADEKA BRASIL LTDA. in Brazil (sales support and market development of ADEKA Group's products)  
Established ADEKA FOODS (ASIA) SDN. BHD. in Malaysia (manufacturing and sales of food processing oils and fats)

## Trend of Business Performance



# Corporate Profile

## Consolidated Subsidiaries

(in order of consolidation)

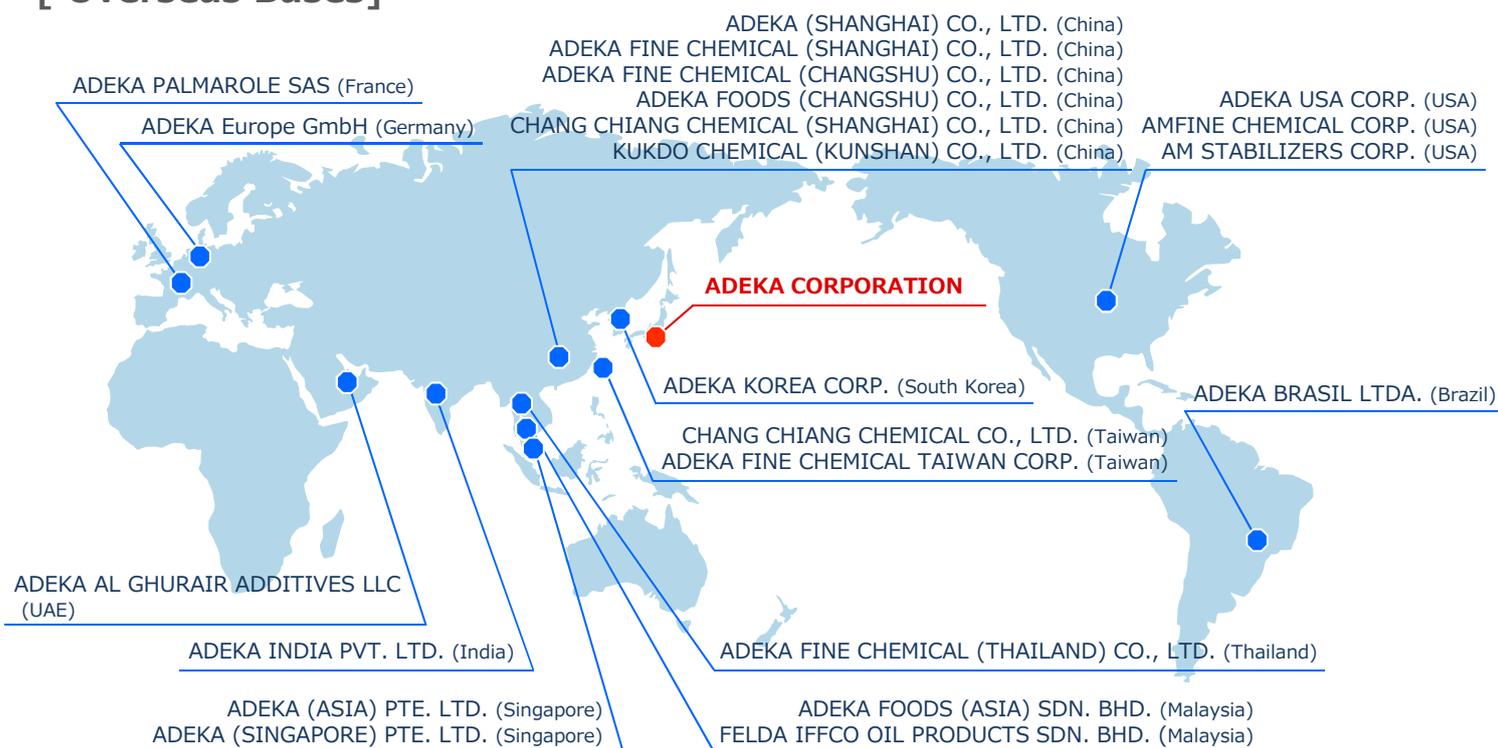
| Company name                           | Country     | Company name                             | Country   |
|--|-------------|--|-----------|
| ADEKA CHEMICAL SUPPLY CORP.            | Japan       | ADEKA (ASIA) PTE. LTD.                   | Singapore |
| ADEKA CLEAN AID CORP.                  | Japan       | ADEKA EUROPE GmbH                        | Germany   |
| ADEKA FINE FOODS CORP.                 | Japan       | ADEKA FINE CHEMICAL TAIWAN CORP.         | Taiwan    |
| ADEKA ENGINEERING & CONSTRUCTION CORP. | Japan       | ADEKA PALMAROLE SAS                      | France    |
| AMFINE CHEMICAL CORP.                  | USA         | ADEKA (SHANGHAI) CO., LTD.               | China     |
| ADEKA (SINGAPORE) PTE. LTD.            | Singapore   | ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD. | China     |
| OXIRANE CHEMICAL CORP.                 | Japan       | ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD. | China     |
| ADEKA FOODS SALES CORP.                | Japan       | ADEKA LIFE-CREATE CORP.                  | Japan     |
| ADEKA LOGISTICS CORP.                  | Japan       | UEHARA FOODS INDUSTRY CO., LTD.          | Japan     |
| CHANG CHIANG CHEMICAL CO., LTD.        | Taiwan      | ADEKA FINE CHEMICAL (THAILAND) CO., LTD. | Thailand  |
| YONGO CO., LTD.                        | Japan       | ADEKA FOODS (CHANGSHU) CO., LTD.         | China     |
| ADEKA KOREA CORP.                      | South Korea | AM STABILIZERS CORP.                     | USA       |

## Global Network

### [ Domestic Bases ]

| Office/Main Branch/Branch/Regional Office | Plants                         | R&D Laboratories                               |
|---|--------------------------------|--|
| Head Office<br>Tokyo                      | Kashima Plant<br>Ibaraki Pref. | Ogu R&D Laboratory<br>Tokyo                    |
| Osaka Main Branch<br>Osaka Pref.          | Chiba Plant<br>Chiba Pref.     | Urawa R&D Laboratory<br>Saitama Pref.          |
| Nagoya Branch<br>Aichi Pref.              | Mie Plant<br>Mie Pref.         | Kuki R&D Laboratory<br>Saitama Pref.           |
| Fukuoka Branch<br>Fukuoka Pref.           | Fuji Plant<br>Shizuoka Pref.   | Kansai Food Development Section<br>Osaka Pref. |
| Sapporo Regional Office<br>Hokkaido Pref. | Akashi Plant<br>Hyogo Pref.    |  |
| Sendai Regional Office<br>Miyagi Pref.    | Soma Plant<br>Fukushima Pref.  |  |

### [ Overseas Bases ]



# Corporate Profile

## Business Segments

ADEKA's core business consists of Chemicals and Food products.

### Chemicals

#### Electronics and IT materials (Information & Electronics materials)

Core products:

High-purity materials for semiconductors, AFES system and etching agents, optical hardening resins, optical recording materials, imaging materials, and others

#### Functional chemicals (Polymer additives, Surface specialties, Functional polymers)

Core products:

Additives for polyolefins, PVC plasticizers/stabilizers, flame retardants, epoxy resins, polyurethanes, water-borne resins, surfactants, lubricant, kitchen detergents, cosmetic raw materials, and others

#### Commodity chemicals (Chemicals for industry, Inorganic products, Peroxygen chemicals, Civil engineering & Construction materials)

Core products:

Propylene glycol, hydrogen peroxide, industrial fats and oil-induced products, water-swelling sealing materials, and others

### Food Products

#### Food products (Processed oil and fats, Processed foods)

Core products:

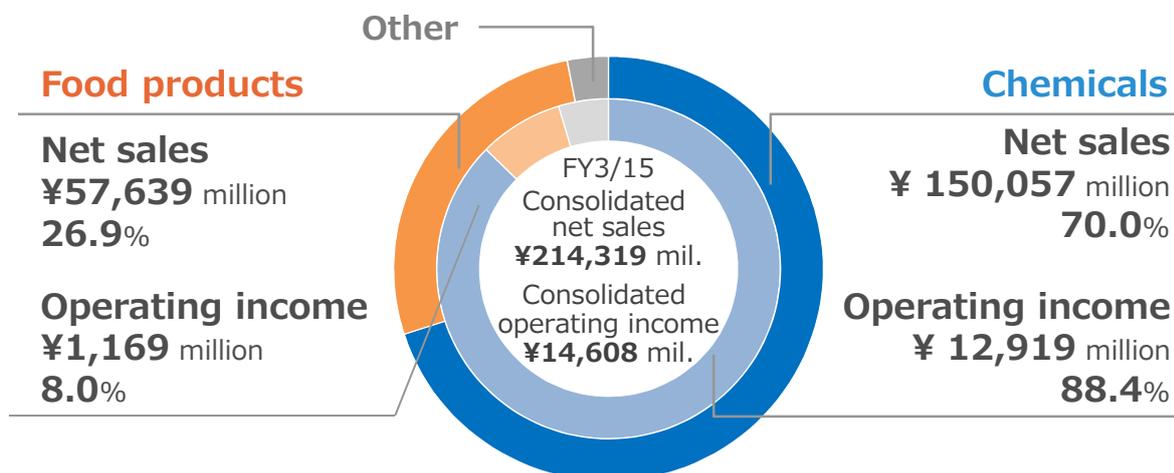
Margarines, shortenings, oils and fats for chocolate, oils and fats for frying, whipping cream, enriched milk products, fillings, frozen pie crusts, mayonnaise dressing, functional foods, and others



### Other

Construction and construction management, logistic services, real estate, and others

## Consolidated net sales and operating income by business segment



Note: Operating income by business segment are before adjustment.

# Consolidated Balance Sheet

| (¥ million)                                | FY3/11 end     | FY3/12 end     | FY3/13 end     | FY3/14 end     | FY3/15 end     |
|--|----------------|----------------|----------------|----------------|----------------|
| <b>Assets</b>                              |                |                |                |                |                |
| <b>Current assets</b>                      |                |                |                |                |                |
| Cash and deposits                          | 25,163         | 24,901         | 28,311         | 37,493         | 40,625         |
| Notes and accounts receivable - trade      | 38,581         | 40,306         | 39,839         | 42,912         | 44,881         |
| Securities                                 | 9,627          | 7,129          | 7,230          | 3,232          | 3,233          |
| Merchandise and finished goods             | 12,169         | 14,517         | 17,095         | 18,328         | 21,567         |
| Work in process                            | 3,261          | 3,941          | 4,282          | 4,603          | 4,451          |
| Raw materials and supplies                 | 13,026         | 13,212         | 13,473         | 13,498         | 14,061         |
| Deferred tax assets                        | 1,876          | 1,981          | 1,806          | 1,826          | 1,704          |
| Other                                      | 3,358          | 4,236          | 4,560          | 5,036          | 5,262          |
| Allowance for doubtful accounts            | (217)          | (218)          | (307)          | (327)          | (208)          |
| <b>Total current assets</b>                | <b>106,847</b> | <b>110,009</b> | <b>116,293</b> | <b>126,604</b> | <b>135,580</b> |
| <b>Non-current assets</b>                  |                |                |                |                |                |
| <b>Property, plant and equipment</b>       |                |                |                |                |                |
| Buildings and structures                   | 49,882         | 50,625         | 53,565         | 56,368         | 58,432         |
| Accumulated depreciation                   | (31,352)       | (32,050)       | (32,888)       | (34,488)       | (35,911)       |
| Buildings and structures, net              | 18,530         | 18,575         | 20,677         | 21,879         | 22,520         |
| Machinery, equipment and vehicles          | 98,543         | 102,388        | 108,312        | 113,601        | 119,563        |
| Accumulated depreciation                   | (77,299)       | (80,670)       | (85,551)       | (91,626)       | (96,357)       |
| Machinery, equipment and vehicles, net     | 21,244         | 21,718         | 22,761         | 21,975         | 23,206         |
| Land                                       | 20,562         | 20,423         | 20,800         | 21,310         | 21,275         |
| Leased assets                              | 1,471          | 1,765          | 1,957          | 2,173          | 2,003          |
| Accumulated depreciation                   | (411)          | (580)          | (797)          | (1,042)        | (1,004)        |
| Leased assets, net                         | 1,060          | 1,184          | 1,160          | 1,130          | 998            |
| Construction in progress                   | 2,546          | 2,817          | 2,517          | 2,935          | 3,817          |
| Other                                      | 20,715         | 21,301         | 22,445         | 24,330         | 25,985         |
| Accumulated depreciation                   | (16,610)       | (17,438)       | (18,379)       | (19,735)       | (21,163)       |
| Other, net                                 | 4,104          | 3,862          | 4,065          | 4,595          | 4,822          |
| <b>Total property, plant and equipment</b> | <b>68,049</b>  | <b>68,582</b>  | <b>71,983</b>  | <b>73,826</b>  | <b>76,640</b>  |
| <b>Intangible assets</b>                   |                |                |                |                |                |
| Goodwill                                   | –              | –              | 245            | 244            | 217            |
| Software                                   | 2,561          | 2,026          | 1,721          | 1,324          | 793            |
| Software in progress                       | 59             | 157            | –              | –              | –              |
| Leased assets                              | 52             | 105            | 111            | 80             | 77             |
| Other                                      | 859            | 949            | 1,393          | 1,999          | 2,372          |
| <b>Total intangible assets</b>             | <b>3,533</b>   | <b>3,237</b>   | <b>3,471</b>   | <b>3,649</b>   | <b>3,460</b>   |
| <b>Investments and other assets</b>        |                |                |                |                |                |
| Investment securities                      | 23,102         | 23,023         | 24,429         | 29,560         | 36,627         |
| Long-term loans receivable                 | 351            | 481            | 701            | 1,296          | 2,399          |
| Deferred tax assets                        | 3,022          | 2,970          | 2,755          | 4,532          | 3,100          |
| Other                                      | 3,283          | 2,814          | 3,304          | 3,598          | 3,592          |
| Allowance for doubtful accounts            | (411)          | (353)          | (333)          | (326)          | (267)          |
| <b>Total investments and other assets</b>  | <b>29,349</b>  | <b>28,937</b>  | <b>30,856</b>  | <b>38,661</b>  | <b>45,452</b>  |
| <b>Total non-current assets</b>            | <b>100,932</b> | <b>100,757</b> | <b>106,311</b> | <b>116,137</b> | <b>125,553</b> |
| <b>Total assets</b>                        | <b>207,779</b> | <b>210,766</b> | <b>222,604</b> | <b>242,741</b> | <b>261,133</b> |

# Consolidated Balance Sheet

| (¥ million)   | FY3/11 end     | FY3/12 end     | FY3/13 end     | FY3/14 end     | FY3/15 end     |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>Liabilities</b>                                    |                |                |                |                |                |
| <b>Current liabilities</b>                            |                |                |                |                |                |
| Notes and accounts payable - trade                    | 31,334         | 33,170         | 32,535         | 32,328         | 34,407         |
| Short-term loans payable                              | 11,472         | 13,060         | 13,476         | 16,216         | 17,585         |
| Lease obligations                                     | 202            | 241            | 308            | 265            | 262            |
| Income taxes payable                                  | 2,418          | 1,452          | 1,700          | 2,550          | 1,973          |
| Provision for bonuses                                 | 2,009          | 1,924          | 1,948          | 2,028          | 2,041          |
| Provision for directors' bonuses                      | 39             | 39             | 48             | 50             | 60             |
| Provision for loss on disaster                        | 1,497          | –              | –              | –              | –              |
| Other   | 4,901          | 10,931         | 5,081          | 8,968          | 13,161         |
| <b>Total current liabilities</b>                      | <b>53,876</b>  | <b>60,820</b>  | <b>55,099</b>  | <b>62,407</b>  | <b>69,493</b>  |
| <b>Non-current liabilities</b>                        |                |                |                |                |                |
| Long-term loans payable                               | 10,529         | 4,938          | 13,377         | 12,191         | 7,466          |
| Lease obligations                                     | 777            | 932            | 926            | 950            | 817            |
| Deferred tax liabilities                              | 470            | 470            | 546            | 588            | 630            |
| Deferred tax liabilities for land revaluation         | 4,690          | 4,072          | 4,021          | 4,021          | 3,605          |
| Provision for retirement benefits                     | 8,526          | 8,869          | 9,400          | –              | –              |
| Provision for directors' retirement benefits          | 168            | 124            | 106            | 132            | 152            |
| Net defined benefit liability                         | –              | –              | –              | 12,788         | 13,806         |
| Other   | 1,955          | 1,938          | 1,897          | 1,863          | 1,907          |
| <b>Total non-current liabilities</b>                  | <b>27,118</b>  | <b>21,345</b>  | <b>30,277</b>  | <b>32,535</b>  | <b>28,385</b>  |
| <b>Total liabilities</b>                              | <b>80,995</b>  | <b>82,166</b>  | <b>85,376</b>  | <b>94,943</b>  | <b>97,878</b>  |
| <b>Net assets</b>                                     |                |                |                |                |                |
| <b>Shareholders' equity</b>                           |                |                |                |                |                |
| Capital stock   | 22,899         | 22,899         | 22,899         | 22,899         | 22,899         |
| Capital surplus                                       | 19,925         | 19,925         | 19,925         | 19,925         | 19,925         |
| Retained earnings                                     | 78,647         | 80,225         | 85,660         | 92,438         | 101,629        |
| Treasury shares                                       | (224)          | (224)          | (224)          | (225)          | (226)          |
| <b>Total shareholders' equity</b>                     | <b>121,248</b> | <b>122,826</b> | <b>128,260</b> | <b>135,038</b> | <b>144,228</b> |
| <b>Accumulated other comprehensive income</b>         |                |                |                |                |                |
| Valuation difference on available-for-sale securities | 1,001          | 984            | 1,868          | 3,050          | 6,363          |
| Revaluation reserve for land                          | 3,270          | 3,791          | 3,697          | 3,794          | 4,095          |
| Foreign currency translation adjustment               | (1,964)        | (2,353)        | (746)          | 2,441          | 4,360          |
| Remeasurements of defined benefit plans               | –              | –              | –              | (1,854)        | (2,108)        |
| <b>Total accumulated other comprehensive income</b>   | <b>2,307</b>   | <b>2,422</b>   | <b>4,819</b>   | <b>7,431</b>   | <b>12,711</b>  |
| <b>Minority interests</b>                             | <b>3,228</b>   | <b>3,351</b>   | <b>4,147</b>   | <b>5,328</b>   | <b>6,315</b>   |
| <b>Total net assets</b>                               | <b>126,784</b> | <b>128,600</b> | <b>137,227</b> | <b>147,798</b> | <b>163,255</b> |
| <b>Total liabilities and net assets</b>               | <b>207,779</b> | <b>210,766</b> | <b>222,604</b> | <b>242,741</b> | <b>261,133</b> |

# Consolidated Statement of Income

| (¥ million)  | FY3/11         | FY3/12         | FY3/13         | FY3/14         | FY3/15         |
|--|----------------|----------------|----------------|----------------|----------------|
| <b>Net sales</b>   | <b>178,198</b> | <b>170,817</b> | <b>184,885</b> | <b>204,350</b> | <b>214,319</b> |
| Cost of sales  | 135,801        | 134,959        | 146,331        | 160,072        | 167,643        |
| Gross profit   | 42,397         | 35,858         | 38,553         | 44,278         | 46,676         |
| Selling, general and administrative expenses   | 27,815         | 27,516         | 28,698         | 30,467         | 32,068         |
| <b>Operating income</b>  | <b>14,581</b>  | <b>8,342</b>   | <b>9,855</b>   | <b>13,811</b>  | <b>14,608</b>  |
| <b>Non-operating income</b>  |                |                |                |                |                |
| Interest income  | 97             | 108            | 115            | 163            | 280            |
| Dividend income  | 293            | 321            | 318            | 522            | 459            |
| Share of profit of entities accounted for using equity method                          | 440            | 204            | 883            | 1,448          | 1,792          |
| Foreign exchange gains   | –              | –              | 490            | 816            | 508            |
| Other  | 316            | 465            | 580            | 310            | 382            |
| Total non-operating income   | 1,148          | 1,101          | 2,388          | 3,261          | 3,422          |
| <b>Non-operating expenses</b>  |                |                |                |                |                |
| Interest expenses  | 380            | 378            | 414            | 465            | 462            |
| Loss on abandonment of inventories   | –              | 91             | 93             | 223            | –              |
| Foreign exchange losses  | 537            | 96             | –              | –              | –              |
| Other  | 437            | 249            | 412            | 424            | 469            |
| Total non-operating expenses   | 1,355          | 814            | 919            | 1,112          | 931            |
| <b>Ordinary income</b>   | <b>14,374</b>  | <b>8,628</b>   | <b>11,324</b>  | <b>15,959</b>  | <b>17,099</b>  |
| <b>Extraordinary income</b>  |                |                |                |                |                |
| Gain on reversal of provision for loss on disaster                                     | –              | 148            | –              | –              | –              |
| Insurance income   | 110            | –              | –              | –              | –              |
| Gain on sales of shares of subsidiaries and associates                                 | –              | –              | –              | 68             | –              |
| Total extraordinary income   | 110            | 148            | –              | 68             | –              |
| <b>Extraordinary losses</b>  |                |                |                |                |                |
| Loss on abandonment of non-current assets  | 367            | 387            | 317            | 158            | 181            |
| Loss on valuation of investment securities   | 576            | 397            | 74             | –              | –              |
| Impairment loss  | 104            | –              | –              | 3,048          | 128            |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | 101            | –              | –              | –              | –              |
| Loss on disaster   | 1,922          | 305            | –              | –              | –              |
| Loss on fire accident  | 181            | –              | –              | –              | –              |
| Loss on withdrawal from a joint venture  | –              | 1,487          | 143            | –              | –              |
| Logistic bases closing expenses  | –              | –              | –              | 97             | 83             |
| Total extraordinary losses   | 3,254          | 2,578          | 535            | 3,304          | 393            |
| <b>Income before income taxes and minority interests</b>                               | <b>11,230</b>  | <b>6,198</b>   | <b>10,788</b>  | <b>12,724</b>  | <b>16,705</b>  |
| Income taxes - current   | 4,192          | 2,103          | 2,921          | 4,392          | 4,073          |
| Income taxes - deferred  | (103)          | 30             | (27)           | (1,422)        | 387            |
| <b>Total income taxes</b>  | <b>4,089</b>   | <b>2,134</b>   | <b>2,894</b>   | <b>2,969</b>   | <b>4,461</b>   |
| Income before minority interests   | 7,141          | 4,064          | 7,894          | 9,754          | 12,244         |
| Minority interests in income   | 220            | 267            | 277            | 602            | 671            |
| <b>Net income</b>  | <b>6,921</b>   | <b>3,797</b>   | <b>7,616</b>   | <b>9,152</b>   | <b>11,573</b>  |

# Consolidated Statement of Changes in Equity

FY3/14

| (¥ million)  | Shareholders' equity |                 |                   |                 |                            | Accumulated other comprehensive income                |                              |   |   |  | Minority interests | Total net assets |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|---|------------------------------|---|---|--|--------------------|------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                    |                  |
| Balance at beginning of current period               | 22,899               | 19,925          | 85,660            | (224)           | 128,260                    | 1,868   | 3,697                        | (746)                                   | –                                       | 4,819  | 4,147              | 137,227          |
| Cumulative effects of changes in accounting policies |                      |                 |                   |                 | –                          |   |                              |   |   |  |                    | –                |
| Restated balance                                     | 22,899               | 19,925          | 85,660            | (224)           | 128,260                    | 1,868   | 3,697                        | (746)                                   | –                                       | 4,819  | 4,147              | 137,227          |
| Changes of items during period                       |                      |                 |                   |                 |                            |   |                              |   |   |  |                    |                  |
| Dividends of surplus                                 |                      |                 | (2,276)           |                 | (2,276)                    |   |                              |   |   |  |                    | (2,276)          |
| Net income   |                      |                 | 9,152             |                 | 9,152                      |   |                              |   |   |  |                    | 9,152            |
| Reversal of revaluation reserve for land             |                      |                 | (97)              |                 | (97)                       |   |                              |   |   |  |                    | (97)             |
| Purchase of treasury shares                          |                      |                 |                   | (0)             | (0)                        |   |                              |   |   |  |                    | (0)              |
| Net changes of items other than shareholders' equity |                      |                 |                   |                 |                            | 1,181   | 97                           | 3,187                                   | (1,854)                                 | 2,611  | 1,180              | 3,792            |
| Total changes of items during period                 | –                    | –               | 6,778             | (0)             | 6,777                      | 1,181   | 97                           | 3,187                                   | (1,854)                                 | 2,611  | 1,180              | 10,570           |
| Balance at end of current period                     | 22,899               | 19,925          | 92,438            | (225)           | 135,038                    | 3,050   | 3,794                        | 2,441                                   | (1,854)                                 | 7,431  | 5,328              | 147,798          |

FY3/15

| (¥ million)  | Shareholders' equity |                 |                   |                 |                            | Accumulated other comprehensive income                |                              |   |   |  | Minority interests | Total net assets |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|---|------------------------------|---|---|--|--------------------|------------------|
|  | Capital stock        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity | Valuation difference on available-for-sale securities | Revaluation reserve for land | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                    |                  |
| Balance at beginning of current period               | 22,899               | 19,925          | 92,438            | (225)           | 135,038                    | 3,050   | 3,794                        | 2,441                                   | (1,854)                                 | 7,431  | 5,328              | 147,798          |
| Cumulative effects of changes in accounting policies |                      |                 | (74)              |                 | (74)                       |   |                              |   |   |  |                    | (74)             |
| Restated balance                                     | 22,899               | 19,925          | 92,364            | (225)           | 134,964                    | 3,050   | 3,794                        | 2,441                                   | (1,854)                                 | 7,431  | 5,328              | 147,723          |
| Changes of items during period                       |                      |                 |                   |                 |                            |   |                              |   |   |  |                    |                  |
| Dividends of surplus                                 |                      |                 | (2,379)           |                 | (2,379)                    |   |                              |   |   |  |                    | (2,379)          |
| Net income   |                      |                 | 11,573            |                 | 11,573                     |   |                              |   |   |  |                    | 11,573           |
| Reversal of revaluation reserve for land             |                      |                 | 72                |                 | 72                         |   |                              |   |   |  |                    | 72               |
| Purchase of treasury shares                          |                      |                 |                   | (0)             | (0)                        |   |                              |   |   |  |                    | (0)              |
| Net changes of items other than shareholders' equity |                      |                 |                   |                 |                            | 3,313   | 300                          | 1,918                                   | (253)                                   | 5,279  | 986                | 6,266            |
| Total changes of items during period                 | –                    | –               | 9,265             | (0)             | 9,264                      | 3,313   | 300                          | 1,918                                   | (253)                                   | 5,279  | 986                | 15,531           |
| Balance at end of current period                     | 22,899               | 19,925          | 101,629           | (226)           | 144,228                    | 6,363   | 4,095                        | 4,360                                   | (2,108)                                 | 12,711                                       | 6,315              | 163,255          |

# Consolidated Statement of Cash Flows

| (¥ million)  | FY3/11          | FY3/12         | FY3/13          | FY3/14          | FY3/15          |
|--|-----------------|----------------|-----------------|-----------------|-----------------|
| <b>Cash flows from operating activities</b>                          |                 |                |                 |                 |                 |
| Income before income taxes and minority interests                    | 11,230          | 6,198          | 10,788          | 12,724          | 16,705          |
| Depreciation   | 8,008           | 8,122          | 8,638           | 9,418           | 9,463           |
| Impairment loss  | –               | –              | –               | 3,048           | 128             |
| Loss (gain) on valuation of investment securities                    | 576             | 397            | 74              | –               | –               |
| Interest and dividend income   | (391)           | (430)          | (433)           | (686)           | (739)           |
| Interest expenses  | 380             | 378            | 414             | 465             | 462             |
| Share of (profit) loss of entities accounted for using equity method | (440)           | (204)          | (883)           | (1,448)         | (1,792)         |
| Loss on withdrawal from a joint venture                              | –               | 1,487          | 143             | –               | –               |
| Increase (decrease) in provision for loss on disaster                | 1,497           | (1,497)        | –               | –               | –               |
| Loss on abandonment of non-current assets                            | 367             | 387            | 317             | 158             | 181             |
| Decrease (increase) in notes and accounts receivable - trade         | (2,980)         | (2,107)        | 1,671           | (504)           | (637)           |
| Decrease (increase) in inventories                                   | (1,711)         | (3,507)        | (1,464)         | 712             | (2,405)         |
| Increase (decrease) in notes and accounts payable - trade            | 3,449           | 2,224          | (1,771)         | (2,311)         | 1,139           |
| Other, net   | (461)           | (939)          | 582             | 1,425           | (449)           |
| <b>Subtotal</b>  | <b>19,525</b>   | <b>10,509</b>  | <b>18,077</b>   | <b>23,002</b>   | <b>22,055</b>   |
| Interest and dividend income received                                | 750             | 589            | 585             | 754             | 1,073           |
| Interest expenses paid   | (378)           | (373)          | (412)           | (464)           | (458)           |
| Proceeds from insurance income for accident and disaster             | 110             | 106            | 97              | –               | –               |
| Payments for withdrawal from a joint venture                         | –               | –              | (1,156)         | –               | –               |
| Income taxes paid  | (3,806)         | (3,080)        | (2,744)         | (3,595)         | (4,648)         |
| <b>Net cash provided by (used in) operating activities</b>           | <b>16,200</b>   | <b>7,751</b>   | <b>14,445</b>   | <b>19,696</b>   | <b>18,021</b>   |
| <b>Cash flows from investing activities</b>                          |                 |                |                 |                 |                 |
| Purchase of securities   | (20,989)        | (21,497)       | (23,097)        | (4,200)         | (5,200)         |
| Proceeds from sales and redemption of securities                     | 18,011          | 24,005         | 23,003          | 8,201           | 5,200           |
| Purchase of property, plant and equipment                            | (6,478)         | (7,833)        | (10,146)        | (10,881)        | (10,052)        |
| Purchase of intangible assets  | (638)           | (487)          | (549)           | (1,106)         | (789)           |
| Purchase of investment securities                                    | –               | –              | –               | (1,913)         | (712)           |
| Purchase of shares of subsidiaries and associates                    | –               | (414)          | (376)           | (406)           | (203)           |
| Payments for transfer of business                                    | –               | –              | (1,220)         | –               | –               |
| Other, net   | (551)           | 1,803          | 483             | (212)           | (1,229)         |
| <b>Net cash provided by (used in) investing activities</b>           | <b>(10,646)</b> | <b>(4,424)</b> | <b>(11,903)</b> | <b>(10,519)</b> | <b>(12,987)</b> |
| <b>Cash flows from financing activities</b>                          |                 |                |                 |                 |                 |
| Net increase (decrease) in short-term loans payable                  | (2,149)         | 1,762          | (392)           | 1,323           | 508             |
| Proceeds from long-term loans payable                                | 214             | 247            | 8,874           | 876             | 2,000           |
| Repayments of long-term loans payable                                | (548)           | (440)          | (5,915)         | (502)           | (2,649)         |
| Cash dividends paid  | (2,277)         | (2,275)        | (2,277)         | (2,276)         | (2,382)         |
| Cash dividends paid to minority shareholders                         | (45)            | (57)           | (105)           | (113)           | (154)           |
| Other, net   | (239)           | (200)          | (10)            | (380)           | (279)           |
| <b>Net cash provided by (used in) financing activities</b>           | <b>(5,046)</b>  | <b>(964)</b>   | <b>173</b>      | <b>(1,074)</b>  | <b>(2,956)</b>  |
| <b>Effect of exchange rate change on cash and cash equivalents</b>   | <b>(460)</b>    | <b>(163)</b>   | <b>739</b>      | <b>1,356</b>    | <b>949</b>      |
| <b>Net increase (decrease) in cash and cash equivalents</b>          | <b>48</b>       | <b>2,199</b>   | <b>3,455</b>    | <b>9,459</b>    | <b>3,027</b>    |
| <b>Cash and cash equivalents at beginning of period</b>              | <b>23,507</b>   | <b>23,555</b>  | <b>25,755</b>   | <b>29,210</b>   | <b>38,670</b>   |
| <b>Cash and cash equivalents at end of period</b>                    | <b>23,555</b>   | <b>25,755</b>  | <b>29,210</b>   | <b>38,670</b>   | <b>41,697</b>   |

# Information by Business Segment, Region and Other

| (¥100 million)              | FY3/11 | FY3/12 | FY3/13 | FY3/14 | FY3/15 |
|-----------------------------|--------|--------|--------|--------|--------|
| <b>By business segment</b>  |        |        |        |        |        |
| Net sales                   | 1,781  | 1,708  | 1,848  | 2,043  | 2,143  |
| Chemicals                   | 1,225  | 1,171  | 1,259  | 1,435  | 1,500  |
| Electronic and IT materials | 168    | 181    | 200    | 206    | 203    |
| Functional chemicals        | 809    | 790    | 886    | 1,047  | 1,137  |
| Commodity chemicals         | 246    | 198    | 171    | 180    | 159    |
| Food products               | 511    | 492    | 535    | 553    | 576    |
| Other                       | 44     | 43     | 53     | 54     | 66     |
| Operating income            | 145    | 83     | 98     | 138    | 146    |
| Chemicals                   | 116    | 77     | 73     | 108    | 129    |
| Electronic and IT materials | 31     | 30     | 27     | 36     | 36     |
| Functional chemicals        | 70     | 45     | 49     | 78     | 84     |
| Commodity chemicals         | 13     | 0      | (3)    | (7)    | 8      |
| Food Products               | 24     | 0      | 19     | 23     | 11     |
| Other                       | 4      | 5      | 5      | 5      | 5      |

| (¥ million)              | FY3/11  | FY3/12  | FY3/13  | FY3/14  | FY3/15  |
|--------------------------|---------|---------|---------|---------|---------|
| <b>By region</b>         |         |         |         |         |         |
| Net sales                | 178,198 | 170,817 | 184,885 | 204,350 | 214,319 |
| Japan                    | 129,954 | 120,690 | 121,223 | 122,274 | 121,569 |
| Asia                     | 36,622  | 38,210  | 46,701  | 56,577  | 62,451  |
| Other                    | 11,621  | 11,916  | 16,960  | 25,498  | 30,298  |
| <b>Composition ratio</b> |         |         |         |         |         |
| Net sales                | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  |
| Japan                    | 72.9%   | 70.7%   | 65.6%   | 59.8%   | 56.7%   |
| Asia                     | 20.6%   | 22.4%   | 25.3%   | 27.7%   | 29.1%   |
| Other                    | 6.5%    | 6.9%    | 9.1%    | 12.5%   | 14.2%   |

| (¥ million)                       | FY3/11 | FY3/12 | FY3/13 | FY3/14 | FY3/15 |
|-----------------------------------|--------|--------|--------|--------|--------|
| <b>Other information</b>          |        |        |        |        |        |
| Capital investment                | 7,266  | 9,134  | 11,448 | 12,282 | 10,978 |
| Chemicals                         | 5,866  | 7,973  | 8,057  | 8,491  | 7,392  |
| Food products                     | 1,346  | 1,142  | 2,381  | 3,077  | 3,440  |
| Other                             | 52     | 55     | 1,060  | 808    | 16     |
| Adjustment                        | 1      | (37)   | (51)   | (94)   | 129    |
| Depreciation and amortization     | 8,008  | 8,122  | 8,638  | 9,418  | 9,463  |
| Chemicals                         | 6,172  | 6,305  | 6,739  | 7,408  | 7,428  |
| Food products                     | 1,807  | 1,770  | 1,860  | 1,959  | 1,990  |
| Other                             | 62     | 77     | 75     | 87     | 93     |
| Adjustment                        | (34)   | (32)   | (37)   | (36)   | (48)   |
| Research and development expenses | 7,339  | 7,101  | 7,614  | 7,988  | 8,247  |
| R&D ratio                         | 4.1%   | 4.2%   | 4.1%   | 3.9%   | 3.8%   |

# Profitability Indicators

| (¥ million)      | FY3/11  | FY3/12  | FY3/13  | FY3/14  | FY3/15  |
|------------------|---------|---------|---------|---------|---------|
| Net sales        | 178,198 | 170,817 | 184,885 | 204,350 | 214,319 |
| Gross profit     | 42,397  | 35,858  | 38,553  | 44,278  | 46,676  |
| SG&A expenses    | 27,815  | 27,516  | 28,698  | 30,467  | 32,068  |
| Operating income | 14,581  | 8,342   | 9,855   | 13,811  | 14,608  |
| Ordinary income  | 14,374  | 8,628   | 11,324  | 15,959  | 17,099  |
| Net income       | 6,921   | 3,797   | 7,616   | 9,152   | 11,573  |

| (%)                     | FY3/11 | FY3/12 | FY3/13 | FY3/14 | FY3/15 |
|-------------------------|--------|--------|--------|--------|--------|
| Gross profit margin     | 23.8   | 21.0   | 20.9   | 21.7   | 21.8   |
| SG&A expenses ratio     | 15.6   | 16.1   | 15.5   | 14.9   | 15.0   |
| Operating income margin | 8.2    | 4.9    | 5.3    | 6.8    | 6.8    |
| Ordinary income margin  | 8.1    | 5.1    | 6.1    | 7.8    | 8.0    |
| Net income margin       | 3.9    | 2.2    | 4.1    | 4.5    | 5.4    |

| (%)                    | FY3/11 | FY3/12 | FY3/13 | FY3/14 | FY3/15 |
|------------------------|--------|--------|--------|--------|--------|
| Return on assets (ROA) | 3.4    | 1.8    | 3.5    | 3.9    | 4.6    |
| Return on equity (ROE) | 5.7    | 3.1    | 5.9    | 6.6    | 7.7    |

Gross profit margin=Gross profit/Net sales

SG&A expenses ratio=SG&A expenses/Net sales

Operating income margin=Operating income/Net sales

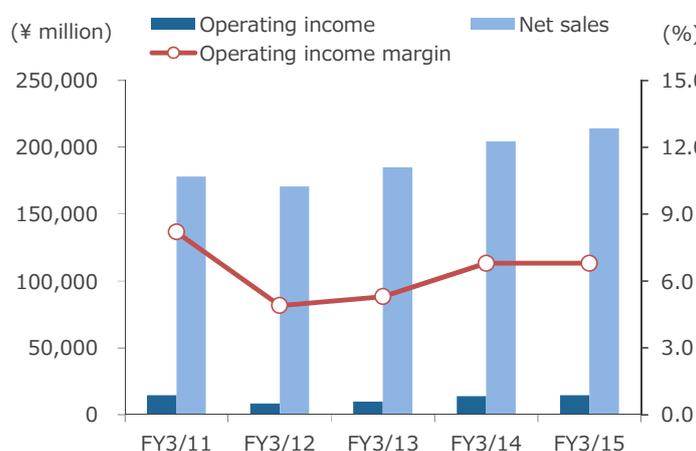
Ordinary income margin=Ordinary income/Net sales

Net income margin=Net income/Net sales

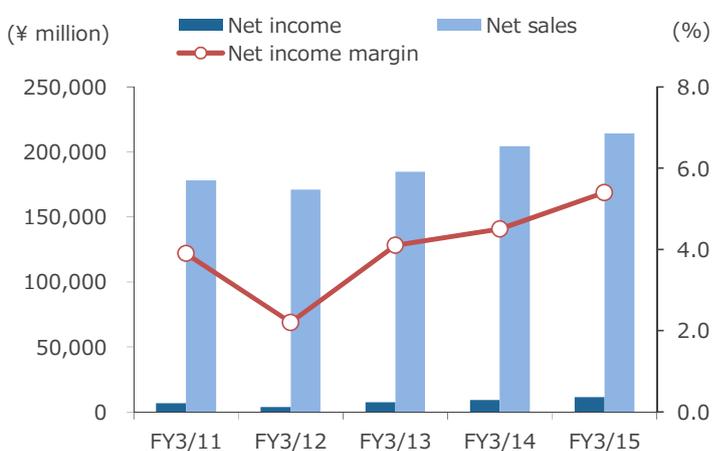
ROA=Net income/Average total assets

ROE=Net sales/Average equity

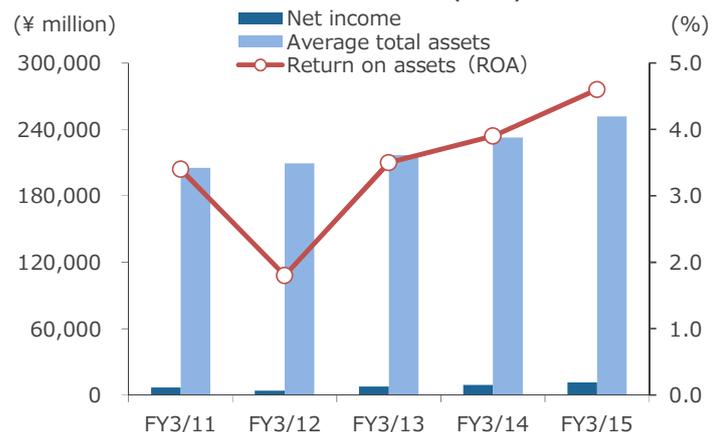
### Operating income margin



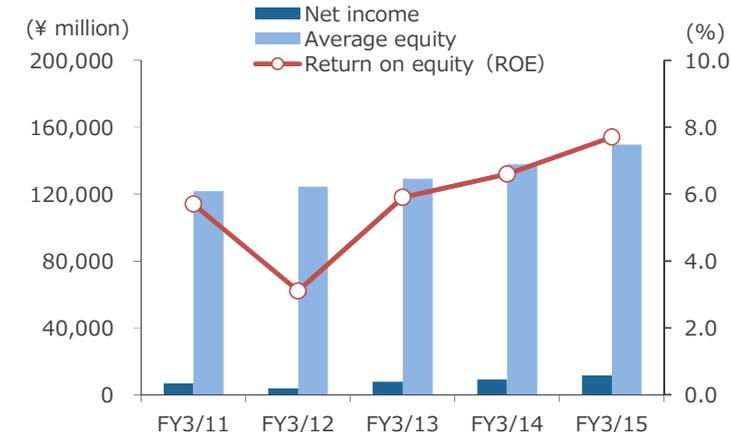
### Net income margin



### Return on assets (ROA)



### Return on equity (ROE)



# Efficiency Indicators

| (¥ million)         | FY3/11  | FY3/12  | FY3/13  | FY3/14  | FY3/15  |
|---------------------|---------|---------|---------|---------|---------|
| Net sales           | 178,198 | 170,817 | 184,885 | 204,350 | 214,319 |
| Cost of sales       | 135,801 | 134,959 | 146,331 | 160,072 | 167,643 |
| Total assets        | 207,779 | 210,766 | 222,604 | 242,741 | 261,133 |
| Inventories         | 28,456  | 31,670  | 34,850  | 36,429  | 40,079  |
| Accounts receivable | 38,581  | 40,306  | 39,839  | 42,912  | 44,881  |
| Accounts payable    | 31,334  | 33,170  | 32,535  | 32,328  | 34,407  |

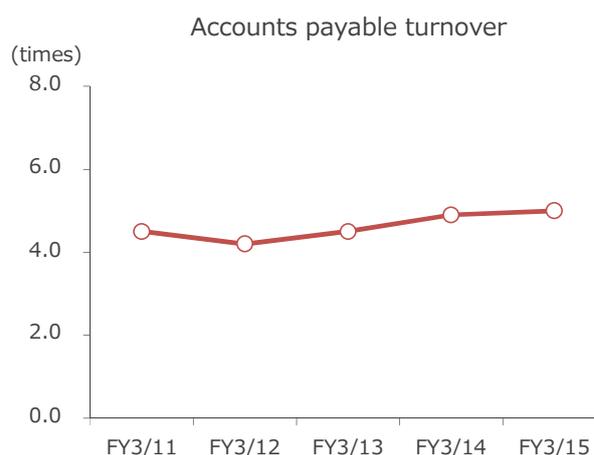
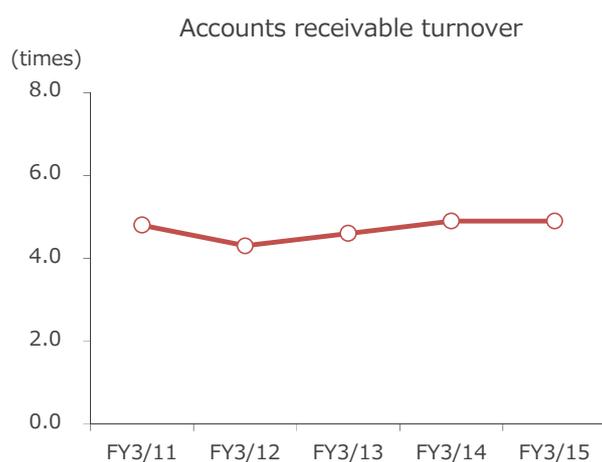
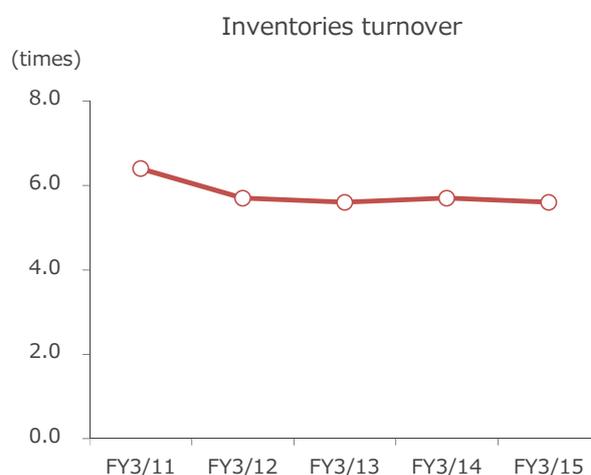
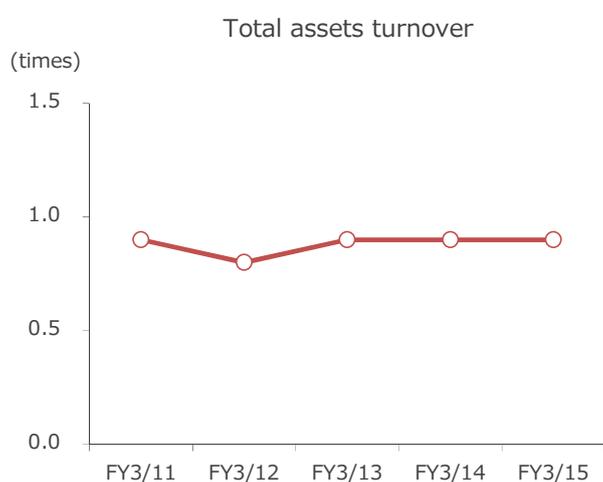
| (times)                      | FY3/11 | FY3/12 | FY3/13 | FY3/14 | FY3/15 |
|------------------------------|--------|--------|--------|--------|--------|
| Total assets turnover        | 0.9    | 0.8    | 0.9    | 0.9    | 0.9    |
| Inventories turnover         | 6.4    | 5.7    | 5.6    | 5.7    | 5.6    |
| Accounts receivable turnover | 4.8    | 4.3    | 4.6    | 4.9    | 4.9    |
| Accounts payable turnover    | 4.5    | 4.2    | 4.5    | 4.9    | 5.0    |

Total assets turnover=Net sales/Average total assets

Inventories turnover=Net sales/Average inventories

Accounts receivable turnover=Net sales/Average accounts receivable

Accounts payable turnover=Cost of sales/Average accounts payable



# Stability Indicators

| (¥ million)           | FY3/11  | FY3/12  | FY3/13  | FY3/14  | FY3/15  |
|-----------------------|---------|---------|---------|---------|---------|
| Equity                | 123,555 | 125,249 | 133,080 | 142,469 | 156,939 |
| Total assets          | 207,779 | 210,766 | 222,604 | 242,741 | 261,133 |
| Non-current assets    | 100,932 | 100,757 | 106,311 | 116,137 | 125,553 |
| Current assets        | 106,847 | 110,009 | 116,293 | 126,604 | 135,580 |
| Current liabilities   | 53,876  | 60,820  | 55,099  | 62,407  | 69,493  |
| Interest-bearing debt | 23,446  | 24,992  | 28,513  | 32,222  | 33,123  |

|                                 | FY3/11 | FY3/12 | FY3/13 | FY3/14 | FY3/15 |
|---------------------------------|--------|--------|--------|--------|--------|
| Equity ratio (%)                | 59.5   | 59.4   | 59.8   | 58.7   | 60.1   |
| Non-current ratio (%)           | 81.7   | 80.4   | 79.9   | 81.5   | 80.0   |
| Current ratio (%)               | 198.3  | 180.9  | 211.1  | 202.9  | 195.1  |
| Interest-bearing debt ratio (%) | 11.3   | 11.9   | 12.8   | 13.3   | 12.7   |
| Interest coverage ratio (times) | 42.8   | 20.8   | 35.0   | 42.4   | 39.3   |

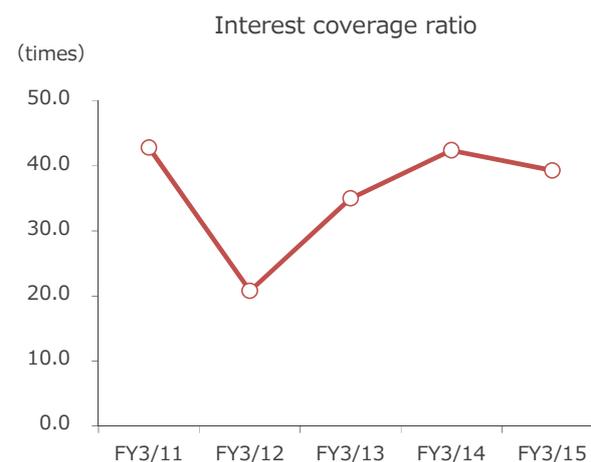
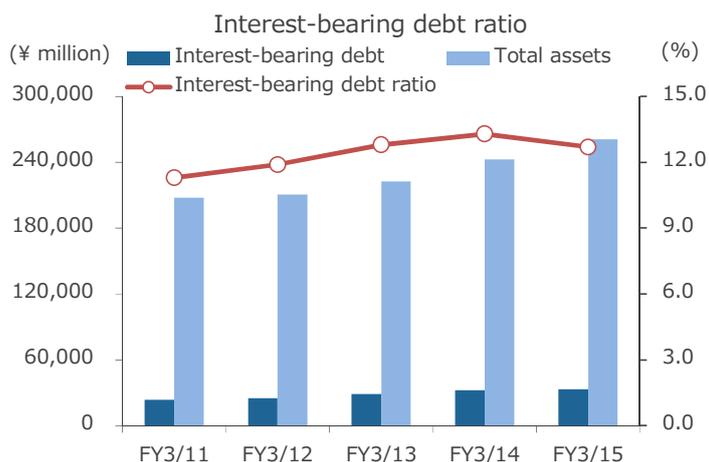
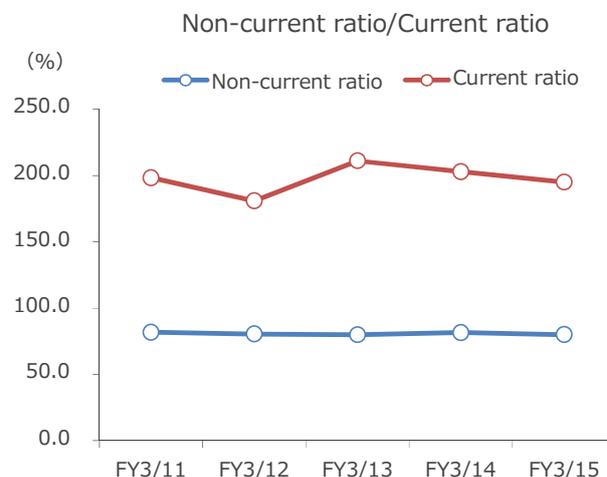
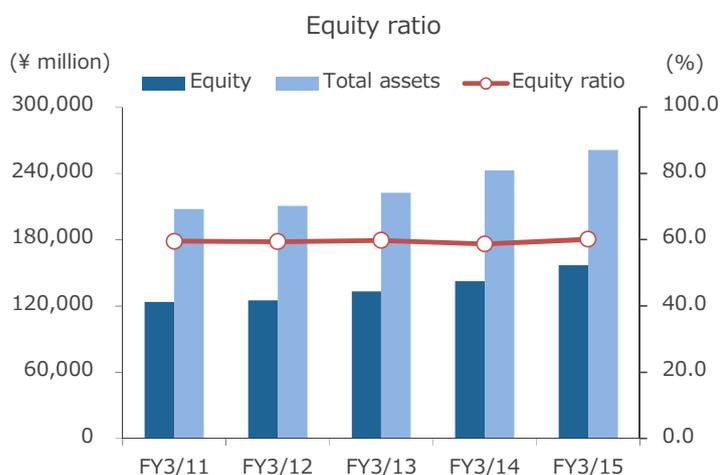
Equity ratio=Equity/Total assets

Non-current ratio=Non-current assets/Equity

Current ratio=Current assets/Current liabilities

Interest-bearing debt ratio=Interest-bearing debt/Total assets

Interest coverage ratio=Operating CF/Interest expenses paid



# Stock Information

## Stock Price / Other Indicators

| (¥)  | FY3/11   | FY3/12   | FY3/13   | FY3/14    | FY3/15      |
|--|----------|----------|----------|-----------|-------------|
| Stock price at term end                          | 811      | 786      | 803      | 1,190     | 1,554       |
| Closing stock price range for the last 12 months | 640-983  | 708-843  | 537-858  | 752-1,210 | 1,084-1,571 |
| Earnings per share (EPS)                         | 67.01    | 36.76    | 73.74    | 88.61     | 112.05      |
| Book-value per share (BPS)                       | 1,196.22 | 1,212.61 | 1,288.44 | 1,379.36  | 1,519.46    |
| Dividend per share (DPS)                         | 22.00    | 22.00    | 22.00    | 22.00     | 26.00       |

| (times)                      | FY3/11 | FY3/12 | FY3/13 | FY3/14 | FY3/15 |
|------------------------------|--------|--------|--------|--------|--------|
| Price earnings ratio (PER)   | 12.10  | 21.38  | 10.89  | 13.43  | 13.87  |
| Price book-value ratio (PBR) | 0.68   | 0.65   | 0.62   | 0.86   | 1.02   |

| (%)                      | FY3/11 | FY3/12 | FY3/13 | FY3/14 | FY3/15 |
|--------------------------|--------|--------|--------|--------|--------|
| Dividend payout ratio    | 32.8   | 59.8   | 29.9   | 24.9   | 23.2   |
| Dividend on equity (DOE) | 1.9    | 1.8    | 1.7    | 1.5    | 1.6    |

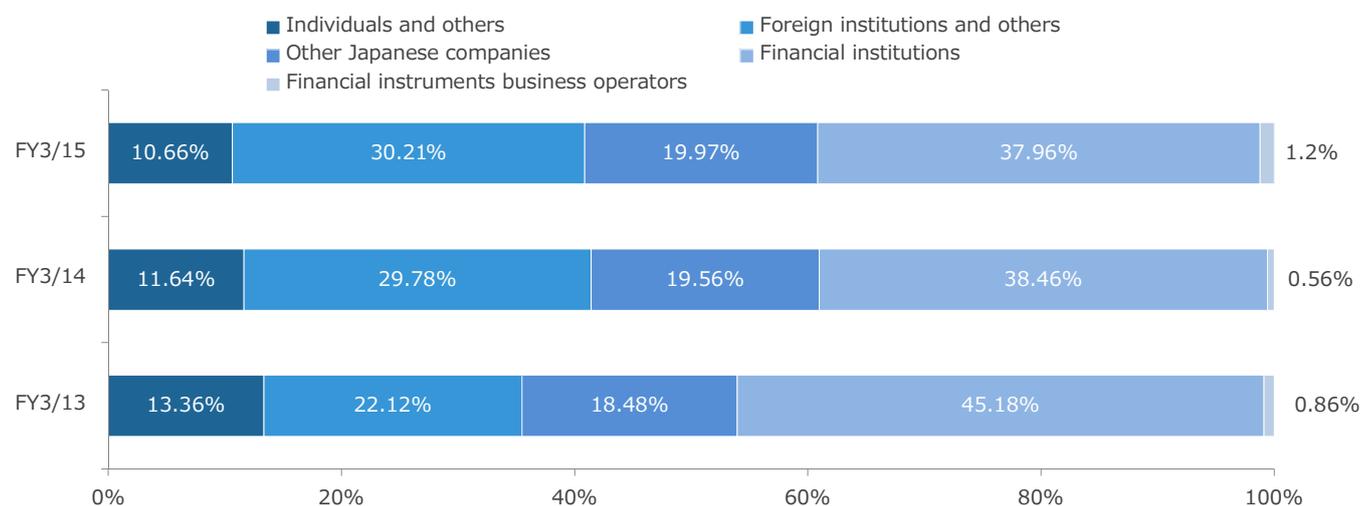
DOE=Total dividend paid/Net assets

## Major Shareholders

as of March 31, 2015

| Shareholders   | Number of shares<br>(thousand shares) | Shareholding ratio<br>(%) |
|--|---------------------------------------|---------------------------|
| Japan Trustee Services Bank, Ltd. (Trust Account)  | 4,473                                 | 4.32                      |
| ASAHI MUTUAL LIFE INSURANCE CO.  | 4,053                                 | 3.91                      |
| NOTHERN TRUST CO. (AVFC) RE 15PCT TREATY ACCOUNT   | 4,035                                 | 3.89                      |
| Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd. | 3,770                                 | 3.64                      |
| JP MORGAN CHASE BANK 380634  | 3,018                                 | 2.91                      |
| The Master Trust Bank of Japan, Ltd. (Trust Account)   | 2,870                                 | 2.77                      |
| National Mutual Insurance Federation of Agricultural Cooperatives  | 2,687                                 | 2.59                      |
| ADEKA Business Partners Shareholdings Association  | 2,656                                 | 2.56                      |
| The Norinchukin Bank   | 2,244                                 | 2.16                      |
| ZEON CORPORATION   | 1,881                                 | 1.82                      |

## Breakdown by Type of Shareholders





**ADEKA CORPORATION**

LEGAL AFFAIRS & PUBLICITY DEPARTMENT

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