

Summary of Consolidated Financial Statements for Fiscal 2016

(From January 1, 2016 to December 31, 2016)

February 7, 2017

Toagosei Co., Ltd.

(URL <http://www.toagosei.co.jp/>)

Stock exchange listings: Tokyo

Code number: 4045

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President and Representative Director

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Scheduled date for the Ordinary General Meeting of Shareholders: March 30, 2017

Scheduled date of year-end dividends payout: March 31, 2017

Scheduled date for the filing of the consolidated financial statements: March 30, 2017

1. Consolidated results for fiscal year ended December 31, 2016 (Jan. 1, 2016 – Dec. 31, 2016)

Note: All amounts are rounded down to the nearest million yen.

(1) Performance

% indicates year-on-year changes.

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
Fiscal 2016	135,382	(3.2)	16,147	30.8	16,935	28.3	13,801	106.1
Fiscal 2015	139,848	(6.1)	12,347	2.8	13,201	2.4	6,696	(20.4)

(Additional Notes) Comprehensive income: Fiscal 2016: 13,476 million yen Fiscal 2015: 8,362 million yen

	Net income per share	Diluted net income per share	Net income to Shareholders' equity	Ordinary income to total assets	Operating income to net sales
	(yen)	(yen)	(%)	(%)	(%)
Fiscal 2016	104.83	–	8.5	7.9	11.9
Fiscal 2015	50.86	–	4.3	6.4	8.8

(Reference) Equity in earnings of unconsolidated subsidiaries and affiliates: Fiscal 2016: 337 million yen Fiscal 2015: 328 million yen

*Toagosei Co., Ltd. has implemented the share consolidation of common stocks at a ratio of one share per two shares effective on July 1, 2015. Accordingly, net income per-share is calculated on the assumption that the share consolidation was implemented at the beginning of the previous fiscal year.

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	(%)	(%)
Dec. 31, 2016	219,520	173,003	76.5	1,276.10
Dec. 31, 2015	208,018	163,020	76.0	1,201.46

(Reference) Shareholders' equity: End of 2016: 167,990 million yen End of 2015: 158,173 million yen

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash & cash equivalents at the end of the year
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)
Fiscal 2016	21,989	(17,673)	(3,939)	54,231
Fiscal 2015	23,313	(4,592)	(3,949)	53,977

2. Dividends

(Period)	Dividends per share					Total dividends paid (Annual)	Dividends payout ratio (Consolidated)	Dividends on net assets ratio (Consolidated)
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual			
	(yen)	(yen)	(yen)	(yen)	(yen)	(millions of yen)	(%)	(%)
Fiscal 2015	–	6.00	–	12.00	–	3,159	47.2	2.0
Fiscal 2016	–	13.00	–	13.00	26.00	3,422	24.8	2.1
Fiscal 2017 (Forecast)	–	13.00	–	13.00	26.00		30.0	

*Per-share dividend at the end of fiscal year ending December 31, 2015 is calculated and listed in consideration of the share consolidation effective on July 1, 2015, and total amount of year-end dividends is referred to “–”

3. Consolidated performance forecast for Fiscal 2017 (Jan. 1, 2017– Dec. 31, 2017)

Note: % indicates the rate of change over the corresponding previous period.

	Net Sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
First half, 2017	67,500	0.9	7,700	5.9	8,100	6.7	5,500	11.2	41.78
Fiscal 2017	138,000	1.9	16,300	0.9	16,800	(0.8)	11,400	(17.4)	86.60

* Cautions pertaining to the appropriate use of performance forecasts and other particular items

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.

4. Other information

(1) Changes of significant subsidiaries in the scope of consolidation during this period : No

Addition to the scope of consolidation: –

Reduction from the scope of consolidation: –

(2) Changes of accounting principles, procedures and presentation methods, etc. related to preparation of the consolidated financial statements

- i. Changes by revision of accounting standard : Yes
- ii. Changes 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 the end of period (including treasury stock):

FY2016: 131,996,299 FY2015: 131,996,299

ii. Number of treasury stock at the end of period: FY2016: 353,240 FY2015: 345,500

iii. Average number of issued shares: FY2016: 131,647,589 FY2015: 131,664,841

Number of shares issued, number of treasury stock at the end of period and average number of issued shares are calculated on the assumption that the share consolidation was implemented at the beginning of the previous fiscal year.

(Reference) Summary of Non-Consolidated Operating results

1. Non- Consolidated results for fiscal year ended December 31, 2016(Jan. 1, 2016 – Dec. 31, 2016)

Note: All amounts are rounded down to the nearest million yen.

(1) Performance

% indicates year-on-year changes.

	Net Sales		Operating income		Ordinary income		Net income	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
Fiscal 2016	86,523	(3.4)	11,430	28.7	13,741	14.1	10,783	15.8
Fiscal 2015	89,576	(7.3)	8,878	11.0	12,041	8.0	9,309	11.1

	Net income per share	Diluted net income per share
	(yen)	(yen)
Fiscal 2016	81.91	–
Fiscal 2015	70.71	–

*Toagosei Co., Ltd. has implemented the share consolidation of common stocks at a ratio of one share per two shares effective on July 1, 2015. Accordingly, net income per-share is calculated on the assumption that the share consolidation was implemented at the beginning of the previous fiscal year

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(millions of yen)	(millions of yen)	(%)	(%)
Dec. 31, 2016	197,869	133,076	67.3	1,010.89
Dec. 31, 2015	187,534	126,232	67.3	958.84

(Reference) Shareholders' equity: End of 2016: 133,076 million yen End of 2015: 126,232 million yen

* Cautions pertaining to the appropriate use of performance forecasts and other particular items

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.