



Consolidated Financial Results for the Fiscal Year Ended November 30, 2019 (FY11/19)

[Japanese GAAP]

January 9, 2020

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 Listing: Tokyo Stock Exchange, First Section
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Scheduled date of Annual General Meeting of Shareholders: February 27, 2020
 Scheduled date of dividend payment: February 28, 2020
 Scheduled date of filing of Annual Securities Report: February 28, 2020
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for institutional and individual investors, and securities analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for FY11/19 (December 1, 2018 to November 30, 2019)

(1) Consolidated results of operations (Percentages represent 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 year ended Nov. 30, 2019	28,638	(2.1)	3,663	0.1	3,833	(2.6)	3,035	13.3
Fiscal year ended Nov. 30, 2018	29,257	10.1	3,660	14.1	3,935	17.0	2,677	23.9

Note: Comprehensive income (millions of yen) Fiscal year ended Nov. 30, 2019: 2,699 (up 27.2%)
 Fiscal year ended Nov. 30, 2018: 2,122 (down 36.4%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Nov. 30, 2019	137.05	-	9.7	9.1	12.8
Fiscal year ended Nov. 30, 2018	120.67	-	8.9	9.9	12.5

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Nov. 30, 2019: - Fiscal year ended Nov. 30, 2018: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Nov. 30, 2019	43,848	32,546	73.5	1,455.38
As of Nov. 30, 2018	40,214	30,662	75.6	1,372.88

Reference: Shareholders' equity (millions of yen) As of Nov. 30, 2019: 32,233 As of Nov. 30, 2018: 30,400

Note: Effective from the beginning of the fiscal year that ended in November 2019, the Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) and other related pronouncements. Figures as of November 30, 2018 have been adjusted retrospectively in accordance with these amendments.

(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
Fiscal year ended Nov. 30, 2019	3,506	(2,739)	432	6,342
Fiscal year ended Nov. 30, 2018	3,479	(1,737)	(1,738)	5,177

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen			
Fiscal year ended Nov. 30, 2018	-	17.00	-	19.00	36.00	797	29.8	2.7
Fiscal year ended Nov. 30, 2019	-	18.00	-	22.00	40.00	885	29.2	2.8
Fiscal year ending Nov. 30, 2020 (Forecast)	-	20.00	-	20.00	40.00		33.3	

3. Consolidated Forecast for FY11/20 (December 1, 2019 to November 30, 2020)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	14,561	2.6	1,882	6.7	1,973	8.8	1,341	0.5	60.58
Full year	29,643	3.5	3,700	1.0	3,912	2.0	2,660	(12.4)	120.11

*** Notes**

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): None

Newly added: -

Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury shares)

As of Nov. 30, 2019:	22,410,038 shares	As of Nov. 30, 2018:	22,410,038 shares
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2) Number of treasury shares at the end of the period

As of Nov. 30, 2019:	262,111 shares	As of Nov. 30, 2018:	266,391 shares
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3) Average number of shares during the period

Fiscal year ended Nov. 30, 2019:	22,146,563 shares	Fiscal year ended Nov. 30, 2018:	22,190,954 shares
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*The current financial report is not subject to audit by certified public accountants or auditing firms.

*Cautionary statement with respect to forward-looking statements and other special items

Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the Company's management at the time the materials were prepared. Actual results may differ materially from the forecasts for a number of reasons. Please refer to "1. Overview of Results of Operations, (4) Outlook" on page 3 for forecast assumptions and notes of caution for usage.

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1. Overview of Results of Operations

(1) Results of Operations

The Japanese economy continued to recover slowly during the fiscal year that ended in November 2019. However, the economic outlook remained uncertain because of areas of weakness, mainly involving exports, and the protracted U.S.-China trade war.

In Japan's chemical industry, corporate earnings were generally strong but production volume was somewhat sluggish due in part to the slow pace of the overseas economic recovery.

There were many activities at the Osaka Organic Chemical Industry Group during the fiscal year for accomplishing the goals of Next Stage 10, a long-term business plan covering the 10-year period that started with the fiscal year that ended in November 2015. In the chemical products business, we focused on increasing sales of competitively superior products by concentrating investments on carefully selected categories in order to revitalize the product lineup. Another priority was increasing sales of raw materials for specialty ink for UV inkjet printers as the market for these printers grows worldwide. In the electronics materials business, we made efforts to strengthen activities for developing next-generation semiconductor materials to be the market leader in targeted categories and increase sales of new display materials. In the specialty chemicals business, there were measures to develop functional polymers and increase sales of raw materials for cosmetics and of specialty solvents.

Net sales decreased 2.1% year-on-year to 28,638 million yen, operating profit increased 0.1% to 3,663 million yen, ordinary profit was down 2.6% to 3,833 million yen, and profit attributable to owners of parent increased 13.3% to 3,035 million yen.

Business segment performance was as follows with segment sales excluding inter-segment sales.

Note: Segment sales include inter-segment sales in previous fiscal years. Inter-segment sales are excluded beginning with the fiscal year that ended in November 2019.

1) Chemical products

Sales of acrylic acid esters increased due to firm demand for these esters for use in automotive coatings and adhesives for optical materials. Sales of methacrylic esters decreased due to lower sales volume. Earnings were higher because of a decline in selling, general and administrative expenses. As a result, net sales decreased 3.7% year-on-year to 11,636 million yen and segment profit increased 25.4% to 793 million yen.

2) Electronics materials

Sales of semiconductor materials increased because of strong demand but sales of display materials decreased due to weakness in the market for liquid crystal displays. Earnings were lower because of the decline in display material sales and higher expenses due to the start of operation of new equipment for semiconductor materials. As a result, net sales increased 2.8% year-on-year to 10,660 million yen and segment profit decreased 4.4% to 2,097 million yen.

3) Specialty chemicals

Sales of cosmetic raw materials decreased due to lower sales volume and of functional materials also declined. Earnings decreased because of a decline in the share of sales from high-margin products. As a result, net sales decreased 6.8% year-on-year to 6,340 million yen and segment profit decreased 5.3% to 787 million yen.

(2) Financial Position

Total assets increased 3,633 million yen from the end of the previous fiscal year to 43,848 million yen as of the end of the current fiscal year. This was mainly attributable to an increase of 1,165 million yen in cash and deposits, primarily the result of additional loans and the maturity of securities, and an increase of 1,966 million

yen in property, plant and equipment because of the purchase of manufacturing equipment.

Total liabilities increased 1,748 million yen from the end of the previous fiscal year to 11,301 million yen as of the end of the current fiscal year. This was mainly attributable to an increase of 380 million yen in accounts payable-other, mostly the result of the purchase of manufacturing equipment, and an increase of 993 million yen in long-term loans payable to fund the purchase of this equipment.

Total net assets increased 1,884 million yen from the end of the previous fiscal year to 32,546 million yen as of the end of the current fiscal year. This was mainly attributable to an increase of 2,213 million yen in retained earnings and a decrease of 366 million yen in valuation difference on available-for-sale securities.

(3) Cash Flows

Cash and cash equivalents (hereinafter, “net cash”) at the end of the current fiscal year increased 1,165 million yen, or 22.5%, from the end of the previous fiscal year to 6,342 million yen with net cash provided by operating activities of 3,506 million yen, net cash used in investing activities of 2,739 million yen, and net cash provided by financing activities of 432 million yen.

Cash flows from operating activities

Net cash provided by operating activities was 3,506 million yen compared with 3,479 million yen provided in the previous fiscal year. This was mainly the net result of profit before income taxes of 4,181 million yen, depreciation, a non-cash expense, of 1,771 million yen, an increase of 724 million yen in notes and accounts receivable-trade mainly because the end of the fiscal year was a day when banks are closed, an increase of 643 million yen in inventories, and income taxes paid of 1,199 million yen.

Cash flows from investing activities

Net cash used in investing activities was 2,739 million yen. Major factors include payment of 3,263 million yen for purchase of property, plant and equipment, mainly for manufacturing equipment, and proceeds from sales of investment securities of 378 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 432 million yen compared with 1,738 million yen used in the previous fiscal year. Major factors include proceeds from long-term loans payable of 2,000 million yen to fund the purchase of manufacturing equipment, repayments of long-term loans payable of 730 million yen, and cash dividends paid of 819 million yen.

(4) Outlook

The Japanese economy is expected to continue to recover at a moderate pace as improvements in the labor market and personal income continue. However, the outlook remains unclear in part because of the risk of an economic downturn in Japan associated with uncertainty about overseas economies, volatility in financial markets or other events.

The Group is continuing to take steps aimed at increasing sales and lowering the cost of manufacturing and other expenses while placing the highest priority on the quality and safety of products. Further upgrading R&D capabilities in order to develop new products is another goal. Overall, group companies are determined to streamline manufacturing operations and raise sales and earnings to further increase financial soundness.

Based on this outlook, we are forecasting net sales of 29,600 million yen, operating profit of 3,700 million yen, ordinary profit of 3,900 million yen and profit attributable to owners of parent of 2,600 million yen.

(5) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

The management priorities of the Group are strengthening financial soundness and the foundation for business operations from a long-term perspective and making steady and consistent distributions of earnings to shareholders. Dividends are determined based on results of operations with a payout ratio of 30% as a key guideline while also maintaining balance by taking into consideration results of operations, the need to retain earnings to implement business plans, and other factors.

The dividend for the fiscal year that ended in November 2019 was initially planned to be 36 yen per share, the sum of interim and year-end dividends of 18 yen. However, due to a big increase in profit resulting from a gain on sales of investment securities, insurance income and other factors, the year-end dividend was raised by 4 yen to 22 yen in accordance with the basic policy for profit distributions. This resulted in a fiscal year dividend of 40 yen. For the fiscal year ending in November 2020, the plan is to pay interim and year-end dividends of 20 yen, a total of 40 yen.

2. Basic Approach for the Selection of Accounting Standards

The Group will continue to prepare consolidated financial statements using the generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheet**

(Thousands of yen)

	FY11/18 (As of Nov. 30, 2018)	FY11/19 (As of Nov. 30, 2019)
Assets		
Current assets		
Cash and deposits	6,477,116	7,642,620
Notes and accounts receivable-trade	7,667,958	8,287,409
Electronically recorded monetary claims-operating	427,390	526,353
Securities	299,830	-
Finished goods	3,099,192	3,233,697
Work in process	1,441,235	1,789,839
Raw materials and supplies	1,260,391	1,415,818
Other	58,330	77,248
Allowance for doubtful accounts	(12,089)	(12,312)
Total current assets	20,719,357	22,960,674
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,604,006	15,561,819
Accumulated depreciation	(8,781,841)	(9,210,051)
Buildings and structures, net	5,822,164	6,351,767
Machinery, equipment and vehicles	23,458,631	25,310,081
Accumulated depreciation	(20,481,490)	(21,257,624)
Machinery, equipment and vehicles, net	2,977,141	4,052,457
Land	2,226,162	2,225,335
Construction in progress	1,521,469	1,745,961
Other	2,434,265	2,758,595
Accumulated depreciation	(2,046,832)	(2,233,390)
Other, net	387,432	525,205
Total property, plant and equipment	12,934,370	14,900,727
Intangible assets		
Goodwill	66,333	-
Other	27,441	78,914
Total intangible assets	93,775	78,914
Investments and other assets		
Investment securities	6,150,411	5,485,076
Retirement benefit asset	172,975	134,282
Deferred tax assets	14,548	22,382
Other	164,677	266,057
Allowance for doubtful accounts	(35,200)	-
Total investments and other assets	6,467,413	5,907,799
Total non-current assets	19,495,559	20,887,441
Total assets	40,214,916	43,848,116

	(Thousands of yen)	
	FY11/18	FY11/19
	(As of Nov. 30, 2018)	(As of Nov. 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,812,399	4,166,722
Current portion of long-term loans payable	535,159	811,597
Accounts payable-other	2,219,747	2,600,746
Income taxes payable	690,556	647,233
Provision for bonuses	-	76,439
Provision for bonuses for directors (and other officers)	78,660	59,780
Other	412,359	420,009
Total current liabilities	7,748,881	8,782,529
Non-current liabilities		
Long-term loans payable	823,748	1,817,156
Deferred tax liabilities	666,943	456,517
Other	312,984	244,988
Total non-current liabilities	1,803,676	2,518,661
Total liabilities	9,552,557	11,301,190
Net assets		
Shareholders' equity		
Capital stock	3,600,295	3,600,295
Capital surplus	3,508,891	3,508,891
Retained earnings	21,538,296	23,752,015
Treasury shares	(449,267)	(441,707)
Total shareholders' equity	28,198,216	30,419,495
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,421,701	2,055,556
Foreign currency translation adjustment	(9,017)	(20,782)
Remeasurements of defined benefit plans	(210,331)	(220,546)
Total accumulated other comprehensive income	2,202,351	1,814,227
Non-controlling interests	261,789	313,202
Total net assets	30,662,358	32,546,925
Total liabilities and net assets	40,214,916	43,848,116

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Thousands of yen)

	FY11/18 (Dec. 1, 2017 – Nov. 30, 2018)	FY11/19 (Dec. 1, 2018 – Nov. 30, 2019)
Net sales	29,257,608	28,638,568
Cost of sales	21,494,320	21,060,455
Gross profit	7,763,287	7,578,112
Selling, general and administrative expenses	4,103,213	3,914,945
Operating profit	3,660,074	3,663,167
Non-operating income		
Interest income	2,726	2,146
Dividend income	183,530	170,864
Insurance premiums refunded cancellation	56,410	1,452
Other	61,095	49,238
Total non-operating income	303,762	223,702
Non-operating expenses		
Interest expenses	8,807	8,217
Foreign exchange losses	16,014	43,497
Other	3,796	1,411
Total non-operating expenses	28,618	53,126
Ordinary profit	3,935,217	3,833,743
Extraordinary income		
Gain on sales of non-current assets	2,158	12,098
Gain on sales of investment securities	296,259	220,186
Insurance income	33,473	139,403
Reversal of provision for retirement benefits for directors (and other officers)	36,545	-
Total extraordinary income	368,438	371,687
Extraordinary losses		
Loss on sales of non-current assets	503	-
Loss on retirement of non-current assets	63,183	24,130
Loss on transfer of non-current assets	109,822	-
Loss on valuation of golf club membership	-	150
Loss on revision of retirement benefit plan	261,386	-
Total extraordinary losses	434,896	24,280
Profit before income taxes	3,868,759	4,181,150
Income taxes-current	1,132,430	1,159,619
Income taxes-deferred	20,483	(66,854)
Total income taxes	1,152,913	1,092,765
Profit	2,715,845	3,088,384
Profit attributable to non-controlling interests	38,089	53,153
Profit attributable to owners of parent	2,677,755	3,035,231

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY11/18 (Dec. 1, 2017 – Nov. 30, 2018)	FY11/19 (Dec. 1, 2018 – Nov. 30, 2019)
Profit	2,715,845	3,088,384
Other comprehensive income		
Valuation difference on available-for-sale securities	(559,868)	(366,481)
Foreign currency translation adjustment	(8,069)	(11,764)
Remeasurements of defined benefit plans, net of tax	(25,366)	(10,410)
Total other comprehensive income	(593,304)	(388,655)
Comprehensive income	2,122,541	2,699,729
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,084,385	2,647,107
Comprehensive income attributable to non-controlling interests	38,155	52,621

(3) Consolidated Statement of Changes in Equity

FY11/18 (Dec. 1, 2017 – Nov. 30, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,600,295	3,508,891	19,573,531	(6,435)	26,676,283
Changes of items during period					
Dividends of surplus			(712,442)		(712,442)
Profit attributable to owners of parent			2,677,755		2,677,755
Purchase of treasury shares				(449,915)	(449,915)
Disposal of treasury shares			(548)	7,083	6,535
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,964,764	(442,831)	1,521,933
Balance at end of current period	3,600,295	3,508,891	21,538,296	(449,267)	28,198,216

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,982,161	(948)	(185,490)	2,795,721	226,025	29,698,031
Changes of items during period						
Dividends of surplus						(712,442)
Profit attributable to owners of parent						2,677,755
Purchase of treasury shares						(449,915)
Disposal of treasury shares						6,535
Net changes of items other than shareholders' equity	(560,459)	(8,069)	(24,841)	(593,370)	35,764	(557,605)
Total changes of items during period	(560,459)	(8,069)	(24,841)	(593,370)	35,764	964,327
Balance at end of current period	2,421,701	(9,017)	(210,331)	2,202,351	261,789	30,662,358

FY11/19 (Dec. 1, 2018 – Nov. 30, 2019)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,600,295	3,508,891	21,538,296	(449,267)	28,198,216
Changes of items during period					
Dividends of surplus			(819,391)		(819,391)
Profit attributable to owners of parent			3,035,231		3,035,231
Purchase of treasury shares				(24)	(24)
Disposal of treasury shares			(2,120)	7,583	5,463
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,213,719	7,559	2,221,278
Balance at end of current period	3,600,295	3,508,891	23,752,015	(441,707)	30,419,495

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	2,421,701	(9,017)	(210,331)	2,202,351	261,789	30,662,358
Changes of items during period						
Dividends of surplus						(819,391)
Profit attributable to owners of parent						3,035,231
Purchase of treasury shares						(24)
Disposal of treasury shares						5,463
Net changes of items other than shareholders' equity	(366,145)	(11,764)	(10,214)	(388,123)	51,412	(336,710)
Total changes of items during period	(366,145)	(11,764)	(10,214)	(388,123)	51,412	1,884,567
Balance at end of current period	2,055,556	(20,782)	(220,546)	1,814,227	313,202	32,546,925

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY11/18 (Dec. 1, 2017 – Nov. 30, 2018)	FY11/19 (Dec. 1, 2018 – Nov. 30, 2019)
Cash flows from operating activities		
Profit before income taxes	3,868,759	4,181,150
Depreciation	1,458,976	1,771,366
Amortization of goodwill	159,199	66,333
Increase (decrease) in allowance for doubtful accounts	1,111	(34,976)
Increase (decrease) in provision for bonuses	-	76,439
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(478,122)	-
Increase (decrease) in provision for bonuses for directors (and other officers)	32,440	(18,880)
Decrease (increase) in retirement benefit asset	53,207	23,714
Interest and dividend income	(186,256)	(173,011)
Interest expenses	8,807	8,217
Foreign exchange losses (gains)	806	23,225
Loss (gain) on sales of non-current assets	(1,655)	(12,098)
Loss on retirement of non-current assets	63,183	24,130
Loss on transfer of non-current assets	109,822	-
Loss (gain) on sales of investment securities	(296,259)	(220,186)
Insurance income	(33,473)	(139,403)
Loss on valuation of golf club memberships	-	150
Decrease (increase) in notes and accounts receivable-trade	(237,688)	(724,352)
Decrease (increase) in inventories	(661,919)	(643,035)
Increase (decrease) in notes and accounts payable-trade	57,837	364,499
Other, net	235,794	(170,876)
Subtotal	4,154,570	4,402,407
Interest and dividend income received	185,494	172,758
Interest expenses paid	(8,785)	(8,521)
Proceeds from insurance income	188,656	139,403
Income taxes (paid) refund	(1,040,617)	(1,199,843)
Net cash provided by (used in) operating activities	3,479,318	3,506,205
Cash flows from investing activities		
Payments into time deposits	(3,150,000)	(3,150,000)
Proceeds from withdrawal of time deposits	3,150,000	3,150,000
Purchase of property, plant and equipment	(2,317,325)	(3,263,278)
Proceeds from sales of property, plant and equipment	7,604	12,925
Purchase of intangible assets	(1,763)	(71,682)
Purchase of investment securities	(5,392)	(5,365)
Proceeds from sales of investment securities	429,950	378,698
Proceeds from redemption of investment securities	-	300,000
Purchase of insurance funds	(7,767)	(5,997)
Proceeds from maturity of insurance funds	153,167	2,001
Other, net	4,477	(86,460)
Net cash provided by (used in) investing activities	(1,737,050)	(2,739,159)

	(Thousands of yen)	
	FY11/18	FY11/19
	(Dec. 1, 2017 – Nov. 30, 2018)	(Dec. 1, 2018 – Nov. 30, 2019)
Cash flows from financing activities		
Proceeds from long-term loans payable	-	2,000,000
Repayments of long-term loans payable	(545,948)	(730,154)
Repayments of lease obligations	(28,616)	(15,654)
Purchase of treasury shares	(449,915)	(24)
Cash dividends paid	(712,442)	(819,391)
Dividends paid to non-controlling interests	(1,800)	(1,800)
Net cash provided by (used in) financing activities	(1,738,722)	432,975
Effect of exchange rate change on cash and cash equivalents	(7,191)	(34,516)
Net increase (decrease) in cash and cash equivalents	(3,645)	1,165,503
Cash and cash equivalents at beginning of period	5,180,762	5,177,116
Cash and cash equivalents at end of period	5,177,116	6,342,620

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Reclassifications

Changes due to application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”

Effective from the beginning of the fiscal year that ended in November 2019, the Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018). Accordingly, deferred tax assets and deferred tax liabilities are included in the investments and other assets section and the non-current liabilities section of the balance sheet, respectively.

As a result, “deferred tax assets” under “current assets” in the consolidated balance sheet for the previous fiscal year decreased 275,905 thousand yen and “deferred tax assets” under “investments and other assets” increased 14,548 thousand yen. “Deferred tax liabilities” under “non-current liabilities” decreased 261,356 thousand yen. Net figures are used for deferred tax assets and deferred tax liabilities for the same taxing authority. This change reduced total assets by 261,356 thousand yen.

Segment and Other Information

Segment information

1. Overview of reportable segment

Segments used for financial reporting are the constituent units of the Company and its subsidiaries for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

Acrylic acid esters are the main product of the Group. Consequently, there are three reportable segments based on the categories of products and markets where these esters are used: chemical products, electronics materials and specialty chemicals.

The main businesses of these three segments are as follows.

Segment	Main businesses
Chemical products	Specialty acrylic acid esters and other acrylic acids for coatings, adhesives and ink
Electronics materials	Electronics materials primarily for displays and semiconductors
Specialty chemicals	Raw materials for cosmetics and functional materials, others

2. Calculation method for net sales, profit or loss, assets, liabilities, and other items for each reportable segment

The accounting methods used for reportable business segments are generally the same as those used for preparing the consolidated financial statements.

Profits for reportable segments are operating profit figures. Inter-segment sales and transfers are based on market prices.

3. Information related to net sales, profit or loss, assets, liabilities, and other items for each reportable segment

FY11/18 (Dec. 1, 2017 – Nov. 30, 2018)

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Chemical products	Electronics materials	Specialty chemicals	Total		
Net sales						
External sales	12,079,369	10,371,396	6,806,841	29,257,608	-	29,257,608
Inter-segment sales and transfers	-	-	214,973	214,973	(214,973)	-
Total	12,079,369	10,371,396	7,021,815	29,472,582	(214,973)	29,257,608
Segment profit	632,542	2,194,754	830,963	3,658,261	1,812	3,660,074
Segment assets	7,420,693	9,935,175	3,302,158	20,658,027	19,556,888	40,214,916
Other items						
Depreciation	554,784	639,095	265,096	1,458,976	-	1,458,976
Amortization of goodwill	-	159,199	-	159,199	-	159,199
Increase in property, plant and equipment and intangible assets	777,391	216,361	131,096	1,124,850	616,979	1,741,829

Notes: 1. Adjustments are as follows.

- (1) Segment profit in the above adjustment represents eliminations for inter-segment transactions.
 - (2) The adjustment to segment assets includes 204,338 thousand yen in elimination of inter-segment receivables, 19,814,416 thousand yen of corporate assets that cannot be allocated to reportable segments, and inventory adjustments of 53,189 thousand yen. Corporate assets mainly include cash and deposits and investment securities that cannot be attributed to reportable segments.
2. Segment profit is adjusted to be consistent with the operating profit on the consolidated statement of income.

FY11/19 (Dec. 1, 2018 – Nov. 30, 2019)

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Chemical products	Electronics materials	Specialty chemicals	Total		
Net sales						
External sales	11,636,706	10,660,935	6,340,926	28,638,568	-	28,638,568
Inter-segment sales and transfers	-	-	263,312	263,312	(263,312)	-
Total	11,636,706	10,660,935	6,604,239	28,901,881	(263,312)	28,638,568
Segment profit	793,330	2,097,762	787,113	3,678,206	(15,038)	3,663,167
Segment assets	7,605,367	12,238,390	3,656,327	23,500,085	20,348,031	43,848,116
Other items						
Depreciation	601,841	884,216	285,308	1,771,366	-	1,771,366
Amortization of goodwill	-	66,333	-	66,333	-	66,333
Increase in property, plant and equipment and intangible assets	153,045	2,522,256	391,423	3,066,725	503,890	3,570,615

Notes: 1. Adjustments are as follows.

- (1) Segment profit in the above adjustment represents eliminations for inter-segment transactions.
 - (2) The adjustment to segment assets includes 98,990 thousand yen in elimination of inter-segment receivables, 20,514,430 thousand yen of corporate assets that cannot be allocated to reportable segments, and inventory adjustments of 67,409 thousand yen. Corporate assets mainly include cash and deposits and investment securities that cannot be attributed to reportable segments.
2. Segment profit is adjusted to be consistent with the operating profit on the consolidated statement of income.

Per-share Information

(Yen)

	FY11/18 (Dec. 1, 2017 – Nov. 30, 2018)	FY11/19 (Dec. 1, 2018 – Nov. 30, 2019)
Net assets per share	1,372.88	1,455.38
Net income per share	120.67	137.05

Notes: 1. Diluted net income per share is not presented because there are no latent shares.

2. The basis of calculating the net income per share is as follows:

	FY11/18 (Dec. 1, 2017 – Nov. 30, 2018)	FY11/19 (Dec. 1, 2018 – Nov. 30, 2019)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	2,677,755	3,035,231
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Thousands of yen)	2,677,755	3,035,231
Average number of common shares outstanding during the period (Shares)	22,190,954	22,146,563

Material Subsequent Events

Not applicable.

This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.