

Supporting today, changing tomorrow



C.I. TAKIRON

Annual Report 2017

(2016.4.1 ~ 2017.3.31)

C.I. TAKIRON Corporation

Annual Report 2017

For the Fiscal Year Ended March 31, 2017

(This document adopts the format of Annual Select®.)

C.I. TAKIRON Corporation

NORTH GATE BUILDING, 3-1-3, Umeda, Kita-ku, Osaka

(Securities Code: 4215)

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Contact us via email from the following website:

<https://www.takiron-ci.co.jp/english/>

Corporate Message

Supporting today, changing tomorrow

Here is what we can do for today—

*In order to support the security of the world we live in,
provide a consistent supply of durable, easy-to-use products.*

Here is what we can do for tomorrow—

*In order to make our lives more comfortable
create products that meet contemporary needs by using technologies and ideas.*

Here is what we should do for today and tomorrow—

*Continue to explore the potential of plastics and create
products that contribute comfort and utility to our everyday lives.*

*Make our products even more durable, lightweight,
elegant and environmentally friendly.*

*Utilize flexibility of thought in the continuing challenge
of manufacturing new products.*

Corporate Philosophy

1. To continually expand our business, keeping in mind the preservation of the global environment.
2. To contribute to the benefit of society with products of high quality and assure our customers of full satisfaction.
3. To anticipate social changes and meet future challenges.
4. To cultivate individuality and creativity by emphasizing the importance of our human resources.
5. To seek profits and distribute them fairly.

I. Summary of Selected Financial Data (Consolidated)

Year ended March 31,	118 th fiscal year 2013	119 th fiscal year 2014	120 th fiscal year 2015	121 st fiscal year 2016	122 nd fiscal year 2017
Net sales (Millions of yen)	67,808	72,856	70,352	72,958	75,118
Ordinary profit (Millions of yen)	4,827	6,351	3,804	3,946	4,519
Profit attributable to owners of parent (Millions of yen)	3,395	3,788	2,168	2,746	2,695
Comprehensive income (Millions of yen)	3,805	3,941	3,452	(62)	3,962
Net assets (Millions of yen)	44,889	45,460	47,501	46,461	49,435
Total assets (Millions of yen)	77,977	85,643	84,018	88,087	88,997
Net assets per share (Yen)	616.38	626.80	659.46	644.22	685.44
Basic earnings per share (Yen)	47.37	52.88	30.50	38.66	37.95
Diluted earnings per share (Yen)	–	–	–	–	–
Equity ratio (%)	56.7	52.2	55.8	51.9	54.7
Return on equity (ROE) (%)	8.0	8.5	4.7	5.9	5.7
Price earnings ratio (PER) (Times)	7.3	8.0	17.2	14.4	15.3
Net cash provided by (used in) operating activities (Millions of yen)	6,632	7,917	5,700	5,773	6,579
Net cash provided by (used in) investing activities (Millions of yen)	(1,959)	(1,879)	(4,377)	(2,860)	(2,537)
Net cash provided by (used in) financing activities (Millions of yen)	(1,788)	(2,108)	(1,805)	(2,828)	(1,749)
Cash and cash equivalents at end of period (Millions of yen)	10,095	14,048	13,571	13,760	16,046
Number of employees [Separately, average number of temporary employees] (Persons)	1,670 [421]	1,664 [428]	1,732 [489]	1,871 [524]	1,889 [497]

- (Notes) 1. Net sales do not include consumption taxes.
2. The number of employees shown denotes employees on duty.
3. Diluted earnings per share is not presented since there were no potential shares.

II. Message from the President

**“Creating a people- and earth-friendly future through plastics technology”
is C.I. TAKIRON Group’s mission.**

On April 1, 2017, Takiron Co., Ltd. and C.I. Kasei Company, Limited merged and started anew as C.I. Takiron Corporation.

Takiron (established in 1919) and C.I. Kasei (established in 1963) each grew their businesses, introducing numerous high-quality/high-added-value products based on their unique technological innovations as general plastic manufacturers, in order to respond to customer needs.

Meanwhile, we continue to face a harsh business environment with many causes for concern, such as shrinking of the market due to sluggish growth in the construction of new single-family homes and cutbacks in public investments, a slowdown in consumer spending and domestic demand, and an increase in international price competition associated with entry of competitors.

Under these conditions, C.I. Takiron is gathering its collective strengths to expand its corporate scale and business domain as a general plastics processor, and aims to become a leading company in the plastics processing industry through realizing synergetic effects from restructuring its business portfolio and streamlining its management and assets.

As a result of the merger, we expanded and deepened our business areas to include the following: 1) construction materials business such as housing equipment and building materials, floor materials, and building decoration materials; 2) environmental materials business such as agricultural materials and civil engineering materials; 3) high functional materials business such as industrial plates and electronic components; and 4) specialty films business such as heat-shrinkable film for packaging and packaging materials.

Going forward, in order to achieve further growth, we intend to strengthen our sales force and customer base, accelerate global development, boost the efficiency of our production systems, bolster our technological and R&D capabilities, improve our cost competitiveness, accelerate the push to expand our business foundation and strengthen our earnings base through mergers and acquisitions.

We look forward to your continued support.



Yosuke Minamitani
President and
Representative Director

III. Business Progress and Results

In the fiscal year under review, the Japanese economy continued on a path of modest recovery with improvements being observed in corporate earnings and the employment environment amid a continuation of the government's economic measures and the Bank of Japan's monetary policies, as well as expectations of significant fiscal expansionary policies in the U.S. The business environment surrounding the Company Group also showed signs of a modest recovery with capital investment by semiconductor and LCD manufacturers, mostly overseas, continuing favorably while the condominium renovations market and civil engineering-related public works moved toward recovery.

Against this background, in the second year of its three-year medium-term plan, based on its basic strategy which includes developing potential in new businesses and challenging new fields, overall optimization of group management, aggressively injecting management resources into focus fields, aggressively developing business in overseas markets, centered on Asia, and improving the level of management quality, the Company Group executed specific measures. These included boosting the lineup of drainage equipment products, investing to increase production of industrial plates, and extending the FRP (fiberglass reinforced plastics) continuous molding line. These efforts are part of the Company's stance of devoting every last effort to expanding the business and increasing profitability.

As a result, the Company reported the following results for the fiscal year ended March 31, 2017. Net sales increased 3.0% year on year to ¥75,118 million, operating profit increased 14.4% to ¥4,339 million, ordinary profit increased 14.5% to ¥4,519 million, and Profit attributable to owners of parent decreased 1.8% to ¥2,695 million.

Operating results by business segment are as follows.

Housing Environmental Materials Business

In the Housing Materials Department, sales of the siphon rain gutter system JET LINE grew, while sales of drainage equipment were about the same compared with the previous fiscal year. However, sales for other housing equipment products, which are mostly interior materials, fell year on year, resulting in sales for this department being about par with the previous year's level.

In the Building Material Department, sales weakened year on year for the mainstay products of Polycarbonate corrugated sheets, and processed products but grew year on year for plain sheets and daylighting units for non-housing structures. As a result, sales for this department were about par with the previous year's level.

In the Environmental and Engineering Material Department, since pre-design projects increased and deliveries of materials showed steady progress, sales for this department grew year on year.

In the Engineering Department, due to a decline in orders for ordinance-designated urban projects in the mainstay FFT-S field (a material for sewage pipe renewal), sales for this department fell year on year.

As a result, net sales of the Housing Environmental Materials Business increased 3.0% year on year to ¥39,184 million. However, operating profit decreased 75.1% to ¥31 million.

Flooring Materials Business

Although sales to renovation market in commercial apartments for rent expanded and sales for indoor use such as for toilets and kitchens in commercial building sector steadily grew, the disaster prevention related products continued to struggle.

As a result, net sales of the Flooring Materials Business increased 3.5% year on year to ¥9,821 million.

However, operating profit decreased 4.2% to ¥2,141 million.

High Functional Materials Business

In the plate department, sales of industrial plates for semiconductors and LCD manufacturing equipment overseas, particularly in Asia, continued to be favorable and sales for this department rose year on year. Also, sales for the signage field rose year on year due to a steady adoption of pre-design projects. In addition, in the machining materials field, sales were firm while sales continued to struggle in the large tank field and the filter plate field in overseas markets, which has continued to be sluggish for a long time.

As a result, net sales of the High Functional Materials Business increased 2.6% year on year to ¥24,330 million, and operating profit increased 29.4% to ¥2,108 million.

Medical Business

Regarding the bone fixation devices, sales of SUPER FIXSORB MX remained firm particularly for the maxillofacial field. For SUPER FIXSORB, sales weakened in the orthopedic surgery field but grew in the sports orthopedics field.

As a result, net sales in the Medical Business increased 4.0% year on year to ¥1,781 million and operating profit was ¥58 million (compared to an operating loss of ¥195 million in the previous fiscal year).

- (Notes) 1. Net sales of each segment do not include internal sales or transfers among segments. In addition, the amounts presented above do not include consumption taxes.
2. The Company transferred its Medical Business to newly created TEIJIN MEDICAL TECHNOLOGIES CO., LTD by company split and sold 86% of its shares to TEIJIN LIMITED both on July 3, 2017.

Net Sales and Operating Profit by Business Segment

(Millions of yen)

	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2017	
	Net sales	Operating profit	Net sales	Operating profit
Housing Environmental Materials Business	38,051	125	39,184	31
Flooring Materials Business	9,489	2,234	9,821	2,141
High Functional Materials Business	23,704	1,629	24,330	2,108
Medical Business	1,713	(195)	1,781	58
Total	72,958	3,793	75,118	4,339

IV. Corporate Governance

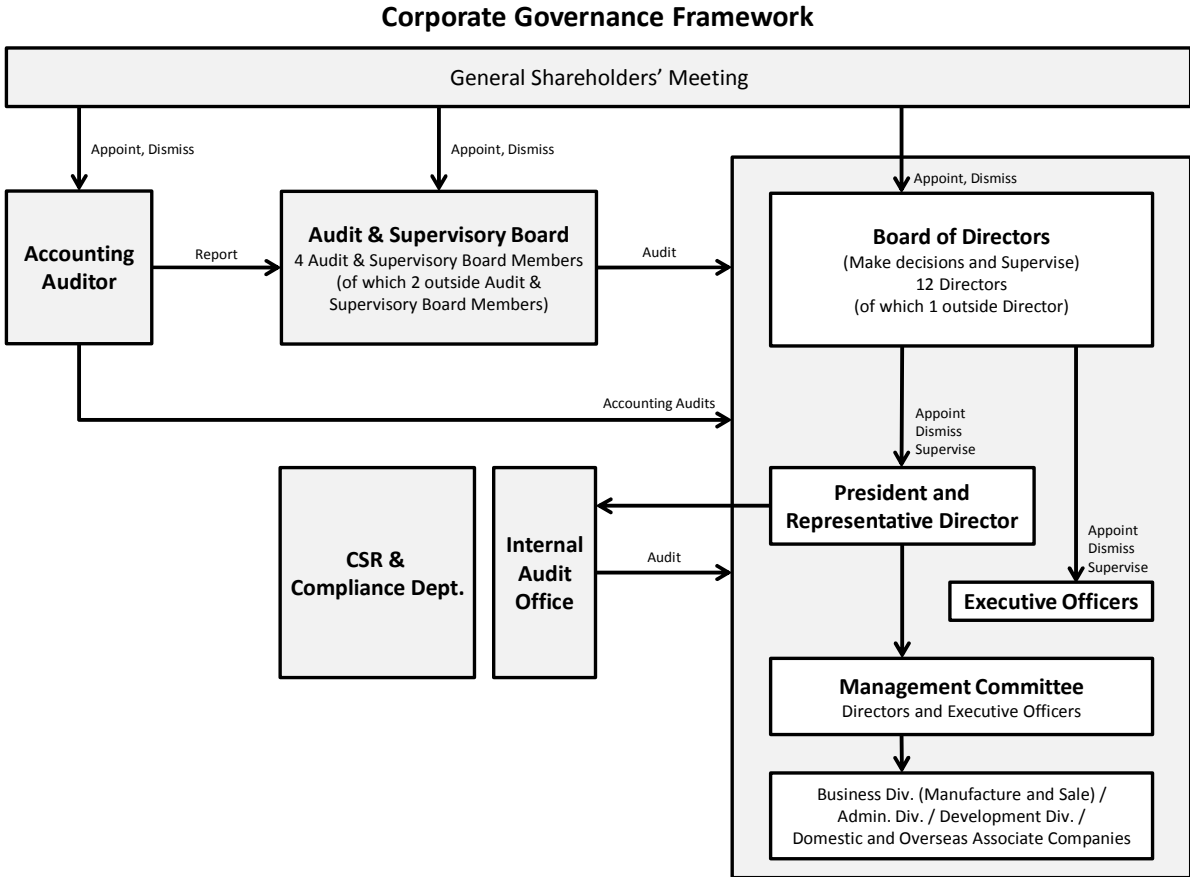
Basic Approach to Corporate Governance

C.I. Takiron Corporation regards strengthening corporate governance as a management issue of primary importance in order to improve management efficiency and transparency, earn the trust of all stakeholders including shareholders, and continuously improve corporate value.

Reasons for Implementation of Corporate Governance Framework

C.I. Takiron Corporation employs the corporate governance framework of a company with audit and supervisory board members. One of the directors is an outside director with specialist knowledge, experience and an independent perspective, in order to provide advice from an external viewpoint and enhance deliberations by the directors while also monitoring and supervising the execution of their duties. Alongside auditing with respect to legality by the audit and supervisory board members and the Audit & Supervisory Board, efforts are also made to strengthen governance.

C.I. Takiron Corporation’s corporate governance framework is as shown in the diagram below.



V. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	13,782	16,069
Notes and accounts receivable - trade	22,604	22,928
Electronically recorded monetary claims - operating	3,925	4,644
Merchandise and finished goods	7,653	7,137
Work in process	2,087	2,129
Raw materials and supplies	1,825	1,894
Deferred tax assets	599	642
Other	965	748
Allowance for doubtful accounts	(14)	(10)
Total current assets	53,429	56,181
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,750	8,280
Machinery, equipment and vehicles, net	5,417	4,905
Land	10,117	10,089
Leased assets, net	160	196
Construction in progress	361	91
Other, net	713	724
Total property, plant and equipment	25,520	24,286
Intangible assets	328	496
Investments and other assets		
Investment securities	3,568	3,607
Deferred tax assets	4,137	3,286
Net defined benefit asset	60	154
Other	1,161	1,057
Allowance for doubtful accounts	(118)	(73)
Total investments and other assets	8,808	8,032
Total non-current assets	34,657	32,815
Total assets	88,087	88,997

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,140	14,335
Electronically recorded obligations - operating	468	2,085
Short-term loans payable	1,719	1,240
Current portion of long-term loans payable	186	183
Lease obligations	72	71
Accrued consumption taxes	315	360
Income taxes payable	895	1,119
Accrued expenses	676	696
Provision for bonuses	956	1,030
Provision for directors' bonuses	129	131
Notes payable - facilities	582	121
Other	1,923	2,691
Total current liabilities	23,066	24,067
Non-current liabilities		
Long-term loans payable	790	606
Lease obligations	89	125
Deferred tax liabilities	762	776
Provision for directors' retirement benefits	5	7
Net defined benefit liability	15,544	11,334
Asset retirement obligations	309	310
Other	1,057	2,331
Total non-current liabilities	18,559	15,493
Total liabilities	41,626	39,561
Net assets		
Shareholders' equity		
Capital stock	15,189	15,189
Capital surplus	14,667	14,667
Retained earnings	21,489	23,190
Treasury shares	(2,320)	(2,323)
Total shareholders' equity	49,024	50,723
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,040	1,388
Foreign currency translation adjustment	54	2
Remeasurements of defined benefit plans	(4,364)	(3,435)
Total accumulated other comprehensive income	(3,269)	(2,044)
Non-controlling interests	706	757
Total net assets	46,461	49,435
Total liabilities and net assets	88,087	88,997

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

(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	72,958	75,118
Cost of sales	49,303	49,881
Gross profit	23,654	25,236
Selling, general and administrative expenses		
Transportation and warehousing expenses	4,833	4,805
Personnel expenses	7,341	7,582
Provision for bonuses	453	565
Retirement benefit expenses	748	842
Provision for directors' bonuses	134	131
Provision for directors' retirement benefits	1	1
Depreciation	546	508
Provision of allowance for doubtful accounts	6	(8)
Research and development expenses	841	686
Amortization of goodwill	18	-
Other expenses	4,936	5,782
Total selling, general and administrative expenses	19,861	20,896
Operating profit	3,793	4,339
Non-operating income		
Interest income	1	1
Dividend income	86	86
Rent income on non-current assets	80	60
Share of profit of entities accounted for using equity method	63	63
Miscellaneous income	125	154
Total non-operating income	358	366
Non-operating expenses		
Interest expenses	40	30
Sales discounts	54	56
Rent expenses on non-current assets	52	41
Foreign exchange losses	9	38
Miscellaneous expenses	46	19
Total non-operating expenses	204	186
Ordinary profit	3,946	4,519
Extraordinary income		
Gain on sales of non-current assets	28	5
Gain on sales of investment securities	202	219
Gain on revision of retirement benefit plan	-	363
Gain on bargain purchase	195	-
Reversal of provision for loss on liquidation of subsidiaries and associates	9	-
Gain on transfer of business	7	-
Total extraordinary income	443	587
Extraordinary losses		
Loss on disposal of non-current assets	28	59
Loss on sales of investment securities	0	28
Loss on valuation of investment securities	-	27
Impairment loss	-	269
Extra retirement payments	-	113
Total extraordinary losses	28	498
Profit before income taxes	4,361	4,608
Income taxes - current	1,356	1,579
Income taxes - deferred	211	272

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Total income taxes	1,568	1,851
Profit	2,792	2,757
Profit attributable to non-controlling interests	46	62
Profit attributable to owners of parent	2,746	2,695

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	2,792	2,757
Other comprehensive income		
Valuation difference on available-for-sale securities	(253)	337
Foreign currency translation adjustment	(10)	(61)
Remeasurements of defined benefit plans, net of tax	(2,590)	928
Share of other comprehensive income of entities accounted for using equity method	-	-
Total other comprehensive income	(2,855)	1,204
Comprehensive income	(62)	3,962
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(104)	3,920
Comprehensive income attributable to non-controlling interests	42	41

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	15,189	14,667	19,737	(2,317)	47,276
Changes of items during period					
Dividends of surplus			(994)		(994)
Profit attributable to owners of parent			2,746		2,746
Purchase of treasury shares				(3)	(3)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,751	(3)	1,748
Balance at end of current period	15,189	14,667	21,489	(2,320)	49,024

	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	1,264	74	(1,774)	(434)	659	47,501
Changes of items during period						
Dividends of surplus						(994)
Profit attributable to owners of parent						2,746
Purchase of treasury shares						(3)
Net changes of items other than shareholders' equity	(223)	(20)	(2,590)	(2,834)	46	(2,788)
Total changes of items during period	(223)	(20)	(2,590)	(2,834)	46	(1,039)
Balance at end of current period	1,040	54	(4,364)	(3,269)	706	46,461

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	15,189	14,667	21,489	(2,320)	49,024
Changes of items during period					
Dividends of surplus			(994)		(994)
Profit attributable to owners of parent			2,695		2,695
Purchase of treasury shares				(2)	(2)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,701	(2)	1,698
Balance at end of current period	15,189	14,667	23,190	(2,323)	50,723

	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	1,040	54	(4,364)	(3,269)	706	46,461
Changes of items during period						
Dividends of surplus						(994)
Profit attributable to owners of parent						2,695
Purchase of treasury shares						(2)
Net changes of items other than shareholders' equity	347	(52)	928	1,224	51	1,276
Total changes of items during period	347	(52)	928	1,224	51	2,974
Balance at end of current period	1,388	2	(3,435)	(2,044)	757	49,435

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	4,361	4,608
Depreciation	3,090	3,201
Impairment loss	-	269
Amortization of goodwill	18	-
Increase (decrease) in provision for bonuses	(76)	73
Increase (decrease) in provision for directors' bonuses	6	-
Increase (decrease) in net defined benefit liability	41	(2,973)
Increase (decrease) in provision for directors' retirement benefits	(0)	-
Increase (decrease) in allowance for doubtful accounts	8	(47)
Interest and dividend income	(87)	(88)
Interest expenses	40	30
Foreign exchange losses (gains)	9	38
Share of (profit) loss of entities accounted for using equity method	(63)	(63)
Loss (gain) on sales of investment securities	(202)	(190)
Loss (gain) on valuation of investment securities	-	27
Loss (gain) on disposal of non-current assets	0	54
Gain on bargain purchase	(195)	-
Gain on retirement benefit system revision	-	(363)
Premium severance pay	-	113
Decrease (increase) in notes and accounts receivable - trade	761	(1,045)
Decrease (increase) in inventories	(180)	388
Increase (decrease) in notes and accounts payable - trade	(711)	934
Increase (decrease) in accounts payable - other	(17)	447
Payments for accounts payable - other resulting from transition to defined contribution pension plan	-	1,714
Other, net	(206)	809
Subtotal	6,595	7,940
Interest and dividend income received	85	90
Interest expenses paid	(41)	(25)
Proceeds from subsidy income	-	40
Income taxes paid	(866)	(1,466)
Net cash provided by (used in) operating activities	5,773	6,579
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	3	-
Purchase of property, plant and equipment	(3,126)	(3,022)
Proceeds from sales of property, plant and equipment	61	32
Purchase of intangible assets	(36)	(215)
Purchase of investment securities	(19)	(44)
Proceeds from sales of investment securities	461	711
Decrease (increase) in other investments	(5)	(7)
Payments of loans receivable	(47)	(33)
Collection of loans receivable	31	51
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(180)	-
Other, net	2	(8)
Net cash provided by (used in) investing activities	(2,860)	(2,537)

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,550)	(480)
Repayments of long-term loans payable	(178)	(186)
Repayments of lease obligations	(98)	(80)
Purchase of treasury shares	(3)	(2)
Cash dividends paid	(994)	(994)
Dividends paid to non-controlling interests	(2)	(4)
Net cash provided by (used in) financing activities	(2,828)	(1,749)
Effect of exchange rate change on cash and cash equivalents	104	(5)
Net increase (decrease) in cash and cash equivalents	189	2,286
Cash and cash equivalents at beginning of period	13,571	13,760
Cash and cash equivalents at end of period	13,760	16,046

VI. Company Information

Company Information (as of March 31, 2017)

Trade name:	C.I. TAKIRON Corporation (formerly Takiron Co., Ltd.) (Note) Takiron Co., Ltd. merged with C.I. Kasei Company, Limited on April 1, 2017 and changed its name to C.I. TAKIRON Corporation.
Date of establishment:	December 1935
Listing date:	October 1961
Business year:	From April 1 to March 31
Paid-in capital:	15,189 million yen
Number of employees:	2,386 (including 497 temporary employees; on a consolidated basis)
Head office:	NORTH GATE BUILDING, 3-1-3, Umeda, Kita-ku, Osaka, 530-0001 Japan
Telephone:	+81-6-6453-3700
Consolidated subsidiaries:	Takiron Matex Co., Ltd. Sanwa Signworks Co., Ltd. Takiron Engineering Co., Ltd. Takiron Protech Co., Ltd. Takiron-Rowland Co., Ltd. Takiron Tech Co., Ltd. Dailite Co., Ltd. Takiron Polymer Co., Ltd. Takiron KC Home Improvement Co., Ltd. NIPPON POLYESTER CO., LTD. Dainippon Plastics Co., Ltd. Takiron Plastics (Changzhou) Co., Ltd. PT. TAKIRON INDONESIA Other 4 companies

Directors and Audit & Supervisory Board Members (as of June 28, 2017)

Chairman and Director	Katsumori Hyodo
Vice Chairman and Director	Tetsushi Ishizuka
President and Representative Director	Yosuke Minamitani
Director and Senior Managing Executive Officer	Takahisa Miyake
Director and Senior Managing Executive Officer	Yasuhiko Maru
Director and Senior Managing Executive Officer	Kazuya Saito
Director and Managing Executive Officer	Tomomi Umeda
Director and Managing Executive Officer	Hideharu Iwasaki
Director and Managing Executive Officer	Hiroyasu Kawakami
Director and Executive Officer	Hikaru Sakamoto
Director	Hidenori Hayashi
Director*	Mune Iwamoto
Audit & Supervisory Board Member	Yutaka Takeda
Audit & Supervisory Board Member**	Yoshiyuki Fujioka
Audit & Supervisory Board Member**	Kazuhiro Takasaki
Audit & Supervisory Board Member	Satoshi Nakajima

Managing Executive Officer	Osamu Kishimoto
Executive Officer	Toshiro Okajima
Executive Officer	Hironori Kikuchi
Executive Officer	Toshio Tamaki
Executive Officer	Hiroji Kimura
Executive Officer	Yukihiro Iwata
Executive Officer	Shigeaki Takinami
Executive Officer	Satoshi Igarashi
Executive Officer	Toshiya Okubo

* Outside Director ** Outside Audit & Supervisory Board Member

Stock Status (as of March 31, 2017)

Total number of authorized shares: 178,008,000 shares

(Note) As a result of the resolution made at an extraordinary meeting of shareholders held on February 24, 2017, the number of authorized shares as of April 1, 2017, increased by 41,992,000 to 220,000,000 shares.

Total number of issued shares: 78,698,816 shares

(Note) As a result of the issuance of new shares (0.975 shares of the Company for a common share of C.I. Kasei Company, Limited) accompanying the merger with C.I. Kasei Company, Limited that went into effect on April 1, 2017, the number of issued shares increased by 18,801,184 to 97,500,000 shares.

Number of shareholders

(excluding shareholders holding shares less than one unit (1,000 shares)): 3,668

Major shareholders (Top 10)

Shareholder name	Number of shares held (Thousands)	Share-holding ratio to number of issued shares (%)
ITOCHU Corporation	23,696	30.11
Takiron Kyowa-Kai	4,859	6.17
Japan Trustee Services Bank, Ltd. [trust fund]	1,637	2.08
The Master Trust Bank of Japan, Ltd. [trust fund]	1,533	1.94
Sekisui Jushi Corporation	1,439	1.82
Nippon Life Insurance Company	1,384	1.75
Kaneka Corporation	1,318	1.67
DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Citibank, N.A., Tokyo Branch)	1,196	1.51
Tosoh Corporation	1,070	1.35
GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A., Tokyo Branch)	1,027	1.30

(Notes) 1. Of the shares held above, the number of shares related to trust business is as follows:

Japan Trustee Services Bank, Ltd. [trust fund] 1,637 thousand shares

The Master Trust Bank of Japan, Ltd. [trust fund] 1,533 thousand shares

2. Treasury shares of 7,680 thousand shares (share-holding ratio of 9.76%) are excluded from the table above.

3. As a result of a share distribution executed as part of a merger on April 1, 2017, the number of shares held by ITOCHU Corporation changed to 49,722 thousand shares, a share-holding ratio of 51.00%. Accordingly, the Company has become a consolidated subsidiary of ITOCHU Corporation.

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