



Consolidated Financial Statements

Consolidated Balance Sheets

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
December 31, 2018 and 2017

ASSETS	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
CURRENT ASSETS:			
Cash and deposits.....	¥ 37,851	¥ 27,961	\$ 341,006
Time deposits	18,241	16,219	164,341
Receivables:			
Trade notes and accounts.....	22,539	22,554	203,060
Securities.....	2,000	2,000	18,018
Other	493	422	4,449
Allowance for doubtful accounts	(48)	(157)	(438)
Inventories	17,245	15,893	155,364
Deferred tax assets.....	1,687	1,574	15,204
Prepaid expenses and other current assets.....	1,577	1,249	14,213
Total current assets.....	101,589	87,719	915,219
PROPERTY, PLANT AND EQUIPMENT:			
Land	8,996	9,120	81,052
Buildings and structures.....	63,330	62,902	570,545
Machinery and equipment	57,203	56,406	515,344
Furniture and fixtures	20,712	20,684	186,602
Construction in progress.....	3,393	4,077	30,568
Total	153,636	153,192	1,384,114
Accumulated depreciation.....	(105,277)	(101,488)	(948,449)
Net property, plant and equipment.....	48,358	51,703	435,665
INVESTMENTS AND OTHER ASSETS:			
Investment securities.....	12,910	16,486	116,312
Investments in and advanced to an unconsolidated subsidiary and associated companies.....	7	1,164	67
Investment in capital.....	220	—	1,981
Net defined benefit asset	2,065	2,352	18,611
Long-term time deposits.....	18,000	18,000	162,162
Deferred tax assets.....	438	145	3,954
Other assets	1,091	1,108	9,837
Total investments and other assets	34,734	39,258	312,927
TOTAL	¥ 184,683	¥ 178,681	\$1,663,812

LIABILITIES AND EQUITY	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
CURRENT LIABILITIES:			
Payables:			
Trade notes and accounts.....	¥ 11,381	¥ 10,444	\$ 102,538
Construction and other.....	3,834	4,966	34,541
Income taxes payable.....	1,130	962	10,184
Accrued expenses.....	3,983	3,652	35,888
Advances from customers.....	88	236	796
Deferred tax liabilities.....	198	329	1,791
Other current liabilities.....	957	1,151	8,626
Total current liabilities.....	21,574	21,742	194,367
LONG-TERM LIABILITIES:			
Long-term loans payable.....	10,000	—	90,090
Deferred tax liabilities.....	1,625	2,533	14,646
Net defined benefit liability.....	306	262	2,757
Other long-term liabilities.....	318	625	2,872
Total long-term liabilities.....	12,250	3,421	110,366
EQUITY:			
Common stock—authorized, 197,000,000 shares in 2018 authorized, 197,000,000 shares in 2017 issued, 45,100,000 shares in 2018 issued, 45,100,000 shares in 2017.....	14,640	14,640	131,895
Capital surplus.....	15,207	15,207	137,008
Retained earnings.....	120,885	116,904	1,089,054
Treasury stock—at cost, 3,436,262 shares in 2018 and 3,021,037 shares in 2017.....	(13,816)	(11,732)	(124,470)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities.....	4,315	6,893	38,875
Foreign currency translation adjustments.....	3,137	4,646	28,268
Remeasurements of defined benefit plans.....	(239)	335	(2,159)
Total.....	144,130	146,896	1,298,471
Stock acquisition rights.....	310	247	2,797
Non-controlling interests.....	6,416	6,373	57,808
Total equity.....	150,857	153,517	1,359,078
TOTAL	¥184,683	¥178,681	\$1,663,812

Consolidated Statements of Income

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
Years Ended December 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
NET SALES	¥105,277	¥92,411	\$948,443
COST OF SALES.....	71,896	63,805	647,714
Gross profit	33,380	28,606	300,729
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	22,875	19,411	206,083
Operating income	10,505	9,194	94,645
OTHER INCOME (EXPENSES):			
Interest and dividend income.....	392	309	3,531
Foreign exchange (loss) gain—net	(580)	726	(5,226)
Gain (loss) on valuation of derivatives	306	(789)	2,757
Loss on impairment of long-lived assets.....	(860)	(242)	(7,750)
Other—net.....	50	294	457
Other (expenses) income—net.....	(691)	298	(6,230)
INCOME BEFORE INCOME TAXES AND NON-CONTROLLING INTERESTS....	9,814	9,492	88,414
INCOME TAXES:			
Current	2,141	2,140	19,291
Deferred.....	(187)	348	(1,692)
Total income taxes	1,953	2,489	17,598
NET INCOME BEFORE NON-CONTROLLING INTERESTS.....	7,860	7,003	70,815
NON-CONTROLLING INTERESTS IN NET INCOME.....	984	996	8,870
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 6,875	¥ 6,007	\$ 61,945

PER SHARE OF COMMON STOCK:	Yen		U.S. dollars
	2018	2017	2018
Basic profit.....	¥164.92	¥138.31	\$1.48
Diluted profit.....	164.44	137.91	1.48
Cash dividends applicable to the year	96.00	64.00	0.86

Consolidated Statements of Comprehensive Income

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
Years Ended December 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
NET INCOME BEFORE NON-CONTROLLING INTERESTS.....	¥ 7,860	¥ 7,003	\$ 70,815
OTHER COMPREHENSIVE INCOME:			
Unrealized (loss) gain on available-for-sale securities	(2,578)	2,199	(23,229)
Foreign currency translation adjustments	(1,751)	1,457	(15,781)
Remeasurements of defined benefit plans.....	(575)	475	(5,184)
Share of other comprehensive income in an associate	(113)	(19)	(1,018)
Total other comprehensive income.....	(5,018)	4,112	(45,214)
COMPREHENSIVE INCOME	¥ 2,841	¥11,115	\$ 25,601
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent.....	¥ 2,213	¥ 9,794	\$ 19,939
Non-controlling interests.....	628	1,321	5,661

Consolidated Statements of Changes in Equity

TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
Years Ended December 31, 2018 and 2017

	Thousands		Millions of yen										
	Number of shares of common stock outstanding	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income (loss)				Total	Subscription rights to shares	Non-controlling interests	Total equity
						Unrealized (loss) gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans					
BALANCE, APRIL 1, 2017	43,603	¥14,640	¥15,207	¥113,708	¥ (4,086)	¥ 4,694	¥ 3,533	¥ (139)	¥147,559	¥221	¥5,150	¥152,931	
Profit attributable to owners of the parent	—	—	—	6,007	—	—	—	—	6,007	—	—	6,007	
Cash dividends paid:													
Final for prior year, ¥32.0 per share	—	—	—	(1,396)	—	—	—	—	(1,396)	—	—	(1,396)	
Interim for current year, ¥32.0 per share	—	—	—	(1,397)	—	—	—	—	(1,397)	—	—	(1,397)	
Purchase of treasury stock	(1,593)	—	—	—	(7,809)	—	—	—	(7,809)	—	—	(7,809)	
Disposal of treasury stock	69	—	—	(18)	163	—	—	—	144	(26)	—	118	
Net change in the year	—	—	—	—	—	2,199	1,112	475	3,787	52	1,222	5,062	
BALANCE, DECEMBER 31, 2017	42,078	14,640	15,207	116,904	(11,732)	6,893	4,646	335	146,896	247	6,373	153,517	
Profit attributable to owners of the parent	—	—	—	6,875	—	—	—	—	6,875	—	—	6,875	
Cash dividends paid:													
Final for prior year, ¥32.0 per share	—	—	—	(1,346)	—	—	—	—	(1,346)	—	—	(1,346)	
Interim for current year, ¥36.0 per share	—	—	—	(1,499)	—	—	—	—	(1,499)	—	—	(1,499)	
Purchase of treasury stock	(442)	—	—	—	(2,194)	—	—	—	(2,194)	—	—	(2,194)	
Disposal of treasury stock	27	—	—	(49)	110	—	—	—	61	(17)	—	43	
Net change in the year	—	—	—	—	—	(2,578)	(1,508)	(575)	(4,662)	80	43	(4,538)	
BALANCE, DECEMBER 31, 2018	41,663	¥14,640	¥15,207	¥120,885	¥(13,816)	¥ 4,315	¥ 3,137	¥(239)	¥144,130	¥310	¥6,416	¥150,857	

	Thousands of U.S. dollars											
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income (loss)				Total	Subscription rights to shares	Non-controlling interests	Total equity
					Unrealized (loss) gain on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans					
BALANCE, DECEMBER 31, 2017	\$131,895	\$137,008	\$1,053,192	\$(105,694)	\$ 62,105	\$ 41,859	\$ 3,025	\$1,323,391	\$2,231	\$57,415	\$1,383,038	
Profit attributable to owners of the parent	—	—	61,945	—	—	—	—	61,945	—	—	61,945	
Cash dividends paid:												
Final for prior year, \$0.28 per share	—	—	(12,130)	—	—	—	—	(12,130)	—	—	(12,130)	
Interim for current year, \$0.32 per share	—	—	(13,510)	—	—	—	—	(13,510)	—	—	(13,510)	
Purchase of treasury stock	—	—	—	(19,772)	—	—	—	(19,772)	—	—	(19,772)	
Disposal of treasury stock	—	—	(441)	996	—	—	—	554	(158)	—	396	
Net change in the year	—	—	—	—	(23,229)	(13,591)	(5,184)	(42,006)	725	392	(40,888)	
BALANCE, DECEMBER 31, 2018	\$131,895	\$137,008	\$1,089,054	\$(124,470)	\$ 38,875	\$ 28,268	\$(2,159)	\$1,298,471	\$2,797	\$57,808	\$1,359,078	

Our Value Creation

Our Focus

Our Foundation

Data Section

Consolidated Statements of Cash Flows

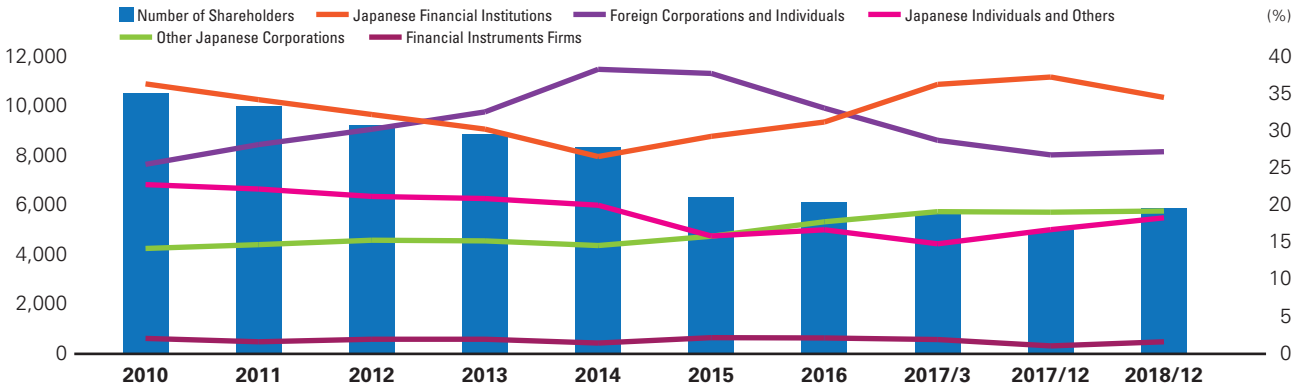
TOKYO OHKA KOGYO CO., LTD. and Consolidated Subsidiaries
Years Ended December 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars
	2018	2017	2018
OPERATING ACTIVITIES:			
Income before income taxes and non-controlling interests	¥ 9,814	¥ 9,492	\$ 88,414
Adjustments for:			
Income taxes paid	(2,221)	(2,286)	(20,013)
Depreciation and amortization	7,063	6,035	63,638
Provision for doubtful accounts	(244)	(130)	(2,201)
Foreign exchange loss (gain)—net	983	(1,131)	8,856
Loss on impairment of long-lived assets	860	242	7,750
(Gain) loss on valuation of derivatives	(306)	789	(2,757)
Increase in net defined benefit asset	(455)	(151)	(4,100)
Decrease in net defined benefit liability	(37)	(18)	(342)
Increase in trade notes and accounts receivable	(420)	(2,286)	(3,788)
Increase in inventories	(1,770)	(1,929)	(15,953)
Increase in trade notes and accounts payable	1,092	755	9,844
(Increase) decrease in consumption taxes refund receivable	(268)	295	(2,419)
Other—net	223	485	2,009
Net cash provided by operating activities	14,311	10,162	128,936
INVESTING ACTIVITIES:			
Deposit for time deposits—net	(2,150)	(386)	(19,372)
Purchases of property, plant and equipment	(6,491)	(5,884)	(58,485)
Purchases of intangible assets	(234)	(155)	(2,111)
Payments into long-term time deposits	(14,000)	(3,000)	(126,126)
Withdrawal of long-term time deposits	14,000	3,000	126,126
Purchases of investment securities	(210)	—	(1,893)
Proceeds from sales of investment securities	1,081	0	9,739
Other—net	(8)	432	(74)
Net cash used in investing activities	(8,013)	(5,993)	(72,197)
FINANCING ACTIVITIES:			
Proceeds of long-term loans payable	10,000	—	90,090
Repayments of long-term loans payable	—	(138)	—
Dividends paid	(2,841)	(2,785)	(25,602)
Dividends paid for non-controlling interests	(584)	(98)	(5,269)
Purchases of treasury stock	(2,212)	(7,823)	(19,934)
Other—net	(27)	173	(246)
Net cash provided by (used in) financing activities	4,333	(10,673)	39,036
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS			
	(741)	557	(6,677)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,889	(5,945)	89,098
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	29,961	35,907	269,925
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 39,851	¥ 29,961	\$ 359,024

Shareholder Value

10-year Trends of Shareholder Composition

Changes in number and composition (shareholding ratio) of shareholders



(Note) Treasury stock is included in "Japanese Individuals and Others."

Major Shareholders

(As of December 31, 2018)

Name	Number of shares held (Thousands)	Ratio of shareholding (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	3,101	7.44
The MasterTrust Bank of Japan, Ltd. (Trust Account)	2,759	6.62
Meiji Yasuda Life Insurance Company	1,826	4.38
MLPFS CUSTODY ACCOUNT	1,469	3.53
MUFG Bank, Ltd.	1,207	2.90
Hitachi Chemical Company, Ltd.	1,069	2.57
The Bank of Yokohama, Ltd.	1,026	2.46
Tokyo Ohka Foundation for The Promotion of Science and Technology	984	2.36
Mitsubishi UFJ Trust and Banking Corporation	953	2.29
Mitsubishi UFJ Capital Co., Ltd.	860	2.06

Notes: 1. The Company owns 3,436 thousand shares of treasury stock which are excluded from the above major shareholders.
2. The ratio of shareholding is calculated based on the number of shares (41,663,738 shares) obtained by subtracting the number of shares of treasury stock from the total number of shares issued.

Stock Information

Stock listing	First Section of Tokyo Stock Exchange, Inc.
Category of industry	Chemicals
Securities code	4186
Share unit number	100
Accounting period	January 1 to December 31*
Dividend record date (Year-end)	December 31
Dividend record date (Interim)	June 30
Total number of shares authorized	197,000,000 shares (As of December 31, 2018)
Number of shares issued	45,100,000 shares (As of December 31, 2018)

*The Company changed its fiscal year-end from March 31 to December 31 effective from fiscal 2017.

10-year Trends of TOK's TSR

Relative comparison with April 2009 being 1 (monthly, closing price basis)

