

For the Second Quarter of the Fiscal Year Ending March 31, 2018

\* 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.

**Summary of Consolidated Financial Results**  
**For the Second Quarter of the Fiscal Year Ending March 31, 2018**  
**(Six Months Ended September 30, 2017)**

November 7, 2017

Company name: NIPPON SHOKUBAI CO., LTD. Listing: TSE (First Section)  
 Code number: 4114 URL: <http://www.shokubai.co.jp/>  
 Representative: Yujiro Goto, President and Representative Member of the Board  
 Contact for inquiries: Teruhisa Wada, General Manager of General Affairs Dept. Phone: +81-6-6223-9111  
 Scheduled quarterly report filing date: November 10, 2017  
 Scheduled date of dividend payment: December 5, 2017  
 Supplementary quarterly materials prepared: Yes  
 Quarterly results information meeting held: Yes (for securities analysts and institutional investors)

(Figures are rounded off to the nearest million yen)

**1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2018 (hereinafter FY 2017) (from April 1, 2017 to September 30, 2017)**

## (1) Consolidated operating results (cumulative)

(Percentages represent year-over-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	%
Six months ended Sep. 30, 2017	159,037	15.0	14,033	46.4	16,723	52.3	12,013	41.3
Six months ended Sep. 30, 2016	138,301	-17.2	9,585	-41.5	10,981	-39.7	8,504	-41.3

Note: Comprehensive income (millions of yen): Six months ended Sep. 30, 2017: 15,906 - %  
 Six months ended Sep. 30, 2016: -4,599 - %

	Basic earnings per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2017	301.23	-
Six months ended Sep. 30, 2016	209.54	-

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Sep. 30, 2017	462,411	305,947	65.4	7,582.33
As of Mar. 31, 2017	433,610	292,275	66.6	7,238.33

Reference: Shareholders' equity (millions of yen): As of Sep. 30, 2017: 302,385  
 As of Mar. 31, 2017: 288,672

**2. Dividends**

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2016	-	75.00	-	75.00	150.00
FY 2017	-	75.00			
FY 2017 (forecast)			-	75.00	150.00

Note: Revisions to dividends forecast during the period: No

**3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2018  
(from April 1, 2017 to March 31, 2018)**

(Percentages indicate rate of changes year-over-year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	320,000	8.9	26,000	22.9	30,000	21.6	22,000	13.6	551.65

Note: Revisions to consolidated earnings forecast during the period: Yes

**※Notes**

- (1) Changes in significant subsidiaries during the period (changes in specific subsidiaries that affect the scope of consolidation): None
- (2) Application of simplified accounting methods and accounting methods peculiar to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies; changes in accounting estimates; restatements
  - 1) Changes in accounting policies due to amendment of accounting standards: None
  - 2) Other changes in accounting policies: Yes
  - 3) Changes in accounting estimates: None
  - 4) Restatements: None
- (4) Number of shares issued and outstanding (common stock)
  - 1) Number of shares issued and outstanding at the end of the period (including treasury stock)
 

Sep. 30, 2017:	40,800,000 shares	Mar. 31, 2017:	40,800,000 shares
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  - 2) Number of treasury stock at the end of the period
 

Sep. 30, 2017:	919,719 shares	Mar. 31, 2017:	919,039 shares
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  - 3) Average number of shares outstanding during the period
 

Six months ended Sep. 30, 2017:	39,880,663 shares	Six months ended Sep. 30, 2016:	40,582,117 shares
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※Indication regarding execution of audit procedures

This quarterly financial results report is exempt from the audit procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results report, the audit procedures for quarterly financial statements in accordance with the Financial Instruments and Exchange Act are incomplete.

※Appropriate use of business forecasts; other special items

In this document, statements other than historical facts are forward-looking statements that reflect the Company's plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results and achievements to differ from those anticipated in these statements.

## 1. Qualitative Information, Financial Statements, etc.

### (1) Consolidated Operating Results

The world economy in the first half of the current fiscal year saw the United States economy continuing to recover and the situation in Europe also recovering moderately, while economies picked up in China and other emerging countries in Asia.

As for the Japanese economy, although there were signs of weakness in personal consumption, the country saw a moderate recovery trend due primarily to steady employment conditions.

In the chemicals industry, demand increased and the business environment was generally firm.

#### 1) Overview

(Unit: Millions of yen)

	Six months ended Sep. 30, 2016	Six months ended Sep. 30, 2017	Change		FY2016
			(Amount)	(% growth)	
Net sales	138,301	159,037	20,736	15.0%	293,970
Operating profit	9,585	14,033	4,448	46.4%	21,151
Ordinary profit	10,981	16,723	5,743	52.3%	24,664
Profit attributable to owners of parent	8,504	12,013	3,510	41.3%	19,361
Basic earnings per share	209.54 yen	301.23 yen	91.69 yen	43.8%	478.36 yen
ROA (Return on Assets)	5.4%	7.5%	-	2.1 points	5.9%
ROE (Return on Equity)	6.2%	8.1%	-	1.9 points	6.8%
Foreign exchange rates (\$ and EUR)	\$=105.22 yen EUR=118.07 yen	\$=111.05 yen EUR=126.32 yen		5.83 yen 8.25 yen	\$=108.36 yen EUR=118.76 yen
Naphtha price	31,500 yen/kl	37,600 yen/kl		6,100 yen/kl	34,700 yen/kl

Note) The ROA and ROE figures shown for each six-month period are annualized.

Under these conditions, the Group's consolidated net sales in the first half of the current fiscal year increased 15.0% year on year to 159,037 million yen, up 20,736 million yen. Contributing factors included a revision in sales prices in line with rising raw material costs and market conditions for products outside of Japan, as well as increased sales volume.

With regard to profits, increased production and sales volume resulting in volume effects, and widened spread owing to a rise in sales prices in excess of the increase in raw material costs led to higher operating profit, which was up 46.4% year on year to 14,033 million yen, up 4,448 million yen.

Non-operating income increased 1,295 million yen due to improved foreign exchange losses and increased share of profit of entities accounted for using equity method. As a result, ordinary profit was up 52.3% to 16,723 million yen, 5,743 million yen higher than the first half of the previous fiscal year.

Extraordinary income fell 94 million yen year on year because of recording impairment loss and loss on removal of non-current assets not entirely offset by gain on sales of investment securities.

As a result, profit attributable to owners of parent rose 41.3% to 12,013 million yen, up 3,510 million yen.

#### 2) Segment Summary

##### Basic Chemicals

Sales of acrylic acids and acrylates increased. This was due to revisions to sale prices in line with rising raw material costs and market conditions in Southeast Asia, and increased sales volume.

Sales of ethylene oxide increased. This was due to revisions to sale prices in line with an increase in raw material costs.

Sales of ethylene glycol increased. This was mainly due to revisions to sale prices in line with rising market conditions for products outside of Japan, despite a decrease in sales volume.

Sales of ethanolamine increased. This was due to increased sales volume.

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Sales of secondary alcohol ethoxylates increased. This was due to increased sales volume and revisions to sale prices in line with an increase in raw material costs.

As a result of the above, net sales in the basic chemicals segment increased 14.3% year on year to 57,412 million yen.

Operating profit rose 62.4% year on year, to 6,404 million yen. This was due to factors such as a widening of spread, increased production and sales volume, and decreased processing costs.

### **Functional Chemicals**

Sales of superabsorbent polymers increased due to the effect of yen depreciation and increased sales volume, in addition to revisions to sale prices in line with an increase in raw material costs.

Sales of polymer for concrete admixture, ethyleneimine derivatives, resins for paints and adhesive products increased due to higher sales volume.

Sales of water-soluble polymers including raw materials for detergents increased due primarily to the product mix.

Sales of special acrylates increased due to revisions to sale prices in line with rising raw material costs and market conditions for products outside of Japan, and an increase in sales volume.

Sales of maleic anhydride increased as a result of revised sale prices in line with rising raw material costs and increased sales volume.

Sales of resin modifiers, electronic information material and iodine compounds declined as a result of lower sales volume.

As a result, net sales in the functional chemicals segment rose 14.8% year on year to 86,802 million yen.

Operating profit increased year on year by 36.0% to 7,271 million yen. Although processing costs and selling, general, and administrative expenses increased, contributing factors included increased production and sales volume, and a widening of spread.

### **Environment & Catalysts**

Sales of automotive catalysts increased due to higher sales volume and the appreciation of precious metals sales prices.

Sales of process catalysts rose due to higher sales volume.

Sales of fuel cell materials, lithium-ion batteries materials, dioxins decomposition catalysts and wet oxidation catalysts fell due to lower sales volume.

Sales of De-NOx catalysts and waste gas treatment catalysts rose due to higher sales volume.

As a result of the above, net sales in the environment and catalysts segment increased by 19.2% year on year to 14,822 million yen.

Operating profit in the segment rose by 93.0% year on year to 667 million yen, on account of an increase in sales volume of process catalysts.

## **(2) Qualitative Information on Financial Position**

### **1) Assets, liabilities and net assets**

Total assets at the end of the first half of the current fiscal year were up 28,802 million yen from the end of the previous fiscal year to 462,411 million yen. Current assets stood at 9,835 million yen higher compared to the end of the previous fiscal year. Contributing factors included increases in notes and accounts receivable - trade and cash and deposits. Non-current assets were 18,967 million yen higher than at the end of the previous fiscal year. This was due to an increase in property, plant and equipment as a result of capital investment and increased investment securities on account of a rise in market values.

Liabilities increased compared to the end of the previous fiscal year by 15,130 million yen to 156,464 million yen. This was due to increases in loans payable and notes and accounts payable - trade.

Net assets increased by 13,672 million yen compared to the end of the previous fiscal year to 305,947 million yen. This was due to increased retained earnings and valuation difference on available-for-sale securities.

Shareholders' equity ratio fell 1.2 percentage points, from 66.6% at the end of the previous fiscal year to 65.4%. Net assets per share increased 344.00 yen compared to the end of the previous fiscal year, to 7,582.33 yen.

**2) Cash Flows**

Cash and cash equivalents at the end of the first half of the current fiscal year increased 2,895 million yen compared to the end of the previous fiscal year, to 54,595 million yen, as cash flows provided by operating activities and financing activities including long-term loans payable outweighed cash flows used in investing activities including capital investment.

**Cash flow from operating activities**

Net cash provided by operating activities in the first half of the current fiscal year amounted to 19,022 million yen (17,906 million yen was provided in the same period of the previous fiscal year). This was due primarily to increased profit before income taxes, which led to increased inflows of 1,116 million yen compared to the same period of the previous fiscal year.

**Cash flow from investing activities**

Net cash used in investing activities totaled 15,557 million yen (12,240 million yen was used in the same period of the previous fiscal year). Outflows increased for the purchase of property, plant and equipment compared to the same period of the previous fiscal year, which led to increased outflows of 3,317 million yen compared to the same period of the previous fiscal year.

**Cash flow from financing activities**

Net cash provided by financing activities amounted to 352 million yen (1,730 million yen was provided in the same period of the previous fiscal year). Although increases in short-term loans payable and proceeds from long-term loans payable were recorded in the first half of the current fiscal year, inflows decreased by 1,378 million yen compared to the same period of the previous fiscal year owing to the absence of proceeds from issuance of bonds recorded in the same period of the previous fiscal year.

**(3) Consolidated Financial Forecasts and Other Forward-looking Statements**

In light of first half results exceeding targets on account of a greater spread in raw material costs and product prices, as well as increased production and sales volume resulting in volume effects, the Group has revised its initial forecasts (announced on May 9, 2017). The new full fiscal year results forecast are as follows: net sales of 320.0 billion yen (161.0 billion yen in the second half), operating profit of 26.0 billion yen (12.0 billion yen in the second half), ordinary profit of 30.0 billion yen (13.3 billion yen in the second half) and profit attributable to owners of parent of 22.0 billion yen (10.0 billion yen in the second half).

Consolidated results forecasts for the second half of the current fiscal year are based on the assumption that the exchange rate will be 110 yen to the US dollar, 130 yen to the euro, and naphtha prices of 43,000 yen/kl.

Forecasts by business segment for the fiscal year ending March 31, 2018 are as follows:

(Unit: Billions of yen)

	Basic Chemicals		Functional Chemicals		Environment & Catalysts	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
The first half results	57.4	6.4	86.8	7.3	14.8	0.7
The second half forecasts	59.6	4.9	88.2	7.2	13.2	-0.2
Forecasts announced on November 7, 2017	117.0	11.3	175.0	14.5	28.0	0.5
Forecasts announced on May 9, 2017	120.0	9.5	165.0	13.0	25.0	0.8

Note) Differences with totals by segment for operating profit are the result of inter-segment transaction eliminations.

**2. Quarterly Consolidated Financial Statements****(1) Consolidated Balance sheets**

(Unit: Millions of yen)

	FY2016 As of Mar. 31, 2017	2Q-FY2017 As of Sep. 30, 2017
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	56,139	58,336
Notes and accounts receivable - trade	64,201	72,304
Merchandise and finished goods	28,162	30,245
Work in process	6,315	4,595
Raw materials and supplies	16,632	18,010
Other	13,070	10,863
Allowance for doubtful accounts	-11	-10
<b>Total current assets</b>	<b>184,509</b>	<b>194,343</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Machinery, equipment and vehicles, net	65,159	58,298
Land	32,607	32,618
Construction in progress	25,664	46,428
Other, net	44,145	43,285
Accumulated impairment loss	-4,415	-4,652
<b>Total property, plant and equipment</b>	<b>163,160</b>	<b>175,977</b>
<b>Intangible assets</b>		
Other	3,877	3,720
<b>Total intangible assets</b>	<b>3,877</b>	<b>3,720</b>
<b>Investments and other assets</b>		
Investment securities	65,760	72,045
Other	16,370	16,392
Allowance for doubtful accounts	-66	-67
<b>Total investments and other assets</b>	<b>82,064</b>	<b>88,370</b>
<b>Total non-current assets</b>	<b>249,101</b>	<b>268,068</b>
<b>Total assets</b>	<b>433,610</b>	<b>462,411</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	44,615	46,658
Short-term loans payable	9,976	13,497
Current portion of long-term loans payable	11,583	5,513
Income taxes payable	3,378	4,602
Provision for bonuses	3,065	3,159
Other provision	2,685	2,827
Other	11,545	12,152
<b>Total current liabilities</b>	<b>86,845</b>	<b>88,408</b>
<b>Non-current liabilities</b>		
Bonds payable	10,000	10,000
Long-term loans payable	26,374	37,392
Net defined benefit liability	12,072	13,280
Other	6,044	7,385
<b>Total non-current liabilities</b>	<b>54,489</b>	<b>68,057</b>
<b>Total liabilities</b>	<b>141,335</b>	<b>156,464</b>

(Unit: Millions of yen)

	FY2016 As of Mar. 31, 2017	2Q-FY2017 As of Sep. 30, 2017
Net assets		
Shareholders' equity		
Capital stock	25,038	25,038
Capital surplus	22,396	22,396
Retained earnings	229,092	238,882
Treasury shares	-6,249	-6,254
Total shareholders' equity	270,277	280,062
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,247	16,163
Deferred gains or losses on hedges	11	8
Foreign currency translation adjustment	6,153	6,952
Remeasurements of defined benefit plans	-16	-800
Total accumulated other comprehensive income	18,395	22,323
Non-controlling interests	3,604	3,562
Total net assets	292,275	305,947
Total liabilities and net assets	433,610	462,411



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

	(Unit: Millions of yen)	
	2Q- FY 2016	2Q- FY 2017
	Apr. 1, 2016 to Sep. 30, 2016	Apr. 1, 2017 to Sep. 30, 2017
Net sales	138,301	159,037
Cost of sales	109,450	125,261
Gross profit	28,851	33,775
Selling, general and administrative expenses	19,266	19,742
Operating profit	9,585	14,033
Non-operating income		
Interest income	66	91
Dividend income	642	661
Share of profit of entities accounted for using equity method	1,235	1,850
Real estate rent	523	586
Technical support fee	241	109
Foreign exchange gains	-	145
Other	372	149
Total non-operating income	3,079	3,590
Non-operating expenses		
Interest expenses	204	218
Loss on abandonment of non-current assets	12	241
Foreign exchange losses	1,082	-
Depreciation	73	79
Taxes and dues	119	130
Other	193	233
Total non-operating expenses	1,683	900
Ordinary profit	10,981	16,723
Extraordinary income		
Gain on sales of investment securities	-	301
Total extraordinary income	-	301
Extraordinary losses		
Impairment loss	-	272
Loss on removal of non-current assets	-	123
Total extraordinary losses	-	395
Profit before income taxes	10,981	16,630
Income taxes - current	2,488	4,983
Income taxes - deferred	-24	-385
Total income taxes	2,464	4,599
Profit	8,517	12,031
Profit attributable to non-controlling interests	13	17
Profit attributable to owners of parent	8,504	12,013

**Consolidated Statements of Comprehensive Income**

	(Unit: Millions of yen)	
	2Q- FY 2016	2Q- FY 2017
	Apr. 1, 2016 to Sep. 30, 2016	Apr. 1, 2017 to Sep. 30, 2017
Profit	8,517	12,031
Other comprehensive income		
Valuation difference on available-for-sale securities	900	3,918
Deferred gains or losses on hedges	-14	-3
Foreign currency translation adjustment	-12,355	546
Remeasurements of defined benefit plans, net of tax	307	-797
Share of other comprehensive income of entities accounted for using equity method	-1,954	211
Total other comprehensive income	-13,116	3,875
Comprehensive income	-4,599	15,906
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	-4,365	15,942
Comprehensive income attributable to non-controlling interests	-235	-36

**(3) Consolidated Statements of Cash Flows**

	(Unit: Millions of yen)	
	2Q- FY 2016	2Q- FY 2017
	Apr. 1, 2016 to Sep. 30, 2016	Apr. 1, 2017 to Sep. 30, 2017
<b>Cash flows from operating activities</b>		
Profit before income taxes	10,981	16,630
Depreciation	8,475	8,421
Loss (gain) on sales of investment securities	-	-301
Impairment loss	-	272
Loss on removal of non-current assets	-	123
Interest and dividend income	-708	-752
Interest expenses	204	218
Share of (profit) loss of entities accounted for using equity method	-1,235	-1,850
Loss on abandonment of non-current assets	12	241
Decrease (increase) in notes and accounts receivable - trade	5,296	-5,974
Decrease (increase) in inventories	1,593	1,395
Increase (decrease) in notes and accounts payable - trade	-2,336	547
Increase (decrease) in accrued consumption taxes	-367	825
Other, net	-1,142	930
Subtotal	20,772	20,724
Interest and dividend income received	2,021	2,476
Interest expenses paid	-146	-205
Income taxes paid	-4,742	-3,973
Net cash provided by (used in) operating activities	17,906	19,022
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-11,237	-16,489
Proceeds from sales of investment securities	18	537
Purchase of shares of subsidiaries and associates	-400	-614
Collection of investments in capital	0	391
Other, net	-621	619
Net cash provided by (used in) investing activities	-12,240	-15,557

(Unit: Millions of yen)

	2Q- FY 2016 Apr. 1, 2016 to Sep. 30, 2016	2Q- FY 2017 Apr. 1, 2017 to Sep. 30, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-1,806	2,922
Proceeds from long-term loans payable	1,280	8,643
Repayments of long-term loans payable	-4,266	-8,201
Proceeds from issuance of bonds	10,000	-
Purchase of treasury shares	-3	-5
Cash dividends paid	-3,450	-2,991
Dividends paid to non-controlling interests	-13	-2
Other, net	-12	-13
Net cash provided by (used in) financing activities	1,730	352
Effect of exchange rate change on cash and cash equivalents	-5,250	492
Net increase (decrease) in cash and cash equivalents	2,145	4,309
Cash and cash equivalents at beginning of period	64,055	51,700
Increase (decrease) in cash and cash equivalents resulting from changes in the fiscal year-end of subsidiaries	-	-1,414
Cash and cash equivalents at end of period	66,200	54,595

#### **(4) Notes Concerning Quarterly Consolidated Financial Statements**

##### **【Going Concern Assumption】**

Not applicable.

##### **【Notes on Substantial Changes in the Amount of Shareholders' Equity】**

Not applicable.

##### **【Changes in Accounting Policies】**

The Company previously applied the allocation method of hedge accounting to forward foreign currency exchange contracts that meet certain criteria, and special treatment to interest rate swaps that meet certain criteria, but in order to more appropriately reflect the reality of derivatives transactions in consolidated financial statements, from the first quarter of the current fiscal year, the Company has changed to the deferral method of hedge accounting, that is, valuing forward foreign currency exchange contracts and interest rate swaps at fair value at the end of the period.

Furthermore, as the effect of this change in accounting policies on past periods is immaterial, it has not been applied retrospectively.

In addition, the impact of this change to profit and loss for the first half of the current fiscal year is immaterial.

##### **【Additional Information】**

For consolidated subsidiaries with a fiscal year-end of December 31, the Company previously used non-consolidated financial statements as of that date and made any adjustments necessary in consolidated financial statements for significant transactions that occurred between then and the consolidated fiscal year-end, but in aiming for more appropriate disclosure of consolidated financial statements, from the first quarter of the current fiscal year, the Company has changed the fiscal year-end of NIPPON SHOKUBAI EUROPE N.V. and four other companies to March 31, and changed the method of consolidation of NISSHOKU CHEMICAL INDUSTRY (ZHANGJIAGANG) CO., LTD., whereby the company is consolidated based on its provisional financial statements as of March 31, the consolidated fiscal year-end.

Furthermore, in accordance with these changes to the fiscal year, in consolidated financial statements for the first half of the current fiscal year, the Company has made adjustments through retained earnings in profit (loss), and through “Increase (decrease) in cash and cash equivalents resulting from changes in the fiscal year-end of subsidiaries” in cash flows, respectively, for the three months from January 1, 2017 to March 31, 2017 for the relevant consolidated subsidiaries.

**【Segment Information】****I Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)****1. Information concerning net sales and profit or loss by reporting segment**

(Unit: Millions of yen)

	Basic chemicals	Functional chemicals	Environment & catalysts	Total	Adjustment (Note 1)	Consolidation (Note 2)
Net sales						
(1) Sales to third parties	50,228	75,642	12,431	138,301	-	138,301
(2) Intergroup sales and transfers	13,052	2,110	415	15,577	-15,577	-
Total	63,280	77,752	12,846	153,878	-15,577	138,301
Segment profit	3,943	5,345	346	9,634	-49	9,585

Notes: 1. The “Segment profit” adjustment refers to inter-segment transaction eliminations amounting to -49 million yen.

2. Segment profit is adjusted for Operating profit described in Consolidated Statements of Income.

**2. Information concerning impairment loss of noncurrent assets or goodwill etc. by reporting segment**

Not applicable.

**II Six months ended September 30, 2017 (April 1, 2017 to September 30, 2017)****1. Information concerning net sales and profit or loss by reporting segment**

(Unit: Millions of yen)

	Basic chemicals	Functional chemicals	Environment & catalysts	Total	Adjustment (Note 1)	Consolidation (Note 2)
Net sales						
(1) Sales to third parties	57,412	86,802	14,822	159,037	-	159,037
(2) Intergroup sales and transfers	17,268	2,971	1,752	21,990	-21,990	-
Total	74,679	89,773	16,574	181,027	-21,990	159,037
Segment profit	6,404	7,271	667	14,342	-309	14,033

Notes: 1. The “Segment profit” adjustment refers to inter-segment transaction eliminations amounting to -309 million yen.

2. Segment profit is adjusted for Operating profit described in Consolidated Statements of Income.

**2. Information concerning impairment loss of noncurrent assets or goodwill etc. by reporting segment**

(Unit: Millions of yen)

	Reporting segment			Elimination or corporate	Total
	Basic chemicals	Functional chemicals	Environment & catalysts		
Impairment loss	-	272	-	-	272

**【Supplementary Information】****Overseas Sales**

Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas sales	27,914	17,057	14,349	6,118	65,437
II. Consolidated sales					138,301
III. Overseas sales to consolidated sales	20.2%	12.3%	10.4%	4.4%	47.3%

Six months ended September 30, 2017 (April 1, 2017 to September 30, 2017)

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas sales	34,299	20,047	14,913	7,842	77,101
II. Consolidated sales					159,037
III. Overseas sales to consolidated sales	21.6%	12.6%	9.4%	4.9%	48.5%

Notes:

1. Geographical segments are classified according to geographical proximity.
2. Specific countries of each area:
  - (1) Asia: East and South East Asian countries
  - (2) Europe: European countries
  - (3) North America: North American countries
  - (4) Others: Areas/countries except Asia, Europe, North America, and Japan
3. "Overseas sales" means sales to outside Japan by NIPPON SHOKUBAI CO., LTD. and its consolidated subsidiaries.

\* 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.