

For the Fiscal Year Ended March 31, 2016

* 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 Fiscal Year Ended March 31, 2016

May 10, 2016

Company name:	NIPPON SHOKUBAI CO., LTD.	Listing: TSE (First Section)
Code number:	4114	URL: http://www.shokubai.co.jp/
Representative:	Masanori Ikeda, President and Representative Member of the Board	
Contact for inquiries:	Teruhisa Wada, General Manager of General Affairs Dept.	Phone: +81-6-6223-9111
Scheduled date of the general shareholders' meeting	June 21, 2016	
Scheduled date of dividend payment:	June 22, 2016	
Scheduled date of filing annual securities report:	June 21, 2016	
Supplementary materials prepared:	Yes	
Financial results information meeting held:	Yes (for the securities analysts and the institutional investors)	

(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2016

(from April 1, 2015 to March 31, 2016) (here after FY2015)

(1) Consolidated operating results (cumulative)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2015	323,124	-13.8	31,234	19.5	34,342	14.7	26,003	36.2
FY 2014	374,873	24.1	26,133	90.0	29,941	79.9	19,089	81.7

Note: "FY 2014" stands for the Fiscal Year Ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

Comprehensive income (millions of yen):
 FY 2015 18,671 -43.9%
 FY 2014 33,261 30.4%

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary income on assets	Operating income to net sales
	Yen	Yen	%	%	%
FY 2015	640.69	-	9.6	8.3	9.7
FY 2014	470.28	-	7.6	7.3	7.0

Reference: Share of profit of entities accounted for using equity method (millions of yen):
 FY 2015: 2,458
 FY 2014: 1,259

*The Company conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2015. The figures for the basic earnings per share are amounts on the assumption that the Company conducts the reverse stock split on the beginning of previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2016	407,997	282,485	68.3	6,870.84
As of Mar. 31, 2015	419,634	270,128	63.2	6,535.66

Reference: Shareholders' equity (millions of yen):
 As of Mar. 31, 2016: 278,835
 As of Mar. 31, 2015: 265,274

*The Company conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2015. The figures for the net assets per share are amounts on the assumption that the Company conducts the reverse stock split on the beginning of previous fiscal year.

For the Fiscal Year Ended March 31, 2016

(3) Consolidated statement of 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
FY 2015	53,264	-12,963	-20,012	64,055
FY 2014	32,697	-18,941	-10,237	44,336

2. Dividends

	Dividends per share					Total dividends (Annual)	Payout ratio (Consolidated)	Dividends on equity (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY 2014	-	11.00	-	13.00	24.00	4,871	25.5	1.9
FY 2015	-	13.00	-	85.00	-	6,088	23.4	2.2
FY 2016 (forecast)	-	75.00	-	75.00	150.00		32.0	

Note: "FY 2016" stands for the Fiscal Year Ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

*As the Company conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2015, figures for the dividends per share for FY 2015 are amounts that take into account the reverse stock split, and total annual dividends are shown as "-."

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	147,000	-12.0	8,000	-51.1	9,500	-47.9	7,500	-48.2	184.81
Full year	300,000	-7.2	22,000	-29.6	25,000	-27.2	19,000	-26.9	468.18

※Notes

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries that affect the scope of consolidation): None

(2) Changes in accounting policies; changes in accounting estimates; restatements

1) Changes in accounting policies due to amendment of accounting standards: Yes

2) Other changes in accounting policies: None

3) Changes in accounting estimates: None

4) Restatements: None

(3) Number of shares issued and outstanding (common stock)

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

Mar. 31, 2016: 40,800,000 shares Mar. 31, 2015: 40,800,000 shares

2) Number of treasury stock at the end of the period

Mar. 31, 2016: 217,611 shares Mar. 31, 2015: 211,255 shares

3) Average number of shares outstanding during the period

FY2015: 40,585,676 shares FY2014: 40,590,883 shares

*The Company conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2015.

The figures for the number of shares issued and outstanding at the end of the period, number of treasury stock at the end of the period and average number of shares outstanding during the period are amounts on the assumption that the Company conducts the reverse stock split on the beginning of previous fiscal year.

For the Fiscal Year Ended March 31, 2016

(Reference) Non-consolidated Business Overview**1. Non-consolidated Business Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 to March 31, 2016)****(1) Non-consolidated operating results**

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

	Net sales		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2015	211,368	-10.5	19,628	29.8	28,094	26.8	21,343	49.8
FY 2014	236,227	27.2	15,124	118.4	22,164	89.4	14,248	70.7

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
FY 2015	525.88		-	
FY 2014	351.02		-	

*The Company conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2015. The figures for the basic earnings per share are amounts on the assumption that the Company conducts the reverse stock split on the beginning of previous fiscal year.

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of Mar. 31, 2016	301,914		223,920		74.2		5,517.67	
As of Mar. 31, 2015	301,487		210,874		69.9		5,195.38	

Reference: Shareholders' equity (millions of yen): As of Mar. 31, 2016: 223,920

As of Mar. 31, 2015: 210,874

*The Company conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2015. The figures for the net assets per share are amounts on the assumption that the Company conducts the reverse stock split on the beginning of previous fiscal year.

2. Non-consolidated Business Forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

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

	Net sales		Operating income		Ordinary income		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	96,000	-11.9	5,000	-49.3	9,500	-38.0	8,000	-33.1	197.13
Full year	200,000	-5.4	15,000	-23.6	21,500	-23.5	17,000	-20.3	418.90

※Indication regarding execution of audit procedures

This 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 financial results report, the audit procedures for financial statements in accordance with the Financial Instruments and Exchange Act are incomplete.

※Appropriate use of business forecasts; other special items

1. 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.

For the Fiscal Year Ended March 31, 2016

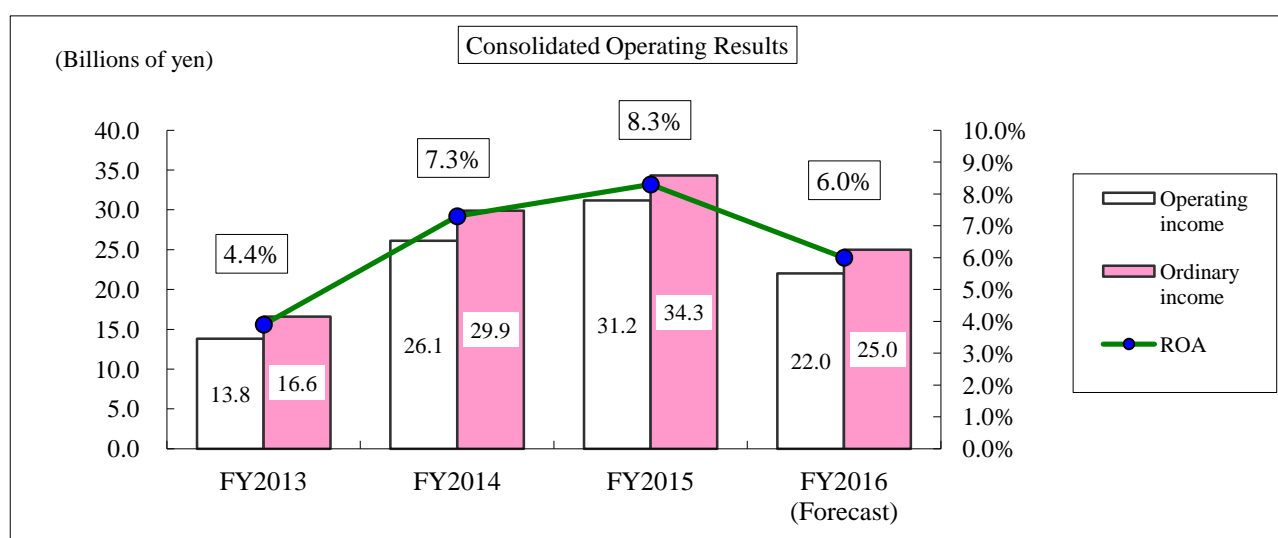
Results Trend and Features

(Unit: Millions of yen)

	FY 2013		FY 2014		FY 2015		FY 2016 (Forecast)		Change	
	Amount	YoY	Amount	YoY	Amount	YoY	Amount	YoY	FY2015- FY2014	FY2016- FY2015
Net sales	[1.63]		[1.59]		[1.53]		[1.50]			
Consolidated	302,136	12.1%	374,873	24.1%	323,124	-13.8%	300,000	-7.2%	-51,749	-23,124
Non-consolidated	185,653	10.5%	236,227	27.2%	211,368	-10.5%	200,000	-5.4%	-24,859	-11,368
Operating income	[1.99]		[1.73]		[1.59]		[1.47]			
Consolidated	13,752	37.0%	26,133	90.0%	31,234	19.5%	22,000	-29.6%	5,101	-9,234
Non-consolidated	6,924	21.8%	15,124	118.4%	19,628	29.8%	15,000	-23.6%	4,504	-4,628
Ordinary income	[1.42]		[1.35]		[1.22]		[1.16]			
Consolidated	16,647	20.4%	29,941	79.9%	34,342	14.7%	25,000	-27.2%	4,401	-9,342
Non-consolidated	11,702	-6.1%	22,164	89.4%	28,094	26.8%	21,500	-23.5%	5,930	-6,594
Profit *	[1.26]		[1.34]		[1.22]		[1.12]			
Consolidated	10,503	25.0%	19,089	81.7%	26,003	36.2%	19,000	-26.9%	6,914	-7,003
Non-consolidated	8,349	-9.2%	14,248	70.7%	21,343	49.8%	17,000	-20.3%	7,095	-4,343
Share of profit of entities accounted for using equity method	1,105		1,259		2,458		1,594		1,200	-864
Profit attributable to non-controlling interests	363		181		110		65		70	45
Total assets	[1.37]		[1.39]		[1.35]		[1.34]			
Consolidated	398,396	13.1%	419,634	5.3%	407,997	-2.8%	423,000	3.7%	-11,637	15,003
Non-consolidated	291,598	7.0%	301,487	3.4%	301,914	0.1%	315,000	4.3%	427	13,086
Net assets	[1.25]		[1.28]		[1.26]		[1.26]			
Consolidated	242,193	10.0%	270,128	11.5%	282,485	4.6%	295,057	4.5%	12,357	12,572
Non-consolidated	194,431	3.9%	210,874	8.5%	223,920	6.2%	234,427	4.7%	13,046	10,507
ROA									Point	Point
Consolidated		4.4%		7.3%		8.3%		6.0%	1.0	-2.3
Non-consolidated		4.1%		7.5%		9.3%		7.0%	1.8	-2.3
ROE									Point	Point
Consolidated		4.7%		7.6%		9.6%		6.7%	2.0	-2.9
Non-consolidated		4.4%		7.0%		9.8%		7.4%	2.8	-2.4

The figures in bracket represent the consolidated-parent ratio.

* Profit attributable to owners of parent



Comparison of FY 2015 with FY 2014

Sales down, profits up: operating income, ordinary income, and profit attributable to owners of parent set new records.

Net sales were down due to lower selling prices in line with decreased costs of raw materials and the exclusion of NIPPON POLYESTER CO., LTD. from the scope of consolidation after the transfer of all shares.

Profits rose due to lower processing costs and selling, general and administrative expenses, in addition to higher production and sales volume.

		Major components
Net sales	-51.7 bil. yen YoY	<ul style="list-style-type: none"> • Decrease in sales of basic chemicals and functional chemicals > increase in sales of environment and catalyst segment • Decrease in sales of basic chemicals due to lower sales volume, in addition to lower selling prices caused by a decrease in costs of raw materials and a decline in overseas product market conditions • In functional chemicals, although sales volume increased primarily in superabsorbent polymers, sales decreased due to factors such as a decrease in selling prices in line with a decline in costs of raw materials and the exclusion of NIPPON POLYESTER CO., LTD from the scope of consolidation. • In environment and catalyst segment, decrease in sales for process catalysts while automobile catalyst and fuel cell materials up
Operating income	+5.1 bil. yen YoY	<ul style="list-style-type: none"> • Decreases in processing costs and selling, general and administrative expenses, increased production and sales volume, and an expanded raw materials / selling price spread
Ordinary income	+4.4 bil. yen YoY	<ul style="list-style-type: none"> • Foreign exchange income and loss worsened, and technology license-related expenses increased > increase in share of profit of entities accounted for using equity method
Profit attributable to owners of parent	+6.9 bil. Yen YoY	<ul style="list-style-type: none"> • Improvement in extraordinary profit/loss (recording of gain on sales of shares of subsidiaries and associates, decrease in impairment loss, etc.), decrease in income taxes

Comparison of FY 2016 (forecast) with FY 2015

Sales down, profits down: sales volume is projected to grow mainly in functional chemicals, however, due to declined selling prices along with decreased costs of raw materials, sales go down.

Profits are forecast to decline due to the effects of lower selling prices, despite the effects of higher sales volume and lower processing costs.

		Major components
Net sales	-23.1 bil. yen YoY	<ul style="list-style-type: none"> • Decreases in sales in all segments • Although sales volume is forecast to increase, centered on functional chemicals, net sales are projected to decrease due to lower selling prices in line with lower costs of raw materials in both basic chemicals and functional chemicals
Operating income	-9.2 bil. yen YoY	<ul style="list-style-type: none"> • Decrease in raw materials / selling price spread, and increase in selling, general and administrative expenses > increase in production and sales volume, decrease in processing costs
Ordinary income	-9.3 bil. yen YoY	<ul style="list-style-type: none"> • Decrease in share of profit of entities accounted for using equity method, deterioration in finance revenue (decrease in dividend income and increase in interest expenses) > decrease in foreign exchange losses
Profit attributable to owners of parent	-7.0 bil. yen YoY	<ul style="list-style-type: none"> • Decline in income taxes

1. Business Results

I. Analysis of Business Results

(1) Business Results for FY 2015 (April 1, 2015 – March 31, 2016)

The global economy in the current fiscal year saw the United States economy continue to recover and the situation in Europe also began to come out of its slump, but a deceleration continued in the Asian emerging countries, including China and resource-rich countries.

As for the Japanese economy, although there were trends such as the yen appreciation and the drop in stock prices in the beginning of the year, the country saw a moderate recovery trend due to steady corporate business results and employment conditions.

In the chemicals industry, the future outlook remains unclear due to factors such as a slowdown in the exports to Asia and sharp fluctuations in raw material prices.

1) Overview

(Unit: Millions of yen)

	FY 2014	FY 2015	Change	
			(Amount)	(% growth)
Net sales	374,873	323,124	-51,749	-13.8%
Operating income	26,133	31,234	5,101	19.5%
Ordinary income	29,941	34,342	4,401	14.7%
Profit attributable to owners of parent	19,089	26,003	6,914	36.2%
Basic earnings per share	470.28 yen	640.69 yen	170.41 yen	36.2%
ROA (Return on Assets)	7.3%	8.3%	-	1.0 points
ROE (Return on Equity)	7.6%	9.6%	-	2.0 points
Foreign exchange rates (\$ and EUR)	\$=109.88 yen	\$=120.14 yen	10.26 yen	
	EUR=138.68 yen	EUR=132.59 yen	-6.09 yen	
Naphtha price	63,500 yen/kl	42,800 yen/kl	-20,700 yen/kl	

Note: The Company conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2015.

The figures for basic earnings per share are amounts on the assumption that the Company conducted the reverse stock split in the beginning of the previous fiscal year.

Under these conditions, the Group's consolidated net sales dropped 13.8% year-on-year, to 323,124 million yen (-51,749 million yen) in the current fiscal year. Factors contributing to this result included drop in sales prices due to declines in raw material prices and overseas market conditions, decreasing sales volume in certain products and the exclusion of NIPPON POLYESTER CO., LTD. from the scope of consolidation following the transfer of all of its shares during the current fiscal year.

With regard to profits, operating income increased 19.5% year-on-year to 31,234 million yen (+5,101 million yen). Contributing to this result were decreased fixed costs including processing costs, and selling, general, and administrative expenses, as well as increased production and sales volume.

Non-operating income decreased 700 million yen due to deterioration in foreign exchange gains/losses and increased technology transfer study related expenses, although share of profit of entities accounted for using equity method increased. As a result, ordinary income rose 14.7% year-on-year to 34,342 million yen (+4,401 million yen).

Extraordinary income and losses improved year-on-year by 1,232 million yen. The main contributing factors for this were a recording of gain on sales of shares of subsidiaries and associates, and the elimination of impairment loss that was recorded in the previous fiscal year. As a result, profit attributable to owners of parent rose 36.2% year-on-year to 26,003 million yen (+6,914 million yen).

The Company achieved new record highs in operating income, ordinary income and profit attributable to owners of parent for the current fiscal year.

For the Fiscal Year Ended March 31, 2016

2) Segment Summary

By business segment

(Unit: Millions of yen)

Basic Chemicals

	FY 2014	FY 2015	Change
Net sales	147,976	117,643	-30,333
Operating income	7,820	8,851	1,031

Functional Chemicals

	FY 2014	FY 2015	Change
Net sales	200,967	177,798	-23,168
Operating income	17,286	21,422	4,136

Environment & Catalysts

	FY 2014	FY 2015	Change
Net sales	25,931	27,683	1,752
Operating income	1,277	620	-657

Basic Chemicals

Sales of acrylic acids and acrylates decreased. In Japan, sales prices dropped in line with declining raw materials prices, while overseas, against the backdrop of global oversupply, sales prices fell following a decline in market price in Southeast Asia, and sales volume decreased.

Sales of ethylene oxide decreased due to declining sales prices owing to the drop in raw materials prices and a decrease in sales volume.

Sales of ethylene glycol decreased due to declining overseas market conditions, although sales volumes in exports increased.

Sales of ethanolamine and secondary alcohol ethoxylates increased in volume, but sales decreased due to declining sales prices owing to the drop in raw materials prices.

As a result of the above, net sales in the basic chemicals segment decreased 20.5% year-on-year to 117,643 million yen.

Operating income rose 13.2% year-on-year to 8,851 million yen. This was on account of an expanded spread in certain products and a decline in processing costs, and other factors, despite a decrease in production and sales volume.

Functional Chemicals

Sales of superabsorbent polymers fell due to declining sales prices owing to the drop in raw materials prices, although they increased in sales volume.

Sales of resin modifiers and electronics information materials increased on the back of growing sales volumes.

Sales of special acrylates increased in sales volume, but sales decreased due to declining sales prices owing to the drop in raw materials prices and declining overseas market conditions.

Sales of ethyleneimine derivatives increased as the sales volume increased as well as the effects of the sales price revision.

Sales of maleic anhydride fell due to a decrease in sales volume, in addition to declining sales prices owing to the drop in raw materials prices.

Sales of polymers for concrete admixture, water-soluble polymers for raw materials of detergents, resins for paints, processed adhesive products and iodine compounds fell due to a decline in sales volumes.

As a result of the above and the exclusion of NIPPON POLYESTER CO., LTD. from the scope of consolidation, net sales in the functional chemicals segment dropped 11.5% year-on-year to 177,798 million yen.

Operating income increased 23.9% year-on-year to 21,422 million yen. Despite the compression of spread, the increased sales volume and decreased processing costs and selling, general, and administrative expenses contributed to this result.

Environment & Catalysts

Sales of automotive catalysts increased due to higher sales volume and product mix.

Sales of De-NO_x catalysts, dioxins decomposition catalysts, catalysts for exhaust gas treatment, fuel cell materials and materials for lithium-ion batteries increased on higher sales volumes.

Sales of process catalysts decreased as the sales volume declined due to encountering a drop-off period for replacement demand.

Sales of wet oxidation catalysts fell due to decreased sales volumes.

As a result, sales in the environment & catalysts segment rose 6.8% year-on-year to 27,683 million yen.

Operating income decreased 51.5% year-on-year to 620 million yen, owing to decline in sales volumes of process catalysts.

(2) FY 2016 Forecast (April 1, 2016 – March 31, 2017)

The outlook for the Japanese economy is increasingly uncertain due to such factors as yen appreciation and low stock prices, and trend in crude oil prices since the beginning of the year, in addition to the stagnant demand both in Japan and overseas. While the European economy is expected to be strong, the U.S. economy lacks vigor and a deceleration continues in Asian emerging countries including China and resource-rich countries. Thus, the corporate management environment surrounding the Company is expected to be unpredictable.

Under such conditions, projected earnings in the next fiscal year are based on exchange rates of 115 yen to the U.S. dollar and 125 yen to the euro, and naphtha prices of 38,000 yen/kl. Although sales volumes are projected to increase centered around functional chemicals, sales prices are expected to decrease due to lower raw material prices and overseas market conditions. We therefore forecast consolidated net sales to decrease by 7.2% to 300,000 million yen (-23,124 million yen), with 147,000 million yen in the first half.

With regard to profits, although the Company projections incorporate the expected effect of higher production and sales volumes and decrease in processing costs, a contraction in spread will lead to a decrease in operating income by 29.6%, to 22,000 million yen (-9,234 million yen), with 8,000 million yen in the first half. The Company projects a decrease in ordinary income by 27.2%, to 25,000 million yen (-9,342 million yen), with 9,500 million yen in the first half, assuming a non-operating income and expenses on par with the current fiscal year due to factors such as elimination of foreign exchange losses despite a decrease in share of profit of entities accounted for using equity method, as well as a decrease in profit attributable to owners of parent by 26.9%, to 19,000 million yen (-7,003 million yen), with 7,500 million yen in the first half.

Our full-year forecasts by business segment are as follows:

(Unit: Billions of yen)

	Basic Chemicals		Functional Chemicals		Environment & Catalysts	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
First-half forecasts	52.5	2.5	82.0	5.3	12.5	0.2
Second-half forecasts	53.5	3.5	86.0	10.0	13.5	0.5
Full-year forecasts	106.0	6.0	168.0	15.3	26.0	0.7

II. Qualitative Information on Financial Position

(1) Assets, liabilities and net assets

Total assets decreased by 11,637 million yen over the end of the previous consolidated fiscal year (hereinafter the previous fiscal year) to 407,997 million yen. Current assets decreased by 865 million yen from the end of the previous fiscal year, on account of decreases in notes and accounts receivable-trade as well as in merchandise and finished goods, in spite of increase in cash and deposits. Noncurrent assets were down by 10,772 million yen compared to the end of the previous fiscal year on account of a decrease in property, plant and equipment due to amortization.

Liabilities decreased by 23,994 million yen over the end of the previous fiscal year to 125,511 million yen. This was on account of a decrease in notes and accounts payable-trade and repayments of loans, in addition to the effect of excluding NIPPON POLYESTER CO., LTD. from the scope of consolidation.

Net assets increased by 12,357 million yen over the end of the previous fiscal year to 282,485 million yen. This was due to increases in retained earnings, in spite of decrease in valuation difference on available-for-sale securities, and other factors.

The shareholders' equity ratio rose 5.1 percentage points, from 63.2% at the end of the previous fiscal year, to 68.3%. Net assets per share rose by 335.18 yen compared to the end of the previous fiscal year, to 6,870.84 yen. The Company conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2015. Net assets per share have been calculated on the assumption that the said reverse stock split was conducted at the beginning of the previous fiscal year.

(2) Cash Flows

Cash and cash equivalents at the end of the current consolidated fiscal year (hereinafter the current fiscal year) increased by 19,719 million yen over the end of the previous fiscal year to 64,055 million yen, as cash flow provided by operating activities exceeded cash flow used in investing activities (capital investment, etc.), and cash flow used in financing activities (a decrease in short-term loans payable, repayments of long-term loans payable, etc.).

Cash flow from operating activities

Net cash provided by operating activities totaled 53,264 million yen (compared to 32,697 million yen provided in the previous fiscal year). This was due to an increase of 20,568 million yen from the previous fiscal year as a result of a decrease in notes and accounts receivable - trade owing to declined sales prices per purchase and an increase in income before income taxes.

Cash flow from investing activities

Net cash used in investing activities totaled 12,963 million yen (compared to 18,941 million yen used in the previous fiscal year). This was due to a decline of 5,978 million yen in outflows from the previous fiscal year as a result of decrease in purchase of property, plant and equipment including capital investments and a decrease in the purchase of shares of subsidiaries and associates as well as the purchase of investment securities, in spite of a decrease in proceeds from sales of property, plant and equipment, due to sales of land in the previous fiscal year which were not recorded in the current fiscal year.

Cash flow from financing activities

Net cash used in financing activities totaled 20,012 million yen (compared to 10,237 million yen used in the previous fiscal year). Although redemption of bonds recorded in the previous fiscal year was not recognized for the current fiscal year, a decrease in short-term loans payable and a decrease in proceeds from long-term loans payable resulted in an increase of 9,775 million yen in outflows.

Cash flow indicators

	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Shareholders' equity ratio	57.3%	61.1%	59.3%	63.2%	68.3%
Shareholders' equity ratio at market base	54.6%	47.5%	62.1%	85.3%	57.0%
Cash flow to debt ratio	1.4 years	2.4 years	4.0 years	2.0 years	1.0 years
Interest coverage ratio	58.9	39.5	27.7	52.6	123.7

Shareholders' equity ratio = shareholders' equity/ total assets

Shareholders' equity ratio at market base = market capitalization/ total assets

Cash flow to debt ratio = interest-bearing debt/ operating cash flow

Interest coverage ratio = operating cash flow/ interest payments

Notes: 1. All indicators are calculated based on consolidated figures.

2. Market capitalization = closing share price at period end × outstanding shares at period end (after deducting treasury stock)

3. We use "net cash provided by operating activities" from the consolidated statements of cash flows for "operating cash flow."

4. We have included all interest-bearing debts in the consolidated balance sheet for "interest-bearing debt."

5. We use "interest expenses paid" from the consolidated statements of cash flows for "interest payments."

III. Basic Policy on the Distribution of Profits, and Dividends for FY 2015 and FY 2016

Nippon Shokubai has positioned the return of profits to shareholders as the most important management task, and, in consideration of the dividend payout ratio, distributes dividends under a basic policy of aiming to improve medium- to long-term dividend levels in line with projected trends in consolidated earnings, while at the same time taking an overall view to expand the business and strengthen the corporate structure. In addition to dividend distributions, the Company intends to consider stock buybacks as one of the options to raise the value per share.

The Company will continue to distribute profits by taking into careful consideration a balance between the critical need to maintain competitiveness and continue growth into the future by aggressively investing in equipment, R&D and other areas, with the need to accomplish these investments, recognizing the importance of keeping on hand a sufficient level of retained earnings.

The Company pays dividends twice a year, once at the end of the interim period and once at the end of the fiscal year.

Based on the above basic policy, the Company plans to pay a year-end dividend of 85 yen (ordinary dividend of 75 yen and commemorative dividend of 10 yen for the Company's 75th anniversary) per share for the record-high FY 2015 earnings, taking into consideration the business environment, earnings results and future prospects for business growth. The Company conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2015. As a result, based on the calculation factoring in the reverse stock split, annual dividends will total 150 yen per share, which will be a record high, for a consolidated payout ratio of 23.4%.

For FY 2016, annual dividends are scheduled to be 150 yen (interim dividends of 75 yen and year-end dividends of 75 yen) by incorporating the commemorative dividend of 10 yen from FY 2015 into ordinary dividends.

2. Corporate Group

(1) The Nippon Shokubai corporate group consists of 24 subsidiaries and 15 affiliates, and its mainstay business is the manufacture and sale of chemicals.

The table below shows the positioning and relationship of mainstay companies among the group's business segments.

Business segments	Main products	Positioning of mainstay companies within the business
Basic Chemicals	<p>Acrylic acid</p> <p>Acrylates</p> <p>Ethylene oxide</p> <p>Ethylene glycol</p> <p>Ethanolamine</p> <p>Secondary alcohol ethoxylates</p> <p>Glycol ether</p>	<p>NIPPON SHOKUBAI CO., LTD. ('the Company') manufactures and sells acrylic acids, acrylates, and other basic chemicals.</p> <p>NIPPON SHOKUBAI TRADING CO., LTD. procures mainly basic chemicals from the Company and sells them. It also procures products and raw materials to supply to the Company.</p> <p>PT. NIPPON SHOKUBAI INDONESIA manufactures and sells acrylic acids and acrylates.</p> <p>SINGAPORE ACRYLIC PTE LTD and NIPPON SHOKUBAI (ASIA) PTE.LTD. manufacture and sell acrylic acids.</p> <p>NIPPON NYUKAZAI CO., LTD. manufactures and sells surfactants and chemical products such as glycol ether. It procures ethylene oxide and other raw materials for surfactants from the Company.</p> <p>SINO-JAPAN CHEMICAL CO., LTD. manufactures and sells surfactants and other industrial chemicals in Taiwan.</p>
Functional Chemicals	<p>Superabsorbent polymers</p> <p>Intermediates for pharmaceuticals</p> <p>Polymers for concrete admixtures</p> <p>Electronic and information materials</p> <p>Iodine compounds</p> <p>Maleic anhydride</p> <p>Resins for adhesives/paints</p> <p>Processed adhesive products</p>	<p>The Company manufactures and sells superabsorbent polymers, pharmaceutical intermediates, and other functional chemicals.</p> <p>Nippon Shokubai America Industries, Inc. manufactures and sells superabsorbent polymers, polymers for concrete admixtures, and acrylic acid detergent builders in the US. It procures acrylic acid, the raw material of superabsorbent polymers, from American Acryl L.P.</p> <p>NIPPON SHOKUBAI EUROPE N.V. manufactures and sells superabsorbent polymers in Belgium.</p> <p>NISSHOKU CHEMICAL INDUSTRY (ZHANGJIAGANG) Co., Ltd. manufactures and sells superabsorbent polymers and polymers for concrete admixtures in China.</p> <p>PT. NIPPON SHOKUBAI INDONESIA manufactures and sells superabsorbent polymers in Indonesia.</p> <p>NIPPON SHOKUBAI (ASIA) PTE.LTD. procures superabsorbent polymers and other chemicals from the Company and PT. NIPPON SHOKUBAI INDONESIA and sells them.</p> <p>NIPPOH CHEMICALS CO., LTD. manufactures and sells iodine compounds, natural gas, and raw materials for pharmaceuticals, agricultural chemicals, and fragrances.</p> <p>Tokyo Fine Chemical Co., Ltd. manufactures and sells stabilizers, preservatives, and anti-freeze solutions. It procures ethylene glycol, the raw material of anti-freeze solutions, from the Company.</p> <p>NISSHOKU TECHNO FINE CHEMICAL CO., LTD manufactures and sells raw materials for dye agents among other products, and the Company sells some of these products. It also procures acrylic acids among other raw materials from the Company.</p> <p>CHUGOKU KAKO CO., LTD. procures adhesive resins and other raw materials from the Company, and manufactures and sells proceeded adhesives and other products.</p> <p>NIPPON POLYMER IND. Co., Ltd. procures acrylates among other raw materials from the Company, and manufactures resins for adhesives and paint; the Company sells some of these products.</p> <p>LG MMA Corporation manufactures and sells MMA monomers and polymers.</p>

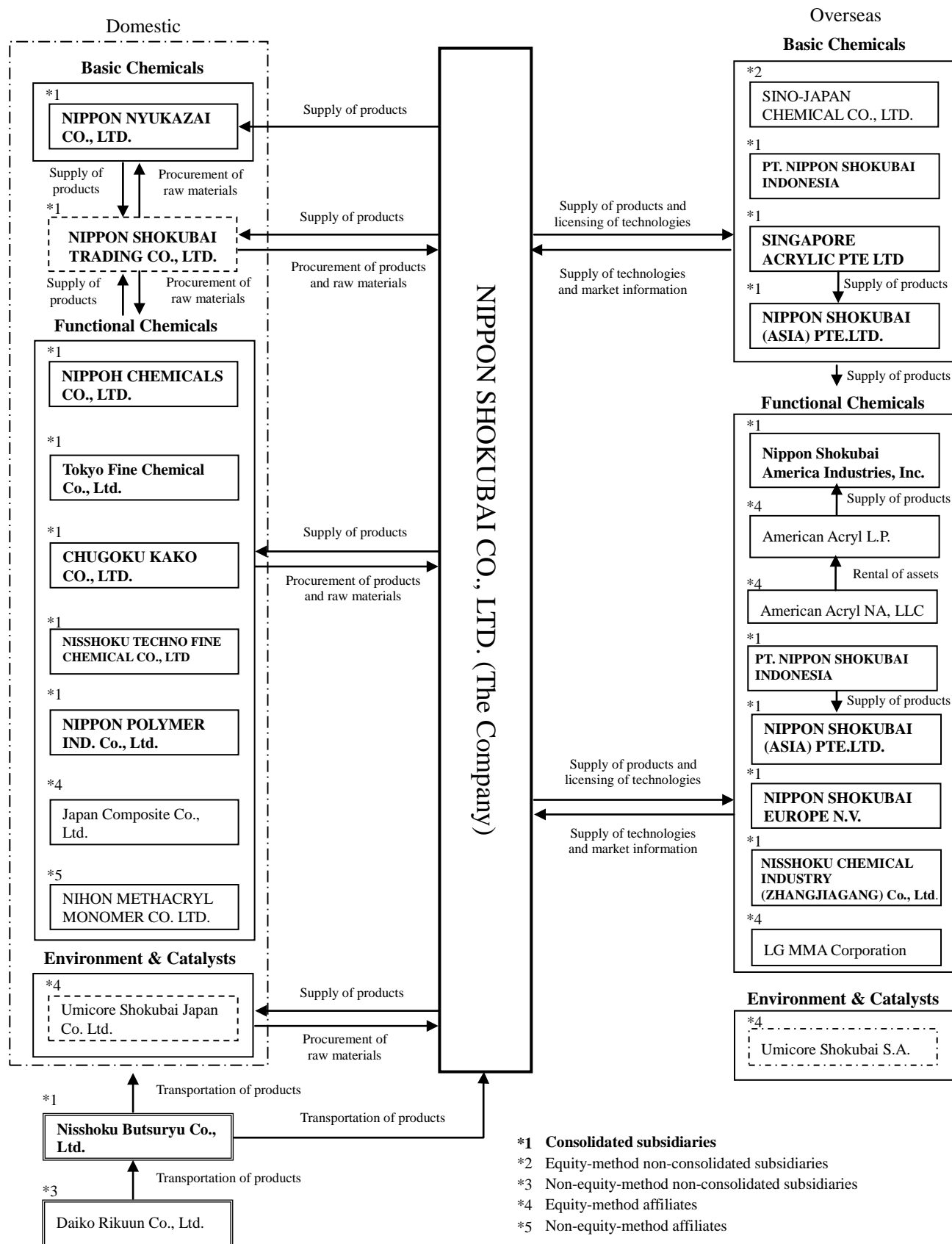
For the Fiscal Year Ended March 31, 2016

Business segments	Main products	Positioning of mainstay companies within the business
Environment & Catalysts	Automotive catalysts De-NOx catalysts Dioxins decomposition catalysts Process catalysts Equipment for exhaust gas treatment Fuel cell materials	The Company manufactures and sells automotive catalysts and other environment & catalyst products. Umicore Shokubai Japan Co. Ltd procures automotive catalysts from the Company and sells them.

Note: 1. Nisshoku Butsuruyu Co., Ltd. mainly transports the Company's manufactured and commercial products and is therefore involved in all business segments.

2. NA Industries, Inc. changed its trade name to Nippon Shokubai America Industries, Inc. on January 1, 2016.

(2) The following is a diagram of the corporate group



← Flow of products and services (Several companies enclosed in a box shows the relationship between the companies and the company linked by arrows)

- Mainly companies involved in manufacturing
- Mainly companies involved in commerce
- Mainly companies involved in transportation
- Holding company

- *1 Consolidated subsidiaries
- *2 Equity-method non-consolidated subsidiaries
- *3 Non-equity-method non-consolidated subsidiaries
- *4 Equity-method affiliates
- *5 Non-equity-method affiliates

Notes: 1. NIPPON SHOKUBAI TRADING CO., LTD., Nisshoku Butsuryu Co., Ltd., PT. NIPPON SHOKUBAI INDONESIA and NIPPON SHOKUBAI (ASIA) PTE LTD belong to some business segments.
 2. Umicore Shokubai S.A. is a holding company which controls automotive catalyst business executed six companies including Umicore Shokubai Japan Co. Ltd.
 3. NIPPON POLYESTER CO., LTD., which had been a consolidated subsidiary, was excluded from the scope of consolidation from the current fiscal year due to the sales of its shares.
 4. NA Industries, Inc. changed its trade name to Nippon Shokubai America Industries, Inc. on January 1, 2016..

3. Management Policy

(1) Basic Management Policy

Nippon Shokubai Group mission is “TechnoAmenity: providing affluence and comfort to people and society, with our unique technology.” And it seeks, under a management commitment of 1) We conduct all of our corporate activities based upon a deep respect for humanity, 2) We aim at coexisting with society and working in harmony with the environment, 3) We pursue technologies that will create the future, and 4) We act on the global stage, to build a more solid business structure and gain a sharper competitive edge to keep pace with rapid changes in the world.

(2) Challenges, Long-term Business Strategies, and Performance Targets

The Group has been working from April 2014 on its long-term business Plan “Reborn Nippon Shokubai 2020” under its mission, management commitment and its corporate credo, “Safety takes priority over production,” with an aim to become a company*) that everybody can be proud of. We have strived to proceed with the medium-term business plan which is the action plan for the initial three years (fiscal 2014 to 2016). As a result, in fiscal 2014 and fiscal 2015, we achieved the target as planned with respect to profit.

*) A company that promotes work safety and peace of mind

A company that rewards people who make their best efforts and achieve results

A company that people can be proud to work for

<p>Nippon Shokubai Group Mission TechnoAmenity Providing affluence and comfort to people and society, with our unique technology</p>	<p>Corporate Credo Safety takes priority over production.</p>
<p>Management Commitment</p> <ul style="list-style-type: none"> • We conduct all of our corporate activities based upon a deep respect for humanity. • We aim at coexisting with society, and working in harmony with the environment. • We pursue technologies that will create the future. • We act on the global stage. 	

[“Reborn Nippon Shokubai 2020,” the long-term business plan]

We reassessed the long-term 2025 Vision outlined in the previous business plan and we have set the target 2020 as a milestone for the 2025 Vision.

“Reborn Nippon Shokubai 2020” is designed to ensure safe, reliable production activities. The plan also highlights profitability over sales, setting goals for strengthening existing and core businesses, establishing new businesses as soon as possible, and launching new products to the market quickly.

◆ Vision for 2025

An innovative chemical company that provides new value for people’s lives

We;

- Take on the challenge of creating new value by developing new products and business through our advanced technologies and our creativity
- Deliver the new values globally through our unique products and technologies
- Manufacture products that embody new value and feature the highest safety and productivity
- Create new value that contributes to the global environment
- Create new value by promoting dynamism and diversity in the workplace throughout all Group companies

Business Activities

- a) Positioning acrylic acid (AA) and superabsorbent polymers (SAP) as its main businesses, ethylene oxide (EO) and other existing businesses will be even stronger than today. Performance chemicals, new energy materials, and/or health and medical materials will be established as the next drivers of business expansion. We will also be germinating the seeds of new businesses continuously.
- b) Accelerate business development continuously throughout the global market
- c) Employ our competencies in R&D, production technologies and marketing and maximize the synergy from such activities

◆ Targets for 2020

The targets for 2020 have been set as a milestone for the 2025 Vision.

Management Indexes and Numerical Targets (Unit: Billion yen)

	Sales	Ordinary income	ROA ¹	Sales for new products ²
FY2020 long-term target figures	500	50	9.5%	47

1 Return of assets (ROA), ratio of ordinary income to total assets. As the Company mainly uses large-scale production equipments, it has heretofore placed importance on profitability and asset efficiency, and the Company thus uses ROA, which consists of the ratio of ordinary income to sales as well as total asset turnover ratio, as a KPI (Key Performance Indicator) that it works to improve.

2 Total sales of products launched within the last five years, excluding superabsorbent polymers

◆ Strategies by Business area

In order to meet targets for 2020, we have adopted the following basic strategies for each business area.

(1) Acrylic business

We will work to maintain its top share of the global market and world-class technologies in the superabsorbent polymers business. We also aim to be a leading global player in the acrylic monomer business. We will focus on maintaining and strengthening our competitiveness—a strength that will make sustainable growth and global business development possible.

(2) Performance chemicals business

We aim to position ourselves as a top global supplier to explore new markets and access growth markets through our original products and technologies. We will focus on expanding our line of unique chemicals, using materials created in house, to form the next mainstay of corporate profits.

(3) Ethylene oxide business

For ethylene oxide and its derivatives, we will strengthen the foundation of this core business by changing the product portfolio and entering growth markets, thereby maintaining a steady cash flow.

(4) New energy materials/catalyst business

We will position new energy-related materials as one of our next core businesses by accelerating the development and marketing of these materials. We aim to develop a material that will become the de facto standard in the new energy markets.

(5) New businesses

We will add the health and medical materials sector as a new business area that will provide growth opportunities. We will establish a new business footprint by seeking out business partnerships and/or mergers and acquisitions.

For the Fiscal Year Ended March 31, 2016

In working to create our next new businesses, we will continuously survey changes in the business environment and customer needs in order to pursue potential business opportunities where we can utilize and apply our competencies.

◆ Capital and Strategic Investment

By FY 2020, the Company is scheduled to have made capital investment of 200.0 billion yen and strategic investment in areas such as M&A of 50.0 billion yen.

Regarding the Himeji Plant, construction on additional facilities allowing for the annual production of 50,000 tons of superabsorbent polymers is scheduled to be completed in June of this year, while with the Company's Belgian subsidiary NIPPON SHOKUBAI EUROPE N.V., construction has begun on additional facilities allowing for the annual production of 100,000 tons of superabsorbent polymers and 100,000 tons of acrylic acids with a target completion date of 2017.

In Europe, the Company foresees a firm increase in demand for superabsorbent polymers primarily in Central and Eastern Europe, and thus by increasing capacity for not only superabsorbent polymers but acrylic acids, a base material in its production, as well, the Company will further strengthen its global supply system.

These measures will bring the Group's global annual production of superabsorbent polymers to a total of 710,000 tons, further solidifying its position as a top supplier.

In the field of new energy materials, the Company is moving forward with the commercialization of new products and developments including zirconia sheets for fuel cells, LiFSI for lithium-ion batteries, next-generation materials for zinc rechargeable batteries, and more.

In the health and medical business, the Company has reached a joint-development agreement regarding peptide drugs with GlyTech, Inc., and the Company has decided to receive a third-party allotment of shares from GlyTech, Inc. and to make a capital investment in a laboratory of peptide API (active pharmaceutical ingredient) synthesis. The two companies will collaborate in order to develop and mass produce G-SRIF (Glycosylated Somatostatin Analogs). G-SRIFs are expected to be a novel treatment for acromegaly that uses the growth hormone inhibitory factor. By using this entry into the drug development support business as a foothold, the Company will aim to become a company that is able to continue to offer new value in the health and medical business.

Through these measures, the Company will work to first strengthen existing business and core products, and second, establish pillars for new businesses in order to ensure further growth. This will allow the Company to become the "innovative chemical company that provides new value for people's lives" that it aims to be in 2025.

◆ Corporate-level challenges to be addressed for further growth

(1) Enhance the confidence of stakeholders

We will ensure that all of the safety measures are properly in place and operated effectively, and we will reinforce our operational capacity, making sure that appropriate resources are applied, promoting a safety mindset among employees, and securing a sustainable, environment-friendly supply chain. Furthermore, we recognize the importance of maintaining good communications with the stakeholders.

(2) Develop an active corporate team and organization

We believe that no sustainable growth can be made without having corporate management promote people's talent. We launched the Corporate Culture Renovation Committee in April 2014, which will be responsible for implementing necessary actions to promote and accelerate the education of people and the renovation of corporate culture. Concurrently, we are reinforcing the functions and responsibilities of each business unit, and cross-functional projects will be delegated at various work levels.

(3) Strengthen Group management

We recognize that it is even more important to strengthen the business foundations of Group companies that are operating under volatile business conditions, including increasing competition in worldwide markets. We will utilize the Group's core competencies in order to maximize the synergy of Group companies and boost corporate value.

(4) Accelerate R&D and new business development

We recognize that there can be no further growth without the development of new business and new products. Both long-term R&D, based on future needs, and short- and medium-term development focusing on commercial potential and marketability are necessary. We will always seek open innovation opportunities to cooperate with partners to develop and quickly launch new products.

◆ Safety Measures

The Company places its corporate credo of "Safety takes priority over production" at the highest level of importance, alongside its Group mission and management commitment, and works to strengthen its corporate culture of prioritized safety and improve safety awareness, knowledge, and skills. The Company will continue its diligent efforts toward safe and reliable operations in order to become "A company gaining further public trust as a responsible chemical company."

◆ Practice of CSR (Corporate Social Responsibility) Management

The Group also intends to place the implementation of corporate social responsibility at the foundation of its management, to engage in corporate activities based on compliance and self-responsibility and strengthen the corporate governance system, to ensure thoroughness in corporate ethics, to promote 'responsible care' regarding the environment, safety, and quality, and to push forward with activities that contribute to society and environmental preservation activities in particular.

4. Basic Policy of the Choice of Accounting Standards

To sustain comparability of consolidated financial statements between periods as well as between companies, the Group prepares consolidated financial statements under Japanese GAAP.

With regard to the International Financial Reporting Standards (IFRS), we are examining and preparing the internal systems with an eye to their future application. We will appropriately determine the timing for the application while considering various circumstances in Japan and overseas.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	FY2014 As of Mar. 31, 2015	FY2015 As of Mar. 31, 2016
Assets		
Current assets		
Cash and deposits	49,255	69,172
Notes and accounts receivable - trade	74,156	64,936
Merchandise and finished goods	33,769	27,884
Work in process	6,222	5,574
Raw materials and supplies	16,312	15,549
Deferred tax assets	3,706	3,218
Other	13,363	9,367
Allowance for doubtful accounts	-235	-18
Total current assets	196,547	195,682
Non-current assets		
Property, plant and equipment		
Buildings and structures	99,511	99,559
Accumulated depreciation	-61,546	-63,044
Accumulated impairment loss	-1,193	-1,184
Buildings and structures, net	36,772	35,331
Machinery, equipment and vehicles	350,317	348,849
Accumulated depreciation	-271,364	-278,697
Accumulated impairment loss	-2,896	-2,847
Machinery, equipment and vehicles, net	76,057	67,306
Tools, furniture and fixtures	19,677	18,699
Accumulated depreciation	-16,929	-15,828
Accumulated impairment loss	-116	-113
Tools, furniture and fixtures, net	2,633	2,758
Land	31,680	33,084
Leased assets	696	616
Accumulated depreciation	-440	-417
Leased assets, net	256	199
Construction in progress	2,250	7,911
Total property, plant and equipment	149,647	146,588
Intangible assets		
Other	3,907	3,999
Total intangible assets	3,907	3,999
Investments and other assets		
Investment securities	53,137	49,208
Investments in capital	4,289	3,735
Long-term loans receivable	1,467	1,337
Deferred tax assets	1,995	1,341
Net defined benefit asset	5,476	3,529
Other	3,234	2,645
Allowance for doubtful accounts	-65	-67
Total investments and other assets	69,533	61,728
Total non-current assets	223,087	212,315
Total assets	419,634	407,997

(Unit: Millions of yen)

	FY2014 As of Mar. 31, 2015	FY2015 As of Mar. 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	47,515	39,310
Short-term loans payable	22,071	13,186
Current portion of long-term loans payable	7,685	8,195
Lease obligations	28	25
Income taxes payable	4,839	4,507
Provision		
Provision for bonuses	3,075	3,273
Provision for directors' bonuses	152	188
Provision for repairs	2,485	2,436
Total provisions	5,712	5,896
Other	8,177	9,934
Total current liabilities	96,027	81,053
Non-current liabilities		
Long-term loans payable	36,910	29,166
Lease obligations	149	108
Deferred tax liabilities	3,607	1,628
Net defined benefit liability	11,755	12,568
Other	1,058	988
Total non-current liabilities	53,479	44,458
Total liabilities	149,506	125,511
Net assets		
Shareholders' equity		
Capital stock	25,038	25,038
Capital surplus	22,083	22,395
Retained earnings	195,497	216,224
Treasury shares	-956	-1,010
Total shareholders' equity	241,663	262,648
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,652	7,613
Deferred gains or losses on hedges	27	16
Foreign currency translation adjustment	13,095	11,474
Remeasurements of defined benefit plans	-162	-2,916
Total accumulated other comprehensive income	23,611	16,187
Non-controlling interests	4,854	3,651
Total net assets	270,128	282,485
Total liabilities and net assets	419,634	407,997

For the Fiscal Year Ended March 31, 2016

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

Consolidated Statements of Income

(Unit: Millions of yen)

	FY 2014 ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)	FY 2015 ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)
Net sales	374,873	323,124
Cost of sales	309,135	253,123
Gross profit	65,738	70,001
Selling, general and administrative expenses		
Transportation and warehousing expenses	14,524	13,627
Personnel expenses	7,903	7,614
Research and development expenses	10,937	11,270
Other	6,241	6,256
Total selling, general and administrative expenses	39,605	38,767
Operating income	26,133	31,234
Non-operating income		
Interest income	159	215
Dividend income	941	1,037
Share of profit of entities accounted for using equity method	1,259	2,458
Real estate rent	1,129	1,176
Foreign exchange gains	196	-
Royalty Income and Technical support fee	1,198	350
Miscellaneous income	845	1,086
Total non-operating income	5,727	6,322
Non-operating expenses		
Interest expenses	602	440
Technology transfer study related expenses	6	592
Foreign exchange losses	-	1,270
Depreciation	309	134
Taxes and dues	266	250
Loss on disposal of non-current assets	303	168
Loss on retirement of non-current assets	83	36
Miscellaneous loss	350	324
Total non-operating expenses	1,919	3,214
Ordinary income	29,941	34,342
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	-	620
State subsidy	-	318
Gain on sales of investment securities	422	-
Total extraordinary income	422	938

(Unit: Millions of yen)

	FY 2014 ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)	FY 2015 ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)
Extraordinary losses		
Loss on reduction of non-current assets	-	292
Impairment loss	477	-
Loss on abandonment of non-current assets	381	-
Loss on liquidation of business	151	-
Total extraordinary losses	1,008	292
Profit before income taxes	29,355	34,988
Income taxes - current	8,333	7,429
Income taxes - deferred	1,752	1,445
Total income taxes	10,086	8,874
Profit	19,270	26,113
Profit attributable to non-controlling interests	181	110
Profit attributable to owners of parent	19,089	26,003

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	FY 2014 ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)	FY 2015 ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)
Profit	19,270	26,113
Other comprehensive income		
Valuation difference on available-for-sale securities	6,211	-3,046
Deferred gains or losses on hedges	18	-11
Foreign currency translation adjustment	5,786	-844
Remeasurements of defined benefit plans, net of tax	918	-2,777
Share of other comprehensive income of entities accounted for using equity method	1,058	-766
Total other comprehensive income	13,991	-7,443
Comprehensive income	33,261	18,671
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	32,863	18,579
Comprehensive income attributable to non-controlling interests	397	92

(3) Consolidated Statements of Changes in Equity

Fiscal year ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	25,038	22,083	180,240	-924	226,437
Cumulative effects of changes in accounting policies			25		25
Restated balance	25,038	22,083	180,265	-924	226,462
Changes of items during period					
Dividends of surplus			-3,856		-3,856
Profit attributable to owners of parent			19,089		19,089
Purchase of treasury shares				-32	-32
Disposal of treasury shares					-
Change in treasury shares of parent arising from transactions with non-controlling shareholders					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	15,233	-32	15,201
Balance at end of current period	25,038	22,083	195,497	-956	241,663

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	4,454	9	6,344	-970	9,837	5,919	242,193
Cumulative effects of changes in accounting policies							25
Restated balance	4,454	9	6,344	-970	9,837	5,919	242,218
Changes of items during period							
Dividends of surplus							-3,856
Profit attributable to owners of parent							19,089
Purchase of treasury shares							-32
Disposal of treasury shares							-
Change in treasury shares of parent arising from transactions with non-controlling shareholders							-
Net changes of items other than shareholders' equity	6,198	18	6,751	808	13,774	-1,065	12,709
Total changes of items during period	6,198	18	6,751	808	13,774	-1,065	27,910
Balance at end of current period	10,652	27	13,095	-162	23,611	4,854	270,128

Fiscal year ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	25,038	22,083	195,497	-956	241,663
Cumulative effects of changes in accounting policies					-
Restated balance	25,038	22,083	195,497	-956	241,663
Changes of items during period					
Dividends of surplus			-5,276		-5,276
Profit attributable to owners of parent			26,003		26,003
Purchase of treasury shares				-54	-54
Disposal of treasury shares		0		0	0
Change in treasury shares of parent arising from transactions with non-controlling shareholders		312			312
Net changes of items other than shareholders' equity					
Total changes of items during period	-	313	20,726	-54	20,985
Balance at end of current period	25,038	22,395	216,224	-1,010	262,648

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	10,652	27	13,095	-162	23,611	4,854	270,128
Cumulative effects of changes in accounting policies							-
Restated balance	10,652	27	13,095	-162	23,611	4,854	270,128
Changes of items during period							
Dividends of surplus							-5,276
Profit attributable to owners of parent							26,003
Purchase of treasury shares							-54
Disposal of treasury shares							0
Change in treasury shares of parent arising from transactions with non-controlling shareholders							312
Net changes of items other than shareholders' equity	-3,038	-11	-1,622	-2,754	-7,424	-1,204	-8,628
Total changes of items during period	-3,038	-11	-1,622	-2,754	-7,424	-1,204	12,357
Balance at end of current period	7,613	16	11,474	-2,916	16,187	3,651	282,485

For the Fiscal Year Ended March 31, 2016

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FY 2014 ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)	FY 2015 ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)
Cash flows from operating activities		
Profit before income taxes	29,355	34,988
Depreciation	18,971	17,875
Impairment loss	477	-
Loss on abandonment of non-current assets	381	-
Loss on reduction of non-current assets	-	292
Loss (gain) on sales of investment securities	-422	-
Subsidy income	-	-318
Increase (decrease) in net defined benefit asset	-2,989	-1,435
Increase (decrease) in net defined benefit liability	1,629	1
Interest and dividend income	-1,100	-1,252
Interest expenses	602	440
Share of (profit) loss of entities accounted for using equity method	-1,259	-2,458
Loss (gain) on sales of shares of subsidiaries and associates	-	-620
Decrease (increase) in notes and accounts receivable - trade	-2,521	7,476
Decrease (increase) in inventories	3,874	5,176
Increase (decrease) in notes and accounts payable - trade	-6,278	-6,155
Increase (decrease) in accrued consumption taxes	451	650
Other, net	-2,635	4,221
Subtotal	38,537	58,880
Interest and dividend income received	2,366	2,425
Interest expenses paid	-621	-431
Payments for business liquidation	-134	-
Proceeds from subsidy income	-	318
Income taxes paid	-7,450	-7,928
Net cash provided by (used in) operating activities	32,697	53,264
Cash flows from investing activities		
Purchase of property, plant and equipment	-17,629	-13,311
Proceeds from sales of property, plant and equipment	1,547	103
Purchase of intangible assets	-986	-495
Purchase of investment securities	-1,108	-730
Proceeds from sales of investment securities	547	447
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	211
Purchase of shares of subsidiaries and associates	-1,285	-22
Collection of investments in capital	720	538
Collection of loans receivable	140	736
Other, net	-886	-440
Net cash provided by (used in) investing activities	-18,941	-12,963

For the Fiscal Year Ended March 31, 2016

(Unit: Millions of yen)

	FY 2014 ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)	FY 2015 ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	3,498	-7,179
Proceeds from long-term loans payable	8,750	1,000
Repayments of long-term loans payable	-8,537	-7,491
Redemption of bonds	-10,000	-
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	-952
Cash dividends paid	-3,856	-5,276
Dividends paid to non-controlling interests	-30	-32
Purchase of treasury shares	-32	-54
Other, net	-30	-27
Net cash provided by (used in) financing activities	-10,237	-20,012
Effect of exchange rate change on cash and cash equivalents	1,199	-571
Net increase (decrease) in cash and cash equivalents	4,717	19,719
Cash and cash equivalents at beginning of period	39,619	44,336
Cash and cash equivalents at end of period	44,336	64,055

5) Notes Concerning Consolidated Financial Statements

【Going Concern Assumption】

Not applicable.

【Changes in the Basis of Presentation and Summary of Significant Accounting Policies for the Preparation of Consolidated Financial Statements】

(Changes in Accounting policies)

Effective from the fiscal year starting April 1, 2015, the Company has applied the “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21 issued on September 13, 2013, hereafter “Business Combinations Accounting Standard”), the “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 issued on September 13, 2013, hereinafter “Consolidation Accounting Standard”), the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 issued on September 13, 2013, hereinafter “Business Divestitures Accounting Standard”) and other standards.

The Company has revised the method to record the difference arising from changes in equity in subsidiaries that the Company continues to control as capital surplus, and to record business acquisition costs as expenses for the fiscal year in which they are incurred.

With respect to the business combination carried out after the beginning of the current fiscal year, the accounting method was changed to reflect adjustments to the allocation of acquisition cost based on provisional accounting treatment on the quarterly consolidated financial statements for the quarterly period in which the business combination occurs.

In addition, changes in presentation have been made to net income etc., and the previous accounting standard category of “Minority interests” has changed to “Non-controlling interests”. Financial statements of the previous fiscal year have been reclassified to reflect these changes.

The Business Combinations Accounting Standard and other standards were applied from April 1, 2015 into the future in accordance with the transitional treatment set forth in Article 58-2 (4) of the Business Combinations Accounting Standard, Article 44-5 (4) of the Consolidation Accounting Standard and Article 57-4 (4) of the Business Divestitures Accounting Standard.

As a result, ordinary income and income before income taxes for this fiscal year decreased by 312 million yen each, and capital surplus at the end of this fiscal year increased by 312 million yen.

In the consolidated statements of cash flows for this fiscal year, payments or proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation are stated in the cash flows from financing activities, and cash flows for expenses related to purchase of shares of subsidiaries resulting in change in scope of consolidation or expenses related to purchase or sales of shares of subsidiaries that do not result in change in scope of consolidation are stated in the cash flows from operating activities.

The balance of capital surplus on the consolidated statements of changes in equity at the end of this fiscal year increased by 312 million yen.

The effect of this change on per share information is noted in the corresponding section.

【Segment Information】

Fiscal year ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)				(Unit: Millions of yen)		
	Basic chemicals	Functional chemicals	Environment & catalysts	Total	Adjustment (Note 1)	Consolidation (Note 2)
Net sales						
(1) Sales to third parties	147,976	200,967	25,931	374,873	-	374,873
(2) Intergroup sales and transfers	44,032	5,311	2,308	51,652	-51,652	-
Total	192,008	206,278	28,239	426,525	-51,652	374,873
Segment Income	7,820	17,286	1,277	26,383	-250	26,133
Segment Assets	149,224	205,794	26,111	381,130	38,504	419,634
Other Items (Note 3)						
Depreciation and Amortization	9,469	9,439	602	19,510	-	19,510
Amortization of Goodwill	-	-	-	-	-	-
Increase in Tangible and Intangible Fixed Assets	7,358	5,762	518	13,638	-	13,638

Notes: 1. Below is a description of adjustments.

- (1) The "Segment Income" adjustment refers to inter-segment transaction eliminations amounting to -250 million yen.
- (2) The "Segment Assets" adjustment includes short-term surplus funds (cash and deposit) and long-term surplus funds (investments in securities) amounting to 38,504 million yen.
2. Segment income is adjusted for Operating Income described in Consolidated Statements of Income.
3. Long-term prepaid expenses and its depreciation expenses are included in "Depreciation and Amortization" and "Increase in Tangible and Intangible Fixed Assets."

Fiscal year ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)				(Unit: Millions of yen)		
	Basic chemicals	Functional chemicals	Environment & catalysts	Total	Adjustment (Note 1)	Consolidation (Note 2)
Net sales						
(1) Sales to third parties	117,643	177,798	27,683	323,124	-	323,124
(2) Intergroup sales and transfers	34,353	5,011	746	40,109	-40,109	-
Total	151,996	182,809	28,429	363,233	-40,109	323,124
Segment Income	8,851	21,422	620	30,893	341	31,234
Segment Assets	134,121	207,886	27,665	369,672	38,325	407,997
Other Items (Note 3)						
Depreciation and Amortization	9,441	8,425	520	18,386	-	18,386
Amortization of Goodwill	-	-	-	-	-	-
Increase in Tangible and Intangible Fixed Assets	4,585	10,829	341	15,756	-	15,756

Notes: 1. Below is a description of adjustments.

- (1) The "Segment Income" adjustment refers to inter-segment transaction eliminations amounting to 341 million yen.
- (2) The "Segment Assets" adjustment includes short-term surplus funds (cash and deposit) and long-term surplus funds (investments in securities) amounting to 38,325 million yen.
2. Segment income is adjusted for Operating Income described in Consolidated Statements of Income.
3. Long-term prepaid expenses and its depreciation expenses are included in "Depreciation and Amortization" and "Increase in Tangible and Intangible Fixed Assets."

For the Fiscal Year Ended March 31, 2016

【Information concerning impairment loss of noncurrent assets by reporting segment】**Fiscal year ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)**

(Unit: Millions of yen)

	Reporting segment			Elimination or corporate	Total
	Basic chemicals	Functional chemicals	Environment & catalysts		
impairment loss	-	-	477	-	477

Fiscal year ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)

Not applicable.

【Supplementary Information】**Overseas Sales****Fiscal year ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)**

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas sales	81,155	52,634	39,724	18,652	192,165
II. Consolidated sales					374,873
III. Overseas sales to consolidated sales	21.6%	14.0%	10.6%	5.0%	51.3%

Fiscal year ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas sales	63,531	46,902	31,785	18,714	160,933
II. Consolidated sales					323,124
III. Overseas sales to consolidated sales	19.7%	14.5%	9.8%	5.8%	49.8%

Notes:

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

For the Fiscal Year Ended March 31, 2016

【Per Share Information】

Net assets per share and the basis for calculation, and net income per share and the basis for calculation are as follows.

	FY 2014 ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)		FY 2015 ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)
Net assets per share	6,535.66 yen	Net assets per share	6,870.84 yen
Basic earnings per share	470.28 yen	Net income per share	640.69 yen

Notes:

- Diluted earnings per share is not shown since there are no dilutive shares.
- As stated in “Changes to the Accounting Policy,” the Company has applied the Revised Accounting Standard for Business Combinations, etc. As a result, basic earnings per share for FY 2015 decreased by 7.70 yen.
- The Company conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2015. The figures for the net assets per share and basic earnings per share are amounts on the assumption that the Company conducts the reverse stock split on the beginning of previous fiscal year.
- The basis for calculation of net assets per share is as follows.

	As of Mar. 31, 2015	As of Mar. 31, 2016
Total net assets (Millions of yen)	270,128	282,485
Deductions from net assets (Millions of yen)	4,854	3,541
[Attributable to minority interests]	[4,854]	[3,651]
Net assets applicable to common stock (Millions of yen)	265,274	278,835
Number of shares of common stock used in calculation of net assets per share (Thousands of shares)	40,588	40,582

- The basis for calculation of net income per share is as follows.

	FY 2014 ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)	FY 2015 ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)
Net income (Millions of yen)	19,089	26,003
Amount not attributable to general shareholders (Millions of yen)	—	—
Net income applicable to common stock (Millions of yen)	19,089	26,003
Averages number of shares of common stock during the period (Thousands of shares)	202,954	40,585

【Significant 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.