

For the Fiscal Year Ended March 31, 2017

* 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, 2017

May 9, 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 date of the general shareholders' meeting: June 21, 2017	
Scheduled date of dividend payment: June 22, 2017	
Scheduled date of filing annual securities report: June 21, 2017	
Supplementary materials prepared: Yes	
Financial 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 Fiscal Year Ended March 31, 2017 (hereafter FY 2016) (from April 1, 2016 to March 31, 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	%
FY 2016	293,970	-9.0	21,151	-32.3	24,664	-28.2	19,361	-25.5
FY 2015	323,124	-13.8	31,234	19.5	34,342	14.7	26,003	36.2

Note: “FY 2015” stands for the Fiscal Year Ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

Comprehensive income (millions of yen): FY 2016: 21,535 15.3%
FY 2015: 18,671 -43.9%

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit on assets	Operating profit to net sales
	Yen	Yen	%	%	%
FY 2016	478.36	-	6.8	5.9	7.2
FY 2015	640.69	-	9.6	8.3	9.7

Reference: Share of profit of entities accounted for using equity method (millions of yen): FY 2016: 2,150
FY 2015: 2,458

*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 conducted the reverse stock split at the beginning of the 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, 2017	433,610	292,275	66.6	7,238.33
As of Mar. 31, 2016	407,997	282,485	68.3	6,870.84

Reference: Shareholders' equity (millions of yen): As of Mar. 31, 2017: 288,672
As of Mar. 31, 2016: 278,835

For the Fiscal Year Ended March 31, 2017

(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 2016	37,474	-44,515	-3,533	51,700
FY 2015	53,264	-12,963	-20,012	64,055

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 2015	-	13.00	-	85.00	-	6,088	23.4	2.2
FY 2016	-	75.00	-	75.00	150.00	6,035	31.4	2.1
FY 2017 (forecast)	-	75.00	-	75.00	150.00		30.7	

Note: "FY 2017" stands for the Fiscal Year Ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

*As the Company conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2015, the annual dividends for FY 2015 are shown as "-."

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
First half	150,000	8.5	10,000	4.3	12,000	9.3	9,000	5.8	225.67
Full year	310,000	5.5	23,000	8.7	26,000	5.4	19,500	0.7	488.96

※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, 2017: 40,800,000 shares Mar. 31, 2016: 40,800,000 shares

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

Mar. 31, 2017: 919,039 shares Mar. 31, 2016: 217,611 shares

- 3) Average number of shares outstanding during the period

FY 2016: 40,474,088 shares FY 2015: 40,585,676 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 average number of shares are amounts on the assumption that the Company conducted the reverse stock split at the beginning of the previous fiscal year.

For the Fiscal Year Ended March 31, 2017

(Reference) Non-consolidated Business Overview**1. Non-consolidated Business Results for the Fiscal Year Ended March 31, 2017
(from April 1, 2016 to March 31, 2017)****(1) Non-consolidated operating results**

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2016	196,195	-7.2	15,661	-20.2	24,341	-13.4	19,467	-8.8
FY 2015	211,368	-10.5	19,628	29.8	28,094	26.8	21,343	49.8

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY 2016	480.97	-
FY 2015	525.88	-

*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 conducted the reverse stock split at the beginning of the 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, 2017	329,121	236,166	71.8	5,921.77
As of Mar. 31, 2016	301,914	223,920	74.2	5,517.67

Reference: Shareholders' equity (millions of yen): As of Mar. 31, 2017: 236,166

As of Mar. 31, 2016: 223,920

**2. Non-consolidated Business Forecast 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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	105,000	11.5	8,500	25.2	13,000	6.6	10,500	3.2	263.28
Full year	210,000	7.0	17,500	11.7	24,000	-1.4	18,500	-5.0	463.88

※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

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. Overview of Business Results, etc.**(1) Overview of Business Results for FY 2016 (April 1, 2016 – March 31, 2017)**

The world economy in the current fiscal year saw the United States economy continuing to recover and the situation in Europe also recovering moderately, while economic deceleration continued in China and resource-rich countries.

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, the future outlook remained unclear including the trend of costs of raw materials and foreign exchange.

1) Overview

(Unit: Millions of yen)

	FY 2015	FY 2016	Change	
			(Amount)	(% growth)
Net sales	323,124	293,970	-29,154	-9.0%
Operating profit	31,234	21,151	-10,083	-32.3%
Ordinary profit	34,342	24,664	-9,678	-28.2%
Profit attributable to owners of parent	26,003	19,361	-6,642	-25.5%
Basic earnings per share	640.69 yen	478.36 yen	-162.33 yen	-25.3%
ROA (Return on Assets)	8.3%	5.9%	-	-2.4 points
ROE (Return on Equity)	9.6%	6.8%	-	-2.8 points
Foreign exchange rates (\$ and EUR)	\$=¥120.14	\$=¥108.36	-11.78 yen	
	EUR=¥132.59	EUR=¥118.76	-13.83 yen	
Naphtha price	42,800 yen/kl	34,700 yen/kl	-8,100 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 the basic earnings per share are amounts on the assumption that the Company conducted the reverse stock split at the beginning of the previous fiscal year.

Under these conditions, the Group's consolidated net sales in the current fiscal year declined 9.0% year-on-year to 293,970 million yen, down 29,154 million yen. Contributing factors included a drop in sales prices on account of falling raw material costs and market conditions for products outside of Japan, as well as the yen appreciation.

With regard to profits, in spite of decreased processing costs and increased production and sales volume resulting in volume effects, a contraction in the spread owing to a decline in market conditions for products in excess of the decrease in raw material costs led to lower operating profit, which was down 32.3% year-on-year to 21,151 million yen, down 10,083 million yen.

Non-operating income increased 405 million yen due to improved foreign exchange losses and decreased technology transfer study related expenses, although share of profit of entities accounted for using equity method decreased. As a result, ordinary profit was down 28.2% to 24,664 million yen, 9,678 million yen lower than the previous fiscal year.

Extraordinary income fell 838 million yen year-on-year due to recording of loss on closing of laboratory and the absence of gain on sales of shares of subsidiaries and associates, while gain on sales of investment securities was posted. As a result, profit attributable to owners of parent fell 25.5% to 19,361 million yen, down 6,642 million yen.

2) Segment Summary**By business segment**

(Unit: Millions of yen)

Basic Chemicals

	FY 2015	FY 2016	Change
Net sales	117,643	107,580	-10,063
Operating profit	8,851	8,207	-645

Functional Chemicals

	FY 2015	FY 2016	Change
Net sales	177,798	159,961	-17,837
Operating profit	21,422	12,119	-9,302

Environment & Catalysts

	FY 2015	FY 2016	Change
Net sales	27,683	26,429	-1,254
Operating profit	620	748	128

Basic Chemicals

Sales of acrylic acids and acrylates decreased due to a decline in sales prices in Japan in line with a drop in raw materials costs and a stronger yen, and to falling sales prices outside Japan caused by deteriorating market conditions in Southeast Asia, amid a state where global supply continues to exceed demand, despite heightened sales volume.

Sales of ethylene oxide declined due to a drop in sales prices accompanying lower raw materials costs, despite increased sales volume.

Sales of ethylene glycol decreased due to effects such as a decline in overseas market conditions and a stronger yen, despite increased sales volume.

Sales of ethanolamine increased due to increased sales volume despite a drop in sales prices accompanying lower raw materials costs.

Sales of secondary alcohol ethoxylates declined due to declined sales volume and falling sales prices accompanying lower raw materials costs.

As a result of the above, net sales in the basic chemicals segment decreased 8.6% year-on-year to 107,580 million yen.

Operating profit fell 7.3% year-on-year, to 8,207 million yen. This was due to factors such as a contraction in the spread, which outweighed an increase in production and sales volume and lower processing costs.

Functional Chemicals

Sales of superabsorbent polymers fell due to the yen appreciation and lower sales prices that reflected a decline in raw materials costs, despite higher sales volume.

Sales of electronic information material, ethyleneimine derivatives and adhesive products increased due to higher sales volume.

Sales of special acrylates increased due to higher sales volume, even though sales prices declined as a result of effects such as a decline in overseas market conditions and a stronger yen.

Sales of maleic anhydride decreased due to lower sales volume and a drop in sales prices accompanying lower raw materials costs.

Sales of resin modifiers fell due to a decline in sales prices that reflected lower raw materials costs, even though sales volume increased.

Sales of iodine compounds declined as a result of effects such as a decline in overseas market conditions and a stronger yen, despite increased sales volume.

Sales of polymers for concrete admixture and water-soluble polymers for raw materials of detergents decreased due to a lower sales volume and the yen appreciation.

Sales of resins for paints declined due to the product mix.

As a result, net sales in the functional chemicals segment fell 10.0% year-on-year to 159,961 million yen.

Operating profit decreased 43.4% year-on-year to 12,119 million yen. Although production and sale volume increased

For the Fiscal Year Ended March 31, 2017

and processing costs and selling, general, and administrative expenses decreased, factors contributing to the results included the effects of a contraction in the spread exceeding the above.

Environment & Catalysts

Sales of automotive catalysts decreased due to decreased sales prices that reflected the depreciation of sales prices of precious metals.

Sales of materials for lithium-ion batteries, fuel cell materials and wet oxidation catalysts rose due to higher sales volume.

Sales of process catalysts, De-NOx catalysts, dioxins decomposition catalysts and waste gas treatment catalysts fell due to lower sales volume.

As a result of the above, net sales in the environment & catalysts segment fell 4.5% year-on-year to 26,429 million yen.

Operating profit in the segment rose 20.6% year-on-year to 748 million yen, on account of an increase in sales volume of fuel cell materials and wet oxidation catalysts.

(2) Overview of Financial Position for FY 2016 (April 1, 2016 – March 31, 2017)

Total assets at the end of the current fiscal year increased 25,613 million yen from the end of the previous fiscal year to 433,610 million yen. Current assets decreased 11,173 million yen compared to the end of the previous fiscal year. Contributing factors included decline in cash and deposits and notes and accounts receivable - trade, etc. not entirely offset by increased raw materials and supplies. Non-current assets were 36,786 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 15,823 million yen compared to the end of the previous fiscal year to 141,335 million yen. This was due to issuance of bonds and increased notes and accounts payable - trade, despite the decreased long-term loans payable.

Net assets increased 9,790 million yen compared to the end of the previous fiscal year to 292,275 million yen. This was due to increased retained earnings and valuation difference on available-for-sale securities, despite progress in the appreciation of the yen causing foreign currency translation adjustment to decrease and a purchase of treasury shares.

Shareholders' equity ratio fell 1.7 percentage points, from 68.3% at the end of the previous fiscal year to 66.6%. Net assets per share increased 367.49 yen compared to the end of the previous fiscal year to 7,238.33 yen.

(3) Overview of Cash Flows for FY 2016

Cash and cash equivalents at the end of the current fiscal year decreased 12,355 million yen compared to the end of the previous fiscal year to 51,700 million yen, as cash flows used in investing activities including capital investment and cash flows used in financing activities outweighed cash flows provided by operating activities.

Cash flow from operating activities

Net cash provided by operating activities in the current fiscal year amounted to 37,474 million yen (53,264 million yen was provided in the previous fiscal year). This was due primarily to decreased profit before income taxes, which led to decreased inflows of 15,790 million yen compared to the previous fiscal year.

Cash flow from investing activities

Net cash used in investing activities totaled 44,515 million yen (12,963 million yen was used in the previous fiscal year). Outflows increased for the purchase of property, plant and equipment and the purchase of shares of subsidiaries and associates, which led to increased outflows of 31,552 million yen compared to the previous fiscal year.

Cash flow from financing activities

Net cash used in financing activities amounted to 3,533 million yen (20,012 million yen was used in the previous fiscal year). This was a decrease of 16,479 million yen in cash outflows compared to the previous fiscal year. Contributing

factors included the issuance of bonds, despite the purchase of treasury shares.

Cash flow indicators

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Shareholders' equity ratio	61.1%	59.3%	63.2%	68.3%	66.6%
Shareholders' equity ratio at market base	47.5%	62.1%	85.3%	57.0%	69.7%
Cash flow to debt ratio	2.4 years	4.0 years	2.0 years	1.0 years	1.5 years
Interest coverage ratio	39.5	27.7	52.6	123.7	87.2

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."

(4) Future Outlook

The Japanese economy is expected to remain on a moderate recovery trend, supported by an improvement in the employment environment and capital and public investment. Meanwhile, it is predicted that the management environment surrounding the Company will be unpredictable, owing to factors such as policy operation by the new administration in the United States, uncertainty in the political situation in Europe, and trends in the Chinese economy.

Under such conditions, projected earnings in the next fiscal year are based on exchange rates of 110 yen to the U.S. dollar and 115 yen to the euro, and naphtha prices of 42,000 yen/kl. Sales volumes are projected to increase centered around functional chemicals, and sales prices are expected to increase due to higher raw material prices. We therefore forecast consolidated net sales to increase 5.5% to 310,000 million yen (+16,030 million yen), with 150,000 million yen in the first half.

With regard to profits, the Company projections incorporate the expected effect of higher sales volumes that will lead to an increase in operating profit by 8.7%, to 23,000 million yen (+1,849 million yen), with 10,000 million yen in the first half. The Company projects an increase in ordinary profit by 5.4%, to 26,000 million yen (+1,336 million yen), with 12,000 million yen in the first half, assuming deterioration in non-operating profit and expenses due to factors such as a decrease in dividend income and share of profit of entities accounted for using equity method, as well as an increase in profit attributable to owners of parent by 0.7%, to 19,500 million yen (+139 million yen), with 9,000 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 profit	Net sales	Operating profit	Net sales	Operating profit
First-half forecasts	58.0	4.5	80.0	5.0	12.0	0.8
Second-half forecasts	62.0	5.0	85.0	8.0	13.0	0.0
Full-year forecasts	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.

(5) Basic Policy on the Distribution of Profits, and Dividends for FY 2016 and FY 2017

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, making strategic investment, and investing in 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 75 yen per share for FY 2016, taking into consideration the business environment, earnings results and future prospects for business growth. As a result, annual dividends will total 150 yen per share, for a consolidated payout ratio of 31.4%.

For FY 2017, based on the above basic policy, annual dividends are scheduled to be 150 yen (interim dividends of 75 yen and year-end dividends of 75 yen), taking into consideration the state of achievement of profit forecasts.

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” and the 1st medium-term business plan which is the action plan for the initial three years under its mission, management commitment and its corporate credo. The Group has now formulated medium-term business plan “Reborn Nippon Shokubai 2020 NEXT,” which spans the period from fiscal 2017 to fiscal 2020.

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

We defined the long-term Vision for 2025 and we have set the target for 2020 as a milestone for the Vision for 2025.

“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, and launching new products to the market quickly.

[Review of the 1st medium-term business plan and business environment analysis]

Consolidated business results for the three years of the 1st medium-term business plan continued favorable performance in fiscal 2014, the first year of the plan, and in fiscal 2015, the second year of the plan, and while net sales fell short of targets in fiscal 2015 due to lower raw material prices, etc., profits posted record-high earnings, and the Company achieved its target profits under the plan one year ahead of schedule. However, conditions changed rapidly in fiscal 2016, the third year of the plan, and in addition to further declines in raw material prices, a deterioration in the business environment of mainstay acrylic acid and superabsorbent polymers had an effect, causing both sales and profits to fall short of targets. Furthermore, growth was insufficient in new businesses as well.

Concerning business conditions, as profitability declines due to intensifying competition in the acrylic acid and superabsorbent polymers business as described above, challenges toward improving profitability and strengthening competitiveness are high priorities. Meanwhile, advancing the early launch of new businesses and quickly bringing new products to market will require maximization of our comprehensive strength not only in research and development divisions, but through cooperation among marketing divisions that understand customer needs (marketing), production and management divisions that are tasked with speedily creating marketable products and reducing costs (production technologies).

Additionally, various changes are underway in the external environment surrounding the Company, such as the United Kingdom’s exit from the EU, the launch of the Trump administration in the United States, intensifying competition with South Korean, Taiwanese, and Chinese manufacturers at the forefront, and significant volatility in raw materials prices and exchange rates, with the intensity growing year by year. In addition, alongside various societal changes such as social issues surrounding global population growth, which include natural resources, energy, and the environment, market needs also continue to shift, making it a necessity to predict and be sensitive to environmental changes, ultimately capturing growth markets and sectors at an early stage.

[The 2nd medium-term business plan “Reborn Nippon Shokubai 2020 NEXT”]

Upon implementation of a review and business environment analysis of the 1st medium-term business plan, the 2nd medium-term business plan “Reborn Nippon Shokubai 2020 NEXT” is a specific action plan to achieve targets for 2020 as part of realizing the goals of Vision for 2025.

Toward realizing the targets for 2020, “Reborn Nippon Shokubai 2020 NEXT” holds “Focusing on profitability over sales” and “Safe, reliable production activities” as business policies to achieve the priority challenges of “Survival of superabsorbent polymer business” and “Launch of new businesses in high-growth potential markets for our future key driver.” To this end, all vectors will be concentrated on the basic posture of “Create products and services which market needs, and provide the products and the services when market needs” to accomplish the Group mission of “TechnoAmenity: providing affluence and comfort to people and society, with our unique technology.”

Additionally, during execution of the plan, through all employees acting with a sense of impending crisis and consciousness (“think and act on your own”) and achieving the goals set forth, the Company will work to realize “a company* that everybody can be proud of.” Furthermore, during fiscal 2020, the final year of the 2nd medium-term business plan, the Company aims to be in a position to prospect further strong Group growth for next ten years.

- * 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

[Group mission, management commitment and corporate credo]

Nippon Shokubai Group mission, management commitment and corporate credo will be held firm.

<p>Nippon Shokubai Group Mission</p> <p>TechnoAmenity</p> <p>Providing affluence and comfort to people and society, with our unique technology</p>	<p>Corporate Credo</p> <p>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. 	

[Vision for 2025]

Portions of Vision 2025, which was stipulated in the “Reborn Nippon Shokubai 2020,” the long-term business plan, have been redefined.

◆ 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) Existing businesses, such as EO (ethylene oxide and its derivatives), AA/SAP (acrylic acid and its derivatives including superabsorbent polymer) etc., will be strengthened more. Performance chemicals, new energy materials, health and medical materials and/or any other new businesses* will contribute more to corporate profit. As a result, these expected businesses will be expanded much more and be higher position in comparison to the existing businesses.

*New businesses: businesses in the market which we could not enter into yet, or businesses in the market which is not formed yet.

- 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

◆ Corporate strategy

In the 2nd medium-term business plan “Reborn Nippon Shokubai 2020 NEXT,” the Company will work toward achieving the plan via the following business policies, priority challenge and basic posture.

Business policies	<ul style="list-style-type: none"> • Focusing on profitability over sales • Safe, reliable production activities
Priority challenge	<ul style="list-style-type: none"> • Survival of superabsorbent polymer business • Launch of new businesses in high-growth potential markets for our future key driver
Basic posture	<ul style="list-style-type: none"> • Create products and services which market needs, and provide the products and the services when market needs.

◆ Targets for 2020

In consideration of significant changes in conditions assumed when the long-term business plan was formulated, the targets for 2020 have been reset as a milestone for the Vision for 2025.

Management Indexes and Numerical Targets

(Unit: Billion yen)

	Sales	Ordinary profit	ROA ¹	Sales for new products ² in existing businesses	Sales for new businesses
FY2020 target figures	400	40	7.5%	39	38

1 Return of assets (ROA), ratio of ordinary profit to total assets. As the Company mainly uses large-scale production equipment, it has heretofore placed importance on profitability and asset efficiency, and the Company thus uses ROA, which consists of the ratio of ordinary profit 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 polymer.

◆ Strategies by Business area

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

Basic Chemicals	Ethylene oxide (EO) business	We strengthen our competitiveness by structural reform of our EO plant such as partnership with other company.
	Acrylic business	We aim to be a leading global player through active sales and marketing.
Functional Chemicals	Superabsorbent polymer business	We supply products with a high quality and competitive price to strategic-partner customers.
	Functional chemicals business	We expand sales of unique and functional products.
Environment & Catalysts	New energy materials/catalyst business	We expand sales of various battery materials manufactured at competitive large-scale facility.
New businesses	Health and Medical business	We consistently support drug development in certain categories.
	New businesses	We establish a new business (model) in high-growth potential markets and genres by the use of our strengths.

◆ Investing in management resources

To strengthen existing businesses and launch new businesses in high-growth potential markets to realize our future key driver, investments will be made in the following management resources.

	Capital investment	Strategic investment	R&D expenses	Employees as of the end of FY2020
Fiscal 2017 to Fiscal 2020 Plan (4 years cumulative total)	90 billion yen	60 billion yen	57 billion yen	4,600

◆ Policies to priority challenge

To meet targets for 2020, while steadily executing basic strategies in each business, investment in management resources will be prioritized with focus on “Strengthen competitiveness of superabsorbent polymer business” and “Accelerate creation of new businesses and products” as measures toward the priority challenge.

(1) Strengthen competitiveness of superabsorbent polymer business

For the superabsorbent polymer business to survive, fundamental improvement in profitability and strengthening of competitiveness will be required, and as specific measures, all employees companywide will advance the “SAP* Survival project,” which seeks large-scale cost reductions and gains in competitiveness through cost reductions across the entire supply chain and reduction of the amount of capital investment via new processes, and “strengthening development capability,” which will focus personnel assignment in research, technology, and manufacturing.

*SAP: Superabsorbent polymer

(2) Accelerate creation of new businesses and products

To accelerate creation of new businesses and products, further attention will be paid to market needs, and to work toward launch of new businesses in high-growth potential markets for our future key driver, fundamental strategic shifts will be made.

As specific measures, with the corporate philosophy and the Company’s reason for being at the core and from among new business sector candidates that had been previously under consideration, the Company considered potential markets, familiarity, and social issues, and chose three business sectors as our new business fields, namely, (1) ICT, (2) Life Sciences and (3) Energy and Environment, for the creation of new businesses. Additionally, efforts will be made to implement reforms to transition to an organizational structure that emphasizes business development.

◆ Target to continuous growth

To strengthen the management foundation toward achieving continuous growth of the Group, and also in review of the 1st medium-term business plan, the entire company will work toward the following issues.

(1) Develop an active corporate team and organization

As personnel strategy and in order to secure and develop personnel over the long term toward realizing Vision

For the Fiscal Year Ended March 31, 2017

for 2025, the Company's "personnel and organizational target" was defined. In addition, to secure human resources to support the Company's growth, various measures will be implemented with the objectives such as reducing workloads. Furthermore, efforts will continue in making reforms to create an organizational atmosphere that promotes active discussion and challenges.

(2) Enhance the confidence of stakeholders

Toward "regeneration into a chemical company that is trusted by society," while further strengthening internal structures such as safe and stable operation on the manufacturing plant floor and compliance, the Company will exchange views with various stakeholders to implement continuous CSR (corporate social responsibility) activities to increase corporate value.

(3) Strengthen Group management

By implementing selection and concentration in businesses and products and spreading knowledge of the Group mission, deeper ties will be made among the various group companies to make better use of the various management resources that each company has accumulated over time.

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.

For the Fiscal Year Ended March 31, 2017

5. Consolidated Financial Statements**(1) Consolidated Balance sheets**

(Unit: Millions of yen)

	FY 2015 As of Mar. 31, 2016	FY 2016 As of Mar. 31, 2017
Assets		
Current assets		
Cash and deposits	69,172	56,139
Notes and accounts receivable - trade	64,936	64,201
Merchandise and finished goods	27,884	28,162
Work in process	5,574	6,315
Raw materials and supplies	15,549	16,632
Deferred tax assets	3,218	3,154
Other	9,367	9,916
Allowance for doubtful accounts	-18	-11
Total current assets	195,682	184,509
Non-current assets		
Property, plant and equipment		
Buildings and structures	99,559	105,916
Accumulated depreciation	-63,044	-65,278
Accumulated impairment loss	-1,184	-1,407
Buildings and structures, net	35,331	39,231
Machinery, equipment and vehicles	348,849	353,624
Accumulated depreciation	-278,697	-288,464
Accumulated impairment loss	-2,847	-2,896
Machinery, equipment and vehicles, net	67,306	62,263
Tools, furniture and fixtures	18,699	19,812
Accumulated depreciation	-15,828	-16,470
Accumulated impairment loss	-113	-111
Tools, furniture and fixtures, net	2,758	3,230
Land	33,084	32,607
Leased assets	616	580
Accumulated depreciation	-417	-414
Leased assets, net	199	166
Construction in progress	7,911	25,664
Total property, plant and equipment	146,588	163,160
Intangible assets		
Other	3,999	3,877
Total intangible assets	3,999	3,877
Investments and other assets		
Investment securities	49,208	65,760
Investments in capital	3,735	3,265
Long-term loans receivable	1,337	1,172
Deferred tax assets	1,341	1,868
Net defined benefit asset	3,529	7,298
Other	2,645	2,767
Allowance for doubtful accounts	-67	-66
Total investments and other assets	61,728	82,064
Total non-current assets	212,315	249,101
Total assets	407,997	433,610

(Unit: Millions of yen)

	FY 2015 As of Mar. 31, 2016	FY 2016 As of Mar. 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	39,310	44,615
Short-term loans payable	13,186	9,976
Current portion of long-term loans payable	8,195	11,583
Lease obligations	25	25
Income taxes payable	4,507	3,378
Provision		
Provision for bonuses	3,273	3,065
Provision for directors' bonuses	188	159
Provision for repairs	2,436	2,525
Total provisions	5,896	5,750
Other	9,934	11,520
Total current liabilities	81,053	86,845
Non-current liabilities		
Bonds payable	-	10,000
Long-term loans payable	29,166	26,374
Lease obligations	108	83
Deferred tax liabilities	1,628	4,971
Net defined benefit liability	12,568	12,072
Other	988	989
Total non-current liabilities	44,458	54,489
Total liabilities	125,511	141,335
Net assets		
Shareholders' equity		
Capital stock	25,038	25,038
Capital surplus	22,395	22,396
Retained earnings	216,224	229,092
Treasury shares	-1,010	-6,249
Total shareholders' equity	262,648	270,277
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,613	12,247
Deferred gains or losses on hedges	16	11
Foreign currency translation adjustment	11,474	6,153
Remeasurements of defined benefit plans	-2,916	-16
Total accumulated other comprehensive income	16,187	18,395
Non-controlling interests	3,651	3,604
Total net assets	282,485	292,275
Total liabilities and net assets	407,997	433,610

For the Fiscal Year Ended March 31, 2017

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

(Unit: Millions of yen)

	FY 2015	FY 2016
	Apr. 1, 2015 to Mar. 31, 2016	Apr. 1, 2016 to Mar. 31, 2017
Net sales	323,124	293,970
Cost of sales	253,123	233,499
Gross profit	70,001	60,471
Selling, general and administrative expenses	38,767	39,319
Operating profit	31,234	21,151
Non-operating income		
Interest income	215	200
Dividend income	1,037	1,256
Share of profit of entities accounted for using equity method	2,458	2,150
Real estate rent	1,176	1,108
Royalty income and technical support fee	350	347
Miscellaneous income	1,086	1,085
Total non-operating income	6,322	6,148
Non-operating expenses		
Interest expenses	440	445
Technology transfer study related expenses	592	267
Foreign exchange losses	1,270	630
Depreciation	134	151
Taxes and dues	250	246
Loss on disposal of non-current assets	168	164
Loss on retirement of non-current assets	36	47
Miscellaneous loss	324	684
Total non-operating expenses	3,214	2,635
Ordinary profit	34,342	24,664
Extraordinary income		
Gain on sales of investment securities	-	1,199
Gain on sales of non-current assets	-	136
State subsidy	318	3
Gain on sales of shares of subsidiaries and associates	620	-
Total extraordinary income	938	1,339
Extraordinary losses		
Loss on closing of laboratory	-	797
Loss on liquidation of business	-	159
Loss on valuation of investment securities	-	115
Loss on reduction of non-current assets	292	3
Other	-	457
Total extraordinary losses	292	1,531
Profit before income taxes	34,988	24,471
Income taxes - current	7,429	5,630
Income taxes - deferred	1,445	-519
Total income taxes	8,874	5,112
Profit	26,113	19,359
Profit (loss) attributable to non-controlling interests	110	-2
Profit attributable to owners of parent	26,003	19,361

For the Fiscal Year Ended March 31, 2017

Consolidated Statements of Comprehensive Income

	(Unit: Millions of yen)	
	FY 2015	FY 2016
	Apr. 1, 2015 to Mar. 31, 2016	Apr. 1, 2016 to Mar. 31, 2017
Profit	26,113	19,359
Other comprehensive income		
Valuation difference on available-for-sale securities	-3,046	4,640
Deferred gains or losses on hedges	-11	-6
Foreign currency translation adjustment	-844	-4,526
Remeasurements of defined benefit plans, net of tax	-2,777	2,980
Share of other comprehensive income of entities accounted for using equity method	-766	-913
Total other comprehensive income	-7,443	2,176
Comprehensive income	18,671	21,535
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,579	21,569
Comprehensive income attributable to non-controlling interests	92	-34

For the Fiscal Year Ended March 31, 2017

(3) Consolidated Statements of Changes in Equity

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
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 ownership interest of parent due to transactions with non-controlling interests		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
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 ownership interest of parent due to transactions with non-controlling interests							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

Fiscal year ended Mar. 31, 2017 (Apr. 1, 2016 to Mar. 31, 2017)

(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	22,395	216,224	-1,010	262,648
Changes of items during period					
Dividends of surplus			-6,493		-6,493
Profit attributable to owners of parent			19,361		19,361
Purchase of treasury shares				-5,239	-5,239
Disposal of treasury shares		0		0	0
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	12,868	-5,239	7,629
Balance at end of current period	25,038	22,396	229,092	-6,249	270,277

	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	7,613	16	11,474	-2,916	16,187	3,651	282,485
Changes of items during period							
Dividends of surplus							-6,493
Profit attributable to owners of parent							19,361
Purchase of treasury shares							-5,239
Disposal of treasury shares							0
Change in ownership interest of parent due to transactions with non-controlling interests							-
Net changes of items other than shareholders' equity	4,634	-6	-5,321	2,900	2,208	-47	2,161
Total changes of items during period	4,634	-6	-5,321	2,900	2,208	-47	9,790
Balance at end of current period	12,247	11	6,153	-16	18,395	3,604	292,275

For the Fiscal Year Ended March 31, 2017

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FY 2015 Apr. 1, 2015 to Mar. 31, 2016	FY 2016 Apr. 1, 2016 to Mar. 31, 2017
Cash flows from operating activities		
Profit before income taxes	34,988	24,471
Depreciation	17,875	17,957
Loss (gain) on sales of investment securities	-	-1,199
Gain on sales of non-current assets	-	-136
Subsidy income	-318	-3
Loss on closing of laboratory	-	797
Loss on liquidation of business	-	159
Loss (gain) on valuation of investment securities	-	115
Loss on reduction of non-current assets	292	3
Loss (gain) on sales of shares of subsidiaries and associates	-620	-
Decrease (increase) in net defined benefit asset	-1,435	-1,153
Increase (decrease) in net defined benefit liability	1	245
Interest and dividend income	-1,252	-1,456
Interest expenses	440	445
Share of (profit) loss of entities accounted for using equity method	-2,458	-2,150
Decrease (increase) in notes and accounts receivable - trade	7,476	53
Decrease (increase) in inventories	5,176	-2,796
Increase (decrease) in notes and accounts payable - trade	-6,155	6,712
Increase (decrease) in accrued consumption taxes	650	-726
Other, net	4,221	563
Subtotal	58,880	41,901
Interest and dividend income received	2,425	2,847
Interest expenses paid	-431	-430
Proceeds from subsidy income	318	3
Income taxes paid	-7,928	-6,847
Net cash provided by (used in) operating activities	53,264	37,474
Cash flows from investing activities		
Purchase of property, plant and equipment	-13,311	-36,228
Proceeds from sales of property, plant and equipment	103	150
Purchase of intangible assets	-495	-320
Purchase of investment securities	-730	-558
Proceeds from sales of investment securities	447	1,260
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	211	-
Purchase of shares of subsidiaries and associates	-22	-9,588
Collection of investments in capital	538	408
Collection of loans receivable	736	127
Other, net	-440	236
Net cash provided by (used in) investing activities	-12,963	-44,515

(Unit: Millions of yen)

	FY 2015 Apr. 1, 2015 to Mar. 31, 2016	FY 2016 Apr. 1, 2016 to Mar. 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-7,179	-3,035
Proceeds from long-term loans payable	1,000	9,262
Repayments of long-term loans payable	-7,491	-7,999
Proceeds from issuance of bonds	-	10,000
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-952	-
Purchase of treasury shares	-54	-5,239
Cash dividends paid	-5,276	-6,493
Dividends paid to non-controlling interests	-32	-13
Other, net	-27	-15
Net cash provided by (used in) financing activities	-20,012	-3,533
Effect of exchange rate change on cash and cash equivalents	-571	-1,781
Net increase (decrease) in cash and cash equivalents	19,719	-12,355
Cash and cash equivalents at beginning of period	44,336	64,055
Cash and cash equivalents at end of period	64,055	51,700

5) Notes Concerning Consolidated Financial Statements

【Going Concern Assumption】

Not applicable.

【Segment Information】

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

(Unit: Millions of yen)

	Reportable segments				Adjustment (Note 1)	Consolidation (Note 2)
	Basic chemicals	Functional chemicals	Environment & catalysts	Total		
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
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

For the Fiscal Year Ended March 31, 2017

(investments in securities) amounting to 38,325 million yen.

2. Segment income is adjusted for operating profit 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, 2017 (Apr. 1, 2016 to Mar. 31, 2017)

(Unit: Millions of yen)

	Reportable segments				Adjustment (Note 1)	Consolidation (Note 2)
	Basic chemicals	Functional chemicals	Environment & catalysts	Total		
Net sales						
(1) Sales to third parties	107,580	159,961	26,429	293,970	—	293,970
(2) Intergroup sales and transfers	29,311	4,877	725	34,913	-34,913	—
Total	136,891	164,838	27,155	328,883	-34,913	293,970
Segment Income	8,207	12,119	748	21,074	77	21,151
Segment Assets	132,191	227,037	29,330	388,558	45,051	433,610
Other Items (Note 3)						
Depreciation and Amortization	9,359	8,572	570	18,501	—	18,501
Increase in Tangible and Intangible Fixed Assets	6,905	28,753	2,792	38,450	—	38,450

Notes: 1. Below is a description of adjustments.

(1) The “Segment Income” adjustment refers to inter-segment transaction eliminations amounting to 77 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 45,051 million yen.

2. Segment income is adjusted for operating profit 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.”

【Information concerning impairment loss of noncurrent assets by reporting segment】**Fiscal year ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)**

Not applicable.

Fiscal year ended Mar. 31, 2017 (Apr. 1, 2016 to Mar. 31, 2017)

(Unit: Millions of yen)

	Reporting segment			Elimination or corporate	Total
	Basic chemicals	Functional chemicals	Environment & catalysts		
Impairment loss	19	108	-	716	844

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

Fiscal year ended Mar. 31, 2017 (Apr. 1, 2016 to Mar. 31, 2017)

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas sales	62,473	36,891	32,331	12,332	144,027
II. Consolidated sales					293,970
III. Overseas sales to consolidated sales	21.3%	12.5%	11.0%	4.2%	49.0%

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.

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【Per Share Information】

Net assets per share and the basis for calculation, and basic earnings per share and the basis for calculation are as follows.

FY 2015 ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)		FY 2016 ended Mar. 31, 2017 (Apr. 1, 2016 to Mar. 31, 2017)	
Net assets per share	6,870.84 yen	Net assets per share	7,238.33 yen
Basic earnings per share	640.69 yen	Basic earnings per share	478.36 yen

Notes:

1. Diluted earnings per share is not shown since there are no dilutive shares.
2. 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 conducted the reverse stock split on the beginning of previous fiscal year.
3. The basis for calculation of net assets per share is as follows.

	As of Mar. 31, 2016	As of Mar. 31, 2017
Total net assets (Millions of yen)	282,485	292,275
Deductions from net assets (Millions of yen)	3,651	3,604
[Attributable to minority interests]	[3,651]	[3,604]
Net assets applicable to common stock (Millions of yen)	278,835	288,672
Number of shares of common stock used in calculation of net assets per share (Thousands of shares)	40,582	39,880

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

	FY 2015 ended Mar. 31, 2016 (Apr. 1, 2015 to Mar. 31, 2016)	FY 2016 ended Mar. 31, 2017 (Apr. 1, 2016 to Mar. 31, 2017)
Net income (Millions of yen)	26,003	19,361
Amount not attributable to general shareholders (Millions of yen)	—	—
Net income applicable to common stock (Millions of yen)	26,003	19,361
Averages number of shares of common stock during the period (Thousands of shares)	40,585	40,474

【Significant Subsequent Events】

Not applicable

For the Fiscal Year Ended March 31, 2017

7. Supplementary Material

Trend of Results and Key Management Indicators, and Features of FY 2017

(Unit: Millions of yen)

	FY 2014		FY 2015		FY 2016		FY 2017 (Forecast)		Change	
	Amount	YoY	Amount	YoY	Amount	YoY	Amount	YoY	FY2016-FY2015	FY2017-FY2016
Net sales	[1.59]		[1.53]		[1.50]		[1.48]			
Consolidated	374,873	24.1%	323,124	-13.8%	293,970	-9.0%	310,000	5.5%	-29,154	16,030
Non-consolidated	236,227	27.2%	211,368	-10.5%	196,195	-7.2%	210,000	7.0%	-15,173	13,805
Operating profit	[1.73]		[1.59]		[1.35]		[1.31]			
Consolidated	26,133	90.0%	31,234	19.5%	21,151	-32.3%	23,000	8.7%	-10,083	1,849
Non-consolidated	15,124	118.4%	19,628	29.8%	15,661	-20.2%	17,500	11.7%	-3,967	1,839
Ordinary profit	[1.35]		[1.22]		[1.01]		[1.08]			
Consolidated	29,941	79.9%	34,342	14.7%	24,664	-28.2%	26,000	5.4%	-9,678	1,336
Non-consolidated	22,164	89.4%	28,094	26.8%	24,341	-13.4%	24,000	-1.4%	-3,753	-341
Profit *	[1.34]		[1.22]		[0.99]		[1.05]			
Consolidated	19,089	81.7%	26,003	36.2%	19,361	-25.5%	19,500	0.7%	-6,642	139
Non-consolidated	14,248	70.7%	21,343	49.8%	19,467	-8.8%	18,500	-5.0%	-1,876	-967
Share of profit of entities accounted for using equity method	1,259		2,458		2,150		1,964		-308	-186
Profit attributable to non-controlling interests	181		110		-2		39		112	-41
Total assets	[1.39]		[1.35]		[1.32]		[1.32]			
Consolidated	419,634	5.3%	407,997	-2.8%	433,610	6.3%	450,000	3.8%	25,613	16,390
Non-consolidated	301,487	3.4%	301,914	0.1%	329,121	9.0%	340,000	3.3%	27,207	10,879
Net assets	[1.28]		[1.26]		[1.24]		[1.23]			
Consolidated	270,128	11.5%	282,485	4.6%	292,275	3.5%	306,035	4.7%	9,790	13,760
Non-consolidated	210,874	8.5%	223,920	6.2%	236,166	5.5%	248,684	5.3%	12,246	12,518
ROA									Point	Point
Consolidated		7.3%		8.3%		5.9%		5.9%	-2.4	0.0
Non-consolidated		7.5%		9.3%		7.7%		7.2%	-1.6	-0.5
ROE									Point	Point
Consolidated		7.6%		9.6%		6.8%		6.6%	-2.8	-0.2
Non-consolidated		7.0%		9.8%		8.5%		7.6%	-1.3	-0.9
Capital investment	[1.33]		[1.69]		[2.47]		[2.31]			
Consolidated	12,346	-50.8%	15,156	22.8%	37,289	146.0%	30,000	-19.5%	22,133	-7,289
Non-consolidated	9,268	-41.9%	8,979	-3.1%	15,102	68.2%	13,000	-13.9%	6,123	-2,102
Depreciation	[1.75]		[1.67]		[1.61]		[1.63]			
Consolidated	18,971	11.6%	17,875	-5.8%	17,957	0.5%	17,700	-1.4%	82	-257
Non-consolidated	10,823	0.4%	10,714	-1.0%	11,182	4.4%	10,850	-3.0%	468	-332
Research and development expenses	[1.06]		[1.07]		[1.07]		[1.06]			
Consolidated	11,948	7.0%	12,303	3.0%	13,283	8.0%	13,800	3.9%	979	517
Non-consolidated	11,230	7.2%	11,551	2.9%	12,392	7.3%	13,000	4.9%	840	608

The figures in bracket represent the consolidated-parent ratio.

* Profit attributable to owners of parent

Comparison of FY 2017 (forecast) with FY 2016

Sales up, profits up: Sales volume is projected to grow mainly in functional chemicals, and due to increased selling prices along with increased costs of raw materials, sales go up.

Profits are forecast to increase due to the effects of higher sales volume.

		Major components
Net sales	+16.0 bil. yen YoY	<ul style="list-style-type: none"> • Increase in sales of basic chemicals and functional chemicals > decrease in sales of environment and catalyst segment • Net sales are projected to increase as sales volume is forecast to increase, centered on functional chemicals, and due to higher selling prices in line with higher costs of raw materials in both basic chemicals and functional chemicals
Operating profit	+1.8 bil. yen YoY	<ul style="list-style-type: none"> • Mainly, increase in sales volume
Ordinary profit	+1.3 bil. yen YoY	<ul style="list-style-type: none"> • Decrease in dividend income and decrease in share of profit of entities accounted for using equity method
Profit attributable to owners of parent	+0.1 bil. yen YoY	<ul style="list-style-type: none"> • Increase in income taxes