

For the Second Quarter of the Fiscal Year Ending March 31, 2019

\* This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.

**Summary of Consolidated Financial Results**  
**For the Second Quarter of the Fiscal Year Ending March 31, 2019**  
**(Six Months Ended September 30, 2018)**

November 6, 2018

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: Atsushi Tabata, General Manager of General Affairs Dept. Phone: +81-6-6223-9111  
 Scheduled quarterly report filing date: November 12, 2018  
 Scheduled date of dividend payment: December 5, 2018  
 Supplementary quarterly materials prepared: Yes  
 Quarterly results information meeting held: Yes (for securities analysts and institutional investors)

(Figures are rounded off to the nearest million yen)

**1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2019 (here after FY 2018) (from April 1, 2018 to September 30, 2018)**

## (1) Consolidated operating results (cumulative)

(Percentages represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Sep. 30, 2018	177,395	11.5	13,054	-7.0	17,191	2.8	12,928	7.6
Six months ended Sep. 30, 2017	159,037	15.0	14,033	46.4	16,723	52.3	12,013	41.3

Note: Comprehensive income (millions of yen): Six months ended Sep. 30, 2018: 16,803 5.6%  
 Six months ended Sep. 30, 2017: 15,906 - %

	Basic earnings per share	Diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2018	324.19	-
Six months ended Sep. 30, 2017	301.23	-

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Sep. 30, 2018	472,706	323,559	67.8	8,037.97
As of Mar. 31, 2018	467,386	310,762	65.7	7,705.05

Reference: Shareholders' equity (millions of yen): As of Sep. 30, 2018: 320,541  
 As of Mar. 31, 2018: 307,271

**2. Dividends**

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2017	-	75.00	-	85.00	160.00
FY 2018	-	80.00			
FY 2018 (forecast)			-	80.00	160.00

Note: Revisions to dividends forecast during the period: No

**3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2019  
(from April 1, 2018 to March 31, 2019)**

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	370,000	14.6	26,000	-2.7	32,500	0.6	24,500	0.9	614.36

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

**※Notes**

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

(2) Application of simplified accounting methods and accounting methods peculiar to the preparation of quarterly consolidated financial statements: None

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

1) Changes in accounting policies due to amendment of accounting standards: None

2) Other changes in accounting policies: None

3) Changes in accounting estimates: None

4) Restatements: None

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

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

Sep. 30, 2018: 40,800,000 shares      Mar. 31, 2018: 40,800,000 shares

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

Sep. 30, 2018: 921,626 shares      Mar. 31, 2018: 920,844 shares

3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2018: 39,878,783 shares      Six months ended Sep. 30, 2017: 39,880,663 shares

**※Indication regarding execution of audit procedures**

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

**※Appropriate use of business forecasts; other special items**

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

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

### (1) Consolidated Operating Results

The world economy in the first half of the current fiscal year saw the United States economy continuing to recover, the situation in Europe also recovering moderately, and a pickup continuing in China and other emerging countries in Asia. Meanwhile, the outlook remained uncertain due to the effect of protectionist trade policies in the United States and trends in crude oil conditions.

As for the Japanese economy, the country saw a moderate recovery due primarily to an increase in capital investment and steady improvement in employment conditions.

In the chemicals industry, although costs of raw materials are tracking upwards, the business environment was generally firm, supported by steady demand.

#### 1) Overview

(Unit: Millions of yen)

	Six months ended Sep. 30, 2017	Six months ended Sep. 30, 2018	Change		FY2017
			(Amount)	(% growth)	
Net sales	159,037	177,395	18,359	11.5%	322,801
Operating profit	14,033	13,054	-979	-7.0%	26,727
Ordinary profit	16,723	17,191	467	2.8%	32,293
Profit attributable to owners of parent	12,013	12,928	915	7.6%	24,280
Basic earnings per share	301.23 yen	324.19 yen	22.96 yen	7.6%	608.84 yen
ROA (Return on Assets)	7.5%	7.3%	-	-0.2 points	7.2%
ROE (Return on Equity)	8.1%	8.2%	-	0.1 points	8.1%
Foreign exchange rates (\$ and EUR)	\$=¥111.05 EUR=¥126.32	\$=¥110.27 EUR=¥129.79		-0.78 yen 3.47 yen	\$=¥110.82 EUR=¥129.70
Naphtha price	37,600 yen/kl	51,100 yen/kl		13,500 yen/kl	41,900 yen/kl

Notes:

- The ROA and ROE figures shown for each six-month period are annualized.
- As the Company applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28; February 16, 2018), etc., from the beginning of the first quarter of the current fiscal year, ROA for the six months ended September 30, 2017 and ROA for the previous fiscal year are calculated by using the amounts determined after retrospective adoption of said amendments, etc.

Under these conditions, the Group’s consolidated net sales in the first half of the current fiscal year increased 11.5% year-on-year to 177,395 million yen, up 18,359 million yen. Contributing factors included a revision in sales prices in line with rising raw material costs and market conditions for products outside of Japan, as well as increased sales volume.

With regard to profits, despite increased production and sales volume resulting in volume effects, operating profit fell 7.0% year-on-year to 13,054 million yen, down 979 million yen due to a contraction in the spread owing to a hike in raw material costs in excess of the increase in sales prices.

Non-operating income increased 1,446 million yen due to increased share of profit of entities accounted for using equity method. As a result, ordinary profit was up 2.8% year-on-year to 17,191 million yen, up 467 million yen.

Consequently, profit attributable to owners of parent rose 7.6% year-on-year to 12,928 million yen, up 915 million yen.

#### 2) Segment Summary

##### Basic Chemicals

Sales of acrylic acids and acrylates increased due to a revision in sales prices accompanying rising raw material costs and market conditions for products outside of Japan, as well as increased sales volume.

Sales of ethylene oxide increased due to a revision in sales prices accompanying higher raw material costs and increased sales volume.

Sales of ethylene glycol decreased due to lower sales volume, despite a revision in sales prices accompanying rising

market conditions for products outside Japan.

Sales of ethanolamine decreased due to lower sales volume, despite a revision in sales prices accompanying higher raw material costs.

Sales of secondary alcohol ethoxylates increased due to increased sales volume and a revision in sales prices accompanying higher raw material costs.

As a result of the above, net sales in the basic chemicals segment increased 13.5% year-on-year to 65,172 million yen.

Operating profit fell 9.2% year-on-year to 5,816 million yen. This was due to factors such as a contraction in the spread and an increase in selling, general, and administrative expenses, despite the product mix resulting in volume effects.

### **Functional Chemicals**

Sales of superabsorbent polymers increased due to increased sales volume, in addition to a revision in sales prices accompanying higher raw material costs.

Sales of polymers for concrete admixture, water-soluble polymers for raw materials of detergents, resins for paints, adhesive products and electronic information material increased due to higher sales volume.

Sales of special acrylates increased due to a revision in sales prices accompanying rising raw material costs and market conditions for products outside of Japan, despite lower sales volume.

Sales of maleic anhydride increased due to revisions to sale prices, despite lower sales volume.

Sales of ethyleneimine derivatives and resin modifiers declined due to lower sales volume.

Sales of iodine compounds increased due to the product mix, despite lower sales volume.

As a result, net sales in the functional chemicals segment rose 12.7% year-on-year to 97,791 million yen.

Operating profit fell 0.3% year-on-year to 7,247 million yen. This was due to factors such as a contraction in the spread, despite increased production and sales volume and decreased selling, general, and administrative expenses.

### **Environment & Catalysts**

Sales of automotive catalysts increased due to the appreciation of sales prices of precious metals, despite lower sales volume.

Sales of De-NO<sub>x</sub> catalysts increased due to higher sales volume.

Sales of materials for lithium-ion batteries increased due to the product mix.

Sales of process catalysts, waste gas treatment catalysts, wet oxidation catalysts and fuel cell materials fell due to lower sales volume.

As a result of the above, net sales in the environment and catalysts segment fell 2.6% year-on-year to 14,432 million yen.

Operating profit decreased by 760 million yen year-on-year and posted a deficit of 92 million yen, on account of lower sales volume of process catalysts.

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

As the Company applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28; February 16, 2018), etc., from the beginning of the first quarter of the current fiscal year, year-on-year comparisons and analyses in the financial position are presented by using the amounts determined after retrospective adoption of said amendments, etc.

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

Total assets at the end of the first half of the current fiscal year were up 5,320 million yen from the end of the previous fiscal year to 472,706 million yen. Current assets decreased 1,116 million yen compared to the end of the previous fiscal year. Contributing factors included a decrease in cash and deposits, despite an increase in notes and accounts receivable – trade due to a revision in sales prices accompanying rising raw material costs. Non-current assets were 6,436 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.

For the Second Quarter of the Fiscal Year Ending March 31, 2019

Liabilities decreased by 7,478 million yen compared to the end of the previous fiscal year to 149,147 million yen. This was due to decreases in notes and accounts payable – trade and loans payable.

Net assets increased by 12,797 million yen compared to the end of the previous fiscal year to 323,559 million yen. This was due to increases in retained earnings and foreign currency translation adjustment due to the weakening yen.

Shareholders' equity ratio rose 2.1 percentage points, from 65.7% at the end of the previous fiscal year to 67.8%. Net assets per share increased 332.92 yen compared to the end of the previous fiscal year to 8,037.97 yen.

## 2) Cash Flows

Cash and cash equivalents at the end of the first half of the current fiscal year were down 8,292 million yen compared to the end of the previous fiscal year, to 43,320 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 first half of the current fiscal year amounted to 9,794 million yen (19,022 million yen was provided in the same period of the previous fiscal year). This was due to a decrease in notes and accounts payable - trade, which was settled during the first half of the current fiscal year primarily because the last day of the previous fiscal year fell on a bank holiday, and an increase in income taxes paid, which led to decreased inflows of 9,228 million yen compared to the same period of the previous fiscal year.

### Cash flow from investing activities

Net cash used in investing activities totaled 12,536 million yen (15,557 million yen was used in the same period of the previous fiscal year). Outflows decreased for the purchase of property, plant and equipment compared to the same period of the previous fiscal year, which led to decreased outflows of 3,022 million yen compared to the same period of the previous fiscal year.

### Cash flow from financing activities

Net cash used in financing activities amounted to 6,140 million yen (352 million yen was provided in the same period of the previous fiscal year). This was a decrease of 6,492 million yen compared to the same period of the previous fiscal year, owing to a decrease in proceeds from long-term loans payable.

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

Although first half results exceeded targets, forecasting a contraction in the spread due to a rise in naphtha prices during the second half, the Group has revised its initial forecasts for net sales and operating profit (announced on May 8, 2018). The new full fiscal year results forecast are as follows: net sales of 370.0 billion yen (192.6 billion yen in the second half), operating profit of 26.0 billion yen (12.9 billion yen in the second half), ordinary profit of 32.5 billion yen (15.3 billion yen in the second half) and profit attributable to owners of parent of 24.5 billion yen (11.6 billion yen in the second half).

Consolidated results forecasts for the second half of the current fiscal year are based on the assumption that the exchange rate will be 110 yen to the US dollar, 130 yen to the euro, and naphtha prices of 58,000 yen/kl.

Forecasts by business segment for the fiscal year ending March 31, 2019 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 results	65.2	5.8	97.8	7.2	14.4	-0.1
Second-half forecasts	74.8	5.2	102.2	7.0	15.6	0.6
Full-year forecasts announced on November 6, 2018	140.0	11.0	200.0	14.2	30.0	0.5
Full-year forecasts announced on May 8, 2018	131.0	13.0	192.0	13.5	27.0	0.5

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

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

(Unit: Millions of yen)

	FY2017 As of Mar. 31, 2018	2Q-FY2018 As of Sep. 30, 2018
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	55,920	46,812
Notes and accounts receivable - trade	78,038	83,829
Merchandise and finished goods	31,414	31,545
Work in process	5,437	5,945
Raw materials and supplies	20,163	20,048
Other	7,440	9,118
Allowance for doubtful accounts	-9	-9
<b>Total current assets</b>	<b>198,403</b>	<b>197,287</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Machinery, equipment and vehicles, net	59,751	97,706
Land	32,609	32,556
Construction in progress	44,470	5,031
Other, net	42,965	48,875
Accumulated impairment loss	-4,553	-4,613
<b>Total property, plant and equipment</b>	<b>175,241</b>	<b>179,555</b>
<b>Intangible assets</b>		
Other	3,531	3,589
<b>Total intangible assets</b>	<b>3,531</b>	<b>3,589</b>
<b>Investments and other assets</b>		
Investment securities	74,707	76,687
Other	15,570	15,650
Allowance for doubtful accounts	-66	-62
<b>Total investments and other assets</b>	<b>90,211</b>	<b>92,275</b>
<b>Total non-current assets</b>	<b>268,983</b>	<b>275,418</b>
<b>Total assets</b>	<b>467,386</b>	<b>472,706</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	58,066	52,138
Short-term loans payable	8,244	8,639
Current portion of long-term loans payable	4,438	11,003
Income taxes payable	5,489	3,204
Provision for bonuses	3,405	3,456
Other provision	2,614	3,135
Other	10,378	9,676
<b>Total current liabilities</b>	<b>92,636</b>	<b>91,251</b>
<b>Non-current liabilities</b>		
Bonds payable	10,000	10,000
Long-term loans payable	35,301	27,424
Net defined benefit liability	13,607	13,583
Other	5,081	6,889
<b>Total non-current liabilities</b>	<b>63,989</b>	<b>57,895</b>
<b>Total liabilities</b>	<b>156,624</b>	<b>149,147</b>

(Unit: Millions of yen)

	FY2017 As of Mar. 31, 2018	2Q-FY2018 As of Sep. 30, 2018
Net assets		
Shareholders' equity		
Capital stock	25,038	25,038
Capital surplus	22,400	22,450
Retained earnings	248,158	257,697
Treasury shares	-6,263	-6,269
Total shareholders' equity	289,334	298,916
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,786	16,324
Deferred gains or losses on hedges	3	—
Foreign currency translation adjustment	4,868	6,792
Remeasurements of defined benefit plans	-1,719	-1,491
Total accumulated other comprehensive income	17,937	21,625
Non-controlling interests	3,491	3,018
Total net assets	310,762	323,559
Total liabilities and net assets	467,386	472,706

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

(Unit: Millions of yen)

	2Q-FY 2017 Apr. 1, 2017 to Sep. 30, 2017	2Q-FY 2018 Apr. 1, 2018 to Sep. 30, 2018
Net sales	159,037	177,395
Cost of sales	125,261	144,762
Gross profit	33,775	32,633
Selling, general and administrative expenses	19,742	19,579
Operating profit	14,033	13,054
Non-operating income		
Interest income	91	166
Dividend income	661	835
Share of profit of entities accounted for using equity method	1,850	2,832
Technical support fee	109	225
Foreign exchange gains	145	—
Miscellaneous income	735	891
Total non-operating income	3,590	4,948
Non-operating expenses		
Interest expenses	218	246
Foreign exchange losses	—	105
Taxes and dues	130	127
Miscellaneous loss	553	333
Total non-operating expenses	900	812
Ordinary profit	16,723	17,191
Extraordinary income		
Gain on sales of investment securities	301	—
Total extraordinary income	301	—
Extraordinary losses		
Loss on sales of non-current assets	—	22
Impairment loss	272	—
Loss on removal of non-current assets	123	—
Total extraordinary losses	395	22
Profit before income taxes	16,630	17,169
Income taxes - current	4,983	3,437
Income taxes - deferred	-385	715
Total income taxes	4,599	4,152
Profit	12,031	13,016
Profit attributable to non-controlling interests	17	88
Profit attributable to owners of parent	12,013	12,928



### Quarterly Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	2Q-FY 2017 Apr. 1, 2017 to Sep. 30, 2017	2Q-FY 2018 Apr. 1, 2018 to Sep. 30, 2018
Profit	12,031	13,016
Other comprehensive income		
Valuation difference on available-for-sale securities	3,918	1,538
Deferred gains or losses on hedges	-3	-3
Foreign currency translation adjustment	546	3,211
Remeasurements of defined benefit plans, net of tax	-797	209
Share of other comprehensive income of entities accounted for using equity method	211	-1,168
Total other comprehensive income	3,875	3,787
Comprehensive income	15,906	16,803
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,942	16,616
Comprehensive income attributable to non-controlling interests	-36	187

### (3) Quarterly Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	2Q-FY 2017 Apr. 1, 2017 to Sep. 30, 2017	2Q-FY 2018 Apr. 1, 2018 to Sep. 30, 2018
<b>Cash flows from operating activities</b>		
Profit before income taxes	16,630	17,169
Depreciation	8,421	9,458
Loss (gain) on sales of non-current assets	—	22
Loss (gain) on sales of investment securities	-301	—
Impairment loss	272	—
Loss on removal of non-current assets	123	—
Interest and dividend income	-752	-1,001
Interest expenses	218	246
Share of loss (profit) of entities accounted for using equity method	-1,850	-2,832
Decrease (increase) in notes and accounts receivable - trade	-5,974	-4,982
Decrease (increase) in inventories	1,395	112
Increase (decrease) in notes and accounts payable - trade	547	-6,469
Increase (decrease) in accrued consumption taxes	825	127
Other, net	1,171	-118
Subtotal	20,724	11,732
Interest and dividend income received	2,476	3,953
Interest expenses paid	-205	-210
Income taxes paid	-3,973	-5,681
Net cash provided by (used in) operating activities	19,022	9,794
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-16,489	-12,207
Proceeds from sales of investment securities	537	27
Purchase of shares of subsidiaries and associates	-614	-1,111
Collection of investments in capital	391	0
Other, net	619	755
Net cash provided by (used in) investing activities	-15,557	-12,536
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	2,922	-78
Proceeds from long-term loans payable	8,643	800
Repayments of long-term loans payable	-8,201	-2,813
Purchase of treasury shares	-5	-6
Cash dividends paid	-2,991	-3,390
Dividends paid to non-controlling interests	-2	-9
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	-600
Other, net	-13	-42
Net cash provided by (used in) financing activities	352	-6,140
Effect of exchange rate change on cash and cash equivalents	492	589
Net increase (decrease) in cash and cash equivalents	4,309	-8,292
Cash and cash equivalents at beginning of period	51,700	51,612

NIPPON SHOKUBAI CO., LTD. (4114) Financial Results  
For the Second Quarter of the Fiscal Year Ending March 31, 2019

(Unit: Millions of yen)

	2Q-FY 2017 Apr. 1, 2017 to Sep. 30, 2017	2Q-FY 2018 Apr. 1, 2018 to Sep. 30, 2018
Increase (decrease) in cash and cash equivalents resulting from changes in the fiscal year-end of subsidiaries	-1,414	—
Cash and cash equivalents at end of period	54,595	43,320

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

**【Going Concern Assumption】**

Not applicable.

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

Not applicable.

**【Additional Information】**

As the Company applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28; February 16, 2018), etc., from the beginning of the first quarter of the current fiscal year, deferred tax assets are presented under investments and other assets and deferred tax liabilities are presented under non-current liabilities.

**【Segment Information】**

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

## 1. Information concerning net sales and income or loss by reporting segment

(Unit: Millions of yen)

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

Notes: 1. The "Segment income" adjustment refers to inter-segment transaction eliminations amounting to -309 million yen.

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

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

(Unit: Millions of yen)

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

II Six months ended September 30, 2018 (April 1, 2018 to September 30, 2018)

## 1. Information concerning net sales and income or loss by reporting segment

(Unit: Millions of yen)

	Basic chemicals	Functional chemicals	Environment & catalysts	Total	Adjustment (Note 1)	Consolidation (Note 2)
Net sales						
(1) Sales to third parties	65,172	97,791	14,432	177,395	-	177,395
(2) Intergroup sales and transfers	19,347	3,504	472	23,324	-23,324	-
Total	84,519	101,295	14,904	200,719	-23,324	177,395
Segment Income (loss)	5,816	7,247	-92	12,971	84	13,054

Notes: 1. The "Segment income" adjustment refers to inter-segment transaction eliminations amounting to 84 million yen.

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

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

Not applicable.

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

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

(Unit: Millions of yen)

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

Six months ended September 30, 2018 (April 1, 2018 to September 30, 2018)

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas sales	38,587	24,738	15,703	8,596	87,624
II. Consolidated sales					177,395
III. Overseas sales to consolidated sales	21.8%	13.9%	8.9%	4.8%	49.4%

Notes:

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