

For the Fiscal Year Ended March 31, 2015

* 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, 2015

May 11, 2015

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 19, 2015
 Scheduled date of dividend payment: June 22, 2015
 Scheduled date of filing annual securities report: June 19, 2015
 Supplementary quarterly materials prepared: Yes
 Quarterly 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, 2015

(from April 1, 2014 to March 31, 2015) (here after FY2014)

(1) Consolidated operating results (cumulative)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2014	374,873	24.1	26,133	90.0	29,941	79.9	19,089	81.7
FY 2013	302,136	12.1	13,752	37.0	16,647	20.4	10,503	25.0

Note: "FY 2013" stands for the Fiscal Year Ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

Comprehensive income (millions of yen): FY 2014 33,261 30.4%

FY 2013 25,513 62.5%

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary income on assets	Operating income to net sales
	Yen	Yen	%	%	%
FY 2014	94.06	-	7.6	7.3	7.0
FY 2013	51.74	-	4.7	4.4	4.6

Reference: Equity in earnings (losses) of unconsolidated subsidiaries and affiliates (millions of yen): FY 2014 : 1,259

FY 2013 : 1,105

(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, 2015	419,634	270,128	63.2	1,307.13
As of Mar. 31, 2014	398,396	242,193	59.3	1,164.10

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

As of Mar. 31, 2014: 236,274

(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 2014	32,697	-18,941	-10,237	44,336
FY 2013	16,992	-25,141	-2,519	39,619

For the Fiscal Year Ended March 31, 2015

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 2013	-	8.00	-	8.00	16.00	3,248	30.9	1.4
FY 2014	-	11.00	-	13.00	24.00	4,871	25.5	1.9
FY 2015 (forecast)	-	13.00	-	65.00	-		23.5	

Note: "FY 2015" stands for the Fiscal Year Ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

*As the Company is scheduled to conduct a reverse stock split at a ratio of one share for every five shares effective October 1, 2015, figures for the dividends per share for FY 2015 (forecast) are amounts that take into account the reverse stock split, and total annual dividends are shown as "-." Year-end dividends per share for FY 2015 (forecast) without taking into account the reverse stock split are 13 yen, and annual dividends per share are 26 yen. For details, please see "Appropriate use of business forecasts; other special items."

**3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2016
(from April 1, 2015 to March 31, 2016)**

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	175,000	-2.4	12,000	16.8	12,500	3.2	9,000	20.3	44.35
Full year	360,000	-4.0	31,000	18.6	32,000	6.9	22,500	17.9	554.34

*Concerning net income per share of the Consolidated Financial Forecasts (Full year) for FY 2015, the effects of the reverse stock split are taken into account. Net income per share of the Consolidated Financial Forecasts (Full year) for FY 2015 without taking into account the reverse stock split is 110.87 yen. For details, please see "Appropriate use of business forecasts; other special items."

※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

Notes: For the details, please see "Changes in the Basis of Presentation and Summary of Significant Accounting Policies for the Preparation of Consolidated Financial Statements" on page 27.

(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, 2015: 204,000,000 shares Mar. 31, 2014: 204,000,000 shares

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

Mar. 31, 2015: 1,056,277 shares Mar. 31, 2014: 1,033,086 shares

3) Average number of shares outstanding during the period

Mar. 31, 2015: 202,954,418 shares Mar. 31, 2014: 202,981,301 shares

For the Fiscal Year Ended March 31, 2015

(Reference) Non-consolidated Business Overview**1. Non-consolidated Business Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 to March 31, 2015)****(1) Non-consolidated operating results**

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2014	236,227	27.2	15,124	118.4	22,164	89.4	14,248	70.7
FY 2013	185,653	10.5	6,924	21.8	11,702	-6.1	8,349	-9.2

	Net income per share	Fully diluted net income per share
	Yen	Yen
FY 2014	70.20	-
FY 2013	41.13	-

(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, 2015	301,487	210,874	69.9	1,039.08
As of Mar. 31, 2014	291,598	194,431	66.7	957.94

Reference: Shareholders' equity (millions of yen): As of Mar. 31, 2015: 210,874

As of Mar. 31, 2014: 194,431

2. Non-consolidated Business Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	109,000	-8.1	8,000	31.8	13,000	29.5	10,000	48.8	49.27
Full year	225,000	-4.8	19,000	25.6	26,000	17.3	19,000	33.4	468.11

*Concerning net income per share of the Non-consolidated Business Forecast (Full year) for FY 2015, the effects of the reverse stock split are taken into account. Net income per share of the Non-consolidated Business Forecast (Full year) for FY 2015 without taking into account the reverse stock split is 93.62 yen.

※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.

2. At the meeting of the Board held on May 11, 2015, it was resolved to present a proposal concerning a reverse stock split at the 103rd Ordinary General Meeting of Shareholders to be held on June 19, 2015, and with approval at the General Meeting of Shareholders as a condition, a reverse stock split at a ratio of one share for every five shares will be implemented with October 1, 2015 as the effective date. A change of the number of shares constituting a unit (revision from 1,000 shares to 100 shares) is also scheduled to be implemented on the same day. Additionally, dividend forecasts and Consolidated Financial Forecasts for FY 2015 without taking into account the reverse stock split are as follows.

(1) Dividend Forecasts for FY 2015

Dividends per share

End of 2Q 13 yen

Year-end 13 yen

(2) Consolidated Financial Forecasts for FY 2015

Net income per share

First half (cumulative) 44.35 yen

Full year 110.87 yen

For the Fiscal Year Ended March 31, 2015

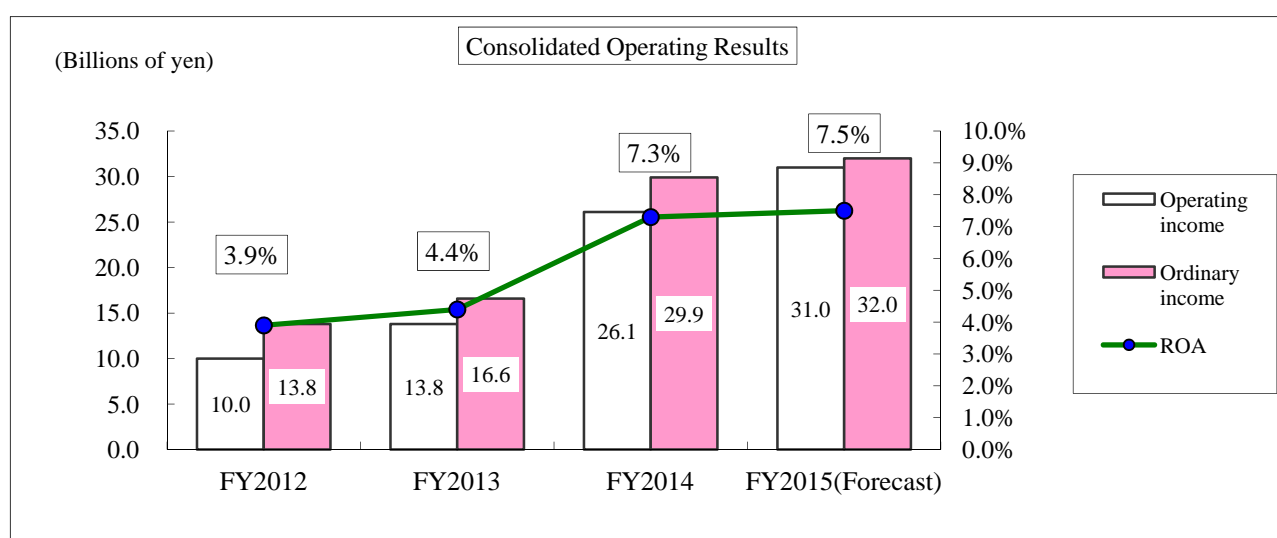
Results Trend and Features

(Unit: Millions of yen)

	FY 2012		FY 2013		FY 2014		FY 2015 (Forecast)		Change	
	Amount	YoY	Amount	YoY	Amount	YoY	Amount	YoY	FY2014-FY2013	FY2015-FY2014
Net sales	[1.60]		[1.63]		[1.59]		[1.60]			
Consolidated	269,520	-16.0%	302,136	12.1%	374,873	24.1%	360,000	-4.0%	72,737	-14,873
Non-consolidated	168,084	-27.0%	185,653	10.5%	236,227	27.2%	225,000	-4.8%	50,574	-11,227
Operating income	[1.77]		[1.99]		[1.73]		[1.63]			
Consolidated	10,034	-67.7%	13,752	37.0%	26,133	90.0%	31,000	18.6%	12,381	4,867
Non-consolidated	5,685	-74.3%	6,924	21.8%	15,124	118.4%	19,000	25.6%	8,199	3,876
Ordinary income	[1.11]		[1.42]		[1.35]		[1.23]			
Consolidated	13,824	-58.3%	16,647	20.4%	29,941	79.9%	32,000	6.9%	13,294	2,059
Non-consolidated	12,457	-51.8%	11,702	-6.1%	22,164	89.4%	26,000	17.3%	10,463	3,836
Net income *	[0.91]		[1.26]		[1.34]		[1.18]			
Consolidated	8,401	-60.5%	10,503	25.0%	19,089	81.7%	22,500	17.9%	8,586	3,411
Non-consolidated	9,190	-43.5%	8,349	-9.2%	14,248	70.7%	19,000	33.4%	5,900	4,752
Equity-method investment	1,371		1,105		1,259		1,241		153	-17
Minority interests in income	159		363		181		194		182	-13
Total assets	[1.29]		[1.37]		[1.39]		[1.34]			
Consolidated	352,373	-1.1%	398,396	13.1%	419,634	5.3%	430,000	2.5%	21,238	10,366
Non-consolidated	272,417	-8.0%	291,598	7.0%	301,487	3.4%	320,000	6.1%	9,889	18,513
Net assets	[1.18]		[1.25]		[1.28]		[1.28]			
Consolidated	220,248	5.3%	242,193	10.0%	270,128	11.5%	287,401	6.4%	27,935	17,273
Non-consolidated	187,158	3.4%	194,431	3.9%	210,874	8.5%	224,597	6.5%	16,443	13,723
ROA									Point	Point
Consolidated		3.9%		4.4%		7.3%		7.5%	2.9	0.2
Non-consolidated		4.4%		4.1%		7.5%		8.4%	3.4	0.9
ROE									Point	Point
Consolidated		4.0%		4.7%		7.6%		8.2%	2.9	0.6
Non-consolidated		5.0%		4.4%		7.0%		8.7%	2.6	1.7

The figures in bracket represent the consolidated-parent ratio.

*Net income attributable to owners of parent



Comparison of FY 2014 with FY 2013

Sales up, profits up: sales increased on increased sales volume accompanying the resumption of operation at Himeji plants, additional acrylic acid production capacity at the said plants and at overseas subsidiaries, as well as new facilities introduced to produce superabsorbent polymers at overseas subsidiaries. Profits rose substantially due to increased sales volume and widening spreads which outweighed the rise in processing costs and selling, general and administrative expenses.

		Major components
Net sales	+72.7 bil. yen YoY	<ul style="list-style-type: none"> • Sales increased across all segments • The recovery and resumption of operations at all Himeji plants that had ceased production as a result of the accident, and reinforced acrylic acid and superabsorbent polymers production facilities in Indonesia leading to the start of commercial production from October 2013 resulted in higher sales volume year on year
Operating income	+12.4 bil. yen YoY	<ul style="list-style-type: none"> • Higher production and sales volume and improved spreads > increased production and transportation expenses due to new facilities and the resumption of operations at Himeji Plants.
Ordinary income	+13.3 bil. yen YoY	<ul style="list-style-type: none"> • The higher technology licensing income and an increase in equity earnings > decreased foreign exchange income
Net income	+8.6 bil. yen YoY	<ul style="list-style-type: none"> • Increase in "Income taxes"

Comparison of FY 2015 with FY 2014

Sales down, profits up: 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 up thanks to the increased sales volume and declined processing costs, despite narrowing spreads and increased selling, general and administrative expenses.

		Major components
Net sales	-14.9 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 • Increase in sales volume of basic chemicals including acrylic acid, acrylates and ethylene glycol and functional chemicals such as superabsorbent polymers. Decrease in overall sales due to declined selling prices along with decreased costs of raw materials. • In environment and catalyst segment, decrease in sales for process catalysts while automobile catalyst and fuel cell materials up.
Operating income	+4.9 bil. yen YoY	<ul style="list-style-type: none"> • Increase in production and sales volume combined with decrease in processing costs > narrowing spreads and increase in selling, general and administrative expenses
Ordinary income	+2.1 bil. yen YoY	<ul style="list-style-type: none"> • Decrease in technology licensing income, dividend income and foreign exchange income
Net income attributable to owners of parent	+3.4 bil. yen YoY	<ul style="list-style-type: none"> • Profits up without projecting extraordinary profit/loss, decrease in income taxes

1. Business Results**I. Analysis of Business Results****(1) Business Results for FY 2014 (April 1, 2014 – March 31, 2015)**

In the current fiscal year, concerning the global economy, the United States economy was on a recovery trend, and as Europe also moved toward a recovery, a deceleration was seen in China.

Although Japan's economy was on a moderate recovery trend due to improved corporate business results and employment conditions, a pullback in demand after the rush in demand prior to the consumption tax increase caused personal consumption to slump.

In the chemicals industry, the future outlook remains unclear due to factors such as unstable raw material prices resulting from a decline in crude oil prices from November 2014 onward.

1) Overview

(Unit: Millions of yen)

	FY 2013	FY 2014	Change	
			(Amount)	(% growth)
Net sales	302,136	374,873	72,737	24.1%
Operating income	13,752	26,133	12,381	90.0%
Ordinary income	16,647	29,941	13,294	79.9%
Net income	10,503	19,089	8,586	81.7%
Net income per share	51.74 yen	94.06 yen	42.32 yen	81.8%
ROA (Return on Assets)	4.4%	7.3%	-	2.9 points
ROE (Return on Equity)	4.7%	7.6%	-	2.9 points
Foreign exchange rates (\$ and EUR)	\$=100.21 yen	\$=109.88 yen	9.67 yen	
	EUR=134.33 yen	EUR=138.68 yen	4.35 yen	
Naphtha price	67,300 yen/kl	63,500 yen/kl	-3,800 yen/kl	

Under these conditions, the Group's consolidated net sales rose 24.1% year-on-year, to 374,873 million yen (+72,737 million yen) in the current fiscal year. Factors contributing to this result included the resumption of operations at all Himeji plants in February 2014 that had ceased production as a result of the accident occurred in September 2012 and efforts to restore the clients' confidence that resulted in the substantial rise in sales volume.

With regard to profits, operating income increased 90.0% year-on-year to 26,133 million yen (+12,381 million yen). Although processing costs rose as the production at Himeji plants resumed, this increased the sales volume which outweighed the costs, and widening spreads following the drop in raw materials costs due to lower crude oil prices after November 2014 contributed to this result.

Non-operating income increased 913 million yen due to higher technology licensing income. As a result, ordinary income rose 79.9% year-on-year to 29,941 million yen (+13,294 million yen).

Extraordinary income and loss improved year on year by 79 million yen. While insurance income and other costs related to the accident at Himeji plants were no longer recorded, loss on abandonment of non-current assets was recognized, loss on liquidation of business decreased and gain on sales of investment securities was recorded. As a result, net income rose 81.7% year-on-year to 19,089 million yen (+8,586 million yen).

2) Segment Summary

By business segment

(Unit: Millions of yen)

Basic Chemicals

	Full FY 2013	Full FY 2014	Change
Net sales	129,842	147,976	18,133
Operating income	3,250	7,820	4,570

Functional Chemicals

	Full FY 2013	Full FY 2014	Change
Net sales	146,857	200,967	54,109
Operating income	8,239	17,286	9,047

Environment & Catalysts

	Full FY 2013	Full FY 2014	Change
Net sales	25,436	25,931	495
Operating income	2,044	1,277	-767

Basic Chemicals

Sales of acrylic acids and acrylates increased significantly, normal operations at the Himeji Plant resumed, and new facilities that were under construction at the Himeji Plant began operation during summer 2014, causing a significant increase in sales volumes.

Sales of ethylene oxide, secondary alcohol ethoxylates and ethanolamine increased due to higher sales volumes.

Sales of ethylene glycol decreased due to lower sales volumes primarily in exports, in addition to lower sales prices resulting from a market slump caused by the sudden drop in crude oil prices at the end of 2014.

As a result of the above, net sales in the basic chemicals segment increased 14.0% year-on-year to 147,976 million yen.

Operating income rose 140.6% year-on-year to 7,820 million yen. This was on account of a significant increase in sales volumes owing to resuming operations despite an increase in processing costs, no need to purchase products that were required due to decreased production capacity stemming from the accident during the previous fiscal year, an expanded spread due to lower crude oil prices, and other factors.

Functional Chemicals

Sales of superabsorbent polymers increased substantially as normal operations at the Himeji Plant resumed, in addition to the beginning of operations at a new production facility in Indonesia from October 2013, causing a significant increase in sales volumes.

Sales of special acrylates and water-soluble polymers for raw materials of detergents rose significantly, in line with a significant increase in sales volumes resulting from resuming normal operations at the Himeji Plant.

Sales of maleic anhydride, polymers for concrete admixture, ethyleneimine derivatives and electronics information materials increased on the back of growing sales volumes.

Sales of resins for paints, processed adhesive products, resin modifiers and iodine compounds fell due to a decline in sales volumes.

As a result of the above, net sales in the functional chemicals segment rose 36.8% year-on-year to 200,967 million yen.

Operating income increased 109.8% year-on-year to 17,286 million yen. Despite the increase in processing costs associated with the resumption of production, contributions not only from the Himeji Plant but from new production facilities for superabsorbent polymers in Indonesia yielded a significant increase in sales volumes, and the spread expanded.

Environment & Catalysts

Sales of automotive catalysts, dioxins decomposition catalysts and fuel cell materials increased on higher sales volumes.

Sales of process catalysts, De-NOx catalysts, wet oxidation catalysts and polymer for lithium-ion batteries fell due to decreased sales volumes.

As a result, sales in the environment and catalysts segment rose 1.9% year-on-year to 25,931 million yen.

Operating income decreased 37.5% to 1,277 million yen year-on-year owing to decline in sales volumes of process catalysts.

(2) FY 2015 Forecast (April 1, 2015 – March 31, 2016)

Although a recovery trend is expected to continue in the Japanese economy due to expanded personal consumption stemming from an improved employment and income environment, downward economic risks including concern for overseas economies such as recovery trends in the European economy and slowing growth in China, in addition to an unclear outlook for crude oil prices are expected to create an unpredictable corporate management environment.

Under such conditions, projected earnings in the next fiscal year are based on exchange rates of 115 yen to the U.S. dollar and 130 yen to the euro, and naphtha prices of 50,000 yen/kl. Although sales volumes are projected to increase, centered on functional chemicals, sales prices are expected to decrease due to lower raw material prices. We therefore forecast consolidated net sales to decrease 4.0% to 360,000 million yen (-14,873 million yen), with 175,000 million yen in the first half.

With regard to profits, although the Company projections incorporate a contraction in spread due to trends in raw materials and product markets, the expected effect of higher production and sales volumes will lead to an increase in operating income by 18.6%, to 31,000 million yen (+4,867 million yen), with 12,000 million yen in the first half. The Company projects an increase in ordinary income of 6.9%, to 32,000 million yen (+2,059 million yen), with 12,500 million yen in the first half, assuming a wider non-operating loss due to factors such as decreased technology licensing income and income from dividends, and an increase in net income attributable to owners of parent of 17.9%, to 22,500 million yen (+3,411 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 income	Net sales	Operating income	Net sales	Operating income
First-half forecasts	66.5	3.3	95.5	8.5	13.0	0.2
Second-half forecasts	67.5	5.2	103.5	13.5	14.0	0.3
Full-year forecasts	134.0	8.5	199.0	22.0	27.0	0.5

II. Qualitative Information on Financial Position

(1) Assets, liabilities and net assets

Total assets increased by 21,238 million yen over the end of the previous fiscal year to 419,634 million yen. Current assets increased by 10,204 million yen from the end of the previous fiscal year, on account of an increase in cash and deposits and notes and accounts receivable-trade. Noncurrent assets were up by 11,033 million yen compared to the end of the previous consolidated fiscal year on account of an increase in investment securities with rising market values.

Liabilities decreased by 6,697 million yen over the end of the previous fiscal year to 149,506 million yen. This was on account of decrease in notes and accounts payable-trade and the redemption of bonds, in spite of increases in short-term loans payable, long-term loans payable and deferred tax liabilities.

Net assets increased by 27,935 million yen over the end of the previous fiscal year, to 270,128 million yen. This was due to increases in retained earnings, valuation difference on available-for-sale securities and foreign currency translation adjustments, and other factors.

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The shareholders' equity ratio rose 3.9 percentage points, from 59.3% at the end of the previous fiscal year, to 63.2%. Net assets per share rose by 143.03 yen compared to the end of the previous fiscal year, to 1,307.13 yen.

(2) Cash Flows

Cash and cash equivalents at the end of the current fiscal year increased by 4,717 million yen over the end of the previous fiscal year to 44,336 million yen, as cash flow provided by operating activities exceeded cash flow used in investing activities (capital investment, etc.) and the redemption of bonds and other financing activities.

Cash flow from operating activities

Net cash provided by operating activities totaled 32,697 million yen (16,992 million yen provided in the previous fiscal year). This was due to an increase of 15,704 million yen from the previous fiscal year as a result of an increase in earnings before taxes, depreciation and amortization and decrease in outlays associated with notes and accounts receivable – trade and inventories, despite increase in income taxes paid.

Cash flow from investing activities

Net cash used in investing activities totaled 18,941 million yen (25,141 million yen used in the previous fiscal year). This was due to a decline of 6,200 million yen in outlays from the previous fiscal year as a result of decrease in purchase of property, plant and equipment and increase in proceeds from sales of property, plant and equipment, although outlays increased for purchase of shares of subsidiaries and associates and purchase of investment securities.

Cash flow from financing activities

Net cash used in financing activities totaled 10,237 million yen (2,519 million yen used in the previous fiscal year). Redemption of bonds and an increase in cash dividends paid resulted in an increase of 7,718 million yen in outlays.

Cash flow indicators

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Shareholders' equity ratio	57.9%	57.3%	61.1%	59.3%	63.2%
Shareholders' equity ratio at market base	64.2%	54.6%	47.5%	62.1%	85.3%
Cash flow to debt ratio	2.0 years	1.4 years	2.4 years	4.0 years	2.0 years
Interest coverage ratio	35.9	58.9	39.5	27.7	52.6

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 2014 and FY 2015

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 continue stock buybacks to raise the value per share.

The Company will continue to distribute profits by taking into careful consideration a balance between the critical need

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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 13 yen per share for FY 2014, taking into consideration the business environment, earnings results and future prospects for business growth. As a result, annual dividends will total 24 yen per share for a consolidated payout ratio of 25.5%.

For FY 2015, in light of a revision to financial forecasts and a reverse stock split (merging of 5 shares of common stock to 1 share) with an effective date of October 1, 2015, interim dividends are scheduled to be 13 yen per share, and year-end dividends are scheduled to be 65 yen per share. Without taking into account the reverse stock split, year-end dividends would be 13 yen.

2. Corporate Group

- (1) The Nippon Shokubai corporate group consists of 24 subsidiaries and 14 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.

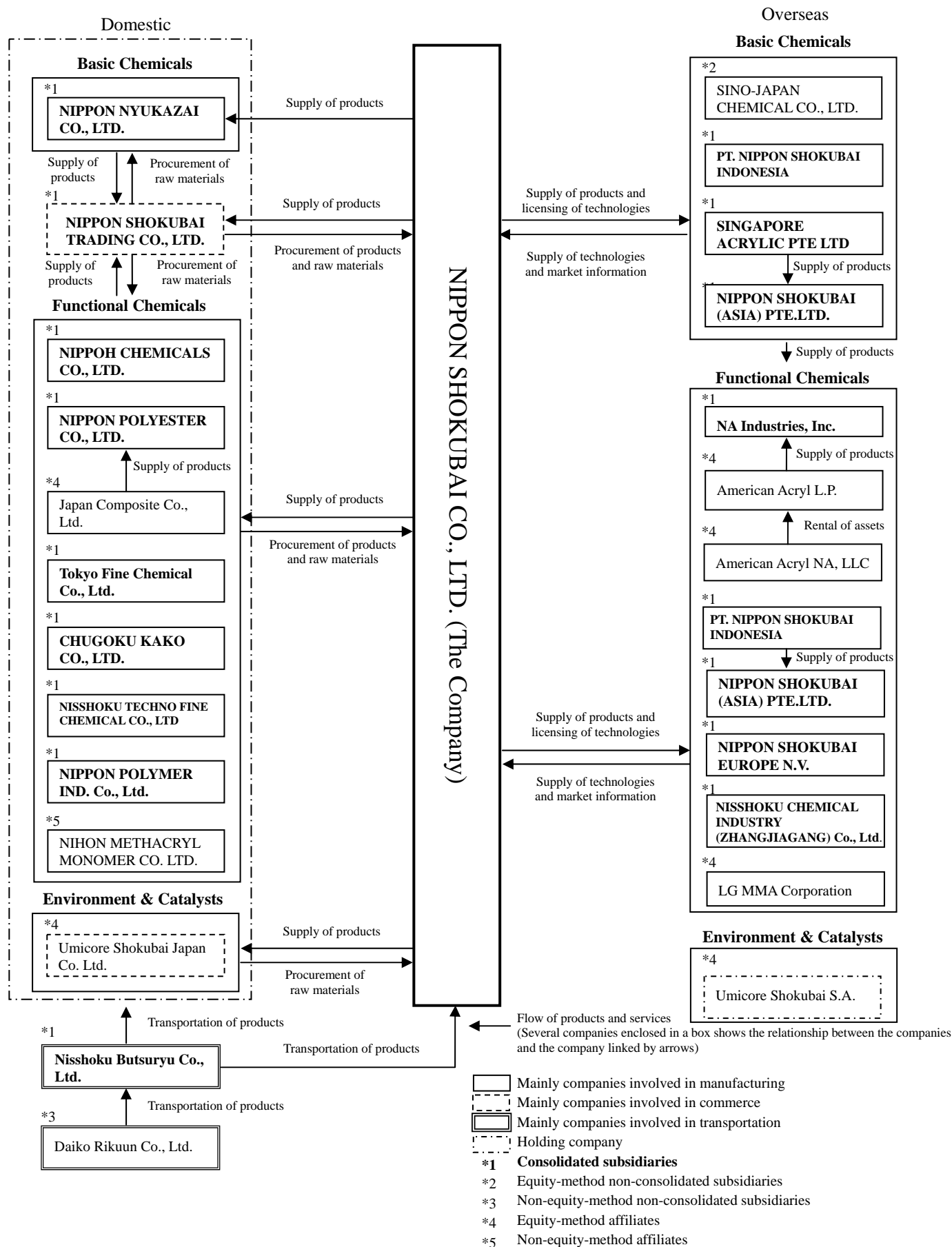
Business segments	Main products	Positioning of mainstay companies within the business
Basic Chemicals	Acrylic acid Acrylates Ethylene oxide Ethylene glycol Ethanolamine Secondary alcohol ethoxylates Glycol ether	NIPPON SHOKUBAI CO., LTD. ('the Company') manufactures and sells acrylic acids, acrylates, and other basic chemicals. 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. PT. NIPPON SHOKUBAI INDONESIA manufactures and sells acrylic acids and acrylates. SINGAPORE ACRYLIC PTE LTD and NIPPON SHOKUBAI (ASIA) PTE.LTD. manufacture and sell acrylic acids. 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. SINO-JAPAN CHEMICAL CO., LTD. manufactures and sells surfactants and other industrial chemicals in Taiwan.
Functional Chemicals	Superabsorbent polymers Intermediates for pharmaceuticals Polymers for concrete admixtures Electronic and information materials Iodine compounds Maleic anhydride Resins for adhesives/paints Molded plastics Processed adhesive products	The Company manufactures and sells superabsorbent polymers, pharmaceutical intermediates, and other functional chemicals. NA 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. NIPPON SHOKUBAI EUROPE N.V. manufactures and sells superabsorbent polymers in Belgium. NISSHOKU CHEMICAL INDUSTRY (ZHANGJIAGANG) Co., Ltd. manufactures and sells superabsorbent polymers and polymers for concrete admixtures in China. PT. NIPPON SHOKUBAI INDONESIA manufactures and sells superabsorbent polymers in Indonesia. NIPPON SHOKUBAI (ASIA) PTE.LTD. procures superabsorbent polymers and other chemicals from the Company and PT. NIPPON SHOKUBAI INDONESIA and sells them. NIPPOH CHEMICALS CO., LTD. manufactures and sells iodine compounds, natural gas, and raw materials for pharmaceuticals, agricultural chemicals, and fragrances. 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. 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. NIPPON POLYESTER CO., LTD. procures unsaturated polyester resins from Japan Composite Co., Ltd., and manufactures and sells corrugated sheets and other molded plastics. CHUGOKU KAKO CO., LTD. procures adhesive resins and other raw materials from the Company, and manufactures and sells proceeded adhesives and other products. 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. LG MMA Corporation manufactures and sells MMA monomers and polymers.

For the Fiscal Year Ended March 31, 2015

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

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



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) deep respect for humanity, 2) coexisting with society and working in harmony with the environment, 3) pursuing technologies that will create the future, and 4) acting 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, under its mission, management commitment and corporate credo, “Safety takes priority over production,” has been working from April 2014 on its long-term business Plan “Reborn Nippon Shokubai 2020” and the medium-term business plan, which will specify an action plan for the initial three years of the period (fiscal 2014 to 2016), with an aim to become a company^{*)} that everybody can be proud of.

^{*)} 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
FY2016 medium-term target figures	393	34	8.5%	29

1 Return of assets (ROA), ratio of ordinary income to total assets

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.

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.

In FY 2014, manufacturing facilities for special acrylates began operations in April 2014 at the Kawasaki Plant, establishing a two-plant production structure (annual production capacity of 60,000 tons) in tandem with the Himeji Plant. Furthermore, manufacturing facilities for acrylic acid (annual production capacity of 80,000 tons) began operations in July 2014 at the Himeji Plant, and as a result, the production capacity for acrylic acid across the entire Group is 780,000 tons per year.

Additionally, at the Himeji Plant, the Company is moving forward with plans for additional capacity of 50,000 tons per year for superabsorbent polymers manufacturing facilities (construction scheduled for completion in June 2016), and 3,000 tons per year for the “ACRYVIEWA” acrylic resin for optical materials manufacturing facilities (construction scheduled for completion in April 2016). As a result, production capacity across the entire Group will be 610,000 tons per year for superabsorbent polymers, and 9,000 tons per year for ACRYVIEWA.

To realize strengthening existing and core businesses and establishing new businesses as soon as possible, the Company will continue to engage in aggressive investment.

◆ 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 pledges to maintain an awareness of the lessons learned from the Himeji accident, and with a determination to ensure that a tragic accident such as the explosion and fire at the Himeji Plant never occurs again, the

For the Fiscal Year Ended March 31, 2015

Company has acted as one to implement safety measures at production facilities, striving to implement measures to prevent the recurrence of such an accident (certain implementation of risk assessment/collection, sharing and utilization of information on safety technology and enhancement of education and training), and strengthening the culture of safety first.

Moving forward, the Company will seek improvements and spread safety both domestically and overseas through verification of the implementation status of safety measures (in-house verification and third-party verification by outside experts), while under the corporate credo of “Safety takes priority over production,” continue to act as a unified Group to engender a culture of safety.

◆ 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, 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.

Furthermore, concerning the application of International Financial Reporting Standards, the Group will respond appropriately, taking into account various situation both domestically and overseas.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	As of Mar. 31, 2014	As of Mar. 31, 2015
Assets		
Current assets		
Cash and deposits	43,255	49,255
Notes and accounts receivable - trade	69,964	74,156
Merchandise and finished goods	35,455	33,769
Work in process	6,738	6,222
Raw materials and supplies	16,431	16,312
Deferred tax assets	4,377	3,706
Other	10,315	13,363
Allowance for doubtful accounts	-192	-235
Total current assets	186,343	196,547
Non-current assets		
Property, plant and equipment		
Buildings and structures	96,380	99,511
Accumulated depreciation	-61,611	-61,546
Accumulated impairment loss	-1,770	-1,193
Buildings and structures, net	33,000	36,772
Machinery, equipment and vehicles	341,305	350,317
Accumulated depreciation	-262,950	-271,364
Accumulated impairment loss	-2,985	-2,896
Machinery, equipment and vehicles, net	75,371	76,057
Tools, furniture and fixtures	18,746	19,677
Accumulated depreciation	-16,301	-16,929
Accumulated impairment loss	-14	-116
Tools, furniture and fixtures, net	2,431	2,633
Land	32,392	31,680
Leased assets	711	696
Accumulated depreciation	-422	-440
Leased assets, net	289	256
Construction in progress	8,657	2,250
Total property, plant and equipment	152,139	149,647
Intangible assets		
Other	3,002	3,907
Total intangible assets	3,002	3,907
Investments and other assets		
Investment securities	42,603	53,137
Investments in capital	4,336	4,289
Long-term loans receivable	2,011	1,467
Deferred tax assets	2,458	1,995
Net defined benefit asset	2,507	5,476
Other	3,131	3,234
Allowance for doubtful accounts	-132	-65
Total investments and other assets	56,912	69,533
Total non-current assets	212,053	223,087
Total assets	398,396	419,634

(Unit: Millions of yen)

	As of Mar. 31, 2014	As of Mar. 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	52,767	47,515
Short-term loans payable	17,604	22,071
Current portion of long-term loans payable	8,028	7,685
Current portion of bonds	10,000	-
Lease obligations	30	28
Income taxes payable	3,917	4,839
Provision		
Provision for bonuses	2,639	3,075
Provision for directors' bonuses	125	152
Provision for repairs	2,845	2,485
Total provisions	5,610	5,712
Other	13,182	8,177
Total current liabilities	111,137	96,027
Non-current liabilities		
Long-term loans payable	32,716	36,910
Lease obligations	175	149
Deferred tax liabilities	284	3,607
Net defined benefit liability	10,800	11,755
Other	1,091	1,058
Total non-current liabilities	45,066	53,479
Total liabilities	156,203	149,506
Net assets		
Shareholders' equity		
Capital stock	25,038	25,038
Capital surplus	22,083	22,083
Retained earnings	180,240	195,497
Treasury shares	-924	-956
Total shareholders' equity	226,437	241,663
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,454	10,652
Deferred gains or losses on hedges	9	27
Foreign currency translation adjustment	6,344	13,095
Remeasurements of defined benefit plans	-970	-162
Total accumulated other comprehensive income	9,837	23,611
Minority interests	5,919	4,854
Total net assets	242,193	270,128
Total liabilities and net assets	398,396	419,634

For the Fiscal Year Ended March 31, 2015

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

Consolidated Statements of Income

(Unit: Millions of yen)

	FY 2013 ended Mar. 31, 2014 (Apr. 1, 2013 to Mar. 31, 2014)	FY 2014 ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)
Net sales	302,136	374,873
Cost of sales	253,180	309,135
Gross profit	48,955	65,738
Selling, general and administrative expenses		
Transportation and warehousing expenses	10,904	14,524
Personnel expenses	7,774	7,903
Research and development expenses	10,308	10,937
Other	6,217	6,241
Total selling, general and administrative expenses	35,203	39,605
Operating income	13,752	26,133
Non-operating income		
Interest income	123	159
Dividend income	908	941
Share of profit of entities accounted for using equity method	1,105	1,259
Real estate rent	1,112	1,129
Foreign exchange gains	523	196
Technical support fee	369	1,198
Miscellaneous income	486	845
Total non-operating income	4,626	5,727
Non-operating expenses		
Interest expenses	599	602
Depreciation	377	309
Taxes and dues	241	266
Loss on disposal of non-current assets	173	303
Loss on retirement of non-current assets	64	83
Miscellaneous loss	276	356
Total non-operating expenses	1,731	1,919
Ordinary income	16,647	29,941
Extraordinary income		
Gain on sales of investment securities	-	422
Insurance income	9,179	-
Gain on insurance adjustment	2,275	-
Other	57	-
Total extraordinary income	11,512	422

For the Fiscal Year Ended March 31, 2015

(Unit: Millions of yen)

	FY 2013 ended Mar. 31, 2014 (Apr. 1, 2013 to Mar. 31, 2014)	FY 2014 ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)
Extraordinary losses		
Impairment loss	394	477
Loss on abandonment of non-current assets	-	381
Loss on liquidation of business	867	151
Loss on explosion and fire	8,323	-
Loss on reduction of non-current assets	2,128	-
Loss on dissolution of securities to retirement benefit trust	414	-
Loss on valuation of investments in capital of subsidiaries and associates	50	-
Total extraordinary losses	12,177	1,008
Income before income taxes and minority interests	15,982	29,355
Income taxes - current	5,488	8,333
Income taxes - deferred	-373	1,752
Total income taxes	5,116	10,086
Income before minority interests	10,866	19,270
Minority interests in income	363	181
Net income	10,503	19,089

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	FY 2013 ended Mar. 31, 2014 (Apr. 1, 2013 to Mar. 31, 2014)	FY 2014 ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)
Income before minority interests	10,866	19,270
Other comprehensive income		
Valuation difference on available-for-sale securities	1,602	6,211
Deferred gains or losses on hedges	8	18
Foreign currency translation adjustment	10,736	5,786
Remeasurements of defined benefit plans, net of tax	-	918
Share of other comprehensive income of entities accounted for using equity method	2,301	1,058
Total other comprehensive income	14,647	13,991
Comprehensive income	25,513	33,261
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	24,663	32,863
Comprehensive income attributable to minority interests	850	397

(3) Consolidated Statements of Changes in Equity

Fiscal year ended Mar. 31, 2014 (Apr. 1, 2013 to Mar. 31, 2014)

(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	172,376	-897	218,599
Cumulative effects of changes in accounting policies					
Restated balance	25,038	22,083	172,376	-897	218,599
Changes of items during period					
Dividends of surplus			-2,639		-2,639
Net income			10,503		10,503
Purchase of treasury shares				-29	-29
Disposal of treasury shares		0		3	3
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	7,864	-27	7,838
Balance at end of current period	25,038	22,083	180,240	-924	226,437

	Accumulated other comprehensive income					Minority 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	2,846	1	-6,309	-	-3,462	5,111	220,248
Cumulative effects of changes in accounting policies							
Restated balance	2,846	1	-6,309	-	-3,462	5,111	220,248
Changes of items during period							
Dividends of surplus							-2,639
Net income							10,503
Purchase of treasury shares							-29
Disposal of treasury shares							3
Net changes of items other than shareholders' equity	1,608	8	12,653	-970	13,298	809	14,107
Total changes of items during period	1,608	8	12,653	-970	13,298	809	21,945
Balance at end of current period	4,454	9	6,344	-970	9,837	5,919	242,193

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
Net income			19,089		19,089
Purchase of treasury shares				-32	-32
Disposal of treasury shares					-
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					Minority 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
Net income							19,089
Purchase of treasury shares							-32
Disposal of treasury shares							-
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

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FY 2013 ended Mar. 31, 2014 (Apr. 1, 2013 to Mar. 31, 2014)	FY 2014 ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	15,982	29,355
Depreciation	16,995	18,971
Loss on valuation of investments in capital of subsidiaries and affiliates	50	-
Loss (gain) on sales of investment securities	-	-422
Impairment loss	394	477
Loss on liquidation of business	725	-
Loss on abandonment of non-current assets	-	381
Loss on reduction of non-current assets	2,128	-
Insurance income	-9,192	-
Gain on insurance claim	-2,275	-
Increase (decrease) in net defined benefit asset	-107	-2,989
Increase (decrease) in net defined benefit liability	232	1,629
Interest and dividend income	-1,031	-1,100
Interest expenses	599	602
Share of (profit) loss of entities accounted for using equity method	-1,105	-1,259
Decrease (increase) in notes and accounts receivable - trade	-16,215	-2,521
Decrease (increase) in inventories	-14,393	3,874
Increase (decrease) in notes and accounts payable – trade	12,386	-6,278
Increase (decrease) in accrued consumption taxes	-657	451
Other, net	-2,269	-2,635
Subtotal	2,247	38,537
Interest and dividend income received	1,953	2,366
Interest expenses paid	-614	-621
Payments for business liquidation	-6	-134
Proceeds from insurance income	14,639	-
Income taxes paid	-1,226	-7,450
Net cash provided by (used in) operating activities	16,992	32,697
Cash flows from investing activities		
Purchase of property, plant and equipment	-22,395	-17,629
Proceeds from sales of property, plant and equipment	109	1,547
Purchase of intangible assets	-933	-986
Purchase of investment securities	-507	-1,108
Proceeds from sales of investment securities	93	547
Purchase of shares of subsidiaries and associates	-9	-1,285
Payments for investments in capital	-235	-
Collection of investments in capital	235	720
Payments of loans receivable	-600	-
Collection of loans receivable	184	140
Other, net	-1,085	-886
Net cash provided by (used in) investing activities	-25,141	-18,941

For the Fiscal Year Ended March 31, 2015

(Unit: Millions of yen)

	FY 2013 ended Mar. 31, 2014 (Apr. 1, 2013 to Mar. 31, 2014)	FY 2014 ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,918	3,498
Proceeds from long-term loans payable	11,400	8,750
Repayments of long-term loans payable	-14,100	-8,537
Redemption of bonds	-	-10,000
Cash dividends paid	-2,639	-3,856
Cash dividends paid to minority shareholders	-31	-30
Proceeds from sales of treasury shares	3	-
Purchase of treasury shares	-29	-32
Other, net	-41	-30
Net cash provided by (used in) financing activities	-2,519	-10,237
Effect of exchange rate change on cash and cash equivalents	2,487	1,199
Net increase (decrease) in cash and cash equivalents	-8,182	4,717
Cash and cash equivalents at beginning of period	47,801	39,619
Cash and cash equivalents at end of period	39,619	44,336

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 under review, the Company has applied the “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan Statement [ASBJ] Statement No. 26, May 17, 2012) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015), in respect of the stipulations of Article 35 of the Accounting Standard for Retirement Benefits and Article 67 of the Guidance on Accounting Standard for Retirement Benefits, whereby the method of calculating retirement benefit obligations and service costs has been reviewed. Based on this review, the method of attributing expected retirement benefits to periods has been changed from straight-line basis to benefit formula basis, while the method of determining discount rates has been changed from the method where the period for bonds, which forms the basis for determining the discount rate, is determined based on the approximate number of years of the average remaining service period of employees, to the method using a single weighted average discount rate reflecting the period up to the expected timing of retirement benefits payment, as well as the amount of retirement benefits payment for each such period.

The application of the Accounting Standard for Retirement Benefits, etc. is subject to the transitional treatment provided for in Article 37 of the Accounting Standard for Retirement Benefits. Consequently, the impact of the change in the method of calculating retirement benefit obligations and service cost has been recognized as increases or decreases to retained earnings at the beginning of the current fiscal year.

As a result, at the beginning of the current fiscal year, net defined benefit liability and retained earnings increased by 116 million yen and 25 million yen, respectively and net defined benefit asset declined by 20 million yen. The impact of this change to the profit and loss of the current fiscal year is insignificant.

【Segment Information】

Fiscal year ended Mar. 31, 2014 (Apr. 1, 2013 to Mar. 31, 2014)

(Unit: Millions of yen)

	Basic chemicals	Functional chemicals	Environment & catalysts	Total	Adjustment (Note 1)	Consolidation (Note 2)
Net sales						
(1) Sales to third parties	129,842	146,857	25,436	302,136	-	302,136
(2) Intergroup sales and transfers	24,632	2,980	626	28,238	-28,238	-
Total	154,474	149,837	26,063	330,374	-28,238	302,136
Segment Income	3,250	8,239	2,044	13,533	219	13,752
Segment Assets	149,880	189,052	26,010	364,942	33,454	398,396
Other Items (Note 3)						
Depreciation and Amortization	9,156	7,934	554	17,664	-	17,644
Amortization of Goodwill	-	-	-	-	-	-
Increase in Tangible and Intangible Fixed Assets	12,157	13,724	228	26,109	-	26,109

Notes: 1. Below is a description of adjustments.

- (1) The “Segment Income” adjustment refers to inter-segment transaction eliminations amounting to 219 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 33,454 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, 2015

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."

【Information concerning impairment loss of noncurrent assets by reporting segment】

Fiscal year ended Mar. 31, 2014 (Apr. 1, 2013 to Mar. 31, 2014)

(Unit: Millions of yen)

	Reporting segment			Elimination or corporate	Total
	Basic chemicals	Functional chemicals	Environment & catalysts		
impairment loss	-	394	-	-	394

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

【Supplementary Information】**Overseas Sales**

Fiscal year ended Mar. 31, 2014 (Apr. 1, 2013 to Mar. 31, 2014)

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas sales	62,328	35,659	28,277	16,662	142,925
II. Consolidated sales					302,136
III. Overseas sales to consolidated sales	20.6%	11.8%	9.4%	5.5%	47.3%

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.

For the Fiscal Year Ended March 31, 2015

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%

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.

For the Fiscal Year Ended March 31, 2015

【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 2013 ended Mar. 31, 2014 (Apr. 1, 2013 to Mar. 31, 2014)		FY 2014 ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)	
Net assets per share	1,164.10 yen	Net assets per share	1,307.13 yen
Net income per share	51.74 yen	Net income per share	94.06 yen

Notes:

1. Diluted net income per share is not shown since there are no dilutive shares.
2. The basis for calculation of net assets per share is as follows.

	As of Mar. 31, 2014	As of Mar. 31, 2015
Total net assets (Millions of yen)	242,193	270,128
Deductions from net assets (Millions of yen)	5,919	4,854
[Attributable to minority interests]	[5,919]	[4,854]
Net assets applicable to common stock (Millions of yen)	236,274	265,274
Number of shares of common stock used in calculation of net assets per share (Thousands of shares)	202,966	202,943

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

	FY 2013 ended Mar. 31, 2014 (Apr. 1, 2013 to Mar. 31, 2014)	FY 2014 ended Mar. 31, 2015 (Apr. 1, 2014 to Mar. 31, 2015)
Net income (Millions of yen)	10,503	19,089
Amount not attributable to general shareholders (Millions of yen)	—	—
Net income applicable to common stock (Millions of yen)	10,503	19,089
Averages number of shares of common stock during the period (Thousands of shares)	202,981	202,954

【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.*