

For the Third Quarter of the Fiscal Year Ending March 31, 2016

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

Summary of Consolidated Financial Results

For the Third Quarter of the Fiscal Year Ending March 31, 2016

(Nine Months Ended December 31, 2015)

February 3, 2016

Company name:	NIPPON SHOKUBAI CO., LTD.	Listing: TSE (First Section)	
Code number:	4114	URL: http://www.shokubai.co.jp/	
Representative:	Masanori Ikeda, President and Representative Member of the Board		
Contact for inquiries:	Teruhisa Wada, General Manager of General Affairs Dept.	Phone: +81-6-6223-9111	
Scheduled quarterly report filing date:	February 8, 2016		
Scheduled date of dividend payment:	-		
Supplementary quarterly materials prepared:	None		
Quarterly results information meeting held:	None		

(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2016 (hereafter FY 2015) (from April 1, 2015 to December 31, 2015)

(1) Consolidated operating results (cumulative)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended Dec. 31, 2015	247,731	-10.0	24,758	34.3	27,188	26.0	20,885	51.0
Nine months ended Dec. 31, 2014	275,238	31.4	18,433	150.5	21,574	113.4	13,832	66.2

Note: Comprehensive income (millions of yen):

Nine months ended December 31, 2015:	19,072	5.6%	
Nine months ended December 31, 2014:	18,059	-1.4%	

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended Dec. 31, 2015	514.57	-
Nine months ended Dec. 31, 2014	340.76	-

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Dec. 31, 2015	419,126	283,843	66.6	6,873.30
As of Mar. 31, 2015	419,634	270,128	63.2	6,535.66

Reference: Shareholders' equity (millions of yen):

As of December 31, 2015:	278,941		
As of Mar. 31, 2015:	265,274		

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

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2014	-	11.00	-	13.00	24.00
FY 2015	-	13.00	-		
FY 2015 (forecast)				75.00	-

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

Note: Revisions to consolidated earnings forecast during the period: None

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

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

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	330,000	-12.0	31,000	18.6	34,000	13.6	25,000	31.0	615.98

Note: Revisions to consolidated earnings forecast during the period: None

*The Company conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2015. The figures for earnings per share of the consolidated financial forecasts (full year) for FY 2015 are amounts that take into account the reverse stock split.

※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: Yes

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)

Dec. 31, 2015: 40,800,000 shares

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

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

Dec. 31, 2015: 216,798 shares

Mar. 31, 2015: 211,255 shares

3) Average number of shares outstanding during the period

Nine months ended
Dec. 31, 2015: 40,586,567 shares

Nine months ended
Dec. 31, 2014: 40,591,436 shares

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

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

※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****Overview**

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2014	Nine months ended Dec. 31, 2015	Change		FY2014
			(Amount)	(% growth)	
Net sales	275,238	247,731	-27,506	-10.0%	374,873
Operating income	18,433	24,758	6,325	34.3%	26,133
Ordinary income	21,574	27,188	5,614	26.0%	29,941
Profit*	13,832	20,885	7,053	51.0%	19,089
Earnings per share	340.76 yen	514.57 yen	173.81 yen	51.0%	470.28 yen
ROA (Return on Assets)	7.1%	8.6%	-	1.5 points	7.3%
ROE (Return on Equity)	7.6%	10.2%	-	2.6 points	7.6%
Foreign exchange rates	\$=106.79 yen	\$=121.73 yen	14.94 yen		\$=109.88 yen
(\$ and EUR)	EUR=140.23 yen	EUR=134.40 yen	-5.83 yen		EUR=138.68 yen
Naphtha price	68,900 yen/kl	45,600 yen/kl	-23,300 yen/kl		63,500 yen/kl

*Profit attributable to owners of parent

Note) 1. The ROA and ROE figures shown for each nine-month period are annualized.

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

(2) Consolidated Financial Forecasts and Other Forward-looking Statements

As announced on November 5, 2015, the Group's full fiscal year results forecast are as follows: consolidated net sales of 330.0 billion yen, operating income of 31.0 billion yen, ordinary income of 34.0 billion yen, and profit attributable to owners of parent of 25.0 billion yen.

The consolidated financial forecasts (full year) for FY 2015 are based on the assumption that the exchange rate in the fourth quarter of FY 2015 will be 120 yen to the US dollar, 130 yen to the euro, and naphtha prices of 38,000 yen/kl.

The previously announced forecasts by business segment for the fiscal year ending March 31, 2016 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
Forecasts announced on November 5, 2015	121.0	8.5	181.5	22.0	27.5	0.5

2. Matters Related to Summary Information (Notes)**(1) Changes in Significant Subsidiaries during the Period**

Not applicable.

(2) Application of Special Accounting Methods in the Preparation of the Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies and Accounting-based Estimates, and Revised Restatements**(Changes to the accounting policy)**

Effective from the fiscal year starting April 1, 2015, the Company has applied the "Revised Accounting Standard for

Business Combinations” (ASBJ Statement No. 21 issued on September 13, 2013, hereafter “Business Combinations Accounting Standard”), the “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22 issued on September 13, 2013, hereinafter “Consolidation Accounting Standard”), the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 issued on September 13, 2013, hereinafter “Business Divestitures Accounting Standard”) and other standards.

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

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

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

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

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

There is an insignificant effect on the operating income, ordinary income and income before income taxes for the third quarter of the fiscal year ending March 31, 2016 and the capital surplus at the end of the third quarter of the fiscal year ending March 31, 2016.

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

(Unit: Millions of yen)

	FY2014 As of Mar. 31, 2015	3Q-FY2015 As of Dec. 31, 2015
Assets		
Current assets		
Cash and deposits	49,255	61,605
Notes and accounts receivable - trade	74,156	72,942
Merchandise and finished goods	33,769	29,735
Work in process	6,222	6,105
Raw materials and supplies	16,312	16,467
Other	17,069	13,133
Allowance for doubtful accounts	-235	-148
Total current assets	196,547	199,840
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	78,953	72,337
Land	31,680	33,120
Other, net	43,220	44,731
Accumulated impairment loss	-4,205	-4,179
Total property, plant and equipment	149,647	146,009
Intangible assets		
Other	3,907	3,987
Total intangible assets	3,907	3,987
Investments and other assets		
Investment securities	53,137	54,019
Other	16,461	15,337
Allowance for doubtful accounts	-65	-66
Total investments and other assets	69,533	69,290
Total noncurrent assets	223,087	219,286
Total assets	419,634	419,126
Liabilities		
Current liabilities		
Notes and accounts payable - trade	47,515	48,285
Short-term loans payable	22,071	14,224
Current portion of long-term loans payable	7,685	7,974
Income taxes payable	4,839	2,438
Provision for bonuses	3,075	1,332
Other provision	2,637	2,554
Other	8,205	10,920
Total current liabilities	96,027	87,727
Non-current liabilities		
Long-term loans payable	36,910	30,803
Net defined benefit liability	11,755	11,705
Other	4,814	5,049
Total non-current liabilities	53,479	47,556
Total liabilities	149,506	135,283

	FY2014 As of Mar.31, 2015	3Q-FY2015 As of Dec. 31, 2015
Net assets		
Shareholders' equity		
Capital stock	25,038	25,038
Capital surplus	22,083	22,084
Retained earnings	195,497	211,106
Treasury shares	-956	-1,004
Total shareholders' equity	241,663	257,223
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,652	10,974
Deferred gains or losses on hedges	27	26
Foreign currency translation adjustment	13,095	10,758
Remeasurements of defined benefit plans	-162	-41
Total accumulated other comprehensive income	23,611	21,717
Non-controlling interests	4,854	4,902
Total net assets	270,128	283,843
Total liabilities and net assets	419,634	419,126

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

	(Unit: Millions of yen)	
	3Q- FY 2014	3Q- FY 2015
	Apr.1, 2014 to Dec.31, 2014	Apr.1, 2015 to Dec.31, 2015
Net sales	275,238	247,731
Cost of sales	227,817	194,407
Gross profit	47,421	53,325
Selling, general and administrative expenses		
Transportation and warehousing expenses	10,767	10,117
Personnel expenses	5,835	5,640
Research and development expenses	7,913	8,311
Other	4,473	4,499
Total selling, general and administrative expenses	28,988	28,567
Operating income	18,433	24,758
Non-operating income		
Interest income	122	173
Dividend income	854	795
Share of profit of entities accounted for using equity method	943	2,116
Royalty Income and technical support fee	231	262
Real estate rent	857	891
Foreign exchange gains	750	-
Other	716	662
Total non-operating income	4,474	4,899
Non-operating expenses		
Interest expenses	456	333
Technology transfer study related expenses	5	592
Foreign exchange losses	-	942
Depreciation	276	101
Other	597	500
Total non-operating expenses	1,333	2,469
Ordinary income	21,574	27,188
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	-	620
State subsidy	-	249
Gain on sales of investment securities	201	-
Total extraordinary income	201	869
Extraordinary losses		
Loss on reduction of non-current assets	-	223
Loss on abandonment of non-current assets	349	-
Loss on liquidation of business	149	-
Total extraordinary losses	498	223
Income before income taxes	21,278	27,834
Income taxes - current	4,887	4,922
Income taxes - deferred	2,442	1,933
Total income taxes	7,329	6,856
Profit	13,949	20,978
Profit attributable to non-controlling interests	117	94
Profit attributable to owners of parent	13,832	20,885

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	3Q- FY 2014 Apr.1, 2014 to Dec.31, 2014	3Q- FY 2015 Apr.1, 2015 to Dec.31, 2015
Profit	13,949	20,978
Other comprehensive income		
Valuation difference on available-for-sale securities	4,082	320
Deferred gains or losses on hedges	24	-0
Foreign currency translation adjustment	-628	-1,286
Remeasurements of defined benefit plans	270	94
Share of other comprehensive income of entities accounted for using equity method	362	-1,034
Total other comprehensive income	4,111	-1,906
Comprehensive income	18,059	19,072
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,910	18,991
Comprehensive income attributable to non-controlling interests	149	82

(3) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	3Q- FY 2014 Apr.1, 2014 to Dec.31, 2014	3Q- FY 2015 Apr.1, 2015 to Dec.31, 2015
Cash flows from operating activities		
Income before income taxes	21,278	27,834
Depreciation	13,816	13,389
Loss on abandonment of non-current assets	349	-
Loss on reduction of non-current assets	-	223
Subsidy income	-	-249
Interest and dividend income	-976	-968
Interest expenses	456	333
Share of (profit) loss of entities accounted for using equity method	-943	-2,116
Loss (gain) on sales of investment securities	-201	-
Loss (gain) on sales of shares of subsidiaries and associates	-	-620
Decrease (increase) in notes and accounts receivable - trade	-11,491	-482
Decrease (increase) in inventories	95	2,068
Increase (decrease) in notes and accounts payable - trade	9,848	2,670
Increase (decrease) in accrued consumption taxes	100	773
Other, net	-3,587	1,420
Subtotal	28,742	44,275
Interest and dividend income received	2,266	2,170
Interest expenses paid	-465	-314
Payment for liquidation of business	-115	-
Proceeds from subsidy income	-	249
Income taxes paid	-7,139	-7,446
Cash flows from operating activities	23,288	38,935
Cash flows from investing activities		
Purchase of property, plant and equipment	-14,040	-8,702
Proceeds from sales of property, plant and equipment	1,043	3
Purchase of investment securities	-1,006	-679
Proceeds from sales of investment securities	264	0
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	211
Purchase of shares of subsidiaries and associates	-1,277	-22
Collection of investments in capital	653	535
Other, net	-787	-253
Cash flows from investing activities	-15,150	-8,906

(Unit: Millions of yen)

	3Q- FY 2014	3Q- FY 2015
	Apr.1, 2014 to Dec.31, 2014	Apr.1, 2015 to Dec.31, 2015
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,922	-6,879
Proceeds from long-term loans payable	7,650	500
Repayments of long-term loans payable	-7,026	-5,439
Redemption of bonds	-10,000	-
Cash dividends paid	-3,856	-5,276
Dividends paid to non-controlling interests	-30	-32
Purchase of treasury shares	-24	-49
Other, net	-21	-23
Cash flows from financing activities	-8,387	-17,197
Effect of exchange rate change on cash and cash equivalents	105	-375
Net increase (decrease) in cash and cash equivalents	-144	12,456
Cash and cash equivalents at beginning of period	39,619	44,336
Cash and cash equivalents at end of period	39,475	56,792

(4) Notes Concerning Quarterly Consolidated Financial Statements**【Going Concern Assumption】**

Not applicable.

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

Not applicable.

【Segment Information】

I Nine months ended December 31, 2014 (April 1, 2014 to December 31, 2014)

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

(Unit: Millions of yen)

	Basic chemicals	Functional chemicals	Environment & catalysts	Total	Adjustment (Note 1)	Consolidation (Note 2)
Net sales						
(1) Sales to third parties	112,139	144,587	18,511	275,238	-	275,238
(2) Intergroup sales and transfers	33,625	3,952	1,749	39,326	-39,326	-
Total	145,765	148,539	20,260	314,564	-39,326	275,238
Segment Income	6,320	11,458	649	18,428	5	18,433

Notes: 1. The "Segment Income" adjustment refers to inter-segment transaction eliminations amounting to 5 million yen.

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

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

Not applicable.

II Nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)

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

(Unit: Millions of yen)

	Basic chemicals	Functional chemicals	Environment & catalysts	Total	Adjustment (Note 1)	Consolidation (Note 2)
Net sales						
(1) Sales to third parties	91,667	136,021	20,043	247,731	-	247,731
(2) Intergroup sales and transfers	26,407	3,768	441	30,617	-30,617	-
Total	118,075	139,789	20,484	278,348	-30,617	247,731
Segment Income	6,974	17,424	83	24,482	276	24,758

Notes: 1. The "Segment Income" adjustment refers to inter-segment transaction eliminations amounting to 276 million yen.

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

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

Not applicable.

【Supplementary Information】**Overseas Sales**

Nine months ended December 31, 2014 (April 1, 2014 to December 31, 2014)

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas sales	56,177	37,003	28,523	13,722	135,425
II. Consolidated sales					275,238
III. Overseas sales to consolidated sales	20.4%	13.4%	10.4%	5.0%	49.2%

Nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas sales	49,758	35,899	23,580	14,089	123,326
II. Consolidated sales					247,731
III. Overseas sales to consolidated sales	20.1%	14.5%	9.5%	5.7%	49.8%

Notes:

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

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