

For the Third Quarter of the Fiscal Year Ending March 31, 2017

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

Summary of Consolidated Financial Results
For the Third Quarter of the Fiscal Year Ending March 31, 2017
(Nine Months Ended December 31, 2016)

February 3, 2017

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, 2017	
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, 2017 (hereafter FY 2016) (from April 1, 2016 to December 31, 2016)

(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, 2016	209,322	-15.5	15,183	-38.7	18,326	-32.6	15,048	-27.9
Nine months ended Dec. 31, 2015	247,731	-10.0	24,758	34.3	27,188	26.0	20,885	51.0

Note: Comprehensive income (millions of yen):
 Nine months ended December 31, 2016: 2,897 -84.8%
 Nine months ended December 31, 2015: 19,072 5.6%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended Dec. 31, 2016	370.81	-
Nine months ended Dec. 31, 2015	514.57	-

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

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Dec. 31, 2016	409,808	278,870	67.2	6,789.09
As of Mar. 31, 2016	407,997	282,485	68.3	6,870.84

Reference: Shareholders' equity (millions of yen):
 As of December 31, 2016: 275,511
 As of Mar. 31, 2016: 278,835

2. Dividends

	Dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2015	-	13.00	-	85.00	-
FY 2016	-	75.00	-		
FY 2016 (forecast)				75.00	150.00

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

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, the annual dividends for FY 2015 are shown as "-."

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

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	280,000	-13.3	22,000	-29.6	25,000	-27.2	19,000	-26.9	468.19

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

※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, 2016:	40,800,000 shares	Mar. 31, 2016:	40,800,000 shares
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 - 2) Number of treasury stock at the end of the period

Dec. 31, 2016:	218,495 shares	Mar. 31, 2016:	217,611 shares
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 - 3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2016:	40,581,979 shares	Nine months ended Dec. 31, 2015:	40,586,567 shares
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* The Company conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2015. The figures for the average number of shares are amounts on the assumption that the Company conducts the reverse stock split at 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.

Qualitative Information, Financial Statements, etc.**1. Consolidated Operating Results****(1) Overview**

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2015	Nine months ended Dec. 31, 2016	Change		FY2015
			(Amount)	(% growth)	
Net sales	247,731	209,322	-38,409	-15.5%	323,124
Operating income	24,758	15,183	-9,575	-38.7%	31,234
Ordinary income	27,188	18,326	-8,862	-32.6%	34,342
Profit attributable to owners of parent	20,885	15,048	-5,836	-27.9%	26,003
Basic earnings per share	514.57 yen	370.81 yen	-143.76 yen	-27.9%	640.69 yen
ROA (Return on Assets)	8.6%	6.0%	-	-2.6 points	8.3%
ROE (Return on Equity)	10.2%	7.2%	-	-3.0 points	9.6%
Foreign exchange rates (\$ and EUR)	\$=121.73 yen EUR=134.40 yen	\$=106.62 yen EUR=118.00 yen		-15.11 yen -16.40 yen	\$=120.14 yen EUR=132.59 yen
Naphtha price	45,600 yen/kl	32,300 yen/kl	-13,300 yen/kl		42,800 yen/kl

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

Note) The Company conducted a reverse stock split at a ratio of one share for every five shares on October 1, 2015. The figures for the basic earnings per share are amounts on the assumption that the Company 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 8, 2016, the Group's full fiscal year results forecast are as follows: consolidated net sales of 280.0 billion yen, operating income of 22.0 billion yen, ordinary income of 25.0 billion yen, and profit attributable to owners of parent of 19.0 billion yen.

The consolidated financial forecasts (full year) for FY 2016 are based on the assumption that the exchange rate in the fourth quarter of FY 2016 will be 110 yen to the US dollar, 115 yen to the euro, and naphtha prices of 42,000 yen/kl.

The previously announced forecasts by business segment for the fiscal year ending March 31, 2017 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 8, 2016	100.0	7.0	153.0	14.3	27.0	0.7

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

Not applicable.

(4) Additional Information**(Application of Revised Implementation Guidance on Recoverability of Deferred Tax Assets)**

Effective from the fiscal year starting April 1, 2016, the Company has applied the "Revised Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Statement No. 26 issued on March 28, 2016).

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

(Unit: Millions of yen)

	FY2015 As of Mar.31, 2016	3Q-FY2016 As of Dec.31, 2016
Assets		
Current assets		
Cash and deposits	69,172	63,037
Notes and accounts receivable - trade	64,936	65,467
Merchandise and finished goods	27,884	26,309
Work in process	5,574	5,801
Raw materials and supplies	15,549	15,193
Other	12,585	12,526
Allowance for doubtful accounts	-18	-12
Total current assets	195,682	188,320
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	70,152	63,724
Land	33,084	33,073
Other, net	47,495	58,360
Accumulated impairment loss	-4,144	-3,886
Total property, plant and equipment	146,588	151,270
Intangible assets		
Other	3,999	3,529
Total intangible assets	3,999	3,529
Investments and other assets		
Investment securities	49,208	54,378
Other	12,587	12,377
Allowance for doubtful accounts	-67	-66
Total investments and other assets	61,728	66,689
Total noncurrent assets	212,315	221,488
Total assets	407,997	409,808
Liabilities		
Current liabilities		
Notes and accounts payable - trade	39,310	44,695
Short-term loans payable	13,186	10,276
Current portion of long-term loans payable	8,195	11,005
Income taxes payable	4,507	1,504
Provision for bonuses	3,273	1,262
Other provision	2,623	2,976
Other	9,959	12,841
Total current liabilities	81,053	84,559
Non-current liabilities		
Bonds payable	-	10,000
Long-term loans payable	29,166	19,140
Net defined benefit liability	12,568	12,749
Other	2,724	4,490
Total non-current liabilities	44,458	46,379
Total liabilities	125,511	130,938

	FY2015 As of Mar.31, 2016	3Q-FY2016 As of Dec.31, 2016
Net assets		
Shareholders' equity		
Capital stock	25,038	25,038
Capital surplus	22,395	22,396
Retained earnings	216,224	224,779
Treasury shares	-1,010	-1,016
Total shareholders' equity	262,648	271,197
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,613	11,526
Deferred gains or losses on hedges	16	16
Foreign currency translation adjustment	11,474	-4,803
Remeasurements of defined benefit plans	-2,916	-2,424
Total accumulated other comprehensive income	16,187	4,314
Non-controlling interests	3,651	3,359
Total net assets	282,485	278,870
Total liabilities and net assets	407,997	409,808

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

(Unit: Millions of yen)

	3Q- FY 2015	3Q- FY 2016
	Apr.1, 2015 to Dec.31, 2015	Apr.1, 2016 to Dec.31, 2016
Net sales	247,731	209,322
Cost of sales	194,407	165,488
Gross profit	53,325	43,834
Selling, general and administrative expenses	28,567	28,651
Operating income	24,758	15,183
Non-operating income		
Interest income	173	150
Dividend income	795	1,007
Share of profit of entities accounted for using equity method	2,116	1,810
Real estate rent	891	822
Royalty Income and technical support fee	262	271
Other	662	479
Total non-operating income	4,899	4,538
Non-operating expenses		
Interest expenses	333	299
Foreign exchange losses	942	316
Depreciation	101	111
Other	1,093	669
Total non-operating expenses	2,469	1,396
Ordinary income	27,188	18,326
Extraordinary income		
Gain on sales of investment securities	-	1,141
Gain on sales of shares of subsidiaries and associates	620	-
State subsidy	249	-
Total extraordinary income	869	1,141
Extraordinary losses		
Loss on reduction of non-current assets	223	-
Total extraordinary losses	223	-
Profit before income taxes	27,834	19,466
Income taxes - current	4,922	3,578
Income taxes - deferred	1,933	849
Total income taxes	6,856	4,427
Profit	20,978	15,040
Profit (loss) attributable to non-controlling interests	94	-8
Profit attributable to owners of parent	20,885	15,048

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	3Q- FY 2015	3Q- FY 2016
	Apr.1, 2015 to Dec.31, 2015	Apr.1, 2016 to Dec.31, 2016
Profit	20,978	15,040
Other comprehensive income		
Valuation difference on available-for-sale securities	320	3,916
Deferred gains or losses on hedges	0	-0
Foreign currency translation adjustment	-1,286	-14,788
Remeasurements of defined benefit plans, net of tax	94	459
Share of other comprehensive income of entities accounted for using equity method	-1,034	-1,730
Total other comprehensive income	-1,906	-12,143
Comprehensive income	19,072	2,897
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,991	3,175
Comprehensive income attributable to non-controlling interests	82	-279

(3) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	3Q- FY 2015 Apr.1, 2015 to Dec.31, 2015	3Q- FY 2016 Apr.1, 2016 to Dec.31, 2016
Cash flows from operating activities		
Profit before income taxes	27,834	19,466
Depreciation	13,389	12,888
Loss on reduction of non-current assets	223	-
Loss (gain) on sales of investment securities	-	-1,141
Subsidy income	-249	-
Interest and dividend income	-968	-1,157
Interest expenses	333	299
Share of (profit) loss of entities accounted for using equity method	-2,116	-1,810
Loss (gain) on sales of shares of subsidiaries and associates	-620	-
Decrease (increase) in notes and accounts receivable - trade	-482	-2,727
Decrease (increase) in inventories	2,068	-300
Increase (decrease) in notes and accounts payable - trade	2,670	7,296
Increase (decrease) in accrued consumption taxes	773	-503
Other, net	1,420	-1,880
Subtotal	44,275	30,432
Interest and dividend income received	2,170	2,583
Interest expenses paid	-314	-234
Proceeds from subsidy income	249	-
Income taxes paid	-7,446	-6,483
Cash flows from operating activities	38,935	26,297
Cash flows from investing activities		
Purchase of property, plant and equipment	-8,702	-22,696
Proceeds from sales of property, plant and equipment	3	11
Purchase of investment securities	-679	-556
Proceeds from sales of investment securities	0	1,242
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	211	-
Purchase of shares of subsidiaries and associates	-22	-400
Collection of investments in capital	535	354
Other, net	-253	-142
Cash flows from investing activities	-8,906	-22,188

	3Q- FY 2015	3Q- FY 2016
	Apr.1, 2015 to Dec.31, 2015	Apr.1, 2016 to Dec.31, 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-6,879	-3,070
Proceeds from long-term loans payable	500	1,280
Repayments of long-term loans payable	-5,439	-5,340
Proceeds from issuance of bonds	-	10,000
Purchase of treasury shares	-49	-6
Cash dividends paid	-5,276	-6,493
Dividends paid to non-controlling interests	-32	-13
Other, net	-23	-18
Cash flows from financing activities	-17,197	-3,661
Effect of exchange rate change on cash and cash equivalents	-375	-5,669
Net increase (decrease) in cash and cash equivalents	12,456	-5,221
Cash and cash equivalents at beginning of period	44,336	64,055
Cash and cash equivalents at end of period	56,792	58,834