

**Translation**

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results  
for the Six Months Ended September 30, 2016  
(Based on Japanese GAAP)**

November 8, 2016

Company name: Nippon Soda Co.,Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 4041 URL <http://www.nippon-soda.co.jp/>  
 Representative: President Akira Ishii  
 Inquiries: Manager,Stakeholder Relations Group Shusaku Kiyota TEL 03-3245-6053  
 Scheduled date to file Quarterly Securities Report: November 11, 2016  
 Scheduled date to commence dividend payments: December 6, 2016  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-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	%
Six months ended September 30, 2016	58,827	(14.2)	1,400	(57.7)	3,835	(64.1)	3,983	(57.2)
Six months ended September 30, 2015	68,575	2.3	3,311	29.9	10,687	111.4	9,313	146.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2016	25.74		-	
Six months ended September 30, 2015	60.86		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	206,045	129,636	61.7
As of March 31, 2016	220,587	131,489	58.5

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2016	-	5.00	-	7.00	12.00
Year ending March 31, 2017	-	6.00			
Year ending March 31, 2017 (Forecast)			-	6.00	12.00

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	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	129,000	(9.6)	4,000	(46.1)	7,900	(58.3)	7,000	(51.1)	45.24

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2016  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2016	155,636,535 shares	As of March 31, 2016	155,636,535 shares
--------------------------	--------------------	----------------------	--------------------

Number of treasury shares at the end of the period

As of September 30, 2016	4,094,351 shares	As of March 31, 2016	30,307 shares
--------------------------	------------------	----------------------	---------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2016	154,736,785 shares	Six months ended September 30, 2015	153,039,806 shares
-------------------------------------	--------------------	-------------------------------------	--------------------

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	14,517	37,757
Notes and accounts receivable - trade	42,790	31,813
Inventories	27,913	30,484
Deferred tax assets	2,001	1,641
Other	2,974	3,722
Allowance for doubtful accounts	(214)	(193)
Total current assets	89,982	105,225
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,079	16,523
Machinery, equipment and vehicles, net	18,076	17,492
Tools, furniture and fixtures, net	1,626	1,655
Land	15,341	15,333
Leased assets, net	286	237
Construction in progress	1,144	1,617
Total property, plant and equipment	53,553	52,860
Intangible assets		
Goodwill	939	821
Other	1,140	967
Total intangible assets	2,079	1,789
Investments and other assets		
Investment securities	63,096	34,174
Net defined benefit asset	7,030	7,341
Deferred tax assets	2,319	2,105
Other	2,623	2,620
Allowance for doubtful accounts	(98)	(71)
Total investments and other assets	74,971	46,169
Total non-current assets	130,605	100,819
Total assets	220,587	206,045

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	14,670	15,083
Electronically recorded obligations - operating	3,376	1,879
Short-term loans payable	35,712	31,701
Income taxes payable	905	418
Provision for bonuses	3,449	1,750
Other	5,897	5,631
Total current liabilities	64,011	56,465
Non-current liabilities		
Long-term loans payable	14,019	10,770
Deferred tax liabilities	5,251	3,525
Net defined benefit liability	2,564	2,479
Other	3,250	3,167
Total non-current liabilities	25,086	19,943
Total liabilities	89,097	76,408
<b>Net assets</b>		
Shareholders' equity		
Capital stock	29,166	29,166
Capital surplus	29,359	29,359
Retained earnings	64,806	67,700
Treasury shares	(20)	(1,912)
Total shareholders' equity	123,311	124,313
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,605	4,538
Deferred gains or losses on hedges	(166)	(107)
Foreign currency translation adjustment	1,525	(1,423)
Remeasurements of defined benefit plans	(291)	(130)
Total accumulated other comprehensive income	5,672	2,877
Non-controlling interests	2,505	2,445
Total net assets	131,489	129,636
Total liabilities and net assets	220,587	206,045

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Net sales	68,575	58,827
Cost of sales	51,703	44,509
Gross profit	16,872	14,317
Selling, general and administrative expenses	13,561	12,917
Operating income	3,311	1,400
Non-operating income		
Interest income	2	3
Dividend income	345	337
Share of profit of entities accounted for using equity method	6,821	2,470
Other	960	417
Total non-operating income	8,130	3,229
Non-operating expenses		
Interest expenses	257	211
Foreign exchange losses	–	232
Loss on valuation of derivatives	154	–
Other	342	350
Total non-operating expenses	754	794
Ordinary income	10,687	3,835
Extraordinary income		
Gain on change in equity	–	907
Gain on sales of investment securities	509	–
Gain on sales of non-current assets	15	–
Other	27	–
Total extraordinary income	552	907
Extraordinary losses		
Loss on abandonment of non-current assets	62	85
Other	10	–
Total extraordinary losses	73	85
Profit before income taxes	11,166	4,657
Income taxes - current	506	1,879
Income taxes - deferred	1,238	(1,252)
Total income taxes	1,744	626
Profit	9,421	4,031
Profit attributable to non-controlling interests	107	48
Profit attributable to owners of parent	9,313	3,983

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Profit	9,421	4,031
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,418)	(54)
Deferred gains or losses on hedges	84	33
Foreign currency translation adjustment	(319)	(854)
Remeasurements of defined benefit plans, net of tax	54	69
Share of other comprehensive income of entities accounted for using equity method	(1,038)	(2,059)
Total other comprehensive income	(2,637)	(2,866)
Comprehensive income	6,784	1,164
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,830	1,188
Comprehensive income attributable to non-controlling interests	(45)	(23)

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016
Cash flows from operating activities		
Profit before income taxes	11,166	4,657
Depreciation	3,093	3,153
Amortization of goodwill	117	117
Increase (decrease) in provision for bonuses	(1,597)	(1,694)
Increase (decrease) in net defined benefit asset	(553)	(310)
Increase (decrease) in net defined benefit liability	(88)	(4)
Interest and dividend income	(348)	(341)
Interest expenses	257	211
Share of (profit) loss of entities accounted for using equity method	(6,821)	(2,470)
Loss (gain) on sales of investment securities	(509)	–
Loss (gain) on change in equity	–	(907)
Decrease (increase) in notes and accounts receivable - trade	6,327	10,203
Decrease (increase) in inventories	(3,239)	(2,929)
Increase (decrease) in notes and accounts payable - trade	300	(220)
Decrease (increase) in prepaid expenses	(476)	(853)
Increase (decrease) in Advances received on uncompleted construction contracts	(1,149)	682
Increase (decrease) in accrued expenses	(498)	(496)
Increase (decrease) in accrued consumption taxes	(430)	(233)
Other, net	(231)	(185)
Subtotal	5,317	8,378
Interest and dividend income received	2,690	30,935
Interest expenses paid	(256)	(212)
Income taxes paid	(1,490)	(2,517)
Net cash provided by (used in) operating activities	6,261	36,583
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,422)	(2,852)
Purchase of intangible assets	(145)	(46)
Purchase of investment securities	(75)	(141)
Proceeds from sales of investment securities	941	–
Other, net	(34)	(81)
Net cash provided by (used in) investing activities	(2,736)	(3,122)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,025	(3,040)
Proceeds from long-term loans payable	1,500	–
Repayments of long-term loans payable	(4,102)	(3,740)
Purchase of treasury shares	(4)	(1,891)
Cash dividends paid	(1,514)	(1,085)
Other, net	1	(78)
Net cash provided by (used in) financing activities	(3,094)	(9,837)
Effect of exchange rate change on cash and cash equivalents	(50)	(394)
Net increase (decrease) in cash and cash equivalents	379	23,228
Cash and cash equivalents at beginning of period	14,853	14,494
Cash and cash equivalents at end of period	15,233	37,723