

Summary of Consolidated Financial Results For the Fiscal Year Ended March 31, 2011

May 6, 2011

Company name: Nippon Shokubai Co., Ltd. Listing: TSE, OSE (First Section)
 Code number: 4114 URL: <http://www.shokubai.co.jp/>
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 Scheduled date of the general shareholders' meeting: June 21, 2011
 Scheduled date of dividend payment: June 22, 2011
 Scheduled date of filing annual securities report: June 21, 2011

(Figures are rounded off to the nearest million yen)

1. Consolidated Business Results for FY3/11

(April 1, 2010 to March 31, 2011)

(1) Consolidated operating results (% 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	%
FY3/11	288,345	18.0	29,813	114.8	30,955	107.3	21,119	95.0
FY3/10	244,317	(15.5)	13,881	-	14,934	-	10,832	-

Reference: Comprehensive income (millions of yen):

FY3/11: 16,969 (15.9%) FY3/10: 14,641 (- %)

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary income on assets	Operating income to net sales
	Yen	Yen	%	%	%
FY3/11	110.30	-	12.1	9.7	10.3
FY3/10	60.85	-	7.0	4.9	5.7

Reference: Equity in earnings (losses) of unconsolidated subsidiaries and affiliates (millions of yen):

FY3/11: 2,354 FY3/10: 1,037

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY3/11	329,332	194,266	57.9	938.67
FY3/10	310,946	163,781	51.4	898.33

Reference: Shareholders' equity (millions of yen):

FY3/11: 190,557 FY3/10: 159,923

(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
FY3/11	31,706	(16,696)	(3,050)	39,174
FY3/10	44,346	(23,850)	(21,772)	28,234

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	%	%
FY3/10	-	7.00	-	7.00	14.00	2,492	23.0	1.6
FY3/11	-	10.00	-	12.00	22.00	4,466	19.9	2.4
FY3/12 (forecast)	-	10.00	-	10.00	20.00	-	24.6	-

FY3/11: Detail of dividends
 Ordinary dividends: 2nd quarter end 9 yen / share Full year end 9 yen / share Total 18 yen / share
 Commemorative dividends: 2nd quarter end 1 yen / share Full year end 3 yen / share Total 4 yen / share

3. Consolidated Business Forecast for the Fiscal Year Ending March 31, 2012**(April 1, 2011 to March 31, 2012)**

(% 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	150,000	8.6	8,000	(40.6)	10,500	(21.6)	7,000	(6.5)	34.48
FY3/12	320,000	11.0	23,000	(22.9)	25,000	(19.2)	16,500	(21.9)	81.28

4. Others

(1) Changes in consolidated subsidiaries (changes in scope of consolidation): None

(2) Changes in accounting principles, procedures and presentation methods for preparation of consolidated financial statements

1) Changes caused by revision of accounting standards: Yes

2) Other changes: Yes

(3) Number of outstanding shares (common stock)

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

FY3/11: 212,000,000 shares

FY3/10: 187,000,000 shares

2) Number of treasury stock at the end of period

FY3/11: 8,992,680 shares

FY3/10: 8,976,962 shares

3) Average number of shares outstanding at the end of period

FY3/11: 191,476,968 shares

FY3/10: 178,008,305 shares

(Reference) Non-consolidated Business Overview**1. Non-consolidated Business Results for FY3/11 (April 1, 2010 to March 31, 2011)**

(1) Non-consolidated operating results

(% 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	%
FY3/11	206,389	24.2	19,801	116.1	22,898	104.6	16,342	136.2
FY3/10	166,198	(20.0)	9,163	806.3	11,191	162.6	6,918	-

	Net income per share	Fully diluted net income per share
	Yen	Yen
FY3/11	85.34	-
FY3/10	38.86	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY3/11	275,921	170,410	61.8	839.43
FY3/10	251,473	140,571	55.9	789.62

Reference: Shareholders' equity (millions of yen):

FY3/11: 170,410

FY3/10: 140,571

2. Non-consolidated Business Forecast for FY3/12 (April 1, 2011 to March 31, 2012)

(% 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	106,000	6.6	5,300	(42.9)	9,000	(21.3)	6,000	(20.8)	29.56
FY3/12	230,000	11.4	16,000	(19.2)	19,000	(17.0)	12,500	(23.5)	61.57

* Cautionary statement with respect to forward-looking statements

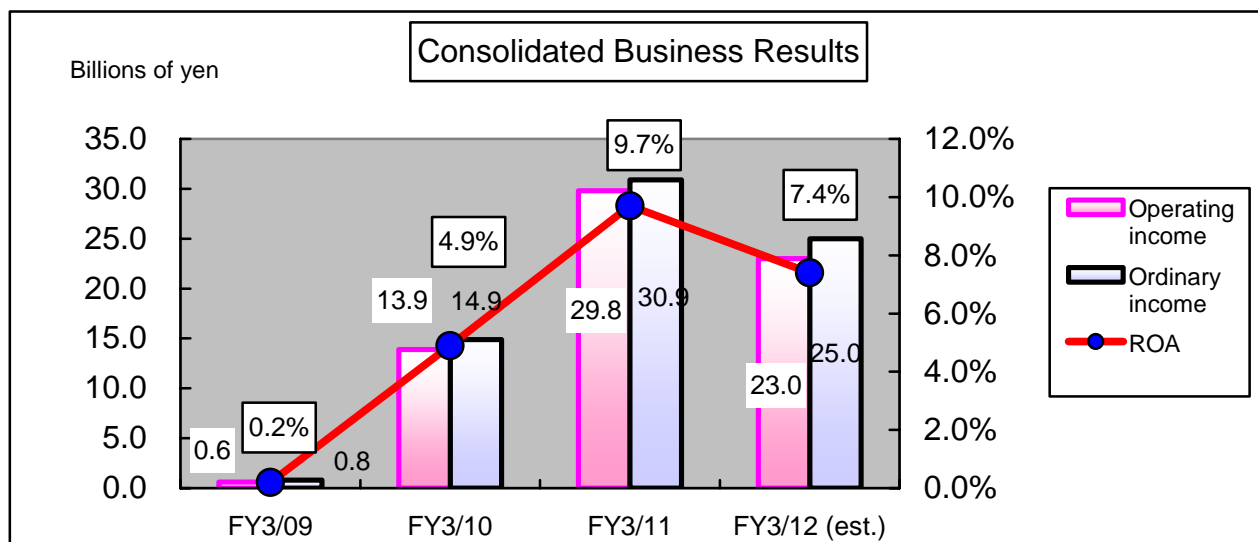
These materials contain forward-looking statements and statements of this nature based on reasonable judgments in accordance with information currently available. Readers should be aware that actual results and events might differ substantially from these projections. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer the section "1. Business Results, I. Analysis of Business Results" on page 6.

Results Trend and Features

(Unit: Millions of yen)

	FY3/09		FY3/10		FY3/11		FY3/12 (Forecast)		Change	
	Amount	YoY	Amount	YoY	Amount	YoY	Amount	YoY	FY3/11- FY3/10	FY3/12- FY3/11
Net sales	[1.39]		[1.47]		[1.40]		[1.39]			
Consolidated	289,102	(4.5)%	244,317	(15.5)%	288,345	18.0%	320,000	11.0%	44,028	31,655
Non-consolidated	207,870	(10.1)%	166,198	(20.0)%	206,389	24.2%	230,000	11.4%	40,191	23,611
Operating income	[0.61]		[1.51]		[1.51]		[1.44]			
Consolidated	622	(96.6)%	13,881	-	29,813	114.8%	23,000	(22.9)%	15,932	(6,813)
Non-consolidated	1,011	(93.8)%	9,163	806.3%	19,801	116.1%	16,000	(19.2)%	10,638	(3,801)
Ordinary income	[0.18]		[1.33]		[1.35]		[1.32]			
Consolidated	757	(96.4)%	14,934	-	30,955	107.3%	25,000	(19.2)%	16,021	(5,955)
Non-consolidated	4,262	(78.5)%	11,191	162.6%	22,898	104.6%	19,000	(17.0)%	11,708	(3,898)
Net income	[0.72]		[1.57]		[1.29]		[1.32]			
Consolidated	(5,307)	-	10,832	-	21,119	95.0%	16,500	(21.9)%	10,288	(4,619)
Non-consolidated	(7,353)	-	6,918	-	16,342	136.2%	12,500	(23.5)%	9,424	(3,842)
Equity-method investment	374		1,037		2,354		2,369		1,317	14
Minority interests in income	99		142		294		214		152	(80)
Total assets	[1.23]		[1.24]		[1.19]		[1.19]			
Consolidated	302,948	(14.1)%	310,946	2.6%	329,332	5.9%	350,000	6.3%	18,386	20,668
Non-consolidated	246,636	(11.9)%	251,473	2.0%	275,921	9.7%	295,000	6.9%	24,448	19,079
Net assets	[1.13]		[1.17]		[1.14]		[1.16]			
Consolidated	151,662	(13.6)%	163,781	8.0%	194,266	18.6%	206,514	6.3%	30,485	12,248
Non-consolidated	133,625	(10.0)%	140,571	5.2%	170,410	21.2%	178,444	4.7%	29,839	8,033
ROA									Point	Point
Consolidated		0.2%		4.9%		9.7%		7.4%	4.8	(2.3)
Non-consolidated		1.6%		4.5%		8.7%		6.7%	4.2	(2.0)

The figures in bracket represent the consolidated-parent ratio.



Comparison of FY3/11 with FY3/10

Sales up, profits up: sales increased on greater sales volumes accompanying bolstered capacity, and a surge in market prices. Profits rose sharply due to widening spreads and higher sales.

		Major components
Net sales	+44.0 bil. yen YoY	<ul style="list-style-type: none"> • Greater sales across all segments • Bolstered production capacity of ethylene oxides, acrylic acids, and superabsorbent polymers contributed to higher sales volumes • Higher average selling prices from a surge in market prices of basic chemicals outweighed the impact of yen appreciation
Operating income	+15.9 bil. yen YoY	<ul style="list-style-type: none"> • Wider spreads between selling prices and raw materials prices + increases in production and sales volumes > increase in SG&A expenses
Ordinary income	+16.0 bil. yen YoY	<ul style="list-style-type: none"> • Increase in earnings from equity-method investments > increase in foreign exchange losses + increase in loss on retirement of noncurrent assets
Net income	+10.3 bil. yen YoY	<ul style="list-style-type: none"> • Increase in income taxes

Comparison of FY3/12 with FY3/11

Sales up, profits down: sales up on greater sales volumes, and selling prices raised on rising raw materials prices; decline in profits as narrower spreads and higher fixed costs outweigh the benefits of higher sales

		Major components
Net sales	+31.7 bil. yen YoY	<ul style="list-style-type: none"> • Greater sales across all segments • Nihon Polymer made a consolidated subsidiary • Increase in sales, despite lower sales volumes of some basic chemicals, due to progress in correcting prices following higher raw materials prices
Operating income	(6.8) bil. yen YoY	<ul style="list-style-type: none"> • Narrowing spreads between selling prices and raw materials prices + higher fixed cost + increase in SG&A expenses > greater production and sales volumes
Ordinary income	(6.0) bil. yen YoY	<ul style="list-style-type: none"> • Decline in foreign exchange losses
Net income	(4.6) bil. yen YoY	<ul style="list-style-type: none"> • Decrease in income taxes

1. Business Results

I. Analysis of Business Results

(1) Business Results for FY3/11 (April 1, 2010 – March 31, 2011)

The Japanese economy in the fiscal year under review showed some signs of a pickup in production due to a recovery in exports, but uncertainty heightened as natural resources prices continued to rise globally and the employment environment remained harsh.

In the chemicals industry, demand was firm in China and some other regions, but the business environment remained harsh overall due to the yen's appreciation, rising crude oil prices, and the start of operations at large plants in the Middle East and Asia.

1) Overview

(Unit: Millions of yen)

	Full FY3/10	Full FY3/11	Change	
			(Amount)	(% growth)
Net sales	244,317	288,345	44,028	18.0%
Operating income	13,881	29,813	15,932	114.8%
Ordinary income	14,934	30,955	16,021	107.3%
Net income	10,832	21,119	10,288	95.0%
Net income per share	60.85 yen	110.30 yen	49.45 yen	81.3%
ROA (Return on Assets)	4.9%	9.7%	-	4.8 points
ROE (Return on Equity)	7.0%	12.1%	-	5.1 points
Foreign exchange rates (\$ and EUR)	\$ = 92.88 yen	\$ = 85.72 yen	(7.16) yen	
	EUR = 131.14 yen	EUR = 113.15 yen	(17.99) yen	
Naphtha price	41,200 yen/kl	47,500 yen/kl	6,300 yen/kl	

In this business environment, the Group's consolidated net sales rose 18.0% year-over-year to 288,345 million yen (+44,028 million yen) in the current fiscal year. Yen appreciation reduced the value of repatriated sales, but sales volumes rose on firm demand, and product prices rose due to elevated raw materials prices and tight supply-demand conditions.

As for profits, operating income increased 114.8% year-over-year to 29,813 million yen (+15,932 million yen) in the current fiscal year. Although fixed costs increased due to the bolstering of production capacity for ethylene oxides, acrylic acids and superabsorbent polymers, profitability improved due to an increase in production and sales volumes and a widening of spreads for some products (product prices rose more than raw materials prices in the markets).

Ordinary income increased 107.3% year-over-year to 30,955 million yen (+16,021 million yen) in the current fiscal year. Although foreign exchange losses and losses on retirement of noncurrent assets increased, non-operating income rose 89 million yen due to an increase in equity-method investment profits. Net income increased 95.0% year-over-year to 21,119 million yen (+10,288 million yen).

2) Segment summary

By business segment

(Unit: Millions of yen)

Basic Chemicals

	Full FY3/10	Full FY3/11	Change
Net sales	99,329	125,052	25,722
Operating income	5,328	13,986	8,658

Functional Chemicals

	Full FY3/10	Full FY3/11	Change
Net sales	131,514	141,553	10,039
Operating income	9,161	13,323	4,162

Environment & Catalysts

	Full FY3/10	Full FY3/11	Change
Net sales	13,473	21,740	8,267
Operating income	(645)	2,366	3,011

Basic Chemicals

Sales of acrylic acids and acrylates increased sharply due to a significant increase in sales volumes on the back of firm demand, and an increase in export prices due to a surge in market prices driven by tight supply-demand conditions worldwide.

Sales of ethylene oxide also increased due to a rise in sales volumes on firm demand, and upward revisions to selling prices to reflect higher raw materials prices.

Sales of ethylene glycol increased as market prices remained high and domestic sales volumes rose.

Sales of higher alcohol increased due to a rise in sales volumes driven mainly by exports, and upward revisions to selling prices to reflect higher raw materials prices.

Sales of ethanolamine were roughly flat as upward revisions to selling prices to reflect higher raw materials prices offset lower export sales volumes.

In summary, sales in the basic chemicals segment increased 25.9% year-over-year to 125,052 million yen.

Operating income increased 162.5% year-over-year to 13,986 million yen, despite an increase in fixed costs from the bolstering of production capacity, due to a significant improvement in profitability from an increase in sales volumes and production, and a widening of spreads for some products on a surge in market prices.

Functional Chemicals

Sales of superabsorbent polymers increased, despite a decline in selling prices from yen appreciation among other factors, as sales volumes significantly increased on firm demand and also thanks to the bolstering of production capacity.

Sales of specialty acrylates, maleic anhydride, and resin modifiers increased due to a rise in sales volumes and upward revisions to selling prices to reflect higher raw materials prices.

Sales of polymer for concrete admixture, electronic and information materials, and resins for paints increased due to a rise in sales volumes.

Sales of raw materials for detergents increased due to upward revisions to selling prices, despite a decline in sales volumes.

Sales of processed adhesive products and iodine compounds decreased due to a decline in sales volumes.

In summary, sales in the functional chemicals segment increased 7.6 % year-over-year to 141,553 million yen.

Operating income increased 45.4% year-over-year to 13,323 million yen, despite effects of yen appreciation and higher raw materials prices, due to an increase in production and sales volumes and upward revisions to selling prices.

Environment & Catalysts

Sales of automotive catalysts, process catalysts, and fuel cell materials increased sharply due to a significant increase in sales volumes.

Sales of De-NOx catalysts, and dioxins decomposition catalysts decreased due to a decline in sales volumes.

In summary, sales in the environment & catalysts segment increased 61.4% year-over-year to 21,740 million yen.

Operating income improved to 2,366 million yen, from a loss in the year-ago period, due to an increase in sales volumes of process catalysts and fuel cell materials, and a decline in loss on valuation of inventories.

(2) FY3/12 Forecast (April 1, 2011 – March 31, 2012)

The Japanese economy showed signs of improvement as growth of the global economy, driven by developing nations, caused business sentiment to recover as capital expenditure bottomed out and exports rose. However, production activity in some sectors of the economy fell sharply in the wake of the earthquake which struck in March due to damage to production equipment, supply chain disruptions, and power supply constraints. As a result, the outlook will likely remain uncertain due to stagnant economic activity, recovery delays, and the possibility of sharp volatility in foreign exchange rates.

In the chemicals industry, the situation bears close watching due to rising prices of crude oil and other natural resources prices in the face of political risks in the Middle East/North Africa and expanding demand in developing countries, foreign exchange rate volatility, and difficulties in continuing operations in the wake of the earthquake disaster.

We base our consolidated forecasts for the new fiscal year on exchange rates of 80 yen to the US dollar and 110 yen to the euro, and naphtha prices of 60,000 yen/kl. We expect sales volumes of some basic chemicals to decline in the wake of the earthquake disaster, but forecast higher sales volumes of functional chemicals and progress in correcting prices following higher raw materials prices. As a result, we forecast consolidated net sales over the full fiscal year will increase 11.0% to 320,000 million yen (+31,655 million yen) with 150,000 million yen in the first half.

As for profits, we forecast spreads between selling prices and raw materials prices will narrow and cost cutting efforts will continue, but expect a large impact from a rise in depreciation and other manufacturing costs due to capital investments. As a result, we forecast operating income over the full fiscal year will decline 22.9% to 23,000 million yen (-6,813 million yen) with 8,000 million yen in the first half; ordinary income will decline 19.2% to 25,000 million yen (-5,955 million yen) with 10,500 million yen in the first half; and net income will decline 21.9% to 16,500 million yen (-4,619 million yen) with 7,000 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	61.0	1.5	78.0	6.0	11.0	0.5
Second-half forecasts	68.0	4.0	88.0	10.0	14.0	1.0
Full-year forecasts	129.0	5.5	166.0	16.0	25.0	1.5

II. Qualitative Information on Consolidated Financial Position

(1) Assets, liabilities and net assets

Total assets increased 18,386 million yen year-over-year to 329,332 million yen, mainly due to increases in cash and deposits and notes and accounts receivable-trade.

Liabilities decreased 12,099 million yen year-over-year to 135,066 million yen, despite increase in notes and accounts payable-trade and income taxes payable, there was a decrease in loans payable.

Net assets increased 30,485 million yen year-over-year to 194,266 million yen. This was mainly due to increases in capital and capital surplus from the issue of stock, and an increase in retained earnings.

Shareholders' equity ratio increased 6.5 points, from 51.4% at the end of the previous fiscal year, to 57.9%. Net assets per share increased 40.34 yen to 938.67 yen.

(2) Cash Flows

Cash and cash equivalents at the end of the fiscal year increased 10,940 million yen over the end of the previous fiscal year to 39,174 million yen as cash flow provided by operating activities exceeded cash flow used in investing activities (capital investment, etc.) and financing activities (the repayment of loans payable, etc.)

(Cash flow from operating activities)

Cash from operating activities totaled 31,706 million yen (44,346 million yen in the previous fiscal year). This was mainly due to an increase in income before income taxes and minority interests, while there was a decrease in notes and accounts payable-trade and income taxes paid.

(Cash flow from investing activities)

Cash used in investing activities totaled 16,696 million yen (23,850 million yen in the previous fiscal year). This was mainly due to a decrease in outlays for the purchase of property, plant and equipment.

(Cash flow from financing activities)

Cash used in financing activities totaled 3,050 million yen (21,772 million yen in the previous fiscal year). This was mainly due to the procurement of funds via the issue of stock and no redemption of bonds.

Cash flow indicators

	Full FY3/07	Full FY3/08	Full FY3/09	Full FY3/10	Full FY3/11
Shareholders' equity ratio	54.1%	48.6%	48.8%	51.4%	57.9%
Shareholders' equity ratio at market base	72.5%	33.9%	36.5%	48.4%	64.2%
Cash flow to debt ratio	3.6 years	4.4 years	5.7 years	1.8 years	2.0 years
Interest coverage ratio	17.0	15.1	12.9	32.4	35.9

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 used "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 used "interest expenses paid" from the consolidated statements of cash flows for "interest payments."

III. Basic Policy on the Distribution of Profits, and Dividends for FY3/11 and FY3/12

Returning profits to shareholders is an important management theme, and our basic policy is to improve medium to long-term dividend levels in line with consolidated earnings, while at the same time ensuring sufficient retained earnings to expand the business and strengthen the corporate structure. In addition to dividend distributions, we intend to continue stock buybacks to raise the value of each share.

We believe profit distribution must be based on a careful balance of dividend payments and retained earnings because it is necessary that we continue to aggressively invest in capital equipment and R&D to maintain our competitiveness and growth into the future.

The Company Law went into effect starting May 1, 2006, but we maintain our dividend policy of paying dividends twice a year, once at the end of the interim period and at the end of the fiscal year.

Based on the above basic policy, we plan to pay a yearend dividend of 12 yen per share (ordinary dividend of 9 yen and commemorative dividend of 3 yen) for the current fiscal year under review, taking into consideration the business environment, earnings in the fiscal year, and plans for business expansion. This would give an annual dividend of 22 yen per share (ordinary dividend of 18 yen and commemorative dividend of 4 yen), and a consolidated payout ratio of 19.9%. For the new fiscal year, we plan an annual dividend of 20 yen per share, consisting of interim and yearend dividends of 10 yen each, based on this basic policy and taking into consideration progress in achieving our forecast profits.

2. Corporate Group

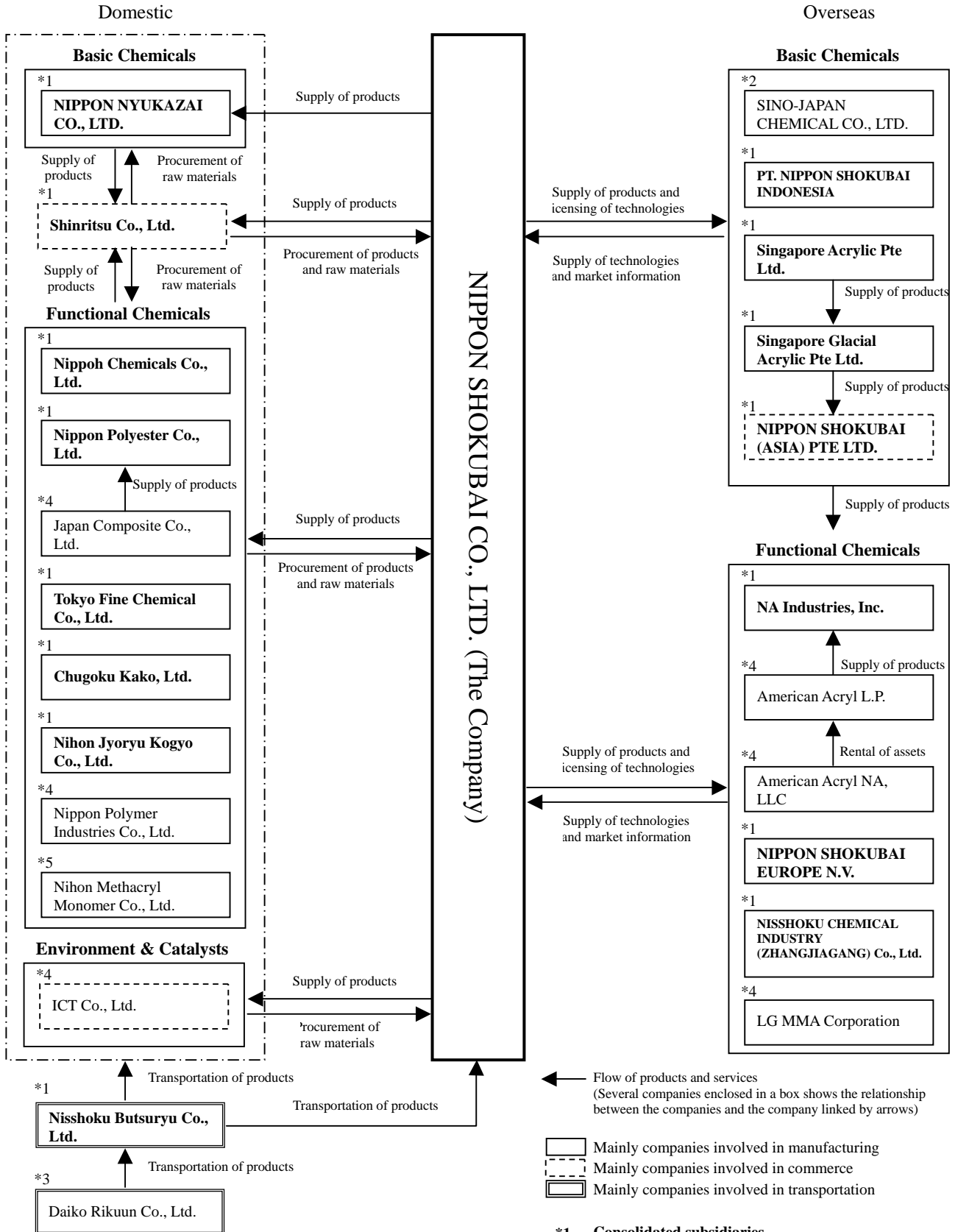
(1) The NIPPON SHOKUBAI corporate group consists of 24 subsidiaries and 13 affiliates, and its mainstay business is the manufacture and sale of chemicals.

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 Higher alcohol Glycol ether	NIPPON SHOKUBAI ('the Company') manufactures and sells acrylic acids, acrylates, and other basic chemicals. Shinritsu 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 Singapore Glacial Acrylic Pte Ltd. manufacture and sell acrylic acids, and NIPPON SHOKUBAI (ASIA) PTE LTD. sells some of the products. 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. Nippon 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. Nihon Jyoryu Kogyo 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, Ltd. procures adhesive resins and other raw materials from the Company, and manufactures and sells proceeded adhesives and other products. Nippon Polymer Industries 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.
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. ICT 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 businesses.

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



3. Management Policy

(1) Basic Management Philosophy

NIPPON SHOKUBAI's corporate philosophy is "TechnoAmenity: providing value and comfort to people and society, with our unique technology." And it seeks, under a management philosophy of 1) deep respect for humanity, 2) coexisting with society and working in harmony with the environment, 3) pursuing innovative technologies, 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

NIPPON SHOKUBAI will aim for further growth and earnings base expansion based on its long-term business plan "TechnoAmenity 2015" (FY3/11 to FY3/16), launched in FY3/11, and the accompanying action plan.

1) Outline of the Long-term Business Plan "TechnoAmenity 2015"

- a. The slogan of the Company's long-term business plan is "Challenge to the future, make dreams come true."
- b. Performance benchmark targets

The Company targets FY3/16 consolidated net sales of 400 billion yen, ordinary income of 30 billion yen, and ROA of 7.5%. The performance benchmark targets it places particular importance on are profit margins (ROA, and the operating income margin in each business segment).

- c. The Company's vision and target (its ideal) for 2025 is "a chemical company providing new values through innovative technologies," and it sets 2015 as its goal (its target). The following is its basic business strategy for achieving this:
 - Grow the electronic & information materials business into an earnings pillar
 - Cultivate the new energy business into a core next-generation business
 - Strengthen the competitiveness and improve the earnings power of existing businesses
 - Gain a foothold in the pharmaceuticals and health market

2) Outline of the Medium-term Business Plan

The Company targets FY3/13 consolidated net sales of 330 billion yen (including sales of new products launched to market within the past five years of 57 billion yen), ordinary income of 22 billion yen, and ROA of 6.3% (reference figure).

3) Progress in Medium- to Long-term Business Plan

1) Existing businesses

The Group's production capacity of superabsorbent polymers expanded to 470,000 tons per annum ("tpa") in March 2011 following the bolstering of capacity at the Himeji Plant last year. Also, the Group is planning the scrap-and-build of 60,000 tpa in the US in 2012, and the commercialization of 90,000 tpa in Indonesia in 2013. This would expand the Group's production capacity of superabsorbent polymers to 560,000 tpa, further solidifying its position as the world's top supplier.

The Group is planning to bolster its production capacity of acrylic acids in Indonesia to 80,000 tpa by 2013. This would raise the Group's production capacity of acrylic acids to 700,000 tpa.

The Group launched the “Earnings Improvement Committee” targeting improvements in the profitability of existing businesses. The committee will review all processes – from raw materials procurement, to manufacturing, inventory, and supplies to customers – regarding ethylene oxide and derivatives, acrylic acid and derivatives, and superabsorbent polymers, in order to cut costs and boost profitability.

2) New businesses

The Group targets sales of 30,000 million yen for the electronic & information materials business by FY3/16. It aims to improve profitability through expanding sales and boosting capacity utilization centered on acrylic resins for optics materials.

The Group targets sales of 5,000 million yen for the new energy business by FY3/16. It aims to bolster capacity and expand sales of fuel cell materials in particular.

3) Public subscription capital increase

In September 2010, the Company issued new shares in its first public subscription capital increase in 36 years. Through this, it bolstered shareholders’ equity, and used some of the 17,000 million yen in procured funds to invest in equipment.

The Company also intends to place the promotion of corporate social responsibility (CSR) 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.

Lastly, the Company intends to steadfastly carry out its role and mission while ensuring safe operations based on the principle of ‘safety takes precedence over production.’

** 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.*

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

(Unit: Millions of yen)

	Fiscal year ended Mar.31, 2010 (Mar.31, 2010)	Fiscal year ended Mar.31, 2011 (Mar.31, 2011)
Assets		
Current assets		
Cash and deposits	28,404	39,304
Notes and accounts receivable-trade	63,086	72,676
Merchandise and finished goods	21,256	21,690
Work in process	5,044	5,765
Raw materials and supplies	11,057	11,960
Deferred tax assets	3,380	3,707
Other	6,213	5,806
Allowance for doubtful accounts	(227)	(74)
Total current assets	138,213	160,834
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	80,560	80,741
Accumulated depreciation	(52,417)	(53,445)
Accumulated impairment loss	(1,441)	(1,509)
Buildings and structures, net	26,702	25,787
Machinery, equipment and vehicles	262,828	275,230
Accumulated depreciation	(216,027)	(219,016)
Accumulated impairment loss	(2,276)	(2,506)
Machinery, equipment and vehicles, net	44,524	53,708
Tools, furniture and fixtures	16,312	16,612
Accumulated depreciation	(14,626)	(14,824)
Accumulated impairment loss	(13)	(13)
Tools, furniture and fixtures, net	1,673	1,775
Land	30,710	31,567
Lease assets	630	523
Accumulated depreciation	(221)	(217)
Lease assets, net	409	307
Construction in progress	16,436	2,649
Total property, plant and equipment	120,455	115,793
Intangible assets		
Goodwill	1,405	937
Other	2,315	2,369
Total intangible assets	3,720	3,305

	Fiscal year ended Mar.31, 2010 (Mar.31, 2010)	Fiscal year ended Mar.31, 2011 (Mar.31, 2011)
Investments and other assets		
Investment securities	33,586	35,181
Investments in capital	4,179	3,677
Long-term loans receivable	482	333
Deferred tax assets	3,201	3,517
Prepaid pension cost	3,399	3,158
Other	3,992	3,747
Allowance for doubtful accounts	(283)	(214)
Total investments and other assets	48,557	49,399
Total noncurrent assets	172,732	168,498
Total assets	310,946	329,332

(Unit: Millions of yen)

	Fiscal year ended Mar.31, 2010 (Mar.31, 2010)	Fiscal year ended Mar.31, 2011 (Mar.31, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	38,491	39,643
Short-term loans payable	26,587	16,749
Current portion of long-term loans payable	7,631	4,884
Lease obligations	34	30
Income taxes payable	2,476	7,639
Provision		
Provision for bonuses	2,405	2,798
Provision for directors' bonuses	146	177
Provision for repairs	2,526	2,586
Other provision	-	180
Total provision	5,077	5,741
Other	8,721	7,113
Total current liabilities	89,018	81,799
Noncurrent liabilities		
Bonds payable	15,000	15,000
Long-term loans payable	32,257	27,418
Lease obligations	272	198
Deferred tax liabilities	356	284
Provision for retirement benefits	8,770	9,079
Other	1,492	1,288
Total noncurrent liabilities	58,147	53,267
Total liabilities	147,165	135,066
Net assets		
Shareholders' equity		
Capital stock	16,529	25,038
Capital surplus	13,574	22,083
Retained earnings	141,118	158,961
Treasury stock	(7,977)	(7,990)
Total shareholders' equity	163,244	198,092
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,615	2,367
Deferred gains or losses on hedges	(35)	(17)
Foreign currency translation adjustment	(5,902)	(9,886)
Total valuation and translation adjustments	(3,321)	(7,536)
Minority interests	3,858	3,709
Total net assets	163,781	194,266
Total liabilities and net assets	310,946	329,332

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

(Unit: Millions of yen)

	Fiscal year ended Mar.31, 2010 (Apr.1, 2009 - Mar.31, 2010)	Fiscal year ended Mar.31, 2011 (Apr.1, 2010 - Mar.31, 2011)
Net sales	244,317	288,345
Cost of sales	196,066	221,796
Gross profit	48,251	66,549
Selling, general and administrative expenses		
Transportation and warehousing expenses	12,230	13,496
Personal expenses	7,070	7,335
Research and development expenses	9,980	10,441
Amortization of goodwill	577	470
Other	4,512	4,994
Total selling, general and administrative expenses	34,370	36,736
Operating income	13,881	29,813
Non-operating income		
Interest income	145	98
Dividends income	496	601
Amortization of negative goodwill	145	16
Equity in earnings of affiliates	1,037	2,354
Technical support fee	391	416
Real estate rent	1,237	1,198
Miscellaneous income	529	590
Total non-operating income	3,980	5,274
Non-operating expenses		
Interest expenses	1,222	874
Depreciation	414	340
Taxes and dues	238	307
Loss on retirement of noncurrent assets	248	191
Foreign exchange losses	312	938
Miscellaneous loss	492	1,482
Total non-operating expenses	2,927	4,132
Ordinary income	14,934	30,955
Extraordinary income		
Insurance income	-	1,161
Gain on sales of noncurrent assets	-	322
State subsidy	-	138
Total extraordinary income	-	1,621
Extraordinary loss		
Impairment loss	704	571
Loss on reduction of noncurrent assets	-	402
Loss on valuation of investment securities	-	362
Other	103	839
Total extraordinary losses	807	2,174

(Unit: Millions of yen)

	Fiscal year ended Mar.31, 2010 (Apr.1, 2009 - Mar.31, 2010)	Fiscal year ended Mar.31, 2011 (Apr.1, 2010 - Mar.31, 2011)
Income before income taxes	14,127	30,402
Income taxes-current	2,332	9,993
Income taxes-deferred	821	(1,004)
Total income taxes	3,153	8,989
Income before minority interests	-	21,414
Minority interests in income	142	294
Net income	10,832	21,119

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Fiscal year ended Mar.31, 2010 (Apr.1, 2009 - Mar.31, 2010)	Fiscal year ended Mar.31, 2011 (Apr.1, 2010 - Mar.31, 2011)
Income (loss) before minority interests	-	21,414
Other comprehensive income		
Valuation difference on available-for-sale securities	-	(253)
Deferred gains or losses on hedges	-	1
Foreign currency translation adjustment	-	(3,678)
Share of other comprehensive income of associates accounted for using equity method	-	(514)
Total other comprehensive income	-	(4,445)
Comprehensive income	-	16,969
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	-	16,905
Comprehensive income attributable to minority interests	-	64

(3) Consolidated Statements of Changes in Net Assets

(Unit: Millions of yen)

	Fiscal year ended Mar.31, 2010 (Apr.1, 2009 - Mar.31, 2010)	Fiscal year ended Mar.31, 2011 (Apr.1, 2010 - Mar.31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	16,529	16,529
Changes of items during the period		
Issuance of new shares	-	8,509
Total changes of items during the period	-	8,509
Balance at the end of current period	16,529	25,038
Capital surplus		
Balance at the end of previous period	13,562	13,574
Changes of items during the period		
Issuance of new shares	-	8,509
Disposal of treasury stock	12	0
Total changes of items during the period	12	8,509
Balance at the end of current period	13,574	22,083
Retained earnings		
Balance at the end of previous period	132,778	141,118
Changes of items during the period		
Dividends from surplus	(2,492)	(3,276)
Net income	10,832	21,119
Total changes of items during the period	8,340	17,843
Balance at the end of current period	141,118	158,961
Treasury stock		
Balance at the end of previous period	(7,970)	(7,977)
Changes of items during the period		
Purchase of treasury stock	(15)	(15)
Disposal of treasury stock	8	2
Total changes of items during the period	(7)	(13)
Balance at the end of current period	(7,977)	(7,990)
Total shareholders' equity		
Balance at the end of previous period	154,900	163,244
Changes of items during the period		
Issuance of new shares	-	17,018
Dividends from surplus	(2,492)	(3,276)
Net income	10,832	21,119
Purchase of treasury stock	(15)	(15)
Disposal of treasury stock	20	2
Total changes of items during the period	8,345	34,848
Balance at the end of current period	163,244	198,092

(Unit: Millions of yen)

	Fiscal year ended Mar.31, 2010 (Apr.1, 2009 - Mar.31, 2010)	Fiscal year ended Mar.31, 2011 (Apr.1, 2010 - Mar.31, 2011)
Valuation and translation adjustments		
Valuation differences on available-for-sale securities		
Balance at the end of previous period	41	2,615
Changes of items during the period		
Net changes of items other than shareholders' equity	2,574	(249)
Total changes of items during the period	2,574	(249)
Balance at the end of current period	2,615	2,367
Deferred gains or losses on hedges		
Balance at the end of previous period	(155)	(35)
Changes of items during the period		
Net changes of items other than shareholders' equity	120	18
Total changes of items during the period	120	18
Balance at the end of current period	(35)	(17)
Foreign currency translation adjustments		
Balance at the end of previous period	(6,842)	(5,902)
Changes of items during the period		
Net changes of items other than shareholders' equity	940	(3,984)
Total changes of items during the period	940	(3,984)
Balance at the end of current period	(5,902)	(9,886)
Total valuation and translation adjustments		
Balance at the end of previous period	(6,955)	(3,321)
Changes of items during the period		
Net changes of items other than shareholders' equity	3,634	(4,214)
Total changes of items during the period	3,634	(4,214)
Balance at the end of current period	(3,321)	(7,536)
Minority interests		
Balance at the end of previous period	3,717	3,858
Changes of items during the period		
Net changes of items other than shareholders' equity	140	(148)
Total changes of items during the period	140	(148)
Balance at the end of current period	3,858	3,709

(Unit: Millions of yen)

	Fiscal year ended Mar.31, 2010 (Apr.1, 2009 - Mar.31, 2010)	Fiscal year ended Mar.31, 2011 (Apr.1, 2010 - Mar.31, 2011)
Total net assets		
Balance at the end of previous period	151,662	163,781
Changes of items during the period		
Issuance of new shares	-	17,018
Dividends from surplus	(2,492)	(3,276)
Net income	10,832	21,119
Purchase of treasury stock	(15)	(15)
Disposal of treasury stock	20	2
Net changes of items other than shareholders' equity	3,775	(4,363)
Total changes of items during the period	12,119	30,485
Balance at the end of current period	163,781	194,266

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Fiscal year ended Mar.31, 2010 (Apr.1, 2009 - Mar.31, 2010)	Fiscal year ended Mar.31, 2011 (Apr.1, 2010 - Mar.31, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes	14,127	30,402
Depreciation and amortization	16,234	15,619
Impairment loss	704	571
Other extraordinary loss (income)	-	839
Loss on reduction of noncurrent assets	-	402
Loss (gain) on valuation of investment securities	-	362
Insurance income	-	(1,161)
Loss (gain) on sales and retirement of noncurrent assets	-	(322)
Subsidy income	-	(138)
Increase (decrease) in provision for retirement benefits	305	317
Interest and dividends income	(641)	(699)
Interest expenses	1,222	874
Equity in (earnings) losses of affiliates	(1,037)	(2,354)
Loss on retirement of property, plant and equipment	248	172
Stock issuance cost	-	97
Decrease (increase) in notes and accounts receivable-trade	(10,021)	(10,910)
Decrease (increase) in inventories	5,227	(3,327)
Increase (decrease) in notes and accounts payable-trade	14,954	3,080
Increase (decrease) in accrued consumption taxes	185	(239)
Other, net	1,690	1,902
Subtotal	43,197	35,487
Interest and dividends income received	1,105	1,739
Interest expenses paid	(1,368)	(884)
Proceeds from insurance income	-	1,034
Proceeds from subsidy	-	138
Income taxes (paid) refund	1,412	(4,879)
Other payments	-	(930)
Net cash provided by (used in) operating activities	44,346	31,706
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(24,025)	(15,301)
Proceeds from sales of property, plant and equipment	108	396
Purchase of investment securities	(707)	(2,287)
Proceeds from sales of investment securities	10	5
Proceeds from redemption of investment securities	400	200
Purchase of stocks of subsidiaries and affiliates	(8)	(177)
Payments for investments in capital	(554)	(323)
Collection of investments in capital	506	325
Collection of loans receivable	686	134
Other, net	(266)	333
Net cash provided by (used in) investment activities	(23,850)	(16,696)

(Unit: Millions of yen)

	Fiscal year ended Mar.31, 2010 (Apr.1, 2009 - Mar.31, 2010)	Fiscal year ended Mar.31, 2011 (Apr.1, 2010 - Mar.31, 2011)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(2,707)	(9,255)
Proceeds from long-term loans payable	1,100	210
Repayment of long-term loans payable	(12,642)	(7,585)
Redemption of bonds	(5,000)	-
Proceeds from issuance of common stock	-	17,018
Payments for issuance of common stock	-	(97)
Cash dividends paid	(2,492)	(3,276)
Cash dividends paid to minority shareholders	(16)	(21)
Purchase of treasury stock	(15)	(15)
Other, net	(0)	(29)
Net cash provided by (used in) financing activities	(21,772)	(3,050)
Effect of exchange rate change on cash and cash equivalents	60	(1,020)
Net increase (decrease) in cash and cash equivalents	(1,216)	10,940
Cash and cash equivalents at beginning of period	29,450	28,234
Cash and cash equivalents at end of period	28,234	39,174

4. Segment Information

(1) Business Segment Information

FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)

(Unit: Millions of yen)

	Basic chemicals	Functional chemicals	Environment & catalysts	Total	Elimination or corporate	Consolidated
I Net sales and operating income						
Net sales						
(1) Sales to third parties	99,329	131,514	13,473	244,317	-	244,317
(2) Intergroup sales and transfers	22,330	1,359	1,259	24,948	(24,948)	-
Total	121,660	132,873	14,732	269,265	(24,948)	244,317
Operating expenses	116,332	123,712	15,377	255,421	(24,986)	230,435
Operating income	5,328	9,161	(645)	13,843	38	13,881
II Assets, depreciation, and capital expenditures						
Assets	132,981	140,470	15,363	288,814	22,132	310,946
Depreciation	7,048	9,345	396	16,789	-	16,789
Impairment losses	-	704	-	704	-	704
Capital expenditures	14,889	6,510	471	21,869	-	21,869

Notes:

- Business segments are classified according to similarity sorts and characters of the products.
- Major products by business segment
 - Basic chemicals
Acrylic acids, acrylic ester, ethylene oxides, ethylene glycols, ethanolamine, higher-alcohol, glycol ether
 - Functional chemicals
Superabsorbent polymers, pharmaceutical intermediates, polymer for concrete admixture, electronic and information materials, iodine, maleic anhydride, resins for adhesives & paints, plastic molded products, process adhesive products
 - Environment & catalysts
Automotive catalysts, De-NOx catalysts, dioxin decomposition catalysts, industrial catalysts, exhaust gas treatment equipment
- Assets that account for corporate use within "Elimination or corporate" category consisted primarily of the Company's excess funds (cash and deposits), and long-term investments (investments in securities, etc.). The amounts are as follows:
Full FY3/10: 23,759 million yen
- Depreciation and capital expenditure include long-term prepaid expenses and its depreciation expenses.

(2) Geographical Segment Information

FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)

(Unit: Millions of yen)

	Japan	Europe	Asia	Others	Total	Elimination or corporate	Consolidated
I Net sales and operating income (loss)							
Net sales							
(1) Sales to third parties	173,912	32,407	24,091	13,906	244,317	-	244,317
(2) Intergroup sales and transfers	24,903	100	99	807	25,908	(25,908)	-
Total	198,815	32,507	24,189	14,713	270,225	(25,908)	244,317
Operating expenses	187,723	31,565	23,288	14,586	257,163	(26,727)	230,435
Operating income (loss)	11,091	942	901	127	13,062	819	13,881
II Assets	248,096	15,476	26,447	10,057	300,075	10,870	310,946

Notes:

- Geographical segments are classified according to geographical proximity.
- Specific countries of each area:
 - Europe: Belgium
 - Asia: Singapore, Indonesia and China
 - Others: North America (USA)
- Assets that account for corporate use within "Elimination or corporate" category consisted primarily of the Company's excess funds (cash and deposits), and long-term investments (investments in securities, etc.). The amounts are as follows:
Full FY3/10: 23,759 million yen

(3) Overseas Sales

FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas sales	43,118	37,228	21,019	13,233	114,598
II. Consolidated sales					244,317
III. Overseas sales to consolidated sales	17.7%	15.2%	8.6%	5.4%	46.9%

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.

(4) Segment Information

Fiscal year ended Mar. 31, 2011 (Apr. 1, 2010 to Mar. 31, 2011)

(Unit: Millions of yen)

	Basic chemicals	Functional chemicals	Environment & catalysts	Total	Adjustment	Consolidation
Net sales						
(1) Sales to third parties	125,052	141,553	21,740	288,345	-	288,345
(2) Intergroup sales and transfers	28,730	1,664	1,717	32,111	(32,111)	-
Total	153,781	143,217	23,457	320,456	(32,111)	288,345
Segment Income	13,986	13,323	2,366	29,675	138	29,813
Segment Assets	137,256	147,191	19,573	304,020	25,312	329,332
Other Items						
Depreciation and Amortization	8,296	7,576	381	16,253	-	16,253
Amortization of Goodwill	468	2	-	470	-	470
Increase in Tangible and Intangible Fixed Assets	5,036	9,664	525	15,225	-	15,225

Notes: 1. Below is a description of adjustments.

- (1) The "Segment Income" adjustment refers to inter-segment transaction eliminations amounting to 138 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 25,312 million yen.
2. Long-term prepaid expenses and its depreciation expenses are included in "Depreciation and Amortization" and "Increase in Tangible and Intangible Fixed Assets."
3. Segment income is adjusted for Operating Income described in Consolidated Statements of Income.
4. Changes in accounting policies
(Depreciation methods applicable to major depreciable assets)

The Company and its domestic consolidated subsidiaries had calculated depreciation costs principally with the declining-balance method. From this fiscal year, they have changed it into the straight-line method.

As a results, compared with the conventional method, Operating income of Basic Chemicals increased 4,157 million yen, Functional Chemicals increased 1,184 million yen, and Environment & Catalysts increased 69 million yen.

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