

Consolidated Business Results for Full FY 3/07

Date: May 8, 2007

Company name: **Nippon Shokubai Co., Ltd.** Stock exchange listings: Tokyo, Osaka, First Section
 Code Number: 4114 URL: <http://www.shokubai.co.jp/>

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Scheduled date of the general shareholders' meeting: June 20, 2007

Scheduled starting date of dividend payment: June 21, 2007

Scheduled date of filing annual security report: June 20, 2007

(Figures are rounded off to the nearest million.)

1. Consolidated Business Results for FY3/07 (April 1, 2006 to March 31, 2007)

(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	%
Full FY 3/07	266,513	14.7	19,429	(16.4)	22,754	(13.0)	13,988	(14.0)
Full FY 3/06	232,441	17.9	23,228	4.6	26,148	10.3	16,257	3.5

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary income on assets	Operating income per net sales
	Yen	Yen	%	%	%
Full FY 3/07	74.92	-	8.2	7.4	7.3
Full FY 3/06	85.89	-	10.5	9.7	10.0

Notes: Equity in earnings (losses) of unconsolidated subsidiaries and affiliates:

Full FY 3/07: ¥1,358 million,

Full FY 3/06: ¥961 million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Full FY 3/07	323,675	179,368	54.1	948.34
Full FY 3/06	291,564	164,631	56.5	875.00

Note: Shareholders' equity Full FY 3/07: ¥175,053 million,

Full FY 3/06: ¥- million

(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 the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Full FY 3/07	16,087	(23,109)	4,037	16,991
Full FY 3/06	17,468	(20,663)	(2,562)	19,856

2. Dividend

	Dividend per share			Total dividends (Full year)	Payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	Interim	Year-end	Full-year			
	Yen	Yen	Yen	Millions of yen	%	%
Full FY 3/06	7.50	8.50	16.00	3,019	18.6	2.0
Full FY 3/07	8.00	8.00	16.00	2,970	21.4	1.8
(Forecast) Full FY 3/08	8.00	8.00	16.00	-	20.2	-

3. Forecast for FY 3/08(April 1, 2007 to March 31, 2008)

(% indicate rate of changes from corresponding period of the previous fiscal 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
1st half FY 3/08	145,000	16.2	10,200	1.5	11,000	(6.7)	6,500	(16.6)	35.43
Full FY 3/08	295,000	10.7	22,000	13.2	24,000	5.5	14,500	3.7	79.03

4. Others

- (1) Changes in the scope of consolidation and equity method: No
- (2) Changes in accounting policy
 Changes following to accounting standard changes: Yes
 Others: No
- (3) Number of outstanding shares (Common stock)
 Number of shares issued at the end of period (including treasury stock).
 FY3/07: 194,881,287 shares FY3/06: 194,881,287 shares
 Number of treasury stock at the end of period.
 FY3/07: 10,291,302 shares FY3/06: 6,732,015 shares

(Reference) Non-consolidated Business Overview**1. Non-consolidated Business Results for FY3/07 (April 1, 2006 to March 31, 2007)**

(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	%
Full FY 3/07	192,177	12.7	16,008	(15.4)	20,378	(11.4)	12,378	(14.6)
Full FY 3/06	170,510	16.2	18,915	24.0	23,008	29.3	14,502	31.1

	Net income per share	Fully diluted net income per share
	Yen	Yen
Full FY 3/07	66.30	-
Full FY 3/06	76.61	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Full FY 3/07	262,059	151,266	57.7	819.47
Full FY 3/06	237,571	148,283	62.4	788.11

Note: Shareholders' equity Full FY 3/07: ¥151,266 million, Full FY 3/06: ¥- million

2. Forecast for FY 3/08(April 1, 2007 to March 31, 2008)

(% indicate rate of changes from corresponding period of the previous fiscal 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
1st half FY 3/08	106,500	16.9	8,500	7.7	10,400	(0.3)	6,100	(13.9)	33.25
Full FY 3/08	216,000	12.4	17,800	11.2	21,600	6.0	12,800	3.4	69.76

* Since the above forecasts are prepared based on judgment from information currently available, it includes a number of assumptions. Actual business results may differ from the above forecast figures due to change of various factors. Please refer to page 8 of the attachment for detailed forecast results.

(Remarks)

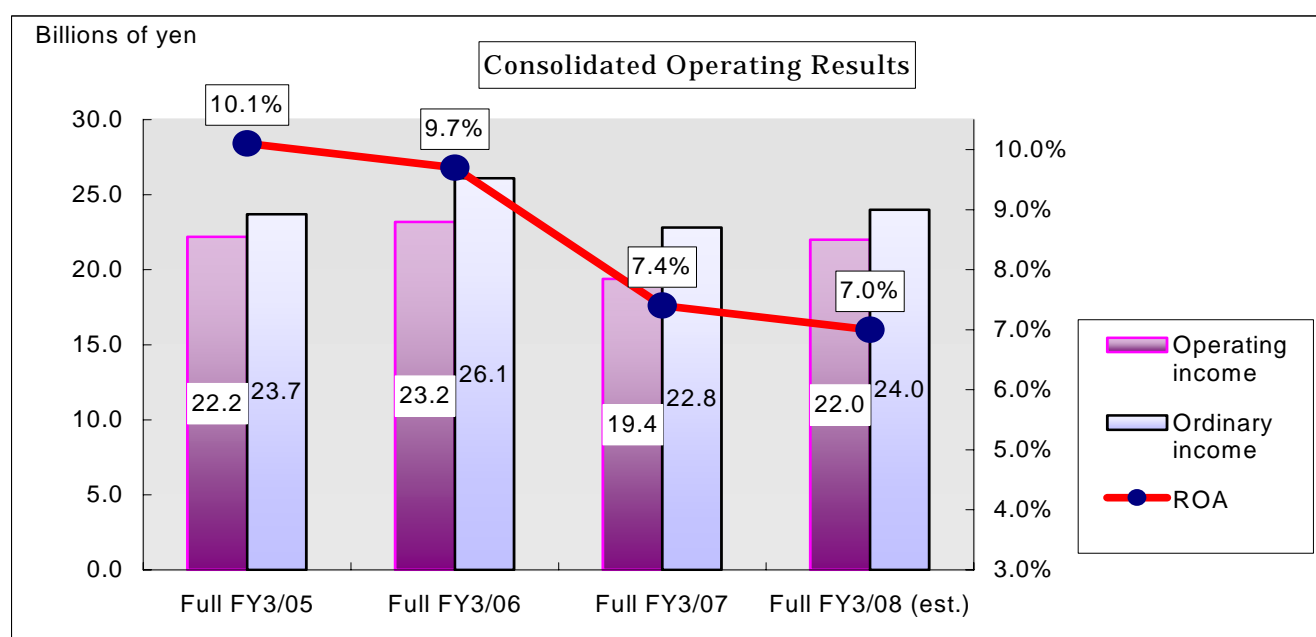
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Results Trend and Features

(Unit: Millions of yen)

	Full FY3/05		Full FY3/06		Full FY3/07		Full FY3/08 (Forecast)		Changes	
	Amount	YoY	Amount	YoY	Amount	YoY	Amount	YoY	FY3/07- FY3/06	FY3/08- FY3/07
Net sales	[1.34]		[1.36]		[1.39]		[1.37]			
Consolidated	197,222	16.2%	232,441	17.9%	266,513	14.7%	295,000	10.7%	34,072	28,487
Non-consolidated	146,789	10.7%	170,510	16.2%	192,177	12.7%	216,000	12.4%	21,667	23,823
Operating income	[1.46]		[1.23]		[1.21]		[1.24]			
Consolidated	22,212	43.8%	23,228	4.6%	19,429	(16.4)%	22,000	13.2%	(3,799)	2,571
Non-consolidated	15,251	31.7%	18,915	24.0%	16,008	(15.4)%	17,800	11.2%	(2,906)	1,792
Ordinary income	[1.33]		[1.14]		[1.12]		[1.11]			
Consolidated	23,709	37.7%	26,148	10.3%	22,754	(13.0)%	24,000	5.5%	(3,393)	1,246
Non-consolidated	17,795	25.1%	23,008	29.3%	20,378	(11.4)%	21,600	6.0%	(2,630)	1,222
Net income	[1.42]		[1.12]		[1.13]		[1.13]			
Consolidated	15,705	78.0%	16,257	3.5%	13,988	(14.0)%	14,500	3.7%	(2,269)	512
Non-consolidated	11,063	85.4%	14,502	31.1%	12,378	(14.6)%	12,800	3.4%	(2,124)	422
Equity-method investment	572		961		1,358		1,054		397	(304)
Minority equity profits	275		153		178		150		25	(28)
Total assets	[1.20]		[1.23]		[1.24]		[1.29]			
Consolidated	249,349	13.2%	291,564	16.9%	323,675	11.0%	360,000	11.2%	32,111	36,325
Non-consolidated	207,303	13.4%	237,571	14.6%	262,059	10.3%	280,000	6.8%	24,487	17,941
Net assets	[1.09]		[1.11]		[1.19]		[1.19]			
Consolidated	144,660	9.9%	164,631	13.8%	179,368	9.0%	188,064	4.8%	14,737	8,697
Non-consolidated	133,100	7.0%	148,283	11.4%	151,266	2.0%	158,113	4.5%	2,983	6,847
ROA									Point	Point
Consolidated		10.1%		9.7%		7.4%		7.0%	(2.3)	(0.4)
Non-consolidated		9.1%		10.3%		8.2%		8.0%	(2.1)	(0.2)

The figures in bracket represent the consolidated-parent ratio.



Comparison of FY3/07 with FY3/06

- Sales up, profits down: profits fell because of a narrowing spread between sales prices and raw materials prices

	Major factors
Net sales + 34.1 bn. yen YoY	<ul style="list-style-type: none"> Greater sales in functional chemicals (superabsorbent polymers, electronic information materials, etc.) contributed to net sales Greater sales in acrylic acids and esters > Lower sales in ethylene glycols Greater sales in automotive catalysts > Lower sales in process catalysts
Operating income - 3.8 bn. yen YoY	<ul style="list-style-type: none"> Weak pricing in some product markets, and higher raw materials prices > Upwardly revised sales prices Higher fixed costs including research and depreciation from new and expanded facilities > Benefits from greater sales
Ordinary income - 3.4 bn. yen YoY	<ul style="list-style-type: none"> Increase in earnings from equity-method investments, and decrease in losses on disposal of fixed assets > Deterioration in balance of finances
Net income - 2.3 bn. yen YoY	

Comparison of FY3/08 with FY3/07

-Sales up, profits up: Sales to reach new record, and profits to turn upward

	Major components
Net sales + 28.5 bn. yen YoY	<ul style="list-style-type: none"> Greater sales across all segments Particularly sales in functional chemicals (superabsorbent polymers, electronic information materials, etc.) will increase significantly
Operating income + 2.6 bn. yen YoY	<ul style="list-style-type: none"> Benefits from greater sales > Higher fixed costs including depreciation from new and expanded facilities
Ordinary income + 1.2 bn. yen YoY	<ul style="list-style-type: none"> Deterioration in balance of finances, and decline in earnings from equity-method investments > Increase in technology licensing income
Net income + 0.5 bn. yen YoY	

1. Business Results

I. Analysis of Business Results

(1) Outline of FY3/07 (April 1, 2006 - March 31, 2007)

The Japanese economy remained on a steady expansion path in the fiscal year under review, despite concerns over crude oil prices and the foreign exchange market, as corporate profits improved and capital spending increased.

The chemicals industry faced uncertainty related to surging crude oil prices and global commodity pricing trends.

1) Overall results summary

	(Unit: Millions of yen)			
	Full FY3/06	Full FY3/07	Changes	
Net sales	232,441	266,513	34,072	14.7%
Operating income	23,228	19,429	(3,799)	(16.4)%
Ordinary income	26,148	22,754	(3,393)	(13.0)%
Net income	16,257	13,988	(2,269)	(14.0)%
Net income per share	85.89 yen	74.92 yen	(10.97)yen	(12.8)%
ROA (ordinary income/total assets)	9.7%	7.4%	-	(2.3) point
ROE (net income/shareholders' equity)	10.5%	8.2%	-	(2.3) point
Foreign exchange rate (\$, EUR)	\$=113.35 yen EUR=137.85 yen	\$=117.00 yen EUR=150.08 yen	3.65 yen 12.23 yen	
Naphtha price	42,400 yen/kl	50,000 yen/kl	7,600 yen/kl	

In this business environment, group net sales increased 14.7% year-over-year to 266,513 million yen (+34,072 million yen) in the fiscal year under review due to an increase in sales volumes, particularly of functional chemicals, and the factoring of higher raw materials prices into end-product pricing.

Operating income declined 16.4% year-over-year to 19,429 million yen (-3,799 million yen) as expanding sales volumes and efforts to factor surging raw materials prices into end-product pricing failed to fully offset the negative impact of weak pricing for some basic chemicals, and an increase in depreciation and other fixed costs from production facility expansions.

Ordinary income declined 13.0% year-over-year to 22,754 million yen (-3,393 million yen) because of a large impact from the decline in operating income, even though the balance of non-operating income improved 406 million yen year-over-year as an increase in equity-method profits and a decrease in losses on the disposal and withdrawal of fixed assets exceeded the deterioration in the balance of finances. Net income declined 14.0% year-over-year to 13,988 million yen (-2,269 million yen).

Net income per share was 74.92 yen, ROA (ordinary income/total assets) declined 2.3 points year-over-year to 7.4%, and ROE (net income/shareholders' equity) declined 2.3 points to 8.2%.

2) Segment summary**a) Business summary**

(Unit: Millions of yen)

Basic chemicals

	Full FY3/06	Full FY3/07	Changes
Net sales	94,095	97,665	3,571
Operating income	11,158	5,399	(5,759)

Functional chemicals

	Full FY3/06	Full FY3/07	Changes
Net sales	116,300	141,321	25,022
Operating income	9,262	10,838	1,576

Environment & catalysts

	Full FY3/06	Full FY3/07	Changes
Net sales	22,046	27,526	5,480
Operating income	3,123	2,982	(141)

Basic chemicals business

- Acrylic acids and ester sales increased, despite weak market pricing, due to greater sales volume.
- Sales of ethylene oxides, ethanolamine and higher-alcohol product SOFTANOL increased on firm demand and the upwardly revised sales prices.
- Ethylene glycols sales decreased, despite firm market pricing, as sales volumes declined on tight inventories.

In summary, sales in the basic chemicals business increased 3.8% year-over-year to 97,665 million yen.

Operating income in the basic chemicals business declined 51.6% year-over-year to 5,399 million yen, as expanding sales volumes and efforts to factor surging raw materials prices into end-product pricing failed to fully offset the negative impact of weak pricing for some basic chemicals and an increase in depreciation and other fixed costs from production facility expansions.

Functional chemicals business

- Superabsorbent polymer sales increased as expanding global demand drove continuing increase in sales volumes, and the upwardly revised sales prices.
- Sales of maleic anhydride, adhesives/paints reins, adhesive products, and resin performance hardeners increased on steady domestic demand.
- Sales of special ester and polymer for concrete admixture increased on steady domestic and overseas demand.
- Detergents materials increased on steady overseas demand.
- Electronic information material sales increased due to the launch of new products and greater sales volume.
- Sales of iodine compounds, pharmaceutical intermediates and unsaturated polyester reins were roughly flat year-over-year.

In summary, sales in the functional chemicals business increased 21.5% year-over-year to 141,321 million yen.

Operating income in the functional chemicals business increased 17.0% year-over-year to 10,838 million yen as an increase in sales volumes and success in factoring higher raw materials prices into the pricing of some end-products more than offset the negative impact of surging raw materials prices and an increase in depreciation and other fixed costs from production facility expansions.

Environment & catalysts business

- Sales of automotive catalysts increased as surging precious metal pricing increased sales prices.
- Sales of wastewater treatment plant equipment and catalysts increased due to sales of large-scale equipment in overseas markets.
- Sales of process catalyst decreased due to declining replacement demand.
- Sales of De-NOx catalysts, waste gas treatment equipment and catalysts were roughly flat year-over-year.

In summary, sales in the environment & catalysts business increased 24.9% year-over-year to 27,526 million yen.

Operating income in the environment & catalysts business decreased 4.5% year-over-year to 2,982 million yen due to higher raw materials costs and a weaker product mix.

b) Regional summary

(Unit: Millions of yen)

Japan

	Full FY3/06	Full FY3/07	Changes
Net sales	168,773	186,288	17,515
Operating income	20,350	17,301	(3,050)

Europe

	Full FY3/06	Full FY3/07	Changes
Net sales	23,935	32,521	8,586
Operating income	207	70	(137)

Asia

	Full FY3/06	Full FY3/07	Changes
Net sales	27,405	30,194	2,790
Operating income	3,663	864	(2,800)

Other regions

	Full FY3/06	Full FY3/07	Changes
Net sales	12,329	17,510	5,181
Operating income	(1,318)	(285)	1,033

Japan

- Sales in Japan increased 10.4% year-over-year to 186,288 million yen due to an increase in sales volumes of superabsorbent polymers, polymer for concrete admixture and other functional chemicals, as well as acrylic acids and esters.
- Operating income in Japan declined 15.0% year-over-year to 17,301 million yen as surging raw materials pricing and an increase in depreciation and other fixed costs from production facility expansions offset the positive benefits of greater sales.

Europe

- Sales in Europe increased 35.9% year-over-year to 32,521 million yen on steady sales of superabsorbent polymers.
- Operating income in Europe declined 66.3% year-over-year to 70 million yen as greater sales and the upwardly revised sales price failed to fully offset the negative impact of surging raw materials prices and rising depreciation and other fixed costs from the production facility expansions.

Asia

- Sales in Asia increased 10.2% year-over-year to 30,194 million yen: sales of acrylic acid and esters declined slightly as weaker market pricing offset rising sales volumes, but superabsorbent polymer sales volumes increased substantially.
- Operating income in Asia declined 76.4% year-over-year to 864 million yen: sales volumes of superabsorbent polymers increased, but profits from acrylic acid and esters significantly deteriorated due to surging raw materials prices and weaker market pricing.

Other regions

- Sales in other regions increased 42.0% year-over-year to 17,510 million yen, due to an increase in sales volumes of superabsorbent polymers, detergent materials, and other functional chemicals.
- Operating losses in other regions narrowed substantially year-over-year to 285 million yen as benefits from greater sales and the factoring of higher raw materials prices into end-product pricing more than offset the negative impact of surging raw materials pricing.

(2) FY3/08 Forecast (April 1, 2007 - March 31, 2008)

We expect the Japanese economy to trend firm on rising capital spending and improvements in the labor market, but visibility is low regarding the US economic outlook and we are concerned about a potential rise in interest rates.

The future outlook for the chemicals sector is unclear as raw materials prices remain high.

In this environment, we assume a foreign exchange rate of 115 yen/\$ and 150 yen/Euro, and naphtha pricing of 50,000 yen/kl. We forecast full-year consolidated sales increase 28,500 million yen to 295,000 million yen (and first-half sales of 145,000 million yen) as we focus, in addition to mainstay products, on greater sales of electronic information materials and other new products.

We forecast ordinary income will increase 1,200 million yen year-over-year to 24,000 million yen (we estimate first-half ordinary income of 11,000 million yen), and net income will increase 500 million yen to 14,500 million yen (first-half ordinary income estimate: 6,500 million yen). While we anticipate an increase in depreciation and other fixed costs from new and expanded facilities, and are concerned about softening product pricing for some basic chemicals, we expect to increase sales volumes particularly for functional chemicals.

II. Financial Condition

(1) Assets, Liabilities and Net Assets

Assets increased 32,111 million yen over the end of the previous fiscal year to 323,675 million yen, mainly due to an increase in accounts receivable, inventory assets, and tangible fixed assets.

Liabilities increased 21,447 million yen over the end of the previous fiscal year to 144,307 million yen, mainly due to an increase in accounts payable and borrowings.

Net assets (including minority shareholders' interest) increased 10,664 million yen to 179,368 million yen, mainly due to an increase in retained earnings.

(2) Cash Flows

Cash and cash equivalents at the end of the fiscal year totaled 16,991 million yen, a 2,865 million yen decline year-over-year, as cash flow outlays for capital investment and other investment and financial activities exceeded borrowings and cash flow from operating activities.

(Cash flow from operating activities)

Cash from operating activities totaled 16,087 million yen (17,468 million yen in the previous fiscal year).

(Cash flow from investment activities)

Cash used in investing activities totaled 23,109 million yen (20,663 million yen used in the previous fiscal year) due to an increase in outlays for the purchase of tangible fixed assets and investment securities.

(Cash flow from financing activities)

Cash from financing activities totaled 4,037 million yen (2,562 million yen used in the previous fiscal year), despite an increase in outlays for stock buybacks, because of an increase in borrowings and a decrease in debt repayment.

Cash flow indices

	Full FY3/03	Full FY3/04	Full FY3/05	Full FY3/06	Full FY3/07
Shareholders' equity ratio	56.0%	59.8%	58.0%	56.5%	54.1%
Shareholders' equity ratio at market base	50.5%	71.2%	74.2%	90.3%	72.5%
Years debt ratio	1.9 years	2.1 years	1.8 years	2.6 years	3.6 years
Interest coverage ratio	20.5	23.1	47.1	24.6	17.0

Shareholders' equity ratio = shareholders' equity/ total assets

Shareholders' equity ratio at market base = market cap/ total assets

Years debt ratio = interest-bearing debt/ cash flow

Interest coverage ratio = operating cash flow/ interest payments

Notes: 1. All indices are calculated based on consolidated figures.

2. Market cap = closing share price at fiscal year end × outstanding shares at fiscal year end (after deducting treasury stock)

3. We used operating cash flow from the consolidated cash flow statement for "operating cash flow."

4. We have included all interest-bearing liabilities in the consolidated balance sheet for "interest-bearing debt."

5. We used interest payments from the consolidated cash flow statement for "payment of interest."

III. Basic policy on the distribution of profits, and dividends for the current and new fiscal year

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 new 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 8 yen per share in 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 16 yen per share, and a consolidated payout ratio of 21.4%. We also plan an annual dividend of 16 yen per share for the new fiscal year (8 yen at the end of the interim period and fiscal year respectively) based on the same basic policy, and in light of current progress in achieving profit forecasts.

We bought back 3,500,000 shares on the market for 4,652 million yen in the current fiscal year under review (excludes shares less than the standard minimum investment unit).

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	As of March 31, 2006	As of March 31, 2007	Changes
[Assets]			
Current assets	125,914	145,444	19,531
Cash and deposits	20,079	17,156	(2,923)
Trade notes and accounts receivable	57,444	71,002	13,557
Inventories	38,705	45,941	7,236
Deferred tax assets	3,368	3,172	(196)
Others	6,411	8,742	2,330
Allowance for doubtful accounts	(94)	(568)	(475)
Fixed assets	165,650	178,230	12,580
Tangible fixed assets	105,089	117,647	12,558
Building and structures	21,720	24,373	2,654
Machinery and vehicle	39,388	57,379	17,991
Equipment and tool	2,348	2,470	121
Land	25,636	27,609	1,973
Construction in progress	16,958	6,778	(10,180)
Accumulated impairment of value	(962)	(962)	-
Intangible fixed assets	2,595	2,065	(530)
Investments and other assets	57,966	58,518	552
Investments in securities	42,000	43,206	1,206
Investments	4,756	4,765	10
Long-term loans receivables	3,580	2,570	(1,010)
Deferred tax assets	925	901	(24)
Prepaid pension cost	2,730	2,997	267
Others	4,481	4,533	52
Allowance for doubtful accounts	(506)	(454)	52
Total assets	291,564	323,675	32,111

(Unit: Millions of yen)

	As of March 31, 2006	As of March 31, 2007	Changes
[Liabilities]			
Current liabilities	80,707	99,785	19,077
Trade notes and accounts payable	40,143	54,459	14,316
Short-term bank loans	11,538	18,177	6,639
Current portion of long-term bank loans	5,317	5,887	570
Accrued income taxes	5,657	4,018	(1,638)
Accrued expense for bonuses to employees	2,151	2,061	(90)
Accrued expense for bonuses to directors and corporate auditors	139	130	(9)
Accrued expense for periodical maintenance	2,667	2,742	75
Others	13,096	12,310	(785)
Long-term liabilities	42,153	44,522	2,369
Bonds	5,000	5,000	-
Long-term bank loans	23,363	28,668	5,305
Deferred tax liabilities	5,429	2,647	(2,782)
Accrued retirement benefits for employees	6,754	6,791	37
Others	1,607	1,417	(190)
Total liabilities	122,860	144,307	21,447
[Minority interests]			
Minority interests	4,073	-	-
[Shareholders' equity]			
Common stock	16,529	-	-
Additional paid-in capital	13,565	-	-
Retained earnings	125,684	-	-
Net unrealized holding gain on securities	12,259	-	-
Translation adjustments	1,939	-	-
Less treasury stock, at cost	(5,346)	-	-
Total shareholders' equity	164,631	-	-
Total liabilities, minority interests, shareholders' equity	291,564	-	-
[Net assets]			
Shareholders' equity	-	160,367	-
Common stock	-	16,529	-
Additional paid-in capital	-	13,567	-
Retained earnings	-	140,350	-
Less treasury stock, at cost	-	(10,080)	-
Valuation and translation adjustments	-	14,687	-
Net unrealized holding gain on securities	-	10,686	-
Translation adjustments	-	4,000	-
Minority interests	-	4,314	-
Total net assets	-	179,368	-
Total liabilities and net assets	-	323,675	-

(2) Consolidated Statements of Income

(Unit: Millions of yen)

	From Apr.1, 2005 to Mar. 31, 2006	From Apr.1, 2006 to Mar. 31, 2007	Changes
Net sales	232,441	266,513	34,072
Cost of sales	176,253	212,468	36,215
Gross profit	56,188	54,045	(2,143)
Selling, general and administrative expense	32,960	34,616	1,656
Operating income	23,228	19,429	(3,799)
Non-operating income	6,173	5,719	(454)
Interest and dividend income	1,458	1,021	(437)
Amortization of goodwill	356	350	(6)
Equity in earnings of unconsolidated subsidiaries and affiliates	961	1,358	397
Others	3,398	2,991	(408)
Non-operating expenses	3,254	2,394	(860)
Interest expense	733	1,014	281
Others	2,520	1,380	(1,141)
Ordinary income	26,148	22,754	(3,393)
Extraordinary losses	-	452	452
Loss on liquidation of an affiliate	-	452	452
Income before income taxes and minority interests	26,148	22,302	(3,845)
Corporate income taxes, residents' taxes, business taxes	10,331	6,857	(3,474)
Income taxes deferred	(594)	1,279	1,873
Minority interests in earnings of consolidated subsidiaries	153	178	25
Net income	16,257	13,988	(2,269)

(3) Consolidated Statements of Additional Paid-in Capital and Retained Earnings

(Unit: Millions of yen)

	From Apr. 1, 2005 to Mar. 31, 2006
(Additional paid-in capital)	
Balance at beginning	13,565
Increase in capital surplus	0
Gains on disposal of treasury stock	0
Balance of capital surplus at term end	13,565
(Retained earnings)	
Balance at beginning	112,496
Increase in retained earnings	16,257
Net income	16,257
Decrease in retained earnings	3,070
Cash dividends paid	2,945
Bonuses to directors and corporate auditors	125
Balance of retained earnings at term end	125,684

(4) Consolidated Statements of Shareholders' Equity

(Unit: Millions of yen)

	Shareholders' Equity				
	Common stock	Additional paid-in capital	Retained earnings	Less treasury stock, at cost	Total shareholders' equity
Balance as of March 31, 2006	16,529	13,565	125,684	(5,346)	150,432
Change during this period					
Dividend paid	-	-	(3,092)	-	(3,092)
Net income	-	-	13,988	-	13,988
Purchase of treasury stock	-	-	-	(4,737)	(4,737)
Disposal of treasury stock	-	1	-	4	5
Increase of an affiliate with equity method	-	-	3,771	-	3,771
Net increase/decrease except shareholders' equity	-	-	-	-	-
Total change during this period	-	1	14,667	(4,733)	9,935
Balance as of March 31, 2007	16,529	13,567	140,350	(10,080)	160,367

(Unit: Millions of yen)

	Valuation and translation adjustments			Minority interests	Total net assets
	Net unrealized holding gain on securities	Translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006	12,259	1,939	14,199	4,073	168,704
Change during this period					
Dividend paid	-	-	-	-	(3,092)
Net income	-	-	-	-	13,988
Purchase of treasury stock	-	-	-	-	(4,737)
Disposal of treasury stock	-	-	-	-	5
Increase of an affiliate with equity method	-	-	-	-	3,771
Net increase/decrease except shareholders' equity	(1,573)	2,061	488	241	729
Total change during this period	(1,573)	2,061	488	241	10,664
Balance as of March 31, 2007	10,686	4,000	14,687	4,314	179,368

(5) Consolidated Statements of Cash Flow

(Unit: Millions of yen)

	From Apr.1,2005 to Mar. 31, 2006	From Apr.1,2006 to Mar. 31, 2007	Changes
Operating activities			
Income before income taxes and minority interests	26,148	22,302	(3,845)
Depreciation and amortization	9,349	12,951	3,602
Loss on liquidation of an affiliate	-	452	452
Increase(decrease) in accrued retirement benefits for employees	(89)	37	126
Interest and dividend income	(1,458)	(1,021)	437
Interest expense	733	1,014	281
Equity in earnings of unconsolidated subsidiaries and affiliates	(961)	(1,358)	(397)
Loss on disposal of tangible assets	315	317	2
Decrease(increase) in trade notes and accounts	(3,646)	(13,146)	(9,500)
Decrease(increase) in inventories	(8,012)	(6,666)	1,347
Increase(decrease) in trade notes and accounts payable	2,719	13,492	10,773
Increase(decrease) in other current liabilities	(28)	(14)	14
Other, net	1,133	(4,888)	(6,021)
Subtotal	26,203	23,473	(2,730)
Interest and dividends received	1,571	1,959	389
Interest paid	(709)	(949)	(240)
Income taxes paid	(9,597)	(8,396)	1,200
Net cash provided by operating activities	17,468	16,087	(1,381)
Investing activities			
Purchases of tangible fixed assets	(22,105)	(22,527)	(421)
Proceeds from sales of tangible fixed assets	11	4	(7)
Purchases of investment in securities	(832)	(1,437)	(604)
Proceeds from sales of investment in securities	176	121	(55)
Increase in investments receivable	(185)	(413)	(228)
Collection of investments receivable	-	334	334
Increase in loans receivable	(215)	(110)	105
Collection of loans receivable	1,375	1,191	(185)
Other, net	1,112	(272)	(1,384)
Net cash used in investing activities	(20,663)	(23,109)	(2,445)
Financing activities			
Increase (decrease) in short-term bank loans, net	4,448	6,546	2,098
Proceeds from long-term debt	7,609	10,700	3,091
Repayment of long-term debt	(8,815)	(5,370)	3,445
Cash dividends paid	(2,945)	(3,092)	(147)
Cash dividends paid to minority interests	(17)	(15)	2
Purchase of treasury stock	(2,843)	(4,737)	(1,894)
Other, net	2	5	3
Net cash used in financing activities	(2,562)	4,037	6,599
Effect of exchange rate changes on cash and cash equivalents	866	119	(747)
Increase (decrease) in cash and cash equivalents	(4,891)	(2,865)	2,027
Cash and cash equivalents at beginning of term	24,160	19,856	(4,304)
Increase in cash and cash equivalents resulting from changes in number of consolidated subsidiaries	587	-	(587)
Cash and cash equivalents at term end	19,856	16,991	(2,865)

3. Segment Information

(1) Business Segment Information

Full FY3/06 (April 1, 2005 to March 31, 2006)

(Unit: Millions of Yen)

	Basic chemicals	Functional chemicals	Environment & catalysts	Total	Elimination or corporate	Consolidated
Sales and operating income (loss)						
Sales						
(1) Sales to third parties	94,095	116,300	22,046	232,441	-	232,441
(2) Intergroup sales and transfers	17,063	460	1,302	18,825	18,825	-
Total sales	111,158	116,760	23,348	251,266	18,825	232,441
Operating expenses	100,000	107,498	20,226	227,724	18,511	209,213
Operating income (loss)	11,158	9,262	3,123	23,542	314	23,228
.Assets, depreciation and capital expenditures						
Total assets	94,753	133,032	23,309	251,094	40,470	291,564
Depreciation and amortization	3,448	6,693	504	10,645	-	10,645
Capital expenditures	11,923	13,617	394	25,934	-	25,934

Full FY3/07 (April 1, 2006 to March 31, 2007)

(Unit: Millions of Yen)

	Basic chemicals	Functional chemicals	Environment & catalysts	Total	Elimination or corporate	Consolidated
Sales and operating income (loss)						
Sales						
(1) Sales to third parties	97,665	141,321	27,526	266,513	-	266,513
(2) Intergroup sales and transfers	21,672	854	1,800	24,326	24,326	-
Total sales	119,337	142,175	29,326	290,839	24,326	266,513
Operating expenses	113,938	131,337	26,344	271,620	24,536	247,084
Operating income (loss)	5,399	10,838	2,982	19,219	210	19,429
.Assets, depreciation and capital expenditures						
Total assets	104,262	156,625	28,160	289,047	34,628	323,675
Depreciation and amortization	5,304	8,163	421	13,888	-	13,888
Capital expenditures	9,309	15,118	370	24,798	-	24,798

Notes

1. Business segments are classified according to similarity of sorts and characters of the products.
2. Major products by business segment
 - (1) Basic Chemicals: Acrylic acid, Acrylic esters, Ethylene oxide, Ethylene glycols, Ethanol amines, Higher-alcohol
 - (2) Functional Chemicals: Superabsorbent polymers, Pharmaceutical intermediates, Polymer for concrete admixtures, Materials for electronic and information, Iodine, Maleic anhydride, Unsaturated polyester resins, Resins for adhesives & paints, Plastic molded products, Process adhesive products
 - (3) Environment & Catalysts: Automotive catalysts, De-NOx catalysts, Dioxin decomposition catalysts, Industrial catalysts, Exhaust gas treatment equipments
3. Figures of total assets indicated at "Elimination or corporate" are mainly short-term surplus funds (cash and deposit) and long-term surplus funds (investments in securities). The amounts are as follows:
Full FY3/06: ¥41,522 million, Full FY3/07: ¥35,550 million
4. "Depreciation and amortization" and "Capital expenditures" include Long-term prepaid expenses and their amortization.

(2) Geographical Segment Information

Full FY3/06 (April 1, 2005 to March 31, 2006)

(Unit: Millions of Yen)

	Japan	Europe	Asia	Others	Total	Elimination or corporate	Consolidated
Sales and operating income (loss)							
Sales							
(1) Sales to third parties	168,773	23,935	27,405	12,329	232,441	-	232,441
(2) Intergroup sales and transfers	19,061	61	935	81	20,137	(20,137)	-
Total sales	187,834	23,996	28,339	12,409	252,578	(20,137)	232,441
Operating expenses	167,483	23,789	24,676	13,727	229,676	(20,463)	209,213
Operating income (loss)	20,350	207	3,663	(1,318)	22,902	326	23,228
Total assets	192,113	18,995	31,818	14,920	257,845	33,719	291,564

Full FY3/07 (April 1, 2006 to March 31, 2007)

(Unit: Millions of Yen)

	Japan	Europe	Asia	Others	Total	Elimination or corporate	Consolidated
Sales and operating income (loss)							
Sales							
(1) Sales to third parties	186,288	32,521	30,194	17,510	266,513	-	266,513
(2) Intergroup sales and transfers	21,979	71	1,219	493	23,761	(23,761)	-
Total sales	208,267	32,592	31,413	18,002	290,274	(23,761)	266,513
Operating expenses	190,966	32,522	30,549	18,287	272,325	(25,241)	247,084
Operating income (loss)	17,301	70	864	(285)	17,949	1,480	19,429
Total assets	222,114	20,547	38,112	13,760	294,533	29,142	323,675

Notes

1. Geographical segments are classified according to geological proximity.

2. Specific countries of each area.

(1) Europe: Belgium

(2) Asia : Singapore, Indonesia and China

(3) Others: North America --- USA

3. Figures of total assets indicated at "Elimination or corporate" are mainly short-term surplus funds (cash and deposit) and long-term surplus funds (investments in securities). The amounts are as follows:

Full FY3/06: ¥41,522 million, Full FY3/07: ¥35,550 million

(3) Overseas Sales

Full FY3/06 (April 1, 2005 to March 31, 2006)

(Unit: Millions of Yen)

	Asia	Europe	North America	Others	Total
.Overseas sales	48,385	32,788	18,623	6,958	106,754
.Consolidated sales					232,441
. Overseas sales per consolidated sales	20.8%	14.1%	8.0%	3.0%	45.9%

Full FY3/07 (April 1, 2006 to March 31, 2007)

(Unit: Millions of Yen)

	Asia	Europe	North America	Others	Total
.Overseas sales	51,847	41,654	23,184	9,628	126,313
.Consolidated sales					266,513
. Overseas sales per consolidated sales	19.5%	15.6%	8.7%	3.6%	47.4%

Notes

1. Geographical segments are classified according to geological proximity.
2. Specific countries of each area.
 - (1) Asia: East and South East Asian countries
 - (2) Europe: European countries
 - (3) North America: North American countries
 - (4) Others: Areas/countries except Asia, Europe, North America and Japan
3. "Overseas sales" means sales to outside Japan by Nippon Shokubai Co., Ltd. and its consolidated subsidiaries.