

## Consolidated Business Results for 3rd Quarter of FY3/08

February 8, 2008

Company name: Nippon Shokubai Co., Ltd.

Listing: TSE, OSE (First Section)

Code number: 4114

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(Figures are rounded off to the nearest million yen)

### 1. Consolidated Business Results for the 3rd Quarter of 3/08 (April 1, 2007 to December 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	%
3Q FY3/08	223,260	14.5	14,562	3.5	16,993	2.4	11,067	2.6
3Q FY3/07	195,010	14.9	14,070	(23.5)	16,594	(19.0)	10,785	(19.8)
Full FY3/07	266,513	14.7	19,429	(16.4)	22,754	(13.0)	13,988	(14.0)

	Net income per share	Fully diluted net income per share
	Yen	Yen
3Q FY3/08	60.35	-
3Q FY3/07	57.63	-
Full FY3/07	74.92	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
3Q FY3/08	345,469	180,399	51.0	963.43
3Q FY3/07	314,228	175,659	54.6	921.18
Full FY3/07	323,675	179,368	54.1	948.34

#### (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
3Q FY3/08	14,089	(18,591)	17,994	30,398
3Q FY3/07	6,492	(17,936)	7,187	15,650
Full FY3/07	16,087	(23,109)	4,037	16,991

### 2. Consolidated Forecast for FY3/08 (April 1, 2007 – March 31, 2008)

(% 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
Full FY3/08	303,000	13.7	20,400	5.0	22,400	(1.6)	13,300	(4.9)	72.58

### 3. Others

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

(2) Application of simplified accounting procedures: Yes

Income taxes are calculated with the estimated annual tax rates based on the statutory tax rate.

Simplified methods are applied for calculation of some provisions.

(3) Changes in accounting procedures to those used in the latest financial year: Yes

(a) Changes in accounting procedures

The Company and its domestic consolidated subsidiaries, following tax law revisions, depreciate tangible fixed assets purchased after April 1, 2007 in line with methods prescribed in the revised Corporate Tax Law.

(b) Additional information

The Company and its domestic consolidated subsidiaries, following tax law revisions, depreciate equally over five years, and book as a depreciation expense, the difference between the memorandum value, and 5% of the acquisition value, of tangible fixed assets acquired before March 31, 2007, beginning in the fiscal year following the fiscal year in which the asset's value reaches 5% of the acquisition value based on depreciation methods prior to corporate tax law revisions.

(Remarks)

The original, written in Japanese, of this information is prepared in accordance with Japanese standard. This is a voluntary translation of the original provided by the company for convenience of readers.

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

(Unit: Millions of yen)

	As of Dec. 31, 2006	As of Dec. 31, 2007	Change	As of Mar. 31, 2007
<b>[Assets]</b>				
Current assets	139,268	171,448	32,179	145,444
Cash and deposits	15,814	30,613	14,798	17,156
Trade notes and accounts receivable	70,612	79,091	8,479	71,002
Inventories	42,509	50,237	7,728	45,941
Others	10,333	11,507	1,174	11,346
Fixed assets	174,960	174,021	(938)	178,230
Tangible fixed assets	114,747	117,128	2,381	117,647
Intangible fixed assets	2,184	1,638	(545)	2,065
Investments and other assets	58,029	55,255	(2,774)	58,518
<b>Total assets</b>	<b>314,228</b>	<b>345,469</b>	<b>31,241</b>	<b>323,675</b>
<b>[Liabilities]</b>				
Current liabilities	91,945	105,986	14,042	99,785
Trade notes and accounts payable	50,878	58,474	7,597	54,459
Short-term bank loans	18,000	23,427	5,427	18,177
Current portion of long-term bank loans	5,493	7,188	1,695	5,887
Others	17,574	16,897	(677)	21,261
Long-term liabilities	46,624	59,083	12,460	44,522
Bonds	5,000	20,000	15,000	5,000
Long-term bank loans	30,079	30,117	38	28,668
Others	11,545	8,966	(2,579)	10,854
<b>Total liabilities</b>	<b>138,569</b>	<b>165,070</b>	<b>26,501</b>	<b>144,307</b>
<b>[Net assets]</b>				
Owners' equity	159,136	166,192	7,056	160,367
Common stock	16,529	16,529	-	16,529
Additional paid-in capital	13,567	13,567	0	13,567
Retained earnings	137,146	148,147	11,001	140,350
Less treasury stock, at cost	(8,106)	(12,052)	(3,945)	(10,080)
Valuation and translation adjustments	12,300	9,926	(2,375)	14,687
Net unrealized holding gain on securities	9,130	6,384	(2,747)	10,686
Net unrealized holding gain / loss on hedging derivatives	-	(6)	(6)	-
Translation adjustments	3,170	3,548	378	4,000
Minority interests	4,223	4,282	59	4,314
<b>Total net assets</b>	<b>175,659</b>	<b>180,399</b>	<b>4,740</b>	<b>179,368</b>
<b>Total liabilities and net assets</b>	<b>314,228</b>	<b>345,469</b>	<b>31,241</b>	<b>323,675</b>

**(2) Consolidated Statements of Income**

(Unit: Millions of yen)

	From Apr. 1, 2006 to Dec. 31, 2006	From Apr. 1, 2007 to Dec. 31, 2007	Change	From Apr. 1, 2006 to Mar. 31 2007
Net sales	195,010	223,260	28,250	266,513
Cost of sales	155,888	181,793	25,905	212,468
Gross profit	39,122	41,467	2,345	54,045
Selling, general and administrative expenses	25,052	26,905	1,853	34,616
Operating income	14,070	14,562	493	19,429
Non-operating income	4,055	4,662	607	5,719
Non-operating expenses	1,531	2,232	701	2,394
Ordinary income	16,594	16,993	399	22,754
Extraordinary income	-	328	328	-
Extraordinary losses	-	296	296	452
Income before income taxes and minority interests	16,594	17,025	431	22,302
Income taxes	5,694	5,873	179	8,136
Minority interests in earnings of consolidated subsidiaries	116	86	(30)	178
Net income	10,785	11,067	282	13,988

**(3) Consolidated Statements of Changes in Shareholders' Equity**

3rd quarter FY3/07 (Apr. 1, 2006 – Dec. 31, 2006)

(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 Mar. 31, 2006	16,529	13,565	125,684	(5,346)	150,432
Change during this period					
Dividend paid	-	-	(3,092)	-	(3,092)
Net income	-	-	10,785	-	10,785
Purchase of treasury stock	-	-	-	(2,763)	(2,763)
Disposal of treasury stock	-	1	-	3	4
Increase of an affiliate with equity method	-	-	3,771	-	3,771
Net increase/decrease except shareholders' equity	-	-	-	-	-
Total change during this period	-	1	11,463	(2,760)	8,704
Balance as of Dec. 31, 2006	16,529	13,567	137,146	(8,106)	159,136

	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 Mar. 31, 2006	12,259	1,939	14,199	4,073	168,704
Change during this period					
Dividend paid	-	-	-	-	(3,092)
Net income	-	-	-	-	10,785
Purchase of treasury stock	-	-	-	-	(2,763)
Disposal of treasury stock	-	-	-	-	4
Increase of an affiliate with equity method	-	-	-	-	3,771
Net increase/decrease except shareholders' equity	(3,129)	1,231	(1,898)	149	(1,749)
Total change during this period	(3,129)	1,231	(1,898)	149	6,955
Balance as of Dec. 31, 2006	9,130	3,170	12,300	4,223	175,659

## 3rd quarter FY3/08 (Apr. 1, 2007 –Dec. 31, 2007)

(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 Mar. 31, 2007	16,529	13,567	140,350	(10,080)	160,367
Change during this period					
Dividend paid	-	-	(2,941)	-	(2,941)
Net income	-	-	11,067	-	11,067
Purchase of treasury stock	-	-	-	(1,975)	(1,975)
Disposal of treasury stock	-	0	-	3	3
Decrease of an affiliate with equity method	-	-	(329)	-	(329)
Net increase/decrease except shareholders' equity	-	-	-	-	-
Total change during this period	-	0	7,797	(1,972)	5,825
Balance as of Dec. 31, 2007	16,529	13,567	148,147	(12,052)	166,192

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized holding gain on securities	Net unrealized holding gain / loss on hedging derivatives	Translation adjustments	Total valuation and translation adjustments		
Balance as of Mar. 31, 2007	10,686	-	4,000	14,687	4,314	179,368
Change during this period						
Dividend paid	-	-	-	-	-	(2,941)
Net income	-	-	-	-	-	11,067
Purchase of treasury stock	-	-	-	-	-	(1,975)
Disposal of treasury stock	-	-	-	-	-	3
Decrease of an affiliate with equity method	-	-	-	-	-	(329)
Net increase/decrease except shareholders' equity	(4,303)	(6)	(452)	(4,761)	(33)	(4,793)
Total change during this period	(4,303)	(6)	(452)	(4,761)	(33)	1,032
Balance as of Dec. 31, 2007	6,384	(6)	3,548	9,926	4,282	180,399

Full FY3/07 (Apr. 1, 2006 – Mar. 31, 2007)

(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 Mar. 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 Mar. 31, 2007	16,529	13,567	140,350	(10,080)	160,367

	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 Mar. 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 Mar. 31, 2007	10,686	4,000	14,687	4,314	179,368

**(4) Consolidated Statements of Cash Flow**

(Unit: Millions of yen)

	From Apr. 1, 2006 to Dec. 31, 2006	From Apr. 1, 2007 to Dec. 31, 2007	Change	From Apr.1, 2006 to Mar. 31 2007
<b>I Operating activities</b>				
Income before income taxes and minority interests	16,594	17,025	431	22,302
Depreciation and amortization	8,445	13,090	4,645	12,951
Decrease(increase) in trade notes and accounts receivable	(12,963)	(8,104)	4,859	(13,146)
Decrease(increase) in inventories	(3,502)	(4,205)	(703)	(6,666)
Increase(decrease) in trade notes and accounts	10,298	3,892	(6,406)	13,492
Other, net	(5,084)	(1,704)	3,380	(5,461)
Subtotal	13,789	19,995	6,206	23,473
Income taxes paid	(8,254)	(6,836)	1,419	(8,396)
Other, net	957	930	(27)	1,011
Net cash provided by operating activities	6,492	14,089	7,598	16,087
<b>II Investing activities</b>				
Purchases of tangible fixed assets	(17,066)	(15,740)	1,326	(22,527)
Purchases of investment in securities	(1,386)	(3,557)	(2,171)	(1,437)
Increase in investments receivable	(409)	(531)	(123)	(413)
Collection of investments receivable	330	260	(70)	334
Increase in loans receivable	(50)	-	50	(110)
Collection of loans receivable	845	789	(57)	1,191
Other, net	(200)	189	390	(147)
Net cash used in investing activities	(17,936)	(18,591)	(655)	(23,109)
<b>III Financing activities</b>				
Increase (decrease) in short-term bank loans, net	6,444	5,285	(1,160)	6,546
Proceeds from bond issuance	-	15,000	15,000	-
Proceeds from long-term debt	10,600	7,081	(3,519)	10,700
Repayment of long-term debt	(3,992)	(4,442)	(450)	(5,370)
Cash dividends paid	(3,092)	(2,941)	151	(3,092)
Purchase of treasury stock	(2,763)	(1,975)	788	(4,737)
Other, net	(11)	(14)	(3)	(10)
Net cash provided by financing activities	7,187	17,994	10,807	4,037
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	52	(86)	(138)	119
<b>V Increase (decrease) in cash and cash equivalents</b>	(4,206)	13,406	17,613	(2,865)
<b>VI Cash and cash equivalents at beginning of term</b>	19,856	16,991	(2,865)	19,856
<b>VII Cash and cash equivalents at term end</b>	15,650	30,398	14,748	16,991



**2. Segment Information****(1) Business Segment Information**

3rd Quarter of FY3/07 (April 1, 2006 to December 31, 2006)

(Unit: Millions of Yen)

	Basic chemicals	Functional chemicals	Environment & catalysts	Total	Elimination or corporate	Consolidated
Net sales and operating income						
Net sales						
(1) Sales to third parties	72,771	102,914	19,325	195,010	-	195,010
(2) Intergroup sales and transfers	15,392	601	1,489	17,481	(17,481)	-
Total	88,163	103,515	20,814	212,492	(17,481)	195,010
Operating expenses	84,184	95,503	18,873	198,561	(17,620)	180,940
Operating income	3,979	8,012	1,940	13,931	139	14,070

3rd Quarter of FY3/08 (April 1, 2007 to December 31, 2007)

(Unit: Millions of Yen)

	Basic chemicals	Functional chemicals	Environment & catalysts	Total	Elimination or corporate	Consolidated
Net sales and operating income						
Net sales						
(1) Sales to third parties	79,260	116,931	27,069	223,260	-	223,260
(2) Intergroup sales and transfers	24,459	933	586	25,978	(25,978)	-
Total	103,719	117,864	27,655	249,238	(25,978)	223,260
Operating expenses	99,360	109,666	25,739	234,766	(26,068)	208,698
Operating income	4,358	8,198	1,916	14,473	90	14,562

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
Net sales and operating income						
Net 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	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	5,399	10,838	2,982	19,219	210	19,429

Notes:

1. Business segments are classified according to similarity sorts and characters of the products.

2. Major products by business segment

(1) Basic chemicals

Acrylic acids, acrylic ester, ethylene oxides, ethylene glycols, ethanolamine, higher-alcohol

(2) Functional chemicals

Superabsorbent polymers, pharmaceutical intermediates, polymer for concrete admixture, electronic and information materials, iodine, maleic anhydride, unsaturated polyester resins, resins for adhesives &amp; paints, plastic molded products, process adhesive products

(3) Environment &amp; catalysts

Automotive catalysts, De-NOx catalysts, dioxin decomposition catalysts, industrial catalysts, exhaust gas treatment equipment

**(2) Geographical Segment Information**

3rd Quarter of FY3/07 (April 1, 2006 to December 31, 2006)

(Unit: Millions of Yen)

	Japan	Europe	Asia	Others	Total	Elimination or corporate	Consolidated
Net sales and operating income							
Net sales							
(1) Sales to third parties	136,053	23,126	22,586	13,246	195,010	-	195,010
(2) Intergroup sales and transfers	15,575	54	590	43	16,262	(16,262)	-
Total	151,628	23,180	23,176	13,289	211,272	16,262	195,010
Operating expenses	139,327	23,098	22,765	13,384	198,576	17,635	180,940
Operating income	12,300	82	410	(96)	12,697	1,373	14,070

3rd Quarter of FY3/08 (April 1, 2007 to December 31, 2007)

(Unit: Millions of Yen)

	Japan	Europe	Asia	Others	Total	Elimination or corporate	Consolidated
Net sales and operating income							
Net sales							
(1) Sales to third parties	157,925	31,697	21,160	12,478	223,260	-	223,260
(2) Intergroup sales and transfers	25,240	60	2,556	227	28,082	(28,082)	-
Total	183,165	31,757	23,716	12,705	251,342	(28,082)	223,260
Operating expenses	170,149	31,594	23,247	13,075	238,065	(29,367)	208,698
Operating income	13,016	163	468	(370)	13,277	1,285	14,562

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

(Unit: Millions of Yen)

	Japan	Europe	Asia	Others	Total	Elimination or corporate	Consolidated
Net sales and operating income							
Net 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	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	17,301	70	864	(285)	17,949	1,480	19,429

## Notes

1. Geographical segments are classified according to geological proximity.
2. Specific countries of each area except Japan:
  - (1) Europe: Belgium
  - (2) Asia : Singapore, Indonesia and China
  - (3) Others: North America --- U.S.A.

**(3) Overseas Sales**

3rd Quarter of FY3/07 (April 1, 2006 to December 31, 2006)

(Unit: Millions of Yen)

	Asia	Europe	North America	Others	Total
I .Overseas sales	37,015	30,052	16,926	6,832	90,826
II .Consolidated sales					195,010
III . Overseas sales per consolidated sales	19.0%	15.4%	8.7%	3.5%	46.6%

3rd Quarter of FY3/08 (April 1, 2007 to December 31, 2007)

(Unit: Millions of Yen)

	Asia	Europe	North America	Others	Total
I .Overseas sales	41,500	35,820	18,316	11,863	107,499
II .Consolidated sales					223,260
III . Overseas sales per consolidated sales	18.6%	16.0%	8.2%	5.3%	48.1%

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

(Unit: Millions of Yen)

	Asia	Europe	North America	Others	Total
I .Overseas sales	51,847	41,654	23,184	9,628	126,313
II .Consolidated sales					266,513
III . 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.