

Summary of Consolidated Financial Results
For the First Half of the Fiscal Year Ending March 31, 2009
(Six Months Ended September 30, 2008)

November 6, 2008

Company name: Nippon Shokubai Co., Ltd. Listing: TSE, OSE (First Section)
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Scheduled quarterly report filing date: November 10, 2008
Scheduled date of dividend payment: December 5, 2008

(Figures are rounded off to the nearest million yen)

1. Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2009
(from April 1, 2008 to September 30, 2008)

(1) Consolidated operating results (cumulative) (Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Sep. 30, 2008	172,088	-	5,820	-	7,154	-	2,054	-
Six months ended Sep. 30, 2007	148,455	18.9	10,657	6.1	12,099	2.7	7,827	0.4

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2008	11.41	-
Six months ended Sep. 30, 2007	42.64	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Sep. 30, 2008	351,287	172,152	47.9	938.96
As of Mar. 31, 2008	352,783	175,634	48.6	947.34

Reference: Shareholders' equity (millions of yen): As of Sep. 30, 2008: 168,092 As of Mar. 31, 2008: 171,489

2. Dividends

(Record date)	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2008	-	8.00	-	8.00	16.00
Year ending Mar. 31, 2009	-	8.50	-	-	-
Year ending Mar. 31, 2009 (Forecast)	-	-	-	8.50	17.00

Note: Revisions to the dividend forecast made during the period: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2009
(from April 1, 2008 to March 31, 2009)

(Percentages represent year-over-year changes)

	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 year	350,000	15.6	15,000	(18.4)	17,000	(18.1)	6,100	(48.6)	34.06

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

4. Other

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries that affect the scope of consolidation): None

(2) Application of simplified accounting methods and accounting methods peculiar to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles/procedures, presentation methods, etc. for the preparation of quarterly consolidated financial statements (that are to be stated in the section of Changes in Significant Matters, etc. on which the Preparation of Quarterly Consolidated Financial Statements is Based)

1) Changes due to the revision of accounting standards, etc.: Yes

2) Other changes: Yes

Note: Please refer to “Qualitative Information and Financial Statements, 4. Other” on pages 6 and 7 for further information.

(4) Number of shares issued and outstanding (common stock)

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

As of Sep. 30, 2008:	187,000,000 shares	As of Mar. 31, 2008:	194,881,287 shares
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2) Number of treasury stock at the end of the period

As of Sep. 30, 2008:	7,979,400 shares	As of Mar. 31, 2008:	13,859,502 shares
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3) Average number of shares outstanding during the period (six-month period)

Six months ended Sep. 30, 2008:	180,054,770 shares	Six months ended Sep. 30, 2007:	183,536,333 shares
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* Cautionary statement with respect to forward-looking statements

1. For discussion of the assumptions and other factors considered by the Company in preparing the above projections, please refer to pages 6 in the section “Qualitative Information and Financial Statements, 3. Qualitative information regarding consolidated forecast.”

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.

2. Effective from the current fiscal year, the Company has adopted “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements are prepared in accordance with “Regulations for Quarterly Consolidated Financial Statements.”

* 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.

Qualitative Information, Financial Statements, etc.**1. Qualitative Information on Consolidated Operating Results**

The Japanese economy slowed in the first half of the current fiscal year due to surging prices of crude oil, and deceleration of the US economy triggered by the subprime mortgage crisis.

For the chemicals industry, the outlook became increasingly uncertain due to surging crude oil prices, and volatility in foreign exchange and global commodity markets.

(1) Overview

(Unit: Millions of yen)

	Six months ended Sep. 30, 2007	Six months ended Sep. 30, 2008	Change		Year ended Mar. 31, 2008
			(Amount)	(% growth)	
Net sales	148,455	172,088	23,633	15.9%	302,669
Operating income	10,657	5,820	(4,838)	(45.4)%	18,379
Ordinary income	12,099	7,154	(4,945)	(40.9)%	20,745
Net income	7,827	2,054	(5,772)	(73.8)%	11,875
Net income per share	42.64	11.41	(31.23)	(73.2)%	64.91 yen
ROA (Return on Assets)	7.2%	4.1%	-	(3.1) points	6.1%
ROE (Return on Equity)	8.8%	2.4%	-	(6.4) points	6.9%
Exchange rate (\$ and EUR)	\$=119.40 yen EUR=162.33 yen	\$=106.12 yen EUR=162.80 yen	(13.28) yen 0.47 yen		\$=114.38 yen EUR=161.59 yen
Naphtha price	58,800 yen/kl	77,700 yen/kl	18,900 yen/kl		61,500 yen/kl

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

In this business environment, consolidated net sales increased 15.9% year-over-year to 172,088 million yen (+23,633 million yen) in the first half of the current fiscal year as we reflected some of the surging cost of raw materials into product pricing, market prices for certain products including ethylene glycol and ethanolamine increased, and we consolidated NIPPON NYUKAZAI Co., Ltd. as a subsidiary starting this fiscal year.

As for profits, operating income declined 45.4% year-over-year to 5,820 million yen (-4,838 million yen). Upward price revisions, the consolidation of acrylic acid production to the Himeji Plant (we closed the Ehime Plant and increased capacity at the Himeji Plant), and cost cutting failed to fully offset the negative impact of surging raw materials prices.

Ordinary income declined 40.9% year-over-year to 7,154 million yen (-4,945 million yen) as non-operating income declined 107 million yen due to a decrease in equity-method investment earnings.

Net income declined 73.8% year-over-year to 2,054 million yen (-5,772 million yen), because we booked loss on valuation of investment securities.

(2) Segment summary**By business segment****Basic Chemicals**

Sales of acrylic acid, acrylates and ethylene oxide increased due to the progress in adjustment of selling prices.

Sales of ethylene glycol and ethanolamine increased due to strong market prices.

The consolidation of NIPPON NYUKAZAI Co., Ltd. as a subsidiary also contributed to strong sales growth.

In summary, sales in the basic chemicals segment increased 37.4% year-over-year to 71,915 million yen.

Operating income increased 75.2% year-over-year to 3,536 million yen as we reflected some of the surging cost of raw materials into selling prices, market prices for certain basic chemicals increased, and we reduced costs by consolidating acrylic acid production to the Himeji Plant.

Functional Chemicals

Superabsorbent polymer sales rose, despite a negative impact from yen appreciation, due to strong volume growth particularly in emerging economies.

Sales of specialty acrylates, polymers for concrete admixtures, and resin modifiers rose as we worked to adjust selling prices given steady demand in overseas markets.

Sales of raw materials for detergents increased, despite a decline in sales volumes, as we worked to adjust selling prices.

Sales of resins for adhesives/paints and iodine compounds rose due to selling price adjustments on the back of firm demand.

Sales of maleic anhydride and processed adhesive products were roughly flat year-over-year.

Sales of electronic and information materials were soft.

Sales of unsaturated polyester resins declined compared with the same period of the previous fiscal year as we discontinued production and marketing at the end of September 2007.

In summary, sales in the functional chemicals segment increased 3.5% year-over-year to 80,555 million yen.

Operating income declined 74.1% year-over-year to 1,668 million yen, despite higher sales volumes, as we could not fully factor surging raw materials prices into selling prices, which caused a sharp deterioration in profitability.

Environment & Catalysts

Sales of automotive catalysts increased significantly due to rising sales volumes, and higher selling prices on the back of surging precious metal prices.

Sales of De-NOx catalysts, and equipment and catalysts for waste gas treatment decreased on falling sales volumes.

Sales of process catalysts declined as sales volumes fell sharply due to seasonal weakness in replacement demand.

In summary, sales in the environment & catalysts segment increased 7.3% year-over-year to 19,617 million yen.

Operating income declined 49.7% year-over-year to 1,066 million yen due to a decline in sales volumes of process catalysts.

By geographical segment

Japan

Sales in Japan increased 21.5% year-over-year to 125,730 million yen due to a contribution from the consolidation of NIPPON NYUKAZAI Co., Ltd. as a subsidiary, efforts to factor surging raw materials prices into product pricing, and high market prices for some products including ethylene glycol and ethanolamine.

Operating income declined 34.9% year-over-year to 6,139 million yen as higher market prices for some products, efforts to adjust selling prices, and cost cutting failed to offset the negative impact of surging raw materials prices.

Europe

Sales in Europe increased 4.9% year-over-year to 22,114 million yen on greater sales volumes of superabsorbent polymers.

Operating income was roughly unchanged year-over-year at a 16 million yen loss, as profitability deteriorated, despite higher sales volumes, due to surging raw materials prices.

Asia

Sales in Asia increased 2.8% year-over-year to 15,536 million yen, as higher sales volumes of polymers for concrete admixtures offset the negative impact of falling sales volumes of superabsorbent polymers, and acrylic acid and acrylates.

Operating income increased 32 million yen year-over-year to 281 million yen due to a slight improvement in profitability.

Other regions

Sales in other regions were roughly flat year-over-year at 8,707 million yen as an increase in sales volumes of superabsorbent polymers, polymers for concrete admixtures, and raw materials for detergents failed to fully offset the negative impact of yen appreciation.

Operating income declined 1,144 million yen year-over-year to a 1,014 million yen loss as profitability deteriorated sharply, despite higher sales volumes, due to surging raw materials prices.

2. Qualitative Information on Consolidated Financial Position**(1) Assets, liabilities and net assets**

Assets decreased 1,496 million yen to 351,287 million yen over the end of the previous fiscal year, mainly due to an increase in inventories, but decreases in cash and deposits and investment securities.

Liabilities increased 1,987 million yen to 179,135 million yen, mainly due to an increase in borrowings.

Net assets decreased 3,482 million yen to 172,152 million yen, mainly due to a decline in foreign currency translation adjustment because of yen appreciation.

Shareholders' equity ratio declined 0.7 points, from 48.6% at the end of the previous fiscal year, to 47.9% at the end of the first half of the current fiscal year. Net assets per share declined 8.38 yen to 938.96 yen.

(2) Cash flows

Cash and cash equivalents at the end of the first half of the current fiscal year decreased 4,802 million yen to 16,569 million yen over the end of the previous fiscal year, as cash flow outlays for capital investment and other investing activities exceeded cash flows from operating activities and borrowings on financing activities.

(Cash flow from operating activities)

Cash from operating activities totaled 2,826 million yen (13,083 million yen in the same period of the previous fiscal year).

This was a net result of a decrease in income before income taxes, and an increase in inventories.

(Cash flow from investment activities)

Cash used in investment activities totaled 8,319 million yen (13,824 million yen used in the same period of the previous fiscal year).

This was a result of decreases in outlays for the purchase of property, plant and equipment and investment securities.

(Cash flow from financing activities)

Cash from financing activities totaled 747 million yen (15,420 million yen in the same period of the previous fiscal year).

This was mainly because we did not procure funds through corporate bond issuance during the first half of the current fiscal year.

3. Qualitative Information on Consolidated Earnings Forecast

We project the Japanese economy will continue to face difficulties over the near term as a recovery is unlikely considering the US-originated financial crisis has caused sharp deterioration in real economies world-wide.

We see greater difficulties ahead for the chemicals industry. Crude oil prices have fallen sharply since peaking out this summer, but domestic demand is weak, and demand in China, which had been robust to date, has sharply cooled.

In this environment, we forecast full-year consolidated net sales of 350 billion yen (177.9 billion yen in the second half), operating income of 15 billion yen (9.2 billion yen in the second half), ordinary income of 17 billion yen (9.8 billion yen in the second half), and net income of 6.1 billion yen (4.0 billion yen in the second half). We lower our second half sales and profit forecasts, although we will continue to work to optimize product pricing, promote sales, and cut costs.

Our second half forecasts are based on foreign exchange rates of 105 yen to the US dollar and 145 yen to the euro, and naphtha pricing of 65,000 yen/kl.

4. Other

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries that affect the scope of consolidation)

Not applicable.

(2) Application of simplified accounting methods and accounting methods peculiar to the preparation of quarterly consolidated financial statements

Not applicable.

(3) Changes in accounting principles/procedures, presentation methods, etc. for the preparation of quarterly consolidated financial statements

1) Changes due to the revision of accounting standards, etc.

1. Effective from the current fiscal year, the Company has adopted “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements are prepared in accordance with “Regulations for Quarterly Consolidated Financial Statements.”

2. In prior years, inventory for regular sales purposes was computed primarily by the lower of cost or market, using moving average method. With the adoption of “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) from the first quarter of the current fiscal year, inventory is valued primarily at the lower of cost or market, using moving average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

As a result, effect of this change was to increase operating income by 310 million yen, ordinary income and income before income taxes by 321 million yen each in the first half of the current fiscal year. The impact on segment operations is shown in the Segment Information section.

3. Effective from the first quarter of the current fiscal year, the Company has adopted “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (PITF No. 18, May 17, 2006) and has made the necessary adjustments to the consolidated financial statements.

The impact of the change on operating income, ordinary income and income before income taxes is minimal. The impact on segment information is also minimal, and its description is omitted.

4. In prior years, the Company accounted for finance leases where there is no transfer of ownership as ordinary lease transactions for accounting purposes. However, the Company is able to use the following accounting standards beginning with quarterly consolidated financial statements for fiscal years starting on or after April 1, 2008: “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13: originally issued on June 17, 1993 by Section 1 of the Business Accounting Deliberation Counsel, and revised on March 30, 2007 by Accounting Standards Board of Japan); and “Guidance on Accounting Standards for Lease Transactions” (ASBJ Guidance No. 16: originally issued on January 18, 1994 by Accounting Standards Committee of the Japanese Institute of Certified Public Accountants, and revised on March 30, 2007 by Accounting Standards Board of Japan). The Company has adopted these standards and guidance beginning with the first quarter of the current fiscal year, using an accounting method for leases that is based on the method used for ordinary purchases and sales. Furthermore, for the depreciation of lease assets associated with finance leases where there is no transfer of ownership, the straight-line method with no residual value is applied with the lease period used as the useful life of the asset. For finance leases where there is no transfer of ownership that started before April 1, 2008 when these standards were first applied, the Company uses an accounting method that is based on the method used for ordinary lease transactions.

The impact of these changes on operating income, ordinary income and income before income taxes is minimal. The impact on segment information is also minimal, and its description is omitted.

2) Other changes

Effective from the first quarter of the current fiscal year, the Company and its domestic consolidated subsidiaries have reviewed the useful life of machinery and equipment in accordance with the revised Corporation Tax Law.

The effect of this change was to increase operating income, ordinary income and income before income taxes by 217 million yen each in the first half of the current fiscal year. The impact on segment operations is shown in the Segment Information section.

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

	(Unit: Millions of yen)	
	First half of FY3/09 (As of Sep. 30, 2008)	FY3/08 Summary (As of Mar. 31, 2008)
Assets		
Current assets		
Cash and deposits	16,773	21,586
Notes and accounts receivable-trade	86,375	81,318
Short-term investment securities	-	200
Merchandise and finished goods	30,633	28,740
Work in process	9,341	8,885
Raw materials and supplies	20,767	16,728
Other	9,994	11,312
Allowance for doubtful accounts	(321)	(308)
Total current assets	173,562	168,461
Noncurrent assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	53,018	57,158
Other, net	69,499	68,434
Accumulated impairment loss	(1,428)	(1,628)
Total property, plant and equipment	121,089	123,964
Intangible assets		
Goodwill	2,083	2,318
Other	2,444	1,489
Total intangible assets	4,527	3,807
Investments and other assets		
Investment securities	35,652	39,127
Other	16,834	17,847
Allowance for doubtful accounts	(377)	(423)
Total investments and other assets	52,109	56,551
Total noncurrent assets	177,725	184,321
Total assets	351,287	352,783

	(Unit: Millions of yen)	
	First half of FY3/09 (As of Sep. 30, 2008)	FY3/08 Summary (As of Mar. 31, 2008)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	59,029	57,284
Short-term loans payable	34,159	27,571
Current portion of long-term loans payable	9,141	6,998
Income taxes payable	1,943	2,982
Provision	5,293	6,551
Other	9,501	10,730
Total current liabilities	119,065	112,116
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	29,333	34,797
Provision for retirement benefits	8,293	8,153
Other	2,444	2,083
Total noncurrent liabilities	60,070	65,032
Total liabilities	179,135	177,149
Net assets		
Shareholders' equity		
Capital stock	16,529	16,529
Capital surplus	13,562	13,567
Retained earnings	141,559	148,955
Treasury stock	(7,415)	(13,552)
Total shareholders' equity	164,235	165,499
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,809	2,644
Deferred gains or losses on hedges	(38)	(22)
Foreign currency translation adjustment	1,087	3,368
Total valuation and translation adjustments	3,858	5,990
Minority interests	4,059	4,145
Total net assets	172,152	175,634
Total liabilities and net assets	351,287	352,783

(2) Consolidated Statements of Income**(For the Six-month Period)**

	(Unit: Millions of yen)
	First half of FY3/09
	(Apr. 1, 2008 to Sep. 30 2008)
Net sales	172,088
Cost of sales	146,604
Gross profit	25,483
Selling, general and administrative expenses	
Transportation and warehousing expenses	7,752
Personal expenses	3,486
Research and development expenses	5,473
Other	2,953
Total selling, general and administrative expenses	19,664
Operating income	5,820
Non-operating income	
Interest income	124
Dividends income	523
Equity in earnings of affiliates	619
Technical support fee	437
Other	1,464
Total non-operating income	3,167
Non-operating expenses	
Interest expenses	739
Foreign exchange losses	433
Other	661
Total non-operating expenses	1,833
Ordinary income	7,154
Extraordinary loss	
Loss on valuation of investment securities	1,974
Compensation for damage	246
Total extraordinary losses	2,221
Income before income taxes and minority interests	4,933
Income taxes-current	2,006
Income taxes-deferred	774
Total income taxes	2,779
Minority interests in income	100
Net income	2,054

(3) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	First half of FY3/09 (Apr. 1, 2008 to Sep. 30 2008)
Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	4,933
Depreciation and amortization	9,036
Loss (gain) on valuation of investment securities	1,974
Loss on compensation for damage	246
Interest and dividends income	(648)
Interest expenses	739
Equity in (earnings) losses of affiliates	(619)
Decrease (increase) in notes and accounts receivable-trade	(5,476)
Decrease (increase) in inventories	(6,673)
Increase (decrease) in notes and accounts payable-trade	2,003
Other, net	882
Subtotal	6,398
Interest and dividends income received	1,558
Interest expenses paid	(739)
Compensation for damage paid	(246)
Income taxes paid	(3,006)
Other payments	(1,138)
Net cash provided by (used in) operating activities	2,826
Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	(9,325)
Proceeds from sales of investment securities	598
Other, net	408
Net cash provided by (used in) investment activities	(8,319)
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	6,850
Proceeds from long-term loans payable	615
Repayment of long-term loans payable	(3,709)
Cash dividends paid	(1,448)
Cash dividends paid to minority shareholders	(18)
Purchase of treasury stock	(1,536)
Other, net	(7)
Net cash provided by (used in) financing activities	747
Effect of exchange rate change on cash and cash equivalents	(56)
Net increase (decrease) in cash and cash equivalents	(4,802)
Cash and cash equivalents at beginning of term	21,371
Cash and cash equivalents at end of term	16,569

Effective from the current fiscal year, the Company has adopted “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements are prepared in accordance with “Regulations for Quarterly Consolidated Financial Statements.”

(4) Going Concern Assumption

Not applicable.

(5) Segment Information

1) Business Segment Information

First half of FY3/09 (Apr. 1, 2008 to Sep. 30, 2008)

(Unit: Millions of yen)

	Basic chemicals	Functional chemicals	Environment & catalysts	Total	Eliminations or corporate	Consolidated
Net sales						
(1) Sales to third parties	71,915	80,555	19,617	172,088	-	172,088
(2) Intergroup sales and transfers	19,809	1,015	1,613	22,437	(22,437)	-
Total	91,725	81,570	21,230	194,525	(22,437)	172,088
Operating income	3,536	1,668	1,066	6,271	(452)	5,820

Notes: 1. Business segments are defined in view of similarities in types and characteristics of operations, etc.

2. Principal products by business segment:

(1) Basic chemicals

Acrylic acid, acrylates, ethylene oxide, ethylene glycol, ethanalamine, higher alcohol, and glycol ether

(2) 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, and processed adhesive products

(3) Environment & catalysts

Automotive catalysts, De-NOx catalysts, dioxins decomposition catalysts, process catalysts, and equipment for exhaust gas treatment

3. Changes in significant accounting policies

(1) Change in valuation standards and methods for major assets

As described in the section titled “Changes in accounting principles/procedures, presentation methods, etc. for the preparation of quarterly consolidated financial statements” on pages 2 and 6, inventory for regular sales purposes was computed primarily by the lower of cost or market, using moving average method in prior years. With the adoption of “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 5, 2006) from the first quarter of the current fiscal year, inventory is valued primarily at the lower of cost or market, using moving average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

The effect of this change was to decrease operating income by 14 million yen in basic chemicals, 172 million yen in functional chemicals, and increase 495 million yen in environment & catalysts in the first half of the current fiscal year, compare to the previous method.

(2) Supplementary information

As described in the section titled “Changes in accounting principles/procedures, presentation methods, etc. for the preparation of quarterly consolidated financial statements” on pages 2 and 7, the Company and its domestic consolidated subsidiaries have reviewed the useful life of machinery and equipment from the first quarter of the current fiscal year in accordance with the revised Corporation Tax Law.

The effect of this change was to increase operating income in basic chemicals, functional chemicals, and environment & catalysts by 155 million yen, 61 million yen and 1 million yen respectively, in the first half of the current fiscal year, compare to the previous method.

2) Geographical Segment Information

First half of FY3/09 (Apr. 1, 2008 to Sep. 30, 2008)

(Unit: Millions of yen)

	Japan	Europe	Asia	Other regions	Total	Eliminations or corporate	Consolidated
Net sales							
(1) Sales to third parties	125,730	22,114	15,536	8,707	172,088	-	172,088
(2) Intergroup sales and transfers	18,473	36	880	204	19,593	(19,593)	-
Total	144,203	22,151	16,415	8,911	191,681	(19,593)	172,088
Operating income (loss)	6,139	(16)	281	(1,014)	5,390	429	5,820

Notes: 1. Segmentation of countries and regions is based on geographical proximity.

2. Major countries and regions included in the segments other than Japan:

- (1) Europe: Belgium
(2) Asia: Singapore, Indonesia, and China
(3) Other regions: North America (USA)

3. Changes in significant accounting policies

(1) Change in valuation standards and method for major assets

As described in the section titled "Changes in accounting principles/procedures, presentation methods, etc. for the preparation of quarterly consolidated financial statements" on pages 2 and 6, inventory for regular sales purposes was computed primarily by the lower of cost or market, using moving average method in prior years. With the adoption of "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006) from the first quarter of the current fiscal year, inventory is valued primarily at the lower of cost or market, using moving average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

The effect of this change was to increase operating income by 310 million yen in Japan in the first half of the current fiscal year, compared to the previous method.

(2) Supplementary information

As described in the section titled "Changes in accounting principles/procedures, presentation methods, etc. for the preparation of quarterly consolidated financial statements" on pages 2 and 7, the Company and its domestic consolidated subsidiaries have reviewed the useful life of machinery and equipment from the first quarter of the current fiscal year in accordance with the revised Corporation Tax Law.

The effect of this change was to increase operating income by 217 million yen in Japan in the first half of the current fiscal year, compared to the previous method.

(3) Overseas Sales

First half of FY3/09 (Apr. 1, 2008 to Sep. 30, 2008)

(Unit: Millions of yen)

	Asia	Europe	North America	Other regions	Total
I. Overseas sales	28,332	24,782	11,895	9,345	74,354
II. Consolidated sales					172,088
III. Overseas sales as a percentage of consolidated sales	16.5%	14.4%	6.9%	5.4%	43.2%

Notes: 1. Segmentation of countries and regions is based on geographical proximity.

2. Major countries and regions included in the respective segments:

- (1) Asia: East Asian and Southeast Asian countries
(2) Europe: European countries
(3) North America: North American countries
(4) Other regions: Countries and regions other than Asia, Europe, North America and Japan

3. "Overseas sales" represent total sales of Nippon Shokubai Co., Ltd. and its consolidated subsidiaries generated in countries and regions other than Japan.

(6) Notes on Significant Changes in Shareholders' Equity

(Unit: Millions of yen)

	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Mar. 31, 2008	16,529	13,567	148,955	(13,552)	165,499
Changes during the period					
Dividends from surplus	-	-	(1,448)	-	(1,448)
Net income	-	-	2,054	-	2,054
Purchase of treasury stock	-	-	-	(1,536)	(1,536)
Disposal of treasury stock	-	(0)	(1)	4	3
Retirement of treasury stock (Note)	-	(5)	(7,663)	7,668	-
Decrease due to prior year adjustments in overseas subsidiaries	-	-	(338)	-	(338)
Total changes during the period	-	(5)	(7,397)	6,136	(1,265)
Balance as of Sep. 30, 2008	16,529	13,562	141,559	(7,415)	164,235

Note: On May 13, 2008, 7,881 thousand shares of common stock were retired.

Reference Data**Financial Statements, etc for the Previous Interim Period (from Apr. 1, 2007 to Sep. 30 2007)**

1) Summary of Consolidated Statements of Income for the First Half of FY3/08 (from Apr. 1, 2007 to Sep. 30 2007)

(Unit: Millions of yen)

Account title	Amount
Net sales	148,455
Cost of sales	119,742
Gross profit	28,713
Selling, general and administrative expense	18,056
Operating income	10,657
Non-operating income	(2,968)
Interest and dividend income	552
Amortization of goodwill	108
Equity in earnings of unconsolidated subsidiaries and affiliates	874
Others	1,435
Non-operating expenses	(1,526)
Interest expense	627
Others	899
Ordinary income	12,099
Extraordinary losses	(296)
Loss on liquidation of business	296
Income before income taxes and minority interests	11,802
Corporate income taxes, residents' taxes, business taxes	3,685
Income taxes deferred	245
Minority interests in earnings of consolidated subsidiaries	46
Net income	7,827

2) Summary of Consolidated Statements of Cash Flows for the First Half of FY3/08 (from Apr. 1, 2007 to Sep. 30 2007)

(Unit: Millions of yen)

Account title	Amount
I. Operating activities	
Income before income taxes and minority interests	11,802
Depreciation and amortization	8,477
Loss on liquidation of business	296
Increase (decrease) in accrued retirement benefits for employees	5
Interest and dividend income	(552)
Interest expense	627
Equity in earnings of unconsolidated subsidiaries and affiliates	(874)
Decrease (increase) in trade notes and accounts receivable	(4,131)
Decrease (increase) in inventories	(1,066)
Increase (decrease) in trade notes and accounts payable	407
Increase (decrease) in accrued consumption taxes	(7)
Other, net	1,238
Subtotal	16,223
Interest and dividends received	1,293
Interest paid	(610)
Amount paid on liquidation of business	(10)
Income taxes paid	(3,813)
Net cash provided by operating activities	13,083
II. Investment activities	
Purchases of tangible fixed assets	(10,676)
Proceeds from sales of tangible fixed assets	69
Purchases of investment in securities	(3,556)
Proceeds from sales of investment in securities	78
Increase in investments receivable	(323)
Collection of investments receivable	123
Collection of loans receivable	564
Other, net	(103)
Net cash used in investment activities	(13,824)
III. Financing activities	
Increase (decrease) in short-term bank loans, net	1,507
Proceeds from bond issuance	15,000
Proceeds from long-term debt	5,059
Repayment of long-term debt	(2,965)
Cash dividends paid	(1,477)
Cash dividends paid to minority interests	(17)
Purchase of treasury stock	(1,690)
Other, net	2
Net cash provided by financing activities	15,420
IV. Effect of exchange rate changes on cash and cash equivalents	156
V. Increase (decrease) in cash and cash equivalents	14,835
VI. Cash and cash equivalents at beginning of term	16,991
VII. Cash and cash equivalents at end of term	31,826

3) Segment Information

First half of FY3/08 (Apr. 1, 2007 to Sep. 30, 2007)

Business segment information

(Unit: Millions of yen)

	Basic chemicals	Functional chemicals	Environment & catalysts	Total	Eliminations or corporate	Consolidated
Net sales						
(1) Sales to third parties	52,347	77,825	18,283	148,455	-	148,455
(2) Intergroup sales and transfers	16,401	607	392	17,400	(17,400)	-
Total	68,748	78,432	18,675	165,855	(17,400)	148,455
Operating income	2,019	6,438	2,120	10,577	80	10,657

Notes: 1. Business segments are defined in view of similarities in types and characteristics of operations, etc.

2. Principal products by business segment:

(1) Basic chemicals

Acrylic acid, acrylates, ethylene oxide, ethylene glycol, ethanalamine, and higher alcohol

(2) Functional chemicals

Superabsorbent polymers, intermediates for pharmaceuticals, polymers for concrete admixtures, electronic and information materials, iodine compounds, maleic anhydride, unsaturated polyester resins, resins for adhesives/paints, molded plastics, and processed adhesive products

(3) Environment & catalysts

Automotive catalysts, De-NOx catalysts, dioxins decomposition catalysts, process catalysts, and equipment for exhaust gas treatment

Geographical segment information

(Unit: Millions of yen)

	Japan	Europe	Asia	Other regions	Total	Eliminations or corporate	Consolidated
Net sales							
(1) Sales to third parties	103,499	21,084	15,117	8,755	148,455	-	148,455
(2) Intergroup sales and transfers	17,114	42	2,090	220	19,465	(19,465)	-
Total	120,613	21,126	17,206	8,976	167,920	(19,465)	148,455
Operating income (loss)	9,436	(25)	248	130	9,790	868	10,657

Notes: 1. Segmentation of countries and regions is based on geographical proximity.

2. Major countries and regions included in the segments other than Japan:

(1) Europe: Belgium

(2) Asia: Singapore, Indonesia, and China

(3) Other regions: North America (USA)

Overseas sales

(Unit: Millions of yen)

	Asia	Europe	North America	Other regions	Total
I. Overseas sales	29,641	24,127	12,609	7,760	74,137
II. Consolidated sales					148,455
III. Overseas sales as a percentage of consolidated sales	20.0%	16.2%	8.5%	5.2%	49.9%

Notes: 1. Segmentation of countries and regions is based on geographical proximity.

2. Major countries and regions included in the respective segments:

(1) Asia: East Asian and Southeast Asian countries

(2) Europe: European countries

(3) North America: North American countries

(4) Other regions: Countries and regions other than Asia, Europe, North America and Japan

3. "Overseas sales" represent total sales of Nippon Shokubai Co., Ltd. and its consolidated subsidiaries generated in countries and regions other than Japan.

* 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.