

# Summary of Consolidated Financial Results For the Fiscal Year Ended March 31, 2010

May 6, 2010

Company name: Nippon Shokubai Co., Ltd.	Listing: TSE, OSE (First Section)
Code number: 4114	URL: <a href="http://www.shokubai.co.jp/">http://www.shokubai.co.jp/</a>
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Scheduled date of the general shareholders' meeting: June 22, 2010	
Scheduled date of dividend payment: June 23, 2010	
Scheduled date of filing annual securities report: June 22, 2010	

(Figures are rounded off to the nearest million yen)

## 1. Consolidated Business Results for the Fiscal Year Ended March 31, 2010

(Full FY3/10, From April 1, 2009 to March 31, 2010)

(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 FY3/10	244,317	(15.5)	13,881	-	14,934	-	10,832	-
Full FY3/09	289,102	(4.5)	622	(96.6)	757	(96.4)	(5,307)	-

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary income on assets	Operating income to net sales
	Yen	Yen	%	%	%
Full FY3/10	60.85	-	7.0	4.9	5.7
Full FY3/09	(29.61)	-	(3.3)	0.2	0.2

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

Full FY3/10: 1,037      Full FY3/09: 374

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Full FY3/10	310,946	163,781	51.4	898.33
Full FY3/09	302,948	151,662	48.8	831.11

Reference: Shareholders' equity (millions of yen):

Full FY3/10: 159,923      Full FY3/09: 147,944

(3) Consolidated statement of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Full FY3/10	44,346	(23,850)	(21,772)	28,234
Full FY3/09	17,613	(16,675)	8,099	29,450

## 2. Dividend

	Dividend per share					Total dividends (Annual)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Full FY3/09	-	8.50	-	7.00	15.50	2,768	-	1.7
Full FY3/10	-	7.00	-	7.00	14.00	2,492	23.0	1.6
Full FY3/11 (forecast)	-	8.00	-	8.00	16.00	-	23.7	-

**3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2011****(Full FY3/11, from April 1, 2010 to March 31, 2011)**

(% indicate rate of changes year-over-year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	130,000	14.4	6,500	10.3	7,000	6.8	4,900	23.6	27.52
Full FY3/11	275,000	12.6	16,000	15.3	17,000	13.8	12,000	10.8	67.41

**4. Others**

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

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

1) Changes caused by revision of accounting standards: Yes

2) Other changes: None

(3) Number of outstanding shares (common stock)

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

Full FY3/10: 187,000,000 shares Full FY3/09: 187,000,000 shares

2) Number of treasury stock at the end of period

Full FY3/10: 8,976,962 shares Full FY3/09: 8,991,929 shares

**(Reference) Non-consolidated Business Overview****1. Non-consolidated Business Results for FY3/10 (April 1, 2009 to March 31, 2010)**

(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 FY3/10	166,198	(20.0)	9,163	806.3	11,191	162.6	6,918	-
Full FY3/09	207,870	(10.1)	1,011	(93.8)	4,262	(78.5)	(7,353)	-

	Net income per share	Fully diluted net income per share
	Yen	Yen
Full FY3/10	38.86	-
Full FY3/09	(41.01)	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Full FY3/10	251,473	140,571	55.9	789.62
Full FY3/09	246,636	133,625	54.2	750.53

Reference: Shareholders' equity (millions of yen):

Full FY3/10: 140,571 Full FY3/09: 133,625

**2. Non-consolidated Forecast for FY3/11 (April 1, 2010 to March 31, 2011)**

(% indicate rate of changes year-over-year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	92,200	21.7	4,300	9.5	6,500	23.1	4,400	27.6	24.72
Full FY3/11	192,000	15.5	11,000	20.0	14,000	25.1	9,500	37.3	53.36

\* Cautionary statement with respect to forward-looking statements

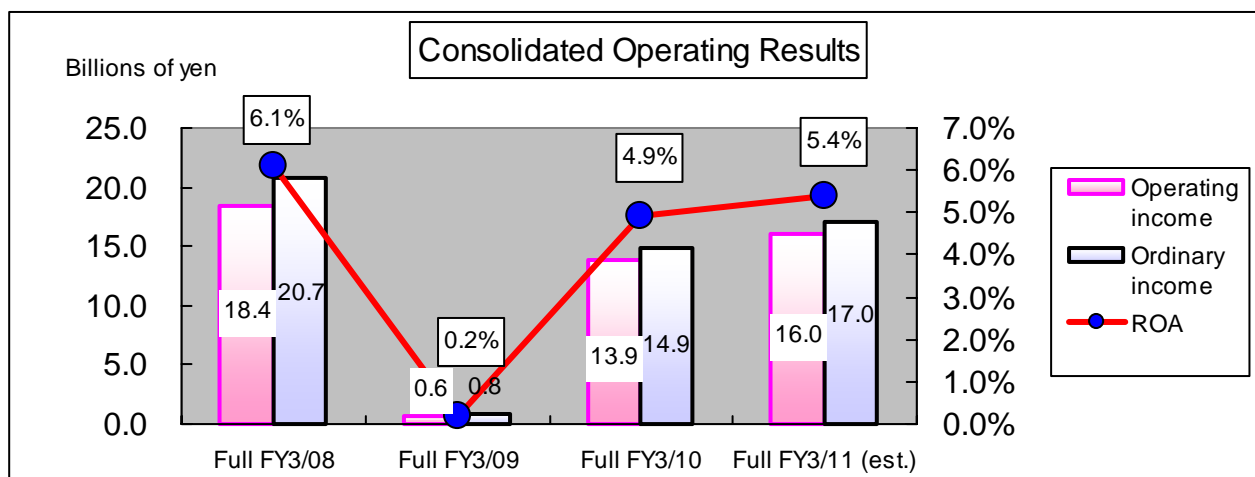
These materials contain forward-looking statements and statements of this nature based on reasonable judgments in accordance with information currently available. Readers should be aware that actual results and events might differ substantially from these projections. For discussion of the assumptions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

**Results Trend and Features**

(Unit: Millions of yen)

	Full FY3/08		Full FY3/09		Full FY3/10		Full FY3/11 (Forecast)		Change	
	Amount	YoY	Amount	YoY	Amount	YoY	Amount	YoY	FY3/10- FY3/09	FY3/11- FY3/10
Net sales	[1.31]		[1.39]		[1.47]		[1.43]			
<b>Consolidated</b>	<b>302,669</b>	<b>13.6%</b>	<b>289,102</b>	<b>(4.5)%</b>	<b>244,317</b>	<b>(15.5)%</b>	<b>275,000</b>	<b>12.6%</b>	<b>(44,786)</b>	<b>30,683</b>
Non-consolidated	231,151	20.3%	207,870	(10.1)%	166,198	(20.0)%	192,000	15.5%	(41,672)	25,802
Operating income	[1.13]		[0.61]		[1.51]		[1.45]			
<b>Consolidated</b>	<b>18,379</b>	<b>(5.4)%</b>	<b>622</b>	<b>(96.6)%</b>	<b>13,881</b>	<b>-</b>	<b>16,000</b>	<b>15.3%</b>	<b>13,260</b>	<b>2,119</b>
Non-consolidated	16,286	1.7%	1,011	(93.8)%	9,163	806.3%	11,000	20.0%	8,152	1,837
Ordinary income	[1.05]		[0.18]		[1.33]		[1.21]			
<b>Consolidated</b>	<b>20,745</b>	<b>(8.8)%</b>	<b>757</b>	<b>(96.4)%</b>	<b>14,934</b>	<b>-</b>	<b>17,000</b>	<b>13.8%</b>	<b>14,177</b>	<b>2,066</b>
Non-consolidated	19,815	(2.8)%	4,262	(78.5)%	11,191	162.6%	14,000	25.1%	6,929	2,809
Net income	[1.01]		[0.72]		[1.57]		[1.26]			
<b>Consolidated</b>	<b>11,875</b>	<b>(15.1)%</b>	<b>(5,307)</b>	<b>-</b>	<b>10,832</b>	<b>-</b>	<b>12,000</b>	<b>10.8%</b>	<b>16,139</b>	<b>1,168</b>
Non-consolidated	11,707	(5.4)%	(7,353)	-	6,918	-	9,500	37.3%	14,271	2,582
Equity-method investment	1,671		374		1,037		873		663	(164)
Minority interests in income	5		99		142		140		44	(2)
Total assets	[1.26]		[1.23]		[1.24]		[1.25]			
<b>Consolidated</b>	<b>352,783</b>	<b>9.0%</b>	<b>302,948</b>	<b>(14.1)%</b>	<b>310,946</b>	<b>2.6%</b>	<b>320,000</b>	<b>2.9%</b>	<b>7,998</b>	<b>9,054</b>
Non-consolidated	280,080	6.9%	246,636	(11.9)%	251,473	2.0%	255,000	1.4%	4,837	3,527
Net assets	[1.18]		[1.13]		[1.17]		[1.18]			
<b>Consolidated</b>	<b>175,634</b>	<b>(2.1)%</b>	<b>151,662</b>	<b>(13.6)%</b>	<b>163,781</b>	<b>8.0%</b>	<b>173,251</b>	<b>5.8%</b>	<b>12,119</b>	<b>9,470</b>
Non-consolidated	148,553	(1.8)%	133,625	(10.0)%	140,571	5.2%	147,401	4.9%	6,946	6,830
ROA									Point	Point
<b>Consolidated</b>		<b>6.1%</b>		<b>0.2%</b>		<b>4.9%</b>		<b>5.4%</b>	<b>4.7</b>	<b>0.5</b>
Non-consolidated		7.3%		1.6%		4.5%		5.5%	2.9	1.0

The figures in bracket represent the consolidated-parent ratio.



**Comparison of FY3/10 with FY3/09**

Sales down, profits up: sales declined due to a decrease in sales prices from lower raw materials prices among other factors, but profits rose sharply due to cost reductions, expanding sales volumes, and fewer inventory valuation losses.

		Major components
Net sales	- 44.8 bil. yen YoY	<ul style="list-style-type: none"> <li>• Lower sales across all segments</li> <li>• Sales declined, despite an increase in sales volumes of most products, due to a decline in sales prices from lower raw materials prices among other factors</li> <li>• Decrease in sales of ethanolamine, process catalysts, polymers for concrete admixtures, etc. due to lower sales volumes</li> </ul>
Operating income	+13.3 bil. yen YoY	<ul style="list-style-type: none"> <li>• Cost reductions + increases in production and sales volumes + decline in inventory valuation losses &gt; narrowing spreads between sales prices and raw materials prices</li> </ul>
Ordinary income	+14.2 bil. yen YoY	<ul style="list-style-type: none"> <li>• Decrease in foreign exchange losses + increase in earnings from equity-method investments &gt; declines in technical support fee + deterioration in balance of finances</li> </ul>
Net income	+16.1 bil. yen YoY	<ul style="list-style-type: none"> <li>• Decrease in extraordinary losses (loss on valuation of investment securities, etc.)</li> </ul>

**Comparison of FY3/11 with FY3/10**

Sales up, profits up: sales up on greater sales volumes, and higher sales prices from rising raw materials prices among other factors; profits up due to greater production and sales volumes among other factors

		Major components
Net sales	+30.7 bil. yen YoY	<ul style="list-style-type: none"> <li>• Greater sales across all segments</li> <li>• Rise in sales due to an increase in sales volumes of most products, and higher sales prices from rising raw materials prices</li> <li>• Decrease in sales of ethylene glycol, ethanolamine, etc. due to lower sales volumes</li> </ul>
Operating income	+ 2.1 bil. yen YoY	<ul style="list-style-type: none"> <li>• Greater production and sales volumes + improvement in spreads between sales prices and raw materials prices</li> </ul>
Ordinary income	+ 2.1 bil. yen YoY	<ul style="list-style-type: none"> <li>• Deterioration in balance of finances + decline in earnings from equity-method investments + decline in technical support fee ≈ decline in foreign exchange losses</li> </ul>
Net income	+ 1.2 bil. yen YoY	<ul style="list-style-type: none"> <li>• We do not anticipate any extraordinary loss</li> </ul>

## 1. Business Results

### I. Analysis of Business Results

#### (1) Business Results for FY3/10 (April 1, 2009 – March 31, 2010)

The Japanese economy in the fiscal year under review showed some signs of a pick up in production due to a recovery in exports, but the outlook remained uncertain due to harsh employment conditions, and sluggish capital investment and personal consumption.

In the chemicals industry, demand continued to recover in China and other emerging economies, but the business environment remained harsh overall due to the yen's appreciation, stagnant domestic demand, and rising raw materials prices.

#### 1) Overview

(Unit: Millions of yen)

	Full FY3/09	Full FY3/10	Change	
			(Amount)	(% growth)
Net sales	289,102	244,317	(44,786)	(15.5)%
Operating income	622	13,881	13,260	-
Ordinary income	757	14,934	14,177	-
Net income	(5,307)	10,832	16,139	-
Net income per share	(29.61) yen	60.85 yen	90.46 yen	-
ROA (Return on Assets)	0.2%	4.9%	-	4.7 points
ROE (Return on Equity)	(3.3)%	7.0%	-	10.3 points
Foreign exchange rate (\$ and EUR)	\$=100.58 yen EUR=143.66 yen	\$=92.88 yen EUR=131.14 yen		(7.70) yen (12.52) yen
Naphtha price	58,900 yen/kl	41,200 yen/kl		(17,700) yen/kl

In this business environment, the Group's consolidated net sales declined 15.5% year-over-year to 244,317 million yen (-44,786 million yen) in the fiscal year under review. The sales volumes of most products increased, but product prices declined due to a decrease in raw materials prices and slack in the supply-demand balance among other factors.

As for profits, operating income increased 13,260 million yen year-over-year to 13,881 million yen in the fiscal year under review. Despite a narrowing of spreads (product prices fell by more than raw materials prices), profitability improved due to cost reductions and an increase in production and sales volumes among other factors. Also, large inventory valuation losses booked last fiscal year were absent in the fiscal year under review.

Ordinary income increased 14,177 million yen year-over-year to 14,934 million yen in the fiscal year under review as net of non-operating income/expenses rose 918 million yen due to a decline in foreign exchange losses and an increase in earnings from equity-method investments among other factors.

Net income increased 16,139 million yen year-over-year to 10,832 million yen in the fiscal year under review, moving back into the black, as extraordinary income/loss improved 6,001 million yen due to a decline in loss on valuation of investment securities among other factors.

**2) Segment summary****By business segment**

(Unit: Millions of yen)

**Basic Chemicals**

	Full FY3/09	Full FY3/10	Change
Net sales	117,902	99,329	(18,573)
Operating income	1,589	5,328	3,739

**Functional Chemicals**

	Full FY3/09	Full FY3/10	Change
Net sales	139,862	131,514	(8,348)
Operating income	(1,895)	9,161	11,056

**Environment & Catalysts**

	Full FY3/09	Full FY3/10	Change
Net sales	31,338	13,473	(17,865)
Operating income	1,222	(645)	(1,867)

**Basic Chemicals**

Sales of acrylic acid, acrylates, ethylene oxide, and higher alcohol decreased, despite an increase in sales volumes, due to a decline in selling prices from lower raw materials prices among other factors.

Sales of ethylene glycol decreased, despite an increase in sales volumes, due to a decline in selling prices from slack in the supply-demand balance among other factors.

Sales of ethanolamine decreased due to a decline in sales volumes and selling prices on stagnant demand.

In summary, sales in the basic chemicals segment decreased 15.8% year-over-year to 99,329 million yen.

Operating income increased 3,739 million yen year-over-year to 5,328 million yen, despite a narrowing of spreads, due to greater production and sales volumes, various cost reductions, and the absence of inventory valuation losses.

**Functional Chemicals**

Sales of superabsorbent polymers decreased, despite an increase in sales volumes, due to a decline in selling prices from lower raw materials prices among other factors.

Sales of polymers for concrete admixtures, maleic anhydride, raw materials for detergents, and resins for adhesive/paints decreased due to a decline in sales volumes and a decline in selling prices from lower raw materials prices among other factors.

Sales of processed adhesive products stood at the same level of the previous fiscal year.

Sales of specialty acrylates and resin modifiers increased, despite a decline in selling prices from lower raw materials prices among other factors, as exports drove an increase in sales volumes.

Sales of electronic and information materials increased due to an increase in sales volumes of optical film materials and other products.

Sales of iodine compounds increased due to an increase in sales volumes.

In summary, sales in the functional chemicals segment decreased 6.0% year-over-year to 131,514 million yen.

Operating income increased 11,056 million yen year-over-year to 9,161 million yen, moving back into the black, despite a decline in the profitability of polymers for concrete admixtures from lower production and sales volumes, due to various cost reductions, greater production and sales volumes of superabsorbent polymers and electronic and information materials, and the absence of inventory valuation losses.

**Environment & Catalysts**

Sales of automotive catalysts decreased sharply due to a decline in sales volumes and a decline in selling prices on falling precious metal prices.

Sales of process catalysts, De-NOx catalysts, and emission detoxification catalysts decreased due to a decline in sales volumes.

Sales of dioxin decomposition catalysts and equipment increased due to a rise in new projects.

In summary, sales in the environment & catalysts segment decreased 57.0% year-over-year to 13,473 million yen in the current fiscal year.

Operating income decreased 1,867 million yen year-over-year to a loss of 645 million yen due to a large impact from the decline in production and sales volumes of process catalysts.

**By geographical segment**

(Unit: Millions of yen)

**Japan**

	Full FY3/09	Full FY3/10	Change
Net sales	212,782	173,912	(38,870)
Operating income	774	11,091	10,317

**Europe**

	Full FY3/09	Full FY3/10	Change
Net sales	33,924	32,407	(1,516)
Operating income	(460)	942	1,402

**Asia**

	Full FY3/09	Full FY3/10	Change
Net sales	26,406	24,091	(2,316)
Operating income	(64)	901	965

**Other regions**

	Full FY3/09	Full FY3/10	Change
Net sales	15,991	13,906	(2,084)
Operating income	(1,058)	127	1,185

**Japan**

Sales in Japan decreased 18.3% year-over-year to 173,912 million yen, despite an increase in sales volumes on a gradual recovery in demand, due to a large impact from a decline in product prices on lower raw materials prices among other factors.

Operating income increased 10,317 million yen year-over-year to 11,091 million yen, despite a narrowing of spreads, due to improved profitability from cost reductions and greater production and sales volumes, and the absence of inventory valuation losses.

**Europe**

Sales in Europe decreased 4.5% year-over-year to 32,407 million yen, despite an increase in sales volumes of superabsorbent polymers, due to a decline in selling prices from lower raw materials prices among other factors.

Operating income returned to the black, rising to 942 million yen, as widening spreads and greater production and sales volumes improved profitability.



**Asia**

Sales in Asia decreased 8.8% year-over-year to 24,091 million yen, despite higher sales volumes of polymers for concrete admixtures, superabsorbent polymers, acrylic acid and acrylates, due to a decline in selling prices from lower raw materials prices among other factors.

Operating income returned to the black, rising to 901 million yen, despite a narrowing of spreads, due to a large impact from greater production and sales volumes among other factors.

**Other regions**

Sales in other regions decreased 13.0% year-over-year to 13,906 million yen, despite an increase in sales volumes of superabsorbent polymers, due to a decline in sales volumes of polymers for concrete admixtures and raw materials for detergents, and a decline in selling prices from lower raw materials prices among other factors.

Operating income returned to the black, rising to 127 million yen, despite a decline in the profitability of polymers for concrete admixtures and raw materials for detergents, due to a wider spread and greater production and sales volumes of superabsorbent polymers.

**(2) FY3/11 Forecast (April 1, 2010 – March 31, 2011)**

The Japanese economy is showing signs of improvement including slower declines in equipment investment, and a recovery in business sentiment driven by exports, but the outlook remains uncertain due to yen appreciation and deflation among other factors.

The outlook for the chemicals industry does not warrant optimism as crude oil prices have re-entered an uptrend.

We forecast consolidated net sales in the new fiscal year will rise 30,700 million yen year-over-year to 275,000 million yen (130,000 million yen in the first half) as we expect greater sales volumes of basic chemicals and functional chemicals, and we will strive to achieve optimal product prices that reflect changes in raw materials prices. We base our forecasts on exchange rates of 90 yen to the US dollar and 120 yen to the euro, and naphtha prices of 50,000 yen/kl.

As for profits, we forecast ordinary income will increase 2,100 million yen year-over-year to 17,000 million yen (7,000 million yen in the first half), and net income will increase 1,200 million yen year-over-year to 12,000 million yen (4,900 million yen in the first half), as we will continue to cut costs as in the current fiscal year, expand production and sales volumes, and strive to maintain and widen spreads.

We assume depreciation of 16,000 million yen in FY3/11 (the figure in FY3/10 was 16,200 million yen) as we unified the depreciation method for non-current assets to the straight-line method (we previously used mainly the declining-balance method for domestic companies) starting in FY3/11.

Our forecasts by business segment are as follows:

(Unit: Millions of yen)

	Basic Chemicals		Functional Chemicals		Environment & Catalysts	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
First-half forecasts	56,000	2,000	66,000	4,000	8,000	500
Second-half forecasts	57,000	3,000	80,000	6,500	8,000	0
Full-year forecasts	113,000	5,000	146,000	10,500	16,000	500

## II. Analysis of Financial Condition

### (1) Assets, Liabilities and Net Assets

Total assets increased 7,998 million yen year-over-year to 310,946 million yen, mainly due to increases in notes and accounts receivable-trade, property, plant and equipment and investment securities, while there was a decrease in inventories.

Liabilities decreased 4,121 million yen year-over-year to 147,165 million yen, despite an increase in notes and accounts payable-trade, there was a decline in loans payable and the redemption of the No.5 non-collateralized corporate bond.

Net assets increased 12,119 million yen year-over-year to 163,781 million yen, mainly due to increases in retained earnings and valuation difference on available-for-sale securities.

Shareholders' equity ratio increased 2.6 points, from 48.8% at the end of the previous fiscal year, to 51.4%. Net assets per share increased 67.22 yen to 898.33 yen.

### (2) Cash Flows

Cash and cash equivalents at the end of the current fiscal year decreased 1,216 million yen over the end of the previous fiscal year to 28,234 million yen as cash flow used for capital investment and other investing activities and cash flow used for the repayment of loans payable and other financing activities exceeded cash flow from operating activities.

#### *(Cash flow from operating activities)*

Cash from operating activities totaled 44,346 million yen (17,613 million yen in the previous fiscal year). This was mainly due to the move from a loss to a gain in income before income taxes and minority interests.

#### *(Cash flow from investing activities)*

Cash used in investing activities totaled 23,850 million yen (16,675 million yen in the previous fiscal year). This was mainly due to an increase in outlays for the purchase of property, plant and equipment.

#### *(Cash flow from financing activities)*

Cash used in financing activities totaled 21,772 million yen (8,099 million yen provided in the previous fiscal year). This was mainly due to an increase in the repayment of loans payable and the redemption of the No.5 non-collateralized corporate bond.

#### *Cash flow indices*

	Full FY3/06	Full FY3/07	Full FY3/08	Full FY3/09	Full FY3/10
Shareholders' equity ratio	56.5%	54.1%	48.6%	48.8%	51.4%
Shareholders' equity ratio at market base	90.3%	72.5%	33.9%	36.5%	48.4%
Cash flow to debt ratio	2.6 years	3.6 years	4.4 years	5.7 years	1.8 years
Interest coverage ratio	24.6	17.0	15.1	12.9	32.4

Shareholders' equity ratio = shareholders' equity/ total assets

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

Cash flow to debt ratio = interest-bearing debt/ operating 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 period end × outstanding shares at period end (after deducting treasury stock)

3. We used "net cash provided by operating activities" from the consolidated statements of cash flows for "operating cash flow."

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

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

### **III. Basic Policy on the Distribution of Profits, and Dividends for FY3/10 and FY3/11**

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

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

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

Based on the above basic policy, we plan to pay a yearend dividend of 7 yen per share for the current fiscal year under review, taking into consideration the business environment, earnings in the fiscal year, and plans for business expansion. This would give an annual dividend of 14 yen per share, and a consolidated payout ratio of 23.0%. For the new fiscal year, we plan an annual dividend of 16 yen per share, consisting of interim and yearend dividends of 8 yen each, based on this basic policy and taking into consideration progress in achieving our forecast profits.

## 2. Corporate Group

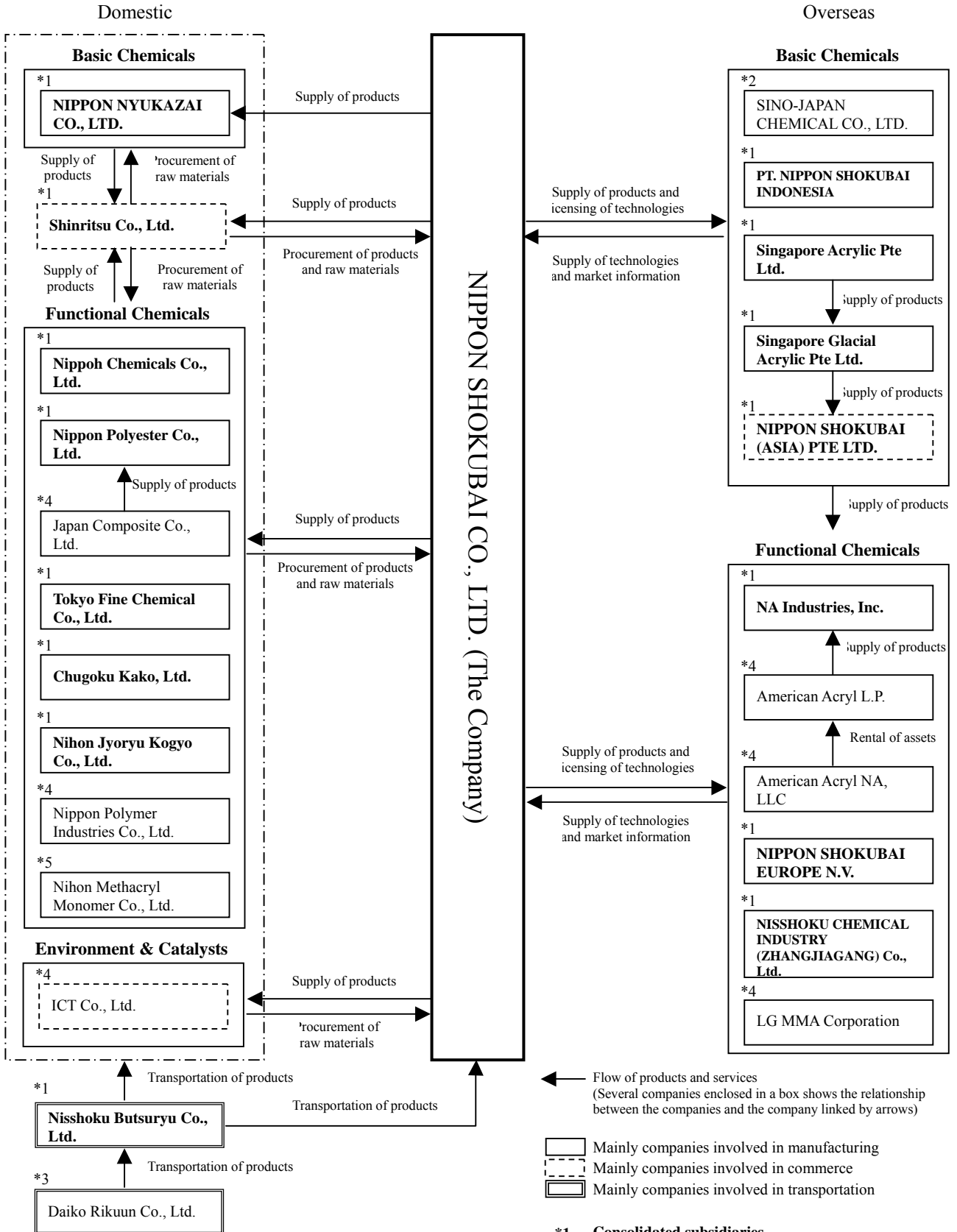
(1) The NIPPON SHOKUBAI corporate group consists of 24 subsidiaries and 13 affiliates, and its mainstay business is the manufacture and sale of chemicals.

The table below shows the positioning and relationship of mainstay companies among the group's business segments.

Business segments	Main products	Positioning of mainstay companies within the business
Basic Chemicals	Acrylic acid Acrylates Ethylene oxide Ethylene glycol Ethanolamine Higher alcohol Glycol ether	NIPPON SHOKUBAI ("the Company") manufactures and sells acrylic acids, acrylates, and other basic chemicals. Shinritsu Co., Ltd. procures mainly basic chemicals from the Company and sells them. It also procures products and raw materials to supply to the Company. PT. NIPPON SHOKUBAI INDONESIA manufactures and sells acrylic acids and acrylates. Singapore Acrylic Pte Ltd. and Singapore Glacial Acrylic Pte Ltd. manufacture and sell acrylic acids, and NIPPON SHOKUBAI (ASIA) PTE LTD. sells some of the products. NIPPON NYUKAZAI CO., LTD. manufactures and sells surfactants and chemical products such as glycol ether. It procures ethylene oxide and other raw materials for surfactants from the Company. SINO-JAPAN CHEMICAL CO., LTD. manufactures and sells surfactants and other industrial chemicals in Taiwan.
Functional Chemicals	Superabsorbent polymers Intermediates for pharmaceuticals Polymers for concrete admixtures Electronic and information materials Iodine compounds Maleic anhydride Resins for adhesives/paints Molded plastics Processed adhesive products	The Company manufactures and sells superabsorbent polymers, pharmaceutical intermediates, and other functional chemicals. NA Industries, Inc. manufactures and sells superabsorbent polymers, polymers for concrete admixtures, and acrylic acid detergent builders in the US. It procures acrylic acid, the raw material of superabsorbent polymers, from American Acryl L.P. NIPPON SHOKUBAI EUROPE N.V. manufactures and sells superabsorbent polymers in Belgium. NISSHOKU CHEMICAL INDUSTRY (ZHANGJIAGANG) Co., Ltd. manufactures and sells superabsorbent polymers and polymers for concrete admixtures in China. Nippon Chemicals Co., Ltd. manufactures and sells iodine compounds, natural gas, and raw materials for pharmaceuticals, agricultural chemicals, and fragrances. Tokyo Fine Chemical Co., Ltd. manufactures and sells stabilizers, preservatives, and anti-freeze solutions. It procures ethylene glycol, the raw material of anti-freeze solutions, from the Company. Nihon Jyoryu Kogyo Co., Ltd. manufactures and sells raw materials for dye agents among other products, and the Company sells some of these products. It also procures acrylic acids among other raw materials from the Company. Nippon Polyester Co., Ltd. procures unsaturated polyester resins from Japan Composite Co., Ltd., and manufactures and sells corrugated sheets and other molded plastics. Chugoku Kako, Ltd. procures adhesive resins and other raw materials from the Company, and manufactures and sells proceeded adhesives and other products. Nippon Polymer Industries Co., Ltd. procures acrylates among other raw materials from the Company, and manufactures resins for adhesives and paint; the Company sells some of these products. LG MMA Corporation manufactures and sells MMA monomers and polymers.
Environment & Catalysts	Automotive catalysts De-NOx catalysts Dioxins decomposition catalysts Process catalysts Equipment for exhaust gas treatment	The Company manufactures and sells automotive catalysts and other environment & catalyst products. ICT Co., Ltd. procures automotive catalysts from the Company and sells them.

Note: Nisshoku Butsuryu Co., Ltd. mainly transports the Company's manufactured and commercial products and is therefore involved in all businesses.

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



### 3. Management Policy

#### (1) Basic Management Philosophy

NIPPON SHOKUBAI's corporate philosophy is "TechnoAmenity: providing value and comfort to people and society, with our unique technology". Under a management philosophy of 1) respecting human nature, 2) coexisting with society and working in harmony with the environment, 3) creating innovative technology, and 4) acting on the global stage, the Company seeks to build a more solid business structure and gain a sharper competitive edge to keep pace with rapid changes in the world.

#### (2) Challenges, Long-term Business Strategies, and Performance Targets

NIPPON SHOKUBAI launched in FY3/07 its five-year long-term business plan "TechnoAmenity V3" targeting growth through the expansion of its new electronic and information ("E&I") materials business. However, the Company produced its first loss ever in FY3/09 as rising raw materials prices weighed on profitability and economies around the globe fell into recession from the second half of 2008. Also, the Company is far from reaching its targets for new products in terms of both sales and the ratio to overall sales.

In light of these conditions, the Company decided to create new business targets one year ahead of schedule. It has therefore formulated a new long-term business plan "TechnoAmenity 2015" which sets out a long-term management vision, coupled with a medium-term business plan which provides a concrete action plan to realize the long-term business plan. It will strive under these plans for a rapid recovery and improvement in earnings.

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

a. The slogan of the Company's long-term business plan is "Challenges to the future, make dreams come true", The vision, targets, and goal of the plan are to realize an ambitious future for the Company. This is a challenger's declaration with an eye on the future, with returning to its founding spirit and resolving to continue fighting to achieve results no matter how difficult the path.

b. Performance benchmark targets

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

c. The Company's vision and target (its ideal) for 2025 is "a chemical company providing new values through innovative technologies," and also it sets level to attain in 2015. The following is its basic business strategy for achieving these;

- Make the E&I materials business an earnings pillar by strengthening and enriching the product lineup in markets the Company has already entered, and accelerating the launch of products in new markets.
- As for new businesses, the Company aims to establish a firm position for itself as a fuel cell materials manufacturer in the field of new energy, and bring to market new materials for new fuel-related products. It also aims to develop green chemistry technologies such as biomass-related materials.

In the health and medical fields, it will obtain a certain product group to maintain future development.

- As for existing businesses, the Company aims to strengthen the competitiveness of its business of acrylic acids, ethylene oxide, and their derivatives by developing innovative processes and lowering costs; further expand the possibilities for derivatives; and bring about a recovery and improvement in profitability.

## 2) Outline of the Medium-term Business Plan

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

The Company also places the promotion of corporate social responsibility (CSR) at the foundation of its management to engage in corporate activities based on compliance and self-responsibility, and intends to ensure thoroughness in corporate ethics, to promote 'responsible care' regarding the environment, safety, and quality, and to push forward with activities that contribute to society and environmental preservation activities in particular.

Lastly, the Company steadfastly carries out its role and mission while ensuring safe operations based on the principle, 'safety takes precedence over production.'

*\* This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*

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

(Unit: Millions of yen)

	Apr.1,2008-Mar.31,2009	Apr.1,2009-Mar.31,2010
<b>Assets</b>		
Current assets		
Cash and deposits	29,925	28,404
Notes and accounts receivable-trade	52,904	63,086
Merchandise and finished goods	21,363	21,256
Work in process	7,068	5,044
Raw materials and supplies	13,930	11,057
Deferred tax assets	4,618	3,380
Other	8,343	6,213
Allowance for doubtful accounts	(251)	(227)
Total current assets	137,900	138,213
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	78,128	80,560
Accumulated depreciation	(49,671)	(52,417)
Accumulated impairment loss	(1,426)	(1,441)
Buildings and structures, net	27,031	26,702
Machinery, equipment and vehicles	249,315	262,828
Accumulated depreciation	(203,933)	(216,027)
Accumulated impairment loss	(1,592)	(2,276)
Machinery, equipment and vehicles, net	43,790	44,524
Tools, furniture and fixtures	15,924	16,312
Accumulated depreciation	(13,993)	(14,626)
Accumulated impairment loss	(13)	(13)
Tools, furniture and fixtures, net	1,918	1,673
Land	30,753	30,710
Lease assets	612	630
Accumulated depreciation	(178)	(221)
Lease assets, net	434	409
Construction in progress	12,529	16,436
Total property, plant and equipment	116,454	120,455
Intangible assets		
Goodwill	1,848	1,405
Other	2,140	2,315
Total intangible assets	3,987	3,720
Investments and other assets		
Investment securities	27,988	33,586
Investments in capital	4,120	4,179
Long-term loans receivable	506	482
Deferred tax assets	4,335	3,201
Prepaid pension cost	3,948	3,399
Other	4,035	3,992
Allowance for doubtful accounts	(324)	(283)
Total investments and other assets	44,607	48,557
Total noncurrent assets	165,048	172,732
Total assets	302,948	310,946



(Unit: Millions of yen)

	Apr.1,2008-Mar.31,2009	Apr.1,2009-Mar.31,2010
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	23,196	38,491
Short-term loans payable	28,950	26,587
Current portion of long-term loans payable	12,614	7,631
Current portion of bonds	5,000	-
Lease obligations	26	34
Income taxes payable	405	2,476
Provision		
Provision for bonuses	2,235	2,405
Provision for directors' bonuses	15	146
Provision for repairs	1,914	2,526
Total provision	4,164	5,077
Other	12,487	8,721
Total current liabilities	86,842	89,018
Noncurrent liabilities		
Bonds payable	15,000	15,000
Long-term loans payable	38,775	32,257
Lease obligations	294	272
Deferred tax liabilities	275	356
Provision for retirement benefits	8,465	8,770
Other	1,636	1,492
Total noncurrent liabilities	64,444	58,147
Total liabilities	151,286	147,165
<b>Net assets</b>		
Shareholders' equity		
Capital stock	16,529	16,529
Capital surplus	13,562	13,574
Retained earnings	132,778	141,118
Treasury stock	(7,970)	(7,977)
Total shareholders' equity	154,900	163,244
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	41	2,615
Deferred gains or losses on hedges	(155)	(35)
Foreign currency translation adjustment	(6,842)	(5,902)
Total valuation and translation adjustments	(6,955)	(3,321)
Minority interests	3,717	3,858
Total net assets	151,662	163,781
<b>Total liabilities and net assets</b>	<b>302,948</b>	<b>310,946</b>

**(2) Consolidated Statements of Income**

(Unit:Millions of yen)

	Apr.1,2008-Mar.31,2009	Apr.1,2009-Mar.31,2010
Net sales	289,102	244,317
Cost of sales	250,892	196,066
Gross profit	38,211	48,251
Selling, general and administrative expenses		
Transportation and warehousing expenses	13,634	12,230
Personal expenses	6,889	7,070
Research and development expenses	11,253	9,980
Amortization of goodwill	680	577
Other	5,133	4,512
Total selling, general and administrative expenses	37,589	34,370
Operating income	622	13,881
Non-operating income		
Interest income	204	145
Dividends income	903	496
Amortization of negative goodwill	209	145
Equity in earnings of affiliates	374	1,037
Technical support fee	723	391
Real estate rent	1,000	1,237
Miscellaneous income	1,673	529
Total non-operating income	5,087	3,980
Non-operating expenses		
Interest expenses	1,456	1,222
Depreciation	426	414
Taxes and dues	245	238
Loss on retirement of noncurrent assets	220	248
Foreign exchange losses	1,921	312
Miscellaneous loss	684	492
Total non-operating expenses	4,951	2,927
Ordinary income	757	14,934
Extraordinary loss		
Loss on valuation of investment securities	3,886	-
Impairment loss	2,011	704
Loss on disposal of noncurrent assets	618	-
Compensation for damage	246	-
Loss on withdrawal from business	46	-
Other	-	103
Total extraordinary losses	6,808	807
Income (loss) before income taxes	(6,051)	14,127
Income taxes-current	166	2,332
Income taxes-deferred	(1,008)	821
Total income taxes	(842)	3,153
Minority interests in income	99	142
Net income (loss)	(5,307)	10,832

**(3) Consolidated Statements of Changes in Net Assets**

(Unit:Millions of yen)

	Apr.1,2008-Mar.31,2009	Apr.1,2009-Mar.31,2010
Shareholders' equity		
Capital stock		
Balance at the end of previous period	16,529	16,529
Changes of items during the period		
Total changes of items during the period	-	-
Balance at end of current period	16,529	16,529
Capital surplus		
Balance at the end of previous period	13,567	13,562
Changes of items during the period		
Disposal of treasury stock	(0)	12
Retirement of treasury stock	(5)	-
Total changes of items during the period	(5)	12
Balance at end of current period	13,562	13,574
Retained earnings		
Balance at the end of previous period	148,955	132,778
Effect of changes in accounting polycies applied to foreign subsidiaries	(231)	-
Changes during the period		
Cash dividends	(2,970)	(2,492)
Net income (loss)	(5,307)	10,832
Disposal of treasury stock	(5)	-
Retirement of treasury stock	(7,663)	-
Total changes during the period	(15,945)	8,340
Balance at end of current period	132,778	141,118
Treasury stock		
Balance at the end of previous period	(13,552)	(7,970)
Changes of items during the period		
Purchase of treasury stock	(2,100)	(15)
Disposal of treasury stock	14	8
Retirement of treasury stock	7,668	-
Total changes of items during the period	5,582	(7)
Balance at end of current period	(7,970)	(7,977)
Total shareholders' equity		
Balance at the end of previous period	165,499	154,900
Effect of changes in accounting polycies applied to foreign subsidiaries	(231)	-
Changes of items during the period		
Dividends from surplus	(2,970)	(2,492)
Net income (loss)	(5,307)	10,832
Purchase of treasury stock	(2,100)	(15)
Disposal of treasury stock	9	20
Retirement of treasury stock	-	-
Total changes of items during the period	(10,368)	8,345
Balance at end of current period	154,900	163,244

(Unit:Millions of yen)

	Apr.1 2008 - Mar. 31, 2009	Apr.1 2009 - Mar. 31, 2010
<b>Valuation and translation adjustments</b>		
Valuation differences on available-for-sale securities		
Balance at the end of previous period	2,644	41
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,603)	2,574
Total changes of items during the period	(2,603)	2,574
Balance at end of current period	41	2,615
Deferred gains or losses on hedges		
Balance at the end of previous period	(22)	(155)
Changes of items during the period		
Net changes of items other than shareholders' equity	(133)	120
Total changes of items during the period	(133)	120
Balance at end of current period	(155)	(35)
Foreign currency translation adjustments		
Balance at the end of previous period	3,368	(6,842)
Changes of items during the period		
Net changes of items other than shareholders' equity	(10,209)	940
Total changes of items during the period	(10,209)	940
Balance at end of current period	(6,842)	(5,902)
Total valuation and translation adjustments		
Balance at the end of previous period	5,990	(6,955)
Changes of items during the period		
Net changes of items other than shareholders' equity	(12,945)	3,634
Total changes of items during the period	(12,945)	3,634
Balance at end of current period	(6,955)	3,321
Minority interests		
Balance at the end of previous period	4,145	3,717
Changes of items during the period		
Net changes of items other than shareholders' equity	(428)	140
Total changes of items during the period	(428)	140
Balance at end of current period	3,717	3,858
Total net assets		
Balance at the end of previous period	175,634	151,662
Effect of changes in accounting policies applied to foreign subsidiaries	(231)	-
Changes of items during the period		
Dividends from surplus	(2,970)	(2,492)
Net income (loss)	(5,307)	10,832
Purchase of treasury stock	(2,100)	(15)
Disposal of treasury stock	9	20
Net changes of items other than shareholders' equity	(13,373)	3,775
Total changes of items during the period	(23,741)	12,119
Balance at end of current period	151,662	163,781

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

(Unit:Millions of yen)

	Apr.1,2008-Mar.31,2009	Apr.1,2009-Mar.31,2010
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	(6,051)	14,127
Depreciation and amortization	17,958	16,234
Loss on liquidation of business	46	-
Impairment loss	2,011	704
Loss (gain) on valuation of investment securities	3,886	-
Loss (gain) on disposal of noncurrent assets	618	-
Loss on compensation for damage	246	-
Increase (decrease) in provision for retirement benefits	324	305
Interest and dividends income	(1,108)	(641)
Interest expenses	1,456	1,222
Equity in (earnings) losses of affiliates	(374)	(1,037)
Loss on retirement of property, plant and equipment	305	248
Decrease (increase) in notes and accounts receivable-trade	25,989	(10,021)
Decrease (increase) in inventories	8,993	5,227
Increase (decrease) in notes and accounts payable-trade	(30,833)	14,954
Increase (decrease) in accrued consumption taxes	(5)	185
Other, net	(487)	1,690
Subtotal	22,977	43,197
Interest and dividends income received	2,025	1,105
Interest expenses paid	(1,367)	(1,368)
Compensation for damage paid	(246)	-
Income taxes paid	(4,494)	1,412
Other payments	(1,282)	-
Net cash provided by (used in) operating activities	17,613	44,346
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(17,757)	(24,025)
Proceeds from sales of property, plant and equipment	444	108
Purchase of investment securities	(272)	(707)
Proceeds from sales of investment securities	598	10
Proceeds from redemption of investment securities	-	400
Purchase of stocks of subsidiaries and affiliates	(8)	(8)
Payments for investments in capital	(478)	(554)
Collection of investments in capital	228	506
Collection of loans receivable	900	686
Other, net	(331)	(266)
Net cash provided by (used in) investing activities	(16,675)	(23,850)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	2,675	(2,707)
Proceeds from long-term loans payable	17,355	1,100
Repayment of long-term loans payable	(6,832)	(12,642)
Redemption of bonds	-	(5,000)
Cash dividends paid	(2,970)	(2,492)
Cash dividends paid to minority shareholders	(18)	(16)
Purchase of treasury stock	(2,100)	(15)
Other, net	(11)	(0)
Net cash provided by (used in) financing activities	8,099	(21,772)
Effect of exchange rate change on cash and cash equivalents	(957)	60
Net increase (decrease) in cash and cash equivalents	8,080	(1,216)
Cash and cash equivalents at beginning of period	21,371	29,450
Cash and cash equivalents at end of period	29,450	28,234

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

Full FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)

(Unit: Millions of yen)

	Basic chemicals	Functional chemicals	Environment & catalysts	Total	Elimination or corporate	Consolidated
I Net sales and operating income						
Net sales						
(1) Sales to third parties	117,902	139,862	31,338	289,102	-	289,102
(2) Intergroup sales and transfers	31,735	1,624	1,656	35,015	(35,015)	-
Total	149,637	141,486	32,994	324,117	(35,015)	289,102
Operating expenses	148,048	143,381	31,772	323,201	(34,720)	288,481
Operating income	1,589	(1,895)	1,222	916	(294)	622
II Assets, depreciation, and capital expenditures						
Assets	117,680	141,205	25,462	284,346	18,602	302,948
Depreciation	7,687	10,737	485	18,909	-	18,909
Impairment losses	-	2,011	-	2,011	-	2,011
Capital expenditures	12,728	7,434	452	20,614	-	20,614

Full FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)

(Unit: Millions of yen)

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

Notes:

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, ethanalamine, higher-alcohol, glycol ether

(2) Functional chemicals

Superabsorbent polymers, pharmaceutical intermediates, polymer for concrete admixture, electronic and information materials, iodine, maleic anhydride, 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

3. Assets that account for corporate use within "Elimination or corporate" category consisted primarily of the Company's excess funds (cash and deposits), and long-term investments (investments in securities, etc.). The amounts are as follows:

Full FY3/09: 19,322 million yen Full FY3/10: 23,759 million yen

4. Depreciation and capital expenditure include long-term prepaid expenses and its depreciation expenses.

**(2) Geographical Segment Information****Full FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)**

(Unit: Millions of yen)

	Japan	Europe	Asia	Others	Total	Elimination or corporate	Consolidated
I Net sales and operating income (loss)							
Net sales							
(1) Sales to third parties	212,782	33,924	26,406	15,991	289,102	-	289,102
(2) Intergroup sales and transfers	29,602	95	1,289	190	31,175	(31,175)	-
Total	242,383	34,019	27,695	16,181	320,278	(31,175)	289,102
Operating expenses	241,609	34,479	27,759	17,239	321,085	(32,605)	288,481
Operating income (loss)	774	(460)	(64)	(1,058)	(808)	1,429	622
II Assets	243,696	16,940	25,113	8,818	294,568	8,380	302,948

**Full FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)**

(Unit: Millions of yen)

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

Notes:

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

Full FY3/09:	19,332 million yen	Full FY3/10:	23,759 million yen
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**(3) Overseas Sales****Full FY3/09 (Apr. 1, 2008 – Mar. 31, 2009)**

(Unit: Millions of yen)

	Asia	Europe	North America	Others	Total
I. Overseas sales	46,398	39,109	22,643	17,150	125,300
II. Consolidated sales					289,102
III. Overseas sales to consolidated sales	16.1%	13.5%	7.8%	5.9%	43.3%

**Full FY3/10 (Apr. 1, 2009 – Mar. 31, 2010)**

(Unit: Millions of yen)

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

Notes:

- Geographical segments are classified according to geographical proximity.
- Specific countries of each area:
  - Asia: East and South East Asian countries
  - Europe: European countries
  - North America: North American countries
  - Others: Areas/countries except Asia, Europe, North America, and Japan

3. “Oversea sales” means sales to outside Japan by Nippon Shokubai Co., Ltd. and its consolidated subsidiaries.

*\* 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.*