

# Condensed Consolidated Financial Information

for the Nine Months  
Ended December 31, 2008

(April 1, 2008 through Dec. 31, 2008)

**SANYO CHEMICAL INDUSTRIES, LTD.**

URL <http://www.sanyo-chemical.co.jp>

## **Cautionary Statement with Respect to Forward-Looking Statement**

This financial information contains forward-looking statements that are based on Sanyo Chemical Group's current plans, strategies and results. These forward-looking statements were formulated by managers based on currently-available information, but actual results may vary significantly depending on the economic environment where Sanyo Chemical Group conduct its business, competitive conditions, changes in the states of product development, relevant laws and regulations, and fluctuations in the currency exchange rate. Moreover, the factors that can affect these forward-looking statements are not limited to those listed here.

The following summary of the business results that Sanyo Chemical Group submitted Tokyo & Osaka Stock Exchange is unaudited and for reference only.

Ticker code : 4471

# Consolidated Financial Highlights

## Results of Operations

	Nine months ended December 31,			
	2008		2007	
	Millions of Yen	Change	Millions of Yen	Change
Net sales	¥105,061	6.3%	¥98,818	9.9%
Operating income	2,188	(42.9%)	3,833	(19.0%)
Ordinary income	2,532	(43.1%)	4,452	(22.7%)
Net income	213	(87.1%)	1,657	(43.2%)

	Nine months ended December 31,	
	2008	2007
	Yen	Yen
Net income per share	¥1.93	¥15.02
Net income per share, diluted	¥1.79	¥13.90

## Financial Condition

	Nine months ended December 31,	
	2008	2007
	Millions of Yen	Millions of Yen
Total assets	¥145,628	¥148,717
Net assets	83,168	87,555
Shareholders' equity ratio	55.5%	57.2%
Net assets per share : Yen	732.75	770.38
Shareholders' equity	80,853	85,016

## Cash Dividend

	Nine months ended December 31,		Forecast
	2007	2008	FY 2008
	Yen	Yen	Yen
Cash dividend per share			
1Q (as of June 30)	-	-	-
2Q (as of Sept. 30)	7.50	7.50	-
3Q (as of Dec. 31)	-	-	-
4Q (as of March 31)	7.50	-	7.50
Total	15.00	-	15.00

## Earnings Forecasts

	FY 2008	
	Millions of Yen	Change
Net sales	¥133,000	(1.6%)
Operating income	¥2,400	(54.7%)
Ordinary income	2,500	(57.2%)
Net income	0	(100.0%)
Net income per share : Yen	¥0.00	(100.0%)

### Notes:

1. Amounts are rounded down to the nearest million.
2. The percentage change is year-on-year change compared with the same period of the previous fiscal year.
3. The computations of net income per share of common stock are based on the weighted average number of shares outstanding during each period.

### **Basis for preparation of quarterly financial statements**

- (1) Significant changes affecting subsidiaries during the period under review (changes in the scope of consolidation): not applicable
- (2) Employment of simplified accounting method and special accounting method for the preparation of quarterly financial statements: Yes

Note: For the details, please refer to "4. Other Matters" appearing on page 6 of the "Commentaries on Business Performance and Financial Position for the Nine Months Ended December 31, 2008"

- (3) Changes to accounting standards and special methods for the preparation of quarterly financial statements (Changes in the items included in the preparation of quarterly financial statements)
  - a. Revisions to accounting standards: Yes
  - b. Changes other than those mentioned in the preceding item: None

Note: For the details, please refer to "4. Other Matters" appearing on page 6 of the "Commentaries on Business Performance and Financial Position for the Nine Months Ended December 31, 2008"

- (4) Number of shares issued (Ordinary shares of common stock)
  - a. Number of shares issued at the end of the period (including treasury shares)
    - End of third quarter (Dec. 31, 2008): 117,673,760 shares
    - End of previous period (March 31, 2008): 117,673,760 shares
  - b. Treasury shares at the end of the period
    - End of third quarter (Dec. 31, 2008): 7,331,373 shares
    - End of previous period (March 31, 2008): 7,318,348 shares
  - c. Average number of shares (third quarter)
    - Reporting third quarter (ended Dec. 31, 2008): 110,350,173 shares
    - Previous third quarter (ended Dec. 31, 2007): 110,363,602 shares

### **Disclaimer**

1. Changes have been made to full-term earnings projections released on Oct. 31, 2008.
2. Forward-looking statements are based on information available at the time of writing, and actual results may differ substantially from our estimates. For the details, please refer to "3. Earnings Forecasts (Consolidated Basis)" appearing on page 6 of the "Commentaries on Business Performance and Financial Position for the Nine Months Ended December 31, 2008"
3. From the reporting quarter, we have applied Business Accounting Standard No. 12 (Accounting Standards for the Preparation of Quarterly Financial Statements) and Application Guidelines for Accounting Standard No. 14 (Application Guidelines for Accounting Standards for the Preparation of Quarterly Financial Statements). In addition, our quarterly financial statements have been prepared in accordance with current regulations governing the preparation of consolidated quarterly financial statements.

# Commentaries on Business Performance and Financial Position for the Nine Months Ended December 31, 2008

## **1 Business Performance: Operating Environment**

During the nine months ended December 31, 2008 of the FY2008 business term, the Japanese economy recorded a relatively weak performance up to September, however, then suffered a sharp downturn in the wake of a worldwide slump sparked by the financial market crisis in the USA. The real economy in Japan contracted rapidly from the autumn onward, and the impact on business performance was exacerbated by the yen's appreciation while falling stock prices hit companies' equity holdings, leading to a deterioration in their financial position. This chain reaction severely worsened the nation's employment situation, and the overall slump became still more severe.

In the chemical industry, naphtha prices commenced a downward trend after maintaining a high level up to mid-summer. However, chemical companies were unable to reap the benefit of this development, owing to declining demand from the economic downturn and strong user demand for price reductions corresponding to weaker naphtha prices. In this way, the business environment for chemical companies showed a rapid deterioration.

Sales of Sanyo Chemical Industries had been growing steadily in the first two quarters of FY2008. In the third quarter (Oct.-Dec.), however, they suddenly fell back into the minus zone from the same period of the previous fiscal year, due to the impact of the global economic downturn. Net sales for the first three quarters posted a modest increase of 6.3% from the same period of the previous fiscal year to ¥105,061 million.

In terms of profit, the sharp decrease in sales caused operating income to drop 42.9% from the same period of the previous fiscal year to ¥2,188 million. Ordinary income was further impacted by ¥273 million in exchange loss from rapid appreciation of the yen, falling 43.1% to ¥2,532 million.

Net income plunged 87.1% from the same period of the previous fiscal year to ¥213 million, partly owing to ¥1,205 million losses on devaluation of investments in securities due to a decline in stock prices.

Sales by product group were as follows.

### **Surfactants**

Sales of industrial surfactants increased substantially supported by growth in sales of detergent base materials with superior biodegradability, as well as an increase in the sales volume of polyethylene glycol and resin emulsifiers.

In the area of surfactants for textiles, sales increased for agents used in textile manufacturing processes for industrial materials such as carbon fibers, airbags and seat belts for automobiles due to demand for these products. However, sales for textile agents for clothing remained sluggish due to a sharp decline in demand in Japan resulting from a shrinking market.

As a result, total net sales in this product group increased by 4.2% from the same period of the previous fiscal year to ¥18,490 million.

### **Polyurethane Chemicals**

Sales of raw materials for polyurethane foam held steady. Although the value of exports of raw materials for polyurethane foam decreased, affected by the strong yen and the weaker demand on East Asian markets, sales in the domestic market remained unchanged from the same period of the previous fiscal year. Moreover, sales of raw materials for new high-performance polyurethane foam increased.

In the area of polyurethane resins, sales of thermoplastic polyurethane beads (TUB) for the interior parts of automobiles were rather sluggish due to the strong yen, however, overseas sales of polyurethane resins for special gravure ink increased, and sales of these products posted a brisk performance.

As a result, total net sales in this product group increased by 3.5% from the same period of the previous fiscal year to ¥26,188 million.

### **Lipophilic High-Molecular Agents**

Sales of copier-related products remained unchanged from the same period of the previous fiscal year, due to a fall in demand for toner resins for pulverized toners, however, progress in the switchover to new models, polyester beads (PEB) used as a core component of polymerization toners led to brisk sales.

Sales of lubricating oils and machining-related products increased substantially due to brisk demand for lubricating oil additives for automobile transmissions.

Sales of coating and adhesive-related products increased supported by a growth of brisk demand for adhesives for medical equipment and binders for fiberglass.

As a result, total net sales in this product group increased by 5.7% from the same period of the previous fiscal year to ¥21,953 million.

## Hydrophilic High-Molecular Agents

Sales of superabsorbent polymers increased substantially due to increased demand for hygiene use materials such as disposable diapers.

Sales of water treatment products increased due to sales expansion of cationic polymer flocculants and cationic monomers.

As a result, total net sales in this product group increased by 12.2% from the same period of the previous fiscal year to 24,926 million.

## Specialty Products

In the area of polymer modifier-related products, in the third quarter of FY2008 a sharp drop was recorded in demand for permanent antistatic agents used in packaging materials for electronic components, leading to slack sales of these products. However, sales of resin modifiers for automobile paints were steady.

In the area of electric/electronic-related products, sales increased substantially supported by an expansion of demand for silicon wafer processing agents, although a fall in demand was seen for electrolytes for aluminum electrolytic capacitors.

As a result, total net sales in this product group increased by 8.3% from the same period of the previous fiscal year to ¥12,304 million.

### Note:

We have made year-on-year comparisons in this section. However, there are differences in the accounting standards employed in the reporting period and the period of the previous fiscal year. Changes in accounting standards prevent us from performing a year-on-year comparison in the strict sense of the term. For further details see page 6, "4. Other Matters" (Item 3).

## 2 Financial Position

The Company's financial position at the end of the reporting nine-month period was as follows.

Total assets on a consolidated basis at the end of the reporting period recorded a decline of ¥3,089 million compared with the previous term-end, to ¥145,628 million. This was largely the result of the recognition of loss on devaluation of investments in securities due to a decline of stock prices and a decrease in unrealized gains on available-for-sale securities, which led to a decrease in the total value of investment securities of ¥4,312 million compared with the previous term-end.

Net assets declined by ¥4,387 million from the previous term-end, to ¥83,168 million, as a result of which the equity ratio (net assets after deduction of minority interests, as a percentage of total assets) declined by 1.7 percentage points to 55.5%.

Cash and cash equivalents at the end of the reporting period were down by ¥2,670 million from the previous term-end, at ¥8,811 million.

Cash flow movements during the period, and the factors influencing them, are as follows.

### Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥6,341 million. This consisted mainly of a net cash inflow from income before income taxes and minority interests in the amount of ¥1,211 million, depreciation and amortization in the amount of ¥6,174 million, and a ¥3,208 million increase in notes and accounts payables. Conversely, net cash outflow factors included an increase of ¥2,251 million in notes and accounts receivables, an increase of ¥1,080 million in inventories, and ¥1,259 million in income tax paid.

### Cash Flows from Investing Activities

Net cash used in investing activities came to ¥7,270 million, consisting principally of an outlay of ¥7,094 million for the purchases of property, plant and equipment.

### Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥1,687 million, consisting mainly of ¥1,649 million in cash dividends paid.

## 3 Earnings Forecasts (Consolidated Basis)

The Company's business performance for the first two quarters (April-Sept.) of FY2008 was broadly in line with our start-of-term forecasts. Subsequently, however, the ripple effects of the financial market crisis in the USA on the Japanese economy rapidly became more serious from the start of autumn, and the Company's sales for the third quarter (Oct.-Dec.) fell into the negative zone from the same period of the previous fiscal year.

In addition, the decline of stock prices led to loss on devaluation of investments in securities, as a result of which the Company recognized ¥992 million in net losses for the third quarter.

From here onward, the management of the Company will be making further efforts in the pursuit of cost reductions. The Company will also be rethinking our capital investment plans. In view of the current economic stagnation and the Company's business performance for the first three quarters of FY2008, the management of the Company has decided to revise downward its forecasts for the FY2008 full term, as shown in the table below. The table enables a comparison between the revised full-term performance forecasts and the forecasts released by the Company at the October 31 announcement of interim business results.

(Millions of Yen)					
Full term	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	146,000	6,000	7,000	4,100	¥37.15
Current forecast (B)	133,000	2,400	2,500	0	0.00
Difference (B – A)	(13,000)	(3,600)	(4,500)	(4,100)	-
Percentage change	(8.9%)	(60.0%)	(64.3%)	(100.0%)	-
Previous term's figures	135,214	5,293	5,836	1,446	¥13.11

Disclaimer regarding business performance forecasts

The business performance forecasts given above are based on information in the possession of the Company as of the time of writing, and actual results may therefore differ substantially from these forecasts owing to various unforeseeable factors that may come into operation in the future.

#### 4 Other Matters

**(1) Significant changes affecting subsidiaries during the period under review (changes in the scope of consolidation)**

Nothing to report

**(2) Employment of simplified accounting method and the special accounting method for the preparation of quarterly financial statements**

Regarding tax expenses, we have prepared rational estimates of the effective tax rate after the application of tax-effect accounting on income before income taxes for the current full-term period (which includes the reporting nine month period). Income taxes for this period have been calculated by multiplying income before income taxes for the reporting period by the said effective tax rate. Amounts corresponding to deferred income taxes are included in the income tax amount.

**(3) Changes in the methods used for preparation of quarterly financial statements**

From the reporting quarter, we have applied Business Accounting Standard No. 12 (Accounting Standards for the Preparation of Quarterly Financial Statements) and Application Guidelines for Accounting Standard No. 14 (Application Guidelines for Accounting Standards for the Preparation of Quarterly Financial Statements). In addition, our quarterly financial statements have been prepared in accordance with "Regulations governing the preparation of consolidated quarterly financial statements."

## 5 Consolidated Financial Statements

### (1) Consolidated Balance Sheets (Assets)

	<b>As of Dec. 31, 2008</b>	Reference : FY 2007 As of March 31, 2008
	Millions of Yen	Millions of Yen
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and time deposits	8,811	11,482
Notes and accounts receivable—trade	41,002	38,932
Securities	—	100
Finished goods	10,882	10,353
Semi-finished goods	4,396	3,808
Work in process	155	538
Raw materials and stored goods	3,915	3,742
Deferred income taxes	1,222	1,152
Other current assets	951	928
Allowance for doubtful accounts	(31)	(29)
Total current assets	71,307	71,008
<b>Fixed assets</b>		
Property, plant and equipment, at cost		
Buildings and structures	15,223	14,037
Machinery and vehicles	24,051	24,121
Land	7,681	7,808
Construction in progress	3,075	3,621
Other property, plant and equipment	1,886	2,000
Property, plant and equipment, net	51,919	51,589
Intangible assets		
Software	489	484
Goodwill	406	548
Other intangible assets	181	191
Intangible assets, net	1,076	1,224
Investments and other assets		
Investments in securities	18,320	22,632
Long-term loans receivable	9	17
Deferred income taxes	1,917	1,035
Other investments and other assets	1,134	1,266
Allowance for doubtful accounts	(57)	(57)
Total investments and other assets	21,324	24,894
Total fixed assets	74,320	77,709
<b>Total assets</b>	<b>145,628</b>	<b>148,717</b>



## Consolidated Balance Sheets (Liabilities and Net Assets)

	<b>As of Dec. 31, 2008</b>	Reference : FY 2007 As of March 31, 2008
	Millions of Yen	Millions of Yen
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	29,917	26,986
Short-term loans	2,756	1,867
Current portion of long-term debt	1,150	980
Accrued income taxes	378	587
Accrued bonuses to employees	907	1,703
Accrued bonuses to directors and corporate auditors	58	60
Notes payable-other	2,894	2,310
Other current liabilities	4,649	5,219
Total current liabilities	42,713	39,715
<b>Long-term liabilities</b>		
Unsecured convertible bonds	10,000	10,000
Long-term debt	3,249	4,275
Deferred income taxes	-	108
Accrued retirement benefits for employees	4,790	5,113
Accrued retirement benefits for directors and corporate auditors	867	1,123
Other liabilities	838	824
Total long-term liabilities	19,746	21,446
<b>Total liabilities</b>	<b>62,459</b>	<b>61,161</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	13,051	13,051
Capital surplus	12,194	12,198
Retained earnings	60,300	61,742
Treasury stock, at cost	(5,674)	(5,670)
Total shareholders' equity	79,872	81,321
Valuation and translation adjustments		
Unrealized gains on other securities	1,531	3,340
Translation adjustments	(550)	353
Total valuation and translation adjustments	980	3,694
Minority interests	2,314	2,539
Total net assets	83,168	87,555
<b>Total liabilities and net assets</b>	<b>145,628</b>	<b>148,717</b>

**(2) Consolidated Statements of Income**

	<b>Nine months ended Dec. 31, 2008</b>
	Millions of Yen
<b>Net sales</b>	<b>105,061</b>
Cost of sales	88,814
<b>Gross profit</b>	<b>16,246</b>
Selling, general and administrative expenses	14,058
<b>Operating income</b>	<b>2,188</b>
Non-operating income	
Interest income	69
Dividend income	334
Equity in earnings of unconsolidated affiliates	305
Rent income of real estate	264
Other	38
Total non-operating income	1,012
Non-operating expenses	
Interest expense	233
Rent cost of real estate	78
Loss on disposal of obsolete inventories	68
Exchange loss, net	273
Other	16
Total non-operating expenses	669
<b>Ordinary income</b>	<b>2,532</b>
Extraordinary expenses	
Loss on the prior-term adjustment	3
Loss on disposal of property, plant and equipment	111
Loss on valuation of stocks of affiliates	966
Loss on devaluation of investments in securities	238
Total extraordinary expenses	1,320
<b>Income before income taxes and minority interests</b>	<b>1,211</b>
<b>Income taxes</b>	<b>954</b>
<b>Minority interests</b>	<b>43</b>
<b>Net income</b>	<b>213</b>

### (3) Consolidated Statements of Cash Flows

	Nine months ended Dec. 31, 2008
	Millions of Yen
<b>Operating Activities</b>	
Income before income taxes and minority interests	1,211
Depreciation and amortization	6,174
Loss on disposal of property, plant and equipment	111
Amortization of difference between investment costs and equity in net assets acquired	142
Increase (decrease) in allowance for doubtful accounts	1
Increase (decrease) in accrued bonuses to employees	(795)
Increase (decrease) in accrued retirement benefits for employees	(323)
Increase (decrease) in accrued retirement benefits for directors and corporate auditors	(255)
Increase (decrease) in accrued bonuses to directors and corporate auditors	(1)
Interest and dividend income	(404)
Interest expense	233
Equity in losses (earnings) of unconsolidated affiliates	(305)
Decrease (Increase) in devaluation of investments in securities	1,205
Non-operating income or expenses	64
Decrease (increase) in notes and accounts receivable	(2,251)
Decrease (increase) in inventories	(1,080)
Decrease (increase) in other assets net	(99)
Increase (decrease) in notes and accounts payable	3,208
Increase (decrease) in accrued consumption taxes	(126)
Increase (decrease) in other liabilities	133
Subtotal	6,842
Interest and cash dividend income received	813
Interest expense paid	(224)
Other	170
Income taxes paid	(1,259)
Net cash provided by operating activities	6,341
<b>Investing Activities</b>	
Proceeds from redemption of marketable securities	100
Purchases of property, plant and equipment	(7,094)
Acquisition of investments in securities	(134)
Proceeds from sales of investment securities	4
Disbursements for loans	(343)
Payments received on loans	407
Other	(209)
Net cash used in investing activities	(7,270)

	<b>Nine months ended Dec. 31, 2008</b>
	Millions of Yen
<b>Financing Activities</b>	
Proceeds from short-term loans	<b>4,479</b>
Repayment of short-term loans	<b>(3,496)</b>
Repayments of long-term debt	<b>(829)</b>
Proceeds from disposition of treasury stock	<b>(15)</b>
Purchase of treasury stock	<b>8</b>
Cash dividends paid	<b>(1,649)</b>
Cash dividends paid to minority shareholders of consolidated subsidiaries	<b>(185)</b>
Net cash provided by (used in) financing activities	<b>(1,687)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(199)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,815)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>11,482</b>
<b>Proceeds from purchase of newly consolidated subsidiaries</b>	<b>145</b>
<b>Cash and cash equivalents at the end of period</b>	<b>8,811</b>

From the reporting quarter, we have applied Business Accounting Standard No. 12 (Accounting Standards for the Preparation of Quarterly Financial Statements) and Application Guidelines for Accounting Standard No. 14 (Application Guidelines for Accounting Standards for the Preparation of Quarterly Financial Statements). In addition, our quarterly financial statements have been prepared in accordance with “Regulations governing the preparation of consolidated quarterly financial statements.”

#### (4) Premise of Going Concern

None

#### (5) Segment Information

##### a. Industry Segments

The main operations of the Company and its consolidated subsidiaries (the “Companies”) are manufacturing and distributing chemical products. The Companies’ operations by business segment for the nine month period are not disclosed since most of the products have common characteristics, manufacturing methods, and markets.

##### b. Geographic Segments

For the nine months of FY2008 (From April 1, 2008 to Dec. 31, 2008)

(Millions of Yen)

	Japan	America	China	Other	Total
Sales					
(1) Sales to customers	92,063	3,750	7,979	1267	105,061
(2) Sales from inter-segment transactions and transfers	3,529	3	291	-	3,824
Total	95,592	3,754	8,270	1267	108,886
Operating income (loss)	2,772	(369)	(217)	(74)	2,111

	Eliminations or Corporate	Consolidated
Sales		
(1) Sales to customers	-	105,061
(2) Sales from inter-segment transactions and transfers	(3,824)	-
Total	(3,824)	105,061
Operating income	76	2,188

##### c. Sales to Foreign Customers

For the nine months of FY2008 (From April 1, 2008 to Dec. 31, 2008)

(Millions of Yen)

	Asia	(of which, China)	America	Other	Total
I. Overseas sales	18,114	(9,677)	8,753	6,073	32,941
II. Consolidated sales	-	-	-	-	105,061
III. Overseas sales as a percentage of consolidated sales	17.3%	(9.2%)	8.3%	5.8%	31.4%

Notes:

- The term “overseas sales” refers to sales of the parent company and its consolidated subsidiaries registered in countries and regions outside Japan.
- Areas included in each country or region are determined based on their degree of proximity.
- Main countries or regions included in each geographic segment
  - (1) Asia: Korea, China, Indonesia, India, and Thailand
  - (2) America: U.S.A., Mexico, and Brazil
  - (3) Other: Australia, Europe, Russia, and the Middle East

#### (6) Significant Changes in Shareholders’ Equity

None

## Reference

Financial Statements of the Same Period of the Previous Fiscal Year

### (1) Consolidated Statements of Income

	<b>Nine months ended Dec. 31, 2007</b>
	Millions of Yen
<b>Net sales</b>	<b>98,818</b>
Cost of sales	<b>80,884</b>
<b>Gross profit</b>	<b>17,934</b>
Selling, general and administrative expenses	<b>14,101</b>
<b>Operating income</b>	<b>3,833</b>
Non-operating income	<b>1,105</b>
Interest income	<b>97</b>
Dividend income	<b>304</b>
Equity in earnings of unconsolidated affiliates	<b>311</b>
Other	<b>391</b>
Non-operating expenses	<b>486</b>
Interest expense	<b>202</b>
Other	<b>284</b>
<b>Ordinary income</b>	<b>4,452</b>
<b>Extraordinary expenses</b>	<b>244</b>
Loss on disposal of property, plant and equipment	<b>215</b>
Other	<b>28</b>
<b>Income before income taxes and minority interests</b>	<b>4,208</b>
<b>Income taxes</b>	<b>2,276</b>
<b>Minority interests</b>	<b>275</b>
<b>Net income</b>	<b>1,657</b>

## (2) Consolidated Statements of Cash Flows

	Nine months ended Dec. 31, 2007
	Millions of Yen
<b>Operating Activities</b>	
Income before income taxes and minority interests	4,208
Depreciation and amortization	6,160
Amortization of difference between investment costs and equity in net assets acquired	134
Interest and dividend income	(402)
Interest expense	202
Equity in losses (earnings) of unconsolidated affiliates	(311)
Decrease (increase) in notes and accounts receivable	(2,286)
Decrease (increase) in inventories	(600)
Decrease (increase) in other assets net	(308)
Increase (decrease) in notes and accounts payable	2,722
Increase (decrease) in other liabilities	(712)
Other	(1,075)
Subtotal	7,730
Interest and cash dividend income received	673
Interest expense paid	(198)
Income taxes paid	(2,316)
Other	139
Net cash provided by operating activities	6,027
<b>Investing Activities</b>	
Purchases of property, plant and equipment	(6,115)
Acquisition of investments in securities	(2,102)
Disbursements for loans	(71)
Payments received on loans	92
Other	(124)
Net cash used in investing activities	(8,320)
<b>Financing Activities</b>	
Proceeds from short-term loans	3,157
Repayment of short-term loans	(2,076)
Proceeds from long-term debt	200
Repayments of long-term debt	(248)
Purchase of treasury stock	(19)
Cash dividends paid	(1,645)
Other	(498)
Net cash provided by (used in) financing activities	(1,130)
<b>Effects of exchange rate changes on cash and cash equivalents</b>	(82)
<b>Net increase (decrease) in cash and cash equivalents</b>	(3,506)
<b>Cash and cash equivalents at beginning of period</b>	15,287
<b>Cash and cash equivalents at the end of period</b>	11,780

### (3) Segment Information

#### a. Industry Segments

The main operations of the Company and its consolidated subsidiaries (the "Companies") are manufacturing and distributing chemical products. The Companies' operations by business segment for the nine month period are not disclosed since most of the products have common characteristics, manufacturing methods, and markets.

#### b. Geographic Segments

As sales in Japan account for over 90% of all sales, we have omitted a breakdown of sales by geographic segment.

#### c. Sales to Foreign Customers

For the nine months of FY2007 (From April 1, 2007 to Dec. 31, 2007)

(Millions of Yen)

	Asia	(of which, China)	America	Other	Total
I. Overseas sales	17,076	(8,198)	7,335	7,192	31,603
II. Consolidated sales	-	-	-	-	98,818
III. Overseas sales as a percentage of consolidated sales	17.3%	(8.3%)	7.4%	7.3%	32.0%

#### Notes:

1. The term "overseas sales" refers to sales of the parent company and its consolidated subsidiaries registered in countries and regions outside Japan.
2. Areas included in each country or region are determined based on their degree of proximity.
3. Main countries or regions included in each geographic segment
  - (1) Asia: Korea, China, Indonesia, India, and Thailand
  - (2) America: U.S.A., Mexico, and Brazil
  - (3) Other: Australia, Europe, Russia, and the Middle East



## Supplement Data

### Trend of Each Quarter Results 1 Consolidated

Previous Fiscal Year

(Millions of Yen)

	FY 2007				
	1Q	2Q	3Q	4Q	Total
	April 2007 through June 2007	July 2007 through Sept. 2007	Oct 2007 through Dec. 2007	Jan. 2008 through March 2008	April 2007 through March 2008
Net sales	31,667	31,443	35,707	36,396	135,214
Gross profit	6,100	5,566	6,267	6,217	24,151
Operating income	1,477	836	1,519	1,460	5,293
Ordinary income	1,987	900	1,564	1,383	5,836
Net income	1,031	(262)	887	(210)	1,446

Current Fiscal Year

(Millions of Yen)

	FY 2008			Change	
	1Q	2Q	3Q	same term of previous fiscal	previous term of current fiscal
	April 2008 through June 2008	July 2008 through Sept. 2008	Oct. 2008 through Dec. 2008	Oct. 2007 through Dec. 2007	July 2008 through Sept. 2008
Net sales	34,492	36,554	34,014	(4.7%)	(6.9%)
Gross profit	5,698	5,804	4,744	(24.3%)	(18.3%)
Operating income	975	1,013	200	(86.8%)	(80.3%)
Ordinary income	1,127	1,191	213	(86.4%)	(82.1%)
Net income	577	627	(992)	(211.8%)	(258.0%)

### 2 Non-Consolidated

Previous Fiscal Year

(Millions of Yen)

	FY 2007				
	1Q	2Q	3Q	4Q	Total
	April 2007 through June 2007	July 2007 through Sept. 2007	Oct. 2007 through Dec. 2007	Jan. 2008 through March 2008	April 2007 through March 2008
Net sales	23,202	23,715	26,193	27,266	100,377
Gross profit	4,194	4,029	4,583	4,648	17,455
Operating income	707	477	1,091	1,149	3,425
Ordinary income	1,570	1,058	1,462	1,210	5,301
Net income	1,117	(252)	1,054	14	1,934

Current Fiscal Year

(Millions of Yen)

	FY 2008			Change	
	1Q	2Q	3Q	same term of previous fiscal year	previous term of current fiscal year
	April 2008 through June 2008	July 2008 through Sept. 2008	Oct. 2008 through Dec. 2008	Oct. 2007 through Dec. 2007	July 2008 through Sept. 2008
Net sales	25,747	27,285	23,853	(8.9%)	(12.6%)
Gross profit	4,271	4,681	3,442	(24.9%)	(26.5%)
Operating income	774	1,065	91	(91.6%)	(91.4%)
Ordinary income	1,396	1,458	139	(90.4%)	(90.4%)
Net income	899	995	(851)	(180.7%)	(185.5%)