

# Condensed Consolidated Financial Information

for the Six Months  
Ended Sept. 30, 2010

(April 1, 2010 through Sept. 30, 2010)

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, however 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

	Six months ended September 30,			
	2010		2009	
	Millions of Yen	Change	Millions of Yen	Change
Net sales	67,282	21.5%	55,372	(22.1%)
Operating income	5,210	131.9%	2,247	13.0%
Ordinary income	5,557	157.1%	2,161	(6.8%)
Net income	3,209	268.4%	871	(27.7%)

  

	Six months ended September 30,	
	2010	2009
	Yen	Yen
Net income per share	29.09	7.90
Net income per share, diluted	26.93	7.31

### Financial Conditions

	As of September 30,	As of March 31,
	2010	2010
	Millions of Yen	Millions of Yen
Total assets	137,664	136,991
Net assets	85,144	83,743
Shareholders' equity ratio	59.8%	59.3%
Shareholders' equity	82,291	81,175

  

	As of September 30,	As of March 31,
	2010	2010
	Yen	Yen
Net assets per share	745.94	735.79

### Cash Dividend

	Year ended March 31,	Year ended March 31,	Year ended March 31,
	2010	2011	2011 (Forecast)
	Yen	Yen	Yen
Cash dividend per share			
1 Q (as of June 30)	—	—	
2 Q (as of Sept. 30)	5.50	7.50	
3 Q (as of Dec. 31)	—		—
4 Q (as of March 31)	7.50		7.50
Total	13.00		15.00

### Earnings Forecasts

	Year ended March 31,	
	2011	
	Millions of Yen	Change
Net sales	135,000	13.3%
Operating income	9,400	52.9%
Ordinary income	10,000	66.2%
Net income	5,700	124.0%

  

	Year ended March 31,
	2011
	Yen
Net income per share	51.67

#### 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.

**4. Other (see “Attachments” Page 8 “Other Information” for more information)**

**(1) Significant changes in subsidiaries during the period under review:** None.

\_\_\_ New companies (company name), \_\_\_ Companies removed (company name)

(Note) Any changes in specific subsidiaries causing a change in the scope of consolidation during the fiscal quarter under review.

**(2) Application of simplified or special accounting methods:** Yes

(Note) Application of any simplified accounting methods or special accounting methods for the preparation of consolidated quarterly financial statements.

**(3) Changes in accounting principles, procedures, or presentation methods**

- a. Changes associated with revised accounting standards, etc.: Yes
- b. Changes other than a. above: None

(Note) Any changes in accounting principles, procedures or presentation methods related to the preparation of quarterly consolidated financial statements noted in “Changes in material matters basic to the preparation of consolidated financial statements.”

**(4) Number of shares issued (common stock)**

- a. Number of shares issued at the end of the period (including treasury shares)
  - End of six months (Sept. 30, 2010): 117,673,760 shares
  - End of previous period (March 31, 2010): 117,673,760 shares
- b. Treasury shares at the end of the period
  - End of six months (Sept. 30, 2010): 7,353,431 shares
  - End of previous period (March 31, 2010): 7,349,080 shares
- c. Average number of shares (cumulative for the quarter)
  - Reporting six months (ended Sept. 30, 2010): 110,322,069 shares
  - Previous six months (ended Sept. 30, 2009): 110,334,807 shares

**\*Disclosure of Implementation Status of Quarterly Review Procedures**

Quarterly review procedures under the Financial Instruments and Exchange Law had not been completed as of the release of this financial report. (This quarterly financial report is not subject to quarterly review procedures under Japan’s Financial Instruments and Exchange Law.)

**\*Appropriate use of earnings forecasts and other matters**

The earnings forecasts and other forward-looking statement noted in this document are based on information available at the time and on assumptions deemed rational. Actual earnings may differ significantly due to various factors. See Quarterly Financial Report (attachments) Page 7 “Qualitative Information Concerning Consolidated Earnings Forecasts” for more information regarding the circumstances behind the assumptions used in earnings forecasts and matters to be noted when relying on earnings forecasts.

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# 1. Qualitative Information Concerning Quarterly Consolidated Business Performance for the Six Months Ended September 30, 2010

## (1) Qualitative Information Concerning Consolidated Business Results

During the first six months of the current fiscal year (April 1, 2010 through September 30, 2010), the Japanese economy maintained moderate recovery momentum, supported by the effects of economic stimulus measures by governments around the world and also by growth in China and other emerging countries, which outweighed concerns over the creditworthiness of some European countries.

The chemical industry likewise enjoyed a recovery in demand. However, the further strengthening of the yen, combined with deepening fears about the pace of global recovery, means that the business environment has become increasingly uncertain.

Against this backdrop, consolidated net sales of Sanyo Chemical Group increased by 21.5% from the same period of the previous fiscal year, to ¥67,282 million in the first half, on a substantial increase in volumes due to recovery in demand.

In terms of profit, sharply higher net sales across all segments pushed profit upwards due to increasing global demand for superabsorbent polymers. Operating income was ¥5,210 million (2.3 times greater than the same period of the previous fiscal year), and ordinary income was ¥5,557 million (2.6 times greater than the same period of the previous fiscal year). Net income was ¥3,209 million (3.7 times greater than the same period of the previous fiscal year).

Results by product group (note) were as follows.

Please note,

Beginning with the three months of the current fiscal year, Sanyo Chemical Group started applying "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009). Year-on-year comparisons (growth rate or profit and loss) conform to this standard, and we have provided our calculations for reference.

### Toiletries and Health Care

In Toiletries, sales of surfactants for detergents increased steadily due to the growing popularity of liquid detergents. Sales of polyethylene glycol also increased substantially due to recovery in demand in Japan.

In Health Care, sales of superabsorbent polymers increased significantly due to globally higher demand for disposable diapers. Sales likewise increased for adhesives for medical equipment, partly due to new product launches.

As a result, total net sales in this product group increased by 13.5% from the same period of the previous fiscal year, to ¥24,139 million. Operating income was ¥2,411 million (a 43.1% increase from the same period of the previous fiscal year).

### Machinery and Automotives

In Machinery and Automotives, sales of raw materials for new high-performance polyurethane foams used mainly in automobile seats increased due to the unique features of our raw materials. Sales of raw materials for general-purpose polyurethane foams and modifiers for automobile paints increased substantially due to recovery in production among automobile manufacturers. Sales of lubricating oil additives also increased significantly. This growth was the result of increased demand for lubricating oil used in Continuously Variable Transmissions (CVTs) and for engine oils designed for better fuel efficiency, due to the general shift among auto manufacturers toward greater fuel efficiency.

As a result, total net sales in this product group increased by 31.0% from the same period of the previous fiscal year, to ¥15,245 million. Operating income was ¥501 million. (compared to an operating loss of ¥163 million for the same period of the previous fiscal year).

### Plastics and Textiles

In Plastics, sales of permanent antistatic agents, partially used in the production of packaging materials for electronic components increased substantially due to a recovery in demand and expanded sales overseas. Sales of resin modifiers also increased supported by a recovery in automotive production.

In Textiles, sales of agents used in textile manufacturing processes for industrial materials including airbags, and sales of binders for fiberglass increased substantially due to recovery in production among auto manufacturers. Sales of agents for carbon fibers and polyurethane resins for synthetic leather also increased significantly.

As a result, total net sales in this product group increased by 24.8% from the same period of the previous fiscal year, to ¥9,015 million. Operating income was ¥1,059 million (a 2.1 times increase from the same period of the previous fiscal year).

## **Information and Electrics/Electronics**

In Information, sales increased substantially for polyester beads (PEB) used as a core component of polymerization toners and for binders for pulverized toners, due to increased demand from copier manufacturers and other customers supported by the economic recovery.

In Electrics/electronics, sales of electrolytes for aluminum electrolytic capacitors increased significantly due to a recovery in demand from the automotive and the electronic appliance industries. Sales of silicon wafer processing agents increased significantly due to expansion of the market for photovoltaic cells. Sales of resins for flat panel displays (FPDs) also increased substantially while completing a marketing launch.

As a result, total net sales in this product group increased by 32.5% from the same period of the previous fiscal year, to ¥11,149 million. Operating income was ¥1,124 million (a 2.7 times increase from the same period of the previous fiscal year).

## **Environmental Protection, Construction and Others**

In Environmental Protection, sales of cationic monomers were a little sluggish due to declining demand in Japan, and sales of cationic polymer flocculants were weak, due to increasingly intense competition in the Japan market.

In Construction, sales of raw materials for polyurethane foams used for furniture and heat insulating materials increased briskly on expanded marketing. Sales for raw materials for building sealants and cement dispersants increased substantially, despite contraction of the civil engineering and construction market in Japan.

As a result, total net sales in this product group increased by 13.3% from the same period of the previous fiscal year, to ¥7,732 million. Operating income was ¥113 million (compared to an operating loss of ¥198 million for the same period of the previous fiscal year).

## **(2) Qualitative Information Concerning Consolidated Financial Position**

The Group's financial position at the end of the six-month period was as follows:

Total assets increased by ¥673 million from the previous consolidated fiscal year end, to ¥137,664 million. An increase in notes and accounts receivable due to higher sales and other factors outweighed decreases in investment securities related to declining stock prices.

Net assets increased by ¥1,401 million from the previous consolidated fiscal year end, to ¥85,144 million. Our shareholder's equity ratio improved by 0.5 percentage point from the previous fiscal year end, to 59.8%.

Cash and cash equivalents ("Cash") as of the end of the six months under review decreased by ¥1,408 million compared to the balance at the previous fiscal year end (cash increased by ¥8,075 million during the same period of the previous fiscal year), bringing the balance at the end of the six months to ¥14,156 million.

The cash flow movements during the period and the factors influencing them were as follows:

### Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥3,609 million, (compared to ¥12,123 million in net cash provided during the same period of the previous fiscal year). This result was mainly due to the increase in cash from income before income taxes and minority interests of ¥5,592 million combined with the increase in cash from depreciation and amortization expenses of ¥3,586 million which outweighed the outflow from an increase in notes and accounts receivable-trade of ¥2,431 million and income tax payments of ¥1,842 million.

### Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥3,410 million, (compared to ¥4,804 million in net cash used during the same period of the previous fiscal year). This result was mainly due to cash outlays of ¥3,472 million for purchases of property, plant and equipment.

### Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥1,453 million, (compared to ¥811 million in cash provided during the same period of the previous fiscal year). This result was mainly due to cash outlays of ¥826 million in dividend payments and ¥613 million to repay long-term debt.

### (3) Qualitative Information Concerning Consolidated Earnings Forecasts

During the first six months of the current fiscal year, we outperformed our forecasts announced on July 26, 2010, on increased revenues due to greater-than-expected recovery in demand and the effects of a marketing drive to capitalize on auto-manufacturers' efforts to increase fuel efficiency.

Turning to the third quarter and beyond, in light of brisk business results at affiliates and despite fears of a strong yen and slower growth in the US and European economies, we have made the following upward revisions to our full-year forecasts, based partly on these second-quarter results.

(Full Year)	(Millions of Yen)				
	Net sales	Operating income	Ordinary income	Net income	Net income per share (Yen)
Previous forecast (A)	133,000	8,600	9,000	5,100	46.23
Current forecast (B)	135,000	9,400	10,000	5,700	51.67
Difference (B – A)	2,000	800	1,000	600	—
Percentage change (B–A)/A	1.5%	9.3%	11.1%	11.8%	—
Previous term's figures	119,193	6,146	6,017	2,544	23.06

\* These earnings forecasts are based on information available at the time. Actual earnings may differ due to various factors occurring in the future.



## **2. Other Information**

### **(1) Overview of Changes in Significant Subsidiaries**

None

### **(2) Overview of Simplified and/or Special Accounting Methods**

(Simplified Accounting Methods)

#### **a. Estimate of uncollectible accounts**

The Group did not experience a default on any general receivables during the six months of the current consolidated fiscal year. Accordingly, we have calculated an estimate of uncollectible receivables based on the loan loss ratio calculated at the end of the previous consolidated fiscal year.

#### **b. Income taxes, deferred tax assets, and deferred tax liabilities**

We have calculated income taxes using a rational estimate of annual effective tax rate. Deferred tax assets and deferred tax liabilities have been calculated using future earnings forecasts and tax planning figures in effect at the end of the previous consolidated fiscal year.

(Special Accounting Methods)

Tax expenses for the six months of the current consolidated fiscal year have been calculated by multiplying income before income taxes on a consolidated basis by a reasonably estimated effective tax rate (after the application of tax-effect accounting). Income tax adjustments are included in the presentation of Income Taxes.

### **(3) Overview of Changes in Accounting Principles, Procedures, or Presentation Methods**

Effective the three months of the current consolidated fiscal year, the Group has applied “Accounting Standards for Asset Retirement Obligations” (ASBJ Statement No. 18; March 31, 2008) and “Guidance on Accounting Standards for Asset Retirement Obligations” (ASBJ Guidance No. 21; March 31, 2008). Accordingly, operating income and ordinary income each decreased by ¥1 million yen, while income before income taxes and minority interests decreased by ¥12 million.

### **(4) Overview of Significant Matters Concerning the Going Concern Assumption**

None

### 3. Quarterly Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

##### (1)- (1) Assets

	Millions of Yen	
	As of Sept. 30, 2010	As of Mar. 31, 2010
<b>ASSETS</b>		
Current assets		
Cash and deposits	14,156	15,581
Notes and accounts receivable—trade	35,747	33,421
Merchandise and finished goods	7,351	7,495
Semi-finished goods	3,371	3,166
Work in process	443	389
Raw materials and supplies	3,484	3,111
Deferred tax assets	1,343	1,341
Other	785	385
Allowance for doubtful accounts	(30)	(29)
Total current assets	66,653	64,864
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	13,145	13,549
Machinery, equipment and vehicles, net	18,711	19,698
Land	8,537	8,548
Construction in progress	8,018	6,389
Other, net	1,303	1,426
Total property, plant and equipment	49,715	49,611
Intangible assets		
Software	520	494
Goodwill	85	171
Other	267	295
Total intangible assets	873	960
Investments and other assets		
Investment securities	18,390	19,949
Long-term loans receivable	4	4
Deferred tax assets	1,057	630
Other	1,030	1,030
Allowance for doubtful accounts	(60)	(59)
Total investments and other assets	20,422	21,554
Total fixed assets	71,010	72,127
Total assets	137,664	136,991

**(1)-(2) Liabilities and Net Assets**

	Millions of Yen	
	As of Sept. 30, 2010	As of Mar. 31, 2010
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	21,784	21,727
Short-term loans	3,143	3,089
Current portion of long-term debt	894	950
Current portion of bonds	10,000	10,000
Accrued expenses	2,648	2,530
Income taxes payable	1,812	1,770
Provision for bonuses	1,450	1,607
Provision for directors' and corporate auditors' bonuses	37	65
Notes payable-facilities	1,788	1,545
Other	2,069	1,946
Total current liabilities	45,631	45,232
Long-term liabilities		
Long-term debt	1,423	1,991
Provision for retirement benefits	3,833	4,299
Provision for directors' retirement benefits	698	928
Other	933	795
Total long term liabilities	6,888	8,015
Total liabilities	52,519	53,248
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	13,051	13,051
Capital surplus	12,194	12,194
Retained earnings	61,399	59,017
Treasury stock	(5,684)	(5,682)
Total shareholders' equity	80,960	78,580
Valuation and translation adjustments		
Unrealized gains on other securities	2,863	3,944
Foreign currency translation adjustment	(1,531)	(1,349)
Total valuation and translation adjustments	1,331	2,595
Minority interests	2,852	2,567
Total net assets	85,144	83,743
Total liabilities and net assets	137,664	136,991

## (2) Consolidated Statements of Income

	Millions of Yen	
	Six months ended September 30,	
	2009	2010
Net sales	55,372	67,282
Cost of sales	44,475	52,922
Gross profit	10,897	14,359
Selling, general and administrative expenses	8,649	9,149
Operating income	2,247	5,210
Non-operating income		
Interest income	18	23
Dividends income	148	154
Equity in earnings of unconsolidated affiliates	—	246
Real estate rent	175	177
Foreign exchange gains	10	—
Other	65	125
Total non-operating income	418	728
Non-operating expenses		
Interest expenses	137	88
Equity in losses of unconsolidated affiliates	243	—
Loss on disposal of inventories	54	26
Foreign exchange losses	—	197
Other	67	68
Total non-operating expenses	503	381
Ordinary income	2,161	5,557
Extraordinary income		
Gain on sales of investment securities	11	1
Gain on sales of property, plant and equipment	—	178
Reversal of allowance for doubtful accounts	—	0
Total extraordinary income	11	180
Extraordinary loss		
Loss on disposal of property, plant and equipment	97	131
Loss on sales of property, plant and equipment	8	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	10
Loss on valuation of investment securities	—	2
Provision of allowance for doubtful accounts	2	0
Prior year adjustment of patent fee	38	—
Other	—	0
Total extraordinary losses	146	146
Income before income taxes and minority interests	2,027	5,592
Income taxes	739	1,887
Income before minority interests	—	3,704
Minority interests in income	416	494
Net income	871	3,209

### (3) Consolidated Statements of Cash Flows

	Millions of Yen	
	Six months ended September 30,	
	2009	2010
Operating activities		
Income before income taxes and minority interests	2,027	5,592
Depreciation and amortization	3,894	3,586
Loss on disposal of property, plant and equipment	97	131
Amortization of goodwill	85	85
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	10
Increase (decrease) in allowance for doubtful accounts	2	2
Increase (decrease) in provision for bonuses	213	(156)
Increase (decrease) in provision for retirement benefits	(176)	(466)
(Decrease) increase in provision for directors' and corporate auditors' retirement benefits	1	(229)
(Decrease) increase in provision for directors' and corporate auditors' bonuses	(17)	(27)
Interest and dividends income	(166)	(178)
Interest expenses	137	88
Equity in (earnings) losses of unconsolidated affiliates	243	(246)
Loss (gain) on sales of property, plant and equipment	8	(178)
Loss (gain) on sales of investment securities	(11)	(1)
Loss (gain) on valuation of investment securities	—	2
Other non-operating expenses (income)	(146)	(36)
Decrease (increase) in notes and accounts receivable—trade	(616)	(2,431)
Decrease (increase) in inventories	427	(558)
Decrease (increase) in other assets	(278)	(400)
Increase (decrease) in notes and accounts payable—trade	5,247	194
Increase (decrease) in accrued consumption taxes	66	61
Decrease (increase) in consumption taxes refund receivable	75	(1)
Increase (decrease) in other liabilities	445	208
Subtotal	11,561	5,051
Interest and dividends income received	215	349
Interest expenses paid	(150)	(89)
Other, net	86	140
Income taxes (paid) refund	410	(1,842)
Net cash provided by operating activities	12,123	3,609

		Millions of Yen	
		Six months ended September 30,	
		2009	2010
Investing activities			
Payments into time deposits	(15)	—	
Proceeds from withdrawal of time deposits	—	15	
Purchases of property, plant and equipment	(4,804)	(3,472)	
Proceeds from sale of property, plant and equipment	4	156	
Purchase of investment securities	(4)	(5)	
Proceeds from sales of investment securities	28	3	
Payments of loans receivable	(1)	(1)	
Collection of loans receivable	56	0	
Other, net	(68)	(108)	
Net cash used in investing activities	(4,804)	(3,410)	
Financing activities			
Increase (decrease) in short-term loans payable	2,234	160	
Repayment of long-term debt	(706)	(613)	
Proceeds from sales of treasury stock	0	0	
Purchase of treasury stock	(4)	(3)	
Cash dividends paid	(606)	(826)	
Cash dividends paid to minority shareholders	(106)	(170)	
Net cash used in financing activities	811	(1,453)	
Effect of exchange rate change on cash and cash equivalents		(55)	(154)
Net increase (decrease) in cash and cash equivalents		8,075	(1,408)
Cash and cash equivalents at beginning of period		7,031	15,565
Cash and cash equivalents at end of period		15,106	14,156

#### (4) Notes to Going Concern Assumptions

None

#### (5) Segment Information

[Cumulative Six Months of the Current Consolidated Fiscal Year (April 1, 2010 through Sept. 30, 2010)]

Effective the three months of the current fiscal year, the Group started applying “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Guidance No.20, March 21, 2008).

##### 1. Overview of Reporting Segments

Separate financial information can be obtained for each of the Group’s reporting segments, and such segments are linked to basic market domains in terms of Group R&D, strategic planning, etc.

The Group’s reporting segments comprise product categories according to usage, and are classified into the following five reporting segments: Toiletries & Health Care, Machinery & Automotives, Plastics & Textiles, Information & Electrics/Electronics, and Environmental Protection, Construction & Others.

The Toiletries & Health Care segment is engaged in the manufacture and sales of surfactants for detergents/cleaning agents, surfactants for toiletries, pharmaceutical additives, superabsorbent polymers, etc. The Machinery & Automotives segment is engaged in the manufacture and sales of thermoplastic polyurethane beads (TUB) for the interior parts of automobiles, raw materials for polyurethane foams, The Plastics & Textiles segment is engaged in the manufacture and sales of permanent antistatic agents, carbon fiber/fiberglass agents, etc. The Information & Electrics/Electronics segment is engaged in the manufacture and sales of polymerization toners, toner binders, electrolytes for aluminum electrolytic capacitors, etc. The Environmental Protection, Construction & Others segment is engaged in the manufacture and sales of polymer flocculants for wastewater treatment, polyurethane insulation raw materials, etc.

##### 2. Net Sales and Profit by Reporting Segment

(Millions of Yen)

	Reporting Segment						Adjust- ment	Total
	Toiletries & Health Care	Machinery & Automo- tives	Plastics & Textiles	Information & Electrics/ Electronics	Environmental Protection, Construction & Others	Subtotal		
Net Sales								
Sales to Third Parties	24,139	15,245	9,015	11,149	7,732	67,282	—	67,282
Inter- Segment Sales/ Transfers	—	—	11	—	84	96	(96)	—
Subtotal	24,139	15,245	9,027	11,149	7,817	67,378	(96)	67,282
Segment Profits	2,411	501	1,059	1,124	113	5,210	—	5,210

##### [Information by Industry Segment]

[Cumulative Six Months of the Previous Consolidated Fiscal Year (April 1, 2009 through Sept. 30, 2009)]

The Company and its consolidated subsidiaries are engaged in the manufacture and sales of chemical products. Most of these products are similar in type, nature, manufacturing method and markets. Accordingly, the Group has elected to omit information by industry segment.

# <Reference>

## [Information by Geographic Segment]

[Cumulative Six Months of the Previous Consolidated Fiscal Year (April 1, 2009 through Sept. 30, 2009)]

(Millions of Yen)

	Japan	USA	China	Other	Total
Sales					
(1) Sales to third parties	48,782	1,542	4,491	555	55,372
(2) Sales from inter-segment transactions and transfers	1,595	—	232	—	1,828
Total	50,378	1,542	4,723	555	57,200
Operating income (loss)	2,001	(193)	473	(40)	2,241

	Adjustment	Consolidated Total
Sales		
(1) Sales to third parties	—	55,372
(2) Sales from inter-segment transactions and transfers	(1,828)	—
Total	(1,828)	55,372
Operating income (loss)	5	2,247

[Cumulative Six Months of the Current Consolidated Fiscal Year (April 1, 2010 through Sept. 30, 2010)]

(Millions of Yen)

	Japan	USA	China	Other	Total
Sales					
(1) Sales to third parties	58,555	2,076	5,632	1,018	67,282
(2) Sales from inter-segment transactions and transfers	1,604	16	303	—	1,924
Total	60,160	2,093	5,935	1,018	69,207
Operating income (loss)	4,646	(88)	581	24	5,163

	Adjustment	Consolidated Total
Sales		
(1) Sales to third parties	—	67,282
(2) Sales from inter-segment transactions and transfers	(1,924)	—
Total	(1,924)	67,282
Operating income (loss)	46	5,210



**[Overseas Sales]**

[Cumulative Six Months of the Previous Consolidated Fiscal Year (April 1, 2009 through Sept. 30, 2009)]  
(Millions of Yen)

	Asia	(of which, China)	America	Other	Total
I. Overseas sales	10,036	(5,439)	5,103	3,822	18,962
II. Consolidated sales	—	—	—	—	55,372
III. Percentage of overseas sales to consolidated sales (%)	18.1	(9.8)	9.2	6.9	34.2

[Cumulative Six Months of the Current Consolidated Fiscal Year (April 1, 2010 through Sept. 30, 2010)]  
(Millions of Yen)

	Asia	(of which, China)	America	Other	Total
I. Overseas sales	13,742	(7,252)	4,919	5,155	23,816
II. Consolidated sales	—	—	—	—	67,282
III. Percentage of overseas sales to consolidated sales (%)	20.4	(10.8)	7.3	7.7	35.4

## 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: USA, Mexico, and Brazil
  - (3) Other: Australia, Europe, Russia, and the Middle East

**(6) Notes to Significant Changes in Shareholders' Equity**

None

## 4. Supplementary Information

### Trend of Each Quarter Results

#### 1. Consolidated

Previous Fiscal Year

(Millions of Yen)

	FY 2009				
	1Q	2Q	3Q	4Q	Total
	April 2009 through June 2009	July 2009 through Sept. 2009	Oct. 2009 through Dec. 2009	Jan. 2010 through March 2010	April 2009 through March 2010
Net sales	26,542	28,829	31,854	31,966	119,193
Gross profit	5,084	5,812	6,842	6,110	23,850
Operating income	857	1,389	2,359	1,539	6,146
Ordinary income	1,037	1,123	2,480	1,375	6,017
Net income	393	477	1,075	598	2,544

Current Fiscal Year

(Millions of Yen)

	FY 2010		Change	
	1Q	2Q	same term of previous fiscal year	previous term
	April 2010 through June 2010	July 2010 through Sept. 2010	July 2009 through Sept. 2009	April 2010 through June 2010
Net sales	33,817	33,464	16.1%	(1.0%)
Gross profit	7,242	7,117	22.5%	(1.7%)
Operating income	2,688	2,522	81.5%	(6.2%)
Ordinary income	3,004	2,553	127.2%	(15.0%)
Net income	1,759	1,450	203.5%	(17.6%)

#### 2. Non-Consolidated

Previous Fiscal Year

(Millions of Yen)

	FY 2009				
	1Q	2Q	3Q	4Q	Total
	April 2009 through June 2009	July 2009 through Sept. 2009	Oct. 2009 through Dec. 2009	Jan. 2010 through March 2010	April 2009 through March 2010
Net sales	18,813	19,717	22,509	22,484	83,525
Gross profit	3,492	3,929	4,695	4,314	16,431
Operating income	310	625	1,344	853	3,133
Ordinary income	732	927	1,757	1,167	4,585
Net income	509	686	792	812	2,801

Current Fiscal Year

(Millions of Yen)

	FY 2010		Change	
	1Q	2Q	same term of previous fiscal year	previous term
	April 2010 through June 2010	July 2010 through Sept. 2010	July 2009 through Sept. 2009	April 2010 through June 2010
Net sales	23,338	23,200	17.7%	(0.6%)
Gross profit	4,961	4,639	18.1%	(6.5%)
Operating income	1,534	1,190	90.4%	(22.4%)
Ordinary income	2,063	1,682	81.4%	(18.4%)
Net income	1,417	1,279	86.3%	(9.7%)