

# Financial Report

**The 2nd Quarter of FY2009 (From Apr. 1 to Sep. 30, 2009)**

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## November, 2009

### Disclaimer Regarding Forward – Looking Statements

These materials are intended to provide information only, and are not to solicit actions of any kind. Business results forecasts are based on management's assumptions in light of information currently available. Actual sales and income may differ significantly from these forecasts.

The Company shall not take any responsibility regarding the accuracy or completeness of any forecasts pertaining to business results forecasts contained herein.

The user acknowledge that he/she agrees to exercise his/her own judgment in using these materials. The Company shall bear no responsibility for any loss arising from investment decisions relying fully on these materials.

# Statements of Income (Consolidated) From Apr. 1 to Sep. 30, 2009

(Unit : Millions of yen)

	Second Quarter ended September 30, 2009	Second Quarter ended September 30, 2008	Increase (Decrease)		Remarks
			Amount	Percentage	
<b>Net Sales</b>	<b>102,704</b>	<b>156,585</b>	<b>-53,881</b>	<b>-34.4%</b>	Comparative Analysis of Net Sales for ended Sep. 30(JPY100m)
Elastomer Business	60,756	104,736	-43,980	-42.0%	Quantity Variance -313
Specialty Materials Business	22,444	21,766	678	3.1%	Price Variance -199
Others	20,320	32,652	-12,332	-37.8%	Exchange rate Variance -27
Eliminations and corporate	-817	-2,569	1,752		
<b>Operating income</b>	<b>-1,717</b>	<b>10,012</b>	<b>-11,729</b>	<b>—</b>	Comparative Analysis of Operating income for ended Sep. 30(JPY100m)
Elastomer Business	-674	9,290	-9,964	—	Quantity Variance -62 Raw materials price variance etc. 113
Specialty Materials Business	-642	396	-1,038	—	Price Variance -199 SGA 37
Others	-385	368	-753	—	Exchange rate Variance -27 Cost reduction effect 21
Eliminations and corporate	-15	-43	28		
<b>Nonoperating income</b>	<b>1,017</b>	<b>1,438</b>	<b>-421</b>		Comparative Analysis of Nonoperating income for ended Sep. 30(JPY100m)
					Dividend income -2
					Foreign exchange gain, net -2
<b>Nonoperating expenses</b>	<b>1,281</b>	<b>958</b>	<b>323</b>		Comparative Analysis of Nonoperating expenses for ended Sep. 30(JPY100m)
					Foreign exchange loss 3
<b>Ordinary income</b>	<b>-1,981</b>	<b>10,492</b>	<b>-12,473</b>	<b>—</b>	
<b>Extraordinary gains</b>	<b>233</b>	<b>28</b>	<b>205</b>		Comparative Analysis of Extraordinary gains for ended Sep. 30(JPY100m)
					Gain on sales of investment securities 2
<b>Extraordinary losses</b>	<b>360</b>	<b>515</b>	<b>-155</b>		Comparative Analysis of Extraordinary losses for ended Sep. 30(JPY100m)
					Loss on disposal of fixed assets -3
					Impairment loss 2
					Loss on devaluation of investment securities -1
<b>Net income</b>	<b>-1,400</b>	<b>4,785</b>	<b>-6,185</b>	<b>—</b>	
Exchange rate (JPY/\$)	96.1	105.7	-9.6	-9.1%	
Exchange rate (JPY/€)	132.9	163.7	-30.8	-18.8%	
Naphtha Price (JPY/kl)	37,250	78,350	-41,100	-52.5%	

# Business Segments (Consolidated)

## - Elastomer Business -

(Unit : Millions of yen)

	Second Quarter ended Sep. 30, 2009	Second Quarter ended Sep. 30, 2008	Increase (Decrease)	
			Amount	Percentage
Sales Quantity (thousands ton)	240.9	300.7	-59.7	-19.9%
Rubbers	131.2	173.5	-42.3	-24.4%
Latices	67.0	78.0	-11.0	-14.1%
Chemicals	42.7	49.2	-6.5	-13.2%
Net Sales (JPYm)	60,756	104,736	-43,980	-42.0%
Rubbers	40,840	75,915	-35,075	-46.2%
Latices	8,041	11,921	-3,880	-32.5%
Chemicals	11,885	16,900	-5,015	-29.7%
Eliminations and corporate	-10		-10	
Operating expenses	61,430	95,446	-34,016	-35.6%
Operating income	-674	9,290	-9,964	—

## - Specialty Materials Business -

(Unit : Millions of yen)

	Second Quarter ended Sep. 30, 2009	Second Quarter ended Sep. 30, 2008	Increase (Decrease)	
			Amount	Percentage
Net Sales	22,444	21,766	678	3.1%
Specialty materials	10,600	13,428	-2,828	-21.1%
Specialty plastics	11,844	8,338	3,506	42.0%
Operating expenses	23,086	21,370	1,716	8.0%
Operating income	-642	396	-1,038	—

## - Others -

(Unit : Millions of yen)

	Second Quarter ended Sep. 30, 2009	Second Quarter ended Sep. 30, 2008	Increase (decrease)	
			Amount	Percentage
Net Sales	20,320	32,652	-12,332	-37.8%
Operating expenses	20,705	32,284	-11,579	-35.9%
Operating income	-385	368	-753	—

# Statements of Income (Consolidated) for 3 Months ended

(Unit : Millions of yen)

	Fiscal Year ended March 31, 2009				Fiscal Year ended March 31, 2010		Increase (Decrease)	
	Jun. 30, 2008	Sep. 30, 2008	Dec. 31, 2008	Mar. 31, 2009	Jun. 30, 2009	Sep. 30, 2009	Amount	Percentage
Sales Quantity (thousands ton)	149.5	151.2	129.1	114.5	103.4	137.5	34.1	33.0%
Rubbers	87.5	86.0	72.7	67.7	55.0	76.2	21.2	38.5%
Latices	39.2	38.8	35.5	30.8	29.0	38.0	9.0	31.0%
Chemicals	22.8	26.4	20.9	16.0	19.4	23.3	3.9	20.1%
Net Sales (JPYm)	76,394	80,191	67,050	45,222	47,310	55,394	8,084	17.1%
Elastomer business	49,548	55,188	45,965	29,256	27,266	33,490	6,224	22.8%
Rubbers	36,046	39,869	32,099	19,870	18,290	22,550	4,260	23.3%
Latices	5,830	6,091	6,037	4,619	3,864	4,177	313	8.1%
Chemicals	7,671	9,229	7,828	4,768	5,113	6,772	1,659	32.4%
Eliminations	0	0	0	0	0	-10	-10	
Specialty materials	10,462	11,304	9,151	6,652	10,604	11,840	1,236	11.7%
Specialty materials	6,601	6,827	5,484	4,092	4,812	5,788	976	20.3%
Specialty plastics	3,861	4,477	3,695	2,561	5,792	6,052	260	4.5%
Eliminations	0	0	-28	-1	0	0	0	
Other	17,069	15,583	12,733	9,766	9,954	10,366	412	4.1%
Eliminations	-685	-1,884	-799	-452	-515	-302	213	
Operating expenses	5,332	4,680	3,930	-11,006	-2,921	1,204	4,125	
Elastomer business	3,998	5,292	5,654	-7,302	-1,437	763	2,200	
Specialty materials	1,267	-871	-1,756	-3,404	-1,226	584	1,810	
Other	89	279	99	-290	-269	-116	153	
Eliminations	-22	-21	-66	-10	11	-26	-37	
Ordinary income	6,515	3,977	2,717	-9,361	-2,674	693	3,367	
Net income	3,114	1,671	-817	-1,490	-2,292	892	3,184	
Exchange rate (JPY/\$)	103.4	108.0	99.2	92.8	97.5	94.7	-2.8	-2.9%
Exchange rate (JPY/€)	161.5	165.8	132.7	122.6	131.5	134.2	2.7	2.1%
Naphtha Price (JPY/kl)	70,900	85,800	52,000	27,000	33,300	41,200	7,900	23.7%

# Comparative Balance Sheets (Consolidated)

(Unit : Millions of yen, %)

Assets					Liabilities and Net assets						
Account item	As of Sep. 30, 2009		As of Mar. 31, 2009		increase (decrease)	Account item	As of Sep. 30, 2009		As of Mar. 31, 2009		increase (decrease)
<b>Current assets</b>	<b>130,700</b>	<b>44.9</b>	<b>130,945</b>	<b>44.8</b>	<b>-245</b>	<b>Current liabilities</b>	<b>107,638</b>	<b>37.0</b>	<b>123,614</b>	<b>42.3</b>	<b>-15,976</b>
Cash and bank deposits	5,322		5,263		59	Notes and accounts payable-trade	47,067		35,968		11,099
Notes and accounts receivable- trade	53,552		46,135		7,417	Short-term interest-bearing debt	44,912		69,187		-24,275
Accounts receivable-other	21,546		15,947		5,599	Other current liabilities	15,659		18,459		-2,800
Inventories	43,597		55,624		-12,027						
Other current assets	6,683		7,976		-1,293	<b>Long-term liabilities</b>	<b>82,198</b>	<b>28.3</b>	<b>69,151</b>	<b>23.7</b>	<b>13,047</b>
<b>Fixed assets</b>	<b>160,218</b>	<b>55.1</b>	<b>161,082</b>	<b>55.2</b>	<b>-864</b>	Long-term interest-bearing debt	67,910		54,160		13,750
Property, Plant and equipment	116,088		118,792		-2,704	Other long-term liabilities	14,288		14,991		-703
Intangible assets	4,574		4,874		-300	<b>Total Liabilities</b>	<b>189,836</b>	<b>65.3</b>	<b>192,766</b>	<b>66.0</b>	<b>-2,930</b>
Investment securities	29,750		25,849		3,901						
Other fixed assets	9,806		11,567		-1,761	Equity capital	97,606		95,816		1,790
						Stock acquisition rights	163		201		-38
						Minority interests	3,313		3,244		69
						<b>Total Net assets</b>	<b>101,082</b>	<b>34.7</b>	<b>99,261</b>	<b>34.0</b>	<b>1,821</b>
<b>Total Assets</b>	<b>290,918</b>	<b>100.0</b>	<b>292,027</b>	<b>100.0</b>	<b>-1,109</b>	<b>Total Liabilities and Net assets</b>	<b>290,918</b>	<b>100.0</b>	<b>292,027</b>	<b>100.0</b>	<b>-1,109</b>

	As of Sep. 30, 2009	As of Mar. 31, 2009	Increase / decrease
Interest-bearing debt	112,822	123,347	-10,525
Equity capital	97,606	95,816	1,790
capital adequacy ratio	33.6	32.8	0.8
D/E Ratio	1.16	1.29	-0.13

# Statements of Cash Flows (Consolidated) From Apr. 1 to Sep. 30, 2009

(Unit : Millions of yen)

	Second Quarter ended Sep. 30, 2009	Second Quarter ended Sep. 30, 2008	Increase (Decrease) Amount
	<b>Cash flows from operating activities</b>	<b>18,131</b>	<b>5,243</b>
income before income taxes and minority interests	-2,108	10,004	-12,112
Depreciation and amortization (Decrease)	10,007	10,797	-790
increase in allowance for doubtful			
Decrease (increase) in receivables - trade	-6,705	-3,411	-3,294
Decrease (increase) in inventories	13,325	-6,609	19,934
(Decrease) increase in payables - trade	10,252	6,970	3,282
Income taxes refunded (paid)	2,761	-3,563	6,324
Other, net	-9,401	-8,945	-456
<b>Cash flows from investing activities</b>	<b>-6,755</b>	<b>-11,941</b>	<b>5,186</b>
Purchase of tangible & intangible assets	-7,191	-13,374	6,183
Purchase of investment securities	-11	-531	520
Proceeds from sales and redemption of investment securities	457	2,003	-1,546
Other, net	-10	-39	29
<b>Free Cash flows</b>	<b>11,376</b>	<b>-6,698</b>	<b>18,074</b>
<b>Cash flows from financing activities</b>	<b>-11,632</b>	<b>5,465</b>	<b>-17,097</b>
(Decrease) increase of interest-bearing debt	-10,845	6,957	-17,802
Dividends paid	-708	-1,413	705
Other, net	-79	-79	0
Effect of exchange rate changes on cash and cash equivalents	178	-413	591
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-79</b>	<b>-1,647</b>	<b>1,568</b>
<b>Cash and cash equivalents at beginning</b>	<b>5,008</b>	<b>6,126</b>	<b>-1,118</b>
Increase in cash due to change in number of consolidated subsidiaries	70	266	-196
<b>Cash and cash equivalents at end</b>	<b>5,000</b>	<b>4,745</b>	<b>255</b>

# Forecast of Operating Performance FY2009 (Consolidated)

(Unit : Millions of yen)

	Fiscal Year ended March 31, 2010	Fiscal Year ended March 31, 2009	Increase (Decrease)	
			Amount	Percentage
Net Sales	213,000	268,857	-55,857	-20.8%
Operating income	4,000	2,936	1,064	36.2%
Ordinary income	2,000	3,848	-1,848	-48.0%
Net income	1,000	2,478	-1,478	-59.6%