

Financial Report

The 3rd Quarter of FY2009 (From Apr. 1 to Dec. 31, 2009)

February, 2010

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.

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Statements of Income (Consolidated) From Apr. 1 to Dec. 31, 2009

(Unit : Millions of yen)

	Second Quarter ended December 31, 2009	Second Quarter ended December 31, 2008	Increase (Decrease)		Remarks
			Amount	Percentage	
Net Sales	161,666	223,635	-61,969	-27.7%	Comparative Analysis of Net Sales for ended Dec. 31(JPY100m)
Elastomer Business	97,891	150,701	-52,810	-35.0%	Quantity Variance -300
Specialty Materials Business	34,320	30,917	3,403	11.0%	Price Variance -281
Others	30,550	45,385	-14,835	-32.7%	Exchange rate Variance -39
Eliminations and corporate	-1,095	-3,368	2,273		
Operating income	3,456	13,942	-10,486	-75.2%	Comparative Analysis of Operating income for ended Dec. 31(JPY100m)
Elastomer Business	3,638	14,944	-11,306	-75.7%	Quantity Variance 2 Raw materials price variance etc. 134
Specialty Materials Business	227	-1,360	1,587	-116.7%	Price Vairiance -281 SGA 49
Others	-408	467	-875	-187.4%	Exchange rate Variance -39 Cost reduction effect 30
Eliminations and corporate	-1	-109	108		
Nonoperating income and loss	12	-733	745		
Nonoperating income	1,468	1,912	-444		Comparative Analysis of Nonoperating income for ended Dec. 31(JPY100m)
					Foreign exchange gain, net -1
					Interest income -3
Nonoperating expenses	1,456	2,645	-1,189		Comparative Analysis of Nonoperating expenses for ended Dec. 31(JPY100m)
					Foreign exchange loss -12
Ordinary income	3,469	13,209	-9,740	-73.7%	
Extraordinary gains and losses	-867	-1,887	1,020		
Extraordinary gains	240	81	159		Comparative Analysis of Extraordinary gains for ended Dec. 31(JPY100m)
					Gain on sales of investment securities 2
Extraordinary losses	1,107	1,968	-861		Comparative Analysis of Extraordinary losses for ended Dec. 31(JPY100m)
					Loss on disposal of fixed assets -4
					Impairment loss 3
					Loss on devaluation of investment securities -12
					Other 4
Net income	1,452	3,968	-2,516	-63.4%	
Exchange rate (JPY/\$)	93.9	103.5	-9.6	-9.3%	
Exchange rate (JPY/€)	132.7	153.3	-20.6	-13.4%	
Naphtha Price (JPY/kl)	39,000	69,600	-30,600	-44.0%	

Business Segments (Consolidated)

- Elastomer Business -

(Unit : Millions of yen)

	Third Quarter ended Dec. 31, 2009	Third Quarter ended Dec. 31, 2008	Increase (Decrease)	
			Amount	Percentage
Sales Quantity (thousands ton)	385.7	429.8	-44.0	-10.3%
Rubbers	213.0	246.2	-33.2	-13.5%
Latices	107.1	113.5	-6.4	-5.6%
Chemicals	65.6	70.1	-4.5	-6.5%
Net Sales (JPYm)	97,891	150,701	-52,810	-35.0%
Rubbers	66,894	108,014	-41,120	-38.1%
Latices	12,868	17,958	-5,090	-28.3%
Chemicals	18,141	24,728	-6,587	-26.6%
Eliminations and corporate	-11	0	-11	—
Operating expenses	94,253	135,757	-41,504	-30.6%
Operating income	3,638	14,944	-11,306	-75.7%

- Specialty Materials Business -

(Unit : Millions of yen)

	Third Quarter ended Dec. 31, 2009	Third Quarter ended Dec. 31, 2008	Increase (Decrease)	
			Amount	Percentage
Net Sales	34,320	30,917	3,403	11.0%
Specialty materials	16,323	18,912	-2,589	-13.7%
Specialty plastics	17,997	12,033	5,964	49.6%
Eliminations and corporate	0	-28	28	—
Operating expenses	34,093	32,277	1,816	5.6%
Operating income	227	-1,360	1,587	—

- Others -

(Unit : Millions of yen)

	Third Quarter ended Dec. 31, 2009	Third Quarter ended Dec. 31, 2008	Increase (decrease)	
			Amount	Percentage
Net Sales	30,550	45,385	-14,835	-32.7%
Operating expenses	30,958	44,918	-13,960	-31.1%
Operating income	-408	467	-875	—

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	Dec. 31, 2009	Amount	Percentage
Sales Quantity (thousands ton)	149.5	151.2	129.1	114.5	103.4	137.5	144.8	7.3	5.3%
Rubbers	87.5	86.0	72.7	67.7	55.0	76.2	81.8	5.6	7.3%
Latices	39.2	38.8	35.5	30.8	29.0	38.0	40.1	2.1	5.5%
Chemicals	22.8	26.4	20.9	16.0	19.4	23.3	22.9	-0.4	-1.7%
Net Sales (JPYm)	76,394	80,191	67,050	45,222	47,310	55,394	58,962	3,568	6.4%
Elastomer business	49,548	55,188	45,965	29,256	27,266	33,490	37,135	3,645	10.9%
Rubbers	36,046	39,869	32,099	19,870	18,290	22,550	26,054	3,504	15.5%
Latices	5,830	6,091	6,037	4,619	3,864	4,177	4,827	650	15.6%
Chemicals	7,671	9,229	7,828	4,768	5,113	6,772	6,256	-516	-7.6%
Eliminations	0	0	0	0	0	-10	-1	9	
Specialty materials	10,462	11,304	9,151	6,652	10,604	11,840	11,876	36	0.3%
Specialty materials	6,601	6,827	5,484	4,092	4,812	5,788	5,723	-65	-1.1%
Specialty plastics	3,861	4,477	3,695	2,561	5,792	6,052	6,153	101	1.7%
Eliminations	0	0	-28	-1	0	0	0	0	
Other	17,069	15,583	12,733	9,766	9,954	10,366	10,230	-136	-1.3%
Eliminations	-685	-1,884	-799	-452	-515	-302	-278	24	
Operating expenses	5,332	4,680	3,930	-11,006	-2,921	1,204	5,173	3,969	330%
Elastomer business	3,998	5,292	5,654	-7,302	-1,437	763	4,312	3,549	465%
Specialty materials	1,267	-871	-1,756	-3,404	-1,226	584	869	285	49%
Other	89	279	99	-290	-269	-116	-23	93	
Eliminations	-22	-21	-66	-10	11	-26	14	40	
Ordinary income	6,515	3,977	2,717	-9,361	-2,674	693	5,450	4,757	686%
Net income	3,114	1,671	-817	-1,490	-2,292	892	2,852	1,960	220%
Exchange rate (JPY/\$)	103.4	108.0	99.2	92.8	97.5	94.7	89.5	-5.2	-5.5%
Exchange rate (JPY/€)	161.5	165.8	132.7	122.6	131.5	134.2	132.4	-1.8	-1.3%
Naphtha Price (JPY/kl)	70,900	85,800	52,000	27,000	33,300	41,200	42,500	1,300	3.2%

Comparative Balance Sheets (Consolidated)

(Unit : Millions of yen, %)

Assets					Liabilities and Net assets						
Account item	As of Dec. 31, 2009		As of Mar. 31, 2009		increase (decrease)	Account item	As of Dec. 31, 2009		As of Mar. 31, 2009		increase (decrease)
Current assets	147,047	48.7	130,945	44.8	16,102	Current liabilities	127,775	42.3	123,614	42.3	4,161
Cash and bank deposits	7,275		5,263		2,012	Notes and accounts payable-trade	64,476		35,968		28,508
Notes and accounts receivable- trade	62,427		46,135		16,292	Short-term interest-bearing debt	48,619		69,187		-20,568
Accounts receivable-other	28,162		15,947		12,215	Other current liabilities	14,680		18,459		-3,779
Inventories	42,616		55,624		-13,008	Long-term liabilities	71,675	23.8	69,151	23.7	2,524
Other current assets	6,567		7,976		-1,409	Long-term interest-bearing debt	57,202		54,160		3,042
Fixed assets	154,720	51.3	161,082	55.2	-6,362	Other long-term liabilities	14,473		14,991		-518
Property, Plant and equipment	111,797		118,792		-6,995	Total Liabilities	199,450	66.1	192,766	66.0	6,684
Intangible assets	4,318		4,874		-556	Equity capital	98,769		95,816		2,953
Investment securities	28,526		25,849		2,677	Stock acquisition rights	174		201		-27
Other fixed assets	10,079		11,567		-1,488	Minority interests	3,375		3,244		131
						Total Net assets	102,317	33.9	99,261	34.0	3,056
Total Assets	301,767	100.0	292,027	100.0	9,740	Total Liabilities and Net assets	301,767	100.0	292,027	100.0	9,740

	As of Dec. 31, 2009	As of Mar. 31, 2009	Increase / decrease
Interest-bearing debt	105,821	123,347	-17,526
Equity capital	98,769	95,816	2,953
capital adequacy ratio	32.7	32.8	-0.1
D/E Ratio	1.07	1.29	-0.22

Statements of Cash Flows (Consolidated) From Apr. 1 to Dec. 31, 2009

(Unit : Millions of yen)

	Third Quarter ended Dec. 31, 2009	Third Quarter ended Dec. 31, 2008	Increase (Decrease) Amount
	Cash flows from operating activities	30,425	5,579
income before income taxes and minority interests	2,601	11,322	-8,721
Depreciation and amortization (Decrease)	15,634	16,606	-972
increase in allowance for doubtful			
Decrease (increase) in receivables - trade	-16,139	-2,435	-13,704
Decrease (increase) in inventories	13,714	-11,418	25,132
(Decrease) increase in payables - trade	28,140	2,751	25,389
Income taxes refunded (paid)	2,519	-6,966	9,485
Other, net	-16,044	-4,281	-11,763
Cash flows from investing activities	-10,363	-17,342	6,979
Purchase of tangible & intangible assets	-10,862	-18,132	7,270
Purchase of investment securities	-17	-553	536
Proceeds from sales and redemption of investment securities	475	2,003	-1,528
Other, net	41	-660	701
Free Cash flows	20,062	-11,763	31,825
Cash flows from financing activities	-18,352	12,144	-30,496
(Decrease) increase of interest-bearing debt	-17,554	15,048	-32,602
Dividends paid	-709	-2,816	2,107
Other, net	-89	-88	-1
Effect of exchange rate changes on cash and cash equivalents	60	-711	771
Net increase (decrease) in cash and cash equivalents	1,770	-329	2,099
Cash and cash equivalents at beginning	5,008	6,126	-1,118
Increase in cash due to change in number of consolidated subsidiaries	131	266	-135
Cash and cash equivalents at end	6,909	6,062	847

Forecast of Operating Performance FY2009 (Consolidated)

(Unit : Millions of yen)

	Fiscal Year ended March 31, 2010	Fiscal Year ended March 31, 2009	Increase (Decrease)		Fiscal Year ended March 31, 2010 (Previous Forecast)
			Amount	Percentage	
Net Sales	220,000	268,857	-48,857	-18.2%	213,000
Operating income	6,000	2,936	3,064	104.4%	4,000
Ordinary income	6,000	3,848	2,152	55.9%	2,000
Net income	2,500	2,478	22	0.9%	1,000

	Fiscal Year ended March 31, 2010				
	Jun. 30, 2009	Sep. 30, 2009	Dec. 31, 2009	Mar. 31, 2010	Amount
Net Sales (JPYm)	47,310	55,394	58,962	58,334	220,000
Elastomer business	27,266	33,490	37,135	36,909	134,800
Rubbers	18,290	22,550	26,054	25,606	92,500
Latices	3,864	4,177	4,827	4,932	17,800
Chemicals	5,113	6,772	6,256	6,359	24,500
Eliminations	0	-10	-1	11	0
Specialty materials	10,604	11,840	11,876	11,980	46,300
Specialty materials	4,812	5,788	5,723	5,577	21,900
Specialty plastics	5,792	6,052	6,153	6,403	24,400
Eliminations	0	0	0	0	0
Other	9,954	10,366	10,230	9,750	40,300
Eliminations	-515	-302	-278	-305	-1,400
Operating expenses	-2,921	1,204	5,173	2,544	6,000
Elastomer business	-1,437	763	4,312	2,662	6,300
Specialty materials	-1,226	584	869	-127	100
Other	-269	-116	-23	8	-400
Eliminations	11	-26	14	1	0
Ordinary income	-2,674	693	5,450	2,531	6,000
Net income	-2,292	892	2,852	1,048	2,500
Exchange rate (JPY/\$)	97.5	94.7	89.5	90.0	92.9
Exchange rate (JPY/€)	131.5	134.2	132.4	125.0	130.8
Naphtha Price (JPY/kl)	33,300	41,200	42,500	49,000	41,500