

Financial Report

The 3rd Quarter of FY2010 (From Apr. 1 to Dec. 31, 2010)

February. 9, 2011

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) for 9 Months ended Dec.31

(Unit : Millions of yen)

	Third Quarter ended December 31, 2010	Third Quarter ended December 31, 2009	Increase (Decrease)		Remarks
			Amount	Percentage	
Net Sales	201,683	161,666	40,017	24.8%	Comparative Analysis of Net Sales (JPY100m)
Elastomer Business	128,919	97,891	31,028	31.7%	Quantity Variance 285
Specialty Materials Business	38,342	34,320	4,022	11.7%	Price Variance 165
Others	35,367	30,550	4,817	15.8%	Exchange rate Variance -50
Eliminations and corporate	-945	-1,095	150		
Operating income	26,786	3,456	23,330	675.1%	Comparative Analysis of Operating income (JPY100m)
Elastomer Business	21,026	3,638	17,388	478.0%	Quantity Variance 146 Raw materials price variance and others (net) -52
Specialty Materials Business	5,271	227	5,044	2222.2%	Price Variance 165 SGA -16
Others	425	-408	833		Exchange rate Variance -50 Cost reduction effect 40
Eliminations and corporate	63	-1	64		
Nonoperating income and loss	-1,803	12	-1,815		
Nonoperating income	1,222	1,468	-246		Comparative Analysis of Nonoperating income (JPY100m)
					Subsidy and Foreign exchange gain, net -1
Nonoperating expenses	3,025	1,456	1,569		Comparative Analysis of Nonoperating expenses (JPY100m)
					Foreign exchange loss 19
Ordinary income	24,983	3,469	21,514	620.2%	
Extraordinary gains and losses	-3,104	-867	-2,237		
Extraordinary gains	53	240	-187		Comparative Analysis of Extraordinary gains (JPY100m)
					Gain on sales of investment securities -2
Extraordinary losses	3,157	1,107	2,050		Comparative Analysis of Extraordinary losses (JPY100m)
					Loss on disposal of fixed assets 9
					Loss on devaluation of investment securities 13
					Asset retirement obligations and others (net) 0
Net income	13,693	1,452	12,241	843.0%	
Exchange rate (JPY/\$)	87.5	93.9	-6.4	-6.9%	
Exchange rate (JPY/€)	114.1	132.7	-18.6	-14.0%	
Naphtha Price (JPY/kl)	45,800	39,000	6,800	17.4%	

Segment Information (Consolidated) for 9 Months ended Dec.31

- Elastomer Business -

(Unit : Millions of yen)

	Third Quarter ended December 31, 2010	Third Quarter ended December 31, 2009	Increase (Decrease)	
			Amount	Percentage
Sales Quantity (thousands ton)	440.6	385.7	54.9	14.2%
Rubbers	248.2	213.0	35.1	16.5%
Latices	113.3	107.1	6.2	5.8%
Chemicals	79.2	65.6	13.6	20.7%
Net Sales (JPYm)	128,919	97,891	31,028	31.7%
Rubbers	90,769	66,894	23,875	35.7%
Latices	16,244	12,868	3,376	26.2%
Chemicals	21,929	18,141	3,788	20.9%
Eliminations and corporate	-24	-11	-13	-
Operating expenses	107,892	94,253	13,639	14.5%
Operating income	21,026	3,638	17,388	478.0%

- Specialty Materials Business -

(Unit : Millions of yen)

	Third Quarter ended December 31, 2010	Third Quarter ended December 31, 2009	Increase (Decrease)	
			Amount	Percentage
Net Sales	38,342	34,320	4,022	11.7%
Specialty materials	17,366	16,323	1,043	6.4%
Specialty plastics	20,976	17,997	2,979	16.6%
Eliminations and corporate	0	0	0	-
Operating expenses	33,071	34,093	-1,022	-3.0%
Operating income	5,271	227	5,044	2222.2%

- Others -

(Unit : Millions of yen)

	Third Quarter ended December 31, 2010	Third Quarter ended December 31, 2009	Increase (decrease)	
			Amount	Percentage
Net Sales	35,367	30,550	4,817	15.8%
Operating expenses	34,942	30,958	3,984	12.9%
Operating income	425	-408	833	-

Statements of Income (Consolidated) for 3 Months ended

(Unit : Millions of yen)

	Fiscal Year ended March 31, 2010				Fiscal Year ended March 31, 2011			Increase (Decrease) Q3/FY2010 vs. Q2/FY2010		Remarks
	Apr.- Jun. (Act.)	Jul.- Sep. (Act.)	Oct.- Dec. (Act.)	Jan.- Mar. (Act.)	Apr.- Jun. (Act.)	Jul.- Sep. (Act.)	Oct.- Dec. (Act.)	Amount	Percentage	
	Sales Quantity (thousands ton)	103.4	137.5	144.8	149.7	145.8	146.9	147.9	1.0	
Rubbers	55.0	76.2	81.8	89.0	83.4	82.3	82.5	0.1	0.1%	
Latices	29.0	38.0	40.1	36.3	36.5	37.7	39.1	1.4	3.7%	
Chemicals	19.4	23.3	22.9	24.4	25.9	26.9	26.4	-0.5	-1.8%	
Net Sales	47,310	55,394	58,962	64,211	67,578	67,439	66,665	-774	-1.1%	Comparative Analysis of Net Sales (JPY100m)
Elastomer business	27,266	33,490	37,135	40,395	42,915	42,742	43,262	520	1.2%	Quantity Variance -7
Rubbers	18,290	22,550	26,054	28,624	30,714	30,219	29,836	-383	-1.3%	Price Variance 4
Latices	3,864	4,177	4,827	4,867	5,318	5,434	5,493	59	1.1%	Exchange rate Variance -5
Chemicals	5,113	6,772	6,256	6,959	6,895	7,102	7,932	831	11.7%	
Eliminations	0	-10	-1	-55	-11	-13	0	13	-	
Specialty materials business	10,604	11,840	11,876	12,985	13,743	13,140	11,459	-1,681	-12.8%	
Specialty materials	4,812	5,788	5,723	6,485	6,087	5,879	5,401	-478	-8.1%	
Specialty plastics	5,792	6,052	6,153	6,500	7,656	7,261	6,059	-1,202	-16.6%	
Eliminations	0	0	0	0	0	0	0	0	-	
Others	9,954	10,366	10,230	11,105	11,242	11,853	12,272	418	3.5%	
Eliminations	-515	-302	-278	-274	-321	-296	-328	-31	-	
Operating expenses	-2,921	1,204	5,173	5,863	10,436	8,344	8,006	-338	-4.1%	Comparative Analysis of Operating income (JPY100m)
Elastomer business	-1,437	763	4,312	5,709	7,206	6,728	7,093	365	5.4%	Quantity Variance -4
Specialty materials business	-1,226	584	869	26	3,150	1,372	749	-623	-45.4%	Price Variance 4
Others	-269	-116	-23	104	61	213	150	-63	-29.5%	Exchange rate Variance -5
Eliminations	11	-26	14	25	20	30	13	-17	-57.2%	Raw materials price variance and others. (net) -2
										SGA 1
										Cost reduction effect 3
Ordinary income	-2,674	693	5,450	5,979	9,545	7,609	7,829	219	2.9%	
Net income	-2,292	892	2,852	3,568	4,363	4,751	4,579	-172	-3.6%	
Exchange rate (JPY/\$)	97.5	94.7	89.5	90.4	92.8	86.6	83.0	-3.6	-4.1%	
Exchange rate (JPY/€)	131.5	134.2	132.4	126.0	120.5	109.3	112.5	3.2	2.9%	
Naphtha Price (JPY/kl)	33,300	41,200	42,500	47,700	49,700	42,700	45,100	2,400	5.6%	

Comparative Balance Sheets (Consolidated)

(Unit : Millions of yen, %)

Assets						Liabilities and Net assets					
Account item	As of Dec. 31, 2010		As of Mar. 31, 2010		increase (decrease)	Account item	As of Dec. 31, 2010		As of Mar. 31, 2010		increase (decrease)
Current assets	158,129	53.4	131,632	46.8	26,497	Current liabilities	112,885	38.1	102,131	36.3	10,754
Cash and bank deposits	13,507		7,378		6,129	Notes and accounts payable-trade	68,757		48,349		20,408
Notes and accounts receivable-trade	67,839		61,540		6,299	Short-term interest-bearing debt	18,821		39,127		-20,306
Accounts receivable-other	25,637		19,319		6,318	Other current liabilities	25,307		14,655		10,652
Inventories	43,558		38,336		5,222	Long-term liabilities	68,368	23.1	70,850	25.2	-2,482
Other current assets	7,588		5,059		2,529	Long-term interest-bearing debt	54,238		56,571		-2,333
Fixed assets	138,203	46.6	149,421	53.2	-11,218	Other long-term liabilities	14,130		14,279		-149
Property, Plant and equipment	99,466		108,373		-8,907	Total Liabilities	181,253	61.2	172,981	61.5	8,272
Intangible assets	3,987		4,127		-140	Equity capital	111,260		104,648		6,612
Investment securities	29,137		31,135		-1,998	Stock acquisition rights	221		185		36
Other fixed assets	5,613		5,785		-172	Minority interests	3,598		3,239		359
Deferred charges	0	0.0	0	0.0	0	Total Net assets	115,079	38.8	108,072	38.5	7,007
						Total Liabilities and Net assets	296,333	100.0	281,053	100.0	15,280
Total Assets	296,333	100.0	281,053	100.0	15,280						

	As of Dec. 31, 2010	As of Mar. 31, 2010	Increase / decrease
Interest-bearing debt	73,059	95,698	-22,639
Equity capital	111,260	104,648	6,612
Equity ratio	37.5	37.2	0.3
D/E Ratio	0.66	0.91	-0.26

Statements of Cash Flows (Consolidated) for 9 Months ended Dec.31

(Unit : Millions of yen)

	Third Quarter ended December 31, 2010	Third Quarter ended December 31, 2009	Increase (Decrease) Amount
Cash flows from operating activities	40,625	30,425	10,200
Income before income taxes and minority interests	21,879	2,601	19,278
Depreciation and amortization	15,470	15,634	-164
Decrease (increase) in receivables - trade	-7,754	-16,139	8,385
Decrease (increase) in inventories	-5,814	13,714	-19,528
(Decrease) increase in payables - trade	21,776	28,140	-6,364
Income taxes refunded (paid)	-1,285	2,519	-3,804
Other, net	-3,647	-16,044	12,397
Cash flows from investing activities	-6,214	-10,363	4,149
Purchase of tangible & intangible assets	-6,329	-10,862	4,533
Purchase of investment securities	-368	-17	-351
Proceeds from sales and redemption of investment securities	7	475	-468
Other, net	476	41	435
Free Cash flows	34,411	20,062	14,349
Cash flows from financing activities	-27,531	-18,352	-9,179
(Decrease) increase of interest-bearing debt	-22,376	-17,554	-4,822
Dividends paid	-2,326	-709	-1,617
Repurchase of treasury stock	-2,775	0	-2,775
Other, net	-54	-89	35
Effect of exchange rate changes on cash and cash equivalents	-468	60	-528
Net increase (decrease) in cash and cash equivalents	6,412	1,770	4,642
Cash and cash equivalents at beginning	6,912	5,008	1,904
Increase in cash due to change in number of consolidated subsidiaries	124	131	-7
Cash and cash equivalents at end	13,448	6,909	6,539

Forecast of Operating Performance FY2010 (Consolidated)

FY2010 (Apr. 1, 2010 through Mar. 31, 2011)

(Unit : Millions of yen)

	Latest Forecast (Announced on Nov.9, 2010)	Actual results of the corresponding period of the preceding year	Increase (Decrease)	
			Amount	Percentage
Net Sales	263,000	225,878	37,122	16.4%
Operating income	28,800	9,319	19,481	209.0%
Ordinary income	26,800	9,448	17,352	183.7%
Net income	14,900	5,020	9,880	196.8%