

# Financial Report

**The 2nd Quarter of FY2011 (From Apr. 1 to Sep. 30, 2011)**

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## November, 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.

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, 2011

(Unit : Millions of yen)

	Second Quarter ended September 30, 2011	Second Quarter ended September 30, 2010	Increase (Decrease)		Remarks
			Amount	Percentage	
<b>Net Sales</b>	<b>134,071</b>	<b>135,018</b>	<b>-946</b>	<b>-0.7%</b>	Comparative Analysis of Net Sales (JPY100m)
Elastomer Business	89,482	85,657	3,826	4.5%	Quantity Variance -123
Specialty Materials Business	25,946	26,883	-937	-3.5%	Price Variance 147
Others	19,641	23,096	-3,454	-15.0%	Exchange rate Variance -33
Eliminations	-999	-618	-381		
<b>Operating income</b>	<b>21,283</b>	<b>18,780</b>	<b>2,503</b>	<b>13.3%</b>	Comparative Analysis of Operating income (JPY100m)
Elastomer Business	18,300	13,934	4,366	31.3%	Quantity Variance -26 Raw materials price variance and others (net) -73
Specialty Materials Business	2,356	4,522	-2,166	-47.9%	Price Variance 147 SGA -5
Others	624	275	350	127.3%	Exchange rate Variance -33 Cost reduction effect 15
Eliminations	4	50	-46		
<b>Nonoperating income and expenses</b>	<b>-1,492</b>	<b>-1,626</b>	<b>134</b>	<b>-</b>	
<b>Nonoperating income</b>	<b>929</b>	<b>859</b>	<b>70</b>	<b>8.2%</b>	Comparative Analysis of Nonoperating income (JPY100m)
					Dividends income 1
<b>Nonoperating expenses</b>	<b>2,421</b>	<b>2,485</b>	<b>-64</b>	<b>-2.6%</b>	Comparative Analysis of Nonoperating expenses (JPY100m)
					Foreign exchange loss -6 Depreciation of inactive fixed assets 6
<b>Ordinary income</b>	<b>19,792</b>	<b>17,154</b>	<b>2,637</b>	<b>15.4%</b>	
<b>Extraordinary gains and losses</b>	<b>-136</b>	<b>-2,690</b>	<b>2,554</b>	<b>-</b>	
<b>Extraordinary gains</b>	<b>707</b>	<b>44</b>	<b>663</b>		Comparative Analysis of Extraordinary gains (JPY100m)
					Business Assignment 4
<b>Extraordinary losses</b>	<b>843</b>	<b>2,734</b>	<b>-1,891</b>		Comparative Analysis of Extraordinary losses (JPY100m)
					Loss on disposal of fixed assets -8
					Loss on devaluation of investment securities -5
					Asset retirement obligation -7
<b>Net income</b>	<b>12,235</b>	<b>9,114</b>	<b>3,121</b>	<b>34.2%</b>	
Exchange rate (JPY/\$)	80.2	89.7	-9.5	-10.6%	
Exchange rate (JPY/€)	115.7	114.9	0.8	0.7%	
Naphtha Price (JPY/kl)	57,000	46,200	10,800	23.4%	

# Segment Information (Consolidated) for 3 Months ended Sep.30

## - Elastomer Business -

(Unit : Millions of yen)

	Second Quarter ended September 30, 2011	Second Quarter ended September 30, 2010	Increase (Decrease)	
			Amount	Percentage
Sales Quantity (thousands ton)	270.2	292.7	-22.5	-7.7%
Rubbers	150.5	165.7	-15.3	-9.2%
Latices	67.4	74.2	-6.8	-9.2%
Chemicals	52.3	52.8	-0.5	-0.9%
Net Sales (JPYm)	89,482	85,657	3,826	4.5%
Rubbers	60,375	60,933	-558	-0.9%
Latices	11,080	10,751	329	3.1%
Chemicals	17,607	13,997	3,610	25.8%
Others	1,764	0	1,764	-
Eliminations	-1,343	-24	-1,319	-
Operating expenses	71,182	71,723	-541	-0.8%
Operating income	18,300	13,934	4,366	31.3%

## - Specialty Materials Business -

(Unit : Millions of yen)

	Second Quarter ended September 30, 2011	Second Quarter ended September 30, 2010	Increase (Decrease)	
			Amount	Percentage
Net Sales	25,946	26,883	-937	-3.5%
Specialty materials	10,059	11,966	-1,907	-15.9%
Specialty plastics	13,884	14,917	-1,033	-6.9%
Medical etc.	2,003	0	2,003	-
Eliminations	0	0	0	-
Operating expenses	23,590	22,361	1,230	5.5%
Operating income	2,356	4,522	-2,166	-47.9%

## - Others -

(Unit : Millions of yen)

	Second Quarter ended September 30, 2011	Second Quarter ended September 30, 2010	Increase (decrease)	
			Amount	Percentage
Net Sales	19,641	23,096	-3,454	-15.0%
Operating expenses	19,017	22,821	-3,804	-16.7%
Operating income	624	275	350	127.3%

# Statements of Income (Consolidated) for 3 Months ended

(Unit : Millions of yen)

	Fiscal Year ended March 31, 2011				Fiscal Year ended March 31, 2012		Increase (Decrease) Q2/FY2011 vs. Q1/FY2011		Remarks
	Apr.- Jun.	Jul.- Sep.	Oct.- Dec.	Jan.- Mar.	Apr.- Jun.	Jul.- Sep.	Amount	Percentage	
<b>Sales Quantity (thousands ton)</b>	145.8	146.9	147.9	144.2	136.0	134.2	-1.7	-1.3%	
Rubbers	83.4	82.3	82.5	80.7	75.7	74.8	-0.9	-1.1%	
Latices	36.5	37.7	39.1	35.4	33.6	33.8	0.2	0.6%	
Chemicals	25.9	26.9	26.4	28.1	26.7	25.6	-1.1	-4.1%	
<b>Net Sales</b>	67,578	67,439	66,665	68,700	66,730	67,342	612	0.9%	Comparative Analysis of Net Sales (JPY100m)
<b>Elastomer business</b>	42,915	42,742	43,262	44,516	43,987	45,496	1,509	3.4%	Quantity Variance -1
Rubbers	30,714	30,219	29,836	30,610	29,148	31,227	2,079	7.1%	Price Variance 15
Latices	5,318	5,434	5,493	5,151	5,283	5,798	515	9.7%	Exchange rate Variance -8
Chemicals	6,895	7,102	7,932	8,754	9,228	8,379	-850	-9.2%	
Others	0	0	0	0	876	888	12	1.4%	
Eliminations	-11	-13	0	0	-548	-795	-247	-	
<b>Specialty materials business</b>	13,743	13,140	11,459	11,448	13,951	11,995	-1,956	-14.0%	
Specialty materials	6,087	5,879	5,401	5,364	5,352	4,706	-646	-12.1%	
Specialty plastics	7,656	7,261	6,059	6,084	7,626	6,258	-1,367	-17.9%	
Medical.etc	0	0	0	0	973	1,030	57	-	
Eliminations	0	0	0	0	0	0	0	-	
<b>Others</b>	11,242	11,853	12,272	13,127	9,303	10,339	1,036	11.1%	
<b>Eliminations</b>	-321	-296	-328	-390	-511	-488	23	-	
<b>Operating expenses</b>	10,436	8,344	8,006	8,510	11,825	9,458	-2,367	-20.0%	Comparative Analysis of Operating income (JPY100m)
Elastomer business	7,206	6,728	7,093	7,159	9,740	8,560	-1,180	-12.1%	Quantity Variance -7
Specialty materials business	3,150	1,372	749	1,174	1,883	472	-1,411	-74.9%	Price Variance 15
Others	61	213	150	162	218	406	188	-	Exchange rate Variance -8
Eliminations	20	30	13	14	-16	20	36	-	Raw materials price variance and others. (ne -31
									SGA 2
									Cost reduction effect 5
<b>Ordinary income</b>	9,545	7,609	7,829	8,641	11,661	8,131	-3,530	-30.3%	
<b>Net income</b>	4,363	4,751	4,579	4,610	7,081	5,154	-1,927	-27.2%	
<b>Exchange rate (JPY/\$)</b>	92.8	86.6	83.0	81.8	82.0	78.4	-3.6	-4.3%	
<b>Exchange rate (JPY/€)</b>	120.5	109.3	112.5	110.5	118.5	113.0	-5.5	-4.7%	
<b>Naphtha Price (JPY/kl)</b>	49,700	42,700	45,100	52,400	59,500	54,900	-4,100	-6.9%	

# Comparative Balance Sheets (Consolidated)

(Unit : Millions of yen, %)

Assets						Liabilities and Net assets					
Account item	As of Sep. 30, 2011		As of Mar. 31, 2011		increase (decrease)	Account item	As of Sep. 30, 2011		As of Mar. 31, 2010		increase (decrease)
<b>Current assets</b>	<b>164,405</b>	<b>54.9</b>	<b>156,741</b>	<b>53.9</b>	<b>7,664</b>	<b>Current liabilities</b>	<b>110,885</b>	<b>37.0</b>	<b>105,137</b>	<b>36.2</b>	<b>5,748</b>
Cash and bank deposits	10,129		15,129		-5,000	Notes and accounts payable-trade	63,660		60,929		2,730
Notes and accounts receivable-trade	65,044		65,482		-437	Short-term interest-bearing debt	22,614		17,997		4,617
Accounts receivable-other	30,795		24,788		6,008	Other current liabilities	24,611		26,210		-1,599
Inventories	50,272		45,930		4,342	<b>Long-term liabilities</b>	<b>59,823</b>	<b>20.0</b>	<b>66,691</b>	<b>22.9</b>	<b>-6,868</b>
Other current assets	8,165		5,413		2,752	Long-term interest-bearing debt	46,559		52,866		-6,308
<b>Fixed assets</b>	<b>135,018</b>	<b>45.1</b>	<b>133,855</b>	<b>46.1</b>	<b>1,163</b>	Other long-term liabilities	13,264		13,825		-561
Property, Plant and equipment	97,936		95,942		1,994	<b>Total Liabilities</b>	<b>170,708</b>	<b>57.0</b>	<b>171,828</b>	<b>59.1</b>	<b>-1,120</b>
Intangible assets	4,174		3,996		178						
Investment securities	26,849		28,361		-1,512	Equity capital	125,100		114,875		10,225
Other fixed assets	6,060		5,556		504	Stock acquisition rights	209		234		-25
<b>Deferred charges</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	Minority interests	3,407		3,659		-252
						<b>Total Net assets</b>	<b>128,715</b>	<b>43.0</b>	<b>118,767</b>	<b>40.9</b>	<b>9,948</b>
<b>Total Assets</b>	<b>299,423</b>	<b>100.0</b>	<b>290,596</b>	<b>100.0</b>	<b>8,827</b>	<b>Total Liabilities and Net assets</b>	<b>299,423</b>	<b>100.0</b>	<b>290,596</b>	<b>100.0</b>	<b>8,827</b>

	As of Sep. 30, 2011	As of Mar. 31, 2011	Increase / decrease
Interest-bearing debt	69,173	70,864	-1,691
Equity capital	125,100	114,875	10,225
Equity ratio	41.8	39.5	2.2
D/E Ratio	0.55	0.62	-0.06

# Forecast of Operating Performance FY2011 (Consolidated)

(Unit : Millions of yen)

	Latest Forecast (Announced on Nov.8, 2011)	Actual results of the corresponding period of the preceding year	Increase (Decrease)		Previous forecast (Announced on July 27, 2011)
			Amount	Percentage	
Net Sales	260,000	270,383	-10,383	-3.8%	283,000
Operating income	32,000	35,295	-3,295	-9.3%	35,000
Ordinary income	30,000	33,623	-3,623	-10.8%	33,000
Net income	19,000	18,303	697	3.8%	20,000

Forecast of Operating Performance FY2011 (Consolidated) Announced on November 8th.2011

(Unit : 100 millions of yen)

	First Quarter ended June 30, 2011	Second Quarter ended Sep. 30, 2011	1st half (Apr - Sep)	Third Quarter ended December 31, 2011	Fourth Quarter ended March. 31, 2012	2nd half (Oct - Mar)	Fiscal Year ended March 31, 2012	Fiscal Year ended March 31, 2011	Increase (Decrease)	
									Amount	Percentage
Net Sales	667	674	1,341	629	630	1,259	2,600	2,704	-104	-3.8%
Elastomer Business	440	455	895	402	403	805	1,700	1,734	-34	-2.0%
Specialty Materials Business	140	120	260	130	130	260	520	498	22	4.4%
Others	93	103	196	102	102	204	400	485	-85	-17.5%
Eliminations	-6	-4	-10	-5	-5	-10	-20	-13	-7	-
Operating income	118	95	213	53	54	107	320	353	-33	-9.3%
Elastomer Business	97	86	183	60	60	120	303	282	21	7.4%
Specialty Materials Business	19	5	24	-9	-9	-18	6	64	-58	-90.6%
Others	2	4	6	2	3	5	11	6	5	83.3%
Eliminations	0	0	0	0	0	0	0	1	-1	-
Ordinary income	117	81	198	51	51	102	300	336	-36	-10.7%
Net income	71	51	122	34	34	68	190	183	7	3.8%

Exchange rate (JPY/\$)	82.0	78.4	80.2	75.0	75.0	75.0	77.6	86.0	-8.4	-9.8%
Exchange rate (JPY/€)	118.5	113.0	115.7	105.0	105.0	105.0	110.4	113.2	-2.8	-2.5%
Naphtha Price (JPY/kl)	59,000	54,900	57,000	52,000	52,000	52,000	54,500	47,500	7,000	14.7%
Depreciation & Amortization			97			113	210	211	-1	-0.5%
Capital Expenditures			122			128	250	103	147	142.7%
Research and Development Expenses			49			71	120	95	25	26.3%