



# **ADEKA CORPORATION FINANCIAL STATEMENTS**

As of March 31, 2008 and 2007

## PROFILE

Adeka Corporation started as Tokyo Denka Kogyo-sho, and was founded by the Furukawa Group in 1915 to produce caustic soda by the electrolyzation method. In 1917, Tokyo Denka Kogyo-sho was reformed and assumed a new name, Asahi Denka Kogyo K.K. (In June 2002, the Company's English common name has changed to Asahi Denka Co., Ltd.) In 1919, the Company started production of hydrogenated hardened oils, and expanded into the chemical industry with soda and oils & fats as its two main product lines. Since then, the Company has grown substantially in the various fields of chemical and food products.

In the Chemical products area, the Company's manufacturing base ranges from various inorganic, organic intermediate products, to plastics additives, semiconductor materials, highly functional agents for digital home appliances, and fine chemical products. With such diverse production, the Company is striving to contribute to the development of a wide range of fields, including electronics, automobiles, civil engineering and construction, electrical machinery and appliances, and pulp. In the food business, the Company has developed processed Margarine featuring low trans fatty acids, shortening and furthermore processed food using freezing and sterilization technologies and thereby aims to enhance the pleasure of eating.

At present, the Company has established production bases in Kashima, Chiba, Mie, Fuji, Akashi and Soma. R&D bases are located in Ogu, Urawa and Kuki. Also, by strengthening R&D and sales through cooperation with affiliated companies, the Company intends to establish a production system that is able to meet the diversifying needs of the market while facilitating the aggressive pursuit of business activities.

Furthermore, by expanding our presence overseas in not only occupying a leading position in the Asian market, but also by increasing our market share in Europe and the USA, the Company is dynamically globalizing its business. With our management policies "Working hard to be a forward-looking organization by staying on the cutting edge" and "Being a respected member of the world community" with superior technology that is sufficiently competitive in the global market, the Company strives to supply superior products.

In May 2006, the company name was changed from Asahi Denka Co., Ltd. to Adeka Corporation and its headquarters was moved to a new building in Higashi-ogu, Arakawa-ku, Tokyo, the birthplace of the Company.

In addition, by reestablishing the Corporate and Group brands as well as setting up the Group logo mark and slogan (***Fusion for the Future***), we will strengthen ties between Group companies and foster the mutual prosperity of the Adeka Group, domestically and overseas.

## FIVE-YEAR FINANCIAL HIGHLIGHTS

(From As of March 31, 2004 to 2008)

	Millions of yen					Thousands of U.S. dollars
	2008	2007	2006	2005	2004	2008
Net sales	191,987	174,284	165,043	151,824	141,368	1,916,229
Operating Income	16,213	16,624	17,285	14,773	12,086	161,823
Income Before Income Taxes	14,656	15,555	15,754	13,678	7,841	146,282
Net Income	8,742	9,358	9,133	7,594	4,337	87,254
Total Assets	212,511	208,318	190,424	178,126	168,004	2,121,080

  

	yen					U.S. dollars
	2008	2007	2006	2005	2004	2008
Net Income per Share	84.61	90.84	88.47	76.10	52.32	0.84
Cash Dividends per Share	22.00	22.00	20.00	14.00	11.00	0.22

Note1 : U.S. dollar figures have been calculated, for convenience only, at a rate of  
¥100.19 = US\$1

## SALES BY DIVISION

(From As of March 31, 2004 to 2008)

(Millions of yen)	
Total Net Sales :	191,987
Chemicals :	134,468 ( 70% )
Food Products :	50,785 ( 26.5% )
Other :	6,733 ( 3.5% )

# BOARD OF DIRECTORS AND STATUTORY AUDITORS

(as of June 23, 2008)

<b>Chairman &amp; CEO</b>	Hiroyuki Nakajima	<b>Managing Operating Officers</b>	Ryohei Shibata
<b>President &amp; COO</b>	Kunihiko Sakurai	<b>Operating Officers</b>	Eiichi Suzuki
<b>Director &amp; CFO</b>	Akira Iida		Kazuaki Yamanaka
<b>Director &amp; Senior Managing Operating Officer</b>	Tohru Haruna		Kazuhiko Morio
<b>Director &amp; Managing Operating Officers</b>	Koji Kawada		Kenji Tajima
	Kenshi Koga		Ryoji Kimura
<b>Director &amp; Operating Officers</b>	Kunio Nakamura		Nobuhide Tominaga
	Hiroshi Serata		Katsuyuki Takatori
	Akio Kohri		Akira Momose
<b>Independent Director</b>	Keiji Matsumoto	<b>Auditors</b>	Takumi Iio
			Kaoru Komiya
			Masatsugu Kasai
			Kazuo Itagaki
			Sin-Ichi Kiuchi
			Haruhiko Tomiyasu
			Yuzuru Fujita
			Takeo Imai

## CORPORATE DATA

(as of March 31, 2008)

<b>Established</b>	January 27, 1917
<b>Paid-in Capital</b>	22,899 million yen
<b>Stock Exchange</b>	First Section, Tokyo Stock Exchange
<b>Head Office</b>	7-2-35 Higashi-ogu Arakawa-ku, Tokyo 116-8554, Japan TEL: +81-3-4455-2803 FAX: +81-3-3809-8210
<b>Main Branch Office</b>	Osaka
<b>Branch Offices</b>	Nagoya, Fukuoka
<b>Sales Offices</b>	Sapporo, Sendai, Okayama
<b>Factories</b>	Kashima, Chiba, Mie, Fuji, Akashi, Soma
<b>Research and Development Laboratory</b>	<b>【Chemical R&amp;D Laboratory】</b> Ogu (Tokyo), Urawa (Saitama), Kuki (Saitama) <b>【Food R&amp;D Laboratory】</b> Ogu (Tokyo), Osaka (Osaka), Nagoya (Aichi)
<b>Major Shareholders</b>	The Master Trust Bank of Japan, Ltd. (Trust Account) Japan Trustee Services Bank, Ltd. (Trust Account) Asahi Mutual Life Insurance Co. Trust & Custody Services Bank, Ltd. (Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.) National Mutual Insurance Federation of Agricultural Cooperatives

**ADEKA CORPORATION**  
**CONSOLIDATED BALANCE SHEET**

As of March 31, 2008 and 2007

**Assets**

	Millions of yen		Thousands of U.S.dollars
	2008	2007	2008
<b>I Current assets:</b>			
1, Cash and time deposits	13,474	15,563	134,484
2, Notes and accounts	43,778	42,749	436,950
3, Marketable securities	5,150	3,440	51,402
4, Inventories	31,759	29,012	316,988
5, Deferred tax	1,904	1,694	19,004
6, Other	4,703	4,472	46,941
7, Allowance for doubtful receivables	(468)	(355)	(4,671)
Total current assets	<u>100,301</u>	<u>96,577</u>	<u>1,001,108</u>
<b>II Fixed Assets</b>			
1, Tangible fixed assets			
(1) Buildings and structures (Note *4)	49,168	47,784	490,748
Accumulated depreciation	(28,452)	(26,922)	(283,980)
(2) Machinery, equipment and transportation equipment (Note *4)	94,346	91,591	941,671
Accumulated depreciation	(69,371)	(68,031)	(692,394)
(3) Land (Note *3)	20,761	20,622	207,216
(4) Construction in progress	2,094	1,527	20,900
(5) Other	19,277	18,053	192,404
Accumulated depreciation	(14,357)	(13,372)	(143,298)
Total tangible fixed assets (Note *2)	<u>73,467</u>	<u>71,252</u>	<u>733,277</u>
2, Intangible Fixed Assets			
(1) Software	567	510	5,659
(2) Other	703	744	7,017
Total Intangible Fixed Assets	<u>1,271</u>	<u>1,255</u>	<u>12,686</u>
3, Investments and other assets:			
(1) Investments securities (Note *1)	32,594	38,026	325,322
(2) Long-term loans receivable	443	447	4,422
(3) Deferred tax	1,948	247	19,443
(4) Other (Note *1)	3,498	1,988	34,914
(5) Allowance for doubtful receivables	(1,013)	(1,002)	(10,111)
(6) Allowance for loss of investments	-	(475)	-
Total investments and other assets	<u>37,471</u>	<u>39,232</u>	<u>373,999</u>
Total Fixed Assets	<u>112,209</u>	<u>111,741</u>	<u>1,119,962</u>
Total	<u><u>212,511</u></u>	<u><u>208,318</u></u>	<u><u>2,121,080</u></u>

See accompanying Notes to Consolidated Financial Statements.

## Liabilities and Shareholders' Equity

	Millions of yen		Thousands of U.S.dollars
	2008	2007	2008
<b>Liabilities:</b>			
I .Current liabilities:			
1, Notes and accounts payable	34,432	33,397	343,667
2, Short-term loans payable	15,014	14,178	149,855
3, Accrued income taxes	3,563	4,139	35,562
4, Reserve for bonuses	2,021	2,043	20,172
5, Reserve for directors' and statutory auditors' bonuses	57	60	569
6, Other (Note *2, *5)	9,591	8,029	95,728
Total current liabilities	<u>64,680</u>	<u>61,848</u>	<u>645,573</u>
II .Long-term liabilities:			
1, Long-term loans payable (Note *2)	9,709	10,353	96,906
2, Deferred tax liabilities	319	1,094	3,184
3, Deferred tax liabilities due to land revaluation (Note *3)	4,732	4,732	47,230
4, Reserve for retirement benefits	8,620	8,578	86,037
5, Liability for director and statutory auditor retirement benefits	485	467	4,841
6, Other	1,937	1,999	19,333
Total long-term liabilities	<u>25,805</u>	<u>27,225</u>	<u>257,561</u>
Total liabilities	<u>90,485</u>	<u>89,074</u>	<u>903,134</u>
<b>Net assets:</b>			
I .Shareholders Equity:			
1, Capital stock	22,899	22,793	228,556
2, Capital surplus	19,925	19,819	198,872
3, Retained earnings	70,149	63,759	700,160
4, Treasury stock	(176)	(173)	(1,757)
Total shareholders equity	<u>112,799</u>	<u>106,200</u>	<u>1,125,851</u>
II .Valuation and Exchange Differential:			
1, Valuation difference on available-for-sale securities	2,485	6,314	24,803
2, Reserve for land revaluation (Note *3)	3,333	3,333	33,267
3, Translation adjustments	669	807	6,677
Total valuation and translation adjustments	<u>6,488</u>	<u>10,455</u>	<u>64,757</u>
III .Minority interests:			
Minority interests	2,738	2,588	27,328
Total net assets	<u>122,026</u>	<u>119,244</u>	<u>1,217,946</u>
Total liabilities and net assets	<u>212,511</u>	<u>208,318</u>	<u>2,121,080</u>

See accompanying Notes to Consolidated Financial Statements.

**ADEKA CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S.dollars
	2008	2007	2008
<b>I . Cash flows from operating activities</b>			
1, Income before income taxes, etc.	14,656	15,555	146,282
2, Depreciation	7,239	6,581	72,253
3, Loss on valuation of contributions to affiliated compan	218	-	2,176
4, Loss on valuation of investment securities	49	81	489
5, Gain on sale of investment securities	(242)	(109)	(2,415)
6, Gain on sale of shares in affiliated company	(111)	-	(1,108)
7, Casualty insurance revenue	(347)	-	(3,463)
8, Loss on valuation of available-for-sale securities	-	16	-
9, Increase in allowance for doubtful accounts	116	14	1,158
10, Gain on accrued pension and severance costs	45	263	449
11, Interest received	(536)	(513)	(5,350)
12, Dividends received	612	443	6,108
13, Loss (gain) on fluctuation of foreign exchange	128	(141)	1,278
14, Equity in earnings	(411)	(459)	(4,102)
15, Loss on disposal of property, plant and equipment	630	513	6,288
16, Loss on sale of fixed assets (gain)	9	(13)	90
17, Variation in allowance for investment loss	-	475	-
18, Increase in trade receivable	(650)	(3,618)	(6,488)
19, Increase in inventories	2,617	(2,734)	26,120
20, Increase in trade payables	639	2,958	6,378
21, Other	911	(970)	9,093
Net	<u>20,341</u>	<u>18,343</u>	<u>203,024</u>
22, Interest and cash dividends received	681	592	6,797
23, Interest paid	(612)	(436)	(6,108)
24, Casualty insurance benefits received	495	-	4,941
25, Income taxes paid	(6,365)	(6,080)	(63,529)
Total	<u>14,541</u>	<u>12,418</u>	<u>145,134</u>
<b>II . Cash flows from investing activities</b>			
1, Proceeds from sale of marketable securities	-	99	-
2, Payment for purchase of property, plant and equipment	(10,568)	(9,337)	(105,480)
3, Payment for purchase of intangible assets	(495)	(248)	(4,941)
4, Payment for purchase of investment securities	(3,114)	(832)	(31,081)
5, Proceeds from sale of investment securities	736	190	7,346
6, Payments for acquisition of equity of subsidiaries and affiliates	(184)	(130)	(1,837)
7, Proceeds from sale of shares in affiliated company	194	-	1,936
8, Acquisition of other investments	(216)	(137)	(2,156)
9, Other	(659)	20	(6,578)
Total	<u>(14,308)</u>	<u>(10,376)</u>	<u>(142,809)</u>
<b>III . Cash flows from financing activities</b>			
1, Decrease in short-term debt	641	1,923	6,398
2, Proceeds from long-term debt	297	7,953	2,964
3, Repayment of long-term debt	(831)	(6,184)	(8,294)
4, Proceeds from issuance of common stocks	211	160	2,106
5, Dividends paid	(2,272)	(2,367)	(22,677)
6, Dividends paid to minority shareholders	(59)	(61)	(589)
7, Other	(43)	(120)	(429)
Total	<u>(2,055)</u>	<u>1,303</u>	<u>(20,511)</u>
<b>IV . Effect of exchange rate changes on cash and cash equivalents</b>	<u>(218)</u>	<u>80</u>	<u>(2,176)</u>
<b>V . Net decrease in cash and cash equivalents</b>	<u>(2,041)</u>	<u>3,426</u>	<u>(20,371)</u>
<b>VI . Cash and cash equivalents at beginning of period</b>	<u>18,020</u>	<u>14,052</u>	<u>179,858</u>
<b>VII . Increase in cash and cash equivalents for new consolidated subsidiaries</b>	<u>84</u>	<u>541</u>	<u>838</u>
<b>VIII . Cash and cash equivalents at end of period</b>	<u><u>16,063</u></u>	<u><u>18,020</u></u>	<u><u>160,325</u></u>

**ADEKA CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**

For the two years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S.dollars
	2008	2007	2008
I. Net sales	191,987	174,284	1,916,229
II. Cost of sales (Note *2)	149,086	132,742	1,488,033
Gross Profit	42,900	41,541	428,186
III. Selling, general and administrative expenses (Note *1,*2)	26,686	24,916	266,354
Operating income	16,213	16,624	161,823
IV. nonoperating income:			
1, Interest received	149	105	1,487
2, Dividends received	387	407	3,863
3, Equity in earnings	411	459	4,102
4, Gain on fluctuation of foreign exchange	-	191	-
5, Other income	320	358	3,194
V. nonoperating expenses			
1, Interest received	(612)	(443)	(6,108)
2, Loss on the disposal of inventories	(397)	(419)	(3,962)
3, Loss on valuation of inventories	-	(233)	-
4, Loss on fluctuation of foreign exchange	(532)	-	(5,310)
5, Other losses	(746)	(388)	(7,446)
Ordinary income	15,193	16,660	151,642
VI. Extraordinary income			
1, Gain on sale of investment securities	249	109	2,485
2, Gain on sale of shares in affiliated company	111	-	1,108
3, Gain on insurance claims (Note *3)	347	-	3,463
VII. Extraordinary losses			
1, Loss on the disposal of fixed assets (Note *4)	(630)	(513)	(6,288)
2, Valuation loss of investment securities	(49)	(81)	(489)
3, Loss on valuation in stocks of affiliated company	-	(53)	-
4, Loss on valuation of contributions to affiliated company	(218)	-	(2,176)
5, Valuation loss of available-for-sale securities	-	(16)	-
6, Provision for allowance for loss on investment	-	(475)	-
7, Loss on business transfer	(155)	-	(1,547)
8, Expense for voluntary recalls of products	-	(73)	-
9, Casualty loss	(192)	-	(1,916)
Income before income taxes	14,656	15,555	146,282
Income taxes:			
Income taxes, residence taxes and enterprise taxes	5,762	5,787	57,511
Income tax effect adjustment	(250)	193	(2,495)
Minority interests in earnings of consolidated subsidiaries	401	216	4,002
Net income	8,742	9,358	87,254
Per share amounts	yen		U.S. dollars (Note 1)
Net income (primary)	84.61	90.84	0.84
Net income (fully diluted)	84.54	90.39	0.84
Cash dividends	22.00	22.00	0.22

See accompanying Notes to Consolidated Financial Statements.

**ADEKA CORPORATION**  
**CONSOLIDATED STATEMENT OF CHANGE IN OWNERS' EQUITY**

For the two years ended March 31, 2008 and 2007

	Number of Shares issued	Millions of yen		
		Common stock (yen)	Capital surplus (yen)	Retained earnings (yen)
Balance at March 31, 2006	103,212,942	22,713	19,739	57,508
Increase by exercise of right to reserve new stock	-	80	80	-
Cash dividends paid	-	-	-	(2,371)
Directors' and statutory auditors' bonuses	-	-	-	(66)
Net income	-	-	-	9,358
Decrease in surplus of newly consolidated subsidiaries	-	-	-	(668)
Balance at March 31, 2007	103,401,942	22,793	19,819	63,759
Increase by exercise of right to reserve new stock	-	105	105	-
Cash dividends paid	-	-	-	(2,274)
Net income	-	-	-	8,742
Decrease in surplus of newly consolidated subsidiaries	-	-	-	(78)
Balance at March 31, 2008	103,651,442	22,899	19,925	70,149

	Thousands of U.S. dollars		
	Common stock	Capital surplus	Retained earnings
Balance at March 31, 2007	227,498	197,814	636,381
Increase by exercise of right to reserve new stock	1,048	1,048	
Cash dividends paid			(22,697)
Net income			87,254
Decrease in surplus of newly consolidated subsidiaries			(779)
Balance at March 31, 2008	228,556	198,872	700,160

## **TO CONSOLIDATED FINANCIAL STATEMENTS**

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### **Basis of Presenting Financial Statements**

The accompanying consolidated financial statements of ADEKA Corporation. (the "Company") and its consolidated subsidiaries (together the "Companies") have been prepared in accordance with accounting principles and practices generally accepted in Japan and have been compiled from the consolidated financial statements filed with the Ministry of Finance in Japan.

In these statements, the accompanying notes include additional information that is not required under accounting principles and practices generally accepted in Japan.

The U.S. dollar amounts included herein are solely for the convenience of readers outside Japan and have been translated from the Japanese yen amounts at the rate of ¥100.19 = US\$1, the approximate exchange rate prevailing on March 31, 2008.

### **I . Basic Matters for Creating Consolidated Financial Statements**

Fiscal year under review (from April 1, 2007 to March 31, 2008)

#### **1. Scope of consolidation**

(1) Consolidated subsidiaries (22 companies)

##### **【Japan】 (10 companies)**

- ADEKA Chemical Supply Corp.
- ADEKA Clean Aid Corp.
- ADEKA Fine Foods Corp.
- ADEKA Engineering & Construction Corp.
- Oxirane Chemical Corp.
- ADEKA Foods Sales Corp.
- ADEKA Logistics Corp.
- Yongo Co., Ltd.
- ADEKA Life-Create Corp.
- Uehara Foods Industry Co., Ltd.

##### **【Overseas】 (12 companies)**

- Amfine Chemical Corp.
- ADEKA (Singapore) Pte. Ltd.
- Chang Chiang Chemical Co., Ltd.
- ADEKA Korea Corp.
- ADEKA Fine Chemical Korea Corp.
- ADEKA (Asia) Pte. Ltd.
- ADEKA Europe GmbH
- ADEKA Fine Chemical Taiwan Corp.
- ADEKA Palmarole SAS
- ADEKA (Shanghai) Co., Ltd.
- ADEKA Fine Chemical (Shanghai) Co., Ltd.
- ADEKA Fine Chemical (Changshu) Co., Ltd.

Since the importance of Uehara Foods Industry Co., Ltd. increased, it was included in the scope of consolidation in the fiscal year under review.

## (2) Non-consolidated subsidiaries

The major non-consolidated subsidiaries are Tokyo Environmental Measurement Center Co. Ltd. and ADEKA Fine Chemical (Thailand) Co., Ltd.

Since the total assets, net sales, net income or loss, retained earnings, etc. of 13 non-consolidated subsidiaries do not have a significant influence on the consolidated financial statements, they are excluded from the scope of consolidation.

## 2. Application of the equity method

### (1) Scope of application of the equity method

Three of 19 affiliates: Nihon Nohyaku Co., Ltd., Kashima Chemical Co., Ltd. and CO-OP Clean Co., Ltd.

Each of the 13 non-consolidate subsidiaries (including Tokyo Environmental Measurement Center) and 16 affiliates (including Kashima Chlorine & Alkali) to which the equity method is not applied has only a minor influence on consolidated net income or loss, retained earnings, etc., and they are as a whole of little importance. They are therefore excluded from the scope of application of the equity method.

### (2) Fiscal years of equity method affiliates

The accounting dates of Nihon Nohyaku Co., Ltd., Kashima Chemical Co., Ltd. and CO-OP Clean Co., Ltd. are September 30, December 31 and March 20, respectively. The adjustments necessary for application of the equity method are made for each affiliate.

## 3. Fiscal years of consolidated subsidiaries

(1) The accounting date of Amfine Chemical Corp., ADEKA (Singapore) Pte. Ltd., Chang Chiang Chemical Co., Ltd., ADEKA Korea Corp., ADEKA Fine Chemical Korea Corp., ADEKA (Asia) Pte. Ltd., ADEKA Europe GmbH, ADEKA Fine Chemical Taiwan Corp., ADEKA Palmarole SAS, ADEKA (Shanghai) Co., Ltd., ADEKA Fine Chemical (Shanghai) Co., Ltd., ADEKA Fine Chemical (Changshu) Co., Ltd., and Uehara Foods Industry Co., Ltd. is December 31.

The financial statements of these companies as of December 31 are used in preparing consolidated financial statements. For transactions occurring between the accounting date and the consolidated accounting date, adjustments necessary for consolidated accounting are made.

(2) The accounting date of eight companies including ADEKA Chemical Supply Corp. is March 31.

#### 4. Accounting practices

##### (1) Valuation standards and methods for important assets

###### (a) Securities

###### (i) Shares of subsidiaries and affiliates

Mainly the cost method based on the moving-average method is applied.

###### (ii) Other securities

###### · Securities with market value

For stocks the market value method based on the average of market prices in a month preceding the end of the fiscal year is used; for other securities the market value method based on the market price at the end of the fiscal year is used (valuation variance is reported as a component of net assets, and cost of products sold is calculated mainly using the moving-average method).

###### · Securities without market value

Mainly the cost method based on the moving-average method is employed.

###### (b) Derivatives

The market value method is applied.

###### (c) Inventories

###### · Products, half-finished products, products in progress

The Company applies the lower-of-cost-or-market method using the gross average method, and consolidated subsidiaries employ mainly the cost method using the moving-average method.

###### · Articles for sale

Mainly the last cost method is applied.

###### · Raw materials and inventory goods

The Company applies the lower-of-cost-or-market method using the moving-average method, and consolidated subsidiaries employ mainly the cost method using the moving-average method.

##### (2) Depreciation method for important depreciable assets

###### (a) Tangible fixed assets

The fixed amount method is applied for the Company's buildings (excluding equipment attached to the buildings) and machinery. The fixed percentage method is employed for others.

###### · Durable years are as follows:

Buildings and structures    3 to 60 years

Machinery and vehicles    7 to 17 years

Others                            3 to 20 years

###### (Change in accounting policy)

Starting the period under review, the Company and domestic consolidated subsidiaries depreciate the tangible fixed assets that have been acquired since April 1, 2007 by the depreciation method under the revised Corporation Tax Law.

Because of the change, operating income, ordinary income, and income before income taxes each fell ¥161 million. The effect of the change on each operating segment is described in the segment information below.

(Additional information)

In association with the revision of the Corporation Tax Law, certain domestic consolidated subsidiaries depreciate equally the difference between the memorandum price and 5% of the acquisition price of the asset that was acquired before March 31, 2007 in five years from the fiscal year following the one when the asset is depreciated to 5% of the acquisition cost under the Corporation Tax Law before the revision.

The effect of the change on operating income, ordinary income, and income before income taxes was minor.

(b) Intangible fixed assets

The fixed amount method is used.

The fixed amount method based on an estimated useful life of five years is applied for software (in-house use).

(3) Accounting procedure for deferred assets

All new share delivery costs are accounted for as expenses at the time of payment.

(4) Accounting standards for allowances

(a) Allowance for bad debt

The Company records estimated unrecoverable amounts based on loan loss ratio for general debts and considering the collectibility of each specific debt such as possible bad debt in anticipation of default of credit such as bills receivable, accounts receivable-trade and loans.

(b) Accrued bonuses

The Company records an estimated bonus amount to pay in the fiscal year under review so that it will appropriate the amount for the payment of bonuses for employees.

(c) Accrued officers' bonuses

The Company posts an estimated bonus amount to pay in the fiscal year under review so that it will appropriate the amount for the payment of bonuses for officers.

(d) Accrued retirement benefits

In anticipation of retirement benefits for employees, the Company records the amount estimated to have occurred at the end of the fiscal year under review, based on the estimated liability for retirement benefits.

The past service cost is reported as an expense by means of the fixed amount method for certain years within the employees' average remaining period at the time of the occurrence.

Actuarial differences are reported as an expense from the fiscal year following the fiscal year of the occurrence by means of the fixed amount method for certain years within the employees' average remaining period at the time of the occurrence.

(e) Allowance for officers' retirement bonuses

The Company records an amount to pay at the end of the fiscal year under review under internal regulations so that it will appropriate the amount for the payment of retirement bonuses to be paid when officers retire.

(5) Method for translating assets and liabilities in foreign currencies into yen

Monetary assets and liabilities denominated in foreign currencies are translated into yen based on spot exchange rates on the consolidated accounting date. Translation differences are appropriated as profit and loss.

The assets and liabilities and revenues and expenses of foreign subsidiaries etc. are translated into yen based on spot exchange rates on the consolidated accounting date. Translation differences are included in foreign currency translation adjustments in net assets and in minority interests.

(6) Accounting for important lease transactions

For finance lease transactions where the ownership of leased property is not transferred to the borrower, accounting procedures for ordinary lease transactions are applied.

(7) Other important matters

The net of tax accounting method is used for consumption tax and local consumption tax.

## **5. Appraisal method for consolidated subsidiaries' assets and liabilities**

All assets and liabilities of consolidated subsidiaries are appraised using the fair value method.

## **6. Amortization of goodwill and negative goodwill**

Goodwill and negative goodwill are amortized equally in five years from the occurrence.

## **7. Scope of funds in consolidated statement of cash flows**

Funds (cash and cash equivalents) in the consolidated statement of cash flows consist of cash at hand, demand deposits, and short-term, highly liquid investments, each having its maturity date within three months of the date of acquisition, easily convertible, and having only a slight value fluctuation risk.

## **II. Change in presentation**

Fiscal year under review from April 1, 2007 to March 31, 2008

### **1. Consolidated statements of income**

Since the account "loss on valuation of inventories," which was a separate item for the preceding fiscal year, became 10% or less of non-operating expenses, it is included in the account "others" under non-operating expenses.

Loss on valuation of inventories included in others of non-operating expenses for the fiscal year under review is ¥57 million.

### III. Notes

#### (Consolidated Balance Sheet)

Fiscal year under review (March 31, 2008)

(Note) 1.

\*1. Investment in non-consolidated subsidiaries and affiliates

Investment securities (shares)	¥11,794 million
Others (investments)	615 million

\*2. Pledged assets

Of tangible fixed assets,

Buildings and structures	¥210 million
Land	280 million
Total	491 million

are pledged as security for the following debts:

Long-term debt	¥686 million
Current portion of long-term debt	55 million
Total	742 million

\*3. The Company reevaluates land used for business purposes, records tax relating to the revaluation variance in liabilities as a deferred tax liability relating to revaluation, and posts the revaluation variance less the tax in net assets as a revaluation variance for land under the Land Revaluation Law (Law No. 34 of March 31, 1998) and the Laws to Amend the Land Revaluation Law (Law No. 24 of March 31, 1999; Law No. 19 of March 31, 2001).

·Revaluation method: The Company makes a reasonable adjustment to the price registered in the land tax register book specified in Article 341, item 10 of the Local Tax Law as stipulated in Article 2, item 3 of the Enforcement Rules of the Land Revaluation Law (Government Ordinance No. 119 of March 31, 1998).

·Date of reevaluation: March 31, 2002

·Difference between the market value and book value of the land after the revaluation at the end of the fiscal year under review: Minus ¥3,826 million.

\*4. The following is a breakdown of advanced depreciation taken from acquisition prices in association with the reception of casualty insurance benefits in relation to accidents and disasters:

Buildings and structures	¥0 million
Machinery and vehicles	14 million
Total	15 million

\*5. The following is an advanced depreciation special suspense account included in other in current liabilities:

Machinery and vehicles	¥132 million
Total	132 million

(Note) 2.

Guarantee obligation

There are guarantee obligations to the debts of the following companies:

PALMAROLE COMPOUNDS SA	¥616 million
ADEKA Foods (Changshu) Co., Ltd.	545 million
ADEKA Fine Chemical (Thailand) Co., Ltd.	228 million
Ito Seipan K.K.	80 million
Others	0 million
<hr/>	
Total	1,469 million

(Note) 3.

Discounted notes receivable ¥84 million

(Note) 4.

Liquidation of sales credit

The Group has conducted a liquidation of credit by transferring part of its sales credit and is required to make repurchase through the liquidation of notes receivable.

Obligation to repurchase through the liquidation of notes receivable	¥575 million
<hr/>	
Total	575 million

**(Consolidated Statement of Cash Flows)**

Fiscal year under review (from April 1, 2007 to March 31, 2008)

Relationship between cash and cash equivalents at the end of the year and amounts recorded in the consolidated balance sheet

Cash and deposits	¥ 13,474 million
Deposits committed for more than three months	(1,235) million
Cash and cash equivalents within MMFs included in the securities account	3,825 million
<hr/>	
Cash and cash equivalents	16,023 million

## (Consolidated Statement of Income)

Fiscal year under review (from April 1, 2007 to March 31, 2008)

(Note)

\*1. Selling, general and administrative expenses

Major expense items and their amounts are as follows :

Freight-out:	¥6,856 million
Wages and bonuses:	5,483 million
Research and development expense:	3,878 million
Provision for bonuses:	720 million
Transfer from retirement allowance reserve:	364 million
Transfer from officers' retirement allowance reserve:	137 million
Transfer to allowance for bad debt:	128 million
Provision for officers' bonuses:	56 million

\*2. Research and development expense included in general and administrative expenses and production costs for the fiscal year under review: ¥7,414 million

\*3. The following is a breakdown of gains on insurance claims from accidents and disasters:

Insurance benefits received:	¥ 495 Million
Tangible fixed assets advanced depreciation reduction:	(15) million
Transfer to advanced depreciation special suspense account:	(132) million
Total	<u>347 million</u>

\*4. The following is a breakdown of loss on disposals of fixed assets:

Buildings and structures:	¥46 million
Machinery and vehicles:	538 million
Others:	46 million

\*5. Fixed costs etc. during the period when the plant of the consolidated subsidiary Oxirane Chemical Corp. did not work due to an accident.

## (Consolidated Statement of Change in Owners' Equity)

Fiscal year under review (from April 1, 2007 to March 31, 2008)

### 1. Type and number of shares issued and type and number of shares of treasury stock

	Number of shares at end of previous fiscal year (shares)	Increase in number of shares during fiscal year under review (shares)	Decrease in number of shares during fiscal year under review (shares)	Number of shares at end of fiscal year under review (shares)
Number shares issued Common stock (note 1)	103,401,942	249,500	—	103,651,442
Total	103,401,942	249,500	—	103,651,442
Number of shares of treasury stock Common stock (note 2)	278,347	2,381	685	280,043
Total	278,347	2,381	685	280,043

(Note)

1. The number of common shares issued increased 249,500 shares through the exercise of stock options.
2. The number of common shares of treasury stock rose 2,381 shares through fractional share repurchases and fell 685 shares on changes in equity in equity method affiliates.

### 2. Dividends

#### (1) Dividends paid

(Resolution)	Type of shares	Total amount of dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Annual shareholders' meeting on June 22, 2007	Common share	1,135	11	March 31, 2007	June 25, 2007
Board of Directors meeting on November 14, 2007	Common share	1,138	11	September 30, 2007	December 7, 2007

(2) Dividends whose record date belongs to the fiscal year under review and whose effective date belongs to the following fiscal year

(Resolution)	Type of shares	Total amount of dividends (million yen)	Money to pay dividends	Dividend per share (yen)	Record date	Effective date
Annual shareholders' meeting on June 23, 2008	Common share	1,138	Retained earnings	11	March 31, 2008	June 24, 2008

## (Lease Transactions)

Fiscal year under review (from April 1, 2007 to March 31, 2008)

Finance lease transactions where the ownership of leased property is not transferred to the borrower

(i) Acquisition cost equivalent, accumulated depreciation, accumulated impairment loss, and outstanding balance at end of fiscal year of leased property

	Machinery and vehicles	Others	Total
	Million yen	Million yen	Million yen
Acquisition cost equivalent	431	628	1,059
Amount equivalent to accumulated depreciation	<u>274</u>	<u>286</u>	<u>561</u>
Outstanding balance at end of fiscal year	<u>156</u>	<u>341</u>	<u>498</u>

Since the rate of the outstanding leasing charge at the end of the term to the tangible fixed assets at the end of the term is low, the acquisition cost equivalent is inclusive of interest expenses.

(ii) Outstanding leasing charge for the remaining period at the end of the term, etc.

• Outstanding leasing charge for the remaining period at the end of the term

Within one year      ¥174 million

Over one year      323 million

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Total      498 million

Since the rate of the outstanding leasing charge at the end of the term to the tangible fixed assets at the end of the term is low, the outstanding leasing charge at the end of the term is inclusive of interest expenses.

(iii) Leasing fees paid, amount paid in lease property impairment account, depreciation expense, and impairment loss

Leasing fees paid      ¥ 203 million

Depreciation expense      203 million

(iv) Accounting method for depreciation expense

The fixed amount method is applied. The lease period is durable years, and the residual value is zero.

• Operating lease transaction

Leasing charge for the remaining period

Within one year      ¥140 million

Over one year      765 million

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Total      906 million

(Impairment loss)

There is no impairment loss allotted to leased property.

## (Securities)

Fiscal year under review (from April 1, 2007 to March 31, 2008)

### 1. Other securities with market value

Classification Type	Fiscal year under review (March 31, 2008)		
	Acquisition cost	Consolidated balance	Difference (million yen)
Securities whose amount recorded in the consolidated balance sheet exceeds the acquisition cost			
(i) Stocks	5,268	10,101	4,832
(ii) Bonds	-	-	-
(iii) Others	2,791	2,824	32
Subtotal	8,060	12,925	4,865
Securities whose amount recorded in the consolidated balance sheet does not exceed the acquisition cost			
(i) Stocks	3,032	2,334	(698)
(ii) Bonds	60	59	0
(iii) Others	1,308	1,219	(89)
Subtotal	4,401	3,613	(787)
Total	12,461	16,539	4,077

### 2. Other securities sold

- Sale proceeds                      ¥736 million
- Total gain from sale                249 million
- Total loss from sale                 7 million

### 3. Major securities without market value

Securities	Fiscal year under review (March 31, 2008)
Other securities	Consolidated balance sheet amount (million yen)
(i) Unlisted shares	4,438
(ii) Unlisted bonds	110
(iii) MMF etc.	3,842
(iv) Others	1,020

### 4. Scheduled redemption amounts for other securities with maturity

Type	Fiscal year under review (March 31, 2008)			
	Within one year (million yen)	Over one year, within five years (million yen)	Over five years, within ten years (million yen)	Over ten years (million yen)
(i) Bonds				
• Public and corporate bonds	50	10	-	-
• Others	2	107	0	-
(ii) Others	1,256	1,188	-	-
Total	1,308	1,306	0	-

## **(Derivatives Trading)**

Fiscal year under review (from April 1, 2007 to March 31, 2008)

### 1. Situation of trading

#### (1) Types of trading

The Company performs exchange reservation transactions in relation to currencies, and the Company and certain subsidiaries conduct interest swap transactions in relation to interest rates.

#### (2) Policy for trading

The Company will carry out all derivatives transactions within the scope of actual transactions and will not perform speculative derivatives trading.

We conduct exchange reservation transactions in such a way that the purchase amount does not exceed the settlement amount and that the booked date is the same as the settlement amount.

We perform interest swap transactions within the actual amount raised.

#### (3) Purpose of trading

The Company and certain subsidiaries conduct the above trading to hedge the exchange and interest-rate risks and to reduce interest expenses.

#### (4) Risks relating to trading

Derivatives transactions related to currency exchange and interest rates involve market risks caused by foreign exchange and interest rate changes and credit risks associated with defaults by counterparties. Since derivatives trading is carried out to hedge part of the actual amount of trading, we think that market risks arising from the trading are associated with actual transactions.

We perform transactions with financial institutions with good credit and thus believe that there are no credit risks involved.

#### (5) Risk management system in relation to transactions

Derivative transactions by the Company and certain subsidiaries are approved under internal regulations, and transactions are reported to relevant officers regularly.

## 2. Market values of transactions

Contract price, market value, and appraisal profit or loss of derivatives trading

### (1) Currency-related trading

Classification	Type	Fiscal year under review (March 31, 2008)			
		Contract price (million yen)	Price of contracts for more than one year (million yen)	Market value (million yen)	Appraisal profit/loss (million yen)
Transaction other than market transactions	Exchange reservation transaction				
	•Purchase order Singapore dollar	1,049	-	1,022	(26)
	•Selling order Euro	928	-	928	(0)
Total		-	-	-	(27)

(Note)

Market value accounting method

Exchange reservation transaction

The forward exchange rate is applied.

### (2) Interest rate-related trading

Type	Fiscal year under review (March 31, 2008)			
	Contract price (million yen)	Price of contracts for more than one year (million yen)	Market value (million yen)	Appraisal profit/loss (million yen)
Interest swap transaction Floating receipt, fixed payment	5,555	5,321	(59)	(59)
Total	5,555	5,321	(59)	(59)

(Note)

Market value accounting method

Interest swap transaction

The price offered by the correspondent financial institution is used.

## (Retirement Benefits)

Fiscal year under review (March 31, 2008)

### 1. Outline of the retirement benefit plan adopted

The Company and certain consolidated subsidiaries have established a retirement lump-sum grants plan, which is a defined-benefit plan, and a retirement benefit scheme, which is a defined-contribution plan. The other domestic subsidiaries participate in a smaller enterprise retirement allowance mutual aid system. Additional retirement benefits may be paid when employees retire.

### 2. Retirement benefit debt

	Fiscal year under review (March 31, 2008)
a. Retirement benefit debt (million yen)	(11,399)
b. Pension assets (million yen)	-
c. Non-reserved retirement benefit debt (million yen) (a + b)	(11,399)
d. Unrecognized past service liabilities (million yen)	1,958
e. Unrecognized actuarial differences (million yen)	820
f. Net amount recorded on consolidated balance sheet (million yen) (c + d + e)	(8,620)
g. Prepaid pension expenses (million yen)	-
h. Allowance for retirement benefits (million yen) (f - g)	(8,620)

(Note)

Certain subsidiaries use simple methods for calculating retirement benefit debt.

### 3. Matters relating to retirement benefit expenses

	Fiscal year under review (March 31, 2008)
a. Employment expense (million yen) (note 1)	652
b. Interest cost (million yen)	229
c. Expected investment profit (million yen)	-
d. Amount of expense appropriated for past service liabilities (million yen)	132
e. Amount of expense appropriated for actuarial differences (million yen)	103
f. Retirement benefit expenses (million yen) (a + b + c + d + e)	1,116

(Note)

- The retirement benefit expenses of the consolidated subsidiaries using simple methods are recorded in item a. "employment expense."
- In addition to the above retirement benefit expenses, the Company and certain consolidated subsidiaries recorded retirement benefit expenses for their defined-contribution plans. The additional expenses amounted to ¥129 million for the fiscal year under review.

### 4. Matters relating to retirement benefit expenses

	Fiscal year under review (March 31, 2008)
a. Method of allocating expected retirement benefits to periods of service	• Same amount for each term
b. Discount rate	• Mainly 2.1%
c. Expected investment earning ratio	-
d. Years for handling past service liabilities	• Reported as an expense by means of the fixed amount method for certain years within the employees' average remaining years of service at the time of occurrence.
e. Years for handling actuarial differences	• Reported as an expense from the fiscal year following the fiscal year of occurrence by means of the fixed amount method for certain years within the employees' average remaining years of service at the time of occurrence.

## (Stock Options)

Fiscal year under review (from April 1, 2007 to March 31, 2008)

### Description, scale, and change of stock options

#### (1) Description of stock options

	2001 stock option
Classifications and numbers of persons given stock options	14 directors of the Company 1,068 employees of the Company
Number of stock options	2,076,000 common shares
Grant date	August 1, 2001
Conditions for rights being vested	Qualified as a director or an administration officer of the Company on June 27, 2001, a managerial-level staff member, or an employee working for the Company for ten years or more on April 1, 2001
Period of service	From August 1, 2001 to June 30, 2003
Period for exercising rights	Four years (from July 1, 2003 to June 30, 2007)

#### (2) Scale and changes of stock options

Stock options existed in the fiscal year under review are counted. The number of stock options are converted to the number of shares.

##### (i) Number of stock options

	2001 stock option
Rights yet to be vested (shares) at the end of the preceding fiscal year	-
Granted	-
Lost	-
Vested	-
Yet to be vested	-
Rights vested (shares) at the end of the preceding fiscal year	406,000
Vested	-
Rights exercised	249,500
Lost	156,500
Rights yet to be exercised	-

##### (ii) Unit price information

	2001 stock option
Exercise price (yen)	848
Stock average at the time of exercise (yen)	1,320
Fair unit price (grant date) (yen)	-

## (Tax Effect Accounting)

### 1. Breakdown of deferred tax assets and deferred tax liabilities by reason of occurrence

	Fiscal year under review (March 31, 2008)
Deferred tax assets	
Accrued bonuses	¥ 813 million
Reversal of unpaid enterprise tax	275 million
Allowance for retirement benefits	3,466 million
Allowance for doubtful accounts in excess of the limit for income tax	519 million
Reversal of loss on impairment of fixed assets	146 million
Reversal of loss on devaluation of shares	115 million
Reversal of loss on devaluation of shares in affiliates	411 million
Reversal of loss on devaluation of other investments	104 million
Reversal of allowance for directors' retirement bonuses	165 million
Unrealized gains	563 million
Others	1,028 million
Deferred tax assets subtotal	7,609 million
Allowance account	(2,095) million
Deferred tax assets total	5,513 million
Deferred tax liabilities	
Reverse for deferred tax on fixed assets	(122) million
Other differences on revaluation of securities	(1,623) million
Others	(284) million
Net deferred tax assets	3,482 million

(Note)

Net deferred tax assets in the preceding fiscal year and the fiscal year under review are included in the following accounts in the consolidated balance sheets.

Fiscal year under review (March 31, 2008)

- Current assets-deferred tax assets ¥ 1,904 million
- Fixed assets-deferred tax assets 1,948 million
- Current liabilities-others (50) million
- Fixed liabilities-deferred tax liabilities (319) million

### 2. Major items leading to a difference between the legal effective tax rate and actual effective tax rate after the application of tax effect accounting

	Fiscal year under review (March 31, 2008)
Legal effective tax rate	40.2 %
(Adjustments)	
Investment return by the equity method	(1.1)
Items, including entertainment cost, permanently excluded from nontaxable	1.5
Items, including dividends received, permanently excluded from taxable revenues	(0.3)
Experiment and research expense tax credit	(3.2)
Others	0.5
Actual effective tax rate after the application of tax effect accounting	37.6

## (Segment Information)

Fiscal year under review (from April 1, 2007 to March 31, 2008)

### [Segment information by business type]

	Chemical products (million yen)	Food products (million yen)	Others (million yen)	Total (million yen)	Elimination or company- wide (million yen)	Consolidated (million yen)
I. Sales and operating income						
Sales						
(1) Sales to external customer	134,468	50,785	6,733	191,987	-	191,987
(2) Internal sales or transfers among segments	226	52	11,027	11,305	(11,305)	-
Total	134,694	50,837	17,760	203,293	(11,305)	191,987
Operating expense	120,824	49,291	17,040	187,156	(11,382)	175,773
Operating income	13,870	1,546	720	16,136	76	16,213
II. Assets, depreciation and amortization, and capital expenditure						
Assets	132,674	46,250	12,149	191,074	21,437	212,511
Depreciation and amortization	5,472	1,791	37	7,301	(61)	7,239
Capital expenditure	8,407	1,920	36	10,364	96	10,461

(Notes)

1. Classification into business segments is based on the types and characteristics of products
2. Main products of each business segment

Business segment		Main product
Chemicals	IT-related and electronics chemicals	Imaging materials, optical recording materials, optical hardening resins, high-purity materials for semiconductor, AFES System and etching agents, etc.
	Functional chemicals	Additives for polyolefines, PVC additives, flame retardants, epoxy resins, polyurethanes, water-borne-type resins, water-swelling sealants, surfactants, lubricants, detergents (for industrial cleaning, etc.), etc.
	Basic chemicals	Caustic soda, sodium derivatives, industrial fat derivatives, propylene glycol, hydrogen peroxide, etc.
Food products		Margarine, shortening, oils and fats for chocolate, oils and fats for frying and cooking, whipping cream, enriched milk products, fillings, frozen pie crusts, mayonnaise and dressing, pouch-packed foods, etc.
Others		Design of equipment plants, construction and construction management, maintenance of equipment, distribution, warehousing, leasing of vehicles, real estate business, insurance agency, etc.

3. Company-wide assets included in the category of elimination and company-wide in the fiscal year under review were ¥27,368 million. The major components included surplus funds (cash and securities) and long-term investment funds (investment securities) of the Company.

4. Change in accounting policy (fiscal year under review)

As stated in 4. (2) of the section "Basic Matters for Creating Consolidated Financial Statements" the Company and domestic consolidated subsidiaries depreciate the tangible fixed assets that have been acquired since April 1, 2007 by the depreciation method under the revised Corporation Tax Law. Because of the change, depreciation and amortization increased ¥132 million in chemical product, ¥26 million in food product, and ¥1 million in others. Operating expense rose ¥132 million in chemical product, ¥26 million in food product, and ¥1 million in others. Operating income fell by the same amounts.

[Geographical Segment Information]

	Japan (million yen)	Asia (million yen)	Others (million yen)	Total (million yen)	Elimination or company-wide (million yen)	Consolidated (million yen)
I. Sales and operating income						
Sales						
(1) Sales to external customers	155,722	23,037	13,227	191,987	-	191,987
(2) Internal sales or transfers among segments	12,113	9,784	63	21,962	(21,962)	-
Total	167,836	32,821	13,291	213,949	(21,962)	191,987
Operating expense	153,610	31,267	12,665	197,544	(21,770)	175,773
Operating income	14,225	1,554	625	16,405	(191)	16,213
II. Assets	169,065	19,326	8,067	196,459	16,052	212,511

(Notes)

- Countries and regions are classified based on geographical proximity.
- Major countries and regions other than Japan are classified as follows:  
Asia: South Korea, Taiwan, Singapore, and China  
Others: The United States, Germany, and France
- Company-wide assets included in the category of elimination and company-wide in the preceding fiscal year were ¥27,368 million. The major components included surplus funds (cash and securities) and long-term investment funds (investment securities) of the Company.
- Change in accounting policy (fiscal year under review)  
As stated in 4. (2) of the section “Basic Matters for Creating Consolidated Financial Statements” the Company and domestic consolidated subsidiaries depreciate the tangible fixed assets that have been acquired since April 1, 2007 using the depreciation method under the revised Corporation Tax Law. Because of the change, depreciation and amortization increased ¥161 million in Japan. Operating expense rose ¥161 million and operating income fell ¥161 million in Japan.

[Overseas Sales]

	Asia	Others	Total
I. Overseas sales (million yen)	33,295	16,131	49,427
II. Consolidated sales (million yen)	-	-	191,987
III. Ratio of overseas sales to consolidated sales (%)	17.3	8.4	25.7

(Notes)

- Countries and regions are classified based on geographical proximity.
- Major countries or regions other than Japan are classified as follows:  
Asia: Taiwan, South Korea, China, Singapore, etc.  
Others: The United States, Europe, etc.
- Overseas sales mean sales of the Company and its consolidated subsidiaries outside Japan.

[Transactions with relevant parties]

1. Officers and major individual shareholders

Classification	Company name	Location	Capital (million yen)	Business	Holdings of voting rights (%)
Company more than half of the voting rights, etc. of which are held by an officer of the company or close relatives	Takara Shoten Co.,Ltd. (Note 1)	Sumida-ku, Tokyo	10	Sale of chemical products	None

Relationship		Details of transactions	Transaction amount (million yen) (Note 3)	Account	Balance at end of term (Note 3)
Interlocking directors	Business relationship				
-	Purchasing the company's products	Purchasing raw materials (Note 2)	27	Accounts payable -trade	9

Business conditions, policy for determining business conditions, etc.

(Notes)

1. The company is managed by a close relative of Gocho Masao, a director of the Company.
2. When purchasing a raw material, the Company obtains more than one estimate and determines a source and a price, taking the market price into consideration.
3. The transaction amount does not include consumption tax. The balance at the end of the term includes consumption tax.

**(Per-Share Information)**

Fiscal year under review (from April 1, 2007 to March 31, 2008)

Net assets per share	1,153.97 yen
Net income per share	84.61 yen
Diluted net income per share	84.54 yen

(Note)

The following is the basis for computing net income per share and diluted net income per share.

	Fiscal year under review (from April 1, 2007 to March 31, 2008)
Net income (million yen)	8,742
Amount not attributable to common stockholders (million yen)	-
Net income relating to common stock (million yen)	8,742
Number of shares during the period (thousand shares)	103,328
Net income adjustment (million yen)	-
Increase in the number of common shares (thousand shares)	82
(Of the above, exercise of new stock acquisition rights (thousand shares))	(82)
Outline of potential shares of common stock not included in the calculation of diluted net income per share because of their lack of dilutive effect	

## [Consolidated Supplementary Schedules]

### [Schedule of bonds payable]

Not applicable.

### [Schedule of debts]

Classification	Balance at end of previous term (million yen)	Balance at end of term under review (million yen)	Average interest rate (%)	Due date
Short-term debt	14,178	15,014	2.462	-
Current portion of long-term debt	641	683	3.636	-
Current portion of lease obligations	-	-	-	-
Long-term debt (excluding the current portion)	10,353	9,709	2.272	April 2009 to March 2027
Lease obligations	-	-	-	-
Other interest-bearing debt	-	-	-	-
Total	25,172	25,407	-	-

(Notes)

1. The average interest rate is the weighted average interest rate for the balance of borrowings at the end of the term.
2. The following shows scheduled repayments of the long-term debt (excluding the current portion) within five years of the consolidated accounting date.

	Over one year, within two years (million yen)	Over two years, within three years (million yen)	Over three years, within four years (million yen)	Over four years, within five years (million yen)
Long-term debt	1,092	2,730	5,312	562

3. There is no other interest-bearing debt.

### [Others]

Not applicable.