

The 146th Term [April 1, 2007 – March 31, 2008]



Overview of Closing Accounts and Prospective Performance

<http://www.adeka.co.jp>

May, 2008

1. Fiscal 2007 Consolidated Performance

- ① Overview of Fiscal 2007 Consolidated Performance
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- ③ Segmental Information on Consolidated Performance
[Electronics and IT materials, functional chemicals, commodity chemicals,
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Fiscal 2007 Consolidated Performance

1-01 Overview of Fiscal 2007 Consolidated Performance

Consolidated data

(Unit: 100 million yen)

	Fiscal 2006	Fiscal 2007	Increase/ Decrease	Increase/ Decrease ratio (%)
Sales	1,742	1,919	177	10.2
Operating profit	166	162	△ 4	△ 2.5
Current profit	166	151	△ 14	△ 8.8
NET profit of the Term	93	87	△ 6	△ 6.6

NET profit per share of the Term (yen/share)	90.84	84.61
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Dividend	¥22.00	¥22.00
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Despite the record-high sales achieved, profit decreased from the previous term due to the strong effect of a steep rise in raw material prices.

1-02 Fiscal 2007 Consolidated Performance (Figures)

Consolidated data

(Unit: 100 million yen)

Consolidated closing of accounts				
	Fiscal 2007	Fiscal 2006	Increase/ Decrease	Increase/ Decrease ratio(%)
Sales	1,919	1,742	177	10.2
Electronics and IT materials	196	175	20	11.5
Functional chemicals	862	776	86	11.2
Commodity chemicals	285	268	16	6.2
Food products	507	449	58	13.0
Others	67	72	△ 4	△ 6.8
Operating profit	162	166	△ 4	△ 2.5
Electronics and IT materials	52	50	2	4.4
Functional chemicals	77	81	△ 3	△ 4.5
Commodity chemicals	8	12	△ 3	△ 28.5
Food products	15	14	1	7.3
Others	7	8	△ 1	△ 18.7

The amounts are indicated after rounding off figures less than 100 million yen.

Consolidated data

Electronics and IT materials

Functional chemicals

commodity chemicals

Food products

- Overview of the Term (Increased income and profit)
 - Deposition materials for semiconductors largely grew despite the pressure of falling prices.
 - Along with increased demand for various types of electronic devices, the demand for high-purity etching gases and photo-curing resins also increased.
 - Chemicals for flat-panel displays faced a severe situation due to the impact of intensified price competition.

(Unit: 100 million yen)

	This term	Previous term	Increase/Decrease
Sales	196	175	20
Operating profit	52	50	2

1-03 Segmental Information: Functional Chemicals

(Polymer additives, Organic chemicals, functional polymers)

Consolidated data

Electronics and IT materials

Functional chemicals

commodity chemicals

Food products

- Overview of the Term (Increased income and decreased profit)
 - Due to expanded demand for fire-resistant resins, the demand for flame retardants grew in Asia.
 - Highly functional polymer additives including light stabilizers and nucleating agents, environment-friendly, water-borne epoxy resins and polyurethanes, and engine oil additives also recorded growth.
 - Despite efforts to raise prices, performance was adversely affected by a steep rise in raw material prices.

(Unit: 100 million yen)

	This term	Previous term	Increase/Decrease
Sales	862	776	86
Operating profit	77	81	△3

Consolidated data

Electronics and IT materials

Functional chemicals

commodity chemicals

Food products

- Overview of the Term (Increased income and decreased profit)
 - There was steady demand for propylene glycol and the like, and inorganic products such as caustic soda.
 - The revision of prices due to a steep rise in raw material prices was somewhat delayed.

(Unit: 100 million yen)

	This term	Previous term	Increase/Decrease
Sales	285	268	16
Operating profit	8	12	△3

1-03 Segmental Information: Food Products

Consolidated data

Electronics and IT materials

Functional chemicals

commodity chemicals

Food products

- Overview of the Term (Increased income and profit)
 - Products featuring low trans fatty acids and reduced food additives contributed to favorable performance in response to market needs.
 - Sales expanded as a result of the endeavor to revise prices reflecting the steep rise in prices of oils, fats, and dairy product materials, and due to positive efforts to reduce costs and integrate product categories, leading to improved profit.

(Unit: 100 million yen)

	This term	Previous term	Increase/Decrease
Sales	507	449	58
Operating profit	15	14	1

Strengthening business competitiveness by selection and concentration

<Strengthening the backbone business>

【Overseas】

- ◆ Established ADEKA INDIA PVT. LTD. (a sales company) in India.
- ◆ At ADEKA FINE CHEMICAL KOREA CORP. (a manufacturing company):
 - Reinforced the production capacity for semiconductor-related materials.
 - Reinforced the production capacity for powder stabilizers for PVC.
 - Acquired 100% ownership.

【In Japan】

- ◆ Mie factory : Introduced an assessment facility for highly functional materials for IT and digital home appliances.
- ◆ Chiba factory : Strengthened the production capacity for water-borne epoxy resin. Built a new, fully fledged production facility for photo-curing resin.

Sales from the backbone business

(Electronics, IT materials and polymer additives)

Fiscal 2006:	➡	Fiscal 2007:
¥62.9 billion		¥71.2 billion

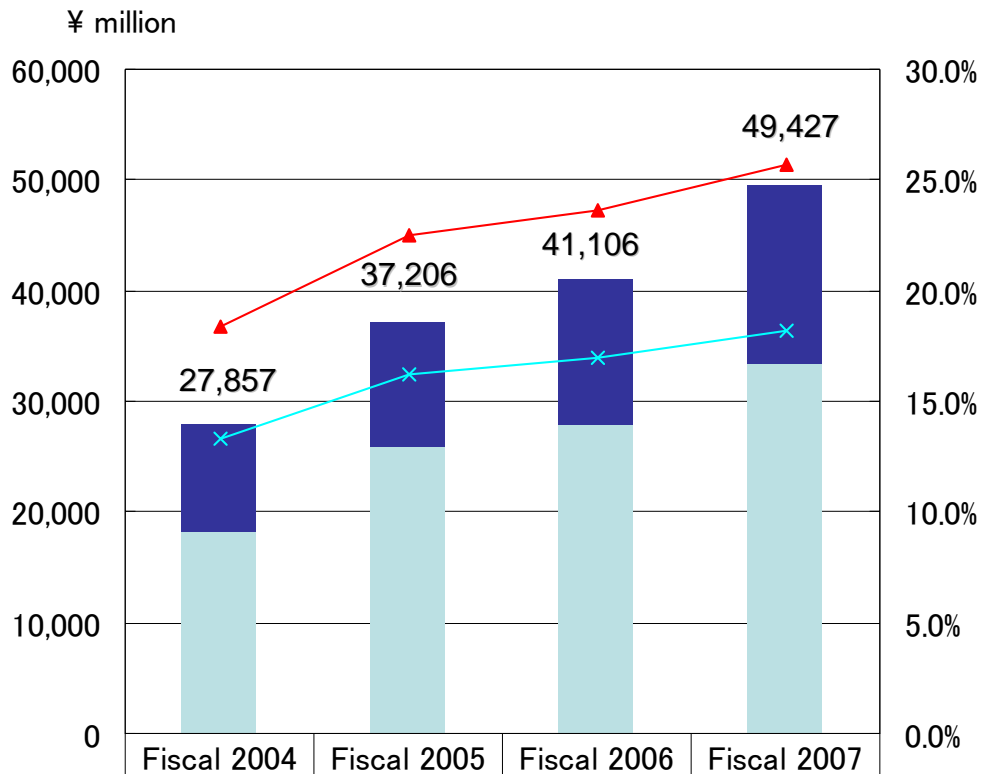
<Promoting new businesses>

- ◆ Introduced “Beta-glucan” (a health food material) to the retail market for general consumers (and opened an Internet shop).

<Improving profitability>

- ◆ Drastically revised the categories of food products and minimized costs.
- ◆ Assigned a part of the special materials for the IT materials segment.

Expanding overseas businesses



Overseas sales ratio increased by 2.1 points.

Fiscal 2006: 23.6% → Fiscal 2007: **25.7%**

Regions:	Rate to previous year
USA, Europe, etc.	Increased by ¥2.9 billion
Asia	Increased by ¥5.3 billion

Overseas sales (USA, Europe, etc.)	9,654	11,311	13,181	16,131
Overseas sales (Asia)	18,203	25,894	27,924	33,295
Overseas sales ratio	18.4%	22.5%	23.6%	25.7%
ADEKA Exportation ratio	13.3%	16.2%	17.0%	18.2%

Fiscal 2008 Prospective Performance

2-01 Fiscal 2008 Prospective Consolidated Performance

Consolidated data

(Unit: ¥100 million)

	Fiscal 2008		Fiscal 2007		Increase/ Decrease	Increase/ Decrease ratio
	First half of the term		First half of the term			
Sales	2,000	960	1,919	943	80	4.2%
Electronics and IT materials	197	89	196	98	0	0.4%
Functional chemicals	891	434	862	428	28	3.3%
Commodity chemicals	302	149	285	144	16	5.8%
Food products	545	260	507	235	37	7.3%
Others	65	28	67	37	△ 2	△ 3.5%
Operating profit	152	70	162	78	△ 10	△ 6.3%
Electronics and IT materials	48	23	52	28	△ 4	△ 8.5%
Functional chemicals	74	34	77	36	△ 3	△ 4.3%
Commodity chemicals	6	3	8	5	△ 2	△ 31.0%
Food products	17	7	15	3	1	10.0%
Others	7	3	7	4	△ 0	△ 2.8%
Current profit	148	67	151	78	△ 3	△ 2.6%
NET profit of the Term	82	35	87	47	△ 5	△ 6.2%

NET profit per share of this Term	79.33	33.86	84.61	45.81
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Dividend	¥22.00	¥11.00	¥22.00	¥11.00
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Note: From June 23, 2008, the “commodity chemicals” segment shall be renamed the “Basic chemicals” segment.

The amounts are indicated after rounding off figures less than 100 million yen.

Prerequisites:

- ① The prices of raw materials are likely to rise as an underlying trend.
- ② The pressure of falling digital product prices is strong.

- Prompt revision of selling prices and cost reduction
- Strengthening overseas businesses

【Chemicals】

- Although the quantity of products for electronic devices will increase, there are fears that selling prices will fall.
- The sales of environment-friendly products and highly functional products must be positively promoted.

【Food products】

- The lineup of products containing low trans fatty acids and reduced food additives must be reinforced.
- New products such as functional foods are to be introduced.

Further strengthening the focus on the backbone business and expanding overseas businesses

<Building up a production base for plastic additives in Europe>

- ◆ ADEKA PARMAROLE SAS (a sales company) in France will acquire all shares of PALMAROLE COMPOUNDS SA (a manufacturing company).
<Scheduled for May 2008>

<Reorganizing the two subsidiaries in ROK>

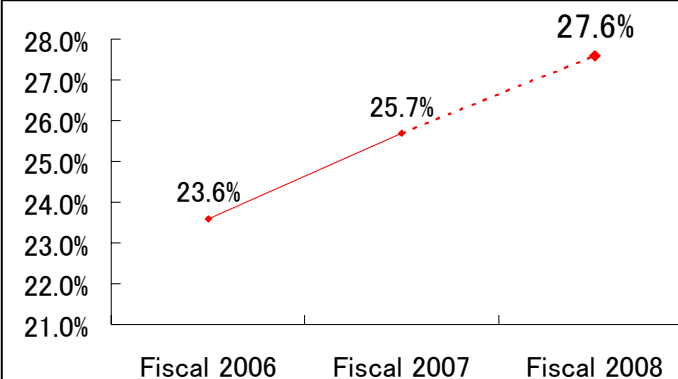
- ◆ ADEKA FINE CHEMICAL KOREA CORP. (a manufacturing company) and ADEKA KOREA CORP. (a sales company) in ROK will merge.
<Scheduled for July 2008>

<Augmenting facilities (both in Japan and overseas)>

- ◆ ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD. (China)
Strengthening the production capacity for epoxy resin curing agents
Establishing a new facility for water-swelling sealing materials
<to become operational in April 2008>
- ◆ ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD. (China)
Augmenting production capacity for fire-retardants
<to become operational in April 2009>
- ◆ Mie Factory (of our company)
Establishing a new facility for one-pack-type composite resin-additives
<to become operational in January 2009>

Overseas sales ratio:

Forecast for fiscal 2008: 27.6%



For Your Reference

3-01 Overview of Fiscal 2007 Non-consolidated and Consolidated Closing of Accounts (for your reference)

Non-consolidated closing of accounts

(Unit: ¥100 million)

Non-consolidated closing of accounts				
	Fiscal 2007	Fiscal 2006	Increase/Decrease	Increase/Decrease rate(%)
Sales	1,369	1,265	103	8.2
Operating profit	133	138	△ 5	△ 3.9
Current profit	128	139	△ 11	△ 8.1
NET profit of the Term	70	82	△ 11	△ 14.1

Closing of accounts of consolidated subsidiaries (22 companies)

(Unit: ¥100 million)

Domestic companies (10)				
	Fiscal 2007	Fiscal 2006	Increase/Decrease	Increase/Decrease rate
Sales	775	716	59	8.3%
Operating profit	11	14	△ 2	△ 19.3%

Overseas companies (12)				
	Fiscal 2007	Fiscal 2006	Increase/Decrease	Increase/Decrease rate
Sales	578	441	136	30.8%
Operating profit	21	15	5	37.7%

※ There were 21 consolidated subsidiaries in fiscal 2006 (9 domestic and 12 overseas companies).

Consolidation adjustment accounts (deleted)

	Fiscal 2007	Fiscal 2006
Sales	△ 803	△ 681
Operating profit	△ 3	△ 1

The amounts are indicated after rounding off figures less than 100 million yen.

3-02

Forecast Non-consolidated Closing of Accounts in
Fiscal 2008 (for your reference)Non-consolidated
closing of accounts

(Unit: ¥100 million)

	Forecast for fiscal 2008	Result in fiscal 2007	Increase/ Decrease	Increase/ Decrease rate
Sales	1,450	1,369	80	5.9%
Operating profit	120	133	△ 13	△ 10.1%
Current profit	120	128	△ 8	△ 6.3%
NET profit of the Term	68	70	△ 2	△ 4.1%
NET profit per share of the Term	65.71	68.57		

The amounts are indicated after rounding off figures less than 100 million yen.

The forecast performance and business plans specified in this document have been prepared based on information available as of the date of publication, as well as on various prerequisites; therefore, the actual results may differ from these forecasts or plans depending on various factors that may arise hereafter.