

The 147th Term [April 1, 2008 – March 31, 2009]



Overview of Closing Accounts and Prospective Performance

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

May, 2009

1. Fiscal 2008 Consolidated Performance

- ① Overview of Fiscal 2008 Consolidated Performance
- ② Analysis of increase/decrease in operational profit
- ③ Fiscal 2008 Consolidated Performance (Figures)
- ④ Segmental Information on Consolidated Performance
- ⑤ Major Activities Conducted in Fiscal 2008

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(Overview of Fiscal 2008 Non-consolidated and Consolidated Closing of Accounts)

Fiscal 2008 Consolidated Performance

1-01 Overview of Fiscal 2008 Consolidated Performance

Consolidated data

(Unit: 100 million yen)

	Fiscal 2008	Fiscal 2007	Increase/ Decrease	Increase/ Decrease ratio (%)
Sales	1,761	1,919	△ 158	△ 8.2
Operating profit	69	162	△ 92	△ 56.9
Current profit	61	151	△ 90	△ 59.8
NET profit of the Term	12	87	△ 75	△ 86.0
NET profit per share of the Term (yen/share)	11.8	84.6		
Dividend	¥20.00	¥22.00		

- Both revenue and profit decreased reflecting the impact of the rapid, drastic decrease in demands and inventory adjustment due to the steep rise of material prices and the world's simultaneous depression since the last autumn.
- An extraordinary loss of ¥3.2 billion including depletion loss of fixed assets, appraisal loss of investment securities, etc. was accounted for.

Consolidated data

Fiscal 2008, 2007 Analysis of increase/decrease in operational profit



1-03 Fiscal 2008 Consolidated Performance (Figures)

Consolidated data

(Unit: 100 million yen)

	Consolidated closing of accounts			
	Fiscal 2008	Fiscal 2007	Increase/ Decrease	Increase/ Decrease ratio(%)
Sales	1,761	1,919	△ 158	△ 8.2
Electronics and IT materials	136	196	△ 59	△ 30.3
Functional chemicals	744	862	△ 118	△ 13.7
Commodity chemicals	253	285	△ 31	△ 11.2
Food products	556	507	49	9.7
Others	69	67	2	3.6
Operating profit	69	162	△ 92	△ 56.9
Electronics and IT materials	9	52	△ 42	△ 81.5
Functional chemicals	42	77	△ 35	△ 45.6
Commodity chemicals	△ 1	8	△ 9	△ 114.0
Food products	11	15	△ 4	△ 28.3
Others	7	7	0	1.2

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 (decreased income and profit)

- ① As for the etchants for fine circuit fabrication, the demands rapidly decreased in the latter half of the fiscal year, but the sales increased.
- ② As for the semiconductor-related materials and materials for liquid crystal display, both the sales and profit drastically decreased since the latter half of the fiscal year due to the rapid aggravation of the market conditions and production and inventory adjustments on the customers' side.

(Unit: 100 million yen)

	Fiscal 2008	Fiscal 2007	Increase/Decrease
Sales	136	196	△ 59
Operating profit	9	52	△ 42

1-04 Segmental Information: Functional Chemicals

(Polymer additives, Organic chemicals, functional polymers)

Consolidated data

Electronics and IT materials

Functional chemicals

commodity chemicals

Food products

Overview (decreased income and profit)

- ① The sales of flame retardant, highly functional activator and lubricator up to the first half of the fiscal year moved in excess of those in the previous year owing to the facts that the demands were firm and that revisions of pricing were made responding to the rise of the material prices.
- ② In total, both the sales and profit decreased due to the impact of the rapid decrease in the demands since the latter half of the fiscal year and high yen value.

(Unit: 100 million yen)

	Fiscal 2008	Fiscal 2007	Increase/Decrease
Sales	744	862	△ 118
Operating profit	42	77	△ 35

1-04 Segmental Information: commodity Chemicals

Consolidated data

Electronics and IT materials

Functional chemicals

commodity chemicals

Food products

Overview (decreased income and profit)

Despite the revision of pricing responding to the increased material costs and restructuring of less competitive products and businesses, the profit decreased due to the rapid decrease in the demands in the latter half of the fiscal year and production/inventory adjustments on the customers' side.

(Unit: 100 million yen)

	Fiscal 2008	Fiscal 2007	Increase/Decrease
Sales	253	285	△ 31
Operating profit	△ 1	8	△ 9

Consolidated data

Electronics and IT materials

Functional chemicals

commodity chemicals

Food products

Overview (Increased income and decreased profit)

- ① Revenue increased owing to the revision of pricing and the extended sales of new products corresponding to the market needs including the rich-butter-flavored margarine, "AROMARDE" and other products.
- ② Despite the efforts to reduce costs such as integrating product classes, improving the production and logistics efficiency, profit decreased reflecting the strong impact of the low-price orientation of customers and rise of material costs.

(Unit: 100 million yen)

	Fiscal 2008	Fiscal 2007	Increase/Decrease
Sales	556	507	49
Operating profit	11	15	△ 4

○Execution of emergency plan

1. Review and reduction of the costs and expenses of the entire company
2. Compression and optimization of products inventory
3. Review of the production system
4. Repression of the capacity investment
5. Strengthening of the response to cash flow

○Augmenting facilities

【Japan】	Mie Factory	Establishing a new facility for one-pack-type composite polymer additives	〈May 2008〉
	Kashima Factory	Expanded the production capacity for the etching chemicals for the next-generation circuit fabrication	〈April 2009〉
	Fuji Factory	Newly establishing production facilities for polymerization catalyst, metal-surface treatment aids and soil adulterant	〈March 2009〉
【China】	ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD.	Expanded the production capacity for epoxy resin curing agents	〈April 2008〉
		Establishing a new facility for water-swelling sealing materials	〈April 2008〉
	ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD.	Expanded the production capacity for flame-retardants.	〈April 2009〉
【Korea】	ADEKA KOREA CORP.	Expanded the production capacity for synthetic polymer additives.	〈September 2008〉
【Thailand】	ADEKA FINE CHEMICAL (THAILAND) CO., LTD.	Newly establishing a production facility for PVC plasticizer	〈January 2010〉

○Reinforcement of group businesses.

【Korea】 ADEKA KOREA CORP.	ADEKA FINE CHEMICAL KOREA CORP. (a manufacturing company) and ADEKA KOREA CORP. (a sales company) merged to form a new company that integrally operates manufacture and sales.	<July 2008>
【France】 ADEKA PALMAROLE SAS	Acquire all shares of PALMAROLE COMPOUNDS SA	<May 2008>
	Integrated the business of PALMAROLE COMPOUNDS SA.	<October 2008>
【Japan】	Assigned the entire stock of Chiba Fatty Acid Co., Ltd. and withdrew from the fatty acid business.	<September 2008>

○ Development of new products and promotion of new business

◆ Development of new products related to the environment and energy areas

- eco-friendly photocation polymerization initiator (ADEKA OPTOMER SP-300).
- Pour-point depressant for bio-diesel fuel (ADEKA ECOROYAL)

◆ Release of a new product of etching chemical for electronic circuits

- Ultrafine etching chemical for IC package boards (ADEKA CHELUMICA TFE-5000)

◆ Beta-glucan

- Commercialized the supplement food prescribed by medical doctors.
- A website was newly opened in order to broadly disseminate the health information related to beta glucan.

[URL]

barley beta-glucan : www.mugi-lab.info

aureobasidium pullulans fermentsd beta-glucan: www.black-yeast.info

Fiscal 2009 Prospective Performance

2-01 Fiscal 2009 Prospective Consolidated Performance

Consolidated data

(Unit: ¥100 million)

	forecast for Fiscal 2009		Result in fiscal 2008		Increase/Decrease	Increase/Decrease ratio (%)
		First half of the term		First half of the term		
Sales	1,550	720	1,761	1,004	△ 211	△ 12
Electronics and IT materials	102	46	136	88	△ 34	△ 25
Functional chemicals	650	306	744	443	△ 94	△ 13
Commodity chemicals	205	93	253	150	△ 4	△ 19
Food products	530	245	556	277	△ 26	△ 5
Others	63	30	69	43	△ 6	△ 10
Operating profit	55	17	69	63	△ 14	△ 21
Electronics and IT materials	△ 4	△ 3	9	17	△ 13	△ 141
Functional chemicals	28	10	42	34	△ 14	△ 34
Commodity chemicals	3	△ 1	△ 1	1	4	346
Food products	24	10	11	5	12	116
Others	4	1	7	3	△ 3	△ 45
Current profit	50	15	61	62	△ 11	△ 18
NET profit of the Term	28	6	12	31	16	129

NET profit per share of this Term	27.1	5.8	11.8	30.0
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Dividend	¥18.00	¥9.00	¥20.00	¥11.00
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The amounts are indicated after rounding off figures less than 100 million yen.

Prerequisites:

- ① The economic climate during the first half of the fiscal year is forecast to continue to be severe, but to recover toward the latter half.
 - Certain resurgent tendency is seen in the LCD and other areas, but the demand is not expected to increase largely.
 - Early recovery of demand is not expected for automotive, civil engineering and construction areas.
- ② The exchange rate of our company
¥95.00=US\$1、¥125.00=€ 1

Future efforts

1. Slogan

- Strengthening the base for the growth corresponding to the changes in the business environment

2. Agenda

- ① Strengthening and promotion of concentration (selection and concentration) to growing areas
- ② Building up the technology base corresponding to the changes in the business environment, strengthening R&D capacity, and creating new businesses.
- ③ Carrying out the M&A and alliance strategy in core business and growing business
- ④ Strengthening the governance which is necessary to the global management and promotion of strategy
- ⑤ Further promotion of oversea businesses
- ⑥ Fostering/strengthening human resources

1. Increasing the market share, without losing any part of it

- ① Developing/switching to mass production of products that contribute to the increase of fine-structure products including etching chemical for electronic circuits, semiconductor memory materials, etc.
- ② Increasing the market share and newly cultivating market for highly competitive products such a fire retardant.
- ③ Expanding the range or application and increasing the market share of rich-butter-flavored margarine, “*AROMARDE*”

2. Continuing reduction of expense and enhancement of work efficiency.

- ① Continuing cost reduction and improvement of processes
- ② Thoroughly reducing cost and expenses, repressing capacity investment, compressing inventory, etc.

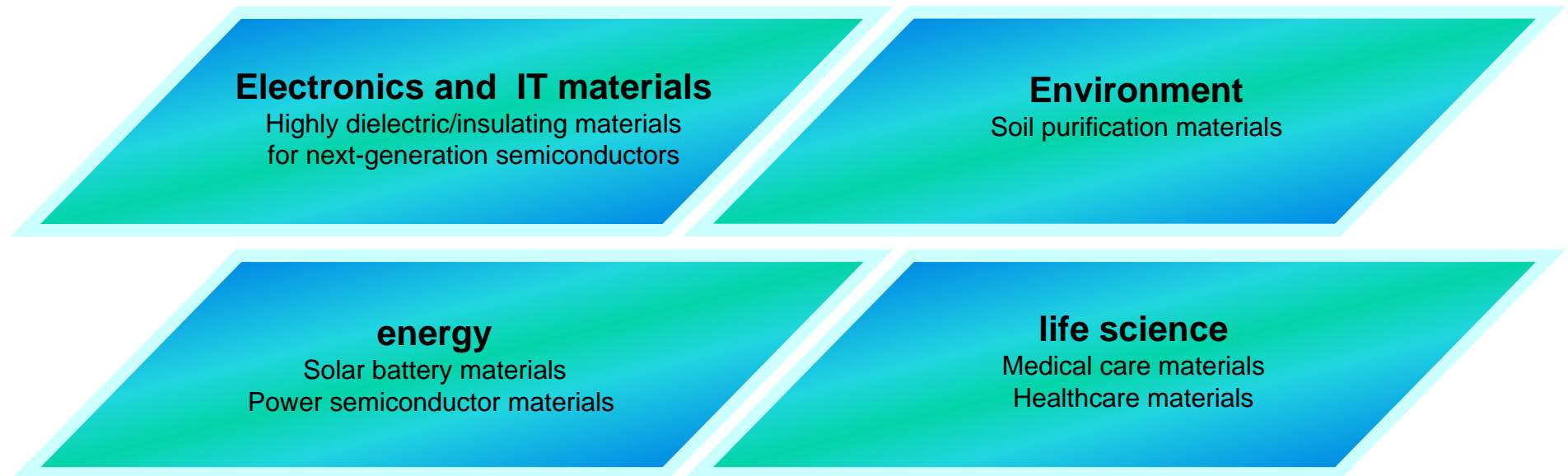
3-02 Future efforts

3. Early obtaining actual demands for, and sales promotion of, the strategic group of 24 highly competitive products.

Segment	Product group
Electronics and IT materials	Next-generation semiconductor materials, Fine etching chemicals, etc.
Functional chemicals, Commodity chemicals	Flame retardants, Water-borne resins, High-grade hydrogen peroxide solution, etc.
Food products	Rich-butter-flavored margarine, Functional foods, etc.
Others	Beta-glucan, etc.

4. Moving in new area of business and promoting overseas business

- ① Promoting the four areas as the long- and medium-term target areas as well as expanding existing businesses.



- ② Targeted overseas sales ratio for fiscal 2011: 30%
(fiscal 2008: 20.8%)
Moving in the emerging markets in Middle East and South America, etc.

For Your Reference

Overview of Fiscal 2008 Non-consolidated and Consolidated Closing of Accounts (for your reference)

Non-consolidated closing of accounts

(Unit: ¥100 million)

	Non-consolidated closing of accounts			
	Fiscal 2008	Fiscal 2007	Increase/Decrease	Increase/Decrease rate(%)
Sales	1,250	1,369	△ 119	△ 8.7
Operating profit	44	133	△ 88	△ 66.3
Current profit	46	128	△ 81	△ 63.6
NET profit of the Term	6	70	△ 63	△ 90.2
NET profit per share of the Term	6.7	68.6		

(Unit: ¥100 million)

Domestic companies (10)				
	Fiscal 2008	Fiscal 2007	Increase/Decrease	Increase/Decrease rate
Sales	765	775	△ 10	△ 1.4%
Operating profit	7	11	△ 3	△ 30.8%

Overseas companies (12)				
	Fiscal 2008	Fiscal 2007	Increase/Decrease	Increase/Decrease rate
Sales	460	578	△ 117	△ 20.3%
Operating profit	14	21	△ 6	△ 32.6%

※Starting from fiscal 2008,

- a subsidiary in Thailand was consolidated; and
- two subsidiaries in Korea were merged together.

Consolidation adjustment accounts (deleted)

	Fiscal 2008	Fiscal 2007
Sales	△ 714	△ 803
Operating profit	2	△ 3

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.