

The 1st Half of the 147th Term [April 1, 2008 – September 30, 2008]



The 1st Half of the Fiscal 2008 Overview of Closing Accounts and Prospective Performance

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

November 2008

1. The 1st Half of the Fiscal 2008 Consolidated Performance
 - ① Overview of The 1st Half of the Fiscal 2008 Consolidated Performance
 - ② The 1st Half of the Fiscal 2008 Consolidated Performance (Figures)
 - ③ Segmental Information on Consolidated Performance
 - ④ Major Activities Conducted in The 1st Half of the Fiscal 2008
2. Fiscal 2008 Prospective Performance
 - ① Fiscal 2008 Prospective Consolidated Performance
 - ② Major Activities to Conduct in The 2nd Half of the Fiscal 2008
3. For Your Reference
 - ① Overview of The 1st Half of the Fiscal 2008
Non-consolidated and Consolidated Closing of Accounts
 - ② Forecast Non-consolidated Closing of Accounts in Fiscal 2008

The 1st Half of the Fiscal 2008 Consolidated Performance

Consolidated
data

(Unit: ¥ billion)

	The 1st Half of the Fiscal 2008	The 1st Half of the Fiscal 2007	Increase/ Decrease	Increase/ Decrease ratio (%)
Sales	100.4	94.3	6.0	6.4
Operating profit	6.3	7.8	△ 1.4	△ 18.9
Current profit	6.2	7.8	△ 1.6	△ 20.7
NET profit of the Term	3.1	4.7	△ 1.6	△ 34.4

NET profit per share of the Term (yen/share)	30.0	45.8
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Dividend	¥11.00	¥11.00
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1-02 The 1st Half of the Fiscal 2008 Consolidated Performance (Figures)

Consolidated data

(Unit: ¥ billion)

	Consolidated closing of accounts			
	The 1st Half of the Fiscal 2008	The 1st Half of the Fiscal 2007	Increase/Decrease	Increase/Decrease ratio(%)
Sales	100.4	94.3	6.0	6.4
Electronics and IT materials	8.8	9.8	△ 1.0	△ 10.5
Functional chemicals	44.3	42.8	1.5	3.6
Commodity chemicals	15.0	14.4	0.5	4.1
Food products	27.7	23.5	4.2	18.2
Others	4.3	3.7	0.6	18.0
Operating profit	6.3	7.8	△ 1.4	△ 18.9
Electronics and IT materials	1.7	2.8	△ 1.1	△ 40.0
Functional chemicals	3.4	3.6	△ 0.1	△ 4.5
Commodity chemicals	0.1	0.5	△ 0.3	△ 71.8
Food products	0.5	0.3	0.2	58.0
Others	0.3	0.4	△ 0.0	△ 5.4

Consolidated data

Electronics and IT materials

Functional chemicals

commodity chemicals

Food products

Overview (decreased income and profit)

- ① Profit from semiconductor-related materials and sophisticated materials for liquid crystal panels declined due to the impact of the aggravated market.
- ② Etching solution for forming circuits marked good results owing to demand from the area of micro fabrication.

(Unit: ¥ billion)

	The 1st Half of the Fiscal 2008	The 1st Half of the Fiscal 2007	Increase/Decrease
Sales	8.8	9.8	△ 1.0
Operating profit	1.7	2.8	△ 1.1

Segmental Information: Functional Chemicals

1-03

(Polymer additives, Organic chemicals, functional polymers)

Fusion for the Future **ADEKA**

Consolidated
data

Electronics and
IT materials

Functional
chemicals

commodity
chemicals

Food products

Overview (Increased income and decreased profit)

- ① Sales of polymer additives of which flame retardants steadily grew, specialized surfactants, lubricants, etc. marked an increase.
- ② Profit from epoxy and other functional resins largely decreased due to the impact of a steep rise in raw material prices.

(Unit: ¥ billion)

	The 1st Half of the Fiscal 2008	The 1st Half of the Fiscal 2007	Increase/Decrease
Sales	44.3	42.8	1.5
Operating profit	3.4	3.6	△ 0.1

Consolidated data

Electronics and IT materials

Functional chemicals

commodity chemicals

Food products

Overview (Increased income and decreased profit)

- ① Sales of propylene glycol and other basic chemicals increased owing to the revision of prices to reflect the rise in raw material prices.
- ② Profit declined due to the significant impacts of delayed revision of product prices and decrease in demand.

(Unit: ¥ billion)

	The 1st Half of the Fiscal 2008	The 1st Half of the Fiscal 2007	Increase/Decrease
Sales	15.0	14.4	0.5
Operating profit	0.1	0.5	△ 0.3

Consolidated data

Electronics and IT materials

Functional chemicals

commodity chemicals

Food products

Overview of the Term (Increased income and profit)

- ① Against the background of the struggling demand and growing low price-oriented aptitude in the bakery and confectionary industry, revision of product prices to reflect the rise in raw materials was delayed.
- ② The same quantity as in the previous year was secured owing partly to the contribution by a new product developed in response to the needs from the short supply of butter.
- ③ Profit was improved owing to the integration of product items and improvement of production and distribution efficiency.

(Unit: ¥ billion)

	The 1st Half of the Fiscal 2008	The 1st Half of the Fiscal 2007	Increase/Decrease
Sales	27.7	23.5	4.2
Operating profit	0.5	0.3	0.2

○Reinforcement of overseas businesses.

【French】

- ◆ Acquire all shares of PALMAROLE COMPOUNDS SA <May 2008>

【 China 】

- ◆ ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD.
Strengthening the production capacity for epoxy resin curing agents <to become operational in April 2008>
Establishing a new facility for water-swelling sealing materials <to become operational in April 2008>
- ◆ ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD.
Increase capital <May 2008>
Augmenting production capacity for flame-retardants <to become operational in April 2009>

【Korea】

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

PALMAROLE COMPOUNDS SA



○Promotion of new businesses.

- ◆ A website was newly opened in order to broadly disseminate the health information related to beta glucan. (URL : <http://www.mugi-lab.info/>) <September 2008>

Website (Japanese)



○Others

- ◆ Assigned total shares of stock of Chiba Fatty Acid Co., Ltd. <July 2008>

Fiscal 2008 Prospective Performance

2-01 Fiscal 2008 Prospective Consolidated Performance

Consolidated data

(Unit: ¥ billion)

	Fiscal 2008	Result in fiscal 2007	Increase/Decrease	Increase/Decrease
Sales	193.0	191.9	1.0	0.5%
Electronics and IT materials	16.9	19.6	△ 2.7	△ 13.9%
Functional chemicals	83.2	86.2	△ 3.0	△ 3.6%
Commodity chemicals	29.5	28.5	0.9	3.3%
Food products	56.0	50.7	5.2	10.3%
Others	7.4	6.7	0.6	9.9%
Operating profit	12.3	16.2	△ 3.9	△ 24.1%
Electronics and IT materials	2.9	5.2	△ 2.3	△ 44.7%
Functional chemicals	6.6	7.7	△ 1.1	△ 14.7%
Commodity chemicals	0.8	0.8	△ 0.0	△ 10.4%
Food products	1.3	1.5	△ 0.2	△ 15.9%
Others	0.7	0.7	△ 0.0	△ 2.8%
Current profit	12.0	15.1	△ 3.1	△ 21.0%
NET profit of the Term	6.2	8.7	△ 2.5	△ 29.1%

NET profit per share of this Term	60.0	84.6
Dividend	¥22.00	¥22.00

Prerequisites:

- ① Tumbling of the world economy and business recession in advanced countries.
 - Further aggravation in the semiconductor and flat panel display market conditions.
 - Continuing struggle in the automotive, civil engineering and construction areas.
- ② The exchange rate of our company
¥100.00=US\$1、¥125.00=€ 1

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

【Chemicals】

1. Endeavor to make actual demand early and to positively promote sales for products with an advantage of competitiveness mainly in the IT and electronics areas, such as etching solutions for miniaturized electronic circuits, new semiconductor memory materials, etc.
2. Endeavor to expand the world market for plastic additive business with an eye to entering into the Middle East market.

【Food products】

1. Strengthen the assortment of products with an advantage of advanced technologies such as products responding to the needs for lowering trans fatty acid, etc.
2. Further expansion of the market for new-type margarine with rich butter flavor.

◆ Response to the sharp fall of raw material prices and cost reduction.

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

- <Augmenting facilities (both in Japan and overseas)>
 - ◆ ADEKA KOREA CORP.
Strengthening production capacity for synthetic polymer additives.
<to become operational in November 2008>
 - ◆ ADEKA FINE CHEMICAL(THAILAND) CO.,LTD.
Newly establishing facilities for manufacturing special plasticizers for synthetic resins such as vinyl chloride resin. <to become operational in January 2010>
 - ◆ Mie Factory (of our company)
Establishing a new facility for one-pack-type composite polymer additives
<to become operational in January 2009>
 - ◆ Kashima Factory (of our company)
Strengthening manufacturing capacity for etching solutions for forming circuits.
<to become operational in April 2009>

For Your Reference

Non-consolidated
closing of accounts

(Unit: ¥ billion)

Non-consolidated closing of accounts				
	The 1st Half of the fiscal 2008	The 1st Half of the fiscal 2007	Increase/Decrease	Increase/Decrease rate(%)
Sales	69.8	66.0	3.7	5.7
Operating profit	4.7	6.3	△ 1.6	△ 25.9
Current profit	5.0	6.5	△ 1.4	△ 22.2
NET profit of the Term	2.5	3.6	△ 1.0	△ 29.6
NET profit per share of the Term	24.78	35.21		

(Unit: ¥ billion)

Domestic companies (10)

	The 1st Half of the fiscal 2008	The 1st Half of the fiscal 2007	Increase/Decrease	Increase/Decrease rate
Sales	40.0	38.8	1.2	3.2%
Operating profit	0.5	0.6	△ 0.0	△ 2.8%

Overseas companies (12)

	The 1st Half of the fiscal 2008	The 1st Half of the fiscal 2007	Increase/Decrease	Increase/Decrease rate
Sales	31.6	30.1	1.5	5%
Operating profit	0.9	1.0	△ 0.1	△ 24.3%

※Starting from fiscal 2008,

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

Consolidation adjustment accounts (deleted)

	The 1st Half of the fiscal 2008	The 1st Half of the fiscal 2007
Sales	△ 41.1	△ 40.0
Operating profit	0.0	△ 0.0

3-02 Forecast Non-consolidated Closing of Accounts in Fiscal 2008 (for your reference)

Non-consolidated closing of accounts

(Unit: ¥ billion)

	Forecast for fiscal 2008	Result in fiscal 2007	Increase/Decrease	Increase/Decrease rate
Sales	142.0	136.9	5.0	3.7%
Operating profit	9.5	13.3	△ 3.8	△ 28.8%
Current profit	10.0	12.8	△ 2.8	△ 21.9%
NET profit of the Term	5.2	7.0	△ 1.8	△ 26.7%
NET profit per share of the Term	50.30	68.57		

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.