

FACT BOOK 2011

(From April 1, 2010 to March 31, 2011)



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- Please follow the link <http://www.adeka.co.jp/csr/en/index.html> for information on our CSR activities.
- For all other information, please visit our website at <http://www.adeka.co.jp/en/index.html>

Consolidated Financial Highlights

ADEKA Corporation and Subsidiaries, Years ended March 31

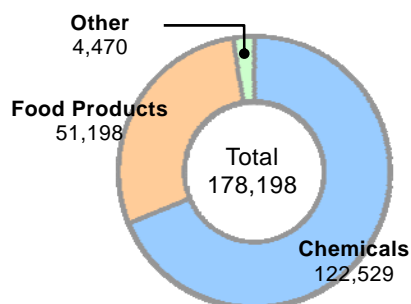
	Millions of Yen					Thousands of U.S. dollars
	FY2010	FY2009	FY2008	FY2007	FY2006	FY2010
Net sales	¥178,198	159,997	176,186	191,987	174,284	\$2,143,091
Ordinary income	14,374	10,270	6,107	15,193	16,660	172,868
Net income	6,921	6,788	1,223	8,742	9,358	83,235
Comprehensive income	5,949	—	—	—	—	71,545
Total net assets	126,784	123,159	116,364	122,026	119,244	1,524,762
Total liabilities and net assets	207,779	203,208	192,517	212,511	208,318	2,498,845
Diluted net income per share	—	—	—	55	90	—
Cash flows from operating activities	16,200	19,449	8,586	14,541	12,418	194,829
Cash flows from investing activities	(10,646)	(12,015)	(4,035)	(14,308)	(10,376)	(128,034)
Cash flows from financing activities	(5,046)	(2,036)	(1,871)	(2,055)	1,303	(60,686)
Cash and cash equivalents at end of period	23,555	23,507	17,862	16,063	18,020	283,283
Depreciation and amortization	8,008	7,799	7,628	7,239	6,581	96,308
Capital investment	7,266	6,692	10,321	10,461	11,784	87,384
R&D expenditures	7,339	7,251	7,507	7,414	7,014	88,262

	Yen					U.S. dollars
Net assets per share	¥1,196.22	1,161.08	1,095.47	153.97	1,131.22	\$14.39
Net income per share	67.01	65.73	11.84	84.61	90.84	0.81
Capital adequacy ratio (%)	59.5%	59.0%	58.8%	56.1%	56.0%	—
Return on equity(%)	5.7%	5.8%	1.1%	7.4%	8.2%	—
Percentage of R&D expenditures to net sales (%)	4.5%	4.5%	4.3%	3.9%	4.0%	—
Price earnings ratio	12.1	14.21	51.51	11.89	14.99	—

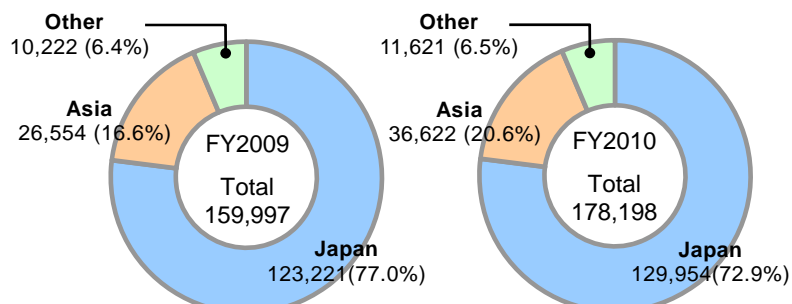
(Note)

The U.S. dollar amounts represent the translation of Japanese yen at the rate of ¥83.15 = US\$1, the approximate exchange rate prevailing on March 31, 2011.

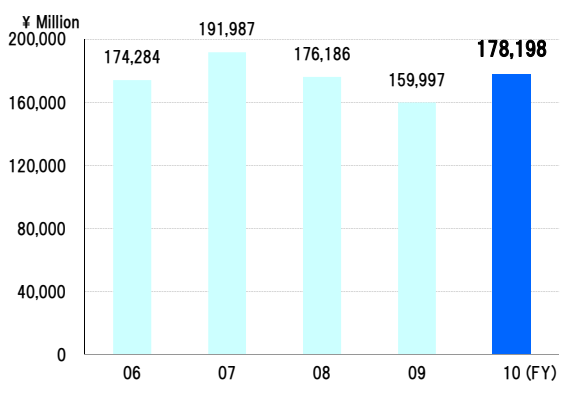
Sales by Division (Millions of yen)



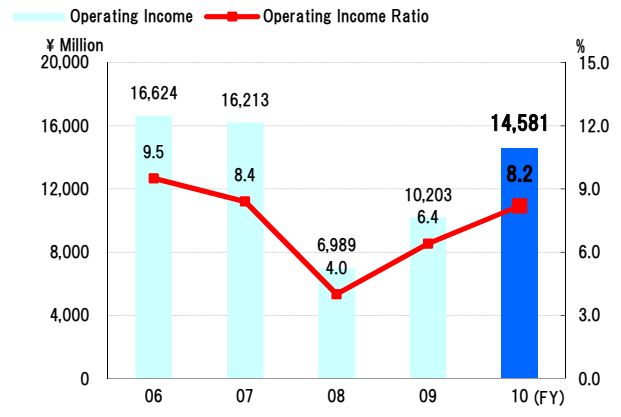
Net Sales by Region (Millions of yen)



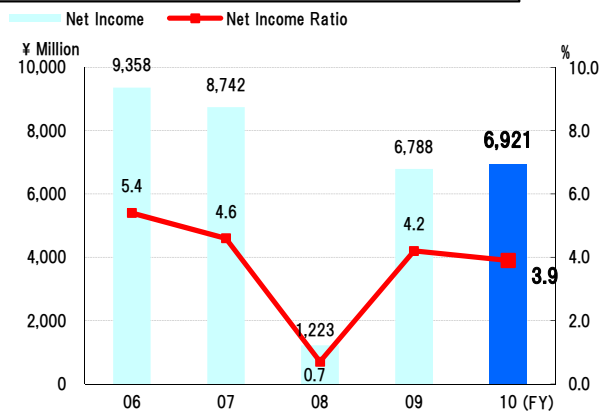
Net Sales



Operating Income & Operating Income Ratio



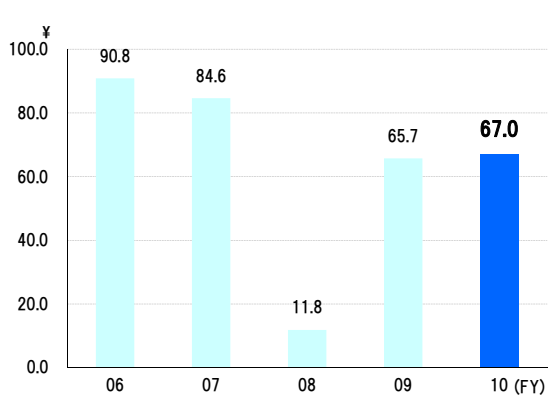
Net Income & Net Income Ratio



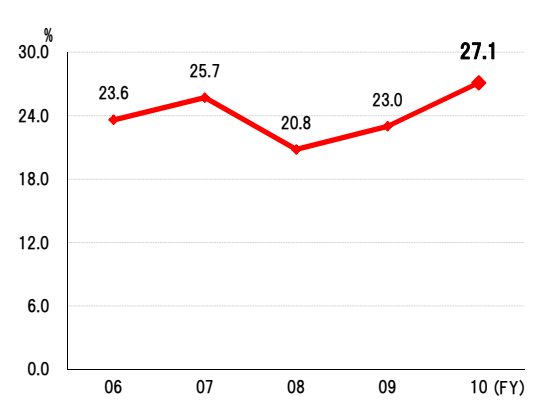
ROE, ROA



EPS



Overseas sales rate



Profile

Adeka was founded in 1917 as Asahi Denka Kogyo K.K. The founding of the corporation coincided with the latter stages of World War I, marked by the participation of the United States. Japan in those days was almost completely dependent on high quality and low cost imported caustic soda. However, the outbreak of hostilities created shortages in the supply of caustic soda, causing prices to spike sharply, which began to have a significant impact on Japan's pulp and paper industry.

In 1919, the Company started production of hydrogenated hardened oils, and expanded into the chemical industry with soda and oils and fats as its two main product lines.

Starting first as a caustic soda manufacturer, Adeka expanded into the production of hydrogenated oils in order to utilize byproduct hydrogen, before diversifying into the manufacturing and marketing of soap.

Adeka to later diversify into liquid chlorine used for water supply treatment, in order to leverage byproduct chlorine. Adeka would subsequently diversify into the segments of toilet soap, margarine, glycerin, fatty acids, cellophane, and organic chemicals. After the end of World War II, Adeka continued to aggressively expand into diverse business segments centering on its core chemical and food businesses, overcoming significant hurdles due to post-war rebuilding.

The Adeka Group today manufactures a diverse range of chemicals, effectively leveraging petrochemical raw materials to manufacture everything from inorganic and organic intermediate chemicals to fine chemicals. These products have an important role in the growth of diverse sectors of industry, ranging from paper manufacturing and automotive manufacturing to civil construction, infrastructure, IT, and digital consumer electronics. In the food sector, the Adeka Group supplies products such as margarine and shortening that leverage sophisticated processing technologies for plant and animal fat ingredients, and which are used for diverse foods including breads and confectionaries. The Group also develops processed foods using freezing and sterilization technologies, providing consumers with a variety of foods.

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. In addition, by reestablishing the corporate and Group brands as well as setting up the Group logo mark and slogan, we will strengthen ties between Group companies and foster the mutual prosperity of the ADEKA Group, domestically and overseas.

Consolidated Balance Sheet

ADEKA Corporation and Subsidiaries Years ended March 31, 2011 and 2010

Assets	Millions of yen		Thousands of U.S.dollars
	2011	2010	2011
Current assets:			
Cash and time deposits	25,163	24,822	302,622
Notes and accounts	38,581	36,199	463,993
Marketable securities	9,627	6,647	115,779
Merchandise and products	12,169	11,717	146,350
Products in progress	3,261	3,433	39,218
Raw materials and inventory goods	13,026	12,150	156,657
Deferred tax	1,876	1,795	22,562
Other	3,358	3,089	40,385
Allowance for doubtful receivables	(217)	(287)	(2,610)
Total current assets	106,847	99,567	1,284,991
Fixed Assets:			
Tangible fixed assets			
Buildings and structures	*2 49,882	49,415	599,904
Accumulated depreciation	(31,352)	(30,300)	(377,054)
Buildings and structures (Net)	*2 18,530	19,115	222,850
Machinery, equipment and transportation equipment	98,543	97,348	1,185,123
Accumulated depreciation	(77,299)	(74,250)	(929,633)
Machinery, equipment and transportation equipment (Net)	21,244	23,098	255,490
Land	*2 *3 20,562	20,713	247,288
Leased assets	1,471	1,601	17,691
Accumulated depreciation	(411)	(301)	(4,943)
Leased assets (Net)	1,060	1,299	12,748
Construction in progress	2,546	1,269	30,619
Other	20,715	20,165	249,128
Accumulated depreciation	(16,610)	(15,757)	(199,759)
Other (Net)	4,104	4,407	49,357
Total tangible fixed assets	68,049	69,903	818,388
Intangible Fixed Assets			
Software	2,561	595	30,800
Temporary account for software	59	2,229	710
Leased assets	52	50	625
Other	859	828	10,331
Total Intangible Fixed Assets	3,533	3,705	42,489
Investments and other assets			
Investments securities	*1 23,102	24,022	277,835
Long-term loans receivable	351	338	4,221
Deferred tax	3,022	2,862	36,344
Other	*1 3,283	3,221	39,483
Allowance for doubtful receivables	(411)	(412)	(4,943)
Total investments and other assets	29,349	30,032	352,965
Total Fixed Assets	100,932	103,641	1,213,854
Total:	207,779	203,208	2,498,845

See accompanying Notes to Consolidated Financial Statements.

Liabilities	Millions of yen		Thousands of U.S.dollars
	2011	2010	2011
Current liabilities:			
Notes and accounts payable	31,334	28,488	376,837
Short-term loans payable	11,472	13,987	137,968
Lease obligations	202	221	2,429
Accrued income taxes	2,418	2,122	29,080
Reserve for bonuses	2,009	1,974	24,161
Reserve for directors' and statutory auditors' bonuses	39	47	469
Allowance for loss on disaster	1,497	—	18,004
Other	^{*2} 4,901	5,414	58,942
Total current liabilities	53,876	52,257	647,937
Long-term liabilities:			
Long-term loans payable	^{*2} 10,529	10,951	126,627
Lease obligations	777	1,062	9,345
Deferred tax liabilities	470	475	5,652
Deferred tax liabilities due to land revaluation	^{*3} 4,690	4,732	56,404
Reserve for retirement benefits	8,526	8,499	102,538
Liability for director and statutory auditor retirement benefits	168	177	2,020
Other	1,955	1,892	23,512
Total long-term liabilities	27,118	27,791	326,133
Total liabilities	80,995	80,049	974,083
Net assets			
Shareholders Equity:			
Capital stock	22,899	22,899	275,394
Capital surplus	19,925	19,925	239,627
Retained earnings	78,647	73,940	945,845
Treasury stock	(224)	(223)	(2,694)
Total shareholders equity	121,248	116,542	1,458,184
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,001	1,278	12,038
Reserve for land revaluation	3,270	3,333	39,327
Translation adjustments	(1,964)	(1,226)	(23,620)
Total accumulated other comprehensive income	2,307	3,386	27,745
Minority interests	3,228	3,230	38,821
Total net assets	126,784	123,159	1,524,762
Total liabilities and net assets	207,779	203,208	2,498,845

Consolidated Statements of Income

ADEKA Corporation and Subsidiaries Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S.dollars
	2011	2010	2011
Net sales	178,198	159,997	2,143,091
Cost of sales	^{*1,*3} 135,801	123,972	1,633,205
Gross Profit	42,397	36,025	509,886
Selling, general and administrative expenses	^{*2,*3} 27,815	25,821	334,516
Operating income	14,581	10,203	175,358
Nonoperating income:			
Interest received	97	140	1,167
Dividends received	293	285	3,524
Equity in earnings	440	135	5,292
Subsidy income	—	156	—
Other income	316	377	3,800
Total nonoperating income	1,148	1,096	13,806
Nonoperating expenses:			
Interest expenses	380	514	4,570
Foreign exchange losses	537	115	6,458
Other expenses	437	398	5,256
Total nonoperating expenses	1,355	1,029	16,296
Ordinary income	14,374	10,270	172,868
Extraordinary income:			
Gain on sale of investment securities	—	294	—
Insurance proceeds received	110	—	1,323
Total extraordinary income	110	294	1,323
Extraordinary losses:			
Loss on the disposal of fixed assets	^{*4} 367	580	4,414
Valuation loss of investment securities	576	4	6,927
Impairment loss	104	—	1,251
Effect of application of Accounting Standard for Asset Retirement Obligations	101	—	1,215
Loss on disaster	^{*5} 1,922	—	23,115
Loss on fire accident	181	—	2,177
Total extraordinary losses	3,254	584	39,134
Net Income before income taxes	11,230	9,980	135,057
Income taxes, residence taxes and enterprise taxes	4,192	2,871	50,415
Income tax effect adjustment	(103)	36	(1,239)
Total income tax	4,089	2,907	49,176
Net income before minority interests	7,141	—	85,881
Minority interests in earnings of consolidated subsidiaries	220	283	2,646
Net income	6,921	6,788	83,235

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

ADEKA Corporation and Subsidiaries Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S.dollars
	2011	2010	2011
Net income before minority interests	7,141	—	85,881
Other comprehensive income			
Valuation difference on available-for-sale securities	(269)	—	(3,235)
Translation adjustment	(914)	—	(10,992)
Share of other comprehensive income of affiliates accounted for using the equity method	(8)	—	(96)
Total other comprehensive income	^{*2} (1,191)	—	(14,324)
Comprehensive income	^{*1} 5,949	—	71,545
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent company	5,905	—	71,016
Comprehensive income attributable to minority interests	44	—	529

Consolidated Statement of Change in Owners' Equity

ADEKA Corporation and Subsidiaries Years ended March 31, 2011 and 2010

Shareholders Equity	Millions of yen		Thousands of U.S.dollars
	2011	2010	2011
Capital stock			
Balance at end of previous fiscal year	22,899	22,899	275,394
Changes during fiscal year under review			
Total changes during fiscal year under review	—	—	—
Balance at end of fiscal year under review	22,899	22,899	275,394
Capital surplus			
Balance at end of previous fiscal year	19,925	19,925	239,627
Changes during fiscal year under review			
Total changes during fiscal year under review	—	—	—
Balance at end of fiscal year under review	19,925	19,925	239,627
Retained earnings			
Balance at end of previous fiscal year	73,940	69,036	889,236
Changes during fiscal year under review			
Cash dividends paid	(2,276)	(1,862)	(27,372)
Net income	6,921	6,788	83,235
Decrease in surplus of newly consolidated subsidiaries	—	(22)	—
Withdrawal of reserve for land revaluation	62	—	746
Total changes during fiscal year under review	4,707	4,903	56,609
Balance at end of fiscal year under review	78,647	73,940	945,845
Treasury stock			
Balance at end of previous fiscal year	(223)	(220)	(2,682)
Changes during fiscal year under review			
Stock repurchases	(1)	(2)	(12)
Total changes during fiscal year under review	(1)	(2)	(12)
Balance at end of fiscal year under review	(224)	(223)	(2,694)
Total shareholders equity			
Balance at end of previous fiscal year	116,542	111,641	1,401,587
Changes during fiscal year under review			
Cash dividends paid	(2,276)	(1,862)	(27,372)
Net income	6,921	6,788	83,235
Decrease in surplus of newly consolidated subsidiaries	—	(22)	—
Withdrawal of reserve for land revaluation	62	—	746
Stock repurchases	(1)	2	(12)
Total changes during fiscal year under review	4,705	4,901	56,584
Balance at end of fiscal year under review	121,248	116,542	1,458,184

	Millions of yen		Thousands of U.S.dollars
	2011	2010	2011
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities			
Balance at end of previous fiscal year	1,278	(255)	15,370
Changes during fiscal year under review			
Changes in items other than shareholders' equity (Net)	(277)	1,534	(3,331)
Total changes during fiscal year under review	(277)	1,534	(3,331)
Balance at end of fiscal year under review	1,001	1,278	12,038
Reserve for land revaluation			
Balance at end of previous fiscal year	3,333	3,333	40,084
Changes during fiscal year under review			
Changes in items other than shareholders' equity (Net)	(62)	—	(746)
Total changes during fiscal year under review	(62)	—	(746)
Balance at end of fiscal year under review	3,270	3,333	39,327
Translation adjustments			
Balance at end of previous fiscal year	(1,226)	(1,564)	(14,744)
Changes during fiscal year under review			
Changes in items other than shareholders' equity (Net)	(738)	337	(8,876)
Total changes during fiscal year under review	(738)	337	(8,876)
Balance at end of fiscal year under review	(1,964)	(1,226)	(23,620)
Total accumulated other comprehensive income			
Balance at end of previous fiscal year	3,386	1,513	40,722
Changes during fiscal year under review			
Changes in items other than shareholders' equity (Net)	(1,078)	1,872	(12,965)
Total changes during fiscal year under review	(1,078)	1,872	(12,965)
Balance at end of fiscal year under review	2,307	3,386	27,745
Minority interests			
Balance at end of previous fiscal year	3,230	3,209	38,845
Changes during fiscal year under review			
Changes in items other than shareholders' equity (Net)	(1)	20	(12)
Total changes during fiscal year under review	(1)	20	(12)
Balance at end of fiscal year under review	3,228	3,230	38,821
Total net assets			
Balance at end of previous fiscal year	123,159	116,364	1,481,167
Changes during fiscal year under review			
Cash dividends paid	(2,276)	(1,862)	(27,372)
Net income	6,921	6,788	83,235
Decrease in surplus of newly consolidated subsidiaries	—	(22)	—
Reversal of reserve for land revaluation	62	—	746
Stock repurchases	(1)	(2)	(12)
Changes in items other than shareholders' equity (Net)	(1,079)	1,893	(12,977)
Total changes during fiscal year under review	3,625	6,794	43,596
Balance at end of fiscal year under review	126,784	123,159	1,524,762

Consolidated Statements of Cash Flows

ADEKA Corporation and Subsidiaries Years ended March 31, 2011 and 2010

	Millions of yen		Thousands of U.S.dollars
	2011	2010	2011
Cash flows from operating activities:			
Income before income taxes, etc.	11,230	9,980	135,057
Depreciation and amortization	8,008	7,799	96,308
Valuation gain/loss on investment securities (gain)	576	—	6,927
Interest received	(391)	(426)	(4,702)
Dividends received	380	514	4,570
Equity in earnings	(440)	(135)	(5,292)
Increase/decrease in allowance for loss on disaster (decrease)	1,497	—	18,004
Loss on disposal of property, plant and equipment	367	580	4,414
Increase/decrease in trade receivables (increase)	(2,980)	(3,624)	(35,839)
Increase/decrease in inventories (increase)	(1,711)	5,535	(20,577)
Increase/decrease in trade payables (decrease)	3,449	536	41,479
Other	(461)	(342)	(5,544)
Net	19,525	20,417	234,817
Interest and cash dividends received	750	512	9,020
Interest paid	(378)	(504)	(4,546)
Insurance proceeds received due to accident/disaster	110	—	1,323
Income taxes refunded	(3,806)	(1,402)	(45,773)
Income taxes paid	—	425	—
Total	16,200	19,499	194,829
Cash flows from investing activities:			
Payment for purchase of marketable securities	(20,989)	(9,990)	(252,423)
Proceeds from sale or redemption of marketable securities	18,011	5,097	216,609
Payment for purchase of property, plant and equipment	(6,478)	(4,938)	(77,907)
Payment for purchase of intangible assets	(638)	(1,029)	(7,673)
Other	(551)	(1,154)	(6,627)
Total	(10,646)	(12,015)	(128,034)
Cash flows from financing activities:			
Decrease in short-term debt	(2,149)	(1,622)	(25,845)
Proceeds from long-term debt	214	9,784	2,574
Repayment of long-term debt	(548)	(8,126)	(6,590)
Dividends paid	(2,277)	(1,863)	(27,384)
Dividends paid to minority shareholders	(45)	(75)	(541)
Other	(239)	(132)	(2,874)
Total	(5,046)	(2,036)	(60,686)
Effect of exchange rate changes on cash and cash equivalents	(460)	64	(5,532)
Net decrease in cash and cash equivalents	48	5,460	577
Cash and cash equivalents at beginning of period	23,507	17,862	282,706
Increase in cash and cash equivalents for new consolidated subsidiaries	—	183	—
Cash and cash equivalents at end of period	*4 23,555	23,507	283,283

Notes to Consolidated Financial Statements

ADEKA Corporation and Subsidiaries Years ended March 31, 2011 and 2010

1 【Basic Matters for Creating Consolidated Financial Statements】

Fiscal year under review (from April 1, 2010 to March 31, 2011)

1. Scope of consolidation

(1) Consolidated subsidiaries (23companies)

【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】 (13companies)

- Amfine Chemical Corp.
- ADEKA (Singapore) Pte. Ltd.
- Chang Chiang Chemical Co., Ltd.
- ADEKA 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.
- ADEKA Fine Chemical (Thailand) Co., Ltd.
- ADEKA Foods (Changshu) Co., Ltd.

(2) Non-consolidated subsidiaries

The major non-consolidated subsidiaries are Tokyo Environmental Measurement Center Co., Ltd. and ADEKA USA Corp.

Since the total assets, net sales, net income or loss, retained earnings, etc. of 11 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 18 affiliates: Nihon Nohyaku Co., Ltd., Kashima Chemical Co., Ltd. and CO-OP Clean Co., Ltd.

Each of the 11 non-consolidate subsidiaries (including Tokyo Environmental Measurement Center) and 15 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 (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., ADEKA Fine Chemical (Thailand) Co., Ltd. and ADEKA Foods (Changshu) 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 nine companies including ADEKA Chemical Supply Corp. is March 31.

Effective with the fiscal year under review, the accounting year-end of Uehara Foods Industry Co., Ltd. is changed from December 31 to March 31. To consolidate the fiscal year under review with the transitional three-month period, the subsidiary has prepared 15 months of accounts.

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) Bonds held to maturity

The amortized cost method (straight line method) is used.

(iii) 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 and merchandise

Mainly the cost method based on the gross average method (write-down of book value in the event of reduced profitability) is used.

➤ Products in progress

Mainly the cost method based on the gross average method (write-down of book value in the event of reduced profitability) is used.

➤ Raw materials and inventory goods

Mainly the cost method based on the moving-average method (write-down of book value in the event of reduced profitability) is used.

(2) Depreciation method for important depreciable assets

(a) Tangible fixed assets (Excluding leased 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	3 to 17 years
Others	3 to 20 years

(b) Intangible fixed assets (Excluding leased 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).

(c) Leased assets

Leased assets related to finance lease transactions without transfer of ownership

The straight-line method is used with the lease term with the economic life and the residual value as zero.

Of the finance lease transactions that do not involve transfer of lease assets ownership, for those which commenced prior to the first fiscal year when the Accounting Standards for Lease Transactions (Corporate Accounting Standards No. 13) were adopted, the accounting treatment for ordinary rental transactions was applied.

(3) 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.

(f) Allowance for loss on disaster

To fund expenses for the restoration of assets affected by the Great East Japan Earthquake, the estimated loss incurred due to the disaster is included in the calculations.

(4) 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.

(5) Method and period of amortization of goodwill

Goodwill is amortized by the straight line method over a period of five years.

(6) Scope of funds in consolidated statements of cash flow

The funds consist of cash at hand, demand deposits, and short-term investments that mature within three months of the date of acquisition, and are easily convertible to cash and have only a slight value fluctuation risk.

(7) Other important matters

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

2 【Change in Basic Matters for Preparing Consolidated Financial Statements】

Fiscal year under review (from April 1, 2010 to March 31, 2011)

(Application of Accounting Standard for Asset Retirement Obligations)

Effective with the fiscal year under review, the Company applies the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18, March 31st, 2008) and the Implementation Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, March 31, 2008).

The effect of this application is to reduce operating income and ordinary income by 5 million yen each, and to reduce net income before income taxes by 106 million yen.

3 【Change in presentation】

Fiscal year under review (from April 1, 2010 to March 31, 2011)

(Consolidated Statements of income)

“Subsidy income,” which was listed as a separate item in the preceding fiscal year, is included in “Other income” under nonoperating income this year, as it accounts for no more than 10/100ths of the total nonoperating income. In addition, for the fiscal year under review the “Subsidy income” included in “Other income” under nonoperating income amounts to 24 million yen.

Effective with the fiscal year under review, pursuant to the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, December 26, 2008), the Company applies the Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No. 5, March 24, 2009). This application is displayed in the item “Net income before minority interests.”

(Consolidated Statements of cash flows)

Effective with the fiscal year under review, “Valuation gain/loss on investment securities (gain),” which was included in “Other” under “Cash flows from operating activities” in the preceding fiscal year, is now listed as a separate item due to its increased importance. In addition, the “Valuation gain/loss on investment securities (gain)” included in “Other” under “Cash flows from operating activities” for the preceding fiscal year amounted to 4 million yen.

4 【Additional information】

Fiscal year under review (from April 1, 2010 to March 31, 2011)

Effective with the fiscal year under review, the Company applies the Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, June 30, 2010). However, it should be noted that the amounts indicated as “Accumulated other comprehensive income” and “Total accumulated other comprehensive income” for the preceding fiscal year correspond to the amounts indicated as “Valuation and Exchange Differential” and “Total valuation and translation adjustments.”

5 【Notes To Consolidated Balance Sheet】

Fiscal year under review (March 31, 2011)

(Note) 1.

*1. Investment in non-consolidated subsidiaries and affiliates

	(Millions of yen)
Investment securities (shares)	¥11,197
Others (investments)	54

*2. Pledged assets

Of tangible fixed assets,	(Millions of yen)
Buildings and structures	¥58
Land	189
<hr/>	
Total	247

are pledged as security for the following debts:

	(Millions of yen)
Long-term debt	¥404
Current portion of long-term debt	44
<hr/>	
Total	448

*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 revaluation: 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 ¥3,636 million.

(Note) 2. 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.

(Millions of yen)

Obligation to repurchase through the liquidation of notes receivable	¥345
<hr/>	<hr/>
Total	345

6 【Notes To Consolidated Statement of Income】

Fiscal year under review (from April 1, 2010 to March 31, 2011)

(Note)

*1. The balance of inventories as of the end of the fiscal year reflects the write-down of book values owing to the reduction in profitability. The following devaluation amount on inventory assets is included in the cost of goods sold: ¥693 million

*2. Selling, general and administrative expenses

Major expense items and their amounts are as follows:

	(Millions of yen)
Freight-out:	¥6,722
Wages and bonuses:	5,681
Research and development expense:	4,441
Provision for bonuses:	727
Transfer from retirement allowance reserve:	343
Transfer from officers' retirement allowance reserve:	78
Provision for officers' bonuses:	47
Transfer to allowance for bad debt:	39

*3. Research and development expense included in general and administrative expenses and production costs for the fiscal year under review: ¥7,339 million

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

	(Millions of yen)
Buildings and structures:	¥52 million
Machinery and vehicles:	243 million
Others:	71 million

*5. Loss on disaster

Loss on disaster is due to the Great East Japan Earthquake that occurred on March 11th, 2011. The breakdown is as follows:

	(Millions of yen)
Recovery expenses	¥1,486
Fixed costs during operation stoppages	227
Inventory asset losses	163
Other	45
<u>Total</u>	<u>1,922</u>

In addition, the loss on disaster allowance is ¥1,497 million.

7 【Notes To Consolidated Statement of Income】

Fiscal year under review (from April 1, 2010 to March 31, 2011)

(Note)

*1. Comprehensive income in the immediately preceding fiscal year:

	(Millions of yen)
Comprehensive income attributable to owners of the parent company	¥8,661
Comprehensive income attributable to minority interests	352
<u>Total</u>	<u>9,014</u>

*2. Other comprehensive income in the immediately preceding fiscal year:

	(Millions of yen)
Valuation difference on available-for-sale securities	¥1,486
Translation adjustment	407
Share of other comprehensive income of affiliates accounted for using the equity method	48
<u>Total</u>	<u>1,941</u>

8 【Notes To Consolidated Statement of Change in Owners' Equity】

Fiscal year under review (from April 1, 2010 to March 31, 2011)

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	Increase in number of shares during fiscal year under review	Decrease in number of shares during fiscal year under review	Number of shares at end of fiscal year under review
Number of shares issued				
Common share	103,651,442	—	—	103,651,442
Total	103,651,442	—	—	103,651,442
Number of shares of treasury stock				
Common share (note)	360,838	1,761	—	362,599
Total	360,838	1,761	—	362,599

(Note)

The increase in the number of common shares of treasury stock by 1,761 is due to purchase of odd-lot shares and a change in equity of Nihon Nohyaku Co., Ltd., an affiliate company accounted for under the equity method.

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, 2010	Common shares	¥1,138	¥11	March 31, 2010	June 23, 2010
Board of Directors' meeting on November 5, 2010	Common shares	1,138	11	September 30, 2010	December 3, 2010

(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 28, 2011	Common shares	¥1,138	Retained earnings	¥11	March 31, 2011	June 29, 2011

9 【Notes To Consolidated Statement of Cash Flows】

Fiscal year under review (from April 1, 2010 to March 31, 2011)

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

	(Millions of yen)
Cash and deposits	¥25,163
Deposits committed for more than 3 months	(3,236)
Cash and cash equivalents within MMFs included in marketable securities	1,629
Cash and cash equivalents	23,555

10 【Lease Transactions】

Fiscal year under review (from April 1, 2010 to March 31, 2011)

1. Finance lease transactions (for the lessee)

Finance lease transactions that do not involve ownership transfer

(1) Details of lease assets

(a) Tangible fixed assets

Mainly production facilities for chemicals-related businesses (machinery and equipment)

(b) Intangible fixed assets

Software

(2) Method of depreciating lease assets

As stated in “(2) Depreciation method for important depreciable assets” of “4. Accounting practices.”

Of finance lease transactions that do not involve ownership transfer, those which started prior to March 31, 2008 were accounted for based on ordinary rental transactions. The details are as follows.

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

	(Millions of yen)		
	Machinery and vehicles	Others	Total
Acquisition cost equivalent	¥83	¥340	¥423
Amount equivalent to accumulated depreciation	67	252	320
Outstanding balance at end of fiscal year	15	87	103

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	Outstanding leasing charge for the remaining period at the end of the term
	(Millions of yen)
Within 1 year	¥63
Over 1 year	39
Total	103

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

	(Millions of yen)
Leasing fees paid	¥94 million
Depreciation expense	94 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.

2. Operating lease transaction

Leasing charge for the remaining period

	(Millions of yen)
Within 1 year	¥81
Over 1 year	471
Total	553

(Impairment loss)

There is no impairment loss allotted to leased property.

11 [Financial Instruments]

Fiscal year under review (from April 1, 2010 to March 31, 2011)

1. Matters relating to the status of financial instruments

(1) Policies in engaging in transactions of financial instruments

The Company Group procures the necessary funds (mainly by bank borrowings) in light of the capital expenditure plan. Temporary surplus funds are mainly invested in short-term deposits, bonds, etc. and short-term working capital is funded by bank borrowings. It uses derivatives to hedge risks described in the below and does not engage in speculative transactions.

(2) Details of and risks associated with financial instruments

Notes and accounts receivables, which are trade receivables, are exposed to the credit risk of customers. Foreign currency-denominated trade receivables, which are generated by doing business overseas, are also exposed to changes in foreign exchange rates.

Marketable securities and investment securities represent bonds held to maturity, shares of companies with which we have business relationships, etc. and are exposed to the credit risk of issuers and changes in their market prices.

Most notes and accounts payables, which are trade obligations, have maturity dates within 4 months. Those denominated in foreign currencies are exposed to changes in foreign exchange rates. However, the Company hedges such exposures by using FX forward transactions for part of trade obligations denominated in foreign currencies.

Borrowings are primarily made with the objective of financing investment in facilities, and the date for their repayment is generally within six years after the account closing date. In some of these cases there is exposure to interest rate fluctuation risk, but that risk is hedged through the use of derivatives (interest rate swaps).

Derivative transactions include FX forward transactions which seek to provide hedges for the risks of changes in foreign exchange rates associated with foreign currency-denominated trade receivables and payables and interest rate swap transactions which seek to provide hedges for the risk of changes in interest rate payments associated with loans payable.

(3) Risk management system relating to financial instruments

(i) Management of credit risk (risk relating to non-performance of a contract obligation by a counterparty, etc.)

The Company adheres to the sales credit standards and the credit management standards for its trade receivables by having the Sales Management Division in each business unit monitor the status of major counterparties regularly and managing due dates and balances by counterparty, while working to detect early and mitigate any concerns about collection due to the deterioration in their financial positions and other reasons. Our consolidated subsidiaries also conform to the Company's sales credit standards, etc. and conduct similar management activities.

As for bonds held to maturity, we hold only highly rated bonds, and the credit risk is therefore low.

We recognize that because our counterparties of derivative transactions are limited to highly rated financial institutions, there is little credit risk.

(ii) Management of market risk (risk of changes in foreign exchange rates and interest rates, etc.)

The Company hedges the risk of changes in foreign exchange rates as captured by currency and month in relation to foreign currency-denominated trade receivables and payables, primarily through marrying. The Company also hedges part of trade obligations denominated in foreign currencies by using FX forward transactions.

With regard to marketable securities and investment securities, we regularly keep track of their fair values and the financial status of the issuers (counterparties) and with regard to those other than bonds held to maturity, we review the holdings continuously by taking into account the market conditions and the relationships with the counterparties.

The execution and management of derivative transactions are conducted by the department in charge with the approval of the person with approval authority in accordance with the management rules providing for the transaction authority, the transaction limit, etc.

In addition, consolidated subsidiaries use interest rate swap transactions to control the risk of changes in interest rate payments associated with loans payable and use FX transactions to avoid the risk of change in foreign exchange rates.

(iii) Management of liquidity risk in relation to funding (risk of being unable to make payment on due dates)

The Company manages liquidity risk by having the department in charge prepare and update a cash flow management plan as appropriate based on the reports by respective departments, maintaining cash at hand at a certain level and taking other measures. Our consolidated subsidiaries also conduct similar management activities.

(4) Supplementary explanation for the matters relating to the fair values, etc. of financial instruments

Fair values of financial instruments are determined by market prices. If no market prices are available, fair values are based on values as calculated in a reasonable manner. Determination of such values contains variable factors and the adoption of different presumptions may cause the values to change.

With regard to the contract amounts, etc. of derivative transactions in Note on "Derivatives Trading," such amounts themselves do not indicate the size of market risks associated with the derivative transactions.

2. Matters relating to the fair values, etc. of financial instruments

The amounts stated in the consolidated balance sheet as of March 31, 2011, their fair values and differences are as follows. The table below excludes the financial instruments whose fair values are extremely difficult to calculate (see Note 2).

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Cash and time deposits	¥25,163	¥25,163	¥-
(2) Notes and accounts receivable	38,581	38,581	-
(3) Marketable securities and investment securities			
Other securities	18,669	18,669	-
Bonds held to maturity	49	50	0
Shares of subsidiaries and affiliates	8,389	6,179	(2,209)
Total assets	90,854	88,644	(2,209)
(1) Notes and accounts payable	31,334	31,334	-
(2) Short-term loans payable	11,472	11,472	-
(3) Long-term loans payable (including the current portion)	10,993	11,132	138
Total liabilities	53,799	53,938	138
Derivative transactions*	24	24	-

*Net receivables and payables arising from derivative transactions are shown as a net amount, and items for which aggregated results lead to net payables are shown in parentheses.

(Note)

- Matters relating to the method of determining the fair values of financial instruments as well as securities and derivative transactions

Assets

- Cash and time deposits and (2) Notes and accounts receivable

These assets can be settled in a short time and their fair values are almost equal to their book values. Accordingly, their fair values are based on their book values.

- Marketable securities and investment securities

Their fair values are based on stock prices at stock exchanges. The fair values of bonds are based on theoretically calculated values. See Note on "Securities" with respect to securities classified by holding purpose.

Liabilities

- Notes and accounts payable and (2) Short-term loans payable

These liabilities can be settled in a short time and their fair values are almost equal to their book values. Accordingly, their fair values are based on their book values.

- Long-term loans payable

The fair values of long-term loans payable are calculated on the basis of their present value obtained by discounting the total amount of their principal and interest at an interest rate which can be estimated for a case where the same amount of money is newly borrowed.

Derivatives trading

See Note on "Derivatives Trading."

- Financial instruments whose fair values are extremely difficult to calculate

Type	Consolidated balance sheet amount
Unlisted shares	¥5,621 million

Market quotations are unavailable for unlisted shares, and it is considered extremely difficult to assess their fair values. In this context, they are not included in "(3) Marketable securities and investment securities."

3. Scheduled redemption amounts after the consolidated closing date for monetary claims and securities with maturity

(Millions of yen)

	Within 1 year	Over 1 year, within 5 years	Over 5 years, within 10 years	Over 10 years
Cash and time deposits	¥25,104	¥—	¥—	¥—
Notes and accounts receivable	38,581	—	—	—
Marketable securities and investment securities				
Bonds held to maturity				
(1) Public and corporate bonds	50	—	—	—
(2) Others	—	—	—	—
Other securities with maturity				
(1) Public and corporate bonds	3,000	—	—	—
(2) Others	5,001	1	—	—
Total	71,738	1	—	—

4. Scheduled repayment amounts after the consolidated closing date for long-term debt

(Millions of yen)

	Within 1 year	Over 1 year, within 5 years	Over 5 years, within 10 years	Over 10 years
Long-term debt	¥463	¥8,298	¥2,181	¥49
Total	463	8,298	2,181	49

12 【Securities】

Fiscal year under review (March 31, 2011)

1. Bonds held to maturity

(Millions of yen)

Type	Consolidated balance sheet amount	Fair value	Difference
Bonds whose fair value exceeds the consolidated balance sheet amount			
(i) Stocks	¥—	¥—	¥—
(ii) Bonds	49	50	0
(iii) Others	—	—	—
Subtotal	49	50	0
Bonds whose fair value does not exceed the consolidated balance sheet amount			
(i) Stocks	—	—	—
(ii) Bonds	—	—	—
(iii) Others	—	—	—
Subtotal	—	—	—
Total	49	50	0

2. Other securities

(Millions of yen)			
Type	Consolidated balance sheet amount	Fair value	Difference
Securities whose amount recorded in the consolidated balance sheet exceeds the acquisition cost			
(i) Stocks	¥5,894	¥3,456	¥2,437
(ii) Bonds	—	—	—
(iii) Others	—	—	—
Subtotal	5,894	3,456	2,437
Securities whose amount recorded in the consolidated balance sheet does not exceed the acquisition cost			
(i) Stocks	3,146	3,964	(818)
(ii) Bonds	3,000	3,000	—
(iii) Others	6,629	6,629	—
Subtotal	12,775	13,593	(818)
Total	18,669	17,050	1,619

(Note)

Market quotations are unavailable for unlisted stocks (consolidated balance sheet amount: 2,813 million yen), and it is considered extremely difficult to assess their fair values. In this context, they are not included in the above table of "Other securities."

3. Other securities sold

(Millions of yen)			
Type	Sales amount	Total amount of gain on sale of other securities	Total amount of loss on sale of other securities
(1) Stocks	¥43	¥20	¥0
(2) Bonds			
(i) Government and municipal bonds, etc.	—	—	—
(ii) Corporate bonds	—	—	—
(iii) Other bonds	—	—	—
(3) Others	—	—	—
Total	43	20	0

13 【Derivatives Trading】

Fiscal year under review (from April 1, 2010 to March 31, 2011)

1. Derivative transactions to which hedge accounting is not applied

(1) Currency-related trading

(Millions of yen)					
Classification	Type	Contract price	Price of contracts for more than 1 year	Market value	Appraisal profit/loss
Transactions other than market transactions	Exchange reservation transaction				
	Purchase order				
	Singapore dollar	¥757	¥—	¥20	¥20
	Japanese yen	72	—	(1)	(1)
	U.S. dollar	8	—	(0)	(0)
Total		838	—	18	18

(Note)

Market value accounting method
Exchange reservation transaction
The forward exchange rate is applied.

(2) Interest rate-related trading

(Millions of yen)				
Type	Contract price	Price of contracts for more than 1 year	Market value	Appraisal profit/loss
Interest rate swap transaction				
Floating receipt, fixed payment	¥188	¥—	¥6	¥6
Total	188	—	6	6

(Note)

Market value accounting method
Interest rate swap transaction
The price offered by the correspondent financial institution is used.

2. Derivative transactions to which hedge accounting is not applied

Not applicable.

14 【Retirement Benefits】

Fiscal year under review (March 31, 2011)

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

	(Millions of yen)
a. Retirement benefit debt	¥(10,884)
b. Pension assets	—
c. Non-reserved retirement benefit debt (a + b)	(10,884)
d. Unrecognized past service liabilities	1,562
e. Unrecognized actuarial differences	796
f. Net amount recorded on consolidated balance sheet (c + d + e)	(8,526)
g. Prepaid pension expenses	—
h. Allowance for retirement benefits (f – g)	(8,526)

(Note)

Certain subsidiaries use simple methods for calculating retirement benefit debt.

3. Matters relating to retirement benefit expenses

	(Millions of yen)
a. Employment expense (note 1)	¥684
b. Interest cost	204
c. Expected investment profit	—
d. Amount of expense appropriated for past service liabilities	132
e. Amount of expense appropriated for actuarial differences	105
f. Retirement benefit expenses (a + b + c + d + e)	1,126

(Notes)

- 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 ¥133 million for the fiscal year under review and ¥130 million for the previous fiscal year.

4. Matters relating to retirement benefit expenses

	Fiscal year under review (March 31, 2011)
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.

15 【Stock Options】

Fiscal year under review (from April 1, 2010 to March 31, 2011)

Description, scale, and change of stock options

Not applicable.

16 【Tax Effect Accounting】

Fiscal year under review (March 31, 2011)

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

	(Millions of yen)
Deferred tax assets	
Accrued bonuses	¥807
Reversal of enterprise taxes	202
Allowance for retirement benefits	3,426
Allowance for doubtful accounts in excess of the limit for income tax	759
Reversal of loss on impairment of fixed assets	347
Reversal of loss on devaluation of shares in affiliates	823
Reversal of allowance for directors' retirement bonuses	95
Net loss carried forward	392
Unrealized income	468
Others	1,190
Deferred tax assets subtotal	8,513
Allowance account	(3,097)
Deferred tax assets total	5,415
Deferred tax liabilities	
Reverse for deferred tax on fixed assets	(114)
Other differences on revaluation of securities	(597)
Others	(276)
Net deferred tax assets	4,427

(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, 2011)

	(Millions of yen)
Current assets-deferred tax assets	¥1,876
Fixed assets-deferred tax assets	3,022
Current liabilities-others	(0)
Fixed liabilities-deferred tax liabilities	(470)

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

	(%)
Legal effective tax rate	40.2
(Adjustments)	
Investment return by the equity method	(1.6)
Items, including entertainment cost, permanently excluded from nontaxable expenses	1.3
Experiment and research expense tax credit	(4.6)
Per-capita portion of residents' tax	0.4
Others	0.7
Actual effective tax rate after the application of tax effect accounting	36.4

17 【Segment Information】

Fiscal year under review (from April 1, 2010 to March 31, 2011)

1. Outline of reportable segments

The Group's reportable segments are defined as those about which separate financial information is available, and that such information is evaluated regularly by the Company's Board of Directors to decide how to allocate resources and to assess performance.

The Group divides its business operations into Chemicals and Food Products segments according to product and service offerings. The Group then draws up comprehensive strategies and undertakes business activities, in Japan and internationally, along these segment lines.

This means that the Group identifies Chemicals and Food Products as its two reportable segments.

The primary products of each reportable segment are as follows:

Chemicals	Imaging/optical recording materials, high-purity materials for semiconductors, additives for polyolefins, PVC stabilizers, flame retardants, epoxy resins, water-borne resins, surfactants, lubricants, caustic soda, propylene glycol, hydrogen peroxide, etc.
Food products	Margarine, shortenings, fillings, etc.

2. Methods to determine, by reportable segment, the amount of net sales, income/loss, assets, and other items

The methods used in accounting the reportable business segments are broadly the same as those described in the Basic Matters for Creating Consolidated Financial Statements.

Income figures for the reportable segments are on an operating income base.

Internal sales and transfers between segments are based on prevailing market prices.

3. Information regarding, by reportable segment, the amount of net sales, income/loss, assets, and other items

	Reportable segments			Other (*1)	Total	Adjustments (*2)	Consolidated financial statements(*3)
	Chemicals	Food products	Subtotal				
(Millions of yen)							
Sales							
Outside customers	¥122,529	¥51,198	¥173,728	¥4,470	¥178,198	¥ —	¥178,198
Inter - segment	222	57	279	10,613	10,892	(10,892)	—
Total	122,751	51,255	174,007	15,084	189,091	(10,892)	178,198
Segment income	11,633	2,416	14,050	457	14,507	73	14,581
Segment assets	124,990	42,297	167,288	8,974	176,262	31,516	2,077,779
Other items							
Depreciation and amortization (*4)	6,172	1,807	7,980	62	8,042	(34)	8,008
Investments in affiliates accounted for using the equity method	9,781	—	9,781	—	9,781	—	9,781
Increases in tangible and intangible fixed assets (*5)	5,866	1,346	7,213	52	7,265	1	7,266

(Notes)

1. The category "Other" accommodates the business segments that do not qualify as a reportable segment. They include construction and construction management, logistic services, real estate business, etc.
2. Details of adjustments are as follows:
The adjustment of ¥73 million to segment income reflects eliminations of transactions among segments.
The adjustment of ¥31,516 million to segment assets is comprised primarily of surplus funds (cash and securities) and long-term investment funds (investment securities) that are under management by the Company.
3. Segment income is adjusted with the operating income that appears in consolidated financial statements.
4. Depreciation and amortization includes amortization of long-term prepaid expenses.
5. Increases in tangible and intangible fixed assets include an increase in long-term prepaid expenses.

Related information Fiscal year under review (from April 1, 2010 to March 31, 2011)

1. Information by product and service

This disclosure is omitted because similar information is already in the Segment Information section.

2. Information by geographical region

(1) Sales

(Millions of yen)

Japan	Asia	Other	Total
129,954	36,622	11,621	178,198

(Note)

Sales are first recognized according to the customer's location, and then grouped by country/region.

(2) Tangible fixed assets

(Millions of yen)

Japan	Asia	Other	Total
59,972	6,293	1,782	68,049

3. Information by principal customer

No information is disclosed under this item because the Company has no single external customer that accounts for at least 10% of its net sales as stated in its consolidated statement of income.

Information on impairment loss on fixed assets by reportable segment

Fiscal year under review (from April 1, 2010 to March 31, 2011)

	Reportable segments			Other	Company-wide /eliminations	Total
	Chemicals	Food products	Total			
Impairment loss	—	—	—	—	104	104

Information on amortization of goodwill and unamortized balance by reportable segment

Fiscal year under review (from April 1, 2010 to March 31, 2011)

There is no information to be disclosed under this item.

Information on the gain of negative goodwill by reportable segment

Fiscal year under review (from April 1, 2010 to March 31, 2011)

There is no information to be disclosed under this item.

(Additional information)

Fiscal year under review (from April 1, 2010 to March 31, 2011)

Effective with the fiscal year under review, the Company applies the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, March 27, 2009) and the Implementation Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20, March 21, 2008).

18 [Information on related parties]

Fiscal year under review (from April 1, 2010 to March 31, 2011)

There is no information to be disclosed under this item.

19 【Per-Share Information】

Fiscal year under review (from April 1, 2010 to March 31, 2011)

Net assets per share	¥1,196.22
Net income per share	¥67.01
Diluted net income per share	The diluted net income per share is not stated as there are no stock equivalents.

(Notes)

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

(Millions of yen)

Net income (million yen)	¥6,921
Amount not attributable to common stockholders (million yen)	—
Net income relating to common stock (million yen)	6,921
Number of shares during the period (thousand shares)	103,289

20 【Subsequent Event】

Fiscal year under review (from April 1, 2010 to March 31, 2011)

There is no information to be disclosed under this item.

21 [Supplementary Schedule]

Supplementary Schedule of bonds payable

Not applicable.

Supplementary Schedule of loans payable

Classification	Balance at end of previous term (Millions of yen)	Balance at end of term under review (Millions of yen)	Average interest rate (%)	Due date
Short-term debt	¥13,987	¥11,472	1.289	—
Current portion of long-term debt	483	463	3.226	—
Current portion of lease obligations	221	202	—	—
Long-term debt (excluding the current portion)	10,951	10,529	1.616	April 2012 to March 2027
Lease obligations (excluding the current portion)	1,062	777	—	April 2012 to July 2021
Other interest-bearing debt	—	—	—	—
Total	26,707	23,446	—	—

(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 average interest rate on lease obligations is not stated, as the amount of lease obligations listed on the consolidated balance sheet includes the interest equivalent that is included in the total lease payments.
3. Of the long-term debt and lease obligations (excluding those due within a year), amounts due within five years after the end of the consolidated fiscal year are as follows.

(Millions of yen)

	Over 1 year, within 2 years	Over 2 years, within 3 years	Over 3 years, within 4 years	Over 4 years, within 5 years
Long-term debt	¥5,804	¥232	¥2,215	¥46
Lease obligations	180	166	75	60

Supplementary Schedule of asset retirement obligations

This disclosure is omitted pursuant to Article 92-2 of the Regulations for Consolidated Financial Statements. This omission is because the amount of asset retirement obligation accounts is less than 1/100th of total liabilities and net assets, as determined at the end of the fiscal year under review.

Others

Quarterly information for the consolidated fiscal year under review

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Sales (Millions of yen)	¥41,989	¥44,090	¥47,436	¥44,682
Quarterly net income/loss before tax adjustments (Millions of yen)	3,295	2,962	3,924	1,047
Quarterly net income/loss (Millions of yen)	2,169	1,557	2,433	760
Quarterly net income/loss per share (yen)	21.00	15.08	23.56	7.37

(Note)

- 1st Quarter : From April 1, 2010 to June 30, 2010
 2nd Quarter : From July 1, 2010 to September 30, 2010
 3rd Quarter : From October 1, 2010 to December 31, 2010
 4th Quarter : From January 1, 2011 to March 31, 2011

Corporate Data

As of March 31, 2011

ADEKA Corporation

Established	January 27, 1917
Capital	22.8 billion yen
Stock Exchange	First Section, Tokyo Stock Exchange
shares authorized	400,000,000 shares
Shares Issued	103,651,442 shares
Number of Shareholders	7,628

Principal Shareholders

Major Shareholders	Number of Shares Held (thousands)	Percentage of Shares Held
Japan Trustee Services Bank, Ltd. (Trust Account)	8,729	8.44
Master Trust Bank of Japan, Ltd. (Trust Account)	5,579	5.39
Asahi Mutual Life Insurance Co.	4,344	4.20
TCSB (Mizuho Bank)	3,581	3.46
National Mutual Insurance Federation of Agricultural Cooperatives	3,168	3.06
Japan Trustee Services Bank, Ltd. (Trust Account 9)	3,082	2.98
The Norinchukin Bank	2,244	2.17
Chase London SL Omnibus Account	2,086	2.02
ADEKA Customer's Stockholding	1,960	1.89
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,801	1.74

BOARD OF DIRECTORS AND STATUTORY AUDITORS (As of June 28, 2011)

President	Kunihiko Sakurai	
Director and Senior Managing Operating Officer	Tohru Haruna	
Director and Managing Operating Officer	Hiroshi Serata	Akio Kohri
	Kazuhiko Morio	Takumi Iio
Director and Operating Officer	Akira Momose	Haruhiko Tomiyasu
	Hikaru Tsujimoto	Shuji Hojo
External Director	Kazuyuki Nagai	
Auditors	Shin-ichi Kiuchi	Ryohei Shibata
	Yuzuru Fujita	Yoko Takemura
Senior Operating Officer	Kazuo Itagaki	
Operating Officer (and General Manager)	Nobuhide Tominaga	Hisashi Murase
	Akimasa Yajima	Kazutaka Kitamori
	Toshinori Yukino	Ryozo Arata

Consolidated Companies (As of June 28, 2011)

【Japan】

Consolidated subsidiary	Capital (¥ million)	Line of business
Chemicals		
ADEKA CHEMICAL SUPPLY CORP.	¥104	Sales of chemical products, and the development, manufacturing and sales of metal processing oils, etc.
ADEKA CLEAN AID CORP.	140	Development and sales of kitchen detergents for commercial use, industrial detergents, etc.
OXIRANE CHEMICAL CORP.	600	Manufacturing and sales of epoxy elasticizers, etc.
Food Products		
ADEKA FOOD SALES CORP.	42	Sales of edible processed oils and fats, manufacturing and sales of confectionary and breads, and sales of other foodstuffs, etc.
YONGO CO.,LTD.	18	Sales of edible processed oils and fats, manufacturing and sales of confectionary and breads, and sales of other foodstuffs, etc.
ADEKA FINE FOODS CORP.	50	Manufacturing and sales of dressings, processed seafood and similar products.
UEHARA FOOD INDUSTRY CO.,LTD.	70	Manufacturing and sales of flour paste products, bean-jams and retort pouch foods.
Others		
ADEKA LOGISTICS CORP.	50	General and principal contracting of logistics for the company, warehousing, leasing of vehicles, etc.
ADEKA ENGINEERING & CONSTRUCTION CORP.	130	Design, construction, and construction supervision of facility plants, and facilities maintenance.
ADEKA LIFE-CREATE CORP.	65	Trading, intermediation and management of fixed properties, damage insurance agent, and sales of OA equipment.

【Overseas】

Consolidated subsidiary	Capital	Line of business
Chemicals		
AMFINE CHEMICAL CORP.	US\$7.5 million	Manufacturing and sales of polymer additives.
CHANG CHIANG CHEMICAL CO., LTD.	NT\$30.0 million	Sales of polymer additives, special elasticizers and similar products.
ADEKA KOREA CORP.	₩15.0 billion	Manufacturing and sales of polymer additives, electrochemical materials and similar products.
ADEKA (ASIA) PTE.LTD.	US\$0.8 million	Sales of chemical products.
ADEKA Europe GmbH	€0.5 million	Sales of chemical products.
ADEKA PALMAROLE SAS	€3.0 million	Sales of polymer additives.
ADEKA FINE CHEMICAL TAIWAN CORP.	NT\$200.0 million	Manufacturing and sales of chemicals relating to liquid crystal panels.
ADEKA (SHANGHAI) CO., LTD	US\$1.0 million	Sales of chemical products.
ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD.	US\$20.5 million	Manufacturing and sales of polymer additives, functional resins, electrochemical materials and similar products.
ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD.	US\$15.7 million	Manufacturing and sales of polymer additives.
ADEKA FINE CHEMICAL (THAILAND) CO., LTD.	฿350.0 million	Sale of polymer additives and other chemicals.
Food Products		
ADEKA (SINGAPORE)PTE.LTD.	S\$8.0 million	Manufacturing and sales of edible processed oils and fats, frozen piecrusts and related food products.
ADEKA FOODS (CHANGSHU) CO., LTD.	US\$15 million	Manufacture and sale of edible oil products and processed foods.