



ADEKA CORPORATION FINANCIAL STATEMENTS

As of March 31, 2009 and 2008

PROFILE

ADEKA Corporation started as Tokyo Denka Kogyo-sho, and was founded by the Furukawa Group in 1915 to produce caustic soda by the electrolyzation method.

At that time, the Japanese chemical industry was still in its infancy and therefore dependent on imports; the Company's aim was the domestic production of soda products.

In 1917, Tokyo Denka Kogyo-sho was reformed and assumed a new name, Asahi Denka Kogyo K.K. (In June 2002, the Company's English common name has changed to Asahi Denka Co., Ltd.) In 1919, the Company started production of hydrogenated hardened oils, and expanded into the chemical industry with soda and oils and fats as its two main product lines.

Since then, the Company has grown substantially in the various fields of chemical and food products.

The Company's manufacturing from a basic material such as the propylene glycols to the highly-functional additives, semiconductor materials, fine chemical product for digital home appliance.

With such diverse production, the Company is striving to contribute to the development of a wide range of fields.

In the food business, through the extensive use of animal and vegetable oil and fat materials to supply processed oils and fats, including margarine and shortening to the food industry (such as bakeries and confectioneries), the Company has developed processed food using freezing and sterilization technologies and thereby aims to enhance the pleasure of eating.

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 (Fusion for the Future), we will strengthen ties between Group companies and foster the mutual prosperity of the ADEKA Group, domestically and overseas.

CORPORATE DATA

As of March 31, 2009

Established	January 27, 1917
Paid-in Capital	22,899 million yen
Stock Exchange	First Section, Tokyo Stock Exchange
Head Office	7-2-35 Higashi-ogu Arakawa-ku, Tokyo 116-8554, Japan TEL: +81-3-4455-2811 FAX: +81-3-3809-8210
Main Branch Office	Osaka
Branch Offices	Nagoya (Aichi), Fukuoka
Sales Offices	Sapporo (Hokkaido), Sendai (Miyagi), Okayama
Factries	Kashima (Ibaraki), Chiba, Mie, Fuji (Shizuoka), Akashi (Hyogo), Soma (Fukushima)
Research and Development Laboratory	【Chemical R&D Laboratory】 Ogu (Tokyo), Urawa (Saitama), Kuki (Saitama) 【Food R&D Laboratory】 Ogu (Tokyo), Osaka, Nagoya (Aichi)
Major Shareholders	Japan Trustee Services Bank, Ltd. (Trust Account 4G) Japan Trustee Services Bank, Ltd. (Trust Account) The Master Trust Bank of Japan, Ltd. (Trust Account) Asahi Mutual Life Insurance Co. Trust & Custody Services Bank, Ltd. (Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.)

BOARD OF DIRECTORS AND STATUTORY AUDITORS

As of June 22, 2009

PRESIDENT

Kunihiko Sakurai

DIRECTOR AND HONORARY CHAIRMAN

Masahiro Iwashita

DIRECTOR AND SENIOR MANAGING OPERATING OFFICER

Tohru Haruna

Kenshi Koga

DIRECTOR AND OPERATING OFFICER

Hiroshi Serata

Akio Kohri

Kazuhiko Morio

Takumi Iio

Akira Momose

Haruhiko Tomiyasu

AUDITOR

Shin-Ichi Kiuchi

Yuzuru Fujita

Takeo Imai

Akio Okuyama

MANAGING OPERATING OFFICER

Ryohei Shibata

OPERATING OFFICER (AND GENERAL MANAGER)

Kenji Tajima

Ryoji Kimura

Nobuhide Tominaga

Kaoru Komiya

Masatsugu Kasai

Kazuo Itagaki

Shuji Hojo

Hikaru Tsujimoto

Hisashi Murase

Akimasa Yajima

BASIS OF PRESENTING FINANCIAL STATEMENTS

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

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

The U.S. dollar amounts included herein are solely for the convenience of readers outside Japan and have been translated from the Japanese yen amounts at the rate of ¥98.23 = US\$1, the approximate exchange rate prevailing on March 31, 2009.

FIVE-YEAR FINANCIAL HIGHLIGHTS

ADEKA Corporation and Subsidiaries, Years ended March 31, 2005 to 2009

	Millions of yen					Thousands of U.S. dollars
	2009	2008	2007	2006	2005	2009
Net sales	176,186	191,987	174,284	165,043	151,824	1,793,607
Operating Income	6,989	16,213	16,624	17,285	14,773	71,149
Income Before Income Tax	3,294	14,656	15,555	15,754	13,678	33,534
Net Income	1,223	8,742	9,358	9,133	7,594	12,450
Total Assets	192,517	212,511	208,318	190,424	178,126	1,959,860
	yen					U.S. dollars
	2009	2008	2007	2006	2005	2009
Net Income per Share	11.84	84.61	90.84	88.47	76.10	0.12
Cash Dividends per Share	20.00	22.00	22.00	20.00	14.00	0.20

SALES BY DIVISION

ADEKA Corporation and Subsidiaries, As of March 31, 2009

(Millions of yen)	
Total Net Sales :	176,186
Chemicals :	113,514 (64.4%)
Food Products :	55,698 (31.6%)
Other :	6,972 (4.0%)

STATUS OF ACCOUNTS

1. Method of preparing consolidated financial statements and financial statements

The consolidated statements of ADEKA Corporation (the “Company”) and its consolidated subsidiaries (together the “Companies”) have been prepared in accordance with the Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements. (Ministry of Finance Ordinance No. 28 of 1976; the “Consolidated Financial Statements Regulation” hereinafter)

The consolidated financial statements for the preceding fiscal year (from April 1, 2007 to March 31, 2008) were prepared in accordance with the Consolidated Financial Statements Regulation prior to revision, and those for the fiscal year under review (from April 1, 2008 to March 31, 2009) were prepared in accordance with the revised Consolidated Financial Statements Regulation.

2. About the Audit Report

The Company’s consolidated financial statements for the preceding fiscal year (from April 1, 2007 to March 31, 2008) and financial statements for the 146th business term (from April 1, 2007 to March 31, 2008) were audited by Shin Nihon & Co., and the Company’s consolidated financial statements for the fiscal year under review (from April 1 2008 to March 31, 2009) and financial statements for the 147th business term (from April 1, 2008 to March 31, 2009) were audited by Ernst & Young ShinNihon LLC, in accordance with the Financial Instruments and Exchange Act, Article 193-2, (1).

Shin Nihon & Co. was reorganized into Ernst & Young ShinNihon LLC as of July 1, 2008, owing to a change in company type.

ADEKA CORPORATION

CONSOLIDATED BALANCE SHEET

ADEKA Corporation and Subsidiaries Years ended March 31, 2009 and 2008

Assets

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Current assets:			
Cash and time deposits	19,136	13,474	194,808
Notes and accounts	32,319	43,778	329,014
Marketable securities	229	5,150	2,331
Inventories	—	31,759	—
Merchandise and products	15,139	—	154,118
Products in progress	4,642	—	47,256
Raw materials and inventory goods	12,949	—	131,823
Deferred tax	1,795	1,904	18,273
Other	3,108	4,703	31,640
Allowance for doubtful receivables	(385)	(468)	(3,919)
Total current assets	88,935	100,301	905,375
Fixed Assets			
Tangible fixed assets			
Buildings and structures	*2 49,071	49,168	499,552
Accumulated depreciation	(29,462)	(28,452)	(299,929)
Buildings and structures (Net)	*2 19,609	20,716	199,623
Machinery, equipment and transportation equipment	94,972	94,346	966,833
Accumulated depreciation	(70,556)	(69,371)	(718,273)
Machinery, equipment and transportation equipment (Net)	24,415	24,975	248,549
Land	*2 *3 20,494	20,761	208,633
Leased assets	849	—	8,643
Accumulated depreciation	(139)	—	(1,415)
Leased assets (Net)	709	—	7,218
Construction in progress	1,867	2,094	19,006
Other	20,010	19,277	203,706
Accumulated depreciation	(15,267)	(14,357)	(155,421)
Other (Net)	4,743	4,920	48,285
Total tangible fixed assets	71,840	73,467	731,345
Intangible Fixed Assets			
Software	542	567	5,518
Temporary account for software	1,807	—	18,396
Leased assets	27	—	275
Other	734	703	7,472
Total Intangible Fixed Assets	3,111	1,271	31,671
Investments and other assets:			
Investments securities	*1 21,279	32,594	216,624
Long-term loans receivable	1,502	443	15,291
Deferred tax	3,843	1,948	39,122
Other	*1 3,301	3,498	33,605
Allowance for doubtful receivables	(1,295)	(1,013)	(13,183)
Total investments and other assets	28,629	37,471	291,449
Total Fixed Assets	103,581	112,209	1,054,474
Total	192,517	212,511	1,959,860

See accompanying Notes to Consolidated Financial Statements.

Liabilities and Shareholders' Equity

Liabilities:	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Current liabilities:			
Notes and accounts payable	27,683	34,432	281,818
Short-term loans payable	14,509	15,014	147,704
Lease obligations	117	—	1,191
Accrued income taxes	290	3,563	2,952
Reserve for bonuses	1,871	2,021	19,047
Reserve for directors' and statutory auditors' bonuses	16	57	163
Reserve for loss on debt guarantees	349	—	3,553
Other	*2 7,997	9,591	81,411
Total current liabilities	<u>52,835</u>	<u>64,680</u>	<u>537,870</u>
Long-term liabilities:			
Long-term loans payable	*2 6,823	9,709	69,459
Lease obligations	578	—	5,884
Deferred tax liabilities	420	319	4,276
Deferred tax liabilities due to land revaluation	*3 4,732	4,732	48,173
Reserve for retirement benefits	8,532	8,620	86,857
Liability for director and statutory auditor retirement benefits	174	485	1,771
Other	2,055	1,937	20,920
Total long-term liabilities	<u>23,317</u>	<u>25,805</u>	<u>237,371</u>
Total liabilities	<u>76,152</u>	<u>90,485</u>	<u>775,242</u>
Net assets:			
Shareholders Equity:			
Capital stock	22,899	22,899	233,116
Capital surplus	19,925	19,925	202,840
Retained earnings	69,036	70,149	702,800
Treasury stock	(220)	(176)	(2,240)
Total shareholders equity	<u>111,641</u>	<u>112,799</u>	<u>1,136,527</u>
Valuation and Exchange Differential:			
Valuation difference on available-for-sale securities	(255)	2,485	(2,596)
Reserve for land revaluation	*3 3,333	3,333	33,931
Translation adjustments	(1,564)	669	(15,922)
Total valuation and translation adjustments	<u>1,513</u>	<u>6,488</u>	<u>15,403</u>
Minority interests	3,209	2,738	32,668
Total net assets	<u>116,364</u>	<u>122,026</u>	<u>1,184,608</u>
Total liabilities and net assets	<u>192,517</u>	<u>212,511</u>	<u>1,959,860</u>

See accompanying Notes to Consolidated Financial Statements.

ADEKA CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

ADEKA Corporation and Subsidiaries Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Net sales	176,186	191,987	1,793,607
Cost of sales	*1,*3 143,539	149,086	1,461,254
Gross Profit	32,646	42,900	332,342
Selling, general and administrative expenses	*2,*3 25,656	26,686	261,183
Operating income	6,989	16,213	71,149
Nonoperating income:			
Interest received	122	149	1,242
Dividends received	431	387	4,388
Equity in earnings	—	411	—
Other income	511	320	5,202
Total nonoperating income	1,065	1,268	10,842
Nonoperating expenses:			
Interest received	(519)	(612)	(5,284)
Loss on the disposal of inventories	—	(397)	—
Foreign exchange losses	(845)	(532)	(8,602)
Loss from equity method investments	(89)	—	(906)
Other expenses	(492)	(746)	(5,009)
Total nonoperating expenses	(1,947)	(2,288)	(19,821)
Ordinary income	6,107	15,193	62,170
Extraordinary income:			
Gain on sale of investment securities	422	249	4,296
Gain on sale of shares in affiliated company	—	111	—
Gain on insurance claims	—	347	—
Total extraordinary income	422	708	4,296
Extraordinary losses:			
Loss on the disposal of fixed assets	*4 (543)	(630)	(5,528)
Valuation loss of investment securities	(621)	(49)	(6,322)
Loss on sale of shares in affiliated company	(29)	—	(295)
Loss on valuation of contributions to affiliated company	(561)	(218)	(5,711)
Valuation loss of available-for-sale securities	(13)	—	(132)
Loss on business transfer	—	(155)	—
Casualty loss	—	(192)	—
Impairment loss	*5 (794)	—	(8,083)
Transfer to allowance for doubtful accounts from affiliated companies	(242)	—	(2,464)
Transfer to reserve for loss on debt guarantees	(349)	—	(3,553)
Loss on discharge of debt guarantees	(80)	—	(814)
Total extraordinary losses	(3,234)	(1,246)	(32,923)
Income before income taxes	3,294	14,656	33,534
Income taxes, residence taxes and enterprise taxes	1,606	5,762	16,349
Income tax effect adjustment	76	(250)	774
Total income tax	1,682	5,512	17,123
Minority interests in earnings of consolidated subsidiaries	388	401	3,950
Net income	1,223	8,742	12,450
			U.S. dollars
Per share amounts	yen		(Note 1)
Net income (primary)	11.84	84.61	0.12
Net income (fully diluted)	—	84.54	—
Cash dividends	20.00	22.00	0.20

See accompanying Notes to Consolidated Financial Statements.

ADEKA CORPORATION
CONSOLIDATED STATEMENT OF CHANGE IN OWNERS' EQUITY

ADEKA Corporation and Subsidiaries Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Shareholders Equity			
Capital stock			
Balance at end of previous fiscal year	22,899	22,793	233,116
Changes during fiscal year under review			
Increase by exercise of right to reserve new stock	—	105	—
Total changes during fiscal year under review	—	105	—
Balance at end of fiscal year under review	22,899	22,899	233,116
Capital surplus			
Balance at end of previous fiscal year	19,925	19,819	202,840
Changes during fiscal year under review			
Increase by exercise of right to reserve new stock	—	105	—
Total changes during fiscal year under review	—	105	—
Balance at end of fiscal year under review	19,925	19,925	202,840
Retained earnings			
Balance at end of previous fiscal year	70,149	63,759	714,130
Changes during fiscal year under review			
Cash dividends paid	(2,276)	(2,274)	(23,170)
Net income	1,223	8,742	12,450
Decrease in surplus of newly consolidated subsidiaries	(59)	(78)	(601)
Total changes during fiscal year under review	(1,113)	6,389	(11,331)
Balance at end of fiscal year under review	69,036	70,149	702,800
Treasury stock			
Balance at end of previous fiscal year	(176)	(173)	(1,792)
Changes during fiscal year under review			
Stock repurchases	(44)	(2)	(448)
Total changes during fiscal year under review	(44)	(2)	(448)
Balance at end of fiscal year under review	(220)	(176)	(2,240)
Total shareholders equity			
Balance at end of previous fiscal year	112,799	106,200	1,148,315
Changes during fiscal year under review			
Increase by exercise of right to reserve new stock	—	211	—
Cash dividends paid	(2,276)	(2,274)	(23,170)
Net income	1,223	8,742	12,450
Decrease in surplus of newly consolidated subsidiaries	(59)	(78)	(601)
Stock repurchases	(44)	(2)	(448)
Total changes during fiscal year under review	(1,157)	6,598	(11,778)
Balance at end of fiscal year under review	111,641	112,799	1,136,527

ADEKA CORPORATION
CONSOLIDATED STATEMENT OF CHANGE IN OWNERS' EQUITY

ADEKA Corporation and Subsidiaries Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Valuation and Exchange Differential			
Valuation difference on available-for-sale securities			
Balance at end of previous fiscal year	2,485	6,314	25,298
Changes during fiscal year under review			
Changes in items other than shareholders' equity (Net)	(2,740)	(3,829)	(27,894)
Total changes during fiscal year under review	(2,740)	(3,829)	(27,894)
Balance at end of fiscal year under review	(255)	2,485	(2,596)
Reserve for land revaluation			
Balance at end of previous fiscal year	3,333	3,333	33,931
Changes during fiscal year under review			
Changes in items other than shareholders' equity (Net)	—	—	—
Total changes during fiscal year under review	—	—	—
Balance at end of fiscal year under review	3,333	3,333	33,931
Translation adjustments			
Balance at end of previous fiscal year	669	807	6,811
Changes during fiscal year under review			
Changes in items other than shareholders' equity (Net)	(2,233)	(137)	(22,732)
Total changes during fiscal year under review	(2,233)	(137)	(22,732)
Balance at end of fiscal year under review	(1,564)	669	(15,922)
Total valuation and translation adjustments			
Balance at end of previous fiscal year	6,488	10,455	66,049
Changes during fiscal year under review			
Changes in items other than shareholders' equity (Net)	(4,974)	(3,966)	(50,636)
Total changes during fiscal year under review	(4,974)	(3,966)	(50,636)
Balance at end of fiscal year under review	1,513	6,488	15,403
Minority interests			
Balance at end of previous fiscal year	2,738	2,588	27,873
Changes during fiscal year under review			
Changes in items other than shareholders' equity (Net)	470	150	4,785
Total changes during fiscal year under review	470	150	4,785
Balance at end of fiscal year under review	3,209	2,738	32,668
Total net assets			
Balance at end of previous fiscal year	122,026	119,244	1,242,248
Changes during fiscal year under review			
Increase by exercise of right to reserve new stock	—	211	—
Cash dividends paid	(2,276)	(2,274)	(23,170)
Net income	1,223	8,742	12,450
Decrease in surplus of newly consolidated subsidiaries	(59)	(78)	(601)
Stock repurchases	(44)	(2)	(448)
Changes in items other than shareholders' equity (Net)	(4,503)	(3,816)	(45,841)
Total changes during fiscal year under review	(5,661)	2,781	(57,630)
Balance at end of fiscal year under review	116,364	122,026	1,184,608

ADEKA CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

ADEKA Corporation and Subsidiaries Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S.dollars
	2009	2008	2009
Cash flows from operating activities:			
Income before income taxes, etc.	3,294	14,656	33,534
Depreciation and amortization	7,628	7,239	77,654
Impairment loss	794	—	8,083
Loss on valuation of contributions to affiliated compan	561	218	5,711
Valuation gain/loss on investment securities (gain)	621	49	6,322
Gain/loss on sale of investment securities (gain)	(422)	(242)	(4,296)
Gain/loss on sale of shares in affiliated companies (gain)	—	(111)	—
Casualty insurance revenue	—	(347)	—
Increase/decrease in allowance for doubtful accounts (decrease)	236	116	2,403
Increase/decrease in retirement allowance reserve (decrease)	(62)	45	(631)
Transfer to reserve for loss on debt guarantees	349	—	3,553
Interest received	(553)	(536)	(5,630)
Dividends received	519	612	5,284
Loss on fluctuation of foreign exchange (gain)	427	128	4,347
Equity in earnings	89	(411)	906
Loss on disposal of property, plant and equipment	543	630	5,528
Loss on sale of fixed assets (gain)	—	9	—
Increase/decrease in trade receivables (increase)	10,660	(650)	108,521
Increase/decrease in inventories (increase)	(1,849)	(2,617)	(18,823)
Increase/decrease in trade payables (decrease)	(9,145)	639	(93,098)
Other	(312)	911	(3,176)
Net	<u>13,383</u>	<u>20,341</u>	<u>136,241</u>
Interest and cash dividends received	708	681	7,208
Interest paid	(523)	(612)	(5,324)
Casualty insurance benefits received	—	495	—
Expenditure for discharge of debt guarantees	(80)	—	(814)
Income taxes paid	(4,901)	(6,365)	(49,893)
Total	<u>8,586</u>	<u>14,541</u>	<u>87,407</u>
Cash flows from investing activities:			
Proceeds from sale or redemption of marketable securities	2,228	—	22,681
Payment for purchase of property, plant and equipment	(8,469)	(10,568)	(86,216)
Payment for purchase of intangible assets	(1,849)	(495)	(18,823)
Payment for purchase of investment securities	(664)	(3,114)	(6,760)
Proceeds from sale of investment securities	5,450	736	55,482
Payments for acquisition of equity of subsidiaries and affiliates	—	(184)	—
Proceeds from sale of shares in affiliated company	120	194	1,222
Acquisition of other investments	(545)	(216)	(5,548)
Other	(306)	(659)	(3,115)
Total	<u>(4,035)</u>	<u>(14,308)</u>	<u>(41,077)</u>
Cash flows from financing activities:			
Decrease in short-term debt	231	641	2,352
Proceeds from long-term debt	618	297	6,291
Repayment of long-term debt	(749)	(831)	(7,625)
Proceeds from issuance of common stocks	—	211	—
Dividends paid	(2,275)	(2,272)	(23,160)
Dividends paid to minority shareholders	(72)	(59)	(733)
Other	375	(43)	3,818
Total	<u>(1,871)</u>	<u>(2,055)</u>	<u>(19,047)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(1,025)</u>	<u>(218)</u>	<u>(10,435)</u>
Net decrease in cash and cash equivalents	<u>1,654</u>	<u>(2,041)</u>	<u>16,838</u>
Cash and cash equivalents at beginning of period	16,063	18,020	163,524
Increase in cash and cash equivalents for new consolidated subsidiaries	144	84	1,466
Cash and cash equivalents at end of period	<u>* 17,862</u>	<u>16,063</u>	<u>181,839</u>

TO CONSOLIDATED FINANCIAL STATEMENTS

I . Basic Matters for Creating Consolidated Financial Statements

Fiscal year under review (from April 1, 2008 to March 31, 2009)

1. Scope of consolidation

(1) Consolidated subsidiaries (22 companies)

【Japan】 (10 companies)

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

【Overseas】 (12 companies)

- Amfine Chemical Corp.
- ADEKA (Singapore) Pte. Ltd.
- Chang Chiang Chemical Co., Ltd.
- ADEKA Korea Corp.
- ADEKA (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.

Since the importance of ADEKA Fine Chemical (Thailand) Co., Ltd. increased, it was included in the scope of consolidation in the fiscal year under review.

During the fiscal year under review, one of the consolidated subsidiaries, ADEKA Korea Corp. was merged into another consolidated subsidiary, ADEKA Fine Chemical Korea Corp. The name of the surviving company, ADEKA Fine Chemical Korea Corp., was changed to ADEKA Korea Corp.

(2) Non-consolidated subsidiaries

The major non-consolidated subsidiaries are Tokyo Environmental Measurement Center Co., Ltd. and ADEKA Foods (Changshu) Co., Ltd.

Since the total assets, net sales, net income or loss, retained earnings, etc. of 12 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 12 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., Uehara Foods Industry Co., Ltd. and ADEKA Fine Chemical (Thailand) Co., Ltd. is December 31.

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

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

4. Accounting practices

(1) Valuation standards and methods for important assets

(a) Securities

(i) Shares of subsidiaries and affiliates

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

(ii) 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 5 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) Reserve for loss on debt guarantees

The Company has provided for a possible loss amount in the event that guarantees on the debt of affiliated companies need to be discharged, based on considerations of the financial conditions of the affiliated companies in question.

(e) 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.

(f) 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.

(Additional Information)

At the 146th Annual Shareholders' Meeting held on June 23, 2008, the Company resolved, with regard to the abolition of retirement bonuses for directors and auditors, to pay directors' retirement bonuses that correspond to terms of service until the date of abolition, and to pay such bonuses on the respective days of retirement from the posts.

Accordingly, the entire "allowance for directors' retirement bonuses" was drawn down, and the amount unpaid at the end of the fiscal year under review has been accounted for as part of the "Others" long-term liabilities.

(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) Other important matters

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

5. Appraisal method for consolidated subsidiaries' assets and liabilities

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

6. Amortization of goodwill and negative goodwill

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

7. Scope of funds in consolidated statement of cash flow

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

II. Change in Basic Matters for Preparing Consolidated Financial Statements

Fiscal year under review (from April 1, 2008 to March 31, 2009)

(Application of the accounting standard with regard to the valuation of inventories)

Starting in the fiscal year under review, the Company applies the Accounting Standards for the Valuation of Inventory Assets (Corporate Accounting Standards No.9 issued on July 5, 2006 by Accounting Standards Board of Japan), The Company has assessed products, merchandise and products in progress using mainly a cost method based on the gross average method (write-down of book value in the event of reduced profitability), a change from the lower-of-cost-or-market method based on the gross average method, and it has assessed raw materials and inventory goods using the cost method based on the moving-average method (write-down of book value in the event of reduced profitability), a change from the lower-of-cost-or-market method based on the moving-average method.

As a result, operating income decreased by 1,339 million yen, and ordinary income and net income before income taxes each decreased by 656 million yen.

The impact of this change on each segment is noted in the respective sections.

(Application of the accounting standard with regard to lease transactions)

As regards finance lease transactions that do not involve transfer of ownership, the Company previously applied the accounting treatment for rental transactions. However, starting in the fiscal year under review, the Company has applied the Accounting Standards for Lease Transactions (Corporate Accounting Standards No. 13, issued on June 17, 1993 by the First Committee of Business Accounting Council, revised on March 30, 2007) and the Application Guidance of the Accounting Standards for Lease Transactions (Corporate Accounting Standards Application Guidance No. 16, issued on January 18, 1994 by the Japanese Institute of Certified Public Accountants, Accounting System Committee, revised on March 30, 2007), and has based the treatment of such transactions on ordinary purchase and sale transactions.

As for finance lease transactions not involving transfer of ownership which started before the first year the lease accounting was applied, the accounting treatment for ordinary rental transactions continues to be used.

The impact on operating income, ordinary income and net income before income taxes due to this change is negligible.

(Application of the tentative treatment for the unification of accounting policies of foreign subsidiaries with regard to the preparation of provisional methods in the preparation of consolidated financial statements)

Starting in the fiscal year under review, the Company applies the Tentative Treatment for the Unification of Accounting Policies of Foreign Subsidiaries in Preparing Consolidated Financial Statements (Practical Issues Task Force report No. 18, issued on May 17, 2006 by Accounting Standards Board of Japan).

The impact on operating income, ordinary income and net income before income taxes due to this change is negligible.

III. Change in presentation

Fiscal year under review (from April 1, 2008 to March 31, 2009)

(Consolidated balance sheet)

Owing to the implementation of the Cabinet Office Ordinance Partially Revising Regulation for Terminology, Forms and Preparation of Financial Statements (Cabinet Office ordinance No. 50 issued on August 7, 2008), the Company has separated what was previously called “inventories” into “merchandise and products”, “products in progress”, “raw materials and inventory goods” starting in the fiscal year under review. In the preceding fiscal year, the balances of merchandise and products, products in progress, and raw materials and inventory goods stood at 15,331 million yen, 4,705 million yen, and 11,722 million yen respectively.

(Consolidated statements of income)

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(Consolidated Statements of cash flows)

“Gain/loss on sale of shares in affiliated company (a negative figure indicates a gain)” and “Gain/loss on sale of fixed assets (a negative figure indicates a gain)”, which were listed under “Cash flows from operating activities” in the preceding fiscal year, were included in “Others” under “Cash flows from operating activities” due to the decrease in the importance thereof. In the fiscal year under review, “Gain/loss on sale of shares in affiliated company (a negative figure indicates a gain)” and “Gain/loss from sale of fixed assets (a negative figure indicates a gain)” stood at 29 million yen and minus 5 million yen, respectively, both being included in “Others”.

“Proceeds from sale and redemption of marketable securities”, which was included in “Others” under “Cash flows from investing activities” was listed as a separate item in the fiscal year under review, due to the increase in the importance thereof. In the preceding consolidated fiscal year, “Proceeds from sale of marketable securities” included in “Others” under “Cash flows from investing activities” was 10 million yen.

“Payments for acquisition of equity of subsidiaries and affiliates”, which was listed under “Cash flows from investing activities” in the preceding fiscal year, was included in the “Others” under “Cash flows from investing activities,” due to the decrease in the importance thereof. In the fiscal year under review, “Payments for acquisition of equity of subsidiaries and affiliates” stood at minus 1 million yen.

IV. Notes

(Consolidated Balance Sheet)

Fiscal year under review (March 31, 2009)

(Note) 1.

*1. Investment in non-consolidated subsidiaries and affiliates

Investment securities (shares)	¥10,877 million
Others (investments)	54 million

*2. Pledged assets

Of tangible fixed assets,

Buildings and structures	¥175 million
Land	280 million

Total	456 million
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are pledged as security for the following debts:

Long-term debt	¥631 million
Current portion of long-term debt	55 million

Total	686 million
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*3. The Company reevaluates land used for business purposes, records tax relating to the revaluation variance in liabilities as a deferred tax liability relating to revaluation, and posts the revaluation variance less the tax in net assets as a revaluation variance for land under the Land Revaluation Law (Law No. 34 of March 31, 1998) and the Laws to Amend the Land Revaluation Law (Law No. 24 of March 31, 1999; Law No. 19 of March 31, 2001).

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

·Date of reevaluation: March 31, 2002

·Difference between the market value and book value of the land after the revaluation at the end of the fiscal year under review: Minus ¥3,427 million.

(Note) 2. Guarantee obligation

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

ADEKA Foods (Changshu) Co., Ltd.	¥300 million
Total	300 million

(Note) 3. Liquidation of sales credit

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

Obligation to repurchase through the liquidation of notes receivable	¥407 million
Total	407 million

(Consolidated Statement of Income)

Fiscal year under review (from April 1, 2008 to March 31, 2009)

(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. •••1,022 million

*2. Selling, general and administrative expenses

Major expense items and their amounts are as follows :

Freight-out:	¥6,417 million
Wages and bonuses:	5,518 million
Research and development expense:	3,916 million
Provision for bonuses:	766 million
Transfer from retirement allowance reserve:	342 million
Transfer from officers' retirement allowance reserve:	72 million
Transfer to allowance for bad debt:	79 million
Provision for officers' bonuses:	16 million

*3. Research and development expense included in general and administrative expenses and production costs for the fiscal year under review: ¥7,507million

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

Buildings and structures:	¥51 million
Machinery and vehicles:	406 million
Others:	86 million

*5. Impairment losses

In the fiscal year under review, impairment losses totaling 794 million yen were accounted for under extraordinary losses with regard to the following subsidiaries' respective asset categories. The Companies break down business assets according to management accounting categories (by factory, and segment), and account for idle assets by individual asset item.

(1) Uehara Foods Industry Co., Ltd.

Location	Use	Category	Impairment loss (million yen)
Togane City, Chiba	Food production facilities	(Tangible fixed assets)	
		Buildings and structures	¥105
		Machinery and vehicles	138
		Land	81
		Others	10
		Total	334

The book values of the food production facilities of Uehara Foods Industry Co., Ltd. were written down to the recoverable amount, as their profitability has declined owing to surges in the prices of raw materials and to the overall sluggishness of the food market.

The recoverable amounts of this group of assets were arrived at based on the net sale amounts. That of land is based on the assessed price thereof for real estate tax. For others, the recoverable amount is valued as zero.

(2) ADEKA Fine Chemical Taiwan Corp.

Location	Use	Category	Impairment loss (million yen)
Tainan City, Taiwan	Chemicals production facilities	(Tangible fixed assets)	
		Buildings and structures	¥292
		Machinery and vehicles	149
		Other	7
		(Intangible fixed assets)	
		Other	0
		(Investments and other assets)	
		Others	9
		Total	459

The book values of the chemicals production facilities of ADEKA Fine Chemical Taiwan Corp. were written down to the recoverable amount, as their profitability has declined owing to the overall sluggish demand in the information chemical products market.

The recoverable amounts of this group of assets were arrived at based on the utility value. Given that future cash flows are negative, no discount computation was conducted.

(Consolidated Statement of Change in Owners' Equity)

Fiscal year under review (from April 1, 2008 to March 31, 2009)

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

	Number of shares at end of previous fiscal year (shares)	Increase in number of shares during fiscal year under review (shares)	Decrease in number of shares during fiscal year under review (shares)	Number of shares at end of fiscal year under review (shares)
Number shares issued Common stock	103,651,442	—	—	103,651,442
Total	103,651,442	—	—	103,651,442
Number of shares of treasury stock Common stock (note)	280,043	77,603	—	357,646
Total	280,043	77,603	—	357,646

(Note)

The number of common shares of treasury stock increased 77,603 through the purchase of odd-lot shares. Additionally, Nihon Nohyaku Co., Ltd., an affiliate company accounted for under the equity method, purchased shares in the Company. As a result, the portion attributable to the Company's own ownership and the holding by the equity-method affiliate company have changed.

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 23, 2008	Common share	1,138	11	March 31, 2008	June 24, 2008
Board of Directors meeting on November 7, 2008	Common share	1,138	11	September 30, 2008	December 4, 2008

(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 22, 2009	Common share	931	Retained earnings	9	March 31, 2009	June 23, 2009

(Consolidated Statement of Cash Flows)

Fiscal year under review (from April 1, 2008 to March 31, 2009)

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

Cash and deposits	¥ 19,136 million
Deposits committed for more than three months	(1,401) million
Money market funds included in marketable securities	126 million
Cash and cash equivalents	17,862 million

(Lease Transactions)

Fiscal year under review (from April 1, 2008 to March 31, 2009)

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 4. Accounting practices, (2) Depreciation method for important depreciable assets.

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

	Machinery and vehicles	Others	Total
	Million yen	Million yen	Million yen
Acquisition cost equivalent	394	533	927
Amount equivalent to accumulated depreciation	299	279	579
Outstanding balance at end of fiscal year	94	253	348

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

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

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

Within one year	¥146 million
Over one year	201 million
Total	348 million

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

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

Leasing fees paid	¥181 million
Depreciation expense	181 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

Within one year	¥122 million
Over one year	514 million
<hr/>	
Total	637 million

(Impairment loss)

There is no impairment loss allotted to leased property.

(Securities)

Fiscal year under review (March 31, 2009)

1. Other securities with market value

Type	Acquisition cost (million yen)	Consolidated balance sheet amount (million yen)	Difference (million yen)
Securities whose amount recorded in the consolidated balance sheet exceeds the acquisition cost			
(i) Stocks	2,115	2,917	801
(ii) Bonds	-	-	-
(iii) Others	-	-	-
Subtotal	2,115	2,917	801
Securities whose amount recorded in the consolidated balance sheet does not exceed the acquisition cost			
(i) Stocks	5,308	4,141	(1,167)
(ii) Bonds	10	9	(0)
(iii) Others	-	-	-
Subtotal	5,318	4,151	(1,167)
Total	7,433	7,068	(365)

2. Other securities sold

Sale proceeds	¥5,603 million
Total gain from sale	691 million
Total loss from sale	262 million

3. Major securities without market value

Type	Consolidated balance sheet amount (million yen)
Bonds held to maturity	
(i) Unlisted bonds	49
Other securities	
(i) Unlisted shares	3,277
(ii) Unlisted bonds	107
(iii) MMF etc.	126
(iv) Others	-

4. Scheduled redemption amounts for other securities with maturity

Type	Within one year (million yen)	Over one year, within five years (million yen)	Over five years, within ten years (million yen)	Over ten years (million yen)
(i) Bonds				
•Public and corporate bonds	-	59	-	-
•Others	102	5	-	-
(ii) Others	-	-	-	-
Total	102	65	-	-

(Derivatives Trading)

Fiscal year under review (from April 1, 2008 to March 31, 2009)

1. Situation of trading

(1) Types of trading

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

(2) Policy for trading

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

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

We perform interest swap transactions within the actual amount raised.

(3) Purpose of trading

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

(4) Risks relating to trading

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

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

(5) Risk management system in relation to transactions

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

2. Market values of transactions

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

(1) Currency-related trading

Classification	Type	Contract price (million yen)	Price of contracts for more than one year (million yen)	Market value (million yen)	Appraisal profit/loss (million yen)
Transaction other than market transactions	Exchange reservation transaction				
	•Purchase order				
	Singapore dollar	563	-	576	13
	•Selling order				
	Euro	348	-	379	(30)
	Total	-	-	-	(17)

(Note)

Market value accounting method

Exchange reservation transaction

- The forward exchange rate is applied.

(2) Interest rate-related trading

Type	Contract price (million yen)	Price of contracts for more than one year (million yen)	Market value (million yen)	Appraisal profit/loss (million yen)
Interest swap transaction Floating receipt, fixed payment	5,129	5,000	(53)	(53)
Total	5,129	5,000	(53)	(53)

(Note)

Market value accounting method

Interest swap transaction

- The price offered by the correspondent financial institution is used.

(Retirement Benefits)

Fiscal year under review (March 31, 2009)

1. Outline of the retirement benefit plan adopted

The Company and certain consolidated subsidiaries have established a retirement lump-sum grants plan, which is a defined-benefit plan, and a retirement benefit scheme, which is a defined-contribution plan.

The other domestic subsidiaries participate in a smaller enterprise retirement allowance mutual aid system.

Additional retirement benefits may be paid when employees retire.

2. Retirement benefit debt

	Fiscal year under review (March 31, 2009)
a. Retirement benefit debt (million yen)	(11,385)
b. Pension assets (million yen)	-
c. Non-reserved retirement benefit debt (million yen) (a + b)	(11,385)
d. Unrecognized past service liabilities (million yen)	1,826
e. Unrecognized actuarial differences (million yen)	1,026
f. Net amount recorded on consolidated balance sheet (million yen) (c + d + e)	(8,532)
g. Prepaid pension expenses (million yen)	-
h. Allowance for retirement benefits (million yen) (f - g)	(8,532)

(Note) : Certain subsidiaries use simple methods for calculating retirement benefit debt.

3. Matters relating to retirement benefit expenses

	Fiscal year under review (March 31, 2009)
a. Employment expense (million yen) (note 1)	610
b. Interest cost (million yen)	204
c. Expected investment profit (million yen)	-
d. Amount of expense appropriated for past service liabilities (million yen)	132
e. Amount of expense appropriated for actuarial differences (million yen)	83
f. Retirement benefit expenses (million yen) (a + b + c + d + e)	1,030

(Note)

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

4. Matters relating to retirement benefit expenses

	Fiscal year under review (March 31, 2009)
a. Method of allocating expected retirement benefits to periods of service	• Same amount for each term
b. Discount rate	• Mainly 2.1%
c. Expected investment earning ratio	-
d. Years for handling past service liabilities	• Reported as an expense by means of the fixed amount method for certain years within the employees' average remaining years of service at the time of occurrence.
e. Years for handling actuarial differences	• Reported as an expense from the fiscal year following the fiscal year of occurrence by means of the fixed amount method for certain years within the employees' average remaining years of service at the time of occurrence.

(Stock Options)

Fiscal year under review (from April 1, 2008 to March 31, 2009)

Description, scale, and change of stock options

Not applicable.

(Tax Effect Accounting)

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

	Fiscal year under review (March 31, 2009)
Deferred tax assets	
Accrued bonuses	¥753 million
Allowance for retirement benefits	3,541 million
Allowance for doubtful accounts in excess of the limit for income tax	939 million
Reversal of loss on impairment of fixed assets	465 million
Reversal of loss on devaluation of shares in affiliates	843 million
Reversal of allowance for directors' retirement bonuses	155 million
Net loss carried forward	444 million
Unrealized income	398 million
Other differences on revaluation of securities	181 million
Others	1,355 million
Deferred tax assets subtotal	8,988 million
Allowance account	(3,382) million
Deferred tax assets total	5,605 million
Deferred tax liabilities	
Reverse for deferred tax on fixed assets	(199) million
Others	(292) million
Net deferred tax assets	5,193 million

(Note)

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

Fiscal year under review (March 31, 2009)

- Current assets-deferred tax assets ¥1,795 million
- Fixed assets-deferred tax assets 3,843 million
- Current liabilities-others (24) million
- Fixed liabilities-deferred tax liabilities (420) million

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

	Fiscal year under review (March 31, 2009)
Legal effective tax rate	40.2 %
(Adjustments)	
Investment return by the equity method	1.1
Items, including entertainment cost, permanently excluded from nontaxable	4.1
Items, including dividends received, permanently excluded from taxable revenues	(1.0)
Elimination of intercompany dividends	1.6
Experiment and research expense tax credit	(5.7)
Valuation reserve	25.9
Reversal of accrued income taxes	(8.2)
Per-capita portion of residents' tax	1.4
Others	(8.3)
Actual effective tax rate after the application of tax effect accounting	51.1

(Segment Information)

Fiscal year under review (from April 1, 2008 to March 31, 2009)

[Segment information by business type]

	Chemical products (million yen)	Food products (million yen)	Others (million yen)	Total (million yen)	Elimination or company- wide (million yen)	Consolidated (million yen)
I. Sales and operating income						
Sales						
(1) Sales to external customers	113,514	55,698	6,972	176,186	-	176,186
(2) Internal sales or transfers among	234	65	10,348	10,648	(10,648)	-
Total	113,748	55,764	17,321	186,834	(10,648)	176,186
Operating expense	108,682	54,655	16,592	179,930	(100,733)	169,196
Operating income	5,066	1,108	729	6,904	85	6,989
II. Assets, depreciation and amortization, Impairment loss and capital						
Assets	119,876	44,521	10,494	174,892	17,625	192,517
Depreciation and amortization	5,841	1,807	35	7,684	(56)	7,628
Impairment loss	459	334	-	794	-	794
Capital expenditure	8,613	1,803	31	10,449	(127)	10,321

(Notes)

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

Business segment	Main product
Chemicals	IT-related and electronics chemicals Imaging materials, Optical recording materials, Optical hardening resins, High-purity materials for semiconductors, AFES System and etching agents, etc.
	Functional chemicals Additives for polyolefines, PVC stabilizers, Flame retardants, Epoxy resins, Polyurethanes, Water-borne resins, Water-swelling sealing materials, Surfactants, Lubricants, Metal working fluid, etc.
	Basic chemicals Caustic soda, Silicate-induced products, Industrial fats and oil-induced products, Propylene glycol, Hydrogen peroxide, etc.
Food products	Margarine, Shortenings, Oils and fats for chocolate, Oils and fats for frying, Whipping cream, Enriched milk products, Fillings, Frozen pie crusts, Mayonnaise dressing, etc.
Others	Design of equipment plants, Construction and construction management, Maintenance of equipment, Logistic services Warehousing, Leasing of vehicles, Real estate and insurance business, etc.

3. Company-wide assets included in the category of elimination and company-wide in the fiscal year under review were ¥23,048 million. The major components included surplus funds (cash and securities) and long-term investment funds (investment securities) of the Company.

4. Change in accounting policy

(The fiscal year under review)

Starting in the fiscal year under review, as stated in “Basic Matters for Creating Consolidated Statements”, the Company and domestic consolidated subsidiaries apply the Accounting Standard for the Valuation of Inventory Assets (Corporate Accounting Standards No.9 issued on July 5, 2006 by Accounting Standards Board of Japan). Due to this change, operating expenses increased 980 million yen in the chemicals segment and 358 million yen in the food products segment, and operating incomes in the respective segments decreased by the same amounts, compared to the results derived by the method hitherto employed.

[Geographical Segment Information]

	Japan (million yen)	Asia (million yen)	Others (million yen)	Total (million yen)	Elimination or company-wide (million yen)	Consolidated (million yen)
I. Sales and operating income						
Sales						
(1) Sales to external customers	147,678	19,006	9,500	176,186	-	176,186
(2) Internal sales or transfers among segments	8,294	7,426	70	15,791	(15,791)	-
Total	155,973	26,432	9,571	191,977	(15,791)	176,186
Operating expense	150,768	25,290	9,336	185,395	(16,198)	169,196
Operating income	5,205	1,142	235	6,582	406	6,989
II. Assets	155,592	15,888	6,737	178,218	14,298	192,517

(Notes)

1. Countries and regions are classified based on geographical proximity.

2. Major countries and regions other than Japan are classified as follows:

Asia: South Korea, Taiwan, Singapore, China and Thailand.

Others: The United States, Germany, and France

3. Company-wide assets included in the category of elimination and company-wide in the preceding fiscal year were ¥23,048 million. The major components included surplus funds (cash and securities) and long-term investment funds (investment securities) of the Company.

4. Change in accounting policy

As stated in Basic Matters for Creating Consolidated Statements, the Company and domestic consolidated subsidiaries have applied the Accounting Standard for the Valuation of Inventory Assets (Corporate Accounting Standards No.9 issued on July 5, 2006 by Accounting Standards Board of Japan) starting in the fiscal year under review. Due to this change, operating expenses increased 1,339 million yen, and operating income decreased by the same amount in Japan, compared to the results derived by the method hitherto employed.

[Overseas Sales]

	Asia	Others	Total
I. Overseas sales (million yen)	24,712	11,879	36,592
II. Consolidated sales (million yen)	-	-	176,186
III. Ratio of overseas sales to consolidated sales (%)	14.0	6.7	20.8

(Notes)

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

[Transactions with relevant parties]

(Additional information)

The Company has applied Accounting Standard for Related Party Disclosures (Corporate Accounting Standards No. 11, issued on October 17, 2006), and Application Guidance for Accounting Standard for Related Party Disclosures (Corporate Accounting Standards Application Guidance No. 13, issued on October 17, 2006) starting in the consolidated fiscal year under review.

There is no change in the scope of disclosure due to this.

Transactions with related parties

Transactions with a company submitting consolidated financial statements and related parties

Directors and major shareholders (individual shareholders only) of such company submitting consolidated financial statements

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

related parties	Details of transactions	Transaction amount (million yen) (Note 3)	Account	Balance at end of term (million yen) (Note 3)
Purchasing the company's products	Purchasing raw materials (Note 2)	7	Accounts payable -trade	10

Business conditions, policy for determining business conditions, etc.

(Notes)

1. This is a company managed by relatives of Mr. Masao Gocho, who resigned as the Company's director at the 146th Annual Shareholders' Meeting held on June 23, 2008. The amount covers transactions from April 2008 through June 2008, and the year-end balance reflects the balance as of the end of June 2008.
2. When purchasing a raw material, the Company obtains more than one estimate and determines a source and a price, taking the market price into consideration.
3. The transaction amount does not include consumption tax. The balance at the end of the term includes consumption tax.

(Per-Share Information)

Fiscal year under review (from April 1, 2008 to March 31, 2009)

Net assets per share	1,095.47 yen
Net income per share	11.84 yen
Diluted net income per share	The diluted net income per share is not stated as there are no stock equivalents.

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

Net income (million yen)	1,223
Amount not attributable to common stockholders (million yen)	-
Net income relating to common stock (million yen)	1,223
Number of shares during the period (thousand shares)	103,295
Net income adjustment (million yen)	-
Increase in the number of common shares (thousand shares)	-
(Of the above, exercise of new stock acquisition rights (thousand shares))	(-)
Outline of potential shares of common stock not included in the calculation of diluted net income per share because of their lack of dilutive effect	_____

[Consolidated Supplementary Schedules]

[Schedule of bonds payable]

Not applicable.

[Schedule of debts]

Classification	Balance at end of previous term (million yen)	Balance at end of term under review (million yen)	Average interest rate (%)	Due date
Short-term debt	15,014	14,509	1.856	-
Current portion of long-term debt	683	2,858	1.718	-
Current portion of lease obligations	-	117	-	-
Long-term debt (excluding the current portion)	9,709	6,823	2.150	April 2009 to March 2027
Lease obligations	-	578	-	April 2009 to March 2021
Other interest-bearing debt	-	-	-	-
Total	25,407	24,887	-	-

(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.

	Over one year, within two years (million yen)	Over two years, within three years (million yen)	Over three years, within four years (million yen)	Over four years, within five years (million yen)
Long-term debt	5,429	466	177	547
Lease obligations	124	111	93	91

[Others]

Quarterly information for the consolidated fiscal year under review

	First quarter From April 1, 2008 to June 30, 2008	Second quarter From July 1, 2008 to September 30, 2008
Sales (million yen)	48,198	52,202
Quarterly net income/loss before tax adjustments (million yen)	3,383	1,944
Quarterly net income/loss (million yen)	2,015	1,087
Quarterly net income/loss per share (yen)	19.50	10.52

	Third quarter From October 1, 2008 to December 31, 2008	Fourth quarter From January 1, 2009 to March 31, 2009
Sales (million yen)	45,961	29,824
Quarterly net income/loss before tax adjustments (million yen)	1,938	(3,971)
Quarterly net income/loss (million yen)	1,043	(2,923)
Quarterly net income/loss per share (yen)	10.11	(28.30)