



Financial Results for the Term Ended March 2010

April 28, 2010

Name of Listed Company: **Kaneka Corporation**

Stock Exchange Listings: Tokyo, Osaka, Nagoya (First Sections)

Code Number: 4118

URL <http://www.kaneka.co.jp>

Representative: Kimikazu Sugawara Title: President, Representative Director

Contact Person: Shinobu Ishihara Title: General Manager - Accounting Department Phone: +81-6-6226-5169

Scheduled date for Ordinary General Meeting of Shareholders : June 25, 2010

Scheduled date of dividend distribution : June 7, 2010

Scheduled date for submitting financial statements : June 25, 2010

Note: Figures have been rounded down to the nearest million yen.

1. Consolidated Business Performance for the Term Ended March 2010 (from April 1, 2009 to March 31, 2010)

(1) Consolidated business performance (% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	¥million	%	¥million	%	¥million	%	¥million	%
Apr. 2009 – Mar. 2010	412,490	(8.3)	17,505	130.2	16,341	179.6	8,406	—
Apr. 2008 – Mar. 2009	449,585	(10.6)	7,604	(78.7)	5,844	(82.7)	(1,850)	—

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary income-total assets ratio	Operating income-sales ratio
	¥	¥	%	%	%
Apr. 2009 – Mar. 2010	24.78	24.77	3.4	3.8	4.2
Apr. 2008 – Mar. 2009	(5.45)	—	(0.7)	1.3	1.7

(Reference) Profit based on equity-method investment balance was ¥168 million as of March 31, 2010;

Loss on this basis was ¥489 million as of March 31, 2009.

Note1: No percentage change in net income is indicated, as the Company posted a net loss for the fiscal year ended March 31, 2009.

Note2: Although the potential for stock dilution exists, fully diluted net income per share is not indicated here, as the Company posted a net loss for the fiscal year ended March 31, 2009.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥million	¥million	%	¥
Apr. 2009 – Mar. 2010	432,879	257,174	57.6	735.17
Apr. 2008 – Mar. 2009	418,489	249,529	58.1	717.15

(Reference) Shareholders' equity: ¥249,392 million as of March 31, 2010,

¥243,305 million as of March 31, 2009

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Outstanding balance of cash and cash equivalents as of the end of term
	¥million	¥million	¥million	¥million
Apr. 2009 – Mar. 2010	57,412	(25,621)	(16,825)	40,513
Apr. 2008 – Mar. 2009	26,464	(36,349)	12,308	24,240

2. Dividends

	Cash dividends per share					Total cash dividends (Annual)	Payout ratio (Consolidated)	Net asset payout ratio (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual			
	¥	¥	¥	¥	¥	¥million	%	%
Apr. 2008 – Mar. 2009	—	8.00	—	8.00	16.00	5,433	—	2.2
Apr. 2009 – Mar. 2010	—	8.00	—	8.00	16.00	5,428	64.6	2.2
Apr. 2010 – Mar. 2011 (Forecasts)	—	8.00	—	8.00	16.00		49.3	

3. Forecast for consolidated business performance in the term ending March 31, 2011 (from April 1, 2010 to March 31, 2011)

(Percentage figures represent changes from the corresponding periods of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥million	%	¥million	%	¥million	%	¥million	%	¥
First half	220,000	9.0	10,000	24.7	9,000	24.5	5,000	25.4	14.74
Full year	450,000	9.1	23,000	31.4	21,000	28.5	11,000	30.9	32.43

4. Other

- (1) Changes in principal subsidiaries during the term
(Changes in the scope of consolidation of specific subsidiaries): No
- (2) Changes in accounting principles, processes, presentation methods, etc., related to the preparation of consolidated financial statements
(significant changes pertaining to the preparation of consolidated financial statements)
1. Changes owing to revisions in accounting standards: Yes
2. Changes other than 1. Above: No
- Note: For details, please refer to the "Significant changes for the consolidated financial statements" on page 19.

(3) Number of shares outstanding (common stock)

1. Number of shares issued at the end of the period (including treasury stock):
350,000,000 shares as of March 31, 2010, and 350,000,000 shares as of March 31, 2009
2. Shares of treasury stock at the end of the period:
10,771,253 shares as of March 31, 2010, and 10,735,630 shares as of March 31, 2009

Note: For the number of shares used as the basis for computing net income per share (consolidated), please refer to the section entitled Per-Share Information on page 23.

(Reference) : Overview of Non-Consolidated Operating Performance

1. For the Term Ended March 2010 (from April 1, 2009 to March 31, 2010)

(1) Non-consolidated business performance

(% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	¥million	%	¥million	%	¥million	%	¥million	%
Apr. 2009 – Mar. 2010	240,724	(11.6)	3,802	72.2	6,293	105.9	3,374	—
Apr. 2008 – Mar. 2009	272,204	(13.2)	2,208	(91.2)	3,056	(88.7)	(2,487)	—

	Net income per share	Fully diluted net income per share
	¥	¥
Apr. 2009 – Mar. 2010	9.95	9.94
Apr. 2008 – Mar. 2009	(7.32)	—

Note: Although the potential for stock dilution exists, fully diluted net income per share is not indicated here, as the Company posted a net loss for the fiscal year ended March 31, 2009.

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥million	¥million	%	¥
Apr. 2009 – Mar. 2010	353,596	213,658	60.4	629.46
Apr. 2008 – Mar. 2009	347,803	212,277	61.0	625.45

(Reference) Shareholders' equity: ¥213,548 million as of March 31, 2010, and ¥212,201 million as of March 31, 2009

Note: Explanations or other items pertaining to appropriate use of operating result forecasts(Cautionary note concerning forward-looking statements)

The operating results forecasts and certain other statements contained in this document are forward-looking statements, which are rationally determined based on information currently available to the company. For variety of reasons, actual performance may differ substantially from these projections. For cautionary items used in operating results forecasts, please refer to the section entitled 1. Business Performance (a) Analysis of Business Performance (3) Performance Forecasts on page 6.

II Overview of Financial Statements

1. Business Performance

(a) Analysis of Business Performance

(1) Overview of Results for the Term Ended March 31, 2010

During the year under review, the economy began to recover from the worldwide economic recession that began with financial crises in Europe and the United States in the second half of the previous fiscal year. In the second half of the year under review, various countries' economic stimulus measures began to take effect, prompting economic rebounds in China and other emerging Asian markets, although the rate of economic recovery varied significantly by country. Among developed countries, recovery is gaining momentum in the United States, but European countries posted only gradual gains. The Japanese economy emerged from the economic downturn prompted by the financial crisis, aided by higher exports to China and other markets. Although some signs of recovery were apparent, worsening employment conditions and growing deflationary pressure caused domestic consumption to remain lackluster. The outlook for economic recovery is uncertain, as major causes for concern remain. These include rising crude oil and naphtha prices, ongoing yen appreciation and the risk of economic malaise in overseas markets.

In this difficult environment, the Kaneka Group is investing management resources in key strategic fields, seeking to establish operations in the new areas of business that we expect to drive growth and reinforcing their global development. We are also focusing on restructuring our businesses. Simultaneously, in existing businesses areas we are working to boost sales volumes and striving to enhance competitiveness by lowering manufacturing and overhead costs in a bid to recover profitability.

As a result, on a consolidated basis, net sales fell 8.3% year on year, to ¥412,490 million. Operating income rose 130.2%, to ¥17,505 million, and ordinary income increased 179.6%, to ¥16,341 million. Net income improved significantly compared with the preceding term. Despite posting an extraordinary loss of ¥1,275 million, net income amounted to ¥8,406 million.

By segment, net sales rose year on year in the Electronics Products and Synthetic Fibers and Others segments, but decreased in all others. Operating income rose in the Chemicals, Functional Plastics, Expandable Plastics and Products, Foodstuffs Products, Synthetic Fibers and Others segments. However, operating income declined in the Life Science Products and Electronic Products segments.

(2) Segment Trends

(Chemicals)

Although domestic demand for PVC resins remained sluggish, in overseas markets prices recovered, and selling prices were negotiated upward to reflect a rise in raw materials costs. These factors had positive results on net income, although sales declined. Domestic demand for specialty PVC resins was lackluster, but overseas demand increased, and efforts to reduce costs contributed to higher income. Domestic demand for caustic soda was slack, and overseas market conditions worsened significantly.

As a result of the abovementioned factors, segment sales decreased ¥12,758 million (down 13.8%) compared with the preceding fiscal year, resulting in net sales of ¥79,550 million. The

segment posted operating income of ¥1,868 million, improving ¥2,330 million from the preceding fiscal year.

(Functional Plastics)

Demand for modifiers recovered in Asian markets, but sales have not yet fully recovered in European or U.S. markets, and the Japanese market remained slack, leading to a sales decline. However, we succeeded in boosting income through profitability-enhancement measures, such as enhancement of product differentiation and cost reductions. In modified silicone polymers, Japanese and European demand for construction-related uses was lackluster, drawing down sales, but cost reductions and other efforts to bolster our profit structure succeeded in raising income.

As a result of the abovementioned factors, segment sales decreased ¥5,906 million (down 8.8%) compared with the preceding fiscal year, resulting in net sales of ¥61,136 million. The segment posted operating income of ¥8,798 million, improving ¥5,755 million (up 189.2%) from the preceding fiscal year.

(Expandable Plastics and Products)

In the Japanese market, although demand for expandable polystyrene and extruded polystyrene foam boards was stagnant and sales volumes declined, lower production costs and overheads resulted in stable profit levels. The discontinuation of operations involving polystyrene paper and certain other products also reduced sales from previous years' levels. In polyolefin foam by beads method, the withdrawal from U.S. operations prompted a major sales decline, but meeting demand in Japan, Asia and European markets and realigning costs helped to improve profitability.

As a result of the abovementioned factors, segment sales decreased ¥14,858 million (down 21.5%) compared with the preceding fiscal year, resulting in net sales of ¥54,365 million. The segment posted operating income of ¥4,972 million, improving ¥3,662 million (up 279.5%) from the preceding fiscal year.

(Foodstuffs Products)

Reflecting the consumer trend toward curtailing expenditures and preferences for lower-priced items, demand for foodstuffs struggled. Although sales volumes and selling prices fell, owing to stringent competition, we sought to recover profit by reducing costs and expanding sales of new products.

Nevertheless, in this segment sales fell ¥5,328 million (down 4.3%) from the preceding fiscal year, to ¥119,781 million. At the same time, the segment reported operating income of ¥8,866 million, improving ¥5,092 million (up 135.0%) from the preceding fiscal year when it was affected by the delayed effect of price adjustments and a rebound from major downturns.

(Life Science Products)

Medical device sales and income increased, owing to steadily expanding sales from our intervention business. On the other hand, sales and income from bulk and intermediate pharmaceuticals declined, owing to disappointing sales volumes, compared with the preceding term. In functional foodstuffs, the sales volume of high-performance products trended upward, but competition resulted in lower sales volumes and selling prices for pre-existing products, causing

sales and income to drop.

In this segment, sales were down ¥666 million (down 1.7%) from the preceding fiscal year, to ¥39,187 million. Operating income declined ¥1,381 million (down 23.5%), to ¥4,507 million.

(Electronic Products)

Optical films saw higher sales volumes, as the market for electronic products recovered, leading to increased sales and income. For ultra heat-resistant polyimide film, although there were signs of demand recovery, due to a decline in selling prices, sales and income decreased. In Japan, the sales volume of solar cells increased compared with the preceding year, but sluggish demand in Europe and increasingly severe competition caused selling prices to fall, resulting in lower sales and income.

As a result of the abovementioned factors, segment sales increased ¥2,315 million (up 6.9%) compared with the preceding fiscal year, resulting in net sales of ¥35,881 million. The segment posted operating loss of ¥6,894 million, worsening ¥5,960 million from the preceding fiscal year.

(Synthetic Fibers and Others)

Markets for synthetic fibers were affected by the worldwide economic recession, yen appreciation and rising raw materials costs. We sought to counter this situation by increasing sales volumes of high-value-added products and lowering overheads costs. These efforts were successful, resulting in higher sales and income. In other businesses, the liquidation of an engineering subsidiary caused sales to fall, but income increased.

As a result of the abovementioned factors, segment sales increased ¥107 million (up 0.5%) compared with the preceding fiscal year, resulting in net sales of ¥22,587 million. The segment posted operating income of ¥1,536 million, improving ¥344 million (up 28.9%) from the preceding fiscal year.

(International Sales)

During the year under review, international sales suffered from the global economic decline and yen appreciation. As a result, total exports fell and overseas subsidiaries posted lower sales. International sales fell 7.4% during the year, to ¥136,374 million. As a percentage of net sales, international sales came to 33.1%, compared with 32.7% in the preceding year.

(3) Performance Forecasts

The outlook for the world economy is surrounded by uncertainty, unclear economic recoveries in the Americas, Europe and other developed countries, as well as economic growth in China and other emerging economies. This uncertainty makes it difficult to accurately forecast future shifts in the business environment. Under these circumstances, the Kaneka Group is redoubling its efforts to shore up its sales and income generation capacity and accelerating its initiatives targeting business structure reform.

Our performance forecasts for the year ending March 31, 2011, are as follows.

Consolidated Forecasts

Net sales	¥450 billion	(9.1% increase from the year ended March 31, 2010)
Operating income	¥23 billion	(31.4% increase from the year ended March 31, 2010)
Ordinary income	¥21 billion	(28.5% increase from the year ended March 31, 2010)
Net income	¥11 billion	(30.9% increase from the year ended March 31, 2010)

The above performance forecasts for the Kaneka Group are regarded as reasonable based on information available at the time of announcement. Readers should be aware that actual results might vary from these forecasts because of various uncertainties. The forecasts are based on exchange rates of ¥90 to the U.S. dollar, ¥125 to the euro and a domestic naphtha price of ¥50,000 per kiloliter.

(b) Analysis of Financial Position

(1) Status of Assets, Liabilities and Equity

As of March 31, 2010, total assets came to ¥432,879 million, up ¥14,389 million from March 31, 2009, mainly because of higher cash and deposits, as well as an increase in investment securities, stemming from rises in stock prices. Also, the ratio of ordinary income to total assets (ROA) was 3.8%, up from 1.3% in the previous fiscal year.

Interest-bearing debt decreased to ¥63,574 million as of March 31, 2010, down ¥8,584 million from one year earlier. Net assets increased ¥7,645 million from the end of the preceding year, to ¥257,174 million, mainly because retained earnings and the valuation difference on available-for-sales investment securities increased. As a result, the equity ratio came to 57.6%. The D/E ratio (rate of interest-bearing debts to equity capital), was 0.25.

(2) Analysis of Consolidated Cash Flows

Cash and cash equivalents on March 31, 2010, came to ¥40,513 million, ¥16,272 million more than the end of the preceding year, which includes increases resulting from changes in the scope of consolidation.

Following is an overview of cash flows by category.

(Net cash provided by (used in) operating activities)

Net cash provided by operating activities was ¥57,412 million, or ¥30,947 million more than in the preceding fiscal year. Major sources of cash were income before income taxes and minority shares of ¥15,254 million, depreciation and amortization of ¥26,392 million, and a ¥9,281 million increase in notes and accounts payable-trade. Major uses of cash were a ¥6,354 million increase in notes and accounts receivable-trade and income taxes paid of ¥1,477 million.

(Net cash provided by (used in) investing activities)

Net cash used in investing activities amounted to ¥25,621 million, or ¥10,727 million less than in the preceding fiscal year. The principal factor in this category was the purchase of property, plant and equipment, which used ¥23,910 million.

(Net cash provided by (used in) financing activities)

Net cash used in financing activities was ¥16,825 million, or ¥29,133 million more than in the preceding fiscal year.

Major factors included the repayment of long-term loan payables, which used ¥23,647 million, and ¥15,000 million in cash was generated through proceeds from the issuance of corporate bonds. Payment for the redemption of corporate bonds used ¥5,000 million, and cash dividends paid used ¥5,428 million.

(3) Trends in Cash Flow Related Indicators

	Term ended March 31, 2006	Term ended March 31, 2007	Term ended March 31, 2008	Term ended March 31, 2009	Term ended March 31, 2010
Shareholders' equity ratio	57.5%	56.8%	57.7%	58.1%	57.6%
Shareholders' equity ratio based on market value	107.2%	82.4%	46.8%	39.2%	47.5%
Interest-bearing debt coverage ratio	1.0	1.6	1.4	2.7	1.1
Interest coverage ratio	44.6	19.9	24.9	19.7	61.6

Shareholders' equity ratio: Equity capital/total assets

Shareholders' equity ratio based on market value: Total market value of stock/total assets

Interest-bearing debt coverage ratio: interest-bearing debt / cash flows

Interest coverage ratio: Operating cash flows/interest paid

Notes:

1. All calculated according to financial figures on a consolidated basis
2. The calculation of the total market value of stock is based on the total number of shares outstanding, excluding treasury stock.
3. "Cash flows" refers to cash flows from operations.
4. The scope of interest-bearing debt is all liabilities in the Consolidated Balance Sheets for which interest is payable.
5. Paid interest is based on the amount of interest paid shown in the Consolidated Statements of Cash Flows.

(c) Basic Policy on Profit Distribution, and Dividends for the Current and Upcoming Fiscal Years

Kaneka considers improving its earning potential and maximizing returns to shareholders while strengthening the Company's corporate foundation to be important management tasks. When returning profits to investors, our basic policy is to target a consolidated dividend payout ratio of 30%, each fiscal year taking into overall consideration such factors as medium- to long-term sales and profit trends, investment plans, and our financial situation. We aim to maintain a stable payout ratio, which we achieve in part by acquiring treasury stock.

The Company's basic policy is to pay dividends from retained earnings twice each fiscal year—an interim dividend and a year-end dividend. In accordance with the items in Paragraph 1, Article 459, of the Companies Act, the Company's Articles of Incorporation may provide that dividends from retained earnings be paid by resolution of the Board of Directors.

The Company endeavors to maintain sufficient internal reserves to ensure financial stability, respond to sudden changes in economic conditions and achieve sustained growth.

The Company plans to pay ¥8 per share for the year-end dividend. This year-end dividend, in addition to an ¥8 per share interim dividend payment, brings annual dividends to ¥16 per share. We also expect to pay total dividends of ¥16 per share for the year ending March 31, 2011.

2. The Corporate Group Situation

Our recent financial statement (June 26, 2009) includes a Business Schematic Diagram (Content of Operations) and a section entitled "Status of Affiliated Companies." These items are omitted here, as no significant changes have been made.

3. Management Policy

(a) Basic Management Policies

In the September 2009, the Kaneka Group introduced the Declaration of Kaneka United as part of its long-term management vision. The declaration defines Kaneka's corporate philosophy as "With people and technology growing together into creative fusion, we will break fresh ground for the future and tie in to explore New Values. We are also committed to challenge the environmental issues of our planet and contribute to upgrade the quality of life." As a "dreamology company," a phrase we coined to express a "highly perceptive and collaborative value-creating group," we will create future-oriented businesses that leap beyond current market needs, back them up with new product development, thus protecting the global environment and contributing to the quality of life, and foster an even greater presence as a global company, including in the markets of emerging countries.

We are moving into a period during which unprecedented changes are taking place in the industrial structure. While responding to the structural changes taking place in global markets, Companies must also pay close attention to their social responsibilities. To achieve these goals, the Kaneka Group aims to achieve the creative fusion of people and technology. This process, expressed in our management policies, should enable us to launch competitive businesses in growth fields as we continue to work toward our goals as a global company.

Reform and growth are keywords on which the Kaneka Group will focus to achieve the objectives of its management policy. In the process, we will strive to be an attractive company and create a competitive business structure.

(b) Target Management Indexes

To continue expanding its scope of business and ensure ongoing profit, the Group's long-term management vision earmarks the environment and energy, health care, information and communications and food production support as important strategic domains. We will concentrate management resources on these four fields in a bid to generate robust growth. Ten years hence, we aim to generate annual sales of ¥1 trillion, operating income of ¥120 billion, and derive 70% of our sales from overseas.

In March 2010, we formulated ACT2012, the first 3 years plan designed to lead toward these objectives. This medium-term plan covers from fiscal year 2010 to 2012. On a consolidated basis, this plan targets net sales of ¥600 billion and operating income of ¥55 billion. Foreseeing the strong sense of opacity among current economic trends and the possibility that the operating environment may return to a downward trend, we are adjusting our business portfolio and working to stay ahead of the curve in our shift into growth areas of business to achieve robust levels of new growth. These changes should enable us to meet all stakeholders expectations and also achieve strong recognition.

(c) Medium to Long-Term Management Strategies

ACT2012, our newly enacted medium-term management plan, the following measures to put its important policies into action.

- We will concentrate our investment of management resources on the four important strategic domains defined by our long-term management vision.

- We will focus the Group's full efforts on accelerating innovation in our business structure. Including aggressive up-front investment to developing new businesses and cultivating and expanding new markets in important strategic domains.
- Recognizing Asia as key to global development, we will make an aggressive effort to shift our focus toward that region.
- We will reinforce integrated groupwide operational management, with the aims of accelerating specific developments among those management measures that are designed to help us achieve the goals of our long-term vision.
- We will strive to achieve an early return to profitability in our Electronic Products and Functional Foodstuffs segments.

(d) Management Tasks

In line with our fundamental policies and in addition to fulfilling the measures defined in our long-term management vision and medium-term plan and reaching Group operating performance targets, we are addressing the following issues.

- 1) Moving toward an "R&D type" company
Innovation in R&D, innovation in production, innovation in employee thinking and behavior
- 2) Growth in a global market
Accelerate our overseas shift, expand development in markets in newly emerging countries, establish and strengthen global management infrastructure
- 3) Develop group strategy
Promote the creation of value chains with strong competitive power, create and build synergy as a group
- 4) Pursue alliances
Reinforce functions that will enable efficient business development and expansion
- 5) Prioritize CSR
Materialize our corporate philosophy with the earnest and forward-looking efforts of employees

(e) Other Items of Importance from a Management Perspective

Seeking the revocation of the decision by the Japan Fair Trade Commission in regard to Kaneka's modifier business, Kaneka filed a lawsuit in December, 2009 and the case is pending at the Tokyo High Court.

Please refer to the following URLs for corresponding releases of financial results.

(Kaneka website)

<http://www.kaneka.co.jp/finance/index.html>

(Listed company information search page of the Tokyo Stock Exchange website)

<http://www.tse.or.jp/listing/compsearch/index.html>

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year Term ended March 31, 2009	Current fiscal year Term ended March 31, 2010
Assets		
Current assets		
Cash and deposits	24,088	41,465
Notes and accounts receivable-trade	86,807	93,993
Short-term investment securities	422	422
Merchandise and finished goods	39,201	34,399
Work in process	10,109	8,404
Raw materials and supplies	18,222	19,190
Deferred tax assets	4,737	5,117
Other	9,022	5,511
Allowance for doubtful accounts	(391)	(368)
Total current assets	192,220	208,135
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	51,234	51,394
Machinery, equipment and vehicles, net	65,736	65,285
Land	27,301	28,726
Construction in progress	13,914	12,702
Other, net	4,148	3,323
Total property, plant and equipment	162,336	161,432
Intangible assets	2,186	1,859
Investments and other assets		
Investment securities	39,981	46,957
Investments in capital	743	664
Long-term loans receivable	1,302	1,418
Long-term prepaid expenses	2,017	1,570
Deferred tax assets	9,388	5,031
Other	8,641	6,130
Allowance for doubtful accounts	(327)	(320)
Total investments and other assets	61,747	61,451
Total noncurrent assets	226,269	224,744
Total assets	418,489	432,879

(Millions of yen)

	Previous fiscal year Term ended March 31, 2009	Current fiscal year Term ended March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	43,030	53,493
Short-term loans payable	40,304	19,769
Accounts payable-other	17,373	18,360
Accrued expenses	7,768	8,450
Income taxes payable	1,983	3,613
Accrued consumption taxes	602	1,031
Provision for directors' bonuses	72	99
Administrative fine reserve	—	604
Other	7,798	2,036
Total current liabilities	118,932	107,458
Noncurrent liabilities		
Bonds payable	5,000	20,000
Long-term loans payable	22,254	24,204
Deferred tax liabilities	444	333
Provision for retirement benefits	18,116	19,232
Provision for directors' retirement benefits	265	283
Negative goodwill	—	847
Other	3,947	3,344
Total noncurrent liabilities	50,027	68,246
Total liabilities	168,960	175,705
Net assets		
Shareholders' equity		
Capital stock	33,046	33,046
Capital surplus	34,836	34,836
Retained earnings	188,357	191,250
Treasury stock	(9,583)	(9,599)
Total shareholders' equity	246,656	249,534
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,643	8,147
Deferred gains or losses on hedges	1	—
Foreign currency translation adjustment	(7,996)	(8,289)
Total valuation and translation adjustments	(3,351)	(142)
Subscription rights to shares	75	109
Minority interests	6,148	7,672
Total net assets	249,529	257,174
Total liabilities and net assets	418,489	432,879

(2) Consolidated Statement of Income

	(Millions of yen)	
	Previous fiscal year From April 1, 2008 To March 31, 2009	Current fiscal year From April 1, 2009 To March 31, 2010
Net sales	449,585	412,490
Cost of sales	353,178	310,250
Gross profit	96,406	102,239
Selling, general and administrative expenses	88,802	84,734
Operating income	7,604	17,505
Non-operating income		
Interest income	253	146
Dividends income	1,201	1,034
Gain on sales of investment securities	849	240
Foreign exchange gains	30	205
Amortization of negative goodwill	—	341
Equity in earnings of affiliates	—	168
Other	932	768
Total non-operating income	3,267	2,904
Non-operating expenses		
Interest expenses	1,258	928
Loss on retirement of noncurrent assets	908	1,267
Equity in losses of affiliates	489	—
Other	2,370	1,872
Total non-operating expenses	5,027	4,069
Ordinary income	5,844	16,341
Extraordinary income		
Gain on sales of noncurrent assets	—	189
Total extraordinary income	—	189
Extraordinary loss		
Loss on valuation of investment securities	4,207	—
Impairment loss	1,467	—
Loss on liquidation of business	924	—
Non-recurring depreciation on noncurrent assets	—	671
Provision for the administrative fine	—	604
Total extraordinary losses	6,599	1,275
Income (loss) before income taxes and minority interests	(754)	15,254
Income taxes-current	3,068	4,542
Income taxes-deferred	(2,180)	1,407
Total income taxes	888	5,949
Minority interests in income	208	899
Net income (loss)	(1,850)	8,406

(3) Consolidated Statement of Changes in Shareholders' Equity

(Millions of yen)

	Previous fiscal year From April 1, 2008 To March 31, 2009	Current fiscal year From April 1, 2009 To March 31, 2010
Shareholders' equity		
Capital stock		
Balance at the end of previous period	33,046	33,046
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	33,046	33,046
Capital surplus		
Balance at the end of previous period	34,836	34,836
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	34,836	34,836
Retained earnings		
Balance at the end of previous period	194,740	188,357
Increase by union of accounting policies applied to foreign subsidiaries	807	—
Changes of items during the period		
Dividends from surplus	(5,441)	(5,428)
Net income (loss)	(1,850)	8,406
Change in retained earnings based on generally accepted accounting procedures in the United States used for U.S. subsidiaries	115	(80)
Disposal of treasury stock	(14)	(4)
Total changes of items during the period	(7,191)	2,893
Balance at the end of current period	188,357	191,250
Treasury stock		
Balance at the end of previous period	(9,017)	(9,583)
Changes of items during the period		
Purchase of treasury stock	(616)	(34)
Disposal of treasury stock	49	19
Total changes of items during the period	(566)	(15)
Balance at the end of current period	(9,583)	(9,599)
Total shareholders' equity		
Balance at the end of previous period	253,607	246,656
Increase by union of accounting policies applied to foreign subsidiaries	807	—
Changes of items during the period		
Dividends from surplus	(5,441)	(5,428)
Net income (loss)	(1,850)	8,406
Change in retained earnings based on generally accepted accounting procedures in the United States used for U.S. subsidiaries	115	(80)
Purchase of treasury stock	(616)	(34)
Disposal of treasury stock	35	14
Total changes of items during the period	(7,757)	2,877
Balance at the end of current period	246,656	249,534

(Millions of yen)

	Previous fiscal year	Current fiscal year
	From April 1, 2008 To March 31, 2009	From April 1, 2009 To March 31, 2010
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	10,625	4,643
Changes of items during the period		
Net changes of items other than shareholders' equity	(5,982)	3,503
Total changes of items during the period	(5,982)	3,503
Balance at the end of current period	4,643	8,147
Deferred gains or losses on hedges		
Balance at the end of previous period	3	1
Changes of items during the period		
Net changes of items other than shareholders' equity	(2)	(1)
Total changes of items during the period	(2)	(1)
Balance at the end of current period	1	—
Foreign currency translation adjustment		
Balance at the end of previous period	(2,974)	(7,996)
Changes of items during the period		
Net changes of items other than shareholders' equity	(5,022)	(292)
Total changes of items during the period	(5,022)	(292)
Balance at the end of current period	(7,996)	(8,289)
Total valuation and translation adjustments		
Balance at the end of previous period	7,655	(3,351)
Changes of items during the period		
Net changes of items other than shareholders' equity	(11,006)	3,209
Total changes of items during the period	(11,006)	3,209
Balance at the end of current period	(3,351)	(142)
Subscription rights to shares		
Balance at the end of previous period	50	75
Changes of items during the period		
Net changes of items other than shareholders' equity	25	33
Total changes of items during the period	25	33
Balance at the end of current period	75	109
Minority interests		
Balance at the end of previous period	6,285	6,148
Changes of items during the period		
Net changes of items other than shareholders' equity	(137)	1,524
Total changes of items during the period	(137)	1,524
Balance at the end of current period	6,148	7,672

(Millions of yen)

	Previous fiscal year	Current fiscal year
	From April 1, 2008 To March 31, 2009	From April 1, 2009 To March 31, 2010
Total net assets		
Balance at the end of previous period	267,598	249,529
Increase by union of accounting policies applied to foreign subsidiaries	807	—
Changes of items during the period		
Dividends from surplus	(5,441)	(5,428)
Net income (loss)	(1,850)	8,406
Change in retained earnings based on generally accepted accounting procedures in the United States used for U.S. subsidiaries	115	(80)
Purchase of treasury stock	(616)	(34)
Disposal of treasury stock	35	14
Net changes of items other than shareholders' equity	(11,118)	4,767
Total changes of items during the period	(18,876)	7,645
Balance at the end of current period	249,529	257,174

(4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	Previous fiscal year	Current fiscal year
	From April 1, 2008 To March 31, 2009	From April 1, 2009 To March 31, 2010
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(754)	15,254
Depreciation and amortization	27,352	26,392
Impairment loss	1,467	—
Increase (decrease) in provision for retirement benefits	5	3,283
Increase (decrease) in allowance for doubtful accounts	(24)	(29)
Interest and dividends income	(1,454)	(1,181)
Interest expenses	1,258	928
Loss (gain) on disposal of noncurrent assets	2,998	1,229
Loss (gain) on valuation of investment securities	4,207	—
Loss on liquidation of business	924	—
Non-recurring depreciation on noncurrent assets	—	671
Increase (decrease) in provision for administrative fine	—	604
Equity in (earnings) losses of affiliates	489	(168)
Decrease (increase) in notes and accounts receivable-trade	24,595	(6,354)
Decrease (increase) in inventories	1,687	5,860
Increase (decrease) in notes and accounts payable-trade	(23,814)	9,281
Other, net	(4,758)	2,821
Subtotal	34,179	58,592
Interest and dividends income received	1,465	1,229
Interest expenses paid	(1,342)	(932)
Income taxes paid	(7,837)	(1,477)
Net cash provided by (used in) operating activities	26,464	57,412
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(35,327)	(23,910)
Proceeds from sales of property, plant and equipment	—	189
Purchase of intangible assets	(969)	(379)
Purchase of investment securities	(4,489)	(1,645)
Proceeds from sales and distributions of investment securities	4,675	946
Purchase of stocks of subsidiaries and affiliates	(761)	(462)
Proceeds from sales of stocks of subsidiaries and affiliates	550	479
Payments of loans receivable	(198)	(265)
Collection of loans receivable	96	205
Other, net	75	(779)
Net cash provided by (used in) investing activities	(36,349)	(25,621)

Financial Results for the Term Ended March 31, 2010, Kaneka Corporation (4118)

(Millions of yen)

	Previous fiscal year	Current fiscal year
	From April 1, 2008 To March 31, 2009	From April 1, 2009 To March 31, 2010
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	18,946	(21,459)
Proceeds from long-term loans payable	5,842	2,942
Repayment of long-term loans payable	(836)	(2,187)
Proceeds from issuance of bonds	—	15,000
Redemption of bonds	(5,000)	(5,000)
Repayments of lease obligations	(543)	(429)
Cash dividends paid	(5,441)	(5,428)
Cash dividends paid to minority shareholders	(119)	(240)
Proceeds from stock issuance to minority shareholders	36	—
Purchase of treasury stock	(605)	(25)
Proceeds from sales of treasury stock	29	2
Net cash provided by (used in) financing activities	12,308	(16,825)
Effect of exchange rate change on cash and cash equivalents	(171)	200
Net increase (decrease) in cash and cash equivalents	2,252	15,165
Cash and cash equivalents at beginning of period	21,988	24,240
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	1,106
Cash and cash equivalents at end of period	24,240	40,513

(5) Notes on the premise of a going concern

No corresponding transactions

(6) Notes to the Consolidated Financial Statements

(Changes in the Scope of Consolidation)

Number of consolidated subsidiaries: 52

Sanvic Inc. and Kochi Styrol Co., Ltd., have been included in the scope of consolidation from the year under review because their materiality has increased, as has the newly established Vienex Corp. Conversely, Sunpolymer Corporation and Kaneka Engineering Corp. have been dissolved and omitted from the scope of consolidation.

Items other than these indicated above have been omitted, as no major changes have occurred since the most recent financial statement was submitted (June 26, 2009).

(7) Significant changes for the consolidated financial statements

(Changes in Accounting Policies)

1) Application of Accounting Standard for Retirement Benefits

During the year under review, the Company began applying Partial Amendments to Accounting Standard for Retirement Benefits (Part3) (Accounting Standards Board of Japan Statement No. 19, July 31, 2008).

This application had no impact during the year under review.

(Additional information)

1) Application of Accounting Standard for Financial Instruments and Guidance on Disclosures about Fair Value of Financial Instruments

During the year under review, the Company applied the Accounting Standard for Financial Instruments (Accounting Standards Board of Japan Statement No. 10, March 10, 2008) and the Guidance on Disclosures about Fair Value of Financial Instruments (Accounting Standards Board of Japan Guidance No. 19, March 10, 2008).

2) Application of Accounting Standard for Disclosures about Fair Value of Investment and Rental Property

During the year under review, the Company applied the Accounting Standard for Disclosures about Fair Value of Investment and Rental Property (Accounting Standards Board of Japan Statement No. 20, November 28, 2008) and the Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property (Accounting Standards Board of Japan Guidance No. 23, November 28, 2008).

(8) Notes to the Consolidated Financial Statements
(Segment Information)

1. Segment Information by Business Category

Previous fiscal year (from April 1, 2008 to March 31, 2009)

(Millions of yen)

	Chemicals	Functional Plastics	Expandable Plastics and Products	Foodstuffs Products	Life Science Products	Electronic Products	Synthetic Fibers and Others	Total	Eliminations and Corporate	Consolidated
I Sales and operating profit/loss										
Sales										
(1) Customers	92,308	67,042	69,223	125,109	39,854	33,566	22,480	449,585	—	449,585
(2) Intersegment	2,265	278	158	13	—	—	6,985	9,700	(9,700)	—
Total	94,573	67,320	69,382	125,123	39,854	33,566	29,465	459,285	(9,700)	449,585
Operating expenses	95,035	64,277	68,072	121,349	33,964	34,500	28,273	445,473	(3,492)	441,981
Operating income (loss)	(462)	3,042	1,310	3,773	5,889	(933)	1,192	13,812	(6,207)	7,604
II Assets, depreciation and amortization, impairment losses and capital expenditures										
Assets	67,713	54,592	45,276	62,971	57,696	46,583	28,115	362,950	55,539	418,489
Depreciation and amortization	5,081	3,997	3,302	2,801	3,380	5,539	2,100	26,203	959	27,163
Impairment loss	—	—	1,917	—	—	—	—	1,917	—	1,917
Capital expenditures	4,201	6,006	2,516	2,372	2,747	5,340	9,420	32,605	1,374	33,979

Current fiscal year (from April 1, 2009 to March 31, 2010)

(Millions of yen)

	Chemicals	Functional Plastics	Expandable Plastics and Products	Foodstuffs Products	Life Science Products	Electronic Products	Synthetic Fibers and Others	Total	Eliminations and Corporate	Consolidated
I Sales and operating profit/loss										
Sales										
(1) Customers	79,550	61,136	54,365	119,781	39,187	35,881	22,587	412,490	—	412,490
(2) Intersegment	3,151	285	2	10	—	702	1,560	5,712	(5,712)	—
Total	82,701	61,421	54,367	119,791	39,187	36,584	24,148	418,202	(5,712)	412,490
Operating expenses	80,833	52,623	49,394	110,925	34,679	43,478	22,612	394,547	437	394,985
Operating income (loss)	1,868	8,798	4,972	8,866	4,507	(6,894)	1,536	23,655	(6,149)	17,505
II Assets, depreciation and amortization, impairment losses and capital expenditures										
Assets	68,445	54,088	44,026	62,194	54,733	56,160	27,527	367,176	65,703	432,879
Depreciation and amortization	5,134	3,930	2,590	2,642	3,003	5,545	2,557	25,405	805	26,210
Capital expenditures	3,611	1,420	1,651	1,368	1,842	11,254	2,171	23,320	1,001	24,321

Notes : 1. The classification of businesses was determined according to comprehensive judgments based on type, application, method of manufacturing, similarities method of manufacturing, similarities in the market and mutual relation in the manufacturing process, and common features during development.

2. The major products by business are as follows:

Business Segments	Major products, etc
Chemicals	PVC resins, PVC compounds, Caustic soda, Chlorinated products, Specialty PVC resins
Functional Plastics	Modifier, Modified silicone polymers, Weather-resistant acrylic film
Expandable Plastics and Products	Expandable polystyrene, Extruded polystyrene foam boards, Polyolefin foam by beads method
Foodstuffs Products	Margarine, Shortening, Quality fats for confectionery, Bakery yeast, Spices
Life Science Products	Pharmaceutical bulk, Pharmaceutical intermediates, Functional foodstuffs, Medical devices
Electronic Products	Ultra heat-resistant polyimide film, Optical films, Bonded magnetic materials, Solar cell
Synthetic Fibers and Others	Modacrylic fibers (Kanecaron)

3. Operating expenses included in the 'Eliminations and corporate' column of ¥6,207 million for the term ended March 31, 2009, and ¥6,221 million for the term ended March 31, 2010, respectively, consist of fundamental research and development expenses of the Company.

4. Eliminations and Corporate' includes corporate assets of ¥55,539 million for the term ended March 31, 2009 and ¥65,703 million for the term ended March 31, 2010, respectively, these consist principally of cash and marketable securities, investments in securities, administrative facilities and fundamental research and development facilities of the Company.

2. Segment Information by Geographic Area

Previous fiscal year (from April 1, 2008 to March 31, 2009)

(Millions of yen)

	Japan	Other areas	Total	Eliminations and corporate	Consolidated
I Sales and operating profit/loss					
Sales					
(1) Customers	372,171	77,414	449,585	—	449,585
(2) Intersegment	18,759	7,522	26,282	(26,282)	—
Total	390,930	84,936	475,867	(26,282)	449,585
Operating expenses	377,740	84,362	462,103	(20,122)	441,981
Operating income	13,190	573	13,763	(6,159)	7,604
II Assets	311,094	66,159	377,254	41,235	418,489

Current fiscal year (from April 1, 2009 to March 31, 2010)

(Millions of yen)

	Japan	Other areas	Total	Eliminations and corporate	Consolidated
I Sales and operating profit/loss					
Sales					
(1) Customers	347,292	65,198	412,490	—	412,490
(2) Intersegment	12,580	6,388	18,968	(18,968)	—
Total	359,872	71,586	431,459	(18,968)	412,490
Operating expenses	340,931	67,189	408,121	(13,136)	394,985
Operating income	18,940	4,396	23,337	(5,832)	17,505
II Assets	317,319	62,265	379,584	53,295	432,879

Notes:

1. The regions falling under the 'Other areas' category consist of North America, Europe and Asia. The sales and assets of each region account for less than 10% of the total sales of the sectors, so they are listed collectively as 'Other areas.'
 - (1) Method of classification of country or area: geographic proximity
 - (2) Major country or area belonging to each classification by area:

Other Areas	North America	United States
	Europe	Belgium
	Asia	Malaysia, Singapore
2. Operating expenses included in the 'Eliminations and corporate' column of ¥6,207 million for the term ended March 31, 2009 and ¥6,221 million for the term ended March 31, 2010, respectively, consist of fundamental research and development of the Company.
3. Eliminations and corporate includes corporate assets of ¥55,539 million for the term ended March 31, 2009 and ¥65,703 million for the term ended March 31, 2010, respectively, these consist principally of cash and marketable securities, investments in securities, administrative facilities and fundamental research and development facilities of the Company.

3. International Sales

Previous fiscal year (from April 1, 2008 to March 31, 2009)

	Asia	North America	Europe	Other Areas	Total
I International sales (Millions of yen)	54,212	30,872	45,952	16,166	147,203
II Consolidated net sales (Millions of yen)					449,585
III Ratio of international sales to consolidated net sales(%)	12.0	6.9	10.2	3.6	32.7

Current fiscal year (from April 1, 2009 to March 31, 2010)

	Asia	North America	Europe	Other Areas	Total
I International sales (Millions of yen)	59,947	24,503	36,896	15,026	136,374
II Consolidated net sales (Millions of yen)					412,490
III Ratio of international sales to consolidated net sales(%)	14.6	5.9	9.0	3.6	33.1

Notes:

1. International sales are sales of the Company and its consolidated subsidiaries in countries and areas other than Japan.
2. Method of classifying countries or areas and the major countries or regions belonging to each classification are as follows.
 - (1) Method of classification of country or area: geographical proximity
 - (2) Major country or region belonging to each classification by location

Asia	China, Korea, Taiwan
North America	United States, Mexico
Europe	Belgium, United Kingdom
Other regions	Africa, Oceania

(Per-Share Information)

Item	Previous fiscal year From April 1, 2008 To March 31, 2009	Current fiscal year From April 1, 2009 To March 31, 2010
Net assets per share	¥717.15	¥735.17
Net income(loss) per share	(¥5.45)	¥24.78
Fully diluted net income per share	The potential for stock dilution exists, but as a net loss per share has been declared, such information is omitted here.	¥24.77

Note: The basis for calculating net income (loss) per share and fully diluted net income per share is as follows.

	Previous fiscal year From April 1, 2008 To March 31, 2009	Current fiscal year From April 1, 2009 To March 31, 2010
Net income(loss) per share		
Net income (loss) (Millions of yen)	(1,850)	8,406
Net income (loss) ascribed to common stock (Millions of yen)	(1,850)	8,406
Average number of shares of common stock during the period (Thousands of shares)	339,864	339,255
Fully diluted net income per share		
Increase in shares of common stock (Thousands of shares)	—	144
(Of which, subscription rights to shares) (Thousands of shares)	(—)	(144)
Overview of dilutive shares not included as the calculation of fully diluted net income per share, as the shares have no dilutive effect	Two types of subscription rights to shares (110 subscription rights to shares)	

(Subsequent Events)

Nothing to report

(Footnote Omissions)

Notes to the consolidated balance sheets, consolidated statement of income, consolidated statement of changes in shareholders' equity and consolidated statements of cash flows, and notes concerning lease transactions, transactions with related parties, tax effect accounting, financial products, securities, derivative transactions, retirement benefits, subscription rights to shares, and corporate combinations were omitted here, as the importance of indicating this information in these financial results was not determined to be significantly high.

5. Non-Consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)		
	Previous fiscal year	Current fiscal year
	Term ended March 31, 2009	Term ended March 31, 2010
Assets		
Current assets		
Cash and deposits	15,256	29,765
Notes receivable-trade	2,417	1,936
Accounts receivable-trade	58,945	63,403
Merchandise and finished goods	23,479	19,737
Work in process	7,710	6,196
Raw materials and supplies	11,416	12,004
Advance payments-trade	—	65
Prepaid expenses	620	604
Deferred tax assets	2,368	2,344
Short-term loans receivable from subsidiaries and affiliates	9,260	11,808
Accounts receivable-other	8,173	4,327
Other	571	1,120
Allowance for doubtful accounts	(3)	(3)
Total current assets	140,215	153,310
Noncurrent assets		
Property, plant and equipment		
Buildings, net	26,828	26,320
Structures, net	5,807	5,339
Machinery and equipment, net	39,562	38,698
Vehicles, net	114	87
Tools, furniture and fixtures, net	2,234	1,773
Land	21,972	21,485
Lease assets, net	347	166
Construction in progress	9,252	11,793
Total property, plant and equipment	106,120	105,664
Intangible assets		
Patent rights	44	33
Trademark rights	1	13
Software	1,204	1,003
Lease assets	3	1
Other	70	80
Total intangible assets	1,324	1,132

(Millions of yen)		
	Previous fiscal year	Current fiscal year
	Term ended March 31, 2009	Term ended March 31, 2010
Investments and other assets		
Investment securities	34,549	41,146
Stocks of subsidiaries and affiliates	35,066	35,429
Investments in capital	95	58
Investments in capital of subsidiaries and affiliates	3,699	3,629
Long-term loans receivable	1,012	1,001
Long-term loans receivable from employees	168	132
Long-term loans receivable from subsidiaries and affiliates	12,327	4,638
Long-term prepaid expenses	1,048	619
Deferred tax assets	6,699	3,153
Guarantee deposits	3,298	3,259
Other	3,206	559
Allowance for doubtful accounts	(1,030)	(136)
Total investments and other assets	100,143	93,489
Total noncurrent assets	207,587	200,286
Total assets	347,803	353,596
Liabilities		
Current liabilities		
Accounts payable-trade	24,351	31,458
Short-term loans payable	42,431	27,618
Current portion of long-term loans payable	7	907
Current portion of bonds	5,000	—
Lease obligations	177	107
Accounts payable-other	13,783	15,888
Accrued expenses	4,210	4,394
Income taxes payable	100	191
Advances received	—	221
Deposits received	286	313
Provision for directors' bonuses	65	94
Administrative fine reserve	—	604
Other	197	42
Total current liabilities	90,610	81,842
Noncurrent liabilities		
Bonds payable	5,000	20,000
Long-term loans payable	21,273	19,465
Lease obligations	173	60
Provision for retirement benefits	15,336	15,896
Other	3,132	2,673
Total noncurrent liabilities	44,915	58,095
Total liabilities	135,526	139,938

Financial Results for the Term Ended March 31, 2010, Kaneka Corporation (4118)

(Millions of yen)		
	Previous fiscal year	Current fiscal year
	Term ended March 31, 2009	Term ended March 31, 2010
Net assets		
Shareholders' equity		
Capital stock	33,046	33,046
Capital surplus		
Legal capital surplus	34,821	34,821
Total capital surpluses	34,821	34,821
Retained earnings		
Legal retained earnings	5,863	5,863
Other retained earnings		
Reserve for special depreciation	79	11
Reserve for specified disaster prevention	9	11
Reserve for dividends	1,995	1,995
Fund for technical development	500	500
Fund for employee benefit	300	300
Reserve for property replacement	598	606
Reserve for reduction entry of replaced property	616	588
General reserve	132,427	125,427
Retained earnings brought forward	6,939	11,967
Total retained earnings	149,329	147,272
Treasury stock	(9,573)	(9,580)
Total shareholders' equity	207,625	205,560
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,575	7,988
Deferred gains or losses on hedges	1	—
Total valuation and translation adjustments	4,576	7,988
Subscription rights to shares	75	109
Total net assets	212,277	213,658
Total liabilities and net assets	347,803	353,596

(2) Non-consolidated Statement of Income

(Millions of yen)

	Previous fiscal year From April 1, 2008 To March 31, 2009	Current fiscal year From April 1, 2009 To March 31, 2010
Net sales		
Net sales	272,204	240,724
Cost of sales	215,458	185,812
Gross profit	56,746	54,912
Selling, general and administrative expenses	54,538	51,110
Operating income	2,208	3,802
Non-operating income		
Interest income	370	233
Interest on securities	4	4
Dividend income	3,057	4,590
Gain on sales of investment securities	788	240
Foreign exchange gains	—	715
Other	86	107
Total non-operating income	4,307	5,890
Non-operating expenses		
Interest expenses	579	494
Interest on bonds	279	269
Loss on retirement of noncurrent assets	924	782
Compensation expenses	—	499
Foreign exchange losses	430	—
Other	1,245	1,354
Total non-operating expenses	3,459	3,399
Ordinary income	3,056	6,293
Extraordinary loss		
Loss on valuation of investment securities	4,189	—
Loss on investments in subsidiaries	99	—
Impairment loss	989	698
Non-recurring depreciation on noncurrent assets	—	671
Provision for the administrative fine	—	604
Total extraordinary losses	5,278	1,973
Income (loss) before income taxes	(2,222)	4,319
Income taxes-current	60	30
Refund of income taxes	—	(319)
Income taxes-deferred	204	1,233
Total income taxes	264	944
Net income (loss)	(2,487)	3,374

(3) Non-consolidated Statement of Changes in Shareholders' Equity

(Millions of yen)

	Previous fiscal year From April 1, 2008 To March 31, 2009	Current fiscal year From April 1, 2009 To March 31, 2010
Shareholders' equity		
Capital stock		
Balance at the end of previous period	33,046	33,046
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	33,046	33,046
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	34,821	34,821
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	34,821	34,821
Total capital surplus		
Balance at the end of previous period	34,821	34,821
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	34,821	34,821
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	5,863	5,863
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	5,863	5,863
Other retained earnings		
Reserve for special depreciation		
Balance at the end of previous period	231	79
Changes of items during the period		
Reversal of reserve for special depreciation	(152)	(68)
Total changes of items during the period	(152)	(68)
Balance at the end of current period	79	11
Reserve for specified disasters prevention		
Balance at the end of previous period	3	9
Changes of items during the period		
Provision of reserve for specified disasters prevention	6	2
Total changes of items during the period	6	2
Balance at the end of current period	9	11
Reserve for dividends		
Balance at the end of previous period	1,995	1,995
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	1,995	1,995

(Millions of yen)

	Previous fiscal year From April 1, 2008 To March 31, 2009	Current fiscal year From April 1, 2009 To March 31, 2010
Fund for technical development		
Balance at the end of previous period	500	500
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	500	500
Fund for employee benefit		
Balance at the end of previous period	300	300
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	300	300
Reserve for property replacement		
Balance at the end of previous period	598	598
Changes of items during the period		
Provision of reserve for property replacement	—	8
Total changes of items during the period	—	8
Balance at the end of current period	598	606
Reserve for reduction entry of replaced property		
Balance at the end of previous period	644	616
Changes of items during the period		
Reversal of reserve for reduction entry of replaced property	(28)	(28)
Total changes of items during the period	(28)	(28)
Balance at the end of current period	616	588
General reserve		
Balance at the end of previous period	128,427	132,427
Changes of items during the period		
Provision of general reserve	4,000	—
Reversal of general reserve	—	(7,000)
Total changes of items during the period	4,000	(7,000)
Balance at the end of current period	132,427	125,427
Retained earnings brought forward		
Balance at the end of previous period	18,709	6,939
Changes of items during the period		
Reversal of reserve for special depreciation	152	68
Provision of reserve for specified disasters prevention	(6)	(2)
Provision of reserve for property replacement	—	(8)
Reversal of reserve for reduction entry of replaced property	28	28
Provision of general reserve	(4,000)	—
Reversal of general reserve	—	7,000
Dividends from surplus	(5,441)	(5,428)
Net income (loss)	(2,487)	3,374
Disposal of treasury stock	(14)	(4)
Total changes of items during the period	(11,769)	5,028
Balance at the end of current period	6,939	11,967

(Millions of yen)

	Previous fiscal year From April 1, 2008 To March 31, 2009	Current fiscal year From April 1, 2009 To March 31, 2010
Total retained earnings		
Balance at the end of previous period	157,273	149,329
Changes of items during the period		
Reversal of reserve for special depreciation	—	—
Provision of reserve for specified disasters prevention	—	—
Provision of reserve for property replacement	—	—
Reversal of reserve for reduction entry of replaced property	—	—
Provision of general reserve	—	—
Reversal of general reserve	—	—
Dividends from surplus	(5,441)	(5,428)
Net income (loss)	(2,487)	3,374
Disposal of treasury stock	(14)	(4)
Total changes of items during the period	(7,943)	(2,057)
Balance at the end of current period	149,329	147,272
Treasury stock		
Balance at the end of previous period	(9,017)	(9,573)
Changes of items during the period		
Purchase of treasury stock	(605)	(25)
Disposal of treasury stock	49	19
Total changes of items during the period	(555)	(6)
Balance at the end of current period	(9,573)	(9,580)
Total shareholders' equity		
Balance at the end of previous period	216,123	207,625
Changes of items during the period		
Dividends from surplus	(5,441)	(5,428)
Net income (loss)	(2,487)	3,374
Purchase of treasury stock	(605)	(25)
Disposal of treasury stock	35	14
Total changes of items during the period	(8,498)	(2,064)
Balance at the end of current period	207,625	205,560
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	10,395	4,575
Changes of items during the period		
Net changes of items other than shareholders' equity	(5,819)	3,413
Total changes of items during the period	(5,819)	3,413
Balance at the end of current period	4,575	7,988
Deferred gains or losses on hedges		
Balance at the end of previous period	3	1
Changes of items during the period		
Net changes of items other than shareholders' equity	(2)	(1)
Total changes of items during the period	(2)	(1)
Balance at the end of current period	1	—

(Millions of yen)

	Previous fiscal year From April 1, 2008 To March 31, 2009	Current fiscal year From April 1, 2009 To March 31, 2010
Total valuation and translation adjustments		
Balance at the end of previous period	10,398	4,576
Changes of items during the period		
Net changes of items other than shareholders' equity	(5,821)	3,411
Total changes of items during the period	(5,821)	3,411
Balance at the end of current period	4,576	7,988
Subscription rights to shares		
Balance at the end of previous period	50	75
Changes of items during the period		
Net changes of items other than shareholders' equity	25	33
Total changes of items during the period	25	33
Balance at the end of current period	75	109
Total net assets		
Balance at the end of previous period	226,572	212,277
Changes of items during the period		
Dividends from surplus	(5,441)	(5,428)
Net income (loss)	(2,487)	3,374
Purchase of treasury stock	(605)	(25)
Disposal of treasury stock	35	14
Net changes of items other than shareholders' equity	(5,796)	3,445
Total changes of items during the period	(14,294)	1,380
Balance at the end of current period	212,277	213,658

- (4) Notes on the premise of a going concern
No corresponding transactions

6. Others

Non-consolidated Sales by Business Sector

Business Sector	Previous FY From April 1, 2008 To March 31, 2009		Current FY From April 1, 2009 To March 31, 2010		Increase (Decrease)	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Increase (Decrease) ratio
	¥ million	%	¥ million	%	¥ million	%
Chemicals	69,221	25.4	59,616	24.7	(9,604)	(13.9)
Functional Plastics	27,807	10.2	25,630	10.6	(2,177)	(7.8)
Expandable Plastics and Products	36,974	13.6	28,071	11.7	(8,903)	(24.1)
Foodstuffs Products	57,011	21.0	50,870	21.1	(6,140)	(10.8)
Life Science Products	29,222	10.7	28,548	11.9	(674)	(2.3)
Electronic Products	30,589	11.2	26,146	10.9	(4,442)	(14.5)
Synthetic Fibers and Others	21,378	7.9	21,840	9.1	462	2.2
Total	272,204	100.0	240,724	100.0	(31,479)	(11.6)
Exports (out of total)	85,959	31.6	77,517	32.2	(8,441)	(9.8)