

Press Release

**Financial Results for the Fiscal Year Ended March 31, 2010**



**Shin-Etsu Chemical Co., Ltd.**

April 30, 2010

Listing Code: No. 4063 (URL: <http://www.shinetsu.co.jp/>)

Listing Stock Exchange: Tokyo, Osaka and Nagoya

Representative: Chihiro Kanagawa (Mr.) President and CEO

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Date of the annual shareholder's meeting ..... June 29, 2010

Date of the filing of the consolidated financial statements ..... June 30, 2010

Date of year-end dividend payout ..... June 30, 2010

Amounts are stated in millions of yen by discarding fractional amounts less than 1 million.

Percentage figures indicate increase (decrease) over previous corresponding fiscal year.

**1. Consolidated Operating Performance for the Fiscal Year Ended March 31, 2010**

(From April 1, 2009 to March 31, 2010)

**(1) Results of consolidated operations**

(Millions of Yen)

	Net sales		Operating income		Ordinary income		Net income	
April 2009 – March 2010	916,837	(23.6%)	117,215	(49.7%)	127,019	(49.3%)	83,852	(45.8%)
April 2008 – March 2009	1,200,813	(12.8%)	232,927	(18.9%)	250,533	(16.5%)	154,731	(15.7%)

	Net income per share (in yen)	Diluted net income per share (in yen)	Ratio of net income to stockholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
April 2009 – March 2010	197.53	197.50	6.0%	7.4%	12.8%
April 2008 – March 2009	362.39	362.35	11.0%	13.9%	19.4%

(Note) Equity in earnings of affiliates (Millions of Yen) April 2009-March 2010 : 9,994 April 2008-March 2009 : 12,441

**(2) Consolidated financial position**

(Millions of Yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (in yen)
March 31, 2010	1,769,139	1,474,212	80.9%	3,370.56
March 31, 2009	1,684,944	1,407,353	81.1%	3,218.28

(Note) Stockholders' equity (Millions of Yen) As of March 31, 2010 : 1,431,146 As of March 31, 2009: 1,366,061

Stockholders' equity used for the calculation of indices is net assets excluding both share subscription rights and minority interests in consolidated subsidiaries.

**(3) Consolidated statement of cash flows**

(Millions of Yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash & Cash Equivalents at end of fiscal year
April 2009 – March 2010	171,538	(102,835)	(50,960)	270,443
April 2008 – March 2009	256,579	(200,790)	(80,084)	251,044

**2. Cash Dividends**

	Cash dividend per share (in yen)					Total annual cash dividend paid (in millions of yen)	Dividend payout ratio	Ratio of dividend payout to net assets
	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	Year-end	Fiscal year			
April 2008 – March 2009	-	50.00	-	50.00	100.00	42,595	27.6%	3.0%
April 2009 – March 2010	-	50.00	-	50.00	100.00	42,455	50.6%	3.0%
April 2010 – March 2011 (forecast)	-	-	-	-	-	-	-	-

(Note) The dividend per share for the fiscal year ending March 31, 2011 has not been determined.

**3. The Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2011**

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

With regard to the business forecast for the fiscal year ending March 2011, we made a judgment that it is quite difficult to appropriately calculate forecast figures at this point, and in this announcement of the Shin-Etsu Group's results of operations in FY 2010 we have decided not to issue a forecast.

For more information about the company's decision, please see "1. Results of Operation and Financial Position, (1) Results of Operations, 3) Business Prospects" on page 5.

#### 4. Other Information

- (1) Changes in significant subsidiaries which affected the scope of consolidation during the current fiscal year : No
- (2) Changes of accounting policies applied, procedures and disclosures for presenting consolidated financial statements

Changes by revision of accounting standard : Yes

Changes other than the above : No

(Note) Please see “4-7. Changes in Basis of Presenting Consolidated Financial Statements” on page 16 for further details.

- (3) Number of shares outstanding (in shares)

	March 31, 2010	March 31, 2009
Number of shares outstanding at year end	432,106,693	432,106,693
Number of treasury stocks at year end	7,505,054	7,636,973

(Note) Please see “Per share information” on page 25 regarding the weighted-average number of shares outstanding, which is the basis for the calculation of consolidated net income per share.

#### (Reference) Summary of Non-consolidated Financial Results

##### 1. Non-consolidated Operating Performance for the Fiscal Year Ended March 31, 2010

(From April 1, 2009 to March 31, 2010)

##### (1) Results of non-consolidated operations

(Millions of Yen)

	Net sales	Operating income	Ordinary income	Net income
April 2009 – March 2010	553,891 (8.7%)	70,706 (9.9%)	78,507 (16.4%)	51,937 (18.8%)
April 2008 – March 2009	606,722 (14.4%)	78,440 (4.3%)	93,952 1.5%	63,984 27.4%

	Net income per share (in yen)	Diluted net income per share (in yen)
April 2009 – March 2010	122.35	122.33
April 2008 – March 2009	149.86	149.84

##### (2) Non-consolidated financial position

(Millions of Yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (in yen)
March 31, 2010	824,161	667,373	80.6%	1,563.92
March 31, 2009	770,762	651,765	84.3%	1,530.36

(Note) Stockholders' equity (Millions of Yen) As of March 31, 2010 : 664,043 As of March 31, 2009 : 649,593  
Stockholders' equity used for the calculation of indices is net assets excluding share subscription rights.

(Note)

Forward-looking statements such as the forecast of results of operations made in this document involves risks and uncertainties since they are based on management's assumptions and beliefs in light of the information currently available to it. The reader should be aware that actual results may be materially different from any future results expressed herein due to various factors. Material factors affecting the actual results may include overall economic conditions in which the businesses of our company and our group companies are involved, the relevant market trends and fluctuations in foreign exchange rates of the yen, in particular, the exchange rate between the U.S. dollars and the yen; provided, however, that such factors as may affect results of operations are not limited to those enumerated above.

## **1. Results of Operations and Financial Position**

### **(1) Results of Operations**

#### **1) General Overview**

With regard to the world economy during the fiscal year 2010 (April 1, 2009 to March 31, 2010), while the economic doldrums stemming from financial crisis continued, in the Asian region, centering around China, there has been movement towards economic recovery. However, on the whole, the serious economic situation continued, as evidenced by such circumstances as the unemployment rate remaining at a high level in Europe and U.S. In the Japanese economy as well, although movement towards a recovery in exports and manufacturing was seen, the severe situation still continued, as such factors as facility investment and consumer spending remained sluggish.

Under these circumstances, the Shin-Etsu Group worked to strengthen relationships with its customers worldwide and strove to expand its sales. At the same time, we endeavored to carry out business rationalization and streamlining measures, we devoted strong efforts to the development and commercialization of new products, and in our operations we continued to place the utmost priority on safety and the conservation of the environment.

As a result, consolidated net sales for FY 2010 decreased by 23.6% (¥283,976 million) compared with the previous fiscal year to ¥916,837 million. Compared to the performance of the previous fiscal year, operating income decreased by 49.7% (¥115,712 million) to ¥117,215 million, ordinary income decreased by 49.3% (¥123,514 million) to ¥127,019 million and net income decreased by 45.8% (¥70,879 million) to ¥83,852 million.

#### **2) Business Segment Overview**

##### **Organic and Inorganic Chemicals**

###### **PVC**

Although it was affected by the sluggish demand resulting from the long period of stagnation in the U.S. housing market, Shintech Inc. in the U.S. strove to expand its sales to customers worldwide and maintained a high level of shipments. The business performance of Shin-Etsu PVC in The Netherlands was not strong due to a decline in demand in Europe.

With regard to the PVC business in Japan, the severe situation continued due to such matters as rises in raw materials prices and sluggish domestic demand.

###### **Silicones**

The silicone business remained weak in the first half of FY 2010, as it was affected by sluggish demand across-the-board; however, from the second half of FY 2010, centering mainly in the Asian region, demand shifted towards a recovery trend and domestic sales also remained firm in a wide range of areas such as electric, electronics and automobile applications. With regard to the business of keypads for mobile phones supplied by Shin-Etsu Polymer Co., Ltd., although there was a partial recovery in demand, this business remained weak due to an escalation in price competition.

### **Other Products**

With regard to sales of cellulose derivatives, on the whole, the Japanese cellulose business was stagnant except with regard to sales in Japan of pharmaceutical-use products. The performance of SE Tylose in Germany also remained weak, as it was affected by the slow demand for construction materials in Europe.

As a result, net sales of this business segment decreased by 19.1% (¥120,195 million) compared with the previous fiscal year to ¥508,979 million. Operating income decreased by 35.8% (¥34,050 million) to ¥61,092 million.

## **Electronics Materials**

### **Semiconductor silicon**

Although shipments of silicon wafers followed a recovery trend, mainly for 300mm wafers, because of the low level of product prices, the severe business situation continued.

### **Other Products**

In the rare earth magnets for the electronics industry, with the recovery of demand for applications in hard disk drives for PCs and servers, this business remained strong. In addition, sales of photoresists products remained good, because of the progress in miniaturization of semiconductor devices. The business of organic materials for the electronics industry was firm for applications as a coating material for high-luminance LEDs.

As a result, net sales of this business segment decreased by 32.2% (¥150,349 million) from the previous fiscal year to ¥317,171 million. Operating income decreased by 64.8% (¥72,716 million) to ¥39,518 million.

## **Functional Materials and Others**

### **Synthetic quartz**

With regard to synthetic quartz, with a worldwide increase in demand, sales of optical preform continued to be strong. On the other hand, although shipments of large-size photomask substrates used for LCDs were firm, the business was strongly affected by the intensifying price competition.

### **Rare earth magnets and other functional materials**

Sales of rare earth magnets for general industrial use remained strong for applications in motors of hybrid cars and energy-saving air conditioners; however, other application fields such as applications for FA motors, did not do well. On the whole, this business remained weak. Sales of pellicles are on the road to recovery and continued strong, and although sales of liquid fluoroelastomers in Japan were good, exports were weak.

As a result, net sales of this business segment decreased by 12.9% (¥13,431 million) compared to the previous fiscal year to ¥90,687 million. Operating income decreased by 29.9% (¥7,701 million) to ¥18,023 million.

### **3) Business Prospects**

With regard to business prospects going forward, although there is a recovery trend in parts of the world economy, the situation still does not allow for optimism. In Japan, there are concerns about such matters as the worsening of the employment situation and the impact of deflation, and the severe business circumstances are expected to continue.

Under these circumstances, in order to navigate through the severe business environment we are facing, the Shin-Etsu Group will expand its aggressive sales activities to its wide range of customers around the world, and at the same time, we will cultivate new demand through the development of products that have special characteristics. In addition, we will continue making maximum efforts to implement such measures as further improvements in productivity and a thorough reduction of total costs. Furthermore, we will aim to build an even stronger business foundation by carrying out such policies as focusing more than ever on strengthening our high technologies and enhancing product quality, and, at the same time, striving to stably secure raw materials.

With regard to the forecast of the Shin-Etsu Group's consolidated business results for FY 2011 (ending March 31, 2011), we have concluded that at this time it is difficult to appropriately calculate the yearly forecast figure for FY 2011 and have decided to refrain from issuing a business forecast for FY 2011 at this time. We will promptly make an announcement of the consolidated business forecast as soon as the disclosure of the forecast becomes possible.

## **(2) Financial Position Overview**

### **1) Status of assets, liabilities and net assets**

At the end of FY 2010, total assets increased by ¥84,195 million, compared with that at the end of previous fiscal year to ¥1,769,139 million. This was mainly due to an increase in accounts receivable-trade with the sales recovery and an increase in capital investments in tangible fixed assets.

Total liabilities increased by ¥17,335 million compared with that at the end of previous fiscal year to ¥294,926 million. This was mainly due to an increase in accounts payable-trade.

Total net assets increased by ¥66,859 million compared with that at the end of previous fiscal year to ¥1,474,212 million. This was mainly due to an increase in retained earnings resulting from net income of ¥83,852 million for this fiscal year and an increase in valuation and translation adjustments as a result of the depreciation of the yen.

The stockholders' equity ratio decreased by 0.2 percentage points to 80.9% compared with 81.1% at the end of previous fiscal year.

## 2) Status of cash flows

	Millions of Yen		
	April 2008 - March 2009	April 2009 - March 2010	Increase (Decrease)
Cash and cash equivalents at beginning of fiscal year	301,619	251,044	(50,575)
Cash flows from operating activities	256,579	171,538	(85,041)
Cash flows from investing activities	(200,790)	(102,835)	97,955
Cash flows from financing activities	(80,084)	(50,960)	29,124
Effect of foreign exchange and others	(26,278)	1,655	27,933
Net increase (decrease) in cash and cash equivalents	(50,574)	19,398	69,972
Cash and cash equivalents at end of fiscal year	251,044	270,443	19,398

The balance of cash and cash equivalents at the end of FY 2010 increased by 7.7% (¥19,398 million) compared to that at the end of previous fiscal year to ¥270,443 million.

### Cash flows from operating activities

Net cash provided by operating activities amounted to ¥171,538 million, which was ¥85,041 million less than that of the previous fiscal year. This consisted mainly of ¥127,019 million in income before income taxes, ¥87,722 million in depreciation and amortization, ¥27,710 million decrease in inventories and ¥52,339 million increase in accounts receivable-trade.

### Cash flows from investing activities

Net cash used for investing activities amounted to ¥102,835 million (¥97,955 million decrease from previous fiscal year), which consisted mainly of ¥131,625 million expenditures for the purchases of tangible fixed assets.

### Cash flows from financing activities

Net cash used for financing activities amounted to ¥50,960 million (¥29,124 million decrease from previous fiscal year), which consisted mainly of a ¥42,448 million cash dividends payment and ¥8,083 million repayment of long-term debt.

**(Reference)**

The trend of cash flow indices

	For the fiscal year ended				
	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010
Stockholders' equity ratio (%)	70.2	71.0	75.0	81.1	80.9
Stockholders' equity ratio on market value basis (%)	164.7	166.5	115.5	120.2	130.3
Debt repayment ratio (%)	38.0	16.6	16.8	9.2	11.5
Interest coverage ratio (times)	78.5	103.5	86.0	148.3	216.2

(Notes)- Stockholders' equity ratio: stockholders' equity/total assets  
Stockholders' equity used for the calculation of indices is net assets, excluding both share subscription rights and minority interests in consolidated subsidiaries

- Stockholders' equity ratio on market value basis: aggregate market value of common stock/total assets
- Debt repayment ratio: interest-bearing liabilities/cash flows from operating activities
- Interest coverage ratio: cash flows from operating activities/interest payments

1. All indices are calculated based on consolidated financial figures.
2. Aggregate market value of common stock is calculated by multiplying the market price at the end of each fiscal year by the number of outstanding shares, excluding treasury stock, at the end of each fiscal year.
3. Interest-bearing liabilities include all liabilities on the consolidated balance sheets that incur interest.

**(3) Basic policy concerning profit-sharing**

Taking a long-term perspective, Shin-Etsu will focus on expanding company earnings and strengthening the make-up of the Group's structure as well as on sharing the results of such successful management efforts. It is our basic policy to distribute dividends so as to appropriately reward all of our shareholders.

The company will use its financial reserves for such needs as facility and R&D investment, acquisition of businesses, strengthening the company's global competitive power and developing promising future businesses. Shin-Etsu is making strenuous efforts to enhance the company's value.

In line with our basic profit-sharing policy, the year-end dividend is scheduled to be ¥50 per share, the same amount as the interim dividend of ¥50 per share. Accordingly, the total annual dividend per share for FY 2010 will become ¥100, the same amount as in the previous fiscal year.

The forecast for the shareholders' dividend for FY 2011 has not yet been determined.

**2. Corporate Overview**

There have been no significant changes from the table "Shin-Etsu Group's Business Activities" and the flowchart "Business Flows Within the Group", which were disclosed on the last financial statements filed on June 29, 2009. Thus, those items have been omitted in this report.

### **3. Management Policies**

#### **(1) Basic management policies**

The Shin-Etsu Group makes safety its utmost priority, and by performing fair corporate activities and by providing key materials and technologies, we contribute to people's daily lives, industry and society. Through these contributions, we aim to meet the expectations of all shareholders by enhancing the worth of the company. Towards this end, our management policy is to establish the world's best technology and product quality while, at the same time, continuing with unceasing improvement in productivity. We endeavor to build a stable business relationship with our customers around the world, and strive to appropriately respond to changes in the market and the economic situation.

#### **(2) Policy implementation**

In the PVC business, at Shintech in the U.S., an integrated manufacturing plant from electrolysis to PVC is being constructed, and following the first-phase construction of its plant, which has already started operation, the second-phase construction is under way. In addition, in order to double the production capacity of vinyl chloride monomer (VCM), we began the construction of a new raw materials plant. In Europe, in order to strengthen the business foundation of Shin-Etsu PVC in The Netherlands, we made CIRES in Portugal a 100%-owned Shin-Etsu Group company in August 2009. By fully utilizing Shin-Etsu's Japan-U.S.-Europe tri-polar production system, we will continue to further strengthen the position of Shin-Etsu as the world's largest PVC maker.

In the semiconductor silicon business, as the world's largest maker, Shin-Etsu will continue to stably supply high-quality products. Moreover, we will focus on strengthening our competitive power by moving forward with the development of high-quality silicon wafers that will fit the requirements created by further progress in the miniaturization of semiconductor devices.

In the silicone business, we will promote development of new products and new applications by utilizing product characteristics that have a wide range of new application fields. At the same time, while striving to further improve productivity in each silicone manufacturing plant, such as in Japan, Thailand and U.S., we will strengthen our silicone business not only in Japan but also globally.

In the rare earth magnets business, we will carry out sales expansion, particularly for applications in hybrid cars and energy-saving products that are expected to have strong demand growth in the future.

In the cellulose business, in order to achieve stable supply of pharmaceutical-use products, in addition to Shin-Etsu's Naoetsu Plant in Japan, we are going ahead with the construction of new manufacturing facilities at SE Tylose in Germany. We will continue to strive to strengthen our cellulose business.

Furthermore, for future business expansion, we will focus on R&D of new products and their commercialization, and we will also cultivate new businesses, including through M&A.

In addition, we will carry out such corporate social responsibilities as the ensuring of safety, conservation of the environment and full compliance with all laws and regulations, and we will continue to strive to maximize Shin-Etsu's corporate value.



## 4. Consolidated Financial Statements

### 4-1. Comparative Consolidated Balance Sheets

As of March 31, 2009 and 2010

	Millions of Yen	
	March 31, 2009	March 31, 2010
ASSETS		
Current Assets:		
Cash and time deposits	209,541	209,046
Notes and accounts receivable-trade	215,842	273,949
Securities	111,878	109,761
Inventories	208,109	183,553
Deferred taxes, current	36,098	25,961
Other	37,084	43,242
Less: Allowance for doubtful accounts	(2,627)	(2,943)
Total current assets	815,926	842,571
Fixed Assets:		
Property, plant and equipment		
Buildings and structures	161,392	167,206
Machinery and equipment	294,007	264,014
Land	62,574	65,862
Construction in progress	82,853	141,870
Other	8,850	7,179
Total property, plant and equipment	609,678	646,133
Intangible fixed assets	18,253	17,055
Investments and other assets		
Investments in securities	146,893	162,399
Deferred taxes, non-current	34,868	22,056
Other	59,364	78,936
Less: Allowance for doubtful accounts	(39)	(13)
Total investments and other assets	241,086	263,378
Total fixed assets	869,018	926,568
TOTAL ASSETS	1,684,944	1,769,139

Millions of Yen

	March 31, 2009	March 31, 2010
<b>LIABILITIES</b>		
Current Liabilities:		
Notes and accounts payable-trade	75,188	93,294
Short-term borrowings	10,872	11,866
Accounts payable-other	54,055	57,952
Accrued income taxes	11,633	18,213
Accrued expenses	44,682	38,629
Other	12,862	10,168
Total current liabilities	209,294	230,124
Long-term Liabilities:		
Long-term debt	12,817	7,884
Deferred taxes, non-current	37,385	38,107
Accrued retirement benefits	11,405	12,677
Other	6,687	6,132
Total long-term liabilities	68,296	64,802
<b>TOTAL LIABILITIES</b>	<b>277,591</b>	<b>294,926</b>
<b>NET ASSETS</b>		
Stockholders' Equity:		
Common stock	119,419	119,419
Additional paid-in capital	128,177	128,177
Retained earnings	1,277,056	1,318,413
Less: Treasury stock, at cost	(41,613)	(40,892)
Total stockholders' equity	1,483,039	1,525,118
Valuation and translation adjustments:		
Unrealized gains (losses) on available-for-sale securities	(1,776)	6,717
Deferred gains (losses) on hedges	(41)	517
Foreign currency translation adjustments	(115,159)	(101,207)
Total valuation and translation adjustments	(116,978)	(93,972)
Share subscription rights	2,446	3,648
Minority interests in consolidated subsidiaries	38,846	39,417
<b>TOTAL NET ASSETS</b>	<b>1,407,353</b>	<b>1,474,212</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>1,684,944</b>	<b>1,769,139</b>

## **4-2. Comparative Consolidated Statements of Income**

For the fiscal year ended March 31, 2009 and 2010

	Millions of Yen	
	April 2008 - March 2009	April 2009 - March 2010
Net sales	1,200,813	916,837
Cost of sales	853,433	700,902
Gross profit	347,380	215,934
Selling, general and administrative expenses	114,453	98,718
Operating income	232,927	117,215
Non-operating income:		
Interest income	6,650	3,772
Dividend income	1,991	1,259
Equity in earnings of affiliates	12,441	9,994
Other income	5,388	4,145
Total non-operating income	26,472	19,171
Non-operating expenses:		
Interest expenses	1,705	767
Loss on disposal of property, plant and equipment	725	1,404
Foreign exchange loss	685	845
Other expenses	5,748	6,350
Total non-operating expenses	8,866	9,368
Ordinary income	250,533	127,019
Extraordinary losses:		
Loss on impairment of fixed assets	4,363	-
Loss on write-down of investment securities	1,684	-
Total extraordinary losses	6,048	-
Income before income taxes	244,485	127,019
Income taxes-current	60,129	23,679
Income taxes-deferred	28,478	18,711
Total income taxes	88,608	42,390
Minority interests in earnings of consolidated subsidiaries	1,145	776
Net income	154,731	83,852

### 4-3. Comparative Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2009 and 2010

	Millions of Yen	
	April 2008 - March 2009	April 2009 - March 2010
<b>Stockholders' Equity</b>		
<b>Common stock:</b>		
Balance at the beginning of the period	119,419	119,419
Changes during current period:		
Total changes during current period	-	-
Balance at the end of the period	<u>119,419</u>	<u>119,419</u>
<b>Additional paid-in capital:</b>		
Balance at the beginning of the period	128,177	128,177
Changes during current period:		
Total changes during current period	-	-
Balance at the end of the period	<u>128,177</u>	<u>128,177</u>
<b>Retained earnings:</b>		
Balance at the beginning of the period	1,163,680	1,277,056
Effect of changes in accounting policies applied to foreign subsidiaries	1,689	-
Changes during current period:		
Cash dividends	(42,884)	(42,448)
Net income	154,731	83,852
Disposal of treasury stock	(160)	(166)
Other	-	119
Total changes during current period	<u>111,686</u>	<u>41,357</u>
Balance at the end of the period	<u>1,277,056</u>	<u>1,318,413</u>
<b>Treasury stock, at cost:</b>		
Balance at the beginning of the period	(12,217)	(41,613)
Changes during current period:		
Increase in treasury stock	(29,938)	(31)
Disposal of treasury stock	542	752
Total changes during current period	<u>(29,396)</u>	<u>721</u>
Balance at the end of the period	<u>(41,613)</u>	<u>(40,892)</u>
<b>Total stockholders' equity:</b>		
Balance at the beginning of the period	1,399,059	1,483,039
Effect of changes in accounting policies applied to foreign subsidiaries	1,689	-
Changes during current period:		
Cash dividends	(42,884)	(42,448)
Net income	154,731	83,852
Increase in treasury stock	(29,938)	(31)
Disposal of treasury stock	381	586
Other	-	119
Total changes during current period	<u>82,290</u>	<u>42,078</u>
Balance at the end of the period	<u>1,483,039</u>	<u>1,525,118</u>

Millions of Yen

	April 2008 - March 2009	April 2009 - March 2010
<b>Valuation and translation adjustments</b>		
Unrealized gains (losses) on available-for-sale securities:		
Balance at the beginning of the period	10,695	(1,776)
Changes during current period:		
Net changes of items other than Stockholders' equity	(12,472)	8,494
Total changes during current period	(12,472)	8,494
Balance at the end of the period	(1,776)	6,717
Deferred gains (losses) on hedges:		
Balance at the beginning of the period	3,231	(41)
Changes during current period:		
Net changes of items other than Stockholders' equity	(3,273)	559
Total changes during current period	(3,273)	559
Balance at the end of the period	(41)	517
Foreign currency translation adjustments:		
Balance at the beginning of the period	25,809	(115,159)
Changes during current period:		
Net changes of items other than Stockholders' equity	(140,969)	13,952
Total changes during current period	(140,969)	13,952
Balance at the end of the period	(115,159)	(101,207)
Total valuation and translation adjustments:		
Balance at the beginning of the period	39,737	(116,978)
Changes during current period:		
Net changes of items other than Stockholders' equity	(156,716)	23,006
Total changes during current period	(156,716)	23,006
Balance at the end of the period	(116,978)	(93,972)
<b>Share subscription rights:</b>		
Balance at the beginning of the period	1,614	2,446
Changes during current period:		
Net changes of items other than Stockholders' equity	831	1,202
Total changes during current period	831	1,202
Balance at the end of the period	2,446	3,648

Millions of Yen

	April 2008 - March 2009	April 2009 - March 2010
<b>Minority interests in consolidated subsidiaries:</b>		
Balance at the beginning of the period	43,257	38,846
Changes during current period:		
Net changes of items other than Stockholders' equity	(4,410)	570
Total changes during current period	(4,410)	570
Balance at the end of the period	38,846	39,417
<b>Total net assets:</b>		
Balance at the beginning of the period	1,483,669	1,407,353
Effect of changes in accounting policies applied to foreign subsidiaries	1,689	-
Changes during current period:		
Cash dividends	(42,884)	(42,448)
Net income	154,731	83,852
Increase in treasury stock	(29,938)	(31)
Disposal of treasury stock	381	586
Other	-	119
Net changes of items other than Stockholders' equity	(160,295)	24,779
Total changes during current period	(78,004)	66,858
Balance at the end of the period	1,407,353	1,474,212

#### **4-4. Comparative Consolidated Statements of Cash Flows**

For the fiscal year ended March 31, 2009 and 2010

	Millions of Yen	
	April 2008 - March 2009	April 2009 - March 2010
1. Cash flows from operating activities		
Income before income taxes	244,485	127,019
Depreciation and amortization	119,457	87,722
Loss on impairment of fixed assets	4,363	-
Increase (decrease) in accrued retirement benefits	793	1,165
Loss (gain) on write-down of investment securities	1,684	403
Interest and dividend income	(8,641)	(5,032)
Interest expenses	1,705	767
Foreign exchange loss (gain)	10,256	(1,491)
Equity in (earnings) losses of affiliates	(12,441)	(9,994)
(Increase) decrease in notes and accounts receivable	69,102	(52,339)
(Increase) decrease in inventories	(20,782)	27,710
(Increase) decrease in long-term advance payment	(21,220)	(16,595)
Increase (decrease) in notes and accounts payable	(61,389)	15,855
Other, net	6,364	1,993
Subtotal	333,738	177,184
Proceeds from interest and dividends	16,228	13,330
Payment of interest	(1,730)	(793)
Payment of income taxes	(91,656)	(18,182)
Net cash provided by operating activities	256,579	171,538
2. Cash flows from investing activities		
Net (increase) decrease in marketable securities	(16,883)	30,642
Purchase of property, plant and equipment	(189,696)	(131,625)
Purchase of intangible fixed asset	(1,391)	(1,006)
Purchase of investment securities	(34,513)	(6,170)
Proceeds from sales and redemption of investment securities	43,504	3,159
Purchase of investments in subsidiaries resulting in changes in scope of consolidation	-	(2,044)
Other, net	(1,808)	4,209
Net cash used for investing activities	(200,790)	(102,835)
3. Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,459)	90
Repayment of long-term debt	(3,317)	(8,083)
Purchase of treasury stock	(29,938)	(31)
Cash dividends paid	(42,884)	(42,448)
Other, net	(484)	(487)
Net cash used for financing activities	(80,084)	(50,960)
4. Effect of exchange rate change on cash and cash equivalents	(26,278)	1,762
5. Net increase (decrease) in cash and cash equivalents	(50,574)	19,505
6. Cash and cash equivalents at beginning of year	301,619	251,044
7. Increase (Decrease) in cash and cash equivalents resulting from changes in scope of consolidation	-	(106)
8. Cash and cash equivalents at end of year	251,044	270,443

**4-5. Notes on premise of going concern**

Not applicable

**4-6. Basis of Presenting Consolidated Financial Statements**

Since the release of the latest financial statements on June 29, 2009, there have been no significant changes, except for the one shown in 4-7. Thus, notes concerning all other matters have been omitted.

**4-7. Changes in Basis of Presenting Consolidated Financial Statements**

Application of “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)”

Effective from FY 2010, “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)” (ASBJ Statement No.19 issued on July 31, 2008) has been applied.

This change has no impact on operating income, ordinary income and income before income taxes for the current fiscal year.

**(Note to Consolidated Balance Sheets)**

	Millions of Yen	
	March 31, 2009	March 31, 2010
Accumulated depreciation of property, plant and equipment	1,248,324	1,313,405

**(Notes to Consolidated Statements of Income)**

	Millions of Yen	
	April 2008 - March 2009	April 2009 - March 2010
Research and development costs	37,469	33,574



**(Segment Information)**

**1. Business Segment Information**

	Millions of Yen					
	April 2009 - March 2010					
	Organic and Inorganic Chemicals	Electronics Materials	Functional Materials and Others	<b>Total</b>	Elimination or common assets	<b>Consolidated Total</b>
Sales to outside customers	508,979	317,171	90,687	916,837	-	916,837
Intersegment sales	6,876	81	88,544	95,501	(95,501)	-
Total	515,855	317,252	179,231	1,012,339	(95,501)	916,837
Operating costs and expenses	454,763	277,734	161,207	893,705	(94,083)	799,621
Operating income	61,092	39,518	18,023	118,633	(1,418)	117,215
Assets	754,018	624,933	183,101	1,562,054	207,085	1,769,139
Depreciation	33,390	47,392	7,133	87,915	(193)	87,722
Loss on impairment	-	-	-	-	-	-
Capital expenditure *	91,994	22,021	8,690	122,706	(1,470)	121,235

\* By acquiring additional shares of CIRES, S.A. (organic and inorganic chemicals business), which was an affiliate under the equity method during the previous fiscal year, the company and its 3 subsidiaries became consolidated subsidiaries. The expenditure of ¥2,557 million for acquiring the additional shares is not included in the capital expenditure above. When this expenditure is included, the amount of capital expenditure in current fiscal year amounts to ¥123,793 million.

	Millions of Yen					
	April 2008 - March 2009					
	Organic and Inorganic Chemicals	Electronics Materials	Functional Materials and Others	<b>Total</b>	Elimination or common assets	<b>Consolidated Total</b>
Sales to outside customers	629,174	467,520	104,118	1,200,813	-	1,200,813
Intersegment sales	9,473	2,348	99,862	111,685	(111,685)	-
Total	638,647	469,869	203,981	1,312,498	(111,685)	1,200,813
Operating costs and expenses	543,505	357,634	178,257	1,079,397	(111,511)	967,886
Operating income	95,142	112,234	25,724	233,101	(174)	232,927
Assets	698,062	607,213	172,492	1,477,769	207,175	1,684,944
Depreciation	34,718	75,758	9,215	119,693	(235)	119,457
Loss on impairment	-	4,363	-	4,363	-	4,363
Capital expenditure	81,980	71,323	6,580	159,883	(476)	159,406

(Notes)

1. The following three lines of business are divided from the point-of-view of kinds of products and markets.

Organic and Inorganic Chemicals business segment	Polyvinyl chloride, Silicones, Methanol, Chloromethanes, Cellulose derivatives, Caustic soda, Silicon metal and Poval
Electronics Materials business segment	Semiconductor silicon, Organic materials for the electronics industry, Rare earth magnets for the electronics industry and Photo resists
Functional Materials and Others business segment	Synthetic quartz products, Rare earths and rare earth magnets for general applications, Liquid Fluoroelastomers, Pellicles, Export of technology and plants, Export and import of goods, Construction and plant engineering and Information processing

2. The amounts of the common assets included in the column “Elimination or common assets” for the fiscal years ended March 31, 2009 and 2010 were ¥246,636 million and ¥246,076 million, respectively, which mainly consist of surplus working funds (cash and time deposits, and securities) and long-term investment funds (investments in securities) of the Parent company.

3. “Changes in Basis of Presenting Consolidated Financial Statements” and additional information

(For the previous fiscal year ended March 31, 2009)

Effective from FY 2009, the Company and its domestic subsidiaries adopted “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9) and changed the evaluation standard and the evaluation method for inventories.

As a result, the operating expenses for Organic and Inorganic Chemicals business segment, Electronics Materials business segment and Functional Materials and Others business segment increased by ¥1,474 million, ¥1,597 million and ¥325 million respectively. Accordingly, the operating income of each segment decreased by the same amounts.

**[Supplementary data: Details of Business Segment Information (Net Sales and Operating Income)]**

	Billions of Yen					
	Net Sales			Operating Income		
	April 2008 - March 2009	April 2009 - March 2010	Increase (Decrease)	April 2008 - March 2009	April 2009 - March 2010	Increase (Decrease)
Polyvinyl chloride	324.9	242.7	(82.2)	36.7	17.4	(19.3)
Silicones	171.8	155.6	(16.2)	33.6	26.8	(6.8)
Others	132.5	110.7	(21.8)	24.9	16.9	(8.0)
			[(19.1%)]			[(35.8%)]
Total Organic and Inorganic Chemicals Business Segment	629.2	509.0	(120.2)	95.2	61.1	(34.1)
Semiconductor silicon	404.9	254.5	(150.4)	98.4	22.6	(75.8)
Others	62.6	62.6	0	13.8	16.9	3.1
			[(32.2%)]			[(64.8%)]
Total Electronics Materials Business Segment	467.5	317.1	(150.4)	112.2	39.5	(72.7)
Synthetic quartz products	25.8	23.4	(2.4)	9.6	7.2	(2.4)
Rare earth magnets for general applications and Other functional materials	36.9	30.3	(6.6)	9.7	6.7	(3.0)
Others	41.4	37.0	(4.4)	6.4	4.1	(2.3)
			[(12.9%)]			[(29.9%)]
Total Functional Materials and Others Business Segment	104.1	90.7	(13.4)	25.7	18.0	(7.7)
Elimination	-	-	-	(0.2)	(1.4)	(1.2)
			[(23.6%)]			[(49.7%)]
Total	1,200.8	916.8	(284.0)	232.9	117.2	(115.7)

## 2. Geographic Segment Information

Millions of Yen							
April 2009 - March 2010							
	Japan	North America	Asia/ Oceania	Europe	Total	Elimination or common assets	Consolidated Total
Sales to outside customers	507,714	186,114	111,253	111,755	916,837	-	916,837
Intersegment sales	177,938	44,851	32,944	544	256,278	(256,278)	-
Total	685,652	230,965	144,197	112,300	1,173,116	(256,278)	916,837
Operating costs and expenses	582,833	221,188	142,768	109,253	1,056,043	(256,422)	799,621
Operating income	102,819	9,777	1,429	3,046	117,072	143	117,215
Assets	955,617	407,519	154,707	141,347	1,659,191	109,947	1,769,139

Millions of Yen							
April 2008 - March 2009							
	Japan	North America	Asia/ Oceania	Europe	Total	Elimination or common assets	Consolidated Total
Sales to outside customers	588,312	285,537	171,408	155,555	1,200,813	-	1,200,813
Intersegment sales	192,085	55,981	51,860	922	300,850	(300,850)	-
Total	780,398	341,519	223,268	156,477	1,501,664	(300,850)	1,200,813
Operating costs and expenses	617,020	297,920	211,352	144,828	1,271,121	(303,235)	967,886
Operating income	163,377	43,599	11,916	11,649	230,542	2,384	232,927
Assets	910,071	389,243	141,559	119,217	1,560,091	124,852	1,684,944

(Notes)

1. Main countries or areas other than Japan

North America : the United States

Asia / Oceania : Malaysia, Singapore, South Korea, Taiwan, Thailand, China and Australia

Europe : the U.K., the Netherlands and Germany

2. The amounts of the common assets included in the column "Elimination or common assets" for the fiscal years ended March 31, 2009 and 2010 were ¥246,636 million and ¥246,076 million, respectively, which mainly consist of surplus working funds (cash and time deposits, and securities) and long-term investment funds (investments in securities) of the Parent company.

3. "Changes in Basis of Presenting Consolidated Financial Statements" and additional information (For the previous fiscal year ended March 31, 2009)

Effective from FY 2009, the Company and its domestic subsidiaries adopted "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9) and changed the evaluation standard and the evaluation method for inventories.

As a result, operating expenses for Japan increased by ¥3,397 million. Accordingly, operating income decreased by the same amount.

### **3. Overseas Sales Information**

	Millions of Yen				
	April 2009 - March 2010				
	North America	Asia/ Oceania	Europe	Other Areas	<b>Total</b>
Overseas sales	137,280	259,159	98,472	67,152	562,064
Consolidated sales					916,837
Percentage of overseas sales over consolidated sales	15.0	28.3	10.7	7.3	61.3

	Millions of Yen				
	April 2008 - March 2009				
	North America	Asia/ Oceania	Europe	Other Areas	<b>Total</b>
Overseas sales	241,462	288,107	150,562	68,678	748,811
Consolidated sales					1,200,813
Percentage of overseas sales over consolidated sales	20.1	24.0	12.6	5.7	62.4

(Notes)

1. Main countries or areas

- North America : the United States and Canada
- Asia/Oceania : China, Taiwan, South Korea, Singapore, Thailand and Malaysia
- Europe : Germany and France
- Other Areas : Latin America and Middle East

2. "Overseas sales" means sales to the outside of Japan by the Company and its consolidated subsidiaries.

3. Sales to China, which are included in "Asia/Oceania", were ¥90,572 million for the fiscal year ended March 31, 2009 and ¥98,017 million for the fiscal year ended March 31, 2010.

## (Deferred Tax)

### 1. Factors of deferred tax assets and liabilities

	Millions of Yen	
	As of March 31, 2009	As of March 31, 2010
Deferred Tax Assets		
Depreciation	25,385	19,660
Maintenance cost	4,528	5,309
Special provision for accrued retirement benefits	4,203	4,780
Unrealized profit	4,161	4,217
Tax loss carry forwards	12,843	4,109
Accrued bonus allowance	3,690	3,666
Accrued enterprise taxes	1,111	2,085
Unsettled accounts receivable and payable	3,091	1,333
Unrealized gain/loss on available-for-sale securities	240	3
Others	18,937	14,501
Deferred Tax Assets sub-total	78,195	59,667
Valuation allowance	(3,918)	(4,630)
Deferred Tax Assets Total	74,276	55,036
Deferred Tax Liabilities		
Depreciation	37,246	36,923
Unrealized gain/loss on available-for-sale securities	146	4,843
Reserve for special depreciation	138	72
Others	3,428	3,781
Deferred Tax Liabilities Total	40,959	45,621
Net Deferred Tax Assets	33,317	9,415

(Notes) Net Deferred Tax Assets are included in the following accounts.

		Millions of Yen	
		As of March 31, 2009	As of March 31, 2010
Current assets	: Deferred taxes, current	36,098	25,961
Fixed assets	: Deferred taxes, non-current	34,868	22,056
Current liabilities	: Others	(263)	(494)
Long-term liabilities:	Deferred taxes, non-current	(37,385)	(38,107)

### 2. Reconciliation of the difference between the statutory tax rate and effective tax rate on taxable income

	As of March 31, 2009	As of March 31, 2010
Statutory tax rate	40.4%	40.4%
Dividend income not taxable	(2.4)	(5.7)
Elimination of dividend income from consolidated subsidiaries	2.3	5.5
Equity in earnings of affiliates	(2.1)	(3.2)
Rate difference from foreign subsidiaries	(2.7)	(1.7)
Tax deduction for research expenses	(0.9)	(1.2)
Entertainment and other non-deductible expenses	0.2	0.4
Others, net	1.4	(1.1)
Effective tax rate	36.2	33.4

**(Securities)**

As of March 31, 2010

(1) Bonds held to maturity

	Millions of Yen		
	Book value	Market value	Unrealized gain (loss)
Securities with fair value that exceeds book value			
National and local government bonds and others	96	118	21
Debentures	8,000	8,168	168
Others	-	-	-
Subtotal	8,096	8,286	190
Securities with fair value that does not exceed book value			
National and local government bonds and others	554	553	(0)
Debentures	10,000	9,946	(53)
Others	-	-	-
Subtotal	10,554	10,500	(53)
Total	18,651	18,787	136

(2) Available-for-sale securities

	Millions of Yen		
	Book value	Acquisition cost	Unrealized gain(loss)
Securities with book value that exceeds acquisition cost			
Stocks	34,590	18,535	16,055
National and local government bonds and others	-	-	-
Others	-	-	-
Subtotal	34,590	18,535	16,055
Securities with book value that does not exceed acquisition cost			
Stocks	14,487	18,431	(3,944)
National and local government bonds and others	802	802	-
Others	102,998	102,998	-
Subtotal	118,287	122,231	(3,944)
Total	152,878	140,767	12,111

As of March 31, 2009

(1) Market value of bonds held to maturity

	Millions of Yen		
	Book value	Market value	Unrealized gain (loss)
Securities with fair value that exceeds book value			
National and local government bonds and others	468	475	7
Debentures	17,297	17,303	6
Others	4,000	4,000	0
Subtotal	21,765	21,780	14
Securities with fair value that does not exceed book value			
National and local government bonds and others	-	-	-
Debentures	31,577	30,824	(753)
Others	-	-	-
Subtotal	31,577	30,824	(753)
Total	53,343	52,604	(738)

(2) Available-for-sale securities with defined fair values

	Millions of Yen		
	Acquisition cost	Book value	Unrealized gain(loss)
Securities with book value that exceeds acquisition cost			
Stocks	15,424	20,756	5,331
Subtotal	15,424	20,756	5,331
Securities with book value that does not exceed acquisition cost			
Stocks	21,903	16,355	(5,548)
Subtotal	21,903	16,355	(5,548)
Total	37,328	37,111	(216)

(3) Major components and book values of securities without market value

	Millions of Yen
	Book value
1. Bonds held to maturity	
Non-listed overseas bonds	591
2. Investments in non-consolidated subsidiaries and affiliates	70,147
3. Available-for-sale securities	
Non-listed shares	21,587
Non-listed overseas bonds	21,334
Certificate of deposit	53,800
Others	855

(4) Redemption schedule of available-for-sale securities with maturity and bonds held to maturity

	Millions of Yen		
	Within one year	Over one year within five years	Over five years within ten years
1. Bonds			
National and local government bonds and others	20,931	190	-
Debentures	31,874	17,000	-
Others	4,000	-	-
2. Others	55,117	175	631
Total	111,923	17,366	631



**(Per share information)**

	April 2008 - March 2009	April 2009 - March 2010
Net assets per share (in yen)	3,218.28	3,370.56
Net income per share (in yen)	362.39	197.53
Diluted net income per share (in yen)	362.35	197.50

(Note) Please see the following data for calculation of “Net income per share” and “Diluted net income per share” for further detail.

	Millions of Yen	
	April 2008 - March 2009	April 2009 - March 2010
Data for calculation of net income per share		
Net income	154,731	83,852
Amount which is not appropriated to shareholder of common stock	-	-
Net income belonging to common stock	154,731	83,852
Weighted average number of shares outstanding (in thousands share)	426,972	424,513
Data for calculation of diluted net income per share		
Adjustments to net income	-	-
Increase of common stock (in thousands share)	46	55
[Share subscription rights in the above (in thousands share)]	[46]	[55]

	Numbers of share subscription rights	Numbers of share subscription rights
Potential stock not to be included in calculation of diluted net income per share due to not working as dilution	5,871 (*1)	5,871 (*1)
	9,150 (*2)	9,150 (*2)
	8,260 (*3)	8,260 (*3)

(\*1) Share subscription rights resolved at the ordinary general meeting of shareholders held on June 29, 2006

(\*2) Share subscription rights resolved at the ordinary general meeting of shareholders held on June 28, 2007

(\*3) Share subscription rights resolved in 2008

**(Omission of disclosure)**

Notes regarding the following items are omitted as they are considered not essential for the disclosure of this report: lease transactions, related party transactions, financial instruments, derivative transactions, retirement benefits, stock options, business combinations, and investment and rental property.

## **5. Non-consolidated Financial Statements**

### **5-1. Comparative Non-consolidated Balance Sheets**

As of March 31, 2009 and 2010

	Millions of Yen	
	March 31, 2009	March 31, 2010
<b>ASSETS</b>		
Current Assets:		
Cash and time deposits	67,569	50,708
Notes and accounts receivable-trade	140,350	201,551
Securities	82,874	99,000
Inventories	74,717	65,302
Deferred taxes, current	10,691	11,568
Short-term loans	24,454	8,546
Other	21,544	25,225
Less: Allowance for doubtful accounts	(250)	(250)
Total current assets	421,951	461,652
Fixed Assets:		
Property, plant and equipment		
Buildings and structures	37,612	38,549
Machinery and equipment	51,640	46,953
Other	33,892	36,690
Total property, plant and equipment	123,144	122,193
Intangible fixed assets	1,010	1,108
Investments and other assets		
Investments in securities	69,259	76,027
Investments in capital stocks of subsidiaries and affiliates	129,633	134,700
Long-term loans	13,595	20,972
Deferred taxes, non-current	6,738	2,634
Other	5,439	4,882
Less: Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	224,656	239,206
Total fixed assets	348,811	362,508
<b>TOTAL ASSETS</b>	<b>770,762</b>	<b>824,161</b>

	Millions of Yen	
	March 31, 2009	March 31, 2010
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable-trade	74,207	100,091
Short-term borrowings	5,193	5,192
Accounts payable-others	15,246	14,831
Accrued expenses	13,039	10,853
Accrued income taxes	785	14,933
Other	1,391	1,286
	109,864	147,189
Total current liabilities		
Long-term Liabilities:		
Long-term debt	6,224	6,219
Other	2,908	3,379
	9,133	9,599
Total long-term liabilities		
<b>TOTAL LIABILITIES</b>		
	118,997	156,788
<b>NET ASSETS</b>		
Stockholders' Equity:		
Common stock	119,419	119,419
Additional paid-in capital	120,771	120,771
Retained earnings	450,951	460,273
Less: Treasury stocks, at cost	(41,613)	(40,892)
	649,529	659,573
Total stockholders' equity		
Valuation and translation adjustments	63	4,470
Share subscription rights	2,172	3,329
	651,765	667,373
<b>TOTAL NET ASSETS</b>		
<b>TOTAL LIABILITIES AND NET ASSETS</b>		
	770,762	824,161

## **5-2. Comparative Non-consolidated Statements of Income**

For the fiscal year ended March 31, 2009 and 2010

	Millions of Yen	
	April 2008 - March 2009	April 2009 - March 2010
Net sales	606,722	553,891
Cost of sales	496,270	448,190
Gross profit	110,452	105,700
Selling, general and administrative expenses	32,011	34,994
Operating income	78,440	70,706
Non-operating income:		
Interest income	1,024	821
Dividend income	15,055	9,140
Other income	3,249	1,430
Total non-operating income	19,329	11,391
Non-operating expenses:		
Interest expenses	268	201
Other expenses	3,549	3,389
Total non-operating expenses	3,818	3,590
Ordinary income	93,952	78,507
Extraordinary losses:		
Loss on write-down of investment securities	1,197	-
Total extraordinary losses	1,197	-
Income before income taxes	92,754	78,507
Income taxes-current	19,160	26,330
Income taxes-deferred	9,610	240
Total income taxes	28,770	26,570
Net income	63,984	51,937

### 5-3. Comparative Non-Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2009 and 2010

	Millions of Yen	
	April 2008 - March 2009	April 2009 - March 2010
<b>Stockholders' Equity</b>		
<b>Common stock:</b>		
Balance at the beginning of the period	119,419	119,419
Changes during current period:		
Total changes during current period	-	-
Balance at the end of the period	<u>119,419</u>	<u>119,419</u>
<b>Additional paid-in capital:</b>		
Balance at the beginning of the period	120,771	120,771
Changes during current period:		
Total changes during current period	-	-
Balance at the end of the period	<u>120,771</u>	<u>120,771</u>
<b>Retained earnings</b>		
<b>Legal earned reserves:</b>		
Balance at the beginning of the period	6,778	6,778
Changes during current period:		
Total changes during current period	-	-
Balance at the end of the period	<u>6,778</u>	<u>6,778</u>
<b>Other retained earnings</b>		
<b>Reserve for special depreciation:</b>		
Balance at the beginning of the period	504	141
Changes during current period:		
Provision of reserve for special depreciation	23	-
Reversal of reserve for special depreciation	(386)	(122)
Total changes during current period	<u>(362)</u>	<u>(122)</u>
Balance at the end of the period	<u>141</u>	<u>19</u>
<b>Reserve for particular disaster prevention:</b>		
Balance at the beginning of the period	8	12
Changes during current period:		
Provision of reserve for particular disaster prevention	4	4
Total changes during current period	<u>4</u>	<u>4</u>
Balance at the end of the period	<u>12</u>	<u>16</u>

	Millions of Yen	
	April 2008 - March 2009	April 2009 - March 2010
Reserve for reduction entry of fixed assets:		
Balance at the beginning of the period	1,914	1,846
Changes during current period:		
Reversal of reserve for reduction entry of fixed assets	(68)	(51)
Total changes during current period	(68)	(51)
Balance at the end of the period	1,846	1,794
Reserve for research:		
Balance at the beginning of the period	88	88
Changes during current period:		
Total changes during current period	-	-
Balance at the end of the period	88	88
Reserve for dividend equalization:		
Balance at the beginning of the period	15	15
Changes during current period:		
Total changes during current period	-	-
Balance at the end of the period	15	15
Reserve for reduction entry of land:		
Balance at the beginning of the period	17	17
Changes during current period:		
Total changes during current period	-	-
Balance at the end of the period	17	17
General reserve:		
Balance at the beginning of the period	351,137	351,137
Changes during current period:		
Total changes during current period	-	-
Balance at the end of the period	351,137	351,137
Retained earnings brought forward:		
Balance at the beginning of the period	69,547	90,914
Changes during current period:		
Cash dividends	(42,884)	(42,448)
Provision of reserve for special depreciation	(23)	-
Reversal of reserve for special depreciation	386	122
Provision of reserve for particular disaster prevention	(4)	(4)
Reversal of reserve for reduction entry of fixed assets	68	51
Net income	63,984	51,937
Disposal of treasury stock	(160)	(166)
Total changes during current period	21,367	9,492
Balance at the end of the period	90,914	100,406

Millions of Yen

	April 2008 - March 2009	April 2009 - March 2010
<b>Total Retained earnings:</b>		
Balance at the beginning of the period	430,011	450,951
Changes during current period:		
Cash dividends	(42,884)	(42,448)
Provision of reserve for special depreciation	-	-
Reversal of reserve for special depreciation	-	-
Provision of reserve for particular disaster prevention	-	-
Reversal of reserve for reduction entry of fixed assets	-	-
Net income	63,984	51,937
Disposal of treasury stock	(160)	(166)
Total changes during current period	<u>20,940</u>	<u>9,322</u>
Balance at the end of the period	<u>450,951</u>	<u>460,273</u>
<b>Treasury stock, at cost:</b>		
Balance at the beginning of the period	(12,217)	(41,613)
Changes during current period:		
Increase in treasury stock	(29,938)	(31)
Disposal of treasury stock	542	752
Total changes during current period	<u>(29,396)</u>	<u>721</u>
Balance at the end of the period	<u>(41,613)</u>	<u>(40,892)</u>
<b>Total stockholders' equity:</b>		
Balance at the beginning of the period	657,985	649,529
Changes during current period:		
Cash dividends	(42,884)	(42,448)
Net income	63,984	51,937
Increase in treasury stock	(29,938)	(31)
Disposal of treasury stock	381	586
Total changes during current period	<u>(8,456)</u>	<u>10,043</u>
Balance at the end of the period	<u>649,529</u>	<u>659,573</u>
<b>Valuation and translation adjustments</b>		
Unrealized gains (losses) on available-for-sale securities:		
Balance at the beginning of the period	9,727	63
Changes during current period:		
Net changes of items other than Stockholders' equity	(9,663)	4,406
Total changes during current period	<u>(9,663)</u>	<u>4,406</u>
Balance at the end of the period	<u>63</u>	<u>4,470</u>

Millions of Yen

	April 2008 - March 2009	April 2009 - March 2010
<b>Total valuation and translation adjustments:</b>		
Balance at the beginning of the period	9,727	63
Changes during current period:		
Net changes of items other than Stockholders' equity	(9,663)	4,406
Total changes during current period	(9,663)	4,406
Balance at the end of the period	63	4,470
<b>Share subscription rights:</b>		
Balance at the beginning of the period	1,393	2,172
Changes during current period:		
Net changes of items other than Stockholders' equity	778	1,157
Total changes during current period	778	1,157
Balance at the end of the period	2,172	3,329
<b>Total net assets:</b>		
Balance at the beginning of the period	669,105	651,765
Changes during current period:		
Cash dividends	(42,884)	(42,448)
Net income	63,984	51,937
Increase in treasury stock	(29,938)	(31)
Disposal of treasury stock	381	586
Net changes of items other than Stockholders' equity	(8,884)	5,564
Total changes during current period	(17,340)	15,607
Balance at the end of the period	651,765	667,373

**5-4. Notes on premise of going concern**

Not applicable

**6. Other**

Not applicable