

Consolidated Financial Statements
For the first three quarters ended September 30, 2009



I . Consolidated Financial Results

(1) Results of operations: (¥ in millions, US\$ in thousands, except for net income per share)

	Results for the first three quarters (Jan.1–Sep.30)			
	2008	2009	Increase (Decrease)	2009
	¥	¥	%	\$
Net sales	792,452	471,985	—	5,232,073
Operating income	35,385	(16,192)	—	(179,487)
Ordinary income	25,464	(31,755)	—	(352,009)
Net income	19,019	(46,970)	—	(520,669)
Net income per share: Basic	15.24	(37.64)	—	(0.417)
Net income per share: Diluted	—	—	—	—

Notes

Important changes in accounting policies : applicable

(2) Financial position: (¥ in millions, US\$ in thousands, except for net income per share)

	Dec. 31, 2008	Sep. 30, 2009	Sep. 30, 2009
	¥	¥	\$
Total assets	962,010	915,143	10,144,583
Total equity	265,459	215,919	2,393,519
Total equity per share	192.85	153.97	1.71
	%	%	%
Stockholders' equity ratio	25.0	21.0	21.0

(4) Dividends:

	2008	2009 Forecast
Q1 dividends per share (¥)	—	—
Q2 dividends per share (¥)	0.0	0.0
Q3 dividends per share (¥)	—	—
End of Term dividends per share (¥)	5.0	3.0
Annual dividends per share (¥)	5.0	3.0

II . Forecast of performance for the year ending December 31, 2009

(¥ in millions, US\$ in thousands, except for net income per share)

	2009	
	¥	\$
Net sales	670,000	7,427,115
Operating income	(17,000)	(188,449)
Ordinary income	(34,500)	(382,441)
Net income	(46,500)	(515,464)
Net income per share	(37.27)	(0.41)

※The above forecast is based on the information available at this point of time. Actual results may differ materially due to a variety of reasons, including such economic factors as fluctuations in foreign currency exchange rates as well as market supply and demand conditions.

Notes

The U.S. dollar is valued at ¥90.21 throughout this statement for convenience only.

[Business Results and Financial Conditions]

1. Analysis of business results

As this is the first year of the quarterly financial reporting system, the figures for the same period (the first three quarters) of the previous year were not audited by independent accountants. Thus, those figures and increase/decrease amounts and percentages are provided for the purpose of reference only.

(1) Summary

The Japanese economy, which experienced a substantial decline in export and production in the first half (January 1 - June 30) due to the quick deterioration in the world economy, saw some signs of recovery in the third quarter (July 1 – September 30), as witnessed by the rise in export to Asian countries and pickup in production due to the progress in global inventory adjustments. Nevertheless, the conditions of corporate earnings remained severe, reflecting stagnant consumer spending due to the worsening employment situation, recession in the U.S., and appreciation of the yen.

In the third quarter, the Showa Denko Group's performance recovered in all segments compared with the second quarter, reflecting higher plant utilization rates. Specifically, the Group had consolidated net sales of ¥185,302 million in the third quarter, up 11.9% from the previous quarter. The Group recorded an operating income of ¥6,670 million (an improvement of ¥13,862 million from the previous quarter), and an ordinary income of ¥2,579 million (an improvement of ¥13,282 million from the previous quarter). However, the Group recorded a net loss of ¥439 million (an improvement of ¥24,011 million from the previous quarter), due partly to the recording of extraordinary losses in the Aluminum segment.

As a result, consolidated net sales for the first nine months of 2009 (January 1 – September 30) totaled ¥471,985 million, down 40.4 % from the same period of last year, reflecting lower shipment volumes in respective business segments. The Group recorded an operating loss of ¥16,192 million, down ¥51,576 million; an ordinary loss of ¥31,755 million, down ¥57,219 million; and a net loss of ¥46,970 million, down ¥65,989 million.

(Unit: Millions of yen)

	09 3Q (July - Sept.)	Vs. 2Q 09		Vs. 3Q 08		09 (Jan.- Sept.)	Vs. 1Q-3Q 08	
		09 2Q (Apr. - June)	Increase/ decrease	08 3Q (July - Sept.)	Increase/ Decrease		08 (Jan.- Sept.)	Increase/ Decrease
Net sales	185,302	165,648	19,654	281,663	- 96,361	471,985	792,452	- 320,466
Operating income	6,670	- 7,192	13,862	10,758	- 4,088	- 16,192	35,385	- 51,576
Ordinary income	2,579	- 10,703	13,282	7,417	- 4,838	- 31,755	25,464	- 57,219
Net income	- 439	- 24,450	24,011	7,289	- 7,727	- 46,970	19,019	- 65,989

Quarterly results for 2008 and increase/decrease amounts are for reference only.

(2) Summary of results by segment

(Petrochemicals)

In the third quarter, sales of olefins increased due to the rise in shipment volumes, while sales of organic chemicals dropped slightly. The Petrochemicals segment posted net sales of ¥67,162 million, up 19.8% from the previous quarter, and operating income of ¥3,746 million, up 46.7%, due mainly to the improvement in the profitability of the olefins business. The segment's sales in the first nine months of 2009 amounted to ¥163,391 million, down 50.1% from the same period of last year. Operating income amounted to ¥5,777 million, down 40.3%.

(Unit: Millions of yen)

	09 3Q (July - Sept.)	Vs. 2Q 09		Vs. 3Q 08		09 (Jan.- Sept.)	Vs. 1Q-3Q 08	
		09 2Q (Apr. - June)	Increase/ decrease	08 3Q (July - Sept.)	Increase/ Decrease		08 (Jan.- Sept.)	Increase/ Decrease
Net sales	67,162	56,071	11,091	122,923	- 55,761	163,391	327,575	- 164,184
Operating income	3,746	2,554	1,192	3,639	107	5,777	9,670	- 3,894

Quarterly results for 2008 and increase/decrease amounts are for reference only.

(Chemicals)

In the third quarter, sales of ammonia and chloroprene rubber increased from the previous quarter due to the rise in shipment volumes. However, the Chemicals segment's net sales fell 19.2% from the previous quarter, to ¥21,825 million, reflecting the decline in Showa Tansan Co.'s sales. (As a result of the change in accounting term, Showa Tansan's second quarter sales covered a six-month period.) The segment

recorded an operating income of ¥673 million (an improvement of ¥958 million), reflecting higher plant utilization rates for major product lines. The segment's sales in the first nine months of 2009 amounted to ¥68,630 million, up 3.0% from the same period of last year. However, the segment recorded an operating loss of ¥457 million, down ¥5,783 million.

(Unit: Millions of yen)

	09 3Q (July - Sept.)	Vs. 2Q 09		Vs. 3Q 08		09 (Jan.- Sept.)	Vs. 1Q-3Q 08	
		09 2Q (Apr. - June)	Increase/ decrease	08 3Q (July - Sept.)	Increase/ Decrease		08 (Jan.- Sept.)	Increase/ Decrease
Net sales	21,825	27,012	- 5,187	25,889	- 4,064	68,630	66,659	1,971
Operating income	673	- 284	958	1,661	- 988	- 457	5,326	- 5,783

Quarterly results for 2008 and increase/decrease amounts are for reference only.

(Electronics)

In the third quarter, sales of hard disk (HD) media increased from the previous quarter due to the rise in shipment volumes, reflecting growing demand and new consolidation of Showa Denko HD Yamagata K.K. Sales of compound semiconductors, semiconductor-processing specialty gases, and rare earth magnetic alloys increased due to the rise in shipment volumes. The Electronics segment recorded net sales of ¥38,575 million in the third quarter, up 42.2% from the previous quarter. The segment recorded an operating income of ¥1,363 million (an improvement of ¥7,710 million), reflecting the rise in shipment volumes of HD media. The segment's sales in the first nine months of 2009 amounted to ¥81,599 million, down 46.0% from the same period of last year. The segment recorded an operating loss of ¥14,320 million, down ¥24,262 million.

(Unit: Millions of yen)

	09 3Q (July - Sept.)	Vs. 2Q 09		Vs. 3Q 08		09 (Jan.- Sept.)	Vs. 1Q-3Q 08	
		09 2Q (Apr. - June)	Increase/ decrease	08 3Q (July - Sept.)	Increase/ Decrease		08 (Jan.- Sept.)	Increase/ Decrease
Net sales	38,575	27,126	11,449	49,965	- 11,389	81,599	151,026	- 69,427
Operating income	1,363	- 6,346	7,710	2,469	- 1,106	- 14,320	9,942	- 24,262

Quarterly results for 2008 and increase/decrease amounts are for reference only.

(Inorganics)

In the third quarter, sales of graphite electrodes and ceramics increased from the previous quarter due to the rise in shipment volumes. The Inorganics segment had net sales of ¥13,467 million in the third quarter, up 8.4% from the previous quarter.

Operating income amounted to ¥462 million (an improvement of ¥591 million). The segment's sales in the first nine months of 2009 amounted to ¥36,347 million, down 44.5% from the same period of last year. The segment posted an operating income of ¥777 million, down 94.5%.

(Unit: Millions of yen)

	09 3Q (July - Sept.)	Vs. 2Q 09		Vs. 3Q 08		09 (Jan.- Sept.)	Vs. 1Q-3Q 08	
		09 2Q (Apr. - June)	Increase/ decrease	08 3Q (July - Sept.)	Increase/ Decrease		08 (Jan.- Sept.)	Increase/ Decrease
Net sales	13,467	12,428	1,039	21,994	- 8,528	36,347	65,498	- 29,151
Operating income	462	- 128	591	4,299	- 3,836	777	14,116	- 13,340

Quarterly results for 2008 and increase/decrease amounts are for reference only.

(Aluminum and other)

In the third quarter, sales of rolled products increased from the previous quarter due to the substantial rise in shipment volumes of high-purity aluminum foils for capacitors. Sales of extrusions/specialty products also increased due to the rise in shipment volumes of aluminum cylinders for laser beam printers. Sales of heat exchangers in Japan and Asian countries increased, while those in the U.S. and Europe were maintained at the previous quarter's level. Sales of *Shotac* were up due to the rise in the volume of shipments for use in automotive parts, but sales of aluminum cans were slightly down. As a result, the Aluminum segment had net sales of ¥44,274 million in the third quarter, up 2.9% from the previous quarter. The segment recorded an operating income of ¥825 million (an improvement of ¥3,128 million). The segment's sales in the first nine months of 2009 amounted to ¥122,018 million, down 32.8% from the same period of last year. The segment recorded an operating loss of ¥5,937 million, down ¥6,786 million.

(Unit: Millions of yen)

	09 3Q (July - Sept.)	Vs. 2Q 09		Vs. 3Q 08		09 (Jan.- Sept.)	Vs. 1Q-3Q 08	
		09 2Q (Apr. - June)	Increase/ decrease	08 3Q (July - Sept.)	Increase/ Decrease		08 (Jan.- Sept.)	Increase/ Decrease
Net sales	44,274	43,012	1,262	60,893	- 16,619	122,018	181,694	- 59,675
Operating income	825	- 2,303	3,128	133	692	- 5,937	849	- 6,786

Quarterly results for 2008 and increase/decrease amounts are for reference only.

2. Financial Conditions

Total assets at September 30, 2009 increased ¥8,292 million from the level at June 30, 2009, to ¥915,143 million. The increase, despite our asset reduction efforts, was due

partly to the rise in accounts receivable. Interest-bearing debt decreased ¥14,034 million, to ¥418,195 million. However, total liabilities increased ¥9,772 million from the level at June 30, 2009, to ¥699,223 million, due partly to the rise in accounts payable. Net assets at September 30, 2009 decreased ¥1,480 million, to ¥215,919 million, due to the recording of a quarterly net loss and the decrease in valuations and translation adjustments.

Compared with the level at December 31, 2008, total assets decreased ¥46,867 million due to the decrease in inventories following the fall in net sales, and due to the decrease in fixed assets following the recording of extraordinary losses pertaining to impaired assets. Total liabilities increased ¥2,672 million, due partly to the rise in interest-bearing debt, while net assets decreased ¥49,539 million, due partly to the recording of a quarterly net loss.

3. Performance forecast

As for the performance forecast for full-year 2009, please refer to our news release of July 30, 2009. We are planning to pay dividends of ¥3 per share, down ¥2 per share from 2008, as explained in our September 29 news release.

4. Major steps taken or decided in third quarter 2009

[Corporate]

- Structural reform in 2009/2010 and strategic concepts for 2011 and thereafter
(Announced on July 30)

In 2009 and 2010, we will lay the groundwork for growth in preparation for the new medium-term consolidated business plan for 2011 and thereafter. At the same time, we are carrying out structural reform by drastically reviewing various operations and optimizing our production setup.

In view of the global warming issue and limitations of crude oil and other resources, we expect increased social demand for environmental protection and energy conservation technologies. We will strengthen our position as a “unique chemical company with individualized products,” developing various components, materials and solutions. We will contribute to the sound growth of society by meeting the needs for energy conservation, health and safety, and higher efficiency. We will efficiently allocate resources to these growth areas so as to accelerate the development of high-performance products.

- Issuance of new shares and sale of shares; issuance by third-party allotment of Euro-Yen convertible bonds with warrants due 2014 (with subordination clause); and issuance by an overseas special-purpose subsidiary of Euro-Yen permanent preferred securities with

the right of conversion into common stock (Announced on September 29)

In preparation for the launch of a new consolidated business plan, we decided to increase our capital by public offering. Proceeds from the public offering will be used mainly for capital investment in the growing Electronics segment and in base businesses such as Petrochemicals. The remainder will be used for repayment of interest-bearing debt. To restrict dilution of our common stock as much as possible, we decided to use hybrid finance in combination. We issued convertible bonds and preferred securities, which are in-between of capital and debt. Thus, in addition to restricting dilution, we are going to improve our financial strength through virtual capital increase. Proceeds from the hybrid finance will be used for repayment of interest-bearing debt. Total proceeds from the financing scheme are expected to amount to ¥62,806 million at the maximum, comprising ¥38,806 million from public offering (including over allotment) and ¥24,000 million from hybrid finance.

[Chemicals]

- Conclusion of a share exchange agreement to make Showa Tansan a wholly owned subsidiary (Announced on September 29)

SDK and Showa Tansan Co., Ltd. decided that Showa Tansan should become SDK's wholly owned subsidiary through share exchange in order to strengthen the Showa Denko Group's industrial gas operations. The two companies will consolidate their operations at Kawasaki (the site of the Group's industrial gas production) as a means to ensure speedy and efficient use of resources, strengthen competitiveness, and accelerate expansions in the Asian market. Based on the share exchange agreement, Showa Tansan is scheduled to become SDK's wholly owned subsidiary effective December 24, 2009.

[Electronics]

- Launch of Showa Denko HD Yamagata (Announced on July 1)

We started up Showa Denko HD Yamagata K.K. on July 1, by acquiring Fujitsu Limited's HD media production subsidiary. The company is SDK's fourth HD media production site in the world, following the existing sites in Chiba Prefecture (Japan), Taiwan and Singapore. As the world's largest independent HD media supplier, SDK will continue developing and supplying large-capacity HD media to meet customer needs.

- Development of organic EL devices with light output of 40% (Announced on July 28)

We have developed a new structure for our organic electroluminescent (organic EL) devices, achieving approximately 40% in light output, which represents the highest level in the world. As a result, we have achieved a 30 lm/W emissive efficiency for our

coated phosphorescent-polymer-based organic EL devices. (Emissive efficiency refers to the quantity of light emitted from light source, divided by electric power consumed.) The 30 lm/W emissive efficiency represents the highest level among coated-type organic EL devices that have been announced in the world. We are planning to commercialize our coated phosphorescent-polymer-based organic EL devices for use in general lighting.

- Launch of 2.5-inch 334 GB HD media (Announced on September 8)

In August, we began commercial shipments of 2.5-inch HD media with storage capacity of 334 gigabytes per disk, using the fifth-generation perpendicular magnetic recording (PMR) technology. To the best of our knowledge, this product had the world's highest storage capacity for this size available on the market as of September 8, 2009. We are already providing 1.89-, 2.5-, and 3.5-inch large-capacity HD media using the fourth-generation PMR technology. Demand for high-capacity HD media is growing for such applications as PCs that can record and edit moving pictures as well as high-definition HDD recorders that can record digital high-definition TV programs. We will continue meeting the requirements of customers both in terms of quality and quantity as the world's largest independent HD media supplier.

- Establishment of Advanced Battery Materials Dept. (Announced on September 15)

We have established an Advanced Battery Materials Department for R&D, production and sale of lithium ion battery (LIB) components, including *VGCF*TM (additive in cathodes/anodes of high-performance LIBs) and *SCMG*TM (graphite anode material already adopted in LIBs for electric vehicles). The department will collect and analyze relevant information in a unified manner, accelerating the development of innovative technologies for battery components. With the establishment of the new department, we will speedily fulfill customers' requirements.

[Aluminum and other]

- Withdrawal from aluminum extrusions business and rationalization by personnel reduction (Announced on August 26)

We are working to fundamentally reform and strengthen our aluminum business in response to drastic changes in the economic conditions since last year. As part of these efforts, we have decided to withdraw from the business in commodity aluminum extrusions, centering on building materials, and reduce personnel in the Aluminum segment. We aim to improve profitability through these measures and return to the track of sustainable growth.

- Consolidation of engineering functions in the Group (Announced on September 24)

SDK has decided to absorb the engineering business of its consolidated subsidiary

Showa Engineering Co., Ltd. SDK will take unified control of plant design and construction operations for its Group companies, cutting down the lead time from product development to commercialization. SDK will also provide engineering support to the Group companies' environmental protection efforts, accelerating the reductions in greenhouse gas emissions.

[Technology Headquarters]

- Development of bipolar-type carbon separators for PEFCs (Announced on July 23)

We have developed new technologies to produce low-cost carbon separators that will increase output density of polymer electrolyte fuel cells (PEFCs). Specifically, we have established new technologies to produce carbon separators with lower cost and lighter weight by making substantial changes in the process and raw materials. At the same time, we have achieved an increase of around 30% in output density compared with PEFCs we made earlier on a trial basis. These technical developments have been supported by the New Energy and Industrial Technology Development Organization (NEDO).

- Development of platinum-substitute PEFC catalysts with high efficiency (Announced on July 26)

We have developed new platinum-substitute catalysts for PEFCs under a project sponsored by NEDO. These new catalysts comprise a niobium-oxide-based catalyst and a titanium-oxide-based catalyst, each containing carbon and nitrogen atoms. They will enable substantial cost reductions and longer life of PEFCs. These technical developments have been supported by NEDO.

Consolidated Balance Sheets

(¥ in millions, US\$ in thousands)

	Dec. 31, 2008	Sep. 30, 2009	Sep. 30, 2009
Assets	¥	¥	\$
Current assets			
Cash and deposits	40,954	38,654	428,494
Notes and accounts receivable-trade	117,190	122,175	1,354,335
Merchandise and finished goods	53,118	43,600	483,316
Work in process	11,700	11,942	132,377
Raw materials and supplies	52,930	41,345	458,315
Other	46,714	33,350	369,691
Allowance for doubtful accounts	(950)	(860)	(9,529)
Total current assets	321,657	290,205	3,216,998
Noncurrent assets			
Property, plant and equipment			
Buildings and structures, net	94,992	91,466	1,013,924
Machinery, equipment and vehicles, net	152,535	139,138	1,542,376
Land	256,042	256,037	2,838,233
Other, net	28,063	24,492	271,499
Total property, plant and equipment	531,633	511,133	5,666,032
Intangible assets			
Goodwill	3,511	4,074	45,164
Other	9,531	9,753	108,116
Total intangible assets	13,042	13,827	153,281
Investments and other assets			
Investment securities	65,623	65,792	729,322
Other	31,237	35,108	389,176
Allowance for doubtful accounts	(1,182)	(922)	(10,226)
Total investments and other assets	95,677	99,977	1,108,272
Total noncurrent assets	640,353	624,937	6,927,585
Total assets	962,010	915,143	10,144,583
Liabilities			
Current liabilities			
Notes and accounts payable-trade	140,427	98,279	1,089,445
Short-term loans payable	100,717	86,268	956,302
Current portion of bonds		3,000	33,256
Current portion of long-term loans payable	59,448	67,402	747,167
Commercial papers		30,700	340,317
Income taxes payable	1,477	2,049	22,709
Provision	2,654	9,035	100,151
Other	59,052	61,459	681,291
Total current liabilities	363,774	358,191	3,970,637
Noncurrent liabilities			
Bonds payable	36,000	33,000	365,813
Long-term loans payable	196,750	197,825	2,192,944
Provision for retirement benefits	28,659	27,337	303,041
Other provision	2,756	135	1,500
Other	68,614	82,734	917,128
Total noncurrent liabilities	332,777	341,032	3,780,427
Total liabilities	696,551	699,223	7,751,064
Net assets			
Shareholders' equity			
Capital stock	121,904	121,904	1,351,334
Capital surplus	37,945	37,945	420,627
Retained earnings	73,146	20,189	223,797
Treasury stock	(173)	(173)	(1,919)
Total shareholders' equity	232,822	179,864	1,993,840
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	4,983	4,746	52,616
Deferred gains or losses on hedges	(6,093)	(2,288)	(25,367)
Revaluation reserve for land	21,896	21,898	242,747
Foreign currency translation adjustment	(12,981)	(12,115)	(134,293)
Total valuation and translation adjustments	7,805	12,242	135,703
Minority interests	24,832	23,813	263,976
Total net assets	265,459	215,919	2,393,519
Total liabilities and net assets	962,010	915,143	10,144,583

Consolidated Statements of Income

(¥ in millions, US\$ in thousands)

	Results for the 3rd quarter (Jan. 1 – Sep. 30)	
	2009	2009
	¥	\$
Net sales	471,985	5,232,073
Cost of sales	425,088	4,712,207
Gross profit	46,897	519,866
Selling, general and administrative expenses	63,089	699,353
Operating loss	(16,192)	(179,487)
Non-operating income		
Interest income	124	1,377
Dividends income	998	11,061
Rent income on noncurrent assets	883	9,788
Subsidy income	856	9,488
Miscellaneous income	1,063	11,786
Total non-operating income	3,924	43,501
Non-operating expenses		
Interest expenses	5,384	59,684
Equity in losses of affiliates	1,217	13,492
Loss on reduction of operation	5,133	56,900
Miscellaneous expenses	7,753	85,947
Total non-operating expenses	19,487	216,023
Ordinary loss	(31,755)	(352,009)
Extraordinary income		
Gain on sales of investment securities	1,575	17,454
Other	428	4,750
Total extraordinary income	2,003	22,204
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	2,061	22,843
Impairment loss	10,471	116,076
Loss on valuation of inventories	5,544	61,461
Other	2,150	23,829
Total extraordinary losses	20,226	224,210
Loss before income taxes and minority interests (△)	(49,978)	(554,015)
Income taxes	(3,246)	(35,984)
Minority interests in income	238	2,638
Net loss	(46,970)	(520,669)

Notes

The U.S. dollar is valued at ¥90.21 throughout this statement for convenience only.

Consolidated quarterly statements of cash flows

(¥ in millions, US\$ in thousands)

	Results for the 1st three quarters (Jan. 1 – Sep. 30)	
	2009	2009
	¥	\$
Net cash provided by (used in) operating activities		
Loss before income taxes and minority interests	(49,978)	(554,015)
Depreciation and amortization	41,082	455,402
Impairment loss	10,471	116,076
Amortization of goodwill	705	7,814
Increase (decrease) in provision for retirement benefits	(1,320)	(14,637)
Interest and dividend income	(1,122)	(12,439)
Interest expenses	5,384	59,684
Equity in (earnings) losses of affiliates	1,217	13,492
Loss (gain) on sales and valuation of investment securities	(1,030)	(11,416)
Loss on retirement of noncurrent assets	1,879	20,834
Loss (gain) on sales of noncurrent assets	135	1,492
Decrease (increase) in notes and accounts receivable–trade	(4,166)	(46,177)
Decrease (increase) in inventories	22,038	244,291
Increase (decrease) in notes and accounts payable–trade	(38,182)	(423,256)
Other, net	19,768	219,137
Subtotal	6,882	76,283
Interest and dividends income received	1,700	18,849
Interest expenses paid	(5,220)	(57,868)
Income taxes (paid) refund	535	5,935
Net cash provided by (used in) operating activities	3,897	43,199
Net cash provided by (used in) investment activities		
Proceeds from sales and redemption of securities	2	26
Purchase of property, plant and equipment	(34,199)	(379,109)
Proceeds from sales of property, plant and equipment	21,343	236,594
Proceeds from transfer of business	252	2,793
Purchase of investment securities	(6,312)	(69,967)
Proceeds from sales of investment securities	4,722	52,341
Purchase of investments in subsidiaries	(18)	(203)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,255)	(13,907)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	64	709
Decrease (increase) in short–term loans receivable	(745)	(8,259)
Payments of long–term loans receivable	(1,349)	(14,950)
Collection of long–term loans receivable	55	613
Other, net	(3,180)	(35,249)
Net cash provided by (used in) investment activities	(20,619)	(228,568)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short–term loans payable	(14,620)	(162,068)
Increase (decrease) in commercial paper	30,700	340,317
Proceeds from long–term loans payable	64,585	715,945
Repayment of long–term loans payable	(55,772)	(618,250)
Cash dividends paid	(6,204)	(68,770)
Cash dividends paid to minority shareholders	(949)	(10,515)
Others	(3,987)	(44,201)
Net cash provided by (used in) financing activities	13,753	152,458
Effect of exchange rate changes on cash and cash equivalents	405	4,487
Net increase (decrease) in cash and cash equivalents	(2,564)	(28,424)
Cash and cash equivalents at beginning of period	40,949	453,929
Cash and cash equivalents at end of period	38,385	425,505

(Reference)

SEGMENT INFORMATION (previous 3Q ended)

The operations of the Companies for the year ended September 30, 2009 was summarised by industry segment as follows:

Year ended September 30, 2009	Millions of yen						
	Petrochemicals	Chemicals	Electronics	Inorganics	Aluminium	Elimination	Consolidated
Sales							
Outside customers	<u>¥163,391</u>	<u>¥68,630</u>	<u>¥81,599</u>	<u>¥36,347</u>	<u>¥122,018</u>	<u>¥-</u>	<u>¥471,985</u>
Inter-segment	<u>2,344</u>	<u>213</u>	<u>196</u>	<u>701</u>	<u>2,030</u>	<u>(5,484)</u>	<u>-</u>
Total	<u>165,735</u>	<u>68,843</u>	<u>81,795</u>	<u>37,048</u>	<u>124,048</u>	<u>(5,484)</u>	<u>471,985</u>
Operating income	<u>¥5,777</u>	<u>(¥457)</u>	<u>(¥14,320)</u>	<u>¥777</u>	<u>(¥5,937)</u>	<u>(¥2,031)</u>	<u>(¥16,192)</u>

Year ended September 30, 2009	Thousands of U.S. dollars						
	Petrochemicals	Chemicals	Electronics	Inorganics	Aluminium	Elimination	Consolidated
Sales							
Outside customers	<u>\$1,811,228</u>	<u>\$760,780</u>	<u>\$904,548</u>	<u>\$402,916</u>	<u>\$1,352,601</u>	<u>\$-</u>	<u>\$5,232,073</u>
Inter-segment	<u>25,983</u>	<u>2,361</u>	<u>2,169</u>	<u>7,771</u>	<u>22,503</u>	<u>(60,787)</u>	<u>-</u>
Total	<u>1,837,211</u>	<u>763,141</u>	<u>906,718</u>	<u>410,687</u>	<u>1,375,104</u>	<u>(60,787)</u>	<u>5,232,073</u>
Operating income	<u>\$64,036</u>	<u>(\$5,069)</u>	<u>(\$158,739)</u>	<u>\$8,608</u>	<u>(\$65,810)</u>	<u>(\$22,514)</u>	<u>(\$179,487)</u>

Notes

The U.S. dollar is valued at ¥90.21 throughout this statement for convenience only.

(Reference)

Consolidated Statements of Income (previous 3Q ended)

(¥ in millions, US\$ in thousands)

	Results for the first three quarters (Jan.1-Sep.30)	
	2008	2008
	¥	\$
Net sales	792,452	7,651,362
Cost of sales	690,286	6,664,921
Gross profit	102,166	986,441
Selling, general and administrative expenses	66,781	644,791
Operating income	35,385	341,650
Non-operating income	4,908	47,393
Non-operating expense	14,829	143,181
Ordinary income	25,464	245,862
Extraordinary profit	10,427	100,674
Extraordinary loss	6,277	60,611
Income before income taxes	29,613	285,925
Income taxes	9,841	95,020
Minority interests	753	7,271
Net income	19,019	183,635

Net Sales and Operating Income by Segment (previous 3Q ended)

(¥ in millions, US\$ in thousands)

Segment		Results for the first three quarters (Jan.1-Sep.30)	
		2008	2008
		¥	\$
Petrochemicals	Net sales	327,575	3,162,835
	Operating income	9,670	93,369
Chemicals	Net sales	66,659	643,614
	Operating income	5,326	51,423
Electronics	Net sales	151,026	1,458,201
	Operating income	9,942	95,997
Inorganics	Net sales	65,498	632,406
	Operating income	14,116	136,295
Aluminum	Net sales	181,694	1,754,307
	Operating income	849	8,197
HQ costs and other	Net sales	—	—
	Operating income	(4,519)	(43,632)
Total	Net sales	792,452	7,651,362
	Operating income	35,385	341,650

Notes

The U.S. dollar is valued at ¥103.57 throughout this statement for convenience only.