

## **On enhancing facility capacity of fine and functional chemical materials**

Under our three-year business plan, we are currently achieving our goals for our business strategy for individual business divisions, and have decided to implement the enhancement of facility capacity for the following product facilities. All of the following products are produced with technologies that our company specializes in, and for these product groups, the growth of future product demand is expected. Additionally, under this plan, the company seeks to encourage the growth of diverse, balanced products from current business based on water-absorbent polymer, as well as matching our goal of correcting the business portfolio.

### **(1) Sulfur-containing compound and sulfolane production facility**

These products are experiencing significant growth in demand as chemicals for processing liquid crystal and semiconductors, as well as for polar solvents for production processes of liquid crystal polymer and super high-temperature resin. By significant streamlining of the production process, and by development of a high-quality electronic grade, we were able to improve production to meet the demands of our customers. We currently plan on completing the facility capacity enhancement of 3,300 t/y at Befu Works during this fiscal year. Furthermore, our company plans to add another line for a total of 6,600 t/y, planned for completion by summer 2009.

### **(2) GMP-compliant pharmaceutical intermediates production facility**

We are currently constructing a medical product multi-plant centered on a 5 m<sup>3</sup> reaction vessel with the goal of completing it by September of this year. However, our exceptional sulfur-containing compound production technology is highly valued by our customers, and this facility is expected to operate at full capacity before actual completion. We continue to receive a large number of inquiries for pharmaceutical intermediates, and in order to meet these customer demands, we have decided to construct a GMP-compliant plant centered on the 10 m<sup>3</sup> reaction vessel at the Befu Works. We plan to have this plant completed by October, 2009. With the completion of these plants, our company will possess three lines of GMP-compliant facilities: a plant with a 5 m<sup>3</sup> reaction vessel, a plant with a 10 m<sup>3</sup> reaction vessel, as well as a plant with a 20 m<sup>3</sup> reaction vessel, which is already in our possession. This will enable us to swiftly meet the diversifying demands of our customers.

### **(3) Rubber-based polymer emulsion production facility**

Our company possesses special emulsion production technology for various polymers, and has a product line-up in a relative market niche with high added value. Specifically, we put our development efforts towards unique products for use in adhesives and bonding. We have decided to enhance the emulsion facility for rubber-based polymer at the Himeji Works to respond to our customer

demands. This expansion is scheduled to be completed by March, 2009.

The total investment for the three types of facilities above is approximately 4.5 billion yen, and after their completion, approximately 5.0 billion yen's worth of sales increase is expected.