

FYE March 2014

Second Quarter Financial Briefing

**A Technology and Intelligence Oriented Company that Turns
Wisdom into Business**

NAGASE & CO., LTD.

November 26, 2013

◆ Contents ◆

- **FYE March 2014 Second Quarter Results**
- **FYE March 2014 Earnings Projections**
- **About Plastics Business**

FYE March 2014 Second Quarter Results

3

Consolidated Results

- Weak yen and other factors lead to ¥22.6 billion year-on-year revenue growth
- Net profit of ¥7.2 billion including booking of gain on sale of fixed assets from prior period

(100 millions of yen)

	12/09	13/09	Change	Vs. PY	Orig. Forecast (full year)	Progress Rate
Net sales	3,355	3,582	226	107%	7,640	47%
Gross profit	413	449	35	109%	934	48%
<GP ratio>	<12.3%>	<12.5%>	<+0.2%>		<12.2%>	
SG&A expenses	-332	-362	30	109%	-742	49%
Operating profit	81	86	5	106%	192	45%
Ordinary income	86	98	11	114%	210	47%
Net income	80	72	-8	89%	145	50%
Exchange rate	@78.96	@98.64	- ¥ 19.68		@95.00	

(Per-yen exchange rate impact on net sales and operating profit)

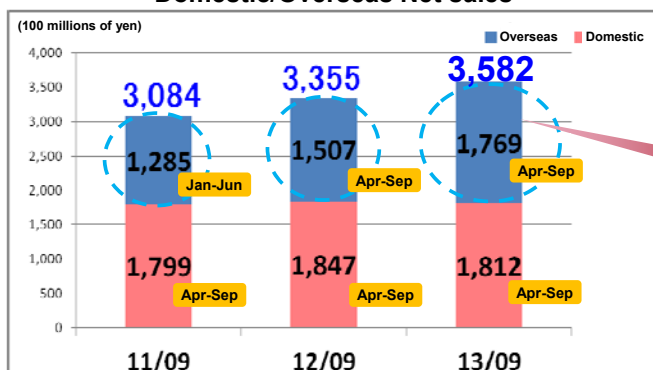
	Impact of dollar/yen rate	Impact on 13/09 Actual
Net sales	¥1.8 billion	+¥35.7 billion
Operating profit	¥40 million	+¥800 million

4

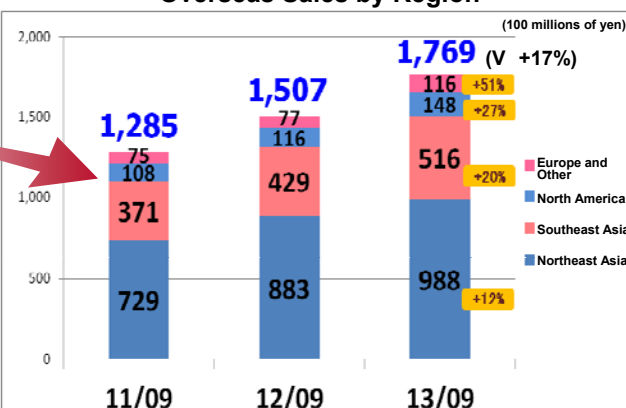
Net Sales ¥358.2 bil (Domestic ¥181.2 bil; Overseas ¥176.9 bil)

¥22.6 bil increase (+6.8%) from the previous fiscal year (Domestic -¥ 3.5 bil (-1.9%), Overseas +26.2 bil (+17.4%))

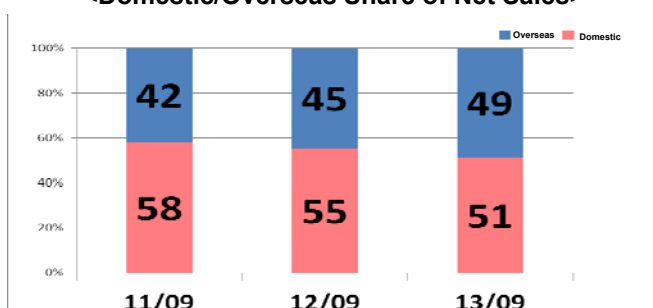
<Domestic/Overseas Net sales>



<Overseas Sales by Region>



<Domestic/Overseas Share of Net Sales>

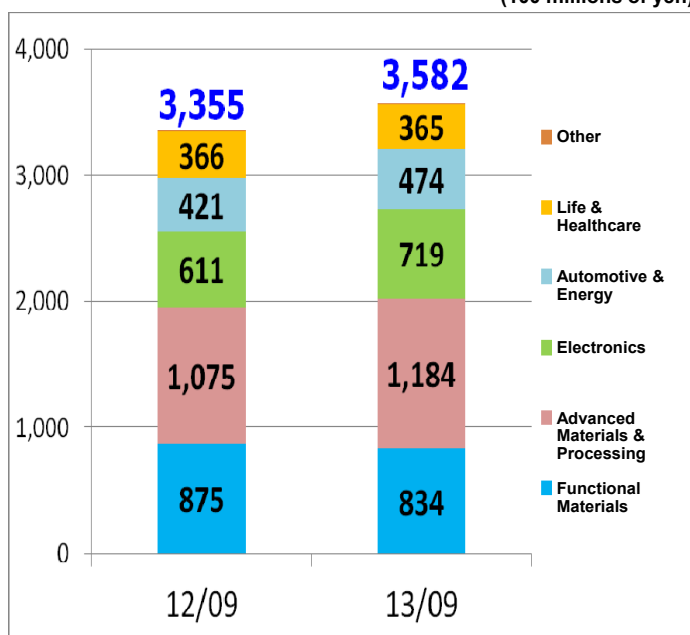


– Overseas Net Sales Ratio Increase
(44.9% → 49.4%) –

Net sales in all regions grew, partly due to weaker yen;
Overseas share of net sales higher.

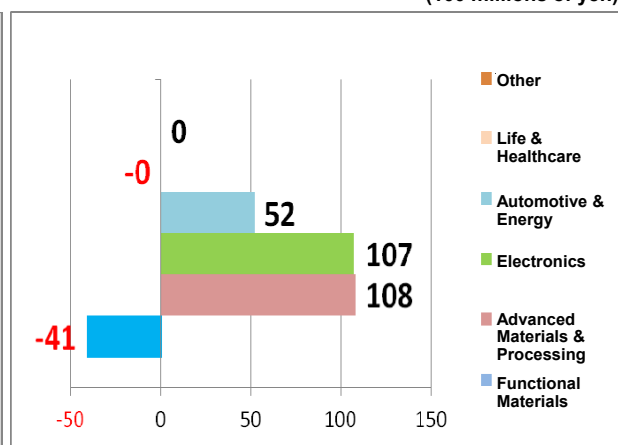
Net Sales by Segment

(100 millions of yen)



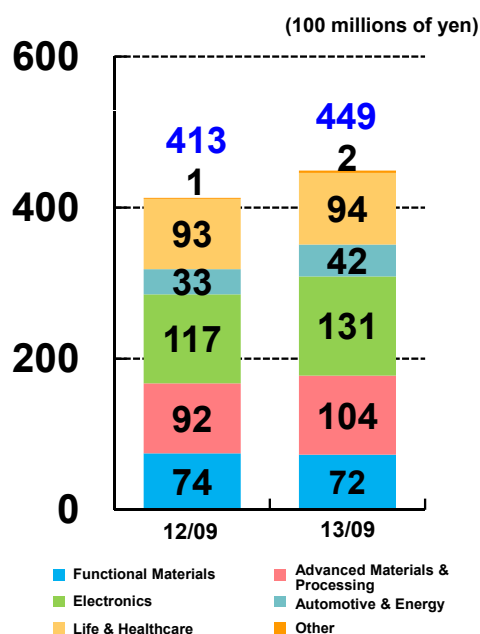
Change in Net Sales by Segment
(vs. PY)

(100 millions of yen)



Gross Profit: ¥44.9 bil +¥3.5 bil +8.6%

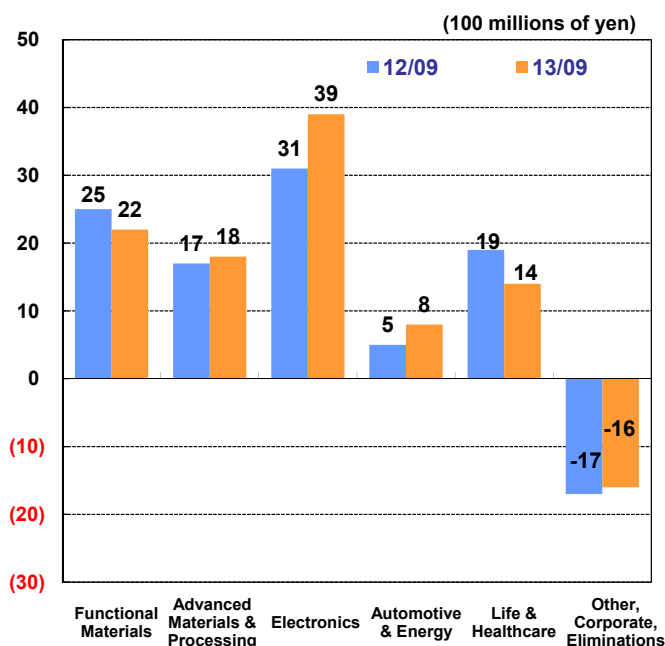
<Gross Profit Ratio: 12.5% +0.2%>



Gross Profit by Segment (vs. PY)

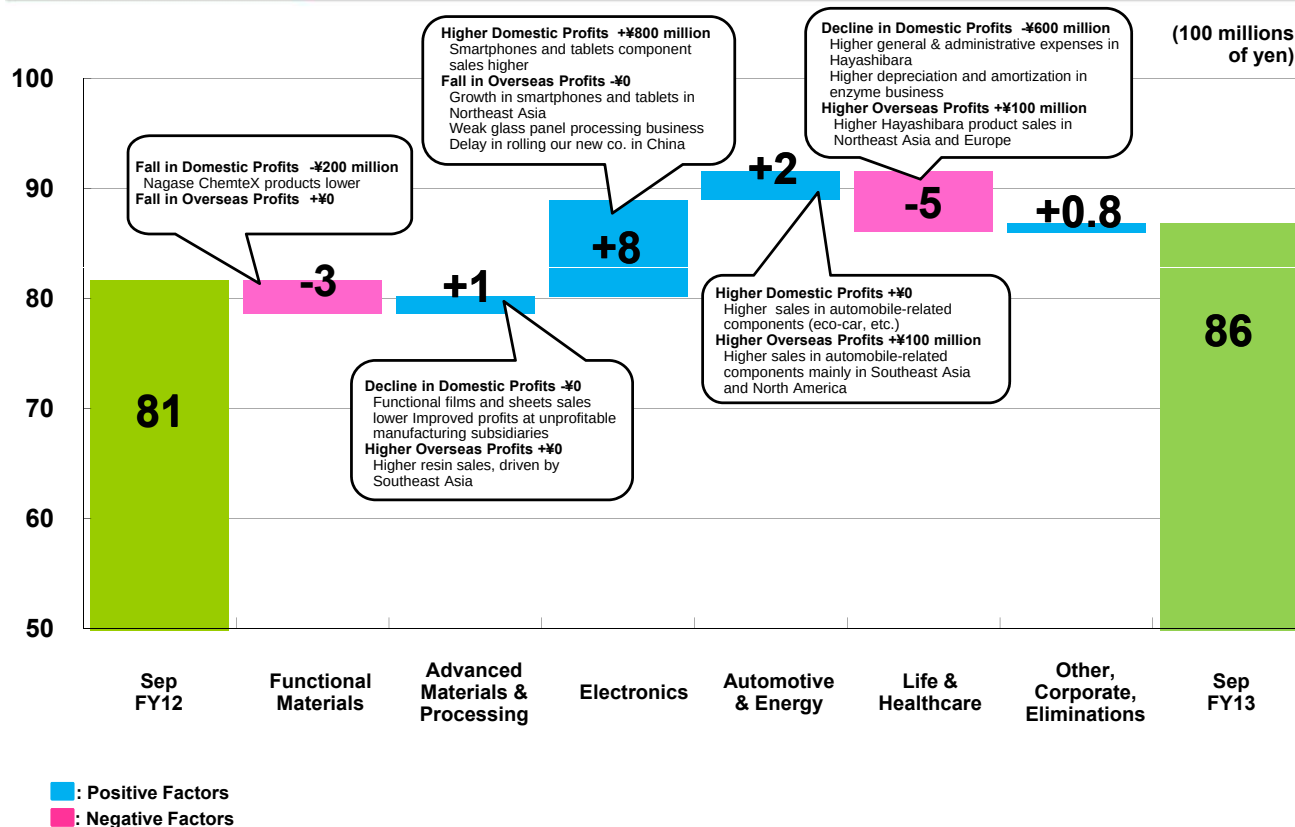
Functional Materials	¥7.2 bil	¥0.1 bil	-2.5%
<Gross Profit Ratio: 8.6% (+0.2%)>			
Advanced Materials & Processing	¥10.4 bil	+1.2 bil	+13.2%
<Gross Profit Ratio: 8.8% (+0.2%)>			
Electronics	¥13.1 bil	+¥1.3 bil	+11.4%
<Gross Profit Ratio: 18.1% (-1.0%)>			
Automotive & Energy	¥4.2 bil	+¥0.8 bil	+26.4%
<Gross Profit Ratio: 8.7% (+0.9%)>			
Life & Healthcare	¥9.4 bil	+0.1 bil	+1.9%
<Gross Profit Ratio: 25.8% (+0.5%)>			

Operating Profit: ¥8.6 bil ¥0.5 bil +6.4%



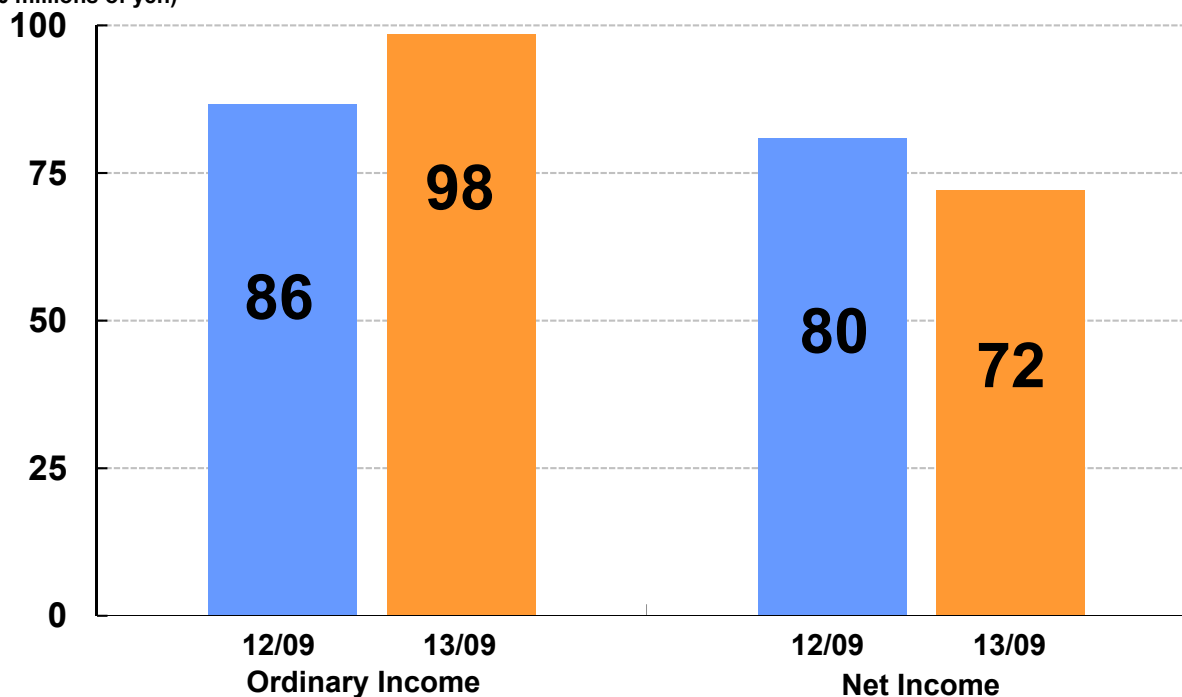
Operating Profit by Segment (vs. PY)

Functional Materials	¥2.2 bil	¥0.3 bil	-11.7%
Advanced Materials & Processing	¥1.8 bil	+0.1 bil	+8.9%
Electronics	¥3.9 bil	+0.8 bil	+28.3%
Automotive & Energy	¥0.8 bil	+0.2 bil	+46.9%
Life & Healthcare	¥1.4 bil	¥0.5 bil	-27.6%



Ordinary Income:	¥9.8 bil	+¥1.1 bil	+13.7%
Net Income:	¥7.2 bil	-¥0.8 bil	-10.9%

(100 millions of yen)



(100 millions of yen)

Assets	13/03	13/09	Change	Liabilities and Net Assets	13/03	13/09	Change
Total current assets	3,057	3,126	+69	Total current liabilities	1,658	1,651	-6
Cash and time deposits	466	426	-40	Notes and accounts Payable	1,079	1,078	-1
Notes and accounts receivable	1,960	2,080	+120	Short-term loans	354	350	-4
Inventories	518	511	-6	Other current liabilities	224	223	-0
Other current assets	111	107	-4	Total current liabilities	831	880	+49
Total non-current assets	1,809	1,893	+83	Long-term debt	326	327	+1
Property, plant and Equipment	609	613	+3	Bonds	300	300	±0
Intangible fixed assets	552	543	-9	Accrued retirement benefits for employees	102	127	+24
Investments in securities	568	651	+82	Other long-term long liabilities	102	124	+22
Other fixed assets	78	84	+6	Total liabilities	2,489	2,532	+43
				Shareholders' equity	2,117	2,167	+49
				(Portion less treasury stock, at cost)	(-71)	(-69)	(+1)
				Net unrealized holding gain on securities	179	238	+58
				Translation adjustment	-12	-1	+11
				Cumulative adjustment for retirement benefits	-	-4	-4
				Total net assets	2,378	2,487	+109
				(Equity ratio)	(46.9%)	(47.8%)	(+0.9%)
Total assets	4,867	5,019	+ 152	Total liabilities and net assets	4,867	5,019	+152

- ◆ Operating Cash Flows: Working capital increase of ¥9.6 billion linked to higher net sales; however, income before income taxes of ¥10.5 billion and addition of ¥4.1 billion in depreciation and amortization leads to net cash inflow of ¥4.3 billion.
- ◆ Investment Cash Flows: ¥1.3 billion inflow from sales of investment securities; ¥3.6 billion in cash used to purchase tangible fixed assets.
- ◆ Financing Cash Flows: ¥3.4 billion net cash used; ¥4.5 used in repayment of long-term debt; ¥1.6 billion used in payment of dividends

(100 millions of yen)

	13/09	Main breakdown	12/09
Net cash provided by (used in) operating activities	+43	Income before income taxes +¥10.5 bil Depreciation and amortization +¥4.1 bil Goodwill amortization +¥0.8 bil Working capital -¥9.6 bil Corporate tax, etc. -¥3.3 bil	+89
Net cash provided by (used in) investing activities	-45	Purchases of property plant and equipment -¥3.6 bil Acquisition of investments -¥1.1 bil Sale of investment securities +¥1.3 bil	-49
Net cash provided by (used in) financing activities	-34	Increase in short-term loans, net +¥2.4 bil Inflow from long-term debt +¥0.5 bil Repayment of long-term debt -¥4.5 bil Payment of dividends -¥1.6 bil	+73
Net increase (decrease) in cash and cash equivalents	-38	Exchange gains related to cash and cash equivalents (including -¥0.2 bil)	+102
Increase (decrease) in cash and cash equivalents accompanying consolidation	+1	Kawai Hiryo +¥1.0 bil Digital Wire Technology +¥0.0 bil	+9
Cash and cash equivalents at the end of the period	420	Cash and cash equivalents on the balance sheet ¥42.6 bil - ¥0.6 bil in certificates of deposit due after three months = ¥42.0 bil	433

(Millions of yen)

	Company Name	Net Sales	Vs. PY	Operating Profit	Vs. PY	Net Income	Vs. PY
Parent Company	NAGASE & CO., LTD.	220,459	102%	1,705	146%	6,421	79%
Manufacturing Companies	Hayashibara Co., Ltd.	11,751	93%	2,284	79%	2,417	92%
	Nagase ChemteX Corp.	13,127	99%	1,303	89%	793	111%
	Pac Tech (Europe)	1,458	120%	213	96%	145	85%
	Total for manufacturing (Note 1)	45,975	103%	3,454	74%	2,918	89%
Domestic Sales Companies	Nagase Plastics Co., Ltd.	15,390	104%	227	130%	136	138%
	Nagase Chemical Co., Ltd.	7,994	100%	101	99%	57	99%
	Nagase Beauty Care Co., Ltd.	2,705	101%	78	98%	31	123%
	Total for domestic sales (Note 1)	41,468	103%	663	120%	432	134%
Overseas Sales Companies	Nagase (Hong Kong) Ltd.	32,708	114%	913	170%	793	181%
	Nagase (Thailand) Co., Ltd.	16,287	113%	569	124%	456	134%
	Nagase Wah Lee Plastics Corp.+Two other sales co's (Note 2)	24,481	131%	700	104%	783	156%
	Total for overseas sales (Note 1)	161,903	118%	3,827	132%	3,592	170%

* Note 1) Category totals are the simple sum of figures for each company and do not match consolidated figures.
Note 2) Nagase Wah Lee Plastics + Shanghai Hua Chang Trading + NWP International Trading (Shenzhen): See P35

FYE March 2014 Earnings Projections

<Second-Half Outlook>

Sales in automobile-related business, plastics for office equipment and appliances, and Hayashibara products expected to continue to perform well. However, slowdown in electronics-related business (smartphone/tablet-related business, and glass panel processing business) sales, challenges in finding profitability at some domestic manufacturing companies expected to continue

(100 millions of yen)

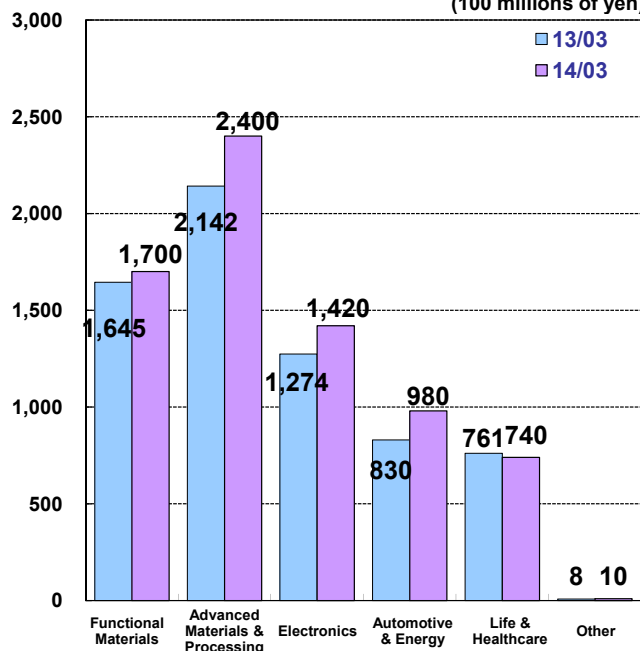
	13/03 Actual	14/03 Forecast	14/03			
			First-Half Results	Second-Half Estimate	Full Year Forecast (Revised)	Vs. PY
Net sales	6,662	7,640	3,582	3,668	7,250	109%
Gross profit <GP rate>	825 <12.4%>	934 <12.2%>	449 <12.5%>	455 <12.4%>	904 <12.5%>	110%
SG&A	670	742	362	385	747	111%
Operating profit	155	192	86	71	157	101%
Ordinary income	179	210	98	84	182	102%
Net income	141	145	72	46	118	83%
Dividends per share	¥ 26	¥ 28	¥ 14	¥ 14	¥ 28	-
Assumed exchange rate (\$1US)	¥ 83.3	¥ 95.0	¥ 98.6	¥ 97.8	¥ 98.2	-

15

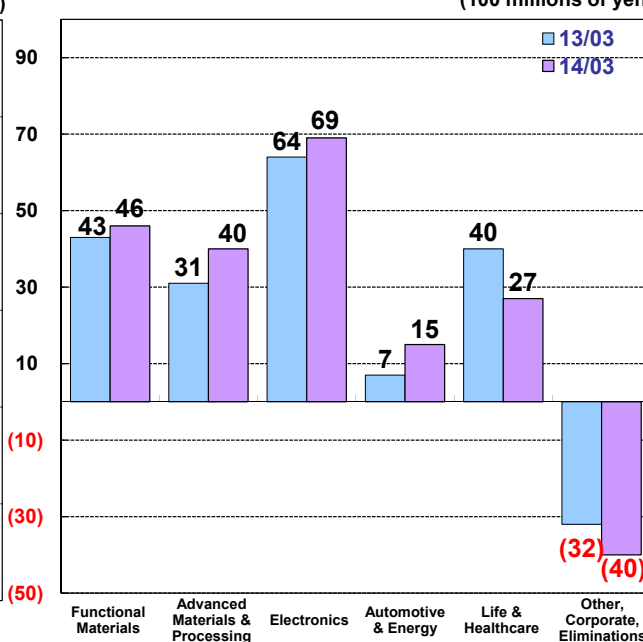
Expected higher overall revenues and profits compared to prior period

<Net Sales Forecast by Segment>
<Operating Profit by Segment>

(100 millions of yen)



(100 millions of yen)

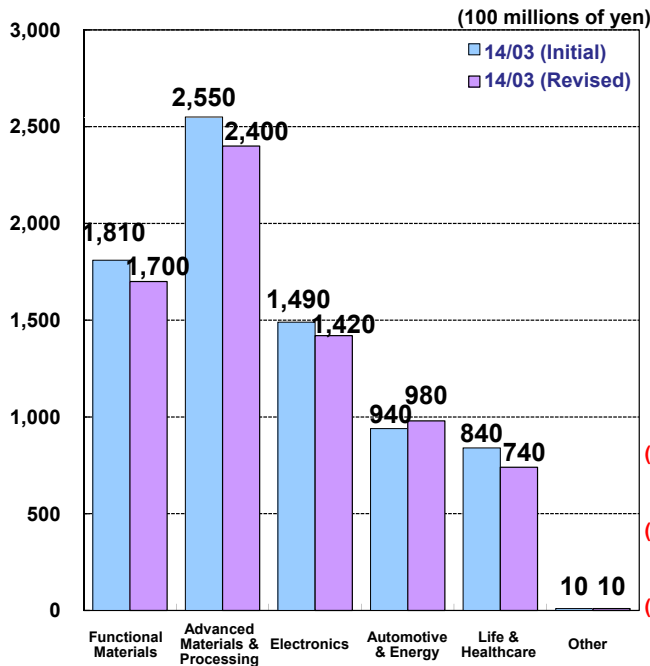


* Beginning FYE March 2014, the abrasives sales business for semiconductors and HDD industry (formerly under Functional Materials) will be moved under the Electronics business segment. Sales business for cosmetics industry (formerly under Functional Materials) will be moved under the Life & Healthcare business. FYE March 2013 results have been recalculated to reflect this change.

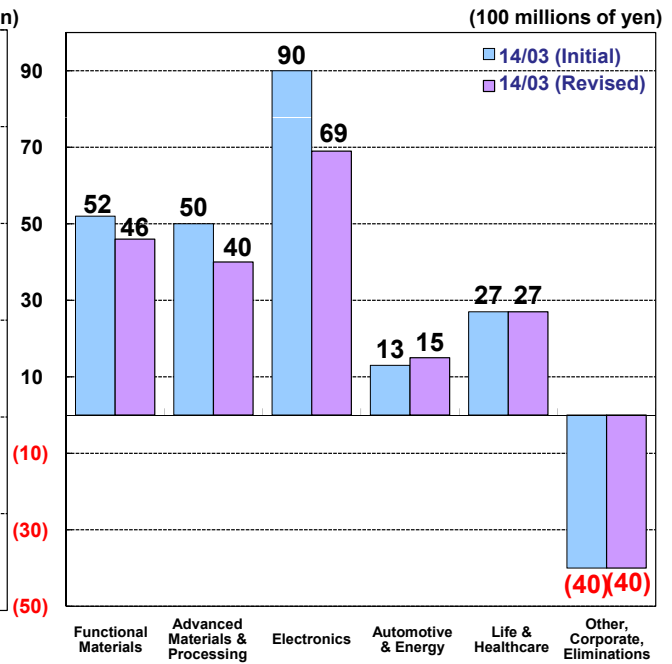
16

Overall Lower Performance Compared to Initial Forecasts

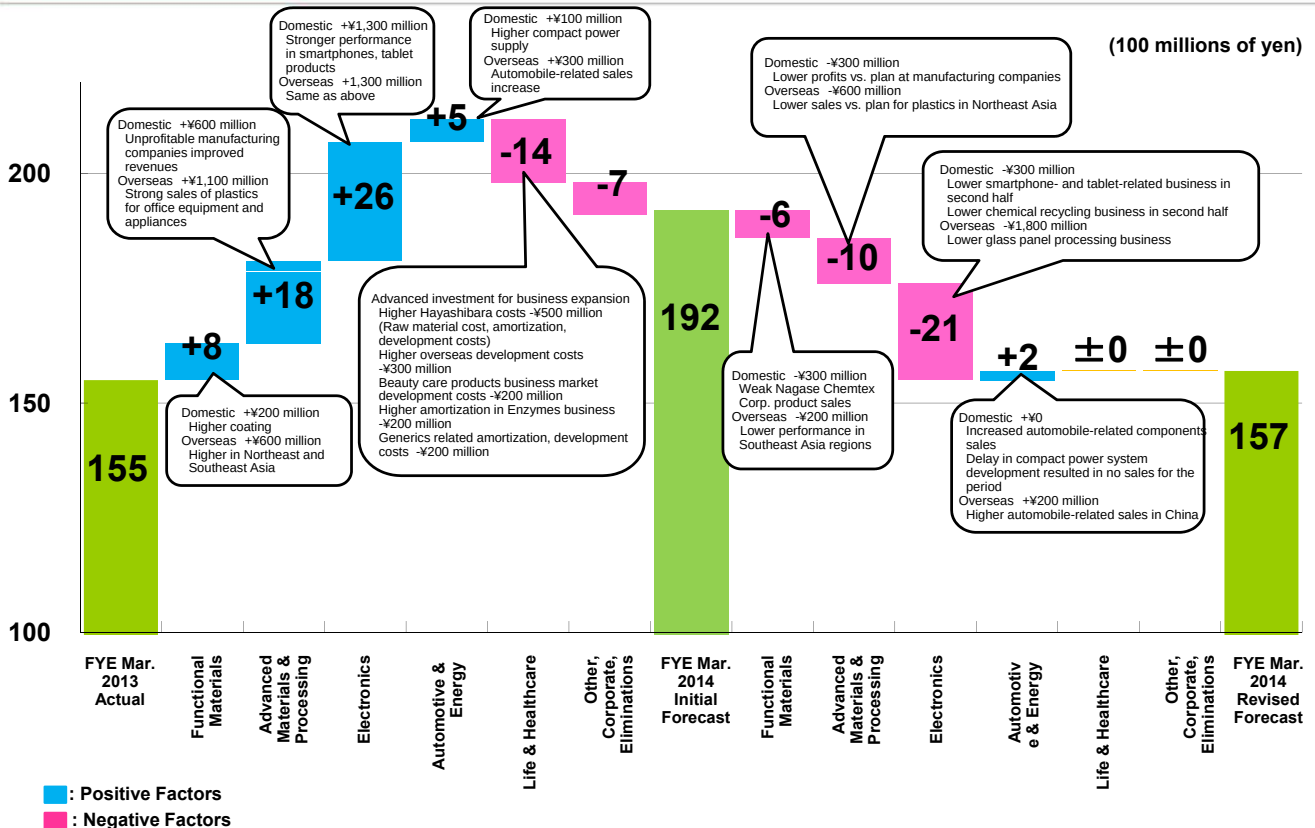
<Net Sales Forecast by Segment>



<Operating Profit by Segment>



17



18

Medium-term Management Plan *Change-S2014*

19

Change-S2014 Progress

[Stronger Business in Important Fields]

1 Fields utilizing bio-related technologies

- Hayashibara mainstay product sales trending well. Currently building sales strategy for new product (highly branched glucan)
- Real expansion of Hayashibara overseas business. Developing new applications, new customers through review of sales agent use and establishment of application labs in each region.
- Nagase R&D Center reorganized to focus on basic research and securing basic technologies in bio-related fields

2 Fields utilizing environment/energy-related technologies

- Leverage feed-in tariff scheme for renewable energy to increase sales of PV panels for solar cell systems
- Status of project for auxiliary power storage battery system for eco-car at CAPTEX is pending. Working on high capacity storage battery for BEMS as other development project.

3 Fields utilizing electronics-related technologies

- Cross-expansion of smartphone/tablet device electronic components, materials
- Developing component materials, raw materials for car electronics

[Stronger Operational Foundation]

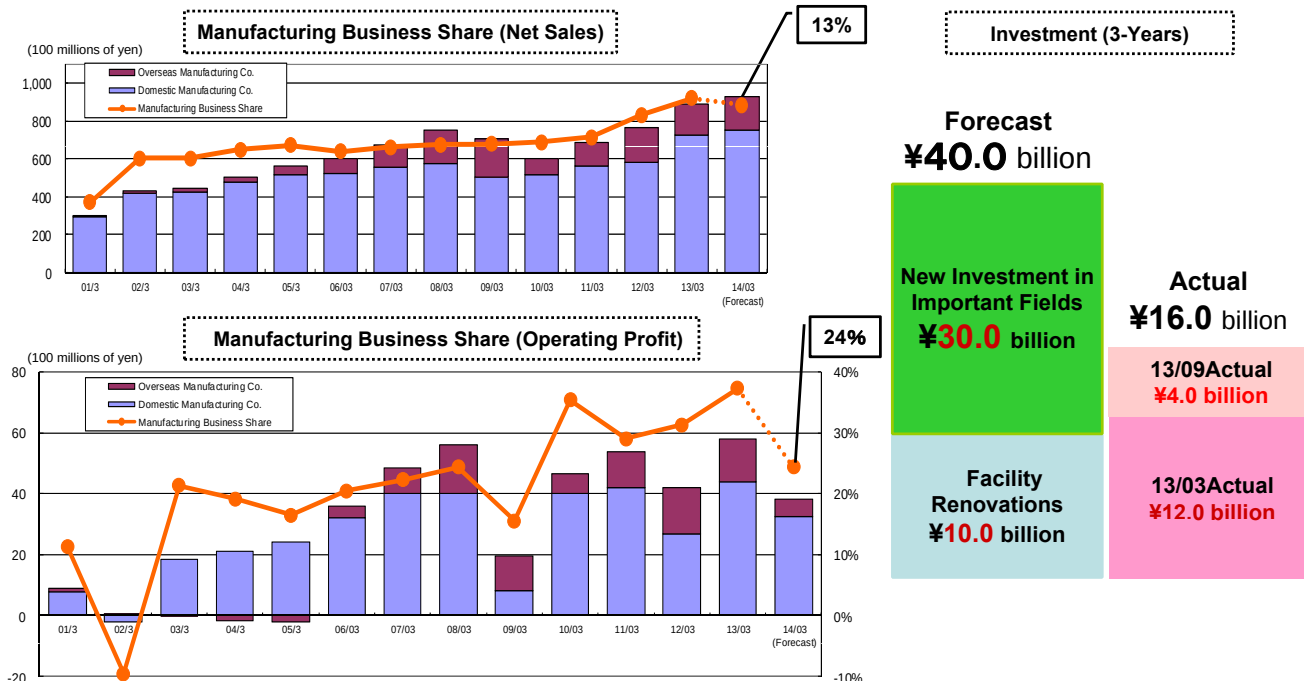
- Continue to assess businesses, including post-investment monitoring in accordance with Investment Guidelines
- Strengthen quality assurance systems and execute initiatives to improve worker safety at Group manufacturing companies
- Foster global-minded employees
Improve training systems at headquarters and overseas entities. Standardize human resources systems at overseas entities

[Numerical Targets]

	FY2012 Actual	FY2013 Forecast	FY2014 Targets
Net sales	¥666.2 billion	¥725.0 billion	¥800.0 billion
Operating profit	¥15.5 billion	¥15.7 billion	¥30.0 billion
ROE	6.5%	5.0%	8.0%

20

Investments in manufacturing functions, research and development functions, technology/information gathering, and global network improvements have led to proprietary and market advantages, strengthening our health and corporate value.



Change-S2014

Innovate

Promote

Expand/
Strengthen

Improve Business,
Management Quality

Accelerate
"CHANGE"

WIT2000

WIT21

WIT2008

"CHANGE" 11

Change-S2014

Investment

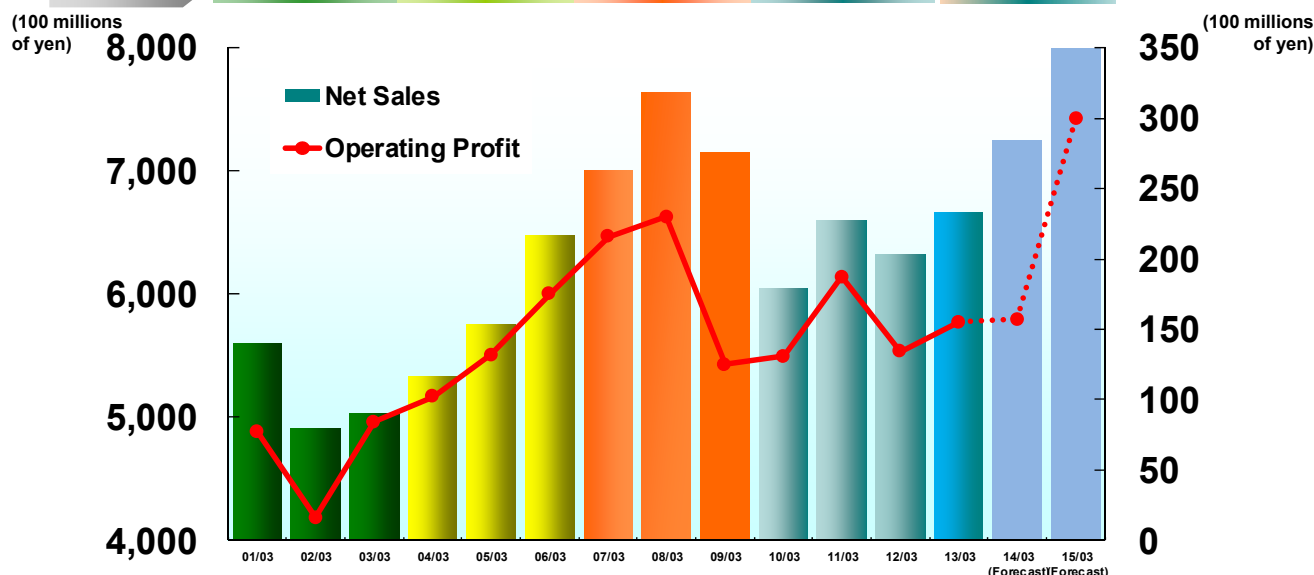
← ¥20.2 bil →

← ¥23.7 bil →

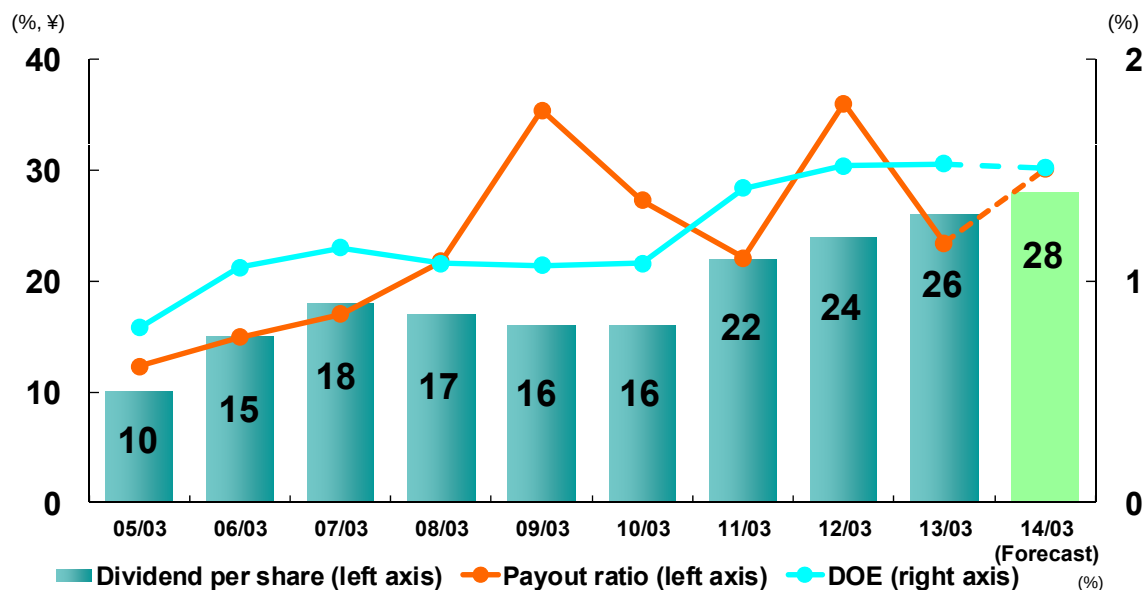
← ¥27.7 bil →

← ¥107.4 bil →

← ¥40.0 bil →



Our basic policy is to continue to offer consistent dividends to our shareholders, determined by consolidated earnings, balanced by our intent to improve revenue-generating capacity and to build greater corporate strength. We **aim to improve our per-share dividend payout**, taking into consideration our consolidated dividend payout ratio and consolidated net asset ratio.



* Year-end dividend for 14/03 to be determined by board resolution in June 2014

About Plastics Business

Executive Officer
GM, Polymer Global Account Department
Ichiro Wakabayashi

- ◆ History of the Nagase Plastics Business
- ◆ Scope of Nagase Global Plastics Sales
- ◆ Business Segments
- ◆ Overview of Polymer Products Department
- ◆ Overview of Automotive Solutions Department
- ◆ Overview of Polymer Global Account Department
- ◆ Features of the Nagase Plastics Business
- ◆ Sales Network in Asia
- ◆ Manufacturing and Development Functions
- ◆ Chinese Expansion through Equity Investments in China, Taiwan
- ◆ Business Growth Strategy
- ◆ Toward Business Growth

1961	Established Plastics Division Began importing Eastman Kodak ¹⁾ products
1966	Established Setsunan Kasei
1968	Signed agreement to become exclusive sales representative for General Electric ²⁾ in Japan
1969	Began manufacturing GE products at Setsunan Kasei
1971	Established Engineering Plastic Limited ³⁾ in Japan as joint venture with GE
1974	Began selling GE products outside Japan
1975	Established Seibu Nagase Plastic Products ⁴⁾
1980	Signed agreement to become exclusive sales representative for GE in all Asia, excluding China
1985	Signed agreement to become sales representative for Eastman Kodak
1990	Established Nagase Wah Lee Plastics as joint venture in Taiwan with Wah Lee Industrial Corp.
1998	Established Shanghai Hua Chang Trading in China
2001	Dissolved exclusive sales representative contract for Japan with GE
2004	Sales representative contract for GE in Asia (excluding China) converted to non-exclusivity
2006	Established Dainichi Color Vietnam as joint venture with Dainichiseika Color & Chemicals Mfg. Co., Ltd. in Vietnam

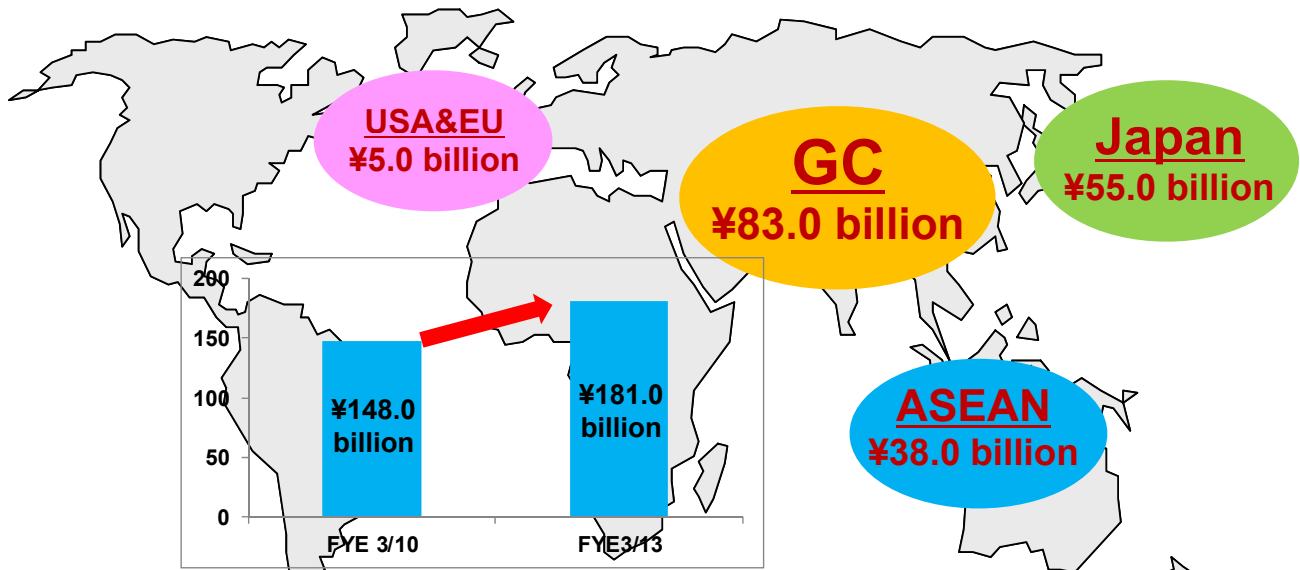
1) Eastman Kodak Chemicals Division split off in 1994; now Eastman Chemical Company

2) In 2007, SABIC acquired the GE plastics business; now SABIC Innovative Plastics

3) Later, GE Plastics Japan; subsequently SABIC Innovative Plastics Japan (wholly owned SABIC subsidiary since 2007)

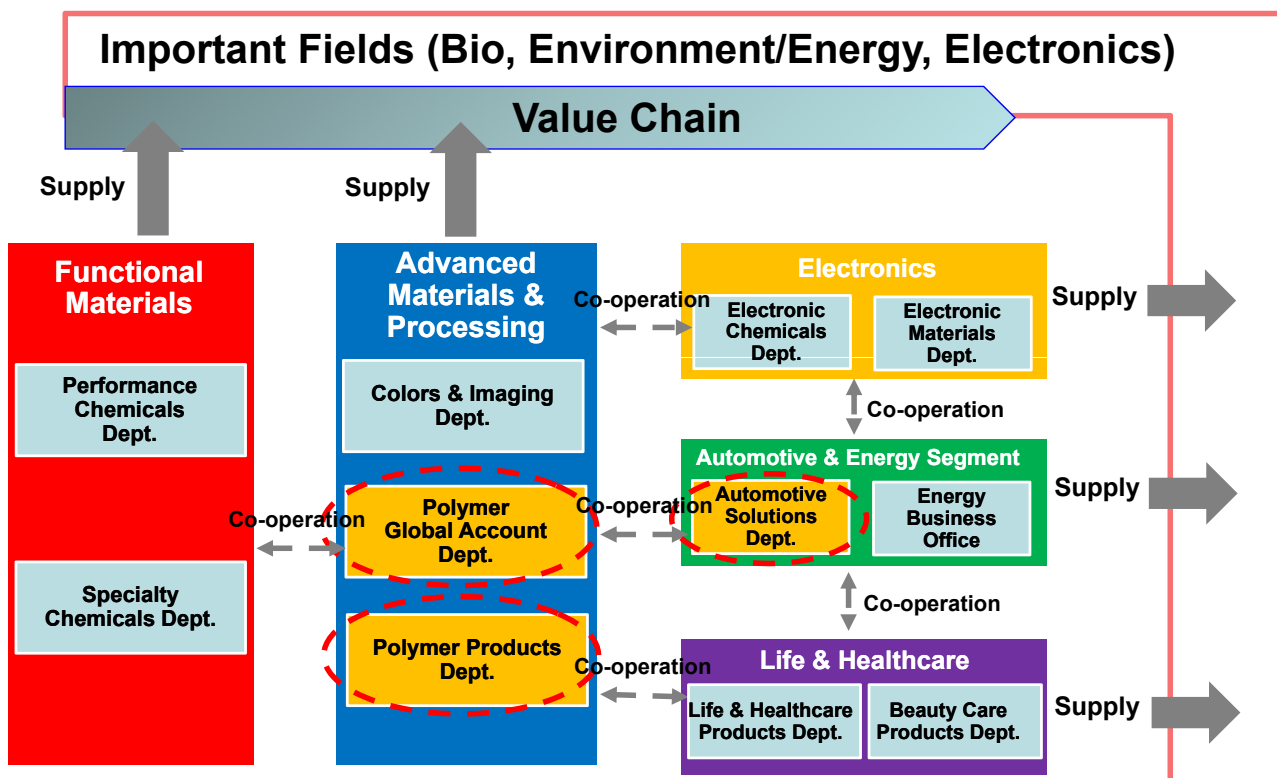
4) Now Nagase Plastics Co., Ltd.

Nagase Group Global Total: ¥181.0 billion



In the Acceleration of client's manufacturing site moving to overseas, coordination among Japan, Greater China, ASEAN, and U.S.-EU has become much more important to the Plastics business

*GC: Greater China



◆ Industry

Electrical/electronics, cosmetics/toiletries, functional films/sheets

Plastics Sales Scope
¥6.0 billion

◆ Products

Plastics (Eastman), films/sheets, functional additives for films/sheets, surface detection machines

◆ Business Format

Revenue foundation is in the traditional brokerage business; moving into development and sales of proprietary functional films and sheet products

◆ Features

- Sheet and film development in promising plastics, joint development of proprietary products with companies owning distinctive processing technologies
- Sun Delta Corporation (joint venture with Asahi Kasei E-Materials Corporation) taking the lead in developing joint business opportunities with Asahi Kasei
- Scantec film/sheet inspection equipment developed in-house



Film



Resin



Products



Machine

29

◆ Industry

Automotive (domestic/overseas auto makers, parts makers)

◆ Products

Resin raw materials (PP, engineering plastics), auto parts, indirect materials (leather upholstery, impact cushioning, paint, etc.)

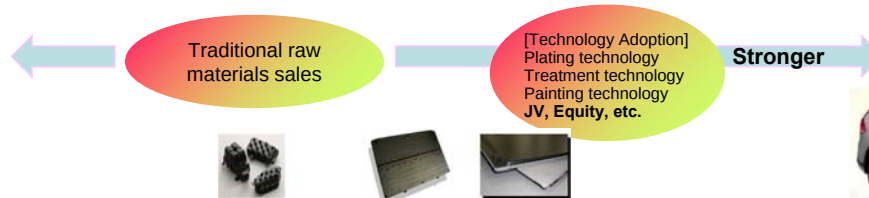
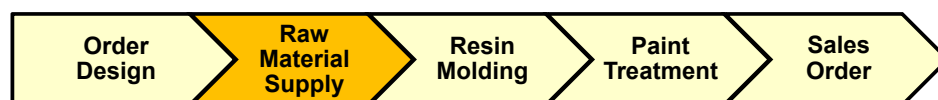
◆ Business Format

Marketing and sales of products noted above (mainly plastics)
Operate overseas joint ventures with auto parts makers

◆ Features

- Looking to create relationships and strengthen functions with resin raw materials business/leading parts makers through manufacturing joint ventures and equity
- Expand overseas business (focus on North America, ASEAN, China)
- Focus on developing car electronics materials, components

Plastics Sales Scope
¥50.0 billion



30

- ◆ **Industry**
Office equipment, Electrical/Electronics, Home Appliances, Packaging
- ◆ **Products**
Functional plastics, General Purpose plastics, Indirect materials, Synthetic plastic products, Synthetic plastic equipment/devices, Tooling/Patterns
- ◆ **Business Format**
Mainly brokerage; also provide domestic/overseas logistics/inventory functions
- ◆ **Features**
Strength is our domestic and overseas network
Offer plastics development/manufacturing functions
- ◆ **Business Operation System**

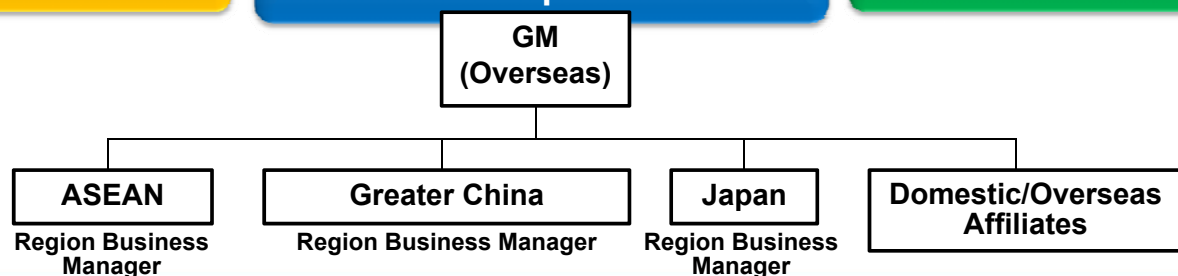
Plastics Sales Scope
¥125.0 billion

Advanced Materials & Processing Segment

Colors & Imaging Dept.

Polymer Global Account Dept.

Polymer Products Dept.



31

Foundation

- Sales bases/network in Japan and overseas
- Business expansion in China via Japan-Taiwan partnership
- Highly experienced personnel resources

Functions

- Logistics services in Japan and overseas
- Development, manufacturing, and laboratory functions
- Spec-in activities (materials approval) at End Users

Suppliers

- Partnerships with global plastics manufacturers
SABIC-IP, Eastman Chemical, Asahi Kasei, Sumitomo Chemical, Mitsubishi Engineering Plastics, BASF, DuPont, others

Customers

- Global account coverage via our worldwide network
- Numerous customers/transactions with non-Japanese entities (U.S., Europe, Taiwan, Korea, China, etc.)
- Creating partnerships beyond plastics sales

32



Setsunan Kasei Co., Ltd.

Established: 1966
Capital: ¥300 million
Shareholders: NAGASE & CO.,LTD. (100%)
Main Business: Manufacturing, process, sales of synthetic plastics
Factories: Kansai Plant (Techno Stage Izumi)
 Kanto Plant (Mooka Daini Industrial Park)



Dainichi Color Vietnam Co., Ltd.

Established: 2006
Capital: US\$8.7 million
Shareholders: Dainichiseika Color & Chemicals Mfg.Co.,Ltd. (60%)
 NAGASE & CO.,LTD. (40%)
Main Business: Manufacturing and sales of synthetic plastic compounds and colorants
Factories: Hanoi (Vietnam)
 Plant No. 1 -Master Batch Blend
 Plant No. 2 -Plastic Compounds



Nagase Application Workshop (Amagasaki)

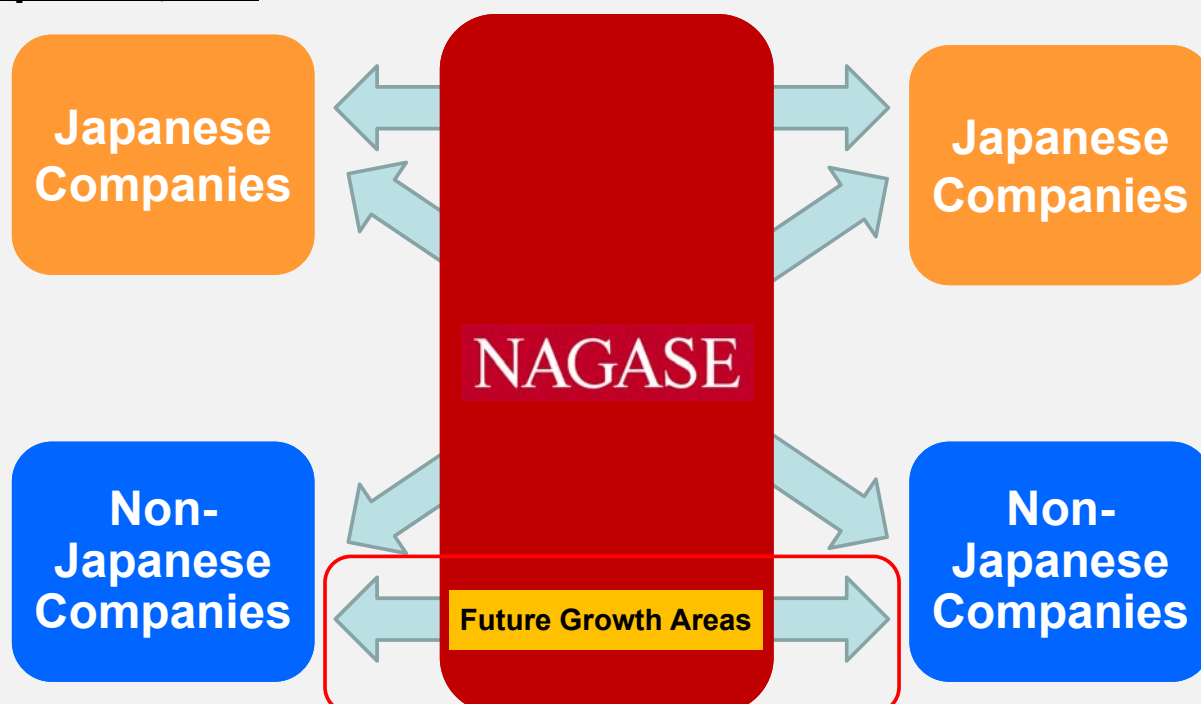
The Nagase Application Workshop consolidates the technological services offered separately for each field to our customers in one location, developing materials together with end-user clients and providing detailed technical support. In this way, we have been able to be more effective in how we sell our traditional raw materials.

Company Name	NAGASE WAHLEE PLASTICS CORP.
Established	1990
Capital	NT\$100,000,000
Equity Structure	Nagase Group 60% / Wah Lee Industrial Group 40% (Wah Lee Corp. = Listed on Taiwan Stock Exchange)
Main Business	Sales of plastics and related products
Locations	HQ: Taipei (Taiwan) Sales Offices: Taichung, Gangshan (Taiwan)
Group Companies	• Shanghai Hua Chang Trading Co., Ltd. Locations: Shanghai, Suzhou, Ningbo, Chengdu, Chongqing • NWP International Trading (Shenzhen) Co., Ltd. Locations: Shenzhen, Guangzhou, Xiamen

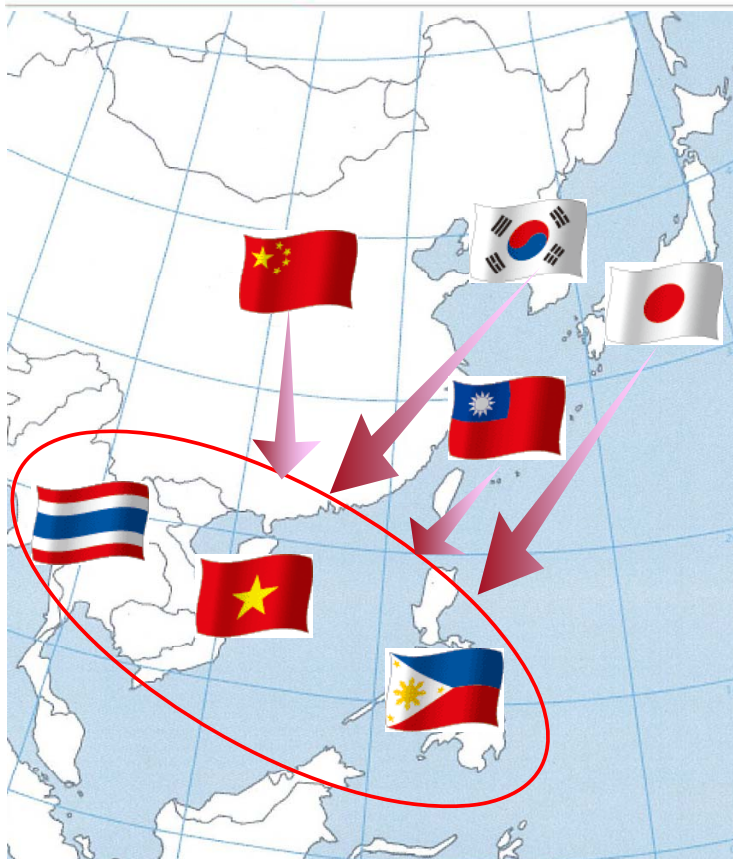
- ◆ Expand business in the Chinese markets beyond Taiwan through Japan/Taiwan partnership
- ◆ Grow into a core entity vital to the plastics business in Greater China
- ◆ Expand inland as customer production bases in China move from coastal regions to the interior

Products, Processing Technologies,
Expertise, etc.

Customers



**Focus in Central China as
emerging market
Expanded coverage
in North China**



- ✓ Soaring labor costs in China
- ✓ Chilly Japan-China relations
- ✓ Securing production bases for emerging markets
- ✓ Securing low-cost labor

China plus One movement

⇒ ASEAN, particularly **Thailand**, **Vietnam**, and **Philippines** focus of locations for export/processing manufacturing

- Manufacturing moving away from China
- Investment in new manufacturing centers

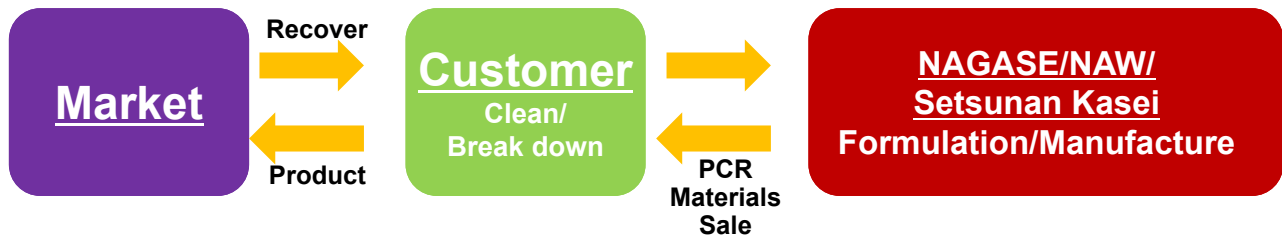
Invest management resources in promising Thailand, Vietnam, and Philippines markets

Build out resources; focus attention

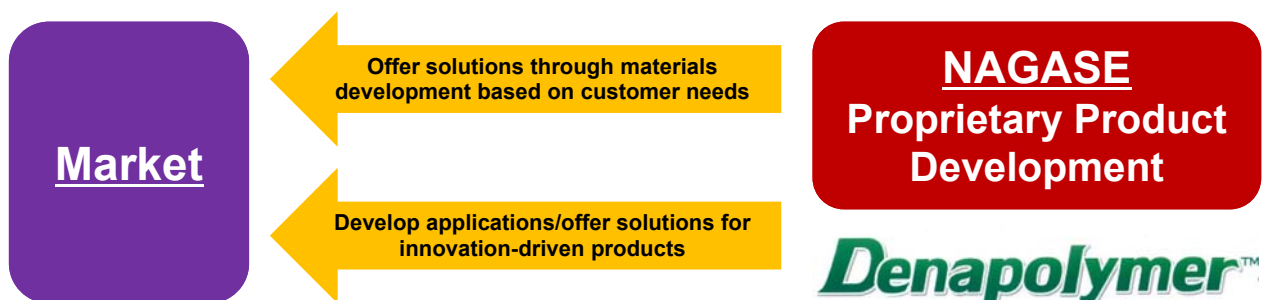
Building an Eco-friendly Business Model

Greater needs for post-consumer recycling using market-recoverable materials for Electronic Product Environmental Assessment Tool-compatible (comprehensive system to measure effect of electronic products on the environment) TV, PC, and office equipment.

Our company will respond to customer needs by utilizing development/manufacturing functions within the Group.



Proprietary Product Development



*NAW: Nagase Application Workshop

Business Foundation / Our Strengths

Unified Operations Model, including Personnel/Network/
Supply Chain Partnerships/Overseas Business



Growth Strategies

Regional Strategy/Customer Strategy/
Unified Manufacturing & Sales Business



Toward Business Growth Leverage Unique Strengths

A Technology and Intelligence Oriented
Company that Turns Wisdom into Business

NAGASE & CO., LTD.

<http://www.nagase.co.jp/english/>

This presentation materials contain forward-looking projections based on assumptions, forecasts, and plans as of November 26, 2013. Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.

(Reference) Information by Segment

<Net Sales/Operating Profit by Location>

(100 millions of yen)

		FYE3/13		FYE3/14			
		Interim	Year	Interim	Vs. PY	Year (Forecast)	Vs. PY
Net sales	Domestic	817	1,577	816	100%	1,659	105%
	Overseas	255	474	219	86%	451	95%
	Eliminations	-197	-405	-202	-	-410	-
	Total	875	1,645	834	95%	1,700	103%
Operating profit	Domestic	21	38	18	87%	38	99%
	Overseas	2	3	3	134%	7	216%
	Eliminations	1	1	-0	-	-0	-
	Total	25	43	22	88%	46	105%

* Figures above are a combination of consolidated entities by location. Inter-region eliminations not reflected; adjustments provided in the eliminations column.

* FYE March 13 figures reflect reorganization beginning FYE March 2014.

* FYE March 14 full-year forecast reflects revisions made during Q2.

Net sales
¥83.4 billion (V95%)

◇ Performance chemicals business reported higher coating sales and flat urethan materials performance. However, plastic materials and additives were lower, as were revenues from basic chemicals sales in Southeast Asia, driving revenues lower overall

◇ Specialty chemicals business revenues were down as a whole, due to flat industrial oil solutions- and surfactants-related sales combined with lower performance in raw materials for silicone and fluorine-related products

Operating profit
¥2.2 billion (V88%)

◇ Lower revenues combined with higher general and administrative expenses in Japan drove profits lower

FYE March 2014 Outlook

◇ Strong auto and construction demand in Japan
 ◇ Strong auto demand overseas
 → Outlook reflects higher overall revenues and profits

<Net Sales/Operating Profit by Location>

(100 millions of yen)

		FYE3/13		FYE3/14			
		Interim	Year	Interim	Vs. PY	Year (Forecast)	Vs. PY
Net sales	Domestic	795	1,551	777	98%	1,581	102%
	Overseas	572	1,167	714	125%	1,439	123%
	Eliminations	-292	-576	-306	-	-621	-
	Total	1,075	2,142	1,184	110%	2,400	112%
Operating profit	Domestic	8	15	7	91%	17	114%
	Overseas	10	17	11	108%	22	125%
	Eliminations	-1	-1	0	-	-0	-
	Total	17	31	18	109%	40	126%

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* FYE March 13 figures reflect reorganization beginning FYE March 2014.

* FYE March 14 full-year forecast reflects revisions made during Q2.

Net sales
¥118.4 billion (V110%)

◇ Colors and imaging business higher overall due to higher sales of dyes/additives and information printing materials

◇ Office automation and customer electronics business higher overall due to higher plastics materials business in Northeast Asia, Southeast Asia and flat sales in Japan

◇ Functional films and sheets business and plastic molding products business down overall due to lower sales of Materials for LCD TV reflectors and anti-reflective sheets for game consoles

Operating profit
¥1.8 billion (V109%)

◇ Adoption of core systems in Northeast Asia led to increased general and administrative expenses, but higher profits overall due to higher revenues.

FYE March 2014 Outlook

◇ Higher plastics sales in Japan
 ◇ Strong sales of plastics for office equipment and appliances overseas
 → Outlook reflects higher overall revenues and profits (Northeast/Southeast Asia particularly strong)

<Net Sales/Operating Profit by Location>

(100 millions of yen)

		FYE3/13		FYE3/14			
		Interim	Year	Interim	Vs. PY	Year (Forecast)	Vs. PY
Net sales	Domestic	640	1,281	704	110%	1,365	107%
	Overseas	337	705	410	122%	806	114%
	Eliminations	-365	-712	-395	-	-751	-
	Total	611	1,274	719	118%	1,420	111%
Operating profit	Domestic	15	33	24	158%	42	127%
	Overseas	16	33	15	96%	27	81%
	Eliminations	-0	-3	0	-	-1	-
	Total	31	64	39	128%	69	107%

* Figures above are a combination of consolidated entities by location. Inter-region eliminations not reflected; adjustments provided in the eliminations column. (including amortization of goodwill)
 * FYE March 13 figures reflect reorganization beginning FYE March 2014.
 * FYE March 14 full-year forecast reflects revisions made during Q2.

Net sales
¥71.9 billion (V118%)

◇Electronic chemicals business revenues higher overall, reflecting strong sales of formulated epoxy resins for heavy/light equipment industries, higher sales of chemicals used in the manufacture of LCD panels, and greater sales of equipment for the hard disc industries in EU and U.S.

◇Electronic materials business higher overall, driven by significantly higher liquid crystal film-related sales and flat touch-panel materials sales, offsetting lower LED-related materials revenues.

Operating profit
¥3.9 billion (V128%)

◇Higher profits driven by higher revenues

FYE March 2014 Outlook

◇Strong first-half smartphone performance to decelerate in second half, while liquid crystal films and touch-panel materials sales expected to decline
 ◇Production adjustments in chemicals business will lead to lower sales
 ◇Glass panel processing business to trace weaker sales performance
 → **Outlook reflects full-year higher revenues and profits, driven by strong first-half performance**

<Net Sales/Operating Profit by Location>

(100 millions of yen)

		FYE3/13		FYE3/14			
		Interim	Year	Interim	Vs. PY	Year (Forecast)	Vs. PY
Net sales	Domestic	246	476	247	101%	509	107%
	Overseas	255	504	306	120%	640	127%
	Eliminations	-79	-150	-79	-	-169	-
	Total	421	830	474	112%	980	118%
Operating profit	Domestic	-1	-4	-1	-	-3	-
	Overseas	8	13	9	116%	18	142%
	Eliminations	-1	-1	-0	-	-0	-
	Total	5	7	8	147%	15	196%

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 * FYE March 14 full-year forecast reflects revisions made during Q2.

Net sales
¥47.4 billion (V112%)

◇automobile-related business higher overall, reflecting higher auto production in Japan and associated automobile-related components sales (eco-car, etc.), as well as greater revenues in China and North America.

◇Energy business higher overall, driven by greater PV systems and lithium ion battery materials sales for industrial use.

Operating profit
¥0.8 billion (V147%)

◇Higher profits driven by higher revenues

FYE March 2014 Outlook

◇ Strong performance in domestic and overseas automobile-related business to continue first-half trends (higher revenues in Northeast Asia, in particular)
 → **Outlook reflects higher overall revenues and profits, driven by strong performance in automobile-related business**

<Net Sales/Operating Profit by Location>

(100 millions of yen)

		FYE3/13		FYE3/14			
		Interim	Year	Interim	Vs. PY	Year (Forecast)	Vs. PY
Net sales	Domestic	431	890	457	106%	934	105%
	Overseas	35	81	52	148%	104	128%
	Eliminations	-101	-211	-144	-	-298	-
	Total	366	761	365	100%	740	97%
Operating profit	Domestic	36	72	29	81%	56	78%
	Overseas	-0	-0	1	-	2	-
	Eliminations	-15	-31	-16	-	-31	-
	Total	19	40	14	72%	27	66%

* Figures above are a combination of consolidated entities by location. Inter-region eliminations not reflected; adjustments provided in the eliminations column. (including amortization of goodwill and technology assets)

* FYE March 13 figures reflect reorganization beginning FYE March 2014.

* FYE March 14 full-year forecast reflects revisions made during Q2.

Net sales

¥36.5 billion (V100%)

◇ Life & healthcare products business lower overall, due to sell-down of unprofitable products and weak sales in raw materials and intermediates, despite strong performance in functional saccharides.

◇ Beauty care products business higher overall, driven by strong performance in new products (health foods, drinks), offsetting weak sales in existing products.

Operating profit

¥1.4 billion (V72%)

◇ Lower overall profits due to higher general and administrative expenses at Hayashibara Co., Ltd.

FYE March 2014 Outlook

- ◇ Strong performance in domestic and overseas functional saccharides, continuing trend from first-half
- ◇ Higher amortization expense due to adoption of core system at Hayashibara
- ◇ Higher general and administrative expenses in beauty care products business due to advanced investment
→ Outlook reflects lower overall revenues and profits