



## Quarterly Financial Results for the Second Quarter, Ended September 30, 2014 (Japanese GAAP, Consolidated)

November 11, 2014

Name of Listed Company: **Kaneka Corporation**

Stock Exchange Listings: Tokyo, Nagoya

Code Number: 4118

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

Representative: Mamoru Kadokura Title: President, Representative Director

Contact Person: Shinobu Ishihara Title: Managing Executive Officer, General Manager - Accounting Department

Phone: +81-6-6226-5169

Scheduled date for submitting financial statements: November 13, 2014 Scheduled date of dividend distribution: December 5, 2014

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

### 1. Consolidated Business Performance for the Second Quarter, Ended September 30, 2014 (from April 1, 2014 to September 30, 2014)

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

	Net sales		Operating income		Ordinary income		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Apr. 2014 – Sep. 2014	273,368	6.3	9,482	(16.5)	9,589	(18.7)	5,438	(23.1)
Apr. 2013 – Sep. 2013	257,171	10.0	11,361	53.4	11,790	73.8	7,068	100.0

Note: Comprehensive income: ¥10,131 million (-21.1%) three months ended September 30, 2014  
¥12,840 million (—%) three months ended September 30, 2013

	Net income per share	Fully diluted net income per share
Apr. 2014 – Sep. 2014	¥ 16.14	¥ 16.13
Apr. 2013 – Sep. 2013	20.98	20.96

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
As of September 30, 2014	¥ million 537,368	¥ million 289,150	51.8%
As of March 31, 2014	520,123	285,133	52.8

(Reference) Shareholders' equity: ¥278,337 million as of September 30, 2014  
¥274,408 million as of March 31, 2014

### 2. Dividends

	Annual dividends				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
Apr. 2013 – Mar. 2014	¥ —	¥ 8.00	¥ —	¥ 8.00	¥ 16.00
Apr. 2014 – Mar. 2015	—	8.00			
Apr. 2014 – Mar. 2015 (Forecasts)			—	8.00	16.00

Note: Changes in dividend forecast during the quarter under review: No

### 3. Forecast for consolidated business performance for the year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	560,000	6.7	30,000	20.9	29,000	11.7	17,000	24.5	50.45

Note: Revisions to consolidated business performance forecasts during the quarter under review: No

#### 4. Other

(1) Changes in principal subsidiaries during the term: No

(2) Application of simplified methods of accounting and specific accounting methods: No

(3) Changes in accounting principles, changes in estimates, or restatements

1. Changes owing to revisions in accounting standards: Yes

2. Changes other than 1. above: No

3. Changes in accounting estimates: No

4. Restatements: No

(Note) Please refer to “(3) Changes in accounting principles, changes in estimates, or restatements” under “2. Other Information” on page 4 for further details.

(4) Number of shares outstanding (common stock)

1. Number of shares issued at the end of the period (including treasury stock):

2. Shares of treasury stock at the end of the period:

3. Average number of shares during the period (calculated cumulatively from the beginning of the fiscal year)

September 30, 2014	350,000,000 shares	March 31, 2014	350,000,000 shares
September 30, 2014	12,972,494 shares	March 31, 2014	13,034,982 Shares
September 30, 2014	336,985,488 shares	September 30, 2013	336,979,779 shares

#### (Disclosure of Implementation Status of Review Procedures)

As of the date of this report, the review procedures prescribed in the Financial Instruments and Exchange Act were not complete.

#### (Explanations or other items pertaining to appropriate use of operating results forecasts)

The operating results forecasts and certain other statements contained in this document are forward-looking statements, which are rationally determined based on information currently available to the company. For a variety of reasons, actual performance may differ substantially from these projections. They do not constitute a guarantee that the company will achieve these forecasts or other forward-looking statements. For cautionary items used in operating results forecasts, please refer to “(3) Consolidated Business Forecasts” under “1. Quarterly Consolidated Business Performance” on page 3.

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## 1. Quarterly Consolidated Business Performance

### (1) Consolidated Business Performance

The global economy became more sluggish during the second quarter ended September 30. Although there was a continued recovery trend in the U.S. economy, there was a slow recovery in the European economy and there continued to be slowing growth in some emerging countries and resource-rich countries and growing geopolitical risks worldwide, among other negative factors.

Although the Japanese yen exchange rate was revised to correct the yen's appreciation, the Japanese economy's future prospects became more uncertain and exports did not expand, partly due to the delayed recovery from the absence of the rushed demand that had accompanied the rise in the consumption tax rate in Japan, and to slowing growth of demand in the Asian market.

In this business environment, the Kaneka Group has been accelerating its efforts to establish operations in new areas of business by strengthening R&D. We are also investing management resources in important strategic domains and focusing on transforming business structure in order to further strengthen the global development that we expect to drive growth. At the same time, in existing businesses we are working to achieve business expansion mainly by launching new products, while striving to strengthen competitiveness by lowering manufacturing and overhead costs as a measure to improve profitability.

As a result of the foregoing, in the second quarter under review (April 1, 2014 to September 30, 2014) the Kaneka Group reported consolidated net sales of ¥273,368 million (up 6.3% year on year). Operating income was ¥9,482 million (down 16.5% year on year), and ordinary income was ¥9,589 million (down 18.7% year on year) strongly affected by the rise in raw materials and the absence of the rushed demand that had accompanied the rise in the consumption tax. Net income was ¥5,438 million (down 23.1% year on year).

By segment, sales declined in the Electronic Products segments year on year; however, sales increased in the Chemicals, Functional Plastics, Expandable Plastics and Products, Foodstuffs Products, Life Science Products, and Synthetic Fibers and Others segments year on year. Similarly, while operating income increased in the Functional Plastics, Life Science Products and Synthetic Fibers and Others segments, operating income declined in the Chemicals, Expandable Plastics and Products, Foodstuffs Products and Electronic Products segments.

Operating performance by business segment was as follows:

#### 1) Chemicals

In PVC resins, sales in domestic and overseas markets remained sluggish and they were strongly affected by the rise in the prices of raw materials. Specialty PVC resins saw firm conditions in Japanese market. In the caustic soda business, the sales volume increased in the Japanese market.

As a result of the foregoing, segment sales increased ¥2,969 million, or 5.6%, year on year to ¥56,203 million and the segment posted operating income of ¥795 million, an decrease of ¥209 million, or 20.8%, year on year.

#### 2) Functional Plastics

In modifiers, the Kaneka Group took extensive steps to enhance product differentiation and bolster the earnings structure in this business, including through cost reductions, and sales volume increased mainly in overseas markets. Especially the sales volume increased in European and American markets where Kaneka strove to increase our market share. There was a steady increase in sales volume of modified silicone polymers, which received a high evaluation as regards their unique quality, for the Japanese and overseas markets.

As a result of the foregoing, segment sales increased ¥5,799 million, or 13.8%, year on year to ¥47,682 million. The segment posted operating income of ¥5,359 million, up ¥991 million, or 22.7%, year on year.

#### 3) Expandable Plastics and Products

Expandable polystyrene resins and products and extruded polystyrene foam boards saw lackluster demand, partly due to the absence of the rushed demand that had accompanied the rise in the consumption tax rate, and sales prices were revised in reaction to the increased prices of raw materials. The Group also worked to lower manufacturing costs. Polyolefin foam by beads method, meanwhile, saw an increase in sales volume centered on overseas markets.

As a result of the abovementioned factors, segment sales increased ¥86 million, or 0.3%, year on year to ¥32,215 million. The segment posted operating income of ¥1,520 million, down 345

million, or 18.5%, year on year.

#### 4) Foodstuffs Products

In this business, the Group worked to expand sales of new products that anticipate consumer needs, in response to the diversification of foodstuffs. However, the business was significantly impacted by rises in prices of raw materials amid sluggish domestic demand and the continuing consumer trend of favoring low prices. Moreover, operating expenses temporarily increased due to the preparation of a sales supply framework, including an upgrade of the sales & distribution system.

As a result of the foregoing, segment sales increased ¥2,806 million, or 4.3%, year on year to ¥67,887 million. The segment posted operating income of ¥382 million, a decrease of ¥2,154 million, or 84.9%, year on year.

#### 5) Life Science Products

In medical devices, sales of both blood purification systems and of the vascular intervention business expanded in Japan and overseas. In pharmaceutical intermediates, the sales volume increased and in active pharmaceutical ingredients (API) market conditions remained firm. Functional foodstuffs saw a steady expansion of demand in the supplement market with the healthcare benefits of reduced-form coenzyme Q10 widely leading to an increase in the sales volume.

As a result of the abovementioned factors, segment sales were about ¥26,447 million, an increase of ¥4,192 million, or 18.8%, year on year. The segment posted operating income of ¥4,350 million, representing a year-on-year increase of ¥1,291 million, or 42.2%.

#### 6) Electronic Products

Optical materials saw a steady expansion of demand as an increase in the sales volume. The sales volume of ultra-heat-resistant polyimide film remained sluggish as it was impacted by the slowing down of materials procurement for new products in the electronic products market, which had entered a correction phase. The sales volume of high thermal conductive graphite sheet was sluggish mainly due to intensified competition. In solar cells, although market conditions were severe due to the large drop in the number of housing starts after the rise in the consumption tax rate, profitability improved accompanying the implementation of business structural reforms. They benefited from growing recognition of the Kaneka Group's solar cells as a unique construction material product combining both aesthetic and functional value in the Japanese housing market.

As a result of the abovementioned factors, segment sales decreased ¥1,409 million, or 6.2%, to ¥21,405 million. The segment recorded an operating loss of ¥520 million.

#### 7) Synthetic Fibers and Others

In synthetic fibers, the Kaneka Group sought to ensure profits by expanding sales of products, with materials for hair accessory products in the African market at the forefront, by leveraging its advantages of good quality and brand strength, and by seeking to improve profitability by cost reductions and other measures.

As a result of the foregoing, segment sales increased ¥1,750 million, or 8.9%, year on year to ¥21,527 million. The segment posted operating income of ¥5,519 million, a year-on-year increase of ¥1,161 million, or 26.7%.

### (2) Consolidated Financial Position

#### 1) Status of Assets, Liabilities and Equity

Total assets were ¥537,368 million as of September 30, 2014, up ¥17,244 million compared with March 31, 2014. Interest-bearing debt totaled ¥108,899 million, up ¥8,106 million. Net assets increased ¥4,016 million, to ¥289,150 million, mainly due to an increase in the valuation difference on available-for-sale securities and a foreign currency translation adjustment.

#### 2) Consolidated Cash Flows

Net cash provided by operating activities during the second three months of the year was ¥11,111 million, mainly due to income before income taxes and minority interests and depreciation and amortization, while net cash used in investing activities amounted to ¥19,931 million, mainly owing to the purchase of property, plant and equipment. Net cash used in financing activities came to ¥3,994 million, mainly owing to cash provided by proceeds from loans payable. As a result, cash and cash equivalents as of September 30, 2014 totaled ¥28,937 million.

### (3) Consolidated Business Forecasts

In the third and fourth quarters of the year, housing demand is expected to recover from the absence of the rushed demand that had accompanied the rise in the consumption tax rate in Japan mainly due to further weakening of the Japanese yen, and due to the softening of the price of crude oil, petrochemical raw materials, naphtha, and oil material.

In overseas businesses, which are a driving force of Kaneka's growth, the business environment of the Company is expected to take a favorable turn overall, mainly for the following reasons. In the U.S., demand is expected to continue to be strong. In Europe, satisfactory sales are forecast, reflecting the good evaluation of the Company's products. In Asia, initiatives to expand sales of new products are expected to achieve results.

In these business environments, the Chemicals, Functional Plastics, Expandable Plastics and Products, Life Science Products, and Synthetic Fibers segments will seek to improve and expand operating revenue by expanding sales and implementing cost reductions, and by taking advantage of a depreciation in the Japanese yen. The Foodstuffs Products segments will seek to improve profitability significantly by meeting the demand season together with expanding sales of new products, and by implementing cost reductions including procurement costs of raw materials. In the Electronic Products segment, the new production facilities will fully contribute to expanding sales in electronic material domain. The solar cells domain will seek to improve profitability mainly by the launch of highly-efficient new products for the housing market in Japan and by the implementation of business structural reforms.

The Group has not revised its full-year consolidated business forecasts for the fiscal year ending March 31, 2015.

## 2. Other Information

### (1) Changes in Principal Subsidiaries During the Term

There were no changes in the scope of consolidation of specific subsidiaries during the second three months under review.

### (2) Application of Specific Accounting Methods in Preparation of Financial Statements

Nothing to report

### (3) Changes in Accounting Principles, Changes in Estimates, or Restatements

(Changes in accounting principles)

Kaneka has applied the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26 of May 17, 2012), and the "Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 of May 17, 2012) from the first quarter of the fiscal year under review as regards the stipulations set forth in the body text of Article 35 of the "Accounting Standard for Retirement Benefits" and the body text of Article 67 of the "Guidance on Accounting Standard for Retirement Benefits." As a result, Kaneka reviewed its method of calculating retirement benefit obligations and service cost, and changed its attribution method for projected retirement benefits from the straight-line method to the benefit formula method. The Company also changed its method of calculating the discount rate.

As regards the adoption of the "Accounting Standard for Retirement Benefits," the financial statements from the start of the first quarter of the fiscal year under review conform to the transitional treatment as defined in Article 37 of the "Accounting Standard for Retirement Benefits." Accordingly, the amounts corresponding to the impact of the change in the method of calculating retirement benefit obligations and service cost were added to, or deducted from, the starting balance of retained earnings for the second quarter ended September 30, 2014.

As a result, net defined benefit liability at the start of the second quarter of the fiscal year under review increased ¥4,194 million, net defined benefit asset decreased ¥949 million, and retained earnings decreased ¥3,396 million. Moreover, the change had negligible impact on Kaneka's operating income, ordinary income, and income before income taxes and minority interests for the second quarter of the fiscal year under review.

## 3. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY2013 Term ended March 31, 2014	FY2014 2nd Quarter Term ended September 30, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	34,042	28,990
Notes and accounts receivable – trade	118,745	123,117
Short-term investment securities	110	110
Merchandise and finished goods	51,333	52,641
Work in process	8,774	9,004
Raw materials and supplies	28,308	29,775
Other	15,215	17,147
Allowance for doubtful accounts	(89)	(89)
<b>Total current assets</b>	<b>256,440</b>	<b>260,697</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	57,400	62,482
Machinery, equipment and vehicles, net	74,247	79,116
Other, net	52,596	52,385
<b>Total property, plant and equipment</b>	<b>184,244</b>	<b>193,984</b>
Intangible assets		
Goodwill	5,387	5,117
Other	6,725	6,852
<b>Total intangible assets</b>	<b>12,112</b>	<b>11,969</b>
Investments and other assets		
Investment securities	48,436	53,740
Other	19,114	17,197
Allowance for doubtful accounts	(224)	(221)
<b>Total investments and other assets</b>	<b>67,326</b>	<b>70,717</b>
<b>Total noncurrent assets</b>	<b>263,683</b>	<b>276,671</b>
<b>Total assets</b>	<b>520,123</b>	<b>537,368</b>

(Millions of yen)

	FY2013 Term ended March 31, 2014	FY2014 2nd Quarter Term ended September 30, 2014
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	66,461	67,983
Short-term loans payable	49,610	58,737
Income taxes payable	3,841	1,824
Provision	115	9
Other	42,166	39,467
Total current liabilities	162,194	168,022
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	38,445	42,481
Provision	247	259
Net defined benefit liability	21,362	24,748
Other	2,739	2,705
Total noncurrent liabilities	72,795	80,195
Total liabilities	234,990	248,218
<b>Net assets</b>		
Shareholders' equity		
Capital stock	33,046	33,046
Capital surplus	34,836	34,836
Retained earnings	209,449	208,848
Treasury stock	(10,520)	(10,466)
Total shareholders' equity	266,812	266,265
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,534	13,733
Foreign currency translation adjustment	353	1,294
Remeasurements of defined benefit plans	(3,293)	(2,955)
Total accumulated other comprehensive income	7,595	12,072
Subscription rights to shares	139	136
Minority interests	10,586	10,676
Total net assets	285,133	289,150
Total liabilities and net assets	520,123	537,368



## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income		(Millions of yen)	
	FY2013 2nd Quarter	FY2014 2nd Quarter	
	From April 1, 2013 to September 30, 2013	From April 1, 2014 to September 30, 2014	
Net sales	257,171	273,368	
Cost of sales	192,954	207,734	
Gross profit	64,217	65,633	
Selling, general and administrative expenses	52,856	56,151	
Operating income	11,361	9,482	
Non-operating income			
Dividends income	719	703	
Foreign exchange gains	817	1,222	
Equity in earnings of affiliates	183	140	
Other	749	485	
Total non-operating income	2,470	2,552	
Non-operating expenses			
Interest expenses	477	594	
Loss on retirement of noncurrent assets	823	738	
Other	740	1,112	
Total non-operating expenses	2,041	2,445	
Ordinary income	11,790	9,589	
Extraordinary loss			
Loss on sales of noncurrent assets	293	-	
Patent protection court cost	562	524	
Retirement benefit expenses	363	-	
Total extraordinary losses	1,218	524	
Income before income taxes and minority interests	10,571	9,064	
Income taxes—current	2,667	1,741	
Income taxes—deferred	510	1,666	
Total income taxes	3,177	3,408	
Income before minority interests	7,393	5,656	
Minority interests in income	325	217	
Net income	7,068	5,438	

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2013 2nd Quarter From April 1, 2013 to September 30, 2013	FY2014 2nd Quarter From April 1, 2014 to September 30, 2014
Income before minority interests	7,393	5,656
Other comprehensive income		
Valuation difference on available-for-sale securities	2,575	3,250
Foreign currency translation adjustment	2,860	887
Remeasurements of defined benefit plans, net of tax	–	290
Share of other comprehensive income of associates accounted for using equity method	10	47
Total other comprehensive income	5,447	4,475
Comprehensive income	12,840	10,131
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	12,337	9,915
Comprehensive income attributable to minority interests	503	216

## (3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	FY2013 2nd Quarter From April 1, 2013 to September 30, 2013	FY2014 2nd Quarter From April 1, 2014 to September 30, 2014
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests	10,571	9,064
Depreciation and amortization	9,761	11,237
Increase (decrease) in provision for retirement benefits	332	-
Increase (decrease) in net defined benefit liability	-	243
Increase (decrease) in net defined benefit asset	-	△1,221
Increase (decrease) in allowance for doubtful accounts	△24	△3
Interest and dividends income	△746	△757
Interest expenses	477	594
Equity in (earnings) losses of affiliates	△183	△140
Loss (gain) on disposal of noncurrent assets	860	287
Decrease (increase) in notes and accounts receivable-trade	3,431	△3,963
Decrease (increase) in inventories	△1,049	△2,319
Increase (decrease) in notes and accounts payable-trade	△2,583	1,285
Other, net	1,101	1,010
Subtotal	21,949	15,316
Interest and dividends income received	786	789
Interest expenses paid	△466	△603
Income taxes paid	△339	△4,390
Net cash provided by (used in) operating activities	21,929	11,111
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	△13,309	△18,631
Proceeds from sales of property, plant and equipment	84	-
Purchase of intangible assets	△1,490	△1,018
Purchase of investment securities	△32	△429
Proceeds from sales of investment securities	140	366
Purchase of stocks of subsidiaries and affiliates	△1,003	△71
Payments of loans receivable	△558	△379
Collection of loans receivable	102	186
Other, net	193	45
Net cash provided by (used in) investing activities	△15,872	△19,931
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	△3,552	3,721
Proceeds from long-term loans payable	4,969	10,891
Repayments of long-term loans payable	△1,813	△2,692
Redemption of bonds	-	△5,000
Repayments of lease obligations	△173	△107
Proceeds from stock issuance to minority shareholders	224	-
Cash dividends paid	△2,695	△2,695
Cash dividends paid to minority shareholders	△84	△112
Purchase of treasury stock	△8	△10
Proceeds from sales of treasury stock	0	0
Net cash provided by (used in) financing activities	△3,134	3,994
Effect of exchange rate change on cash and cash equivalents	364	△60
Net increase (decrease) in cash and cash equivalents	3,285	△4,885
Cash and cash equivalents at beginning of period	31,747	33,803
Increase (decrease) in cash and cash equivalents resulting from change	3	19
Cash and cash equivalents at end of period	35,037	28,937

## (4) Notes on Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

No corresponding transactions

(Notes in the Event of Significant Changes in the Amount of Shareholders' Equity)

No corresponding transactions

(Segment Information)

Term from April 1, 2013 to September 30, 2013

## 1) Sales and Income (Loss) by Segments

(Millions of yen)

	Reporting Segment								Adjustment	Total
	Chemicals	Functional Plastics	Expandable Plastics and Products	Foodstuffs Products	Life Science Products	Electronic Products	Synthetic Fibers and Others	Segment Total		
Sales										
Customers	53,233	41,882	32,128	65,080	22,254	22,814	19,776	257,171	—	257,171
Intersegment	829	352	102	0	1	267	960	2,514	(2,514)	—
Total	54,062	42,234	32,231	65,080	22,256	23,082	20,737	259,686	(2,514)	257,171
Segment income	1,004	4,368	1,865	2,536	3,059	1,069	4,357	18,261	(6,900)	11,361

(Note) Segment profit is reconciled with operating income in the quarterly consolidated financial statements.

## 2) Reconciliations between Segment Total and Quarterly Consolidated Statements of Income (Adjustments)

(Millions of yen)

Income	Amount
Segment total	18,261
Elimination of intersegment transactions	12
Companywide expenses (Note)	(6,925)
Other adjustments	11
Operating income in the quarterly consolidated statements of income	11,361

(Note) Companywide expenses primarily are expenses for basic R&amp;D that are not allocable to any reporting segment.

## 3) Impairment Loss on Fixed Assets or Goodwill by Reporting Segment

(Significant changes in Goodwill)

In the Life Science Products segment, the Company recorded goodwill of ¥1,208 million in conjunction with the acquisition of shares of River Seiko Co., Ltd. in July 2013.

Term from April 1, 2014 to September 30, 2014

## 1) Sales and Income (Loss) by Segments

(Millions of yen)

	Reporting Segment								Adjustment	Total
	Chemicals	Functional Plastics	Expandable Plastics and Products	Foodstuffs Products	Life Science Products	Electronic Products	Synthetic Fibers and Others	Segment Total		
<b>Sales</b>										
Customers	56,203	47,682	32,215	67,887	26,447	21,405	21,527	273,368	—	273,368
Intersegment	672	307	148	0	19	229	605	1,983	(1,983)	—
<b>Total</b>	<b>56,875</b>	<b>47,990</b>	<b>32,364</b>	<b>67,887</b>	<b>26,466</b>	<b>21,635</b>	<b>22,132</b>	<b>275,352</b>	<b>(1,983)</b>	<b>273,368</b>
<b>Segment income</b>	<b>795</b>	<b>5,359</b>	<b>1,520</b>	<b>382</b>	<b>4,350</b>	<b>(520)</b>	<b>5,519</b>	<b>17,407</b>	<b>(7,924)</b>	<b>9,482</b>

(Note) Segment profit is reconciled with operating income in the quarterly consolidated financial statements.

2) Reconciliations between Segment Total and Quarterly Consolidated Statements of Income (Adjustments)  
(Millions of yen)

Income	Amount
Segment total	17,407
Elimination of intersegment transactions	6
Companywide expenses (Note)	(7,932)
Other adjustments	1
Operating income in the quarterly consolidated statements of income	9,482

(Note) Companywide expenses primarily are expenses for basic R&D that are not allocable to any reporting segment.

## 3) Notes Concerning Changes in Reporting Segments

As a result of the Company's review of its organizational and management framework, from the first quarter of the fiscal year ending March 31, 2015, the Company has revised its method of displaying mega solar-related business information. This information, that used to be displayed in the Synthetic Fibers and Others segment, has now been included in the Electronics Products segment. Furthermore, the Company has changed the divisions of some subsidiaries and as a result, their reporting segment has been revised from Electronics Products to Chemicals.

Segment information for the second quarter of the fiscal year ending March 31, 2014 has been prepared based on the revised classification method. This information is shown under "1) Sales and Income (Loss) by Segments" for the second quarter of the fiscal year ending March 31, 2014.