

# Quarterly Financial Results for the Second Quarter, Ended September 30, 2015 (Japanese GAAP, Consolidated)

November 10, 2015

Name of Listed Company: **Kaneka Corporation**

Stock Exchange Listings: Tokyo, Nagoya

Code Number: 4118

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

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Scheduled date for submitting financial statements: November 12, 2015 Scheduled date of dividend distribution: December 4, 2015

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

## 1. Consolidated Business Performance for the Second Quarter, Ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Apr. 2015 – Sep. 2015	279,843	2.4	19,195	102.4	15,808	64.8	9,909	82.2
Apr. 2014 – Sep. 2014	273,368	6.3	9,482	(16.5)	9,589	(18.7)	5,438	(23.1)

Note: Comprehensive income: ¥7,878 million (-22.2%) three months ended September 30, 2015  
¥10,131 million (-21.1%) three months ended September 30, 2014

	Net income per share	Fully diluted net income per share
Apr. 2015 – Sep. 2015	¥ 29.66	¥ 29.64
Apr. 2014 – Sep. 2014	16.14	16.13

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
As of September 30, 2015	¥ million 562,672	¥ million 312,519	53.6%
As of March 31, 2015	557,962	309,227	53.5

(Reference) Shareholders' equity: ¥301,325 million as of Sep 30, 2015  
¥298,260 million as of March 31, 2015

## 2. Dividends

	Annual dividends				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
Apr. 2014 – Mar. 2015	¥ —	¥ 8.00	¥ —	¥ 8.00	¥ 16.00
Apr. 2015 – Mar. 2016	—	8.00			
Apr. 2015 – Mar. 2016 (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, 2016 (from April 1, 2015 to March 31, 2016)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	
Full year	600,000	8.7	36,000	46.1	33,000	33.3	20,000	10.9	59.70

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, 2015	350,000,000 shares	March 31, 2015	350,000,000 shares
September 30, 2015	16,936,522 shares	March 31, 2015	14,987,342 Shares
September 30, 2015	334,083,678 shares	September 30, 2014	336,985,488 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 economic outlook lacked strength during the first six months under review (April 1, 2015 to September 30, 2015), partly because of the slowdown in the China economy became clear and started to affect the economy of emerging countries and resource-rich countries. However, the U.S. economy continued to grow, driven mainly by consumption. Also, economic conditions in Europe experienced a modest recovery.

The pace of recovery in the Japanese economy was moderate: while it continued to improve in terms of investment environment, employment conditions, and household incomes, the China economy slowing down has begun to gradually affect Japan's corporate earnings.

In this business environment, the Kaneka Group reported consolidated net sales of ¥279,843 million (up 2.4% year on year), due to the expansion of overseas business. Operating income was ¥19,195 million (up 102.4% year on year), ordinary income was ¥15,808 million (up 64.8% year on year), and net income attributable to owners of the parent was ¥9,909 million (up 82.2% year on year).

By segment, while sales decreased in the Chemicals, Functional Plastics, Electronic Products segments year on year; sales increased in the Expandable Plastics and Products, Foodstuffs Products, Life Science Products, and the Synthetic Fibers and Others segments year on year. Operating income increased in all segments due to favorable sales, centering on principal products, and improved profitability.

Operating performance by business segment was as follows:

#### 1) Chemicals

In the PVC resins business, while sales for overseas markets increased, domestic market conditions remained sluggish. Specialty PVC resins saw firm conditions mainly in overseas markets, especially in Chlorinated PVC resins, owing to the renovation of a plant, which started commercial operation in March this year, to enhance production capacity in the U.S. In the caustic soda business, domestic market conditions remained sluggish.

As a result of the foregoing, segment sales decreased ¥3,634 million, or 6.5%, year on year to ¥52,568 million and the segment posted operating income of ¥2,471 million, an increase of ¥1,675 million, or 210.7%, year on year due to improved profitability.

#### 2) Functional Plastics

In the modifiers business, profitability expanded steadily as the Kaneka Group made progress with extensive steps to enhance product differentiation, reduce costs, and develop markets for new products. However, sales growth in overseas markets was slowed due mostly to a fall in demand from the construction sector in the European markets. Modified silicone polymers saw a steady expansion in sales mainly overseas. This was because the polymers were evaluated highly for their unique quality and had displaced other materials for application in construction.

As a result of the foregoing, segment sales decreased ¥126 million, or 0.3%, year on year to ¥47,555 million. The segment posted operating income of ¥7,359 million, up ¥2,000 million, or 37.3%, year on year.

#### 3) Expandable Plastics and Products

The expandable polystyrene resins and products business saw steady expansion of sales in not only the agriculture and fisheries fields but also the civil engineering field. However, demand for extruded polystyrene foam boards remained sluggish due to a slow recovery of the Japanese housing market in the wake of an increase in consumption tax although it showed signs of picking up. Meanwhile, the segment saw the sales volume of bead-method polyolefin foam increase, particularly in the automotive field in Europe and other overseas markets.

As a result of the abovementioned factors, segment sales increased ¥1,076 million, or 3.3%, year on year to ¥33,459 million. The segment posted operating income of ¥3,148 million, up 1,645 million, or 109.6%, year on year.

#### 4) Foodstuffs Products

In this business, the Group took active measures to sell new products that anticipate consumer needs by applying innovation for responding to food diversity, thereby countering sluggish domestic demand and continued preference of consumers for low prices. Moreover, the group took measures to revise the sales price and innovate the business structure to counteract major raw material prices that remained high mainly due to the yen depreciating further.

As a result of the foregoing, segment sales increased ¥2,806 million, or 4.1%, year on year to ¥70,693 million. The segment posted operating income of ¥900 million, an increase of ¥517 million, or 135.4%, year on year.

#### 5) Life Science Products

In the medical devices business, in contrast to sales growth of certain blood purification systems slowing, sales in the vascular intervention business expanded in Japan and overseas. The segment also concentrated on expanding sales of new products in global markets including U.S. and Europe, and initiatives for expanding business in new domains including the endoscopic treatment of gastrointestinal systems. Sales volume of pharmaceutical intermediates increased while Group companies Osaka Synthetic Chemical Laboratories, Inc. and Eurogentec S.A. (Belgium) saw their sales increase steadily in the active pharmaceutical ingredients (API) and bio-pharmaceutical markets. The functional foodstuffs business saw sales volume increase in step with steadily growing recognition of the healthcare benefits of reduced-form coenzyme Q10 in the market for nutritional supplements.

As a result of the abovementioned factors, segment sales amounted to ¥30,067 million, an increase of ¥3,620 million, or 13.7%, year on year. The segment posted operating income of ¥5,752 million, representing a year-on-year increase of ¥1,401 million, or 32.2%.

#### 6) Electronic Products

In ultra-heat-resistant polyimide film and high thermal conductive graphite sheet, the Group strengthened the production framework of a new plant in Malaysia because it was falling behind in meeting expanding demand due to delays the Group incurred in establishing a supply framework in the previous fiscal year. Sales volume growth somewhat stagnated mainly due to sluggish demand in the China market. Nevertheless, sales of these products expanded steadily because smartphone manufacturers launched new models. Demand for the optical materials business remained firm. Sales in the solar cells business was affected by a recovery in the Japanese housing market that was delayed in the wake of an increase in consumption tax. Nonetheless, profitability of the business improved in tandem with the implementation of business structure reforms, including a restructure of the production framework and the development of a new, technologically innovative solar cell with one of the world's highest conversion efficiencies.

As a result of the abovementioned factors, segment sales decreased ¥345 million, or 1.6%, to ¥20,892 million. The segment posted operating income of ¥572 million, an increase of ¥1,074 million year on year.

#### 7) Synthetic Fibers and Others

In the synthetic fibers business, amid strong demand in materials for hair accessory products in the African market, the segment leveraged high quality and its brand power to maintain production and sales at full capacity. Profits increased substantially with an additional boost from the yen's depreciation. The segment also endeavored to meet strong demand by launching operations at a new plant in Malaysia, while striving in addition to reduce cost.

As a result of the foregoing, segment sales increased ¥3,078 million, or 14.3%, year on year to ¥24,606 million. The segment posted operating income of ¥8,708 million, a year-on-year increase of ¥3,189 million, or 57.8%.

### (2) Consolidated Financial Position

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

Total assets were ¥562,672 million as of September 30, 2015, up ¥4,709 million compared with March 31, 2015. Interest-bearing debt totaled ¥112,549 million, up ¥2,118 million. Net assets (equity) increased ¥3,292 million, to ¥312,519 million, mainly due to an increase in the retained earnings.

#### 2) Consolidated Cash Flows

Net cash provided by operating activities during the first six months of the year was ¥31,627 million, mainly due to income before income taxes and minority interests and depreciation and amortization, while net cash used in investing activities amounted to ¥22,750 million, mainly owing to the purchase of property, plant and equipment. Net cash used in financing activities came to ¥1,705 million, mainly owing to cash dividends paid and purchase of treasury stock. As a result, cash and cash equivalents as of September 30, 2015 totaled ¥35,417 million.

### (3) Consolidated Business Forecasts

The global economy will remain uncertain mainly due to downside risk arising from the slowdowns of the economies of China and emerging countries, even though the U.S. economy continues to recover and the European economy is expected to gradually recover. The Kaneka Group's performance during the fiscal year ended September 30, 2015 was solid, but the global economy remained uncertain. As a result, the Group has not revised its full-year consolidated business forecast for the fiscal year ending March 31, 2016 announced May 14, 2015. The Group will accelerate business expansion by strengthening R&D to create new businesses and globalizing. In new businesses, the Group will transform its business structure by launching new products and by reducing costs to strengthen profitability.

## 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 first six 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)

The Accounting Standards Board of Japan (ASBJ) issued ASBJ Statement No. 21 "Revised Accounting Standard for Business Combinations," ASBJ Statement No. 22 "Revised Accounting Standard for Consolidated Financial Statements," and ASBJ Statement No. 7 "Revised Accounting Standard for Business Divestitures." These revised accounting standards are applied from the first quarter of the fiscal year ending March 31, 2016. Accordingly, differences resulting from changes in ownership interest in a subsidiary when control over the subsidiary is retained are recorded under capital surplus, and costs related to acquisition of increased ownership interest are recognized in the period in which they arise. Also, transitional accounting is applied to business combinations performed on or after the beginning of the first quarter of the fiscal year ending March 31, 2016, with revision of purchase price allocation applied to the quarterly consolidated financial statements during the quarter in which the date of the business combination occurs. The presentation method of net income was amended, and "minority interests" were changed to "non-controlling interests." For comparison purposes, information for the second quarter of the fiscal year ended March 31, 2015, and for the fiscal year ended March 31, 2015, is shown in accordance with the new standards in the accompanying consolidated financial statements.

In the consolidated statements of quarterly cash flows for the consolidated cumulative second quarter, cash flow associated with the acquisition or sale of stocks of subsidiaries that do not affect the scope of consolidation are reported in "net cash provided by (used in) financing activities," and cash flow associated with expenses associated with the acquisition of stocks of subsidiaries that affect the scope of consolidation or expenses associated with the acquisition or sale of stocks of subsidiaries that do not affect the scope of consolidation are reported in "net cash provided by (used in) operating activities."

The application of the corporate accounting standards is in line with the transitional measures provided the Accounting Standard for Business Combinations Paragraph 58-2 (4), Accounting Standard for Consolidated Financial Statements Paragraph 44-5 (4), and Accounting Standard for Business Divestitures Paragraph 57-4 (4) and is effected beginning with the consolidated fiscal year period started on April 1, 2015.

These changes had no material effect on the operating income, ordinary income, or income before income taxes and non-controlling interests for the current consolidated cumulative second quarter or on the capital surplus amount at the end of the current consolidated cumulative second quarter.

## 3. Quarterly Consolidated Financial Statements

## (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY2014 Term ended March31, 2015	FY2015 2nd Quarter Term ended September 30, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	28,070	35,477
Notes and accounts receivable – trade	122,083	118,525
Short-term investment securities	110	110
Merchandise and finished goods	51,610	50,857
Work in process	9,516	10,695
Raw materials and supplies	30,057	30,516
Other	15,299	15,904
Allowance for doubtful accounts	(100)	(142)
<b>Total current assets</b>	<b>256,647</b>	<b>261,944</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	64,804	65,287
Machinery, equipment and vehicles, net	91,752	90,192
Other, net	51,031	53,604
<b>Total property, plant and equipment</b>	<b>207,588</b>	<b>209,084</b>
Intangible assets		
Goodwill	4,701	4,555
Other	7,012	7,601
<b>Total intangible assets</b>	<b>11,714</b>	<b>12,156</b>
Investments and other assets		
Investment securities	61,344	58,875
Other	20,887	20,833
Allowance for doubtful accounts	(220)	(222)
<b>Total investments and other assets</b>	<b>82,012</b>	<b>79,486</b>
<b>Total noncurrent assets</b>	<b>301,315</b>	<b>300,727</b>
<b>Total assets</b>	<b>557,962</b>	<b>562,672</b>

	(Millions of yen)	
	FY2014	FY2015 2nd Quarter
	Term ended March31, 2015	Term ended September 30, 2015
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	63,071	63,031
Short-term loans payable	55,636	50,589
Income taxes payable	2,323	3,179
Provision	113	13
Other	40,568	39,180
Total current liabilities	161,713	155,994
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	47,274	54,455
Provision	280	276
Net defined benefit liability	25,338	25,641
Other	4,129	3,785
Total noncurrent liabilities	87,022	94,158
Total liabilities	248,735	250,152
<b>Net assets</b>		
Shareholders' equity		
Capital stock	33,046	33,046
Capital surplus	34,836	34,905
Retained earnings	218,746	225,966
Treasury stock	(12,071)	(13,865)
Total shareholders' equity	274,558	280,053
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,659	18,168
Deferred gains or losses on hedges	(104)	(60)
Foreign currency translation adjustment	2,975	1,890
Remeasurements of defined benefit plans	1,172	1,273
Total accumulated other comprehensive income	23,702	21,272
Subscription rights to shares	136	193
Noncontrolling interests	10,829	11,001
Total net assets	309,227	312,519
Total liabilities and net assets	557,962	562,672



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

Quarterly Consolidated Statements of Income		(Millions of yen)	
	FY2014 2nd Quarter From April 1, 2014 to September 30, 2014	FY2015 2nd Quarter From April 1, 2015 to September 30, 2015	
Net sales	273,368	279,843	
Cost of sales	207,734	200,245	
Gross profit	65,633	79,597	
Selling, general and administrative expenses	56,151	60,402	
Operating income	9,482	19,195	
Non-operating income			
Dividends income	703	752	
Foreign exchange gains	1,222	-	
Equity in earnings of affiliates	140	167	
Other	485	404	
Total non-operating income	2,552	1,324	
Non-operating expenses			
Interest expenses	594	596	
Loss on retirement of noncurrent assets	738	1,536	
Foreign exchange losses	-	1,493	
Other	1,112	1,084	
Total non-operating expenses	2,445	4,711	
Ordinary income	9,589	15,808	
Extraordinary loss			
Patent protection court cost	524	498	
Total extraordinary losses	524	498	
Income before income taxes	9,064	15,309	
Income taxes-current	1,741	3,778	
Income taxes-deferred	1,666	1,329	
Total income taxes	3,408	5,108	
Net income	5,656	10,200	
Net income attributable to non-controlling interests	217	291	
Net income attributable to owners of parent	5,438	9,909	

## Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2014 2nd Quarter From April 1, 2014 to September 30, 2014	FY2015 2nd Quarter From April 1, 2015 to September 30, 2015
Net income	5,656	10,200
Other comprehensive income		
Valuation difference on available-for-sale securities	3,250	(1,446)
Deferred gains or losses on hedges	–	44
Foreign currency translation adjustment	887	(1,014)
Remeasurements of defined benefit plans, net of tax	290	115
Share of other comprehensive income of associates accounted for using equity method	47	(21)
Total other comprehensive income	4,475	(2,322)
Comprehensive income	10,131	7,878
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,915	7,479
Comprehensive income attributable to noncontrolling interests	216	399

## (3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	FY2014 2nd Quarter From April 1, 2014 to September 30, 2014	FY2015 2nd Quarter From April 1, 2015 to September 30, 2015
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	9,064	15,309
Depreciation and amortization	11,237	12,847
Increase (decrease) in net defined benefit liability	243	311
Decrease (increase) in net defined benefit asset	(1,221)	212
Increase (decrease) in allowance for doubtful accounts	(3)	43
Interest and dividends income	(757)	(776)
Interest expenses	594	596
Equity in (earnings) losses of affiliates	(140)	(167)
Loss (gain) on disposal of noncurrent assets	287	289
Decrease (increase) in notes and accounts receivable-trade	(3,963)	3,089
Decrease (increase) in inventories	(2,319)	(1,515)
Increase (decrease) in notes and accounts payable-trade	1,285	261
Other, net	1,010	3,758
<b>Subtotal</b>	<b>15,316</b>	<b>34,261</b>
Interest and dividends income received	789	802
Interest expenses paid	(603)	(590)
Income taxes paid	(4,390)	(2,846)
<b>Net cash provided by (used in) operating activities</b>	<b>11,111</b>	<b>31,627</b>
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	(18,631)	(20,378)
Purchase of intangible assets	(1,018)	(1,636)
Purchase of investment securities	(429)	(46)
Proceeds from sales of investment securities	366	320
Purchase of stocks of subsidiaries and affiliates	(71)	-
Payments of loans receivable	(379)	(1,162)
Collection of loans receivable	186	531
Other, net	45	(378)
<b>Net cash provided by (used in) investing activities</b>	<b>(19,931)</b>	<b>(22,750)</b>
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	3,721	(334)
Proceeds from long-term loans payable	10,891	10,804
Repayments of long-term loans payable	(2,692)	(7,463)
Redemption of bonds	(5,000)	-
Repayments of lease obligations	(107)	(56)
Purchase of treasury stock	(10)	(1,819)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(2,695)	(2,680)
Dividends paid to noncontrolling interests	(112)	(147)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(7)
<b>Net cash provided by (used in) financing activities</b>	<b>3,994</b>	<b>(1,705)</b>
Effect of exchange rate change on cash and cash equivalents	(60)	225
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(4,885)</b>	<b>7,396</b>
Cash and cash equivalents at beginning of period	33,803	28,020
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	19	-
<b>Cash and cash equivalents at end of period</b>	<b>28,937</b>	<b>35,417</b>

(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, 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	32,382	67,887	26,447	21,238	21,527	273,368	—	273,368
Intersegment	672	307	120	0	19	145	605	1,871	(1,871)	—
<b>Total</b>	<b>56,875</b>	<b>47,990</b>	<b>32,503</b>	<b>67,887</b>	<b>26,466</b>	<b>21,383</b>	<b>22,132</b>	<b>275,240</b>	<b>(1,871)</b>	<b>273,368</b>
Segment income (loss)	795	5,359	1,502	382	4,350	(502)	5,519	17,407	(7,924)	9,482

(Note) Segment income (loss) 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.

Term from April 1, 2015 to September 30, 2015

## 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	52,568	47,555	33,459	70,693	30,067	20,892	24,606	279,843	—	279,843
Intersegment	479	336	28	3	10	139	646	1,643	(1,643)	—
<b>Total</b>	<b>53,047</b>	<b>47,892</b>	<b>33,487</b>	<b>70,696</b>	<b>30,078</b>	<b>21,032</b>	<b>25,252</b>	<b>281,487</b>	<b>(1,643)</b>	<b>279,843</b>
<b>Segment income</b>	<b>2,471</b>	<b>7,359</b>	<b>3,148</b>	<b>900</b>	<b>5,752</b>	<b>572</b>	<b>8,708</b>	<b>28,912</b>	<b>(9,717)</b>	<b>19,195</b>

(Note) Segment income 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	28,912
Elimination of intersegment transactions	4
Companywide expenses (Note)	(9,742)
Other adjustments	19
Operating income in the quarterly consolidated statements of income	19,195

(Note) Companywide expenses primarily are expenses for basic R&amp;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, 2016, the Company has changed the divisions of some subsidiaries and, as a result, their reporting segment has been revised from Electronics Products to Expandable Plastics and Products.

Segment information for the first quarter of the fiscal year ending March 31, 2015 has been prepared based on the revised classification method. This information is shown under "1) Sales and Income (Loss) by Segments" for the first quarter of the fiscal year ending March 31, 2015.