

Financial Summary

Results of the First Half of FY2014 & Outlook for FY2014

Mitsui Chemicals, Inc.

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<Remarks>

FY2014 indicates the period from April 1, 2014 to March 31, 2015.

1. Results of the First Half of FY2014 (April 1, 2014 – September 30, 2014)

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Please note that this document has been translated from the original Japanese into English for the convenience of our stakeholders. The information was originally provided in Japanese. If there is any discrepancy, the Japanese language version is the official document and is available on our Japanese language website.

1. Results of the First Half of FY2014

(April 1, 2014 – September 30, 2014)

<Business Overview>

- Demand for healthcare materials, such as ophthalmic lens monomers and nonwoven fabrics, was good due to expanded overseas demand.
- Strong demand for automotive related elastomers and PP compounds continues in North America.
- Demand for functional polymers was healthy, especially in electronic and information applications such as the smartphone.
- Domestic petrochemicals upheld an around 90% operating rate for naphtha crackers through 1st half.
- Domestic polyolefin business was stable thanks to improvement in terms of trade resulting from stable naphtha market prices.
- In the business of bulk & commodity products, business restructuring and cost cutting progressed as scheduled.
- Basic chemicals decreased losses owing to improvement of terms of trade in phenols.
- Conditions for polyurethanes were severe condition due to continued overseas market downturn for TDI.

<Topics in 2nd Quarter>

(Major growth investments, new start-ups)

- Signing of an exclusive license agreement for manufacture and distribution of ITRI's STOBA™ which prevents hazardous lithium-ion battery thermal runaway (Sep 2014)

(Business restructuring and streamlining)

- Signing of agreement for business transfer of maleic anhydride and fumaric acid (Jul 2014)
- Termination of Chiba Phenol plant : 250,000 tons/annum (Sep 2014)

2) Consolidated Financial Highlights

(Billions of Yen)

() Denotes a minus

Items	FY2013 1st Half	FY2014 1st Half	Increase (Decrease)	%
Sales	731.6	776.0	44.4	6%
Operating income (loss)	11.0	18.6	7.6	69%
Non-operating income/expenses	(0.3)	0.8	1.1	-
Ordinary income (loss)	10.7	19.4	8.7	81%
Extraordinary gains/losses	(2.4)	(3.3)	(0.9)	-
Net income (loss) before income taxes and minority interests	8.3	16.1	7.8	94%
Net income (loss)	1.0	7.4	6.4	616%
Exchange Rate (Yen/US\$)	99	103	4	
Domestic Standard Naphtha Price (Yen/KL)	64,700	70,400	5,700	
Interim Dividend (Yen/Share)	3.00	2.00	(1.00)	-

2) Consolidated Financial Highlights

(Billions of Yen)

() Denotes a minus

Items	End of FY2013	End of FY2014 1st Half	Increase (Decrease)	%
Interest-bearing liabilities	581.3	576.2	(5.1)	(1%)
Interest-bearing liabilities (net)	509.3	516.1	6.8	1%
Equity	352.8	371.2	18.4	5%
Net D/E Ratio(Times)	1.44	1.39	(0.05)	-
Equity ratio(%)	24.6	25.9	1.3	-

Items	FY2013 1st Half	FY2013 (a)	FY2014 1st Half (b)	Incr. (Decr.) (b)-(a)	Notes
Number of consolidated companies					
Number of consolidated subsidiaries	100	97	99	2	
Number of non-consolidated subsidiaries and affiliates to which the equity method is applied	37	38	39	1	
Total	137	135	138	3	

3) Sales and Operating Income/Loss by Business Segment (compared with corresponding period of FY2013)

(Billions of Yen)

() Denotes a minus

Segment	Sales			Operating income/loss			Breakdown		
	FY2013 1st half	FY2014 1st half	Incr. (Decr.)	FY2013 1st half	FY2014 1st half	Incr. (Decr.)	Volume	*Price	Costs
Functional Chemicals	77.8	105.2	27.4	7.9	7.8	(0.1)	2.1	(0.8)	(1.4)
Functional Polymeric Materials	81.0	85.7	4.7	7.4	7.2	(0.2)	1.9	(2.0)	(0.1)
Polyurethane	76.3	75.0	(1.3)	(4.1)	(3.5)	0.6	(0.2)	0.3	0.5
Basic Chemicals	204.1	165.2	(38.9)	(8.0)	(4.4)	3.6	(1.5)	1.6	3.5
Petrochemicals	241.3	290.8	49.5	9.8	12.3	2.5	0.9	1.0	0.6
Films and Sheets	39.4	40.5	1.1	0.9	1.7	0.8	0.7	(0.5)	0.6
Others	11.7	13.6	1.9	(2.9)	(2.5)	0.4	0.0	0.0	0.4
Total	731.6	776.0	44.4	11.0	18.6	7.6	3.9	(0.4)	4.1

*Price : Terms of trade, including both sales price and purchase price.

4) Sales and Operating Income/Loss in 1st Half by Business Segment

(compared with previous outlook)

(Billions of Yen)

() Denotes a minus

Segment	Sales (1 st half FY2014)			Operating Income/Loss (1 st half FY2014)			Comments for Operating Income/loss [+] denotes profit trigger [-] denotes loss trigger
	Previous Outlook	Actual	Incr. (Decr.)	Previous Outlook	Actual	Incr. (Decr.)	
Functional Chemicals	104.0	105.2	1.2	8.5	7.8	(0.7)	Delay of sales for License for catalysts from 1st half to 2nd half [-]
Functional Polymeric Materials	90.0	85.7	(4.3)	8.0	7.2	(0.8)	>Upswing of ethylene price in Asia [-] >Forward scheduling of Ichihara ethylene cracker periodic maintenance [-]
Polyurethane	71.0	75.0	4.0	(3.0)	(3.5)	(0.5)	Downturn in TDI market [-]
Basic Chemicals	160.0	165.2	5.2	(6.0)	(4.4)	1.6	>Improvement of terms of trade for phenols [+] >Stable benzene price against steep rise outlook [+]
Petrochemicals	293.0	290.8	(2.2)	11.5	12.3	0.8	>Improvement in terms of trade for polyolefin, cost cuts [+] >Forward scheduling of Ichihara ethylene cracker periodic maintenance [-]
Films and Sheets	42.0	40.5	(1.5)	1.5	1.7	0.2	Sales increases in industrial films for electronic and information applications [+]
Others	10.0	13.6	3.6	(4.5)	(2.5)	2.0	Delay of cost for new business operation [+]
Total	770.0	776.0	6.0	16.0	18.6	2.6	

5) Non-Operating Income and Expenses

(Billions of yen)

() Denotes a minus

Items	FY2013 1st Half	FY2014 1st Half	Incr. (Decr.)
Equity in earnings of non-consolidated subsidiaries and affiliates	1.5	0.4	(1.1)
Interest expenses, interest and dividend income	(1.7)	(1.6)	0.1
Gain (loss) on foreign exchange	0.2	1.8	1.6
Other	(0.3)	0.2	0.5
Total	(0.3)	0.8	1.1

6) Extraordinary Gains and Losses

(Billions of yen)

() Denotes a minus

Items	FY2013 1st Half	FY2014 1st Half	Incr. (Decr.)
Extraordinary gains (a)	0.0	0.2	0.2
Gain on sales of fixed assets	0.0	0.2	0.2
Extraordinary losses (b)	(2.4)	(3.5)	(1.1)
Loss on sales and disposal of fixed assets	(0.9)	(1.5)	(0.6)
Impairment loss	0.0	(1.8)	(1.8)
Others	(1.5)	(0.2)	1.3
Extraordinary gains and losses (a)+(b)	(2.4)	(3.3)	(0.9)

7) Consolidated Balance Sheet

(Billions of Yen)

() Denotes a minus

Items	End of Mar 2014	End of Sep 2014	Incr. (Decr.)	Items	End of Mar 2014	End of Sep 2014	Incr. (Decr.)
Current assets	777.1	779.8	2.7	Liabilities	1,022.6	1,006.3	(16.3)
Cash and deposits	72.0	60.1	(11.9)	Notes and accounts payables	219.8	205.9	(13.9)
Notes and accounts receivables	296.5	290.0	(6.5)	Interest-bearing liabilities	581.3	576.2	(5.1)
Inventories	301.2	329.1	27.9	Other liabilities	221.5	224.2	2.7
Other current assets	107.4	100.6	(6.8)				
Fixed assets	655.1	655.5	0.4	Net assets	409.6	429.0	19.4
Tangible and intangible fixed assets	498.0	492.7	(5.3)	Shareholders' equity	351.0	359.3	8.3
[Intangible fixed assets]	[72.2]	[68.8]	(3.4)	Other accumulated Comprehensive income	1.8	11.9	10.1
Investments & other non-current assets	157.1	162.8	5.7	Minority interest	56.8	57.8	1.0
Total	1,432.2	1,435.3	3.1	Total	1,432.2	1,435.3	3.1
				Contingent liabilities as guarantor of indebtedness	17.8	25.4	7.6

8) Consolidated Statement of Cash Flows

(Billions of yen)

() Denotes a minus

Items	FY2013 1st Half	FY2014 1st Half	Incr. (Decr.)
I. Cash flows from operating activities[A]	34.5	15.1	(19.4)
II. Cash flows from investing activities[B]	(79.9)	(16.8)	63.1
Free cash flows[A+B]	(45.4)	(1.7)	43.7
III. Cash flows from financing activities	68.0	(11.7)	(79.7)
IV. Others	1.4	0.5	(0.9)
Net incr.(decr.) in cash and cash equivalents	24.0	(12.9)	(36.9)

2. Outlook for FY2014 (April 1, 2014 – March 31, 2015)

This summary contains forward-looking statements about the future plans, strategies, belief and performance of the Mitsui Chemicals Group as a whole and its individual consolidated companies. These forward-looking statements are not historical facts. They are expectations, estimates, forecasts and projections based on information currently available to the Mitsui Chemicals Group and are subject to a number of risks, uncertainties and assumptions, which, without limitation, include economic trends, fluctuations in foreign currency exchange rates, fluctuations in the price of raw materials, competition in markets where the Company is active, personal consumption, market demand, the tax system and other legislation. As such, actual results may differ materially from those projected and the Mitsui Chemicals Group cannot guarantee that these forward-looking statements are accurate or will be achieved.

(Major growth investment , new start-ups)

- Start of commercial operations of solar and wind power generation cooperative in Tahara (Oct 2014)
- Establishment of marketing base in Korea “Mitsui Chemicals, Inc. Korea Branch” (Oct 2014)
- Overseas PP compounds augmentation for total global 1 million tons/annum (End of FY2014)
- Commercial operations at “Shanghai Sinopec Mitsui Elastomers, Co., Ltd.” new EPT production facility in China (75,000 tons/annum)
- Commercial operations at “Mitsui Chemicals Functional Composites (Shanghai) Co., Ltd.” new functional compounds (Milastomer™, Admer™) production facility in China (11,000 tons/annum)

(Business restructuring and streamlining)

- Business transfer for maleic anhydride and fumaric acid (Oct 2014)
 - Facility cession after removal of TDI plant etc. in 1st half of 2017 (tentative)
 - Production capacity : Maleic Anhydride 32,000 tons/annum, Fumaric Acid 15,000tons/annum
- Commercial operations at “Shanghai Sinopec Mitsui Chemical, Co., Ltd.” new phenols plant in China (Phenol :250,000 tons/annum, Acetone : 150,000 tons/annum) in Dec 2014 (tentative)
- Termination of LLDPE plant in Chiba (60,000 tons/annum) in Dec 2014 (tentative)

2) Consolidated Financial Highlights of Outlook

(Billions of yen)

() Denotes a minus

Items	FY2013 (a)		FY2014 Outlook (b)		Incr.(Decr.) (b)-(a)		FY2014 Outlook (on Aug 1 2014)	
	1st half	Full Year	1st half	Full Year	1st Half	Full Year	1st half	Full Year
Sales	731.6	1,566.0	776.0	1,623.0	44.4	57.0	770.0	1,680.0
Operating income (loss)	11.0	24.9	18.6	40.0	7.6	15.1	16.0	35.0
Non-operating income (expenses)	(0.3)	(2.4)	0.8	(2.0)	1.1	0.4	(3.0)	(4.0)
Ordinary income (loss)	10.7	22.5	19.4	38.0	8.7	15.5	13.0	31.0
Special gains/losses	(2.4)	(33.0)	(3.3)	(7.0)	(0.9)	26.0	(3.0)	(6.0)
Net income (loss) before income taxes and minority interests	8.3	(10.5)	16.1	31.0	7.8	41.5	10.0	25.0
Net income (loss)	1.0	(25.1)	7.4	14.0	6.4	39.1	4.0	12.0

Exchange Rate (Yen/US\$)	99	100	103	105	4	5	102	103
Domestic Standard Naphtha Price (Yen/KL)	64,700	67,300	70,400	67,700	5,700	400	70,500	70,200

Items	FY2013 (a)		FY2014 Outlook (b)		Incr.(Decr.) (b)-(a)		FY2014 Outlook	
	Interim dividend	year-end dividend	Interim dividend	year-end dividend	Interim dividend	year-end dividend	Interim dividend	year-end dividend
Dividend (Yen /Share)	3.0	-	2.0	3.0	(1.0)	+3.0	-	3.0
	Full year	3.0	Full year	5.0	Full year	+2.0	Full year	3.0

3) Sales and Operating Income/Loss by Business Segment

(compared with FY2013 results)

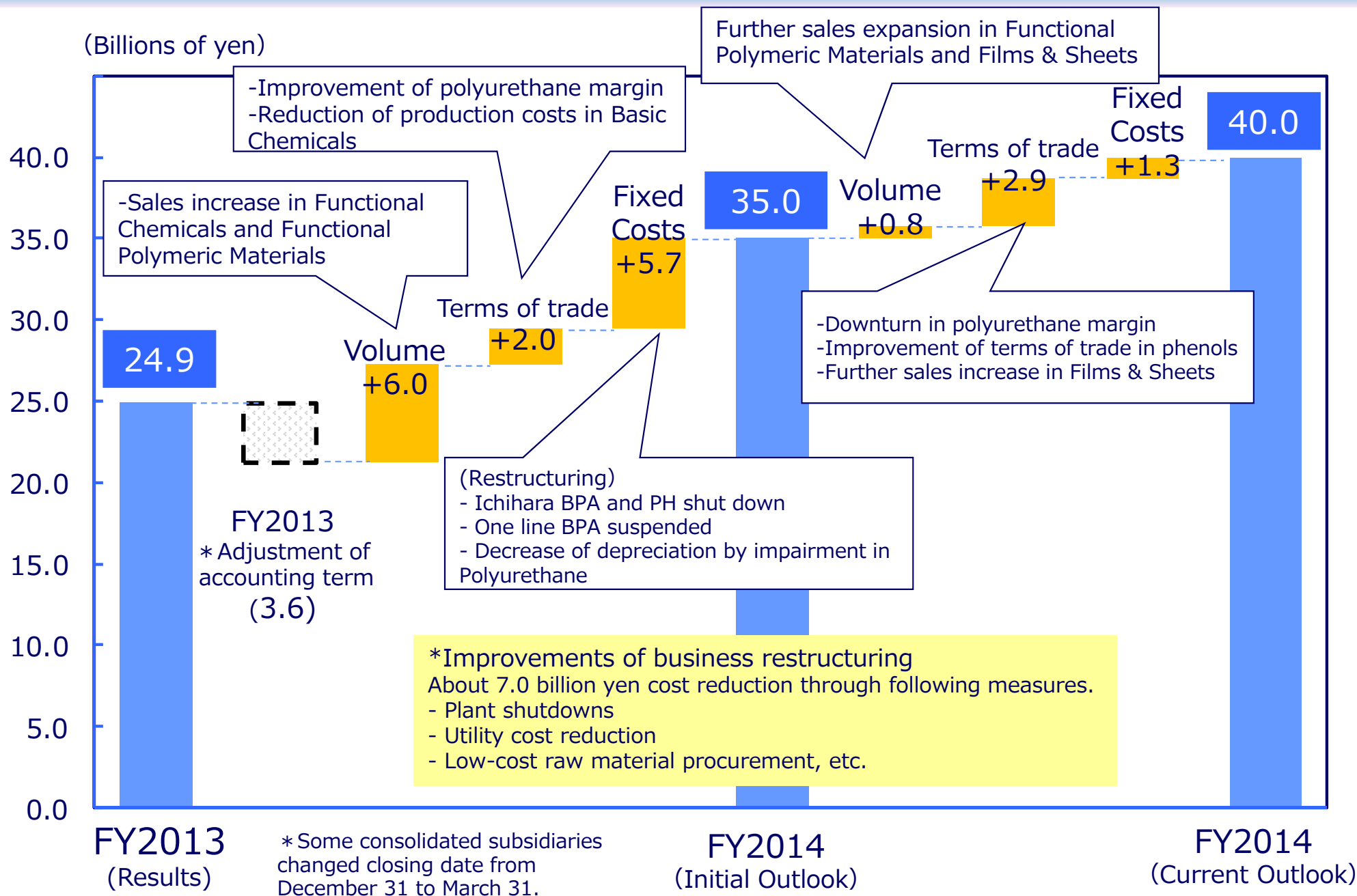
(Billions of Yen)

() Denotes a minus

Segment	FY2013				FY2014 Outlook				FY2014 Outlook (On Aug 1 2014)	
	Sales		Operating income/loss		Sales		Operating income/loss		Sales	Operating income/loss
	1st half	Full Year	1st half	Full Year	1st half	Full Year	1st half	Full Year		
Functional Chemicals	77.8	190.4	7.9	15.0	105.2	220.0	7.8	16.5	221.0	16.5
Functional Polymeric Materials	81.0	176.7	7.4	11.9	85.7	177.0	7.2	14.5	181.0	14.5
Polyurethane	76.3	163.8	(4.1)	(5.2)	75.0	162.0	(3.5)	(3.5)	182.0	1.0
Basic Chemicals	204.1	376.2	(8.0)	(17.4)	165.2	346.0	(4.4)	(7.5)	374.0	(9.0)
Petrochemicals	241.3	552.4	9.8	25.3	290.8	603.0	12.3	24.0	612.0	19.5
Films and Sheets	39.4	79.9	0.9	0.9	40.5	84.0	1.7	3.0	85.0	1.0
Others	11.7	26.6	(2.9)	(5.6)	13.6	31.0	(2.5)	(7.0)	25.0	(8.5)
Total	731.6	1,566.0	11.0	24.9	776.0	1,623.0	18.6	40.0	1,680.0	35.0

4) Trend of Operating Income/Loss

(FY2013 Results, FY2014 Initial Outlook, FY2014 Current Outlook)



5) Sales and Operating Income/Loss in 2nd Half by Business Segment

(compared with initial outlook)

(Billions of Yen)

() Denotes a minus

Segment	Sales (2 nd half FY2014)			Operating Income/Loss (2 nd half FY2014)			Comments for Operating Income/loss [+] denotes profit trigger [-] denotes loss trigger
	Initial Outlook (On May 13 2014)	Current Outlook	Incr. (Decr.)	Initial Outlook (On May 13 2014)	Current Outlook	Incr. (Decr.)	
Functional Chemicals	117.0	114.8	(2.2)	9.0	8.7	(0.3)	Sales decrease in healthcare materials and nonwovens owing to front-loaded sales in 1st Half [-]
Functional Polymeric Materials	91.0	91.3	0.3	8.0	7.3	(0.7)	Worsening in terms of trade in elastomers (by hovering steep rise of Asian ethylene market price) [-]
Polyurethane	96.0	87.0	(9.0)	3.0	0.0	(3.0)	Revising of TDI market conditions by downturn in market [-]
Basic Chemicals	186.0	180.8	(5.2)	(4.0)	(3.1)	0.9	Improvement in terms of trade of phenols in 3rd Quarter [+]
Petrochemicals	319.0	312.2	(6.8)	10.0	11.7	1.7	>Improvement of operation rates in naphtha cracker [+] >Decrease in sales volume of polyolefin [-]
Films and Sheets	43.0	43.5	0.5	1.0	1.3	0.3	Sales increases in industrial films for electronic and information applications [+]
Others	13.0	17.4	4.4	(4.0)	(4.5)	(0.5)	Carry over of new business costs from 1st half to 2nd half [-]
Total	865.0	847.0	(18.0)	23.0	21.4	(1.6)	

6) Non-Operating Income and Expenses

(Billions of yen)

() Denotes a minus

Items	FY2013 (a)		FY2014 Outlook (b)		Incr.(Decr.) (b)-(a)		FY2014 (Outlook on Aug 1)	
	1st half	full year	1st half	full year	1st half	full year	1st half	full year
Equity in earnings of non-consolidated subsidiaries and affiliates	1.5	0.8	0.4	1.0	(1.1)	0.2	0.0	2.0
Interest expenses, interest and dividend income	(1.7)	(3.3)	(1.6)	(4.0)	0.1	(0.7)	(2.0)	(4.5)
Gain (loss) on foreign exchange	0.2	0.2	1.8	1.8	1.6	1.6	(1.0)	(1.0)
Other	(0.3)	(0.1)	0.2	(0.8)	0.5	(0.7)	0.0	(0.5)
Total	(0.3)	(2.4)	0.8	(2.0)	1.1	0.4	(3.0)	(4.0)

7) Extraordinary Gains and Losses

(Billions of yen)

() Denotes a minus

Items	FY2013 (a)		FY2014 Outlook (b)		Incr.(Decr.) (b)-(a)		FY2013 (Outlook on Aug 1)	
	1st half	full year	1st half	full year	1st half	full year	1st half	full year
Extraordinary gains and losses								
Gain on sales of fixed assets	0.0	2.5	0.2	0.2	0.2	(2.3)	0.2	0.2
Insurance income	0.0	4.1	0.0	0.0	0.0	(4.1)	0.0	0.0
Loss on sales and disposal of fixed assets	(0.9)	(2.3)	(1.5)	(4.0)	(0.6)	(1.7)	(2.8)	(5.8)
Impairment loss	0.0	(0.5)	(1.8)	(1.8)	(1.8)	(1.3)	(0.2)	(0.2)
Business restructure improvement expenses	(1.5)	(36.8)	0.0	0.0	1.5	36.8	0.0	0.0
Others	0.0	0.0	(0.2)	(1.4)	(0.2)	(1.4)	(0.2)	(0.2)
Total	(2.4)	(33.0)	(3.3)	(7.0)	(0.9)	26.0	(3.0)	(6.0)

8) Consolidated Statement of Cash Flows

(Billions of yen)

() Denotes a minus

Items	FY2013		FY2014 outlook		Incr. (Decr.) (b)-(a)	FY2014 (Outlook on Aug 1)	
	1st Half	Full year (a)	1st Half	Full year (b)		1st Half	Full year
I. Cash flows from operating activities[A]	34.5	43.5	15.1	51.0	7.5	5.0	45.0
II. Cash flows from investing activities[B]	(79.9)	(89.8)	(16.8)	(46.0)	43.8	(23.0)	(53.0)
Free cash flows [A]+[B]	(45.4)	(46.3)	(1.7)	5.0	51.3	(18.0)	(8.0)
III. Cash flows from financing activities	68.0	66.9	(11.7)	(30.0)	(96.9)	6.0	(4.0)
IV. Others	1.4	5.6	0.5	0.0	(5.6)	0.0	0.0
Net incr.(decr.) in cash and cash equivalents	24.0	26.2	(12.9)	(25.0)	(51.2)	(12.0)	(12.0)

9) Consolidated Accounting Fundamentals

Items		FY2013		FY2014 Outlook		FY2014 Outlook (May 13 2014)	
		1st Half	Full Year	1st Half	Full Year	1st Half	Full Year
Exchange Rate	Yen/US\$	99	100	103	105	103	103
Domestic Standard Naphtha Price	Yen/KL	64,700	67,300	70,400	67,700	70,000	70,000
Capital Expenditure	¥ Billions	76.8	113.2	19.1	48.0	24.0	54.0
<i>Capital Expenditure (excluding acquisition)</i>	¥ Billions	20.8	53.8	16.0	45.0	24.0	54.0
R&D Expenses	¥ Billions	15.3	33.6	15.8	32.0	16.5	33.5
Depreciation & Amortization	¥ Billions	23.0	48.1	23.7	48.0	23.0	48.0
Financing Income and Expense	¥ Billions	(1.7)	(3.3)	(1.6)	(4.0)	(2.5)	(4.5)
Interest-bearing Liabilities	¥ Billions	588.9	581.3	576.2	560.0	590.0	580.0
Net D/E ratio	times	1.33	1.44	1.39	1.35	1.47	1.39
Number of Employees	persons	14,431	14,271	14,345	14,250	14,750	14,700

3. Appendix

This summary contains forward-looking statements about the future plans, strategies, belief and performance of the Mitsui Chemicals Group as a whole and its individual consolidated companies. These forward-looking statements are not historical facts. They are expectations, estimates, forecasts and projections based on information currently available to the Mitsui Chemicals Group and are subject to a number of risks, uncertainties and assumptions, which, without limitation, include economic trends, fluctuations in foreign currency exchange rates, fluctuations in the price of raw materials, competition in markets where the Company is active, personal consumption, market demand, the tax system and other legislation. As such, actual results may differ materially from those projected and the Mitsui Chemicals Group cannot guarantee that these forward-looking statements are accurate or will be achieved.

1) Trends in Main Product Prices

(Naphtha prices are Domestic Standard Naphtha Price)

(PE, PP, PH, BPA(Japan) : Change in Prices and Raw Materials Prices in Japan / BPA(China), PTA, TDI : Chinese Market Price)

(ACP) : Asian contract price

Year	2012				2013				2014		
Month	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
Naphtha (Yen/KL)	54,100	60,600	49,800	55,800	63,800	65,500	63,900	67,800	72,000	69,900	70,900
PE (Yen/KG)	about (5)	about +20	about (20)	about +10	about +15	about +5		about +10	about +10		
PP (Yen/KG)	about (5)	about +20	about (20)	about +10	about +15	about +5		about +10	about +10		
PH (Yen/KG)											
BZ(ACP) (US\$/T)	\$1,160	\$1,160	\$1,110	\$1,320	\$1,430	\$1,310	\$1,250	\$1,290	\$1,330	\$1,270	\$1,380
BPA(Japan) (Yen/KG)	(30)	+25	(14) From Aug.	+13 From Nov	+36 From Mar				+21 From Mar		
	negotiation based on BZ price and BPA market price										
BPA (China) (US\$/T)	\$1,730	\$1,690	\$1,690	\$1,750	\$1,920	\$1,740	\$1,660	\$1,630	\$1,660	\$1,670	\$1,910
PTA (China) (US\$/T)	\$1,180	\$1,070	\$1,030	\$1,120	\$1,170	\$1,050	\$1,080	\$1,020	\$940	\$910	\$980
PX(ACP) (US\$/T)	\$1,560	\$1,500	\$1,340	\$1,530	\$1,630	\$1,410	\$1,450	\$1,440	\$1,300	\$1,260	\$1,350
TDI (US\$/T)	\$2,560	\$3,030	\$2,830	\$2,770	\$2,680	\$2,530	\$2,375	\$2,340	\$2,330	\$2,320	\$2,340

2) Main Subsidiaries and Affiliates

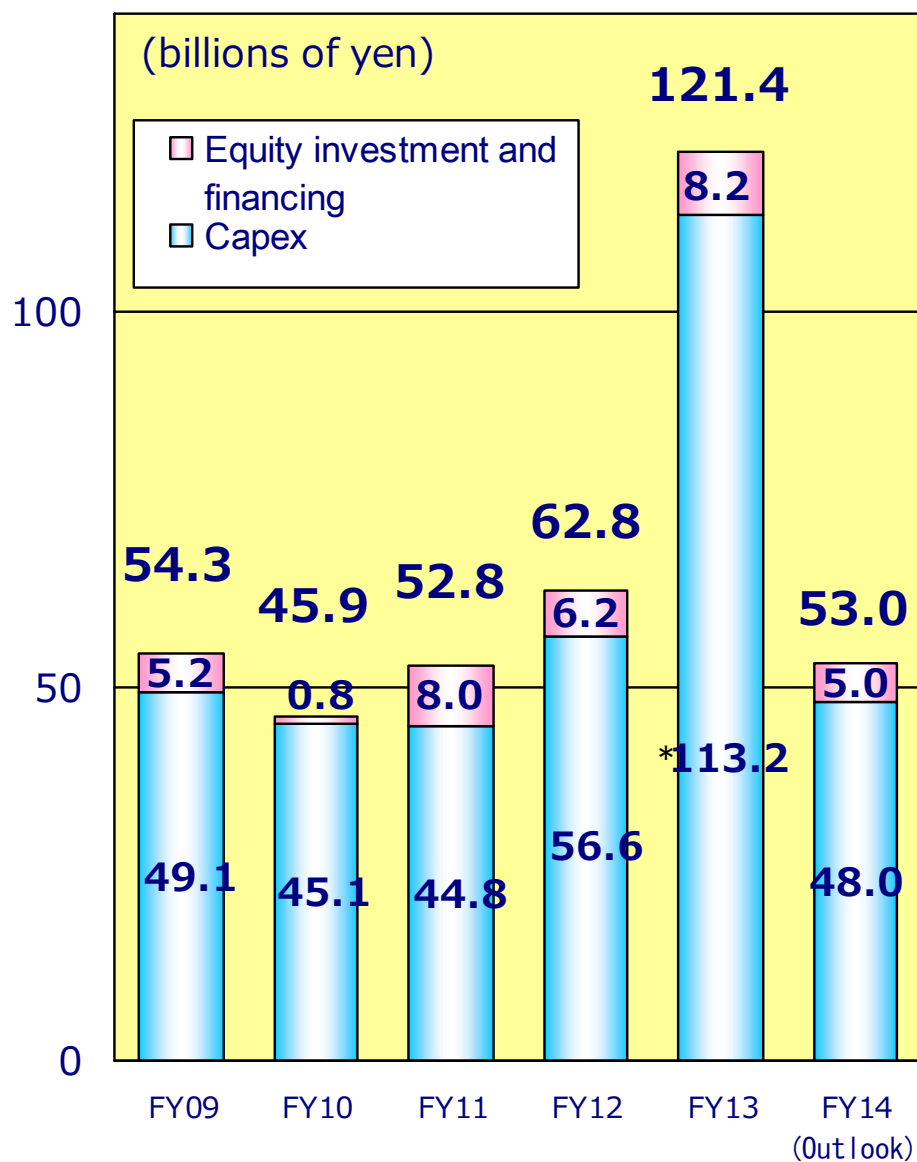
Item	Common stock		Our share	Sales	Operating Income/Loss	
				FY2013	FY2014 1st Half	FY2014 Outlook
Subsidiaries			%	Billions of Yen		
Prime Polymer	Billions of Yen	20	65.0	300	gain	↗
Advanced Composites	Millions of USD	14.1	61.8	90	gain	↗
Mitsui Phenols Singapore	Millions of USD	120	95.0	70	loss	↗
Mitsui Elastomers Singapore	Millions of USD	96	100.0	50	gain	→
Mitsui Chemicals Agro, Inc.	Billions of Yen	0.35	100.0	40	gain	→
Mitsui Chemicals Tohcello, Inc.	Billions of Yen	3.45	100.0	70	gain	↗
Affiliates						
Dupont-Mitsui Polychemicals	Billions of Yen	6.5	50.0	40	gain	→
Dupont-Mitsui Fluorochemicals	Billions of Yen	2.9	50.0	30	gain	→
Siam Mitsui PTA *	Millions of BAHT	4,800	50.0	100	loss	→

*Siam Mitsui PTA changed to non consolidated affiliate from FY2013 2nd half.

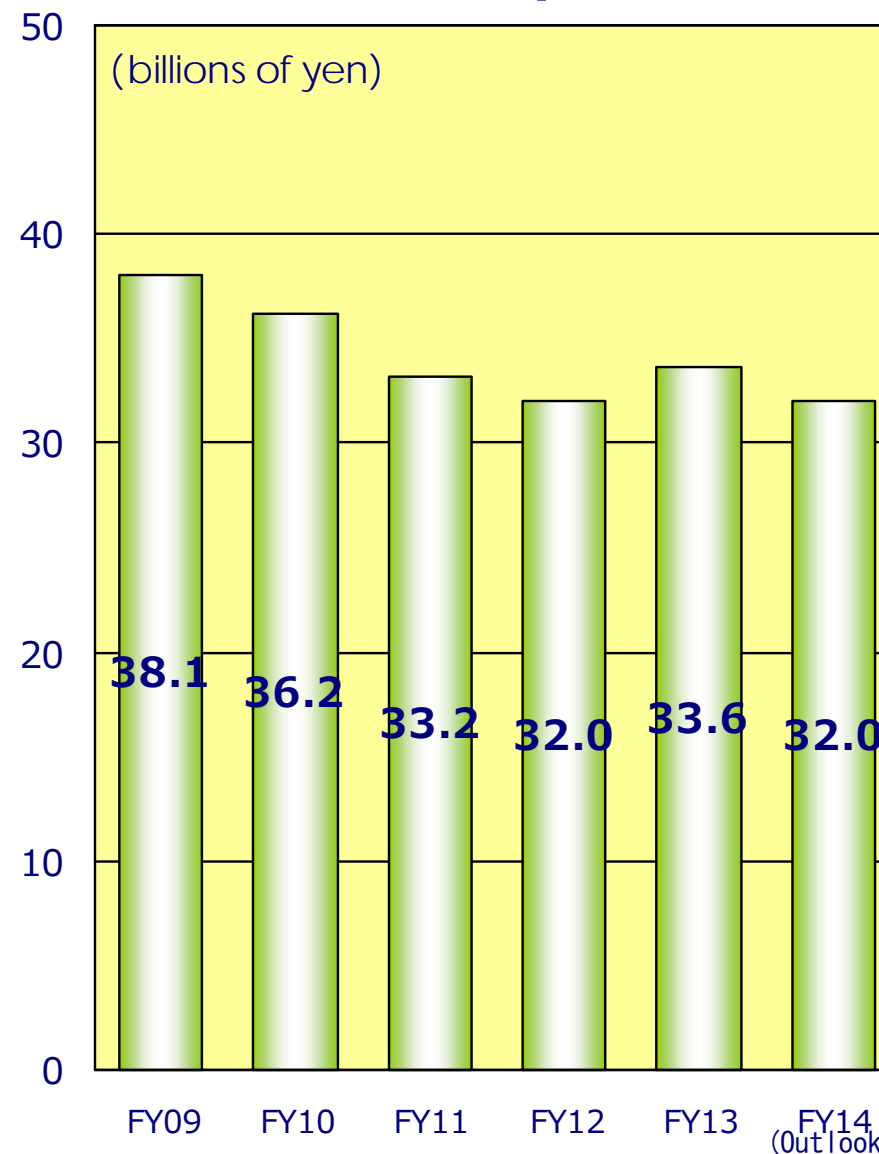
Operating Income/Loss : FY2014 outlook "→" represents "no change", or change less than 500 million yen compared with FY2013.

3) Capital Expenditure and R&D Expenses

Capital Expenditure



R&D Expenses



4) Topics for 1st Half of FY2014

(Major growth investments)

- Acquisition of US Corning " SunSensors™" Photochromic Lens Material (May 2014)
- Signing of an exclusive global development and license agreement with BASF for a new insecticide (Jun 2014)
- Signing of an exclusive license agreement for manufacture and distribution of ITRI's STOBA™ which prevents hazardous lithium-ion battery thermal runaway (Sep 2014)

(Business restructure and streamlining)

- Termination of BPA facility in Chiba (90,000 tons/annum) and suspension of one BPA line in Singapore (70,000 tons/annum) → Mar 2014
- Signing of agreement for business transfer of maleic anhydride
and fumaric Acid (Jul 2014)
- Termination of Chiba Phenol : 250,000 tons/annum (Sep 2014)

5) Sales and Operating Income/Loss by Business Segment

(Compared with 1st Half and 2nd Half)

(Billions of Yen)

() Denotes a minus

Segment	Sales (FY2014)			Operating Income/Loss (FY2014)			Comments for Operating Income/loss [+] denotes profit trigger [-] denotes loss trigger
	1st Half	2nd Half	Incr. (Decr.)	1st Half	2nd Half	Incr. (Decr.)	
Functional Chemicals	105.2	114.8	9.6	7.8	8.7	0.9	Sales increase in nonwovens, agrochemicals, and Catalyst License [+]
Functional Polymeric Materials	85.7	91.3	5.6	7.2	7.3	0.1	>Sales increase in elastomers [+] >Carry over of license sales of EPT from 1st half [+]
Polyurethane	75.0	87.0	12.0	(3.5)	0.0	3.5	Sales increase in TDI, positive currency exchange rates, operations without periodic maintenance due to forward scheduling [+]
Basic Chemicals	165.2	180.8	15.6	(4.4)	(3.1)	1.3	Cost reduction by termination of Chiba phenols plant [+]
Petrochemicals	290.8	312.2	21.4	12.3	11.7	(0.6)	>Inventory valuation negative adjustment for polyolefins, worsening terms of trade [-] >Operation without scheduled maintenance [+]
Films and Sheets	40.5	43.5	3.0	1.7	1.3	(0.4)	Worsening terms of trade in packaging films [-]
Others	13.6	17.4	3.8	(2.5)	(4.5)	(2.0)	Carry over of new business costs from 1st half to 2nd half [-]
Total	776.0	847.0	71.0	18.6	21.4	2.8	



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