

Financial Report

The 3rd Quarter of FY2015

(From Apr. 1 to Dec. 31, 2014)



February 5, 2015

Statement of Income (Consolidated) for 6 Months ended September 30, 2014

	Third Quarter ended	Third Quarter ended	Increase (Decrease)		Remarks (JPY100m)
	December 31 2014	December 31 2013	Amount	Percentage	
Net sales	2,325	2,235	90	4 %	Comparative Analysis of Net sales
Elastomer Business	1,420	1,386	35	2 %	Quantity variance +91
Specialty Materials Business	541	494	47	10 %	Price variance -42
Others	381	378	3	1 %	Exchange rate variance +41
Eliminations	-17	-22	5		
Operating income	232	245	-12	-5 %	Comparative Analysis of Operating income
(Operating income ratio) (%)	10.0%	10.9%	-1.0 pt		Quantity variance +1 Raw materials price variance -15
Elastomer Business	136	152	-16	-11 %	Price variance -42 SG & A etc. +3
Specialty Materials Business	82	81	1	1 %	Exchange rate variance +41
Others	15	12	3	28 %	
Non-operating income & expenses	20	28	-8	-28 %	Foreign exchange gain -14
Ordinary income	252	272	-20	-7 %	
Income before income taxes	240	274	-34	-13 %	
Net income	150	171	-21	-12 %	
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Exchange rate (JPY/\$)	105.8	98.5	7.3	7 %	
Exchange rate (JPY/€)	139.8	130.7	9.1	7 %	
Naphtha price (JPY/kl)	68,800	65,700	3,100	5 %	
Asian Butadiene price (USD/t)	1,288	1,373	-85	-6 %	

Segment Information (Consolidated) for 9 Months ended December 31, 2014

Elastomer Business

	Third Quarter ended December 31 2014	Third Quarter ended December 31 2013	Increase (Decrease)		Remarks (JPY100m)
			Amount	Percentage	
Sales volume (thousand ton)	398	399	-1	-0 %	
Rubbers	226	236	-10	-4 %	
Latices	83	88	-5	-6 %	
Chemicals	89	75	14	18 %	
Net Sales	1,420	1,386	35	2 %	
Rubbers	973	948	25	3 %	
Latices	130	140	-10	-7 %	
Chemicals	300	283	16	6 %	
Eliminations	18	15	4	26 %	
Operating income	136	152	-16	-11 %	
(Operating income ratio) (%)	9.6%	11.0%	-1.4 pt		

◆ Breakdown of year on year decrease of 4% for rubbers sales volume

General-purpose rubbers	-8%	Domestic sales -1%, Export sales -18%
Specialty rubbers	4%	Domestic sales +3%, Export sales +6%, Overseas subsidiaries +2%

◆ Specialty rubbers component ratio

Sales volume	35%	(Q3/FY2014: 32%)
Sales amount	58%	(Q3/FY2014: 53%)

Segment Information (Consolidated) for 9 Months ended December 31, 2014

Specialty Materials Business

	Third Quarter ended December 31 2014	Third Quarter ended December 31 2013	Increase (Decrease)		Remarks (JPY100m)
			Amount	Percentage	
Net Sales	541	494	47	10 %	
Specialty chemicals	145	144	1	1 %	
Specialty plastics	364	317	47	15 %	
Medical devices etc.	32	33	-0	-1 %	
Operating Income	82	81	1	1 %	
(Operating income ratio) (%)	15.1%	16.4%	-1.3 pt		

◆ Breakdown of year on year increase of 1% for specialty chemicals sales amount

Specialty Chemicals +14%, Electronic materials -12%, Battery materials +15%,

Toner -9%, Withdrawal from the magnetic tape materials business

◆ Breakdown of year on year increase of 15% for specialty plastics sales amount

Cyclo-Olefin Polymer resins +12%, Optical films +16%

◆ Sales volume growth rate for optical films +20%

◆ Proportion of the diagonally stretched optical film sales to total optical film sales

Q3/FY2014 34% → Q3/FY2015 37%

Segment Information (Consolidated) for 9 Months ended December 31, 2014

Others

	Third Quarter ended December 31 2014	Third Quarter ended December 31 2013	Increase (Decrease)		Remarks (JPY100m)
			Amount	Percentage	
Net Sales	381	378	3	1 %	
Operating Income	15	12	4	31 %	
(Operating income ratio) (%)	4.0%	3.1%	0.9 pt		

Consolidated Statement of Income (Quarterly trends)

	FY2014				FY 2015			Increase (Decrease) Q2/FY2015 vs. Q3/FY2015		Remarks (JPY100m)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Amount	Percentage	
	Sales Volume (thousand ton)	132	130	136	130	131	140	127	-13	
Rubbers	79	78	79	76	75	80	72	-7	-9 %	
Latices	30	28	30	26	27	31	26	-5	-17 %	
Chemicals	24	24	27	28	29	30	29	-1	-4 %	
Net Sales	724	759	751	729	748	785	792	6	1 %	Comparative Analysis of Net sales
Elastomer business	455	466	464	458	462	477	482	5	1 %	Quantity variance +1
Rubbers	311	317	320	309	321	321	330	9	3 %	Price variance -8
Latices	51	43	45	43	42	43	45	1	3 %	Exchange rate variance +13
Chemicals	88	101	94	100	93	108	99	-8	-8 %	
Others and Eliminations	5	4	5	6	6	5	8	3	53 %	
Specialty materials business	155	175	164	148	167	190	184	-6	-3 %	
Specialty chemicals	49	48	47	46	49	46	49	3	6 %	
Specialty plastics	96	116	105	91	108	133	123	-10	-7 %	
Medical devices etc.	10	11	12	11	10	11	11	1	5 %	
Others and Eliminations	114	118	123	124	120	118	126	8	7 %	
Operating income	87	81	77	54	62	83	87	4	5 %	Comparative Analysis of Operating income
(Operating income ratio) (%)	12%	11%	10%	7%	8%	11%	11%	0 pt		Quantity variance -8 Raw materials price variance +4
Elastomer business	59	48	45	41	42	47	47	-1	-2 %	Price variance -8 SG & A etc. +3
Specialty materials business	25	29	27	10	16	29	36	7	24 %	Exchange rate variance +13
Others and Eliminations	3	4	5	3	4	6	4	-2	-31 %	
Ordinary income	100	82	91	53	61	95	97	2	2 %	
Net income	62	46	63	25	39	51	60	9	18 %	
Exchange rate (JPY/\$)	97.7	98.4	99.6	103.4	102.4	102.6	112.3	9.7	9 %	
Exchange rate (JPY/€)	126.9	129.6	135.5	141.4	140.5	137.6	141.3	3.7	3 %	
Naphtha price (JPY/kl)	65,500	63,900	67,800	72,000	69,900	70,900	65,600	-5,300	-7 %	
Asian Butadiene price (USD/t)	1,405	1,144	1,570	1,409	1,295	1,502	1,067	-435	-29 %	

Capital Expenditures, Depreciation & Amortization and R & D Expenses (Quarterly trends)

	FY2014				FY 2015			Increase (Decrease) Q3/FY2014 vs. Q3/FY2015		FY 2015 forecast	Increase (Decrease) FY2014 vs. FY2015	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Amount	percentage		Amount	percentage
	Capital Expenditures	37	70	91	72	39	77	91				
Elastomer business	26	30	50	21	21	32	51					
Specialty materials business	8	35	35	43	14	30	27					
Others and Eliminations	3	5	6	8	4	15	14					
Cumulative Capital Expenditures	37	108	199	271	39	116	207	8	4 %	267	-4	-2 %
Elastomer business	26	57	107	128	21	52	103	-3	-3 %			
Specialty materials business	8	43	78	121	14	44	71	-7	-9 %			
Others and Eliminations	3	8	15	23	4	19	33	18	126 %			
Depreciation & Amortization	39	40	44	48	42	46	51					
Elastomer business	16	17	19	22	20	20	24					
Specialty materials business	18	18	20	18	17	21	21					
Others and Eliminations	5	5	5	8	5	6	6					
Cumulative Depreciation & Amortization	39	78	122	171	42	89	139	17	14 %	216	45	27 %
Elastomer business	16	33	52	74	20	40	63	12	23 %			
Specialty materials business	18	36	56	74	17	38	59	3	6 %			
Others and Eliminations	5	10	15	23	5	11	17	2	15 %			
R & D Expenses	27	31	32	37	33	33	35					
Cumulative R & D Expenses	27	58	90	127	33	66	101	11	13 %	133	6	5 %

Comparative Balance Sheets (Consolidated)

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(Unit : Millions of JPY)

Assets			
	As of December 31, 2014	As of Mar. 31, 2014	Increase (Decrease)
Current assets	2,051	1,784	267
Cash and bank deposits	63	91	-28
Notes and accounts receivable-trade	808	711	98
Accounts receivable-other	446	303	143
Inventories	648	610	38
Other current assets	86	70	16
Fixed assets	2,119	1,925	194
Property, Plant and Equipment	1,290	1,227	63
Intangible assets	55	59	-5
Investment securities	694	560	134
Other fixed assets	80	78	2
Total Assets	4,169	3,709	461

Liabilities and Net assets			
	As of December 31, 2014	As of Mar. 31, 2014	Increase (Decrease)
Current liabilities	1,534	1,337	197
Notes and accounts payable-trade	903	648	256
Short-term interest-bearing debt	303	353	-50
Other current liabilities	327	336	-9
Long-term liabilities	609	558	51
Long-term interest-bearing debt	300	303	-2
Other long-term liabilities	309	255	53
Total Net assets	2,027	1,814	213
Equity capital	1,985	1,776	209
Other net assets	42	38	4
Total Liabilities and Net assets	4,169	3,709	461

Capital Expenditures	207
Depreciation & Amortization	-139
Other factors	-10
Fixed assets	58

Total interest-bearing debt	603	656	-52
Equity ratio	47.6	47.9	-0.3
D/E Ratio	0.30	0.37	-0.07

Forecast of Operating Performance FY2015

(Unit : Millions of JPY)

	FY2015	FY2014	Increase (Decrease)		
			Amount	Percentage	
Net sales	3,100	2,964	136	5 %	
Elastomer Business	1,897	1,844	53	3 %	
Specialty Materials Business	713	642	71	11 %	
Others	511	508	3	1 %	
Eliminations	-21	-29	8		
Operating income	280	299	-19	-6 %	
(Operating income ratio) (%)	9.0%	10.1%	-1.1 pt		
Elastomer Business	171	193	-22	-11 %	
Specialty Materials Business	92	91	1	1 %	
Others	17	15	2	17 %	
Non-operating income & expenses	30	27	3		
Ordinary income	310	326	-16	-5 %	
Net income	180	197	-17	-9 %	
					4Q/FY2015
Exchange rate (JPY/\$)	109.3	99.8	9.5	10 %	120.0
Exchange rate (JPY/€)	137.3	133.4	3.9	3 %	130.0
Naphtha price (JPY/kl)	63,600	67,200	-3,600	-5 %	48,000 (JPY/kl)
Asian Butadiene price (USD/t)	1.166	1,382	-216	-16 %	800 (USD/t)

Any forward-looking statements in this document are based upon information available to the company on the date of this release. These forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the company's operations and business environment which may cause the company's actual results to be materially different from any future results, expressed or implied, in these forward-looking statements.