

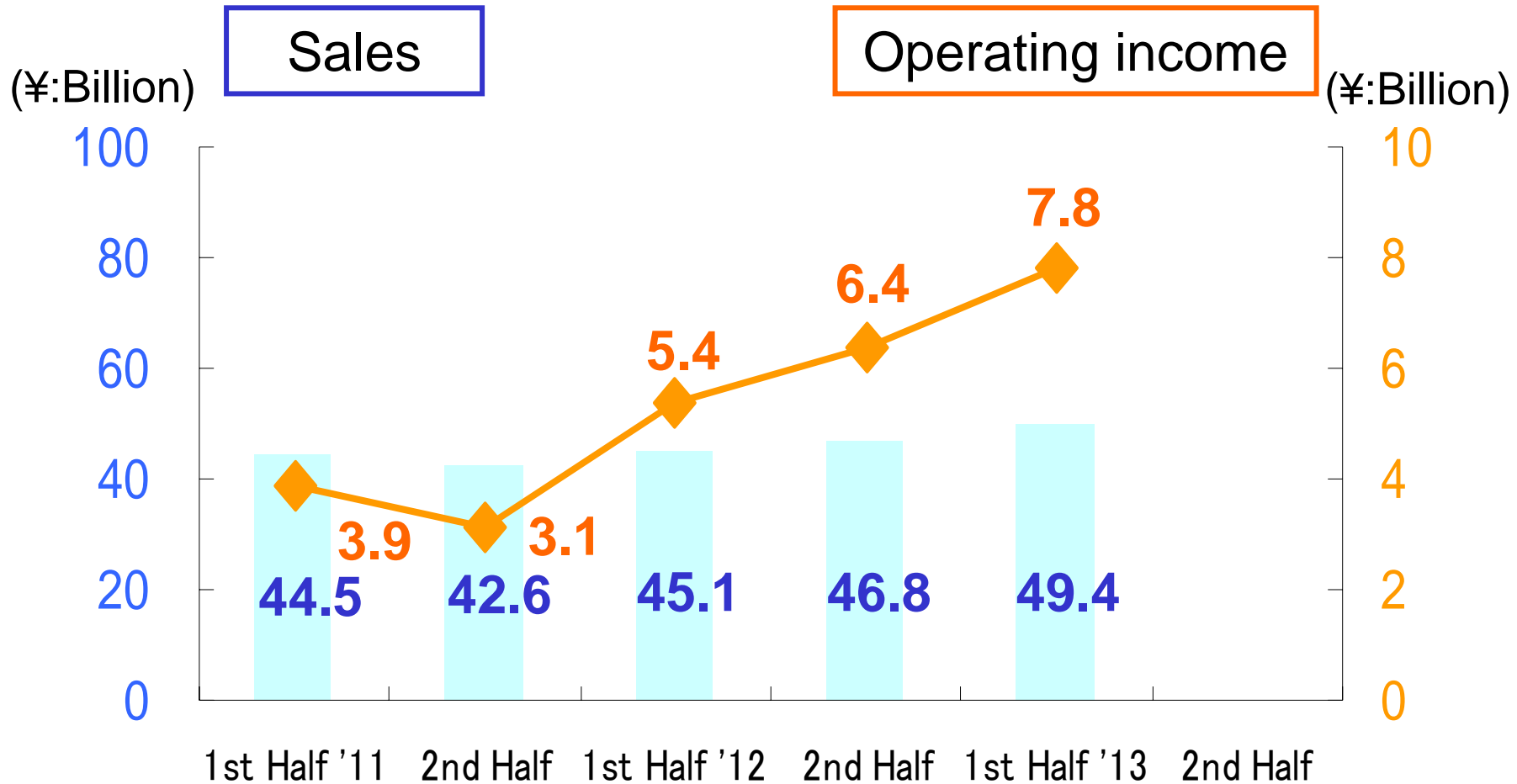
Financial Results for 1st Half of FY2013

November 26, 2013

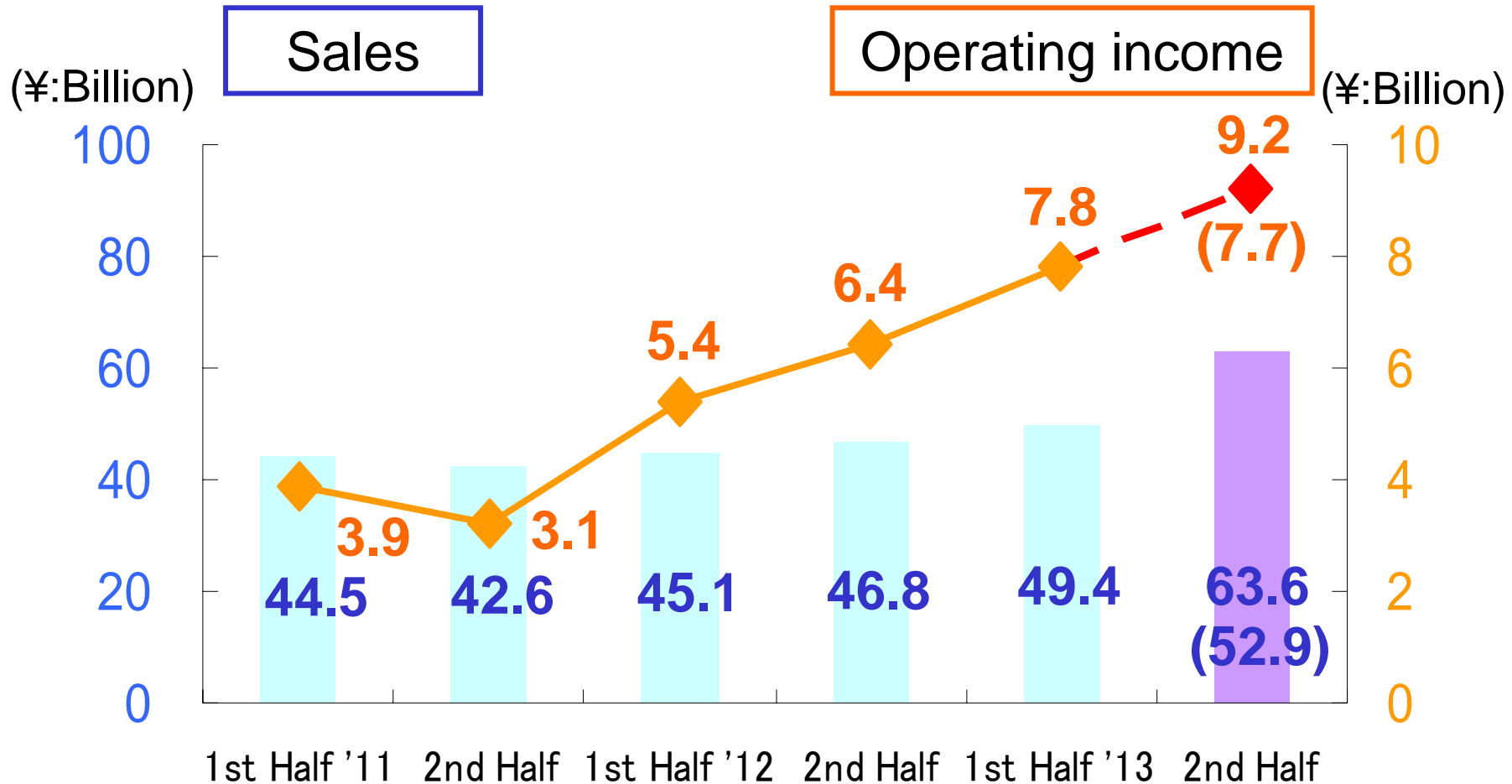
The Nippon Synthetic Chemical Industry Co., Ltd.



Results of 1st Half and Forecasts of FY2013

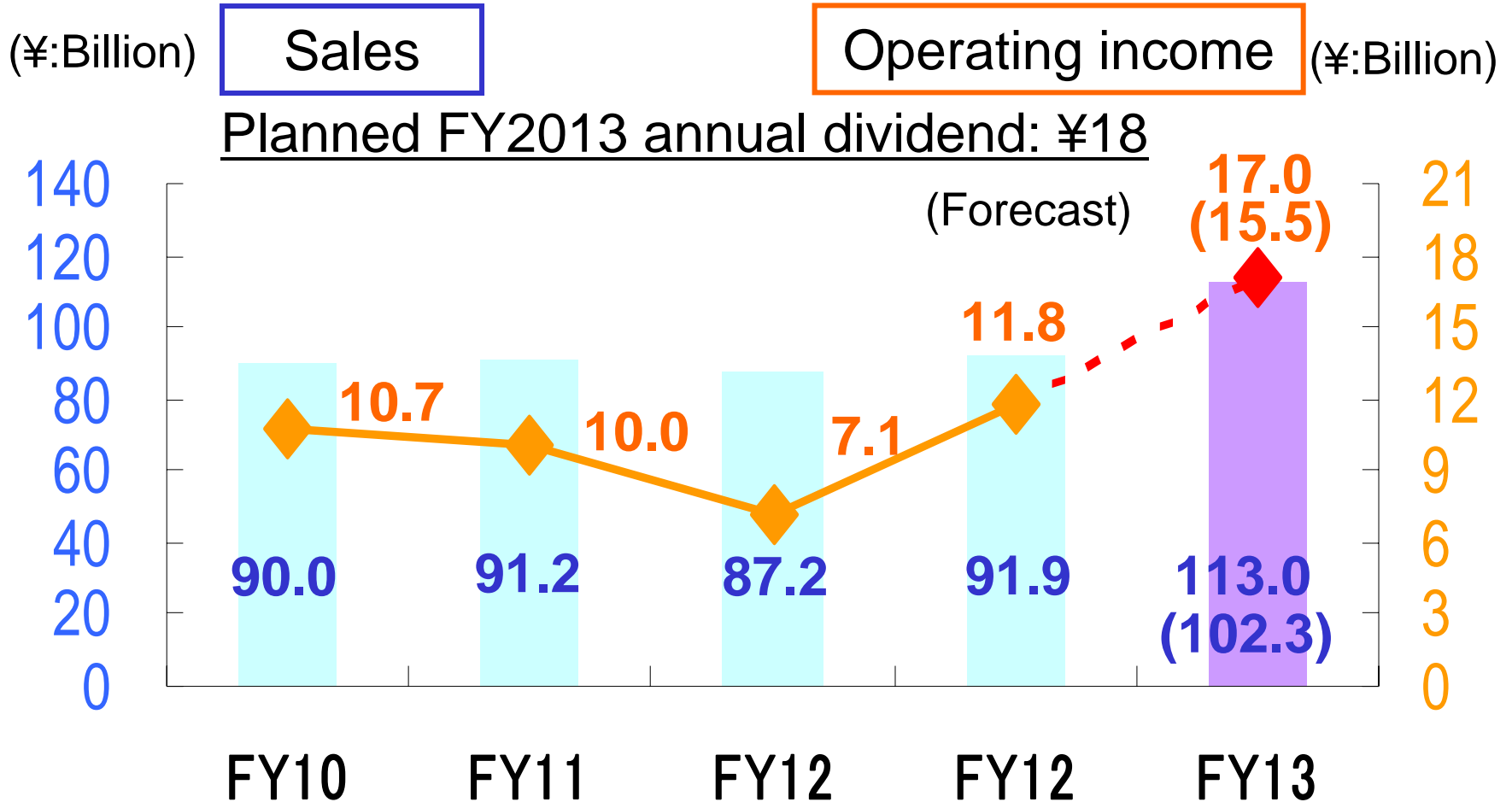


An increase in “OPL Film” sales and the depreciation effect of the yen resulted in an increase in profit.



A year-on-year increase, including the profit of main consolidated subsidiaries as a result of a fiscal term change, though there is an issue of concern about “OPL Film” inventory adjustments in 3Q.

Note: Figures in parentheses exclude the impact of main consolidated subsidiaries as a result of the fiscal term change



An increase in profit is expected for the full business year (including the profit of main consolidated subsidiaries as a result of a fiscal term change)

Note: Figures in parentheses exclude the impact of main consolidated subsidiaries as a result of the fiscal term change

Mid-Term Management Plan

“Double 15” Third Year

“Double 15” (1)

Target of FY2015

- | | |
|---------------------------|-----------------|
| 1) Sales | JPY 130 Billion |
| 2) Operating Income | JPY 20 Billion |
| 3) Operating Income Ratio | More than 15% |

1. Expansion of core businesses

2. Establishment of the third pillar and strengthening of new products' development

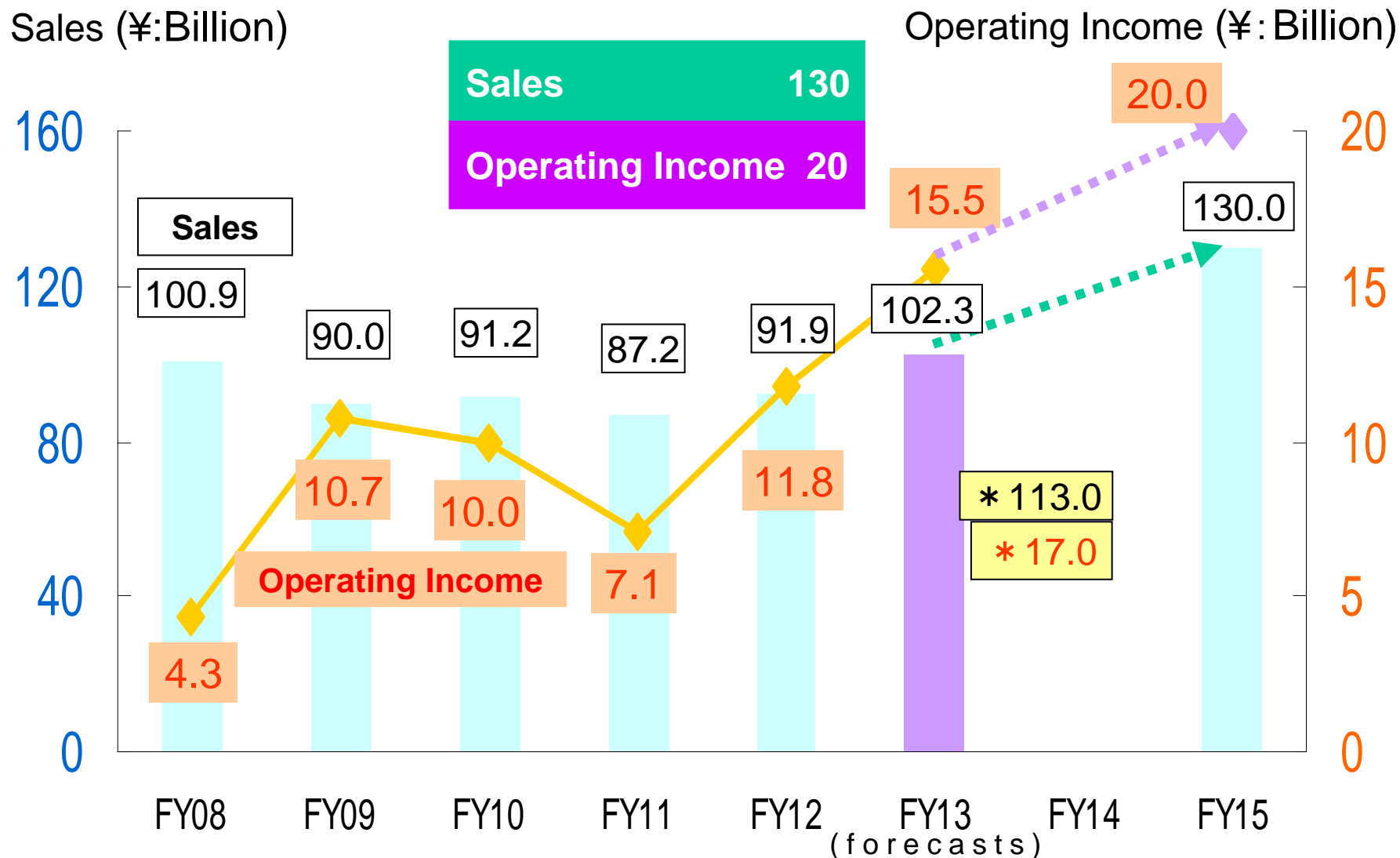
3. Competitive advantage

4. Expansion of overseas bases

5. Assurance of Safety, Quality, Environment, and Compliance

Mid-Term Management Plan

“Double 15” (2)



(Note) Figures of FY2013 are based on the condition that the settlement of 12-month accounts is made, and asterisked figures are earnings forecasted for FY2013

Expansion of core businesses

Production capacity increase

“OPL Film”: The 6th Line (18 million m² / year)

Under construction in the Kumamoto Plant.

Scheduled to come into operation in the first quarter of FY2014.

“Soarnol”: New Line (15,000 tonnes/ year)

Under construction on NOLTEX’s site in the United States since this summer.

Scheduled to come into operation in the forth quarter of FY2014.

Establishment of the third pillar and strengthening of new products' development

“Nichigo G-Polymer”

Developing planning to meet practical application demands is making progress by taking advantage of the biodegradability, melt-moldability, gas barrier properties, readily solubility, and chemical resistance of the products. Focusing on the adoption in the food packaging, hygiene material, and environmental energy fields.

“ORGA”

A cost reduction is going on along with production efficiency improvements and product quality improvements with the aim of substituting glass in the touch panel fields.

Enhancement of research and development

The new research building of the Central Research Laboratory is under construction. Scheduled to be completed in the third quarter of FY2014

Environment corresponding

A city gas boiler was installed in the Ogaki Plant. Come into operation in March 2012.

A biomass boiler was installed in the Kumamoto Plant. Come into operation in March 2013.

A solar power generation equipment was installed in the Kumamoto Plant. Started power generation in November 2013.





Business Results of 1st Half FY2013

Consolidated Business Results

(¥:Billion)

	1 st Half FY12	1 st Half FY13	Diff.
Sales	45.1	49.4	+4.3 (+ 9.6%)
Operating income	5.4	7.8	+2.3 (+ 43.9%)
Operating income ratio	12.0%	15.8%	+ 3.8%
Ordinary income	5.1	8.1	+2.9 (+ 57.9%)
Net profit	3.5	5.2	+1.7 (+ 49.8%)

Business Summary by Segment (1)

(¥:Billion)

	Sales			Operating income		
	1 st Half FY12	1 st Half FY13	Diff.	1 st Half FY12	1 st Half FY13	Diff.
Synthetic Resin	32.4	37.3	+4.8	5.4	7.8	+2.4
Acetyl & Fine Chemicals	10.4	10.1	▲0.3	0.1	0.0	▲0.0
Chemical Products	42.9	47.5	+4.5	5.5	7.9	+2.4
Others	2.1	1.9	▲0.2	0.1	0.1	▲0.0
Common Cost	—	—	—	▲0.2	▲0.2	+0.0
Total	45.1	49.4	+4.3	5.4	7.8	+2.3

Synthetic Resin

◆ “OPL Film”

A year-on-year increase was recorded with a net increase of the 5th line products (wider width products).

◆ “Soarnol”

The sales increased due to the weaker yen though the sales remained at the previous year’s level.

◆ Pressure-sensitive adhesive, functional coatings

The sales of “Shikoh” were steady but the sales of “Coponyl” (Pressure-sensitive adhesive copolymer) showed a decrease on a year-on-year basis.

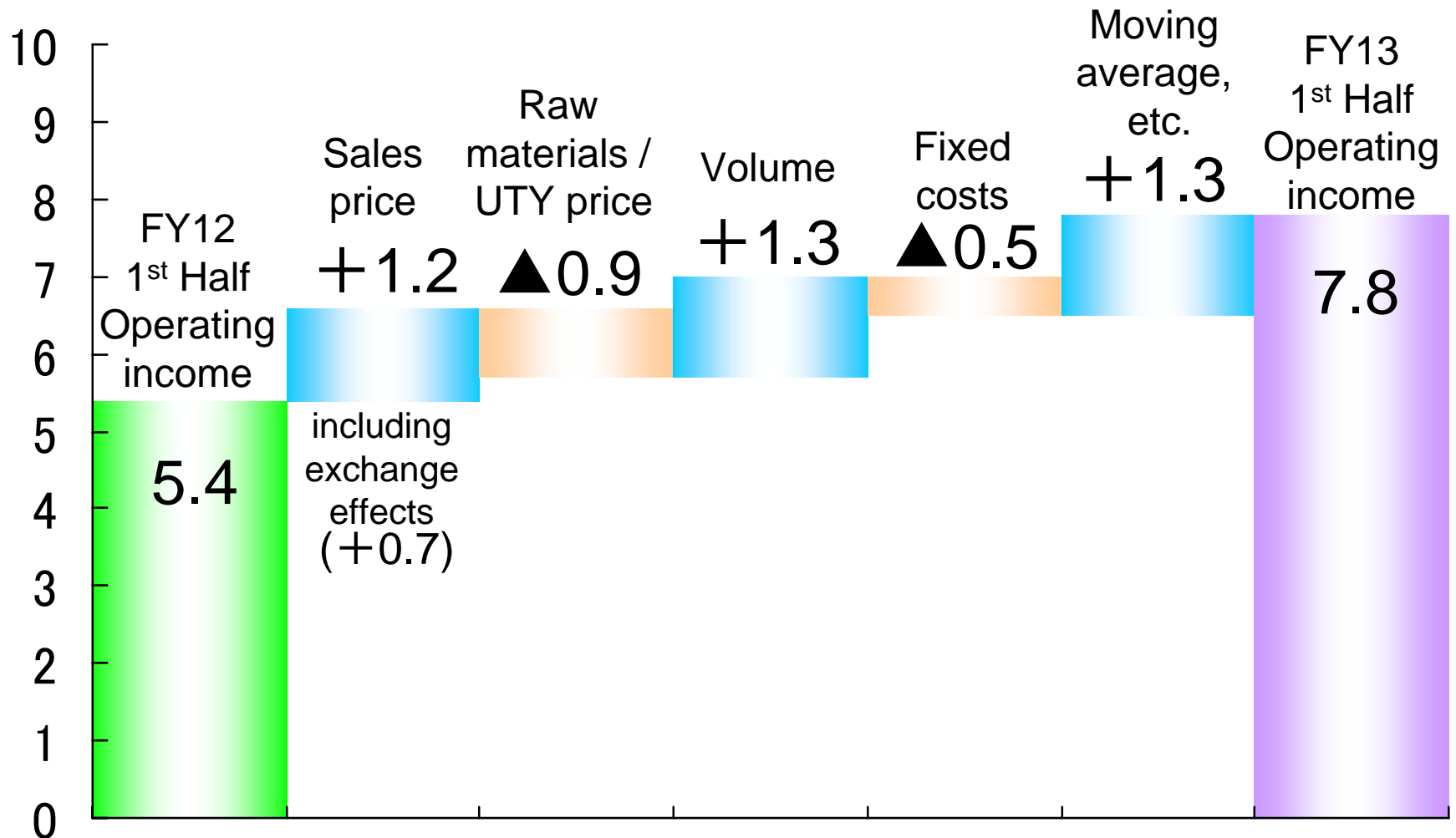
Acetyl and Fine Chemicals

◆ Acetyl Chemicals

The sales of some products decreased with the worsening of price spread.

Analysis of Operating Income

(¥:Billion)



CAPEX, Depreciation, R&D Expenses Exchange rate, and Naphtha price

(¥:Billion)

	1 st Half FY12	1 st Half FY13	Diff.
--	------------------------------	------------------------------	-------

CAPEX	4.1	6.6	+2.5
Depreciation	3.1	3.1	+0.0
R&D Expenses	1.7	1.8	+0.1

※ CAPEX on acceptance basis

JPY/US\$	80	99	+19
JPY/EURO	101	130	+29

※ Average rate

Naphtha price (JPY/KL)	55,200	64,700	+9,500
---------------------------	--------	--------	--------

※ Average price

Balance Sheet

End of FY12	End of 1st Half FY13	Diff.
Assets		
112.1	117.3	+5.1
Current assets		
57.0	56.5	▲0.5
Fixed assets		
55.1	60.8	+5.7

End of FY12	End of 1st Half FY13	Diff.
Liabilities and shareholder's equity		
112.1	117.3	+5.1
Liabilities		
46.7	44.7	▲1.9
Net assets		
65.4	72.6	+ 7.1

Retained earnings +4.3

Period end exchange rate for Overseas subsidiaries (yen)		
	End of Dec. 2012	End of Jun. 2013
US\$	87	99
€	115	129

	End of FY2012	End of 1st Half FY2013	Diff.
Equity	65.4	72.5	+7.1
Equity Ratio	58.3%	61.9%	+3.6%
Debt	10.0	10.5	+0.5
D/E Ratio	0.15	0.14	▲0.01

* Exchange rate effect is ¥4.3 billion of total asset increase.

Cash Flow

	1 st Half FY12	1 st Half FY13	(¥:Billion)
Cash Flow from operating activities	6.0	5.5	Pre-tax profit difference: +2.6, Payment of income tax: ▲2.2
Cash Flow from investing activities	▲5.2	▲5.8	Fixed assets ▲1.6
Free Cash Flow	0.8	▲0.3	
Cash Flow from financial activities	▲0.1	▲0.8	
Net increase (decrease) in cash and cash equivalents	+0.6	▲0.4	
Cash and cash equivalents at end of period	6.4	8.2	

Business Forecasts of FY2013



1. Change in depreciation method

Depreciation method used by our company and some of our domestic consolidated subsidiaries was integrated into straight-line method.
Depreciation cost: Decrease of 0.9 billion yen

2. Change in accounting period of significant consolidated subsidiaries

Impact of the fiscal year-end change of the six major domestic and overseas consolidated subsidiaries.
(from the end of December to the end of March).

Sales: Increase of 10.7 billion yen
Operating income: Increase of 1.5 billion yen

1.Exchange rate

	1 st Half Ave.	2 nd Half	Diff.
JPY/US\$	99	100	+1
JPY/EURO	130	130	—

2.Naphtha price (JPY / KL)

	1st Half Ave.	2nd Half	Diff.
Naphtha	64,700	67,000	+2,300

CAPEX, Depreciation, R&D Expenses Exchange rate, and Naphtha price

	FY12	FY13	(¥:Billion) Diff.
CAPEX	10.4	21.0	+10.6
Depreciation	6.9	6.8	▲0.1
R&D Expenses	3.6	3.8	+0.2

※ CAPEX on acceptance basis

JPY/US\$	83	99	+16
JPY/EURO	107	130	+23

※ Average rate

Naphtha price (JPY/KL)	57,500	65,850	+8,350
---------------------------	--------	--------	--------

※ Average price

Consolidated Business Forecast of FY2013

(¥:Billion)

	1 st Half FY13	2 nd Half FY13	FY13	FY12 Actual	FY11 Actual
Sales	49.4	63.6 (10.7)	113.0 (10.7)	91.9	87.2
Operating income	7.8	9.2 (1.5)	17.0 (1.5)	11.8	7.1
Operating income ratio	15.8%	14.5%	15.0%	12.9%	8.2%
Ordinary income	8.1	9.1	17.2	12.3	6.7
Net Profit	5.2	5.5	10.7	8.1	3.1
Net Profit per share (yen)	54.09	55.76	109.85	83.75	32.38
Cash dividends per share (yen)	9	9	18	15	12

Figures in parenthesis indicate estimated forecasts for three months added due to a change of accounting period.

Consolidated Business Forecasts of FY2013 by Segment

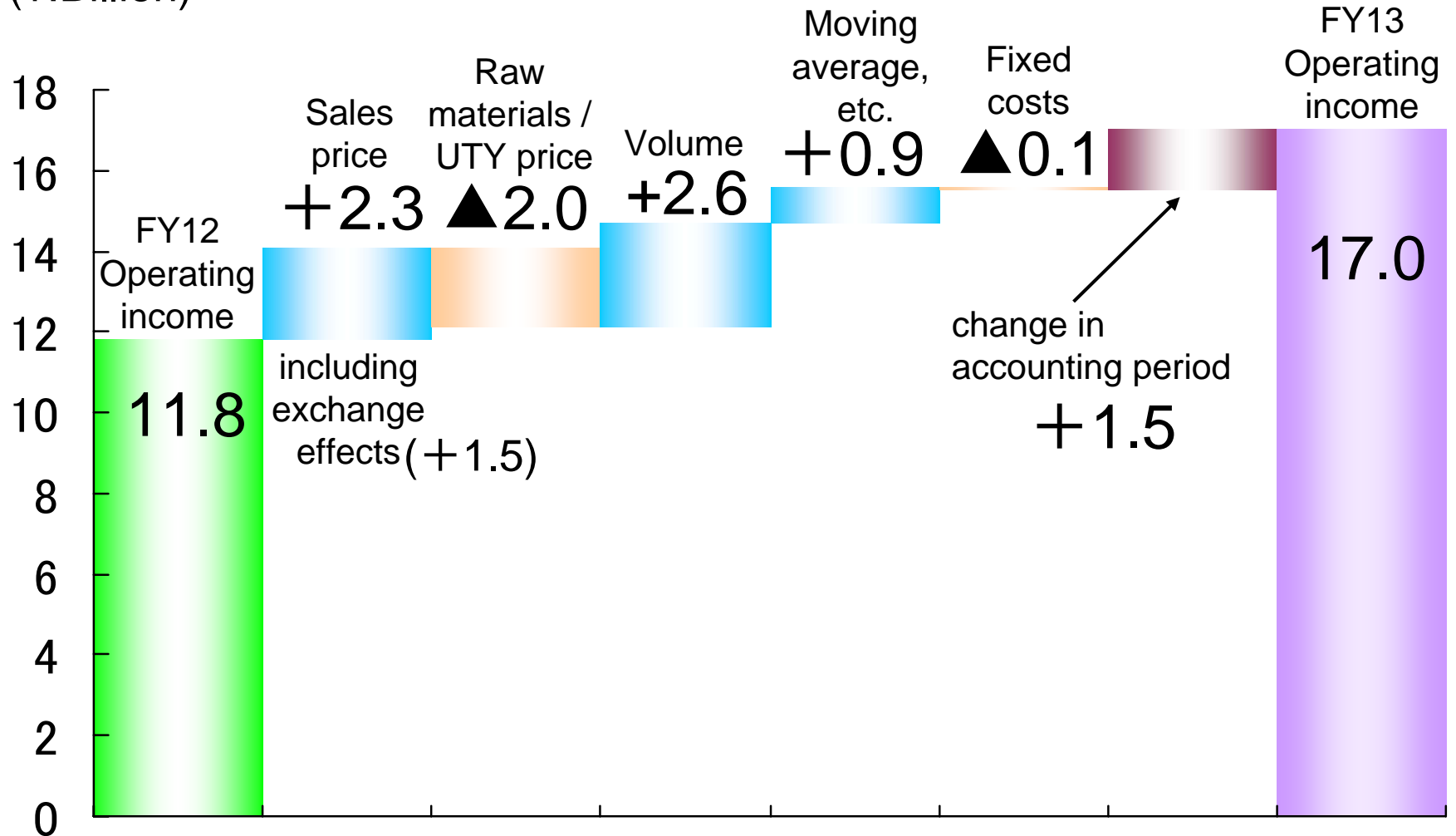
(¥:Billion)

	Sales			Operating income		
	FY12 results	FY13 forecast	Diff.	FY12 results	FY13 forecast	Diff.
Synthetic Resin	67.1	85.3	+18.2	11.8	17.0	+5.2
Acetyl & Fine Chemicals	20.6	23.8	+3.2	0.1	0.2	+0.1
Chemical Products	87.7	109.1	+21.4	12.0	17.3	+5.3
Others	4.2	3.8	▲0.4	0.2	0.2	▲0.0
Common Cost	—	—	—	▲0.3	▲0.4	▲0.1
Total	91.9	113.0	+21.0	11.8	17.0	+5.1

FY2013 includes the estimated forecasts for three months added due to a change of accounting period.

Analysis of Operating Income

(¥:Billion)

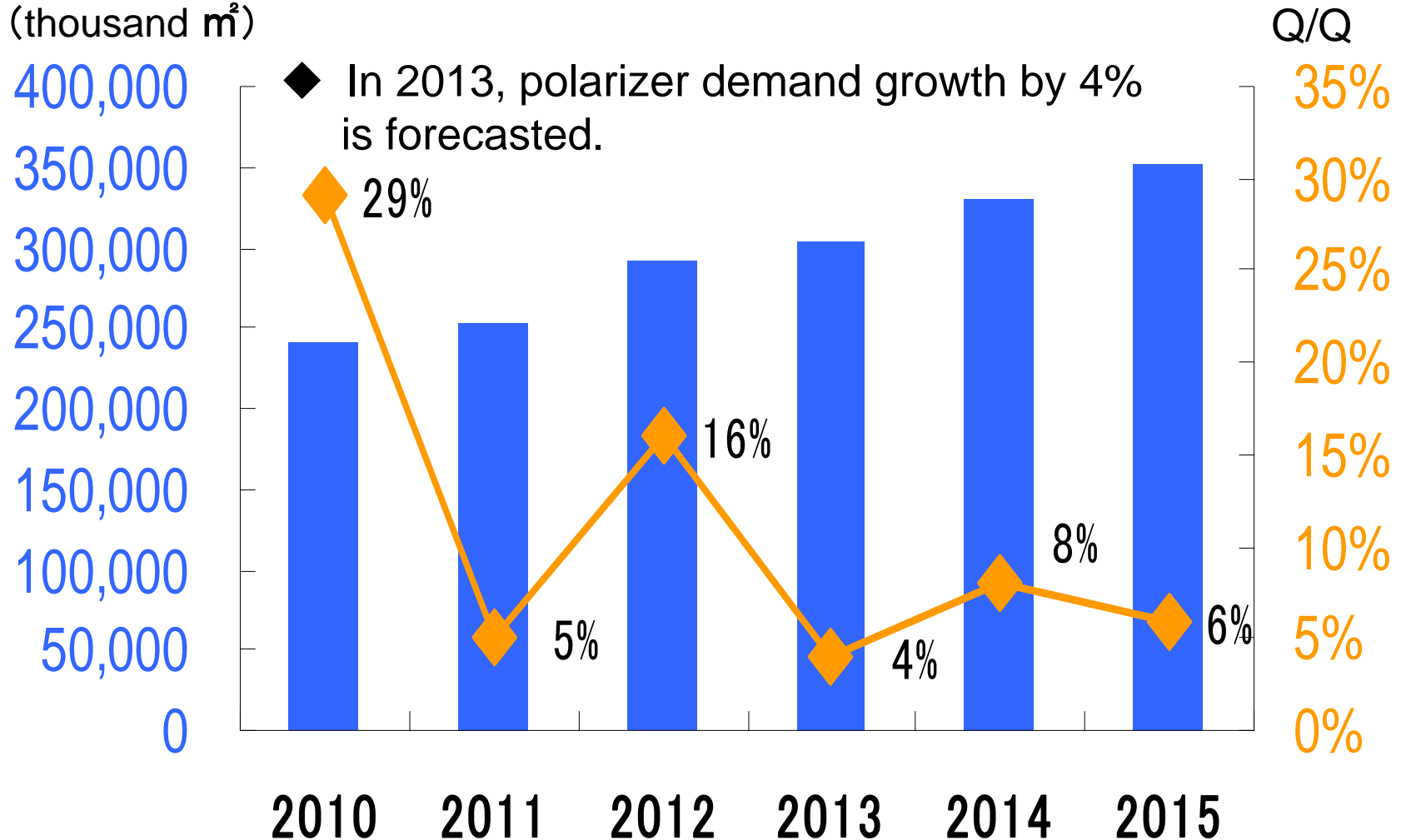


Optical PVOH film “OPL Film”

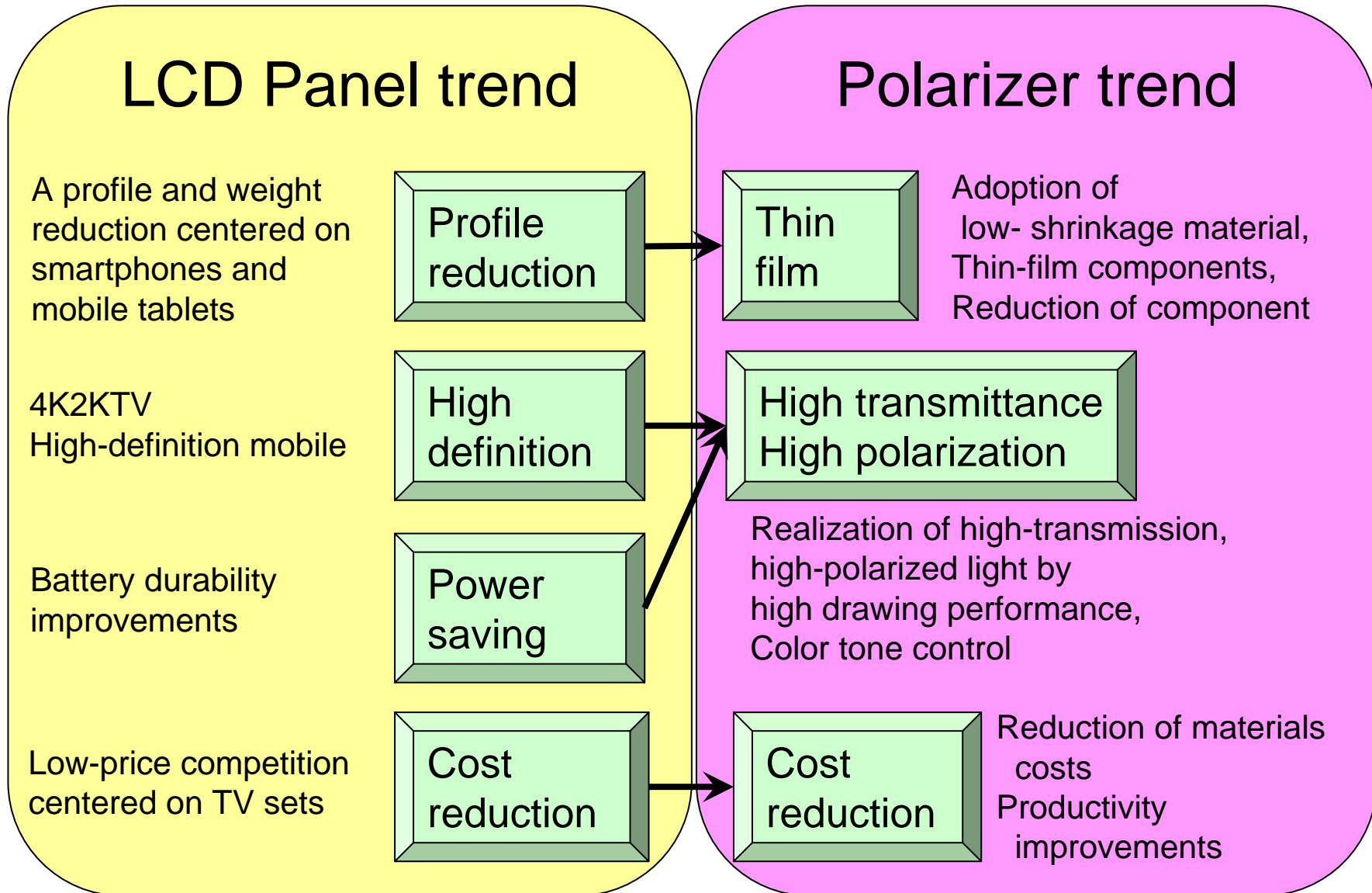
Specialty Materials Segment
Performance Materials Department

- ◆ Demands forecast of Polarizing plates
- ◆ Market trend of Polarizing plates
- ◆ Development concepts of “OPL Film”
- ◆ Thin film support of “OPL Film”
- ◆ Product line of “OPL Film”

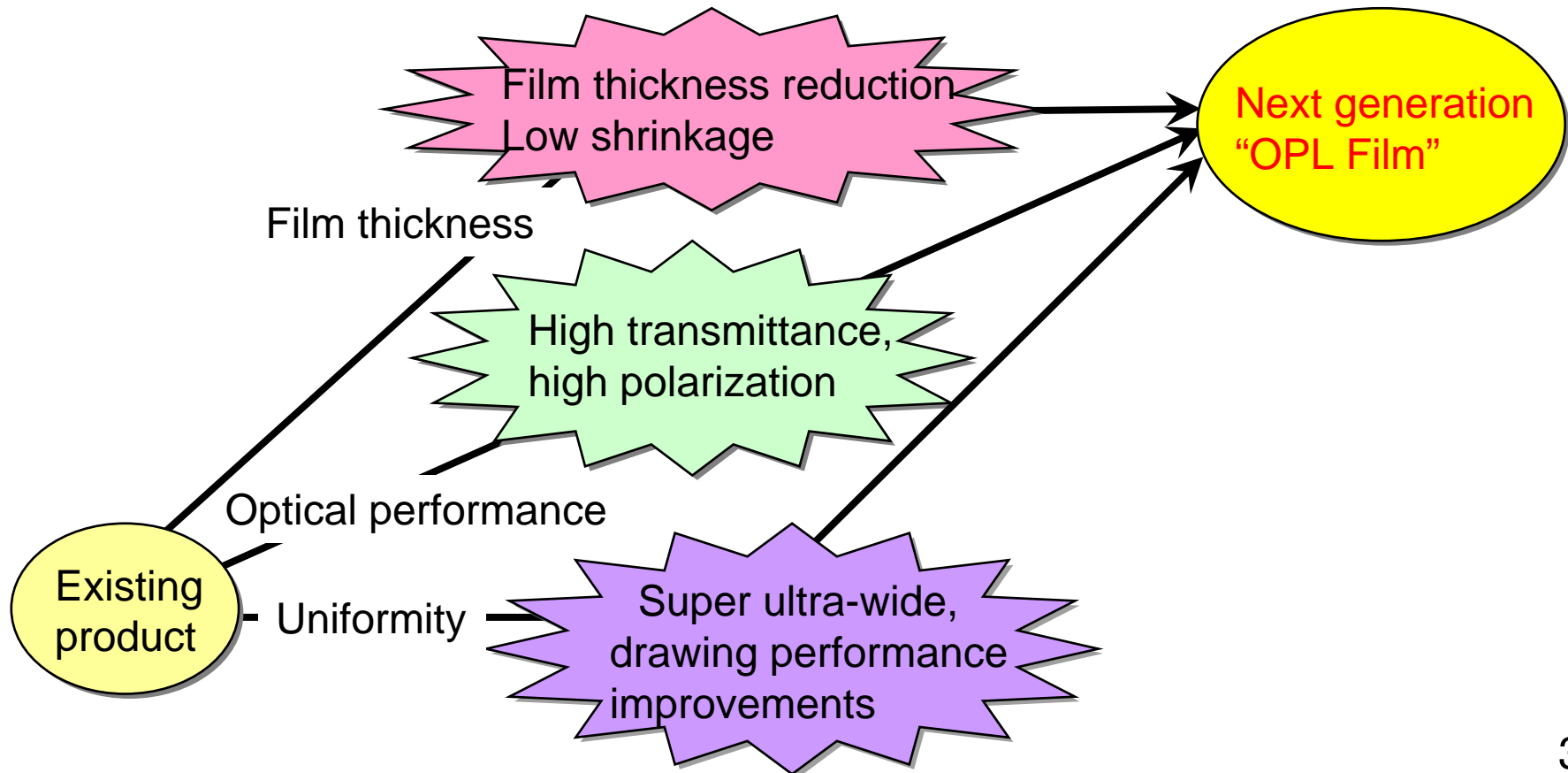
TFT-LCD Polarizer (thousand m²)



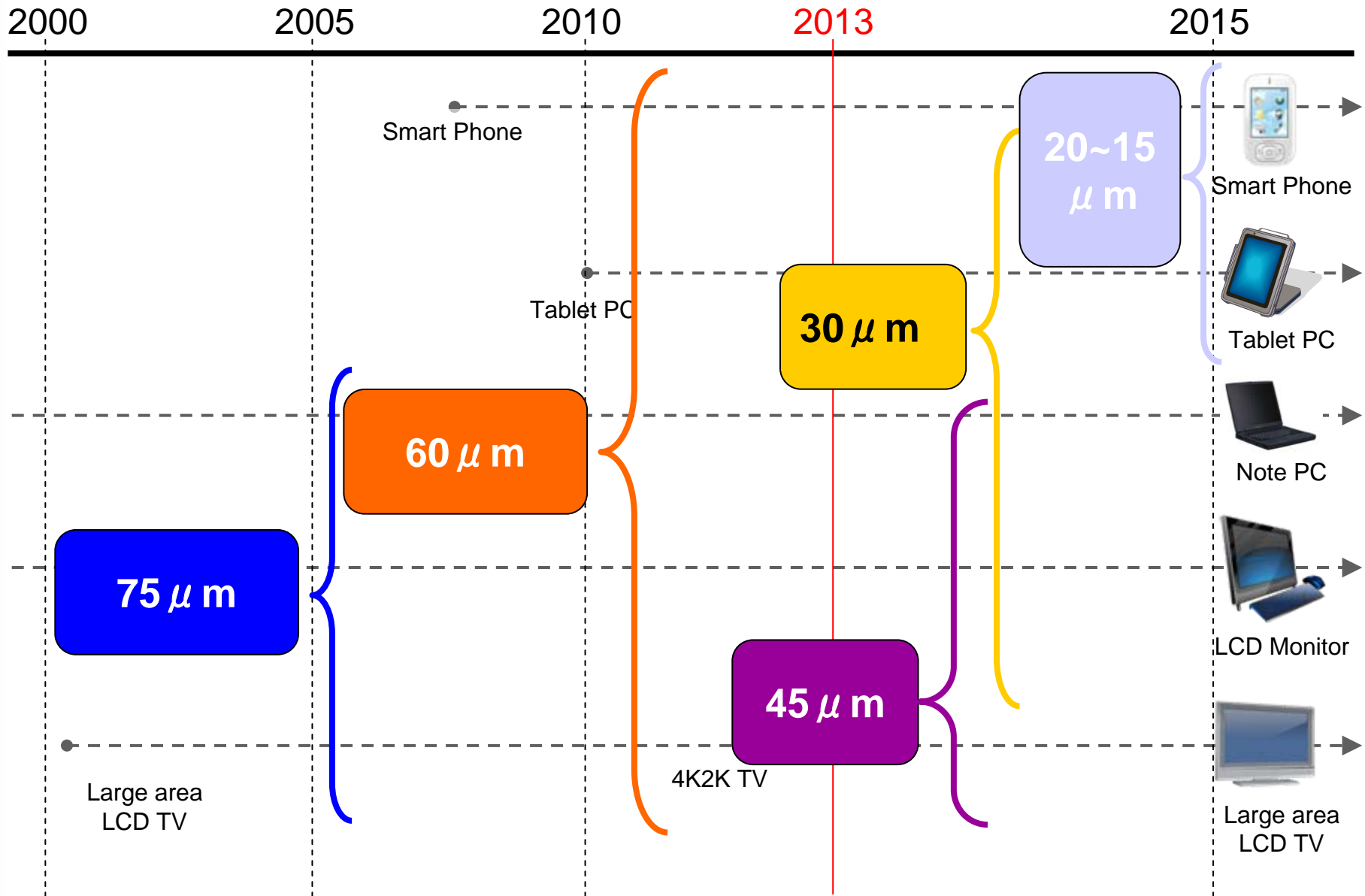
Source: A materials of 25th Display search forum in July 2013



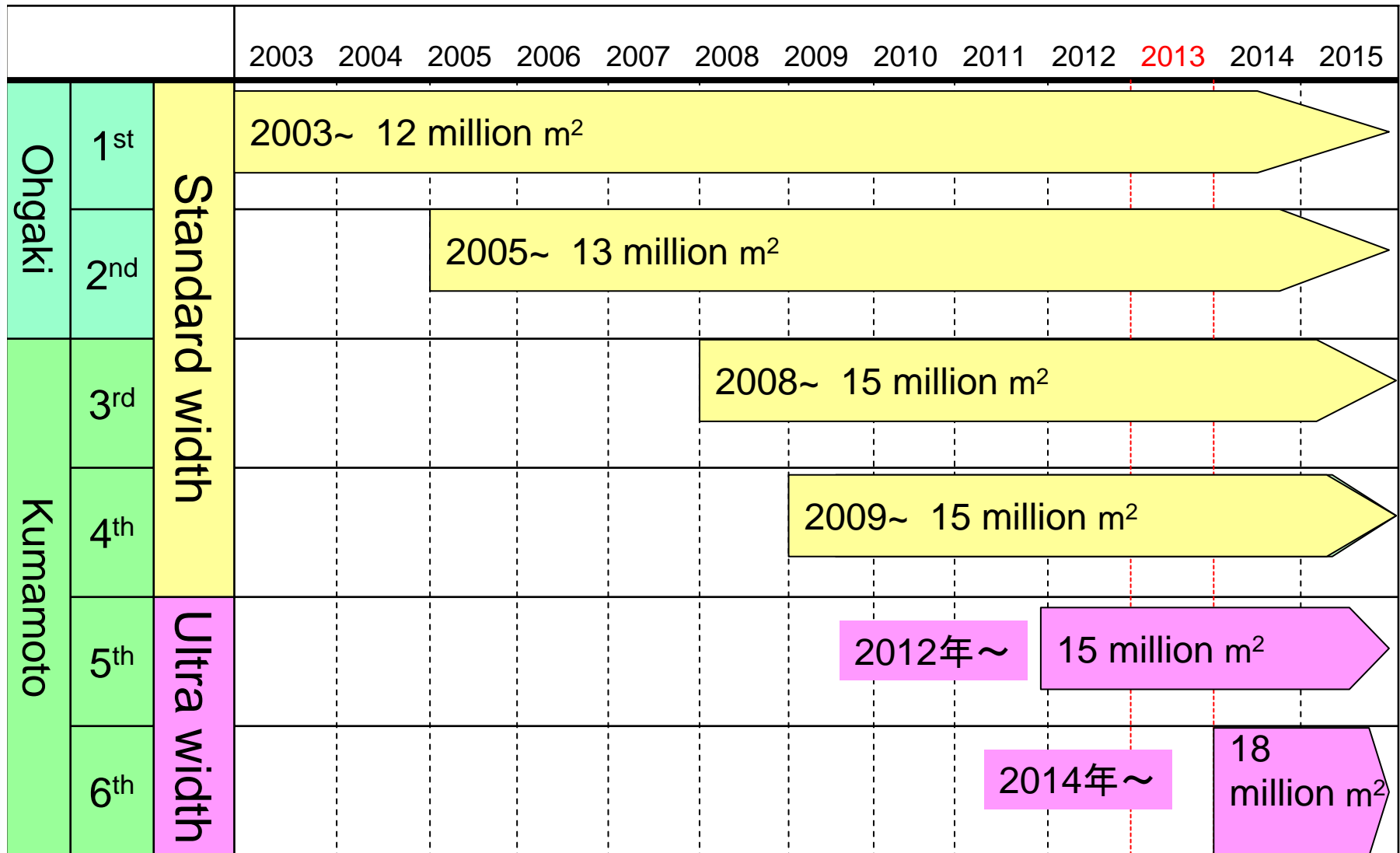
- ✓ Development of bright film with good polarization performance
- ✓ Development of thin film and low shrinkage
- ✓ Expand of ultra-wide and super ultra-wide lines for good large panel production efficiency



Response to thin film of "OPL Film"



Product lines of “OPL Film”



Annual production capacity : Present 70 million m² →FY2014 1Q 88 million m²

Solution by Chemistry

The amounts in this report are rounded down when less than a unit; percentages, etc. are round off.

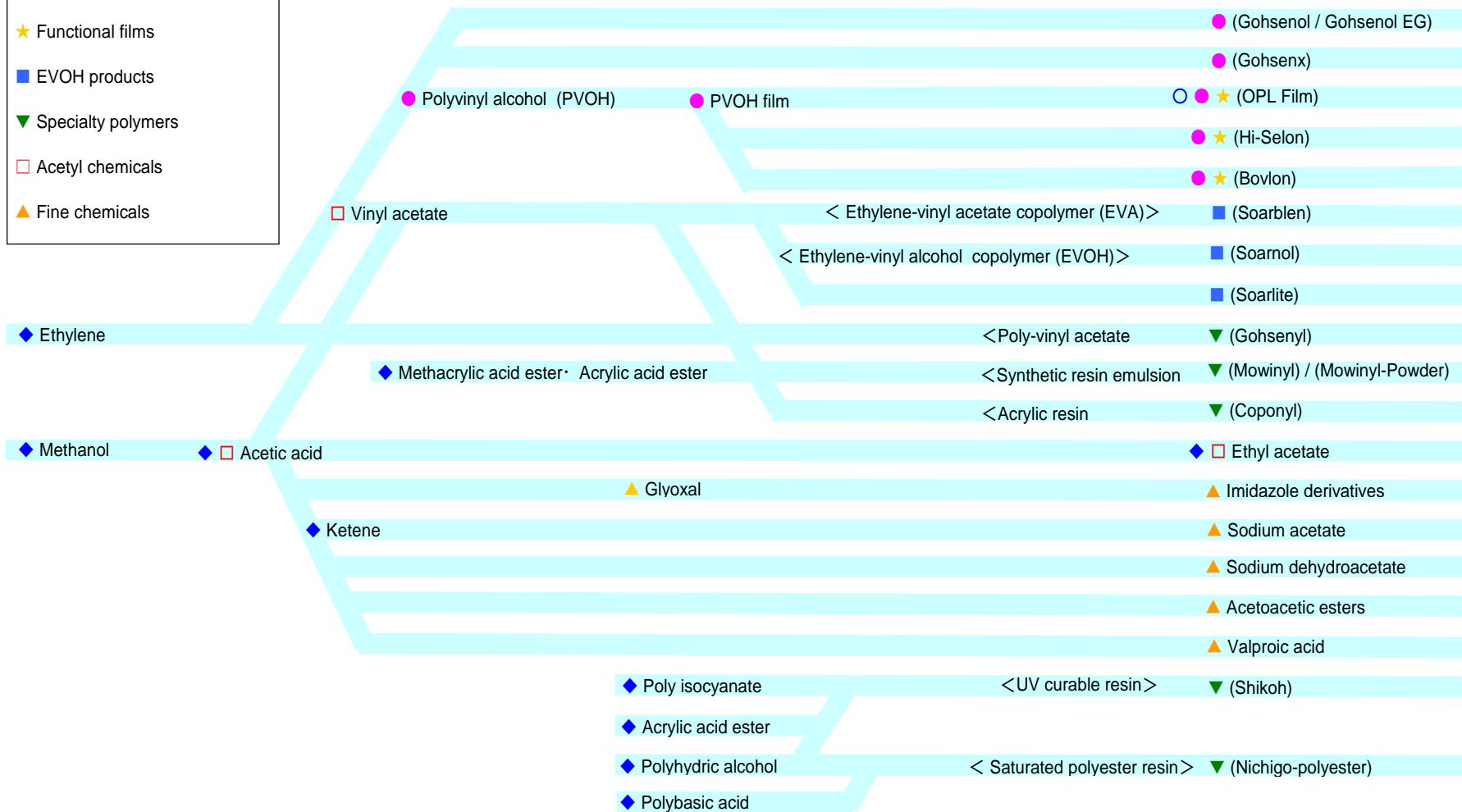
Further, the cumulative six months of the first and second quarters are the first half, and the cumulative six months of the third and fourth quarters are the second half.

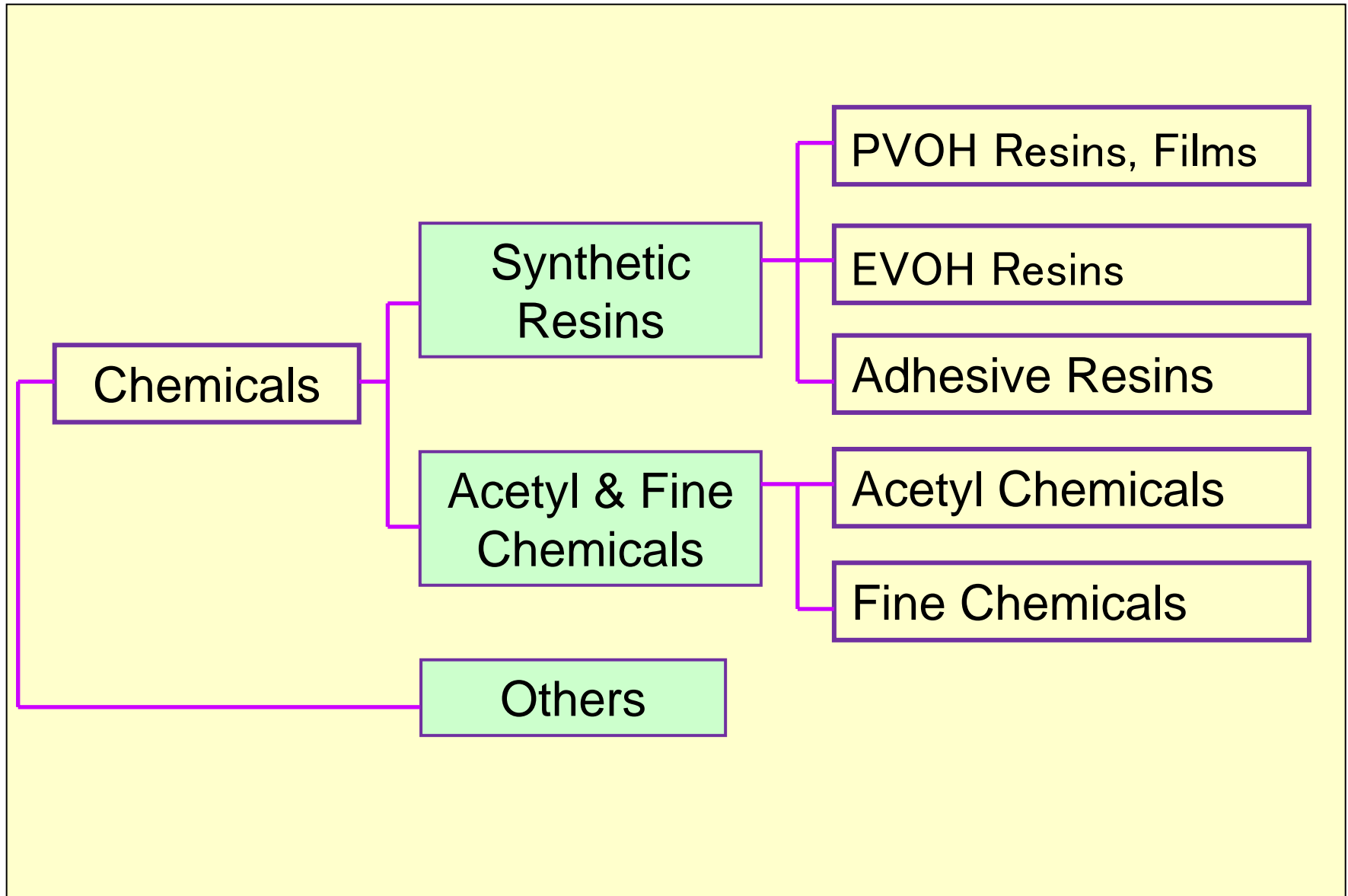
The business forecast and predictions in this report are calculated based on the information available at the time of writing. It is possible that the actual results may differ due to a variety of factors.

Appendix

Products List

- PVOH products
- IT's and electronic products
- ★ Functional films
- EVOH products
- ▼ Specialty polymers
- Acetyl chemicals
- ▲ Fine chemicals

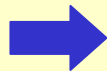




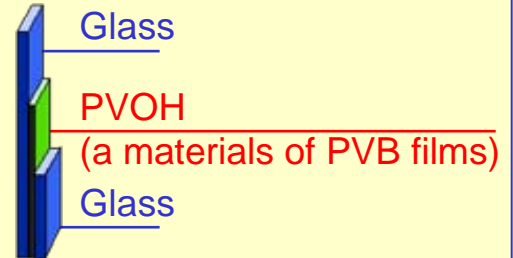
◆What is “Gohsenol™”?

Feature

- Water solubility
- adherence
- Film forming properties, etc.



◆Main Application



Used as raw material for the bonding middle layer in safety glass for windshields

Used as a surface coating agent for information industrial paper

- heat sensitive paper
- ink jet recording paper, etc.



Used as raw material for PVOH films

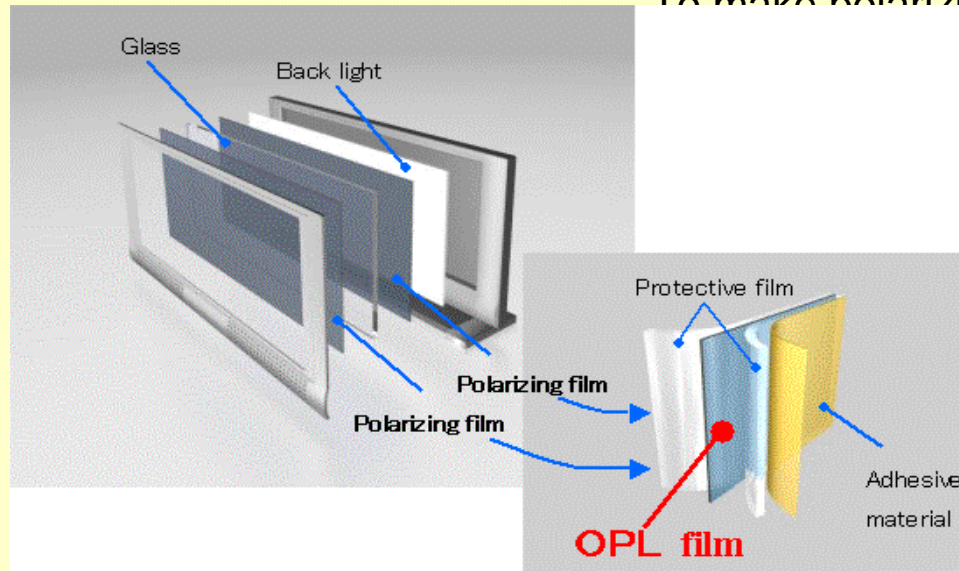
- optical polarized PVOH film, etc.



◆“Gohsenol™” Production capacities

The Mizushima Plant	40,000 tonnes / y
The Kumamoto Plant	30,000 tonnes / y
Total	70,000 tonnes / y

◆What is OPL Film™ ?



To make polarizing film, OPL Film™ for polarizer is two layers of protective film called TAC (Triacetyl Cellulose) processed to affix to LCD panel.



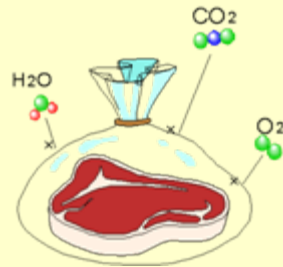
◆OPL Film™ Production capacities

2003	12 million m ² / y	The Ogaki Plant
2005	13 million m ² / y	The Ogaki Plant
2008	15 million m ² / y	The Kumamoto Plant
2009	15 million m ² / y	The Kumamoto Plant
2012	15 million m ² / y	The Kumamoto Plant (Ultra-wide film)
total	70 million m ² / y	
2014 1Q	+18 million m ² / y	The Kumamoto Plant

◆What is EVOH ?

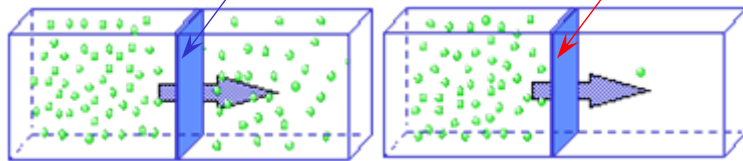
Feature

- High gas barrier
- Fragrance preservation
- Transparency, etc.

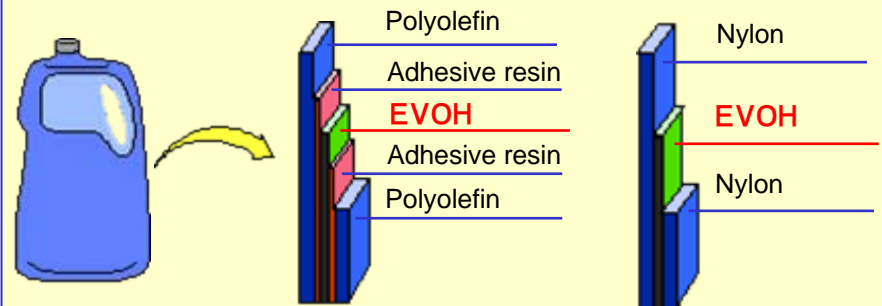


Polyethylen

EVOH



◆Main application



Soarnol™ is a package for preserving flavor and freshness.

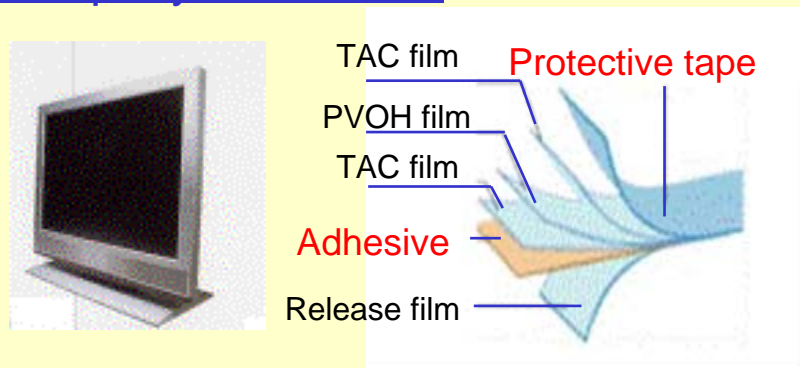
◆Soarnol™ Production capacities

The Mizushima Plant	10,000 tonnes / y
NOLTEX (U.S.A.)	23,000 tonnes / y
NIPPON GOHSEI UK	18,000 tonnes / y
Total	51,000 tonnes / y
2014 4Q NOLTEX	+15,000 tonnes / y



Pressure Sensitive Adhesives and Functional Coatings

◆ Coponyl™ for LCD



- Adhesive resin for polarizing film for LCD
- Masking tape for surface protection

◆ Mowinyl™ for Ink Jet Paper



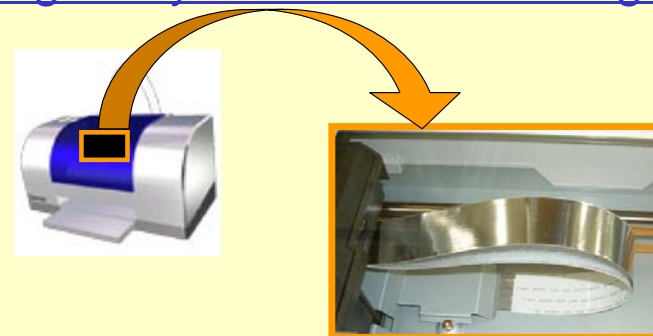
- A porous film is formed by incorporating colloidal silica
- Improved in ink-receiving, image clarity and chromogenic properties

◆ Shikoh™ for Hard Coating



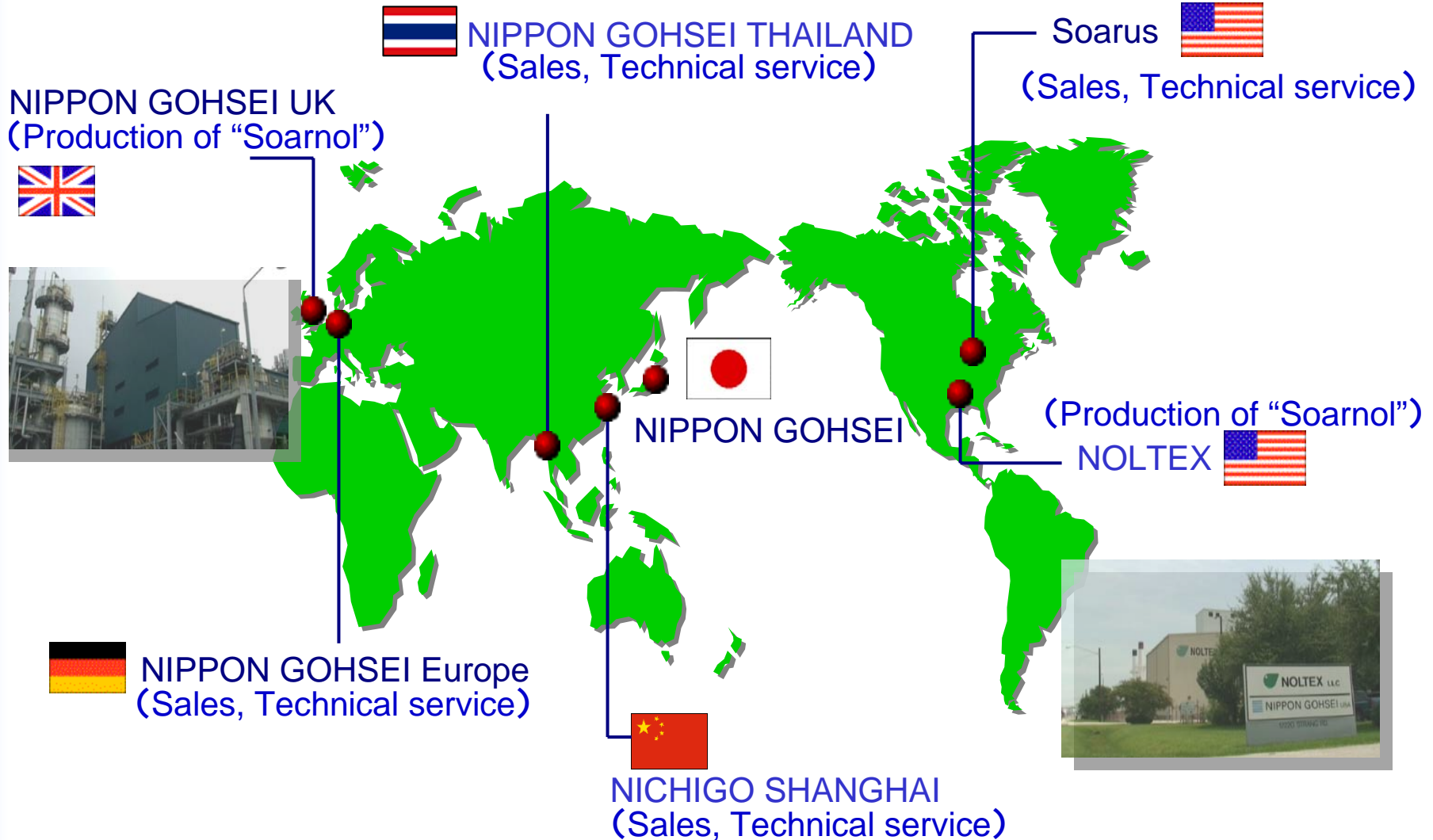
Glossy retention and surface protection for CDs, DVDs, mobile phones and ATM touch-sensitive panels

◆ Nichigo Polyester™ for recording media



Cable coating and adhesion for copying machine and facimile machine

Overseas Sites



Review of Operation

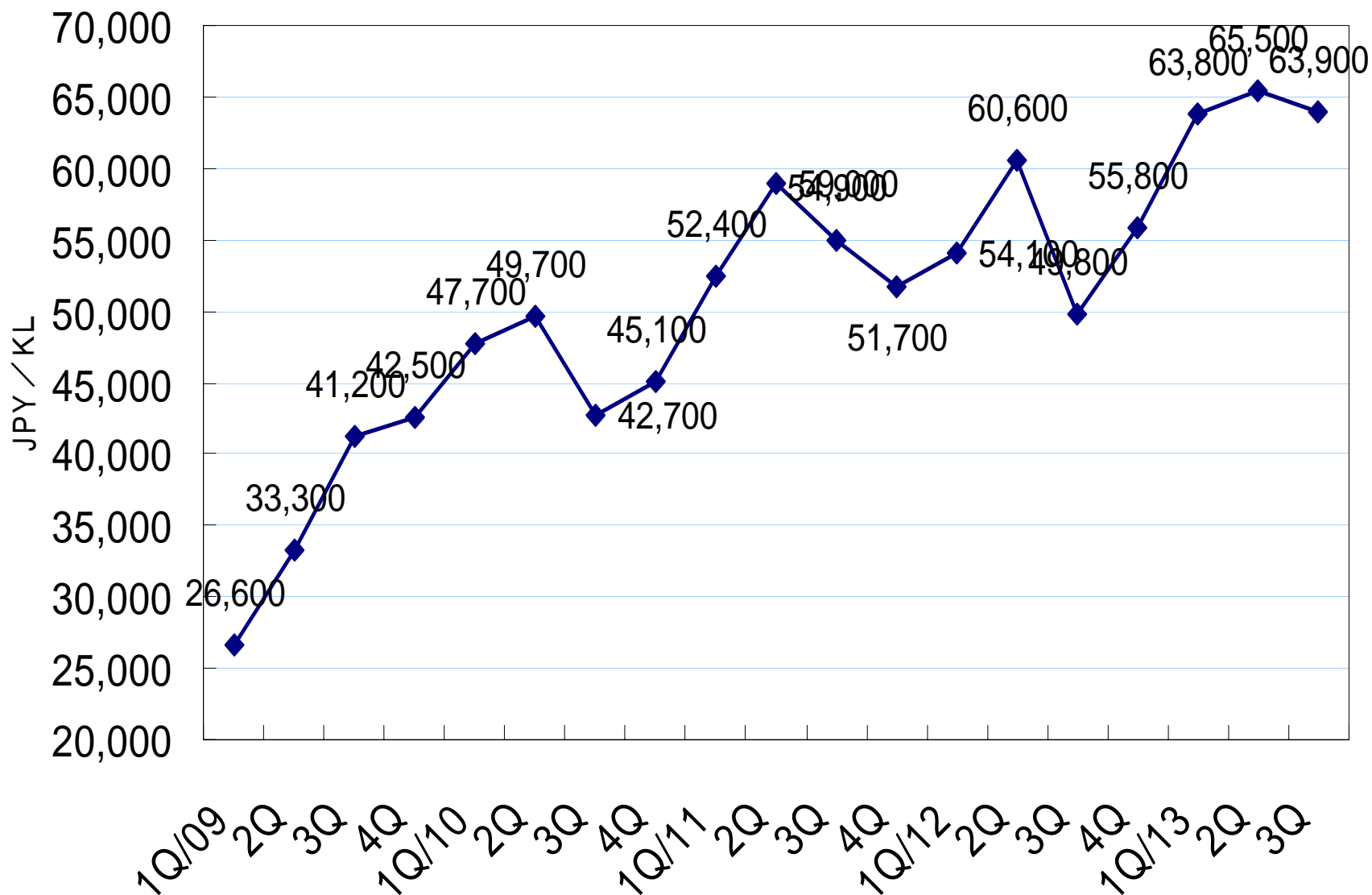
Financial Highlights

¥:Billion	FY08	FY09	FY10	FY11	FY12
Sales	100.9	90.0	91.2	87.2	91.9
(Synthetic resins)	64.5	65.0	64.9	61.5	67.1
(Acetyl and Fine chemicals)	32.6	22.7	22.9	22.0	20.6
(Others)	3.7	2.2	3.3	3.6	4.2
Operating income	4.3	10.7	10.0	7.1	11.8
(Synthetic resins)	4.2	10.7	10.2	7.2	11.8
(Acetyl and Fine chemicals)	0.2	0.2	△0.1	0.0	0.1
(Others)	0.0	0.0	0.2	0.2	0.2
(Common costs)	△0.2	△0.2	△0.2	△0.3	△0.3
Net profits	0.9	5.7	6.1	3.1	8.1
Total Assets	106.8	106.6	97.8	99.7	112.1
Debt	32.2	22.7	13.5	11.9	10.0
Net Assets	48.6	53.9	54.9	55.9	65.4
CAPEX	6.0	5.1	6.7	9.7	10.4
Depreciation	6.8	6.7	6.5	6.4	6.9
Net income profit per Share ¥	9.48	59.06	62.94	32.38	83.75
Net Assets per Share ¥	483.90	538.54	564.07	574.83	671.84
Cash dividends per Share ¥	7.0	10.0	12.0	12.0	15.0
Stock price per Share ¥ (March 31)	278	643	513	509	839

Exchange rate, Naphtha price

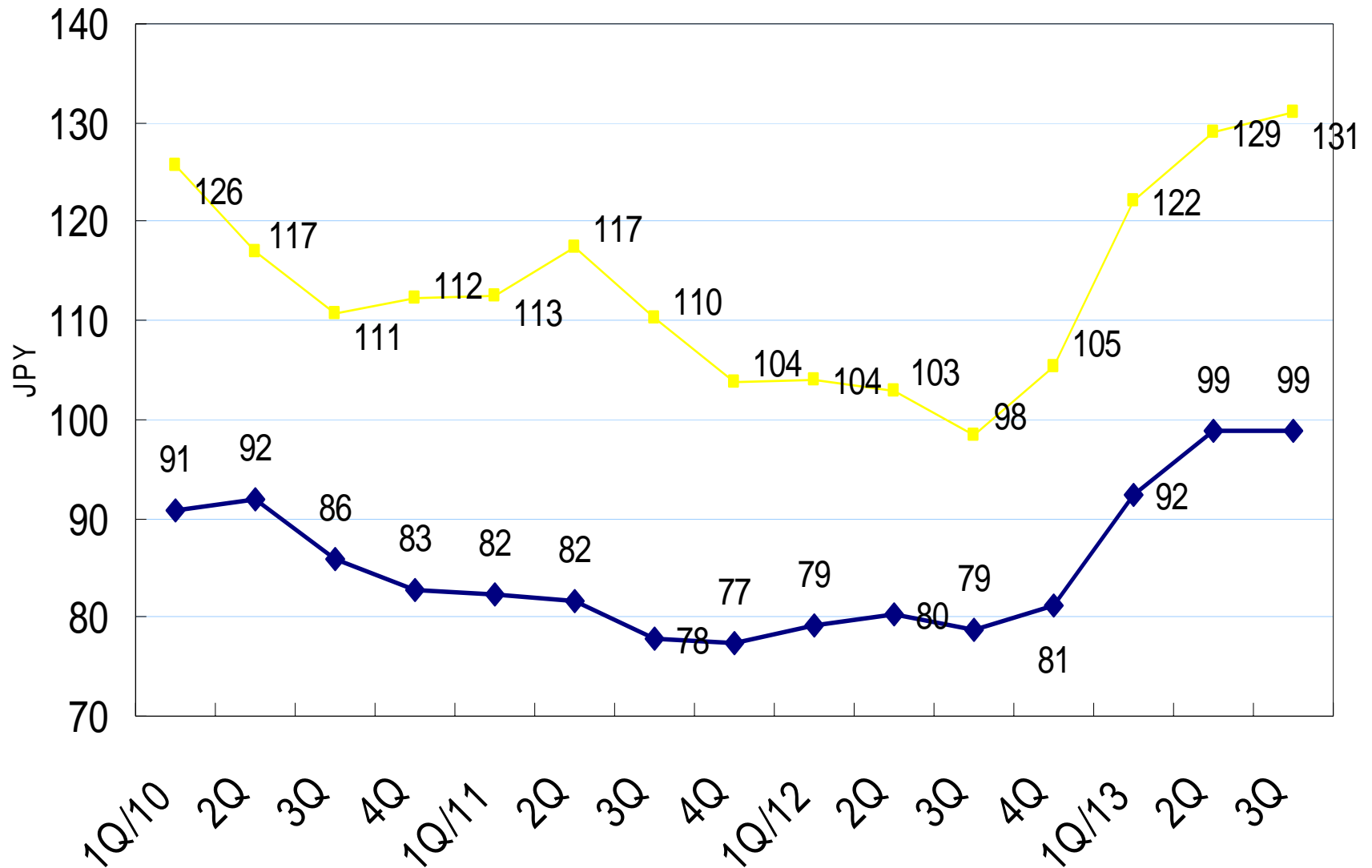
¥	FY08	FY09	FY10	FY11	FY12
1\$	100.5	92.9	85.7	79.1	83.2
1€	143.5	131.2	113.1	108.8	107.1
Naphtha Average	58,925	41,175	47,450	54,900	57,500

Naphtha Price (1Q/2010~3Q/2013)



Exchange rate (1Q/2010~3Q/2013)

¥ / \$, ¥ / €



Stock information

(as of September 30, 2013)

Composition of Shareholders

- Authorized Shares 154,944,000
- Outstanding Shares 97,403,112
(except 966,074 shares held by NIPPON GOHSEI)
- Number of Shareholders 5,112

Rank	Shareholder's Name	Rate
1.	Mitsubishi Chemical Corporation	50.9%
2.	The Master Trust Bank of Japan, LTD. (Trust Account)	2.9%
3.	Japan Trustee Services Bank, LTD. (Trust Account)	2.7%
4.	State Street Bank and Trust Company	2.0%
5.	Trust & Custody Services Bank, Ltd. (Securities investment trust account)	1.5%
6.	Japan Trustee Services Bank, LTD. (Trust Account 9)	1.4%
7.	Mizuho Bank, LTD.	1.2%
8.	Marubeni Corporation	1.0%
9.	Resona Bank, LTD.	0.9%
10.	NORTHEN TRUST CO. (AVFC) SUB A/C AMERICAN CLIENT	0.8%