

Consolidated Financial Results
for the Six Months Ended September 30, 2014 (Q2 FY2014)

November 5, 2014

Sumitomo Seika Chemicals Company, Limited

During the six months ended September 30, 2014 (fiscal 2014), Japan's economic recovery stayed weak by and large. Earlier, a trend of a moderate recovery had been expected to prevail as a result of the Japanese government implementing fiscal measures and the Bank of Japan enhancing monetary easing, but such initiatives failed to bring about a virtuous cycle in the real economy in reaction to hurried purchases having been made ahead of a raise in the consumption tax rate, among others. Globally, an economic outlook remained uncertain, given that the U.S. economy continued to be solid in performance whereas economies in Europe showed signs of weakness in improvement, affected by various factors, including geopolitical ones, and China and other emerging countries exhibited a slowdown in economic growth.

Under these circumstances, the Sumitomo Seika Group's financial results for the six months ended September 30, 2014 were as follows:

Net sales posted 47.288 billion yen, staying flat compared with the same period of the previous fiscal year;

Operating income was 3.497 billion yen, a 3.6% decline from the same period of the previous fiscal year; and

Ordinary income came to 3.791 billion yen, down 6.3% year-on-year.

(Note) Change in the fiscal year closing date of consolidate subsidiaries

In order to ensure more appropriate management and information disclosure of Sumitomo Seika Group's financial performance, some of our overseas consolidated subsidiaries have successively changed, starting fiscal year 2013, their fiscal year closing date from December 31 to March 31, the closing date of our consolidated financial statements. As a result, financial results for the nine months from January 1 through September 30 were consolidated for three of our subsidiaries in the first six months period of the previous fiscal year and two subsidiaries in the first six months period of the current fiscal year.

If an impact attributable to difference in a consolidation term for these overseas consolidated subsidiaries was removed from our financial results, net sales would increase by 4.365 billion yen (+10.4%), operating income would grow by 0.396 billion yen (+12.9%) and ordinary income would increase by 0.335 billion yen (+9.7%), all compared with the same period of the previous fiscal year.

Chemicals

As a result of sales increase in industrial chemicals, fine particulate polymers, etc., this segment reported a 9.6% increase in net sales over the same period of the previous fiscal year, amounting to 9.702 billion yen. Operating income improved by 0.669 billion yen, to 0.333 billion yen owing to an increase in sales quantity and reduction in cost, etc. The impact of a change in the fiscal closing date with respect to overseas consolidated subsidiaries was minimal for this segment.

Super Absorbent Polymers

Net sales were 30.664 billion yen, a 5.5% decrease from the same period of the previous fiscal year, and operating income was 2.797 billion yen, a 21.8% decline from the same period of the previous fiscal year.

If necessary adjustments were made to make a fair comparison in financial results for the same period between the current fiscal year and the previous fiscal year by excluding the impact of a change in the fiscal closing date for relevant overseas consolidated subsidiaries, net sales would increase by 2.750 billion yen, up 9.9%, and operating income would decrease by 0.206 billion yen, down 6.9%. This outcome is attributable to circumstances where sales quantities of super absorbent polymers increased mainly in Asia, whereas their sales prices decreased and prices for their raw materials and fuels hiked.

Gases and Engineering

While sales of electronic gases stayed solid, the engineering business continued to face difficulties. As a result, this segment's net sales increased by 13.6 % to 6.921 billion yen over the same period of the previous fiscal year, while operating income decreased by 2.5% to 0.364 billion yen from the same period of the previous fiscal year. The impact of a change in the fiscal closing date with respect to certain overseas consolidated subsidiaries was minimal for this segment.

Outline of Consolidated Financial Statement for the Six Months Ended September 30, 2014 (Q2 FY2014)

November 5, 2014

Sumitomo Seika Chemicals Company, Limited

1. Consolidated Results

		6 months ended September 30		Y-o-y change	FY 2014 ending March 31, 2015
		FY 2013	FY 2014		
Net Sales	Million ¥	47,411	47,288	(123)	101,000
Operating Income	Million ¥	3,627	3,497	(130)	7,800
Ordinary Income	Million ¥	4,046	3,791	(255)	7,500
Net Income	Million ¥	3,107	2,768	(338)	5,100
Net Income Per Share for the Term	¥	45.05	40.15	(4.9)	73.95
Shareholder Return on Equity for the Term	%	7.7	5.8	(1.9)	11.0
Average Exchange Rate	¥/USD	98.86	103.04	-	104.00
Naphtha Price	¥/KL	64,700	70,400	-	70,200

(*) For some of our overseas consolidated subsidiaries, their fiscal year closing date was changed in the previous year or in the current fiscal year. If an impact due to the fiscal closing date changes was removed from our financial results, net sales would increase 4.365 billion yen (+10.4%), operating income would grow 0.396 billion yen (+12.9%) and ordinary income would increase 0.335 billion yen (+9.7%), all compared with the same period of the previous fiscal year.

2. Net Sales and Operating Income By Business Segment

		6 months ended September 30		Y-o-y change	FY 2014 ending March 31, 2015
		FY 2013	FY 2014		
Chemicals					
Net Sales	Million ¥	8,854	9,702	+848	20,000
Operating Income	Million ¥	(336)	333	+669	1,000
Super Absorbent Polymers					
Net Sales	Million ¥	32,466	30,664	(1,801)	67,000
Operating Income	Million ¥	3,579	2,797	(781)	6,200
Gases and Engineering					
Net Sales	Million ¥	6,090	6,921	+830	14,000
Operating Income	Million ¥	373	364	(9)	600
(Elimination) Offsetting					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	11	2	(8)	-
Total					
Net Sales	Million ¥	47,411	47,288	(123)	101,000
Operating Income	Million ¥	3,627	3,497	(130)	7,800