

## Consolidated Financial Results for the Six Months Ended September 30, 2015 (Q2 FY2015)

November 5, 2015

Sumitomo Seika Chemicals Company, Limited

During the six months ended September 30, 2015 (fiscal 2015), the Japanese economy showed a continued moderate recovery with an upturn in corporate business performance and a general employment situation. Globally, economies in Europe and the U.S stayed solid by and large despite some concerns over issues associated with their monetary policies. On the other hand, the world economic outlook remained uncertain owing to such factors as the slowdown in China's economic growth, which is becoming obvious, as well as the lingering geopolitical risks in the Middle East.

Under these circumstances, the Sumitomo Seika Group's financial results for the six months ended September 30, 2015 were as follows:

Net sales posted 42.450 billion yen, a 10.2% decrease compared with the same period of the previous fiscal year;

Operating income was 3.245 billion yen, a 7.2% decline from the same period of the previous fiscal year;

Ordinary income came to 3.122 billion yen, 17.6% lower than the same period of the previous fiscal year; and

Net income attributable to owners of the parent recorded 2.105 billion yen, down 24.0% from the same period of the previous fiscal 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 two of our subsidiaries in the first six months period of the previous fiscal year and one subsidiary in the first six months period of the current fiscal year. The impact of this consolidation on the Group's financial performance was minimal.

Beginning the three-month period ended June 30, 2015, the "industrial chemicals business" formerly included in the "Chemicals" segment was transferred to the "Gases and Engineering" segment owing to the organizational changes that had been made.

## **Chemicals**

As a result of sales increase in fine particulate polymers, net sales amounted to 8.840 billion yen a 7.4% increase, and operating income improved to 1.087 billion yen, both over the same period of the previous fiscal year.

## **Super Absorbent Polymers**

Net sales were 26.072 billion yen, a 15.0% decrease from the same period of the previous fiscal year, and operating income amounted to 1.864 billion yen, a 33.3% drop from the same period of the previous fiscal year. Given sales volume staying unaffected, this decline in performance is mainly attributable to selling prices having lost ground as market pressures continued to restrain product selling prices in tune with a drop in crude oil price, in addition to the slackening supply-demand situation of super absorbent polymers.

## **Gases and Engineering**

This segment's net sales decreased by 10.2 % to 7.537 billion yen from the same period of the previous fiscal year, and operating income was 0.276 billion yen, 26.5% lower than the same period of the previous fiscal year. The decline in net sales is due to a decrease in sales of industrial chemical products while the deterioration in operating income derives from a drop in the selling prices of electronic gases although their sales volume remained more or less the same.

# Outline of Consolidated Financial Statement for the Six Months Ended September 30, 2015 (Q2 FY2015)

November 5, 2015

Sumitomo Seika Chemicals Company, Limited

## 1. Consolidated Results

		6 months ended September 30		Y-o-y change	FY 2015 ending March 31, 2016
		FY 2014	FY 2015		
Net Sales	Million ¥	47,288	42,450	(4,838)	94,000
Operating Income	Million ¥	3,497	3,245	(252)	8,000
Ordinary Income	Million ¥	3,791	3,122	(668)	7,800
Net Income attributable to owners of the parent	Million ¥	2,768	2,105	(663)	5,200
Net Income Per Share for the Term	¥	40.15	30.53	(9.62)	75.40
Shareholder Return on Equity for the Term	%	5.8	3.9	(1.9)	9.6
Average Exchange Rate	¥/USD	103.04	121.80	-	120.90
Naphtha Price	¥/KL	70,400	48,000	-	46,500

## 2. Net Sales and Operating Income By Business Segment

		6 months ended September 30		Y-o-y change	FY 2015 ending March 31, 2016
		FY 2014	FY 2015		
<b>Chemicals</b>					
Net Sales	Million ¥	8,227	8,840	+612	18,500
Operating Income	Million ¥	321	1,087	+766	2,300
<b>Super Absorbent Polymers</b>					
Net Sales	Million ¥	30,664	26,072	(4,592)	59,500
Operating Income	Million ¥	2,797	1,864	(933)	5,000
<b>Gases and Engineering</b>					
Net Sales	Million ¥	8,395	7,537	(858)	16,000
Operating Income	Million ¥	376	276	(99)	700
<b>(Elimination) Offsetting</b>					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	2	15	+13	-
<b>Total</b>					
Net Sales	Million ¥	47,288	42,450	(4,838)	94,000
Operating Income	Million ¥	3,497	3,245	(252)	8,000

(\*)Beginning the three-month period ended June 30, 2015, the “industrial chemicals business” of the “Chemicals” segment was transferred to the “Gases and Engineering” segment owing to organizational changes that had been made. The segment information that is disclosed with respect to the same period of the previous fiscal year has been prepared in accordance with the new grouping of businesses.