

Consolidated Financial Results for the Three Months Ended June 30, 2015 (Q1 FY2015)

August 3, 2015

Sumitomo Seika Chemicals Company, Limited

During the three months ended June 30, 2015 (fiscal 2015), the Japanese economy maintained momentum of a moderate recovery, bolstered partly by a noticeable trend of improvement in corporate business performance which had given rise to increased capital investments. Globally, an economic outlook remained uncertain due to the weakness observed in the economies of China and other emerging countries and still lingering geopolitical risks, although the U.S. and European economies generally stayed solid, albeit there being some concerns over their monetary policies, etc.

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

Net sales posted 21.084 billion yen, a 5.6% decrease compared with the same period of the previous fiscal year;

Operating income was 1.514 billion yen, a 1.5% increase from the same period of the previous fiscal year;

Ordinary income came to 1.581 billion yen, a 22.2% growth over the same period of the previous fiscal year; and

Net income attributable to owners of the parent recorded 1.054 billion yen, a 21.5% higher than 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 six months from January 1 through June 30 were consolidated for two of our subsidiaries in the first three months period of the previous fiscal year and one subsidiary in the first three 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, etc., this segment reported a 15.4% increase in net sales to 4.186 billion yen, and an operating income improvement of 0.474 billion yen to 0.560 billion yen, both compared with the same period of the previous fiscal year.

Super Absorbent Polymers

Net sales were 13.185 billion yen, an 8.2% decrease from the same period of the previous fiscal year, and operating income amounted to 0.965 billion yen, a 21.6% decline from the same period of the previous fiscal year. This drop in performance is attributable to selling prices having lost ground owing to continued market pressures dragging product selling prices down in tune with a drop in crude oil price as well as the slackening supply-demand situation of super absorbent polymers as a result of capacity expansions by the product's producers.

Gases and Engineering

This segment's net sales decreased by 14.7 % to 3.712 billion yen from the same period of the previous fiscal year, and operating loss was 0.019 billion yen. This outcome is due to the decreased sales in industrial chemical products as well as deteriorated profitability of the engineering business owing to the intensified competition.

Outline of Consolidated Financial Statement for the Three Months Ended June 30, 2015 (Q1 FY2015)

August 3, 2015

Sumitomo Seika Chemicals Company, Limited

1. Consolidated Results

		3 months ended June 30		Y-o-y change	FY 2015 ending March 31, 2016
		FY 2014	FY 2015		
Net Sales	Million ¥	22,344	21,084	(1,260)	100,000
Operating Income	Million ¥	1,491	1,514	+22	9,000
Ordinary Income	Million ¥	1,293	1,581	+287	8,800
Net Income	Million ¥	868	1,054	+186	5,700
Net Income Per Share for the Term	¥	12.59	15.30	+2.71	82.65
Shareholder Return on Equity for the Term	%	1.9	2.0	+0.1	10.0
Average Exchange Rate	¥/USD	102.16	121.37	-	115.00
Naphtha Price	¥/KL	69,900	48,800	-	50,000

2. Net Sales and Operating Income By Business Segment

		3 months ended June 30		Y-o-y change	FY 2015 ending March 31, 2016
		FY 2014	FY 2015		
Chemicals					
Net Sales	Million ¥	3,629	4,186	+557	18,800
Operating Income	Million ¥	86	560	+474	2,300
Super Absorbent Polymers					
Net Sales	Million ¥	14,364	13,185	(1,179)	64,400
Operating Income	Million ¥	1,231	965	(265)	6,000
Gases and Engineering					
Net Sales	Million ¥	4,350	3,712	(638)	16,800
Operating Income	Million ¥	170	(19)	(189)	700
(Elimination) Offsetting					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	4	8	+3	-
Total					
Net Sales	Million ¥	22,344	21,084	(1,260)	100,000
Operating Income	Million ¥	1,491	1,514	+22	9,000

(*)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.