

Consolidated Financial Results for the Three Months Ended June 30, 2014 (Q1 FY2014)

August 4, 2014

Sumitomo Seika Chemicals Company, Limited

During the three months ended June 30, 2014 (fiscal 2014), the Japanese economy continued to be heading for a gradual recovery by and large. Domestically, corporate revenues and employment conditions were on an improving trend although consumer spending temporarily slackened as a reverse effect of the last-minute spike in general demand, given the impending increase of a consumption tax rate. An overseas factor in favor of Japan's economy was a solid economic situation that prevailed also in Europe and the U.S.

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

Net sales posted 22.344 billion yen, a 13.1% decrease compared with the same period of the previous fiscal year;

Operating income was 1.491 billion yen, a 22.3% decline from the same period of the previous fiscal year; and

Ordinary income came to 1.293 billion yen, down 46.2% 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 additional three months were consolidated for three of our subsidiaries in the previous fiscal year and two subsidiaries in the current fiscal year.

If impacts attributable to difference in a consolidated term for these overseas consolidated subsidiaries were removed from our financial results, net sales would increase by 1.121 billion yen (+5.5%), operating income would grow by 0.099 billion yen (+7.2%) and ordinary income would decrease by 0.520 billion yen (-29.0%), 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 3.3% increase in net sales compared with the same period of the previous fiscal year to 4.392 billion yen, and an operating loss improvement of 0.375 billion yen to 0.129 billion yen. Impacts due to the fiscal closing date changes of overseas consolidated subsidiaries were minimal in this segment.

Super Absorbent Polymers

Net sales were 14.364 billion yen, a 22.4% decrease from the same period of the previous fiscal year, and operating income amounted to 1.231 billion yen, a 39.8% decline from the same period of the previous fiscal year.

If necessary adjustments were made to make a fair comparison in financial results between the current fiscal year and the previous fiscal year by excluding the actual financial performance for the additional three-month term of January 1 through March 30 for those consolidated subsidiaries that have changed their fiscal closing date, net sales would increase by 0.394 billion yen, up 2.9% over the same period of the previous fiscal year, and operating income would decrease by 0.238 billion yen, down 16.1% from the same period of the previous fiscal year. These differences are due particularly to the fact that sales quantities of super absorbent polymers increased mainly in Asia, whereas prices for their raw materials and fuels hiked.

Gases and Engineering

While the engineering business continued to be difficult, sales of electronic gases stayed solid. As a result, this segment's net sales increased by 22.2 % to 3.586 billion yen from the same period of the previous fiscal year, and operating income increased by 11.1% to 0.126 billion yen over the same period of the previous fiscal year. Impacts due to the fiscal closing date changes of overseas consolidated subsidiaries were minimal in this segment.

Outline of Consolidated Financial Statement for the Three Months Ended June 30, 2014 (Q1 FY2014)

August 4, 2014

Sumitomo Seika Chemicals Company, Limited

1. Consolidated Results

| | | 3 months ended June 30 | | Y-o-y change | FY 2014 ending March 31, 2015 |
|---|-----------|------------------------|---------|-----------------|----------------------------------|
| | | FY 2013 | FY 2014 | | |
| Net Sales | Million ¥ | 25,712 | 22,344 | (3,367) | 101,000 |
| Operating Income | Million ¥ | 1,919 | 1,491 | (427) | 7,800 |
| Ordinary Income | Million ¥ | 2,404 | 1,293 | (1,110) | 7,500 |
| Net Income | Million ¥ | 1,617 | 868 | (749) | 5,100 |
| Net Income Per Share for the Term | ¥ | 23.46 | 12.59 | (10.87) | 73.95 |
| Shareholder Return on Equity for the Term | % | 4.1 | 1.9 | (2.2) | 11.0 |
| Average Exchange Rate | ¥/USD | 98.76 | 102.16 | - | 100.00 |
| Naphtha Price | ¥/KL | 65,500 | 69,900 | - | 70,000 |

(*) 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 impacts due to the fiscal closing date changes were removed from our financial results, net sales would increase 1.121 billion yen (+5.5%), operating income would grow 0.099 billion yen (+7.2%) and ordinary income would decrease 0.520 billion yen (-29.0%), all compared with the same period of the previous fiscal year.

2. Net Sales and Operating Income By Business Segment

| | | 3 months ended June 30 | | Y-o-y change | FY 2014 ending March 31, 2015 |
|---------------------------------|-----------|------------------------|---------|-----------------|----------------------------------|
| | | FY 2013 | FY 2014 | | |
| Chemicals | | | | | |
| Net Sales | Million ¥ | 4,254 | 4,392 | +138 | 20,000 |
| Operating Income | Million ¥ | (245) | 129 | +375 | 1,000 |
| Super Absorbent Polymers | | | | | |
| Net Sales | Million ¥ | 18,522 | 14,364 | (4,157) | 67,000 |
| Operating Income | Million ¥ | 2,044 | 1,231 | (813) | 6,200 |
| Gases and Engineering | | | | | |
| Net Sales | Million ¥ | 2,935 | 3,586 | +651 | 14,000 |
| Operating Income | Million ¥ | 113 | 126 | +12 | 600 |
| (Elimination) Offsetting | | | | | |
| Net Sales | Million ¥ | - | - | - | - |
| Operating Income | Million ¥ | 6 | 4 | (1) | - |
| Total | | | | | |
| Net Sales | Million ¥ | 25,712 | 22,344 | (3,367) | 101,000 |
| Operating Income | Million ¥ | 1,919 | 1,491 | (427) | 7,800 |