

SUMITOMO CHEMICAL COMPANY, LIMITED

Notice of the 137th Ordinary General Meeting of Shareholders

THIS DOCUMENT IS A SUMMARY OF A NOTICE AND THE ATTACHMENTS THERETO, THE ORIGINALS OF WHICH ARE IN THE JAPANESE LANGUAGE. THIS DOCUMENT IS MADE ONLY FOR THE REFERENCE PURPOSES OF SHAREHOLDERS WHO LIVE IN COUNTRIES OUTSIDE OF JAPAN AND DOES NOT CONSTITUTE A FORMAL TRANSLATION OF THE ORIGINAL NOTICE AND THE ATTACHMENTS. IN THIS SUMMARY, CERTAIN INFORMATION IS INTENTIONALLY OMITTED. THE ORIGINALS CONTAIN MORE INFORMATION, SUCH AS THE REPORTS OF THE ACCOUNTING AUDITORS AND THE BOARD OF CORPORATE AUDITORS, ETC., WHILE SOME SUPPLEMENTAL INFORMATION NOT CONTAINED IN THE ORIGINALS IS ADDITIONALLY GIVEN IN THIS SUMMARY AS FOOTNOTES WITH ASTERISKS.

To Our Shareholders:

Please take notice that Sumitomo Chemical Company, Limited (the “Company”) has called an Ordinary General Meeting of Shareholders to be held in Tokyo, Japan on June 21, 2018 (the “Meeting”) for the following purposes:

MATTERS TO BE REPORTED:

- No. 1. Reports on the Company’s business report, consolidated financial statements, and the results of both the Accounting Auditor’s and the Board of Corporate Auditors’ audits of the Company’s consolidated financial statements for the 137th fiscal period (from April 1, 2017, to March 31, 2018) (the “137th fiscal period”).
- No. 2. Reports on the Company’s non-consolidated financial statements for the 137th fiscal period.

MATTERS TO BE RESOLVED:

- No. 1. To make a partial amendment to Articles of Incorporation.
- No. 2. To elect thirteen Directors.
- No. 3. To elect one Corporate Auditor.

EXPLANATION OF THE SUBJECT MATTERS OF THE MEETING

- No. 1. Reports on the Company's business report, consolidated financial statements, and the results of both the Accounting Auditor's and the Board of Corporate Auditors' audits of the Company's consolidated financial statements for the 137th fiscal period.
- No. 2. Reports on the Company's non-consolidated financial statements for the 137th fiscal period.

* The financial statements for the 137th fiscal period have been audited by the Accounting Auditors (certified public accountants under Japanese law) and the Corporate Auditors of the Company pursuant to the Companies Act (*kaishahou*) (Law No. 86 of 2005).

No. 1. To make a partial amendment to Articles of Incorporation.

1. Reasons for the amendment

- (1) To establish an optimized management system flexibly, we have decided to revise Article 21 of the current Articles of Incorporation, so as to enable the Company to elect the President not only from Directors but also from Executive Officers.
- (2) To accelerate the pace of important decision-making and to clarify responsibilities for business execution, the Company introduced an executive officer system in 2003. In light of the planned amendment, we shall establish new provisions relating to Executive Officers, to clarify matters regarding their selection.
- (3) As a result of the above amendment, the number of provisions in the Articles of Incorporation will be revised.

2. Description of the amendment

Description of the amendment is as follows:

(Amended parts are underlined.)

Current	Proposed amendment
<p>CHAPTER IV - DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 21 (Representative Directors, etc.)</p> <p><u>(ii)</u> The Board of Directors shall designate one (1) or more Representative Director(s) by its resolution. (Change of paragraph order)</p> <p>(Newly established)</p> <p><u>(i)</u> The Board of Directors may appoint a Chairman, a Vice Chairman and a <u>President</u> from among the Directors by its resolution.</p> <p>(Newly established)</p>	<p>CHAPTER IV - DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 21 (Representative Directors, etc.)</p> <p>(i) The Board of Directors shall designate one (1) or more Representative Director(s) by its resolution.</p> <p><u>(ii) The Board of Directors may appoint a President from among the Directors or Executive Officers by its resolution.</u></p> <p><u>(iii)</u> The Board of Directors may appoint a Chairman and a Vice Chairman from among the Directors by its resolution.</p>
<p>(Newly established)</p>	<p><u>Article 24 (Executive Officers)</u> <u>The Board of Directors may elect Executive Officers by its resolution and have them execute the business of the Company assigned to them.</u></p>
<p>Articles <u>24</u> to <u>34</u> (Omitted)</p>	<p>Articles <u>25</u> to <u>35</u> (No change)</p>



No. 2. To elect thirteen Directors.



The term of office of all eleven Directors will expire at the close of this Meeting. Accordingly, by adding two Directors including one Outside Director in order to further strengthen the management structure, secure management transparency, and further strengthen corporate governance, the election of thirteen Directors including four Outside Directors is proposed.


The candidates for Directors are as follows:

Candidate No.	Name	Current Principal Occupation and Responsibility at the Company	Attendance at the Board of Directors meetings	
1	Osamu Ishitobi (Reappointment)	Representative Director, Chairman	13 out of 13 meetings (100%)	
2	Masakazu Tokura (Reappointment)	Representative Director, President & Executive President	13 out of 13 meetings (100%)	
3	Toshihisa Deguchi (Reappointment)	Representative Director & Executive Vice President	Supervision of IT-related Chemicals Sector, PLED Business Planning, Electronic Devices Development Center, Special Aide to Executive President (pertaining to activities related to new technology and product development as designated by Executive President)	13 out of 13 meetings (100%)
4	Ray Nishimoto (Reappointment)	Representative Director & Senior Managing Executive Officer	Supervision of Health & Crop Sciences Sector	13 out of 13 meetings (100%)
5	Kunio Nozaki (Reappointment)	Representative Director & Senior Managing Executive Officer	Supervision of Corporate Communications, Corporate Business Development, Corporate Planning, IT Innovation, Accounting, Finance	13 out of 13 meetings (100%)
6	Hiroshi Ueda (Reappointment)	Representative Director & Senior Managing Executive Officer	Supervision of Research Planning and Coordination, Process & Production Technology & Safety Planning, Production & Safety Fundamental Technology Center, Intellectual Property, Responsible Care, Industrial Technology & Research Laboratory, Environmental Health Science Laboratory, Advanced Materials Development Laboratory, Bioscience Research	13 out of 13 meetings (100%)



			Laboratory		
7	Noriaki Takeshita	(Reappointment)	Representative Director & Senior Managing Executive Officer	Supervision of Rabigh Project, Petrochemicals & Plastics Sector	10 out of 10 meetings (100%)
8	Hiroshi Niinuma	(New appointment)	Senior Managing Executive Officer	Supervision of General Affairs, Legal, CSR, Internal Control and Audit, Human Resources, Osaka Office Administration, Procurement, Logistics	—
9	Keiichi Iwata	(New appointment)	Senior Managing Executive Officer	Supervision of Energy & Functional Materials Sector, Deputy Officer of PLED Business Planning, Electronic Devices Development Center	—
10	Koichi Ikeda	(Reappointment, Outside Director, Independent Officer)	Director		13 out of 13 meetings (100%)
11	Hiroshi Tomono	(Reappointment, Outside Director, Independent Officer)	Director		13 out of 13 meetings (100%)
12	Motoshige Itoh	(New appointment, Outside Director, Independent Officer)			—
13	Atsuko Muraki	(New appointment, Outside Director, Independent Officer)			—


Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">1</p>  <p>Osamu Ishitobi (Reappointment)</p>	<p>April 1969 Joined the Company June 1998 Director June 2002 Managing Director June 2003 Resigned as Managing Director, Managing Executive Officer June 2005 Director & Senior Managing Executive Officer June 2006 Representative Director & Senior Managing Executive Officer June 2008 Representative Director & Executive Vice President June 2012 Representative Director, Vice Chairman & Executive Vice Chairman June 2014 Representative Director, Chairman & Executive Chairman, CEO April 2015 Representative Director, Chairman & Executive Chairman April 2017 Representative Director, Chairman up to the present date</p> <p>[Reason for selection as a Director nominee, etc.] Osamu Ishitobi assumed office as a Director of the Company in 1998, and then served as a Director & Executive Vice President, Director & Executive Vice Chairman, and Director & Executive Chairman. He has engaged in the operations of the Board of Directors of the Company as a Director, Chairman since April 2017. He was continuously selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.</p>	<p>February 18, 1944</p> <p>259,000 Shares</p>
<p style="text-align: center;">2</p>  <p>Masakazu Tokura (Reappointment)</p>	<p>April 1974 Joined the Company June 2003 Executive Officer June 2006 Managing Executive Officer June 2008 Representative Director & Managing Executive Officer April 2009 Representative Director & Senior Managing Executive Officer April 2011 Representative Director, President & Executive President April 2014 Representative Director, President & Executive President, COO April 2015 Representative Director, President & Executive President up to the present date</p> <p>[Reason for selection as a Director nominee, etc.] Masakazu Tokura assumed office as an Executive Officer of the Company in 2003. He previously served as a Director & Senior Managing Executive Officer, and has been serving as a Director &</p>	<p>July 10, 1950</p> <p>216,000 Shares</p>

Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
	Executive President since 2011. He has formulated and promoted the current middle term business plan (from April 2016 to March 2019). He was continuously selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.	
<p style="text-align: center;">3</p>  <p>Toshihisa Deguchi (Reappointment)</p>	<p>March 1990 Joined the Company April 2006 Executive Officer April 2009 Managing Executive Officer June 2011 Representative Director & Managing Executive Officer April 2012 Representative Director & Senior Managing Executive Officer April 2017 Representative Director & Executive Vice President up to the present date</p> <p>Current Responsibility at the Company Supervision of IT-related Chemicals Sector, PLED Business Planning, Electronic Devices Development Center, Special Aide to Executive President (pertaining to activities related to new technology and product development as designated by Executive President)</p> <p>[Reason for selection as a Director nominee, etc.] Toshihisa Deguchi assumed office as an Executive Officer of the Company in 2006. He previously served as a Director & Managing Executive Officer and Director & Senior Managing Executive Officer, and has been serving as a Director & Executive Vice President since 2017. He has been mainly in charge of the IT-related Chemicals Sector, and has utilized his knowledge and experience for the benefit of the overall business of the Company as a Director. He was continuously selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.</p>	<p>January 28, 1952</p> <p>144,000 Shares</p>
<p style="text-align: center;">4</p>  <p>Ray Nishimoto (Reappointment)</p>	<p>April 1980 Joined the Company April 2009 Executive Officer April 2011 Managing Executive Officer June 2013 Representative Director & Managing Executive Officer April 2015 Representative Director & Senior Managing Executive Officer up to the present date</p> <p>Current Responsibility at the Company Supervision of Health & Crop Sciences Sector</p> <p>Important Concurrent Post</p>	<p>April 23, 1957</p> <p>61,000 Shares</p>

Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
	<p>Chairman of Valent U.S.A. LLC Chairman of Valent BioSciences LLC Chairman of Dalian Sumika Jingang Chemicals Co., Ltd. Chairman of Dalian Sumika Chemphy Chemical Co., Ltd. Chairman of Vector Health International Ltd.</p> <p>[Reason for selection as a Director nominee, etc.] Ray Nishimoto assumed office as an Executive Officer of the Company in 2009. He previously served as a Managing Executive Officer and Director & Managing Executive Officer, and has been serving as a Director & Senior Managing Executive Officer since 2015. He has been in charge of the Health & Crop Sciences Sector, and has utilized his knowledge and experience for the benefit of the overall business of the Company as a Director. He was continuously selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.</p>	
<p>5</p>  <p>Kunio Nozaki (Reappointment)</p>	<p>April 1979 Joined the Company June 2007 Executive Officer April 2009 Managing Executive Officer April 2014 Senior Managing Executive Officer June 2014 Representative Director & Senior Managing Executive Officer up to the present date</p> <p>Current Responsibility at the Company Supervision of Corporate Communications, Corporate Business Development, Corporate Planning, IT Innovation, Accounting, Finance</p> <p>Important Concurrent Post President of Sumika Finance Co., Ltd.</p> <p>[Reason for selection as a Director nominee, etc.] Kunio Nozaki assumed office as an Executive Officer of the Company in 2007. He previously served as a Managing Executive Officer and Senior Managing Executive Officer, and has been serving as a Director & Senior Managing Executive Officer since 2014. He has been in charge of the Corporate Communications, Corporate Planning, Corporate Business Development, IT Innovation, Accounting, Finance, Procurement and Logistics, and has utilized his knowledge and experience for the benefit of the overall business of the Company as a Director. He was continuously selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.</p>	<p>October 29, 1956</p> <p>69,000 Shares</p>

Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">6</p>  <p style="text-align: center;">Hiroshi Ueda (Reappointment)</p>	<p>April 1982 Joined the Company April 2009 Executive Officer April 2011 Managing Executive Officer April 2016 Senior Managing Executive Officer June 2016 Representative Director & Senior Managing Executive Officer up to the present date</p> <p>Current Responsibility at the Company Supervision of Research Planning and Coordination, Process & Production Technology & Safety Planning, Production & Safety Fundamental Technology Center, Intellectual Property, Responsible Care, Industrial Technology & Research Laboratory, Environmental Health Science Laboratory, Advanced Materials Development Laboratory, Bioscience Research Laboratory</p> <p>[Reason for selection as a Director nominee, etc.] Hiroshi Ueda assumed office as an Executive Officer of the Company in 2009. He previously served as a Managing Executive Officer and Senior Managing Executive Officer, and has been serving as a Director & Senior Managing Executive Officer since 2016. He has been in charge of the Energy & Functional Materials Sector, Research Planning and Coordination, Process & Production Technology & Safety Planning, Production & Safety Fundamental Technology Center, Intellectual Property, Responsible Care, and corporate research laboratories, and has utilized his knowledge and experience for the benefit of the overall business of the Company as a Director. He was continuously selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.</p>	<p style="text-align: center;">August 5, 1956</p> <p style="text-align: center;">70,000 Shares</p>
<p style="text-align: center;">7</p>  <p style="text-align: center;">Noriaki Takeshita (Reappointment)</p>	<p>April 1982 Joined the Company April 2010 Executive Officer April 2013 Managing Executive Officer June 2017 Representative Director & Managing Executive Officer April 2018 Representative Director & Senior Managing Executive Officer up to the present date</p> <p>Current Responsibility at the Company Supervision of Rabigh Project, Petrochemicals & Plastics Sector</p> <p>Important Concurrent Post Deputy Chairman of Rabigh Refining and Petrochemical Company</p>	<p style="text-align: center;">July 23, 1958</p> <p style="text-align: center;">47,000 Shares</p>

Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
	<p>[Reason for selection as a Director nominee, etc.] Noriaki Takeshita assumed office as an Executive Officer of the Company in 2010. He previously served as a Managing Executive Officer and Director & Managing Executive Officer, and has been serving as a Director & Senior Managing Executive Officer since 2018. He has been in charge of the Rabigh Project and the Petrochemicals & Plastics Sector, and has utilized his knowledge and experience for the benefit of the overall business of the Company as a Director. He was continuously selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.</p>	
<p>8</p>  <p>Hiroshi Niinuma (New appointment)</p>	<p>April 1981 Joined the Company April 2010 Executive Officer April 2013 Managing Executive Officer April 2018 Senior Managing Executive Officer up to the present date</p> <p>Current Responsibility at the Company Supervision of General Affairs, Legal, CSR, Internal Control and Audit, Human Resources, Osaka Office Administration, Procurement, Logistics</p> <p>Important Concurrent Post Outside Director of Sumitomo Seika Chemicals Co., Ltd.</p> <p>[Reason for selection as a Director nominee, etc.] Since joining the Company, Hiroshi Niinuma has mainly worked in administrative departments such as General Affairs Dept. and Human Resources Dept. After being appointed as an Executive Officer in 2010, he has also been in charge of Legal, CSR promotion, Internal Control and Audit, Procurement, and Logistics matters. He was also engaged in ensuring rigorous standards of compliance, setting up and further developing corporate governance systems. He was selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.</p>	<p>March 5, 1958</p> <p>56,000 Shares</p>
<p>9</p>  <p>Keiichi Iwata</p>	<p>April 1982 Joined the Company April 2010 Executive Officer April 2013 Managing Executive Officer April 2018 Senior Managing Executive Officer up to the present date</p> <p>Current Responsibility at the Company Supervision of Energy & Functional Materials Sector, Deputy Officer of PLED Business Planning, Electronic Devices Development Center</p>	<p>October 11, 1957</p> <p>81,300 Shares</p>

Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
(New appointment)	<p>[Reason for selection as a Director nominee, etc.] Since joining the Company, Keiichi Iwata has mainly worked in the Fine Chemicals Sector and IT-related Chemicals Sector, and has experienced overseas postings in Europe. After being appointed as an Executive Officer in 2010, he has been in charge of the Corporate Planning & Coordination Office, PLED Business Planning Office, and offices and divisions in the IT-related Chemicals Sector, and Energy & Functional Materials Sector. In addition to planning and administration, he also has sales management experience. He was selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.</p>	
<p>10</p>  <p>Koichi Ikeda (Reappointment, Outside Director, Independent Officer)</p>	<p>April 1963 Joined Asahi Breweries, Ltd. (Currently Asahi Group Holdings, Ltd.) March 1992 Commissioner of Asahi Breweries, Ltd. March 1996 Director of Asahi Breweries, Ltd. March 1997 Managing Director of Asahi Breweries, Ltd. March 1999 Senior Managing Director of Asahi Breweries, Ltd. March 2000 Senior Managing Executive Officer of Asahi Breweries, Ltd. March 2001 Senior Managing Director & Senior Managing Executive Officer of Asahi Breweries, Ltd. January 2002 Representative Director & President & COO of Asahi Breweries, Ltd. March 2006 Representative Director & Chairman & CEO of Asahi Breweries, Ltd. March 2010 Adviser of Asahi Breweries, Ltd. June 2011 Outside Corporate Auditor of the Company July 2011 Adviser of Asahi Group Holdings, Ltd. up to the present date June 2015 Outside Director of the Company up to the present date</p> <p>Important Concurrent Post Outside Director of Toshiba Corporation</p> <p>[Reason for selection as a Director nominee, etc.] Koichi Ikeda was continuously selected as an Outside Director nominee to supervise the management of the Company by making use of his abundant experience and extensive knowledge as a management executive of a business corporation.</p>	<p>April 21, 1940 0 Shares</p>

Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">11</p>  <p style="text-align: center;">Hiroshi Tomono (Reappointment, Outside Director, Independent Officer)</p>	<p>April 1971 Joined Sumitomo Metal Industries, Ltd. (Currently Nippon Steel & Sumitomo Metal Corporation)</p> <p>June 1998 Director of Sumitomo Metal Industries, Ltd.</p> <p>June 1999 Managing Executive Officer of Sumitomo Metal Industries, Ltd.</p> <p>April 2003 Senior Managing Executive Officer of Sumitomo Metal Industries, Ltd.</p> <p>June 2003 Director & Senior Managing Executive Officer of Sumitomo Metal Industries, Ltd.</p> <p>April 2005 Representative Director & Vice President of Sumitomo Metal Industries, Ltd.</p> <p>June 2005 Representative Director & President of Sumitomo Metal Industries, Ltd.</p> <p>October 2012 Representative Director & President & COO of Nippon Steel & Sumitomo Metal Corporation</p> <p>April 2014 Representative Director & Vice Chairman of Nippon Steel & Sumitomo Metal Corporation</p> <p>April 2015 Director & Adviser of Nippon Steel & Sumitomo Metal Corporation</p> <p>June 2015 Adviser of Nippon Steel & Sumitomo Metal Corporation</p> <p>up to the present date</p> <p>June 2015 Outside Director of the Company up to the present date</p> <p>Important Concurrent Post Outside Director of Konica Minolta, Inc. Outside Director of Japan Nuclear Fuel Limited</p> <p>[Reason for selection as a Director nominee, etc.] Hiroshi Tomono was continuously selected as an Outside Director nominee to supervise the management of the Company by making use of his abundant experience and extensive knowledge as a management executive of a business corporation.</p>	<p>July 13, 1945</p> <p>0 Shares</p>
<p style="text-align: center;">12</p>  <p style="text-align: center;">Motoshige Itoh (New appointment, Outside Director,</p>	<p>December 1993 Professor, Faculty of Economics, The University of Tokyo</p> <p>April 1996 Professor, Graduate School of Economics, The University of Tokyo</p> <p>October 2007 Dean, Graduate School of Economics, Faculty of Economics, The University of Tokyo</p> <p>April 2016 Professor, Faculty of International Social Sciences, Gakushuin University</p> <p>up to the present date</p> <p>Important Concurrent Post Outside Director of East Japan Railway Company Outside Corporate Auditor of Hagegomo Foods Corporation</p>	<p>December 19, 1951</p> <p>0 Shares</p>

Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
Independent Officer)	<p>[Reason for selection as a Director nominee, etc.] Motoshige Itoh was selected as an Outside Director nominee to supervise the management of the Company by making use of his expert knowledge of economics, etc. through his long experience as a university professor; and of his wealth of experience and extensive knowledge of economic, social and other issues from his track record as a member of various government deliberative committees. Although Motoshige Itoh only has experience with enterprise management as an outside director or auditor, the Company has determined that he is capable of appropriately performing the duties of an Outside Director of the Company, due to the reasons mentioned above.</p>	
<p>13</p>  <p>Atsuko Muraki (New appointment, Outside Director, Independent Officer)</p>	<p>April 1978 Joined Ministry of Labour (Currently Ministry of Health Labour and Welfare)</p> <p>October 2005 Counsellor for Policy Evaluation, Minister's Secretariat of Ministry of Health Labour and Welfare</p> <p>September 2006 Deputy Director-General, Equal Employment, Children and Families Bureau of Ministry of Health Labour and Welfare</p> <p>July 2008 Director-General, Equal Employment, Children and Families Bureau of Ministry of Health Labour and Welfare</p> <p>September 2010 Director-General for Policies on Cohesive Society of Cabinet Office</p> <p>September 2012 Director-General, Social Welfare and War Victims' Relief Bureau of Ministry of Health Labour and Welfare</p> <p>July 2013 Vice Minister of Health Labour and Welfare of Ministry of Health Labour and Welfare</p> <p>October 2015 Retired from Ministry of Health Labour and Welfare</p> <p>up to the present date</p> <p>Important Concurrent Post Outside Member of the Board of ITOCHU Corporation Outside Audit & Supervisory Board Member of Sompo Holdings, Inc.</p> <p>[Reason for selection as a Director nominee, etc.] Atsuko Muraki was selected as an Outside Director nominee to supervise the management of the Company by making use of her wealth of experience and extensive knowledge in legal, social and other issues deriving from her employment over many years at administrative bodies as a civil servant. Although Atsuko Muraki only has experience with enterprise management as an outside director or auditor, the Company has determined that she is capable</p>	<p>December 28, 1955</p> <p>0 Shares</p>

Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
	of appropriately performing the duties of an Outside Director of the Company, due to the reasons mentioned above.	


- NOTES: 1 None of the above candidates has any conflicts of interest with the Company.
- 2 Mr. Koichi Ikeda, Mr. Hiroshi Tomono, Mr. Motoshige Itoh, and Ms. Atsuko Muraki are the candidates for Outside Directors.
- 3 Mr. Koichi Ikeda and Mr. Hiroshi Tomono are currently Outside Directors of the Company. Mr. Koichi Ikeda's term of office will be three years and Mr. Hiroshi Tomono's term of office will be three years at the close of this Meeting.
- 4 Pursuant to the regulations of the Tokyo Stock Exchange, Inc., the Company has designated Mr. Koichi Ikeda and Mr. Hiroshi Tomono as Independent Directors who have no risk of having conflicts of interest with ordinary shareholders, and Mr. Motoshige Itoh and Ms. Atsuko Muraki as candidates for Independent Directors, and has notified the Tokyo Stock Exchange, Inc. of this.
- 5 In December 2016, Japan Nuclear Fuel Limited, where Mr. Hiroshi Tomono has served as an Outside Director since June 2016, received an order to submit a report ("Collection of Reports") from the Nuclear Regulation Authority regarding safety violations. He was not aware of each matter related to the receipt of such an order in advance, but had always expressed his opinions from the perspective of compliance at Board of Directors Meetings, etc., and even after receiving the order, fulfilled his responsibility as an Outside Director, such as instructing through inspections and measures to prevent reoccurrence.
- 6 On January 12, 2018, ITOCHU Corporation, where Ms. Atsuko Muraki has been an Outside Member of the Board since June 2016, was sanctioned by the Japan Fair Trade Commission with a cease and desist order relating to violations of the Antimonopoly Act. Ms. Atsuko Muraki was unaware of circumstances relating to the cease and desist order before the event, but has regularly made comments at the Board of Directors meetings regarding the importance of compliance with laws and regulations. After said facts were discovered, she has actively provided advice on further compliance with laws and regulations and the formulation of plans to prevent recurrence, and has accordingly fulfilled her duties in such capacity.
- 7 The Company executed limitation of liability contracts with Mr. Koichi Ikeda and Mr. Hiroshi Tomono that limit their liabilities for damages to the Company pursuant to Article 423(1) of the Companies Act, up to the total of the amounts listed in the items of Article 425(1) of the Companies Act (the "Limitation of Liability Contracts"). When they are reappointed to Outside Directors of the Company, the Company will continue the Limitation of Liability Contracts. In addition, when Mr. Motoshige Itoh and Ms. Atsuko Muraki are appointed to Outside Directors of the Company, it is planned to have them sign agreements of the same nature as the above agreement for limitation of liability.

No. 3. To elect one Corporate Auditor.

The term of office of Corporate Auditor Shinichi Yokoyama will expire at the close of this Meeting. Accordingly, the election of one Corporate Auditor is proposed.

The Board of Corporate Auditors has given its consent to this proposal.

The candidate for Corporate Auditor is as follows:

Name	Career Summary, Principal Occupation at the Company and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
 <p>Michio Yoneda (New appointment, Outside Corporate Auditor, Independent Officer)</p>	<p>April 1973 Joined Bank of Japan May 1998 General Manager, Sapporo Branch of Bank of Japan April 2000 Resigned as General Manager, Sapporo Branch of Bank of Japan April 2000 Executive Director, Osaka Securities Exchange (Currently Japan Exchange Group, Inc.) April 2001 Executive Director, Osaka Securities Exchange Co., Ltd. October 2002 Senior Executive Director, Osaka Securities Exchange Co., Ltd. December 2003 President & CEO, Osaka Securities Exchange Co., Ltd. January 2013 Director & Representative Executive Officer, Group COO, Japan Exchange Group, Inc. Director, Tokyo Stock Exchange, Inc. June 2015 Resigned as Director & Representative Executive Officer, Group COO, Japan Exchange Group, Inc. Resigned as Director, Tokyo Stock Exchange, Inc. up to the present date Important Concurrent Post Outside Director of Kawasaki Heavy Industries, Ltd. [Reason for selection as a Corporate Auditor nominee, etc.] Michio Yoneda was selected as an Outside Corporate Auditor nominee to audit the Company in light of his wealth of experience and extensive knowledge of industry and social and other issues through his long career in financial and securities market management in Japan.</p>	<p>June 14, 1949 2,000 Shares</p>

- NOTES: 1 The above candidate does not have any conflicts of interest with the Company.
2 Mr. Michio Yoneda is a candidate for Outside Corporate Auditor.
3 The Company has designated Mr. Michio Yoneda as a candidate for Independent Corporate Auditor who has no risk of having conflicts of interest with ordinary shareholders, pursuant to the regulations of the Tokyo Stock Exchange, Inc., and has notified the Tokyo Stock Exchange, Inc. of this.
4 When Mr. Michio Yoneda is appointed to Outside Corporate Auditor of the Company, the Company will execute a limitation of liability contract with him

with respect to his duty as an Outside Corporate Auditor of the Company that limits his liabilities for damages to the Company pursuant to Article 423(1) of the Companies Act, up to the total of the amounts listed in the items of Article 425(1) of the Companies Act.

(Reference)

Criteria for Designation of Independent Directors & Auditors (Revised June 23, 2015)

1. These criteria set conditions for designation of the Company's Outside Directors & Auditors (meaning Outside Directors and Outside Corporate Auditors) as "Independent Directors & Auditors" defined in the listing rules of stock exchanges in Japan.
2. If none of the conditions given in (1) to (9) below applies, a person, in principle, shall be considered to have no material interest in the Company and may be designated as Independent Directors & Auditors.

The person

- (1) Is an executor of business, i.e. someone who executes business of the Company or a company of the Company's Group (a Director (other than Outside Director), an executive officer, or an employee (by whatever name, someone having an employment relationship with the Company or with the company of the Group)).
- (2) Is an executor of business who executes business of a major client or business partner of the Company. The "a major client or business partner" means any of the following.
 - (a) A vendor providing products or services to the Company, or a customer to which the Company is providing products or services, of which the total amount of such transactions in the fiscal year nearest to the time of intended designation as an Independent Directors & Auditors exceeds 2% of their total sales or exceeds 2% of the Company's nonconsolidated sales, respectively.
 - (b) A financial institution providing loans to the Company, of which the total amount of the loans at the end of the fiscal year nearest to the time of intended designation as Independent Directors & Auditors exceeds 2% of the Company's total nonconsolidated borrowings; provided that, even if the amount does not exceed 2%, a financial institution indicated as a lender to the Company on annual securities reports, business reports or other public documents shall be considered "a major business partner."
- (3) A consultant, certified public accountant, attorney or other expert receiving remuneration from the Company in addition to the remuneration payable to the Company's Directors, Officers, Etc., of which the total amount of the remuneration paid, other than the remuneration payable to the Company's Directors, Officers, Etc., in the fiscal year nearest to the time of intended designation as Independent Directors & Auditors exceeds 10 million yen; provided that, even if the amount does not exceed 10 million yen, the person shall be considered a recipient of a substantial amount of remuneration if it exceeds 50% of that person's annual income.
- (4) A person who works for an organization that is a consulting firm, tax accounting firm, law office, other corporate body, partnership, etc., whose sales to the Company in the fiscal year nearest to the time of intended designation as Independent Directors & Auditors exceeds 2% of the organization's total sales or 10 million yen, whichever is larger.
- (5) A shareholder of the Company whose share of voting rights at the end of the fiscal year nearest to the time of intended designation as Independent Directors & Auditors is 10% or more (a total of direct and indirect holdings) or an executor of business at the shareholder entity.
- (6) Of the companies in which the Company holds shares, an entity in which the Company's

share of voting rights at the end of the fiscal year nearest to the time of intended designation as Independent Directors & Auditors is 10% or more (a total of direct and indirect holdings) or an executor of business at the entity.

- (7) A person who works for an auditing firm that conducts statutory audits of the Company.
 - (8) A person to whom (1) above was applicable in the past or to whom any of (2) to (7) above was applicable in the past one year or equivalent period.
 - (9) A spouse or a close relative (second-degree relative or closer) of a person to whom any of the following applies.
 - (a) A person listed in (1) to (7) above.
 - (b) A person who, in the past year or equivalent period, was an executor of business of the Company or a company of the Company's Group. If an outside Corporate Auditor is to be designated as Independent Directors & Auditors, a Director not executing business or an accounting advisor (including its employees who are to perform relevant specific duties if the accounting advisor is a body corporate).
 - (c) In (a) and (b) above, "an executor of business" shall mean a person executing an important business at a company or a business partner, i.e. a Director having business execution functions, an Executive Officer or an employee having a position of department manager, its equivalent or above, and shall not include persons below the position of department manager or its equivalent.
 - (d) The above (a) notwithstanding, a person who "works for an organization" in (4) above shall not include a person who is neither an executor of important business in the organization nor, if the organization is an auditing firm, law office or other organization specializing in accounting or law, etc., a person who has specialized qualifications, such as a certified public accountant and attorney.
 - (e) The above (a) notwithstanding, a person who "works for an auditing firm" in (7) above shall include neither a person who is not an executor of important business in the firm nor a person who does not have specialized qualifications, such as a certified public accountant.
3. Even where the conditions set forth in 2. above do not apply, if there are circumstances that, in the judgment of the Company, sufficiently indicates any of Outside Directors & Auditors being incapable of performing his or her duties as Independent Directors & Auditors, that particular Outside Directors & Auditors shall not be designated as Independent Directors & Auditors.
4. With respect to an Outside Directors & Auditors whom the Company intends to designate as Independent Directors & Auditors in accordance with the foregoing, the Company shall, upon his or her written consent, designate that Outside Directors & Auditors as Independent Directors & Auditors, and shall make notification thereof to the stock exchanges on which the Company is listed. Prior to making the notification, the matter shall be reported to the Board of Directors and the Board of Corporate Auditors.

ATTACHMENTS

Business Report

(April 1, 2017 - March 31, 2018)

Application of International Financial Reporting Standards (IFRS)

The Sumitomo Chemical Group has adopted the International Financial Reporting Standards (IFRS) from the fiscal year under review, replacing the previously used Japanese GAAP. Data for the previous fiscal year have been recalculated using the IFRS to facilitate comparative analysis.

1. Overview of the Company Group

(1) Business Progress and Results

During the twelve months ended March 31, 2018 (Fiscal 2017), The world economy remained strong for this fiscal year, with the US continuing to see economic expansion supported by rising employment numbers and strong consumer demand, Europe continuing its steady recovery, despite issues such as the UK leaving the EU, and emerging nations, including China, seeing movement towards economic recovery.

At the same time, the Japanese economy has continued a steady trend toward recovery due to improvements in wages and the job market as well as strong corporate earnings.

Under these circumstances, the Sumitomo Chemical Group undertook group-wide efforts to improve business performance. At the same time, the Group worked to further accelerate its transformation into a more resilient Sumitomo Chemical that continues to grow, based on the current three-year Corporate Business Plan for fiscal 2016 to 2018 that has a basic policy of further improving business portfolio, generating more cash flow, and accelerating the launch of next-generation businesses.

As a result, the Sumitomo Chemical Group's sales revenue for this fiscal year totaled ¥2,190.5 billion, an increase of ¥251.4 billion compared with the previous fiscal year. The Group posted core operating income of ¥262.7 billion, operating income of ¥250.9 billion, and net income attributable to owners of the parent of ¥133.8 billion, all of which surpassed the results for the previous fiscal year.

The Company's non-consolidated sales amounted ¥708.4 billion, and net income was ¥55.8 billion.

Note: "Core operating income" is a gain and loss concept that reflects recurring earning capacity. It excludes gains and losses from non-recurring factors from operating income, including share of profit of investments accounted for using the equity method.

The Company has decided to pay a year-end dividend of ¥12 per share. As a result, the Company's annual dividend for fiscal 2017 is ¥22 per share, including an interim dividend of ¥10 per share.

Financial Results by Business Segment

Petrochemicals & Plastics

Market prices of petrochemical products and synthetic resins rose because of higher

feedstock prices. Market prices of raw materials for synthetic fibers and methyl methacrylate (MMA) also increased. In addition, for associates accounted for using the equity method, the earnings of Petrochemical Corporation of Singapore (Pte.) Ltd. remained strong, while the earnings of Rabigh Refining and Petrochemical Company improved due chiefly to a continued high level of capacity utilization and rising market price of petrochemical products. As a result, the segment's sales revenue grew by ¥116.3 billion compared with the previous fiscal year, to ¥674.1 billion. Core operating income increased by ¥35.7 billion, to ¥94.6 billion.

Energy & Functional Materials

Shipments of resorcinol, a raw material for adhesives, and engineering plastics increased due to a rise in demand. Shipments of separators for lithium-ion secondary batteries also rose due to production capacity expansion. In addition, the acquisition of a manufacturer of cathode materials in the previous fiscal year pushed up sales. As a result, the segment's sales revenue increased by ¥44.6 billion compared with the previous fiscal year, to ¥251.0 billion. Core operating income grew by ¥13.2 billion, to ¥19.2 billion.

IT-related Chemicals

Shipments of touchscreen panels and polarizing film increased due to growth in demand while selling prices declined. The weaker yen had a positive effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales revenue increased by ¥10.2 billion compared with the previous fiscal year, to ¥368.7 billion. Core operating income rose by ¥3.6 billion, to ¥12.3 billion.

Health & Crop Sciences

Sales of the feed additive methionine dropped due to lower market prices. Meanwhile, the acquisition of an Indian agrochemicals company in the previous fiscal year boosted sales. As a result, the segment's sales revenue increased by ¥19.1 billion compared with the previous fiscal year, to ¥339.7 billion. Core operating income declined by ¥3.5 billion, to ¥44.0 billion.

Pharmaceuticals

In North America, sales of Latuda® (atypical antipsychotic) and other drugs increased steadily. In Japan, sales of Trulicity® (type 2 diabetes drug), Aimix® (anti-hypertension drug) and other drugs rose as well. As a result, the segment's sales revenue increased by ¥59.3 billion from the previous fiscal year, to ¥500.2 billion. Core operating income grew by ¥24.9 billion, to ¥94.8 billion.

Others

In addition to the above five segments, the Sumitomo Chemical Group engages in supplying electrical power and steam, providing services for the design, engineering, and construction management of chemical plants, providing transport and warehousing, and conducting materials and environmental analysis. The segment's sales revenue increased by ¥2.0 billion from the previous fiscal year, to ¥56.8 billion. Core operating income grew by ¥0.9 billion, to ¥11.1 billion.

Capital Expenditures

In the fiscal year under review, the Companies' capital expenditures totaled ¥158.8 billion, which includes investments for new installations and the expansion of manufacturing facilities as well as renovations and rationalization of existing facilities.

Major facilities completed in the fiscal year under review includes the expansion of the manufacturing facility for lithium-ion secondary battery separators in South Korea in the Energy & Function Materials Segment and the expansion of the production facility for

film-based touchscreen panels for organic LED (OLED) displays in South Korea in the IT-related Chemicals Segment.

Major facilities under construction in the fiscal year under review includes the new installation and expansion of the manufacturing facility for processing chemicals for semiconductors in China in the IT-related Chemicals Segment, the expansion of the Company's production facility for methionine and the new Synthesis Research Laboratory in the Health & Crop Sciences Segment.

Financing

To respond to financing needs during the fiscal year under review, the Company raised funds, primarily via the issue of corporate bonds and borrowings from banks. The balance of borrowings (including corporate bonds) decreased by ¥41.9 billion from the previous fiscal year, to ¥842.2 billion.

(2) Issues to be Addressed

Sumitomo Chemical's Vision

Capabilities to develop innovative solutions by leveraging extensive technological expertise, Global market reach, and Highly loyal employees — these are Sumitomo Chemical's core competence, which we have built up through our operations spanning over a century.

Going forward, by making full use of these strengths, we will continue to strive to solve problems that society faces in the areas of the environment, food, resources, and energy, and contribute to promoting health, building comfortable life, and improving the quality of life for people around the world.

We will aim to achieve sustained growth by creating new value with innovative technologies. We will particularly work toward consistently achieving our medium- to long-term targets of ROE (return on equity attributable to owners of the parent) of 10% or higher, a dividend payout ratio of approximately 30%, etc.

Future trends in the global economy

Regarding future trends in the global economy, the Company believes that it must adopt a cautious stance. While we believe that the recovery will continue supported by the robust U.S. economy, uncertainty exists, including the impact on the global economy owing to protectionist commercial policies in the US and possibility of deceleration in the Chinese economy due to structural reforms and the risk of turbulence in European politics.

That said, the Company believes the domestic economy will be robust supplemented by signs of improvement in personal spending amid an encouraging employment and income conditions. However, the Company may be subject to effects from the aforementioned overseas economies.

Environment surrounding the Company

The business environment surrounding the Company is characterized by uncertain factors such as exchange-rate trends, fluctuation in raw materials prices due to trade friction between the US and China, US economic sanctions against Iran, and trends in its product markets. While continuing to remain vigilant with regard to market trends, the Company believes that it is important to respond broadly to environmental changes.

Corporate Business Plan from FY2016 to FY2018

Under such circumstances, the Group is working on a Corporate Business Plan with FY2016 as the first fiscal year. Under the slogan of "Change and Innovation: Create New Value" and capitalizing on its robust financial strength built under the previous Corporate Business Plan, the Company will aggressively pursue growth opportunities and further accelerate its transformation into a more resilient Sumitomo Chemical that continues to grow. The medium-term management plan is based on the following basic policies:

1) Further improve business portfolio

Sumitomo Chemical will focus resources on the fields of "environment and energy," "ICT" and "life science," business fields where success depends on "technology", and deliver new value through innovative "technologies" to address issues society faces.

2) Generate more cash flow

The Company will retain a lean financial structure, while building and maintaining robust earnings power to consistently generate strong cash flow that allows the Company to take advantage of large-scale investment opportunities when they arise.

3) Accelerate the launch of next-generation businesses

The Company will continue to invest in three priority areas of “environment and energy,” “ICT,” and “life science,” and accelerate the launch of its new products and technologies under development in these areas while striving to develop new solutions to issues in the fields where the priority areas intersect.

In addition to the three points above, the Company will continue to work to: 4) promote globally integrated management; and 5) ensure full and strict compliance, and establish and maintain safe and stable operations.

Performance targets in FY2018

In the medium-term management plan, assuming an exchange rate of 120 yen/\$ and a naphtha price of 45,000 yen/kiloliter, we aimed for sales revenue of 2,540 billion yen, core operating income of 240 billion yen, and net income attributable to owners of the parent of 110 billion yen, with an ROE of 12%, ROI of 7%, and a D/E ratio of 0.7 times by FY2018, the final year of the plan. The Company achieved record high earnings in FY2017, the second year of the Plan, on the back of strong sales of medical and petrochemical products. In FY2018, we see demand for petrochemical products declining, but we expect to be able to achieve most of the performance targets in the medium-term management plan.

Efforts to create new value

The Company will focus on the fields of “environment and energy,” “ICT,” and “life science,” identify areas in these fields where we can leverage our technological advantages, and concentrate our resources on these target areas to create new value and improve our business portfolio.

For this, in addition to deciding on capital expenditures and investments totaling 400 billion yen during the three years of the medium-term management plan, we will also consider spending up to 300 billion yen in strategic M&A to accelerate the expansion of our specialty chemicals business. Of the maximum 700 billion yen in capital expenditures and investments, we plan to invest approximately 70 to 80% in the specialty chemical business, centered on life sciences.

Achievements in FY2017

In FY2017, which is the second year of the medium-term management plan, the Company resolutely carried out policies aimed at improving the business portfolio.

Major achievements at each business segment are as follows:

Petrochemicals & Plastics

In addition to completing construction of the Rabigh Phase II Project, and launching product manufacturing, we proceeded with initiatives aimed at generating high added value in our products in Singapore and other countries.

Energy & Functional Materials

Among components for electric vehicles, the Company expanded production capacity for separators for lithium-ion secondary batteries, etc., which continue to see increasing demand, while continuing business restructuring, including withdrawal from the diesel-engine particulate filter (DPF) business.

IT-related Chemicals

In addition to embarking on a production capacity increase for various materials used in semiconductor production, we withdrew from the LED sapphire substrate business.

Health & Crop Sciences

We continued to develop next-generation large-scale agricultural chemicals and have commenced registration application procedures for them. We also bought up a major

supplier of pyrethrum-derived insecticide compounds.

Pharmaceuticals

In addition to acquiring certification in the United States for our Lonhala Magnair drug for the treatment of Chronic Obstructive Pulmonary Disease (launched in April 2018), we were also able to obtain good results in the Phase III clinical trial for our Parkinson's Disease drug currently under development in United States (with an application for approval due in April 2018).

Accelerate initiatives to create new value

At present, the Company plans to approve the spending approximately 690 billion yen for capital expenditures and investments in the three years of the medium-term management plan, and decided to spend approximately 530 billion yen, three quarters of that amount, from FY2016 to FY2017. The Company has been steadily and quickly implementing approved investment projects, and will accelerate the creation of new value by cultivating business based on the decision we made in FY 2016, which will contribute to our income at early phase.

(3) Assets and Income

1) Trends in assets and income of the Group

Item	The 134th term (April 1, 2014 to March 31, 2015)	The 135th term (April 1, 2015 to March 31, 2016)	The 136th term (April 1, 2016 to March 31, 2017)	The 137th term (April 1, 2017 to March 31, 2018)
Japanese GAAP				
Net sales (Billions of yen)	2,376.7	2,101.8	1,954.3	
Ordinary income (Billions of yen)	157.4	171.2	166.6	
Net income attributable to owners of the parent (Billions of yen)	52.2	81.5	85.5	
Net income per share	31.93 yen	49.84 yen	52.30 yen	
ROE	7.3%	10.5%	10.8%	
Net assets (Billions of yen)	1,118.2	1,090.8	1,162.5	
Total assets (Billions of yen)	2,880.4	2,662.2	2,851.7	
IFRS				
Sales revenue (Billions of yen)			1,939.1	2,190.5
Core operating income (Billions of yen)			184.5	262.7
Net income attributable to owners of the parent (Billions of yen)			76.5	133.8
Basic earnings per share			46.81 yen	81.81
ROE			9.8%	15.4%
Equity attributable to owners of the parent (Billions of yen)			812.6	927.1
Total equity (Billions of yen)			1,115.9	1,252.2
Total assets (Billions of yen)			2,878.2	3,068.7

NOTE: In connection with the confirmation in the period under review of provisional accounting procedures relating to the business combination that took place in the 136th Fiscal Period, retrospective adjustments have been made to figures for the 136th period due to purchase price allocation changes.

2) Trends in assets and income of the Company

Item	The 134th term (April 1, 2014 to March 31, 2015)	The 135th term (April 1, 2015 to March 31, 2016)	The 136th term (April 1, 2016 to March 31, 2017)	The 137th term (April 1, 2017 to March 31, 2018)
Japanese GAAP				
Net sales (Billions of yen)	900.7	735.3	650.9	708.4
Ordinary income (Billions of yen)	96.8	88.5	58.0	75.9
Net income (Billions of yen)	36.4	37.5	36.9	55.8
Net income per share	22.28 yen	22.92 yen	22.54 yen	34.15 yen
Net assets (Billions of yen)	287.9	287.6	295.2	327.2
Total assets (Billions of yen)	1,474.2	1,357.4	1,373.9	1,470.0

(4) Principal Businesses (as of March 31, 2018)

Business segment	Key products and businesses
Petrochemicals & Plastics	Petrochemical products, inorganic chemicals, raw materials for synthetic fibers, organic chemicals, synthetic resins, methyl methacrylate products, synthetic resin processed products, etc.
Energy & Functional Materials	Alumina products, aluminum, specialty chemicals, additives, dyestuffs, synthetic rubber, engineering plastics, battery materials, etc.
IT-related Chemicals	Optical products, color filters, semiconductor processing materials, compound semiconductor materials, touchscreen panels, etc.
Health & Crop Sciences	Crop protection chemicals, fertilizers, agricultural materials, household and public hygiene insecticides, materials for protection against tropical diseases, feed additives, pharmaceutical chemicals, etc.
Pharmaceuticals	Pharmaceuticals for medical treatment, radiopharmaceuticals, etc.

Aside from the above, as “Others”, the Sumitomo Chemical Group engages in supplying electrical power and steam, providing services for the design, engineering, and construction management of chemical plants, providing transport and warehousing, conducting materials and environmental analysis, etc.

(5) Principal Business Locations (as of March 31, 2018)

1) The Company

Head offices	Tokyo, Osaka
Branch offices	Tokyo, Osaka, Nagoya Branch Office, Fukuoka Branch Office
Plants	Ehime Works, Chiba Works, Osaka Works, Ohe Works (Ehime), Oita Works, Misawa Works (Aomori)
Research laboratories	Industrial Technology & Research Laboratory (Osaka), Environmental Health Science Laboratory (Osaka), Advanced Materials Development Laboratory (Ibaraki), Bioscience Research Laboratory (Osaka)

- NOTES: 1 Oita Works includes Okayama Plant and Gifu Plant.
2 Research laboratories are shown as corporate research facilities. There also exist business sector research laboratories, such as the Health & Crop Sciences Research Laboratory (Hyogo), etc.
3 Bioscience Research Laboratory was newly established on January 1, 2018.

2) Material subsidiaries

Domestic	Sumitomo Dainippon Pharma Co., Ltd. (Osaka, Tokyo, Mie, Ehime, Oita) Tanaka Chemical Corporation (Fukui, Osaka) Koei Chemical Co., Ltd. (Chiba, Tokyo) Taoka Chemical Co., Ltd. (Osaka, Hyogo, Ehime)
Overseas	United States Sumitomo Chemical America, Inc. Valent U.S.A. LLC Valent BioSciences LLC Sunovion Pharmaceuticals Inc. Boston Biomedical, Inc.
	United Kingdom Cambridge Display Technology Limited
	India Excel Crop Care Limited
	Singapore Sumitomo Chemical Asia Pte Ltd The Polyolefin Company (Singapore) Pte. Ltd.
	South Korea Dongwoo Fine-Chem Co., Ltd. SSLM Co., Ltd.
	Taiwan Sumika Technology Co., Ltd.
	China Sumika Electronic Materials (Wuxi) Co., Ltd.

(6) Status of material subsidiaries (as of March 31, 2018)

Company name	Capital	Ratio of voting rights (%)	Principal business
Sumitomo Chemical America, Inc.	USD 502,673 thousand	100.00	Investment in related companies in the United States and sale of chemical products
Valent U.S.A. LLC	USD 242,574 thousand	100.00 (100.00)	Development and sale of plant protection, etc.
Valent BioSciences LLC	USD 129,344 thousand	100.00 (100.00)	Research, development, manufacture and sale of biorational
Sumika Polymers America Corp.	USD 222,544 thousand	100.00 (100.00)	—
CDT Holdings Limited	GBP 187,511 thousand	100.00	Investment in Cambridge Display Technology Limited
Cambridge Display Technology Limited	GBP 183,716 thousand	100.00 (100.00)	R&D and licenses in polymer organic light emitting diodes and devices
Dongwoo Fine-Chem Co., Ltd.	KRW 282,204 million	100.00	Manufacture and sale of process chemicals for semiconductors and LCDs, optical films, touchscreen panels, LCD panel-related color filters, etc.
SSLM Co., Ltd.	KRW 280,000 million	100.00	Manufacture and sale of heat-resistant separators
Japan-Singapore Petrochemicals Co., Ltd.	JPY 23,877 million	79.67	Investment in Petrochemical Corporation of Singapore (Pte.) Ltd.
Sumitomo Dainippon Pharma Co., Ltd.	JPY 22,400 million	51.58	Manufacture and sale of pharmaceuticals
Sumitomo Dainippon Pharma America, Inc.	USD 2,070,580 thousand	100.00 (100.00)	Investment in related companies in the United States
Sunovion Pharmaceuticals Inc.	USD 1,666,851 thousand	100.00 (100.00)	Manufacture and sale of pharmaceuticals
Boston Biomedical, Inc.	USD 380,484 thousand	100.00 (100.00)	Research and development of pharmaceuticals
Sumika Electronic Materials (Wuxi) Co., Ltd.	RMB 1,276,517 thousand	100.00 (10.00)	Manufacture and sale of polarizing films and other components used in LCD panels
Sumika Ceramics Poland Sp. z o.o.	PLN 573,319 thousand	100.00	—
Sumika Technology Co., Ltd.	TWD 4,417 million	84.96	Manufacture and sale of original fabrics and processed products of polarizing films, and color filters for LCD panels
Sumitomo Chemical Asia Pte Ltd	USD 150,565 thousand	100.00	Manufacture and sale of petrochemical products, etc. and supervision of the Sumitomo Chemical Group in the Southeast Asia, India, and Oceania area
The Polyolefin Company (Singapore) Pte. Ltd.	USD 51,690 thousand	70.00 (70.00)	Manufacture and sale of low-density polyethylene and polypropylene

Tanaka Chemical Corporation	JPY 5,779 million	50.10	Manufacturing and sale of positive electrode materials for rechargeable batteries, catalyst materials, and inorganic chemical products
Koei Chemical Co., Ltd.	JPY 2,343 million	56.33 (0.45)	Manufacture and sale of chemical products, pharmaceutical and crop protection intermediates, etc.
Taoka Chemical Co., Ltd.	JPY 1,572 million	51.54 (0.78)	Manufacture and sale of intermediates for dyestuffs and pharmaceutical and crop protection, functional materials, etc.
Excel Crop Care Limited	INR 55,028 thousand	64.97 (19.98)	Development, manufacture and sale of crop protection products

From the fiscal year under review, specified subsidiaries under Article 19 of the “Cabinet Office Ordinance on Disclosure of Corporate Affairs” and subsidiaries listed on stock exchanges in Japan and overseas are listed as material subsidiaries.

Sumika Polymers America Corp. made investment in Phillips Sumika Polypropylene Company, which has been dissolved.

Sumika Ceramics Poland Sp. z o.o. ceased business operations during the period under review.

- NOTES: 1 Figures contained in parentheses () for ratio of voting rights are the ratio of voting rights held by subsidiaries of the Company.
- 2 Capital for Sumitomo Chemical America, Inc., CDT Holdings Limited, Cambridge Display Technology Limited, Sumitomo Dainippon Pharma America, Inc., Sunovion Pharmaceuticals Inc., and Boston Biomedical, Inc. are shown as paid-in capital.
- 3 On April 1, 2017, Valent U.S.A. Corp. and Valent BioSciences Corp. transitioned to LLCs (Limited Liability Companies).
- 4 On April 1, 2017, Sumitomo Chemical Asia Pte Ltd acquired Sumitomo Chemical Singapore Pte Ltd.
- 5 On July 5, 2017, the trade name of Dainippon Sumitomo Pharma America Holdings, Inc. changed to Sumitomo Dainippon Pharma America, Inc.

(7) Employees (as of March 31, 2018)

1) Employees of the Group

Business category	Number of employees (Persons)	Notes
Petrochemicals & Plastics	4,312	
Energy & Functional Materials	2,756	
IT-related Chemicals	7,323	
Health & Crop Sciences	6,509	
Pharmaceuticals	7,090	
Others	2,712	
Companywide shared	1,135	
Total	31,837	The number of employees decreased by 699 persons year-on-year.

NOTE: The number of employees does not include employees who are temporary, part-time, contracted, or seconded outside of consolidated subsidiaries.

2) Employees of the Company

Number of employees persons	Average age	Average years of employment years	Notes
6,005	40.3	14.4	The number of employees increased by 138 persons year- on-year.

NOTE: The number of employees does not include employees who are temporary, part-time, contracted, or seconded outside of consolidated subsidiaries.

(8) Primary sources of borrowings and amounts (as of March 31, 2018)

Source of borrowing	Amount of borrowing (Balance) (Billions of yen)
Sumitomo Mitsui Banking Corporation	88.5
Development Bank of Japan Inc.	49.6
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	26.5
Sumitomo Mitsui Trust Bank, Limited	20.9
The Norinchukin Bank	17.9

- NOTES:
- 1 The amount of borrowing listed above includes loans from overseas subsidiaries of the sources.
 - 2 Aside from the above, there are 209.7 billion yen in borrowings as syndicated loans, managed by financial institutions such as the Sumitomo Mitsui Banking Corporation.
 3. On April 1, 2018, the trade name of The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed to MUFG Bank, Ltd.

2. Status of Shares (as of March 31, 2018)

- (1) **Total number of shares authorized to be issued** 5,000,000 thousand shares
- Total number of shares outstanding** 1,655,446 thousand shares
(including 20,390 thousand shares of the Company's treasury shares)
- (2) **Number of shareholders** 101,822 persons
- (3) **Major shareholders**

Shareholder name	Number of shares	Shareholding ratio
	thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust account)	104,780	6.40
Japan Trustee Services Bank, Ltd. (Trust account)	99,098	6.06
Sumitomo Life Insurance Company	71,000	4.34
Nippon Life Insurance Company	41,031	2.50
Sumitomo Mitsui Banking Corporation	32,301	1.97
State Street Bank West Client - Treaty 505234	29,874	1.82
Japan Trustee Services Bank, Ltd. (Trust account 5)	29,462	1.80
Japan Trustee Services Bank, Ltd. (Master trust for the Sumitomo Mitsui Trust Bank and trust account for retirement benefits for Sumitomo Life Insurance Company)	29,000	1.77
Japan Trustee Services Bank, Ltd. (Trust account 4)	28,997	1.77
Japan Trustee Services Bank, Ltd. (Trust account 7)	25,741	1.57

NOTE: The Company's treasury shares (20,390,153 shares) were excluded in the calculation of the percentage of shares held.

(Reference) Change in minimum trading unit

At a Board of Directors' meeting held May 15, 2018, the Company passed a resolution to change its minimum trading unit from 1,000 to 100 shares, effective October 1, 2018, with the aim of increasing the liquidity of stock of the Company and reaching new investor categories, as well as in consideration of the purport of the "Action Plan for Consolidating Trading Units" announced by All Domestic Exchanges.

3. Company Officers

(1) Directors and Corporate Auditors (as of March 31, 2018)

Position	Name	Areas of responsibility and significant concurrent positions
Representative Director, Chairman	Osamu Ishitobi	
Representative Director, President (Concurrently serving as Executive President)	Masakazu Tokura	
Representative Director (Concurrently serving as Executive Vice President)	Toshihisa Deguchi	Supervision of IT-related Chemicals Sector, PLED Business Planning, Electronic Devices Development Center, Special Aide to Executive President (pertaining to activities related to new technology and product development as designated by Executive President)
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Yoshihiko Okamoto	Supervision of Corporate Business Development, Corporate Planning, IT Innovation
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Ray Nishimoto	Supervision of Health & Crop Sciences Sector Chairman of Valent U.S.A. LLC Chairman of Valent Biosciences LLC Chairman of Dalian Sumika Jingang Chemicals Co., Ltd. Chairman of Dalian Sumika Chemphy Chemical Co., Ltd. Chairman of Vector Health International Ltd.
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Kunio Nozaki	Supervision of Corporate Communications, Accounting, Finance, Procurement, Logistics President of Sumika Finance Co., Ltd.
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Hiroshi Ueda	Supervision of Energy & Functional Materials Sector
*Representative Director (Concurrently serving as Managing Executive Officer)	Noriaki Takeshita	Supervision of Rabigh Project, Petrochemicals & Plastics Sector Deputy Chairman of Rabigh Refining and Petrochemical Company

Position	Name	Areas of responsibility and significant concurrent positions
Director (Outside Director, Independent Officer)	Kunio Ito	Research Professor of Graduate School of Commerce and Management, Hitotsubashi University Outside Director of Akebono Brake Industry Co., Ltd. Outside Director of Kobayashi Pharmaceutical Co., Ltd. Outside Director of Seven & i Holdings Co., Ltd. Outside Director of Toray Industries, Inc.
Director (Outside Director, Independent Officer)	Koichi Ikeda	Adviser of Asahi Group Holdings, Ltd. Outside Director of Toshiba Corporation
Director (Outside Director, Independent Officer)	Hiroshi Tomono	Adviser of Nippon Steel & Sumitomo Metal Corporation Outside Director of Konica Minolta, Inc. Outside Director, Japan Nuclear Fuel Limited
Standing Corporate Auditor	Kenya Nagamatsu	Outside Corporate Auditor of Sumitomo Seika Chemicals Co., Ltd.
Standing Corporate Auditor	Hiroaki Yoshida	
Corporate Auditor (Outside Corporate Auditor, Independent Officer)	Shinichi Yokoyama	Honorary Advisor of Sumitomo Life Insurance Company Outside Corporate Auditor of Shionogi & Co., Ltd. Outside Director of Rengo Co., Ltd.
Corporate Auditor (Outside Corporate Auditor, Independent Officer)	Mitsuhiro Aso	Attorney Outside Director of USS Co., Ltd. Outside Corporate Auditor of Sumitomo Mitsui Trust Bank, Limited
Corporate Auditor (Outside Corporate Auditor, Independent Officer)	Yoshitaka Kato	Certified Public Accountant Outside Corporate Auditor of Mitsui Fudosan Co., Ltd. Outside Corporate Auditor of Sumitomo Corporation

- NOTES: 1 Of the Directors, Mr. Kunio Ito, Mr. Koichi Ikeda, and Mr. Hiroshi Tomono are Outside Directors.
- 2 Of the Corporate Auditors, Mr. Shinichi Yokoyama, Mr. Mitsuhiro Aso, and Mr. Yoshitaka Kato are Outside Corporate Auditors.
- 3 Director marked with an asterisk (*) was newly elected at the 136th Ordinary General Meeting of Shareholders held on June 21, 2017, and assumed office.
- 4 The Company has designated Mr. Kunio Ito, Mr. Koichi Ikeda, Mr. Hiroshi Tomono, Mr. Shinichi Yokoyama, Mr. Mitsuhiro Aso, and Mr. Yoshitaka Kato as Independent Directors / Auditors pursuant to the regulations of the Tokyo Stock Exchange, Inc. and has made notification to said Exchange.
- 5 Corporate Auditor Yoshitaka Kato is qualified as a certified public accountant, and has a significant amount of knowledge regarding finance and accounting.

6 Of the significant concurrent positions served by Outside Directors and Outside Corporate Auditors, although Kobayashi Pharmaceutical Co., Ltd., Toray Industries, Inc., Toshiba Corporation, Konica Minolta, Inc., Shionogi & Co., Ltd., Rengo Co., Ltd., Sumitomo Mitsui Trust Bank, Limited, and Sumitomo Corporation have transactions with the Company, there are no special interests with the Company, and there are no transactional relationships with any other parties served as significant concurrent positions.

7 Directors who retired in the fiscal year under review are as follows.

Position at time of retirement	Name	Areas of responsibility and significant concurrent positions at time of retirement
Director	Tomohisa Ohno	

(Retired on June 21, 2017 because of the expiration of the terms of office.)

8 Areas of responsibility and significant concurrent positions for Directors and Corporate Auditors as of April 1, 2018 are as follows.

(As of April 1, 2018)

Position	Name	Areas of responsibility and significant concurrent positions
Representative Director, Chairman	Osamu Ishitobi	
Representative Director, President (Concurrently serving as Executive President)	Masakazu Tokura	
Representative Director (Concurrently serving as Executive Vice President)	Toshihisa Deguchi	Supervision of IT-related Chemicals Sector, PLED Business Planning, Electronic Devices Development Center, Special Aide to Executive President (pertaining to activities related to new technology and product development as designated by Executive President)
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Ray Nishimoto	Supervision of Health & Crop Sciences Sector Chairman of Valent U.S.A. LLC Chairman of Valent BioSciences LLC Chairman of Dalian Sumika Jingang Chemicals Co., Ltd. Chairman of Dalian Sumika Chemphy Chemical Co., Ltd. Chairman of Vector Health International Ltd.
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Kunio Nozaki	Supervision of Corporate Communications, Corporate Business Development, Corporate Planning, IT Innovation, Accounting, Finance President of Sumika Finance Co., Ltd.

Representative Director (Concurrently serving as Senior Managing Executive Officer)	Hiroshi Ueda	Supervision of Research Planning and Coordination, Process & Production Technology & Safety Planning, Production & Safety Fundamental Technology Center, Intellectual Property, Responsible Care, Industrial Technology & Research Laboratory, Environmental Health Science Laboratory, Advanced Materials Development Laboratory, Bioscience Research Laboratory
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Noriaki Takeshita	Supervision of Rabigh Project, Petrochemicals & Plastics Sector Deputy Chairman of Rabigh Refining and Petrochemical Company
Director	Yoshihiko Okamoto	
Director (Outside Director, Independent Officer)	Kunio Ito	Research Professor of Graduate School of Commerce and Management, Hitotsubashi University Outside Director of Akebono Brake Industry Co., Ltd. Outside Director of Kobayashi Pharmaceutical Co., Ltd. Outside Director of Seven & i Holdings Co., Ltd. Outside Director of Toray Industries, Inc.
Director (Outside Director, Independent Officer)	Koichi Ikeda	Adviser of Asahi Group Holdings, Ltd. Outside Director of Toshiba Corporation
Director (Outside Director, Independent Officer)	Hiroshi Tomono	Adviser of Nippon Steel & Sumitomo Metal Corporation Outside Director of Konica Minolta, Inc. Outside Director of Japan Nuclear Fuel Limited
Standing Corporate Auditor	Kenya Nagamatsu	Outside Corporate Auditor of Sumitomo Seika Chemicals Co., Ltd.
Standing Corporate Auditor	Hiroaki Yoshida	
Corporate Auditor (Outside Corporate Auditor, Independent Officer)	Shinichi Yokoyama	Honorary Advisor of Sumitomo Life Insurance Company Outside Corporate Auditor of Shionogi & Co., Ltd. Outside Director of Rengo Co., Ltd.

Corporate Auditor (Outside Corporate Auditor, Independent Officer)	Mitsuhiro Aso	Attorney Outside Director of USS Co., Ltd. Outside Corporate Auditor of Sumitomo Mitsui Trust Bank, Limited
Corporate Auditor (Outside Corporate Auditor, Independent Officer)	Yoshitaka Kato	Certified Public Accountant Outside Corporate Auditor of Mitsui Fudosan Co., Ltd. Outside Corporate Auditor of Sumitomo Corporation

(2) Total amount of compensation to Directors and Corporate Auditors for the fiscal year under review

Category	Number of persons	Amount of compensation
Directors (Of which, Outside Directors)	12 persons (3 persons)	735 million yen (57 million yen)
Corporate Auditors (Of which, Outside Corporate Auditors)	5 persons (3 persons)	116 million yen (37 million yen)
Total	17 persons	850 million yen

- NOTES: 1. The above number of persons and amount of compensation includes one Director who retired during the fiscal year under review.
2. Due to a resolution by a General Meeting of Shareholders, the total amount of compensation for Directors is 1.0 billion yen or less per annum, and the total amount of compensation for Corporate Auditors is 150.00 million yen or less per annum (resolved at the 125th Ordinary General Meeting of Shareholders held on June 23, 2006).

(Reference)

Executive Officers (excluding persons concurrently serving as Directors) are as follows.

(As of April 1, 2018)

Position	Name	Areas of responsibility
Senior Managing Executive Officer	Hiroshi Niinuma	Supervision of General Affairs, Legal, CSR, Internal Control and Audit, Human Resources, Osaka Office Administration, Procurement, Logistics
Senior Managing Executive Officer	Keiichi Iwata	Supervision of Energy & Functional Materials Sector, Deputy Officer of PLED Business Planning, Electronic Devices Development Center
Managing Executive Officer	Shigeyuki Yoneda	Engaged in Sumika Middle East Co., Ltd., concurrently in charge of Rabigh Project Office, General Manager of Rabigh Project Office
Managing Executive Officer	Kazushi Tan	In charge of Ehime Works, General Manager of Ehime Works
Managing Executive Officer	Marc Vermeire	Engaged in Sumitomo Chemical Europe, Special mission related to the Corporate Business Development Dept. and the Corporate Planning Dept.
Managing Executive Officer	Takashi Shigemori	In charge of Corporate Business Development Dept., Corporate Planning Dept., IT Innovation Dept.
Managing Executive Officer	Kazuyuki Nuki	In charge of AgroSolutions Div.- Japan, Environmental Health Div.
Managing Executive Officer	Masaki Matsui	In charge of IT-related Chemicals Sector - Planning & Coordination Office, Quality Assurance Office, Electronic Materials Div.

Position	Name	Areas of responsibility
Managing Executive Officer	Toshiro Ohtsubo	In charge of Health & Crop Sciences Sector - Planning & Coordination Office, Quality Assurance Office, Pharmaceutical Chemicals Div.
Managing Executive Officer	Keiichi Sakata	In charge of Health & Crop Sciences Sector - Planning & Coordination Office, AgroSolutions Div.- International, Animal Nutrition Div.
Managing Executive Officer	Motoyuki Sakai	Engaged in Sumitomo Chemical Asia
Managing Executive Officer	Yoshiaki Oda	In charge of Research Planning and Coordination Dept., Industrial Technology & Research Laboratory, Advanced Materials Development Laboratory
Managing Executive Officer	Nobuaki Mito	In charge of Corporate Business Development Dept., Intellectual Property Dept.
Managing Executive Officer	Kingo Akahori	In charge of Energy & Functional Materials Sector - Quality Assurance Office, Inorganic Materials Div., Advanced Polymers Div., Battery Materials Div.
Managing Executive Officer	Hwang Inwoo	Engaged in Dongwoo Fine-Chem
Managing Executive Officer	Soji Sakamoto	In charge of Basic Materials Div., Industrial Chemicals Div., Resin-related Business Development Dept., Polyolefins Div., Automotive Materials Div., Methacrylates Div., General Manager of Methacrylates Div.
Executive Officer	Atsuko Hirooka	In charge of Environmental Health Div., Animal Nutrition Div.
Executive Officer	Seiji Takeuchi	Engaged in Rabigh Refining and Petrochemical Company
Executive Officer	Andrew Lee	Engaged in Valent U.S.A., Valent BioSciences
Executive Officer	Naoyuki Inoue	Engaged in Rabigh Refining and Petrochemical Company
Executive Officer	Yasuaki Sasaki	In charge of Internal Control & Audit Dept., Human Resources Dept., Osaka Office Administration Dept.

Position	Name	Areas of responsibility
Executive Officer	Keigo Sasaki	In charge of Corporate Communications Dept., Accounting Dept., Finance Dept.
Executive Officer	Kenji Ohno	In charge of General Affairs Dept., Legal Dept., CSR Dept., General Manager of Legal Dept.
Executive Officer	Yoshihiro Miyoshi	In charge of Chiba Works, Petrochemicals Research Laboratory, General Manager of Chiba Works
Executive Officer	Shinichiro Nagata	In charge of Oita Works, Misawa Works, General Manager of Oita Works
Executive Officer	Yoshizumi Sasaki	Engaged in Rabigh Refining and Petrochemical Company
Executive Officer	Ichiro Kosaka	In charge of Energy & Functional Materials Sector - Planning & Coordination Office, Specialty Chemicals Div.
Executive Officer	Masaya Naito	In charge of Procurement Dept., Logistics Dept., General Manager of Procurement Dept.
Executive Officer	Takanari Yamaguchi	In charge of Optical Materials Div., General Manager of Optical Materials Div.
Executive Officer	Akira Iwasaki	In charge of Corporate Planning Dept., General Manager of Corporate Planning Dept.

4. Outside Officers

(1) Main activities during the fiscal year under review

Title	Name	Main activities
Outside Director	Kunio Ito	Mr. Kunio Ito attended all 13 Board of Directors meetings held during the fiscal year under review, and commented as required from specialized viewpoints primarily in accounting and management, etc., as a university professor.
	Koichi Ikeda	Mr. Koichi Ikeda attended all 13 Board of Directors meetings held during the fiscal year under review, and commented as required primarily from an experienced management perspective.
	Hiroshi Tomono	Mr. Hiroshi Tomono attended all 13 Board of Directors meetings held during the fiscal year under review, and commented as required primarily from an experienced management perspective.
Outside Corporate Auditor	Shinichi Yokoyama	Mr. Shinichi Yokoyama attended 12 meetings out of 13 Board of Directors meetings and all 14 Board of Corporate Auditors meetings held during the fiscal year under review, and commented as required primarily from an experienced management perspective.
	Mitsuhiro Aso	Mr. Mitsuhiro Aso attended all 13 Board of Directors meetings and all 14 Board of Corporate Auditors meetings held during the fiscal year under review, and commented as required primarily from a specialized viewpoint as an attorney.
	Yoshitaka Kato	Mr. Yoshitaka Kato attended all 13 Board of Directors meetings and all 14 Board of Corporate Auditors meetings held during the fiscal year under review, and commented as required primarily from a specialized viewpoint as a certified public accountant.

(2) Summary of the limitation of liability contracts

The Company has concluded limitation of liability contracts with each Outside Officer that limit their liabilities for damages to the Company pursuant to Article 423(1) of the Companies Act, up to the total of the amounts listed in the items of Article 425(1) of the Companies Act, provided that the execution of duties by Outside Officers were in good faith and without gross negligence.

5. Accounting Auditor

(1) Accounting Auditor's name

KPMG AZSA LLC

(2) Accounting Auditor's compensation, etc. for the fiscal year under review

Content	Compensation
Amount of compensation, etc.	219 million yen
Cash and other profits payable by the Company or its subsidiaries to Accounting Auditor	513 million yen

- NOTES: 1 Under the audit agreement between the Company and its Accounting Auditor, compensation for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act are not strictly separated, and cannot be separated. Consequently, the above amount of compensation, etc., reflects total compensation for audits pursuant to the Financial Instruments and Exchange Act.
- 2 The Board of Corporate Auditors has evaluated and confirmed the content of the Accounting Auditor's audit plan, status of execution of duties, and basis for calculating compensation estimates, and as a result of comprehensive consideration to the appropriateness of audit compensation, has provided approval to the compensation, etc., of the Accounting Auditor pursuant to Article 399(1) of the Companies Act.
- 3 Of the Company's material subsidiaries, CDT Holdings Limited, Cambridge Display Technology Limited, Dongwoo Fine-Chem Co., Ltd., SSLM Co., Ltd., Sumika Electronic Materials (Wuxi) Co., Ltd., Sumika Ceramics Poland Sp. z o.o., Sumika Technology Co., Ltd., Sumitomo Chemical Asia Pte Ltd, The Polyolefin Company (Singapore) Pte. Ltd., Tanaka Chemical Corporation, and Excel Crop Care Limited receive legal audits from accounting auditors other than the Accounting Auditor of the Company.

(3) Description of non-audit services

The Company entrusts "advisory services concerning the introduction of International Financial Reporting Standards," which are services other than the services set forth in Article 2, Paragraph 1, of the Certified Public Accountants Act (non-audit services).

(4) Policy regarding determination of termination or nonrenewal of appointment of Accounting Auditors

Aside from the termination of the Accounting Auditor pursuant to Article 340 of the Companies Act, the Board of Corporate Auditors of the Company has a policy of making a proposal to a General Meeting of Shareholders regarding the termination or nonrenewal of appointment of Accounting Auditors, following procedures pursuant to Article 344 of the Companies Act if it is determined that there is significant doubt as to whether the Accounting Auditor can continue with its duties in light of its independence and the status the execution of its duties, etc.

6. A system for ensuring that the Company's Directors execute their business duties in compliance with the laws and the Company's Articles of Incorporation and other system to ensure appropriateness of operations

Resolution of a system to ensure proper business execution

1. Fundamental Principles

- (1) Sumitomo Chemical Company (The Company) aspires to contribute to global sustainable development as a chemical manufacturer by developing and supplying technologies and products that are useful and take due account of safety for the benefit of society. The Company's Board members and employees alike place great importance on gaining the trust of society, and conduct business based on the principles incorporated in the "Business Philosophy", the "Sumitomo Chemical Charter for Business Conduct" and the United Nations "Global Compact," etc.
- (2) The Company recognizes that establishing a system necessary to ensure the proper conduct of business ("Internal Control System,") is a process required for the sound sustenance of the organization and should be undertaken proactively in order to accomplish the Company's business objectives. Recognizing this, the Company shall establish its Internal Control System as outlined below and alter it as necessary in response to changes in the Company's business environment, thereby conducting business operations that fulfill the interest of its shareholders and all other stakeholders. In addition, the Company shall establish a dedicated committee or committees to ensure attaining the above objectives.

2. A system for ensuring that the Company's Directors execute their business duties in compliance with the laws and the Company's Articles of Incorporation

- (1) The Company shall institute, as its corporate bodies, the Board of Directors, corporate auditors, Board of corporate auditors, accounting auditors, as well as shareholders meetings and Directors, in accordance with the laws and the Articles of Incorporation.
- (2) Directors shall observe all applicable laws, the Articles of Incorporation and resolutions of the shareholders meetings. They shall also have an obligation to be attentive to their duties as good managers and carry out these duties faithfully. The term of office for Director shall be one year to allow for a swift response to changes in the business environment of the Company. The Board of Directors shall assume supervisory responsibility to ensure that Directors observe all applicable laws and the Company's Articles of Incorporation, and that Directors establish and operate an adequate Internal Control System pursuant to the basic policies contained herein.
- (3) Directors shall establish systems for ensuring required reliability of financial reporting and the proper and timely disclosure of information concerning the Company.

3. A system for the retention and management of information regarding the execution of business duties by the Company's Directors

The Company shall establish rules prescribing retention periods, management procedures and other matters with respect to documents (including those recorded electromagnetically), and shall retain and manage such information properly in conformity with the Company's internal rules.

4. A system for ensuring the efficient execution of business duties by Directors of the Company and its group companies

- (1) The Board of Directors shall properly determine the targets for important issues concerning business policies, planned business undertakings, accounting & finance,

research & development, etc. of the corporate group consisting of the Company and its group companies (the “corporate group” hereinafter referred to as “Group”) and shall monitor the progress of work toward the targets.

- (2) The Board of Directors shall appoint executive officers to promote the expeditious execution of business and more clearly define their responsibilities, and shall cause the executive officers to perform businesses specifically entrusted to them in their respective fields determined by the Board.
- (3) Directors shall work to get information about management activities of the Group in a prompt and appropriate manner by establishing management information systems utilizing information technology.

5. A system for ensuring that the Company’s employees and its group companies’ Directors and employees carry out their business assignments in compliance with the laws and the Articles of Incorporation

- (1) The Company shall strive to ensure that all employees are fully aware of their obligation to abide by the law and to develop a sound corporate culture by educating employees about compliance with social norms and continually raising the level of business ethics, based on the principles in the “Sumitomo Chemical Charter for Business Conduct.”
- (2) The Company, through an internal committee governing “compliance,” shall investigate and oversee the status of compliance and, if necessary, recommend improvements.
- (3) The Company shall strive to promptly identify and rectify any violations or suspected violations of compliance through its internally established “Speak-Up Hotline,” which provides employees with an avenue for reporting such violations or suspected violations.
- (4) The Company shall establish a department in charge of internal auditing to verify that employees carry out their duties in a proper and effective manner. They shall also take pertinent measures to carry out special controls or auditing with regard to businesses, departments, systems, etc. that are exposed to risks that may result in significant losses (“Risk”). Furthermore, when certain issues have been pointed out as a result of auditing by corporate auditors, accounting auditors, the Company’s department in charge of internal auditing, etc., the relevant departments, etc. of the Company that have been thus audited shall take appropriate remedial measures within a specified period of time.
- (5) The Company shall clearly define the roles and functions of each department, section, etc. by designing and establishing an organization that will be most capable of conducting business activities in compliance with the law and the Articles of Incorporation.
- (6) In order to achieve its overall targets, the Company shall strive to ensure the fair operation of its personnel management system, whereby employees are encouraged to set their own targets to be achieved, and their performance is assessed and compensation and incentives determined on the basis of the degree to which such targets have been achieved.
- (7) The Company shall request its major group companies both in Japan and abroad to adopt and properly operate a compliance system equivalent to that of the Company. It shall also work to establish, maintain, and enhance the effective internal control of the Company and its group companies in their entirety by conducting internal audit.

6. A system of the Company and its group companies for risk management rules, procedures, etc.

- (1) The Company shall establish rules for the Group to promote developing risk awareness, ensure early detection of risks, prevent risks from manifesting themselves, prepare plans to handle instances of emergency, etc.

- (2) The Company shall, through its internally established committee overseeing risk management of the Group, determine the Group's policies on risk management, evaluate risks involved, monitor and supervise the status of work on preparation and implementation of plans for the risk management and, where necessary, make recommendation on improvements to be made.
- (3) In the event that there occurs any incident of crisis which requires company-wide all-out efforts for resolution, the Company shall promptly work to look into the situation affected by the crisis and resolve it by setting up a task force headquarters.

7. A system regarding reporting to the Company about business operations of the Group and matters concerning the execution of business duties by Directors etc. of the Company's group companies

The Company shall establish rules concerning operations of the Group, request its group companies both in Japan and abroad to report on their business policies, planned business undertakings, and other important matters relating to their business operations in accordance with the rules, and shall strive to deepen mutual understanding and share management strategies with those group companies.

8. A system for ensuring the effective conduct of audits by the Company's corporate auditors

(1) Matters concerning employees who are due to assist the corporate auditors in performing their duties

The Company shall appoint an employee or employees who work full-time to assist its corporate auditors in performing their duties under their direction in accordance with the Company rules. Personnel management matters concerning such an employee shall be settled with the prior approval of corporate auditors.

(2) Matters on reporting to the corporate auditors

- i) The Company's Directors and employees shall establish a system capable of ensuring that the Company's standing corporate auditors attend conferences on important issues of the Company or its group companies and, in addition, shall report as appropriate to the corporate auditors on matters based on the laws or on matters called for by the corporate auditors about the Company or its group companies.
- ii) The Company's Directors shall report to its corporate auditors on internal audit plans to be conducted by an internal audit department, the progress of the audit and its results.
- iii) The Company shall establish a system capable of ensuring that none of the Company's Directors and employees or its group companies' Directors, corporate auditors and employees will be put at any disadvantage on the ground of having reported to the Company's corporate auditors.

(3) Matters concerning expenses arising from the performance by the corporate auditors of their duties

The Company shall establish a system capable of ensuring meeting expenses required for the execution by its corporate auditors of their duties, with respect to those expenses that may arise from the performance by the Company's corporate auditors of their duties.

(4) Other matters for ensuring the effective conduct of audits by the corporate auditors

- iv) Representative Directors shall hold regular meetings with the Company's corporate auditors, to exchange views and deepen mutual understanding about tasks to be undertaken by the Company, risks confronting the Company, and the general state of the environment for auditing by corporate auditors.

- v) The Company shall work to develop a system whereby the Company's corporate auditors can exchange information with corporate auditors and other auditing staff at its major group companies, and thereby jointly ensure the effectiveness of audits throughout the Group.

9. A system to eliminate antisocial forces

The Company shall never enter into any relationship, including transactional relations, with antisocial forces that threaten to disrupt the public order and safety of society, and shall take action against them across the Company in a firmly determined and uncompromising manner, working closely with outside specialized institutions.

(Note) The basic policy stated above was resolved at the meeting of the Board of Directors held on May 15, 2006, and revised partially at the meetings of the Board of Directors held on March 25, 2011 and March 31, 2015.

Summary of operation of system to ensure appropriate business execution

Based on the above policy, the Company is working to inspect, maintain, and appropriately operate its internal control systems, and a summary of operation is as follows.

(1) Measures to ensure appropriateness and efficiency of business execution

- 1) The inspection and maintenance of the Group's internal control systems is deliberated at the "Internal Control Committee."
- 2) The Company has further strengthened the audit and supervisory functions on business execution by Directors through measures such as further improving the content of reports to Outside Directors and Corporate Auditors at Board of Directors meetings, and ensuring a freer and more vigorous and constructive level of deliberation.
- 3) To establish and operate a system for thorough compliance across the Group, direction and support provided by the "Compliance Committee", as well as the Regional Legal & Compliance Offices under said Committee, have been strengthened. We are stepping up measures to encourage employees throughout the Group to use the whistle-blowing system. Reports received are examined carefully and attentively, and the status of response is reported to the Compliance Committee and the Board of Corporate Auditors in a timely manner. The Company aims to quantifiably reduce compliance risk and raise compliance awareness among employees by arranging general and specific compliance training, and through measures taken by each department during the compliance promotion month.
- 4) The Company has established a dedicated organization and implemented internal audits at the Company and key group companies. The results are reported to the Board of Directors via the Internal Control Committee, etc. Additionally, the Internal Control & Audit Department serves as the secretariat office for the evaluation of internal control systems regarding financial reporting, and also reports to the Internal Control Committee.
- 5) To aim for agile decision-making on important matters and clarify responsibilities for business execution, the Company has implemented an executive officer system. Additionally, in order to obtain management information in a swifter and sounder manner for appropriate decision-making, a thorough business reform through digitalization, compatible with changes in the environment brought about by the IoT era, is underway.
- 6) Information regarding business execution by Directors is appropriately stored and managed pursuant to regulations regarding document management. In particular, we consider cyber-security to be a management issue, and have established an organization-wide security policy which covers our Group companies in Japan and overseas, and have created risk and incident management systems, in order to respond to and deal with increasing cyber-security threats, including system-level risks, as a major infrastructure

operator.

(2) Measures on risk management

The “Internal Control Committee” shall be responsible for preparing a policy on risk management encompassing the entire Group, gathering information related to risks, and deliberating on measures to keep everyone in the Company fully informed of various matters. In addition, to respond promptly to a situation where any major risk has manifested itself, deliberations shall be made in the “Risk Crisis Management Committee” on policies and principles to follow in individual instances of risks and crises.

(3) Measures on management of group companies

- 1) Based on management regulations for business execution at group companies, important matters regarding business operation at each company are appropriately reported to the Company. Additionally, advances are being made in sharing information between each company, and the Company is working to provide mutual awareness and share information regarding management strategy.
- 2) The Company has established the standard for group operations for group companies, which contain significant operations such as accounting and information systems and items which should be complied with at the minimum. The Company also provides support and guidance in order for group companies to prepare and use policies in accordance to the standard.
- 3) The Company has established regional headquarters in the four markets of China Asia/Oceania, the Americas and Europe. These companies support the resolution of issues at Group companies within each region and further strengthen their internal control and compliance systems by disseminating Company policy, collecting and sharing information, and providing specialist expertise and shared services.

(4) Measures to ensure effectiveness of audits by Corporate Auditors

- 1) Aside from attending Board of Directors meetings, Management Committee meetings, Internal Control Committee meetings, and other important meetings, the Company’s Corporate Auditors conduct opinion exchanges with Representative Directors, visit plants and research facilities, interview business divisions, survey domestic and overseas group companies, and exchange opinions with Corporate Auditors of group companies, as well as committee members such as those of the Audit Committee, in addition to receiving periodic reports from the Internal Audit Division. Additionally, Corporate Auditors conduct audits by receiving required information in an appropriate manner from the Accounting Auditor, such as deliberating on the audit plan, including confirming the quality control systems of the Accounting Auditor, receiving reports of audit results, and exchanging opinions.
- 2) To support the duties of Corporate Auditors, a dedicated department, independent from business execution division, has been established, and dedicated staff are assigned. Regulations also clearly state and the Company emphasizes that persons reporting to Corporate Auditors may not receive unfavorable treatment, and the coverage of expenses for business execution by Corporate Auditors is ensured.

In decision on the distribution of surplus, the Company views shareholder return as one of the most important management issues, and in comprehensive consideration of factors such as business results for each term, the dividend payout ratio, and standards for internal reserves required for future business expansion, the Company's basic policy is to continue providing stable dividends. Furthermore, over the mid- to long-term, the Company aims to achieve a stable dividend payout ratio of approximately 30%.

The Company plans to utilize internal reserves for capital investment and other loans and investments with the intent of improving competitiveness in significant businesses and enriching overseas business, utilizing these in an effort to improve profitability.

Dividends are generally provided twice per year at the interim and year-end, and to flexibly implement dividends such as profit distribution to shareholders, the Company's Articles of Incorporation state that the body to determine dividends, etc., shall be the Board of Directors.

Consolidated Financial Statements

Consolidated Statement of Financial Position

Assets	137th term (As of (Reference) March 31, 136th term 2018)		(Millions of Yen)	
Current assets:	1,254,818	1,140,878	Liabilities	
Cash and cash equivalents	231,929	193,295		
Trade and other receivables	530,571	503,509		
Other financial assets	6,720	5,652		
Inventories	446,801	397,400		
Other current assets	38,797	41,022		
Non-current assets:	1,813,867	1,737,315	Current liabilities:	1,028,950 956,230
Property, plant and equipment	675,745	644,059	Bonds and borrowings	289,190 310,619
Goodwill	122,849	120,548	Trade and other payables	486,832 417,724
Intangible assets	232,629	232,754	Other financial liabilities	52,244 54,129
Investments accounted for using equity method	294,370	268,719	Income taxes payable	28,078 22,956
Other financial assets	316,888	294,151	Provisions	94,796 84,996
Retirement benefit asset	67,693	58,310	Other current liabilities	77,810 65,806
Deferred tax assets	62,146	80,017	Non-current Liabilities:	787,521 806,060
Other non-current assets	41,547	38,757	Bonds and borrowings	552,971 573,476
			Other financial liabilities	96,655 113,990
			Retirement benefit liabilities	39,871 35,518
			Provisions	24,620 26,604
			Deferred tax liabilities	58,404 45,743
			Other non-current liabilities	15,000 10,729
			Total liabilities	1,816,471 1,762,290
			Equity	
			Equity attributable to owners of the parent:	927,141 812,612
			Share capital	89,699 89,699
			Capital surplus	21,688 22,105
			Retained earnings	738,882 623,508
			Treasury shares	(8,296) (8,228)
			Other components of equity	85,168 85,528
			Non-controlling interests	325,073 303,291
Total assets	3,068,685	2,878,193	Total equity	1,252,214 1,115,903
			Total liabilities and equity	3,068,685 2,878,193

Consolidated Statement of Profit or Loss

		(Millions of Yen)
	137th term (April 1, 2017 to March 31, 2018)	(Reference) 136th term (April 1, 2016 to March 31, 2017)
Sales revenue	2,190,509	1,939,069
Cost of sales	(1,440,635)	(1,308,824)
Gross profit	749,874	630,245
Selling, general and administrative expenses	(557,888)	(533,890)
Other operating income	25,262	14,661
Other operating expenses	(21,644)	(26,787)
Share of profit of investments accounted for using the equity method	55,319	42,238
Operating income	250,923	126,467
Finance income	11,542	10,700
Finance expenses	(21,654)	(14,829)
Income before taxes	240,811	122,338
Income tax expenses	(62,653)	(13,238)
Net income	178,158	109,100
Net income attributable to:		
Owners of the parent	133,768	76,540
Non-controlling interests	44,390	32,560
Net income	178,158	109,100

Consolidated Statement of Changes in Equity

(From April 1, 2017 to March 31, 2018)

(Millions of Yen)

	Equity attributable to owners of the parent			
	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance at April 1, 2017	89,699	22,105	623,508	(8,228)
Net income			133,768	
Other comprehensive income				
Total comprehensive income	—	—	133,768	—
Purchase of treasury shares				(68)
Disposal of treasury shares		0		0
Dividends			(27,797)	
Transactions with non-controlling interests		(417)		
Transfer from other components of equity to retained earnings			9,034	
Other changes			369	
Total transactions with owners	—	(417)	(18,394)	(68)
Balance at March 31, 2018	89,699	21,688	738,882	(8,296)

	Equity attributable to owners of the parent					
	Other components of equity					Equity attributable to owners of the parent
	Remeasurements of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Cash flow hedges	Exchange differences on translation of foreign operations	Total	
Balance at April 1, 2017	92,984	—	(4,924)	(2,532)	85,528	812,612
Net income					—	133,768
Other comprehensive income	13,673	6,390	2,072	(13,482)	8,653	8,653
Total comprehensive income	13,673	6,390	2,072	(13,482)	8,653	142,421
Purchase of treasury shares					—	(68)
Disposal of treasury shares					—	0
Dividends					—	(27,797)
Transactions with non-controlling interests					—	(417)
Transfer from other components of equity to retained earnings	(2,644)	(6,390)			(9,034)	—
Other changes	21				21	390
Total transactions with owners	(2,623)	(6,390)	—	—	(9,013)	(27,892)
Balance at March 31, 2018	104,034	—	(2,852)	(16,014)	85,168	927,141

	Non-controlling interests	Total equity
Balance at April 1, 2017	303,291	1,115,903
Net income	44,390	178,158
Other comprehensive income	(2,250)	6,403
Total comprehensive income	42,140	184,561
Purchase of treasury shares		(68)
Disposal of treasury shares		0
Dividends	(15,569)	(43,366)
Transactions with non-controlling interests	(4,789)	(5,206)
Transfer from other components of equity to retained earnings		—
Other changes		390
Total transactions with owners	(20,358)	(48,250)
Balance at March 31, 2018	325,073	1,252,214

Non-consolidated Financial Statements

<u>Non-consolidated Balance Sheet</u>			(Millions of Yen)		
<u>Assets</u>	137th term (As of March 31, 2018)	(Reference) 136th term	<u>Liabilities</u>	137th term (As of March 31, 2018)	(Reference) 136th term
Current assets:	475,982	431,915	Current liabilities:	583,093	478,313
Cash on hand and in banks	4,625	6,251	Trade notes payable	3,548	3,587
Trade notes receivable	841	907	Trade accounts payable	148,288	123,044
Trade accounts receivable	203,934	185,119	Short-term borrowing	132,951	140,966
Merchandise and finished goods	145,348	123,649	Bonds due within one year	67,000	45,000
Work in process	2,483	2,404	Commercial paper	34,000	–
Raw materials and supplies	40,570	37,835	Non-trade accounts payable	68,798	63,256
Deferred tax assets	13,992	13,989	Accrued expenses	13,106	14,052
Non-trade accounts receivable	60,807	60,102	Deposits received	84,365	70,482
Other	10,794	6,855	Reserve for bonuses	12,300	10,950
Allowance for doubtful receivables	(7,414)	(5,196)	Reserve for repairs	11,218	3,404
			Reserve for removal cost of property, plant and equipment	5,450	3,013
			Other	2,068	559
Non-current assets:	993,997	941,955	Non-current Liabilities:	559,736	600,313
Property, plant and equipment:	240,948	211,874	Bonds	185,000	212,000
Buildings	38,607	39,293	Long-term borrowing due after one year	313,000	313,707
Structures	28,324	27,427	Deferred tax liabilities	40,728	35,212
Machinery and equipment	71,030	76,553	Long-term deposits received	8,353	7,625
Vehicles	208	175	Long-term advances received	2,612	–
Tools and furniture	7,444	6,906	Reserve for loss on business of subsidiaries and affiliates	871	16,213
Land	47,843	47,956	Reserve for removal cost of property, plant and equipment	5,845	8,514
Leased assets	24	27	Reserve for repairs	654	3,571
Construction in progress	47,469	13,536	Reserve for environmental measures	2,030	2,423
			Other	643	1,048
Intangible assets:	16,513	10,687	Total liabilities	1,142,829	1,078,626
Patent	959	769	Net assets		
Software	6,048	4,863	Shareholders' equity:	272,626	244,650
Goodwill	3,410	2,082	Common stock	89,699	89,699
Other	6,096	2,973	Capital surplus:	23,697	23,697
			Additional paid-in capital	23,695	23,695
Investments and other non-current assets:	736,536	719,394	Other capital surplus	2	1
Investment securities	113,808	105,144	Retained earnings:	167,525	139,481
Investments in subsidiaries and affiliates	423,993	415,525	Legal reserve	21,361	21,361
Investments in capital	557	557	Other retained earnings	146,165	118,120
Investments in subsidiaries and affiliates' capital	44,501	44,472	General reserve	80,000	50,000
Long-term loans receivable	64,908	68,552	Retained earnings brought forward	66,165	68,120
Long-term prepaid expenses	18,422	18,808	Treasury stock	(8,296)	(8,228)
Prepaid pension expense	52,883	50,691	Valuation and translation adjustments:	54,524	50,594
Other	18,471	16,885	Valuation difference on available-for-sale securities	54,280	50,897
Allowance for doubtful receivables	(1,006)	(1,240)	Deferred gains on hedges	244	(303)
			Total net assets	327,150	295,243
Total assets	1,469,979	1,373,869	Total liabilities and net assets	1,469,979	1,373,869

Non-consolidated Statement of Income

		(Millions of Yen)
	137th term (April 1, 2017 to March 31, 2018)	(Reference) 136th term (April 1, 2016 to March 31, 2017)
Net sales	708,362	650,857
Cost of sales	542,419	508,662
Gross profit	165,943	142,195
Selling, general and administrative expenses	132,460	134,690
Operating income	33,483	7,505
Non-operating income	59,039	68,593
Interest and dividend income	54,599	64,871
Other income	4,440	3,723
Non-operating expenses	16,649	18,141
Interest expense	7,604	8,012
Foreign exchange losses	3,362	1,853
Cost of inactive facilities	2,316	2,990
Other expenses	3,368	5,286
Ordinary income	75,873	57,958
Special gains	5,596	21,534
Gain on sale of investment securities	5,596	21,534
Special losses	16,977	43,884
Loss on related business	11,696	18,742
Loss on disposal of property, plant and equipment	3,892	2,397
Impairment loss	1,389	22,745
Income before income taxes	64,491	35,608
Income taxes – current	4,341	(557)
Income taxes – deferred	4,309	(688)
Net income	55,842	36,853

Non-consolidated Statement of Changes in Net Assets

(From April 1, 2017 to March 31, 2018)

(Millions of Yen)

	Shareholders' equity								
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	Other retained earnings (*)	Total retained earnings		
Balance at the beginning of current period	89,699	23,695	1	23,697	21,361	118,120	139,481	(8,228)	244,650
Changes:									
Cash dividends						(27,797)	(27,797)		(27,797)
Net income						55,842	55,842		55,842
Purchase of treasury stock								(68)	(68)
Disposal of treasury stock			0	0				0	0
Net changes except for shareholders' equity									
Net changes	-	-	0	0	-	28,044	28,044	(68)	27,977
Balance at the end of current period	89,699	23,695	2	23,697	21,361	146,165	167,525	(8,296)	272,626

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains on hedges	Total valuation and translation adjustments	
Balance at the beginning of current period	50,897	(303)	50,594	295,243
Changes:				
Cash dividends				(27,797)
Net income				55,842
Purchase of treasury stock				(68)
Disposal of treasury stock				0
Net changes except for shareholders' equity	3,383	547	3,930	3,930
Net changes	3,383	547	3,930	31,906
Balance at the end of current period	54,280	244	54,524	327,150

* details of other retained earnings

(Millions of Yen)

	General reserve	Retained earnings brought forward	Total
Balance at the beginning of current period	50,000	68,120	118,120
Changes:			
Cash dividends		(27,797)	(27,797)
Net income		55,842	55,842
Provision of general reserve	30,000	(30,000)	–
Net changes	30,000	(1,956)	28,044
Balance at the end of current period	80,000	66,165	146,165

NOTES:

1. Business report is listed as follows:

- (1) Fractions less than 0.1 billion yen or 1 million yen have been rounded to the nearest 0.1 billion yen or million yen.
- (2) Stock prices listed in units of 1,000 are shown rounded down to the nearest 1,000 shares.

2. Fractions less than 1 million yen have been rounded to the nearest million yen with respect to the Consolidated Financial Statements, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Changes in Equity, the Non-consolidated Financial Statements, the Non-consolidated Statement of Income and the Non-consolidated Statement of Changes in Net Assets.