

## **Sumitomo Chemical Reports Consolidated Financial Results For the Half-Year Ended September 30, 2014**

The Sumitomo Chemical Group's sales for the half-year ended September 30, 2014 were ¥1,128.4 billion, an increase of ¥77.6 billion compared with the same period of the previous fiscal year. Operating income came to ¥36.2 billion, showing a year-on-year decrease. The Group recorded ordinary income of ¥52.8 billion and net income of ¥22.6 billion, both representing year-on-year increases due to an improvement in equity in earnings of affiliates.

Sumitomo Chemical decided to pay an interim dividend of ¥6 per share.

The Sumitomo Chemical Group's financial results by business segment for the half-year were as follows.

### Basic Chemicals

Sales of methyl methacrylate grew due to an increase in shipments and higher market prices. Sales of aluminum also rose due to higher market prices. Market prices remained low for raw materials for synthetic fibers, however, and shipments of these products decreased. As a result, the segment's sales increased by ¥18.0 billion from the same period of the previous fiscal year, to ¥155.0 billion. Operating income improved by ¥0.9 billion, to a loss of ¥3.9 billion.

### Petrochemicals & Plastics

Shipments of synthetic resins from overseas subsidiaries increased. Market prices of petrochemical products and synthetic resins also increased because of higher feedstock prices. As a result, the segment's sales grew by ¥37.7 billion from the same period of the previous fiscal year, to ¥406.7 billion, and operating income rose by ¥0.6 billion, to ¥4.5 billion.

### IT-related Chemicals

Shipments of polarizing film used in liquid crystal displays (LCDs) increased due to growth in demand, while selling prices of polarizing film declined. Although selling prices of touchscreen panels declined, shipments grew because of increased production capacity. As a result, the segment's sales increased by ¥12.9 billion compared with the same period of the previous fiscal year, to ¥194.7 billion. Operating income decreased by ¥7.2 billion, to ¥14.5 billion, as it was adversely affected by lower selling prices.

### Health & Crop Sciences

Shipments of the feed additive methionine increased and market prices of methionine are gradually recovering, though still lower than year-earlier levels. Shipments of the long-lasting insecticidal mosquito net, Olyset® Net, also increased. On the other hand, shipments of crop protection chemicals decreased in Japan and abroad due to the effects of the consumption tax increase in Japan and unseasonable weather in South America. As a result, the segment's sales increased by ¥10.0 billion compared with the same period of the previous fiscal year, to ¥149.5 billion. Operating income decreased by ¥0.2 billion, to ¥11.4 billion.

### Pharmaceuticals

In North America, shipments of Lunesta® (sedative hypnotic) decreased sharply as marketing exclusivity ended. Shipments of Latuda® (atypical antipsychotic), however, expanded at a pace faster than expected. In Japan, overall sales decreased due to the impacts of Japanese National Health Insurance drug price revisions and competition from generic drugs. As a result, the segment's sales declined by ¥2.8 billion compared with the same period of the previous fiscal year, to ¥194.4 billion, and operating income decreased by ¥5.2 billion, to ¥15.4 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 increased by ¥1.8 billion compared with the same period of the previous fiscal year, to ¥28.2 billion. Operating income decreased by ¥0.7 billion, to ¥2.7 billion.

## Summary of Consolidated Results

### (1) Results of Operations:

	6 Months ended September 30, 2014		6 Months ended September 30, 2013
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Net sales	1,128,417	10,309,886	1,050,806
Operating income	36,177	330,534	46,332
Ordinary income	52,835	482,732	44,250
Income before income taxes and minority interests	52,437	479,095	38,256
Net income	22,588	206,377	12,452
	Yen	USD*	Yen
Net income per 1,000 shares	13,820	126	7,618
Dividends per 1,000 shares:			
Interim dividends	6,000	55	6,000
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Comprehensive income	62,077	567,172	75,665

### (2) Financial Position:

	As of September 30, 2014		As of March 31, 2014
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Total assets	2,868,807	26,211,119	2,788,507
Total net asset	981,579	8,968,287	934,506

### (3) Cash Flows:

	6 Months ended September 30, 2014		6 Months ended September 30, 2013
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Cash flows from operating activities	14,028	128,168	100,840
Cash flows from investing activities	(27,896)	(254,874)	(79,988)
Cash flows from financing activities	49,734	454,399	(4,622)
Cash and cash equivalents at end of period	174,652	1,595,724	143,158

### (4) Results of Operations by Business Segment:

	6 Months ended September 30, 2014		6 Months ended September 30, 2013
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Net sales			
Basic Chemicals	154,955	1,415,761	136,932
Petrochemicals & Plastics	406,656	3,715,450	368,914
IT-related Chemicals	194,680	1,778,712	181,792
Health & Crop Sciences	149,503	1,365,948	139,502
Pharmaceuticals	194,411	1,776,254	197,231
Others	28,212	257,761	26,435
	1,128,417	10,309,886	1,050,806
Operating income (loss)			
Basic Chemicals	(3,913)	(35,751)	(4,796)
Petrochemicals & Plastics	4,496	41,078	3,855
IT-related Chemicals	14,494	132,426	21,705
Health & Crop Sciences	11,413	104,276	11,574
Pharmaceuticals	15,439	141,060	20,630
Others	2,695	24,623	3,416
Adjustments	(8,447)	(77,178)	(10,052)
	36,177	330,534	46,332

(Note)

\*:U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥109.45= \$1 prevailing on September 30, 2014.