

For Immediate Release

October 30, 2015

**Sumitomo Chemical Reports**  
**Consolidated Financial Results**  
**For the Half-Year Ended September 30, 2015**

The Sumitomo Chemical Group's sales for the half-year ended September 30, 2015 totaled ¥1,075.9 billion, a decrease of ¥52.6 billion compared with the same period of the previous fiscal year. The Group posted operating income of ¥74.2 billion, ordinary income of ¥100.4 billion and net income attributable to owners of the parent of ¥60.9 billion, all representing year-on-year increases.

This year marks the 100th anniversary of the commencement of Sumitomo Chemical's operations. Sumitomo Chemical decided to pay an interim dividend of ¥8 per share, comprised of a commemorative dividend of ¥2 per share in addition to an ordinary dividend of ¥6 per share.

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

**Petrochemicals & Plastics**

Market prices of petrochemical products and synthetic resins declined because of lower feedstock prices. Shipments of petrochemical products and synthetic resins decreased due to a change in the commercial distribution channel for petrochemical products from Petro Rabigh and the restructuring of the petrochemical business at the Chiba Works. The weaker yen had a positive effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales decreased by ¥108.9 billion from the same period of the previous fiscal year, to ¥362.1 billion. Operating income increased by ¥12.0 billion, to ¥13.4 billion, due to higher profit margins.

**Energy & Functional Materials**

Sales of aluminum and resorcinol, a raw material for adhesives, declined due to a decrease in shipments. Market prices for synthetic rubber dropped due to lower raw materials prices. As a result, the segment's sales decreased by ¥5.3 billion from the same period of the previous fiscal year, to ¥93.4 billion. The operating loss decreased by ¥0.4 billion, to ¥0.3 billion, due to higher profit margins.

### IT-related Chemicals

Although selling prices of polarizing film used in liquid crystal displays (LCDs) and touchscreen panels declined, shipments of these products increased due to growth in demand. The weaker yen had a positive effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales rose by ¥25.2 billion from the same period of the previous fiscal year, to ¥219.9 billion. Operating income grew by ¥4.2 billion, to ¥18.7 billion.

### Health & Crop Sciences

Sales of the feed additive methionine rose sharply due to higher market prices. As a result, including the positive effect of the weaker yen, the segment's sales increased by ¥15.8 billion from the same period of the previous fiscal year, to ¥157.3 billion. Operating income grew by ¥15.6 billion, to ¥27.1 billion.

### Pharmaceuticals

In Japan, despite efforts to increase shipments of Aimix® (anti-hypertension drug) and other drugs, sales declined due largely to a decrease in shipments of patent-expired originator drugs. In North America, sales of Latuda® (atypical antipsychotic) increased. The weaker yen had a positive effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales grew by ¥20.5 billion from the same period of the previous fiscal year, to ¥215.0 billion. Operating income rose by ¥3.9 billion, to ¥19.4 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 came to ¥28.3 billion, almost unchanged from the same period of the previous fiscal year. Operating income increased by ¥1.5 billion, to ¥4.2 billion.

Sumitomo Chemical has revised its consolidated financial forecast for the full-year ending March 31, 2016, previously announced on May 12, 2015, as follows.

(Millions of yen)

	Sales	Operating Income	Ordinary Income	Net income attributable to owners of the parent	Earnings per Share (yen)
Previous Forecast (A)	2,250,000	145,000	160,000	80,000	48.95
Revised Forecast (B)	2,250,000	155,000	170,000	80,000	48.95
Variance in Amount (B-A)	-	10,000	10,000	-	
Variance in Percentage (%)	-	6.9	6.3	-	
Results for Full-Year ended March 31, 2015	2,376,697	127,346	157,414	52,192	31.93

Despite a decrease in shipments of products in the IT-related Chemicals Sector, operating income is expected to exceed the previous forecast due mainly to higher profit margins in the businesses of the Petrochemicals & Plastics Sector and the Health & Crop Sciences Sector.

Ordinary income is also anticipated to exceed the previous estimate. There is no change in the forecast for net income attributable to owners of the parent, as certain restructuring expenses are expected to be reported for the second half of the current fiscal year.

The new forecast is based on the assumptions of a foreign exchange rate of ¥120/US\$ and a naphtha price of ¥50,000/kl for the second half of the current fiscal year.

#### **(Note) Change in Business Segment Classification Methods**

Due to Sumitomo Chemical's organizational reform as of April 1, 2015, the Basic Chemicals Segment was eliminated, and businesses in this segment were split up and transferred to the Petrochemicals & Plastics Segment and the Energy & Functional Materials Segment, which was established as a new business segment. In addition, some of the businesses in the Petrochemicals & Plastics Segment were transferred to the Energy & Functional Materials Segment.

Inorganic chemicals, raw materials for synthetic fibers, organic chemicals, and methyl methacrylate, which had been included in the Basic Chemicals Segment, were transferred to the Petrochemicals & Plastics Segment. Alumina products, aluminum, functional materials, additives, and dyes, which had also been included in the Basic Chemicals Segment, were transferred to the Energy & Functional Materials Segment. In addition, synthetic rubber, which had been included in the Petrochemicals & Plastics Segment, was transferred to the Energy & Functional Materials Segment. One of the Company's consolidated subsidiaries, formerly categorized under the Health & Crop Sciences Segment, has been categorized into the Energy & Functional Materials Segment.

#### **Cautionary Statement**

Statements made in this release with respect to Sumitomo Chemical's current plans, estimates, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of Sumitomo Chemical. These statements are based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and uncertainties.

The important factors that could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to, general economic conditions in Sumitomo Chemical's markets; demand for, and competitive pricing pressure on, Sumitomo Chemical's products in the marketplace; Sumitomo Chemical's ability to continue to win acceptance for its products in these highly competitive markets; and movements of currency exchange rates.

## Summary of Consolidated Results

### (1) Results of Operations:

	6 Months ended September 30, 2015		6 Months ended September 30, 2014
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Net sales	1,075,863	8,968,515	1,128,417
Operating income	74,244	618,906	36,177
Ordinary income	100,395	836,904	52,835
Income before income taxes	105,028	875,525	52,437
Net income	77,933	649,658	31,920
Net income attributable to non-controlling interests	17,037	142,022	9,332
Net income attributable to owners of the parent	60,896	507,636	22,588
	Yen	USD*1	Yen
Net income per 1,000 shares	37,261	311	13,820
Dividends per 1,000 shares:			
Interim dividends	8,000	67	6,000
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Comprehensive income	47,017	391,939	62,077

### (2) Financial Position:

	As of September 30, 2015		As of March 31, 2015
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Total assets	2,848,727	23,747,307	2,880,396
Total net asset	1,152,811	9,609,962	1,118,216

### (3) Cash Flows:

	6 Months ended September 30, 2015		6 Months ended September 30, 2014
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Cash flows from operating activities	132,906	1,107,919	14,028
Cash flows from investing activities	(7,772)	(64,788)	(27,896)
Cash flows from financing activities	(50,550)	(421,390)	49,734
Cash and cash equivalents at end of period	271,106	2,259,970	174,652

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

	6 Months ended September 30, 2015		6 Months ended September 30, 2014
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)*2
Net sales			
Petrochemicals & Plastics	362,077	3,018,314	470,940
Energy & Functional Materials	93,391	778,518	98,697
IT-related Chemicals	219,864	1,832,811	194,680
Health & Crop Sciences	157,252	1,310,870	141,477
Pharmaceuticals	214,953	1,791,872	194,411
Others	28,326	236,130	28,212
	1,075,863	8,968,515	1,128,417
Operating income (loss)			
Petrochemicals & Plastics	13,355	111,329	1,308
Energy & Functional Materials	(299)	(2,492)	(735)
IT-related Chemicals	18,693	155,827	14,494
Health & Crop Sciences	27,052	225,509	11,416
Pharmaceuticals	19,352	161,320	15,439
Others	4,194	34,962	2,695
Adjustments	(8,103)	(67,549)	(8,440)
	74,244	618,906	36,177

(Note)

\*1:U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥119.96= \$1 prevailing on September 30, 2015.

\*2:New business segmentation is applied to consolidated results of previous year.