

**Sumitomo Chemical Reports  
Consolidated Financial Results  
For the Three Months Ended June 30, 2016**

The Sumitomo Chemical Group's consolidated financial results for the first quarter ended June 30, 2016 were as follows. Sales decreased by ¥100.0 billion compared with the same period of the previous fiscal year, to ¥456.6 billion. The Group posted operating income of ¥25.3 billion, ordinary income of ¥25.8 billion and net income attributable to owners of the parent of ¥12.2 billion, all representing year-on-year decreases.

The Sumitomo Chemical Group's financial results by business segment for the first quarter ended June 30, 2016 were as follows.

**Petrochemicals & Plastics**

Market prices of petrochemical products and synthetic resins declined because of lower feedstock prices. Shipments of petrochemical products decreased due to the restructuring of the petrochemical business at the Chiba Works. The stronger yen had a negative effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales decreased by ¥61.5 billion compared with the same period of the previous fiscal year, to ¥137.0 billion. Operating income declined by ¥5.2 billion, to ¥1.8 billion.

**Energy & Functional Materials**

Market prices of aluminum fell sharply. Shipments of resorcinol, a raw material for adhesives, and engineering plastics increased due to a rise in demand. As a result, the segment's sales decreased by ¥5.5 billion compared with the same period of the previous fiscal year, to ¥47.0 billion. Operating income increased by ¥0.7 billion, to ¥0.7 billion.

**IT-related Chemicals**

Although selling prices of touchscreen panels declined, shipments increased due to growth in demand. Selling prices of polarizing film also dropped, and shipments declined as well. The stronger yen had a negative effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales decreased by ¥18.1 billion compared with the same period of the previous fiscal year, to ¥86.0 billion. Operating income declined by ¥5.9 billion, to ¥1.4 billion.

### Health & Crop Sciences

Sales of the feed additive methionine dropped due to lower market prices. Shipments overseas of crop protection chemicals declined. The stronger yen also had a negative effect on sales. As a result, the segment's sales decreased by ¥18.0 billion compared with the same period of the previous fiscal year, to ¥64.0 billion. Operating income declined by ¥7.0 billion, to ¥9.1 billion.

### Pharmaceuticals

In Japan, although sales of Aimix® (anti-hypertension drug), Terief® (therapeutic agent for Parkinson's disease) and other drugs increased, overall sales declined due largely to the impacts of Japanese National Health Insurance drug price revisions and a decrease in shipments of patent-expired originator drugs. In North America, sales of Latuda® (atypical antipsychotic) and other drugs increased steadily. The stronger yen had a negative effect on sales from overseas subsidiaries in yen terms. As a result, the segment's sales grew by ¥5.5 billion from the same period of the previous fiscal year, to ¥111.7 billion. Operating income rose by ¥9.5 billion, to ¥15.3 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 decreased by ¥2.5 billion compared with the same period of the previous fiscal year, to ¥10.9 billion. Operating income declined by ¥0.3 billion, to ¥0.8 billion.

Equity in earnings of affiliates decreased by ¥4.6 billion compared with the same period of the previous fiscal year, to ¥10.2 billion. Earnings of Petrochemical Corporation of Singapore remained strong due to higher profit margins, while earnings of Rabigh Refining and Petrochemical Company (Petro Rabigh) deteriorated due to a delay in a restart of operation after periodic plant maintenance.

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

As of April 1, 2016, battery materials and engineering plastics, which had been included in the IT-related Chemicals Segment, were transferred to the Energy & Functional Materials Segment.

## Summary of Consolidated Results

### (1) Results of Operations:

	3 Months ended June 30, 2016		3 Months ended June 30, 2015
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Net sales	456,555	4,436,449	556,587
Operating income	25,326	246,099	33,190
Ordinary income	25,848	251,171	49,751
Income before income taxes and non-controlling interests	25,330	246,137	54,936
Net income	20,575	199,932	41,905
Net income attributable to non-controlling interests	8,359	81,226	7,947
Net income attributable to owners of the parent	12,216	118,706	33,958
	Yen	USD*1	Yen
Net income per 1,000 shares	7,475	73	20,778
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Comprehensive income	(55,582)	(540,103)	60,798

### (2) Financial Position:

	As of June 30, 2016		As of March 31, 2016
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Total assets	2,568,834	24,961,947	2,662,150
Total net asset	1,017,901	9,891,177	1,090,776

### (3) Cash Flows:

	3 Months ended June 30, 2016		3 Months ended June 30, 2015
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Cash flows from operating activities	(9,392)	(91,264)	(3,723)
Cash flows from investing activities	(34,781)	(337,975)	752
Cash flows from financing activities	52,508	510,232	45,301
Cash and cash equivalents at end of period	206,759	2,009,124	245,917

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

	3 Months ended June 30, 2016		3 Months ended June 30, 2015
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)*2
Net sales			
Petrochemicals & Plastics	136,966	1,330,930	198,461
Energy & Functional Materials	46,985	456,564	52,520
IT-related Chemicals	86,002	835,701	104,059
Health & Crop Sciences	64,038	622,272	82,011
Pharmaceuticals	111,663	1,085,055	106,174
Others	10,901	105,928	13,362
	456,555	4,436,450	556,587
Operating income			
Petrochemicals & Plastics	1,781	17,306	6,940
Energy & Functional Materials	717	6,967	45
IT-related Chemicals	1,402	13,624	7,260
Health & Crop Sciences	9,100	88,427	16,122
Pharmaceuticals	15,309	148,761	5,812
Others	818	7,949	1,129
Adjustments	(3,801)	(36,935)	(4,118)
	25,326	246,099	33,190

(Note)

\*1:U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥102.91= \$1 prevailing on June 30, 2016.

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