

## Summary of Financial Results of Fiscal Year 2013 Ended March 31, 2014



April 28, 2014

Company Name: Sekisui Chemical Co., Ltd.  
 Stock Listings: Tokyo Stock Exchange  
 Code Number: 4204  
 URL: <http://www.sekisuichemical.com>  
 Representative Director: Mr. Naofumi Negishi, President  
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 TEL: +81-3- 5521-0522  
 Scheduled General Meeting of Shareholders: June 26, 2014  
 Scheduled date for payment of dividends: June 27, 2014  
 Scheduled date for submission of financial statement: June 26, 2014  
 Earnings supplementary explanatory documents: Yes  
 Earnings results briefing: Yes

(Figures rounded down to the nearest million yen)

### 1. Consolidated Business Results for the Fiscal 2013 (April 1, 2013 to March 31, 2014)

#### (1) Consolidated Business Results (% change from the previous year)

	Net Sales		Operating Income		Recurring Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2013	1,110,851	7.6	82,541	38.4	83,310	37.3	41,190	36.5
FY2012	1,032,431	7.0	59,621	9.2	60,670	12.0	30,174	7.3

(Note) Comprehensive income March 31, 2014: 57,944 million yen (-25.2%), March 31, 2013: 77,437 million yen (214.1%)

	Net Income per Share	Net Income per Share (Diluted)	Net Income to Equity Ratio	Recurring Income to Total Assets Ratio	Operating Income Ratio
	yen	yen	%	%	%
FY2013	80.13	79.94	9.4	8.9	7.4
FY2012	58.53	58.50	7.8	7.0	5.8

(Note) Equity in earnings of affiliated companies March 31, 2014: 2,070 million yen, March 31, 2013: 1,249 million yen

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	yen
FY2013	961,009	473,555	47.5	897.18
FY2012	901,564	433,228	46.4	810.76

(Note) Shareholders' Equity : March 31, 2014: 456,819 million yen, March 31, 2013: 418,582 million yen

#### (3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	End of Year Cash and Cash Equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2013	97,720	-60,914	-49,803	51,248
FY2012	71,016	-31,133	-30,520	58,631

### 2. Dividend Status

(Date of Record)	Dividend Per Share					Total Dividend Payment (full year)	Dividend Payout Ratio (consolidated)	Dividend to equity ratio (consolidated)
	At the end of 1Q	At the end of 2Q	At the end of 3Q	Year-end	Full year			
	yen	yen	yen	yen	yen	Millions of yen	%	%
FY2012	-	9.00	-	9.00	18.00	9,291	30.8	2.4
FY2013	-	11.00	-	12.00	23.00	11,807	28.7	2.7
FY2014 (outlook)	-	12.00	-	12.00	24.00		26.6	

### 3. Consolidated Outlook for Fiscal 2014 (April 1, 2014 to March 31, 2015)

(% change from the previous year)

	Net Sales		Operating Income		Recurring Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Mid-term	560,000	5.1	38,000	1.3	38,500	-1.3	21,000	-8.0	41.24
Full Year	1,154,000	3.9	87,000	5.4	85,000	2.0	46,000	11.7	90.34

#### 4. Other

(1) Significant change of subsidiary companies during the term (change of specified subsidiaries that affected the scope of consolidated reporting): No

(2) Changes to the accounting policy, changes or restatements of the accounting estimates

a) Changes caused by revisions to accounting principles: Yes

b) Changes other than a): No

c) Amendments to accounting estimates: No

d) Restatements: No

Note: For details, see “(6) Important items regarding the basis of preparation of the consolidated financial statements Change in accounting policy” on page 13.

(3) Number of shares outstanding (common stock)

a) Number of shares outstanding at the end of term (including treasury stock)	FY2013	532,507,285 shares
	FY2012	532,507,285 shares
b) Treasury stock at the end of term	FY2013	23,337,707 shares
	FY2012	16,223,314 shares
c) Average number of shares outstanding during the current term	FY2013	514,057,819 shares
	FY2012	515,529,062 shares

(Reference information) Non-consolidated financial results for the Fiscal 2013 (April 1, 2013 to March 31, 2014)

(1) Non-Consolidated Business Results (% change from the previous year)

	Net Sales		Operating Income		Recurring Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2013	377,199	10.0	24,085	91.7	41,833	54.2	19,611	24.0
FY2012	342,941	1.7	12,564	36.3	27,123	34.5	15,814	29.9

	Net Income per Share	Net Income per Share (Diluted)
	yen	yen
FY2013	38.13	38.04
FY2012	30.66	30.64

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	yen
FY2013	529,548	282,789	53.4	554.49
FY2012	516,419	281,625	54.5	544.53

(Note) Shareholders' Equity : March 31, 2014: 282,521 million yen, March 31, 2013: 281,319 million yen

#### Note: Execution chart for audit procedures

The Financial Instruments and Exchange Law does not require this brief announcement of the most recent financial statements to be subject to audit review. The review procedure of financial statements based on the Financial Instruments and Exchange Law is not completed at the time of the disclosure of these consolidated financial statements.

#### Note: Remarks on appropriate use of forecasted results of operation and other special matters

The earnings forecasts and other forward-looking statements presented in this report are based on information available at the time of the report and on certain assumptions that the Company considers reasonable. Forward-looking statements in no capacity represent a guarantee that the Company will achieve the stated amounts. Various factors can cause actual results to differ materially from the forecasts.

## **I. Consolidated Business Results**

### **(1) Analysis of Operating Results**

Please see the following attachment of materials from the Presentation Meeting on the Financial Results for Fiscal Year 2013 and FY2014-2016 Medium-term Management Plan.

<http://www.sekisuichemical.com/ir/pdf/20140428kge.pdf>

[The Presentation Meeting is scheduled to be held on April 28, 2014, at 4:30 p.m. Japan time]

### **(2) Consolidated Financial Position**

#### **1) Cash Flow (April 1, 2013, to March 31, 2014)**

Net cash provided by operating activities amounted to ¥97.7 billion. Cash inflows included ¥72.4 billion in income before income taxes and minority interests and ¥34.3 billion in depreciation and amortization along with a ¥9.6 billion loss on impairment of fixed assets and goodwill and increases of ¥8.1 billion increase in advances received and ¥6.1 billion in notes and accounts payable. These exceeded cash outflows, which included ¥18.2 billion in income taxes paid and a ¥13.2 billion increase in notes and accounts receivable.

Net cash used in investing activities amounted to ¥60.9 billion. The decrease was primarily due to ¥28.5 billion utilized for purchases of property, plant, and equipment focused on priority and growth fields and a ¥23.8 billion net increase in time deposits.

Net cash used in financing activities amounted to ¥49.8 billion. The main elements in the decline were ¥11.8 billion in cash dividends paid, a ¥10.0 billion purchase of treasury stock, and a ¥29.9 billion net decrease in interest-bearing debt.

The result of the above was cash and cash equivalents of ¥51.2 billion at the end of fiscal year 2013.

## 2) Fiscal Year 2014 Forecast

Business operations will continue to be conducted with investment concentration in priority and growth fields and an emphasis on cash flow.

### Reference: Trends in Cash Flow Indicators

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Equity ratio (%)	43.4	43.0	42.5	46.4	47.5
Shareholders' equity ratio based on market value (%)	42.3	43.0	44.7	59.1	56.9
Ratio of interest-bearing liabilities to cash flow	1.8	1.9	1.9	1.6	1.0
Interest coverage ratio	29.4	24.6	24.2	23.5	37.2

Equity ratio = Equity / Total assets

Shareholders' equity ratio based on market value = Total market value of listed shares / Total assets

Ratio of interest-bearing liabilities to cash flow = Interest-bearing debt / Cash flow

Interest coverage ratio = Cash flow / Interest payments

(Note)

- All indicators are calculated from consolidated figures.
- Total market value of listed shares is calculated by multiplying the closing stock price at the fiscal term end by the total number of shares outstanding at the fiscal term end excluding treasury stock.
- Cash flow is the cash flow of operating activities reported in the consolidated statement of cash flows.
- Interest-bearing debt represents the total amount of debt on which the company pays interest reported in the consolidated balance sheet. The interest payment amount is the amount reported in the consolidated statement of cash flows.

### (3) Fundamental Profit Distribution Policy and Dividends for Fiscal Years 2013 and 2014

Increasing corporate value and returning profit to shareholders are fundamental management objectives at Sekisui Chemical.

The Company's profit distribution policy is to take into account performance results with a management objective for shareholder return to maintain a stable dividend level with a target dividend payout ratio of 30% on a consolidated basis.

The company pays dividends twice annually, with the dates of record set as the last day of the first half (September 30) and the last day of the fiscal year (March 31). In line with company policy, when in possession of surplus funds, these funds are used for share buyback programs to enhance shareholder return as well as to improve capital efficiency and increase earnings per share. Internal cash reserves are utilized for R&D, capital investment, strategic investment, loans and investments, and other activities essential to the future growth of corporate value.

In consideration of the Company's ongoing solid performance, the target payout ratio, and other factors, the Company has revised the planned dividend distribution amount for fiscal year 2013 as shown in the following table.

	Dividend Per Share (yen)		
	End of 1H	Fiscal year end	Total
Previous forecast (announced October 30, 2013)	11.00	11.00	22.00
Revised forecast	-	12.00	23.00
Actual amount	11.00	-	-
Previous fiscal year amount (Fiscal year ended March 2013)	9.00	9.00	18.00

In fiscal year 2014, the Company plans to provide a first half dividend of ¥12 and a second half dividend of ¥12 for a full-year dividend distribution of ¥24 per share.

## II. Consolidated Financial Statement (Fiscal Year 2013)

## (1) Consolidated Balance Sheets

	(Millions of Yen)	
	End Fiscal Year 2012 As of March 31, 2013	End Fiscal Year 2013 As of March 31, 2014
(Assets)		
Current Assets		
Cash and deposits	91,132	107,673
Notes receivable, trade	42,183	39,643
Accounts receivable, trade	129,901	152,591
Marketable securities	1	0
Merchandise and finished goods	47,825	54,209
Land for sale	19,334	21,716
Work in process	43,036	47,730
Raw materials and supplies	29,829	32,690
Advance payments	2,354	1,115
Prepaid expenses	2,525	3,030
Deferred income taxes	15,370	17,243
Short-term loans receivable	527	467
Other current assets	17,850	19,296
Allowance for doubtful accounts	-1,907	-2,748
Total current assets	<u>439,964</u>	<u>494,660</u>
Non-current assets		
Property, plant and equipment, net		
Buildings & structures, net	84,226	86,451
Machinery, equipment and vehicles, net	63,736	68,461
Land	69,810	69,419
Leased assets, net	7,775	9,045
Construction in progress	10,288	13,133
Other, net	4,816	5,540
Total property, plant and equipment, net	<u>240,654</u>	<u>252,051</u>
Intangible fixed assets		
Goodwill	21,123	12,893
Software	5,129	6,173
Leased assets	278	325
Other	22,566	20,436
Total intangible assets	<u>49,098</u>	<u>39,828</u>
Investments and other assets		
Investments in securities	146,192	151,724
Long-term loans receivable	710	967
Long-term prepaid expenses	1,276	1,177
Deferred income taxes	12,732	8,964
Other	12,283	12,712
Allowance for doubtful accounts	-1,346	-1,078
Total investments and other assets	<u>171,848</u>	<u>174,468</u>
Total non-current assets	<u>461,600</u>	<u>466,349</u>
Total assets	<u>901,564</u>	<u>961,009</u>

	(Millions of Yen)	
	End Fiscal Year 2012 As of March 31, 2013	End Fiscal Year 2013 As of March 31, 2014
<b>(Liabilities)</b>		
Current liabilities		
Notes payable, trade	7,797	8,453
Electronically recorded obligations	4,963	6,520
Accounts payable, trade	125,403	133,861
Short-term debt and current portion of long-term debt	47,590	44,146
Bonds redeemable within one year	-	10,000
Lease obligation	2,953	2,907
Accrued expenses	29,977	32,056
Accrued income taxes and other taxes	6,747	18,286
Deferred income taxes	225	371
Allowance for bonuses to employees	15,410	17,250
Allowance for bonuses to directors and corporate auditors	207	261
Provision for compensation for completed constructions	1,223	1,132
Advances received	49,123	57,365
Other	43,915	55,752
Total current liabilities	<u>335,539</u>	<u>388,365</u>
Long-term liabilities		
Bonds less current maturities	20,000	10,000
Long-term debt less current portion	39,650	20,459
Lease obligation	5,126	6,496
Deferred income taxes	5,104	4,923
Accrued retirement benefits	57,274	-
Liability for retirement benefits	-	51,100
Other	5,640	6,109
Total long-term liabilities	<u>132,797</u>	<u>99,089</u>
Total liabilities	<u>468,336</u>	<u>487,454</u>
<b>(Net assets)</b>		
Shareholders' equity		
Common stock	100,002	100,002
Capital surplus	109,234	109,234
Retained earnings	209,280	240,231
Treasury stock	-11,577	-20,347
Total shareholders' equity	<u>406,939</u>	<u>429,120</u>
Accumulated other comprehensive income (loss):		
Unrealized holding gain on securities	17,778	19,001
Deferred gain on hedges	47	7
Unrealized gain on land revaluation	260	261
Translation adjustments	-6,443	6,959
Accumulated adjustment on retirement benefits	-	1,468
Total accumulated other comprehensive income	<u>11,642</u>	<u>27,698</u>
Stock acquisition rights	306	267
Minority interests	14,339	16,468
Total net assets	<u>433,228</u>	<u>473,555</u>
Total liabilities, net assets	<u>901,564</u>	<u>961,009</u>

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income  
(Consolidated Statement of Income)

	(Millions of Yen)	
	Fiscal Year 2012 (From April 1, 2012 to March 31, 2013)	Fiscal Year 2013 (From April 1, 2013 to March 31, 2014)
Net sales	1,032,431	1,110,851
Cost of sales	729,971	774,753
Gross profit	302,460	336,097
Selling, general & administrative expenses	242,838	253,555
Operating Income	59,621	82,541
Non-operating income		
Interest income	909	1,029
Dividend income	2,075	3,094
Equity in earnings of affiliates	1,249	2,070
Foreign exchange gain, net	4,827	3,273
Miscellaneous income	4,134	4,364
Total non-operating income	13,195	13,832
Non-operating expenses		
Interest expenses	2,550	2,266
Sales discounts	332	345
Miscellaneous expenses	9,265	10,453
Total non-operating expenses	12,147	13,064
Ordinary income	60,670	83,310
Extraordinary income		
Gain on sales of property, plant and equipment	1,815	-
Total extraordinary income	1,815	-
Extraordinary loss		
Loss on impairment of fixed assets and goodwill	5,243	9,642
Retirement benefit expenses	9,536	-
Loss on devaluation of investments in securities	2,022	-
Loss on sales or disposal of property, plant and equipment	1,186	1,241
Total extraordinary loss	17,989	10,884
Income before income taxes and minority interests	44,495	72,426
Income taxes		
Current	17,241	29,664
Deferred	-3,967	393
Total income taxes	13,274	30,058
Income before minority interests	31,221	42,368
Minority interests	1,047	1,177
Net income	30,174	41,190



(Consolidated Statement of Comprehensive Income)

(Millions of Yen)

	Fiscal Year 2012 (From April 1, 2012 to March 31, 2013)	Fiscal Year 2013 (From April 1, 2013 to March 31, 2014)
Income before minority interests	31,221	42,368
Other comprehensive income (loss)		
Unrealized holding gain on securities	25,099	954
Deferred loss (gain) on hedges	63	-40
Translation adjustments	20,805	14,389
Comprehensive income of affiliates accounted for by the equity method attributable to the Company	247	272
Total other comprehensive income	46,215	15,576
Comprehensive income	77,437	57,944
Comprehensive income attributable to:		
Shareholders of the Company	74,960	55,778
Minority shareholders	2,476	2,166

(3) Consolidated Statement of Changes in Net Assets  
 Fiscal 2012 (April 1, 2012 to March 31, 2013)

(Millions of Yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at the beginning of the current accounting period	100,002	109,288	192,856	-17,352	384,795
Changes					
Cash dividends			-8,767		-8,767
Net income for the year			30,174		30,174
Decrease in retained earnings resulting from inclusion of subsidiaries in consolidation					-
Retirement of treasury stock		-5,046		5,046	-
Increase in treasury stock				-14	-14
Gain on sales of treasury stock		9		742	751
Transfer from retained earnings to capital surplus		4,983	-4,983		-
Net changes of items other than shareholders' equity					
Total Changes	-	-53	16,423	5,774	22,144
Balance at the end of the current accounting period	100,002	109,234	209,280	-11,577	406,939

	Accumulated other comprehensive income (loss)						Stock acquisition rights	Minority interests	Total net assets
	Unrealized holding gain (loss) on securities	Deferred gain (loss) on hedges	Unrealized gain on land revaluation	Translation adjustments	Accumulated adjustments on retirement benefits	Total accumulated other comprehensive income			
Balance at the beginning of the current accounting period	-7,556	-16	260	-25,830	-	-33,143	474	11,173	363,299
Changes									
Cash dividends									-8,767
Net income for the year									30,174
Decrease in retained earnings resulting from inclusion of subsidiaries in consolidation									-
Retirement of treasury stock									-
Increase in treasury stock									-14
Gain on sales of treasury stock									751
Transfer from retained earnings to capital surplus									-
Net changes of items other than shareholders' equity	25,335	63	-	19,386	-	44,786	-168	3,166	47,783
Total Changes	25,335	63	-	19,386	-	44,786	-168	3,166	69,928
Balance at the end of the current accounting period	17,778	47	260	-6,443	-	11,642	306	14,339	433,228

## Sekisui Chemical (4204) Summary of Financial Results for the Fiscal Year 2013 Ended March 31, 2014

Fiscal 2013 (April 1, 2013 to March 31, 2014)

(Millions of Yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at the beginning of the current accounting period	100,002	109,234	209,280	-11,577	406,939
Changes					
Cash dividends			-10,342		-10,342
Net income for the year			41,190		41,190
Decrease in retained earnings resulting from inclusion of subsidiaries in consolidation			134		134
Retirement of treasury stock					-
Increase in treasury stock				-10,038	-10,038
Gain on sales of treasury stock		-30		1,268	1,238
Transfer from retained earnings to capital surplus		30	-30		-
Net changes of items other than shareholders' equity					
Total Changes	-	-	30,951	-8,770	22,180
Balance at the end of the current accounting period	100,002	109,234	240,231	-20,347	429,120

	Accumulated other comprehensive income (loss)						Stock acquisition rights	Minority interests	Total net assets
	Unrealized holding gain (loss) on securities	Deferred gain (loss) on hedges	Unrealized gain on land revaluation	Translation adjustments	Accumulated adjustments on retirement benefits	Total accumulated other comprehensive income			
Balance at the beginning of the current accounting period	17,778	47	260	-6,443	-	11,642	306	14,339	433,228
Changes									
Cash dividends									-10,342
Net income for the year									41,190
Decrease in retained earnings resulting from inclusion of subsidiaries in consolidation									134
Retirement of treasury stock									-
Increase in treasury stock									-10,038
Gain on sales of treasury stock									1,238
Transfer from retained earnings to capital surplus									-
Net changes of items other than shareholders' equity	1,223	-40	1	13,403	1,468	16,055	-38	2,128	18,146
Total Changes	1,223	-40	1	13,403	1,468	16,055	-38	2,128	40,326
Balance at the end of the current accounting period	19,001	7	261	6,959	1,468	27,698	267	16,468	473,555

## (4) Consolidated Statements of Cash Flows

	Fiscal Year 2012 (From April 1, 2012 to March 31, 2013)	Fiscal Year 2013 (From April 1, 2013 to March 31, 2014)
Operating activities		
Income before income taxes and minority interests	44,495	72,426
Depreciation and amortization	34,895	34,376
Amortization of goodwill	3,232	2,957
Loss on impairment of fixed assets and goodwill	5,243	9,642
Loss on disposal of property, plant and equipment	1,089	1,125
Loss on devaluation of investment in securities	2,022	-
Loss (gain) on sales of property, plant and equipment	-1,718	116
Increase in accrued retirement benefits	9,902	-
Decrease in liability for retirement benefits	-	-3,326
Interest and dividends income	-2,984	-4,124
Interest expenses	2,882	2,611
Equity in earnings of affiliates	-1,249	-2,070
Increase in notes and accounts receivable	-3,179	-13,206
Increase in inventories	-1,715	-12,424
Increase (decrease) in notes and accounts payable	-1,384	6,139
Increase in advances received	1,730	8,156
Other	3,232	8,886
Subtotal	96,496	111,284
Interest and dividends received	3,420	4,536
Interest paid	-3,023	-2,626
Income taxes refund	-	2,806
Income taxes paid	-25,876	-18,280
Net cash provided by operating activities	71,016	97,720
Investing activities		
Purchases of property, plant and equipment	-29,211	-28,580
Proceeds from sales of property, plant and equipment	4,805	856
Payments into time deposits	-50,084	-71,109
Proceeds from withdrawal of time deposits	47,970	47,228
Purchases of investments in securities	-227	-315
Proceeds from sales or redemption of investments in securities	1,936	230
Acquisition of securities in subsidiaries	-2,322	-4,346
Acquisition of businesses	-448	-
Purchase of intangible assets	-2,840	-3,342
Decrease in short-term loans receivable	79	19
Other	-791	-1,554
Net cash used in investing activities	-31,133	-60,914
Financing activities		
Decrease in short-term debt, net	-5,860	-115
Repayments of lease obligations	-3,459	-3,421
Proceeds from long-term debt	4,454	4,981
Repayment of long-term debt	-18,717	-31,409
Proceeds from stock issuance to minority shareholders	1,506	994
Cash dividends paid	-8,777	-10,351
Cash dividends paid to minority shareholders of consolidated subsidiaries	-456	-1,538
Purchase of treasury stock	-14	-10,038
Other	804	1,095
Net cash used in financing activities	-30,520	-49,803
Effect of exchange rate changes on cash and cash equivalents	3,939	3,071
Net decrease (increase) in cash and cash equivalents	13,302	-9,926
Cash and cash equivalents at beginning of year	45,146	58,631
Increase in cash and cash equivalents from newly consolidated subsidiary	182	2,543
Cash and cash equivalents at end of year	58,631	51,248

(5) Notes regarding the premise of a going concern

No significant changes during the term under review

(6) Important items regarding the basis of preparation of the consolidated financial statements change in accounting policy

(Application of accounting principles for retirement benefits)

Effective beginning at the end of the current consolidated fiscal year, the Company is applying the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, issued on May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, issued on May 17, 2012) (subject to provisions stated in Clause 35 of the Accounting Standard for Retirement Benefits and Clause 67 of the Guidance on Accounting Standard for Retirement Benefits). The Company has adopted the method of deducting the amount of pension assets from the retirement benefit obligation and reporting it as liability for retirement benefits and reporting the unrecognized actuarial differences and unrecognized prior service costs as part of the liability for retirement benefits. In accordance with the transitional treatment prescribed in Clause 37 of the Retirement Benefits Accounting Standard, the Company applied the Accounting Standard for Retirement Benefits at the end of the consolidated fiscal year under review and the effect of the accounting change was reflected as an accumulated adjustment on retirement benefits in the accumulated other comprehensive income.

As a result, the Company accounted ¥51,100 million in liability for retirement benefits and an increase of ¥1,468 million in accumulated other comprehensive income at the end of the current fiscal year.

**(7) Notes to Consolidated Financial Statements****I. Segment Information****a) Overview of the Reporting Segments**

The Company's reporting segments are determined on the basis that separate financial information of such segments are available and examined periodically by the Board of Directors to make decisions regarding the allocation of management resources and assess the business performances of such segments.

Sekisui Chemical has divided its business operations into the three segments of Housing, Urban Infrastructure & Environmental Products (UIEP), and High Performance Plastics (HPP) based on manufacturing methods, products, sales channels, and other business similarities. Each business segment formulates comprehensive strategies and develops business activities for its products in Japan and overseas.

The Housing business comprises of manufacturing, construction, sales, refurbishing, and other operations related to unit housing. The UIEP business comprises of manufacturing, sales, and construction operations related to PVC pipes and joints, polyethylene pipes and joints, pipe and drain renewal materials and construction methods, reinforced plastic pipe, and construction materials. The HPP business comprises of manufacturing and sales of interlayer films for laminated glass, polyolefin foam, tape, LCD fine particles and photosensitive materials, diagnostic reagents and other products.

**b) Valuation method for reporting segment profit (loss) and asset amounts**

The accounting methods for the reporting business segments is presented in accordance with "Important fundamental matters for preparing consolidated financial statements." The reporting segment profit figures are based on operating profit. Intersegment internal rates of return and the amounts transferred are presented based on the current market prices at the time of this report.

**c) Net sales, income (loss), assets data by reporting segment**

Fiscal 2012 (April 1, 2012 to March 31, 2013)

(Millions of yen)

	Reporting Segment				Other (Note1)	Total
	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Total		
I. Net sales:						
(1)To third parties	468,902	201,009	325,749	995,662	36,769	1,032,431
(2)Intersegment	134	13,506	6,267	19,908	3,723	23,632
Total	469,036	214,516	332,017	1,015,570	40,492	1,056,063
Operating income (loss)	36,333	1,800	23,249	61,384	-1,287	60,096
Assets	239,348	180,238	321,264	740,852	41,432	782,284
Other Item						
Depreciation and amortization	6,951	6,129	19,198	32,280	1,902	34,182
Investment in equity-method affiliate	6,869	-	-	6,869	-	6,869
Increase in tangible fixed assets and intangible fixed assets(Note2)	12,253	7,737	14,455	34,446	1,561	36,007

Note1: The Other segment is not a reporting segment, which includes manufacturing and sales of agricultural and construction materials, and provision of services.

2: Depreciation and amortization and increase in tangible fixed assets and intangible fixed assets include depreciation related to long-term prepaid expenses and associated costs.

Fiscal 2013 (April 1, 2013 to March 31, 2014)

(Millions of yen)

	Reporting Segment				Other (Note1)	Total
	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Total		
I. Net sales:						
(1)To third parties	496,679	226,933	347,085	1,070,697	40,153	1,110,851
(2)Intersegment	111	13,008	6,696	19,816	3,646	23,462
Total	496,790	239,941	353,782	1,090,514	43,799	1,134,313
Operating income (loss)	41,108	6,460	36,098	83,668	-778	82,889
Assets	256,121	200,277	341,171	797,569	40,940	838,510
Other Item						
Depreciation and amortization	7,722	6,083	18,405	32,210	1,534	33,745
Investment in equity-method affiliate	7,385	-	-	7,385	-	7,385
Increase in tangible fixed assets and intangible fixed assets(Note2)	11,142	10,473	17,645	39,262	1,468	40,730

Note1: The Other segment is not a reporting segment, which includes manufacturing and sales of agricultural and construction materials, and provision of services.

2: Depreciation and amortization and increase in tangible fixed assets and intangible fixed assets include depreciation related to long-term prepaid expenses and associated costs.

**d) Difference between the total of reporting segments in incomes (losses) and the corresponding amounts reported in the consolidated financial statements, and the primary items contributing to the difference**

(Items related to the difference)

Fiscal 2012 (April 1, 2012 to March 31, 2013)

Net Sales	(Millions of Yen)
Total of reporting segments	1,015,570
Other Business Sales	40,492
Inter-segment elimination total	-23,632
Net Sales	1,032,431

Income	(Millions of Yen)
Total of reporting segments	61,384
Other Business loss	-1,287
Inter-segment elimination total	551
Corporate expenses (Note)	-1,026
Operating Income	59,621

Note: Corporate expenses are mainly general administrative expenses not attributable to a reporting segment.

Assets	(Millions of Yen)
Total of reporting segments	740,852
Assets classified as Other Business	41,432
Inter-segment elimination total	-107,125
Corporate assets	226,405
Total Assets	901,564

Note: Corporate assets are assets not associated with the reporting segments. The main items were non-consolidated cash and deposits, long-term investments (investments in securities), assets related to administrative operations and deferred income taxes.

(Millions of Yen)				
Other item	Reporting Segment	Others	Adjusted amount (Note)	The corresponding amounts reported in the consolidated
Depreciation and amortization	32,380	1,902	712	34,895
Investment in equity-method affiliate	6,869	-	23,974	30,844
Increase in tangible fixed assets and intangible fixed assets	34,446	1,561	835	36,842

Note: Adjustment for investment in equity-method affiliate represents the amount invested in equity-method affiliate companies which are not associated with the reporting segments.

Fiscal 2013 (April 1, 2013 to March 31, 2014)

Net Sales		(Millions of Yen)
Total of reporting segments		1,090,514
Other Business Sales		43,799
Inter-segment elimination total		-23,462
Net Sales		1,110,851

Income		(Millions of Yen)
Total of reporting segments		83,668
Other Business loss		-778
Inter-segment elimination total		1,103
Corporate expenses (Note)		-1,451
Operating Income		82,541

Note: Corporate expenses are mainly general administrative expenses not attributable to a reporting segment.

Assets		(Millions of Yen)
Total of reporting segments		797,569
Assets classified as Other Business		40,940
Inter-segment elimination total		-111,138
Corporate assets		233,637
Total Assets		961,009

Note: Corporate assets are assets not associated with the reporting segments. The main items were non-consolidated cash and deposits, long-term investments (investments in securities), assets related to administrative operations and deferred income taxes.

(Millions of Yen)

Other item	Reporting Segment	Others	Adjusted amount (Note)	The corresponding amounts reported in the consolidated financial
Depreciation and amortization	32,210	1,534	631	34,376
Investment in equity-method affiliate	7,385	-	25,614	33,000
Increase in tangible fixed assets and intangible fixed assets	39,262	1,468	1,097	41,827

Note: Adjustment for investment in equity-method affiliate represents the amount invested in equity-method affiliate companies which are not associated with the reporting segments.



## II. Relevance information

Fiscal 2012 (April 1, 2012 to March 31, 2013)

## a. Product and service information

This information is presented in the segment data and is therefore omitted here.

## b. Geographical information

## 1.Net Sales

(Millions of Yen)

	Japan	United States	Europe	Asia	Others	Total
Net Sales	794,573	76,716	63,381	87,284	10,476	1,032,431

Note 1: Net sales are classified by country or region based on client location

## 2.Property, plant and equipment, net

(Millions of Yen)

	Japan	United States	Europe	Asia	Others	Total
Property, plant and equipment, net	175,738	17,739	21,825	23,213	2,137	240,654

## c. Loss on impairment of fixed assets

(Millions of Yen)

	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Other Business	Eliminations or Unallocatable Accounts	Total
Loss on impairment of fixed assets	820	2,144	2,278	-	-	5,243

## d. Goodwill

(Millions of Yen)

	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Other Business	Eliminations or Unallocatable Accounts	Total
Amortization of goodwill at this term	-	528	2,708	-3	-	3,232
Balance at the end of the current accounting period	-	1,798	19,324	-	-	21,123

Fiscal 2013 (April 1, 2013 to March 31, 2014)

## a. Product and service information

This information is presented in the segment data and is therefore omitted here.

## b. Geographical information

## 1.Net Sales

(Millions of Yen)

	Japan	United States	Europe	Asia	Others	Total
Net Sales	851,377	77,959	67,006	104,264	10,242	1,110,851

Note 1: Net sales are classified by country or region based on client location

## 2.Property, plant and equipment, net

(Millions of Yen)

	Japan	United States	Europe	Asia	Others	Total
Property, plant and equipment, net	176,842	19,231	24,045	29,859	2,073	252,051

## c. Loss on impairment of fixed assets

(Millions of Yen)

	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Other Business	Eliminations or Unallocatable Accounts	Total
Loss on impairment of fixed assets	434	1,370	7,837	-	-	9,642

## d. Goodwill

(Millions of Yen)

	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Other Business	Eliminations or Unallocatable Accounts	Total
Amortization of goodwill at this term	-	321	2,636	-0	-	2,957
Balance at the end of the current accounting period	-	1,338	11,555	-	-	12,893