

Summary of Consolidated Financial Results for the Third Quarter of Fiscal Year 2014 Ending March 31, 2015
<Under Japanese GAAP>

January 29, 2015

Company Name: Sekisui Chemical Co., Ltd.
 Stock Listings: Tokyo Stock Exchange
 Code Number: 4204
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 Scheduled date for submission of quarterly financial statement: February 16, 2015
 Scheduled date for payment of dividends: -
 Quarterly earnings supplementary explanatory documents: Yes
 Quarterly earnings results briefing: Yes

(Figures rounded down to the nearest million yen)

1. Consolidated Business Results for the Third Quarter of Fiscal 2014 (April 1, 2014 to December 31, 2014)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2014 (First 9 months)	811,969	1.2	57,876	5.9	65,617	12.6	43,884	30.6
FY2013 (First 9 months)	802,737	6.4	54,651	56.6	58,269	62.5	33,611	69.9

Note. Comprehensive Income: December 31, 2014: 76,842 million yen (21.8%), December 31, 2013: 63,093 million yen (54.7%)

	Net Income per Share	Net Income per Share (Diluted)
	yen	yen
FY2014 (First 9 months)	86.36	86.19
FY2013 (First 9 months)	65.18	65.02

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
3Q of FY2014	971,994	520,500	51.6
FY2013	961,009	473,555	47.5

(Note) Shareholders' Equity : December 31, 2014: 501,507 million yen, March 31, 2014: 456,819 million yen

2. Dividend Status

(Date of Record)	Dividend Per Share				
	At the end of 1st Q	At the end of 2nd Q	At the end of 3rd Q	Year-end	Full year
	yen	yen	yen	yen	yen
FY2013	-	11.00	-	12.00	23.00
FY2014	-	13.00	-		
FY2014 (outlook)				13.00	26.00

Note: Revision of dividend estimates in the third quarter: No

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

(% change from the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full Year	1,129,000	1.6	89,000	7.8	91,000	9.2	53,000	28.7	106.13

Note: Revision of consolidated earnings estimates in the third quarter: Yes

Notes

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

(2) Application of special methods for quarterly consolidated financial statements: Yes

Note: For further details please refer to “2. Application of special accounting methods for the preparation of quarterly consolidated financial statements” on page5 of the attached document “II. Items Concerning the Information in the Summary Report (Notes).”

(3) 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): Yes

c) Amendments to accounting estimates: Yes

d) Restatements: No

Note: For further details please refer to “3. Changes to the accounting policy, changes or restatements of the accounting estimates” on page5 of the attached document “II. Items Concerning the Information in the Summary Report (Notes).”

(4) Number of shares outstanding (common stock)

a) Number of shares outstanding at the end of term (including treasury stock):	3rd Q of FY2014	520,507,285 shares
	FY2013	532,507,285 shares
b) Treasury stock at the end of term:	3rd Q of FY2014	21,129,427 shares
	FY2013	23,337,707 shares
c) Average outstanding shares in the period (quarterly consolidated cumulative total):	3rd Q of FY2014	508,181,760 shares
	3rd Q of FY2013	515,701,405 shares

Note: Declaration of the review status of the Quarterly Financial Report

This Quarterly Financial Report is not subject to quarterly review procedures as stipulated in the Financial Instruments and Exchange Act and, at the time of release, review procedures as stipulated in the Financial and Exchange Act had not been completed for the Quarterly Financial Report.

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

1. The full-year consolidated forecasts presented in this report are changed from the forecasts announced on October 30, 2014.
2. 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. For important matters regarding the conditions associated with the assumptions of the forecasts and the appropriate use of the forecasts, please see “3. Information Concerning the Consolidated Earnings Forecast and Forward-looking Statements” on page4 of the attached document “I. Qualitative Information and Financial Review (Supplementary Material).”

(Supplementary Material)

I. Qualitative Information and Financial Review

1. Consolidated Business Results

Please see the following attachment of materials from presentation of Financial Results for the Third Quarter of FY2014.

<http://www.sekisuichemical.com/ir/pdf/20150129kge.pdf>

[Presentation is scheduled to be held on January 29, 2015, at 3:00 p.m. Japan time]

2. Consolidated Financial Position

1) Financial Position (April 1, 2014, to December 31, 2014)

Total assets amounted to ¥971.9 billion at the end of the third quarter of fiscal year 2014, representing an increase of ¥10.9 billion from the end of fiscal year 2013. The increase was due to an increase of ¥26.5 billion in non-current assets, primarily property, plant and equipment, net and investments in securities, which offset a decline of ¥15.5 billion in current assets, including cash and deposits.

Liabilities amounted to ¥451.4 billion, a decrease of ¥35.9 billion from the end of the fiscal year 2013, owing mainly to declines in interest-bearing debt and accounts payable.

Net assets amounted to ¥520.5 billion, an increase of ¥46.9 billion from the end of fiscal year 2013. Equity after deducting minority interests from net assets amounted to ¥501.5 billion. The shareholders' equity ratio was 51.6%.

2) Cash Flows (April 1, 2014, to December 31, 2014)

Net cash provided by operating activities amounted to ¥22.2 billion. Cash inflows included ¥70.0 billion in income before income taxes and minority interests, ¥23.4 billion in depreciation and amortization, and a ¥13.4 billion decrease in notes and accounts receivable. These exceeded cash outflows, which included ¥27.0 billion in income taxes paid, a ¥16.1 billion decrease in notes and accounts payable, a ¥10.7 billion increase in inventories, and decreases of ¥7.9 billion in reserve for bonuses and ¥7.7 billion in advances received.

Net cash provided by investing activities amounted to ¥29.9 billion. The increase was primarily due to a ¥16.7 billion gain on the sale of investment securities, which included a portion of shareholdings in Sekisui House, Ltd., and a ¥45.0 billion net decrease in time deposits while ¥24.1 billion was used for purchases of property, plant, and equipment focused on priority and growth fields, and ¥5.6 billion was used for investments in securities.

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Net cash used in financing activities amounted to ¥48.3 billion. The main elements in the decline were the use of ¥14.9 billion to acquire treasury stock, ¥13.0 billion in cash dividends paid, and a ¥21.3 billion net decrease in interest-bearing debt.

The result of the above was cash and cash equivalents of ¥59.8 billion at the end of the third quarter of fiscal year 2014.

3. Information Concerning the Consolidated Earnings Forecast and Forward-looking Statements

The Company has revised the consolidated earnings forecasts for the full fiscal year 2014 as shown below from the figures announced on October 30, 2014. The revision reflects the Company's outlook for prolonged demand slumps in the domestic housing and construction markets caused by the consumption tax increase along with expectations for strong sales of high-performance and other products overseas and overall progress improving business efficiency. The revision also reflects conditions in the foreign exchange market and the profit on the sale of investment securities realized in the third quarter.

	Current Forecast	Previous Forecast (announced October 30, 2014)
Net Sales (Millions of yen)	1,129,000	1,132,000
Operating Income (Millions of yen)	89,000	89,000
Ordinary Income (Millions of yen)	91,000	89,000
Net Income (Millions of yen)	53,000	51,000
Net Income per Share (Yen)	106.13	100.05

II. Items Concerning the Information in the Summary Report (Notes)

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

2. Application of special accounting methods for the preparation of quarterly consolidated financial statements:

Estimated tax expenses

The tax rate used in the consolidated financial statement for the consolidated fiscal year, including for the third quarter under review, is a reasonable estimate based on the estimated effective tax rate after applying tax effect accounting to income before income taxes and minority interests for the full year and for the quarter under review.

Deferred income taxes are included in the income tax amount.

**3. Changes to the accounting policy, changes or restatements of the accounting estimates
(Changes to the accounting policy)**

The Company adopted 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, beginning with the consolidated fiscal year started on April 1, 2014. The Company also revised the accounting methodology for the retirement benefit obligation and service costs by changing the term distribution method used for retirement benefit estimates from fixed-amount attribution to the benefit formula method and using a discount-rate computation method.

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 and reflected the effect of the revision to the accounting methodology for the retirement benefit obligation and service costs in retained earnings at the start of the current consolidated fiscal year.

As a result, the Company reported an increase in liability for retirement benefits of ¥3,397 million and a decrease of ¥2,399 million in retained earnings at the start of the current consolidated fiscal year. These changes had minimal effect on the operating income, ordinary income, and income before income taxes and minority interests amounts in the first nine months of the current consolidated fiscal year.

(Change in accounting policy which is difficult to distinguish from a change in accounting estimate)

The Company and its domestic consolidated subsidiaries previously applied the declining-balance method for depreciation of other property, plant and equipment other than buildings (except for structures attached to the buildings). The accounting method was changed to the straight-line method at the start of the current consolidated fiscal year.

The new SHINKA!–Advance 2016 medium-term management plan launched this fiscal year outlines specific strategies for each divisional company, and the Company assessed the operating condition outlooks for its primary facilities in line with the fundamental policy to “maintain a corporate presence for a 100 years.”

The Housing Company will differentiate its products by making energy-saving equipment standard features and strengthen its strategies in the subdivision and housing complex markets to offset the effect of the contracting market for custom-built homes as the population in Japan declines. We therefore project its housing unit sales to remain steady and operations at its domestic production facilities to stabilize.

The Urban Infrastructure & Environmental Products Company will strengthen its competitiveness amid declining domestic demand by becoming a value chain business encompassing inspection, diagnostics, design, product sales, construction, maintenance, and management. The company will also increase its market share in the piping materials field through the business transfer while reorganization of its production bases should also help enable the realization of steady sales volume. We project operations at its domestic production facilities to stabilize.

The High Performance Plastics Company will shift its focus to high value-added products that are expected to draw stable demand and formulate a business base with an optimal allocation of production facilities by shifting production from domestic to overseas bases. We therefore also project operations at its domestic production facilities to stabilize.

For the above reasons, the Company determined that the straight-line method allocating costs evenly over the period of use would better represent the actual usage conditions of the property, plant and equipment of the Company and its domestic consolidated subsidiaries than the previously used declining-balance method.

This change brings the Company in line with overseas subsidiaries using the straight-line method.

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In comparison to the previously used method, application of the straight-line method raised each of the operating income, ordinary income, and income before income taxes and minority interests amounts by ¥3,248 million in the first nine months of the current consolidated fiscal year.

(Other)

As reported in the January 15, 2015, press release “Notice of Improper Accounting at a Consolidated Subsidiary,” a Special Investigative Committee was established and is inquiring into improper accounting practices discovered at consolidated subsidiary Nippon No-Dig Technology Co., Ltd. (NNT).

Findings to date indicate the improper accounting practices will have a total impact of ¥1,063 million on Sekisui Chemical profit and loss. The incident is not expected to significantly alter the Company’s consolidated results for the fiscal years during which the practices were in effect, and the Company has written off the amount in the consolidated cumulative accounting statements for the third quarter of fiscal year 2014.

The Special Investigative Committee’s investigation is currently still conducting its investigation. In the event that any additional issues are found, the Company plans to account for them before the end of the current fiscal year.

The Company takes the current matter with utmost seriousness and will take appropriate action including implementing measures to prevent recurrence based on the findings of the Special Investigative Committee.

III. Consolidated Financial Statement (Third Quarter, Fiscal Year 2014)

(1) Consolidated Balance Sheets

(Millions of Yen)

	End Fiscal Year 2013 (As of March 31, 2014)	End Third Quarter, Fiscal 2014 (As of December 31, 2014)
(Assets)		
Current Assets		
Cash and deposits	107,673	71,205
Notes receivable, trade	39,643	44,618
Accounts receivable, trade	152,591	143,051
Marketable securities	0	0
Merchandise and finished goods	54,209	63,043
Land for sale	21,716	23,112
Work in process	47,730	50,637
Raw materials and supplies	32,690	34,844
Advance payments	1,115	1,848
Prepaid expenses	3,030	4,284
Deferred income taxes	17,243	16,604
Short-term loans receivable	467	396
Other current assets	19,296	28,269
Allowance for doubtful accounts	-2,748	-2,785
Total current assets	494,660	479,131
Non-current assets		
Property, plant and equipment, net		
Buildings & structures, net	86,451	88,989
Machinery, equipment and vehicles, net	68,461	74,266
Land	69,419	70,320
Leased assets, net	9,045	10,111
Construction in progress	13,133	13,867
Other, net	5,540	6,906
Total property, plant and equipment, net	252,051	264,462
Intangible assets		
Goodwill	12,893	11,437
Software	6,173	7,032
Leased assets	325	271
Other	20,436	20,961
Total intangible assets	39,828	39,702
Investments and other assets		
Investments in securities	151,724	167,505
Long-term loans receivable	967	1,184
Long-term prepaid expenses	1,177	1,317
Deferred income taxes	8,964	6,572
Other	12,712	13,075
Allowance for doubtful accounts	-1,078	-957
Total investments and other assets	174,468	188,698
Total non-current assets	466,349	492,862
Total assets	961,009	971,994

(Millions of Yen)

	End Fiscal Year 2013 (As of March 31, 2014)	End Third Quarter, Fiscal 2014 (As of December 31, 2014)
(Liabilities)		
Current liabilities		
Notes payable, trade	8,453	8,831
Electronically recorded obligations	6,520	6,336
Accounts payable, trade	133,861	121,841
Short-term debt and current portion of long-term debt	44,146	29,344
Commercial paper	-	10,000
Current portion of bonds	10,000	-
Lease obligations	2,907	3,129
Accrued expenses	32,056	34,855
Accrued income taxes and other taxes	18,286	14,638
Deferred income taxes	371	133
Allowance for bonuses to employees	17,250	9,370
Allowance for bonuses to directors and corporate auditors	261	-
Provision for compensation for completed constructions	1,132	1,120
Advances received	57,365	49,753
Other	55,752	57,322
Total current liabilities	388,365	346,679
Long-term liabilities		
Bonds	10,000	10,000
Long-term debt less current portion	20,459	19,073
Lease obligations	6,496	7,256
Deferred income taxes	4,923	9,921
Liability for retirement benefits	51,100	52,367
Other	6,109	6,195
Total long-term liabilities	99,089	104,814
Total liabilities	487,454	451,493
(Net assets)		
Shareholders' equity		
Common stock	100,002	100,002
Capital surplus	109,234	109,234
Retained earnings	240,231	256,143
Treasury stock	-20,347	-21,981
Total shareholders' equity	429,120	443,398
Accumulated other comprehensive income:		
Unrealized holding gain on securities	19,001	33,022
Deferred gain on hedges	7	103
Unrealized gain on land revaluation	261	262
Translation adjustments	6,959	24,013
Retirement benefit adjustments	1,468	708
Total accumulated other comprehensive income	27,698	58,109
Stock acquisition rights	267	366
Minority interests	16,468	18,625
Total net assets	473,555	520,500
Total liabilities, net assets	961,009	971,994

(2) Consolidated Statements of Income and Statement of Comprehensive Income
 (Consolidated Statements of Income)
 (First 9 months, Fiscal Year 2014)

	(Millions of Yen)	
	First 9 Months, Fiscal 2013 (From April 1, 2013 to December 31, 2013)	First 9 Months, Fiscal 2014 (From April 1, 2014 to December 31, 2014)
Net sales	802,737	811,969
Cost of sales	560,257	565,856
Gross profit	242,479	246,113
Selling, general & administrative expenses	187,828	188,237
Operating Income	54,651	57,876
Non-operating income		
Interest income	737	716
Dividend income	3,100	4,030
Equity in earnings of affiliates	1,051	1,137
Foreign exchange gain, net	3,421	6,934
Miscellaneous income	2,566	2,505
Total non-operating income	10,876	15,325
Non-operating expenses		
Interest expenses	1,699	1,180
Sales discounts	255	243
Miscellaneous expenses	5,304	6,160
Total non-operating expenses	7,259	7,584
Ordinary income	58,269	65,617
Extraordinary income		
Gain on sales of investments in securities	-	5,053
Total extraordinary income	-	5,053
Extraordinary loss		
Loss on impairment of fixed assets and goodwill	652	-
Loss on sales or disposal of property, plant and equipment	875	646
Total extraordinary loss	1,527	646
Income before income taxes and minority interests	56,741	70,024
Income taxes	22,212	25,166
Income before minority interests	34,528	44,857
Minority interests	917	973
Net income	33,611	43,884

(Consolidated Statements of Income)
(Third Quarter, Fiscal Year 2014)

	(Millions of Yen)	
	Third Quarter, Fiscal 2013 (From October 1, 2013 to December 31, 2013)	Third Quarter, Fiscal 2014 (From October 1, 2014 to December 31, 2014)
Net sales	269,680	266,048
Cost of sales	187,991	186,101
Gross profit	81,689	79,946
Selling, general & administrative expenses	64,556	63,850
Operating Income	17,132	16,096
Non-operating income		
Interest income	261	231
Dividend income	189	207
Equity in earnings of affiliates	248	327
Foreign exchange gain, net	2,619	4,879
Miscellaneous income	939	855
Total non-operating income	4,258	6,502
Non-operating expenses		
Interest expenses	555	387
Sales discounts	91	82
Miscellaneous expenses	1,466	2,376
Total non-operating expenses	2,112	2,846
Ordinary income	19,279	19,751
Extraordinary income		
Gain on sales of investments in securities	-	5,053
Total extraordinary income	-	5,053
Extraordinary loss		
Loss on sales or disposal of property, plant and equipment	399	235
Total extraordinary loss	399	235
Income before income taxes and minority interests	18,880	24,569
Income taxes	7,808	9,209
Income before minority interests	11,071	15,359
Minority interests	286	403
Net income	10,784	14,956

(Consolidated Statements of Comprehensive Income)
(First 9 months, Fiscal Year 2014)

	(Millions of Yen)	
	First 9 Months, Fiscal 2013 (From April 1, 2013 to December 31, 2013)	First 9 Months, Fiscal 2014 (From April 1, 2014 to December 31, 2014)
Income before minority interests	34,528	44,857
Other comprehensive income (loss)		
Unrealized holding gain on securities	10,730	13,383
Deferred gain on hedges	20	95
Translation adjustments	17,375	18,617
Retirement benefit adjustments	-	-694
Comprehensive income of affiliates accounted for by the equity method attributable to the Company	438	582
Total other comprehensive income	28,565	31,984
Comprehensive income	63,093	76,842
Comprehensive income attributable to:		
Shareholders of the Company	62,052	74,295
Minority shareholders	1,041	2,547

(3) Consolidated Statements of Cash Flows

	(Millions of Yen)	
	First 9 Months, Fiscal 2013 (From April 1, 2013 to December 31, 2013)	First 9 Months, Fiscal 2014 (From April 1, 2014 to December 31, 2014)
Operating activities		
Income before income taxes and minority interests	56,741	70,024
Depreciation and amortization	25,175	23,490
Amortization of goodwill	2,219	1,787
Loss on impairment of fixed assets and goodwill	652	-
Loss on disposal of property, plant and equipment	686	538
Gain on sales of marketable and investment securities	-	-5,053
Decrease in reserve for bonuses	-5,849	-7,941
Decrease in accrued retirement benefits	-2,353	-
Decrease in liability for retirement benefits	-	-2,313
Interest and dividends income	-3,837	-4,747
Interest expenses	1,954	1,423
Equity in earnings of affiliates	-1,051	-1,137
Decrease in notes and accounts receivable	3,897	13,405
Increase in inventories	-18,606	-10,719
Decrease in notes and accounts payable	-3,166	-16,154
Decrease (increase) in advances received	13,057	-7,702
Other	-2,447	-9,372
Subtotal	<u>67,072</u>	<u>45,526</u>
Interest and dividends received	4,265	5,370
Interest paid	-1,935	-1,620
Income taxes refund	2,195	-
Income taxes paid	-11,420	-27,058
Net cash provided by operating activities	<u>60,176</u>	<u>22,218</u>
Investing activities		
Purchases of property, plant and equipment	-21,742	-24,130
Proceeds from sales of property, plant and equipment	316	794
Payments into time deposits	-64,105	-4,015
Proceeds from withdrawal of time deposits	43,229	49,065
Purchases of investments in securities	-2,007	-5,649
Proceeds from sales or redemption of investments in securities	120	16,700
Purchases of intangible assets	-2,158	-3,178
Decrease (increase) in short-term loans receivable	-38	190
Other	-233	219
Net cash provided by (used in) investing activities	<u>-46,619</u>	<u>29,998</u>
Financing activities		
Decrease (increase) in short-term debt, net	14,835	-3,292
Repayments of lease obligations	-2,571	-2,803
Increase in commercial paper	-	10,000
Proceeds from long-term debt	4,280	3,407
Repayment of long-term debt	-13,289	-18,626
Payments for redemption of bonds	-	-10,000
Proceeds from stock issuance to minority shareholders	994	-
Cash dividends paid	-10,351	-12,750
Cash dividends paid to minority shareholders of consolidated subsidiaries	-1,336	-334
Purchases of treasury stock	-10,029	-14,998
Other	1,122	1,050
Net cash used in financing activities	<u>-16,345</u>	<u>-48,348</u>
Effect of exchange rate changes on cash and cash equivalents	4,112	4,647
Net increase in cash and cash equivalents	<u>1,324</u>	<u>8,515</u>
Cash and cash equivalents at beginning of term	<u>58,631</u>	<u>51,248</u>
Increase in cash and cash equivalents from newly consolidated subsidiary	2,543	52
Cash and cash equivalents at end of term	<u>62,499</u>	<u>59,816</u>

4. Notes regarding the premise of a going concern
No significant changes during the term under review.
5. Significant Change in Shareholder Equity
No significant change during the term under review.

6. Segment Information

I. Consolidated First 9 Months, Fiscal 2014 (April 1, 2014 to December 31, 2014)

1. Net sales and income (loss) data by reporting segment

(Millions of Yen)

	Reporting Segment				Other (Note)	Total
	Housing	Urban Infrastructure & Environmental Products (UIEP)	High Performance Plastics (HPP)	Total		
I. Net sales:						
(1) To third parties	359,089	152,680	273,372	785,142	26,827	811,969
(2) Intersegment	64	9,250	4,857	14,172	688	14,861
Total	359,153	161,930	278,230	799,315	27,516	826,831
Operating income (loss)	26,096	-1,223	35,142	60,015	-1,604	58,410

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

2. As reported in II. Items Concerning the Information in the Summary Report (Notes), the Company and its domestic consolidated subsidiaries previously applied the declining-balance method for depreciation of other property, plant and equipment (excluding lease assets) other than buildings (except for structures attached to the buildings) but changed the accounting method to the straight-line method at the start of the current consolidated fiscal year. In comparison to the previously used method, application of the straight-line method raised the operating income of the Housing Company by ¥516 million, the UIEP Company by ¥799 million, the HPP Company by ¥1,587 million, and Other Businesses by ¥344 million in the first nine months of the current consolidated fiscal year.

2. Difference between the total of reporting segments in incomes (losses) and the corresponding amounts reported in the quarterly consolidated statements of income, and the primary items contributing to the difference

(Items related to the difference)

Income	(Millions of Yen)
Total of reporting segments	60,015
Other Business loss	-1,604
Inter-segment elimination total	248
Corporate expenses (Note)	-783
Total 1Q-3Q operating income reported in the quarterly consolidated statements of income	57,876

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

3. Regional Information

Net sales

	Japan	U.S.	Europe	Asia	Others	Total
Net sales (millions of yen)	599,325	66,653	49,218	89,341	7,430	811,969

II. Consolidated Third Quarter, Fiscal 2014 (October 1, 2014 to December 31, 2014)

1. Net sales and income (loss) data by reporting segment

(Millions of Yen)

	Reporting Segment				Other (Note)	Total
	Housing	UIEP	HPP	Total		
I. Net sales:						
(1) To third parties	109,855	52,662	94,228	256,746	9,302	266,048
(2) Intersegment	16	2,860	1,666	4,542	217	4,760
Total	109,871	55,522	95,894	261,288	9,520	270,808
Operating income (loss)	5,411	-1,381	12,917	16,947	-676	16,271

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

2. As reported in II. Items Concerning the Information in the Summary Report (Notes), the Company and its domestic consolidated subsidiaries previously applied the declining-balance method for depreciation of other property, plant and equipment (excluding lease assets) other than buildings (except for structures attached to the buildings) but changed the accounting method to the straight-line method at the start of the current consolidated fiscal year. In comparison to the previously used method, application of the straight-line method raised the operating income of the Housing Company by ¥204 million, the UIEP Company by ¥358 million, the HPP Company by ¥542 million, and Other Businesses by ¥137 million in the third quarter of the current consolidated fiscal year.

2. Difference between the total of reporting segments in incomes (losses) and the corresponding amounts reported in the quarterly consolidated statements of income, and the primary items contributing to the difference

(Items related to the difference)

Income	(Millions of Yen)
Total of reporting segments	16,947
Other Business loss	-676
Inter-segment elimination total	99
Corporate expenses (Note)	-274
Total operating income reported in the quarterly consolidated statements of income	16,096

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

3. Regional Information

Net sales

	Japan	U.S.	Europe	Asia	Others	Total
Net sales (millions of yen)	192,956	23,310	15,344	32,095	2,342	266,048