

Summary of Consolidated Financial Results for the Third Quarter of Fiscal Year 2013 Ending March 31, 2014
<Under Japanese GAAP>

January 30, 2014

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 10, 2014
 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 2013 (April 1, 2013 to December 31, 2013)

(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	%
FY2013 (First 9 months)	802,737	6.4	54,651	56.6	58,269	62.5	33,611	69.9
FY2012 (First 9 months)	754,750	5.4	34,902	-5.2	35,852	-1.3	19,780	14.6

Note. Comprehensive Income: December 31, 2013: 63,093 million yen (54.7%), December 31, 2012: 40,788 million yen (559.8%)

	Net Income per Share	Net Income per Share (Diluted)
	yen	yen
FY2013 (First 9 months)	65.18	65.02
FY2012 (First 9 months)	38.38	38.36

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
3Q of FY2013	988,415	478,345	46.7
FY2012	901,564	433,228	46.4

(Note) Shareholders' Equity : December 31, 2013: 461,423 million yen, March 31, 2013: 418,582 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
FY2012	-	9.00	-	9.00	18.00
FY2013	-	11.00	-	-	-
FY2013 (outlook)	-	-	-	11.00	22.00

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

3. Consolidated Outlook for FY 2013 (April 1, 2013 to March 31, 2014)

(% 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	1,100,000	6.5	81,000	35.9	79,000	30.2	42,000	39.2	82.53

Note: Revision of consolidated earnings estimates in the third quarter: No

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 page4 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: No

b) Changes other than a): No

c) Amendments to accounting estimates: No

d) Restatements: No

(4) Number of shares outstanding (common stock)

a) Number of shares outstanding at the end of term (including treasury stock):	3rd Q of FY2013	532,507,285 shares
	FY2012	539,507,285 shares
b) Treasury stock at the end of term:	3rd Q of FY2013	23,616,242 shares
	FY2012	16,223,314 shares
c) Average outstanding shares in the period (quarterly consolidated cumulative total):	3rd Q of FY2013	515,701,405 shares
	3rd Q of FY2012	515,400,347 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 not changed from the forecasts announced on October 30, 2013.
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 FY2013.

<http://www.sekisuichemical.com/ir/pdf/20140130kge.pdf>

[Presentation is scheduled to be held on January 30, 2014, at 3:30 p.m. Japan time]

2. Consolidated Financial Position

1) Financial Position (April 1, 2013, to December 31, 2013)

Total assets amounted to ¥988.4 billion at the end of the third quarter of fiscal 2013, representing an increase of ¥86.8 billion from the end of fiscal year 2012. The increase was the net sum of a ¥61.4 billion increase in current assets and a ¥25.3 billion increase in non-current assets.

Liabilities increased ¥41.7 billion to ¥510.0 billion from the end of fiscal year 2012, mainly due to increases in advances received and accrued income taxes.

Net assets increased ¥45.1 billion from the end of fiscal year 2012, to ¥478.3 billion. Equity after deducting minority interests from net assets amounted to ¥461.4 billion. The equity ratio was 46.7%.

2) Cash Flows (April 1, 2013, to December 31, 2013)

Net cash provided by operating activities amounted to ¥60.1 billion. Cash inflows included ¥56.7 billion in income before income taxes and minority interests, ¥25.1 billion in depreciation and amortization, and a ¥13.0 billion increase in advances received. These exceeded cash outflows, which included an ¥18.6 billion increase in inventories and ¥11.4 billion in income taxes paid and other taxes.

Net cash used in investing activities amounted to ¥46.6 billion. The decrease was primarily due to ¥21.7 billion utilized for purchases of property, plant, and equipment focused on priority and growth fields and a ¥20.8 billion net increase in time deposits.

Net cash used in financing activities amounted to ¥16.3 billion. The main elements in the decline were ¥11.6 billion in cash dividends paid and a ¥10.0 billion purchase of treasury stock. These exceeded cash outflows, which included a ¥3.2 billion net increase in interest-bearing debt.

The result of the above was cash and cash equivalents of ¥62.4 billion at the end of the third quarter of fiscal year 2013.

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

The consolidated results forecasts for the full fiscal year ending March 2014 have not changed from the Summary of Consolidated Financial Results for the Second Quarter of Fiscal Year 2013 Ending March 31, 2014 released on October 30, 2013.

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.

III. Consolidated Financial Statement (Third Quarter, Fiscal Year 2013)

(1) Consolidated Balance Sheets

(Millions of Yen)

	End Fiscal Year 2012 (As of March 31, 2013)	End Third Quarter, Fiscal 2013 (As of December 31, 2013)
(Assets)		
Current Assets		
Cash and deposits	91,132	115,926
Notes receivable, trade	42,183	44,267
Accounts receivable, trade	129,901	132,862
Marketable securities	1	0
Merchandise and finished goods	47,825	56,287
Land for sale	19,334	21,830
Work in process	43,036	52,102
Raw materials and supplies	29,829	33,296
Advance payments	2,354	1,277
Prepaid expenses	2,525	4,705
Deferred income taxes	15,370	17,563
Short-term loans receivable	527	530
Other current assets	17,850	23,163
Allowance for doubtful accounts	-1,907	-2,362
Total current assets	439,964	501,453
Non-current assets		
Property, plant and equipment, net		
Buildings & structures, net	84,226	87,408
Machinery, equipment and vehicles, net	63,736	69,532
Land	69,810	70,229
Leased assets, net	7,775	9,086
Construction in progress	10,288	12,477
Other, net	4,816	5,615
Total property, plant and equipment, net	240,654	254,349
Intangible assets		
Goodwill	21,123	19,057
Software	5,129	5,958
Leased assets	278	320
Other	22,566	23,435
Total intangible assets	49,098	48,772
Investments and other assets		
Investments in securities	146,192	163,520
Long-term loans receivable	710	957
Long-term prepaid expenses	1,276	1,245
Deferred income taxes	12,732	6,943
Other	12,283	12,068
Allowance for doubtful accounts	-1,346	-895
Total investments and other assets	171,848	183,839
Total non-current assets	461,600	486,962
Total assets	901,564	988,415

(Millions of Yen)

	End Fiscal Year 2012 (As of March 31, 2013)	End Third Quarter, Fiscal 2013 (As of December 31, 2013)
(Liabilities)		
Current liabilities		
Notes payable, trade	7,797	8,736
Electronically recorded obligations	4,963	6,541
Accounts payable, trade	125,403	126,792
Short-term debt and current portion of long-term debt	47,590	74,930
Bonds redeemable within one year	—	10,000
Lease obligations	2,953	2,950
Accrued expenses	29,977	30,711
Accrued income taxes and other taxes	6,747	18,451
Deferred income taxes	225	328
Allowance for bonuses to employees	15,410	9,671
Allowance for bonuses to directors and corporate auditors	207	—
Provision for compensation for completed constructions	1,223	1,097
Advances received	49,123	62,302
Other	43,915	51,023
Total current liabilities	335,539	403,537
Long-term liabilities		
Bonds less current maturities	20,000	10,000
Long-term debt less current portion	39,650	23,224
Lease obligations	5,126	6,487
Deferred income taxes	5,104	6,048
Accrued retirement benefits	57,274	55,254
Other	5,640	5,518
Total long-term liabilities	132,797	106,533
Total liabilities	468,336	510,070
(Net assets)		
Shareholders' equity		
Common stock	100,002	100,002
Capital surplus	109,234	109,249
Retained earnings	209,280	232,677
Treasury stock	-11,577	-20,590
Total shareholders' equity	406,939	421,339
Accumulated other comprehensive income (loss):		
Unrealized holding gain on securities	17,778	28,944
Deferred gain on hedges	47	68
Unrealized gain on land revaluation	260	261
Translation adjustments	-6,443	10,809
Total accumulated other comprehensive income	11,642	40,084
Stock acquisition rights	306	245
Minority interests	14,339	16,675
Total net assets	433,228	478,345
Total liabilities, net assets	901,564	988,415

(2) Consolidated Statements of Income and Statement of Comprehensive Income
 (Consolidated Statements of Income)
 (First 9 months, Fiscal Year 2013)

(Millions of Yen)

	First 9 Months, Fiscal 2012 (From April 1, 2012 to December 31, 2012)	First 9 Months, Fiscal 2013 (From April 1, 2013 to December 31, 2013)
Net sales	754,750	802,737
Cost of sales	535,825	560,257
Gross profit	218,924	242,479
Selling, general & administrative expenses	184,022	187,828
Operating Income	34,902	54,651
Non-operating income		
Interest income	673	737
Dividend income	2,059	3,100
Equity in earnings of affiliates	492	1,051
Foreign exchange gain, net	1,903	3,421
Miscellaneous income	3,068	2,566
Total non-operating income	8,197	10,876
Non-operating expenses		
Interest expenses	1,994	1,699
Sales discounts	247	255
Miscellaneous expenses	5,004	5,304
Total non-operating expenses	7,246	7,259
Ordinary income	35,852	58,269
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	3,280	652
Loss on devaluation of investments in securities	1,564	—
Loss on sales or disposal of property, plant and equipment	802	875
Total extraordinary loss	5,647	1,527
Income before income taxes and minority interests	32,020	56,741
Income taxes	11,580	22,212
Income before minority interests	20,440	34,528
Minority interests	659	917
Net income	19,780	33,611

(Consolidated Statements of Income)
(Third Quarter, Fiscal Year 2013)

(Millions of Yen)

	Third Quarter, Fiscal 2012 (From October 1, 2012 to December 31, 2012)	Third Quarter, Fiscal 2013 (From October 1, 2013 to December 31, 2013)
Net sales	238,749	269,680
Cost of sales	168,036	187,991
Gross profit	70,712	81,689
Selling, general & administrative expenses	60,831	64,556
Operating Income	9,881	17,132
Non-operating income		
Interest income	214	261
Dividend income	174	189
Equity in earnings of affiliates	175	248
Foreign exchange gain, net	3,254	2,619
Miscellaneous income	1,126	939
Total non-operating income	4,945	4,258
Non-operating expenses		
Interest expenses	551	555
Sales discounts	84	91
Miscellaneous expenses	878	1,466
Total non-operating expenses	1,514	2,112
Ordinary income	13,312	19,279
Extraordinary loss		
Loss on impairment of fixed assets and goodwill	675	—
Loss on sales or disposal of property,	276	399
Total extraordinary loss	952	399
Income before income taxes and minority interests	12,359	18,880
Income taxes	5,185	7,808
Income before minority interests	7,173	11,071
Minority interests	203	286
Net income	6,970	10,784

(Consolidated Statements of Comprehensive Income)
(First 9 months, Fiscal Year 2013)

	(Millions of Yen)	
	First 9 Months, Fiscal 2012 (From April 1, 2012 to December 31, 2012)	First 9 Months, Fiscal 2013 (From April 1, 2013 to December 31, 2013)
Income before minority interests	20,440	34,528
Other comprehensive income		
Unrealized holding gain on securities	7,528	10,730
Deferred gain on hedges	79	20
Translation adjustments	12,691	17,375
Comprehensive income of affiliates accounted for by the equity method attributable to the Company	50	438
Total other comprehensive income	<u>20,348</u>	<u>28,565</u>
Comprehensive income	<u>40,788</u>	<u>63,093</u>
Comprehensive income attributable to:		
Shareholders of the Company	39,368	62,052
Minority shareholders	1,420	1,041

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

	First 9 Months, Fiscal 2012 (From April 1, 2012 to December 31, 2012)	First 9 Months, Fiscal 2013 (From April 1, 2013 to December 31, 2013)
Operating activities		
Income before income taxes and minority interests	32,020	56,741
Depreciation and amortization	26,012	25,175
Amortization of goodwill	2,456	2,219
Loss on impairment of fixed assets and goodwill	3,280	652
Loss on disposal of property, plant and equipment	730	686
Loss (gain) on sales of property, plant and equipment	-1,743	188
Loss on devaluation of investment in securities	1,564	—
Decrease in reserve for bonuses	-5,860	-5,849
Decrease (increase) in accrued retirement benefits	820	-2,353
Interest and dividends income	-2,732	-3,837
Interest expenses	2,242	1,954
Equity in earnings of affiliates	-492	-1,051
Decrease in notes and accounts receivable	13,447	3,897
Increase in inventories	-11,697	-18,606
Decrease in notes and accounts payable	-7,487	-3,166
Increase in advances received	2,764	13,057
Other	-186	-2,636
Subtotal	55,137	67,072
Interest and dividends received	3,134	4,265
Interest paid	-2,336	-1,935
Income taxes refund	—	2,195
Income taxes paid	-23,903	-11,420
Net cash provided by operating activities	32,033	60,176
Investing activities		
Purchases of property, plant and equipment	-21,901	-21,742
Proceeds from sales of property, plant and equipment	4,312	316
Payments into time deposits	-17,910	-64,105
Proceeds from withdrawal of time deposits	37,364	43,229
Purchases of investments in securities	-223	-2,007
Proceeds from sales or redemption of investments in securities	102	120
Acquisition of businesses	-448	—
Purchases of intangible assets	-1,766	-2,158
Increase in short-term loans receivable	-261	-38
Other	-534	-233
Net cash used in (provided by) investing activities	-1,267	-46,619
Financing activities		
Increase (decrease) in short-term debt, net	-9,101	14,835
Repayments of lease obligations	-2,592	-2,571
Proceeds from long-term debt	3,096	4,280
Repayment of long-term debt	-14,109	-13,289
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	-436	-1,336
Purchases of treasury stock	-7	-10,029
Other	306	1,122
Net cash used in financing activities	-30,116	-16,345
Effect of exchange rate changes on cash and cash equivalents	2,446	4,112
Net increase in cash and cash equivalents	3,096	1,324
Cash and cash equivalents at beginning of term	45,146	58,631
Increase in cash and cash equivalents from newly consolidated subsidiary	182	2,543
Cash and cash equivalents at end of term	48,425	62,499

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 2013 (April 1, 2013 to December 31, 2013)

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

(Millions of Yen)

	Reporting Segment				Other (Note)	Total
	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Total		
I. Net sales:						
(1) To third parties	364,953	155,095	255,396	775,445	27,291	802,737
(2) Intersegment	82	9,751	4,984	14,818	3,021	17,839
Total	365,035	164,846	260,381	790,263	30,313	820,576
Operating income (loss)	29,045	692	26,027	55,765	-1,059	54,706

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

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	55,765
Other Business loss	-1,059
Inter-segment elimination total	841
Corporate expenses (Note)	-895
Total 1Q-3Q operating income reported in the quarterly consolidated statements of income	54,651

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)	609,960	57,563	49,623	77,938	7,650	802,737

II. Consolidated Third Quarter, Fiscal 2013 (October 1, 2013 to December 31, 2013)

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

(Millions of Yen)

	Reporting Segment				Other (Note)	Total
	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Total		
I. Net sales:						
(1) To third parties	121,073	52,015	86,903	259,993	9,687	269,680
(2) Intersegment	25	3,041	1,680	4,747	725	5,472
Total	121,099	55,057	88,584	264,740	10,412	275,153
Operating income (loss)	8,754	-286	9,190	17,658	-445	17,213

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

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	17,658
Other Business loss	-445
Inter-segment elimination total	229
Corporate expenses (Note)	-310
Total operating income reported in the quarterly consolidated statements of income	17,132

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)	205,724	18,907	16,174	26,608	2,264	269,680