

Summary of Consolidated Financial Results for the First Quarter of Fiscal Year 2015 Ending March 31, 2016
<Under Japanese GAAP>

July 30, 2015

Company Name: Sekisui Chemical Co., Ltd.
 Stock Listings: Tokyo Stock Exchange
 Code Number: 4204
 URL: <http://www.sekisui.chemical.com>
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 Scheduled date for submission of quarterly financial statement: August 11, 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 First Quarter (April 1, 2015 to June 30, 2015)

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

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to Shareholders	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1st Q of FY2015	241,187	-5.7	8,368	-47.2	10,012	-37.0	12,560	52.3
1st Q of FY2014	255,864	5.5	15,860	57.9	15,882	26.3	8,246	20.3

Note. Comprehensive Income: June 30, 2015: 20,684 million yen (60.3%), June 30, 2014: 12,903 million yen (-38.4%)

	Net Income per Share	Net Income per Share (Diluted)
	yen	yen
1st Q of FY2015	25.14	25.07
1st Q of FY2014	16.19	16.17

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
1st Q of FY2015	967,797	551,264	54.7
FY2014	968,011	535,292	53.3

Note. Shareholders' Equity: June 30, 2015: 529,342million yen, March 31, 2015: 516,312 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
FY2014	-	13.00	-	14.00	27.00
FY2015	-	-	-	-	-
FY2015 (outlook)	-	14.00	-	14.00	28.00

Note. Recent revision of dividend estimates: No

3. Consolidated Outlook for FY2015 (April 1, 2015 to March 31, 2016)

(% change from the previous year)

	Net Sales		Operating Income		Ordinary Income		Net income attributable to shareholders		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Mid-Term	545,000	-0.2	37,000	-11.4	38,000	-17.1	31,000	7.2	62.02
Full Year	1,144,000	2.8	92,000	7.3	91,000	3.4	55,000	3.8	110.03

Note. Recent revision of consolidated earnings estimates: 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 page 5 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): No

c) Amendments to accounting estimates: No

d) Restatements: No

Note: For further details please refer to “3. Changes to the accounting policy, changes or restatements of the accounting estimates” on page 5 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):	1st Q of FY2015	520,507,285 shares
	FY2014	520,507,285 shares
b) Treasury stock at the end of term:	1st Q of FY2015	20,661,588 shares
	FY2014	20,926,419 shares
c) Average outstanding shares in the period (quarterly consolidated cumulative total):	1st Q of FY2015	499,713,595 shares
	1st Q of FY2014	509,232,277 shares

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.

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

1. This report contains revisions to the consolidated forecasts for the first half of the fiscal year announced on April 28, 2015. The full-year forecasts are unchanged.
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) Revision to the consolidated results forecast and other forward-looking information” on page 4 of the Quarterly Financial Report (Supplementary Material).

(Supplementary Material)

I. Consolidated Business Results

(1) Analysis of Operating Results

Please see the following attachment of materials from presentation of Financial Results for the First Quarter of FY2015.

<http://www.sekisuichemical.com/ir/pdf/20150730kge.pdf>

[The Presentation Meeting is scheduled to be held on July 30, 2015, at 3:30 p.m. Japan time]

2. Consolidated Financial Position

1) Financial Position (April 1, 2015, to June 30, 2015)

Total assets amounted to ¥967.7 billion at the end of the first quarter of fiscal year 2015, representing a decrease of ¥0.2 billion from the end of fiscal year 2014. The decrease was due to an increase of ¥3.5 billion in current assets and a decrease of ¥3.7 billion in non-current assets.

Liabilities amounted to ¥416.5 billion, a decrease of ¥16.1 billion from the end of the fiscal year 2014, mainly due to a decline in accounts payable.

Net assets amounted to ¥551.2 billion, an increase of ¥15.9 billion from the end of fiscal year 2014. Equity after deducting noncontrolling interests from net assets amounted to ¥529.3 billion. The shareholders' equity ratio was 54.7%.

2) Cash Flows (April 1, 2015, to June 30, 2015)

Net cash provided by operating activities amounted to ¥4.1 billion. Cash inflows included ¥19.9 billion in income before income taxes and noncontrolling interests, ¥8.1 billion in depreciation and amortization, and a ¥16.7 billion decrease in notes and accounts receivable. These exceeded cash outflows, which included a decrease of ¥16.1 billion in notes and accounts payable, a ¥10.3 billion gain on the sale of investment securities, and ¥10.1 billion in income taxes paid.

Net cash provided by investing activities amounted to ¥14.8 billion. The increase was primarily due to ¥20.6 billion in proceeds from the sale of investments in securities including a portion of the holdings of Sekisui House Ltd. and a ¥3.2 billion net decrease in time deposits while ¥8.8 billion was utilized for purchases of property, plant, and equipment focused on priority and growth fields.

Net cash used in financing activities amounted to ¥12.0 billion. The main elements in the decrease were ¥7.1 billion in cash dividends paid and a ¥5.1 billion net decrease in interest-bearing debt.

The result of the above was cash and cash equivalents of ¥71.1 billion at the end of the first quarter of fiscal year 2015.

3) Revision to the consolidated results forecast and other forward-looking information

Sekisui Chemical has revised its consolidated forecast figures for the consolidated cumulative second quarter from those announced on April 28, 2015 to reflect the less-than-anticipated orders, such as for new housing construction, received in the first quarter and the booking of a ¥10.3 billion gain on sale of investment securities. The revised forecast figures are presented below. The Company has not changed its forecasts for the full consolidated fiscal year.

	Revised forecasts	Previous forecasts
Net Sales (millions of yen)	545,000	553,000
Operating Income (millions of yen)	37,000	38,500
Ordinary Income (millions of yen)	38,000	39,000
Net income attributable to shareholders (millions of yen)	31,000	24,500
Net Income per Share (yen)	62.02	49.04

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 first 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 Revised Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No. 21, issued September 13, 2013), Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, issued September 13, 2013), and Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7, issued September 13, 2013) beginning with the consolidated fiscal year period started on April 1, 2015. In addition, the Company booked as capital reserves the differences arising from the changes in the equity holdings of subsidiaries in which the Company has controlling interest and changed the method of accounting for costs related to acquisitions during the consolidated fiscal year.

Due to the corporate integration effected at the start of the current consolidated fiscal year, the Company also changed the method for presenting the revised amount allocated for the acquisition cost based on the established provisional accounting treatment to reflect the periods for the consolidated quarters associated with the date of corporate integration in the quarterly consolidated financial statements.

Presentations of the quarterly net income and other amounts were changed, and minority interest was changed to noncontrolling interest. The consolidated cumulative first quarter and full year amounts for the previous fiscal year were reclassified in the quarterly consolidated financial statements and the consolidated financial statements to reflect these changes.

In the consolidated statements of quarterly cash flows for the consolidated cumulative first quarter, cash flow associated with the acquisition or sale of stocks of subsidiaries that do not affect the scope of consolidation are reported in “net cash provided by (used in) financing activities,” and cash flow associated with expenses associated with the acquisition of stocks of subsidiaries that affect the scope of consolidation or expenses associated with the acquisition or sale of stocks of subsidiaries that do not affect the scope of consolidation are reported in “net cash provided by (used in) operating activities.”

The application of the corporate accounting standards is in line with the transitional measures provided the Accounting Standard for Business Combinations Paragraph 58-2 (4), Accounting Standard for Consolidated Financial Statements Paragraph 44-5 (4), and Accounting Standard for Business Divestitures Paragraph 57-4 (4) and is effected beginning with the consolidated fiscal year period started on April 1, 2015.

These changes had no material effect on the operating income, ordinary income, or income before income taxes and minority interests amounts for the current consolidated cumulative first quarter or on the capital surplus amount at the end of the current consolidated cumulative first quarter.

3. Consolidated Financial Statement (First Quarter, Fiscal Year 2015)

(1) Consolidated Balance Sheets

First Quarter, Fiscal Year 2015

(Millions of Yen)

	End Fiscal Year 2014	End First Quarter, Fiscal 2015
	As of March 31, 2015	As of June 30, 2015
(Assets)		
Current Assets		
Cash and deposits	87,169	92,896
Notes receivable, trade	40,026	37,942
Accounts receivable, trade	146,353	134,441
Marketable securities	0	8
Merchandise and finished goods	61,922	61,036
Land for sale	22,382	23,842
Work in process	40,990	46,618
Raw materials and supplies	32,309	33,486
Advance payments	2,733	3,008
Prepaid expenses	2,964	4,232
Deferred tax assets	14,718	14,892
Short-term loans receivable	2,010	904
Other current assets	15,707	19,681
Allowance for doubtful accounts	-3,126	-3,267
Total current assets	466,164	469,723
Non-current assets		
Property, plant and equipment, net		
Buildings & structures	88,709	90,973
Machinery, equipment and vehicles	75,503	82,331
Land	70,055	70,819
Leased assets	9,894	9,524
Construction in progress	12,370	12,411
Other	7,324	7,622
Total property, plant and equipment, net	263,857	273,683
Intangible assets		
Goodwill	10,787	12,848
Software	7,241	7,480
Leased assets	264	254
Other	15,812	16,572
Total intangible assets	34,106	37,155
Investments and other assets		
Investments in securities	182,049	167,897
Long-term loans receivable	715	704
Long-term prepaid expenses	1,601	1,541
Asset for retirement benefits	844	911
Deferred tax assets	7,131	4,400
Other	12,305	12,543
Allowance for doubtful accounts	-764	-764
Total investments and other assets	203,883	187,235
Total non-current assets	501,847	498,074
Total assets	968,011	967,797

(Millions of Yen)

	End Fiscal Year 2014	End First Quarter, Fiscal 2015
	As of March 31, 2015	As of June 30, 2015
(Liabilities)		
Current liabilities		
Notes payable, trade	7,541	6,129
Electronically recorded obligations	6,886	8,294
Accounts payable, trade	121,544	108,100
Short-term debt and current portion of long-term debt	25,830	23,267
Current portion of bonds	-	10,000
Lease obligations	3,169	3,104
Accrued expenses	36,244	34,985
Accrued income taxes and other taxes	13,184	10,736
Deferred tax liabilities	44	59
Allowance for bonuses to employees	16,570	13,767
Allowance for bonuses to directors and corporate auditors	258	-
Provision for compensation for completed constructions	1,161	1,134
Advances received	43,204	50,646
Other	57,785	62,355
Total current liabilities	333,426	332,581
Long-term liabilities		
Bonds	10,000	103
Long-term debt less current portion	17,111	15,661
Lease obligations	7,009	6,697
Deferred tax liabilities	10,591	7,736
Liability for retirement benefits	48,637	48,374
Other	5,941	5,377
Total long-term liabilities	99,291	83,950
Total liabilities	432,718	416,532
(Net assets)		
Shareholders' equity		
Common stock	100,002	100,002
Capital surplus	109,234	109,237
Retained earnings	265,246	270,226
Treasury stock, at cost	-21,770	-21,495
Total shareholders' equity	452,712	457,971
Accumulated other comprehensive income:		
Unrealized holding gain on securities	43,713	46,642
Deferred gain on hedges	33	47
Unrealized gain on land revaluation	301	301
Translation adjustments	16,417	21,402
Retirement benefit adjustments	3,133	2,978
Total accumulated other comprehensive income	63,599	71,371
Stock acquisition rights	414	456
Noncontrolling interests	18,566	21,465
Total net assets	535,292	551,264
Total liabilities and net assets	968,011	967,797

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

Consolidated Statements of Income

First Quarter, Fiscal Year 2015

	(Millions of Yen)	
	First Quarter, Fiscal 2014 (From April 1, 2014 to June 30, 2014)	First Quarter, Fiscal 2015 (From April 1, 2015 to June 30, 2015)
Net sales	255,864	241,187
Cost of sales	177,676	168,666
Gross profit	78,188	72,521
Selling, general & administrative expenses	62,328	64,153
Operating Income	15,860	8,368
Non-operating income		
Interest income	243	205
Dividend income	2,009	1,855
Equity in earnings of affiliates	145	147
Foreign exchange gain, net	-	548
Miscellaneous income	943	531
Total non-operating income	3,341	3,289
Non-operating expenses		
Interest expenses	408	304
Sales discounts	83	74
Foreign exchange loss, net	889	-
Miscellaneous expenses	1,936	1,265
Total non-operating expenses	3,318	1,645
Ordinary income	15,882	10,012
Extraordinary income		
Gain on sales of investments in securities	-	10,342
Total extraordinary income	-	10,342
Extraordinary loss		
Loss on sales or disposal of property, plant and equipment	117	372
Total extraordinary loss	117	372
Income before income taxes and noncontrolling interests	15,765	19,982
Income taxes	7,276	7,341
Net Income	8,488	12,641
Net income attributable to noncontrolling interests	242	80
Net income attributable to shareholders	8,246	12,560

Consolidated Statement of Comprehensive Income
 First Quarter, Fiscal Year 2015

	(Millions of Yen)	
	First Quarter, Fiscal 2014 (From April 1, 2014 to June 30, 2014)	First Quarter, Fiscal 2015 (From April 1, 2015 to June 30, 2015)
Net income	8,488	12,641
Other comprehensive income (loss)		
Unrealized holding gain on securities	6,249	2,919
Deferred gain (loss) on hedges	-11	13
Translation adjustments	-1,732	5,251
Retirement benefit adjustments	-207	-124
Comprehensive income of affiliates accounted for by the equity method attributable to the Company	115	-16
Total other comprehensive income	4,414	8,043
Comprehensive income	12,903	20,684
Comprehensive income attributable to:		
Shareholders of the Company	12,576	20,332
Noncontrolling interests	327	351

(3) Consolidated Statements of Cash Flows

First Quarter, Fiscal Year 2015

(Millions of Yen)

	First Quarter, Fiscal 2014 (From April 1, 2014 to June 30, 2014)	First Quarter, Fiscal 2015 (From April 1, 2015 to June 30, 2015)
Operating activities		
Income before income taxes	15,765	19,982
Depreciation and amortization	7,312	8,141
Amortization of goodwill	626	539
Loss on disposal of property, plant and equipment	97	200
Loss on sales of property, plant and equipment, net	19	171
Decrease in reserve for bonuses	-3,704	-2,855
Decrease in liability for retirement benefits	-408	-382
Gain on sales of investments in securities	-	-10,342
Interest and dividends income	-2,252	-2,061
Interest expenses	492	379
Equity in earnings of affiliates	-145	-147
Decrease in notes and accounts receivable	19,332	16,754
Increase in inventories	-4,037	-5,926
Decrease in notes and accounts payable	-13,614	-16,156
Decrease (increase) in consumption tax payable	347	-3,200
Increase (decrease) in advances received	-7,197	7,281
Other	-3,519	-152
Subtotal	9,114	12,226
Interest and dividends received	2,553	2,413
Interest paid	-625	-405
Income taxes paid	-16,700	-10,116
Net cash provided by (used in) operating activities	-5,656	4,118
Investing activities		
Purchases of property, plant and equipment	-8,383	-8,895
Proceeds from sales of property, plant and equipment	325	498
Payments into time deposits	-1,132	-20,743
Proceeds from withdrawal of time deposits	21,018	24,006
Purchases of investments in securities	-14	-5
Proceeds from sales or redemption of investments in securities	1,355	20,659
Purchases of intangible assets	-821	-1,046
Increase in short-term loans receivable	-159	-29
Other	77	371
Net cash provided by investing activities	12,265	14,813
Financing activities		
Decrease (increase) in short-term debt, net	5,066	-3,045
Repayments of lease obligations	-1,583	-918
Increase in commercial paper	10,000	-
Proceeds from long-term debt	1,400	1,040
Repayment of long-term debt	-9,181	-2,267
Cash dividends paid	-6,120	-6,995
Cash dividends paid to noncontrolling shareholders of consolidated subsidiaries	-90	-111
Other	1,084	297
Net cash used in (provided by) financing activities	575	-12,001
Effect of exchange rate changes on cash and cash equivalents	67	161
Net increase in cash and cash equivalents	7,250	7,092
Cash and cash equivalents at beginning of term	51,248	62,780
Increase in cash and cash equivalents from newly consolidated subsidiary	52	1,255
Decrease in cash and cash equivalents resulting from exclusion of a subsidiary from consolidation	-	-0
Cash and cash equivalents at end of term	58,551	71,127

(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

Consolidated First Quarter, Fiscal 2015 (April 1, 2015 to June 30, 2015)

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	94,226	45,774	93,260	233,261	7,926	241,187
(2) Intersegment	11	3,091	1,444	4,547	198	4,746
Total	94,238	48,866	94,704	237,809	8,125	245,934
Operating income (loss)	264	-2,338	11,728	9,654	-1,086	8,567

Note: The Others segment comprises items not included in the Company's other reporting segments; among these items are services, production materials, and the production and sales of agricultural/construction materials.

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	9,654
Other Business income (loss)	-1,086
Inter-segment elimination total	9
Corporate expenses (Note)	-208
Total operating income reported in the quarterly consolidated statements of income	8,368

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)	168,118	22,411	18,265	29,836	2,556	241,187