

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

January 28, 2016

Company Name: Sekisui Chemical Co., Ltd.
 Stock Listings: Tokyo Stock Exchange
 Code Number: 4204
 URL: <http://www.sekisuichemical.com/>
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 Scheduled date for submission of quarterly financial statement: February 8, 2016
 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 (April 1, 2015 to December 31, 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	%
FY2015 (First 9 months)	799,670	-1.5	55,399	-4.3	54,354	-17.2	40,452	-7.8
FY2014 (First 9 months)	811,969	1.2	57,876	5.9	65,617	12.6	43,884	30.6

Note. Comprehensive Income: December 31, 2015: 40,554 million yen (-47.2%), December 31, 2014: 76,842 million yen (21.8%)

	Net Income per Share	Net Income per Share (Diluted)
	yen	yen
FY2015 (First 9 months)	81.94	81.79
FY2014 (First 9 months)	86.36	86.19

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
3Q of FY2015	982,549	547,473	53.6
FY2014	968,011	535,292	53.3

Note. Shareholders' Equity: December 31, 2015: 526,156 million 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	-	14.00	-		
FY2015 (outlook)				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
Full Year	1,120,000	0.7	90,000	4.9	89,000	1.2	58,000	9.4	118.81

Note. Recent revision of consolidated earnings estimates: 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 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):	3rd Q of FY2015	510,507,285 shares
	FY2014	520,507,285 shares
b) Treasury stock at the end of term:	3rd Q of FY2015	22,335,328 shares
	FY2014	20,926,419 shares
c) Average outstanding shares in the period (quarterly consolidated cumulative total):	3rd Q of FY2015	493,652,515 shares
	3rd Q of FY2014	508,181,760 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. The full-year consolidated forecasts presented in this report are not changed from the forecasts announced on October 29, 2015.
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. 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 FY2015.

<http://www.sekisuichemical.com/ir/pdf/20160128kge.pdf>

[The Presentation Meeting is scheduled to be held on January 28, 2016, at 5:30 p.m. Japan time]

2. Consolidated Financial Position

1) Financial Position (April 1 to December 31, 2015)

Total assets amounted to ¥982.5 billion at the end of the third quarter of fiscal year 2015, representing an increase of ¥14.5 billion from the end of fiscal year 2014. The increase was due to rises of ¥1.0 billion in current assets and ¥13.4 billion in non-current assets.

Liabilities amounted to ¥435.0 billion, an increase of ¥2.3 billion from the end of the fiscal year 2014.

Net assets amounted to ¥547.4 billion, an increase of ¥12.1 billion from the end of fiscal year 2014. Equity after deducting noncontrolling interests from net assets amounted to ¥526.1 billion. The shareholders' equity ratio was 53.6%.

2) Cash Flows (April 1 to December 31, 2015)

Net cash provided by operating activities amounted to ¥42.7 billion. Cash inflows included ¥52.4 billion in income before income taxes and noncontrolling interests, ¥25.8 billion in depreciation and amortization, and ¥10.5 billion for the provision of reserve for loss on transfer of business. These exceeded cash outflows, which included ¥21.4 billion in income taxes paid, a ¥10.7 billion gain on sales of marketable securities and investments in securities, and decreases of ¥8.4 billion in notes and accounts payable and ¥7.2 billion in allowance for bonuses to employees.

Net cash used in investing activities amounted to ¥10.7 billion. The decrease was primarily due to increases from ¥21.2 billion in proceeds from the sale of investments in securities including a portion of the holdings of Sekisui House Ltd. and a ¥23.3 billion net decrease in time deposits while ¥31.0 billion was used for purchases of property, plant, and equipment focused on priority and growth fields, ¥12.3 billion was used to acquire the shares and make a consolidated subsidiary of Eidia Co., Ltd., a manufacturer and marketer of clinical diagnostic reagents, and ¥8.3 billion was used for investments in securities.

Net cash used in financing activities amounted to ¥22.4 billion. The main elements in the decrease were the use of ¥16.7 billion to purchase of treasury stock, ¥14.3 billion in cash dividends paid, and an ¥8.0 billion net increase in interest-bearing debt.

The result of the above was cash and cash equivalents of ¥72.3 billion at the end of the third quarter of fiscal year 2015.

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

The Company has not revised the consolidated earnings forecasts for the full fiscal year 2015 announced on October 29, 2015 at the announcement of the summary of consolidated financial results for the second quarter of fiscal year 2015 ending March 31, 2016.

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 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 third 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 third 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 third quarter or on the capital surplus amount at the end of the current consolidated cumulative third quarter.

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

(1) Consolidated Balance Sheets

(Millions of Yen)

	End Fiscal Year 2014 (As of March 31, 2015)	End Third Quarter, Fiscal 2015 (As of December 31, 2015)
(Assets)		
Current Assets		
Cash and deposits	87,169	73,358
Notes receivable, trade	40,026	41,636
Accounts receivable, trade	146,353	138,444
Marketable securities	0	208
Merchandise and finished goods	61,922	59,327
Land for sale	22,382	24,442
Work in process	40,990	48,342
Raw materials and supplies	32,309	31,793
Advance payments	2,733	3,416
Prepaid expenses	2,964	3,932
Deferred tax assets	14,718	16,686
Short-term loans receivable	2,010	1,372
Other current assets	15,707	26,765
Allowance for doubtful accounts	-3,126	-2,502
Total current assets	466,164	467,225
Non-current assets		
Property, plant and equipment, net		
Buildings & structures	88,709	91,818
Machinery, equipment and vehicles	75,503	80,814
Land	70,055	70,003
Leased assets	9,894	9,338
Construction in progress	12,370	12,729
Other	7,324	7,816
Total property, plant and equipment, net	263,857	272,520
Intangible assets		
Goodwill	10,787	20,505
Software	7,241	7,996
Leased assets	264	282
Other	15,812	14,842
Total intangible assets	34,106	43,627
Investments and other assets		
Investments in securities	182,049	179,290
Long-term loans receivable	715	602
Long-term prepaid expenses	1,601	1,470
Asset for retirement benefits	844	1,042
Deferred tax assets	7,131	4,387
Other	12,305	13,150
Allowance for doubtful accounts	-764	-767
Total investments and other assets	203,883	199,176
Total non-current assets	501,847	515,323
Total assets	968,011	982,549

(Millions of Yen)

	End Fiscal Year 2014 (As of March 31, 2015)	End Third Quarter, Fiscal 2015 (As of December 31, 2015)
(Liabilities)		
Current liabilities		
Notes payable, trade	7,541	5,792
Electronically recorded obligations	6,886	13,445
Accounts payable, trade	121,544	105,220
Short-term debt and current portion of long-term debt	25,830	25,297
Commercial paper	-	17,000
Current portion of bonds	-	10,016
Lease obligations	3,169	3,174
Accrued expenses	36,244	37,857
Accrued income taxes and other taxes	13,184	9,008
Deferred tax liabilities	44	104
Allowance for bonuses to employees	16,570	9,394
Allowance for bonuses to directors and corporate auditors	258	-
Provision for compensation for completed constructions	1,161	1,126
Reserve for loss on transfer of business	-	10,506
Advances received	43,204	48,074
Other	57,785	61,017
Total current liabilities	333,426	357,034
Long-term liabilities		
Bonds	10,000	78
Long-term debt less current portion	17,111	10,570
Lease obligations	7,009	6,486
Deferred tax liabilities	10,591	7,787
Liability for retirement benefits	48,637	47,575
Other	5,941	5,541
Total long-term liabilities	99,291	78,040
Total liabilities	432,718	435,075
(Net assets)		
Shareholders' equity		
Common stock	100,002	100,002
Capital surplus	109,234	109,183
Retained earnings	265,246	279,442
Treasury stock, at cost	-21,770	-26,086
Total shareholders' equity	452,712	462,541
Accumulated other comprehensive income:		
Unrealized holding gain on securities	43,713	47,711
Deferred gain on hedges	33	-23
Unrealized gain on land revaluation	301	301
Translation adjustments	16,417	13,077
Retirement benefit adjustments	3,133	2,549
Total accumulated other comprehensive income	63,599	63,615
Stock acquisition rights	414	479
Noncontrolling interests	18,566	20,837
Total net assets	535,292	547,473
Total liabilities and net assets	968,011	982,549

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

Consolidated Statements of Income

First 9 months, Fiscal Year 2015

	(Millions of Yen)	
	First 9 Months, Fiscal 2014 (From April 1, 2014 to December 31, 2014)	First 9 Months, Fiscal 2015 (From April 1, 2015 to December 31, 2015)
Net sales	811,969	799,670
Cost of sales	565,856	551,501
Gross profit	246,113	248,168
Selling, general & administrative expenses	188,237	192,769
Operating Income	57,876	55,399
Non-operating income		
Interest income	716	647
Dividend income	4,030	3,776
Equity in earnings of affiliates	1,137	1,194
Foreign exchange gain, net	6,934	179
Miscellaneous income	2,505	1,608
Total non-operating income	15,325	7,405
Non-operating expenses		
Interest expenses	1,180	937
Sales discounts	243	237
Miscellaneous expenses	6,160	7,275
Total non-operating expenses	7,584	8,450
Ordinary income	65,617	54,354
Extraordinary income		
Gain on sales of investments in securities	5,053	10,766
Total extraordinary income	5,053	10,766
Extraordinary loss		
Provision of reserve for loss on transfer of business	-	10,506
Loss on impairment of fixed assets and goodwill	-	730
Loss on sales or disposal of property, plant and equipment	646	1,437
Total extraordinary loss	646	12,673
Income before income taxes and noncontrolling interests	70,024	52,446
Income taxes	25,166	11,316
Net Income	44,857	41,130
Net income attributable to noncontrolling interests	973	677
Net income attributable to shareholders	43,884	40,452

Consolidated Statements of Income
Third Quarter, Fiscal Year 2015

	(Millions of Yen)	
	Third Quarter, Fiscal 2014 (From October 1, 2014 to December 31, 2014)	Third Quarter, Fiscal 2015 (From October 1, 2015 to December 31, 2015)
Net sales	266,048	260,760
Cost of sales	186,101	179,012
Gross profit	79,946	81,748
Selling, general & administrative expenses	63,850	64,587
Operating Income	16,096	17,160
Non-operating income		
Interest income	231	207
Dividend income	207	453
Equity in earnings of affiliates	327	220
Foreign exchange gain, net	4,879	-
Miscellaneous income	855	360
Total non-operating income	6,502	1,242
Non-operating expenses		
Interest expenses	387	292
Sales discounts	82	83
Foreign exchange loss, net	-	204
Miscellaneous expenses	2,376	2,960
Total non-operating expenses	2,846	3,541
Ordinary income	19,751	14,860
Extraordinary income		
Gain on sales of investments in securities	5,053	423
Total extraordinary income	5,053	423
Extraordinary loss		
Provision of reserve for loss on transfer of business	-	10,506
Loss on impairment of fixed assets and goodwill	-	63
Loss on sales or disposal of property, plant and equipment	235	388
Total extraordinary loss	235	10,959
Income before income taxes and noncontrolling interests	24,569	4,325
Income taxes	9,209	-3,631
Net Income	15,359	7,957
Net income attributable to noncontrolling interests	403	297
Net income attributable to shareholders	14,956	7,659

Consolidated Statement of Comprehensive Income
First 9 months, Fiscal Year 2015

	(Millions of Yen)	
	First 9 Months, Fiscal 2014 (From April 1, 2014 to December 31, 2014)	First 9 Months, Fiscal 2015 (From April 1, 2015 to December 31, 2015)
Net income	44,857	41,130
Other comprehensive income (loss)		
Unrealized holding gain on securities	13,383	4,059
Deferred loss (gain) on hedges	95	-57
Translation adjustments	18,617	-3,938
Retirement benefit adjustments	-694	-430
Comprehensive income of affiliates accounted for by the equity method attributable to the Company	582	-207
Total other comprehensive income	31,984	-575
Comprehensive income	76,842	40,554
Comprehensive income attributable to:		
Shareholders of the Company	74,295	40,468
Noncontrolling interests	2,547	86

(3) Consolidated Statements of Cash Flows
First 9 months, Fiscal Year 2015

(Millions of Yen)

	First 9 Months, Fiscal 2014 (From April 1, 2014 to December 31, 2014)	First 9 Months, Fiscal 2015 (From April 1, 2015 to December 31, 2015)
Operating activities		
Income before income taxes	70,024	52,446
Depreciation and amortization	23,490	25,830
Amortization of goodwill	1,787	1,574
Loss on impairment of fixed assets and goodwill	-	730
Loss on disposal of property, plant and equipment	538	810
Loss on sales of property, plant and equipment, net	108	627
Gain on sales of investments in securities	-5,053	-10,766
Decrease in reserve for bonuses	-7,941	-7,297
Decrease in liability for retirement benefits	-2,313	-1,910
Interest and dividends income	-4,747	-4,423
Interest expenses	1,423	1,174
Equity in earnings of affiliates	-1,137	-1,194
Provision of reserve for loss on transfer of business	-	10,506
Decrease in notes and accounts receivable	13,405	7,016
Increase in inventories	-10,719	-4,989
Decrease in notes and accounts payable	-16,154	-8,464
Increase (decrease) in advances received	-7,702	4,693
Other	-9,481	-5,994
Subtotal	45,526	60,370
Interest and dividends received	5,370	5,054
Interest paid	-1,620	-1,207
Income taxes paid	-27,058	-21,454
Net cash provided by operating activities	22,218	42,763
Investing activities		
Purchases of property, plant and equipment	-24,130	-31,013
Proceeds from sales of property, plant and equipment	794	968
Payments into time deposits	-4,015	-27,642
Proceeds from withdrawal of time deposits	49,065	51,006
Purchases of investments in securities	-15	-8,305
Proceeds from sales or redemption of investments in securities	16,700	21,261
Acquisition of investments in subsidiaries resulting in change in scope of consolidation	-	-12,399
Acquisition of securities in subsidiaries	-5,633	-878
Purchases of intangible assets	-3,178	-3,299
Increase (decrease) in short-term loans receivable	190	-503
Other	219	79
Net cash used in (provided by) investing activities	29,998	-10,727
Financing activities		
Decrease in short-term debt, net	-3,292	-2,653
Repayments of lease obligations	-2,803	-2,598
Increase in commercial paper	10,000	17,000
Proceeds from long-term debt	3,407	1,557
Repayment of long-term debt	-18,626	-5,249
Payments for redemption of bonds	-10,000	-8
Cash dividends paid	-12,750	-13,838
Cash dividends paid to noncontrolling shareholders of consolidated subsidiaries	-334	-468
Purchases of treasury stock	-14,998	-16,781
Other	1,050	599
Net cash used in financing activities	-48,348	-22,441
Effect of exchange rate changes on cash and cash equivalents	4,647	-1,263
Net decrease (increase) in cash and cash equivalents	8,515	8,329
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	59,816	72,364

(4) Notes regarding the premise of a going concern

None applicable

(5) Significant Change in Shareholder Equity

None applicable

(6) Segment Information

I. Consolidated First 9 Months, Fiscal 2015 (April 1, 2015 to December 31, 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	336,431	156,505	280,204	773,140	26,529	799,670
(2) Intersegment	40	9,194	4,795	14,030	663	14,693
Total	336,471	165,699	285,000	787,171	27,193	814,364
Operating income (loss)	19,097	-16	39,175	58,257	-2,767	55,490

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	58,257
Other Business income (loss)	-2,767
Inter-segment elimination total	91
Corporate expenses (Note)	-182
Total operating income reported in the quarterly consolidated statements of income	55,399

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

3. Information on impairment loss on fixed assets or good will, etc., for each reporting segment

(Significant change in the amount of goodwill)

The Company acquired the shares of EIDIA Co., Ltd. and made the company a subsidiary in the High Performance Plastics segment. The acquisition increased the amount of goodwill by 8,805 million yen in the consolidated cumulative third quarter of fiscal year 2015. This is a provisional amount because the allocation of the cost of acquisition have not been finalized.

4. Regional Information

Net sales

	Japan	U.S.	Europe	Asia	Others	Total
Net sales (millions of yen)	581,265	65,204	51,742	92,847	8,610	799,670

II. Consolidated Third Quarter, Fiscal 2015 (October 1, 2015 to December 31, 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	102,591	55,469	93,329	251,390	9,370	260,760
(2) Intersegment	16	2,741	1,581	4,339	224	4,564
Total	102,608	58,211	94,911	255,730	9,594	265,325
Operating income (loss)	2,855	820	14,345	18,021	-1,160	16,861

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	18,021
Other Business income (loss)	-1,160
Inter-segment elimination total	47
Corporate expenses (Note)	251
Total operating income reported in the quarterly consolidated statements of income	17,160

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)	188,857	20,694	16,217	32,062	2,928	260,760