Summary of Financial Results of Fiscal Year 2017 Ended March 31, 2018

April 26, 2018

Company Name:	Sekisui Chemical Co., Ltd.
Stock Listings:	Tokyo Stock Exchange
Code Number:	4204
URL	http://www.sekisuichemical.com
Representative Director:	Mr. Teiji Koge, President
Inquiries:	Mr. Yoshiyuki Hirai, Director, Managing Executive Officer
TEL:	+81-3-5521-0522
Scheduled General Meeting of Shareholders:	June 27, 2018
Scheduled date for payment of dividends:	June 28, 2018
Scheduled date for submission of financial statement:	June 27, 2018
Earnings supplementary explanatory documents:	Yes
Earnings results briefing:	Yes

(Figures rounded down to the nearest million yen)

1. Consolidated Business Results for the Fiscal 2017 (April 1, 2017 to March 31, 2018)

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2017	1,107,429	3.9	99,231	2.9	93,929	2.6	63,459	4.3
FY2016	1,065,776	-2.8	96,476	7.4	91,513	12.7	60,850	7.4

(Note)Comprehensive income March 31, 2018: 73,898 million yen (28.2%), March 31, 2017: 57,638 million yen (55.4%)

	Net Income Attributable to Owners of the Parent per Share	Net Income Attributable to Owners of the Parent per Share (Diluted)	Net Income to Equity Ratio	Ordinary Income to Total Assets Ratio	Operating Income Ratio
	yen	yen	%	%	%
FY2017	133.80	133.58	11.2	9.7	9.0
FY2016	126.13	125.95	11.3	9.7	9.1

(Note)Equity in earnings of affiliated companies March 31, 2018: 2,508 million yen, March 31, 2017: 2,485 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	yen
FY2017	999,114	612,757	58.8	1,245.91
FY2016	943,640	570,549	58.2	1,147.91

(Note) Shareholders' Equity : March 31, 2018: 587,766 million yen, March 31, 2017: 549,344 million yen

(3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	End of Year Cash and Cash Equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2017	82,272	-60,881	-35,981	76,723
FY2016	108,229	-44,057	-39,633	89,856

2. Dividend Status

	Dividend Per Share					Total Dividend Payment (full year)	Dividend Payout Ratio (consolidated)	Dividend to equity ratio (consolidated)
(Date of Record)	At the end of 1Q	At the end of 2Q	At the end of 3Q	Year-end	Full year			
	yen	yen	yen	yen	yen	Millions of yen	%	%
FY2016	-	16.00	-	19.00	35.00	16,837	27.7	3.1
FY2017	-	19.00	-	21.00	40.00	18,951	29.9	3.3
FY2018 (outlook)	-	21.00	-	21.00	42.00		29.6	

(Note) The period-end dividend for the fiscal year ended March 31, 2017 is comprised of an ordinary dividend of ¥18 per share and a commemorative dividend to celebrate the Company's 70th anniversary of ¥1 per share. The interim dividend for the fiscal year ending March 31, 2018 is comprised of an ordinary dividend of ¥18 per share and a commemorative dividend to celebrate the Company's 70th anniversary of ¥1 per share.

3. Consolidated Outlook for Fiscal 2018 (April 1, 2018 to March 31, 2019)

(% change from the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent		Net Income Attributable to Owners of the Parent per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Mid-term	566,000	6.0	44,500	-3.3	45,000	-7.4	29,500	-13.8	62.53
Full Year	1,168,000	5.5	102,000	2.8	100,000	6.5	67,000	5.6	142.02

4. Other

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

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

a) Changes caused by revisions to accounting principles: No
b) Changes other than a): No
c) Amendments to accounting estimates: No
d) Restatements: No

(3) Number of shares outstanding (common stock)

a)	Number of shares outstanding at the end of term (including treasury stock)	FY2017	500,507,285 shares
		FY2016	510,507,285 shares
b)	Treasury stock at the end of term	FY2017	28,750,482 shares
		FY2016	31,948,436 shares
c)	Average number of shares outstanding during the current term	FY2017	474,280,098 shares
		FY2016	482,442,383 shares

(Reference information) Non-consolidated financial results for the Fiscal 2017 (April 1, 2017 to March 31, 2018)

(1) Non-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	%
FY2017	356,785	2.7	24,973	9.8	43,192	27.1	37,807	47.4
FY2016	347,483	-0.3	22,738	7.3	33,977	-13.0	25,654	-30.2

	Net Income per Share	Net Income per Share (Diluted)
	yen	yen
FY2017	79.66	79.53
FY2016	53.14	53.06

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	yen
FY2017	596,669	311,286	52.1	658.79
FY2016	546,373	301,271	55.1	628.21

(Note) Shareholders' Equity : March 31, 2018: 311,015 million yen, March 31, 2017: 300,852 million yen

Note: Execution chart for audit procedures

The Financial Instruments and Exchange Law does not require this brief announcement of the most recent financial statements to be subject to audit review.

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

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

(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 FY2017.
http://www.sekisuichemical.com/ir/pdf/20180426kge.pdf
[The Presentation Meeting is scheduled to be held on April 26, 2018, at 3:30 p.m. Japan time]

2. Fundamental Profit Distribution Policy and Dividends for Fiscal 2017 and Fiscal 2018

Increasing corporate value and actively returning profits to shareholders are fundamental management objectives at Sekisui Chemical. As far as the Company's profit distribution policy to shareholders is concerned, Sekisui Chemical seeks to secure a DOE of around 3% while targeting a dividend payout ratio of 30% on a consolidated basis, and implements stable dividend measures in line with its performance.

The Company pays dividends twice annually, with the dates of record set as the last day of the first half (September 30) and the last day of the fiscal year (March 31). Surplus funds are flexibly used for share buyback, to improve capital efficiency, and to increase earnings per share with the objective of enhancing shareholders' return. Internal cash reserves are utilized for R&D, capital investment, strategic investment, loans and investments, and other activities essential to enhancing future corporate value.

In consideration of the Company's ongoing solid performance, the target payout ratio, and other factors, the Company plans to add ¥2 per share from the most recent forecast of ¥19 per share to ¥21 per share to its fiscal year-end dividend and pay a full fiscal year dividend of ¥40 per share.

	Dividend per Share (yen)		
	End of the 1H	Fiscal Year-End	Total
Previous forecast (announce of April 27, 2017)		19.00	38.00
Revised forecast	-	21.00	40.00
Fiscal 2017 results	19.00 (ordinary dividend 18.00) (commemorative dividend 1.00)	-	-
Fiscal 2016 results (fiscal year ended March 31, 2017)	16.00	19.00 (ordinary dividend 18.00) (commemorative dividend 1.00)	35.00

In fiscal 2018, the Company plans to provide a first half period-end dividend of ¥21 per share and a fiscal year-end dividend of ¥21 for a full fiscal year dividend distribution of ¥42 per share.

II. Basic policy on the selection of accounting standards

The Sekisui Chemical Group currently prepares its consolidated financial statements based on the generally accepted accounting principles of Japan (J-GAAP) in order to facilitate comparison between the periods and the companies presented in the statements.

The Group is presently reviewing its internal policies and the Group organizational structure and is considering the appropriate timing for the adoption of international financial reporting standards (IFRS).

III. Consolidated Financial Statement (Fiscal Year 2017)

(1)Consolidated Balance Sheets

(Millions of Yen)

	End Fiscal Year 2016 (As of March 31, 2017)	End Fiscal Year 2017 (As of March 31, 2018)
(Assets)		
Current assets		
Cash and deposits	109,891	77,996
Notes receivable, trade	32,960	45,959
Accounts receivable, trade	131,111	137,304
Marketable securities	1	0
Merchandise and finished goods	56,619	62,185
Land for sale	30,879	30,926
Work in process	38,349	46,984
Raw materials and supplies	27,704	30,362
Advance payments	1,687	1,547
Prepaid expenses	3,388	3,762
Deferred tax assets	13,870	14,096
Short-term loans receivable	5,128	7,230
Other current assets	15,688	16,537
Allowance for doubtful accounts	-1,179	-1,597
Total current assets	466,101	473,297
Non-current assets		
Property, plant and equipment, net		
Buildings & structures	88,882	93,140
Machinery, equipment and vehicles	73,615	77,803
Land	70,426	73,299
Leased assets	10,126	10,146
Construction in progress	9,388	14,890
Other	9,323	10,457
Total property, plant and equipment, net	261,765	279,738
Intangible assets		
Goodwill	14,627	17,640
Software	8,167	8,177
Leased assets	216	208
Other	16,579	25,071
Total intangible assets	39,591	51,097
Investments and other assets		
Investments in securities	156,916	177,707
Long-term loans receivable	1,789	1,048
Long-term prepaid expenses	1,211	1,519
Asset for retirement benefits	179	200
Deferred tax assets	4,840	2,959
Other	13,058	13,587
Allowance for doubtful accounts	-1,815	-2,042
Total investments and other assets	176,181	194,980
Total non-current assets	477,538	525,817
Total assets	943,640	999,114

(Millions of Yen)

	End Fiscal Year 2016 (As of March 31, 2017)	End Fiscal Year 2017 (As of March 31, 2018)
(Liabilities)		
Current liabilities		
Notes payable, trade	4,320	4,972
Electronically recorded obligations	22,116	26,639
Accounts payable, trade	93,684	99,208
Short-term debt and current portion of long-term debt	13,274	10,974
Commercial paper	-	7,000
Current portion of bonds	16	16
Lease obligations	3,413	3,317
Accrued expenses	39,115	40,942
Accrued income taxes and other taxes	12,361	11,109
Allowance for bonuses to employees	16,740	16,886
Allowance for bonuses to directors and audit & supervisory board members	308	343
Provision for compensation for completed constructions	1,222	1,191
Provision for stock-based compensation	133	138
Advances received	41,623	38,798
Other	41,750	37,511
Total current liabilities	290,081	299,050
Long-term liabilities		
Bonds	10,052	10,036
Long-term debt less current portion	9,991	7,966
Lease obligations	6,985	7,016
Deferred tax liabilities	3,364	9,728
Liability for retirement benefits	47,069	46,501
Provision for stock-based compensation	135	282
Other	5,410	5,774
Total long-term liabilities	83,009	87,305
Total liabilities	373,090	386,356
(Net assets)		
Shareholders' equity		
Common stock	100,002	100,002
Capital surplus	109,192	109,031
Retained earnings	341,009	374,101
Treasury stock, at cost	-40,969	-42,461
Total shareholders' equity	509,234	540,673
Accumulated other comprehensive income:		
Unrealized holding gain on securities	39,463	46,346
Deferred loss on hedges	-52	-49
Unrealized gain on land revaluation	321	321
Translation adjustments	941	3,116
Retirement benefit adjustments	-565	-2,643
Total accumulated other comprehensive income	40,109	47,092
Stock acquisition rights	418	271
Non-controlling interests	20,787	24,720
Total net assets	570,549	612,757
Total liabilities and net assets	943,640	999,114

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

(Millions of Yen)

	Fiscal Year 2016 (From April 1, 2016 to March 31, 2017)	Fiscal Year 2017 (From April 1, 2017 to March 31, 2018)
Net sales	1,065,776	1,107,429
Cost of sales	712,258	745,346
Gross profit	353,517	362,082
Selling, general & administrative expenses	257,040	262,850
Operating Income	96,476	99,231
Non-operating income		
Interest income	748	963
Dividends income	3,828	3,952
Equity in earnings of affiliates	2,485	2,508
Miscellaneous income	5,060	4,506
Total non-operating income	12,122	11,931
Non-operating expenses		
Interest expenses	610	533
Sales discounts	396	414
Foreign exchange loss, net	808	2,480
Miscellaneous expenses	15,270	13,806
Total non-operating expenses	17,086	17,233
Ordinary income	91,513	93,929
Extraordinary income		
Gain on sales of investments in securities	6,935	-
Gain on sales of property, plant and equipment	-	2,469
Total extraordinary income	6,935	2,469
Extraordinary loss		
Loss on impairment of fixed assets and goodwill	3,573	701
Loss on transfer of business	4,988	-
Loss on devaluation of investment in securities	4,534	-
Loss on sales or disposal of property, plant and equipment	2,500	1,355
Total extraordinary loss	15,596	2,056
Income before income taxes	82,851	94,342
Income taxes		
Current	23,396	23,393
Deferred	-2,446	4,232
Total income taxes	20,950	27,626
Net Income	61,901	66,716
Net Income Attributable to:		
Non-controlling interests	1,050	3,256
Owners of the Parent	60,850	63,459

(Consolidated Statement of Comprehensive Income)

(Millions of Yen)

	Fiscal Year 2016 (From April 1, 2016 to March 31, 2017)	Fiscal Year 2017 (From April 1, 2017 to March 31, 2018)
Net income	61,901	66,716
Other comprehensive income (loss)		
Unrealized holding gain (loss) on securities	-1,055	6,144
Deferred gain on hedges	64	3
Translation adjustments	-5,086	2,364
Retirement benefit adjustments	1,359	-2,217
Comprehensive income of affiliates accounted for by the equity method attributable to the Company	455	887
Total other comprehensive income (loss)	-4,262	7,182
Comprehensive income	57,638	73,898
Comprehensive income attributable to:		
Owners of the Parent	56,777	70,442
Non-controlling interests	861	3,455

(3) Consolidated Statement of Changes in Net Assets
Fiscal 2016 (April 1, 2016 to March 31, 2017)

(Millions of Yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total share-holders' equity
Balance at April 1, 2016	100,002	109,183	295,659	-25,970	478,874
Changes					
Cash dividends			-15,541		-15,541
Net income attributable to owners of the parent			60,850		60,850
Decrease in retained earnings resulting from inclusion of subsidiaries in consolidation					-
Retirement of treasury stock					-
Purchase of treasury stock				-17,380	-17,380
Disposal of treasury stock		15		2,381	2,397
Change in scope of consolidation			40		40
Transfer from retained earnings to capital surplus					-
Change in shareholders' equity due to transactions with non-controlling interests		-6			-6
Net changes of items other than shareholders' equity					-
Total changes of items during the year	–	9	45,349	-14,998	30,359
Balance at March 31, 2017	100,002	109,192	341,009	-40,969	509,234

	Accumulated other comprehensive income (loss)						Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized holding gain (loss) on securities	Deferred gain (loss) on hedges	Unrealized gain on land revaluation	Translation adjust-ments	Retirement benefit adjust-ments	Total accumu-lated other compre-hensive income (loss)			
Balance at April 1, 2016	40,054	-116	321	5,817	-1,894	44,182	512	20,586	544,156
Changes									
Cash dividends									-15,541
Net income attributable to owners of the parent									60,850
Decrease in retained earnings resulting from inclusion of subsidiaries in consolidation									-
Retirement of treasury stock									-
Purchase of treasury stock									-17,380
Disposal of treasury stock									2,397
Change in scope of consolidation									40
Transfer from retained earnings to capital surplus									-
Change in shareholders' equity due to transactions with non-controlling interests									-6
Net changes of items other than shareholders' equity	-590	64	—	-4,876	1,329	-4,073	-94	201	-3,966
Total changes of items during the year	-590	64	—	-4,876	1,329	-4,073	-94	201	26,393
Balance at March 31, 2017	39,463	-52	321	941	-565	40,109	418	20,787	570,549

Fiscal 2017 (April 1, 2017 to March 31, 2018)

(Millions of Yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total share-holders' equity
Balance at April 1, 2017	100,002	109,192	341,009	-40,969	509,234
Changes					
Cash dividends			-18,137		-18,137
Net income attributable to owners of the parent			63,459		63,459
Decrease in retained earnings resulting from inclusion of subsidiaries in consolidation			691		691
Retirement of treasury stock		-12,904		12,904	-
Purchase of treasury stock				-16,006	-16,006
Disposal of treasury stock		-32		1,608	1,576
Change in scope of consolidation					-
Transfer from retained earnings to capital surplus		12,921	-12,921		-
Change in shareholders' equity due to transactions with non-controlling interests		-145			-145
Net changes of items other than shareholders' equity					-
Total changes of items during the year	–	-161	33,092	-1,492	31,438
Balance at March 31, 2018	100,002	109,031	374,101	-42,461	540,673

	Accumulated other comprehensive income (loss)						Stock acquisition rights	Non-controlling interests	Total net assets
	Unrealized holding gain (loss) on securities	Deferred gain (loss) on hedges	Unrealized gain on land revaluation	Translation adjust-ments	Retirement benefit adjust-ments	Total accumu-lated other compre-hensive income (loss)			
Balance at April 1, 2017	39,463	-52	321	941	-565	40,109	418	20,787	570,549
Changes									
Cash dividends									-18,137
Net income attributable to owners of the parent									63,459
Decrease in retained earnings resulting from inclusion of subsidiaries in consolidation									691
Retirement of treasury stock									-
Purchase of treasury stock									-16,006
Disposal of treasury stock									1,576
Change in scope of consolidation									-
Transfer from retained earnings to capital surplus									-
Change in shareholders' equity due to transactions with non-controlling interests									-145
Net changes of items other than shareholders' equity	6,882	3	-	2,175	-2,078	6,983	-147	3,933	10,769
Total changes of items during the year	6,882	3	-	2,175	-2,078	6,983	-147	3,933	42,208
Balance at March 31, 2018	46,346	-49	321	3,116	-2,643	47,092	271	24,720	612,757

(4)Consolidated Statements of Cash Flows

(Millions of Yen)

	Fiscal Year 2016 (From April 1, 2016 to March 31, 2017)	Fiscal Year 2017 (From April 1, 2017 to March 31, 2018)
Operating activities:		
Income before income taxes	82,851	94,342
Depreciation and amortization	34,843	36,016
Amortization of goodwill	2,118	2,416
Loss on impairment of fixed assets and goodwill	3,573	701
Loss on disposal of property, plant and equipment	1,785	1,118
Gain (loss) on sales of property, plant and equipment, net	715	-2,232
Decrease in liability for retirement benefits	-3,827	-997
Gain on sales of investments in securities	-6,935	-
Loss on devaluation of investment in securities	4,534	-
Interest and dividends income	-4,576	-4,916
Interest expenses	1,006	947
Equity in earnings of affiliates	-2,485	-2,508
Loss on transfer of business	4,988	-
Increase in notes and accounts receivable	-2,019	-5,506
Increase in inventories	-7,466	-11,787
Increase in notes and accounts payable	1,898	1,350
Decrease (increase) in advances received	2,203	-2,873
Decrease in deposits	-4,304	-674
Other	6,837	-2,238
Subtotal	115,740	103,157
Interest and dividends received	5,264	5,603
Interest paid	-1,040	-966
Income taxes refund	4,661	-
Income taxes paid	-16,395	-25,521
Net cash provided by operating activities	108,229	82,272
Investing activities:		
Purchases of property, plant and equipment	-35,241	-45,526
Proceeds from sales of property, plant and equipment	1,459	4,005
Payments into time deposits	-23,109	-646
Proceeds from withdrawal of time deposits	4,006	19,920
Purchases of investments in securities	-2,026	-7,470
Proceeds from sales or redemption of investments in securities	18,165	1,510
Acquisition of investments in subsidiaries resulting in change in scope of consolidation	-	-22,137
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	-734	-
Acquisition of investments in subsidiaries	-1,630	-5,006
Purchases of intangible assets	-4,572	-4,211
Increase in short-term loans receivable	-423	-2,158
Other	50	837
Net cash used in investing activities	-44,057	-60,881
Financing activities:		
Decrease in short-term debt, net	-1,336	-2,828
Repayments of lease obligations	-3,817	-3,774
Increase in commercial paper	-	7,000
Proceeds from long-term debt	3,925	2,003
Repayment of long-term debt	-7,987	-3,784
Proceeds from issuance of bonds	10,000	-
Redemption of bonds	-10,016	-16
Cash dividends paid	-15,538	-18,134
Cash dividends paid to non-controlling interests	-525	-930
Purchases of treasury stock	-16,356	-16,006
Other	2,019	491
Net cash used in financing activities	-39,633	-35,981
Effect of exchange rate changes on cash and cash equivalents	-1,786	814
Net decrease (increase) in cash and cash equivalents	22,752	-13,776
Cash and cash equivalents at beginning of year	67,104	89,856
Increase in cash and cash equivalents from newly consolidated subsidiaries	-	644
Cash and cash equivalents at end of year	89,856	76,723

(5) Items Concerning the Information in the quarterly Consolidated Financial Statements (Notes)

(Notes regarding the premise of a going concern)

No significant changes during the term under review.

Notes to the Consolidated Financial Statements

1) Notes to the Consolidated Statement of Income

I. Fiscal year 2016 (April 1, 2016 to March 31, 2017)

a. Loss on impairment of fixed assets and goodwill

The Group reported a loss on impairment of fixed assets and goodwill in the current consolidated fiscal year associated with the following assets.

Item	Type	Location
Housing Business	Property, plant and equipment	Thailand

The Group combines assets based on the minimum unit generating cash flows in a manner generally independent of cash flows provided by other assets or asset groups.
(Idle assets are treated as individual properties.)

Based on projections that future cash flows from the Housing Business in Thailand would fall below book value, the book value of certain property, plant and equipment was lowered to their recoverable amount and the resulting difference (¥1,926 million) was recorded as an impairment loss.

II. Fiscal year 2017 (April 1, 2017 to March 31, 2018)

a. Loss on impairment of fixed assets and goodwill

The Group reported a loss on impairment of fixed assets and goodwill in the current consolidated fiscal year associated with the following assets.

Item	Type	Locatio
Business assets	Property, plant and equipment	United States of America

The Group combines assets based on the minimum unit generating cash flows in a manner generally independent of cash flows provided by other assets or asset groups.
(Idle assets are treated as individual properties.)

Meanwhile, the Group deemed that the future use of certain machinery and equipment could not be reasonably expected due to restricting of the production system in the functions resins business. As a result, the book value of this machinery and equipment was lowered to the recoverable amount (¥208 million) and recorded as an impairment loss. While the recoverable value was measured at value in use, the Group recorded a loss on impairment in the full amount since future cash flows from these properties were no longer probable.

Segment Information

I. Segment Information

a) Overview of the Reporting Segments

The reportable segments of the Companies are determined on the basis that separate financial information of such segments is available and examined periodically by the Board of Directors of the Company to make decisions regarding the allocation of management resources and assess the business performances of such segments. The Companies have divided the business operations into the three segments of Housing, Urban Infrastructure and Environmental Products (UIEP), and High Performance Plastics (HPP) based on manufacturing methods, products, sales channels, and other business similarities. Each business segment formulates comprehensive strategies and develops business activities for its products in Japan and overseas.

The Housing business comprises manufacturing, construction, sales, refurbishing, and other operations related to unit housing, real estate, and residential service business.

The UIEP business comprises manufacturing, sales, and construction operations related to PVC pipes and joints, polyethylene pipes and joints, pipe and drain renewal materials and construction methods, reinforced plastic pipe, construction materials, and FFU.

The HPP business comprises manufacturing and sales of interlayer films for laminated glass, polyolefin foam, tape, LCD fine particles and photosensitive materials, functional resin for infrastructure, diagnostic drugs and other products.

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

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

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

Fiscal 2016 (April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reporting Segment				Other (Note1)	Consolidated
	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Total		
Sales:						
(1) Sales to third parties	484,668	227,180	351,234	1,063,083	2,692	1,065,776
(2) Intersegment sales or transfers	307	13,152	6,291	19,751	38	19,789
Net sales	484,975	240,332	357,526	1,082,834	2,730	1,085,565
Segment income (loss)	37,549	12,827	54,537	104,915	-7,619	97,295
Segment Assets	277,762	193,928	388,154	859,845	11,103	870,948
Other items:						
Depreciation and amortization	8,867	6,429	17,727	33,024	837	33,862
Investment in affiliates accounted for by the equity	8,178	-	2,522	10,700	-	10,700
Increase in property, plant and equipment, and intangible assets(Note2)	13,452	6,690	20,692	40,835	2,077	42,912

Note1: The Others segment encompasses business segments not included in the Company's reporting segments including the manufacture, sale, and service of film-type lithium-ion batteries and products not included in the Company's reporting segments.

2: Depreciation and amortization and increase in property, plant and equipment, and intangible assets include amortization of long-term prepaid expenses and its associated costs.

Fiscal 2017 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reporting Segment				Other (Note1)	Consolidated
	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Total		
Sales:						
(1) Sales to third parties	497,320	225,753	378,676	1,101,750	5,679	1,107,429
(2) Intersegment sales or transfers	462	13,487	7,478	21,427	182	21,610
Net sales	497,782	239,241	386,154	1,123,178	5,861	1,129,039
Segment income (loss)	37,935	14,791	57,821	110,547	-9,764	100,783
Segment Assets	284,880	207,623	448,190	940,694	14,427	955,121
Other items:						
Depreciation and amortization	9,296	6,399	18,019	33,714	1,286	35,001
Investment in affiliates accounted for by the equity	8,595	-	2,630	11,225	-	11,225
Increase in property, plant and equipment, and intangible assets(Note2)	14,392	9,786	25,715	49,894	2,540	52,434

Note1: The Others segment encompasses business segments not included in the Company's reporting segments including the manufacture, sale, and service of film-type lithium-ion batteries and products not included in the Company's reporting segments.

2: Depreciation and amortization and increase in property, plant and equipment, and intangible assets include amortization of long-term prepaid expenses and its associated costs.

d) Information on the difference between the total amount of the reportable segments in the above tables and the corresponding amount reported in the consolidated financial statements

Fiscal 2016 (April 1, 2016 to March 31, 2017)

Net Sales	(Millions of Yen)
Total of reportable segments	1,082,834
Other net Sales	2,730
Eliminations	-19,789
Net Sales	1,065,776

Income	(Millions of Yen)
Total of reportable segments	104,915
Other net Sales	-7,619
Eliminations	114
Corporate expenses (Note)	-933
Operating Income	96,476

Note: Corporate expenses are mainly general administrative expenses not attributable to each reportable segment.

Assets	(Millions of Yen)
Total of reportable segments	859,845
Assets classified as "Other"	11,103
Eliminations	-292,668
Corporate assets	365,360
Total Assets	943,640

Note: Corporate assets are assets not attributable to the reportable segments. The main items were cash and deposits, long-term investments (investments in securities), assets related to administrative operations and deferred tax assets, etc. of the Company.

(Millions of Yen)

Other item	Reporting Segment	Others	Adjusted amount (Note)	Consolidated
Depreciation and amortization	33,024	837	980	34,843
Investments in affiliates accounted for by the equity method	10,700	-	30,157	40,857
Increase in property, plant and equipment, and intangible assets	40,835	2,077	955	43,868

Note: Adjustment represents the amounts of investments in affiliates accounted for by the equity method, which are not attributable to the reportable segments.

Fiscal 2017 (April 1, 2017 to March 31, 2018)

Net Sales	(Millions of Yen)
Total of reportable segments	1,123,178
Other net Sales	5,861
Eliminations	-21,610
Net Sales	1,107,429

Income	(Millions of Yen)
Total of reportable segments	110,547
Other net Sales	-9,764
Eliminations	-151
Corporate expenses (Note)	-1,400
Operating Income	99,231

Note: Corporate expenses are mainly general administrative expenses not attributable to each reportable segment.

Assets	(Millions of Yen)
Total of reportable segments	940,694
Assets classified as "Other"	14,427
Eliminations	-306,451
Corporate assets	350,444
Total Assets	999,114

Note: Corporate assets are assets not attributable to the reportable segments. The main items were cash and deposits, long-term investments (investments in securities), assets related to administrative operations and deferred tax assets, etc. of the Company.

(Millions of Yen)

Other item	Reporting Segment	Others	Adjusted amount (Note)	Consolidated
Depreciation and amortization	33,714	1,286	1,015	36,016
Investments in affiliates accounted for by the equity method	11,225	-	32,185	43,410
Increase in property, plant and equipment, and intangible assets	49,894	2,540	1,084	53,518

Note: Adjustment represents the amounts of investments in affiliates accounted for by the equity method, which are not attributable to the reportable segments.

II. Related information

Fiscal 2016 (April 1, 2016 to March 31, 2017)

a. Product and service information

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

b. Geographical information

1.Net Sales

(Millions of Yen)

	Japan	America	Europe	Asia	Others	Total
Net Sales	813,930	73,872	55,796	110,430	11,747	1,065,776

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

2.Property, plant and equipment, net

(Millions of Yen)

	Japan	America	Europe	Asia	Others	Total
Property, plant and equipment, net	195,399	19,737	14,971	28,639	3,018	261,765

c. Loss on impairment of fixed assets and goodwill

(Millions of Yen)

	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Other	Eliminations or Unallocatable Accounts	Total
Loss on impairment of fixed assets and goodwill	2,373	434	765	-	-	3,573

d. Amortization and balance of goodwill

(Millions of Yen)

	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Other	Eliminations or Unallocatable Accounts	Total
Amortization of goodwill	127	215	1,774	-	-	2,118
Balance at March 31, 2017	2,288	485	11,852	-	-	14,627

Fiscal 2017 (April 1, 2017 to March 31, 2018)

a. Product and service information

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

b. Geographical information

1.Net Sales

(Millions of Yen)

	Japan	America	Europe	Asia	Others	Total
Net Sales	832,441	77,535	60,582	124,393	12,475	1,107,429

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

2.Property, plant and equipment, net

(Millions of Yen)

	Japan	America	Europe	Asia	Others	Total
Property, plant and equipment, net	203,098	18,879	18,825	32,116	6,818	279,738

c. Loss on impairment of fixed assets and goodwill

(Millions of Yen)

	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Other	Eliminations or Unallocatable Accounts	Total
Loss on impairment of fixed assets and goodwill	67	330	303	-	-	701

d. Amortization and balance of goodwill

(Millions of Yen)

	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Other	Eliminations or Unallocatable Accounts	Total
Amortization of goodwill	127	215	2,043	29	-	2,416
Balance at March 31, 2018	2,160	270	15,117	92	-	17,640

(Information on business combinations)

1. Business combinations attributable to acquisitions
   1) Summary of business combinations
      (1) Name and details of the acquired businesses
      Name of acquired company: PT Cayman Limited
      Principal business: Equity interests in subsidiaries that engage in the production and sales of vehicle and electronic parts
      (2) Main reasons for the business combination
      To expand the Company's business in the automotive and transportation field and to reinforce its core materials formulation, processing and other technologies
      (3) Business combination date
      August 31, 2017
      (4) Legal form of the business combination
      Share acquisition
      (5) Company name after the business combination
      PT Cayman Limited
      (6) Percentage of shares with voting rights acquired
      91%
      (7) Background that led to the decision to acquire the business
      Acquisition of shares by the Company in return for consideration in cash

   2) Period the acquired company's results are included in the quarterly consolidated statement of income for cumulative quarterly consolidated period
   September 1, 2017 to March 31, 2018

   3) Acquisition cost and type of consideration for the acquired business

Cash amount expended to acquire shares	¥18,861 million
Acquisition cost	¥18,861 million

   4) Details and amount of expenses related to major acquisitions

Compensation and fees for financial advisory services, etc.	¥118 million

   5) Amount, source and cause, amortization method, and amortization period for goodwill arising from the acquisition
      (1) Amount of goodwill arising from the acquisition
      ¥4,074 million
      (2) Goodwill sources and cause
      The difference between the net asset value and the acquisition cost was recognized as goodwill because the net asset value was below the acquisition cost at the time of share acquisition
      (3) Amortization method and amortization period
      Straight line amortization method over a period of 10 years

   (6) Assets received and liabilities assumed, including their primary elements, on the date of business combination

Current assets	¥9,829 million
Property, plant and equipment	¥4,646 million
Intangible assets	¥6,327 million
Investments and other assets	¥591 million
Total assets	¥21,395 million
Current liabilities	¥3,081 million
Long-term liabilities	¥2,477 million
Total liabilities	¥5,558 million

2. Business combinations attributable to acquisitions

1) Summary of business combinations

(1) Name and details of the acquired businesses

Name of acquired company: SoflanWiz Co., Ltd.

Principal business: Manufacture and sale of rigid urethane stock solution and of thermal insulation panels for the farming and livestock industries, and the machining and management of thermal insulation materials for ultra-low temperatures

(2) Main reasons for the business combination

To expand the development and sales of fire-protection and non-flammable products, and to enlarge the Company's business in "Building and Infrastructure"

(3) Business combination date

December 27, 2017

(4) Legal form of the business combination

Share acquisition

(5) Company name after the business combination

Sekisui SoflanWiz Co., Ltd.

(6) Percentage of shares with voting rights acquired

100%

(7) Background that led to the decision to acquire the business

Acquisition of shares by the Company in return for consideration in cash

2) Period the acquired company's results are included in the quarterly consolidated statement of income for cumulative quarterly consolidated period

January 1, 2018 to March 31, 2018

3) Acquisition cost and type of consideration for the acquired business

Cash amount expended to acquire shares	¥7,309 million
Acquisition cost	¥7,309 million

4) Details and amount of expenses related to major acquisitions

Compensation and fees for financial advisory services, etc.	¥120 million

5) Amount, source and cause, amortization method, and amortization period for goodwill arising from the acquisition

(1) Amount of goodwill arising from the acquisition

¥1,258 million

(2) Goodwill sources and cause

The difference between the net asset value and the acquisition cost was recognized as goodwill because the net asset value was below the acquisition cost at the time of share acquisition

(3) Amortization method and amortization period

Straight line amortization method over a period of 6 years

(6) Assets received and liabilities assumed, including their primary elements, on the date of business combination

Current assets	¥6,272 million
Property, plant and equipment	¥1,769 million
Intangible assets	¥3,311 million
Investments and other assets	¥596 million
Total assets	¥11,950 million
Current liabilities	¥4,860 million
Long-term liabilities	¥1,039 million
Total liabilities	¥5,899 million

Per share data (Yen)

	FY2016	FY2017
Net assets per share	1,147. 91	1,245.91
Net income per share	126.13	133.80
Net income per share (diluted)	125.95	133.58

Note 1. Computation of net income per share and net income per share (diluted) is based on the following.

	FY2016	FY2017
Net income per share		
Net income amount attributable to owners of the parent (Millions of yen)	60,850	63,459
Amount not belonging to the general shareholders (Millions of yen)	-	-
Net income amount attributable to parent company shareholders of common stock (Millions of yen)	60,850	63,459
Average number of shares outstanding during the current term (Thousands)	482,442	474,280
Net income per share (diluted)		
Increase in common shares (Thousands)	675	794
(Number with stock acquisition rights (Thousands))	675	794
Summary of potentially dilutive shares not included in the calculation of net income per share (diluted), due to not having dilutive effect	Stock acquisition rights - Number of stock acquisition rights -	

Note 2. Computation of net income per share is based on the following.

	FY2016	FY2017
Total net assets (Millions of yen)	570,549	612,757
Amount deducted from total net assets (Millions of yen)	21,205	24,991
Number with stock acquisition rights (Millions of yen)	418	271
Number with non-controlling interests (Millions of yen)	20,787	24,720
Net assets at year end per common stock (Millions of yen)	549,344	587,766
Number of common stock at year-end used in the computation of net assets per share (Thousands)	478,558	471,756

Note 3. The balances of the Company's own shares held in each of the executive compensation board incentive plan (BIP) trust and employee stock ownership plan (ESOP) trust recorded as treasury stock in shareholders' equity are included in the treasury stock excluded when computing the average number of shares outstanding during the period for the purpose of calculating the amount of net income per share. In addition, the balances of the Company's own shares held in each of the executive compensation BIP trust and ESOP trust recorded as treasury stock in shareholders' equity are included in the treasury stock excluded from the total number of shares issued and outstanding as of the end of the period for the purpose of calculating the amount of net assets per share.

The average number of excluded treasury stock outstanding for the purpose of calculating the amount of net income per share totaled 675,000 shares for the fiscal year under review, and 425,000 shares for the previous fiscal year. The number of excluded treasury stock outstanding for the purpose of calculating the amount of net assets per share came to 646,000 shares as of the end of the fiscal year under review, and 750,000 shares as of the end of the previous fiscal year.

Significant subsequent events

No significant subsequent events.