Summary of Consolidated Financial Results for the First Quarter of Fiscal Year 2018 Ending March 31, 2019
<Under Japanese GAAP>

July 30, 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
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Scheduled date for submission of quarterly financial statement:	August 9, 2018
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, 2018 to June 30, 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	%
1st Q of FY2018	241,887	3.4	9,425	-25.3	11,682	-16.4	7,602	-23.3
1st Q of FY2017	233,938	2.7	12,611	12.6	13,981	128.3	9,911	—

Note. Comprehensive Income: June 30, 2018: 7,781 million yen (-62.5%), June 30, 2017: 20,774 million yen (-%)

	Net Income Attributable to Owners of the Parent per Share	Net Income Attributable to Owners of the Parent per Share (Diluted)
	yen	yen
1st Q of FY2018	16.16	16.15
1st Q of FY2017	20.75	20.71

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
1st Q of FY2018	1,017,762	596,472	56.2
FY2017	994,137	612,757	59.1

Note. Shareholders' Equity: June 30, 2018: 572,061 million yen, March 31, 2018: 587,766 million yen

2. Dividend Status

	Dividend per Share				
(Date of Record)	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
FY2017	-	19.00	-	21.00	40.00
FY2018	-				
FY2018 (outlook)		21.00	-	21.00	42.00

Note. Recent revision of dividend estimates: No

3. Consolidated Outlook for FY2018 (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	63.46
Full Year	1,168,000	5.5	102,000	2.8	100,000	6.5	67,000	5.6	144.12

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 "(6) Application of special accounting methods for the preparation of quarterly consolidated financial statements" on page 9 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):	1st Q of FY2018	492,507,285 shares
		FY2017	500,507,285 shares
b)	Treasury stock at the end of term:	1st Q of FY2018	27,619,942 shares
		FY2017	28,750,482 shares
c)	Average outstanding shares in the period (quarterly consolidated cumulative total):	1st Q of FY2018	470,412,628 shares
		1st Q of FY2017	477,687,261 shares

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

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 26, 2018. 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 "2. Revision to the consolidated results forecast and other forward-looking information" on page 3 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 First Quarter of FY2018.

http://www.sekisuichemical.com/ir/pdf/20180730kge.pdf

[The Presentation Meeting is scheduled to be held on July 30, 2018, at 3:30 p.m. Japan time]

2. Revision to the consolidated results forecast and other forward-looking information

There is no change to consolidated forecast figures for the full fiscal year ending March 31, 2019.

3. Consolidated Financial Statement (First Quarter, Fiscal Year 2018)

(1)Consolidated Balance Sheets

First Quarter, Fiscal Year 2018

(Millions of Yen)

	End Fiscal Year 2017	End First Quarter, Fiscal 2018
	As of March 31, 2018	As of June 30, 2018
(Assets)		
Current Assets		
Cash and deposits	77,996	76,380
Notes receivable, trade	45,959	44,933
Accounts receivable, trade	137,304	126,171
Marketable securities	0	0
Merchandise and finished goods	62,185	67,082
Land for sale	30,926	34,026
Work in process	46,984	58,031
Raw materials and supplies	30,362	31,553
Advance payments	1,547	2,130
Prepaid expenses	3,762	4,214
Short-term loans receivable	7,230	2,809
Other current assets	16,537	21,101
Allowance for doubtful accounts	-1,597	-1,271
Total current assets	459,201	467,163
Non-current assets		
Property, plant and equipment, net		
Buildings and structures	93,140	93,109
Machinery, equipment and vehicles	77,803	77,582
Land	73,299	74,421
Leased assets	10,146	10,597
Construction in progress	14,890	26,651
Other	10,457	10,703
Total property, plant and equipment, net	279,738	293,066
Intangible assets		
Goodwill	17,640	19,058
Software	8,177	8,048
Leased assets	208	199
Other	25,071	26,822
Total intangible assets	51,097	54,129
Investments and other assets		
Investments in securities	177,707	175,550
Long-term loans receivable	1,048	1,038
Long-term prepaid expenses	1,519	1,682
Asset for retirement benefits	200	219
Deferred tax assets	12,078	13,621
Other	13,587	13,323
Allowance for doubtful accounts	-2,042	-2,031
Total investments and other assets	204,099	203,403
Total non-current assets	534,935	550,599
Total assets	994,137	1,017,762

(Millions of Yen)

	End Fiscal Year 2017 As of March 31, 2018	End First Quarter, Fiscal 2018 As of June 30, 2018
(Liabilities)		
Current liabilities		
Notes payable, trade	4,972	4,297
Electronically recorded obligations	26,639	25,234
Accounts payable, trade	99,208	91,978
Short-term debt and current portion of long-term debt	10,974	36,812
Commercial paper	7,000	22,000
Current portion of bonds	16	16
Lease obligations	3,317	3,448
Accrued expenses	40,942	36,905
Accrued income taxes and other taxes	11,109	6,929
Allowance for bonuses to employees	16,886	13,552
Allowance for bonuses to directors and audit and supervisory board members	343	157
Provision for compensation for completed construction	1,191	1,228
Provision for stock-based compensation	138	171
Advances received	38,798	53,401
Other	37,511	44,612
Total current liabilities	299,050	340,744
Long-term liabilities		
Bonds	10,036	10,036
Long-term debt less current portion	7,966	6,969
Lease obligations	7,016	7,345
Deferred tax liabilities	4,750	4,074
Liability for retirement benefits	46,501	46,093
Provision for stock-based compensation	282	320
Other	5,774	5,704
Total long-term liabilities	82,328	80,545
Total liabilities	381,379	421,290
(Net assets)		
Shareholders' equity		
Common stock	100,002	100,002
Capital surplus	109,031	109,037
Retained earnings	374,101	359,317
Treasury stock, at cost	-42,461	-43,182
Total shareholders' equity	540,673	525,174
Accumulated other comprehensive income:		
Unrealized holding gain on securities	46,346	45,891
Deferred loss on hedges	-49	-3
Unrealized gain on land revaluation	321	321
Translation adjustments	3,116	3,412
Retirement benefit adjustments	-2,643	-2,735
Total accumulated other comprehensive income	47,092	46,886
Stock acquisition rights	271	242
Non-controlling interests	24,720	24,168
Total net assets	612,757	596,472
Total liabilities and net assets	994,137	1,017,762

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

Consolidated Statements of Income

First Quarter, Fiscal Year 2018

(Millions of Yen)

	First Quarter, Fiscal 2017 (From April 1, 2017 to June 30, 2017)	First Quarter, Fiscal 2018 (From April 1, 2018 to June 30, 2018)
Net sales	233,938	241,887
Cost of sales	157,679	163,928
Gross profit	76,258	77,958
Selling, general & administrative expenses	63,646	68,533
Operating Income	12,611	9,425
Non-operating income		
Interest income	237	272
Dividends income	1,843	2,283
Equity in earnings of affiliates	278	124
Foreign exchange gain, net	-	988
Miscellaneous income	1,230	551
Total non-operating income	3,589	4,220
Non-operating expenses		
Interest expenses	139	121
Sales discounts	98	98
Foreign exchange loss, net	25	-
Miscellaneous expenses	1,956	1,742
Total non-operating expenses	2,219	1,963
Ordinary income	13,981	11,682
Extraordinary income		
Gain on sales of property, plant and equipment	2,494	-
Total extraordinary income	2,494	-
Extraordinary loss		
Loss on impairment of fixed assets and goodwill	-	191
Loss on sales or disposal of property, plant and equipment	349	283
Total extraordinary loss	349	474
Income before income taxes	16,126	11,208
Income taxes	4,608	3,084
Net Income	11,517	8,123
Net Income Attributable to		
Non-controlling interests	1,605	520
Owners of the Parent	9,911	7,602

Consolidated Statement of Comprehensive Income
First Quarter, Fiscal Year 2018

(Millions of Yen)

	First Quarter, Fiscal 2017 (From April 1, 2017 to June 30, 2017)	First Quarter, Fiscal 2018 (From April 1, 2018 to June 30, 2018)
Net income	11,517	8,123
Other comprehensive income (loss)		
Unrealized holding loss (gain) on securities	5,567	-291
Deferred gain on hedges	28	45
Translation adjustments	3,536	160
Retirement benefit adjustments	-316	-76
Comprehensive loss (income) of affiliates accounted for by the equity method attributable to the Company	441	-180
Total other comprehensive loss (income)	9,257	-341
Comprehensive income	20,774	7,781
Comprehensive income attributable to:		
Owners of the Parent	19,184	7,396
Non-controlling interests	1,590	385

(3)Consolidated Statements of Cash Flows

First Quarter, Fiscal Year 2018 (Millions of Yen)

	First Quarter, Fiscal 2017 (From April 1, 2017 to June 30, 2017)	First Quarter, Fiscal 2018 (From April 1, 2018 to June 30, 2018)
Operating activities:		
Income before income taxes	16,126	11,208
Depreciation and amortization	8,818	9,135
Amortization of goodwill	530	711
Loss on impairment of fixed assets and goodwill	-	191
Loss on disposal of property, plant and equipment	341	230
Loss (gain) on sales of property, plant and equipment, net	-2,485	52
Decrease in allowance for bonuses	-3,433	-3,381
Decrease in liability for retirement benefits	-684	-489
Interest and dividends income	-2,080	-2,541
Interest expenses	237	220
Equity in earnings of affiliates	-278	-124
Decrease in notes and accounts receivable	14,073	13,384
Increase in inventories	-13,955	-20,249
Decrease in notes and accounts payable	-11,187	-14,484
Decrease in consumption tax payable	-2,350	-3,303
Increase in advances received	11,086	14,602
Other	-48	2,924
Subtotal	14,708	8,088
Interest and dividends received	2,421	2,962
Interest paid	-262	-216
Income taxes paid	-12,186	-9,658
Net cash provided by operating activities	4,681	1,176
Investing activities:		
Purchases of property, plant and equipment	-11,472	-19,473
Proceeds from sales of property, plant and equipment	4,052	237
Proceeds from withdrawal of time deposits	19,047	190
Purchases of investments in securities	-13	-2,454
Proceeds from sales or redemption of investments in securities	770	12
Purchases of intangible assets	-709	-865
Acquisitions of investments in subsidiaries	-135	-1,104
Decrease (increase) in short-term loans receivable	-71	3,910
Other	107	64
Net cash used in (provided by) investing activities	11,575	-19,483
Financing activities:		
Increase in short-term debt, net	4,791	24,868
Repayments of lease obligations	-949	-971
Increase in commercial paper	-	15,000
Repayment of long-term debt	-46	-25
Cash dividends paid	-9,121	-9,930
Cash dividends paid to non-controlling interests	-100	-101
Purchase of tresury stock	-10,534	-12,866
Other	299	313
Net cash provided by (used in) financing activities	-15,661	16,286
Effect of exchange rate changes on cash and cash equivalents	1,161	-378
Net decrease (increase) in cash and cash equivalents	1,757	-2,398
Cash and cash equivalents at beginning of term	89,856	76,723
Increase in cash and cash equivalents from newly consolidated subsidiaries	644	403
Cash and cash equivalents at end of term	92,257	74,729

(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) 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.

(7) Additional Information

Application of Partial Amendments to the Accounting Standard for Tax Effect Accounting

Effective from the first quarter of FY2018, the fiscal year ending March 31, 2019, The company has applied the partial amendments to the ccounting standard for tax effect accounting (the Accounting Standards Board of Japan (ASBJ) Guidence No. 28 revised on February 16, 2018). Moreover, deferred tax assets have been classified as investments and other assets and deferred tax liabilities as long-term liabilities.

(8) Segment Information

Consolidated First Quarter, Fiscal 2018 (April 1, 2018 to June 30, 2018)

1. Net sales and income (loss) data by reportable segments

(Millions of Yen)

	Reportable Segments				Other (Note)	Total
	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Total		
Sales:						
(1) Sales to third parties	94,000	47,493	99,184	240,678	1,209	241,887
(2) Intersegment sales or transfers	25	3,061	1,908	4,994	43	5,038
Total	94,026	50,554	101,092	245,673	1,253	246,926
Segment income (loss)	-1,552	1,127	13,228	12,803	-2,559	10,243

Note: Other represents segments other than the reportable segments, which includes provision of services and manufacturing and sales of film-type lithium-ion batteries and products not included in the Company's reportable segments.

2. 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

(Items related to the difference)

Income	(Millions of Yen)
Total of reportable segments	12,803
Other loss	-2,559
Eliminations	-59
Corporate expenses (Note)	-758
Total operating income reported in the consolidated statements of income	9,425

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

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

(Significant change in the amount of goowrill)

In High Performance Plastics segment, Veredus Lavoratories Pte. Ltd. was included in the Group's scope of consolidation as a subsidiary company due to its growing significance from the first quarter of FY2018 under review. As a result, the amount of goodwill increased by¥2,173 million.

4. Regional Information

Net sales

	Japan	America	Europe	Asia	Others	Total
Net sales (Millions of Yen)	169,986	19,890	16,755	31,881	3,374	241,887