

Summary of Consolidated Business Results for the Year Ended March 31, 2016 [Japanese GAAP]

May 16, 2016

Company name : Sumitomo Bakelite Co., Ltd. Stock exchanges : Tokyo
Securities code : 4203 URL : <http://www.sumibe.co.jp/english>
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Date of the ordinary general meeting of shareholders : June 22, 2016
 Date of the start of dividend payment : June 23, 2016
 Date of the submission of Annual Securities Report : June 22, 2016
 Annual results supplementary documents : Yes
 Annual results briefing : Yes (For analysts and institutional investors)

(All amounts presented in million yen are rounded down to the nearest million yen.)

1. Consolidated Business Results for the Year Ended March 31, 2016

(1) Consolidated financial results (% represents year-over-year increase (decrease).)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
April 2015 - March 2016	206,956	(1.3)	10,241	(6.1)	10,598	(5.9)	3,828	(46.2)
April 2014 - March 2015	209,659	1.8	10,904	1.9	11,263	(2.0)	7,113	9.5

(Note) Comprehensive income April 2015 - March 2016: (6,953) millions of yen -%, April 2014 - March 2015: 24,067 millions of yen 11.4%

	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
April 2015 - March 2016	16.01	-	2.3	3.9	4.9
April 2014 - March 2015	29.53	-	4.5	4.3	5.2

(Reference) Equity in earnings (losses) of affiliates April 2015 - March 2016: 247 millions of yen, April 2014 - March 2015: 232 millions of yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	260,122	158,908	60.5	668.44
As of March 31, 2015	285,927	170,949	59.2	702.53

(Reference) Equity (net assets less minority interests) March 31, 2016 : 157,319 millions of yen March 31, 2015 : 169,215 millions of yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 2015 - March 2016	19,233	(6,962)	(15,530)	44,868
April 2014 - March 2015	15,672	(36,353)	23,467	49,966

2. Dividends

	Dividend per share					Total dividend paid	Dividend payout ratio (consolidated)	Dividend per net assets (consolidated)
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total			
April 2014 - March 2015	Yen -	Yen 5.00	Yen -	Yen 5.00	Yen 10.00	Millions of yen 2,408	% 33.9	% 1.5
April 2015 - March 2016	Yen -	Yen 5.00	Yen -	Yen 5.00	Yen 10.00	2,381	62.5	1.5
April 2016 - March 2017 (Forecast)	Yen -	Yen 5.00	Yen -	Yen 5.00	Yen 10.00		26.2	

3. Consolidated Financial Forecasts for the Year Ending March 31, 2017

(% represents year-over-year increase (decrease).)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
April 2016 - September 2016	107,000	1.3	7,200	49.6	7,500	49.3	4,300	103.4	18.27
April 2016 - March 2017	215,000	3.9	15,000	46.5	15,500	46.2	9,000	135.1	38.24

[Notes]

(1) Changes in significant subsidiaries (changes in "Specified Subsidiaries" accompanying changes in scope of consolidation) during this period : None

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatements

- a) Changes in accounting policies by revision of accounting standards : Yes
 b) Changes in accounting policies other than a) : None
 c) Changes in accounting estimates : None
 d) Retrospective restatements : None

(3) Number of outstanding stocks

(Shares)

a) Number of outstanding stocks (including treasury stocks)	As of March 31, 2016	262,952,394	As of March 31, 2015	262,952,394
b) Number of treasury stocks	As of March 31, 2016	27,600,108	As of March 31, 2015	22,085,400
c) Average number of outstanding stocks during the period (excluding treasury stocks)	April 2015 - March 2016	239,139,872	April 2014 - March 2015	240,877,879

(Reference) Non-consolidated Business Results for the Year Ended March 31, 2016

(1) Non-consolidated financial results

(% represents year-over-year increase (decrease).)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
April 2015 - March 2016	88,637	(3.8)	(482)	-	10,288	13.2	5,814	(28.9)
April 2014 - March 2015	92,184	1.1	1,250	(34.5)	9,088	36.5	8,179	87.1

	Net income per share (basic)		Net income per share (diluted)	
	Yen		Yen	
April 2015 - March 2016	24.31		-	
April 2014 - March 2015	33.96		-	

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	202,092	125,013	61.9	531.18
As of March 31, 2015	218,836	127,817	58.4	530.66

(Reference) Equity March 31, 2016: 125,013 millions of yen, March 31, 2015: 127,817 millions of yen

(Information on implementation status of audit)

This "Summary of Consolidated Business Results" is not subject to audit procedures based on "Financial Instruments and Exchange Act". The audit procedures for the financial statements have not been completed when this summary is disclosed.

(Information on appropriate use of forecasts)

The forecasts stated in this summary are based on information which are currently available to Sumitomo Bakelite Co., Ltd. and certain assumptions regarded to be reasonable. Since they do not guarantee future performance, there are possibilities that actual results may differ caused by various factors.

(Information on this "Summary of Consolidated Business Results")

This "Summary of Consolidated Business Results" is extracted and translated, solely for readers' convenience, from a Japanese version which is prepared in accordance with accounting policies and practices generally accepted in Japan ("Japanese GAAP"). Japanese GAAP are different from International Financial Reporting Standards and standards in other countries in certain respects.

Consolidated Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

	March 31, 2015	March 31, 2016
Assets		
Current assets		
Cash and deposits	49,966	44,876
Notes and accounts receivable-trade	44,766	41,783
Merchandise and finished goods	13,267	12,529
Semi-finished goods	3,870	3,754
Work in process	1,222	1,367
Raw materials and supplies	12,725	11,438
Deferred tax assets	2,570	2,469
Others	3,905	5,349
Allowance for doubtful accounts	(62)	(55)
Total current assets	132,231	123,514
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	31,691	31,967
Machinery, equipment and vehicles, net	35,165	39,072
Land	9,504	9,623
Construction in progress	13,407	3,534
Others, net	2,928	3,128
Total property, plant and equipment	92,698	87,325
Intangible assets		
Goodwill	28,060	24,318
Others	2,429	2,128
Total intangible assets	30,489	26,446
Investments and other assets		
Investment securities	25,011	18,379
Long-term loans receivable	5,166	4,859
Net defined benefit asset	851	249
Deferred tax assets	443	486
Others	2,674	2,378
Allowance for doubtful accounts	(3,639)	(3,517)
Total investments and other assets	30,508	22,836
Total non-current assets	153,696	136,607
Total assets	285,927	260,122

(Millions of yen)

	March 31, 2015	March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	29,721	26,115
Short-term loans payable	7,979	4,879
Commercial paper	18,000	9,000
Income taxes payable	1,283	2,870
Provision for bonuses	2,895	2,730
Provision for cost of business restructuring	-	1,088
Others	10,824	9,384
Total current liabilities	70,703	56,068
Non-current liabilities		
Long-term loans payable	35,086	37,018
Deferred tax liabilities	4,702	2,994
Net defined benefit liability	3,643	4,333
Provision for environmental measures	82	82
Others	759	716
Total non-current liabilities	44,273	45,145
Total liabilities	114,977	101,213
Net assets		
Shareholders' equity		
Capital stock	37,143	37,143
Capital surplus	35,358	35,358
Retained earnings	86,829	88,548
Treasury stock	(11,949)	(14,748)
Total shareholders' equity	147,381	146,300
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,643	5,206
Foreign currency translation adjustments	14,270	6,551
Remeasurements of defined benefit plans	(1,080)	(739)
Total accumulated other comprehensive income	21,833	11,018
Non-controlling interests	1,734	1,589
Total net assets	170,949	158,908
Total liabilities and net assets	285,927	260,122

(2) Consolidated statements of income and consolidated statements of comprehensive income
(Consolidated statements of income)

(Millions of yen)

	The year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	The year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Net sales	209,659	206,956
Cost of sales	150,301	146,084
Gross profit	59,357	60,871
Selling, general and administrative expenses	48,452	50,630
Operating income	10,904	10,241
Non-operating income		
Interest income	205	241
Dividends income	446	429
Equity in earnings of affiliates	232	247
Foreign exchange gains	17	138
Others	205	214
Total non-operating income	1,108	1,272
Non-operating expenses		
Interest expenses	303	301
Taxes and dues	-	226
Others	445	387
Total non-operating expenses	749	914
Ordinary income	11,263	10,598
Extraordinary income		
Gain on sales of non-current assets	1,358	22
Gain on sales of investment securities	-	1,232
Insurance income	279	1,788
Others	0	-
Total extraordinary income	1,638	3,042
Extraordinary loss		
Loss on sales and retirement of non-current assets	493	233
Loss on valuation of investment securities	4	-
Cost of business restructuring	326	3,991
Loss on disaster	495	235
Impairment loss	21	1,765
Others	215	4
Total extraordinary loss	1,557	6,230
Income before income taxes and non-controlling interests	11,344	7,410
Income taxes-current	2,903	3,120
Income taxes-deferred	1,210	284
Total income taxes	4,113	3,405
Profit	7,231	4,005
Profit attributable to non-controlling interests	118	176
Profit attributable to owners of parent	7,113	3,828

(Consolidated statements of comprehensive income)

	(Millions of yen)	
	The year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	The year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Profit	7,231	4,005
Other comprehensive income		
Valuation difference on available-for-sale securities	2,325	(3,440)
Foreign currency translation adjustments	14,945	(7,825)
Remeasurements of defined benefit plans	(471)	341
Share of other comprehensive income of associates accounted for using equity method	35	(33)
Total other comprehensive income	16,835	(10,958)
Comprehensive income	24,067	(6,953)
(Comprehensive income attributable to)		
Owners of parent	23,741	(6,990)
Non-controlling interests	325	37

(3) Consolidated statements of changes in net assets

The year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	37,143	35,358	83,169	(11,940)	143,730
Cumulative effects of changes in accounting policies			(1,076)		(1,076)
Restated balance	37,143	35,358	82,093	(11,940)	142,654
Changes of items during the period					
Dividends from surplus			(2,408)		(2,408)
Profit attributable to owners of parent			7,113		7,113
Purchase of treasury stock				(9)	(9)
Disposal of treasury stock			(0)	0	0
Change of scope of consolidation			32		32
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	4,736	(9)	4,727
Balance at end of current period	37,143	35,358	86,829	(11,949)	147,381

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	6,317	(501)	(611)	5,205	1,408	150,344
Cumulative effects of changes in accounting policies						(1,076)
Restated balance	6,317	(501)	(611)	5,205	1,408	149,268
Changes of items during the period						
Dividends from surplus						(2,408)
Profit attributable to owners of parent						7,113
Purchase of treasury stock						(9)
Disposal of treasury stock						0
Change of scope of consolidation						32
Net changes of items other than shareholders' equity	2,325	14,772	(469)	16,628	325	16,953
Total changes of items during the period	2,325	14,772	(469)	16,628	325	21,681
Balance at end of current period	8,643	14,270	(1,080)	21,833	1,734	170,949

The year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	37,143	35,358	86,829	(11,949)	147,381
Cumulative effects of changes in accounting policies					-
Restated balance	37,143	35,358	86,829	(11,949)	147,381
Changes of items during the period					
Dividends from surplus			(2,408)		(2,408)
Profit attributable to owners of parent			3,828		3,828
Purchase of treasury stock				(2,799)	(2,799)
Disposal of treasury stock		0		0	0
Change of scope of consolidation			298		298
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	0	1,718	(2,799)	(1,080)
Balance at end of current period	37,143	35,358	88,548	(14,748)	146,300

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	8,643	14,270	(1,080)	21,833	1,734	170,949
Cumulative effects of changes in accounting policies						-
Restated balance	8,643	14,270	(1,080)	21,833	1,734	170,949
Changes of items during the period						
Dividends from surplus						(2,408)
Profit attributable to owners of parent						3,828
Purchase of treasury stock						(2,799)
Disposal of treasury stock						0
Change of scope of consolidation						298
Net changes of items other than shareholders' equity	(3,436)	(7,719)	340	(10,815)	(145)	(10,960)
Total changes of items during the period	(3,436)	(7,719)	340	(10,815)	(145)	(12,041)
Balance at end of current period	5,206	6,551	(739)	11,018	1,589	158,908

(4) Consolidated statements of cash flows

(Millions of yen)

	The year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)	The year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	11,344	7,410
Depreciation and amortization	9,256	10,843
Impairment loss	21	1,765
Amortization of goodwill	1,291	1,651
Increase (decrease) in net defined benefit asset and liability	(1,404)	1,812
(Gain) loss on sale or disposal of property, plant and equipment	(864)	211
Interest and dividend income	(652)	(671)
Interest expenses	303	301
(Gain) loss on sales of investment securities	-	(1,232)
(Gain) loss on devaluation of investment securities	4	-
(Increase) decrease in notes and accounts receivable	1,352	2,112
(Increase) decrease in inventories	(8)	894
(Increase) decrease in other current assets	(680)	(265)
Increase (decrease) in notes and accounts payable	(2,346)	(3,239)
Increase (decrease) in other current liabilities	637	206
Others, net	(483)	61
Subtotal	17,774	21,862
Interest and dividends income received	671	694
Interest paid	(303)	(305)
Income taxes paid	(2,470)	(3,016)
Net cash provided by (used in) operating activities	15,672	19,233
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,810)	(9,437)
Proceeds from sales of property, plant and equipment	1,869	112
Purchase of investment securities	(16)	(26)
Proceeds from sales of investment securities	-	2,485
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(27,991)	-
Others, net	(405)	(97)
Net cash provided by (used in) investing activities	(36,353)	(6,962)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	232	(222)
Increase (decrease) in commercial papers	-	(9,000)
Proceeds from long-term loans payable	27,087	2,412
Repayment of long-term loans payable	(1,400)	(3,300)
Cash dividends paid	(2,408)	(2,408)
Purchase of treasury stock	(9)	(2,799)
Cash dividends paid to non-controlling interests	-	(182)
Others, net	(34)	(31)
Net cash provided by (used in) financing activities	23,467	(15,530)
Effect of exchange rate changes on cash and cash equivalents	5,063	(2,090)
Net increase (decrease) in cash and cash equivalents	7,849	(5,350)
Cash and cash equivalents at beginning of year	41,341	49,966
Increase (decrease) in cash and cash equivalents resulting from a change of scope of consolidation	775	252
Cash and cash equivalents at end of year	49,966	44,868

Segment Information

Major products and services categorized in each reportable segment are as follows:

Reportable segments	Major products and services
Semiconductor materials	Epoxy resin molding compounds for encapsulation of semiconductor devices, Positive-type photosensitive coating resins for semiconductor wafers, Pastes for die bonding, Semiconductor substrate materials
High-performance plastics	Phenolic molding compounds, Phenolic resins for industrial use, Molded parts and molding dies, Synthetic resin adhesive, Phenolic resin copper-clad laminates, Epoxy resin copper-clad laminates, Aerospace interior components
Quality of life products	Medical devices, Melamine resin decorative laminates and sheets, Polyvinyl chloride sheets and multilayered films, Freshness preserving films, Polycarbonate resin plates, Polyvinyl chloride plates, Design and construction of sheet waterproof system, Biotechnology related products

I For the year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable segments				Others	Total	Adjustment	Consolidated
	Semiconductor materials	High-performance plastics	Quality of life products	Subtotal				
Sales								
Outside customers	47,221	94,525	67,113	208,860	798	209,659	-	209,659
Inter-segment	-	347	0	348	-	348	(348)	-
Total sales	47,221	94,873	67,114	209,208	798	210,007	(348)	209,659
Segment income	6,088	4,722	2,968	13,779	72	13,851	(2,947)	10,904
Segment assets	70,969	129,199	65,149	265,318	702	266,020	19,906	285,927
Other items								
Depreciation and amortization	2,197	4,242	2,313	8,752	45	8,798	424	9,222
Amortization of goodwill	-	1,097	193	1,291	-	1,291	-	1,291
Increase in property, plant and equipment and intangible assets	2,338	4,271	4,600	11,211	7	11,218	593	11,812

II For the year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable segments				Others	Total	Adjustment	Consolidated
	Semiconductor materials	High-performance plastics	Quality of life products	Subtotal				
Sales								
Outside customers	45,892	91,487	68,815	206,195	760	206,956	-	206,956
Inter-segment	-	244	0	245	-	245	(245)	-
Total sales	45,892	91,731	68,816	206,440	760	207,201	(245)	206,956
Segment income	5,796	4,696	2,916	13,408	210	13,619	(3,378)	10,241
Segment assets	59,357	116,902	65,485	241,744	1,991	243,736	16,385	260,122
Other items								
Depreciation and amortization	2,857	4,523	2,865	10,246	45	10,291	538	10,830
Amortization of goodwill	-	1,378	273	1,651	-	1,651	-	1,651
Increase in property, plant and equipment and intangible assets	1,416	4,890	2,772	9,079	10	9,089	607	9,697

(Related information)

Information about geographical areas

(Sales)

For the year ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

Japan	Asia		North America	Europe and others	Total
	China	Others			
87,662	31,949	43,490	27,000	19,556	209,659

For the year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

Japan	Asia		North America	Europe and others	Total
	China	Others			
84,737	31,044	41,942	29,630	19,601	206,956