

Summary of Consolidated Business Results for the Six Months Ended September 30, 2016 [Japanese GAAP]

November 14, 2016

Company name	: Sumitomo Bakelite Co., Ltd.	Stock exchanges	: Tokyo
Securities code	: 4203	URL	: http://www.sumibe.co.jp/english
Representative	: Shigeru Hayashi, President		
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Date of the submission of Quarterly Securities Report	: November 14, 2016		
Date of the start of dividend payment	: December 1, 2016		
Quarterly results supplementary documents	: Yes		
Quarterly 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 Six Months Ended September 30, 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 2016 - September 2016	97,392	(7.8)	7,278	51.2	7,494	49.1	5,246	148.2
April 2015 - September 2015	105,608	5.8	4,813	1.2	5,025	1.3	2,114	(35.5)

(Note) Comprehensive income April 2016 - September 2016: (7,338) millions of yen -%, April 2015 - September 2015: 154 millions of yen (97.8)%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
April 2016 - September 2016	22.29	-
April 2015 - September 2015	8.78	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2016	244,558	150,305	60.8
As of March 31, 2016	260,122	158,908	60.5

(Reference) Equity (net assets less non-controlling interests) September 30, 2016 : 148,796 millions of yen, March 31, 2016 : 157,319 millions of yen

2. Dividends

	Annual dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
	Yen	Yen	Yen	Yen	Yen
April 2015 - March 2016	-	5.00	-	5.00	10.00
April 2016 - March 2017	-	5.00			
April 2016 - March 2017 (Forecasts)			-	5.00	10.00

(Note) Revisions of the latest dividend forecasts: None

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 - March 2017	200,000	(3.4)	15,000	46.5	15,500	46.2	9,000	135.1	38.24

(Note) Revisions of the latest consolidated financial forecasts: Yes

[Notes]

- (1) Changes in significant subsidiaries (changes in "Specified Subsidiaries" accompanying changes in scope of consolidation) during this period : None
- (2) Adoption of special accounting methods for quarterly financial statements : None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatements
- a) Changes in accounting policies by revision of accounting standards : None
 - b) Changes in accounting policies other than a) : Yes
 - c) Changes in accounting estimates : None
 - d) Retrospective restatements : None

(4) Number of outstanding stocks

(Shares)

- a) Number of outstanding stocks (including treasury stocks)
- b) Number of treasury stocks
- c) Average number of outstanding stocks during the period (excluding treasury stocks)

As of September 30, 2016	247,952,394	As of March 31, 2016	262,952,394
As of September 30, 2016	12,606,121	As of March 31, 2016	27,600,108
April 2016 - September 2016	235,349,502	April 2015 - September 2015	240,863,007

(Information on implementation status of quarterly review)

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

(Information on appropriate use of forecasts)

The forecasts in this summary are based on information which is available to Sumitomo Bakelite Co., Ltd. at the time of preparation and definite assumptions deemed to be reasonable. The Company's intention is not to assure realization of the forecasts. Moreover, actual results may differ due to 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.

Quarterly consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	March 31, 2016	September 30, 2016
Assets		
Current assets		
Cash and deposits	44,876	44,604
Notes and accounts receivable-trade	41,783	40,548
Merchandise and finished goods	12,529	11,204
Semi-finished goods	3,754	3,481
Work in process	1,367	1,348
Raw materials and supplies	11,438	11,097
Others	7,819	6,367
Allowance for doubtful accounts	(55)	(50)
Total current assets	123,514	118,601
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	31,967	30,078
Machinery, equipment and vehicles, net	39,072	35,512
Others, net	16,285	16,208
Total property, plant and equipment	87,325	81,800
Intangible assets		
Goodwill	24,318	21,357
Others	2,128	1,765
Total intangible assets	26,446	23,122
Investments and other assets	22,836	21,034
Total non-current assets	136,607	125,957
Total assets	260,122	244,558

(Millions of yen)

March 31, 2016 September 30, 2016

Liabilities		
Current liabilities		
Notes and accounts payable-trade	26,115	26,107
Short-term loans payable	4,879	5,252
Commercial paper	9,000	4,000
Income taxes payable	2,870	2,680
Provision for bonuses	2,730	2,643
Provision for cost of business restructuring	1,088	49
Others	9,384	9,384
Total current liabilities	56,068	50,117
Non-current liabilities		
Long-term loans payable	37,018	36,776
Net defined benefit liability	4,333	3,842
Other provisions	82	82
Others	3,710	3,434
Total non-current liabilities	45,145	44,134
Total liabilities	101,213	94,252
Net assets		
Shareholders' equity		
Capital stock	37,143	37,143
Capital surplus	35,358	35,358
Retained earnings	88,548	84,602
Treasury stock	(14,748)	(6,735)
Total shareholders' equity	146,300	150,368
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,206	4,964
Foreign currency translation adjustments	6,551	(5,881)
Remeasurements of defined benefit plans	(739)	(654)
Total accumulated other comprehensive income	11,018	(1,571)
Non-controlling interests	1,589	1,509
Total net assets	158,908	150,305
Total liabilities and net assets	260,122	244,558

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
(Quarterly consolidated statements of income)

(Millions of yen)

	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)
Net sales	105,608	97,392
Cost of sales	75,483	66,735
Gross profit	30,124	30,657
Selling, general and administrative expenses	25,310	23,378
Operating income	4,813	7,278
Non-operating income		
Interest income	151	92
Dividends income	218	208
Equity in earnings of affiliates	95	95
Foreign exchange gains	187	-
Others	86	129
Total non-operating income	739	526
Non-operating expenses		
Interest expenses	152	124
Taxes and dues	229	-
Foreign exchange losses	-	30
Others	146	156
Total non-operating expenses	528	311
Ordinary income	5,025	7,494
Extraordinary income		
Gain on sales of non-current assets	8	4
Gain on sales of investment securities	724	247
Insurance income	403	-
Total extraordinary income	1,137	252
Extraordinary loss		
Loss on sales and retirement of non-current assets	105	181
Loss on valuation of investment securities	-	10
Cost of business restructuring	196	-
Loss on disaster	250	-
Impairment loss	1,302	-
Others	46	1
Total extraordinary loss	1,902	193
Profit before income taxes and non-controlling interests	4,259	7,553
Income taxes-current	2,045	1,685
Income taxes-deferred	30	477
Total income taxes	2,075	2,163
Profit	2,183	5,390
Profit attributable to non-controlling interests	69	143
Profit attributable to owners of parent	2,114	5,246

(Quarterly consolidated statements of comprehensive income)

	(Millions of yen)	
	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)
Profit	2,183	5,390
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,860)	(242)
Foreign currency translation adjustments	(154)	(12,531)
Remeasurements of defined benefit plans	2	85
Share of other comprehensive income of associates accounted for using equity method	(17)	(39)
Total other comprehensive income	(2,029)	(12,728)
Comprehensive income	154	(7,338)
(Comprehensive income attributable to)		
Owners of parent	151	(7,343)
Non-controlling interests	2	5

(3) Quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)
Cash flows from operating activities		
Income before income taxes and non-controlling interests	4,259	7,553
Depreciation and amortization	5,550	4,913
Impairment loss	1,302	-
Amortization of goodwill	835	725
Increase (decrease) in net defined benefit asset and liability	(177)	(246)
(Gain) loss on sale or disposal of property, plant and equipment	97	176
Interest and dividend income	(369)	(301)
Interest expenses	152	124
(Gain) loss on sales of investment securities	(724)	(247)
(Gain) loss on devaluation of investment securities	-	10
(Increase) decrease in notes and accounts receivable	41	(529)
(Increase) decrease in inventories	(82)	196
(Increase) decrease in other current assets	(362)	728
Increase (decrease) in notes and accounts payable	(601)	680
Increase (decrease) in other current liabilities	(1,031)	(1,019)
Others, net	165	24
Subtotal	9,056	12,788
Interest and dividends income received	390	323
Interest paid	(155)	(121)
Income taxes paid	(1,816)	(1,659)
Net cash provided by (used in) operating activities	7,474	11,331
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,759)	(3,209)
Proceeds from sales of property, plant and equipment	107	14
Purchase of investment securities	(18)	(167)
Proceeds from sales of investment securities	1,223	360
Collection of long-term loans receivable	8	1,411
Others, net	(3)	(675)
Net cash provided by (used in) investing activities	(3,442)	(2,266)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(117)	467
Increase (decrease) in commercial papers	(4,000)	(5,000)
Proceeds from long-term loans payable	7	-
Cash dividends paid	(1,204)	(1,176)
Cash dividends paid to non-controlling interests	(182)	(85)
Others, net	(471)	(274)
Net cash provided by (used in) financing activities	(5,967)	(6,068)
Effect of exchange rate changes on cash and cash equivalents	32	(3,574)
Net increase (decrease) in cash and cash equivalents	(1,902)	(578)
Cash and cash equivalents at beginning of year	49,966	44,868
Increase (decrease) in cash and cash equivalents resulting from a change of scope of consolidation	252	-
Cash and cash equivalents at end of period	48,316	44,290

Segment Information

I Six months ended September 30, 2015 (From April 1, 2015 to September 30, 2015)

(Millions of yen)

	Reportable segments				Others	Total	Adjustment	Consolidated
	Semiconductor materials	High-performance plastics	Quality of life products	Subtotal				
Sales								
Outside customers	23,266	47,349	34,648	105,264	344	105,608	-	105,608
Inter-segment	-	133	0	134	-	134	(134)	-
Total sales	23,266	47,483	34,648	105,398	344	105,742	(134)	105,608
Segment income	2,728	2,056	1,626	6,412	65	6,477	(1,663)	4,813

II Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)

(Millions of yen)

	Reportable segments				Others	Total	Adjustment	Consolidated
	Semiconductor materials	High-performance plastics	Quality of life products	Subtotal				
Sales								
Outside customers	23,353	41,814	31,856	97,024	368	97,392	-	97,392
Inter-segment	-	65	0	65	-	65	(65)	-
Total sales	23,353	41,879	31,856	97,090	368	97,458	(65)	97,392
Segment income	3,774	3,098	1,730	8,604	101	8,705	(1,426)	7,278

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 plates 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