

OPERATING RESULTS

During the first quarter ended June 30, 2009, Japan's economy showed a few signs of recovery generated by positive effects of an advancement of inventory adjustment in manufacturing industries and various economic measures promoted globally. However, due to negative factors such as downturn in corporate capital investment and stagnant job market, Japan's economy still remained at a standstill.

Under these difficult circumstances, our group undertook companywide efforts to improve business performance by recovering sales of main products, engaging in drastic cost-cutting measures through streamlining of operations, and reducing or postponing capital investment.

Despite these efforts, our earnings for the first quarter fell significantly below the level of the same period a year ago. Net sales were 12.83 billion yen (a decrease of 23.8% over the same period of the previous year). Operating income decreased to 0.585 billion yen by 43.0% over the same period of the previous year with ordinary income of 0.593 billion yen (a 53.1% decrease over the same period of the previous year), and net income of 0.373 billion yen (a 57.2% decrease over the same period of the previous year).

The results by segment are as follows:

(Chemicals)

In this division, net sales in industrial chemicals and water-soluble polymers decreased due to a significant decline in demand along with the economic downturn. As a result, sales for this division decreased to 3.899 billion yen by 31.4% over the same period of the previous year while operating loss was 336 million yen.

(Super Absorbent Polymer)

In this division, while the shipments remained the same level as the same period of the previous year, sales decreased to 6.344 billion yen by 16.2% over the same period of the previous year mainly because of lower selling prices. Operating income increased to 681 million yen by 46.3% over the same period of the previous year reflecting improvement in business performance of overseas subsidiaries.

(Gases and Engineering)

In this division, sales of electronic gases remained lower than the level in the same period a year ago despite a slight upturn of demand in related markets which had stayed stagnant. Sales of PSA gas generators also decreased due to reduction of corporate capital investment in related industries. As a result, net sales for this division decreased to 2.586 billion yen by 27.8% over the same period of the previous year while operating income declined to 231 million yen by 33.0%.

Outline of Consolidated Financial Statement for the three months ended June 30, 2009

July 29, 2009

Sumitomo Seika Chemicals Company, Limited

1. Consolidated Results

(in million yen)

	FQ ended June 30, 2008	FQ ended June 30, 2009	Change from previous year	FY Ending March, 2009
Net Sales	16,842	12,830	△4,012	64,737
Operating Income	1,028	585	△442	2,589
Ordinary Income	1,264	593	△671	1,838
Net Income	871	373	△498	1,503
Net Income Per Share for the Term	12.64yen	5.41yen	△7.23yen	21.80yen
Shareholder Return on Equity for the Term	2.8%	1.2%	△1.6%	5.0%
Average Exchange Rate (yen/dollar)	104.56yen	97.33yen	-	100.54
Naphtha Price (Yen/KL)	70,900	33,000	-	58,900

2. Net Sales and Operating Income of Each Business Segment

(in million yen)

		FQ ended June 30, 2008	FQ ended June 30, 2009	Change from previous year	FY Ending March, 2009
Chemicals	Net Sales	5,687	3,899	△1,787	20,692
	Operating Income	213	△336	△549	△677
Super Absorbent Polymer	Net Sales	7,574	6,344	△1,229	30,810
	Operating Income	465	681	215	2,218
Gases and Engineering	Net Sales	3,580	2,586	△994	13,234
	Operating Income	345	231	△114	1,033
(Elimination) Offsetting	Net Sales	-	-	-	-
	Operating Income	3	8	5	14
Total	Net Sales	16,842	12,830	△4,012	64,737
	Operating Income	1,028	585	△442	2,589