

# Consolidated Financial Results for fiscal 2009

May 10, 2010

Sumitomo Seika Chemicals Company, Limited

During the twelve months ended March 31, 2010 (fiscal 2009), Japan's economy showed a trend of recovery, bolstered mainly by demand from emerging countries such as China.

However, our business environment continued to be difficult, affected by such conditions as continued appreciation of the yen and edging-up of fuel and raw material prices.

Given the situation, the Sumitomo Seika Group undertook group-wide efforts to improve business performance, including selling price increases, production efficiency enhancement and further cost-cutting. As a result, our financial results for fiscal 2009 improved over the previous fiscal year; while sales decreased to 56.525 billion yen, a 12.7% decline from the previous fiscal year, operating income posted 2.947 billion yen, a 13.8% increase over the previous fiscal year, ordinary income was 2.697 billion yen, a 46.7% increase over the previous year, and net income was 1.745 billion yen, a 16.1% growth over a year earlier.

## **Chemicals**

While demand for water-soluble polymers and powdered plastics pointed to a trend of recovery in the latter half of fiscal 2009, industrial chemicals performance lagged behind in recovery of demand. As a result, sales for this division decreased by 18.6% to 16.852 billion yen from the previous fiscal year with operating loss of 1.192 billion yen.

## **Super Absorbent Polymer**

While shipments increased thanks primarily to brisk demand from overseas, sales decreased by 8.3% to 28.249 billion yen compared with the previous fiscal year because mainly of lower selling prices. Operating income, however, increased by 48.7% to 3.299 billion yen over fiscal 2008, reflecting improvement in business performance of overseas subsidiaries.

## **Gases and Engineering**

Despite recovering demand of electronic gases, sales of PSA gas generators decreased due to a still weak corporate capital investment. Consequently, sales for this division decreased by 13.7% to 11.423 billion yen and operating income also declined by 20.2% to 0.824 billion yen from fiscal 2008.

## **Forecast for fiscal 2010**

Japan's economy is likely to stay on a track to modest recovery. However, there will remain uncertainties such as financial instability in Europe and the United States and the sustainability of booming economies of emerging countries.

Under these circumstances, our group forecasts its performance for fiscal 2010 as follows:

	(in million yen)
Sales	63,000
Operating Income	3,000
Ordinary Income	2,800
Net Income	1,800

\* based on the assumption that the exchange rate is 90 yen per dollar  
and naphtha price is 50,000 yen per kilo liter

## **Cautionary Statement**

Statements made herein with respect to the company's current plans, estimates, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of Sumitomo Seika Chemicals. These statements are based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and uncertainties. The important factors that could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to, general economic conditions in Sumitomo Seika Chemical's markets; demand for, and competitive pricing pressure on, Sumitomo Seika Chemical's products in the marketplace; Sumitomo Seika Chemical's ability to continue to win acceptance for its products in these highly competitive markets; and movements of currency exchange rates.

# Outline of Consolidated Financial Statement for fiscal 2009

May 10, 2010

Sumitomo Seika Chemicals Company, Limited

## 1. Consolidated Results

(in million yen)

	FY2008 ended March 31, 2009	FY2009 ended March 31, 2010	Change from previous year	FY 2010 ending March 31, 2011
Net Sales	64,737	56,525	(8,211)	63,000
Operating Income	2,589	2,947	357	3,000
Ordinary Income	1,838	2,697	858	2,800
Net Income	1,503	1,745	241	1,800
Net Income Per Share for the Term (in JPY)	21.80	25.31	3.51	26.10
Shareholder Return on Equity for the Term (in %)	5.0%	5.7%	0.7%	5.8%
Average Exchange Rate (in JPY/USD)	100.54	92.86	-	90.00
Naphtha Price (in JPY/KL)	58,900	41,000	-	50,000

## 2. Net Sales and Operating Income of Each Business Segment

(in million yen)

		FY2008 ended March 31, 2009	FY2009 ended March 31, 2010	Change from previous year	FY 2010 ending March 31, 2011
Chemicals	Net Sales	20,692	16,852	(3,839)	18,000
	Operating Income	(677)	(1,192)	(515)	(800)
Super Absorbent Polymer	Net Sales	30,810	28,249	(2,561)	33,000
	Operating Income	2,218	3,299	1,081	3,000
Gases and Engineering	Net Sales	13,234	11,423	(1,810)	12,000
	Operating Income	1,033	824	(209)	800
(Elimination) Offsetting	Net Sales	-	-	-	-
	Operating Income	14	16	1	-
Total	Net Sales	64,737	56,525	(8,211)	63,000
	Operating Income	2,589	2,947	357	3,000