

# Consolidated Financial Results for the Nine Months Ended December 31, 2012

February 4, 2013

Sumitomo Seika Chemicals Company, Limited

During the nine months ended December 31, 2012, business conditions in Japan remained unsteady by and large, due to concerns about the prolonged financial crisis in Europe and the decelerating growth of emerging economies. Toward the end of the nine-month period, expectations for economic boost began to grow as the yen's historic appreciation slowed and the government's new economic stimulus measures were announced, following the change of administration. However, their immediate effect turned out to be marginal as far as this particular period is concerned.

Against the backdrop of this unfavorable business situation, the Sumitomo Seika Group's financial results for the nine months ended December 31, 2012 were as follows: net sales posted 49.409 billion yen, a 1.5% decrease from the same period of the previous fiscal year; operating income was 2.482 billion yen, a 14.8% decrease from the same period a year earlier; ordinary income was 2.545 billion yen, a 0.3% increase over the same period of the previous fiscal year; and net income was 1.725 billion yen, 11.0% increase over the same period of the previous fiscal year.

## **Chemicals**

While sales of functional products and water-soluble polymers increased, industrial chemicals posted reduced sales as a result of withdrawal from part of the business. Net sales for this segment slightly decreased by 2.9% from the same period of the previous fiscal year to 12.405 billion yen. Due to increases in sales volume of high value added products as well as cost reduction, operating income recovered to a loss of 0.336 billion yen, an increase of 1.075 billion yen from the same period of previous fiscal year.

## **Super Absorbent Polymers**

Sales remained steady in volume mainly for hygiene applications. As a result, net sales for this segment posted 27.792 billion yen, a 0.04% decrease, which was at the same level as the same period of the previous fiscal year. On the other hand, operating income decreased from the same period of the previous fiscal year by 38.5% to 2.097 billion yen, as the supply-demand balance softened with further intensified market competition.

The accident that had occurred at the Himeji plant of NIPPON SHOKUBAI CO., LTD. in September 2012 caused difficulties in securing raw materials for SAP, making it necessary for this segment to adjust superabsorbent polymers production, and also brought about the soaring of the raw materials prices.

## **Gases and Engineering**

Sales for the electronic gases took a downturn due to curtailed production in the semiconductor and liquid crystal industries, which caused net sales and operating income to decrease by 3.9% to 9.211 billion yen and by 16.7% to 0.747 billion yen, respectively, from the same period of the previous year.

# Outline of Consolidated Financial Statement for the Nine Months Ended December 31, 2012

February 4, 2013  
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## 1. Consolidated Results

		9 months ended December 31		Y-o-y change	FY 2012 ending March 31, 2013
		2011	2012		
Net Sales	Million ¥	50,166	49,409	-757	72,000
Operating Income	Million ¥	2,912	2,482	-429	3,800
Ordinary Income	Million ¥	2,539	2,545	6	3,400
Net Income	Million ¥	1,554	1,725	171	2,300
Net Income Per Share for the Term	¥	22.53	25.01	2.48	33.35
Shareholder Return on Equity for the Term	%	4.8%	5.1%	0.3%	6.8%
Average Exchange Rate	(¥/USD)	79.01	80.01	-	81.50
Naphtha Price	(¥/KL)	55,200	55,400	-	56,550

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

		9 months ended December 31		Y-o-y change	FY 2012 ending March 31, 2013
		2011	2012		
<b>Chemicals</b>					
Net Sales	Million ¥	12,771	12,405	-366	17,500
Operating Income	Million ¥	-1,412	-336	1,075	-500
<b>Super Absorbent Polymers</b>					
Net Sales	Million ¥	27,804	27,792	-12	41,000
Operating Income	Million ¥	3,413	2,097	-1,315	3,200
<b>Gases and Engineering</b>					
Net Sales	Million ¥	9,590	9,211	-378	13,500
Operating Income	Million ¥	897	747	-149	1,100
<b>(Elimination) Offsetting</b>					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	13	-26	-40	-
<b>Total</b>					
Net Sales	Million ¥	50,166	49,409	-757	72,000
Operating Income	Million ¥	2,912	2,482	-429	3,800

**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 Chemicals' products in the marketplace; Sumitomo Seika Chemicals' ability to continue to win acceptance for its products in these highly competitive markets; and movements of currency exchange rates.