

Consolidated Financial Results for the Three Months Ended June 30, 2012 (Q1 FY2012)

August 2, 2012

Sumitomo Seika Chemicals Company, Limited

During the three months ended June 30, 2012 (fiscal 2012), business conditions in Japan showed a trend of a modest recovery, supported by the demand associated with restoration activities in the aftermath of the Great East Japan Earthquake. The country's economic prospect, however, remained uncertain due to the Europe's financial crisis still exerting downward pressure on the world economy as well as the persistently strong yen.

In this unfavorable business situation, the Sumitomo Seika Group's financial results for the three months ended June 30, 2012 were below the same period of the previous fiscal year with net sales declining 1.4% to 16.590 billion yen, operating income 8.2% to 1.024 billion yen, ordinary income 30.8% to 0.800 billion yen, and net income 8.5% to 0.529 billion yen, respectively.

Chemicals

While industrial chemicals recorded reduced sales as a result of withdrawal from part of the business, sales of functional products and water-soluble polymers increased. Accordingly, net sales for this segment increased by 5.2% to 4.185 billion yen, and operating income also recovered to a loss of 0.049 billion yen, an increase of 0.335 billion yen from the previous fiscal year.

Super Absorbent Polymers

An active demand from the Asian market, mainly those for hygiene applications, contributed to keeping sales firm in volume. On the other hand, the spread between product selling prices and raw materials prices narrowed due to the decelerating economic growth of emerging countries and the softening of a supply-demand balance caused by the intensifying market competition. As a result, net sales decreased by 5.4% to 9.275 billion yen, and operating income declined by 42.9% to 0.741 billion yen from the same period of the previous fiscal year.

Gases and Engineering

As demand for the electronic gases in a certain market stayed solid, net sales and operating income both improved over the same period of the previous fiscal year by 2.8% to 3.130 billion yen, and by 68.5% to 0.327 billion yen, respectively.

Outline of Consolidated Financial Statement for the Three Months Ended June 30, 2012 (Q1 FY2012)

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1. Consolidated Results

		Three months ended June 30		Y-o-y change	FY 2011 ended March 31, 2012
		2011	2012		
Net Sales	Million ¥	16,832	16,590	-241	68,194
Operating Income	Million ¥	1,115	1,024	-91	4,271
Ordinary Income	Million ¥	1,156	800	-355	4,062
Net Income	Million ¥	579	529	-49	2,090
Net Income Per Share for the Term	¥	8.40	7.68	-0.72	30.32
Shareholder Return on Equity for the Term	%	1.8%	1.6%	-0.2%	6.4%
Average Exchange Rate	(¥/USD)	81.75	80.21	-	79.08
Naphtha Price	(¥/KL)	59,000	60,600	-	54,925

(in million yen)

2. Net Sales and Operating Income of Each Business Segment

		Three months ended June 30		Y-o-y change	FY 2011 ended March 31, 2012
		2011	2012		
Chemicals					
Net Sales	Million ¥	3,979	4,185	205	17,729
Operating Income	Million ¥	-385	-49	335	-1,730
Super Absorbent Polymers					
Net Sales	Million ¥	9,807	9,275	-532	37,665
Operating Income	Million ¥	1,299	741	-557	4,688
Gases and Engineering					
Net Sales	Million ¥	3,044	3,130	85	12,798
Operating Income	Million ¥	194	327	133	1,295
(Elimination) Offsetting					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	7	4	-2	17
Total					
Net Sales	Million ¥	16,832	16,590	-241	68,194
Operating Income	Million ¥	1,115	1,024	-91	4,271