

# Consolidated Financial Results for Fiscal 2011

May 10, 2012

Sumitomo Seika Chemicals Company, Limited

During the twelve months ended March 31, 2012 (fiscal 2011), business conditions in Japan showed an upward trend with improvement in production as well as on other fronts, supported by unabated activities of restoration in the aftermath of the Great East Japan Earthquake. The country's economic environment, however, remained harsh for a number of reasons. Domestically, the economy was hit by the yen staying at a record high, in addition to the Earthquake's repercussions such as consequences of the resultant disastrous nuclear accident and the ensuing prolonged restriction of power supply. Overseas, compounding the situation were such factors as the further aggravating financial crisis in Europe and the mounting downward pressure of soaring oil prices on the world economy.

Against this backdrop, the Sumitomo Seika Group's financial results for fiscal 2011 were as follows: Net sales posted 68.194 billion yen, a 5.4% increase over a year earlier; operating income was 4.271 billion yen, a 26.6% decrease from the previous fiscal year; ordinary income was 4.062 billion yen, a 20.5% decrease from the previous fiscal year; and net income was 2.090 billion yen, a 35.3% decrease from the previous fiscal year, which was due in part to the recognition of impairment loss on fixed assets related to industrial chemicals in the Chemicals segment.

Financial results by business segment were as follows:

## **Chemicals**

While sales of functional products and water-soluble polymers increased, industrial chemicals recorded reduced sales as a result of withdrawal from the chlorinated disinfectant business. Accordingly, net sales for this segment decreased slightly from the previous fiscal year to 17.729 billion yen, a 1.0% drop, and operating income also declined to a loss of 1.730 billion yen, a decrease of 0.287 billion yen.

## **Super Absorbent Polymers**

Steady demand mainly from the Asian market as well as expanded production with a new plant at Himeji Works, which became operational in August 2010, contributed to increasing net sales by 6.9% to 37.665 billion yen. Operating income, however, decreased by 23.4% from the previous fiscal year to 4.688 billion yen, due to the unprecedented appreciation of the yen and a hike in raw materials and fuels prices.

## **Gases and Engineering**

While demand for the Electronic gases weakened in the latter half of the fiscal year owing to a business downturn in the semiconductor industry, demand for products of this business segment stayed solid throughout the first half of the fiscal year, and plant capacity utilization of the Company's subsidiaries in Korea and Taiwan improved. As a result, net sales and operating income both increased over a year earlier, by 11.0% to 12.798 billion yen, and by 12.3% to 1.295 billion yen, respectively.

## **Forecast for fiscal 2012**

It can be expected that Japan's domestic demand will be bolstered by demand associated with the Earthquake-related restoration activities. However, the business environment, by and large, will likely remain difficult, given the prevailing economic downswing risks attributable to the continued financial instability in Europe and decelerated growth of emerging economies, coupled with the soaring prices of fuels and raw materials.

Under these circumstances, the Sumitomo Seika Group forecasts its financial performance for fiscal 2012 as follows:

	(in million yen)
Sales	77,000
Operating Income	4,700
Ordinary Income	4,400
Net Income	3,100

\*based on the assumption that exchange rate is 78 yen per dollar  
and naphtha price is 58,000 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 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.

# Outline of Consolidated Financial Statement for fiscal 2011

May 10, 2012

Sumitomo Seika Chemicals Company, Limited

## 1. Consolidated Results

		Fiscal year ended March 31		Y-o-y change	FY 2012 ending March 31, 2013
		2011	2012		
Net Sales	Million ¥	64,672	<b>68,194</b>	+3,521	77,000
Operating Income	Million ¥	5,819	<b>4,271</b>	-1,547	4,700
Ordinary Income	Million ¥	5,108	<b>4,062</b>	-1,045	4,400
Net Income	Million ¥	3,232	<b>2,090</b>	-1,141	3,100
Net Income Per Share for the Term	¥	46.87	<b>30.32</b>	-16.55	44.95
Shareholder Return on Equity for the Term	%	10.2	<b>6.4</b>	-3.8	9.3
Average Exchange Rate	(¥/USD)	85.72	<b>79.08</b>	-	78.00
Naphtha Price	(¥/KL)	47,475	<b>54,925</b>	-	58,000

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

		Fiscal year ended March 31		Y-o-y change	FY 2012 ending March 31, 2013
		2011	2012		
<b>Chemicals</b>					
Net Sales	Million ¥	17,901	<b>17,729</b>	-171	20,200
Operating Income	Million ¥	-1,442	<b>-1,730</b>	-287	-400
<b>Super Absorbent Polymers</b>					
Net Sales	Million ¥	35,243	<b>37,665</b>	+2,422	42,000
Operating Income	Million ¥	6,121	<b>4,688</b>	-1,433	3,800
<b>Gases and Engineering</b>					
Net Sales	Million ¥	11,528	<b>12,798</b>	+1,270	14,800
Operating Income	Million ¥	1,154	<b>1,295</b>	+141	1,300
<b>(Elimination) Offsetting</b>					
Net Sales	Million ¥	-	<b>-</b>	-	-
Operating Income	Million ¥	-13	<b>17</b>	+31	-
<b>Total</b>					
Net Sales	Million ¥	64,672	<b>68,194</b>	+3,521	77,000
Operating Income	Million ¥	5,819	<b>4,271</b>	-1,547	4,700