

# Consolidated Financial Results for the Nine Months Ended December 31, 2011

February 6, 2012

Sumitomo Seika Chemicals Company, Limited

During the nine months ended December 31, 2011, business conditions in Japan showed an upward trend with improvement in production and on other fronts, supported by activities of restoration out of the consequences of the Great East Japan Earthquake. The country's economic environment, however, remained harsh owing to repercussions from the disastrous nuclear accident and a prolonged period of restricted power supply as well as the yen staying at substantially high levels. Added to this situation were the floundering US economy and the further deteriorating financial crisis in Europe.

Against this backdrop, the Sumitomo Seika Group's financial results for the nine months ended December 31, 2011 were as follows: net sales posted 50.166 billion yen, an 8.3% increase over the same period of the previous fiscal year; operating income was 2.912 billion yen, a 21.2% decrease from the same period a year earlier; ordinary income was 2.539 billion yen, a 13.9% decline from the corresponding period of the previous fiscal year; and net income was 1.554 billion yen, a 20.2% drop from the same period of the previous fiscal year.

Financial results by a business segment were:

## **Chemicals**

While sales of functional products and pharmaceutical products increased, those of industrial chemicals remained stagnant. As a result, net sales for this segment decreased by 1.8% from the same period of the previous year to 12.771 billion yen, and operating income also declined to a loss of 1.412 billion yen.

## **Super Absorbent Polymers**

Expanded production with a new plant at Himeji Works, which had been completed in August 2010, contributed to expanding net sales by 10.1% from the same period of the previous year to 27.804 billion yen. Operating income, however, decreased by 18.0% from the same period of the previous fiscal year to 3.413 billion yen, despite the segment's efforts to adjust selling prices to the fluctuating raw materials and fuels prices.

## **Gases and Engineering**

Sales of electronic gases, including those of the Group companies in Korea and Taiwan, stayed solid, while sales of PSA gas generators increased. As a result, net sales and operating income both improved over the same period of the previous fiscal year by 18.5% to 9.590 billion yen, and by 15.4% to 0.897 billion yen, respectively.

# Outline of Consolidated Financial Statement for the Nine Months Ended December 31, 2011

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## 1. Consolidated Results

		9 months ended December 31		Y-o-y change	FY 2011 ending March 31, 2012
		2010	2011		
Net Sales	Million ¥	46,343	50,166	3,823	70,000
Operating Income	Million ¥	3,696	2,912	-784	4,500
Ordinary Income	Million ¥	2,950	2,539	-411	4,200
Net Income	Million ¥	1,946	1,554	-392	2,900
Net Income Per Share for the Term	¥	28.22	22.53	-5.69	42.05
Shareholder Return on Equity for the Term	%	6.2%	4.8%	-1.4%	8.6%
Average Exchange Rate	(¥/USD)	86.85	79.01	-	78.70
Naphtha Price	(¥/KL)	45,800	55,200	-	54,400

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

		9 months ended December 31		Y-o-y change	FY 2011 ending March 31, 2012
		2010	2011		
<b>Chemicals</b>					
Net Sales	Million ¥	13,002	12,771	-230	18,000
Operating Income	Million ¥	-1,223	-1,412	-188	-1500
<b>Super Absorbent Polymers</b>					
Net Sales	Million ¥	25,244	27,804	2,560	38,500
Operating Income	Million ¥	4,161	3,413	-748	4,700
<b>Gases and Engineering</b>					
Net Sales	Million ¥	8,096	9,590	1,493	13,500
Operating Income	Million ¥	777	897	120	1,300
<b>(Elimination) Offsetting</b>					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	-19	13	32	-
<b>Total</b>					
Net Sales	Million ¥	46,343	50,166	3,823	70,000
Operating Income	Million ¥	3,696	2,912	-784	4,500

**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.