

Consolidated Financial Results for the Half-Year Ended September 30, 2011

November 2, 2011

Sumitomo Seika Chemicals Company, Limited

During the half-year ended September 30, 2011, business conditions in Japan showed a trend of an upturn as a result of its recovered production activities, supported by accelerated nationwide efforts to re-construct the country from the consequences of the Great East Japan Earthquake in March 2011. In the latter half of the term, however, uncertainties began to grow over economic prospects both at home and overseas with surging concern about the financial crisis in Europe, the state of the floundering US economy, and the continuing unprecedented appreciation of the yen.

Against this backdrop, the Sumitomo Seika Group's financial results for the half-year ended September 30, 2011 were as follows: net sales posted 34.089 billion yen, a 12.8% increase over the same period of the previous fiscal year; operating income was 1.784 billion yen, a 3.5% decrease from the same period a year earlier; ordinary income was 1.573 billion yen, a 34.4% increase over the corresponding period of the previous fiscal year; and net income was 1.078 billion yen, 43.3% higher than the same period of the previous fiscal year.

Financial results by segments:

Chemicals

While sales of functional products and pharmaceutical products increased, those of industrial chemicals remained stagnant both in Japan and abroad. As a result, net sales for this segment decreased by 4.1% from the same period of the previous year to 8.530 billion yen, and operating income also declined to a loss of 1.064 billion yen.

Super Absorbent Polymers

Due to the start of commercial operation of a new plant at Himeji Works, which had been completed in August 2010, net sales increased by 18.0% from the same period of the previous year to 19.241 billion yen. Meanwhile, as a result of our efforts to cope with soaring costs of raw materials and fuels by raising product selling prices, operating income slightly increased by 0.9% from the same period of the previous fiscal year to 2.315 billion yen.

Gases and Engineering

Sales of electronic gases, including those of subsidiaries 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 25.8% to 6.317 billion yen, and by 32.7% to 0.523 billion yen, respectively.

Outline of Consolidated Financial Statement for the Half-Year Ended September 30, 2011

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Sumitomo Seika Chemicals Company, Limited

1. Consolidated Results

		6 months ended September 30		Y-o-y change	FY 2011 ending March 31, 2012
		2010	2011		
Net Sales	Million ¥	30,217	34,089	3,872	70,000
Operating Income	Million ¥	1,848	1,784	-64	4,500
Ordinary Income	Million ¥	1,170	1,573	402	4,200
Net Income	Million ¥	752	1,078	325	2,900
Net Income Per Share for the Term	¥	10.91	15.64	4.73	42.05
Shareholder Return on Equity for the Term	%	2.4%	3.3%	0.9%	8.6%
Average Exchange Rate	(¥/USD)	88.95	79.82	-	79.00
Naphtha Price	(¥/KL)	46,200	57,000	-	55,000

2. Net Sales and Operating Income of Each Business Segment

		6 months ended September 30		Y-o-y change	FY 2011 ending March 31, 2012
		2010	2011		
Chemicals					
Net Sales	Million ¥	8,894	8,530	-364	18,000
Operating Income	Million ¥	-820	-1,064	-243	-1,400
Super Absorbent Polymers					
Net Sales	Million ¥	16,300	19,241	2,941	38,000
Operating Income	Million ¥	2,296	2,315	19	4,700
Gases and Engineering					
Net Sales	Million ¥	5,021	6,317	1,296	14,000
Operating Income	Million ¥	394	523	129	1,200
(Elimination) Offsetting					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	-22	8	30	-
Total					
Net Sales	Million ¥	30,217	34,089	3,872	70,000
Operating Income	Million ¥	1,848	1,784	-64	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.