

# Consolidated Financial Results for Fiscal 2010

May 11, 2011

Sumitomo Seika Chemicals Company, Limited

During the twelve months ended March 31, 2011 (fiscal 2010), Japan's economy tended to show signs of recovery, driven by increased exports to emerging economies and the favorable effects of economic policy measures implemented by the Japanese government, although concerns lingered to impede full-fledged recovery, such as continued appreciation of the yen and increases in fuel and raw material prices. These economic situations, however, have completely changed as a result of the Great East Japan Earthquake that took place on March 11, 2011.

Against this backdrop, the Sumitomo Seika Group's financial results for fiscal 2010 improved over the previous year. Net sales posted 64.672 billion yen, a 14.4% increase over a year earlier, and earnings at all levels increased with operating income by 97.5% to 5.819 billion yen, ordinary income by 89.4% to 5.18 billion yen, and net income by 85.2% to 3.232 billion yen, respectively.

## **Chemicals**

While water-soluble polymers and powdered plastics sales increased, exports of industrial chemicals and pharmaceutical intermediates from Japan remained stagnant. As a result, this division reported an operating loss of 1.442 billion yen, while net sales increased by 6.2% over a year earlier to 17.901 billion yen.

## **Super Absorbent Polymers**

Due to steady demand mainly from the Asian market as well as to the start of operation of a new plant in August 2010, net sales increased by 24.8% to 35.243 billion yen, and operating income rose by 85.5% to 6.121 billion yen from the previous fiscal year.

## **Gases and Engineering**

While net sales of PSA gas generators decreased, demand for electronic gases stayed solid and plant capacity utilization of subsidiaries in Korea and Taiwan increased. As a result, net sales and operating income both increased over a year earlier, by 0.9% to 11.528 billion yen, and by 40.0% to 1.154 billion yen, respectively.

## **Forecast for fiscal 2011**

The impact of the Great East Japan Earthquake will likely have substantial repercussions for Japan's entire economy, which, along with continued financial instability in Europe and soaring fuel and raw material prices, will make the prospects of the Japanese economy highly unpredictable.

Under these circumstances, the Sumitomo Seika Group forecasts its financial performance for fiscal 2011 as follows:

	(in million yen)
Sales	70,000
Operating Income	4,500
Ordinary Income	4,200
Net Income	2,900

\*based on the assumption that exchange rate is 80 yen per dollar  
and naphtha price is 60,000 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 2010

May 11, 2011

Sumitomo Seika Chemicals Company, Limited

## 1. Consolidated Results

		Fiscal year ended March 31		Y-o-y change	FY 2011 ending March 31, 2012
		2010	2011		
Net Sales	Million ¥	56,525	64,672	+8,146	70,000
Operating Income	Million ¥	2,947	5,819	+2,872	4,500
Ordinary Income	Million ¥	2,697	5,108	+2,411	4,200
Net Income	Million ¥	1,745	3,232	+1,487	2,900
Net Income Per Share for the Term	¥	25.31	46.87	+21.56	42.05
Shareholder Return on Equity for the Term	%	5.7	10.2	+4.5	8.6
Average Exchange Rate	(¥/USD)	92.86	85.72	-	80.00
Naphtha Price	(¥/KL)	41,175	47,375	-	60,000

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

		Fiscal year ended March 31		Y-o-y change	FY 2011 ending March 31, 2012
		2010	2011		
<b>Chemicals</b>					
Net Sales	Million ¥	16,852	17,901	+1,048	19,000
Operating Income	Million ¥	-1,192	-1,442	-249	-1,300
<b>Super Absorbent Polymers</b>					
Net Sales	Million ¥	28,249	35,243	+6,994	37,000
Operating Income	Million ¥	3,299	6,121	+2,822	4,600
<b>Gases and Engineering</b>					
Net Sales	Million ¥	11,423	11,528	+104	14,000
Operating Income	Million ¥	824	1,154	+329	1,200
<b>(Elimination) Offsetting</b>					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	16	-13	-30	-
<b>Total</b>					
Net Sales	Million ¥	56,525	64,672	+8,146	70,000
Operating Income	Million ¥	2,947	5,819	+2,872	4,500