

Sumitomo Chemical Reports Consolidated Financial Results For the Nine Months Ended December 31, 2011

The Sumitomo Chemical Group's sales for the nine months ended December 31, 2011 were ¥1,443.9 billion, a decrease of ¥22.6 billion compared with the same period of the previous fiscal year. The Group's operating income was ¥58.3 billion and ordinary income was ¥48.5 billion, all representing year-on-year decreases. The Group recorded a net loss of ¥11.3 billion, representing a decrease from the same period of the previous fiscal year, because of large extraordinary losses in addition to the decrease in ordinary income.

The Sumitomo Chemical Group's financial results by business segment for the nine-month period were as follows.

Basic Chemicals

Despite higher market prices of methyl methacrylate and of raw materials used in synthetic fibers, sales declined due to a decrease in shipments as a result of the impact of the earthquake and a decrease in demand. Consequently, the segment's sales declined by ¥8.1 billion compared with the same period of the previous fiscal year, to ¥215.6 billion, and operating income decreased by ¥6.0 billion, to ¥10.9 billion.

Petrochemicals & Plastics

While shipments of synthetic resins and petrochemical products decreased as a result of periodical maintenance shutdowns of manufacturing plants in Japan and abroad, in addition to the impact of the earthquake and a decrease in demand, sales increased due to higher market prices overseas and higher selling prices in Japan in accordance with a rise in prices of naphtha and other feedstocks. As a result, the segment's sales increased by ¥13.8 billion compared with the same period of the previous fiscal year, to ¥491.6 billion, but operating income decreased by ¥3.7 billion, to ¥6.3 billion.

IT-related Chemicals

Shipments of polarizing film used in liquid crystal displays (LCDs) increased due to higher demand for use in smartphones and tablet PCs and because of an expansion of production capacity in Taiwan, but shipments of color filters decreased. In addition to lower sales prices of both polarizing film and color filters, the value of sales of overseas subsidiaries decreased in yen terms due to the effects of a stronger yen. As a result, the segment's sales decreased by ¥26.5 billion compared with the same period of the previous fiscal year, to ¥221.1 billion, and operating income decreased by ¥14.6 billion, to ¥11.3 billion.

Health & Crop Sciences

Sales of the feed additive methionine increased steadily. In the area of crop protection chemicals, shipments of herbicides remained strong in overseas markets. Despite the decrease in the value of sales of overseas subsidiaries in yen terms due to the effects of a stronger yen, the segment's sales increased by ¥11.7 billion compared with the same period of the previous fiscal year, to ¥190.8 billion, and operating income increased by ¥1.2 billion, to ¥17.5 billion.

Pharmaceuticals

The Sumitomo Chemical Group initiated US sales of Latuda® (atypical antipsychotic) in February 2011. Sales of Avapro® (therapeutic agent for hypertension), Lonasen® (atypical antipsychotic), and the new drugs Trerief® (therapeutic agent for Parkinson's disease) and Metgluco® (biguanide oral hypoglycemic) increased as a result of continued sales promotion activities. Sales of Amlodin® (therapeutic agent for hypertension and angina pectoris), however, decreased due to competition with generic drugs. In addition, the value of sales of overseas subsidiaries decreased in yen terms due to the effects of a stronger yen. As a result, the segment's sales decreased by ¥16.9 billion compared with the same period of the previous fiscal year, to ¥287.8 billion, and operating income decreased by ¥3.1 billion, to ¥23.2 billion.

Others

In addition to the above five segments, the Sumitomo Chemical Group engages in supplying electrical power and steam, providing services for the design, engineering, and construction management of chemical plants, providing transport and warehousing, and conducting materials and environmental analyses. The segment's sales increased by ¥3.4 billion compared with the same period of the previous fiscal year, to ¥37.0 billion, and operating income rose by ¥3.1 billion, to ¥4.8 billion.

(Note) Change in Reported Segments Classification Methods

As of April 1, 2011, the Fine Chemicals Segment was eliminated, and functional materials, additives, and dyes that had been included in this segment were transferred to the Basic Chemicals Segment. In addition, pharmaceutical chemicals, which had also been included in this segment, were transferred to the Agricultural Chemicals Segment. Following this change, the Agricultural Chemicals Segment changed its name to the Health & Crop Sciences Segment. The businesses of consolidated subsidiaries in the Pharmaceuticals Segment that had been included in the Others Segment were transferred to the Pharmaceuticals Segment.

The Company has revised its consolidated financial forecast for the full year ending March 31, 2012. The forecast has been revised downward to sales of ¥1,990.0 billion, operating income of ¥65.0 billion, ordinary income of ¥54.0 billion, and net income of ¥0.

The Company has also revised its projected year-end dividend from ¥6 per share to ¥3 per share. As a result, the Company's projected dividend will be ¥9 per share on a full-year basis, the same level as for Fiscal 2010.

For further details, please refer to today's release titled "Sumitomo Chemical Announces Revisions to its Consolidated Financial Forecast and Projected Dividend for Fiscal 2011."

Summary of Consolidated Results

(1) Results of Operations:

	9 Months ended December 31, 2011		9 Months ended December 31, 2010
	Yen (Millions)	USD (Thousands) **1	Yen (Millions)
Net sales	1,443,924	18,573,759	1,466,554
Operating income	58,349	750,566	79,266
Ordinary income	48,478	623,591	76,352
Income before income taxes and minority interests	16,940	217,906	43,870
Net (loss) income	(11,337)	(145,832)	14,135
Net (loss) income per 1,000 shares	Yen (6,936)	USD (89)	Yen 8,580
Comprehensive income	Yen (Millions) (40,193)	USD (Thousands) **1 (517,018)	Yen (Millions) (34,196)

(2) Financial Position:

	As of December 31, 2011		As of March 31, 2011
	Yen (Millions)	USD (Thousands) **1	Yen (Millions)
Total assets	2,289,007	29,444,392	2,367,314
Total net asset	694,987	8,939,889	758,886

(3) Cash Flows:

	9 Months ended December 31, 2011		9 Months ended December 31, 2010
	Yen (Millions)	USD (Thousands) **1	Yen (Millions)
Cash flows from operating activities	102,419	1,317,456	116,058
Cash flows from investing activities	(95,626)	(1,230,075)	(121,057)
Cash flows from financing activities	(2,478)	(31,875)	31,072
Cash and cash equivalents at end of period	151,373	1,947,170	140,503

(4) Results of Operations by Business Segment:

	9 Months ended December 31, 2011		9 Months ended December 31, 2010
	Yen (Millions)	USD (Thousands) **1	Yen (Millions) **2
Net sales			
Basic Chemicals	215,641	2,773,874	223,739
Petrochemicals & Plastics	491,576	6,323,334	477,816
IT-related Chemicals	221,061	2,843,594	247,590
Health & Crop Sciences	190,819	2,454,579	179,081
Pharmaceuticals	287,827	3,702,431	304,705
Others	37,000	475,947	33,623
	1,443,924	18,573,759	1,466,554
Operating income			
Basic Chemicals	10,873	139,864	16,849
Petrochemicals & Plastics	6,284	80,834	9,996
IT-related Chemicals	11,332	145,768	25,930
Health & Crop Sciences	17,479	224,839	16,313
Pharmaceuticals	23,243	298,984	26,321
Others	4,807	61,834	1,730
Adjustments	(15,669)	(201,557)	(17,873)
	58,349	750,566	79,266

(Note)

*1:U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥77.74= \$1 prevailing on December 31, 2011.

*2:New business segmentation is applied to consolidated financial results of the previous fiscal year.