

## **Sumitomo Chemical Reports Consolidated Financial Results For the Half-Year Ended September 30, 2012**

The Sumitomo Chemical Group's sales for the half-year ended September 30, 2012 were ¥961.4 billion, a decrease of ¥36.9 billion compared with the same period of the previous fiscal year. Operating income was ¥24.5 billion and ordinary income was ¥18.9 billion, both representing a decline from the first half of the previous fiscal year. The Group recorded a net loss of ¥13.1 billion, which also represents a deterioration from the same period of the previous fiscal year.

Sumitomo Chemical decided to pay an interim dividend of ¥6 per share.

The Sumitomo Chemical Group's financial results by business segment for the half-year were as follows.

### **Basic Chemicals**

Market prices fell for methyl methacrylate and raw materials for synthetic fibers, and shipments of these products also decreased. Sales of aluminum declined due to lower market prices. As a result, the segment's sales decreased by ¥19.5 billion from the same period of the previous fiscal year, to ¥132.9 billion, and operating income declined by ¥15.1 billion, to a loss of ¥2.6 billion.

### **Petrochemicals & Plastics**

Shipments from a sales subsidiary increased from the previous fiscal year's level, which was low due to periodical maintenance shutdowns at the manufacturing plants of Petro Rabigh in Saudi Arabia. Sales of petrochemical products and synthetic resins decreased in Singapore and Japan due to lower market prices overseas and a decline in demand at home and abroad. As a result, the segment's sales rose by ¥2.2 billion compared with the same period of the previous fiscal year, to ¥343.2 billion, but operating income decreased by ¥8.0 billion, to a loss of ¥0.2 billion.

### **IT-related Chemicals**

Shipments of polarizing film used in liquid crystal displays (LCDs) rose, but shipments of color filters declined. Sales prices of both polarizing film and color filters dropped. As a result, the segment's sales decreased by ¥4.5 billion compared with the same period of the previous fiscal year, to ¥144.0 billion, and operating income declined by ¥7.7 billion, to ¥2.4 billion.

### **Health & Crop Sciences**

In the area of crop protection chemicals, shipments of herbicides remained strong in overseas markets, but sales declined due to seasonal effects caused by a change in an overseas subsidiary's fiscal year to the end of March from the end of December. Shipments of pharmaceutical chemicals and the long-lasting insecticidal mosquito net, Olyset® Net, decreased due to lower demand. Market prices of the feed additive methionine declined. As a result, the segment's sales decreased by ¥18.7 billion compared with the same period of the previous fiscal year, to ¥119.8 billion, and operating income declined by ¥7.1 billion, to ¥7.7 billion.

### Pharmaceuticals

In Japan, despite higher sales of Avapro® (therapeutic agent for hypertension), Lonasen® (atypical antipsychotic), Trerief® (therapeutic agent for Parkinson's disease) and Metgluco® (biguanide oral hypoglycemic), overall sales declined because of the significant impact of Japanese National Health Insurance drug price revisions. In North America, shipments of Xopenex® (short-acting beta-agonist) decreased as its exclusivity expired, but overall sales rose thanks to strong shipments of Latuda® (atypical antipsychotic) and Lunesta® (sedative hypnotic), as well as a receipt of milestone payments of licensing fees. As a result, the segment's sales increased by ¥1.1 billion compared with the same period of the previous fiscal year, to ¥194.3 billion, and operating income rose by ¥7.7 billion, to ¥23.1 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 analysis. The segment's sales increased by ¥2.6 billion compared with the same period of the previous fiscal year, to ¥27.2 billion, and operating income rose by ¥0.7 billion, to ¥4.2 billion.

The Company has revised its consolidated financial forecast of fiscal 2012 announced on July 31, 2012. It now projects sales of ¥2,020.0 billion, operating income of ¥65.0 billion, ordinary income of ¥62.0 billion, and net income of ¥10.0 billion for the full year ending March 31, 2013.

The Company previously projected a year-end dividend of ¥3 per share, but no projection was made this time because of the revision to the earnings forecast for fiscal 2012. The Company will announce its year-end dividend projection after full consideration of its financial forecast for the second half of the current fiscal year and the next fiscal year that will end March 31, 2014.

For further details, please refer to today's release titled "Sumitomo Chemical Announces Variances between its Financial Forecast and Actual Results for the Half-year Ended September 30, 2012 and Revisions to its Financial Forecast and Projected Dividend for Fiscal 2012."

## Summary of Consolidated Results

### (1) Results of Operations:

	6 Months ended September 30, 2012		6 Months ended September 30, 2011
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Net sales	961,383	12,388,956	998,281
Operating income	24,481	315,477	54,035
Ordinary income	18,948	244,175	48,993
Income before income taxes and minority interests	13,634	175,696	20,636
Net loss	(13,114)	(168,995)	(2,713)
	Yen	USD*	Yen
Net loss per 1,000 shares	(8,023)	(103)	(1,660)
Dividends per 1,000 shares:			
Interim dividends	6,000	77	6,000
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Comprehensive income	(11,511)	(148,338)	4,653

### (2) Financial Position:

	As of September 30, 2012		As of March 31, 2012
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Total assets	2,341,617	30,175,477	2,336,953
Total net asset	699,435	9,013,338	720,901

### (3) Cash Flows:

	6 Months ended September 30, 2012		6 Months ended September 30, 2011
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Cash flows from operating activities	61,837	796,869	57,162
Cash flows from investing activities	(104,821)	(1,350,786)	(60,115)
Cash flows from financing activities	26,143	336,894	(2,578)
Cash and cash equivalents at end of period	131,797	1,698,415	146,383

### (4) Results of Operations by Business Segment:

	6 Months ended September 30, 2012		6 Months ended September 30, 2011
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Net sales			
Basic Chemicals	132,855	1,712,049	152,320
Petrochemicals & Plastics	343,186	4,422,500	340,993
IT-related Chemicals	144,043	1,856,224	148,588
Health & Crop Sciences	119,786	1,543,634	138,521
Pharmaceuticals	194,272	2,503,505	193,181
Others	27,241	351,044	24,678
	961,383	12,388,956	998,281
Operating income (loss)			
Basic Chemicals	(2,586)	(33,325)	12,524
Petrochemicals & Plastics	(218)	(2,809)	7,795
IT-related Chemicals	2,402	30,954	10,083
Health & Crop Sciences	7,728	99,588	14,778
Pharmaceuticals	23,129	298,054	15,456
Others	4,195	54,059	3,502
Adjustments	(10,169)	(131,044)	(10,103)
	24,481	315,477	54,035

(Note)

\*:U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥77.6= \$1 prevailing on September 30, 2012.