

Sumitomo Chemical Reports Consolidated Financial Results For the Nine Months Ended December 31, 2012

The Sumitomo Chemical Group's sales for the nine months ended December 31, 2012, were ¥1,422.3 billion, a decrease of ¥21.6 billion compared with the same period of the previous fiscal year. Operating income was ¥36.8 billion and ordinary income was ¥37.6 billion, both representing year-on-year decreases. The Group posted a net loss of ¥40.7 billion, as an additional amount was recorded as a corporate tax adjustment due to a reversal of deferred tax assets.

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

Basic Chemicals

Market prices fell for raw materials for synthetic fibers, and shipments of these products also decreased. Sales of methyl methacrylate and aluminum declined due to lower market prices. As a result, the segment's sales decreased by ¥22.0 billion from the same period of the previous fiscal year, to ¥193.7 billion, and operating income declined by ¥15.6 billion, to a loss of ¥4.8 billion.

Petrochemicals & Plastics

Shipments from a sales subsidiary increased from the previous fiscal year's level, which was low due to periodic 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 ¥13.9 billion compared with the same period of the previous fiscal year, to ¥505.5 billion, but operating income decreased by ¥7.9 billion, to a loss of ¥1.7 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 fell. Meanwhile, a newly-built touchscreen panel facility in South Korea began full-fledged operation in this 3rd quarter. As a result, the segment's sales increased by ¥0.2 billion compared with the same period of the previous fiscal year, to ¥221.3 billion, and operating income declined by ¥4.1 billion, to ¥7.2 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 ¥20.6 billion compared with the same period of the previous fiscal year, to ¥170.2 billion, and operating income declined by ¥8.6 billion, to ¥8.9 billion.

Pharmaceuticals

In Japan, shipment of Metgluco® (biguanide oral hypoglycemic) increased greatly and shipments of Avapro® (therapeutic agent for hypertension), Lonasen® (atypical antipsychotic) and Trerief® (therapeutic agent for Parkinson's disease) rose. But 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 gradually increasing sales of Latuda® (atypical antipsychotic) and a receipt of milestone payments of licensing fees. As a result, the segment's sales increased by ¥4.6 billion compared with the same period of the previous fiscal year, to ¥292.4 billion, and operating income rose by ¥14.0 billion, to ¥37.3 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 ¥2.2 billion compared with the same period of the previous fiscal year, to ¥39.2 billion, and operating income rose by ¥1.0 billion, to ¥5.8 billion.

The Company has revised its consolidated financial forecast for fiscal 2012, previously announced on October 31, 2012. The forecast has been revised downward to sales of ¥1,970.0 billion, operating income of ¥50.0 billion, ordinary income of ¥45.0 billion, and a net loss of ¥50.0 billion.

The Company regrets that it will not pay a year-end dividend as it is expected to post a large net loss for the full year. As a result, the Company's annual dividend will be ¥6 per share for the current fiscal year.

For further details, please refer to today's release titled "Sumitomo Chemical Announces Revisions to its Financial Forecast and Projected Dividend for Fiscal 2012 and an Extraordinary Loss and Reversal of Deferred Tax Assets."

Summary of Consolidated Results

(1) Results of Operations:

	9 Months ended December 31, 2012		9 Months ended December 31, 2011
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Net sales	1,422,311	16,427,708	1,443,924
Operating income	36,786	424,879	58,349
Ordinary income	37,597	434,246	48,478
Income before income taxes and minority interests	29,680	342,804	16,940
Net loss	(40,693)	(470,005)	(11,337)
	Yen	USD*	Yen
Net loss per 1,000 shares	(24,894)	(288)	(6,936)
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Comprehensive income	(27,675)	(319,647)	(40,193)

(2) Financial Position:

	As of December 31, 2012		As of March 31, 2012
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Total assets	2,357,737	27,231,890	2,336,953
Total net asset	672,681	7,769,473	720,901

(3) Cash Flows:

	9 Months ended December 31, 2012		9 Months ended December 31, 2011
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Cash flows from operating activities	70,043	808,997	102,419
Cash flows from investing activities	(138,096)	(1,595,010)	(95,626)
Cash flows from financing activities	42,785	494,167	(2,478)
Cash and cash equivalents at end of period	122,519	1,415,096	151,373

(4) Results of Operations by Business Segment:

	9 Months ended December 31, 2012		9 Months ended December 31, 2011
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Net sales			
Basic Chemicals	193,674	2,236,937	215,641
Petrochemicals & Plastics	505,510	5,838,646	491,576
IT-related Chemicals	221,286	2,555,856	221,061
Health & Crop Sciences	170,248	1,966,366	190,819
Pharmaceuticals	292,431	3,377,581	287,827
Others	39,162	452,322	37,000
	1,422,311	16,427,708	1,443,924
Operating income (loss)			
Basic Chemicals	(4,756)	(54,932)	10,873
Petrochemicals & Plastics	(1,659)	(19,161)	6,284
IT-related Chemicals	7,227	83,472	11,332
Health & Crop Sciences	8,912	102,934	17,479
Pharmaceuticals	37,250	430,238	23,243
Others	5,774	66,690	4,807
Adjustments	(15,962)	(184,361)	(15,669)
	36,786	424,879	58,349

(Note)

*:U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥86.58= \$1 prevailing on December 31, 2012.