

Summary of Financial Results for the Second Quarter of Fiscal Year 2008 Ending March 31, 2009

October 28, 2008

Company Name: Sekisui Chemical Co., Ltd.
 Stock Listings: Tokyo Stock Exchange, Osaka Securities Exchange
 Code Number: 4204
 URL: http://www.sekisui.co.jp
 Representative Director: Mr. Naotake Okubo, President
 Inquiries: Mr. Shuichi Shino, General Manager, Corporate Communication Dept.
 TEL: +81-3- 5521-0522
 Scheduled date for submission of financial statement: November 14, 2008
 Scheduled date for payment of dividends: December 5, 2008

(Figures rounded down to the nearest million yen)

1. Consolidated Business Results for the First Half (April 1, 2008 to September 30, 2008)

(1) Consolidated Business Results (% change from the previous year)

	Net Sales		Operating Income		Recurring Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1st Half of FY2008	472,926	-	18,282	-	19,185	-	9,489	-
1st Half of FY2007	467,843	7.0	17,869	-6.9	18,545	-10.5	17,893	91.1

	Net Income per Share	Net Income per Share (Diluted)
	yen	yen
1st Half of FY2008	18.06	18.06
1st Half of FY2007	33.93	33.91

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	yen
2nd Q of FY2008	795,675	370,712	45.4	687.03
FY2007	782,859	368,919	45.8	683.11

(Note)Shareholders' Equity September 30, 2008: 361,006million yen March 31, 2008: 358,917million yen

2. Dividend Status

(Date of Record)	Dividend Per Share				
	At the end of 1st Q, FY2008	At Midterm	At the end of 3rd Q, FY2008	Year-end	Full year
	yen	yen	yen	yen	yen
FY2007	-	7.00	-	8.00	15.00
FY2008	-	7.00	-	8.00	15.00
FY2008 (outlook)	-	7.00	-	8.00	15.00

(Note)Revision of dividend estimates in the second quarter: No

3. Consolidated Outlook for FY 2008 (Apr 1, 2008-March 31, 2009)

(% change from the previous year)

	Net Sales		Operating Income		Recurring Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full Year	996,000	3.9	47,500	10.5	46,000	19.3	23,000	-5.4	43.77

(Note)Revision of consolidated earnings estimates in the second quarter: Yes

4. Other

(1) Significant change of subsidiary companies during the term (change of specified subsidiaries that affected the scope of consolidated reporting): No

(2) Application of simplified accounting methods or specialized methods for quarterly consolidated financial statements: Yes

Note: Please see “4. Other” in the Qualitative Information and Financial Statements (page6) for further details

(3) Changes in accounting principles, methods or reporting methods affecting the production of the consolidated financial statement (fundamental changes in main reported item for the production of the consolidated financial statement)

a) Changes caused by revisions to accounting principles: Yes

b) Changes other than a): Yes

Note: Please see “4. Other” in the Qualitative Information and Financial Statements (page6) for further details

(4) Number of shares outstanding (common stock)

a) Number of shares outstanding at the end of term (including treasury stock)	2nd Q of FY2008	539,507,285 shares
	FY2007	539,507,285 shares
b) Treasury stock at the end of term	2nd Q of FY2008	14,048,152 shares
	FY2007	14,088,433 shares
c) Average outstanding shares in the period (quarterly consolidated cumulative total):	2nd Q of FY2008	525,446,940 shares
	2nd Q of FY2007	527,378,054 shares

Note: An explanation the application of these changes to the results forecasts is presented in the section on Other Items.

1. Consolidated forecast figures presented in this report for the full fiscal year 2008 represent revisions to the previous forecast figures announced on April 28, 2008.
2. Forecasts and other forward-looking statements appearing in this report are based on company judgements formed from available information. Changing conditions in a variety of areas may cause substantial differences in the actual results. For a discussion of the assumptions and relevant notes, please see the Consolidated Earnings Forecast section of the Consolidated Financial Position report on page 6.
3. Effective the year ending March 31, 2009, the Company and its domestic consolidated subsidiaries have adopted the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan (“ASBJ”) Statement No. 12) and Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). The quarterly consolidated financial statements are prepared in line with the Accounting Principles for Quarterly Financial Statements.

(Qualitative Information and Financial Review)

1. Consolidated Business Results

1) Overview of Conditions in the First Half of Fiscal 2008 (April 1, 2008, to September 30, 2008)

Business conditions deteriorated in the first half of fiscal 2008 largely owing to the pressure that soaring raw materials prices put on profits and weakening demand amid the economic slowdown in Japan and overseas. In these conditions, Sekisui Chemical achieved growth in sales and income driven by the Company's improved operating efficiency and the ongoing recovery in housing orders begun in the previous term along with continuing solid performances in its strategic and overseas businesses.

Aggressive strategic investment for the development of the growth frontiers during the term expanded our business presence in strategic business fields and advanced the establishment of business infrastructures, particularly for our overseas operations.

2) Business Results by Company (April 1, 2008, to September 30, 2008)

Housing

The Housing Company posted sales growth in the first half on ongoing steady orders in the new home construction business and solid sales in the living environment business. Profit increased following the improved operating efficiency achieved in the previous fiscal year.

In the new home construction business, we focused on expanding orders by differentiating the environment and high-performance features of our products and releasing new products in April and May in the price-volume zone targeting first-time homebuyers.

In response to current consumer trends to establish some security for their lifestyles in the growing concern about financial stability and inflation, we conducted the Sunshine Heim Campaign from April to August to promote installation of solar power systems and highlight the efficiency of the environmental and economical features of our products.

In the living environment business, sales in the housing reform business increased from the fortified operations resulting from our staff education and training efforts and expanding sales of core commercial products, such as kitchen and bath facilities.

Urban Infrastructure and Environmental Products

The UIEP Company maintained sales at roughly the same level as a year earlier by overcoming the slow recovery in housing construction starts after the revisions to the Building Standard Law and dwindling demand amid the economic downturn by forging new business affiliations and generating strong results in growth businesses overseas. Profits declined, however, from the impact of soaring raw material prices.

The UIEP Company continued to confront stiff business conditions in Japan as further rises in raw materials prices outpaced efforts to transfer the increased production costs to the product prices of our PVC pipes and other core products. In response to the increasing severity of market conditions, we reformed the structure of our operations including reorganizing the business structure and redistributed staff to focus on our growth fields.

In overseas operations, we finalized the acquisition of Chevalier Pipe Technologies (CPT) G.m.b.H. in July. CPT is a leading pipe restoration company in Europe, and the acquisition gives us a strong business base for becoming the top pipe restoration company in the world. In the reinforced plastic pipe business, we established the joint venture company LLC Sumi-Lon in St. Petersburg in June as a local base for expanding sales in the rapidly expanding market for reinforced plastic pipe in Russia.

High Performance Plastics

The HPP Company continued posting solid results in the strategic automotive, IT, and medical fields and boosted sales during the term while profits declined from the impact of the high raw material prices.

In the automotive field, sales for interlayer films for glass continued rising, particularly in Europe and the United States, buoyed by the expanding production capacity begun in fiscal 2006, but efforts to increase profits were undermined by the steep rises in raw material prices.

Anticipating strong demand growth in Asia, in July we committed ¥10 billion to reinforcing production bases in China and Japan to establish firm bases for business expansion and increase production capacity of new products and high-performance interlayer films for the region.

In the IT field, we increased sales for adhesive materials and optical films amid deteriorating conditions in the liquid-crystal panel market. Anticipating strong demand growth in the medium and long term, we commenced construction of the Taga Plant in October with completion scheduled for January 2010.

Enhanced business selectivity and focus in the medical field combined with strong pharmacokinetics business led to increased sales in the medical field.

The company launched full-fledged overseas business development in August with the acquisition of XenoTech, LLC, of the United States, a leading company in the in vitro metabolism field. (In vitro metabolism is evaluation testing of reactions to chemical compound by humans or animals to determine whether the recipient is a candidate for a specific drug.)

For reference, qualitative data is presented for comparison with the results of the first half of fiscal 2008.

2. Consolidated Financial Position

1) Financial Position (April 1, 2008, to September 30, 2008)

At the end of the first half of fiscal 2008, total assets amounted to ¥795.6 billion, representing an increase of ¥12.8 billion from the end of fiscal year 2007. Current assets increased ¥1.3 billion and fixed assets increased ¥11.4 billion, primarily on an increase in lease assets.

Liabilities increased ¥11.0 billion to ¥424.9 billion from the end of the previous fiscal year largely due to increased lease obligations.

Net assets increased ¥1.7 billion to ¥370.7 billion from the end of fiscal year 2007 from an increase in retained earnings after deducting dividends and other payments and a decrease in valuation and translation adjustments. Equity after deducting minority interest from net assets amounted to ¥361.0 billion. The equity ratio was 45.4%.

2) Cash Flow (April 1, 2008, to September 30, 2008)

Net cash provided by operating activities increased to ¥27.4 billion yen. Cash inflows included ¥15.3 billion in income before income taxes and minority interests, ¥17.6 billion in depreciation and amortization, and a decrease of ¥6.7 billion in working capital. The primary cash outflow was ¥10.8 billion in income taxes paid.

Net cash used in investing activities decreased to ¥21.1 billion. The decline was primarily due to aggressive investments including ¥11.9 billion to acquire tangible fixed assets focused on strategic areas and growth fields and ¥10.2 billion to acquire subsidiary stock, including XenoTech, LLC and Chevalier Pipe Technologies G.m.b.H.

Net cash provided by financing activities decreased to ¥4.9 billion, primarily due to dividend payments amounting to ¥4.3 billion.

The result was cash and cash equivalents totaling ¥31.1 billion at the end of the first half of fiscal 2008.

3. Consolidated Earnings Forecast

Our consolidated performance forecast for the full-year fiscal 2008 anticipates a strong increase in sales from a second-half rebound in housing orders and our expanded operations in strategic growth fields. At the same time, we expect weakening overall demand owing to the worldwide financial instability and high raw materials prices to continue to put pressure on our profit performance.

Based on this forecast, we have revised our full-year fiscal 2008 consolidated results forecast from those announced on April 28, 2008. Our revised forecasts are as follows:

(Unit: Millions of yen)

	Revised Forecast	Previous forecast (April 28, 2008)
Net sales	996,000	989,000
Operating income	47,500	54,000
Ordinary income	46,000	53,000
Net income	23,000	27,000
Net income per share (Yen)	43.77	51.39

4. Other

1) Significant changes in subsidiaries during the term (changes in specific subsidiaries involving changes in the scope of consolidation)

No significant changes in subsidiaries during the term under review.

2) Application of simplified accounting methods and special accounting methods in the preparation of the consolidated financial statement for the first quarter

Special accounting methods have been applied in the preparation of the consolidated financial statement for the first quarter

The tax rate used in the consolidated financial statement for the current fiscal year including the half-year term under review is a reasonable estimate based on the estimated effective tax rate after applying tax effect accounting to income before income taxes and minority interests for the full year and for the quarter under review.

Deferred income taxes are included in the income tax amount.

3) Changes in accounting principles, methods or reporting methods affecting the production of the consolidated financial statement

Change in accounting standards

Effective the year ending March 31, 2009, the Company and its domestic consolidated

subsidiaries have adopted the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan (“ASBJ”) Statement No. 12) and Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). The quarterly consolidated financial statements are prepared in line with the Accounting Principles for Quarterly Financial Statements.

3-1) Changes caused by revisions to accounting principles

Effective the year ending March 31, 2009, the Company and its domestic consolidated subsidiaries have adopted the Practical Issues Task Force (PITF) No. 18 Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (issued May 17, 2006) and have made necessary adjustments in the consolidation financial statements.

These revisions had a minimal effect on the consolidated financial statements and segment information.

3-2) Other Changes

a) Regarding title transfer of finance lease transactions, the Company had previously followed accounting practices based the rental transactions accounting methods. Effective the year ending March 31, 2009, the Company is utilizing the Accounting Standard for Lease Transactions (Statement No.13) and the Guidance on Accounting Standard for Lease Transactions (Guidance No.16) and common sales transaction accounting practices. These changes had the effect of increasing operating income by ¥18.1 million, ordinary income by ¥10.2 million, and income before income taxes and minority interests by ¥67 million in the half-year period under review.

These revisions had a minimal effect on the segment information.

b) The consolidated financial statements for the first half of fiscal year 2008 are prepared in accordance with the Regulation for Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No. 64, 2007)

The consolidated financial statements for the second quarter (July 1 to September 30, 2008) of fiscal year 2008 are prepared in accordance with the Regulation for Quarterly Consolidated Financial Statements following amendment to the conditional clause Article 7, Paragraph 1, Item 5 of the supplementary provision to the Cabinet Office Ordinance regarding partial amendment to the Regulation for Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No. 50, August 7, 2008).

5. Consolidated Financial Statement (First Half, Fiscal Year 2008)

(1) Consolidated Balance Sheets

	(Millions of Yen)	
	End First Half, Fiscal 2008	End Fiscal Year 2007, Condensed Consolidated Balance Sheet
	As of September. 30, 2008	As of March. 31, 2008
(Assets)		
Current Assets		
Cash and deposits	31,478	30,280
Trade notes receivable	46,069	55,515
Accounts receivable	110,856	112,929
Securities	1	29
Product inventories	42,892	41,595
Subdivision land	25,374	24,355
Work in progress	35,920	32,456
Raw materials	20,418	17,811
Advances	1,246	2,214
Prepaid expenses	2,279	2,057
Deferred tax assets	11,974	11,410
Short-term loans	1,123	897
Other	14,951	12,252
Allowance for doubtful accounts	-780	-1,356
Total current assets	343,806	342,450
Fixed assets		
Tangible fixed assets		
Buildings & structures, net	86,946	89,137
Machinery, equipment and tools, net	68,330	69,731
Land	68,735	68,880
Leased assets (net value)	10,476	-
Construction in progress	7,690	7,450
Other (net)	7,596	8,266
Total tangible fixed assets	249,776	243,466
Intangible fixed assets		
Goodwill	19,579	20,176
Software	4,084	4,244
Leased assets	315	-
Other	2,487	3,016
Total intangible assets	26,466	27,437
Investments and other assets		
Investment securities	139,814	133,172
Long-term loans	1,188	1,006
Long-term prepaid expenses	1,235	1,440
Deferred income taxes	24,018	23,929
Other	10,687	11,278
Allowance for doubtful accounts	-1,319	-1,320
Total investment and other assets	175,624	169,506
Total fixed assets	451,868	440,409
Total assets	795,675	782,859

(Millions of Yen)

	End First Half, Fiscal 2008	End Fiscal Year 2007, Condensed Consolidated Balance Sheet
	As of September. 30, 2008	As of March. 31, 2008
(Liabilities)		
Current liabilities		
Trade notes payable	12,397	14,141
Accounts payable	124,019	118,937
Short-term loans	30,112	34,478
Commercial paper	6,000	-
Lease obligation	4,970	-
Accrued expenses	27,678	30,200
Accrued income taxes	6,765	11,661
Deferred tax liabilities	148	258
Provision for bonuses	12,338	13,009
Provision for directors' bonuses	-	299
Provision for compensation for completed constructions	986	996
Advances received	41,555	34,139
Other	33,598	34,613
Total current liabilities	300,572	292,736
Fixed liabilities		
Bonds	15,510	15,608
Long-term loans	42,792	42,011
Lease obligation	6,288	-
Deferred tax liabilities	2,748	2,655
Provision for retirement allowances	51,627	54,575
Other	5,422	6,353
Total fixed liabilities	124,390	121,203
Total liabilities	424,962	413,940
(Net assets)		
Shareholders' equity		
Common stock	100,002	100,002
Capital surplus	109,342	109,367
Retained earnings	159,327	154,073
Treasury stock	-10,808	-10,844
Total shareholders' equity	357,864	352,599
Revaluation and translation adjustments		
Unrealized holding gain on securities	-895	-933
Unrealized gain on land revaluation	217	217
Foreign currency translation adjustments	3,819	7,033
Total revaluation and translation adjustments	3,141	6,317
Share subscription rights	315	237
Minority shareholders' interests	9,391	9,764
Total net assets	370,712	368,919
Total liabilities, net assets	795,675	782,859

(2) Consolidated Profit and Loss Statement
 (First Half, Fiscal Year 2008)

(Millions of Yen)

	First Half, Fiscal 2008 (From April.1, 2008 to September. 30, 2008)
Net sales	472,926
Cost of sales	343,640
Gross income	129,285
Selling, general & administrative expenses	111,003
Operating Income	18,282
Non-operating income	
Interest income	638
Dividend income	2,020
Investment income by equity method	533
Foreign exchange gain (net)	435
Miscellaneous income	1,332
Total non-operating income	4,960
Non-operating expenses	
Interest expenses	1,068
Interest on Commercial Paper	13
Sales discounts	163
Miscellaneous expenses	2,811
Total non-operating expenses	4,057
Recurring income	19,185
Extraordinary expenses	
Structural improvement expenses	2,793
Loss on Valuation of Equity Securities for Nonconsolidated and Affiliates	453
Loss on sales or disposal of property, plant and equipment	560
Total extraordinary expenses	3,807
Income (loss) before income taxes and minority interests	15,378
Income taxes	5,527
Minority interests	360
Net income/loss	9,489

(2) Consolidated Profit and Loss Statement
(Second Quarter, Fiscal Year 2008)

(Millions of Yen)

	Second Quarter, Fiscal 2008 (From July. 1, 2008 to September. 30, 2008)
Net sales	267,727
Cost of sales	193,753
Gross income	73,974
Selling, general & administrative expenses	55,314
Operating Income	18,659
Non-operating income	
Interest income	343
Dividend income	906
Investment income by equity method	473
Miscellaneous income	785
Total non-operating income	2,510
Non-operating expenses	
Interest expenses	545
Interest on Commercial Paper	7
Sales discounts	84
Foreign exchange loss (net)	386
Miscellaneous expenses	1,401
Total non-operating expenses	2,425
Recurring income	18,744
Extraordinary expenses	
Structural improvement expenses	767
Loss on Valuation of Equity Securities for Nonconsolidated and Affiliates	453
Loss on sales or disposal of property, plant and equipment	402
Total extraordinary expenses	1,623
Income (loss) before income taxes and minority interests	17,120
Income taxes	3,968
Minority interests	183
Net income/loss	12,968

(3) Consolidated Statements of Cash Flows

	(Millions of Yen)
	First Half, Fiscal 2008 (From April.1, 2008 to September. 30, 2008)
Operating activities	
Income (loss) before income taxes and minority interests	15,378
Depreciation and amortization	17,676
Goodwill amortization	1,017
Loss on sales or disposal of property, plant and equipment	464
Loss on sales of marketable and investment securities	98
Decrease in allowance for retirement benefits	-2,903
Interest and dividend income	-2,659
Interest expense	1,245
Equity in earnings of affiliates	-533
Decrease in accounts receivable	10,666
Increase in inventories	-9,001
Increase in account payable	1,211
Increase in advances received	7,419
Other	-3,563
Subtotal	<u>36,517</u>
Interest and dividends received	2,964
Interest paid	-1,225
Income taxes paid	-10,850
Net cash (used in) provided by operating activities	<u>27,406</u>
Investing activities	
Purchases of property, plant and equipment	-11,929
Proceeds from sales of property, plant and equipment	694
Purchases of investment securities	-3,438
Proceeds from sales or redemption of investment securities	5,129
Payments for acquisition of shares of subsidiaries	-10,257
Purchases of intangible assets	-942
Purchases of long-term prepaid expenses	-395
Increase in short-term loans	-387
Purchases of long-term loans	-224
Proceeds from recovery of long-term loans	45
Other	563
Net cash (used in) provided by investing activities	<u>-21,140</u>
Financing activities	
Proceeds from short-term loans	-1,299
Payment for return of finance leases	-3,061
Net increase in commercial paper	6,000
Proceeds from long-term loans	4,187
Repayment of long-term loans	-6,421
Dividends paid	-4,202
Cash dividends paid to minority shareholders of consolidated subsidiaries	-110
Purchase of treasury stock	-34
Other	26
Net cash used in financing activities	<u>-4,915</u>
Effect of exchange rate changes on cash and cash equivalents	<u>-463</u>
Net increase in cash and cash equivalents	<u>886</u>
Cash and cash equivalents at beginning of term	29,852
Increase in cash and cash equivalents resulting from additional consolidation of subsidiaries	363
Cash and cash equivalents at end of term	<u>31,103</u>

Sekisui Chemical (4204) Summary of Financial Results for the Second Quarter of Fiscal Year 2008 Ending March 31, 2009

Effective the year ending March 31, 2009, the Company and its domestic consolidated subsidiaries have adopted the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 12) and “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 14). The quarterly consolidated financial statements are prepared in line with the accounting principles for quarterly financial statements.

(4) Notes on Conditions for Going Concern

Not applicable.

(5) Segment Information

Business segments

Consolidated Second Quarter, Fiscal 2008 (July. 1, 2008 to September. 30, 2008)

(Millions of Yen)

	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Other Business	Total	Eliminations or Unallocatable Accounts	Consolidated
I. Net sales:							
(1)To third parties	128,638	58,270	70,170	10,646	267,727	-	267,727
(2)Intersegment	33	3,300	2,019	1,600	6,954	(6,954)	-
Total	128,672	61,571	72,190	12,247	274,681	(6,954)	267,727
Operating income (loss)	11,539	1,454	5,959	-136	18,816	(157)	18,659

Consolidated First Half, Fiscal 2008 (April. 1, 2008 to September. 30, 2008)

(Millions of Yen)

	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Other Business	Total	Eliminations or Unallocatable Accounts	Consolidated
I. Net sales:							
(1)To third parties	211,862	103,191	137,431	20,440	472,926	-	472,926
(2)Intersegment	42	5,970	3,732	2,529	12,274	(12,274)	-
Total	211,904	109,162	141,164	22,969	485,201	(12,274)	472,926
Operating income (loss)	8,630	-290	10,691	-576	18,455	(173)	18,282

Sekisui Chemical (4204) Summary of Financial Results for the Second Quarter of Fiscal Year 2008 Ending March 31, 2009

Geographical Segments

Consolidated Second Quarter, Fiscal 2008 (July. 1, 2008 to September. 30, 2008)

(Millions of Yen)

	Japan	U.S.	Europe	Asia	Others	Total	Eliminations or unallocatable accounts	Consolidated
I. Net sales:								
(1)To third parties	233,141	9,193	11,142	12,991	1,257	267,727	-	267,727
(2)Intersegment	8,122	277	59	794	25	9,279	(9,279)	-
Total	241,264	9,470	11,202	13,786	1,282	277,006	(9,279)	267,727
Operating income (loss)	15,321	540	1,425	602	118	18,008	650	18,659

Consolidated First Half, Fiscal 2008 (April. 1, 2008 to September. 30, 2008)

(Millions of Yen)

	Japan	U.S.	Europe	Asia	Others	Total	Eliminations or unallocatable accounts	Consolidated
I. Net sales:								
(1)To third parties	405,174	17,864	22,744	24,845	2,297	472,926	-	472,926
(2)Intersegment	15,433	602	134	1,524	40	17,737	(17,737)	-
Total	420,608	18,467	22,878	26,370	2,338	490,663	(17,737)	472,926
Operating income (loss)	12,734	804	2,659	1,192	189	17,580	701	18,282

Overseas net sales

Consolidated Second Quarter, Fiscal 2008 (July. 1, 2008 to September. 30, 2008)

	U.S.	Europe	Asia	Others	Total
I.Overseas net sales (millions of yen)	10,690	13,199	16,664	1,343	41,898
II.Consolidated net sales (millions of yen)					267,727
III.Overseas net sales as a ratio of consolidated net sales (%)	4.0	4.9	6.2	0.5	15.6

Consolidated First Half, Fiscal 2008 (April. 1, 2008 to September. 30, 2008)

	U.S.	Europe	Asia	Others	Total
I.Overseas net sales (millions of yen)	20,483	25,904	31,881	2,475	80,745
II.Consolidated net sales (millions of yen)					472,926
III.Overseas net sales as a ratio of consolidated net sales (%)	4.3	5.5	6.7	0.5	17.1

(6) Significant Change in Shareholder Equity

No significant change.

Reference Materials

Financial Statement for First Half, Fiscal 2007

(1) Consolidated Profit and Loss Statement

First Half, Fiscal 2007 (April. 1, 2007 to September. 30, 2007)

(Millions of Yen)

Item	Midterm Result First Half, Fiscal 2007		
	Amount	%	
I. Net sales		467,843	100.0
II. Cost of sales		333,548	71.3
Gross income		134,294	28.7
III. Selling, general & administrative expenses		116,425	24.9
Operating Income		17,869	3.8
IV. Non-operating income			
1. Interest income	602		
2. Dividend income	2,423		
3. Miscellaneous income	2,038	5,063	1.1
V. Non-operating expenses			
1. Interest expenses	964		
2. Discount on Commercial Paper	12		
3. Sales discounts	155		
4. Investment loss by equity method	476		
5. Miscellaneous expenses	2,778	4,387	0.9
Recurring Income		18,545	4.0
VI. Extraordinary income			
1. Gain on change in equity	23,134		
2. Proceeds from business transfer	478	23,612	5.0
VII. Extraordinary expenses			
1. Structural improvement expenses	6,895		
2. Loss on revaluation of inventories	3,069		
3. Loss on sales or disposal of property, plant and equipment	1,026	10,991	2.3
Income before income taxes and minority interests		31,167	6.7
Income taxes		13,130	2.8
Minority interests		143	0.0
Net income		17,893	3.8

(2) Consolidated Statements of Cash Flows

Financial Statement for First Half, Fiscal 2007 (April. 1, 2007 to September. 30, 2007)

(Millions of Yen)

	Midterm Result First Half, Fiscal 2007
I. Operating activities	
1. Income before income taxes and minority interests	31,167
2. Depreciation and amortization	13,763
3. Gain on change in equity	-23,134
4. Loss on sales or disposal of property, plant and equipment	1,026
5. Decrease in allowance for retirement benefits	-3,345
6. Interest and dividend income	-3,025
7. Interest expense	1,132
8. Equity in earnings of affiliates	476
9. Decrease in accounts receivable	8,712
10. Increase in inventories	-1,387
11. Decrease in account payable	-2,741
12. Increase in advances received	-1,800
13. Other	1,604
Subtotal	22,448
14. Interest and dividends received	3,272
15. Interest paid	-1,159
16. Income taxes paid	-11,540
Net cash (used in) provided by operating activities (1)	13,021
II. Investing activities	
1. Purchases of property, plant and equipment	-19,326
2. Proceeds from sales of property, plant and equipment	378
3. Purchases of investment securities	-441
4. Proceeds from sales or redemption of investment securities	53,377
5. Proceeds from sales of investments in subsidiaries	1,381
6. Acquisition of a business	-5,780
7. Acquisition of shares from minority interests in consolidated subsidiaries	-211
8. Purchases of intangible assets and long-term prepaid expenses	-1,102
9. Decrease in short-term loans, net	85
10. Purchases of long-term loans	-11
11. Proceeds from recovery of long-term loans	20
12. Other	1,186
Net cash (used in) provided by investing activities (2)	29,556
III. Financing activities	
1. Increase in short-term debt, net	2,284
2. Net decrease in commercial paper	-3,000
3. Proceeds from long-term loans	10,406
4. Repayment of long-term loans	-26,521
5. Repayment of bonds	-10,000
6. Dividends paid	-4,241
7. Cash dividends paid to minority shareholders of consolidated subsidiaries	-185
8. Purchases of treasury stock	4
9. Proceeds from sales of treasury stock	-4,704
10. Other	-390
Net cash used in financing activities (3)	-36,348
IV. Effect of exchange rate changes on cash and cash equivalents(4)	834
V. Net increase in cash and cash equivalents (1)+(2)+(3)+(4)	7,063
VI. Cash and cash equivalents at beginning of term	25,968
VII. Increase in cash and cash equivalents resulting from additional consolidation of subsidiaries	1,697
VIII. Decrease in cash and cash equivalents due to exclusion in consolidation of subsidiaries	-20
IX. Cash and cash equivalents at end of term	34,709

Sekisui Chemical (4204) Summary of Financial Results for the Second Quarter of Fiscal Year 2008 Ending March 31, 2009

(3)Segment Information

Business segments

First Half, Fiscal 2007 (April 1, 2007 to September 30, 2007)

(Millions of Yen)

	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Other Business	Total	Eliminations or Unallocatable Accounts	Con- solidated
I. Net sales:							
(1)To third parties	210,707	103,190	133,593	20,351	467,843	-	467,843
(2)Intersegment	126	5,764	3,678	2,735	12,304	(12,304)	-
Total	210,834	108,954	137,272	23,087	480,148	(12,304)	467,843
Operating income (loss)	6,206	1,430	11,555	-1,171	18,020	(150)	17,869

Change in Accounting Methods

1) Change to the Valuation Standard and Valuation Method for Inventory Assets

The application of the Financial Accounting Standards for Valuation of Inventory Assets, compared with the previously used method, resulted in increases in operating expenses of ¥8 million for the Housing Company, ¥184 million for the Urban Infrastructure & Environmental Products Company, ¥60 million for the High Performance Plastics Company, and ¥23 million for Others and equivalent declines in operating profit for each company for the consolidated interim accounting period.

2) Change in the Depreciation Method for Property, Plant and Equipment

The application of a revised depreciation method for property, plant and equipment, compared with the previously used method, resulted in increases in operating expenses of ¥166 million for the Housing Company, ¥440 million for the Urban Infrastructure & Environmental Products Company, ¥452 million for the High Performance Plastics Company, ¥84 million for Others, and ¥7 million in eliminations or unallocable accounts and equivalent declines in operating profit.

Geographical Segments

First Half, Fiscal 2007 (April 1, 2007 to September 30, 2007)

(Millions of Yen)

	Japan	U.S.	Europe	Asia	Others	Total	Eliminations or unallocatable accounts	Con- solidated
I. Net sales:								
(1)To third parties	404,150	16,756	20,270	24,674	1,990	467,843	-	467,843
(2)Intersegment	15,274	539	881	1,066	36	17,798	(17,798)	-
Total	419,425	17,295	21,152	25,741	2,027	485,642	(17,798)	467,843
Operating income (loss)	12,232	1,591	2,145	1,597	157	17,724	144	17,869

Change in Accounting Methods

1) Change to the Valuation Standard and Valuation Method for Inventory Assets

The application of the Accounting Standards for Valuation of Inventory Assets resulted in a ¥277 million increase in operating expenses and an equivalent decline in operating profit in Japan for the consolidated interim accounting period compared with the previously used method.

2) Change in the Depreciation Method for Property, Plant and Equipment

The application of the revised depreciation method for property, plant and equipment resulted in a ¥1,145 million increase in operating expenses and ¥7 million increase in eliminations or unallocable accounts accompanied by equivalent declines in operating profit in Japan for the consolidated interim accounting period compared with the previously used method.

Overseas net sales

First Half, Fiscal 2007 (April 1, 2007 to September 30, 2007)

	U.S.	Europe	Asia	Others	Total
I.Overseas net sales (millions of yen)	19,297	22,121	31,320	2,202	74,941
II.Consolidated net sales (millions of yen)					467,843
III.Overseas net sales as a ratio of consolidated net sales (%)	4.1	4.7	6.7	0.5	16.0