

Summary of Financial Results for the First Quarter of Fiscal Year 2009 Ending March 31, 2010

July 30, 2009

Company Name: Sekisui Chemical Co., Ltd.
 Stock Listings: Tokyo Stock Exchange, Osaka Securities Exchange
 Code Number: 4204
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 Scheduled date for submission of financial statement: August 11, 2009

(Figures rounded down to the nearest million yen)

1. Consolidated Business Results for the First Quarter (April 1, 2009 to June 30, 2009)

(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 Q of FY2009	169,509	-17.4	-5,593	-	-7,440	-	-7,079	-
1st Q of FY2008	205,199	-	-377	-	441	-	-3,478	-

	Net Income per Share	Net Income per Share (Diluted)
	yen	yen
1st Q of FY2009	-13.48	-
1st Q of FY2008	-6.62	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	yen
1st Q of FY2009	777,595	336,969	42.2	624.66
FY2008	756,450	330,721	42.6	612.93

(Note) Shareholders' Equity June 30, 2009: 328,154 million yen March 31, 2009: 322,000 million yen

2. Dividend Status

(Date of Record)	Dividend Per Share				
	At the end of 1st Q, FY2009	At Midterm	At the end of 3rd Q, FY2009	Year-end	Full year
	yen	yen	yen	yen	yen
FY2008	-	7.00	-	3.00	10.00
FY2009	-	-	-	-	-
FY2009 (outlook)	-	5.00	-	5.00	10.00

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

3. Consolidated Outlook for FY 2009 (April 1, 2009-March 31, 2010)

(% 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
Mid Term	406,000	-14.2	3,000	-83.6	3,000	-84.4	-2,000	-	-3.81
Full Year	860,000	-7.9	27,500	-18.1	24,500	-16.8	10,000	887.1	19.04

(Note) Revision of consolidated earnings estimates in the first quarter: No

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): No

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)	1st Q of FY2009	539,507,285 shares
	FY2008	539,507,285 shares
b) Treasury stock at the end of term	1st Q of FY2009	14,173,230 shares
	FY2008	14,161,865 shares
c) Average outstanding shares in the period (quarterly consolidated cumulative total):	1st Q of FY2009	525,341,283 shares
	1st Q of FY2008	525,426,116 shares

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

1. The Company's consolidated forecast figures for the first half and full fiscal year remains unchanged from the announcement April 27, 2009.
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 4.

Qualitative Information and Financial Review

1. Consolidated Business Results

1) Overview of Conditions Through the First Quarter of Fiscal 2009 (April 1, 2009, to June 30, 2009)

Sekisui Chemical's performance results for the first quarter of fiscal 2009 included declines in consolidated sales and income owing primarily to stagnant demand in the weak economic conditions. The conditions led to sales declines in the new housing construction, PVC pipe and other the domestic demand-led core businesses as well as in the automotive, IT, and other segments.

Sales were brisk in the medical products business, and sales and overall business expanded for the pipeline renewal, water supply polyethylene pipes, and other public infrastructure-related operations.

Initiatives to fortify strategic businesses included the acquisition of an operation producing polyvinyl alcohol (PVA) resin, a raw material used in interlayer film for laminated glass.

2) Business Results by Company (April 1, 2009, to June 30, 2009)

Housing

Housing Company sales and income declined year on year in the first quarter. The rapid deterioration in the housing construction business conditions that commenced in the second half of fiscal 2008 continued in the first quarter of fiscal 2009, and orders for new home construction fell substantially below the level in the same quarter of the previous year. Backed by subsidies and other economic incentives offered by the national and local governments, marketing campaigns promoting the environmental, economical, and high-performance features of our homes successfully increased the ratio of houses sold with high-performance options, such as solar power generation systems and Warm Airy technology.

In the living environment business, the fortified operating structure in the housing reform business and staff education and training efforts to expand sales of selected sales materials generated strong growth in orders for solar power generation systems and year-on-year growth in overall orders.

Nevertheless, the slump in new home construction orders in the second half of the previous fiscal year led to a sharp drop in the new home construction order backlog at the start of the first quarter, resulting in new home construction sales falling significantly below the year-earlier level.

Urban Infrastructure and Environmental Products

UIEP Company revenues were down sharply both in Japan and overseas from the strong impacts from the global economic recession, slow recovery in domestic housing construction

starts, and the postponement and cancellation of construction projects. The company took wide-ranging steps to improve operation efficiency, including cutting fixed costs, but the savings were not enough to make up for diminished profit from the decline in sales, and operating income also plummeted for the quarter.

The ongoing stagnancy in the domestic construction industry strongly affected sales of the company's PVC pipes, rain gutters, and other core products. The harsh conditions also continued in the industrial piping materials field as a recovery in private equipment investment is likewise proving slow to materialize. Sales of pipeline renewal, water supply polyethylene pipes, and other products for the public sector rose during the quarter on support from the Japanese government's supplementary budget and other factors.

Overseas, the performance of Sekisui CPT G.m.b.H., acquired in July 2008, remained generally in line with the company plan while structural reorganization progresses. In China, sales of glass-reinforced plastic pipe business increased.

High Performance Plastics

The HPP Company posted declines in both sales and income in the first quarter as the sluggish demand conditions continuing from the previous fiscal year in the strategic automotive and IT business fields impaired the positive input from steady medical field sales.

Automotive segment sales plummeted as the operation struggled to secure sales of interlayer films for laminated glass, polyolefin foam, automotive interior and exterior resin molded products in the adverse market conditions. The automotive segment sales result was also impacted by the strong yen in the foreign exchange markets. During the quarter, the Company committed to acquiring the polyvinyl alcohol (PVA) resin operations of the U.S. chemical company Celanese Corporation to further establish a steady supply chain for materials used in interlayer films for laminated glass.

IT segment sales benefited from a rural home appliance subsidy program implemented in China and the completion of inventory adjustments, which led to the start of a demand recovery for LCD panel materials. Despite the underlying improvement, first quarter IT sales fell short of the previous-year level.

Medical segment sales increased year on year on increased shipments of diagnostic drugs related to the new H1N1 influenza virus and the contribution from the newly consolidated XenoTech, LLC.

2. Consolidated Financial Position

1) Financial Position (April 1, 2009, to June 30, 2009)

At the end of the first quarter of fiscal 2009, total assets amounted to ¥777.5 billion, representing an increase of ¥21.1 billion from the end of fiscal year 2008. Current assets declined by ¥1.1 billion while fixed assets increased ¥22.3 billion, primarily from a gain on revaluation of investments in securities.

Liabilities increased ¥14.8 billion to ¥440.6 billion from the end of the previous fiscal year largely due to a rise in interest-bearing debt.

Net assets increased ¥6.2 billion to ¥336.9 billion from the end of fiscal year 2008. The increase was mainly due to an increase in valuation and translation adjustments outbalancing a decline in retained earnings.

Equity after deducting minority interest from net assets amounted to ¥328.1 billion. The equity ratio was 42.2%.

2) Cash Flow (April 1, 2009, to June 30, 2009)

Net cash provided by operating activities decreased to ¥10.1 billion. Cash inflows included declines of ¥8.1 billion in depreciation and amortization and ¥17.1 billion in trade notes and accounts receivable. Cash outflows included an ¥8.0 billion net loss for the quarter before income taxes and minority interests, a decline of ¥16.2 billion in trade notes and accounts payable, and ¥5.5 billion in income taxes paid.

Net cash used in investing activities decreased to ¥24.9 billion. The decline was primarily due to aggressive investments including ¥9.3 billion to acquire tangible fixed assets focused on strategic areas and growth fields and ¥15.2 billion to establish subsidiaries in order to acquire subsidiary stock associated with the purchase of the polyvinyl alcohol (PVA) resin operations from group companies of the U.S. chemical company Celanese Corporation.

Net cash provided by financing activities increased to ¥34.3 billion. The main elements were dividend payments of ¥1.5 billion and a net increase in interest-bearing debt of ¥35.9 billion.

The result of the above was cash and cash equivalents totaling ¥40.7 billion at the end of the first quarter of fiscal 2009.

3. Consolidated Earnings Forecast

The market outlook is for persisting harsh market conditions even as the first stages of a recovery in demand appear to be materializing. Demand conditions are expected to remain severe for PVC pipes, construction materials, and other domestic demand-led products, primarily owing to the delaying recovery in construction starts in Japan.

The Sekisui Group is taking steps to improve its earning power through expeditious corporate restructuring, extensive reductions to fixed costs, and strict control of regular investments. The Group is also positioning for timely response to changes in the market environment and establishing the foundation for accelerated new business growth.

The Company is not changing the result forecast figures announced on April 27, 2009.

4. Other

1) Significant changes in subsidiaries during the term (changes in specified 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 quarter

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

The tax rate used in the consolidated financial statement for the first quarter of the current fiscal year including the 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

The Company had previously utilized the completed-contract method of accounting for contracted construction projects. Effective beginning with the first quarter of fiscal year ending March 31, 2010, the Company has adopted the percentage-of-completion method as outlined in the “Accounting Standard for Construction Contracts” (Accounting Standards Board of Japan (ASBJ) Statement No.15, issued on December 27, 2007) and “Guidance on Accounting Standard for Construction Contracts” (ASBJ Statement No.18, issued on December 27, 2007).

The percentage-of-completion method is applied to construction project contracts commenced in the first quarter of the fiscal year for which the percentage of progress during the quarter can be estimated with reasonable accuracy. (Valuation is estimated using the cost percentage accounting method based on the estimated percentage of progress in the project). The completed-contract method is applied to construction projects that do not fit these criteria.

This revision had a minimal effect on the consolidated financial statements for quarter or the segment information.

5. Consolidated Financial Statement (First Quarter, Fiscal Year 2009)

(1) Consolidated Balance Sheets

(Millions of Yen)

	End First Quarter, Fiscal 2009	End Fiscal Year 2008, Condensed Consolidated Balance Sheet
	As of June 30, 2009	As of March 31, 2009
(Assets)		
Current Assets		
Cash and deposits	35,075	40,842
Trade notes receivable	43,240	44,435
Accounts receivable	83,086	97,950
Securities	16,000	1
Merchandise and finished goods	44,936	44,333
Subdivision land	20,941	23,808
Work in progress	35,288	32,716
Raw materials and supplies	19,055	19,161
Advances	1,184	1,066
Prepaid expenses	2,345	1,967
Deferred tax assets	11,096	8,338
Short-term loans	1,892	1,395
Other	16,103	15,390
Allowance for doubtful accounts	-901	-887
Total current assets	329,345	330,521
Fixed assets		
Tangible fixed assets		
Buildings & structures, net	84,100	82,743
Machinery, equipment and tools, net	59,946	60,788
Land	70,148	67,674
Leased assets (net value)	9,418	9,416
Construction in progress	15,363	11,630
Other (net)	6,378	6,576
(Total tangible fixed assets)	245,355	238,830
Intangible fixed assets		
Goodwill	24,929	25,645
Software	4,273	4,227
Leased assets	341	354
Other	3,547	3,538
(Total intangible assets)	33,091	33,766
Investments and other assets		
Investment securities	134,264	109,923
Long-term loans	592	593
Long-term prepaid expenses	1,383	1,404
Deferred income taxes	24,009	31,834
Other	10,329	10,366
Allowance for doubtful accounts	-775	-790
(Total investment and other assets)	169,803	153,332
Total fixed assets	448,250	425,929
Total assets	777,595	756,450

(Millions of Yen)

	End First Quarter, Fiscal 2009	End Fiscal Year 2008, Condensed Consolidated Balance Sheet
	As of June 30, 2009	As of March 31, 2009
(Liabilities)		
Current liabilities		
Trade notes payable	10,079	11,469
Accounts payable	94,777	107,327
Short-term loans	40,644	32,446
Commercial paper	31,000	20,000
Current portion of bonds	15,350	5,365
Lease obligation	4,215	4,431
Accrued surcharges	—	7,965
Accrued expenses	23,220	24,649
Accrued income taxes	2,314	6,297
Deferred tax liabilities	157	147
Provision for bonuses	9,385	12,809
Provision for directors' bonuses	—	160
Provision for compensation for completed constructions	962	1,010
Advances received	40,692	33,474
Other	34,409	34,478
Total current liabilities	307,209	302,033
Fixed liabilities		
Bonds	—	10,000
Long-term loans	70,888	51,811
Lease obligation	5,558	5,353
Deferred tax liabilities	3,020	2,952
Provision for retirement allowances	48,577	48,195
Other	5,370	5,382
Total fixed liabilities	133,416	123,695
Total liabilities	440,626	425,729
(Net assets)		
Shareholders' equity		
Common stock	100,002	100,002
Capital surplus	109,307	109,307
Retained earnings	138,274	146,931
Treasury stock	-10,839	-10,833
Total shareholders' equity	336,745	345,408
Revaluation and translation adjustments		
Unrealized holding gain on securities	334	-11,227
Deferred hedge income	17	7
Unrealized gain on land revaluation	224	224
Foreign currency translation adjustments	-9,168	-12,411
Total revaluation and translation adjustments	-8,590	-23,408
Share subscription rights	422	386
Minority shareholders' interests	8,392	8,334
Total net assets	336,969	330,721
Total liabilities, net assets	777,595	756,450

(2) Consolidated Profit and Loss Statement
(First Quarter, Fiscal Year 2009)

(Millions of Yen)

	First Quarter, Fiscal 2008 (From April.1, 2008 to June. 30, 2008)	First Quarter, Fiscal 2009 (From April.1, 2009 to June. 30, 2009)
Net sales	205,199	169,509
Cost of sales	149,887	122,536
Gross income	55,311	46,973
Selling, general & administrative expenses	55,688	52,567
Operating loss	-377	-5,593
Non-operating income		
Interest income	295	164
Dividend income	1,114	1,049
Investment income by equity method	59	—
Foreign exchange gain (net)	822	268
Miscellaneous income	546	584
Total non-operating income	2,837	2,067
Non-operating expenses		
Interest expenses	523	532
Interest on Commercial Paper	5	20
Sales discounts	79	62
Investment loss by equity method	—	170
Miscellaneous expenses	1,409	3,128
Total non-operating expenses	2,018	3,914
Recurring income (loss)	441	-7,440
Extraordinary expenses		
Structural improvement expenses	2,025	—
Loss on sales or disposal of property, plant and equipment	157	575
Total extraordinary expenses	2,183	575
Income (loss) before income taxes and minority interests	-1,741	-8,015
Income taxes	1,559	-1,053
Minority interests	177	117
Net income/loss	-3,478	-7,079

(3) Consolidated Statements of Cash Flows

	(Millions of Yen)	
	First Quarter, Fiscal 2008 (From April.1, 2008 to June. 30, 2008)	First Quarter, Fiscal 2009 (From April.1, 2009 to June. 30, 2009)
Operating activities		
Income (loss) before income taxes and minority interests	-1,741	-8,015
Depreciation and amortization	8,756	8,112
Goodwill amortization	509	715
Loss on sales or disposal of property, plant and equipment	153	564
Loss on sales of marketable and investment securities	127	—
Decrease in reserve for bonuses	-3,552	-3,434
Increase (Decrease) in allowance for retirement benefits	-1,719	263
Interest and dividend income	-1,409	-1,214
Interest expense	608	614
Equity in earnings of affiliates	-59	170
Decrease in accounts receivable	10,366	17,136
Increase in inventories	-13,923	-3,336
Decrease in account payable	-6,677	-16,254
Decrease in consumption tax	-1,738	-502
Increase in advances received	10,751	7,209
Other	1,262	378
Subtotal	1,713	2,407
Interest and dividends received	1,713	1,486
Interest paid	-579	-599
Surcharges paid	—	-7,965
Income taxes paid	-10,418	-5,516
Net cash (used in) provided by operating activities	-7,571	-10,187
Investing activities		
Purchases of property, plant and equipment	-6,550	-9,389
Proceeds from sales of property, plant and equipment	422	652
Purchases of investment securities	-1,965	-140
Proceeds from sales or redemption of investment securities	4,830	—
Subsidiary share acquisition expense	—	-15,219
Purchases of intangible assets	-397	-423
Purchases of long-term prepaid expenses	-160	—
Increase in short-term loans, net	-692	-519
Purchases of long-term loans	-163	—
Proceeds from recovery of long-term loans	31	—
Other	377	102
Net cash (used in) provided by investing activities	-4,268	-24,937
Financing activities		
Net increase in short-term loans payable	20,655	4,663
Payment for return of finance leases	-1,528	-1,397
Net increase in commercial paper	5,000	11,000
Proceeds from long-term loans	1,331	23,956
Repayment of long-term loans	-781	-2,284
Dividends paid	-4,164	-1,548
Cash dividends paid to minority shareholders of consolidated subsidiaries	-56	-22
Purchase of treasury stock	-10	-7
Other	-27	-1
Net cash used in financing activities	20,418	34,358
Effect of exchange rate changes on cash and cash equivalents	-1,168	1,011
Net increase in cash and cash equivalents	7,410	244
Cash and cash equivalents at beginning of term	29,852	40,488
Increase in cash and cash equivalents resulting from additional consolidation of subsidiaries	369	28
Cash and cash equivalents at end of term	37,632	40,761

Sekisui Chemical (4204) Summary of Financial Results for the First Quarter of Fiscal Year 2009 Ending March 31, 2010

(4) Notes on Conditions for Going Concern
Not applicable.

(5) Segment Information

Business segments

Consolidated First Quarter, Fiscal 2008 (April 1, 2008 to June 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	83,223	44,920	67,261	9,793	205,199	—	205,199
(2)Intersegment	9	2,669	1,712	928	5,320	(5,320)	—
Total	83,232	47,590	68,974	10,721	210,519	(5,320)	205,199
Operating income (loss)	-2,908	-1,745	4,732	-439	-360	(16)	-377

Consolidated First Quarter, Fiscal 2009 (April 1, 2009 to June 30, 2009)

(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	77,048	35,292	49,246	7,921	169,509	—	169,509
(2)Intersegment	5	2,241	1,340	890	4,477	(4,477)	—
Total	77,053	37,533	50,587	8,812	173,987	(4,477)	169,509
Operating income (loss)	-3,475	-3,931	1,956	-134	-5,584	(9)	-5,593

Geographical Segments

Consolidated First Quarter, Fiscal 2008 (April 1, 2008 to June 30, 2008)

(Millions of Yen)

	Japan	U.S.	Europe	Asia	Others	Total	Eliminations or unallocatable accounts	Consolidated
I. Net sales:								
(1)To third parties	172,032	8,671	11,601	11,853	1,040	205,199	—	205,199
(2)Intersegment	7,311	325	75	730	15	8,457	(8,457)	—
Total	179,344	8,997	11,676	12,583	1,055	213,657	(8,457)	205,199
Operating income (loss)	-2,586	264	1,233	589	70	-428	51	-377

Consolidated First Quarter, Fiscal 2009 (April 1, 2009 to June 30, 2009)

(Millions of Yen)

	Japan	U.S.	Europe	Asia	Others	Total	Eliminations or unallocatable accounts	Consolidated
I. Net sales:								
(1)To third parties	149,414	5,675	6,461	6,723	1,235	169,509	—	169,509
(2)Intersegment	6,567	247	211	573	71	7,672	(7,672)	—
Total	155,982	5,923	6,673	7,296	1,306	177,181	(7,672)	169,509
Operating income (loss)	-5,158	-344	-97	-33	189	-5,444	(149)	-5,593

Overseas net sales

Consolidated First Quarter, Fiscal 2008 (April 1, 2008 to June 30, 2008)

	U.S.	Europe	Asia	Others	Total
I.Overseas net sales (millions of yen)	9,793	12,704	15,217	1,131	38,846
II.Consolidated net sales (millions of yen)					205,199
III.Overseas net sales as a ratio of consolidated net sales (%)	4.8	6.2	7.4	0.6	18.9

Consolidated First Quarter, Fiscal 2009 (April 1, 2009 to June 30, 2009)

	U.S.	Europe	Asia	Others	Total
I.Overseas net sales (millions of yen)	6,649	7,214	9,877	1,312	25,053
II.Consolidated net sales (millions of yen)					169,509
III.Overseas net sales as a ratio of consolidated net sales (%)	3.9	4.3	5.8	0.8	14.8

(6) Significant Change in Shareholder Equity

No significant change.