

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

October 29, 2009

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. Naofumi Negishi, President  
 Inquiries: Mr. Shuichi Shino, General Manager, Corporate Communication Dept.  
 TEL: +81-3- 5521-0522  
 Scheduled date for submission of financial statement: November 13, 2009  
 Scheduled date for payment of dividends: December 4, 2009

(Figures rounded down to the nearest million yen)

### 1. Consolidated Business Results for the First Half (April 1, 2009 to September 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 Half of FY2009	405,777	-14.2	11,511	-37.0	9,937	-48.2	1,906	-79.9
1st Half of FY2008	472,926	-	18,282	-	19,185	-	9,489	-

	Net Income per Share	Net Income per Share (Diluted)
	yen	yen
1st Half of FY2009	3.63	-
1st Half of FY2008	18.06	18.06

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	yen
1st Half of FY2009	774,971	340,372	42.7	630.15
FY2008	756,450	330,721	42.6	612.93

(Note) Shareholders' Equity : September 30, 2009: 331,034 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 the end of 2nd Q, FY2009	At the end of 3rd Q, FY2009	Year-end	Full year
	yen	yen	yen	yen	yen
FY2008	-	7.00	-	3.00	10.00
FY2009	-	5.00	-	-	-
FY2009 (outlook)	-	-	-	5.00	10.00

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

### 3. Consolidated Outlook for FY 2009 (April 1, 2009 to 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
Full Year	860,000	-7.9	30,000	-10.7	26,000	-11.7	11,000	985.9	20.94

(Note) Revision of consolidated earnings estimates in the second 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 (page 7) 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 (page 7) 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 FY2009	539,507,285 shares
	FY2008	539,507,285 shares
b) Treasury stock at the end of term	2nd Q of FY2009	14,179,986 shares
	FY2008	14,161,865 shares
c) Average outstanding shares in the period (quarterly consolidated cumulative total):	2nd Q of FY2009	525,335,560 shares
	2nd Q of FY2008	525,446,940 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 full fiscal year remains unchanged from the announcement October 26, 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 “3. The Consolidated Earnings Forecast” in the Qualitative Information and Financial Statements (page 6).

## Qualitative Information and Financial Review

### 1. Consolidated Business Results

#### 1) Overview of Conditions Through the Second Quarter of Fiscal 2009 (April 1, 2009, to September 30, 2009)

Sekisui Chemical's performance results for the first half of fiscal 2009 included overall declines in consolidated sales and income. Widespread demand stagnancy amid the global economic recession that took hold in the second half of the previous fiscal year led to sales declines in the PVC pipe and other the domestic demand-led core businesses as well as in the automotive and other segments. Operating income declined in all business segments, except the Housing Company, as steady progress achieved in improving operating efficiency was not enough to overcome the impact from the declining sales volumes.

While the overall conditions produced results below the previous year, the Company achieved earnings results for the quarter that vastly exceeded the consolidated income forecast announced by the Company on April 27, 2009. The better-than-expected performance was fueled by the progress each company achieved in reducing material costs and fixed costs along with the faster-than-expected recovery of demand for IT products.

Initiatives to fortify strategic businesses included the acquisition of an operation in the United States producing polyvinyl alcohol (PVA) resin, a raw material used in interlayer film for laminated glass. Significant progress was made in the development of new business frontiers with the establishment of a joint housing production and sales company in Thailand, a major step in the full-fledged development of the overseas housing business.

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

##### Housing

The Housing Company posted a year-on-year decline in consolidated sales for the half, largely owing to the slump in new home construction orders that persisted from the second half of the previous fiscal year, which produced a substantially smaller backlog of orders at the start of the term. The company countered the decline in revenue by enhancing its operating efficiency, including improving the integration of production and sales, enabling it to secure income above the initial forecast levels.

The new home construction business continued to be impacted by the economic recession that commenced in the second half of fiscal 2008, and the order unit volume for new home construction remained below year-earlier levels. Backed by subsidies and other economic

**Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2010**

incentives offered by the national and local governments, marketing campaigns promoting the environmental, economical, and high-performance features of our homes continued to increase the ratio of houses sold with high-performance options, such as solar power generation systems and Warm Airy technology. In addition, the company advanced the development of new business frontiers with the full-fledged launch of the overseas housing business following the establishment of a joint housing production and sales company in Thailand.

In the living environment business, orders for solar power generation systems rose sharply as government environmental initiatives that included subsidies and a revised purchasing system spurred demand. The fortified operating structure of the housing reform business and staff education and training efforts to expand sales of selected sales materials continued to generate steady growth in orders in the housing reform business.

**Urban Infrastructure and Environmental Products**

Consolidated income declined for the UIEP Company in the first half as a result of stagnant domestic housing construction starts and the worldwide decline in demand. The company took wide-ranging steps to reduce fixed costs by eliminating unprofitable operations, revising production structures, and implementing other measures to enhance operating efficiency. Operating income ultimately declined, however, as the savings were not enough to make up for the diminished revenue from the decline in sales.

In Japan, the company faced increasingly severe business conditions for its PVC pipes, rain gutters, and other core products as the stagnancy in the construction industry led to declining sales volumes and rising material costs while intensifying competition generated pressure to lower product prices. The harsh conditions also persisted in the industrial piping materials field owing to ongoing sluggish private equipment investment. Steady public investment supported sales growth for pipeline renewal, water supply polyethylene pipes, and other products for the public sector.

Overseas results also deteriorated, primarily owing to declining demand for sheets for aircraft interiors. Pipeline renewal business sales increased from the contribution of SEKISUI SPR Europe, acquired by the company in July of last year.

**High Performance Plastics**

The HPP Company posted consolidated declines in both revenue and income in the first half owing to a broad-based slump in sales, including in the automotive sector, which is one of the company's core strategic business fields. Nevertheless, the company was able to lower the breakeven point for sales through measures including reorganizing the production systems

**Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2010**

both in Japan and overseas and revising the prices of general-purpose products. These measures resulted in operating income improving by significantly more than the company had originally forecast.

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 strong yen in the foreign exchange markets also impacted the automotive segment sales result. The company continued to fortify its business fundamentals during the quarter, including increasing sales of its high-performance films and expanding its share of the market for interlayer films for laminated glass. In addition, Sekisui Chemicals acquired 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 held roughly even year on year as demand for LCD panel materials continued recovering with support from economic stimulus measures in various countries, including China's rural home appliance subsidy program and Japan's "eco-point" subsidy program for the purchase of energy-efficient appliances.

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., and American Diagnostica Inc.

**2. Consolidated Financial Position****1) Financial Position (April 1, 2009, to September 30, 2009)**

Total assets amounted to ¥774.9 billion at the end of the second quarter of fiscal 2009, representing an increase of ¥18.5 billion from the end of fiscal year 2008. Current assets declined by ¥5.4 billion while fixed assets increased ¥23.9 billion, primarily from an increase in construction in progress and a gain on revaluation of investments in securities.

Liabilities increased ¥8.8 billion to ¥434.5 billion from the end of the previous fiscal year, primarily due to an increase in interest-bearing debt.

Net assets were up ¥9.6 billion from the end of fiscal year 2008 to ¥340.3 billion. The increase was mainly due to an increase in valuation and translation adjustments. Equity after deducting minority interest from net assets amounted to ¥331.0 billion. The equity ratio was 42.7%.

## Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2010

**2) Cash Flow (April 1, 2009, to September 30, 2009)**

Net cash provided by operating activities increased to ¥29.2 billion. Cash inflows included ¥6.3 billion in income before income taxes and minority interests along with declines of ¥16.3 billion in depreciation and amortization, ¥8.4 billion in trade notes and accounts receivable, and ¥6.6 billion in inventories. Cash outflows included ¥6.2 billion in trade notes and accounts payable and ¥5.8 billion in income taxes paid.

Net cash used in investing activities decreased to ¥37.0 billion. The decline was primarily due to investments, including ¥16.8 billion to acquire tangible fixed assets focused on strategic areas and growth fields, ¥15.6 billion to establish a new company 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, and a long-term loan of ¥5.3 billion to the new company.

Net cash provided by financing activities increased to ¥8.7 billion. The main elements were dividend payments of ¥1.7 billion and a net increase in interest-bearing debt of ¥10.4 billion. The result of the above was cash and cash equivalents totaling ¥42.5 billion at the end of the second quarter of fiscal 2009.

**3. Consolidated Earnings Forecast**

The Company has revised its consolidated forecasts for fiscal 2009 from the forecast figures announced on April 27, 2009, to reflect the steady progress that each company has achieved in reducing material costs and improving operating efficiency and the faster-than-anticipated recovery in demand for IT products. The revised forecast figures are presented below.

		Revised fiscal 2009 forecast	Previous forecast announced on April 27, 2009
Net Sales	(Millions of yen)	860,000	860,000
Operating Income	(Millions of yen)	30,000	27,500
Recurring Income	(Millions of yen)	26,000	24,500
Net Income	(Millions of yen)	11,000	11,000
Net Income per Share	(yen)	20.94	19.04

#### 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 consolidated fiscal year, including for the second quarter 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 under review 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.

**Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2010**

Beginning in the consolidated fiscal year commencing April 1, 2009, the Company has applied the following revised accounting principles issued by the ASBJ on December 26, 2008, regarding the initial integration of a business combination and business divestitures: Accounting Standard for Business Combinations (ASBJ Statement No. 21), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22), Partial Amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No. 23), Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7), Revised Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No. 16), Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10).

**Changes in Presentation**

(Consolidated income statement for the quarter)

In accordance with Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, December 26, 2008), the Company has applied the Cabinet Office Ordinance of Partial Revision to the Regulation for Terminology, Forms and Preparation of Financial Statements (Cabinet Office Ordinance No. 5, March 24, 2009) beginning in the consolidated fiscal year commencing April 1, 2009 and included the line item “Income Before Minority Interests” in the Consolidated Financial Statement beginning in the second quarter of the current consolidated fiscal period.

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

## (1) Consolidated Balance Sheets

(Millions of Yen)

	End Second Quarter, Fiscal 2009	End Fiscal Year 2008, Condensed Consolidated Balance Sheet
	As of September 30, 2009	As of March 31, 2009
<b>(Assets)</b>		
Current Assets		
Cash and deposits	41,909	40,842
Trade notes receivable	36,111	44,435
Accounts receivable	99,547	97,950
Securities	11,001	1
Merchandise and finished goods	39,600	44,333
Subdivision land	19,950	23,808
Work in progress	32,784	32,716
Raw materials and supplies	17,969	19,161
Advances	447	1,066
Prepaid expenses	2,027	1,967
Deferred tax assets	8,854	8,338
Short-term loans	1,571	1,395
Other	14,304	15,390
Allowance for doubtful accounts	-995	-887
<b>Total current assets</b>	<b>325,084</b>	<b>330,521</b>
Fixed assets		
Tangible fixed assets		
Buildings & structures, net	83,874	82,743
Machinery, equipment and tools, net	58,043	60,788
Land	68,594	67,674
Leased assets, net	9,059	9,416
Construction in progress	24,199	11,630
Other, net	5,991	6,576
<b>(Total tangible fixed assets)</b>	<b>249,761</b>	<b>238,830</b>
Intangible fixed assets		
Goodwill	24,214	25,645
Software	4,438	4,227
Leased assets	315	354
Other	5,612	3,538
<b>(Total intangible assets )</b>	<b>34,580</b>	<b>33,766</b>
Investments and other assets		
Investment securities	120,251	109,923
Long-term loans	6,090	593
Long-term prepaid expenses	1,157	1,404
Deferred income taxes	29,191	31,834
Other	9,707	10,366
Allowance for doubtful accounts	-853	-790
<b>(Total investment and other assets)</b>	<b>165,545</b>	<b>153,332</b>
<b>Total fixed assets</b>	<b>449,887</b>	<b>425,929</b>
<b>Total assets</b>	<b>774,971</b>	<b>756,450</b>

(Millions of Yen)

	End Second Quarter, Fiscal 2009	End Fiscal Year 2008, Condensed Consolidated Balance Sheet
	As of September 30, 2009	As of March 31, 2009
<b>(Liabilities)</b>		
Current liabilities		
Trade notes payable	8,531	11,469
Accounts payable	105,169	107,327
Short-term loans	33,632	32,446
Commercial paper	—	20,000
Current portion of bonds	15,375	5,365
Lease obligation	4,132	4,431
Accrued surcharges	—	7,965
Accrued expenses	25,477	24,649
Accrued income taxes	5,396	6,297
Deferred tax liabilities	158	147
Provision for bonuses	12,041	12,809
Provision for directors' bonuses	—	160
Provision for compensation for completed constructions	997	1,010
Advances received	36,508	33,474
Other	40,332	34,478
Total current liabilities	287,754	302,033
Fixed liabilities		
Bonds	10,000	10,000
Long-term loans	74,881	51,811
Lease obligation	5,255	5,353
Deferred tax liabilities	3,040	2,952
Provision for retirement allowances	48,376	48,195
Other	5,290	5,382
Total fixed liabilities	146,844	123,695
Total liabilities	434,599	425,729
<b>(Net assets)</b>		
Shareholders' equity		
Common stock	100,002	100,002
Capital surplus	109,307	109,307
Retained earnings	147,261	146,931
Treasury stock	-10,843	-10,833
Total shareholders' equity	345,727	345,408
Revaluation and translation adjustments		
Unrealized holding gain on securities	-6,955	-11,227
Deferred hedge income	-30	7
Unrealized gain on land revaluation	224	224
Foreign currency translation adjustments	-7,931	-12,411
Total revaluation and translation adjustments	-14,692	-23,408
Share subscription rights	445	386
Minority shareholders' interests	8,892	8,334
Total net assets	340,372	330,721
Total liabilities, net assets	774,971	756,450

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

(Millions of Yen)

	First Half, Fiscal 2008 (From April 1, 2008 to September 30, 2008)	First Half, Fiscal 2009 (From April 1, 2009 to September 30, 2009)
Net sales	472,926	405,777
Cost of sales	343,640	288,628
Gross income	129,285	117,149
Selling, general & administrative expenses	111,003	105,638
Operating income	18,282	11,511
Non-operating income		
Interest income	638	462
Dividend income	2,020	1,838
Investment income by equity method	533	463
Foreign exchange gain	435	—
Miscellaneous income	1,332	1,192
Total non-operating income	4,960	3,956
Non-operating expenses		
Interest expenses	1,068	1,003
Interest on Commercial Paper	13	25
Sales discounts	163	131
Foreign exchange loss	—	461
Miscellaneous expenses	2,811	3,907
Total non-operating expenses	4,057	5,530
Recurring income	19,185	9,937
Extraordinary income		
Gain on sales of property, plant and equipment	—	570
Total extraordinary income	—	570
Extraordinary expenses		
Loss on impairment of fixed assets	—	2,213
Structural improvement expenses	2,793	929
Loss on devaluation of investments in an unconsolidated subsidiary and an affiliate	453	—
Loss on sales or disposal of property, plant and equipment	560	1,035
Total extraordinary expenses	3,807	4,178
Income before income taxes and minority interests	15,378	6,330
Income taxes	5,527	3,701
Income Before Minority Interests	—	2,628
Minority interests	360	722
Net income	9,489	1,906

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

(Millions of Yen)

	Second Quarter, Fiscal 2008 (From July 1, 2008 to September 30, 2008)	Second Quarter, Fiscal 2009 (From July 1, 2009 to September 30, 2009)
Net sales	267,727	236,268
Cost of sales	193,753	166,092
Gross income	73,974	70,176
Selling, general & administrative expenses	55,314	53,071
Operating income	18,659	17,105
Non-operating income		
Interest income	343	297
Dividend income	906	788
Investment income by equity method	473	633
Miscellaneous income	785	608
Total non-operating income	2,510	2,327
Non-operating expenses		
Interest expenses	545	471
Interest on Commercial Paper	7	5
Sales discounts	84	69
Foreign exchange loss	386	730
Miscellaneous expenses	1,401	1,153
Total non-operating expenses	2,425	2,429
Recurring income	18,744	17,002
Extraordinary income		
Gain on sales of property, plant and equipment	—	570
Total extraordinary income	—	570
Extraordinary expenses		
Loss on impairment of fixed assets	—	2,213
Structural improvement expenses	767	530
Loss on devaluation of investments in an unconsolidated subsidiary and an affiliate	453	—
Loss on sales or disposal of property, plant and equipment	402	484
Total extraordinary expenses	1,623	3,227
Income before income taxes and minority interests	17,120	14,345
Income taxes	3,968	4,754
Income Before Minority Interests	—	9,591
Minority interests	183	605
Net income	12,968	8,986

## (3) Consolidated Statements of Cash Flows

	(Millions of Yen)	
	First Half, Fiscal 2008 (From April 1, 2008 to September 30, 2008)	First Half, Fiscal 2009 (From April 1, 2009 to September 30, 2009)
<b>Operating activities</b>		
Income (loss) before income taxes and minority interests	15,378	6,330
Depreciation and amortization	17,676	16,333
Goodwill amortization	1,017	1,457
Loss on impairment of fixed assets	—	2,213
Loss on sales or disposal of property, plant and equipment	464	1,006
Loss on sales of marketable and investment securities	98	—
Increase (Decrease) in allowance for retirement benefits	-2,903	77
Interest and dividend income	-2,659	-2,300
Interest expense	1,245	1,160
Equity in earnings of affiliates	-533	-463
Decrease in accounts receivable	10,666	8,448
Decrease (increase) in inventories	-9,001	6,619
Decrease in account payable	1,211	-6,285
Increase in advances received	7,419	3,026
Other	-3,563	-1,019
Subtotal	36,517	36,604
Interest and dividends received	2,964	2,660
Interest paid	-1,225	-1,101
Surcharges paid	—	-7,965
Income taxes refunded	—	4,868
Income taxes paid	-10,850	-5,840
Net cash (used in) provided by operating activities	27,406	29,226
<b>Investing activities</b>		
Purchases of property, plant and equipment	-11,929	-16,829
Proceeds from sales of property, plant and equipment	694	676
Purchases of investment securities	-3,438	—
Proceeds from sales or redemption of investment securities	5,129	—
Acquisition of investments in subsidiaries resulting in change in scope of consolidation	—	-2,478
Subsidiary share acquisition expense	-10,257	-13,123
Purchases of intangible assets	-942	-692
Purchases of long-term prepaid expenses	-395	—
Increase in short-term loans	-387	—
Purchases of long-term loans	-224	-5,397
Proceeds from recovery of long-term loans	45	—
Other	563	759
Net cash (used in) provided by investing activities	-21,140	-37,085
<b>Financing activities</b>		
Decrease in short-term loans payable (net)	-1,299	-1,482
Payment for return of finance leases	-3,061	-2,687
Net increase in commercial paper	6,000	-20,000
Proceeds from long-term loans	4,187	27,914
Repayment of long-term loans	-6,421	-3,280
Proceeds from bond issue	—	10,000
Dividends paid	-4,202	-1,581
Cash dividends paid to minority shareholders of consolidated subsidiaries	-110	-147
Purchase of treasury stock	-34	—
Other	26	-10
Net cash used in financing activities	-4,915	8,724
Effect of exchange rate changes on cash and cash equivalents	-463	1,206
Net increase in cash and cash equivalents	886	2,071
Cash and cash equivalents at beginning of term	29,852	40,488
Increase in cash and cash equivalents resulting from additional consolidation of subsidiaries	363	28
Cash and cash equivalents at end of term	31,103	42,588

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

(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 Second Quarter, Fiscal 2009 (July 1, 2009 to September 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	119,333	48,790	59,104	9,040	236,268	-	236,268
(2)Intersegment	5	3,301	1,644	1,288	6,240	(6,240)	-
Total	119,339	52,092	60,748	10,328	242,509	(6,240)	236,268
Operating income (loss)	12,281	220	4,860	142	17,504	(398)	17,105

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

Consolidated First Half, Fiscal 2009 (April 1, 2009 to September 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	196,382	84,082	108,351	16,961	405,777	-	405,777
(2)Intersegment	11	5,543	2,985	2,178	10,718	(10,718)	-
Total	196,393	89,625	111,336	19,140	416,496	(10,718)	405,777
Operating income (loss)	8,805	-3,710	6,816	7	11,919	(408)	11,511

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

## 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	15,321	540	1,425	602	118	18,008	650	18,659

Consolidated Second Quarter, Fiscal 2009 (July 1, 2009 to September 30, 2009)

(Millions of Yen)

	Japan	U.S.	Europe	Asia	Others	Total	Eliminations or unallocatable accounts	Consolidated
I. Net sales:								
(1)To third parties	207,608	7,015	8,691	11,350	1,602	236,268	-	236,268
(2)Intersegment	7,402	115	294	626	159	8,597	(8,597)	-
Total	215,010	7,131	8,985	11,976	1,761	244,865	(8,597)	236,268
Operating income	15,547	46	463	633	251	16,942	162	17,105

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	12,734	804	2,659	1,192	189	17,580	701	18,282

Consolidated First Half, Fiscal 2009 (April 1, 2009 to September 30, 2009)

(Millions of Yen)

	Japan	U.S.	Europe	Asia	Others	Total	Eliminations or unallocatable accounts	Consolidated
I. Net sales:								
(1)To third parties	357,022	12,690	15,152	18,073	2,837	405,777	-	405,777
(2)Intersegment	13,970	363	506	1,199	230	16,270	(16,270)	-
Total	370,992	13,054	15,658	19,273	3,068	422,047	(16,270)	405,777
Operating income (loss)	10,388	-298	366	599	441	11,498	13	11,511

## 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 Second Quarter, Fiscal 2009 (July 1, 2009 to September 30, 2009)

	U.S.	Europe	Asia	Others	Total
I.Overseas net sales (millions of yen)	8,302	9,425	15,014	1,562	34,304
II.Consolidated net sales (millions of yen)					236,268
III.Overseas net sales as a ratio of consolidated net sales (%)	3.5	4.0	6.4	0.7	14.5

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

Consolidated First Half, Fiscal 2009 (April 1, 2009 to September 30, 2009)

	U.S.	Europe	Asia	Others	Total
I.Overseas net sales (millions of yen)	14,951	16,640	24,891	2,875	59,357
II.Consolidated net sales (millions of yen)					405,777
III.Overseas net sales as a ratio of consolidated net sales (%)	3.7	4.1	6.1	0.7	14.6

## (6) Significant Change in Shareholder Equity

No significant change.