

Summary of Consolidated Financial Results for the First Quarter of Fiscal Year 2010 Ending March 31, 2011
<Under Japanese GAAP>

July 29, 2010

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 quarterly financial statement: August 11, 2010
 Scheduled date for payment of dividends: -
 Quarterly earnings supplementary explanatory documents: Yes
 Quarterly earnings results briefing: Yes

(Figures rounded down to the nearest million yen)

1. Consolidated Business Results for the First Quarter (April 1, 2010 to June 30, 2010)

(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 FY2010	196,300	15.8	944	-	-336	-	-3,000	-
1st Q of FY2009	169,509	-17.4	-5,593	-	-7,440	-	-7,079	-

	Net Income per Share	Net Income per Share (Diluted)
	yen	yen
1st Q of FY2010	-5.71	-
1st Q of FY2009	-13.48	-

(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 FY2010	746,959	336,710	43.7	621.84
FY2009	787,261	351,706	43.4	651.08

Note: Shareholders' Equity June 30, 2010: 326,677million yen March 31, 2010: 342,041million yen

2. Dividend Status

(Date of Record)	Dividend Per Share				
	At the end of 1st Q	At the end of 2nd Q	At the end of 3rd Q	Year-end	Full year
	yen	yen	yen	yen	yen
FY2009	-	5.00	-	5.00	10.00
FY2010	-	-	-	-	-
FY2010 (outlook)	-	5.00	-	5.00	10.00

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

3. Consolidated Outlook for FY 2010 (April 1, 2010 to March 31, 2011)

(% 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	446,000	9.9	17,500	52.0	16,500	66.0	6,000	214.7	11.42
Full Year	920,000	7.2	42,000	16.8	40,000	28.7	17,500	50.5	33.31

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

4. Other (Please see “II. Other Information” (page7) for further details)

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

Note: Changes in the status of specified subsidiaries during the period associated with change in scope of consolidation.

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

Note: Application of simplified accounting methods and/or special accounting methods for preparation of the quarterly consolidated financial statements.

(3) Changes in accounting principles, methods or reporting methods

a) Changes caused by revisions to accounting principles: Yes

b) Changes other than a): No

Note: Changes in accounting principles, procedures, or representation methods relating to the preparation of the consolidated financial statements described in “Changes in the Basis for Presentation of the Consolidated Financial Statements.”

(4) Number of shares outstanding (common stock)

a) Number of shares outstanding at the end of term (including treasury stock):	1st Q of FY2010	539,507,285 shares
	FY2009	539,507,285 shares
b) Treasury stock at the end of term:	1st Q of FY2010	14,165,493 shares
	FY2009	14,162,284 shares
c) Average outstanding shares in the period (quarterly consolidated cumulative total):	1st Q of FY2010	525,343,242 shares
	1st Q of FY2009	525,341,283 shares

Note: Declaration of the review status of the Quarterly Financial Report

This Quarterly Financial Report is not subject to quarterly review procedures as stipulated in the Financial Instruments and Exchange Act and, at the time of release, review procedures as stipulated in the Financial and Exchange Act had not been completed for the Quarterly Financial Report.

Note: Remarks on appropriate use of forecasted results of operation and other special matters

1. The interim and full-year consolidated forecasts presented in this report are unchanged from the forecasts announced on July 27, 2010.
2. The earnings forecasts and other forward-looking statements presented in this report are based on information available at the time of the report and on certain assumptions that the Company considers reasonable. Various factors can cause actual results to differ materially from the forecasts. For important matters regarding the conditions associated with the assumptions of the forecasts and the appropriate use of the forecasts, please see “Qualitative Information of the Consolidated Earnings Forecast” on page 6 of the Quarterly Financial Report (Supplementary Material)

I. Qualitative Information and Financial Review

1. Consolidated Business Results

1) Overview of Conditions through the First Quarter of Fiscal 2010 (April 1, 2010, to June 30, 2010)

Sekisui Chemical's consolidated performance results for the first quarter of fiscal 2010 included substantial sales increases in the high-growth fields the Company has designated as the Frontier 7 businesses, specifically the housing stock, pipeline renewal, overseas water infrastructure, functional materials, automotive, IT, and medical fields. The Company also boosted sales by effectively responding to market demand in developing countries, particularly in the Asia region. In addition, progress enhancing the operating efficiency of each of the divisional companies produced a marked improvement in earnings results.

Especially in IT field segment, based on the greater-than-anticipated demand growth for LCD panel-related products, the Company has revised upward its consolidated forecast figures for the first half of fiscal 2010.

2) Business Results by Company (April 1, 2010, to June 30, 2010)

Housing Company

Amid the ongoing uncertainty in the economic climate during the quarter, the Housing Company sought to expand orders by harnessing the support of tax reductions, subsidies, and other government programs intended to stimulate the housing and home refurbishing markets. The company also focused on integrating the management of its production and sales systems and other measures to improve operating efficiency. The housing and living environment businesses both increased sales volume, which raised sales revenue and greatly improved earnings.

The housing business posted a substantial year-on-year increase in housing orders on brisk orders for its products with readily perceivable cost performance and products commemorating the Company's 40th anniversary. In addition, campaigns promoting the environmental, economical, and high-performance specifications of its products successfully raised the percentage of products sold with built-in solar power generation systems and Comfortable Air Systems.

The living environment business continued drawing strong orders for its solar power generation systems, and this combined with its strengthened sales force to generate a substantial rise in orders over the same period in the previous fiscal year. During the quarter, the company also launched a new homeowner support system designed to strengthen ties with customers.

Urban Infrastructure & Environmental Products Company

Business conditions for the UIEP Company during the quarter included a gradual recovery in business conditions overseas and signs of recovery for detached housing-related products in Japan. The company's steady progress with initiatives to enhance operating efficiency enabled it to

improve earnings despite sales remaining virtually flat year-on-year.

Domestic results included growing sales volumes for the core PVC pipes and rain gutters in line with the increasing number of detached housing starts. Sales were also steady for pipeline renewal-related products, pipes for Eco Cute heat pump water heaters, and other products related to seismic improvement and energy efficiency. Sales of public sector-related products were sluggish amid reduced public sector investment.

In overseas operations, the core sheet business posted solid results reflecting the expanding aircraft demand in the United States, and the pipeline renewal business made steady progress in scheduled projects in Europe and the United States.

High Performance Plastics Company

The HPP Company recorded sharp increases in sales and income for the quarter on rising sales volumes in the strategic automotive and IT fields and other areas.

Automotive field sales increased markedly for interlayer films for laminated glass, polyolefin foam, interior and exterior molded resin products, and other products on steadily recovering market conditions and expanding demand in developing countries. Moreover, we launched a polyvinyl alcohol (PVA) resin manufacturing joint venture with Denki Kagaku Kogyo (Denka) Co., Ltd. of Japan with the aim of securing a stable supply of laminated glass interlayer film materials in the Asian region.

Sales were also up substantially in the IT field as growing demand in China and the continuation of the “eco-point” system for purchases of environmentally friendly appliances in Japan supported brisk sales of LCD panel-related products

In the medical field, while shipments declined for influenza virus diagnostic agents, the company mobilized the two recently acquired subsidiary companies in the United States to advance its global business development strategy.

2. Consolidated Financial Position

1) Financial Position (April 1, 2010, to June 30, 2010)

Total assets amounted to ¥746.9 billion at the end of the first quarter of fiscal 2010, representing a decrease of ¥40.3 billion from the end of fiscal year 2009. The decline was the net sum of a ¥28.8 billion decrease in current assets, primarily due to a decline in accounts receivable and the redemption of securities, and an ¥11.4 billion decrease in fixed assets, mainly due to the impact of decline in market value of investment securities.

Liabilities declined ¥25.3 billion to ¥410.2 billion from the end of the previous fiscal year, primarily due to decreases in accounts payable and interest-bearing debt.

Net assets declined ¥14.9 billion from the end of fiscal year 2009 to ¥336.7 billion, mainly owing to decreases in retained earnings and revaluation and translation adjustments. Equity after deducting minority shareholders' interests from net assets amounted to ¥326.6 billion. The equity ratio was 43.7%.

2) Cash Flows (April 1, 2010, to June 30, 2010)

Net cash provided by operating activities amounted to ¥1.2 billion. Cash inflows included ¥8.2 billion in depreciation and amortization, a decline of ¥12.9 billion in trade notes and accounts receivable, and an increase of ¥6.9 billion in advances received. Cash outflows included a ¥0.5 billion net loss for the quarter before income taxes and minority interests, an increase of ¥8.3 billion in inventories, a decrease of ¥7.9 billion in accounts payable, and ¥6.7 billion in income taxes paid.

Net cash used in investing activities was ¥8.9 billion. The decline was primarily due to investments including ¥7.4 billion to acquire tangible fixed assets focused on priority and growth fields.

Net cash used in financing activities was ¥9.6 billion. The main elements were dividend payments of ¥2.6 billion and a net ¥6.9 billion decrease in interest-bearing debt.

The result of the above was cash and cash equivalents totaling ¥37.7 billion at the end of the first quarter of fiscal 2010.

3. Consolidated Earnings Forecast

The Company revised its consolidated forecasts for the first half of fiscal 2010 on July 27, 2010. The revised forecasts reflect the first quarter results, which included greater-than-anticipated demand growth for IT-related products and set the Company on pace to exceed the net sales and income forecast figures announced on April 27, 2010. The revised forecast figures are presented below.

The Company plans to announce full-year consolidated forecasts for fiscal 2010 ending March 31, 2011 at the announcement meeting for first half results scheduled for late October.

Consolidated forecast for the first half of fiscal 2010	Revised forecast (Announced on July 27, 2010)	Previous forecast (Announced on April 27, 2010)
Net Sales (Millions of yen)	446,000	440,000
Operating Income (Millions of yen)	17,500	14,500
Recurring Income (Millions of yen)	16,500	13,500
Net Income (Millions of yen)	6,000	4,000
Net Income per Share (Yen)	11.42	7.61

II. Other Information

1. Significant changes in subsidiaries during the term:

No significant changes during the term under review

2. Application of simplified accounting methods and/or 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 third 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, procedures or representation methods relating to the preparation of the consolidated financial statement

Change in accounting standards

Effective beginning with the first quarter of fiscal year ending March 31, 2011, the Company is applying the Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan (ASBJ) Statement No. 18, issued on March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, issued on March 31, 2008).

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

Changes in the Method of Presentation

Beginning in the consolidated fiscal year commencing on April 1, 2010, the Company is presenting the line item "Income (loss) before Minority Interests" pursuant to the "Cabinet Office Ordinance for Amendments to the Regulations on the Terminology, Format, and Preparation of Financial Statements" (Cabinet Office Ordinance No.5, March 24, 2009), which is based on the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, issued on December 26, 2008).

4. Consolidated Financial Statement (First Quarter, Fiscal Year 2010)

(1) Consolidated Balance Sheets

	(Millions of Yen)	
	End First Quarter, Fiscal 2010	End Fiscal Year 2009, Condensed Consolidated Balance Sheet
	As of June 30, 2010	As of March. 31, 2010
(Assets)		
Current Assets		
Cash and deposits	35,824	45,175
Trade notes receivable	39,153	39,783
Accounts receivable	94,526	106,739
Securities	2,001	20,001
Merchandise and finished goods	40,297	40,197
Subdivision land	19,084	16,822
Work in progress	36,055	31,645
Raw materials and supplies	19,990	18,536
Advances	1,447	759
Prepaid expenses	3,054	2,393
Deferred tax assets	10,178	9,715
Short-term loans	1,333	691
Other	13,111	12,049
Allowance for doubtful accounts	-1,349	-986
Total current assets	314,709	343,524
Fixed assets		
Tangible fixed assets		
Buildings & structures, net	89,083	89,395
Machinery, equipment and tools, net	68,781	66,940
Land	69,383	69,314
Leased assets, net	7,652	8,044
Construction in progress	13,791	17,918
Other, net	5,424	5,371
Total tangible fixed assets	254,116	256,985
Intangible fixed assets		
Goodwill	22,231	22,909
Software	4,133	4,180
Leased assets	260	263
Other	6,288	6,426
Total intangible assets	32,914	33,780
Investments and other assets		
Investment securities	102,457	116,582
Long-term loans	790	793
Long-term prepaid expenses	1,265	1,244
Deferred income taxes	31,022	25,191
Other	11,032	11,093
Allowance for doubtful accounts	-1,349	-1,934
Total investments and other assets	145,218	152,970
Total fixed assets	432,249	443,736
Total assets	746,959	787,261

(Millions of Yen)

	End First Quarter, Fiscal 2010 As of June 30, 2010	End Fiscal Year 2009, Condensed Consolidated Balance Sheet As of March. 31, 2010
(Liabilities)		
Current liabilities		
Trade notes payable	8,121	8,783
Accounts payable	108,350	113,181
Short-term loans	24,394	28,001
Current portion of bonds	—	10,000
Lease obligation	3,421	3,627
Accrued expenses	22,850	25,119
Accrued income taxes	3,826	8,342
Deferred tax liabilities	65	123
Provision for bonuses	9,514	13,188
Provision for directors' bonuses	—	227
Provision for compensation for completed constructions	1,303	1,286
Advances received	44,725	37,812
Other	36,184	35,580
Total current liabilities	262,759	285,275
Fixed liabilities		
Bonds	10,000	10,000
Long-term loans	74,294	76,761
Lease obligation	4,505	4,694
Deferred tax liabilities	4,366	4,397
Provision for retirement allowances	48,560	48,608
Other	5,763	5,816
Total fixed liabilities	147,489	150,279
Total liabilities	410,249	435,554
(Net assets)		
Shareholders' equity		
Common stock	100,002	100,002
Capital surplus	109,307	109,307
Retained earnings	148,743	154,353
Treasury stock	-10,856	-10,839
Total shareholders' equity	347,197	352,823
Revaluation and translation adjustments		
Unrealized holding gain (loss) on securities	-9,501	-1,037
Deferred hedge income	-56	74
Unrealized gain on land revaluation	195	199
Foreign currency translation adjustments	-11,156	-10,017
Total revaluation and translation adjustments	-20,519	-10,781
Share subscription rights	530	503
Minority shareholders' interests	9,503	9,160
Total net assets	336,710	351,706
Total liabilities, net assets	746,959	787,261

(2) Consolidated Profit and Loss Statement
(First Quarter, Fiscal Year 2010)

	(Millions of Yen)	
	First Quarter, Fiscal 2009 (From April. 1, 2009 to June. 30, 2009)	First Quarter, Fiscal 2010 (From April. 1, 2010 to June. 30, 2010)
Net sales	169,509	196,300
Cost of sales	122,536	139,926
Gross income	46,973	56,373
Selling, general & administrative expenses	52,567	55,429
Operating Income (loss)	-5,593	944
Non-operating income		
Interest income	164	142
Dividend income	1,049	315
Foreign exchange gain, net	268	—
Miscellaneous income	584	882
Total non-operating income	2,067	1,340
Non-operating expenses		
Interest expenses	532	665
Interest on commercial paper	20	—
Sales discounts	62	73
Investment loss by equity method	170	95
Foreign exchange loss, net	—	947
Miscellaneous expenses	3,128	837
Total non-operating expenses	3,914	2,620
Recurring income	-7,440	-336
Extraordinary expenses		
Loss on sales or disposal of property, plant and equipment	575	249
Total extraordinary expenses	575	249
Income before income taxes and minority interests	-8,015	-585
Income taxes	-1,053	2,371
Income (loss) before minority interests	—	-2,956
Minority interests	117	43
Net income (loss)	-7,079	-3,000

(3) Consolidated Statements of Cash Flows

(First Quarter, Fiscal Year 2010)

(Millions of Yen)

	First Quarter, Fiscal 2009 (From April. 1, 2009 to June. 30, 2009)	First Quarter, Fiscal 2010 (From April. 1, 2010 to June. 30, 2010)
Operating activities		
Income (loss) before income taxes and minority interests	-8,015	-585
Depreciation and amortization	8,112	8,250
Goodwill amortization	715	741
Loss on disposal of property, plant and equipment	564	241
Decrease in reserve for bonuses	-3,434	-3,693
Increase (Decrease) in allowance for retirement benefits	263	-43
Interest and dividend income	-1,214	-457
Interest expense	614	739
Equity in earnings of affiliates	170	95
Decrease in trade notes and accounts receivable	17,136	12,934
Increase in inventories	-3,336	-8,363
Decrease in account payable	-16,254	-7,982
Decrease in consumption tax	-502	-1,040
Increase in advances received	7,209	6,908
Other	378	255
Subtotal	2,407	8,001
Interest and dividends received	1,486	747
Interest paid	-599	-746
Surcharges paid	-7,965	—
Income taxes paid	-5,516	-6,779
Net cash provided by (used in) operating activities	-10,187	1,222
Investing activities		
Purchases of property, plant and equipment	-9,389	-7,443
Proceeds from sales of property, plant and equipment	652	165
Purchases of investment securities	-140	-751
Acquisition of securities in subsidiaries	-15,219	-209
Purchases of intangible assets	-423	-352
Increase (decrease) in short-term loans	-519	-644
Other	102	235
Net cash used in investing activities	-24,937	-8,999
Financing activities		
Decrease (increase) from short-term loans payable, net	4,663	-3,538
Payment for return of finance leases	-1,397	-1,032
Net increase (decrease) in commercial paper	11,000	—
Proceeds from long-term loans	23,956	2,747
Repayment of long-term loans	-2,284	-5,107
Dividends paid	-1,548	-2,630
Cash dividends paid to minority shareholders of consolidated subsidiaries	-22	-61
Purchase of treasury stock	-7	—
Other	-1	-15
Net cash used in (provided by) financing activities	34,358	-9,638
Effect of exchange rate changes on cash and cash equivalents	1,011	-306
Net increase in cash and cash equivalents	244	-17,723
Cash and cash equivalents at beginning of term	40,488	54,855
Increase in cash and cash equivalents resulting from additional consolidation of subsidiaries	28	570
Cash and cash equivalents at end of term	40,761	37,703

(4) Notes regarding the premise of a going concern

No significant changes during the term under review.

(5) Segment Information

Business segments

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

Overseas net sales

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

1. Overview of the Reporting Segments

The Company's reporting segments are determined on the basis that separate financial information of such segments are available and examined periodically by the Board of Directors to make decisions regarding the allocation of management resources and assess the business performances of such segments.

Sekisui Chemical has divided its business operations into the three segments of Housing, Urban Infrastructure & Environmental Products (UIEP), and High Performance Plastics (HPP) based on manufacturing methods, products, sales channels, and other business similarities.

Each business segment formulates comprehensive strategies and develops business activities for its products in Japan and overseas.

The Housing business comprises of manufacturing, construction, sales, refurbishing, and other operations related to unit housing.

The UIEP business comprises of manufacturing, sales, and construction operations related to PVC pipes and joints, polyethylene pipes and joints, pipe and drain renewal materials and construction methods, reinforced plastic pipe, and construction materials.

The HPP business comprises of manufacturing and sales of interlayer films for laminated glass, polyolefin foam, tape, LCD fine particles and photosensitive materials, diagnostic drugs and other products.

2. Net sales and income (loss) data by reporting segment

Consolidated First Quarter, Fiscal 2010 (April 1, 2010 to June 30, 2010)

(Millions of Yen)

	Reporting Segment				Other (Note)	Total
	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Total		
I. Net sales:						
(1) To third parties	85,959	34,996	66,807	187,764	8,536	196,300
(2) Intersegment	2	2,534	1,405	3,942	1,189	5,132
Total	85,962	37,530	68,213	191,707	9,725	201,432
Operating income (loss)	-627	-3,227	5,283	1,428	-485	942

Note: The Other segment is not a reporting segment, which includes manufacturing and sales of flat panel display manufacturing equipment, agricultural and construction materials, and provision of services.

3. Difference between the total of reporting segments in incomes (losses) and the corresponding amounts reported in the quarterly consolidated statements of income, and the primary items contributing to the difference

(Items related to the difference)

Income	(Millions of Yen)
Total of reporting segments	1,428
Other Business income (loss)	-485
Inter-segment elimination total	151
Corporate expenses (Note)	-150
Total operating income reported in the quarterly consolidated statements of income	944

Note: Corporate expenses are mainly general administrative expenses not attributable to a reporting segment.

4. Regional Information

Overseas net sales

	U.S.	Europe	Asia	Others	Total
I. Overseas net sales (millions of yen)	12,672	11,524	15,663	2,241	42,102
II. Consolidated net sales (millions of yen)					196,300
III. Overseas net sales as a ratio of consolidated net sales (%)	6.5	5.9	8.0	1.1	21.4

(Additional Information)

Effective beginning with the first quarter of fiscal year ending March 31, 2011, the Company is applying the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No.17, issued on March 27, 2009) and the Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information (ASBJ Guidance No.20, issued on March 21, 2008).

(6) Significant Change in Shareholder Equity

No significant change during the term under review.