

Summary of Financial Results of Fiscal Year 2011 Ended March 31, 2012



April 26, 2012

Company Name: Sekisui Chemical Co., Ltd.
 Stock Listings: Tokyo Stock Exchange, Osaka Securities Exchange
 Code Number: 4204
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 Scheduled General Meeting of Shareholders: June 27, 2012
 Scheduled date for payment of dividends: June 28, 2012
 Scheduled date for submission of financial statement: June 27, 2012

(Figures rounded down to the nearest million yen)

1. Consolidated Business Results for the Fiscal 2011 (April 1, 2011 to March 31, 2012)

(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	%
FY2011	965,090	5.4	54,610	10.7	54,158	12.1	28,116	19.3
FY2010	915,492	6.6	49,335	37.2	48,292	55.4	23,574	102.8

(Note) Comprehensive income March 31, 2012: 24,652 million yen (332.1%), March 31, 2011: 5,705 million yen (-77.8%)

	Net Income per Share	Net Income per Share (Diluted)	Net Income to Equity Ratio	Recurring Income to Total Assets Ratio	Operating Income Ratio
	yen	yen	%	%	%
FY2011	53.96	53.94	8.1	6.7	5.7
FY2010	44.92	44.92	6.9	6.1	5.4

(Note) Equity in earnings of affiliated companies March 31, 2012: 1,774 million yen, March 31, 2011: 1,739 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	yen
FY2011	827,103	363,299	42.5	682.46
FY2010	790,189	350,045	43.0	650.83

(Note) Shareholders' Equity : March 31, 2012: 351,651 million yen, March 31, 2011: 339,736 million yen

(3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	End of Year Cash and Cash Equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2011	66,652	-70,727	-16,077	45,146
FY2010	64,197	-46,051	-5,197	65,944

2. Dividend Status

(Date of Record)	Dividend Per Share					Total Dividend Payment (full year)	Dividend Payout Ratio (consolidated)	Dividend to equity ratio (consolidated)
	At the end of 1Q	At the end of 2Q	At the end of 3Q	Year-end	Full year			
	yen	yen	yen	yen	yen	Millions of yen	%	%
FY2010	-	5.00	-	8.00	13.00	6,807	28.9	2.0
FY2011	-	7.00	-	8.00	15.00	7,782	27.8	2.3
FY2012 (outlook)	-	9.00	-	9.00	18.00		27.3	

3. Consolidated Outlook for Fiscal 2012 (April 1, 2012 to March 31, 2013)

(% 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	524,000	11.2	26,500	7.3	25,500	1.3	15,000	12.8	29.11
Full Year	1,050,000	8.8	64,000	17.2	62,000	14.5	34,000	20.9	65.98

4. Other

(1) Significant change of subsidiary companies during the term (change of specified subsidiaries that affected the scope of consolidated reporting): Yes (2company; Sekisui Diagnostics, LLC., SEKISUI NANO COAT TECHNOLOGY Co., Ltd.)

(2) 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: No

b) Changes other than a): No

(3) Number of shares outstanding (common stock)

a) Number of shares outstanding at the end of term (including treasury stock)	FY2011	539,507,285 shares
	FY2010	539,507,285 shares
b) Treasury stock at the end of term	FY2011	24,234,348 shares
	FY2010	17,503,791 shares
c) Average number of shares outstanding during the current term	FY2011	521,026,901 shares
	FY2010	524,807,798 shares

Note: Execution chart for audit procedures

The Financial Instruments and Exchange Law does not require this brief announcement of the most recent financial statements to be subject to audit review. The review procedure of financial statements based on the Financial Instruments and Exchange Law is not completed at the time of the disclosure of these consolidated financial statements.

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

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. Please refer to page 6, "Fiscal Year 2012 Forecast" for the assumptions underlying the forecasts, disclaimer on the use of forecasts, and other related matters.

1. Consolidated Business Results

(1) Analysis of Operating Results

1) Fiscal Year 2011 (April 1, 2011, to March 31, 2012)

a. Consolidated Results

Net sales ¥965.0 billion (+5.4% year on year), operating income ¥54.6 billion (+10.7%), ordinary income ¥54.1 billion (+12.1%), net income ¥28.1 billion (+19.3%)

Sekisui Chemical recorded growth in consolidated revenue in fiscal year 2011, primarily due to increased sales in core domestic operations led by housing and water infrastructure-related products along with the contributions to consolidated results from recently acquired companies in the medical and IT fields. The performances in these areas overcame the negative impacts from the supply chain disruptions and power shortages after the Great East Japan Earthquake, deteriorating market conditions, including the financial crisis in Europe, and the impact of the flooding in Thailand. The Company's profit performance was affected by one-time costs associated with M&A activities along with impacts from the foreign exchange rates and rising raw material costs. However, the increased sales volume primarily led by the housing business and progress with cost reduction efforts produced overall profit growth.

During the term, we took concrete steps to fortify our business growth prospects, including acquiring Suzutora Corporation (currently Sekisui Nano Coat Technology Co., Ltd.) in the IT field, establishing a joint venture vehicle components molding business in India, and entering into a business alliance in the water infrastructure-related business.

The Housing Company and the UIEP Company focused on providing restoration and reconstruction support to the regions stricken by the Great East Japan Earthquake by supplying temporary housing and water infrastructure-related products.

b. Business Results by Company (April 1, 2011, to March 31, 2012)

Housing Company

Net sales ¥449.3 billion (+7.3%), operating income ¥31.0 billion (+27.5%)

The Housing Company achieved growth in sales and income for the consolidated fiscal year by fortifying its sales structure including expanding the sales forces in the new housing construction and the living environment businesses, and by raising its order volume by steadily capturing demand with a focus on Eastern Japan.

In addition, the Housing Company completed its nationwide structural reorganization with the shift in July to the integrated production and sales operations in the Tokyo, Kinki, and Chubu areas. The revised organizational framework was prepared to improve our abilities to cultivate marketing catered to local area characteristics

nationwide, to achieve leveling of our production and construction operations, and to increase our earning ability. The Housing Company also concentrated efforts on providing temporary housing, restoration construction, and other restoration and reconstruction support to the regions stricken by the Great East Japan Earthquake.

The new housing construction business recorded year-on-year growth in housing unit orders. Sales were boosted by meeting demand for seismic-resistant housing in and around areas affected by the Great East Japan Earthquake and from the contribution to sales of the Smart Heim series of homes offering built-in solar power generations systems and the energy-saving Home Energy Management System (HEMS) communication technology.

The living environment business also recorded a steady rise in the value of orders supported by strong sales of solar power generation systems, which attracted increased interest after the earthquake, and the constant drive to expand sales of its mainstay kitchen, bathroom, and other products. The company also strengthened its sales structure and conducted education and training programs to reinforce its product proposal capabilities.

In overseas operations, in July, the company determined to invest in the construction of a new production facility as part of full-fledged development of business in Thailand.

Urban Infrastructure and Environmental Products

Net sales ¥200.0 billion (+2.3%), operating income ¥2.9 billion (+96.7%)

The UIEP Company recorded improving sales and income in fiscal 2011 on increased sales volumes in its domestic core businesses, notably sales of PVC pipes, rain gutters, and bathroom units accompanying the increase in housing construction starts, while the overseas businesses struggled against adverse conditions including the debt crisis in Europe. The company's steady progress responding to the rising raw materials price and with measures to reduce fixed costs also contributed to income increase.

In Japan, the UIEP Company was actively involved in the restoration and reconstruction activities after the Great East Japan Earthquake, including dispatching a reconstruction project team to areas stricken, providing water supply PE pipes, feed-water tanks, and other essentials needed to reestablish lifelines, and providing PVC pipes and bathroom units for the construction of temporary housing.

Overseas, the industrial piping materials business expanded sales, particularly in South Korea, Taiwan, and other countries while an overall trend of declining demand, particularly in Europe and the United States, led to a growing number of postponements and freezing of planned projects, most notably in the pipeline renewal business. Anticipating market growth of pipeline renewal field in Eastern Europe, the company acquired Rabmer Holding GmbH in December 2011 to reinforce its order and project organization structure in the region.

With the aim of accelerating the development of the value chain (total solution including examination and testing, design, products, construction, maintenance and management) to establish the framework for business growth, the

Company entered into a business alliance with Swing Corporation in May as a concrete step in our plan to attract complex consignment projects combining pipeline infrastructure and treatment facility construction in the water supply and sewerage business.

High Performance Plastics Company

Net sales ¥296.8 billion (+5.4%), operating income ¥20.5 billion (-15.6%)

The HPP Company recorded increased sales in fiscal 2011, largely due to the contribution from the new consolidation of a company in a strategic business field. However, the company posted a decline in income owing to the one-time expenses from the corporate acquisition, deteriorating market conditions beginning in the third quarter, rising raw material prices, the strong yen, and other factors.

Sales in the automotive field fell below last year's level as the adverse affects of deteriorating market conditions caused by the European debt crisis, decreased automobile production after the Great East Japan Earthquake and Thai floods, the strong yen and other factors offset the demand growth in developing countries. In August 2011, the company established a joint venture vehicle components molding business, Sekisui DLJM Molding Private Limited, in India in anticipation of local market growth. The company sought to supply components mainly to Japan-affiliated automakers.

In the IT field, sales were boosted by the contribution from the newly consolidated Sekisui Nano Coat Technology Co., Ltd. and rising sales in the mobile solutions field, such as products used in smartphones and tablet computers, but overall sales remained flat owing to deteriorating market conditions for large panels used in TVs and medium-sized panels for computers in and after the second quarter. During the year, the Taga Plant installed manufacturing equipment to produce conductive fine particles for mobile devices and is scheduled to commence operations in fiscal 2012.

In the medical field, contributions from newly consolidated companies, including the U.S.-based diagnostic reagents business Sekisui Diagnostics, LLC, supported a sharp year-on-year rise in sales. However, one-time costs associated with the business transfer put downward pressure on income.

2) Fiscal Year 2012 Forecast

a. Consolidated Forecast

Net sales ¥1,050.0 billion (+8.8%), operating income ¥64.0 billion (+17.2%), ordinary income ¥62.0 billion (+14.5%), net income ¥34.0 billion (+20.9%)

Sekisui Chemical will endeavor to realize across-the-board increases in sales and income in fiscal 2012 by leveraging synergies of forward investment measures to expand business in the high-growth Frontier 7 fields while continuing to respond to rises in raw material costs and strictly controlling fixed costs and other expenses, excluding those for growth investment. The Company will aim to position itself for sustaining growth by implementing “business model reform” in response to the evolving demand structures for each internal company and by developing new products and technologies to develop growth fields.

Sekisui Chemical, primarily through the Housing Company and the Urban Infrastructure & Environmental Products Company, will continue to actively participate in the reconstruction efforts after the earthquake.

*The Frontier 7 business fields are the housing stock, pipeline renewal, overseas water infrastructure, performance materials, automotive, IT, and medical fields.

To provide more accurate disclosure and administration of the Sekisui Group’s business performance, the fiscal year accounting periods of overseas consolidated subsidiaries will be revised from the December 31 end to the March 31 end beginning in fiscal year 2012, ending March 31, 2013.

In accordance with this revision, the projected results of the consolidated subsidiaries in the fiscal year 2012 consolidated forecasts represent the 15-month period beginning on January 1, 2012, and ending on March 31, 2013.

b. Company Forecasts

Housing

Net sales ¥470.0 billion (+4.6%), operating income ¥35.0 billion (+12.6%)

The Housing Company is aiming to continue growing both sales and income in fiscal year 2012. The company is seeking to continue making advances in the new housing construction business and is increasing and training its sales force to fortify its order structure. The company is also implementing measures to stimulate business growth in an uncertain business environment, including utilizing the integrated production and sales management systems to deepen strategies catered to specific areas.

The new housing construction business plans to promote its energy-independent and comfortable homes by highlighting their power accumulation function that ensures a store of electricity accessible even in emergency situations. The strategy aims at expanding sales of next-generation Shin Smart Heim houses equipped with solar power generation systems (energy generation), the HEMS (energy saving) communications technology and built-in

large capacity storage batteries (energy storage).

The living environment business will continue seeking to expand sales of solar power generation systems and other mainstay products, including its unit bath and kitchen products. The business also plans to fortify its after-sale service as it continues to formulate a cyclical business model.

In overseas business development, the company completed construction of a new mass production facility in Thailand with capacity to produce 1,000 homes annually and is actively developing business in the country.

Urban Infrastructure & Environmental Products

Net sales ¥225.0 billion (+12.5%), operating income ¥7.0 billion (+136.7%)

The UIEP Company is aiming to realize growth in both sales and income in fiscal year 2012. The primary strategies will be to implement steps to accelerate the development of its value chain, including reformulating its product organization according to demand fields rather than product lines and further strengthening its ability to attract complex consignment project proposals in collaboration with Swing Corporation.

In Japan, in addition to establishing the framework for full participation in the post-disaster reconstruction, the company will develop the value chain to offer package products and introduce new products in the water infrastructure stock renovation, detached housing and construction stock, anti-seismic and energy saving, and other growth fields.

Overseas, the company will strengthen the ties between our businesses within the United States, Europe and Asia regions to harness their full capabilities for sales activities. The company's sheet business is accelerating the development of new products to attract demand in the aircraft industry and to make forays in new business fields. The pipeline renewal business plans to boost its sales by improving its organizational structure for orders and projects.

High Performance Plastics

Net sales ¥340.0 billion (+14.5%), operating income ¥24.0 billion (+16.6%)

The HPP Company is aiming to increase both sales and income in fiscal 2012 by fortifying business in the three strategic business fields—automotive, IT, and medical—while also focusing efforts on reinforcing the business foundation.

In the automotive field, the company will seek to maximize utilization of the overseas bases to construct the optimal global production and sales structure for its mainstay interlayer films business and expand sales of its high performance interlayer films. In the automotive component molding business, the company established a joint venture production and sales company in India with the aim of growing sales in the region.

In the IT field, the company is aiming to expand sales of LCD fine particle products and finished tape products used in smartphones and tablet terminals in the growing mobile solutions field as well as ITO films. Efforts will also focus on developing its lineup of products using organic EL and other materials for next-generation technologies and cultivating new businesses.

In the medical field, the company plans to focus efforts on the medical equipment business and to leverage its overseas bases, particularly Sekisui Diagnostics, LLC, to activate the synergies in the diagnostic reagents business.

(2) Consolidated Financial Position

1) Cash Flow (April 1, 2011, to March 31, 2012)

In fiscal year 2011, net cash provided by operating activities amounted to ¥66.6 billion. The increase was primarily attributable to factors including ¥49.2 billion in income before income taxes and minority interests, ¥35.1 billion in depreciation and amortization, a ¥6.3 billion increase in notes and accounts payable, and a ¥2.8 billion increase in advances received, which more than offset ¥15.4 billion in income taxes paid, a ¥12.1 billion increase in inventories, and an ¥8.3 billion increase in notes and accounts receivable.

Net cash used in investing activities amounted to ¥70.7 billion. The decline was primarily due to aggressive investment that included outlays of a ¥25.9 billion investment for the acquisition of property, plant, and equipment focused on priority and growth fields, and ¥33.7 billion for the transfer of the diagnostic agent business from Genzyme Corporation, of the United States and to acquire shares of Suzutora Corporation and establish the company as a subsidiary.

Net cash used in financing activities amounted to ¥16.0 billion. The main elements in the decline were ¥8.2 billion in dividend payments, a ¥4.9 billion net decrease in interest-bearing debt, and a ¥4.5 billion in share buyback.

The result of the above was cash and cash equivalents totaling ¥45.1 billion at the end of fiscal year 2011.

2) Fiscal Year 2012 Forecast

Business operations will continue to be conducted with investment concentration in priority and growth fields and an emphasis on cash flow with the objectives of generating free cash flow and further fortifying the Company's financial position.

Trend in Cash Flow Indicators

	FY2007	FY2008	FY2009	FY2010	FY2011
Equity ratio (%)	45.8	42.6	43.4	43.0	42.5
Shareholders' equity ratio based on market value (%)	40.5	34.0	42.3	43.0	44.7
Ratio of interest-bearing liabilities to cash flow	2.9	3.6	1.8	1.9	1.9
Interest coverage ratio	12.6	13.1	29.4	24.6	24.2

Notes: Equity ratio = Equity / Total assets

Shareholders' equity ratio based on market value = Total market value of listed shares / Total assets

Ratio of interest-bearing liabilities to cash flow = Interest-bearing debt / Cash flow

Interest coverage ratio = Cash flow / Interest payments

1. All indicators are calculated from consolidated figures.
2. Total market value of listed shares is calculated by multiplying the closing stock price at the fiscal term end by the total number of shares outstanding at the fiscal term end excluding treasury stock, at cost.
3. Cash flow is the cash flow of operating activities reported in the consolidated statement of cash flows.
4. Interest-bearing debt represents the total amount of debt on which the company pays interest reported in the consolidated balance sheet. The interest payment amount is the amount reported in the consolidated statement of cash flows.

3) Fundamental Profit Distribution Policy and Dividends for Fiscal Years 2011 and 2012

Increasing corporate value and returning profit to shareholders are fundamental management objectives at Sekisui Chemical. The management objective for shareholder return is to maintain a stable dividend level with a target dividend payout ratio of 30% on a consolidated basis.

The company pays dividends twice annually, with the dates of record set as the last day of the first half (September 30) and the last day of the fiscal year (March 31). In line with company policy, when in possession of surplus funds, these funds are used for share buyback programs to enhance shareholder return as well as to improve capital efficiency and increase earnings per share. Internal cash reserves are utilized for R&D, capital investment, strategic

investment, loans and investments, and other activities essential to the future growth of corporate value.

In fiscal year 2011, the Company distributed a first half dividend of ¥7 and a second half dividend of ¥8 for a full-year dividend distribution of ¥15 per share.

In fiscal year 2012, the Company plans to provide a first half dividend of ¥9 and a second half dividend of ¥9 for a full-year dividend distribution of ¥18 per share.

I. Consolidated Financial Statement (Fiscal Year 2011)

(1) Consolidated Balance Sheets

	(Millions of Yen)	
	End Fiscal Year 2010 As of March 31, 2011	End Fiscal Year 2011 As of March 31, 2012
(Assets)		
Current Assets		
Cash and deposits	75,021	75,422
Notes receivable	38,688	40,797
Accounts receivable	109,263	116,123
Marketable securities	10,501	21
Merchandise and finished goods	39,332	47,100
Land for sale	19,146	16,977
Work in process	37,015	44,156
Raw materials and supplies	22,361	24,343
Advance payments	633	1,909
Prepaid expenses	2,531	2,878
Deferred income taxes	12,341	14,396
Short-term loans	1,118	347
Other current assets	12,530	17,374
Allowance for doubtful accounts	-999	-1,527
Total current assets	<u>379,485</u>	<u>400,322</u>
Non-current assets		
Property, plant and equipment, net		
Buildings and structures	85,005	83,601
Machinery, equipment and	64,515	61,796
Land	69,184	67,097
Leased assets	7,163	7,220
Construction in progress	5,516	6,871
Other	4,867	4,607
Total property, plant and equipment, net	<u>236,253</u>	<u>231,194</u>
Intangible assets		
Goodwill	19,290	26,711
Software	4,341	4,764
Leased assets	381	228
Other	5,799	20,188
Total intangible assets	<u>29,813</u>	<u>51,893</u>
Investments and other assets		
Investments in securities	105,307	107,925
Long-term loans	552	833
Long-term prepaid expenses	1,124	1,433
Deferred income taxes	27,340	22,670
Other	11,569	11,813
Allowance for doubtful accounts	-1,258	-982
Total investments and other assets	<u>144,636</u>	<u>143,693</u>
Total non-current assets	<u>410,704</u>	<u>426,780</u>
Total assets	<u>790,189</u>	<u>827,103</u>

	(Millions of Yen)	
	End Fiscal Year 2010 As of March 31, 2011	End Fiscal Year 2011 As of March 31, 2012
(Liabilities)		
Current liabilities		
Notes payable	7,324	6,777
Electronically recorded obligations	—	3,540
Accounts payable	118,027	121,028
Short-term debt and current portion of long-term debt	40,325	40,636
Lease obligations	3,102	3,019
Accrued expenses	27,257	28,083
Accrued income and other taxes	9,107	15,282
Deferred income taxes	162	163
Allowance for employees' bonuses	14,308	14,887
Allowance for directors' bonuses	223	233
Provision for compensation for completed constructions	1,127	1,223
Advances received	44,153	47,555
Other	35,981	41,587
Total current liabilities	<u>301,101</u>	<u>324,017</u>
Long-term liabilities		
Bonds less current maturities	10,000	20,000
Long-term debt less current portion	66,702	59,083
Lease obligations	4,378	4,449
Deferred income taxes	4,949	3,916
Accrued retirement benefits	47,761	46,909
Other	5,249	5,426
Total long-term liabilities	<u>139,042</u>	<u>139,786</u>
Total liabilities	<u>440,143</u>	<u>463,803</u>
(Net assets)		
Shareholders' equity		
Common stock	100,002	100,002
Capital surplus	109,307	109,288
Retained earnings	172,689	192,856
Treasury stock, at cost	-13,017	-17,352
Total shareholders' equity	<u>368,982</u>	<u>384,795</u>
Accumulated other comprehensive income		
Unrealized holding loss on securities	-8,202	-7,556
Deferred loss on hedges	-123	-16
Unrealized gain on land revaluation	199	260
Translation adjustments	-21,119	-25,830
Total Accumulated other comprehensive income	<u>-29,245</u>	<u>-33,143</u>
Stock acquisition rights	611	474
Minority interests	9,697	11,173
Total net assets	<u>350,045</u>	<u>363,299</u>
Total liabilities and net assets	<u>790,189</u>	<u>827,103</u>

(2) Consolidated Statement of Income and Consolidated statement of comprehensive income
(Consolidated Statement of Income)

	(Millions of Yen)	
	Fiscal Year 2010 (From April 1, 2010 to March 31, 2011)	Fiscal Year 2011 (From April 1, 2011 to March 31, 2012)
Net sales	915,492	965,090
Cost of sales	645,468	679,528
Gross profit	270,023	285,562
Selling, general & administrative expenses	220,688	230,951
Operating Income	49,335	54,610
Non-operating income		
Interest income	646	695
Dividends income	1,533	1,795
Equity in earnings of affiliates	1,739	1,774
Miscellaneous income	3,785	5,396
Total non-operating income	7,704	9,662
Non-operating expenses		
Interest expenses	2,297	2,432
Sales discounts	305	332
Foreign exchange loss	2,504	608
Miscellaneous expenses	3,641	6,740
Total non-operating expenses	8,748	10,113
Ordinary income	48,292	54,158
Extraordinary Income		
Gain on sales of property, plant and equipment	-	3,311
Total extraordinary income	-	3,311
Extraordinary loss		
Loss on impairment of fixed assets and goodwill	984	3,811
Loss on reduction of non-current assets	-	1,840
Loss on devaluation of investments in securities	1,109	987
Reorganization costs	3,967	-
Disaster loss	1,239	-
Loss on sales or disposal of property, plant and equipment	1,189	1,590
Total extraordinary loss	8,491	8,229
Income before income taxes and minority interests	39,801	49,240
Corporate tax, inhabitant tax, and enterprise tax	14,025	21,862
Adjustment for corporate and other taxes	1,096	Δ1,667
Total of corporate tax and other taxes	15,122	20,194
Income before minority interests	24,678	29,046
Minority interests	1,103	930
Net income	23,574	28,116

Consolidated statement of comprehensive income

	(Millions of Yen)	
	Fiscal Year 2010 (From April 1, 2010 to March 31, 2011)	Fiscal Year 2011 (From April 1, 2011 to March 31, 2012)
Income before minority interests	24,678	29,046
Other comprehensive income		
Unrealized holding gain (loss) on securities	-7,211	582
Deferred gain (loss) on hedges	-197	106
Translation adjustments	-11,617	-5,194
Equity equivalent of equity method affiliate	53	111
Total other comprehensive income	<u>-18,972</u>	<u>-4,393</u>
Comprehensive income	<u>5,705</u>	<u>24,652</u>
(breakdown)		
Comprehensive income attributable to owners of the parent	5,110	24,218
Comprehensive income attributable to minority shareholders	594	434

(3) Consolidated Statements of Capital Surplus and Retained Earnings, and changes in Shareholders' Equity

	(Millions of Yen)	
	Fiscal Year 2010 (From April 1, 2010 to March 31, 2011)	Fiscal Year 2011 (From April 1, 2011 to March 31, 2012)
Shareholders' Equity		
Common stock		
Balance at the end of the previous accounting period	100,002	100,002
Changes		
Total Changes	—	—
Balance at the end of the current accounting period	<u>100,002</u>	<u>100,002</u>
Capital surplus		
Balance at the end of the previous accounting period	109,307	109,307
Changes		
Cancellation of treasury stock	-0	-18
Total Changes	<u>-0</u>	<u>-18</u>
Balance at the end of the current accounting period	<u>109,307</u>	<u>109,288</u>
Retained earnings		
Balance at the end of the previous accounting period	154,353	172,689
Changes		
Dividends on retained earnings	-5,256	-7,836
Net income	23,574	28,116
Increase in retained earnings due to increase in consolidated subsidiaries	19	-
Decrease in retained earnings due to increase in consolidated subsidiaries	-	-113
Total Changes	<u>18,336</u>	<u>20,166</u>
Balance at the end of the current accounting period	<u>172,689</u>	<u>192,856</u>
Treasury stock		
Balance at the end of the previous accounting period	-10,839	-13,017
Changes		
Acquisition of treasury stock	-2,178	-4,544
Cancellation of treasury stock	1	209
Total Changes	<u>-2,177</u>	<u>-4,335</u>
Balance at the end of the current accounting period	<u>-13,017</u>	<u>-17,352</u>
Total shareholders' equity		
Balance at the end of the previous accounting period	352,823	368,982
Changes		
Dividends on retained earnings	-5,256	-7,836
Net income	23,574	28,116
Increase in retained earnings due to increase in consolidated subsidiaries	19	-
Decrease in retained earnings due to increase in consolidated subsidiaries	-	-113
Acquisition of treasury stock	-2,178	-4,544
Cancellation of treasury stock	0	190
Total Changes	<u>16,158</u>	<u>15,812</u>
Balance at the end of the current accounting period	<u>368,982</u>	<u>384,795</u>

	(Millions of Yen)	
	Fiscal Year 2010 (From April 1, 2010 to March 31, 2011)	Fiscal Year 2011 (From April 1, 2011 to March 31, 2012)
Total other comprehensive income		
Unrealized holding gain (loss) on securities		
Balance at the end of the previous accounting period	-1,037	-8,202
Changes		
Changes in items other than shareholders' equity (net)	-7,164	645
Balance at the end of the current accounting period	-7,164	645
Balance at the end of the current accounting period	-8,202	-7,556
Deferred gains or losses on hedges		
Balance at the end of the previous accounting period	74	-123
Changes		
Changes in items other than shareholders' equity (net)	-197	106
Total Changes	-197	106
Balance at the end of the current accounting period	-123	-16
Unrealized gain on land revaluation		
Balance at the end of the previous accounting period	199	199
Changes		
Changes in items other than shareholders' equity (net)	0	61
Total Changes	0	61
Balance at the end of the current accounting period	199	260
Translation adjustments		
Balance at the end of the previous accounting period	-10,017	-21,119
Changes		
Changes in items other than shareholders' equity (net)	-11,101	-4,711
Total Changes	-11,101	-4,711
Balance at the end of the current accounting period	-21,119	-25,830
Total other comprehensive income		
Balance at the end of the previous accounting period	-10,781	-29,245
Changes		
Changes in items other than shareholders' equity (net)	-18,464	-3,897
Total Changes	-18,464	-3,897
Balance at the end of the current accounting period	-29,245	-33,143
Share subscription rights		
Balance at the end of the previous accounting period	503	611
Changes		
Changes in items other than shareholders' equity (net)	107	-137
Total Changes	107	-137
Balance at the end of the current accounting period	611	474
Minority shareholders' interests		
Balance at the end of the previous accounting period	9,160	9,697
Changes		
Changes in items other than shareholders' equity (net)	536	1,475
Total Changes	536	1,475
Balance at the end of the current accounting period	9,697	11,173
Total net assets		
Balance at the end of the previous accounting period	351,706	350,045
Changes		
Dividends on retained earnings	-5,256	-7,836
Net income	23,574	28,116
Increase in retained earnings due to increase in consolidated subsidiaries	19	-
Decrease in retained earnings due to increase in consolidated subsidiaries	-	-113
Acquisition of treasury stock	-2,178	-4,544
Cancellation of treasury stock	0	190
Changes in items other than shareholders' equity (net)	-17,819	-2,558
Total Changes	-1,660	13,254
Balance at the end of the current accounting period	350,045	363,299

(4) Consolidated Statements of Cash Flows

	(Millions of Yen)	
	Fiscal Year 2010 (From April 1, 2010 to March 31, 2011)	Fiscal Year 2011 (From April 1, 2011 to March 31, 2012)
Operating activities		
Income before income taxes and minority interests	39,801	49,240
Depreciation and amortization	34,530	35,102
Amortization of goodwill	2,730	3,422
Loss on impairment of fixed assets and goodwill	984	3,811
Loss on disposal of fixed assets	1,106	1,038
Loss on revaluation of marketable and investment securities	1,109	987
Loss on reduction of non-current assets	-	1,840
Proceeds from (loss on) sales of non-current assets	39	-2,993
Decrease in provision for retirement benefits	-704	-817
Interest and dividend income	-2,179	-2,491
Interest expenses	2,602	2,765
Equity in earnings of affiliates	-1,739	-1,774
Increase in notes and accounts receivable	-6,071	-8,372
Increase in inventories	-13,347	-12,194
Increase in notes and accounts payable	9,538	6,318
Increase in advances received	6,359	2,854
Other	2,482	3,247
Subtotal	<u>77,244</u>	<u>81,987</u>
Interest and dividends received	2,616	2,875
Interest paid	-2,606	-2,753
Income taxes paid	-13,056	-15,455
Net cash provided by operating activities	<u>64,197</u>	<u>66,652</u>
Investing activities		
Purchases of property, plant and equipment	-21,232	-25,963
Proceeds from sales of property, plant and equipment	424	3,036
Payments for placement of time deposits	-17,646	-37,361
Proceeds from time deposits	381	24,637
Purchases of investments in securities	-3,154	-1,089
Proceeds from sales or redemption of investment in securities	462	2,944
Acquisition of investments in subsidiaries resulting in change in scope of consolidation	-	-16,324
Acquisition of securities in subsidiaries	-683	-408
Acquisition of businesses	-	-15,862
Purchase of stock of consolidated subsidiaries from minority shareholders	-12	-1,127
Purchase of intangible assets	-2,529	-2,423
Decrease (increase) in short-term loans	-121	570
Other	-1,940	-1,355
Net cash used in investing activities	<u>-46,051</u>	<u>-70,727</u>
Financing activities		
Increase in short-term debt, net	29	2,801
Repayments of finance lease obligations	-3,944	-3,478
Proceeds from long-term debt	14,160	11,513
Repayment of long-term debt	-7,755	-25,246
Proceeds from issuance of bonds	-	10,000
Payment for redemption of bonds	-	-500
Proceeds from stock issuance to minority shareholders	-	1,302
Cash dividends paid	-5,260	-7,835
Cash dividends paid to minority shareholders of consolidated	-284	-422
Purchase of treasury stock	-2,171	-4,544
Other	29	333
Net cash provided by (used in) financing activities	<u>-5,197</u>	<u>-16,077</u>
Effect of exchange rate change on cash and cash equivalents	-2,488	-971
Net increase in cash and cash equivalents	<u>10,459</u>	<u>-21,124</u>
Cash and cash equivalents at beginning of year	54,855	65,944
Increase in cash and cash equivalents from initial consolidated subsidiary	629	325
Cash and cash equivalents at end of year	<u>65,944</u>	<u>45,146</u>

(5) Notes regarding the premise of a going concern

No significant changes during the term under review.

(6) Important items regarding the basis of preparation of the consolidated financial statements

No significant changes in the period since the Summary of Financial Results for the Fiscal Year 2009 issued on June 29, 2010.

(7) Changes in important items regarding the basis of preparation of the consolidated financial statements

Additional Information

(Accounting changes and error corrections applied in accordance with accounting standards)

For accounting changes and error corrections after the beginning of the fiscal year under review, the Company has applied the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, revised December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, revised December 4, 2009).

II. Segment Information

a) 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.

b) Valuation method for reporting segment profit (loss) and asset amount

The accounting methods for the reporting business segments is presented in accordance with "Important fundamental matters for preparing consolidated financial statements." The reporting segment profit figures are based on operating profit. Intersegment internal rates of return and the amounts transferred are presented based on the current market prices at the time of this report.

c) Net sales, income (loss), assets data by reporting segment

Fiscal 2010 (April 1, 2010 to March 31, 2011)

	Reporting Segment				Other (Note)	Total
	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Total		
I. Net sales:						
(1)To third parties	418,620	184,443	275,122	878,186	37,305	915,492
(2)Intersegment	66	11,126	6,520	17,713	5,835	23,548
Total	418,687	195,570	281,642	895,900	43,140	939,041
Operating income (loss)	24,379	1,503	24,397	50,281	-127	50,153
Assets	196,715	161,309	257,843	615,868	42,057	657,926
Other Item						
Depreciation and amortization	7,287	6,953	17,638	31,879	1,956	33,836
Investment in equity-method affiliate	6,454	-	-	6,454	-	6,454
Increase in tangible fixed assets and intangible fixed assets	5,708	5,556	12,111	23,375	1,235	24,611

Note1: 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.

2:Depreciation and amortization and increase in tangible fixed assets and intangible fixed assets include depreciation related to long-term prepaid expenses and associated costs.

Fiscal 2011 (April 1, 2011 to March 31, 2012)

	Reporting Segment				Other (Note)	Total
	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Total		
I. Net sales:						
(1)To third parties	449,005	187,524	290,471	927,001	38,088	965,090
(2)Intersegment	386	12,477	6,404	19,268	5,385	24,654
Total	449,391	200,002	296,876	946,270	43,474	989,745
Operating income (loss)	31,090	2,957	20,582	54,630	-235	54,394
Assets	217,455	163,958	296,296	677,710	42,907	720,618
Other Item						
Depreciation and amortization	6,995	6,584	18,798	32,378	2,003	34,381
Investment in equity-method affiliate	6,798	-	-	6,798	-	6,798
Increase in tangible fixed assets and intangible fixed assets	8,566	5,115	16,694	30,376	1,938	32,314

Note1: 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.

2:Depreciation and amortization and increase in tangible fixed assets and intangible fixed assets include depreciation related to long-term prepaid expenses and associated costs.

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

(Items related to the difference)

Fiscal 2010 (April 1, 2010 to March 31, 2011)

Net Sales	(Millions of Yen)
Total of reporting segments	895,900
Other Business Sales	43,140
Inter-segment elimination total	-23,548
Net Sales	915,492

Income	(Millions of Yen)
Total of reporting segments	50,281
Other Business income (loss)	-127
Inter-segment elimination total	-196
Corporate expenses (Note)	-620
Operating Income	49,335

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

Assets	(Millions of Yen)
Total of reporting segments	615,868
Assets classified as "other"	42,057
Inter-segment elimination total	-72,479
Corporate assets	204,742
Total Assets	790,189

Note: Corporate assets are assets not associated with the reporting segments. The main items were non-consolidated cash and deposits, long-term investments (investments in securities), assets related to administrative operations and deferred income taxes.

Other item	Reporting Segment	Others	Adjusted amount	The corresponding amounts reported in the consolidated
Depreciation and amortization	31,879	1,956	694	34,530
Investment in equity-method affiliate	6,454	-	21,806	28,260
Increase in tangible fixed assets and intangible fixed assets	23,375	1,235	658	25,269

Note: Adjustment for investment in equity-method affiliate represents the amount invested in equity-method affiliate companies which are not associated with the reporting segments.

Fiscal 2011 (April 1, 2011 to March 31, 2012)

Net Sales	(Millions of Yen)
Total of reporting segments	946,270
Other Business Sales	43,474
Inter-segment elimination total	-24,654
Net Sales	965,090

Income	(Millions of Yen)
Total of reporting segments	54,630
Other Business income (loss)	-235
Inter-segment elimination total	922
Corporate expenses (Note)	-707
Operating Income	54,610

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

Assets	(Millions of Yen)
Total of reporting segments	677,710
Assets classified as "other"	42,907
Inter-segment elimination total	-85,114
Corporate assets	191,599
Total Assets	827,103

Note: Corporate assets are assets not associated with the reporting segments. The main items were non-consolidated cash and deposits, long-term investments (investments in securities), assets related to administrative operations and deferred income taxes.

Other item	Reporting Segment	Others	Adjusted amount	The corresponding amounts reported in the consolidated
Depreciation and amortization	32,378	2,003	721	35,102
Investment in equity-method affiliate	6,798	-	22,892	29,691
Increase in tangible fixed assets and intangible fixed assets	30,376	1,938	762	33,076

Note: Adjustment for investment in equity-method affiliate represents the amount invested in equity-method affiliate companies which are not associated with the reporting segments.

III. Relevance information

Fiscal 2010 (April 1, 2010 to March 31, 2011)

a. Product and service information

This information is presented in the segment data and is therefore omitted here.

b. Geographical information

1.Net Sales

(Millions of Yen)

	Japan	United States	Europe	Asia	Others	Total
Net Sales	735,480	52,800	50,654	67,574	8,983	915,492

2.Property, plant and equipment, net

(Millions of Yen)

	Japan	United States	Europe	Asia	Others	Total
Property, plant and equipment, net	180,814	17,091	20,101	16,304	1,942	236,253

c. Loss on impairment of fixed assets

(Millions of Yen)

	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Other Business	Eliminations or Unallocatable Accounts	Total
Loss on impairment of fixed assets	—	211	773	—	—	984

d. Goodwill

(Millions of Yen)

	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Other Business	Eliminations or Unallocatable Accounts	Total
Amortization of goodwill at this term	-33	1,019	1,746	-1	—	2,730
Balance at the end of the current accounting period	-5	4,629	14,666	—	—	19,290

Fiscal 2011 (April 1, 2011 to March 31, 2012)

a. Product and service information

This information is presented in the segment data and is therefore omitted here.

b. Geographical information

1.Net Sales

(Millions of Yen)

	Japan	United States	Europe	Asia	Others	Total
Net Sales	775,564	56,420	57,073	65,598	10,433	965,090

2.Property, plant and equipment, net

(Millions of Yen)

	Japan	United States	Europe	Asia	Others	Total
Property, plant and equipment, net	177,568	15,488	19,914	16,433	1,789	231,194

c. Loss on impairment of fixed assets

(Millions of Yen)

	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Other Business	Eliminations or Unallocatable Accounts	Total
Loss on impairment of fixed assets	407	1,162	775	15	1,450	3,811

d. Goodwill

(Millions of Yen)

	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Other Business	Eliminations or Unallocatable Accounts	Total
Amortization of goodwill at this term	-5	863	2,565	-1	—	3,422
Balance at the end of the current accounting period	—	3,596	23,114	—	—	26,711