

Summary of Consolidated Financial Results for the Second Quarter of Fiscal Year 2012 Ending March 31, 2013
<Under Japanese GAAP>

October 30, 2012

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. Hajime Kubo, Director, Managing Executive Officer
 TEL: +81-3- 5521-0522
 Scheduled date for submission of quarterly financial statement: November 14, 2012
 Scheduled date for payment of dividends: December 3, 2012
 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 Half (April 1, 2012 to September 30, 2012)

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1st H of FY2012	516,001	9.5	25,021	1.3	22,540	-10.4	12,809	-3.7
1st H of FY2011	471,406	5.7	24,702	22.0	25,160	22.6	13,299	50.1

Note: Comprehensive Income September 30, 2012: 12,121 million yen (-19.1%) September 30, 2011: 14,974 million yen (-%)

	Net Income per Share	Net Income per Share (Diluted)
	yen	yen
1st H of FY2012	24.86	24.84
1st H of FY2011	25.47	25.46

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
1st H of FY2012	817,648	372,471	43.9
FY2011	827,103	363,299	42.5

Note: Shareholders' Equity September 30, 2012: 359,293 million yen March 31, 2012: 351,651 million 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
FY2011	-	7.00	-	8.00	15.00
FY2012	-	9.00	-	-	-
FY2012 (outlook)	-	-	-	9.00	18.00

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

3. Consolidated Outlook for FY2012 (April 1, 2012 to March 31, 2013)

(% change from the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Full Year	1,030,000	6.7	62,000	13.5	58,000	7.1	31,000	10.3	60.14

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

Notes

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

(2) Application of special methods for quarterly consolidated financial statements: Yes

Note: For further details please refer to “2. Application of special accounting methods for the preparation of quarterly consolidated financial statements” on page5 of the attached document “II. Items Concerning the Information in the Summary Report (Notes).”

(3) Changes to the accounting policy, changes or restatements of the accounting estimates

a) Changes caused by revisions to accounting principles: Yes

b) Changes other than a): No

c) Amendments to accounting estimates: Yes

d) Restatements: No

Note: For further details please refer to “3. Changes to the accounting policy, changes or restatements of the accounting estimates” on page5 of the attached document “II. Items Concerning the Information in the Summary Report (Notes).”

(4) Number of shares outstanding (common stock)

a) Number of shares outstanding at the end of term (including treasury stock):	2nd Q of FY2012	532,507,285 shares
	FY2011	539,507,285 shares
b) Treasury stock at the end of term:	2nd Q of FY2012	17,045,313 shares
	FY2011	24,234,348 shares
c) Average outstanding shares in the period (quarterly consolidated cumulative total):	2nd Q of FY2012	515,356,134 shares
	2nd Q of FY2011	522,070,480 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 full-year consolidated forecasts presented in this report are changed from the forecasts announced on April 26, 2012.
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. Forward-looking statements in no capacity represent a guarantee that the Company will achieve the stated amounts. 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 “3. Consolidated Earnings Forecast” on page4 of the Quarterly Financial Report (Supplementary Material).

I. Qualitative Information and Financial Review

1. Consolidated Business Results

1) Overview of Conditions through the First Half of Fiscal 2012

Please see the following link to materials from the Presentation Meeting on the Financial Results for the First Half of FY2012.

URL <http://www.sekisuichemical.com/ir/pdf/20121030kge.pdf>

[The materials is scheduled to be held on October 30, 2012, at 5:30 p.m. Japan time]

2. Consolidated Financial Position

1) Financial Position (April 1, 2012, to September 30, 2012)

Total assets amounted to ¥817.6 billion at the end of the first half of fiscal 2012, representing a decrease of ¥9.4 billion from the end of fiscal year 2011. The decrease was the net sum of a ¥1.5 billion decline in current assets and a ¥7.9 billion decline in non-current assets, due largely to a decline in market value of investments in securities.

Liabilities decreased ¥18.6 billion to ¥445.1 billion from the end of fiscal year 2011, mainly as a result of declines in interest-bearing debt and accounts payable, trade.

Net assets increased ¥9.1 billion from the end of fiscal year 2011, to ¥372.4 billion. Equity after deducting minority interests from net assets amounted to ¥359.2 billion. The equity ratio was 43.9%.

2) Cash Flows (April 1, 2012, to September 30, 2012)

Net cash provided by operating activities amounted to ¥34.3 billion. Cash inflows included ¥19.6 billion in income before income taxes and minority interests, ¥17.5 billion in depreciation and amortization, and a ¥13.0 billion decrease in notes and accounts receivable. These exceeded cash outflows, which included ¥14.1 billion in income taxes paid and a ¥3.4 billion decrease in notes and accounts payable.

Net cash used in investing activities amounted to ¥11.3 billion. The decrease was primarily due to ¥16.2 billion utilized for purchases of property, plant, and equipment focused on priority and growth fields.

Net cash used in financing activities amounted to ¥16.0 billion. The main elements in the decline were ¥4.5 billion in cash dividends paid and a ¥13.2 billion net decrease in interest-bearing debt.

The result of the above was cash and cash equivalents of ¥52.1 billion at the end of the first half of fiscal year 2012.

3. Consolidated Earnings Forecast

The Company has revised down its consolidated forecasts for the full fiscal year 2012 to reflect the outlook for the prolonging and deepening fiscal crisis in Europe and consequent sluggish global market conditions to result in sales and income falling short of the forecast amounts announced on April 26, 2012.

	Current forecast	Previous forecast (announced on April 26, 2012)
Net Sales (Millions of yen)	1,030,000	1,050,000
Operating Income (Millions of yen)	62,000	64,000
Ordinary Income (Millions of yen)	58,000	62,000
Net Income (Millions of yen)	31,000	34,000
Net Income per Share (Yen)	60.14	65.98

II. Items Concerning the Information in the Summary Report (Notes)

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

(Change in the fiscal year periods of consolidated subsidiaries)

The Company has previously utilized the financial statements of 73 consolidated subsidiaries overseas with fiscal years ending on December 31 and has made necessary adjustments to reflect significant transactions that occurred between the closing dates of the subsidiary fiscal years and the consolidated fiscal year. Beginning with the first quarter of the current consolidated accounting period, the Company has changed the fiscal year ends of 57 consolidated subsidiaries to March 31 and adopted a method of provisional settlement of accounts using March 31 as a closing date for 15 consolidated subsidiaries.

Attendant with the change in fiscal year end at the aforementioned consolidated overseas subsidiaries, the second quarter cumulative consolidated income statement consolidated their results for the nine-month period from January 1 to September 30, 2012. Results for the three-month period from January to March 2012 for these overseas consolidated subsidiaries were net sales of ¥37,716 million, operating income of ¥529 million, ordinary income of ¥170 million, income before income taxes and minority interests of ¥144 million, and net loss of ¥93 million.

2. Application of special accounting methods for the preparation of quarterly consolidated financial statements:

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 first half 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 half under review.

Deferred income taxes are included in the income tax amount.

3. Changes to the accounting policy, changes or restatements of the accounting estimates

(Changes in accounting policies rendered problematic by changes in accounting estimates and categorizations)

In accordance with revisions to the Corporate Tax Law, beginning with the first quarter consolidated fiscal period, the Company and its domestic consolidated subsidiaries have adopted the depreciation method for property, plant and equipment acquired on or after April 1, 2012, as stipulated in the revised Corporate Tax Law.

This change had an immaterial impact on the consolidated financial statements for the quarter.

III. Consolidated Financial Statement (Second Quarter, Fiscal Year 2012)

1. Consolidated Balance Sheets

	(Millions of Yen)	
	End Fiscal Year 2011	End Second Quarter, Fiscal 2012
	(As of March 31, 2012)	(As of September 30, 2012)
(Assets)		
Current Assets		
Cash and deposits	75,422	79,758
Notes receivable, trade	40,797	35,875
Accounts receivable, trade	116,123	108,968
Marketable securities	21	1,501
Merchandise and finished goods	47,100	45,454
Land for sale	16,977	18,546
Work in process	44,156	43,570
Raw materials and supplies	24,343	26,422
Advance payments	1,909	1,670
Prepaid expenses	2,878	3,101
Deferred income taxes	14,396	17,043
Short-term loans receivable	347	537
Other current assets	17,374	17,965
Allowance for doubtful accounts	-1,527	-1,623
Total current assets	400,322	398,791
Non-current assets		
Property, plant and equipment, net		
Buildings & structures, net	83,601	82,903
Machinery, equipment and vehicles, net	61,796	59,621
Land	67,097	66,947
Leased assets, net	7,220	7,653
Construction in progress	6,871	8,266
Other, net	4,607	4,897
Total property, plant and equipment, net	231,194	230,290
Intangible fixed assets		
Goodwill	26,711	23,738
Software	4,764	5,260
Leased assets	228	305
Other	20,188	19,969
Total intangible assets	51,893	49,274
Investments and other assets		
Investments in securities	107,925	102,159
Long-term loans receivable	833	658
Long-term prepaid expenses	1,433	1,401
Deferred income taxes	22,670	24,203
Other	11,813	11,862
Allowance for doubtful accounts	-982	-993
Total investments and other assets	143,693	139,291
Total non-current assets	426,780	418,856
Total assets	827,103	817,648

(Millions of Yen)

	End Fiscal Year 2011 (As of March 31, 2012)	End Second Quarter, Fiscal 2012 (As of September 30, 2012)
(Liabilities)		
Current liabilities		
Notes payable, trade	6,777	5,939
Electronically recorded obligations	3,540	4,037
Accounts payable, trade	121,028	116,466
Short-term debt and current portion of long-term debt	40,636	38,380
Lease obligations	3,019	2,965
Accrued expenses	28,083	30,182
Accrued income taxes and other taxes	15,282	10,093
Deferred income taxes	163	278
Allowance for bonuses to employees	14,887	14,629
Allowance for bonuses to directors and corporate auditors	233	—
Provision for compensation for completed construction	1,223	1,199
Advances received	47,555	48,094
Other	41,587	40,009
Total current liabilities	324,017	312,277
Long-term liabilities		
Bonds	20,000	20,000
Long-term debt less current portion	59,083	51,139
Lease obligations	4,449	5,016
Deferred income taxes	3,916	4,203
Accrued retirement benefits	46,909	47,085
Other	5,426	5,454
Total long-term liabilities	139,786	132,898
Total liabilities	463,803	445,176
(Net assets)		
Shareholders' equity		
Common stock	100,002	100,002
Capital surplus	109,288	109,234
Retained earnings	192,856	196,549
Treasury stock	-17,352	-12,169
Total shareholders' equity	384,795	393,617
Accumulated other comprehensive income (loss):		
Unrealized holding loss on securities	-7,556	-9,070
Deferred loss on hedges	-16	-8
Unrealized gain on land revaluation	260	260
Translation adjustments	-25,830	-25,505
Total accumulated other comprehensive loss	-33,143	-34,323
Stock acquisition rights	474	349
Minority interests	11,173	12,828
Total net assets	363,299	372,471
Total liabilities, net assets	827,103	817,648

2. Consolidated Statements of Income and Statement of Comprehensive Income
 (Consolidated Statements of Income)
 (First Half, Fiscal Year 2012)

	(Millions of Yen)	
	First Half, Fiscal 2011 (From April 1, 2011 to September 30, 2011)	First Half, Fiscal 2012 (From April 1, 2012 to September 30, 2012)
Net sales	471,406	516,001
Cost of sales	331,392	367,789
Gross profit	140,013	148,211
Selling, general & administrative expenses	115,311	123,190
Operating Income	24,702	25,021
Non-operating income		
Interest income	326	459
Dividend income	1,607	1,884
Equity in earnings of affiliates	574	317
Miscellaneous income	3,565	1,941
Total non-operating income	6,074	4,602
Non-operating expenses		
Interest expenses	1,298	1,443
Sales discounts	159	162
Foreign exchange loss, net	1,895	1,350
Miscellaneous expenses	2,262	4,126
Total non-operating expenses	5,616	7,082
Ordinary income	25,160	22,540
Extraordinary income		
Gain on sales of property, plant and equipment	—	1,815
Total extraordinary income	—	1,815
Extraordinary loss		
Loss on impairment of fixed assets and goodwill	2,187	2,604
Loss on devaluation of investments in securities	—	1,564
Loss on sales or disposal of property, plant and equipment	546	525
Total extraordinary loss	2,734	4,695
Income before income taxes and minority interests	22,426	19,660
Income taxes	8,653	6,394
Income before minority interests	13,772	13,266
Minority interests	473	456
Net income	13,299	12,809

(Consolidated Statement of Comprehensive Income)
(First Half, Fiscal Year 2012)

	(Millions of Yen)	
	First Half, Fiscal 2011 (From April 1, 2011 to September 30, 2011)	First Half, Fiscal 2012 (From April 1, 2012 to September 30, 2012)
Income before minority interests	13,772	13,266
Other comprehensive income (loss)		
Unrealized holding loss on securities	-2,520	-1,512
Deferred gain (loss) on hedges	-38	8
Translation adjustments	3,733	366
Comprehensive loss (income) of affiliates accounted for by the equity method attributable to the Company	27	-6
Total other comprehensive loss (income)	1,201	-1,144
Comprehensive income	14,974	12,121
Comprehensive income attributable to:		
Shareholders of the Company	14,430	11,629
Minority shareholders	543	492

3. Consolidated Statements of Cash Flows

(First Half, Fiscal Year 2012)

(Millions of Yen)

	First Half, Fiscal 2011 (From April 1, 2011 to September 30, 2011)	First Half, Fiscal 2012 (From April 1, 2012 to September 30, 2012)
Operating activities		
Income before income taxes and minority interests	22,426	19,660
Depreciation and amortization	16,879	17,590
Amortization of goodwill	1,648	1,699
Loss on impairment of fixed assets and goodwill	2,187	2,604
Loss on disposal of property, plant and equipment	462	506
Gain on sales of property, plant and equipment	-103	-1,795
Loss on devaluation of investment in securities	159	1,564
Increase (decrease) in accrued retirement benefits	-530	146
Interest and dividends income	-1,933	-2,343
Interest expenses	1,457	1,605
Equity in earnings of affiliates	-574	-317
Decrease in notes and accounts receivable	9,304	13,020
Increase in inventories	-11,943	-1,904
Decrease (increase) in notes and accounts payable	912	-3,441
Increase in advances received	8,192	771
Other	3,753	-1,740
Subtotal	52,298	47,627
Interest and dividends received	2,182	2,610
Interest paid	-1,441	-1,712
Income taxes paid	-8,145	-14,173
Net cash provided by operating activities	44,893	34,351
Investing activities		
Purchases of property, plant and equipment	-11,727	-16,236
Proceeds from sales of property, plant and equipment	2,444	4,061
Payments into time deposits	-27,144	-17,685
Proceeds from withdrawal of time deposits	13,006	20,356
Purchases of investments in securities	-1,093	-220
Proceeds from sales or redemption of investments in securities	2,155	73
Acquisition of investments in subsidiaries resulting in change in scope of consolidation	-13,942	—
Acquisition of securities in subsidiaries	-811	—
Acquisition of businesses	-16,034	—
Purchase of intangible assets	-1,068	-1,415
Increase (decrease) in short-term loans receivable	278	-32
Other	-171	-255
Net cash used in investing activities	-54,109	-11,354
Financing activities		
Decrease in short-term debt, net	-1,430	-3,963
Repayments of lease obligations	-1,814	-1,757
Proceeds from long-term debt	9,673	2,895
Repayment of long-term debt	-17,088	-10,405
Proceeds from issuance of bonds	10,000	—
Payment for redemption of bonds	-500	—
Proceeds from stock issuance to minority shareholders	1,302	1,506
Cash dividends paid	-4,185	-4,129
Cash dividends paid to minority shareholders of consolidated subsidiaries	-422	-431
Other	532	207
Net cash used in financing activities	-3,932	-16,077
Effect of exchange rate changes on cash and cash equivalents	906	-103
Net increase (decrease) in cash and cash equivalents	-12,241	6,816
Cash and cash equivalents at beginning of term	65,944	45,146
Increase in cash and cash equivalents from newly consolidated subsidiary	325	182
Cash and cash equivalents at end of term	54,029	52,145

4. Notes regarding the premise of a going concern

No significant changes during the term under review.

5. Significant Change in Shareholder Equity

No significant change during the term under review.

6. Segment Information

Consolidated First Half, Fiscal 2012 (April 1, 2012 to September 30, 2012)

1) Net sales and income (loss) data by reporting segment

(Millions of Yen)

	Reporting Segment				Other (Note)	Total
	Housing	Urban Infrastructure & Environmental Products	High Performance Plastics	Total		
I. Net sales:						
(1) To third parties	231,710	92,479	174,644	498,834	17,166	516,001
(2) Intersegment	48	7,422	3,027	10,498	1,830	12,329
Total	231,759	99,901	177,672	509,333	18,997	528,330
Operating income (loss)	16,837	-1,973	11,169	26,033	-855	25,178

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.

Note: As stated in II. Items Concerning the Information in the Summary Report (Notes), the Company has previously utilized the financial statements of 73 consolidated subsidiaries overseas with fiscal years ending on December 31 and has made necessary adjustments to reflect significant transactions that occurred between the closing dates of the subsidiary fiscal years and the consolidated fiscal year. Beginning with the first quarter of the current consolidated accounting period, the Company has changed the fiscal year ends of 57 consolidated subsidiaries to March 31 and adopted a method of provisional settlement of accounts using March 31 as a closing date for 15 consolidated subsidiaries.

Attendant with the change in fiscal year end at the aforementioned consolidated overseas subsidiaries, the second quarter cumulative consolidated income statement consolidated their results for the nine-month period from January 1 to September 30, 2012. Results for the three-month period from January to March 2012 for these overseas consolidated subsidiaries were UIEP Company ¥4,886 million, HPP Company ¥32,689 million, Other Businesses by ¥169 million, while segment income (loss) for the UIEP Company amounted to a ¥699 million loss, HPP Company a ¥1,288 million income, and Other Businesses a ¥2 million loss.

2) 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	26,033
Other Business income (loss)	-855
Inter-segment elimination total	316
Corporate expenses (Note)	-473
Total 1Q-2Q operating income reported in the quarterly consolidated statements of income	25,021

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

3) Regional Information

Net sales

	Japan	U.S.	Europe	Asia	Others	Total
I. Net sales (Millions of Yen)	381,173	43,797	37,464	47,328	6,236	516,001

Note: As stated in II. Items Concerning the Information in the Summary Report (Notes), the Company has previously utilized the financial statements of 73 consolidated subsidiaries overseas with fiscal years ending on December 31 and has made necessary adjustments to reflect significant transactions that occurred between the closing dates of the subsidiary fiscal years and the consolidated fiscal year. Beginning with the first quarter of the current consolidated accounting period, the Company has changed the fiscal year ends of 57 consolidated subsidiaries to March 31 and adopted a method of provisional settlement of accounts using March 31 as a closing date for 15 consolidated subsidiaries.

Attendant with the change in fiscal year end at the aforementioned consolidated overseas subsidiaries, the second quarter cumulative consolidated income statement consolidated their results for the nine-month period from January 1 to September 30, 2012. Results by region for the three-month period from January to March 2012 for these overseas consolidated subsidiaries were United States ¥13,132 million, Europe ¥11,850 million, Asia ¥10,802 million, and Other by ¥1,931 million.