

## **NOTE ON THE RELEASE OF THE SEKISUI CHEMICAL “IMPACT OF THE GREAT EAST JAPAN EARTHQUAKE ON FIRST HALF PERFORMANCE (SUMMARY OVERVIEW)”**

Sekisui Chemical is releasing the report “Impact of the Great East Japan Earthquake on First Half Performance (Summary Overview)” providing supplementary content to the “Annual Report 2011, Version 2 (Full Report)” released in August 2011.

The “Summary Overview” provides an overview of the first half conditions and how the earthquake impacted the Company’s first half performance in reference to the discussions in the “Full Report” under the heading “The Impact of the Great East Japan Earthquake and Market Environment” by the Company President and under the headings “Impact of the Great East Japan Earthquake” and “Market Environment” by the presidents of the internal divisional companies.

The “Annual Report 2011, Version 1 (Preliminary Report)” issued in June 2011 provided the Company’s fiscal year 2010 performance results and fiscal year 2011 performance forecasts for the Company and the divisional companies. The “Full Report” provided updated reports related to the impact of the Great East Japan Earthquake based on information from the three months after the “Preliminary Report.” Please refer to these previous publications for the Company’s fiscal year 2011 forecasts as of the start of the fiscal year and the end of the first quarter.

We appreciate your understanding as we continue with our efforts to provide pertinent and prompt information disclosure.

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# IMPACT OF THE GREAT EAST JAPAN EARTHQUAKE ON FIRST HALF PERFORMANCE (SUMMARY OVERVIEW)

(As of the end of October 2011)

Sekisui Chemical's initial fiscal year 2011 earnings forecast (operating income of ¥57.0 billion) announced in April was unable to utilize concrete or reasonably accurate forecast figures for the degree of repercussions on the Company's performance from the March 11 Great East Japan Earthquake. The forecast was based on our best estimates of various eventualities, which included negative factors ranging from raw material procurement difficulties and price rises, supply limitations from disrupted supply chains, and production restraints caused by electric power shortages, along with potential positive factors, such as the emergence of reconstruction-related demand.

Finally, at the end of the first quarter, we have been able to assess the actual impact of the disaster on the Company's performance and formulate a reasonable forecast (operating income of ¥23.0 billion) for the first half of the fiscal year.

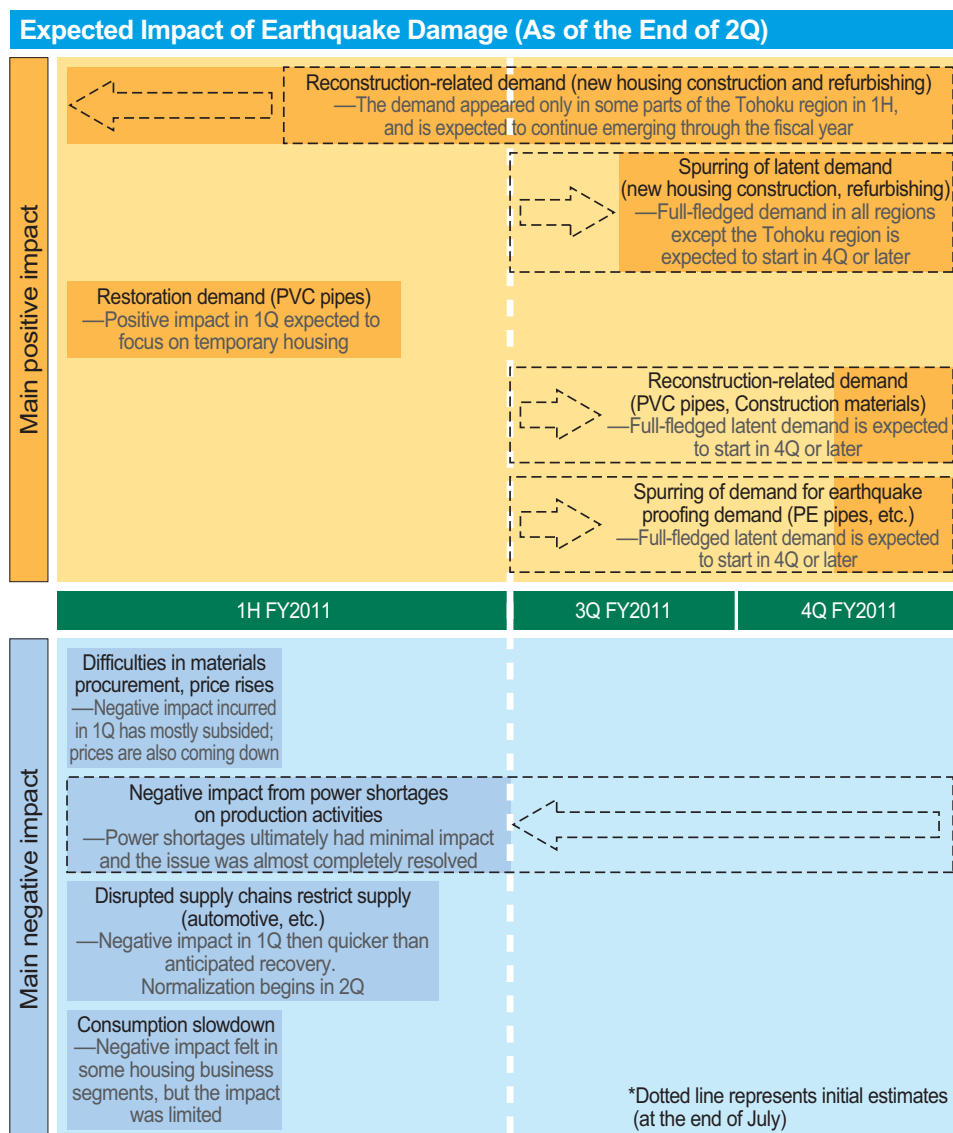
As anticipated, the disaster's various ramifications for the Company's business activities in the first half of fiscal year 2011 were not insignificant. However, our first half result (operating income of ¥24.7 billion) exceeded the forecast target, and we believe the result can be described as steady progress toward our "initial" forecast figure for the full fiscal year, which was formulated before incorporating

the disaster's potential impact.

Regarding the disaster's impact on the results for each divisional company, which is discussed below, generally speaking, the negative impacts were less than we initially anticipated and the points of concern were mostly resolved in the first half. Similarly, the potential positive impact from emerging reconstruction-related demand was slower to materialize than we initially anticipated, due to the slowness of the development of government policies and other factors. We now expect full-fledged reconstruction-related demand to commence in fiscal year 2012.

## Housing Company

Initial concerns for the Housing Company included delayed delivery of completed projects (new construction and refurbishing) due to such factors as a shortage of manpower and material procurement difficulties associated with the construction of temporary housing and constraints on production activity due to power shortages, as well as cost concerns, such as from rising materials prices. While these concerns indeed caused turbulence in the first quarter, our management efforts and the subsequent settling down of the situation resulted in a relatively minor overall impact on the first half results.



Note: The information presented in this report reflects the business conditions as of the end of the first half of fiscal year 2011. Please refer to the "Annual Report 2011, Version 2 (Full Report)" for the Company outlook as of the end of the first quarter of fiscal year 2011 and the "Annual Report 2011, Version 1 (Preliminary Report)" for the Company outlook as of the fiscal year 2010 results briefing held on April 27, 2011.

In addition, housing orders rose year on year in the first half and exceeded our “initial” plan as the disaster led to consumer restraint but also produced a certain degree of reconstruction demand along with increased interest in anti-seismic construction and solar power generation equipment installation.

### **Urban Infrastructure & Environmental Products Company**

The Urban Infrastructure & Environmental Products Company’s disaster-related activities, which included supplying polyethylene pipes for water supply, water tanks for emergency lifeline reconstruction and supplying PVC pipes and bathroom units for temporary housing construction, generated a ¥1.8 billion boost to sales. We anticipate product supply activity related to post-disaster reconstruction to reach full scale in fiscal 2012.

### **High Performance Plastics Company**

The High Performance Plastics Company recorded a ¥1.6 billion negative impact on sales from the disaster as sales of some automotive-related products were affected by reduced automobile production activity caused by supply chain disruptions and sales of medical-related products were affected by reduced demand for diagnostic reagents in stricken regions. In the IT field, the company confronted wide fluctuations in orders during the period as an order backlash resulted from client moves immediately after the disaster to shore up inventory levels of fine chemical products, such as LCD fine particles and other liquid crystal-related materials.

For further details on the Company’s performance results, please see the Presentation Materials for the Presentation Meeting on the Financial Results for the Second Quarter of FY2011.

<http://www.sekisuichemical.com/ir/pdf/20111027kge.pdf>