

Sumitomo Chemical Announces Revision to its Consolidated Financial Forecast and Reversal of Deferred Tax Assets

Based on recent performance trends, Sumitomo Chemical Co., Ltd. (“the Company”) has revised its consolidated financial forecast for the year ended March 31, 2011 announced on November 2, 2010 as detailed below. The Company will also record a reversal of deferred tax assets for the same fiscal year.

1. Revisions to Consolidated Financial Forecast for the Full-Year Ended March 31, 2011

(Millions of yen)

	Sales	Operating Income	Ordinary Income	Net Income	Earnings per Share
Previous Forecast (A)	1,950,000	72,000	62,000	10,000	6.08
Revised Forecast (B)	1,980,000	88,000	84,000	24,000	14.60
Variance in Amount (B-A)	30,000	16,000	22,000	14,000	
Variance in Percentage (%)	1.5	22.2	35.5	140.0	
Results for full-year Ended March 31, 2010	1,620,915	51,455	34,957	14,723	8.92

2. Reasons for the Revision

Operating income is expected to exceed the previous forecast by ¥16.0 billion, mainly because of an upfront payment associated with a development and commercialization agreement in the Pharmaceuticals segment, in spite of the negative impacts of the Great East Japan Earthquake of March 11, 2011. Ordinary income is expected to exceed the previous forecast by ¥22.0 billion, mainly because the foreign exchange loss decreased, in addition to the increase in operating income. Net income is expected to exceed the previous forecast by ¥14.0 billion because of the reversal of a one-time amortization of goodwill, as announced March 31, 2011 in the Company's news release titled “Reversal of Write-Down of Investment in an Affiliate.” In addition, the Company will record a reversal of deferred tax assets.

3. Reversal of Deferred Tax Assets

After a study of the recoverability of its deferred tax assets, the Company has decided to reverse a portion of those deferred tax assets and will record ¥19.1 billion in corporate tax adjustments for the year ended March 31, 2011.

Cautionary Statement

Statements made in this document with respect to Sumitomo Chemical's current plans, estimates, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of Sumitomo Chemical. These statements are based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and uncertainties. The important factors that could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to, general economic conditions in Sumitomo Chemical's markets; demand for, and competitive pricing pressure on, Sumitomo Chemical's products in the marketplace; Sumitomo Chemical's ability to continue to win acceptance for its products in these highly competitive markets; and movements of currency exchange rates.