



Creative Hybrid Chemistry
For a Better Tomorrow

Annual
Report
2012



Creative Hybrid Chemistry For a Better

Sumitomo Chemical's Business Philosophy is embodied in the following three sentences.

Business Philosophy

- 1 We commit ourselves to creating new value by building on innovation.
- 2 We work to contribute to society through our business activities.
- 3 We develop a vibrant corporate culture and continue to be a company that society can trust.

The Sumitomo Spirit

The Sumitomo Spirit has been passed on from generation to generation and is Sumitomo's Business Principle.

The Sumitomo Spirit

1. Sumitomo shall achieve prosperity based on solid foundation by placing prime importance on integrity and sound management in the conduct of its business.
2. Sumitomo's business interest must always be in harmony with public interest; Sumitomo shall adapt to good times and bad times but will not pursue immoral business.

The first pledge in Sumitomo's Business Principles, advocating integrity and sound management, reflects the importance of maintaining the trust of the Company's business partners and of society as a whole. The second pledge calls for refraining from the pursuit of easy gains—conducting thorough investigations and giving serious thought to business decisions so as not to be blinded by the prospect of immediate gains.

While not expressly stated, another traditional concept applies: harmony between the individual, the nation and society. Sumitomo manifests this concept by seeking to benefit not only its own business, but also both the nation and society, and by the Company's emphasis on the compatibility of its interests with those of the public.

To this day, these principles are strictly applied throughout the various Sumitomo Group companies, including Sumitomo Chemical.



Tomorrow

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Petro Rabigh (Saudi Arabia)

Our affiliate Rabigh Refining and Petrochemical Company (Petro Rabigh) operates a world-scale integrated oil refining and petrochemical complex in Rabigh, Saudi Arabia. The complex manufactures and markets petroleum products such as gasoline and petrochemical products such as polyethylene, polypropylene, propylene oxide, and mono ethylene glycol.

Forward-looking Statements

Statements made in this annual report with respect to plans, strategies and future performance that are not historical facts are forward-looking statements involving risks and uncertainties. Sumitomo Chemical cautions that a number of factors could cause actual results to differ materially from such statements including, but 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.

Profile

Sumitomo Chemical is one of Japan's leading chemical companies, offering a diverse range of products in the fields of basic chemicals, petrochemicals, IT-related chemicals and materials, health and crop science products, and pharmaceuticals. We continue our efforts to expand our business globally and achieve higher profitability in order to enhance value for our shareholders and other stakeholders. At the same time, we remain dedicated to the sustainable development of society by continually delivering innovative products and technologies and committing ourselves to quality, health, safety and the environment in all aspects of business.

Founded
1913

Headquarters
Tokyo
Osaka

Consolidated
Subsidiaries
145

Net Assets
¥720.9
billion

Number of
Shareholders
118,107

Employees
29,839

(As of March 31, 2012)

Business Areas

Sumitomo Chemical, together with its 145 subsidiaries and 36 affiliates, offers a diverse range of innovative products and technologies, operating globally in five business sectors.

Basic Chemicals

Development, manufacture and sale of methyl methacrylate, caprolactam, inorganic materials, functional materials, additives, dyes and other products.



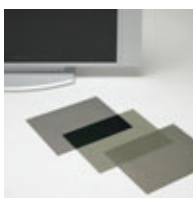
Petrochemicals & Plastics

Development, manufacture and sale of polyethylene, polypropylene, propylene oxide and other products.



IT-related Chemicals

Development, manufacture and sale of polarizing film as well as other IT-related chemicals and materials.



Health & Crop Sciences

Development, manufacture and sale of agrochemicals and fertilizers, household and public hygiene insecticides, long-lasting insecticidal mosquito nets, feed additives and pharmaceutical chemicals.



Pharmaceuticals

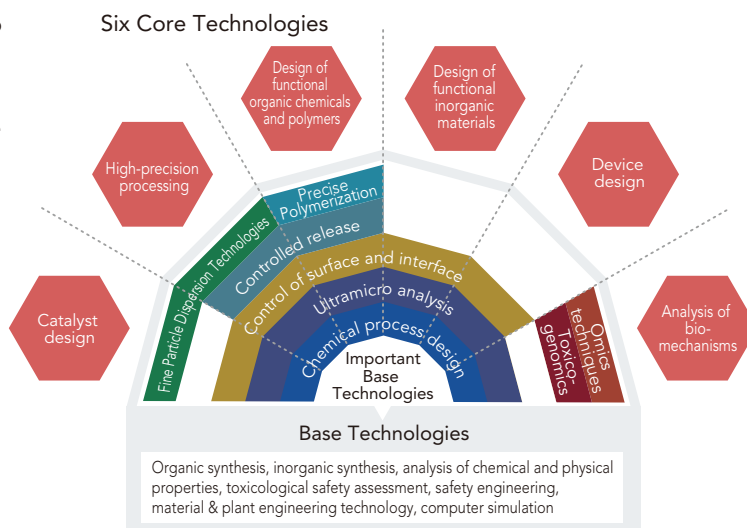
Development, manufacture and sale of ethical pharmaceuticals, diagnostic radiopharmaceuticals and other products.



* Owing to the Company's organizational revision as of April 1, 2011, the Fine Chemicals Sector was eliminated, and functional materials, additives, and dyes that had been included in this sector were transferred to the Basic Chemicals Sector. In addition, pharmaceutical chemicals, which had also been included in this sector, were transferred to the Agricultural Chemicals Sector. Following this change, the Agricultural Chemicals Sector changed its name to the Health & Crop Sciences Sector.

Creative Hybrid Chemistry

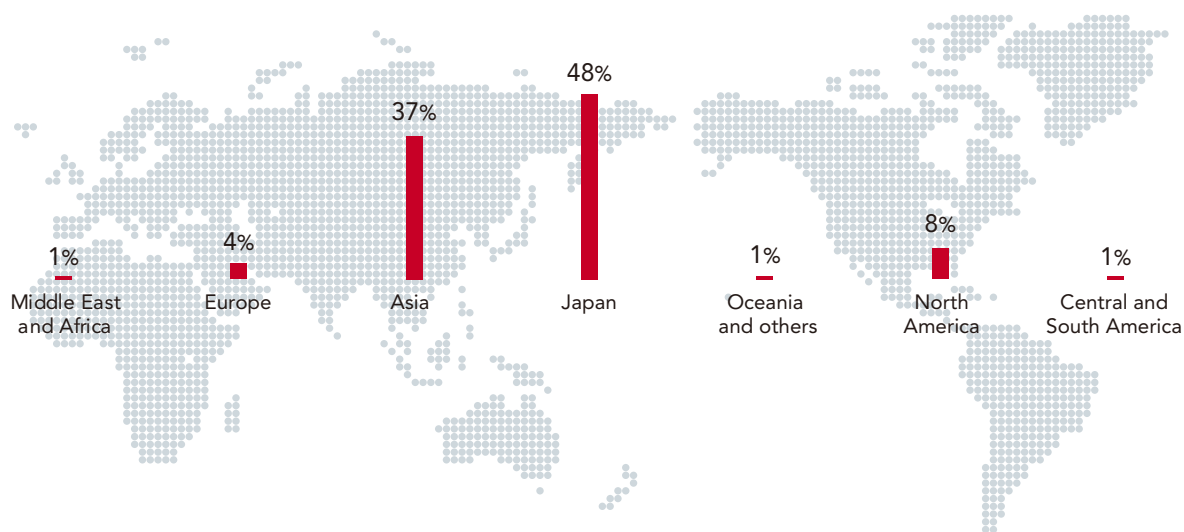
We consider research and development to be the engine of our future growth. Over the course of many years, we have cultivated a variety of technologies in a diverse range of fields. Out of this reservoir of expertise and technology, we have identified six areas as our core technologies. By combining these core technologies, we have created innovative new products and technologies. We call this basic R&D strategy "Creative Hybrid Chemistry."



Overseas Business Development

The Sumitomo Chemical Group's overseas business development dates back to the early 1960s, when we began to export our insecticide Sumithion. The Group later accelerated overseas business expansion in the area of bulk chemicals from the early 1980s, life sciences from the late 1980s, and information and communication technology from the 2000s. In fiscal 2011, the ratio of the Company's overseas sales to total sales was 52%.

Sales by Area



History of Sumitomo Chemical

The Sumitomo Chemical Group aims to achieve further growth as a global company by capitalizing on our creative R&D capabilities and meeting people's needs.

Sumitomo Chemical's business dates back to 1913, when the Company sought to solve the problem of pollution from copper smelting operations by producing useful fertilizers from the emissions. Since then, we have expanded our business areas and globalized our operations to meet evolving needs.

Sumitomo Chemical's history since its founding

● 1913

Founded

The House of Sumitomo establishes fertilizer plant in Niihama, Ehime prefecture



Besshi Copper Mine
(Image data provided by the Sumitomo Historical Archives)

● 1944

Acquires Japan Dyestuff Manufacturing Company and expands into the dyestuff and pharmaceutical businesses



Niihama Works
(Around 1938)

● 1965

Establishes Sumitomo Chiba Chemical (Acquired in 1975, present-day Chiba Works)



Chiba Works

● 1958

Starts production of ethylene and its derivatives at Ehime Works and enters into petrochemical business



Ehime Works

● 1984

Establishes Sumitomo Pharmaceuticals with Inabata

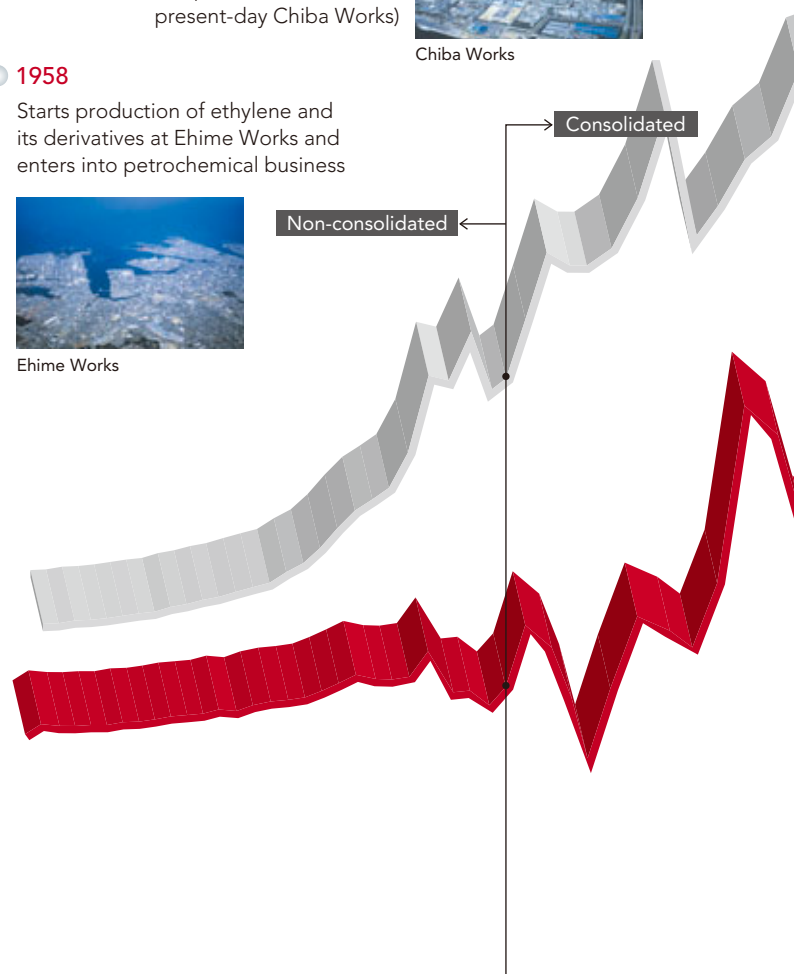
Starts operation of petrochemical complex in Singapore

● 1988

Establishes base for development and sales of agrochemicals in the US

Net Sales (Billions of yen)

Net Income (Billions of yen)



FY 1910

1920

1930

1940

1950

1960

1970

1980

▲1914 – 1918
World War I

▲1929 The Great Depression

▲1939 – 1945 World War II

▲1964
Tokyo Olympic Games

▲1973
First Oil Crisis

▲1978
Second Oil Crisis



MMA plant in Singapore

● 2003

Starts production of polarizing films and color filters in Korea

● 2005

Sumitomo Pharmaceuticals and Dainippon Pharmaceuticals merge to form Dainippon Sumitomo Pharma



Petro Rabigh

● 2007

Acquires Cambridge Display Technology, a pioneer in the development of polymer organic light emitting diodes

● 1997

Starts operation of second-phase petrochemical complex in Singapore

● 1998

Completes MMA and acrylic acid plant in Singapore

● 2000

Acquires biological crop protection business from Abbott Laboratories



Dongwoo Fine-Chem

● 2009

Starts operation of integrated refining and petrochemical complex in Rabigh, Saudi Arabia

Acquires US pharmaceutical company Sepracor (now Sunovion Pharmaceuticals)

● 2010

Acquires 20% stake in Australian agrochemicals company Nufarm

● 2011

Launches the atypical antipsychotic LATUDA® for the treatment of schizophrenia, in US

FY2011
Net sales
¥1,947.9 billionFY2006
Peak profit
¥93.9 billionFY2011
Net income
¥5.6 billion

● 2001

Acquires household insecticide business from Aventis Crop Science
Establishes IT-related Chemicals SectorAgricultural Chemicals
Research Laboratory

● 2002

Forms JV in agrochemical business with Takeda Pharmaceutical

1990

2000

2010

▲1991 Collapse of Soviet Union

▲1999 The Euro introduced

▲2010–
European sovereign
debt crisis

1985 The Plaza Accord

▲2001 Terrorist attack on World Trade Center

▲2008 The Great Recession

1987 Black Monday

1989 Collapse of Berlin Wall

The Nikkei Stock Average reaches an all-time high

FY2011 at a Glance

Sumitomo Chemical Company, Limited and Subsidiaries

Financial Highlights

Net Sales

¥1,947.9 billion –1.7% 
FY2010 ¥1,982.4 billion

Operating Income

¥60.7 billion –31.0% 
FY2010 ¥88.0 billion

Net Income

¥5.6 billion –77.1% 
FY2010 ¥24.4 billion

Dividends

¥9.0 — 
FY2010 ¥9.0

Interest-bearing Liabilities

¥1,053.0 billion +1.2% 
FY2010 ¥1,040.3 billion

D/E Ratio

1.5 times +0.1point 
FY2010 1.4 times

Net Sales

Sales decreased for the first time in two years.

- Compared with the previous fiscal year, higher sales prices had a positive impact of ¥52 billion, but the appreciation of the yen had a negative impact of ¥62.9 billion on sales in yen terms, and lower sales volumes had a negative impact of ¥23.6 billion.
- Shipping volumes: Sales volumes decreased due to periodical maintenance shutdowns at manufacturing plants in Chiba, Japan, as well as Singapore and Saudi Arabia, the absence of the one-time income posted by the Pharmaceuticals Sector in the previous fiscal year to account for the receipt of an upfront payment under a development and commercialization agreement, and lower sales volumes of the chemical products caprolactam and methyl methacrylate (MMA).
- Sales prices: Higher market prices for MMA and petrochemical products overseas as well as increases in selling prices of petrochemical products in Japan increased sales prices.

Net Income

Net income decreased for the first time in three years.

- Lower operating income, a decline in equity in earnings of affiliates, and an amortization of goodwill of Nufarm, our Australian agrochemicals affiliate, mainly caused the lower net income.

Operating Income

Operating income decreased for the first time in three years.

- Sales prices: Higher market prices for MMA and petrochemical products overseas as well as increases in selling prices of petrochemical products in Japan had a positive impact of ¥52 billion on operating income.
- Purchase prices: Higher naphtha prices and other factors had a negative impact of ¥96.5 billion.
- Costs: A decrease in depreciation following a change in the depreciation method, lower losses on amortization of actuarial differences in retirement benefits, and rationalizations, mainly in IT-related Chemicals, had a positive impact of ¥32.5 billion.
- Shipping volumes & other: The absence of the one-time income posted by the Pharmaceuticals Sector in the previous fiscal year, periodical maintenance shutdowns at manufacturing plants in Chiba, Japan, as well as Singapore and Saudi Arabia, and lower sales volumes of MMA and other chemical products had a negative impact of ¥15.3 billion.

Interest-bearing Liabilities and D/E Ratio

Interest-bearing liabilities increased for the seventh consecutive year.

- Interest-bearing liabilities increased by ¥12.6 billion, to ¥1,053 billion.
- An increase in interest-bearing liabilities, as well as a decrease in net assets due to the appreciation of the yen, mainly increased the D/E ratio to 1.5.

Sustainability Highlights

Number of Employees

29,839 +1.6% 
FY2010 29,382

Percentage of Employees Overseas

38.6% 0.5 points 
FY2010 38.1%

CO₂ Emission Rate Index (Japan)*¹

96.4 -3.6 
FY2010=100


CO₂ Emission Rate Index (Overseas)*²

90.4 -9.6 
FY2010=100

Water Consumption (Japan)*¹

1,372.9 million tons -4.7% 
FY2010 1,441.3 million tons

Water Consumption (Overseas)*²

8,236 thousand tons -0.5% 
FY2010 8,274 thousand tons

*¹ Figures are index values (FY2010=100) and data reflect the totals of Sumitomo Chemical and its 16 Group companies in Japan.

*² Data reflect the total of 10 major overseas Group companies.

Responsible Care Activities

In our effort to realize sustainable chemistry, we actively engage in Responsible Care activities that aim to protect the environment, ensure health and safety, and maintain high product quality throughout the entire life cycle of our products. We segment our Responsible Care activities into such areas as environmental protection and chemical safety, and set targets individually for each of these areas. In working to achieve these targets, we seek to gain the further trust of society.



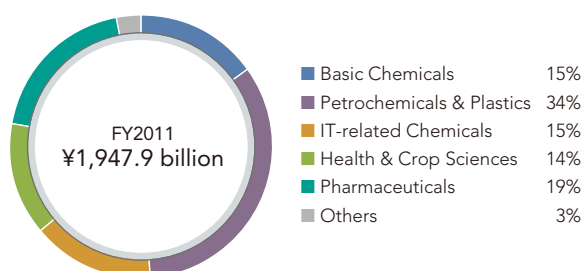
Inclusion in Major Social Responsibility Indexes

Sumitomo Chemical has continuously been chosen as a component of FTSE4Good Index. Our activities, including our work towards environmental sustainability, development of positive relationships with stakeholders, and support for universal human rights, have surpassed the standards for corporate social responsibility set by FTSE. We are also a component of other major sustainability indexes, such as the Dow Jones Sustainability Asia Pacific Index.



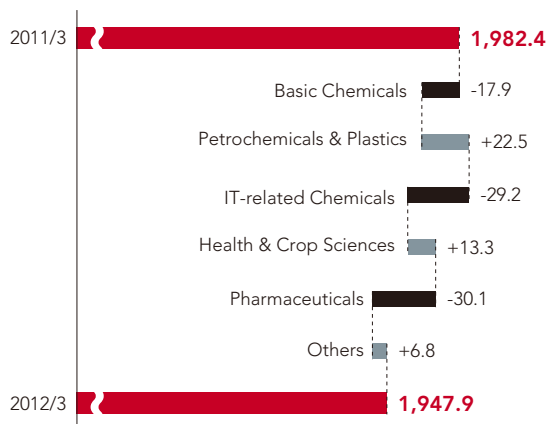
Financial Results

Net Sales

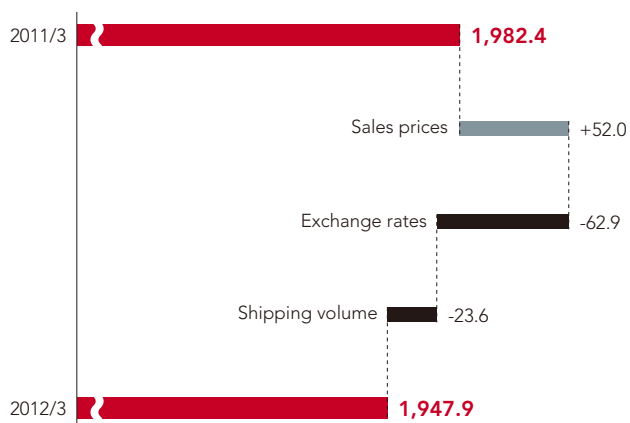


Changes in Net Sales

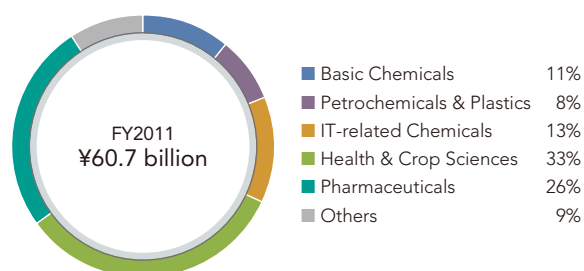
By Segment (Billions of yen)



Factors for Change (Billions of yen)



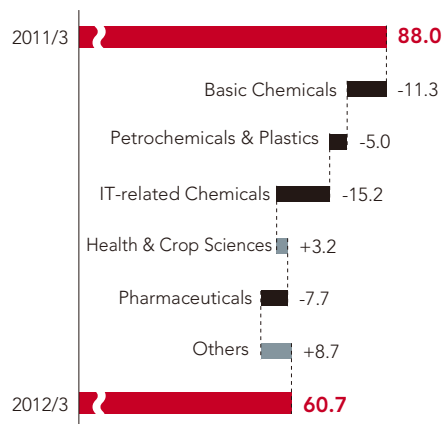
Operating Income



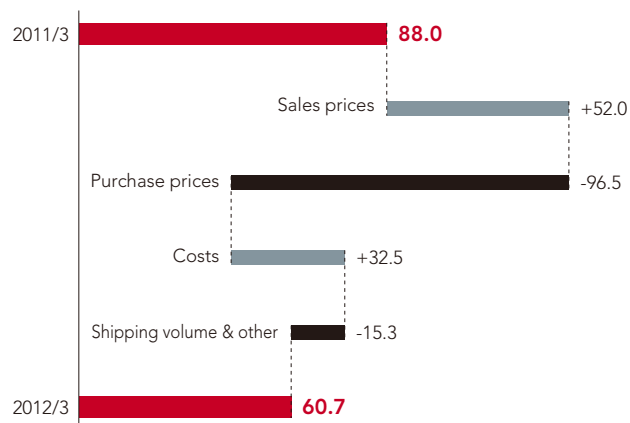
* Ratio of each segment's operating income to total operating income before eliminating income from intersegment transactions and incurring shared company-wide expenses.

Changes in Operating Income

By Segment (Billions of yen)



Factors for Change (Billions of yen)



Achievements in Fiscal 2011

2011

April ■ Decides to build a fermentation manufacturing facility for biorationals in US

May ■ Decides to build a next-generation touchscreen panel facility in Korea

■ Decides to increase our stake in Nufarm

■ Decides to establish a base of operations for PP compounds in Dalian, China

■ Decides to expand production capacity for herbicide flumioxazin in Oita, Japan

June ■ Decides to expand capacity of high-purity alumina manufacturing facility in Ehime, Japan



The Ehime Works

July ■ Starts production of a new polarizing film plant in Taiwan



The Chiba Works

August ■ Establishes polypropylene compound joint venture in the suburbs of Changchun, China

October ■ Decides to expand capacity of compound semiconductor materials business in Chiba, Japan

November ■ Decides to build a diesel particulate filter production plant in Poland

December ■ Reorganizes subsidiaries in India

2012

February ■ Decides to acquire Boston Biomedical, Inc.



Light + Building 2012

March ■ Participates in Light + Building 2012 with 60-Color Polymer OLED Lighting

Ten-Year Summary

	'03/3	'04/3	'05/3	'06/3	'07/3
	FY2001 – FY2003 Corporate Business Plan		FY2004 – FY2006 Corporate Business Plan		
Income statement					
Net sales	¥ 1,111.1	¥ 1,158.4	¥ 1,296.3	¥ 1,556.6	¥ 1,790.0
Net sales from overseas operations	327.4	364.1	486.2	611.0	747.8
Operating income	73.5	66.6	105.2	120.8	139.6
Net interest expenses	(5.3)	(2.8)	(3.0)	(2.2)	(3.9)
Equity in (losses) earnings of affiliates	2.6	8.6	26.7	26.8	23.6
Income (loss) before income taxes and minority interests	63.2	72.3	121.7	158.6	181.1
Net income (loss)	31.1	34.3	64.5	90.7	93.9
Capital expenditures	152.0	110.2	125.8	124.9	159.8
Depreciation and amortization expenses	69.0	82.5	88.2	104.9	113.9
Research and development expenses	72.8	75.2	78.2	91.9	97.7
Cash flows					
Cash flows from operating activities	141.7	97.1	159.8	122.8	142.9
Cash flows from investing activities	(129.2)	(103.2)	(118.0)	(180.7)	(164.2)
Free cash flows	12.5	(6.2)	41.9	(57.9)	(21.3)
Cash flows from financing activities	(5.2)	(9.3)	(31.2)	70.6	35.6
Balance sheet					
Current assets	634.8	628.3	694.6	946.6	995.9
Net property, plant and equipment	465.6	481.9	515.9	570.3	623.5
Investments and other assets	383.9	439.1	438.3	661.5	705.5
Total assets	1,484.3	1,549.3	1,648.8	2,178.4	2,324.9
Total shareholders' equity / Net assets*3	444.3	506.1	569.6	719.8	1,030.5
Interest-bearing liabilities	485.2	485.3	470.7	578.6	641.0
Others					
Number of employees	17,906	19,036	20,195	24,160	24,691
Number of consolidated subsidiaries	110	110	104	105	105
Number of shareholders	124,281	125,463	121,349	116,509	115,249
Per share data (Yen, US cents*2)					
Net income (loss)	18.74	20.72	38.94	54.80	56.82
Total shareholders' equity/Net assets*3	268.62	306.05	344.58	435.51	479.87
Cash dividends	6.00	6.00	8.00	10.00	12.00
Ratios					
Operating margin (%)	6.6	5.8	8.1	7.8	7.8
Asset turnover (times)*4	0.8	0.8	0.8	0.8	0.8
ROA (%)*5	5.1	4.4	6.6	6.3	6.2
ROE (%)*6	7.0	7.2	12.0	14.1	12.4
Debt equity ratio (times)	0.9	0.8	0.7	0.6	0.6
Shareholders' equity ratio (%)	29.9	32.7	34.5	33.0	34.1

*1 Unless otherwise specified.

*2 US dollar amounts are translated from yen, for reference only, at ¥82.19 = \$1, the prevailing rate on March 31, 2012.

*3 From the fiscal year ended March 31, 2007, the Companies adopted ASBJ statement No.5, Accounting Standard for Presentation of Net Assets in the Balance Sheet, and ASBJ Guidance No.8, Implementation Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet, which require the Companies to divide the balance sheet into sections on assets, liabilities and net assets and certain accounts, such as minority interests and net assets per share, are reclassified to net assets.

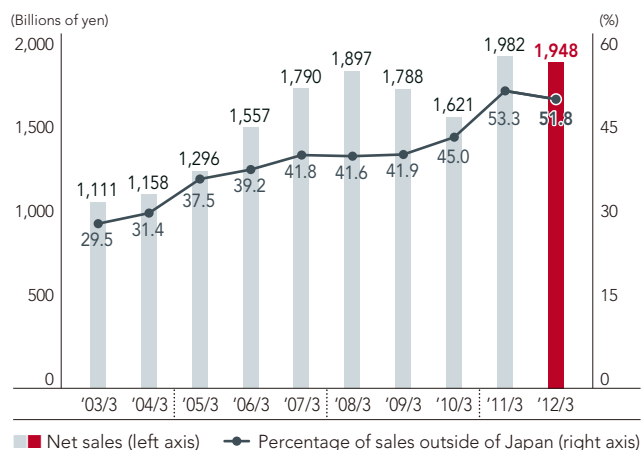
				Billions of yen*1	Thousands of US dollars*2	
'08/3	'09/3	'10/3	'11/3	'12/3	'11/3 vs. '12/3	'12/3
FY2007 – FY2009 Corporate Business Plan				FY2010 – FY2012 Corporate Business Plan		
¥ 1,896.5	¥ 1,788.2	¥ 1,620.9	¥ 1,982.4	¥ 1,947.9	-1.7%	\$ 23,699,769
788.8	749.8	728.9	1,056.7	1,009.0	-4.5	12,276,055
102.4	2.1	51.5	88.0	60.7	-31.0	738,387
(2.8)	(2.7)	(5.0)	(6.3)	(4.7)	—	(57,708)
11.2	(12.8)	(7.0)	10.8	2.0	-81.7	24,164
128.2	(48.7)	41.3	75.7	23.9	-68.4	291,349
63.1	(59.2)	14.7	24.4	5.6	-77.1	67,977
142.5	134.1	103.2	98.7	155.1	+57.1	1,886,811
125.0	140.7	116.1	147.0	114.9	-21.8	1,397,846
105.4	131.1	117.3	138.1	122.3	-11.5	1,487,602
156.6	78.4	132.9	176.2	124.5	-29.4	1,514,673
(182.7)	(206.2)	(269.4)	(156.0)	(124.0)	—	(1,508,395)
(26.1)	(127.8)	(136.5)	20.2	0.5	-97.5	6,278
7.1	112.5	168.7	18.0	2.1	-88.6	24,991
1,003.2	838.1	1,013.5	1,098.3	1,102.1	+0.3	13,409,003
636.5	567.8	581.8	552.5	594.9	+7.7	7,237,839
719.3	616.6	788.6	716.4	640.0	-10.7	7,786,702
2,358.9	2,022.6	2,383.9	2,367.3	2,337.0	-1.3	28,433,544
1,006.0	775.6	821.4	758.9	720.9	-5.0	8,771,152
673.9	795.4	997.9	1,040.3	1,053.0	+1.2	12,811,376
25,588	26,902	27,828	29,382	29,839	+1.6	—
116	126	143	146	145	-0.7	—
108,027	118,636	118,600	116,619	118,107	+1.3	—
				Yen*1	US cents*2	
38.20	(35.84)	8.92	14.86	3.42	-77.0	4.16
465.21	329.74	348.52	319.61	297.45	-38.2	240.24
12.00	9.00	6.00	9.00	9.00	—	10.95
5.4	0.1	3.2	4.4	3.1	—	—
0.8	0.8	0.7	0.8	0.8	—	—
4.4	0.1	2.3	3.7	2.6	—	—
8.1	(9.0)	2.6	4.5	1.1	—	—
0.7	1.0	1.2	1.4	1.5	—	—
32.6	26.9	24.1	22.1	20.8	—	—

*4 Asset turnover = net sales / average of total assets as of the beginning and the end of each fiscal year

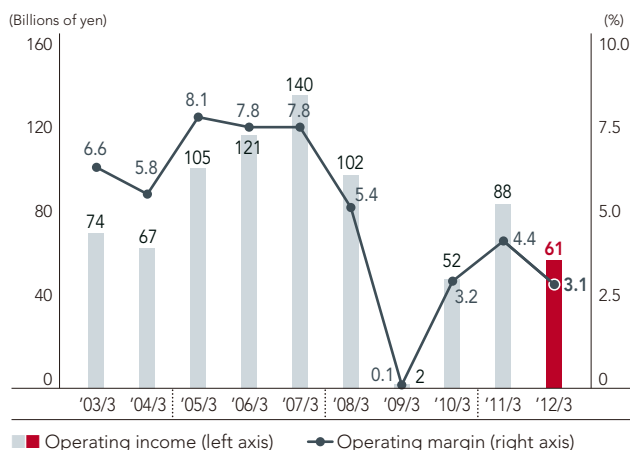
*5 ROA = operating income / average of total assets as of the beginning and the end of each fiscal year

*6 ROE = net income / average of total net assets less minority interests as of the beginning and the end of each fiscal year

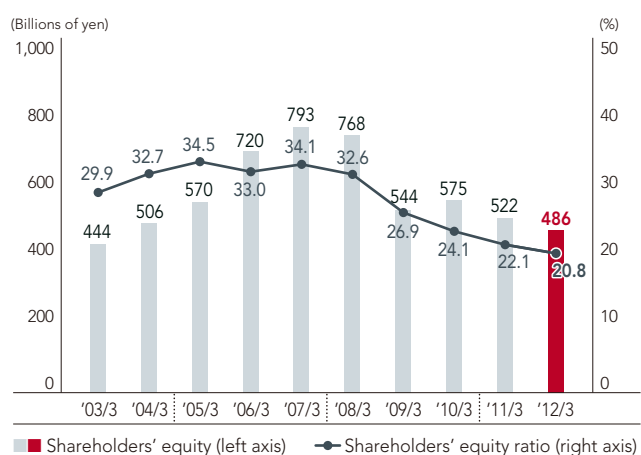
Net Sales & Percentage of Sales Outside of Japan



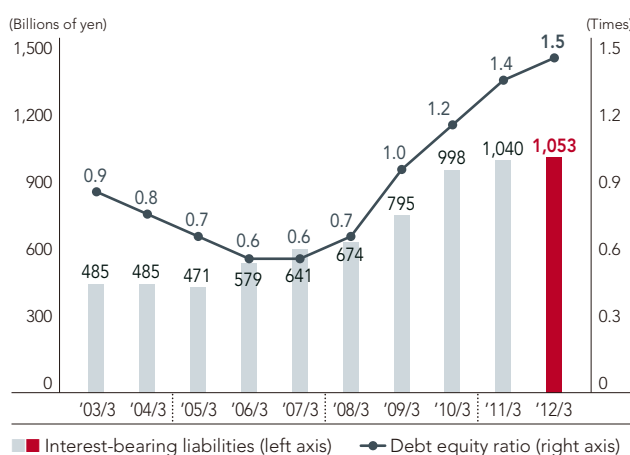
Operating Income & Operating Margin



Shareholders' Equity & Shareholders' Equity Ratio



Interest-bearing Liabilities & Debt Equity Ratio



Ten-Year History of Sumitomo Chemical

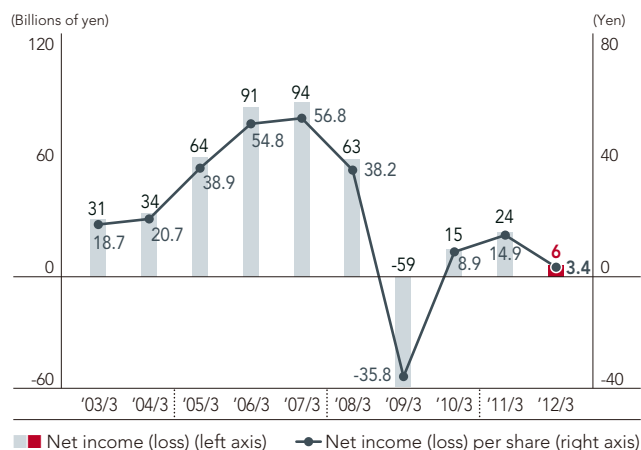
FY2001 – FY2003 Corporate Business Plan

- **2001** Sumitomo Chemical acquires the household insecticide business of Aventis CropScience
Sumitomo Chemical establishes IT-related Chemicals Sector
- **2002** Joint venture Sumitomo Chemical Takeda Agro commences operations after the agrochemicals business was transferred from JV partner Takeda Pharmaceutical
- **2003** Production of 5th generation liquid crystal display color filters and polarizing film begins in Korea

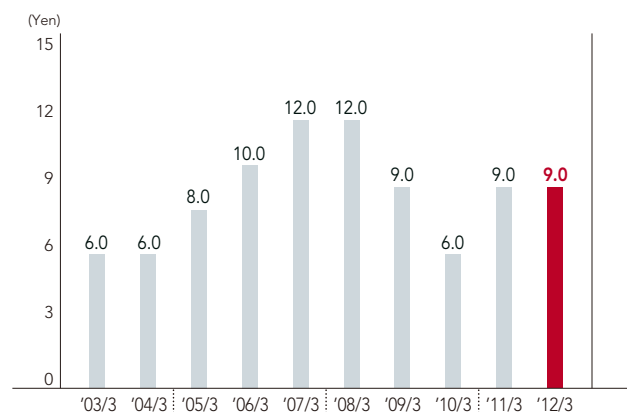
FY2004 – FY2006 Corporate Business Plan

- **2004** Subsidiary Sumika Technology begins production of polarizing films in Taiwan
- **2005** Signs agreement with Saudi Aramco for the construction of an integrated refining and petrochemical complex in Rabigh, Saudi Arabia, establishing Petro Rabigh
Sumitomo Pharmaceuticals and Dainippon Pharmaceutical merge to form Dainippon Sumitomo Pharma (DSP)

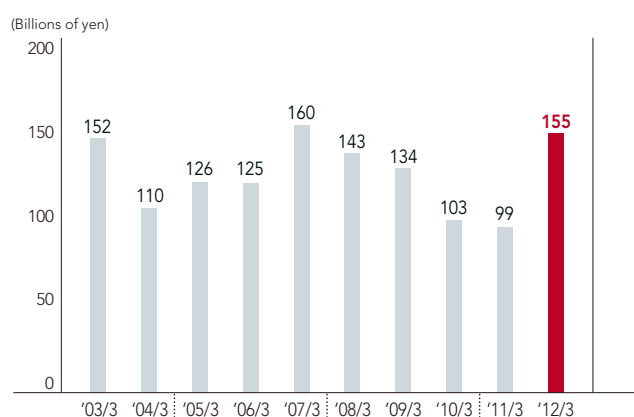
Net Income (Loss) & Net Income (Loss) per Share



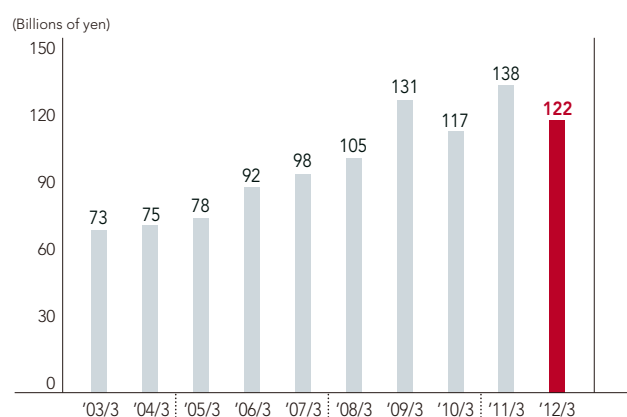
Dividends per Share



Capital Expenditures



Research and Development Expenses



FY2007 – FY2009 Corporate Business Plan

- **2007** Sumitomo Chemical acquires Cambridge Display Technology, a pioneer in the development of polymer organic light emitting diode displays, as a wholly owned subsidiary
Sumitomo Chemical integrates Sumitomo Chemical Takeda Agro
- **2008** Petro Rabigh lists its shares on the Saudi Arabian stock exchange
- **2009** Petro Rabigh starts operations
DSP acquires Sepracor (now Sunovion Pharmaceuticals), a US-based pharmaceutical company

FY2010 – FY2012 Corporate Business Plan

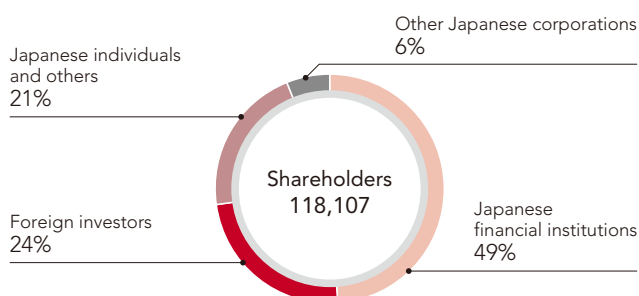
- **2010** Sumitomo Chemical acquires 20% of issued ordinary shares of Australian agrochemicals company Nufarm
- **2011** Sunovion Pharmaceuticals launches the atypical antipsychotic LATUDA® for the treatment of schizophrenia, in US
- **2012** DSP acquires Boston Biomedical, a US-based pharmaceutical company

Investor Information and Corporate Information

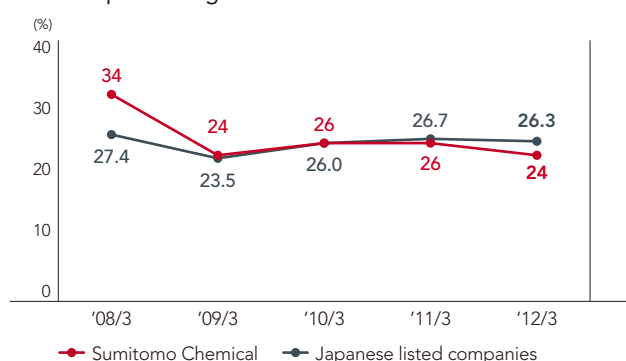
(As of March 31, 2012)

Paid-In Capital	¥89.7 billion
Number of Employees	Non-consolidated: 6,189 Consolidated: 29,839
Common Stock	Authorized: 5,000,000,000 shares Issued: 1,655,446,177 shares (Book value: ¥89.7 billion)
Settlement Date	March 31
Stock Transaction Units	1,000-share units
Ordinary General Meeting of Shareholders	Within three months from the next day of the settlement date
Number of Shareholders	118,107
Listings	Tokyo and Osaka
Transfer Agent and Registrar	The Sumitomo Trust & Banking Co., Ltd. Stock Transfer Agency Division 3-1, Yaesu 2-chome, Chuo-ku, Tokyo 100-8233, Japan
Independent Certified Public Accountants	KPMG AZSA & Co.

Distribution of Shareholders



Ownership of Foreign Investors



Major Shareholders

Major Shareholders	Number of Shares Held (1,000 shares)	Shareholding Ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	122,112	7.38
The Master Trust Bank of Japan, Ltd. (Trust Account)	113,880	6.88
Sumitomo Life Insurance Company	71,000	4.29
Nippon Life Insurance Company	61,516	3.72
Sumitomo Mitsui Banking Corporation	38,453	2.32
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	35,530	2.15
Japan Trustee Services Bank, Ltd. (Trust Account No.4)	29,781	1.80
Japan Trustee Services Bank, Ltd. (The Sumitomo Trust & Banking Co., Ltd. Retruct Account / Sumitomo Life Insurance Company Employee Pension Trust Account)	29,000	1.75
Japan Trustee Services Bank, Ltd. (Trust Account No.9)	27,363	1.65
National Mutual Insurance Federation of Agricultural Cooperatives	22,878	1.38

Dividend Policy

We consider shareholder return as one of our priority management issues and have made it a policy to maintain stable dividend payments, giving due consideration to our business performance and a dividend payout ratio for each fiscal period, the level of retained earnings necessary for future growth, and other relevant factors.

The full-year dividend for fiscal 2011 was ¥9 per share, unchanged from fiscal 2010. Total dividend paid in fiscal 2011 was ¥19.6 billion, a ¥4.8 billion increase from fiscal 2010.

IR Calendar

Fiscal 2011 (Year ended March 31, 2012)

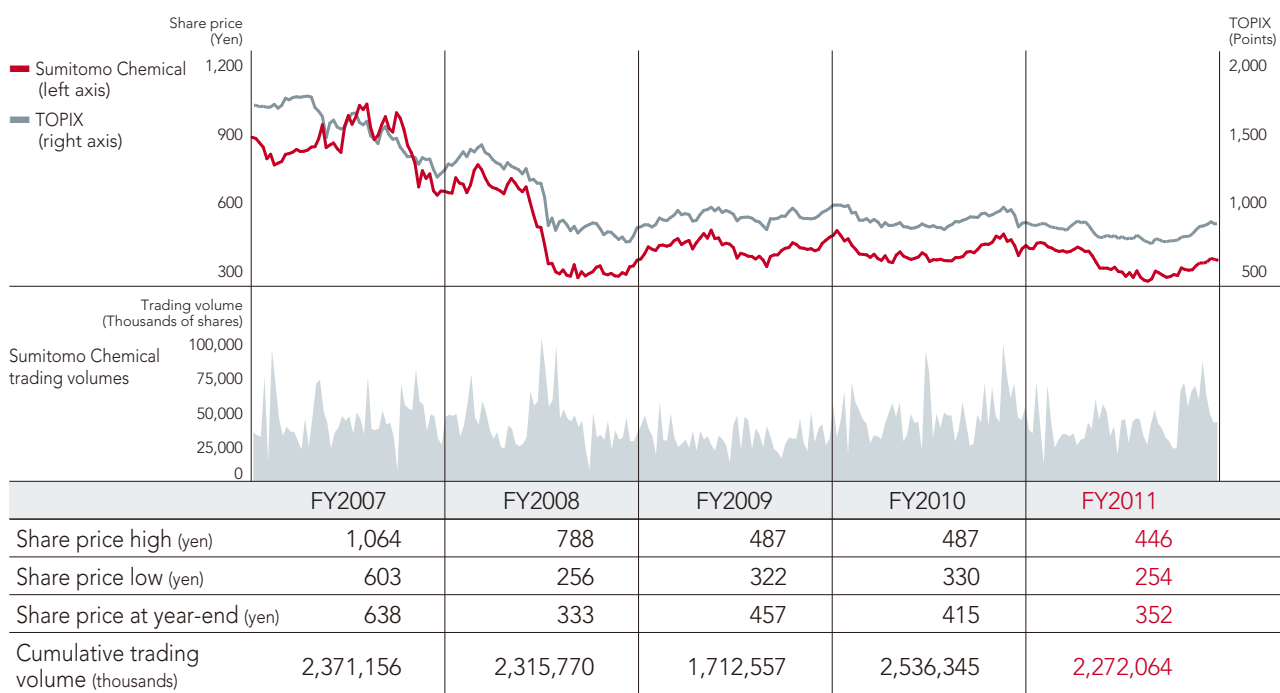
May 2012	Fiscal 2011 Financial results
June 2012	131st Ordinary General Meeting of Shareholders

Fiscal 2012 (Year ending March 31, 2013)

July 2012	1st Quarter Financial Results
October 2012	2nd Quarter Financial Results
February 2013	3rd Quarter Financial Results
May 2013	Fiscal 2012 Financial results
June 2013	132nd Ordinary General Meeting of Shareholders

Note: This schedule is subject to change.

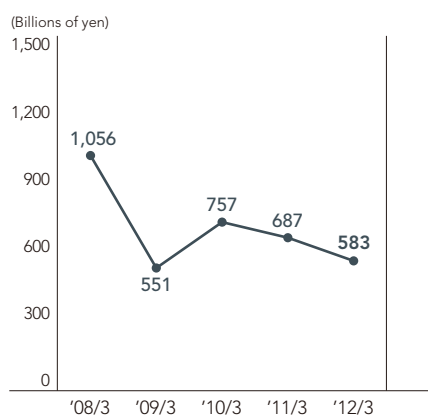
Stock Performance



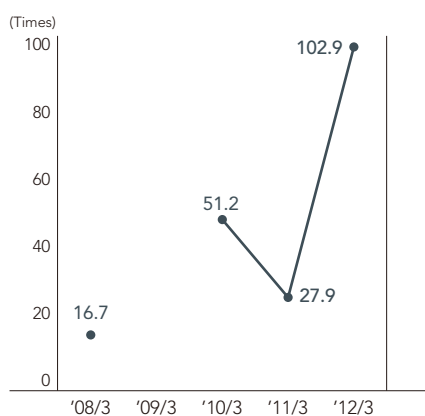
	FY2007	FY2008	FY2009	FY2010	FY2011
Shares outstanding* (thousands)	1,655,446	1,655,446	1,655,446	1,655,446	1,655,446
Market capitalization* (billions of yen)	1,056	551	757	687	583
Price earnings ratio* (times)	16.7	—	51.2	27.9	102.9
Price book-value ratio* (times)	1.4	1.0	1.3	1.3	1.2
Ratio of shares owned by foreign investors to shares outstanding* (%)	34	24	26	26	24

* Figures are for the end of each fiscal year.

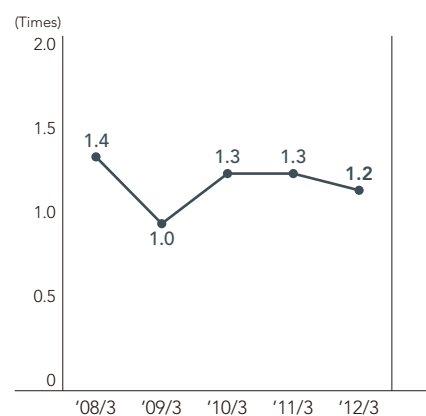
Market Capitalization



Price Earnings Ratio



Price Book-value Ratio



To Our Shareholders, Customers and Partners



Hiromasa Yonekura
Chairman

Masakazu Tokura
President

| Performance during Fiscal 2011

The world economy remained generally weak during fiscal 2011. Economic recovery faltered in Europe in the face of a sovereign debt crisis, as well as in other developed economies, while the pace of growth slowed down in emerging economies. The Japanese economy was on a moderate recovery path, but the business environment surrounding Japanese companies continued to be very challenging due to the effects of a stronger yen and sluggish overseas demand.

Under these circumstances, consolidated net sales of the Sumitomo Chemical Group for fiscal 2011 declined ¥34.6 billion from the previous fiscal year, to ¥1,947.9 billion, on account of the yen's appreciation and a decrease in sales volumes resulting from a sharp decline in demand in

Asia since last autumn, as well as due to scheduled maintenance shutdowns of major plants in the Petrochemicals & Plastics Sector.

Operating income fell ¥27.3 billion, to ¥60.7 billion, due to lower sales prices in the IT-related Chemicals Sector, as well as reduced margins and decreased sales volumes in the Basic Chemicals Sector. Other causes for the lower operating income include the decrease in sales volumes in the Petrochemicals & Plastics Sector and the absence of the one-time income posted by the Pharmaceuticals Sector in the previous fiscal year to account for the receipt of an upfront payment under a development and commercialization agreement.

Net income was ¥5.6 billion, a decrease of ¥18.8 billion from the previous fiscal year, owing to a decline in equity in earnings of affiliates stemming from lower profits of our affiliated companies, and a ¥26 billion write-down of goodwill related to our investment in Australian agrochemicals company Nufarm.

Given these results, we have declared a year-end dividend of ¥3 per share. Including an interim dividend of ¥6 per share, our total dividend for fiscal 2011 came to ¥9 per share, unchanged from fiscal 2010.

■ Progress toward Achieving Our Corporate Vision

Under our Corporate Vision, which defines the Sumitomo Chemical Group's long-term direction and strategic intentions, we have positioned environment and energy, life sciences, and information and communication technology (ICT) as three high-growth business areas for our Group, and we are focusing our resources on these areas. We are also working to achieve by fiscal 2020 a balanced business portfolio in which bulk chemicals, ICT, and life sciences each represent approximately 30% of Group sales, with a view to ensuring sustainable growth.

In fiscal 2011, despite the difficult business environment, we have made strong progress toward achieving our Corporate Vision.

We have completed a joint feasibility study with Saudi Aramco for the Rabigh Phase II Project and launched preparations for its implementation. This project is an expansion of our world-scale integrated oil refining and petrochemical complex in Rabigh, Saudi Arabia, operated by our affiliate Petro Rabigh. It will take advantage of cost-competitive feedstocks such as ethane to produce a range of high value-added petrochemical products, including thermoplastic polyolefin (TPO) and ethylene vinyl acetate (EVA).

In the area of life sciences, our subsidiary Dainippon Sumitomo Pharma Co., Ltd. (DSP) began sales of lurasidone in the US under the brand name LATUDA® in February 2011, and sales of the antipsychotic agent have since been growing steadily. DSP also acquired Boston Biomedical, Inc., a biotechnology company focusing on research and development of novel therapeutics to treat cancer, to enrich its product pipeline. Meanwhile, Sumitomo Chemical and Nufarm, in which Sumitomo Chemical has a 23% stake, began distribution of each other's crop protection chemicals in 15 countries, including the European and Brazilian markets. This is another new joint initiative aimed at achieving greater synergy in the strategic alliance between the two companies.

In the area of ICT, we made a major advance in the development of polymer organic light emitting diodes (PLEDs), a next-generation display technology that has attracted attention worldwide. Our newly-developed blue luminescent material achieved a lifetime of over 20,000 hours and, as a result, our luminescent materials in the three primary colors of red, green and blue now all meet the lifetime requirements for the use in commercial PLED television display panels. In addition, in fiscal 2011, we constructed a plant for mass-production of our luminescent materials in Osaka, Japan.

■ Enhancing Our Resilience and Preparing for Future Growth

While the new fiscal year is now underway, the business environment remains challenging, with no clear signs of sustained recovery in the world economy yet in sight. We, however, view these extraordinary challenges as opportunities to enhance our resilience and prepare ourselves for future growth, bearing in mind the saying that high winds make trees grow deep roots, and trees with deep roots grow strong and tall.

During fiscal 2012, we will continue our efforts to improve our financial performance and prepare for our next major leap—restructuring unprofitable businesses, reducing overhead costs and enhancing our financial strength. At the same time, by taking full advantage of the power of chemistry through the implementation of “Creative Hybrid Chemistry,” we will strive toward accomplishing our long-term goals, as stated in our Corporate Vision, of achieving sustained strong growth as a more robust, more innovative global company; contributing to the sustainable development of the global community; and continuously enhancing the value of our Company.

Your continued support and cooperation would be greatly appreciated.

August 2012

Hiromasa Yonekura
Chairman

米倉弘昌

Masakazu Tokura
President

十倉雅和



Masakazu Tokura
President

Q Can you provide an overview of the Company's fiscal 2011 results? What is your evaluation?

A

In fiscal 2011, the Sumitomo Chemical Group posted sales of ¥1,947.9 billion, operating income of ¥60.7 billion and net income of ¥5.6 billion. Overall, the results were below our expectations.

We have actively pursued the globalization of our businesses as part of our growth strategy, and our overseas sales exceeded 1 trillion yen in fiscal 2011, reaching approximately 52% of our total net sales. As a result, exchange rate fluctuations now have a large impact on our financial performance. In fiscal 2011, the yen was significantly stronger than the previous fiscal year, with an annual average exchange rate at 79.08 yen per dollar, and it was definitely a major factor in our lower earnings. On top of that, shipments of our LCD-related materials decreased in the second half of the fiscal year due to inventory adjustments in the LCD panel industry, and demand for basic chemicals and petrochemicals declined toward the end of the year.

We posted lower operating income than the previous fiscal year in all sectors, except the Health & Crop Sciences Sector, where operating income increased because of larger shipments of crop protection chemicals.

In the IT-related Chemicals Sector, operating income decreased by ¥15.2 billion from the previous fiscal year, to ¥11.0 billion. Because its operations are more globalized than any other sector, it was hit hardest by the strong yen, and, in addition, selling prices of

FY2011 Financial Results

(Billions of yen)

	FY2010	FY2011	Change
Sales	1,982.4	1,947.9	-34.6
Operating income	88.0	60.7	-27.3
Equity in earnings of affiliates	10.8	2.0	-8.8
Net income	24.4	5.6	-18.8
<hr/>			
Naphtha price	¥47,500/kl	¥54,900/kl	
Exchange rate	¥85.74/US\$	¥79.08/US\$	
<hr/>			
Dividend per share	¥9/share	¥9/share	

LCD-related materials declined. In the Basic Chemicals Sector, operating income decreased by ¥11.3 billion, to ¥9.3 billion, due to lower selling prices and a decline in the sales volume of methyl methacrylate (MMA) and synthetic fiber materials amid weaker demand. In the Petrochemicals & Plastics Sector, operating income fell by ¥5.0 billion, to ¥6.2 billion, because shipments declined owing to lower demand and scheduled maintenance shutdowns of its main plants. In the Pharmaceuticals Sector, operating income was ¥20.9 billion, ¥7.7 billion lower than the previous fiscal year. This is because we posted one-time income in fiscal 2010 to account for the receipt of an upfront payment under a development and commercialization agreement for the atypical antipsychotic agent lurasidone.

The Sumitomo Chemical Group's net income decreased by ¥18.8 billion from the previous fiscal year, to ¥5.6 billion, due to a write-down of goodwill related to our investment in Nufarm and because of a sharp decline in equity in earnings of our affiliate Petrochemical Corporation of Singapore (Pte.) Ltd., as a result of weaker demand in Asia's petrochemical markets.

Free cash flow was ¥500 million for fiscal 2011, as compared with ¥20.2 billion for the previous fiscal year. Interest-bearing liabilities totaled ¥1,053 billion as of March 31, 2012, increasing by ¥13 billion from the end of the previous fiscal year. The debt to equity ratio worsened to 1.46 times.

FY2011 Operating Income (Loss) by Segment

(Billions of yen)

	FY2010	FY2011	Change
Basic Chemicals	20.6	9.3	-11.3
Petrochemicals & Plastics	11.1	6.2	-5.0
IT-related Chemicals	26.1	11.0	-15.2
Health & Crop Sciences	23.3	26.5	+3.2
Pharmaceuticals	28.7	20.9	-7.7
Others	(21.9)	(13.2)	+8.7
Total	88.0	60.7	-27.3

Q How do you plan to improve the Company's profitability?

A

We will step up our ongoing efforts focused on reducing overhead costs, restructuring unprofitable businesses, and boosting the profitability of our major projects.

We have started a new overhead cost reduction project aiming to cut more than ¥10 billion by fiscal 2013 from fiscal 2011 levels, and eventually ¥15 billion by fiscal 2015. Three project teams have been launched to work on improving the efficiency of research operations, administrative functions, and overall business operations, respectively, and at present, they are developing concrete plans for cost-cutting measures in each area. We will implement necessary actions promptly.

We also have been working to restructure or exit businesses that are experiencing diminishing profitability and do not have prospects for substantial improvement in performance. In 2012, we dissolved a North American polypropylene manufacturing joint venture in January, stopped production of the tire rubber antioxidant ANTIGENE® 6C in Ehime, Japan, in March, and dissolved a styrene monomer manufacturing joint venture in Chiba, Japan, in April. We will keep a close watch on low-performing businesses and carry out restructuring or exit when necessary.

In addition, we are going to redouble our efforts to enhance the profitability of our major projects. For the Rabigh Project, we will rationalize our whole supply chain for petrochemical

products to achieve further cost reductions. And, to make the complex's operations even more efficient, we will increase our support for the training of local plant operation, maintenance and engineering staff. We will also increase our technical assistance.

As for the antipsychotic agent lurasidone, launched in the United States under the brand name LATUDA® in 2011, our subsidiary Dainippon Sumitomo Pharma (DSP) will strengthen sales operations in the US market, aiming to boost sales of LATUDA® to US\$190 million in 2012. Moreover, clinical trials of lurasidone to obtain approval for additional indications are making good progress. DSP is planning to file an application for approval of lurasidone as a treatment for bipolar disorder in the United States in 2012.

In addition to these measures for improving our short-term performance, we will work on three medium- to long-term priority initiatives. These initiatives are: enhancing our financial strength; developing new businesses; and promoting globally integrated management.

Q Can you expand on the initiative of enhancing financial strength?

A

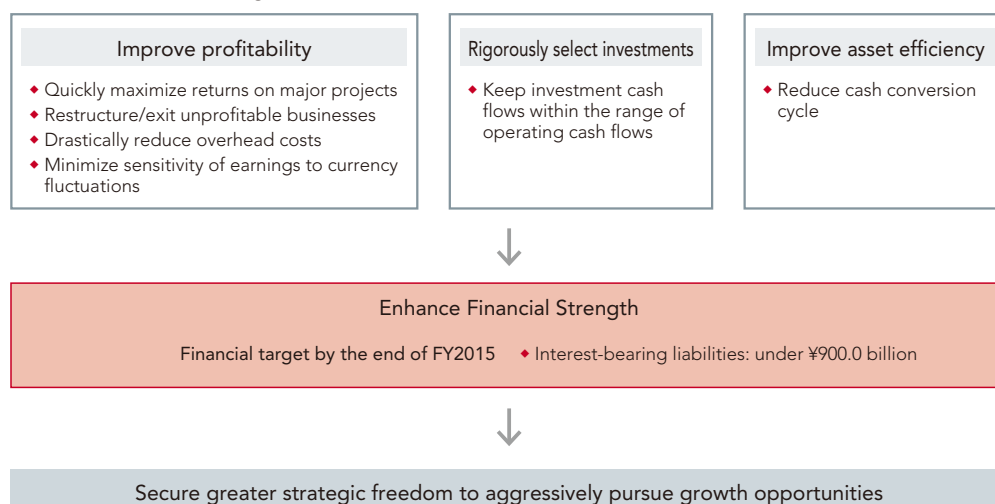
Enhancing our financial strength is the top priority among the three initiatives. Over the past decade, we have made large investments in various areas to accelerate growth and increase profits. As a result, our sales have grown significantly, but our earnings have not, amid the Great Recession and the challenging business environment, and our financial position weakened, as some indicators show. Securing a solid financial position is essential to achieving strong and sustainable growth.

While pushing ahead with the measures I have just outlined for improving our profitability, we will continue to make investments in accordance with rigorous criteria and step up efforts to enhance the efficiency of our asset utilization.

To be more specific, we aim to keep our capital expenditures below our operating cash flows. And we seek to shorten our cash conversion cycle by 25% and reduce our required working capital by approximately ¥130 billion by fiscal 2015 from fiscal 2010 levels, mainly by cutting back on inventory, shortening our accounts receivable period, and extending our accounts payable period.

With all these efforts, we aim to reduce our interest-bearing liabilities from ¥1,053 billion, as of March 31, 2012, to less than ¥900 billion by the end of fiscal 2015.

Enhance Financial Strength



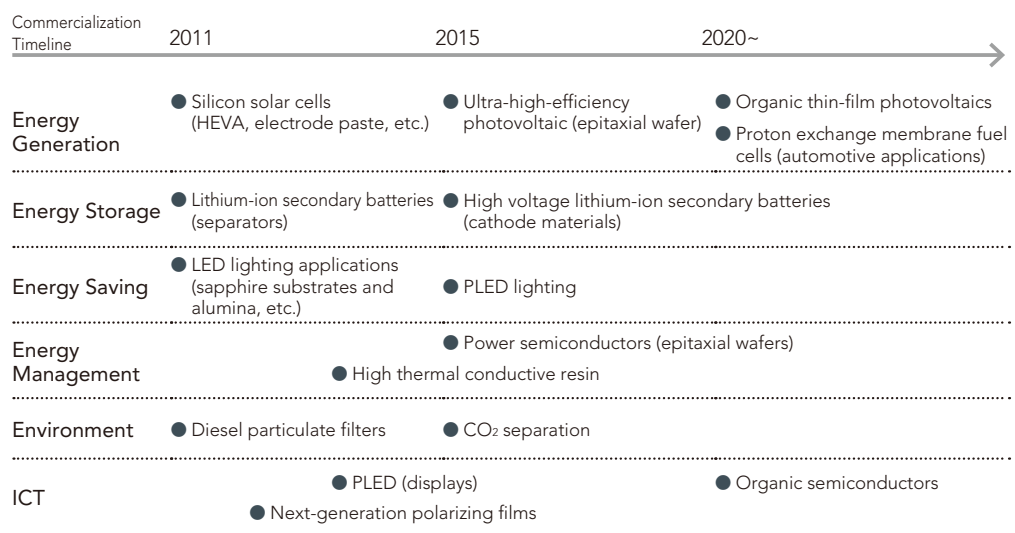
Q What do you plan to do for the initiative of developing new businesses?

A

We aim to develop new businesses that have potential to become major growth engines. Our target areas are environment and energy, life sciences, and information and communication technology (ICT), where markets are expected to grow and we hold technological advantages that enable us to achieve high profitability.

In the area of environment and energy, we are working on the development of diesel particulate filters (DPF) for diesel vehicles, lithium-ion secondary battery materials, polymer photovoltaic cells, PLED lighting, and materials for power semiconductors that provide substantial energy savings. In the area of life sciences, we are conducting clinical trials of lurasidone to seek approval for additional therapeutic indications and expand sales into additional geographic markets. We are also developing innovative anticancer drugs that target cancer stem cells. In the ICT area, we are engaged in developing PLED displays as well as next-generation polarizing film for LCD panels.

Developing New Business



Q Can you flesh out the initiative of promoting globally integrated management?

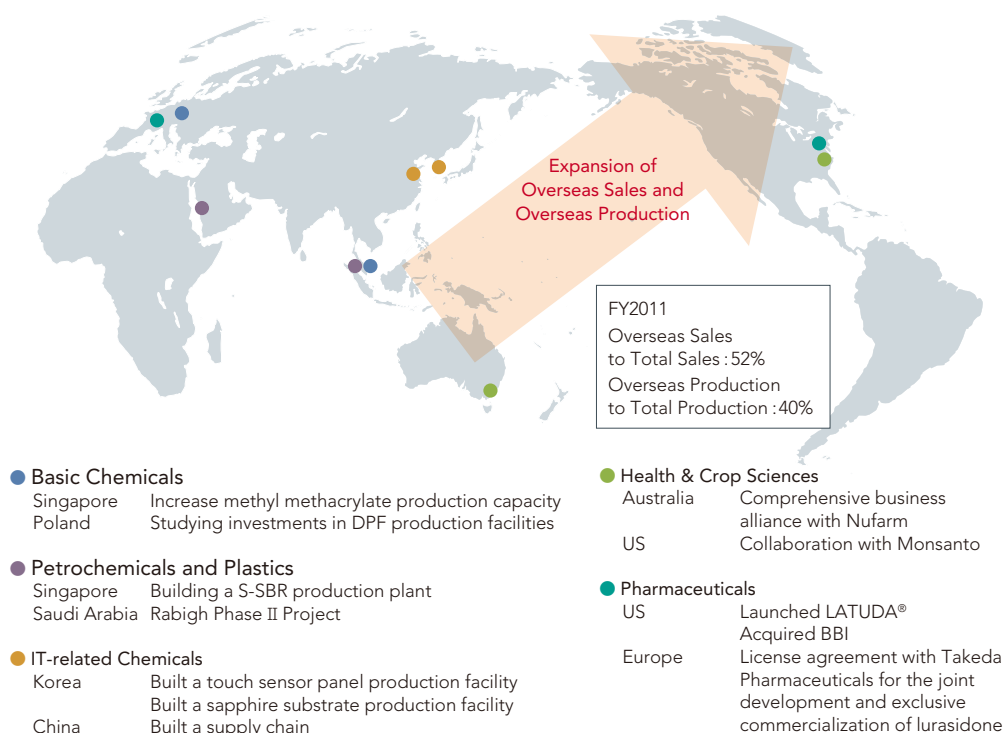
A

As growth in domestic demand is slowing against the backdrop of declining birthrates and an aging population, the globalization of businesses is becoming increasingly important as a main pillar of our growth strategy. Our globalization does not mean just doing business overseas. We are pursuing "globally integrated management" that aims to optimize across national borders the functions in each business, from research and development to manufacturing, marketing, sales and logistics, in terms of cost, technology and business environment. In the area of bulk chemicals, for example, our research and development functions are based in Japan, where the world's highest levels of quality and performance are required. Meanwhile, we are strengthening and expanding our production in Saudi Arabia and

Singapore to secure a stable supply of cost-competitive feedstocks. As for the LCD-related materials business in the ICT area, we have set up development and production bases near our major customers' plants to meet the constantly changing needs of customers.

Under the concept of globally integrated management, we will continue to make strategic investments globally, including the Rabigh Phase II Project, aiming to realize strong and sustainable growth.

Major Global Business Development Made in FY2010 and After



Q The Company has decided to implement the Rabigh Phase II Project. What is the major purpose of the Rabigh Project as a whole, including the Rabigh Phase I Project?

A Under the Rabigh Phase I Project, we built a world-scale integrated oil refining and petrochemical complex in Saudi Arabia jointly with the world's largest oil company, Saudi Aramco. The complex started operation in April 2009. It uses approximately 400,000 barrels per day of crude oil and 1.2 million tons per year of ethane as feedstock to produce more than 17.1 million tons per year of refined petroleum products and 2.4 million tons per year of petrochemical products. The ethane feedstock is far more cost-competitive than ethane in Europe or the United States, or than naphtha in Asia, since we purchase it at an official price under a contract with the Saudi government. As for marketing, Saudi Aramco is in charge of the refined petroleum products, and our Singapore subsidiary Sumitomo Chemical Asia Pte. Ltd., which has sales bases in China, India, Vietnam and Belgium, is marketing the petrochemical products in high-growth Asian markets, as well as in European markets. In this way, the Sumitomo Chemical Group and Saudi Aramco make the most of each other's expertise and sales networks.

In regard to the Rabigh Phase II Project, we completed a joint feasibility study with Saudi Aramco and confirmed the feasibility of this new project. We therefore have decided to move ahead to finalize various project elements, such as agreements for engineering, procurement and construction (EPC) and other project contracts, as well as project financing. The Phase II Project will use 400,000 tons per year of ethane, plus 3 million tons per year of naphtha derived from the existing facilities, as feedstocks to produce a variety of high value-added petrochemical products.

Building on a wider range of high value-added petrochemicals from the Rabigh complex and the cost-competitive feedstocks, we aim to further strengthen the competitiveness of our entire Petrochemicals & Plastics Sector and accelerate the globalization of our petrochemical business.

Q The Company is developing a new Corporate Business Plan. Could you outline its main points?

A We are developing our new Corporate Business Plan for the three-year period starting in April 2013. Under the plan, we are going to further accelerate our three priority initiatives—enhancing our financial strength, developing new businesses, and promoting globally integrated management.

Enhancing our financial strength will be positioned as “step one” and given special attention and effort. As I have explained, we aim to reduce interest-bearing liabilities to less than ¥900 billion by the end of fiscal 2015 by boosting the profitability of our major projects, rigorously selecting investments, and enhancing the efficiency of our asset utilization.

Once our strategic freedom has increased with greater financial strength, we will make focused investments in our growth areas to develop new businesses and create our new growth path. This is “step two” of the new Corporate Business Plan.

And we will continue to strive to promote globally integrated management, not only as we work to enhance the competitiveness of our existing businesses but also as we work to develop new businesses.

Through these efforts, we are going to make Sumitomo Chemical a leaner and more robust company, paving the way for our next major leap.



About the Rabigh Phase II Project

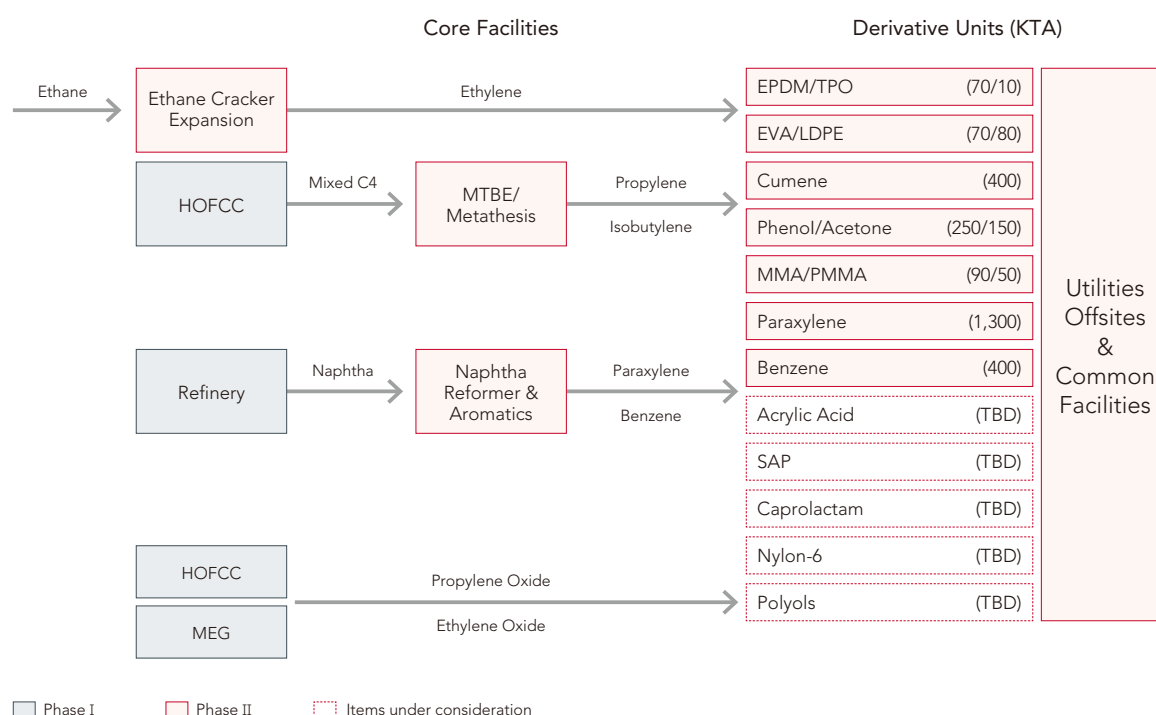
Sumitomo Chemical and Saudi Aramco had been conducting a joint feasibility study for the Rabigh Phase II Project ("Rabigh II Project") since 2009. Based on the outcome of the feasibility study, we have confirmed the feasibility of the Rabigh II Project and decided to move ahead by finalizing various project elements, such as agreements for engineering, procurement and construction (EPC) and other project contracts, as well as project financing.

The Rabigh II Project will use an additional 30 million standard cubic feet per day of ethane and approximately 3 million tons per year of naphtha as feedstock to produce ethylene propylene rubber (EPDM), thermoplastic polyolefin (TPO), methyl methacrylate (MMA) monomer, polymethyl methacrylate (PMMA), low density polyethylene/ethylene vinyl acetate (LDPE/EVA), paraxylene/benzene, cumene and phenol/acetone. Each plant will be brought on stream as it becomes available for

operation, beginning the first half of 2016. The total investment is projected to reach approximately \$7 billion.

With respect to acrylic acid, superabsorbent polymer (SAP), caprolactam, nylon-6 and polyols, Sumitomo Chemical and Saudi Aramco are continuing to explore the best possible mode of operation to implement projects on those product lines, including possible collaboration with a third party.

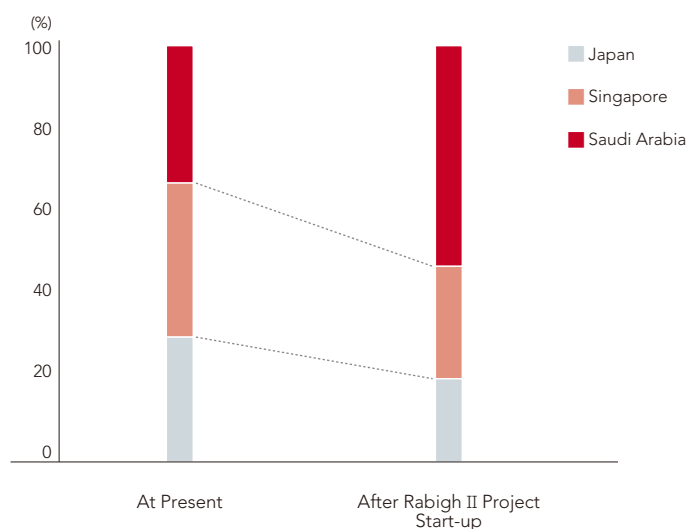
The Rabigh II Project's Complex



The Rabigh II Project will achieve superior cost-competitiveness by using cost-competitive ethane as part of its feedstock and by utilizing the existing infrastructure of the Rabigh I Project, such as utility facilities. The increase of its product lines through the Rabigh II Project from 7 to 23, coupled with the growing demand of the Phase II products, will help stabilize earnings of Petro Rabigh, which now operates our integrated oil refining and petrochemical complex in Rabigh, Saudi Arabia, and plans to serve as the project company for the Rabigh II Project.

With the investment in the Rabigh II Project, our overseas petrochemical business will expand further. Japan's petrochemical industry faces various challenges, such as the transfer of user industries' production bases abroad, the yen's appreciation and a decline in cost competitiveness due to higher electricity bills in Japan. Expansion of overseas operations is necessary for the survival and the development of the petrochemical business. We have been expanding our overseas business by investing in large-scale projects in Singapore and Saudi Arabia. By investing in the Rabigh II Project, we seek further expansion of our petrochemical business abroad.

Production of Petrochemical Products by Region



The Sumitomo Chemical Group commenced its Corporate Business Plan FY2010 – FY2012 in April 2010. The Corporate Business Plan is the first step toward realizing our Corporate Vision, which was formulated on the basis of long-term market prospects and our business portfolio. Under the Plan, we aim to quickly maximize profits and cash flows from the major investments implemented under the previous Corporate Business Plan.

1 Long-term Business Environment Outlook and Corporate Vision

We anticipate that emerging countries will see rapid population increases and will take the place of developed countries as an engine of growth for the global economy, which is expected to double by 2030. Furthermore, we expect that, while huge mass production-oriented markets will be created in emerging countries, developed markets will become more highly segmented, with increasing diversification of consumer tastes. Given these long-term

prospects, we have identified Environment and Energy, Life Sciences, and ICT (Information and Communication Technology) as business areas with high growth potential.

Based on our long-term market forecasts and our business portfolio, we formulated our Corporate Vision, which states what we aim to achieve in the future, as well as three strategies for realizing our Corporate Vision.

Corporate Vision

- I. Achieve sustainable strong growth as a stronger, more innovative global company
- II. Contribute to sustainable development of the global community
- III. Continuously enhance the value of the company

◇ Strategies to Realize Corporate Vision ◇

Technology Strategy

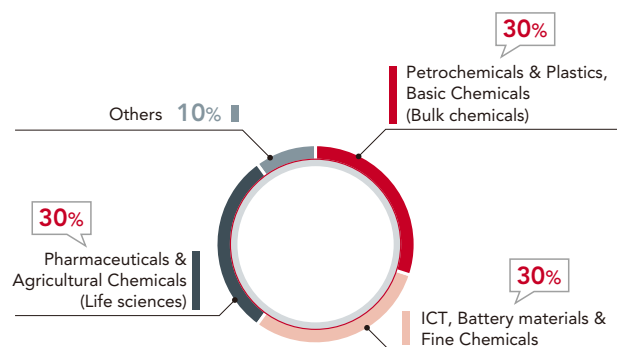
- 1 Focus R&D resources on the three high-growth areas
- 2 Continue Creative Hybrid Chemistry
- 3 Pursue Green Sustainable Chemistry
- 4 Accelerate R&D in downstream applications
- 5 Strengthen basic research

Climate Change Strategy

Help solve pressing global issues of resources, energy and the environment

Business Portfolio Strategy

Build a well-balanced business portfolio that will enable bulk chemicals, ICT, and life sciences to each account for 30% of the Group's sales in fiscal 2020



2 Overview of the Corporate Business Plan

The corporate business plan, which is the first step toward realizing our corporate vision, is a three-year plan ending in fiscal 2012, and we are pursuing the seven basic initiatives described below.

◇ Seven Basic Initiatives ◇

① Quickly maximize profits and cash flows from major investments

- Maximize profits from the Rabigh Project
- Successfully launch US sales of lurasidone upon FDA approval and maximize the value of lurasidone, leveraging Sepracor's strengths
- Establish competitive position in LCD materials business by building on economies of scale and technological innovation
- Achieve full operation of new resorcinol and DL-methionine plants immediately after completion of the facilities
- Increase sales of battery materials and ArF photoresist

② Enhance financial strength

- Enhance financial strength by strengthening cash flow management, while implementing investments for future growth
- Build a business structure that is more resilient to currency exchange rate fluctuations

③ Strengthen cost competitiveness of core and commodity businesses

- Establish optimal global production and sales operations as soon as possible
- Strengthen cost competitiveness through thorough rationalization to build a greater presence in emerging markets, where competition is intensifying

④ Accelerate business growth

- Develop new businesses in the three high-growth areas: environment and energy, life sciences, and ICT
- Promote cross-sectoral projects within the Sumitomo Chemical Group for development of new products & businesses

⑤ Implement Climate Change Strategy

⑥ Strengthen global management system

- Reengineer work processes globally and upgrade management information system
- Develop human resources to drive the globalization of business

⑦ Ensure full and strict compliance; maintain safe and stable operations

Sector Overview



Business Sector Highlights

FY2011	Major Products	Net Sales	Operating Income* ²
 <p>page 34</p>	<ul style="list-style-type: none"> Acrylonitrile Aniline Methyl methacrylate monomer and polymer Nitric acid Aluminum hydroxide High-purity aluminum Resorcinol Organic rubber chemicals Ethylene-vinylacetate copolymer emulsions Caprolactam Methanol Caustic soda Alumina Aluminum Polymer additives Dyestuffs 	<p>15%</p> <p>¥284.3 billion (-¥17.9 billion)</p>	<p>11%</p> <p>¥9.3 billion (-¥11.3 billion)</p>
 <p>page 36</p>	<ul style="list-style-type: none"> Ethylene Styrene monomer Polyethylene Ethylene-vinyl acetate copolymer Thermoplastic elastomer Ethylene-propylene rubber Acrylonitrile butadiene styrene copolymer Agricultural films Polypropylene sheets Propylene Propylene oxide Polypropylene 	<p>34%</p> <p>¥672.4 billion (+¥22.5 billion)</p>	<p>8%</p> <p>¥6.2 billion (-¥5.0 billion)</p>
 <p>page 38</p>	<ul style="list-style-type: none"> Optical functional films Color filters Color resist Light-guide plates High-purity chemicals Sputtering targets Super engineering plastics MOEPI wafers Photoresists 	<p>15%</p> <p>¥293.1 billion (-¥29.2 billion)</p>	<p>13%</p> <p>¥11.0 billion (-¥15.2 billion)</p>
 <p>page 40</p>	<ul style="list-style-type: none"> Crop protection products (insecticides, fungicides, herbicides and plant growth regulators) Household insecticides Public hygiene insecticides Long-lasting insecticidal nets Animal health products Feed additives Active pharmaceutical ingredients Pharmaceutical intermediates Fertilizers 	<p>14%</p> <p>¥264.1 billion (+¥13.3 billion)</p>	<p>33%</p> <p>¥26.5 billion (+¥3.2 billion)</p>
 <p>page 42</p>	<ul style="list-style-type: none"> Ethical pharmaceuticals Radiopharmaceuticals Radiation therapy equipment 	<p>19%</p> <p>¥380.5 billion (-¥30.1 billion)</p>	<p>26%</p> <p>¥20.9 billion (-¥7.7 billion)</p>

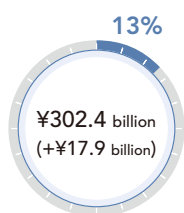
*1 Figures in parentheses show changes from FY2010.

*2 Ratio of each segment's operating income to total operating income before eliminating income from intersegment transactions and incurring shared company-wide expenses.

Assets

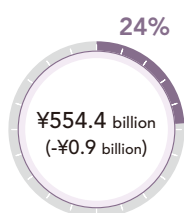
Major Factors for Change in Net Sales

Major Factors for Change in Operating Income



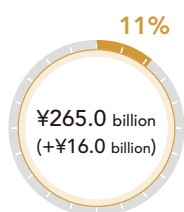
- Decrease in shipping volume for methyl methacrylate (MMA) and specialty chemicals due to weak demand
- Decrease in shipping volume for caprolactam due to weakened demand and the impact of the earthquake

- Decrease in shipping volumes and lower margins for methyl methacrylate (MMA) and specialty chemicals
- Decrease in shipping volumes for caprolactam



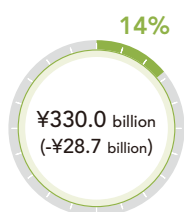
- Higher market prices for petrochemical products in Asia due to rise in feedstock prices
- Rise in selling prices for petrochemical products in Japan due to increase in naphtha prices

- Decrease in shipping volumes due to decline in demand and periodical maintenance shutdowns of manufacturing plants*
- * In fiscal 2011, periodical maintenance was carried out at plants in Japan, Singapore and Saudi Arabia.



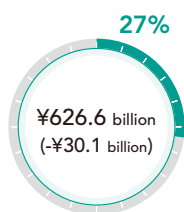
- Fall in selling prices for polarizing films due to sluggish demand

- Fall in prices for polarizing films
- Stronger yen



- Increase in shipping volumes of agrochemicals and methionine

- Increase in shipping volumes of agrochemicals and methionine



- Lack of one-time items, such as the previous fiscal year's income from an upfront payment associated with a development and commercialization agreement
- Stronger yen

- Lack of one-time items, such as the previous fiscal year's income from an upfront payment associated with a development and commercialization agreement
- Increase in sales promotion cost for LATUDA®

*3 Change in Reported Segments Classification Methods

As of April 1, 2011, the Fine Chemicals Segment was eliminated, and functional materials, additives, and dyes that had been included in this segment were transferred to the Basic Chemicals Segment. In addition, pharmaceutical chemicals, which had also been included in this segment, were transferred to the Agricultural Chemicals Segment. Following this change, the Agricultural Chemicals Segment changed its name to the Health & Crop Sciences Segment. The businesses of consolidated subsidiaries in the Pharmaceuticals Segment that had been included in the Others Segment were transferred to the Pharmaceuticals Segment. For the purpose of comparison, the figures for fiscal 2010 have also been adjusted to reflect these accounting changes.

	'03/3	'04/3	'05/3	'06/3	'07/3	'08/3	'09/3
	FY2001–FY2003 Corporate Business Plan		FY2004–FY2006 Corporate Business Plan			FY2007–FY2009 Corporate Business Plan	
Net sales							
Basic Chemicals	¥ 194.4	¥ 199.1	¥ 225.8	¥ 252.4	¥ 314.0	¥ 314.7	¥ 240.0
Petrochemicals & Plastics	371.6	362.4	412.6	486.1	539.1	603.3	553.0
Fine Chemicals	83.9	80.6	84.1	79.0	90.9	92.9	80.8
IT-related Chemicals	82.5	123.5	174.8	229.2	266.4	297.5	307.1
Health & Crop Sciences	158.7	167.1	171.6	186.2	198.3	200.4	222.2
Pharmaceuticals	168.4	166.6	170.7	233.1	234.5	237.6	235.6
Others	51.6	59.2	56.8	90.6	146.8	150.1	149.5
Total	1,111.1	1,158.4	1,296.3	1,556.6	1,790.0	1,896.5	1,788.2
Operating income (loss)							
Basic Chemicals	5.7	2.6	5.2	10.0	13.5	10.6	(15.3)
Petrochemicals & Plastics	5.0	(1.6)	15.0	17.9	23.6	4.5	(30.3)
Fine Chemicals	9.3	8.8	11.5	9.8	13.1	11.4	1.6
IT-related Chemicals	0.5	14.3	18.7	21.7	3.5	6.3	(1.0)
Health & Crop Sciences	16.7	10.7	14.8	16.6	23.3	20.9	24.4
Pharmaceuticals	32.3	27.8	34.4	38.3	56.2	46.5	32.4
Others	4.2	4.9	5.7	5.8	8.0	3.7	(7.9)
Elimination	(0.2)	(0.9)	(0.3)	0.7	(1.5)	(1.5)	(1.7)
Total	73.5	66.6	105.2	120.8	139.6	102.4	2.1
Capital expenditures							
Basic Chemicals	19.6	13.3	18.2	20.7	24.6	27.6	14.7
Petrochemicals & Plastics	26.1	11.7	13.7	16.1	16.9	21.2	17.6
Fine Chemicals	6.7	7.0	7.5	7.0	4.6	6.9	7.7
IT-related Chemicals	29.8	37.2	40.2	44.0	72.0	33.4	50.6
Health & Crop Sciences	26.5	5.7	18.0	8.8	10.1	8.5	11.3
Pharmaceuticals	13.5	21.7	19.1	10.6	12.5	18.3	12.7
Others	29.7	13.7	9.0	17.7	19.1	26.7	19.6
Total	152.0	110.2	125.8	124.9	159.8	142.5	134.1
Research and development expenses							
Basic Chemicals	2.8	4.6	5.1	5.3	5.7	6.1	6.4
Petrochemicals & Plastics	7.8	11.0	10.9	11.4	11.3	11.1	12.0
Fine Chemicals	5.3	4.0	4.4	4.4	4.2	4.1	4.2
IT-related Chemicals	6.3	7.7	9.7	12.8	12.6	13.7	21.2
Health & Crop Sciences	13.1	17.9	18.6	19.4	18.7	19.4	20.7
Pharmaceuticals	28.1	28.3	28.1	36.7	42.5	47.7	55.0
Others	9.3	1.7	1.4	1.9	2.6	3.3	11.6
Total	72.8	75.2	78.2	91.9	97.7	105.4	131.1

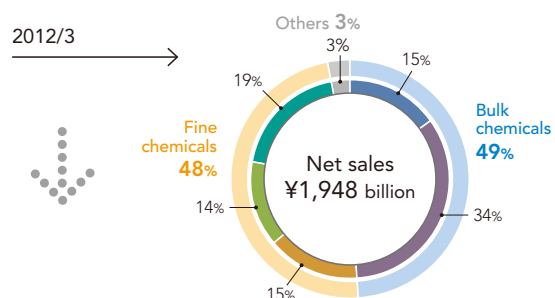
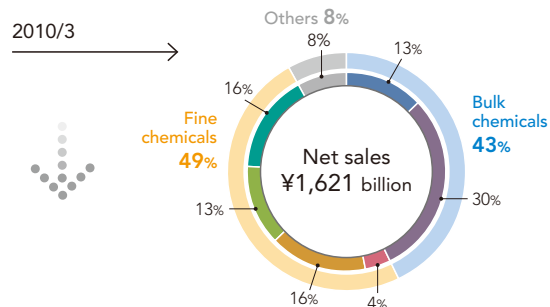
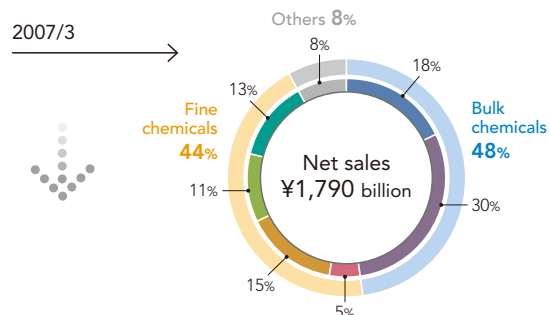
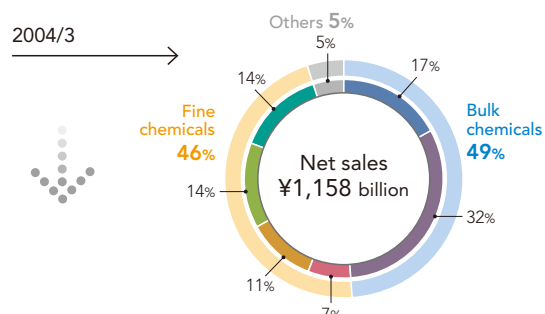
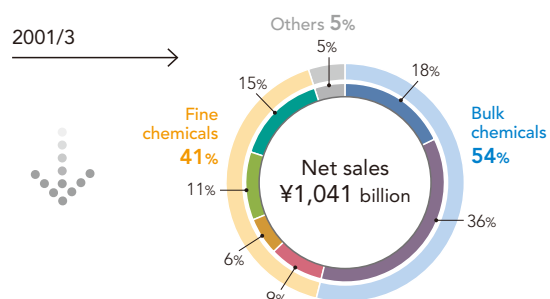
*1 US dollar amounts are translated from yen, for reference only, at ¥82.19 = \$1, the prevailing rate on March 31, 2012.

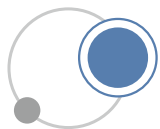
*2 The Company has been applying the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17 of March 27, 2009) and the Implementation Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20 of March 21, 2008) from fiscal 2010. Along with this, the method for allocating shared company-wide research expenses and other expenses has been revised, and the business segment categorization of consolidated subsidiaries has been changed. For the purpose of comparison, the figures for fiscal 2009 in this report have also been adjusted to reflect these accounting changes.

Billions of yen			Thousands of US dollars*1
'10/3	'11/3	'12/3	'12/3
		FY2010–FY2012 Corporate Business Plan	
¥ 203.3	¥ 302.3	¥ 284.3	\$ 3,459,642
481.5	649.9	672.4	8,181,384
86.7	—	—	—
265.2	322.3	293.1	3,565,714
211.5	250.8	264.1	3,213,700
267.5	410.6	380.5	4,629,736
105.1	46.6	53.4	649,593
1,620.9	1,982.4	1,947.9	23,699,769
1.3	20.6	9.3	113,749
(0.2)	11.1	6.2	74,887
3.6	—	—	—
6.3	26.1	11.0	133,447
29.3	23.3	26.5	322,363
29.9	28.7	20.9	254,508
6.7	4.1	7.7	93,929
(25.4)	(26.0)	(20.9)	(254,496)
51.5	88.0	60.7	738,387
12.4	16.6	24.5	298,211
14.4	13.7	19.6	238,277
17.8	—	—	—
11.5	27.7	66.9	813,724
23.2	15.6	19.3	234,603
7.8	10.5	11.3	137,973
16.3	14.6	13.5	164,022
103.2	98.7	155.1	1,886,811
3.5	5.1	5.2	62,879
8.3	7.6	7.2	87,407
4.2	—	—	—
11.0	11.6	11.7	141,879
17.2	21.6	19.7	239,993
54.9	71.2	59.0	718,214
18.1	21.1	19.5	237,231
117.3	138.1	122.3	1,487,602

Sales by Sector

■ Basic Chemicals ■ Petrochemicals & Plastics ■ Fine Chemicals
 ■ IT-related Chemicals ■ Agricultural Chemicals/Health & Crop Sciences ■ Pharmaceuticals ■ Others





Basic Chemicals

FY2011 Performance	Sales	Operating Income	Operating Margin
	<div> <div>-5.9%</div> <div>¥284.3 billion</div> </div>	<div> <div>-54.7%</div> <div>¥9.3 billion</div> </div>	<div> <div>-3.5 points</div> <div>3.3 %</div> </div>

We have positioned methyl methacrylate (MMA), caprolactam and inorganic materials as the core businesses of the Basic Chemicals Sector. We are working to strengthen the profitability of these businesses and continue expanding them globally with a focus on Asia, where demand growth remains high.

● MMA Business

MMA polymer, which offers outstanding transparency and weather resistance, is an excellent material for a broad range of uses, such as in light-guide plates for LED televisions and other optical components, automotive applications, showcases, and outdoor signboards. With the economic expansion in Asian countries, particularly China and India, demand in Asia for MMA polymer is expected to grow at an annual rate of over 10% from the current 650,000 tons per year.

As Asia's leading MMA producer, we continue to enhance the competitiveness of our entire MMA product chain, from monomer and polymer to finished sheets. We produce monomer and polymer in Singapore, Japan and South Korea with a combined annual production capacity of 489,000 tons for monomer and 263,000 tons for polymer. Anticipating that MMA polymer demand will expand, we completed our new MMA polymer plant in Singapore in the third quarter of 2012. The plant will have an annual production capacity of 50,000 tons.

● Caprolactam Business

Caprolactam is a raw material for nylon 6, which is used in synthetic fibers, films and engineering plastics. Demand for nylon 6 in Asia, particularly China, is extremely strong for applications in clothing, engineering plastics and tire cords, and demand for caprolactam in the region is expected to grow at an annual rate of 4% from the current 2 million tons per year.

We produce caprolactam using the conventional liquid-phase process as well as our proprietary energy- and resource-efficient vapor-phase process. Our product is recommended as the most suitable for high-speed spinning and is highly valued by our customers together with our strong distribution network.

● Inorganic Materials Business

We provide distinctive high-performance inorganic materials using our advanced technologies for precisely controlling such physical properties as purity, particle size and form.

Sumitomo Chemical is the world's leading manufacturer of high-purity alumina. In recent years, our alumina products have enjoyed increasing demand for use in new applications, such as sapphire substrate glass for LEDs, lithium-ion battery materials and high thermal conductive fillers.

A new production line for high-purity alumina was completed in July 2012, expanding our annual production capacity to 3,200 tons. We are still considering further expanding our production capacity.

We also manufacture and sell fine alumina for liquid crystal displays (LCDs) and solar cell glass substrates, as well as aluminum hydroxide for artificial marble and halogen-free flame-retardants.

We are also focusing on the development of a diesel particulate filter (DPF) for diesel engine passenger vehicles, for which demand is expected to grow with the tightening of exhaust gas emissions regulations in Europe. Our aluminum titanate DPF is superior to existing silicon carbide DPFs in terms of pressure loss, soot mass limit and thermal shock resistance, which are essential properties for DPFs. We have already started supplying samples of our aluminum titanate DPF to automakers. We plan to commence commercial production in 2014, when DPFs are expected to become widely used on diesel-powered passenger vehicles in Europe.



Aquarium made of MMA



MMA plant in Singapore



Caprolactam for nylon 6



Electronic components made of high-purity aluminum

Corporate Business Plan FY2010 – FY2012

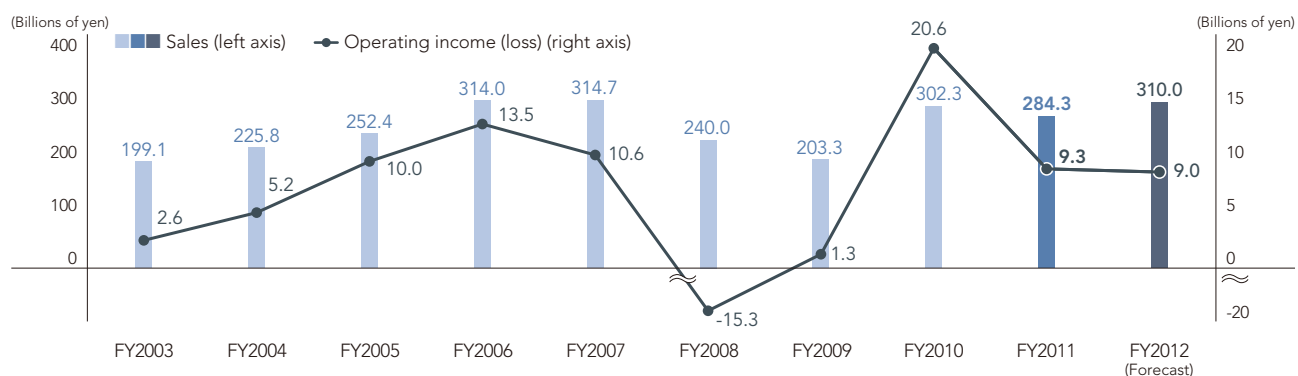
Basic Policy

Reform business structure, strengthen profitability, and build the foundation for future growth

Priority Initiatives

- 1 Strengthen core businesses
- 2 Accelerate R&D and commercialization of new products and technologies
- 3 Implement measures for improving profitability and streamlining of existing businesses
- 4 Implement effective pricing to quickly meet the fluctuations in raw material prices

Sales & Operating Income (Loss)



Priority Initiatives

Corporate Business Plan FY2004 – FY2006

Expanded MMA and caprolactam production capacity

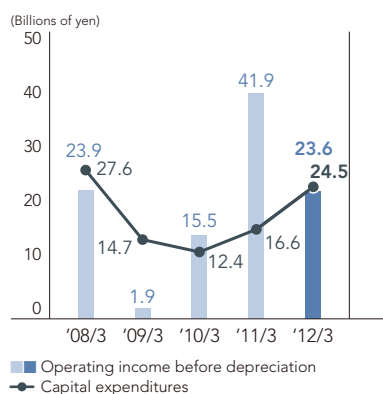
Corporate Business Plan FY2007 – FY2009

Expanded MMA production capacity

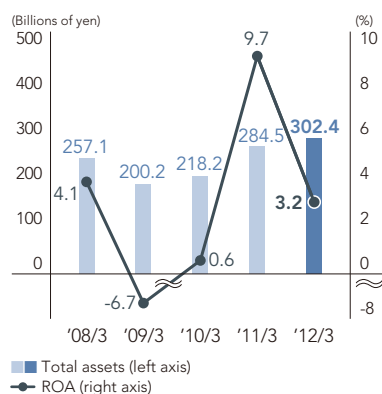
Corporate Business Plan FY2010 – FY2012

Strengthen core businesses: MMA, caprolactam, inorganic materials

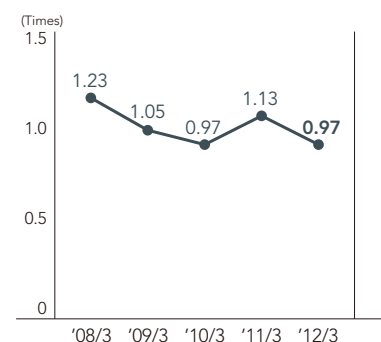
Operating Income before Depreciation & Capital Expenditures

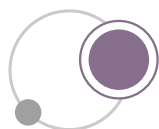


Total Assets & ROA



Asset Turnover





Petrochemicals & Plastics

FY2011 Performance	Sales	Operating Income	Operating Margin
	¥672.4 billion +3.5%	¥6.2 billion -44.7%	0.9 % -0.8 points

We have positioned polyethylene (PE), polypropylene (PP) and propylene oxide (PO) as the core businesses of the Petrochemicals & Plastics Sector. We are working to expand our business and strengthen profitability by further globalizing and shifting toward higher value-added applications.

● Polyethylene Business

Global PE demand is estimated at 63 million tons per year, and is expected to grow at an annual rate of 3%. We operate PE manufacturing facilities in Japan, Singapore and Saudi Arabia with a combined production capacity of 1.5 million tons per year. With the aim of further enhancing the profitability of our PE business, we are stepping up marketing efforts for ethylene vinyl acetate copolymer as an encapsulating material for photovoltaic cells, which are expected to achieve high growth. We are also actively working to expand our low-density polyethylene business in the area of high value-added applications, such as waterproof laminates for paper.

● Polypropylene Business

Global PP demand is estimated at 43 million tons per year and is expected to grow at an annual rate of 4%. We operate PP manufacturing facilities in Japan, Singapore and Saudi Arabia with a combined production capacity of 1.65 million tons per year. We are redoubling our efforts to strengthen our high value-added PP business globally for products such as PP compounds for use in automotive components, high-quality film materials for electronics components, and film materials for food packaging.

● Propylene Oxide Business

PO is used mainly as a raw material for polyurethanes. Global PO demand is estimated at 6.8 million tons per year, and is expected to grow at an annual rate of 6%. We operate PO manufacturing facilities in Japan and Saudi Arabia with a combined production capacity of 580 thousand tons per year. We will continue our efforts to further consolidate our position as the top PO supplier in Asia.

Rabigh Project

We and Saudi Arabian Oil Company (Saudi Aramco), the world's largest oil company, each have a 37.5% stake in Rabigh Refining and Petrochemical Company (Petro Rabigh), and support the operation of Petro Rabigh's world-scale integrated oil refinery and petrochemical complex. The complex utilizes 400,000 barrels per day of crude oil and 1.2 million tons per year of ethane as primary feedstocks to produce a variety of refined petroleum products and petrochemical products. Through the full integration of its oil refining and petrochemical operations, this complex takes full advantage of outstanding operational efficiency and significant economies of scale, and also utilizes the highly cost-competitive ethane as a primary feedstock.



Rabigh complex

Automotive component
made of polypropylene

Propylene oxide plant



Products made of polyethylene

Corporate Business Plan FY2010 – FY2012

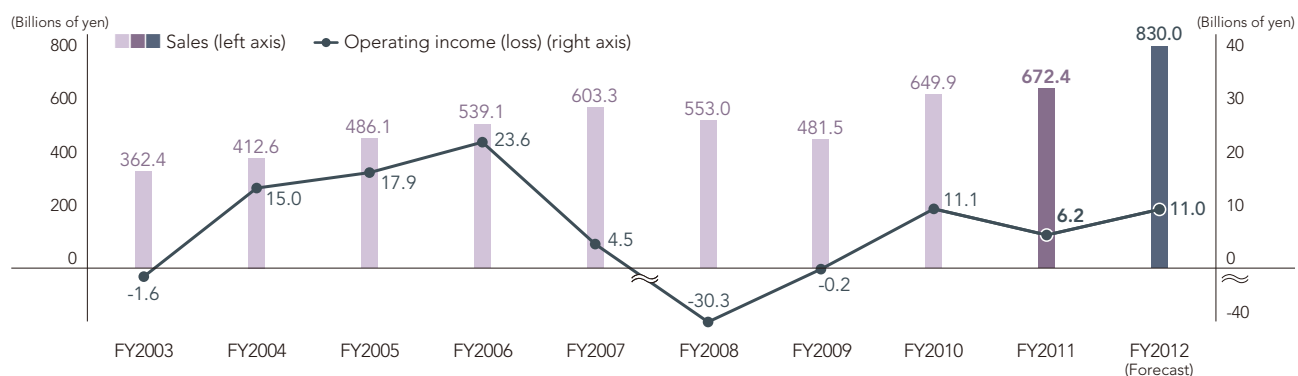
Basic Policy

Achieve sustainable profitability
by establishing global operations

Priority Initiatives

- 1 Establish global operations
 - Establish worldwide marketing operations built on globally standardized products
 - Achieve sustained profitability of Petro Rabigh
- 2 Strengthen the profitability of operations in Japan
- 3 Accelerate R&D to further enhance high value-added businesses

Sales & Operating Income (Loss)



Priority Initiatives

Corporate Business Plan FY2004 – FY2006

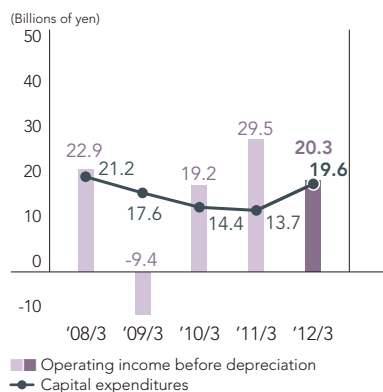
Expanded PO production, plant renovation
for shift to higher value-added products

Corporate Business Plan FY2007 – FY2009

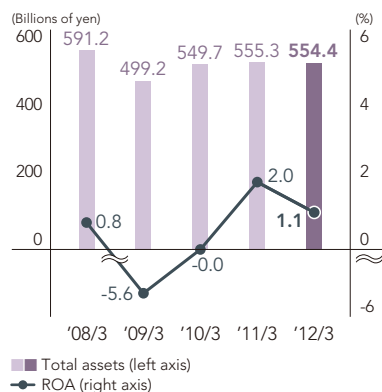
Rabigh Phase I Project

Corporate Business Plan FY2010 – FY2012

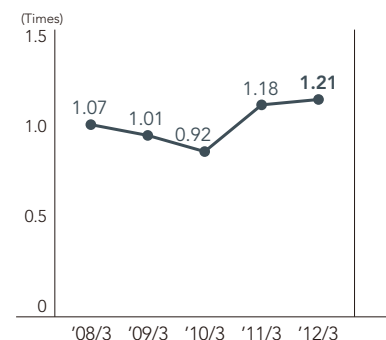
Strengthen profitability of existing businesses
by establishing global business capabilities

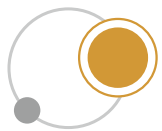
Operating Income before Depreciation
& Capital Expenditures

Total Assets & ROA



Asset Turnover





IT-related Chemicals

FY2011 Performance	Sales	Operating Income	Operating Margin
	¥293.1 billion	¥11.0 billion	3.7 %
	-9.1%	-58.0%	-4.4 points

We seek to achieve further business expansion by focusing our business resources on key areas, such as polarizing film and other liquid crystal display (LCD)-related materials, photoresists and battery materials, where we expect high market growth.

● LCD-related Materials Business

Our polarizing film business is the mainstay of the Sector's core LCD-related materials business. According to projections by DisplaySearch, a market research company, worldwide demand for LCD panels for televisions will increase 8%, from 210 million units in 2011 to 227 million units in 2012.

Sumitomo Chemical currently is one of the world's leading manufacturers of polarizing film, a key material used in LCDs. We operate production facilities in Japan, Taiwan, Korea, China and Poland, and we have forged strategic partnerships as a prime supplier with major LCD panel manufacturers in Korea, Taiwan and China. We started operation of a new polarizing film production line in Taiwan in July 2011, thereby expanding production capacity of polarizing films.

On the development front, we are working to expand our polarizing film product line to satisfy diverse customer needs. We are developing high-performance materials with high contrast and excellent visibility from wider viewing angles for high-end LCD televisions, while introducing cost-competitive materials for high-volume, low-end LCD televisions. Also, we are developing thinner, high-definition polarizing films for smart phones and slate PCs, for which demand is expanding rapidly.

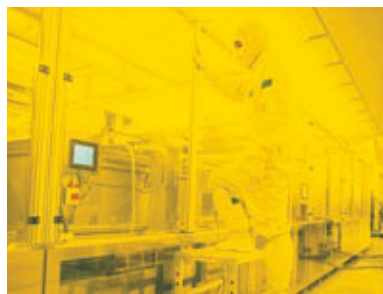
We also supply a variety of LCD-related materials, such as color filters, color resists and light-guide panels, to LCD panel manufacturers.

● Photoresists Business

Photoresists are photosensitive resins used in semiconductor manufacturing processes. Semiconductor manufacturers are adopting new manufacturing processes to further miniaturize circuits. In addition to photoresists for the dry argon fluoride (ArF) exposure process, we developed our photoresists with a high-performance photoacid generator for the ArF immersion process to meet semiconductor manufacturers' changing needs. Our ArF immersion resists are evaluated favorably in the market because they can be utilized with or without top-coats. Sumitomo Chemical will continue to develop and launch advanced photoresists in a timely manner in response to further advances in semiconductor manufacturing processes.

● Lithium-ion Secondary Battery Materials Business

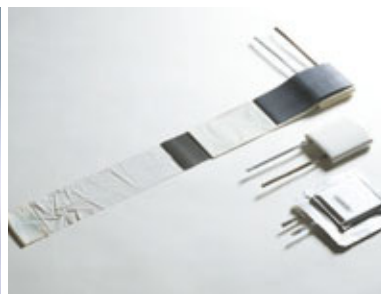
In the lithium-ion secondary battery materials business, we are engaged in the manufacture and sale of separators and are also developing cathode materials. Our separators have higher heat-resistance than conventional products, and their reliability has been evaluated favorably by battery manufacturers. Moreover, our cobalt-free cathode material does not use cobalt, which is in short supply worldwide, but it has achieved higher output and the same level of capacity as conventional cathodes made using cobalt.



Color filter plant



Photoresists

Separators for lithium-ion
secondary batteries

Polarizing film plant

Corporate Business Plan FY2010 – FY2012

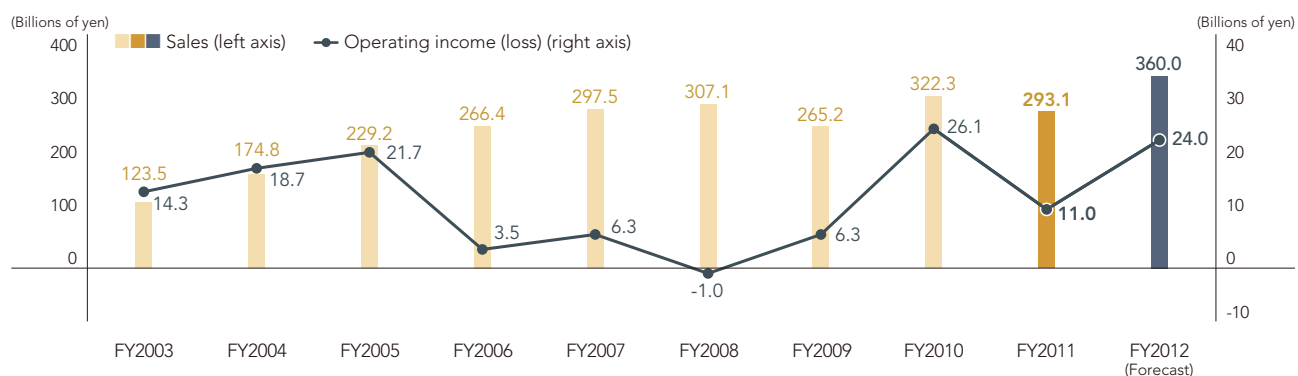
Basic Policy

Establish the foundation
for sustainable profitability
through technological innovation

Priority Initiatives

- 1 Strengthen existing businesses
 - Establish a more competitive position in LCD-related material business
 - Strengthen photoresist business
 - Enhance overseas operations
- 2 Expand business scope and develop new businesses

Sales & Operating Income (Loss)



Priority Initiatives

Corporate Business Plan FY2004 – FY2006

Expanded production capacity for
polarizing film and color filters

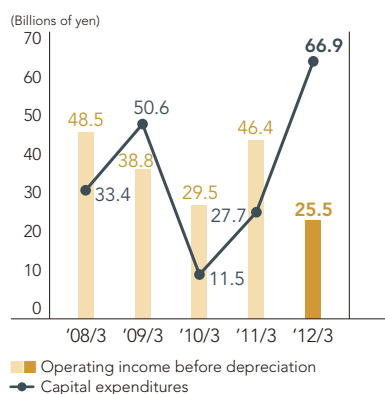
Corporate Business Plan FY2007 – FY2009

Expanded production capacity for polarizing
film, color filters and ArF photoresist

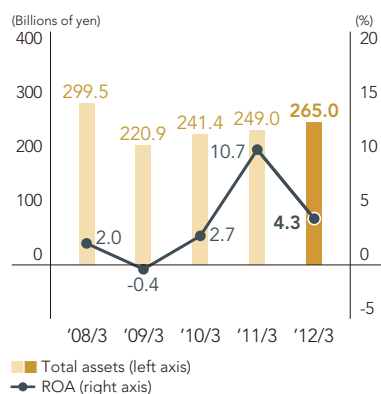
Corporate Business Plan FY2010 – FY2012

Strengthen profitability of existing
businesses, develop new businesses

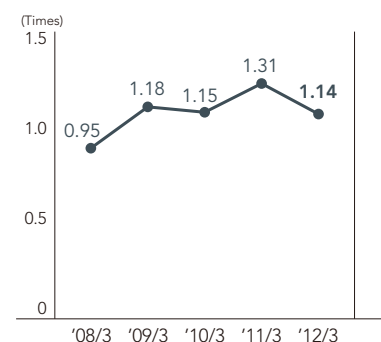
Operating Income before Depreciation & Capital Expenditures



Total Assets & ROA



Asset Turnover





Health & Crop Sciences

FY2011 Performance	Sales	Operating Income	Operating Margin
	¥264.1 billion +5.3%	¥26.5 billion +13.7%	10.0 % +0.7 points

The Health & Crop Sciences Sector engages in the development, manufacture and sale of agrochemicals and fertilizers, household and public hygiene insecticides, long-lasting insecticidal mosquito nets for controlling tropical infectious diseases, feed additives for poultry, and pharmaceutical chemicals. We are working to further globalize our business and contribute to increased food production, the promotion of health, better sanitation and the improvement of the environment.

● Crop Protection Business

In our crop protection business in Japan, we are aiming to increase our market share and broaden the scope of our business by developing attractive new products in-house, in-licensing new products, and pursuing partnerships. From 2010 through 2011, we launched a herbicide for rice farming, a fungicide for rice blight and an insecticide effective against lepidoptera, and sales of these products have grown steadily.

Meanwhile, we are increasing investments and enhancing collaboration to expand our overseas crop protection business. Our tie-up with the Australian agrochemicals company Nufarm Limited, in which Sumitomo Chemical has a 23% stake, has produced significant results in broadening our distribution. Nufarm and Sumitomo Chemical have started to mutually distribute products in 19 countries, mainly Brazil and Europe. Currently, Sumitomo Chemical and Nufarm mutually sell almost all of their active ingredients, including biorational products. Also, sales of our herbicide Sumisoya have been increasing in the United States through the distribution channels of Monsanto Company, with which we collaborate in the crop protection business. In anticipation of Sumisoya's further demand growth, we built a new plant in Oita, Japan, to expand production capacity.

● Environmental Health Business

Our environmental health business contributes to healthy living environments through its worldwide businesses in household insecticides for public hygiene, professional pest control, and products for pets and other non-crop applications. In this business, we have been actively developing new applications for our active insecticidal ingredient, Eminence®/SumiOne®.

● Vector Control Business

Controlling malaria is one of the global priority issues under the United Nations Millennium Development Goals. Given the growing demand for long-lasting insecticidal bed nets for controlling malaria in Africa and other countries, we rapidly expanded our vector control business, mainly through sale of our OLYSET® Net. We are also developing new products for controlling infectious tropical diseases.

● Feed Additives Business

Our feed additives business engages in the manufacture and sale of DL-methionine and methionine hydroxy analog, which are essential amino acid feed additives used primarily in chicken and other poultry farming. The methionine market is estimated at 900,000 tons annually and is expected to grow at an annual rate of around 5%, supported by an increasing demand for meat due to the economic growth of developing and emerging countries, and a tendency to prefer chicken as a healthful alternative to red meat, among other factors. We will continue to consolidate our position as Asia's top producer by meeting our customers' needs in a prompt and flexible manner.

● Pharmaceutical Chemicals Business

We are one of the world's top manufacturers of pharmaceutical chemicals, supplying pharmaceutical manufacturers with APIs and their intermediates. We possess the current GMP-compliant quality assurance capabilities, advanced organic synthesis technologies and expertise in scaling up processes for industrial production. To further expand the size of our business, we are meeting the needs of pharmaceutical manufacturers promptly and precisely by building on our accumulated technology and expertise and fully integrating our research and development, manufacturing, and sales capabilities.



US crop protection chemicals subsidiary Valent U.S.A.



Crop protection products



Products using our household insecticides



OLYSET® Net

Corporate Business Plan FY2010 – FY2012

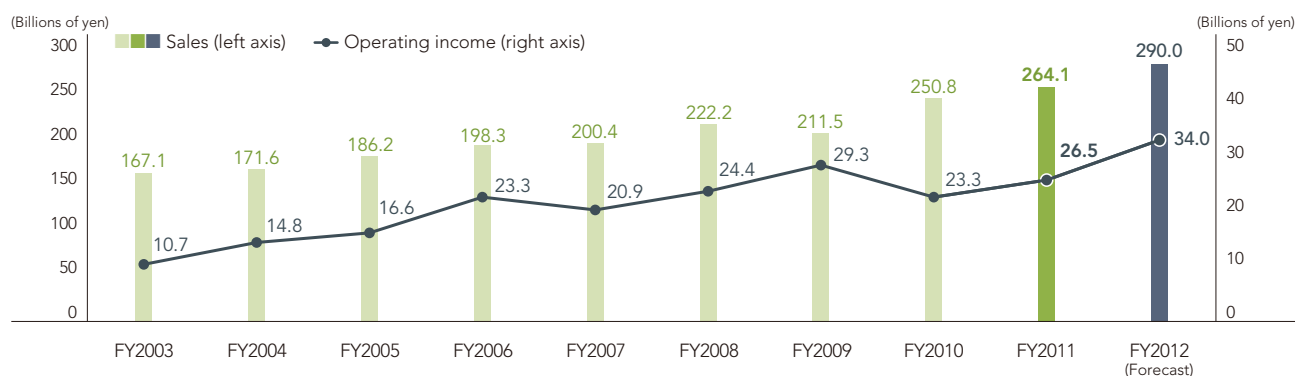
Basic Policy

Aggressively pursue strategic investments to expand business globally, strengthen high-profitability businesses, and contribute to enhancing food security and improving public health and hygiene and the environment

Priority Initiatives

- ① Develop differentiated businesses
- ② Develop new businesses in downstream and related areas
- ③ Build new business models
- ④ Strengthen and expand sales channels
- ⑤ Pursue innovation in R&D and all aspects of business activities

Sales & Operating Income



Priority Initiatives

Corporate Business Plan FY2004 – FY2006

Expanded methionine production capacity; introduced new agrochemicals

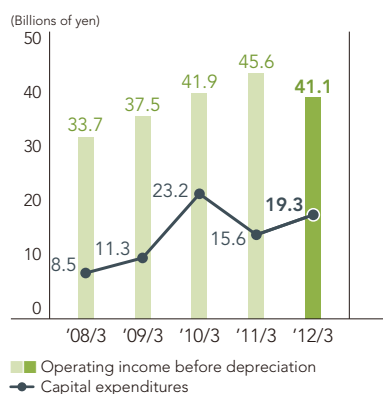
Corporate Business Plan FY2007 – FY2009

Integrated Sumitomo Chemical Takeda Agro Co. Ltd.

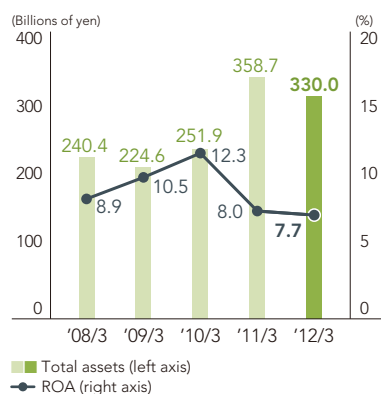
Corporate Business Plan FY2010 – FY2012

Expand methionine production capacity; invest in Nufarm Limited; launch three new agrochemicals

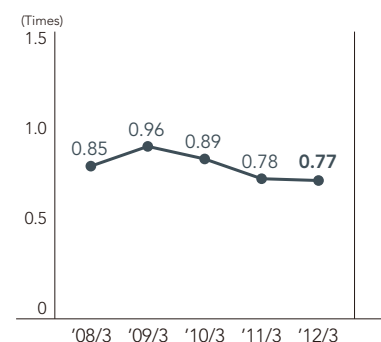
Operating Income before Depreciation & Capital Expenditures



Total Assets & ROA



Asset Turnover





FY2011
Performance

Sales

¥380.5 billion -7.3%

Operating Income

¥20.9 billion -27.0%

Operating Margin

5.5% -1.5 points

Sumitomo Chemical's Pharmaceuticals Sector is centered on Dainippon Sumitomo Pharma's ethical pharmaceuticals business and Nihon Medi-Physics' diagnostic radiopharmaceuticals business.

● Dainippon Sumitomo Pharma

Dainippon Sumitomo Pharma Co., Ltd. (DSP), under its Mid- to Long-term Vision, is seeking to become a research-driven pharmaceutical company capable of competing globally by transforming its domestic business structure, expanding sales in North America, and enriching its product pipeline.

(1) Transforming Domestic Business Structure

With changes in the national health insurance drug pricing system in Japan, maintaining and expanding sales of off-patent drugs will become increasingly difficult. For this reason, sales of new drugs must be expanded to maintain and improve the performance of our domestic business. DSP is focusing on expanding sales of its strategic products: AVAPRO® (agent for the treatment of hypertension), LONASEN® (agent for the treatment of schizophrenia) and PRORENAL® (vasodilator), as well as newly launched products such as TRERIEF® (agent for the treatment of Parkinson's disease).

(2) Expansion of Overseas Operations and Maximization of Profit

Overseas, DSP is expanding sales of the atypical anti-psychotic LATUDA® (generic name: lurasidone), which was launched in the United States for the treatment of schizophrenia in February 2011. By differentiating LATUDA® from current drugs on the market, emphasizing its efficacy, safety, tolerability and other advantages, DSP is aiming to maximize potential earnings from LATUDA® as quickly as possible. DSP is also conducting global Phase III clinical trials of lurasidone for the treatment of bipolar disorder (depression). In Europe, DSP is engaged in the joint development of lurasidone with Takeda Pharmaceutical Company Limited with the aim of making a marketing authorization application filing as soon as possible.

(3) Enriching the Pipeline for Continuous Creation of New Drugs
DSP is giving priority in its R&D efforts to the development of new drugs for central nervous system disorders, and is also trying to develop new drugs in specialty areas such as cancer and immunology, where patients' needs are highly specialized and largely unmet.

In April 2012, DSP acquired Boston Biomedical, Inc., a biotechnology company focusing on R&D in the oncology area. The acquisition has given DSP an innovative pipeline of anti-cancer drugs targeting cancer stem cells. Having Boston Biomedical's talented R&D team within the DSP group, the company aims to enhance its capabilities in developing cancer treatments.

● Nihon Medi-Physics

Nihon Medi-Physics Co., Ltd. (NMP) is a leading company in the field of radiopharmaceuticals, which are effective in the early detection of diseases such as brain and heart diseases and malignant tumors.

NMP is conducting business in both diagnostic and therapeutic fields with "nuclear medicine" as the keyword. Specifically in recent years, to accommodate rapidly increasing demands for PET (positron emission tomography), we are contributing to the spread of PET procedures by establishing and enhancing production facilities to ensure the stable delivery of ¹⁸F-FDG as a high-quality pharmaceutical product to extensive medical facilities throughout Japan.

In the therapeutic field, NMP launched a medical device for brachytherapy, also known as sealed source radiotherapy, for prostate cancer, as well as a radiopharmaceutical product to relieve the pain caused by cancer with bone metastasis, thus opening up new possibilities for nuclear medicine.

Furthermore, NMP obtained approval for a product with an indication of elimination of internal radioactive contamination. The product is used for emergency medical care for radiation exposure.



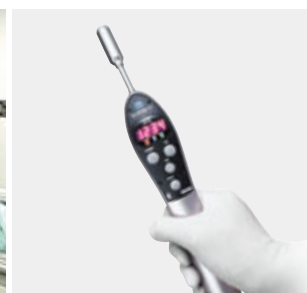
PRORENAL®



Formulation studies



PET procedure



SentiProbe®

Corporate Business Plan FY2010 – FY2012

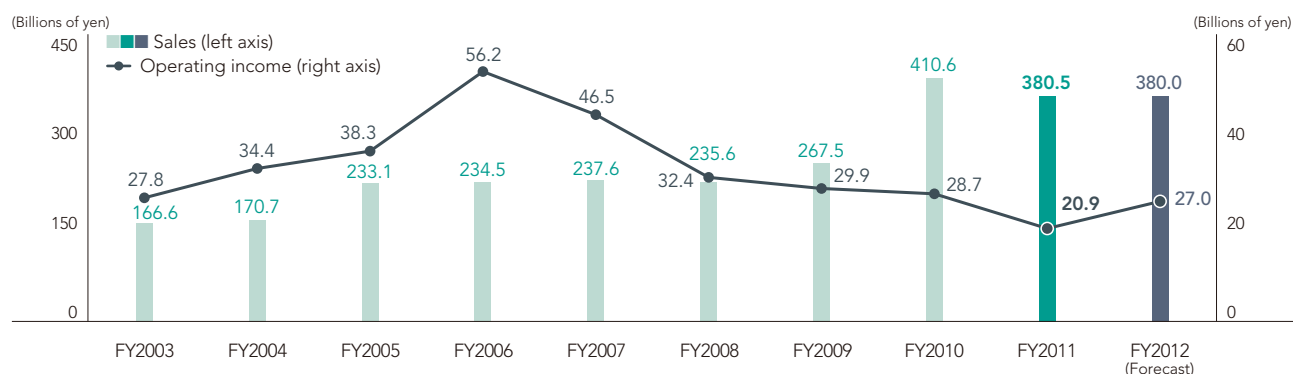
Basic Policy

Aggressively invest resources and expand global operations, capitalizing on the strengths of the entire Sumitomo Chemical Group

Priority Initiatives

- 1 Further strengthen revenue base in domestic business
- 2 Enrich product pipeline to achieve sustained development of new products
- 3 Expand overseas operations
- 4 Enhance the profitability of diagnostic radiopharmaceutical business and expand therapeutic radiopharmaceutical business

Sales & Operating Income



Priority Initiatives

Corporate Business Plan FY2004 – FY2006

Merged Sumitomo Pharmaceuticals Co. Ltd. and Dainippon Pharmaceutical Co. Ltd. to form DSP

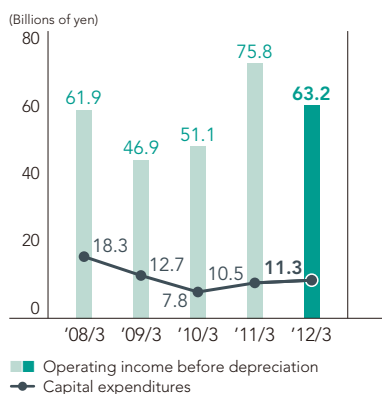
Corporate Business Plan FY2007 – FY2009

Acquired the US pharmaceuticals manufacturer Sepracor Inc. (now Sunovion Pharmaceuticals)

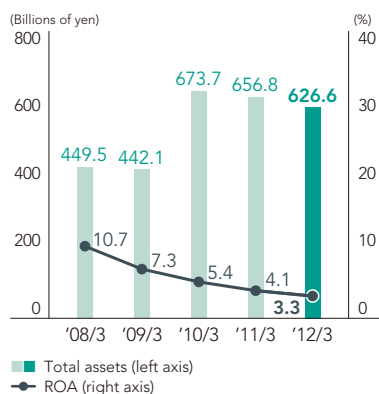
Corporate Business Plan FY2010 – FY2012

Market release of lurasidone; expand sales in North America

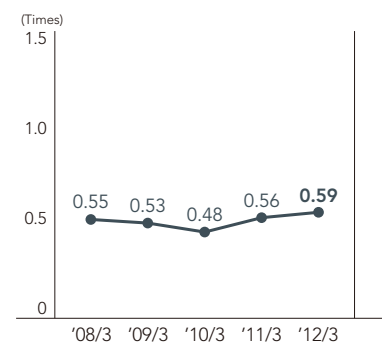
Operating Income before Depreciation & Capital Expenditures



Total Assets & ROA



Asset Turnover



Developing Innovative Anticancer Drugs Targeting Cancer Stem Cells

According to the International Agency for Research on Cancer, the number of new cancer patients worldwide was 12.7 million in 2008, and an estimated 7.6 million people died of cancer in the same year. The number of cancer patients is expected to increase, and the number of deaths due to cancer is forecast to rise to 13.2 million in 2030.

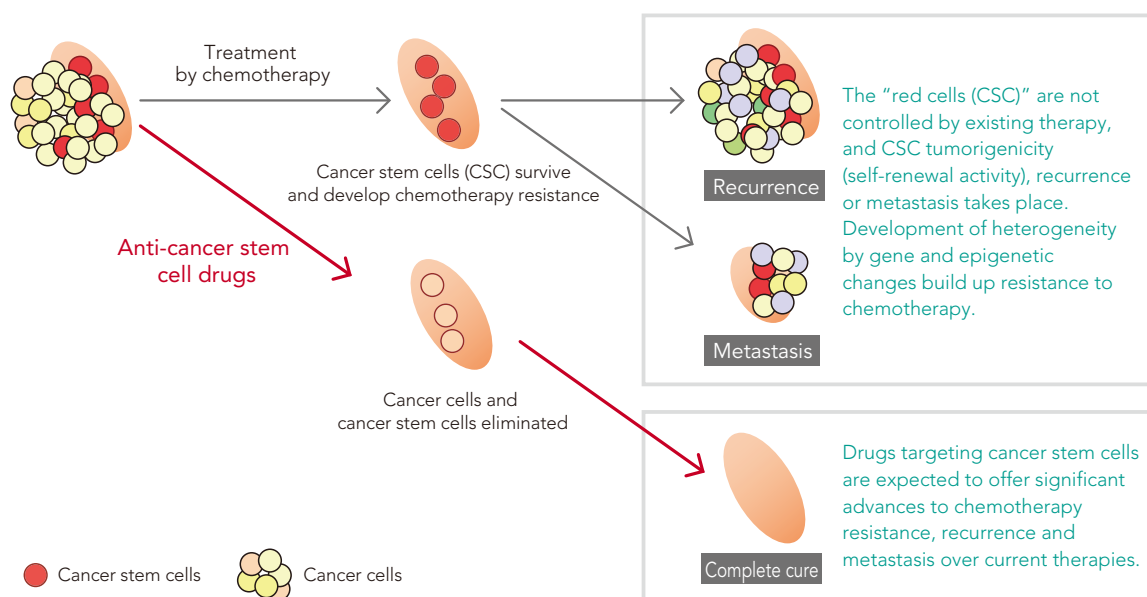
Cancer is a disease with a high mortality rate, as most anticancer drugs have limited efficacy. Therefore, unmet medical needs are very high in the therapeutic area of cancer.

Dainippon Sumitomo Pharma Co., Ltd. (DSP) aims to make oncology one of its future focus therapeutic areas next to the central nervous system (CNS) area, and it is focusing on the research and development of new anticancer drugs.

Expected to be Effective against Recurrent and Metastatic Cases in Cancer Treatment

Existing anticancer drugs are effective in causing the death of, and inhibiting the growth of, cancer cells, but cancer stem cells exhibit resistance to these drugs. Cancer stem cells cause a recurrence or metastasis of cancer, and tumors formed from the recurred or metastasized cancer stem cells are resistant to conventional drugs. Boston Biomedical, Inc. (BBI), which DSP acquired in April 2012, is developing two new anticancer drugs, BBI608 and BBI503. BBI608 and BBI503 affect both cancer cells and cancer stem cells, and are expected to be effective against refractory, recurrent and

metastatic cases, which are the main challenges in current cancer treatment. Due to difficulties in identifying a target molecule specific to cancer stem cells, anticancer drugs acting on cancer stem cells have not been sold so far. BBI608 and BBI503, the new drugs under development, have the potential to become the world's first anticancer drugs targeting cancer stem cells. BBI608 is currently in the preparatory stage for a Phase III clinical trial for colorectal cancer in North America. If it achieves regulatory approval, DSP aims to commercialize BBI608 as early as 2015.



DSP's Product Pipeline

(As of May 10, 2012)

Brand Name/ Product Code	Generic Name	Formulation	Proposed Indications	Development Location	Development Stage*1					Remarks
					Phase I	Phase II	Phase III	NDA submitted	Approved*2	
Central Nervous System Area										
LATUDA® SM-13496	lurasidone hydrochloride	Oral	Schizophrenia	Canada						Developed in-house
				Japan						
			Bipolar I depression (New indication)	US and Europe, etc.						
			Bipolar maintenance (New indication)	US and Europe, etc.						
			MDD with mixed features (New indication)	US						
STEDESA™	eslicarbazepine acetate	Oral	Epilepsy (Adjunct)	US						In-licensed from BIAL
			Epilepsy (Adult monotherapy)	US						
LONASEN®	blonanserin	Oral	Schizophrenia	China						Developed in-house
			Schizophrenia (Addition of pediatric usage)	Japan						
DSP-8658	TBD	Oral	Alzheimer’s disease	US						Developed in-house
SEP-228432	TBD	Oral	Neuropathic pain, Depression	US						Developed in-house (by Sunovion)
DSP-1053	TBD	Oral	Depression	US						Developed in-house
DSP-0565	TBD	Oral	Epilepsy	US						Developed in-house
DSP-2230	TBD	Oral	Neuropathic pain	UK						Developed in-house

Cancer Area

CALSED®*3	amrubicin hydrochloride	Injection	Small cell lung cancer	China						Developed in-house
BBI608	TBD	Oral	Colorectal cancer (2nd/3rd line, monotherapy)	US and Canada			Preparation			Developed in-house (by BBI)
			Colorectal cancer (2nd/3rd line, combination therapy)	US and Canada						
			Solid cancer (2nd/3rd line, combination therapy with Paclitaxel)	US and Canada						
WT4869	TBD	Injection	Myelodysplastic syndromes	Japan						Jointly researched and co-developed with Chugai Pharmaceutical Co., Ltd.
			Solid cancer	Japan						
WT2725	TBD	Injection	Solid cancer	US						Jointly researched and co-developed with Chugai Pharmaceutical Co., Ltd.
BBI503	TBD	Oral	Solid cancer (Monotherapy)	US and Canada						Developed in-house (by BBI)

*1 ■ Development in Japan

■ Development in other countries

*2 Approved (awaiting NHI pricing)

*3 Brand name in Japan

*4 Brand name

Brand Name/ Product Code	Generic Name	Formulation	Proposed Indications	Development Location	Development Stage*1					Remarks
					Phase I	Phase II	Phase III	NDA submitted	Approved*2	
Respiratory Area										
Ciclesonide Nasal Aerosol (Brand name ZETTONA™)*4	ciclesonide	Collunarium	Allergic rhinitis (New dose form: HFA propellant)	US						In-licensed from Nycomed
DSP-3025	TBD	Collunarium	Bronchial asthma, Allergic rhinitis	Japan						Developed in-house
Cardiovascular/Diabetes Area										
DSP-8153	amlodipine besilate Irbesartan	Oral	Hypertension (Combination agent)	Japan						Developed in-house
SUREPOST®	repaglinide	Oral	Type 2 diabetes (New indication, combination therapy with thiazo- lidine or biguanide)	Japan						In-licensed from Novo Nordisk A/S
			Type 2 diabetes (New indication, all combination therapies including DPP-IV inhibitors)	Japan						
METGLUCO®	metformin hydrochloride	Oral	Type 2 diabetes (Addition of pediatric usage)	Japan						In-licensed from Merck Santé
AS-3201	ranirestat	Oral	Diabetic neuropathy	Japan						Developed in-house; co-developed with Kyorin Pharmaceutical Co., Ltd.
DSP-8658	TBD	Oral	Type 2 diabetes	US						Developed in-house
DSP-9599	TBD	Oral	Hypertension	Japan						Developed in-house
Other Areas										
MEROPEN®	meropenem hydrate	Injection	Purulent meningitis (Change of maximum dose:6g daily)	Japan						Developed in-house
SMP-986	afacifenacin fumarate	Oral	Overactive bladder	Japan						Developed in-house
				US and Europe						
PRORENAL®	limaprost alfadex	Oral	Carpal-tunnel syndrome (New Indication)	Japan						Joint researched and co-developed with Ono Pharmaceutical
DSP-1747	obeticholic acid	Oral	Primary biliary cirrhosis (PBC), Nonalcoholic steatohepatitis (NASH)	Japan						In-licensed from Intercept Pharmaceuticals
DSP-6952	TBD	Oral	IBS with constipation, Chronic idiopathic constipation	Japan						Developed in-house
DSP-5990	ceftaroline fosamil	Injection	MRSA Infection	Japan						In-licensed from Takeda Pharmaceutical Co., Ltd.

Research and Development

Focusing on the Development of PLEDs

Competitive Advantages of PLEDs

Sumitomo Chemical has been focusing on the development of polymer organic light emitting diodes (PLEDs), which are attracting attention as a next-generation display technology. PLEDs have numerous advantages over LCDs, such as higher contrast, higher resolution, wider viewing angles, higher response speeds, and more efficient energy consumption.

Furthermore, in comparison with small-molecule organic light emitting diodes (smOLEDs), PLEDs are expected to demonstrate significant cost advantages, particularly in the manufacture of large-screen displays. The manufacture of smOLEDs requires a complicated and expensive deposition method using masks to form the light-emitting layer on each pixel of the display panel. PLEDs, by contrast, allow the light-emitting layer to be formed using printing methods, such as inkjet printing. Moreover, PLEDs have a simpler structure compared with smOLEDs, which simplifies the manufacturing process, reducing costs.

Development Progressing in Japan and UK

Over 200 researchers are working on various projects to establish manufacturing process and quality assurance technologies necessary for the commercial scale production of PLED panels. These include the development of light-emitting materials to improve performance, the development of an optimal device structure that will deliver the best performance of materials, technology development for the formation of the light-emitting layer using printing methods, the formation of electrodes on the glass substrate, and the sealing of display elements.

Stepping up Efforts to Commercialize PLEDs for Large-Screen Televisions and Lighting Equipment

We are accelerating the commercialization of PLEDs for large-screen televisions. The lifetime and efficiency of our light-emitting materials are improving significantly, and we also built a mass-production plant for light-emitting materials.

We also aim to capitalize on the technologies developed for TV applications in the rapid commercialization of PLEDs for lighting applications. In April 2012, we participated for the first time in "Light + Building 2012," one of the world's largest trade fairs for lighting and building technology, held in Frankfurt, Germany. We exhibited our PLED lighting, which enjoys a high reputation for the uniformity of its surface emission and the brilliance of its colors.

Manufacturing Process

● SMOLEDs

Manufacturing facilities and equipment

→ **Complicated**

Expensive masks

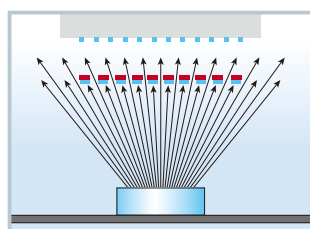
→ **Necessary**

Yields of materials

→ **Low**

Manufacture of large-screens

→ **Difficult**



Light-emitting material Mask
Vacuum deposition method

● PLEDs

Manufacturing facilities and equipment

→ **Simple**

Expensive masks

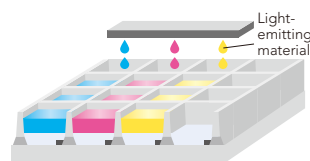
→ **Unnecessary**

Yields of materials

→ **High**

Manufacture of large-screens

→ **Easy**



Inkjet and other printing method

Exhibit in "Light + Building 2012"



Overall view of the tea house



PLED lighting in the tea house

Polymer Photovoltaic Cells

Advantages of Polymer Photovoltaic Cells

Organic light emitting diodes (OLED) emit light by converting electric energy into light. In contrast, photovoltaic cells generate electricity by converting light energy into electric energy. Sumitomo Chemical is developing polymer photovoltaic cells by capitalizing on the technologies developed for PLED (Polymer OLED) displays and lighting. Currently, silicon photovoltaic cells are in widespread use. In the case of silicon thin film photovoltaic cells, photoelectric conversion layers are typically formed on a glass substrate. On the other hand, it is possible to form the photoelectric conversion layers of polymer photovoltaic cells on a plastic film. As a result, polymer photovoltaic cells are lightweight, thin and have a flexible nature compared to silicon photovoltaic cells. Moreover, as for polymer photovoltaic cells, large-size cells can be manufactured through a simple printing process under atmospheric pressure. Polymer photovoltaic cells are thus expected to attain lower production costs compared with silicon photovoltaic cells, which require a complex manufacturing process under vacuum conditions and higher temperatures using large-scale facilities.

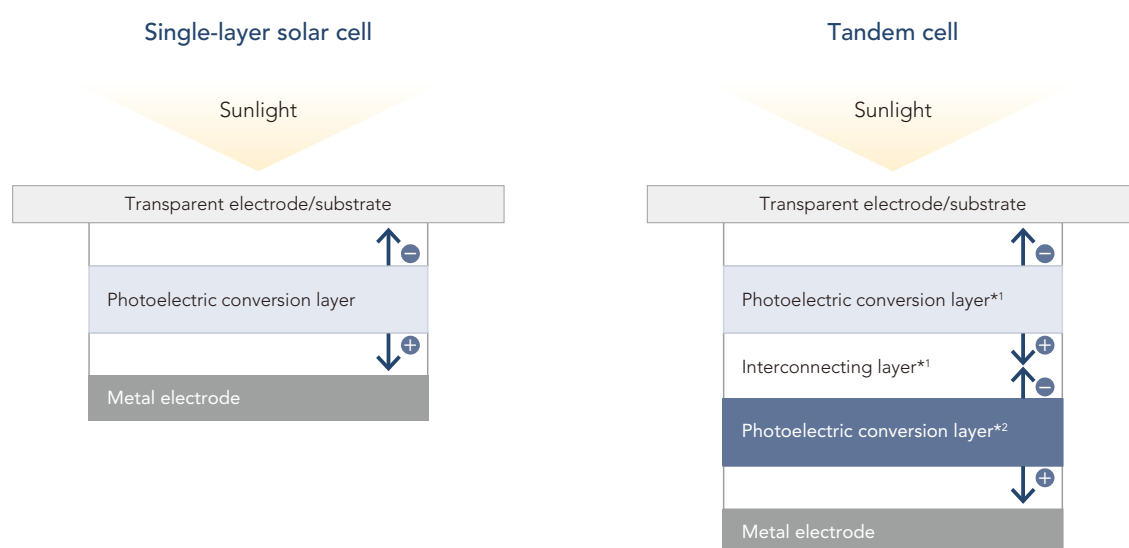
High Conversion Efficiency for Tandem Polymer Photovoltaic Cells

The power conversion efficiency of polymer photovoltaic cells is still lower than that of crystalline silicon photovoltaic cells. Amid growing expectations for a technology that can improve power conversion efficiency, a polymer photovoltaic cell produced by Professor Yang Yang at the University of California, Los Angeles (UCLA) that employs a material developed by Sumitomo Chemical has achieved a conversion efficiency of 10.6%. This efficiency ranks among the world's top level of organic photovoltaic cells that are available at the moment. The newly-developed polymer photovoltaic cell employs a tandem cell architecture, which, by bringing together two photoelectric conversion layers with different absorption bands, enables a broader spectrum of solar energy to be utilized, thereby delivering higher conversion efficiency compared to single-layer photovoltaic cells.

Accelerating Development by Employing PLED-related Technology

We will improve the performance of polymer photovoltaic cells by utilizing the polymer material design and synthesis technologies that we have cultivated through the development of PLEDs. We aim to commercialize polymer photovoltaic cells in the near future.

Structure of Single-Layer Solar Cell and Tandem Cell



*1 Material developed by University of California, Los Angeles

*2 Material developed by Sumitomo Chemical

Our CSR Activities

Sumitomo Chemical's business dates back to 1913, when the Company sought to solve the problem of pollution caused by sulfur dioxide emissions from smelting operations at the Besshi Copper Mine in the Shikoku region of Japan. The Company got its start by using the emitted sulfur dioxide to produce sulfuric acid and calcium superphosphate fertilizers.



Strawberries Cultivated in Sumika Farm

The Sumitomo Chemical Group, handling a variety of agriculture-related products, offers comprehensive support for the efficient production of safe and healthy agricultural products. Sumitomo Chemical also established in several areas of Japan agricultural corporations under the name "Sumika Farm," which operates farms. Through the management of these farms, we aim to help revitalize local agriculture by cultivating production areas and supporting new farmers in cooperation with agricultural producers, cooperatives and local governments.

Corporate Social Responsibility

Our Corporate Social Responsibility Program

Sumitomo Chemical's business dates back to 1913, when the Company sought to solve the problem of pollution caused by sulfur dioxide emissions from smelting operations at the Besshi Copper Mine in the Shikoku region of Japan. The Company got its start by using the emitted sulfur dioxide to produce sulfuric acid and calcium superphosphate fertilizers. This not only mitigated an environmental problem by curbing the emission of pollutants, but also helped to increase crop yields by providing useful fertilizers.

Since then, we have been working toward building better lives for people and remain committed to addressing environmental issues and making positive contributions to society. This commitment constitutes the core principle behind our corporate social responsibility (CSR) program. CSR helps foster the trust and support of society that is essential to the conduct of sound business. In November 2004, we developed our "Basic CSR Policy," reflecting our business philosophy, management principles, and Charter for Business Conduct, and will continue to strengthen our CSR initiatives based on this policy.

Basic CSR Policy

By continuously creating and providing useful new technologies and products that have never before existed, Sumitomo Chemical will generate corporate value while contributing to both the solution of problems facing our environment and society and the enrichment of people's lives.

In order to accomplish this, the Company will work to achieve a balance between profitable business operations, the preservation of the environment, safety, health, product quality, and social activities. We will also pursue and promote our CSR activities while taking into consideration the interests of all our stakeholders, including our stockholders, employees, business partners, and the local residents of all regions in which we conduct business. Through our endeavors in these areas, we hope to play a significant role in building a sustainable society, while continuing to grow in order to realize our goal of becoming a truly global chemical company in the 21st century.

CSR Management

We consider CSR to be a way of contributing to the sustainable development of society through our business activities. In conducting our business, we balance the pursuit of business growth with both responsible care and social action. As a member of the chemical industry, we seek to realize "sustainable chemistry."

Sustainable Chemistry

Sumitomo Chemical is working to realize sustainable chemistry—contributing to the betterment and comfort of people's lives and the economic growth and sustainable development of society by providing better products

and technologies in a more environmentally and socially friendly manner.

While chemical products are used for various applications and support a host of industries, as well as many aspects of people's daily lives, they consume significant quantities of valuable resources and energy and generate effluents, emissions, and solid wastes in their production. Through continuous innovation, we are working to develop "green processes," which minimize the environmental impact of chemical production, as well as "clean products," which are more environmentally friendly, safer and better for human health.

Social Contribution Activities

As a responsible member of society, Sumitomo Chemical works to build better relations with local communities, global society, business partners and employees.

Contributions to Local Communities

Sumitomo Chemical's offices, plants and research laboratories are all engaged in various efforts to support the needs of their local communities, starting with day-to-day information disclosure and local communication, as well as efforts to foster the development of children, who will bear responsibility for the future. Our business locations constantly work to foster proper understanding of our corporate activities and to build and maintain good relations with local communities.

Activities

- ◆ Tours of manufacturing and research facilities ◆ Community beautification activities ◆ Participating in and supporting community events
- ◆ Accepting student interns ◆ Giving special lessons at elementary and junior high schools ◆ Promoting sports

Contributions to Global Society

We carry out a variety of activities, such as reforestation, and provide scholarships as a way of helping to support the global society. Among these activities, we focus on supporting Africa, in particular, beginning with malaria control activities.

Europe		Asia	
•Hungary	Donating to a university scholarship program	•China	Donating to a university scholarship program, supporting elementary schools in Anhui Province, community cleanup activities and assisting with tree-planting activities
•Poland	Supporting hospices and collecting electrical and electronic parts for recycling	•Taiwan	Sponsoring a Japanese speech contest by college students and a picture contest by children
Africa		•South Korea	Donating to elementary school and junior high school scholarship programs, supporting a running race for disabled people, supporting operation costs to restore visually handicapped persons' eyesight and providing livelihood support to alleviate poverty (including donation of briquettes)
•Uganda	Supporting activities to improve the educational environment and constructing school buildings	•Singapore	Recycling activities, supporting education and sponsoring an orchestra
•Ethiopia	Supporting activities to improve the educational environment	•Thailand	Donating OLYSET® Nets, assisting with tree-planting activities, donating recycled wheelchairs, accepting student interns and donating books to schools
•Kenya	Supporting activities to improve the educational environment and donating OLYSET® Nets	•Laos	Donating OLYSET® Nets, supporting research facility for infectious diseases
•Tanzania	Donating OLYSET® Nets	America	
•Senegal	Donating OLYSET® Nets	•United States of America	Providing environmental education for young people and donating bicycles to children
•Congo	Donating OLYSET® Nets	•Haiti	Donating OLYSET® Nets
•Central African Republic	Donating OLYSET® Nets		
•Mali	Donating OLYSET® Nets		
•Ghana	Constructing school buildings		
•Malawi	Constructing school buildings		
•(Others)	Donating OLYSET® Nets to Millennium Villages across Africa		

Malaria Control Initiatives

Every year approximately 200 million people worldwide become infected with malaria, with over 650,000 people dying from the disease. As a result, malaria continues to inflict serious damage. The majority of fatalities from malaria are concentrated in children under the age of five living in Sub-Saharan Africa. Efforts to control malaria have not been effective in the region, which suffers from some of the worst poverty in the world today.

Because malaria is carried by mosquitoes, the most effective form of prevention is to protect people from mosquitoes. Capitalizing on our long years of expertise in the development and production of plastics and active ingredients for household insecticides, we developed the

OLYSET® Net insecticidal mosquito net for malaria control. OLYSET® Net is woven with fibers made of polyethylene resin kneaded together with an insecticide. The insecticide migrates to the surface of the fibers, giving the net the unique characteristic of retaining its effectiveness for a guaranteed period of at least 5 years, even after repeated washings. In 2001, our OLYSET® Net was endorsed by the WHO as the first Long-Lasting Insecticidal Net (LLIN), and it has been contributing to the prevention of malaria worldwide, particularly in Africa. In 2011, we donated 6,000 OLYSET® Nets to Thailand, which suffered from flood damage in October.

In order to meet the increasing demand for our OLYSET® Net, we licensed our production technology free

of charge to A to Z Textile Mills Limited, a mosquito net manufacturer in Tanzania, to establish local production capabilities. In addition, we started operation of a new factory in the country, partnering with A to Z Textile Mills to form the joint venture Vector Health International Limited. Our OLYSET® Net operations in Tanzania have annual production capacity of 29.0 million nets. We are contributing to local economic development and the creation of employment opportunities through these business activities.

Support for Education in Africa

We have been returning a portion of the revenues from our OLYSET® Net business to African communities by supporting education in Africa in collaboration with the international NGOs World Vision Japan and Plan Japan. To date, we have built 12 schools and other facilities in eight African countries, and are currently conducting two more projects. We are also donating educational materials and providing other kinds of support.

Support for the Victims of the Great East Japan Earthquake

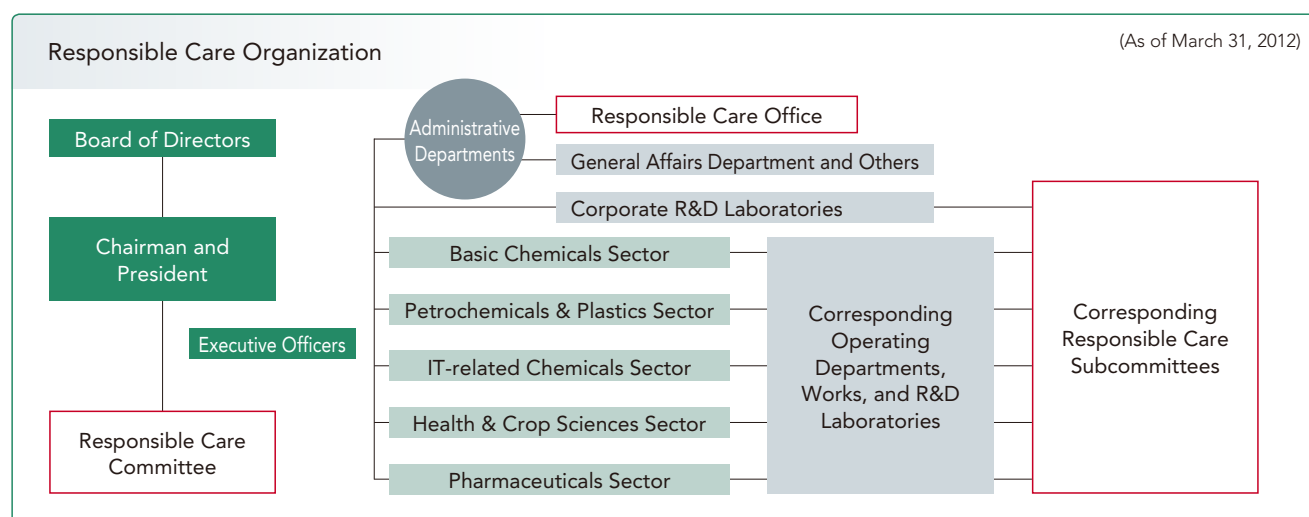
Sumitomo Chemical is providing various kinds of support for the victims of the Great East Japan Earthquake and is assisting in the recovery of the affected areas. In addition to donating 300 million yen to the Central Community Chest of Japan as emergency support, the Company provided other support, such as fundraising by executives and employees and the supply of aid in the form of blankets and daily necessities. In the summer of 2011, we donated our insecticides to areas that suffered from outbreaks of insect pests after the tsunami. Our employees also volunteered to equip garbage collection points in temporary housing areas with our insecticidal nets, which are woven with fibers made of polyethylene resin kneaded together with a household insecticide. In the winter of 2011, we again sent volunteers and provided residents of temporary housing with thermal underwear made from materials using our products. In addition, at the Tokyo and Osaka Head Offices as well as the Osaka Works, we sold agricultural, fishery and processed products from the affected areas. We have also been providing meals at our cafeteria using ingredients produced in the affected areas and donating part of the proceeds.

Responsible Care Activities

Responsible Care Activities

In our effort to realize sustainable chemistry, we actively engage in Responsible Care activities that aim to protect the environment, ensure health and safety, and maintain high product quality throughout the entire life cycle of our products. In order to conduct our Responsible Care activities efficiently and comprehensively from a long-term perspective, we have established the Responsible Care Committee, consisting of the Executive Officers in charge

of our Business Sectors, Executive Officers in charge of our corporate departments, and the General Managers of our Works. These voluntary activities are undertaken not only at Sumitomo Chemical but also extend globally to include our Group companies both in Japan and overseas. We segment our Responsible Care activities into such areas as environmental protection and chemical safety, and set targets individually for each of these areas. In working to achieve these targets, we seek to gain the further trust of society.



Primary Environmental Performance (Fiscal 2011)

Sumitomo Chemical Group*¹ Sumitomo Chemical

INPUT



Energy and Resources

● Energy

(Calculated as kl of crude oil)

Thousands of kl

Energy	2,482	1,355
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● Exhaustible resources

Thousands of tons

Hydrocarbon compounds	2,838	2,553
Metals (excluding rare metals)* ²	103	94
Rare metals* ³	0.19	0.03

● Water

Millions of tons

Water	1,372.9	481.1
Industrial water	71.2	61.0
Drinking water	1.0	0.5
Seawater	1,272.2	394.2
Groundwater	25.2	22.2
Other water	3.3	3.3

Sumitomo Chemical Group

● Use of PCB/CFCs

No. of electrical devices containing PCBs

1,370 units

94 units

PCB volume

25.0m³22.1m³No. of refrigeration units using
specified CFCs as coolant

83 units

18 units

OUTPUT



Product Manufacturing and Environmental Impact

● Products

Thousands of tons

(Calculated on the
basis of ethylene
production)*⁴

2,644 1,528

● Waste material

Thousands of tons

Waste generated

281 62.0

Landfill

45 5.5

(final disposal)

On-site landfill

0 0

External landfill

45 5.5

● Atmospheric emissions

Thousands of tons of CO₂

Greenhouse gases (six gases)	4,111
CO ₂	4,061
N ₂ O	48
HFC	0.4
PFC	0
Methane	0.1
Sulfur hexafluoride	0
Emissions from energy use (CO ₂)	6,820 3,435

● Water pollutant emissions

Tons

COD	1,328	1,212
Nitrogen	1,594	1,475
Phosphorus	51	47
Substances subject to the PRTR Act	101	81

Others	Tons
NO _x	5,653 2,645
SO _x	5,557 1,604
Soot and dust	344 173
Substances subject to the PRTR Act	615 410

*1 Sumitomo Chemical and the following 16 domestic Group companies: Dainippon Sumitomo Pharma Co., Ltd., Koei Chemical Co., Ltd., Taoka Chemical Co., Ltd., Sumitomo Joint Electric Power Co., Ltd., Sumika Color Co., Ltd., Nihon Medi-Physics Co., Ltd., Nippon A&L Inc., Thermo Co., Ltd., SanTerra Co., Ltd., Sumika Kakoushi Co., Ltd., Asahi Chemical Co., Ltd., Shinto Paint Co., Ltd., Sumika Styron Polycarbonate Ltd., Sumika Bayer Urethane Co., Ltd., Nihon Oxirane Co., Ltd., and Sumika Agrotech Co., Ltd.

*2 Calculations include the following 12 metals: iron, gold, silver, copper, zinc, aluminum, lead, platinum, titanium, palladium, gallium, and lithium.

*3 Calculations include the following seven rare metals: nickel, chromium, tungsten, cobalt, molybdenum, manganese, and vanadium.

*4 Certain assumptions were made in calculations due to the difficulty of obtaining weight-based figures for some products.

Improving the Efficiency of Energy Use and Resource Utilization and Reducing Sumitomo Chemical's Environmental Performance

The Sumitomo Chemical Group is working to promote environmental sustainability in order to help bring about a low-carbon society and a recycling-based society. Sumitomo Chemical and 16 major Group companies in Japan, as well as 11 major Group companies overseas, launched renewed efforts to improve their energy efficiency and CO₂ emission rate in FY2011 by setting targets for FY2015. As shown on Page 55, progress is being made in all target areas.

Working to Reduce CO₂ Emissions

Sumitomo Chemical aims to achieve the world's highest level of energy efficiency and develop processes and products that contribute to the reduction of CO₂ emissions.

We have improved energy efficiency in our production process by 20% between FY1990 and FY2011. We will further focus on developing new manufacturing processes and products that will help reduce CO₂ emissions by making use of effective in-house assessment tools, such as the guidelines we established for estimating the extent to which the use of our products reduces CO₂ emissions. These guidelines were developed based on the life cycle assessment method, a method of assessing CO₂ emissions and their reduction throughout a product's life cycle. We will continue to improve energy efficiency in our production process and also develop products that contribute to the reduction of energy consumption and the efficient use of energy.

Chemical Safety Initiatives

For regulatory compliance and to comply with Sumitomo Chemical's own voluntary measures, we are working to strengthen our risk-based chemicals management and to engage in appropriate risk communication. For regulatory compliance, we promptly and properly take all necessary actions in accordance with the many requirements under domestic and overseas regulations, such as Japan's Chemical Substances Control Law and the EU's REACH (Registration, Evaluation, Authorization and Restriction of Chemicals).

Safety information, which forms the basis for chemicals management, as well as applicable regulatory and other information, are comprehensively and effectively managed by the Sumitomo Chemical Comprehensive Environmental, Health & Safety Management System (SuCCESS). Through this system, the latest information is

offered throughout the Company and effectively utilized for chemicals management at each site. From FY2011, we can print out safety data sheets from this system, which is also used to provide information to customers. We are considering introducing the system to our Group companies in Japan and overseas.

In November 2008, Sumitomo Chemical made its "Eco-First Commitments" to the Japanese Minister of the Environment, including commitments regarding the appropriate management of chemical substances, promotion of anti-global warming measures, and the implementation of other advanced environmental preservation measures. In making progress toward the 2020 targets in our "Eco-First Commitments," we review and gather safety information on our products at each stage of the life cycle throughout the entire supply chain and conduct appropriate risk assessments by making full use of our extensive expertise and cutting-edge technologies. The results of the risk assessments are shown to our stakeholders on the website of GPS/JIPS (Global Product Strategy/Japan Initiative of Product Stewardship), a framework for the chemical industry's voluntary efforts to strengthen chemicals management.

Responsible Care Auditing Activities

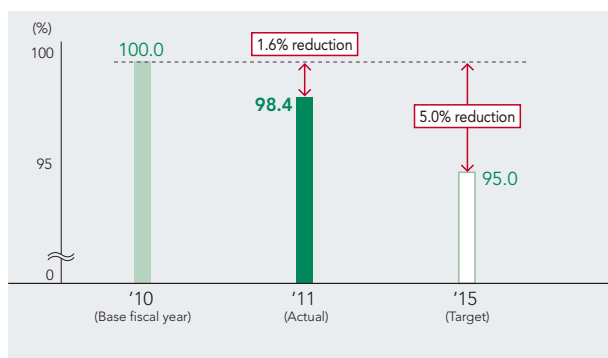
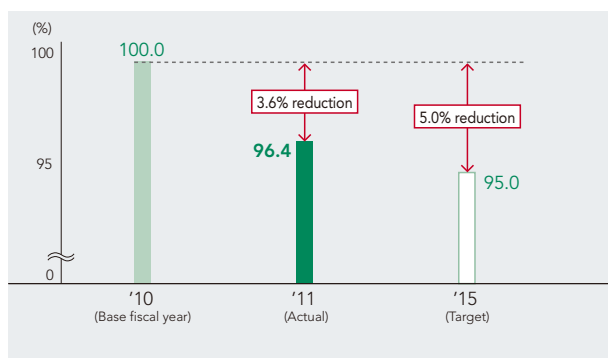
We conduct Responsible Care audits for Sumitomo Chemical and our major Group companies in Japan and overseas. Responsible Care audits are aimed at directly checking whether Responsible Care activities are conducted appropriately through regular visits to our Works and giving advice to promote these activities. In order to conduct Responsible Care audits properly, Sumitomo Chemical has organized a specialized audit team. For overseas audits, we also get help from consultants with knowledge of local regulations.

Promoting Responsible Care Activities in Full Coordination with Group Companies

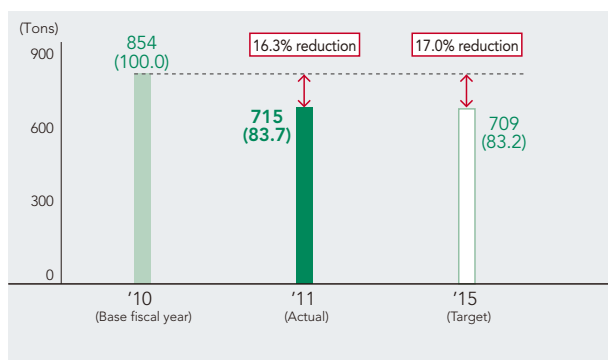
Sumitomo Chemical holds meetings with Responsible Care managers and staff members from each Group company in Japan and overseas to share information and discuss various Responsible Care issues. These meetings are held in Japan, twice a year for Group companies in Japan and once a year for overseas Group companies. The meetings seek to continually improve the overall level of Responsible Care activities by sharing the Group's policies and targets and providing a forum for Group companies to exchange information about specific examples of the companies' initiatives and their progress.

Japan

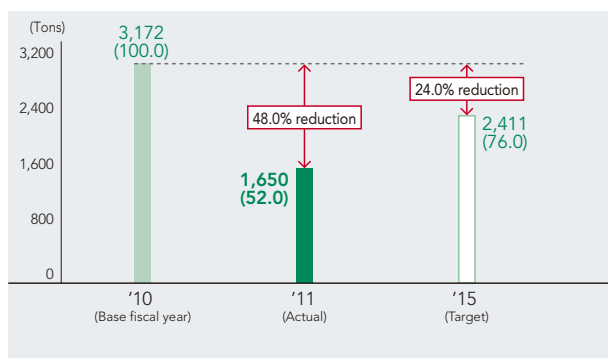
Energy Consumption Rate Index*1

CO₂ Emission Rate Index*1

PRTR Substances Released into the Air and Water*2

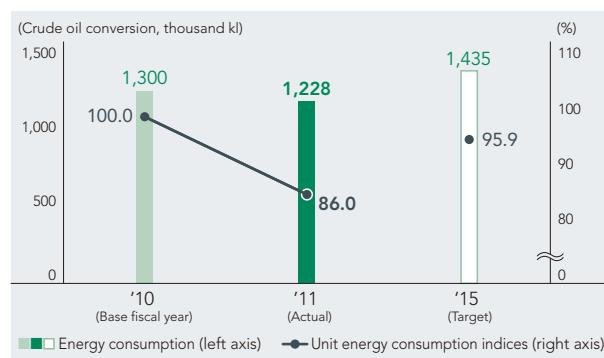
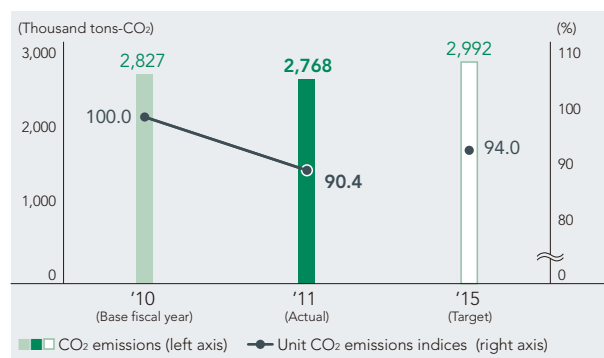


Landfill Disposal Volume*2

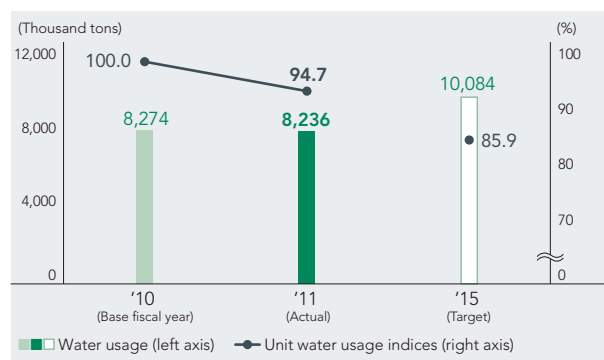


Overseas

Energy Consumption & Unit Energy Consumption Rate Index*3

CO₂ Emissions (Energy Sources) & Unit CO₂ Emissions Rate Index*3

Water Usage & Unit Water Usage Rate Index*3



*1 Figures are index values ('10 = 100) and data reflect the totals of Sumitomo Chemical and its 16 Group companies in Japan.

*2 Figures in parentheses are index values ('10 = 100) and data reflect the totals of Sumitomo Chemical and its 16 Group companies in Japan.

*3 Figures are index values ('10 = 100) and data reflect the total of 10 major overseas Group companies.

Building Better Relations with Business Partners

Sumitomo Chemical is committed to building sound mutual relations with business partners based on our Basic Procurement Principles. In addition to ensuring fairness, equitability, and transparency in our transactions, we are also promoting responsible procurement to our suppliers. Sumitomo Chemical has prepared a CSR Deployment

Guidebook which explains our approach to CSR, as well as CSR Deployment Check Sheets for self-evaluation by our suppliers. We support the CSR activities implemented by our suppliers, and monitor the progress of their activities.

For further details on our procurement, see:

<http://www.sumitomo-chem.co.jp/english/company/purchasing/>

Building Better Relations with Employees

Sumitomo Chemical is working to create a workplace environment in which individual employees can feel motivated and make the most of their abilities.

System that Inspires Greater Motivation

Sumitomo Chemical has adopted a job (role)-based human resources system for both managerial and non-managerial employees to provide fair treatment in accordance with individual contributions to the organization. We have introduced the same evaluation standards and systems used at the Company for employees holding important positions at overseas Group companies (Global Position Holders),

and are stepping up our efforts to discover and develop talented employees as candidates to become leaders of the next generation. Sumitomo Chemical is now building up a unified HR system for all domestic and overseas Group companies. Both managerial and non-managerial employees are evaluated not only for their performance but also for their competencies, behavioral processes and attitude. The aim of this system is not merely the pursuit of short-term achievements, but rather employee development and medium- to long-term corporate development. The evaluation of non-managerial employees considers their involvement in responsible care activities as well.

Systems and Measures for Better Work-Life Balance

	System/Measure	Description	Number of Users in Fiscal 2011
Support for childcare and nursing care	Childcare leave (unpaid)	Available for up to 18 months, regardless of the reason	72
	Nursing care leave (unpaid)	Available when nursing family members (one year)	4
	Nursing care leave (paid)	Up to 20 days per event; available when taking care of sick children or nursing family members	86
	Maternity leave (paid)	Available once a month, when the applicant undergoes an antenatal examination under the Maternal and Child Health Act	51
	Paternity leave (paid)	Available for male employees who become the father of a new baby, for five consecutive days, including the day of the baby's birth.	115
	Special reserve leave (paid)	Available when employees cannot work for five consecutive days or more because of nursing care, childcare, or illness	20*1
	Reduced working hour system	Working hours are reduced by up to three hours per day for employees with children in the third grade at elementary school or younger and for employees nursing family members.	64
	Reemployment system	Employees who left the Company because of childbirth, or for childcare, nursing care, etc. are given the opportunity for reemployment subject to certain conditions.	16*2
	Establishment of in-house childcare facilities	Established on the premises of the Tokyo head office as well as the Ehime, Chiba, and Osaka Works	—
	Grant for childcare (Mutual aid association)	Every month 10,000 yen is paid per child to working employees if they have children younger than school age who attend childcare facilities.	142*3
Leave and working hours	Childcare and nursing care support services	Childcare and nursing care services are provided by welfare services with which the Company has formed partnerships.	—
	Introduction of a "refreshment day"	Employees are encouraged to leave work on time on "refreshment days" designated by each individual workplace and worksite at least once a week.	—
	Number of annual paid holidays	Twenty paid holidays are granted to all employees from the first year of work.	—
	Systematic allocation of annual paid holidays	Annual paid holidays are allocated systematically by each worksite.	—
	Special leave for employees going abroad because of job transfer of spouse	Employees going abroad because of the job transfer of their spouses can take this special leave subject to certain conditions.	2*4

*1 Only for childcare and nursing care

*2 Number registered as of the end of March 2012

*3 Number of users as of the end of March 2012

*4 Number of applications as of the end of March 2012

Creating a Comfortable Workplace

The table on the previous page lists the measures Sumitomo Chemical has implemented for improving employees' work-life balance. The Company also seeks to further raise employee motivation and morale by offering shortened working hours and increased time off.

Use of Diversified Human Resources

Sumitomo Chemical looks for and recruits talented people, regardless of age, background, gender or nationality, in a wide range of areas, and a diverse spectrum of people is working at the Company. In fiscal 2011, the Company recruited 76 female employees. We are also committed to providing employees with a workplace in which they feel comfortable working regardless of gender, and many women exercise their talents at the Company.

Sumitomo Chemical has been actively employing people with disabilities. When they are hired, we assign suitable work to them and implement workplace accommodations where necessary so they can make the most of their abilities.

The Company began reemploying retirees in fiscal 2001, and in April 2006 introduced a new reemployment system in response to the revision of the Japanese Act on Stabilization of Employment of Elderly Persons. In fiscal 2011, we reemployed 93 (66.9%) from among 139 retirees (of Sumitomo Chemical). These senior employees are able to continue demonstrating the skills and expertise they have gained through working for the Company.

Number of Female and non-Japanese Employees Recruited

Fiscal year	2008	2009	2010	2011
Female employees recruited	81	45	23	76
(Percentage of the total number of new employees)	19.1%	22.4%	8.6%	17.3%
Non-Japanese employees recruited	19	17	19	28

* As of August 1 of each fiscal year

Number of Female Managers

Fiscal year	2008	2009	2010	2011	2012
Number of female managers*	149	155	161	173	193
(Percentage of the total number of managers)	4.6%	4.8%	5.1%	5.5%	6.2%

* As of August 1 of each fiscal year, July 1 for fiscal 2012

Employment Rate of People with Disabilities

Fiscal year	2008	2009	2010	2011
Employment rate*	1.95%	2.01%	1.96%	1.87%

* Annual average for each fiscal year

Reemployment of Retirees (of Sumitomo Chemical)

Fiscal year	2008	2009	2010	2011
Retirees	167	176	134	139
Reemployed	88	116	97	93
Reemployment rate	52.7%	65.9%	72.4%	66.9%

Labor-Management Relations

Sumitomo Chemical and its labor union have been cooperating as good management partners to meet challenges and achieve targets based on long-term mutual understanding and trust.

Central labor-management meetings and labor-management meetings at each work site are held twice a year, providing opportunities for exchanges.

The Company and the labor union also hold meetings to discuss and formulate various programs for non-managerial employees to enable them to increase their morale and motivation at work.

Human Resources Development

Sumitomo Chemical implements training rotations and offers a variety of human resources development programs with a view toward enabling personnel to fully demonstrate their abilities as world-class professionals who can contribute to the Company's global expansion. Under the training rotation system, we use the preferences submitted by employees and the development plans formulated by their managers to help employees plan and develop their ideal careers. We started a new training rotation system in fiscal 2009, expanding the system to include all non-managerial employees regardless of their job categories, as well as some managerial employees. Rotations were conducted for 880 employees in fiscal 2010 and 582 young employees in fiscal 2011.

In January 2008, Sumitomo Chemical introduced a Trainer System, under which older employees who are highly skilled and have an aptitude for teaching junior employees are certified as trainers. These trainers provide instruction and advice to employees with little experience to facilitate their development and to ensure the succession of skills from generation to generation. We also introduced a Mentor System from April 2010 to give on-the-job training to supervisors and potential supervisors. We are using this system to enhance the development of core talent for manufacturing departments. In April 2012, we appointed 80 employees as trainers and six employees as mentors throughout the Company.

For further details concerning Sumitomo Chemical's CSR activities, refer to the Sumitomo Chemical CSR Report 2012:

<http://www.sumitomo-chem.co.jp/english/csr/report/>

Major SRI Indices Including Sumitomo Chemical



Dow Jones
Sustainability Indexes
Member 2011/12



FTSE4Good

Board of Directors and Corporate Auditors

(As of June 22, 2012)

Board of Directors

Chairman

Hiromasa Yonekura



1960 Joined Sumitomo Chemical Co., Ltd.
1986 Manager, Corporate Planning Office
1991 Director
1995 Managing Director
1998 Senior Managing Director
2000 President
2009- Chairman

2005- Vice Chairman, Rabigh Refining and Petrochemical Company
2010- Chairman of Keidanren

Vice Chairman

Osamu Ishitobi



Corporate Planning & Coordination (Technology, Research & Development), New Business Development, Production Technology & Safety, Works (Safety & Environment & Health), Intellectual Property, Responsible Care, Energy & Climate Change, Process & Production Technology Center, Organic Synthesis Research Laboratory, Environmental Health Science Laboratory, Tsukuba Material Development Laboratory, Advanced Materials Research Laboratory, Rabigh Project, Petrochemicals & Plastics Sector
1969 Joined Sumitomo Chemical Co., Ltd.
1994 General Manager, Planning & Coordination Office, Petrochemicals & Plastics Sector
1998 Director
2002 Managing Director
2003 Managing Executive Officer
2005 Director & Senior Managing Executive Officer
2008 Executive Vice President
2012- Vice Chairman

2005- Director, Rabigh Refining and Petrochemical Company
2010- Director, AOC Holdings, Inc.

President

Masakazu Tokura



1974 Joined Sumitomo Chemical Co., Ltd.
1998 General Manager, Planning & Coordination Office, Fine Chemicals Sector
2001 General Manager, Alliance Promotion Office
2003 Executive Officer
2006 Managing Executive Officer
2008 Director & Managing Executive Officer
2009 Director & Senior Managing Executive Officer
2011- President

Executive Vice President

Yoshimasa Takao



General Affairs, Secretarial, Legal, Internal Control and Audit, Human Resources, Human Resources Development, Corporate Communications (PR), Procurement, Logistics, CSR

1973 Joined Sumitomo Chemical Co., Ltd.
2002 General Manager, Personnel Office (HR)
2003 Executive Officer
2006 Managing Executive Officer
2008 Director & Managing Executive Officer
2009 Director & Senior Managing Executive Officer
2012- Vice President

Director & Senior Managing Executive Officer

Kenjiro Fukubayashi



Health & Crop Sciences Sector

1971 Joined Sumitomo Chemical Co., Ltd.
2002 General Manager, Crop Protection Division
2004 Executive Officer
2006 Managing Executive Officer
2008 Director & Managing Executive Officer
2009- Director & Senior Managing Executive Officer

2008- Chairman, Valent U.S.A. Corp. Chairman, Valent Biosciences Corp.
2009- Chairman, Dalian Sumika Jingang Chemicals Co., Ltd.

Director & Senior Managing Executive Officer

Kenichi Hatano



Basic Chemicals Sector

1966 Joined Sumitomo Chemical Co., Ltd.
2003 General Manager, Industrial Chemicals Division
2005 Executive Officer
2007 Managing Executive Officer
2009 Director & Managing Executive Officer
2010- Director & Senior Managing Executive Officer

Director & Senior Managing Executive Officer

Toshihisa Deguchi



IT-related Chemicals Sector, PLED Business Planning, Electronic Devices Development Center

1990 Joined Sumitomo Chemical Co., Ltd.
1994 STI Technology, Inc.
2006 Executive Officer
2009 Managing Executive Officer
2011 Director & Managing Executive Officer
2012- Director & Senior Managing Executive Officer

Director & Managing Executive Officer

Tomohisa Oono



Petrochemicals & Plastics Sector

1977 Joined Sumitomo Chemical Co., Ltd.
2006 General Manager, Polypropylene Division
2008 Executive Officer
2011 Managing Executive Officer
2012- Director & Managing Executive Officer

2006- Chairman, Zhuhai Sumika Polymer Compounds Co., Ltd.
2009- Director, Sumika Middle East Co., Ltd.
2011- Managing Director, Tobu Butadiene Co., Ltd.
2011- Chairman, Sumika Polymer Compounds Dalian Co., Ltd.

Director

Kunio Ito



Outside Director

1980 Lecturer in Hitotsubashi University's Department of Commerce and Management
1984 Associate Professor
1992 Professor
2002 Professor in Postgraduate School of Hitotsubashi University, Head of Department of Commerce and Management
2004 Associate Chancellor and Director, Hitotsubashi University
2005- Outside Director, Akebono Brake Industry Co., Ltd.
2006- Professor in Postgraduate School of Hitotsubashi University's Department of Commerce and Management
2007- Outside Director, Mitsubishi Corporation
2009- Outside Director, Sharp Corporation
2009- Outside Director, Tokio Marine Holdings, Inc.
2012- Outside Director, Sumitomo Chemical Co., Ltd.

Corporate Auditors

Standing Corporate Auditor

Takao Akasaka

1975 Joined Sumitomo Chemical Co., Ltd.
2007 General Manager, Internal Control Dept.
2009- Corporate Auditor
2011- Corporate Auditor, Sumitomo Seika Chemicals Co., Ltd.

Standing Corporate Auditor

Kenya Nagamatsu

1975 Joined Sumitomo Chemical Co., Ltd.
2009 Deputy General Manager, Ehime Works
2011- Corporate Auditor

Corporate Auditor

Yoji Arakawa

1959 Appointed as Prosecutor
1995 Superintending Prosecutor of Takamatsu High Public Prosecutors Office
1996 Superintending Prosecutor of Osaka High Public Prosecutors Office
1997 Retired
1998- Registered as Lawyer
Corporate Auditor, The Royal Hotel, Ltd.
2002- Corporate Auditor, Sumitomo Chemical Co., Ltd.

Corporate Auditor

Shinichi Yokoyama

1966 Joined Sumitomo Life Insurance Company
2001 President and Chief Executive Officer, Sumitomo Life Insurance Company
2007- Chairman and Representative Director, Sumitomo Life Insurance Company
2008- Corporate Auditor, Shionogi & Co., Ltd.
2010- Corporate Auditor, Sumitomo Chemical Co., Ltd.

Corporate Auditor

Koichi Ikeda

1963 Joined Asahi Breweries, Ltd.
2002 President and COO, Asahi Breweries, Ltd.
2006 Chairman of the Board and CEO, Asahi Breweries, Ltd.
2010- Advisor, Asahi Breweries, Ltd. (present Asahi Group Holdings, Ltd.)
2010- Outside Director, Komatsu Ltd.
2011- Corporate Auditor, Sumitomo Chemical Co., Ltd.
2011- Outside Director, Watabe Wedding Corporation

Managing Executive Officers

Yoshihiko Okamoto

Basic Chemicals Sector-Planning & Coordination Office,
Industrial Chemicals Div.,
Inorganic Materials Div.

Kunio Nozaki

Corporate Communications Office (IR),
Finance & Accounting Office

Hisashi Shimoda

Corporate Planning & Coordination Office
(Corporate Planning, China Strategy,
IT Management),
Basic Chemicals Sector-Methacrylates Div.,
Aluminium Div., Specialty Chemicals Div.

Shigeyuki Yoneda

Rabigh Project Office,
Rabigh Project-Planning & Coordination Office

Masaki Morimoto

Procurement Office, Logistics Dept.

Hiroshi Ueda

New Business Development Office,
Production Technology & Safety Dept.,
Works (Safety & Environment & Health),
PLED Business Planning Office

Rei Nishimoto

Health & Crop Sciences Sector-Planning & Coordination Office,
Crop Protection Div.,
Crop Protection Div.- International,
Vector Control Div.,
Pharmaceutical Chemicals Div.

Ikuzo Ogawa

Corporate Planning & Coordination Office
(Technology, Research & Development),
New Business Development Office,
Intellectual Property Dept.,
Process & Production Technology Center,
Organic Synthesis Research Laboratory,
Environmental Health Science Laboratory,
Tsukuba Material Development Laboratory,
Advanced Materials Research Laboratory,
PLED Business Planning Office

Executive Officers

Tsutomu Konaka

Ehime Works

Yoshiyuki Shimizu

Secretarial Dept.,
CSR Office, Corporate Communications Office (PR)

Hiroshi Niinuma

General Affairs Dept.,
Human Resources Development Dept.

Keiichi Iwata

New Business Development Office, PLED Business Planning Office, IT-related Chemicals Sector-Planning & Coordination Office, Semiconductor & Display Materials Div., Electronic Materials Div.

Hideaki Matsuura

Tsukuba Material Development Laboratory

Ryo Sato

Health & Crop Sciences Sector-Environmental Health Div.,
Vector Control Div.,
Animal Nutrition Div., Misawa Works

Toshiro Kojima

Basic Chemicals Sector-Methacrylates Div.,
Aluminium Div.,
Specialty Chemicals Div.

Kazushi Tan

Electronic Devices Development Center,
Ohe Works

Satoshi Takazawa

Petrochemicals & Plastics Sector-Planning & Coordination Office, Petrochemicals Div.

Osamu Maruyama

Responsible Care Office

Noriaki Takeshita

Rabigh Refining & Petrochemical Company

Marc Vermeire

Sumitomo Chemical Europe S.A./N.V.

Tadaki Matsuo

Rabigh Refining & Petrochemical Company

Sangyoon Kim

Dongwoo Fine-Chem Co., Ltd.

Michael Donaldson

Valent U.S.A. Corp.,
Valent Biosciences Corp.

Takashi Shigemori

Rabigh Refining & Petrochemical Company

Corporate Governance

1. Basic Stance

Serving the interests of shareholders and other stakeholders in the midst of changing social and economic conditions is the very foundation of our corporate governance. In our efforts to further bolster our corporate governance, we will make continuous efforts to promote sound decision-making, ensure accountability in the execution of business duties, promote the timely disclosure of information, and enhance and strengthen our internal control system, risk management capabilities, and internal audit functions.

2. Corporate Governance Structure

(1) Bodies

The Board of Directors

Our Board of Directors sets basic policies and strategies for management of the Sumitomo Chemical Group and oversees its business activities. The Articles of Incorporation stipulates that the number of Directors should be 15 persons or less, and the Board consists of 9 members, including one outside director. Regular Board meetings are convened once a month as a rule, with extraordinary Board meetings being convened as necessary. The term of office for Directors is limited to one year in order to clarify their duties and responsibilities.

The Board of Corporate Auditors

In compliance with the Companies Act of Japan, we have a Board of Corporate Auditors, which consists of 5 auditors,

including 3 outside auditors. The Corporate Auditors and the Board of Corporate Auditors play a vital role in our corporate governance by auditing the discharge of duties by Directors in accordance with the law and the Articles of Incorporation. The Board of Corporate Auditors convenes once a month as a rule.

Two Standing Corporate Auditors (refer to page 59 for brief bios) attend important meetings within the Company, such as meetings of the Board of Directors, the Board of Corporate Auditors, and the Internal Control Committee. To conduct their audits, they also receive reports and explanations from executive departments, including the Internal Control & Audit Department, and accounting auditors.

Three outside auditors (refer to page 59 for brief bios) attend meetings of the Board of Directors and the Board of Corporate Auditors, receive reports on matters

Details of Outside Director

Name	a) Reason for Appointment b) Relations with the Company c) Major Activities
Kunio Ito	a) The Company has elected Mr. Ito as an outside director, anticipating that he will oversee its management by utilizing his many years of ample expertise in accounting, business administration and other areas as a university professor as well as a wealth of experience as a corporate outside director. b) The Company has registered Mr. Ito as Independent Director as specified by the Tokyo Stock Exchange and other exchanges in Japan. c) He was newly appointed outside director on June 22, 2012.

Details of Outside Auditors

Name	a) Reason for Appointment b) Relations with the Company c) Major Activities
Yoji Arakawa	a) The Company has elected Mr. Arakawa as an outside auditor, anticipating that he will perform audits from an objective viewpoint by utilizing his many years of ample experience and expertise as a prosecutor and lawyer. b) The Company has registered Mr. Arakawa as Independent Director as specified by the Tokyo Stock Exchange and other exchanges in Japan. c) Attended all 14 meetings of the Board of Directors and 15 out of 16 meetings of the Board of Auditors held in fiscal 2011, contributing mainly from his specialist standpoint as a lawyer.
Shinichi Yokoyama	a) The Company has elected Mr. Yokoyama as an outside auditor, anticipating that he will perform audits from an objective viewpoint by utilizing a wealth of experience and extensive insight as an operating officer of a business corporation. b) The Company borrows long-term funds from Sumitomo Life Insurance Co., of which Mr. Yokoyama serves as Chairman of the Board. The borrowing from Sumitomo Life Insurance accounts for about 5% of the total borrowing of the Company. c) Attended 13 out of 14 meetings of the Board of Directors and all 16 meetings of the Board of Auditors held in fiscal 2011, contributing from his standpoint as an experienced corporate manager.
Koichi Ikeda	a) The Company has elected Mr. Ikeda as an outside auditor, anticipating that he will perform audits from an objective viewpoint by utilizing a wealth of experience and extensive insight as a former executive of a major corporation. b) The Company has registered Mr. Ikeda as Independent Director as specified by the Tokyo Stock Exchange and other exchanges in Japan. c) After becoming an outside auditor in June 2011, he attended all 11 meetings of the Board of Directors and 10 out of 11 meetings of the Board of Auditors held in fiscal 2011, contributing from his standpoint as an experienced corporate manager.

covered at important meetings within the Company, such as the Internal Control Committee, and receive reports and explanations from executive departments, including the Internal Control & Audit Department, and accounting auditors, to conduct audits. The results of the relevant audits and the opinions obtained from the objective standpoint of each outside auditor are appropriately reflected in internal audits, auditors' audits and accounting audits, enhancing the effectiveness and efficiency of the audits.

The Corporate Auditors' Office has been established as the organization that provides assistance in auditing functions.

Enhancing Monitoring and Oversight Function of the Current Structure

The majority of our Corporate Auditors are outside auditors. We are enhancing the function of Corporate Auditors and strengthening their oversight function. They provide valuable insight on the soundness as well as the efficiency of the company management structures and process. We also make use of their opinions in conducting business. In addition, we newly appointed one outside director at the ordinary shareholders' meeting held in June 2012 in order to strengthen further oversight functions of the Board of Directors and to increase the transparency and objectivity of management.

(2) Management Organizations for Management Decision-making, Execution, and Auditing

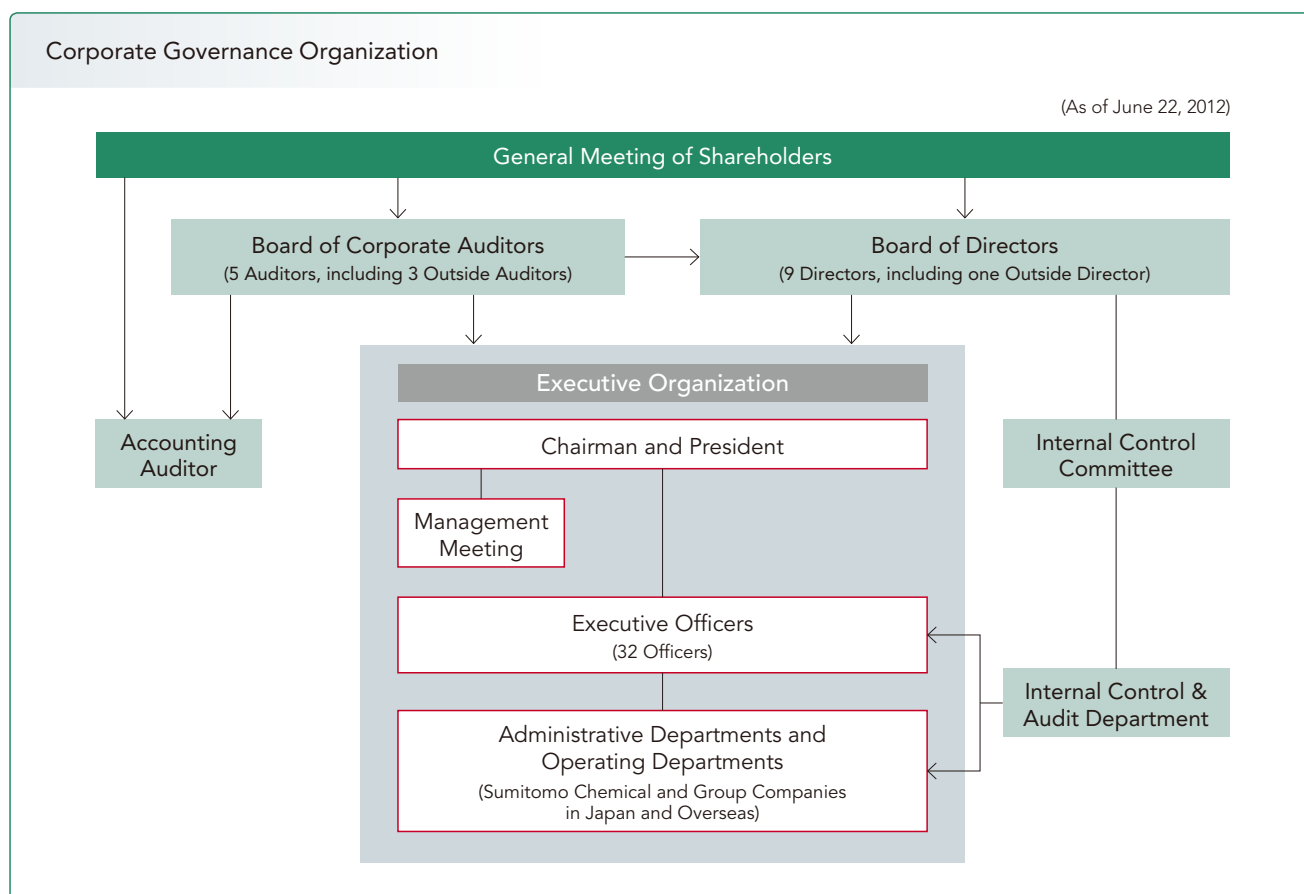
Executive Officers

We have appointed Executive Officers to expedite the execution of strategies and business plans. Executive Officers assume responsibility for conducting business in accordance with the basic principles determined by the Board of Directors. We have 32 Executive Officers, with 8 acting in dual capacity as Directors, with the term of office for Executive Officers being one year.

Management Meeting

The Management Meeting supports the decision-making of our management by providing a forum for deliberation on such vital matters as corporate strategy and capital investment. The Management Meeting is composed of all the Directors (excluding an outside director) and one Standing Corporate Auditor, and convenes twice a month as a rule.

Purpose	Number of Meetings
<ul style="list-style-type: none"> Deliberate on important management issues Body supporting the decision-making of our management 	Twice a month



Committees

The Company enhances its business activities and oversight functions by establishing internal meetings (committees) to deliberate on important matters concerning the management of the Company and the Group from broad and diverse viewpoints. Of these committees, the Internal Control Committee, the Compliance Committee (refer to page 64) and the Responsible Care Committee (refer to page 52) convene at least once a year and are attended by Directors and others, as well as the Standing Corporate Auditor, who serves as observer.

Internal Committees

Name	Purpose	Number of Meetings in Fiscal 2011
Internal Control Committee	Deliberate on measures to build and improve a proper internal control system	4
Risk Crisis Management Committee	Deliberate on company policy to deal with individual risks such as an earthquake and an infectious disease that affect various divisions	3
Responsible Care Committee	Comprehensively promote responsible care activities from a long-term viewpoint	2
Compliance Committee	Promote awareness of guidelines for business conduct and a Business Conduct Manual	1

(3) Status of Development of Internal Control System

The Company is working to develop the internal control system for the entire Group through the establishment of the Internal Control Committee. The Committee is aimed at building, sustaining, and improving the internal control system based on the Basic Policy for Enhancement of the Internal Control System adopted at the May 2006 meeting of the Board of Directors.

(4) Risk Management

We continuously review and update internal regulations for detecting risk early in order to prevent risks from materializing and respond quickly when risks emerge. Each fiscal year, the Internal Control Committee drafts a basic policy on Group-wide risk management. We also established a Risk Crisis Management Committee for swift response when important risks do emerge.

(5) Internal Auditing

The Internal Control & Audit Department conducts audits for Sumitomo Chemical and Group companies to verify that officers and employees perform their duties efficiently and that internal control for compliance with related laws and regulations is performed appropriately and is functioning properly. The Internal Control & Audit Department reports the results of audits to the Internal

Control Committee. Furthermore, the Responsible Care Office has dedicated staff conducting Responsible Care audits for items related to the environment, safety and product safety.

(6) Timely Disclosure

The Corporate Communications Office is in charge of working in conjunction with other relevant departments to continually disclose necessary information in a timely manner. In addition to items requiring disclosure under Japan's Financial Instruments and Exchange Act and under stock exchange regulations, we also actively disclose information that may be considered material to the decisions of investors.

We endeavor to build stronger relationships of trust with society and capital markets by publishing documentation in accordance with the rules stipulated by the security exchanges in Japan, including reports on the Company's corporate governance philosophy and system, and notifications showing that independent auditors have no existing conflicts of interest with general shareholders. These documents are available on the websites of the Tokyo Stock Exchange and Osaka Securities Exchange, where Sumitomo Chemical is listed.

3. Directors' and Corporate Auditors' Compensation

(1) Basic Stance

The Company's Directors make up the Board of Directors and have the important duty of being in charge of the management decision-making and oversight functions of Sumitomo Chemical and the entire Sumitomo Chemical Group. The appropriate compensation level is commensurate with the responsibility of formulating the Company's management policy and concrete measures. Also, compensation is paid as a results-based distribution based on Company performance.

Since the duty of Corporate Auditors is to audit the execution of duties by Directors in accordance with the provisions of the Companies Act of Japan, the compensation level and compensation system take into consideration the characteristics of this duty. The amount of compensation for each Corporate Auditor is determined by consultation among the Corporate Auditors.

(2) Compensation System

Directors' compensation consists of basic compensation and bonuses. Basic compensation is paid as fixed compensation, which reflects the duties of Directors and the Company's medium- to long-term performance. The total amount of bonuses to be paid is determined on the basis of consolidated performance for the applicable fiscal year and is allocated to each Director with due consideration of their respective duties.

With respect to compensation to Corporate Auditors, Corporate Auditors are not paid bonuses and are only paid basic compensation that reflects the value of their duties because they are not involved in the execution of business.

The Company abolished the system of retirement benefits for Directors and Corporate Auditors as of the conclusion of the 123rd ordinary shareholders' meeting held on June 29, 2004. Instead it adopted retirement benefits covering the period of service until such abolition became effective at the 123rd ordinary shareholders' meeting. These benefits are to be paid upon the retirement of Directors and Corporate Auditors.

(3) Establishment of Compensation Level

The level of each individual item of compensation is determined in accordance with the basic stance mentioned above. To ensure objectivity and appropriateness of compensation, the appropriate compensation level is determined based on the results of the database relating to compensation by an outside third party, comparisons with compensation for the Company's employees, past payments, and other data.

(4) Compensation Advisory Group

The Company established the Compensation Advisory Group as the body that formulates policy and concrete plans concerning the officers' compensation scheme, compensation level and related treatment system, and reports to the Chairman. This body is composed of a few outside experts, including academic experts and legal experts. The opinions of these outside experts are reflected in the recommendations of the Officers' Compensation Advisory Group to further enhance objectivity regarding the officers' compensation scheme and level.

The above policy concerning the determination of compensation was formulated after deliberations at the meeting of the Compensation Advisory Group held on May 14, 2010.

Directors' and Auditors' Compensation

Title	Eligible Persons	Basic Compensation	Bonuses	Total
Directors	11	¥610 million	—	¥610 million
Standing Corporate Auditors	3	¥ 78 million	—	¥ 78 million
Outside Auditors	4	¥ 37 million	—	¥ 37 million
Total	18	¥725 million	—	¥725 million

* The numbers of persons specified above include two Directors and two Auditors retiring during FY2011.

Compliance

Compliance Management of Sumitomo Chemical Group

In its active pursuit of business development at home and abroad, Sumitomo Chemical has always cherished the "Sumitomo Spirit" inherited for generations since its foundation, which stresses, among others, the prime importance of trust in the conduct of business. Gaining trust and confidence from society is essential to achieve sustainable development of business. With this guiding principle deeply in mind, Sumitomo Chemical is striving to fulfill its corporate social responsibility by promoting a variety of initiatives to secure "compliance" throughout Sumitomo Chemical Group.

For Sumitomo Chemical Group, "compliance" means not simply abiding by the law, but also conforming to

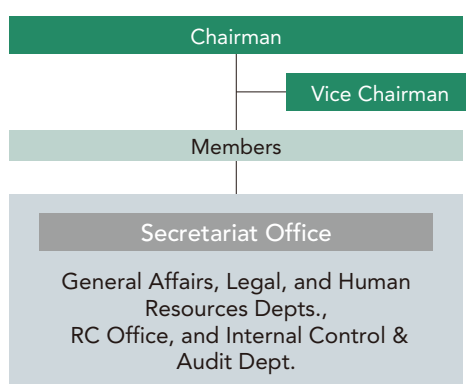
social norms and business ethics. Our business activities continue to expand and diversify in various geographical regions around the world. To maintain healthy business conduct in a wide array of countries where laws, social norms and business customs differ, it is of the utmost importance that each company of the Group, while sharing common business principles and codes of conduct, should gain trust from their local communities by conducting business so as to meet properly the diverse needs of society in countries or regions where they operate. Ultimately, through these concerted endeavors, Sumitomo Chemical Group as a whole must win trust from society at large as it continues to expand activities beyond borders.

Think globally, Act locally

From this perspective and based on the notion "Think globally, Act locally," Sumitomo Chemical is carrying out compliance management which embraces the business conduct of companies in a consistent manner throughout Sumitomo Chemical Group. Constituting the linchpin of such compliance management is the "Compliance Committee" of Sumitomo Chemical, which is composed

of members appointed from among Sumitomo Chemical's executive officers who are not directly in charge of day-to-day business activities, the purpose of such Committee structure being to ensure that compliance management will be promoted from a Group-wide global perspective and with fair and impartial judgment, not affected by specific business interests.

Compliance Committee Organization



The Compliance Committee supervises and provides support to the Group companies in establishing and operating their individual compliance systems as well as monitoring the compliance status of Sumitomo Chemical and each of the Group companies.

As far as the Group companies are concerned, each of them establishes their own compliance system locally with the guidance of Sumitomo Chemical's Compliance Committee but at their own responsibility. Once the compliance system is established, each company sustains the self-governed operation of their system. In this connection, the Compliance Committee has established the "Sumitomo Chemical Group Compliance Standard" that is a basic standard aiming to ensure unified compliance management across the Group, and each Group company must follow it in establishing and operating their respective compliance system. Each company carries out their compliance management in accordance with this Standard while adapting appropriately to local laws and regulations as well as accommodating prevalent social demands for corporate activities in countries where they do business.

Accordingly, each company works with in-house or external lawyers or other experts retained locally in preparing a written Code of Conduct that its employees must abide by (which Code is generally called "Compliance Manual" by Sumitomo Chemical and the Group companies in Japan and "Code of Ethics" by the Group companies abroad). Further, each company usually works out an arrangement with such experts under which the company can seek professional advice on compliance matters from them whenever necessary.

On the part of Sumitomo Chemical, the Compliance Committee is working, among other things, to build a global network with lawyers or others whereby it can effectively harness the benefits of each Group company's such working relationships with their lawyers and other experts. The global network will be capable of keeping the Compliance Committee updated, for instance, on the newest major legal developments on compliance in each country, which will enable Sumitomo Chemical to extend whatever support desired to the Group companies in a proper and timely manner.

Compliance Management Promoted by Employees Themselves

To promote compliance management effectively, the efforts of the Compliance Committee alone are not enough. Employees in every workplace must take part in concrete activities to prevent misconduct or detect any suspected misconduct as early as possible. To help achieve this end, Sumitomo Chemical has the "Speak-up System" in place, separately from an ordinary business reporting line to his or her superior, which allows an employee to directly report any incident or suspected incident of compliance violation to a designated contact. Further, if an employee prefers not to report to an internal contact for some reason, he or she may report to an external contact, outside lawyers designated by the Company. Group Companies both in Japan and abroad are requested to adopt the Speak-up System of the same nature, in principle.

At Sumitomo Chemical, the Compliance Committee has taken every opportunity to thoroughly familiarize employees with the use and significance of the Speak-up System, as part of "Compliance Seminars" that the Compliance Committee holds periodically for education of all employees.

Thanks to constant and concerted efforts, such as these educational activities, both at Sumitomo Chemical and the Group companies, the Speak-up System has been functioning effectively since its introduction, with 20 to 30 reports received every year containing queries, questions, etc. relating to suspected conduct. The Compliance Committee always responds to such reports swiftly and prudently. In fiscal year 2011, there were reported no major incidents of compliance violation, including any failure to comply with laws, regulations or other rules.

Concrete Activities for Effective Compliance Management

The daily activities of the Compliance Committee are carried out by the Compliance Committee Secretariat consisting of members representing several departments in the Company that are not directly involved in specific business activities of Sumitomo Chemical. The Secretariat works to grasp the status quo of compliance in Sumitomo Chemical as well as the Group companies in Japan and the rest of the world, identify important issues to address, and undertake educational activities periodically as well as forming and proposing plans for various initiatives that will help strengthen our global compliance management in the future.

For example, the Secretariat receives written reports every year from each of the Group companies around the world, which state, for example, whether a company had any incident of compliance violation during the past year, how a company handled reports received regarding suspected compliance violation, and whether a company had any difficulty or problem in operating its compliance system during the year. Then, the Secretariat looks into a specific compliance situation of each company as outlined in the reports, and renders support, if so desired, including

exchanging views face-to-face with the company's compliance officer, to improve and strengthen the compliance management of the company in question.

Going forward, the Compliance Committee, while providing continued support to individual Group companies, will study whether a more effective mode of Group-wide compliance management could be pursued by shedding light on possible commonality of specific geographical regions, such as any elements commonly perceived among or applicable to the Group companies in China where our business operations are ever expanding. In fiscal year 2011, we conducted a compliance awareness survey directed to employees of Sumitomo Chemical and 10 selected Group companies in Japan, totaling approximately 4,400 respondents. The survey was intended to assess compliance-related risks that might be existent in the operation and business conduct of each Group company as well as Sumitomo Chemical, thereby working further to enhance activities for effective compliance management. Based on the result of the survey, we will work out specific measures for improvement as part of the Compliance Committee's action plans for the next fiscal year.

Ensuring Fair Competition In Business Activities

Sumitomo Chemical currently places particular emphasis on its efforts of preventing bribery in business conduct. As is evident from such international initiatives as "United Nations Convention against Corruption" and OECD (Organization for Economic Co-operation and Development) "Convention on Combating Bribery of Foreign Public Officials in International Business Transactions," there is a surging momentum globally calling for achieving fair competition in the marketplace by eradicating corrupt practices, such as bribery. For Sumitomo Chemical Group that is developing business globally at an accelerating rate, it is growingly important that each and every company of the Group makes unwavering efforts to eliminate bribery and any other corrupt practices, as well as abiding by competition laws of each relevant country, to ensure conducting business in a fair and equitable manner.

From this standpoint, Sumitomo Chemical has recently strengthened its internal initiatives toward fair market competition by re-organizing the former "Competition Law Compliance Committee" to set up the "Competition

Law Compliance and Bribery Prevention Committee." As part of such initiatives, the Committee has newly prepared, for the benefit of Sumitomo Chemical employees, the "Compliance Manual for Bribery Prevention," in addition to the existing "Competition Law Compliance Manual" earlier provided, to define more clearly and specifically the basic rules that all employees are required to abide by. Seminars and other educational programs are being provided company-wide to all employees. We intend to extend these initiatives actively to our Group Companies by providing them with both the Manuals as guidelines and asking all Group Companies to adopt manuals of the same sort as modified to suit each company's specific business operations as well as consistent with laws and regulations of a country in which they operate.

Sumitomo Chemical will continue to work toward enhancing compliance management for itself and its Group companies alike, based on the key notion "Think globally, Act locally" so that we will be able to gain greater trust and confidence from all of our stakeholders and society at large.

Financial Section

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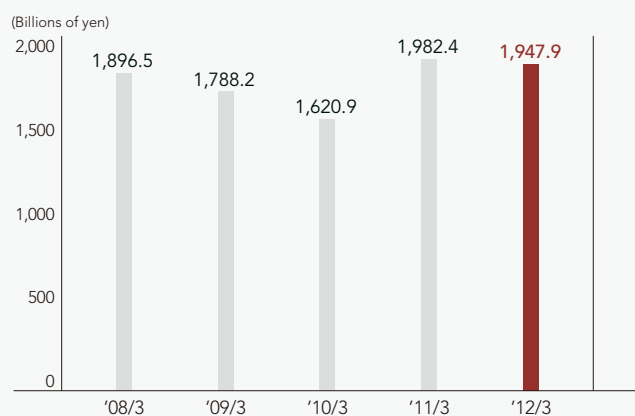
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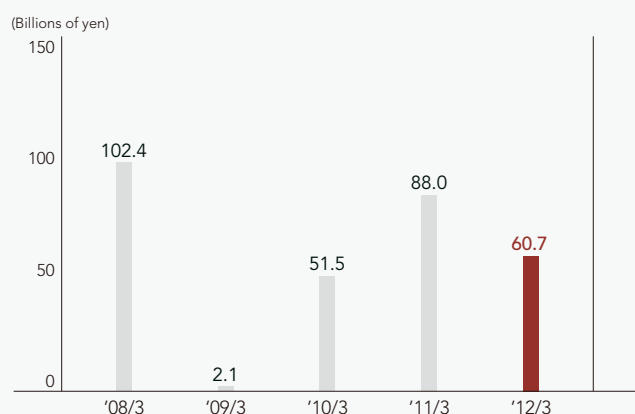
For the 10-year financial summary spanning fiscal 2002 through fiscal 2011, please refer to the Consolidated Financial Highlights on pages 10 – 13 and Business Sector Highlights on pages 32 – 33.
In this Financial Section, the “Companies” means the Company and its consolidated subsidiaries.

Financial Review

Net Sales



Operating Income



1 Results of Operations

(1) Net sales and operating income

Net sales in the fiscal year ended March 31, 2012 totaled ¥1,947.9 billion (US\$23,700 million), a 1.7% decrease from ¥1,982.4 billion for the previous fiscal year. Sales in the Petrochemicals & Plastics Segment expanded due to higher selling prices in accordance with a rise in the price of feedstocks.

Revenue from overseas operations, including both sales by overseas subsidiaries and exports from Japan, for the fiscal year ended March 31, 2012 was ¥1,009.0 billion (US\$12,276 million). The ratio of revenue from overseas operations to net sales was 51.8%, compared with 53.3% for the previous fiscal year.

Cost of sales was ¥1,418.5 billion (US\$17,258 million), compared with ¥1,409.5 billion for the previous fiscal year. The gross margin was 27.2%, 1.7 percentage points lower than the previous fiscal year. Selling, general and administrative expenses were ¥468.7 billion (US\$5,703 million), compared with ¥485.0 billion for the previous fiscal year.

Research and development expenses for the fiscal year ended March 31, 2012 were ¥122.3 billion (US\$1,488 million), 11.5% lower than the previous fiscal year's ¥138.1 billion, mainly decreased in the Pharmaceuticals Segment. Annual depreciation and amortization expenses were ¥114.9 billion (US\$1,398 million), an decrease of 21.8% compared with the previous fiscal year's ¥147.0 billion.

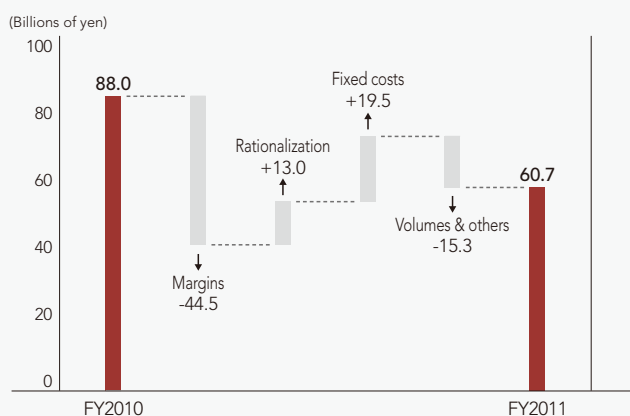
Consequently, operating income was ¥60.7 billion (US\$738 million), a 31.0% decrease from ¥88.0 billion for the previous fiscal year. The ratio of operating income to net sales was 3.1%, a 1.3% decline from the previous fiscal year.

(2) Non-operating expenses and net income

Interest expenses, net of interest and dividend income, were ¥4.7 billion (US\$58 million), a 24.9% decrease compared with ¥6.3 billion for the previous fiscal year.

Equity in earnings of affiliates was ¥2.0 billion (US\$24 million), a decrease from the equity in earnings of affiliates was ¥10.8 billion recorded in the previous fiscal year, primarily because of lower earnings of Petrochemical Corporation of Singapore. The net loss on foreign currency transactions was ¥3.7 billion (US\$45 million), a 44.4% decrease compared with ¥6.6 billion for the previous fiscal year.

Change in Operating Income: FY2010 vs. FY2011

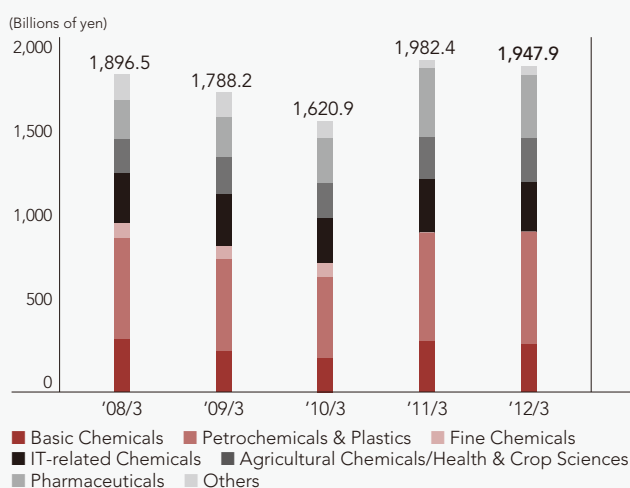


The Companies recorded a ¥9.8 billion (US\$120 million) gain on sale of investment securities and a ¥1.4 billion (US\$18 million) gain on sale of property, plant and equipment. The Companies posted a ¥26.0 billion (US\$316 million) loss of equity method investments, a ¥6.4 billion (US\$77 million) loss for restructuring charges mainly on the disposal of property, plant and equipment, a ¥3.6 billion (US\$44 million) impairment loss with respect to patents whose fair value has declined and facilities whose profitabilities have diminished, and a ¥2.1 billion (US\$25 million) loss for environmental expenses.

As a result, income before income taxes and minority interests for the fiscal year ended March 31, 2012 was ¥23.9 billion (US\$291 million). Income taxes for the fiscal year ended March 31, 2012 were ¥8.3 billion (US\$101 million), including a reversal of valuation allowance for deferred tax assets of ¥11.5 billion (US\$140 million).

Net income for the fiscal year ended March 31, 2012 was ¥5.6 billion (US\$68 million), a decrease of ¥18.8 billion over the ¥24.4 billion recorded in the previous fiscal year. Return on Equity (ROE) was 1.1%, down 3.4 percentage points from the previous fiscal year's 4.5%. Net income per share, based on the weighted average number of shares outstanding during the fiscal year ended March 31, 2012, was ¥3.42 (US\$0.042) compared with ¥14.86 for the previous fiscal year.

Breakdown of Sales by Business Segment



(3) Dividends

The Company paid a year-end dividend of ¥3 per share, combined with the interim dividends of ¥6 per share, making the annual dividends of ¥9 per share for the fiscal year ended March 31, 2012, the same level as for the previous fiscal year.

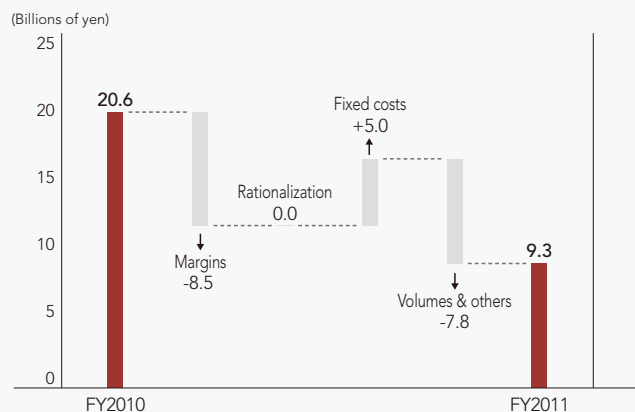
Results by Business Segment

Fiscal years ended March 31, 2012 and 2011

	Millions of yen							
	Basic Chemicals	Petrochemicals & Plastics	IT-related Chemicals	Health & Crop Sciences	Pharmaceuticals	Others	Adjustments & Elimination	Consolidated
Year ended March 31, 2012								
Revenue from customers	¥284,348	¥672,428	¥293,066	¥264,134	¥380,518	¥53,390	¥ —	¥1,947,884
Segment profit	9,349	6,155	10,968	26,495	20,918	7,720	(20,917)	60,688
Segment profit ratio (%)	3.3	0.9	3.7	10.0	5.5	14.5	—	3.1
Segment profit growth (decrease) (%)	(54.7)	(44.7)	(58.0)	13.7	(27.0)	87.0	—	(31.0)
Year ended March 31, 2011								
Revenue from customers	¥302,289	¥649,885	¥322,287	¥250,806	¥410,614	¥ 46,554	¥ —	¥1,982,435
Segment profit (loss)	20,627	11,130	26,138	23,302	28,654	4,128	(26,022)	87,957
Segment profit ratio (%)	6.8	1.7	8.1	9.3	7.0	8.9	—	4.4

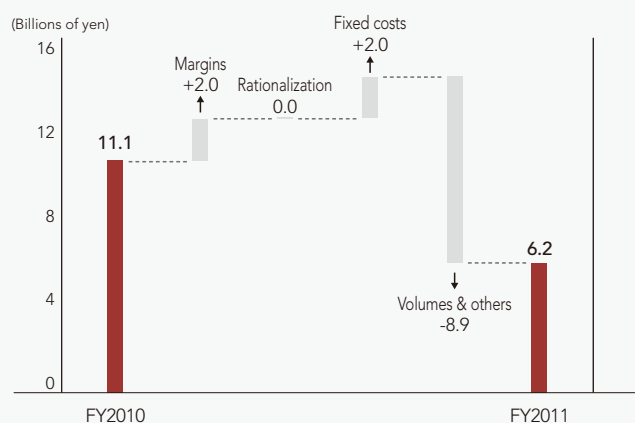
Basic Chemicals

Change in Operating Income: FY2010 vs. FY2011



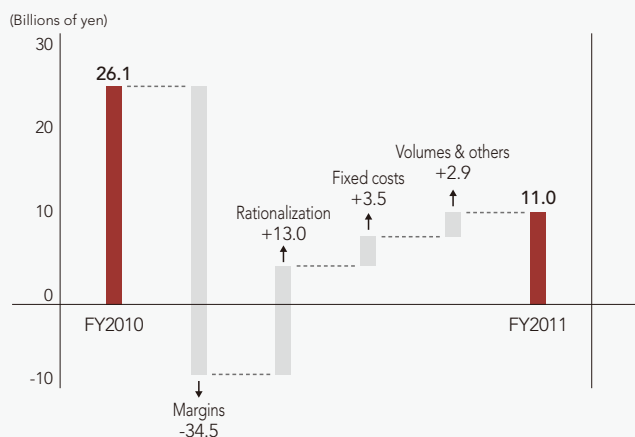
Petrochemicals & Plastics

Change in Operating Income: FY2010 vs. FY2011



IT-related Chemicals

Change in Operating Income: FY2010 vs. FY2011



2 Segment Information

(1) Basic Chemicals

Despite higher market prices of methyl methacrylate and of raw materials used in synthetic fibers, sales declined due to a decrease in shipments as a result of the impact of the earthquake and a decrease in demand. Sales of specialty chemicals also declined due to weak shipments. As a result, the segment's sales decreased by ¥17.9 billion (US\$218 million) compared with the previous fiscal year, to ¥284.3 billion (US\$3,460 million), and operating income declined by ¥11.3 billion (US\$137 million), to ¥9.3 billion (US\$114 million).

(2) Petrochemicals & Plastics

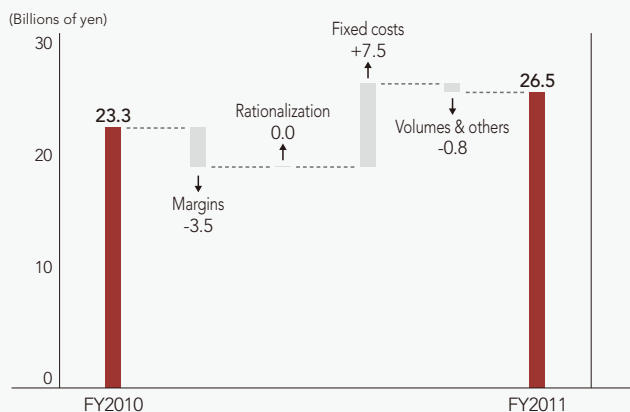
While shipments of synthetic resins and petrochemical products decreased as a result of periodical maintenance shutdowns at manufacturing plants in Japan and abroad, in addition to the impact of the earthquake and lower demand, sales increased due to higher market prices overseas and higher selling prices in Japan in accordance with a rise in the price of naphtha and other feedstocks. Consequently, the segment's sales increased by ¥22.5 billion (US\$274 million) compared with the previous fiscal year, to ¥672.4 billion (US\$8,181 million), but operating income decreased by ¥5.0 billion (US\$61 million), to ¥6.2 billion (US\$75 million).

(3) IT-related Chemicals

Shipments of polarizing film used in liquid crystal displays (LCDs) increased due to higher demand for use in smart phones and tablet PCs and because of an expansion in production capacity in Taiwan, but shipments of color filters decreased. In addition to lower sales prices of both polarizing film and color filters, the value of sales from overseas subsidiaries decreased in yen terms due to the effects of a stronger yen. As a result, the segment's sales decreased by ¥29.2 billion (US\$356 million) compared with the previous fiscal year, to ¥293.1 billion (US\$3,566 million), and operating income decreased by ¥15.2 billion (US\$185 million), to ¥11.0 billion (US\$133 million).

Health & Crop Sciences

Change in Operating Income: FY2010 vs. FY2011



(4) Health & Crop Sciences

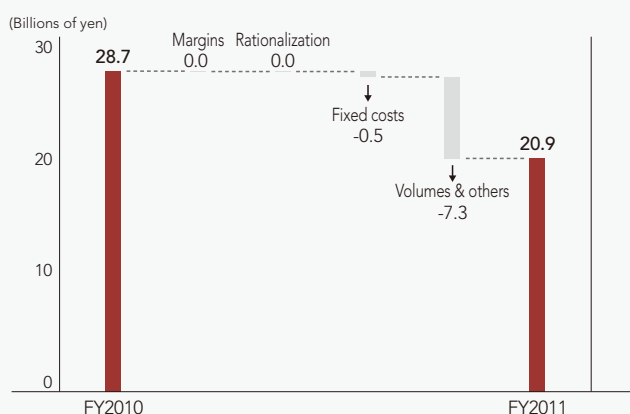
Sales of methionine, which is a feed additive, increased steadily. In the area of crop protection chemicals, shipments of herbicides remained strong in overseas markets. Despite a decrease in the value of sales from overseas subsidiaries in yen terms due to the effects of a stronger yen, the segment's sales increased by ¥13.3 billion (US\$162 million) compared with the previous fiscal year, to ¥264.1 billion (US\$3,214 million), and operating income increased by ¥3.2 billion (US\$39 million), to ¥26.5 billion (US\$322 million).

(5) Pharmaceuticals

The Companies initiated US sales of LATUDA® (atypical antipsychotic) in February 2011. Sales of AVAPRO® (therapeutic agent for hypertension), LONASEN® (atypical antipsychotic), and the new drugs TRERIEF® (therapeutic agent for Parkinson's disease) and METGLUCO® (biguanide oral hypoglycemic) increased as a result of continued sales promotion activities. Sales of AMLODIN® (therapeutic agent for hypertension and angina pectoris), however, decreased due to competition with generic drugs. In addition, the value of sales from overseas subsidiaries decreased in yen terms due to the effects of a stronger yen. As a result of these factors, together with the income from an upfront payment associated with a development and commercialization agreement in the previous fiscal year, the segment's sales decreased by ¥30.1 billion (US\$366 million) compared with the previous year, to ¥380.5 billion (US\$4,630 million), and operating income decreased by ¥7.7 billion (US\$94 million), to ¥20.9 billion (US\$255 million).

Pharmaceuticals

Change in Operating Income: FY2010 vs. FY2011

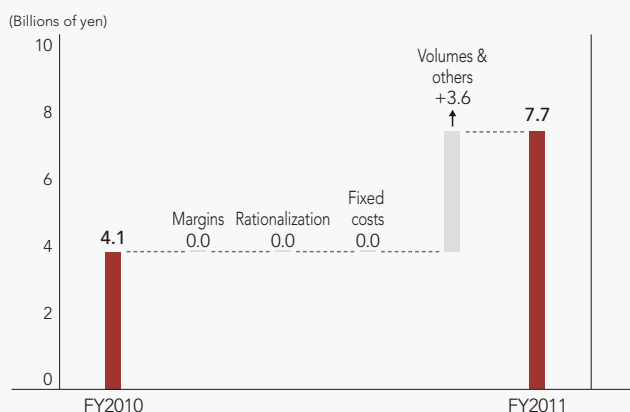


(6) Others

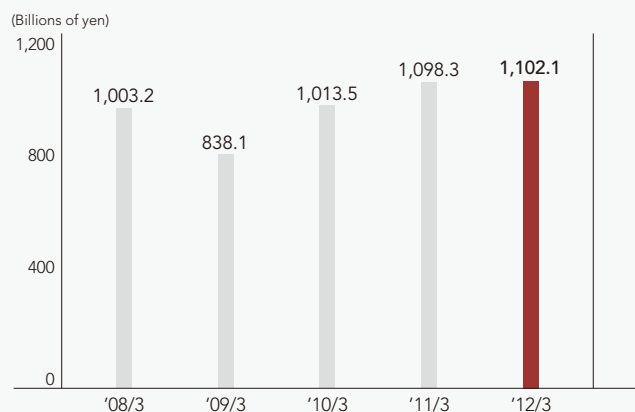
In addition to the above five segments, the Companies engage in supplying electrical power and steam, providing services for the design, engineering, and construction management of chemical plants, providing transport and warehousing, and conducting materials and environmental analyses. The segment's sales increased by ¥6.8 billion (US\$83 million) compared with the previous fiscal year, to ¥53.4 billion (US\$650 million), and operating income rose by ¥3.6 billion (US\$44 million), to ¥7.7 billion (US\$94 million).

Others

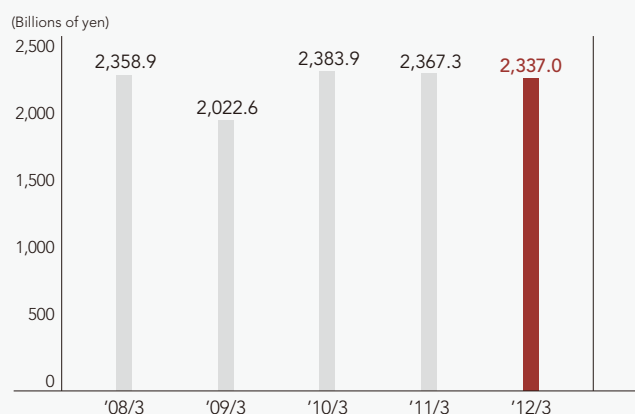
Change in Operating Income: FY2010 vs. FY2011



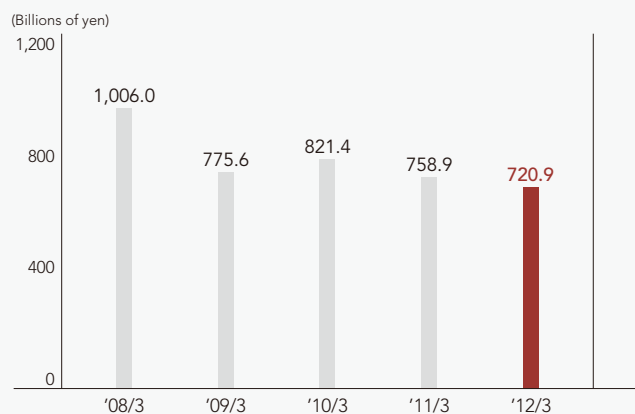
Total Current Assets



Total Assets



Shareholders' Equity / Net Assets



3 Financial Position

Total assets as of March 31, 2012 decreased by ¥30.4 billion, to ¥2,337.0 billion (US\$28,434 million) from ¥2,367.3 billion as of March 31, 2011. Current assets as of March 31, 2012 amounted to ¥1,102.1 billion (US\$13,409 million), up 0.3 percentage points from ¥1,098.3 billion as of March 31, 2011. Non-current assets as of March 31, 2012 amounted to ¥1,234.9 billion (US\$15,025 million), down 2.7 percentage points from ¥1,269.0 billion as of March 31, 2011, mainly because investment securities decreased due to the one-time amortization of goodwill of an affiliate.

Current liabilities were ¥842.7 billion (US\$10,253 million), up 5.6 percentage points from ¥798.2 billion as of March 31, 2011, mainly because of an increase in long-term debt due within one year. The current ratio was 130.8%, compared with 137.6% as of March 31, 2011.

Long-term liabilities increased to ¥773.3 billion (US\$9,409 million), down 4.6 percentage points from ¥810.2 billion as of March 31, 2011, mainly due to a decrease in long-term debt.

Interest-bearing liabilities (short-term and long-term bank loans, corporate bonds, and commercial paper) as of March 31, 2012 amounted to ¥1,053.0 billion (US\$12,811 million), compared with ¥1,040.3 billion as of March 31, 2011.

Net assets were ¥720.9 billion (US\$8,771 million) as of March 31, 2012, a 5.0% decrease from ¥758.9 billion as of March 31, 2011, due to the deterioration in foreign currency translation adjustments, which amounted to negative ¥157.2 billion (negative US\$1,912 million), compared with negative ¥135.2 billion as of March 31, 2011. The ratio of net worth to total assets stood at 20.8% as of March 31, 2012, compared with 22.1% as of March 31, 2011.

The number of shares issued and outstanding as of March 31, 2012 was 1,634,651,036 shares. Retained earnings amounted to ¥485.0 billion (US\$5,901 million), a 2.9% decrease from ¥499.3 billion as of March 31, 2011.

4 Cash Flows

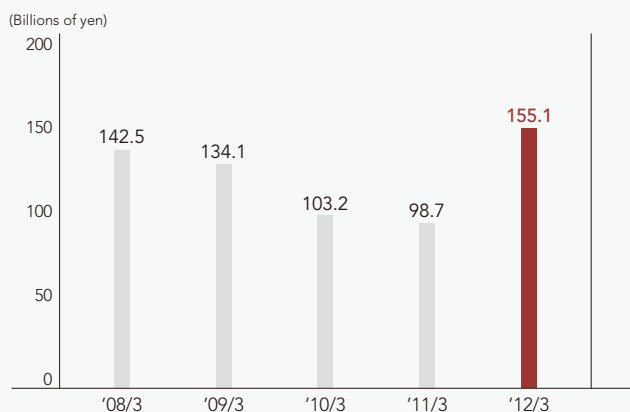
Net cash provided by operating activities for the year ended March 31, 2012 was ¥124.5 billion (US\$1,515 million), a decrease of ¥51.7 billion compared with the previous fiscal year. The decrease in income before income taxes contributed to the decrease in operating cash flows.

Net cash used in investing activities for the year ended March 31, 2012 was ¥124.0 billion (US\$1,508 million), a decrease of ¥32.0 billion compared with the previous fiscal year, in which expenditures arising from the stock acquisition of Nufarm Limited were incurred.

As a result, free cash flow, which consists of cash flows provided by operating activities and those used in investing activities, was positive ¥0.5 billion (US\$6 million) for the year ended March 31, 2012, compared with positive ¥20.2 billion for the previous fiscal year.

Net cash provided by financing activities was positive ¥2.1 billion (US\$25 million).

Capital Expenditures



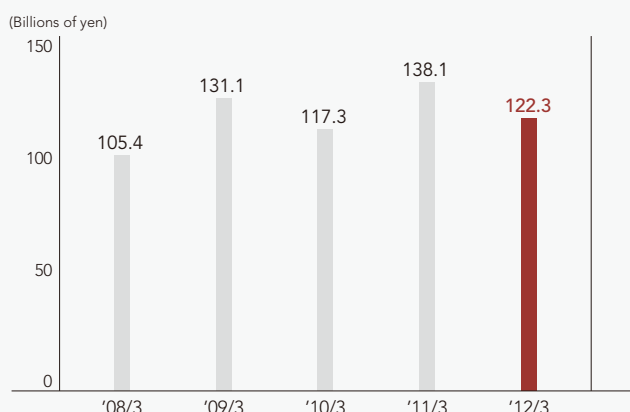
5 Capital Expenditures

In the year ended March 31, 2012, the Companies' capital expenditures totaled ¥155.1 billion (US\$1,887 million), which includes investments for new installations and the expansion of manufacturing facilities as well as investments for streamlining existing facilities.

Major investments made in the fiscal year ended March 31, 2012 were in the construction of a manufacturing facility for next-generation touchscreen panels in the IT-related Chemicals Segment and in the expansion of manufacturing facilities for color filters in the IT-related Chemicals Segment.

Broken down by segment, capital expenditures in the Basic Chemicals Segment were ¥24.5 billion (US\$298 million), ¥19.6 billion (US\$238 million) in the Petrochemicals & Plastics Segment, ¥66.9 billion (US\$814 million) in the IT-related Chemicals Segment, ¥19.3 billion (US\$235 million) in the Health & Crop Sciences Segment, ¥11.3 billion (US\$138 million) in the Pharmaceuticals Segment, and ¥13.5 billion (US\$164 million) in the Others Segment.

Research and Development Expenses



6 Research and Development

The Companies' basic R&D policy is to establish superior proprietary technologies that will contribute to profitability and business expansion. To maximize overall efficiency, the Companies proactively promote collaborative R&D and outsourcing through closer cooperation, while each subsidiary performs its own R&D activities.

At present, the Companies are focusing R&D resources on three areas as part of its 2010-2012 corporate business plan.

These areas are: 1) Environment and Energy; 2) Life Sciences; and 3) ICT (Information & Communication Technology). In addition, the Companies are promoting cross-sectoral projects for the development of new businesses.

R&D expenses were ¥122.3 billion (US\$1,488 million), down 11.5 percentage points from the fiscal year ended March 31, 2011.

Breakdown of Capital Expenditures

Years ended March 31	Billions of yen, %											
	2007		2008		2009		2010		2011		2012	
New plants and expansions:												
Basic Chemicals	¥ 18.7	12%	¥ 13.1	9%	¥ 10.3	8%	¥ 7.6	7%	¥13.0	13%	¥ 19.9	13%
Petrochemicals & Plastics	4.3	3	1.3	1	9.3	7	6.6	6	8.9	9	15.4	10
Fine Chemicals	1.9	1	3.1	2	5.5	4	12.9	13	—	—	—	—
IT-related Chemicals	66.6	42	27.6	19	48.8	36	9.8	10	25.2	26	64.2	41
Agricultural Chemicals/ Health & Crop Sciences	4.7	3	2.1	1	4.1	3	20.0	19	12.4	12	14.4	9
Pharmaceuticals	1.9	1	11.2	8	5.4	4	4.0	4	3.1	3	3.9	3
Others	5.5	3	3.2	2	10.7	8	10.6	10	8.3	8	3.4	2
Total	103.6	65	61.6	42	94.1	70	71.6	69	70.9	71	121.2	78
Rationalization of production processes	6.8	4	5.1	4	6.0	4	5.4	5	4.6	5	3.9	3
Research and development	7.1	4	6.5	5	9.6	7	7.7	8	6.7	7	10.6	7
Others	42.3	27	69.3	49	24.4	19	18.6	18	16.5	17	19.4	12
Total	¥159.8	100%	¥142.5	100%	¥134.1	100%	¥103.2	100%	¥98.7	100%	¥155.1	100%

7 Risk Factors

Primary risks that may affect operational results, share prices, and the financial condition of the Companies are described below. Matters concerning the future with regard to the following information were those deemed relevant as of the end of this fiscal year.

(1) Market and supply

As a chemical manufacturer offering a diverse range of products, the Companies engage in a wide range of businesses which are subject to a number of risks. Risks associated with market volatility and feedstock supply shortages concerning the Companies' businesses are mainly as follows.

(a) The Companies' businesses are exposed to price competition. It is expected that the product lines of the Companies will be exposed to severe price competition for various reasons, such as the participation of foreign enterprises in the domestic market, the inflow of imported products as a result of reductions in tariffs, and the increasing market entry of generic products.

Although the Companies are seeking to reduce costs, failure to address price competition may have an adverse effect on operational results and financial condition of the Companies.

(b) Overseas sales of the Companies account for more than 50% of total sales, and sales in the Basic Chemicals and the Petrochemicals and Plastics Segments are particularly large, with the Asian market accounting for a significant share.

Furthermore, a large proportion of sales in the IT-related Chemicals Segment depends on specific customers in Korea and Taiwan, and some of the products in the Health & Crop Sciences Segment are being supplied to specific customers under custom manufacturing arrangements. Given this situation, in the event that the Companies are required to cut prices due to deteriorating economic conditions in the Asian market or changes in the business standing of client enterprises, such circumstances may have an adverse effect on the operational results and financial condition of the Companies.

(c) Naphtha, a main feedstock for the Petrochemicals and Plastics Segment, is sometimes subject to radical price fluctuations that could take place for various reasons, including public security problems in the Middle East or global economic conditions. If the price of naphtha radically increases, it may have an adverse effect on the operational results of the Companies due to a delay in the reflection of such cost increases in product selling prices.

(d) The supply of naphtha and some other raw materials is dependent on particular geographical areas or suppliers.

Although the Companies are seeking to reduce the risk associated with their inability to procure major raw materials by developing multiple supply sources, there is no guarantee that supply shortages of such major raw materials will not occur. In the event that the Companies cannot procure necessary major raw materials on their own, such circumstances may have an adverse effect on the operational results of the Companies.

(e) Since the speed of technical innovation for products in the IT-related Chemicals Segment is extremely rapid, it is essential that the Companies develop and supply new products to their customers in a timely manner. In the event that the Companies are unable to effectively develop new products that satisfy customer needs, or if an important technical innovation is made by another company in advance, the business results and the financial condition of the Companies may be adversely affected.

(f) With respect to agrochemicals and household insecticides in the Health & Crop Sciences Segment, the shipments of these products are affected by the cultivation status of target crops, the outbreak of crop diseases or infestation of pests, and factors relating to the local climate in various parts of the world. With regard to feed additives, drastic price fluctuations may also occur. If the crop growth is not as good as expected, if disease occurrence or pest infestation does not develop as anticipated, or if drastic price fluctuations occur, such circumstances may have an adverse effect on the operational results and financial condition of the Companies.

(g) In the Pharmaceuticals Segment, healthcare insurance reforms are in progress in Japan, which has a rapidly aging population combined with a declining birthrate. As a part of such reforms, there are ongoing discussions concerning potential reforms to the system of medical treatment fees and the drug price system. The medical expenditure reduction policy by the government, including a revision of medical treatment fees, may have an adverse effect on the operational results and financial condition of the Companies.

(2) Exchange rate fluctuations

The Company and its domestic consolidated subsidiaries import raw materials from overseas and export finished products manufactured in Japan, and the export value of finished products is higher than the import value of raw materials.

If the Japanese yen appreciates against foreign currencies, the products will be less competitive in price compared with products made in foreign countries. Moreover, the reduction in the proceeds received from exports could become greater than the reduction in the payments for imports. In order to cope with these circumstances, the Companies are seeking to minimize the risks by entering into forward-exchange contracts or making export transactions in Japanese yen. However, since it is impossible to completely hedge risks due to the mid- or long-term fluctuations in the currency exchange rate, there is a possibility that the appreciation of the Japanese yen would exert an adverse effect on the operational results and financial condition of the Companies.

Furthermore, the operational results of the consolidated subsidiaries and equity method affiliates in foreign countries are converted into Japanese yen for the purpose of preparing the consolidated financial statements. Depending on the exchange rate at the time of conversion, the values after the conversion into Japanese yen may be potentially impacted and may negatively affect the operational results and financial condition of the Companies.

(3) Interest volatility

With respect to the demand for finance, the Companies determine the amount, term, and method of fund procurement, taking into consideration the demand for finance, financial position, and financial environment. In preparation for fluctuations in the interest rate in the future, the Companies raise funds by combining, as applicable, both fixed interest rates and floating interest rates. If, however, interest rates rise, the increase in interest expense may have an adverse effect on the operational results and financial condition of the Companies.

(4) Fluctuation in stock market prices

Since most of the securities held by the Companies are negotiable securities with market prices, if stock market prices decline drastically, the impairment loss may have an adverse effect on the operational results and financial condition of the Companies.

(5) Impairment loss

The Companies have adopted accounting standards for the impairment of fixed assets. If a significant deterioration in the business environment causes a drastic decline in the market value and future profitability of the Companies' fixed assets, impairment losses will be recognized and may have an adverse effect on the operational results and financial condition of the Companies.

(6) Deferred tax assets

The Companies recognize deferred tax assets based on projections for future taxable income. In case projections for future taxable income change, all or a part of the deferred tax assets may be reduced, which is determined unrecoverable, and it may have an adverse effect on the operational results and financial condition of the Companies.

(7) Liability for retirement benefits

The expenses and obligations with regard to retirement benefits for employees of the Companies are calculated on the basis of the investment return on pension plan assets and discount rates.

However, in the event of any deterioration in the management environment of pension plan assets that disrupts performance and assumptions, future retirement benefit expenses may increase, which may have an adverse effect on the operational results and financial condition of the Companies.

(8) Overall management

(a) Overseas business expansion

The Companies intend to expand their business operations in overseas markets, including further expansion in the Middle East and Asia in the future. To conduct business activities in foreign countries, the Companies need to address the potential risks of changes in laws and restrictions, disputes stemming from differences in working conditions, difficulties in hiring and procuring human resources, social disorder caused by terrorism or war, and other factors. In the event that these risks materialize, there is a possibility that such events might adversely affect the business results and financial condition of the Companies.

Rabigh Refining and Petrochemical Company (Petro Rabigh), jointly founded by the Company and Saudi Aramco, is operating an integrated refinery and petrochemicals complex (the Rabigh Phase I Project) in Rabigh, Saudi Arabia. In case the Company should become liable for damages resulting from contingent circumstances, it has obtained overseas investment insurance covering the total investment in accordance with the rules and maximum insurance amount of Nippon Export and Investment Insurance, an incorporated administrative agency of the government of Japan.

(b) Acquisitions and equity alliances

The Companies are engaging in domestic and international acquisitions and equity alliances with the aim of expanding their business and enhancing their competitiveness. The Companies however, may not be able to generate the synergies or other positive effects they originally expected due to changes in the business environment surrounding the Companies or their acquisitions.

Moreover, a decline of the corporate value of the acquisitions due to any deterioration in operational results or financial condition of the acquisitions may have an adverse effect on the operational results and financial condition of the Companies.

(c) Research and development

The Companies are vigorously carrying out research and development to rapidly commercialize new technologies and new products that will meet customer needs. The research and development conducted by the Companies may sometimes extend over a long period of time, particularly when it includes discovery research in order to create next-generation businesses. In the event that the subject of such research and development is not put to practical use, or if the development of new products is significantly delayed or abandoned, the competitiveness of the Companies may be diminished, which may have an adverse effect on operational results and financial condition of the Companies.

(d) Intellectual property rights

The Companies have been strengthening their competitiveness by developing and accumulating proprietary technology and know-how that will differentiate themselves from competitors.

Although such technology and know-how are under strict control by the Companies, there is a possibility that some of the proprietary technologies, products, and know-how of the Companies may be leaked out to others under unexpected circumstances. These intellectual properties may not be completely protected in particular geographical areas, especially where there is a possibility that the Companies are unable to effectively prevent a third party from manufacturing similar products that are covered by the Companies' intellectual property rights. Furthermore, the Companies may be involved in dispute about intellectual property rights in the future, which might result in an outcome against the interests of the Companies.

(e) Quality of products

Although the Companies manufacture a wide variety of products in accordance with globally recognized strict quality control standards, there is no assurance that all the products are free from defects or that no product recall problems will occur in future. Large-scale product liability lawsuits could be extremely costly and have a significant impact on market perceptions of the Companies, which, in turn, may adversely affect the operational results and financial condition of the Companies.

Although our agricultural chemicals and pharmaceuticals that are on the market have been approved in accordance with strict quality examinations in each country, new quality problems or side effects may be identified as a result of progress in science and technology, as well as from accumulated clinical experience. If such unexpected quality problems or side effects are discovered after products have been released onto the market, there is a possibility that such circumstances may adversely affect the operation results and financial condition of the Companies.

(f) Accidents and disasters

In order to minimize the potential risks of the shutdown of production facilities or accidents involving the production facilities which will adversely affect the Companies, the Companies conduct periodic inspections for all manufacturing facilities.

However, there is no guarantee that such accidents arising out of production facilities or negative effects caused by natural disasters will be completely prevented or reduced. In addition, the business activities of the Companies are becoming increasingly dependent on computer network systems, and although the Companies are working to protect their systems or data by means of sophisticated security systems, there is still the possibility that system network failures may occur owing to electric power interruptions, natural disasters, or criminal attacks on the system, including computer viruses and hackers.

In the event of an accident that causes property damage and/or human injury near the plant, or a system network failure, such circumstances may, in addition to undermining the Companies' business activities, involve major costs and have a significant impact on market perceptions of the Companies, which, in turn, may adversely affect the operational results and financial condition of the Companies.

(g) Change in regulations

The Companies are carrying out their businesses in accordance with the laws and regulations of each country in which they operate. Changes in laws, regulations, government policies, business customs, interpretations, or other changes, and the situations resulting therefrom, may have adverse effects on the operational results and financial condition of the Companies. Moreover, there is a possibility that legal restrictions on environment and safety for chemicals may be tightened in the future and the incurrence of additional costs may become necessary to comply with tighter regulations.

(h) Lawsuits

As the Companies' businesses develop in Japan and elsewhere in the world, they remain exposed to the risks of becoming the target of lawsuits, disputes, or other legal procedures, and in the event of any significant lawsuits filed against the Companies in future, there is a possibility that they may adversely affect the operational results and financial condition of the Companies.

Consolidated Balance Sheets

Sumitomo Chemical Company, Limited and Consolidated Subsidiaries
March 31, 2012 and 2011

	Millions of yen		Thousands of US dollars (Note 1)
	2012	2011	2012
Assets			
Current assets:			
Cash and cash equivalents (Notes 5 and 21)	¥ 147,051	¥ 151,609	\$ 1,789,159
Short-term investments (Note 5)	776	1,054	9,441
Securities (Notes 5 and 7)	22,995	27,344	279,779
Trade notes and accounts receivable (Note 5)	410,906	413,773	4,999,465
Inventories (Note 6)	382,392	358,146	4,652,537
Deferred tax assets (Note 16)	51,012	53,053	620,659
Other (Note 5)	88,187	95,197	1,072,965
Allowance for doubtful accounts	(1,233)	(1,832)	(15,002)
Total current assets	1,102,086	1,098,344	13,409,003
Property, plant and equipment (Notes 9 and 12):			
Land	77,073	77,220	937,742
Buildings and structures	552,349	538,497	6,720,392
Machinery and equipment	1,488,123	1,453,092	18,105,889
Construction in progress	67,365	44,864	819,625
	2,184,910	2,113,673	26,583,648
Less accumulated depreciation	(1,590,032)	(1,561,132)	(19,345,809)
Net property, plant and equipment	594,878	552,541	7,237,839
Investments and other assets:			
Investment securities (Notes 5, 7, 8, 9 and 22)	364,356	401,046	4,433,094
Long-term loans (Notes 5 and 22)	51,112	51,721	621,876
Deferred tax assets (Note 16)	25,735	20,943	313,116
Goodwill	69,323	79,662	843,448
Patents (Note 12)	49,052	80,273	596,812
Software	10,990	11,362	133,715
Other (Notes 8, 13 and 22)	70,460	72,488	857,282
Allowance for doubtful accounts	(1,039)	(1,066)	(12,641)
Total investments and other assets	639,989	716,429	7,786,702
Total assets	¥2,336,953	¥2,367,314	\$28,433,544

See accompanying notes.

	Millions of yen		Thousands of US dollars (Note 1)
	2012	2011	2012
Liabilities and Net assets			
Current liabilities:			
Short-term debt (Notes 5 and 9)	¥ 239,533	¥ 258,987	\$ 2,914,381
Long-term debt due within one year (Notes 5 and 9)	130,693	80,121	1,590,133
Trade notes and accounts payable (Note 5)	227,770	227,987	2,771,262
Income taxes payable	13,998	15,413	170,313
Other (Note 16)	230,723	215,688	2,807,190
Total current liabilities	842,717	798,196	10,253,279
Long-term liabilities:			
Long-term debt (Notes 5 and 9)	682,741	701,226	8,306,862
Deferred tax liabilities (Note 16)	17,001	39,381	206,850
Retirement benefits (Note 13)	31,999	29,454	389,330
Other	41,594	40,171	506,071
Total long-term liabilities	773,335	810,232	9,409,113
Contingent liabilities (Notes 18 and 22)			
Net assets (Note 17):			
Common stock:			
Authorized — 5,000,000,000 shares			
Issued — 1,655,446,177 shares at March 31, 2012			
1,655,446,177 shares at March 31, 2011	89,699	89,699	1,091,361
Capital surplus	23,695	23,695	288,295
Retained earnings	485,027	499,287	5,901,290
Treasury stock, at cost			
20,795,141 shares at March 31, 2012			
20,744,415 shares at March 31, 2011	(8,764)	(8,747)	(106,631)
Shareholders' equity	589,657	603,934	7,174,315
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	48,922	49,918	595,231
Deferred gains (losses) on hedges	684	(42)	8,322
Land revaluation reserve (Note 19)	4,130	3,815	50,249
Foreign currency translation adjustment	(157,158)	(135,152)	(1,912,130)
Total accumulated other comprehensive income	(103,422)	(81,461)	(1,258,328)
Minority interests	234,666	236,413	2,855,165
Total net assets	720,901	758,886	8,771,152
Total liabilities and net assets	¥2,336,953	¥2,367,314	\$28,433,544

See accompanying notes.

Consolidated Statements of Income

Sumitomo Chemical Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

	Millions of yen		Thousands of US dollars (Note 1)
	2012	2011	2012
Net sales	¥1,947,884	¥1,982,435	\$23,699,769
Cost of sales	1,418,464	1,409,520	17,258,352
Selling, general and administrative expenses	468,732	484,958	5,703,030
Operating income	60,688	87,957	738,387
Other income (expenses):			
Interest and dividend income (Note 22)	7,654	6,697	93,126
Interest expenses	(12,397)	(13,016)	(150,833)
Equity in earnings of affiliates	1,986	10,824	24,164
Net loss on foreign currency transactions	(3,675)	(6,615)	(44,713)
Gain on sale of investment securities	9,837	—	119,686
Gain on sale of property, plant and equipment	1,442	—	17,545
Loss of equity method investments (Note 14)	(26,005)	—	(316,401)
Restructuring charges (Note 15)	(6,354)	(4,067)	(77,309)
Impairment loss (Note 12)	(3,595)	(3,247)	(43,740)
Environmental expenses	(2,093)	—	(25,465)
Loss on disaster	—	(1,079)	—
Other, net	(3,542)	(1,756)	(43,098)
Income before income taxes and minority interests	23,946	75,698	291,349
Income taxes (Note 16):			
Current	27,814	31,209	338,411
Deferred	(19,515)	3,637	(237,438)
	8,299	34,846	100,973
Income before minority interests	15,647	40,852	190,376
Minority interests	10,060	16,418	122,399
Net income	¥ 5,587	¥ 24,434	\$ 67,977

	Yen		US dollars (Note 1)
	2012	2011	2012
Net income per share (Note 23)	¥3.42	¥14.86	\$0.042
Dilutive net income per share (Note 23)	—	—	—

Dilutive net income per share in 2012 and 2011 are not disclosed because there are no shares that are dilutive.

	Yen		US dollars (Note 1)
	2012	2011	2012
Cash dividends per share (applicable to the year)	¥9.00	¥9.00	\$0.110

See accompanying notes.

Consolidated Statements of Comprehensive Income

Sumitomo Chemical Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

	Millions of yen		Thousands of US dollars (Note 1)
	2012	2011	2012
Income before minority interests	¥15,647	¥40,852	\$190,376
Other comprehensive income			
Valuation difference on available-for-sale securities	117	(6,456)	1,423
Deferred gains (losses) on hedges	730	(55)	8,882
Foreign currency translation adjustment	(20,929)	(49,823)	(254,642)
Share of other comprehensive income of associates accounted for using equity method	(6,041)	(17,360)	(73,500)
Total other comprehensive income (Note 20)	(26,123)	(73,694)	(317,837)
Comprehensive income	(10,476)	(32,842)	(127,461)
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent	(16,374)	(30,739)	(199,221)
Comprehensive income attributable to minority interests	¥ 5,898	¥ (2,103)	\$ 71,760

See accompanying notes.

Consolidated Statements of Changes in Net Assets

Sumitomo Chemical Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

	Millions of yen										
	Shares of common stock (thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Land revaluation reserve	Foreign currency translation adjustment	Minority interests	Total net assets
Balance at April 1, 2010	1,655,446	¥89,699	¥23,725	¥490,858	¥(2,760)	¥54,636	¥ 6	¥3,815	¥ (84,611)	¥246,068	¥821,436
Decrease due to changes in accounting policies applied to affiliates (Note 3)				(837)							(837)
Net income				24,434							24,434
Cash dividends at ¥9.00 per share				(14,868)							(14,868)
Decrease due to changes in scope of consolidation and equity method			(30)	(296)							(326)
Loss on sale of treasury stock				(4)							(4)
Net increase in treasury stock					(5,987)						(5,987)
Other						(4,718)	(48)		(50,541)	(9,655)	(64,962)
Balance at April 1, 2011	1,655,446	¥89,699	¥23,695	¥499,287	¥(8,747)	¥49,918	¥ (42)	¥3,815	¥(135,152)	¥236,413	¥758,886
Net income				5,587							5,587
Cash dividends at ¥12.00 per share				(19,628)							(19,628)
Decrease due to changes in scope of consolidation and equity method				(64)							(64)
Loss on sale of treasury stock				(1)							(1)
Net increase in treasury stock					(17)						(17)
Decrease due to change in fiscal period of consolidated subsidiaries				(154)							(154)
Other						(996)	726	315	(22,006)	(1,747)	(23,708)
Balance at March 31, 2012	1,655,446	¥89,699	¥23,695	¥485,027	¥(8,764)	¥48,922	¥684	¥4,130	¥(157,158)	¥234,666	¥720,901

	Thousands of US dollars (Note 1)										
Balance at April 1, 2011	\$1,091,361	\$288,295	\$6,074,791	\$(106,424)	\$607,349	\$ (511)	\$46,417	\$(1,644,385)	\$2,876,420	\$9,233,313	
Net income			67,977							67,977	
Cash dividends at ¥12.00 (US\$0.15) per share			(238,813)							(238,813)	
Decrease due to changes in scope of consolidation and equity method			(779)							(779)	
Loss on sale of treasury stock			(12)							(12)	
Net increase in treasury stock				(207)						(207)	
Decrease due to change in fiscal period of consolidated subsidiaries			(1,874)							(1,874)	
Other					(12,118)	8,833	3,832	(267,745)	(21,255)	(288,453)	
Balance at March 31, 2012	\$1,091,361	\$288,295	\$5,901,290	\$(106,631)	\$595,231	\$8,322	\$50,249	\$(1,912,130)	\$2,855,165	\$8,771,152	

See accompanying notes.

Consolidated Statements of Cash Flows

Sumitomo Chemical Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

	Millions of yen		Thousands of US dollars (Note 1)
	2012	2011	2012
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 23,946	¥ 75,698	\$ 291,349
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities—			
Depreciation and amortization	107,348	138,688	1,306,096
Amortization of goodwill	7,542	8,321	91,763
Impairment loss	3,595	3,247	43,740
Equity in losses (earnings) of affiliates	30,444	(1,639)	370,410
Increase of provision for retirement benefits and others	1,975	5,211	24,030
Interest and dividend income	(7,654)	(6,697)	(93,126)
Interest expenses	12,397	13,016	150,833
Gain on sale of investment securities	(9,837)	—	(119,686)
Restructuring charges	3,537	3,044	43,034
Gain on sale of property, plant and equipment	(1,442)	—	(17,545)
Increase in notes and accounts receivable	(7,810)	(37,603)	(95,024)
Increase in inventories	(30,616)	(9,397)	(372,503)
Increase in notes and accounts payable	8,595	23,513	104,575
Other, net	19,157	(1,645)	233,083
Subtotal	161,177	213,757	1,961,029
Interest and dividends received	7,066	6,069	85,972
Interest paid	(12,237)	(12,900)	(148,887)
Income taxes paid	(31,515)	(30,698)	(383,441)
Net cash provided by operating activities	124,491	176,228	1,514,673
Cash flows from investing activities:			
Acquisition of securities	(38,873)	(23,627)	(472,965)
Proceeds from sale and redemption of securities	45,471	21,943	553,242
Acquisition of investment securities	(7,942)	(59,372)	(96,630)
Proceeds from sale and redemption of investment securities	12,115	5,733	147,402
Acquisition of property, plant and equipment	(136,580)	(100,578)	(1,661,759)
Proceeds from sale of property, plant and equipment	3,043	2,182	37,024
Acquisition of investment in capital of newly consolidated subsidiaries	—	(879)	—
Proceeds from sales of subsidiaries' shares resulting in changes in consolidation	287	—	3,492
Acquisition of shares of newly consolidated subsidiaries	—	(1,339)	—
Other, net	(1,496)	(50)	(18,201)
Net cash used in investing activities	(123,975)	(155,987)	(1,508,395)
Cash flows from financing activities:			
Decrease in short-term debt	(17,107)	(87,764)	(208,140)
Proceeds from long-term debt	136,530	205,142	1,661,151
Repayments of long-term debt	(93,212)	(70,792)	(1,134,104)
Repayments of finance lease obligations	(1,118)	(1,234)	(13,602)
Purchase of treasury stocks	(17)	(5,999)	(207)
Cash dividends paid	(19,628)	(14,868)	(238,813)
Cash dividends paid to minority shareholders	(8,448)	(8,847)	(102,786)
Capital contributions from minority shareholders	5,054	2,347	61,492
Net cash provided by financing activities	2,054	17,985	24,991
Effect of exchange rate changes on cash and cash equivalents	(2,969)	(7,663)	(36,124)
Net change in cash and cash equivalents	(399)	30,563	(4,855)
(Decrease) increase in cash and cash equivalents resulting from changes in scope of consolidation	(4,088)	386	(49,738)
Decrease in cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	(71)	—	(864)
Cash and cash equivalents at beginning of year	151,609	120,660	1,844,616
Cash and cash equivalents at end of year (Note 21)	¥147,051	¥151,609	\$1,789,159

See accompanying notes.

Notes to Consolidated Financial Statements

Sumitomo Chemical Company, Limited and Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

1. Basis of Financial Statements

(a) The accompanying consolidated financial statements of Sumitomo Chemical Company, Limited ("the Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The accounts of foreign consolidated subsidiaries are prepared in accordance with International Financial Reporting Standards or US generally accepted accounting principles with necessary adjustments for consolidated financial reporting.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in these accompanying consolidated financial statements.

Certain reclassifications have been made in the previous consolidated financial statements to conform to the current presentation.

(b) The translations of Japanese yen amounts into US dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2012, which was ¥82.19 to US\$1.00. Such translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be converted into US dollars at this or any other rate of exchange.

(c) In these notes, the "Companies" means the Company and its consolidated subsidiaries.

2. Significant Accounting Policies

(a) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and significant companies over which the Company has control through majority of voting rights or certain other conditions evidencing control by the Company.

The consolidated financial statements include the accounts of the Company and 145 and 146 significant subsidiaries for the years ended March 31, 2012 and 2011, respectively. Investments in non-consolidated subsidiaries and affiliates (generally 20%-50% ownership) over which the Company has the ability to exercise significant influence in operating and financial policies are accounted for by the equity method. The equity method is applied to 36 and

35 significant affiliates for the years ended March 31, 2012 and 2011, respectively. In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are evaluated using the fair value at the time the Company acquired control of the respective subsidiary. All significant intercompany transactions and accounts have been eliminated. Some subsidiaries and affiliates are consolidated with year-ends that differ from that of the Company. However, necessary adjustments have been made if the effect of the differences is material.

(b) Foreign currency translation

Foreign currency monetary assets and liabilities are translated into Japanese yen at the current rate at the end of the year, and the resulting translation gains or losses are included in earnings.

The items of financial statements of foreign subsidiaries and affiliates are translated into Japanese yen at the current rate at the end of the year for all assets and liabilities, and at the average rate during the fiscal year for revenues and expenses.

(c) Securities

The Companies have no trading securities.

Held-to-maturity debt securities are stated at amortized cost.

Equity securities issued by subsidiaries and affiliates which are not consolidated or accounted for using the equity method are stated at moving-average cost.

Available-for-sale securities whose fair value is readily determinable are stated at fair value as of the end of the year with unrealized gains and losses, net of applicable deferred tax assets/liabilities and minority interests, not reflected in earnings but directly reported as a separate component of net assets. Realized gains and losses on sales of such securities are computed using moving-average cost. Other securities with no available fair market value are stated at moving-average cost.

(d) Derivatives and hedge accounting

The Companies state derivative financial instruments at fair value and recognize changes in the fair value as gains or losses unless the derivative instruments are used for hedging purposes. If the derivative financial instruments meet certain hedging criteria, the Companies defer gains and losses resulting from changes in fair value of the derivative financial instruments until the hedged transactions occur. When a foreign exchange forward contract or foreign currency swap contract meets certain conditions, the hedged item is stated by the forward exchange contract rate. If interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contracts is added to or deducted from the interests on the assets or liabilities for which the interest rate swap contracts were executed.

The following summarizes hedging derivative financial instruments used by the Companies and items hedged:

Hedging instruments	Items hedged
Forward foreign exchange contracts	Foreign currency receivables and payables
Currency swap contracts	Foreign currency bonds and loans
Interest rate swap contracts	Interest on bonds and loans
Commodity forward contracts	Sales and purchase of aluminum

(e) Inventories

Inventories of the Company and consolidated domestic subsidiaries are stated mainly at cost determined by the weighted average method with book value written down to the lower profitability.

Inventories of certain consolidated subsidiaries are stated at the lower of cost (on the First-in, First-out method) or market.

Change in accounting policy

Previously, inventories of the Company and consolidated domestic subsidiaries were stated at cost determined by the Last-in, First-out method with book value written down to the lower profitability. Effective from the fiscal year ended March 31, 2011, the Company and consolidated domestic subsidiaries adopted the "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan ("ASBJ") Statement No.9, issued on September 26, 2008) and stated the inventories mainly at cost determined by the weighted average method with book value written down to the lower profitability.

The effect of this change was immaterial.

(f) Property, plant and equipment

Property, plant and equipment are carried at cost and depreciated by the straight-line method (the declining-balance method for certain consolidated subsidiaries) over estimated useful lives. Useful lives are based on Japanese tax laws.

Change in accounting policy

From the fiscal year ended March 31, 2012, the Company and certain consolidated subsidiaries changed their depreciation method of property, plant and equipment from the declining-balance method to the straight-line method.

Of major investments in the domestic manufacturing facilities determined based on the Companies' earlier mid-term management plan that started in 2007 and ended in 2009, operations had started by the end of the last fiscal year, and stable operation and revenues are anticipated in the future with these investments. In addition, overseas consolidated subsidiaries mainly use the straight-line method. Considering the situations, the Company determined that the straight-line method better reflects the economic reality of property, plant and equipment usage of the Company.

As a result of this change, operating income increased by ¥19,182 million (US\$233,386 thousand) and income before income taxes and minority interests increased by ¥19,807 million (US\$240,990 thousand) for the year ended March 31, 2012 from the corresponding amounts which would have been recorded under the previous depreciation method.

(g) Intangible assets

Goodwill is amortized on the straight-line method within 20 years with the exception of minor amount which is charged to income in the year of acquisition. Patents, software and other intangible assets are amortized on the straight-line method over the estimated useful lives.

(h) Lease assets

Lease assets under finance lease arrangements which do not transfer the ownership of the leased property to the lessee are capitalized and depreciated to a residual value of zero by the straight-line method using lease period as the useful life.

Finance leases which commenced prior to March 31, 2008 and do not transfer the ownership to the lessee were accounted for as operating leases.

(i) Research and development

Expenses relating to research and development activities are charged to income as incurred. Research and development expenses were ¥122,266 million (US\$1,487,602 thousand) and ¥138,144 million for the years ended March 31, 2012 and 2011, respectively.

(j) Income taxes

Income taxes comprise corporation tax, prefectural and municipal inhabitant taxes and enterprise tax.

Deferred taxes are accounted for using the asset and liability method under which deferred tax assets and liabilities are recognized for loss carry forwards and the future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities using enacted tax rates.

Application of the consolidated taxation system

The Company and certain consolidated subsidiaries have been approved by the Commissioner of the National Tax Agency regarding the application of the consolidated taxation system from the year ending March 31, 2013. Therefore, from the fiscal year ended March 31, 2012, the Company implemented accounting treatment based on the "Practical Solution on Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 1)" (ASBJ Practical Issues Task Force No.5, issued on March 18, 2011) and the "Practical Solution on Tentative Treatment of Tax Effect Accounting under Consolidated Taxation System (Part 2)" (ASBJ Practical Issues Task Force No.7, issued on June 30, 2010) under the assumption that they would apply the consolidated taxation system.

(k) Retirement benefits

(i) Employees:

The Company and certain consolidated subsidiaries have two retirement plans in effect, a lump-sum benefit plan and a defined benefit pension plan. Under the terms of the lump-sum benefit plan, generally, all employees are entitled upon mandatory retirement or earlier voluntary severance to indemnities based on compensation at the time of severance and years of service. The Company's defined benefit pension plan is funded through outside trustees and covers all eligible employees. A certain consolidated subsidiary has a defined contribution pension plan.

The Company and certain consolidated subsidiaries provide for employees' severance and retirement benefits based on the estimated amounts of projected benefit obligations and the fair value of the pension assets.

The unrecognized actuarial differences on pension assets are amortized mainly over three years commencing the year following the current fiscal year.

Other unrecognized actuarial differences are amortized in the current fiscal year mainly over three years.

(ii) Directors and corporate auditors:

The liability for directors' and corporate auditors' retirement benefits of certain subsidiaries is provided based on the Companies' standards and ¥663 million (US\$8,067 thousand) and ¥955 million were included in the other long-term liabilities at March 31, 2012 and 2011, respectively.

(l) Allowance for doubtful accounts

Allowance for doubtful accounts is provided in amounts sufficient to cover possible losses on collection. Allowance for doubtful accounts consists of the estimated uncollectible amounts with respect to specific items, and the amount calculated using the actual percentage of collection losses in the past with respect to other items.

(m) Reserve for bonuses

To provide for payments for bonuses subsequent to the consolidated year-end date, reserves for bonuses were recorded based on the amounts expected to be paid. ¥23,096 million (US\$281,007 thousand) and ¥23,065 million were included in the other current liabilities at March 31, 2012 and 2011, respectively.

(n) Reserve for periodic repairs

The Company and several consolidated subsidiaries provide for the costs of periodic repairs of production facilities at plants. In the consolidated balance sheets ¥5,812 million (US\$70,714 thousand) and ¥10,924 million were included in "other current liabilities" and "other long-term liabilities" at March 31, 2012 and 2011, respectively.

(o) Reserve for sales rebates

The reserve for sales rebates mainly related to public programs and contracts with wholesalers is provided based on the amounts expected to be paid subsequent to the consolidated year-end date. ¥18,528 million (US\$225,429 thousand) and ¥15,875 million were included in the other current liabilities at March 31, 2012 and 2011, respectively.

(p) Net income per share

Computation of net income per share of common stock shown in the consolidated statements of operations is based on the weighted average number of shares of common stock outstanding during the period and net income available to common shareholders. The computation of dilutive net income per share of common stock is based on the weighted average number of shares of common stock outstanding increased by the number of shares which would have been outstanding assuming the translation of outstanding share subscription rights at the beginning of the period. Related interest expenses, net of income taxes, have been eliminated for the purposes of this calculation.

(q) Cash and cash equivalents

Cash and cash equivalents include cash on hand, readily available deposits and short-term investments, which are easily convertible into cash and present insignificant risk of changes in value, with original maturities of three months or less.

3. Changes in Accounting Policies

(a) Unification of accounting policies applied to associates accounted for using the equity method

Effective from the fiscal year ended March 31, 2011, the Company adopted the "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No.16, issued on March 10, 2008) and the "Practical Solution on Unification of Accounting Policies Applied to Associates Accounting for Using the Equity Method" (ASBJ Practical Issues Task Force ("PITF") No.24 issued on March 10, 2008), making necessary adjustments in the consolidation process.

The effect of this change is immaterial.

(b) Accounting standard for asset retirement obligations and its implementation guidance

Effective from the fiscal year ended March 31, 2011, the Company and consolidated domestic subsidiaries adopted the "Accounting Standard for Asset Retirement Obligations" (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).

The effect of this change is immaterial.

4. Supplementary Information

(a) Accounting standard for accounting changes and error corrections and its implementation guidance

Effective from the fiscal year ended March 31, 2012, the Company and consolidated domestic subsidiaries adopted "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24 issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24, issued on December 4, 2009) for accounting changes and corrections of prior period errors which are made from the fiscal year beginning on April 1, 2011.

(b) Accounting standard for presentation of comprehensive income

Effective March 31, 2011, the Company adopted "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No.25 issued on June 30, 2010) and "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, revised on June 20, 2010).

As a result of the adoption of these standards, the Company has presented the consolidated statement of comprehensive income in the consolidated financial statements for the fiscal year ended March 31, 2011.

5. Financial Instruments

(a) Status of financial instruments

The Companies procure funds that are required in light of investment plans and other determining factors through bank loans and corporate bonds issuance in order to carry out business inside and outside Japan, and procure short-term working funds through bank loans and commercial papers issuance.

Temporary surplus funds are to be utilized only for highly safe financial instruments with fixed yields and low probabilities of losses of principals.

Trade notes and accounts receivable are exposed to the credit risks in relation to customers, and in order to reduce such risks, the Company regularly monitors the business condition, the sales turnover, and the balance of receivables of all business counterparties by business sections of each business segment, reviews the dealing policies according to the company regulation for credit management, and aims at the grasp of customers' credit risks due to deterioration of the financial condition, etc. at the early stage and the reduction of the credit risks. Besides, the Company hedges the exchange rate risks of trade notes and accounts receivable denominated in foreign currencies arisen primarily from exporting by utilizing forward foreign exchange contracts within a certain extent in accordance with the company regulation for management of foreign currency risk.

For securities and investment securities which are mainly shares, the Companies regularly review the fair values or financial positions of the invested companies and revise the portfolio considering the relationship with them.

Among debts, short-term loans payable and commercial papers are primarily for short-term working capital. Long-term loans payable and corporate bonds are primarily for funding related to capital investment & financing and long-term working capital. Long-term loans payable with floating interest rates are exposed to the rising interest rate risks, which are hedged by interest rate swap contracts used within a certain extent.

The Companies enter into currency swap contracts to hedge exchange rate risk associated with loans denominated in foreign currencies, and commodity forward contracts to manage exposure to fluctuations in the market price of aluminum, in addition to forward foreign exchange contracts and interest rate swap contracts as stated above.

The Companies utilize derivative transactions only for risk hedging purposes and limit the amount to actual demand. The Company and certain consolidated subsidiaries establish the company regulation which stipulates the utilization purpose, policy, authorization and procedures of the derivative transactions and manage the risk arisen from the derivative transactions. Also, the Companies assess effectiveness of the hedge transactions by verifying the hedged items and the corresponding derivatives.

Fair values of financial instruments include the values based on market prices, and the values deemed as market prices obtained by the reasonable estimate when the financial instruments do not have market prices. Since certain assumptions and others are adopted for calculating such values, they may differ when adopting different assumptions and others.

(b) Fair values of financial instruments

Book values and fair values of the financial instruments on the consolidated balance sheet as of March 31, 2012 were as follows. Certain financial instruments were excluded from the following table as the fair values were not available (see Note 2 below).

	Millions of yen		
	Book value	Fair value	Difference
Cash and cash equivalents	¥ 147,051	¥ 147,051	¥ —
Short-term investments	776	776	—
Trade notes and accounts receivable	410,906	410,906	—
Securities and investment securities			
Investment in non-consolidated subsidiaries and affiliates	137,946	257,989	120,043
Available-for-sale securities	162,203	162,203	—
Long-term loans* ¹	51,183	51,183	—
Assets total	¥ 910,065	¥1,030,108	¥120,043
Short-term debt	239,533	239,533	—
Trade notes and accounts payable	227,770	227,770	—
Long-term debt* ¹	813,434	830,947	17,513
Liabilities total	¥1,280,737	¥1,298,250	¥ 17,513
Derivative transactions* ²	¥ 1,114	¥ 124	¥ (990)

	Thousands of US dollars		
	Book value	Fair value	Difference
Cash and cash equivalents	\$ 1,789,159	\$ 1,789,159	\$ —
Short-term investments	9,441	9,441	—
Trade notes and accounts receivable	4,999,465	4,999,465	—
Securities and investment securities			
Investment in non-consolidated subsidiaries and affiliates	1,678,379	3,138,934	1,460,555
Available-for-sale securities	1,973,513	1,973,513	—
Long-term loans* ¹	622,740	622,740	—
Assets total	\$11,072,697	\$12,533,252	\$1,460,555
Short-term debt	2,914,381	2,914,381	—
Trade notes and accounts payable	2,771,262	2,771,262	—
Long-term debt* ¹	9,896,995	10,110,074	213,079
Liabilities total	\$15,582,638	\$15,795,717	\$ 213,079
Derivative transactions* ²	\$ 13,554	\$ 1,509	\$ (12,045)

*1: Long-term loans and long-term debt include those due within one year.

*2: Net receivables/payables arising from derivative transactions are shown and items that are net payables are shown in parentheses.

Book values and fair values of the financial instruments on the consolidated balance sheet as of March 31, 2011 were as follows. Certain financial instruments were excluded from the following table as the fair values were not available (see Note 2 below).

	Millions of yen		
	Book value	Fair value	Difference
Cash and cash equivalents	¥ 151,609	¥ 151,609	¥ —
Short-term investments	1,054	1,054	—
Trade notes and accounts receivable	413,773	413,773	—
Securities and investment securities			
Held-to-maturity debt securities	1,997	2,004	7
Investment in non-consolidated subsidiaries and affiliates	167,200	248,099	80,899
Available-for-sale securities	174,392	174,392	—
Long-term loans* ¹	51,817	51,817	—
Assets total	¥ 961,842	¥1,042,748	¥80,906
Short-term debt	258,987	258,987	—
Trade notes and accounts payable	227,987	227,987	—
Long-term debt* ¹	781,347	793,750	12,403
Liabilities total	¥1,268,321	¥1,280,724	¥12,403
Derivative transactions* ²	¥ 331	¥ (612)	¥ (943)

*1: Long-term loans and long-term debt include those due within one year.

*2: Net receivables/payables arising from derivative transactions are shown and items that are net payables are shown in parentheses.

(Note 1): Fair values of financial instruments, and matters pertaining to securities and derivative transactions

Assets

Cash and cash equivalents, Short-term investments and Trade notes and accounts receivable

The book values approximate the fair values because of short-term maturities of these instruments.

Securities and investment securities

The market prices and quoted prices were used for shares and bonds except certain deposits with short-term maturity, which were at the book values.

See the notes on "7. Securities."

Long-term loans

The discounted cash flow method was used to estimate fair values, based on discount rates calculated as totals of appropriate baseline rates and credit risk spreads.

Liabilities

Short-term debt, Trade notes and accounts payable

The book values approximate the fair values because of short-term settlement of these instruments.

Long-term debt

The discounted cash flow method was used for bank loans to estimate fair values, based on marginal borrowing rates as discount rates, and market prices were used for corporate bonds.

Derivative transactions

See the notes on "11. Derivative Transactions and Hedge Accounting."

(Note 2): The financial instruments excluded from the table as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of US dollars
	2012	2011	2012
Unlisted equity securities	¥72,983	¥69,750	\$887,979
Preferred securities	12,346	13,001	150,213
Other	1,873	2,050	22,789

These instruments were not included in securities and investment securities as the fair values were not available.

(Note 3): Financial assets subject to redemption at maturities subsequent to March 31, 2012 were as follows:

	Millions of yen			
	Within one year	Over one year but within five years	Over five years but within 10 years	Over 10 years
Cash and cash equivalents	¥113,725	¥ —	¥ —	¥ —
Short-term investments	776	—	—	—
Trade notes and accounts receivable	410,025	881	—	—
Securities and investment securities				
Available-for-sale securities				
Government bonds and municipal bonds	2,721	—	—	—
Bonds	17,171	81	—	—
Other bonds	—	—	—	40
Other	3,100	—	—	—
Long-term loans*	71	807	81	88
Total	¥547,589	¥1,769	¥81	¥128

	Thousands of US dollars			
	Within one year	Over one year but within five years	Over five years but within 10 years	Over 10 years
Cash and cash equivalents	\$1,383,684	\$ —	\$ —	\$ —
Short-term investments	9,441	—	—	—
Trade notes and accounts receivable	4,988,746	10,719	—	—
Securities and investment securities				
Available-for-sale securities				
Government bonds and municipal bonds	33,106	—	—	—
Bonds	208,918	985	—	—
Other bonds	—	—	—	486
Other	37,718	—	—	—
Long-term loans*	864	9,819	986	1,071
Total	\$6,662,477	\$21,523	\$986	\$1,557

* A long-term loan of ¥50,136 million (US\$ 610,000 thousand) to Rabigh Refining and Petrochemical Company (an affiliated company of the Company) was a subordinated loan subject to the terms and conditions stipulated in the project finance agreement concerning "The Rabigh Phase I Project." The loan was not included in the above schedule, because the future cash flows of the said company were uncertain and the repayment schedule could not be determined at the consolidated year-end date.

Financial assets subject to redemption at maturities subsequent to March 31, 2011 were as follows:

	Millions of yen			
	Within one year	Over one year but within five years	Over five years but within 10 years	Over 10 years
Cash and cash equivalents	¥124,180	¥ —	¥ —	¥ —
Short-term investments	1,054	—	—	—
Trade notes and accounts receivable	412,308	1,465	—	—
Securities and investment securities				
Held-to-maturity debt securities				
Bonds	1,997	—	—	—
Available-for-sale securities				
Government bonds and municipal bonds	2,173	—	—	—
Bonds	13,161	820	—	—
Other bonds	5,660	—	—	51
Other	4,350	—	—	—
Long-term loans*	96	714	175	110
Total	¥564,979	¥2,999	¥175	¥161

* A long-term loan of ¥50,722 million to Rabigh Refining and Petrochemical Company (an affiliated company of the Company) was a subordinated loan subject to the terms and conditions stipulated in the project finance agreement concerning "The Rabigh Phase I Project." The loan was not included in the above schedule, because the future cash flows of the said company were uncertain and the repayment schedule could not be determined at the consolidated year-end date.

(Note 4): See the notes on "9. Short-term Debt and Long-term Debt" for the aggregate annual maturities of long-term debt after the consolidated year-end date.

6. Inventories

Inventories as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of US dollars
	2012	2011	2012
Merchandise and finished goods	¥287,088	¥259,206	\$3,492,980
Work in process	12,864	12,587	156,515
Raw materials and supplies	82,440	86,353	1,003,042
Total	¥382,392	¥358,146	\$4,652,537

7. Securities

Securities with available fair values included in securities and investment securities as of March 31, 2012 were as follows:

Available-for-sale securities

(a) Securities with book values exceeding acquisition cost

	Millions of yen		
	Book value	Acquisition cost	Difference
Equity securities	¥127,973	¥35,590	¥92,383
Other securities	5,118	5,100	18
Total	¥133,091	¥40,690	¥92,401

	Thousands of US dollars		
	Book value	Acquisition cost	Difference
Equity securities	\$1,557,039	\$433,021	\$1,124,018
Other securities	62,270	62,051	219
Total	\$1,619,309	\$495,072	\$1,124,237

(b) Securities with book values not exceeding acquisition cost

	Millions of yen		
	Book value	Acquisition cost	Difference
Equity securities	¥10,634	¥12,161	¥(1,527)
Other securities	14,895	15,059	(164)
Other	3,583	3,600	(17)
Total	¥29,112	¥30,820	¥(1,708)

	Thousands of US dollars		
	Book value	Acquisition cost	Difference
Equity securities	\$129,383	\$147,962	\$(18,579)
Other securities	181,226	183,222	(1,996)
Other	43,595	43,801	(206)
Total	\$354,204	\$374,985	\$(20,781)

Total sales of available-for-sale securities

	Millions of yen		
	Amount of sales	Gain on sales	Loss on sales
Equity securities	¥11,498	¥9,835	¥(1)
Other securities	39,811	118	—
Total	¥51,309	¥9,953	¥(1)

	Thousands of US dollars		
	Amount of sales	Gain on sales	Loss on sales
Equity securities	\$139,895	\$119,662	\$(12)
Other securities	484,378	1,436	—
Total	\$624,273	\$121,097	\$(12)

Securities with available fair values included in securities and investment securities as of March 31, 2011 were as follows:

Held-to-maturity debt securities

(a) Securities with available fair value exceeding their book value

	Millions of yen		
	Book value	Fair value	Difference
Bonds	¥997	¥1,005	¥8

(b) Securities with available fair value not exceeding their book value

	Millions of yen		
	Book value	Fair value	Difference
Bonds	¥1,000	¥999	¥(1)

Available-for-sale securities

(a) Securities with book values exceeding acquisition cost

	Millions of yen		
	Book value	Acquisition cost	Difference
Equity securities	¥139,902	¥39,795	¥100,107
Other securities	10,676	10,548	128
Total	¥150,578	¥50,343	¥100,235

(b) Securities with book values not exceeding acquisition cost

	Millions of yen		
	Book value	Acquisition cost	Difference
Equity securities	¥ 7,793	¥10,006	¥(2,213)
Other securities	11,191	11,443	(252)
Other	4,830	4,849	(19)
Total	¥23,814	¥26,298	¥(2,484)

Total sales of available-for-sale securities

	Millions of yen		
	Amount of sales	Gain on sales	Loss on sales
Equity securities	¥ 81	¥ 5	¥(27)
Other securities	11,360	31	—
Total	¥11,441	¥36	¥(27)

8. Investments in Related Companies

Investments in non-consolidated subsidiaries and affiliates included in the consolidated balance sheet as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of US dollars
	2012	2011	2012
Investment securities	¥195,709	¥221,264	\$2,381,178
Other non-current assets	2,060	2,656	25,064
Total	¥197,769	¥223,920	\$2,406,242

9. Short-term Debt and Long-term Debt

Interest rates on short-term bank loans ranged from 0.28% to 12.00% and from 0.28% to 9.80% as of March 31, 2012 and 2011, respectively.

Short-term debt as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of US dollars
	2012	2011	2012
Bank loans	¥119,533	¥154,987	\$1,454,349
Commercial paper	120,000	104,000	1,460,032
Total	¥239,533	¥258,987	\$2,914,381

Long-term debt as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen	Thousands of US dollars
	2012	2012
0.53%-2.14% debentures due through 2021	¥397,000	\$4,830,272
0.30%-8.46% long-term bank loans payable due through 2025	416,434	5,066,723
Subtotal	813,434	9,896,995
Less amounts due within one year	(130,693)	(1,590,133)
Total	¥682,741	\$8,306,862

	Millions of yen
	2011
0.64% Euro notes under medium-term note programs due through 2011	¥ 978
0.44%-2.14% debentures due through 2020	377,000
0.30%-7.13% long-term bank loans payable due through 2025	403,369
Subtotal	781,347
Less amounts due within one year	(80,121)
Total	¥701,226

Long-term debt of redemption at maturities subsequent to March 31, 2012 and 2011 were as follows:

	Millions of yen	Thousands of US dollars
	2012	2012
2013	¥130,693	\$1,590,133
2014	117,142	1,425,258
2015	124,212	1,511,279
2016	103,271	1,256,491
2017	93,657	1,139,518
2018 and thereafter	244,459	2,974,316
Total	¥813,434	\$9,896,995

	Millions of yen
	2011
2012	¥ 80,121
2013	123,020
2014	114,051
2015	120,904
2016	99,901
2017 and thereafter	243,350
Total	¥781,347

As of March 31, 2012 and 2011, assets pledged as collateral for short-term debt, long-term debt and others were as follows:

	Millions of yen		Thousands of US dollars
	2012	2011	2012
Property, plant and equipment, net of accumulated depreciation	¥27,264	¥22,656	\$ 331,719
Investment securities	57,847	61,974	703,821
Total	¥85,111	¥84,630	\$1,035,540
Liabilities secured thereby	¥18,117	¥14,274	\$ 220,428

* ¥57,669 million (US\$701,655 thousand) and ¥61,523 million of investment securities pledged as collateral for affiliates' debt amounted to ¥226,713 million (US\$2,758,401 thousand) and ¥243,342 million are subjected to real guarantee as of March 31, 2012 and 2011, respectively.

10. Leases

Finance leases commenced prior to April 1, 2008 which do not transfer ownership of leased assets to lessees are accounted for as operating leases.

Assumed amounts of acquisition cost and accumulated depreciation as of March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of US dollars
	2012	2011	2012
Machinery and equipment	¥650	¥1,508	\$7,908
Less accumulated depreciation and amortization	(583)	(1,249)	(7,093)
Total	¥ 67	¥ 259	\$ 815

Assumed depreciation charges of ¥191 million (US\$2,324 thousand) and ¥505 million for the years ended March 31, 2012 and 2011, respectively, are computed by the straight-line method over the lease terms assuming no residual value.

Lease payments in the years ended March 31, 2012 and 2011 were ¥201 million (US\$2,446 thousand) and ¥518 million, respectively.

Obligations under non-capitalized finance leases as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of US dollars
	2012	2011	2012
Due within one year	¥57	¥196	\$694
Due after one year	12	69	146
Total	¥69	¥265	\$840

Obligations under operating leases as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of US dollars
	2012	2011	2012
Due within one year	¥ 2,203	¥ 2,124	\$ 26,804
Due after one year	16,982	16,001	206,619
Total	¥19,185	¥18,125	\$233,423

11. Derivative Transactions and Hedge Accounting

The contract amounts and fair values of derivative transactions as of March 31, 2012 were as follows:

Hedge accounting applied

(a) Currency-related derivative transactions

Main items hedged by foreign exchange forward contracts and currency swap contracts are trade accounts receivable and payable and loans payable, respectively.

Transaction type	Millions of yen		
	Contract amounts, etc.		Fair value
	Total	Due over one year	
Foreign exchange forward contracts			
Sell contracts			
USD	¥ 6,923	¥—	¥(13)
EUR	562	—	(21)
Other	152	—	2
Buy contracts			
NZD	2,119	—	12
USD	220	—	(4)
Other	10,610	—	(6)
Currency swap contract			
Pay USD, receive JPY	1,058	—	1
Total	¥21,644	¥—	¥(29)

Transaction type	Thousands of US dollars		
	Contract amounts, etc.		Fair value
	Total	Due over one year	
Foreign exchange forward contracts			
Sell contracts			
USD	\$ 84,232	\$—	\$(158)
EUR	6,838	—	(256)
Other	1,849	—	24
Buy contracts			
NZD	25,782	—	146
USD	2,677	—	(49)
Other	129,090	—	(72)
Currency swap contract			
Pay USD, receive JPY	12,873	—	12
Total	\$263,341	\$—	\$(353)

The following foreign exchange forward contracts meet certain conditions and their corresponding hedged items are stated by the forward exchange contract rates. Main items hedged are trade accounts receivable and payable, and their fair values are included in those of their hedged items in the notes of "5. Financial Instruments."

Transaction type	Millions of yen		
	Contract amounts, etc.		Fair value
	Total	Due over one year	
Foreign exchange forward contracts			
Sell contracts			
USD	¥21,851	¥—	¥—
EUR	2,583	—	—
Other	144	—	—
Buy contracts			
USD	5,848	—	—
Other	47	—	—
Total	¥30,473	¥—	¥—

Transaction type	Thousands of US dollars		
	Contract amounts, etc.		Fair value
	Total	Due over one year	
Foreign exchange forward contracts			
Sell contracts			
USD	\$265,860	\$—	\$—
EUR	31,427	—	—
Other	1,752	—	—
Buy contracts			
USD	71,152	—	—
Other	572	—	—
Total	\$370,763	\$—	\$—

(b) Interest-related derivative transactions

The following interest rate swap contracts are used as hedges and meet certain hedging criteria. The net amount to be paid or received under these interest rate swap contracts is added to or deducted from the interests on the assets or liabilities for which these interest rate swap contracts were executed. Main items hedged are loans payable.

Transaction type	Millions of yen		
	Contract amounts, etc.		Fair value
	Total	Due over one year	
Interest rate swap contracts			
Pay fixed rate, receive floating rate	¥62,593	¥42,495	¥(990)

Transaction type	Thousands of US dollars		
	Contract amounts, etc.		Fair value
	Total	Due over one year	
Interest rate swap contracts			
Pay fixed rate, receive floating rate	\$761,565	\$517,034	\$(12,045)

(c) Commodity-related derivative transactions

Main items hedged are trade accounts receivable and payable arisen from sales and purchase transactions of aluminum.

Transaction type	Millions of yen		
	Contract amounts, etc.		Fair value
	Total	Due over one year	
Commodity forward contracts			
Sell contracts			
Metals	¥12,607	¥4,053	¥1,544
Buy contracts			
Metals	7,840	1,184	(401)
Total	¥20,447	¥5,237	¥1,143

Transaction type	Thousands of US dollars		
	Contract amounts, etc.		Fair value
	Total	Due over one year	
Commodity forward contracts			
Sell contracts			
Metals	\$153,388	\$49,312	\$18,786
Buy contracts			
Metals	95,389	14,406	(4,879)
Total	\$248,777	\$63,718	\$13,907

The contract amounts and fair values of derivative transactions as of March 31, 2011 were as follows:

Hedge accounting applied

(a) Currency-related derivative transactions

Main items hedged by foreign exchange forward contracts and currency swap contracts are trade accounts receivable and payable and loans payable, respectively.

Transaction type	Millions of yen		
	Contract amounts, etc.		Fair value
	Total	Due over one year	
Foreign exchange forward contracts			
Sell contracts			
USD	¥16,791	¥ —	¥224
EUR	398	—	2
Other	209	—	8
Buy contracts			
NZD	1,732	—	(10)
USD	365	—	(12)
Other	10,629	—	146
Currency swap contract			
Pay USD, receive JPY	1,011	—	9
Total	¥31,135	¥ —	¥367

The following foreign exchange forward contracts meet certain conditions and their corresponding hedged items are stated by the forward exchange contract rates. Main items hedged are trade accounts receivable and payable, and their fair values are included in those of their hedged items in the notes of "5. Financial Instruments."

Transaction type	Millions of yen		
	Contract amounts, etc.		Fair value
	Total	Due over one year	
Foreign exchange forward contracts			
Sell contracts			
USD	¥24,565	¥ —	¥ —
EUR	1,865	—	—
Other	171	—	—
Buy contracts			
USD	4,900	—	—
Other	41	—	—
Total	¥31,542	¥ —	¥ —

(b) Interest-related derivative transactions

The following interest rate swap contracts are used as hedges and meet certain hedging criteria. The net amount to be paid or received under these interest rate swap contracts is added to or deducted from the interests on the assets or liabilities for which these interest rate swap contracts were executed. Main items hedged are loans payable.

Transaction type	Millions of yen		
	Contract amounts, etc.		Fair value
	Total	Due over one year	
Interest rate swap contracts			
Pay fixed rate, receive floating rate	¥73,691	¥49,400	¥(943)

(c) Commodity-related derivative transactions

Main items hedged are trade accounts receivable and payable arisen from sales and purchase transactions of aluminum.

Transaction type	Millions of yen		
	Contract amounts, etc.		Fair value
	Total	Due over one year	
Commodity forward contracts			
Sell contracts			
Metals	¥13,995	¥5,749	¥(1,433)
Buy contracts			
Metals	9,096	1,415	1,397
Total	¥23,091	¥7,164	¥ (36)

12. Impairment Loss

The Companies recognized impairment losses on fixed assets for the year ended March 31, 2012 as follows:

Location	Usage purpose	Type of assets	Millions of yen	Thousands of US dollars
			2012	2012
U.S.	Exclusive rights with respect to pharmaceuticals	Patents	¥2,338	\$28,446
Chiba, Japan	Propylene oxide production facilities	Buildings, structures, machinery and equipment, etc.	1,257	15,294
Total			¥3,595	\$43,740

The Companies group business assets based on business segments (of these assets, certain intangible assets are grouped individually based on each asset), and idle assets based on each asset.

A certain consolidated subsidiary assessed patents, recoverability of which was deemed to be lacking in future profitability, and recognized a part of their unamortized balance as impairment losses. The recoverable amounts of these assets were measured at their value in use and the discount rate used for computation of the present value of future cash flows was 13.0%.

The Company recognized impairment losses on the production facilities of business with decreased profitability, writing them down to the recoverable amounts. The recoverable amounts of these assets were measured at their value in use and the discount rate used for computation of the present value of future cash flows was 4.7%.

The Companies recognized impairment losses on fixed assets for the year ended March 31, 2011 as follows:

Location	Usage purpose	Type of assets	Millions of yen
			2011
U.S.	Exclusive rights with respect to pharmaceuticals	Patents	¥2,180
Osaka, Japan	Idle assets	Buildings, machinery and equipment, etc.	274
Mie, Japan	Idle assets	Buildings, machinery and equipment, etc.	792
Total			¥3,247

The Companies group business assets based on business segments (of these assets, certain intangible assets are grouped individually based on each asset), and idle assets based on each asset. A certain consolidated subsidiary assessed patents, recoverability of which was deemed to be lacking in future profitability at zero. The idle assets are normally written down to recoverable amounts which are measured at net realizable value, while these idle assets were assessed according to their memorandum prices in light of the low likelihood that they could be sold.

13. Retirement Benefits

The liabilities for retirement benefits included in the liability section of the consolidated balance sheets as of March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of US dollars
	2012	2011	2012
Projected retirement benefit obligation	¥(267,055)	¥(265,942)	\$(3,249,240)
Plan assets	264,654	265,050	3,220,027
Unfunded retirement benefit obligation	(2,401)	(892)	(29,213)
Unrecognized actuarial differences	(2,266)	35	(27,570)
Unrecognized prior service cost	258	225	3,139
Net amount recognized	(4,409)	(632)	(53,644)
Prepaid pension expense	27,590	28,822	335,686
Provision for employees' retirement benefits	¥ (31,999)	¥ (29,454)	\$ (389,330)

The prepaid pension expense is included in other non-current assets.

Net periodic costs for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of US dollars
	2012	2011	2012
Service cost	¥ 9,978	¥ 9,892	\$121,402
Interest cost	5,387	5,378	65,543
Expected return on retirement benefit plan assets	(5,439)	(5,539)	(66,176)
Amortization of actuarial differences	3,660	13,376	44,531
Amortization of prior service cost	110	(405)	1,338
Net periodic cost	13,696	22,702	166,638
Other	2,220	2,625	27,011
Total	¥15,916	¥25,327	\$193,649

The assumptions and basis used for the calculation of retirement benefit obligation were mainly as follows:

	2012	2011
Discount rate	2.1%	2.1%
Expected return rate for plan assets	2.1%	2.1%
Amortization period for actuarial differences	3 years	3 years
Amortization period for prior service cost	3 years	3 years

The estimated amount of all retirement benefits to be paid at future retirement dates is allocated equally to each service year using the estimated number of total service years.

14. Loss of Equity Method Investments

The Company recognized a one-time amortization of goodwill of an affiliate due to a write-down of investment in the affiliate on a non-consolidated basis.

15. Restructuring Charges

Restructuring charges for the years of 2012 and 2011 were as follows:

	Millions of yen		Thousands of US dollars
	2012	2011	2012
Loss on disposal of property, plant and equipment	¥3,771	¥3,473	\$45,882
Loss on investments in related companies	1,359	594	16,535
Restructuring expenses of a subsidiary's business operation	1,224	—	14,892
Total	¥6,354	¥4,067	\$77,309

16. Deferred Taxes

Main components of deferred tax assets and liabilities as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of US dollars
	2012	2011	2012
Tax loss carryforwards	¥ 56,269	¥ 66,579	\$ 684,621
Depreciation and amortization	17,824	21,512	216,863
Retirement benefits	16,573	19,935	201,643
Prepaid research and development expenses	11,285	12,066	137,304
Tax credit for research and development expenses	10,446	8,309	127,096
Accrued bonuses	8,142	8,445	99,063
Inventories	6,631	7,252	80,679
Impairment loss on fixed assets	5,779	6,420	70,313
Unrealized intercompany profit	4,518	4,447	54,970
Allowance for repairs	1,505	4,266	18,311
Other	33,016	30,958	401,703
Subtotal	171,988	190,189	2,092,566
(Valuation allowance)	(43,822)	(61,639)	(533,179)
Total deferred tax assets	128,166	128,550	1,559,387
Unrealized gains on investment securities	(31,252)	(38,354)	(380,241)
Valuation differences due to an application of purchase accounting method	(17,882)	(29,505)	(217,569)
Prepaid pension expenses	(9,744)	(11,587)	(118,555)
Gain on contribution of securities to retirement benefit trust	(2,958)	(3,321)	(35,990)
Deferred gain on property, plant and equipment	(1,282)	(5,883)	(15,598)
Other	(5,791)	(5,856)	(70,458)
Total deferred tax liabilities	(68,909)	(94,506)	(838,411)
Net deferred tax assets	¥ 59,257	¥ 34,044	\$ 720,976

Main items in the reconciliations of the normal income tax rate to the effective income tax rate for the years ended March 31, 2012 and 2011 were as follows:

	2012	2011
Statutory income tax rate in Japan	40.7%	40.7%
Permanently non-deductible expenses	10.7	2.9
Permanently non-taxable dividends received	(6.5)	(1.2)
Equity in (earnings) losses of affiliates	38.8	(5.8)
R&D expenses deductible from income taxes	(17.1)	(6.2)
Change in valuation allowance	(50.4)	22.2
Change in income tax rate	20.0	—
Other	(1.5)	(6.6)
Effective income tax rate	34.7%	46.0%

Adjustment of deferred tax assets and liabilities for enacted changes in tax laws and rates

On December 2, 2011, amendments to the Japanese tax regulations were enacted into law. Based on the amendments, the statutory income tax rates utilized for the measurement of deferred tax assets and liabilities expected to be settled or realized from April 1, 2012 to March 31, 2015 and on or after April 1, 2015 are 38.0% and 35.6%, respectively, as of March 31, 2012. Due to these changes in statutory income tax rates, net deferred tax assets decreased by ¥534 million (US\$6,497 thousand) as of March 31, 2012, and deferred income tax expense recognized for the year ended March 31, 2012, valuation difference on available-for-sale securities and deferred gains or losses on hedges as of March 31, 2012 increased by ¥4,778 million (US\$58,134 thousand), ¥4,221 million (US\$51,357 thousand) and ¥23 million (US\$280 thousand), respectively.

17. Net Assets

Under the Companies Act, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital, depending on the equity account charged upon payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the aggregate amount of additional paid-in capital and legal reserve that exceeds 25% of common stock may be made available for dividends by resolution of the shareholders. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation of such threshold. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the Board of Directors meeting of the Company held on May 10, 2012, year-end cash dividends amounting to ¥4,907 million (US\$59,703 thousand) were resolved. Such distributions were not accrued in the consolidated financial statements as of March 31, 2012 and recognized in the period in which they were resolved.

18. Contingent Liabilities

The Companies guaranteed debt of affiliated companies and third parties in the ordinary course of business. Should the guaranteed parties fail to make payments, the Companies would be required to make such payments under those guarantees.

As of March 31, 2012 and 2011, the Companies were contingently liable as follows:

	Millions of yen		Thousands of US dollars
	2012	2011	2012
As guarantor of project completion	¥226,713	¥243,342	\$2,758,401
As guarantor of indebtedness	7,950	3,875	96,727
Total	¥234,663	¥247,217	\$2,855,128

The Company guaranteed debt of its affiliated company, Rabigh Refining and Petrochemical Company, concerning "The Rabigh Phase I Project" in Saudi Arabia and the amounts of the contingent liability were ¥226,713 million (US\$2,758,401 thousand) and ¥243,342 million as of March 31, 2012 and 2011, respectively.

19. Land Revaluation Reserve

Certain affiliates, accounted for by the equity method, revalued land under the Land Revaluation Law and recorded unrealized gains on revaluation, net of tax, as a revaluation reserve directly in net assets. Investments in these affiliates increased in an amount equal to the Companies' equity in their reserves, as presented as land revaluation reserve.

20. Supplementary Comprehensive Income Information

Amounts reclassified to net income (loss) in the current period that were recognized in other comprehensive income in the current or previous periods and tax effects for each component of other comprehensive income were as follows:

	Millions of yen	Thousands of US dollars
	2012	2012
Valuation difference on available-for-sale securities		
Increase during the year	¥ 2,442	\$ 29,712
Reclassification adjustments	(9,372)	(114,029)
Sub-total, before tax	(6,930)	(84,317)
Tax benefit	7,047	85,740
Sub-total, net of tax	117	1,423
Deferred gains on hedges		
Increase during the year	782	9,515
Reclassification adjustments	(366)	(4,454)
Adjustments of acquisition cost of assets	761	9,259
Sub-total, before tax	1,177	14,320
Tax expense	(447)	(5,438)
Sub-total, net of tax	730	8,882
Foreign currency translation adjustment		
Decrease during the year	(21,327)	(259,484)
Reclassification adjustments	398	4,842
Sub-total, before tax	(20,929)	(254,642)
Tax benefit	—	—
Sub-total, net of tax	(20,929)	(254,642)
Share of other comprehensive income of associates accounted for using equity method		
Decrease during the year	(6,162)	(74,973)
Reclassification adjustments	121	1,473
Sub-total, before tax	(6,041)	(73,500)
Total other comprehensive income	¥(26,123)	\$(317,837)

21. Supplementary Cash Flow Information

Cash and cash equivalents

As of March 31, 2012 and 2011, cash and cash equivalents were as follows:

	Millions of yen		Thousands of US dollars
	2012	2011	2012
Cash	¥ 67,825	¥ 82,692	\$ 825,222
Cash equivalents	79,226	68,917	963,937
Total	¥147,051	¥151,609	\$1,789,159

22. Related Party Transactions

Major transactions of the Company with Rabigh Refining and Petrochemical Company (an affiliated company of the Company) for the years ended March 31, 2012 and 2011 were summarized as follows:

	Millions of yen		Thousands of US dollars
	2012	2011	2012
Interest and dividend income	¥921	¥1,016	\$11,206

The balances due to or from Rabigh Refining and Petrochemical Company as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of US dollars
	2012	2011	2012
Contingent liabilities	¥226,713	¥243,342	\$2,758,401
Pledged assets	226,713	243,342	2,758,401
Long-term loans	50,136	50,722	610,001
Accrued interest receivable	4,123	3,207	50,164

Financial summary of Rabigh Refining and Petrochemical Company, a significant affiliated company, for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of US dollars
	2012	2011	2012
Balance Sheets			
Current assets	¥337,652	¥265,863	\$4,108,188
Non-current assets	697,273	762,619	8,483,672
Current liabilities	368,690	296,924	4,485,826
Long-term liabilities	498,371	557,181	6,063,645
Net assets	¥167,864	¥174,377	\$2,042,390
	Millions of yen		Thousands of US dollars
	2012	2011	2012
Statements of Operations			
Net sales	¥1,137,460	¥1,098,348	\$13,839,397
Income before income taxes	1,404	4,897	17,082
Net income	1,404	4,897	17,082

23. Net Income per Share

A reconciliation of the numerators and denominators of the basic and diluted net income per share computations for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of US dollars
	2012	2011	2012
Income (Numerator)			
Net income – basic	¥5,587	¥24,434	\$67,977
Net income – diluted	—	—	—
	Number of shares		
	2012	2011	
Shares (Denominator)			
Average shares – basic	1,634,672,283	1,644,240,638	
Average shares – diluted	—	—	
	Yen		US dollars
	2012	2011	2012
Net income per share			
Basic	¥3.42	¥14.86	\$0.042
Diluted	—	—	—

24. Segment Information

(a) General information about reported segments

The reported segments of the Companies refer to business units for which separate financial information is available and are reviewed regularly at the Board of Directors meeting in order to determine distribution of management resources and evaluate business results by each reported segment.

The Companies position segments, identified by products and services, which manage operating, sales and research in an integrated manner. Each business segment proposes comprehensive domestic and overseas strategies with respect to products and services, and operates its business activities.

The Companies consist of five segments identified by products and services, including "Basic Chemicals," "Petrochemicals & Plastics," "IT-related Chemicals," "Health & Crop Sciences" and "Pharmaceuticals."

The major products and services of each reported segment are as follows:

Reported Segments	Major Products and Services
Basic Chemicals	Inorganic chemicals, raw materials for synthetic fibers, organic chemicals, methyl methacrylate products, alumina products, aluminum, functional materials, additives, dyestuffs, etc.
Petrochemicals & Plastics	Petrochemical products, synthetic resins, synthetic rubber, synthetic resin processing products, etc.
IT-related Chemicals	Optical products, color filters, semiconductor processing materials, electronic materials, compound semiconductor materials, battery materials, etc.
Health & Crop Sciences	Crop protection chemicals, fertilizers, agricultural materials, household and public hygiene insecticides, materials for protection against tropical diseases, feed additives, pharmaceutical chemicals, etc.
Pharmaceuticals	Pharmaceuticals for medical treatment, radiopharmaceuticals, etc.

Change in Reported Segments Classification Methods

As of April 1, 2011, the Fine Chemicals Segment was eliminated, and functional materials, additives, and dyestuffs that had been included in this segment were transferred to the Basic Chemicals Segment. In addition, pharmaceutical chemicals, which had also been included in this segment, were transferred to the Agricultural Chemicals Segment. Following this change, the Agricultural Chemicals Segment changed its name to the Health & Crop Sciences Segment. The businesses of consolidated subsidiaries in the Pharmaceuticals Segment that had been included in the Others Segment were transferred to the Pharmaceuticals Segment.

(b) Basis of measurement about reported segment profit or loss, segment assets and other material items

The accounting methods for each reported segment are almost the same as those set forth in the "Significant Accounting Policies." The segment profit or loss for each reported segment is in conformity to the operating income of consolidated statements of income.

Moreover, inter-segment revenues and transfers are based on market prices.

Change in the method of depreciation of property, plant and equipment (except for leased assets)

As described in Note 2 (f), the Company and certain consolidated subsidiaries have changed their depreciation method of property, plant and equipment (except for leased assets) from the declining-balance method to the straight-line method. As a result of this change, segment profit increased by ¥5,418 million (US\$65,920 thousand) in the Basic Chemicals Segment, by ¥2,917 million (US\$35,491 thousand) in the Petrochemicals & Plastics Segment, by ¥4,939 million (US\$60,092 thousand) in the IT-related Chemicals Segment, by ¥3,670 million (US\$44,653 thousand) in the Health & Crop Sciences Segment, by ¥85 million (US\$1,034 thousand) in the Pharmaceuticals Segment and by ¥10 million (US\$122 thousand) in the Others Segment for the year ended March 31, 2012 from the corresponding amounts which would have been recorded under the previous method, and corporate expenses unallocated to each reported segment decreased by ¥2,143 million (US\$26,074 thousand) in Adjustments.

(c) Information about reported segment profit or loss, segment assets and other material items

Segment information as of and for the fiscal year ended March 31, 2012 is as follows:

	Millions of yen								
	Segment information by product group						Others	Adjustments	Consolidated
	Basic Chemicals	Petrochemicals & Plastics	IT-related Chemicals	Health & Crop Sciences	Pharmaceuticals	Total			
Year ended March 31, 2012									
Revenue from customers	¥284,348	¥672,428	¥293,066	¥264,134	¥380,518	¥1,894,494	¥ 53,390	¥ —	¥1,947,884
Inter-segment revenues and transfers	15,155	7,181	4,390	5,597	13	32,336	58,830	(91,166)	—
Total sales	299,503	679,609	297,456	269,731	380,531	1,926,830	112,220	(91,166)	1,947,884
Segment profit	¥ 9,349	¥ 6,155	¥ 10,968	¥ 26,495	¥ 20,918	¥ 73,885	¥ 7,720	¥(20,917)	¥ 60,688
Assets	¥302,372	¥554,366	¥265,023	¥330,036	¥626,621	¥2,078,418	¥195,626	¥ 62,909	¥2,336,953
Depreciation and amortization	14,094	14,115	14,451	12,126	38,535	93,321	6,945	7,082	107,348
Amortization of goodwill	148	—	81	2,512	3,764	6,505	5	1,032	7,542
Investment on affiliates applied to the equity method	10,581	80,810	3,958	27,915	10,272	133,536	58,619	—	192,155
Expenditure for addition to tangible and intangible assets	24,510	19,584	66,880	19,282	11,340	141,596	3,241	10,240	155,077

	Thousands of US dollars								
	Segment information by product group						Others	Adjustments	Consolidated
	Basic Chemicals	Petrochemicals & Plastics	IT-related Chemicals	Health & Crop Sciences	Pharmaceuticals	Total			
Year ended March 31, 2012									
Revenue from customers	\$3,459,642	\$8,181,384	\$3,565,714	\$3,213,700	\$4,629,736	\$23,050,176	\$ 649,593	\$ —	\$23,699,769
Inter-segment revenues and transfers	184,390	87,371	53,413	68,098	158	393,430	715,780	(1,109,210)	—
Total sales	3,644,032	8,268,755	3,619,127	3,281,798	4,629,894	23,443,606	1,365,373	(1,109,210)	23,699,769
Segment profit	\$ 113,749	\$ 74,887	\$ 133,447	\$ 322,363	\$ 254,508	\$ 898,954	\$ 93,929	\$ (254,496)	\$ 738,387
Assets	\$3,678,939	\$6,744,933	\$3,224,516	\$4,015,525	\$7,624,054	\$25,287,967	\$2,380,168	\$ 765,409	\$28,433,544
Depreciation and amortization	171,481	171,736	175,824	147,536	468,853	1,135,430	84,500	86,166	1,306,096
Amortization of goodwill	1,801	—	986	30,563	45,796	79,146	61	12,556	91,763
Investment on affiliates applied to the equity method	128,738	983,209	48,157	339,640	124,979	1,624,723	713,213	—	2,337,936
Expenditure for addition to tangible and intangible assets	298,212	238,277	813,724	234,603	137,973	1,722,789	39,433	124,589	1,886,811

(Note 1): "Others" presents businesses such as supplying electrical power and steam, providing services for the design, engineering and construction management of chemical plants, providing transport and warehousing, and conducting materials and environmental analysis, which are not included in reported segments.

(Note 2): Adjustments amounts were as follows.

- (i) Adjustments amount of ¥(20,917) million (US\$(254,496) thousand) for segment profit included inter-segment elimination of ¥469 million (US\$5,706 thousand) and corporate expenses of ¥(21,386) million (US\$(260,202) thousand) unallocated to each reported segment. Corporate expenses were mainly R&D expenses for company-wide research, which are not attributed to reported segments.
- (ii) Adjustments amount of segment assets was ¥62,909 million (US\$765,409 thousand), which included ¥(115,814) million (US\$(1,409,101) thousand) eliminations of inter-segment receivables and assets, and ¥178,723 million (US\$2,174,510 thousand) of corporate assets unallocated to each reported segment. Corporate assets mainly consist of cash and deposits, investment securities, deferred tax assets and the assets related to R&D activities for company-wide research.
- (iii) Adjustments amount of depreciation and amortization was ¥7,082 million (US\$86,166 thousand), mainly related to the assets arising from R&D activities for company-wide research unallocated to each reported segment.
- (iv) Adjustments amount of amortization of goodwill was ¥1,032 million (US\$12,556 thousand), related to the goodwill arising from R&D activities for company-wide research unallocated to each reported segment.
- (v) Adjustments amount of expenditure for addition to tangible and intangible assets was ¥10,240 million (US\$124,589 thousand), mainly contributed in R&D activities for company-wide research unallocated to each reported segment.

(Note 3): Segment profit is adjusted against operating income of consolidated statements of income.

(Note 4): Depreciation and expenditure of long-term advanced payments are included in depreciation and amortization, and expenditure for addition to tangible and intangible assets, respectively.

Segment information as of and for the fiscal year ended March 31, 2011, which is restated in conformity with the requirements of the Standard, is as follows:

	Millions of yen									
	Segment information by product group						Total	Others	Adjustments	Consolidated
	Basic Chemicals	Petrochemicals & Plastics	IT-related Chemicals	Health & Crop Sciences	Pharmaceuticals					
Year ended March 31, 2011										
Revenue from customers	¥302,289	¥649,885	¥322,287	¥250,806	¥410,614	¥1,935,881	¥ 46,554	¥ —	¥1,982,435	
Inter-segment revenues and transfers	15,406	9,449	5,454	6,286	8	36,603	50,825	(87,428)	—	
Total sales	317,695	659,334	327,741	257,092	410,622	1,972,484	97,379	(87,428)	1,982,435	
Segment profit	¥ 20,627	¥ 11,130	¥ 26,138	¥ 23,302	¥ 28,654	¥ 109,851	¥ 4,128	¥(26,022)	¥ 87,957	
Assets	¥284,476	¥555,254	¥249,005	¥358,725	¥656,698	¥2,104,158	¥199,640	¥ 63,516	¥2,367,314	
Depreciation and amortization	21,002	18,396	20,168	19,455	43,120	122,141	7,210	9,337	138,688	
Amortization of goodwill	227	—	113	2,805	4,037	7,182	8	1,131	8,321	
Investment on affiliates applied to the equity method	9,228	88,464	488	54,050	10,176	162,406	57,159	—	219,565	
Expenditure for addition to tangible and intangible assets	16,639	13,719	27,749	15,607	10,451	84,165	7,902	6,652	98,719	

(Note 1): "Others" presents businesses such as supplying electrical power and steam, providing services for the design, engineering and construction management of chemical plants, providing transport and warehousing, and conducting materials and environmental analysis, which are not included in reported segments.

(Note 2): Adjustments amounts were as follows.

- (i) Adjustments amount of ¥(26,022) million for segment profit included inter-segment elimination of ¥(756) million and corporate expenses of ¥(25,266) million unallocated to each reported segment. Corporate expenses were mainly R&D expenses for company-wide research, which are not attributed to reported segments.
- (ii) Adjustments amount of segment assets was ¥63,516 million, which included ¥(127,321) million in eliminations of inter-segment receivables and assets, and ¥190,837 million of corporate assets unallocated to each reported segment. Corporate assets mainly consist of cash and deposits, investment securities, deferred tax assets and the assets related to R&D activities for company-wide research.
- (iii) Adjustments amount of depreciation and amortization was ¥9,337 million, mainly related to the assets arising from R&D activities for company-wide research unallocated to each reported segment.
- (iv) Adjustments amount of amortization of goodwill was ¥1,131 million, related to the goodwill arising from R&D activities for company-wide research unallocated to each reported segment.
- (v) Adjustments amount of expenditure for addition to tangible and intangible assets was ¥6,652 million, mainly contributed in R&D activities for company-wide research unallocated to each reported segment.

(Note 3): Segment profit is adjusted against operating income of consolidated statements of income.

(Note 4): Depreciation and expenditure of long-term advanced payments are included in depreciation and amortization, and expenditure for addition to tangible and intangible assets, respectively.

Supplementary information

Effective from the fiscal year ended March 31, 2011, the Company adopted 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 Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No.20 issued on March 21, 2008).

Related information

Related information for and as of the fiscal year ended March 31, 2012 is as follows:

(a) Information about geographic areas

(i) Revenues

	Millions of yen			
	Japan	China	Other	Total
Year ended March 31, 2012	¥938,915	¥280,452	¥728,517	¥1,947,884

	Thousands of US dollars			
	Japan	China	Other	Total
Year ended March 31, 2012	\$11,423,713	\$3,412,240	\$8,863,816	\$23,699,769

(Note): Revenues are classified by country and region based on customer location.

(ii) Tangible fixed assets

	Millions of yen			
	Japan	Korea	Other	Total
Year ended March 31, 2012	¥405,027	¥64,038	¥125,813	¥594,878

	Thousands of US dollars			
	Japan	Korea	Other	Total
Year ended March 31, 2012	\$4,927,935	\$779,146	\$1,530,758	\$7,237,839

(Note): From the year ended March 31, 2012, Korea is separately listed as its property, plant and equipment amount accounts for more than 10% of the property, plant and equipment stated in the Consolidated Balance Sheets.

(b) Information about major customers

No information is shown because the Companies have no over 10% of the amount of consolidated net sales to a certain external customer.

Related information for and as of the fiscal year ended March 31, 2011 is as follows:

(a) Information about geographic areas

(i) Revenues

	Millions of yen			
	Japan	China	Other	Total
Year ended March 31, 2011	¥925,717	¥318,327	¥738,391	¥1,982,435

(Note): Revenues are classified by country and region based on customer location.

(ii) Tangible fixed assets

	Millions of yen			
	Japan	Korea	Other	Total
Year ended March 31, 2011	¥396,656	¥44,673	¥111,212	¥552,541

(b) Information about major customers

No information is shown because the Companies have no over 10% of the amount of consolidated net sales to a certain external customer.

Information about impairment loss of fixed assets by reported segments

Information about impairment loss of fixed assets by reported segments for the fiscal year ended March 31, 2012 is as follows:

	Millions of yen							Total
	Basic Chemicals	Petrochemicals & Plastics	IT-related Chemicals	Health & Crop Sciences	Pharmaceuticals	Others	Corporate & Elimination	
Year ended March 31, 2012								
Impairment loss	¥—	¥1,257	¥—	¥—	¥2,338	¥—	¥—	¥3,595

	Thousands of US dollars							Total
	Basic Chemicals	Petrochemicals & Plastics	IT-related Chemicals	Health & Crop Sciences	Pharmaceuticals	Others	Corporate & Elimination	
Year ended March 31, 2012								
Impairment loss	\$—	\$15,294	\$—	\$—	\$28,446	\$—	\$—	\$43,740

Information about impairment loss of fixed assets by reported segments for the fiscal year ended March 31, 2011 is as follows:

	Millions of yen							Total
	Basic Chemicals	Petrochemicals & Plastics	IT-related Chemicals	Health & Crop Sciences	Pharmaceuticals	Others	Corporate & Elimination	
Year ended March 31, 2011								
Impairment loss	¥—	¥—	¥—	¥—	¥3,247	¥—	¥—	¥3,247

Information about unamortized balance of goodwill by reported segments

Information about unamortized balance of goodwill by reported segments as of the fiscal year ended March 31, 2012 is as follows:

	Millions of yen							Total
	Basic Chemicals	Petrochemicals & Plastics	IT-related Chemicals	Health & Crop Sciences	Pharmaceuticals	Others	Corporate & Elimination	
Year ended March 31, 2012								
Unamortized balance of goodwill	¥60	¥—	¥—	¥4,198	¥64,311	¥7	¥747	¥69,323

	Thousands of US dollars							Total
	Basic Chemicals	Petrochemicals & Plastics	IT-related Chemicals	Health & Crop Sciences	Pharmaceuticals	Others	Corporate & Elimination	
Year ended March 31, 2012								
Unamortized balance of goodwill	\$730	\$—	\$—	\$51,077	\$782,467	\$85	\$9,089	\$843,448

(Note): "Corporate & Elimination" presents the balance of goodwill related to R&D activities for company-wide research expenses unallocated to each reported segment.

Information about unamortized balance of goodwill by reported segments as of the fiscal year ended March 31, 2011 is as follows:

	Millions of yen							Total
	Basic Chemicals	Petrochemicals & Plastics	IT-related Chemicals	Health & Crop Sciences	Pharmaceuticals	Others	Corporate & Elimination	
Year ended March 31, 2011								
Unamortized balance of goodwill	¥181	¥—	¥440	¥6,823	¥70,370	¥12	¥1,836	¥79,662

(Note): "Corporate & Elimination" presents the balance of goodwill related to R&D activities for company-wide research expenses unallocated to each reported segment.

25. Subsequent Events

(a) Lifted completion guarantee

Rabigh Refining and Petrochemical Company (Petro Rabigh), jointly founded by the Company and Saudi Aramco, is operating an integrated refinery and petrochemicals complex (The Rabigh Phase I Project) in Rabigh, Saudi Arabia. Petro Rabigh signed the project financing agreements with a syndicate of banks to receive an aggregate loan of US\$5.8 billion and the Company offered a financial completion guarantee, corresponding to half the total amount of the loan. As certain requirements imposed under the financing agreements in respect of the complex's consecutive operational performance and Petro Rabigh capabilities of debt repayment came to be satisfied, the Company was released from its completion guarantee, effective April 17, 2012. The amount of the contingent liability was ¥226,713 million (US\$2,758,401 thousand) as of March 31, 2012.

(b) Acquisition of a company by way of the acquisition of shares

On February 29, 2012, the domestic consolidated subsidiary of the Company, Dainippon Sumitomo Pharma Co., Ltd. (DSP) reached an agreement with Boston Biomedical Inc. of the United States (BBI) on DSP's acquisition of BBI. Pursuant to said agreement, DSP acquired the relevant shares on April 24, 2012 (US time), whereupon BBI became a fully owned subsidiary of DSP.

(i) Purpose of acquisition

BBI is a bio-venture company focusing on the oncology area and possesses two highly promising products in their pipeline called BBI608 and BBI503, which are small molecular oral drugs created by BBI with the aim to cause an antitumor effect in cancer stem cells. Anticancer drugs targeting cancer stem cells are considered to be effective against refractory, recurrent and metastatic cases, which are the main challenges in current cancer treatment, and BBI608 and BBI503 are likely to become the first anticancer drugs in the world targeting cancer stem cells.

After execution of the option agreement with BBI, DSP recognized BBI's innovative development pipeline and its excellent ability of drug discovery/development, which led to DSP's decision to acquire BBI.

Acquisition of BBI is not only an acquisition of an innovative pipeline in the oncology area, it also represents obtaining an excellent drug discovery/development platform with the capabilities of BBI, enabling us to continuously create candidate compounds likely to advance into later development stages. Subsequently we intend to establish our R&D base in the US to expand our presence in cancer treatment globally. We are aiming to make the oncology area one of our future focus therapeutic areas next to the CNS area.

(ii) Name of the parties from whom shares acquired

Shareholders of BBI etc.

(iii) Name of acquired company and the description and size of operations undertaken thereby

Name: Boston Biomedical Inc.

Description of business: Bio-venture company focusing on R&D in the cancer stem cell area.

Size: Amount of total assets: US\$11 million

Amount of net assets: US\$4 million (As of March 31, 2012)

(iv) Date on which shares acquired

April 24, 2012 (US time)

(v) Acquisition price and equity ratio after acquisition

Consideration for acquisition: US\$200 million (excluding incidental costs)

Share holdings percentage after acquisition: 100% (DSP 100%)

(vi) Contents of the condition clause for the acquisition cost under an acquisition agreement and its accounting method hereafter

DSP will make an upfront payment of US\$200 million on closing of the acquisition of its shares, and thereafter it will make development milestone payments up to US\$540 million related to the compounds (BBI608 and BBI503) currently being developed by BBI. Furthermore, after the launch, DSP will also make milestone payments up to US\$1,890 million, based on the achievement of various net sales targets with the last milestone being paid upon net sales of greater than US\$4 billion in any fiscal year. If additional payment for the acquisition cost occurs as mentioned above, the acquisition cost is revised assuming that the additional payment had been made at the time of acquisition and the Company revises the amount of goodwill and the amortization of goodwill.

(vii) Method by which funds for payment procured

Own funds

(c) Dividend declaration

At the Board of Directors meeting of the Company held on May 10, 2012, year-end cash dividends were resolved as follows:

	Millions of yen	Thousands of US dollars
Cash dividends at ¥3.00 (US\$0.037) per share	¥4,907	\$59,703

Independent Auditors' Report

To the Board of Directors of
Sumitomo Chemical Company, Limited:

We have audited the accompanying consolidated financial statements of Sumitomo Chemical Company, Limited and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2012 and 2011, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Sumitomo Chemical Company, Limited and its consolidated subsidiaries as at March 31, 2012 and 2011, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

- (1) As discussed in Note 2(f) to the consolidated financial statements, from the fiscal year ended March 31, 2012, Sumitomo Chemical Company, Limited and its certain consolidated subsidiaries changed their depreciation method of property, plant and equipment.
- (2) As discussed in Note 25(b) to the consolidated financial statements, the domestic consolidated subsidiary of Sumitomo Chemical Company, Limited, Dainippon Sumitomo Pharma Co., Ltd. acquired the relevant shares of Boston Biomedical Inc. on April 24, 2012, whereupon Boston Biomedical Inc. became a fully owned subsidiary of Dainippon Sumitomo Pharma Co., Ltd..

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1(b) to the consolidated financial statements.

KPMG AZSA LLC

June 29, 2012
Tokyo, Japan

Subsidiaries and Affiliates

(As of March 31, 2012)

Sector	Company Name	Major Business	Sumitomo Chemical's Shareholding Ratio (%)	Telephone	Facsimile
Japan					
●	AstraZeneca K.K.	Pharmaceuticals	20.0	+81-6-6453-7500	+81-6-6453-7894
●	Asahi Chemical Co., Ltd.	Inorganics	100.0	+81-6-6220-8795	+81-6-6220-8799
●	Ceratec Co., Ltd.	Alumina products and catalyst	100.0	+81-897-33-8541	+81-897-33-6005
●	Dainippon Sumitomo Pharma Co., Ltd.*1	Ethical pharmaceuticals	50.2	+81-6-6203-5321	+81-6-6202-6028
●	Dow Kakoh K.K.	Extruded polystyrene foam	35.0	+81-3-5460-2351	+81-3-5460-2390
●	Inabata & Co., Ltd.*1	Electronics materials and equipment, chemicals, plastics, etc.	21.5	+81-6-6267-6051	+81-6-6267-6042
●	Japan Exlan Co., Ltd.	Functional acrylic fibers	20.0	+81-6-6348-4327	+81-6-6348-4168
●	Japan-Singapore Petrochemicals Co., Ltd.	Equity holder in Petrochemical Corporation of Singapore (Pte.) Ltd.	58.6	+81-3-5543-5867	+81-3-5543-5519
●	Keiyo Ethylene Co., Ltd.	Ethylene and propylene	22.5	+81-3-3552-9373	—
●	Koei Chemical Co., Ltd.*1	Formaldehydes and pyridines	56.1*2	+81-3-6667-8280	+81-3-6667-8287
●	Kyoyu Agri Co., Ltd.	Crop protection chemicals	36.6	+81-3-5645-0700	+81-3-3639-5299
●	Nihon Ecoagro Co., Ltd.	Materials for agricultural use, support for farmers	100.0	+81-3-3523-8280	+81-3-3523-8281
●	Nihon Methacryl Monomer Co., Ltd.	MMA monomer and methacrylic acid	64.0	+81-3-5543-5302	+81-3-5543-5907
●	Nihon Medi-Physics Co., Ltd.	Radiopharmaceuticals	50.0	+81-3-5634-7006	+81-3-5634-5170
●	Nihon Oxirane Co., Ltd.	Propylene oxide and styrene monomer	60.0	+81-3-5159-1601	+81-3-5159-1605
●	Nihon Singapore Polyolefin Co., Ltd.	Equity holder in The Polyolefin Company (Singapore) Pte. Ltd.	95.7	+81-3-5543-5319	+81-3-5543-5911
●	Nippon A&L Inc.	ABS resin and SBR latex	85.2	+81-6-6220-3633	+81-6-6220-3699
●	O.L.S. Corp.	Polarizing film	50.0	+81-3-5543-5820	+81-3-5543-5919
●	Rainbow Chemical Co., Ltd.	Horticultural materials	87.1	+81-3-6740-7777	+81-3-6740-7000
●	SanTerra Co., Ltd.	Films for agricultural use	87.3*2	+81-3-5632-3130	+81-3-5632-3131
●	Shinto Paint Co., Ltd.*1	Paints	45.2*2	+81-6-6426-3355	+81-6-6429-6188
●	Sumika Acryl Co., Ltd.	Sales of acrylic sheet	100.0	+81-3-5542-8630	+81-3-5542-8640
●	Sumika Agrotech Co., Ltd.	Agricultural and horticultural materials and seeding	100.0	+81-6-6204-1245	+81-6-6204-1207
●	Sumika Bayer Urethane Co., Ltd.	Polyurethane raw materials	40.0	+81-6-6133-6100	+81-6-6344-2730
●	Sumika Chemical Analysis Service, Ltd.	Analysis services of chemical substances, and instrument sales	100.0	+81-6-6202-1810	+81-6-6202-0115
●	Sumika Chemtex Co., Ltd.	Dyestuffs and functional chemicals	100.0	+81-6-6466-5146	+81-6-6466-5457
●	Sumika Color Co., Ltd.	Organic pigments, color compounds for various polymers	88.0*2	+81-6-6205-4300	+81-6-6205-4301
●	Sumika Enviro-Science Co., Ltd.	Public hygiene materials	100.0	+81-798-38-2330	+81-798-38-2325
●	Sumika Finance Co., Ltd.	Financing	100.0	+81-3-5543-5163	+81-3-5543-5905
●	Sumika Fukuei Agro K.K.	Fertilizers	50.0	+81-6-6412-5251	+81-6-6413-1333
●	Sumika Green Co., Ltd.	Crop protection chemicals and fertilizers for non-crop use, and pest control services	100.0	+81-3-3523-8070	+81-3-3523-8071
●	Sumika High-purity Gas Company	Oxygen, nitrogen, and argon	60.0	+81-897-37-1716	+81-897-32-2273
●	Sumika-Kakoushi Co., Ltd.	Release paper	100.0	+81-3-3663-8376	+81-3-3663-7365
●	Sumika Life Tech Co., Ltd.	Household and public hygiene materials, pet care products	100.0	+81-6-6220-3640	+81-6-6220-3644
●	Sumika Plastech Co., Ltd.	Industrial and housing materials	100.0	+81-3-5543-5438	+81-3-5543-5935
●	Sumika Real Estate Co., Ltd.	Real estate and insurance agency	100.0	+81-6-6220-3263	+81-6-6220-3267
●	Sumika Styron Polycarbonate Limited	Polycarbonates	50.0	+81-3-5644-4750	+81-3-5644-4821
●	Sumika Technical Information Service, inc.	Information service relating to the chemical industry	100.0	+81-6-6220-3364	+81-6-6220-3361
●	Sumitomo Bakelite Co., Ltd.*1	Semiconductors, display materials, etc.	21.8	+81-3-5462-4111	+81-3-5462-4874

Sector: ● Basic Chemicals ● Petrochemicals & Plastics ● IT-related Chemicals ● Health & Crop Sciences ● Pharmaceuticals ● Others

*1 Companies listed on the stock exchange

*2 This ratio includes shares held by our subsidiaries

Sector	Company Name	Major Business	Sumitomo Chemical's Shareholding Ratio (%)	Telephone	Facsimile
●	Sumitomo Chemical Garden Products Co., Ltd.	Horticultural materials	100.0	+81-3-6222-2800	+81-3-6222-2801
●	Sumitomo Chemical Engineering Co., Ltd.	Planning, engineering, procurement, construction, commissioning and maintenance of industrial equipment	100.0	+81-43-299-0200	+81-43-299-0210
●	Sumitomo Chemical System Service Co., Ltd.	Information system consultant, development, operation, and maintenance	100.0	+81-3-5543-5201	+81-3-5543-5997
●	Sumitomo Joint Electric Power Co., Ltd.	Supply of electricity and steam	52.5	+81-897-37-2142	+81-897-32-9862
●	Sumitomo Seika Chemicals Co., Ltd.* ¹	Industrial chemicals and organic sulfur compounds	30.7* ²	+81-6-6220-8508	+81-6-6220-8541
●	Taoka Chemical Co., Ltd.* ¹	Pharmaceutical intermediates, adhesives, and dyestuffs	51.0* ²	+81-6-6394-1221	+81-6-6394-1658
●	Thermo Co., Ltd.	Polyethylene and polypropylene film	100.0	+81-3-5825-7737	+81-3-5825-7866
●	Tobu Butadiene Co., Ltd.	Butadiene	50.0	+81-3-6218-3541	+81-3-6218-3686
●	T.S. Agro Co., Ltd.	Fertilizers	50.0	+81-79-436-0222	+81-79-436-7030
Singapore					
●	Chevron Phillips Singapore Chemicals (Pte.) Ltd.	High-density polyethylene	20.0	+65-6517-3100	+65-6511-3270
●	Petrochemical Corporation of Singapore (Pte.) Ltd.	Ethylene and propylene	29.3* ²	+65-6867-2000	+65-6867-9274
●	Singapore Methyl Methacrylate Pte. Ltd.	MMA monomer and polymer	100.0	+65-6296-8183	+65-6295-2765
●	Sumitomo Chemical Asia Pte. Ltd.	Sales of petrochemical products	100.0	+65-6303-5188	+65-6298-9621
●	Sumitomo Chemical Singapore Pte. Ltd.	MMA monomer and polymer, crop protection chemicals, IT-related chemicals, and other products	100.0	+65-6296-8183	+65-6295-2765
●	The Polyolefin Company (Singapore) Pte. Ltd.	Polyethylene and polypropylene	67.0* ²	+65-6292-9622	+65-6293-8890
China					
●	Dalian Sumika Chemphy Chemical Co., Ltd.	Crop protection chemical intermediates	60.0	+86-411-8751-1015	+86-411-8751-6038
●	Dalian Sumika Jingang Chemicals Co., Ltd.	Feed additives and high-performance greenhouse films	80.0	+86-411-8751-1015	+86-411-8751-6038
●	Jilin Dongcheng Sumika Polymer Compounds Co., Ltd.	Polypropylene compounds	50.0	+86-434-659-7772	+86-434-659-7772
●	NOC Asia Limited	Sales of propylene oxide	60.0	+852-2840-4570	+852-2840-4569
●	Shanghai Lifetech Household Products Co., Ltd.	Products relating to household insecticides	100.0* ²	+86-21-5159-3281	+86-21-5159-3282
●	Sumitomo Chemical (China) Co., Ltd.	Information-gathering and business support services to subsidiaries in China	100.0	+86-10-5811-6266	+86-10-5811-6288
●	Sumitomo Chemical Shanghai Co., Ltd.	Crop protection chemicals, feed additives, and environmental health products	100.0	+86-21-6881-7700	+86-21-6880-0188
●	Sumika Electronic Materials (Hefei) Co., Ltd.	Processing chemicals for LCD panels, other LCD and semiconductor-related materials	100.0	+86-551-421-2372	+86-551-425-5682
●	Sumika Electronic Materials (Shanghai) Co., Ltd.	Polarizing film	100.0	+86-21-5046-2296	+86-21-5046-3133
●	Sumika Electronic Materials (Shenzhen) Co., Ltd.	Business and technical assistance for IT-related materials	100.0	+86-755-2598-1598	+86-755-2598-1597
●	Sumika Electronic Materials (Wuxi) Co., Ltd.	Polarizing film and light-diffusion plates	100.0	+86-510-8532-2688	+86-510-8532-2788
●	Sumika Electronic Materials (Shanghai) Corporation	Sales of IT-related chemicals	100.0	+86-21-3250-6600	+86-21-3250-5756
●	Sumika Polymer Compounds Dalian Co., Ltd.	Polypropylene compounds	77.5	+86-411-6677-3746	+86-411-6677-7785

Sector	Company Name	Major Business	Sumitomo Chemical's Shareholding Ratio (%)	Telephone	Facsimile
China					
	Sumika Huabei Electronic Materials (Beijing) Co., Ltd.	Polarizing film and other components used in LCD panels	100.0	+86-10-6452-6068	+86-10-6465-7068
	Zhuhai Sumika Polymer Compounds Co., Ltd.	Polypropylene compounds	55.0	+86-756-5655-689	+86-756-5655-690
India					
	Sumitomo Chemical India Private Limited	Crop protection chemicals and household insecticides	93.8	+91-22-2289-2610	+91-22-2289-2600
South Korea					
	Dongwoo Fine-Chem Co., Ltd.	Fine and IT-related chemicals	92.3	+82-2-6250-1100	+82-2-6250-1198
	LG MMA Corp.	MMA monomer and polymer	25.0	+82-2-6930-3800	+82-2-6930-3801
	SSLM Co., Ltd.	Sapphire substrate	50.0	+82-53-607-8500	+82-53-607-8501
	Sumitomo Chemical Agro Seoul, Ltd.	Crop protection chemicals, household insecticides, and feed additives	100.0	+82-2-558-4814	+82-2-558-5471
Malaysia					
	Sumitomo Chemical Enviro-Agro Asia Pacific Sdn. Bhd.	R&D center for crop protection chemicals	100.0	+60-6-679-3711	+60-6-679-3698
Taiwan					
	Sumika Technology Co., Ltd.	Polarizing film	85.0	+886-6-505-3456	+886-6-505-2521
	Sumipex TechSheet Co., Ltd.	MMA sheet	100.0	+886-7-365-8126	+886-7-365-8136
	Sumitomo Chemical Taiwan Co., Ltd.	Crop protection chemicals	100.0	+886-2-2506-8180	+886-2-2506-4551
Thailand					
	Bara Chemical Co., Ltd.	Resins and rubber chemicals	55.0	+66-2-709-4598	+66-2-323-9997
	Sumika Polymer Compounds (Thailand) Co., Ltd.	Polypropylene compounds	55.0	+66-38-989-174	+66-38-989-178
	Sumipex (Thailand) Co., Ltd.	MMA sheet	51.0	+66-2-632-1820	+66-2-632-1831
Vietnam					
	Sumitomo Chemical Vietnam Co., Ltd.	Crop protection chemicals	100.0	+84-8-3740-7572	+84-8-3740-7573
Australia					
	Sumitomo Chemical Australia Pty. Ltd.	Crop protection chemicals and environmental health products	100.0	+61-2-8752-9000	+61-2-8752-9099
	Nufarm Ltd.	Crop protection chemicals	23.0	+61-3-9282-1000	+61-3-9282-1001
New Zealand					
	New Zealand Aluminium Smelters Ltd.	Aluminum ingots	20.6	+64-4-471-1527	+64-4-472-8041
United States					
	Dainippon Sumitomo Pharma America Holdings, Inc.	Equity holder in Sunovion Pharmaceuticals Inc.	100.0* ²	+1-508-481-6700	+1-508-481-7683
	McLaughlin Gormley King Company	Marketing of household insecticides	32.9	+1-763-544-0341	+1-763-544-6437
	Sunovion Pharmaceuticals Inc.	Ethical pharmaceuticals	100.0* ²	+1-508-481-6700	+1-508-481-7683
	Sumitomo Chemical America, Inc.	Chemical products	100.0	+1-212-572-8200	+1-212-572-8234
	Sumitomo Chemical Capital America, Inc.	Financing	100.0	—	—
	Sumika Electronic Materials, Inc.	MOEPI wafers and other IT-related materials	100.0	+1-602-659-2500	+1-602-438-2277
	Sumika Polymer Compounds America, Inc.	Polypropylene compounds	55.0	+1-770-227-6400	+1-770-227-6411
	Sumika Polymers North America Inc.	Polypropylene compounds	100.0	+1-770-227-6400	+1-770-227-6411
	Valent Biosciences Corp.	Crop protection chemicals	100.0* ²	+1-847-968-4700	+1-847-968-4806
	Valent U.S.A. Corp.	Crop protection chemicals	100.0	+1-925-256-2700	+1-925-256-2776

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Mexico					
●	Valent de Mexico, S.A. de C.V.	Crop protection chemicals	100.0*2	+52-333-110-01-62	+52-333-110-17-54
Brazil					
●	Sumitomo Chemical do Brasil Representações Limitada	Crop protection chemicals, household insecticides, and feed additives	100.0	+55-11-3174-0355	+55-11-3174-0377
Saudi Arabia					
●	Rabigh Conversion Industry Management Services Company	Management of industrial park	100.0*2	+966-2-284-6025	+966-2-284-6015
●	Rabigh Refining and Petrochemical Company (Petro Rabigh)	Refined petroleum products and petrochemicals	37.5	+966-2-425-8801	+966-2-425-8802
Belgium					
●	Sumitomo Chemical Europe S.A./N.V.	Chemical products	100.0*2	+32-2-251-0650	+32-2-251-2991
France					
●	Philagro France S.A.S.	Crop protection chemicals	60.0*2	+33-4-7864-3227	+33-4-7847-7128
●	Philagro Holding S.A.	Equity holder in Philagro France S.A.S.	60.0	+33-4-7864-3227	+33-4-7847-7128
●	Sumitomo Chemical Agro Europe S.A.S.	Crop protection chemicals	100.0	+33-4-7864-3260	+33-4-7847-2545
Italy					
●	Sumitomo Chemical Italia S.r.l.	Crop protection chemicals	100.0	+390-2-45280-1	+390-2-45280-210
Spain					
●	Kenogard S.A.	Crop protection chemicals	75.0	+34-93-488-1270	+34-93-487-6112
United Kingdom					
●	Cambridge Display Technology, Ltd.	R&D and licenses in PLED displays and materials	100.0*2	+44-19-5471-3600	+44-19-5471-3620
●	CDT Holdings Ltd.	Equity holder in Cambridge Display Technology, Ltd.	100.0	+44-19-5471-3600	+44-19-5471-3620
●	Sumika Polymer Compounds Europe Ltd.	Polypropylene compounds	50.0	+44-2392-486350	+44-2392-472388
●	Sumitomo Chemical (U.K.) plc.	Chemicals and financing	100.0	+44-20-8600-7700	+44-20-8600-7717
Poland					
●	Sumika Ceramics Poland Sp. zo.o.	Diesel Particulate Filters (DPF)	100.0	+48-71-320-7116	—
●	Sumika Electronic Materials Poland Sp. zo.o.	Polarizing film and light-diffusion panels	100.0	+48-56-621-4320	+48-56-621-9122
Tanzania					
●	Vector Health International Ltd.	OLYSET® Net	50.0	+255-27-254-8895	+255-27-254-8-8235
South Africa					
●	Philagro South Africa (Pty) Ltd.	Crop protection chemicals	51.0	+27-12-348-8808	+27-12-348-3500

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Looking to the future,
we will create new value beyond the boundaries of chemistry
by combining a variety of ideas, views and technologies.
We will also continue to take up the challenges facing the globe,
from meeting basic needs, to protecting the environment,
to addressing the issues of adequate supplies of
food, energy, and other resources.

In this endeavor, each of us at Sumitomo Chemical
will work together to enhance our capabilities,
explore new possibilities every day, and overcome
the challenges lying ahead with enthusiasm and
a strong sense of mission.

Sumitomo Chemical will seek to continue to build trust
and bring joy to people across the world through constant
innovation.



Educational Support for the Leaders of Tomorrow

For Africa to achieve development, it is critical to provide local people with education. African countries, however, have a shortage of schools, and a great number of children have to study outdoors or in overcrowded classrooms. We have been returning a portion of the revenues from our OLYSET® net business to African communities by supporting education in Africa in collaboration with international NGOs World Vision Japan and Plan Japan.

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