

Sumitomo Chemical Announces Financial Forecast Revisions, the Posting of Extraordinary Losses, and the Reversal of Deferred Tax Assets

Based on recent performance trends, Sumitomo Chemical Co., Ltd. has revised its consolidated full-year financial forecast for the fiscal year ended March 31, 2009, announced on February 3, 2009. The Company will also post extraordinary losses and reverse deferred tax assets for the same fiscal year. The details are given below.

1. Revision of Consolidated Full-Year Financial Forecast for the Year Ended March 31, 2009

(1) Revised consolidated full-year forecast for the year ended March 31, 2009

(Millions of yen)

	Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	1,820,000	30,000	0	-15,000
Revised Forecast (B)	1,790,000	2,000	-33,000	-59,000
Variance in Amount (B-A)	-30,000	-28,000	-33,000	-44,000
Variance in Percentage	-1.6%	-93.3%		
(Reference) Results of Previous Fiscal Year (Ended March 31, 2008)	1,896,539	102,397	92,790	63,083

(2) Reasons for the revision

Due to a further downturn in the business climate during the year ended March 31, 2009, the Company expects its operating income and ordinary income to be lower than previously forecast. Net income is also expected to fall short of the forecast figure with the posting of extraordinary losses and the reversal of deferred tax assets as set out below.

2. Posting of Extraordinary Losses

Factors including the severe downturn in the business climate have led to an indication of impairment of a portion of our operating assets. As a result of a test performed on the recoverability of those fixed assets, the Company will post extraordinary losses of ¥20.8 billion for the impairment for the year ended March 31, 2009.

3. Reversal of Deferred Tax Assets

After a study of the recoverability of its deferred tax assets, the Company has decided to reverse a portion of those deferred tax assets and record ¥19.6 billion under corporate tax adjustments for the year ended March 31, 2009.

The financial forecast for the year ending March 31, 2010 will be announced on May 11, 2009, together with the financial results for the year ended March 31, 2009. We will endeavor to recover profitability by implementing marketing strategies that are closely aligned with changes in the operating environment, and further streamlining and rationalizing all levels of our business, as well as also through the Rabigh Project, which has commenced commercial operations.

Cautionary Statement

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