

Sumitomo Chemical Announces Variances between its Financial Forecast and the Actual Results for the Half-Year Ended September 30, 2010 and Revisions to its Financial Forecast for the Year Ending March 31, 2011

Sumitomo Chemical Co., Ltd. ("the Company") has announced the variances between its consolidated financial forecast for the half-year ended September 30, 2010 announced July 30, 2010 and the actual results for the same period announced today. The company also announced that it has revised its consolidated financial forecast for the full-year ending March 31, 2011, as detailed below.

1. Variances between Consolidated Financial Forecast and Actual Results for the Half-Year Ended September 30, 2010

(Millions of yen)

	Sales	Operating Income	Ordinary Income	Net Income	Earnings per Share
Forecast (A)	1,000,000	50,000	50,000	30,000	18.17
Actual Results (B)	989,245	53,043	52,107	2,515	1.52
Variance in Amount (B-A)	-10,755	3,043	2,107	-27,485	
Variance in Percentage (%)	-1.1	6.1	4.2	-91.6	
Results for Half-Year Ended September 30, 2009	735,205	11,172	7,788	-3,485	-2.11

2. Revisions to Consolidated Financial Forecast for the Full-Year Ending March 31, 2011

(Millions of yen)

	Sales	Operating Income	Ordinary Income	Net Income	Earnings per Share
Previous Forecast (A)	2,000,000	70,000	68,000	45,000	27.26
Revised Forecast (B)	1,950,000	72,000	62,000	10,000	6.06
Variance in Amount (B-A)	-50,000	2,000	-6,000	-35,000	
Variance in Percentage (%)	-2.5	2.9	-8.8	-77.8	
Results for full-year ended March 31, 2009	1,620,915	51,455	34,957	14,723	8.92

3. Reasons for the Variances and the Revisions

(1) Half-Year Ended September 30, 2010

The Company recognized, on a non-consolidated basis, a loss on a write-down of its investment in an affiliate, the fair value of which significantly declined. Consequently, on a consolidated basis, the company recognized an extraordinary loss on equity in losses of an affiliate of ¥28.7 billion caused by a one-time amortization of goodwill. As a result, net income for the half-year ended September 30, 2010 was lower than the previous forecast.

(2) Full-Year Ending March 31, 2011

Sales are expected to be lower than the previous forecast, due to the appreciating yen and lower market prices resulting from declining prices for naphtha and other feedstocks. In spite of the impact of the stronger yen, operating income is expected to exceed the previous forecast owing to an increase in sales and decrease in expenses in the Pharmaceuticals segment. Ordinary income is expected to be lower than the previous forecast because of factors such as increased foreign exchange losses and lower equity in earnings of affiliates. Net income is also expected to be lower than the previous forecast because of the extraordinary loss mentioned above.

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.