

Sumitomo Chemical Announces Reversal of Write-Down of Investment in an Affiliate and One-time Amortization of Goodwill

Sumitomo Chemical Co., Ltd. (“the Company”) has announced that, on a non-consolidated basis for the three months ending March 31, 2011, it will recognize a gain on the reversal of a write-down of its investment in an affiliate, which it recognized for the nine months ended December 31, 2010, because the affiliate’s stock price has recovered.

In addition, in recognizing a write-down of its investment in an affiliate, the Company recognized, on a consolidated basis, a one-time amortization of goodwill of the affiliate for the nine months ended December 31, 2010. However, as a result of recognizing a gain on the reversal of a write-down on a non-consolidated basis as described above, the Company has announced that it will recognize a gain on the reversal of a one-time amortization for the three months ending March 31, 2011.

1. Losses on Write-Down of Investment in Affiliate and One-Time Amortization of Goodwill for the Twelve Months Ending March 31, 2011

	Non-consolidated	Consolidated
(A) Losses on write-down of investment in an affiliate (non-consolidated basis) and one-time amortization of goodwill (consolidated basis) for the three months ending March 31, 2011 (=a-b)	-¥ 40.6 bn (gain on reversal)	-¥ 28.1 bn (gain on reversal)
(a) Losses on write-down of investment in an affiliate (non-consolidated basis) and one-time amortization of goodwill (consolidated basis) for the twelve months ending March 31, 2011	¥- bn	¥- bn
(b) Losses on write-down of investment in an affiliate (non-consolidated basis) and one-time amortization of goodwill (consolidated basis) for the nine months ended December 31, 2010	¥40.6 bn	¥28.1 bn

* The method used for valuation of securities at the end of each quarter is the reversal method.

* The Company’s fiscal year ends on March 31.

○ Comparison with net assets, operating income, and net income

	Non-consolidated	Consolidated
(B) Net assets as of March 31, 2010	¥384.5 bn	¥821.4 bn
(A/B×100)	-10.6 %	-3.4 %
(a/B×100)	— %	— %
(C) Ordinary income for the twelve months ended March 31, 2010	¥20.4 bn	¥35.0 bn
(A/C×100)	-198.8 %	-80.5 %
(a/C×100)	— %	— %
(D) Net income for the twelve months ended March 31, 2010	¥26.1 bn	¥14.7 bn
(A/D×100)	-155.3 %	-191.2 %
(a/D×100)	— %	— %

2. Outlook

On a non-consolidated basis, the Company recognized losses on a write-down of the above ¥40.6 billion for the nine months ended December 31, 2010, but expects to recognize a gain on the reversal for the three months ending March 31, 2011. On a consolidated basis, the Company recognized a one-time amortization of goodwill of the above ¥28.1 billion for the nine months ended December 31, 2010, but expects to recognize a gain on the reversal for the three months ending March 31, 2011.

The financial forecasts for the twelve months ending March 31, 2011 are currently being calculated. The Company will announce the forecasts as soon as they have been prepared.