

Financial Results & Outlook for FY2006



May 15, 2006



Sumitomo Chemical Co., Ltd.



(Cautionary Statement)

Statements made in this material 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.



1. Consolidated Financial Results for FY2005 Ended March 31, 2006

■ Financial Summary	2
■ Net Sales by Segment	3
■ Operating Income by Segment ..	4
■ Elements of Major Costs	5
■ Special Gains / Losses	6
■ Consolidated Balance Sheets ...	7
■ Consolidated Statements of Cash Flows	8
■ Major Subsidiaries	9

2. Outlook for FY2006

■ Financial Summary	11
■ Net Sales by Segment	12
■ Operating Income by Segment ..	13
■ Elements of Major Costs	14
■ Consolidated Statements of Cash Flows	15

3. Financial Analysis

■ Net Sales / Net Income	17
■ Operating Income /EBITDA	18
■ ROA / ROE	19
■ Shareholders' Equity to Total Assets / Interest-Bearing Debt Balance	20

(Reference ; Segment Information)

FY2005

■ Capital Expenditures	22
■ Depreciation & Amortization ...	23
■ Research & Development Expenses	24

Outlook for FY2006

■ Estimated Capital Expenditure ..	25
■ Estimated Depreciation & Amortization	26
■ Estimated Research & Development Expenses	27



1. Consolidated Financial Results for FY 2005 Ended March 31, 2006





Financial Summary

Unit; billions of yen

	FY2005	FY2004	Difference	Growth
Net Sales	1,556.6	1,296.3	260.3	20.1%
Operating Income	120.8	105.2	15.6	14.8%
(Equity in earnings of affiliates, included in ordinary income)	(26.8)	(26.7)	(0.1)	(0.4%)
Ordinary Income	141.1	123.5	17.7	14.3%
Net Income	90.7	64.5	26.2	40.7%
ROE	14.1%	12.0%		
Naphtha Price (yen/KL)	42,400	32,200		
Exchange Rate (yen/US\$)	113.32	107.55		



Net Sales by Segment

Unit; billions of yen

	FY2005	FY2004	Difference	Growth	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	252.4	225.8	26.6	11.8%	24.0	2.6
Petrochemicals	486.1	412.6	73.5	17.8%	58.5	15.0
Fine Chemicals	79.0	84.1	-5.0	-6.0%	3.0	-8.0
IT-related Chemicals	229.2	174.8	54.4	31.2%	-33.5	87.9
Agricultural Chemicals	186.2	171.6	14.6	8.5%	-1.0	15.6
Pharmaceuticals	233.1	170.7	62.4	36.6%	-1.0	63.4
Others	90.6	56.7	33.8	59.5%	0.0	33.8
Total	1,556.6	1,296.3	260.3	20.1%	50.0	210.3

Overseas Operations	611.0	486.2	124.8	25.7%
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Operating Income by Segment

Unit ; billions of yen

	Basic Chemicals	Petro-chemicals	Fine Chemicals	IT-related Chemicals	Agricultural Chemicals	Pharmaceuticals	Others	Total
Operating Income								
FY2005	10.0	17.9	9.8	21.7	16.6	38.3	6.5	120.8
FY2004	5.2	15.0	11.5	18.7	14.8	34.4	5.4	105.2
Difference	4.8	2.9	-1.7	3.0	1.8	3.8	1.1	15.6

Price Variance	7.5	-2.5	0.0	-33.5	-2.0	-1.0	0.0	-31.5
Sales Price Variance	24.0	58.5	3.0	-33.5	-1.0	-1.0	0.0	50.0
Purchase Price Variance	-16.5	-61.0	-3.0	0.0	-1.0	0.0	0.0	-81.5
Cost Variance	1.0	0.0	2.0	2.0	-2.5	-25.0	0.0	-22.5
VC	1.0	2.5	1.5	13.5	1.0	0.0	0.0	19.5
FC	0.0	-2.5	0.5	-11.5	-3.5	-25.0	0.0	-42.0
Shipping Volume Variance	-3.7	5.4	-3.7	34.5	6.3	29.8	1.1	69.6
Total	4.8	2.9	-1.7	3.0	1.8	3.8	1.1	15.6



Elements of Major Costs

Unit ; billions of yen

	FY2005	FY2004	Difference
Labor Costs	196.8	179.1	17.7
Maintenance Costs	42.8	37.6	5.2
Depreciation and Amortization	104.9	88.2	16.7
Research & Development Expenses	91.9	78.2	13.7
Capital Expenditures	124.9	125.8	-0.9
Employees (at March 31)	24,160	20,195	3,965



Special Gains / Losses

Unit; billions of yen

	FY2005	FY2004	Difference
Gain on change in interests in consolidated subsidiary	14.3	-	14.3
Gain on sale of securities	8.3	1.7	6.6
Gain on business transfer	4.5	-	4.5
Gain on sale of property, plant and equipment	2.4	-	2.4
Allowance for doubtful receivables	-	2.4	-2.4
Special Gains	29.4	4.1	25.3
Expenses for subsidiary merger	6.1	-	6.1
Restructuring charges	5.9	3.4	2.4
Impairment loss on fixed assets	-	2.5	-2.5
Special Losses	12.0	6.0	6.0
Special Gains / Losses	17.5	-1.8	19.3



Consolidated Balance Sheets

Unit ; billions of yen

	31-Mar-06	31-Mar-05		31-Mar-06	31-Mar-05
Current Assets	946.6	694.6	Liabilities	1,234.2	971.9
Cash and cash equivalents	100.3	55.2	Trade notes and accounts	265.2	202.3
Trade notes and accounts	399.3	306.1	Short-term debt	159.2	120.2
Inventories	294.8	234.6	Long-term debt due within one year	44.6	43.5
Others	152.2	98.7	Long-term debt due after one year	374.7	307.0
Non-current Assets	1,231.8	954.2	Others	390.4	298.9
Property, plant and equipment	570.3	515.9	Minority interests in consolidated subsidiaries	224.5	107.3
Intangible assets	45.2	41.1	Shareholders' equity	719.8	569.6
Investment securities	503.0	349.0	Common stock	89.7	89.7
Others	113.3	48.2	Capital surplus	23.8	23.7
			Retained earnings	445.9	374.2
			Revaluation reserve	3.8	3.8
			Unrealized gains on investment securities	155.9	96.1
			Foreign currency translation adjustments	2.2	-16.7
			Treasury stock, at cost	-1.5	-1.2
Total	2,178.4	1,648.8	Total	2,178.4	1,648.8

Interest-bearing debt balance	578.6	470.7
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Consolidated Statements of Cash Flows

Unit; billions of yen

	FY2005	FY2004	Difference
Cash flows from operating activities	122.8	159.8	-37.0
Cash flows from investing activities	-180.7	-118.0	-62.7
Free cash flows	-57.9	41.9	-99.8
Cash flows from financing activities	70.6	-31.2	101.8
Effect of exchange rate changes on cash and cash equivalents	1.0	0.2	0.8
Net increase (decrease) in cash and cash equivalents	13.7	10.9	2.8
Increase in cash due to merger of consolidated subsidiaries	42.1	0.0	42.1
Cash and cash equivalents at end of year	111.0	55.2	55.7



Major Subsidiaries

Unit; billions of yen

Company	Net Sales		Operating Income Status
	FY2005	FY2004	
The Polyolefin Company (Singapore)	112.5	84.2	Improved due to higher market price
Petrochemical Corporation of Singapore	248.7	192.0	Slightly decreased because of steep rises in feedstock prices
Dongwoo Fine-Chem	132.2	88.7	increased because of increase in shipments led by expanded production capacity and cost reduction
Valent U.S.A. and Subsidiaries	38.8	32.0	Improved owing to increased shipments of herbicides



2. Outlook for FY2006



Financial Summary

Unit; billions of yen

	FY2006 (estimated)	FY2005	Difference	Growth
Net Sales	1,770.0	1,556.6	213.4	13.7%
Operating Income	145.0	120.8	24.2	20.0%
(Equity in earnings of affiliates, included in ordinary income)	(18.0)	(26.8)	-8.8	(-32.9%)
Ordinary Income	150.0	141.1	8.9	6.3%
Net Income	80.0	90.7	-10.7	-11.8%
(Adjusted net Income) * see the note below	80.0	76.4	3.6	-4.7%
ROE	10.7%	14.1%		
Naphtha Price (yen/KL)	52,000	42,400		
Exchange Rate (yen/US\$)	110.00	113.32		

* (Adjusted net income) would exclude the gain on change in interests in consolidated subsidiary in FY2005, ¥14.3 billion.



Net Sales by Segment

Unit; billions of yen

	FY2006 (estimated)	FY2005	Difference	Growth	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	265.0	252.4	12.6	5.0%	2.0	10.6
Petrochemicals	520.0	486.1	33.9	7.0%	36.0	-2.1
Fine Chemicals	85.0	79.0	6.0	7.6%	-1.0	7.0
IT-related Chemicals	330.0	229.2	100.8	44.0%	-34.0	134.8
Agricultural Chemicals	195.0	186.2	8.8	4.7%	0.0	8.8
Pharmaceuticals	235.0	233.1	1.9	0.8%	-13.5	15.4
Others	140.0	90.6	49.4	54.6%	0.0	49.4
Total	1,770.0	1,556.6	213.4	13.7%	-10.5	223.9



Operating Income by Segment

Unit; billions of yen

	Basic Chemicals	Petro-chemicals	Fine Chemicals	IT-related Chemicals	Agricultural Chemicals	Pharmaceuticals	Others	Total
Operating Income								
FY2006 (estimated)	11.0	13.0	10.0	32.0	23.0	50.0	6.0	145.0
FY2005	10.0	17.9	9.8	21.7	16.6	38.3	6.5	120.8
Difference	1.0	-4.9	0.2	10.3	6.4	11.7	-0.5	24.2

Price Variance	-2.0	-8.5	-2.0	-34.0	-1.0	-13.5	0.0	-61.0
Sales Price Variance	2.0	36.0	-1.0	-34.0	0.0	-13.5	0.0	-10.5
Purchase Price Variance	-4.0	-44.5	-1.0	0.0	-1.0	0.0	0.0	-50.5
Cost Variance	1.0	3.5	1.5	7.0	3.5	-14.0	0.0	2.5
VC	1.0	2.0	0.5	35.0	1.5	0.0	0.0	40.0
FC	0.0	1.5	1.0	-28.0	2.0	-14.0	0.0	-37.5
Shipping Volume Variance	2.0	0.1	0.7	37.3	3.9	39.2	-0.5	82.7
Total	1.0	-4.9	0.2	10.3	6.4	11.7	-0.5	24.2



Elements of Major Costs

Unit ; billions of yen

	FY2006 (estimated)	FY2005	Difference
Labor Costs	205.0	196.8	8.2
Maintenance Costs	50.0	42.8	7.2
Depreciation and Amortization	115.0	104.9	10.1
Research & Development Expenses	103.0	91.9	11.1
Capital Expenditures	167.0	124.9	42.1
Employees (at March 31)	24,900	24,160	740



Consolidated Statements of Cash Flows

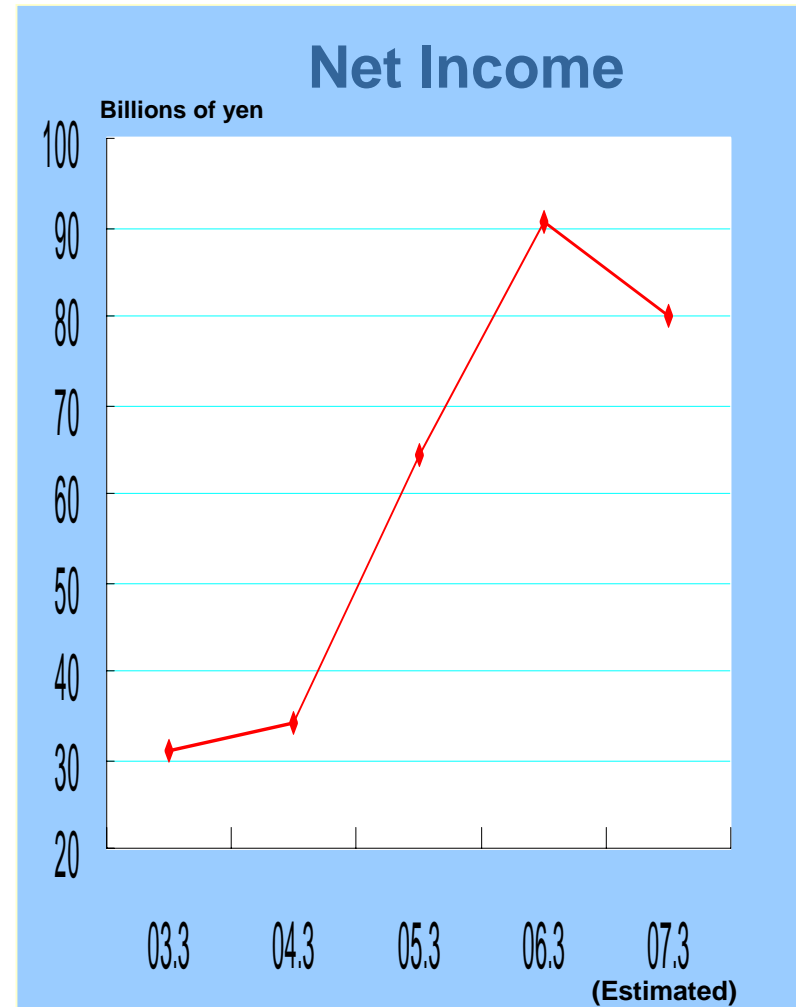
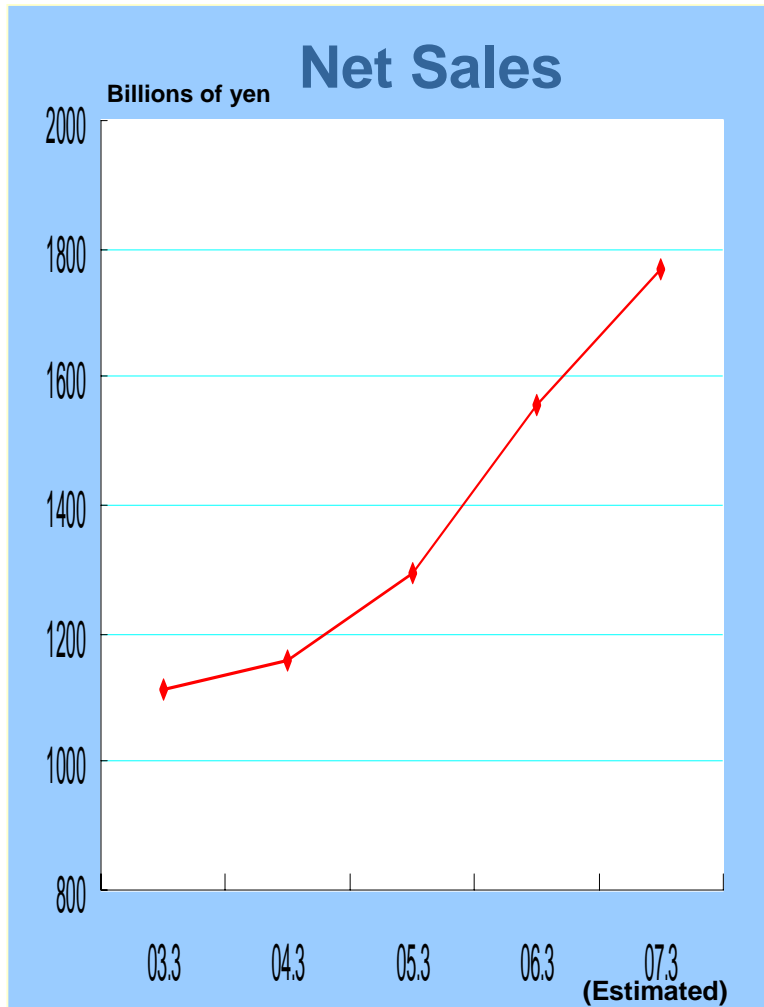
Unit; billions of yen

	FY2006 (estimated)	FY2005	Difference
Cash flows from operating activities	170.0	122.8	47.2
Cash flows from investing activities	-190.0	-180.7	-9.3
Free cash flows	-20.0	-57.9	37.9
Cash flows from financing activities	20.0	70.6	-50.6
Effect of exchange rate changes on cash and cash equivalents	-	1.0	-1.0
Net increase (decrease) in cash and cash equivalents	-	13.7	-13.7
Interest-Bearing Debt Balance	620.0	578.6	41.4

3. Financial Analysis

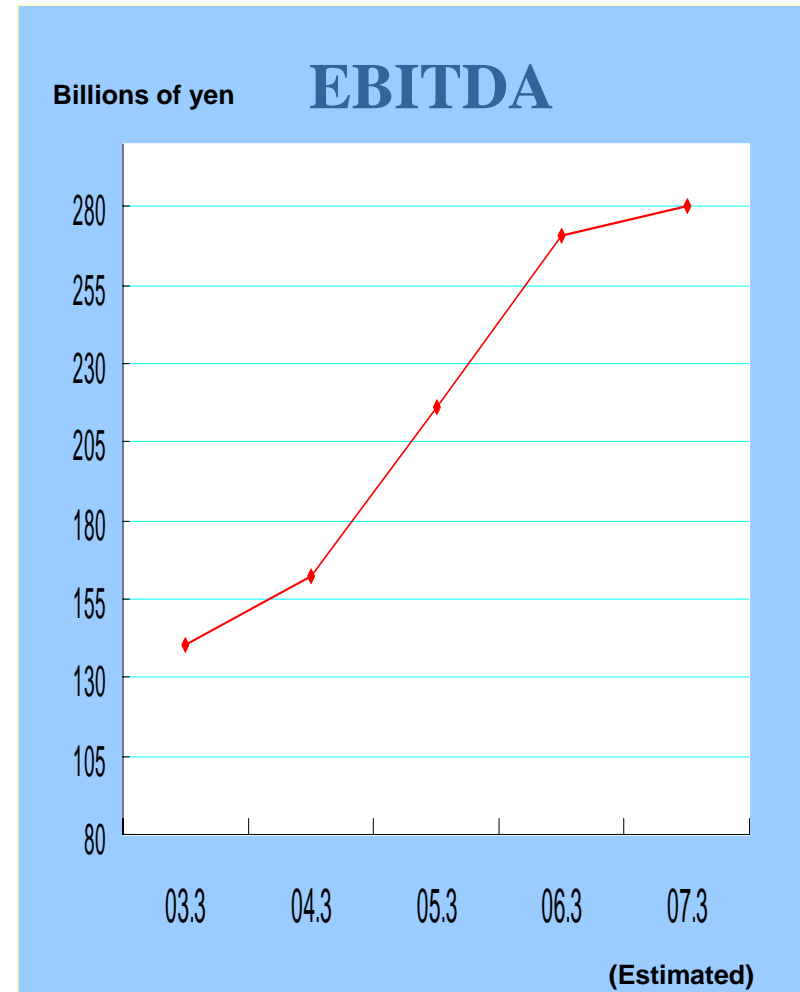
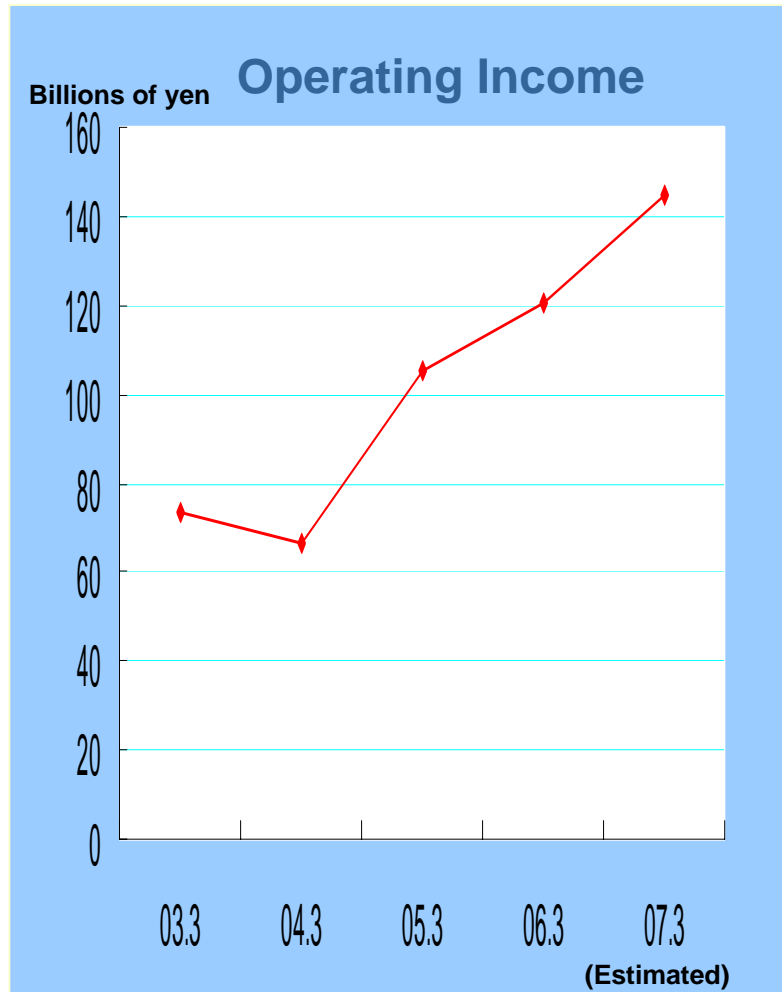


Financial Analysis - 1



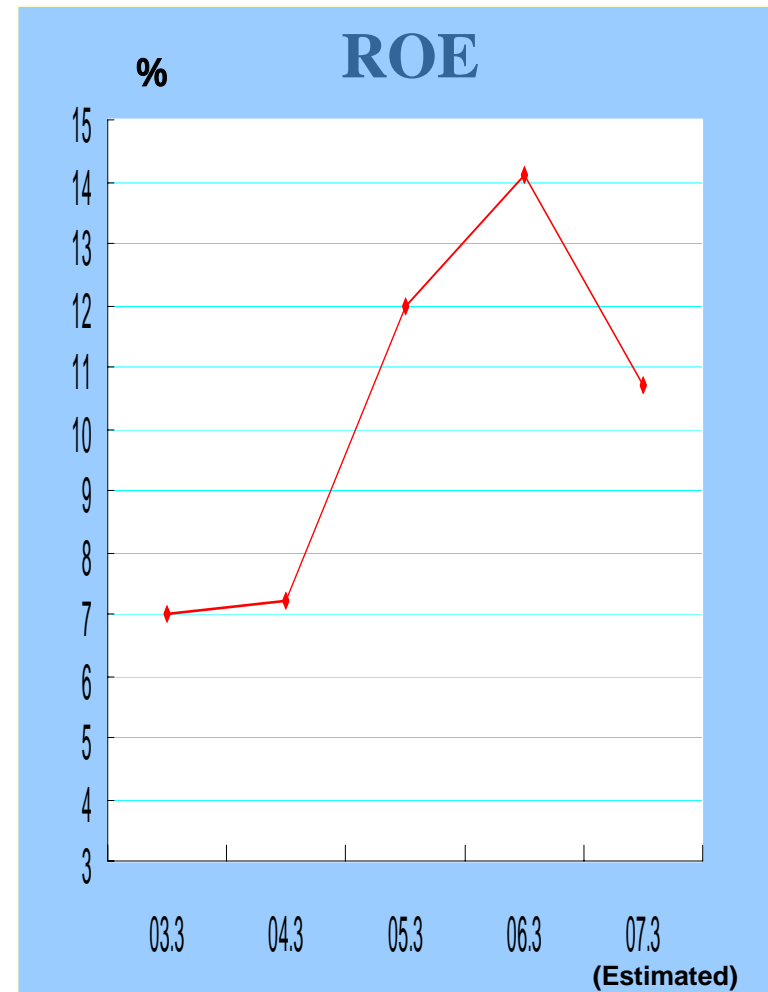
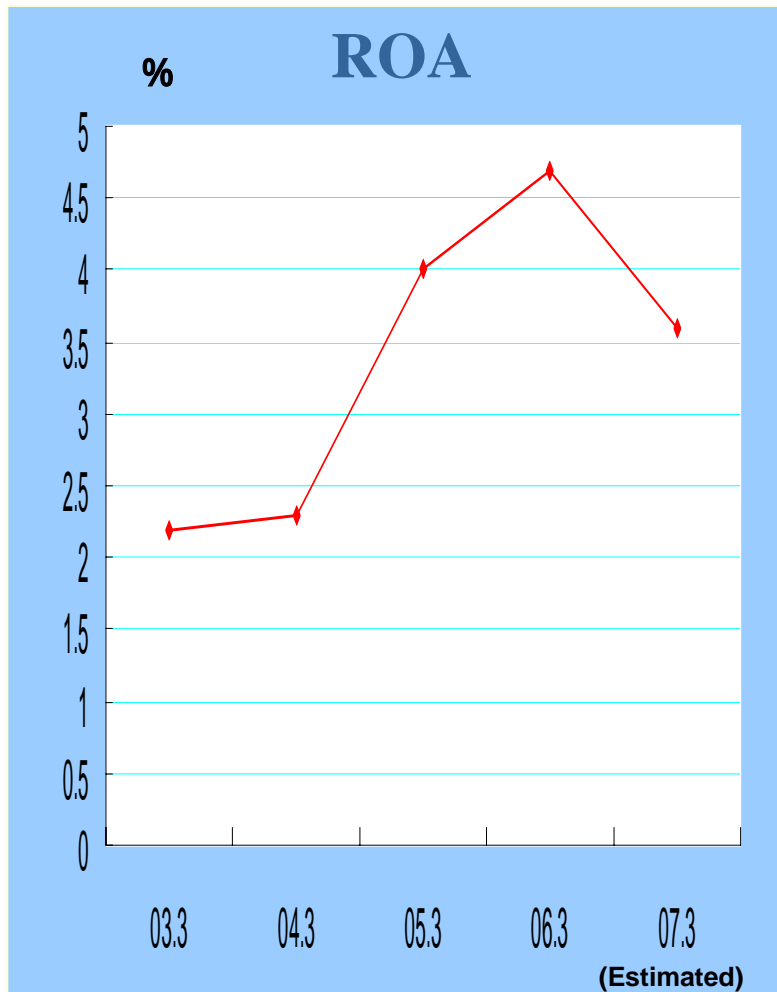


Financial Analysis - 2



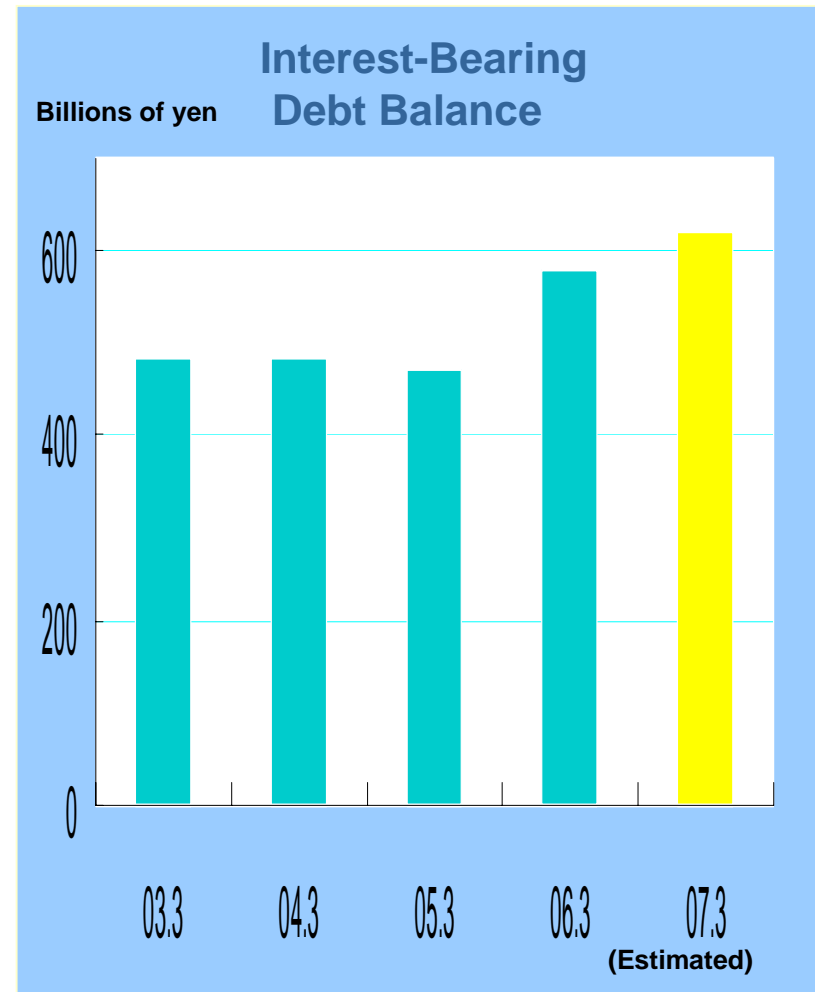
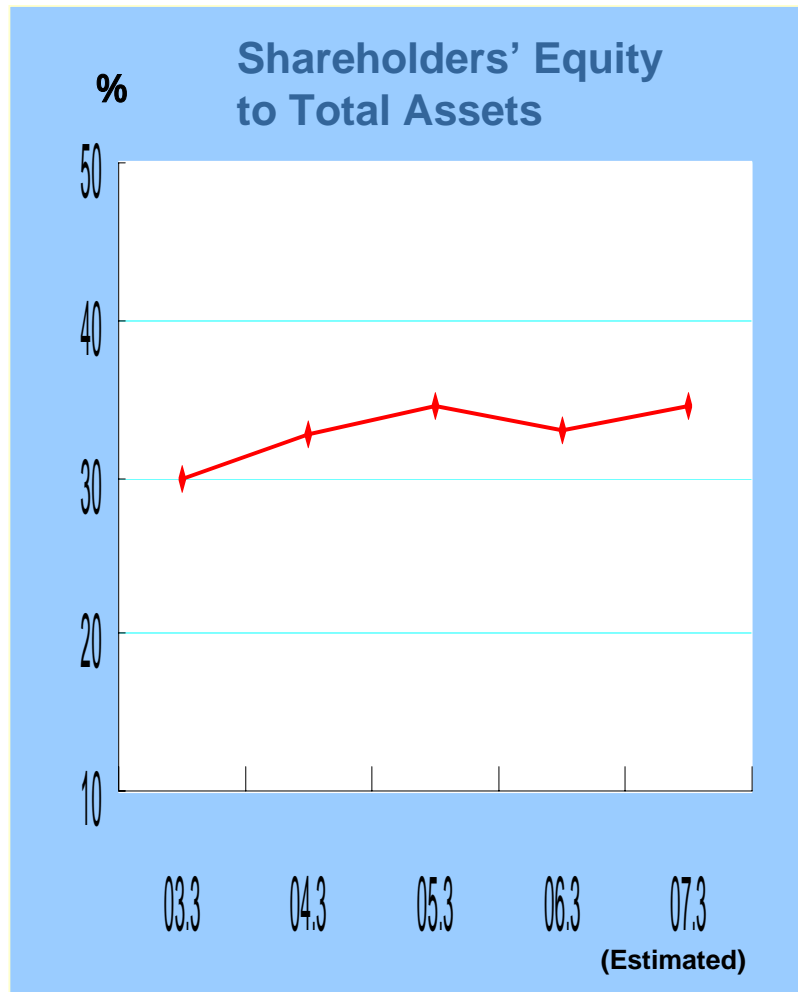


Financial Analysis - 3





Financial Analysis - 4





(Reference; Segment Information)



Capital Expenditures by Segment

Unit; billions of yen

	FY2005	FY2004	Difference
Basic Chemicals	20.7	18.2	2.6
Petrochemicals	16.1	13.7	2.4
Fine Chemicals	7.0	7.5	-0.5
IT-related Chemicals	44.0	40.2	3.8
Agricultural Chemicals	8.8	18.0	-9.1
Pharmaceuticals	10.6	19.1	-8.5
Others	17.7	9.0	8.7
Total	124.9	125.8	-0.9



Depreciation and Amortization by Segment

Unit; billions of yen

	FY2005	FY2004	Difference
Basic Chemicals	11.8	10.8	1.0
Petrochemicals	18.8	17.8	1.0
Fine Chemicals	6.7	6.3	0.4
IT-related Chemicals	24.9	18.4	6.6
Agricultural Chemicals	15.2	12.1	3.2
Pharmaceuticals	14.2	10.5	3.7
Others	13.2	12.3	0.9
Total	104.9	88.2	16.7



Research & Development Expenses by Segment

Unit; billions of yen

	FY2005	FY2004	Difference
Basic Chemicals	5.3	5.1	0.2
Petrochemicals	11.4	10.9	0.5
Fine Chemicals	4.4	4.4	0.0
IT-related Chemicals	12.8	9.7	3.1
Agricultural Chemicals	19.4	18.6	0.8
Pharmaceuticals	36.7	28.1	8.6
Others	1.9	1.4	0.5
Total	91.9	78.2	13.7

Corporate R&D expenses are allocated to each business segments.



Estimated Capital Expenditures by Segment

Unit; billions of yen

	FY2006 (estimated)	FY2005	Difference
Basic Chemicals	26.0	20.7	5.3
Petrochemicals	14.0	16.1	-2.1
Fine Chemicals	4.0	7.0	-3.0
IT-related Chemicals	81.0	44.0	37.0
Agricultural Chemicals	8.0	8.8	-0.8
Pharmaceuticals	14.0	10.6	3.4
Others	20.0	17.7	2.3
Total	167.0	124.9	42.1



Estimated Depreciation and Amortization by Segment

Unit; billions of yen

	FY2006 (estimated)	FY2005	Difference
Basic Chemicals	12.5	11.8	0.7
Petrochemicals	18.5	18.8	-0.3
Fine Chemicals	5.5	6.7	-1.2
IT-related Chemicals	34.5	24.9	9.6
Agricultural Chemicals	14.0	15.2	-1.2
Pharmaceuticals	16.5	14.2	2.3
Others	13.5	13.2	0.3
Total	115.0	104.9	10.1



Estimated Research & Development Expenses by Segment

Unit; billions of yen

	FY2006 (estimated)	FY2005	Difference
Basic Chemicals	5.5	5.3	0.2
Petrochemicals	11.5	11.4	0.1
Fine Chemicals	4.0	4.4	-0.4
IT-related Chemicals	14.0	12.8	1.2
Agricultural Chemicals	20.0	19.4	0.6
Pharmaceuticals	45.0	36.7	8.3
Others	3.0	1.9	1.1
Total	103.0	91.9	11.1

Corporate R&D expenses are allocated to each business segments.