

Financial Results of FY2006 First Quarter



July 31, 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.



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Financial Summary

Unit; billions of yen

	FY2006 1st Quarter	FY2005 1st Quarter	Difference	Growth
Net Sales	412.3	336.1	76.2	22.7%
Operating Income	34.0	29.7	4.3	14.4%
Ordinary Income	40.4	39.6	0.8	1.9%
(Equity in earnings of affiliates, included in ordinary income)	(4.5)	(8.1)	(-3.6)	(-44.2%)
Net Income	20.4	21.7	-1.3	-6.0%
Naphtha Price (yen/KL)	48,800	36,900		
Exchange Rate (yen/US\$)	114.50	107.73		



Net Sales by Segment

Unit; billions of yen

	FY2006 1st Quarter	FY2005 1st Quarter	Difference	Growth	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	69.9	57.4	12.5	21.8%	7.5	5.0
Petrochemicals	125.2	114.5	10.6	9.3%	11.5	-0.9
Fine Chemicals	22.1	18.7	3.3	17.9%	0.5	2.8
IT-related Chemicals	63.8	47.5	16.4	34.5%	-8.5	24.9
Agricultural Chemicals	44.7	40.0	4.7	11.8%	0.0	4.7
Pharmaceuticals	58.8	46.3	12.5	27.1%	-2.0	14.5
Others	27.8	11.7	16.1	137.3%	0.0	16.1
Total	412.3	336.1	76.2	22.7%	9.0	67.2



Operating Income by Segment

Unit; billions of yen

	Basic Chemicals	Petrochemicals	Fine Chemicals	IT-related Chemicals	Agricultural Chemicals	Pharmaceuticals	Others	Total
Operating Income								
FY2006 1st Quarter	2.7	3.6	3.2	3.7	4.6	15.3	0.8	34.0
FY2005 1st Quarter	3.1	5.8	2.5	3.8	2.3	12.0	0.2	29.7
Difference	-0.4	-2.2	0.7	-0.1	2.3	3.3	0.6	4.3

Price Variance	-2.5	-1.5	-0.5	-8.5	-0.5	-2.0	0.0	-15.5
Sales Price Variance	7.5	11.5	0.5	-8.5	0.0	-2.0	0.0	9.0
Purchase Price Variance	-10.0	*3 -13.0	-1.0	0.0	-0.5	0.0	0.0	-24.5
Cost Variance	-0.5	-1.5	0.0	1.0	0.5	-10.0	0.0	-10.5
VC	0.0	0.5	0.0	6.5	0.5	0.0	0.0	7.5
FC	-0.5	-2.0	0.0	-5.5	0.0	-10.0	0.0	-18.0
Shipping Volume Variance	2.6	0.8	1.2	7.4	*2 2.3	*1 15.3	0.6	30.3
Total	-0.4	-2.2	0.7	-0.1	2.3	3.3	0.6	4.3

Main factors for variance in operating income;

*1 Increased its sales volume by the merger of Sumitomo Pharmaceuticals and Dainippon Pharmaceutical

*2 Healthy sales of herbicides helped this increase

*3 A rise in raw material costs led decline of its operating income



Special Gains / Losses

Unit ; billions of yen

	FY2006 1st Quarter	FY2005 1st Quarter	Difference
Gain on sale of securities	2.7	-	2.7
Gain on business transfer	-	4.3	-4.3
Special Gains	2.7	4.3	-1.5
Restructuring Charges	2.9	0.1	2.8
Expenses for subsidiary merger	-	0.4	-0.4
Special Losses	2.9	0.5	2.4
Special Gains / Losses	-0.2	3.7	-3.9



Consolidated Balance Sheets

Unit ; billions of yen

	30-Jun-06	31-Mar-06		30-Jun-06	31-Mar-06
Current Assets	933.3	946.6	Liabilities	1,224.3	1,234.2
Cash and cash equivalents	100.2	100.3	Trade notes and accounts	242.0	265.2
Trade notes and accounts	376.7	399.3	Short-term debt	184.9	159.2
Inventories	310.4	294.8	Long-term debt due within one year	49.0	44.6
Others	146.0	152.2	Long-term debt due after one year	400.7	374.7
Non-current Assets	1,231.7	1,231.8	Others	347.7	390.4
Property, plant and equipment	588.5	570.3	Net Assets	940.7	944.2
Intangible assets	44.3	45.2	Shareholders' equity	568.0	557.9
Investment securities	481.3	503.0	Valuation and translation adjustments	147.7	161.9
Others	117.5	113.3	Minority interests	224.9	224.5
Total	2,165.0	2,178.4	Total	2,165.0	2,178.4

Interest-bearing debt balance	634.6	578.6
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Major Subsidiaries

Unit; billions of yen

Company	Net Sales		Operating Income Status
	FY06.1Q	FY05.1Q	
The Polyolefin Company (Singapore)	28.8	25.5	Margins between sales price and purchase price was the same level as the last year.
Petrochemical Corporation of Singapore	66.4	56.2	Rising price for raw materials led decline of its operating income.
Dongwoo Fine-Chem	37.2	25.2	Production capacity expansion led increase of its operating income
Valent U.S.A. and Subsidiaries	10.3	8.5	Sales increase in herbicides helped increase in its operating income.



Financial Estimates for 1st Half

Unit; billions of yen

	Revised Estimates	Estimates as of May-2006	Difference	Growth
Net Sales	850.0	850.0	0.0	0.0%
Operating Income	58.0	58.0	0.0	0.0%
Ordinary Income	62.0	62.0	0.0	0.0%
Net Income	46.0	31.0	15.0	48.4%