

## Sumitomo Chemical Company, Limited Consolidated Financial Results

Sumitomo Chemical Company, Limited today announced that its consolidated net sales for the year ended March 31, 2005 (FY2004) totaled ¥1,296.3 billion (\$12,071 million), an increase of 11.9% on FY2003. The Company posted operating income of ¥105.2 billion (\$979 million), and net income of ¥64.5 billion (\$600 million). These results substantially surpass FY2003, marking a record high. The Company intends to pay special dividends of ¥2,000 per 1,000 shares in addition to ordinary dividends of ¥6,000 per 1,000 shares, thereby raising the annual dividend from ¥6,000 to ¥8,000 per shares for FY2004.

Sales in the Basic Chemicals Segment increased 13.4% compared with last year to ¥225.8 billion. Sales of caprolactam (a raw material for synthetic fiber) grew reflecting soaring prices of feedstock and rapid expansion of demand in China and South East Asia. In addition, sales of aluminium increased due to the favorable market situation of tight supply. The Petrochemicals & Plastics Segment saw an increase of 13.8% in sales on the previous year to ¥412.6 billion. Sales of petrochemical products such as styrene monomer and propylene oxide rose significantly under improved market conditions due to the steep hike in prices of feedstock such as naphtha and benzene. Plastics sales grew markedly, because of the overseas market improvement, driven by the brisk demand in China as well as a series of successful price revisions in Japan. Sales in the Fine Chemicals Segment rose 4.3% to ¥84.1 billion. Pharmaceutical bulk and intermediates showed increased sales, mainly in exports, due to large shipments of new products as well as the prevailing solid demand. Sales of raw materials for adhesives and rubber antioxidants also performed well. The IT-related Chemicals Segment showed a 41.5% increase in sales over FY2003 to ¥174.8 billion. Sales for polarizing film and color filters saw a significant increase due to the surging demand that reflects strong expansion of the liquid crystal displays market for televisions, personal computers and mobile phones, coupled with the market shift toward larger sized displays. Production from the new facilities in Korea successfully met the brisk demand for these products. Sales of liquid crystal polymer also remained solid. Sales for the Agricultural Chemicals Segment increased 2.7% over last year to ¥171.6 billion. In agrochemicals, sales expanded due to release of new horticulture pesticide, *PLEO*, in Japan and increased sales in the United States and Europe. Sales of household insecticides also grew thanks to the launch of new products, such as *Sumi One*, etc. Sales in the Pharmaceuticals Segment increased 2.5% on the previous year to ¥170.7 billion. Despite the drug price reduction in April of last year in Japan, sales of the anchor product *Amlodin* (a therapeutic agent for hypertension and angina pectoris) and *Meropen* (a carbapenem antibiotic) performed well. Sales in the Others Segment decreased 4.0% from the previous year to ¥56.7 billion.

Total operating income increased 57.9% over FY2003 to ¥105.2 billion due to higher prices and increased shipments, bolstered by the recovery of the Asian market led by China's buoyant demand. Pharmaceuticals and IT-related Chemicals improved in operating income, 23.7% to ¥34.4 billion and 30.7% to ¥18.7 billion respectively. Petrochemicals & Plastics performance substantially improved over FY2003, returning to profitability with operating income of ¥15.0 billion. Operating income of other business segments rose, 38.3% to ¥14.8 billion for Agricultural Chemicals, 31.0% to ¥11.5 billion for Fine Chemicals, 102.0% to ¥5.2 billion for Basic Chemicals. Net income increased 87.8% to a record high of ¥64.5 billion due to the improved operating income as well as a large increase in equity in earnings of affiliates that reported stronger performance over FY 2003.

Net cash provided by operating activities was ¥159.8 billion (\$1,488 million), while net cash used in investing activities was ¥117.9 billion (\$1,098 million). Free cash flow increased to ¥41.9 billion (\$390 million).

For the year ending March 31, 2006, the Company estimates that consolidated net sales will be ¥1,500 billion (\$13,968 million), a 16% increase from FY2004, and that consolidated net income will be ¥65 billion (\$605 million), the same level as last year. Annual dividends per 1,000 shares will be kept at the same rate, ¥8,000 (\$74.49).

(Note) \*U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥107.39= \$1 prevailing on March 31, 2005.

**Consolidated Statements of Income**  
**Years ended March 31, 2005(FY2004) and 2004(FY2003)**

	FY2004		FY2003
	(¥Million)	(US\$1,000)*	(¥Million)
Sales	¥ 1,296,315	\$ 12,071,096	¥ 1,158,402
Cost of sales	933,892	8,696,266	850,188
Selling, general and administrative expenses	257,241	2,395,391	241,594
Operating income	105,182	979,439	66,620
Other income (expenses):			
Interest and dividend income	4,206	39,166	4,962
Interest expense	(7,197)	(67,017)	(7,808)
Equity in earnings of affiliates	26,696	248,589	8,596
Foreign exchange gain (loss)	5,820	54,195	(1,790)
Reversal of allowance for doubtful receivables	2,417	22,507	720
Net gain on sale of investment securities	1,718	15,998	3,138
Gain on sale of property, plant and equipment	-	-	9,060
Restructuring charges	(3,436)	(31,996)	(4,486)
Impairment loss on fixed assets	(2,515)	(23,419)	-
Loss associated with lease contract cancellation	-	-	(2,451)
Other, net	(11,231)	(104,582)	(4,252)
Income before income taxes and minority interests	121,660	1,132,880	72,309
Income taxes, net of tax effect	43,602	406,015	30,968
Minority interests	13,606	126,697	7,023
Net income	¥ 64,452	\$ 600,168	¥ 34,318

	FY2004		FY2003
	(Yen)	(US dollar)*	(Yen)
Net income per 1,000 shares	¥ 38,938	\$ 362.58	¥ 20,715
Dividends per 1,000 shares:			
Interim dividends	¥ 3,000	\$ 27.93	¥ 3,000
Year-end dividends	5,000	46.56	3,000
For the year	¥ 8,000	\$ 74.49	¥ 6,000

(Note)  
\*U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥107.39= \$1 prevailing on March 31, 2005.

**Industry Segment Results**  
**Years ended March 31, 2005(FY2004) and 2004(FY2003)**

									(¥Million)	
		Basic Chemicals	Petro-chemicals & Plastics	Fine Chemicals	IT-related Chemicals	Agricultural Chemicals	Pharmaceuticals	Others	Adjustments & Elimination	Consolidated
<b>FY2004</b>										
Sales	[a]	¥ 225,765	¥ 412,576	¥ 84,059	¥ 174,792	¥ 171,644	¥ 170,707	¥ 56,772		¥ 1,296,315
(Share)		(17.4%)	(31.8%)	(6.5%)	(13.5%)	(13.2%)	(13.2%)	(4.4%)		(100.0%)
(Growth)		(13.4%)	(13.8%)	(4.3%)	(41.5%)	(2.7%)	(2.5%)	(-4.0%)		(11.9%)
Operating income (loss)[b]		¥ 5,212	¥ 14,992	¥ 11,545	¥ 18,742	¥ 14,828	¥ 34,440	¥ 5,705	¥ (282)	¥ 105,182
[b] / [a]		(2.3%)	(3.6%)	(13.7%)	(10.7%)	(8.6%)	(20.2%)	(10.0%)		(8.1%)
Total assets		¥ 192,904	¥ 386,509	¥ 90,167	¥ 200,759	¥ 217,000	¥ 257,929	¥ 230,063	¥ 73,465	¥ 1,648,796
Depreciation		10,779	17,823	6,328	18,363	12,049	10,476	7,033	5,315	88,166
Impairment loss		-	420	-	-	-	-	2,095	-	2,515
Capital expenditures		18,163	13,714	7,532	40,237	17,986	19,115	4,945	4,093	125,785
<b>FY2003</b>										
Sales	[a]	¥ 199,050	¥ 362,411	¥ 80,594	¥ 123,525	¥ 167,105	¥ 166,561	¥ 59,156		¥ 1,158,402
(Share)		(17.2%)	(31.3%)	(6.9%)	(10.7%)	(14.4%)	(14.4%)	(5.1%)		(100.0%)
(Growth)		(2.4%)	(-2.5%)	(-3.9%)	(49.7%)	(5.3%)	(-1.1%)	(14.7%)		(4.3%)
Operating income (loss)[b]		¥ 2,580	¥ (1,639)	¥ 8,812	¥ 14,335	¥ 10,719	¥ 27,839	¥ 4,892	¥ (918)	¥ 66,620
[b] / [a]		(1.3%)	(-0.5%)	(10.9%)	(11.6%)	(6.4%)	(16.7%)	(8.3%)		(5.8%)
Total assets		¥ 185,530	¥ 346,419	¥ 94,307	¥ 164,418	¥ 210,610	¥ 248,764	¥ 213,047	¥ 86,196	¥ 1,549,291
Depreciation		11,349	18,241	6,821	10,471	11,861	12,153	8,366	3,220	82,482
Capital expenditures		13,268	11,736	6,954	37,194	5,685	21,692	4,742	8,921	110,192

**Overseas Operations**  
**Years ended March 31, 2005(FY2004) and 2004(FY2003)**

	FY2004				FY2003
	(¥Million)	(\$1,000)*	Share (%)	Growth (%)	(¥Million)
Overseas operations	¥ 486,195	\$ 4,527,377	37.5	33.5	¥ 364,107

(Note) \*U. S. dollar amounts are translated from yen, for convenience only, at the rate of ¥107.39= \$1 prevailing on March 31 2005.

**Consolidated Statements of Cash Flows**  
**Years ended March 31, 2005(FY2004) and 2004(FY2003)**

	FY2004		FY2003
	(¥Million)	(US\$1,000)*	(¥Million)
<b>Cash flows from operating activities:</b>			
Income before income taxes and minority interests	¥ 121,660	\$1,132,880	¥ 72,309
Depreciation	88,166	820,989	82,482
Income taxes paid	(29,122)	(271,180)	(33,373)
Other, net	(20,885)	(194,478)	(24,366)
Net cash provided by operating activities	159,819	1,488,211	97,052
<b>Cash flows from investing activities:</b>			
Acquisition of property, plant and equipment	(133,796)	(1,245,889)	(132,868)
Other, net	15,843	147,528	29,628
Net cash used in investing activities	(117,953)	(1,098,361)	(103,240)
<b>Cash flows from financing activities:</b>			
Dividends paid	(9,924)	(92,411)	(9,925)
Net (decrease) increase in short-term debt	(20,354)	(189,533)	2,438
Net increase (decrease) in long-term debt	4,951	46,103	1,359
Other, net	(5,877)	(54,726)	(3,187)
Net cash used in financing activities	(31,204)	(290,567)	(9,315)
Effect of exchange rate changes on cash and cash equivalents	190	1,769	(2,007)
Net increase (decrease) in cash and cash equivalents	10,852	101,052	(17,510)
Increase in cash due to merger of consolidated subsidiaries	45	419	58
Decrease in cash resulting from changes in the number of consolidated subsidiaries	(50)	(466)	(44)
Cash and cash equivalents at beginning of year	44,395	413,400	61,891
Cash and cash equivalents at end of year	¥ 55,242	\$ 514,405	¥ 44,395

(Note)

\*U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥107.39= \$1 prevailing on March 31, 2005.

**Non-consolidated Statements of Income**  
**Years ended March 31, 2005(FY2004) and 2004(FY2003)**

	FY2004		FY2003
	(¥Million)	(US\$1,000)*	(¥Million)
Sales	¥ 667,698	\$ 6,217,506	¥ 600,797
Cost of sales	543,406	5,060,117	496,340
Selling, general and administrative expenses	98,299	915,346	96,375
Operating income	25,993	242,043	8,082
Other income	29,169	271,617	21,637
Other expenses	12,922	120,327	10,282
Ordinary income	42,240	393,333	19,437
Special gains	5,210	48,515	6,642
Special losses	3,828	35,646	5,225
Income before income taxes	43,622	406,202	20,854
Income taxes	8,755	81,526	4,822
Net income	¥ 34,867	\$ 324,676	¥ 16,032

(Note)

\*U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥107.39= \$1 prevailing on March 31, 2005.

**(Cautionary Statement)**

Statements made in this release with respect to the Company'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.