

Sumitomo Chemical Reports Consolidated Financial Results For the Nine Months Ended December 31, 2005

Sumitomo Chemical Company, Limited today announced that its consolidated net sales for the nine months ended December 31, 2005 totaled ¥1,097.8 billion (\$9,298 million), an increase of 15.8% over the same period last year. Net income increased by 61.5% to ¥71.3 billion (\$604 million).

Sales in the Basic Chemicals segment increased by 5.7% over the same period for the previous year to ¥178.1 billion. The market for caprolactam and acrylonitrile, the raw materials for synthetic fibers, generally remained firm. A strong market for aluminum led to an increase in sales. Sales in the Petrochemicals & Plastics segment increased by 14.8% over the same period last year to ¥351.5 billion. Sales of synthetic resins increased thanks to the prevailing solid demand in Asia. Sales of petrochemical products increased because of a rise in the market, given steep rises in prices for naphtha and other feedstock. Sales in the Fine Chemicals segment decreased by 9.5% compared with last year's corresponding period to ¥57.3 billion. Intensifying competition caused a decrease in sales of pharmaceutical active ingredients, while sales of raw materials for adhesives held firm. Sales in the IT-related Chemicals segment increased by 23.6% over the same period for the previous year to ¥159.2 billion. Expanded production capacity in Asia led to a considerable increase in shipments of color filters and polarizing film, although selling prices for these products declined. Sales in the Agricultural Chemicals segment increased by 7.6% over the same period for the previous year to ¥128.3 billion. Expanded sales of herbicides in North America were a factor in favorable overseas results. In addition, enhanced sales promotion for feed additives contributed to an increase in shipments. Sales in the Pharmaceuticals segment increased by 31.5% over the same period for the previous year to ¥166.6 billion. Sumitomo Pharmaceuticals Co., Ltd. ("Sumitomo Pharmaceuticals") and Dainippon Pharmaceutical Co., Ltd. ("Dainippon Pharmaceutical") merged in October of last year to form Dainippon Sumitomo Pharma Co., Ltd. Sales remained firm for Amlodin (a therapeutic agent for hypertension and angina pectoris) and Meropen (a carbapenem antibiotic) as well as former Dainippon Pharmaceutical products such as Gasmotin (a gastroprokinetic) and Prorenal (a vasodilator). Sales in the Others segment increased by 60.8% over the previous year's corresponding period to ¥56.9 billion.

Total operating income increased by 14.8% over the same period for the previous year to ¥88.4 billion. The Basic Chemicals and Petrochemicals segments, buoyed by favorable market conditions in Asia, posted increases in operating income of 144.6% and 50.9%, respectively, rising to ¥7.3 billion and ¥12.8 billion. Operating income in the Pharmaceuticals segment increased by 23.3% to ¥34.4 billion over the same period of last year as a result of the merger of Sumitomo Pharmaceuticals and Dainippon Pharmaceutical. In the Agricultural Chemicals segment, operating income increased by 20.5% over the same period last year to ¥9.4 billion, boosted by sales expansion in North America. Operating income in the IT-related Chemicals segment decreased by 11.2% over the same period last year to ¥14.8 billion, caused by lower sales prices. The Fine Chemicals segment saw a decrease of 23.5% to ¥7.3 billion owing to intensifying competition in the market.

Net income increased by 61.5% to ¥71.3 billion, as a result of higher operating income and increase on the special gain from the merger of Sumitomo Pharmaceuticals and Dainippon Pharmaceutical.

(Note)

*U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥118.07= \$1 prevailing on December 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.

Summary of Consolidated Results

(1) Results of operations:

	9 Months ended December 31, 2005		9 Months ended December 31, 2004
	(¥ Million)	(US\$ 1,000)*	(¥ Million)
Net Sales	¥ 1,097,844	\$ 9,298,247	¥ 948,021
Operating Income	88,411	748,802	77,017
Income Before Income Taxes and Minority Interests	127,176	1,077,124	91,794
Net Income	71,301	603,888	44,150
	(Yen)	(US\$)*	(Yen)
Net income per 1,000 shares	¥ 43,143	\$ 365	¥ 26,704

(2) Financial Position:

	As of December 31, 2005		As of March 31, 2005
	(¥ Million)	(US\$ 1,000)*	(¥ Million)
Total Assets	¥ 2,093,208	\$ 17,728,534	¥ 1,648,796
Total Shareholders' Equity	675,408	5,720,403	569,601
	(Yen)	(US\$)*	(Yen)
Book Value per 1,000 shares	¥ 408,716	\$ 3,462	¥ 344,576

(3) Results of Operations by Business Segment:

	9 Months ended December 31, 2005		9 Months ended December 31, 2004
	(¥ Million)	(US\$ 1,000)*	(¥ Million)
Net Sales			
Basic Chemicals	¥ 178,126	\$ 1,508,647	¥ 168,527
Petrochemicals & Plastics	351,470	2,976,793	306,095
Fine Chemicals	57,313	485,415	63,332
IT-related Chemicals	159,185	1,348,226	128,830
Agricultural Chemicals	128,317	1,086,787	119,237
Pharmaceuticals	166,560	1,410,689	126,625
Others	56,873	481,689	35,375
	¥ 1,097,844	\$ 9,298,247	¥ 948,021
Operating Income			
Basic Chemicals	¥ 7,254	\$ 61,438	¥ 2,966
Petrochemicals & Plastics	12,751	107,995	8,451
Fine Chemicals	7,253	61,430	9,479
IT-related Chemicals	14,826	125,570	16,694
Agricultural Chemicals	9,396	79,580	7,799
Pharmaceuticals	34,359	291,005	27,867
Others	2,647	22,419	3,519
Elimination	75	635	242
	¥ 88,411	\$ 748,802	¥ 77,017

(Note)

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