

**Sumitomo Chemical Reports  
Consolidated Financial Results  
For the Three Months Ended June 30, 2010**

The Sumitomo Chemical Group's sales for the first quarter ended June 30, 2010 were ¥491.2 billion, an increase of ¥150.5 billion compared with the same period the previous year. The Group's operating income was ¥34.0 billion, ordinary income was ¥36.0 billion, and net income was ¥18.0 billion, all exceeding levels of the same period the previous year.

The Sumitomo Chemical Group's financial results by business segment for the first quarter are as follows.

**Basic Chemicals**

Sales of caprolactam and other raw materials for synthetic fibers expanded because of an increase in shipments and a rise in market prices stemming from a recovery in demand. Sales of methyl methacrylate rose because of a substantial recovery in overseas demand. Sales of aluminum increased thanks to higher market prices. As a result, the segment's sales expanded by ¥19.9 billion over the same period the previous year, to ¥62.3 billion, and operating income improved by ¥6.2 billion, to record a profit of ¥4.1 billion.

**Petrochemicals & Plastics**

Sales of synthetic resins and petrochemical products grew because of a substantial increase in shipments of sales subsidiaries due to the start of operation of the Rabigh complex in April 2009, as well as higher selling prices in Japan and higher market prices in overseas resulting from a sharp rise in prices for naphtha and other feedstocks. Consequently, the segment's sales increased by ¥60.0 billion over the same period the previous year to ¥156.2 billion, and operating income improved by ¥8.2 billion, to a profit of ¥3.6 billion.

**Fine Chemicals**

Sales of raw materials for adhesives and sales of pharmaceutical chemicals increased due to a recovery in demand and sales promotion efforts. As a result, the segment's sales rose by ¥5.5 billion compared with the same period the previous year, to ¥23.9 billion, and operating income increased by ¥2.0 billion, to ¥1.9 billion.

**IT-related Chemicals**

Sales of polarizing film and color filters used in liquid crystal displays (LCDs) grew because of a significant increase in shipments on the back of strong demand in Korea, Taiwan, and China. As a result, the segment's sales rose by ¥32.1 billion over the same period the previous year, to ¥78.1 billion, and operating income improved by ¥10.6 billion, to ¥8.0 billion.

### Agricultural Chemicals

In the area of crop protection chemicals, shipments of herbicides continued to be strong in overseas markets. Although shipments of the feed additive methionine remained solid, sales fell because of lower market prices. In addition, export sales decreased in yen terms because of appreciation of the yen. As a result, the segment's sales declined by ¥1.5 billion compared with the same period the previous year, to ¥52.7 billion, and operating income increased by ¥0.6 billion, to ¥6.9 billion.

### Pharmaceuticals

Sales of *Amlodin* (therapeutic agent for hypertension and angina pectoris) declined because of Japanese National Health Insurance drug price revisions. Sales of *Avapro* (therapeutic agent for hypertension), *Lonasen* (therapeutic agent for schizophrenia), and new drug *Trerief* (therapeutic agent for Parkinson's disease) and other pharmaceuticals increased as a result of continued sales promotion efforts. Sepracor Inc. and other U.S. subsidiaries, which became consolidated subsidiaries from the fourth quarter of the previous fiscal year also contributed to the segment's performance. As a result, the segment's sales rose by ¥35.5 billion from the same period the previous year, to ¥94.9 billion, and operating income increased by ¥4.6 billion, to ¥14.4 billion.

### Others

In addition to the above six segments, the Sumitomo Chemical Group engages in supplying electrical power and steam, providing services for the design, engineering, and construction management of chemical plants, providing transport and warehousing, and conducting materials and environmental analysis. The segment's sales decreased by ¥1.0 billion compared with the same period the previous year, to ¥23.1 billion, and operating income remained unchanged at ¥0.1 billion.

(Note) Changes in the operating income calculation and business classification methods

The Company has been applying the Accounting Standard for Disclosures about Segments of an Enterprise and Related information (ASBJ statement No. 17 of March 27, 2009) and the Implementation Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related information (ASBJ Guidance No. 20 of March 31, 2010) from the three months ended June 30, 2010. Along with this, the method for allocating common company-wide research expenses and other expenses has been revised, and the business segment categorization of a consolidated subsidiary has been changed. The figures for three months ended June 30, 2009 have also been rearranged to match these changes for comparison.

Performance for the three months ended June 30, 2010 exceeded previous expectations, and performance for the nine months ending March 31, 2011 is also expected to exceed previous expectations thanks to better margins in Basic Chemicals and stronger shipments in IT-related Chemicals. As a result, the Company has increased its consolidated financial forecasts for the half-year ending September 30, 2010 to operating income of ¥50.0 billion, ordinary income of ¥50.0 billion and net income of ¥30.0 billion, and for the full-year ending March 31, 2011, to operating income of ¥70.0 billion, ordinary income of ¥68.0 billion and net income of ¥45.0 billion.

## Summary of Consolidated Results

### (1) Results of Operations:

	3 Months ended June 30, 2010		3 Months ended June 30, 2009	
	( ¥ Million )	( US\$ 1,000 ) <sup>*1</sup>	( ¥ Million )	
Net sales	¥ 491,243	\$ 5,552,023	¥ 340,771	
Operating income	34,042	384,742	2,303	
Ordinary income	36,004	406,917	3,205	
Income before income taxes and minority interests	35,676	403,210	3,009	
Net (loss) income	17,971	203,108	(1,508)	
	( Yen )	( US\$ ) <sup>*1</sup>	( Yen )	
Net income per 1,000 shares	¥ 10,885	\$ 123	¥ (913)	

### (2) Financial Position:

	As of June 30, 2010		As of March 31, 2010	
	( ¥ Million )	( US\$ 1,000 ) <sup>*1</sup>	( ¥ Million )	
Total assets	¥ 2,442,384	\$ 27,603,797	¥ 2,383,906	
Total net asset	829,873	9,379,216	821,436	
	( Yen )	( US\$ ) <sup>*1</sup>	( Yen )	
Book value per 1,000 shares	¥ 351,350	\$ 3,971	¥ 348,525	

### (3) Cash Flows:

	3 Months ended June 30, 2010		3 Months ended June 30, 2009	
	( ¥ Million )	( US\$ 1,000 ) <sup>*1</sup>	( ¥ Million )	
Cash flows from operating activities	¥ 28,137	\$ 318,004	¥ (3,995)	
Cash flows from investing activities	(70,379)	(795,423)	(13,954)	
Cash flows from financing activities	55,387	625,983	21,955	
Cash and cash equivalents at end of period	134,399	1,518,976	91,544	

### (4) Results of Operations by Business Segment:

	3 Months ended June 30, 2010		3 Months ended June 30, 2009	
	( ¥ Million )	( US\$ 1,000 ) <sup>*1</sup>	( ¥ Million ) <sup>*2</sup>	
Net sales				
Basic Chemicals	¥ 62,343	\$ 704,600	¥ 42,437	
Petrochemicals & Plastics	156,153	1,764,840	96,137	
Fine Chemicals	23,944	270,615	18,428	
IT-related Chemicals	78,065	882,290	45,986	
Agricultural Chemicals	52,703	595,649	54,234	
Pharmaceuticals	94,901	1,072,570	59,411	
Others	23,134	261,460	24,138	
	¥ 491,243	\$ 5,552,023	¥ 340,771	
Operating (loss) income				
Basic Chemicals	¥ 4,057	\$ 45,852	¥ (2,126)	
Petrochemicals & Plastics	3,601	40,698	(4,638)	
Fine Chemicals	1,905	21,530	(77)	
IT-related Chemicals	8,003	90,450	(2,631)	
Agricultural Chemicals	6,868	77,622	6,294	
Pharmaceuticals	14,379	162,511	9,787	
Others	58	656	84	
Adjustments	(4,829)	(54,577)	(4,390)	
	¥ 34,042	\$ 384,742	¥ 2,303	

(Note)

\*1:U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥88.48= \$1 prevailing on June 30, 2010.

\*2:unaudited amount having been reclassified according to new segmentation