



Financial Results of FY2008 Third Quarter



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Sumitomo Chemical Co., Ltd.



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Financial Summary

Unit; billions of yen

	FY2008 3rd Quarter (year to date)	FY2007 3rd Quarter (year to date)	Difference	Growth
Net Sales	1,452.6	1,391.0	61.6	4.4%
Operating Income	42.3	75.9	△33.7	△44.3%
(Equity in earnings of affiliates, included in ordinary income)	(△1.5)	(12.4)	(△13.9)	—
(Net gain / loss on foreign currency transactions in ordinary income)	(△13.2)	(△0.3)	(△12.8)	—
Ordinary Income	26.2	85.5	△59.3	△69.4%
Net Income	0.8	40.5	△39.7	△98.1%
ROE	0.1%	5.2%		
Naphtha Price (yen/KL)	69,600	59,700		
Exchange Rate (yen/US\$)	102.92	117.35		



Net Sales by Segment

Unit; billions of yen

	FY2008 3rd Quarter (year to date)	FY2007 3rd Quarter (year to date)	Difference	Growth	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	206.1	234.0	△27.9	△11.9%	△6.0	△21.9
Petrochemicals	466.4	440.9	25.5	5.8%	47.0	△21.5
Fine Chemicals	66.2	69.6	△3.3	△4.8%	2.0	△5.3
IT-related Chemicals	254.9	214.0	40.8	19.1%	△17.0	57.8
Agricultural Chemicals	165.3	142.6	22.7	15.9%	5.5	17.2
Pharmaceuticals	179.9	179.2	0.7	0.4%	△8.0	8.7
Others	113.9	110.6	3.2	2.9%	0	3.2
Total	1,452.6	1,391.0	61.6	4.4%	23.5	38.1



Operating Income by Segment

Unit: billions of yen

	Basic Chemicals	Petro-chemicals	Fine Chemicals	IT-related Chemicals	Agricultural Chemicals	Pharmaceuticals	Others	Total
Operating Income								
FY2008 3rd Quarter (year to date)	△7.7	△10.6	3.6	17.7	15.5	28.9	△5.1	42.3
FY2007 3rd Quarter (year to date)	9.6	4.3	9.1	0.2	11.4	38.6	2.7	75.9
Difference	△17.3	△14.9	△5.5	17.5	4.0	△9.7	△7.8	△33.7
Price Variance	△7.5	△3.5	△1.5	△21.0	0.5	△8.0	0	△41.0
Sales Price Variance	△6.0	47.0	2.0	△17.0	5.5	△8.0	0	23.5
Purchase Price Variance	△1.5	△50.5	△3.5	△4.0	△5.0	0	0	△64.5
Cost Variance	△4.0	△4.0	△1.5	14.0	△1.5	△8.0	△12.0	△17.0
VC	1.5	0.5	0	16.0	1.0	0	0	19.0
FC	△5.5	△4.5	△1.5	△2.0	△2.5	△8.0	△12.0	△36.0
Shipping Volume Variance	△5.8	△7.4	△2.5	24.5	5.0	6.3	4.2	24.3
Total	△17.3	△14.9	△5.5	17.5	4.0	△9.7	△7.8	△33.7



Extraordinary Gains / Losses

Unit; billions of yen

	FY2008 3rd Quarter (year to date)	FY2007 3rd Quarter (year to date)	Difference
Gain on sale of property, plant and equipment	1.0	4.7	△3.7
Gain on sale of investment securities	0.9	1.2	△0.4
Extraordinary Gains	1.8	5.9	△4.0
Write-down of Investment Securities	3.9	–	3.9
Restructuring charges	2.5	1.6	0.9
Extraordinary Losses	6.4	1.6	4.9
Extraordinary Gains / Losses	△4.6	4.3	△8.9



Consolidated Balance Sheets

Unit; billions of yen

	31-Dec-08	31-Mar-08		31-Dec-08	31-Mar-08
Current Assets	975.9	1,003.2	Liabilities	1,360.1	1,352.9
Cash and cash equivalents	92.4	107.4	Trade notes and accounts	238.1	282.7
Trade notes and accounts	377.9	423.8	Short-term debt	313.7	202.6
Inventories	370.4	338.2	Long-term debt due within one year	43.5	85.6
Others	135.1	133.8	Long-term debt due after one year	439.6	385.7
Non-current Assets	1,281.7	1,355.8	Others	325.2	396.3
Property, plant and equipment	615.7	636.5	Net Assets	897.5	1,006.0
Intangible assets	70.0	83.9	Shareholders' equity	652.0	673.0
Investment securities	443.4	518.9	Valuation and translation adjustments	8.7	95.1
Others	152.6	116.5	Minority interests	236.7	237.9
Total	2,257.6	2,358.9	Total	2,257.6	2,358.9

Interest-bearing debt balance	796.8	673.9
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Consolidated Statements of Cash Flows

Unit: billions of yen

	FY2008 3rd Quarter (year to date)	FY2007 3rd Quarter (year to date)	Difference
Cash flows from operating activities	30.0	105.1	△75.2
Cash flows from investing activities	△154.9	△173.6	18.7
Free cash flows	△124.9	△68.5	△56.4
Cash flows from financing activities	113.2	41.1	72.1
Effect of exchange rate changes on cash and cash equivalents	△3.3	0.4	△3.7
Net increase (decrease) in cash and cash equivalents	△15.0	△27.0	12.0
Cash and cash equivalents (at December 31)	92.4	99.2	△6.8



Major Subsidiaries

Unit; billions of yen

Company	Net Sales		Operating Income Status
	FY2008 3rd Quarter (year to date)	FY2007 3rd Quarter (year to date)	
The Polyolefin Company (Singapore)	107.3	102.8	Decreased owing to margin compression for polypropylene.
Petrochemical Corporation of Singapore	271.9	250.6	Decreased because of product margins squeezed by soaring naphtha price.
Dongwoo Fine-Chem	152.3	133.1	Increased thanks to boost in shipments and cost reductions exceeding declines in selling prices.
Valent U.S.A. and Subsidiaries	36.6	33.2	Increased slightly due to strong sales.

Financial Estimates for Year

Unit; billions of yen

	Revised Estimates	Estimates as of October-2008	Difference	Growth
Net Sales	1,820.0	2,010.0	△190.0	△9.5%
Operating Income	30.0	70.0	△40.0	△57.1%
Ordinary Income	0	60.0	△60.0	△100.0%
Net Income	△15.0	15.0	△30.0	-
Naphtha Price (yen/KL) (4th Quarter)	58,500 (25,000)	66,100		
Exchange Rate (yen/US\$) (4th Quarter)	100.00 (90.00)	104.00		
Projected Dividend on a full-year (yen)	9.00	12.00		



Actions to Improve Performance

1. Rigorously Selecting capital expenditures and R&D investments.
2. Trimming overall expenses.
3. Cutting back interest-bearing debt through measures such as inventory reductions.
4. Decreasing labor costs.