

Fiscal Year Ended March 31, 2004 (FY2003)

Financial Results
&
Outlook for FY2004

May 14, 2004



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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1. Consolidated Financial Results for FY 2003 Ended March 31, 2004



Financial Summary

Unit; billions of yen

	FY2003	FY2002	Difference	Growth
Net Sales	1,158.4	1,111.1	47.3	4.3%
Operating Income	66.6	73.5	-6.9	-9.4%
(Equity in earnings of affiliates, included in ordinary income)	(8.6)	(2.6)	(6.0)	(231.9%)
Ordinary Income	66.3	68.0	-1.7	-2.5%
Net Income	34.3	31.1	3.2	10.2%
ROE	7.2%	7.0%		
Naphtha Price (yen/KL)	25,600	24,000		
Exchange Rate (yen/US\$)	113.19	121.98		



Net Sales by Segment

Unit; billions of yen

	FY2003	FY2002	Difference	Growth	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	199.1	194.4	4.7	2.4%	3.6	1.1
Petrochemicals	362.4	371.6	-9.2	-2.5%	17.4	-26.6
Fine Chemicals	80.6	83.9	-3.3	-3.9%	-5.9	2.6
IT-related Chemicals	123.5	82.5	41.0	49.7%	-7.3	48.3
Agricultural Chemicals	167.1	158.7	8.4	5.3%	-4.2	12.6
Pharmaceuticals	166.6	168.4	-1.8	-1.1%	-2.0	0.2
Others	59.1	51.6	7.5	14.7%	0.4	7.1
Total	1,158.4	1,111.1	47.3	4.3%	2.0	45.3

Overseas Operations	364.1	327.4	36.7	11.2%
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Operating Income by Segment

Unit; billions of yen

	Basic Chemicals	Petrochemicals	Fine Chemicals	IT-related Chemicals	Agricultural Chemicals	Pharmaceuticals	Others	Total
Operating Income								
FY2003	2.6	-1.6	8.8	14.3	10.7	27.8	4.0	66.6
FY2002	5.7	5.0	9.3	0.5	16.7	32.3	4.0	73.5
Difference	-3.1	-6.6	-0.5	13.8	-6.0	-4.5	0.0	-6.9

Price Variance	-1.9	2.2	-5.7	-5.3	-4.2	-2.0	-0.1	-17.0
Sales Price Variance	3.6	17.4	-5.9	-7.3	-4.2	-2.0	0.4	2.0
Purchase Price Variance	-5.5	-15.2	0.2	2.0	0.0	0.0	-0.5	-19.0
Cost Variance	-1.6	-8.1	1.0	-2.6	-2.5	-1.0	1.8	-13.0
VC	0.5	0.5	1.5	1.0	0.5	0.0	0.0	4.0
FC	-2.1	-8.6	-0.5	-3.6	-3.0	-1.0	1.8	-17.0
Shipping Volume Variance	0.4	-0.7	4.2	21.7	0.7	-1.5	-1.7	23.1
Total	-3.1	-6.6	-0.5	13.8	-6.0	-4.5	0.0	-6.9



Elements of Major Costs

Unit ; billions of yen

	FY2003	FY2002	Difference
Labor Costs	178.2	174.9	3.3
Maintenance Costs	37.5	33.4	4.1
Depreciation and Amortization	82.5	69.0	13.5
Research & Development Expenses	75.2	72.8	2.4
Capital Expenditures	110.2	152.0	-41.8
Employees (at March 31)	19,036	17,906	1,130



Special Gains / Losses

Unit :billions of yen

	FY2003	FY2002	Difference
Gain on sale of property,plant and equipment	9.1	2.2	6.9
Gain on sale of securities	3.1	3.1	0
Allowance for doubtful receivables	0.7	2.2	-1.5
Special Gains	12.9	7.5	5.4
Restructuring charges	4.5	6.4	-1.9
Loss associated with lease contract cancellation	2.4	-	2.4
Loss on write-down of investment securities	-	4.0	-4.0
Loss on sale of investment securities	-	1.9	-1.9
Special Losses	6.9	12.3	-5.4
Special Gains / Losses	6.0	-4.8	10.8



Consolidated Balance Sheets

Unit ; billions of yen

	31-Mar-04	31-Mar-03		31-Mar-04	31-Mar-03
Current Assets	628.3	634.8	Liabilities	943.2	944.3
Cash and cash equivalents	44.4	61.9	Trade notes and accounts	197.5	186.6
Trade notes and accounts	312.7	294.8	Short-term debt	140.1	136.7
Inventories	210.4	219.0	Long-term debt due within one year	63.9	76.6
Others	60.8	59.1	Long-term debt due after one year	281.3	271.9
Non-current Assets	921.0	849.5	Others	260.4	272.5
Property, plant and equipment	481.9	465.6	Minority interests in consolidated subsidiaries	100.0	95.7
Intangible assets	46.9	53.7	Shareholders' equity	506.1	444.3
Investment securities	343.7	275.4	Common stock	89.7	89.7
Others	48.5	54.8	Capital surplus	21.4	21.4
			Retained earnings	322.0	299.9
			Revaluation reserve	4.0	4.0
			Unrealized gains on investment securities	88.0	43.0
			Foreign currency translation adjustments	-18.2	-12.9
			Treasury stock, at cost	-0.8	-0.7
Total	1,549.3	1,484.3	Total	1,549.3	1,484.3
			Interest-bearing debt balance	485.3	485.2



Consolidated Statements of Cash Flows

Unit; billions of yen

	FY2003	FY2002	Difference
Cash flows from operating activities	97.0	141.7	-44.7
Cash flows from investing activities	-103.2	-129.2	26.0
Free cash flows	-6.2	12.5	-18.7
Cash flows from financing activities	-9.3	-5.2	-4.1
Effect of exchange rate changes on cash and cash equivalents	-2.0	-0.6	-1.4
Net increase (decrease) in cash and cash equivalents	-17.5	6.7	-24.2
Cash and cash equivalents at end of year	44.4	61.9	-17.5
Interest-Bearing Debt Balance	485.3	485.2	0.1



2. Outlook for FY2004



Financial Summary

Unit; billions of yen

	FY2004 (estimated)	FY2003	Difference	Growth
Net Sales	1,200.0	1,158.4	41.6	3.6%
Operating Income	78.0	66.6	11.4	17.1%
(Equity in earnings of affiliates, included in ordinary income)	(12.0)	(8.6)	(3.4)	(39.6%)
Ordinary Income	78.0	66.3	11.7	17.6%
(Special Gains / Losses)	(0.0)	(6.0)	(-6.0)	-
Net Income	42.0	34.3	7.7	22.4%
ROE	8.0%	7.2%		
Naphtha Price (yen/KL)	28,000	25,600		
Exchange Rate (yen/US\$)	105.00	113.19		



Net Sales by Segment

Unit; billions of yen

	FY2004 (estimated)	FY2003	Difference	Growth	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	200.0	199.1	0.9	0.5%	-0.5	1.4
Petrochemicals	340.0	362.4	-22.4	-6.2%	13.0	-35.4
Fine Chemicals	80.0	80.6	-0.6	-0.7%	0.0	-0.6
IT-related Chemicals	180.0	123.5	56.5	45.7%	-8.0	64.5
Agricultural Chemicals	170.0	167.1	2.9	1.7%	-2.0	4.9
Pharmaceuticals	170.0	166.6	3.4	2.1%	-5.0	8.4
Others	60.0	59.1	0.9	1.4%	-	0.9
Total	1,200.0	1,158.4	41.6	3.6%	-2.5	44.1



Operating Income by Segment

Unit; billions of yen

	Basic Chemicals	Petrochemicals	Fine Chemicals	IT-related Chemicals	Agricultural Chemicals	Pharmaceuticals	Others	Total
Operating Income								
FY2004 (estimated)	4.0	5.0	9.0	20.0	12.0	25.0	3.0	78.0
FY2003	2.6	-1.6	8.8	14.3	10.7	27.8	4.0	66.6
Difference	1.4	6.6	0.2	5.7	1.3	-2.8	-1.0	11.4
Price Variance	-1.0	-2.0	0.0	-8.0	-2.0	-4.0	0.0	-17.0
Sales Price Variance	-0.5	13.0	0.0	-8.0	-2.0	-5.0	0.0	-2.5
Purchase Price Variance	-0.5	-15.0	0.0	0.0	0.0	1.0	0.0	-14.5
Cost Variance	2.0	4.5	1.0	-8.0	2.5	-3.0	0.5	-0.5
VC	0.0	0.5	0.0	0.0	0.0	1.0	0.0	1.5
FC	2.0	4.0	1.0	-8.0	2.5	-4.0	0.5	-2.0
Shipping Volume Variance	0.4	4.1	-0.8	21.7	0.8	4.2	-1.5	28.9
Total	1.4	6.6	0.2	5.7	1.3	-2.8	-1.0	11.4



Elements of Major Costs

Unit ; billions of yen

	FY2004 (estimated)	FY2003	Difference
Labor Costs	172.0	178.2	-6.2
Maintenance Costs	38.0	37.5	0.5
Depreciation and Amortization	82.0	82.5	-0.5
Research & Development Expenses	83.0	75.2	7.8
Capital Expenditures	100.0	110.2	-10.2
Employees (at March 31)	20,400	19,036	1,364



Consolidated Statements of Cash Flows

Unit; billions of yen

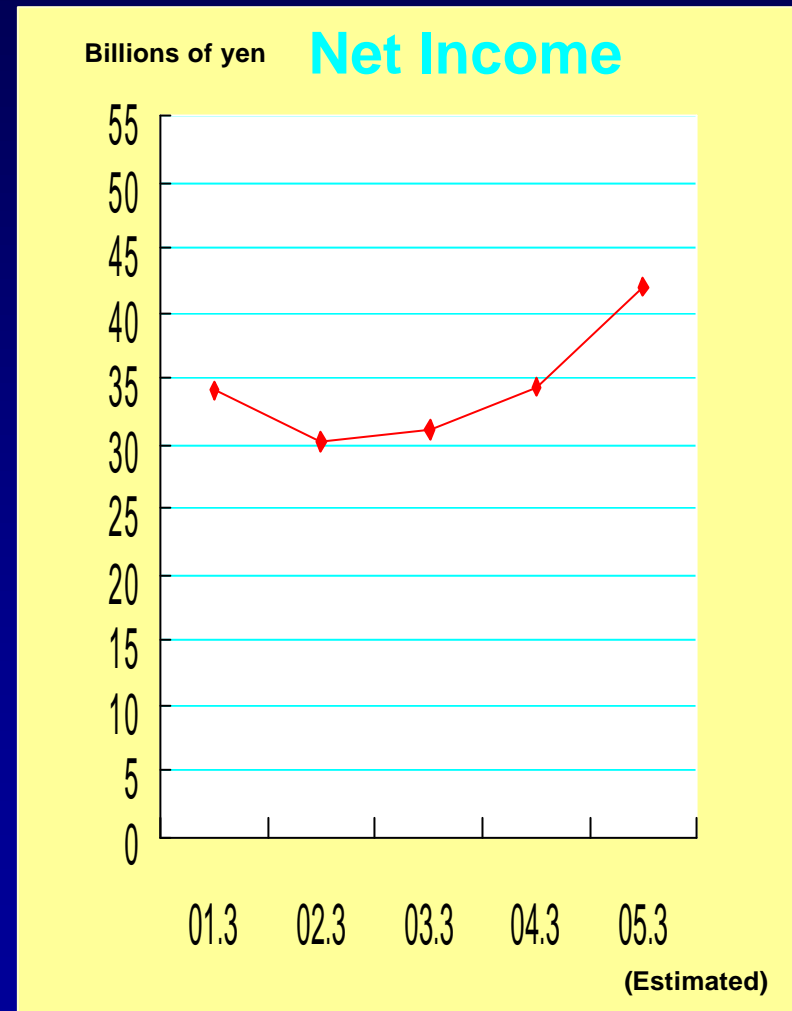
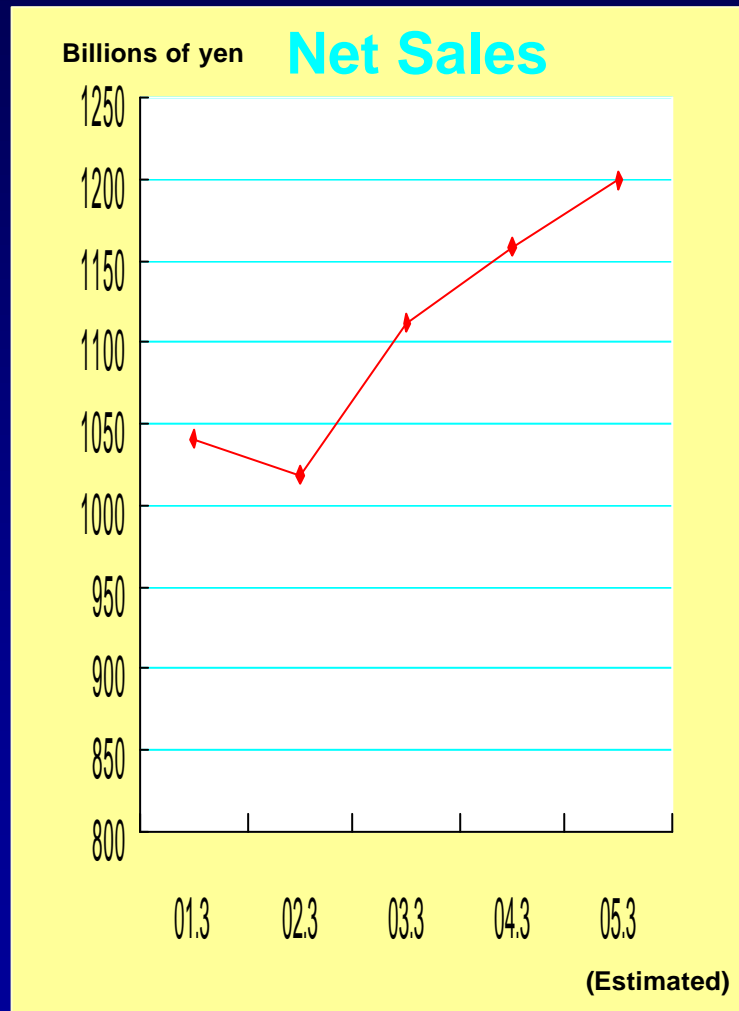
	FY2004 (estimated)	FY2003	Difference
Cash flows from operating activities	120.0	97.0	23.0
Cash flows from investing activities	-110.0	-103.2	-6.8
Free cash flows	10.0	-6.2	16.2
Cash flows from financing activities	-10.0	-9.3	-0.7
Effect of exchange rate changes on cash and cash equivalents	-	-2.0	2.0
Net increase (decrease) in cash and cash equivalents	-	-17.5	17.5
Cash and cash equivalents at end of year	44.4	44.4	-
Interest-Bearing Debt Balance	490.0	485.3	4.7



3. Financial Analysis

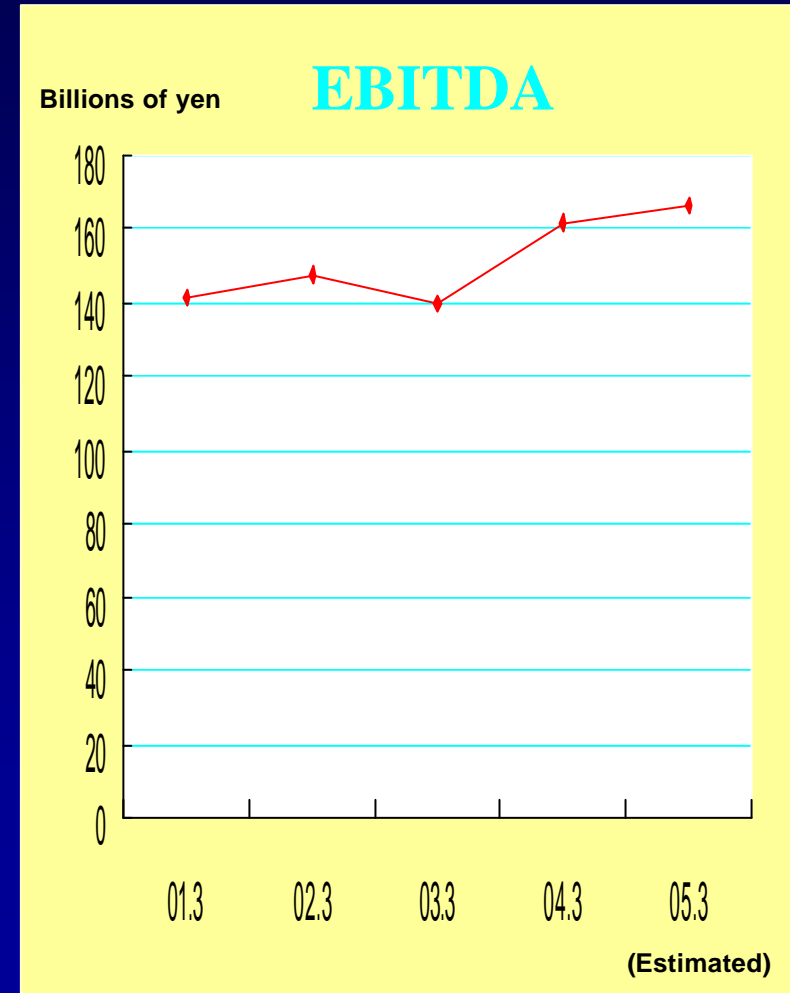
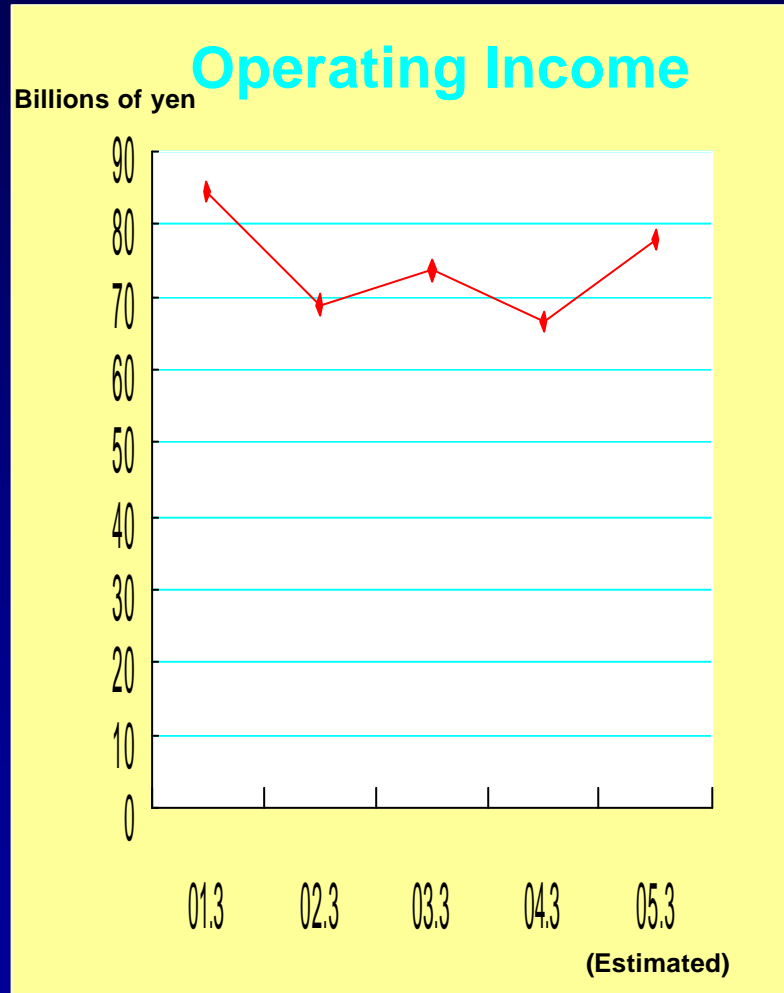


Financial Analysis - 1



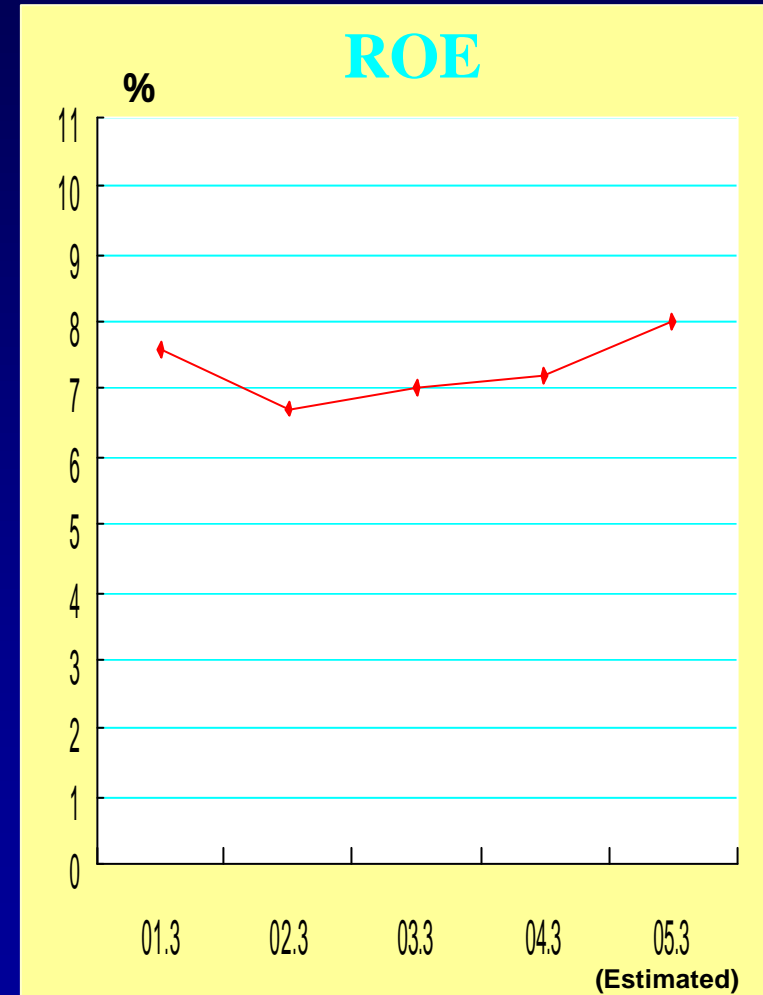
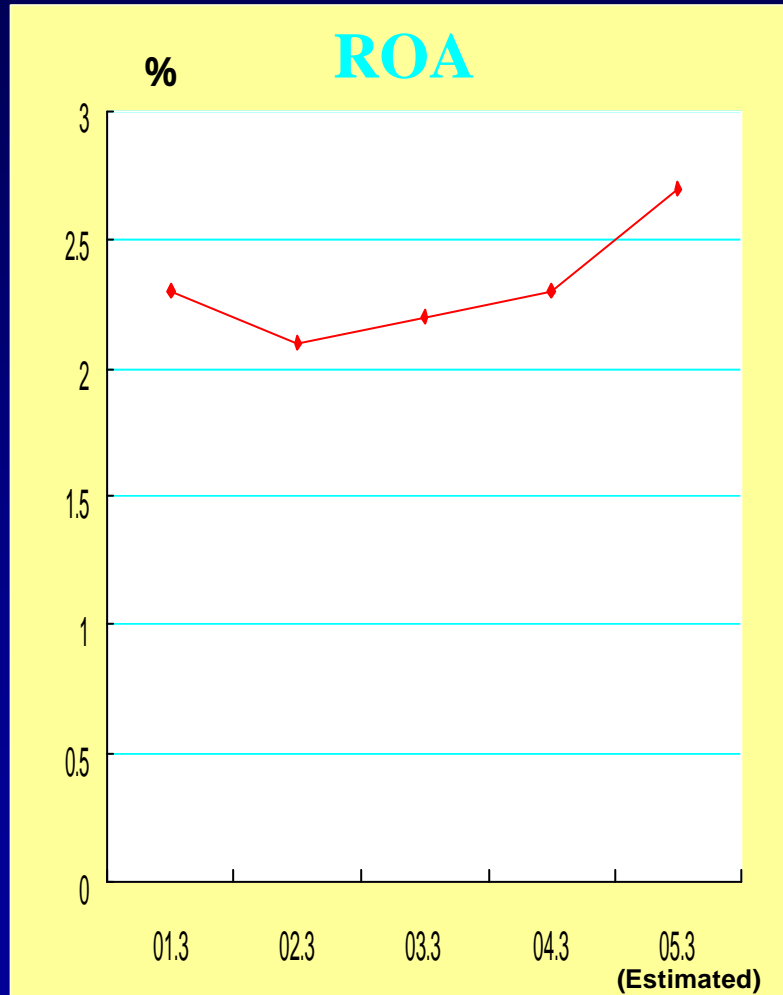


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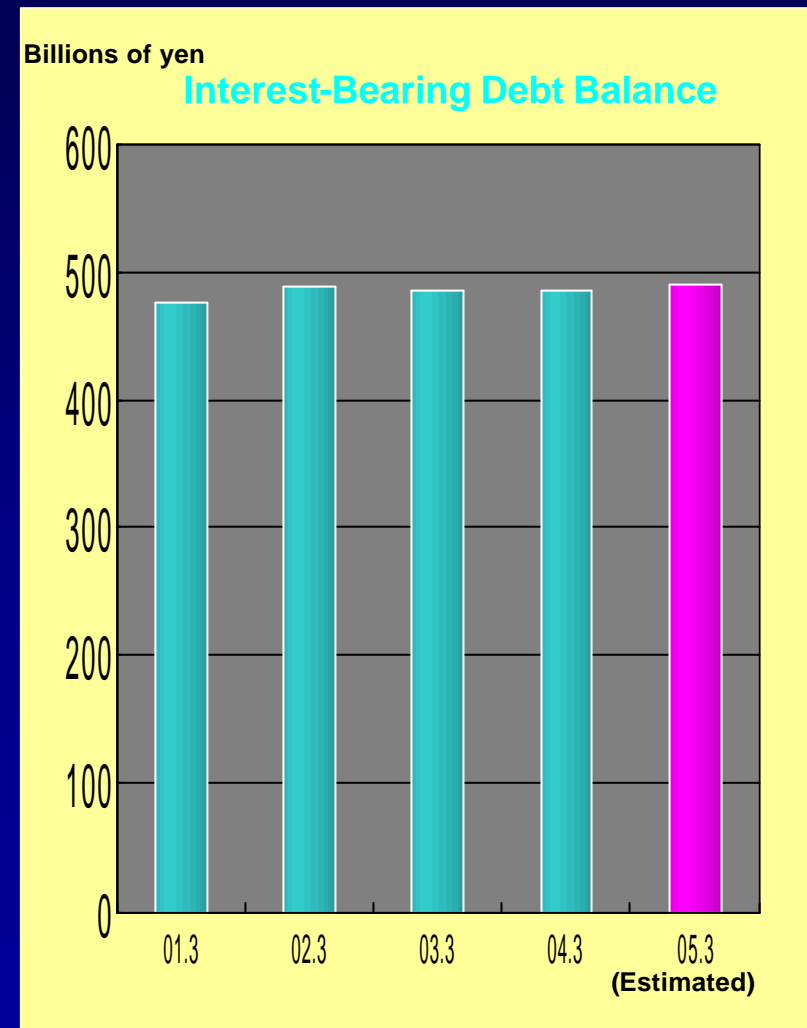
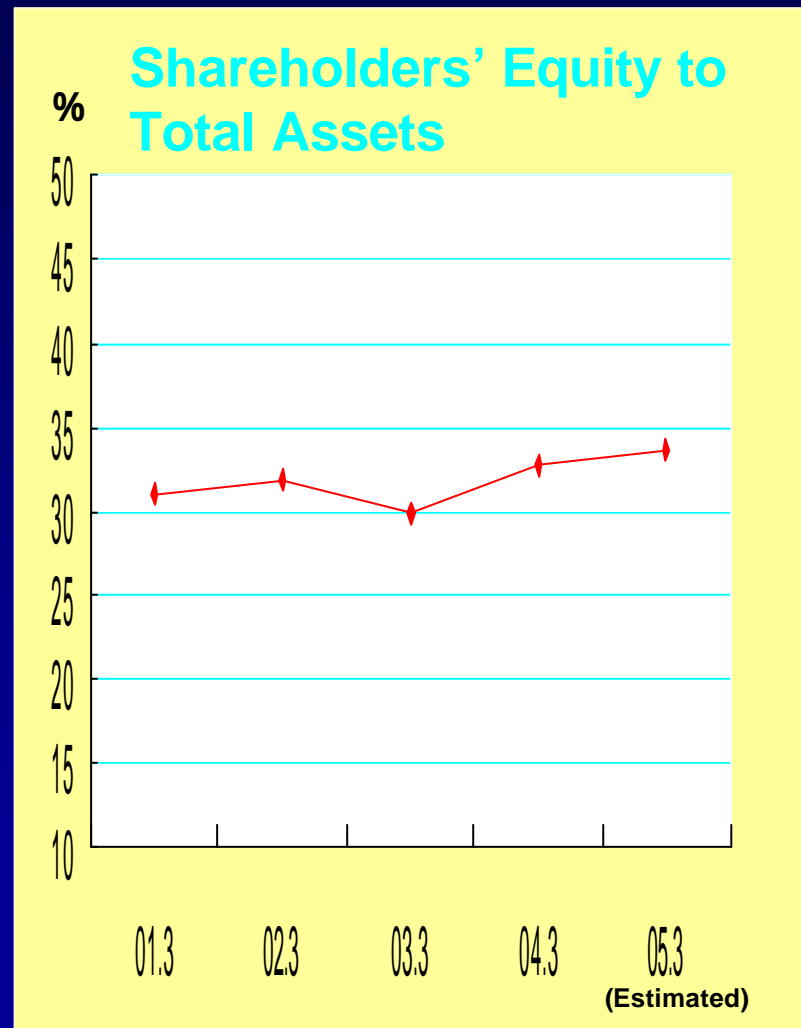


Financial Analysis - 3





Financial Analysis - 4





4. Reference; Segment Information



Capital Expenditures by Segment

Unit; billions of yen

	FY2003	FY2002	Difference
Basic Chemicals	13.3	19.6	-6.3
Petrochemicals	11.7	26.1	-14.4
Fine Chemicals	7.0	6.7	0.3
IT-related Chemicals	37.2	29.8	7.4
Agricultural Chemicals	5.7	26.5	-20.8
Pharmaceuticals	21.7	13.5	8.2
Others	13.6	29.8	-16.2
Total	110.2	152.0	-41.8



Depreciation and Amortization by Segment

Unit; billions of yen

	FY2003	FY2002	Difference
Basic Chemicals	11.9	9.7	2.2
Petrochemicals	19.2	14.5	4.7
Fine Chemicals	7.0	9.2	-2.2
IT-related Chemicals	10.9	7.7	3.2
Agricultural Chemicals	12.7	12.1	0.6
Pharmaceuticals	12.4	9.5	2.9
Others	8.4	6.3	2.1
Total	82.5	69.0	13.5

Depreciation costs on corporate assets are allocated to each business segments.



Research & Development Expenses by Segment

Unit; billions of yen

	FY2003	FY2002	Difference
Basic Chemicals	4.6	4.5	0.1
Petrochemicals	11.0	10.5	0.5
Fine Chemicals	4.0	5.3	-1.3
IT-related Chemicals	7.7	7.4	0.3
Agricultural Chemicals	17.9	15.2	2.7
Pharmaceuticals	28.3	28.1	0.2
Others	1.7	1.8	-0.1
Total	75.2	72.8	2.4

Corporate R&D expenses are allocated to each business segments.



Estimated Capital Expenditures by Segment

Unit; billions of yen

	FY2004 (estimated)	FY2003	Difference
Basic Chemicals	25.0	13.3	11.7
Petrochemicals	15.0	11.7	3.3
Fine Chemicals	5.0	7.0	-2.0
IT-related Chemicals	18.0	37.2	-19.2
Agricultural Chemicals	15.0	5.7	9.3
Pharmaceuticals	11.0	21.7	-10.7
Others	11.0	13.6	-2.6
Total	100.0	110.2	-10.2



Estimated Depreciation and Amortization by Segment

Unit; billions of yen

	FY2004 (estimated)	FY2003	Difference
Basic Chemicals	12.5	11.9	0.6
Petrochemicals	18.0	19.2	-1.2
Fine Chemicals	6.5	7.0	-0.5
IT-related Chemicals	16.5	10.9	5.6
Agricultural Chemicals	12.0	12.7	-0.7
Pharmaceuticals	8.5	12.4	-3.9
Others	8.0	8.4	-0.4
Total	82.0	82.5	-0.5

Depreciation costs on corporate assets are allocated to each business segments.



Estimated Research & Development Expenses by Segment

Unit; billions of yen

	FY2004 (estimated)	FY2003	Difference
Basic Chemicals	5.0	4.6	0.4
Petrochemicals	11.5	11.0	0.5
Fine Chemicals	4.5	4.0	0.5
IT-related Chemicals	8.5	7.7	0.8
Agricultural Chemicals	18.5	17.9	0.6
Pharmaceuticals	34.0	28.3	5.7
Others	1.0	1.7	-0.7
Total	83.0	75.2	7.8

Corporate R&D expenses are allocated to each business segments.