

Fiscal Year Ending March 31, 2005 (FY2004)

First Half Financial Results

&

Outlook for FY2004

November 11, 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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(Reference ; Segment Information)

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1. Consolidated Financial Results for First Half of FY 2004 Ending March 31, 2005



Financial Summary

Unit; billions of yen

	1st Half of FY2004	1st Half of FY2003	Difference	Growth
Net Sales	619.5	563.4	56.1	10.0%
Operating Income	54.2	24.4	29.8	122.6%
(Equity in earnings of affiliates, included in ordinary income)	(9.5)	(2.7)	(6.8)	(257.6%)
Ordinary Income	63.9	22.6	41.3	182.2%
Net Income	30.5	10.7	19.8	186.8%
ROE	5.9	2.3		
Exchange Rate (yen/US\$)	109.80	118.08		
Naphtha Price (yen/KL)	30,200	25,500		



Net Sales by Segment

Unit; billions of yen

	1st Half of FY2004	1st Half of FY2003	Difference	Growth	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	111.4	98.2	13.2	13.4%	8.5	4.7
Petrochemicals	193.3	177.2	16.1	9.1%	22.0	-5.9
Fine Chemicals	41.5	39.6	1.9	4.8%	-0.5	2.4
IT-related Chemicals	84.2	55.8	28.4	50.9%	-3.0	31.4
Agricultural Chemicals	82.5	82.7	-0.2	-0.3%	-2.0	1.8
Pharmaceuticals	82.7	80.4	2.3	2.8%	-3.0	5.3
Others	23.9	29.5	-5.6	-18.8%	0.0	-5.6
Total	619.5	563.4	56.1	10.0%	22.0	34.1
Overseas Operations	232.1	180.7	51.4	28.4%		



Operating Income by Segment

Unit; billions of yen

	Basic Chemicals	Petro-chemicals	Fine Chemicals	IT-related Chemicals	Agricultural Chemicals	Pharmaceuticals	Others	Total
Operating Income								
1st Half of FY2004	2.2	4.5	6.9	13.1	6.5	18.1	2.9	54.2
1st Half of FY2003	1.5	-1.4	3.1	3.4	2.6	13.8	1.4	24.4
Difference	0.7	5.9	3.8	9.7	3.9	4.3	1.5	29.8
Price Variance	-0.5	1.0	-1.5	-3.0	-2.0	-3.0	0.0	-9.0
Sales Price Variance	8.5	22.0	-0.5	-3.0	-2.0	-3.0	0.0	22.0
Purchase Price Variance	-9.0	-21.0	-1.0	0.0	0.0	0.0	0.0	-31.0
Cost Variance	0.5	1.0	2.0	-2.5	1.5	1.5	0.0	4.0
VC	0.5	0.5	0.5	3.0	0.5	1.0	0.0	6.0
FC	0.0	0.5	1.5	-5.5	1.0	0.5	0.0	-2.0
Shipping Volume Variance	0.7	3.9	3.3	15.2	4.4	5.8	1.5	34.8
Total	0.7	5.9	3.8	9.7	3.9	4.3	1.5	29.8



Elements of Major Costs

Unit ; billions of yen

	1st Half of FY2004	1st Half of FY2003	Difference
Labor Costs	87.5	90.8	-3.3
Maintenance Costs	18.5	16.8	1.7
Depreciation and Amortization	39.8	39.6	0.2
Research & Development Expenses	37.5	37.1	0.4
Capital Expenditures	53.2	49.9	3.3
Employees (at September 30)	19,935	18,252	1,683



Special Gains / Losses

Unit; billions of yen

	1st Half of FY2004	1st Half of FY2003	Difference
Allowance for doubtful receivables	2.3	0.9	1.4
Gain on sale of securities	0.6	1.4	-0.8
Gain on sale of property, plant and equipment	-	3.3	-3.3
Special Gains	2.9	5.6	-2.7
Impairment loss	2.1	-	2.1
Restructuring charges	1.7	0.9	0.8
Loss associated with lease contract cancellation	-	2.5	-2.5
Special Losses	3.8	3.4	0.4
Special Gains / Losses	-0.9	2.2	-3.1



Consolidated Balance Sheets

Unit ; billions of yen

	30-Sep-04	31-Mar-04		30-Sep-04	31-Mar-04
Current Assets	656.9	628.3	Liabilities	945.7	943.2
Cash and cash equivalents	39.6	44.4	Trade notes and accounts	196.8	197.5
Trade notes and accounts	287.9	312.7	Short-term debt	125.4	140.1
Inventories	234.5	210.4	Long-term debt due within one year	63.7	63.9
Others	94.9	60.8	Long-term debt due after one year	292.4	281.3
Non-current Assets	919.0	921.0	Others	267.4	260.4
Property, plant and equipment	498.3	481.9	Minority interests in consolidated subsidiaries	101.5	100.0
Intangible assets	42.9	46.9	Shareholders' equity	528.7	506.1
Investment securities	329.3	343.7	Common stock	89.7	89.7
Others	48.5	48.5	Capital surplus	23.7	21.4
			Retained earnings	345.2	322.0
			Revaluation reserve	4.0	4.0
			Unrealized gains on investment securities	83.8	88.0
			Foreign currency translation adjustments	-16.9	-18.2
			Treasury stock, at cost	-0.8	-0.8
Total	1,575.9	1,549.3	Total	1,575.9	1,549.3

Interest-bearing debt balance	481.5	485.3
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Consolidated Statements of Cash Flows

Unit; billions of yen

	1st Half of FY2004	1st Half of FY2003	Difference
Cash flows from operating activities	64.1	41.7	22.4
Cash flows from investing activities	-56.4	-55.4	-1.0
Free cash flows	7.7	-13.7	21.4
Cash flows from financing activities	-12.5	12.0	-24.5
Effect of exchange rate changes on cash and cash equivalents	0.0	0.2	-0.2
Net increase (decrease) in cash and cash equivalents	-4.8	-1.5	-3.3
Cash and cash equivalents at September 30	39.6	60.4	-20.8
Interest-Bearing Debt Balance	481.5	504.9	-23.4



Major Subsidiaries

Unit; billions of yen

Company	Net Sales		Operating Income Status
	FY04.1H	FY03.1H	
The Polyolefin Company(Singapore)	37.8	32.4	Improved due to higher market price
Petrochemical Corporation of Singapore	87.2	72.1	Significantly improved due to higher market price
Dongwoo Fine-Chem	40.3	16.2	Significantly improved thanks to brisk production of LCD color filter & polarizing film, and to solid market condition for photo resists
Dongwoo STI	18.4	5.7	
Dongwoo Optical Materials	9.4	2.0	
Valent U.S.A. and Subsidiaries	21.9	24.2	Improved due to increased shipments of plant protection



2. Outlook for FY2004



Financial Summary

Unit; billions of yen

	FY2004 (estimated)	FY2003	Difference	Growth
Net Sales	1,280.0	1,158.4	121.6	10.5%
Operating Income	90.0	66.6	23.4	35.1%
(Equity in earnings of affiliates, included in ordinary income)	(23.0)	(8.6)	(14.4)	(167.4%)
Ordinary Income	100.0	66.3	33.7	50.8%
(Special Gains / Losses)	(-1.0)	(6.0)	(-7.0)	(-116.7%)
Net Income	50.0	34.3	15.7	45.8%
ROE	9.6%	7.2%		
Naphtha Price (yen/KL)	33,600	25,600		
(2nd half in the parenthesis)	(37,000)	(25,750)		
Exchange Rate (yen/US\$)	107.40	113.19		
(2nd half in the parenthesis)	(105.00)	(108.14)		



Net Sales by Segment

Unit; billions of yen

	FY2004 (estimated)	FY2003	Difference	Growth	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	220.0	199.1	20.9	10.5%	18.0	2.9
Petrochemicals	400.0	362.4	37.6	10.4%	56.0	-18.4
Fine Chemicals	85.0	80.6	4.4	5.5%	-1.0	5.4
IT-related Chemicals	185.0	123.5	61.5	49.8%	-8.0	69.5
Agricultural Chemicals	170.0	167.1	2.9	1.7%	-3.0	5.9
Pharmaceuticals	165.0	166.6	-1.6	-0.9%	-6.0	4.4
Others	55.0	59.1	-4.1	-7.0%	-	-4.1
Total	1,280.0	1,158.4	121.6	10.5%	56.0	65.6



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)	5.0	7.0	11.0	23.0	13.0	28.0	3.0	90.0
FY2003	2.6	-1.6	8.8	14.3	10.7	27.8	4.0	66.6
Difference	2.4	8.6	2.2	8.7	2.3	0.2	-1.0	23.4

Price Variance	0.0	1.0	-3.0	-8.0	-3.0	-6.0	0.0	-19.0
Sales Price Variance	18.0	56.0	-1.0	-8.0	-3.0	-6.0	0.0	56.0
Purchase Price Variance	-18.0	-55.0	-2.0	0.0	0.0	0.0	0.0	-75.0
Cost Variance	1.0	3.5	2.5	-5.0	0.5	2.5	0.0	5.0
VC	1.0	1.0	0.5	4.5	1.0	1.0	0.0	9.0
FC	0.0	2.5	2.0	-9.5	-0.5	1.5	0.0	-4.0
Shipping Volume Variance	1.4	4.1	2.7	21.7	4.8	3.7	-1.0	37.4
Total	2.4	8.6	2.2	8.7	2.3	0.2	-1.0	23.4



Elements of Major Costs

Unit ; billions of yen

	FY2004 (estimated)	FY2003	Difference
Labor Costs	174.0	178.2	-4.2
Maintenance Costs	38.0	37.5	0.5
Depreciation and Amortization	80.0	82.5	-2.5
Research & Development Expenses	81.0	75.2	5.8
Capital Expenditures	115.0	110.2	4.8
Employees (at March 31,2005)	20,736	19,036	1,700



Consolidated Statements of Cash Flows

Unit; billions of yen

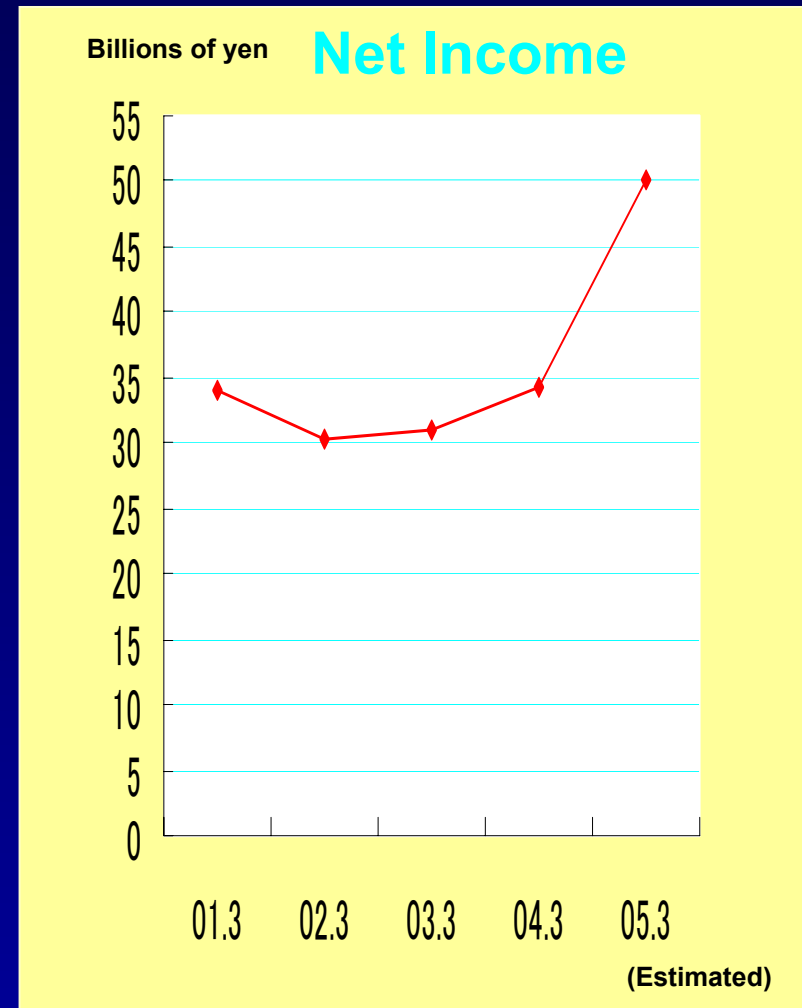
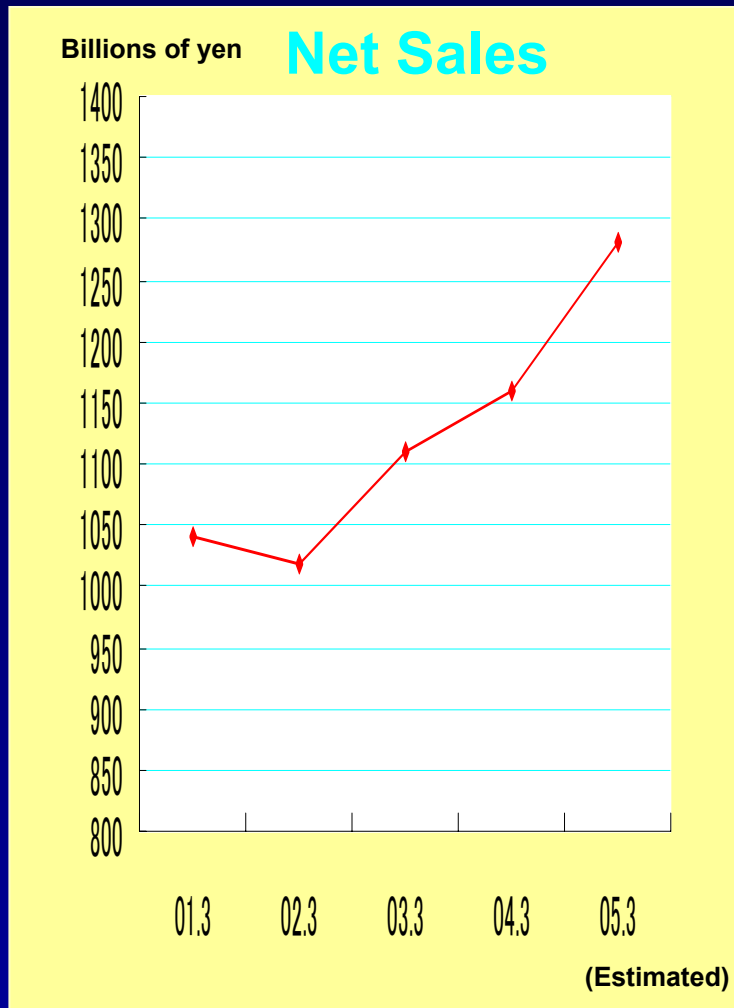
	FY2004 (estimated)	FY2003	Difference
Cash flows from operating activities	110.0	97.0	13.0
Cash flows from investing activities	-100.0	-103.2	3.2
Free cash flows	10.0	-6.2	16.2
Cash flows from financing activities	-10.0	-9.3	-0.7
Effect of exchange rate changes on cash and cash equivalents	-	-2.0	2.0
Net increase (decrease) in cash and cash equivalents	-	-17.5	17.5
Cash and cash equivalents at end of year	40.0	44.4	-4.4
Interest-Bearing Debt Balance	490.0	485.3	4.7



3. Financial Analysis



Financial Analysis - 1

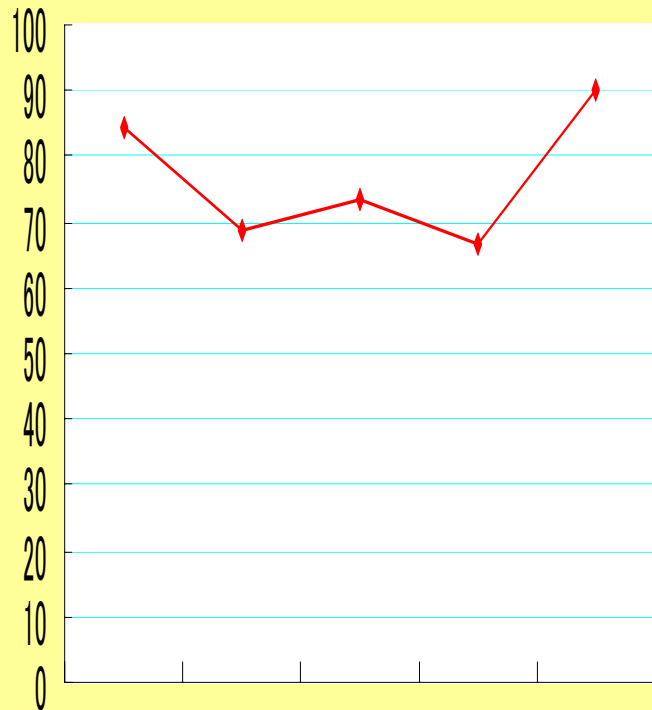




Financial Analysis - 2

Operating Income

Billions of yen

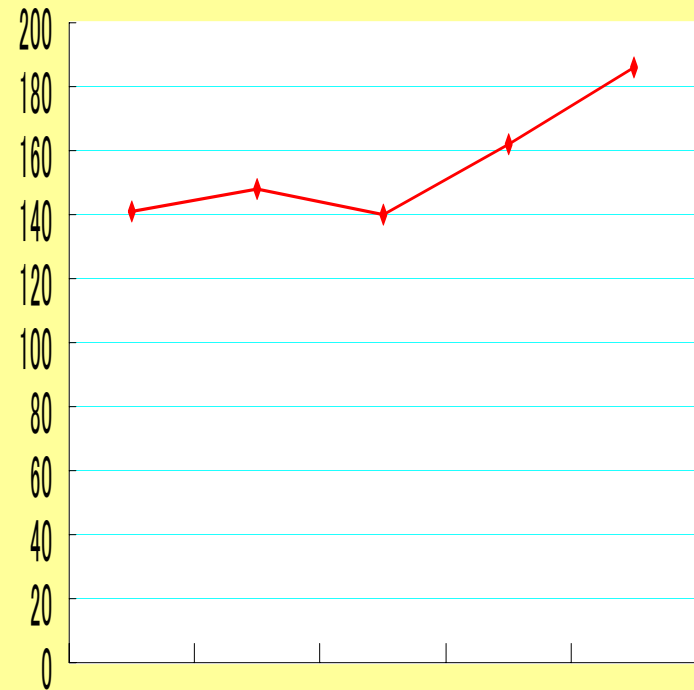


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(Estimated)

EBITDA

Billions of yen

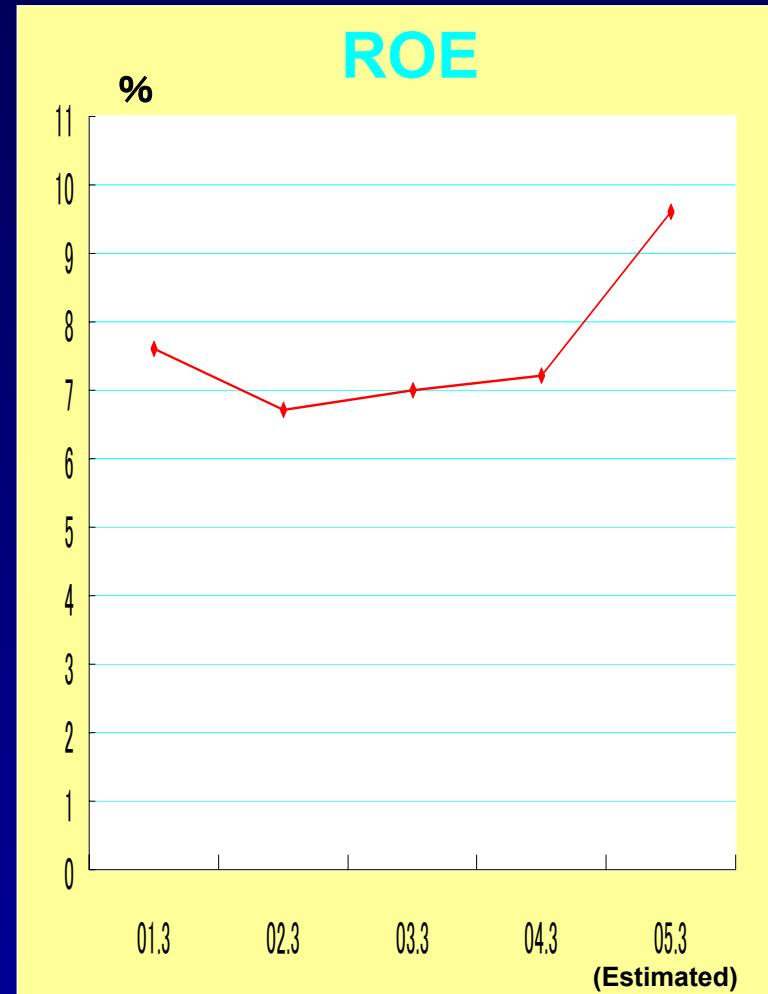
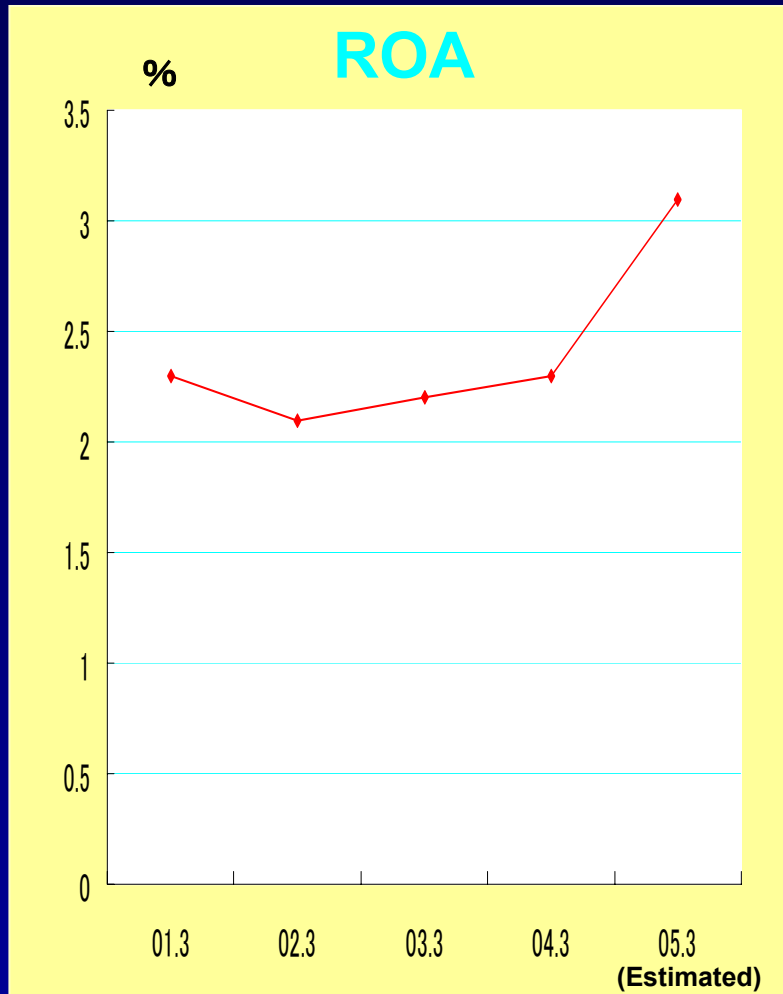


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(Estimated)



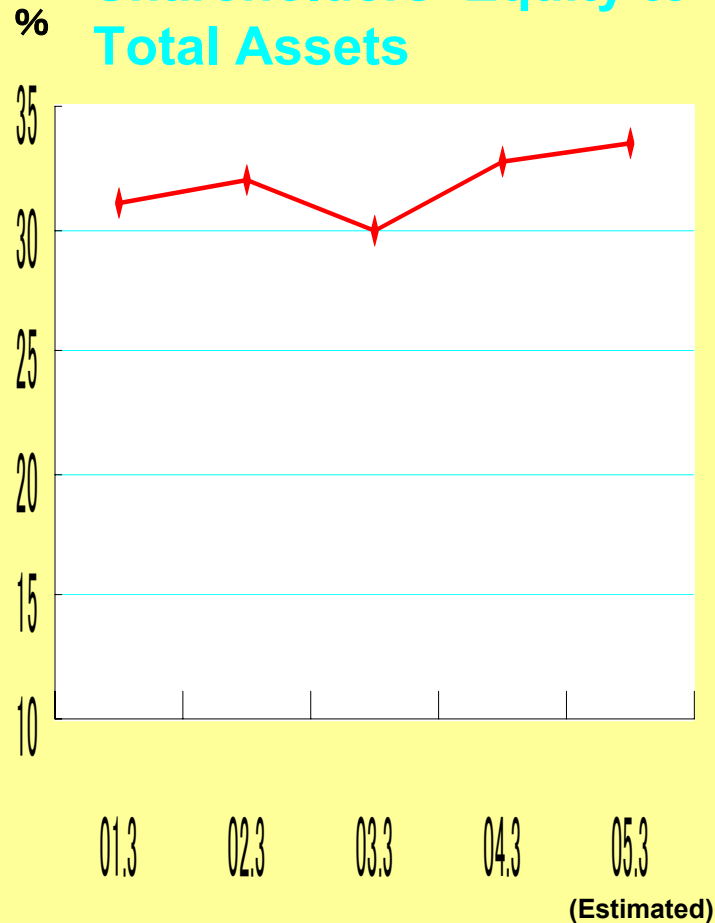
Financial Analysis - 3





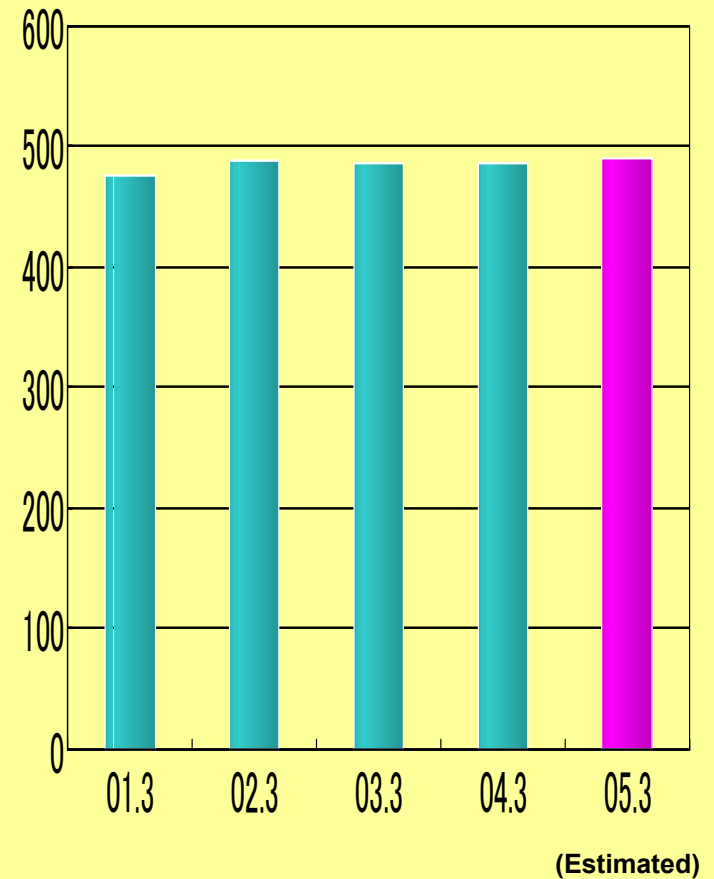
Financial Analysis - 4

Shareholders' Equity to Total Assets



Billions of yen

Interest-Bearing Debt Balance





(Reference; Segment Information)



Capital Expenditures by Segment

Unit; billions of yen

	1st Half of FY2004	1st Half of FY2003	Difference
Basic Chemicals	4.1	5.3	-1.2
Petrochemicals	4.8	5.1	-0.3
Fine Chemicals	3.3	4.2	-0.9
IT-related Chemicals	21.2	15.5	5.7
Agricultural Chemicals	6.2	2.5	3.7
Pharmaceuticals	10.2	8.1	2.1
Others	3.4	9.2	-5.8
Total	53.2	49.9	3.3



Depreciation and Amortization by Segment

Unit; billions of yen

	1st Half of FY2004	1st Half of FY2003	Difference
Basic Chemicals	5.5	5.4	0.1
Petrochemicals	8.4	8.8	-0.4
Fine Chemicals	2.9	3.2	-0.3
IT-related Chemicals	7.4	5.2	2.2
Agricultural Chemicals	5.8	5.9	-0.1
Pharmaceuticals	4.4	5.6	-1.2
Others	5.4	5.5	-0.1
Total	39.8	39.6	0.2



Research & Development Expenses by Segment

Unit; billions of yen

	1st Half of FY2004	1st Half of FY2003	Difference
Basic Chemicals	2.4	2.2	0.2
Petrochemicals	5.2	5.4	-0.2
Fine Chemicals	2.0	2.1	-0.1
IT-related Chemicals	4.3	3.9	0.4
Agricultural Chemicals	8.8	8.8	0.0
Pharmaceuticals	14.1	13.9	0.2
Others	0.7	0.8	-0.1
Total	37.5	37.1	0.4

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	21.0	13.3	7.7
Petrochemicals	17.0	11.7	5.3
Fine Chemicals	6.0	7.0	-1.0
IT-related Chemicals	25.0	37.2	-12.2
Agricultural Chemicals	20.0	5.7	14.3
Pharmaceuticals	13.0	21.7	-8.7
Others	13.0	13.6	-0.6
Total	115.0	110.2	4.8



Estimated Depreciation and Amortization by Segment

Unit; billions of yen

	FY2004 (estimated)	FY2003	Difference
Basic Chemicals	11.0	11.9	-0.9
Petrochemicals	17.0	19.2	-2.2
Fine Chemicals	6.0	7.0	-1.0
IT-related Chemicals	16.0	10.9	5.1
Agricultural Chemicals	12.0	12.7	-0.7
Pharmaceuticals	7.0	12.4	-5.4
Others	11.0	8.4	2.6
Total	80.0	82.5	-2.5



Estimated Research & Development Expenses by Segment

Unit; billions of yen

	FY2004 (estimated)	FY2003	Difference
Basic Chemicals	5.0	4.6	0.4
Petrochemicals	11.0	11.0	0.0
Fine Chemicals	4.5	4.0	0.5
IT-related Chemicals	9.0	7.7	1.3
Agricultural Chemicals	18.5	17.9	0.6
Pharmaceuticals	31.5	28.3	3.2
Others	1.5	1.7	-0.2
Total	81.0	75.2	5.8

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