

Financial Results & Outlook for FY2005



May 13, 2005



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 2004 Ended March 31, 2005





Financial Summary

Unit; billions of yen

	FY2004	FY2003	Difference	Growth
Net Sales	1,296.3	1,158.4	137.9	11.9%
Operating Income	105.2	66.6	38.6	57.9%
(Equity in earnings of affiliates, included in ordinary income)	(26.7)	(8.6)	(18.1)	(210.6%)
Ordinary Income	123.5	66.3	57.2	86.2%
Net Income	64.5	34.3	30.2	87.8%
ROE	12.0%	7.2%		
Naphtha Price (yen/KL)	32,200	25,600		
Exchange Rate (yen/US\$)	107.55	113.19		



Net Sales by Segment

Unit; billions of yen

	FY2004	FY2003	Difference	Growth	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	225.8	199.1	26.7	13.4%	25.0	1.7
Petrochemicals	412.6	362.4	50.2	13.8%	61.0	-10.8
Fine Chemicals	84.1	80.6	3.5	4.3%	1.0	2.5
IT-related Chemicals	174.8	123.5	51.3	41.5%	-8.0	59.3
Agricultural Chemicals	171.6	167.1	4.5	2.7%	-2.0	6.5
Pharmaceuticals	170.7	166.6	4.1	2.5%	-6.0	10.1
Others	56.7	59.1	-2.4	-4.0%	0.0	-2.4
Total	1,296.3	1,158.4	137.9	11.9%	71.0	66.9

Overseas Operations	486.2	364.1	122.1	33.5%
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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								
FY2004	5.2	15.0	11.5	18.7	14.8	34.4	5.6	105.2
FY2003	2.6	-1.6	8.8	14.3	10.7	27.8	4.0	66.6
Difference	2.6	16.6	2.7	4.4	4.1	6.6	1.6	38.6

Price Variance	2.0	10.0	-1.0	-8.0	-2.0	-5.0	0.0	-4.0
Sales Price Variance	25.0	61.0	1.0	-8.0	-2.0	-6.0	0.0	71.0
Purchase Price Variance	-23.0	-51.0	-2.0	0.0	0.0	1.0	0.0	-75.0
Cost Variance	1.0	2.0	1.5	-5.0	0.0	3.0	1.0	3.5
VC	0.5	1.5	0.5	6.0	1.0	1.5	0.0	11.0
FC	0.5	0.5	1.0	-11.0	-1.0	1.5	1.0	-7.5
Shipping Volume Variance	-0.4	4.6	2.2	17.4	6.1	8.6	0.6	39.1
Total	2.6	16.6	2.7	4.4	4.1	6.6	1.6	38.6



Elements of Major Costs

Unit ; billions of yen

	FY2004	FY2003	Difference
Labor Costs	179.1	178.2	0.9
Maintenance Costs	37.6	37.5	0.1
Depreciation and Amortization	88.2	82.5	5.7
Research & Development Expenses	78.2	75.2	3.0
Capital Expenditures	125.8	110.2	15.6
Employees (at March 31)	20,195	19,036	1,159



Special Gains / Losses

Unit; billions of yen

	FY2004	FY2003	Difference
Allowance for doubtful receivables	2.4	0.7	1.7
Gain on sale of investment securities	1.7	3.1	-1.4
Gain on sale of property, plant and equipment	-	9.1	-9.1
Special Gains	4.1	12.9	-8.8
Restructuring charges	3.4	4.5	-1.1
Impairment loss on fixed assets	2.5	-	2.5
Loss associated with lease contract cancellation	-	2.4	-2.4
Special Losses	5.9	6.9	-1.0
Special Gains / Losses	-1.8	6.0	-7.8



Consolidated Balance Sheets

Unit ; billions of yen

	31-Mar-05	31-Mar-04		31-Mar-05	31-Mar-04
Current Assets	694.6	628.3	Liabilities	971.9	943.2
Cash and cash equivalents	55.2	44.4	Trade notes and accounts	202.3	197.5
Trade notes and accounts	306.1	312.7	Short-term debt	120.2	140.1
Inventories	234.6	210.4	Long-term debt due within one year	43.5	63.9
Others	98.7	60.8	Long-term debt due after one year	307.0	281.3
Non-current Assets	954.2	921.0	Others	298.9	260.4
Property, plant and equipment	515.9	481.9	Minority interests in consolidated subsidiaries	107.3	100.0
Intangible assets	41.1	46.9	Shareholders' equity	569.6	506.1
Investment securities	349.0	343.7	Common stock	89.7	89.7
Others	48.2	48.5	Capital surplus	23.7	21.4
			Retained earnings	374.2	322.0
			Revaluation reserve	3.8	4.0
			Unrealized gains on investment securities	96.1	88.0
			Foreign currency translation adjustments	-16.7	-18.2
			Treasury stock, at cost	-1.2	-0.8
Total	1,648.8	1,549.3	Total	1,648.8	1,549.3

Interest-bearing debt balance	470.7	485.3
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Consolidated Statements of Cash Flows

Unit; billions of yen

	FY2004	FY2003	Difference
Cash flows from operating activities	159.8	97.0	62.8
Cash flows from investing activities	-117.9	-103.2	-14.7
Free cash flows	41.9	-6.2	48.1
Cash flows from financing activities	-31.2	-9.3	-21.9
Effect of exchange rate changes on cash and cash equivalents	0.2	-2.0	2.2
Net increase (decrease) in cash and cash equivalents	10.9	-17.5	28.4
Cash and cash equivalents at end of year	55.2	44.4	10.8
Interest-Bearing Debt Balance	470.7	485.3	-14.6



Major Subsidiaries

Unit; billions of yen

Company	Net Sales		Operating Income Status
	FY2004	FY2003	
The Polyolefin Company (Singapore)	84.2	59.4	Significantly improved due to higher market price
Petrochemical Corporation of Singapore	192.0	123.8	Substantially improved owing to higher market price
Dongwoo Fine-Chem	88.7	41.4	Considerably improved thanks to brisk production of LCD color filter and polarizing film
Dongwoo STI	39.2	17.7	
Dongwoo Optical Materials	21.8	7.2	
Valent U.S.A. and Subsidiaries	32.0	29.0	Improved owing to increased shipments of herbicides



2. Outlook for FY2005



Financial Summary

Unit; billions of yen

	FY2005 (estimated)	FY2004	Difference	Growth
Net Sales	1,500.0	1,296.3	203.7	15.7%
Operating Income	100.0	105.2	-5.2	-4.9%
(Equity in earnings of affiliates, included in ordinary income)	(25.0)	(26.7)	-1.7	(-6.4%)
Ordinary Income	110.0	123.5	-13.5	-10.9%
Net Income	65.0	64.5	0.5	0.9%
ROE	11.0%	12.0%		
Naphtha Price (yen/KL)	38,000	32,200		
Exchange Rate (yen/US\$)	100.00	107.55		



Net Sales by Segment

Unit; billions of yen

	FY2005 (estimated)	FY2004	Difference	Growth	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	240.0	225.8	14.2	6.3%	13.0	1.2
Petrochemicals	470.0	412.6	57.4	13.9%	48.0	9.4
Fine Chemicals	85.0	84.1	0.9	1.1%	-3.0	3.9
IT-related Chemicals	220.0	174.8	45.2	25.9%	-30.0	75.2
Agricultural Chemicals	175.0	171.6	3.4	2.0%	-2.0	5.4
Pharmaceuticals	250.0	170.7	79.3	46.4%	-1.0	80.3
Others	60.0	56.7	3.3	5.7%	0.0	3.3
Total	1,500.0	1,296.3	203.7	15.7%	25.0	178.7



Operating Income by Segment

Unit; billions of yen

	Basic Chemicals	Petro-chemicals	Fine Chemicals	IT-related Chemicals	Agricultural Chemicals	Pharmaceuticals	Others	Total
Operating Income								
FY2005 (estimated)	10.0	15.0	8.0	19.0	14.0	30.0	4.0	100.0
FY2004	5.2	15.0	11.5	18.7	14.8	34.4	5.6	105.2
Difference	4.8	0.0	-3.5	0.3	-0.8	-4.4	-1.6	-5.2

Price Variance	2.0	-2.0	-5.0	-30.0	-2.0	-1.0	0.0	-38.0
Sales Price Variance	13.0	48.0	-3.0	-30.0	-2.0	-1.0	0.0	25.0
Purchase Price Variance	-11.0	-50.0	-2.0	0.0	0.0	0.0	0.0	-63.0
Cost Variance	1.0	0.0	1.5	1.0	-1.0	-39.0	0.0	-36.5
VC	1.5	1.5	1.0	10.0	1.5	0.0	0.0	15.5
FC	-0.5	-1.5	0.5	-9.0	-2.5	-39.0	0.0	-52.0
Shipping Volume Variance	1.8	2.0	0.0	29.3	2.2	35.6	-1.6	69.3
Total	4.8	0.0	-3.5	0.3	-0.8	-4.4	-1.6	-5.2



Elements of Major Costs

Unit ; billions of yen

	FY2005 (estimated)	FY2004	Difference
Labor Costs	196.0	179.1	16.9
Maintenance Costs	40.0	37.6	2.4
Depreciation and Amortization	101.0	88.2	12.8
Research & Development Expenses	96.0	78.2	17.8
Capital Expenditures	91.0	125.8	-34.8
Employees (at March 31)	24,350	20,195	4,155



Consolidated Statements of Cash Flows

Unit; billions of yen

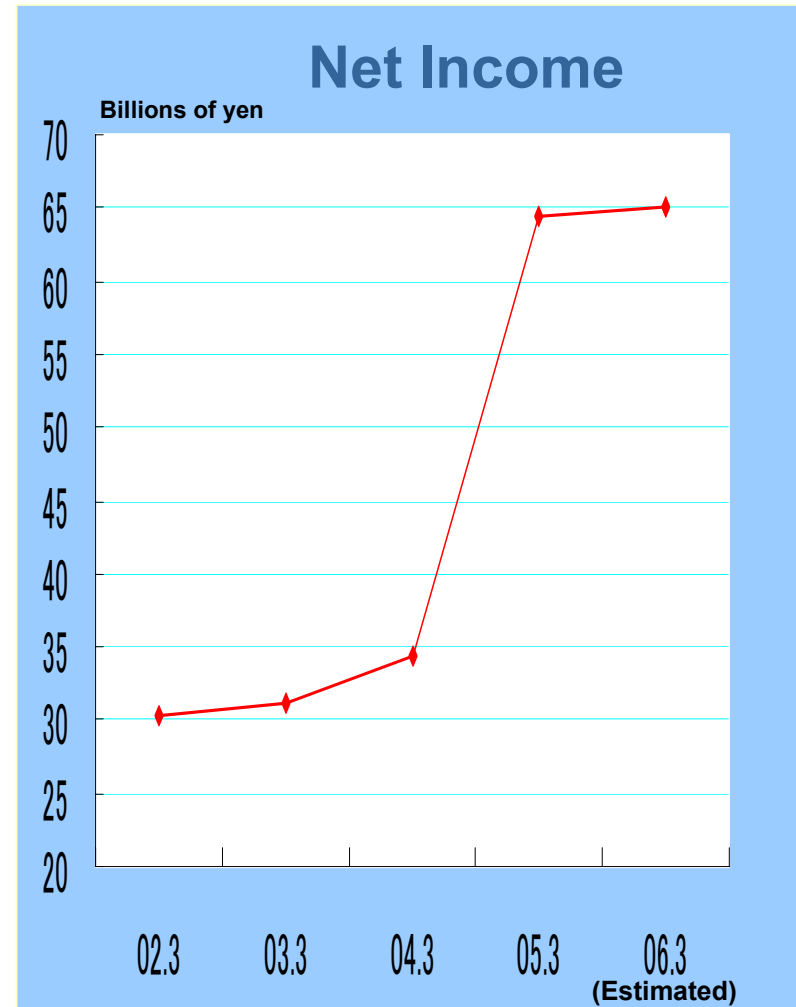
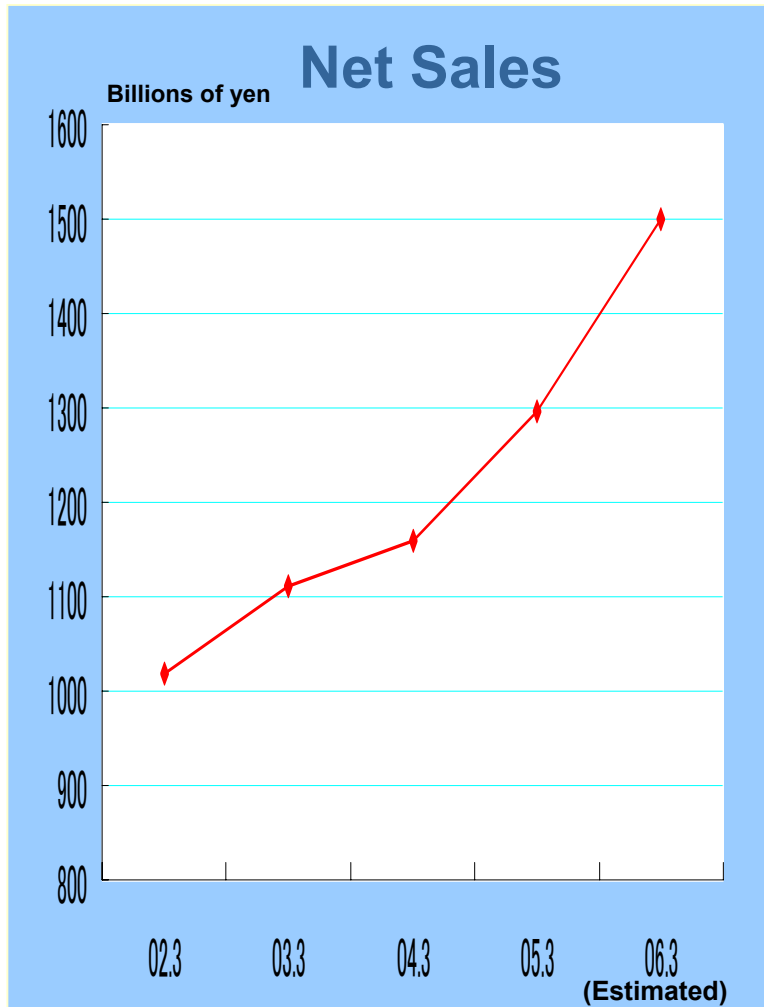
	FY2005 (estimated)	FY2004	Difference
Cash flows from operating activities	140.0	159.8	-19.8
Cash flows from investing activities	-140.0	-117.9	-22.1
Free cash flows	—	41.9	-41.9
Cash flows from financing activities	—	-31.2	31.2
Effect of exchange rate changes on cash and cash equivalents	—	0.2	-0.2
Net increase (decrease) in cash and cash equivalents	—	10.9	-10.9
Interest-Bearing Debt Balance	500.0	470.7	29.3



3. Financial Analysis

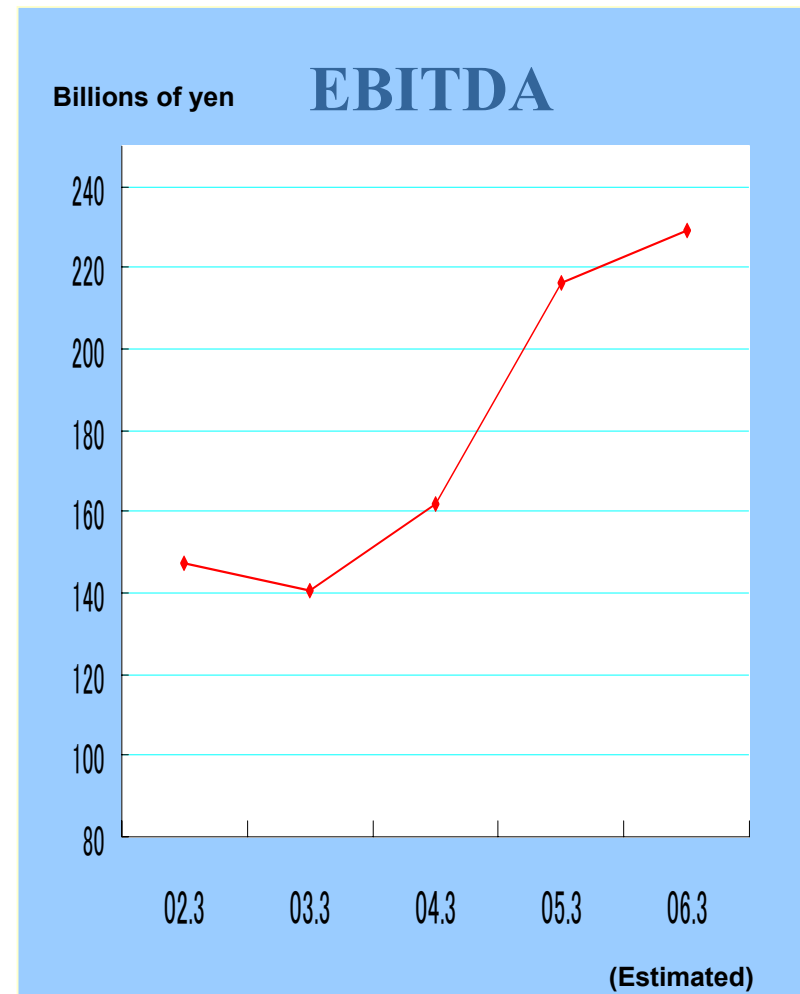
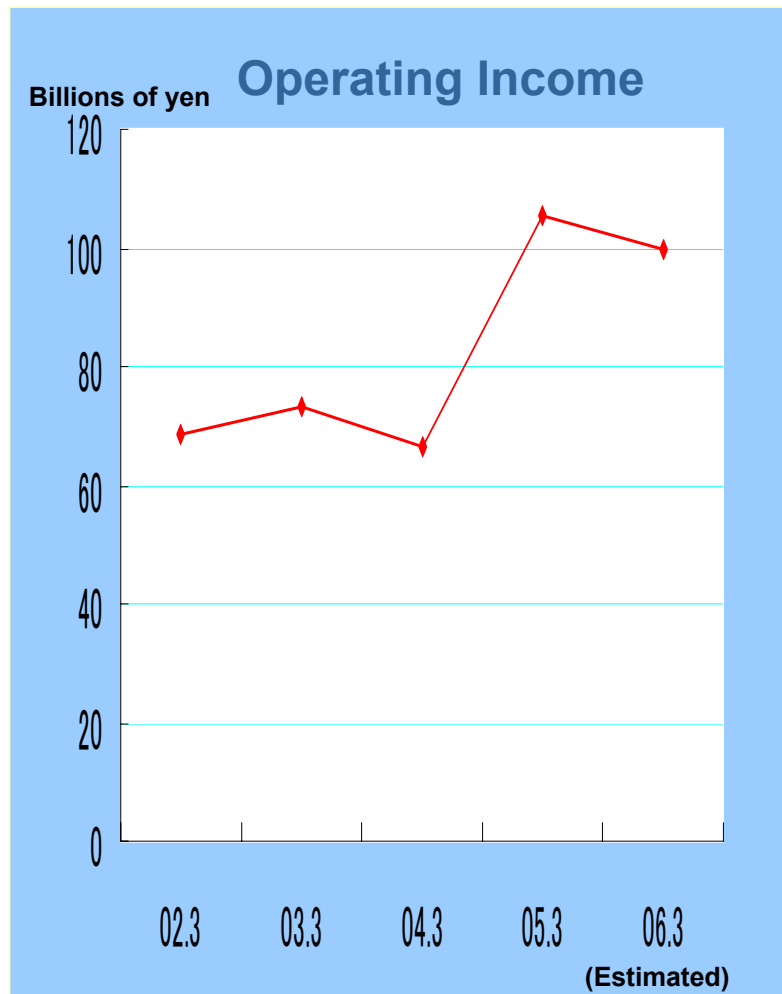


Financial Analysis - 1

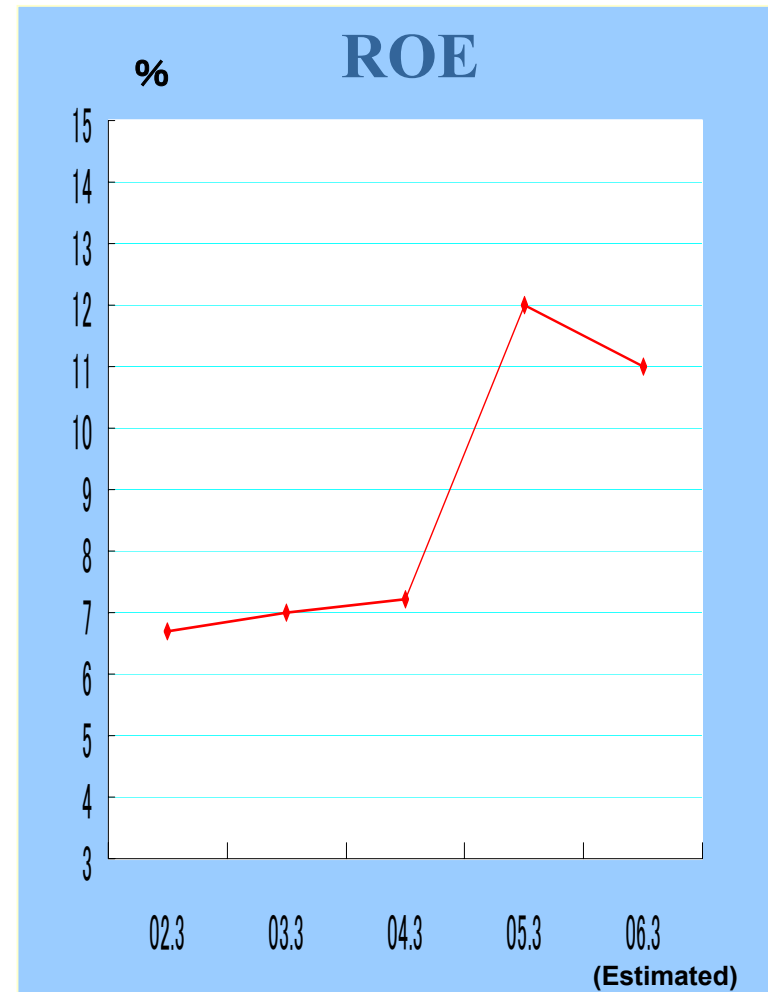
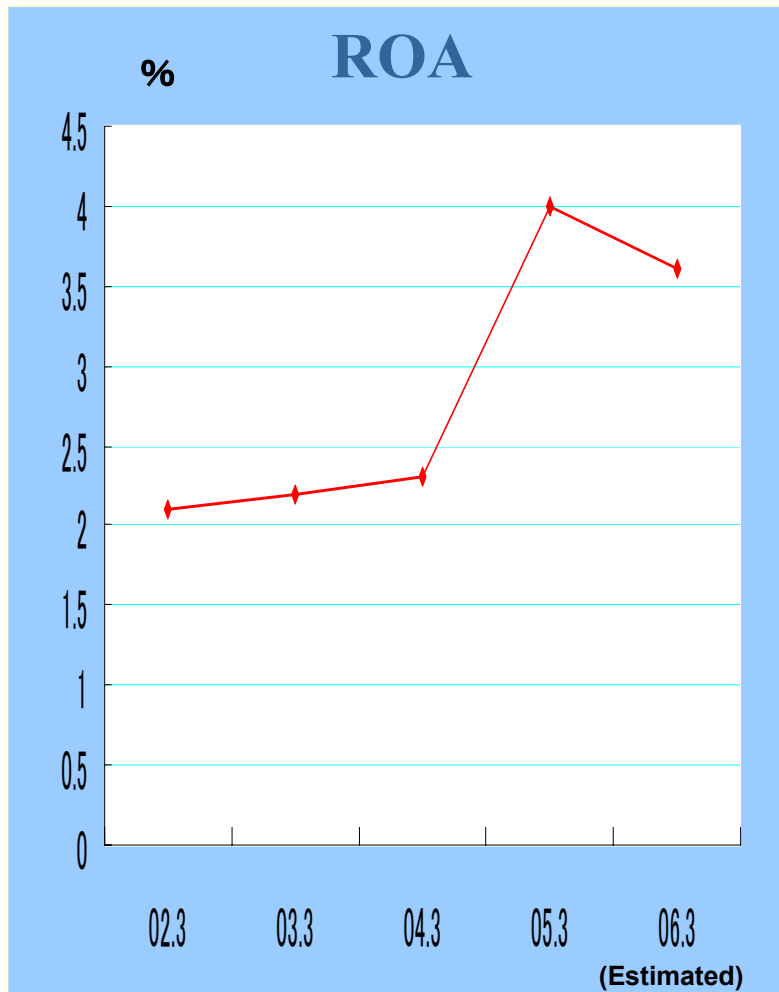




Financial Analysis - 2

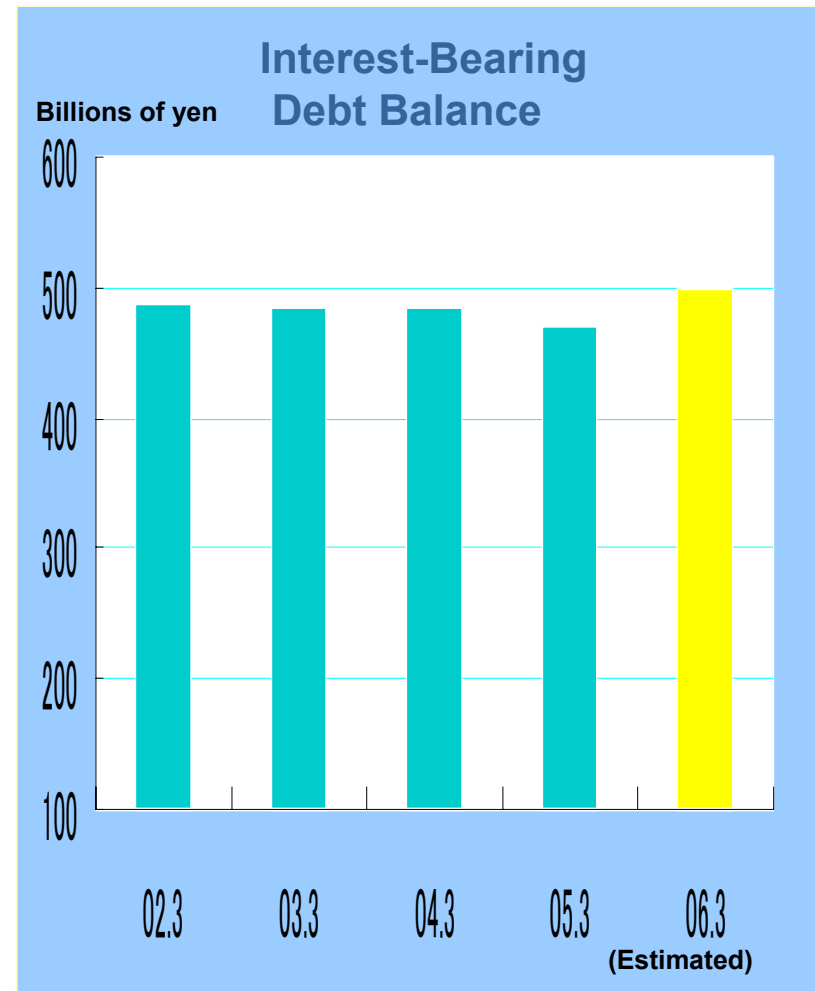
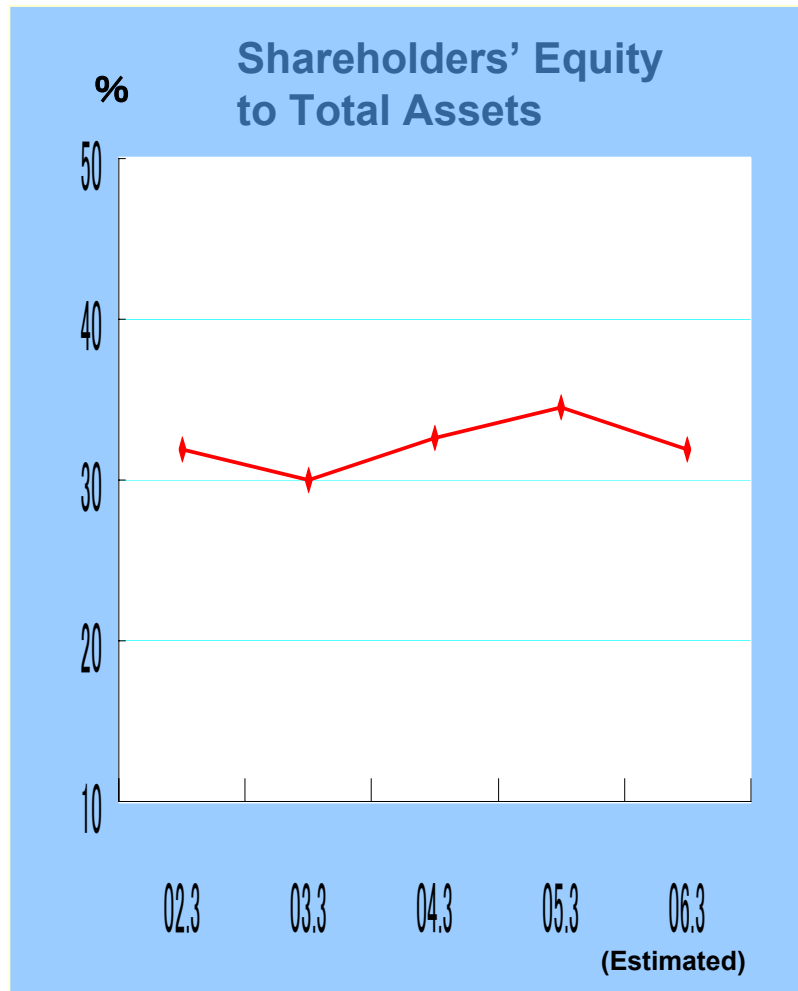


Financial Analysis - 3





Financial Analysis - 4





(Reference; Segment Information)



Capital Expenditures by Segment

Unit; billions of yen

	FY2004	FY2003	Difference
Basic Chemicals	18.2	13.3	4.9
Petrochemicals	13.7	11.7	2.0
Fine Chemicals	7.5	7.0	0.5
IT-related Chemicals	40.2	37.2	3.0
Agricultural Chemicals	18.0	5.7	12.3
Pharmaceuticals	19.1	21.7	-2.6
Others	9.1	13.6	-4.5
Total	125.8	110.2	15.6



Depreciation and Amortization by Segment

Unit; billions of yen

	FY2004	FY2003	Difference
Basic Chemicals	10.8	11.3	-0.5
Petrochemicals	17.8	18.2	-0.4
Fine Chemicals	6.3	6.8	-0.5
IT-related Chemicals	18.4	10.5	7.9
Agricultural Chemicals	12.1	11.9	0.2
Pharmaceuticals	10.5	12.2	-1.7
Others	12.3	11.6	0.7
Total	88.2	82.5	5.7



Research & Development Expenses by Segment

Unit; billions of yen

	FY2004	FY2003	Difference
Basic Chemicals	5.1	4.6	0.5
Petrochemicals	10.9	11.0	-0.1
Fine Chemicals	4.4	4.0	0.4
IT-related Chemicals	9.7	7.7	2.0
Agricultural Chemicals	18.6	17.9	0.7
Pharmaceuticals	28.1	28.3	-0.2
Others	1.4	1.7	-0.3
Total	78.2	75.2	3.0

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



Estimated Capital Expenditures by Segment

Unit; billions of yen

	FY2005 (estimated)	FY2004	Difference
Basic Chemicals	19.0	18.2	0.8
Petrochemicals	14.0	13.7	0.3
Fine Chemicals	6.0	7.5	-1.5
IT-related Chemicals	26.0	40.2	-14.2
Agricultural Chemicals	8.0	18.0	-10.0
Pharmaceuticals	7.0	19.1	-12.1
Others	11.0	9.1	1.9
Total	91.0	125.8	-34.8



Estimated Depreciation and Amortization by Segment

Unit; billions of yen

	FY2005 (estimated)	FY2004	Difference
Basic Chemicals	12.0	10.8	1.2
Petrochemicals	18.5	17.8	0.7
Fine Chemicals	6.5	6.3	0.2
IT-related Chemicals	22.0	18.4	3.6
Agricultural Chemicals	13.5	12.1	1.4
Pharmaceuticals	15.0	10.5	4.5
Others	13.5	12.3	1.2
Total	101.0	88.2	12.8



Estimated Research & Development Expenses by Segment

Unit; billions of yen

	FY2005 (estimated)	FY2004	Difference
Basic Chemicals	6.0	5.1	0.9
Petrochemicals	12.0	10.9	1.1
Fine Chemicals	5.0	4.4	0.6
IT-related Chemicals	13.0	9.7	3.3
Agricultural Chemicals	19.0	18.6	0.4
Pharmaceuticals	40.0	28.1	11.9
Others	1.0	1.4	-0.4
Total	96.0	78.2	17.8

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