



# Financial Results of FY2007 First Quarter



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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## Financial Summary

Unit; billions of yen

	FY2007 1st Quarter	FY2006 1st Quarter	Difference	Growth
Net Sales	439.2	412.3	26.9	6.5%
Operating Income	25.6	34.0	△8.3	△24.6%
(Equity in earnings of affiliates, included in ordinary income)	(5.2)	(4.5)	(0.7)	(16.2%)
Ordinary Income	34.4	40.4	△5.9	△14.7%
Net Income	14.8	20.4	△5.6	△27.4%
ROE	1.9%	2.8%		
Naphtha Price (yen/KL)	58,000	48,800		
Exchange Rate (yen/US\$)	120.82	114.50		



# Net Sales by Segment

Unit; billions of yen

	FY2007 1st Quarter	FY2006 1st Quarter	Difference	Growth	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	77.2	69.9	7.3	10.5%	9.0	△1.7
Petrochemicals	143.9	125.2	18.7	14.9%	16.0	2.7
Fine Chemicals	23.1	22.1	1.0	4.6%	0.0	1.0
IT-related Chemicals	61.3	63.8	△2.5	△4.0%	△8.0	5.5
Agricultural Chemicals	47.2	44.7	2.4	5.5%	0.5	1.9
Pharmaceuticals	58.4	58.8	△0.4	△0.7%	0.0	△0.4
Others	28.1	27.8	0.3	1.2%	0.0	0.3
<b>Total</b>	<b>439.2</b>	<b>412.3</b>	<b>26.9</b>	<b>6.5%</b>	<b>17.5</b>	<b>9.4</b>



# Operating Income by Segment

Unit: billions of yen

	Basic Chemicals	Petro-chemicals	Fine Chemicals	IT-related Chemicals	Agricultural Chemicals	Pharmaceuticals	Others	Total
<b>Operating Income</b>								
FY20071st Quarter	4.3	2.3	3.4	△4.1	5.4	13.9	0.4	25.6
FY20061st Quarter	2.7	3.6	3.2	3.7	4.6	15.3	0.8	34.0
<b>Difference</b>	1.6	△1.3	0.1	△7.8	0.8	△1.3	△0.4	△8.3
<b>Price Variance</b>	2.0	△3.5	0.0	△8.0	0.0	0.0	0.0	△9.5
Sales Price Variance	9.0	16.0	0.0	△8.0	0.5	0.0	0.0	17.5
Purchase Price Variance	△7.0	△19.5	0.0	0.0	△0.5	0.0	0.0	△27.0
<b>Cost Variance</b>	△0.5	0.0	0.0	△1.0	0.0	△0.5	△0.5	△2.5
VC	0.0	0.5	0.0	4.0	0.0	0.0	0.0	4.5
FC	△0.5	△0.5	0.0	△5.0	0.0	△0.5	△0.5	△7.0
<b>Shipping Volume Variance</b>	0.1	2.2	0.1	1.2	0.8	△0.8	0.1	3.7
<b>Total</b>	1.6	△1.3	0.1	△7.8	0.8	△1.3	△0.4	△8.3

# Special Gains / Losses

Unit; billions of yen

	FY2007 1st Quarter	FY2006 1st Quarter	Difference
Gain on sale of investment securities	0.3	2.7	$\Delta 2.4$
<b>Special Gains</b>	<b>0.3</b>	<b>2.7</b>	<b><math>\Delta 2.4</math></b>
Restructuring charges	0.1	2.9	$\Delta 2.9$
<b>Special Losses</b>	<b>0.1</b>	<b>2.9</b>	<b><math>\Delta 2.9</math></b>
<b>Special Gains / Losses</b>	<b>0.2</b>	<b><math>\Delta 0.2</math></b>	<b>0.5</b>



# Consolidated Balance Sheets

Unit; billions of yen

	30-Jun-07	31-Mar-07		30-Jun-07	31-Mar-07
<b>Current Assets</b>	964.0	995.9	<b>Liabilities</b>	1,301.5	1,294.4
Cash and cash equivalents	97.8	126.0	Trade notes and accounts	253.7	261.9
Trade notes and accounts	399.8	407.6	Short-term debt	228.9	190.4
Inventories	344.4	327.7	Long-term debt due within one year	65.8	43.2
Others	122.1	134.6	Long-term debt due after one year	377.3	407.4
<b>Non-current Assets</b>	1,374.6	1,329.0	Others	375.8	391.5
Property, plant and equipment	626.9	623.5	<b>Net Assets</b>	1,037.1	1,030.5
Intangible assets	42.6	42.8	Shareholders' equity	635.7	632.6
Investment securities	501.5	486.1	Valuation and translation adjustments	162.6	159.9
Others	203.6	176.6	Minority interests	238.8	238.0
<b>Total</b>	<b>2,338.6</b>	<b>2,324.9</b>	<b>Total</b>	<b>2,338.6</b>	<b>2,324.9</b>

Interest-bearing debt balance	672.0	641.0
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## Consolidated Statements of Cash Flows

Unit; billions of yen

	FY2007 1st Quarter	FY2006 Full Year
Cash flows from operating activities	19.1	142.9
Cash flows from investing activities	△62.5	△164.2
Free cash flows	△43.5	△21.3
Cash flows from financing activities	14.8	35.6
Others	0.5	0.8
Net increase (decrease) in cash and cash equivalents	△28.3	15.0
Cash and cash equivalents at end of year	97.8	126.0



# Major Subsidiaries

Unit; billions of yen

Company	Net Sales		Operating Income Status
	FY2007 1st Quarter	FY2006 1st Quarter	
The Polyolefin Company (Singapore)	31.8	28.8	Remained steady. Market for synthetic resins remained strong, reflecting higher feedstock prices.
Petrochemical Corporation of Singapore	82.1	66.4	Increased substantially, driven by a rise in market price.
Dongwoo Fine-Chem	38.3	37.2	Disappointing. While Dongwoo Fine-Chem performed unsatisfactorily due to the sales price declines, long term prospects for LCD panel materials remain high.
Valent U.S.A. and Subsidiaries	10.4	10.3	Declined slightly. R&D expenses could not contribute growth in its gross margin.