

For Immediate Release
November 16, 2001

Sumitomo Chemical Company, Limited Interim Consolidated Financial Results

Sumitomo Chemical Company, Limited announced today that its consolidated net sales for the six months ended September 30, 2001 totaled ¥500.0 billion (\$4,188 million), a 1.4% decrease from the previous year's corresponding period, while the net income increased 20.8% to ¥16.7 billion (\$140 million).

The sales of the Basic Chemicals & Petrochemicals segment decreased 3.2% from the same period of last year. The sales of raw materials for synthetic fiber decreased under the weak market condition. Styrene monomer sales dropped due to a lower market price and a reduced shipping volume. Plastics sales in the domestic market were at the same level as the previous corresponding period, while the shipping volume decreased reflecting a declining demand in overseas markets. The sales of Specialty Chemicals segment remained at the same level as the previous period. In this segment, the sales of fine chemicals (such as pharmaceutical intermediates, functional materials and polymer additives) and IT-related chemicals (functional films for LCDs and semi-conductor materials including epoxy resin) decreased. However, the sales of agricultural chemicals increased 1.3%, owing to increased sales of feed additives in overseas markets and new household insecticides products acquired from Aventis CropScience in May 2001. The sales of pharmaceuticals increased 11.9% thanks to the sales expansion of *Amlodin* (hypertension and angina pectoris), *Hibitane* (disinfectant) and *Tagamet* (anti-ulcer). The sales of Others segment were almost at the same level as the previous corresponding period.

Total operating income was ¥35.6 billion (\$298 million), a 26.2% decline from the same period of last year because of the naphtha price staying higher than the previous corresponding period and increased fixed cost such as R&D expenses and actuarial loss amortization of employees' retirement benefits. The operating income of the Basic Chemicals & Petrochemicals decreased ¥9.5 billion to zero. This was mainly attributable to the adverse effect of oil price hikes and reduced shipping volume. The Specialty Chemicals showed a 7.9% decrease to ¥33.6 billion (\$281million) in operating income due mainly to IT-related chemicals' performance. However, the operating income of pharmaceuticals increased thanks to sales expansion. The Others segment posted a 12% drop to ¥2.0 billion (\$17million) in operating income.

Non-operating income improved largely. There was no special loss related to employees' retirement benefit in this period and the restructuring charges decreased to ¥0.5 billion (\$4 million) as compared with ¥25.1 billion of the previous corresponding period. The goodwill of ¥10.6 billion (\$89 million) arising from the acquisition of household insecticides was fully amortized. The Company sold securities to finance M&A, generating the gains of ¥7.8 billion (\$66 million).

In this period, free cash flow was negative ¥14.7 billion (\$123 million) as a result of increased working capital and the increased investment for M&A. The Company's short-term debt increased accordingly.

For the year ending March 31, 2002, the Company estimates that the consolidated net sales will be ¥1,030.0 billion (\$8,626 million) and the consolidated net income will be ¥30 billion (\$251 million). Annual dividends per 1,000 shares will be ¥6,000 (\$50.24), the same as in the last year.

(Note)

*U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥119.40= \$1 prevailing on the end of September 2001.

Interim Consolidated Statements of Income
Six Months ended September 30, 2001 and 2000

	2001		2000
	(¥Million)	(US\$1,000)*	(¥Million)
Sales	¥ 500,019	\$ 4,187,764	¥ 507,034
Cost of sales	355,809	2,979,975	360,190
Selling, general and administrative expenses	108,648	909,950	98,659
Operating income	35,562	297,839	48,185
Other income (expenses):			
Interest and dividend income	2,876	24,087	2,948
Interest expenses	(6,513)	(54,548)	(6,981)
Equity in earnings of affiliates	6,195	51,884	4,803
Gain on sales of securities	7,824	65,528	218
Amortization of goodwill	(10,643)	(89,137)	-
Restructuring charges	(466)	(3,903)	(2,509)
Past period service costs of employees' retirement benefit plan	-	-	(14,338)
Other-net	(3,530)	(29,564)	(5,016)
Income before income taxes and minority interests	31,305	262,186	27,310
Income taxes, net of tax effect	12,058	100,988	11,605
Minority interests	2,588	21,675	1,918
Net income	¥ 16,659	\$ 139,523	¥ 13,787

	2001		2000
	(Yen)	(US dollar)*	(Yen)
Net income per 1,000 shares	¥ 10,063	\$ 84.28	¥ 8,432
Dividends per 1,000 shares:			
Interim dividends	¥ 3,000	\$ 25.12	¥ 3,000

(Note) *U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥119.40= \$1 prevailing on the end of September 2001.

Industry Segment Results
Six Months ended September 30, 2001 and 2000

	Basic Chemicals & Petro- chemicals	Specialty Chemicals	Others	Unallocated	(¥Million) Consolidated
2001					
Sales	¥ 260,761	¥ 222,955	¥ 16,303		¥ 500,019
<i>(Percentage of sales)</i>	(52.2%)	(44.6%)	(3.2%)		(100.0%)
<i>(Sales growth)</i>	(-3.2%)	(0.7%)	(0.5%)		(-1.4%)
Operating income (loss)	¥ (11)	¥ 33,551	¥ 2,001	¥ 21	¥ 35,562
<i>(Operating income ratio)</i>	(0%)	(15.0%)	(12.3%)		(7.1%)
Total assets	¥ 472,576	¥ 639,629	¥ 164,175	¥ 133,601	¥ 1,409,981
Depreciation	11,068	26,885	2,379	1,355	41,687
Capital expenditures	9,110	27,888	2,840	1,377	41,215
2000					
Sales	¥ 269,486	¥ 221,331	¥ 16,217		¥ 507,034
<i>(Percentage of sales)</i>	(53.1%)	(43.7%)	(3.2%)		(100.0%)
Operating income	¥ 9,550	¥ 36,430	¥ 2,273	¥ (68)	¥ 48,185
<i>(Operating income ratio)</i>	(3.5%)	(16.5%)	(14.0%)		(9.5%)
Total assets	¥ 505,542	¥ 607,796	¥ 159,659	¥ 192,180	¥ 1,465,177
Depreciation	10,530	15,311	2,510	742	29,093
Capital expenditures	7,633	11,715	1,786	1,438	22,572

Overseas Operations
Six Months ended September 30, 2001 and 2000

	2001				2000
	(¥Million)	(\$1,000)*	Share (%)	Growth (%)	(¥Million)
Overseas operations	¥ 134,931	\$ 1,130,075	27.0	-0.5	¥ 135,592

(Note) *U. S. dollar amounts are translated from yen, for convenience only, at the rate of ¥119.40 = \$1 prevailing on the end of September 2001.

Interim Consolidated Cash Flow Statements
Six Months ended September 30, 2001 and 2000

	2001		2000
	(¥Million)	(US\$1,000)*	(¥Million)
Cash flows from operating activities:			
Income before income taxes and minority interests	31,305	262,186	27,310
Depreciation and amortization	41,687	349,137	29,093
Other-net	(51,595)	(432,119)	(7,197)
Net cash provided by operating activities:	21,397	179,204	49,206
Cash flows from investing activities:			
Acquisition of property, plant and equipment	(43,678)	(365,812)	(25,647)
Other-net	7,631	63,911	5,158
Net cash used in investing activities	(36,047)	(301,901)	(20,489)
Cash flows from financing activities:			
Dividends paid	(4,966)	(41,591)	(8,175)
Net increase in short-term debt	17,089	143,124	(24,017)
Net decrease in long-term debt	(131)	(1,097)	(7,386)
Other-net	(2,533)	(21,214)	(4,961)
Net cash provided (used) in financing activities	9,459	79,222	(44,539)
Effect of exchange rate changes on cash and cash equivalents	710	5,946	54
Net decrease in cash and cash equivalents	(4,481)	(37,529)	(15,768)
Cash and cash equivalents at beginning of period	56,569	473,777	77,835
Increase in cash from addition of consolidated subsidiaries	66	553	18
Cash and cash equivalents at end of period	52,154	436,801	62,085

(Note)

*U. S. dollar amounts are translated from yen, for convenience only, at the rate of ¥119.40= \$1 prevailing on the end of September 2001.