

Sumitomo Chemical Reports Consolidated Financial Results For the Nine Months Ended December 31, 2006

Sumitomo Chemical Company, Limited today announced that its consolidated net sales for the nine months ended December 31, 2006 totaled ¥1,296.2 billion (\$10,882 million), an increase of 18.1% over the same period last year. Net income increased by 2.3% to ¥72.9 billion (\$612 million).

Sales in the Basic Chemicals segment increased by ¥50.1 billion over the same period last year to ¥228.2 billion. The increase was due to a substantial increase in sales of aluminum because of a rise in the market price compared with last year as well as increased sales of caprolactam, the raw material for synthetic textile fibers, and methyl methacrylate (MMA) because of production capacity expansions. **The Petrochemicals & Plastics segment** saw a sales rise by ¥46.3 billion over the same period last year to ¥397.8 billion. Sales of styrene monomer and other petrochemical products increased on the back of favorable market conditions that supported price increases taken in response to the rising prices of feedstocks such as naphtha. Firm sales of synthetic resins also contributed to the segment's improved year-on-year performance.

Sales in the Fine Chemicals segment increased by ¥11.6 billion year on year to ¥69.0 billion. The increases were due to favorable sales of adhesives raw materials driven by firm demand as well as increased sales of pharmaceutical chemicals thanks to an increase in shipments of pharmaceutical intermediates.

Sales in the IT-related Chemicals segment increased by ¥39.0 billion over the same period last year to ¥198.2 billion as a result of capacity expansions in Korea and Taiwan for polarizing film, a primary material for liquid crystal displays.

Sales in the Agricultural Chemicals segment increased by ¥9.9 billion over the same period last year to ¥138.2 billion. Feed additives saw an increase in sales owing to increases in selling prices reflecting a sharp rise in the price of raw materials, and active marketing drives. Production capacity expansion contributed to an increase in OLYSET®/NET shipments. Sales of agrochemicals declined because of weak demand in the Japanese market, while overseas sales of herbicides remained firm thanks to solid shipments.

Sales in the Pharmaceuticals segment increased by ¥8.9 billion over the previous year to ¥175.5 billion. The Company's pharmaceutical subsidiary, Sumitomo Pharmaceuticals Co., Ltd., merged with Dainippon Pharmaceutical Co., Ltd. in October 2005 to form Dainippon Sumitomo Pharma Co., Ltd. (DSP), increasing the scale of the segment's operations, and sales of DSP's four main products, Amlodin (therapeutic agent for hypertension and angina), Gasmotin (gastroprokinetic), Meropen (carbapenem antibiotic), and Prorenal (vasodilator) remained firm.

Total operating income increased by ¥17.0 billion to ¥105.4 billion. Operating income in the Basic Chemicals segment increased by ¥2.2 billion year on year to ¥9.5 billion, and in the Petrochemicals & Plastics segment it increased by ¥4.7 billion year on year to ¥17.5 billion. Operating income in the Fine Chemicals segment increased by ¥2.7 billion to ¥10.0 billion, while in the IT-related Chemicals segment, it declined year on year by ¥6.2 billion to ¥8.6 billion because of decreasing selling prices. In the Agricultural Chemicals segment, operating income increased by ¥3.8 billion to ¥13.2 billion, and in the Pharmaceuticals segment it increased by ¥8.3 billion to ¥42.7 billion.

Net income increased by ¥1.6 billion to ¥72.9 billion due mainly to an extraordinary gain on sale of investment securities, including shares of GlaxoSmithKline K.K., in addition to the growth of operating income.

(Note) *U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥119.11= \$1 prevailing on December 31, 2006.

(Cautionary Statement)

Statements made in this release with respect to the Company'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.

Summary of Consolidated Results

(1) Results of operations:

	9 Months ended December 31, 2006		9 Months ended December 31, 2005	
	(¥ Million)	(US\$ 1,000) [*]	(¥ Million)	
Net Sales	¥ 1,296,206	\$ 10,882,428	¥ 1,097,844	
Operating Income	105,404	884,930	88,411	
Income Before Income Taxes and Minority Interests	140,567	1,180,144	127,176	
Net Income	72,914	612,157	71,301	
Net income per 1,000 shares	(Yen) ¥ 44,142	(US\$) \$ 371	(Yen) ¥ 43,143	

(2) Financial Position:

	As of December 31, 2006		As of March 31, 2006	
	(¥ Million)	(US\$ 1,000) [*]	(¥ Million)	
Total Assets	¥ 2,262,374	\$ 18,993,989	¥ 2,178,377	
Total Net Assets	1,001,634	8,409,319	719,760	
Book Value per 1,000 shares	(Yen) ¥ 464,830	(US\$) \$ 3,903	(Yen) ¥ 435,510	

(3) Results of Operations by Business Segment:

	9 Months ended December 31, 2006		9 Months ended December 31, 2005	
	(¥ Million)	(US\$ 1,000) [*]	(¥ Million)	
Net Sales				
Basic Chemicals	¥ 228,195	\$ 1,915,834	¥ 178,126	
Petrochemicals & Plastics	397,768	3,339,501	351,470	
Fine Chemicals	68,962	578,977	57,313	
IT-related Chemicals	198,213	1,664,117	159,185	
Agricultural Chemicals	138,246	1,160,658	128,317	
Pharmaceuticals	175,475	1,473,218	166,560	
Others	89,347	750,122	56,873	
	¥ 1,296,206	\$ 10,882,428	¥ 1,097,844	
Operating Income				
Basic Chemicals	¥ 9,501	\$ 79,767	¥ 7,254	
Petrochemicals & Plastics	17,483	146,780	12,751	
Fine Chemicals	9,984	83,822	7,253	
IT-related Chemicals	8,590	72,118	14,826	
Agricultural Chemicals	13,162	110,503	9,396	
Pharmaceuticals	42,696	358,459	34,359	
Others	4,912	41,239	2,647	
Elimination	(924)	(7,758)	(75)	
	¥ 105,404	\$ 884,930	¥ 88,411	

(Note)

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