

For Immediate Release  
November 17, 2000

## Sumitomo Chemical Company, Limited Interim Consolidated Financial Results

Sumitomo Chemical Company, Limited announced today that its consolidated net income for the six months ended September 30, 2000 increased 55.1% to ¥13.8 billion (\$128 million) from the previous year's corresponding period. Net sales for the period totaled ¥507.0 billion (\$4,695 million), an 8.3% increase from the corresponding period of the last year.

Basic Chemicals & Petrochemicals segment showed the sales growth of 11.6% over the first half of the previous year. The sales of optically functional films for LC display increased thanks to the strong demand from the LCD industry. Caprolactam sales also expanded due to the favorable international market conditions. The sales of methyl methacrylate and acrylic acid from operations in Singapore contributed to the business growth both in sales prices and shipping volume. Petrochemicals & plastics sales increased 12.6% by the increased shipping volume and higher selling prices, reflecting the naphtha price hike. The sales of Specialty Chemicals segment grew 2.5% compared with the same period of the last year. Fine chemicals sales, however, decreased 5.6% mainly because the color filter business for TFT type LCDs was transferred to an affiliated company, which was accounted for under equity method. The sales of Agricultural Chemicals increased 5.5% due to contribution from the newly acquired biological products business. In Pharmaceuticals, *Amlodin* (for hypertension and angina pectoris) and other proprietary products showed steady growth in sales. Others segment sales increased 43.8%.

Total operating income was ¥48.2 billion (\$446 million), a 49.6% increase from the same period of the last year. The operating income of Basic Chemicals & Petrochemicals almost doubled to ¥10.4 billion (\$96 million) mainly because of higher sales prices, increased shipping volume that absorbed the adverse impact of the naphtha price hike, and overall cost reduction. Specialty Chemicals also showed the increase of 40.2% to ¥35.6 billion (\$330 million) in operating income. It was attributable particularly to the sales volume increase of major proprietary pharmaceuticals. The reorganization of the color filter business helped increase the profitability of this segment. Others segment showed an increase in operating income by 52.9% to ¥2.3 billion (\$21 million).

The equity in earnings of unconsolidated subsidiaries and affiliates increased to ¥4.8 billion (\$44.5 million) thanks to the contribution of affiliated companies engaging in electronics-related business. The past period service costs of employees' retirement plan were ¥14.3 billion (\$133 million), which resulted primarily from the one-time charge of retirement benefit liability arising from lowering the discount rate of the plan to 1.7% for Sumitomo Chemical and its subsidiaries as well as from the adoption of the Japanese new accounting method for employees' retirement plan by its consolidated subsidiaries. The restructuring charges decreased to ¥2.5 billion (\$23 million) compared with the ¥4.5 billion of the previous year's corresponding period.

Net cash provided by operating activities remained almost at the same level as in the first half of the last year. Free cash flow increased 22.1% over the same period of the last year. As a result, the total debts were reduced by 7.1% from the end of the last year.

For the year ending March 31, 2001, the Company estimates that the consolidated net sales will be ¥1,030 billion (\$9,537 million) and the consolidated net income will increase to ¥30 billion (\$278 million). Annual dividends per 1,000 shares will be ¥6,000 (\$55.56).

(Note)

\*U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥108.00= \$1 prevailing on September 30, 2000.

**Interim Consolidated Statements of Income**  
**Six Months ended September 30, 2000 and 1999**

	2000		1999
	(¥Million)	(US\$1,000)*	(¥Million)
Sales	¥ 507,034	\$4,694,759	¥ 468,033
Cost of sales	360,190	3,335,093	335,075
Selling, general and administrative expenses	98,659	913,509	100,759
Operating income	48,185	446,157	32,199
Other income (expenses):			
Interest and dividend income	2,948	27,296	2,890
Interest expenses	(6,981)	(64,639)	(7,389)
Equity in earnings of unconsolidated subsidiaries and affiliates	4,803	44,472	1,840
Gain on sales of marketable securities	-	-	4,289
Restructuring charges	(2,509)	(23,231)	(4,452)
Past period service costs of employees' retirement plan	(14,338)	(132,759)	(11,134)
Other-net	(6,716)	(62,185)	564
Income before income taxes	25,392	235,111	18,807
Income taxes, net of tax effect	11,605	107,454	9,918
Net income	¥13,787	\$ 127,657	¥ 8,889

	2000		1999
	(Yen)	(US dollar)*	(Yen)
Net income per 1,000 shares	¥ 8,432	\$ 78.07	¥ 5,481
Dividends per 1,000 shares:			
Interim dividends	¥ 3,000	\$ 27.78	¥ -
Year-end dividends	3,000	27.78	5,000
For the year	¥ 6,000	\$ 55.56	¥ 5,000

(Note) \*U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥108.00= \$1 prevailing on September 30, 2000.

**Industry Segment Results**  
Six Months ended September 30, 2000 and 1999

	Basic Chemicals & Petro- chemicals	Specialty Chemicals	Others	Unallocated	(¥Million) Consolidated
<b>2000</b>					
Sales	¥ 278,084	¥ 212,733	¥ 16,217		¥ 507,034
<i>(Percentage of sales)</i>	(54.8%)	(42.0%)	(3.2%)		(100.0%)
<i>(Sales growth)</i>	(11.6%)	(2.5%)	(43.8%)		(8.3%)
Operating income (loss)	¥ 10,369	¥ 35,611	¥ 2,273	¥ (68)	¥ 48,185
<i>(Operating income ratio)</i>	(3.7%)	(16.7%)	(14.0%)		(9.5%)
Total assets	¥ 547,497	¥ 565,841	¥ 159,659	¥ 192,180	¥ 1,465,177
Depreciation	11,403	14,438	2,510	742	29,093
Capital expenditures	8,347	11,001	1,786	1,438	22,572
<b>1999</b>					
Sales	¥ 249,244	¥ 207,513	¥ 11,276		¥ 468,033
<i>(Percentage of sales)</i>	(53.3%)	(44.3%)	(2.4%)		(100.0%)
<i>(Sales growth)</i>	(1.3%)	(-9.4%)	(-32.0%)		(-4.8%)
Operating income	¥ 5,281	¥ 25,397	¥ 1,487	¥ 34	¥ 32,199
<i>(Operating income ratio)</i>	(2.1%)	(12.2%)	(13.2%)		(6.9%)
Total assets	¥ 550,307	¥ 519,197	¥ 125,182	¥ 111,155	¥ 1,305,841
Depreciation	13,690	19,064	2,422	1,497	36,673
Capital expenditures	14,104	12,411	1,692	1,517	29,724

**Overseas Operations**  
Six Months ended September 30, 2000 and 1999

	2000				1999
	(¥Million)	(\$1,000)*	Share (%)	Growth (%)	(¥Million)
Overseas operations	¥ 135,592	\$ 1,255,481	26.7	15.9	¥ 116,947

(Note) \*U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥108.00 = \$1 prevailing on September 30, 2000.

**Interim Consolidated Statements of Cash Flows**  
**Six Months ended September 30, 2000 and 1999**

	2000		1999
	(¥Million)	(US\$1,000)*	(¥Million)
Net income before income tax	¥25,392	\$235,111	¥18,807
Depreciation	29,093	269,380	36,673
Other-net	(5,279)	(48,880)	(5,231)
Net cash provided by operating activities	49,206	455,611	50,249
Cash flows from investing activities:			
Acquisition of property, plant and equipment	(25,647)	(237,472)	(30,722)
Other-net	5,158	47,759	3,999
Net cash used in investing activities	(20,489)	(189,713)	(26,723)
Cash flows from financing activities:			
Net decrease in short-term debt	(24,017)	(222,380)	(31,522)
Net (decrease) increase in long-term debt	(7,386)	(68,388)	4,718
Other-net	(13,136)	(121,630)	(9,300)
Net cash used in financing activities	(44,539)	(412,398)	(36,104)
Effect of exchange rate changes on cash and cash			
Equivalents	54	500	609
Net decrease in cash and cash equivalents	(15,768)	(146,000)	(11,969)
Cash and cash equivalents at beginning of period	77,835	720,694	63,580
Increase in cash from addition of consolidated subsidiaries	18	167	8,176
Cash and cash equivalents at end of period	¥ 62,085	\$574,861	¥59,787

(Note) US. dollar amounts are translated from yen, for convenience only, at the rate of ¥108.00 = \$1 prevailing on September 30, 2000.