

Sumitomo Chemical Reports Consolidated Financial Results For the Three Months Ended June 30, 2006

Sumitomo Chemical Company, Limited today announced that its consolidated net sales for the three months ended June 30, 2006 totaled ¥412.3 billion (\$3,578 million), a 22.7% increase over the same period last year. Net income decreased 6.0% to ¥ 20.4 billion (\$177 million).

Sales in the Basic Chemicals Segment increased by 21.8% over the same period the previous year, to ¥69.9 billion. Aluminum sales increased considerably as market conditions improved. Sales of methyl methacrylate (MMA) were boosted by the recent capacity expansion at our production facilities in Singapore. Sales in the Petrochemical & Plastics Segment increased by 9.3% over the same period last year to ¥125.2 billion. Sales of synthetic resins remained firm both in Japan and overseas. Styrene monomer and other petrochemicals showed increased sales, reflecting rising prices for naphtha and other feedstocks. Sales in the Fine Chemicals Segment rose by 17.9% compared with the corresponding period last year to ¥22.1 billion. Robust sales of adhesives raw materials and pharmaceutical chemicals helped enhance the segment's total sales. Sales in the IT-related Chemicals Segment increased by 34.5% over the same period the previous year to ¥63.8 billion. Polarizing film, a material used in liquid crystal displays (LCDs), saw sales growth from production capacity expansions, mainly at our plant in Korea. Sales in the Agricultural Chemicals Segment increased by 11.8% over the same period last year to ¥44.7 billion. The segment's improved sales are attributable to healthy sales of herbicides in the North American market, and sales promotion activities helped increase sales of feed additives. Shipments of *Olyset®* Nets rose as a result of production capacity expansion. Sales in the Pharmaceuticals Segment increased by 27.1% over the same period the previous year to ¥58.8 billion. Dainippon Sumitomo Pharma, formed by the merger of Sumitomo Pharmaceuticals and Dainippon Pharmaceutical in October 2005, showed increased sales owing to the strong performance of their four major products, *Amlodin* (a therapeutic agent for hypertension and angina), *Gasmotin* (gastroprokinetic), *Meropen* (carbapenem antibiotic) and *Prorenal* (vasodilator) as well as the effect of the merger. Increased shipments of these products contributed to the improved overall performance of the new company, in spite of National Health Insurance price reductions implemented in April of this year. Sales in the Others Segment rose by 137.3% compared with the corresponding period last year to ¥27.8 billion.

Total operating income increased by 14.4% over the same period the previous year to ¥34.0 billion. Operating income declined by 12.6% to 2.7 billion in Basic Chemicals and by 37.4% to 3.6 billion in Petrochemicals & Plastics, because of the impact of a rise in raw material costs and other factors. Operating income in the IT-related Chemicals Segment was ¥3.7 billion, remaining at the same level as the previous year because of a decrease in selling prices. On the other hand, operating income in Agricultural Chemicals improved by 97.9% to 4.6 billion, and for Pharmaceuticals by 27.3% to 15.3 billion thanks to an increase in shipments.

Net income decreased by 6.0% to ¥20.4 billion as a result of a decrease in equity in the earnings of affiliates and an increase in special losses due to restructuring charges.

(Note) *U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥115.24= \$1 prevailing on June 30, 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:

	3 Months ended June 30, 2006		3 Months ended June 30, 2005	
	(¥ Million)	(US\$ 1,000)*	(¥ Million)	
Net Sales	¥ 412,301	\$ 3,577,759	¥ 336,087	
Operating Income	33,982	294,880	29,706	
Income Before Income Taxes and Minority Interests	40,159	348,481	43,325	
Net Income	20,355	176,631	21,664	

	(Yen)	(US\$)*	(Yen)
Net income per 1,000 shares	¥ 12,322	\$ 107	¥ 13,108

(2) Financial Position:

	As of June 30, 2006		As of March 31, 2006	
	(¥ Million)	(US\$ 1,000)*	(¥ Million)	
Total Assets	¥ 2,164,966	\$ 18,787	¥ 2,178,377	
Total Net Assets	940,658	8,163	719,760	

	(Yen)	(US\$)*	(Yen)
Book Value per 1,000 shares	¥ 433,285	\$ 3,760	¥ 435,510

(3) Results of Operations by Business Segment:

	3 Months ended June 30, 2006		3 Months ended June 30, 2005	
	(¥ Million)	(US\$ 1,000)*	(¥ Million)	
Net Sales				
Basic Chemicals	¥ 69,902	\$ 606,578	¥ 57,372	
Petrochemicals & Plastics	125,155	1,086,038	114,511	
Fine Chemicals	22,086	191,652	18,739	
IT-related Chemicals	63,844	554,009	47,461	
Agricultural Chemicals	44,721	388,068	40,016	
Pharmaceuticals	58,786	510,118	46,269	
Others	27,807	241,296	11,719	
	¥ 412,301	\$ 3,577,759	¥ 336,087	
Operating Income				
Basic Chemicals	¥ 2,718	\$ 23,586	¥ 3,111	
Petrochemicals & Plastics	3,629	31,491	5,797	
Fine Chemicals	3,214	27,890	2,475	
IT-related Chemicals	3,734	32,402	3,808	
Agricultural Chemicals	4,616	40,056	2,333	
Pharmaceuticals	15,283	132,619	12,009	
Others	728	6,317	206	
Elimination	60	521	(33)	
	¥ 33,982	\$ 294,880	¥ 29,706	

(Note)

*U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥115.24= \$1 prevailing on June 30, 2006.