

Sumitomo Chemical Reports Consolidated Financial Results For the Three Months Ended June 30, 2007

During the first quarter, Japan's economy experienced moderate growth, in spite of the impact of rising crude oil prices and slow-down in personal consumption, and this growth was buoyed by firm demand from China and other Asian nations for exports from Japan.

Against this backdrop, the Sumitomo Chemical Group posted first-quarter sales of ¥439.2 billion, an increase of ¥26.9 billion over the same period the previous year. Operating income was ¥25.6 billion, ordinary income was ¥34.4 billion, and net income was ¥14.8 billion, all of which represent a decrease compared with the previous year owing to increased raw materials costs as well as increased fixed costs and other factors. The financial projections for fiscal 2007 announced on May 10, 2007 remain unchanged.

The Company's first-quarter financial performance by segment is as follows.

Sales in the Basic Chemicals segment increased thanks to improved market conditions both for aluminum and raw materials for synthetic textile fibers such as caprolactam. Sales of methyl methacrylate also saw a rise because of higher selling prices in Asia. As a result, sales increased ¥7.3 billion over the previous year to ¥77.2 billion and operating income increased ¥1.6 billion to ¥4.3 billion.

In the Petrochemicals & Plastics segment, sales of styrene monomer and other petrochemical products increased on the back of price increases taken in response to the rising prices of feedstocks such as naphtha. Sales of synthetic resins also increased thanks to higher selling prices in Asia. Sales increased ¥18.7 billion over the same period last year to ¥143.9 billion, while operating income decreased by ¥1.3 billion to ¥2.3 billion reflecting the effects of rising prices for raw materials.

The Fine Chemicals segment saw sales increases due to marketing drives for active pharmaceutical ingredients and pharmaceutical intermediates. Sales increased ¥1.0 billion year on year to ¥23.1 billion, while operating income remained flat at ¥3.4 billion.

In the IT-related Chemicals segment, sales decreased because of decreasing selling prices in spite of increased sales volumes for polarizing film and color filters, main materials for liquid crystal displays (LCDs), driven by a production capacity increase in Korea. Sales decreased ¥2.5 billion year on year to ¥61.3 billion and operating income declined by ¥7.8 billion to post a loss of ¥4.1 billion because of decreased selling prices as well as increased fixed costs accompanying capacity expansions and other factors.

In the Agricultural Chemicals segment, feed additives saw an increase in sales owing to increases in selling prices and increased shipments thanks to active marketing drives. Firm shipments of agrochemicals and household insecticides and a boost from favorable foreign exchange rates thanks to a weak yen resulted in an increase in overall sales. Sales increased ¥2.4 billion over the same period last year to ¥47.2 billion and operating income increased by ¥0.8 billion to ¥5.4 billion.

In the Pharmaceuticals segment, sales of Dainippon Sumitomo Pharma's four main products, *Amlodin* (therapeutic agent for hypertension and angina), *Meropen* (carbapenem antibiotic), *Gasmotin* (gastroprokinetic), and *Prorenal* (vasodilator) remained firm, while sales of other products along with revenue from licensing of intellectual property rights decreased. Sales decreased ¥0.4 billion year on year to ¥58.4 billion, and operating income decreased by ¥1.3 billion to ¥13.9 billion.

In the Others segment, which includes electrical power and steam supply, chemical plant engineering services, cargo transportation and warehousing services, and a broad range of analytical and environmental research services, sales increased ¥0.3 billion over the previous year to ¥28.1 billion, while operating income declined ¥0.3 billion to ¥0.4 billion.

As a result, **net income** decreased by ¥5.6 billion to ¥14.8 billion mainly owing to the decrease in operating income.

(Note) *U.S. dollar amounts are translated from yen, for convenience only, at the rate of
¥123.26= \$1 prevailing on June 30, 2007.

(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, 2007		3 Months ended June 30, 2006	
	(¥ Million)	(US\$ 1,000) [*]	(¥ Million)	
Net Sales	¥ 439,222	\$ 3,563,378	¥ 412,301	
Operating Income	25,634	207,967	33,982	
Income Before Income Taxes and Minority Interests	34,685	281,397	40,159	
Net Income	14,776	119,877	20,355	

	(Yen)	(US\$) [*]	(Yen)
Net income per 1,000 shares	¥ 8,947	\$ 73	¥ 12,322

(2) Financial Position:

	As of June 30, 2007		As of March 31, 2007	
	(¥ Million)	(US\$ 1,000) [*]	(¥ Million)	
Total Assets	¥ 2,338,640	\$ 18,973,227	¥ 2,324,906	
Total Net Asset	1,037,140	8,414,246	1,030,521	

	(Yen)	(US\$) [*]	(Yen)
Book Value per 1,000 shares	¥ 483,435	\$ 3,922	¥ 479,872

(3) Cash flows:

	3 Months ended June 30, 2007		3 Months ended June 30, 2006	
	(¥ Million)	(US\$ 1,000) [*]	(¥ Million)	
Cash flows from operating activities	¥ 19,073	\$ 154,738	¥ -	
Cash flows from investing activities	(62,526)	(507,269)	-	
Cash flows from financing activities	14,784	119,942	-	
Cash and cash equivalents at end of period	97,811	793,534	-	

(4) Results of Operations by Business Segment:

	3 Months ended June 30, 2007		3 Months ended June 30, 2006	
	(¥ Million)	(US\$ 1,000) [*]	(¥ Million)	
Net Sales				
Basic Chemicals	¥ 77,248	\$ 626,708	¥ 69,902	
Petrochemicals & Plastics	143,862	1,167,143	125,155	
Fine Chemicals	23,105	187,449	22,086	
IT-related Chemicals	61,299	497,315	63,844	
Agricultural Chemicals	47,166	382,655	44,721	
Pharmaceuticals	58,398	473,779	58,786	
Others	28,144	228,330	27,807	
	¥ 439,222	\$ 3,563,378	¥ 412,301	
Operating Income				
Basic Chemicals	¥ 4,291	\$ 34,813	¥ 2,718	
Petrochemicals & Plastics	2,317	18,798	3,629	
Fine Chemicals	3,354	27,211	3,214	
IT-related Chemicals	(4,069)	(33,012)	3,734	
Agricultural Chemicals	5,405	43,850	4,616	
Pharmaceuticals	13,940	113,094	15,283	
Others	419	3,399	728	
Elimination	(23)	(187)	60	
	¥ 25,634	\$ 207,967	¥ 33,982	

(Note)

*U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥123.26= \$1 prevailing on June 30, 2007.