



Financial Results & Outlook for FY2008



May 9, 2008



Sumitomo Chemical Co., Ltd.



(Cautionary Statement)

Statements made in this material with respect to Sumitomo Chemical'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.



Contents

1. Consolidated Financial Results for FY2007 Ended March 31, 2008

■ Financial Summary.....	2
■ Net Sales by Segment.....	3
■ Operating Income by Segment.....	4
■ Elements of Major Costs.....	5
■ Special Gains / Losses.....	6
■ Consolidated Balance Sheets.....	7
■ Consolidated Statements of Cash Flows.....	8
■ Major Subsidiaries.....	9

2. Outlook for FY2008

■ Financial Summary.....	11
■ Net Sales by Segment.....	12
■ Operating Income by Segment.....	13
■ Elements of Major Costs.....	14
■ Consolidated Statements of Cash Flows	15

3. Financial Analysis

■ Net Sales / Net Income.....	17
■ Operating Income / EBITDA.....	18
■ ROA / ROE.....	19
■ Shareholders' Equity to Total Assets / Interest-Bearing Debt Balance.....	20
(Reference; Segment Information)	
■ Capital Expenditures by Segment.....	22
■ Depreciation and Amortization by Segment.....	23
■ Research & Development Expenses by Segment.....	24
■ Estimated Capital Expenditures by Segment.....	25
■ Estimated Depreciation and Amortization by Segment.....	26
■ Estimated Research & Development Expenses by Segment.....	27

1.Consolidated Financial Results for FY2007 Ended March 31, 2008





Financial Summary

Unit; billions of yen

	FY2007	FY2006	Difference	Growth
Net Sales	1,896.5	1,790.0	106.5	6.0%
Operating Income	102.4	139.6	△37.2	△26.7%
(Equity in earnings of affiliates, included in ordinary income)	(11.2)	(23.6)	(△12.4)	(△52.7%)
Ordinary Income	92.8	158.0	△65.2	△41.3%
Net Income	63.1	93.9	△30.8	△32.8%
ROE	8.1%	12.4%		
Naphtha Price (yen/KL)	61,500	50,000		
Exchange Rate (yen/US\$)	114.44	116.97		



Net Sales by Segment

Unit; billions of yen

	FY2007	FY2006	Difference	Growth	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	314.7	314.0	0.7	0.2%	16.0	△15.3
Petrochemicals	603.3	539.1	64.3	11.9%	60.0	4.3
Fine Chemicals	92.9	90.9	2.1	2.3%	0.0	2.1
IT-related Chemicals	297.5	266.4	31.1	11.7%	△40.0	71.1
Agricultural Chemicals	200.4	198.3	2.1	1.0%	0.5	1.6
Pharmaceuticals	237.6	234.5	3.0	1.3%	0.0	3.0
Others	150.1	146.8	3.3	2.2%	0.0	3.3
Total	1,896.5	1,790.0	106.5	6.0%	36.5	70.0
Overseas Operations	788.8	747.8	41.0	5.5%		



Operating Income by Segment

Unit; billions of yen

	Basic Chemicals	Petro-Chemicals	Fine Chemicals	IT-related Chemicals	Agricultural Chemicals	Pharmaceuticals	Others	Total
Operating Income								
FY2007	10.6	4.5	11.4	6.3	20.9	46.5	2.2	102.4
FY2006	13.5	23.6	13.1	3.5	23.3	56.2	6.5	139.6
Difference	△2.9	△19.1	△1.7	2.8	△2.3	△9.8	△4.3	△37.2
Price Variance	△3.0	△17.0	△2.0	△40.0	△1.0	0.0	0.0	△63.0
Sales Price Variance	16.0	60.0	0.0	△40.0	0.5	0.0	0.0	36.5
Purchase Price Variance	△19.0	△77.0	△2.0	0.0	△1.5	0.0	0.0	△99.5
Cost Variance	△1.5	△0.5	△0.5	15.5	△4.0	△12.0	△7.0	△10.0
VC	1.5	1.0	0.5	28.0	1.0	0.0	0.0	32.0
FC	△3.0	△1.5	△1.0	△12.5	△5.0	△12.0	△7.0	△42.0
Shipping Volume Variance	1.6	△1.6	0.8	27.3	2.7	2.2	2.7	35.8
Total	△2.9	△19.1	△1.7	2.8	△2.3	△9.8	△4.3	△37.2



Elements of Major Costs

Unit; billions of yen

	FY2007	FY2006	Difference
Labor Costs	216.2	205.6	10.6
Maintenance Costs	50.2	51.5	△1.2
Depreciation and Amortization	125.0	113.9	11.1
Research & Development Expenses	105.4	97.7	7.7
Capital Expenditures	142.5	159.8	△17.3
Number of employees (at March 31)	25,588	24,691	897



Special Gains / Losses

Unit; billions of yen

	FY2007	FY2006	Difference
Gain on change in equity by affiliate stock offering	28.8	-	28.8
Gain on sale of investment securities	6.7	31.1	△24.4
Gain on sale of property, plant and equipment	4.7	-	4.7
Special Gains	40.2	31.1	9.1
Restructuring charges	4.8	6.4	△1.6
Expenses related to litigation	-	1.0	△1.0
Loss on reform of retirement benefits plan	-	0.6	△0.6
Special Losses	4.8	8.0	△3.2
Special Gains / Losses	35.5	23.1	12.4



Consolidated Balance Sheets

Unit; billions of yen

	31-Mar-08	31-Mar-07		31-Mar-08	31-Mar-07
Current Assets	1,003.2	995.9	Liabilities	1,352.9	1,294.4
Cash and cash equivalents	107.4	126.0	Trade notes and accounts	282.7	261.9
Trade notes and accounts	423.8	407.6	Short-term debt	202.6	190.4
Inventories	338.2	327.7	Long-term debt due within one year	85.6	43.2
Others	133.8	134.6	Long-term debt due after one year	385.7	407.4
Non-current Assets	1,355.8	1,329.0	Others	396.3	391.5
Property, plant and equipment	636.5	623.5	Net Assets	1,006.0	1,030.5
Intangible assets	83.9	42.8	Shareholders' equity	673.0	632.6
Investment securities	518.9	486.1	Valuation and translation adjustments	95.1	159.9
Others	116.5	176.6	Minority interests	237.9	238.0
Total	2,358.9	2,324.9	Total	2,358.9	2,324.9
			Interest-bearing debt balance	673.9	641.0



Consolidated Statements of Cash Flows

Unit; billions of yen

	FY2007	FY2006	Difference
Cash flows from operating activities	156.6	142.9	13.7
Cash flows from investing activities	△182.7	△164.2	△18.4
Free cash flows	△26.1	△21.3	△4.8
Cash flows from financing activities	7.1	35.6	△28.5
Others	0.4	0.8	△0.4
Net increase (decrease) in cash and cash equivalents	△18.6	15.0	△33.6
Cash and cash equivalents at end of year	107.4	126.0	△18.6



Major Subsidiaries

Unit; billions of yen

Company	Net Sales		Operating Income Status
	FY2007	FY2006	
The Polyolefin Company (Singapore)	139.3	114.7	Remained almost flat from increase in shipments offsetting product margins squeezed by rises in feedstock prices.
Petrochemical Corporation of Singapore	337.1	290.6	Decreased because of product margins squeezed by rises in feedstock prices.
Dongwoo Fine-Chem	182.5	159.4	Increased thanks to boost in shipments and cost reductions exceeding declines in selling prices.
Valent U.S.A. and Subsidiaries	40.1	39.0	Decreased slightly because of increase in development and other costs exceeding increase in shipments.

2. Outlook for FY2008



Financial Summary

Unit; billions of yen

	FY2008 (estimated)	FY2007	Difference	Growth
Net Sales	2,080.0	1,896.5	183.5	9.7%
Operating Income	95.0	102.4	△7.4	△7.2%
(Equity in earnings of affiliates, included in ordinary income)	(15.0)	(11.2)	(3.8)	(33.9%)
Ordinary Income	100.0	92.8	7.2	7.8%
Net Income	55.0	63.1	△8.1	△12.8%
ROE	7.1%	8.1%		
Naphtha Price (yen/KL)	67,000	61,500		
Exchange Rate (yen/US\$)	100.00	114.44		



Net Sales by Segment

Unit; billions of yen

	FY2008 (estimated)	FY2007	Difference	Growth	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	325.0	314.7	10.3	3.3%	2.5	7.8
Petrochemicals	720.0	603.3	116.7	19.3%	54.0	62.7
Fine Chemicals	100.0	92.9	7.1	7.6%	0.5	6.6
IT-related Chemicals	340.0	297.5	42.5	14.3%	△38.0	80.5
Agricultural Chemicals	205.0	200.4	4.6	2.3%	△2.5	7.1
Pharmaceuticals	240.0	237.6	2.4	1.0%	△10.5	12.9
Others	150.0	150.1	△0.1	△0.0%	-	△0.1
Total	2,080.0	1,896.5	183.5	9.7%	6.0	177.5

Operating Income by Segment

Unit: billions of yen

	Basic Chemicals	Petro-chemicals	Fine Chemicals	IT-related Chemicals	Agricultural Chemicals	Pharmaceuticals	Others	Total
Operating Income								
FY2008(estimated)	10.0	11.0	9.0	22.5	16.5	31.0	△5.0	95.0
FY2007	10.6	4.5	11.4	6.3	20.9	46.5	2.2	102.4
Difference	△0.6	6.5	△2.4	16.2	△4.4	△15.5	△7.2	△7.4
Price Variance	1.0	6.0	△0.5	△38.0	△3.5	△10.5	0.0	△45.5
Sales Price Variance	2.5	54.0	0.5	△38.0	△2.5	△10.5	0.0	6.0
Purchase Price Variance	△1.5	△48.0	△1.0	0.0	△1.0	0.0	0.0	△51.5
Cost Variance	△7.5	△4.5	△1.5	14.0	△1.0	△14.5	△11.5	△26.5
VC	1.5	0.5	0.5	20.5	1.5	0.0	0.0	24.5
FC	△9.0	△5.0	△2.0	△6.5	△2.5	△14.5	△11.5	△51.0
Shipping Volume Variance	5.9	5.0	△0.4	40.2	0.1	9.5	4.3	64.6
Total	△0.6	6.5	△2.4	16.2	△4.4	△15.5	△7.2	△7.4



Elements of Major Costs

Unit: billions of yen

	FY2008 (estimated)	FY2007	Difference
Labor Costs	231.0	216.2	14.8
Maintenance Costs	52.0	50.2	1.8
Depreciation and Amortization	136.0	125.0	11.0
Research & Development Expenses	127.0	105.4	21.6
Capital Expenditures	141.0	142.5	△1.5
Number of employees (at March 31)	26,750	25,588	1,162



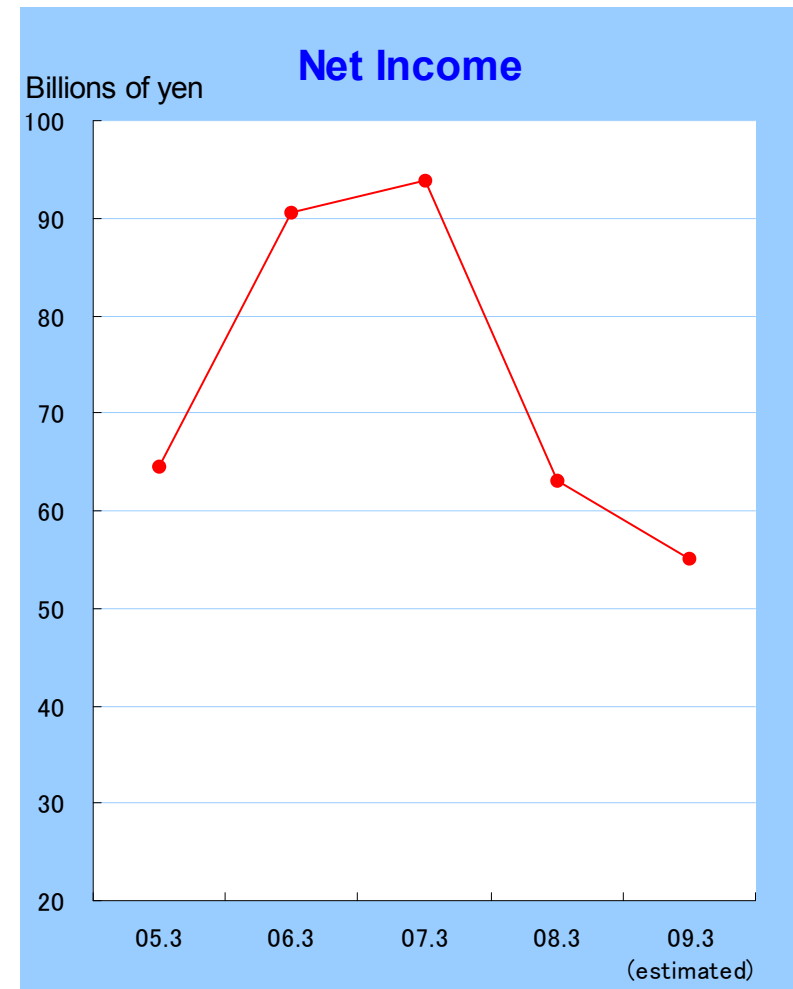
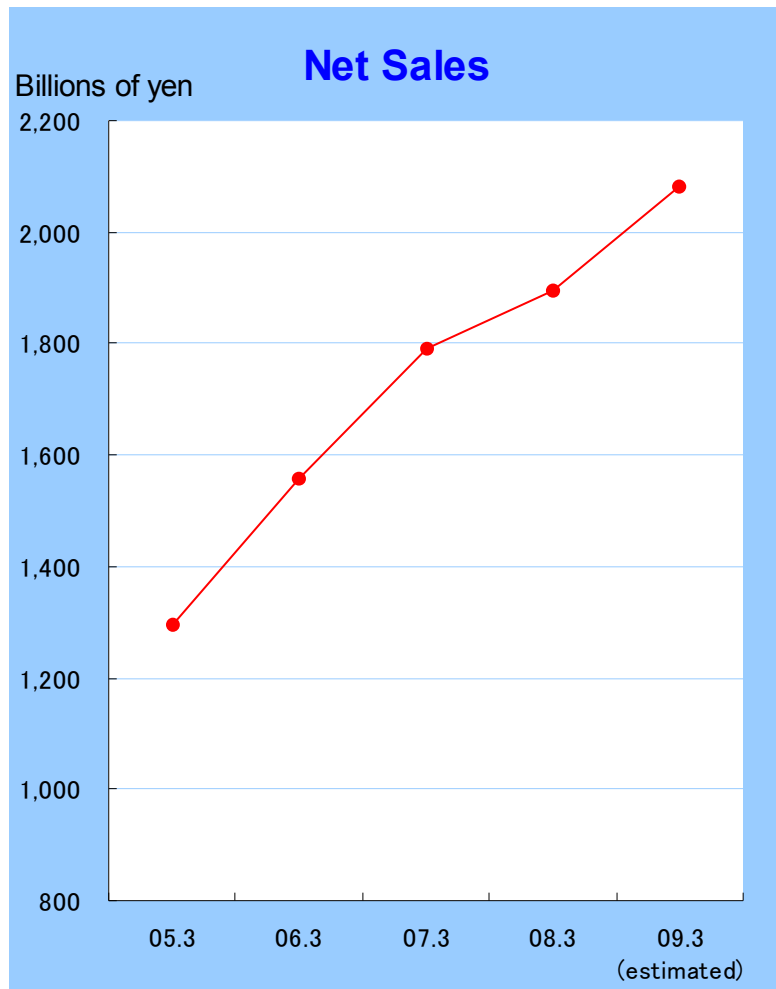
Consolidated Statements of Cash Flows

Unit; billions of yen

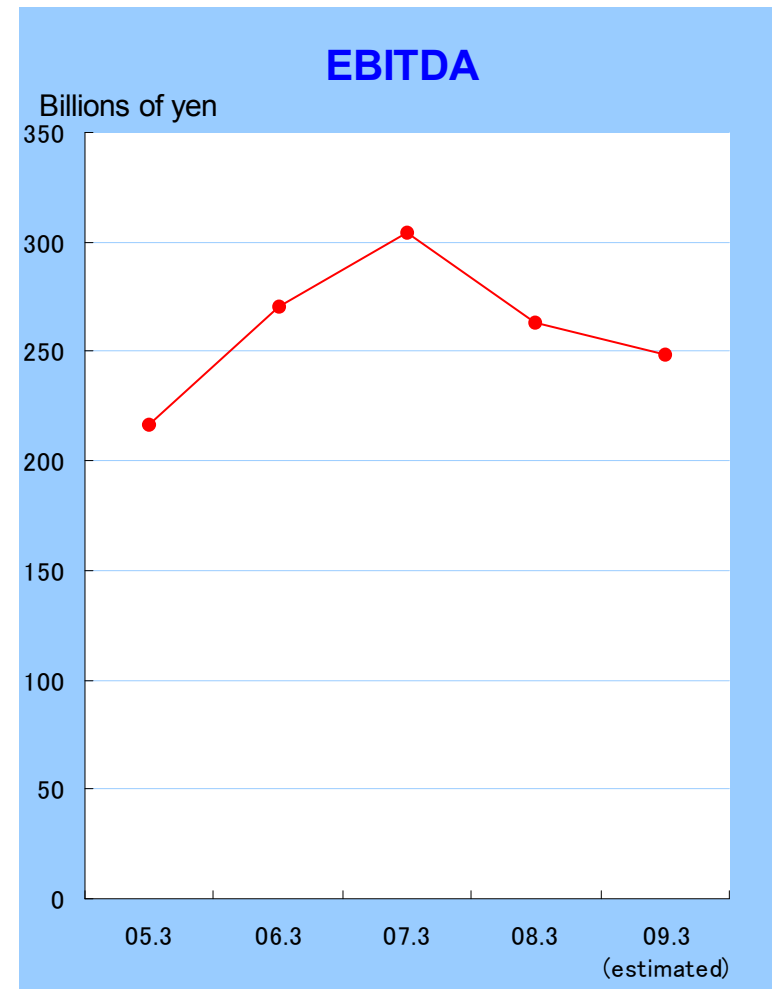
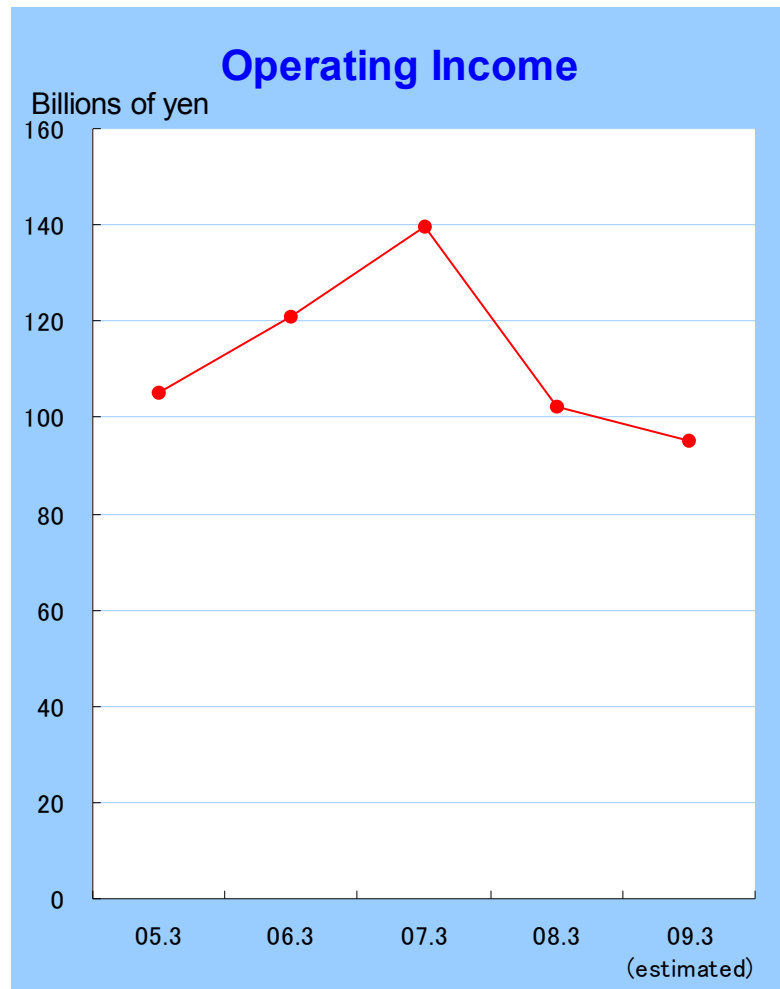
	FY2008 (estimated)	FY2007	Difference
Cash flows from operating activities	110.0	156.6	△46.6
Cash flows from investing activities	△140.0	△182.7	42.7
Free cash flows	△30.0	△26.1	△3.9
Cash flows from financing activities	30.0	7.1	22.9
Others	-	0.4	△0.4
Net increase (decrease) in cash and cash equivalents	-	△18.6	18.6
Interest-Bearing Debt Balance	725.0	673.9	51.1

3. Financial Analysis

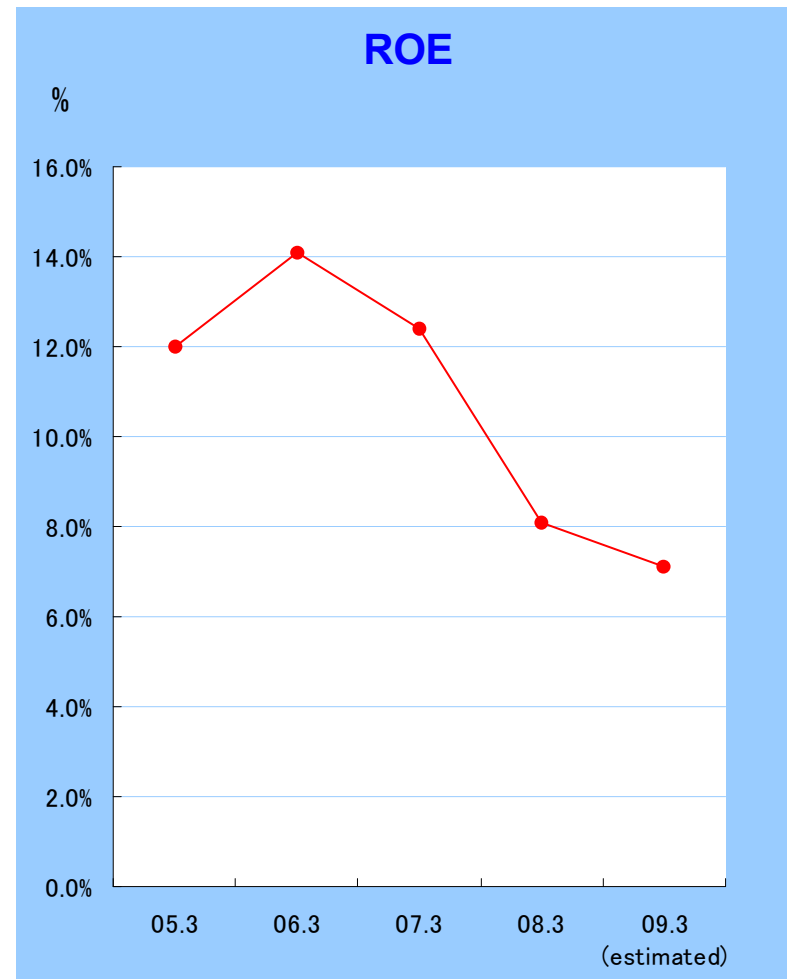
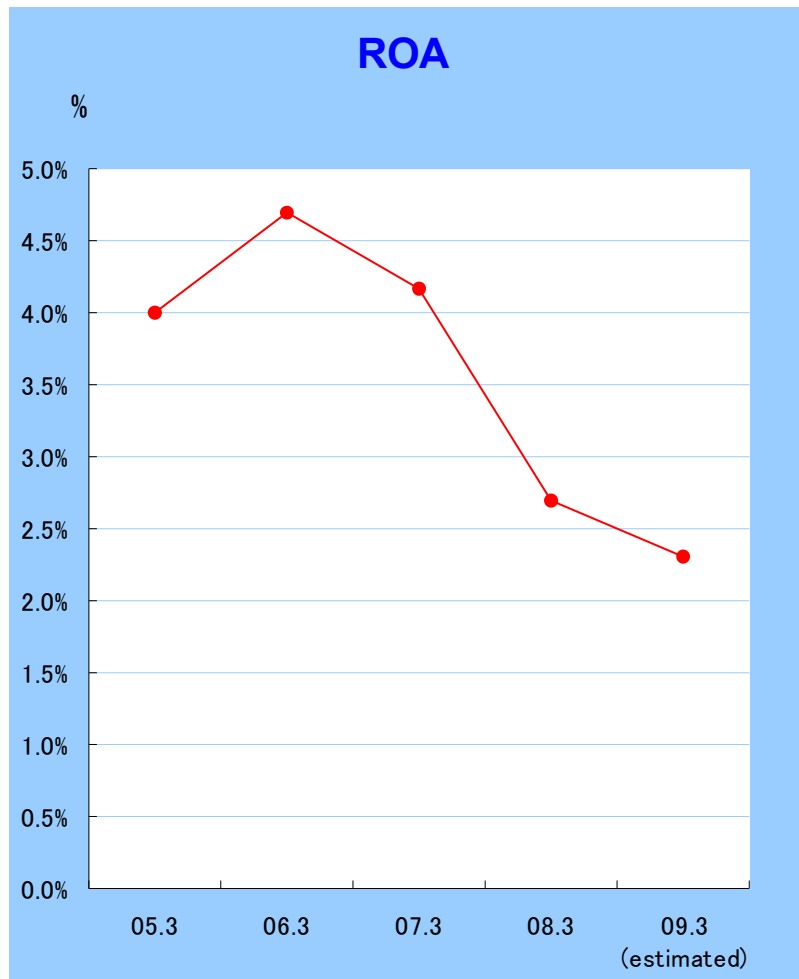
Financial Analysis - 1



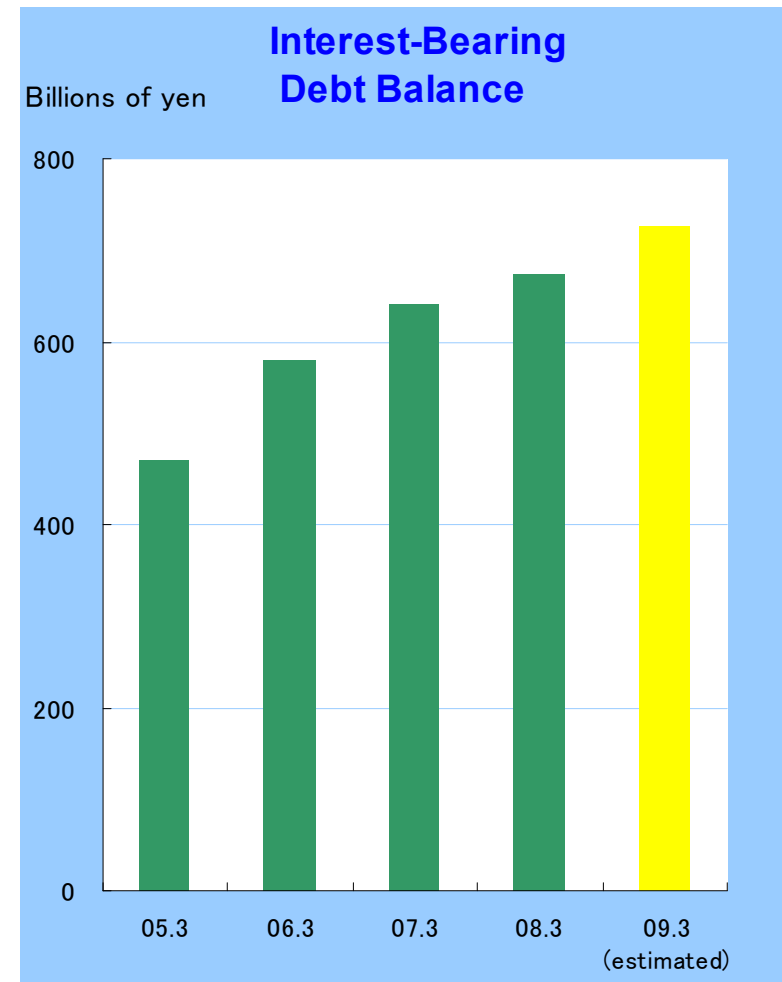
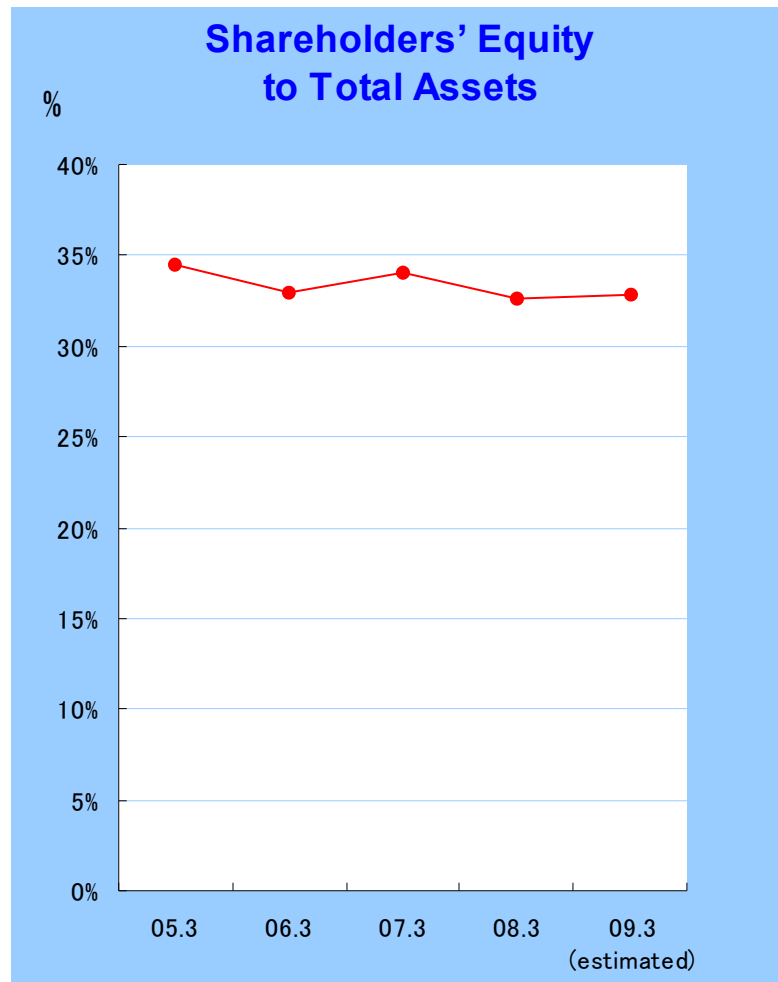
Financial Analysis - 2



Financial Analysis - 3



Financial Analysis - 4



(Reference; Segment Information)

Capital Expenditures by Segment

Unit: billions of yen

	FY2007	FY2006	Difference
Basic Chemicals	27.6	24.6	3.0
Petrochemicals	21.2	16.9	4.3
Fine Chemicals	6.9	4.6	2.3
IT-related Chemicals	33.4	72.0	△38.7
Agricultural Chemicals	8.5	10.1	△1.7
Pharmaceuticals	18.3	12.5	5.8
Others	26.7	19.1	7.6
Total	142.5	159.8	△17.3

Depreciation and Amortization by Segment

Unit: billions of yen

	FY2007	FY2006	Difference
Basic Chemicals	13.3	13.5	$\Delta 0.2$
Petrochemicals	18.4	19.2	$\Delta 0.8$
Fine Chemicals	6.1	6.5	$\Delta 0.5$
IT-related Chemicals	42.2	31.5	10.7
Agricultural Chemicals	12.8	14.2	$\Delta 1.4$
Pharmaceuticals	15.4	16.2	$\Delta 0.8$
Others	16.9	12.8	4.1
Total	125.0	113.9	11.1



Research & Development Expenses by Segment

Unit; billions of yen

	FY2007	FY2006	Difference
Basic Chemicals	6.1	5.7	0.4
Petrochemicals	11.1	11.3	△0.2
Fine Chemicals	4.1	4.2	△0.1
IT-related Chemicals	13.7	12.6	1.1
Agricultural Chemicals	19.4	18.7	0.7
Pharmaceuticals	47.7	42.5	5.2
Others	3.3	2.6	0.6
Total	105.4	97.7	7.7

Corporate R&D expenses are allocated to each business segments.



Estimated Capital Expenditures by Segment

Unit; billions of yen

	FY2008 (estimated)	FY2007	Difference
Basic Chemicals	20.0	27.6	△7.6
Petrochemicals	22.0	21.2	0.8
Fine Chemicals	6.0	6.9	△0.9
IT-related Chemicals	32.0	33.4	△1.4
Agricultural Chemicals	8.0	8.5	△0.5
Pharmaceuticals	13.0	18.3	△5.3
Others	40.0	26.7	13.3
Total	141.0	142.5	△1.5



Estimated Depreciation and Amortization by Segment

Unit; billions of yen

	FY2008 (estimated)	FY2007	Difference
Basic Chemicals	17.0	13.3	3.7
Petrochemicals	20.5	18.4	2.1
Fine Chemicals	6.5	6.1	0.4
IT-related Chemicals	36.0	42.2	△6.2
Agricultural Chemicals	13.5	12.8	0.7
Pharmaceuticals	15.5	15.4	0.1
Others	27.0	16.9	10.1
Total	136.0	125.0	11.0



Estimated Research & Development Expenses by Segment

Unit; billions of yen

	FY2008 (estimated)	FY2007	Difference
Basic Chemicals	6.5	6.1	0.4
Petrochemicals	12.5	11.1	1.4
Fine Chemicals	4.0	4.1	△0.1
IT-related Chemicals	15.0	13.7	1.3
Agricultural Chemicals	22.0	19.4	2.6
Pharmaceuticals	58.5	47.7	10.8
Others	8.5	3.3	5.2
Total	127.0	105.4	21.6

Corporate R&D expenses are allocated to each business segments.