



# Financial Results of FY2010 First Quarter



**July 30, 2010**



**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.*

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# Financial Summary

Unit; billions of yen

	FY2009 1st Quarter	FY2010 1st Quarter	Difference	Growth
Net Sales	340.8	491.2	150.5	44.2%
Operating Income	2.3	34.0	31.7	-
(Equity in earnings of affiliates, included in ordinary income)	(Δ0.2)	(5.1)	(5.3)	-
(Net gain/loss on foreign currency transactions in ordinary income)	(0.0)	(Δ3.4)	(Δ3.4)	-
Ordinary Income	3.2	36.0	32.8	-
Net Income	Δ1.5	18.0	19.5	-
ROE	Δ0.3%	3.1%		
Naphtha Price (yen/KL)	33,300	50,000		
Exchange Rate (yen/US\$)	97.36	92.01		

## Net Sales by Business Segments

Unit: billions of yen

	FY2009 1st Quarter	FY2010 1st Quarter	Difference	Growth	Sales Price Variance	Shipping Volume Variance
Basic Chemicals	42.4	62.3	19.9	46.9%	8.0	11.9
Petrochemicals	96.1	156.2	60.0	62.4%	36.0	24.0
Fine Chemicals	18.4	23.9	5.5	29.9%	0.0	5.5
IT-related Chemicals	46.0	78.1	32.1	69.8%	<b>Δ8.0</b>	40.1
Agricultural Chemicals	54.2	52.7	<b>Δ1.5</b>	<b>Δ2.8%</b>	<b>Δ1.5</b>	0.0
Pharmaceuticals	59.4	94.9	35.5	59.7%	<b>Δ4.0</b>	39.5
Others	24.1	23.1	<b>Δ1.0</b>	<b>Δ4.2%</b>	0.0	<b>Δ1.0</b>
<b>Total</b>	<b>340.8</b>	<b>491.2</b>	<b>150.5</b>	<b>44.2%</b>	<b>30.5</b>	<b>120.0</b>

## Results of Operations by Business Segments

Unit: billions of yen

	Basic Chemicals	Petro-chemicals	Fine Chemicals	IT-related Chemicals	Agricultural Chemicals	Pharmaceuticals	Others	Adjustments	Total
<b>Operating Income</b>									
FY20091st Quarter	Δ 2.1	Δ 4.6	Δ 0.1	Δ 2.6	6.3	9.8	0.1	Δ 4.4	2.3
FY20101st Quarter	4.1	3.6	1.9	8.0	6.9	14.4	0.1	Δ 4.8	34.0
<b>Difference</b>	6.2	8.2	2.0	10.6	0.6	4.6	Δ 0.0	Δ 0.4	31.7
<b>Price Variance</b>	1.5	1.5	0.0	Δ 8.0	Δ 2.0	Δ 4.0	0.0	0.0	Δ 11.0
Sales Price Variance	8.0	36.0	0.0	Δ 8.0	Δ 1.5	Δ 4.0	0.0	0.0	30.5
Purchase Price Variance	Δ 6.5	Δ 34.5	0.0	0.0	Δ 0.5	0.0	0.0	0.0	Δ 41.5
<b>Cost Variance</b>	0.5	0.5	0.5	5.0	Δ 0.5	Δ 26.0	0.0	Δ 0.5	Δ 20.5
VC	0.0	0.0	0.0	5.0	0.0	0.0	0.0	0.0	5.0
FC	0.5	0.5	0.5	0.0	Δ 0.5	Δ 26.0	0.0	Δ 0.5	Δ 25.5
<b>Shipping Volume Variance</b>	4.2	6.2	1.5	13.6	3.1	34.6	Δ 0.0	0.1	63.3
<b>Total</b>	6.2	8.2	2.0	10.6	0.6	4.6	Δ 0.0	Δ 0.4	31.7

## Extraordinary Gains / Losses

Unit; billions of yen

	FY2009 1st Quarter	FY2010 1st Quarter	Difference
Restructuring charges	0.2	0.3	0.1
Extraordinary Losses	0.2	0.3	0.1
Extraordinary Gains / Losses	<b>Δ0.2</b>	<b>Δ0.3</b>	<b>Δ0.1</b>



## Consolidated Balance Sheets

Unit; billions of yen

	30-Jun-10	31-Mar-10		30-Jun-10	31-Mar-10
<b>Current Assets</b>	<b>1,049.0</b>	<b>1,013.5</b>	<b>Liabilities</b>	<b>1,612.5</b>	<b>1,562.5</b>
Cash and cash equivalents	134.4	120.7	Trade notes and accounts	228.6	214.6
Trade notes and accounts	401.9	382.5	Short-term debt	398.3	349.5
Inventories	366.8	355.7	Long-term debt due within one year	44.0	55.7
Others	146.0	154.7	Long-term debt due after one year	622.3	592.8
<b>Non-current Assets</b>	<b>1,393.4</b>	<b>1,370.4</b>	Others	319.3	349.9
Property, plant and equipment	581.0	581.8	<b>Net Assets</b>	<b>829.9</b>	<b>821.4</b>
Intangible assets	239.6	249.7	Shareholders' equity	608.5	601.5
Investment securities	435.2	394.5	Valuation and translation adjustments	Δ28.4	Δ26.2
Others	137.6	144.3	Minority interests	249.8	246.1
<b>Total</b>	<b>2,442.4</b>	<b>2,383.9</b>	<b>Total</b>	<b>2,442.4</b>	<b>2,383.9</b>

Interest-bearing debt balance	1,064.6	997.9
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## Consolidated Statements of Cash Flows

Unit; billions of yen

	FY2009 1st Quarter	FY2010 1st Quarter	Difference
Cash flows from operating activities	<b>Δ4.0</b>	28.1	32.1
Cash flows from investing activities	<b>Δ14.0</b>	<b>Δ70.4</b>	<b>Δ56.4</b>
Free cash flows	<b>Δ17.9</b>	<b>Δ42.2</b>	<b>Δ24.3</b>
Cash flows from financing activities	22.0	55.4	33.4
Effect of exchange rate changes on cash and cash equivalents	1.3	0.6	<b>Δ0.7</b>
Net change in cash and cash equivalents	5.3	13.7	8.5
Cash and cash equivalents (at June 30)	91.5	134.4	42.9

## Major Subsidiaries

Unit; billions of yen

Company	Net Sales		Operating Income Status
	FY2009 1st Quarter	FY2010 1st Quarter	
The Polyolefin Company (Singapore)	18.5	28.4	Increased because of better margins due to higher prices.
Petrochemical Corporation of Singapore	35.2	67.3	Increased because of stronger shipments and better margins due to recovery in demand.
Dongwoo Fine-Chem	24.5	42.5	Increased because of stronger shipments.
Valent U.S.A. and Subsidiaries	11.6	12.3	Remained flat with higher sales offset by increased expenses.

## Financial Estimates for 1st Half

Unit; billions of yen

	<b>Estimates as of May-2010</b>	<b>Revised Estimates</b>	<b>Difference</b>	<b>Growth</b>
<b>Net Sales</b>	<b>990.0</b>	<b>1,000.0</b>	<b>10.0</b>	<b>1.0%</b>
<b>Operating Income</b>	<b>14.0</b>	<b>50.0</b>	<b>36.0</b>	<b>257.1%</b>
<b>Ordinary Income</b>	<b>16.0</b>	<b>50.0</b>	<b>34.0</b>	<b>212.5%</b>
<b>Net Income</b>	<b>11.0</b>	<b>30.0</b>	<b>19.0</b>	<b>172.7%</b>
<b>Naphtha Price (yen/KL)</b>	<b>50,000</b>	<b>48,000</b>		
<b>Exchange Rate (yen/US\$)</b>	<b>90.00</b>	<b>90.00</b>		



## Financial Estimates for Year

Unit; billions of yen

	<b>Estimates as of May-2010</b>	<b>Revised Estimates</b>	<b>Difference</b>	<b>Growth</b>
<b>Net Sales</b>	<b>2,000.0</b>	<b>2,000.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Operating Income</b>	<b>35.0</b>	<b>70.0</b>	<b>35.0</b>	<b>100.0%</b>
<b>Ordinary Income</b>	<b>35.0</b>	<b>68.0</b>	<b>33.0</b>	<b>94.3%</b>
<b>Net Income</b>	<b>25.0</b>	<b>45.0</b>	<b>20.0</b>	<b>80.0%</b>
<b>Naphtha Price (yen/KL)</b>	<b>50,000</b>	<b>48,000</b>		
<b>Exchange Rate (yen/US\$)</b>	<b>90.00</b>	<b>90.00</b>		