



Financial Summary

Results of First Half of FY2005 & Forecast of FY2005

Mitsui Chemicals, Inc.

< Remarks >

FY2005 indicates the fiscal year starting from April 1 of 2005 and ending at March 31 of 2006

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(April 1, 2005 – September 30, 2005)

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(April 1,2005 – March 31,2006)

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1. Results of First Half of FY2005

(April 1, 2005 – September 30, 2005)

1) Operation Topics

| Project | Action | Production Capacity | Location | Date |
|--|----------------------------|-----------------------------|---------------|----------|
| (Propylene Chain) | | | | |
| 1)PP Compound for Automotive Materials | Start commercial operation | 15Ktons/y | China (MCZ) | Jul., 05 |
| 2)PP Compound for Automotive Materials | capacity | +8Ktons/y (40 48Ktons/y) | Thailand(GSC) | Jun., 05 |

MCZ : MITSUI ADVANCED COMPOSITES (ZHONGSHAN) CO., LTD.

GSC : GRAND SIAM COMPOSITES CO., LTD.

2) Consolidated Financial Highlights

(100million Yen)

| Items | First Half of FY2004 | First Half of FY2005 | Increase (Decrease) | % |
|---|-------------------------|-------------------------|------------------------|-------|
| Sales | 5,888 | 6,936 | 1,048 | 18% |
| Operating income | 295 | 233 | (62) | (21%) |
| (Equity in earnings of non-consolidated subsidiaries&affiliates) | 31 | 39 | 8 | 26% |
| Recurring income | 281 | 242 | (39) | (14%) |
| Net income(loss) | (58) | 172 | 230 | - |
| Exchange Rate(Yen/US\$) | 110 | 109 | (1) | |
| Domestic Standard Naphtha Price(Yen/KL) | 30,200 | 38,000 | 7,800 | |
| Interest-bearing liabilities | 4,594 | 4,199 | (395) | (9%) |
| Stockholders' equity | 3,742 | 4,289 | 547 | 15% |
| Total assets | 11,805 | 12,681 | 876 | 7% |

3) Sales (by Business Segment)

(100million Yen)

| Segment | First Half of FY2004 | First Half of FY2005 | Incr. (Decr.) | Breakdown | |
|--|-------------------------|-------------------------|------------------|------------|------------|
| | | | | Volume | Price |
| Functional Chemi'ls & Engineered Mat'ls | 903 | 908 | 5 | 9 | (4) |
| Functional Polymeric Materials | 1,242 | 1,295 | 53 | (46) | 99 |
| Basic Chemicals | 2,092 | 2,328 | 236 | (4) | 240 |
| Petrochemicals | 1,463 | 2,232 | 769 | 611 | 158 |
| Others | 188 | 173 | (15) | (17) | 2 |
| Total | 5,888 | 6,936 | 1,048 | 553 | 495 |

4) Operating Income (by Business Segment)

(100million Yen)

| Segment | First Half of FY2004 | First Half of FY2005 | Incr. (Decr.) | Breakdown | | |
|--|-------------------------|-------------------------|------------------|-----------|------------|--------------|
| | | | | Volume | Price | Costs |
| Functional Chemi'ls & Engineered Mat'ls | 37 | 33 | (4) | 7 | (4) | (7) |
| Functional Polymeric Materials | 27 | (2) | (29) | (17) | 99 | (111) |
| Basic Chemicals | 131 | 134 | 3 | (3) | 240 | (234) |
| Petrochemicals | 96 | 71 | (25) | 80 | 158 | (263) |
| Others | 2 | (4) | (6) | (1) | 2 | (7) |
| Eliminations | 2 | 1 | (1) | 0 | 0 | (1) |
| Total | 295 | 233 | (62) | 66 | 495 | (623) |

5) Consolidated Balance Sheet

(100million Yen)

| Items | End of 05/3 | End of 05/9 | Incr. (Decr.) | Items | End of 05/3 | End of 05/9 | Incr. (Decr.) |
|----------------------------------|----------------|----------------|------------------|--|----------------|----------------|------------------|
| Current assets | 4,973 | 5,376 | 403 | Liabilities | 7,539 | 7,700 | 161 |
| Cash and cash equivalents | 281 | 264 | (17) | Notes and account payables | 1,549 | 1,846 | 297 |
| Notes and accounts receivables | 2,254 | 2,446 | 192 | Interest-bearing liabilities | 4,223 | 4,199 | (24) |
| Inventories | 1,844 | 2,050 | 206 | Other liabilities | 1,767 | 1,655 | (112) |
| Other current assets | 594 | 616 | 22 | Minority interests | 455 | 692 | 237 |
| Fixed assets | 7,079 | 7,305 | 226 | Stockholders' equity | 4,058 | 4,289 | 231 |
| Tangible fixed assets | 5,209 | 5,378 | 169 | Common stock | 1,032 | 1,032 | 0 |
| Intangible fixed assets | 241 | 272 | 31 | Additional paid-in capital | 669 | 669 | 0 |
| Investment securities and others | 1,629 | 1,655 | 26 | Retained earnings | 2,315 | 2,455 | 140 |
| | | | | Net unrealized holding gain on securities | 166 | 228 | 62 |
| | | | | Foreign currency translation adjustment | (93) | (61) | 32 |
| | | | | Treasury stock | (31) | (34) | (3) |
| Total | 12,052 | 12,681 | 629 | Total | 12,052 | 12,681 | 629 |

6) Consolidated Statement of Cash Flow



(100million Yen)

| Items | First Half of FY2004 | First Half of FY2005 | Incr. (Decr.) |
|---|-------------------------|-------------------------|------------------|
| I. Cash flows from operating activities[A] | 425 | 444 | 19 |
| II. Cash flows from investing activities[B] | (178) | (314) | (136) |
| Free cash flows[A+B] | 247 | 130 | (117) |
| III. Cash flows from financing activities | (249) | (151) | 98 |
| IV. Others | 0 | 4 | 4 |
| Net incr.(decr.) in cash and cash equivalents | (2) | (17) | (15) |

2. Forecast of FY2005

(April 1, 2005 – March 31, 2006)

This summary contains forward-looking statements about the future plans, strategies, belief and performance of the Mitsui Chemicals Group as a whole and its individual consolidated companies. These forward-looking statements are not historical facts. They are expectations, estimates, forecasts and projections based on information currently available to the Mitsui Chemicals Group and are subject to a number of risks, uncertainties and assumptions, which, without limitation, include economic trends, fluctuations in foreign currency exchange rates, fluctuations in the price of raw materials, competition in markets where the Company is active, personal consumption, market demand, the tax system and other legislation. As such, actual results may differ materially from those projected and the Mitsui Chemicals Group cannot guarantee that these forward-looking statements are accurate or will be achieved.

1) Operation Topics



| Project | Action | Production Capacity | Location | Date |
|--|----------------------------|--------------------------------|--------------------|----------|
| Performance Materials | | | | |
| 1) Nitrogen trifluoride (NF3) | Increase capacity | +300tons/y (600 900tons/y) | Shimonoseki | Oct., 05 |
| 2) New Elastomer Compounding Company | Company Establishment | 15Ktons/y | Germany | Jan., 06 |
| 3) Methyl-pentene polymer (TPX) | Increase capacity | +5.5Ktons/y (7.5 13Ktons/y) | Iwakuni | Oct., 05 |
| 4) Cyclic Olefin Copolymer (APEL) | Increase capacity | +600tons/y (2.8 3.4Ktons/y) | Iwakuni | Nov., 05 |
| Petro- & Basic Chemicals (Propylene Chain) | | | | |
| 5) PP Compound for Automotive Materials | Start commercial operation | 15Ktons/y | China (MCZ) | Ju., 05 |
| 6) PP Compound for Automotive Materials (Aroma-Chain) | Increase capacity | +8Ktons/y (40 48Ktons/y) | Thailand (GSC) | Jun., 05 |
| 7) New PTA Plant | Start commercial operation | 500Ktons/y | Thailand (SMPC) | Nov., 05 |

1) Consolidated Financial Highlights

(100million Yen)

| Items | FY2004 | FY2005 Forecast | Increase (Decrease) | % |
|--|--------|-----------------|---------------------|-------|
| Sales | 12,275 | 15,000 | 2,725 | 22% |
| Operating income | 805 | 700 | (105) | (13%) |
| (Equity in earnings of non-consolidated subsidiaries&affiliates) | 69 | 84 | 15 | 22% |
| Recurring income | 797 | 700 | (97) | (12%) |
| Net income | 262 | 420 | 158 | 60% |

| | | | |
|--|--------|--------|--------|
| Exchange Rate(Yen/US\$) | 108 | 110 | 2 |
| Domestic Standard Naphtha Price(Yen/KL) | 32,150 | 42,500 | 10,350 |

2) Sales (by Business Segment)

(100million Yen)

| Segment | FY2004 | FY2005 Forecast | Incr. (Decr.) | Breakdown | |
|--|---------------|--------------------|------------------|--------------|--------------|
| | | | | Volume | Price |
| Functional Chemi'ls & Engineered Mat'ls | 1,834 | 2,000 | 166 | 178 | (12) |
| Functional Polymeric Materials | 2,628 | 2,800 | 172 | 11 | 161 |
| Basic Chemicals | 4,272 | 4,900 | 628 | 123 | 505 |
| Petrochemicals | 3,166 | 4,900 | 1,734 | 1,172 | 562 |
| Others | 375 | 400 | 25 | (34) | 59 |
| Total | 12,275 | 15,000 | 2,725 | 1,450 | 1,275 |

3) Operating Income (by Business Segment)

(100million Yen)

| Segment | FY2004 | FY2005 Forecast | Incr. (Decr.) | Breakdown | | |
|---|------------|--------------------|------------------|------------|--------------|----------------|
| | | | | Volume | Price | Costs |
| Functional Chemi'lls & Engineered Mat'ls | 91 | 100 | 9 | 34 | (12) | (13) |
| Functional Polymeric Materials | 85 | 70 | (15) | 22 | 161 | (198) |
| Basic Chemicals | 360 | 270 | (90) | 29 | 505 | (624) |
| Petrochemicals | 254 | 250 | (4) | 168 | 562 | (734) |
| Others | 13 | 10 | (3) | (1) | 59 | (61) |
| Eliminations | 2 | 0 | (2) | (2) | 0 | 0 |
| Total | 805 | 700 | (105) | 250 | 1,275 | (1,630) |

4) Consolidated Statement of Cash Flow

(100million Yen)

| Items | FY2004 | FY2005 Forecast | Incr. (Decr.) |
|---|--------|--------------------|------------------|
| I. Cash flows from operating activities[A] | 965 | 900 | (65) |
| II. Cash flows from investing activities[B] | (331) | (800) | (469) |
| Free cash flows[A+B] | 634 | 100 | (534) |
| III. Cash flows from financing activities | (632) | (100) | 532 |
| IV. Others | (1) | 0 | 1 |
| Net incr.(decr.) in cash and cash equivalents | 1 | 0 | (1) |

5) Consolidated Accounting Fundamentals

| Items | | First Half of FY2004 | FY2004 | First Half of FY2005 | FY2005 Forecast |
|---------------------------------|----------|-------------------------|--------|-------------------------|--------------------|
| Exchange Rate | Yen/US\$ | 110 | 108 | 109 | 110 |
| Domestic Standard Naphtha Price | Yen/KL | 30,200 | 32,150 | 38,000 | 42,500 |
| R&D Expenditure | 100m Yen | 175 | 349 | 189 | 400 |
| Depreciation&Amortization | 100m Yen | 284 | 568 | 334 | 700 |
| Capital expenditures | 100m Yen | 196 | 471 | 544 | 1,200 |
| Interest and Dividend | 100m Yen | (25) | (49) | (20) | (45) |
| Dividend Income | 100m Yen | 7 | 14 | 9 | 16 |
| Interest-bearing liabilities | 100m Yen | 4,594 | 4,223 | 4,199 | 4,300 |
| Number of Employees | person | 12,136 | 12,228 | 12,444 | 12,500 |

<Company Names>

- MHM : MITSUI HYGIENE MATERIALS (THAILAND) CO., LTD.
- MCZ : MITSUI ADVANCED COMPOSITES (ZHONGSHAN) CO., LTD.
- GSC : GRAND SIAM COMPOSITES CO., LTD.
- SMPC : SIAM MITSUI PTA CO., LTD.

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