



Financial Summary

Results of First Half of FY2006 & Outlook of FY2006

Mitsui Chemicals, Inc.

< Remarks >

FY2006 indicates the fiscal year starting from April 1 of 2006 and ending at March 31 of 2007

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Operation Topics in FY2006

Project	Action	Production Capacity	Location	Date
Performance Materials				
1)Cyclic Olefin Copolymer (APEL)	Starting commercial operation	+600 t/y (2.8 3.4K t/y)	Iwakuni	Apr. 06
2)Film-type PDP optical filter	Starting commercial operation	+960K sheet/y (840 1800K sheet/y)	Nagoya	Apr. 06
3)Breathable Film for Hygiene Use	Starting commercial operation	6K t/y	Thailand (MHM)	Aug. 06
4)Nonwoven polypropylene fabric for hygiene use	Starting construction	+16K t/y (14 30K t/y)	Thailand (MHM)	Apr.06
5)EPT	Starting construction	75K t/y	Ichihara	Aug. 06
6)Photovoltaic Solar Module Encapsulating Sheet	Starting commercial operation	+4K t/y (5.2 9.2K t/y)	Nagoya	Oct. 06
7)Business Integration of Polymer Flocculant	Establishment of MTAquaPolymer			Oct. 06
8)Acquisition of an Agrochemical company from the Daiichi Sankyo Group	Acquisition			Mar. 07
Petro- & Basic Chemicals (Aromatic Chain)				
9)A new BPA company	Establishment		China(SSMC)	Apr. 06
10)A new BPA Plant	Starting construction	120K t/y	China(SSMC)	Aug. 06
11)LNR (facility for producing Benzene)	Re-starting	125K t/y	Idemitsu Chiba Refinery	Sep. 06

1. Results of First Half of FY2006

(April 1, 2006 – September 30, 2006)

1) Consolidated Financial Highlights

(Billions of Yen)

Items	First Half of FY2005	First Half of FY2006	Increase (Decrease)	%
Sales	693.6	834.0	140.4	20.2%
Operating income	23.3	33.5	10.2	43.8%
(Equity in earnings of non-consolidated subsidiaries&affiliates)	3.9	3.4	(0.5)	-12.8%
Recurring income	24.2	36.7	12.5	51.7%
Net income(loss)	17.2	20.3	3.1	18.0%

Exchange Rate(Yen/US\$)	109	115	6
Domestic Standard Naphtha Price(Yen/KL)	38,000	51,450	13,450

Interest-bearing liabilities	419.9	439.7	19.8	4.7%
Equity	428.9	482.9	54.0	12.6%
Total assets	1,268.1	1,393.6	125.5	9.9%

2) Sales (by Business Segment)

(Billions of Yen)

Segment	First Half of FY2005	First Half of FY2006	Incr. (Decr.)	Breakdown	
				Volume	Price
Functional Chemi'ls & Engineered Mat'ls	90.8	104.2	13.4	14.7	(1.3)
Functional Polymeric Materials	129.5	152.0	22.5	11.8	10.7
Basic Chemicals	232.8	276.3	43.5	22.5	21.0
Petrochemicals	223.2	281.2	58.0	12.4	45.6
Others	17.3	20.3	3.0	2.9	0.1
Total	693.6	834.0	140.4	64.3	76.1

3) Operating Income (by Business Segment)



(Billions of Yen)

Segment	First Half of FY2005	First Half of FY2006	Incr. (Decr.)	Breakdown		
				Volume	Price [*]	Costs
Functional Chemi'ls & Engineered Mat'ls	3.3	5.9	2.6	4.2	(1.6)	0.0
Functional Polymeric Materials	(0.2)	6.1	6.3	1.2	4.3	0.8
Basic Chemicals	13.4	4.3	(9.1)	4.0	(15.1)	2.0
Petrochemicals	7.1	17.5	10.4	6.4	2.2	1.8
Others	(0.4)	0.8	1.2	0.6	0.5	0.1
Eliminations	0.1	(1.1)	(1.2)	0.0	0.0	(1.2)
Total	23.3	33.5	10.2	16.4	(9.7)	3.5

* Price: including both selling and purchase price variances

4) Consolidated Balance Sheet

(Billions of Yen)

Items	End of 06/3	End of 06/9	Incr. (Decr.)	Items	End of 06/3	End of 06/9	Incr. (Decr.)
Current assets	609.0	657.3	48.3	Liabilities	789.8	848.3	58.5
Cash and cash equivalents	31.2	31.8	0.6	Notes and account payables	213.2	251.6	38.4
Notes and accounts receivables	290.9	321.7	30.8	Interest-bearing liabilities	423.9	439.7	15.8
Inventories	219.7	231.3	11.6	Other liabilities	152.7	157.0	4.3
Other current assets	67.2	72.5	5.3	Net assets	539.1	545.3	6.2
Fixed assets	719.9	736.3	16.4	Common stock	103.2	103.2	0.0
Tangible fixed assets	532.3	531.8	(0.5)	Additional paid-in capital	66.9	69.3	2.4
Intangible fixed assets	23.3	31.5	8.2	Retained earnings	269.2	282.7	13.5
Investment securities and others	164.3	173.0	8.7	Treasury stock, at cost	(3.6)	(0.7)	2.9
				Valuation transition adjustment and others	28.3	28.4	0.1
				Minority interest in consolidated subsidiaries	75.1	62.4	(12.7)
Total	1,328.9	1,393.6	64.7	Total	1,328.9	1,393.6	64.7

"Minority interest in consolidated subsidiaries" as of FY06 March end is included in "Net assets".

5) Consolidated Statement of Cash Flow

(Billions of Yen)

Items	First Half of FY2005	First Half of FY2006	Incr. (Decr.)
I. Cash flows from operating activities[A]	44.4	49.1	4.7
II. Cash flows from investing activities[B]	(31.4)	(57.6)	(26.2)
Free cash flows[A+B]	13.0	(8.5)	(21.5)
III. Cash flows from financing activities	(15.1)	8.5	23.6
IV. Others	0.4	0.6	0.2
Net incr.(decr.) in cash and cash equivalents	(1.7)	0.6	2.3

2. Outlook of FY2006

(April 1, 2006– March 31, 2007)

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) Consolidated Financial Highlights

Items	FY2005	FY2006 Outlook	Increase (Decrease)	%
Sales	1,472.4	1,700.0	227.6	15%
Operating income	58.7	75.0	16.3	28%
(Equity in earnings of non-consolidated subsidiaries&affiliates)	8.1	7.0	(1.1)	-14%
Recurring income	62.0	75.0	13.0	21%
Net income	44.1	40.0	(4.1)	-9%

Exchange Rate(Yen/US\$)	113	115	2
Domestic Standard Naphtha Price(Yen/KL)	42,350	51,700	9,350

2) Sales (by Business Segment)

(Billions of Yen)

Segment	FY2005	FY2006 Outlook	Incr. (Decr.)	Breakdown	
				Volume	Price
Functional Chemi'ls & Engineered Mat'ls	192.7	220.0	27.3	30.8	(3.5)
Functional Polymeric Materials	281.7	320.0	38.3	24.4	13.9
Basic Chemicals	474.3	550.0	75.7	38.6	37.1
Petrochemicals	487.0	570.0	83.0	17.4	65.6
Others	36.7	40.0	3.3	3.0	0.3
Total	1,472.4	1,700.0	227.6	114.2	113.4

3) Operating Income (by Business Segment)

(Billions of Yen)

Segment	FY2005	FY2006 Outlook	Incr. (Decr.)	Breakdown		
				Volume	Price*	Costs
Functional Chemi'ls & Engineered Mat'ls	10.8	15.0	4.2	8.1	(2.5)	(1.4)
Functional Polymeric Materials	10.1	14.0	3.9	3.2	1.2	(0.5)
Basic Chemicals	21.8	13.5	(8.3)	5.9	(16.4)	2.2
Petrochemicals	15.9	32.5	16.6	9.3	6.0	1.3
Others	0.1	0.0	(0.1)	(0.4)	1.1	(0.8)
Total	58.7	75.0	16.3	26.1	(10.6)	0.8

* Price: including both selling and purchase price variances

4) Consolidated Statement of Cash Flow

(Billions of Yen)

Items	FY2005	FY2006 Outlook	Incr. (Decr.)
I. Cash flows from operating activities[A]	79.7	90.0	10.3
II. Cash flows from investing activities[B]	(58.2)	(120.0)	(61.8)
Free cash flows[A+B]	21.5	(30.0)	(51.5)
III. Cash flows from financing activities	(19.6)	30.0	49.6
IV. Others	1.2	0.0	(1.2)
Net incr.(decr.) in cash and cash equivalents	3.1	0.0	(3.1)

5) Consolidated Accounting Fundamentals



Items		First Half of FY2005	FY2005	First Half of FY2006	FY2006 Outlook
Exchange Rate	Yen/US\$	109	113	115	115
Domestic Standard Naphtha Price	Yen/KL	38,000	42,350	51,450	51,700
R&D Expenditure	¥ Billions	18.9	37.1	17.8	40.0
Depreciation&Amortization	¥ Billions	33.4	70.1	34.5	69.0
Capital Expenditure (including Investments)	¥ Billions	54.4	81.4	41.9	80.0
Interest and Dividend	¥ Billions	(2.0)	(4.2)	(2.5)	(6.5)
Dividend Income	¥ Billions	0.9	1.5	1.0	1.5
Interest-bearing liabilities	¥ Billions	419.9	423.9	439.7	460.0
Number of Employees	person	12,444	12,472	12,561	12,600

References

<Company Names>

- MHM : MITSUI HYGIENE MATERIALS (THAILAND) CO., LTD.
- SSMC : SHANGHAI SINOPEC MITSUI CHEMICALS, CO.,LTD.

Disclaimer

The Outlooks shown in this document are dependent on a variety of assumptions and economic conditions.

Plans and figures depicting the future do not imply a guarantee of actual outcomes.

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