



# Financial Summary

Results of FY2005 & Outlook for FY2006

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**Mitsui Chemicals, Inc.**

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# 1. Results of FY2005

(April 1, 2005 – March 31, 2006)

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# 1) Operation Topics in FY2005

Project	Action	Production Capacity	Location	Date
Performance Materials				
1)Nitrogen trifluoride (NF3)	Increase capacity	+300 t/y (600 900 t/y)	Shimonoseki	Oct. 05
2)Methyl-pentene polymer (TPX)	Increase capacity	+5.5K t/y (7.5 13K t/y)	Iwakuni	Oct. 05
Petro- & Basic Chemicals				
(Propylene Chain)				
3)Prime Polymer Co.,Ltd	Establishment			Apr. 05
4)PP Compound for Automotive Materials	Increase capacity	+8K t/y (40 48K t/y)	Thailand (GSC)	Jun. 05
5)PP Compound for Automotive Materials	Start commercial operation	15K t/y	China (MCZ)	Jul. 05
(Aroma-Chain)				
6)New PTA Plant	Increase capacity	500K t/y (900 1,400K t/y)	Thailand (SMPC)	Nov. 05

## 2) Consolidated Financial Highlights

(Billions of yen)

Items	FY2004	FY2005	Increase (Decrease)	%
Sales	1,227.5	1,472.4	244.9	20%
Operating income	80.5	58.7	(21.8)	(27%)
(Equity in earnings of non-consolidated subsidiaries&affiliates)	6.9	8.1	1.2	17%
Recurring income	79.7	62.0	(17.7)	(22%)
Net income	26.2	44.1	17.9	68%

Exchange Rate(Yen/US\$)	108	113	5
Domestic Standard Naphtha Price(Yen/KL)	32,150	42,350	10,200

Interest-bearing liabilities	422.3	423.9	1.6	0%
Stockholders' equity	405.8	464.0	58.2	14%
Total assets	1,205.2	1,328.9	123.7	10%
D/E Ratio	1.04	0.91	(0.13)	

### 3) Statements of income

(Billions of yen)

Items	FY2004	FY2005	Increase (Decrease)	%
<b>Sales</b>	1,227.5	<b>1,472.4</b>	244.9	20%
<b>Operating income</b>	80.5	<b>58.7</b>	(21.8)	(27%)
Equity in earnings of non-consolidated subsidiaries&affiliates	6.9	<b>8.1</b>	1.2	17%
Financing income and expense	(4.9)	<b>(4.2)</b>	0.7	14%
Other gains and losses	(2.8)	<b>(0.6)</b>	2.2	79%
<b>Reccuring income</b>	79.7	<b>62.0</b>	(17.7)	(22%)
Special gains	17.1	<b>22.3</b>	5.2	30%
Special losses	(42.1)	<b>(11.4)</b>	30.7	73%
<b>Income before tax and minority interest</b>	54.7	<b>72.9</b>	18.2	33%
Income taxes	23.1	<b>27.7</b>	4.6	20%
Minority interest in income of consolidated subsidiaries	5.4	<b>1.1</b>	(4.3)	(80%)
<b>Net income</b>	26.2	<b>44.1</b>	17.9	68%

## 4) Sales (by Business Segment)

(Billions of yen)

Segment	FY2004	FY2005	Incr. (Decr.)	Breakdown	
				Volume	Price
Functional Chemi'ls & Engineered Mat'ls	183.4	192.7	9.3	10.6	(1.3)
Functional Polymeric Materials	262.8	281.7	18.9	(3.0)	21.9
Basic Chemicals	427.2	474.3	47.1	7.0	40.1
Petrochemicals	316.6	487.0	170.4	126.5	43.9
Others	37.5	36.7	(0.8)	(1.2)	0.4
<b>Total</b>	<b>1,227.5</b>	<b>1,472.4</b>	<b>244.9</b>	<b>139.9</b>	<b>105.0</b>

## 5) Operating Income (by Business Segment)

(Billions of yen)

Segment	FY2004	FY2005	Incr. (Decr.)	Breakdown		
				Volume	Trade Condition	Fixed Cost
Functional Chemi'ls & Engineered Mat'ls	9.1	10.8	1.7	3.4	1.1	(2.8)
Functional Polymeric Materials	8.5	10.1	1.6	(0.7)	5.9	(3.6)
Basic Chemicals	36.0	21.8	(14.2)	1.8	(11.2)	(4.8)
Petrochemicals	25.4	15.9	(9.5)	28.0	(13.3)	(24.2)
Others	1.3	0.6	(0.7)	(0.9)	0.1	0.1
Eliminations or corporate	0.2	(0.5)	(0.7)	0.0	0.0	(0.7)
<b>Total</b>	<b>80.5</b>	<b>58.7</b>	<b>(21.8)</b>	<b>31.6</b>	<b>(17.4)</b>	<b>(36.0)</b>

## 6) Special gains and losses

(Billions of yen)

	FY2004	FY2005	Incr. (Decr.)
Special gains	17.1	22.3	5.2
· Gain on change in interests in consolidated subsidiary associated with the foundation of Prime Polymer Co., Ltd.		9.1	9.1
· Gain on securities contributed to employees' retirement benefit trust		10.3	10.3
· Immediate recognition of reduction in prior service cost due to the revision of system for	11.8		(11.8)
· Others	5.3	2.9	(2.4)
Special losses	(42.1)	(11.4)	30.7
· Loss on sales and disposal of property, plant and equipment	(6.8)	(7.9)	(1.1)
· Loss on restructuring of subsidiaries and affiliates	(5.5)	(0.6)	4.9
· Net retirement benefits obligation at transition	(6.1)		6.1
· Loss on impairment of fix assets	(17.7)	(1.5)	16.2
· Others	(6.0)	(1.4)	4.6

# 7) Consolidated Balance Sheet



(Billions of yen)

Items	End of 05/3	End of 06/3	Incr. (Decr.)	Items	End of 05/3	End of 06/3	Incr. (Decr.)
<b>Current assets</b>	497.3	609.0	111.7	<b>Liabilities</b>	753.9	789.8	35.9
Cash and cash equivalents	28.1	31.2	3.1	Notes and account payables	154.9	213.2	58.3
Notes and accounts receivables	225.4	290.9	65.5	Interest-bearing liabilities	422.3	423.9	1.6
Inventories	184.4	219.7	35.3	Other liabilities	176.7	152.7	(24.0)
Other current assets	59.4	67.2	7.8				
				Minority interests	45.5	75.1	29.6
<b>Fixed assets</b>	707.9	719.9	12.0				
Tangible fixed assets	520.9	532.3	11.4	<b>Stockholders' equity</b>	405.8	464.0	58.2
Intangible fixed assets	24.1	23.3	(0.8)	Common stock	103.2	103.2	0.0
Investment securities and others	162.9	164.3	1.4	Additional paid-in capital	66.9	66.9	0.0
				Retained earnings	231.5	269.2	37.7
				Net unrealized holding gain on securities	16.6	29.0	12.4
				Foreign currency translation adjustment	(9.3)	(0.7)	8.6
				Treasury stock	(3.1)	(3.6)	(0.5)
<b>Total</b>	1,205.2	1,328.9	123.7	<b>Total</b>	1,205.2	1,328.9	123.7

## 8) Consolidated Statement of Cash Flow



(Billions of yen)

Items	FY2004	FY2005	Incr. (Decr.)
I. Cash flows from operating activities[A]	96.5	79.7	(16.8)
II. Cash flows from investing activities[B]	(33.1)	(58.2)	(25.1)
Free cash flows[A+B]	63.4	21.5	(41.9)
III. Cash flows from financing activities	(63.2)	(19.6)	43.6
IV. Others	(0.1)	1.2	1.3
Net incr.(decr.) in cash and cash equivalents	0.1	3.1	3.0

## 2. Outlook for FY2006

(April 1, 2006 – March 31, 2007)

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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 in FY2006

Project	Action	Production Capacity	Location	Date
Performance Materials				
1)Cyclic Olefin Copolymer (APEL)	Increase capacity	+600 t/y (2.8 3.4K t/y)	Iwakuni	Apr. 06
2)Film-type PDP optical filter	Increase capacity	+960K sheet/y (840 1800K sheet/y)	Nagoya	Apr. 06
3)Photovoltaic Solar Module Encapsulating Sheet	Increase capacity	+4K t/y (5.2 9.2K t/y)	Nagoya	Apr. 06
4)Breathable Film for Hygiene Use	Plant completed	6K t/y	Thailand (MHM)	May. 06
5)Paint Curing agent of urethane	Plant completed	17K t/y	China (TCPC)	Jul. 06
6)Nonwoven polypropylene fabric for hygiene use	Increase capacity	+16K t/y (14 30K t/y)	Thailand (MHM)	Apr.06
7)EPT	Starting construction	75K t/y	Ichihara	Aug. 06
Petro- & Basic Chemicals				
(Aromatic Chain)				
8)A new BPA company	Establishment		China	Apr. 06
9)A new BPA Plant	Starting construction	120K t/y	China	Aug. 06
10)LNR (facility for producing Benzene)	Re-starting	125K t/y	Idemitsu Chiba Refinery	3Q of 06

## 2) Consolidated Financial Highlights

(Billions of yen)

Items	FY2005	FY2006 Outlook		Increase (Decrease)	%
		Interim	Full Year		
Sales	1,472.4	840.0	1,700.0	227.6	15%
Operating income	58.7	27.0	70.0	11.3	19%
(Equity in earnings of non-consolidated subsidiaries&affiliates)	8.1	4.5	9.0	0.9	11%
Recurring income	62.0	26.0	70.0	8.0	13%
Net income	44.1	13.0	35.0	(9.1)	(21%)
Exchange Rate(Yen/US\$)	113	115	115	2	
Domestic Standard Naphtha Price(Yen/KL)	42,350	52,000	52,000	9,650	

### 3) Sales (by Business Segment)

(Billions of yen)

Segment	FY2005 (a)	FY2006 Outlook		Incr. (Decr.) (b)-(a)	Breakdown	
		Interim	Full Year(b)		Volume	Price
Functional Chemi'ls & Engineered Mat'ls	192.7	110.0	230.0	37.3	36.5	0.8
Functional Polymeric Materials	281.7	160.0	320.0	38.3	24.2	14.1
Basic Chemicals	474.3	270.0	540.0	65.7	39.2	26.5
Petrochemicals	487.0	280.0	570.0	83.0	16.2	66.8
Others	36.7	20.0	40.0	3.3	(2.5)	5.8
<b>Total</b>	<b>1,472.4</b>	<b>840.0</b>	<b>1,700.0</b>	<b>227.6</b>	<b>113.6</b>	<b>114.0</b>

## 4) Operating Income (by Business Segment)



(Billions of yen)

Segment	FY2005 (a)	FY2006 outlook		Incr. (Decr.) (b)-(a)	Breakdown		
		Interim	Full Year(b)		Volume	Trade Condition	Fixed Cost
Functional Chemi'ls & Engineered Mat'ls	10.8	5.0	15.0	4.2	7.3	(0.3)	(2.8)
Functional Polymeric Materials	10.1	5.0	13.0	2.9	4.7	0.1	(1.9)
Basic Chemicals	21.8	9.0	22.0	0.2	5.0	(3.3)	(1.5)
Petrochemicals	15.9	8.0	20.0	4.1	5.0	(1.2)	0.3
Others	0.1	0.0	0.0	(0.1)	0.0	(0.3)	0.2
<b>Total</b>	<b>58.7</b>	<b>27.0</b>	<b>70.0</b>	<b>11.3</b>	<b>22.0</b>	<b>(5.0)</b>	<b>(5.7)</b>

## 5) Special gains and losses

(Billions of yen)

	FY2005 (a)	FY2006 Outlook		Incr. (Decr.) (b)-(a)
		Interim	Full Year(b)	
<b>Special gains</b>	22.3			(22.3)
· Gain on change in interests in consolidated subsidiary associated with the foundation of Prime Polymer Co., Ltd.	9.1			(9.1)
· Gain on securities contributed to employees' retirement benefit trust	10.3			(10.3)
· Others	2.9			(2.9)
<b>Special losses</b>	(11.4)	(2.0)	(8.0)	3.4
· Loss on sales and disposal of property, plant and equipment	(7.9)	(2.0)	(5.0)	2.9
· Loss on restructuring of subsidiaries and affiliates	(0.6)			0.6
· Loss on impairment of fix assets	(1.5)			1.5
· Others	(1.4)		(3.0)	(1.6)

## 6) Consolidated Statement of Cash Flow

(Billions of yen)

Items	FY2005 (a)	FY2006 Outlook		Incr. (Decr.) (b)-(a)
		Interim	Full Year(b)	
I. Cash flows from operating activities[A]	79.7	40.0	80.0	0.3
II. Cash flows from investing activities[B]	(58.2)	(60.0)	(100.0)	(41.8)
Free cash flows[A+B]	21.5	(20.0)	(20.0)	(41.5)
III. Cash flows from financing activities	(19.6)	20.0	20.0	39.6
IV. Others	1.2	0.0	0.0	(1.2)
Net incr.(decr.) in cash and cash equivalents	3.1	0.0	0.0	(3.1)

# 7) Consolidated Accounting Fundamentals



Items		FY2004	FY2005	FY2006 Outlook	
				Interim	Full Year
Exchange Rate	Yen/US\$	108	113	115	115
Domestic Standard Naphtha Price	Yen/KL	32,150	42,350	52,000	52,000
R&D Expenditure	¥ Billions	34.9	37.1	19.5	39.0
Depreciation & Amortization	¥ Billions	56.8	70.1	33.0	69.0
Capital Expenditure (including Investments)	¥ Billions	47.1	81.4	40.0	80.0
Interest and Dividend	¥ Billions	(4.9)	(4.2)	(2.5)	(5.5)
Interest-bearing liabilities	¥ Billions	422.3	423.9	450.0	460.0
Number of Employees	person	12,228	12,472	12,500	12,500

# Reference

## <Company Names>

- GSC (Grand Siam Composites Co., Ltd.)
- MCZ (Mitsui Chemicals Plastic Compounds (Zhongshan) Co., Ltd.)
- MHM (Mitsui Hygiene Materials Thailand)
- SMPC (Siam Mitsui PTA Co., Ltd.)
- TCPC(Tianjin Cosmo Polyurethane Co.,Ltd)

## <Product Names>

- PDP(Plasma Display Panel)

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