



Financial Summary

Results of First Half of FY2007 & Outlook of FY2007

Mitsui Chemicals, Inc.

<Remarks>

FY2007 indicates the fiscal year starting from April 1 of 2007 and ending at March 31 of 2008

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1. Results of First Half of FY2007

(April 1, 2007 – September 30, 2007)

1) Operation Topics in First Half of FY2007

Project	Action	Production Capacity	Location	Date
◆Performance Materials				
1) New Start of Sankyo Agro as a 100% Subsidiary Company	Starting business			Apr. 07
2) Acquisition of Toner Resin Business from Sekisui Chemical	Acquisition			Apr. 07
3) Expansion of MDI Production Capacity (Completion in Jun.09) (Kumho Mitsui Chemicals)	Reached an agreement with Korea Kumho Petrochemicals	+65K t/y (65→130K t/y)	Korea	Apr. 07
4) Expansion of Nitrogen Trifluoride Production Capacity	Starting commercial operation	+400 t/y (1,300→1,700 t/y)	Shimonoseki	Aug. 07
◆Petro- & Basic Chemicals				
5) Expansion of PP Automotive Materials Production Capacity (ACP, GSC, MCZ)	Starting commercial operation	+63K t/y (237→300K t/y)	North America Thailand China	May. 07
6) Withdrawal from JV of GE and Nagase (GE Plastic Japan & GEM PC)	Reached an agreement			Jun. 07
7) Expansion of Phenol Production Capacity (Mitsui Phenols Singapore)	Starting commercial operation	+50K t/y (250→300K t/y)	Singapore	Aug. 07
8) Establishment of New PP Automotive Materials Company in India (Mitsui Prime Advanced Composites India)	Establishment	15K t/y	India	Sep. 07

2) Consolidated Financial Highlights

(Billions of Yen)

Items	First Half of FY2006	First Half of FY2007	Increase (Decrease)	%
Sales	834.0	881.6	47.6	6%
Operating income	33.5	42.7	9.2	27%
(Equity in earnings of non-consolidated subsidiaries&affiliates)	3.4	3.1	(0.3)	-
Recurring income	36.7	40.5	3.8	10%
Special gains and losses	(6.3)	(8.0)	(1.7)	-
Net income(loss)	20.3	20.2	(0.1)	0%
Earning Per Share (Yen/Share)	25.67	26.13	0.46	-
Exchange Rate(Yen/US\$)	115	119	4	
Domestic Standard Naphtha Price(Yen/KL)	51,450	58,750	7,300	
Dividend(Yen/Share)	4.00	6.00	2.00	-

Items	at the end of March, 07	at the end of September, 07	Increase (Decrease)	%
Interest-bearing liabilities	498.3	487.8	(10.5)	-2%
D/E Ratio	0.99	0.93	(0.06)	-

3) Change of Business Segments (Sales)

The company reorganized four business groups into three business sectors on April 1, 2007 and changed business segments with each segment's performance of 1st Half of FY2006 being recomposed accordingly as below.

(Billions of yen)

Old Segment	First Half of FY2006 (Old)	➔	New Segment	First Half of FY2006 (New)
Functional Chemicals & Engineered Materials	104.2		Performance Materials	238.3
Functional Polymeric Materials	152.0		Advanced Chemicals	46.5
Basic Chemicals	276.3		Basic Chemicals	518.8
Petrochemicals	281.2		Others	30.4
Others	20.3			
Total	834.0		Total	834.0

4) Change of Business Segments (Operating Income)

The company reorganized four business groups into three business sectors on April 1, 2007 and changed business segments with each segment's performance of 1st Half of FY2006 being recomposed accordingly as below.

(Billions of yen)

Old Segment	First Half of FY2006 (Old)	➔	New Segment	First Half of FY2006 (New)
Functional Chemicals & Engineered Materials	5.9		Performance Materials	8.2
Functional Polymeric Materials	6.1		Advanced Chemicals	4.8
Basic Chemicals	4.3		Basic Chemicals	19.8
Petrochemicals	17.5		Others	0.7
Others	(0.3)			
Total	33.5		Total	33.5

5) Sales (by Business Segment)

(Billions of Yen)

Segment	First Half of FY2006	First Half of FY2007	Incr. (Decr.)	Breakdown	
				Volume	Price
Performance Materials	238.3	246.7	8.4	(7.6)	16.0
Advanced Chemicals	46.5	58.2	11.7	11.8	(0.1)
Basic Chemicals	518.8	551.1	32.3	(21.9)	54.2
Others	30.4	25.6	(4.8)	(4.8)	0.0
Total	834.0	881.6	47.6	(22.5)	70.1

6) Operating Income (by Business Segment)

(Billions of Yen)

Segment	First Half of FY2006	First Half of FY2007	Incr. (Decr.)	Breakdown		
				Volume	* Price	Costs
Performance Materials	8.2	19.0	10.8	0.9	11.0	(1.1)
Advanced Chemicals	4.8	5.0	0.2	1.5	(1.5)	0.2
Basic Chemicals	19.8	19.6	(0.2)	(2.9)	2.3	0.4
Others	0.7	(0.9)	(1.6)	(0.5)	0.0	(1.1)
Total	33.5	42.7	9.2	(1.0)	11.8	(1.6)

* Price: including both selling and purchase price variances

7) Special Gains and Losses

(Billions of yen)

Items	First Half of FY2006	First Half of FY2007	Incr. (Decr.)
Special gains	1.6	1.8	0.2
Gain on sales of fixed assets	0.7	1.8	1.1
Gain on change in interests in consolidated subsidiaries	0.9	0.0	(0.9)
Special losses	(7.9)	(9.8)	(1.9)
Loss on sales and disposal of fixed assets	(2.3)	(1.9)	0.4
Loss on restructuring of subsidiaries and affiliates etc.	(3.4)	(3.1)	0.3
Others	(2.2)	(4.8)	(2.6)

8) Consolidated Balance Sheet

(Billions of Yen)

Items	End of 07/3	End of 07/9	Incr. (Decr.)	Items	End of 07/3	End of 07/9	Incr. (Decr.)
Current assets	733.2	733.2	0.0	Liabilities	927.9	919.9	(8.0)
Cash and cash equivalents	40.4	46.6	6.2	Notes and accounts payables	244.9	247.2	2.3
Notes and accounts receivables	346.7	345.1	(1.6)	Interest-bearing liabilities	498.3	487.8	(10.5)
Inventories	257.1	256.7	(0.4)	Other liabilities	184.7	184.9	0.2
Other current assets	89.0	84.8	(4.2)	Net assets	570.3	589.4	19.1
Fixed assets	765.0	776.1	11.1	Common stock	103.2	103.2	0.0
Tangible fixed assets	542.3	560.7	18.4	Additional paid-in capital	69.3	69.3	0.0
Intangible fixed assets	27.4	24.7	(2.7)	Retained earnings	311.7	327.2	15.5
Investment securities and others	195.3	190.7	(4.6)	Treasury stock, at cost	(18.3)	(18.9)	(0.6)
				Valuation transition adjustment and others	38.6	42.1	3.5
				Minority interest in consolidated subsidiaries	65.8	66.5	0.7
Total	1,498.2	1,509.3	11.1	Total	1,498.2	1,509.3	11.1

9) Consolidated Statement of Cash Flow

(Billions of yen)

Items	First Half of FY2006	First Half of FY2007	Incr. (Decr.)
I. Cash flows from operating activities[A]	49.1	63.4	14.3
II. Cash flows from investing activities[B]	(57.6)	(34.1)	23.5
Free cash flows[A+B]	(8.5)	29.3	37.8
III. Cash flows from financing activities	8.5	(23.3)	(31.8)
IV. Others	0.6	0.2	(0.4)
Net incr.(decr.) in cash and cash equivalents	0.6	6.2	5.6

2. Outlook for FY2007

(April 1, 2007 – March 31, 2008)

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 2nd Half of FY2007

Project	Action	Production Capacity	Location	Date
◆Performance Materials				
1) Integration of Agrochemical Subsidiaries (Sankyo Agro & Mitsui Chemicals Crop Life)	Integration			Oct. 07
2) Expansion of EPT Production Capacity	Mechanical completion	+75K t/y (45→120K t/y)	Ichihara	Oct. 07
3) Expansion of Nonwoven Polypropylene Fabric Production Capacity (MHM)	Starting commercial operation	+16K t/y (14→30K t/y)	Thailand	Dec. 07
4) A New APEL Plant (Existing Iwakuni-Ohtake plant with 3,400 t/y)	Mechanical completion	3K t/y	Osaka	Jan.08
5) Expansion of TAFMER Production Capacity (MELS)	Starting construction	+100K t/y (100→200K t/y)	Singapore	Mar. 08
◆Petro- & Basic Chemicals				
6) Propylene Production System Utilizing C-4 Fraction By-products (Launch of trial verification in the middle of FY09)	Starting construction	150K t/y	Ichihara	FY07

2) Consolidated Financial Highlights

(Billions of yen)

Items	FY2006	FY2007 Outlook	Increase (Decrease)	%
Sales	1,688.1	1,800.0	111.9	7%
Operating income	91.7	90.0	(1.7)	(2%)
(Equity in earnings of non-consolidated subsidiaries&affiliates)	6.0	6.0	0.0	-
Recurring income	95.5	87.0	(8.5)	(9%)
Special gains and losses	(11.0)	(5.0)	6.0	-
Net income	52.3	43.0	(9.3)	(18%)
Earning Per Share (Yen/Share)	66.68	55.77	(10.91)	-
Exchange Rate (Yen/US\$)	117	117	0	
Domestic Standard Naphtha Price (Yen/KL)	49,950	60,380	10,430	
Dividend (Yen/Share)	10.00	12.00	2.00	-

3) Change of Business Segments (Sales)

The company reorganized four business groups into three business sectors on April 1, 2007 and changed business segments with each segment's performance of FY2006 being recomposed accordingly as below.

(Billions of yen)

Old Segment	FY2006 (Old)	➔	New Segment	FY2006 (New)
Functional Chemicals & Engineered Materials	214.0		Performance Materials	496.3
Functional Polymeric Materials	317.3		Advanced Chemicals	93.9
Basic Chemicals	553.5		Basic Chemicals	1,037.8
Petrochemicals	559.9		Others	60.1
Others	43.4			
Total	1,688.1		Total	1,688.1

4) Change of Business Segments (Operating Income)

The company reorganized four business groups into three business sectors on April 1, 2007 and changed business segments with each segment's performance of FY2006 being recomposed accordingly as below.

(Billions of yen)

Old Segment	FY2006 (Old)	→	New Segment	FY2006 (New)
Functional Chemicals & Engineered Materials	13.5		Performance Materials	25.9
Functional Polymeric Materials	22.2		Advanced Chemicals	11.7
Basic Chemicals	11.0		Basic Chemicals	53.1
Petrochemicals	45.4		Others	1.0
Others	(0.4)			
Total	91.7		Total	91.7

5) Sales (by Business Segment)

(Billions of Yen)

Segment	FY2006	FY2007 Outlook	Incr. (Decr.)	Breakdown	
				Volume	Price
Performance Materials	496.3	510.0	13.7	(10.6)	24.3
Advanced Chemicals	93.9	120.0	26.1	26.1	0.0
Basic Chemicals	1,037.8	1,120.0	82.2	(19.9)	102.1
Others	60.1	50.0	(10.1)	(10.1)	0.0
Total	1,688.1	1,800.0	111.9	(14.5)	126.4

6) Operating Income (by Business Segment)

(Billions of Yen)

Segment	FY2006	FY2007 Outlook	Incr. (Decr.)	Breakdown		
				Volume	* Price	Costs
Performance Materials	25.9	38.0	12.1	3.7	10.3	(1.9)
Advanced Chemicals	11.7	12.0	0.3	3.8	(2.2)	(1.3)
Basic Chemicals	53.1	43.0	(10.1)	(1.6)	(6.5)	(2.0)
Others	1.0	(3.0)	(4.0)	(0.4)	0.0	(3.6)
Total	91.7	90.0	(1.7)	5.5	1.6	(8.8)

* Price: including both selling and purchase price variances

7) Special Gains and Losses

(Billions of yen)

Items	FY2006	FY2007 Outlook	Incr. (Decr.)
Special gains	5.0	6.0	1.0
Gain on sales of fixed assets	1.9	6.0	4.1
Gain on change in interests in consolidated subsidiaries	3.1	0.0	(3.1)
Special losses	(16.0)	(11.0)	5.0
Loss on sales and disposal of fixed assets	(6.0)	(2.5)	3.5
Loss on impairment of fixed assets	(1.3)	0.0	1.3
Loss on restructuring of subsidiaries and affiliates etc.	(5.6)	(3.5)	2.1
Others	(3.1)	(5.0)	(1.9)

8) Consolidated Statement of Cash Flow

(Billions of yen)

Items	FY2006	FY2007 Outlook	Incr. (Decr.)
I. Cash flows from operating activities[A]	100.5	130.0	29.5
II. Cash flows from investing activities[B]	(133.6)	(120.0)	13.6
Free cash flows[A+B]	(33.1)	10.0	43.1
III. Cash flows from financing activities	41.2	(10.0)	(51.2)
IV. Others	1.1	0.0	(1.1)
Net incr.(decr.) in cash and cash equivalents	9.2	0.0	(9.2)

9) Consolidated Accounting Fundamentals

Items		FY2006		FY2007 Outlook	
		Interim	Full Year	Interim	Full Year
Exchange Rate	Yen/US\$	115	117	119	117
Domestic Standard Naphtha Price	Yen/KL	51,450	49,950	58,750	60,380
R&D Expenditures	¥ Billions	17.8	36.9	20.1	44.0
Depreciation & Amortization	¥ Billions	34.5	70.2	34.6	72.0
Capital Expenditure (including Investments)	¥ Billions	41.9	72.7	39.8	105.0
Financing income and expense	¥ Billions	(2.6)	(5.4)	(2.6)	(8.0)
Interest-bearing liabilities	¥ Billions	439.7	498.3	487.8	500.0
Number of Employees	person	12,561	12,511	12,956	13,000

Mitsui Chemicals, Inc.

CSR & Corporate Communications Division

TEL: +81 3 6253 2100

FAX: +81 3 6253 4245

Email: Web_Master@mitsui-chem.co.jp

URL: <http://www.mitsui-chem.co.jp/e>