

**Summary of Financial Results**  
**for the Fiscal Year 2011 (April 1,2011-March 31,2012)**

**Mitsui Chemicals, Inc. (4183)**

**Consolidated Financial Results (Fiscal Year 2011 : April 1, 2011–March 31, 2012)**

**1. Consolidated Financial Results**

**(1) Results of Operations**

	<b>Millions of Yen (Except per Share Data and Percentages)</b>			
	<b>FY2011</b>	<b>%</b>	<b>FY2010</b>	<b>%</b>
Net Sales	1,454,024	4.5	1,391,713	15.2
Operating Income	21,564	(46.8)	40,548	—
Ordinary Income	22,884	(41.1)	38,851	—
Net Income (Loss)	(1,007)	—	24,854	—
Net Income (Loss) per Share (yen)	(1.01)	—	24.80	—
Net Income per Share, Diluted (yen)	—	—	—	—
Comprehensive Income (Loss)	(3,731)	—	20,283	—
Net Income (Loss) / Shareholders' Equity (ROI)	(0.3%)		6.5%	
Ordinary Income (Loss) / Total Assets (ROA)	1.8%		3.1%	
Operating Income (Loss) / Net Sales (ROS)	1.5%		2.9%	

\* FY2011 indicates the fiscal year starting April 1, 2011 and ended on March 31, 2012

\* Figures in the percentage column indicate the percentage increase/(decrease) for each item compared with the previous fiscal year.

Note: Equity in earnings of non-consolidated subsidiaries and affiliates:

Fiscal year ended March 31,2012	5,541 million yen
Fiscal year ended March 31,2011	7,304 million yen

**(2) Financial Position**

	<b>Millions of Yen (Except per Share Data and Percentages)</b>	
	<b>At March 31, 2012</b>	<b>At March 31, 2011</b>
Total Assets	1,256,303	1,295,627
Net Assets	415,771	431,101
Shareholders' Equity Ratio	29.2%	29.6%
Shareholders' Equity per Share (yen)	366.79	383.00

Note: Shareholders' Equity	At March 31,2012	367,436 million yen
	At March 31,2011	383,740 million yen

**(3) Cash Flows**

	<b>Millions of Yen</b>	
	<b>FY2011</b>	<b>FY2010</b>
Cash flows from operating activities	43,302	73,196
Cash flows from investing activities	(42,452)	(43,204)
Cash flows from financing activities	(26,693)	(20,055)
Cash and cash equivalents at end of period	54,564	81,119

## 2. Dividends

	FY2010	FY2011	FY2012 (Forecast*)
Annual Dividends per Share (yen)			
First Quarter	—	—	—
Interim	3.00	3.00	—
Third Quarter	—	—	—
End of Term	3.00	3.00	—
Annual Dividends	6.00	6.00	—
Total Dividends (millions of yen)	6,012	6,011	—
Payout Ratio (consolidated)	24.2%	—	—
Dividend on Equity Ratio (consolidated)	1.6%	1.6%	—

\*Forecast for our fiscal year 2012 dividend has not be issued.

## 3. Forecast of Operating Results for the Fiscal Year 2012 (April 1, 2012–March 31, 2013)

On April 22 , a tragic explosion and fire occurred at Mitsui Chemicals' Iwakuni-Ohtake Works.

At the point in time, the causes of the accident are under investigation by the authorities as well as an Accident Investigation Committee comprised solely of members of the academia and external specialists. Operations at most plants within the Iwakuni-Ohtake Works continue to be suspended.

Accordingly, due to difficulty in determining expenses for recompense, dismantling and restoration , and impacts to our business operations including sales activities, forecasts for our fiscal 2012 operating results will not be issued at this time. The company is making every effort to investigate causes of the accident and develop measures to prevent future recurrences, while estimating the impacts on our business. The Company will announce these forecasts at the earliest possible date.

#### 4. Other

- (1) Significant changes in subsidiaries during the period (changes in specified subsidiaries resulting in a change in the scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates and restatements
  - 1) Changes in accounting policies due to revisions in accounting standards: None
  - 2) Changes in accounting policies other than 1): None
  - 3) Changes in accounting estimates: Yes
  - 4) Restatements: None
- (3) Number of shares outstanding (common stock)
  - 1) Number of shares outstanding at term-end (including treasury stock):

At March 31, 2012	1,022,020,076 shares
At March 31, 2011	1,022,020,076 shares
  - 2) Number of shares of treasury stock at term-end:

At March 31, 2012	20,250,111 shares
At March 31, 2011	20,097,891 shares
  - 3) Average number of shares:

Fiscal Year Ended March 31, 2012	1,001,855,909 shares
Fiscal Year Ended March 31, 2011	1,002,143,882 shares

#### Cautionary Statement and Other Explanatory Notes

##### *\*Disclosure Regarding Audit Procedures*

*This earnings report is exempt from audit review procedures based upon the Financial Instruments and Exchange Act. Audit procedures for financial statements based on the Financial Instruments and Exchange Act have not been completed as of the time of the disclosure of this earnings report.*

##### *\*Cautionary Statement and Other Explanatory Notes*

*The aforementioned forecasts are based on management's assumptions and beliefs in light of currently available information and, therefore, they do not constitute a guarantee that they will be realized. Actual results may differ materially from forecasts due to a variety of factors. Please refer to I. Operating Results and Financial Position, 1. Operating Results, (3) Outlook for the Fiscal 2012, on pages 6.*

*The Company held an Internet briefing for institutional investors and analysts on Thursday May 10, 2012. The Company provides details of these briefings on its website.*

## Attached Documents

### Table of Contents

Concerning the Explosion and Fire at the Iwakuni-Ohtake Works	2
I. Operating Results and Financial Position	3
1. Operating Results	3
2. Financial Position	7
3. Basic Policy on the Appropriation of Profits, Cash Dividends for the Fiscal 2011 and 2012 (Years Ended/Ending March 31, 2012 and March 31, 2013)	8
II. Status of Business Group	9
III. Consolidated Financial Statements	10
1. Consolidated Balance Sheets (Summary)	10
2. Consolidated Income Statements and Consolidated Comprehensive Income (Loss) Statements	11
3. Consolidated Cash Flow Statements (Summary)	13
4. Segment Information	14
5. Subsequent Events	18

## Concerning the Explosion and Fire at the Iwakuni-Ohtake Works

At 2:15 a.m. on Sunday April 22, 2012, a tragic explosion and fire occurred at Mitsui Chemicals' Iwakuni-Ohtake Works, claiming the life of one employee and injuring 25 others, including members of the local community. In addition to Iwakuni-Ohtake Works, homes and property as well as the buildings and facilities of companies in the near vicinity were damaged. On behalf of the entire Mitsui Chemicals Group, I would like to extend my heartfelt sympathies to the family of the deceased as well as my sincerest apologies to those who sustained injuries and suffered damage to homes and property. We recognize the gravity of this accident and will do our utmost to alleviate the suffering and concern it has caused.

I also wish to convey my deep regret for the significant difficulties and concern this accident caused local residents and businesses, shareholders, relevant governmental authorities, customers and others.

The relevant governmental authorities are currently conducting an official investigation as to the causes of the accident. Immediately following the event, we put together an Accident Investigation Committee composed solely of members of academia and external specialists to conduct an investigation on our behalf. Based on the findings of these investigations and in full compliance with the directives of the authorities and the Accident Investigation Committee, Mitsui Chemicals will develop comprehensive measures to prevent future recurrences.

We sincerely apologize that the various preventive measures we had in place prior to the accident, which made safety the highest priority at all production sites, proved insufficient. The Mitsui Chemicals Group is fully committed to preventing similar accidents in the future. To live up to this commitment, we will fundamentally reexamine and work to ensure the greatest possible efficacy of all our safety management systems. We will spare no effort to once again be a company that is worthy of the trust of all members of society.

I would like to take this opportunity to express my sincere appreciation of the ongoing guidance and support you have provided to the Mitsui Chemicals Group.

Toshikazu Tanaka  
President & CEO

# I. Operating Results and Financial Position

## 1. Operating Results

### (1) Overview

In the fiscal 2011, the global economy was healthy in the first half due to steady economic growth, mainly in China and the rest of Asia. However, global economic conditions became severe during the second half of fiscal 2011 mainly because of a worldwide recession attributable to the European financial crisis, sluggish demand in emerging markets and the impact of flooding damage in Thailand.

The Japanese economy became harsh due to the significant impact of the Great East Japan Earthquake on consumption and production activities coupled with prolonged and historically high yen rates.

In the chemicals industry, despite favorable conditions during the first half of fiscal 2011 driven by active overseas demand on the back of economic growth in Asia, conditions in the second half became difficult due to sluggish demand following the onset of the worldwide recession, historically high yen rates and increases in raw material and fuel prices.

Against this backdrop, the Mitsui Chemicals Group worked to reform its business portfolio by steadily implementing the four basic strategies of the 2011 Mid-Term Business Plan: (1) Expand businesses more resilient to economic change; (2) Global expansion of highly competitive businesses; (3) Create core businesses for the future; (4) Undertake extensive cost reduction and fundamental restructuring. However, Group performance in fiscal 2011 suffered, as illustrated below, due mainly to the impact of the rapid economic slowdown during the second half. In particular, net income was severely affected by the unavoidable recording of impairment loss in the polyurethane materials business.

(Billions of Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income (Loss)
Current Fiscal Year	1,454.0	21.6	22.9	(1.0)
Previous Fiscal Year	1,391.7	40.5	38.9	24.9
Change	62.3	(18.9)	(16.0)	(25.9)
Change (%)	4.5	(46.8)	(41.1)	—

**Net Sales** rose 62.3 billion yen, or 4.5%, compared with the previous fiscal year to 1,454.0 billion yen. Of this increase, 87.0 billion yen was accounted for by a revision in sales prices that reflected higher naphtha and other raw material and fuel prices as well as an increase in sales prices on the back of improved market conditions for the Basic Chemicals segment during the first half of fiscal 2011. The rise in net sales occurred despite a 24.7 billion yen decrease in sales volume primarily in the polyurethane business. Overseas sales stood at 606.3 billion yen, decreasing 0.4 of a percentage point year on year to account for 41.7% of total sales.

**Operating income** was 21.6 billion yen, a decrease of 18.9 billion yen, or 46.8%, year on year. Despite the effect of Groupwide cost-cutting efforts, this decline occurred because of the Group's inability to secure sufficient product price margins amid falling market prices in the polyurethane business as well as, from the second half of fiscal 2011 onward, in the Basic Chemicals segment.

**Ordinary income** was 22.9 billion yen, a decrease of 16.0 billion yen, or 41.1%, year on year due to lower operating income. This result occurred despite a 2.9 billion yen improvement in non-operating income, mainly reflecting higher dividend income.

**Extraordinary income and loss** decreased 12.6 billion yen year on year to a loss of 6.5 billion yen due in part to the posting of a 12.9 billion yen impairment loss even though the Company recorded a 2.9 billion yen gain on sales of assets, a 2.2 billion yen reversal of provision for environmental measures and a 7.4 billion yen gain on contribution of securities to retirement benefit trust. In addition, in the previous fiscal year a reversal of provision for retirement benefits of 14.6 billion yen was recorded as extraordinary income in line with a restructuring of the retirement benefits system.

As a result of the aforementioned factors, **net income before income taxes and minority interests** amounted to 16.4 billion yen, down 28.6 billion yen year on year.

**Net income** after accounting for income taxes and minority interests in income declined 25.9 billion yen compared with the previous fiscal year to record a loss of 1.0 billion yen, or 1.01 yen per share for the period.

## (2) Results by Business Segment

### Petrochemicals

The Petrochemicals segment experienced steady overall net sales.

In **ethylene and propylene**, production volume decreased year on year due to a decline in demand.

In **polyethylene and polypropylene**, net sales rose due to the positive impact of an increase in sales prices following a rise in raw material and fuel prices. This increase occurred despite a decline in sales volume.

As a result of the above, this segment's sales increased 25.4 billion yen compared with the previous fiscal year to 459.4 billion yen and comprised 32% of total sales. On the other hand, operating income decreased 3.5 billion yen year on year to 9.3 billion yen because of a decline in sales volume.

### Basic Chemicals

The Basic Chemicals segment recorded favorable overall net sales.

In **phenols**, overall net sales remained on par with the previous fiscal year due to a lower sales volume caused by a cutback in production amid rapid drops in demand and a market slowdown from October 2011 onward. This result occurred despite strong net sales in the first half of fiscal 2011 that reflected expanded demand in Asia, particularly in China.

In **bisphenol A**, overall net sales remained on par with the previous fiscal year due to a lower sales volume caused by a cutback in production amid a rapid slowdown in demand and a decline in the market from October 2011 onward. This result occurred despite strong net sales in the first half of fiscal 2011 owing to steady demand, primarily for its main application, polycarbonate resin and epoxy resin.

In **purified terephthalic acid (PTA)**, net sales increased due to a rise in sales prices following price increases for raw materials and fuels.

In **polyethylene terephthalate (PET)** resins, net sales were strong thanks to the positive impact of the integration of Teijin Chemicals Ltd.'s PET business operations in April 2011.

In **ethylene oxide and derivatives**, net sales grew owing to a rise in sales prices accompanying an increase in raw material and fuel prices.

As a result, this segment's net sales rose 37.2 billion yen to 472.9 billion yen year on year and accounted for 33% of total sales. On the other hand, operating income decreased 11.5 billion yen year on year to 8.9 billion yen primarily due to the negative impact of a fall in the market for certain products during the second half of fiscal 2011.

### Polyurethane

The Polyurethane segment experienced weak overall net sales.

In **polyurethane materials**, net sales fell due to the suspension of production at the Kashima Works until mid-May 2011 and sluggish demand in the automotive market following the Great East Japan Earthquake as well as a fall in demand in China and the strong yen.

In **coating materials**, net sales were stagnant due to sluggish domestic automobile production and declining demand in the IT device market.

In **adhesive materials**, net sales were weak due to sluggish demand for large-sized LCD televisions in China and the rest of Asia despite steady demand for adhesives used in soft packaging in Japan.

In **molding materials**, net sales were strong due to steady construction-related demand despite stagnant demand for working machines and semiconductors in Japan and China.

As a result, net sales in this segment decreased 12.6 billion yen year on year to 132.2 billion yen and comprised 9% of total sales. Operating loss rose 5.4 billion yen compared with the previous fiscal year to 14.4 billion yen due to a decline in sales volume and the deteriorating profitability of exports as a result of the strong yen.

### Functional Polymeric Materials

The Functional Polymeric Materials segment enjoyed strong overall net sales.

In **elastomers**, which are used primarily in automotive components and resin modifiers, net sales were robust thanks to growing demand for automobiles and industrial materials mainly in Asia.

In **performance compounds**, net sales were firm because of a steady expansion in demand for packaging material-related applications and a recovery in demand for automotive component-related applications. This result occurred despite sluggish demand for electronic component-related applications.

In **specialty polyolefins**, overall net sales were steady despite sluggish demand for IT-related applications from the second half of fiscal 2011 onward.

As a result, net sales in this segment increased 8.6 billion yen compared with the previous fiscal year to 114.8 billion yen and accounted for 8% of total sales. Operating income increased 1.8 billion yen to 9.0 billion yen year on year mainly due to a reduction in costs that compensated for the strong yen.

### Fabricated Products

The Fabricated Products segment experienced firm overall net sales.

In **hygiene materials**, net sales were favorable thanks to expanded demand for disposable diapers in China and Southeast Asia.

In **semiconductor materials**, net sales were favorable because of higher demand in the semiconductor market.

In **energy materials**, net sales were steady owing to greater demand in the solar cell encapsulant market.

In **packaging films**, net sales were firm due to the effect of price increases. This result occurred despite a slowdown in demand from July 2011 onward, reflecting the effect of a front loading of disaster-related demand.

As a result, net sales in this segment increased 2.0 billion yen compared with the previous fiscal year to 134.0 billion yen and comprised 9% of total sales. On the other hand, operating income decreased 1.1 billion yen year on year to 0.3 billion yen due to a deterioration in the terms of trade caused mainly by the strong yen. This result occurred despite the positive effect of cost reductions and other measures.

### Functional Chemicals

The Functional Chemicals segment experienced steady overall net sales.

In **healthcare materials**, net sales were favorable because of active overseas demand for ophthalmic lens materials and the positive impact of the acquisition of the Swiss company,



ACOMON AG, in April 2011.

In **specialty gas**, net sales increased compared with the previous fiscal year following the partial resumption of production in the summer of 2010, which had been halted by an accident that occurred in the autumn of 2009. On the other hand, net sales of **specialty chemicals** fell due to the reorganization and elimination of unprofitable products.

In **catalysts**, net sales were stagnant as a result of the strong yen.

In **agrochemical products**, net sales rose as a result of product shipments scheduled for fiscal 2010 being carried over to fiscal 2011 because of the disaster.

As a result, this segment experienced a 3.0 billion yen increase in sales year on year to 122.8 billion yen, accounting for 8% of total sales. Operating income grew 0.4 billion yen compared with the previous fiscal year to 10.4 billion yen primarily due to a recovery in demand for certain products. This result occurred despite the impact of the strong yen.

### **Others**

In the Others segment, net sales decreased 1.3 billion yen year on year to 17.9 billion yen, comprising 1% of total sales. Operating loss stood at 0.4 billion yen, a worsening of 0.6 billion yen compared with the previous fiscal year.

## **(3) Outlook for the Fiscal 2012 (Year Ending March 31, 2013)**

On April 22, a tragic explosion and fire occurred at Mitsui Chemicals' Iwakuni-Ohtake Works. At the point in time, the causes of the accident are under investigation by the authorities as well as an Accident Investigation Committee comprised solely of members of the academia and external specialists. Operations at most plants within the Iwakuni-Ohtake Works continue to be suspended. Accordingly, due to difficulty in determining expenses for recompense, dismantling and restoration, and impacts to our business operations including sales activities, forecasts for our fiscal 2012 operating results will not be issued at this time. The company is making every effort to investigate causes of the accident and develop measures to prevent future recurrences, while estimating the impacts on our business. The Company will announce these forecasts at the earliest possible date.

The change items on accounting from this fiscal year are as follow.

### 1) Change in method of depreciation of property, plant and equipment

MCI and domestic consolidated subsidiaries plan to apply the straight-line method instead of the declining-balance method for the depreciation and amortization of property, plant and equipment.

### 2) Change in accounting period of some overseas consolidated subsidiaries

Major overseas consolidated subsidiaries plan to change their closing period from December 31 to March 31. As a result of this change, for this fiscal year some overseas consolidated subsidiaries will report operating results for a 15-month period (January 1, 2012–March 31, 2013).

### 3) Change in Reported segments classification methods

The Company reorganized effective April 1st 2012 as part of the Company's effort to accelerate new growth strategies outlined in its 2011 Mid-Term Business Plan. Along with this reorganization, some business segment categorization has changed.

The Fabricated Product segment was dissolved. Pellicle business in the segment was changed to the Functional Polymeric Materials Business segment, and nonwovens fabric business in the segment was changed to the Functional Chemicals Business segment. Film and sheet business became a new Film and Sheet segment.

## 2. Financial Position

### (1) Status of Assets, Liabilities, and Net Assets

**Total assets** as of March 31, 2012 stood at 1,256.3 billion yen, down 39.3 billion yen compared with the end of the previous fiscal year.

**Total liabilities** as of March 31, 2012 decreased 24.0 billion yen compared with the previous fiscal year-end to 840.5 billion yen. **Interest-bearing debt** amounted to 464.8 billion yen, a decline of 15.9 billion yen compared with March 31, 2011. As a result, the interest-bearing debt ratio was 37.0%, an improvement of 0.1 of a percentage point.

**Net assets** as of March 31, 2012 stood at 415.8 billion yen, a decrease of 15.3 billion yen compared with the previous fiscal year-end. The **ratio of shareholders' equity to total assets** was 29.2%, a decrease of 0.4 of a percentage point from the previous fiscal year-end.

Accounting for the aforementioned factors, the **debt-equity ratio** stood at 1.27 as of March 31, 2012, an increase of 0.02 of a percentage point from the previous fiscal year-end.

### (2) Cash Flow Status

Cash and cash equivalents (hereafter called "cash") as of March 31, 2012 stood at 54.6 billion yen, down 26.5 billion yen compared with the end of the previous fiscal year.

#### Cash Flows from Operating Activities

Net cash provided by operating activities fell 29.9 billion yen to 43.3 billion yen year-on-year due to a decline in income before income taxes and minority interests compared with the previous fiscal year and higher working capital following a decrease in account payable.

#### Cash Flows from Investing Activities

Net cash used in investing activities decreased 0.7 billion yen compared with the previous fiscal year to 42.5 billion yen. This was due to lower payments for the purchase of property, plant and equipment. This result occurred despite higher outflows for the acquisition of shares of subsidiaries and the purchase of investment securities in line with the Company's new growth strategy.

#### Cash Flows from Financing Activities

Net cash used in financing activities increased 6.6 billion yen compared with the previous fiscal year to 26.7 billion yen. This was primarily due to increase of the repayment of interest-bearing debt and the payment of dividends to minority shareholders.

### (3) Trends in Cash Flow Indicators

	FY2007 (As of March 31, 2008)	FY2008 (As of March 31, 2009)	FY2009 (As of March 31, 2010)	FY2010 (As of March 31, 2011)	FY2011 (As of March 31, 2012)
Shareholders' Equity Ratio (%)	34.0	29.4	30.5	29.6	29.2
Shareholders' Equity Ratio on a Market Value Basis (%)	34.6	15.1	22.9	22.7	20.0
Ratio of Interest-bearing Debt to Cash Flows	5.3	9.8	7.0	6.6	10.7
Interest Coverage Ratio (Times)	9.7	5.9	8.2	9.5	6.4

Notes:

- Shareholders' Equity Ratio: Shareholders' equity to total assets
- Shareholders' Equity Ratio on a Market Value Basis: Market capitalization to total assets
- Ratio of Interest-bearing Debt to Cash Flows: Interest-bearing debt to cash flows
- Interest Coverage Ratio: Cash flows to interest paid
- Each of the indicators was calculated using consolidated financial figures.
- The market capitalization was calculated by multiplying the closing share price as of the end of

the period with the number of shares outstanding (excluding treasury stock).

- Operating cash flow figures have been used for cash flow calculations.
- The operating cash flow figures used are cash flows from operating activities as reported in the consolidated statements of cash flows. Interest-bearing debt is the portion of total debt booked on the consolidated balance sheet on which interest is being paid. Interest paid is the amount of interest paid as reported in the consolidated statements of cash flows.

### **3. Basic Policy on the Appropriation of Profits, Cash Dividends for the Fiscal 2011 and 2012 (Years Ended/Ending March 31, 2012 and March 31, 2013)**

#### **(1) Basic Policy on the Appropriation of Profits**

The Mitsui Chemicals Group believes that the enhancement of corporate value through business growth and expansion is an important management issue and regards the distribution of profits to shareholders as one of the Group's most important management policies.

In allocating profits, the Mitsui Chemicals Group considers both the need to return earnings to shareholders as well as the need to maintain a level of internal reserves sufficient to fueling and sustaining future growth.

Taking into consideration the consolidated dividend payout ratio and the dividend on equity (DOE) ratio, the Mitsui Chemicals Group strives to promote a policy of consistent stable dividends that reflect consolidated earnings results over the medium term. In this context, the Group targets a consolidated dividend payout ratio of 25% or more and DOE of 2% or more.

From an internal reserves perspective, the Mitsui Chemicals Group actively engages in investment and financing to further accelerate growth and expansion while swiftly realizing a robust business portfolio as well as research and development expenditure aimed at creating innovative technologies. To this end, the Group constantly endeavors to improve its business performance and results.

#### **(2) Cash Dividends for the Fiscal 2011 and 2012 (Years Ended/Ending March 31, 2012 and March 31, 2013)**

The Mitsui Chemicals Group plans to pay a fiscal year-end dividend of 3 yen per share. Because the Group paid an interim dividend of 3 yen per share on December 2, 2011, the annual dividend for the fiscal year under review will be 6 yen per share, the same amount compared with the previous fiscal year.

On April 22, a tragic explosion and fire occurred at Mitsui Chemicals' Iwakuni-Ohtake Works. At the point in time, due to difficulty in determining expenses for recompense, dismantling and restoration, and impacts to our business operations including sales activities, dividend forecasts for our fiscal 2012 will not be determined at this time. The Company will announce these dividends as well as these forecasts at the earliest possible date.

## II. Status of Business Group

### Description of Business Activities

The Mitsui Chemicals Group comprises Mitsui Chemicals, Inc., 83 subsidiaries, and 23 affiliates. The Group's main business activities are the manufacture and sale of petrochemicals, basic chemicals, polyurethane, functional polymeric materials, fabricated products, and functional chemicals. In addition, all Group companies conduct business activities and related services.

The numbers of Group consolidated subsidiaries and non-consolidated subsidiaries/affiliates accounted for by the equity method are 70 and 31, respectively, excluding 5 liquidated companies.

Segment	Major Products	Major Subsidiaries and Affiliates
Petrochemicals	Ethylene, propylene, polyethylene, polypropylene	Osaka Petrochemical Industries, Ltd.; Prime Polymer Co., Ltd.; Mitsui Prime Advanced Composites India Pvt. Ltd.; Keiyo Ethylene Co., Ltd., and 7 other companies Total: 11 companies
Basic Chemicals	Phenols, bisphenol A, purified terephthalic acid, PET resins, ethylene oxide	Chiba Phenol Company, Limited; Mitsui Phenols Singapore Pte Ltd.; Siam Mitsui PTA Co., Ltd.; Shanghai Sinopec Mitsui Chemicals, Co., Ltd.; P.T. Amoco Mitsui PTA Indonesia; P.T. Petnesia Resindo; Thai PET Resin Co., Ltd., and 4 other companies Total: 11 companies
Polyurethane	Polyurethane materials, coating materials, adhesive materials, molding materials	Kumho Mitsui Chemicals, Inc., and 13 other companies Total: 14 companies
Functional Polymeric Materials	Elastomers, performance compounds, specialty polyolefin, engineering plastics	Mitsui Elastomers Singapore Pte Ltd., and 4 other companies Total: 5 companies
Fabricated Products	Hygiene materials, semiconductor materials, energy materials, packaging films	Mitsui Chemicals Tohcello Inc.; Tianjin Mitsui Chemicals Nonwovens Co., Ltd.; Mitsui Hygiene Materials Thailand Co., Ltd., and 13 other companies Total: 16 companies
Functional Chemicals	Optical lens materials, healthcare materials, specialty gas, chemical products, catalysts, agrochemical products	Mitsui Chemicals Agro, Inc.; Shimonoseki Mitsui Chemicals, Inc.; Honshu Chemical Industry, Ltd., and 26 other companies Total: 29 companies
Others	Other related businesses	Mitsui Chemicals America, Inc.; Du Pont-Mitsui Fluorochemicals Co., Ltd.; Du Pont-Mitsui Polychemicals Co., Ltd., and 12 other companies Total: 15 companies

### III. Consolidated Financials Statements

#### 1 Consolidated Balance Sheets (Summary)

	Millions of Yen	
	At the end of March 2012	At the end of March 2011
<b>Assets</b>		
<b>Current Assets</b>	661,311	665,976
<b>Fixed Assets</b>	594,992	629,651
<b>Total assets</b>	<b>1,256,303</b>	<b>1,295,627</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>	451,507	442,298
<b>Long-Term Liabilities</b>	389,025	422,228
<b>Total Liabilities</b>	<b>840,532</b>	<b>864,526</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Capital stock	125,053	125,053
Capital surplus	91,065	91,065
Retained earnings	194,648	201,692
Treasury stock, at cost	(14,268)	(14,254)
<b>Total Shareholders' Equity</b>	<b>396,498</b>	<b>403,556</b>
<b>Accumulated Other Comprehensive Income(Loss)</b>		
Valuation difference on available-for-sale securities	8,179	11,490
Deferred gains or losses on hedges	(81)	120
Foreign currency translation adjustment	(37,160)	(31,426)
<b>Total Accumulated Other Comprehensive Income (Loss)</b>	<b>(29,062)</b>	<b>(19,816)</b>
<b>Minority interests</b>	<b>48,335</b>	<b>47,361</b>
<b>Total Net Assets</b>	<b>415,771</b>	<b>431,101</b>
<b>Total Liabilities and Net Assets</b>	<b>1,256,303</b>	<b>1,295,627</b>

## 2 Consolidated Income statements and Consolidated Comprehensive income Statements

### (Consolidated Income Statements)

	Million of yen	
	FY2011 April 1, 2011 to March 31, 2012	FY2010 April 1, 2010 to March 31, 2011
<b>Net sales</b>	<b>1,454,024</b>	<b>1,391,713</b>
Cost of sales	1,261,201	1,174,178
<b>Gross profit</b>	<b>192,823</b>	<b>217,535</b>
Selling, general and administrative expenses	171,259	176,987
<b>Operating Income</b>	<b>21,564</b>	<b>40,548</b>
<b>Non-operating Income and Expenses</b>		
<b>Non-operating Income</b>		
Interest income	273	213
Dividends income	3,068	2,008
Amortization of negative goodwill	683	1,238
Equity in earnings of affiliates	5,541	7,304
Other	5,559	4,866
<b>Total Non-operating Income</b>	<b>15,124</b>	<b>15,629</b>
<b>Non-operating expenses</b>		
Interest expenses	7,061	7,621
Loss on suspension of operations	1,002	2,158
Foreign exchange Losses	1,150	2,977
Other	4,591	4,570
<b>Total Non-operating expenses</b>	<b>13,804</b>	<b>17,326</b>
<b>Ordinary Income</b>	<b>22,884</b>	<b>38,851</b>
<b>Extraordinary Income and Loss</b>		
<b>Extraordinary Income</b>		
Gain on sales of noncurrent assets	2,374	673
Gain on sales of investment securities	19	58
Gain on transfer of business	543	—
Reversal of provision for retirement benefits	—	14,618
Gain on contribution of securities to retirement benefit trust	7,376	—
Reversal of provision for environmental measures	2,194	—
<b>Total Extraordinary Income</b>	<b>12,506</b>	<b>15,349</b>
<b>Extraordinary Loss</b>		
Loss on disposal of noncurrent assets	2,950	2,863
Loss on sales of noncurrent assets	68	152
Impairment Loss	12,906	2,248
Loss on restructuring of subsidiaries and affiliates	674	974
Loss on valuation of investment securities	1,053	670
Loss on disaster	1,386	1,365
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	970
<b>Total Extraordinary Losses</b>	<b>19,037</b>	<b>9,242</b>
<b>Net Income before Income Taxes and Minority Interests</b>	<b>16,353</b>	<b>44,958</b>
<b>Income Taxes — Current</b>	<b>9,703</b>	<b>10,419</b>
<b>Income Taxes — Differed</b>	<b>(916)</b>	<b>626</b>
<b>Total Income Taxes</b>	<b>8,787</b>	<b>11,045</b>
<b>Income before Minority Interests</b>	<b>7,566</b>	<b>33,913</b>
<b>Minority Interests in Income</b>	<b>8,573</b>	<b>9,059</b>
<b>Net Income (Loss)</b>	<b>(1,007)</b>	<b>24,854</b>

**(Consolidated Comprehensive income Statements)**

	Million of yen	
	FY2011 April 1, 2011 to March 31, 2012	FY2010 April 1, 2010 to March 31, 2011
<b>Income before Minority Interests</b>	<b>7,566</b>	<b>33,913</b>
<b>Other Comprehensive Income(Loss)</b>		
Valuation difference on available-for-sale securities	(3,218)	(1,754)
Deferred gains or losses on hedges	(254)	181
Foreign currency translation adjustment	(6,864)	(10,508)
Share of other comprehensive income of associates accounted for using equity method	(961)	(1,549)
<b>Total other comprehensive income (loss)</b>	<b>(11,297)</b>	<b>(13,630)</b>
<b>Comprehensive income (loss)</b>	<b>(3,731)</b>	<b>20,283</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(10,253)	12,505
Comprehensive income attributable to minority interests	6,522	7,778

### 3 Consolidated statements of cash flows (Summary)

	Million of yen	
	FY2011 April 1, 2011 to March 31, 2012	FY2010 April 1, 2010 to March 31, 2011
I Net cash provided by (used in) operating activities	43,302	73,196
II Net cash provided by (used in) investing activities	(42,452)	(43,204)
III Net cash provided by (used in) financing activities	(26,693)	(20,055)
IV Effect of exchange rate change on cash and cash equivalents	(697)	(1,744)
V Net increase (decrease) in cash and cash equivalents	(26,540)	8,193
VI Cash and cash equivalents at beginning of period	81,119	72,962
VII Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(15)	(36)
VIII Cash and cash equivalents at end of period	54,564	81,119



## 4. Segment Information

### (1) Overview of Reportable Segments

The reportable segments of Mitsui Chemicals comprise those entities for which obtaining separate financial reports is possible and that are subject to regular review by the Board of Directors, which decides upon the distribution of management resources to said segments.

Mitsui Chemicals positions segments distinguished by their products and services within its headquarters. Each segment proposes comprehensive domestic and overseas strategies in addition to pursuing business expansion in its respective product and service area. The six reportable segments (distinguished by products and services) that therefore comprise Mitsui Chemicals operations are: Petrochemicals, Basic Chemicals, Polyurethane, Functional Polymeric Materials, Fabricated Products, and Functional Chemicals.

Segment	Major Products	
Reportable Segments	Petrochemicals	Ethylene, propylene, polyethylene, polypropylene
	Basic Chemicals	Phenols, bisphenol-A, PTA, PET, ethylene oxide
	Polyurethane	Polyurethane materials, coating materials, adhesive materials, and molding materials
	Functional Polymeric Materials	Elastomers, performance compounds, specialty polyolefin
	Fabricated Products	Hygiene materials, semiconductor materials, energy materials, packaging films
	Functional Chemicals	Healthcare materials, chemical products, specialty gas, catalysts, and agrochemical products
Others	Others	Other related businesses, etc.

### (2) Methods to Determine Net Sales, Income or Loss, Assets, and Other Items by Reportable Business Segment

Profit by reportable business segment is stated on an operating income basis. Intersegment net sales and transfers are based on the values of transactions undertaken between third parties.

### (3) Information concerning net sales, income or loss, assets, and other items for each reportable segment

The previous fiscal year (April 1, 2010 – March 31, 2011)

(Millions of yen)

	Reportable Segment							Others (Note 1)	Sum total
	Petrochemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Total		
Net sales									
1) To external customers	433,953	435,718	144,800	106,226	132,015	119,769	1,372,481	19,232	1,391,713
Internal sales among 2) segments and transfers	128,709	27,544	4,250	15,268	286	5,740	181,797	52,128	233,925
Total	562,662	463,262	149,050	121,494	132,301	125,509	1,554,278	71,360	1,625,638
Segment income (loss)	12,795	20,409	(8,955)	7,236	1,431	10,028	42,944	148	43,092
Segment assets	342,617	230,293	130,368	110,421	139,843	184,177	1,137,719	51,463	1,189,182
Other items									
Depreciation and amortization (Note 2)	12,775	12,473	8,521	9,566	8,956	8,404	60,695	4,185	64,880
Amortization of goodwill	—	36	2,166	25	—	1,395	3,622	11	3,633
Amount invested in equity method affiliate	1,999	10,622	5,090	93	3,407	6,468	27,679	13,822	41,501
Capital expenditures (Note 2)	15,099	4,023	6,049	3,821	9,026	4,418	42,436	2,656	45,092

Notes:

1. The "Other Business" category incorporates operations not included in reportable segments.
2. Depreciation and amortization, and capital expenditures include amortization costs and expenditures under long-term prepaid expenses.

The fiscal year under review (April 1, 2011 – March 31, 2012)

(Millions of yen)

	Reportable Segment							Others (Note 1)	Sum total
	Petro chemicals	Basic Chemicals	Polyure- thane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Total		
Net sales									
1) To external customers	459,392	472,899	132,183	114,847	134,031	122,829	1,436,181	17,843	1,454,024
Internal sales among 2) segments and transfers	137,791	27,273	4,680	14,664	121	6,203	190,732	59,506	250,238
Total	597,183	500,172	136,863	129,511	134,152	129,032	1,626,913	77,349	1,704,262
Segment income (loss)	9,313	8,859	(14,374)	8,978	305	10,359	23,440	(396)	23,044
Segment assets	336,630	214,894	116,085	117,872	142,722	187,009	1,115,212	47,527	1,162,739
Other items									
Depreciation and amortization (Note 2)	13,861	11,747	6,711	8,221	8,900	7,484	56,924	4,142	61,066
Amortization of goodwill	—	—	—	23	—	1,651	1,674	9	1,683
Amount invested in equity method affiliate	2,000	13,684	4,876	341	4,208	7,179	32,288	14,346	46,634
Capital expenditures (Note 2)	8,919	6,550	4,849	4,060	9,115	7,507	41,000	3,814	44,814

Notes: 1. The “Other Business” category incorporates operations not included in reportable segments.  
2. Depreciation and amortization, and capital expenditures include amortization costs and expenditures under long-term prepaid expenses.

(4) Reconciliation of Differences between Total Amounts of Reportable Segments and Amounts Appearing in the Consolidated Financial Statements (adjustment of difference)

(Millions of yen)

Net Sales	FY 2010	FY 2011
Total reportable segment sales	1,554,278	1,626,913
Net sales classified under “Others”	71,360	77,349
Elimination of intersegment transactions	(233,925)	(250,238)
Net sales recorded in Consolidated Income Statements	1,391,713	1,454,024

(Millions of yen)

Income	FY 2010	FY 2011
Total reportable segment income	42,944	23,440
Income classified under “Others”	148	(396)
Elimination of intersegment transactions	247	220
Corporate expenses (note)	(2,791)	(1,700)
Operating income (loss) recorded in Consolidated Income Statements	40,548	21,564

Note: Corporate expenses mainly comprise general & administrative expenses not usually attributed to segments.

(Millions of yen)

Assets	FY 2010	FY 2011
Total reportable segment assets	1,137,719	1,115,212
Assets classified under “Others”	51,463	47,527
Elimination of intersegment transactions	(77,531)	(64,710)
Corporate assets (note)	183,976	158,274
Assets recorded in Consolidated Balance Sheets	1,295,627	1,256,303

Note: Corporate assets are mainly attributed to the Company’s surplus management funds (cash and savings), long-term investment funds (investment securities), deferred tax assets and administrative departments.

(Millions of yen)

Other items	Reportable segments		Others		Adjustment amounts		Amounts from consolidated financial	
	FY10	FY11	FY10	FY11	FY10	FY11	FY10	FY11
Depreciation and amortization	60,695	56,924	4,185	4,142	724	—	65,604	61,066
Amortization of goodwill	3,622	1,674	11	9	—	—	3,633	1,683
Amount invested in equity method affiliate	27,679	32,288	13,822	14,346	—	—	41,501	46,634
Capital expenditures	42,436	41,000	2,656	3,814	45	—	45,137	44,814

## Related Information

### Information by Region

The previous consolidated fiscal year (April 1, 2010 – March 31, 2011)

a. Net Sales (Millions of yen)

Japan	China	Asia	America	Europe	Other regions	Total
806,175	200,466	261,706	68,865	44,523	9,978	1,391,713

- Notes:
1. Net sales are classified by country and region based on customer location.
  2. Major countries and regions located in areas outside of Japan and China are as follows:
    - (1) Asia: Taiwan, South Korea, Thailand, Malaysia, Singapore, India
    - (2) America: The United States, Mexico
    - (3) Europe: Germany, France
    - (4) Other regions: Oceania, Africa

b. Tangible Assets

(Millions of yen)

Japan	Asia	Other regions	Total
388,836	72,620	6,279	467,735

- Note:
- Major countries and regions located in areas outside of Japan are as follows:
- (1) Asia: China, Taiwan, South Korea, Thailand, Malaysia, Singapore, India
  - (2) Other regions: North America, Europe

The consolidated fiscal year under review (April 1, 2011 – March 31, 2012)

a. Net Sales

(Millions of yen)

Japan	China	Asia	America	Europe	Other regions	Total
847,742	203,025	273,411	77,327	43,219	9,300	1,454,024

- Notes:
1. Net sales are classified by country and region based on customer location.
  2. Major countries and regions located in areas outside of Japan and China are as follows:
    - (1) Asia: Taiwan, South Korea, Thailand, Malaysia, Singapore, India
    - (2) America: The United States, Mexico
    - (3) Europe: Germany, France
    - (4) Other regions: Oceania, Africa

b. Tangible Assets

(Millions of yen)

Japan	Asia	Other regions	Total
361,794	62,092	6,743	430,629

- Note:
- Major countries and regions located in areas outside of Japan are as follows:
- (1) Asia: China, Taiwan, South Korea, Thailand, Malaysia, Singapore, India
  - (2) Other regions: North America, Europe

### Information Concerning Impairment Loss of Fixed Assets by Reportable Segment

The previous consolidated fiscal year (April 1, 2010 – March 31, 2011)

(Millions of yen)

	Petro chemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Others	Corporate Expenses	Total
Impairment loss	36	1,257	22	433	126	370	4	—	2,248

The consolidated fiscal year under review (April 1, 2011 – March 31, 2012)

(Millions of yen)

	Petro chemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Others	Corporate Expenses	Total
Impairment loss	281	39	12,456	29	53	48	—	—	12,906

### Information Concerning the Amount of Amortization and Unamortized Balance of Goodwill by Reportable Segment

The previous consolidated fiscal year (April 1, 2010 – March 31, 2011)

(Millions of yen)

	Petro chemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Others	Corporate Expenses	Total
Amount of amortization	—	36	2,166	25	—	1,395	11	—	3,633
Unamortized balance	—	—	—	23	—	2,856	10	—	2,889

The consolidated fiscal year under review (April 1, 2011 – March 31, 2012)

(Millions of yen)

	Petro chemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Others	Corporate Expenses	Total
Amount of amortization	—	—	—	23	—	1,651	9	—	1,683
Unamortized balance	—	—	—	—	—	2,702	1	—	2,703

### Information Concerning the Amount of Amortization and Unamortized Balance of Negative Goodwill by Reportable Segment

The previous consolidated fiscal year (April 1, 2010 – March 31, 2011)

(Millions of yen)

	Petro chemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Others	Corporate Expenses	Total
Amount of amortization	—	—	—	—	593	645	—	—	1,238
Unamortized balance	—	—	—	—	1,777	287	—	—	2,064

The consolidated fiscal year under review (April 1, 2011 – March 31, 2012)

(Millions of yen)

	Petro chemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Others	Corporate Expenses	Total
Amount of amortization	—	—	—	—	594	89	—	—	683
Unamortized balance	—	—	—	—	1,184	199	—	—	1,383

## 5. Subsequent Events

(Explosion and Fire at Iwakuni-Ohtake Works)

On April 22, a tragic explosion and fire occurred at Mitsui Chemicals' Iwakuni-Ohtake Works. At the point in time, the causes of the accident are under investigation by the authorities as well as an Accident Investigation Committee comprised solely of members of the academia and external specialists. Operations at most plants within the Iwakuni-Ohtake Works continue to be suspended. Accordingly, it is difficult for the Company to determine expenses for recompense, dismantling and restoration, and impacts to our business operations including sales activities.