



Financial Summary

Results of First Half of FY2008 & Outlook for FY2008

Mitsui Chemicals, Inc.

October 31, 2008

<Remarks>

FY2008 indicates the fiscal year starting from April 1 of 2008 to ending at March 31 of 2009

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1. Results of First Half of FY2008

(April 1, 2008 – September 30, 2008)

1) Operation Topics in First Half of FY2008

Project	Action	Production Capacity	Location	Date
◆Performance Materials				
1) Expansion of EPT Production Capacity	Starting commercial operation	+75K t/y (45→120K t/y)	Ichihara	Apr. 08
2) Establish Mitsui Chemicals India PVT LTD	Establishment of the new subsidiary		India	Apr. 08
3) Expansion of Cycloolefin Copolymer(APEL™) Production Capacity	Starting commercial operation	+3K t/y (3.4→6.4K t/y)	Osaka	May. 08
4)Expansion of Alpha-Olefin Copolymer (TAFMERTM) Production Capacity (Mitsui Elastmers Singapore)	Starting construction	+100K t/y (100→200K t/y)	Singapore	Jul. 08
5) Beginning Joint Development of Silane Gas Manufacturing Process (Mitsui Chemicals and Tokuyama Corporation)	Joint development of a manufacturing process			Aug. 08
◆Advanced Chemicals				
6) Acquisition of SDC Technologies, Inc			USA	Jun. 08
◆Basic Chemicals				
7) Announcement on the Establishment of a Joint Venture towards the Construction of Nghi Son Complex	Reached a decision to participate in a joint venture		Vietnam	Apr. 08
8) Development of a Highly Active Catalyst for 1-Hexene Production (planning to establish a 1-Hexen Plant at 2010)		(30K t/y)	(Ichihara)	Jun. 08

2) Number of Subsidiaries and Affiliates

Items	First Half of FY2007	FY2007 (a)	1st Q of FY2008	First Half of FY2008 (b)	Incr. (Decr.) (b)-(a)
Number of consolidated subsidiaries	66	63	63	66	3
Number of non-consolidated subsidiaries and affiliates to which the equity method is applied	42	38	36	34	(4)
Total	108	101	99	100	(1)

3) Consolidated Financial Highlights

(Billions of Yen)

Items	First Half of FY2007	First Half of FY2008	Increase (Decrease)	%
Sales	881.6	905.6	24.0	3%
Operating income	42.7	10.0	(32.7)	(77%)
None-Operating income/expenses	(2.2)	3.3	5.5	-
Recurring income	40.5	13.3	(27.2)	(67%)
Special gains/losses	(8.0)	(1.8)	6.2	-
Income before incom taxes	32.5	11.5	(21.0)	(65%)
Net income	20.2	7.6	(12.6)	(62%)
Exchange Rate (Yen/US\$)	119	106	(13)	
Domestic Standard Naphtha Price (Yen/KL)	58,750	78,050	19,300	
Dividend(Yen/Share)	6.00	6.00	0.00	-
Items	FY2007	First Half of FY2008	Increase (Decrease)	%
Interest-bearing liabilities	486.0	506.1	20.1	4%
D/E Ratio	0.97	1.05	0.08	-

4) Sales (by Business Segment)

(Billions of Yen)

Segment	First Half of FY2007	First Half of FY2008	Incr. (Decr.)	Breakdown	
				Volume	Price
Performance Materials	246.7	257.3	10.6	(1.4)	12.0
Advanced Chemicals	58.2	60.9	2.7	2.2	0.5
Basic Chemicals	551.1	573.3	22.2	(43.7)	65.9
Others	25.6	14.1	(11.5)	(11.5)	0.0
Total	881.6	905.6	24.0	(54.4)	78.4

5) Operating Income (by Business Segment)

(Billions of Yen)

Segment	First Half of FY2007	First Half of FY2008	Incr. (Decr.)	Breakdown		
				Volume	* Price	Costs
Performance Materials	19.0	9.2	(9.8)	(1.6)	(3.8)	(4.4)
Advanced Chemicals	5.0	3.6	(1.4)	0.0	(0.6)	(0.8)
Basic Chemicals	19.6	(0.2)	(19.8)	(2.8)	(15.0)	(2.0)
Others	(0.9)	(2.6)	(1.7)	(0.6)	(0.6)	(0.5)
Total	42.7	10.0	(32.7)	(5.0)	(20.0)	(7.7)

* Price; including both selling and purchase price variances

6) Regional Sales and Operating Income

Sales

(Billions of Yen)

Segment	First Half of FY2007		First Half of FY2008		Incr.(Decr.)	
	amount	%	amount	%	amount	%
Japan	723.9	82%	747.5	82%	23.6	3%
Asia	104.7	12%	107.3	12%	2.6	2%
Others	53.0	6%	50.8	6%	(2.2)	(4%)
Total	881.6	100%	905.6	100%	24.0	3%

Operating Income

Segment	First Half of FY2007		First Half of FY2008		Incr.(Decr.)	
	amount	%	amount	%	amount	%
Japan	37.4	88%	7.7	77%	(29.7)	(79%)
Asia	3.5	8%	1.0	10%	(2.5)	(71%)
Others	1.8	4%	1.3	13%	(0.5)	(28%)
Total	42.7	100%	10.0	100%	(32.7)	(77%)

7) Non-Operating Income and Expenses

(Billions of yen)

Items	First Half of FY2007	First Half of FY2008	Incr. (Decr.)
Equity in earnings of non-consolidated subsidiaries and affiliates	3.1	3.4	0.3
Interest expenses, interest and dividend income	(2.7)	(2.2)	0.5
Gain (loss) on Foreign exchange	0.4	1.9	1.5
Other net	(3.0)	0.2	3.2
Total	(2.2)	3.3	5.5

8) Special Gains and Losses

(Billions of yen)

Items	First Half of FY2007	First Half of FY2008	Incr. (Decr.)
Special gains	1.8	2.2	0.4
Gain on sales of fixed assets etc.	1.8	2.2	0.4
Special losses	(9.8)	(4.0)	5.8
Loss on sales and disposal of fixed assets	(1.9)	(1.7)	0.2
Impairment loss	0.0	(0.4)	(0.4)
Loss on restructuring of subsidiaries and affiliates etc.	(3.1)	(0.5)	2.6
Environmental measure expenses	(4.8)	(1.4)	3.4

9) Consolidated Balance Sheet

(Billions of Yen)

Items	End of 08/3	End of 08/9	Incr. (Decr.)	Items	End of 08/3	End of 08/9	Incr. (Decr.)
Current assets	726.3	746.9	20.6	Liabilities	905.0	934.7	29.7
Cash and cash equivalents	25.5	23.5	(2.0)	Notes and accounts payables	239.5	250.6	11.1
Notes and accounts receivables	332.9	328.2	(4.7)	Interest-bearing liabilities	486.0	506.1	20.1
Inventories	269.2	288.3	19.1	Other liabilities	179.5	178.0	(1.5)
Other current assets	98.7	106.9	8.2				
				Net assets	564.2	543.1	(21.1)
Fixed assets	742.9	730.9	(12.0)	Shareholders' equity	479.5	471.7	(7.8)
Tangible fixed assets	564.8	547.4	(17.4)	Appraisal and Translation Differences	20.5	10.4	(10.1)
Investments & other non-current assets	178.1	183.5	5.4	Minority interest	64.2	61.0	(3.2)
Total	1,469.2	1,477.8	8.6	Total	1,469.2	1,477.8	8.6

10) Consolidated Statement of Cash Flow

(Billions of yen)

Items	First half of FY2007	First half of FY2008	Incr. (Decr.)
I. Cash flows from operating activities[A]	63.4	32.6	(30.8)
II. Cash flows from investing activities[B]	(34.1)	(43.1)	(9.0)
Free cash flows[A+B]	29.3	(10.5)	(39.8)
III. Cash flows from financing activities	(23.3)	9.5	32.8
IV. Others	0.2	(1.0)	(1.2)
Net incr.(decr.) in cash and cash equivalents	6.2	(2.0)	(8.2)

2. Outlook for FY2008

(April 1, 2008 – March 31, 2009)

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 FY2008

Project	Action	Production Capacity	Location	Date
◆Performance Materials				
1) Expand Production Capacity of Solar Cell Encapsulant (Mitsui Chemicals Fabro, Inc)	Expand the production capacity	+11K t/y (9→20K t/y)	Nagoya	Oct. 08
◆Basic Chemicals				
2) Establish a Pilot Facility to Study a Methanol Synthesis Process from CO2	Construction of a pilot facility	100 tons/year (Translated into methanol production volume)	Osaka	Oct. 08
3) A new PP Automotive Materials Plant	Plant completed	15K t/y	India (ACI)	Oct. 08
4) A new BPA Plant	Plant completed	120K t/y	Shanghai, China (SSMC)	Dec. 08

2) Consolidated Financial Highlights

(Billions of yen)

Items	FY2007			Outlook for FY2008			Outlook for FY2008 at Jul 31
	1st Q	1st Half	Full Year	1st Q	1st Half	Full Year	
Sales	441.2	881.6	1,786.7	453.9	905.6	1,880.0	1,960.0
Operating income	25.1	42.7	77.2	20.7	10.0	45.0	45.0
None-Operating income/expenses	2.9	(2.2)	(11.1)	4.3	3.3	3.0	3.0
Recurring income	28.0	40.5	66.1	25.0	13.3	48.0	48.0
Special gains/losses	1.3	(8.0)	(21.5)	(0.4)	(1.8)	(8.0)	(9.0)
Net income	18.1	20.2	24.8	15.2	7.6	22.0	22.0
Exchange Rate (Yen/US\$)	121	119	114	105	106	103	105
Domestic Standard Naphtha Price (Yen/KL)	57,800	58,750	61,450	70,900	78,050	69,000	86,730

3) Sales and Operating Income (by Business Segment)

(Billions of Yen)

Segment	Sales of Outlook for FY2008			Operating Income of Outlook for FY2008		
	1st Q	1st Half	Full Year	1st Q	1st Half	Full Year
Performance Materials	126.3	257.3	520.0	5.6	9.2	19.0
Advanced Chemicals	31.4	60.9	120.0	3.8	3.6	9.0
Basic Chemicals	289.5	573.3	1,210.0	12.4	(0.2)	22.0
Others	6.7	14.1	30.0	(1.1)	(2.6)	(5.0)
Total	453.9	905.6	1,880.0	20.7	10.0	45.0

4) Operating Income (by Business Segment)

(Billions of Yen)

Segment	FY2007	FY2008 Outlook	Incr. (Decr.)	Breakdown		
				Volume	* Price	Costs
Performance Materials	35.9	19.0	(16.9)	3.4	(5.9)	(14.4)
Advanced Chemicals	10.8	9.0	(1.8)	0.0	(0.2)	(1.6)
Basic Chemicals	33.4	22.0	(11.4)	(14.8)	7.1	(3.7)
Others	(2.9)	(5.0)	(2.1)	(0.6)	(0.6)	(0.9)
Total	77.2	45.0	(32.2)	(12.0)	0.4	(20.6)

* Price: including both selling and purchase price variances

5) Special Gains and Losses

(Billions of yen)

Items	FY2007	Outlook FY2008	Incr. (Decr.)
Special gains	2.9	2.5	(0.4)
Gain on sales of fixed assets etc.	2.9	2.5	(0.4)
Special losses	(24.4)	(10.5)	13.9
Loss on sales and disposal of fixed assets	(5.4)	(8.0)	(2.6)
Impairment loss	(0.7)	(0.5)	0.2
Loss on restructuring of subsidiaries and affiliates etc.	(3.2)	(0.5)	2.7
Loss on Business withdrawal	(2.6)	0.0	2.6
Environmental measure expenses	(11.7)	(1.5)	10.2
Others	(0.8)	0.0	0.8

6) Consolidated Statement of Cash Flow

(Billions of yen)

Items	FY2007	Outlook FY2008	Incr. (Decr.)
I. Cash flows from operating activities[A]	92.4	90.0	(2.4)
II. Cash flows from investing activities[B]	(78.2)	(110.0)	(31.8)
Free cash flows[A+B]	14.2	(20.0)	(34.2)
III. Cash flows from financing activities	(28.7)	20.0	48.7
IV. Others	(0.4)	0.0	0.4
Net incr.(decr.) in cash and cash equivalents	(14.9)	0.0	14.9

7) Consolidated Accounting Fundamentals

Items		FY2007		FY2008 Outlook	
		1st Half	Full Year	1st Half	Full Year
Exchange Rate	Yen/US\$	119	114	106	103
Domestic Standard Napht ha Price	Yen/KL	58,750	61,450	78,050	69,000
R&D Expenditures	¥ Billions	20.1	42.1	20.4	46.0
Depreciation & Amortization	¥ Billions	34.6	72.6	38.8	87.0
Capital Expenditure	¥ Billions	39.8	84.7	40.9	110.0
Financing income and expense	¥ Billions	(2.6)	(5.5)	(2.2)	(6.5)
Interest-bearing liabilities	¥ Billions	487.8	486.0	506.1	520.0
Number of Employees	person	12,956	12,814	13,124	13,250

3. Appendix

1) History of Main Products Prices

(PE, PP, PH, BPA : Change of Price and Raw Materials Price to Products Price / PTA, TDI : Asian Market Price)

Year	2005	2006				2007				2008		
Month	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.
Naphtha (Yen/KL)	47,300	46,100	48,800	54,100	48,100	48,800	57,800	59,700	61,600	66,700	70,900	85,200
PE (Yen/KG)	+20~25	→	→	about +12	about +10	about (10)	about +13	about +13	→	about +15	→	about +30
(HN)	45,000			approx. 50,000	approx. 55,000	approx. 50,000	approx. 56,000	approx. 62,000		approx. 68,000		approx. 83,000
PP (Yen/KG)	+20~25	→	→	about +12	about +10	about (10)	about +13	about +13	→	about +15	→	about +30
(HN)	45,000			approx. 50,000	approx. 55,000	approx. 50,000	approx. 56,000	approx. 62,000		approx. 68,000		approx. 83,000
PH (Yen/KG)	→	→	→	+10 Base Price of Formula	→	→	→	→	+15 Base Price of Formula	→	→	+17 Base Price of Formula
BZ(ACP) (US\$/T)	\$710	\$735	\$820	\$925	\$900	\$985	\$1,075	\$1,010	\$1,015	\$1,030	\$1,180	\$1,265
BPA (Yen/KG)				+25		+15	+22		+17			+48
BPA Price of Asian Market	negotiation based on BZ price and BPA market price											
	\$1,600	\$1,450	\$1,450	\$1,500	\$1,700	\$1,850	\$2,000	\$2,000	\$2,000	\$2,030	\$1,970	\$2,020
PTA (US\$/T)	\$890	\$880	\$915	\$1,030	\$880	\$860	+\$70*	(\$30)*	(\$60)*	+\$60*	+\$155*	(\$30)*
(PX)	\$1,010	\$1,010	\$1,070	\$1,320	\$1,160	\$1,110	+\$120*	(\$60)*	(\$30)*	+\$40*	+\$200*	+\$40*
	* Change from a former quarter											
TDI (US\$/T)	\$2,300	\$2,500	\$2,500	\$2,500	\$3,100	\$3,500	\$3,500	\$3,600	\$4,000	\$4,000	\$4,200	\$4,300

2) Main Subsidiaries and Affiliates

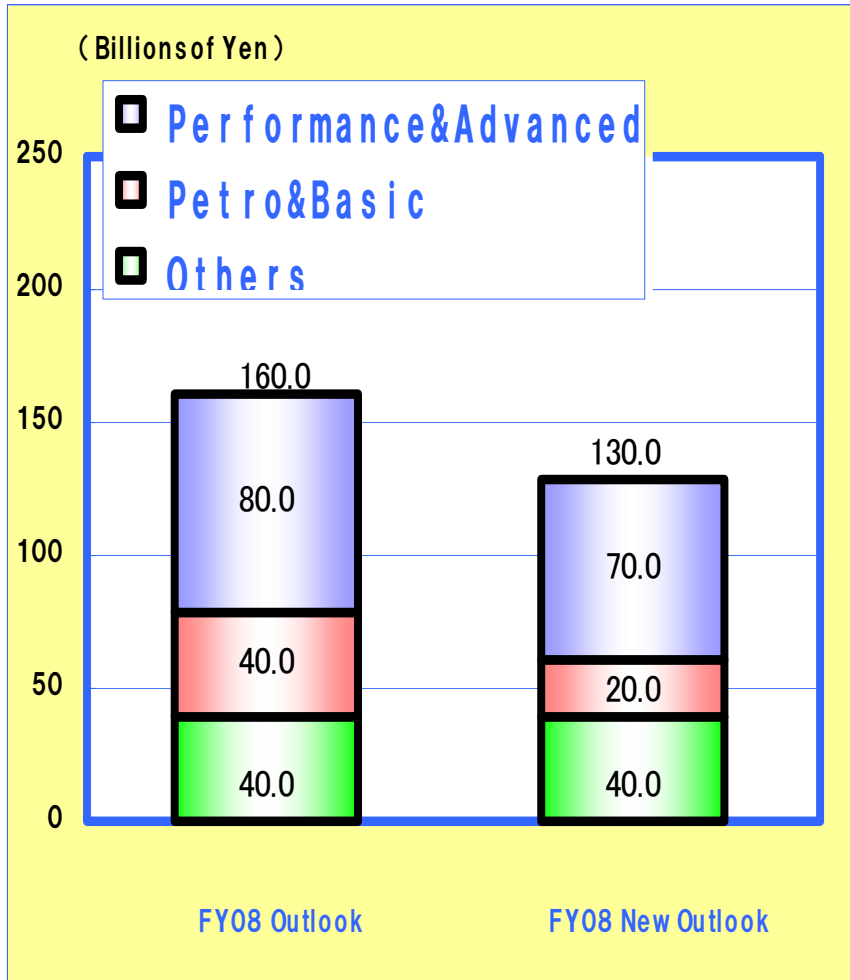
Item	Common stock		Our share	Sales amount	Operating Income	
					First half of FY2008	FY2008 Outlook
Subsidiaries			%	Billions of Yen		
Mitsui Chemicals Polyurethanes	Billions of Yen	20	100.0	169	gain	↓
Prime Polymer	Billions of Yen	20	65.0	375	loss	↓
Osaka Petrochemical Industries	Billions of Yen	5	100.0	167	gain	↓
Mitsui Chemicals America	Millions of USD	72	100.0	81	gain	→
Siam Mitsui PTA	Millions of BAHT	2,800	50.02	143	loss	↑
Mitsui Phenols Singapore	Millions of USD	120	95.0	72	gain	↓
Mitsui Elastomers Singapore	Millions of USD	64	100.0	27	gain	↓
Affiliates						
DU PONT-Mitsui Polychemicals	Billions of Yen	6	50.0	40	gain	↓
Amoco Mitsui PTA Indonesia	Millions of USD	160	45.0	47	gain	↑

Operating Income:

"→" represents "flat", or a gain/loss under 500million yen compared to FY2007.

3) Capital Expenditure and R&D

Capital Expenditure



R&D

