



Financial Summary

Results of First Half of FY2004 & Forecast of FY2004

Mitsui Chemicals, Inc.

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(April 1, 2004 – September 30, 2004)

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1. Results of First Half of FY2004

(April 1, 2004 – September 30, 2004)

1) Operation Topics

Project	Action	Production Capacity	Location	Date
New Polypropylene Plant	Start commercial operation	300,000 tons/y	Osaka	Apr., 04
New PET Resin Plant (TPRC)	Start commercial operation	100,000 tons/y	Thailand	Apr., 04
PDP optical filters	Start commercial operation	300,000 pieces/y	Germany	July, 04
Olefins Conversion Unit (Propylene)	Plant completed	140,000 tons/y	Osaka	Aug., 04
Cumen(for Phenol)	Increase capacity	180,000 tons/y	Osaka	Sep., 04

2) Consolidated Financial Highlights

(100million Yen)

Items	First Half of FY2003	First Half of FY2004	Increase (Decrease)	%
Sales	5,256	5,888	632	12%
Operating income	188	295	107	57%
(Equity in earnings of non-consolidated subsidiaries&affiliates)	18	31	13	72%
Ordinary income	144	281	137	95%
Net income	37	58	95	-
Exchange Rate(Yen/US\$)	118	110	8	
Domestic Standard Naphtha Price(Yen/KL)	25,350	30,200	4,850	
Interest-bearing liabilities	4,919	4,594	325	7%
Stockholders' equity	3,782	3,742	40	1%
Total assets	11,867	11,805	62	1%

3) Sales (by Business Segment)

(100million Yen)

Segment	First Half of FY2003	First Half of FY2004	Incr. (Decr.)	Breakdown	
				Volume	Price
Functional Chemi'ls & Engineered Mat'ls	863	903	40	67	27
Functional Polymeric Materials	1,100	1,242	142	139	3
Basic Chemicals	1,599	2,092	493	219	274
Petrochemicals	1,512	1,463	49	135	86
Others	182	188	6	6	0
Total	5,256	5,888	632	296	336

4) Operating Income (by Business Segment)

(100million Yen)

Segment	First Half of FY2003	First Half of FY2004	Incr. (Decr.)	Breakdown		
				Volume	Price	Costs
Functional Chemi'ls & Engineered Mat'ls	39	37	2	15	27	10
Functional Polymeric Materials	6	27	33	58	3	28
Basic Chemicals	106	131	25	34	274	283
Petrochemicals	43	96	53	17	86	50
Others	8	2	6	2	0	4
Eliminations	2	2	4	0	0	4
Total	188	295	107	122	336	351

5) Consolidated Balance Sheet

(100million Yen)

Items	End of 04/3	End of 04/9	Incr. (Decr.)	Items	End of 04/3	End of 04/9	Incr. (Decr.)
Current assets	4,405	4,623	218	Liabilities	7,662	7,675	13
Cash and cash equivalents	280	278	2	Notes and account payables	1,363	1,409	46
Notes and accounts receivables	2,113	2,237	124	Interest-bearing liabilities	4,826	4,594	232
Inventories	1,532	1,595	63	Other liabilities	1,473	1,672	199
Other current assets	480	513	33	Minority interests	389	388	1
Fixed assets	7,480	7,182	298	Stockholders' equity	3,834	3,742	92
Tangible fixed assets	5,488	5,243	245	Common stock	1,032	1,032	0
Intangible fixed assets	323	272	51	Additional paid-in capital	669	669	0
Investment securities and others	1,669	1,667	2	Retained earnings	2,101	2,019	82
				Net unrealized holding gain on securities	140	127	13
				Foreign currency translation adjustment	84	79	5
				Treasury stock	24	26	2
Total	11,885	11,805	80	Total	11,885	11,805	80

6) Consolidated Statement of Cash Flow

(100million Yen)

Items	First Half of FY2003	First Half of FY2004	Incr. (Decr.)
I. Cash flows from operating activities[A]	489	425	64
II. Cash flows from investing activities[B]	85	178	93
Free cash flows[A+B]	404	247	157
III. Cash flows from financing activities	441	249	192
IV. Others	2	0	2
Net incr.(decr.) in cash and cash equivalents	35	2	33

2. Forecast of FY2004

(April 1, 2004 – March 31, 2005)

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

(100million Yen)

Items	FY2003	FY2004 Forecast	Increase (Decrease)	%
Sales	10,895	12,600	1,705	16%
Operating income	539	720	181	34%
(Equity in earnings of non-consolidated subsidiaries&affiliates)	29	70	41	141%
Ordinary income	477	700	223	47%
Net income	125	150	25	20%

Exchange Rate(Yen/US\$)	113	110	3
Domestic Standard Naphtha Price(Yen/KL)	25,575	34,100	8,525

2) Sales (by Business Segment)

(100million Yen)

Segment	FY2003	FY2004 Forecast	Incr. (Decr.)	Breakdown	
				Volume	Price
Functional Chemi'ls & Engineered Mat'ls	1,803	1,900	97	127	30
Functional Polymeric Materials	2,331	2,600	269	185	84
Basic Chemicals	3,360	4,500	1,140	368	772
Petrochemicals	2,987	3,200	213	86	298
Others	414	400	14	13	0
Total	10,895	12,600	1,705	581	1,124

3) Operating Income (by Business Segment)

(100million Yen)

Segment	FY2003	FY2004 Forecast	Incr. (Decr.)	Breakdown		
				Volume	Price	Costs
Functional Chemi'lls & Engineered Mat'ls	127	110	17	32	30	19
Functional Polymeric Materials	50	90	40	59	84	103
Basic Chemicals	211	260	49	86	772	809
Petrochemicals	132	230	98	35	298	235
Others	18	30	12	7	0	5
Eliminations	1	0	1	2	0	1
Total	539	720	181	217	1,124	1,160

4) Consolidated Statement of Cash Flow

(100million Yen)

Items	FY2003	FY2004 Forecast	Incr. (Decr.)
I. Cash flows from operating activities[A]	822	800	22
II. Cash flows from investing activities[B]	258	550	292
Free cash flows[A+B]	564	250	314
III. Cash flows from financing activities	543	250	293
IV. Others	7	0	7
Net incr.(decr.) in cash and cash equivalents	14	0	14

5) Consolidated Accounting Fundamentals

Items		First Half of FY2003	FY2003	First Half of FY2004	FY2004 Forecast
Exchange Rate	Yen/US\$	118	113	110	110
Domestic Standard Naphtha Price	Yen/KL	25,350	25,575	30,200	34,100
R&D Expenditure	100m Yen	177	329	175	359
Depreciation&Amortization	100m Yen	279	561	284	554
Investments	100m Yen	268	457	196	670
Interest and Dividend	100m Yen	31	60	25	57
Dividend Income	100m Yen	7	13	7	15
Interest-bearing liabilities	100m Yen	4,919	4,826	4,594	4,600
Number of Employees	person	12,316	12,348	12,136	12,300

References

<Segment Change (Sales, Operating income)>

- Minor change in segmentation of affiliate companies.
- A new overhead allocation rule was implemented.
- 03FY-Data were recalculated at new segment basis.

<Impairment Special Loss>

- In 1H/04FY ¥24.2Billion of special loss charged due to the early adoption of the Tangible Assets Impairment accounting.

<Company Names>

- TPRC (Thai Pet Resin Co., Ltd.)

<Product Names>

- PDP(Plasma Display Panel)

Mitsui Chemicals, Inc.

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>