

Summary of Financial Results for the First Half of Fiscal Year Ended March 31, 2012

Mitsui Chemicals, Inc. (4183)

Consolidated Financial Results (April 1, 2011–September 30, 2011)

1. Consolidated Financial Results (1) Results of Operations

	Millions of Yen (Except per Share Data and Percentages)			
	First Half Ended September 30,			
	2011	%	2010	%
Net Sales	755,764	12.3	672,823	22.4
Operating Income	28,748	65.6	17,357	—
Ordinary Income	27,888	91.0	14,604	—
Net Income	13,365	(22.0)	17,126	—
Net Income per Share (yen)	13.34	—	17.09	—
Net Income per Share, Diluted (yen)	—	—	—	—
Comprehensive Income	13,203	45.0	9,108	—

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

(2) Financial Position

	Millions of Yen (Except per Share Data and Percentages)	
	At September 30, 2011	At March 31, 2011
Total Assets	1,282,290	1,295,627
Net Assets	436,026	431,101
Shareholders' Equity Ratio	30.2%	29.6%
Note: Shareholders' Equity	At September 30, 2011	387,166 million yen
	At March 31, 2011	383,740 million yen

2. Dividends

	Fiscal Year Ended/Ending March 31,		
	2011	2012	2012 (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

Note: Recent revisions to announced dividend forecast: None

3. Forecast of Operating Results for the Fiscal Year Ending March 31, 2012 (April 1, 2011–March 31, 2012)

	Millions of Yen (Except per Share Data and Percentages)	
	Full Fiscal Year	%
Net Sales	1,510,000	8.5
Operating Income	50,000	23.3
Ordinary Income	51,000	31.3
Net Income	26,000	4.6
Net Income per Share (yen)	25.95	—

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

Note: Recent revisions to announced operating results forecast: Yes

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) Adoption of special accounting treatments used in the preparation of quarterly consolidated financial statements: Yes

(3) 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) Changes in restatements: None

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding at term-end (including treasury stock):

At September 30, 2011: 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 September 30, 2011: 20,146,957 shares

At March 31, 2011: 20,097,891 shares

3) Average number of shares (Quarterly cumulative period):

First half ended September 30, 2011: 1,001,893,288 shares

First half ended September 30, 2010: 1,002,251,141 shares

Cautionary Statement and Other Explanatory Notes

**Presentation of quarterly review procedure implementation status*

This quarterly earnings report is exempt from quarterly review procedure based upon the Financial Instruments and Exchange Act.

**Cautionary Statement and Other Explanatory Notes*

The aforementioned forecasts are based on management's assumptions and beliefs in light of currently available information and, accordingly, entail risks and uncertainties. Actual results may differ materially from forecasts due to a variety of factors. Please refer to 1. Qualitative Information Concerning Quarterly Consolidated Results (3) Qualitative Information Concerning Consolidated Results Forecasts on page 6 of the attached documents.

(Explanation of Quarterly Earnings Results)

The Company held an internet briefing with institutional investors and analysts on Wednesday, November 2, 2011 and a management overview briefing on Tuesday, November 8, 2011. The documents used in and a recording of these briefings (in Japanese) are presented on the Company's website.

Attached Documents

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1. Qualitative Information Concerning Quarterly Consolidated Results

(1) Qualitative Information Concerning Consolidated Operating Results

(Overview)

In the fiscal period under review (the six-month period from April 1, 2011 to September 30, 2011, hereafter called “the first half”), the operating environment remained severe mainly due to the yen remaining at an unprecedentedly high level and the European financial crisis. These conditions persisted despite firm demand in Asia, which is experiencing ongoing economic growth, and a gradual recovery from stagnant production activities in Japan caused by sluggish personal consumption and disrupted supply chains in the aftermath of the Great East Japan Earthquake. As a result, the Mitsui Chemicals Group reported the following operating results for the first half.

(Billions of Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income (Loss)
First half of the current fiscal year	755.8	28.7	27.9	13.4
First half of the previous fiscal year	672.8	17.4	14.6	17.1
Change	83.0	11.3	13.3	(3.7)
Change (%)	12.3	65.6	91.0	(22.0)

Net Sales rose 83.0 billion yen, or 12.3%, compared with the first half of the previous fiscal year to 755.8 billion yen. Of this increase, 18.4 billion yen is attributable to a rise in sales volume due mainly to a recovery in Asian demand recorded by the Basic Chemicals segment and functional product business. The remaining 64.6 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 a revision in sales prices on the back of improved market conditions for the Basic Chemicals segment.

Operating income was 28.7 billion yen, an increase of 11.3 billion yen, or 65.6%, year on year. This was primarily the result of a rise in sales volume in the Basic Chemicals segment and functional product business; an improvement in terms of trade in the Petrochemicals and Basic Chemicals segments; and a reduction of fixed costs.

Ordinary income was 27.9 billion yen, an increase of 13.3 billion yen, or 91.0%, year on year. This result largely reflected increases in operating income and equity in earnings of non-consolidated subsidiaries and affiliates despite a currency exchange loss due to the strong yen.

Extraordinary income and loss decreased 11.1 billion yen year on year to a loss of 0.1 billion yen due in part to the posting of a 1.4 billion yen loss on disaster even though the Company recorded a 2.2 billion yen reversal of provision for environmental measures. In addition, in the first half of 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 27.8 billion yen, up 2.2 billion yen, or 8.6%, year on year.

Net income after accounting for income taxes and minority interests in income declined 3.7 billion yen, or 22.0%, compared with the first half of the previous fiscal year to 13.4 billion yen, or 13.34 yen per share for the period.

(Results by Business Segment)

The status of each segment during the first half is as follows.

Petrochemicals

The Petrochemicals segment experienced an increase in overall net sales.

In **ethylene and propylene**, production volume was on par with the previous fiscal year.

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.

As a result of the above, this segment's sales increased 16.2 billion yen compared with the first half of the previous fiscal year to 227.4 billion yen, and comprised 30% of total sales. Operating income grew 0.3 billion yen year on year to 6.5 billion yen because of an improvement in terms of trade.

Basic Chemicals

The Basic Chemicals segment recorded favorable overall net sales.

In **phenols**, net sales remained strong due to expanded demand in Asia, particularly in China.

In **bisphenol A**, net sales were robust owing to steady demand primarily for its main application, polycarbonate resin and epoxy resin.

In **purified terephthalic acid (PTA)**, net sales were favorable thanks to increased sales volume on the back of expanded demand and 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 a portion of Teijin Chemicals Ltd.'s 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 61.1 billion yen to 267.1 billion yen year on year, and accounted for 35% of total sales. Operating income increased 11.8 billion yen year on year to 18.3 billion yen thanks to an increase in sales volume (excluding certain products) and strong markets.

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 (operations resumed in late June after undertaking scheduled maintenance) and sluggish demand in the domestic automotive market following the Great East Japan Earthquake as well as a fall in demand in China.

In **coating materials**, net sales were stagnant due to disaster-related damage that led to the suspension of production at the Kashima Works as well as weak demand in the domestic automotive market.

In **adhesive materials**, net sales were weak due to sluggish demand for adhesive materials in the liquid crystal market and reduced demand in China and the rest of Asia. This result occurred despite steady demand for adhesives used in soft packaging in Japan.

In **molding materials**, net sales were favorable due to firm domestic demand that reflected an anticipated rise in construction-related demand generated by post-disaster restoration efforts.

As a result, net sales in this segment decreased 6.2 billion yen year on year to 65.0 billion yen, and comprised 9% of total sales. Operating loss rose 2.8 billion yen compared with the corresponding period of the previous fiscal year to 7.1 billion yen due to a fall in sales volume and the deteriorating profitability of exports caused by 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 sluggish because of weak demand for applications in automotive and electronic components primarily as a result of the disaster. This occurred despite a steady expansion in demand in Asia and Europe mainly for packaging material-related applications.

In **specialty polyolefins**, net sales were steady due to a rise in demand centering on IT-related applications.

As a result, net sales in this segment increased 5.2 billion yen compared with the corresponding period of the previous fiscal year to 57.8 billion yen, and accounted for 8% of total sales. In addition, operating income increased 0.2 billion yen to 4.7 billion yen year on year due to a decline in fixed costs. The decline was greater than the negative effect of higher raw material and fuel prices as well as high yen rates.

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 steady despite reduced demand in the semiconductor market from July 2011 onward.

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

In **packaging films**, net sales were favorable 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 4.1 billion yen compared with the same period of the previous fiscal year to 69.6 billion yen, and comprised 9% of total sales. Operating income improved 1.0 billion yen year on year to 2.2 billion yen, reflecting a rise in sales volume, cost reductions and other factors.

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 corresponding period of 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 the current fiscal year because of the disaster.

As a result, this segment experienced a 2.9 billion yen increase in sales year on year to 59.8 billion yen, accounting for 8% of total sales. Operating income grew 1.0 billion yen compared with the same period of the previous fiscal year to 5.5 billion yen. This was primarily attributable to a recovery in demand for certain products.

Others

In the Others segment, net sales decreased 0.3 billion yen year on year to 9.1 billion yen, comprising 1% of total sales. Operating loss stood at 0.6 billion yen, a worsening of 0.7 billion yen compared with the same period of the previous fiscal year.

(2) Qualitative Information Concerning Consolidated Financial Position

Status of Assets, Liabilities and Net Assets

Total assets at the end of the first half stood at 1,282.3 billion yen, down 13.3 billion yen compared with the end of the previous fiscal year.

Total liabilities at the end of the first half decreased 18.2 billion yen compared with the previous fiscal year-end to 846.3 billion yen. **Interest-bearing debt** amounted to 472.8 billion yen, a decline of 7.9 billion yen compared with March 31, 2011. As a result, the interest-bearing debt ratio was 36.9%, an improvement of 0.2 of a percentage point.

Net assets totaled 436.0 billion yen, an increase of 4.9 billion yen compared with the previous fiscal year-end. The **ratio of shareholders' equity to total assets** was 30.2%, an increase of 0.6 of a percentage point from the previous fiscal year-end.

Accounting for the aforementioned factors, the **debt-equity ratio** stood at 1.22 at the end of the first half, an improvement of 0.03 of a percentage point from the previous fiscal year-end.

Cash Flow Status

Cash and cash equivalents (hereafter called "cash") were down 5.6 billion yen to 75.5 billion yen as of the end of the first half compared with the previous fiscal year-end.

Cash Flows from Operating Activities

Net cash provided by operating activities fell 2.6 billion yen to 33.0 billion yen even though income before income taxes and minority interests grew during the period under review. The decrease was mainly due to higher working capital following a rise in inventories.

Cash Flows from Investing Activities

Net cash used in investing activities increased 4.5 billion yen compared with the same period of the previous fiscal year to 22.2 billion yen. This rise was mainly attributable to 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 was 16.2 billion yen. This was primarily due to the repayment of interest-bearing debt and the payment of dividends to minority shareholders. Net cash provided by financing activities during the corresponding period of the previous fiscal year was 2.2 billion yen, reflecting an increase in interest-bearing debt.

(3) Qualitative Information Concerning Consolidated Results Forecasts (Overall Outlook for Operating Results)

Consolidated operating results forecasts for the full fiscal year disclosed on August 4, 2011 have been revised as follows.

Financial performance revisions are based on the following assumptions:

- a) Exchange rate for the full year is 79 yen/US\$ (October to March is 77 yen/US\$)
- b) Average price of domestic naphtha for the full year period is 54,000 yen /kl (October to March is 51,000 yen/kl)

As a result, net sales are expected to be lower than previously announced forecasts mainly due to appreciation of the yen.

In addition, operating income is expected to be lower than the previous forecast due to a deterioration in the trade terms of the Polyurethane segment. This result is forecast to occur despite an anticipated reduction in fixed costs due mainly to efforts being undertaken Companywide.

Interim dividends will remain at 3 yen, as announced on May 11, 2011, and year-end dividends are also set at 3 yen. Consequently, annual dividends will remain at 6 yen.

(Billions of Yen)

	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss)
Previous Forecast	1,580.0	52.0	53.0	28.0
Revised Forecast	1,510.0	50.0	51.0	26.0
Change	(70.0)	(2.0)	(2.0)	(2.0)

(Outlook by Business Segment)

Outlook by business segment is as follows.

(Billions of Yen)

	Net Sales								
	Petrochemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Others	Elimination and Corporate	Total
Previous Forecast	482.0	531.0	153.0	122.0	145.0	128.0	19.0	—	1,580.0
Revised Forecast	466.0	499.0	138.0	121.0	141.0	127.0	18.0	—	1,510.0
Change	(16.0)	(32.0)	(15.0)	(1.0)	(4.0)	(1.0)	(1.0)	—	(70.0)

(Billions of Yen)

	Operating Income (Loss)								
	Petrochemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Others	Elimination and Corporate	Total
Previous Forecast	12.5	23.5	(8.0)	10.0	5.0	11.0	(1.0)	(1.0)	52.0
Revised Forecast	13.0	24.0	(12.0)	10.5	4.0	12.0	(0.5)	(1.0)	50.0
Change	0.5	0.5	(4.0)	0.5	(1.0)	1.0	0.5	—	(2.0)

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets (Summary)

	Millions of Yen	
	As of September 30, 2011	As of March 31, 2011
Assets		
Current Assets	668,420	665,976
Fixed Assets	613,870	629,651
Total Assets	1,282,290	1,295,627
Liabilities		
Current Liabilities	438,951	442,298
Long-Term Liabilities	407,313	422,228
Total Liabilities	846,264	864,526
Net Assets		
Shareholders' Equity		
Common stock	125,053	125,053
Capital surplus	91,065	91,065
Retained earnings	212,045	201,692
Treasury stock, at cost	(14,261)	(14,254)
Total Shareholders' Equity	413,902	403,556
Accumulated Other Comprehensive Income (Loss)		
Net unrealized holding gain on securities	6,860	11,490
Net unrealized holding gain on hedging derivatives	(42)	120
Foreign currency translation adjustments	(33,554)	(31,426)
Total Accumulated Other Comprehensive Income (Loss)	(26,736)	(19,816)
Minority Interests	48,860	47,361
Total Net Assets	436,026	431,101
Total Liabilities and Net Assets	1,282,290	1,295,627

(2) Consolidated Income Statements and Consolidated Comprehensive Income Statements

(Consolidated Income Statements)

	Millions of Yen	
	April 1, 2011 to September 30, 2011	April 1, 2010 to September 30, 2010
Net Sales	755,764	672,823
Cost of Sales	640,949	568,029
Gross Profit	114,815	104,794
Selling, general and administrative expenses	86,067	87,437
Operating Income	28,748	17,357
Non-operating Income and Expenses		
Non-operating Income		
Interest income	109	77
Dividend income	1,379	1,101
Equity in earnings of non-consolidated subsidiaries and affiliates	4,276	2,787
Other	2,764	2,815
Non-operating Income	8,528	6,780
Non-operating Expenses		
Interest expenses	3,562	3,911
Foreign exchange losses	2,962	2,625
Other	2,864	2,997
Non-operating Expenses	9,388	9,533
Ordinary Income	27,888	14,604
Extraordinary Income and Loss		
Extraordinary Income		
Gain on sales of noncurrent assets	246	274
Gain on sales of investment securities	6	32
Reversal of provision for retirement benefits	–	14,618
Reversal of provision for environmental measures	2,194	–
Extraordinary Income	2,446	14,924
Extraordinary Loss		
Loss on disposal of noncurrent assets	780	1,560
Loss on sales of noncurrent assets	9	66
Impairment loss	36	575
Loss on restructuring of subsidiaries and affiliates	–	701
Loss on valuation of investment securities	353	80
Loss on disaster	1,380	–
Loss on adjustment for change of accounting standard for asset retirement obligations	–	970
Extraordinary Loss	2,558	3,952
Net Income before Income Taxes and Minority Interests	27,776	25,576
Income Taxes	6,888	5,088
Income before Minority Interests	20,888	20,488
Minority Interests in Income	7,523	3,362
Net Income	13,365	17,126

(Consolidated Comprehensive Income Statements)

	Millions of Yen	
	April 1, 2011 to September 30, 2011	April 1, 2010 to September 30, 2010
Income before Minority Interests	20,888	20,488
Other Comprehensive Income		
Net unrealized holding gain on securities	(4,643)	(5,188)
Net unrealized holding gain on hedging derivatives	(267)	(29)
Foreign currency translation adjustment	(2,833)	(5,330)
Share of other comprehensive income of associates accounted for using equity method	58	(833)
Total Other Comprehensive Income	(7,685)	(11,380)
Comprehensive Income	13,203	9,108
Comprehensive income attributable to:		
Owners of the parent	6,420	6,379
Minority interests	6,783	2,729

(3) Consolidated Cash Flow Statements (Summary)

		Millions of Yen	
		April 1, 2011 to September 30, 2011	April 1, 2010 to September 30, 2010
I.	Cash Flows from Operating Activities	32,968	35,636
II.	Cash Flows from Investing Activities	(22,241)	(17,691)
III.	Cash Flows from Financing Activities	(16,223)	2,226
IV.	Effect of Exchange Rate Changes on Cash and Cash Equivalents	(130)	(595)
V.	Net Decrease in Cash and Cash Equivalents	(5,626)	19,576
VI.	Cash and Cash Equivalents at Beginning of Period	81,119	72,962
VII.	Increase (Decrease) in Cash and Cash Equivalents Resulting from Changes in Scope of Consolidation	(11)	—
VIII.	Cash and Cash Equivalents at End of Period	75,482	92,538

(4) Notes Regarding Going Concern Assumption

None

(5) Segment Information

1. The previous first half (April 1, 2010 – September 30, 2010)

(a) Information concerning net sales, profits and losses for each reportable segment

(Millions of yen)

	Reportable Segment							Others (Note)	Sum total
	Petro-chemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Total		
Net sales									
1) To external customers	211,180	205,987	71,228	52,634	65,518	56,883	663,430	9,393	672,823
2) Internal sales among segments and transfers	60,915	11,941	2,000	7,773	158	2,480	85,267	25,477	110,744
Total	272,095	217,928	73,228	60,407	65,676	59,363	748,697	34,870	783,567
Segment income (loss)	6,157	6,511	(4,305)	4,454	1,234	4,508	18,559	122	18,681

Note: The “Other Business” category incorporates operations not included in reportable segments.

(b) Difference between Total Amount of Consolidated Income/Loss by Reportable Segment and Operating Income/Loss from Consolidated Income Statements (adjustment of difference)

(Millions of yen)

Items	Amount
Total reportable segment income	18,559
Income classified under “Others”	122
Elimination of intersegment transactions	108
Corporate expenses (note)	(1,432)
Operating income recorded in Consolidated Income Statements	17,357

Note: Corporate mainly comprises strategic R&D expenses not usually attributed to segments

2. The current first half (April 1, 2011 – September 30, 2011)

(a) Information concerning net sales, profits and losses for each reportable segment

(Millions of yen)

	Reportable Segment							Others (Note)	Sum total
	Petro-chemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Total		
Net sales									
1) To external customers	227,377	267,068	64,975	57,839	69,628	59,791	746,678	9,086	755,764
2) Internal sales among segments and transfers	72,573	13,509	2,151	7,036	49	2,907	98,225	29,547	127,772
Total	299,950	280,577	67,126	64,875	69,677	62,698	844,903	38,633	883,536
Segment income (loss)	6,533	18,294	(7,125)	4,693	2,172	5,520	30,087	(589)	29,498

Note: The “Other Business” category incorporates operations not included in reportable segments.

(b) Difference between Total Amount of Consolidated Income/Loss by Reportable Segment and Operating Income/Loss from Consolidated Income Statements (adjustment of difference)

(Millions of yen)

Items	Amount
Total reportable segment income	30,087
Loss classified under “Others”	(589)
Elimination of intersegment transactions	41
Corporate expenses (note)	(791)
Operating income recorded in Consolidated Income Statements	28,748

Note: Corporate mainly comprises general and administrative expenses not usually attributed to segments

(6) Notes in the Event of Significant Changes in Amount of Shareholders' Equity

None