

Summary of Consolidated Financial Results for Third Quarter of FY2012

Feb. 5, 2013
Mitsui Chemicals, Inc.

(Unit : Billions of Yen)

1. Summary of Income Statement

	3rd Q of FY2011	3rd Q of FY2012	Increase (Decrease)	FY2011	Outlook for FY2012 [※]	Increase (Decrease)	
Net sales	1,100.0	1,007.4	(92.6)	1,454.0	1,400.0	(54.0)	
Operating income	27.6	2.5	(25.1)	21.6	5.0	(16.6)	
Ordinary income	28.7	1.4	(27.3)	22.9	3.0	(19.9)	
Net income (Loss)	(0.2)	(9.7)	(9.5)	(1.0)	(10.0)	(9.0)	
Comprehensive income	(4.9)	(6.2)	(1.3)	(3.7)			
Exchange rate	Yen / US\$	79	80	1	79	83	4
Domestic standard naphtha price	Yen / KL	55,200	55,400	200	54,900	56,800	1,900

2. Net Sales and Operating Income (Loss) (by business segment)

· Net Sales

(Unit : Billions of Yen)

	3rd Q of FY2011	3rd Q of FY2012	Increase (Decrease)	Breakdown		FY2011	Outlook for FY2012 [※]	Increase (Decrease)
				Volume	Price			
Petrochemicals	340.6	338.4	(2.2)	(0.3)	(1.9)	459.4	463.0	3.6
Basic Chemicals	374.2	278.8	(95.4)	(68.3)	(27.1)	472.9	386.0	(86.9)
Polyurethane	94.0	106.0	12.0	7.4	4.6	127.3	148.0	20.7
Functional Polymeric Materials	98.5	98.8	0.3	2.3	(2.0)	131.9	136.0	4.1
Functional Chemicals	104.8	105.0	0.2	2.1	(1.9)	148.4	150.0	1.6
Films and Sheets	61.1	56.9	(4.2)	(2.0)	(2.2)	79.5	74.0	(5.5)
Others	26.8	23.5	(3.3)	(3.3)	-	34.6	33.0	(1.6)
Total	1,100.0	1,007.4	(92.6)	(62.1)	(30.5)	1,454.0	1,390.0	(64.0)

· Operating Income (Loss)

(Unit : Billions of Yen)

	3rd Q of FY2011	3rd Q of FY2012	Increase (Decrease)	Breakdown			FY2011	Outlook for FY2012 [※]	Increase (Decrease)
				Volume	Price *	Fixed Costs etc.			
Petrochemicals	7.9	4.3	(3.6)	0.9	(8.5)	4.0	8.9	8.0	(0.9)
Basic Chemicals	17.0	(12.6)	(29.6)	(10.0)	(24.8)	5.2	8.6	(18.5)	(27.1)
Polyurethane	(11.4)	(1.8)	9.6	1.0	5.1	3.5	(14.6)	0.0	14.6
Functional Polymeric Materials	6.4	6.6	0.2	2.5	(3.3)	1.0	8.2	9.0	0.8
Functional Chemicals	7.5	9.5	2.0	1.7	0.1	0.2	11.7	12.0	0.3
Films and Sheets	1.3	(2.2)	(3.5)	(0.5)	(2.8)	(0.2)	0.2	(4.0)	(4.2)
Others	0.0	(0.2)	(0.2)	-	-	(0.2)	0.1	0.0	(0.1)
Adjustment	(1.1)	(1.1)	-	-	-	-	(1.5)	(1.5)	-
Total	27.6	2.5	(25.1)	(4.4)	(34.2)	13.5	21.6	5.0	(16.6)

The Company and its consolidated subsidiaries changed their business segment effective, April 2012. Each sales and operating income by changed segment in FY2011 is approximate estimates to compare with FY2012 outlook.

* Price includes both selling and purchasing price variances

3. Special Gains and Losses

(Unit : Billions of Yen)

	3rd Q of FY2011	3rd Q of FY2012	Increase (Decrease)	FY2011	Outlook for FY2012 [※]	Increase (Decrease)
Gain on sales of fixed assets	2.8	1.7	(1.1)	2.9	2.0	(0.9)
Gain on contribution of securities to retirement benefit trust	-	-	-	7.4	-	(7.4)
Reversal of provision for environmental measures	2.2	-	(2.2)	2.2	-	(2.2)
Loss on sales and disposal of fixed assets	(1.3)	(2.7)	(1.4)	(3.0)	(3.0)	-
Loss on impairment	(11.5)	(1.7)	9.8	(12.9)	(1.7)	11.2
Loss on related activities etc.	-	(1.0)	(1.0)	(0.7)	(1.0)	(0.3)
Loss on valuation of investment securities	(1.0)	(0.8)	0.2	(1.1)	(0.8)	0.3
Insurance income	-	4.6	4.6	-	5.0	5.0
Loss on explosion and fire	-	(4.8)	(4.8)	-	(4.8)	(4.8)
Others	(1.4)	(0.6)	0.8	(1.3)	(1.7)	(0.4)
Total	(10.2)	(5.3)	4.9	(6.5)	(6.0)	0.5

4. Summary of Balance Sheet

(Unit : Billions of Yen)

	Assets				Liabilities and Net assets		
	As of Mar. 31, 2012	As of Dec. 31, 2012	Increase (Decrease)		As of Mar. 31, 2012	As of Dec. 31, 2012	Increase (Decrease)
Current assets	661.3	661.7	0.4	Interest-bearing liabilities	464.8	487.6	22.8
Tangible fixed assets	430.6	433.7	3.1	Other liabilities	375.7	373.3	(2.4)
Intangible fixed assets	11.6	12.9	1.3	Shareholders' equity	367.4	353.6	(13.8)
Investments and others	152.8	152.9	0.1	Minority interests	48.4	46.7	(1.7)
Total assets	1,256.3	1,261.2	4.9	Total liabilities and net assets	1,256.3	1,261.2	4.9
[Inventory]	248.4	271.6	23.2	[D/E Ratio]	1.27	1.38	0.11

5. Summary of Cash Flow

(Unit : Billions of Yen)

	3rd Q of FY2011	3rd Q of FY2012	Increase (Decrease)	FY2011	Outlook for	Increase (Decrease)
					FY2012 [※]	
Cash flows from operating activities	35.5	8.8	(26.7)	43.3	27.0	(16.3)
Cash flows from investing activities	(32.5)	(41.2)	(8.7)	(42.5)	(49.0)	(6.5)
Free cash flows	3.0	(32.4)	(35.4)	0.8	(22.0)	(22.8)
Cash flows from financing activities	(28.4)	12.5	40.9	(26.7)	20.0	46.7
Others	(1.1)	0.3	1.4	(0.6)	-	0.6
Net incr.(decr.) in cash and cash equivalents	(26.5)	(19.6)	6.9	(26.5)	(2.0)	24.5

※ Outlook for FY2012 is announced on February 5, 2013.

6. Topic

• **Siam Tohcello Co., Ltd.**

A newly established joint-venture company between Mitsui Chemicals Tohcello, Inc., a 100% subsidiary of the company and SCG Chemicals Co.,Ltd. for manufacture and distribution of highly functional linear low density polyethylene (LLDPE) sealant film (T.U.X.™) in Thailand, April 2012

• **Produmaster Advanced Composites Indústria e Comércio de Compostos Plásticos Ltda.**

Acquisition of a company for manufacture and distribution of the automotive use polypropylene in Brazil, May 2012

• **Shanghai Sinopec Mitsui Elastomers, Co., Ltd.:**

A newly established joint-venture company between the Company and China Petroleum & Chemical Corp. for manufacture and distribution of EPT (ethylene-propylene-diene terpolymer) in China, May 2012

• **Prime Evolve Singapore Pte. Ltd.**

A newly established company for manufacture and sale of the Evolve™ metallocene polymer in Singapore, October 2012

• **Tahara Solar/Wind Electricity Generation Cooperative Operation**

Starting a trust business for Solar and Wind Power in Aichi Prefecture, October 2012

• **Mitsui Chemicals Functional Composites (Shanghai) Co., Ltd.**

A newly established company for manufacture and distribution of functional polymeric materials Milastomer™ and Admer™ in China, November 2012

7. Dividends

	Annual Dividends per Share (yen)				
	1st Q	Interim	3rd Q	End of Term	Annual Dividends
FY2011 Result	-	3.00	-	3.00	6.00
FY2012	-	3.00	-		
FY2012 Forecast			-	3.00	6.00

8. Number of shares outstanding (common stock)

	FY2011	3rd Q of FY2012
Number of shares outstanding at term-end (including treasury stock)	1,022,020,076	1,022,020,076
Number of shares of treasury stock at term-end	20,250,111	20,355,179
Average number of shares	1,001,879,245 *	1,007,741,390

*3rd Q of FY2011

1. Qualitative Information Concerning Quarterly Consolidated Results

(1) Qualitative Information Concerning Consolidated Operating Results

(Overview)

In the fiscal period under review (the nine-month period from April 1, 2012 to December 31, 2012, hereafter, the “third quarter”), the operating environment remained severe. This was mainly attributable to weak demand caused by a slowdown of the world economy, including slower economic growth in China and emerging markets. In addition, household consumption remained sluggish in Japan and yen rates remained at historically high levels until around the end of the third quarter despite the recent depreciation of the yen.

Under these conditions, the Mitsui Chemicals Group reported the following operating results for the third quarter.

(Billions of Yen)

	Net Sales	Operating Income	Ordinary Income (Loss)	Net Income (Loss)
Third Quarter of the current fiscal year	1,007.4	2.5	1.4	(9.7)
Third Quarter of the previous fiscal year	1,100.0	27.6	28.7	(0.2)
Change	(92.6)	(25.1)	(27.3)	(9.5)
Change (%)	(8.4)	(91.0)	(95.0)	—

Net Sales decreased 92.6 billion yen, or 8.4%, compared with the third quarter of the previous fiscal year to 1,007.4 billion yen. This was mainly attributable to a 62.0 billion yen decrease in sales volume in the Basic Chemicals segment following the accident at the Iwakuni-Ohtake Works as well as a 30.6 billion yen decline in sales due to a market downturn in the Basic Chemicals segment.

Operating income was 2.5 billion yen, a decrease of 25.1 billion yen, or 91.0%, year on year. Despite the effect of the Company’s cost-cutting efforts and a reduction in depreciation expenses due to a change in the depreciation calculation method, this decline was primarily the result of lower sales volume in the Basic Chemicals segment as well as deterioration in terms of trade in the Petrochemicals and Basic Chemicals segments.

Ordinary income was 1.4 billion yen, a decrease of 27.3 billion yen, year on year. This result largely reflected lower operating income and a decline in non-operating income due mainly to a decrease in equity in earnings of non-consolidated subsidiaries and affiliates.

Extraordinary income and loss improved 4.9 billion yen year on year to a loss of 5.3 billion yen. Although a 4.8 billion yen loss was recorded on the explosion and fire at the Iwakuni-Ohtake Works, this was largely covered by an insurance income of 4.6 billion yen that was recorded as extraordinary income. For reference, in the corresponding period of the previous fiscal year, an impairment loss of 11.5 billion yen was recorded as extraordinary loss.

As a result of the aforementioned factors, **net income before income taxes and minority interests** decreased 22.4 billion yen year on year to report a loss of 3.9 billion yen.

Net income and loss after accounting for income taxes and minority interests in income declined 9.5 billion yen year on year to a net loss of 9.7 billion yen, or 9.69 yen net loss per share for the period.

(Results by Business Segment)

The status of each segment during the third quarter is as follows.

Mitsui Chemicals restructured its organization on April 1, 2012 in order to reach the targets established in the Mitsui Chemicals 2011 Mid-Term Business Plan as early as possible, and thereby establish a new growth foundation. Consequently, from the fiscal period under review onward, certain business segments have been reorganized. Comparisons with the corresponding period of the previous fiscal year are adjusted to correspond to segments following the change.

Petrochemicals

The Petrochemicals segment experienced a decline in overall net sales.

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

In **polyethylene**, net sales decreased due to a decline in sales volume.

In **polypropylene**, net sales were favorable because of a higher sales volume overseas, in spite of a lower sales volume in Japan.

As a result of the above, this segment's net sales decreased 2.2 billion yen compared with the third quarter of the previous fiscal year to 338.4 billion yen and comprised 34% of total sales. Operating income decreased 3.6 billion yen year on year to 4.3 billion yen because of deterioration in terms of trade.

Basic Chemicals

The Basic Chemicals segment recorded a decrease in overall net sales.

In **phenols**, net sales decreased primarily due to slower economic growth in China and a market downturn.

In **bisphenol A**, net sales declined because of weak demand for its main application, polycarbonate resin and epoxy resin.

In **purified terephthalic acid (PTA)**, net sales decreased as a result of the suspension of production following the accident at the Iwakuni-Ohtake Works as well as a market downturn.

In **polyethylene terephthalate (PET)** resins, net sales declined as a result of the suspension of production following the accident at the Iwakuni-Ohtake Works.

In **ethylene oxide and derivatives**, net sales fell because of sluggish demand.

As a result, this segment's net sales decreased 95.4 billion yen compared with the third quarter of the previous fiscal year to 278.8 billion yen and accounted for 28% of total sales. Operating income decreased 29.6 billion yen year on year to report an operating loss of 12.6 billion yen. This negative turnaround was attributable to lower sales volume following the accident at the Iwakuni-Ohtake Works as well as a market downturn.

Polyurethane

The Polyurethane segment experienced strong overall net sales.

In **polyurethane materials**, net sales were favorable due to the resumption of normal operations at the Kashima Works (production at which had been suspended following the Great East Japan Earthquake) and an upswing in overseas market conditions.

In **coating materials**, overall net sales were sluggish due to a suspension in the production of certain products following the accident at the Iwakuni-Ohtake Works. This result occurred despite higher sales volume for resins used in automobiles.

In **adhesive materials**, net sales were weak due to stagnant demand for adhesives used in packaging and a decrease in demand for solar cell-related applications.

In **molding materials**, net sales were sluggish because of a decrease in sales volume for waterproof materials.

As a result, net sales in this segment increased 12.0 billion yen compared with the third quarter of the previous fiscal year to 106.0 billion yen and comprised 10% of total sales. Operating loss improved 9.6 billion yen year on year to 1.8 billion yen due to an increase in sales volume for polyurethane materials, an improvement in overseas markets, and a decrease in fixed costs.

Functional Polymeric Materials

The Functional Polymeric Materials segment enjoyed firm overall net sales.

In **elastomers**, which are used primarily in automotive components and resin modifiers, net sales were firm due to application-related development and an increase in market share. This result occurred despite slower economic growth in China and other factors.

In **performance compounds**, net sales were strong because of a steady expansion in demand for packaging material-related applications as well as a recovery in demand for automotive-related applications, which had been stagnant following the disaster.

In **specialty polyolefins**, net sales remained weak because of the suspension of production following the accident at the Iwakuni-Ohtake Works and weak demand for electronic component-related applications.

As a result, net sales in this segment increased 0.3 billion yen compared with the third quarter of the previous fiscal year to 98.8 billion yen and comprised 10% of total sales. Operating income increased 0.2 billion yen to 6.6 billion yen year on year mainly due to an increase in sales volume.

Functional Chemicals

The Functional Chemicals segment enjoyed firm overall net sales.

In **healthcare materials**, net sales were favorable thanks to expanded overseas demand primarily for ophthalmic lens materials.

In **hygiene materials**, net sales were steady due to ongoing vigorous demand for disposable diapers both in Japan and overseas.

In **specialty gas**, net sales remained sluggish due to weak demand mainly in the semiconductor industry. In addition, net sales of **specialty chemicals** remained weak because of lower demand, reflecting high yen rates.

In **catalysts**, net sales decreased due to the suspension of production following the accident at the Iwakuni-Ohtake Works and sluggish overseas demand.

In **agrochemical products**, net sales were firm primarily as a result of higher overseas demand.

As a result, net sales in this segment increased 0.2 billion yen compared with the third quarter of the previous fiscal year to 105.0 billion yen and comprised 10% of total sales. Operating income grew 2.0 billion yen year on year to 9.5 billion yen due to an increase in the sales volume of healthcare materials.

Films and Sheets

The Films and Sheets segment recorded a decrease in overall net sales.

In **packaging films**, net sales declined due to a significant downturn in demand from last summer onward, although signs of recovery have recently begun appearing.

In **electronic and optical films**, despite increased demand for high-value-added products, net sales were weak due to a decline in sales prices and the accident at the Iwakuni-Ohtake Works.

In **solar cell sheets**, net sales decreased primarily because of a delay in the recovery in demand in the solar cell encapsulant market as well as a drop in sales prices.

As a result, net sales in this segment decreased 4.2 billion yen compared with the third quarter of the previous fiscal year to 56.9 billion yen and comprised 6% of total sales. Operating income decreased 3.5 billion yen year on year to report an operating loss of 2.2 billion yen due mainly to deterioration in terms of trade.

Others

In the Others segment, net sales decreased 3.3 billion yen with the third quarter of the previous fiscal year to 23.5 billion yen, comprising 2% of total sales. Operating loss increased 2.0 billion yen year on year to 2.0 billion yen.

(2) Qualitative Information Concerning Consolidated Financial Position

Status of Assets, Liabilities and Net Assets

Total assets at the end of the third quarter stood at 1,261.2 billion yen, up 4.9 billion yen compared with the end of the previous fiscal year.

Total liabilities at the end of the third quarter increased 20.4 billion yen compared with the previous fiscal year-end to 860.9 billion yen. **Interest-bearing debt** amounted to 487.6 billion yen, a rise of 22.8 billion yen compared with March 31, 2012. As a result, the interest-bearing debt ratio was 38.7%, up 1.7 percentage points from the previous fiscal year-end.

Net assets at the end of the third quarter totaled 400.3 billion yen, a decrease of 15.5 billion yen compared with the previous fiscal year-end. The **ratio of shareholders' equity to total assets** was 28.0%, down 1.2 percentage point from the previous fiscal year-end.

Accounting for the aforementioned factors, the **debt-equity ratio** stood at 1.38 at the end of the third quarter, up 0.11 point from the previous fiscal year-end.

**(3) Qualitative Information Concerning Consolidated Results Forecasts
(Revisions of Financial Results Forecasts for Fiscal 2012 (the Year Ending March 31, 2013),
and Reason for the Difference)**

Consolidated operating results forecasts for the full fiscal year disclosed on November 1, 2012 have been revised as follows based on results recorded in the third quarter.

Financial performance revisions are based on the following assumptions:

- a) Exchange rate for the full year is 83 yen/US\$ (January to March is 90 yen/US\$)
- b) Average price of domestic naphtha for the full-year period is 56,800 yen /kl (January to March is 61,000yen/kl)

As a result, operating income, ordinary income and net income are expected to be lower than previously announced forecasts mainly due to lower sales volume and deterioration in the terms of trade in the Petrochemicals segments.

(¥ billion yen)	Net Sales	Operating Income	Ordinary Income	Net Income	Net income per share
Previous Forecast (A) (announced November 1, 2012)	1,430.0	23.0	18.0	5.0	4.99 yen
Revised Forecast (B)	1,390.0	5.0	3.0	(10.0)	(9.98 yen)
Difference (B-A)	(40.0)	(18.0)	(15.0)	(15.0)	
Ratio	(2.8)	(78.3)	(83.3)	—	
FY 2011 Actual(Reference) (April 1, 2011-March 31, 2012)	1,450.0	21.6	22.9	(1.0)	(1.01 yen)

The estimated impact of the accident at the Iwakuni-Ohtake Works on financial performance forecasts is as follows:

(Billions of Yen)

	Full fiscal year	Notes
Operating Income	(8.5)	Losses related to production suspension, decline in sales, and procurement of substitute supplies, etc. Fixed costs related to the suspension of plants following the accident are transferred to Extraordinary Loss.
Extraordinary Income	5.0	Insurance income received in fixed amounts based on the insurance coverage for loss of income due to the accident
Extraordinary Loss and etc	(5.5)	Losses for recompense, dismantling and restoration, fixed costs related to the suspension of plants following the accident, etc.
Total	(9.0)	

The above estimates are based on information available at the time this report was compiled and reflect assumptions about future uncertainties. Therefore, actual results may differ from the above estimates.

(Outlook by Business Segment)

Outlook by business segment is as follows.

(Billions of Yen)

	Net Sales								
	Petro chemicals	Basic Chemicals	Poly urethane	Functional Polymeric Materials	Functional Chemicals	Film sand Sheets	Others	Elimination and Corporate	Total
Previous Forecast	470.0	409.0	150.0	138.0	155.0	73.0	35.0	—	1,430.0
Revised Forecast	463.0	386.0	148.0	136.0	150.0	74.0	33.0	—	1,390.0
Difference	(7.0)	(23.0)	(2.0)	(2.0)	(5.0)	1.0	(2.0)	—	(40.0)

(Billions of Yen)

	Operating Income (Loss)								
	Petro chemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Functional Chemicals	Films and Sheets	Others	Elimination and Corporate	Total
Previous Forecast	10.5	(8.0)	0.5	10.5	15.0	(3.0)	(1.0)	(1.5)	23.0
Revised Forecast	8.0	(18.5)	0.0	9.0	12.0	(4.0)	0.0	(1.5)	5.0
Difference	(2.5)	(10.5)	(0.5)	(1.5)	(3.0)	(1.0)	1.0	—	(18.0)

(4) Information on the Recording of Extraordinary Income and Loss due to the Accident at the Iwakuni-Ohtake Works

(Actual Cumulative Consolidated Results at the End of the Fiscal 2012 Third Quarter)

The following extraordinary income and loss are recorded as cumulative consolidated results at the end of the third quarter due to the accident at the Iwakuni-Ohtake Works:

(Billions of yen)

	FY2012 Q1-3	Notes
Extraordinary Income	4.6	Insurance income received in fixed amounts based on the insurance coverage for loss of income due to the accident
Extraordinary Loss	(4.8)	Losses on recompense, dismantling and restoration, fixed costs related to the suspension of plants following the accident,
Total	(0.2)	

Appendix

(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 Business 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 Films and Sheets Business.

Former Segments	Current Segments	Main Products	Major Subsidiaries & Affiliates
Petrochemicals	Petrochemicals	Ethylene, Propylene Polyethylene, Polypropylene	Osaka petrochemical Industries, Ltd Prime Polymer Co., Ltd. Advanced Composites, Inc. Keiyo Ethylene Co., Ltd.
Basic Chemicals	Basic Chemicals	Phenol, Bisphenol A, Purified terephthalic acid, Polyethylene-terephthalate, 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.
Polyurethane	Polyurethane	Polyurethanes, Coating materials Adhesives, Construction materials	Kumho Mitsui Chemicals Polyurethane Co., Ltd
Functional Polymeric	Functional Polymeric	Elastomers, Functional compounds, Specialty polyolefins, * Pellicles	Mitsui Elastomers Singapore Pte. Ltd.
Functional Chemicals	Functional Chemicals	Health care materials (Materials for high refractive-index ophthalmic lenses etc.), Functional chemicals, Specialty gases, Hygienic materials (** Spunbonded nonwoven polypropylene fabric) Catalysts, Agrochemicals, Licensing	Shimonoseki Mitsui Chemicals, Inc. Mitsui Hygiene Materials (Thailand) Co., Ltd. ACOMON AG Mitsui Chemicals Agro, INC.
Fabricated Products	Films and Sheets	Packing films, Electronic & optical films, Solar cell sheets	Mitsui Chemicals Tohcello, Inc

* Pellicles; Dust proof membrane applied on photomask during lithography process

(Change in method of depreciation of property, plant and equipment)

The Company and domestic consolidated subsidiaries plan to apply the straight-line method from fiscal year 2012 instead of the declining-balance method for the depreciation of property, plant and equipment.