Summary of Financial Results
for the Fiscal Year Ended March 31, 2011

Mitsui Chemicals, Inc. (4183)

Consolidated Financial Results (April 1, 2010–March 31, 2011)

1. Consolidated Financial Results

(1) Results of Operations

	Millions of Yen (Except per Share Data and Percentages)			
	Fiscal Year Ended March 31,			
	2011	%	2010	%
Net Sales	1,391,713	15.2	1,207,735	(18.8)
Operating Income (Loss)	40,548	—	(9,461)	—
Ordinary Income (Loss)	38,851	—	(13,132)	—
Net Income (Loss)	24,854	—	(28,010)	—
Net Income (Loss) per Share (yen)	24.80	—	(33.04)	—
Net Income per Share, Diluted (yen)	—	—	—	—
Ratio of Net Income (Loss) to Shareholders' Equity (ROI)	6.5%		(7.7%)	
Ratio of Ordinary Income (Loss) to Total Assets (ROA)	3.1%		(1.1%)	
Ratio of Operating Income (Loss) to Net Sales (ROS)	2.9%		(0.8%)	

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

Note: Comprehensive income:

Fiscal year ended March 31, 2011	20,283 million yen (—%)
Fiscal year ended March 31, 2010	(20,209 million) yen (—%)

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

Fiscal year ended March 31, 2011	7,304 million yen
Fiscal year ended March 31, 2010	3,858 million yen

(2) Financial Position

	Millions of Yen (Except per Share Data and Percentages)	
	At March 31, 2011	At March 31, 2010
Total Assets	1,295,627	1,238,086
Net Assets	431,101	419,004
Shareholders' Equity Ratio	29.6%	30.5%
Shareholders' Equity per Share (yen)	383.00	376.41

Note: Shareholders' Equity	At March 31, 2011	383,740 million yen
	At March 31, 2010	377,283 million yen

(3) Cash Flows

	Millions of Yen	
	Fiscal Year Ended March 31,	
	2011	2010
Cash flows from operating activities	73,196	70,173
Cash flows from investing activities	(43,204)	(42,913)
Cash flows from financing activities	(20,055)	(2,532)
Cash and cash equivalents at end of period	81,119	72,962

2. Dividends

	Fiscal Year Ended/Ending March 31,		
	2010	2011	2012 (Forecast*)
Annual Dividends per Share (yen)			
First Quarter	—	—	—
Interim	0.00	3.00	3.00
Third Quarter	—	—	—
End of Term	3.00	3.00	3.00
Annual Dividends	3.00	6.00	6.00
Total Dividends (millions of yen)	3,007	6,012	—
Payout Ratio (consolidated)	—	24.2	28.6
Dividend on Equity Ratio (consolidated)	0.7%	1.6%	—

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)			
	First Half	%	Full Fiscal Year	%
Net Sales	740,000	10.0	1,550,000	11.4
Operating Income	19,000	9.5	45,000	11.0
Ordinary Income	17,000	16.4	43,000	10.7
Net Income	6,000	(65.0)	21,000	(15.5)
Net Income per Share (yen)	5.99	—	20.96	—

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

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 principles, procedures, and presentation methods for consolidated financial statements

1) Changes due to revisions of accounting standards, etc.: Yes

2) Changes other than 1): None

(3) Number of shares outstanding (common stock)

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

At March 31, 2011:	1,022,020,076 shares
At March 31, 2010:	1,022,020,076 shares

2) Number of shares of treasury stock at term-end:

At March 31, 2011:	20,097,891 shares
At March 31, 2010:	19,701,571 shares

3) Average number of shares:

Fiscal year ended March 31, 2011:	1,002,143,882 shares
Fiscal year ended March 31, 2010:	847,858,076 shares

**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, accordingly, entail risks and uncertainties. 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 Year Ending March 31, 2012 on pages 5 and 6.

The Company held an Internet briefing for institutional investors and analysts on Wednesday May 11, 2011 and a management overview briefing on Wednesday May 18, 2011. The Company provides details of these briefings on its website.

Attached Documents

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I. Operating Results and Financial Position

1. Operating Results

(1) Overview

In the fiscal year ended March 31, 2011 (the twelve-month period from April 1, 2010 to March 31, 2011, hereafter, "fiscal 2010"), the global economy gradually recovered throughout the fiscal year on the back of strong economic growth in China and the rest of Asia.

The Japanese economy experienced a slower pace of recovery because of such restraining factors as a gradual decrease in exports due to a strong yen and a drop in personal consumption following the conclusion of government-sponsored economic stimulus measures. The poor showing came despite steady demand thanks to a rebound in the global economy driving improvement in the domestic economy.

In the chemicals industry, there was significant year-on-year recovery, particularly for petrochemical products, spurred by steady overseas demand that included China and other Asian nations. However, conditions remained uncertain due to high raw material and fuel prices as well as the strong yen.

Against this backdrop, the Mitsui Chemicals Group continued to work to maintain competitiveness in the domestic market and expand its businesses overseas based on its Basic Strategies for New Growth, which were formulated on October 31, 2009 in response to this volatile business environment. To that end, the Group is working as one to further reduce costs, increase marketing capabilities, expand sales of new and high-value-added products, and revise product sales prices based on high raw material and fuel prices. As a result, positive Group performance in fiscal 2010, as illustrated below, was achieved despite the impact of damage to certain facilities, reduced sales, and other difficulties caused by the Great East Japan Earthquake, which occurred on March 11, 2011.

(Billions of Yen)

	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss)
Current Fiscal Year	1,391.7	40.5	38.9	24.9
Previous Fiscal Year	1,207.7	(9.5)	(13.1)	(28.0)
Change	184.0	50.0	52.0	52.9
Change (%)	15.2	—	—	—

Net Sales rose 184.0 billion yen, or 15.2%, compared with the previous fiscal year to 1,391.7 billion yen. This was attributable to the impact of a 93.3 billion yen boost from sales price revisions in response to rising naphtha and other raw material and fuel costs, and a 90.7 billion yen increase in sales volume in line with recovery in demand in the automotive sector as well as for synthetic fiber raw materials. Overseas sales stood at 585.5 billion yen, rising 2.6 percentage points year on year to account for 42.1% of total sales.

Operating income was 40.5 billion yen, an improvement of 50.0 billion yen year on year. This was mainly the result of increased sales volume in the automotive sector and for synthetic fiber raw materials, an improvement in terms of trade, and efforts to reduce costs Companywide.

Operating income for fiscal 2010 includes 3.5 billion yen resulting from changes in evaluation methods for inventories following the application of new accounting standards for evaluating inventories. This is explained in "III. 4. Overview of Changes in Accounting Principles, Procedures, and Presentation (Changes in accounting principles) (c)."

Ordinary income was 38.9 billion yen, a positive turnaround of 52.0 billion yen year on year. Achieved despite a rise in foreign exchange losses, this result primarily reflected the recovery in operating income and an increase in equity in earnings of non-consolidated subsidiaries and affiliates.

Extraordinary income and loss amounted to income of 6.1 billion yen, a year-on-year improvement of 9.1 billion yen, mainly due to a reversal of provision for retirement benefits of 14.6 billion yen, which is explained in “III. 4. Overview of Changes in Accounting Principles, Procedures, and Presentation (Supplemental Information) (a).” This improvement occurred despite the recording of a 1.0 billion yen loss following the application of the Accounting Standard for Asset Retirement Obligations, which was applied for the first time during the fiscal year under review, as well as despite the recording of disaster-related losses totaling 1.4 billion yen due to the Great East Japan Earthquake.

As a result of the aforementioned factors, **net income before income taxes and minority interests** amounted to 45.0 billion yen, up 61.1 billion yen year on year.

Net income after accounting for income taxes and minority interests in income improved 52.9 billion yen compared with the previous fiscal year to 24.9 billion yen, which translated to net income per share for the period of 24.80 yen.

(2) Results by Business Segment

Mitsui Chemicals changed its segment classifications in line with the restructuring of its organization in April 1, 2010. Comparisons with the previous fiscal year are adjusted to correspond to segments following the change.

Petrochemicals

The Petrochemicals segment enjoyed favorable overall sales.

In **ethylene and propylene**, overall production volume was steady.

In **polyethylene and polypropylene**, net sales were strong due to the positive impact of a rise in sales prices following a hike in raw material and fuel prices. This result occurred despite a decrease in the sales volume of certain products.

As a result of the above, this segment’s sales rose 69.5 billion yen compared with the previous fiscal year to 434.0 billion yen, and comprised 31% of total sales. Operating income improved 16.2 billion yen year on year to 12.8 billion yen. This was primarily attributable to progressive cost cutting measures, a rebound in sales volume (excluding certain products) and changes in valuation methods for inventories.

Basic Chemicals

The Basic Chemicals segment recorded favorable overall sales.

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

In **bisphenol A**, net sales were robust owing particularly to a recovery in demand for its main application, primarily polycarbonate 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 on par with those recorded during the previous fiscal year.

In **ethylene oxide and derivatives**, net sales increased 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 86.9 billion yen to 435.7 billion yen year on year, and accounted for 31% of total sales. Operating income improved 25.2 billion yen year on year to 20.4 billion yen thanks to a rise in sales volume (excluding certain products) and strong markets.

Polyurethane

The Polyurethane segment experienced sluggish overall sales.

In **polyurethane materials**, although demand recovered in the automotive market, the surging strength of the yen and the stagnant TDI market resulted in sluggish sales.

In **coating materials**, net sales were steady owing to expanded demand in the Asian automotive and consumer electronics markets, particularly in China.

In **adhesive materials**, net sales were robust. This was attributable to an improvement in demand for adhesives used in soft packaging and industrial adhesives used in the IT industry. These increases were buoyed by steady domestic demand as well as expanded demand in China and the ASEAN region.

In **molding materials**, demand for housing equipment-related materials was somewhat subdued. Despite this, higher demand for waterproofing materials in light of the expanding housing renovation market as well as a rebound in demand in the IT-related market led to firm net sales.

As a result, net sales in this segment decreased 0.8 billion yen year on year to 144.8 billion yen, and comprised 10% of total sales. Operating loss rose 6.9 billion yen year on year, to 9.0 billion yen due to deteriorating performance on account of the appreciating yen, the stagnant TDI market, and the effect of difficulties on the side of raw material suppliers.

Functional Polymeric Materials

The Functional Polymeric Materials segment enjoyed strong overall sales.

In **elastomers**, which are used primarily in automotive components and resin modifiers, net sales were robust due to a steady increase in demand for industrial materials and the achievement of sales increases on the back of augmented capabilities in tandem with automotive market expansion mainly in Asia.

In **performance compounds**, which are used mainly in packaging materials as well as in automotive and electronic components, net sales were strong. This was primarily attributable to a rebound in demand in the automotive segment.

In **specialty polyolefin and engineering plastics**, net sales were favorable due to a recovery in demand centering on IT-related applications.

As a result, net sales of this segment increased 20.2 billion yen compared with the previous fiscal year to 106.2 billion yen, and accounted for 8% of total sales. Operating income improved 11.6 billion yen to 7.2 billion yen year on year, primarily owing to a rise in sales volume.

Fabricated Products

The Fabricated Products segment experienced strong overall net sales.

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

In **semiconductor materials**, net sales were robust due to a recovery in demand in the semiconductor market.

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

In **packaging films**, net sales were firm due to efforts to expand sales amid slumping demand.

As a result, net sales in this segment increased 7.0 billion yen compared with the previous fiscal year to 132.0 billion yen, and comprised 10% of total sales. Operating income improved 0.6 billion yen year on year to 1.4 billion yen due to such factors as a rise in sales volume.

Functional Chemicals

The Functional Chemicals segment experienced steady overall net sales.

In **optical lens materials and healthcare materials**, which include medical materials, net sales were favorable thanks to a rebound in demand that began in the second half of the previous fiscal year.

In **chemical products** and **specialty gas**, net sales decreased compared with the previous fiscal year because of an accident related to specialty gas that occurred in autumn of 2009, and the reorganization and elimination of certain items from the chemical product portfolio.

In **catalysts**, net sales experienced a slowdown due to the impact of the appreciating yen, despite an upswing in demand since the previous fiscal year.

In **agrochemical products**, net sales were stagnant due to declining sales volumes for such products as herbicides.

As a result, this segment experienced a 1.2 billion yen increase in sales year on year to 119.8 billion yen, accounting for 9% of total sales. Operating income rose 2.6 billion yen compared with the previous fiscal year to 10.0 billion yen. This was attributable to recovery in demand for certain products and other factors.

Others

In the Others segment, the Company recorded net sales of 19.2 billion yen, or 1% of total sales, virtually unchanged from the previous fiscal year. Operating income shrank 0.9 billion yen year on year to 0.2 billion yen

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

(a) Overall Outlook for Operating Results

In fiscal 2011, prospects for the Japanese economy are expected to remain uncertain. This is primarily attributable to the cessation of government-sponsored economic stimulus measures; a drop in exports due to the strong yen; decreased domestic production and power shortages in the aftermath of the recent natural disaster; and concerns over a fall in overseas orders following the nuclear accident. Nevertheless, demand is anticipated to increase due mainly to reconstruction efforts to be undertaken during the second half of fiscal 2011.

In contrast, the global economy is forecasted to continue on a recovery track buoyed by steady economic growth in China and the rest of Asia. Despite this positive outlook, concerns exist regarding downward economic pressure caused by financial instability in Europe, curbs in inflation in emerging markets, and other factors. The business environment in which the Mitsui Chemicals Group operates is also expected to remain harsh due to concerns over stagnant demand in Japan, yen appreciation, and further hikes in raw material and fuel prices.

Under these circumstances, the Group will continue to improve its operations as it carefully assesses recovery measures being implemented by the Japanese government and economic trends.

Based on the above conditions, Mitsui Chemicals performance outlook for fiscal 2011 is as follows. These forecasts incorporate projections based on information currently available regarding the impact the Great East Japan Earthquake has had on the Group’s business operations. In the event that the Group’s performance changes due to such factors as shifts in the domestic and overseas automobile industry, and the effect of power output-related regulations on economic activities, these changes will be disclosed in a timely manner.

(Billions of Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
FY2011	1,550.0	45.0	43.0	21.0
FY2010	1,391.7	40.5	38.9	24.9
Change	158.3	4.5	4.1	(3.9)
Change (%)	11.4	11.0	10.7	(15.5)

The underlying exchange rate assumption is ¥85/US$1.00 for the fiscal year; the assumption for the domestic standard naphtha price is ¥62,000/kl.

(b) 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
FY2011	470.0	517.0	158.0	119.0	143.0	124.0	19.0	—	1,550.0
FY2010	434.0	435.7	144.8	106.2	132.0	119.8	19.2	—	1,391.7
Change	36.0	81.3	13.2	12.8	11.0	4.2	(0.2)	—	158.3
Change (%)	8.3	18.7	9.1	12.1	8.3	3.5	(1.0)	—	11.4

(Billions of Yen)

	Operating Income (Loss)								
	Petrochemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Others	Elimination and Corporate	Total
FY2011	11.0	20.0	(7.5)	9.5	4.0	10.0	—	(2.0)	45.0
FY2010	12.8	20.4	(9.0)	7.2	1.4	10.0	0.2	(2.5)	40.5
Change	(1.8)	(0.4)	1.5	2.3	2.6	—	(0.2)	0.5	4.5
Change (%)	(14.1)	(2.0)	—	31.9	185.7	—	—	—	11.0

2. Financial Position

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

Total assets as of March 31, 2011 stood at 1,295.6 billion yen, up 57.5 billion yen compared with the end of the previous fiscal year.

Total liabilities as of March 31, 2011 increased 45.4 billion yen compared with the previous fiscal year-end to 864.5 billion yen. **Interest-bearing debt** amounted to 480.7 billion yen, a decrease of 13.5 billion yen compared with March 31, 2010. As a result, the interest-bearing debt ratio was 37.1%, an improvement of 2.8 percentage points.

Net assets stood at 431.1 billion yen, a rise of 12.1 billion yen compared with the previous fiscal year-end. The **ratio of shareholders' equity to total assets** was 29.6%, a decrease of 0.9 of a percentage point from the previous fiscal year-end.

Accounting for the aforementioned factors, the **debt-equity ratio** stood at 1.25 as of March 31, 2011, an improvement of 0.06 of a percentage point from the previous fiscal year-end.

(2) Cash Flow Status

Cash and cash equivalents (hereafter called "cash") were up 8.1 billion yen to 81.1 billion yen as of March 31, 2011.

Cash Flows from Operating Activities

Net cash provided by operating activities was 73.2 billion yen. This year-on-year increase of 3.0 billion yen was mainly due to the positive turnaround in income before income taxes and minority interests compared with the previous fiscal year, which offset a rise in working capital following increases in inventories and income taxes paid.

Cash Flows from Investing Activities

Net cash used in investing activities increased 0.3 billion yen compared with the previous fiscal year to 43.2 billion yen. This rise was mainly attributable to a decrease in income from the sale and redemption of investment securities despite lower payments for the purchase of property, plant and equipment due to the careful screening of investment activities.

Cash Flows from Financing Activities

Net cash used in financing activities increased 17.6 billion yen compared with the previous fiscal year to 20.1 billion yen. This was primarily due to the issuance of new shares during the previous fiscal year that offset a decline in the repayment of interest-bearing debt.

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

The Mitsui Chemicals Group's forecasted cash flows for the year ending March 31, 2012 are as follows.

Net cash provided by operating activities is expected to amount to 60.0 billion yen.
Net cash used in investing activities scheduled to be 80.0 billion yen. This figure includes capital expenditures and M&A activities undertaken as the Company thoroughly evaluates the economic potential of its investments in conjunction with its growth strategies.
Net cash provided by financing activities is anticipated to reach 10.0 billion yen primarily in the form of interest-bearing debt.

As a result of the above, the balance of cash and cash equivalents as of March 31, 2012 is forecasted to decrease ¥10.0 billion compared with March 31, 2011.

(4) Trends in Cash Flow Indicators

	FY2006 (As of March 31, 2007)	FY2007 (As of March 31, 2008)	FY2008 (As of March 31, 2009)	FY2009 (As of March 31, 2010)	FY2010 (As of March 31, 2011)
Shareholders' Equity Ratio (%)	33.7	34.0	29.4	30.5	29.6
Shareholders' Equity Ratio on a Market Value Basis (%)	53.0	34.6	15.1	22.9	22.7
Ratio of Interest-bearing Debt to Cash Flows	5.0	5.3	9.8	7.0	6.6
Interest Coverage Ratio (Times)	12.8	9.7	5.9	8.2	9.5

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 Years Ended/Ending March 31, 2011 and March 31, 2012

(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 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 Years Ended/Ending March 31, 2011 and March 31, 2012

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, 2010, the annual dividend for the fiscal year under review will be 6 yen per share, a rise of 3 yen per share compared with the previous fiscal year.

Turning to dividends for the fiscal year ending March 31, 2012, the Mitsui Chemicals Group plans to pay interim and year-end dividends of 3 yen per share, respectively. The Group therefore plans an annual dividend of 6 yen per share.

II. Status of Business Group

Description of Business Activities

The Mitsui Chemicals Group comprises Mitsui Chemicals, Inc., 76 subsidiaries, and 24 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 66 and 29, 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 9 other companies Total: 13 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 3 other companies Total: 4 companies
Fabricated Products	Hygiene materials, semiconductor materials, energy materials, packaging films	Mitsui Chemicals Tohcello Inc.; Mitsui Hygiene Materials Thailand Co., Ltd., and 11 other companies Total: 13 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 23 other companies Total: 26 companies
Others	Other related businesses	Mitsui Chemicals America, Inc.; Du Pont-Mitsui Fluorochemicals Co., Ltd.; Du Pont-Mitsui Polychemicals Co., Ltd., and 11 other companies Total: 14 companies

III. Consolidated Financial Statements

1. Consolidated Balance Sheets (Summary)

	Millions of Yen	
	As of March 31, 2011	As of March 31, 2010
Assets		
Current Assets	**665,976**	**604,556**
Fixed Assets	**629,651**	**633,530**
Total Assets	**1,295,627**	**1,238,086**

Liabilities		
Current Liabilities	**442,298**	**386,203**
Long-Term Liabilities	**422,228**	**432,879**
Total Liabilities	**864,526**	**819,082**

Net Assets		
Shareholders' Equity		
Common stock	125,053	125,053
Capital surplus	91,065	91,065
Retained earnings	201,692	182,922
Treasury stock, at cost	(14,254)	(14,215)
Total Shareholders' Equity	**403,556**	**384,825**
Accumulated Other Comprehensive Income (Loss)		
Net unrealized holding gain on securities	11,490	13,095
Net unrealized holding gain on hedging derivatives	120	0
Foreign currency translation adjustments	(31,426)	(20,637)
Total Accumulated Other Comprehensive Income (Loss)	**(19,816)**	**(7,542)**
Minority Interests	**47,361**	**41,721**
Total Net Assets	**431,101**	**419,004**
Total Liabilities and Net Assets	**1,295,627**	**1,238,086**

2. Consolidated Income Statements and Consolidated Comprehensive Income (Loss) Statements

(Consolidated Income Statements)

	Millions of Yen	
	April 1, 2010 to March 31, 2011	April 1, 2009 to March 31, 2010
Net Sales	**1,391,713**	**1,207,735**
Cost of Sales	1,174,178	1,039,515
Gross Profit	**217,535**	**168,220**
Selling, general and administrative expenses	176,987	177,681
Operating Income (Loss)	**40,548**	**(9,461)**
Non-operating Income and Expenses		
Non-operating Income		
Interest income	213	458
Dividend income	2,008	2,442
Rent income	–	696
Amortization of negative goodwill	1,238	1,469
Equity in earnings of non-consolidated subsidiaries and affiliates	7,304	3,858
Other	4,866	3,751
Non-operating Income	**15,629**	**12,674**
Non-operating Expenses		
Interest expenses	7,621	8,450
Interest on commercial paper	–	26
Loss on suspension of operations	2,158	–
Foreign exchange losses	2,977	896
Other	4,570	6,973
Non-operating Expenses	**17,326**	**16,345**
Ordinary Income (Loss)	**38,851**	**(13,132)**
Extraordinary Income and Loss		
Extraordinary Income		
Gain on sales of noncurrent assets	673	879
Gain on sales of investment securities	58	10,701
Reversal of provision for retirement benefits	14,618	—
Extraordinary Income	**15,349**	**11,580**
Extraordinary Loss		
Loss on disposal of noncurrent assets	2,863	5,917
Loss on sales of noncurrent assets	152	151
Impairment loss	2,248	4,285
Loss on restructuring of subsidiaries and affiliates	974	2,307
Loss on sales of investment securities	–	110
Loss on valuation of investment securities	670	1,758
Loss on disaster	1,365	–
Loss on adjustment for change of accounting standard for asset retirement obligations	970	–
Extraordinary Loss	**9,242**	**14,528**
Net Income (Loss) before Income Taxes and Minority Interests	**44,958**	**(16,080)**
Income Taxes—Current	**10,419**	**9,467**
Income Taxes—Deferred	**626**	**2,186**
Total Income Taxes	**11,045**	**11,653**
Income before Minority Interests	**33,913**	**(27,733)**

Minority Interests in Income (Loss)	**9,059**	**277**
Net Income (Loss)	**24,854**	**(28,010)**

(Consolidated Comprehensive Income (Loss) Statements)

	Millions of Yen	
	April 1, 2010 to March 31, 2011	**April 1, 2009 to March 31, 2010**
Income before Minority Interests	**33,913**	**(27,733)**
Other Comprehensive Income (Loss)		
Net unrealized holding gain on securities	(1,754)	5,902
Net unrealized holding gain on hedging derivatives	181	7
Foreign currency translation adjustment	(10,508)	977
Share of other comprehensive income of associates accounted for using equity method	(1,549)	638
Total Other Comprehensive Income (Loss)	(13,630)	7,524
Comprehensive Income (Loss)	**20,283**	**(20,209)**
Comprehensive income attributable to:		
Owners of the parent	12,505	(21,122)
Minority interests	7,778	913

3. Consolidated Cash Flow Statements (Summary)

		Millions of Yen	
		April 1, 2010 to March 31, 2011	April 1, 2009 to March 31, 2010
I.	Cash Flows from Operating Activities	73,196	70,173
II.	Cash Flows from Investing Activities	(43,204)	(42,913)
III.	Cash Flows from Financing Activities	(20,055)	(2,532)
IV.	Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,744)	(135)
V.	Net (Decrease) Increase in Cash and Cash Equivalents	8,193	24,593
VI.	Cash and Cash Equivalents at Beginning of Period	72,962	47,949
VII.	Increase in Cash and Cash Equivalents Resulting from Changes in Scope of Consolidation	(36)	420
VIII	Cash and Cash Equivalents at End of Period	81,119	72,962

4. Overview of Changes in Accounting Principles, Procedures, and Presentation

(Changes in accounting principles)

(a) Application of Accounting Standard for Equity Method of Accounting for Investments and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

Effective from the fiscal year under review, the Company has adopted new accounting standards, "Accounting Standard for Equity Method of Accounting for Investments" (Accounting Standards Board of Japan [ASBJ] Statement No. 16, March 10, 2008) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (Practical Issues Task Force [PITF] No. 24, March 10, 2008). This change had no impact on ordinary income and net income before income taxes and minority interests.

(b) Application of Accounting Standards for Asset Retirement Obligations

Effective from the fiscal year under review, the Company has adopted new accounting standards, "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008). This change had only minor impact on operating income and ordinary income. Net income before income taxes and minority interests decreased by 1,054 million yen.

(c) Application of Accounting Standard for Measurement of Inventories

Effective from the fiscal year under review, the Company has adopted new accounting standards, "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, September 26, 2008), and, as such, the method of valuation of inventories has changed from the last-in first- out method to the weighted-average method. As a result, operating income, ordinary income, and net income before income taxes and minority interests increased by 3,501 million yen, respectively.

(d) Application of Accounting Standards for Business Combinations

Effective from the fiscal year under review, the Company has adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), "Partial Amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008), "Revised Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, revised December 26, 2008), and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 December 26, 2008). In connection with the adoption of these standards, the method for evaluating subsidiaries' assets and liabilities changed from the partial revaluation under parent company approach to the full revaluation under economic unit approach. However, this change had only minor impact on assets, liabilities and income.

(Supplemental Information)

(a) Review of Retirement Benefits and Pension Levels

In April 2010, the Company reviewed retirement benefits and pension levels as one initiative to improve its medium- to long-term profit structure. As part of this review, calculations made under the premise that the interest rate on benefits will change and, therefore, caused retirement allowance liabilities to decline by 14,618 million yen. Because this reduction in retirement allowance liabilities corresponds to the prior service cost, during the first quarter of the consolidated fiscal year ending March 31, 2011, such liabilities were processed collectively in accordance with the Company's accounting treatment methods. Consequently, extraordinary income of 14,618 million yen was recorded as reversal of provision for retirement benefits.

(b) Application of Accounting Standard for Presentation of Comprehensive Income

Effective from the fiscal year under review, the Company has adopted the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, June 30, 2010). Accordingly, the Company presents "Valuation and Translation Adjustments" and "Total Valuation and Translation Adjustments" for the previous fiscal year as "Accumulated Other Comprehensive Income (Loss)" and "Total Accumulated Other Comprehensive Income (Loss)," respectively.

5. 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, engineering plastics
	Fabricated Products	Hygiene materials, semiconductor materials, energy materials, packaging films
	Functional Chemicals	Optical lens materials, 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, 2009 – March 31, 2010) (Millions of yen)

	Reportable Segment								
	Petro-chemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Total	Others (Note 1)	Sum total
Net sales									
1) To external customers	364,472	348,788	145,619	86,037	125,007	118,630	1,188,553	19,182	1,207,735
2) Internal sales among segments and transfers	117,925	23,553	4,026	11,171	370	5,567	162,612	59,551	222,163
Total	482,397	372,341	149,645	97,208	125,377	124,197	1,351,165	78,733	1,429,898
Segment income (loss)	(3,350)	(4,791)	(2,055)	(4,447)	823	7,361	(6,459)	1,058	(5,401)
Segment assets	293,797	226,470	135,695	114,852	131,333	188,490	1,090,637	55,064	1,145,701
Other items									
Depreciation and amortization (Note 2)	13,032	12,811	8,623	10,412	9,409	9,374	63,661	4,484	68,145
Amortization of goodwill	1,224	71	2,166	29	—	1,532	5,022	12	5,034
Amount invested in equity method affiliate	1,899	9,012	5,265	66	3,175	5,653	25,070	12,963	38,033
Capital expenditures (Note 2)	11,502	6,081	6,070	7,132	7,311	5,454	43,550	4,106	47,656

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, 2010 – March 31, 2011) (Millions of yen)

	Reportable Segment								
	Petro-chemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Total	Others (Note 1)	Sum 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
2) Internal sales among 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.

(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	Fiscal 2009	Fiscal 2010
Total reportable segment sales	1,351,165	1,554,278
Net sales classified under “Others”	78,733	71,360
Elimination of intersegment transactions	(222,163)	(233,925)
Net sales recorded in Consolidated Income Statements	1,207,735	1,391,713

(Millions of yen)

Income	Fiscal 2009	Fiscal 2010
Total reportable segment income	(6,459)	42,944
Income classified under “Others”	1,058	148
Elimination of intersegment transactions	236	247
Corporate expenses (note)	(4,296)	(2,791)
Operating income (loss) recorded in Consolidated Income Statements	(9,461)	40,548

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

(Millions of yen)

Assets	Fiscal 2009	Fiscal 2010
Total reportable segment assets	1,090,637	1,137,719
Assets classified under “Others”	55,064	51,463
Elimination of intersegment transactions	(66,423)	(77,531)
Corporate assets (note)	158,808	183,976
Assets recorded in Consolidated Balance Sheets	1,238,086	1,295,627

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 statements	
	FY09	FY10	FY09	FY10	FY09	FY10	FY09	FY10
Depreciation and amortization	63,661	60,695	4,484	4,185	1,699	724	69,844	65,604
Amortization of goodwill	5,022	3,622	12	11	—	—	5,034	3,633
Amount invested in equity method affiliate	25,070	27,679	12,963	13,822	—	—	38,033	41,501
Capital expenditures	43,550	42,436	4,106	2,656	1,398	45	49,054	45,137

(5) Information on Change in Reportable Segments

(Change in Reportable Segments)

In line with the reorganization that took effect from April 1, 2010, Mitsui Chemicals has from the consolidated fiscal year under review reorganized its previous three segments of Performance Materials, Advanced Chemicals, and Basic Chemicals into the six segments of Petrochemicals, Basic Chemicals, Polyurethane, Functional Polymeric Materials, Fabricated Products, and Functional Chemicals.

In the Basic Chemicals Business area, feedstocks, polyethylene, and polypropylene operations were reclassified into the Petrochemicals segment, while phenols, PTA & PET, and industrial chemicals were reclassified into the Basic Chemicals segment.

In the Performance Materials area, MCI reclassified polyurethane and coating materials into the Polyurethane segment. Automotive & industrial materials, information & electronics materials (except for functional film and certain other materials) were restructured into the Functional Polymeric Materials segment, and functional film, solar & cell & battery components, and living & energy materials were restructured into the Fabricated Products segment. The Advanced Chemicals area was reorganized into the Functional Chemicals segment.

Segment information for the previous consolidated fiscal year has been prepared based on reportable segments adopted in the consolidated fiscal year under review.

(Significant Changes in Calculation Method for Segment Income or Loss)

Mitsui Chemicals has from the consolidated fiscal year under review applied ASBJ Statement No. 9 (September 26, 2008) Accounting Standard for Measurement of Inventories and has changed from the “last-in, first-out” method to the “weighted-average” method for the valuation of inventories. This is explained in “III. 4. Overview of Changes in Accounting Principles, Procedures, and Presentation (Changes in accounting principles) (c).”

In accordance with this change, as compared to application of the previous method, segment income in the consolidated fiscal year under review increased in the Petrochemicals, Basic Chemicals, and Others segments by 1,581 million yen, 1,675 million yen, and 635 million yen, respectively, while decreasing in Functional Polymeric Materials, Fabricated Products, and Functional Chemicals segments by 254 million yen, 81 million yen, and 268 million yen, respectively. In addition, the Polyurethane segment loss decreased by 213 million yen.

(Supplemental Information)

From the consolidated fiscal year under review, Mitsui Chemicals has applied the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, March 27, 2009) and the “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, March 21, 2008).

Related Information

Information by Region

The previous consolidated fiscal year (April 1, 2009 – March 31, 2010)

a. Net Sales

(Millions of yen)

Japan	China	Asia	America	Europe	Other regions	Total
731,018	176,314	199,100	53,865	40,267	7,171	1,207,735

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
405,986	84,540	7,657	498,183

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, 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

Information Concerning Impairment Loss of Fixed Assets by Reportable Segment
The previous consolidated fiscal year (April 1, 2009 – March 31, 2010)

(Millions of yen)

	Petro-chemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Others	Corporate Expenses	Total
Impairment loss	1,408	39	—	315	131	230	243	1,919	4,285

The consolidated fiscal year under review (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

Information Concerning the Amount of Amortization and Unamortized Balance of Goodwill by Reportable Segment
The previous consolidated fiscal year (April 1, 2009 – March 31, 2010)

(Millions of yen)

	Petro-chemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Others	Corporate Expenses	Total
Amount of amortization	1,224	71	2,166	29	—	1,532	12	—	5,034
Unamortized balance	—	36	2,166	48	—	4,638	25	—	6,913

The consolidated fiscal year under review (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

Information Concerning the Amount of Amortization and Unamortized Balance of Negative Goodwill by Reportable Segment
The previous consolidated fiscal year (April 1, 2009 – March 31, 2010)

(Millions of yen)

	Petro-chemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Others	Corporate Expenses	Total
Amount of amortization	—	—	—	—	593	876	—	—	1,469
Unamortized balance	—	—	—	—	2,370	932	—	—	3,302

The consolidated fiscal year under review (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