

Summary of Financial Results for the First Quarter Ended June 30, 2011

Mitsui Chemicals, Inc. (4183)

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

1. Consolidated Financial Results (1) Results of Operations

	Millions of Yen (Except per Share Data and Percentages)			
	First Quarter Ended June 30,			
	2011	%	2010	%
Net Sales	386,655	13.9	339,356	30.2
Operating Income	21,989	86.8	11,769	—
Ordinary Income	23,333	105.3	11,368	—
Net Income	12,257	(34.5)	18,712	—
Net Income per Share (yen)	12.23	—	18.67	—
Net Income per Share, Diluted (yen)	—	—	—	—

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

Note: Comprehensive income	First quarter ended June 30, 2011	18,216 million yen (12.7%)
	First quarter ended June 30, 2010	16,166 million yen (—%)

(2) Financial Position

	Millions of Yen (Except per Share Data and Percentages)	
	At June 30, 2011	At March 31, 2011
Total Assets	1,314,371	1,295,627
Net Assets	441,486	431,101
Shareholders' Equity Ratio	29.9%	29.6%
Note: Shareholders' Equity	At June 30, 2011	393,222 million yen
	At March 31, 2011	383,740 million yen

2. Dividends

	Fiscal Year Ended/Ending March 31,	
	2011	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)			
	First Half	%	Full Fiscal Year	%
Net Sales	770,000	14.4	1,580,000	13.5
Operating Income	26,000	49.8	52,000	28.2
Ordinary Income	27,000	84.9	53,000	36.4
Net Income	13,000	(24.1)	28,000	12.7
Net Income per Share (yen)	12.98	—	27.95	—

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

Note: Recent revisions to announced operating results forecast: Yes

Previously announced conditions and forecasts regarding consolidated financial results for the third and fourth quarters remain unchanged due to uncertainties that may influence results.

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: None

4) Changes in restatements: None

(4) Number of shares outstanding (common stock)

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

At June 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 June 30, 2011: 20,118,973 shares

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

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

First quarter ended June 30, 2011: 1,001,907,871 shares

First quarter ended June 30, 2010: 1,002,280,539 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*

(1) Consolidated results forecasts for the first half and full fiscal year disclosed on May 11, 2011 have been revised as announced on August 4, 2011.

(2) 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 Thursday, August 4, 2011. The documents used in and a recording of this briefing (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 three-month period from April 1, 2011 to June 30, 2011, hereafter called “the Quarter”), the operating environment remained severe due to a decline in corporate production activities caused by sluggish personal consumption and disrupted supply chains in the aftermath of the Great East Japan Earthquake. In addition, the strong yen along with higher raw material and fuel prices contributed to these difficulties. However, overseas demand was strong thanks to economic growth in Asia. Under these conditions, the Mitsui Chemicals Group reported the following operating results for the Quarter.

(Billions of Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income (Loss)
Current Quarter	386.7	22.0	23.3	12.3
Quarter in previous fiscal year	339.4	11.8	11.4	18.7
Change	47.3	10.2	11.9	(6.4)
Change (%)	13.9	86.8	105.3	(34.5)

Net Sales rose 47.3 billion yen, or 13.9%, compared with the first quarter of the previous fiscal year to 386.7 billion yen. This was mainly attributable to a 12.1 billion yen increase in sales volume amid a recovery in Asian demand, primarily in the Basic Chemicals segment; an increase of 35.2 billion yen due to a revision of sales prices that reflects higher naphtha and other raw material and fuel prices; and a rise in sales prices on the back of improved market conditions for the Basic Chemicals segment.

Operating income was 22.0 billion yen, an increase of 10.2 billion yen, or 86.8%, year on year. This was primarily the result of an improvement in terms of trade in the Petrochemicals and Basic Chemicals segments.

Ordinary income was 23.3 billion yen, an increase of 11.9 billion yen, or 105.3%, year on year. This result largely reflected increases in operating income and equity in earnings of non-consolidated subsidiaries and affiliates.

Extraordinary income and loss amounted to a loss of 1.4 billion yen, a year-on-year decrease of 14.0 billion yen. This was due to a reversal of provision for retirement benefits totaling 14.6 billion yen—which was recorded as extraordinary income in line with a restructuring of the retirement benefits system during the corresponding period of the previous fiscal year—and the posting of a 1.3 billion yen loss on disaster for the Quarter following the earthquake.

As a result of the aforementioned factors, **net income before income taxes and minority interests** amounted to 21.9 billion yen, down 2.1 billion yen, or 8.7%, year on year.

Net income after accounting for income taxes and minority interests in income declined 6.4 billion yen, or 34.5%, compared with the first quarter of the previous fiscal year to 12.3 billion yen, which translated to net income per share for the period of 12.23 yen.

(Results by Business Segment)

The status of each segment during the Quarter is as follows.

Petrochemicals

The Petrochemicals segment experienced firm overall net sales.

In **ethylene and propylene**, overall production volume increased because scheduled maintenance, which was undertaken in the previous fiscal year, was not implemented.

In **polyethylene and polypropylene**, net sales were steady due to the positive impact of a rise in sales prices following a hike in raw material and fuel prices. This result offset sluggish sales volume in the aftermath of the disaster.

As a result of the above, this segment's sales rose 5.7 billion yen compared with the first quarter of the previous fiscal year to 116.0 billion yen, and comprised 30% of total sales. Operating income grew 0.3 billion yen year on year to 6.1 billion yen primarily 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 higher demand primarily 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 strong thanks to the positive impact of the merger with Teijin Chemicals Ltd. in April 2011.

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 38.2 billion yen to 140.5 billion yen year on year, and accounted for 36% of total sales. Operating income increased 9.3 billion yen year on year to 12.9 billion yen thanks to an increase in sales volume (excluding certain products) and strong markets.

Polyurethane

The Polyurethane segment experienced stagnant overall net sales.

In **polyurethane materials**, net sales fell sharply following the Great East Japan Earthquake 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 automotive market.

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 firm. This was attributable to steady demand for adhesives used in soft packaging in Japan as well as expanded demand in China and the rest of Asia.

In **molding materials**, net sales were favorable owing to increased demand in Asia and demand generated by post-disaster restoration efforts.

As a result, net sales in this segment decreased 4.4 billion yen year on year to 31.5 billion yen, and comprised 8% of total sales. Operating loss rose 1.3 billion yen compared with the corresponding period of the previous fiscal year to 2.6 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 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 of 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 of this segment increased 3.2 billion yen compared with the corresponding period of the previous fiscal year to 29.1 billion yen, and accounted for 8% of total sales. However, operating income fell 0.1 billion yen to 2.2 billion yen year on year due to higher raw material and fuel prices, and high yen rates.

Fabricated Products

The Fabricated Products segment experienced strong 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 robust because of an increase in demand in the semiconductor market.

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 demand related to post-disaster reconstruction and front-loaded demand in anticipation of the implementation of power conservation measures during the summer of 2011.

As a result, net sales in this segment increased 3.3 billion yen compared with the same period of the previous fiscal year to 35.8 billion yen, and comprised 9% of total sales. Operating income improved 1.1 billion yen year on year to 2.0 billion yen, reflecting a rise in sales volume 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. By contrast, net sales of **specialty chemicals** decreased due to the reorganization and elimination of unprofitable products.

In **catalysts**, net sales fell 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 1.6 billion yen increase in sales year on year to 29.4 billion yen, accounting for 8% of total sales. Operating income grew 0.9 billion yen compared with the same period of the previous fiscal year to 2.3 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 4.4 billion yen, comprising 1% of total sales. Operating loss stood at 0.5 billion yen, a worsening of 0.3 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 Quarter stood at 1,314.4 billion yen, up 18.8 billion yen compared with the end of the previous fiscal year.

Total liabilities at the end of the Quarter increased 8.4 billion yen compared with the previous fiscal year-end to 872.9 billion yen. **Interest-bearing debt** amounted to 484.2 billion yen, a rise of 3.5 billion yen compared with March 31, 2011. As a result, the interest-bearing debt ratio was 36.8%, an improvement of 0.3 of a percentage point.

Net assets totaled 441.5 billion yen, an increase of 10.4 billion yen compared with the previous fiscal year-end. The **ratio of shareholders' equity to total assets** was 29.9%, an increase of 0.3 of a percentage point from the previous fiscal year-end.

Accounting for the aforementioned factors, the **debt-equity ratio** stood at 1.23 at the end of the Quarter, an improvement of 0.02 of a percentage point from the previous fiscal year-end.

Cash Flow Status

Cash and cash equivalents (hereafter called "cash") were down 14.7 billion yen to 66.4 billion yen as of the end of the Quarter compared with the previous fiscal year-end.

Cash Flows from Operating Activities

Net cash provided by operating activities was 2.6 billion yen. This year-on-year increase of 0.9 billion yen was mainly due to a reduction in income taxes paid which offset a decline in income before income taxes and minority interests compared with the same period of the previous fiscal year.

Cash Flows from Investing Activities

Net cash used in investing activities increased 3.4 billion yen compared with the same period of the previous fiscal year to 12.4 billion yen. This rise was mainly attributable to higher outflows for the purchase of property, plant and equipment and the acquisition of shares of subsidiaries in line with the Company's new growth strategy.

Cash Flows from Financing Activities

Net cash used in financing activities fell 4.0 billion yen compared with the corresponding period of the previous fiscal year to 5.0 billion yen. This was primarily due to the cessation of outflows related to the redemption of bonds, which offset an increase in dividend payments to minority shareholders.

(3) Qualitative Information Concerning Consolidated Results Forecasts

(Overall Outlook for Operating Results)

Consolidated operating results forecasts for the first half and full fiscal year disclosed on May 11, 2011 have been revised as follows based on an announcement made on August 4, 2011.

Regarding results for the first half of fiscal 2011, operating income is expected to exceed previously announced forecasts due to increases in sales volume in all business segments and an improvement in the trade terms of some segments resulting from favorable market conditions. Improvements in ordinary income and net income over previously announced forecasts are anticipated due to rises in operating income and equity in earnings of non-consolidated subsidiaries and affiliates.

Previously announced conditions and forecasts for consolidated financial results of the third and fourth quarters remain unchanged due to uncertainties which may influence results.

(Billions of Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
First half	770.0	26.0	27.0	13.0
Full fiscal year	1,580.0	52.0	53.0	28.0

For the first quarter (April–June), the underlying exchange rate assumption is ¥82/US\$1.00, and the assumption for the domestic standard naphtha price is ¥59,000/kl. For the second quarter (July–September), the underlying exchange rate assumption and assumption for the domestic standard naphtha price are ¥82/US\$1.00 and ¥55,000/kl, respectively. In the third and fourth quarters (October–March), the underlying exchange rate assumption and assumption for the domestic standard naphtha price have not been revised, standing at ¥85/US\$1.00 and ¥62,000/kl, respectively.

(Outlook by Business Segment)

Outlook by business segment is as follows.

(Billions of Yen)

	Net Sales								Total
	Petrochemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Others	Elimination and Corporate	
First half	229.0	274.0	68.0	60.0	70.0	60.0	9.0	—	770.0
Full fiscal year	482.0	531.0	153.0	122.0	145.0	128.0	19.0	—	1,580.0

(Billions of Yen)

	Operating Income (Loss)								Total
	Petrochemicals	Basic Chemicals	Polyurethane	Functional Polymeric Materials	Fabricated Products	Functional Chemicals	Others	Elimination and Corporate	
First half	5.5	17.5	(5.5)	4.0	2.0	3.5	(0.5)	(0.5)	26.0
Full fiscal year	12.5	23.5	(8.0)	10.0	5.0	11.0	(1.0)	(1.0)	52.0

No revisions have been made to previously announced consolidated operating results forecasts by segment for the third and fourth quarters due to current uncertainties.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets (Summary)

	Millions of Yen	
	As of June 30, 2011	As of March 31, 2011
Assets		
Current Assets	689,155	665,976
Fixed Assets	625,216	629,651
Total Assets	1,314,371	1,295,627
Liabilities		
Current Liabilities	460,173	442,298
Long-Term Liabilities	412,712	422,228
Total Liabilities	872,885	864,526
Net Assets		
Shareholders' Equity		
Common stock	125,053	125,053
Capital surplus	91,065	91,065
Retained earnings	210,940	201,692
Treasury stock, at cost	(14,257)	(14,254)
Total Shareholders' Equity	412,801	403,556
Accumulated Other Comprehensive Income (Loss)		
Net unrealized holding gain on securities	10,012	11,490
Net unrealized holding gain on hedging derivatives	21	120
Foreign currency translation adjustments	(29,612)	(31,426)
Total Accumulated Other Comprehensive Income (Loss)	(19,579)	(19,816)
Minority Interests	48,264	47,361
Total Net Assets	441,486	431,101
Total Liabilities and Net Assets	1,314,371	1,295,627

(2) Quarterly Consolidated Income Statements and Quarterly Consolidated Comprehensive Income Statements
(Quarterly Consolidated Income Statements)

	Millions of Yen	
	April 1, 2011 to June 30, 2011	April 1, 2010 to June 30, 2010
Net Sales	386,655	339,356
Cost of Sales	322,097	284,264
Gross Profit	64,558	55,092
Selling, general and administrative expenses	42,569	43,323
Operating Income	21,989	11,769
Non-operating Income and Expenses		
Non-operating Income		
Interest income	37	38
Dividend income	742	614
Equity in earnings of non-consolidated subsidiaries and affiliates	2,726	1,418
Other	1,924	1,661
Non-operating Income	5,429	3,731
Non-operating Expenses		
Interest expenses	1,764	1,972
Foreign exchange losses	1,008	1,071
Other	1,313	1,089
Non-operating Expenses	4,085	4,132
Ordinary Income	23,333	11,368
Extraordinary Income and Loss		
Extraordinary Income		
Gain on sales of noncurrent assets	229	112
Reversal of provision for retirement benefits	-	14,618
Extraordinary Income	229	14,730
Extraordinary Loss		
Loss on disposal of noncurrent assets	306	398
Loss on sales of noncurrent assets	5	64
Impairment loss	36	-
Loss on restructuring of subsidiaries and affiliates	-	701
Loss on valuation of investment securities	-	8
Loss on disaster	1,335	-
Loss on adjustment for change of accounting standard for asset retirement obligations	-	970
Extraordinary Loss	1,682	2,141
Net Income before Income Taxes and Minority Interests	21,880	23,957
Income Taxes	4,308	3,115
Income before Minority Interests	17,572	20,842
Minority Interests in Income	5,315	2,130
Net Income	12,257	18,712

(Quarterly Consolidated Comprehensive Income Statements)

	Millions of Yen	
	April 1, 2011 to June 30, 2011	April 1, 2010 to June 30, 2010
Income before Minority Interests	17,572	20,842
Other Comprehensive Income		
Net unrealized holding gain on securities	(1,503)	(5,575)
Net unrealized holding gain on hedging derivatives	(141)	(27)
Foreign currency translation adjustment	1,822	604
Share of other comprehensive income of associates accounted for using equity method	466	322
Total Other Comprehensive Income	644	(4,676)
Comprehensive Income	18,216	16,166
Comprehensive income attributable to:		
Owners of the parent	12,493	13,620
Minority interests	5,723	2,546

(3) Quarterly Consolidated Cash Flow Statements (Summary)

		Millions of Yen	
		April 1, 2011 to June 30, 2011	April 1, 2010 to June 30, 2010
I.	Cash Flows from Operating Activities	2,568	1,713
II.	Cash Flows from Investing Activities	(12,398)	(8,966)
III.	Cash Flows from Financing Activities	(5,041)	(9,015)
IV.	Effect of Exchange Rate Changes on Cash and Cash Equivalents	184	(80)
V.	Net Decrease in Cash and Cash Equivalents	(14,687)	(16,348)
VI.	Cash and Cash Equivalents at Beginning of Period	81,119	72,962
VII.	Cash and Cash Equivalents at End of Period	66,432	56,614

(4) Notes Regarding Going Concern Assumption

None

(5) Segment Information

1. The previous first quarter (April 1, 2010 – June 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	110,305	102,327	35,903	25,855	32,529	27,784	334,703	4,653	339,356
2) Internal sales among segments and transfers	31,856	5,653	924	3,797	74	961	43,265	12,127	55,392
Total	142,161	107,980	36,827	29,652	32,603	28,745	377,968	16,780	394,748
Segment income (loss)	5,805	3,607	(1,260)	2,244	909	1,348	12,653	(197)	12,456

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	12,653
Loss classified under "Others"	(197)
Elimination of intersegment transactions	(30)
Corporate expenses (note)	(657)
Operating income recorded in Consolidated Income Statements	11,769

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

2. The current first quarter (April 1, 2011 – June 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	115,983	140,544	31,517	29,065	35,782	29,372	382,263	4,392	386,655
2) Internal sales among segments and transfers	38,624	6,147	993	3,055	23	1,325	50,167	14,630	64,797
Total	154,607	146,691	32,510	32,120	35,805	30,697	432,430	19,022	451,452
Segment income (loss)	6,088	12,897	(2,555)	2,163	2,007	2,251	22,851	(504)	22,347

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	22,851
Loss classified under "Others"	(504)
Elimination of intersegment transactions	33
Corporate expenses (note)	(391)
Operating income recorded in Consolidated Income Statements	21,989

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