

August 4, 2004

Mitsui Chemicals Announces First Quarter 2004 Performance

Mitsui Chemicals, Inc. (MCI) of Japan announced its group consolidated financial performance for First Quarter 2004 covering April 1 through June 30, 2004 (1Q/04). Summary of the announcement was as follows:

1. First Three Month (1Q/04) Performance

(1) Net Sales and Incomes

consolidated, million yen

	April 1, 2004 ~ June 30, 2004 (1Q, Fiscal 2004)	April 1, 2003 ~ June 30, 2003 (1Q, Fiscal 2003)	<reference> April 1, 2003 ~ March 31, 2004 (Full-year, Fiscal 2003)
Net sales	281,411	259,204	1,089,518
Operating income	14,491	10,075	53,942
Ordinary income	14,486	7,999	47,694
Net income	10,568	2,388	12,466

(2) Balance Sheets

consolidated, million yen

	June 30, 2004	March 31, 2004		June 30, 2004	March 31, 2004
Current assets	466,689	440,517	Current liabilities	459,555	440,869
Property, plant & equipment	541,979	548,799	Long-term liabilities	320,193	325,342
Investments & other non-current assets	199,707	199,150	Minority interests	37,442	38,890
			Stockholders' equity	391,185	383,365
Total assets	1,208,375	1,188,466	Total liabilities & stockholders' equity	1,208,375	1,188,466

(3) Qualitative Review of 1Q/04 Performance (April 1 ~ June 30)

Business environment in 1Q/04 remained extremely severe due to escalation of the already high feedstock prices in place since the start of this year, to yet another higher level.

Given such a situation, Mitsui Chemicals, Inc. ("the company") and its consolidated affiliates made concerted group-wide endeavors to improve revenue and profits by driving powerful sales promotion initiatives, in addition to implementing thorough-going cost reduction measures.

As a result, Consolidated Sales recorded ¥281,400 million representing an increase of ¥22,200 million over the previous First Quarter 2003, or 1Q/03, owing to the positive effect

of increased sales volume supported by commercial start-ups of the group's newly built plants in Japan and abroad, and to rising product prices mainly in the basic chemicals and petrochemicals sectors.

Moreover, while Cost of Sales inflated due to the rising prices of raw materials such as naphtha, the above-mentioned volume effect helped Operating Income attain ¥14,500 million for the quarter, representing an increase of ¥4,400 million compared to 1Q/03, and Ordinary Income to mark ¥14,500 million, up ¥6,500 million from 1Q/03.

The company also recorded ¥11,800 million as Special Income for the quarter, owing to a reduction in retirement allowance liabilities associated with the revision of the company's Retirement Allowance and Pension System. On the other hand, Special Loss amounted to ¥7,200 million, including a ¥1,400-million charge accruing due to a change in accounting policy relating to Company Officer's Retirement Allowance Reserves, and ¥1,800 million in charges resulting from a change in accounting policy relating to Maintenance and Repairs Reserves.

Taking the foregoing into account and after deducting corporate and other income taxes as well as minority interests and equity in earnings of non-consolidated subsidiaries and affiliates, Net Income for the quarter amounted to ¥10,600 million showing an improvement of ¥8,200 million over 1Q/03.

2. Fiscal 2004 Full-year and Half-year Performance Outlook

consolidated, million yen

	Net Sales	Operating Income	Ordinary Income	Net Income
Half-year Outlook (April 1, 2004 ~ September 30, 2004)	570,000	21,000	16,000	6,000
Full-year Outlook (April 1, 2004 ~ March 31, 2005)	1,170,000	60,000	55,000	20,000

While the company's consolidated performance for First Quarter 2004 somewhat exceeded the initially projected level, consolidated performance for each of Half-year and Full-year Fiscal 2004 (April 1, 2004 – March 31, 2005) is expected to suffer from a continued difficult business environment, with the naphtha and other raw materials prices being foreseen to proceed at levels higher than initially anticipated. Under the circumstances, the company has not revised the projected consolidated performance as announced on May 17, 2004, at this point in time.

Note: The above-mentioned outlook constitutes projection based on information available at this point in time, and therefore involves certain risk and uncertainty. Therefore, there is a possibility that actual performance figures would differ largely from the outlook due to various factors that may arise henceforth.