



Summary of Consolidated Financial Results For the Year Ended March 31, 2007

Mitsui Chemicals, Inc. (4183)

I. Financial Results (April 1, 2006 – March 31, 2007)

1. Consolidated Financial Results

(1) Results of Operations

	Millions of Yen - Except Per Share Data and Percents			
	Fiscal Year Ended March 31,			
	2007	%	2006	%
Net Sales	1,688,062	14.6	1,472,435	19.9
Operating Income	91,678	56.2	58,705	(27.1)
Recurring Income	95,478	54.0	61,989	(22.3)
Net Income	52,297	18.5	44,125	68.5
Net Income per Share (yen)	66.68		56.20	
Net Income per Share, Diluted (yen)	—		—	
Net Income /Shareholders' Equity (ROE).....	10.8%		10.1%	
Recurring Income / Total Assets (ROA).....	6.8%		4.9%	
Operating Income /Net Sales Ratio	5.4%		4.0%	

Notes: 1) Percentages for operating revenues, operating income, Recurring income and net income represent changes compared with the previous period.

2) Equity in earnings of affiliates:

Year ended March 31, 2007:

5,979 million yen

Year ended March 31, 2006:

8,101 million yen

(2) Consolidated Financial Position

	Millions of Yen - Except Per Share Data and Percents	
	As of March 31,	
	2007	2006
Total Assets	1,498,183	1,328,890
Net Assets	570,252	464,021
Shareholders' Equity Ratio (%)	33.7	34.9
Shareholders' Equity per Share	653.84	592.42

Notes: Equity as of March 31, 2007: 504,509 million yen



(3) Consolidated Cash Flows

	Millions of Yen	
	Fiscal Year Ended March 31,	
	2007	2006
Cash Flows from Operating Activities	100,565	79,709
Cash Flows from Investing Activities	(133,618)	(58,247)
Cash Flows from Financing Activities	41,168	(19,590)
Cash and Cash Equivalents, End of Year	40,443	31,221

2. Dividends

	As of March 31,		
	2007	2006	2008
Annual Dividends per Share			
Interim (yen)	4.00	4.00	6.00
End of Term (yen)	6.00	4.00	6.00
Annual Dividends (yen)	10.00	8.00	12.00
Total Dividends (millions of yen)	7,793	6,273	—
Payout ratio (consolidated)	15.00%	14.23%	21.53%
Net assets dividend yield (consolidated)	1.60%	1.44%	—

3. Outlook for the Year Ending March 31, 2008 (April 1, 2007 – March 31, 2008)

Consolidated	Millions of Yen			
	Full Year		First Half	
Net Sales	1,800,000	6.6	890,000	6.7
Operating Income	90,000	(1.8)	38,000	13.5
Recurring Income	87,000	(8.9)	35,000	(4.7)
Net Income	43,000	(17.8)	18,000	(11.3)
Net Income per share (yen)	55.73		23.33	

*The outlook shown above are prepared based on information available as of the issuing date of this report, and therefore the actual results may differ from the projected figures due to various unknown factors.



II. Business Results and Financial Position

1. Business Results and Overall Condition

Shipments remained firm in the chemical industry, but the business environment remained harsh due to high raw material and fuel prices throughout the fiscal year.

In these circumstances, the Mitsui Chemicals Group concentrated all of its efforts on marketing activities while working to reduce costs in every way possible to improve profit.

These efforts resulted in the following operating results during the fiscal period under review.

	(Billions of yen)			
	Net sales	Operating income	Recurring income	Net income
Current year	1,688.1	91.7	95.5	52.3
Previous year	1,472.4	58.7	62.0	44.1
Change	215.7	33.0	33.5	8.2
Change (%)	14.6%	56.2%	54.0%	18.5%

Sales rose 14.6% over the previous fiscal period to 1,688.1 billion yen, an increase of 215.7 billion yen. Efforts to raise product prices to cover rapidly rising prices for raw materials and fuel, including naphtha, accounted for 144.1 billion yen of this increase, while volume effects from increased sales volume sold accounted for 71.6 billion yen. Overseas sales totaled 657.3 billion yen, making up 38.9% of overall sales.

Although the cost of goods sold rose significantly due to the rapid rise in raw materials and fuel prices such as naphtha, concentrated efforts to raise product prices and the benefits of high sales volume contributed to a 56.2% increase in operating income over the previous fiscal period to 91.7 billion yen, an increase of 33.0 billion yen.

Recurring income rose 33.5 billion yen to 95.5 billion yen, an increase of 54.0% over the previous fiscal year due to a 2.0 billion yen improvement in non-operating income over the previous year. This resulted from a 1.1 billion yen increase in foreign exchange, offset by a 1.5 billion yen increase in non-operating expenses over the previous year due to a rise in interest payments.

These factors resulted in return on sales (ROS) of 5.7%.

Extraordinary income of 5.0 billion yen was recorded due to contributions such as the 3.1 billion yen gain on change in interests in subsidiaries by the establishment of MT Aqua Polymer, Inc. and 1.5 billion yen in gains on the sale of investment securities. However, extraordinary losses of 16.0 billion yen were incurred as a result of 6.0 billion in losses on the disposal and sale of fixed assets, 5.6 billion yen in losses on the sale of securities held for investment, as well as business losses mainly related to the fertilizer business, and 1.3 billion yen in impairment losses. As a result, net extraordinary losses were 11.0 billion yen, representing a decrease in income of 21.9 billion yen compared with the previous year.

These factors resulted in net income before taxes and minority interests of 84.5 billion yen, an increase of 11.6 billion yen over the previous year.

Net income after adjustment for corporate income and other taxes and minority interests rose 8.2 billion yen to 52.3 billion yen, an increase of 18.5% compared with the previous year. This represents earnings per share of 66.68 yen for the current fiscal period.



2. Results by Business Segment

Functional Chemicals and Engineered Materials

Hygienic material sales were strong, thanks to strong growth in demand for non-woven fabrics in East and Southeast Asia, particularly in the Thai and Chinese markets. As a result, sales were up 6% over the previous fiscal period.

Despite support from firm demand, particularly for civil engineering materials, the spin-off of the waterproof materials business resulted in a 14% decline in construction material sales over the previous period.

Semiconductor material sales were strong as we aggressively expanded sales of semiconductor gas. This offset the price declines seen in the semiconductor and liquid crystal display markets, and sales rose 11% over the previous period.

Display material sales rose 29% over the previous period due to market growth for plasma display panels. However, the rapid decline in prices had a significant impact.

Sales of monomers for ophthalmic lenses and pharmaceutical intermediates were strong in the healthcare business, leading to sales growth of 14% over the previous period.

In the chemical products business, which sells polymerization inhibitors and adhesives for tires and wood, sales rose 11% over the previous period due to aggressive sales expansions and product price revisions to reflect the sharp rise in raw material prices. However, this was not sufficient to fully cover higher costs.

Sales of pesticides and other products expanded, bolstering sales by 12% in the agrochemicals business.

These factors contributed to segment sales of 214.0 billion yen, an increase of 21.3 billion yen over the previous year, comprising 13% of total sales. Operating income rose 2.7 billion yen to 13.5 billion yen.

Functional Polymeric Materials

Sales of the elastomer business including ethylene propylene rubber and alpha olefin copolymer were firm due to growth in domestic demand, primarily for automotive components, acquisition of new clients concentrated in the Asian market and favorable progress in developing markets for soft resin use. As a result, sales rose 13% over the previous period.

Sales of specialty polyolefin were strong thanks to growth in demand for use in optical and electronic materials, leading to sales growth of 8% compared to the previous year.

Sales of engineering plastics were sluggish despite the growth in sales for new grades for use in electronic components in China, as overall unit volume failed to grow. As a result, sales declined 3% over the previous period.

Sales of coating resins rose due to robust sales for use in heat and pressure-sensitive paper and in cell phones, boosting sales by 5% over the previous period.

Sales of additives such as waxes and petroleum resins increased due to upward revision in product prices reflecting the steep rise in material prices. As a result, sales rose 21% over the previous period.

Acryl amide sales for use as an ingredient in papermaking were strong due to upward revision in product prices reflecting the steep rise in material prices, leading to sales growth of 13% over the previous period.

Sales for urethane materials were robust due to upward revisions in PPG product prices and improved pricing for TDI in East and Southeast Asia and particularly in China, despite the sluggish market conditions for MDI overseas. As a result, sales rose 22% over the previous period.



Sales for urethane resins, coating materials, adhesives and construction casting materials increased 5% over the previous period on the back of increased demand both domestically and overseas.

These factors contributed to an increase in sales for this segment of 35.6 billion yen to 317.3 billion yen compared to the previous year, comprising 19% of total sales. Operating income rose 12.1 billion yen to 22.2 billion yen.

Basic Chemicals

Sales for purified terephthalic acid (PTA) rose 24% compared to the previous year due to upward revision in pricing in the face of rapidly rising material prices and the contribution to sales growth provided by the capacity expansion at Siam Mitsui PTA Co., Ltd. in Thailand.

Sales for polyethylene terephthalate (PET) rose 7% over the previous year due to upward revision in pricing to compensate for rapidly rising material prices. This offset sluggish sales volume triggered by slumping domestic demand for PET bottles and an increase in imports.

Phenol sales increased 37% on the back of robust demand in the Asian market and upward revision in product prices reflecting the steep rise in material prices.

Sales of bisphenol A rose 3% due to firm unit volume.

Sales for ethylene glycol, ethylene oxide and derivative products rose 3% over the previous year, attributable to price revisions that offset a decline in unit volume caused by periodical repairs conducted at plants. Despite these results, the upward revision in prices of the various products did not fully cover rising costs due to steep rises in material prices.

These factors contributed to a 79.2 billion yen increase in sales for this segment over the previous year to 553.5 billion yen, comprising 33% of total sales. Operating income declined 10.8 billion yen to 11.0 billion yen.

Petrochemicals

Demand for ethylene and propylene grew both domestically and overseas, supported by a 7% and 8% increase in production volume for ethylene and propylene, respectively, compared to the previous year due to the fact that fewer plants were scheduled for periodical repairs. Upward revision in product prices in the face of steep increases in the price of materials contributed to 15% and 13% sales growth for polyethylene and polypropylene, respectively.

These factors contributed to a 72.9 billion yen increase in sales for this segment to 559.9 billion yen, comprising 33% of total sales. Operating income rose 29.5 billion yen to 45.4 billion yen.

Others

External sales for the Plant Construction and Maintenance Business declined 19% from the previous year, as the external sales structure was re-evaluated to focus efforts on developing business within the Mitsui Chemicals Group.

External sales for the Warehousing and Transport Business rose 29% over the previous year due to growth in cargo volume handled.

Sales for this segment, inclusive of other business, rose 6.7 billion yen from the previous year to 43.4 billion yen, comprising 2% of total sales. Operating income increased 1.5 billion yen from the previous year to 2.1 billion yen.



3. Status of assets, liabilities and shareholders' equity for the current fiscal year

Total assets at the end of the fiscal period increased by 169.3 billion yen over the previous year to 1,498.2 billion yen, despite ongoing efforts to reduce total assets. This was a result of an increase in accounts receivable accompanying the growth in sales, an increase in inventory due to the steep rise in raw material and fuel prices, the acquisition of shares from Sankyo Co., Ltd. (currently Dai-ichi Sankyo Co., Ltd.) in order to acquire Sankyo Agro Co., Ltd., as a wholly-owned subsidiary and the acquisition of shares from Takeda Pharmaceutical Co., Ltd. in order to acquire Mitsui Chemicals Polyurethanes, Inc. as a wholly owned subsidiary.

Liabilities at the end of the third quarter increased by 138.1 billion yen over the end of the previous period to 927.9 billion yen. Interest-bearing debt comprised 498.3 billion yen of this, an increase of 74.4 billion yen. The interest-bearing debt ratio therefore increased by 1.4 percentage points from the end of the previous period to 33.3%.

Net assets as of the end of the third quarter were 570.3 billion yen, an increase of 31.2 billion yen over the end of last period (compared to a total of 539.1 billion yen for minority equity interest and shareholders' equity at the end of last period). The ratio of shareholders' equity to total assets was 33.7%, a decline of 1.2 percentage points from the end of the previous period.

In December 2006, the Company purchased own stock for a total amount of 16.8 billion yen to allow for greater flexibility in carrying out its capital policies to address changes in the business environment.

These factors contributed to a debt-equity ratio of 0.99 as of the end of this period, an increase of 0.08 points compared to the end of the previous period.

Cash Flows

Cash and cash equivalents as of the end of this period ("cash") increased 9.2 billion yen over the end of the previous period to 40.4 billion yen.

Cash flow from operating activities

Cash inflow from operating activities was 100.5 billion yen, an increase of 20.8 billion yen compared with the previous year. This growth in cash flow compared to the previous year can be attributed to an increase in net income before taxes and minority interests and a decrease in corporate income taxes paid, offsetting an increase in accounts receivable and inventory.

Cash flow from investing activities

Cash outflow for investment activities was 133.6 billion yen, an increase of 75.4 billion yen over the previous year. The increase was a result of expenditures for the acquisition of shares in Sankyo Agro Co., Ltd. and Mitsui Chemicals Polyurethanes, Inc., and other factors.

Cash flow from financing activities

Cash flow from financing activities was 41.2 billion yen, an increase of 60.8 billion yen over the previous year, primarily due to fund-raising exceeding that in the previous year.

Outlook for Fiscal Year 2007

The Group is working to achieve the financial targets laid out in its 2004 medium-term business plan by continuing to cut consolidated interest-bearing debt and raise the efficiency of consolidated total assets.

The Company will continue to scrupulously select investment and loan projects based on their need. In financing activities, we will continue to raise stable and low-cost money.



Cash Flow Trends

Movements of the cash flow indexes of Group companies are as follows:

	As of March 31,				
	2007	2006	2005	2004	2003
Equity Ratio (%)	33.7	34.9	33.7	32.3	30.3
Equity Ratio at Market Value Basis (%)	53.0	51.0	39.0	42.3	29.8
Liability Maturity (years)	5.0	5.3	4.4	5.9	3.7
Interest Coverage Ratio	12.8	13.4	14.7	10.8	15.7

Notes:

- Each index is calculated by relevant formulas with financial figures quoted from the consolidated balance sheet.
 - Equity Ratio = Shareholder's equity ÷ Total assets
 - Equity Ratio at market value basis = Total market value of listed shares ÷ Total assets
 - Liability Maturity = Liability with interest ÷ Cash flows from operating activities
 - Interest Coverage Ratio = Cash flows from operating activities ÷ interest payment
- Market capitalization is calculated by multiplying a closing price of a share at the year end by the number of shares issued after deduction of own shares at the year-end.
- Liabilities with interest, liabilities accounted in the consolidated balance sheet, all debts that incur interest payment.
- For the amount of cash flows from operating activities and interest payment, "Cash flows from operating activities" and "Interest payment" in the consolidated statement of cash flow are used.

Basic policy on Profit Allocation and Dividends for Current and Next Fiscal Year

In allocating profits, the Company considers together the return of earnings to our shareholders and internal reserves, and promotes a dividend policy of continued stable dividends that reflects consolidated earnings in the medium term. We use internal reserves for investments in highly functional products high-growth markets and high-growth businesses with the aim of improving earnings.

The Company will pay dividends of 6 yen per share at the end of this fiscal year, an increase of 2 yen per share compared to our initial plan. We have already issued dividends of 4 yen per share in the interim period, resulting in 10 yen dividends per share throughout the year, 2 yen higher than the previous year.

In the next fiscal year, the Company plans to issue interim and year-end dividends of 6 yen per share for a total of 12 yen per share for the year.

III. Outlook for Fiscal 2007

1. Overall outlook

The Company projects that the chemical industry will continue to face a harsh business environment, due to concern over a slowdown in the US economy and another surge in fuel and raw material prices.

In such conditions, the Group will vigorously promote the shift from a quantitative expansion to qualitative expansion in line with the basic strategies outlined in its four-year medium-term business plan established in fiscal 2004, which calls for "challenge for change." In fiscal 2007, the final year of the medium-term business plan, the Company will focus on the following issues:

- Accelerating to expand and grow Performance Materials
- Strengthen profitability in Petrochemicals and Basic Chemicals
- Vigorously promote CSR
- Strengthen the capabilities of production sites
- Intensify human resource development



Based on these factors, the Group's operating results forecast for next fiscal year is as follows.

(Units: Billions of yen)

	Net sales	Operating income	Recurring income	Net income
FY 2007	1,800.0	90.0	87.0	43.0
FY 2006	1,688.1	91.7	95.5	52.3
Change	111.9	(1.7)	(8.5)	(9.3)
Change (%)	6.6%	(1.9)%	(8.9)%	(17.8)%

The assumptions underlying this forecast are an exchange rate of 120 yen/ 1 US dollar and a price for domestically produced Naphtha of 56,000 yen/Kl.

2. Outlook by business segment

(Units: Billions of yen)

	Net sales						
	Functional Chemicals and Engineered Materials	Functional Polymeric Materials	Basic Chemicals	Petrochemicals	Other	Elimination or corporate	Total
FY 2007	250.0	330.0	580.0	600.0	40.0	--	1800.0
FY 2006	214.0	317.3	553.5	559.9	43.4	--	1688.1
Change	36.0	12.7	26.5	40.1	(3.4)	--	111.9
Change (%)	16.8%	4.0%	4.8%	7.2%	(7.8)%	--	6.6%

(Units: Billions of yen)

	Operating income						
	Functional Chemicals and Engineered Materials	Functional Polymeric Materials	Basic Chemicals	Petrochemicals	Other	Elimination or corporate	Total
FY 2007	18.0	24.0	17.0	35.0	--	(4.0)	90.0
FY 2006	13.5	22.2	11.0	45.4	2.1	(2.5)	91.7
Change	4.5	1.8	6.0	(10.4)	(2.1)	(1.5)	(1.7)
Change (%)	33.3%	8.1%	54.5%	(22.9)%	(100)%	--	(1.9)%

The Company will pay dividends of 6 yen per share at the fiscal year ended, resulting in 12 yen dividends per share through the year.

Please note that the following underlying assumptions have been used for the matters noted above: An exchange rate of JPY 120/ USD 1 for the full year, and a domestic naphtha standard price of JPY 56,000/kl for the full year.

The outlook shown above is prepared based on information as of the time of writing, and therefore actual results may differ significantly from the projections due to risks and various unknown factors.

We intend to engage the full efforts of all Group companies in order to achieve our goals.



IV. Consolidated Financial Statements

1. Consolidated Balance Sheet (Summary)

	Millions of Yen		
	Fiscal Year ended March 31,		
	2007	2006	Change
Assets			
Current Assets	733,150	608,995	124,155
Fixed Assets	765,033	719,895	45,138
Total Assets	1,498,183	1,328,890	169,293
Liabilities			
Current Liabilities	591,253	475,074	116,179
Long-term Liabilities	336,678	314,692	21,986
Total Liabilities	927,931	789,766	138,165
Net Assets			
Shareholders' Equity			
Common stock	103,226	—	103,226
Additional paid-in capital	69,257	—	69,257
Retained earnings	311,703	—	311,703
Treasury stock, at cost...	(18,280)	—	(18,280)
Total Shareholders' Equity	465,906	—	465,906
Appraisal and Translation Differences			
Unrealized holding gains on other securities	34,290	—	34,290
Gain/ loss on deferred hedge	21	—	21
Translation adjustments	4,292	—	4,292
Total Appraisal and Translation Differences	38,603	—	38,603
Minority Interests	65,743	—	65,743
Total Net Assets	570,252	—	570,252
Total Liabilities and Net Assets	1,498,183	—	1,498,183



Minority Interests	—	75,103	75,103
Shareholders' Equity			
Common stock	—	103,226	(103,226)
Additional paid-in capital	—	66,945	(66,945)
Retained earnings	—	269,191	(269,191)
Unrealized holding gains on other securities	—	29,016	(29,016)
Foreign currency translation adjustment	—	(764)	764
Treasury stock, at cost	—	(3,593)	3,593
Total Shareholders' Equity	—	464,021	(464,021)
Total Liabilities and Shareholders' Equity	—	1,328,890	(1,328,890)



2. Consolidated Statements of Income

	Millions of Yen		
	Fiscal Year ended March 31,		
	2007	2006	Change
Net Sales	1,688,062	1,472,435	215,627
Cost of sales	1,402,022	1,217,564	184,458
Gross profit	286,040	254,871	31,169
Selling, general, & administrative expenses	194,362	196,166	(1,804)
Operating Income	91,678	58,705	32,973
Non-operating Income and Expenses			
Non-operating Income			
Interest income	592	347	199
Dividend income	2,129	1,525	604
Investment income from application of equity method	5,979	8,101	(2,122)
Translation gain	3,264	2,182	1,082
Miscellaneous income	8,491	6,258	2,279
Non-operating Income	20,455	18,413	2,042
Non-Operating Expenses			
Interest expenses	7,991	6,027	1,964
Commercial paper interest paid	105	8	97
Loss on disposal of deficient products	3,185	3,698	(513)
Miscellaneous expenses	5,374	5,396	(22)
Non-operating Expenses	16,655	15,129	1,526
Recurring Income	95,478	61,989	33,489
Extraordinary Gain and Loss			
Gains on sale of fixed assets	389	1,157	(768)
Gains on sale of investment securities	1,515	244	1,271
Gain on change in equity	3,102	9,366	(6,264)
Gain on establishment of retirement benefits trust	—	10,280	(10,280)
Other extraordinary gains	48	1,255	(1,207)
Extraordinary Gains	5,054	22,302	(17,248)
Losses on disposal of fixed assets	5,862	7,167	(1,305)
Losses on sales of fixed assets	117	684	(567)
Impairment loss	1,347	1,519	(172)
Loss on related activities	1,997	597	1,400
Loss on sale of investment securities	3,600	904	2,696
Prior-period expenses for periodic repairs	1,031	—	1,031
Temporary depreciation	1,180	—	1,180
Other extraordinary losses	856	495	361
Extraordinary Losses	15,990	11,366	4,624
Net Income Before Income Taxes	84,542	72,925	11,617
Corporate Income, Local and Business Taxes	28,875	8,026	20,849
Adjustments to Income Taxes	(1,459)	19,655	(21,114)
Total Income Taxes	27,416	27,681	(265)
Minority Interest in Net Income of Consolidated Subsidiaries	4,829	1,119	3,710
Net Income	52,297	44,125	8,172



3. Consolidated Statement of Cash Flows (Summary)

	Millions of Yen		
	Fiscal Year ended March 31,		
	2007	2006	Change
I. Cash flows from operating activities	100,565	79,709	20,856
II. Cash flows from investing activities	(133,618)	(58,247)	(75,371)
III. Cash flows from financing activities.....	41,168	(19,590)	60,758
IV. Exchange rate adjustments on cash and cash equivalents	608	1,253	(645)
V Net increase in cash and cash equivalents.....	8,723	3,125	5,598
VI. Cash and cash equivalents at beginning of period.....	31,221	28,068	3,153
VII. Increase due to inclusion of consolidations	499	28	471
VIII. Cash and cash equivalents at end of period	40,443	31,221	9,222



V. Segment Information

Net Sales and Operating Income by Segment

(Billions of Yen)

		April1, 2006 to March 31, 2007	April1, 2005 to March 31, 2006	Change
Functional Chemicals and Engineered Materials	Net sales	214.0	192.7	21.3
	Operating income	13.5	10.8	2.7
Functional Polymeric Materials	Net sales	317.3	281.7	35.6
	Operating income	22.2	10.1	12.1
Basic Chemicals	Net sales	553.5	474.3	79.2
	Operating income	11.0	21.8	(10.8)
Petrochemicals	Net sales	559.9	487.0	72.9
	Operating income	45.4	15.9	29.5
Other	Net sales	43.4	36.7	6.7
	Operating income	2.1	0.6	1.5
Elimination and corporate	Net sales	—	—	—
	Operating income	(2.5)	(0.5)	(2.0)
Consolidated total	Net sales	1,688.1	1,472.4	215.7
	Operating income	91.7	58.7	33.0