

Summary of Financial Results for the First Quarter Ended June 30, 2009

Mitsui Chemicals, Inc. (4183)

I. Consolidated Financial Results (April 1, 2009–June 30, 2009)

1. Consolidated Financial Results

(1) Results of Operations

	Millions of Yen (Except per Share Data and Percentages)			
	First Quarter Ended June 30,			
	2009	%	2008	%
Net Sales	260,551	(42.6)	453,925	—
Operating Income (Loss)	(13,520)	—	20,691	—
Ordinary Income (Loss)	(14,027)	—	25,032	—
Net Income (Loss)	(16,444)	—	15,233	—
Net Income (Loss) per Share (yen)	(21.28)		19.79	
Net Income per Share, Diluted (yen)	—		—	

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

(2) Financial Position

	Millions of Yen (Except per Share Data and Percentages)	
	First Quarter Ended June 30, 2009	FY Ended March 31, 2009
Total Assets	1,185,067	1,188,939
Net Assets	383,734	398,131
Shareholders' Equity Ratio	29.4%	29.4%
Shareholders' Equity per Share (yen)	450.52	465.56
Note: Equity	First quarter ended June 30, 2009	348,129 million yen
	Fiscal year ended March 31, 2009	349,908 million yen

2. Dividends

	Fiscal Year Ended/Ending March 31,	
	2009	2010 (Forecast*)
Annual Dividends per Share		
First Quarter (yen)	—	—
First Half (yen)	6.00	0.00
Third Quarter (yen)	—	—
End of Term (yen)	3.00	—
Annual Dividends (yen)	9.00	—

Note: Revisions to dividend forecast in the quarter: None

The Company defines in its Articles of Incorporation the end of term date as the dividend record date. However, at the present time the dividend amount for this record date is undecided.

3. Forecast of Operating Results for the Fiscal Year Ending March 31, 2010 (April 1, 2009–March 31, 2010)

	Millions of Yen (Except per Share Data and Percentages)			
	First Half	%	Full Fiscal Year	%
Net Sales	540,000	(40.4)	1,170,000	(21.4)
Operating Loss	(27,000)	—	(23,000)	—
Ordinary Loss	(31,000)	—	(32,000)	—
Net Loss	(37,000)	—	(45,000)	—
Net Loss per Share (yen)	(47.88)		(58.23)	

Note: Revisions to forecast of operating results in the quarter: Yes

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

Cautionary Statement and Other Explanatory Notes

1. Consolidated earnings projections for both first half and full-year results announced on May 11, 2009 were revised upward, as noted in Revised Consolidated Financial Performance Outlook (FY2009 1H and FY2009), released on July 31, 2009.
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 3. Outlook for the Fiscal Year Ending March 31, 2010 in Operating Results and Financial Position, on page 7 for more information.

II. Operating Results and Financial Position

1. Operating Results

In the fiscal period under review (the three month period from April 1, 2009 to June 30, 2009, hereafter called “the Quarter”), severe conditions in the operating environment persisted, characterized by depressed demand as a result of the worldwide economic crisis. Under these conditions, the Mitsui Chemicals Group reported the following operating results in the Quarter.

(Billions of Yen)

	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss)
First Quarter of the Current Fiscal Year	260.6	(13.5)	(14.0)	(16.4)
First Quarter of the Previous Fiscal Year	453.9	20.7	25.0	15.2
Change	(193.3)	(34.2)	(39.0)	(31.6)
Change (%)	(42.6)	—	—	—

Sales fell 42.6% compared with the first quarter of the previous fiscal year to 260.6 billion yen, a decrease of 193.3 billion yen. This was attributable to a drop in sales volume equivalent to 81.4 billion yen and the impact of falling product prices, worth 111.9 billion yen.

Operating loss for the Quarter was 13.5 billion yen, a decline of 34.2 billion yen year on year. Despite the effect of such emergency measures as cost cutting, this loss was caused by the depressed market in which sales volume contracted together with deteriorating trading conditions.

Ordinary loss was 14.0 billion yen, a decrease of 39.0 billion year on year. In addition to a decline in equity in earnings of affiliates, Mitsui Chemicals recorded foreign exchange losses. These and other factors contributed to a net non-operating expense of 0.5 billion yen, a worsening of 4.8 billion yen year on year.

Extraordinary loss amounted to 2.6 billion yen, a year-on-year deterioration of 2.2 billion yen. This comprised such factors as a 0.6 billion yen loss on the sales and disposal of noncurrent assets and a 0.3 billion yen loss on related activities, attributable to structural business reforms, and a loss of 1.7 billion yen on the sale of investment securities.

As a result of the aforementioned factors, **net loss before income taxes and minority interests** amounted to 16.6 billion yen, down 41.2 billion yen year on year.

Net loss after accounting for income taxes and minority interests in loss fell 31.6 billion yen compared with the same period of the previous fiscal year to 16.4 billion yen, which translated to a net loss per share for the period of 21.28 yen.

Performance Materials

Net sales in each area of the Performance Materials segment were impacted by harsh business conditions. With the exception of energy materials, the reasons were as follows:

Automotive market demand for such **automotive and industrial materials** as ethylene propylene rubber and alpha olefin copolymer continued a decline dating back to the autumn of the previous year, which offset the Company’s Asian market-focused efforts to cultivate new customers.

In **industrial materials**, automotive, consumer electronics and housing equipment market demand continued to decelerate.

Hygiene material sales were impacted by declining demand as a result of inventory adjustments by certain non-woven fabric customers and low prices in line with falling prices of raw materials.

Weakening demand continued for **special polyolefin and engineering plastics**, mainly for IT-related uses.

Demand for **semiconductor materials** continued to fall in the semiconductor and liquid crystal display markets.

Net sales of **energy materials** were sluggish on account of temporarily weakened demand in the solar cell encapsulant market.

Polyurethane sales were impacted by weak demand for urethane resins and urethane raw materials as well as deteriorating overseas market conditions for TDI/MDI.

Reflecting the aforementioned factors, segment sales declined 46.2 billion yen compared with the same period of the previous fiscal year to 80.1 billion yen, comprising 31% of total sales. In addition, Mitsui Chemicals recorded an operating loss of 6.7 billion yen, down 12.3 billion yen year on year. Despite ongoing efforts to curtail costs, this was attributable to a variety of factors, including a decline in sales volume and worsening market conditions.

Advanced Chemicals

Net sales in each area of the Advanced Chemicals segment were impacted by severe conditions. The reasons were as follows:

Sluggish consumption of **optical lens materials** as well as **medical and healthcare materials** continued in line with the economic contraction first felt in the autumn of the previous year.

Slowing demand and low prices continued for **chemical products**, including polymerization inhibitors and adhesive materials for tires and lumber.

Agrochemical product sales volume for insecticides and other products was stagnant.

As a result, year-on-year segment sales fell 6.9 billion yen to 24.5 billion yen, accounting for 9% of total sales. Cost-cutting measures were unable to offset a decline in net sales caused by sluggish consumption and slowing demand, resulting in operating income of 0.8 billion yen, a decline of 3.0 billion yen.

Basic Chemicals

Net sales in each area of the Basic Chemicals segment were impacted by severe conditions. The reasons were as follows:

Production for both **ethylene and propylene** declined year on year due to production adjustments in response to weak derivative demand and periodic maintenance undertaken at the Ichihara Works from late June 2009.

Phenol sales were affected by stalled demand and falling sales prices due to the decline in prices of raw materials and fuels.

Bisphenol A sales were impacted by production adjustments owing to falling demand for polycarbonate and epoxy resins, the principal uses for bisphenol A, as well as from a decline in sales prices due to lower raw material and fuel prices.

Purified terephthalic acid (PTA) sales were hit by falling sales prices in line with weak raw material and fuel prices, despite sales volume that was on par with the same period of the previous fiscal year.

Polyethylene terephthalate (PET) resin were affected by a drop in demand in Japan for pet bottles.

Ethylene glycol, ethylene oxide and derivative sales were impacted by the slump in prices that resulted from falling prices of raw materials and fuels.

Polyethylene and polypropylene sales were affected by sluggish demand and the drop in sales prices accompanying falling prices of raw material and fuels.

Taking into consideration the aforementioned factors, segment sales totaled 149.5 billion yen, down 140.0 billion yen year on year. This represented 57% of total sales. In addition, Mitsui Chemicals reported an operating loss of 7.0 billion yen in this segment, down 19.4 billion yen compared with the same period of the previous fiscal year. This was the result of lower sales volume due to stagnant demand.

Others

Segment sales contracted 0.2 billion yen to 6.5 billion yen year on year, accounting for 3% of total sales. On the other hand, operating income remained unchanged from the same period of the previous fiscal year, at 0.2 billion yen.

2. Financial Position

(1) Status of Assets, Liabilities and Net Assets

Total assets at the end of the Quarter stood at 1,185.1 billion yen, down 3.8 billion yen compared with the end of the previous fiscal year.

Total liabilities at the end of the Quarter increased 10.5 billion yen compared with the previous fiscal year-end to 801.3 billion yen. **Interest-bearing debt** amounted to 547.3 billion yen, an increase of 11.9 billion yen compared with March 31, 2009. As a result, the interest-bearing debt ratio was 46.2%, up 1.2 percentage points.

Net assets stood at 383.8 billion yen, a decrease of 14.3 billion yen compared with the previous fiscal year-end. The **ratio of shareholders' equity to total assets** was 29.4%, unchanged from the previous fiscal year-end. Effective April 1, 2009, treasury stock held by the Company was used in a share exchange that resulted in Tohcello Co., Ltd. becoming a wholly owned subsidiary. As a result, both treasury stock and minority interests fell, by 15.6 billion yen and 9.8 billion yen, respectively. The treasury stock disposal loss of 8.4 billion yen incurred through the share exchange was posted to retained earnings.

Accounting for the aforementioned, the **debt-equity ratio** was 1.57 as of the end of the Quarter, up 0.04 of a point compared with the end of the previous fiscal year.

(2) Cash Flow Status

Cash and cash equivalents (hereafter called "cash") increased 5.4 billion yen to 53.3 billion yen as of the end of the Quarter.

Cash Flow from Operating Activities

Net cash provided by operating activities was 16.3 billion yen, an increase of 7.9 billion yen compared with the same period of the previous fiscal year. Despite a net loss before income taxes and minority interests for the period, factors contributing to the increase included the implementation of various emergency measures such as efforts to curtail inventories, which resulted in working capital savings, as well as a decline in income taxes paid.

Cash Flow from Investing Activities

Net cash used in investing activities decreased 3.5 billion yen compared with the same period of the previous fiscal year to 18.4 billion yen. This decline was attributable to lower payments for the purchase of

property, plant and equipment in line with a strict selective approach toward investment activities.

Cash Flow from Financing Activities

Net cash provided by financing activities amounted to 6.1 billion yen. Contributing factors included the procurement of interest-bearing debt. Net cash provided by financing activities in the same period of the previous fiscal year totaled 21.9 billion yen.

3. Outlook for the Fiscal Year Ending March 31, 2010

(1) Overall Outlook for Operating Results

Consolidated earnings projections for both interim and full-year results announced on May 11, 2009, were revised upward, as noted in *Revised Consolidated Financial Performance Outlook (FY2009 1H and FY2009)* released on July 31, 2009.

The operating environment in the first half of the consolidated fiscal year continues to be severe. Nonetheless, the Performance Materials segment demonstrated improvements with increased sales in automotive and IT-related businesses while trading conditions for urethane sales changed for the better. This situation was mirrored in the Basic Chemicals segment, with rising sales in the polyolefin business and better business conditions for trading synthetic fiber raw materials. On account of these developments, operating, ordinary, and net income are expected to improve from previously announced projections.

Despite improvements expected in the first half of the consolidated fiscal year, at the present time the full-year outlook, specifically performance in the third and fourth quarter, remains unclear. Accordingly, the amount of improvement in the first half will be reflected in performance of the full fiscal year.

On May 12, 2009, the Company announced an initiative to improve its earnings structure through a thorough cost-cutting measures. Now steadily being implemented, the Company constantly strives to achieve its targets.

(Billions of Yen)

	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss)
First Half	540.0	(27.0)	(31.0)	(37.0)
Full Fiscal Year	1,170.0	(23.0)	(32.0)	(45.0)

The above is based on the following assumptions: exchange rate of 96 yen/dollar and an average price of domestic naphtha for the full fiscal year of 38,000 yen/kl (33,000 yen/kl from April to June; 42,000 yen from July to September; and 38,000 yen from October to March).

(2) Outlook by Business Segment

(Billions of Yen)

Net Sales						
	Performance Materials	Advanced Chemicals	Basic Chemicals	Others	Elimination and Corporate	Total
First Half	170.0	50.0	310.0	10.0	—	540.0
Full Fiscal Year	380.0	120.0	645.0	25.0	—	1,170.0

(Billions of Yen)

Operating Income						
	Performance Materials	Advanced Chemicals	Basic Chemicals	Others	Elimination and Corporate	Total
First Half	(12.0)	2.0	(15.0)	—	(2.0)	(27.0)
Full Fiscal Year	(15.0)	8.0	(11.0)	—	(5.0)	(23.0)

III Consolidated Financial Statements

1. Consolidated Balance Sheet (Summary)

	Millions of Yen	
	As of June 30, 2009	As of March 31, 2009
Assets		
Current Assets	523,024	529,606
Fixed Assets	662,043	659,333
Total Assets	1,185,067	1,188,939
Liabilities		
Current Liabilities	385,248	377,858
Long-term Liabilities	416,085	412,950
Total Liabilities	801,333	790,808
Net Assets		
Shareholders' Equity		
Common stock	103,226	103,226
Capital surplus	69,238	69,238
Retained earnings	194,572	221,721
Treasury stock, at cost	(14,192)	(29,827)
Total Shareholders' Equity	352,844	364,358
Valuation and Translation Adjustments		
Net unrealized holding gain on securities	12,343	7,319
Net unrealized holding gain (loss) on hedging derivatives	0	(3)
Foreign currency translation adjustments	(17,058)	(21,766)
Total Valuation and Translation Adjustments...	(4,715)	(14,450)
Minority Interests	35,605	48,223
Total Net Assets	383,734	398,131
Total Liabilities and Net Assets	1,185,067	1,188,939

2. Consolidated Statements of Income (Summary)

	Millions of Yen	
	April 1, 2009 to June 30, 2009	April 1, 2008 to June 30, 2008
Net Sales	260,551	453,925
Cost of Sales	232,114	384,227
Gross Profit	28,437	69,698
Selling, general and administrative expenses	41,957	49,007
Operating Income (Loss)	(13,520)	20,691
Non-operating Income and Expenses		
Non-operating Income		
Interest income	68	105
Dividends income	886	1,262
Rent income	176	219
Equity in earnings of affiliates	952	1,487
Foreign exchange income.....	--	3,895
Other	1,022	1,188
Non-operating Income	3,104	8,156
Non-operating Expenses		
Interest expenses	2,222	2,062
Interest on commercial paper.....	15	139
Other	1,374	1,614
Non-operating Expenses	3,611	3,815
Ordinary Income (Loss)	(14,027)	25,032
Extraordinary Income and Loss		
Extraordinary Income		
Gain on sales of noncurrent assets	15	82
Gain on sales of investment securities	--	11
Extraordinary Income	15	93
Extraordinary Loss		
Loss on disposal of noncurrent assets	525	285
Loss on sales of noncurrent assets	18	80
Impairment loss	32	--
Loss on restructuring of subsidiaries and affiliates	338	100
Loss on valuation of investment securities	1,689	--
Other	--	22
Extraordinary Loss	2,602	487
Net Income (Loss) before Income Taxes and Minority Interests	(16,614)	24,638
Income Taxes	1,922	8,143
Minority Interests in Income (Loss)	(2,092)	1,262
Net Income (Loss)	(16,444)	15,233

3. Consolidated Statements of Cash Flows (Summary)

		Millions of Yen	
		April 1, 2009 to June 30, 2009	April 1, 2008 to June 30, 2008
I.	Cash Flows from Operating Activities	16,270	8,381
II.	Cash Flows from Investing Activities	(18,416)	(21,861)
III.	Cash Flows from Financing Activities	6,055	21,890
IV.	Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,054	(1,861)
V.	Net Increase in Cash and Cash Equivalents	4,963	6,549
VI.	Cash and Cash Equivalents at Beginning of Period	47,949	25,502
VII.	Increase in Cash and Cash Equivalents Resulting from Changes in Scope of Consolidation	369	81
VIII.	Cash and Cash Equivalents at End of Period	53,281	32,132

4. Segment Information

Previous First Quarter (April 1 – June 30, 2008)

(Millions of Yen)

	Performance Materials	Advanced Chemicals	Basic Chemicals	Other	Total	Elimination / Corporate	Consolidated
Sales							
(1) Sales from external clients	126,318	31,400	289,551	6,656	453,925	-	453,925
(2) Internal sales or transfer between segments	4,814	786	40,162	20,515	66,277	(66,277)	-
Total	131,132	32,186	329,713	27,171	520,202	(66,277)	453,925
Operating Income	5,565	3,764	12,433	220	21,982	(1,291)	20,691

Current First Quarter (April 1 – June 30, 2009)

(Millions of Yen)

	Performance Materials	Advanced Chemicals	Basic Chemicals	Other	Total	Elimination / Corporate	Consolidated
Sales							
(1) Sales from external clients	80,089	24,508	149,458	6,496	260,551	-	260,551
(2) Internal sales or transfer between segments	2,871	640	15,386	(1,296)	17,601	(17,601)	-
Total	82,960	25,148	164,844	5,200	278,152	(17,601)	260,551
Operating Income (Loss)	(6,728)	790	(7,002)	192	(12,748)	(772)	(13,520)

Notes: 1 Method of Business Segment Organization

Organized into four areas in consideration of factors that include similarities in product type and manufacturing method, business segments are based on categories adopted in accordance with internal management.

2 Main Products in Each Segment

	Main Products
Performance Materials	Automotive and industrial materials, living and energy materials, information and electronics materials, polyurethane, coating and engineering materials
Advanced Chemicals	Fine and performance chemicals, and agrochemicals
Basic Chemicals	Petrochemical feedstocks, phenol, synthetic fiber raw materials and PET resin, industrial chemicals, polyethylene and polypropylene

Regional Segment Information

Previous First Quarter (April 1 – June 30, 2008)

(Millions of Yen)

	Japan	Asia	Other	Total	Elimination	Consolidated
Sales						
(1) Sales from external clients	374,253	54,413	25,259	453,925	-	453,925
(2) Internal sales or transfer between segment	17,091	17,542	208	34,841	(34,841)	-
Total	391,344	71,955	25,467	488,766	(34,841)	453,925
Operating Income	18,339	1,492	812	20,643	48	20,691

Current First Quarter (April 1 – June 30, 2009)

(Millions of Yen)

	Japan	Asia	Other	Total	Elimination	Consolidated
Sales						
(1) Sales from external clients	222,595	24,863	13,093	260,551	-	260,551
(2) Internal sales or transfer between segment	12,211	12,734	175	25,120	(25,120)	-
Total	234,806	37,597	13,268	285,671	(25,120)	260,551
Operating Income (Loss)	(12,958)	151	(747)	(13,554)	34	(13,520)

Notes: 1 Country or regional categories are based on proximity.

2 Country or regional categories other than Japan:

(1) Asia: China, Taiwan, South Korea, Thailand and Singapore

(2) Other: Americas and Europe

Overseas Sales

Previous First Quarter (April 1 – June 30, 2008)

	Asia	Americas	Europe	Other Regions	Total
. Overseas Sales (Millions of Yen)	128,977	19,501	15,486	3,463	167,427
. Consolidated Sales (Millions of Yen)					453,925
. Overseas sales as a percentage of consolidated sales (%)	28.4	4.3	3.4	0.8	36.9

Current First Quarter (April 1 – June 30, 2009)

	Asia	Americas	Europe	Other Regions	Total
. Overseas Sales (Millions of Yen)	76,325	10,501	8,419	1,368	96,613
. Consolidated Sales (Millions of Yen)					260,551
Overseas sales as a percentage of consolidated sales (%)	29.3	4.0	3.3	0.5	37.1

Notes: 1

Country or regional categories are based on proximity.

2 Principal countries or regions of each category

(1) Asia: China, Taiwan, South Korea, Thailand and Singapore

(2) Americas: United States and Mexico

(3) Europe: Germany and France

(4) Other: Oceania and Africa regions

3. Overseas sales encompass sales for the Company and consolidated subsidiaries made outside of Japan.

5. Notes in the event of significant changes in shareholder equity: None