



Financial Summary

Results of First Quarter of FY2007 & Outlook for First Half of FY2007

Mitsui Chemicals, Inc.

< Remarks >

FY2007 indicates the fiscal year starting from April 1 of 2007 and ending at March 31 of 2008

Contents



1. Results of First Quarter of FY2007

(April 1, 2007 – June 30, 2007)

1) Consolidated Financial Highlights	...	1
2) Change of Business Segment(Sales)	...	2
3) Change of Business Segment(Operating Income)	...	3
4) Sales(by Business Segment)	...	4
5) Operating Income(by Business Segment)	...	5
6) Special Gains and Losses	...	6
7) Consolidated Balance Sheet	...	7
8) Consolidated Statements of Cash Flow	...	8

2. Outlook for First Half of FY2007

(April 1, 2007 – September 30, 2007)

1) Consolidated Financial Highlights	...	9
2) Sales and Operating Income(by Business Segment)	...	10

1. Results of First Quarter of FY2007

(April 1, 2007 – June 30, 2007)

1) Consolidated Financial Highlights

(Billions of yen)

Items	First Quarter of FY2006	First Quarter of FY2007	Increase (Decrease)	%
Sales	401.9	441.2	39.3	10%
Operating income	16.7	25.1	8.4	50%
(Equity in earnings of non-consolidated subsidiaries&affiliates)	2.1	1.4	(0.7)	(33%)
Recurring income	19.1	28.0	8.9	47%
Net income	8.9	18.1	9.2	103%
Earnings Per Share (Yen/Share)	11.27	23.41	12.14	
Exchange Rate (Yen/US\$)	115	121	6	
Domestic Standard Naphtha Price (Yen/KL)	48,800	57,800	9,000	
Interest-bearing liabilities	459.6	496.8	37.2	8%
Equity	469.8	523.1	53.3	11%
Total assets	1,356.2	1,497.8	141.6	10%
D/E Ratio	0.98	0.95	(0.03)	

2) Change of Business Segments (Sales)

The company reorganized four business groups into three business sectors on April 1, 2007 and changed business segments with each segment's performance of 1st Quarter of FY2006 being recomposed accordingly as below.

(Billions of yen)

Old Segment	First Quarter of FY2006 (Old)	➔	New Segment	First Quarter of FY2006 (New)
Functional Chemicals & Engineered Materials	51.0		Performance Materials	116.6
Functional Polymeric Materials	74.1		Advanced Chemicals	23.1
Basic Chemicals	131.1		Basic Chemicals	248.6
Petrochemicals	135.0		Others	13.6
Others	10.7			
Total	401.9		Total	401.9

3) Change of Business Segments (Operating Income)

The company reorganized four business groups into three business sectors on April 1, 2007 and changed business segments with each segment's performance of 1st Quarter of FY2006 being recomposed accordingly as below.

(Billions of yen)

Old Segment	First Quarter of FY2006 (Old)	➔	New Segment	First Quarter of FY2006 (New)
Functional Chemicals & Engineered Materials	2.8		Performance Materials	3.3
Functional Polymeric Materials	3.2		Advanced Chemicals	3.2
Basic Chemicals	1.9		Basic Chemicals	10.0
Petrochemicals	9.0		Others	0.2
Others	(0.2)			
Total	16.7		Total	16.7

4) Sales (by Business Segment)

(Billions of Yen)

Segment	First Quarter of FY2006	First Quarter of FY2007	Incr. (Decr.)	Breakdown	
				Volume	Price
Performance Materials	116.6	118.8	2.2	(3.6)	5.8
Advanced Chemicals	23.1	29.4	6.3	6.2	0.1
Basic Chemicals	248.6	279.9	31.3	(0.3)	31.6
Others	13.6	13.1	(0.5)	(0.5)	0.0
Total	401.9	441.2	39.3	1.8	37.5

5) Operating Income (by Business Segment)

(Billions of Yen)

Segment	First Quarter of FY2006	First Quarter of FY2007	Incr. (Decr.)	Breakdown		
				Volume	* Price	Costs
Performance Materials	3.3	8.1	4.8	0.4	3.9	0.5
Advanced Chemicals	3.2	3.3	0.1	0.9	(0.9)	0.1
Basic Chemicals	10.0	14.1	4.1	(0.7)	4.7	0.1
Others	0.2	(0.4)	(0.6)	(0.1)	0.0	(0.5)
Total	16.7	25.1	8.4	0.5	7.7	0.2

* Price ; including both selling and purchase price variances

6) Special Gains and Losses

(Billions of yen)

Items	First Quarter of FY2006	First Quarter of FY2007	Incr. (Decr.)
Special gains	1.0	1.7	0.7
Gain on sales of fixed assets	0.0	1.6	1.6
Gain on change in interests in consolidated subsidiaries	0.9	0.0	(0.9)
Others	0.1	0.1	0.0
Special losses	(2.5)	(0.4)	2.1
Loss on sales and disposal of fixed assets	(0.2)	(0.4)	(0.2)
Loss on restructuring of subsidiaries and affiliates etc.	(1.3)	0.0	1.3
Others	(1.0)	0.0	1.0

7) Consolidated Balance Sheet

(Billions of Yen)

Items	End of 07/3	End of 07/6	Incr. (Decr.)	Items	End of 07/3	End of 07/6	Incr. (Decr.)
Current assets	733.2	722.3	(10.9)	Liabilities	927.9	909.1	(18.8)
Cash and cash equivalents	40.4	37.9	(2.5)	Notes and accounts payables	244.9	244.1	(0.8)
Notes and accounts receivables	346.7	344.2	(2.5)	Interest-bearing liabilities	498.3	496.8	(1.5)
Inventories	257.1	250.9	(6.2)	Other liabilities	184.7	168.2	(16.5)
Other current assets	89.0	89.3	0.3	Net assets	570.3	588.7	18.4
Fixed assets	765.0	775.5	10.5	Common stock	103.2	103.2	0.0
Tangible fixed assets	542.3	552.0	9.7	Additional paid-in capital	69.3	69.3	0.0
Intangible fixed assets	27.4	26.4	(1.0)	Retained earnings	311.7	325.1	13.4
Investment securities and others	195.3	197.1	1.8	Treasury stock, at cost	(18.3)	(18.5)	(0.2)
				Valuation transition adjustment and others	38.6	44.0	5.4
				Minority interest in consolidated subsidiaries	65.8	65.6	(0.2)
Total	1,498.2	1,497.8	(0.4)	Total	1,498.2	1,497.8	(0.4)

8) Consolidated Statement of Cash Flow

(Billions of yen)

Items	First Quarter of FY2006	First Quarter of FY2007	Incr. (Decr.)
I. Cash flows from operating activities[A]	15.3	22.1	6.8
II. Cash flows from investing activities[B]	(39.0)	(13.4)	25.6
Free cash flows[A+B]	(23.7)	8.7	32.4
III. Cash flows from financing activities	29.4	(10.9)	(40.3)
IV. Others	0.8	(0.3)	(1.1)
Net incr.(decr.) in cash and cash equivalents	6.5	(2.5)	(9.0)

2. Outlook for First Half of FY2007

(April 1, 2007 – September 30, 2007)

This summary contains forward-looking statements about the future plans, strategies, belief and performance of the Mitsui Chemicals Group as a whole and its individual consolidated companies. These forward-looking statements are not historical facts. They are expectations, estimates, forecasts and projections based on information currently available to the Mitsui Chemicals Group and are subject to a number of risks, uncertainties and assumptions, which, without limitation, include economic trends, fluctuations in foreign currency exchange rates, fluctuations in the price of raw materials, competition in markets where the Company is active, personal consumption, market demand, the tax system and other legislation. As such, actual results may differ materially from those projected and the Mitsui Chemicals Group cannot guarantee that these forward-looking statements are accurate or will be achieved.

1) Consolidated Financial Highlights

(Billions of yen)

Items	First Half of FY2006	Outlook First Half of FY2007	Increase (Decrease)	%
Sales	834.0	890.0	56.0	7%
Operating income	33.5	38.0	4.5	13%
(Equity in earnings of non-consolidated subsidiaries&affiliates)	3.4	3.0	(0.4)	(12%)
Recurring income	36.7	35.0	(1.7)	(5%)
Special gains and losses	(6.3)	(1.0)	5.3	-
Net income	20.3	18.0	(2.3)	(11%)
Exchange Rate (Yen/US\$)	115	121	6	
Domestic Standard Naphtha Price (Yen/KL)	51,450	60,900	9,450	

2) Sales and Operating Income (by Business Segment)



(Billions of Yen)

Segment	Sales of FY2007			Operating income of FY2007		
	First Quarter	First Half Outlook	Full Year Outlook	First Quarter	First Half Outlook	Full Year Outlook
Performance Materials	118.8	260.0	530.0	8.1	14.0	33.0
Advanced Chemicals	29.4	60.0	120.0	3.3	4.0	12.0
Basic Chemicals	279.9	550.0	1,110.0	14.1	22.0	49.0
Others	13.1	20.0	40.0	(0.4)	(2.0)	(4.0)
Total	441.2	890.0	1,800.0	25.1	38.0	90.0

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