MITSUI & CO LTD
Form 6-K
August 03, 2010

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Consolidated Financial Results for the Three-Month Period ended June 30, 2010

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

For the month of August 3, 2010

Commission File Number 09929

Mitsui & Co., Ltd.

(Translation of registrant s name into English)

2-1, Ohtemachi 1-chome Chiyoda-ku, Tokyo 100-0004 Japan

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F __X__ Form 40-F ______

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ______

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ______

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 3, 2010

MITSUI & CO., LTD.

By:	/s/ Junichi Matsumoto
Name:	Junichi Matsumoto
Title:	Executive Vice President
	Chief Financial Officer

Consolidated Financial Results for the Three-Month Period Ended June 30, 2010

[Based on accounting principles generally accepted in the United States of America (U.S. GAAP)]

Tokyo, August 3, 2010 Mitsui & Co., Ltd. announced its consolidated financial results for the three-month period ended June 30, 2010.

Mitsui & Co., Ltd. and subsidiaries

(Web Site : http://www.mitsui.co.jp)

President and Chief Executive Officer : Masami Iijima

Investor Relations Contacts : Kenichi Hori, General Manager, Investor Relations Division TEL 81-3-3285-7533

1. Consolidated financial results (Unreviewed)

(1) Consolidated operating results information for the three-month period ended June 30, 2010 (from April 1, 2010 to June 30, 2010)

(Millions of yen)

	Three-month period ended June 30, 2010		2009	
		%		%
Revenues	1,097,597	12.3	977,443	r 35.6
Income before Income Taxes and Equity in Earnings	105,419	180.0	37,656	r 69.2
Net income attributable to Mitsui & Co., Ltd.	102,535	78.9	57,322	r 44.4
Net income attributable to Mitsui & Co., Ltd. per share, basic	56.19		31.47	
Net income attributable to Mitsui & Co., Ltd. per share, diluted	56.19		31.40	

Notes:

1. Percentage figures for Revenues, Income before Income Taxes and Equity in Earnings, and Net income attributable to Mitsui & Co., Ltd. represent changes from the previous year.
2. In accordance with Accounting Standards Codification (ASC) 205-20, Presentation of Financial Statements-Discontinued Operations, the figures for the three-month period ended June 30, 2009 relating to discontinued operations have been reclassified.

(2) Consolidated financial position information

		June 30, 2010	March 31, 2010
Total assets	Millions of yen	8,204,768	8,368,984
Total equity (net worth)	Millions of yen	2,334,451	2,429,806
Mitsui & Co., Ltd. shareholders equity	Millions of yen	2,127,592	2,230,128
Mitsui & Co., Ltd. shareholders equity ratio	%	25.9	26.6
Mitsui & Co., Ltd. shareholders equity per share	Yen	1,165.97	1,222.11

2. Dividend information

	Year ended March 31, 2011	2010	Year ending March 31, 2011 (Forecast)

Interim dividend per share	Yen	7	18
Year-end dividend per share	Yen	11	18
Annual dividend per share	Yen	18	36

3. Forecast of consolidated operating results for the year ending March 31, 2011 (from April 1, 2010 to March 31, 2011)

		Year ending March 31, 2011
Net income attributable to Mitsui & Co., Ltd.	Millions of yen	320,000
Net income attributable to Mitsui & Co., Ltd. per share, basic	Yen	175.36

Note:

We maintain our forecast net income attributable to Mitsui & Co., Ltd. for the year ending March 31, 2011 of ¥320.0 billion announced together with the results of fiscal year ended March 2010 since we did not review the forecast in the three month period ended June 30, 2010.

4. Others

(1) Increase/decrease of important subsidiaries during the period : Yes
New : 1 company (MT Falcon Holdings Company S.A.P.I. de C.V.)

* Please refer to Page 20 2. Other Information for the details.

(2) Number of shares :

	June 30, 2010	March 31, 2010
Number of shares of common stock issued, including treasury stock	1,829,153,527	1,829,153,527
Number of shares of treasury stock	4,420,598	4,331,644

	Three-month period ended June 30, 2010	Three-month period ended June 30, 2009
Average number of shares of common stock outstanding	1,824,778,906	1,821,191,736

A Cautionary Note on Forward-Looking Statements:

This report contains statements (including figures) regarding Mitsui & Co., Ltd. (Mitsui) s corporate strategies, objectives, and views of future developments that are forward-looking in nature and are not simply reiterations of historical facts. These statements are presented to inform stakeholders of the views of Mitsui s management but should not be relied on solely in making investment and other decisions. You should be aware that a number of important risk factors could lead to outcomes that differ materially from those presented in such forward-looking statements. These include, but are not limited to, (i) changes in economic conditions that may lead to unforeseen developments in markets for products handled by Mitsui, (ii) fluctuations in currency exchange rates that may cause unexpected deterioration in the value of transactions, (iii) adverse political developments that may create unavoidable delays or postponement of transactions and projects, (iv) changes in laws, regulations, or policies in any of the countries where Mitsui conducts its operations that may affect Mitsui s ability to fulfill its commitments, and (v) significant changes in the competitive environment. In the course of its operations, Mitsui adopts measures to control these and other types of risks, but this does not constitute a guarantee that such measures will be effective. Please refer to Page20 2. Other Information for the details.

I. Qualitative Information

The consolidated financial statements for the three-month period ended June 30, 2010 and the corresponding three-month period of the previous year have not been reviewed by auditors.

1. Summary of Consolidated Financial Results for the Three-Month Period Ended June 30, 2010

(1) ***Operating Environment***

The global economy continued to expand through the first quarter. Industrial production and trade posted robust growth, consumer confidence continued to improve and employment growth resumed in advanced economies. Overall, macroeconomic developments during the period confirmed expectations of a modest but steady recovery in most advanced economies and strong growth in many emerging and developing economies.

Financial strain, which was caused by market concerns over the ability of Greece and a number of other euro area countries to manage their sizable budget deficits and high levels of public debt, increased significantly and economic prospects in Europe have clearly weakened.

U.S. financial markets have been roiled in recent weeks by developments in Europe, which have triggered a reduction in demand for risky assets. Nevertheless, owing to gathering momentum in private demand, the United States economy posted modest growth with a somewhat increased level of volatility.

Key emerging economies in Asia and Latin America continued to lead the recovery. In China, economic activity has been sustained by continued buoyancy in exports and strong private demand. In Japan, recovery continued due mainly to stronger than expected exports.

Nevertheless, fiscal sustainability issues in advanced economies came to the fore during May, fuelled by initial concerns over fiscal positions and competitiveness in Greece and other vulnerable euro area economies. In addition, the pace of China s factory output eased as gradual policy tightening took a toll on new orders, raising concerns that GDP growth of the world s third-largest economy may cool off.

Questions about sustainability of the strength of the global recovery surfaced. As risk appetite waned and markets scaled back expectations for future growth, assets in other regions, including emerging markets, also experienced substantial sell-offs. This spilled over into sharp movements in currency, equity, and commodity markets.

Despite more financial turbulence, global recovery is expected to continue. Emerging economies in Asia and Latin America should continue to lead the recovery while modest recovery in advanced economies is expected, albeit with substantial differentiation among them. However, further deterioration in financial conditions could have a much greater adverse effect on global growth as a result of cross-country spillovers through financial and trade channels.

(2) ***Operating Results (Comparison between the three-month period ended June 30, 2010 and 2009)***

Mitsui & Co., Ltd. (Mitsui) and its subsidiaries (collectively we) posted net income attributable to Mitsui & Co., Ltd. of ¥102.5 billion, an increase of ¥45.2 billion from ¥57.3 billion for the corresponding three-month period of the previous year. Major developments during the year were as follows:

Despite the fact that recovery of the real economy was uneven depending on region and industry, the global economy continued to recover supported by strong economic growth of developing countries including China. In such an economic environment, higher unit sales volume and increases in prices of almost all merchandise resulted in increases in gross profit compared to the corresponding three-month period of the previous year for almost all segments except Foods & Retail, which recorded mark-to-market evaluation losses on commodity derivative contracts, as well as Chemicals, which went through a phase of uneven recovery depending on the type of product. In particular, the Mineral & Metal Resources and the Energy segments reported sharp increases in gross profit reflecting a run-up in iron ore and oil prices.

In addition to the increase in gross profit, equity in earnings of associated companies increased sharply reflecting a run-up in commodity prices as well as increases in sales volumes. On the other hand, reversal of deferred tax liabilities for undistributed retained earnings declined by 50% to approximately ¥10.0 billion reflecting a decline in dividends received from associated companies.

Energy and Mineral & Metal Resources again led the way thanks to a further run-up in prices of oil, iron ore and coal and other metals as well as additional production. All other segments excluding Machinery & Infrastructure Projects, Chemicals and Food & Retail posted solid results reflecting the recovery in prices and trade volume.

(3) ***Financial Condition***

Total assets as of June 30, 2010 were ¥8.2 trillion, a marginal decline of ¥0.2 trillion from those as of March 31, 2010.

Investments and plant, property and equipment (PPE) declined by ¥0.1 trillion with a decline in overseas investments and in PPE held by foreign subsidiaries due to appreciation of the Japanese yen against the Australian dollar and Brazilian real and a decline in global stock markets. Current assets declined by ¥0.1 trillion reflecting declines in trade receivables and inventories, cash and cash equivalent.

Shareholders equity declined by ¥0.1 trillion to ¥2.1 trillion due to a decline in foreign currency adjustments, as well as a decline in unrealized holding gains on available-for-sale securities despite an increase in retained earnings. Accordingly, the Net Debt Equity Ratio (Net DER) (*1) was at 0.98 times, 0.06 point higher than the 0.92 times as of March 31, 2010.

(*1) See 3. Financial Condition and Cash Flows regarding Net DER.

(4) ***Cash Flow Statement***

Net cash provided by operating activities for the three-month period ended June 30, 2010 was ¥126.9 billion. Net cash provided by operating activities was comprised of operating income of ¥90.2 billion and dividends received of ¥48.3 billion, including those from associated companies. Net cash used in investing activities for the three-month period ended June 30, 2010 was ¥154.4 billion due mainly to other expansion-related expenditures for natural resources in the Mineral & Metal Resources and the Energy segments and investment in natural-gas-fired power stations in Mexico. Accordingly, free cash flow (*1) for the three-month period ended June 30, 2010 resulted in a net outflow of ¥28.5 billion.

(*1) Sum of net cash flow for operating activities and cash flow for investing activities

2. Results of Operations

(1) ***Analysis of Consolidated Income Statements (Comparison between the three-month period ended June 30, 2010 and 2009)***

Revenues

Total revenues for the three-month period ended June 30, 2010 was ¥1,097.6 billion, an increase of ¥120.2 billion from ¥977.4 billion for the corresponding three-month period of the previous year.

Revenues from sales of products for the three-month period ended June 30, 2010 was ¥969.3 billion, an increase of ¥115.7 billion from ¥853.6 billion for the corresponding three-month period of the previous year, as a result of the following:

The Energy Segment reported an increase of ¥59.8 billion. Oil and gas production businesses, reported increases in revenues mainly due to higher oil prices.

The Mineral & Metal Resources Segment also reported an increase of ¥52.5 billion in revenues. Reflecting higher iron ore prices, Mitsui Iron Ore Development Pty. Ltd. (Australia) and Mitsui-Itochu Iron Pty. Ltd. (Australia) reported increases of ¥27.0 billion and ¥6.4 billion, respectively.

The Americas Segment reported a decline of ¥37.0 billion mainly due to the reclassification of Steel Technologies Inc. (United States) from subsidiary to associated company.

Revenues from sales of services and other sales for the three-month period ended June 30, 2010 were ¥90.7 billion and ¥37.5 billion, respectively, almost at the same level as those for the corresponding three-month period of the previous year.

Gross Profit

Gross profit for the three-month period ended June 30, 2010 was ¥223.4 billion, an increase of ¥56.6 billion from ¥166.8 billion for the corresponding three-month period of the previous year as a result of the following:

The Mineral & Metal Resources Segment reported an increase of ¥33.7 billion in gross profit. Reflecting higher iron ore prices, Mitsui Iron Ore Development Pty. Ltd. and Mitsui-Itochu Iron Pty. Ltd. reported increases of ¥23.9 billion and ¥5.3 billion, respectively.

The Energy Segment also reported an increase of ¥16.7 billion in gross profit. Due to an increase in both oil prices and equity production, Mitsui Oil Exploration Co., Ltd. (Japan) reported an increase of ¥5.2 billion. Other oil and gas production businesses also reported increases in gross profit due to higher oil prices.

The Americas Segment reported an increase of ¥6.9 billion due mainly to an increase of ¥4.9 billion at Westport Petroleum, Inc. (United States) with market conditions improving. The Iron & Steel Products Segment also reported an increase mainly triggered by resurgence in demand in Asia.

The Foods & Retail Segment reported a decline of ¥3.4 billion in gross profit due to mark-to-market evaluation losses on commodity derivative contracts. The Chemical Segment also reported a decline due to underperforming petrochemicals trading activities.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three-month period ended June 30, 2010 were ¥132.1 billion, a decline of ¥0.4 billion from ¥132.5 billion for the corresponding three-month period of the previous year.

The table below provides a breakdown of selling, general and administrative expenses used for our internal review.

Billions of Yen

	Personnel	Welfare	Travel	Entertainment	Communication
Three-month period ended June 30, 2010	65.7	3.1	7.4	2.0	12.3
Three-month period ended June 30, 2009	67.5	3.1	5.7	2.0	12.3
Change(*)	p1.8	0.0	1.7	0.0	0.0

	Rent	Depreciation	Tax	Others	Total
Three-month period ended June 30, 2010	4.8	3.7	2.0	31.1	132.1
Three-month period ended June 30, 2009	5.0	3.6	2.5	30.8	132.5
Change(*)	p0.2	0.1	p0.5	0.3	p0.4

(*)p: Decrease in selling, general and administrative expenses

Personnel expenses were ¥65.7 billion, a decline of ¥1.8 billion from ¥67.5 billion for the corresponding three-month period of the previous year. This decline is mainly attributable to a decline in net periodic pension costs reflecting amortization of actuarial losses related to plan assets.

Travel expenses were ¥7.4 billion, an increase of ¥1.7 billion from ¥5.7 billion for the corresponding three-month period of the previous year. This was due to a reversal effect of limitations on overseas business trips triggered by the H1N1 influenza pandemic for the corresponding three-month period of the previous year.

Other expenses were ¥31.1 billion, an increase of ¥0.3 billion from ¥30.8 billion for the corresponding three-month period of the previous year.

The table below provides selling, general and administrative expenses broken down by operating segment.

Billions of Yen

Operating Segment	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure Projects	Chemical	Energy	Foods & Retail	Consumer Service & IT	Logistics & Financial Markets
Three-month period ended June 30, 2010	7.7	4.4	19.4	11.8	14.3	15.8	14.6	7.2
Three-month period ended June 30, 2009	8.2	3.6	17.9	12.4	13.3	15.2	16.3	6.9
change(*)	p0.5	0.8	1.5	p0.6	1.0	0.6	p1.7	0.3

Operating Segment	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All other	Adjustments and Eliminations	Consolidated Total
Three-month period ended June 30, 2010	12.7	4.1	6.0	118.0	1.6	12.5	132.1
Three-month period ended June 30, 2009	15.1	4.8	5.9	119.6	1.6	11.3	132.5
change(*)	p2.4	p0.7	0.1	p1.6	0.0	1.2	p0.4

(*)p: Decrease in selling, general and administrative expenses

The Americas Segment and the Consumer Service & IT Segment reported declines, while the Machinery & Infrastructure Projects Segment and the Energy Segment reported increases. The reclassification of Steel Technologies Inc. from subsidiary to associated company resulted in a decline at the Americas Segment.

Provision for Doubtful Receivables

Provision for doubtful receivables for the three-month period ended June 30, 2010 was ¥1.2 billion, an increase of ¥0.4 billion from ¥0.8 billion for the corresponding three-month period of the previous year. Provisions for both periods represented increases in aggregate reserves for individually small receivables.

Interest Expense, Net of Interest Income

Interest expense, net of interest income, for the three-month period ended June 30, 2010 was ¥0.8 billion, a decline of ¥5.6 billion from ¥6.4 billion for the corresponding three-month period of the previous year. This was due to lower U.S. dollar and Japanese yen interest rates. The following table provides the periodic average of 3 month Libor of the Japanese yen and the U.S. dollar for the three-month period ended June 30, 2010 and 2009.

Periodic average of 3 month Libor (%p.a.)

	Three-month period ended June 30, 2010	2009
Japanese yen	0.24	0.51

U.S. dollar	0.47	0.76

Dividend Income

Dividend income for the three-month period ended June 30, 2010 was ¥14.5 billion, an increase of ¥4.3 billion from ¥10.2 billion for the corresponding three-month period of the previous year.

Reflecting an increase in oil-linked LNG prices due to a run-up in oil prices, dividend income from LNG projects in Abu Dhabi, Qatar, Oman and Equatorial Guinea was ¥7.0 billion, an increase of ¥4.2 billion from the corresponding three-month period of the previous year.

Gain on Sales of Securities

Gain on sales of securities for the three-month period ended June 30, 2010 was ¥4.2 billion, an increase of ¥2.0 billion from ¥2.2 billion for the corresponding three-month period of the previous year. There were miscellaneous small transactions in both periods.

Loss on Write-Downs of Securities

Loss on write-downs of securities for the three-month period ended June 30, 2010 was ¥4.6 billion, an increase of ¥1.8 billion from ¥2.8 billion for the corresponding three-month period of the previous year.

Following the banking crisis that erupted in mid-September 2008, the Nikkei Stock Average plummeted to ¥7,054.98, and later moved up to ¥9,958.44 on June 30, 2009 from ¥8,109.53 on March 31, 2009 with expectation that the global economy would bottom out. As the global economy continued to recover, the Nikkei Stock Average gradually moved up, although erratically, and ended at ¥11,089.94 on March 31, 2010. Concerns about the sustainability of Greece s fiscal position spilled over into global financial markets in early May. The Nikkei Stock Average fell sharply and ended at ¥9,382.64 on June 30, 2010. (The above mentioned stock prices are closing prices.) There were miscellaneous small write-downs in both periods.

Gain on Disposal or Sales of Property and Equipment Net

Gain on disposal or sales of property and equipment net for the three-month period ended June 30, 2010 was ¥0.3 billion, an increase of less than ¥0.1 billion from a gain of ¥0.3 billion for the corresponding three-month period of the previous year. There were miscellaneous small transactions in both periods.

Impairment Loss of Long-Lived Assets

Impairment loss of long-lived assets for the three-month period ended June 30, 2010 was ¥2.1 billion, an increase from nil for the corresponding three-month period of the previous year. MOEX offshore 2007 LLC (United States) in the Energy Segment, a subsidiary of Mitsui Oil Exploration Co., Ltd., recorded an impairment loss of mineral rights related to the Mississippi Canyon 252 lease in the Gulf of Mexico for the three-month period ended June 30, 2010.

Other Expenses Net

Other expenses net for the three-month period ended June 30, 2010 were an income of ¥3.7 billion, an increase of ¥3.0 billion from an income of ¥0.7 billion for the corresponding three-month period of the previous year.

For the three-month period ended June 30, 2010, there were miscellaneous small transactions including an exploration expense related to the Mississippi Canyon 252 lease in the Gulf of Mexico, recorded by MOEX offshore 2007 LLC in the Energy Segment.

For the corresponding three-month period of the previous year, there were miscellaneous small transactions other than a foreign exchange translation profit of ¥3.8 billion on borrowing denominated in U.S. dollars at Mitsui Raw Material Development Pty. Limited (Australia) in the Mineral & Metal Resources Segment.

Income Taxes

Income taxes for the three-month period ended June 30, 2010 were ¥44.3 billion, an increase of ¥40.2 billion from ¥4.1 billion for the corresponding three-month period of the previous year (*1). This change was mainly attributable to an increase in income from continuing operations before income taxes and equity in earnings, and a decline in a reversal of deferred tax liabilities related to dividends received from associated companies that amounted to approximately ¥10.0 billion for the three-month period ended June 30, 2010, a decline of approximately ¥10.0 billion from the corresponding three-month period of the previous year (*2).

The effective tax rate on income from continuing operations before income taxes and equity in earnings for the three-month period ended June 30, 2010 was 42.1%, an increase of 31.3 percentage points from 10.8% for the corresponding three-month period of the previous year. The increase in the effective tax rate is attributable to the decline of reversal of deferred tax liabilities.

(*1) Tax effects on investments in associated companies that were formerly included in Equity in Earnings of Associated Companies Net (After Income Tax Effect) are included in Income Taxes for the three-month period ended June 30, 2010. Accordingly, Equity in Earnings of Associated Companies Net (After Income Tax Effect) is changed to Equity in Earnings of Associated Companies Net. Amounts for the corresponding three-month period of the previous year have been reclassified to conform to the current year presentation.

(*2) We record deferred tax liabilities on undistributed retained earnings of associated companies based on the assumption that we would sell investments in associated companies in the future. At the time of distribution of profit from associated companies, we reverse the deferred tax liabilities while recording a tax expense on the dividends received. In a case where a major portion of dividends received is treated as non-taxable such as tax treatment under Japanese tax law, tax expenses on dividends received are smaller than the reversal amount of the deferred tax liabilities, and the balance is credited to tax expenses.

Equity in Earnings of Associated Companies

Equity in earnings of associated companies for the three-month period ended June 30, 2010 was ¥49.9 billion, an increase of ¥19.1 billion from ¥30.8 billion for the corresponding three-month period of the previous year (*1) as a result of the following:

An increase of ¥9.7 billion was recorded at Robe River Mining Company (Australia), an investment vehicle company for our Australian iron ore mining business, reflecting an increase in iron ore prices, and of ¥4.0 billion was recorded at Compania Minera Dona Ines de Collahuasi SCM (Chile) due to an increase in copper prices.

Overseas power production businesses reported a decline of ¥1.2 billion in earnings due mainly to a decline in mark-to-market valuation gains and losses such as those on long-term power derivative contracts.

(*1) See note (*1) in the Income Taxes section above.

Income (Loss) from Discontinued Operations

Income (loss) from discontinued operations for the three-month period ended June 30, 2010 was nil, an improvement from a loss of ¥0.6 billion for the corresponding three-month period of the previous year. MitEnergy Upsteam LLC (United States) was the major discontinued operation for the corresponding three month period of the previous year.

Net Income before attribution of Noncontrolling Interests

As a result of the above factors, net income before attribution of noncontrolling interests for the three-month period ended June 30, 2010 was ¥111.0 billion, an increase of ¥47.2 billion from ¥63.8 billion for the corresponding three-month period of the previous year.

Net Income attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests for the three-month period ended June 30, 2010 was ¥8.4 billion, an increase of ¥1.9 billion from ¥6.5 billion for the corresponding three-month period of the previous year. Mitsui-Itochu Iron Pty. Ltd. and Japan Collahuasi Resources B.V. (Netherlands) reported increases, while Mitsui Oil Exploration Co., Ltd. reported a decline in net income attributable to noncontrolling interests due to a decline in net income before attribution of noncontrolling interests and an increase in ownership interests.

Net Income attributable to Mitsui & Co., Ltd.

As a result, net income attributable to Mitsui & Co., Ltd. for the three-month period ended June 30, 2010 was ¥102.5 billion, an increase of ¥45.2 billion from ¥57.3 billion for the corresponding three-month period of the previous year.

(2) *Operating Results by Operating Segment*

Mitsui & Co. Financial Services (Australia) Pty Ltd was previously included in the Asia Pacific Segment, but was transferred to the All Other Segment in the three-month period ended September 30, 2009. The operating segment information for the corresponding three-month period ended June 30, 2009 has been restated to conform to the current year presentation.

Iron & Steel Products Segment

Gross profit for the three-month period ended June 30, 2010 was ¥10.2 billion, an increase of ¥1.4 billion from ¥8.8 billion for the corresponding three-month period of the previous year. Supported by recovery of demand in Asia, Regency Steel Asia Pte Ltd. (Singapore) and the export business of hot rolled coil recorded solid performance. An increase in prices of steel products contributed to the increase in gross profit at Mitsui & Co. Steel Ltd. (Japan) although domestic sales volume, especially for the construction sector, remained sluggish.

Operating income for the three-month period ended June 30, 2010 was ¥2.4 billion, an increase of ¥1.6 billion from ¥0.8 billion for the corresponding three-month period of the previous year, reflecting the increase in gross profit. Equity in earnings of associated companies for the three-month period ended June 30, 2010 was ¥0.7 billion, a decrease of ¥0.7 billion from ¥1.4 billion for the corresponding three-month period of the previous year. Net income attributable to Mitsui & Co., Ltd. for the three-month period ended June 30, 2010 was ¥2.3 billion, an increase of ¥0.9 billion from ¥1.4 billion for the corresponding three-month period of the previous year.

Mineral & Metal Resources Segment

Gross profit for the three-month period ended June 30, 2010 was ¥47.9 billion, a substantial increase of ¥33.7 billion from ¥14.2 billion for the corresponding three-month period of the previous year. The main factor contributing to the increase was higher prices for iron ore. Starting from this year, the pricing system between mining companies and steelmakers shifted from the four-decade-old pricing system based on the annual fixed-price contracts to prices based on spot market on a shorter term basis such as on a quarterly basis. Anticipating that global demand for iron ore would pick up with the global economy showing signs of recovery led by continued increase in demand in China, spot prices continued to increase. Accordingly, representative contract prices for products sold during the three-month period ended June 30, 2010 based on daily average of short-term references during December 1, 2009 through February 28, 2010 were settled at levels substantially higher than the prevailing annual fixed contract prices as well as short-term market references during the corresponding three-month period of the previous year.
Consequently, the increases in gross profit recorded by Mitsui Iron Ore Development Pty. Ltd. and Mitsui Itochu Iron Pty. Ltd. were ¥23.9 billion and ¥5.3 billion, respectively. Furthermore, increases in prices of ferrous alloys and non-ferrous metals also contributed to the increase in gross profit.

Operating income for the three-month period ended June 30, 2010 was ¥ 43.4 billion, an increase of ¥33.0 billion from ¥10.4 billion for the corresponding three-month period of the previous year, reflecting the increase in gross profit.

Equity in earnings of associated companies for the three-month period ended June 30, 2010 was ¥23.4 billion, an increase of ¥15.9 billion from ¥7.5 billion for the corresponding three-month period of the previous year. Major factors were as follows:

Earnings at Robe River Mining Company were ¥12.7 billion, an increase of ¥9.7 billion from ¥3.0 billion for the corresponding three-month period of the previous year, reflecting the increase in iron ore prices.

Compania Minera Dona Ines de Collahuasi SCM recorded earnings of ¥6.2 billion, an increase of ¥4.0 billion from ¥2.2 billion for the corresponding three-month period of the previous year. This improvement is mainly attributable to the substantial increase in copper prices as well as the modest increase in sales volume, which was partially offset by a reversal effect of revaluation gains on provisionally priced copper sales that remained subject to final pricing, recorded in the three-month period ended June 30, 2009 (*1). Compania Minera Dona Ines de Collahuasi SCM has a different fiscal year end than that of Mitsui & Co., Ltd.

Valepar S.A. (Brazil) posted earnings of ¥3.8 billion, an increase of ¥0.9 billion from ¥2.9 billion for the corresponding three-month period of the previous year, reflecting an increase in earnings at Vale mainly due to an increase in nickel prices and the shipped volume of iron ore. As the fiscal year of Valepar S.A. commences on January 1 and ends on December 31 of each year, we recognize their profit and loss with a three month time lag.

Net income attributable to Mitsui & Co., Ltd. for the three-month period ended June 30, 2010 was ¥39.7 billion, a substantial increase of ¥20.0 billion from ¥19.7 billion for the corresponding three-month period of the previous year. In addition to the above factors, there were the following factors:

Reflecting an other-than-temporary decline related to the foreign exchange translation loss in the investment value of the current portion of preferred shares of Valepar S.A., this segment recorded an impairment loss of ¥1.5 billion.

Other expenses Net included a foreign exchange loss of ¥1.3 billion related to borrowings denominated in U.S. dollars at Mitsui Raw Material Development Pty. Limited, a foreign exchange profit of ¥1.2 billion at iron ore producing businesses and a ¥1.5 billion profit on foreign exchange derivative contracts, intended to reduce exposure to the fluctuating foreign exchange rate at the iron ore mining operation by Mitsui & Co., Ltd. A foreign exchange profit of ¥3.8 billion at Mitsui Raw Materials Development Pty. Limited and a foreign exchange loss of ¥1.5 billion at iron ore producing businesses were recorded for the corresponding three-month period of the previous year.

Reversal of deferred tax liabilities accounted for approximately ¥3.0 billion in the undistributed retained earnings of associated companies, including Robe River Mining Company, a decrease of ¥5.0 billion from the corresponding three-month period of the previous year.

(*1) Collahuasi s copper concentrate and cathode sales are provisionally priced at the time of shipment and the provisional prices are finalized in a contractually specified future period (generally one to four months from the shipment date) primarily based on quoted London Metal Exchange (LME) prices. The provisionally priced sales in any quarterly period, which remain subject to final pricing, are revaluated at the quarter-end forward prices at the end of each quarter and final adjustments are made in the following quarter when final prices are fixed.

Machinery & Infrastructure Projects Segment

Gross profit for the three-month period ended June 30, 2010 was ¥23.5 billion, an increase of ¥1.5 billion from ¥22.0 billion for the corresponding three-month period of the previous year.

The Infrastructure Projects Business Unit reported a decline of ¥0.6 billion in gross profit due mainly to a downturn in plant business, while the operations of rolling stock leasing subsidiaries in Europe and the Americas reported increased gross profit.

The Motor Vehicles Business Unit reported an increase of ¥2.7 billion in gross profit. In addition to the continued solid performance at the motorcycle retail finance company P.T. Bussan Auto Finance (Indonesia), import and sales transactions at certain automotive-related subsidiaries overseas started to turn positive.

The Marine & Aerospace Business Unit reported a decline of ¥0.5 billion in gross profit. Demand for bulk freighters still remained far below pre-crisis levels, and the difficult market conditions compared to the corresponding three-month period of the previous year affected the operation and chartering of vessels and the trading of used vessels.

Operating income for the three-month period ended June 30, 2010 was ¥2.6 billion, a decline of ¥1.2 billion from ¥3.8 billion for the corresponding three-month period of the previous year.

Equity in earnings of associated companies for the three-month period ended March 31, 2010 was ¥8.7 billion, an increase of ¥0.4 billion from ¥8.3 billion for the corresponding three-month period of the previous year.

Overseas power producers, such as IPM (UK) Power Holdings Limited (Gibraltar), IPM Eagle LLP (United Kingdom) and P.T. Paiton Energy (Indonesia), reported equity in earnings of ¥4.2 billion in total, a decline of ¥1.0 billion from ¥5.2 billion for the corresponding previous year. Mark-to-market valuation gains and losses such as those on long-term power derivative contracts declined by ¥1.3 billion from the corresponding three-month period of the previous year.

The Motor Vehicles Business Unit reported an increase of ¥0.9 billion compared to the corresponding previous year period. Overall sales mainly at overseas automotive-related associated companies gradually recovered due to a resurgence in demand as the global economy continued to pick up.

Net income attributable to Mitsui & Co., Ltd. for the three-month period ended June 31, 2010 was ¥6.6 billion, a decline of ¥6.4 billion from ¥13.0 billion for the corresponding previous year period. In addition to the above-mentioned factors, reversal of deferred tax liabilities on undistributed earnings of associated companies at the time of distribution of profit from them declined by approximately ¥4.0 billion from the corresponding three-month period of the previous year.

Overseas power production businesses reported a decline of ¥1.2 billion in earnings due mainly to a decline in mark-to-market valuation gains and losses such as those on long-term power derivative contracts.

Chemicals Segment

Gross profit for the three-month period ended June 30, 2010 was ¥16.9 billion, a decline of ¥1.9 billion from ¥18.8 billion for the corresponding three-month period of the previous year. The principal developments in this segment were as follows:

The Basic Chemicals Business Unit reported a decline of ¥1.3 billion in gross profit. This was mainly due to a decline in demand and price in the sales operation of polyvinyl chloride (PVC), and underperforming trading activities for basic petrochemicals of upstream products, both being affected by the financial crisis in the euro area, and oversupply triggered by commercial start-up of new production capacity. On the other hand, intermediate products such as phenol showed solid performance due to increases in demand in downstream industries such as automotive and electronic ma