Mitsubishi Chemical Holdings Corporation

Good **Chemistry** for Tomorrow

Creating better relationships among people, society, and our planet.

Sustainability

Comfort

Health

Annual Report **2009**

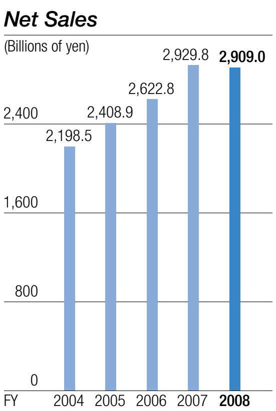
Fiscal Year Ended March 31, 2009

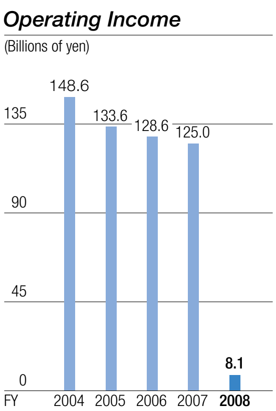
Contents

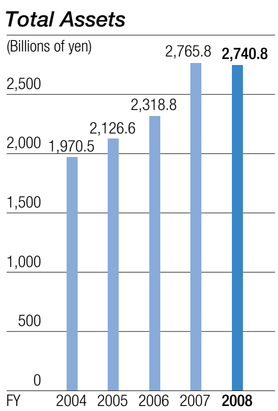
Consolidated Financial Highlights
Years ended March 31

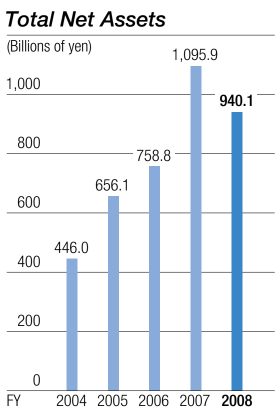
Overview

		Millions of yen		Millions of U.S. dollars
		FY2008	FY2007	FY2008
For the year:	Net sales	¥2,909,030	¥2,929,810	$29,683.9
	Operating income	8,178	125,046	83.4
	Income before income taxes	(44,002)	217,791	(449.0)
	Net income	(67,178)	164,064	(685.4)
At year-end:	Total assets	2,740,876	2,765,837	27,968.1
	Total net assets	940,114	1,095,927	9,593.0
	ROA (%)	—	8.5	—
	ROE (%)	—	21.3	—
		Yen		U.S. dollars
Per share:	Net income	¥(48.81)	¥119.51	$(0.498)
	Cash dividends	12.00	16.00	0.122









Notes:
1. U.S. dollar amounts are converted from yen, for convenience only, at the rate of ¥98 = U.S.$1.00, the approximate exchange rate prevailing on March 31, 2009.
2. Financial results of Mitsubishi Chemical Holdings Corporation for the year ended March 31, 2006, comprise Mitsubishi Chemical Corporation's consolidated financial results for the first half and Mitsubishi Chemical Holdings Corporation's consolidated financial results for the second half of the year.
3. ROA is calculated as income before income taxes and minority interests in consolidated subsidiaries divided by average total assets.
4. ROE is calculated as net income divided by average shareholders' equity.

Fiscal Year Notation:
In the first half of this annual report before page 24, fiscal year refers to the period beginning April 1 and ending March 31, i.e., fiscal year (FY) 2008 is the year ended March 31, 2009.

To Our Stakeholders

Yoshimitsu Kobayashi
Representative Director,
Member of the Board,
President & Chief Executive Officer

We are refocusing our operations to emerge as a more profitable, growing and innovative group.

Q1

The Mitsubishi Chemical Holdings Group (MCHC Group) has completed the first year of *APTSIS 10*, its mid-term management plan announced last year. What specific growth-oriented and retrenchment measures did the Group implement during the year?

A1

Facing a sudden decline in domestic and overseas demand affected by the global financial crisis that started with the U.S. subprime mortgage loan problems, we experienced a substantial drop in sales and profits.

Reacting swiftly, we revised the concept of a basic strategy to "respond to severe economic contraction by restructuring in order to accelerate innovation and leaping ahead" and resource allocation in *APTSIS 10*. Specifically, we reduced capital expenditures and investments and loans from ¥590 billion to ¥380 billion. We also made changes in each business domain:

- In the Chemicals Domain, we announced our withdrawal from unprofitable businesses, such as PVC/VCM, caprolactam, and styrene monomer. To reduce costs, we shifted some of our terephthalic acid business to Singapore and Asia, and entered a joint venture in the fertilizer business.
- In the Performance Products Domain, we are expanding our growth businesses, such as food ingredients, non-optical media and barrier film. We have begun business in such new areas as synthetic fibers for reinforcing concrete and asphalt, as well as a number of other cutting-edge fibers.
- In the Health Care Domain, we are devoting more effort to personalized medicine, the expansion of overseas interests and generic line-ups, and Mitsubishi Chemical Medicine Corporation's businesses. We are putting a great deal effort into joint marketing agreements and other business tie-ups, and have launched a number of promising new drugs and preparations that we expect to contribute to performance in the upcoming fiscal year.

We also reduced our R&D expenditures from ¥425 billion to ¥407 billion. On the other hand, we concentrated our R&D on new businesses, such as white light-emitting diodes (LEDs) and lithium-ion battery materials for hybrid electric vehicles (HEVs). These are areas in which we anticipate major sales increases in the upcoming fiscal years.

Revised Resource Allocation (FY2008-2010) (Billions of yen)

	May 2008			June 2009		
Capital expenditures, Investments & loans	Performance Products	210	▶	Performance Products	150	**Prioritize the next-generation growth businesses**
	Health Care	75		Health Care	75	
	Chemicals	155		Chemicals	85	
	Others (Corporate)	150		Others (Corporate)	70	
	Total	**590**		Total	**380**	
Strategic investments		**250**	▶		**250+α**	**Study proactively**
R&D expenditures		**425**	▶		**407**	**Execute thorough selection of focus**

Q2

The MCHC Group is targeting investments in white LEDs and lithium-ion battery materials for HEVs, prioritizing these next-generation growth businesses. Have there been any changes in your plans to invest in and commercialize these two businesses? Could you outline specifically what results you expect from these businesses and when?

A2

We will continue to invest in the white LEDs and lithium-ion battery materials for HEVs. For the white LED business, Mitsubishi Chemical Corporation (MCC) started the manufacture and sales of gallium nitride (GaN) substrates, acquired an LED chip business from Mitsubishi Cable Industries, Ltd., and acquired exclusive patent rights for a GaN substrate from Cree, Inc. in 2008. We also started manufacturing and marketing near-UV chips in February 2009.

MCC and Mitsubishi Plastics, Inc. (MPI) are developing separators for lithium-ion battery materials, and we decided to expand the production facilities for electrolytes and anodes in respond to demand for electronics devices and automobiles. Looking at all of our next-generation growth businesses: white LEDs, lithium-ion battery materials for HEVs, chemical components for automobiles, sustainable resources, organic photo semiconductors, organic photovoltaic modules, and personalized medicine, we expect them to contribute about ¥50 billion to operating income in FY2015.

Q3

What are your capital and profit distribution policies? Have there been any changes to these policies?

A3

These policies have not changed. Our numerical targets for FY2010 are as follows: operating income of more than ¥190 billion and ROA of more than 6%. For our investors, our priority will remain paying a stable dividend to the extent possible, considering the need for internal reserves and in light of consolidated results.

Key Numerical Targets for FY2010

Operating Income	≧	¥ 190 billion (Including ¥20 billion contingencies)
ROA (Income before income taxes)	≧	6 %
Contribution to reduce CO_2 emission 20% reduction* vs. 1990		

* Unit energy consumption

Other Targets

ROE	≧	8 %
EBITDA	≧	¥ 350 billion

Since emphasis is being placed on growth, the D/E ratio has not been established as a key indicator.

Q4

The business environment has changed dramatically during the past year. What is your view of the current environment? What impact has the global economic crisis had on MCHC Group businesses, and how will changes in the environment affect the Group’s future strategies?

A4

Since the second half of FY2008, a great number of producers, including our customers, have reduced their production rates because of high inventory levels. These reductions caused huge drops in our revenue and profit, except for food ingredients and pharmaceuticals.

Since March 2009, differences are apparent in our business domains. On one hand, we are seeing a slight recovery for LCDs, but on the other hand, we see no significant changes elsewhere.

Considering this situation, we have not changed our basic future strategies of withdrawing from unprofitable businesses even if they have long history, concentrating on growing businesses, and continuing to invest in new businesses such as lithium-ion battery materials and white LEDs.

Q5

How is the restructuring of your petrochemical business progressing? Has the business climate changed your outlook in any specific area, such as ethylene production and C2 derivatives?

A5

As we announced on June 2, 2009, the MCHC Group is downsizing its petrochemical business. We decided to withdraw from unprofitable businesses such as PVC/VCM, styrene monomer, ABS and caprolactum. We also announced the closing of the PTA production facility in Matsuyama, which signals our withdrawal from the domestic PTA business. As for ethylene, MCHC is working with Asahi Kasei Corporation to optimize an ethylene production facility in Mizushima.

This is mainly information about withdrawals and closures, but we will invest in profitable and growing EO business to attract customers around the Kashima complex. Thus far, no other Japanese chemical producer has undertaken any drastic restructuring.

We would also like you to understand that it takes time to withdraw from a business after making an announcement. We cannot close a business without the understanding and agreement of our customers and stakeholders and without fulfilling our contracts and duties. Typically, it takes two or three years after an announcement to cease an operation because we have responsibilities to our industry.

Q6

Are there any other messages for investors interested in the MCHC Group?

A6

Yes. We appreciate your interest in the MCHC Group. The economic slowdown caused by the financial crisis is severe, but I promise the Group will change. We are investing in seven next-generation growth businesses, including lithium-ion battery materials and white LEDs, and concentrating on performance products businesses. Conversely, we are withdrawing from unprofitable businesses in petrochemicals. Petrochemicals has a long history in the Group, but since the business environment has changed dramatically, we decided some serious measures had to be taken, such as closing the PTA production facility in Matsuyama and withdrawing from several product lines. By introducing all of these measures, MCHC will change into a profitable, growing and innovative group.

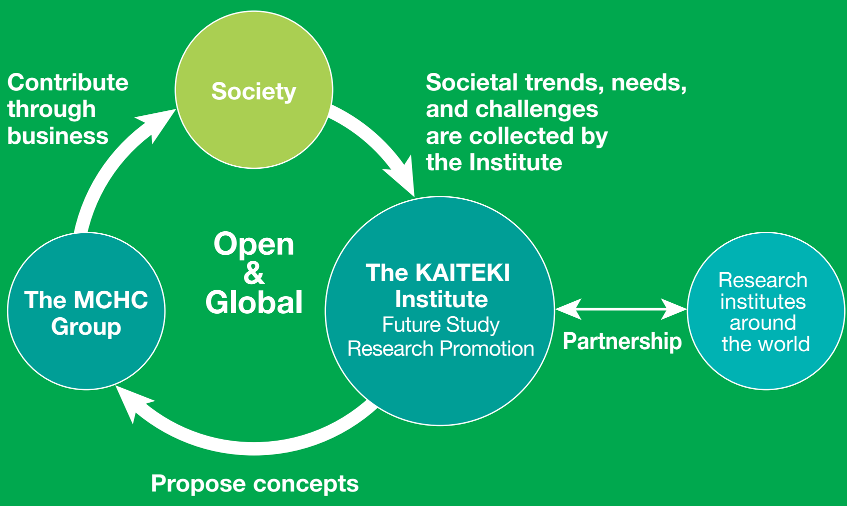
Y. Ko

Yoshimitsu Kobayashi
Representative Director,
Member of the Board,
President & Chief Executive Officer

Our mission is to bring about *KAITEKI* (comfort) by nurturing a sustainable society with science.

Amid mounting concern about global issues, Mitsubishi Chemical Holdings Corporation (MCHC) established the KAITEKI Institute, Inc., a global research institute focused on meeting 21st century challenges in the energy, the environment, and healthcare on April 1, 2009. The Institute will operate with a 20 to 50 year perspective and tackle some of the most difficult challenges that future generations of mankind will face. By functioning much like an antenna in the MCHC Group, the Institute promotes study and research that will contribute to solving global issues and pioneer new business frontiers.

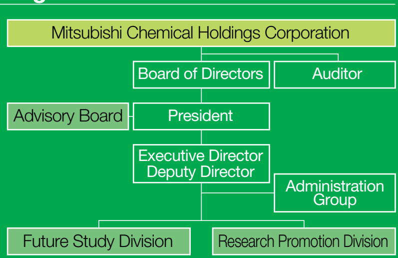
The Institute has two basic functions. One is a think tank that complies and evaluates trends and information that relate to 2030 and beyond in the context of both natural and social science, and creates a forum for discussion of what should be researched now based on information and projections about the future. The other is a research promotion that engages the best minds in the world while partnering with research organizations worldwide, and collaborates with them through contract research and joint research. In addition, experts outside the Institute, from various areas, are invited to give us advice on the Institute's direction to promote objectivity. By fusing these functions, the Institute proposes concepts for enterprises that pioneer new business areas based on the fruit of projections and research investigations regarding the earth's future to the MCHC Group. The Institute will contribute to society through the MCHC Group businesses.



WEB site

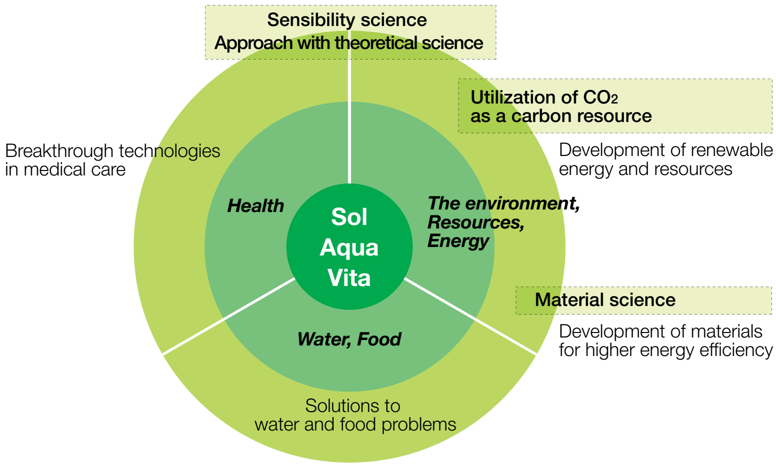
http://www.kaiteki-institute.com/

Organization



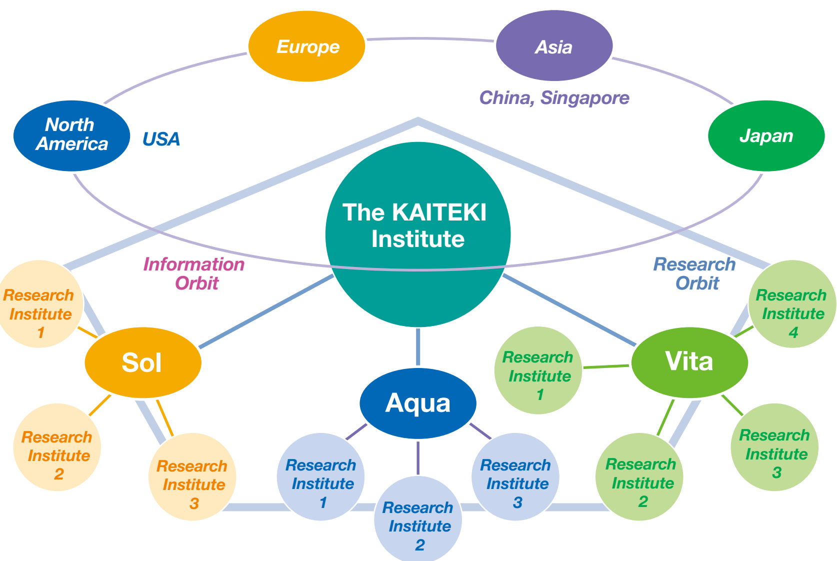
Research

The keywords representing the KAITEKI Institute's focus are "Sun (Sol), Water (Aqua), and Life (Vita)". The Institute has three areas of research symbolized by these keywords. The first area of research relates to environment, resources, and energy. Here we aim to create new clean energy sources and develop materials for higher energy efficiency to counteract the projected depletion of fossil fuels, while addressing and minimizing environmental impact. In particular, we are investigating methods to synthesize chemicals and raw materials using CO_2 as a carbon resource, and splitting water into hydrogen and oxygen by using sunlight. The second area relates to water and food. We will propose and execute research themes to address the global shortage of clean water and similar shortages of food that the world is confronting. The last field of research is healthcare. We will promote research related to comfortable and healthy living, in addition to breakthrough technologies in medical care.



Network

The KAITEKI Institute will partner with a global scientific and information network of academic institutions, national laboratories, venture companies, and private research institutes to identify potential approaches, execute research programs, and develop science-based solutions.

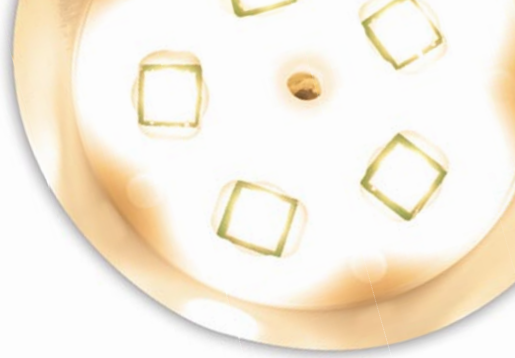


A Sense of Urgency

The KAITEKI Institute's mission is to ensure a comfortable future for mankind. Our task is both important and urgent. Rising CO_2 levels from the combustion of fossil fuels are acidifying our oceans and producing a complex set of undesirable changes to the earth's ecosystems and weather. Avoiding the 10 giga-ton annual emission of CO_2 will require fundamental changes in the way that we produce, distribute, and utilize energy. This will in turn have profound implications for the chemical industry and MCHC. Huge investments of capital will be required to affect this transformation, and significant political will from all nations. The KAITEKI Institute will be at the forefront of this exciting endeavor– we welcome guidance from across the MCHC Group and the public to ensure that our programs are positioned for maximum benefit to the Group and society.

Glenn H. Fredrickson, Ph.D.
Member of the Board,
Executive Director,
The KAITEKI Institute, Inc.

Dr. Fredrickson is Director of the Mitsubishi Chemical Center for Advanced Materials and Professor of Chemical Engineering and Materials at the University of California, Santa Barbara, where he has served on the faculty since 1990. He is a leading authority on theoretical polymer physics.



Developing white LEDs that are brighter, more efficient and more inexpensive

The advent of white LEDs

White LEDs are beginning to replace their incandescent and fluorescent counterparts, in which we have a dominant market share, because they are better at conserving energy, longer lasting and have a lower environmental impact. Anticipating that LED demand would move from the blue and near-ultraviolet bandwidth to white, Mitsubishi Chemical Holdings Corporation (MCHC) began preparing for this market shift in 2001. We are now developing next-generation LEDs, which are three times brighter than usual LEDs.

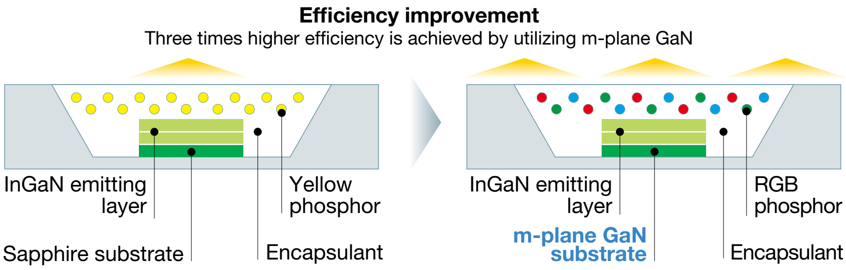
Making substrates more efficient

We are making particular strides in the area of highly efficient gallium nitride (GaN) substrates, through the vapor deposition and liquid-phase growth methods. Using the vapor deposition method, we are working on the joint development of m-plane GaN substrates for non-polar and semi-polar crystal planes. We have begun shipping two-inch samples of these extremely efficient substrates, which are expected to go into mass production next year. We also will continue to develop the liquid-phase growth method, which is a more inexpensive method for producing GaN substrate.

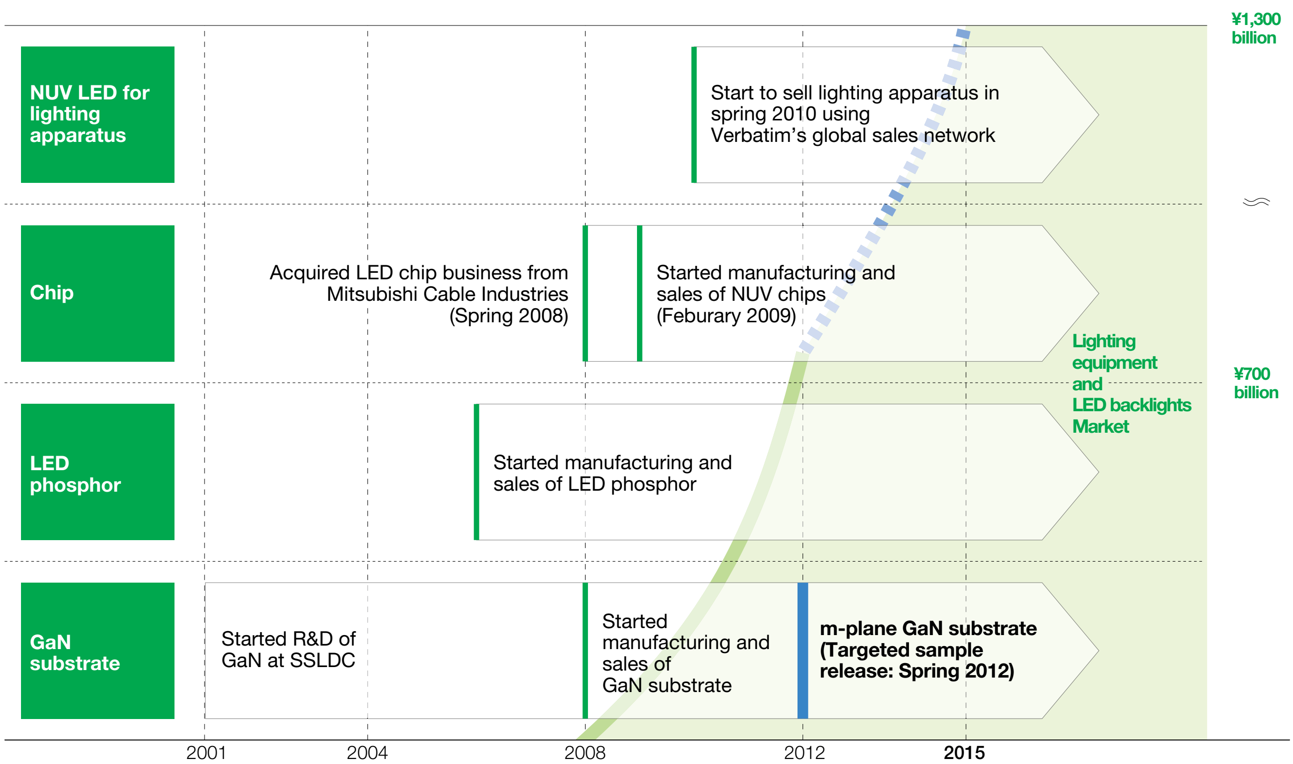
A growing share of an expanding market

In 2010, the market for white LEDs is expected to amount to around ¥1 trillion. The MCHC Group has technical expertise in a number of areas that should enable it to benefit from this expansion. We own technologies related to GaN substrates, phosphors and encapsulants, as well as chips. We will take advantage of this expertise to manufacture white LEDs, as well as selling components to outside customers. We aim to achieve boost our sales in this market to ¥100 billion by 2015. We also plan to introduce lighting equipment that uses white LEDs, launching these products under the Verbatim brand.

Developing More Efficient White LED



White LED (for Lighting and Backlight) Market and Business Forecast



Boosting market share by providing materials that meet specific battery characteristics

Various applications of Li-ion batteries

Lithium-ion (Li-ion) batteries are increasingly popular in consumer electronics because of their superior energy-weight ratios, no memory effect and slow loss of charge when not in use. Li-ion batteries offer the three times the average voltage of Ni-Cd or Ni-MH batteries, and have high energy density, which allows for a compactness and light weight that suits them for use in such as personal computers, mobile phones and digital cameras. The superior characteristics of Li-ion batteries have also earned them a place in HEV/EVs, as a single charge can power a vehicle over a longer period than was possible using other battery sources.

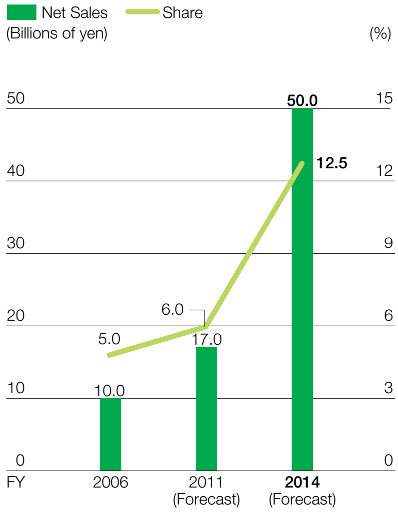
MCHC's role

A Li-ion battery has four main components—anode, cathode, electrolyte and separator. The MCHC Group produces materials for all four. We also conduct safety simulations, which involve battery cell analysis and testing technologies. We estimate the Group has secured a market share of 10–15% for anodes, which are produced at the Sakaide Plant. Our market share is less than 5% for cathodes, which are produced at a pilot plant in Sakaide, with full-scale production scheduled to commence in the Mizushima Plant. Of the three components, our estimated market share for electrolytes is highest, at around 25%. We manufacture electrolytes at our Yokkaichi Plant and in China's Suzhou Province.

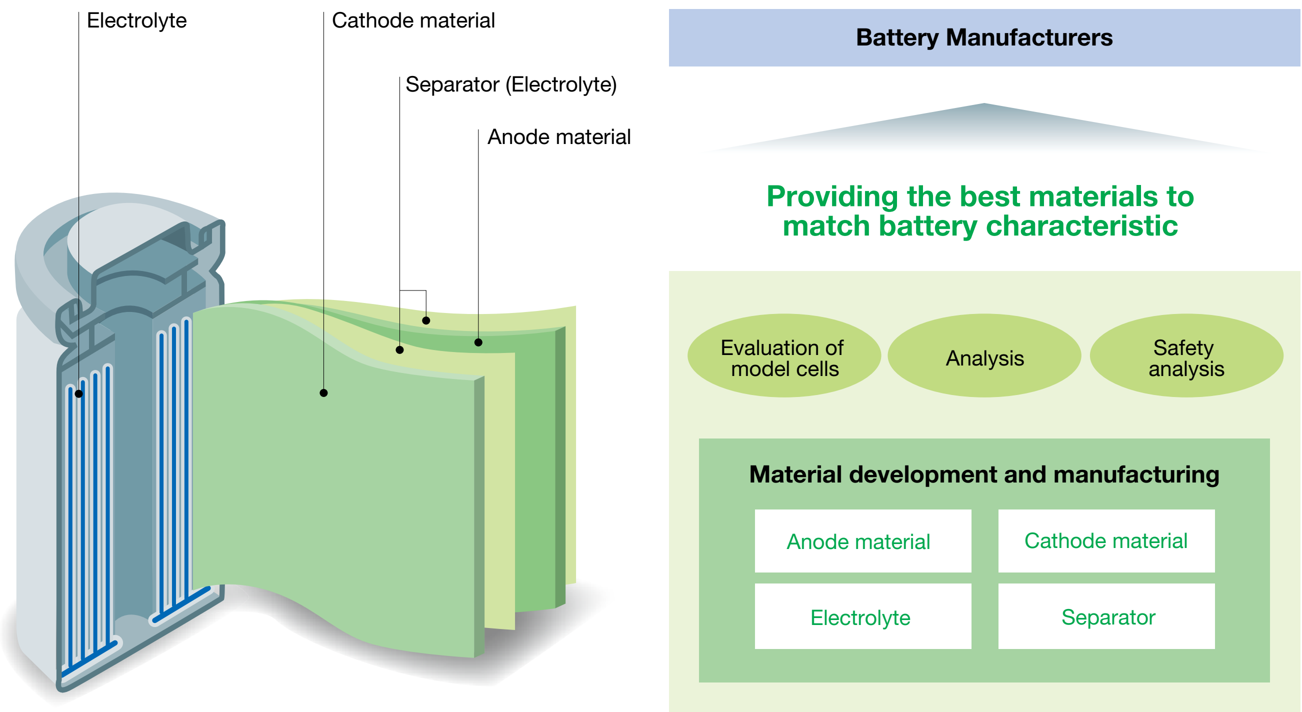
Bigger piece of a growing pie

The market for Li-ion battery materials is currently worth ¥200 billion per year, and this market is expanding, driven by the increasing use of Li-ion batteries in consumer electronics. Current forecasts suggest that the market will have doubled in size by 2015 and quintupled by 2020. Our estimate of the MCHC Group's sales in this area are ¥10 billion, for a 5% market share. By stepping up our operations around the world, we plan to achieve sales of ¥50 billion by 2015, accounting for a 12.5% share of the market.

MCC's Li-ion Battery Material Business Our share

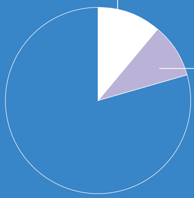


Structure and Our Business Model



Review of Operations

Performance Products



Maximizing a cluster of key technologies, we offer solutions from materials to devices.

Business Overview

The Performance Products Domain consists of two segments—Electronics Applications and Designed Materials. Each segment is centered on products that are highly competitive in the global marketplace; some are the only ones available in a certain category, while other products and technologies are leaders in their niche markets.

Our customers stand in various business fields, and go through challenging environment. Mitsubishi Chemical Holdings Corporation (MCHC) supports them with its unique technologies to help the customers to be No.1 in their business fields.

Higher performance and higher added value are keywords for the entire MCHC Group. Our key to success is the ability to combine these capabilities and put them to work in technologies as we team up with our customers to devise a host of new solutions.

Electronics Applications

The MCHC Group's core technologies are the culmination of years of expertise in fields involving chemistry in light and colors. We combine these strengths with material design, processing and device creation technologies to drive ongoing technical innovation in the field of electronics.

Major Products

Optical recording media, organic photo conductors, chemical toners, display materials, polyester film

Designed Materials

Drawing from the MCHC Group's base in technologies such as synthesis, material design, process design and mold processing, this segment contributes to myriad industries that precisely meet needs that vary distinctly by customer.

Major Products

Food packaging materials, carbon fiber, alumina fiber, civil engineering materials, construction materials, agricultural materials, plastic pipes

The Year in Review

Electronics Applications

Sales of recording media decreased as a result of lower DVD prices, although demand expanded for portable HDDs and flash memories. Sales of polyester films and plastic injection moldings dropped significantly, due to a lower sales volume of products for LCDs. Sales of imaging supplies, such as organic photo conductor drums, toners and chemical toners, decreased owing to continued weaker demand. For inorganic chemicals, sales slipped owing the second-half economic downturn, despite upward price adjustments on some products.

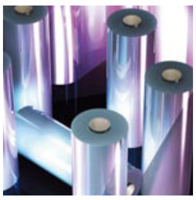
As a result, net sales were down 19.0% year on year, ¥327.5 billion. Operating income fell 84.8%, to ¥4.8 billion.

Designed Materials

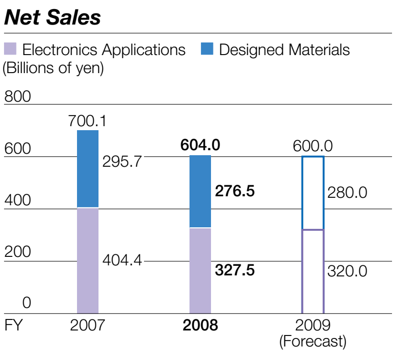
Sales of food ingredients remained essentially unchanged during the year, despite lower demand for food emulsifier, owing to sales price adjustments. Although sales of

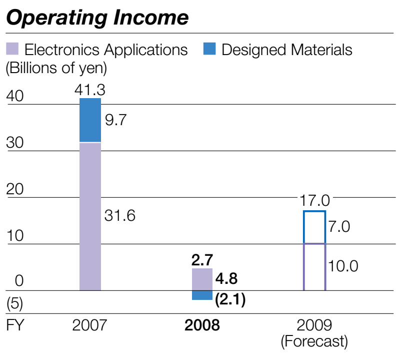
Recording Media

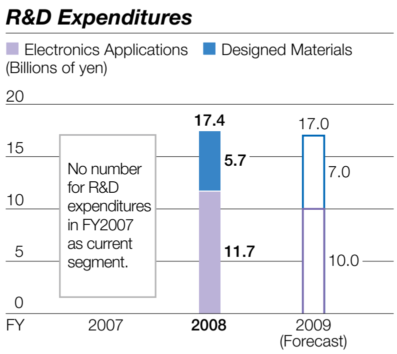

Imaging


High Performance Polyester Films


Food Ingredients







battery materials and fine chemicals were favorable in the first half of the fiscal year, they fell off in the second half, owing to lackluster global demand. Among polymer processing products, sales of films, composite films and sheets fell, owing to weak demand. Sales of construction-related products dropped as a result of slack public-sector construction demand and lower demand for building equipment. Among composite materials, sales of carbon fibers fell due to lower demand for use in automobiles.

Owing to these factors, net sales slipped 6.5%, to ¥276.5 billion. Operating income dropped ¥11.8 billion, resulting in an operating loss of ¥2.1 billion.

Future Focus

Raising Overseas Sales and Profits, Boosting the Overseas Sales Ratio

In May 2009, Mitsubishi Plastics, Inc. (MPI) entered a strategic alliance with the founders group of Quadrant AG, the world's largest manufacturer of engineering plastic products (EPPs). Through this agreement, MPI aims to expand its global operations in the EPP business.

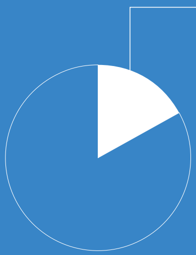
Established in 1996, Quadrant acquired its EPP operations in 2001, followed by fiber resin composites and other businesses, transforming Quadrant into the world's largest EPP manufacturer, with worldwide operations in 19 locations.

Under the agreement, the partners established a joint venture as a holding company, Aquamit B.V. to acquire Quadrant's shares through a public tender offer.

MPI aims to benefit from Quadrant's manufacturing technology, R&D capabilities, production facilities and sales routes to advance its business in EPPs and high-performance fiber composites. By FY2012, MPI plans to achieve consolidated overseas sales ratio of 40%, thereby meeting a key objective of its mid-term management plan.

Review of Operations

Health Care



By integrating the Group's superior technologies and human resources, we develop and deliver original pharmaceuticals and medical services.

Business Overview

Our Health Care Segment comprise the pharmaceutical business of the Mitsubishi Tanabe Pharma Group (MTPC Group) and the health care business of the Mitsubishi Chemical Group.

This broad based background enables us to take a multifaceted approach to drug discovery and supply, clinical testing services, the development and supply of diagnostic reagents and equipment, support of clinical trials, and safety evaluations of various chemical substances.

In addition to becoming more competitive in each of these businesses, the Mitsubishi Chemical Holdings Group (MCHC Group) is taking a proactive approach toward integrating these technologies, which makes personalized medicine possible.

While seeking to maximize Group synergies, we also employ our marketing expertise to provide creative medical products and services throughout the world.

Positioning pharmaceuticals as a priority business, going forward aggressively pursue new opportunities for growth.

For example, we will promote the development of medical products that are highly competitive in the international marketplace. We will also promote the generic pharmaceutical business as we strive to raise people's quality of life.

Health Care

In the Health Care Domain, we promote business in the areas of pharmaceuticals, diagnostics and clinical testing, and discovery support. These fields involve myriad technologies—medical chemistry, life sciences, analysis and computational science, among others—and require a solid sales base. In the mainstay pharmaceutical business, the Group has positioned metabolic disease and CVD as key therapeutic areas of pharmaceutical business, with a special focus on diabetes and cerebral infarction. We are working to reinforce our base as an international drug discovery company by building up our global R&D and sales structures.

Major Products (Indications in Parentheses)

Remicade, Radicut, Anplag, Urso, Tanatril, Talion,clinical testing, diagnostics reagents and instruments

The Year in Review

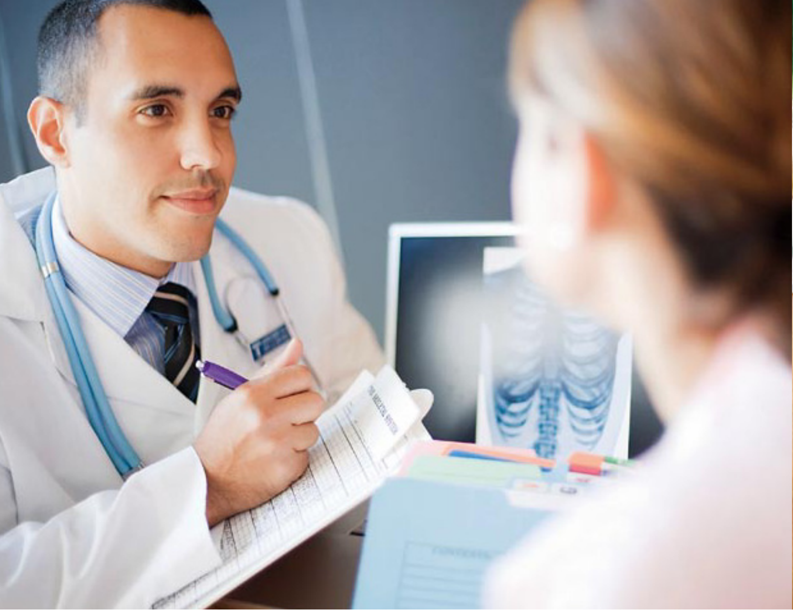
Health Care

Sales of pharmaceuticals rose substantially, benefiting from the business expansion of MTPC, which was established in October 2007 through the merger of Mitsubishi Pharma Corporation and Tanabe Seiyaku Co., Ltd. *Remicade*, an anti-TNF α monoclonal antibody, delivered solid sales growth; as did *Mearubik*, a measles and rubella combined vaccine; *Anplag*, an anti-platelet agent; and *Talion*, a treatment for allergic disorders. Performance was generally satisfactory for diagnostic reagents and instruments

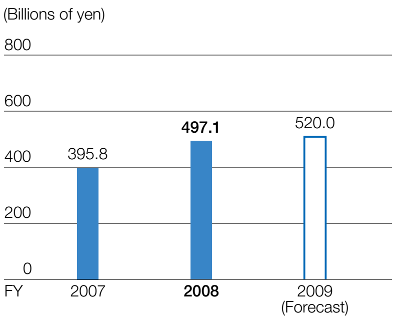
Remicade

Radicut

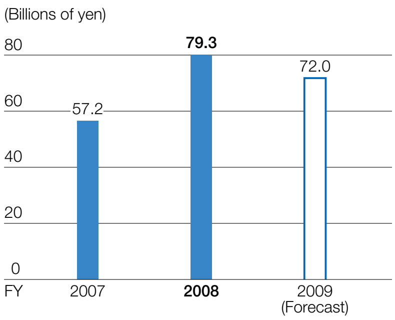
Diagnostics Reagents & Instruments and Clinical Testing



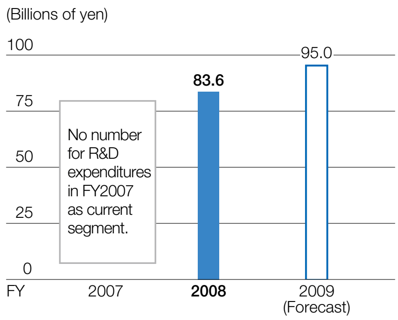
Net Sales



Operating Income



R&D Expenditures



and clinical testing.

Net sales rose 25.6% during the year, to ¥497.1 billion, and operating income grew 38.6%, to ¥79.3 billion.

- MTPC and Cytochroma signed a license agreement under which Cytochroma granted MTPC an exclusive license in the United States and Asia, including Japan, to develop and commercialize CTA018, Cytochroma's novel vitamin D analog. (July 2008)
- MTPC announced that its consolidated subsidiary, Tanabe Seiyaku Hanbai Co., Ltd. and a wholly-owned subsidiary of Choseido Pharmaceutical Co., Ltd., Chosei Yakuhin Co., Ltd. merge as of April 1, 2009. (December 2008)
- MTPC and GlaxoSmithKline K.K. (GSK) announced an agreement to co-promote *Adoair*, a combination drug manufactured and marketed by GSK for the treatment of asthma and COPD, in Japan from April 1, 2009. (February 2009)
- MTPC renewed and launched *FLUCORT F* treatment for eczema and dermatitis. (March 2009)

Future Focus

Progress on Five Key Issues Outlined in Mitsubishi Tanabe Pharma's Medium-Term Management Plan

1. Enhancing the MTPC's Domestic Sales Presence

MR systems have been integrated, the numbers of specialized *Remicade* area managers and MRs specialized in the cerebral field have been increased, and synergies have been created among such products as *Remicade*, *Anplag*, and *Talion*.

2. Making Steady Progress in Key Development Projects

In the U.S. and Europe, in the renal field, progress has been made with two compounds in development, and the products lineup has been strengthened with the introduction of another development compound.
In Japan, MP-424 has moved to phase 3 trials and favorable progress has been made with two diabetes drugs and with additional indications for *Remicade*.

3. Progress in Developing Overseas Pharmaceutical Operations

In the U.S., preparations are underway for the establishment of an in-house sales system in the field of renal drugs.
In Europe and Asia, for the in-house sales system, the number of products sold has been increased and the sales regions have been expanded.

4. Progress in Generic Operations

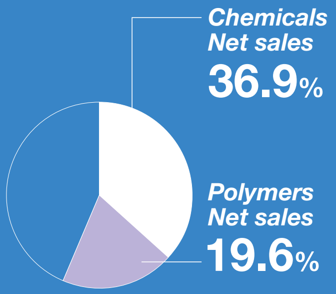
Tanabe Seiyaku Hanbai Co., Ltd. (TSH) has been established and a full-scale start has been made in generic drug operations.
The generics lineup and sales system gave been strengthened through our acquisition of 51% of the stock of Choseido Pharmaceutical Co., Ltd., and through the merger of TSH and Chosei Yakuhin Co., Ltd., a subsidiary of Choseido Pharmaceutical Co., Ltd.

5. Creating an Efficient Organization and Cost Structure

MTPC has made steady progress with base consolidation, reorganization of subsidiaries and affiliates, and the establishment of a strong, efficient organizational structure. Cost savings have reached ¥12.7 billion (53% of the medium-term management plan objective of ¥24.0 billion).

Review of Operations

Chemicals



We optimize highly sophisticated technologies and production processes to ensure a steady supply of products that support the social infrastructure.


High Performance Graphite


C4 Chemicals


Polycarbonate


Polypropylene

Business Overview

This domain includes the Chemicals and Polymers Segments. The former focuses on basic chemicals, including carbon-based products, while the latter concentrates on derivative products, mainly polymers. By working aggressively to promote products that offer high performance and added value, we have succeeded in creating a portfolio of highly competitive products and technologies that are used in electronics and automobiles.
We are striving to build the technology base to create new materials that will help realize an environmentally harmonious society, while providing carbon chemistry and petrochemicals. In addition, we are pursuing all the possibilities that C1 chemistry has to offer. At the same time, we are rationalizing production facilities and optimizing production processes, thereby fortifying our operating base to enhance our standing in global markets.

Chemicals

In the carbon business, we are striving to respond to demands for products that offer higher performance and deploying advanced facility protection techniques to ensure our ongoing ability to deliver a stable supply of materials. In petrochemicals, we are making a groupwide effort to construct complexes that concentrate on core derivatives and an olefin supply structure that can respond flexibly to market changes.

Major Products
Ethylene, propylene, benzene, C4, EOG, purified terephthalic acid (PTA), polytetramethylene ether glycol (PTMG), 1,4-butandiol (1,4-BG), coke

Polymers

Polymer design, processing and compounding technologies are areas of core expertise for the Mitsubishi Chemical Holdings Group (MCHC Group). We are working to promote polymers that offer even higher added value and deliver enhanced performance, in a bid to offer polymer solutions that are unique to the MCHC Group. Through these efforts, we aim to respond to the wide-ranging demands of industry and society as a whole.

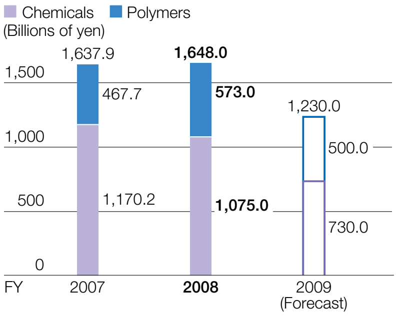
Major Products
Polypropylene, polyethylene, polycarbonate/phenol chain, PVC, Performance Polymers, engineering plastics

The Year in Review

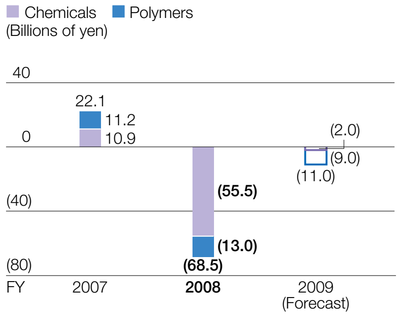
Chemicals

During the year, the production volume of ethylene, a basic raw material of petrochemicals, amounted to 1 million tons, down 16.6% year on year. The decline was a result of reduced production capacity to match lower demand, expanded regular maintenance programs, and the effects of the December 2007 fire at the Kashima Plant of Mitsubishi Chemical Corporation (MCC). Sales of basic petrochemicals, chemical derivatives and synthetic fiber materials were down dramatically, owing to the elimination

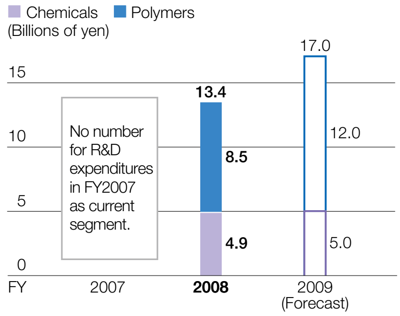
Net Sales



Operating Income



R&D Expenditures



from consolidated accounting of sales of ethylene to Japan Polyethylene Corporation—owing to the company's consolidation as a subsidiary of MCHC—as well as to sharp deterioration in demand during the second half of the fiscal year.

Despite a third-quarter decline in export volumes, sales of blast furnace coke increased, as product prices rose in conjunction with soaring raw coal prices. Fertilizer sales increased due to product price adjustments associated with sharp rises in raw material and fuel prices, despite lower sales volumes. Owing to these factors, net sales were down 8.1%, to ¥1,075.0 billion. Operating income fell ¥66.4 billion, to an operating loss of ¥55.5 billion, due to sharply lower demand, the market downturn, and inventory valuation losses resulting from lower raw material and fuel prices.

Polymers

Net sales expanded 22.5%, to ¥573.0 billion, benefiting from the consolidation of Japan Polyethylene Corporation and product price adjustments associated with sharp rises in raw material and fuel prices in the first half of the fiscal year, despite the abrupt declines in demand during the second half. Owing to these demand decreases, despite product price adjustments operating income fell ¥24.2 billion, to an operating loss of ¥13.0 billion.

Future Focus

Mitsubishi Chemical Holdings Corporation and Asahi Kasei Corporation Align Petrochemical Complexes

Mitsubishi Chemical Corporation (MCC) and Asahi Kasei Chemicals Corporation have implemented a range of measures to heighten the competitiveness of their petrochemical complexes. These facilities are located adjacently in the Mizushima Industrial Zone in Kurashiki, Okayama Prefecture. The cooperative measures involve bilateral cooperation, as well as in concert with the Research Association of Refinery Integration for Group-Operation (RING).

By unifying their naphtha cracking operations, the companies aim to optimize their efficiencies, raising their competitiveness and profitability and ensuring their long-term survival amid increasingly severe global competition.

MCC and Sinopec to Form Strategic Partnership

In April 2009, MCC announced a basic agreement to establish a strategic business partnership with Beijing-based China Petroleum and Chemical Corporation (Sinopec). Through this partnership, MCC and Sinopec aim to take advantage of their respective strengths in technologies, markets and materials. The companies also expect to accelerate their business activities by building stronger mutual ties. The partnership resulting from this agreement will cover joint research, project tie-ups, and the supply of raw materials and finished products, as well as the exchange of technological information and human resources.

Pursuing the possibilities for Sustainability, Health and Comfort

Basic R&D Concept

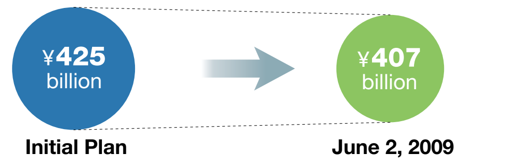
Global environmental problems, population and food problems, energy and resource problems, and various issues related to our daily lives and health—much is expected of chemistry, which has the potential to provide solutions to the myriad problems facing society.
The Mitsubishi Chemical Holdings Group (MCHC Group) aims to help solving these problems and is enlisting the resources of the entire Group in pursuing R&D with eyes focused on everything from basic necessities like clothing, food, housing, to a wide range of industry sectors, like pharmaceuticals, automobiles, IT and electronics.

R&D Strategy

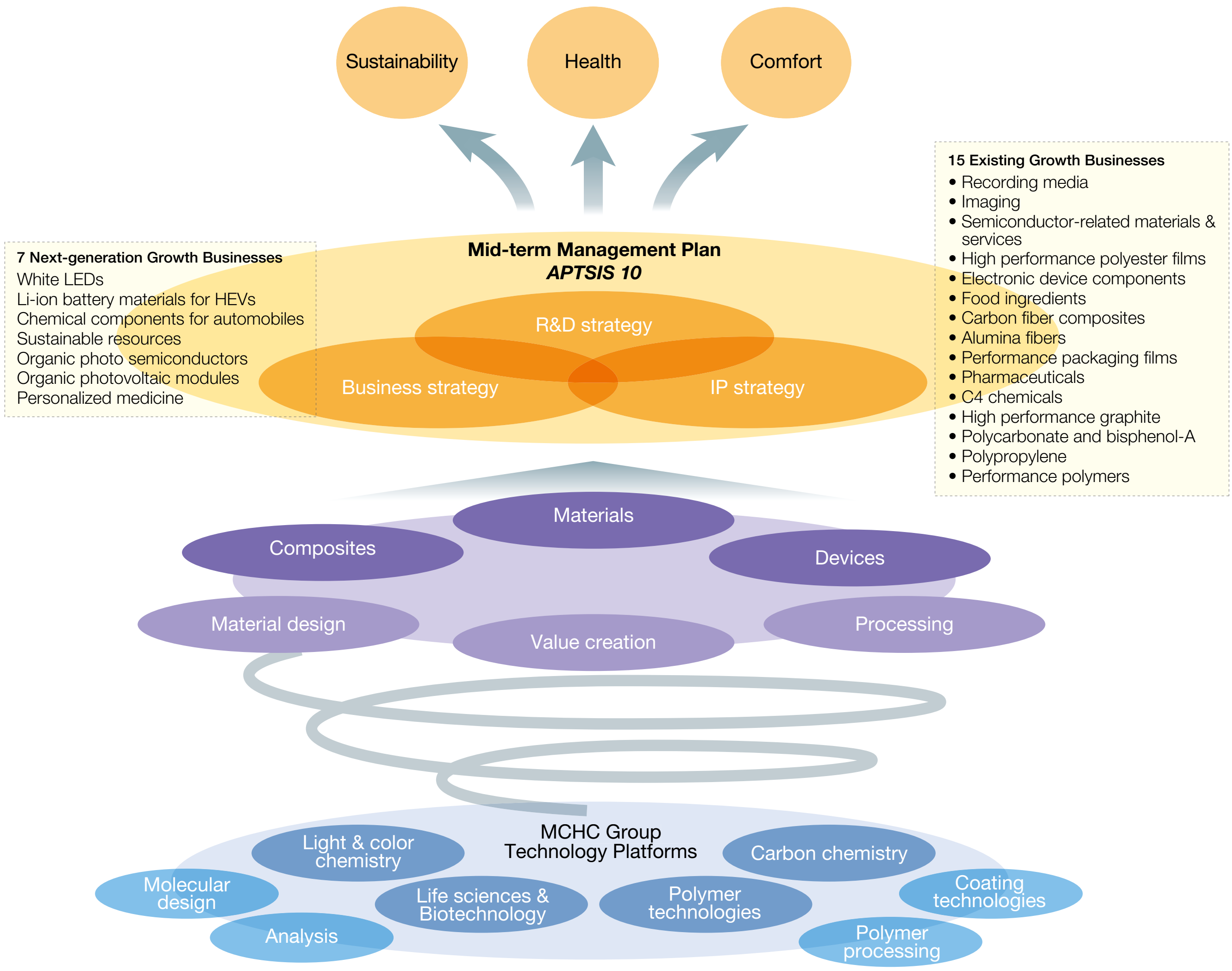
The MCHC Group, in order to rapidly apply research results to the problem of how to expand prosperity in modern society and bring forth new value that anticipates future demands, is advancing its R&D strategy together with its business strategy and intellectual property strategy.

This R&D strategy is one that targets the realization of the MCHC Group's management strategy.
Founded on the management strategy of growing, innovating, and leaping ahead based on businesses consistent with the business activity decision criteria of Sustainability, Health and Comfort, our R&D strategy consists largely of two parts. The first is using growth-oriented R&D to promote the development of the 15 existing growth businesses together with that of Group companies and business units. The second is focusing attention on the development of the seven next-generation

R&D Expenditures in FY2008-2010



R&D expenditures have been controlled though through selection of focus, owing to economic downturn influences.



growth businesses.

Regarding R&D, the technology platforms consisting of the combination of the diverse technologies held by Mitsubishi Chemical Corporation, Mitsubishi Plastics, Inc. and Mitsubishi Tanabe Pharma Corporation (MTPC) , are being applied as a common Group asset and efforts are being made to efficiently and speedily realize results.

Pharmaceutical Pipelines

The MTPC Group aims to continually develop new pharmaceuticals that will be used throughout the world. In implementing its R&D activities, the Group has positioned metabolism and circulation as priority fields, with diabetes and cerebral infarction as focus disease areas.

In diabetes agents, the MTPC Group has a number of development compounds with different mechanisms of action, such as SGLT-2 inhibitor TA-7284 and DPP4 inhibitors MP-513 and TA-6666. The MTPC Group is moving forward with the development of these compounds in Japan and overseas.

In addition, the MTPC Group is developing two agents for multiple sclerosis that have the potential to record substantial sales. FTY720 is a sphingosine-1-phosphate receptor modulator, and T-0047 is a cell adhesion inhibitor.

Remicade plays a central role in the Group's life cycle management strategy, and the Group is moving ahead with changes in usages/dosages for *Remicade* for rheumatoid arthritis and Crohn's disease. In addition, development is underway in Japan targeting the acquisition of additional indications for *Remicade* for psoriasis, ankylosing spondylitis, and ulcerative colitis.

Overseas, with a focus on the renal disease field, progress is being made with phase 3 trials of non-absorbed phosphate binder MCI-196 and uremic toxin adsorbent MP-146 in Europe and the United States. Also, in July 2008, MTPC enhanced its pipeline in the renal disease field when MTPC licensed-in a novel vitamin D analog from Cytochroma Inc. (Canada).

Development Pipeline Status

New Molecular Entities | *Additional Indications* | *Licensing-out*

As of May 8, 2009

	Phase 1		Phase 2		Phase 3		Filed	
Domestic	**MP-435**	Rheumatoid Arthritis	**APTA-2217**	Asthma			**TA-8317/ACREF**	Breakthrough Cancer Pain
	TA-6666	Type 2 Diabetes Mellitus	**APTA-2217**	COPD *2			**Venoglobulin-IH**	ImmunoglobulinG2 Deficiency
	TA-7284	Diabetes Mellitus	**CNTO148**	Rheumatoid Arthritis			**Venoglobulin-IH**	Polymyositis, Dermatomyositis*1
	Cholebine	Hyperphosphatemia	**MCC-847**	Allergic Rhinitis	**MCC-847**	Asthma	**Venoglobulin-IH**	Hypo and gammagloblinemia: additional dose
			FTY720	Multiple Sclerosis *1	**MP-424**	Chronic Hepatitis C	**Remicade**	Rheumatoid Arthritis: dose escalation
			MP-513	Type 2 Diabetes Mellitus	**Venoglobulin-IH**	Systemic Scleroderma	**Remicade**	Psoriasis
			MP-214	Schizophrenia	**Venoglobulin-IH**	Myasthenia Gravis	**Remicade**	Ankylosing Spondylitis*1
			Cholebine	Type 2 Diabetes Mellitus	**Remicade**	Ulcerative Colitis	**Valixa**	Post- transplantation Cytomegalovirus Infection
					Remicade	Crohn's Disease: dose escalation	**Ceredist**	Orally Disintegrating Tablet: additional formulation
					Modiodal	Obstructive Sleep Apnea		
					Radicut	Amyotrophic Lateral Sclerosis*1		
					Maintate	Chronic Heart Failure		
					Pazucross	Severe or Intractable Case: additional dose		
					Pazucross	Sepsis, Pneumococcus		
Overseas	**MCI-186**	Acute Cerebral Infarction	**TA-6666**	Type 2 Diabetes Mellitus	**MCI-196**	Hyperphosphatemia	**Argatroban**	Heparin-induced thrombocytopenia (HIT)
	TA-5493	Rheumatoid Arthritis, Psoriasis	**TA-5538**	Overactive Bladder	**MP-146**	Chronic Kidney Disease	**Argatroban**	HIT Patients undergoing percutaneous coronary intervention (PCI)
	MP-513	Type 2 Diabetes Mellitus	**MCC-135**	Myocardial Infarction				
	GB-1057	Stabilizing Agent	**MCC-257**	Diabetic Neuropathy				
	TA-8995	Dyslipidemia	**MT-2832**	Secondary Hyperparathyroidism				
	MP-124	Acute Ischemic Stroke						
	MP-136	Dyslipidemia						
Licensing-Out	**TA-0128**	Malignant Tumor	**TA-179 (Korea)**	Erectile Dysfunction	**FTY720**	Multiple Sclerosis		
	sTU-199	Gastroesophageal Reflux Disease	**T-0047**	Multiple Sclerosis	**TA-1790 (US)**	Erectile Dysfunction		
	MP-412	Malignant Tumor	**TA-7284**	Diabetes Mellitus, Obesity				
	TT-138	Pollakiuria, Anischuria	**MKC-242**	Insomnia				
			TA-2005	Asthma, COPD *2				
			MKC-231	Depression/Anxiety				
			Y-39983	Glaucoma				

*1 Orphan drug designated *2 Chronic obstructive pulmonary disease

Strengthening corporate governance and implementing internal control systems for greater efficiency and transparency

Basic Functions of Mitsubishi Chemical Holdings

The Mitsubishi Chemical Holdings Group (MCHC Group) has introduced a holding company system that completely separates portfolio management functions and individual operation management functions.

MCHC's core operation companies consist of Mitsubishi Chemical Corporation (MCC), Mitsubishi Plastics, Inc. (MPI) and Mitsubishi Tanabe Pharma Corporation (MTPC), and their principal operations involve performance products, healthcare and chemicals.

As a holding company, MCHC initiates various management measures to enhance corporate value, specifically through building group strategies, finding an optimal allocation of management resources and overseeing management, among other efforts. MCHC prioritizes management decision-making, efficient and timely execution of operations, clarification of management responsibility, strict compliance, and solid risk management as its most important corporate governance concerns. As a body responsible for overseeing the management of the MCHC Group, MCHC seeks to further enhance corporate value for the MCHC Group.

Basic Concepts Regarding Corporate Governance

MCHC, in light of its responsibility for overseeing the management of the MCHC Group, regards management decision-making, efficient and timely execution of operations, clarification of management responsibility, strict compliance, and solid risk management as its most important corporate governance concerns, and works to further enhance corporate value for the MCHC Group.

Based on Board of Directors Regulations and other related regulations, directors make decisions regarding important matters for the MCHC Group in meetings of the Board of Directors, and mutually oversee the performance of duties by directors.

Statutory Auditors, in accordance with Auditing Standards for Corporate Auditors, oversee the performance of duties by directors by attending Board of Directors and other important meetings, and through other means, as well.

In addition, the MCHC Group has adopted an executive officer system to separate management oversight and execution functions, and has set forth rules governing the activities of the Board of Directors, Management Committee, CSR Committee, and other decision-making organs, rules addressing the authority of individual employee positions, rules setting forth the responsibilities of individual departments, etc., and other rules. The MCHC Group efficiently and properly pursues management decision-making and execution.

A. Board of Directors

The Board of Directors, based on the Board of Directors Regulations and other related regulations, makes decisions on important MCHC management matters and fundamental Group management matters, and oversees the execution of duties by directors. In principle, the Board of Directors Meeting is convened once a month. MCHC, which has specified in its Articles of Incorporation that it shall have no more than 10 directors, has seven directors as of the issue date of this Annual Report 2009. To ensure that its management system can quickly respond to changes in the business environment and in the interest of clarifying director management responsibilities and roles, MCHC has set the terms of office of directors at one year.

B. Management Committee

The Management Committee, as an organ for assisting the President and Representative Director in decision-making, discusses investment, financing, and other important matters of business execution for both MCHC and MCHC Group companies. Actions related to matters of particular management import discussed by the Management Committee must be approved by the Board of Directors prior to execution. The Management Committee takes place twice a month and is composed of the President, standing executive officers, executive representatives of principal direct investees, and statutory auditors.

C. CSR Committee

The CSR Committee, as an organ for assisting the President and Representative Director in decision-making, discusses important matters related to MCHC and the MCHC Group company compliance, risk management, safety and environmental measures, human rights education, social contributions, and other aspects of corporate social responsibility (CSR). In principle, the CSR Committee convenes twice a year and at other times as necessary. Its members consist of representatives of both MCHC Group companies. Included are presidents, executive officers in charge of compliance, risk management officers, responsible care (RC) officers and other officers with CSR responsibilities, and statutory auditors.

D. Statutory Auditors and Board of Auditors

Auditing operations are performed by statutory auditors and the Board of Auditors. The Board of Auditors Meeting, in principle, takes place once a month. As of the end of June 2009, the Board of Auditors consists of five statutory auditors, including three outside auditors.

Statutory Auditors look at the business executions of the directors and other corporate activities through attendance at the board of directors and other important meetings, pursuant to the Auditing Standards for Corporate Auditors and other rules and regulations.

Cooperation among Statutory Auditors, Outside Auditors and Internal Audit

MCHC has entrusted the performance of its outside audits to Ernst & Young ShinNihon LLC. Ernst & Young ShinNihon maintains a close relationship with the Statutory Auditors and internal audit. It provides the Statutory Auditors with reports on the status and results of audits, exchanges important information and opinions with the Statutory Auditors, and strives to perform efficient, effective audits.

Takeover Defenses

Presently, MCHC has adopted no takeover defenses. However, MCHC will take whatever measures it deems necessary in response to large share purchases that threaten to damage the corporate value of the MCHC Group or the common interests of shareholders. Because it is an important management matter, MCHC will continue to examine the adoption of takeover defenses in light of factors like laws and legal precedents concerning takeover activities, and social currents.

IR Activities

MCHC holds Internet-based conferences covering operating results for analysts and institutional investors four times a year. We also regularly hold business briefings and research facility tours, and visit overseas institutional investors individually.

Basic Concepts on and the Status of the Internal Audit System

MCHC strives to strengthen and thoroughly implement its internal control system based on the basic policies decided by the Board of Directors. The Board of Directors inspects the implementation status of these basic policies at the end of every fiscal term and reviews any specifics of the policies as needed.

In fiscal year 2008, MCHC established an MCHC Group information security policy and information system security rules. Moreover, in response to enforcement of the internal control report system of the Financial Instruments and Exchange Law, MCHC took stock of and improved the actual conditions of the enhancement/operational situations of the Group’s internal control concerning financial reporting. MCHC then evaluated such enhancement/operational situations in accordance with the standard concerning the evaluation of the internal control, as specified by the Financial Instruments and Exchange Law. Furthermore, in order to help strengthen the initiatives for the internal control pursued by its overseas group companies, MCHC held an Asian Region Internal Control System Promotion Meeting in China (with 28 companies) and Singapore (13 companies), respectively. There, participants discussed and exchanged information on MCHC Group’s initiatives for internal control, compliances by each operating company and risk management.

In fiscal year 2009, MCHC will further enhance the situations of its internal control based on the evaluation results. MCHC will also strengthen its collaboration with the internal control system-related departments and internal audit departments of its core operation companies (MCC, MPI and MTPC), in order to assist the penetration of internal control such as the promotion of compliance and risk management.

Realizing initiatives and updating regulations to match actual conditions

Basic Concept

The Mitsubishi Chemical Holdings Group (MCHC Group) interprets "compliance" as more than simply legal compliance; we take it to mean the upholding of corporate ethics and social mores, as well. In addition, we have made compliance our top management priority and have established various related regulations, including the Mitsubishi Chemical Holdings Group Corporate Ethics, Mitsubishi Chemical Holdings Group Compliance Code of Conduct, and the Mitsubishi Chemical Holdings Group Compliance Promotion Regulations, which underpin all other compliance-related regulations.

To ensure the thorough understanding and practice of compliance throughout the Group, Compliance Groups have been established in MCHC's Internal Control Office and Compliance Promotion Committees appointed in each MCHC Group company. These are headed by Chief Compliance Officers (CCO), who are appointed by the MCHC Board of Directors. MCHC requires each MCHC Group company to prepare a code of conduct and guidebook, undertake education and training activities, conduct business audits and monitoring, establish and operate a compliance hotline, and perform other activities, all via Compliance Promotion Committee activities. It also dispatches training instructors, prepares tools, and provides other types of support for the activities of MCHC Group companies.

These concepts and activities also apply to overseas Group companies, which ensure and enhance compliance by using the Mitsubishi Chemical Holdings Group Corporate Ethics as a common set of fundamental regulations in developing codes of conduct and preparing promotion regulations that are consistent with the laws and social mores of their host country.

Activities in FY2008

In FY2008, MCHC held a lecture on compliance as a top seminar for the presidents and CCO of its 98 Group companies. MCHC's compliance initiatives also included revisions of operating rules, aimed to protect hotline users even more firmly. These initiatives were reported at the CSR Promotion Committee.

In FY2009, MCHC will support measures to widen the understanding of compliance among its Group companies, particularly those operating overseas, promoted by the core operation companies of Mitsubishi Chemical, Mitsubishi Plastics, and Mitsubishi Tanabe Pharma.

TOPICS

Basic Policy for Information System Security Prepared for the MCHC Group

In March 2009, MCHC set up a basic policy and administrative system for information system security, aimed at protecting MCHC's information system assets from internal and external threats, and thereby maintaining/enhancing the corporate value of the entire MCHC Group.

The basic policy calls on each Group company to "regard its information system assets as part of the Group's infrastructure and to strive to ensure the company's information security pursuant to the policy." As the promoting body, an "MCHC Group Information System Security Administration Committee" was set up, comprised of person in change of information system of MCHC Group Synergy Office, the information system unit managers of the three core operation companies and technical supervisors of the information system operation company. The Committee's chairperson, assuming the highest responsibility for promoting the security of the MCHC Group, is assigned to the executive officer in charge of information systems at the MCHC Group Synergy Office. Moreover, a "person in charge of information system security management" is assigned in each Group company as the responsible promoter of the company's security initiatives.

The MCHC Group formed a basic risk management policy and risks will be avoided by following this major policy

The Mitsubishi Chemical Holdings Group (MCHC Group) has been consolidating its risk management system, in order to fulfill the Group's social responsibility and enhance its corporate value. In April 2006, MCHC developed a risk management system, with its President as head, bearing the ultimate responsibility, which was followed up by formulating and implementing the Mitsubishi Chemical Holdings Group Risk Management Basic Policy to avoid major risks related to Group business activities and minimize damage when occurred.

The CSR Committee discusses important issues related to the Group's risk management, such as risk management policies and response to major risks for the Group. Based on the Committee's discussions, the MCHC President makes decisions as the leader ultimately responsible for the Group's risk management.

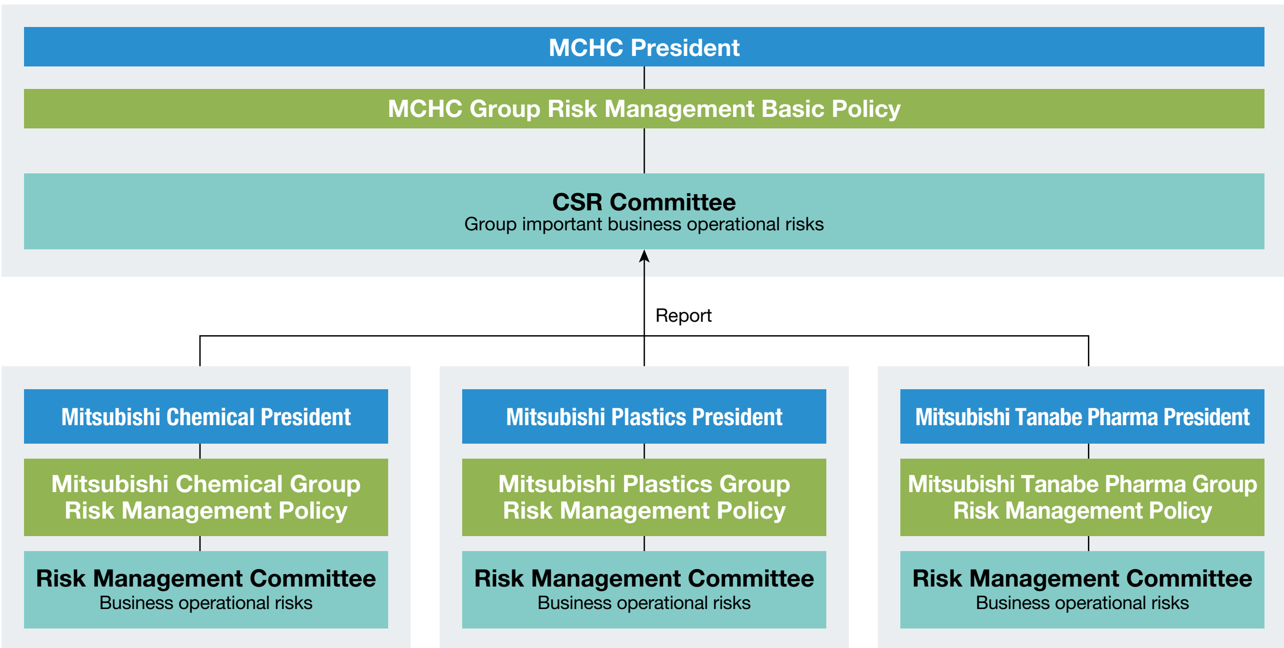
Each of the operating companies builds its own risk management system tailored to its business characteristics, overseeing its subsidiaries to create their risk management systems.

In FY2008, MCHC also promoted what it had regularly done in the past—the monitoring of the enhancement/operational situations of the Group's risk management system and grasp/evaluations of the Group's major risks. MCHC arranged to share information among operation companies, in relation to risk management. Moreover, MCHC held internal promotions of risk factors such as new types of influenza and information security in order to dissolute and reduce such factors.

In FY2009, MCHC will help build risk management systems for its Group companies and support the consolidation of these systems' operations.

Risk Management System

As of June 30, 2009



Corporate Social Responsibility

Toward the establishment of a sustainable global society

The Mitsubishi Chemical Holdings Group (MCHC Group) contributes to the creation of prosperity for the world's people through a broad range of technologies, products, and services focusing on resource and environmental sustainability, health, and comfort. At the same time, through business activities governed by guidelines like the MCHC Group Corporate Ethics charter and the 10 principles of the UN Global Compact, and business activities based on dialogues with our stakeholders, we pursue social contribution and other initiatives in various locations inside and outside Japan. In so doing, we are meeting our responsibilities to the global environment and the international community, and contributing to the creation of a sustainable global society.

Mitsubishi Chemical Holdings Group Corporate Ethics

We, constituent members of the Mitsubishi Chemical Holdings Group, shall share the following ethical standards and act with sound ethics and good common sense, and exert our utmost to ensure sustained development as a corporate group that engenders society's trust, in every aspect of our corporate activities.

1. Awareness and Responsibility

Based on the basic understanding that the foundation of our corporate activities is society's trust and confidence in us, we shall endeavor to contribute to the realization of an affluent and enriching society through respective business activities with a keen sense of corporate social responsibility.

2. Fairness, Equitability and Integrity

We shall respect the dignity and rights of all people and shall not engage in invidious discrimination for any reason whatsoever, be it racial, gender or religious. Furthermore, we shall deal with third parties including customers, suppliers, vendors, shareholders, business partners, administrative organs and local communities who associate with the MCHC Group, in a fair, equitable and sincere manner. The same holds true for relations among inter-MCHC Group constituent members.

3. Strict Compliance

Strict compliance constitutes the foundation as a member of society. "Never engage in unlawful activities," is a natural social norm (legal and ethical standards), which must be observed at all times.

At the MCHC Group, we shall act in accordance with the following standards in order to avert possible risks that may lead to illegality:

(1) Continue to sharpen sensitivity toward illegal conduct.
(2) Never engage in suspected illegal activity.
(3) Do not be optimistic in evaluating risk of illegality.
(4) In the event that an illegal act is committed, do not conceal or justify it.
(5) Avoiding risk of illegality takes precedence over corporate interest at all times.

4. Prudence

With respect to inter-company or inter-group relationships, as well as relationships with our customers, vendors and business partners, we shall avoid improper associations and maintain proper relationships that conform to prevailing social standards, to prevent misunderstanding.
In particular, we shall make a clear distinction between official and private matters and shall not exploit one's position or status as a member of the MCHC Group to pursue one's own personal interests in any business activity.

5. Transparency and Openness

Recognizing the importance of accountability in corporate activities, we shall maintain transparency in our corporate activities and proactively disclose appropriate information to uphold "openness" within and without the Company.

Pursuing Business Activities in the Interest of Quality, Safety and the Environment

Stably supplying products; ensuring their quality and safety; providing safe, healthy working environments; and pursuing businesses with low environmental loads are important social responsibilities of a company that is both a raw material manufacturer that has facilities throughout the world and provides a wide variety of materials, products and systems to a broad array of industries and a pharmaceutical manufacturer producing products that can significantly benefit human life. Aware of its weighty responsibilities, MCHC, together with all MCHC Group companies, is advancing various measures aimed at improving quality and safety, and protecting the environment.
The Mitsubishi Chemical/Mitsubishi Plastics Group is implementing the chemical industry's Responsible Care (RC) activities—voluntary activities aimed at improving environmental, health, and safety performance. These activities are being implemented under five themes:

Protecting the environment, safety and disaster prevention, labor safety and health, quality assurance, and product (chemical product) safety. We are building management systems for each, introducing PDCA (Plan-Do-Check-Action) cycles for individual businesses, departments, and themes, and working to achieve medium-to-long term objectives.

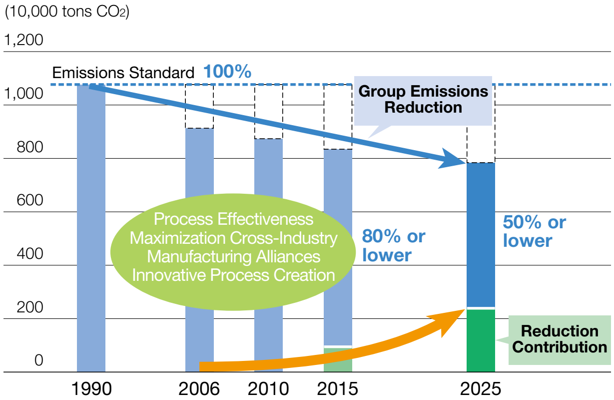
In addition, we are reinforcing the supply chain at Mitsubishi Tanabe Pharma to better meet our responsibility to consistently deliver pharmaceuticals, sharing quality and safety information with affiliates through the newly established Quality and Safety Liaison Committee, and redoubling our efforts aimed at ensuring safety and security in activities like testing pharmaceutical traceability—a joint undertaking with the Ministry of Internal Affairs and Communications.

* Responsible Care (RC) activities are undertaken by companies that handle chemical substances. They include voluntary measures aimed at improving environmental, safety, and health performance in the manufacturing, distribution, use, final consumption, and disposal of chemical substances, and are intended to promote the disclosure of performance results, and dialogs and other forms of communication with society. Originating in Canada in 1985, RC activities are now being implemented in 45 countries (as of October 1, 2008). In Japan, RC activities are overseen by the Japan Responsible Care Council (JRCC), an organization with 100 corporate members (as of October 1, 2008).

Establishment of Greenhouse Gas Reduction Targets

The MCHC Group aims at 50% reduction (vs. 1990) of greenhouse gas emission by 2025 through pursuing both process improvements and product innovation. In addition, as future challenges, we will study proactive usage of CO_2 as a carbon source through the KAITEKI Institute, Inc. was established in April 2009.

Our Target for 2025



Estimates calculated based on revised (2006) Act on Promotion of Global Warming Countermeasures.

Socially Responsible Investment (SRI)

Socially responsible investments in companies that fulfill social responsibilities by undertaking initiatives that benefit the environment and society are drawing significant attention. As of July 2009, MCHC was included as a component of the FTSE4 Good Global Index, MorningStar Socially Responsible Investment Index, and other such stock indices, as well.

FTSE4 Good Global Index

The FTSE4 Good Global Index is managed by the Global index company, FTSE Group (jointly owned by the UK's Financial Times and The London Stock Exchange), and was created to evaluate and promote investment in companies that meet internationally recognized corporate responsibility standards. Transparent index management methods, selection standards, and the FTSE Group's excellent brand image make the FTSE4 Good Index Series significant for SRI products.

MorningStar Socially Responsible Investment Index

The MorningStar Socially Responsible Investment (MSRI) Index consists of 150 listed Japanese companies which MorningStar Japan K.K. considers to be outstanding in terms of meeting social responsibilities, and is Japan's first socially responsible investment index.

The MSRI Index does not guarantee the future performance of its constituent companies. And, while MorningStar Japan K.K. calculates and manages the index based on data it has judged to bereliable, it makes no guarantees of accuracy or completeness. Notwithstanding the foregoing statements, MorningStar Japan K.K., even if it has been notified of direct, indirect, extraordinary, punitive, incidental, or any other kinds of damages (including lost profits) shall bear no responsibility whatsoever for such damages.

Board of Directors, Executive Officers and Corporate Auditors
(As of June 24, 2009)

(Seated from left) Yoshimitsu Kobayashi, Ryuichi Tomizawa
(Standing from left) Hitoshi Ochi, Hiroshi Yoshida, Shotaro Yoshimura, Michihiro Tsuchiya, Etsujiro Koge

Member of the Board,
Chairman
Ryuichi Tomizawa

Representative Director,
Member of the Board,
President &
Chief Executive Officer
Yoshimitsu Kobayashi
[Representative Director,
Member of the Board,
President and
Chief Executive Officer,
Mitsubishi Chemical Corporation]

Representative Director,
Member of the Board,
Managing Executive Officer
Shotaro Yoshimura
Supervising - Corporate Management Office;
Internal Control Office (J-SOX);
Public Relations and Investor Relations Office (IR);
Finance and Accounting Office

Member of the Board,
Managing Executive Officer
Etsujiro Koge

Members of the Board
Hitoshi Ochi
General Manager,
Corporate Strategy Office

Michihiro Tsuchiya
[President &
Representative Director,
Mitsubishi Tanabe
Pharma Corporation]

Hiroshi Yoshida
[Representative Member
of the Board, President &
Chief Executive Officer,
Mitsubishi Plastics, Inc.]

Managing Executive Officer
Noboru Tsuda
Chief Compliance Officer,
Supervising - Administration Office; General Manager,
Internal Control Office

Executive Officers
Tomihisa Ikeura
Supervising - Group Synergy Office
(R&D and Intellectual Property)

Tomiaki Ito
Supervising - Group Synergy Office
(Product Development)

Noriyoshi Ohira
Supervising - Group Synergy Office
(HR and Organization)

Takao Okugagwa
Supervising - Public Relations and
Investor Relations Office (PR)

Kuniaki Kaga
General Manager,
Health Care Strategy Office

Motoo Kobayashi
Supervising - Group Synergy Office
(Information System)

Yutaka Haruyama
Supervising - Group Synergy Office
(Responsible Care)

Kazuchika Yamaguchi
General Manager,
Finance and Accounting Office

Iwao Yamamoto
Supervising - Group Synergy Office
(Process and Material Technology)

Corporate Auditors (Full-time)
Kazutoshi Kondo

Takayasu Kishi

Takashi Nishida*

Corporate Auditors
Hiroyasu Sugihara*
(Attorney-at-law)

Somitsu Takehara*
(Certified public accountant)

*Outside Corporate Auditor

Financial section

Consolidated Financial Summary

Years ended March 31

	Millions of yen						Millions of U.S. dollars
	Mitsubishi Chemical Holdings Corporation			Mitsubishi Chemical Corporation			Mitsubishi Chemical Holdings Corporation
	2009	2008	2007	2006	2005	2004	**2009**
For the Year:							
Net sales	**¥2,909,030**	¥2,929,810	¥2,622,820	¥2,408,945	¥2,189,462	¥1,925,331	**$29,683.9**
Operating income	**8,178**	125,046	128,589	133,619	148,624	98,163	**83.4**
Income before income taxes and minority interests in consolidated subsidiaries	**(44,002)**	217,791	137,802	115,070	106,604	70,804	**(449.0)**
Net income	**(67,178)**	164,064	100,338	85,569	55,372	34,547	**(685.4)**
Capital expenditures	**139,011**	170,051	130,855	97,864	67,123	69,331	**1,418.4**
Depreciation and amortization	**119,230**	102,172	83,270	88,165	87,708	95,559	**1,216.6**
R&D expenditures	**127,802**	112,064	91,177	89,594	89,215	88,513	**1,304.1**
Net cash provided by operating activities	**76,149**	156,173	63,343	179,723	222,821	144,992	**777.0**
Net cash used in investing activities	**(189,233)**	(177,985)	(133,434)	(74,365)	(57,642)	(75,707)	**(1,930.9)**
Net cash provided by (used in) financing activities	**179,526**	70,871	74,492	(97,181)	(171,306)	(70,252)	**1,831.8**
At Year-End:							
Total assets	**2,740,876**	2,765,837	2,318,832	2,126,612	1,970,528	2,001,601	**27,968.1**
Property, plant and equipment	**834,046**	852,806	724,438	686,680	674,953	723,265	**8,510.6**
Short-term and long-term debt	**1,033,239**	822,520	739,673	636,669	704,077	861,496	**10,543.2**
Total net assets	**940,114**	1,095,927	758,752	656,060	445,977	397,063	**9593.0**
	yen						U.S. dollars
Per Share:							
Net income—Basic	**¥(48.81)**	¥119.51	¥73.25	¥69.51	¥25.40	¥15.82	**$(0.498)**
Net assets	**486.09**	601.45	520.05	478.72	205.09	182.59	**4.960**
Cash dividends	**12.00**	16.00	14.00	14.00	6.00	4.00	**0.122**
Ratios:							
Return on assets (%)	**(1.5)**	8.5	6.1	5.6	5.3	3.4	—
Return on equity (%)	**(8.9)**	21.3	14.6	15.5	13.1	9.2	—
Shareholders' equity ratio (%)	**24.4**	29.9	30.7	30.8	22.6	19.8	—

Notes:
1. U.S. dollar amounts are converted from yen, for convenience only, at the rate of ¥98 = U.S.$1.00, the approximate exchange rate prevailing on March 31, 2009.
2. MCHC was established on October 3, 2005 as a holding company through a 100 percent stock transfer (exchange) by Mitsubishi Chemical Corporation ("MCC") and Mitsubishi Pharma Corporation ("MPC"), which was a wholly owned subsidiary of MCC. As a result, MCC and MPC both became domestic wholly-owned subsidiaries of MCHC and the shareholders of MCC and MPC became the shareholders of MCHC. Since, on the formation date the consolidated MCHC Group is in substance the same as the consolidated MCC Group, the consolidated financial statements presented herein for the year ended March 31, 2006 succeeded the ending balance of consolidated retained earnings of MCC as of September 30, 2005, and the consolidated net income of MCHC for the same year succeeded the first half of consolidated income of MCC and the second half of that of MCHC.
3. Financial results of Mitsubishi Chemical Holdings Corporation for the year ended March 31, 2006, comprise Mitsubishi Chemical Corporation' s consolidated financial results for the first half and Mitsubishi Chemical Holdings Corporation' s consolidated financial results for the second half of the year.
4. Prior to 2006, total net assets represents "shareholders' equity." Only in this summary, "shareholders' equity" represents the sum of total shareholders' equity and total valuation, translation adjustments and other.
5. Net income per share of Mitsubishi Chemical Holdings Corporation for the year ended March 31, 2006 is calculated based on the weighted-average number of shares of common stock of Mitsubishi Chemical Corporation for the first half and the weighted-average number of shares of common stock of Mitsubishi Chemical Holdings Corporation for the second half of the year. The number of shares of common stock of Mitsubishi Chemical Corporations adjusted to the basis of shares of common stock of Mitsubishi Chemical Holdings Corporation by utilizing the stock exchange ratio.
6. Cash dividends per share of Mitsubishi Chemical Holdings Corporation for the year ended March 31, 2006 (¥14.00) consist of ¥6.00 of Mitsubishi Chemical Corporation for the first half, which is adjusted to the basis of Mitsubishi Chemical Holdings Corporation by utilizing the stock exchange ratio, and ¥8.00 of Mitsubishi Chemical Holdings Corporation for the second half of the year.
7. ROA is calculated as income before income taxes and minority interests in consolidated subsidiaries divided by average total assets.
8. ROE is calculated as net income divided by average shareholders' equity.

Segment Information

Mitsubishi Chemical Holdings Corporation and consolidated subsidiaries
Years ended March 31

	Net Sales*			Operating Income		
	Millions of yen		Millions of U.S. dollars	Millions of yen		Millions of U.S. dollars
INDUSTRY SEGMENT	**2009**	2008	**2009**	**2009**	2008	**2009**
Electronics Applications	**¥ 327,531**	¥ 404,430	**$ 3,342.2**	**¥ 4,780**	¥ 31,653	**$ 48.8**
Designed Materials	**276,472**	295,765	**2,821.1**	**(2,110)**	9,693	**(21.5)**
Health Care	**497,072**	395,793	**5,072.2**	**79,277**	57,230	**808.9**
Chemicals	**1,074,962**	1,170,160	**10,969.0**	**(55,543)**	10,885	**(566.8)**
Polymers	**573,040**	467,662	**5,847.3**	**(12,968)**	11,170	**(132.3)**
Others	**159,953**	196,000	**1,632.2**	**8,833**	14,128	**90.1**
Subtotal	**2,909,030**	2,929,810	**29,684.0**	**22,269**	134,759	**227.2**
Corporate Costs				**(14,091)**	(9,713)	**(143.8)**
Total	**¥2,909,030**	¥2,929,810	**$29,684.0**	**8,178**	¥125,046	**$ 83.4**

* Inter-segment sales and transfers are not included.

	Total Assets			Depreciation		
	Millions of yen		Millions of U.S. dollars	Millions of yen		Millions of U.S. dollars
INDUSTRY SEGMENT	**2009**	2008	**2009**	**2009**	2008	**2009**
Electronics Applications	**¥ 279,528**	¥ 348,795	**$ 2,852.3**	**¥ 22,196**	¥ 22,196	**$ 226.5**
Designed Materials	**219,351**	256,815	**2,238.3**	**15,379**	14,238	**156.9**
Health Care	**817,580**	811,730	**8,342.7**	**20,510**	16,841	**209.3**
Chemicals	**670,574**	793,449	**6,842.6**	**36,895**	30,370	**376.5**
Polymers	**419,313**	369,343	**4,278.7**	**15,411**	10,078	**157.3**
Others	**307,793**	334,580	**3,140.7**	**3,798**	3,415	**38.8**
Subtotal	**2,714,139**	2,914,712	**27,695.3**	**114,189**	97,138	**1,165.2**
Corporate Assets and Eliminations	**26,737**	(148,875)	**272.8**	**5,041**	5,034	**51.4**
Total	**¥2,740,876**	¥2,765,837	**$27,968.1**	**¥119,230**	¥102,172	**$1,216.6**

	Capital Expenditures			R&D Expenditures		
	Millions of yen		Millions of U.S. dollars	Millions of yen		Millions of U.S. dollars
INDUSTRY SEGMENT	**2009**	2008	**2009**	**2009**	2008	**2009**
Electronics Applications	**¥ 26,244**	¥ 23,136	**$ 267.8**	**¥ 11,725**	¥ 10,341	**$ 119.6**
Designed Materials	**12,852**	19,867	**131.1**	**5,650**	7,833	**57.7**
Health Care	**19,844**	13,658	**202.5**	**83,556**	69,320	**852.6**
Chemicals	**43,981**	66,857	**448.8**	**4,920**	4,386	**50.2**
Polymers	**22,903**	32,937	**233.7**	**8,524**	7,259	**87.0**
Others	**4,819**	6,199	**49.2**	**168**	197	**1.7**
Subtotal	**130,643**	162,654	**1,333.1**	**114,543**	99,336	**1,168.8**
Corporate R&D and Other	**8,368**	7,397	**85.4**	**13,259**	12,728	**135.3**
Total	**¥139,011**	¥170,051	**$1,418.5**	**¥127,802**	¥112,064	**$1,304.1**

	Impairment Loss	
	Millions of yen	Millions of U.S. dollars
INDUSTRY SEGMENT	**2009**	**2009**
Electronics Applications	**¥ 733**	**$7.5**
Designed Materials	**221**	**2.3**
Health Care	**3,122**	**31.9**
Chemicals	—	—
Polymers	**7,217**	**73.6**
Others	**45**	**0.5**
Subtotal	**11,338**	**115.7**
Corporate R&D and Other	**51**	**0.5**
Total	**¥11,389**	**$116.2**

	Employees (Number)	
INDUSTRY SEGMENT	**2009**	2008
Electronics Applications	**6,978**	5,911
Designed Materials	**4,730**	4,724
Health Care	**13,460**	13,869
Chemicals	**5,306**	4,578
Polymers	**4,137**	2,574
Others	**6,022**	6,813
Subtotal	**40,633**	38,469
Corporate R&D and Other	**847**	836
Total	**41,480**	39,305

Segment Information

Mitsubishi Chemical Holdings Corporation and consolidated subsidiaries
Years ended March 31

Notes: Previously, business segment information was prepared according to the industry segments of Petrochemicals, Performance Products, Functional Products, Health Care, and Others. From the fiscal year under review, these segments were changed to Electronics Applications, Designed Materials, Health Care, Chemicals, Polymers, and Others. This change was established by APTSIS 10, the new mid-term management plan initiated in the fiscal year under review. The establishment through this plan of core strategies for each segment was taken as an opportunity to indicate more clearly their business status. Fiscal 2008 segment information has been restated based on the new classification so that comparisons and analyses between fiscal 2008 and fiscal 2009 can be made.

As mentioned under “Accounting change” in “1 Significant Accounting Policies (d) Inventories” in the Notes to the Consolidated Financial Statements, from the fiscal year under review inventory assets are calculated primarily at cost based on the average cost (Balance sheet amounts are calculated by writing down their book values in accordance with decreases in profitability). As a result, in the fiscal year under review operating income in Electronics Applications was ¥1,045 million lower, in Designed Materials ¥1,587 million lower, in Health Care ¥459 million lower, in Chemicals ¥7,376 million lower, in Polymers ¥3,924 million higher, in Others ¥46 million lower, and Corporate Costs ¥6 million lower, compared to the amounts that would have been recorded under the previous method.

As mentioned under “Additional information” in “1 Significant Accounting Policies (e) Property, Plant and Equipment” in the Notes to the Consolidated Financial Statements, pursuant to an amendment to the Japanese Corporate Tax Law in the fiscal year under review MCHC and its consolidated subsidiaries in Japan revised the estimated useful lives of their machinery and equipment to the periods after applying the change in said law. As a result, in the fiscal year under review operating income in Electronics Applications was ¥277 million lower, in Designed Materials ¥886 million lower, in Health Care ¥615 million higher, in Chemicals ¥2,300 million lower, in Polymers ¥107 million higher, and in Others ¥16 million lower, compared to the amounts that would have been recorded under the previous method.

	Net Sales*			Operating Income		
	Millions of yen		Millions of U.S. dollars	Millions of yen		Millions of U.S. dollars
GEOGRAPHIC DISTRIBUTION	**2009**	2008	**2009**	**2009**	2008	**2009**
Japan	**¥2,477,426**	¥2,420,639	**$25,279.9**	**¥ 25,763**	¥136,740	**$ 262.9**
Asia	**276,269**	341,175	**2,819.1**	**(6,940)**	(4,609)	**(70.8)**
Other	**155,335**	167,996	**1,585.1**	**3,446**	2,830	**35.2**
Subtotal	**2,909,030**	2,929,810	**29,684.0**	**22,269**	134,961	**227.2**
Corporate Costs				**(14,091)**	(9,915)	**(143.8)**
Total	**¥2,909,030**	¥2,929,810	**$29,684.0**	**¥ 8,178**	¥125,046	**$ 83.4**

* Inter-segment sales and transfers are not included.

Notes: As mentioned under “Accounting Change” in “1 Significant Accounting Policies (d) Inventories” in the Notes to the Consolidated Financial Statements, from the fiscal year under review the principal inventory valuation method was changed to cost based on the average cost (Balance sheet amounts are calculated by writing down their book values in accordance with decreases in profitability). As a result, in the fiscal year under review operating income in Japan was ¥6,595 million lower, compared to the amount that would have been recorded under the previous method.

As mentioned under “Additional information” in “1 Significant Accounting Policies (e) Property, Plant and Equipment” in the Notes to the Consolidated Financial Statements, pursuant to an amendment to the Japanese Corporate Tax Law in the fiscal year under review MCHC and its consolidated subsidiaries in Japan revised the estimated useful lives of their machinery and equipment to the periods after applying the change in said law. As a result, in the fiscal year under review operating income in Japan was ¥2,757 million lower, compared to the amount that would have been recorded under the previous method.

	Total Assets		
	Millions of yen		Millions of U.S. dollars
GEOGRAPHIC DISTRIBUTION	**2009**	2008	**2009**
Japan	**¥2,228,552**	¥2,273,516	**$22,740.3**
Asia	**173,610**	277,178	**1,771.5**
Other	**102,461**	141,954	**1,045.5**
Subtotal	**2,504,623**	2,692,648	**25,557.4**
Corporate Assets and Eliminations	**236,253**	73,189	**2,410.7**
Total	**¥2,740,876**	¥2,765,837	**$27,968.1**

	Millions of yen		Millions of U.S. dollars
OVERSEAS SALES	**2009**	2008	**2009**
Asia	**¥ 458,059**	¥ 550,898	**$4,674.1**
Other	**210,052**	244,499	**2,143.4**
Total Overseas Sales	**668,111**	795,397	**6,817.5**
Consolidated Sales	**2,909,030**	2,929,810	**29,684.0**
Total Overseas Sales as a Percentage of Consolidated Sales	**22.9%**	27.1%	—

Notes: Major countries or areas in the Asia and Other regions are as follows:
Asia: China, Taiwan, South Korea, Indonesia, Thailand, India
Other: North America, Europe

Management's Discussion and Analysis

The Consolidated Accounting Period Under Review

Overview of Results

During the first half of the year ended March 31, 2009, the Japanese economy continued to contract, owing to rising raw material and fuel prices. In the second half, rapid yen appreciation exacerbated this situation, although oil prices fell. However, the financial crisis precipitated by the U.S. subprime loan problem caused domestic and overseas demand to plummet.

In the Mitsubishi Chemical Holdings Corporation ("MCHC") Group, the business environment surrounding the Performance Products and Chemicals segments was affected severely by this sudden demand decline, combined with market confusion caused by declines in raw material and fuel prices in the second half. The Health Care Segment also faced severe challenges, as Japan's National Health Insurance system introduced medical cost restraints, including drug price revisions that went into effect in April 2008.

Against this backdrop, the MCHC Group endeavored to recover profits based on *APTSIS 10*, its mid-term management plan for FY2008–FY2010. The Group accelerated reforms to its business structure by concentrating management resources on promising fields of operations and disposing of unprofitable businesses. Concurrently, the Group worked to adjust product prices, implement thorough cost reductions, review capital expenditure and reduce of assets.

Under these circumstances, consolidated net sales decreased 0.7% during the year, to ¥2,909.0 billion. This decline stemmed from a sudden, broad-ranging decline in demand in the second half, despite the contribution of Mitsubishi Tanabe Pharma Corporation ("MTPC") to the Group's pharmaceutical business performance for the entire fiscal year. Operating income fell 93.4%, to ¥8.1 billion, owing to inventory valuation losses resulting from lower raw material and fuel prices, combined with substantial demand decreases in the second half. Due to deteriorating equity in net income of affiliates and mounting exchange-rate losses net income resulted in a net loss of ¥67.1 billion. Contributing factors included the effects of a one-time gain on equity in accordance with the establishment of MTPC in 2007, a higher loss on revaluation of investments in securities, an impairment loss on fixed assets, and the provision of a reserve for hepatitis C virus litigation for MTPC.

Results of Operations

Net Sales

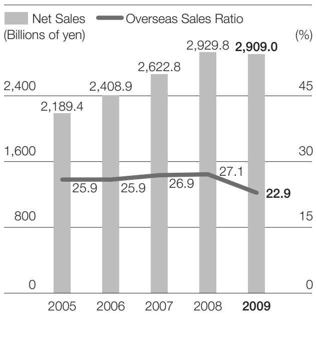
During the year, the business environment in which the MCHC Group operated was extremely challenging. Performance in the Functional Products and Chemicals segments was affected by unstable product prices, stemming from a downturn in demand during the second half of the fiscal year, coupled with falling raw materials prices. The Health Care Segment also continued to face a problematic environment, affected by National Health Insurance revisions designed to restrain healthcare costs, including revisions to the system of healthcare compensation and drug price changes, which went into effect in April 2008.

In this environment, consolidated net sales slipped ¥20.7 billion (0.7%), to ¥2,909.0 billion. Although pharmaceutical sales benefited from the first full year of sales by MTPC, which commenced operations in October 2007, Group sales suffered from a sudden, widespread downturn in demand during the second half of the fiscal year.

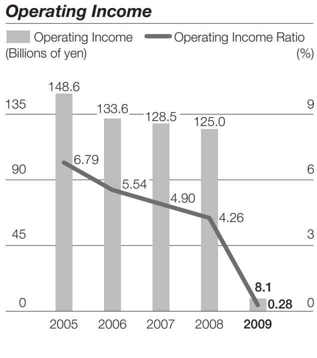
Operating Income

Operating income dropped ¥116.8 billion (93.4%), to ¥8.1 billion, mainly owing to a major downturn in demand in the second half of the fiscal year, as well as inventory valuation losses stemming from a decline in raw material prices. Owing to the major falloff in operating income, the operating income ratio declined from 4.2% to 0.2%.

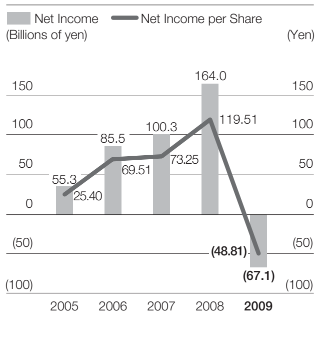
Net Sales



Operating Income



Net Income



Other Income and Expenses

During the year, interest income amounted to ¥3.4 billion and dividend income was ¥7.0 billion, ¥1.5 billion more than combined interest and dividend income during the preceding term. Interest expense came to ¥13.6 billion, ¥1.6 billion lower than in the previous year as a result of a downturn in interest rates. As a result, net financial expenses totaled ¥3.2 billion, down ¥3.1 billion.

The Group posted ¥5.0 billion in equity in losses of unconsolidated subsidiaries and affiliates, down ¥13.1 billion compared with the equity in earnings figure of the preceding term. The primary causes of this fall were performance declines at Mitsubishi Engineering Plastics Corporation and at Sam Nam Petrochemical Co., Ltd., an overseas-equity method company involved in the terephthalic acid business.

Foreign exchange losses for the fiscal year ended March 31, 2009, came to ¥4.8 billion, down ¥8.1 billion from the income figure posted during the preceding term.

The Group received ¥10.5 billion in insurance income in relation to the fire at the No. 2 ethylene facility of MCC's Kashima Plant, which occurred in December 2007.

Owing to above-mentioned factors, other losses amounted to ¥10.0 billion during the year, down ¥13.9 billion from the other income figure reported for the preceding term.

As a result, the Group posted an ordinary loss of ¥1.9 billion, down ¥130.7 billion compared with the ordinary profit declared in the preceding term.

Extraordinary income was ¥14.7 billion, down ¥108.5 billion from the previous year, mainly owing to the sale of fixed assets, which generated ¥9.4 billion. The main reason for the lower figure was the absence during the fiscal year under review of the ¥117.5 billion gain on change in equity recorded in the preceding term as a result of the merger between MPC and Tanabe Seiyaku Co., Ltd.

The Group recorded extraordinary losses of ¥56.8 billion during the year, ¥22.4 billion higher than in the preceding term. This figure included ¥11.4 billion in loss on the valuation of investment securities, ¥11.3 billion impairment losses, an additional ¥8.8 billion provision for MTPC-related losses that may arise in the future from a settlement of lawsuits filed by plaintiffs invested with hepatitis C virus (HCV).

As a result, the Group posted an extraordinary loss of ¥42.0 billion, down ¥131.0 billion compared with the ordinary profit declared in the preceding term. Moreover the Group recorded loss before income taxes and minority interests income of ¥44.0 billion during the year, ¥261.7 billion lower than in the preceding term.

Net Income

During the year, the Group paid income taxes of ¥12.3 billion, the sum of ¥37.8 billion in current income taxes and a ¥25.4 billion downward adjustment for deferred income taxes.

Minority interests in income came to ¥10.7 billion, up ¥3.0 billion from the previous term. The rise is due mainly to an increase in minority interests stemming from the PTPC's start of operations.

As a result of the above, the Group recorded a net loss of ¥67.1 billion, down ¥231.2 billion compared with the net income posted in the preceding term.

Results by Industry Segment

Electronics Applications

Sales of recording media decreased as a result of lower DVD prices, although demand expanded for portable HDDs and flash memories. Sales of polyester films and plastic injection moldings dropped significantly, due to a lower sales volume of products for liquid crystal displays. Sales of imaging supplies, such as organic photo conductor drums, toners and chemical toners, decreased owing to continued weaker demand. For inorganic chemicals, sales slipped owing the second-half economic downturn, despite upward price adjustments on some products.

As a result, segment sales were down 19.0% year on year, ¥327.5 billion. Operating income fell 84.8%, to ¥4.7 billion.

Major initiatives

- Mitsubishi Plastics, Inc., decided to expand its facility for producing optical polyester film for flat panel displays. (May 2008)
- Mitsubishi Chemical Corporation decided to merge with its subsidiary Kasei Optonix, Ltd., by absorption, on April 1, 2009, to further strengthen its phosphor businesses, for which demand has grown. Phosphors are the key materials for white light-emitting diodes (LEDs) and flat panel displays. The company also decided to enhance its production facility for red and green phosphors, which are used with high-brightness white LEDs. (September 2008)
- Mitsubishi Chemical Corporation entered into an exclusive patent license agreement with Cree, Inc.,

involving GaN substrates to improve its white LED business. (January 2009)

Designed Materials

Sales of food ingredients remained essentially unchanged during the year, despite lower demand for food emulsifier, owing to sales price adjustments. Although sales of battery materials and fine chemicals were favorable in the first half of the fiscal year, they fell off in the second half, owing to lackluster global demand. Among polymer processing products, sales of films, composite films and sheets fell, owing to weak demand. Sales of construction-related products dropped as a result of slack public-sector construction demand and lower demand for building equipment. Among composite materials, sales of carbon fibers fell due to lower demand for use in automobiles.

Owing to these factors, segment sales slipped 6.5%, to ¥276.4 billion. Operating income resulted in an operating loss of ¥2.1 billion.

Major initiatives

- Astro Corporation concluded an exclusive agency agreement in Japan with Spain-based product developer Extraice S.L. (May 2008)
- Mitsubishi Plastics, Inc., launched X-BARRIER, a superhigh gas barrier film, on July 1. (July 2008)
- Mitsubishi Plastics, Inc., introduced the HISHI COOLING TOWER M-Hi series cubed open cooling tower, which is designed to save energy and space. (July 2008)
- Mitsubishi Plastics, Inc., and Ryoka E-Tech K.K. concluded an agreement for Mitsubishi Plastics to purchase Ryoka E-Tech's insulation panel business. (July 2008)
- Mitsubishi Plastics, Inc., and MAYEKAWA MFG. CO., LTD., succeeded in stably operating a next-generation solar powered adsorption chiller using the zeolite-based adsorbent AQSOA. (August 2008)
- Mitsubishi Plastics, Inc., started the import and sale of FORTA-FERROW—synthetic fibers for reinforcing concrete—manufactured by the FORTA Corporation of Pennsylvania, the United States. (August 2008)
- Mitsubishi Plastics, Inc., commenced the import and sale of FORTA AR, synthetic fibers for reinforcing asphalt, manufactured by the FORTA Corporation. (September 2008)
- Mitsubishi Plastics, Inc., began importing and selling SST-50, a biodegradable filtration system manufactured by North American Green, Inc. (November 2008)
- Mitsubishi Chemical Corporation and Mitsubishi Plastics, Inc., announced the development of separators for Li-ion batteries, and Mitsubishi Plastics, Inc., decided to establish a new commercial production facility to commence operations in summer 2009. (November 2008)
- Mitsubishi Chemical Corporation decided to expand its facilities for producing electrolytes and anodes for Li-ion battery materials. (December 2008)
- Mitsubishi Plastics, Inc., decided to absorb wholly-owned subsidiary Ryoka MACS Corporation on April 1, 2009, to enhance its competitiveness in aluminum product businesses, and to acquire all the shares of ETSURYO Co., Ltd., a wholly-owned subsidiary of Mitsubishi Chemical Corporation, also on April 1, 2009. (January 2009)
- Mitsubishi Plastics, Inc., succeeded in the development and commercialization of CARBOLEADER, a heat-resistant grade of carbon fiber composite rollers used in manufacturing machines for printing, film manufacturing and papermaking, offering high-precision performance in furnaces. (February 2009)

Health Care

Sales of pharmaceuticals rose substantially, benefiting from the business expansion of MTPC, which was established in October 2007 through the merger of Mitsubishi Pharma Corporation and Tanabe Seiyaku Co., Ltd. Remicade, an anti-TNFα monoclonal antibody, delivered solid sales growth; as did Mearubik, a measles and rubella combined vaccine; Anplag, an anti-platelet agent; and Talion, a treatment for allergic disorders. Performance was generally satisfactory for diagnostic reagents and instruments and clinical testing.

Segment sales rose 25.5% during the year, to ¥497.0 billion, and operating income grew 38.5%, to ¥79.2 billion.

Major initiatives

- MTPC established a subsidiary, Tanabe Seiyaku Hanbai Co., Ltd., on April 1, 2008, to promote and market generic drugs. (April 2008)
- MTPC concluded a letter of understanding concerning the acquisition of a majority of the shares of

Choseido Pharmaceutical Co., Ltd., and the promotion of a comprehensive capital and business alliance between the companies centered on generic drug operations. (May 2008)

- MTPC commenced sales of two recombinant human serum albumin preparations, Medway Injection 25% 50mL and Medway Injection 5% 250mL. (May 2008)
- MTPC announced that Seoul-based Yuhan Corporation had commenced sales in South Korea of Zione Injection, an internal hemorrhoid sclerotherapy agent. (June 2008)
- MTPC and Bayer Yakuhin, Ltd., concluded a joint marketing contract for Glucobay Tablet 50mg and 100mg (generic name: acarbose), a post-prandial hyperglycemia improvement drug currently marketed by Bayer. (June 2008)
- MTPC offered an early retirement support program. (June 2008)
- MTPC obtained approval for an additional indication for "the inhibition of thrombosis in heparin-induced thrombocytopenia (HIT) type II" for the selective antithrombin agent Novastan HI injection 10mg/2mL. (July 2008)
- MTPC and Cytochroma signed a license agreement under which Cytochroma granted MTPC an exclusive license in the United States and Asia, including Japan, to develop and commercialize CTA018, Cytochroma's novel vitamin D analog. (July 2008)
- MTPC and its subsidiary Benesis Corporation concluded a basic agreement with the national plaintiff group and its lawyers to solve the cases, as the companies were sued for compensatory damages by people who claimed to have been infected with hepatitis C virus (HCV) via administration of the fibrinogen preparation and the blood coagulation factor IX preparation Christmassin. This product was manufactured and sold by predecessor company Green Cross Corporation. (September 2008)
- MTPC merged with consolidated subsidiaries MP Technopharma Corporation and Tanabe Seiyaku Yamaguchi Co., Ltd., and commenced started operations as Mitsubishi Tanabe Pharma Factory Ltd., on October 1, 2008. (October 2008)
- Mitsubishi Chemical Medience Corporation conducted an absorption merger with its subsidiary, Iwata Kessei Kensajo on October 1, 2008. (October 2008)
- MTPC announced the corporate divestiture of its Kashima Factory on April 1, 2009, followed by integrating the factory into Mitsubishi Tanabe Pharma Factory Ltd. (November 2008)
- MTPC announced the April 1, 2009, restructuring of its domestic subsidiaries that undertake service functions within the MCHC Group. (November 2008)
- MTPC announced the transfer of a portion of its outstanding shares in API Corporation to Mitsubishi Chemical Corporation. (December 2008)
- MTPC announced plans to introduce new-generation electric vehicles scheduled for release in summer 2009. The new company vehicles are to be used in sales, helping to develop an eco-promotion system. (December 2008)
- MTPC announced an April 1, 2009, merger between its consolidated subsidiary, Tanabe Seiyaku Hanbai Co., Ltd., and Chosei Yakuhin Co., Ltd., a wholly-owned subsidiary of Choseido Phamaceutical Co., Ltd. (December 2008)
- Mitsubishi Chemical Medience Corporation announced the February 1, 2009, integration of its site management organization service business with NEUES Co., Ltd., through corporate divestiture. (December 2008)
- MTPC offered an early retirement support program. (January 2009)
- MTPC began marketing the quasi-drug ASPARA Drink DX. (February 2009)
- MTPC and GlaxoSmithKline K.K. (GSK) announced an agreement to co-promote Adoair, a combination drug manufactured and marketed by GSK for the treatment of asthma and COPD, in Japan from April 1, 2009. (February 2009)
- MTPC renewed and launched the FLUCORT F treatment for eczema and dermatitis. (March 2009)
- MTPC decided to withdraw the marketing authorization for the recombinant human serum albumin preparation Medway Injection 5% and to voluntarily recall from the market Medway Injection 5% and Medway Injection 25%. These products were developed by the company with consolidated subsidiary Bipha Corporation and manufactured and distributed by Mitsubishi Tanabe Pharma. (March 2009)

Chemicals

During the year, the production volume of ethylene, a basic raw material of petrochemicals, amounted to 1 million tons, down 16.6% year on year. The decline was a result of reduced production capacity to match lower demand, expanded regular maintenance programs, and the effects of the December 2007 fire at the Kashima Plant of Mitsubishi Chemical Corporation.　Sales of basic petrochemicals, chemical derivatives and synthetic fiber materials were down dramatically, owing to the elimination from consolidated accounting of sales of ethylene to Japan Polyethylene Corporation—owing to the company's consolidation as a subsidiary of MCHC—as well as to sharp deterioration in demand during the second half of the fiscal year.

Despite a third-quarter decline in export volumes, sales of blast furnace coke increased, as product prices rose in conjunction with soaring raw coal prices. Fertilizer sales increased due to product price adjustments associated with sharp rises in raw material and fuel prices, despite lower sales volumes.

Owing to these factors, segment sales were down 8.1%, to ¥1,074.9 billion. Operating loss resulted ¥55.5 billion, due to sharply lower demand, the market downturn, and inventory valuation losses resulting from lower raw material and fuel prices.

Major initiatives

- Mitsubishi Chemical Corporation recommenced operations of its 2F-206 cracking furnace at the No. 2 ethylene production facility, following the lifting of a suspension order at the Kashima Plant. (May 2008)
- Mitsubishi Chemical Corporation succeeded in developing a new type of reactor for manufacturing acrylic acid. (September 2008)
- Mitsubishi Chemical Corporation developed a new technology to manufacture butadiene from butene using a proprietary catalyst. (December 2008)
- Mitsubishi Chemical Corporation decided to shut down a terephthalic acid production facility at the Matsuyama Plant and a production facility at the Mizushima Plant that makes paraxylene, a raw material for terephthalic acid. The company also decided to shift some headquarters operations of its terephthalic acid business from Japan to Singapore and India. (February 2009)
- Mitsubishi Chemical Corporation, Chisso Corporation and Asahi Kasei Chemicals Corporation entered into a basic agreement to integrate the fertilizer business of Mitsubishi Chemical Corporation subsidiary Mitsubishi Chemical Agri, Inc., with the fertilizer business of Chisso Asahi Fertilizer Co., Ltd., a joint venture between Chisso Corporation and Asahi Kasei Chemicals Corporation. (February 2009)

Polymers

Segment sales expanded 22.5%, to ¥573.0 billion, benefiting from the consolidation of Japan Polyethylene Corporation and product price adjustments associated with sharp rises in raw material and fuel prices in the first half of the fiscal year, despite the abrupt declines in demand during the second half. Owing to these demand decreases, despite product price adjustments operating loss resulted ¥12.9 billion.

Major initiatives

- V-Tech Corporation decided to discontinue exports of polyvinyl chloride, excluding supplies to affiliated companies, and to review its production and shipping to formulate an optimal system. (April 2008)
- Mitsubishi Chemical Corporation decided to postpone the commercial operation of a new polycarbonate resin production facility at the Kurosaki Plant. (July 2008)
- Mitsubishi Chemical Corporation formed a business alliance agreement through subsidiary Japan Polypropylene Corporation with Borealis AG to strengthen polypropylene compound production and supply for the automotive industry in the United States and Europe. (August 2008)
- Mitsubishi Chemical Corporation decided to dissolve wholly-owned subsidiary Novapex Australia Pty Ltd. (November 2008)
- Mitsubishi Chemical Corporation transferred all its shares in Techno Polymer Co. Ltd., a joint venture with JSR Corporation, to JSR Corporation and to withdraw from the ABS resin business. (March 2008)

Others

Sales of logistics and engineering services fell, owing to a drop in external orders. As a result, segment sales were down 18.3%, to ¥159.9 billion, and operating income resulted ¥8.8 billion.

Major initiatives

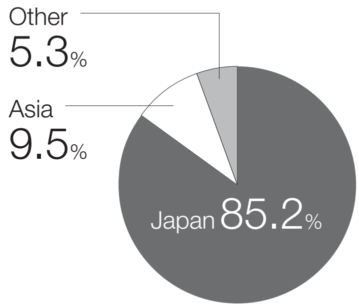
- Mitsubishi Chemical Corporation decided to terminate operating agreements on plant management with Mitsubishi Chemical Engineering Corporation effective January 1, 2009, in order to conduct such management on its own behalf. (August 2008)

Results by Geographic Distribution

Japan

MHCH and other consolidated Group companies in Japan were affected by sharply lower demand for their products. Meanwhile, the inclusion of Japan Polyethylene Corporation as a consolidated subsidiary in April 2008 boosted sales in Japan, and Mitsubishi Tanabe Pharma Corporation ("MTPC"), formed in October 2007, contributed to sales for the first full fiscal period. The Company also negotiated higher prices for coke to account for higher costs on raw coal. For these reasons, sales in Japan increased 2.3% during the year, to ¥2,477.4 billion. Operating income, on the other hand, dropped 81.1%, to ¥25.7 billion, as the plunge in demand for functional products and chemicals overshadowed MTPC's contribution to the scale of operations.

Sales Breakdown



Asia

Consolidated Group companies in Asia delivered sales of ¥276.2 billion, down 19.0% from the preceding term, and the operating loss increased 50.5%, to ¥6.9 billion. This performance was due in part to the withdrawal from the styrene monomer business in Singapore, and a lower sales volume on terephthalic acid, a raw material used in synthetic fibers.

Other Regions

Consolidated Group companies outside Asia posted sales of ¥155.3 billion, down 7.5%, owing to price declines on products related to optical disks and lower demand for films and sheet products. Operating income expanded 21.7%, to ¥3.4 billion.

R&D Expenditures

R&D activities are performed by MCHC Group companies working independently, and efforts are made to work together and strengthen ties among MCHC Group companies through the close sharing of information on technologies and markets, collaborative research and mutual commissioning of R&D operations. In addition, the MCHC Group is moving aggressively on joint R&D activities with non-MCHC Group companies, and taking other steps to develop new technologies and improve existing technologies. The MCHC Group had 4,244 R&D employees as of March 31, 2009, and recorded R&D expenditures of ¥127.8 billion for the fiscal year.

Liquidity and Source of Funds

Financial Position

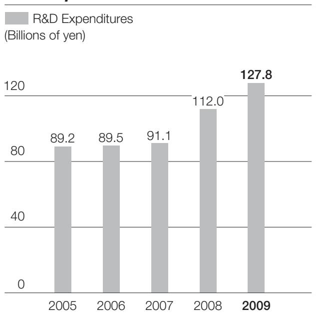
Assets

As of March 31, 2009, total assets of the MCHC Group stood at ¥2,740.8 billion, ¥24.9 billion less than one year earlier. In addition to lower receivables, in line with the downturn in net sales, yen appreciation eroded the yen value of assets held by consolidated companies overseas.

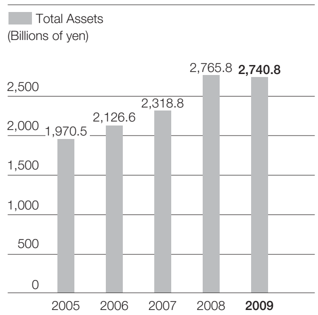
Liabilities

Total liabilities as of March 31, 2009, were ¥1,800.7 billion, up ¥130.8 billion from the end of the preceding term. Receivables were down as a result of lower raw materials prices, but interest-bearing debt increased.

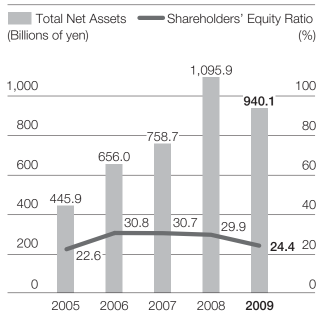
R&D Expenditures



Total Assets



Total Net Assets



Net Assets
Net assets stood at ¥940.1 billion on March 31, 2009, down ¥155.8 billion from the previous fiscal year-end. Reasons for this decline included the ¥67.1 billion net loss for the year, and the payment of dividends, which lowered shareholders' equity ¥89.3 billion. Furthermore, lower stock market prices prompted a ¥32.3 billion write-down of other investments. Foreign currency translation adjustments came to ¥34.9 billion, due to yen appreciation.
The shareholders' equity ratio at the end of the fiscal year was 24.4%, down 5.5 percentage points from one year earlier.

Cash Flows
Free cash flows, which consist of cash flows from operating and investing activities, came to a total of ¥113.0 billion used, compared with ¥21.8 billion used in the previous fiscal year.

Cash Flows from Operating Activities
For the fiscal year ended March 31, 2009, net cash provided by operating activities was ¥76.1 billion, down ¥80.0 billion from the previous fiscal year. Major factors behind the decrease were lower income before income taxes and depreciation, which came to ¥44.0 billion and ¥119.2 billion, respectively.

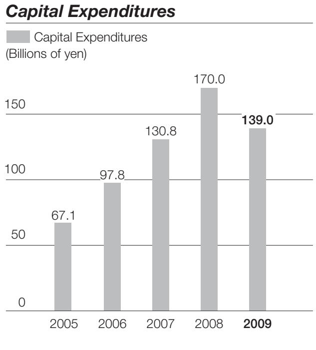
Cash Flows from Investing Activities
For the fiscal year ended March 31, 2009, net cash used in investing activities was ¥189.2 billion, up ¥11.2 billion from the previous fiscal year. This increase was primarily due to higher capital expenditure and purchases of securities and investment securities by managing cash reserves.

Cash Flows from Financing Activities
For the fiscal year ended March 31, 2009, net cash provided by financing activities was ¥179.5 billion, up ¥108.6 billion from the previous fiscal year. The rise was due primarily to an increase in short- and long-term debts and the issuance of commercial paper, despite outflows for divided payments of ¥22.0 billion and the redemption of bonds.

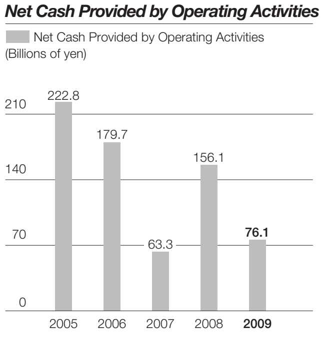
In sum, cash and cash equivalents as of the end the fiscal year ended March 31, 2009, came to ¥226.4 billion, up ¥60.6 billion from the end of the previous fiscal year.

Capital Expenditures
Capital expenditures for the fiscal year ended March 31, 2009, were ¥139.0 billion, a decrease of ¥31.0 billion compared with the previous fiscal year. Of this amount, ¥46.7 billion was for new facilities and facility expansions, ¥25.9 billion was related to streamlining and ¥12.3 billion went for R&D, while ¥53.9 billion was for other uses. The major projects involving investment in new or expanded facilities were the productive capacity expansion of PTA plant of MCC PTA India Corp. Private Limited and of polycarbonate resin and diphenyl polycarbonate facility of MCC at its Kurosaki Plant in the Petrochemicals Segment.

Capital Expenditures



Net Cash Provided by Operating Activities



Consolidated Balance Sheets

Mitsubishi Chemical Holdings Corporation and consolidated subsidiaries
As of March 31

		Millions of yen		Thousands of U.S. dollars (Note 2)
		2009	2008	**2009**
Assets	**Current assets:**			
	Cash and cash equivalents (Note 14)	**¥ 226,410**	¥ 165,748	**$ 2,310,306**
	Short-term investments	**1,454**	802	**14,837**
	Trade receivables (Note 14)	**547,929**	665,703	**5,591,112**
	Securities (Note 8)	**23,680**	5,200	**241,633**
	Inventories:			
	Finished goods (Note 14)	**252,355**	210,831	**2,575,051**
	Work in process	**80,026**	88,501	**816,592**
	Raw materials and supplies	**127,399**	123,349	**1,299,990**
	Land held for sale	**3,525**	4,462	**35,969**
	Deferred income taxes–current (Note 12)	**34,828**	32,703	**355,388**
	Prepaid expenses and other current assets	**27,949**	28,799	**285,194**
	Allowance for doubtful accounts	**(875)**	(1,127)	**(8,929)**
	Total current assets	**1,324,680**	¥1,324,971	**13,517,143**
	Property, plant and equipment (Note 14) **:**			
	Land	**211,841**	212,763	**2,161,643**
	Buildings	**729,852**	706,037	**7,447,469**
	Machinery and equipment	**1,693,871**	1,672,689	**17,284,398**
	Construction in progress	**115,085**	105,693	**1,174,337**
		2,750,649	2,697,182	**28,067,847**
	Accumulated depreciation	**(1,916,603)**	(1,844,376)	**(19,557,173)**
	Property, plant and equipment, net	**834,046**	852,806	**8,510,673**
	Investments and other assets:			
	Investment securities (Notes 8,14)	**308,333**	356,420	**3,146,255**
	Long-term loans receivable	**3,434**	5,858	**35,041**
	Deferred income taxes–non-current (Note 12)	**72,955**	26,634	**744,439**
	Goodwill	**89,328**	98,746	**911,510**
	Other (Note 14)	**111,407**	101,697	**1,136,806**
	Allowance for doubtful accounts	**(3,307)**	(1,295)	**(33,745)**
	Total investments and other assets	**582,150**	588,060	**5,940,306**
	Total assets	**¥ 2,740,876**	¥ 2,765,837	**$ 27,968,122**

		Millions of yen		Thousands of U.S. dollars (Note 2)
Liabilities and Net Assets	**Current liabilities:**	**2009**	2008	**2009**
	Short-term debt (Note 14)	**¥ 338,881**	¥232,051	**$ 3,457,969**
	Current portion of long-term debt (Note 14)	**98,361**	75,900	**1,003,684**
	Trade payables	**470,913**	547,797	**4,805,235**
	Accrued expenses	**58,457**	68,193	**596,500**
	Accrued income taxes	**20,753**	24,764	**211,765**
	Other current liabilities	**67,114**	50,148	**684,837**
	Total current liabilities	**1,054,479**	998,853	**10,759,990**
	Long-term liabilities:			
	Long-term debt (Note 14)	**595,997**	514,569	**6,081,602**
	Accrued retirement benefits (Note 10)	**82,955**	82,577	**846,480**
	Other non-current liabilities	**67,331**	73,911	**687,051**
	Total long-term liabilities	**746,283**	671,057	**7,615,133**
	Net Assets:			
	Shareholders' equity:			
	Common stock:			
	Authorized—6,000,000 thousand shares;			
	Issued and outstanding—1,506,288 thousand shares at March 31, 2009 and 2008	**50,000**	50,000	**510,204**
	Additional paid-in capital	**303,194**	303,063	**3,093,816**
	Retained earnings	**376,375**	465,638	**3,840,561**
	Less, Treasury stock at cost—130,076 thousand shares at March 31, 2009 and 129,943 thousand shares at March 31, 2008	**(37,278)**	(37,109)	**(380,388)**
	Total shareholders' equity	**692,291**	781,592	**7,064,194**
	Valuation, translation adjustments and other:			
	Net unrealized holding gain on other securities	**12,411**	44,720	**126,643**
	Loss on deferred hedges	**(567)**	(789)	**(5,786)**
	Land revaluation surplus	**1,765**	1,765	**18,010**
	Foreign currency translation adjustments	**(32,708)**	2,246	**(333,755)**
	Unfunded retirement benefit obligation with respect to a foreign subsidiary	**(4,219)**	(1,725)	**(43,051)**
	Total valuation, translation adjustments and other	**(23,318)**	46,217	**(237,939)**
	Warrants (Note 11)	**805**	807	**8,214**
	Minority interests in consolidated subsidiaries	**270,336**	267,311	**2,758,531**
	Total net assets	**940,114**	1,095,927	**9,593,000**
	Total liabilities and net assets	**¥2,740,876**	¥2,765,837	**$27,968,122**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Operation

Mitsubishi Chemical Holdings Corporation and consolidated subsidiaries
Years ended March 31

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2008	**2009**
Net sales	**¥2,909,030**	¥2,929,810	**$29,683,980**
Cost of sales (Note 5)	**2,412,824**	2,358,509	**24,620,653**
Gross profit	**496,206**	571,301	**5,063,327**
Selling, general and administrative expenses (Note 5)	**488,028**	446,255	**4,979,878**
Operating income	**8,178**	125,046	**83,449**
Other income (expenses):			
Interest expense	**(13,659)**	(15,312)	**(139,378)**
Interest income	**3,428**	3,158	**34,980**
Dividend income	**7,013**	5,780	**71,561**
Equity in earnings (losses) of affiliates	**(5,061)**	8,101	**(51,643)**
Foreign exchange gains (losses), net	**(4,862)**	3,280	**(49,612)**
Loss on valuation of investment securities	**(11,499)**	(161)	**(117,337)**
Impairment loss	**(11,389)**	(1,883)	**(116,214)**
Provision for possible losses in connection with litigation	**(8,800)**	(9,532)	**(89,796)**
Loss on cancellation of materials purchase contracts	**(5,048)**	—	**(51,510)**
Special retirement expenses (Note 10)	**(4,344)**	(1,253)	**(44,327)**
Administrative fine	**(3,721)**	—	**(37,969)**
Non-recurring depreciation on noncurrent assets	**(1,759)**	(331)	**(17,949)**
Provision for prospective loss on removal of fixed assets	**(533)**	(1,821)	**(5,439)**
Loss on liquidation of subsidiaries and affiliates	**(528)**	(2,822)	**(5,388)**
Cost related to MTPC merger	**—**	(4,904)	**—**
Loss caused by plant shutdown and low operation at MCCs Kashima plant	**—**	(3,007)	**—**
Amortization of initial cost of business	**—**	(1,949)	**—**
Insurance income	**10,509**	2,168	**107,235**
Gain (loss) on sales and retirement of noncurrent assets, net	**4,749**	(5,434)	**48,459**
Gain on sales of investment securities	**2,737**	1,049	**27,929**
Gain on change in equity	**—**	118,091	**—**
Other, net	**(9,413)**	(473)	**(96,051)**
Income (loss) before income taxes and minority interests in consolidated subsidiaries	**(44,002)**	217,791	**(449,000)**
Income taxes (Note 12)**:**			
Current	**37,825**	39,773	**385,969**
Deferred	**(25,436)**	6,218	**(259,551)**
	12,389	45,991	**126,418**
Minority interests in consolidated subsidiaries	**(10,787)**	(7,736)	**(110,071)**
Net income (loss)	**¥ (67,178)**	¥ 164,064	**$ (685,490)**

The accompanying notes are an integral part of these statements.

	Yen		U.S. dollars
Per share (Note 13)**:**	**2009**	2008	**2009**
Net income—Basic	**¥(48.81)**	¥119.51	**$(0.50)**
—Diluted	**—**	114.51	**—**
Cash dividends	**12.00**	16.00	**0.12**

Consolidated Statement of Changes in Net Assets

Mitsubishi Chemical Holdings Corporation and consolidated subsidiaries
Years ended March 31, 2008

	Number of outstanding shares of common stock (thousands)	Millions of yen				
		Shareholders' equity				
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock at cost	Total shareholders' equity
Balance at March 31, 2007	1,806,288	¥50,000	¥379,793	¥322,049	¥(120,693)	¥631,149
Cash dividends	—	—	—	(20,544)	—	(20,544)
Net income	—	—	—	164,064	—	164,064
Purchases of treasury stock	—	—	—	—	(604)	(604)
Disposition of treasury stock	—	—	5,390	—	2,069	7,459
Retirement of treasury stock	(300,000)	—	(82,120)	—	82,120	—
Increase by merger	—	—	—	239	—	239
Change of scope of equity method	—	—	—	(217)	—	(217)
Reversal of revaluation reserve for land	—	—	—	93	—	93
Other	—	—	—	(46)	—	(46)
Net change in items other than those in shareholders' equity	—	—	—	—	—	—
Balance at March 31, 2008	**1,506,288**	**¥50,000**	**¥303,063**	**¥465,638**	**¥ (37,109)**	**¥781,592**

	Millions of yen								
	Valuation, translation adjustments and other								
	Net unrealized holding gain on other securities	Loss on deferred hedges	Land revaluation surplus	Foreign currency translation adjustments	Unfunded retirement benefit obligation with respect to a foreign subsidiary	Total valuation, translation adjustments and other	Warrants	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2007	¥ 80,016	¥ (16)	¥1,858	¥3,179	¥(4,026)	¥81,011	¥543	¥ 46,049	¥ 758,752
Cash dividends	—	—	—	—	—	—	—	—	(20,544)
Net income	—	—	—	—	—	—	—	—	164,064
Purchases of treasury stock	—	—	—	—	—	—	—	—	(604)
Disposition of treasury stock	—	—	—	—	—	—	—	—	7,459
Retirement of treasury stock	—	—	—	—	—	—	—	—	—
Increase by merger	—	—	—	—	—	—	—	—	239
Change of scope of equity method	—	—	—	—	—	—	—	—	(217)
Reversal of revaluation reserve for land	—	—	(93)	—	—	(93)	—	—	—
Other	—	—	—	—	—	—	—	—	(46)
Net change in items other than those in shareholders' equity	(35,296)	(773)	—	(933)	2,301	(34,701)	263	221,262	186,824
Balance at March 31, 2008	**¥ 44,720**	**¥(789)**	**¥1,765**	**¥2,246**	**¥(1,725)**	**¥46,217**	**¥807**	**¥267,311**	**¥1,095,927**

Years ended March 31, 2009

	Number of outstanding shares of common stock (thousands)	Millions of yen				
		Shareholders' equity				
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock at cost	Total shareholders' equity
Balance at March 31, 2008	1,506,288	¥50,000	¥303,063	¥465,638	¥(37,109)	¥781,592
Effect by application of ASBJ PITF No.18	—	—	—	**(1,146)**	—	**(1,146)**
Cash dividends	—	—	—	**(22,026)**	—	**(22,026)**
Net loss	—	—	—	**(67,178)**	—	**(67,178)**
Purchases of treasury stock	—	—	—	—	**(266)**	**(266)**
Disposition of treasury stock	—	—	**132**	—	**97**	**229**
Increase by merger	—	—	—	**294**	—	**294**
Change of scope of consolidation	—	—	—	**(193)**	—	**(193)**
Change of scope of equity method	—	—	—	**986**	—	**986**
Net change in items other than those in shareholders' equity	—	—	—	—	—	—
Balance at March 31, 2009	**1,506,288**	**¥50,000**	**¥303,194**	**¥376,375**	**¥(37,278)**	**¥692,291**

	Millions of yen								
	Valuation, translation adjustments and other								
	Net unrealized holding gain on other securities	Loss on deferred hedges	Land revaluation surplus	Foreign currency translation adjustments	Unfunded retirement benefit obligation with respect to a foreign subsidiary	Total valuation, translation adjustments and other	Warrants	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2008	¥ 44,720	¥(789)	¥1,765	¥ 2,246	¥(1,725)	¥ 46,217	¥807	¥267,311	¥1,095,927
Effect by application of ASBJ PITF No.18	—	—	—	—	—	—	—	—	**(1,146)**
Cash dividends	—	—	—	—	—	—	—	—	**(22,026)**
Net loss	—	—	—	—	—	—	—	—	**(67,178)**
Purchases of treasury stock	—	—	—	—	—	—	—	—	**(266)**
Disposition of treasury stock	—	—	—	—	—	—	—	—	**229**
Increase by merger	—	—	—	—	—	—	—	—	**294**
Change of scope of consolidation	—	—	—	—	—	—	—	—	**(193)**
Change of scope of equity method	—	—	—	—	—	—	—	—	**986**
Net change in items other than those in shareholders' equity	**(32,309)**	**222**	—	**(34,954)**	**(2,494)**	**(69,535)**	**(1)**	**3,025**	**(66,511)**
Balance at March 31, 2009	**¥ 12,411**	**¥(567)**	**¥1,765**	**¥(32,708)**	**¥(4,219)**	**¥(23,318)**	**¥805**	**¥270,336**	**¥ 940,114**

	Number of outstanding shares of common stock (thousands)	Thousands of U.S. dollars (Note 2)				
		Shareholders' equity				
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock at cost	Total shareholders' equity
Balance at March 31, 2008	1,506,288	$510,204	$3,092,480	$4,751,408	$(378,663)	$7,975,429
Effect by application of ASBJ PITF No.18	—	—	—	**(11,694)**	—	**(11,694)**
Cash dividends	—	—	—	**(224,755)**	—	**(224,755)**
Net loss	—	—	—	**(685,490)**	—	**(685,490)**
Purchases of treasury stock	—	—	—	—	**(2,714)**	**(2,714)**
Disposition of treasury stock	—	—	**1,347**	—	**990**	**2,337**
Increase by merger	—	—	—	**3,000**	—	**3,000**
Change of scope of consolidation	—	—	—	**(1,969)**	—	**(1,969)**
Change of scope of equity method	—	—	—	**10,061**	—	**10,061**
Net change in items other than those in shareholders' equity	—	—	—	—	—	—
Balance at March 31, 2009	**1,506,288**	**$510,204**	**$3,093,816**	**$3,840,561**	**$(380,388)**	**$7,064,194**

	Thousands of U.S. dollars (Note 2)								
	Valuation, translation adjustments and other								
	Net unrealized holding gain on other securities	Loss on deferred hedges	Land revaluation surplus	Foreign currency translation adjustments	Unfunded retirement benefit obligation with respect to a foreign subsidiary	Total valuation, translation adjustments and other	Warrants	Minority interests in consolidated subsidiaries	Total net assets
Balance at March 31, 2008	$ 456,327	$(8,051)	$18,010	$ 22,918	$(17,602)	$ 471,602	$8,235	$2,727,663	$11,182,929
Effect by application of ASBJ PITF No.18	—	—	—	—	—	—	—	—	**(11,694)**
Cash dividends	—	—	—	—	—	—	—	—	**(224,755)**
Net loss	—	—	—	—	—	—	—	—	**(685,490)**
Purchases of treasury stock	—	—	—	—	—	—	—	—	**(2,714)**
Disposition of treasury stock	—	—	—	—	—	—	—	—	**2,337**
Increase by merger	—	—	—	—	—	—	—	—	**3,000**
Change of scope of consolidation	—	—	—	—	—	—	—	—	**(1,969)**
Change of scope of equity method	—	—	—	—	—	—	—	—	**10,061**
Net change in items other than those in shareholders' equity	**(329,684)**	**2,265**	—	**(356,673)**	**(25,449)**	**(709,541)**	**(10)**	**30,867**	**(678,684)**
Balance at March 31, 2009	**$ 126,643**	**$(5,786)**	**$18,010**	**$(333,755)**	**$(43,051)**	**$(237,939)**	**$8,214**	**$2,758,531**	**$ 9,593,000**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

Mitsubishi Chemical Holdings Corporation and consolidated subsidiaries
Years ended March 31

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2009	2008	**2009**
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests in consolidated subsidiaries	**¥ (44,002)**	¥217,791	**$ (449,000)**
Adjustments for:			
Depreciation and amortization	**117,471**	101,841	**1,198,684**
Non-recurring depreciation on noncurrent assets	**1,759**	331	**17,949**
Interest expense	**13,659**	15,312	**139,378**
Interest and dividend income	**(10,441)**	(8,938)	**(106,541)**
Equity in (earnings) losses of affiliates	**5,061**	(8,101)	**51,643**
Foreign exchange losses (gains)	**6,655**	(2,216)	**67,908**
Loss on valuation of investment securities	**11,499**	161	**117,337**
Impairment loss	**11,389**	1,883	**116,214**
Provision for possible losses in connection with litigation	**8,800**	9,532	**89,796**
Administrative fine	**3,721**	—	**37,969**
Provision for prospective loss on removal of fixed assets	**533**	1,821	**5,439**
Loss on liquidation of subsidiaries and affiliates	**528**	2,822	**5,388**
(Gain) loss on sales and retirement of noncurrent assets, net	**(4,749)**	5,434	**(48,459)**
Gain on sales of investment securities	**(2,737)**	(1,049)	**(27,929)**
Gain on changes in equity	**—**	(118,091)	**—**
Decrease in notes and accounts receivable—trade	**127,054**	56,388	**1,296,469**
Increase in inventories	**(13,841)**	(36,437)	**(141,235)**
Decrease in notes and accounts payable—trade	**(114,256)**	(28,880)	**(1,165,878)**
Decrease in provision retirement benefits	**(20,504)**	(24,701)	**(209,224)**
Other, net	**(1,284)**	(1,195)	**(13,102)**
Subtotal	**96,315**	183,708	**982,806**
Interest and dividend income received	**17,948**	13,025	**183,143**
Interest expenses paid	**(13,822)**	(15,821)	**(141,041)**
Income taxes paid	**(24,292)**	(24,739)	**(247,877)**
Net cash provided by operating activities	**76,149**	156,173	**777,031**
Cash flows from investing activities:			
Purchase of short-term investment securities	**(57,980)**	—	**(591,633)**
Proceeds from sales and redemption of securities	**49,506**	6,412	**505,163**
Purchase of property, plant and equipment	**(138,452)**	(172,005)	**(1,412,776)**
Proceeds from sales of property, plant and equipment	**12,585**	1,615	**128,418**
Purchase of investment securities	**(74,149)**	(11,972)	**(756,622)**
Proceeds from sales and redemption of investment securities	**14,022**	11,483	**143,082**
Decrease(Increase) in loans receivable, net	**8,347**	(5,825)	**85,173**
Other, net	**(3,112)**	(7,693)	**(31,754)**
Net cash used in investing activities	**(189,233)**	(177,985)	**(1,930,949)**
Cash flows from financing activities:			
Increase (decrease) in short-term debt, net	**110,179**	(6,604)	**1,124,276**
Proceeds from issuance of long-term debt	**179,315**	180,465	**1,829,745**
Repayment of long-term debt	**(78,998)**	(84,621)	**(806,102)**
Cash dividends paid	**(22,026)**	(20,544)	**(224,755)**
Other, net	**(8,944)**	2,175	**(91,266)**
Net cash provided by financing activities	**179,526**	70,871	**1,831,898**
Effect of exchange rate changes on cash and cash equivalents	**(9,429)**	296	**(96,215)**
Net increase in cash and cash equivalents	**57,013**	49,355	**581,765**
Cash and cash equivalents at beginning of the year	**165,748**	67,995	**1,691,306**
Increase in cash and cash equivalents resulting from change in scope of consolidation	**3,649**	48,398	**37,235**
Cash and cash equivalents at end of period	**¥ 226,410**	¥165,748	**$ 2,310,306**

The accompanying notes are an integral part of these statements.

1

Significant Accounting Policies

(a) Basis of Presentation
The accompanying consolidated financial statements are compiled from the consolidated financial statements prepared by the company as required by the Financial Instruments and Exchange Law of Japan and are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. As permitted, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sum of the individual amounts. Certain amounts from the prior year have been reclassified to conform to the current year's presentation.

(b) Principles of Consolidation and Accounting for Investments in Unconsolidated Subsidiaries and Affiliates
The accompanying consolidated financial statements include the accounts of MCHC and all significant subsidiaries over which substantial control is exerted either through majority ownership of voting stock and/or by other means. Investments in certain unconsolidated subsidiaries and significant affiliates are accounted for by the equity method. Other investments in unconsolidated subsidiaries and affiliates are stated at cost or less. Where there has been a permanent decline in the value of such investments, MCHC has written them down to reflect the impairment.

All significant intercompany balances and transactions have been eliminated in consolidation. On acquisition, the assets and liabilities of the subsidiaries are valued at fair value.

Goodwill on acquisition of underlying net equity in consolidated subsidiaries and the excess of cost over fair value in affiliates accounted for by the equity method is amortized on a straight-line basis over a period of less than 20 years depending on the source.

Accounting change
With regard to present handling of accounting treatment of overseas subsidiaries for the purpose of preparation of consolidated financial statements, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" ("ASBJ PITF No.18," issued by the Accounting Standards Board of Japan, hereinafter ASBJ, on May 17, 2006) was applied from the fiscal year under review. As a result, retained earnings decreased by ¥1,146 million ($11,694 thousand). At the same time, operating income decreased by ¥137 million ($1,398 thousand), while loss before income taxes and minority interests in consolidated subsidiaries increased by ¥979 million ($9,990 thousand).

(c) Securities
Held-to-maturity debt securities are either amortized or accumulated to face value. Other securities with quoted market prices are carried at market value. The difference between the acquisition cost and the carrying value of other securities, including unrealized gain and loss, net of the applicable income taxes, is recognized as a component of net assets and is reflected as "Net unrealized holding gain on other securities." The cost of other securities sold is computed by the moving average method. Other securities without quoted market prices are stated at cost based on the moving average method.

Held-to-maturity debt securities due within one year are presented as "Current assets" in the accompanying consolidated balance sheets. All other securities are presented as "Investments and other assets" in the accompanying consolidated balance sheets.

(d) Inventories
Finished goods, work in process, raw materials, and other inventory assets are stated principally at cost based on the average cost. Supplies are stated primarily at cost based on the moving average method.

Balance sheet amounts are calculated by writing down their book values in accordance with decreases in profitability.

Accounting change
With regard to inventory assets held for sale in the ordinary course of business, finished

goods (excluding land held for sale) were previously stated at the lower cost determined by the average cost method, and other inventory assets were primarily stated at cost based on the average cost. However, as the standard, "Accounting Standard for Measurement of Inventories" ("Statement No. 9" issued by ASBJ on July 5, 2006), was applied from the fiscal year under review, these assets are calculated primarily at cost based on the average cost (Balance sheet amounts are calculated by writing down their book values in accordance with decreases in profitability).

As a result, in the fiscal year under review operating income decreased ¥6,595 million ($ 67,296thousand) and loss before income taxes and minority interests in consolidated subsidiaries increased by ¥7,316 million ($74,653 thousand), compared to the amounts that would have been recorded under the previous method.

(e) Property, Plant and Equipment
Property, plant and equipment is stated at cost. Depreciation of the property, plant and equipment of MCHC and its consolidated subsidiaries in Japan is principally calculated using the declining balance method over the estimated useful lives of the respective assets, except for buildings (excluding fixtures attached to the buildings), acquired on or after April 1, 1998 by MCHC and its domestic consolidated subsidiaries, which are depreciated by the straight-line method over their respective estimated useful lives. Depreciation of the property, plant and equipment of the overseas consolidated subsidiaries is principally calculated using the straight-line method over their estimated useful lives.

Principal estimated useful lives of the assets are as follows:

Buildings:	10-50 years
Machinery and equipment:	4-17 years

Significant renewals and betterments are capitalized at cost. Maintenance and repairs are charged to income.

Additional Information
Pursuant to an amendment to the Japanese Corporate Tax Law, from March 31, 2009, the estimated useful lives of tangible fixed assets of MCHC and its consolidated subsidiaries in Japan are calculated according to their estimated useful lives after applying the change in said law. As a result, in the fiscal year under review operating income decreased ¥2,757 million ($28,133 thousand) and loss before income taxes and minority interests in consolidated subsidiaries increased by ¥2,815 million ($28,724 thousand), compared to the amounts that would have been recorded under the previous method.

(f) Allowance for Doubtful Accounts
Allowance for doubtful accounts is provided for at an amount estimated with reference to individual accounts deemed uncollectible plus an amount calculated by a historical rate based on the actual uncollectible amounts in prior years.

(g) Accrued Bonuses to Employees
To provide for payments of bonuses to its employees, accrued bonuses are recorded at the amount expected to be paid. The corresponding balance of ¥ 32,540 million ($ 332,041 thousand) is included in "Other current liabilities" in the accompanying consolidated balance sheet as of March 31, 2009.

(h) Reserves for Possible Losses in Connection with Litigation
Reserves for possible losses in connection with litigation are set aside for payments to settle lawsuits and in preparation for payments that may arise in the future.

1. Reserve for Health Management Allowances for HIV Compensation
¥1,728 million ($17,633 thousand) was included in "Other non-current liabilities."
To provide for future payments of health management allowances and settlement payments (including attorney fees) in connection with a lawsuit for damages filed by plaintiffs infected with HIV, the consolidated subsidiary, Mitsubishi Tanabe Pharma Corporation (MTPC) has set aside an estimated amount for such future payments.

2. Reserve for HCV Litigation
¥20,000million ($204,082 thousand) was included in "Other non-current liabilities."

To provide for losses that may arise in the future from a settlement of lawsuits filed by plaintiffs infected with HCV (hepatitis C virus), MTPC has set aside an estimated amount for payments related to such settlement based on estimates of the number of people receiving relief and the amount of relief payments required under a law which stipulates that relief be provided to people who contacted hepatitis C from specific fibrinogen products or specific coagulation factor IX products (hereafter, the "Relief Law").

(Additional Information)

After the Relief Law was publicized and went into effect on January 16, 2008, MCHC discussed the method and percentage of expenses to be borne for the payment of relief by the Health Minister and MTPC, based on Article 16 of the Relief Law. Following the announcement of standards by the Health Minister on April 10, 2009, MCHC considered the number of people receiving relief and other circumstances as of the end of the consolidated fiscal year, and set aside an estimated amount to be borne by MTPC for payments to cover expenses necessary for such relief.

The estimated amount for payment of relief to be borne by MTPC may be changed due to an increase or decrease in the number of people receiving relief.

3. Reserve for Health Management Allowances for Sub-acute Myelo–Optical – Neuropathy (SMON) Compensation
¥4,634 million ($47,286 thousand) was included in "Other non-current liabilities."

MTPC pays health management allowances and nursing expenses for plaintiffs covered under the compromise settlement reached in the SMON litigation.

MTPC has made a provision in the accompanying consolidated financial statements for the estimated future medical treatment payments to be made over the remaining lives of the parties entitled to such payments under the compromise settlement.

(i) Reserve for Periodic Repairs
Several consolidated subsidiaries provide for costs of periodic repairs of production facilities in plants and oil tanks. The corresponding balance of ¥7,907 million ($80,684 thousand) and ¥10,866 million were included in "Other current liabilities" and "Other non-current liabilities" in the accompanying consolidated balance sheets as of March 31, 2009 and 2008, respectively.

(j) Accrued Retirement Benefits and Pension Plans
Upon terminating their employment, employees of MCHC and its subsidiaries are entitled, under most circumstances, to lump-sum severance payments or pension payments by defined benefit plans and/or defined contribution plans. For retiring employees, under normal circumstances, payment is at an amount based on current rates of pay, length of service and the type of termination (voluntary or involuntary). In calculating payments for retiring employees due to meeting mandatory retirement age requirements, MCHC and its significant subsidiaries in Japan may grant additional benefits. MCHC and some of its significant subsidiaries in Japan have defined benefit pension plans funded through several financial institutions in accordance with the applicable laws and regulations. The funding policy is to make actuarially determined contributions to provide the plans with sufficient assets to meet future benefit payment requirements. The pension benefits are determined based on years of service and the compensation amounts, as stipulated in the pension plans' regulations, are payable at the option of the retiring employee in a lump-sum amount or as a monthly pension.

(k) Directors' Retirement Benefits
Accrued lump-sum retirement benefits for directors, executive officers and corporate auditors are determined based on internal regulations. The corresponding balances of ¥1,616 million ($16,490 thousand) and ¥1,437 million were included in "Other non-current liabilities" in the accompanying consolidated balance sheets as of March 31, 2009 and 2008, respectively.

(l) Reserve for Costs Associated with Liquidation of Subsidiaries and Affiliates
Several consolidated subsidiaries provide for estimated costs derived from liquidation of its subsidiaries and affiliates. The corresponding balance of ¥1,597 million ($16,296 thousand) is included in "Other noncurrent liabilities" in the accompanying consolidated balance sheet as of March 31, 2009.

(m) Reserve for Prospective Loss on Removal of Fixed Assets
Several consolidated subsidiaries provide for prospective loss on removal of fixed assets. The corresponding balances of ¥5,931 million ($60,520 thousand) and ¥6,595 million were included in “Other current liabilities” and “Other non-current liabilities” in the accompanying consolidated balance sheet as of March 31, 2009 and 2008, respectively.

(n) Foreign Currency Translation
Current and noncurrent monetary assets and liabilities denominated in foreign currencies of MCHC and its domestic consolidated subsidiaries are translated into yen at the exchange rates in effect at the balance sheet date. Gains and losses arising from foreign exchange differences are credited or charged to income in the year in which they are made or incurred.

(o) Foreign Currency Financial Statements
The balance sheet accounts of foreign subsidiaries and affiliates are translated into Japanese yen at the exchange rates in effect at the balance sheet date, except for the components of net assets excluding minority interests, which are translated at their historical exchange rates. Revenue and expense accounts of foreign subsidiaries and affiliates are translated into Japanese yen at the average exchange rates in effect during the year.

Translation adjustments resulting from the process of translating the financial statements of foreign subsidiaries and affiliates into Japanese yen are accumulated and presented under “Foreign currency translation adjustments” as a component of net assets.

(p) Leases
Accounting change
Previously, leases which do not stipulate the transfer of ownership of the leased property to the lessee were accounted for as operating leases. Due to the application of the new standards ,”Accounting Standard for Lease Transactions”(“Statement No.13,” issued by ASBJ on March 30, 2007) and “Guidance on Accounting Standard for lease Transactions”(“Guidance No.16,” issued by ASBJ on March 30, 2007) from the fiscal year under review such leases were accounted for in the same manner as normal sale and purchase transactions.

The depreciation method applied to lease assets related to leases which do not stipulate the transfer of ownership of the leased property to the lessee, is the straight-line method over the lease periods with a residual value of zero.

Leases which do not stipulate the transfer of ownership of the leased property to the lessee on which the lease transaction commenced on or before March 31, 2008, are accounted for as operating leases.

The effects on operating income and loss before income taxes and minority interests in consolidated subsidiaries were insignificant.

(q) Amortization of Goodwill and Negative Goodwill
Goodwill and negative goodwill are amortized on a straight-line basis over a period of less than 20 years depending on the source.

Goodwill related to the merger between Mitsubishi Pharma Corporation and Tanabe Seiyaku Co., Ltd. is being amortized over 15 years. Goodwill related to the restructuring and consolidation of the Functional Products businesses are being amortized over 10 years. Goodwill and negative goodwill in other cases are being amortized over 5 years.

(r) Cash Equivalents
All highly liquid investments, generally with a maturity of three months or less when purchased, which are readily convertible into known amounts of cash and are so near maturity that they represent only an insignificant risk of any change in value attributable to changes in interest rates, are considered cash equivalents.

(s) Research and Development
Expenses related to research and development activities are charged to income as incurred.

(t) Distribution of Retained Earnings
Cash dividends are recorded in the fiscal year in which they are approved at the relevant shareholders' meeting or, in the case of interim dividends, the respective years in which they are declared by the Board of Directors.

(u) Income Taxes
Deferred income taxes are recognized by the asset and liability method under which deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities, and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

A valuation allowance is provided against the deferred tax assets where it is considered more likely than not that they will not be realized.

2

U.S. Dollar Amounts

MCHC and its domestic consolidated subsidiaries maintain their accounting records in Japanese yen. The U.S. dollar amounts are included solely for convenience and have been translated, as a matter of arithmetical computation only, at the rate of ¥98 to U.S.$1.00, the approximate exchange rate prevailing on the Tokyo foreign exchange market at March 31, 2009. This translation should not be construed as a representation that yen amounts actually represent, or have been, or could be, converted into U.S. dollars at this, or any other rate.

3

A Construction of Waste Processing Facilities in Malaysia

In 1994, the consolidated subsidiary MCC had withdrawn from its rare-earth business in Malaysia that involved dismantling the plant used in the business and constructing a waste processing facility. The plant dismantlement was completed by the end of 2005 in accordance with the approval of the Malaysian government, and the associated losses were recorded. With respect to the construction of the waste processing facility, MCC started a detailed study on the construction in March, 2009 with several number of contractor candidates for entering into a contract based on the approval by the Malaysian government in July, 2007. Therefore, additional losses may be incurred in the future as the result of such construction works.

4

Contingent Liabilities

At March 31, 2009, MCHC and its consolidated subsidiaries were contingently liable for trade notes discounted and transferred by means of endorsement of ¥646 million ($6,592 thousand). They were also guarantors for the following borrowings principally incurred by unconsolidated subsidiaries, affiliates and others:

	Gross including third parties' liabilities		Net MCHC's and consolidated subsidiaries' own liabilities	
	Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars
Guarantees	**¥16,123**	**$164,520**	**¥15,044**	**$153,510**
Stand-by guarantees	**716**	**7,306**	**716**	**7,306**
Others	**¥ 497**	**$ 5,071**	**¥ 417**	**$ 4,255**

Trademark Infringement Lawsuit
The consolidated subsidiary Verbatim Corporation (US) was sued for trademark infringement in Brazil. In May 2007, a court in Manaus, in the Brazilian state of Amazonas, ruled in favor of the plaintiff and ordered Verbatim Corporation (US) to pay 377 million reals (¥15,913 million).

Verbatim Corporation, believing that no trademark infringement took place, and dissatisfied with the fact that reasons for recognizing the plaintiff's monetary claim were not disclosed, immediately filed an appeal with Brazil's Supreme Court. In February 2008, the Supreme Court ruled in favor of Verbatim Corporation and returned the case to the Manaus court for retrial.

5

Research and Development

For the years ended March 31, 2009 and 2008, the following items were recorded in the consolidated statements of income:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Research and development	**¥127,802**	¥112,064	**$1,304,102**

6

Supplementary Information for Consolidated Statement of Changes in Net Assets

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve. Respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

(a) Type and number of outstanding shares

	Year ended March 31, 2009			
	Number of shares (Thousands)			
	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Type of shares				
Issued stock:				
Common stock	1,506,288	—	—	1,506,288
Total	1,506,288	—	—	1,506,288
Treasury stock:				
Common stock (*1,2)	129,943	571	438	130,076
Total	129,943	571	438	130,076

*(1) Shares of common stock held in treasury increased by 571 thousand due to repurchases of fractional shares less than one unit.
*(2) Shares of common stock held in treasury decreased by 438 thousand due to sales of 228 thousand fractional shares less than one unit, reissuance of 210 thousand shares upon exercises of stock purchase warrants.

(b) Warrants

	Description	Type of outstanding shares	Number of outstanding shares (Thousands): Balance at beginning of year	Increase (Decrease)	Balance at end of year	Millions of yen	Thousands of U.S. dollars
MCHC	Warrants as stock options			—		¥805	$8,214
Consolidated subsidiaries	—			—		—	—
Total				—		¥805	$8,214

(c) Dividends

(1) Dividends paid to shareholders

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Amount (Millions of U.S. dollars)	Amount per share (Yen)	Amount per share (U.S. dollars)	Entitlement date	Effective Date
June 26, 2008	Annual general meeting of shareholders	Common stock	¥11,013	$112.3	¥8	$0.08	March 31, 2008	June 27, 2008
October 31, 2008	Board of directors	Common stock	¥11,012	$112.3	¥8	$0.08	September 30, 2008	November 28, 2008

(2) Dividends whose entitlement date was in the year ended March 31, 2009 and whose effective date will be in the subsequent fiscal year

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Amount (Millions of U.S. dollars)	Paid from	Amount per share (Yen)	Amount per share (U.S. dollars)	Entitlement date	Effective Date
June 24, 2009	Annual general meeting of shareholders	Common stock	¥5,506	$56.1	Retained earnings	¥4	$0.04	March 31, 2009	June 25, 2009

7

Lease Transactions At March 31, 2009 and 2008, as lessee, finance leases other than those deemed to transfer the ownership of the leased assets to the lessees were accounted for as follows:

Leases which do not stipulate the transfer of ownership of leased property to the lessee on which the lease transaction commenced on or before March 31,2008, are accounted for as operating leases.

The pro forma acquisition costs, accumulated depreciation, accumulated impairment loss and balance at year-end

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Machinery and equipment:			
Acquisition costs	**¥17,281**	¥24,212	**$176,337**
Accumulated depreciation	**10,765**	13,237	**109,847**
Accumulated impairment loss	**168**	168	**1,714**
Balance at year-end	**¥ 6,348**	¥10,807	**$ 64,776**

Notes: 1. Acquisition costs includes interest.
2. Acquisition costs excludes subleased assets.

Future minimum lease payments for the remaining lease periods

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Due within one year	**¥3,149**	¥ 4,698	**$32,133**
Due after one year	**3,677**	7,106	**37,520**
	6,826	11,804	**69,653**
Impairment loss on leased assets	**¥ 42**	¥ 93	**$ 429**

Paid lease fees, amortization expense, depreciation expense and impairment loss

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Paid lease fees	**¥4,292**	¥5,541	**$43,796**
Amortization expense amount	**44**	34	**449**
Depreciation expense amount	**4,264**	5,527	**43,510**
Impairment loss on leased assets	**¥ 16**	¥ 20	**$ 163**

Note: Depreciation expense is calculated using the straight-line method with the lease period as the useful life with a nil residual value.

At March 31, 2009 and 2008, as lessee noncancellable operating lease obligations were accounted for as follows;

Future minimum lease payments for the remaining lease periods

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Due within one year	**¥ 3,030**	¥1,170	**$ 30,918**
Due after one year	**9,730**	2,600	**99,286**
	¥12,760	¥3,770	**$130,204**

At March 31, 2009 and 2008, finance leases other than those deemed to transfer the ownership of the leased assets to the lessees were accounted for as follows:

Acquisition costs, accumulated depreciation, accumulated impairment loss and balance at year-end

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Buildings			
Acquisition costs	**¥921**	¥ —	**$9,398**
Accumulated depreciation	**277**	—	**2,827**
Accumulated impairment loss	**—**	—	—
Balance at year-end	**¥644**	¥ —	**$6,571**

Future minimum sublease income for the remaining lease periods

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Due within one year	**¥ 211**	¥310	**$ 2,153**
Due after one year	**945**	687	**9,643**
	¥1,156	¥997	**$11,796**

Sublease income, amortization expense, depreciation expense and impairment loss

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Sublease income	**¥ 66**	¥ —	**$ 673**
Amortization expense amount	—	—	—
Depreciation expense amount	**27**	—	**276**
Impairment loss on leased assets	**¥ —**	¥ —	**$ —**

Note: Depreciation expense is calculated using the straight-line method with the lease period as the useful life with a nil residual value.

At March 31, 2009 and 2008, noncancellable operating lease receivables were accounted for as follows;

Future minimum sublease income for the remaining lease periods

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Due within one year	**¥118**	¥ —	**$1,204**
Due after one year	**625**	—	**6,378**
	¥743	¥ —	**$7,582**

8

Securities

Held-to-maturity debt securities are measured at amortized cost in the accompanying balance sheets.

However, certain held-to-maturity debt securities have fair value. The carrying value, gross unrealized gains, gross unrealized losses and estimated fair value of held-to-maturity debt securities at March 31, 2009 and 2008, are summarized as follows:

	Millions of yen			
March 31, 2009	Carrying value	Gross Unrealized gains	Gross Unrealized losses	Estimated fair value
Held-to-maturity debt securities:				
Government bonds	**¥ 2,272**	**¥394**	**¥ 0**	**¥ 2,666**
Corporate bonds	**—**	**—**	**—**	**—**
Other debt securities	**18,004**	**—**	**(2,693)**	**15,311**
	¥20,276	**¥394**	**¥(2,693)**	**¥17,977**

	Millions of yen			
March 31, 2008	Carrying value	Gross Unrealized gains	Gross Unrealized losses	Estimated fair value
Held-to-maturity debt securities:				
Government bonds	¥ 2,851	¥100	¥ (0)	¥ 2,951
Corporate bonds	1,009	—	(12)	997
Other debt securities	16,500	—	(2,144)	14,356
	¥20,360	¥100	¥(2,156)	¥18,304

	Thousands of U.S. dollars			
March 31, 2009	Carrying value	Gross Unrealized gains	Gross Unrealized losses	Estimated fair value
Held-to-maturity debt securities:				
Government bonds	**$ 23,184**	**$4,020**	**$ 0**	**$ 27,204**
Corporate bonds	**—**	**—**	**—**	**—**
Other debt securities	**183,714**	**—**	**(27,480)**	**156,235**
	$206,898	**$4,020**	**$(27,480)**	**$183,439**

Other securities with quoted market prices are measured at fair value. Differences between fair value and acquisition cost are recorded as a component of net assets. The differences at March 31, 2009 and 2008 are summarized as follows:

	Millions of yen				
				(Breakdown)	
March 31, 2009	Acquisition costs	Fair value	Net differences	Gross gains	Gross losses
Other securities:					
Equity securities	**¥100,813**	**¥119,951**	**¥19,138**	**¥31,118**	**¥(11,980)**
Government bonds	**71,001**	**71,701**	**700**	**719**	**(19)**
Corporate bonds	**—**	**—**	**—**	**—**	**—**
Other debt securities	**617**	**595**	**(22)**	**4**	**(26)**
	¥172,431	**¥192,247**	**¥19,816**	**¥31,841**	**¥(12,025)**

	Millions of yen				
				(Breakdown)	
March 31, 2008	Acquisition costs	Fair value	Net differences	Gross gains	Gross losses
Other securities:					
Equity securities	¥102,094	¥181,967	¥79,873	¥87,636	¥(7,763)
Government bonds	17,506	17,650	144	144	—
Corporate bonds	—	—	—	—	—
Other debt securities	650	647	(3)	3	(6)
	¥120,250	¥200,264	¥80,014	¥87,783	¥(7,769)

March 31, 2009	Thousands of U.S. dollars				
	Acquisition costs	Fair value	Net differences	(Breakdown) Gross gains	Gross losses
Other securities:					
Equity securities	**$1,028,704**	**$1,223,990**	**$195,286**	**$317,531**	**$(122,245)**
Government bonds	**724,500**	**731,643**	**7,143**	**7,337**	**(194)**
Corporate bonds	**—**	**—**	**—**	**—**	**—**
Other debt securities	**6,296**	**6,071**	**(224)**	**41**	**(265)**
	$1,759,500	**$1,961,704**	**$202,204**	**$324,908**	**$(122,704)**

Sales of other securities for the fiscal year ended March 31, 2009 are shown below:

	Millions of yen		
	Sales	Gains	Losses
Year ended March 31, 2009	**¥7,258**	**¥1,036**	**¥19**

	Thousands of U.S. dollars		
	Sales	Gains	Losses
Year ended March 31, 2009	**$74,061**	**$10,571**	**$194**

Details of other securities without quoted market prices at March 31, 2009 are shown below:

	Millions of yen				
	Unlisted equity securities	Unlisted bond	Certificate of deposit	Commercial paper	Equity fund
Year ended March 31, 2009	**¥34,428**	**¥2,005**	**¥138,000**	**—**	**¥1,587**

	Thousands of U.S. dollars				
	Unlisted equity securities	Unlisted bond	Certificate of deposit	Commercial paper	Equity fund
Year ended March 31, 2009	**$351,306**	**$20,459**	**$1,408,163**	**—**	**$16,194**

The redemption schedule for held-to-maturity debt securities and other securities with maturity dates at March 31, 2009 and 2008, is shown below:

March 31, 2009	Millions of yen				
	Government securities	Corporate securities	Other debt securities	Other securities	Total
Maturity:					
Due in one year or less	**¥17,059**	**¥2,000**	**¥ 502**	**¥138,121**	**¥157,682**
Due after one year through five years	**54,652**	**—**	**1,502**	**—**	**56,154**
Due after five years through ten years	**2,262**	**—**	**—**	**—**	**2,262**
Due after ten years	**¥ —**	**¥ —**	**¥16,000**	**¥ —**	**¥ 16,000**

March 31, 2008	Millions of yen				
	Government securities	Corporate securities	Other debt securities	Other securities	Total
Maturity:					
Due in one year or less	¥ 5,015	¥ —	¥ —	¥50,629	¥55,644
Due after one year through five years	12,645	3,009	1,500	—	17,154
Due after five years through ten years	2,841	—	—	—	2,841
Due after ten years	¥ —	¥ —	¥15,000	¥ —	¥15,000

March 31, 2009	Thousands of U.S. dollars				
	Government securities	Corporate securities	Other debt securities	Other securities	Total
Maturity:					
Due in one year or less	**$174,071**	**$20,408**	**$ 5,122**	**$1,409,398**	**$1,609,000**
Due after one year through five years	**557,673**	**—**	**15,327**	**—**	**573,000**
Due after five years through ten years	**23,082**	**—**	**—**	**—**	**23,082**
Due after ten years	**$ —**	**$ —**	**$163,265**	**$ —**	**$ 163,265**

Investment securities of unconsolidated subsidiaries and affiliates at March 31, 2009 are shown below:

	Millions of yen	Thousands of U.S. dollars
March 31, 2009	**¥68,990**	**$703,980**

9

Derivative Financial Instruments and Hedge Accounting

In principle, net assets and liabilities arising from derivative financial transactions are measured at fair value, with unrealized gain or loss included in earnings. Hedging transactions that meet the criteria of hedge accounting are accounted for using deferral hedge accounting, which requires unrealized gains or losses to be deferred as a component of net assets until gains or losses relating to the underlying hedged items are recognized.

Several consolidated subsidiaries enter into forward foreign exchange contracts, currency swaps, interest rate swaps, interest rate caps, commodity futures contracts, commodity swaps and freight forward contract in order to manage their exposure to fluctuations in foreign currency exchange rates, interest rates, commodity prices and freight.

MCHC and its subsidiaries have internal rules for designating the purpose of, and policy and procedures for, derivative financial instruments. It is MCHC’s policy that MCHC and its subsidiaries do not enter into derivative transactions for speculative purpose.

Forward foreign exchange contracts and currency swaps are used to hedge the risk of fluctuations in foreign currency exchange rates associated with assets and liabilities denominated in foreign currencies, and to fix the future net cash flows from operating transactions denominated in foreign currencies.

Interest rate swaps and cap contracts are used to manage the risk arising from fluctuations in cash flows resulting from the risk arising from fluctuations in interest rates associated with financial transactions.

The commodity future contracts, commodity swaps and freight forward contract are used to hedge the risk of fluctuations in commodity prices and freight.

Most of the hedging relationships between the derivative financial instruments and their underlying hedged items are highly effective in offsetting changes in foreign currency exchange rates, interest rates, commodity prices and freight. Investments in complex financial products are accompanied by risk arising from interest rate, foreign exchange rate, and equity market fluctuations.

MCHC and its several subsidiaries are also exposed to the risk of credit-related losses in the event of non-performance by counterparties to their derivative financial instruments, but it is not anticipated that any of these counterparties will fail to meet their obligations because most of the counterparties are internationally recognized financial institutions and contracts are diversified across a number of major financial institutions.

10

Pension and Severance Plans

At March 31, 2009 and 2008, a breakdown of the amounts recognized in the accompanying consolidated balance sheets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Projected benefit obligation at end of year	**¥(441,837)**	¥(454,850)	**$(4,508,541)**
Fair value of plan assets at end of year	**308,259**	390,045	**3,145,500**
Funded status	**(133,578)**	(64,805)	**(1,363,041)**
Unrecognized transition amount under post-employment benefit accounting	**5,006**	5,871	**51,082**
Unrecognized actuarial loss	**101,146**	21,207	**1,032,102**
Unrecognized prior service cost	**(1,356)**	(6,827)	**(13,837)**
Net amount recognized	**(28,782)**	(44,554)	**(293,694)**
Prepaid pension expense	**54,173**	38,023	**552,786**
Accrued retirement benefits	**¥ (82,955)**	¥ (82,577)	**$ (846,480)**

The components of net pension and severance cost for the years ended March 31, 2009 and 2008, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Service cost	**¥14,923**	¥10,909	**$152,276**
Interest cost	**10,537**	9,442	**107,520**
Expected return on plan assets	**(7,599)**	(7,611)	**(77,541)**
Amortization of transition amount under post-employment benefit accounting	**830**	838	**8,469**
Recognized actuarial loss (gain)	**(745)**	417	**(7,602)**
Amortization of prior service cost	**(7,697)**	(9,056)	**(78,541)**
Defined contribution plan cost	**2,038**	671	**20,796**
Net periodic pension cost	**¥12,287**	¥ 5,610	**$125,378**

Notes: 1. Actuarial loss (gain) is recognized using the straight-line method over a period of mainly five years from the fiscal year following the year in which the loss (gain) arises, however the portion which was succeeded from Tanabe Seiyaku Co., Ltd. by means of merger with Mitsubishi Pharma Corporation is recognized over a period of thirteen years.
2. Prior service cost is amortized using the straight-line method over a period of mainly five years from the relevant fiscal year.
3. Transition amount under post-employment benefits accounting is amortized using the straight-line method over a period of mainly fifteen years from the year ended March 31, 2001.
4. Additional benefits for employees' early retirement amounting to ¥4,510 million and ¥1,253 million were recorded in addition to the amount of net periodic pension cost for the years ended March 31, 2009 and 2008, respectively.

Assumptions used for the years ended March 31, 2009 and 2008, were as follows:

	2009	2008
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**2.0%**	2.0%

11

Stock-Based Compensation Plan

At March 31, 2009, stock-based compensation plans were as follows:

	2008 plan	2008 plan	2008 plan
Grantees	3 directors of MCHC	1 retiring director of MCHC	1 director of a subsidiary
			1 retiring director of a subsidiary
			20 executive officers of a subsidiary
			4 retiring executive officers of a subsidiary
Type of stock	Common stock	Common stock	Common stock
Date of grant	September 10, 2008	September 10, 2008	September 12, 2008
Number of shares granted	32,650	12,800	227,700
Exercise price (yen)	1	1	1
Exercisable period	from September 11, 2008 to September 10, 2028	from September 11, 2008 to September 10, 2028	from September 13, 2008 to September 12, 2028

	2007 plan	2007 plan	2007 plan
Grantees	2 directors of MCHC	1 executive officer of MCHC	1 director of a subsidiary
		2 retiring directors of MCHC	1 retiring director of a subsidiary
			20 executive officers of a subsidiary
			5 retiring executive officers of a subsidiary
Type of stock	Common stock	Common stock	Common stock
Date of grant	December 12, 2007	December 12, 2007	December 14, 2007
Number of shares granted	39,700	49,450	311,100
Exercise price (yen)	1	1	1
Exercisable period	from December 13, 2007 to December 12, 2027	from December 13, 2007 to December 12, 2027	from December 15, 2007 to December 14, 2027

	2006 plan	2006 plan	2006 plan	2005 plan
Grantees	3 directors of MCHC	1 executive officer of MCHC	2 directors of a subsidiary	7 directors of a subsidiary
		1 retiring director of MCHC	1 retiring director of a subsidiary	19 executive officers of a subsidiary
			19 executive officers of a subsidiary	3 retiring executive officers of a subsidiary
			4 retiring executive officers of a subsidiary	
Type of stock	Common stock	Common stock	Common stock	Common stock
Date of grant	December 13, 2006	December 13, 2006	December 15, 2006	July 1, 2005
Number of shares granted	70,400	28,200	331,000	466,050
Exercise price (yen)	1	1	1	1
Exercisable period	from December 14, 2006 to December 13, 2026	from June 28, 2007 to June 27, 2027	from December 16, 2006 to December 15, 2026	from June 28, 2006 to June 27, 2026

12

Income Taxes

At March 31, 2009 and 2008, significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Deferred tax assets:			
Tax loss carryforwards	**¥ 81,615**	¥ 41,916	**$ 832,806**
Employees' retirement benefits	**20,213**	27,743	**206,255**
Accrued bonuses to employees	**12,725**	13,957	**129,847**
Write-downs of investment securities	**10,162**	8,658	**103,694**
Loss on valuation of inventories	**9,292**	—	**94,816**
Depreciation	**8,835**	6,811	**90,153**
Unrealized earnings	**6,029**	6,875	**61,520**
Impairment loss on fixed assets	**—**	2,433	**—**
Other	**51,511**	52,585	**525,622**
Gross deferred tax assets	**¥200,382**	¥160,978	**$2,044,714**
Valuation allowance	**(62,915)**	(49,851)	**(641,990)**
Total deferred tax assets	**¥137,467**	¥111,127	**$1,402,724**
Deferred tax liabilities:			
Valuation of assets	**(20,186)**	(21,795)	**(205,980)**
Valuation gain on investment securities	**(15,626)**	(40,271)	**(159,449)**
Accelerated tax depreciation	**(6,328)**	(9,266)	**(64,571)**
Tax deductible reserve	**(3,642)**	(2,805)	**(37,163)**
Other	**(2,816)**	(2,813)	**(28,735)**
Total deferred tax liabilities	**(48,598)**	(76,950)	**(495,898)**
Net deferred tax assets	**¥ 88,869**	¥ (34,177)	**$ 906,827**

At March 31, 2009 and 2008, deferred tax assets and liabilities included in the consolidated balance sheets are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Deferred income taxes–current	**¥ 34,828**	¥ 32,703	**$ 355,388**
Deferred income taxes–non-current	**72,955**	26,634	**744,439**
Other current liabilities	**—**	(274)	**—**
Other non-current liabilities	**(18,914)**	(24,886)	**(193,000)**

A reconciliation of the statutory tax rates to the effective tax rates for the years ended March 31, 2009 and 2008, was as follows:

	2009	2008
Statutory tax rate	**—%**	40.6%
Increase (decrease) in taxes resulting from:		
Permanent differences	**—**	2.8
Increase in valuation allowance	**—**	2.1
Gain on changes in equity of affiliated companies	**—**	(22.0)
Tax credits for research and development costs	**—**	(1.9)
Equity in earnings of unconsolidated subsidiaries and affiliates	**—**	(1.4)
Other	**—**	0.9
Effective tax rates	**—%**	21.1%

Posted a loss before income taxes and minority interest in consolidated subsidiaries for the fiscal year ended March 31, 2009, the reconciliation from the statutory tax rate to the effective tax rates after the application of tax-effect accounting has been omitted.

13

Per Share Information

	Yen	U.S. dollars
	2009	**2009**
Net assets	**¥486.09**	**$ 4.96**
Net loss —Basic	**(48.81)**	**(0.50)**
—Diluted	**—**	**—**

Notes: Since amounts per share of common stock represent net loss, fully diluted net income per share for the fiscal year ended March 31, 2009 is not disclosed in accordance with Japanese accounting regulations.

1. The basis for calculating net income per share and the diluted net income per share was as follows:

Net income per share		2009	Thousands of U.S. dollars 2009
Net income	(millions of yen)	**¥ (67,178)**	**$(685,490)**
Net income applicable to common shares	(millions of yen)	**(67,178)**	**(685,490)**
Average number of common shares during period	(thousands of shares)	**1,376,279**	**—**
Adjustment of net income:	(millions of yen)	**—**	**—**
Interest income (after deducting tax)		**—**	**—**
Increase in number of common shares:	(thousands of shares)	**—**	**—**
Bonds with subscription rights to shares		**—**	**—**
Warrants		**—**	**—**

2. The basis for calculating net assets per share was as follows:

Net assets per share		2009	Thousands of U.S. dollars 2009
Total net assets	(millions of yen)	**¥ 940,114**	**$9,593,000**
Amounts deducted from total net assets:	(millions of yen)	**271,141**	**2,766,745**
Warrants		**805**	**8,214**
Minority interests in consolidated subsidiaries		**270,336**	**2,758,531**
Net assets applicable to common shares	(millions of yen)	**668,973**	**6,826,255**
Number of common shares at the end of the fiscal year used in calculation of net assets per share	(thousands of shares)	**1,376,211**	**—**

14

Short-Term Debt and Long-Term Debt

At March 31, 2009 and 2008,short-term debt of MCHC and its consolidated subsidiaries consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Short-term loans principally from banks and other financial institutions at average interest rate of 1.673% at March 31,2009,and 2.498% at March 31,2008	**¥ 233,881**	¥ 180,551	**$ 2,386,541**
Commercial paper	**105,000**	51,500	**1,071,429**
	¥ 338,881	¥ 232,051	**$ 3,457,969**

At March 31, 2009 and 2008, long-term debt of MCHC and its consolidated subsidiaries consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Debt issued by MCC:			
0.55% notes due 2008	**¥ —**	¥ 10,000	**$ —**
1.08% notes due 2008	**—**	15,000	**—**
3.0% notes due 2009	**—**	10,000	**—**
1.43% notes due 2009	**15,000**	15,000	**153,061**
1.27% notes due 2009	**20,000**	20,000	**204,082**
2.65% notes due 2010	**5,000**	5,000	**51,020**
1.15% notes due 2010	**10,000**	10,000	**102,041**
1.3% notes due 2011	**10,000**	10,000	**102,041**
1.46% notes due 2011	**10,000**	10,000	**102,041**
1.51% notes due 2011	**10,000**	10,000	**102,041**
1.8% notes due 2013	**15,000**	15,000	**153,061**
1.16% notes due 2013	**10,000**	10,000	**102,041**
1.90% notes due 2014	**10,000**	10,000	**102,041**
2.02% notes due 2014	**10,000**	10,000	**102,041**
2.01% notes due 2016	**20,000**	20,000	**204,082**
2.05% notes due 2016	**10,000**	10,000	**102,041**
2.03% notes due 2018	**20,000**	—	**204,082**
Debt issued by MCHC:			
Bonds with subscription rights to shares due 2011	**70,224**	70,311	**716,571**
Bonds with subscription rights to shares due 2013	**70,000**	70,000	**714,286**
Debt issued by consolidated subsidiaries other than MCC, due 2007–2011 at interest rates ranging from 0.75% to 1.63% at March 31, 2009 and from 0.75% to 5.312% at March 31, 2008	**15,000**	19,083	**153,061**
Loans, principally from banks and insurance companies due 2008 to 2025:			
Collateralized	**7,510**	10,350	**76,633**
Non-collateralized	**356,624**	230,725	**3,639,020**
	694,358	590,469	**7,085,286**
Less, current portion	**(98,361)**	(75,900)	**(1,003,684)**
	¥595,997	¥514,569	**$ 6,081,602**

Notes: 1. The average interest rates of loans were as follows:
March 31, 2009
Current portion 1.553%
Less current portion 1.801%

At March 31, 2009, assets pledged as collateral and debts secured by such assets were as follows:

	Millions of yen	Thousands of U.S. dollars
	2009	**2009**
Collateral assets	**¥149,416**	**$1,524,653**
Secured debts	**¥ 15,564**	**$ 158,816**

The aggregate annual maturities of long-term debts are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
	2009	**2009**
2010	**¥ 55,213**	**$ 563,398**
2011	**129,433**	**1,320,745**
2012	**47,101**	**480,622**
2013 and thereafter	**364,250**	**3,716,837**
	¥595,997	**$6,081,602**

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Impairment Loss

The MCHC Group groups its assets mainly according to business units of the Company. Assets are grouped according to the type of business, manufacturing process and region to which they are related. Idle assets are grouped individually in their asset groups when impairment losses are recognized. During the fiscal year under review, the Company recorded a ¥11,389 million ($116,214 thousand) impairment loss on long-lived assets, which was posted as an extraordinary loss. Impairment losses were recognized on the following major assets.

Use	Location	Type	Amount (Millions of yen)
Polyvinyl chloride manufacturing facilities	V-Tech Corporation Mizushima Plant (Kurashiki, Okayama Prefecture) Kawasaki Plant (Kawasaki, Kanagawa Prefecture)	Buildings, machinery and equipment, investments and other assets	4,485
Caprolactam and nylon manufacturing facilities	Mitsubishi Chemical Corporation Kurosaki Plant (Kita-Kyushu, Fukuoka Prefecture)	Buildings, machinery and equipment and other assets	2,731
Pharmaceutical research facilities	Mitsubishi Tanabe Pharma Corporation Hirakata Office (Hirakata, Osaka Prefecture)	Land, buildings and other assets	1,917

Breakdown of impairment losses by use

Polyvinyl chloride manufacturing facilities
¥4,485 million (of which, ¥2,816 for machinery and equipment, ¥934 million for buildings, ¥682 million for investments and ¥53 million for other assets)

Caprolactam and nylon manufacturing facilities
¥2,731 million (of which, ¥1,728 million for machinery and equipment, ¥822 million for buildings, and ¥181 million for other assets)

Pharmaceutical research facilities
¥1,917 million (of which, ¥1,032 for buildings, ¥866 for land and ¥18 million for other assets)

With regard to polyvinyl chloride manufacturing facilities and caprolactam and nylon manufacturing facilities, recent economic conditions have caused a substantial drop-off in sales volumes, prompting a sharp downturn in profitability. Furthermore, the possibility of future recovery is judged to be low. Consequently, the book values of these assets were written down to their recoverable values. The recoverable values of these assets are estimated at their value in use with future cash flows discounted by 5.5%.

For pharmaceutical research facilities, the book values of idle assets have been written down to their recoverable values.

Recoverable values of assets are estimated at their net sales amount. Market values are calculated in a rational manner, using such assumptions as their declared values.

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Segment Information

	Net Sales*			Inter-segment sales and transfers		
	Millions of yen		Millions of U.S. dollars	Millions of yen		Millions of U.S. dollars
INDUSTRY SEGMENT	**2009**	2008	**2009**	**2009**	2008	**2009**
Electronics Applications	**¥ 327,531**	¥ 404,430	**$ 3,342.2**	**¥ 7,142**	¥ 8,573	**$ 72.9**
Designed Materials	**276,472**	295,765	**2,821.1**	**10,612**	13,177	**108.3**
Health Care	**497,072**	395,793	**5,072.2**	**239**	228	**2.4**
Chemicals	**1,074,962**	1,170,160	**10,969.0**	**192,809**	140,912	**1,967.4**
Polymers	**573,040**	467,662	**5,847.3**	**67,299**	36,685	**686.7**
Others	**159,953**	196,000	**1,632.2**	**234,995**	238,718	**2,397.9**
Subtotal	**2,909,030**	2,929,810	**29,684.0**	**513,096**	438,293	**5,235.7**
Eliminations				**(513,096)**	(438,293)	**(5,235.7)**
Total	**¥2,909,030**	¥2,929,810	**$29,684.0**	**¥ —**	¥ —	**$ —**

* Inter-segment sales and transfers are not included.

	Operating Income			Total Assets		
	Millions of yen		Millions of U.S. dollars	Millions of yen		Millions of U.S. dollars
INDUSTRY SEGMENT	**2009**	2008	**2009**	**2009**	2008	**2009**
Electronics Applications	**¥ 4,780**	¥ 31,653	**$ 48.8**	**¥ 279,528**	¥ 348,795	**$ 2,852.3**
Designed Materials	**(2,110)**	9,693	**(21.5)**	**219,351**	256,815	**2,238.3**
Health Care	**79,277**	57,230	**808.9**	**817,580**	811,730	**8,342.7**
Chemicals	**(55,543)**	10,885	**(566.8)**	**670,574**	793,449	**6,842.6**
Polymers	**(12,968)**	11,170	**(132.3)**	**419,313**	369,343	**4,278.7**
Others	**8,833**	14,128	**90.1**	**307,793**	334,580	**3,140.7**
Subtotal	**22,269**	134,759	**227.2**	**2,714,139**	2,914,712	**27,695.3**
Corporate Costs, Corporate Assets and Eliminations	**(14,091)**	(9,713)	**(143.8)**	**26,737**	(148,875)	**272.8**
Total	**¥ 8,178**	¥125,046	**$ 83.4**	**¥2,740,876**	¥2,765,837	**$27,968.1**

	Depreciation			Capital Expenditures		
	Millions of yen		Millions of U.S. dollars	Millions of yen		Millions of U.S. dollars
INDUSTRY SEGMENT	**2009**	2008	**2009**	**2009**	2008	**2009**
Electronics Applications	**¥ 22,196**	¥ 22,196	**$ 226.5**	**¥ 26,244**	¥ 23,136	**$ 267.8**
Designed Materials	**15,379**	14,238	**156.9**	**12,852**	19,867	**131.1**
Health Care	**20,510**	16,841	**209.3**	**19,844**	13,658	**202.5**
Chemicals	**36,895**	30,370	**376.5**	**43,981**	66,857	**448.8**
Polymers	**15,411**	10,078	**157.3**	**22,903**	32,937	**233.7**
Others	**3,798**	3,415	**38.8**	**4,819**	6,199	**49.2**
Subtotal	**114,189**	97,138	**1,165.2**	**130,643**	162,654	**1,333.1**
Corporate Assets, Corporate R&D and Other	**5,041**	5,034	**51.4**	**8,368**	7,397	**85.4**
Total	**¥119,230**	¥102,172	**$1,216.6**	**¥139,011**	¥170,051	**$1,418.5**

	Impairment Loss	
	Millions of yen	Millions of U.S. dollars
INDUSTRY SEGMENT	**2009**	**2009**
Electronics Applications	**¥ 733**	**$ 7.5**
Designed Materials	**221**	**2.3**
Health Care	**3,122**	**31.9**
Chemicals	**—**	**—**
Polymers	**7,217**	**73.6**
Others	**45**	**0.5**
Subtotal	**11,338**	**115.7**
Corporate R&D and Other	**51**	**0.5**
Total	**¥11,389**	**$116.2**

Notes: Previously, business segment information was prepared according to the industry segments of Petrochemicals, Performance Products, Functional Products, Health Care, and Others. From the fiscal year under review, these segments were changed to Electronics Applications, Designed Materials, Health Care, Chemicals, Polymers, and Others. This change was established by *APTSIS 10*, the new mid-term management plan initiated in the fiscal year under review. The establishment through this plan of core strategies for each segment was taken as an opportunity to indicate more clearly their business status. Fiscal 2008 segment information has been restated based on the new classification so that comparisons and analyses between fiscal 2008 and fiscal 2009 can be made.

As mentioned under "Accounting change" in "1 Significant Accounting Policies (d) Inventories" in the Notes to the Consolidated Financial Statements, from the fiscal year under review inventory assets are calculated primarily at cost based on the average cost (Balance sheet amounts are calculated by writing down their book values in accordance with decreases in profitability). As a result, in the fiscal year under review operating income in Electronics Applications was ¥1,045 million lower, in Designed Materials ¥1,587 million lower, in Health Care ¥459 million lower, in Chemicals ¥7,376 million lower, in Polymers ¥3,924 million higher, in Others ¥46 million lower, and Corporate Costs ¥6 million lower, compared to the amounts that would have been recorded under the previous method.

As mentioned under "Additional information" in "1 Significant Accounting Policies (e) Property, Plant and Equipment" in the Notes to the Consolidated Financial Statements, pursuant to an amendment to the Japanese Corporate Tax Law in the fiscal year under review MCHC and its consolidated subsidiaries in Japan revised the estimated useful lives of their machinery and equipment to the periods after applying the change in said law. As a result, in the fiscal year under review operating income in Electronics Applications was ¥277 million lower, in Designed Materials ¥886 million lower, in Health Care ¥615 million higher, in Chemicals ¥2,300 million lower, in Polymers ¥107 million higher, and in Others ¥16 million lower, compared to the amounts that would have been recorded under the previous method.

	Net Sales*			Inter-segment sales and transfers		
	Millions of yen		Millions of U.S. dollars	Millions of yen		Millions of U.S. dollars
GEOGRAPHIC DISTRIBUTION	**2009**	2008	**2009**	**2009**	2008	**2009**
Japan	**¥2,477,426**	¥2,420,639	**$25,279.9**	**¥ 36,513**	¥ 24,532	**$ 372.6**
Asia	**276,269**	341,175	**2,819.1**	**25,577**	30,133	**261.0**
Other	**155,335**	167,996	**1,585.1**	**7,229**	4,183	**73.8**
Subtotal	**2,909,030**	2,929,810	**29,684.0**	**69,319**	58,848	**707.3**
Eliminations				**(69,319)**	(58,848)	**(707.3)**
Total	**¥2,909,030**	¥2,929,810	**$29,684.0**	**¥ —**	¥ —	**$ —**

* Inter-segment sales and transfers are not included.

	Operating Income			Total Assets		
	Millions of yen		Millions of U.S. dollars	Millions of yen		Millions of U.S. dollars
GEOGRAPHIC DISTRIBUTION	**2009**	2008	**2009**	**2009**	2008	**2009**
Japan	**¥ 25,763**	¥136,740	**$ 262.9**	**¥2,228,552**	¥2,273,516	**$22,740.3**
Asia	**(6,940)**	(4,609)	**(70.8)**	**173,610**	277,178	**1,771.5**
Other	**3,446**	2,830	**35.2**	**102,461**	141,954	**1,045.5**
Subtotal	**22,269**	134,961	**227.2**	**2,504,623**	2,692,648	**25,557.4**
Corporate Costs, Corporate Assets and Eliminations	**(14,091)**	(9,915)	**(143.8)**	**236,253**	73,189	**2,410.7**
Total	**¥ 8,178**	¥125,046	**$ 83.4**	**¥2,740,876**	¥2,765,837	**$27,968.1**

Notes: As mentioned under "Accounting Change" in "1 Significant Accounting Policies (d) Inventories" in the Notes to the Consolidated Financial Statements, from the fiscal year under review the principal inventory valuation method was changed to cost based on the average cost (Balance sheet amounts are calculated by writing down their book values in accordance with decreases in profitability). As a result, in the fiscal year under review operating income in Japan was ¥6,595 million lower, compared to the amount that would have been recorded under the previous method.

As mentioned under "Additional information" in "1 Significant Accounting Policies (e) Property, Plant and Equipment" in the Notes to the Consolidated Financial Statements, pursuant to an amendment to the Japanese Corporate Tax Law in the fiscal year under review MCHC and its consolidated subsidiaries in Japan revised the estimated useful lives of their machinery and equipment to the periods after applying the change in said law. As a result, in the fiscal year under review operating income in Japan was ¥2,757 million lower, compared to the amount that would have been recorded under the previous method.

	Millions of yen		Millions of U.S. dollars
OVERSEAS SALES	**2009**	2008	**2009**
Asia	**¥ 458,059**	¥ 550,898	**$ 4,674.1**
Other	**210,052**	244,499	**2,143.4**
Total Overseas Sales	**668,111**	795,397	**6,817.5**
Consolidated Sales	**2,909,030**	2,929,810	**29,684.0**
Total Overseas Sales as a Percentage of Consolidated Sales	**22.9%**	27.1%	

Notes: Major countries or areas in the Asia and Other regions are as follows:
Asia: China, Taiwan, South Korea, Indonesia, Thailand, India
Other: North America, Europe

Report of Independent Auditors

The Board of Directors
Mitsubishi Chemical Holdings Corporation

We have audited the accompanying consolidated balance sheets of Mitsubishi Chemical Holdings Corporation and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operation, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mitsubishi Chemical Holdings Corporation and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Additional information
As described in the Note 1 (d) inventories, the Company has adopted the Accounting Standard for Measurement of Inventories effective from the fiscal year ended March 31, 2009. Accordingly, the consolidated financial statements were prepared in accordance with the said accounting standard.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Ernst & Young ShinNihon LLC

June 24, 2009

Corporate Data

As of March 31, 2009

Mitsubishi Chemical Holdings Group

● Consolidated subsidiaries
○ Affiliates accounted for by the equity method

Core Business Corporations

		Major Products or Lines of Business	Equity Participation (%)
1	● Mitsubishi Chemical Corporation	Performance products, Health care, Chemicals	100.0%
2	● Mitsubishi Plastics, Inc.	Plastics products	100.0%
3	● Mitsubishi Tanabe Pharma Corporation	Pharmaceuticals	56.4%

Major Affiliates

Performance Products Domain

Electronics Applications Segment

	Japan	Major Products or Lines of Business	Equity Participation (%)
1	● Mitsubishi Kagaku Media Co., Ltd.	CD-R/RW, DVD±R/RW, BD-R/RE, USB flash memory, SD memory card, Portable HDD	100.0%
1	● Nippon Kasei Chemical Company Limited	Industrial chemicals, Specialty chemicals, Inorganic chemicals	52.8%
1	● Shinryo Corporation	Ecological recycling, Semiconductors, Fine chemicals	100.0%
1	● Yuka Denshi Company Limited	Materials for electronics devices	100.0%
2	● Dia Molding Co., Ltd.	Injection molding, Painting and assembling of injection molded products	100.0%
2	● Nippon Polypenco Ltd.	Engineering plastics and associated products	55.0%
	Asia Pacific		
1	● Mitsubishi Chemical Infonics Pte Ltd	Copy machine-related and printer-related products (OPC), DVD±R/±RW	100.0%
2	● PT. MC PET FILM INDONESIA	Polyester films	97.9%
2	● Shanghai Baoling Plastics Co., Ltd.	Plastic injection molded products	77.4%
1	● Tai Young High Tech Co., Ltd.	Electronics grade chemicals, Precision cleaning, LCD glass recycling	100.0%
	America		
1	● Mitsubishi Kagaku Imaging Corporation	Copy machine-related and printer-related products (OPC, Toner)	100.0%
2	● Mitsubishi Polyester Film, Inc.	Manufacturing, sales and R&D of polyester films	100.0%
1	● Verbatim Americas, LLC	CD-R/RW, DVD±R/RW, BD-R/RE, External HDD, USB flash memory, SD memory card	100.0%
	Europe		
2	● Dia Moulding Slovakia s.r.o.	Plastic injection molded products	100.0%
2	● Mitsubishi Polyester Film GmbH	Polyester films	100.0%
1	● Verbatim Limited	CD-R/RW, DVD±R/RW, BD-R/RE, External HDD, USB flash memory, SD memory card	100.0%

Designed Materials Segment

	Japan	Major Products or Lines of Business	Equity Participation (%)
2	● Alpolic Co.	Aluminum composite materials	100.0%
2	● Astro Corp.	Artificial turf, Synthetic panels for skating	95.0%
1	○ Calgon Mitsubishi Chemical Corporation	Activated carbon	51.0%
1	○ Frontier Carbon Corporation	Nanocarbon products	50.0%
2	● Hanyu Plastics Industries Ltd.	PVC piping, Medical equipment	99.8%
2	● Hishi Tec Co., Ltd.	Water tanks, Cooling towers and their associated equipment	100.0%
1	● Japan Epoxy Resins Co., Ltd.	Epoxy resins	100.0%
2	○ Marui Kako Co., Ltd. *	Agricultural materials	48.0%
1	● Mitsubishi Chemical Analysis Co., Ltd.	Analysis equipments, Environment analysis, Investigation and assessment	100.0%
1	● Mitsubishi-Kagaku Foods Corporation	Food ingredients, Sugar esters, Erythritol	100.0%
2	● MKV Platech Co., Ltd. *	Agricultural materials	75.0%
2	● Ryobi Techno Inc.	Deck materials, Housing materials, PVC and other pipings	100.0%
2	● Ryoju Corp.	Sales of construction materials and industrial materials for electronics	100.0%
2	● Ryoka MACS Corporation **	Aluminum alloys for machining	100.0%
2	● Ryoukou Industrial Co., Ltd.	Plastic transparent cases	100.0%
2	● Ryohsei Plastic Industries Co., Ltd.	Plastic shrinkable labels for PET bottles	100.0%
2	● Toyo Plastic Industries Corp.	PVC pipe joints, Lined steel pipe joints, PVC drainage basins	100.0%
	Asia		
1	● Tai Young Chemical Co., Ltd.	Ion exchange resins	100.0%
2	● Tai Young Film Co., Ltd.	Breathable film for diapers and sanitary goods	100.0%
	America		
2	● Hishi Plastics U.S.A., Inc.	Heat shrinkable tubes	100.0%
2	● Mitsubishi Plastics Composites America, Inc.	Aluminum composite materials, Carbon fiber, Alumina fiber	100.0%
	Europe		
1	● RESINDION S.R.L.	Ion exchange resins	100.0%

*Marui Kako Co., Ltd. and MKV Platech Co., Ltd. merged with Agridream, Inc. and became MKV DREAM CO., LTD. effective July 1, 2009.

**Ryoka MACS Corporation was merged with Mitsubishi Plastics, Inc. effective April 1, 2009.

Corporate Data

As of March 31, 2009

Health Care Domain

Health Care Segment

Japan			Major Products or Lines of Business	Equity Participation (%)
1	●	API Corporation	Chemicals and related products	100.0%
3	●	Benesis Corporation	Manufacture and sale of pharmaceuticals	100.0%
3	●	BIPHA CORPORATION	Manufacture and sale of pharmaceuticals	51.0%
1	●	Mitsubishi Chemical Medience Corporation	Clinical testing & diagnotics, Safety testing and research for chemicals, Medical analytical instruments, Research reagents	99.4%
3	●	Mitsubishi Tanabe Pharma Factory Ltd.	Manufacture and sale of pharmaceuticals	100.0%
Asia				
3	●	Mitsubishi Tanabe Pharma (Guanzhou) Co., Ltd.	Manufacture and sale of pharmaceuticals	100.0%
3	●	Tianjin Tanabe seiyaku Co,. Ltd.	Manufacture and sale of pharmaceuticals	66.7%
America				
3	●	MP Healthcare Venture Management, Inc.	Investments in bio-ventures, etc.	100.0%
3	●	Tanabe Holding America, Inc.	Management of Group companies in the US	100.0%

Chemicals Domain

Chemicals Segment

Japan			Major Products or Lines of Business	Equity Participation (%)
1	○	Chuo Rika Kogyo Corporation	Emulsions	46.2%
1	●	Dia Chemical Co., Ltd.	Industrial chemicals, Specialty chemicals	100.0%
1	○	Dia-Nitrix Co., Ltd.	Acrylonitrile, Acrylamide, Polyacrylamide, N-vinylformamide and its polymers	35.0%
1	●	Dia Terephthalic Acid Corporation	Purified terephthalic acid	65.0%
1	○	J-PLUS Co., Ltd.	Plasticizers	50.0%
1	●	KANSAI COKE AND CHEMICALS CO., LTD.	Coke, Tar derivatives	51.0%
1	○	KAWASAKI KASEI CHEMICALS LTD.	Organic acid and its derivatives, Quinone-related product	37.6%
1	●	Mitsubishi Chemical Agri, Inc.	Fertilizers, Green and gardening materials	100.0%
1	○	Nippon Ester Co., Ltd.	Polyester fibers, PET resins	40.0%
1	○	Osaka Kasei Co., Ltd.	Chemicals	75.0%
1	○	San-Dia Polymers, Ltd.	Super-absorbent polymers	40.0%
1	●	Yokkaichi Chemical Co., Ltd.	Nonionic surfactants, Glycol ethers, Fine chemicals	55.0%
Asia Pacific				
1	●	MCC PTA India Corp Private Limited	Purified terephthalic acid	66.0%
1	●	Ningbo Mitsubishi Chemical Co., Ltd.	Purified terephthalic acid	54.9%
1	●	PT. Mitsubishi Chemical Indonesia	Purified terephthalic acid, PET resins	100.0%
1	○	Sam Nam Petrochemical Co., Ltd.	Purified terephthalic acid	40.0%

Polymers Segment

Japan			Major Products or Lines of Business	Equity Participation (%)
1	●	Echizen Polymer Co., Ltd.	PET resins, A-PET sheet	95.0%
1	●	Japan Polychem Corporation	Holding company of Japan Polyethylene Corp. and Japan Polypropylene Corp.	100.0%
1	●	Japan Polyethylene Corporation	Polyethylene resins	58.0%
1	●	Japan Polypropylene Corporation	Polypropylene resins	65.0%
1	○	Japan Unipet Co., Ltd.	PET resins for bottles	44.9%
1	○	Mitsubishi Engineering-Plastics Corporation	Engineering plastics	50.0%
1	○	PS Japan Corporation	Polystyrene	27.5%
1	○	The Nippon Synthetic Chemical Industry Co., Ltd.	PVOH, EVOH, PVOH films, Specialty polymers, Industrical and fine chemicals	37.3%
1	●	V-Tech Corporation	Electrolytes products, Vinyl chloride monomer, Polyvinyl chloride	85.1%
1	○	Yuka Schenectady Co., Ltd.	Alkylphenol products (PTBP, PTOP, PDDP)	50.0%
1	○	YUPO CORPORATION	Synthetic paper	50.0%
Asia Pacific				
1	●	Beijing Ju-Ling-Yan Plastic Co., Ltd.	Polypropylene compounds for automotive industry	55.0%
1	○	Sam Yang Kasei Co., Ltd.	Polycarbonate	25.0%
1	●	Tai Young Nylon Co., Ltd.	Nylon resins	100.0%
America				
1	●	Mitsubishi Chemical Performance Polymers, Inc.	Thermoplastic polyester elastomer: *THERMORUN*, *RABALON*, High-performance adhesive polymer: *MODIC*, Fine chemicals	100.0%
1	●	Mytex Polymers US Corporation	Polypropylene compounds for automotive industry	100.0%

Others

Others

Japan		Major Products or Lines of Business	Equity Participation (%)
1	● Arpa Staff Inc.*	Recruiting, Job placement, Temporary personnel service, Job consulting	100.0%
1	● Dia Analysis Service Inc.	Environmental analysis, investigation and assessment	100.0%
2	● Dia Hozai Co., Ltd.	Wholesale of packing and transportation materials	100.0%
1	● DIA RIX CORPORATION	Real estate, Insurance agency, Office services	100.0%
2	● Dia Services Co., Ltd.	Health and welfare services	100.0%
2	● Hokuryo Mold Co., Ltd.	Design and manufacture of dies	100.0%
2	● Kodama Chemical Industry Co., Ltd.	Plastic molding products	20.7%
1	● MCFA Inc.	Financing and accounting for the Mitsubishi Chemical Holdings Group	100.0%
2	● MJ Engineering Co., Ltd.**	Design, manufacture, and installation of plant facilities and their maintenance	100.0%
1	● Misuzu Erie Co., Ltd.	Construction and maintenance of electrical measuring instruments	92.0%
1	● MNET Corporation*	Education, Training	100.0%
1	● Mitsubishi Chemical Engineering Corporation	Engineering, Plant construction	100.0%
1	● Mitsubishi Chemical Group Science and Technology Research Center, Inc.	Research and technology development, Analysis services	100.0%
1	● Mitsubishi Chemical Logistics Corporation	Logistics services	100.0%
1	● Mitsubishi Chemical Techno-Research Corporation	Research and analysis	100.0%
1	● Mitsubishi Kagaku Institute of Life Sciences	Research institute of life sciences	100.0%
1	● Nippon Rensui Co.	Plant engineering for water treatment, Ion exchange resins	100.0%
1	● NITTO KAKO CO., LTD.***	Rubber for industrial use	37.1%
1	● RHOMBIC CORPORATION	Resin compounds	100.0%
1	● Ryoka Systems Inc.	Computer systems, Software development	88.0%
1	● Ryoko Tekunika Co., Ltd.	Temporary personnel service	100.0%
2	● Ryosho Sangyo Ltd.	Manufacturing, processing, and inspection of synthetic resin products	100.0%
2	● Ryouei Co., Ltd.	Recycling of PVC pellets, Process improvement support	100.0%
2	● Ryowa Logitem Co., Ltd.	Logistics services	100.0%
	● The KAITEKI Institute, Inc.****	Research and investigation into social trends in the future, Research and development for new enterprises, Operation and management of contract research	100.0%

* Arpa Staff Inc. and MNET Corporation were unified to MC Humanets Corporation effective April 1, 2009.

** MJ Engineering Co., Ltd. was unified to Mitsubishi Plastics, Inc. effective April 1, 2009.

*** Mitsubishi Plastics, Inc. controls NITTO KAKO CO., LTD. through its stake effective April 1, 2009.

**** The KAITEKI Institute, Inc. was founded effective April 1, 2009.

Corporate Data

As of March 31, 2009

Directory

Mitsubishi Chemical Holdings Corporation

	Address	TEL	FAX
Head Office	14-1, Shiba 4-chome, Minato-ku, Tokyo 108-0014, Japan	[+81] (0)3-6414-4870	[+81] (0)3-6414-4879

Mitsubishi Chemical Corporation

Domestic	Address	TEL	FAX
Head Office	14-1, Shiba 4-chome, Minato-ku, Tokyo 108-0014, Japan	[+81] (0)3-6414-3730	[+81] (0)3-6414-3745
Overseas			
Mitsubishi Chemical USA, Inc. New York Office	One North Lexington Avenue, White Plains, NY 10601, USA	[+1] 914-286-3600	[+1] 914-286-3677
Mitsubishi Chemical USA, Inc. Virginia Office	401 Volvo Parkway, Chesapeake, VA 23320, USA	[+1] 757-382-5750	[+1] 757-547-0119
Mitsubishi Chemical Europe GmbH	Willstaetterstr. 30, 40549 Duesseldorf, Germany	[+49] (0)211-520541-0	[+49] (0)211-591272
Mitsubishi Chemical Hong Kong Ltd.	Room 1303, 13th Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong	[+852] 2522-7031	[+852] 2868-1470
Mitsubishi Chemical Singapore Pte Ltd	79 Anson Road, #12-01, Singapore 079906	[+65] 6226-3707	[+65] 6226-1676
Mitsubishi Chemical (Thailand) Co., Ltd.	18th Floor, Regent House Building, 183 Rajdamri Road, Bangkok 10330, Thailand	[+66] (0)-2255-2821	[+66] (0)-2255-2824
Mitsubishi Chemical India Private Ltd.	Office No. 8 & 9, Ground Floor, Tower 'B', Unitech Cyber Park, Sector 39, Gurgaon 122001, Haryana, India	[+91]-(0)124-420-0231	—
Mitsubishi Chemical China Commerce Limited	Room 4201B, The Center, No. 989 Chang Le Road, Shanghai 200031, PRC	[+86] (0)21-5407-6161	[+86] (0)21-5407-6262
Beijing Office	Room 519, Beijing Fortune Building, No. 5 Dong San Huan Bei Lu, Chao Yang District, Beijing 100004, PRC	[+86] (0)10-6590-8621	[+86] (0)10-6590-8623
Shanghai Office	Room 4209, The Center, No. 989 Chang Le Road, Shanghai 200031, PRC	[+86] (0)21-5407-6000	[+86] (0)21-5407-6111

Mitsubishi Plastics, Inc.

Domestic	Address	TEL	FAX
Head Office	2-2, Nihonbashihongokucho 1-chome, Chuo-ku, Tokyo 103-0021, Japan	[+81] (0)3-3279-3800	—
Overseas			
Taiwan Representative Office	8F-A, No. 57, Tien Shiang Road, Taipei, Taiwan	[+886] (0)2-2586-7371	—
Turkey Liaison Office	Baglarbasi Kisikli Cad., No.4, Sarkuysan-Ak Is Merkezi, S-Blok, Teras Kat, Altunizade, Uskudar, 34664 Istanbul, Turkey	[+90] (0)216-651-8670	—

Mitsubishi Tanabe Pharma Corporation

Domestic	Address	TEL	FAX
Head Office	2-10, Dosho-machi 3-chome, Chuo-ku, Osaka 541-8505, Japan 6-18, Kitahama 2-chome, Chuo-ku, Osaka 541-8505, Japan*	[+81] (0)6-6205-5085	[+81] (0)6-6205-5262
Tokyo Head Office	2-6, Nihonbashi-Honcho 2-chome, Chuo-ku, Tokyo 103-8405, Japan	[+81] (0)3-3241-4670	[+81] (0)3-3241-5188
Overseas			
Shanghai Office	Room 1505B, Westgate Mall 1038 West, Nanjing Road, Shanghai 200041, PRC	[+86] (0)21-5228-9316	—

*As effective from October 1, 2009

Corporate Information

Mitsubishi Chemical Holdings Corporation

Establishment:	October 3, 2005
Paid-in Capital:	¥50,000 million
Authorized Shares:	6,000,000,000
Outstanding Shares:	1,506,288,107
Number of Shareholders:	166,356
General Meeting of Shareholders:	The general meeting of shareholders was held on June 24, 2009.
Stock Listings:	Tokyo Stock Exchange Osaka Securities Exchange
Transfer Agent:	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212

Major Shareholders (As of March 31, 2009)

Name	Number of Shares (Thousands)	Percentage (%)
Japan Trustee Services Bank, Ltd. (Trust account 4G)	63,200	4.1
The Master Trust Bank of Japan, Ltd. (Trust account)	62,415	4.1
Meiji Yasuda Life Insurance Company	60,644	4.0
Takeda Pharmaceutical Company Limited	51,730	3.4
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	50,937	3.3
Japan Trustee Services Bank, Ltd. (Trust account)	50,175	3.3
Nippon Life Insurance Company	49,428	3.2
The Tokio Marine & Nichido Fire Insurance Co., Ltd.	42,312	2.8
Japan Trustee Services Bank, Ltd. (Trust account 4)	25,563	1.6
Mitsubishi UFJ Trust and Banking Corporation	20,289	1.3

Mitsubishi Chemical Holdings Corporation

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