

**Mitsubishi Chemical Holdings Corporation**  
**Condensed Consolidated Financial Information**  
**For the First Nine Months of the Fiscal Year Ending March 31, 2010**



**1. Business Results for the First Nine Months of the Fiscal Year Ending March 31, 2010**  
**(Business period: April 1, 2009 to December 31, 2009)**

	Millions of Yen		Thousands of U.S. Dollars
	April 1, 2009 - December 31, 2009	April 1, 2008 - December 31, 2008	
<b>(1) Results of Operations:</b>			
Net sales	1,792,384	2,331,163	19,482,435
Operating income	47,123	50,270	512,207
Income before income taxes and minority interests in consolidated subsidiaries	36,957	33,129	401,707
Net income	10,168	(11,401)	110,522
		(Yen)	(U.S. Dollars)
Net income per share	7.38	(8.28)	0.08
Net income per share (diluted)	6.77	-	0.07

**(2) Segment Information:****[Net Sales by Segments]**

	2009	2008	2009
Electronics Applications	216,852	262,832	2,357,087
Designed Materials	204,834	220,012	2,226,457
Health Care	396,315	386,494	4,307,772
Chemicals	571,610	890,756	6,213,152
Polymers	297,801	456,997	3,236,967
Others	104,972	114,072	1,141,000
Total	1,792,384	2,331,163	19,482,435

**[Operating Income (loss) by Segments]**

	2009	2008	2009
Electronics Applications	3,095	11,474	33,641
Designed Materials	6,352	2,524	69,043
Health Care	67,888	70,057	737,913
Chemicals	1,306	(22,870)	14,196
Polymers	(26,156)	(8,772)	(284,304)
Others	3,918	8,482	42,587
Elimination & corporate costs	(9,280)	(10,625)	(100,870)
Total	47,123	50,270	512,207

**(3) Results of Operations:**

	Millions of Yen		Thousands of U.S. Dollars
	October 1, 2009 - December 31, 2009	October 1, 2008 - December 31, 2008	
Net sales	646,577	743,429	7,028,011
Operating income	45,052	(5,941)	489,696
Income before income taxes and minority interests in consolidated subsidiaries	39,026	(26,415)	424,196
Net income	12,735	(34,945)	138,424
		(Yen)	(U.S. Dollars)
Net income per share	9.26	(25.39)	0.10
Net income per share (diluted)	8.51	-	0.09

**(4) Segment Information:****[Net Sales by Segments]**

	2009	2008	2009
Electronics Applications	76,534	79,387	831,891
Designed Materials	85,564	72,904	930,043
Health Care	146,692	140,006	1,594,478
Chemicals	199,816	273,567	2,171,913
Polymers	103,457	143,158	1,124,533
Others	34,514	34,407	375,152
Total	646,577	743,429	7,028,011

**[Operating Income (loss) by Segments]**

	2009	2008	2009
Electronics Applications	2,704	843	29,391
Designed Materials	4,765	(191)	51,793
Health Care	35,763	32,840	388,728
Chemicals	3,658	(29,863)	39,761
Polymers	(215)	(8,252)	(2,337)
Others	1,297	2,293	14,098
Elimination & corporate costs	(2,920)	(3,611)	(31,739)
Total	45,052	(5,941)	489,696

	Millions of Yen		Thousands of U.S. Dollars
	December 31, 2009	March 31, 2009	December 31, 2009
<b>(5) Financial Position:</b>			
Total assets	2,784,084	2,740,876	30,261,783
Inventories	418,295	463,305	4,546,685
Property, plant and equipment and intangible assets	1,007,081	947,338	10,946,533
Short-term and long-term debt	1,076,483	1,033,239	11,700,902
Shareholders' equity	665,693	668,973	7,235,793
Ratio of shareholders' equity to total assets (%)	23.9	24.4	260
		(Yen)	(U.S. Dollars)
Shareholders' equity per share	484.13	486.09	5.26

	Millions of Yen		Thousands of U.S. Dollars
	April 1, 2009 - December 31, 2009	April 1, 2008 - December 31, 2008	April 1, 2009 - December 31, 2009
<b>(6) Cash Flows:</b>			
	(Millions of Yen)	(Millions of Yen)	
Net cash provided by operating activities	31,423	13,673	341,554
Net cash used in investing activities	(124,803)	(152,227)	(1,356,554)
Net cash provided by (used in) financing activities	(17,874)	83,659	(194,283)
Cash and cash equivalents at end of the year	116,863	110,569	1,270,250

<b>(7) Ratio of Net Income to:</b>			(%)
Shareholders' equity	1.5		(1.4)
Total assets	0.3		(0.4)
Net sales	0.5		(0.4)

\* Based on the average of each amount at the beginning and at the end of the respective periods.

**Notes:**

- The accompanying consolidated financial information has been prepared by using partially simplified accounting methods from those adopted for the latest fiscal year.
- The Corporation and its domestic consolidated subsidiaries maintain their accounting recorded 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 92 yen to US\$1, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of December 2009. This translation should not be construed as a representation that the yen amounts actually represent, or have been, or could be, converted into U.S. dollars at this, or at any other rate.

**2. The Prospects for the Current Fiscal Year (Announced on February 4, 2010)**

	Millions of Yen		Thousands of U.S. Dollars
	April 1, 2009 - March 31, 2010		April 1, 2009 - March 31, 2010
Net sales	2,490,000		27,065,217
Operating income	60,000		652,174
Net income	0		0

### **3. Business Performance and Financial Position**

#### **(1) Business Performance**

**Consolidated Performance for the First Nine Months of the Fiscal Year Ending March 31, 2010 (FY2009): From April 1, 2009 to December 31, 2009**

##### **Overview of General Performance**

During the first nine months of FY2009, the Japanese economy remained severe due to ongoing situations such as lower corporate profits and the stagnation in corporate capital expenditure and consumer spending, although signs of recovery in exports and productions were shown from the latter half of the year.

In the Mitsubishi Chemical Holdings Group, the business environment remained severe due to the medical cost restraint in the Health Care Domain and a fall in the sales price and continued weak demand in the Performance Products Domain and the Chemicals Domain, in spite of showing a gradual recovery of the demand.

Under the circumstances, the consolidated business results for the first nine months of FY2009 resulted as follows. Net sales decreased by ¥538.7 billion, or 23.1%, to ¥1,792.4 billion compared to the same period of FY2008 on account of the fall in the sales price and the decline in demand in the Performance Products Domain and the Chemicals Domain. Operating income decreased by ¥3.2 billion, or 6.3%, to ¥47.1 billion compared to the same period of FY2008 due to inventory valuation losses in accordance with the fall of raw material and fuel prices and the decline in demand. Ordinary income decreased by ¥9.2 billion, or 19.8%, to ¥37.6 billion compared to the same period of FY2008, and net income increased by ¥21.6 billion to ¥10.2 billion compared to the same period of FY2008.

##### **(2) Overview of Business Segments**

*Note: In the following section, all comparisons are with the same period of the previous fiscal year unless stated otherwise.*

##### **Electronics Applications Segment, Performance Products Domain**

**(Recording media, Information and electronics-related materials, Imaging supplies, Inorganic chemicals)**

Net sales in this segment decreased by ¥45.9 billion, or 17.5%, to ¥216.9 billion. Operating income decreased by ¥8.3 billion, or 72.8%, to ¥3.1 billion.

In recording media, net sales decreased due to the influence of exchange rate fluctuations under the situation of a decrease in sales volumes and a fall in the price of DVDs. In polyester films and plastic injection moldings, net sales decreased due to a fall in the price and a decrease in sales volumes, respectively. Net sales of imaging supplies such as organic photo conductor drums (OPCs), toners, and chemical toners increased due to an increase in sales volumes of toners and chemical toners. Net sale of inorganic chemicals decreased due to a decrease in sales volumes.

Major initiatives in the Electronics Applications Segment during the first nine months of FY2009 included:

- Mitsubishi Kagaku Media Co., Ltd. developed 25GB 6X BD-R LTH Type media, which was used organic AZO dye in the recording layer. (May)
- Mitsubishi Kagaku Media Co., Ltd. acquired all the shares of Freecom B.V. and made it its wholly-owned subsidiary. (September)
- Mitsubishi Kagaku Media Co., Ltd., through its own global brand “Verbatim”, launched a DVD-R and a DVD-RW on which the title can be “written” on and “erased” from the disc label using MEDIA MARKER, a dedicated writing pen and erasing pen. (October)
- Mitsubishi Kagaku Media Co., Ltd., through its own global brand “Verbatim”, launched PhotoSave DVD, with built-in software, for simple photo and video backup and OfficeSave DVD for simple data file backup. (November)

#### **Designed Materials Segment, Performance Products Domain**

**(Food ingredients, Battery materials, Fine chemicals, Polymer processing products, Composite materials)**

Net sales in this segment decreased by ¥15.2 billion, or 6.9%, to ¥204.8 billion. Operating income increased by ¥3.9 billion, or 156.0%, to ¥6.4 billion due to that The Nippon Synthetic Chemical Industry Co., Ltd. became a consolidated subsidiary of Mitsubishi Chemical Corporation.

In food ingredients, net sales resulted favorably. In battery materials, net sales increased due to an increase in sales volumes. In fine chemicals, net sales decreased due to a decrease in sales volumes. In polymer processing products, net sales increased due to that The Nippon Synthetic Chemical Industry Co., Ltd. became a consolidated subsidiary of Mitsubishi Chemical Corporation as of September 2009, although sales volumes of films, composite films, and sheets decreased due to a decrease in sales volumes. In composite materials, net sales of industrial materials such as carbon fibers decreased due to downsizing and postponing capital expenditure by private companies, and net sales of construction materials decreased due to a restraint on public

investments.

Major initiatives in the Designed Materials Segment during the first nine months of FY2009 included:

- Mitsubishi Plastics, Inc. launched the high gas barrier film, *VIEW-BARRIER*, which has a superior property concerning gas barrier, anti-reflection, UV-cut, range of visual angle, etc. (April)
- Mitsubishi Plastics, Inc. launched a polyolefin wrap, *DIAWRAP* for home users. (April)
- MKV Platech Co., Ltd. concluded an agreement to acquire agricultural high-tech business of TAIYO KOGYO CO., LTD. (May)
- MKV Platech Co., Ltd., Marui Kako Co., Ltd., and Agridream, Inc. merged and began operations as MKV DREAM CO., LTD., in order to further boost the revenue base of agricultural material business, effective from July 1, 2009. (July)
- Mitsubishi Plastics, Inc. launched an effluent treatment system, *HISHIBIOTANK*, which eliminates suspended solids generated throughout the manufacturing process of livestock food products. (July)
- Mitsubishi Plastics, Inc. developed "AQSOA, an desiccant air-conditioning equipment" for dehumidification and humidification, which enables 20% of energy conservation compared to a general air-conditioning equipment, and test-marketed it. (July)
- Mitsubishi Plastics, Inc. launched developed a special casting technology to produce high-performance aluminum ingots characterizing weaker deformation resistance and high elongation, and launched *ALFINE*, aluminum ingots using the developed technology. (August)
- Mitsubishi Plastics, Inc. and the founders group of Quadrant AG established a joint venture, Aquamit B.V. as a holding company, and acquired Quadrant's shares through a public tender offer and made Quadrant its consolidated subsidiary. (August)
- Mitsubishi Chemical Corporation acquired additional shares of The Nippon Synthetic Chemical Industry Co., Ltd. and made it its consolidated subsidiary. (September)
- Mitsubishi Plastics, Inc. developed the industry's first heat-insulation container, *HISHI CONTAINER ASKOC* that is foldable and repeatedly washable, and announced to launch it in October 2009. (September)
- Mitsubishi Plastics, Inc. launched *DIA PARTITION*; portable partition applied titanium dioxide with photocatalytic functions in the surface. (October)
- Dia Moulding Slovakia s.r.o. completed a production facility for injection moldings and started the productions. (October)
- Mitsubishi Plastics, Inc. launched the high-gas barrier film for back sheet of photovoltaic panels, *BACK-BARRIER*. (October)
- Mitsubishi Plastics, Inc. developed and launched new grades for the biaxial oriented nylon film including high gas barrier layer, *SUPERNYL* "EH grade" improved oxygen barrier properties

and "EHP grade" with pinhole resistance. (November)

- Astro Corporation launched a new series of artificial turf for exterior use, *ASTRO GARDEN*, which was realized a texture like natural grass. (November)
- Mitsubishi Plastics, Inc., Dai Nippon Printing Co., Ltd., and Sony Corporation jointly developed IC credit card which main raw material was bio-based polymer for the first time in the world, and the card has obtained permission of usage from MasterCard Worldwide. (November)
- Mitsubishi-Kagaku Foods Corporation reached an agreement with Nagata Sangyo Group to acquire 30% of HBI Enzymes Inc.'s outstanding shares owned by Nagata Sangyo. (November)
- Mitsubishi Plastics, Inc. established Mitsubishi Plastics Asia Pacific Pte. Ltd. in Singapore as a business base for structuring business strategies and sales of aluminum-plastic composite materials, *ALPOLIC*, in Asia Pacific region. (December)
- Mitsubishi Plastics, Inc. developed and launched *ALPOLIC DB* and *ALPOLIC DB Light*, sandwiched hard foamed urethane between aluminum-plastic composite materials used for sliding doors on the flank and rear doors of the refrigerator car and the truck transporting beverages. (December)

### **Health Care Segment, Health Care Domain**

#### **(Pharmaceuticals, Diagnostic reagents and instruments, Clinical testing)**

Net sales in this segment increased by ¥9.8 billion, or 2.5%, to ¥396.3 billion. Operating income decreased by ¥2.1 billion, or 3.0 %, to ¥67.9 billion due to an increase in R&D expenditure.

In the pharmaceutical business, net sales increased, as a result of favorable domestic sales of *Remicade*, an anti-TNF  $\alpha$  monoclonal antibody; *Talion*, a treatment for allergic disorders; *Anplag*, an anti-Platelet agent, as well as an increased revenue by a vaccine and generic drugs, despite that sales of pharmaceuticals for overseas medical care was decreased by the influence of exchange rate fluctuations. In diagnostic reagents and instruments, and clinical testing, net sales remained favorably.

Major initiatives in the Health Care Segment during the first nine months of FY2009 included:

- The Ministry of Health, Labour and Welfare announced the standard for Mitsubishi Tanabe Pharma Corporation's burden of payments, based on "the Special Relief Law Concerning the Payment of Benefits to Relieve the Patients of Hepatitis C Infected through Specified Fibrinogen Preparations and Specified Blood-Coagulation Factor IX Preparations Contaminated by Hepatitis C Virus", as a result of a series of discussions with the Minister of Health, Labour and Welfare pertaining to the method of sharing the burden of fees required for said benefit payments and other operations, as well as the proportion of the said burden.

(April)

- Mitsubishi Tanabe Pharma Corporation launched 6 ingredients of generic drugs that were newly included in NIH price listing. (May)
- Mitsubishi Tanabe Pharma Corporation obtained approval for an additional indication for cytomegalovirus infection in organ transplantation (including hematogenic stem cell transplantation) and malignant tumor for the anti-cytomegalovirus chemotherapeutic agent Valixa Tablet 450 mg. (May)
- Mitsubishi Tanabe Pharma Corporation began MR activities using an electric vehicle, *i-MiEV*. (July)
- Mitsubishi Tanabe Pharma Corporation and Vertex Pharmaceuticals Incorporated announced that they have amended their agreement for developing and commercializing MP-424, an oral inhibitor of Hepatitis C virus protease. (July)
- Taiwan Tanabe Seiyaku Co., Ltd. and P.T. Tanabe Indonesia, consolidated subsidiaries of Mitsubishi Tanabe Pharma Corporation announced that the companies have concluded agreements on exclusive development and commercialization licenses for Taiwan and Indonesia in regard to pitavastatin calcium (generic name, brand name in Japan: Livalo tablet), a hypercholesterolemia treatment agent. (August)
- Mitsubishi Chemical Medience Corporation concluded an agreement with University of Tsukuba on joint implementation of “Tsukuba Medical Laboratory of Education and Research” at Tsukuba University Hospital. (September)
- Mitsubishi Tanabe Pharma Corporation and KUREHA CORPORATION entered into an agreement under which KUREHA shall grant Mitsubishi Tanabe Pharma a license to market *Kremezin* in Japan, a drug for chronic renal failure developed by KUREHA. (October)
- Mitsubishi Tanabe Pharma Corporation established a pharmaceutical sales and marketing company, MT Pharma America, Inc., and, at the same time, reorganized Group companies in the US. (October)
- Mitsubishi Tanabe Pharma Corporation launched orally disintegrating “*CEREDIST OD Tablets 5*” as an additional formulation of “*CEREDIST Tablets 5*” (non-proprietary name: Taltirelin hydrate). (October)
- Mitsubishi Tanabe Pharma Corporation announced to commence construction of a new building for the Medicinal Chemical Laboratory, on the premises of the Yokohama Office. (December)

### **Chemicals Segment, Chemicals Domain**

**(Basic petrochemicals, Chemical derivatives, Synthetic fiber materials, Carbon products, Fertilizers)**

Net sales in this segment decreased by ¥319.1 billion, or 35.8%, to ¥571.6 billion. Operating income increased by ¥24.1 billion to ¥1.3 billion due to an improvement of a spread between

major raw material and product price in terephthalic acid, despite the influence of inventory valuation losses in accordance with a fall in the price of coal.

The production volume of ethylene, a basic raw material of petrochemicals, increased by 5.3% to 794 thousand tons due to a recovery of demand during the third quarter of FY2009. In basic petrochemicals, chemical derivatives, and synthetic fiber materials, net sales drastically decreased due to a fall in the sales price and a decrease in demand in accordance with a substantial fall in the price of raw materials and fuels. In carbon products, net sales of blast furnace coke drastically decreased due to a decrease in sales volumes and a fall in the price linked to the price of coal as raw material. In fertilizers, net sales decreased due to that Mitsubishi Chemical Agri, Inc. became a non-consolidated subsidiary of Mitsubishi Chemical Corporation as of October 2009.

Major initiatives in the Chemicals Segment during the first nine months of FY2009 included:

- Mitsubishi Chemical Corporation resolved to withdraw from styrene monomer business. (May)
- Mitsubishi Chemical Corporation and Asahi Kasei Chemicals Corporation resolved to establish a joint venture to unify their naphtha cracking operations in Mizushima area and study on optimizing their efficiencies. (June)
- Mitsubishi Chemical Corporation concluded an agreement with Chisso Corporation and Asahi Kasei Chemicals Corporation on a consolidation of fertilizer businesses. (August)
- Mitsubishi Chemical Corporation completed construction of a production facility for PTMG in the Ningbo Daxie Development Zone, China and started its operation. (November)
- Mitsubishi Chemical Corporation completed construction of a production facility for propylene (olefins conversion unit) at the Kashima Plant. (November)
- Mitsubishi Chemical Corporation and JGC Corporation reached a mutual agreement to construct a pilot plant and study the commercialization for the jointly developed propylene production process. (November)

### **Polymers Segment, Chemicals Domain**

#### **(Neat resins and compounds)**

Net sales in this segment decreased by ¥159.2 billion, or 34.8%, to ¥297.8 billion. Operating income decreased by ¥17.5 billion to an operating loss of ¥26.2 billion due to a decrease in sales volumes and inventory valuation losses in accordance with a fall in the price of raw materials and fuels.

In synthetic resins, net sales decreased due to the lower sales price and a decrease in demand in accordance with a fall in the price of raw materials and fuels.



Major initiatives in the Polymers Segment during the first nine months of FY2009 included:

- Mitsubishi Chemical Corporation resolved to withdraw businesses related to vinyl chloride resin, vinyl chloride monomer, and electrolytic products operated through its subsidiary, V-Tech Corporation and shut down production facilities related to these businesses by the end of March 2011. (May)
- Mitsubishi Chemical Corporation resolved to withdraw from caprolactam business. (May)
- Mitsubishi Chemical Corporation resolved to construct a pilot plant at the Kurosaki Plant in order to develop and mass produce biomass-based polycarbonate. (May)
- Mitsubishi Chemical Corporation (MCC) and Royal DSM N.V. (DSM) announced the signing of a memorandum of understanding (MOU) on the exchange of high-performance product businesses. Under the MOU, MCC will exchange its nylon business, operated mainly in Japan and Asia by MCC and Mitsubishi Engineering Plastics Corporation for a polycarbonate business operated mainly in Europe by DSM Engineering Plastics. The companies have started a detailed study of the exchange, aiming for reinforcing each company's competitiveness. (May)
- Mitsubishi Chemical Corporation announced to transfer all the shares of PS Japan Corporation owned by the company to Asahi Kasei Chemicals Corporation and Idemitsu Kosan Co., Ltd. and withdraw from polystyrene business. (July)
- Mitsubishi Chemical Corporation announced the signing of a memorandum of understanding with PTT Public Company Limited on jointly conducting a study for business development of bio-polybutylene succinate, a bio-degradable polymer, made from biomass resources in Thailand. (September)
- Mitsubishi Chemical Corporation acquired all the shares of Sunprene (Thailand) Co., Ltd. that manufactures and markets PVC compounds, owned by Thai Nam Plastic (Public) Company Limited, and made Sunprene a wholly-owned subsidiary. (December)

## **Others**

### **(Engineering, Logistics)**

Net sales in this segment decreased by ¥9.1 billion, or 8.0%, to ¥105.0 billion. Operating income decreased by ¥4.6 billion, or 54.1%, to ¥3.9 billion.

In logistics and engineering service, net sales decreased due to the decline of external orders.

## **Group in General**

Major initiatives in the Group in general other than the above-mentioned segments during the first nine months of FY2009 included:

- Mitsubishi Chemical Corporation announced a basic agreement with China Petroleum and Chemical Corporation to establish a strategic business partnership. The partnership resulting from this agreement will cover joint research, project tie-ups, raw material and finished product supplies, engineering, logistics, technological information exchanges, and human resource exchange in petrochemical field, reduction of CO<sub>2</sub> emissions and effective use of CO<sub>2</sub>, and others. (April)
- Mitsubishi Chemical Corporation issued the 38th domestic straight bonds [Total bond issue: ¥10 billion; period: 10 years] and the 39th domestic straight bonds [Total bond issue: ¥15 billion; period: 5 years] (August)
- Mitsubishi Plastics, Inc. issued the 5th domestic straight bonds [Total bond issue: ¥10 billion; period: 5 years] and the 6th domestic straight bonds [Total bond issue: ¥5 billion; period: 10 years] (September)
- Mitsubishi Chemical Corporation acquired additional shares of TAIYO NIPPON SANSO CORPORATION and made it its equity method affiliate. (September)
- Mitsubishi Chemical Holdings Corporation reached an agreement with Mitsubishi Rayon Co., Ltd. to integrate management with the ultimate objective of making Mitsubishi Rayon a wholly owned subsidiary. (November)

## **4. Consolidated Financial Position**

At the end of the first nine months of FY2009, total assets amounted to ¥2,784.1 billion, an increase of ¥43.2 billion compared to the end of FY2008. This is due to that an equity method affiliate; The Nippon Synthetic Chemical Industry Co., Ltd. and others became consolidated subsidiaries, despite a decrease in securities.

## **5. Consolidated Financial Results Forecasts for FY2009**

The consolidated financial results forecasts for FY2009 remains the same as the announcement as of November 4, 2009.

## **Forward-looking Statements**

The forward-looking statements are based largely on company expectations and information available as of the date hereof, and are subject to risks and uncertainties which may be beyond company control. Actual results could differ materially due to numerous factors, including without limitation market conditions, and the effect of industry competition. The company expectations for the forward-looking statements are described in page [2] and [10] hereof.