

**Mitsubishi Chemical Holdings Corporation**  
**Condensed Consolidated Financial Information**  
**For the Third Quarter of the Fiscal Year Ending March 31, 2006**



**1. Business Results for the Third Quarter of the Fiscal Year Ending March 31, 2006**

(Business period: April 1, 2005 to December 31, 2005)

(Note 1)

Millions of Yen	
The Third Quarter of the Current Fiscal Year	The Third Quarter of the Previous Fiscal Year
April 1, 2005 - December 31, 2005	April 1, 2004 - December 31, 2004

Thousands of U.S. Dollars
The Third Quarter of the Current Fiscal Year
April 1, 2005 - December 31, 2005

**(1) Results of Operations:** (Note 2)

Net sales	1,753,373	1,606,220
Operating income	113,069	115,538
Income before income taxes	122,780	98,054
Net income	72,530	48,654
	(Yen)	
Net income per share	61.38	22.38

Thousands of U.S. Dollars
The Third Quarter of the Current Fiscal Year
April 1, 2005 - December 31, 2005
14,859,093
958,212
1,040,508
614,661
(U.S. Dollars)
0.520

\* Net income per share is calculated based on the weighted-average number of common share of Mitsubishi Chemical Corporation (first half) and Mitsubishi Chemical Holdings Corporation (3rd quarter). The number of common share of Mitsubishi Chemical Corporation is adjusted according to allotment ratio to the common share of Mitsubishi Chemical Holdings Corporation.

\* Net income per share of the Previous Fiscal Year is calculated based on the number of common share of Mitsubishi Chemical Corporation (not adjusted as Mitsubishi Chemical Holdings Corporation)

\* If the Net income per share is calculated under the assumption that Mitsubishi Chemical Holdings Corporation was established at the beginning of the current fiscal year, after the net income is corrected by adding back the minority interest of 3,963 million yen for Mitsubishi Pharma Corporation Group and the number of common share is adjusted, the figure is 55.38 yen per share.

**(2) Segment Information:** (Note 4)

**[Net Sales by Segments]**

Petrochemicals	765,773	681,713
Performance Products	397,011	349,932
Functional Products	275,894	267,864
Health Care	219,543	213,913
Services	95,152	92,798
Total	1,753,373	1,606,220

6,489,602
3,364,500
2,338,085
1,860,534
806,373
14,859,093

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

Petrochemicals	25,356	43,007
Performance Products	38,117	31,097
Functional Products	17,026	17,283
Health Care	32,573	26,196
Services	7,889	7,107
Elimination & corporate costs	(7,892)	(9,152)
Total	113,069	115,538

214,881
323,025
144,288
276,042
66,856
(66,881)
958,212

Millions of Yen	
The Third Quarter of the Current Fiscal Year	The Previous Fiscal Year
December 31, 2005	Ended March 31, 2005 March 31, 2005

Thousands of U.S. Dollars
The Third Quarter of the Current Fiscal Year
December 31, 2005

**(3) Financial Position:**

Total assets	2,159,103	1,970,528
Inventories	328,567	277,721
Property, plant and equipment and intangible assets	697,361	702,726
Short-term and long-term debt	729,207	704,077
Shareholders' equity	628,525	445,977
Ratio of shareholders' equity to total assets (%)	29.1	22.6

18,297,483
2,784,466
5,909,839
6,179,720
5,326,483

	(Yen)	
Shareholders' equity per share	458.66	205.09

(U.S. Dollars)
3.887

\* Shareholders' equity per share of the Previous Fiscal Year is calculated based on the number of common share of Mitsubishi Chemical Corporation (not adjusted as Mitsubishi Chemical Holdings Corporation)

(%)

The Third Quarter of the Current Fiscal Year	The Third Quarter of the Previous Fiscal Year
April 1, 2005 - December 31, 2005	April 1, 2004 - December 31, 2004

**(4) Ratio of Net Income to:**

Shareholders' equity	14.3	11.6
Total assets	3.5	2.4
Net sales	4.1	3.0

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

\* Because Mitsubishi Chemical Holding Corporation was established at the middle of the current fiscal year, ratio of net income to Shareholders' equity is calculated by weighted average Shareholders' equity.

\* Ratio of Net Income to Shareholders' equity of the Previous Fiscal Year is calculated based on the figure of Mitsubishi Chemical Corporation (not adjusted as Mitsubishi Chemical Holdings Corporation)

**Notes:**

1. The accompanying consolidated financial information has been prepared by using partially simplified accounting methods from those adopted for the latest fiscal year.
2. Financial results of Mitsubishi Chemical Holdings Corporation for the FY2005 is calculated based on Mitsubishi Chemical Corporation's consolidated financial results for the first half of FY2005. All figure of the Previous Fiscal Year for comparing is Mitsubishi Chemical Corporation's consolidated financial results.
3. 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 118 yen to US\$1, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of December 2005. 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.
4. From this period, one consolidated subsidiary was reclassified from the Health Care Segment to the Performance Products Segment to reflect its performance in the appropriate segment. This change has increased the sales by 713 million yen in the Performance Products Segment and decreased the sales by 713 million yen in the Health Care Segment from those calculated under the previous segmentation. The impact on the operating income of both segments is immaterial.

**2. The Prospects for the Current Fiscal Year (Announced on November 10, 2005)**

The Current Fiscal Year
April 1, 2005 - March 31, 2006

(Millions of Yen)

Net sales	2,400,000
Operating income	132,000
Net income	74,000

\* Financial projections of Mitsubishi Chemical Holdings Corporation for the FY2005 is calculated based on Mitsubishi Chemical Corporation's consolidated financial results for the first half of FY2005

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

#### **(1) Business Performances**

##### **Consolidated Performance for the Third Quarter of the Fiscal Year Ending March 31, 2006 (From April 1, 2005 to December 31, 2005)**

Until the third quarter of the fiscal year ending March 31, 2006, the Japanese economy continued to be firm as a whole owing to brisk exports driven by the economic boom in the US and China, active capital investments, and strong personal spending.

The business environment for the Group also continued to be generally sound. Business prospects, however, still need to be watched as concerns such as a further hike in the naphtha price since the latter half of the fiscal year remain.

Under these circumstances, the consolidated business results for the third quarter of the fiscal year ending March 31, 2006, resulted in net sales of 1,753.4 billion yen (147.2 billion yen or 9.2% increase compared to the same period previous fiscal year), operating income of 113.1 billion yen (2.4 billion yen or 2.1% decrease compared to the same period previous fiscal year), recurring profit of 125.6 billion (9.6 billion yen or 8.3% increase compared to the same period previous fiscal year), and net income of 72.5 billion yen (23.8 billion yen or 49.1% increase compared to the same period previous fiscal year).

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

##### **Petrochemicals**

Net sales of the segment were 765.8 billion yen (84.1 billion yen or 12.3% increase compared to the same period previous fiscal year), and the operating income was 25.4 billion yen (17.6 billion yen or 41.0% decrease compared to the same period previous fiscal year), owing to conduction of regular plant maintenances.

The production volume of ethylene, a major basic raw material for petrochemicals, was 910 thousand tons, a decrease by 7% compared to the same period of the previous fiscal year, owing to factors such as temporary suspension of production by earthquake, a mechanical trouble, and by regular maintenances.

Businesses in basic petrochemicals, chemical products, synthetic fiber intermediates and synthetic resins progressed steadily. Domestic demands stayed in a high level, despite the continuing high naphtha prices and weakened overseas market in products such as styrene monomer, ethylene glycol, and purified terephthalic acid. Correction of product prices reflecting hiking raw material costs was advanced.

Major actions taken for the Petrochemicals Segment during the third quarter of the fiscal year ending March 31, 2006 were as follows:

- Mitsubishi Chemical Corporation and Japan Energy Corporation have reached an agreement on establishing a new production facility for aromatic products, light naphtha and others, using imported condensate as raw material, as a joint investment business. (November 2005)
- Mitsubishi Chemical Corporation has completed the expansion of facilities at the Olefin Aroma Center of the Kashima Plant in response to diversification of raw materials, which aims at increase of its competitiveness. (December 2005)
- Japan Polypropylene Corporation has decided to increase production capacity of polypropylene by building a new 300kt/y production facility at its Kashima Plant. (December 2005)
- Mitsubishi Chemical Corporation has decided to increase production capacity of purified terephthalic acid (PTA), which plans a 800kt/y increase in a new production facility of MCC PTA India Corp. Private Limited. (December 2005)
- Mitsubishi Chemical Corporation has decided to shutdown production facility for linear alkyl benzene at the end of March 2006 and withdraw from the business. (December 2005)
- V-Tech Corporation has increased its production capacity of PVC monomer by 50kt/y to 400kt/y. (December 2005)

### **Performance Products**

Net sales of the segment were 397.0 billion yen (47.1 billion yen or 13.5% increase compared to the same period previous fiscal year), and the operating income was 38.1 billion yen (7.0 billion yen or 22.6% increase compared to the same period previous fiscal year)

Favorable business results continued for performance polymers and food ingredients.

DVD business progressed firmly as increases in sales volume of optical discs offset price fall. Sales in imaging devices, such as organic photo conductor (OPC) drums, toner, and chemical toner, and display materials such as color resists continued successfully, despite the price decline. In the carbon businesses, coke business continued favorably while carbon black business was affected by the hiking price of raw materials and progressed in difficult circumstances. Efforts to secure profits was attempted for fertilizers, despite under a severe business condition with the rising raw material costs.

Major actions taken for the Performance Products Segment during the third quarter of the fiscal year ending March 31, 2006 were as follows:

- Mitsubishi Kagaku Media Co., Ltd. has started marketing a mastering disc called the *Green Tune* CD-R, which maximizes sound reproduction quality and meets every requirement for professional operations in the music studio. (November 2005)
- Mitsubishi Chemical Corporation has decided to expand production facility for thermoplastic olefin elastomer, *Zelas*, in addition to the co-production facility for thermoplastic olefin elastomer, *THERMORUN* and thermoplastic styrene elastomer, *Rabalon*. (November 2005)
- Mitsubishi Chemical Corporation has started shipping of GaN substrate samples used for blue LDs and LEDs. (November 2005)
- Mitsubishi Chemical Corporation has expanded production facility for chemical toner in the Yokkaichi Plant. (December 2005)

### **Functional Products**

Net sales of the segment were 275.9 billion yen (8.0 billion yen or 3.0% increase compared to the same period previous fiscal year), and the operating income was 17.0 billion yen (0.3 billion yen or 1.5% decrease compared to the same period previous fiscal year).

All types of films including composite films and sheets progressed soundly, mainly for information and electronics industry such application as protective PET films for LCDs. Both construction materials including composite materials and industrial application materials such as carbon fibers and alumina fibers increased net sales at a satisfactory pace.

Major actions taken for the Functional Products Segment during the third quarter of the

fiscal year ending March 31, 2006 were as follows:

- Mitsubishi Plastics, Inc. has started marketing a new type X of *TECHBARRIER*, SiOx vacuum coated plastic film, which is improved gas barrier property than before. (December 2005)

### **Health Care**

Net sales of the segment were 219.5 billion yen (5.6 billion yen or 2.6% increase compared to the same period previous fiscal year), and the operating income was 32.6 billion yen (6.4 billion yen or 24.3% increase compared to the same period previous fiscal year).

As to pharmaceuticals, businesses progressed firmly in general, mainly in the ethical neuroprotective agent, *RADICUT inj.* and anti-platelet agent, *ANPLAG*. Net sales for clinical testing increased as the results of contribution from new branch laboratories within hospitals in various parts of Japan. . Business in testing for clinical trials also progressed satisfactory.

Major actions taken for the Health Care Segment during the third quarter of the fiscal year ending March 31, 2006 were as follows:

- Osadano plant of Benesis Corporation started integrated manufacturing of plasma fractionation preparations. (October 2005)
- Thrombolytic agent (rt-PA) *Grtpa* of Mitsubishi Pharma Corporation received approval for the additional indication of acute ischemic stroke. (October 2005)

### **Services**

Net sales of the segment were 95.2 billion yen (2.4 billion yen or 2.5% increase compared to the same period previous fiscal year), and the operating income was 7.9 billion yen (0.8 billion yen or 11.1% increase compared to the same period previous fiscal year).

Both logistics and engineering services progressed in high operation rate.

Major actions taken for the Services Segment during the third quarter of the fiscal year ending March 31, 2006 were as follows:

- Mitsubishi Chemical Logistics Corporation and KAWASAKI KINKAI KISEN KAISHA, LTD. have decided to jointly operate new logistics services between Hitachi Port and Hiakari Port by roll on roll off ships, starting from around July 2006. (December 2005)

### **Others**

- Mitsubishi Chemical Corporation, The Tokyo Electric Power Company, Incorporated, and JFE Holdings, Inc. have reached an agreement on a joint research for application of dimethyl ether as the next-generation fuel. (November 2005)
- Mitsubishi Chemical Corporation and Mitsubishi Chemical Group Science and Technology Research Center, Inc. have developed an organic light-emitting diode (OLED) device with the highest efficiency in the world in their new blue phosphorescence OLED material. (December 2005)
- Mitsubishi Chemical Corporation has decided to establish a customer laboratory at the Yokkaichi Plant. (December 2005)
- Mitsubishi Chemical Holdings Corporation has decided to hold an extraordinary general meeting of shareholders on February 22, 2006 to propose reduction of Mitsubishi Chemical Holdings' capital reserve for the purpose of securing financial flexibility including dividend payment. (December 2005)

### **(3) Consolidated Financial Position**

At the end of the third quarter of the fiscal year ending March 2006, total assets amounted to 2,159.1 billion yen, an increase by 188.6 billion yen compared to the end of the previous fiscal year. This was due to an increase in trade receivables affected by holidays on closing dates and growth in net sales, and an increase in inventory assets according to the hiking raw material prices.

Mitsubishi Chemical Holdings Corporation was jointly established by Mitsubishi Chemical Corporation and Mitsubishi Pharma Corporation, by means of a stock-for-stock exchange, on October 3, 2005. Shareholder's equity has increase by 84.9 billion yen due to this procedure. Shareholder's equity at the end of the third quarter of the fiscal year ending March 2006 was 628.5 billion yen, an increase by 182.5 billion yen compared to the end of the previous fiscal year, according to such increases in net income and unrealized gains in investment securities.

#### **4. Consolidated Financial Projection for the Fiscal Year Ending March 31, 2006**

The financial results up to the third quarter of the fiscal year ending March 31, 2006 has progressed successfully. The projected financial results for the fiscal year ending March 31, 2006 as announced on November 10, 2005, are likely to be achieved, despite expected decrease in sales of pharmaceuticals under seasonal reasons and conservative purchase before government's price revision in April 2006; and deterioration of overseas market for coke business.

#### Consolidated Financial Projection for the Fiscal Year Ending March 31, 2006

(Announced on November 10, 2005)

Unit: Billions of Yen

Net sales	2,400.0
Operating income	132.0
Ordinary profit	136.0
Net income	74.0

#### **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 effects of industry competition. The company expectations for the forward-looking statements are described in Page [2] and Page [8] hereof.