

Mitsubishi Chemical Holdings Corporation

Condensed Consolidated Financial Information

for the First Half of the Fiscal Year Ending March 31, 2007



1. Business Results for the First Half of the Fiscal Year Ending March 31, 2007
(Business period: April 1, 2006 - September 30, 2006)

	Millions of Yen			Thousand of U.S. Dollars
	The First Half of the Fiscal Year	The First Half of the Previous Fiscal Year	The Previous Fiscal Year	The First Half of the Fiscal Year
	April 1, 2006 - September 30, 2006	April 1, 2005 - September 30, 2005	April 1, 2005 - March 31, 2006	April 1, 2006 - September 30, 2006
(1) Results of Operations:	(Note 1)			(Note 4)
Net sales	1,263,457	1,134,726	2,408,945	10,707,262
Operating income	56,640	71,922	133,619	480,000
Income before income taxes	68,274	76,544	115,070	578,593
Net income	61,945	46,054	85,569	524,957
(2) Financial Position:	(Note 2)			
Total assets	2,211,891	2,010,967	2,126,612	18,744,838
Inventories	342,374	309,901	317,573	2,901,474
Property, plant and equipment	702,968	677,000	686,680	5,957,355
Short-term and long-term debt	682,337	674,496	636,669	5,782,516
Shareholders' equity	675,638	508,609	656,060	5,725,745
Ratio of shareholders' equity to total assets (%)	30.5	25.3	30.9	
(3) Cash Flows:				
Net cash provided by operating activities	20,072	80,488	179,723	170,101
Net cash used in investing activities	(50,861)	(17,889)	(74,365)	(431,025)
Net cash provided by (used in) financing activities	32,530	(42,973)	(97,181)	275,677
Cash and cash equivalents at end of the year	63,576	72,365	61,547	538,779
(4) General:				
Capital expenditures	61,001	43,914	97,864	516,957
Depreciation and amortization	39,552	40,818	88,165	335,186
R&D expenditures	42,505	43,718	89,594	360,211
Employees (number)	33,234	33,092	32,955	
(5) Per Share:			(Yen)	(U.S. Dollars)
Net income	45.21	21.18	69.51	0.38
Shareholders' equity	493.22	234.02	478.72	4.17
* Net income per share is based on the average number of common shares (excluding treasury stocks) during the respective period. [First half of this year] 1,369,972,982 [First half of the previous year] 2,173,597,090 [Previous year] 1,228,718,734				
* Shareholders' equity per share is based on the number of common shares outstanding (excluding treasury stocks) as of the following closing dates. [First half of this year] 1,369,844,895 [First half of the previous year] 2,173,327,075 [Previous year] 1,370,090,113				
(6) Ratio of Net Income to:				(%)
Shareholders' equity	9.3	9.6	15.5	
Total assets	2.8	2.3	4.1	
Net sales	4.9	4.0	3.5	

* Based on the average of each amounts at the beginning and the end of the respective period.

Millions of Yen		
The First Half of the Fiscal Year	The First Half of the Previous Fiscal Year	The Previous Fiscal Year
April 1, 2006 - September 30, 2006	April 1, 2005 - September 30, 2005	April 1, 2005 - March 31, 2006

Thousand of U.S. Dollars
The First Half of the Fiscal Year
April 1, 2006 - September 30, 2006

(7) Segment Information: (Note 3)

[Net Sales by Segment]

	Millions of Yen	Millions of Yen	Millions of Yen	Thousand of U.S. Dollars
Petrochemicals	596,110	489,292	1,053,991	5,051,779
Performance and Functional Products	455,608	438,720	921,979	3,861,084
<i>Performance Products</i>	258,558	258,514	548,788	2,191,169
<i>Functional Products</i>	197,050	180,206	373,191	1,669,915
Health Care	150,089	141,256	280,561	1,271,940
Others	61,650	65,458	152,414	522,457
Total	1,263,457	1,134,726	2,408,945	10,707,260

[Operating Income (Loss) by Segment]

	Millions of Yen	Millions of Yen	Millions of Yen	Thousand of U.S. Dollars
Petrochemicals	7,073	15,683	30,867	59,940
Performance and Functional Products	27,998	38,427	69,397	237,270
<i>Performance Products</i>	15,951	27,353	46,602	135,177
<i>Functional Products</i>	12,047	11,074	22,795	102,093
Health Care	20,351	16,634	33,962	172,466
Others	4,769	5,604	10,519	40,415
Elimination & corporate costs	(3,551)	(4,426)	(11,126)	(30,093)
Total	56,640	71,922	133,619	479,998

Notes:

- Mitsubishi Chemical Holdings Corporation was established on October 3, 2005 and the financial results of Mitsubishi Chemical Holdings Corporation for the previous fiscal year was calculated based on Mitsubishi Chemical Corporation's consolidated financial results for the first half of previous fiscal year. All figure of the first half of the previous fiscal year for comparing is Mitsubishi Chemical Corporation's consolidated financial results.
- From this period, deferred gain/loss from financial instruments and stock purchase warrant are included in shareholders' equity due to a change of Japanese accounting rule. The impact of this change on the balance of shareholders' equity is immaterial. The figure of shareholders' equity of the previous fiscal year is not adjusted for this change.
- From this period, Mitsubishi Chemical Holdings Corporation reclassified several businesses and subsidiaries, in accordance with the change of organization conducted by Mitsubishi Chemical Corporation, a consolidated subsidiary of Mitsubishi Chemical Holdings Corporation to reflect performance more clearly in its strategic business areas. The businesses and subsidiaries which were reclassified were as follows:

The "Services Segment" was renamed to "Others".

Performance polymer business was reclassified from the Performance Products Segment to the Petrochemicals Segment.

Active pharmaceutical intermediate business was reclassified from the Performance Products Segment to the Health Care Segment.

Utility business was reclassified from the Performance Products Segment to the Health Care Segment.

One consolidated subsidiary was reclassified from the Health Care Segment to Others.

The figure in the segment information was adjusted to the change. The difference resulting from the change on net sales and operating income of each segment compared to the results which would have been obtained using the previous segmentation are as follows:

(Millions of Yen)	Segment	Net Sales	Operating Income
The First Half of the Current Fiscal Year	Petrochemicals	18,580	1,705
	Performance Products	(24,703)	(1,497)
	Health Care	15,821	735
	Others	(9,698)	(943)

- 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\$, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of September 2006. 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 (Disclosed on May 11, 2006)

	Millions of Yen	Thousand of U.S. Dollars
	The Current Fiscal Year	The Current Fiscal Year
	April 1, 2006 - March 31, 2007	April 1, 2006 - March 31, 2007
Net sales	2,600,000	22,033,898
Operating income	127,000	1,076,271
Ordinary income	135,000	1,144,067
Net income	98,000	830,508

3. Management Policies

(1) Basic Management Policies

Mitsubishi Chemical Corporation and Mitsubishi Pharma Corporation jointly established a holding company, Mitsubishi Chemical Holdings Corporation, by means of a stock-for-stock exchange, on October 3, 2005. Mitsubishi Chemical Holdings Corporation will manage business portfolios of the Mitsubishi Chemical Holdings Group, with both Mitsubishi Chemical Corporation and Mitsubishi Pharma Corporation respectively managing their business operations.

Mitsubishi Chemical Holdings Corporation's corporate philosophy is 'Good Chemistry for Tomorrow', which expresses Mitsubishi Chemical Holdings Corporation's continuing approach to respond to the needs of industry and society, creating better relationships among people, society and our planet. Under the philosophy, Mitsubishi Chemical Holdings Corporation further develops and enhances its Group portfolio management, to increase the Group value and accelerate strengthening of the pharmaceutical business, as well as expedite business restructuring and alliances, aiming at a leading Group in the world.

Specifically, Mitsubishi Chemical Holdings Corporation has carried on the Mitsubishi Chemical Group's mid-term management plan, 'KAKUSHIN Plan: Phase 2' (Phase 2). The business operations of the Mitsubishi Chemical Holdings Group are based on the three pillars of petrochemicals, performance products (performance and functional products), and health care (pharmaceuticals, clinical testing and diagnostics). Selection and concentration of business operations will be further accelerated to increase sustainable growth and the Group strengths. ROA is used as managerial index.

(2) Policy for Profit Distribution

Mitsubishi Chemical Holdings Corporation's basic policy is to give our shareholders continued dividends according to the business results, while considering stable dividends for mid- and long-term perspectives and expanding reserves for the future business development.

(3) Mid- and Long-Term Management Strategies

The Mitsubishi Chemical Corporation has announced a new mid-term management plan called the 'KAKUSHIN Plan' in November 2002. 'KAKUSHIN' means the implementation of changes to the status quo and represents our determination to make a quantum leap through continuous innovation and renovation. The 'KAKUSHIN Plan' is a five-year plan composed of a two-step approach and is targeted for a vision of the Group in the fiscal year ending March 31, 2008 (FY2007). The 'KAKUSHIN Plan: Phase 1' (Phase 1) from

FY2003-2004 was a preparation phase for rebuilding the business foundation and the Phase 2 from FY2005-2007 will be a period for consolidating strength and building momentum for sustainable growth. As mentioned above, Mitsubishi Chemical Holdings Corporation has carried out the Phase 2.

Here is the outline for the Phase 2:

1) Basic Concept

The Mitsubishi Chemical Holdings Group positions petrochemicals, performance and functional products, and health care as the three business pillars. The Group will promote sustainable growth through waves of change (KAKUSHIN) by constantly creating new products, processes, business models, and new markets in a global market; and constantly reforming business portfolio according to the changing social environments.

2) Major Action Items

i) Execution of growth strategy

Implementation of the following tasks in the targeted market areas of automotive, IT, environment and energy, daily necessities, and health care are:

- Selection of businesses for growth and focused allocation of resources
- Incubation of new products, processes, and business models
- Focusing R&D on selected future targeted projects, aligning with the business strategies
- Ease control on capital investment for future growth

ii) Strengthening of management foundation

- Improvement of financial position
- Strategic reorganization of major domestic production sites
- Further progress of 'Production KAKUSHIN'
- Securing and nurturing of human resources

iii) Integration of the Group Strengths

- Reinforcement of the Group management
- Strengthening corporate social responsibilities

3) Numerical Targets

Target profits for FY2007 (ending March 31, 2008)

Operating Income:	> ¥140.0 billion (Net Sales: ¥2,350.0 billion)
ROA (earnings before income taxes):	> 5.5%
D/E Ratio:	< 1.5

We have achieved the target of debt-equity ratio by the end of FY2005.
(Debt-equity ratio was 1.01 for the first half of FY2006.)

4. Business Performances and Financial Position

(1) Business Performances

(i) Consolidated Performance for the First Half of Fiscal Year Ending March 31, 2007: FY2006

(From April 1, 2006 to September 30, 2006)

During the first half of FY2006, the Japanese economy continued its recovery with high level of production activities and private-sector capital investment, benefiting from continuing healthy economy in the US and China, and strong personal spending.

Business environment surrounding the Group remained firm under the continuing strong demand both in Japan and overseas, despite challenging market situation and raw material costs such as persistently elevated prices for crude oil and naphtha.

Under these circumstances, the Group strove to revise product prices in response to hikes in raw material costs and actively pursued marketing activities in an effort to increase sales and develop new demands. In line with the 'KAKUSHIN Plan: Phase 2', a mid-term management plan that covers the three-year period from April 2005 through March 2008, the Group also accelerated its business selection and focus initiatives, investing actively in priority fields, and implemented Group-wide cost reduction measures, emphasizing 'Production KAKUSHIN'.

For the first six months of FY2006, consolidated net sales rose by 128.7 billion yen (11.3%) to 1,263.5 billion yen, compared to the first half of FY2005. The increase was greatest in petrochemicals operations, with sales prices rising to compensate for increased raw material costs. Operating profit declined by 15.3 billion yen (21.2%) to 56.6 billion yen, as

the hike in raw material costs such as naphtha exceeded rise in sales price. Ordinary profit declined by 14.6 billion yen (18.4%) to 64.5 billion yen, despite improvements in equity earnings of non-consolidated subsidiaries and affiliates. Net income rose by 15.9 billion yen (34.5%) to 61.9 billion yen owing to increase in an extraordinary gain and a tax refund by purchasing own stock held by MCC and MPC, our wholly-owned subsidiaries.

(ii) Dividends

Based on the business results for the first half of FY2006, the Company will pay an interim dividend of 7 yen per share.

(iii) Overview of Business Segments

From this period, several businesses were reclassified across the segments. The figures used before, however, when comparing results for FY2005, are that of before the reclassification. As for the detailed effects, refer to Note 3 in page 2.

Petrochemicals

Net sales of the segment rose by 21.8% (106.8 billion yen) to 596.1 billion yen compared to the first half of the FY2005. Operating income fell by 54.9% (8.6 billion yen) to 7.1 billion yen. The decline in operating profit resulted from multiple factors such as weakened overseas market prices, a time-lag in passing on product prices against surging raw materials costs, and temporal production stoppages in Kashima Plant due to facility troubles.

The production volume of ethylene, a major basic raw material for petrochemicals, was 620.0 thousand tons, an increase by 11% compared to the first half of FY2005. The reason for the fractional increase in production volume was caused by the temporal production stoppages in Kashima Plant, even though the regular maintenance impact on the production volume was less compared to the first half of FY2005.

Businesses in basic petrochemicals, industrial chemicals, synthetic fiber intermediates, and synthetic resins were faced with sharply rising raw material costs. The Group made efforts to pass on the necessary increase in product prices amidst the continued strong demand in both domestic and overseas markets. Products such as purified terephthalic acid and ethylene glycol were faced with severe squeeze in margin between market price and raw material costs.

Major actions taken for the Petrochemicals Segment during the first half of FY2006 were as follows:

- Mitsubishi Chemical Corporation decided to newly construct a 60KTA polycarbonate resin production facility and a 100KTA diphenyl polycarbonate production facility at the Kurosaki Plant. (April 2006)
- Mitsubishi Chemical Corporation started conducting a feasibility study for establishing a polycarbonate and bisphenol-A joint venture with China Petroleum & Chemical Corporation. (April 2006)
- Mitsubishi Chemical Corporation decided to expand facilities at the chemical complex of the Mizushima Plant in response to diversification of raw materials, which aims at increase of its competitiveness. (April 2006)
- Mitsubishi Chemical Corporation decided to shut down the melamine production facility of the Kashima Plant at the end of March 2007. (April 2006)
- The Nippon Synthetic Chemical Industry Co., Ltd. decided to expand the production facility for optical polarized PVOH film "OPL Film", a key component of polarizing film for LCDs at the Kumamoto Plant. (May 2006)
- Mitsubishi Chemical Performance Polymers, Inc. decided to expand the performance polymer compound production facility in the US. (May 2006)
- Mitsubishi Chemical Corporation entered into an agreement on licensing production technology of purified terephthalic acid with Polski Koncern Naftowy ORLEN SA. (May 2006)
- Mitsubishi Chemical Corporation decided to sign a contract with ExxonMobil Chemical Company, the chemical division of Exxon Mobil Corporation to purchase ExxonMobil Chemical Company's stake in two joint ventures owned by both companies. Under the agreement, the joint ventures which manufacture and sell polypropylene compounds became wholly owned subsidiaries of Mitsubishi Chemical Corporation as of June 1, 2006. (May 2006)
- Mitsubishi Chemical Corporation decided to establish a joint venture on petrochemical production business and to construct a production facility on the grounds of the Kashima Oil Refinery of KASHIMA OIL CO., LTD with Japan Energy Corporation and Mitsubishi Corporation. (June 2006)
- Mitsubishi Chemical Corporation reached a basic agreement on acquiring stock of Advanced Plastics Compounds Company owned by Sumitomo Bakelite Co., Ltd. and making it Mitsubishi Chemical Corporation's wholly-owned subsidiary. (September 2006)

Performance and Functional Products

Net sales of the segment rose by 3.8% (16.9 billion yen) to 455.6 billion yen compared to the first half of FY2005. Operating income fell by 27.1% (10.4 billion yen) to 28.0 billion yen compared to the first half of FY2005.

In the Performance Products businesses, with regard to information and electronics related products, net sales for DVDs continued to expand despite the price decline. With regard to printing supplies, vigorous demand led to increase in sales for organic photo conductor (OPC) drums, pulverized toner, and chemical toner. Favorable results in sales continued for food ingredients business. In the carbon businesses, decrease in the price difference in inventories of raw material coal and decline in the export price of coking coal, led to large drop in operating profit compared to the same period of FY2005.

In the Functional Products businesses, sales of all types of films, composite films and sheets progressed favorably, supported by active demand especially from the information and electronics industry, such as the polyester films for liquid crystal displays and plastic injection moldings for electronic applications. 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 Performance and Functional Products Segment during the first half of FY2006 were as follows:

- Mitsubishi Chemical Corporation launched the production and sale of "ICG Series", new high capacity anodes for Li-ion batteries. (April 2006)
- Mitsubishi Chemical Corporation expanded a chemical toner production facility and started the commercial production at the Yokkaichi Plant. (June 2006)
- Mitsubishi Kagaku Media Co., Ltd. launched the sale of next-generation DVDs: HD DVD-R, HD DVD-R for DL, BD-R, and BD-RE. (July 2006)
- Mitsubishi Polyester Film Corporation started operating a new line of films for industrial use at its Shiga Plant. (July 2006)
- Mitsubishi Kagaku Media, Co., Ltd. launched the sale of single-sided dual-layer 8cm DVD+R and DVD-R discs for camcorders. (August 2006)
- Mitsubishi-Kagaku Foods Corporation signed an agreement to acquire food additive and pharmaceutical ingredients business from Sankyo Lifetech Co., Ltd. (September 2006)

Health Care

Net sales of the segment rose by 6.3% (8.8 billion yen) to 150.1 billion yen compared to the first half of FY2005. Operating income rose by 22.3% (3.7 billion yen) to 20.4 billion yen, as the result of decrease in the selling, general and administrative expenses such as sales commission and pension expenses.

In the pharmaceutical business, sales expanded in anti-platelet agent, *ANPLAG* and ethical neuroprotective agent, *RADICUT inj.* Net sales, however, fell short of the same period for FY2005 due to the National Health Insurance price revision. Net sales for clinical testing increased as the results of expansion of sales location. Business in testing for clinical trials progressed satisfactory.

Major actions taken for the Health Care Segment during the first half of FY2006 were as follows:

- Mitsubishi Pharma Corporation announced a plan to establish a pharmaceutical development subsidiary in China in October 2006. (May 2006)
- Mitsubishi Kagaku Iatron, Inc. launched the sale of “AccuMeter® Theophylline” kit to determine theophylline levels in blood, serum or plasma specimen. (June 2006)
- Mitsubishi Chemical Holdings Group with Mitsubishi Pharma Corporation taking the role of main investor established an investment company in the US, which will invest in incipient bio-venture companies to contribute to Mitsubishi Pharma Corporation’s creation of innovative new drugs in the future and to collaboration and in-licensing activities aimed at acquiring the necessary technology. (August 2006)

Others

Net sales fell by 5.8% (3.8 billion yen) to 61.7 billion yen compared to the first half of FY2005. Operating income fell by 14.9% (0.8 billion yen) to 4.8 billion yen.

Both logistics and engineering service businesses progressed steadily.

Group in General

Expenses including corporate research and technology development that cannot be defined to specific businesses have not been included in the operational income for each segment. The concerned investment was 3.6 billion yen for the first half of FY2006.

- Mitsubishi Chemical Group Science and Technology Research Center, Inc. developed a solution-based organic semiconductor material which can apply wet-coating process, and also succeeded in driving organic EL elements with transistor employed the material. (May 2006)
- Mitsubishi Chemical Corporation, Mitsubishi Chemical Group Science and Technology Research Center, Inc., and Universal Display Corporation entered into an agreement to collaborate on the development of materials for phosphorescent OLED displays that are processible through wet processing methods, such as ink jet printing. (May 2006)
- To issue stock acquisition rights in favor of directors and officers of Mitsubishi Chemical Holdings Corporation as the means of a stock option scheme for a stock-linked compensation plan was approved in the general meeting of shareholders held on June 28, 2006. (June 2006)
- Mitsubishi Chemical Holdings Corporation acquired from its wholly-owned subsidiaries, Mitsubishi Chemical Corporation and Mitsubishi Pharma Corporation the stocks of Mitsubishi Chemical Holdings Corporation respectively held by said subsidiaries. (September 2006)

(iv) Business Forecast for the Fiscal Year Ending March 31, 2007

In terms of the business environment, continuing high naphtha price and influence on the export accompanying the economic slowdown in the US and China which has so far maintained strong performance are anticipated.

Under these circumstances, however, the Mitsubishi Chemical Holdings Group will continue to execute various action plans based on the mid-term management plan, the 'KAKUSHIN Plan: Phase 2', and to strive to strengthen business competencies, intensify rationalization, and sales expansion, and put efforts in increasing profits.

The company intends to pay year-end dividend of 7 yen per share. With interim dividend of 7 yen per share, the company intends to pay annual dividend of 14 yen per share.

As to the forecast for the consolidated business results for FY2006, net sales of 2,600.0 billion yen, operating income of 127.0 billion yen, and ordinary income of 135.0 billion yen are expected. Net income is expected to amount to 98.0 billion yen.

The expected numerical values of the major indices are as follows:

(Unit: Billions of Yen)

	Actual results for the first half of the current fiscal year	Forecast for the whole fiscal year	Actual results in the previous fiscal year
Capital investment	61.0	140.0	97.9
Depreciation	39.6	85.0	88.2
R&D expenditures	42.5	93.0	89.6
Exchange rate (¥/\$)	116	115	111
Naphtha (¥/kl)	51,500	50,800	42,350

(2) Financial Position

(i) Financial Position for the First Half of FY2006

Total consolidated assets were 2,211.9 billion yen, an increase of 85.3 billion yen compared to the end of FY2005. The increase was due primarily to an increase in operating receivables as the closing day of the first half of FY2006 was non-business day; an increase in inventories reflecting sharp rise in raw material costs; and an increase in property, plant and equipment as a result of capital expenditure expansion.

Total consolidated liabilities were 1467.7 billion yen, an increase of 66.0 billion yen compared to the end of FY2005. The increase was due primarily to interest-bearing debt such as commercial paper and long-term debt.

The balance of shareholders' equity was 744.2 billion yen, an increase of 19.3 billion yen compared to the end of FY2005. Shareholders' equity rose as net income of 61.9 billion yen was posted, despite reduction factors such as additional tax expenses on transferring Mitsubishi Chemical Holdings Corporation's stocks held by its subsidiaries to the Company; a drop in variance of the estimated securities and investment securities; and dividend payment occurred.

As a result, the equity ratio was 30.5%, down 0.4% compared to the end of FY2005, and the debt-equity ratio became 1.01, rose 0.03 compared to the end of FY2005.

(ii) Consolidated Statements of Cash Flows for the First Half of FY2006

The free cash flow, which consists of cash flows from operating and investing activities, was an expenditure of 30.8 billion yen, compared to an income of 62.6 billion yen in the first half of FY2005.

The net cash provided by operating activities during the first half of FY2006 totaled 20.1 billion yen, a decrease of 60.4 billion yen compared to the first half of FY2005. The decrease was due primarily to the increase in operating receivables as a result of closing day of the first half of FY2006 being a non-business day.

The net cash used in investing activities was 50.9 billion yen, an increase of 33.0 billion yen compared to the first half of FY2005. The increase was due primarily to increase in capital expenditure and increase in payments for purchases of investment in securities.

The net cash used in financing activities was 32.5 billion yen income, compared to 43.0 billion yen expense in the first half of FY2005. The increase was mainly due to financing in commercial paper and long-term debt.

Cash and cash equivalents as of September 30, 2006 stood at 63.6 billion yen, an increase of 2.0 billion yen from the end of FY2005.

(iii) Cash Flow Ratios

	Fiscal year ended March 2004	Fiscal year ended March 2005	Fiscal year ended March 2006	First half of the fiscal year ending March 2007
Ratio of shareholders' equity to total assets (%)	19.8	22.6	30.9	30.5
Ratio of market value shareholders' equity to total assets (%)	34.5	37.7	46.8	45.8
Debt payment year (year)	6.0	3.2	3.6	17.1*
Interest coverage ratio (%)	1094.1	2055.2	1577.3	312.6

- Ratio of shareholders' equity to total assets:

Book value of shareholders' equity / Book value of total assets

- Ratio of market value shareholders' equity to total assets:

Market value of shareholders' equity / Book value of total assets

- Debt payment year:

Interest-bearing debts / Net cash provided by operating activities*

*The used net cash provided by operating activities for the first half of FY2006 is determined by doubling the actual results.

• Interest coverage ratio:

Net cash provided by operating activities / Interest paid

1. Each ratio is calculated by consolidated financial figures.
2. Market value shareholders' equity is calculated by multiplying market value of a share by the number of shares outstanding at the end of the fiscal year.
3. Net cash provided by operating activities is from 'net cash provided by operating activities' in the consolidated financial information.

Interest-bearing debts consist of all of the liabilities which bear interest in the consolidated balance sheet including discounted notes.

Interest paid is from the consolidated statement of cash flows.

(3) Business Risks

The Group companies execute production and sales businesses in many different fields: olefin, styrene monomer, terephthalic acid, polyolefins and others in petrochemicals; carbon products such as coke; inorganic products; information and electronics related products; pharmaceuticals; processed resin products such as polyester films; composite materials. These business results are subjected to, including but not limited to the following: Influences of world demands, exchange rates, price and procurement volume of crude oil and naphtha, trend of market price, speed in technology innovation, National Health Insurance price revision, product liabilities, lawsuits, laws and regulations, and act of providence.

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 [3], [6], [11], and [12] hereof.