

**Mitsubishi Chemical Holdings Corporation**  
**Condensed Consolidated Financial Information**  
**for the Third Quarter of the Fiscal Year Ending March 31, 2007**



**1. Business Results for the Third Quarter of the Fiscal Year Ending March 31, 2007**

(Business period: April 1, 2006 to December 31, 2006)

(Note 1)

Millions of Yen	
The Third Quarter of the Current Fiscal Year	The Third Quarter of the Previous Fiscal Year
April 1, 2006 ~ December 31, 2006	April 1, 2005 ~ December 31, 2005

Thousands of U.S. Dollars
The Third Quarter of the Current Fiscal Year
April 1, 2006 ~ December 31, 2006

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

Net sales	1,936,096	1,753,373
Operating income	98,941	113,069
Income before income taxes	114,082	122,780
Net income	88,728	72,530
(Yen)		
Net income per share	64.77	61.38

(Note 3)

16,407,593
838,483
966,797
751,932
(U.S. Dollars)
0.549

\* Net income per share is based on the average number of common shares (excluding treasury stocks) during the respective period.

[December 31, 2006] 1,369,886,526 [December 31, 2005] 1,181,594,956

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

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

**[Net Sales by Segments]**

Petrochemicals	924,790	789,215
Performance and Functional Products	687,133	639,606
<i>Performance Products</i>	388,562	363,712
<i>Functional Products</i>	298,571	275,894
Health Care	232,324	242,085
Others	91,849	82,467
Total	1,936,096	1,753,373

7,837,203
5,823,161
3,292,898
2,530,263
1,968,847
778,381
16,407,593

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

Petrochemicals	17,865	27,956
Performance and Functional Products	44,235	52,404
<i>Performance Products</i>	24,883	35,378
<i>Functional Products</i>	19,352	17,026
Health Care	36,010	34,259
Others	6,947	6,342
Elimination & corporate costs	(6,116)	(7,892)
Total	98,941	113,069

151,398
374,873
210,873
164,000
305,169
58,873
△ 51,831
838,483

Millions of Yen	
The Third Quarter of the Current Fiscal Year	The Previous Fiscal Year Ended March 31, 2006
December 31, 2006	March 31, 2006

Thousands of U.S. Dollars
The Third Quarter of the Current Fiscal Year
December 31, 2006

**(3) Financial Position:**

Total assets	2,288,321	2,126,612
Inventories	361,177	317,573
Property, plant and equipment and intangible assets	735,982	708,825
Short-term and long-term debt	721,120	636,669
Shareholders' equity	697,673	656,060
Ratio of shareholders' equity to total assets (%)	30.5	30.9
(Yen)		
Shareholders' equity per share	509.39	478.72

19,392,551
3,060,822
6,237,136
6,111,186
5,912,483
(U.S. Dollars)
4.317

\* Shareholders' equity per share is based on the number of common shares outstanding (excluding treasury stocks) as of the following closing dates.

[December 31, 2006] 1,369,616,161

[March 31, 2006]

1,370,090,113

(%)

<b>The Third Quarter of the Current Fiscal Year</b>	The Third Quarter of the Previous Fiscal Year
<b>April 1, 2006 ~ December 31, 2006</b>	April 1, 2005 ~ December 31, 2005

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

Shareholders' equity	<b>13.1</b>	14.3
Total assets	<b>4.0</b>	3.5
Net sales	<b>4.5</b>	4.1

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

**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 Mitsubishi Chemical Holdings Corporation was established on October 3, 2005 and the financial results for the third quarter of the previous fiscal year was calculated based on Mitsubishi Chemical Corporation's consolidated financial results for the first half of the previous fiscal year.
- 3 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.
- 4 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 and Functional Products Segments to the Petrochemicals Segment. Active pharmaceutical intermediate business was reclassified from the Performance and Functional Products Segments to the Health Care Segment.

Utility business was reclassified from Others to the Petrochemicals 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 Third Quarter of the Current Fiscal Year	Petrochemicals	896,411	14,884
	Performance and Functional Products	425,803	26,852
	Health Care	208,658	35,446
	Others	106,653	8,523

The figure of the third quarter of the previous fiscal year in the segment information had been adjusted to the change.

- 5 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 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 (Announced on November 9, 2006)**

Millions of Yen
<b>The Current Fiscal Year</b>
April 1, 2006 ~ March 31, 2007

Thousands of U.S. Dollars
<b>The Current Fiscal Year</b>
April 1, 2006 ~ March 31, 2007

Net sales	2,600,000
Operating income	127,000
Net income	98,000

22,033,898
1,076,271
830,508

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

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

##### **Consolidated Performance for the Third Quarter of the Fiscal Year Ending March 31, 2007 (From April 1, 2006 to December 31, 2006)**

Until the third quarter of the fiscal year ending March 31, 2007, the Japanese economy continued to expand gently benefiting from factors such as brisk export driven by overseas economic boom and active capital investments.

In the Group business environment, both domestic and overseas demands remained firm, while crude oil and naphtha had still kept these high level of prices, despite the descend of these peaks.

Under these circumstances, the consolidated business results until the third quarter of the fiscal year ending March 31, 2007, resulted as follows. The net sales increased by ¥182.7 billion (10.4% increase) to ¥1,936.1 billion compared to the same period of the previous fiscal year; operating income fell by ¥14.1 billion (12.5% decrease) to ¥98.9 billion compared to the same period of the previous fiscal year; ordinary income decreased by ¥15.3 billion (12.2% decrease) to ¥110.3 billion compared to the same period of the previous fiscal year; and net income increased by ¥16.2 billion (22.3% increase) to ¥88.7 billion compared to the same period of the previous fiscal year.

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

##### **Petrochemicals**

Net sales of the segment increased by ¥135.6 billion (17.2% increase) to ¥924.8 billion compared to the same period of the previous fiscal year. Operating income, decreased by ¥10.1 billion (36.1% decrease) to ¥17.9 billion compared to the same period of the previous fiscal year, due to factors such as the weakened overseas market prices, time-lag in pass on product prices against surging crude oil and naphtha prices and temporal production stoppages by facility troubles.

The production volume of ethylene, a major basic raw material for petrochemicals was 990

thousand tons, an increase by 9% compared to the same period of the previous fiscal year. Businesses in basic petrochemicals, industrial chemicals, synthetic fiber intermediates, and synthetic resins progressed favorably by the active demands in both domestic and overseas markets. Market prices for products such as purified terephthalic acid and ethylene glycol were affected by the hiking crude oil and naphtha prices.

Major actions taken for the Petrochemicals Segment during the third quarter (from October 1, 2006 to December 31, 2006) are as follows:

- Mitsubishi Engineering-Plastics Corporation decided to establish a manufacturing company for engineering plastic compounds such as PBT and Nylon 6 in Guangdong, China. (October 2006)
- Kashima Kita Electric Power Corporation decided to renovate a facility due to conversion from one of the major fuel, orimulsion to petroleum coke. (November 2006)
- Mitsubishi Chemical Corporation decided to license its production technology of bisphenol-A to PTT Phenol Company Limited. (November 2006)

#### **Performance and Functional Products**

Net sales of the segment increased by ¥47.5 billion (7.4% increase) to ¥687.1 billion compared to the same period of the previous fiscal year. Operating income, decreased by ¥8.2 billion (15.6% decrease) to ¥44.2 billion compared to the same period of the previous fiscal year.

In the area of information and electronics related products, with regard to the DVDs, sales volume continued to expand, despite the price fall. With regard to printing supplies, such as organic photo conductor (OPC) drums, toner, and chemical toner, sales volume increased as domestic demands were active. In the performance products businesses, favorable results in sales continued for food ingredients business. In the carbon businesses, the price difference in inventories of raw material coal turned into a loss against the gain in the same period of the previous fiscal year and decline in the export price of coking coal, operating profit fell compared to the same period of the previous fiscal year.

In the functional products businesses, all types of films including composite films and sheets progressed favorably, especially in the protecting polyester films for liquid crystal displays. Plastic injection moldings for electronic applications such as liquid crystal television, and 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 Segments during the third quarter (from October 1, 2006 to December 31, 2006) are as follows:

- Mitsubishi Chemical Corporation and Mitsubishi Corporation increased in capital to Frontier Carbon Corporation in order to develop fullerenes for industrial use. (October 2006)
- Mitsubishi Plastics, Inc. launched open type cooling tower with built-in chemical water treatment system, which enables space-saving and easy piping work. (October 2006)
- Mitsubishi Plastics, Inc. decided to establish a new facility for engineering plastic films at the Nagahama Plant to increase the production capacity, in response to demand expansion of engineering plastic films for IT. (November 2006)
- Mitsubishi Kagaku Media Co., Ltd. launched 2x “bare” type (cartridge-less) Blu-ray Disc (BD-R and BD-RE) for video use. (December 2006)

### **Health Care**

Net sales of the segment decreased by ¥9.8 billion (4.0% decrease) to ¥232.3 billion compared to the same period of the previous fiscal year. Operating income increased by ¥1.8 billion (5.1% increase) to ¥36.0 billion compared to the same period of the previous fiscal year, as the result of decrease in the selling, general and administrative expenses such as sales commission.

In the pharmaceutical business, net sales fell compared to the same period of the previous fiscal year due to the National Health Insurance price revision, despite growth in sales of major products such as an ethical neuroprotective agent, *RADICUT inj.* and anti-platelet agent, *ANPLAG*. Business performances for clinical testing and testing for clinical trials were satisfactory in general.

Major actions taken for the Health Care Segment during the third quarter (from October 1, 2006 to December 31, 2006) are as follows:

- Mitsubishi Pharma Corporation and Kureha Corporation concluded a licensing agreement in respect of *Kremezin*, a therapeutic agent for chronic kidney disease developed by Kureha Corporation, under which Mitsubishi Pharma Corporation is

granted the exclusive global development and commercialization rights including the US but excluding Japan, South Korea, China, Taiwan, the Philippines, India, and Israel. (November 2006)

- Mitsubishi Chemical Corporation sold all the shares of IC-Vec Limited to Imuthes Limited (November 2006)

### **Others**

Net sales increased by ¥9.4 billion (11.4% increase) to ¥91.8 billion compared to the same period of the previous fiscal year, and operating income increased by ¥0.6 billion (9.5% increase) to ¥6.9 billion compared to the same period of the previous fiscal year.

Both engineering service and logistics progressed satisfactory.

- Mitsubishi Chemical Corporation decided to transfer hotel business of Kitakyushu Prince Hotel, a subsidiary of Mitsubishi Chemical Corporation, to Hotel Management International Company Ltd. (November 2006)
- Mitsubishi Chemical Corporation issued the 35th (bond issue: ¥10 billion; period: 10 years) and the 36th (bond issue: ¥10 billion; period: 5 years) domestic straight bonds. (December 2006)
- The Cell Structure and Diseases Research Group of Mitsubishi Kagaku Institute of Life Sciences reported the novel mechanism which maintains the structure of intracellular organelles during interphase of cell cycle. (December 2006)

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

At the end of the third quarter of the fiscal year ending March 2007, total assets amounted to ¥2,288.3 billion, an increase by ¥161.7 billion compared to the end of the previous fiscal year. This was due to such as an increase in trade receivables affected by holidays on closing dates and growth in net sales, an increase in inventory assets according to factors such as the seasonal effect, and an increase in property, plant and equipment by the expansion of capital investment.

### **4. Consolidated Financial Projection for the Fiscal Year Ending March 31, 2007**

The financial position has progressed on the track of the financial projection for the fiscal year ending March 31, 2007, as announced on November 9, 2006 until the third quarter of

the fiscal year ending March 2007. This projection has not been revised.

Financial Projection for the Fiscal Year Ending Year Ending March 31, 2007

(Announced on November 9, 2006)

Unit: Billions of Yen

Net sales	2,600.0
Operating income	127.0
Ordinary income	135.0
Net income	98.0

### **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], [6], and [7], hereof.