

Mitsubishi Chemical Holdings Corporation
Condensed Consolidated Financial Information
for the First Half of the Fiscal Year Ending March 31, 2008



1. Business Results for the First Half of the Fiscal Year Ending March 31, 2008
(Business period: April 1, 2007 - September 30, 2007)

Millions of Yen		
The First Half of the Fiscal Year	The First Half of the Previous Fiscal Year	The Previous Fiscal Year
April 1, 2007 - September 30, 2007	April 1, 2006 - September 30, 2006	April 1, 2006 - March 31, 2007

Thousand of U.S. Dollars
The First Half of the Fiscal Year
April 1, 2007 - September 30, 2007

(1) Results of Operations: (Note 1)

Net sales	1,389,814	1,263,457	2,622,820
Operating income	66,487	56,640	128,589
Income before income taxes	63,467	68,274	137,802
Net income	38,164	61,945	100,338

(Note 3)

12,085,339
578,147
551,886
331,860

(2) Financial Position:

Total assets	2,405,397	2,211,891	2,318,832
Inventories	403,670	342,374	362,463
Property, plant and equipment	764,101	702,968	724,438
Short-term and long-term debt	765,642	682,337	739,673
Shareholders' equity	745,750	675,638	712,160
Ratio of shareholders' equity to total assets (%)	31.0	30.5	30.7

20,916,495
3,510,173
6,644,356
6,657,756
6,484,782

(3) Cash Flows:

Net cash provided by operating activities	79,783	20,072	63,343
Net cash used in investing activities	(88,472)	(50,861)	(133,434)
Net cash provided by (used in) financing activities	17,720	32,530	74,492
Cash and cash equivalents at end of the year	80,400	63,576	67,995

693,765
(769,321)
154,086
699,130

(4) General:

Capital expenditures	81,680	61,001	130,855
Depreciation and amortization	45,722	39,552	83,270
R&D expenditures	48,018	42,505	91,177
Employees (number)	34,741	33,234	33,447

710,260
397,582
417,547

(5) Per Share:

	(Yen)			(U.S. Dollars)
Net income - Basic	27.87	45.21	73.25	0.24
- Diluted	27.85	45.20	73.21	0.24
Shareholders' equity	544.68	493.22	520.05	4.73

0.24
0.24
4.73

* 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] 1,369,266 [First half of the previous year] 1,369,972 [Previous year] 1,369,779 (Thousand Shares)

* 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] 1,369,139 [First half of the previous year] 1,369,844 [Previous year] 1,369,392 (Thousand Shares)

(6) Ratio of Net Income to:

	(%)		
Shareholders' equity	5.2	9.3	14.1
Total assets	1.6	2.8	4.5
Net sales	2.7	4.9	3.8

* 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, 2007 - September 30, 2007	April 1, 2006 - September 30, 2006	April 1, 2006 - March 31, 2007

Thousand of U.S. Dollars
The First Half of the Fiscal Year
April 1, 2007 - September 30, 2007

(7) Segment Information: (Note 1) (Note 2)

[Net Sales by Segment]

	Millions of Yen	Millions of Yen	Millions of Yen	Thousand of U.S. Dollars
Petrochemicals	708,819	604,409	1,263,152	6,163,643
Performance and Functional Products	454,402	455,608	925,249	3,951,321
<i>Performance Products</i>	260,868	258,558	525,706	2,268,417
<i>Functional Products</i>	193,534	188,751	382,780	1,682,904
Health Care	154,476	150,089	304,722	1,343,269
Others	72,117	61,650	146,460	627,104
Total	1,389,814	1,263,457	2,622,820	12,085,337

[Operating Income (Loss) by Segment]

	Millions of Yen	Millions of Yen	Millions of Yen	Thousand of U.S. Dollars
Petrochemicals	17,001	7,543	29,070	147,834
Performance and Functional Products	28,713	27,998	59,358	249,677
<i>Performance Products</i>	17,905	15,951	35,037	155,695
<i>Functional Products</i>	10,808	11,577	23,448	93,982
Health Care	21,179	20,351	39,616	184,165
Others	4,766	4,769	10,588	41,443
Elimination & corporate costs	(5,172)	(3,551)	(9,170)	(44,973)
Total	66,487	56,640	128,589	578,146

Notes:

- 1 From this period, a method of calculation of depreciation was changed due to a change of Japanese tax rule. This change decreased operating income by 5.1 billion yen, income before income taxes and minority interests in consolidated subsidiaries by 5.4 billion yen, and net income by 3.3 billion yen. The difference resulting from the change on operating income of each segment are as follows:

(Millions of Yen)	Segment	Difference
The First Half of the Current Fiscal Year	Petrochemicals	(1,839)
	Performance Products	(1,505)
	Functional Products	(539)
	Health Care	(372)
	Others	(141)
	Elimination & corporate costs	(751)

- 2 From this period, three consolidated subsidiaries were reclassified to reflect performance more clearly in its strategic business areas. The figure of the First Half and the annual of the Previous Fiscal Year in the segment information was adjusted to the change.

One of them was reclassified from the Functional Products to the Petrochemicals Segment.

Two of them were reclassified from Others to the Petrochemicals Segment.

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	8,710	421
	Functional Products	(8,332)	(408)
	Others	(378)	(13)

- 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 115 yen to US\$, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of September 2007. 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

Millions of Yen
The Current Fiscal Year
April 1, 2007 - March 31, 2008

Thousand of U.S. Dollars
The Current Fiscal Year
April 1, 2007 - March 31, 2008

	Millions of Yen	Thousand of U.S. Dollars
Net sales	2,970,000	25,826,086
Operating income	148,000	1,286,956
Ordinary income	149,000	1,295,652
Net income	186,000	1,617,391

3. Business Performances and Financial Position

(1) Business Performances

1) Consolidated Performance for the First Half of Fiscal Year Ending March 31, 2008:

FY2007

(From April 1, 2007 to September 30, 2007)

General Performances

During the first half of FY2007, Japanese economy continued to expand gently benefiting from factors such as brisk export driven by overseas economic boom, active capital investments and solid consumer spending.

In the Mitsubishi Chemical Holdings Group (the "MCHC Group") business environment, both domestic and overseas demands remained firm, while crude oil and naphtha had still kept high level of prices.

Under these circumstances, the consolidated business results for the first half of FY2007 resulted as follows.

The net sales increased by ¥126.3 billion (10.0% increase) to ¥1,389.8 billion yen compared to the previous fiscal year by mainly price adjustment of petrochemical products in response to the raw material price hike.

Operating income increased by ¥9.9 billion (17.4% increase) to ¥66.5 billion yen compared to the previous fiscal year and ordinary income increased by ¥6.1 billion (9.4% increase) to ¥70.6 billion compared to the previous fiscal year due to earnings of affiliates and net income decreased by ¥23.7 billion (38.4% decrease) to ¥38.2 billion compared to the previous fiscal year due to factors such as resulting from reduction in tax expense in line with acquisition of treasury stock by consolidated subsidiaries.

Overview by Business Segments

Petrochemicals

Net sales of the segment increased by ¥104.4 billion (17.3% increase) to ¥708.8 billion compared to the previous fiscal year. Operating income increased by ¥9.5 billion (125.4% increase) to ¥17.0 billion compared to the previous fiscal year owing to factors such as margins higher on 1,4-butanediol and other products and lower impact of plant trouble, in spite of weakened overseas market prices of purified terephthalic acid.

The production volume of ethylene, a major basic raw material was 635 thousand tons, an increase by 3% compared to the previous fiscal year.

Net sales of the segment increased significantly, benefiting by the fact that businesses in basic petrochemicals, industrial chemicals, synthetic fiber intermediates, and synthetic resins progressed favorably by the active demands in both domestic and overseas markets, sales price was adjusted in response to the raw material price hike and new facility operation of purified terephthalic acid.

Major actions taken for the Petrochemicals Segment during the first half of FY2007 are as follows:

- Mitsubishi Chemical Corporation decided to increase propylene production capacity at the Kashima Plant. (April)
- Beijing Ju-Ling-Yan Plastic Company Limited decided to construct a new plant for polypropylene compound in Foshan City, Guangdong Province in China. (April)
- Mitsubishi Chemical Performance Polymers, Inc. completed expansion of 4,600 pta production facility for performance polymer compounds and started its operation. (July)
- Mitsubishi Chemical Corporation decided to construct a new 25,000 pta production facility for polytetramethylene ether glycol in the the Ningbo Daxie Development Zone, Ningbo City, Zhejiang Province, China. (August)
- Mitsubishi Chemical Corporation and Sasol Chemical Industries Limited agreed to dissolve the joint venture for acrylic acid and acrylates business in the Republic of South Africa. (September)

Performance and Functional Products

Net sales of the segment increased by ¥7.0 billion (1.6% increase) to ¥454.4 billion compared to the previous fiscal year. Operating income increased by ¥1.1 billion (4.3% increase) to ¥28.7 billion compared to 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, while sales volume increased, the net sales decreased due to decline of sales prices compared to the previous fiscal year. In the performance products businesses, favorable results in sales continued for food ingredients business. In the carbon businesses, net sales declined in conjunction with lowering of carbon raw material costs, domestic demands of steel remained firm.

In the functional products businesses, films, composite films and sheets progressed favorably,

such as the protecting polyester films for liquid crystal displays, despite that the certain products had time-lag in passing on product prices against surging raw material costs. Plastic injection moldings for electronic applications such as liquid crystal television, and 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 FY2007 are as follows:

- Mitsubishi Chemical Holdings Corporation decided the ratio of share exchange effective on October 1, 2007 for the outstanding shares of Mitsubishi Plastics, Inc. which Mitsubishi Chemical Corporation was unable to acquire through tender offer from February to March 2007: one share of common stock of Mitsubishi Plastics, Inc. will be exchanged for 0.41 shares of Mitsubishi Chemical Holdings Corporation. (April)
- Mitsubishi Chemical Functional Products, Inc. launched *Yuka Proof*, a polypropylene-based long tarpaulin lining for truck floor. (April)
- Mitsubishi Chemical Functional Products, Inc. completed a new production line for *ALPOLIC/fr*, a fire-rated aluminum composite material with a noncombustible mineral core at its subsidiary in the US, Mitsubishi Chemical FP America, Inc. (April)
- Mitsubishi Plastics, Inc. expanded the production facility for *DIAMIRON*, a co-extruded multi-layered film at its Asai Plant. (May)
- Mitsubishi Plastics, Inc. developed a new grade of a bi-axially oriented high gas barrier nylon film with straight cut property, *SUPERNYL* type SPR-M. (June)
- Mitsubishi Kagaku Media Co., Ltd. launched its new single-sided dual-layer 30GB recordable HD DVD media for PC data in Japan. (July)
- A subsidiary of Mitsubishi Kagaku Media Co., Ltd., Verbatim Marketing (Singapore) Pte Ltd established a wholly owned marketing subsidiary, Verbatim Marketing India Private Limited in Gurgaon City, Haryana State, India. (July)
- Verbatim Corporation acquired portable hard disc drive business from SmartDisk Corporation. (July)
- Mitsubishi Polyester Film Corporation decided to increase 10,000 pta polyester film production capacity and construct its new 4,000 pta production line for coating at its Shiga Plant. (July)
- Mitsubishi Kagaku Media Co., Ltd. launched 8cm recordable Blu-ray Disc and rewritable Blu-ray Disc for video camera. (August)
- Mitsubishi Kagaku Media Co., Ltd. and Pioneer Corporation succeeded in commercialization of recordable Blu-ray Discs with organic dye in the recording layer. (September)

Health Care

Net sales of the segment increased by ¥4.4 billion (2.9% increase) to ¥154.5 billion compared to the previous fiscal year. Operating income increased by ¥0.9 billion (4.1% increase) to ¥21.2 billion compared to the previous fiscal year, owing to the fact that sales increase of mainstay pharmaceuticals absorbed increase in R&D expenses.

In the pharmaceutical business, net sales of major products, such as an ethical neuroprotective agent, *RADICUT inj.* and anti-platelet agent, *ANPLAG.* steadily increased. Business performances for clinical testing and support for drug discovery were satisfactory in general.

Major actions taken for the Health Care Segment during the first half of FY2007 are as follows:

- Mitsubishi Chemical Medience Corporation has been established, as the operating holding company, to integrate the business activities of Mitsubishi Kagaku Bio-Clinical Laboratories, Inc., Mitsubishi Chemical Safety Institute Ltd., and Mitsubishi Kagaku Iatron, Inc. (April)
- ZOEGENE Corporation has been reorganized and renamed as Molecuence Corporation. (April)
- Mitsubishi Pharma Corporation and Tanabe Seiyaku Co., Ltd., along with Mitsubishi Chemical Holdings Corporation reached a final agreement on the merger between Mitsubishi Pharma Corporation and Tanabe Seiyaku Co., Ltd., effective October 1, 2007. (April)
- Mitsubishi Pharma Corporation and Tanabe Seiyaku Co., Ltd. formulated the corporate philosophy and vision, brand mark, business management goals, and other policies of the new company, Mitsubishi Tanabe Pharma Corporation. (May)
- Mitsubishi Pharma Corporation has obtained approval for additional indication of Omeprazon Tablet 10mg, a proton pump inhibitor, for non-erosive reflux disease in Japan on May 24, 2007. (May)
- Mitsubishi Chemical Holdings Corporation and Mitsubishi Pharma Corporation decided to undertake a US\$70 million capital increase at the investment company, MP Healthcare Venture Management, Inc. established in August 2006 in the US by the Mitsubishi Chemical Holdings Group, which is centered in Mitsubishi Pharma Corporation. The capital increase is to be made by August 2007 with US\$35 million supplied by each company and will bring the investment company's total capital to US\$100 million. (June)
- Mitsubishi Chemical Corporation agreed to commence a joint research on biomarker discovery for cerebral infarction with Graduate School of Medical Sciences, Kyushu University and Hisayama Research Institute For Lifestyle Diseases. (July)
- Mitsubishi Pharma Corporation (now Mitsubishi Tanabe Pharma Corporation) implemented a voluntary early retirement program. (August – September)

Others

Net sales decreased by ¥10.5 billion (17.0% increase) to ¥72.1 billion compared to the previous fiscal year, and operating income slightly decreased by ¥0.0 billion (0.1% decrease) to ¥4.8 billion compared to the previous fiscal year.

Both engineering service and logistics progressed satisfactory.

- Mitsubishi Chemical Logistics Corporation established an overseas subsidiary, Ningbo Lingxin Logistics Co., Ltd. in Ningbo City, Zhejiang Province, China. (April)

2) Business Forecast for the Fiscal Year Ending March 31, 2008

In terms of the business environment, despite yet continuing high naphtha price and influence on the export accompanying the economic slowdown in the US, which has so far maintained strong performance, are anticipated, Japanese economy will continue to expand gently supported by facts such as active capital investments and solid consumer spending.

Under these circumstances, the MCHC Group will strive to accomplish the mid-term management plan, the “KAKUSHIN Plan: Phase2” (FY2005-FY2007), through steady actions for further strengthening of global competitiveness and further increasing profitability in the final fiscal year.

As to the forecast for the consolidated business results for the fiscal year ending March 31, 2008, we expect the net sales to increase and will amount to ¥2,970.0 billion, as a further increase in naphtha price is expected and the merger between Mitsubishi Pharma Corporation and Tanabe Seiyaku Co., Ltd. was executed as of October 1 2007. We also expect the operating income to increase and will amount to ¥148.0 billion due to the above merger, despite negative impact of changes in depreciation methods. The ordinary income is expected to increase and will amount to ¥149.0 billion despite the decrease of equity earnings of affiliates. Net profit is expected to exceed and will amount to ¥186.0 billion as the gain on share change balance to the above merger will be recorded. (For further detail, please refer to “Operating Summary for the Fiscal Year Ended March 31, 2007” on the MCHC website.)

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

(Billions of yen)

	Actual results for the fiscal year ended March 2007	Actual results for the first half of fiscal year ending March 2008	Forecast for the fiscal year ending March 2008
Capital investment	130.9	81.7	174.0
Depreciation	83.3	45.7	102.0
R&D expenses	91.2	48.0	116.0
Exchange rate (¥/\$)	116	121	119
Naphtha (¥/kl)	50,000	58,800	60,400

3) Progress in Mid-Term Management Plan

The MCHC Group is accelerating selection and focus initiatives in petrochemicals, performance and functional products, and healthcare, which are the three business pillars of the Group, under the mid-term management plan, the “KAKUSHIN Plan: Phase2”, for three years commencing from April 1, 2005.

In the fiscal year ending March 2008, the final year of the above mid-term management plan, we executed various actions aiming for “execution of growth strategy”, “strengthening management foundations”, and “integration of the Group strengths”.

4) Numerical Targets

	Targets for the fiscal year ending March 2008	Actual results for the fiscal year ended March 2007	Actual results for the first half of fiscal year ending March 2008
Operating income	Over 140.0	128.6	128.6
ROA (EBIT/Total Assets)	Over 5.5%	6.2%	6.2%
D/E Ratio	Below 1.5	1.04	1.04

(2) Consolidated Financial Position

1) Financial Position for the First Half of FY2007

The consolidated assets were ¥2,405.4 billion, an increase of ¥86.6 billion yen compared to the previous fiscal year. The increase was primarily due to an increase in inventories reflecting sharp rise in raw materials and seasonable effect; and an increase in property, plant and

equipment as a result of capital expenditure expansion.

Total consolidated liabilities were ¥1,608.8 billion, an increase of ¥48.7 billion compared to the previous fiscal year. The increase was primarily due to an increase in interest-bearing debt as the issue of commercial papers.

The balance of shareholder's equity was ¥796.6 billion, an increase of ¥37.8 billion compared to the previous fiscal year. Shareholders' equity increased as primary net income of ¥38.2 billion was recorded, absorbed the dividend payment occurred.

As a result, the equity ratio was 31.0%, up 0.3% compared to the previous fiscal year and the debt-equity ratio became 1.03%, rose 0.01% compared to the previous fiscal year.

2) Consolidated Statements of Cash Flows for the First Half of FY2007

The free cash flow, which consists of cash flows from operating and investing activities, was an expenditure of ¥8.7 billion, compared to an income of ¥22.1 billion in the previous fiscal year.

The net cash provided by operating activities during the first half of this fiscal year totaled ¥79.8 billion, an increase of ¥59.7 billion compared to the previous fiscal year. The increase was primarily due to increase in operating receivables as the closing day of previous fiscal year was non-business day and the tax refund of withholding tax related to treasury acquisition in previous fiscal year.

The net cash flow used in investing activities was ¥88.5 billion, an increase of ¥37.6 billion compared to the previous fiscal year. The increase was primarily due to primary increase in capital expenditure.

The net cash generated in financing activities was ¥17.7 billion, against the expense of ¥14.8 billion in the previous fiscal year. The decrease was mainly due to the redemption of straight bonds.

Cash and cash equivalents as of September 30, 2007 stood at ¥80.4 billion, an increase of ¥12.4 billion compared to the previous fiscal year.

3) Cash Flow Ratios

	Fiscal year ended March 2005	Fiscal year ended March 2006	Fiscal year ended March 2007	First half of fiscal year ending March 2008
Ratio of shareholders' equity to total assets (%)	22.6	30.9	30.7	31.0
Ratio of market value shareholders' equity to total assets (%)	37.7	46.8	59.2	56.9
Debt payment year (year)	3.2	3.6	11.7	4.8
Interest coverage ratio (%)	2055.2	1577.3	532.1	990.0

- 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*
- 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) Basic Policy for Profit Distribution and Dividends

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.

Mitsubishi Chemical Holdings Corporation intends to pay of an interim dividend of ¥8 per share

considering business performance of the fiscal year ending March 31, 2008,

With respect to the dividends for the fiscal year ending March 2008, Mitsubishi Chemical Holdings Corporation plans to pay a year-end dividend of ¥8 per share, as a result, full year dividend will be ¥16 per share.

4. Basic Management Policy

The basic management policy and mid- and long-term management strategies and tasks are not mentioned because the content has not changed significantly from information previously disclosed with the interim financial statements for the first half of the year ended March 31, 2007 (released on November 9, 2006)

The above financial results can be viewed at the following:

Mitsubishi Chemical Holdings Corporation web site

http://www.mitsubishichem-hd.co.jp/english/ir/financial_info/financial_results/index.html

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], [7], and [8] hereof.