

Mitsubishi Chemical Holdings Corporation
Condensed Consolidated Financial Information
for the Year Ended March 31, 2008



1. Business Results for the Year Ended March 31, 2008
(Business period: April 1, 2007 - March 31, 2008)

	Millions of Yen		Thousands of U.S. Dollars
	FY2007	FY2006	FY2007
	Year Ended March 31, 2008	Year Ended March 31, 2007	Year Ended March 31, 2008
(1) Results of Operations: (Note.1)			
Net sales	2,929,810	2,622,820	29,298,100
Operating income	125,046	128,589	1,250,460
Income before income taxes	217,791	137,802	2,177,910
Net income	164,064	100,338	1,640,640

(2) Financial Position: (Note.2)			
Total assets	2,765,837	2,318,832	27,658,370
Inventories	427,143	362,463	4,271,430
Property, plant and equipment	852,806	724,438	8,528,060
Short-term and long-term debt	822,520	739,673	8,225,200
Shareholders' equity	827,809	712,160	8,278,090
Ratio of shareholders' equity to total assets (%)	29.9	30.7	

* Shareholders' equity: Net assets – Minority interests – Stock warrant

(3) Cash Flows:			
Net cash provided by operating activities	156,173	63,343	1,561,730
Net cash used in investing activities	(177,985)	(133,434)	(1,779,850)
Net cash provided by (used in) financing activities	70,871	74,492	708,710
Cash and cash equivalents at end of the year	165,748	67,995	1,657,480

(4) General:			
Capital expenditures	170,051	130,855	1,700,510
Depreciation and amortization	102,172	83,270	1,021,720
R&D expenditures	112,064	91,177	1,120,640
Employees (number)	39,305	33,447	

(5) Per Share:			(U.S. dollar)
Net income - Basic	119.51	73.25	1.20
- Diluted	114.51	73.21	1.15
Shareholders' equity	601.45	520.05	6.02

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

[March 31, 2008] 1,372,799,093 [March 31, 2007] 1,369,779,311

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

[March 31, 2008] 1,376,344,833 [March 31, 2007] 1,369,392,474

(6) Ratio of Net Income to:		
Shareholders' equity	21.3	14.7
Total assets	6.4	4.5
Net sales	5.5	3.8

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

Millions of Yen	
FY2007	FY2006
Year Ended	Year Ended
March 31, 2008	March 31, 2007

Thousands of U.S. Dollars
FY2007
Year Ended
March 31, 2008

(7) Segment Information:

[Net Sales by Segment]

(Note.3)

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Petrochemicals	1,431,858	1,246,389	14,318,580
Performance and Functional Products	924,250	925,249	9,242,500
<i>Performance Products</i>	522,246	525,706	5,222,460
<i>Functional Products</i>	402,004	399,543	4,020,040
Health Care	395,793	304,722	3,957,930
Others	177,909	146,460	1,779,090
Total	2,929,810	2,622,820	29,298,100

[Operating Income (Loss) by Segment]

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Petrochemicals	9,214	28,197	92,140
Performance and Functional Products	55,371	59,358	553,710
<i>Performance Products</i>	36,125	35,037	361,250
<i>Functional Products</i>	19,246	24,321	192,460
Health Care	57,232	39,616	572,320
Others	13,144	10,588	131,440
Elimination & corporate costs	(9,915)	(9,170)	(99,150)
Total	125,046	128,589	1,250,460

[Total Assets by Segment]

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Petrochemicals	971,276	880,087	9,712,760
Performance and Functional Products	812,770	855,199	8,127,700
<i>Performance Products</i>	455,659	473,560	4,556,590
<i>Functional Products</i>	357,111	381,639	3,571,110
Health Care	812,773	388,019	8,127,730
Others	323,557	298,908	3,235,570
Elimination & corporate assets	(154,539)	(103,381)	(1,545,390)
Total	2,765,837	2,318,832	27,658,370

[Depreciation by Segment]

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Petrochemicals	32,004	24,728	320,040
Performance and Functional Products	44,985	37,201	449,850
<i>Performance Products</i>	21,872	18,425	218,720
<i>Functional Products</i>	23,113	18,776	231,130
Health Care	16,841	14,558	168,410
Others	3,308	3,029	33,080
Corporate costs	5,034	3,754	50,340
Total	102,172	83,270	1,021,720

[Capital Expenditures by Segment]

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Petrochemicals	89,028	54,585	890,280
Performance and Functional Products	53,866	52,914	538,660
<i>Performance Products</i>	25,919	23,785	259,190
<i>Functional Products</i>	27,947	29,129	279,470
Health Care	13,658	9,447	136,580
Others	6,102	4,287	61,020
Corporate assets	7,397	9,622	73,970
Total	170,051	130,855	1,700,510

2. Prospects for the Following Fiscal Year

	Millions of Yen		Thousands of U.S. Dollars	
	The First Half of Following Fiscal Year	The Following Fiscal Year	The First Half of Following Fiscal Year	The Following Fiscal Year
	April 1, 2008 - September 30, 2008	April 1, 2008 - March 31, 2009	April 1, 2008 - September 30, 2008	April 1, 2008 - March 31, 2009
Net sales	1,600,000	3,340,000	16,000,000	33,400,000
Operating income	62,000	158,000	620,000	1,580,000
Net income	30,000	70,000	300,000	700,000
			(U.S. dollar)	
Net income per share	21.79	50.85	0.22	0.51

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 11.7 billion yen, income before income taxes and minority interests in consolidated subsidiaries by 12.5 billion yen, and net income by 7.9 billion yen. The difference resulting from the change on operating income of each segment are as follows:

(Millions of Yen)	Segment	Difference
The Current Fiscal Year	Petrochemicals	(3,995)
	Performance Products	(3,131)
	Functional Products	(1,434)
	Health Care	(1,151)
	Others	(305)
	Elimination & corporate costs	(1,731)

2. From this period, three consolidated subsidiaries were reclassified to reflect performance more clearly in its strategic business areas.

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, operating income, total assets, depreciation and capital expenditures 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	Total Assets	Depreciation	Capital Expenditures
The Current Fiscal Year	Petrochemicals	22,317	941	9,911	156	163
	Functional Products	(21,261)	(907)	(8,945)	(146)	(154)
	Others	(1,056)	(34)	(966)	(10)	(9)

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 100 yen to US\$, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of March 2008. 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.

3. Business Performance and Financial Position

(1) Business Performance

1) Consolidated Performance for the Year Ended March 31, 2008: FY2007

(From April 1, 2007 to March 31, 2008)

Overview of General Performance

Until the end of FY2007, the Japanese economy continued to expand gently benefiting from factors such as brisk exports to China and Asian countries and active capital investments supported by favorable corporate performances. While, it started showing some signs of an economic slowdown in late FY2007 affected by soaring crude oil prices, concerns about the US economic slowdown and uncertain outlook of financial and capital markets due to the US subprime mortgage loan crisis, as well as rapid appreciation of the yen against the dollar.

In the Mitsubishi Chemical Holdings Group ("MCHC Group"), both domestic and overseas demands remained firm mainly in petrochemical products. While, in late of the third quarter of FY2007, the business environment became severe, due to soaring crude oil and naphtha prices, and stagnant overseas market prices in some products. Furthermore, our healthcare business was under severe conditions since medical cost restraint has continued in a climate of intensifying competitions in the market.

Under the circumstances, the consolidated business results for FY2007 resulted as follows.

Net sales increased by ¥307.0 billion (11.7% increase) to ¥2,929.8 billion compared to FY2006 by mainly price adjustment of petrochemical products in response to the raw material price hike and a merger between a consolidated subsidiary of Mitsubishi Chemical Holdings Corporation, Mitsubishi Pharma Corporation and Tanabe Seiyaku Co., Ltd. (now Mitsubishi Tanabe Pharma Corporation)

Operating income decreased by ¥3.6 billion (2.8% decrease) to ¥125.0 billion compared to FY2006 due to factors such as price hike in raw materials, weakened market prices of some petrochemical products, and a fire accident in the Kashima Plant, in spite of the business expansion by the establishment of Mitsubishi Tanabe Pharma Corporation.

Ordinary income decreased by ¥12.4 billion (8.8% decrease) to ¥128.9 billion compared to FY2006, and net income increased by ¥63.8 billion (63.5% increase) to ¥164.1 billion compared to FY2006, as a result of influences by gains on share change balance in response to the above mentioned merger.

Overview of Business Segments

Petrochemicals

Net sales of the segment increased by ¥168.7 billion (13.4% increase) to ¥1,431.9 billion compared to FY2006. Operating income decreased by ¥19.9 billion (68.3% decrease) to ¥9.2 billion compared to FY2006, due to factors such as weakened overseas market prices of purified terephthalic acid and the fire accident in the Kashima Plant.

The production volume of ethylene, a major basic raw material was 1,210 thousand tons, a decrease by 10.6% compared to FY2006. The reason for decrease in production volume was caused by the above mentioned fire accident.

Net sales of the segment increased significantly, benefiting the facts: businesses in basic petrochemicals, industrial chemicals, synthetic fiber intermediates, and synthetic resins progressed favorably by active demands in both domestic and overseas markets; sales price was adjusted in response to the raw material price hike; and start of production of terephthalic acid in China.

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

- Mitsubishi Chemical Corporation decided to increase propylene production capacity at the Kashima Plant. (April 2007)
- Beijing Ju-Ling-Yan Plastic Company Limited decided to construct a new plant for polypropylene compound in Foshan City, Guangdong Province in China. (June 2007)
- Mitsubishi Chemical Performance Polymers, Inc. completed expansion of 4,600 tpa production facility for performance polymer compounds and started its operation. (July 2007)
- Mitsubishi Chemical Corporation decided to construct a new 25,000 tpa production facility for polytetramethylene ether glycol in the Ningbo Daxie Development Zone, Ningbo City, Zhejiang Province, China. (August 2007)
- 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 2007)
- Japan Polychem Corporation decided to establish a new production facility for polypropylene compound in Thailand and India. (November 2007)
- Mitsubishi Chemical Corporation, Japan Energy Corporation, and Mitsubishi Corporation started commercial operation of petrochemical products at a production facility of Kashima Oil Refinery of Kashima Oil Co., Ltd. through Kashima Aromatics Co., Ltd. (January 2008)

- Mitsubishi Chemical Corporation decided to absorb its subsidiary ADVANCED PLASTICS COMPOUND COMPANY as of April 1, 2008. (January 2008)
- Japan Polyethylene Corporation decided to increase production capacity of high density polyethylene for a large container such as a fuel tank for automobiles at the Oita Plant. (February 2008)
- Mitsubishi Chemical Corporation decided to absorb its subsidiary Japan Ethanol Company Limited as of April 1, 2008. (February 2008)
- Mitsubishi Chemical Corporation partially suspended productions at the No. 2 Ethylene Plant of the Kashima Plant, because of a fire accident occurred on December 21, 2007. On March 19, 2008, the suspension order was lifted by the Fire Defense Headquarters of Kashima Southern District, and the productions were partially restarted. (March 2008)
- Japan Polychem Corporation acquired all the stocks of Japan Polyethylene Corporation owned by MITSUBISHI SHOJI PLASTICS CORPORATION. Accordingly, Japan Polyethylene Corporation will be a consolidated subsidiary of Mitsubishi Chemical Holdings Corporation. (March 2008)
- Mitsubishi Chemical Corporation decided to dissolve its subsidiary HMT Polystyrene Co., Ltd. (March 2008)

Performance and Functional Products

Net sales of the segment slightly increased by ¥15.8 billion (1.7% increase) to ¥924.2 billion compared to FY2006. Operating income decreased by ¥3.1 billion (5.3% decrease) to ¥55.3 billion compared to FY2006, due to time lag in price adjustment for some products in response to hiking raw materials and fuels.

In the area of information and electronics related products, with regard to the DVDs, net sales decreased compared to FY2006 by a drop in price, despite sales volume continued to expand while market growth slowed down. With regard to imaging supplies such as organic photo conductor drums, toner, and chemical toner, net sales decreased compared to FY2006 by a drop in price, despite sales volume continued at the same level compared to FY2006. Favorable results in sales continued for food ingredients business. In the blast furnace coke business, sales volume resulted favorably due to domestic demands of steel remained firm, while net sales declined in conjunction with lowering of raw material coal costs compared to FY2006.

In functional products businesses, net sales increased by active demands in films, composite films and sheets, especially protecting polyester films for liquid crystal displays, despite time lag in price adjustment for some products. Plastic injection moldings for

electronic applications such as liquid crystal television progressed favorably. Net sales in civil engineering and construction related products decreased by influences of restraint on public constructions and decrease of new residential construction starts by enforcement of revised building codes. In composite materials and industrial application materials such as carbon fibers and alumina fibers, net sales increased, due to expansion of domestic and overseas sales.

Major actions taken for the Performance and Functional Products Segment during FY2007 are as follows:

- Mitsubishi Chemical Functional Products, Inc. launched Yuka Proof, a polypropylene-based long tarpaulin lining for truck floor. (April 2007)
- 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 2007)
- Mitsubishi Plastics, Inc. expanded the production facility for DIAMIRON, a co-extruded multi-layered film at its Asai Plant. (May 2007)
- 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 2007)
- Mitsubishi Kagaku Media Co., Ltd. launched its new single-sided dual-layer 30GB recordable HD DVD media for PC data in Japan. (July 2007)
- 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 2007)
- Verbatim Corporation acquired portable hard disk drive business from SmartDisk Corporation. (July 2007)
- Mitsubishi Polyester Film Corporation decided to increase 10,000 tpa polyester film production capacity and construct its new 4,000 tpa production line for coating at its Shiga Plant. (July 2007)
- Mitsubishi Kagaku Media Co., Ltd. launched 8cm recordable Blu-ray Disc and rewritable Blu-ray Disc for video camera. (August 2007)
- Mitsubishi Kagaku Media Co., Ltd. and Pioneer Corporation succeeded in commercialization of recordable Blu-ray Discs with organic dye in the recording layer. (September 2007)
- Mitsubishi Plastics, Inc. completed a stock-for-stock exchange with Mitsubishi Chemical Holdings Corporation and became a wholly owned subsidiary of Mitsubishi

Chemical Holdings Corporation. (October 2007)

- Mitsubishi Chemical Corporation expanded a production facility of electrolyte for Li-ion battery and started the production in the Yokkaichi Plant. (October 2007)
- Mitsubishi Plastics, Inc. developed the "livestock wastewater (dairy farm) treatment system" which purifies the hard-to-process livestock wastewater by effective microorganisms. (December 2007)
- Mitsubishi Kagaku Media Co., Ltd. launched Blu-ray Discs (BD-R and BD-RE) for video cameras with labels that can be printed with inkjet printers. (February 2008)
- Mitsubishi Kagaku Media Co., Ltd. announced to launch the recordable 2X HD DVD-R 15GB (for Data/Video), with inkjet printers compatible labels, and the recordable single-sided double-layer 1X HD DVD-R DL 30GB (for Video), which is also compatible with inkjet printers, from the middle of February and the beginning of March respectively. (February 2008)
- Mitsubishi Kagaku Media Co., Ltd. launched the 5-pack 2X BD-R LTH Type 25GB Recordable Blu-ray Disc (BD), which utilizes organic dye in the recording layer. (February 2008)
- Mitsubishi Plastics, Inc. developed new products *TECHBARRIER HX* and *TECHBARRIER SX* having excellent high gas barrier properties which match aluminum foil, and announced to launch them from April 2008. (February 2008)
- Mitsubishi Plastics, Inc. decided to merge with its sales subsidiaries, Ryoju Corporation and Ryohan Corporation as of April 1, 2008. (February 2008)
- Mitsubishi Kagaku Media Co., Ltd. announced to launch the DVD-R *ARLEDIA* for long-term preservation of valuable data, in 1-disc pack, available for sale from the end of March, 2008. (February 2008)
- Mitsubishi Plastics, Inc. developed a transparent gas barrier film *TECHBARRIER LX* for industrial use such as back sheet of solar cells. (March 2008)
- Mitsubishi Chemical Corporation decided to establish a mass production facility of cathode materials for Li-ion batteries at the Mizushima Plant. (March 2008)
- Nippon Polypenco Limited announced to launch new cast nylon, *MC602ST* from April 1, 2008 which mechanical strength and heat resistance were improved. (March 2008)

Health Care

Net sales of the segment increased by ¥91.1 billion (29.9% increase) to ¥395.8 billion compared to FY2006. Operating income increased by ¥17.6 billion (44.5% increase) to ¥57.2 billion compared to FY2006, as a result of the above mentioned merger and an increase of core pharmaceutical products.

Mitsubishi Pharma Corporation and Tanabe Seiyaku Co., Ltd. merged and a listed consolidated subsidiary of Mitsubishi Chemical Holdings Corporation, Mitsubishi Tanabe Pharma Corporation inaugurated in October 2007, in order to expand and reinforce pharmaceutical business which is a core business in healthcare business.

In the pharmaceutical business, net sales increased compared to FY2006, due to establishment of Mitsubishi Tanabe Pharma Corporation and favorable sales growth was recorded by *Remicade*, an anti-TNF α monoclonal antibody; *Talion*, a treatment for allergic disorders; *Mearubik*, a measles and rubella combined vaccine; *Anplag*, an anti-Platelet agent; and *Urso*, an agent for improving hepatic, biliary and digestive functions. Business performances for clinical testing and support for drug discovery were satisfactory in general.

Major actions taken for the Health Care Segment during 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 2007)
- ZOEGENE Corporation has been reorganized and renamed as Molecuence Corporation. (April 2007)
- 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 2007)
- 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 2007)
- 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 2007)
- 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 was 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 2007)

- 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 2007)
- Mitsubishi Pharma Corporation (now Mitsubishi Tanabe Pharma Corporation) implemented a voluntary early retirement program. (August – September 2007)
- Mitsubishi Pharma Corporation and Tanabe Seiyaku Co., Ltd. merged and started the operation as Mitsubishi Tanabe Pharma Corporation. (October 2007)
- Mitsubishi Chemical Medience Corporation and Tokio Marine & Nichido Medical Service Co., Ltd. jointly established a consistent entrusted system on specified health checkup and health guidance for health insurance society. (October 2007)
- MOLECUENCE Corporation and Protosera, Inc. agreed with collaboration on biomarker search relating to personalized medicine for relatively common serious disease in Japanese. (October 2007)
- Mitsubishi Tanabe Pharma Corporation received approval for anti-tumor necrosis factor (TNF)- α monoclonal antibody preparation *Remicade* for Drip Infusion 100 (generic name: infliximab) for extended indication of maintenance therapy for Crohn's disease. (November 2007)
- Mitsubishi Chemical Medience Corporation absorbed its subsidiary, JAPAN CYTOLOGY AND PATHOLOGY LABORATORY, INC. as of April 1, 2008. (January 2008)
- A consolidated subsidiary of Mitsubishi Tanabe Pharma Corporation, Benesis Corporation acquired approval for an additional indication for human anti-HBs globulins (Hebsbulin - IH for intravenous) for the prevention of reinfection of the hepatitis B virus after liver transplant. (February 2008)
- Mitsubishi Tanabe Pharma Corporation has decided to establish a subsidiary, Tanabe Seiyaku Hanbai Co., Ltd. on April 1, 2008 for the purposes of the promotion and marketing of generic drugs. (March 2008)
- Mitsubishi Chemical Corporation has decided to dissolve its wholly owned subsidiary, Mitsubishi Kagaku Institute of Life Sciences scheduled to take place at the end of March 2010. (March 2008)

Others

Net sales increased by ¥31.4 billion (21.5% increase) to ¥177.9 billion compared to the previous fiscal year, and operating income increased by ¥2.6 billion (24.1% increase) to ¥13.2 billion compared to FY2006.

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)

Group in General

Major actions taken for the Group in general other than above mentioned segments during FY2007 are as follows:

- Mitsubishi Chemical Holdings Corporation cancelled its 300,000,000 shares out of 429,505,412 shares owned by the company as of October 31, 2007. (October 2007)
- Mitsubishi Chemical Holdings Corporation issued ¥70,000,000,000 zero coupon guaranteed convertible bonds due 2011 and ¥70,000,000,000 zero coupon guaranteed convertible bonds due 2013. (October 2007)

2) Business Forecast for Fiscal Year Ending March 31, 2009: FY2008

The Japanese economy is considered that it is showing some signs of an economic slowdown due to background factors such as soaring crude oil prices; concerns about the US economic slowdown due to the US subprime mortgage loan crisis; turmoil in financial and capital markets; deteriorating business performance by rapid exchange fluctuations, despite brisk exports to China and Asian countries.

Under these circumstances, the MCHC Group will strive, under the corporate philosophy, "Good Chemistry for Tomorrow"- creating better relationships among people, society, and our planet, to improve CSR activities; to further promote responsible care; to maintain and operate the internal control system appropriately; to carry out thorough compliance including observation of antitrust law; and risk management.

As for the fire accident at the Kashima Plant, taking it seriously, Mitsubishi Chemical Corporation will make a concerted effort to prevent a recurrence and restore confidence with thorough safety management in the Mitsubishi Chemical Group.

As for hepatitis C lawsuit, Mitsubishi Tanabe Pharma Corporation will continue working earnestly toward a complete settlement of it. Mitsubishi Chemical Holdings Corporation also continues to provide necessary advice to Mitsubishi Tanabe Pharma Corporation.

As for the forecast for the consolidated business results for FY2008, we expect the net sales to increase and will amount to ¥3,340.0 billion due to an expansion of business size by the merger between Mitsubishi Pharma Corporation and Tanabe Seiyaku Co., Ltd. and

a full year contribution of Mitsubishi Tanabe Pharma Corporation, and consolidation of Japan Polyethylene Corporation as a consolidated subsidiary of Mitsubishi Chemical Holdings Corporation. Operating income is expected to increase and will amount to ¥158.0 billion due to the above merger. Ordinary income is expected to increase and will amount to ¥166.0 billion. Net profit is expected to fall below that of FY2007 and will amount to ¥70.0 billion due to that the gain on share change balance to the above mentioned merger occurred in FY2007.

The expected numeral values of the major indices area as follows:

(Billions of yen)

	Actual results for FY2007	Forecast for FY2008
Capital investment	170.1	136.0
Depreciation	102.2	122.0
R&D expenses	112.1	138.0
Exchange rate (¥/\$)	118	105
Naphtha (¥/kl)	61,500	68,000

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: Phase 2”, for three years commencing from April 1, 2005. The Group has executed various actions aiming for “Execution of growth strategy”, “Strengthening management foundations”, and “Integration of the Group strengths”.

4) Numeral Targets

	Targets for FY2007	Actual results for FY2006	Actual results for FY2007
Operating income	Over ¥140.0 billion	¥128.6 billion	¥1,250 billion
ROA (EBIT/Total Assets)	Over 5.5%	6.2%	8.5%
D/E ratio	Below 1.5	1.04	0.99

The MCHC Group had numerical targets for operating income, ROA, and D/E ratio during the KAKUSHIN Plan: Phase 2. The Group has achieved the above mentioned targets

except for operating income, owing to a sharp price hike of raw materials and fuels and the fire accident of the Kashima Plant of Mitsubishi Chemical Corporation.

(2) Consolidated Financial Position

1) Financial Position for FY2007

A merger between a consolidated subsidiary of Mitsubishi Chemical Holdings Corporation, Mitsubishi Pharma Corporation and Tanabe Seiyaku Co., Ltd. is pertinent to reverse acquisition by regulations of the Financial Services Agency. Therefore, Mitsubishi Chemical Holdings Corporation applied the purchase method to Mitsubishi Pharma Corporation which is an expired corporation in consolidated financial statement as an acquisition company. As a result, Mitsubishi Chemical Holdings Corporation has taken over assets and liabilities of Tanabe Seiyaku Co., Ltd. as of the end of September 2007 at market prices.

The consolidated assets were ¥2,765.8 billion, an increase of ¥447.0 billion compared to FY2006. The increase was primarily due to receiving assets of ¥330.4 billion; accounting goodwill of ¥85.0 billion as intangible fixed assets in accordance with the above merger; and an increase in property, plant and equipment as a result of capital expenditure expansion.

Total consolidated liabilities were ¥1,669.9 billion, an increase of ¥109.9 billion compared to FY2006. The increase was primarily due to an increase in interest-bearing debt; and receiving liabilities of ¥79.4 billion in accordance with the above merger.

The balance of shareholder's equity was ¥1,095.9 billion, an increase of ¥337.1 billion compared to FY2006. The increase was primarily due to shareholders' equity increased by ¥150.5 billion due to ¥164.1 billion was recorded as net income, despite a reduction factor such as the minority interest reduction; and an increase of ¥221.2 billion in minority interest in accordance with the above merger.

As a result, the equity ratio was 29.9%, down 0.8% compared to FY2006 and the debt-equity ratio became 0.99%, rose 0.05% compared to FY2006.

2) Consolidated Statements of Cash Flows for FY2007

The free cash flow, which consists of cash flows from operating and investing activities, was an expenditure of ¥21.8 billion, a decrease of ¥48.3 billion in expenditure compared to FY2006.

The net cash provided by operating activities totaled ¥156.2 billion, an increase of ¥92.8 billion in income compared to FY2006. The increase was due to decrease in operating receivables and trade liability as the closing day of FY2006 was non-business day.

The net cash flow used in investing activities was ¥178.0 billion, an increase of ¥44.6 billion compared to FY2006. The increase was primarily due to increase in capital expenditure.

The net cash generated in financing activities was ¥70.9 billion, a decrease of ¥3.6 billion in income compared to FY2006. The decrease was primarily due to increase in income by issuing convertible bonds, despite repayment of short- and long-term debts and redemption of corporate bonds.

Cash and cash equivalents as of March 31, 2008 stood at ¥165.7 billion, an increase of ¥97.8 billion including ¥47.2 billion received by the above mentioned merger compared to FY2006.

3) Forecast for Consolidated Statements of Cash Flows for FY2008

The consolidated net income before income taxes in FY2008 is expected to be ¥156.0 billion. Though an increase in depreciation is expected, a continuous increase in working capital caused by capital investments and an increase in raw material price hike is expected.

Under these circumstances, the MCHC Group will strive to improve continuously financial standings considering the balance of growth strategy.

4) Cash Flow Ratios

	FY2004	FY2005	FY2006	FY2007
Ratio of shareholders' equity to total assets (%)	22.6	30.9	30.7	29.9
Ratio of market value shareholders' equity to total assets (%)	37.7	46.8	59.2	32.8
Debt payment year (year)	3.2	3.6	11.7	5.3
Interest coverage ratio (%)	2,055.2	1,577.3	532.1	987.1

- 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 reward our shareholders with continued dividends according to the business results, while simultaneously considering stable dividends for mid- and long-term perspectives and retaining of sufficient internal reserves for the future business developments.

In FY2007, net income increased compared to FY2006, as a result of profit without influx of cash in accordance with posting of gains on share change balance in response to the merger between a wholly owned subsidiary, Mitsubishi Pharma Corporation and Tanabe Seiyaku Co., Ltd. as of October 1, 2007. Except for this specific factor, profit level was lower than FY2006.

With respect to the dividends for FY2007, Mitsubishi Chemical Holdings Corporation intends a year-end dividend of ¥8 per share considering business results of FY2007, retaining of sufficient internal reserves for the future business developments and results of consolidated cash flows. Together with the interim dividend of ¥8 per share, this will result in an annual dividend of ¥16 per share.

With respect to the dividends for FY2008, Mitsubishi Chemical Holdings Corporation plans an interim dividend of ¥8 per share and a year-end dividend of ¥8 per share, as a result, an annual dividend of ¥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 FY2007 (released on November 2, 2007).

The above financial results can be viewed at the following:

Mitsubishi Chemical Holdings Corporation

http://www.mitsubishichem-hd.co.jp/english/ir/financial_accounts.html

Tokyo Stock Exchange

<http://www.tse.or.jp/listing/compsearch/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 [3], [11], [12], [14], and [15] hereof.