

**Mitsubishi Chemical Holdings Corporation**  
**Condensed Consolidated Financial Information**  
**for the First Quarter of the Fiscal Year Ending March 31, 2009**



**1. Business Results for the First Quarter of the Fiscal Year Ending March 31, 2009**  
**(Business period: April 1, 2008 to June 30, 2008)**

Millions of Yen	
The First Quarter of the Current Fiscal Year	The First Quarter of the Previous Fiscal Year
April 1, 2008 - June 30, 2008	April 1, 2007 - June 30, 2007

Thousands of U.S. Dollars
The First Quarter of the Current Fiscal Year
April 1, 2008 - June 30, 2008

**(1) Results of Operations:**

Net sales	763,781	665,009
Operating income	34,579	33,373
Income before income taxes and minority interests in consolidated subsidiaries	37,989	35,954
Net income	13,113	20,652
		(Yen)
Net income per share	9.52	15.08
Net income per share (diluted)	8.76	15.07

7,205,481
326,217
358,387
123,708
(U.S. Dollars)
0.090
0.083

**(2) Segment Information:**

**[Net Sales by Segments]**

Electronics Applications	92,392	97,906
Designed Materials	69,729	72,145
Health Care	128,233	76,198
Chemicals	281,538	272,161
Polymers	155,265	113,887
Others	36,624	32,712
Total	763,781	665,009

871,623
657,821
1,209,745
2,656,019
1,464,764
345,509
7,205,481

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

Electronics Applications	5,717	8,255
Designed Materials	780	2,752
Health Care	26,638	11,470
Chemicals	2,424	4,283
Polymers	1,049	6,637
Others	1,428	2,423
Elimination & corporate costs	(3,457)	(2,447)
Total	34,579	33,373

53,934
7,358
251,302
22,868
9,896
13,472
(32,613)
326,217

Millions of Yen	
The First Quarter of the Current Fiscal Year	The Previous Fiscal Year Ended March 31, 2008
June 30, 2008	March 31, 2008

Thousands of U.S. Dollars
The First Quarter of the Current Fiscal Year
June 30, 2008

**(3) Financial Position:**

Total assets	2,832,709	2,765,837
Inventories	500,077	427,143
Property, plant and equipment and intangible assets	860,722	852,806
Short-term and long-term debt	848,681	822,520
Shareholders' equity	824,105	827,809
Ratio of shareholders' equity to total assets (%)	29.0	29.9
		(Yen)
Shareholders' equity per share	598.76	601.45

26,723,670
4,717,708
8,120,019
8,006,425
7,774,575
(U.S. Dollars)
5.649

The First Quarter of the Current Fiscal Year	The First Quarter of the Previous Fiscal Year
April 1, 2008 - June 30, 2008	April 1, 2007 - June 30, 2007

**(4) Cash Flows:**

	(Millions of Yen)	(Millions of Yen)	
Net cash provided by operating activities	14,771	—	139,349
Net cash used in investing activities	(92,079)	—	(868,670)
Net cash provided by (used in) financing activities	1,809	—	17,066
Cash and cash equivalents at end of the year	90,620	—	854,906

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

		(%)
Shareholders' equity	1.5	2.8
Total assets	0.4	0.8
Net sales	1.7	3.1

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

**Notes:**

- The accompanying consolidated financial information has been prepared by using partially simplified accounting methods from those adopted for the latest fiscal year.
- From this period, an inventory valuation method was changed due to a change of Japanese accounting standard. This change decreased operating income by 3.3 billion yen, income before income taxes and minority interests in consolidated subsidiaries by 3.9 billion yen.
- From this period, useful life of machinery and equipment was changed due to a change of Japanese corporate tax laws. This change decreased operating income by 0.7 billion yen, income before income taxes and minority interests in consolidated subsidiaries by 0.7 billion yen.
- From this period, the segmentation was changed from Petrochemicals, Performance Products, Functional Products, Health Care and Others to Electronics Applications, Designed Materials, Health Care, Chemicals, Polymers and Others. The figure of the first quarter of the previous fiscal year in the segment information was adjusted to the change.
- 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 106 yen to US\$1, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of June 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.

**2. The Prospects for the Current Fiscal Year (Announced on July 31, 2008)**

	Millions of Yen		Thousands of U.S. Dollars
	The First Half of the Current Fiscal Year	The Current Fiscal Year	The Current Fiscal Year
	April 1, 2008 - September 30, 2008	April 1, 2008 - March 31, 2009	April 1, 2008 - March 31, 2009
Net sales	1,600,000	3,340,000	31,509,434
Operating income	57,000	158,000	1,490,566
Net income	27,000	70,000	660,377

\*Considering the influence of the sharp rise in the price of raw materials and fuels and the consolidated financial results of the first quarter of the current fiscal year reported today, the company has revised its consolidated financial projections of the first half of the current fiscal year. As for the consolidated financial projection for the current fiscal year, there is no revision at this time, since the price trends of raw materials and fuels are unpredictable and uncertain. The corporation will estimate the future situation and revise the projection if necessary.

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

#### **(1) Business Performance**

##### **Consolidated Performance for the First Quarter of the Fiscal Year Ending March 31, 2009: FY2008 (From April 1, 2008 to June 30, 2008)**

In the first quarter of FY2008, the Japanese economy continued showing a trend of economic slowdown, due to decline in corporate profits and sluggish individual spending caused by the sharp rise in the price of raw materials and fuels and a downturn in export growth affected by the appreciation of the yen.

In the Mitsubishi Chemical Holdings Group (“MCHC Group”), the business environment became severe, particularly in petrochemical products, due to the sharp rise in raw material and fuel prices. Furthermore, our healthcare business was under severe conditions since drug price revision was executed in April, in a climate of intensifying competitions in the market.

Under the circumstances, the consolidated business results for first quarter of FY2008 resulted as follows. Net sales increased by ¥98.8 billion to ¥763.8 billion compared to the same period of FY2007 by mainly price adjustment of petrochemical products in response to the sharp rise in raw material and fuel prices and an establishment of Mitsubishi Tanabe Pharma Corporation as of October 2007 by a merger between a consolidated subsidiary of Mitsubishi Chemical Holdings Corporation, Mitsubishi Pharma Corporation and Tanabe Seiyaku Co., Ltd. Operating income increased by ¥1.2 billion to ¥34.6 billion compared to the same period of FY2007, due to the business expansion by the establishment of Mitsubishi Tanabe Pharma Corporation, in spite of the sharp rise in raw material and fuel prices. Ordinary income increased by ¥2.1 billion to ¥39.0 billion compared to the same period of FY2007, and net income decreased by ¥7.6 billion to ¥13.1 billion compared to the same period of FY2007, as a result of influences by an increase of minority interest in accordance with the above mentioned merger.

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

##### **Electronics Applications Segment, Performance Products Domain**

**(Recording media, Information and electronics-related materials, Imaging supplies, Inorganic chemicals)**

Net sales of the segment decreased by ¥5.5 billion to ¥92.4 billion compared to the same

period of FY2007. Operating income decreased by ¥2.6 billion to ¥5.7 billion compared to the same period of FY2007.

As for recording media, net sales decreased compared to the same period of FY2007 by a drop in price of DVDs, despite demand expansion in portable HDD and flash memory. As for information and electronics-related materials, net sales decreased compared to the same period of FY2007. In polyester films, particularly protecting polyester films for liquid crystal displays, net sales continued strong, although net sales of plastic injection moldings for electronic applications decreased by decrease in sales volume. As for imaging supplies such as organic photo conductor drums, toners, and chemical toners, net sales decreased compared to the same period of FY2007, due to decrease in sales volume. As for inorganic chemicals, it showed steady performance.

Major actions taken for the Electronics Applications Segment during the first quarter of FY2008 are as follows:

- Mitsubishi Plastics, Inc. decided to expand production facility of optical polyester film for flat panel displays. (May)

#### **Designed Materials Segment, Performance Products Domain**

**(Food ingredients, Battery materials, Fine chemicals, Polymer processing products, Composite materials)**

Net sales of the segment decreased by ¥2.4 billion to ¥69.7 billion compared to the same period of FY2007. Operating income decreased by ¥1.9 billion to ¥0.8 billion compared to the same period of FY2007, due to weak performance in construction related products.

As for food ingredients, battery materials, fine chemicals, net sales continued favorably. As for polymer processing products, net sales in films, composite films and sheets continued favorably, but net sales in construction related products decreased by influences of restraint on public constructions and decrease of new residential construction starts by enforcement of revised building codes.

Major actions taken for the Designed Materials Segment during the first quarter of FY2008 are as follows:

- Astro Corporation concluded an agreement for exclusive agency in Japan with a product developer Spain's Extracel S.L. (May)
- Mitsubishi Plastics, Inc. decided to launch the super high gas barrier film *X-BARRIER* on

July 1. (June)

**Health Care Segment, Health Care Domain**

**(Pharmaceuticals, Diagnostic reagents and instruments, Clinical testing)**

Net sales of the segment increased by ¥52.0 billion to ¥128.2 billion compared to the same period of FY2007. Operating income increased by ¥15.1 billion to ¥26.6 billion compared to the same period of FY2007.

As for pharmaceuticals, net sales increased compared to the same period of FY2007, due to the establishment of Mitsubishi Tanabe Pharma Corporation and favorable sales growth was recorded by *Remicade*, an anti-TNF $\alpha$  monoclonal antibody; *Anplag*, an anti-Platelet agent; *Talion*, a treatment for allergic disorders; *Mearubik*, a measles and rubella combined vaccine. As for diagnostic reagents and instruments and clinical testing, performances were satisfactory in general.

Major actions taken for the Health Care Segment during the first quarter of FY2008 are as follows:

- Mitsubishi Tanabe Pharma Corporation established a subsidiary, Tanabe Seiyaku Hanbai Co., Ltd. on April 1, 2008 for the purposes of the promotion and marketing of generic drugs. (April)
- Mitsubishi Tanabe Pharma Corporation concluded a letter of understanding concerning the acquisition of a majority of the shares of Choseido Pharmaceutical Co., Ltd. and the promotion of a comprehensive capital and business alliance between the companies centered on generic drug operations. (May)
- Mitsubishi Tanabe Pharma Corporation initiated sales of *Medway Injection 25% 50mL* and *Medway Injection 5% 250mL*, the recombinant human serum albumin preparations. (May)
- Mitsubishi Tanabe Pharma Corporation announced that Yuhan Corporation (Head office: Seoul, South Korea) started sales of *Zione Injection*, an internal hemorrhoid sclerotherapy agent in South Korea. (June)
- Mitsubishi Tanabe Pharma Corporation and Bayer Yakuhin, Ltd. concluded a joint marketing contract for *Glucobay Tablet 50mg* and *100mg* (generic name: acarbose), a post-prandial hyperglycemia improvement drug currently marketed by Bayer. (June)
- Mitsubishi Tanabe Pharma Corporation offered an early retirement support program. (June)

## **Chemicals Domain**

In the Chemicals Domain, regular maintenances of production facilities for ethylene, a basic raw material for petrochemicals are concentrated on the period of the first quarter of FY2008. Therefore, production capacity and profit or loss in the first quarter of FY2008 continues at a lower level than other quarter periods.

### **Chemicals Segment, Chemicals Domain**

#### **(Basic petrochemicals, Chemical derivatives, Synthetic fiber materials, Carbon products, Fertilizers)**

Net sales of the segment increased by ¥9.4 billion to ¥281.6 billion compared to the same period of FY2007. Operating income decreased by ¥2.4 billion to ¥1.9 billion compared to the same period of FY2007, due to the sharp rise in the price of raw materials and fuels.

The production volume of ethylene, a basic raw material of petrochemicals was 224 thousand tons, a decrease by 25.9% compared to the same period of FY2007, due to the influence of the fire accident in the Kashima Plant in December 2007. As for basic petrochemicals, chemical derivatives, and synthetic fiber materials, net sales decreased compared to the same period of FY2007, due to that Japan Polyethylene Corporation became a consolidated subsidiary of MCHC and sales of ethylene to Japan Polyethylene Corporation were eliminated by consolidated accounting system, despite continued active demands in both domestic and overseas markets, and product price adjustment associated with the sharp rise in the price of raw materials and fuels. As for blast furnace coke in carbon products, net sales considerably increased compared to the same period of FY2007, due to steady domestic steel demand continued and product price rose in conjunction with metallurgical coal price. As for fertilizers, net sales increased due to entrusted production and product price adjustment associated with the sharp rise in the price of raw materials and fuels, despite decreasing demand.

Major actions taken for the Chemicals Segment during the first quarter of FY2008 are as follows:

- Mitsubishi Chemical Corporation restarted operation of 2F-206 cracking furnace of the No. 2 Ethylene Plant which the suspension order was lifted at the Kashima Plant. (May)

### **Polymers Segment, Chemicals Domain**

#### **(Neat resins and compounds)**

Net sales of the segment increased by ¥41.4 billion to ¥155.3 billion compared to the same period of FY2007. Operating income decreased by ¥5.5 billion to ¥1.1 billion compared to

the same period of FY2007, due to the sharp rise in the price of raw materials and fuels.

As for neat resins, net sales increased compared to the same period of FY2007, due to the Japan Polyethylene Corporation became a consolidated subsidiary of MCHC and product price adjustment in response to the sharp rise in the price of raw materials and fuels.

Major actions taken for the Polymers Segment during the first quarter of FY2008 are as follows:

- V-Tech Corporation decided to discontinue its export of polyvinyl chloride, excluding supply to affiliated companies and to review its production and shipping system into a form that is best suited to this purpose. (April)

#### **Others**

##### **(Engineering, Logistics)**

Net sales increased by ¥3.9 billion to ¥36.6 billion compared to the same period of FY2007, and operating income decreased by ¥1.0 billion to ¥1.4 billion compared to the same period of FY2007, as operating income of businesses other than engineering service and logistics remained low.

Steady performance in both engineering service and logistics continued, and other businesses continued at the same level as the same period of FY2007.

#### **4. Consolidated Financial Position**

At the end of the first quarter of FY2008, total assets amounted to ¥2,832.7 billion, an increase of ¥66.9 billion compared to the end of FY2007. This was due to that Japan Polyethylene Corporation which was an affiliate accounted for by equity method became a consolidated subsidiary of MCHC.

#### **5. Consolidated Financial Projection for the FY2008**

The consolidated financial projection for the first half of FY2008 announced on May 8, 2008 has been revised based on the sharp rise in the price of raw materials and fuels as shown below:

##### **(1) Major assumption for the first half of FY2008**

	May 8, 2008	July 31, 2008
Naphtha (¥/kl)	68,000	80,100

On the basis of skyrocketing rise in price of naphtha, assumption of naphtha price for the first half of FY2008 was revised as ¥80,100/kl. (The first quarter of FY2008: ¥70,500/kl; the second quarter of FY2008: ¥89,700/kl)

**(2) Revised projection for the first half of FY2008**

(Units are in billions of yen, otherwise noted.)

	Net sales	Operating income	Ordinary income	Net income
Expected results announced previously (A) (announced on May 8, 2008)	1,600.0	62.0	72.0	30.0
Revised expected results (B)	1,600.0	57.0	65.0	27.0
Increase/(decrease) (B-A)	-	(5.0)	(7.0)	(3.0)
Rate of increase/(decrease) %	-	(8.1)	(9.7)	(10.0)
Actual results for the first half of FY2007	1,389.8	66.5	70.6	38.2

**(3) Consolidated Financial Projection for FY2008**

As for the consolidated financial projection for FY2008, there is no revision at this time, since the price trends of raw materials and fuels are unpredictable and uncertain. MCHC will estimate the future situation and revise the projection if necessary.

**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 effect of industry competition. The company expectations for the forward-looking statements are described in page [2], [7] and [8] hereof.