

# Operational Summary

for the Fiscal Year Ended March 31, 2007

May 10, 2007

Mitsubishi Chemical Holdings Corporation

## Table of Contents

### Consolidated Financial Statements for FY2006

<b>Statements of Operations</b>	3
<b>Statements of Operations by Business Segments</b>	4
- <u>Petrochemicals Segment</u>	5
-Analysis of Operating Income (FY2005 vs. FY2006)	6
- <u>Performance and Functional Products Segment (PP)</u>	7
- <u>Performance and Functional Products Segment (FP)</u>	8
-Analysis of Operating Income (FY2005 vs. FY2006)	9
- <u>Health Care Segment</u>	10
-Analysis of Operating Income (FY2005 vs. FY2006)	11
- <u>Others</u>	12
<b>Extraordinary Gain/Loss</b>	13
<b>Balance Sheets</b>	14
<b>Statements of Cash Flow</b>	15

### Consolidated Financial Statements for FY2007 (Forecast)

<b>Statements of Operations</b>	17
<b>Impact on Abrogation of Depreciable Limit</b>	18
<b>Reorganization of Pharmaceutical Business</b>	19
<b>Analysis of Operating Income</b>	20
<b>Statements of Operations by Business Segments</b>	21
- <u>Petrochemicals Segment</u>	22
- <u>Performance and Functional Products Segment (PP)</u>	23
- <u>Performance and Functional Products Segment (FP)</u>	24
- <u>Health Care Segment</u>	25
- <u>Others</u>	26
<b>Extraordinary Gain/Loss</b>	27

### Reference (Consolidated)

<b>Rearrangement of Sales/Operating Income</b>	29
<b>Number of Affiliates</b>	30
<b>Capital Expenditure, Depreciation and Amortization</b>	31
<b>R&amp;D Expenses</b>	32
<b>Number of Employees</b>	33
<b>Total Assets</b>	34
<b>Major Subsidiaries</b>	35

Notes:

FY2007: Fiscal Year Ending March 31, 2008

FY2006: Fiscal Year Ended March 31, 2007

MCHC: Mitsubishi Chemical Holdings Corporation

PP: Performance Products

FP: Functional Products

## Consolidated Statements of Operations

Exchange Rate (¥/USD)	116	111
Naphtha Price (¥/KL)	50,000	42,400

	(Billions of Yen)			
	FY 2006	FY 2005	Differences	Rate of Differences
<b>Net Sales</b>	2,622.8	2,408.9	213.9	8.9%
<b>Operating Income</b>	128.6	133.6	(5.0)	(3.8%)
Income (expenses) on financing activities	(6.2)	(5.0)	(1.2)	
[Dividend income included in above]	[4.5]	[4.4]	[0.1]	
Other non-operating income (expenses)	3.7	2.1	1.6	
Equity in earnings of non-consolidated subsidiaries and affiliates	15.2	12.9	2.3	(Note 1)
<b>Ordinary Income</b>	141.3	143.6	(2.3)	(1.6%)
Extraordinary gain (loss)	(3.5)	(28.5)	25.0	
<b>Income Before Income Taxes</b>	137.8	115.1	22.7	19.8%
Current and deferred income taxes	(Note 2) 33.4	(20.3)	(13.1)	
Minority interests in consolidated subsidiaries	(Note 3) (4.1)	(9.2)	5.1	
<b>Net Income</b>	100.3	85.6	14.7	17.3%

(Note 1) Increase in net income of Mitsubishi Engineering-Plastics Corp., due to dividend income from an overseas subsidiary, etc.

(Note 2) Tax refund for transferring treasury stock, etc.

(Note 3) Mitsubishi Pharma Corporation became a wholly owned subsidiary of MCHC since October 2005, etc.

## Consolidated Statements of Operations by Business Segments

(Billions of Yen)

Prospects Disclosed on Nov. 9, 2006	Net Sales			Analysis of Differences		
	FY2006	FY2005	Differences	Sales Price	Sales Volume	Others
<b>2,600.0</b>	<b>2,622.8</b>	<b>2,408.9</b>	<b>213.9</b>	<b>113.7</b>	<b>70.9</b>	<b>29.3</b>
1,231.0	1,246.4	1,087.3	159.1	136.1	15.6	7.4
909.0	925.2	874.7	50.5	(8.8)	50.7	8.6
521.0	525.7	501.5	24.2	(12.8)	31.3	5.7
388.0	399.5	373.2	26.3	4.0	19.4	2.9
306.0	304.7	312.6	(7.9)	(13.7)	5.8	-
154.0	146.5	134.3	12.2	0.1	(1.2)	13.3

(Billions of Yen)






Prospects Disclosed on Nov. 9, 2006	Operating Income			Analysis of Differences				Price Differences	
	FY2006	FY2005	Differences	Price Differences	Volume Differences	Costs Differences	Others	Sales	Purchase
<b>127.0</b>	<b>128.6</b>	<b>133.6</b>	<b>(5.0)</b>	<b>(26.7)</b>	<b>33.1</b>	<b>4.7</b>	<b>(16.1)</b>	<b>113.7</b>	<b>(140.4)</b>
23.0	28.2	33.7	(5.5)	1.1	5.1	(2.7)	(9.0)	136.1	(135.0)
63.0	59.3	65.8	(6.5)	(14.7)	16.0	(0.7)	(7.1)	(8.8)	(5.9)
37.0	35.0	43.0	(8.0)	(9.0)	9.8	(1.7)	(7.1)	(12.8)	3.8
26.0	24.3	22.8	1.5	(5.7)	6.2	1.0	-	4.0	(9.7)
41.0	39.6	36.2	3.4	(13.2)	9.9	6.7	-	(13.7)	0.5
9.0	10.6	9.0	1.6	0.1	2.1	(0.6)	-	0.1	-
(9.0)	(9.1)	(11.1)	2.0	-	-	2.0	-	-	-

## Consolidated Statements of Operations: Petrochemicals Segment

(Billions of Yen)

Net Sales	Increase in sales due to soaring naphtha prices, and sales price increase in PTA, polypropylene and SM.
Operating Income	Drop in profit due to lower sales margin in PTA, losses by plant troubles and decreased inventory valuation gains, despite upper sales margin of other petrochemical products.

	Net Sales			Operating Income		
	FY2006	FY2005	Differences	FY2006	FY2005	Differences
<b>Petrochemicals</b>	<b>1,246.4</b>	<b>1,087.3</b>	<b>159.1</b>	<b>28.2</b>	<b>33.7</b>	<b>(5.5)</b>

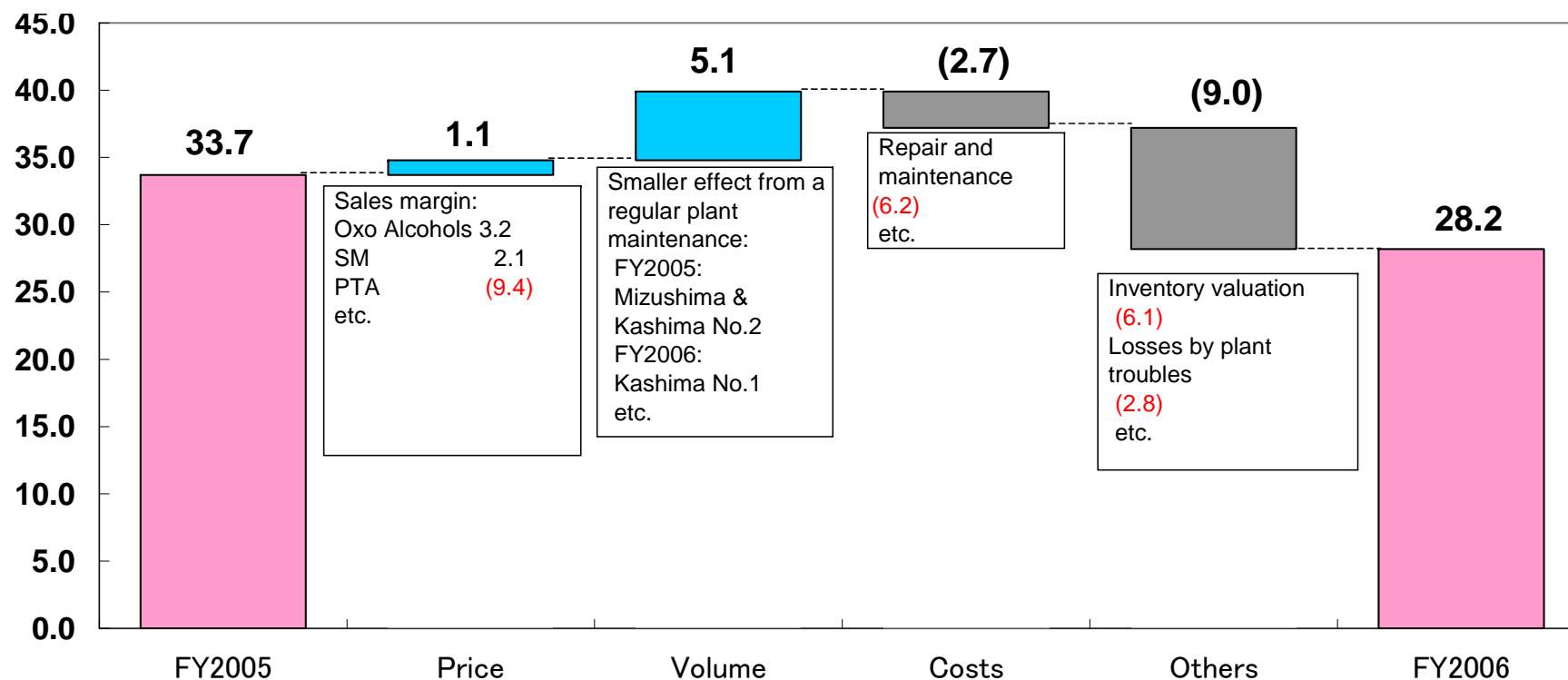
Mitsubishi Chemical Corporation	908.3	781.6	126.7		Increase in profit due to upper sales margin in oxo alcohols, SM etc.: a smaller effect from regular plant maintenance compared to FY2005; and increase in PTA technology licensing fee, despite decreased inventory valuation gains.
Japan Polypropylene Corporation	177.7	156.0	21.7		Drop in profit due to decreased inventory valuation gain.
PT. Mitsubishi Chemical Indonesia MCC PTA India Corp. Private Limited DIA Terephthalic Acid Corporation	148.1	140.8	7.3		Shrink in PTA margin due to soaring PX prices, and plant mechanical troubles.
Yuka Seraya Private Limited	82.2	74.3	7.9		Decrease in deficit, due to fixed cost reduction and slightly higher sales margin.
V-Tech Corporation	41.6	35.7	5.9		Drop in profit due to shrink in sales margin caused by soaring naphtha prices, despite raising price of products.

	FY2006	FY2005	Differences
Inventory valuation gain	5.0	11.1	(6.1)
Regular plant maintenance	(4.5)	(7.7)	3.2
Losses by plant troubles	(6.1)	(3.3)	(2.8)

## Analysis of Operating Income (FY2005 vs. FY2006): Petrochemicals Segment

	FY2006	FY2005	Differences
Inventory valuation gain	5.0	11.1	(6.1)
Regular plant maintenance	(4.5)	(7.7)	3.2
Losses by plant troubles	(6.1)	(3.3)	(2.8)

(Billions of Yen)



## Consolidated Statements of Operations: Performance and Functional Products Segment (Performance Products)






(Billions of Yen)

	Net Sales			Operating Income		
	FY2006	FY2005	Differences	FY2006	FY2005	Differences
<b>Performance and Functional Products</b>	<b>925.2</b>	<b>874.7</b>	<b>50.5</b>	<b>59.3</b>	<b>65.8</b>	<b>(6.5)</b>

### Performance Products

Net Sales	Increase in sales of optical recording media and semiconductor related product, and sales price increase of carbon black and other carbon products.
Operating Income	Drop in profit of coking coal business due to negative effect from raw materials, and shrink in margin of coking coal for overseas market.

<b>Performance Products</b>	<b>525.7</b>	<b>501.5</b>	<b>24.2</b>	<b>35.0</b>	<b>43.0</b>	<b>(8.0)</b>
-----------------------------	--------------	--------------	-------------	-------------	-------------	--------------

Mitsubishi Chemical Corporation	212.0	205.5	6.5	(Performance Products)  (Carbon Businesses) 	Increase in profit, due to sales increase in OPC, toner and compound-semiconductor.  Drop in profit of coking coal business due to negative effect from price variance in inventories of raw material, and shrink in margin of coking coal for overseas market.
Mitsubishi Kagaku Media and Verbatim Group	92.4	79.0	13.4		Increase in profit, due to strong sales volume of optical recording media exceeding the sales prices drop.
The Kansai Coke and Chemicals Co., Ltd	78.0	75.6	2.4		Steady profit, despite increase of fixed costs.
Nippon Kasei Chemical Co., Ltd.	37.2	34.0	3.2		Increase in profit, due to strong sales volume in functional additive, etc., offsetting shrink in margin due to high raw materials (Methanol) prices.

	FY2006	FY2005	Differences
Inventory valuation gain/loss (Carbon)	(1.5)	6.1	(7.6)



## Consolidated Statements of Operations: Performance and Functional Products Segment (Functional Products)

(Billions of Yen)

	Net Sales			Operating Income		
	FY2006	FY2005	Differences	FY2006	FY2005	Differences
<b>Performance and Functional Products</b>	<b>925.2</b>	874.7	50.5	<b>59.3</b>	65.8	<b>(6.5)</b>

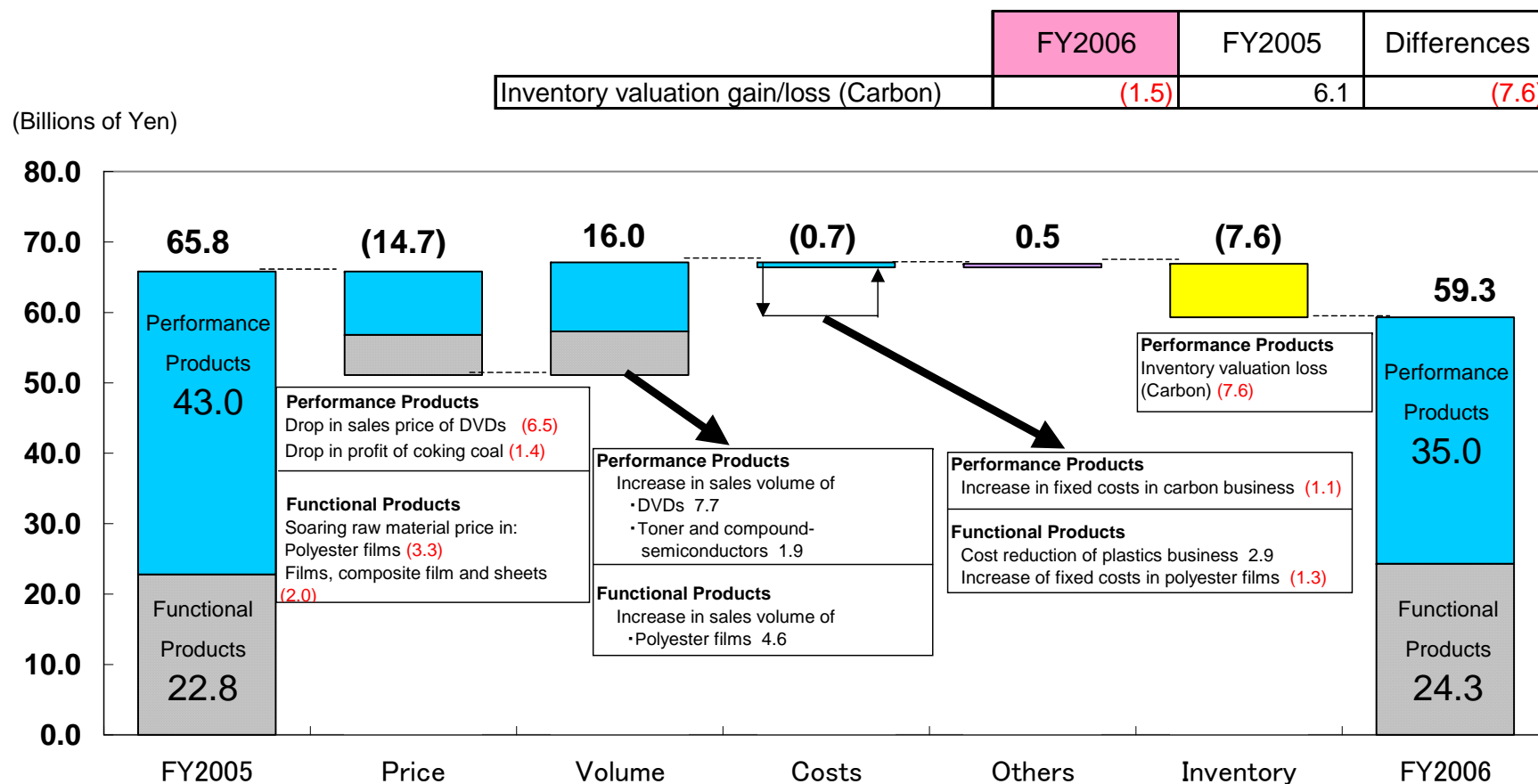
### Functional Products

Net Sales	Strong demand in polyester films, carbon, alumina fiber and composite materials.
Operating Income	<b>Increase in profit, due to strong demand in polyester films and cost reduction in plastics business, offsetting higher raw material prices.</b>

	Net Sales			Operating Income		
	FY2006	FY2005	Differences	FY2006	FY2005	Differences
<b>Functional Products</b>	<b>399.5</b>	373.2	26.3	<b>24.3</b>	22.8	1.5
Mitsubishi Plastics Group	193.8	186.2	7.6	9.9⇒10.7		Pass-through price and cost reduction offset rise in raw material costs.
Mitsubishi Polyester Film Group	99.5	88.3	11.2			Strong sales for especially display related products in domestic market offset drop in margin owing to higher raw material costs.
Mitsubishi Chemical Functional Products, Inc.	52.4	45.1	7.3			Strong sales volume offset rise in raw material costs.



## Analysis of Operating Income (FY2005 vs. FY2006): Performance and Functional Products Segment

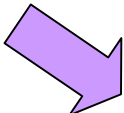


## Consolidated Statements of Operations: Health Care Segment

(Billions of Yen)

Net Sales	Decrease in sales due to National Health Insurance (NHI) price revision of pharmaceuticals.
Operating Income	Increase in profit due to expansion in sales volume of major pharmaceuticals and decrease in SG&A expenses, despite NHI price revision of pharmaceuticals.

	Net Sales			Operating Income		
	FY2006	FY2005	Differences	FY2006	FY2005	Differences
Health Care	304.7	312.6	(7.9)	39.6	36.2	3.4

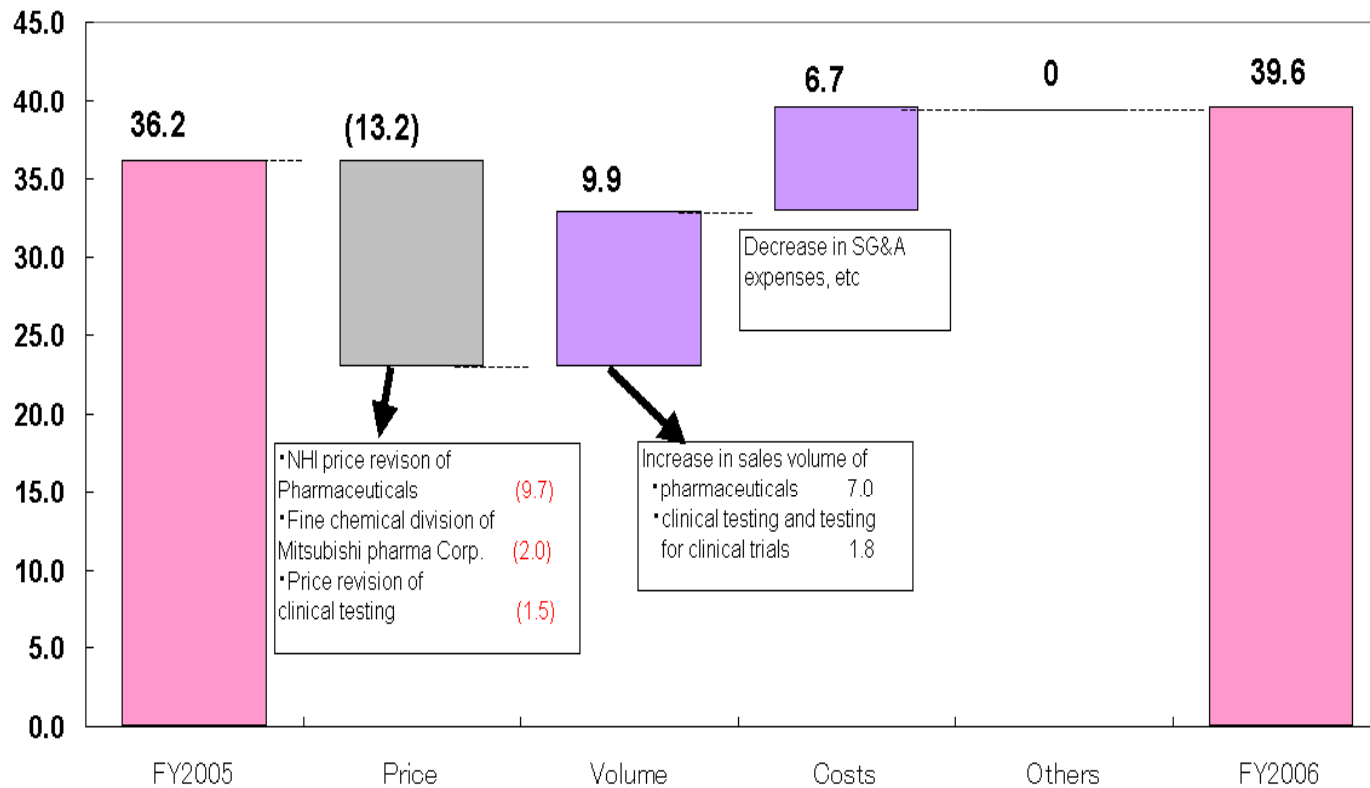
Mitsubishi Pharma Group (Consolidated) *1	227.5	236.2	(8.7)	36.2⇒39.9	Increase in profit due to increase in sales volume and decrease in SG&A expenses, despite NHI price revision of pharmaceuticals.
Diagnostics and Support for Drug Discovery Business Group *2	68.6	67.9	0.7		Drop in profit due to increase of fixed costs, despite increase in sales revenue for clinical testing and testing for clinical trials.

\*1 Included API Corporation

\*2 Sum up of Mitsubishi Kagaku Bio-Clinical Laboratories, Inc. , Mitsubishi Kagaku Iatron, Inc. , Mitsubishi Chemical Safety Institute Ltd.

## Analysis of Operating Income (FY2005 vs. FY2006): Health Care Segment

(Billions of Yen)



## Consolidated Statement of Operations: Others

(Billions of Yen)

Net Sales	Kyowa Business, newly consolidated
Operating Income	Increase in profit, due to the newly consolidated company

	Net Sales			Operating Income		
	FY2006	FY2005	Differences	FY2006	FY2005	Differences
<b>Others</b>	<b>146.5</b>	<b>134.3</b>	<b>12.2</b>	<b>10.6</b>	<b>9.0</b>	<b>1.6</b>

Mitsubishi Chemical Engineering Corporation	154.2	141.1	13.1	➡	Steady profit
Mitsubishi Chemical Logistics Corporation	86.5	85.1	1.4	➡	Steady profit

## Consolidated Extraordinary Gain/Loss

(Billions of Yen)

	FY 2006	FY 2005	Differences
<b>Total</b>	<b>(3.5)</b>	<b>(28.5)</b>	<b>25.0</b>
<b>Extraordinary Gain</b>	<b>11.4</b>	<b>5.9</b>	<b>5.5</b>
Gain on sale of securities and investment securities	6.6	1.9	4.7
Gain on sale of property, plant and equipment	3.2	2.4	0.8
Others	1.6	1.6	0.0
<b>Extraordinary Loss</b>	<b>(14.9)</b>	<b>(34.4)</b>	<b>19.5</b>
Loss on sale and disposal of property, plant and equipment	(6.0)	(8.9)	2.9
Loss on sale and disposal of business in subsidiaries and affiliates	(3.1)	(20.8)	17.7
Others	(5.8)	(4.7)	(1.1)

## Consolidated Balance Sheets

(Billions of Yen)	March 31, 2007	March 31, 2006	Differences
Current Assets	1,145.8	988.4	157.4
Fixed Assets	759.8	708.8	51.0
Investments and other assets	413.2	429.4	(16.2)
<b>Total Assets</b>	<b>2,318.8</b>	<b>2,126.6</b>	<b>192.2</b>
Current Liabilities	1,010.7	891.2	119.5
Fixed Liabilities	549.3	510.5	38.8
Net Assets	758.8	724.9	33.9
[Shareholders' equity]	[712.2]	[656.1]	[56.1]
<b>Total Liabilities &amp; Shareholders' equity</b>	<b>2,318.8</b>	<b>2,126.6</b>	<b>192.2</b>

Shareholders' equity=Net assets - Minority interest - Share warrant

	March 31, 2007	March 31, 2006	Differences
Short-term and Long-term debt, Commercial paper and Bonds	739.7	636.7	103.0
Discounted notes payable	3.6	3.2	0.4
<b>Interest bearing debt</b>	<b>743.3</b>	<b>639.9</b>	<b>103.4</b>
Debt-equity ratio	1.04	0.98	0.06

Debt-equity ratio: Interest-bearing debt/Shareholders' equity

Ratio of shareholders' equity to total assets	30.7%	30.9%	(0.2%)
Currency exchange rate (¥/USD)	119.11	118.07	1.04

### Main reasons of differences

#### Total Assets (+192.2)

- Increase of Accounts receivables(+90.6) mainly due to the influence of the term-end holiday.
- Increase of Inventory(+44.9) due to surging raw material prices.
- Increase of fixed assets(+37.8) due to capital expenditures which were more than depreciation.

#### Total Liabilities(+158.3)

- Increase of Accounts payables(+48.4) mainly due to the influence of the term-end holiday.
- Increase of interest bearing debt due to stock acquisition of Mitsubishi Plastics Inc. by takeover bid (+34.5)

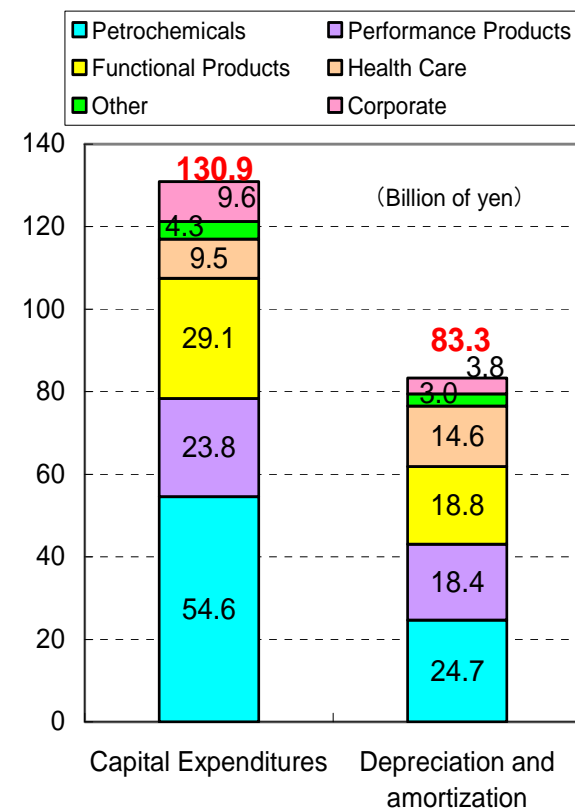
#### Net assets(+33.9)

- Increase by net income(+100.3)
- Dividend payment (20.6)
- Decrease of minority interests caused by stock acquisition of Mitsubishi Plastics Inc. by takeover bid (24.6)
- Decrease of taxes expenses caused by the purchase of treasury stocks from consolidated subsidiaries (22.1) etc

## Consolidated Statements of Cash Flows

(Billions of Yen)	FY2006	FY2005
<b>Net Cash Provided by Operating Activities</b>	<b>63.3</b>	<b>179.8</b>
Income before income taxes	137.8	115.1
Depreciation and amortization	83.3	88.2
Decrease(Increase) in trade receivables and increase(decrease) in trade payable	(*1) (35.3)	32.4
Increase in inventories	(38.0)	(34.3)
Income taxes paid and other, net	(*1) (84.5)	(21.6)
<b>Net Cash Used in Investing Activities</b>	<b>(133.4)</b>	<b>(74.4)</b>
Payment for purchases of property, plant and equipment	(*2) (114.1)	(97.4)
Payment for purchases of investment securities	(*3) (45.1)	(4.7)
Proceeds from sales of fixed assets and investment securities and other, net	25.8	27.7
<b>Free Cash Flows</b>	<b>(70.1)</b>	<b>105.4</b>
<b>Net Cash Provided by Financing Activities</b>	<b>74.5</b>	<b>(97.2)</b>
(Cash dividend paid)	(20.6)	(19.6)

Capital Expenditures  
Depreciation and Amortization



Notes

- (\*1) Included (1) Increase of Accounts Recievable/Payable due to the influence of the term-end holiday (26.1)  
(2) Payment of withholding tax for transferring treasury stock (27.5)
- (\*2) The difference from 'Capital Expenditures (graph of the right side)' was caused by the influence of Account Payable on capital expenditure
- (\*3) Included (34.5), caused by the stock acquisition of Mitsubishi Plastics Inc. by takeover bid

## Forecast of FY2007



## Consolidated Statements of Operations (FY2007 Forecast)

	Full year	1st half	2nd half	FY2006
Exchange Rate(¥/USD)	115	115	115	116
Naphtha Price(¥/KL)	55,000	55,000	55,000	50,000

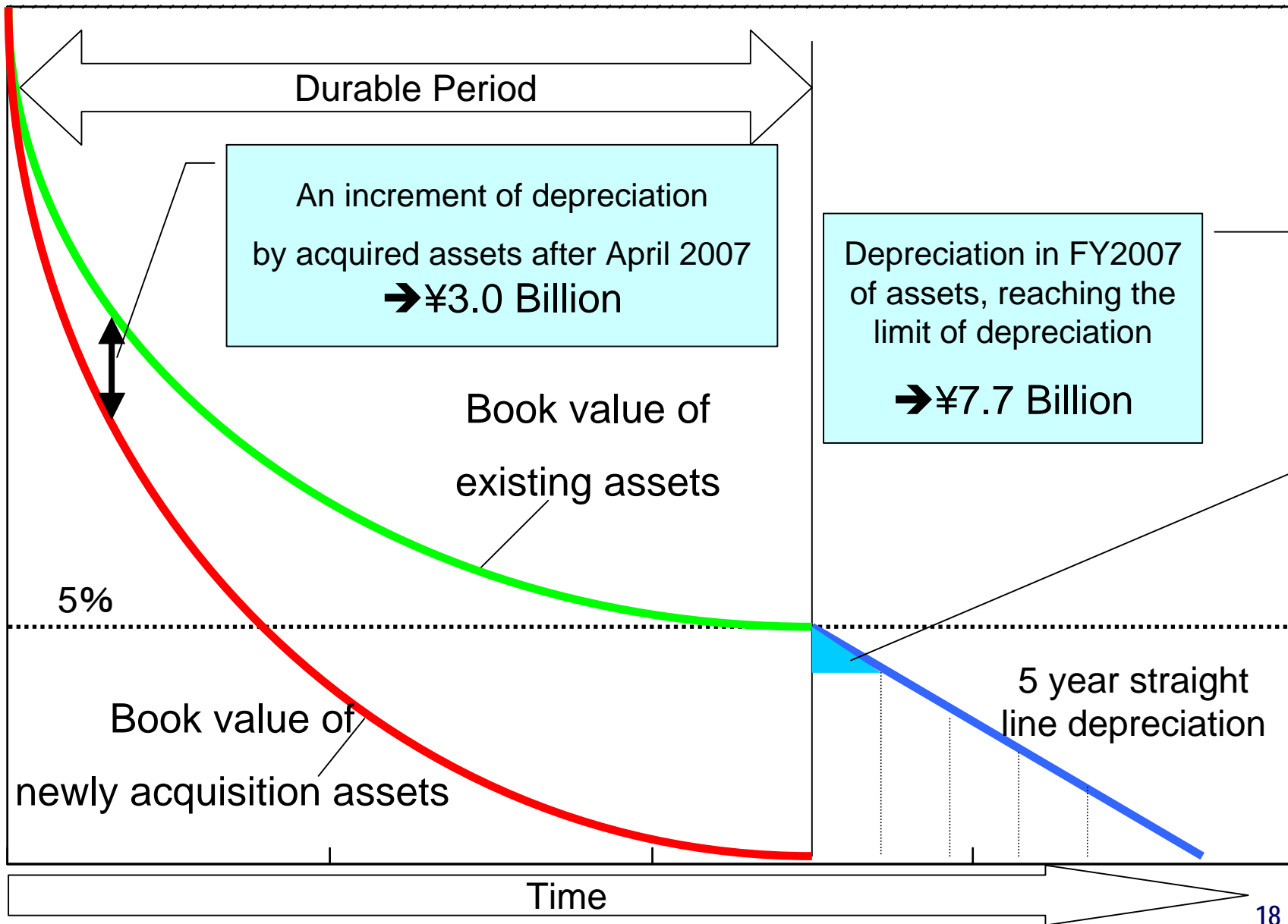
(Billions of Yen)

	FY2007 Forecast	FY2006 Actual	Differences
<b>Net Sales</b>	<b>2,900.0</b>	<b>2,622.8</b>	<b>277.2</b>
<b>Operating Income</b>	<b>148.0</b>	<b>128.6</b>	<b>19.4</b>
Income (Expenses) on financing activities	(9.0)	(6.2)	(2.8)
[Dividend income included in above]	[4.8]	[4.5]	[0.3]
Other non-operating income (expenses)	(5.0)	3.7	(8.7)
Equity in earnings of non-consolidated subsidiaries and affiliates	11.0	15.2	(4.2)
<b>Ordinary Income</b>	<b>145.0</b>	<b>141.3</b>	<b>3.7</b>
Extraordinary gain (loss)	108.0	(3.5)	111.5
<b>Income Before Income Taxes</b>	<b>253.0</b>	<b>137.8</b>	<b>115.2</b>
Income taxes	(54.0)	(33.4)	(20.6)
Minority interests in consolidated subsidiaries	(13.0)	(4.1)	(8.9)
<b>Net Income</b>	<b>186.0</b>	<b>100.3</b>	<b>85.7</b>

FY2007 Forecast				FY2006	Comparative Differences*
Change of the Regulation on Depreciation	Reorganization				
	Pharmaceuticals	Functional Products	Treasury Stock		
-	-	-	-	-	277.2
(10.7)	(2.8)	(1.1)	-	-	34.0
-	-	(0.6)	-	-	(2.2)
-	-	-	-	-	[0.3]
-	-	-	-	-	(8.7)
(0.3)	-	-	-	-	(3.9)
(11.0)	(2.8)	(1.7)	-	-	19.2
-	114.0	(0.8)	-	-	(1.7)
(11.0)	111.2	(2.5)	-	-	17.5
4.3	1.5	0.6	(21.8)	-	(5.2)
-	0.4	2.3	-	-	(11.6)
(6.7)	113.1	0.4	(21.8)	-	0.7

\* Comparative Differences are calculated by excluding the effect of above topics to show the comparative figures against FY 2006.

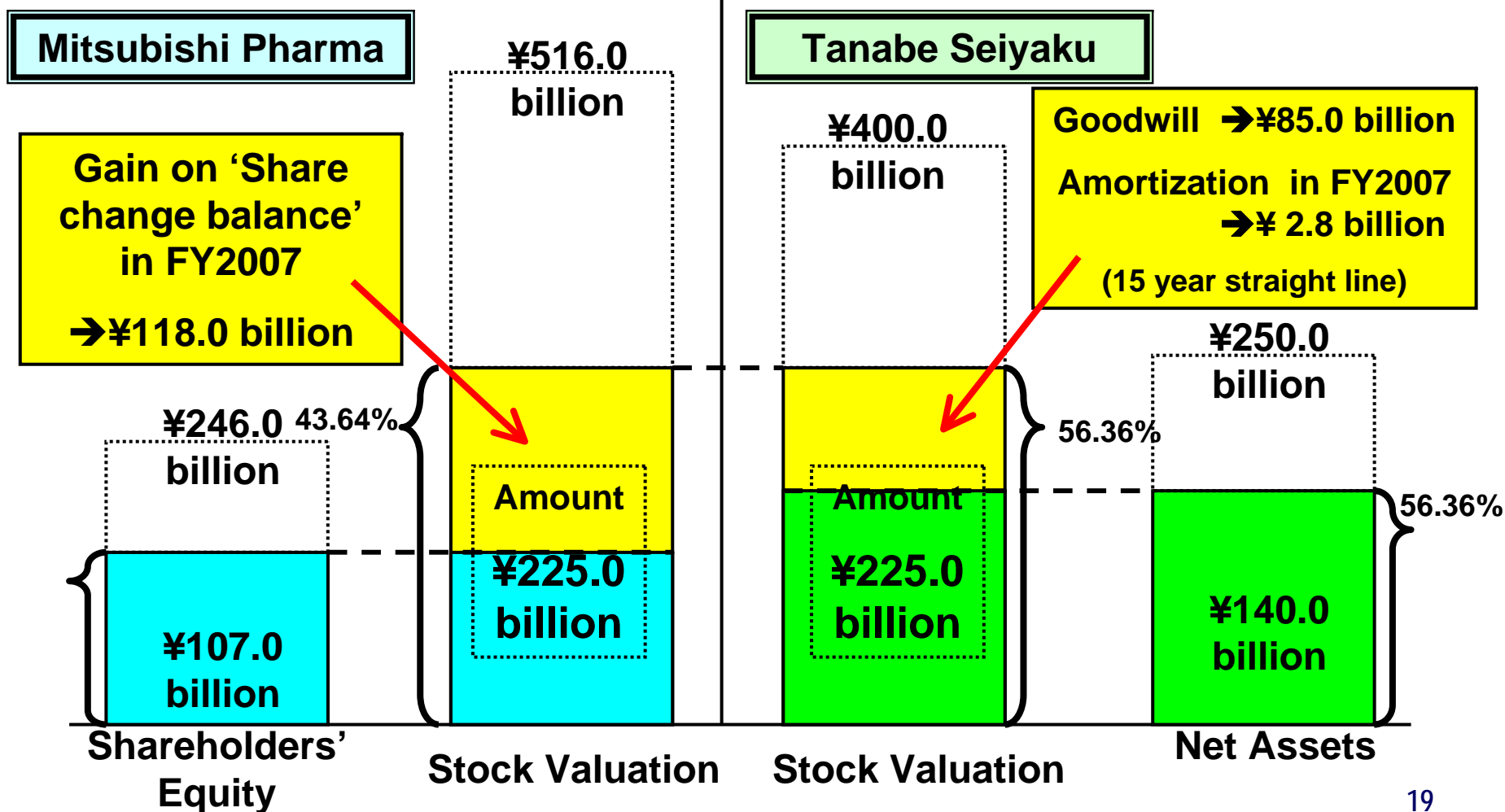
### Impact on Abrogation of Depreciable Limit



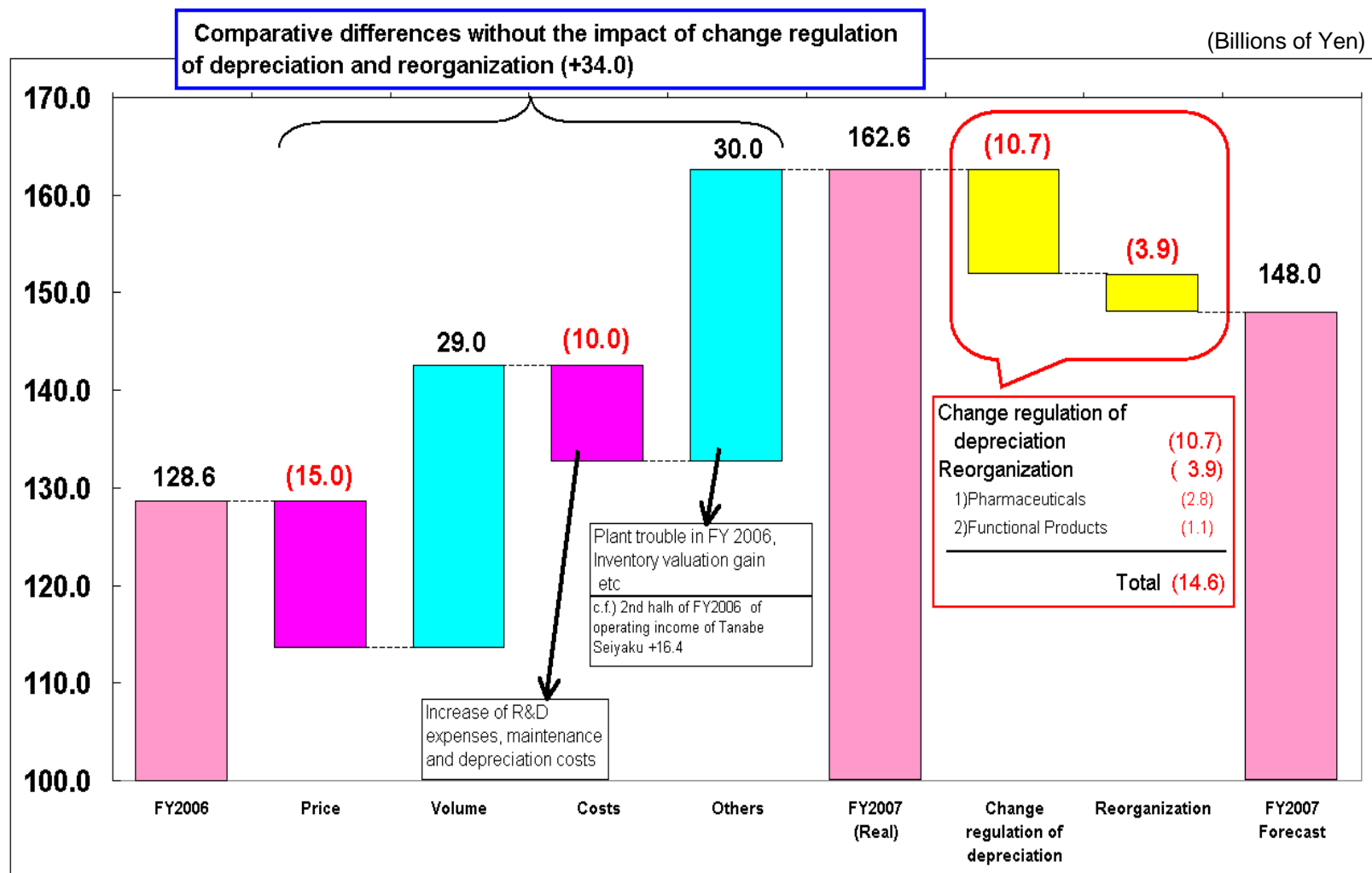
## Reorganization of Pharmaceutical Business

1) Sales of 43.64% share of Mitsubishi Pharma

2) Purchase of 56.36% share of Tanabe Seiyaku



# Analysis of Operating Income



## Consolidated Statement of Operations by Business Segments (FY2007 Forecast)

		Net sales			Operating income			Change of the regulation on depreciation	Reorganization	Operating Income (Comparative) FY2007	Differences (Comparative)*
		FY2007 Forecast	FY2006	Differences	FY2007 Forecast	FY2006	Differences				
Total	1st half	1,370.0	1,263.5	106.5	61.0	56.6	4.4	(4.7)	(0.5)	66.2	9.6
	2nd half	1,530.0	1,359.3	170.7	87.0	72.0	15.0	(6.0)	(3.4)	96.4	24.4
	Full year	2,900.0	2,622.8	277.2	148.0	128.6	19.4	(10.7)	(3.9)	162.6	34.0
Petrochemicals	1st half	680.0	604.4	75.6	15.0	7.5	7.5	(1.9)		16.9	9.4
	2nd half	710.0	658.8	51.2	18.0	21.6	(3.6)	(2.3)		20.3	(1.3)
	Full year	1,390.0	1,263.2	126.8	33.0	29.1	3.9	(4.2)		37.2	8.1
Performance and Functional Products	1st half	460.0	447.4	12.6	27.0	27.6	(0.6)	(1.7)	(0.5)	29.2	1.6
	2nd half	470.0	461.0	9.0	33.0	30.8	2.2	(2.1)	(0.6)	35.7	4.9
	Full year	930.0	908.4	21.6	60.0	58.4	1.6	(3.8)	(1.1)	64.9	6.5
Performance Products	1st half	260.0	258.6	1.4	16.0	16.0	0.0	(1.2)		17.2	1.2
	2nd half	270.0	267.1	2.9	20.0	19.0	1.0	(1.5)		21.5	2.5
	Full year	530.0	525.7	4.3	36.0	35.0	1.0	(2.7)		38.7	3.7
Functional Products	1st half	200.0	188.8	11.2	11.0	11.6	(0.6)	(0.5)	(0.5)	12.0	0.4
	2nd half	200.0	193.9	6.1	13.0	11.8	1.2	(0.6)	(0.6)	14.2	2.4
	Full year	400.0	382.7	17.3	24.0	23.4	0.6	(1.1)	(1.1)	26.2	2.8
Health Care	1st half	160.0	150.1	9.9	21.0	20.3	0.7	(0.4)		21.4	1.1
	2nd half	250.0	154.6	95.4	37.0	19.3	17.7	(0.6)	(2.8)	40.4	21.1
	Full year	410.0	304.7	105.3	58.0	39.6	18.4	(1.0)	(2.8)	61.8	22.2
Others	1st half	70.0	61.6	8.4	4.0	4.8	(0.8)	(0.1)		4.1	(0.7)
	2nd half	100.0	84.9	15.1	6.0	5.8	0.2	(0.2)		6.2	0.4
	Full year	170.0	146.5	23.5	10.0	10.6	(0.6)	(0.3)		10.3	(0.3)
Corporate	1st half				(6.0)	(3.6)	(2.4)	(0.6)		(5.4)	(1.8)
	2nd half				(7.0)	(5.5)	(1.5)	(0.8)		(6.2)	(0.7)
	Full year				(13.0)	(9.1)	(3.9)	(1.4)		(11.6)	(2.5)

\*Comparative differences are calculated by excluding the effect of above topics to show the comparative figures against FY2006.

(Note) Figures of FY2006 were rearranged according to the change of new segmentation.

## Consolidated Statement of Operations (FY2007 Forecast): Petrochemicals Segment

Net Sales	Increase in sales due to start up of new PTA plant, market price rise and naphtha's price increase.
Operating Income	Increase in profit due to the effect of the trouble in the previous fiscal year and increase of derivative products sales, despite the depreciation costs increase.

	Net Sales			Operating Income		
	FY2007 Forecast	FY2006	Differences	FY2007 Forecast	FY2006	Differences
<b>Petrochemicals</b>	<b>1,390.0</b>	1,263.2	126.8	<b>33.0</b>	29.1	3.9
				<b>(4.2)</b>		<b>(4.2)</b>
				<b>Petrochemicals (Comparative*)</b>	29.1	8.1

Mitsubishi Chemical Corporation	938.6	908.3	30.3	➡	Decrease in profit due to cost increase, PTA technical fee lessen and shrinking in EG margin, in spite of the mechanical trouble and a smaller effect from regular plant maintenance compared to the previous year.
Japan Polypropylene Corporation	199.8	177.7	22.1	➡	Increase in profit due to increase in sales volume and rationalization.
PT. Mitsubishi Chemical Indonesia MCC PTA India Corp. Private Limited Ningbo Mitsubishi Chemical Co., Ltd. DIA Terephthalic Acid Corporation	242.6	148.1	94.5	➡	Decrease the deficit due to fixed cost reduction in Indonesia and new plant start in China, despite the increase in PTA margin would be delayed.
Yuka Seraya Private Limited	62.4	82.2	(19.8)	➡	Decrease the deficit due to sales volume reduction and increase in margin.
V-Tech Corporation	40.3	41.6	(1.3)	➡	Steady profit, due to full-year contribution of sales price raise, in spite of the larger plant maintenance in Mizushima.

	FY2007 Forecast	FY2006	Differences
Full year			
Inventory evaluation gain	7.5	5.0	2.5
regular plant maintenance	(3.6)	(4.5)	0.9
Losses by plant troubles		(6.1)	6.1

(Note) Figures of FY2006 were rearranged according to the change of new segmentation.

\* Comparative Differences are calculated by excluding the effect of above topics to show the comparative figures against FY 2006.

## Consolidated Statements of Operations (FY2007 Forecast): Performance and Functional Products Segment: Performance Products

(Billions of Yen)

	Net Sales			Operating Income		
	FY2007 Forecast	FY2006	Differences	FY2007 Forecast	FY2006	Differences
<b>Performance and Functional Products</b>	<b>930.0</b>	<b>908.4</b>	<b>21.6</b>	<b>60.0</b>	<b>58.4</b>	<b>1.6</b>
				(3.8)		(3.8)
				(1.1)		(1.1)
<b>Performance and Functional Products (Comparative*)</b>	<b>64.9</b>	<b>58.4</b>	<b>6.5</b>			

### Performance Products

Net Sales	Increase in net sales, due to strong demand especially in OPC and toner, offsetting drop in sales price of coking coal.
Operating Income	Increase in profit, due to strong demand of OPC and toner and improved margin of carbon black and other carbon products, despite the price decline of DVDs.

<b>Performance Products</b>	<b>530.0</b>	<b>525.7</b>	<b>4.3</b>	<b>36.0</b>	<b>35.0</b>	<b>1.0</b>
				(2.7)		(2.7)
<b>Performance Products (Comparative*)</b>	<b>38.7</b>	<b>35.0</b>	<b>3.7</b>			

Mitsubishi Chemical Corporation	205.4	212.0	(6.6)	( Performance Products )	Increase in profit due to steady demand of display-related and compound semiconductors, despite shrinking margin in OPC and toner.
				( Carbon Businesses )	Improvement in the sales margin of the carbon black and industrial rubber.
Mitsubishi Kagaku Media Co., Ltd. and Verbatim Group	94.6	92.4	2.2		Decrease in profit due to declining sales prices in DVD, despite strong sales volume.
The Kansai Coke and Chemicals Co., Ltd.	70.6	78.0	(7.4)		Steady profit.
Nippon Kasei Chemical Co., Ltd.	36.9	37.2	(0.3)		Slight increase in profit due to improving sales margin.

	FY2007 Forecast	FY2006	Differences
Inventory valuation gain/loss	0.0	(1.5)	1.5

\*Comparative differences are calculated by excluding the effect of above topics to show the comparative figures against FY2006.

## Consolidated Statements of Operations (FY2007 Forecast): Performance and Functional Products Segment: Functional Products

(Billions of Yen)

	Net Sales			Operating Income		
	FY2007 Forecast	FY2006	Differences	FY2007 Forecast	FY2006	Differences
<b>Performance and Functional Products</b>	<b>930.0</b>	<b>908.4</b>	<b>21.6</b>	<b>60.0</b>	<b>58.4</b>	<b>1.6</b>
(Note) Figures of FY2006 were rearranged according to the change of new segmentation.				The change of the depreciation regulation		(3.8)
				Reorganization		(1.1)
				<b>Performance and Functional Products (Comparative*)</b>	<b>64.9</b>	58.4

### Functional Products

Net sales	Increase in net sales due to capacity increase in polyester film, carbon fiber, and alumina fiber.
Operating Income	Increase in profit due to increase in sales volume and cost reduction in plastics business.

<b>Functional Products</b>	<b>400.0</b>	<b>399.5</b>	<b>0.5</b>	<b>24.0</b>	<b>23.4</b>	<b>0.6</b>	
				The change of the depreciation regulation		(1.1)	
				Reorganization		(1.1)	
				<b>Functional Products (Comparative*)</b>	<b>26.2</b>	23.4	2.8

Mitsubishi Plastics Group	190.0	193.8	(3.8)	➡	Steady profit due to sales price revision and cost reduction, despite increased fixed costs.
Mitsubishi Polyester Film Group (Consolidated)	108.2	99.5	8.7	➡	Increase in profit due to increase in sales volume and improved profitability in the overseas market, despite increasing fixed costs and higher raw material price.
Mitsubishi Chemical Functional Products, Inc.	57.3	52.4	4.9	➡	Steady profit as strong sales volume offset fixed cost increase.

\*Comparative differences are calculated by excluding the effect of above topics to show the comparative figures against FY2006.




## Consolidated Statements of Operations (FY2007 Forecast): Health Care Segment

(Billions of Yen)

Net Sales	Increase in net sales due to merger in pharmaceutical business and increase in sales volume from additional indication of current pharmaceutical.
Operating Income	Increase in profit due to merger in pharmaceutical business and increase in sales volume from additional indication.

	Net Sales			Operating Income		
	FY2007 Forecast	FY2006	Differences	FY2007 Forecast	FY2006	Differences
Health Care	410.0	304.7	105.3	58.0	39.6	18.4
			The change of the depreciation regulation	(1.0)		(1.0)
			Reorganization	(2.8)		(2.8)
			<b>Health Care (Comparative*)</b>	<b>61.8</b>	39.6	22.2

New Pharmaceutical Company Group**	330.0	227.5	102.5	55.0	Increase in profit due to merger in pharmaceutical business and increase in sales volume from additional indication.
Mitsubishi Chemical Medience Group***	77.0	68.6	8.4		Increase in sales for clinical testing and testing for clinical trials.

\*Comparative differences are calculated by excluding the effect of above topics to show the comparative figures against FY2006.

\*\*API Corporation included

\*\*\*In FY2006, sum up of Mitsubishi Kagaku Bio-Clinical Laboratories, inc., Mitsubishi Kagaku Iatron, Inc., and Mitsubishi Chemical Safety Institute Ltd.

## Consolidated Statements of Operations (FY2007 Forecast): Others

(Billions of Yen)

<b>Net sales</b>	Sales increase in engineering business.
<b>Operating income</b>	<b>Steady profit level.</b>

	Net Sales			Operating Income		
	FY2007 Forecast	FY2006	Differences	FY2007 Forecast	FY2006	Differences
<b>Others</b>	<b>170.0</b>	<b>146.5</b>	<b>23.5</b>	<b>10.0</b>	<b>10.6</b>	<b>(0.6)</b>
			The change of the depreciation regulation	<b>(0.3)</b>		<b>(0.3)</b>
			<b>Others (Comparative*)</b>	<b>10.3</b>	10.6	<b>(0.3)</b>

Mitsubishi Chemical Engineering Corporation	177.6	154.2	23.4	➡	Steady profit as previous fiscal year.
Mitsubishi Chemical Logistics Corporation	87.3	86.5	0.8	➡	Steady profit as previous fiscal year.

\*Comparative differences are calculated by excluding the effect of above topics to show the comparative figures against FY2006.

## Consolidated Extraordinary Gain/Loss (FY2007 Forecast)

(Billions of Yen)

	FY2007 Forecast			FY2006	Differences
	Full Year	1st Half	2nd Half		
<b>Total</b>	<b>108.0</b>	<b>(6.0)</b>	<b>114.0</b>	<b>(3.5)</b>	<b>111.5</b>
<b>Extraordinary Gain</b>	<b>121.0</b>	<b>1.0</b>	<b>120.0</b>	<b>11.4</b>	<b>109.6</b>
Gain on sale of securities and investment securities	0.9	0.6	0.3	6.6	(5.7)
Gain on share change balance	118.0	-	118.0	-	118.0
Others	2.1	0.4	1.7	4.8	(2.7)
<b>Extraordinary Loss</b>	<b>(13.0)</b>	<b>(7.0)</b>	<b>(6.0)</b>	<b>(14.9)</b>	<b>1.9</b>
Loss on sale and disposal of property, plant and equipment	(4.4)	(2.7)	(1.7)	(6.0)	1.6
Expenses for reorganization of Pharmaceutical business	(4.0)	(2.5)	(1.5)	-	(4.0)
Loss on sale and disposal of subsidiaries and affiliates' business	0.0	0.0	0.0	(3.1)	3.1
Others	(4.6)	(1.8)	(2.8)	(5.8)	1.2

## Reference

## Rearrangement of Sales/Operating Income by the Segmentation Change

Several businesses and subsidiaries were/would be reclassified.  
The differences according to this change are as below;

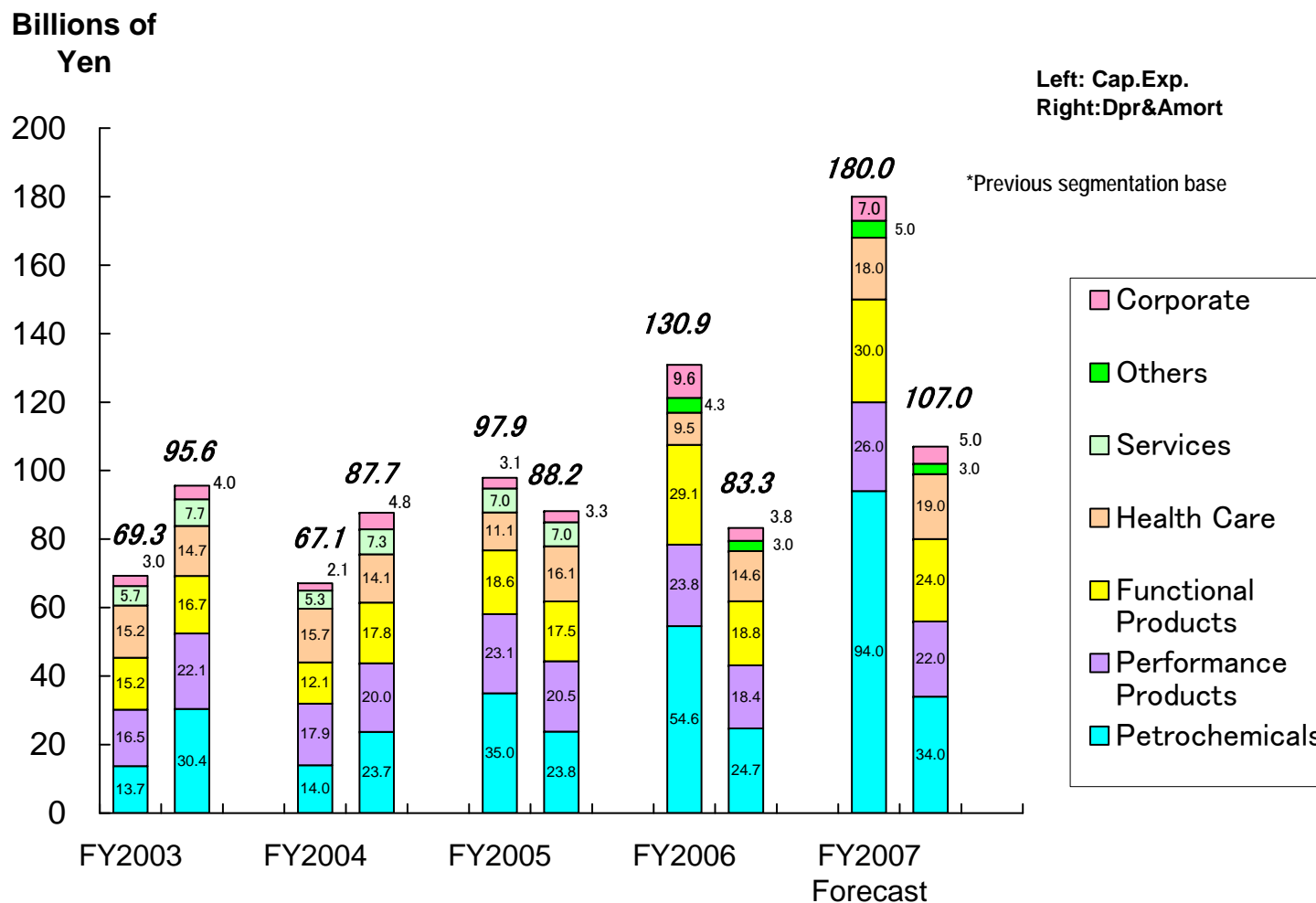
(Billions of Yen)

		FY2006		
			Differences	
			FY2005	FY2006
			Net Sales	Operating Income
Performance Polymer	Petrochemicals ←		Performance Products 13.8	1.2
Active Pharmaceutical Intermediate	Health Care ←		Performance Products 32.6	2.2
Utility	Petrochemicals ←		Others (Services) 19.0	1.5
			Differences	
			FY2006	FY2007
			Net Sales	Operating Income
Plastics Compounds	Petrochemicals ←		Functional Products 16.8	0.9

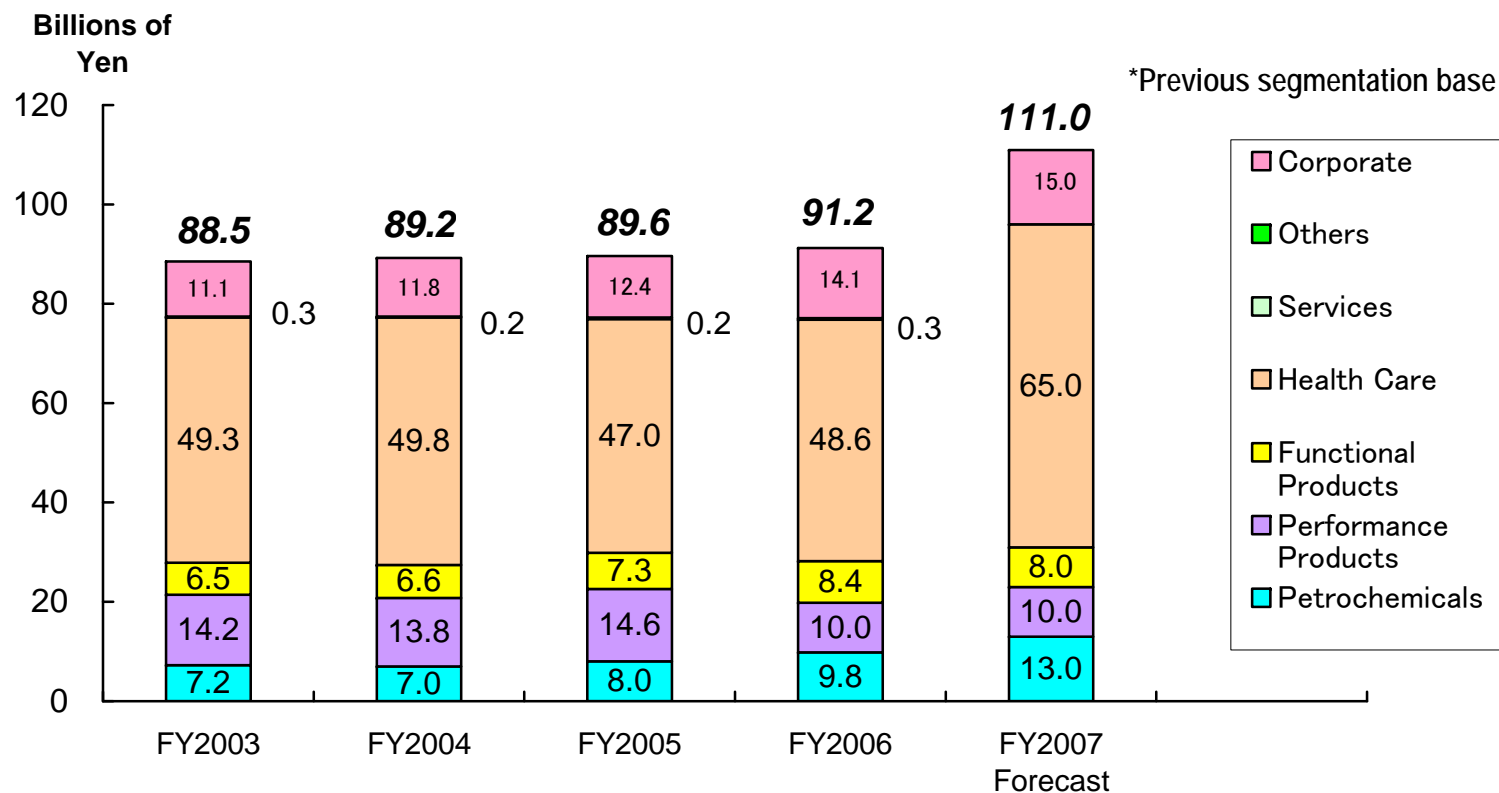
## Consolidated Number of Affiliates

	FY2006	FY2005	Differences
<b>Consolidated Subsidiaries</b>	<b>171</b>	<b>168</b>	<b>3</b>
Japan	104	103	1
Overseas	67	65	2
<b>Affiliates Accounted for by the Equity Method</b>	<b>80</b>	<b>83</b>	<b>(3)</b>
<b>Total</b>	<b>251</b>	<b>251</b>	<b>0</b>

## Consolidated Capital Expenditure, Depreciation and Amortization by Business Segments

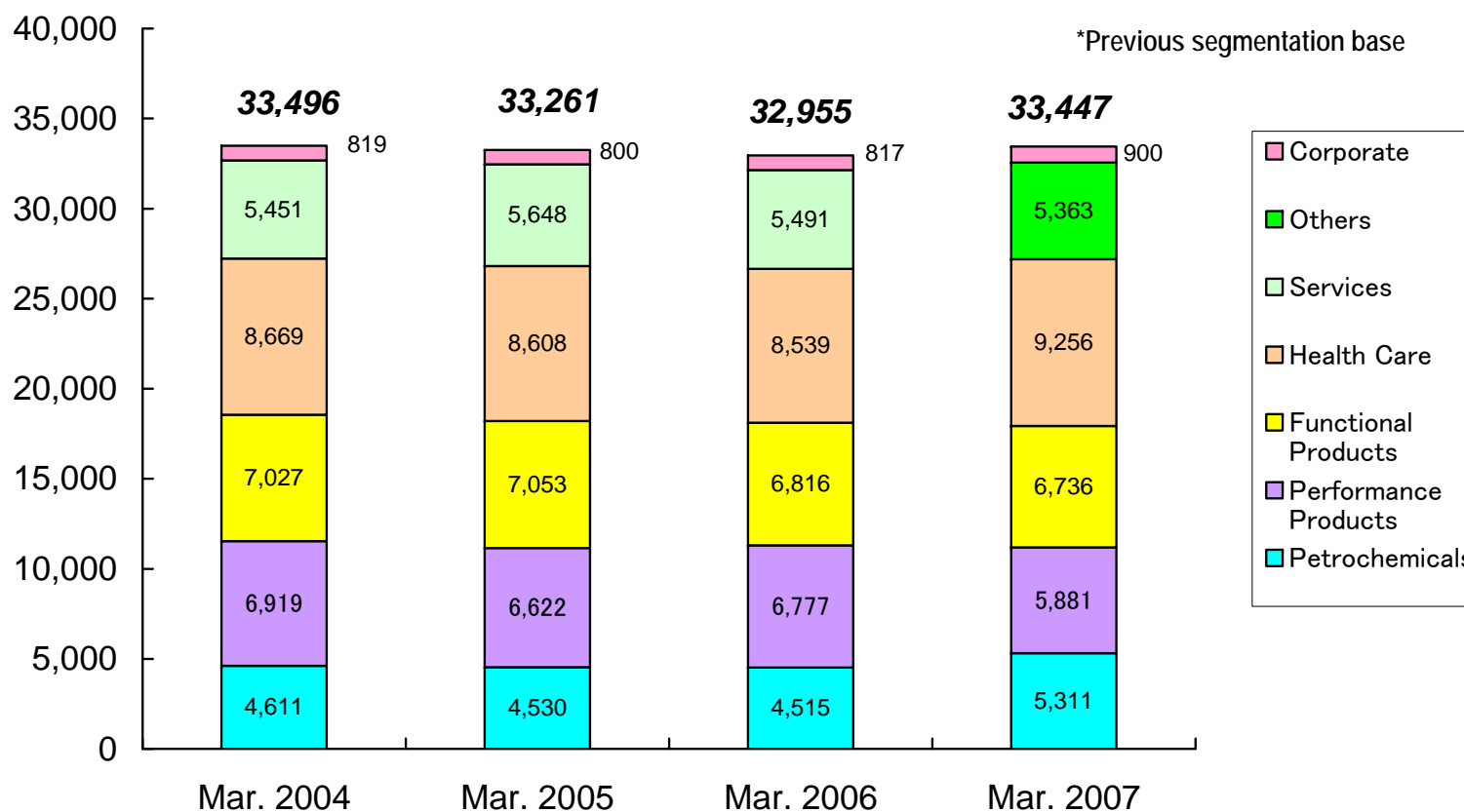


## Consolidated R&D Expenses by Business Segments

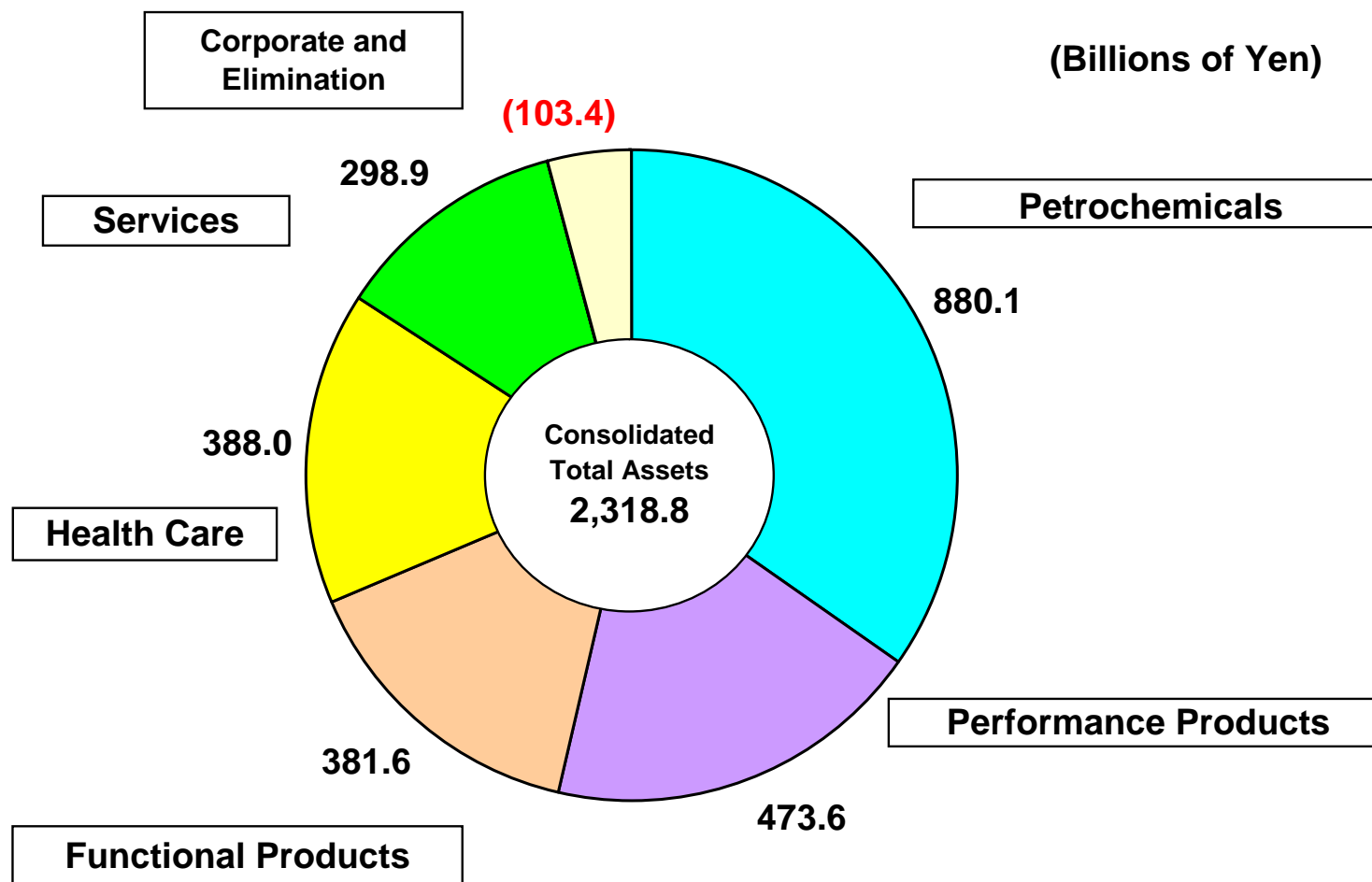




## Consolidated Number of Employees by Business Segments



## Consolidated Total Assets by Business Segments at the End of FY2006



## Consolidated Statements of Operations: Major Subsidiaries

(Billions of Yen)

		Sales			Operating Income	Sales			Operating Income
		FY2006	FY2005	Differences	Increase / Decrease	FY2007 Forecast	FY2006	Differences	Increase / Decrease
Petrochemicals	PT. Mitsubishi Chemical Indonesia	62.9	57.7	5.2	↗	77.0	62.9	14.1	↗
	Dia Terephthalic Acid Corporation	44.4	39.0	5.4	↗	49.3	44.4	4.9	↗
	MCC PTA India Corp. Private Limited	40.8	44.1	(3.3)	↘	56.2	40.8	15.4	↗
Performance Products	Mitsubishi Kagaku Media Co., Ltd.	14.5	14.5	0.0	↔	15.3	14.5	0.8	↗
	Verbatim Group	77.9	64.5	13.4	↗	79.3	77.9	1.4	↗
	Mitsubishi Kagaku Imaging Corporation	20.4	20.3	0.1	↗	25.1	20.4	4.7	↗
	Mitsubishi Chemical Agri, Inc.	22.4	21.8	0.6	↗	22.7	22.4	0.3	↗
Functional Products	Mitsubishi Polyester Film Corporation	44.0	38.2	5.8	↗	49.1	44.0	5.1	↗
	Mitsubishi Polyester Film, LLC	27.0	25.0	2.0	↗	28.2	27.0	1.2	↗
	Mitsubishi Polyester Film GmbH	22.0	19.6	2.4	↗	23.7	22.0	1.7	↗
Health Care	Mitsubishi Kagaku Bio-Clinical Laboratories, Inc.	50.3	49.2	1.1	↗	64.9	50.3	14.6	↗
	API Corporation	41.7	40.9	0.8	↗	39.8	41.7	(1.9)	↘

## Forward-looking Statements

The forward-looking statements are based largely on information available as of the date hereof, and are subject to risks and uncertainties which may be beyond company control. Actual results could differ largely, due to numerous factors, including but not limited to the following: Group companies execute businesses in many different fields, such as petrochemicals, carbon and inorganic products, information and electronics, pharmaceuticals, polymers and processed products, and these business results are subjected to influences of world demands, exchange rates, price and procurement volume of crude oil and naphtha, trend of market price, speed in technology innovation, National Health Insurance price revision, product liabilities, lawsuits, laws and regulations.