

# Interim Results Presentation

## Fiscal Year 2007

First half of fiscal year ending March 31, 2008

This English translation contains modified extracts from an interim results presentation held on November 12, 2007. Forecasts contained in this material are based on information available at the time of presentation, and no commitment or guarantee is given that business policies will be implemented or target figures achieved.

For further information: Yasuhiro Sato, Takehiro Nishimura  
Corporate Communication Division  
Email: [infoir@mgc.co.jp](mailto:infoir@mgc.co.jp)  
HP URL: [www.mgc.co.jp](http://www.mgc.co.jp)



**MITSUBISHI GAS CHEMICAL COMPANY, INC.**

# FY2007 Consolidated Interim Results

(Billion yen)	1H FY2007	1H FY2006	Change	Change %
Net sales	250.6	231.6	19.0	8.2%
Operating income	22.6	19.8	2.8	14.1%
Equity in earnings of affiliates	11.5	10.3	1.2	11.6%
Ordinary income	31.9	29.4	2.5	8.5%
Net income before tax	27.5	29.5	(2.0)	(6.7%)
Net income	20.8	22.1	(1.3)	(5.8%)

(Billion yen)	September 30, 2007	March 31, 2007	Change	Change %
Interest-bearing debt	150.2	163.9	(13.7)	( 8.4%)
Total assets	616.2	610.0	6.2	1.0%

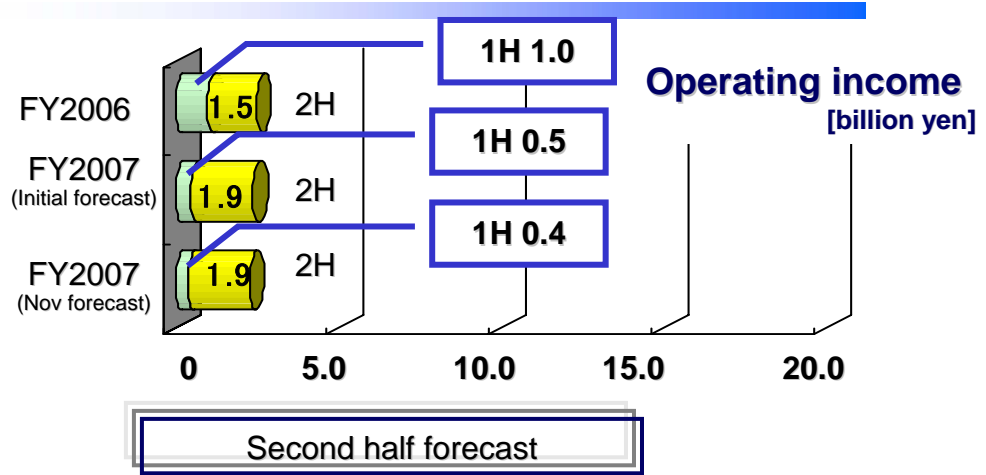
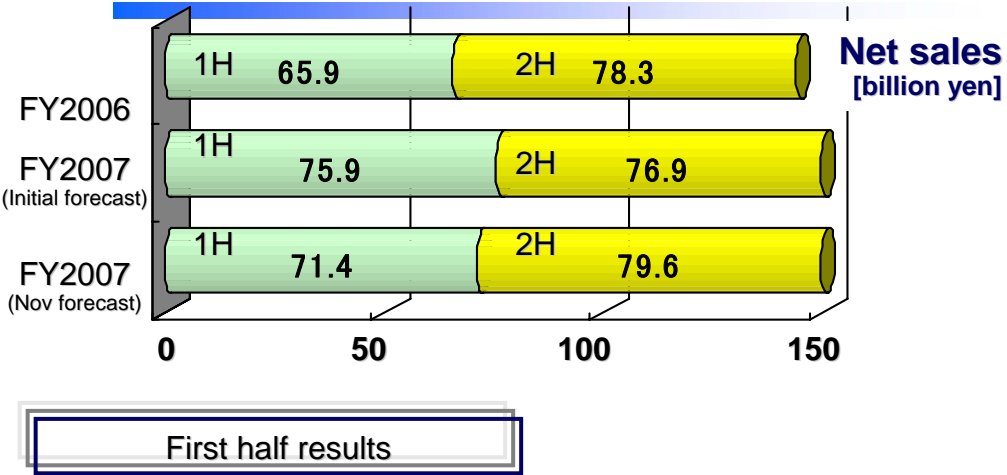
- Steady sales volumes and sales prices resulted in an increase in net sales
- Operating income increased, supported by a strong performance in purified isophthalic acid and electronics materials. This was despite tax reforms and changes in the depreciation method on a non- consolidated basis, which resulted in an increase in depreciation costs of ¥1.1 billion.
- Though earnings declined at Mitsubishi Engineering Plastics due to a decrease in dividends revenues, equity in earnings of affiliates increased, underpinned by strong performance in overseas methanol producing companies.
- Impairment loss at a Coenzyme Q10 manufacturing facility and other losses resulted in an extraordinary loss of ¥4.4 billion

# FY2007 Consolidated Interim Results by Segment

(Billion yen)	1H FY2007	1H FY2006	Change
<b>Net sales</b>	<b>250.6</b>	<b>231.6</b>	<b>19.0</b>
Natural Gas Chemicals	71.4	65.9	5.5
Aromatic Chemicals	71.4	64.9	6.5
Specialty Chemicals	74.4	68.5	5.9
Information & Advanced Materials	39.7	36.7	3.0
Other	0.5	0.6	(0.1)
Eliminations and Corporate	(6.8)	(5.0)	(1.8)
<b>Operating income</b>	<b>22.6</b>	<b>19.8</b>	<b>2.8</b>
Natural Gas Chemicals	0.4	1.0	(0.6)
Aromatic Chemicals	6.5	2.8	3.7
Specialty Chemicals	6.9	7.8	(0.9)
Information & Advanced Materials	8.6	7.9	0.7
Other	0.2	0.2	0.0
Eliminations and Corporate	0.0	0.1	(0.1)

Note: All comparisons are with the interim period of the previous fiscal year, unless stated otherwise

# Results & Forecasts: Natural Gas Chemicals



## ➤ Methanol

The market declined significantly from April. The average sales price was on a level with the same period of the previous year, resulting in non-consolidated net sales on a par with the previous year. Equity in earnings of overseas manufacturing companies increased substantially due to price rises between January and March.



Market prices have been rising since October due to manufacturing difficulties at Methanex Corporation. Prices are expected to exceed the \$500 level during 2007. Equity in earnings for the full year is expected to surpass the previous year.

## ➤ Methanol & ammonia derivatives

Although sales volumes for MMA and trimethylolpropane decreased, Good overall demand and price revisions resulted in a year-on-year improvement.



Overall demand expected to be strong, resulting in increased sales volumes. Methanol cost increases will be transferred to sales prices, which should sustain profitability.

## ➤ Enzymes & coenzymes

In spite of an increase of sales volumes with the operation of new manufacturing facilities, Coenzyme Q10 significantly decreased in income due to sale prices fall.



Harsh conditions seen in the first half are expected to continue.

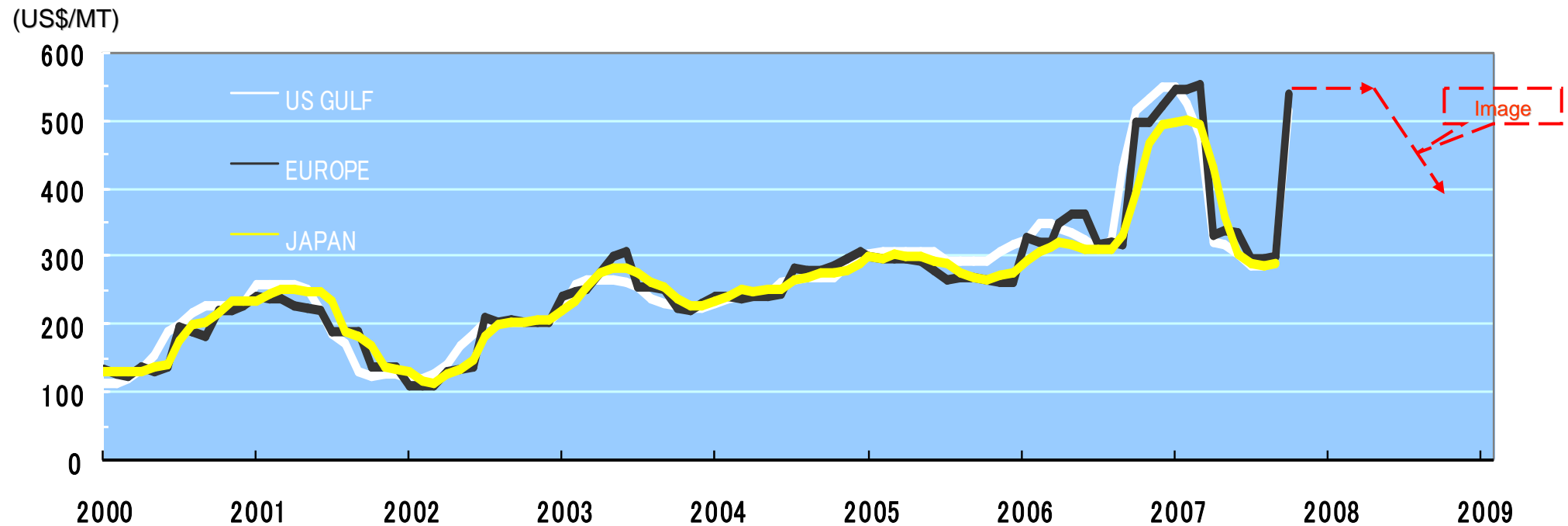
## ➤ Natural gas & other energy

Crude oil prices were higher than expected, resulting in an increase in earnings.



Crude oil sales are expected to be strong.

# Trends in Methanol Prices: Natural Gas Chemicals



## Outlook for 2008

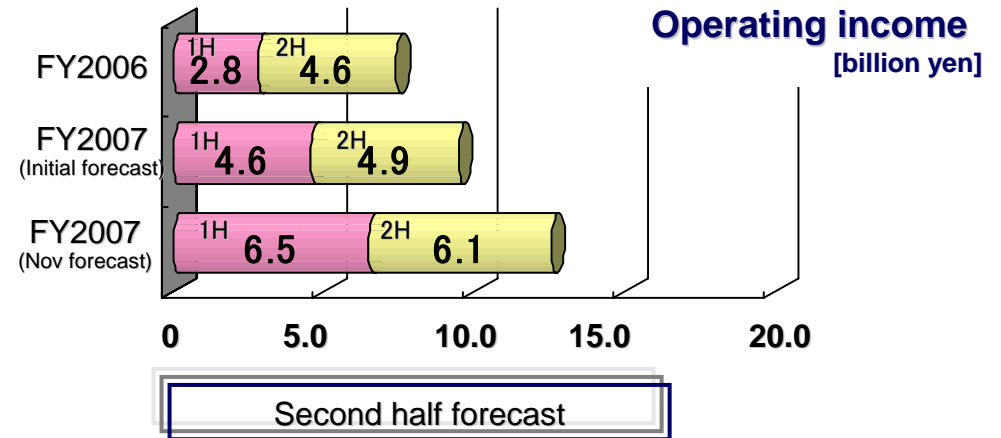
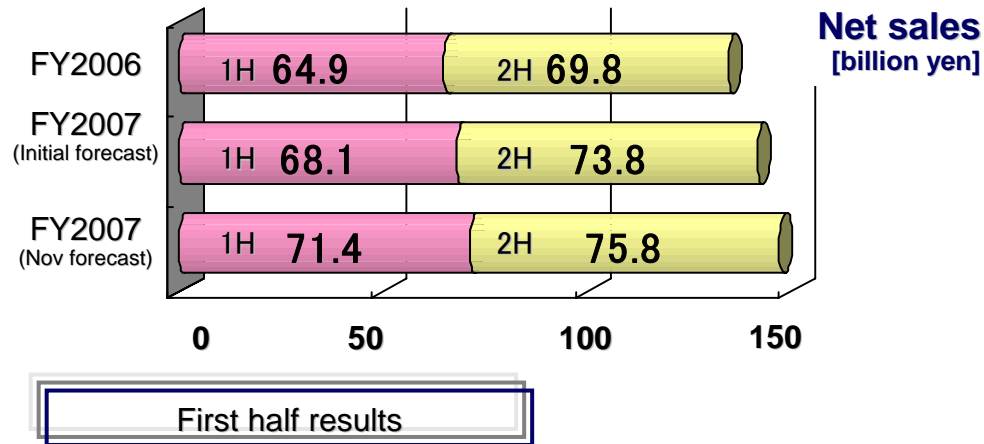
**Supply trends:** Resumption of operation of Methanex Chile plant (3 million t/y) will be a major focus in the near future. Saudi Arabia AR-RAZI5 (1.7 million t/y) and Malaysia Petronas (1.7 million t/y) are scheduled to start operations in 2Q and 3Q of 2008.

⇒ **Price trends:** The current high prices are expected to continue until operations resume at the Methanex plant or new plants start operations, after which they will decline.

# Trends in Capital Investment, Product Development: Natural Gas Chemicals

Product	Trend	Comments
<b>Methanol</b>	<p>Saudi Arabia: 1,700,000 t/y additional facility; operational in 2Q 2008</p> <p>Venezuela: 850,000 t/y additional facility; operational in 1Q 2010</p> <p>Brunei: 850,000 t/y new facility; operational in 2Q 2010</p> <p>Chongqing: 850,000 t/y facility (feasibility study in progress)</p>	
<b>Amine</b>	<p>Nanjing: Dimethylfolmamide 40,000 t/y new facility; Dimethylacetamide 10,000 t/y new facility; operational in November 2007</p> <p>⇒ Targeting full production and full sales in China</p>	The financial year end for MGC's Nanjing methanol derivatives subsidiary company is December; contribution to MGC's consolidated results will therefore be from the next fiscal period
<b>Neopentylglycol</b>	<p>Mizushima plant: 10,000 t/y upgrades completed October 2007</p> <p>⇒ Strong demand from China for applications such as powder coating, etc.</p>	Capacity: 35,000 t/y ⇒ 45,000 t/y
<b>Spiroglycol (SPG) Dioxane glycol (DOG)</b>	<p>Mizushima plant: 1,500 t/y new facility (shared facility); operational in February 2008</p>	Applications: SPG: antioxidant, etc. DOG: UV curing resin, etc.
<b>Fuel Dimethyl ether (DME)</b>	<p>Niigata plant: 80,000 t/y new facility; operational in June 2008)</p>	Plant for developing market through fuel DME manufacturing affiliate company
<b>Specialty amino acid</b>	<p>Niigata plant: new facility</p>	Application: pharmaceutical intermediate
<b>Pyrrloquinoline quinone (PQQ)</b>	<p>Being developed for commercialization as an ingredient of health foods</p>	

# Results & forecasts: Aromatic Chemicals



## ➤ Commodity aromatic chemicals

Sales volumes of paraxylene decreased; however, higher prices of mixed xylene prompted sales price rises, which boosted net sales.

## ➤ Specialty aromatic chemicals

Although raw material prices rose, price rises for meta-xylenediamine and MX Nylon maintained profitability on a par with the same period in the previous fiscal year.

A.G. International Chemical Co., Inc. raised the price of isophthalic acid, reflecting tight supply and demand; as a result, earnings exceeded forecasts.

Reorganization of paraxylene operations was completed. From October, MGC will engage only in the sale of paraxylene, bought at market price from Nippon Oil Corporation, to Mizushima Aroma Co. This removes the risk of losses from a downturn in paraxylene.

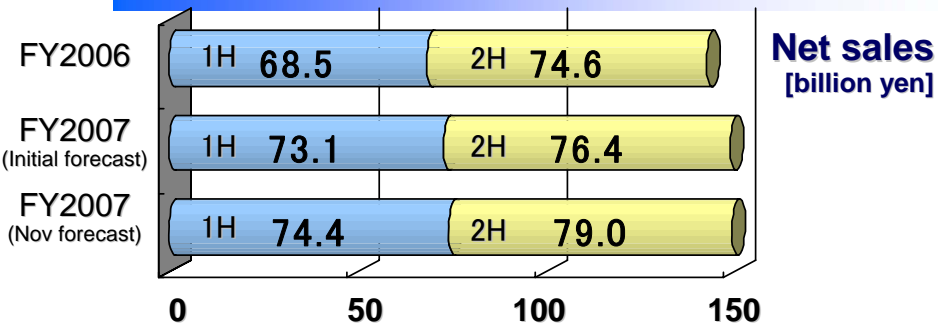
Sales volumes of meta-xylenediamine will increase substantially following start of operations of new facilities at the Mizushima plant; however, depreciation costs will offset this, resulting in profits in line with the first half.

A.G. International Chemical Co., Inc. expected to continue strong performance, resulting in substantial year-on-year increases in earnings.

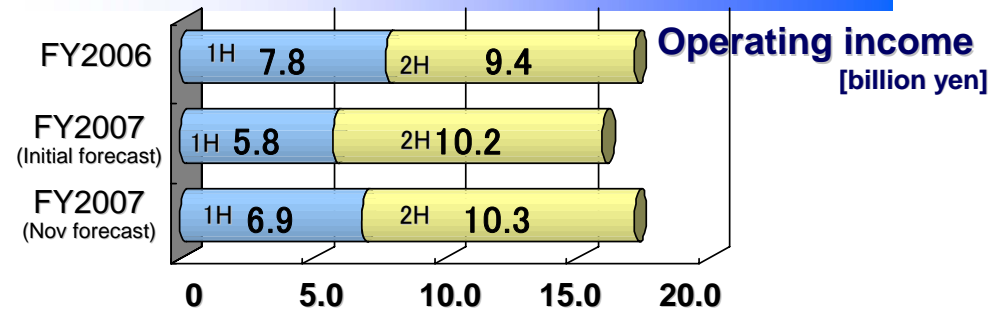
# Trends in Capital Investment, Product Development: Aromatic Chemicals

Product	Trend	Comments
<b>Meta-xylene</b>	Mizushima plant: 70,000 t/y additional facility; operational November 2009	
<b>Meta-xylenediamine</b>	Mizushima plant: 20,000 t/y new facility; operational January 2008 ⇒ Substantial increase in sales volumes expected due to strong demand	
<b>Purified isophthalic acid</b>	A.G. International Chemical Co., Inc: 100,000 t/y new facility; operational April 2008	
<b>Transparent &amp; high heat resistance polyimide film Neopulim®</b>	Hiratsuka Research Laboratory 5,000 m <sup>2</sup> / month operational August 2007 ⇒ Accelerating market development as semi-commercial plant	Application: Transparent electrode substrates in electronic devices (electron paper, light sensors, solar cells) Properties: transparent, high heat resistance
<b>Gas barrier adhesive MAXIVE®</b>	Implementing market development	Application: Food packaging, etc. Properties: gas barrier compatible adhesives
<b>New damping material Neofade®</b>	Implementing market development	Application: Damping materials, sound-proof materials Properties: Polyester material that efficiently absorbs vibrations

# Results & forecasts: Specialty Chemicals



First half results



Second half forecast

## ➤ Inorganic chemicals for industrial use

Hydrogen peroxide sales volumes increased due to strong demand, but profitability worsened as price rises failed to fully offset higher raw material costs.

## ➤ Electronic chemicals

Sales volumes increased due to strong demand for applications in semi conductor and LCD industries. However, results decreased year on year due to inventory adjustment by some customers of high-value added products.

## ➤ Engineering plastics

Although demand was firm for electrical, electronic and automotive applications, higher raw materials for PC and POM decreased earnings. Sales volumes increased for PC sheets and films, but due to a fall in sales prices, earnings were on a par with last year.

Domestic supply and demand for hydrogen peroxide will be tight. While costs of fuel and raw materials will remain high, price revisions are expected to improve profitability.

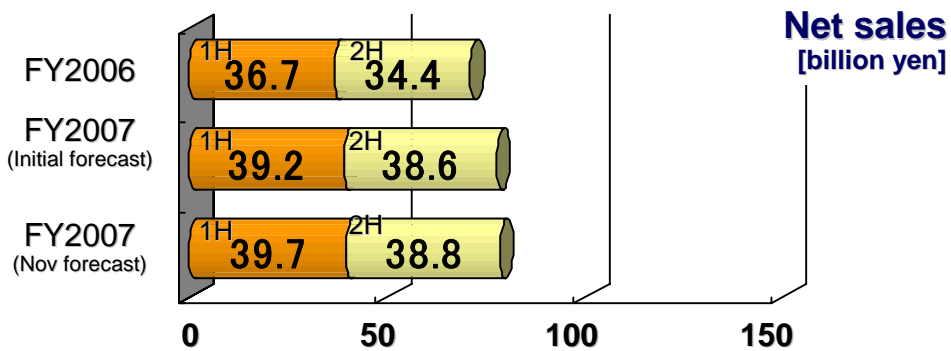
Demand will remain strong, which will increase sales volumes. However, lower prices on high-value added products will result in profits in line with the first half.

Steady demand will continue, but sustained high prices for bisphenol A and price rises for methanol, used in PC and POM respectively, give cause for concern. Sales volumes for PC sheets and films are expected to rise, but earnings will decline on the first half due to the depreciation costs of the new facility.

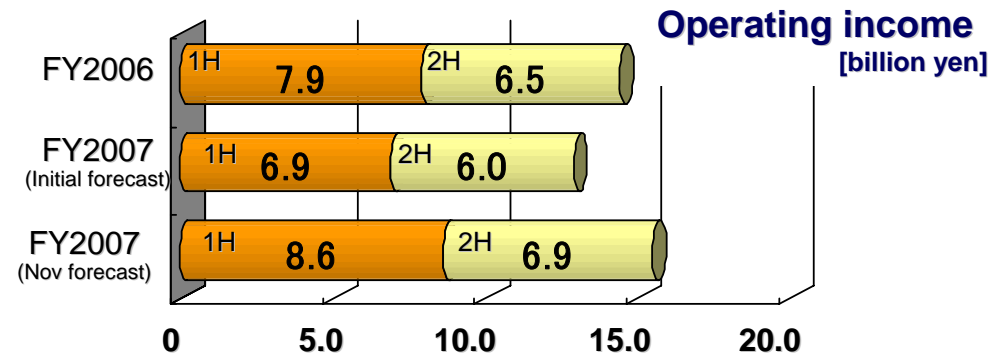
# Trends in Capital Investment, Product Development: Specialty Chemicals

Product	Trend	Comments
<b>Hydrogen peroxide, chemical polishing agent</b>	Final stage preparations for establishment of new company in China ⇒ Increase presence in Asia	
<b>Super-pure hydrogen peroxide</b>	South Korea: 40,000 t/y additional facility; operational January 2008 Taiwan: 5,000 t/y new facility; operational January 2008	Meeting strong demand for semiconductor applications
<b>Super-pure ammonium hydroxide</b>	Singapore: 2,500 t/y additional facility; operational January 2008	
<b>Polycarbonate</b>	Shanghai: 80,000 t/y new facility, feasibility study in progress; target to be operational in 2010	
<b>Polycarbonate sheets and films</b>	MGC FILSHEET: 1,200 t/y hard coat sheet additional facility; operational September 2007 ⇒ High demand for mobile device LCD cover sheet applications resulting in strong performance in both production and sales Sheet Film Tokyo R&D Center established, July 2007 ⇒ Accelerating development of high performance sheet and film	

# Results & forecasts: Information and Advanced Materials



First half results



Second half forecast

## ➤ Electronic materials

In printed circuit board materials, there were steady orders of BT materials for semiconductor packaging from the start of 1H, while high prices for raw materials continued. In addition to increased sales volumes of thin materials for memory applications, sales prices did not decline as much as initial estimates at the start of 1H, resulting in increased sales and earnings. LE sheets performed steadily.

## ➤ Oxygen absorbers

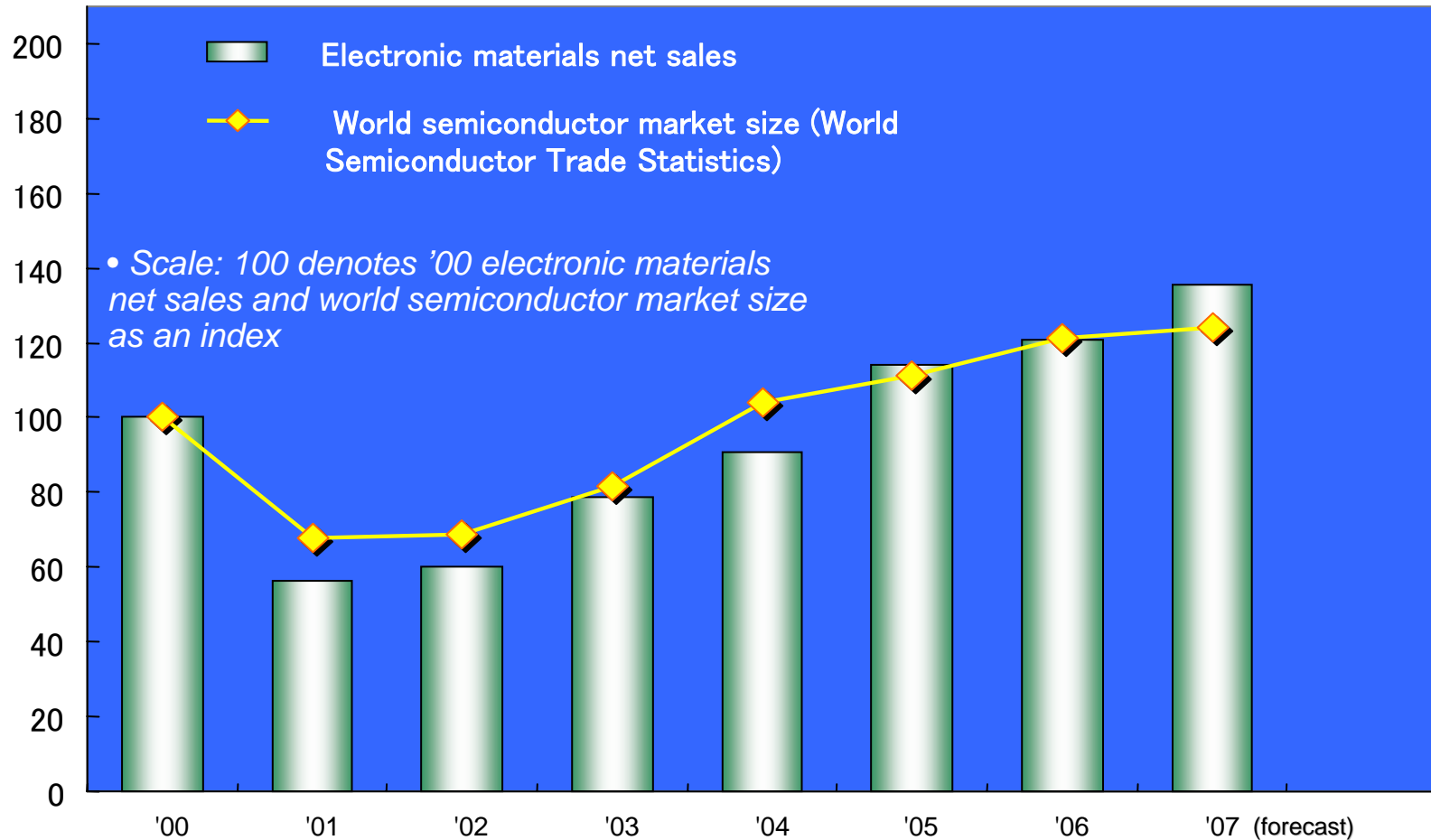
Exports performed strongly, but intensifying competition in the domestic food sector led to a year-on-year decrease in earnings. Additional facilities at Ageless (Thailand) Co., Ltd. began full production in April.

At the start of the fiscal year, BT materials sales volumes were expected to fall short of those of 1H due to seasonal factors. However, the current performance is exceeding initial estimates, due to steady order conditions, including sales prices and sales volumes. Sales volumes of high performance epoxy materials will increase. Sales of LE sheets will be strong

Performance expected to continue on a similar basis to 1H.

# Information and Advanced Materials

## Trends in electronic materials net sales and world semiconductor market size



# FY2007 Consolidated Full-year Forecasts

(Billion yen)	FY2007 (Forecasts)	FY2006 (Results)	Change
Net sales	518.0	482.6	35.4
Operating income	47.5	42.2	5.3
Equity in earnings of affiliates	20.5	23.2	(2.7)
Ordinary income	64.0	61.7	2.3
Net income before tax	59.5	52.6	6.9
Net income	44.0	40.0	4.0

- Further price rises and continued high prices for raw materials and energy remain a concern, but the generally favorable operating environment is expected to continue.
- Strong performance in isophthalic acid and electronic materials will improve operating income, despite tax reforms and changes in the depreciation method on a non-consolidated basis increase depreciation costs by 3.6 billion yen.
- Methanol producing companies will perform strongly, but reduced dividends revenues at Mitsubishi Engineering Plastics will lead to a decrease in equity in earnings.
- Extraordinary loss for the full year is expected to be 4.5 billion yen.
- Both interim and final dividends payments will be 8 yen per share.