

Interim Results Presentation

Fiscal Year 2006

First half of fiscal year ending March 31, 2007

This English translation contains modified extracts from an interim results presentation held on November 16, 2006. 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, Sachiko Koshiishi
Corporate Communication Division
Email: infoir@mgc.co.jp
HP URL: www.mgc.co.jp



mitsubishi gas chemical company, inc.

FY2006 Consolidated Interim Results

<i>(Billion yen)</i>	1H FY2006	1H FY2005	Change	Change %
Net sales	231.6	207.0	24.6	11.9%
Operating income	19.8	15.7	4.2	26.5%
Equity in earnings of affiliates	10.3	6.4	4.0	62.3%
Ordinary income	29.4	20.6	8.7	42.2%
Net income before tax	29.5	20.4	9.1	44.6%
Net income	22.1	14.8	7.2	48.8%

<i>(Billion yen)</i>	September 30, 2006	March 31, 2006	Change	Change (%)
Interest-bearing debt	159.7	161.8	(2.1)	(1.3%)
Total assets	589.7	564.5	25.2	4.5%

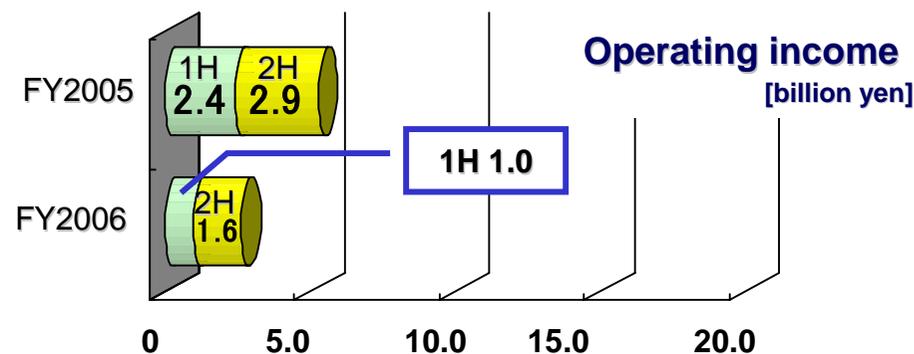
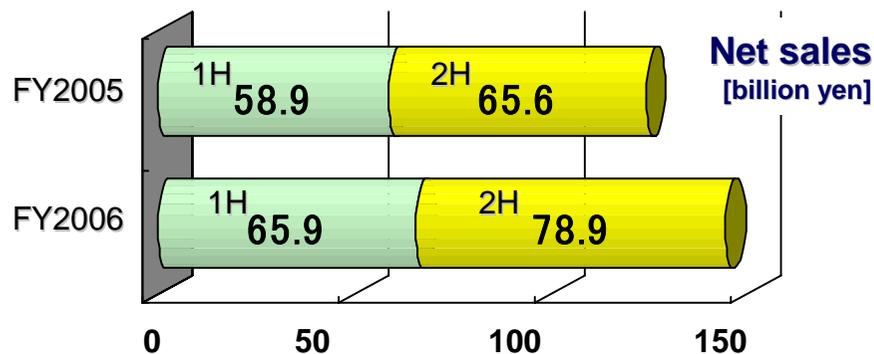
- Non-consolidated net sales increased ¥18.0 billion (↑ volume + ¥9.9 bn; ↑ prices + ¥8.1 bn)
- Overall sales volumes were strong
- Operating income increased despite higher raw materials and energy costs, with higher sales volumes and lower labor and other fixed costs
- Strong performances at consolidated subsidiaries
- Equity in earnings of affiliates increased, underpinned by performances in methanol businesses and dividend revenues received by Mitsubishi Engineering Plastics from Polycarbonate company in Thailand

FY2006 Consolidated Interim Results by Segment

	<i>(Billion yen)</i>	1H FY2006	1H FY2005	Change	Change %
Net sales		231.6	207.0	24.6	
Natural Gas Chemicals		65.9	58.9	7.1	12.1%
Aromatic Chemicals		64.9	61.4	3.5	5.7%
Specialty Chemicals		68.5	59.7	8.8	12.7%
Information & Advanced Materials		36.7	30.8	5.8	23.1%
Other		0.6	0.8	(0.2)	
Eliminations and Corporate		(5.0)	(4.7)	(0.4)	
Operating income		19.8	15.7	4.2	
Natural Gas Chemicals		1.0	2.4	(1.5)	(62.5%)
Aromatic Chemicals		2.8	2.6	0.3	11.5%
Specialty Chemicals		7.8	5.3	2.5	49.0%
Information & Advanced Materials		7.9	4.9	3.0	59.2%
Other		0.2	0.2	0	
Eliminations and Corporate		0.1	0.2	(0.2)	

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

Results & Forecasts: Natural Gas Chemicals



First half results

Second half forecast

➤ **Methanol**

High prices continued from the previous year. Equity in earnings of overseas methanol businesses exceeded first half of previous year.

Domestic prices rising to levels much higher than forecast. Equity in earnings of overseas methanol businesses significantly higher than previous year.

➤ **Methanol & ammonia derivatives**

Good overall demand. Pricing revised to reflect higher raw material costs. However, impact of worsening profitability on certain products and regular maintenance costs caused year-on-year decline.

Regular maintenance costs will cease and price revisions will counter high methanol costs, but recording of exploration costs as operating expense should hold operating income to level of first half.

➤ **Enzymes & coenzymes**

Prices for coenzyme Q10 fell steeply due to entry by competitors and overlap of production increases by different makers. Decline in sales and income year on year.

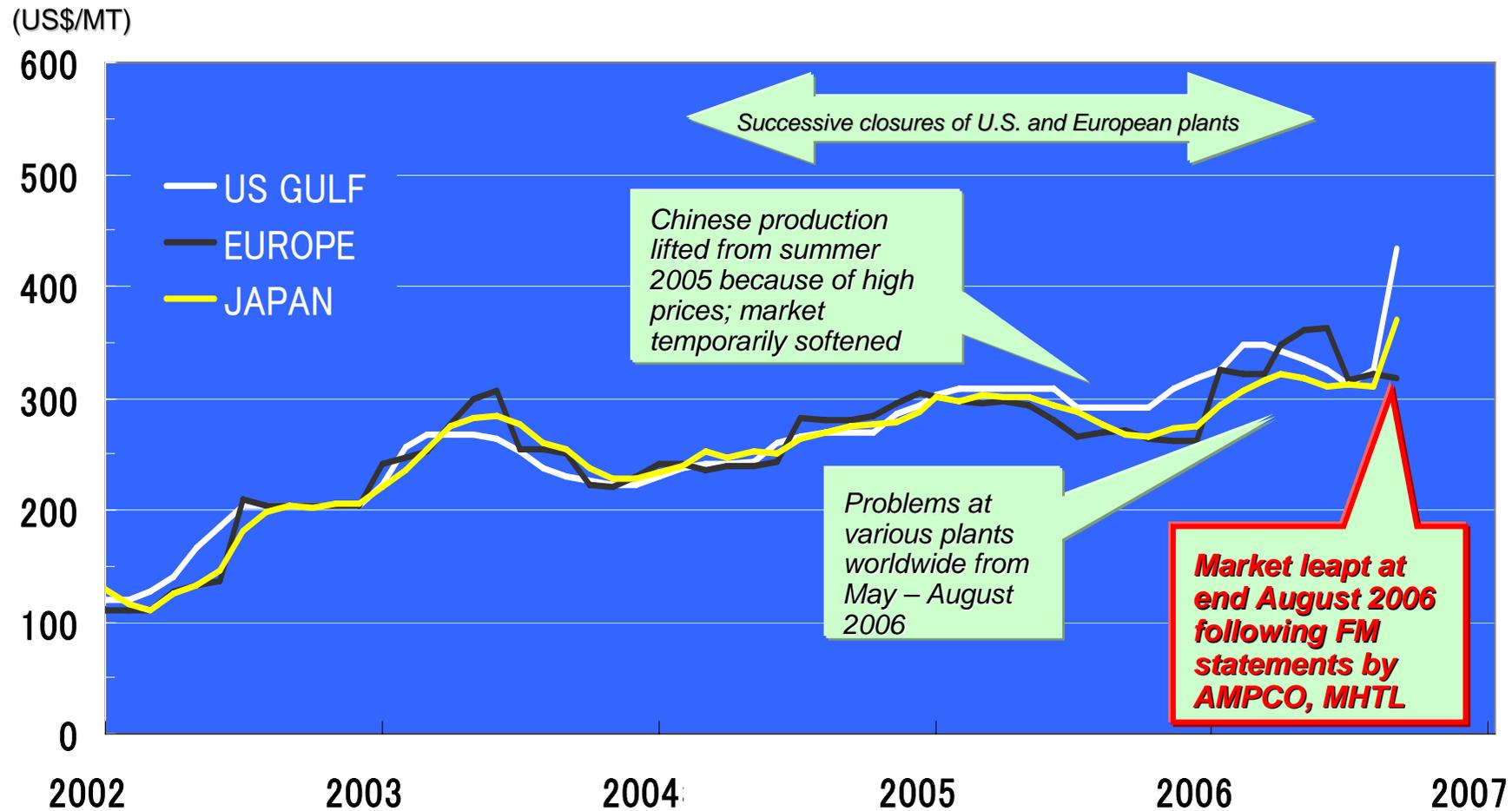
Lower income expected for full year, with expanded coenzyme Q10 plant commencing commercial output from October and prices not expected to firm.

➤ **Natural gas & other energy**

Strong performance with high energy prices.

Good results expected with continued high energy prices.

Trends in Methanol Prices: Natural Gas Chemicals

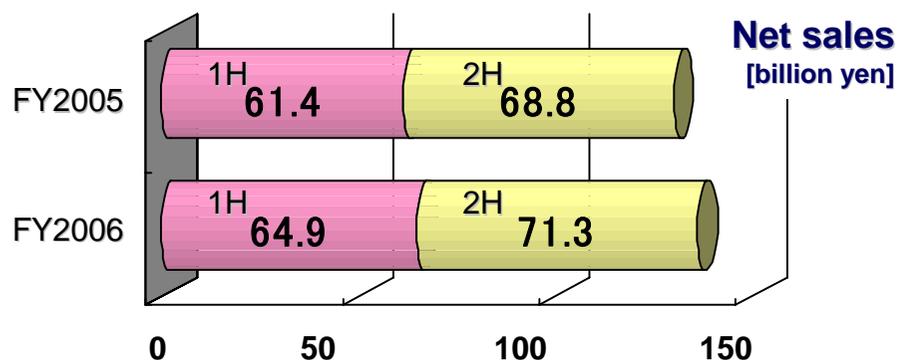


- Prices from Jan-June were US\$280-300/MT. July-Dec forecasts US\$350-370/MT
- Market unlikely to cool before end of fiscal year
- Achieving substantial growth in equity in earnings of overseas companies

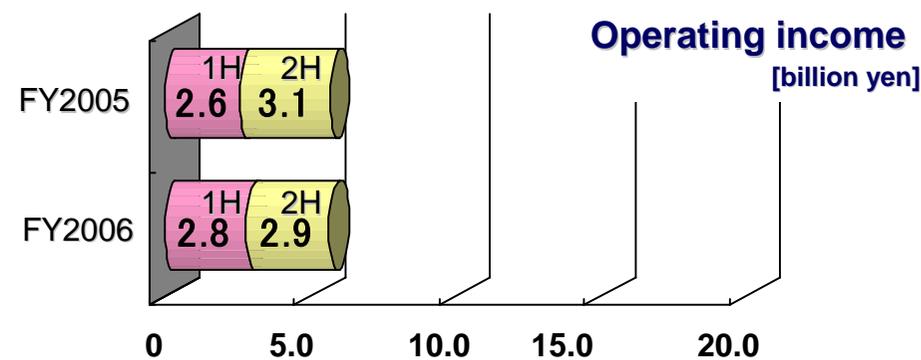
Topics: Natural Gas Chemicals

- Overseas methanol plant construction and expansion plan status
 - Saudi Arabia: Under construction for planned completion in 1Q 2008
 - Venezuela, Brunei: Planning in final stages. Completion planned for 2009
 - China (Chongquin): Feasibility study currently in progress
- Began stage 1 construction at Ling Tian (Nanjing) Fine Chemical Corporation (06/4)
 - Aiming to commence production end-2007. DMF 40,000t/y, DMAC 10,000t/y
- Lifted equity in Japan Acryace Co., acrylic sheet manufacturer (06/9)
 - Implemented as part of measures to further develop downstream MMA business
- Began commercial operation of coenzyme Q₁₀ plant expanded by 40t/y (06/10)
 - Developing additional Q₁₀ formats such as water soluble, highly absorbable
- Planning to boost production of neopentyl glycol (Mid-2007)
 - Demand growing in China for powder coating applications. Production ↑ from 35,000t/y to 45,000t/y
- Decided to build combined plant for new Polyol products SPG and DOG (ready by 08/2)
 - Main applications: SPG = antioxidant. DOG = UV curing resin material for electronics, optics

Results & forecasts: Aromatic Chemicals



First half results



Second half forecast

➤ Commodity aromatic chemicals

Mixed xylene prices increased, but net sales were in line with last year due to lower external sales volumes of para-xylene, ortho-xylene and phthalic anhydride. Earnings decreased also, as benzene prices didn't catch up with mixed xylene.



Mixed xylene prices may soften slightly, but profitability likely to remain at first half levels.

➤ Specialty aromatic chemicals

Earnings declined due to impact of high raw material prices, despite higher sales volumes of meta-xylenediamine and MX nylon.

Sales and income at AGIC grew substantially due to high global demand for purified isophthalic acid, despite higher raw materials.



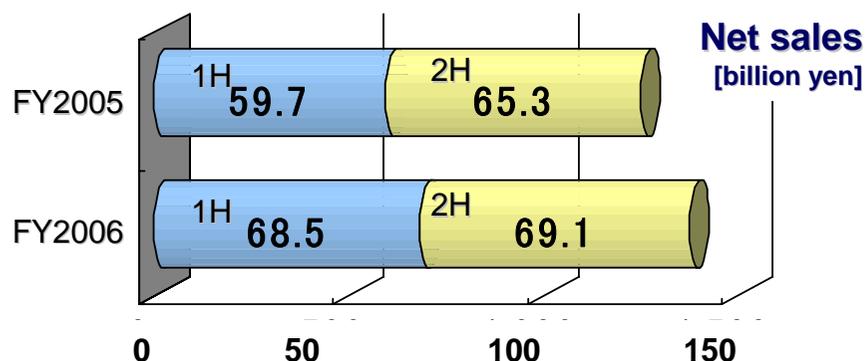
Efforts will continue to maintain and improve profitability through price rises

Full production at AGIC will continue.
Substantially higher full-year sales and income.

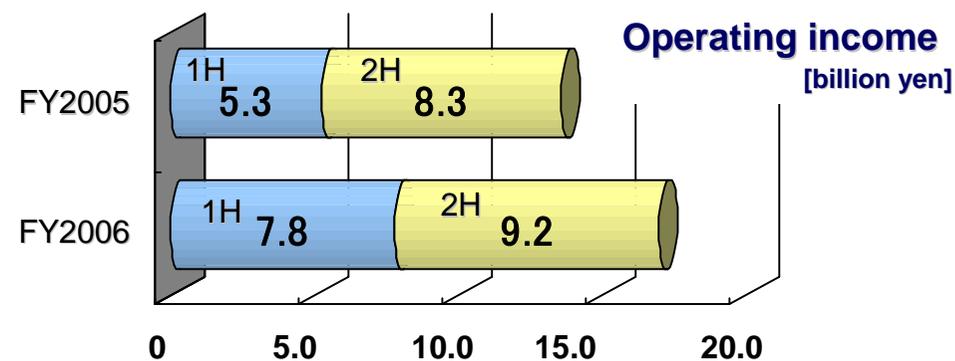
Topics: Aromatic Chemicals

- Commenced new xylene alliance with Nippon Oil Corporation (06/4)
Withdrawing from external para-xylene business in April 07 to focus on meta-xylene derivatives
- Commenced construction of meta-xylenediamine manufacturing facility (06/8)
Commercial production scheduled from fall 2007. Combined output with Niigata plant will rise to 50,000 t/y.
- Resolved to build new plant for Neopulim®, a high heat resistant transparent polyimide film (07/6)
Main applications found in transparent electrode substrates in electronic devices. Scheduled completed June 2007.
- Planning to increase production of purified isophthalic acid at AGIC

Results & forecasts: Specialty Chemicals



First half results



Second half forecast

➤ Inorganic chemicals

Sales volumes of hydrogen peroxide for paper pulp and industrial chemicals increased, as did volumes of lens monomers.



Demand likely to remain at first half levels. Aiming to achieve earnings in line with previous year.

➤ Electronic chemicals

Strong performance in all areas – semiconductors, PWB, LCD. Particularly large increase in sales of ELM Clean to major semiconductor and LCD makers.



Robust demand expected to drive further high volumes.

➤ Engineering plastics

Polycarbonate prices softened but sales volumes were strong for electronic, automotive applications. Demand was strong for POM and PC sheets and films. MEP earnings higher due to dividend revenue from PC subsidiary in Thailand.



Concerns remain regarding trends in BPA, methanol and other raw materials costs but continued strong demand envisaged for PC, POM, and PC sheets and films.

Topics: Specialty Chemicals

- Boosted total PC production capacity (06/6)

Kajima plant: 100,000t/y → 110,000t/y; Thai Polycarbonate Co.: 140,000t/y → 160,000t/y;
Total production of MGC brand Yupron to reach 270,000t/y.

- Planned to increase POM production capacity (07)

Boosting production from 550,000 t/y → 600,000 t/y at Thai Polyacetal Co.

- Decided to boost production of hard-coated PC sheets at MGC Filmsheet Co. plant in Osaka (production scheduled for 07/6)

Demand is growing for use as LCD cover sheet in mobile phones, digital cameras, game consoles, car navigation systems, etc.

- Completed construction of 50t/y plant for production of adamantane derivatives for photo-resist monomers in Argon fluoride excimer lasers. (06/7)

Now producing adamantane derivatives and a range of other monomers

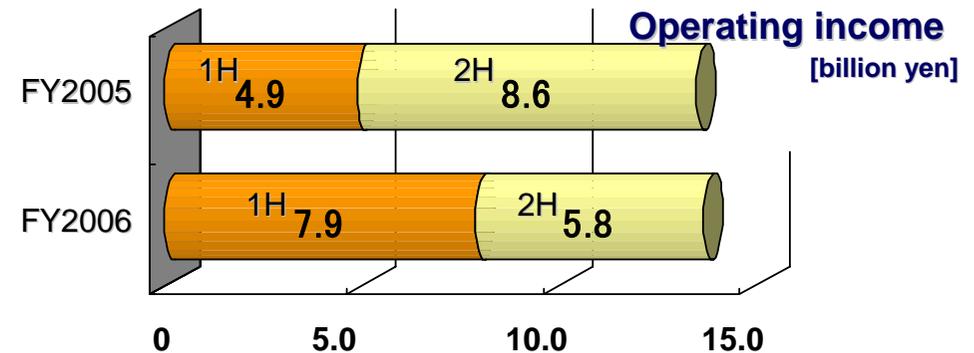
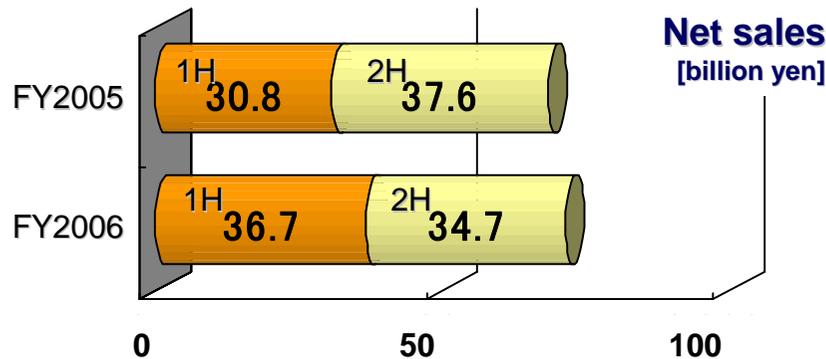
- Completed construction of 300t/y plant for low dielectric constant resin oligo phenylene ether (OPE) (06/7)

Main applications found in high-speed, high-frequency printed circuit boards

- Began sales of Pyrenees® dental bleach (06/11)

Developed as a highly safe and effective dental bleach by leveraging expertise in hydrogen peroxide

Results & forecasts: Information & Advanced Materials



First half results

Second half forecast

➤ Electronic materials

Although raw materials costs rose for copper foil and other items used in PCBs, sales of BT resin materials for semiconductor packages were strong early in first half with significant growth in sales and income. Sales of LE sheets and high-performance epoxy resin materials were also strong.

Price revisions have been introduced since July. BT resin materials inventory adjustments from late in first half are expected to continue. Mild recovery expected from after the New Year. LE sheet and high-performance epoxy resin materials expected to remain strong.

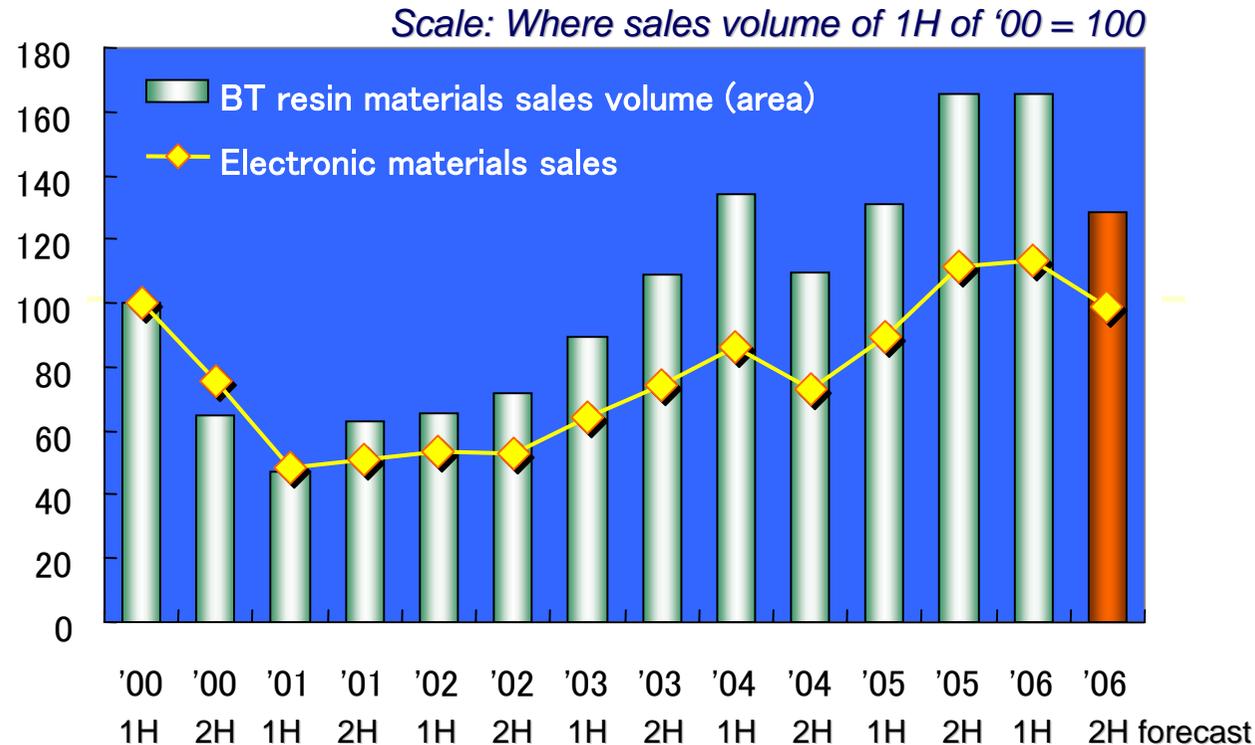
➤ Oxygen absorbers

Although competition intensified in the market for sales to the food industry, sales volumes to non-food sector increased and overall results improved.

Increased production at Ageless (Thailand) Co. is on line from October. Further growth is expected.

Information & Advanced Materials

Trends in net sales of electronic and sales volumes of BT resin materials



Topics

- Increased production at Ageless (Thailand) Co. began in October 2006
- Decision has been made to boost production of copper-clad laminates at Electrotechno from 700,000 \Rightarrow 1,000,000m²/month (from early 2008)

FY2006 Consolidated Full-year Forecasts

<i>(Billion yen)</i>	FY2006 (Forecasts)	FY2005 (Results)	Change
Net sales	480.0	439.8	40.2
Operating income	39.0	39.0	0
Equity in earnings of affiliates	20.7	15.1	5.6
Ordinary income	56.0	50.4	5.6
Net income before tax	54.4	44.1	10.3
Net income	41.0	32.9	8.1

- The generally favorable operating environment is expected to continue
- Further price rises and continued high prices for raw materials and energy remain a concern
- Changes to accounting methods will impact operating income, negatively by ¥1.4 billion from exploration costs and positively by ¥1.6 billion from external assignment of personnel
- The proposed interim and final dividends are ¥6.0 each