
Full-year Results Presentation

Fiscal Year 2007

The year ended March 31, 2008

This English translation contains modified extracts from a results presentation held on May 12, 2008. 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.

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MITSUBISHI GAS CHEMICAL COMPANY, INC.

Summary

FY2007 results

Net sales: ¥519.3 bn	Exceeded ¥500 billion for the first time
Operating income: ¥47.4 bn	Achieved November forecasts
Equity in earnings of affiliates: ¥21.3 bn	Maintained high level due to sustained high price of methanol
Ordinary income: ¥61.8 bn	Roughly level with previous year due to sharp acceleration in yen appreciation at fiscal year end, which resulted in foreign exchange losses of ¥3.7 billion

FY2008 forecast

Net sales: ¥540.0 bn	Higher sales volumes of specialty products will lead to growth
Operating income: ¥30.0 bn	Expected to decline due to fall in profitability of purified isophthalic acid and products for semiconductor and LCD applications, as well as substantially higher fixed costs and yen appreciation
Equity in earnings of affiliates: ¥19.0 bn	Steady performance expected in methanol companies
Ordinary income: ¥45.0 bn	30% decrease expected

FY2007 Consolidated results

(Billion yen)

	FY2007	FY2006	Change
Net sales	519.3	482.6	36.7
Operating income	47.4	42.2	5.2
Equity in earnings of affiliates	21.3	23.2	(1.9)
Ordinary income	61.8	61.7	0.1
Net income before tax	56.1	52.6	3.5
Net income	40.2	40.0	0.2

Interest-bearing debt	150.6	163.9	(14.3)
Total assets at end of period	601.4	610.0	(8.6)
Debt-equity ratio	0.50	0.58	(0.08)
ROA*	10.2%	10.5%	(0.3%)

* Ordinary income base

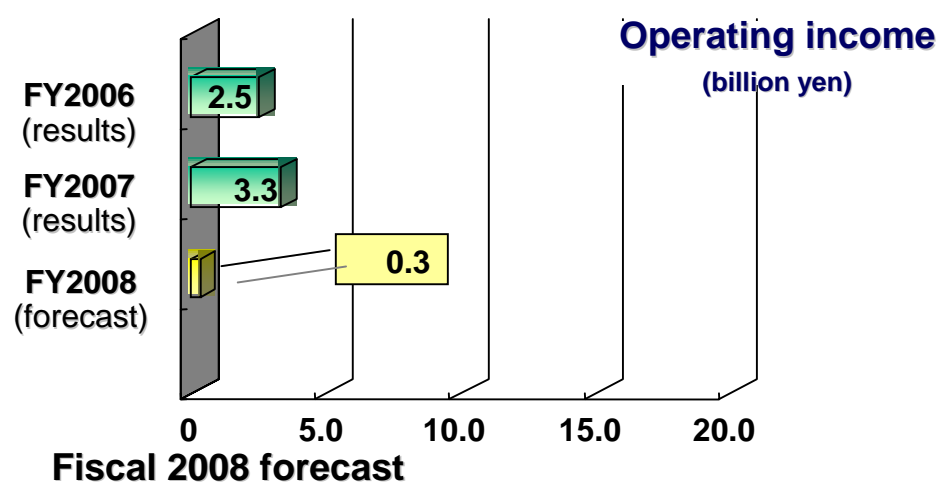
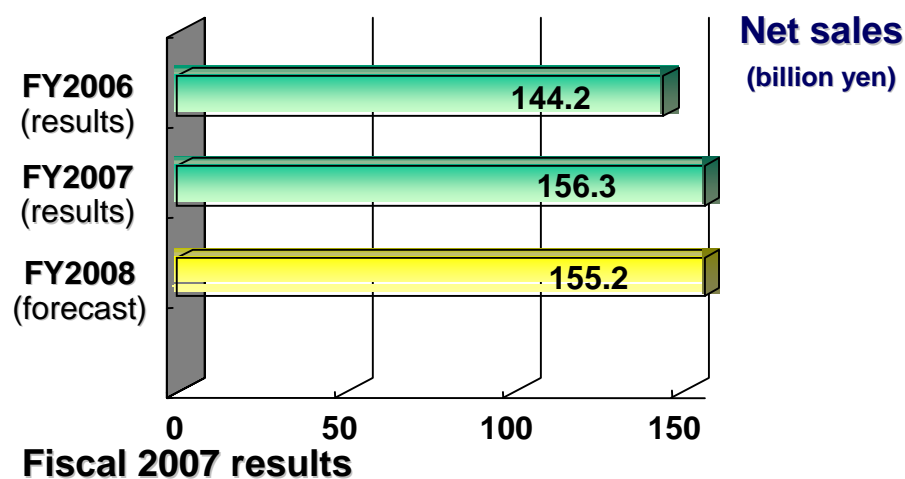
- Net sales exceeded ¥500 billion for the first time. Revenue rose due to higher sales volumes of electronic chemicals and electronic materials, as well as higher methanol and purified isophthalic acid prices.
- Operating income reached a record high at ¥47.4 billion, due to strong performances in purified isophthalic acid and electronic materials, which offset higher depreciation costs (up ¥3.3 billion compared with previous method) resulting from changes to depreciation method for fixed assets.
- Equity in earnings of affiliates was ¥21.3 billion, despite decreased earnings at Mitsubishi Engineering-Plastics Corporation due to lower dividends income. This figure resulted from higher earnings at overseas methanol companies, which limited the year-on-year fall in earnings to ¥1.9 billion.
- Ordinary income was roughly in line with the previous fiscal year at ¥61.8 billion, due to rapid yen appreciation from the start of the 2008 calendar year, which resulted in foreign exchange losses of ¥3.7 billion yen.
- Extraordinary losses of ¥5.7 billion resulted from impairment losses associated with Coenzyme Q10 and other losses.

FY2007 Consolidated results by segment

(Billion yen)

	FY2007	FY2006	Change
Net sales	519.3	482.6	36.7
Natural Gas Chemicals	156.3	144.2	12.1
Aromatic Chemicals	145.2	134.7	10.5
Specialty Chemicals	153.9	143.1	10.8
Information & Advanced Materials	76.8	71.1	5.7
Other	1.1	1.2	(0.1)
Eliminations and Corporate	(14.0)	(11.6)	(2.4)
Operating income	47.4	42.2	5.2
Natural Gas Chemicals	3.3	2.5	0.8
Aromatic Chemicals	12.1	7.4	4.7
Specialty Chemicals	16.2	17.2	(1.0)
Information & Advanced Materials	15.2	14.5	0.7
Other	0.5	0.5	0.0
Eliminations and Corporate	0.1	0.1	0.0

Results & forecasts: Natural Gas Chemicals



➤ Methanol

Following a substantial decline that began in April, the market surged again from October with prices of over US\$500 resulting in increased sales. Equity in earnings of overseas methanol companies also increased due to a US\$40 year-on-year increase in average prices (Jan-Dec 2007).

➤ Methanol & ammonia derivatives

Overall demand was steady, and higher methanol prices were passed on to sales prices. Sales volumes increased in amine products due to a competitor retreating from this field. Profitability improved, although profit levels were low.

➤ Enzymes & coenzymes

Coenzyme Q10 sales volumes increased due to the operation of a new facility; however, earnings fell substantially due to a lower sales price. Impairment losses were recorded for production facilities.

➤ Natural gas & other energy

Higher crude oil prices resulted in increased earnings.

Market conditions are expected to result in prices of US\$410 to US\$430 from January to June, and US\$260 to US\$280 from July to December. Sustained high prices from January to March and the effect of increased volumes arising from the operation of the new facility are expected to result in equity in earnings of affiliates that are higher on a dollar base, but lower on a yen base due to yen appreciation.

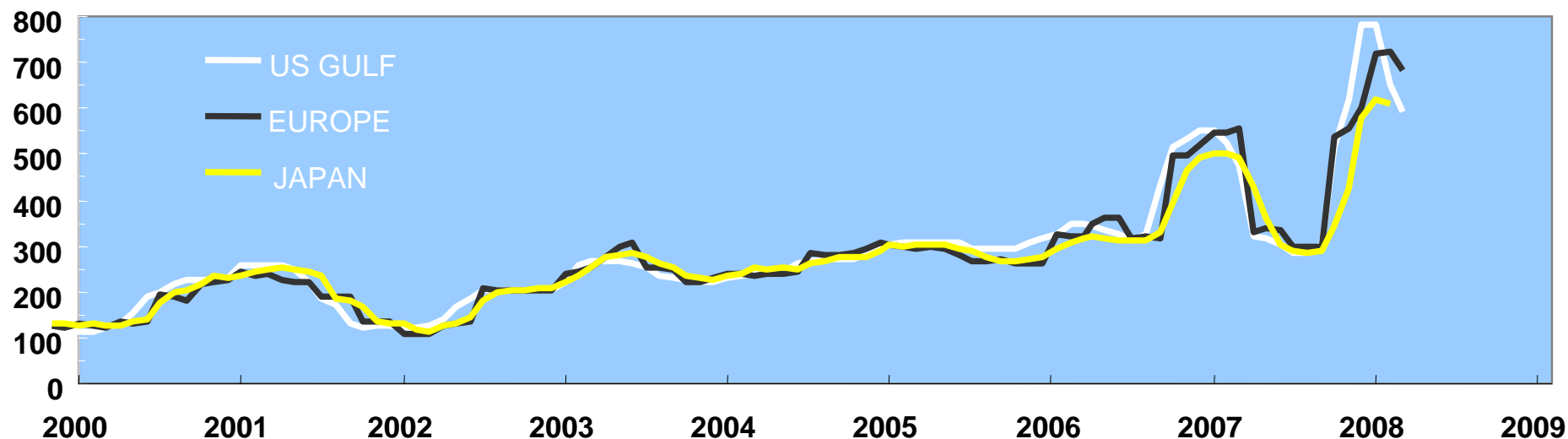
Lower methanol prices are expected to improve profitability. However higher repair and improvement costs at the Niigata plant and a ¥2.5 billion increase in exploration costs resulting from new gas field exploration are expected to result in a negative figure.

Due to the recording of impairment losses in the preceding fiscal year, the depreciation burden is expected to lessen, which will improve profitability. However, sales conditions are expected to remain harsh.

Earnings are expected to be roughly in line with the preceding fiscal year due to sustained high crude oil prices.

Trends in methanol prices: Natural Gas Chemicals

(US\$/MT)



Outlook for 2008

Supply and demand: While demand in Asia is expected to remain comparatively firm, demand in North America for formalin production is expected to be weak as a result of the U.S. economic slowdown.

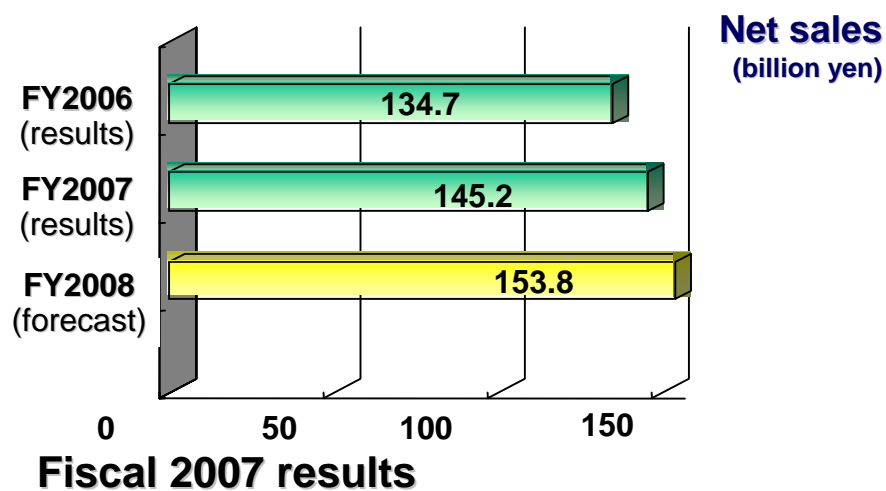
In terms of supply, the operating rate is expected to remain low at the Methanex plant in Chile. New operations will start at the following facilities: AR-RAZI5, Saudi Arabia (1.7 million t/y, operational in 2Q); Petronas, Malaysia (1.7 million t/y, operational at end of year). Facility upgrades and new construction are expected to continue in China. However, pressure on exports is not expected to increase, since the additional production will be offset by an increase in demand for fuel applications.

⇒ **Prices:** Although the market will soften with the operation of AR-RAZI5 and the Petronas plant, in view of crude oil price levels, prices are not likely to fall significantly lower than US\$300.

Trends in capital expenditure, product development: Natural Gas Chemicals

Product	Trend	Comments
Natural gas exploration	Start of trial offshore exploration in Kitakanbara, Niigata Prefecture from March 2008 ⇒ First large-scale exploration since development began at Iwafuneoki 25 years ago	Cost to MGC: ¥2.7 bn
Methanol	Saudi Arabia: 1,700,000 t/y ; completed in April, under commissioning (operational in 2Q 2008) Venezuela : 850,000 t/y ; under construction (operational in 1Q 2010) Brunei : 850,000 t/y ; under construction (operational in 2Q 2010) Chongqing : 850,000 t/y ; feasibility study in progress	
Spiroglycol (SPG) Dioxane glycol (DOG)	Mizushima plant:1,500 t/y (shared facility) ; under commissioning ⇒SPG: MGC will accelerate market development of SPG-PET ALTESTER® DOG: brisk orders for adhesives for blue-ray discs and other applications	Applications: SPG: antioxidants, etc. DOG: UV curing resin, etc.
Fuel Dimethyl ether (DME)	Niigata plant: 80,000 t/y ; under construction (operational in June 2008) ⇒In FY2007 secured a DME-related budget by METI, which will bolster the diffusion and promotion of DME for small-scale boilers using LPG or heavy oil	Plant for developing market through fuel DME manufacturing affiliate company
Specialty amino acid	Niigata plant under construction (operational in October 2008) ⇒Acquired customer approval, full-fledged sales to start following start of facilities operation	Application: pharmaceutical intermediate
Pyrroloquinoline quinone (PQQ)	Under assessment by FDA in U.S; approval expected in the near future ⇒Full-fledged sales to start following approval	Application: health foods materials

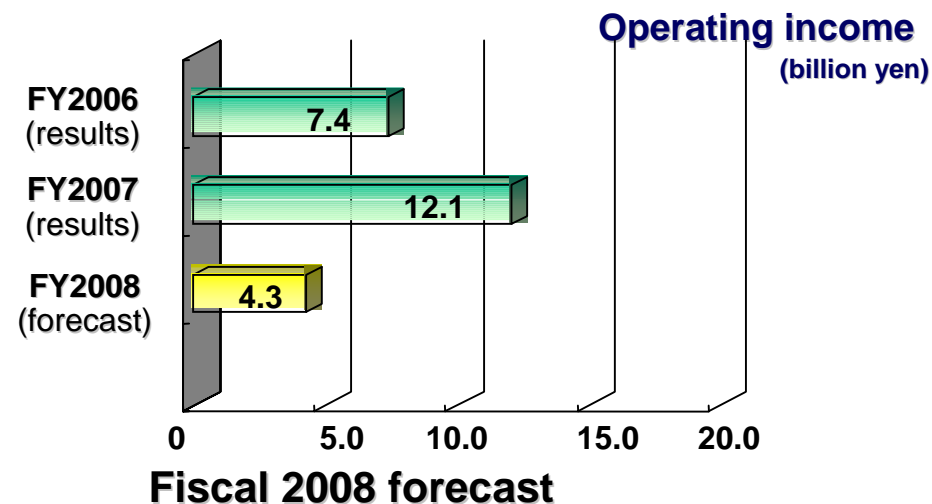
Results & forecasts: Aromatic Chemicals



In the second half of the fiscal year, reorganization of the para-xylene operations was completed. Removing the risk of a downturn in profitability has enabled the changeover to an specialty aromatic chemicals-specific earning structure.

Profitability weakened in meta-xylenediamine (MXDA), MX nylon, and other specialty aromatic chemicals due to increased raw materials prices. Higher depreciation costs added to this, resulting in lower earnings than last year.

A. G. International Chemical Co., Inc. (AGIC) revenue and earnings grew substantially due to a sharp rise in the market for purified isophthalic acid, reflecting tight global supply and demand.



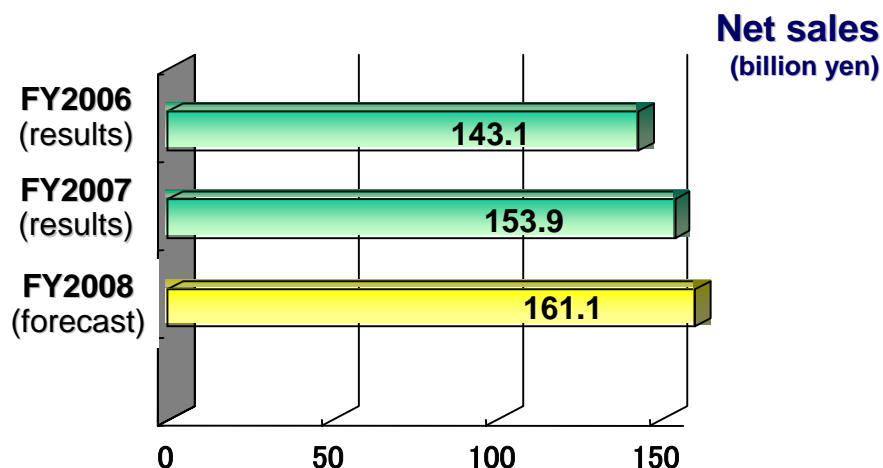
Specialty aromatic chemicals earnings are expected to be lower due to the depreciation burden, despite substantially higher MXDA and MX nylon sales volumes that will accompany the operation of the new facility.

The operation of new facilities of AGIC and South Korean manufacturers is expected to lead to substantially lower sales prices for purified isophthalic acid. The depreciation burden will add to this, leading to substantially lower earnings.

Trends in capital expenditure, product development: Aromatic Chemicals

Product	Trend	Comments
Meta-xylene	Mizushima plant: 70,000 t/y ; under construction (operational in November 2009)	
MX nylon	Niigata plant and MGC Advanced Polymers to enter full operation in next fiscal year ⇒Rapidly concretizing next investment plan	
Transparent & highly heat resistant polyimide film Neopulim®	Steadily advancing evaluations for commercial demand, including for flexible display and photovoltaic cell applications ⇒Accelerating market development toward full-fledged commercialization	Application: Transparent electrode substrates (flexible displays, light sensors, solar cells) Properties: high heat resistance, transparent
Gas barrier adhesive MAXIVE®	Implementing market development and initiating adoption; targeting adhesives for food packaging and oxygen barrier coating	Application: Food packaging, etc. Properties: gas barrier compatible adhesives
New damping material Neofade®	Implementing market development	Application: Damping materials, sound-proof materials Properties: Polyester material that efficiently absorbs vibrations

Results & forecasts: Specialty Chemicals



Fiscal 2007 results

➤ Inorganic chemicals for industrial use

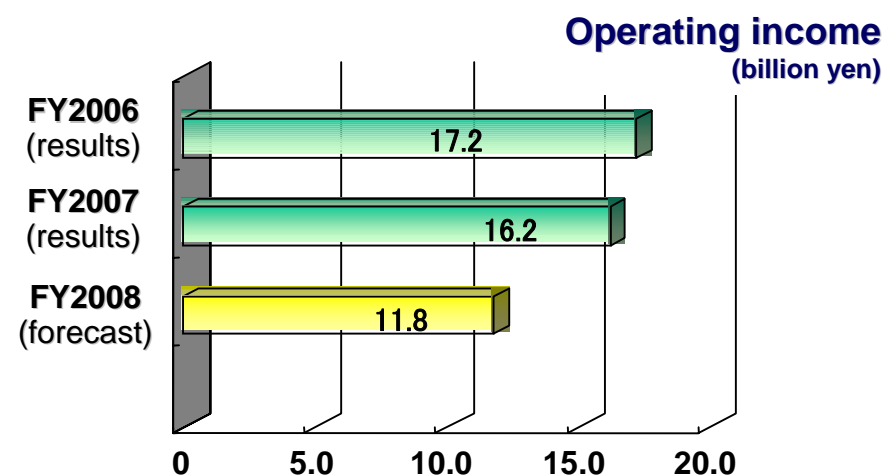
Hydrogen peroxide sales volumes increased, but higher raw material costs resulted in earnings on a par with last year.

➤ Electronic chemicals

Inventory adjustment in the first half by some customers of high-value added products was offset by a recovery in sales volumes in the second half, resulting in increased revenue and earnings.

➤ Engineering plastics

Although demand was firm for electrical, electronic and automotive applications, higher PC and POM raw materials costs decreased margins, which fell short of last year. Sales volumes increased for PC sheets and films, but depreciation burden and a fall in sales prices resulted in lower earnings than last year.



Fiscal 2008 forecast

Domestic supply and demand for hydrogen peroxide will tighten. Further price revisions are expected to improve profitability to achieve a level that will facilitate further investment.

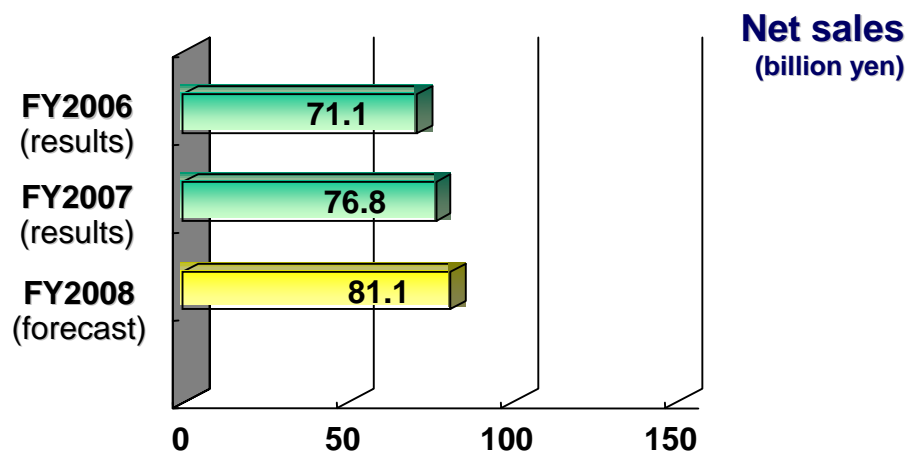
Sales volumes (including those for new products) will increase substantially. However, yen appreciation, combined with lower sales prices and increased fixed costs will result in a slight decrease on the previous year.

In PC, sustained high prices for bisphenol A and lower sales prices due to a softening demand and supply will result in lower profitability. POM sales volumes and prices will remain healthy, and MGC's Thailand production subsidiary will record increased earnings on a local-currency base. However, yen appreciation will limit revenue and earnings to roughly the same levels as last year. A downturn in customers' products will decrease sales volumes and prices of PC sheets and films, leading to substantially lower earnings than last year.

Trends in capital expenditure, product development: Specialty Chemicals

Product	Trend	Comments
Hydrogen peroxide	Zhangjiagang, Jiangsu Province, China: 30,000 t/y ; assessment underway	
Overseas EL subsidiaries	<p>Super-pure hydrogen peroxide: South Korea: upgraded to 40,000 t/y ; operational in December 2007 Taiwan: 5,000 t/y ; operational in December 2007</p> <p>Super-pure ammonium peroxide : Singapore: 2,500 t/y ; operational in January 2008 ⇒Steadily acquiring customer approval, increasing sales volumes</p>	
Polycarbonate	<p>Shanghai: 80,000 t/y ; feasibility study underway (target to be operational in 2010) ⇒ Conducting final assessment</p> <p>Kashima plant: 10,000 t/y upgrade (October 2008) Thai Polycarbonate Co., Ltd: 10,000 t/y upgrade (March 2009) ⇒Meet additional demand until Shanghai base operational</p>	
Polycarbonate sheets and films	<p>EMC products: <i>FILSHIELD™</i>: Transparent EM shield <i>FILSORBER™</i>: Transparent pattern-type EM wave absorber <i>EInoS™</i>: Close proximity noise suppression film ⇒ New products to follow LCD films and hard coat sheets in strengthening sheet and film operations</p>	EMC measures: measures to prevent interference arising from unwanted electromagnetic waves
Polyacetal	<p>Development of first MGC operation in Eastern Europe under assessment ⇒Execute rapid expansion at existing production bases in Asia in order to meet demand growth until Eastern Europe base operational</p>	

Results & forecasts: Information and Advanced Materials



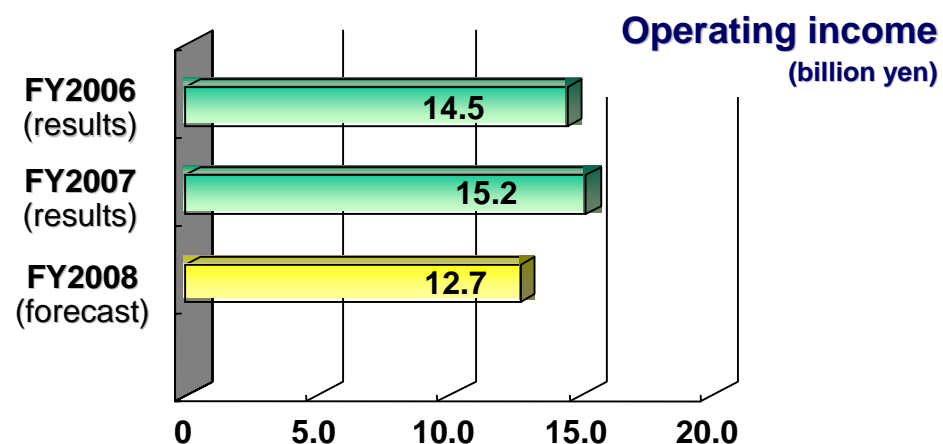
Fiscal 2007 results

➤ **Electronic materials**

Amid continuing high prices for copper foil and other raw materials, steady orders of BT materials for semiconductor packaging in the first half of the fiscal year led to increased sales volumes of materials for memory applications, which resulted in increased revenue and earnings. LE sheets recorded increased earnings due to cost reduction achieved by streamlining operations.

➤ **Oxygen absorbers**

The start of full operation of additional facilities at Ageless (Thailand) Co., Ltd. contributed to a decline in unit costs; however, intensifying competition in the domestic foods industry led to lower earnings.



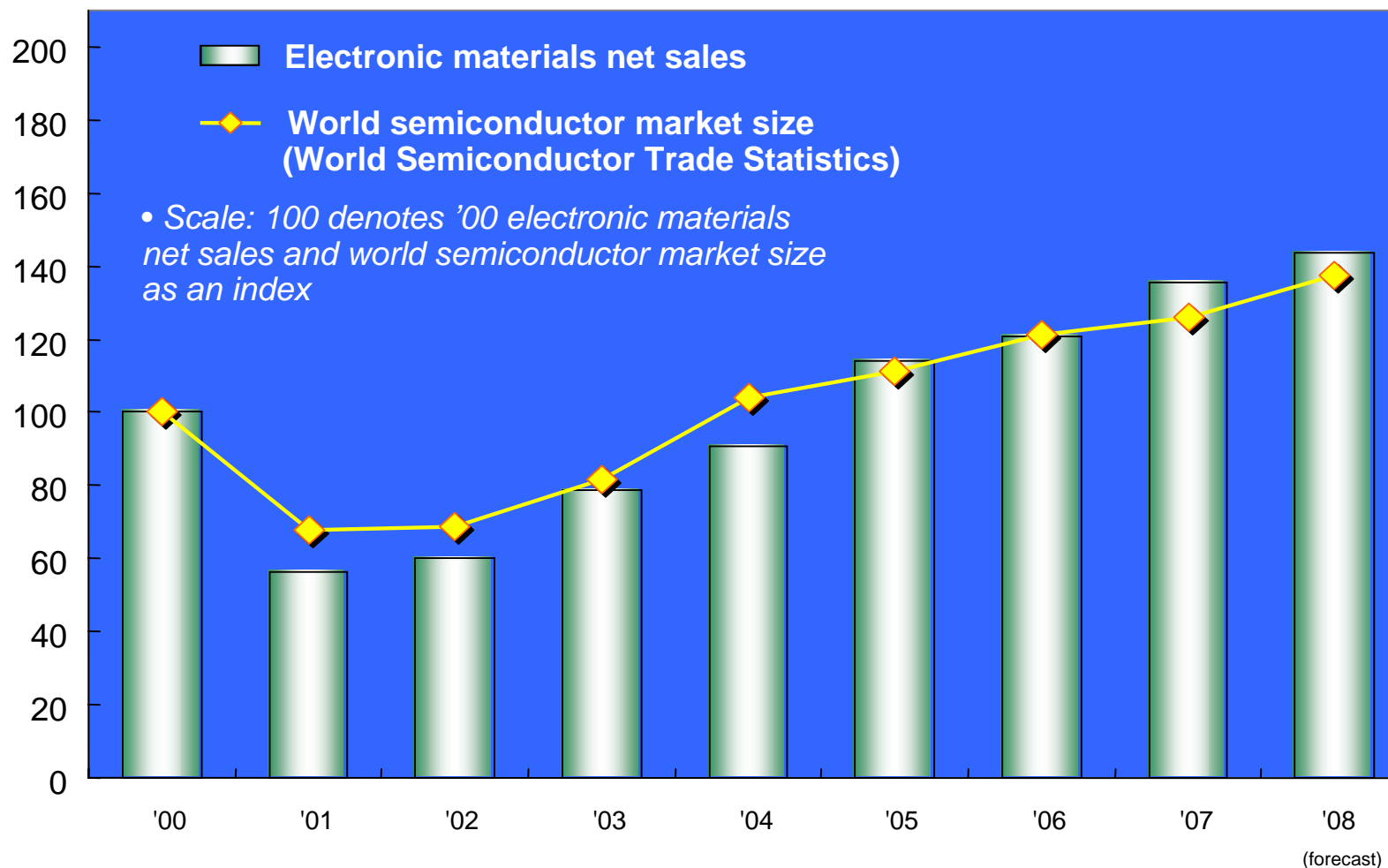
Fiscal 2008 forecast

BT materials sales volumes will increase but a decrease in the sales price of semiconductors will result in downward pricing pressure from customers, and competition is expected to intensify on the back of aggressive business activity by competitors. Softening in sales prices and a depreciation burden are expected to result in lower earnings than the previous year. Expanding customer approval for high performance epoxy materials will support higher sales volumes. LE sheets will perform steadily.

Performance will fall slightly short of the previous fiscal year.

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

Information and Advanced Materials



FY2008 Consolidated full-year forecasts

(Billion yen)

	FY2008 (Forecasts)	FY2007 (Results)	Change	Kyoso 2008 FY2008 Target
Net sales	540.0	519.3	20.7	494.0
Natural Gas Chemicals	155.2	156.3	(1.1)	144.2
Aromatic Chemicals	153.8	145.2	8.6	125.8
Specialty Chemicals	161.1	153.9	7.2	153.0
Information & Advanced Materials	81.1	76.8	4.3	80.6
Other/ eliminations	(11.2)	(12.9)	1.7	(9.6)
Operating income	30.0	47.4	(17.4)	47.5
Natural Gas Chemicals	0.3	3.3	(3.0)	9.3
Aromatic Chemicals	4.3	12.1	(7.8)	7.9
Specialty Chemicals	11.8	16.2	(4.4)	17.8
Information & Advanced Materials	12.7	15.2	(2.5)	12.3
Other/ eliminations	1.0	0.6	0.4	0.2
Equity in earnings of affiliates	19.0	21.3	(2.3)	10.6
Ordinary income	45.0	61.8	(16.8)	55.0
Net income before tax	44.5	56.1	(11.6)	53.0
Net income	35.0	40.2	(5.2)	35.0

- Based on exchange rate of ¥100¥/US\$
- Net sales is expected to increase ¥20.7 bn to ¥540.0 bn due to higher sales volumes of specialty products.
- Operating income is expected to decline by ¥17.4 bn to ¥30.0 bn. In addition to weakening profitability of some products, the main causes of this will be higher fixed costs (depreciation costs: ¥10.0 bn; repair and improvement costs: ¥2.5 bn; exploration costs: ¥2.5 bn; retirement benefit expenses: ¥2.0 bn, etc.) combined with yen appreciation.
- Equity in earnings of affiliates will decrease ¥2.3 bn; ordinary income will be ¥45.0 bn, down ¥16.8 bn.
- Extraordinary losses are expected to improve to ¥5.2 bn.
- Planned dividend for 2008 of ¥8 per share interim and ¥8 per share at year end.

Toward the next medium term business plan

◇ Formulate 3-year numerical targets and implementation plan

1. Recover benefits of capital expenditure implemented during *Kyoso 2008* business plan
⇒ Methanol (Saudi Arabia), meta-xylenediamine, purified isophthalic acid, copper clad laminates, etc.
2. Implement early commercialization and conversion to profitability of new product lineup
3. Steadily implement large-scale overseas projects
⇒ Methanol (Venezuela, Brunei), hydrogen peroxide (Zhangjiagang [China]), polycarbonate (Shanghai [China]), etc.

◇ Long-term issues

1. Implement measures to facilitate creation of new businesses
2. Develop operational and management framework in order to shift from strong presence in Asia to global expansion