

First Half Results Presentation

Fiscal Year 2008

First half of fiscal year ending March 31, 2009

This English translation contains modified extracts from an interim results presentation held on November 10, 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.

FY2008 consolidated first half results

(Billion yen)	1H FY2008	1H FY2007	Change	Change %
Net sales	269.2	250.6	18.6	7.4%
Operating income	9.6	22.6	(13.0)	(57.5%)
Equity in earnings of affiliates	10.8	11.5	(0.7)	(5.7%)
Ordinary income	20.0	31.9	(11.9)	(37.5%)
Net income before tax	18.8	27.5	(8.7)	(31.5%)
Net income	14.6	20.8	(6.2)	(29.9%)

(Billion yen)	September 30, 2008	March 31, 2008	Change	Change %
Interest-bearing debt	154.8	150.6	4.2	2.8%
Total assets	606.4	601.4	5.0	0.8%

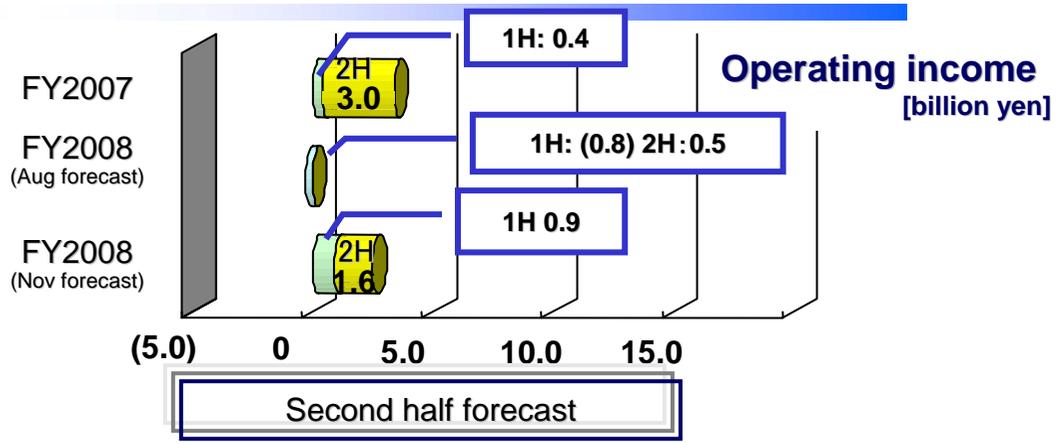
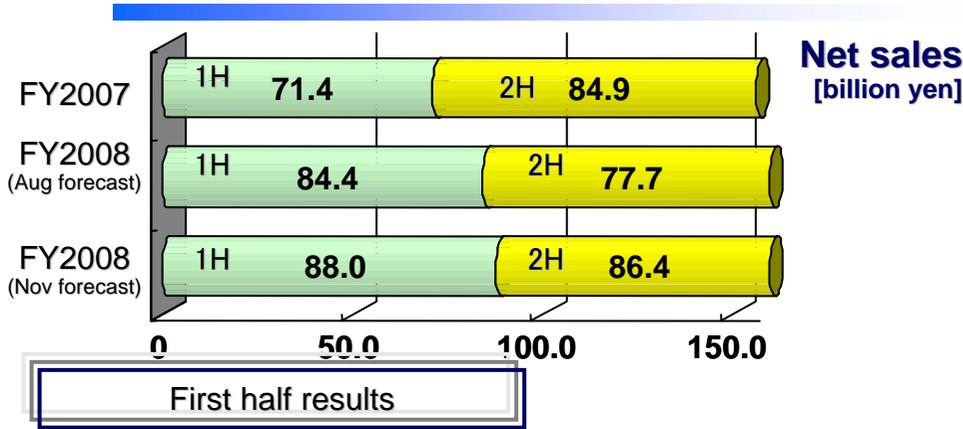
- Higher sales volumes of methanol, commodity aromatic chemical products and other products, while polycarbonate films and electronic materials sales volumes declined substantially
- Sales prices rose substantially, mainly in methanol and commodity aromatic chemical products due to the overall impact of high raw material and fuel costs
- Non-consolidated net sales rose ¥17.9 billion (of which ¥4.8 billion was volume-related and ¥13.1 billion was sales price-related)
- Price revisions aimed at passing on higher raw material costs for methanol and xylene to sales prices were not implemented in time: further large increases in depreciation costs, repair costs, and other fixed costs therefore resulted in a substantial decrease in operating income.
- Income from overseas methanol producing companies accounted for by the equity method increased on a dollar basis, but was roughly in line with the previous first half due to the effect of yen appreciation. Mitsubishi Engineering Plastics recorded lower earnings due to a deterioration in polycarbonate business.
- Extraordinary losses were reduced by ¥3.3 billion despite a transfer of ¥1.1 billion as expenses for antipollution operations, to allowance for bad debt in relation to soil pollution litigation

FY2008 consolidated first half results by segment

(Billion yen)

	1H FY2008	1H FY2007	Change
Net sales	269.2	250.6	18.6
Natural Gas Chemicals	88.0	71.4	16.6
Aromatic Chemicals	79.3	71.4	7.9
Specialty Chemicals	72.6	74.4	(1.8)
Information & Advanced Materials	35.7	39.7	(4.0)
Other	0.6	0.5	0.1
Eliminations and Corporate	(6.9)	(6.8)	(0.1)
Operating income	9.6	22.6	(13.0)
Natural Gas Chemicals	0.9	0.4	0.5
Aromatic Chemicals	1.5	6.5	(5.0)
Specialty Chemicals	3.1	6.9	(3.8)
Information & Advanced Materials	4.2	8.6	(4.4)
Other	0.3	0.2	0.1
Eliminations and Corporate	(0.4)	0.0	(0.4)

Results & forecasts: Natural Gas Chemicals



➤ **Methanol**

The market declined slightly from April, but the price trended at higher than expected levels, supported by robust demand from China for fuel applications, and revenue and earnings rose. Equity in earnings increased on a dollar basis, but was roughly in line the previous first half due to a stronger yen.

➤ **Methanol and ammonia derivatives**

Overall sales volumes decreased, but higher raw material costs for ammonia and amine derivatives were largely passed on in sales prices. However, increases in repair costs at the Niigata plant and new gas field exploration costs resulted in lower earnings.

➤ **Enzymes and coenzymes**

Coenzyme Q10 sales volumes increased and a price increase was implemented in 2Q, but average price levels were less than those of the previous first half, causing continued operating loss.

➤ **Natural gas and other energy**

Earnings increased substantially due to high crude oil prices.

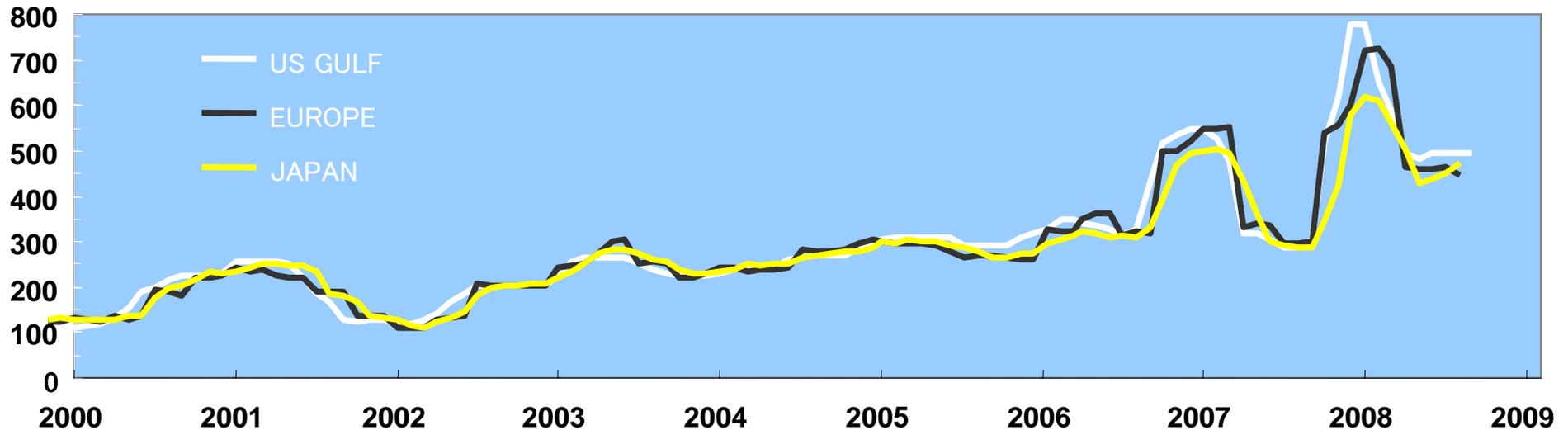
Market prices are expected to decline to the \$300 level, resulting in lower sales and lower income. Equity in earnings is also expected to be around ¥3.0 billion less than in the first half.

In addition to full price revisions to improve profitability, repair costs, exploration costs and other fixed costs are expected to decrease, leading to higher earnings.

Sales volumes will continue to increase and average sales price levels will exceed those of the first half leading to improved profitability.

Margins will decrease as a result of crude oil prices falling.

Trends in methanol prices: Natural Gas Chemicals



Outlook for 2009

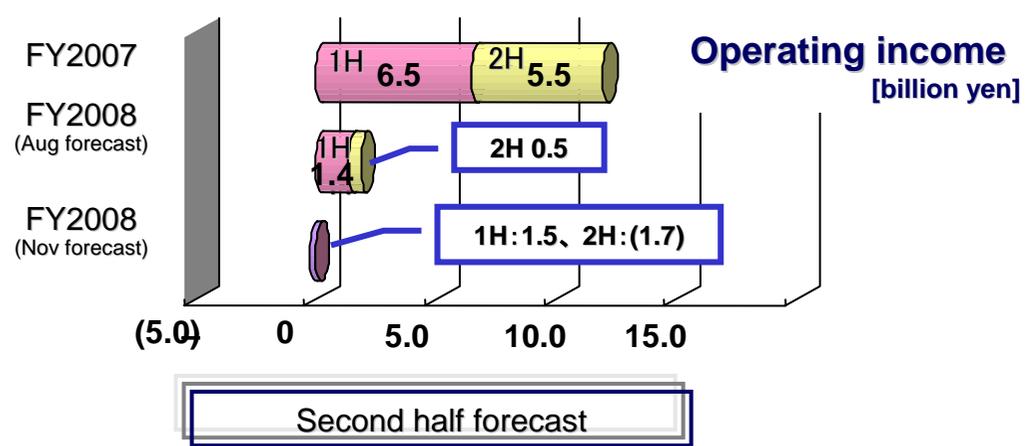
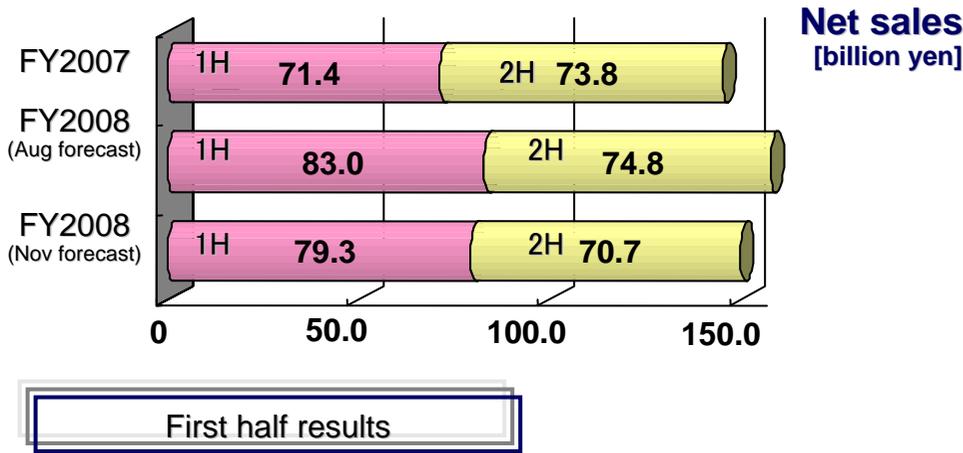
Supply and demand trends: Decline in global demand for formalin and other derivatives due to economic slowdown, decline in demand for fuel applications in China, which had supported the market in first half of 2008, due to crude oil price falling. Taking these factors into account, the current weakness in demand is expected to continue. In addition, the start of operations at competitors' plants in Malaysia (1.7 million t/y) and Iran (1.7 million t/y) is expected to increase supply significantly, resulting in softness of supply and demand.

⇒ **Price trends:** Market prices are expected to decline substantially below the \$300 level against a background of softness of supply and demand.

Natural Gas Chemicals

Product	Trend	Comments
Natural gas exploration	<ul style="list-style-type: none"> ◇ Implemented trial drilling offshore Kitakanbara, Niigata Prefecture from March to August 2008 ⇒ No economically viable gas fields were found 	Costs borne by MGC amounted to ¥1.5 billion, lower than the initial forecast of ¥2.7 billion
Methanol	<ul style="list-style-type: none"> Saudi Arabia: 1,700,000 t/y (operational in May 2008) Venezuela : 850,000 t/y ; under construction (scheduled to be operational in 1Q 2010) Brunei : 850,000 t/y ; under construction (scheduled to be operational in 2Q 2010) Chongqing : 850,000 t/y ; feasibility study in progress 	
Spiroglycol (SPG) Dioxane glycol (DOG)	<ul style="list-style-type: none"> ◇ Mizushima plant: 1,500 t/y new facility (shared facility); to enter commercial operation in near future ⇒ Adoption of SPG for certain packaging applications such as SPG-PET <i>ALTESTER</i>® ⇒ Increased inquiries regarding DOG for adhesives for blue ray disk and other applications 	Applications: SPG: antioxidant, raw material for polymers etc. DOG: UV curing resin, etc.
Fuel Dimethyl ether (DME)	<ul style="list-style-type: none"> ◇ Niigata plant: 80,000 t/y new facility (operational in July 2008) ⇒ Started project to promote DME for small-scale boilers using LPG or heavy oil, based on a DME-related budget received from METI 	Plant for developing market through fuel DME manufacturing affiliate company
Specialty amino acid	<ul style="list-style-type: none"> ◇ Niigata plant: new facility under construction (scheduled to be operational in February 2009) ⇒ Acquired customer approval, full-fledged sales to start following start of facilities operation 	Application: pharmaceutical intermediate
Pyrroloquinoline quinone (PQQ)	<ul style="list-style-type: none"> ◇ August 2008: application formally accepted by FDA in the U.S. ⇒ Supplements including PQQ to be sold in U.S. within 2008 ⇒ Based on market response, construction of large scale facility at an early date to be considered 	Application: Health food ingredient (brain food)

Results & forecasts: Aromatic Chemicals



In specialty aromatic chemicals, sales volumes of meta-xylenediamine (MXDA), MX nylon and aromatic aldehyde increased substantially, but factors such as delays in passing on higher costs for raw material xylene and higher depreciation costs for MXDA resulted in higher net sales and lower income.

Purified isophthalic acid recorded a substantial decline in income as a result of higher depreciation costs and rising raw materials costs as well as a decline in sales prices stemming from intensifying competition, which was triggered by facility enhancements by A.G. International Chemical Co., Inc. (AGIC) and a Korean competitor.

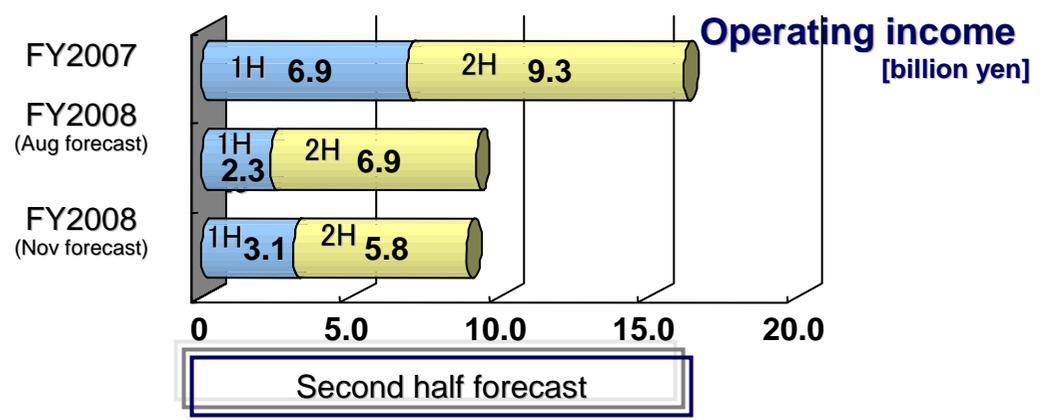
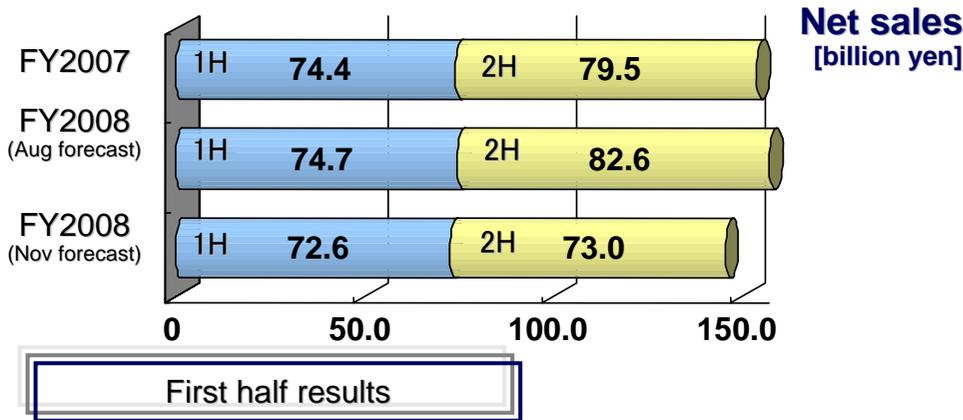
Specialty aromatic chemicals will record higher sales volumes despite the impact of yen appreciation, leading to increased income.

Intense competition is expected to continue amid sluggish growth in global demand for purified isophthalic acid. AGIC is expected to record substantial losses, in light of the current concern of further declines in sales prices and the continued strength of the yen.

Aromatic Chemicals

Product	Trend	Comments
Meta-xylene	◇ Mizushima plant: 70,000 t/y; under construction (scheduled to be operational in November 2009)	
MX nylon	◇ Niigata plant and MGC Advanced Polymers to enter full operation in next fiscal year ⇒ Deciding next investment plan within this fiscal year	
Transparent & highly heat resistant polyimide film Neopulim®	◇ Steadily advancing evaluations for early commercialization, including for flexible display and photovoltaic cell applications ⇒ Reflect customer evaluations to further improve film quality ⇒ Accelerating market development toward full-fledged commercialization in fiscal 2011 (production of 100,000 m ³ per month)	Application: Transparent electrode substrates (flexible displays, light sensors, photovoltaic 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 ⇒ Aim to achieve full-fledged commercialization in fiscal 2011 (2,000 t/y)	Application: Food packaging, industrial 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



➤ Inorganic chemicals for industrial use

With tight domestic supply and demand for hydrogen peroxide, MGC continued to implement price revisions. However, earnings decreased as a result of rising raw material and fuel costs, as well as higher fixed costs.

➤ Electronic chemicals

Sales volumes increased due to healthy demand from the semiconductor, LCD, and printed circuit board sectors, and overseas subsidiaries also performed well, leading to increased revenue and earnings.

➤ Engineering plastics

POM performed strongly both in sales volumes and price. In PC, amid sustained high prices for bisphenol A (BPA), delays in passing on costs to sales prices and lower sales volumes caused a decrease in income. In PC sheets and films, sales volumes of films for flat panel displays decreased substantially leading to lower revenue and earnings.

The effect of price revisions for hydrogen peroxide is expected to lead to an improvement in profitability.

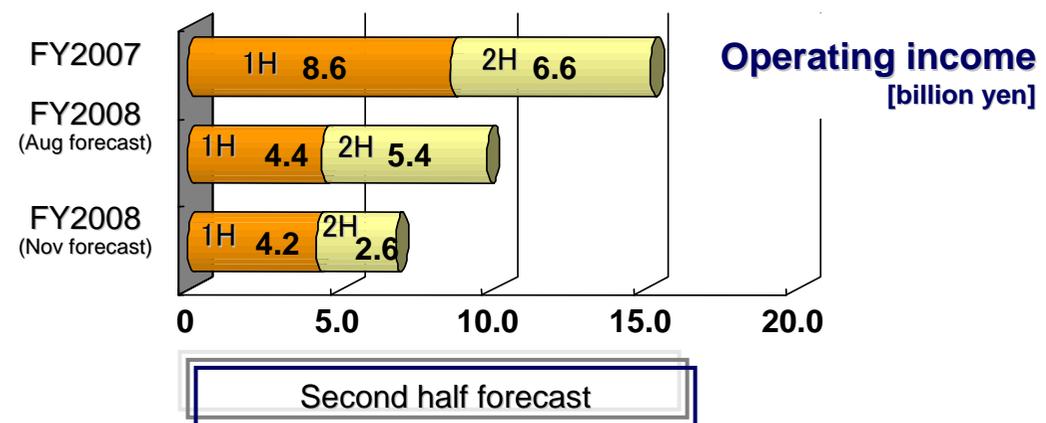
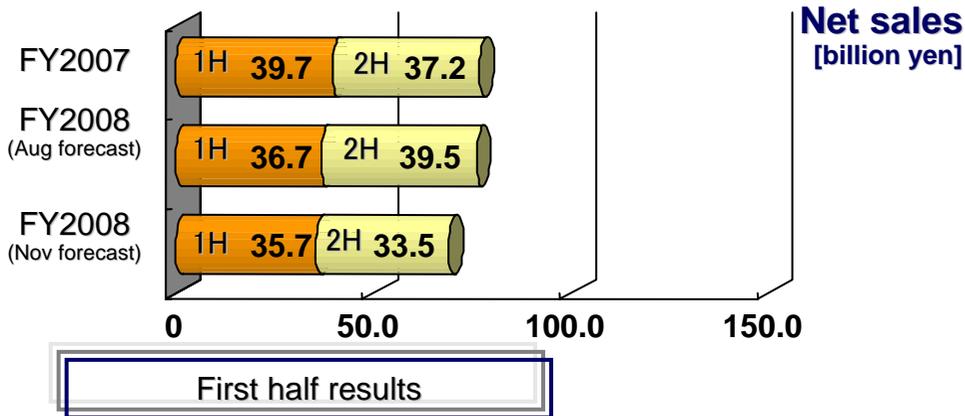
With weakening demand from user industries and decreased earnings from overseas subsidiaries, second half results are expected to fall short of those in first half.

Steady performance is expected in POM. In PC, a fall in the price of BPA is expected but as supply and demand will soften, a substantial recovery in revenue and earnings is not expected. In PC sheets and films, profitability is expected to deteriorate as sales volumes of films for FPD applications are not expected to recover.

Specialty Chemicals

Product	Trend
Hydrogen peroxide	<ul style="list-style-type: none"> ◇ Zhangjiagang, Jiangsu Province, China: 30,000 t/y under construction (scheduled to be operational in 2Q 2009)
Electronic materials	<ul style="list-style-type: none"> ◇ Yokkaichi plant, Japan: 12,000 t/y ultra pure hydrogen peroxide under construction (scheduled to be operational in 2Q 2009) ⇒ adds to Yamakita plant, Saga plant to form three-point production framework in Japan ◇ Singapore : 1,000 t/y chemical polishing agent plant under construction (scheduled to be operational in 2Q 2009) ⇒ meet growing demand in S.E. Asia for printed circuit board applications ◇ U.S. ultra pure ammonia 3,000 t/y under construction (scheduled to be operational in 1Q 2009) ⇒ meet growing demand in U.S. for semiconductor applications
Polycarbonate	<ul style="list-style-type: none"> ◇ Shanghai: 80,000 t/y ; final assessment of feasibility study underway (examining optimal timing for investment) ◇ Kashima plant: 10,000 t/y (upgrade completed October 2008) Thai Polycarbonate Co., Ltd: 10,000 t/y being upgraded (for completion in November 2008) ⇒ Meet additional demand by upgrading existing plants until Shanghai base operational
Specialty polycarbonate	<ul style="list-style-type: none"> ◇ Kashima plant construction of specialty polycarbonate facility planned ⇒ construction of melting method plant targeting optical lens and film applications
Polycarbonate sheets and films	<ul style="list-style-type: none"> ◇ Demand steadily increasing for hard coat sheet ⇒ Expand the field of application from front panels for LCD of mobile devices to medium-sized LCD panels
Polyacetal	<ul style="list-style-type: none"> ◇ Planning to increase production capacity at existing bases in Asia at an early date

Results & forecasts: Information and Advanced Materials



➤ Electronic materials

BT materials sales prices declines were within the range of initial estimates. However, due to faltering demand for semiconductor packaging for memory and high performance mobile phones, sales volumes decreased substantially, along with higher depreciation costs, and both revenue and earnings declined. LE sheet also fell short of the previous first half. High performance epoxy materials performed steadily. At Japan Circuit Industrial Co., Ltd., CSP sales volumes decreased, resulting in lower revenue and earnings.

➤ Oxygen absorbers

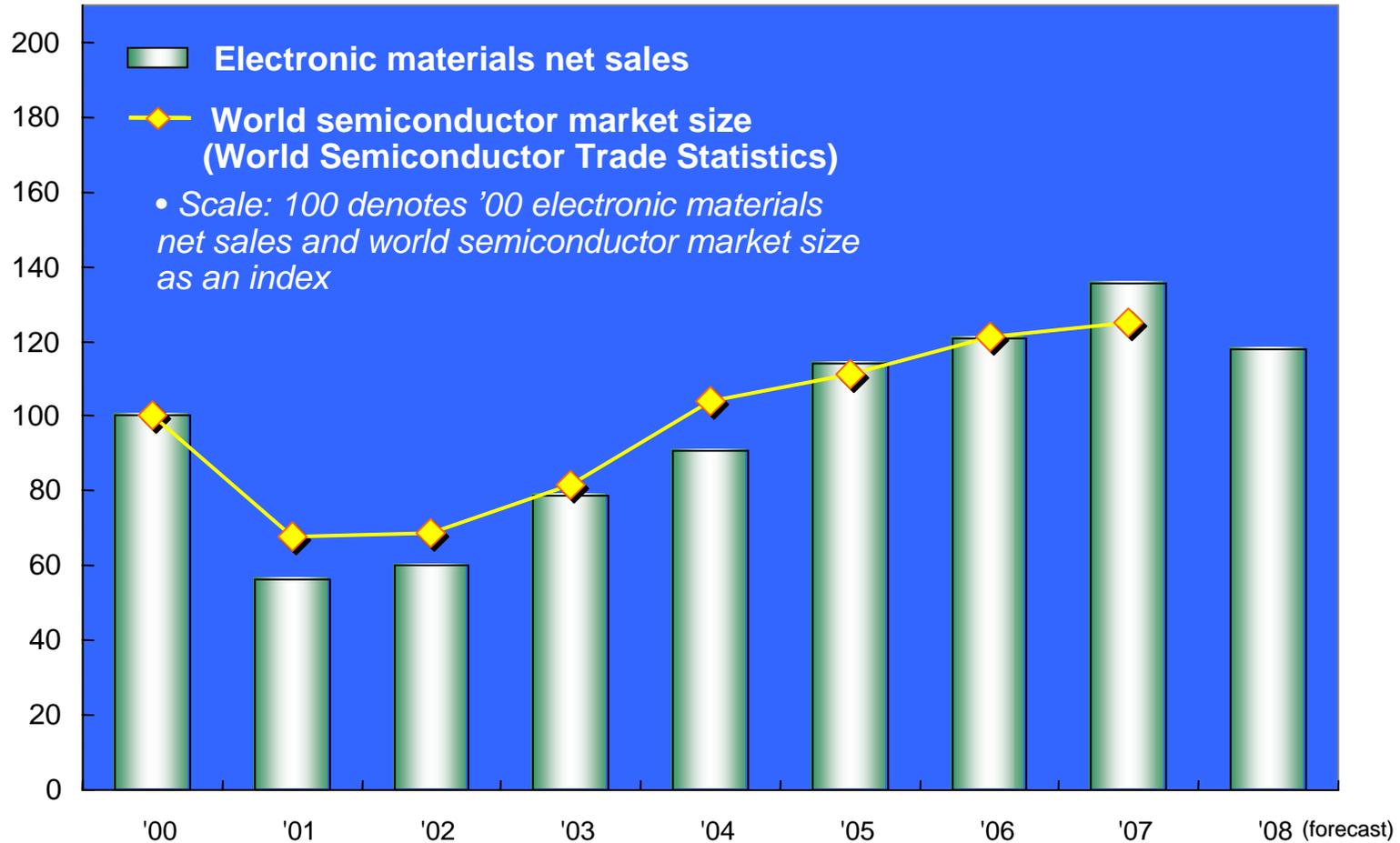
Sales volumes increased, but due to a strengthening in the yen and rising raw materials prices, revenue and earnings were roughly in line with the previous first half.

Customer orders for BT materials will not recover during the second half as demand for semiconductor packaging is expected to remain weak in the long term. Revenue and earnings from electronic materials, including LE sheets, are expected to fall short of the first half.

Japan Circuit Industrial Co., Ltd. will also remain weak in the second half.

The situation with regard to oxygen absorbers is expected to remain similar to that of the first half.

Information and Advanced Materials



FY2008 consolidated full-year forecasts

(Billion yen)

	FY2008 Nov. forecast	FY2008 Aug. forecast	FY2007 results
Net sales	525.0	540.0	519.3
Operating income	18.0	21.0	47.4
Equity in earnings of affiliates	18.5	21.0	21.3
Ordinary income	32.0	39.0	61.8
Net income before tax	30.5	39.0	56.1
Net income	25.0	31.0	40.2

- Revised forecast: downward revisions of purified isophthalic acid sales prices and electronic materials sales volumes, based on exchange rate of ¥95/US\$1
- As a result, net sales is expected to be ¥15.0 billion lower than August forecast, operating income is expected to be ¥3.0 billion lower than August forecast.
- Equity in earnings will be ¥2.5 billion lower than August forecast, due to decreased earnings at overseas methanol companies as a result of a decline in the methanol market, as well as deterioration results at Mitsubishi Engineering Plastics Corp.
- Extraordinary losses are expected to increase by ¥1.5 billion compared with August forecast.
- Planned dividend for 2008 of ¥8.0 per share interim and ¥8 per share at year end.

Next medium term management plan

Aim to achieve sustainable growth as a highly profitable R&D-driven corporate group

**Desired position in 2021:
in Global Top 30**

**MGC Will 2011
(FY09-FY11)**

**Net sales over
¥1 trillion**

2021 marks the 50th anniversary of the merger of the MGC Group

**Step One to achieving
desired position in 2021**

**Kyoso 2008
(FY06-FY08)**

- Shift of focus to increasing growth
 - Proactive investment exceeding depreciation
 - Further strengthening of core operations
- ⇒ Movement toward higher stage; run-up period toward jump

Key points of next management plan

Next medium term management plan *MGC Will 2011* (FY2009-FY2011)

1. Expand and enhance core businesses

- Pursue strategic differentiation to reflect the characteristics of each product group:
Chemical chain (basic chemicals and their derivatives) and
High performance (highly value-added functional materials)

2. Accelerate new product development

- Proactively invest R&D resources in growth areas (information and electronics, environment and energy, life sciences, food packaging materials)
- Use technology platform developed through *Kyoso 2008*

3. Improve business foundation to support sustainable growth

- Improve productivity, fine-tune existing technology
- Expand and enhance Global Group management