

attributable to impairment losses on property and equipment, lower sales in overseas automobile operations, and decreased equity in earnings due to the sale of a European automobile-related company.

#### **6) Chemicals Group**

This group recorded net income of 17.0 billion yen, down 2.7 billion yen year on year. Although there was an increase in earnings from strong transactions of commodity chemicals at the parent company, the overall decrease in earnings reflected the absence of tax benefits from a higher equity interest in a petrochemical business-related company in the same period of the previous fiscal year.

#### **7) Living Essentials**

This business group posted net income of 19.6 billion yen, 5.8 billion yen lower year on year, despite increased gross profit from making subsidiaries out of foodstuffs-related companies. The year-on-year decrease in net income was mainly due to write-downs of listed shares and the absence of gains on sales of shares recorded in the previous fiscal year.

## **2. Qualitative Information Concerning Consolidated Financial Position**

### **(1) Changes in Assets, Liabilities and Shareholders' Equity**

Total assets at September 30, 2008 were 12,585.2 billion yen, up 834.8 billion yen from the previous fiscal year-end. One reason for this was an increase in cash and deposits as Mitsubishi Corporation secured liquidity to ensure it could weather turmoil in financial markets and to fund new investments. Other reasons were an increase in current assets reflecting increase in trade receivables and inventories resulting from higher commodity prices. Investment and non-current assets increased, due to increased investments in affiliated companies in line with subscription to capital increase and an increase in property and equipment due to the acquisition of new working interests by overseas natural resource-related subsidiaries. This outweighed the decrease of unrealized gain on marketable securities at the parent company.

Total liabilities were 9,372.8 billion yen, up 830.3 billion yen from March 31, 2008. This reflected an increase in interest-bearing liabilities as Mitsubishi Corporation procured funds to ensure it was prepared for turmoil in financial markets and due to demand for funds to meet working capital requirements and for other uses.

Interest-bearing liabilities (net), which are interest-bearing liabilities (gross) minus cash and cash equivalents, rose 365.7 billion yen to 3,787.6 billion yen from March 31, 2008. The net debt-to-equity ratio, which is net interest-bearing liabilities divided by total shareholders' equity, was 1.3.

Total shareholders' equity increased 7.0 billion yen to 2,880.5 billion yen from March 31, 2008. The slight rise, despite the net income result, was due both to a decrease in net unrealized gains on marketable securities available for sale resulting from a decrease in unrealized gains on listed shareholdings, as well as to a decrease in foreign currency translation adjustments because of the yen's appreciation.

## **(2) Cash Flows**

Cash and cash equivalents at September 30, 2008 were 1,028.1 billion yen, up 277.9 billion yen, or 37.1%, from March 31, 2008.

### **(Operating activities)**

Net cash provided by operating activities was 67.3 billion yen. Cash was chiefly provided by increased cash flows from transactions at natural resource-related subsidiaries and firm growth in dividend income from business investments, mainly natural resource-related companies. On the other hand, there was a large increase in working capital requirements caused by rising commodity prices and firm growth in operating transactions.

### **(Investing activities)**

Net cash used in investing activities was 369.2 billion yen. In addition to cash used for the purchase of additional shares in Chiyoda Corporation and Mitsubishi UFJ Lease & Finance Company Limited via subscription to a private placement, cash was used for the acquisition of new working interests in a coking coal project by an overseas natural resource-related subsidiary.

As a result of the above, free cash flow, the sum of operating and investing cash flows, was a negative 301.9 billion yen.

### **(Financing activities)**

Net cash provided by financing activities was 591.3 billion yen. One of the main uses of cash was for the payment of dividends at the parent company. The net cash inflow,

however, reflected fund procurement to meet increased working capital requirements in line with rising commodity prices and to ensure Mitsubishi Corporation was prepared for financial market instability.

### **3. Qualitative Information Concerning Consolidated Forecasts for Fiscal 2009**

MC has lowered its original fiscal 2009 consolidated net income forecasts as follows. This revision reflects expectations of lower earnings due to an increase in impairment losses on listed marketable securities, and the effect of falling commodity prices and the yen's appreciation, which have all resulted from the unfolding global financial crisis.

(Billion Yen)

	FY09 (Forecasts)	FY08 (Actual)	Change
Operating transactions	25,000	23,103.0	+1,897.0
Net income	520.0	470.9	+49.1

Basic assumptions to fiscal 2009 forecasts are as follows:

	FY09 (Forecasts)	FY08 (Actual)	Change
Exchange rate	103.1 JPY/US\$	114.4 JPY/US\$	-11.3 JPY/US\$
Crude oil price	US\$87.6/BBL	US\$77.4/BBL	+US\$10.2/BBL
Interest rate (TIBOR)	0.87%	0.79%	+0.08%

Note:

Earnings forecasts and other forward-looking statements in this release are management's current views and beliefs in accordance with data currently available, and are subject to a number of risks, uncertainties and other factors that may cause actual results to differ materially from those projected.