

Operational Summary

for the First Half of the Fiscal Year Ending March 31, 2015

October 31, 2014

Mitsubishi Chemical Holdings Corporation

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List of Abbreviations

FY2014: April 1, 2014 - March 31, 2015
1st Quarter ("1Q") of FY2014: April 1, 2014 - June 30, 2014
2nd Quarter ("2Q") of FY2014: July 1, 2014 - September 30, 2014
1st Half ("1H") of FY2014: April 1, 2014 - September 30, 2014

FY2013: April 1, 2013 - March 31, 2014
1st Quarter ("1Q") of FY2013: April 1, 2013 - June 30, 2013
2nd Quarter ("2Q") of FY2013: July 1, 2013 - September 30, 2013
1st Half ("1H") of FY2013: April 1, 2013 - September 30, 2013

MCHC: Mitsubishi Chemical Holdings Corporation
MCC: Mitsubishi Chemical Corporation
MTPC: Mitsubishi Tanabe Pharma Corporation
MPI: Mitsubishi Plastics, Inc.
MRC: Mitsubishi Rayon Co., Ltd.
LSII: Life Science Institute, Inc.

(Note)

Divisional numbers into following "business sub-segments" under the business segments of Designed Materials, Health Care, Chemicals, or Polymers are approximation for reference purpose only;

Functional Products
Performance Chemicals
Pharmaceuticals
Diagnostics, Clinical Testing and API
Petrochemicals
Carbon
Polyolefins and Advanced Polymers
MMA Monomers and Polymers

Consolidated Statements of Operations

Exchange rate (¥/US\$)	101.9	105.4	103.6	98.6	5.0
Naphtha price (¥/kl)	69,900	70,900	70,400	64,800	5,600

				(Billions of Yen)		%	<Reference>	
	1Q	2Q	1H of FY2014	1H of FY2013	Change		1H of FY2014 Forecast (announced on May 12)	Change
Net sales	810.9	861.4	1,672.3	1,611.6	60.7	4%	1,720.0	(47.7)
Operating income	29.5	44.2	73.7	51.4	22.3	43%	56.5	17.2
Income (expenses) on financing activities	(0.7)	(0.4)	(1.1)	(2.7)	1.6		(3.0)	1.9
[Dividend income included in above]	[2.6]	[2.8]	[5.4]	[3.8]	[1.6]		[4.5]	[0.9]
Equity in Earnings of non-consolidated subsidiaries and affiliates	1.1	0.6	1.7	1.0	0.7		1.0	0.7
Other non-operating income (expenses)	(1.1)	3.1	2.0	0.5	1.5		(2.5)	4.5
Ordinary income	28.8	47.5	76.3	50.2	26.1	52%	52.0	24.3
Extraordinary gain	0.3	16.4	16.7	23.7	(7.0)		(6.0)	13.4
Extraordinary loss	(5.6)	(3.7)	(9.3)	(2.8)	(6.5)			
Income before income taxes and minority interests	23.5	60.2	83.7	71.1	12.6		46.0	37.7
Current and deferred income taxes	(11.5)	(19.4)	(30.9)	(28.1)	(2.8)		(21.5)	(9.4)
Income before minority interests	12.0	40.8	52.8	43.0	9.8		24.5	28.3
Minority interests in consolidated subsidiaries	(6.1)	(13.4)	(19.5)	(15.7)	(3.8)		(14.5)	(5.0)
Net income (loss)	5.9	27.4	33.3	27.3	6.0	22%	10.0	23.3
Comprehensive income attributable to :	13.0	56.2	69.2	92.4	(23.2)			
Shareholders of the parent	8.7	39.2	47.9	70.9	(23.0)			
Minority interests	4.3	17.0	21.3	21.5	(0.2)			

Consolidated Net Sales and Operating Income by Business Segment

		(Billions of Yen)					<Reference>
		1Q	2Q	1H of FY2014	1H of FY2013	Change	1H of FY2014 Forecast (announced on May 12)
Total	Net Sales	810.9	861.4	1,672.3	1,611.6	60.7	1,720.0
	Operating Income	29.5	44.2	73.7	51.4	22.3	56.5
Electronics Applications	Net Sales	28.6	28.9	57.5	56.8	0.7	60.0
	Operating Income	(0.4)	(0.7)	(1.1)	(2.6)	1.5	(2.5)
Designed Materials	Net Sales	194.8	201.4	396.2	369.9	26.3	405.0
	Operating Income	12.9	14.4	27.3	*1 23.0	4.3	23.0
Health Care	Net Sales	122.8	133.0	255.8	*1 250.8	5.0	261.0
	Operating Income	16.0	23.8	39.8	34.5	5.3	34.0
Chemicals	Net Sales	211.8	229.2	441.0	460.8	(19.8)	455.0
	Operating Income	0.5	0.8	1.3	0.2	1.1	(2.0)
Polymers	Net Sales	203.6	212.9	416.5	380.2	36.3	430.0
	Operating Income	1.5	6.0	7.5	(1.0)	8.5	8.0
Others	Net Sales	49.3	56.0	105.3	93.1	12.2	109.0
	Operating Income	0.3	1.9	2.2	0.4	1.8	0.0
Corporate	Net Sales	-	-	-	-	-	-
	Operating Income	(1.3)	(2.0)	(3.3)	(3.1)	(0.2)	(4.0)

*1 Effective from FY2014, certain businesses (including businesses in consolidated subsidiaries) have been reclassified from the Health Care segment to the Designed Materials segment. Accordingly, segment information for FY2013 is restated to match.

Consolidated Net Sales and Operating Income by Business Sub-segment

		(Billions of Yen)					<Reference>		
		1Q	2Q	1H of FY2014	1H of FY2013	Change	1H of FY2014 Forecast (announced on May 12)		
Electronics Applications		Net Sales	28.6	28.9	57.5	56.8	0.7	60.0	
		Operating Income	(0.4)	(0.7)	(1.1)	(2.6)	1.5 (a)	(2.5)	
Designed Materials	Functional Products		Net Sales	133.3	139.7	273.0	252.5	20.5	280.0
			Operating Income	6.7	8.3	15.0	11.6	3.4 (b)	11.0
	Performance Chemicals		Net Sales	61.5	61.7	123.2	117.4	5.8	125.0
			Operating Income	6.2	6.1	12.3	*1 11.4	0.9 (c)	12.0
Health Care	Pharmaceuticals		Net Sales	94.4	104.2	198.6	202.8	(4.2)	201.0
			Operating Income	14.8	22.3	37.1	32.9	4.2 (d)	32.0
	Diagnostics, Clinical Testing and API		Net Sales	28.4	28.8	57.2	*1 48.0	9.2	60.0
			Operating Income	1.2	1.5	2.7	1.6	1.1 (e)	2.0

*1 Effective from FY2014, certain businesses (including businesses in consolidated subsidiaries) have been reclassified from the Health Care segment to the Designed Materials segment. Accordingly, segment information for FY2013 is restated to match.

Major reasons for the change:

- (a) Rationalization, etc.
- (b) Increased sales for electronic and industrial film, engineering plastic products, and carbon fiber , etc.
- (c) Increased sales and rationalization for lithium-ion battery materials, increased sales for inorganic chemical products, etc.
- (d) Profit increased due to increased royalty revenues, SG&A expenses declined for 1H of FY2014 caused by reductions in expenses and to the recording of certain expenses after the close of the period, whereas profit decreased due to drug price revisions and expanded use of generic drugs.
- (e) Qualicaps Group, etc.

Consolidated Net Sales and Operating Income by Business Sub-segment (Continued)

			(Billions of Yen)					<Reference>
			1Q	2Q	1H of FY2014	1H of FY2013	Change	1H of FY2014 Forecast (announced on May 12)
Chemicals	Petrochemicals	Net Sales	161.9	180.0	341.9	358.5	(16.6)	345.0
		Operating Income	(1.3)	(1.9)	(3.2)	(4.1)	0.9 (a)	(6.5)
	Carbon	Net Sales	49.9	49.2	99.1	102.3	(3.2)	110.0
		Operating Income	1.8	2.7	4.5	4.3	0.2 (b)	4.5
Polymers	Polyolefins and Advanced Polymers	Net Sales	125.7	128.3	254.0	236.4	17.6	260.0
		Operating Income	0.7	1.7	2.4	(0.8)	3.2 (c)	3.0
	MMA Monomers and Polymers	Net Sales	77.9	84.6	162.5	143.8	18.7	170.0
		Operating Income	0.8	4.3	5.1	(0.2)	5.3 (d)	5.0

Inventory valuation gain/loss	1Q	2Q	1H of FY2014	1H of FY2013	Change
Chemicals (Petrochemicals)	0.0	(0.1)	(0.1)	(1.0)	0.9
Chemicals (Carbon)	(0.4)	(0.3)	(0.7)	0.2	(0.9)
Polymers	0.8	1.2	2.0	4.3	(2.3)
Total	0.4	0.8	1.2	3.5	(2.3)

Major reasons for the change:

- (a) Reduced deficits due to rationalization and increased margins in PTA business, etc., despite the difference in scale of periodic maintenance, etc.
- (b) Increased sales for domestic coke, despite inventory valuation loss in coking coke, etc.
- (c) Increased margins in polyolefin business, increased profit in performance polymers business, etc.
- (d) MMA market recovery in Asia, stabilized operation in U.S.A., etc.

Analysis of Operating Income

(1H of FY2014 vs. 1H of FY2013)

(Billions of Yen)

	1H of FY2014	1H of FY2013	Change	Analysis			
				Price	Volume	Cost reduction	Others *1
Total	73.7	51.4	22.3	(6.2)	17.8	12.2	(1.5)
Electronics Applications	(1.1)	(2.6)	1.5	(2.0)	1.7	1.6	0.2
Designed Materials	27.3	*2 23.0	4.3	(2.0)	4.7	2.3	(0.7)
Health Care	39.8	*2 34.5	5.3	(11.1)	13.1	2.0	1.3
Chemicals	1.3	0.2	1.1	1.5	(2.8)	2.1	0.3
Polymers	7.5	(1.0)	8.5	7.4	0.1	3.7	(2.7)
Others	2.2	0.4	1.8	-	1.0	0.3	0.5
Corporate	(3.3)	(3.1)	(0.2)	-	-	0.2	(0.4)

*1 Items included are impacts from inventory valuation gain/loss, etc.

*2 Effective from FY2014, certain businesses (including businesses in consolidated subsidiaries) have been reclassified from the Health Care segment to the Designed Materials segment. Accordingly, segment information for FY2013 is restated to match.

Consolidated Extraordinary Gain and Loss

(Billions of Yen)

			1H of	1H of	Change
	1Q	2Q	FY2014	FY2013	
Net of extraordinary gain and loss	(5.3)	12.7	7.4	20.9	(13.5)
Extraordinary gain	0.3	16.4	16.7	23.7	(7.0)
Gain on sales of property, plant and equipment	0.0	12.1	12.1	1.9	10.2
Gain on sales of investment securities	0.3	1.8	2.1	7.8	(5.7)
Others	0.0	2.5	2.5	14.0	(11.5)
Extraordinary loss	(5.6)	(3.7)	(9.3)	(2.8)	(6.5)
Business structure improvement expenses	(5.0)	(1.7)	(6.7)	(0.5)	(6.2)
Loss on sales and retirement of property, plant and equipment	(0.4)	(0.7)	(1.1)	(1.0)	(0.1)
Impairment loss	(0.1)	(1.0)	(1.1)	(1.0)	(0.1)
Others	(0.1)	(0.3)	(0.4)	(0.3)	(0.1)

Consolidated Cash Flows

	Based on statements of cash flows		Adjusted by excluding cash flows from investment of surplus funds	
	1H of FY2014	1H of FY2013	1H of FY2014 Excluded (13.3) billion yen	1H of FY2013 Excluded 20.8 billion yen
Net cash provided by operating activities	120.8	89.8	120.8	89.8
Income before income taxes and minority interests	83.7	71.1	83.7	71.1
Depreciation and amortization	64.1	60.1	64.1	60.1
Amortization of goodwill	7.7	6.8	7.7	6.8
Change in operating receivables/payables	9.7	(11.3)	9.7	(11.3)
Change in Inventories	(2.5)	(7.0)	(2.5)	(7.0)
Others	(41.9)	(29.9)	(41.9)	(29.9)
Net cash used in investment activities	(72.9)	(64.2)	(59.6)	(85.0)
Capital expenditure	(64.7)	(59.3)	(64.7)	(59.3)
Sale of assets	19.8	19.4	19.8	19.4
Investment and loans receivable, etc	(28.0)	(24.3)	* 1 (14.7)	(45.1)
Free cash flow	47.9	25.6	61.2	4.8
Net cash used in financing activities	(7.7)	(6.8)		
Interest bearing debts	9.3	12.5		
Dividends, etc.	(17.0)	(19.3)		
Increase (Decrease) in cash and cash equivalents	40.2	18.8		
Effect of exchange rate changes and change in scope of consolidation	2.9	11.7		
Cash and cash equivalents at the beginning of the period	179.6	153.1		
Cash and cash equivalents at the end of the period	222.7	183.6		

(Billions of Yen)

*1 Investment on
The Saudi Methacrylates Company, etc.

Consolidated Balance Sheets

(Billions of Yen)

	Sep. 30, 2014	Mar. 31, 2014	Change
Cash and deposits	173.0	137.7	35.3
Inventories	598.7	591.1	7.6
Trade receivables	620.6	615.7	4.9
Others	250.2	218.9	31.3
Current assets	1,642.5	1,563.4	79.1
Tangible and Intangible fixed assets	1,244.6	1,234.5	10.1
Goodwill	171.3	180.1	(8.8)
Investment and Others	505.2	501.4	3.8
Non-current assets	1,921.1	1,916.0	5.1
Total assets	3,563.6	3,479.4	84.2

(Billions of Yen)

	Sep. 30, 2014	Mar. 31, 2014	Change
Interest-bearing debts	1,284.7	1,258.2	26.5
Trade payables	429.3	413.4	15.9
Others	498.3	492.9	5.4
Liabilities	2,212.3	2,164.5	47.8
Shareholders' equity	860.7	849.6	11.1
Accumulated other comprehensive income	65.8	51.2	14.6
Minority interests, etc.	424.8	414.1	10.7
Net assets	1,351.3	1,314.9	36.4
Total liabilities and net assets	3,563.6	3,479.4	84.2

Net interest-bearing debts (*1)	968.1	998.0	(29.9)
Net D/E ratio	1.04	1.11	(0.07)
Net D/E ratio (incl. minority interests in the denominator)	0.72	0.76	(0.04)

Shareholders' equity (*2)	926.5	900.8	25.7
Shareholders' equity ratio	25.9%	25.8%	0.1%

*1. Net interest-bearing debts (968.1 billion yen)
= interest bearing debts (1,284.7 billion yen)
- (cash and cash equivalents (222.7 billion yen) + investments of surplus funds (93.9 billion yen))

*2. Represents the sum of shareholders' equity and accumulated other comprehensive income per the above B/S.

Consolidated Statements of Comprehensive Income

Exchange rate used to convert balance sheets for foreign subsidiaries

	Sep. 2014	Mar. 2014
For subsidiaries with April-March accounting period (¥/US\$)	109.5	102.9
For subsidiaries with April-March accounting period (¥/€)	138.9	141.7

(Billions of Yen)

	1H of FY2014	1H of FY2013	Change
Net income	33.3	27.3	6.0
Minority interests in consolidated subsidiaries	19.5	15.7	3.8
Income before minority interests	52.8	43.0	9.8
Other comprehensive income (loss):			
Net unrealized holding gain (loss) on other securities	7.2	9.6	(2.4)
Gain (loss) on deferred hedges	(0.4)	(0.8)	0.4
Foreign currency translation adjustments	7.4	37.7	(30.3)
Remeasurements of defined benefit plans	(0.4)	0.1	(0.5)
Other comprehensive income (loss) for affiliates accounted for using equity method	2.6	2.8	(0.2)
Other comprehensive income (loss), net	16.4	49.4	(33.0)
Total comprehensive income (loss)	69.2	92.4	(23.2)
Total comprehensive income (loss) attributable to :			
Shareholders of the parent	47.9	70.9	(23.0)
Minority interests	21.3	21.5	(0.2)

Forecast for FY2014

The consolidated financial results forecasts for fiscal 2014 announced on May 12, 2014 have not been revised. Meanwhile, Mitsubishi Chemical Holdings Corporation plans to revise the forecasts based on the results of the tender offer it has proffered for the shares of Taiyo Nippon Sanso Corporation.

(Billions of Yen)

<Reference> Consolidated Operating Income by Business Segment	1H of FY2014 Forecast (announced on May 12)	FY2014 Forecast (announced on May 12)	1H of FY2014 Actual
Total	56.5	136.0	73.7
Electronics Applications	(2.5)	(3.0)	(1.1)
Designed Materials	23.0	50.0	27.3
Health Care	34.0	70.0	39.8
Chemicals	(2.0)	4.0	1.3
Polymers	8.0	19.0	7.5
Others	0.0	4.0	2.2
Corporate	(4.0)	(8.0)	(3.3)

Cash Dividends

		FY2014	FY2013	FY2012	FY2011	FY2010
Cash dividends per share (Yen)	Interim	6	6	6	5	5
	Year-end	*1 6	6	6	5	5
	Total (Annual)	*1 12	12	12	10	10

*1 Forecast

Consolidated Capital Expenditure, Depreciation & Amortization, R&D Expenses, and Number of Employees by Business Segment

Reference

(Billions of Yen)

	Capital Expenditure		Depreciation & Amortization (excluding goodwill)		R&D Expenses		Number of Employees 1H of FY2014 (End of the period)
	1H of FY2014	1H of FY2013	1H of FY2014	1H of FY2013	1H of FY2014	1H of FY2013	
Electronics Applications	3.1	2.7	2.9	2.5	4.4	4.4	2,798
Designed Materials	23.8	21.4	19.2	17.5	10.2	11.5	16,543
Health Care	9.7	9.6	7.7	7.0	36.9	39.0	13,352
Chemicals	12.7	11.7	14.0	14.0	1.4	1.7	4,774
Polymers	13.7	8.3	17.9	16.5	6.2	6.7	7,988
Others	1.6	1.7	1.5	1.7	0.3	0.2	9,578
Corporate	0.9	0.3	0.9	0.9	2.3	2.0	810
Total	65.5	55.7	64.1	60.1	61.7	65.5	55,843

Major Subsidiaries

Reference

Company (Consolidated)	Net Sales			Operating Income		
	(Billions of Yen)					
	1H of FY2014	1H of FY2013	Change	1H of FY2014	1H of FY2013	Change
MCC	973.3	1,010.4	(37.1)	12.3	6.2	6.1
MTPC	198.9	202.8	(3.9)	35.0	30.5	4.5
MPI	221.1	208.4	12.7	13.3	11.3	2.0
MRC	293.7	257.9	35.8	11.0	3.7	7.3
LSII	63.8	-	63.8	3.5	-	3.5
Adjustments etc*	(78.5)	(67.9)	(10.6)	(1.4)	(0.3)	(1.1)
MCHC Total	1,672.3	1,611.6	60.7	73.7	51.4	22.3

Adjustments for MCHC consolidation

-Those for net sales reflect elimination of internal transactions.

-Those for operating income reflect primarily the amortization of goodwill as well as the elimination of internal transactions.

In addition, those include net sales and operating income of subsidiaries other than subsidiaries under the above-mentioned five company groups.

The forward-looking statements are based largely on company expectations and information available as of the date hereof, and are subject to risks and uncertainties, which may be beyond company control.

Actual results could differ materially due to numerous factors, including without limitation, marketing conditions and the effects of industry competition.