May 10, 2012

Mitsubishi Chemical Holdings Corporation
Condensed Consolidated Financial Information
for the Fiscal Year Ended March 31, 2012

1. Business Results for the Fiscal Year Ended March 31, 2012
(Business period: April 1, 2011 to March 31, 2012)

	Millions of Yen		Thousands of U.S. Dollars
	FY2011	FY2010	FY2011
	April 1, 2011 - March 31, 2012	April 1, 2010 - March 31, 2011	April 1, 2011 - March 31, 2012
(1) Results of Operations:			
Net sales	**3,208,168**	3,166,771	39,124,000
Operating income	**130,579**	226,493	1,592,427
Income before income taxes and minority interests in consolidated subsidiaries	**127,474**	169,552	1,554,561
Net income	**35,486**	83,581	432,756
Comprehensive income	**64,199**	86,742	782,915
(2) Financial Position:			
Total assets	**3,173,970**	3,294,014	38,706,951
Inventories	**516,096**	485,061	6,293,854
Property, plant and equipment	**1,032,738**	1,088,369	12,594,366
Short-term and long-term debts	**1,164,128**	1,304,589	14,196,683
Shareholders' equity*	**770,729**	758,247	9,399,134
Ratio of shareholders' equity to total assets (%)	**24.2**	23.0	

* Net assets excluding share subscription rights and minority interests

(3) Cash Flows:			
Net cash provided by operating activities	**217,954**	288,853	2,657,976
Net cash used in investing activities	**(63,404)**	(101,064)	(773,220)
Net cash provided by (used in) financing activities	**(164,146)**	(149,493)	(2,001,780)
Cash and cash equivalents at end of the year	**133,055**	143,747	1,622,622
(4) General:			
Capital expenditures	**116,145**	117,806	1,416,402
Depreciation and amortization	**145,695**	148,697	1,776,768
R&D expenditures	**138,545**	130,825	1,689,573
Employees (number)	**53,979**	53,882	
(5) Per Share:		(Yen)	(U.S. dollar)
Net income - Basic	**24.06**	58.72	0.29
- Diluted	**22.67**	54.17	0.28
Shareholders' equity	**522.77**	514.30	6.38

* Net income per share is based on the average number of common shares (excluding treasury stocks) during the respective period.

[March 31, 2012] 1,474,287 [March 31, 2011] 1,423,355 (Thousands of shares)

* Shareholders' equity per share is based on the number of common shares outstanding (excluding treasury stocks) as of the following closing dates.

[March 31, 2012] 1,474,298 [March 31, 2011] 1,474,317 (Thousands of shares)

(6) Ratio of Net Income to:		(%)
Shareholders' equity**	**4.6**	11.6
Total assets	**1.1**	2.5
Net sales	**1.1**	2.6

** Based on the average of the beginning and ending balances of the respective periods.

	Millions of Yen		Thousands of U.S. Dollars
	FY2011	FY2010	FY2011
	April 1, 2011 - March 31, 2012	April 1, 2010 - March 31, 2011	April 1, 2011 - March 31, 2012

(7) Segment Information:

[Net Sales by Segment]

Electronics Applications	**133,774**	152,425	1,631,390
Designed Materials	**661,276**	657,567	8,064,341
Health Care	**502,480**	504,922	6,127,805
Chemicals	**1,007,495**	895,403	12,286,524
Polymers	**697,257**	731,193	8,503,134
Others	**205,886**	225,261	2,510,805
Total	**3,208,168**	3,166,771	39,124,000

[Operating Income (loss) by Segment]

Electronics Applications	**(5,335)**	962	(65,061)
Designed Materials	**24,014**	36,471	292,854
Health Care	**76,360**	85,096	931,220
Chemicals	**14,853**	52,970	181,134
Polymers	**25,409**	55,017	309,866
Others	**6,120**	4,530	74,634
Elimination & corporate costs	**(10,842)**	(8,553)	(132,220)
Total	**130,579**	226,493	1,592,427

[Total Assets by Segment]

Electronics Applications	**123,432**	129,348	1,505,268
Designed Materials	**720,936**	712,546	8,791,902
Health Care	**852,274**	852,704	10,393,585
Chemicals	**656,021**	655,875	8,000,256
Polymers	**714,638**	744,552	8,715,098
Others	**295,760**	296,018	3,606,829
Elimination & corporate costs	**(189,091)**	(97,029)	(2,305,988)
Total	**3,173,970**	3,294,014	38,706,951

[Depreciation & Amortization by Segment]

Electronics Applications	**7,919**	9,057	96,573
Designed Materials	**46,760**	48,309	570,244
Health Care	**17,978**	18,882	219,244
Chemicals	**32,947**	31,064	401,793
Polymers	**33,538**	34,490	409,000
Others	**3,796**	3,916	46,293
Corporate costs	**2,757**	2,979	33,622
Total	**145,695**	148,697	1,776,768

[Capital Expenditures by Segment]

Electronics Applications	**6,177**	6,580	75,329
Designed Materials	**46,445**	34,468	566,402
Health Care	**11,811**	18,488	144,037
Chemicals	**24,523**	29,323	299,061
Polymers	**19,079**	21,873	232,671
Others	**4,589**	3,207	55,963
Corporate assets	**3,521**	3,867	42,939
Total	**116,145**	117,806	1,416,402

Notes:

The Company and its domestic consolidated subsidiaries maintain their accounting recorded in Japanese yen. The U.S. dollar amounts are included solely for convenience and have been translated, as a matter of arithmetical computation only, at the rate of 82 yen to US$1, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of March 2012.

2. Prospects for the Following Fiscal Year

	Millions of Yen		Thousands of U.S. Dollars	
	The First Half of FY2012	FY2012	The First Half of FY2012	FY2012
	April 1, 2012 - September 30, 2012	April 1, 2012 - March 31, 2013	April 1, 2012 - September 30, 2012	April 1, 2012 - March 31, 2013
Net sales	1,653,000	3,450,000	20,158,537	42,073,171
Operating income	52,000	160,000	634,146	1,951,220
Net income	11,000	50,000	134,146	609,756

		(Yen)		(U.S. dollar)
Net income per share - Basic	7.46	33.91	0.09	0.41

3. Business Performance and Financial Position

(1) Business Performance

1) Consolidated Performance for Fiscal Year Ended March 31, 2012 (fiscal 2011)
--From April 1, 2011 to March 31, 2012

Overview of General Performance

In fiscal 2011, although effects of the Great East Japan Earthquake lingered, the Japanese economy saw an upturn in manufacturing resulting from progress in rebuilding its supply chain and individual consumption and showed a gradual trend toward recovery. Nevertheless, continued appreciation of the yen, a slowdown in overseas economies induced by Europe's sovereign debt crisis, and the impact of floods in Thailand caused the nation's economy to turn severe again in the second half of fiscal 2011.

Concerning the Mitsubishi Chemical Holdings Group, the effects of the Great East Japan Earthquake, the continued appreciation of the yen, and a sharp decline in demand in overseas markets such as China resulted in a severe business environment for the Performance Products and Industrial Materials domains. On the other hand, despite the adverse influence of the earthquake, steady demand favorably affected the environment of the Health Care domain.

Under the circumstances, the consolidated results for fiscal 2011 were as follows. Net sales increased by ¥41.4 billion, or 1.3%, to ¥3,208.2 billion compared to fiscal 2010 partly due to additional sales posted for some overseas subsidiaries according to change in their accounting periods, despite demand decrease in the Performance Products and Industrial Materials domains. Operating income deceased by ¥95.9 billion, or 42.3%, to ¥130.6 billion compared to fiscal 2010, and ordinary income decreased by ¥90.3 billion, or 40.3%, to ¥133.6 billion compared to fiscal 2010, owing to the substantial decrease in demand in accordance with the rapid deterioration of business environment in the Performance Products and Industrial Materials domains during the second half of fiscal 2011. Net income decreased by ¥48.1 billion, or 57.5%, to ¥35.5 billion compared to fiscal 2010. In addition to the above-mentioned effects, net income was inversely affected by tax expenses-deferred, as a result of partial reversal of deferred tax assets and liabilities pursuant to the promulgation of the 2011 Reform Amendment Tax Law and the Special Restoration Tax Law.

Overview of Business Segments

Note: In the following section, all comparisons are with the previous fiscal year unless stated otherwise.

<u>Electronics Applications Segment, Performance Products Domain</u>

(Recording media, Information and electronics-related materials, Imaging supplies)

Net sales in this segment decreased by ¥18.6 billion, or 12.2%, to ¥133.8 billion. Operating income decreased by ¥6.3 billion, and posted a loss of ¥5.3 billion.
In recording media, net sales drastically decreased due to lower sales volumes in DVDs and external hard disk drives, lowering prices, and the impact of the appreciation of the yen, despite increased sales volumes of flash memory devices. In information and electronics-related materials, net sales decreased due to a decrease in sales volumes in display materials by the impact of sluggish demand in flat panel displays. In imaging supplies, net sales decreased due to the appreciation of the yen, despite almost steady sales performance in OPC drums, toners and chemicals toners.

Major initiatives in the Electronics Applications segment during fiscal 2011 included:

- Mitsubishi Chemical Corporation announced that its subsidiary Mitsubishi Kagaku Media Co., Ltd. and Verbatim Group launched sample kits of *VELVE* the world's first color-tunable dimming-type OLED panel in Europe, North America, Japan, and the Asia Pacific, and a light source module would be launched in July. (April 2011)
- Mitsubishi Chemical Corporation and Pioneer Corporation jointly developed an optimized wet process that results in an efficiency of 52 lm/W at 1,000 cd/m^2 in white emission, and a half-life of 20,000 hours with the initial brightness at 1,000 cd/m^2. These two performance characteristics are, as far as we know, the best in the world. (May 2011)
- Mitsubishi Kagaku Media Co., Ltd. announced the introduction of four LED bulb products to the Japanese market under the Verbatim brand in July. The bulbs allow selection of brightness from three pre-set levels without using a dimmer. (June 2011)
- Verbatim Corporation, a subsidiary of Mitsubishi Kagaku Media Co., Ltd., which was sued for trademark infringement in Brazil, made a special appeal to the Superior Court of Justice in Brasilia, asking for a judgment on the matter. In June 2011, the Superior Court of Justice in Brasilia made the decision to dismiss the trademark-infringement suit and also to dismiss a suit from the plaintiff to assess the amount of damages, which were unjustifiably awarded by a lower court. (June 2011)
- Mitsubishi Kagaku Media Co., Ltd. launched Enterprise Grade BD-R 50GB for Archive. (January 2012)
- Mitsubishi Kagaku Media Co., Ltd. launched six models of tubular LED light bulbs under the Verbatim brand in Japan. (February 2012)

<u>Designed Materials Segment, Performance Products Domain</u>

(Food ingredients, Battery materials, Fine chemicals, Polymer processing products, Composite materials, Inorganic chemicals, Fibers)

Net sales in this segment increased by ¥3.8 billion, or 0.6%, to ¥661.3 billion. Operating income decreased by ¥12.5 billion, or 34.2%, to ¥24.0 billion, mainly due to the impact of sluggish demand in products related to flat panel displays.

In food ingredients, business remained unchanged due to continued favorable overseas demand, despite a decrease in sales volumes in domestic demand. In battery materials, net sales increased due to an increase in sales volumes including substitute demand caused by the earthquake, despite the downward trend of sales pricing. In fine chemicals, net sales decreased due to a decrease in demand. In polymer processing products, net sales remained unchanged due to a substantial decrease in sales volumes of polyester films and others for flat panel displays, in spite of an increase in sales volumes in engineering plastic products. In composite materials, net sales of industrial materials such as carbon fibers and alumina fibers significantly increased due to an expansion of demand. In inorganic chemicals, net sales drastically decreased due to a decrease in sales volumes by the earthquake and sluggish demand in the second half of fiscal 2011. In fibers, net sales increased due to an increase in sales volumes.

Major initiatives in the Designed Materials segment during fiscal 2011 included:

- MRC-SGL Precursor Co., Ltd., a joint venture of Mitsubishi Rayon Co., Ltd. and the SGL Group, successfully started commercial production of PAN-based precursor, at Otake Japan, one of Mitsubishi Rayon's main manufacturing sites. (MRC-SGL Precursor plans to expand its capacity to 7,000t/y within three years.) (April 2011)
- Mitsubishi Plastics, Inc. announced an expansion of its production facility for alumina fiber *MAFTEC* at the Sakaide Plant. (Current capacity: 4,800t/y; capacity increase: 800t/y) (April 2011)
- Mitsubishi Rayon Cleansui Co., Ltd., a Mitsubishi Rayon Group company that markets water purification equipment and medical-use water treatment systems, launched sales of *Cleansui* household water purifiers in Australia and New Zealand, through the extensive sales network of Verbatim Corporation, a subsidiary of Mitsubishi Kagaku Media Co., Ltd. that develops, manufactures and markets recording media products, in May. (May 2011)
- Mitsubishi Chemical Corporation and Stella Chemifa Corporation reached an agreement to start studies on business tie-ups, including the establishment of production facilities for electrolytes, main raw materials for electrolytes solution used in lithium-ion batteries in Europe and the US. (June 2011)
- Mitsubishi Rayon Co., Ltd. and its Group company, Nippon Rensui Co., Ltd. concluded a memorandum with Singapore’s national water agency, PUB on the joint development of energy-saving water reclamation technology using the membrane bioreactor method. (July 2011)
- Mitsubishi Rayon Co., Ltd. concluded an agreement with Beijing Origin Water Technology Co., Ltd. to establish a joint venture to manufacture and market hollow fiber membrane for

industrial water purification and treatment and to market the membrane bio-reactors (MBRs) system in China. (July 2011)

- Mitsubishi Chemical Corporation announced to expand a production facility of sugar ester at its Yokkaichi Plant. (Current capacity of total food emulsifiers including sugar ester: 10,800t/y; capacity increase: 2,000t/y.) (August 2011)
- Mitsubishi Plastics, Inc. resolved to expand a production facility of separators for lithium-ion batteries at its Nagahama Plant. (Current capacity: 12 million m^2; capacity increase: 15 million m^2.) (August 2011)
- Mitsubishi Chemical Corporation resolved to establish a subsidiary in China to manufacture and market electrolytes solution for lithium-ion batteries. (Capacity: 10,000t/y.) (September 2011)
- The Nippon Synthetic Chemical Industry Co., Ltd., a subsidiary of Mitsubishi Chemical Corporation, launched *ORGA*, an optical sheet that replaces glass, as a new material to replace reinforced glass on smartphones and others. (November 2011)
- Mitsubishi Chemical Corporation resolved to expand a production facility for lithium-ion battery cathode materials in China. (Current capacity: 4,000t/y; capacity increase: 4,000t/y) (December 2011)
- Mitsubishi-Kagaku Foods Corporation, a subsidiary of Mitsubishi Chemical Corporation, announced establishment of a subsidiary in China to produce and market food ingredients using sugar ester. (Capacity: 2,500t/y) (December 2011)
- Mitsubishi Plastics, Inc. announced that Mitsubishi Plastics has developed high-heat resistant separators for lithium-ion batteries and Mitsubishi Chemical Corporation plans to launch them within fiscal 2012. (December 2011)
- Mitsubishi Plastics, Inc. announced establishment of a new production facility for gas barrier film (capacity: 1,800 million ㎡/y). The film has the world's highest water vapor barrier performance, and is for front sheets of flexible photovoltaic cells. (January 2012)
- Mitsubishi Plastics, Inc. announced an expansion of a production facility for alumina fiber, *MAFTEC* at the Sakaide Plant. (Capacity to be increased to 6,000t/y). (March 2012)

<u>Health Care Segment, Health Care Domain</u>
(Pharmaceuticals, Diagnostic reagents and instruments, Clinical testing)

Net sales in this segment decreased by ¥2.5 billion, or 0.5%, to ¥502.5 billion. Operating income decreased by ¥8.7 billion, or 10.3 %, to ¥76.4 billion, due partly to an increase in SG & A expenses.

In the pharmaceutical business, net sales slightly decreased due to an expanding impact of generics and a temporary increase in orders for fiscal 2010 by the influence of the earthquake, which inversely affected orders for fiscal 2011, despite continued favorable sales in *Remicade*, an anti-TNFα monoclonal antibody; *Maintate*, angina pectoris hypertension and arrhythmias; and others, as well as sales of new products including *TELAVIC*: an antiviral chronic hepatitis C and royalty revenues of a treatment for multiple sclerosis that contributed to the increase in sales . In diagnostic reagents and instruments and clinical testing, net sales remained unchanged.

Major initiatives in the Health Care segment during fiscal 2011 included:

- Mitsubishi Tanabe Pharma Corporation that the company obtained approval for additional indication for selective ß1 antagonist, *Maintate* (generic name: JP bisoprolol fumarate) for chronic heart failure resulting from ischemic heart disease or dilated cardiomyopathy. (May 2011)
- Mitsubishi Tanabe Pharma Corporation announced that it has launched anti-allergy agent, bepotastine besilate (product name in Japan: *Talion*) in China and Indonesia through its consolidated subsidiaries, Tianjin Tanabe Seiyaku Co., Ltd. and P.T. Tanabe Indonesia, respectively. (May 2011)
- Mitsubishi Tanabe Pharma Corporation and the Japanese Red Cross Society announced that they have reached an agreement to commence discussions about an integration of Benesis Corporation, a subsidiary of Mitsubishi Tanabe Pharma and Japan Red Cross Society's plasma fractionation operations. (June 2011)
- The Asikaga Plant of Mitsubishi Tanabe Pharma Factory Ltd., a consolidated subsidiary of Mitsubishi Tanabe Pharma Corporation, received a 10-day suspension order for manufacturing of pharmaceuticals from Tochigi Prefecture because of failure to perform certain quality assurance tests related to the shipping of products. Furthermore, Mitsubishi Tanabe Pharma received a business improvement order from the Minister of Health, Labour and Welfare. (July 2011)
- Mitsubishi Tanabe Pharma Corporation and Mochida Pharmaceutical Co., Ltd. announced that *Lexapro* 10mg, for which Mochida obtained the marketing approval, has been jointly launched. (August 2011)
- Mitsubishi Tanabe Pharma Corporation announced that the company has received approval for a partial change of dosage and usage in Crohn's disease for an anti-human TNF-α monoclonal-antibody, *Remicade* for I.V. Infusion 100. (August 2011)
- Mitsubishi Tanabe Pharma Corporation and Janssen Pharmaceutical K.K. jointly launched a human TNF-α monoclonal antibody, *SIMPONI* Subcutaneous Injection 50mg Syringe, for the treatment of rheumatoid arthritis. It was jointly developed by Mitsubishi Tanabe Pharma and Janssen Pharmaceutical, and in July, Janssen Pharmaceutical obtained the manufacturing and marketing license. (September 2011)
- Mitsubishi Tanabe Pharma Corporation announced that the company has received approval for the manufacturing and marketing of *TELAVIC* 250mg Tablet, an antiviral chronic hepatitis C. (September 2011)

- Mitsubishi Tanabe Pharma Corporation announced that the company obtained the manufacturing and marketing approval for *IMUSERA* Capsules 0.5mg for the indication of prevention of relapse and delay of progression of physical disability in multiple sclerosis. (September 2011)

Chemicals Segment, Industrial Materials Domain

(Basic petrochemicals, Chemical derivatives, Synthetic fiber materials, Carbon products)

Net sales in this segment increased by ¥112.1 billion, or 12.5%, to ¥1,007.5 billion. Operating income decreased by ¥38.2 billion, or 72.0%, to ¥14.8 billion partly due to a shrunk price variance between raw material and product, in addition to sales activities mentioned below.

The production volume of ethylene, a basic raw material of petrochemicals, decreased by 18.6% to 975 thousand tons compared to fiscal 2010 due primarily to the ethylene production facilities at the Kashima Plant of Mitsubishi Chemical Corporation that stopped operations in the wake of the earthquake and reduction of production associated with the rapid demand decrease in the second half of fiscal 2011. In basic petrochemicals and chemical derivatives, net sales drastically decreased due to a significant decrease in sales volumes by the influence of the earthquake and a decrease in demand in the second half of fiscal 2011, despite a sales price adjustment responding to rising raw material and fuel prices. In synthetic fiber materials, net sales for terephthalic acid considerably increased mainly due to an upward trend in the market with rising raw material prices and additional sales posted for some overseas subsidiaries according to change in their accounting periods, despite a decrease in demand in the second half of fiscal 2011. In carbon products, net sales of blast furnace coke significantly increased due to higher sales prices responding to an increase in coking coal price, despite a decrease in demand.

Major initiatives in the Chemicals segment during fiscal 2011 included:

- Mitsubishi Chemical Corporation announced that the Kashima No. 2 ethylene production facility stopped operations in the wake of the earthquake restarted on May 20, and the Kashima No. 1 ethylene production facility stopped in the same way restarted on June 30 after regular maintenance. (May and June 2011)
- Mitsubishi Chemical Corporation entered into an agreement on basic policies to establish a joint venture in South Korea to manufacture and market needle coke with Posco Group and Mitsubishi Corporation (capacity: approximately 60,000t/y). Based on this agreement, Mitsubishi Chemical plans to strengthen stable supply of raw material for its carbon business by receiving raw material, tar from Posco Group. (September 2011)
- Mitsubishi Chemical Corporation, Asahi Glass Co., Ltd., ADEKA Corporation, Kaneka Corporation, and Shin-Etsu Chemical Co., Ltd. announced a basic five-company agreement on

the operation of Kashima Chlorine & Alkali Co., Ltd. and Kashima Vinyl Chloride Monomer Co., Ltd. The two companies are jointly owned by the five companies making the agreement. Asahi Glass, ADEKA and Kaneka will withdraw their capital from Kashima Denkai and Kashima PVC Monomer. Mitsubishi Chemical and Shin-Etsu Chemical will continue to own shares in both joint-venture companies, and the companies will be operated as subsidiaries of Shin-Etsu Chemical. (December 2011)

- Mitsubishi Chemical Corporation announced to terminate one of two production facilities for 1,4-butandiol at its Yokkaichi Plant. (March 2012)

<u>Polymers Segment, Industrial Materials Domain</u>

(Synthetic resins)

Net sales in this segment decreased by ¥34.0 billion, or 4.6%, to ¥697.2 billion. Operating income decreased by ¥29.6 billion, or 53.8%, to ¥25.4 billion partly due to a shrunk price variance between raw material and product, in addition to the effects mentioned below.

In synthetic resins, net sales decreased. Part of which is attributable to a substantial decrease in sales volumes in acrylic resin caused by decreased demand in light guiding panel, and a decrease in demand and weakening market conditions for MMA monomer in the second half of fiscal 2011. Besides, by the influence of the earthquake and a decrease in demand in the second half of fiscal 2011, sales volumes in polyolefin deceased and sales volumes and market conditions in a phenol-polycarbonate chain worsened.

Major initiatives in the Polymers segment during fiscal 2011 included:

- Mitsubishi Chemical Corporation announced establishment of a joint venture with PTT Public Company Limited to accelerate global expansion of *GS Pla,* a biodegradable plastic. (April 2011)
- Mitsubishi Chemical Corporation announced conclusion of an agreement on business partnerships with BioAmber Inc. and Mitsui & Co., Ltd. which has interest in BioAmber. The partnership is to be concentrated on supplying biomass succinic acid, conducting R&D, and production technologies for the biomass biodegradable plastic, *GS Pla.* (April 2011)
- Mitsubishi Chemical Corporation and Genomatica, Inc. concluded an agreement to jointly develop production technologies to produce chemicals such as 1,4-butanediol from biomass resources. (April 2011)
- Mitsubishi Chemical Corporation announced an increase in PVC compound production capacity in Thailand. (Current capacity: 15,000t/y; capacity increase: 4,000t/y) (May 2011)
- Mitsubishi Chemical Corporation announced establishment of a new production facility for olefin thermoplastic elastomer and adhesive polymer in China (capacity: 4,500t/y), and to

expand a production facility for olefin thermoplastic elastomer and adhesive polymer in North America (Current capacity: 9,200t/y; capacity increase: 1,900t/y). (May 2011)

- Mitsubishi Rayon Co., Ltd. and Saudi Basic Industries Corporation (SABIC) announced conclusion of an agreement aiming to the formation of a joint venture company to build and operate two plants – one for methyl methacrylate (MMA; capacity: 250,000t/y) and the other for polymethylmethacrylate (PMMA; capacity: 40,000t/y) – at one of SABIC's manufacturing affiliates in Jubail, Saudi Arabia. (May 2011)
- Mitsubishi Rayon Co., Ltd. resolved to launch production of 2-hydroxyethyl methacrylate (2HEMA) (capacity: 11,000t/y) at Daesan MMA Corp. of South Korea, a joint venture set up with Honam Petrochemial Corp. (September 2011)
- Mitsubishi Chemical Corporation announced that Mitsubishi Chemical and A. Shulman, Inc. agreed to dissolve and liquidate their joint venture established by their subsidiaries, THE SUNPRENE CO., which is engaged in vinyl chloride compound business in North America. THE SUNPRENE's business will be transferred to Mitsubishi Chemical Performance Polymers, Inc., a subsidiary of Mitsubishi Chemical. (November 2011)
- Mitsubishi Rayon Co., Ltd. and its subsidiary group, Lucite International, announced that they are continuing their drive to develop alternative sustainable feedstock sources for the production of methyl methacrylate (MMA), using both existing technologies and developing completely new bio-based routes for methacrylate monomers. (November 2011)

Others

(Engineering, Logistics)

Net sales in this segment decreased by ¥19.4 billion, or 8.6%, to ¥205.9 billion. Operating income increased by ¥1.6 billion, or 35.1%, to ¥6.1 billion.

In engineering, the business continued favorably. In logistics, net sales decreased due to the influence of the earthquake. Net sales in other businesses decreased due primarily to termination of some purchase and resale business.

Group in General

Major initiatives in the Group in general other than the above-mentioned segments during fiscal 2011 included:

- Mitsubishi Chemical Holdings Corporation resolved to relocate the Mitsubishi Chemical Holdings Group headquarters to a new location from May to August 2012. Mitsubishi Chemical Holdings, Mitsubishi Chemical Corporation, Mitsubishi Plastics, Inc., and Mitsubishi Rayon Co., Ltd., which are all in Tokyo, will move to a single headquarters office building and a part of the offices of Mitsubishi Tanabe Pharma Corporation, which is headquartered in Tokyo and Osaka, will move to the new headquarters as well. (August 2011)

・ Mitsubishi Chemical Holdings Corporation announced that financing functions at Mitsubishi Chemical Corporation, Mitsubishi Plastics, Inc., and Mitsubishi Rayon Co., Ltd. would be integrated with those at Mitsubishi Chemical Holdings, and that all the shares of MCFA Inc. owned by Mitsubishi Chemical were to be transferred to Mitsubishi Chemical Holdings. (March 2012)

2) Business Forecasts for the Fiscal Year Ending March 31, 2013 (Fiscal 2012)

Although the impact of the Great East Japan Earthquake remains to a certain degree, governmental actions such as easing monetary policies are expected to boost capital expenditure and spur individual consumption, thereby helping the Japanese economy to gradually recover. Nevertheless, the situation may remain unpredictable for some time, considering downward trends in overseas economies, abrupt exchange rate fluctuations, and soaring oil prices.

In our business, we expect to see recovery from the earthquake aftereffects in the Performance Products and Industrial Materials domains including sales expansion in performance products, and gradual market recovery in chemicals, as well as an unfavorable impact of drug price revision in the Health Care domain.

The forecasts of the consolidated financial results for fiscal 2012 compared to fiscal 2011 are as follows. Net sales is expected to increase by ¥241.8 billion, to ¥3,450.0 billion. Operating income is expected to increase by ¥29.4 billion, to ¥160.0 billion. Ordinary income is expected to increase by ¥14.4 billion, to ¥148.0 billion. Net income is expected to increase by ¥14.5 billion, to ¥50.0 billion.

The expected numeral values of the major indices are as follows:

(Billions of yen, unless otherwise noted)

	Actual results for fiscal 2011	Forecasts for fiscal 2012
Capital expenditure	116.1	140.0
Depreciation	145.7	136.0
R&D expenses	138.5	143.0
Exchange rate (¥/$)	79*	81**
Naphtha (¥/kl)	54,900	62,000

*Average from April 2011 through March 2012
**Average from April 2012 through March 2013

3) Progress in the Medium-term Management Plan and Numerical Targets

In fiscal 2011, under the five-year medium-term management plan *APTSIS 15*, which began with fiscal 2011, the Mitsubishi Chemical Holdings Group did its utmost to quickly rebuild production sites damaged by the earthquake, and strengthen its foundation by orchestrating the Group strengths and furthering reformation of business portfolios.
In addition, we strengthened high-performance and high-value-added businesses and expanded businesses that contribute to a sustainable society, such as white LEDs and lithium-ion battery materials. Other measures included thorough cost reductions, review of capital expenditures, and asset reduction.

The numerical targets and actual results in *APTSIS 15* are shown below.

	Targets for fiscal 2015	Actual results for fiscal 2011
Operating income	¥400.0 billion	¥130.6 billion
ROA (Income before income taxes and minority interests in consolidated subsidiaries/Total assets)	≥8%	3.9%
Net debt-to-equity ratio	1.0	1.22
Overseas sales ratio	≥45%	36.9%*

*Including the impact of accounting period changes for some overseas subsidiaries

(2) Consolidated Financial Position

1) Financial Position at the end of Fiscal 2011

The consolidated total assets were ¥3,174.0 billion, a decrease of ¥120.0 billion compared to the end of fiscal 2010. The decrease was due primarily to a decrease in tangible fixed assets, representing depreciation in excess of capital expenditures, and a decrease in securities (operating as investment of surplus cash) for reduction of interest-bearing debts, despite an increase in inventories.
The consolidated liabilities were ¥2,029.0 billion, a decrease of ¥151.0 billion compared to the end of fiscal 2010, primarily due to a decrease in interest-bearing debts.
The consolidated net assets were ¥1,145.0 billion, an increase of ¥31.0 billion compared to the end of fiscal 2010, primarily due to an increase in retained earnings, representing net income of ¥35.5 billion in excess of dividend of ¥14.8 billion.
Accordingly, shareholders' equity ratio increased by 1.2% point, to 24.2%, and the debt-equity ratio decreased by 0.21, to 1.51 compared to the end of fiscal 2010.

2) Consolidated Cash Flows for Fiscal 2011

The free cash flow, which consists of cash flows from operating and investing activities, was cash in-flow of ¥154.6 billion, a decrease of ¥33.2 billion in income compared to fiscal 2010.
The net cash provided by operating activities totaled ¥218.0 billion, a decrease of ¥70.9 billion compared to fiscal 2010, primarily due to ¥127.5 billion of income before income taxes and minority interests in consolidated subsidiaries and depreciation.
The net cash used in investing activities totaled ¥63.4 billion, a decrease of ¥37.7 billion compared to fiscal 2010, primarily due to cash out-flows from capital expenditures and cash in-flows from sale and redemption of securities (operating as investment of surplus cash).
The net cash used in financing activities totaled ¥164.1 billion, an increase of ¥14.6 billion compared to fiscal 2010, primarily due to redemption of bonds with subscription rights to shares, repayment of long-term debts, and dividend payments.
Cash and cash equivalents stood at ¥133.1 billion, a decrease of ¥10.7 billion compared to the end of fiscal 2010.

3) Forecasts for Consolidated Statements of Cash Flows for Fiscal 2012

The consolidated income before income taxes and minority interests in consolidated subsidiaries for fiscal 2012 is expected to be ¥127.0 billion. It is expected that the free cash flow for fiscal 2012 will increase compared to fiscal 2011 primarily due to a decrease in the payment of corporation taxes, despite that capital expenditures are expected to increase.

4) Cash Flow Ratios

	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011
Ratio of shareholders’ equity to total assets (%)	24.4	20.0	23.0	24.2
Ratio of market value shareholders’ equity to total assets (%)	16.9	19.5	23.4	20.5
Debt payment year (year)	13.6	12.5	4.5	5.3
Interest coverage ratio (times)	5.5	8.7	18.1	13.2

・ Ratio of shareholders' equity to total assets:
Book value of shareholders' equity / Book value of total assets
・ Ratio of market value shareholders' equity to total assets:
Market value of shareholders' equity / Book value of total assets

・ Debt payment year:
Interest-bearing debts / Net cash provided by operating activities
・ Interest coverage ratio:
Net cash provided by operating activities / Interest expenses paid

1. Each ratio is calculated based on consolidated financial figures.
2. Market value of shareholders' equity is calculated by multiplying market value of a share by the number of shares outstanding (excluding treasury stock), both at the end of each of the fiscal years.
3. Net cash provided by operating activities and interest expenses paid are from those presented on the consolidated statements of cash flows.
   Interest-bearing debts represent all of the liabilities which bear interest (including discounted notes) based on the consolidated statement of cash flows.

(3) Basic Policy for Profit Distribution and Dividends

Mitsubishi Chemical Holdings Corporation’s basic policy is to distribute dividends based on consolidated business results, while simultaneously retaining of sufficient internal reserves for the future business developments and stable dividends over medium-to-long terms.

Considering our basic policies and aforementioned projected business environment in fiscal 2012, Mitsubishi Chemical Holdings intends to pay out a year-end dividend of ¥5 per share for fiscal 2011, based on business results for that fiscal year. Together with the interim dividend of ¥5 per share, the annual dividend will be ¥10 per share.

In fiscal 2012, we plan an interim dividend of ¥6 per share and a year-end dividend of ¥6 per share for an annual dividend of ¥12 per share.

4. Management Policy

(1) Basic Management Policy

The Mitsubishi Chemical Holdings Group philosophy is “Good Chemistry for Tomorrow” – creating better relationships among people, society, and our planet. Under the philosophy, the Group introduced three decision criteria for corporate activities: “sustainability,” “health,” and “comfort.”
In addition, the Group implemented “MOS* Indexes,” including the Sustainability index, Health index, and Comfort index that Mitsubishi Chemical Holdings has developed as part of its business management in order to contribute to the sustainability of people, societies, and our planet. This is based on the idea that the Group should focus on not only the pursuit of economic benefits, but also sustainability which is indispensable to a company’s sustainable growth. The Group promotes its management through a new axis of management of sustainability (MOS) with existing axes of business administration and management of technology. The value generated from balancing these three axes is called “*KAITEKI*** value.” The Mitsubishi Chemical Holdings Group aims for realizing a truly sustainable state for people, societies, and our planet that is called *KAITEKI* through our business activities.

The KAITEKI Institute, Inc., a wholly-owned subsidiary of Mitsubishi Chemical Holdings, operates with a 20 to 50 year perspective and tackles some of the most difficult challenges that future generations of mankind will face. The Institute proposes concepts for enterprises that pioneer new business areas based on the fruit of projections and research investigations regarding the earth's future to the Group.

*Management of Sustainability

***KAITEKI* literally means comfort in Japanese.

(2) Medium- to Long-term Management Strategy

Mitsubishi Chemical Holdings, a holding company strives for further improvement of its corporate value including Group companies, through formulation of strategies, optimum allocation of management resources, and business supervision in the Group. In the five-year medium-term management plan, *APTSIS 15* through fiscal 2015 announced on December 6, 2010, the basic concept is "grow, innovate, and leap ahead by orchestrating the Group's strengths." We strengthen fundamentals by generating synergies, improving financial position, and reforming business structure. Also, we accelerate transformation to high-performance and high-value-added business portfolio, expand green businesses such as white LED lighting and materials and lithium-ion battery materials, develop pharmaceuticals to fulfill unmet medical needs, and implement steadily strategies for global operations of internationally competitive businesses. At the same time, we accelerate launch of the six next-generation growth businesses: OPV modules and materials, organic photo semi-conductor, advanced performance products, agribusiness solutions, healthcare solutions, and sustainable resources. Further, we strategically allocate resources in alliances and acquisitions to expand businesses in order for the Group to make the next leap.

(3) Management Indices

The Mitsubishi Chemical Holdings Group's numerical targets in *APTSIS 15* are as shown below:

	Targets for fiscal 2015
Operating income	¥400.0 billion
ROA (Income before income taxes and minority interests in consolidated subsidiaries /Total assets)	≥8%
Net debt-to-equity ratio	1.0
Overseas sales ratio	≥45%

(4) Challenges

The five-year medium-term management plan *APTSIS 15*, which began with fiscal 2011, states as its basic concept that we will "grow, innovate, and leap ahead by orchestrating the Group's strengths." Therefore, the Mitsubishi Chemical Holdings Group will accelerate Group synergy in businesses such as carbon fibers, specialty chemicals, water treatment, lithium-ion battery materials, and healthcare solutions. In addition, we aim to strengthen and expand our businesses by using innovation and differentiation to increase our global competitiveness, and by further reforming our business portfolios and building a solid financial foundation. This, we feel, will allow us to survive and prosper despite fierce global competition.

Furthermore, compliance with various laws and regulations to appropriately perform our business as a most important issue, as is thorough safety management, and these are absolutely necessary if we are to be a corporate group trusted by society. We provide thorough instructions regarding the importance of compliance and risk management to each employee, and will strengthen internal controls to ensure reliability of financial reporting, among others.

Forward-looking Statements

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 market conditions, and the effect of industry competition. The company expectations for the forward-looking statements are described in page [3], [12], and [14] hereof.