

Mitsubishi Chemical Holdings Corporation
Condensed Consolidated Financial Information
for the Nine Months Ended December 31, 2013



1. Business Results for Nine Months Ended December 31, 2013 of the Fiscal Year Ending March 31, 2014 ("FY2013")
(Business period: April 1, 2013 to December 31, 2013)

	Millions of Yen		Thousands of U.S. Dollars
	Nine Months Ended December 31, 2013	Nine Months Ended December 31, 2012	Nine Months Ended December 31, 2013
	April 1, 2013 - December 31, 2013	April 1, 2012 - December 31, 2012	April 1, 2013 - December 31, 2013
(1) Results of Operations:			
Net sales	2,481,556	2,305,782	23,633,867
Operating income	87,789	73,549	836,086
Income before income taxes and minority interests in consolidated subsidiaries	106,253	58,651	1,011,933
Net income	37,385	9,162	356,048
Comprehensive income	119,634	31,507	1,139,371
		(Yen)	(U.S. Dollars)
Net income per share -Basic	25.38	6.21	0.24
Net income per share -Diluted	24.70	5.96	0.24

(2) Segment Information:

[Net Sales by Segment]

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Electronics Applications	85,624	88,761	815,467
Designed Materials	558,360	515,601	5,317,714
Health Care	405,664	393,163	3,863,467
Chemicals	707,103	665,804	6,734,314
Polymers	579,703	506,566	5,520,981
Others	145,102	135,887	1,381,924
Total	2,481,556	2,305,782	23,633,867

[Operating Income (loss) by Segment]

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Electronics Applications	(4,309)	(3,155)	(41,038)
Designed Materials	33,663	16,988	320,600
Health Care	62,950	64,242	599,524
Chemicals	(1,098)	(2,432)	(10,457)
Polymers	(749)	500	(7,133)
Others	2,051	3,637	19,533
Elimination & corporate costs	(4,719)	(6,231)	(44,943)
Total	87,789	73,549	836,086

(3) Financial Position:

	Millions of Yen		Thousands of U.S. Dollars
	As of December 31, 2013	As of March 31, 2013	As of December 31, 2013
Total assets	3,512,307	3,307,758	33,450,543
Inventories	575,717	546,965	5,483,019
Property, plant and equipment	1,101,666	1,061,551	10,492,057
Short-term and long-term debts	1,265,247	1,198,799	12,049,971
Shareholders' equity*	883,417	815,503	8,413,495
Ratio of shareholders' equity to total assets (%)	25.1	24.6	

* Net assets excluding share subscription rights and minority interests

Millions of Yen	
Nine Months Ended December 31, 2013	Nine Months Ended December 31, 2012
April 1, 2013 - December 31, 2013	April 1, 2012 - December 31, 2012

Thousands of U.S. Dollars
Nine Months Ended December 31, 2013
April 1, 2013 - December 31, 2013

(4) Cash Flows:

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Net cash provided by operating activities	135,054	143,387	1,286,229
Net cash used in investing activities	(123,414)	(79,348)	(1,175,371)
Net cash used in financing activities	(3,453)	(60,352)	(32,886)
Cash and cash equivalents at end of the period	175,136	136,903	1,667,962

(5) Ratio of Net Income to:

		(%)
Shareholders' equity**	4.4	1.1
Total assets**	1.0	0.2
Net sales	1.5	0.3

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

Notes:

- Effective as from FY2013, domestic consolidated subsidiaries using declining-balance method to depreciate their property, plant and equipment have changed the depreciation method to the straight-line method. This change increased "operating income" and "income before income taxes and minority interests in consolidated subsidiaries" by 8,942 million yen and 9,086 million yen, respectively, for the nine months ended December 31, 2013.
- The Company and its domestic consolidated subsidiaries maintain their accounting record in Japanese yen. The U.S. dollar amounts presented in this document are solely for convenience and have been translated, as a matter of arithmetical computation only, at the rate of 105 yen to US\$1, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of December 2013.

2. Forecast for the Current Fiscal Year

	Millions of Yen	Thousands of U.S. Dollars
	FY2013 - revised	FY2013 - revised
	April 1, 2013 - March 31, 2014	April 1, 2013 - March 31, 2014
Net sales	3,500,000	33,333,333
Operating income	110,000	1,047,619
Net income	28,000	266,667
	(Yen)	(U.S. dollar)
Net income per share -Basic	19.01	0.18

Notes:

The profit and loss forecast for FY2013 has been revised to the above from those announced on October 31, 2013.

3. Business Performance and Financial Position

(1) Business Performance

1) Consolidated Performance for the Third Quarter of the Fiscal Year Ending March 31, 2014 (Fiscal 2013) : Nine months ended December 31, 2013

Overview of General Performance

In the business environment surrounding the Mitsubishi Chemical Holdings Group during the third quarter of fiscal 2013, the Performance Products and Industrial Materials domains did not see a full-scale recovery of overseas demand especially in China and Europe where weak recovery and lack of clear direction of the economies caused concern. On the other hand, domestic demand trended toward gradual recovery, bolstered by an improved export environment brought by monetary and fiscal policies that resulted in depreciation of the high yen. The Health Care domain faced severe conditions with the expansion of generic drug use as well as other factors in Japan, despite favorable sales figures of license-out products in overseas markets.

Under the circumstances, the consolidated financial results for the third quarter of fiscal 2013 compared to the same period of the previous fiscal year were as follows. Net sales increased by ¥175.8 billion, or 7.6%, to ¥2,481.6 billion. Owing to recovery in demand for items such as display-related products centering on touch panels, to reductions in costs, and to increases derived from depreciation of the yen, operating income increased by ¥14.3 billion, or 19.4%, to ¥87.8 billion, and ordinary income increased by ¥14.2 billion, or 20.3%, to ¥84.4 billion. Net income increased by ¥28.2 billion, or 308.0%, to ¥37.4 billion, due to extraordinary gains associated with the *Remicade* attribution award in pharmaceuticals and others.

Overview of Business Segments

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

Electronics Applications Segment, Performance Products Domain

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

Net sales in this segment decreased by ¥3.2 billion, or 3.6%, to ¥85.6 billion. Operating loss increased by ¥1.1 billion, to ¥4.3 billion.

In recording media, net sales decreased due to an overall decline in sales volumes, which was partially due to delayed recovery in European economies and to lower prices mainly in portable hard disk drives, among other factors.

In information and electronics-related materials, net sales decreased due to the downward trend of sales pricing despite an increase in sales volumes in display materials and phosphors for LEDs and to the fact that precision cleaning and recycling of wafers for semiconductors, etc. remained at low levels. In imaging supplies, net sales increased due to depreciation of the yen, etc., although demand remained generally flat for OPC drums, toners, and chemical toners.

A major initiative in the Electronics Applications segment during the third quarter of fiscal 2013 included:

- Mitsubishi Chemical Corporation and Pioneer Corporation established a joint venture company, MC Pioneer OLED Lighting Corporation, to market OLED lighting panels. By integrating both companies' OLED lighting panel sales and marketing functions into the new joint venture company, they plan to speed up application and market development for OLED lighting panels. (June)
- Mitsubishi Chemical Corporation and Pioneer Corporation announced the first shipment of samples for OLED lighting modules (white monochromatic type) employing the same coating process for both the emitting layer and the underlying layer, significantly reducing production costs. (September)

Designed Materials Segment, Performance Products Domain

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

Net sales in this segment increased by ¥42.8 billion, or 8.3%, to ¥558.4 billion. Operating income increased by ¥16.7 billion, or 98.2%, to ¥33.7 billion.

In food ingredients, business continued favorably. In battery materials, net sales increased due to trends toward increasing sales in materials for automobile batteries, despite a decrease in selling prices in general. In fine chemicals, net sales increased due to continued strong demand in coating materials for automobiles, etc. In polymer processing products, net sales increased, as sluggish overseas demand for general-use polyester films and the piping business* transfer completed in December 2012 were offset by generally favorable sales of films for flat panel displays, strong demand of films for touch panel displays, and depreciation of the yen. In composite materials, net sales of alumina fibers continued favorably, and net sales of carbon fibers also increased significantly due to greater sales volumes brought by trends toward recovery in demand and to depreciation of the yen. In inorganic chemicals, net sales increased due to a selling price adjustment in response to an increase in raw material prices, in addition to trends toward recovery in demand. In fibers, net sales significantly increased due to continued favorable sales generally and depreciation of the yen.

*excluding business in piping made of PE-X materials

Major initiatives in the Designed Materials segment during the third quarter of fiscal 2013 included:

- Mitsubishi Rayon Co., Ltd. announced that the company transferred part of stocks of its subsidiary, Toyama Filter Tow Co. Ltd., which produces acetate tow for cigarette filters, to Daicel Corporation, thus establishing a joint venture company. Through this joint venture company, an internationally competitive production system for acetate tow for cigarette filters can be set up. (May)
- Mitsubishi Plastics, Inc. announced the purchase of 50% of the issued and outstanding stock in Aquamit B.V., the holding company of Quadrant AG. This action makes Quadrant a wholly owned subsidiary of Mitsubishi Plastics. (May)
- Mitsubishi Rayon Co., Ltd. announced the founding of a joint research and development center with Yangtze Delta Region Institute of Tsinghua University, Zhejiang, PRC, to establish technologies for industrial waste water treatment using membrane bio reactors, and to develop optimal filtering materials and other products for household water purifiers. (June)
- Mitsubishi Chemical Corporation and Samyang Corporation reached an agreement to establish a joint venture to manufacture ion exchange resins in Korea, a move that will strengthen their ion exchange resin business in Asian markets. (July)
- Mitsubishi Rayon Co., Ltd. announced that it acquired shares in Wellthy Corporation, which manufactures, sells, and maintains groundwater membrane filtration systems and made Wellthy its consolidated subsidiary, to enhance water treatment systems and services. (November and December)
- Mitsubishi Plastics, Inc. announced the expansion of production facility within its Azai Plant featuring a clean room, which enables production of high-quality products for food packaging and medical care. The facility will produce *DIAMIRON*, its co-extruded, multi-layered film. (December)
- Mitsubishi Plastics, Inc. announced the establishment of Mitsubishi Plastics Converting Film Wuxi Co., Ltd., a polyester film processing subsidiary that will supply the Chinese market with release film and other materials for polarizers used in LCD TVs. (December)
- Mitsubishi Chemical Corporation announced its decision to acquire shares in its consolidated subsidiary Chuo Rika Kogyo Corporation to make it its wholly owned subsidiary. The company also acquired shares in its consolidated subsidiary Nippon Kasei Chemical Co., Ltd. These measures are aimed at enhancing its partnerships with Chuo Rika Kogyo and Nippon Kasei Chemical in the specialty chemicals business. (December)

Health Care Segment, Health Care Domain

(Pharmaceuticals, Diagnostic reagents and instruments, Clinical testing, Pharmaceutical formulation materials)

Net sales in this segment increased by ¥12.5 billion, or 3.2%, to ¥405.7 billion. Operating income decreased by ¥1.3 billion, or 2.0%, to ¥62.9 billion, primarily due to increased purchasing cost for imports brought by depreciation of the yen.

In the pharmaceutical business, net sales remained the same due to a decrease in sales volumes of long-listed pharmaceuticals caused by the expanding impact of generic drugs, dissolution of partnerships in some businesses, and others, despite the contribution of expanded sales of *Remicade*, an anti-TNF α monoclonal antibody and new products including *Simponi*, anti-rheumatoid arthritis, and royalty revenues of a treatment for multiple sclerosis. In diagnostic reagents and instruments and clinical testing, net sales increased due to increased sales in diagnostics, regardless of decreased sales in the new pharmaceutical development support business. Net sales of pharmaceutical formulation materials in Qualicaps Co., Ltd., which became a consolidated subsidiary of Mitsubishi Chemical Holdings as of March 2013, have been included since the first half of fiscal 2013.

Major initiatives in the Health Care segment during the third quarter of fiscal 2013 included:

- Mitsubishi Chemical Holdings Corporation established Healthy Life Compass Corporation and announced that the new company now offers health status self-check services called *Jibun Karada Club* at drugstores. (April)
- Mitsubishi Tanabe Pharma Corporation obtained approval for partial changes relating to an additional indication of atrial fibrillation (tachycardiac) for selective β 1 blocker, *MAINTATE* Tablets. (June)
- Mitsubishi Chemical Medience Corporation announced collaboration with Laboratory Corporation of America Holdings for the purpose of creating a stronger base for global joint clinical trials in support of global development of new pharmaceuticals. (June)
- Mitsubishi Tanabe Pharma Corporation announced that VIVUS obtained marketing authorization from the European Commission for TA-1790, a phosphodiesterase type 5 inhibitor that Mitsubishi Tanabe Pharma developed as a treatment of erectile dysfunction. (June)
- Mitsubishi Tanabe Pharma Corporation announced its decision to consolidate the current five existing production sites of its consolidated subsidiary Mitsubishi Tanabe Pharma Factory Ltd. (MTPF) into two sites as part of Mitsubishi Tanabe Pharma's efforts to accelerate operational and structural reforms. At the same time, Mitsubishi Tanabe Pharma reached a basic agreement with CMIC HOLDINGS Co., Ltd. on the transfer of the MTPF production site in Ashikaga. (August)
- Mitsubishi Tanabe Pharma Corporation announced that its consolidated subsidiaries Tianjin Tanabe Seiyaku Co., Ltd. and P.T. Tanabe Indonesia will both build their own new production facilities. The planned facilities are aimed at expanding production capability and meeting new good manufacturing practice (GMP) standards. (August and September)
- Mitsubishi Tanabe Pharma Corporation announced that the company received an arbitration decision from the International Chamber of Commerce in a dispute with Janssen Biotech, Inc. The dispute involved the supply price revision for *Remicade* 100mg IV Solution, an anti-TNF α monoclonal antibody sold by the company in Japan. Mitsubishi Tanabe Pharma was reimbursed approximately \$117 million for overpayments from April 2008 to March 2013. (August)

- Mitsubishi Tanabe Pharma Corporation announced the acquisition of a 60% shares in Medicago Inc., a Canadian biological pharmaceutical company with special strengths in R&D for new vaccines using virus like particle (VLP) technology. The move will strengthen the Mitsubishi Tanabe Pharma pipeline in the vaccine area and build a global management foundation. After the acquisition, Medicago will operate as a joint venture owned by Mitsubishi Tanabe Pharma and Philip Morris Investments B.V. (September)
- Mitsubishi Tanabe Pharma Corporation and its subsidiary Bipla Corporation received administrative actions issued by the Minister of Health, Labour and Welfare. These administrative actions were issued in regard to a violation of the Pharmaceutical Affairs Law of Japan related to *Medway Injection 5%* and *Medway Injection 25%*, which are recombinant human serum albumin products. (September)
- Mitsubishi Tanabe Pharma Corporation and Daiichi Sankyo Co., Ltd. announced that Mitsubishi Tanabe Pharma received approval of a partial change in indication for *TENELIA* 20mg tablets for the treatment of type 2 diabetes mellitus, and *TENELIA* is available for combination therapy with existing oral hypoglycemic agents and insulin preparations. (December)

Chemicals Segment, Industrial Materials Domain

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

Net sales in this segment increased by ¥41.3 billion, or 6.2%, to ¥707.1 billion. Operating loss decreased by ¥1.3 billion, and to ¥1.1 billion mainly due to a limited improvement in the cost-price differential, raw material to product, for petrochemical-related products, among other factors, despite a decrease in fixed costs.

The production volume of ethylene, a basic raw material of petrochemicals, was 820 thousand tons, or 2.0% decrease due to a scale-up of regular maintenance of production facilities. In basic petrochemicals and chemical derivatives, net sales increased dramatically, mainly due to selling price adjustments in response to increases in raw materials and fuel prices, and to trends toward recovery in demand. In synthetic fiber materials, net sales for terephthalic acid increased considerably due to an increase in sales volumes in India and depreciation of the yen, although the sluggish market condition against the backdrop of imbalance between supply and demand brought by an increase in supply capacity. In carbon products, net sales of blast furnace coke decreased significantly due to lower sales prices responding to a decline in coking coal price, despite continued favorable sales.

Major initiatives in the Chemicals segment during the third quarter of fiscal 2013 included:

- Mitsubishi Chemical Corporation and Asahi Kasei Chemicals Corporation announced advancement of an investigation regarding establishment of the optimum production configuration that will increase efficiency through unification on a single naphtha cracker for the two parties in

Mizushima, thus strengthening competitiveness and enhancing earnings capacity. (August)

Polymers Segment, Industrial Materials Domain

(Synthetic resins)

Net sales in this segment increased by ¥73.2 billion, or 14.5%, to ¥579.7 billion. Operating loss decreased by ¥1.3 billion, to ¥0.8 billion due to a shrinking differential between raw materials costs and product prices primarily in methyl methacrylate (MMA) monomers, despite the fact that demand for performance polymers mainly for automobiles remained strong.

In synthetic resins, net sales increased due to trends toward recovery in domestic demand of polyolefin, an overall selling price adjustment as a result of raw material and fuel price increases, and depreciation of the yen. Nevertheless, MMA monomers showed a decrease in sales volume due to declines in demand overseas.

Major initiatives in the Polymers segment during the third quarter of fiscal 2013 included:

- Mitsubishi Chemical Corporation announced acquisition of compounding business from Comtrex LLC to strengthen its performance polymers business base for the automotive industry in North America. (April)
- Mitsubishi Chemical Corporation, Japan Polychem Corporation, and JNC Corporation announced that they transferred their polypropylene compound-related businesses to Japan Polypropylene Corporation in order to achieve integral management of polypropylene compound-related business in Japan and overseas as well as develop the business further in global markets. (April)
- Mitsubishi Chemical Corporation announced the establishment of regional headquarters for the performance polymers business in Europe and China — Mitsubishi Chemical Performance Polymers Europe B.V. and Mitsubishi Chemical Performance Polymers (China) Co., Ltd. (renamed APCO (SUZHOU) CO., LTD.), respectively. (October)
- Mitsubishi Rayon Co., Ltd. announced its plan to expand the methyl methacrylate (MMA) monomer production facilities at its subsidiary Lucite International (China) Chemical Industry Co., Ltd. The capacity of the existing facilities will be expanded from 93,000 t/y to 175,000 t/y. (October)

Others

(Engineering, Logistics, and Warehousing)

Net sales in this segment increased by ¥9.2 billion, or 6.8%, to ¥145.1 billion. Operating income decreased by ¥1.5 billion, or 41.7%, to ¥2.1 billion.

In engineering and logistics, despite a significant decrease in external sales, net sales increased primarily due to depreciation of the yen in businesses other than the above.

Group in general

A major initiative in the Group in general other than the above-mentioned segments during the third quarter of fiscal 2013 included:

- Mitsubishi Chemical Holdings Corporation and its affiliate Taiyo Nippon Sanso Corporation announced the execution of a capital and business tie-up to generate synergies through business alliance and mutual use of sales channels in the industrial gas-related business. The Mitsubishi Chemical Holdings Group plans to increase its investment ratio to as high as 27%. (September)

4. Consolidated Financial Position

At the end of the third quarter of fiscal 2013, total assets amounted to ¥3,512.3 billion, an increase of ¥204.5 billion compared to the end of fiscal 2012, primarily due to an increase in the yen equivalent of overseas subsidiary assets, due to depreciation of the yen.

5. Consolidated Financial Results Forecasts for Fiscal 2013

Mitsubishi Chemical Holdings made a downward revision of its forecasts for operating income, ordinary income, and net income, which were announced on October 31, 2013, because of the following anticipated factors: weaker markets for synthetic fiber materials, MMA and other petrochemical-related products for the fourth quarter of fiscal 2013 (January 1, 2014 – March 31, 2014) compared to the previously announced forecast; and rising raw material costs for some products.

Revision to Consolidated Financial Results Forecasts for Fiscal 2013

(Unit: Millions of yen, unless otherwise noted.)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecasts (A) (Released on October 31, 2013)	3,500,000	133,000	125,000	46,000	31.23 yen
Revised forecasts (B)	3,500,000	110,000	100,000	28,000	19.01 yen
Increase (decrease) (B)-(A)	—	(23,000)	(25,000)	(18,000)	
Increase (decrease) in percentage	—	(17.3)	(20.0)	(39.1)	
Reference: Results for the same period of fiscal 2012	3,088,577	90,241	87,054	18,596	12.61 yen

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 [2] and [9] hereof.