

Mitsubishi Chemical Holdings Corporation
Condensed Consolidated Financial Information
for the First Half of the Fiscal Year Ending March 31, 2015



1. Business Results for the First Half of the Fiscal Year Ending March 31, 2015 (FY2014)

(Business period: April 1, 2014 to September 30, 2014)

Millions of Yen	
The First Half of the Current Fiscal Year (FY2014)	The First Half of the Previous Fiscal Year (FY2013)
April 1, 2014 - September 30, 2014	April 1, 2013 - September 30, 2013

Thousands of U.S. Dollars
The First Half of the Current Fiscal Year (FY2014)
April 1, 2014 - September 30, 2014

(1) Results of Operations:

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Net sales	1,672,265	1,611,580	15,341,881
Operating income	73,714	51,387	676,275
Income before income taxes and minority interests in consolidated subsidiaries	83,667	71,125	767,587
Net income	33,252	27,320	305,064
Comprehensive income	69,219	92,401	635,037

	(Yen)	(Yen)	(U.S. Dollars)
Net income per share -Basic	22.58	18.54	0.21
Net income per share -Diluted	22.57	17.81	0.21

(2) Segment Information:

[Net Sales by Segment]

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Electronics Applications	57,518	56,840	527,688
Designed Materials	396,200	369,899	3,634,862
Health Care	255,801	250,801	2,346,798
Chemicals	441,038	460,798	4,046,220
Polymers	416,466	380,199	3,820,789
Others	105,242	93,043	965,523
Total	1,672,265	1,611,580	15,341,881

[Operating Income (loss) by Segment]

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Electronics Applications	(1,126)	(2,628)	(10,330)
Designed Materials	27,322	22,995	250,661
Health Care	39,862	34,568	365,706
Chemicals	1,292	161	11,853
Polymers	7,505	(1,046)	68,853
Others	2,195	438	20,138
Elimination & corporate costs	(3,336)	(3,101)	(30,606)
Total	73,714	51,387	676,275

Millions of Yen	
As of September 30, 2014	As of March 31, 2014

Thousands of U.S. Dollars
As of September 30, 2014

(3) Financial Position:

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Total assets	3,563,604	3,479,359	32,693,615
Inventories	598,682	591,107	5,492,495
Property, plant and equipment	1,131,592	1,118,050	10,381,578
Short-term and long-term debts	1,284,665	1,258,186	11,785,917
Shareholders' equity*	926,495	900,803	8,499,954
Ratio of shareholders' equity to total assets (%)	25.9	25.8	

* Net assets excluding share subscription rights and minority interests

Millions of Yen		Thousands of U.S. Dollars
The First Half of FY2014	The First Half of FY2013	The First Half of FY2014
April 1, 2014 - September 30, 2014	April 1, 2013 - September 30, 2013	April 1, 2014 - September 30, 2014

(4) Cash Flows:

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Net cash provided by operating activities	120,797	89,757	1,108,229
Net cash used in investing activities	(72,861)	(64,182)	(668,450)
Net cash used in financing activities	(7,700)	(6,751)	(70,642)
Cash and cash equivalents at end of the period	222,702	183,592	2,043,138

(5) Ratio of Net Income to:

	Millions of Yen	Millions of Yen
Shareholders' equity**	3.6	3.2
Total assets**	0.9	0.8
Net sales	1.9	1.6

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

Notes:

- From the first quarter of FY2014, the Company applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012), in accordance with the provisions stated in paragraph 35 of "Accounting Standard for Retirement Benefits" and paragraph 67 of "Guidance on Accounting Standard for Retirement Benefits". According to the transitional treatment provided in paragraph 37 of "Accounting Standard for Retirement Benefits", the effect of this change was recognized by adjusting retained earnings at the beginning of the first half of FY2014. As a result, retained earnings decreased by 13,343 million yen at the beginning of the first half of FY2014. The effect of this change on operating income, ordinary income, and income before income taxes and minority interests in consolidated subsidiaries is immaterial.
- Effective from FY2014, certain businesses (including businesses in consolidated subsidiaries) have been reclassified from "Health Care" segment to "Designed Materials" segment. Accordingly, segment information for FY2013 is restated to match.
- 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 109 yen to US\$1, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of September 2014.

2. Forecast for the Current Fiscal Year

	Millions of Yen		Thousands of U.S. Dollars	
	FY2014	April 1, 2014 - March 31, 2015	FY2014	April 1, 2014 - March 31, 2015
Net sales		3,530,000		32,385,321
Operating income		136,000		1,247,706
Net income		38,000		348,624
		(Yen)		(U.S. dollar)
Net income per share -Basic		25.81		0.24

Notes:

There is no revision to the forecast for FY2014 from those announced on May 12, 2014.

3. Business Performance and Financial Position

(1) Business Performance

1) Consolidated Performance for the First Half of the Fiscal Year Ending March 31, 2015 (Fiscal 2014): Six Months Ended September 30, 2014

Overview of General Performance

In the business environment surrounding the Mitsubishi Chemical Holdings Group during the first half of fiscal 2014, the Performance Products and Industrial Materials domains continued trends toward a mild recovery in overseas and domestic demand and gradually improved, despite ongoing concerns about the outlook for overseas economies and other factors. The Health Care domain still faced adverse conditions with drug price revisions implemented in April 2014, the expansion of generic drug use, and other factors in Japan, despite favorable sales figures of license-out products in overseas markets.

Under the circumstances, the consolidated financial results for the first half of fiscal 2014 compared to the same period of the previous fiscal year were as follows. Net sales increased by ¥60.7 billion, or 3.8%, to ¥1,672.3 billion. Owing mostly to strong demand for polymer processing products and other factors, in addition to a differential improvement between raw material costs and product prices in the Industrial Materials domain, operating income increased by ¥22.3 billion, or 43.4%, to ¥73.7 billion, and ordinary income increased by ¥26.1 billion, or 52.1%, to ¥76.3 billion. Net income increased by ¥6.0 billion, or 21.7%, to ¥33.3 billion, due to extraordinary gains associated with the sale of fixed assets and extraordinary losses associated with the structural reforms and other factors.

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 increased by ¥0.7 billion, or 1.2%, to ¥57.5 billion. Operating losses decreased by ¥1.5 billion, to ¥1.1 billion.

In recording media, net sales decreased due to an overall decline in sales prices, which was due partly to reduction in the size of the DVD market. In information and electronics-related materials, net sales increased significantly due to higher sales volumes despite the downward trend of sales pricing in phosphors for LEDs and display materials and demand for precision cleaning and recycling for

semiconductors remained generally strong. In imaging supplies, net sales decreased as overseas demand remained generally sluggish for OPC drums, toners, and chemical toners.

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 ¥26.3 billion, or 7.1%, to ¥396.2 billion. Operating income increased by ¥4.3 billion, or 18.7%, to ¥27.3 billion.

In food ingredients, business continued favorably. In battery materials, net sales increased due to an increase in sales volumes in materials for automobile batteries, despite trends toward decreasing selling prices in general. In fine chemicals, net sales increased due to continued generally strong demand for coating materials for automobiles, and so on. In polymer processing products, net sales increased due mainly to higher sales volumes of engineering plastic-related products and continued generally strong demand for films for touch panel displays. In composite materials, net sales increased significantly due to continuing strength in sales of carbon fibers and alumina fibers. In inorganic chemicals, net sales remained the same level as the sales situation continued generally strong. In fibers, net sales remained the same level as the demand situation remained generally favorable.

Major initiatives in the Designed Materials segment during the first half of fiscal 2014 included:

- Mitsubishi Chemical Corporation and its consolidated subsidiaries — The Nippon Synthetic Chemical Industry Co., Ltd. (NSCI) and Chuo Rika Kogyo Corporation (CRK) — announced the establishment of a new company, Japan Coating Resin Co., Ltd., to strengthen the emulsion business operations of NSCI and CRK by merging their manufacturing divisions effective October 1, 2014. (April and August)
- Mitsubishi Rayon Co., Ltd. announced that the company has decided to expand production capacity of the carbon fiber plant at Mitsubishi Rayon Carbon Fiber and Composites, Inc. to serve the growing global demand especially in the North American market. (Production capacity: 2,000t/y; capacity increase: 2,000t/y) (June)
- Mitsubishi Plastics, Inc. and its subsidiary, Mitsubishi Plastics Agri Dream Co., Ltd. (MPAD) announced that MPAD has established a joint venture with Wuxi Sanyang Ecology Agricultural Development Limited Company, a subsidiary of the Jiangsu Supply and Marketing General Cooperative (China Co-op), to serve as a sales office for sunlight type plant factories in China. (July)
- Mitsubishi Rayon Co., Ltd. announced the acquisition of a 51% share in Wethje Holding GmbH, a German company engaged in manufacturing of carbon fiber reinforced plastics parts for automobile applications, with the goal of strengthening and expanding carbon fiber intermediate

materials business for automobile applications in Europe. Wethje will become a consolidated subsidiary of Mitsubishi Rayon. (July)

- The Nippon Synthetic Chemical Industry Co., Ltd., a subsidiary of Mitsubishi Chemical Corporation, decided to expand its production facility for *Coponyl*, pressure sensitive adhesive – acrylic copolymer, at the Ogaki Plant, and to build a new production facility for *Hi-Selon*, water-soluble plastic film made from polyvinyl alcohol, at the Kumamoto Plant. (July)
- Mitsubishi Plastics, Inc. announced its decision to construct an additional production line for *MAFTEC*, alumina fiber at its Sakaide Plant. (Production capacity: 6,000t/y; capacity increase: 500t/y) (August)

Health Care Segment, Health Care Domain

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

Net sales in this segment increased by ¥5.0 billion, or 2.0%, to ¥255.8 billion. Operating income increased by ¥5.3 billion, or 15.4%, to ¥39.8 billion.

In the pharmaceutical business, net sales decreased due primarily to drug price revisions implemented in April 2014 and the expanding impact of generic drugs, despite an increase in royalty revenues of *Gilenya*, a treatment for multiple sclerosis, *Invokana*, a treatment for type 2 diabetes mellitus, and other factors. In diagnostic reagents and instruments and clinical testing, net sales increased due to an increase in sales volumes in diagnostics. In pharmaceutical formulation materials, net sales increased considerably due to Qualicaps Co., Ltd., which became a consolidated subsidiary of Mitsubishi Chemical Holdings Corporation as of March 2013, being included since the first half of fiscal 2013 and its continued strong sales.

Major initiatives in the Health Care segment during the first half of fiscal 2014 included:

- Mitsubishi Tanabe Pharma Corporation announced that the company has reached an agreement with Sawai Pharmaceutical Co., Ltd. regarding the transfer of the Kashima Plant of Mitsubishi Tanabe Pharma Factory Ltd., which is a consolidated subsidiary of Mitsubishi Tanabe Pharma, to Sawai Pharmaceutical. (June)
- Mitsubishi Tanabe Pharma Corporation obtained approval for production and sale of *CANAGLU* 100mg tablets for type 2 diabetes mellitus. (July)

Chemicals Segment, Industrial Materials Domain

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

Net sales in this segment decreased by ¥19.8 billion, or 4.3%, to ¥441.0 billion. While, operating

income increased by ¥1.1 billion, or 550%, to ¥1.3 billion mainly due to the differential improvement between raw material costs and product prices and reductions of fixed costs.

The production volume of ethylene, a basic raw material of petrochemicals, was 438 thousand tons, a decrease of 15.4%, due mainly to the shutdown of the No. 1 ethylene production facility and the No. 1 benzene production facility at the Mitsubishi Chemical Corporation Kashima Plant in May 2014 and expanded regular maintenance scale of production facilities. In basic petrochemicals and chemical derivatives, net sales decreased, primarily due to the expanded regular maintenance scale of production facilities. In synthetic fiber materials, net sales for terephthalic acid decreased due mainly to the sluggish market situation brought about in part by a surplus of supply capacity mainly in China. In carbon products, net sales of blast furnace coke decreased due to lower selling prices responding to a drop in coking coal prices, even though demand remained generally favorable.

Polymers Segment, Industrial Materials Domain

(Synthetic resins)

Net sales in this segment increased by ¥36.3 billion, or 9.5%, to ¥416.5 billion. Operating income increased by ¥8.5 billion, to ¥7.5 billion.

In synthetic resins, net sales increased considerably, due mainly to an overall selling price adjustment stemming from raw material and fuel price increases for polyolefins, and an increase in market prices and sales volumes associated with trends toward a gradual recovery in demand for MMA monomers.

Major initiatives in the Polymers segment during the first half of fiscal 2014 included:

- Mitsubishi Rayon Co., Ltd. and Mitsui & Co., Ltd. have signed a memorandum of understanding to commence detailed feasibility studies on the possibility of establishing a joint venture in the U.S. to produce methyle methacrylate (MMA) monomer. Mitsubishi Rayon and Mitsui have also entered into a non-binding material terms agreement with The Dow Chemical Company concerning potential partial supply of feedstock from Dow to the joint venture through Mitsui for the production of MMA monomer and the potential supply of MMA monomer from the joint venture to Dow. (June)
- Mitsubishi Rayon Co., Ltd. announced the establishment of The Saudi Methacrylates Company, a joint venture with Saudi Basic Industries Corporation. The joint venture will manufacture MMA monomer (capacity: 250,000t/y) and PMMA (capacity: 40,000t/y) in Al-Jubail, Saudi Arabia. (June)
- Mitsubishi Chemical Corporation announced plans to build a new production facility for thermoplastic elastomers at the Amata Nakorn Plant of Mitsubishi Chemical Performance Polymers (Thailand) Co., Ltd. previously called Sunprene (Thailand) Co., Ltd. to meet increasing demand, especially for automotive and construction use. (July)

Others

(Engineering, Logistics, and Warehousing)

Net sales in this segment increased by ¥12.2 billion, or 13.1%, to ¥105.3 billion. Operating income increased by ¥1.8 billion, or 450%, to ¥2.2 billion.

In engineering and logistics, net sales increased primarily due to the steady performance of engineering, despite decreased external orders in logistics.

Group in general

A major initiative in the Group in general other than the above-mentioned segments during the first half of fiscal 2014 included:

- Mitsubishi Chemical Holdings Corporation and Taiyo Nippon Sanso Corporation announced that each company executed a master agreement to further enhance their mutual capital and business alliance relationships and to improve the corporate value of both companies in May. Mitsubishi Chemical Holdings has taken steps to acquire majority voting rights in Taiyo Nippon Sanso through a tender offer for the company's common shares and has started a tender offer for the shares of Taiyo Nippon Sanso Corporation in September. (May and September)
- Mitsubishi Chemical Holdings Corporation announced that the company would voluntarily adopt the International Financial Reporting Standards (IFRS) beginning in fiscal 2016, in place of the Japanese Generally Accepted Accounting Principles currently used. The company will disclose its consolidated financial statements under IFRS beginning in fiscal 2016. (May)

4. Consolidated Financial Position

At the end of the first half of fiscal 2014, total assets amounted to ¥3,563.6 billion, an increase of ¥84.2 billion compared to the end of fiscal 2013, due primarily to an increase in the yen-equivalent value of overseas subsidiary assets caused by weaker yen-to-US dollar exchange rates.

5. Consolidated Financial Results Forecasts for Fiscal 2014

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.

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 [7] hereof.