May 13, 2015

Mitsubishi Chemical Holdings Corporation
Condensed Consolidated Financial Information
for the Fiscal Year Ended March 31, 2015

1. Business Results for the Fiscal Year Ended March 31, 2015
(Business period: April 1, 2014 to March 31, 2015)

	Millions of Yen		Thousands of U.S. Dollars
	FY2014	FY2013	FY2014
	April 1, 2014 - March 31, 2015	April 1, 2013 - March 31, 2014	April 1, 2014 - March 31, 2015
(1) Results of Operations:			
Net sales	**3,656,278**	3,498,834	30,468,983
Operating income	**165,681**	110,460	1,380,675
Income before income taxes and minority interests in consolidated subsidiaries	**165,621**	116,594	1,380,175
Net income	**60,859**	32,248	507,158
Comprehensive income	**173,692**	134,016	1,447,433
(2) Financial Position:			
Total assets	**4,323,038**	3,479,359	36,025,317
Inventories	**595,505**	591,107	4,962,542
Property, plant and equipment	**1,498,146**	1,118,050	12,484,550
Short-term and long-term debts	**1,603,595**	1,258,186	13,363,292
Shareholders' equity*	**980,993**	900,803	8,174,942
Ratio of shareholders' equity to total assets (%)	**22.6**	25.8	

* Net assets excluding share subscription rights and minority interests

(3) Cash Flows:			
Net cash provided by operating activities	**329,776**	177,027	2,748,133
Net cash used in investing activities	**(277,223)**	(159,789)	(2,310,192)
Net cash used in financing activities	**(2,061)**	(8,307)	(17,175)
Cash and cash equivalents at end of the period	**243,055**	179,556	2,025,458
(4) General:			
Capital expenditures	**165,057**	133,339	1,375,475
Depreciation and amortization (excld. goodwill)	**151,253**	131,571	1,260,442
R&D expenditures	**132,217**	134,260	1,101,808
Employees (number)	**68,263**	56,031	
(5) Per Share:		(Yen)	(U.S. dollar)
Net income - Basic	**41.40**	21.89	0.35
- Diluted	**41.37**	21.45	0.35
Shareholders' equity	**669.77**	611.95	5.58

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

[FY2014] 1,469,998 [FY2013] 1,472,574 (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, 2015] 1,464,664 [March 31, 2014] 1,472,019 (Thousands of shares)

(6) Ratio of Net Income to:		(%)
Shareholders' equity**	**6.4**	3.7
Total assets**	**1.5**	0.9
Net sales	**1.6**	0.9

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

	Millions of Yen		Thousands of U.S. Dollars
	FY2014	FY2013	FY2014
	April 1, 2014 - March 31, 2015	April 1, 2013 - March 31, 2014	April 1, 2014 - March 31, 2015

(7) Segment Information:

[Net Sales by Segment]

Electronics Applications	**118,752**	133,675	989,600
Designed Materials	**811,399**	799,130	6,761,658
Health Care	**531,933**	523,056	4,432,775
Chemicals	**1,139,395**	955,088	9,494,958
Polymers	**834,608**	858,435	6,955,067
Others	**220,191**	229,450	1,834,925
Total	**3,656,278**	3,498,834	30,468,983

[Operating Income (loss) by Segment]

Electronics Applications	**(2,725)**	(5,519)	(22,708)
Designed Materials	**56,090**	47,476	467,417
Health Care	**77,012**	67,300	641,767
Chemicals	**9,161**	710	76,342
Polymers	**26,764**	2,307	223,033
Others	**6,462**	5,675	53,850
Elimination & corporate	**(7,083)**	(7,489)	(59,025)
Total	**165,681**	110,460	1,380,675

[Total Assets by Segment at the end of the period]

Electronics Applications	**117,474**	116,108	978,950
Designed Materials	**837,350**	819,837	6,977,917
Health Care	**1,050,987**	1,023,152	8,758,225
Chemicals	**1,435,730**	670,909	11,964,417
Polymers	**801,479**	799,640	6,678,992
Others	**612,048**	663,686	5,100,400
Elimination & corporate costs	**(532,030)**	(613,973)	(4,433,583)
Total	**4,323,038**	3,479,359	36,025,317

[Depreciation & Amortization (excld. Goodwill) by Segment]

Electronics Applications	**6,134**	5,677	51,117
Designed Materials	**39,864**	38,534	332,200
Health Care	**15,712**	15,969	130,933
Chemicals	**47,346**	28,005	394,550
Polymers	**37,163**	38,390	309,692
Others	**3,244**	3,161	27,033
Corporate costs	**1,790**	1,835	14,917
Total	**151,253**	131,571	1,260,442

[Capital Expenditures by Segment]

Electronics Applications	**5,889**	6,678	49,075
Designed Materials	**53,354**	51,183	444,617
Health Care	**24,608**	20,307	205,067
Chemicals	**45,632**	25,517	380,267
Polymers	**29,325**	25,493	244,375
Others	**3,854**	3,226	32,117
Corporate	**2,395**	935	19,958
Total	**165,057**	133,339	1,375,475

Notes:

1 From 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, March 26, 2015), 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 FY2014.
As a result, retained earnings decreased by 13,343 million yen at the beginning 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.

2 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.

3 Mitsubishi Chemical Holdings Corporation ("MCHC") acquired 50.6% of the shares of Taiyo Nippon Sanso Corporation on November 12, 2014. The total acquisition costs were 218,807 million yen and MCHC recognized goodwill of 83,206 million yen.

2. Prospects for the Following Fiscal Year

	Millions of Yen		Thousands of U.S. Dollars	
	The First Half of FY2015	FY2015	The First Half of FY2015	FY2015
	April 1, 2015 - September 30, 2015	April 1, 2015 - March 31, 2016	April 1, 2015 - September 30, 2015	April 1, 2015 - March 31, 2016
Net sales	1,920,000	4,000,000	16,000,000	33,333,333
Operating income	95,000	227,000	791,667	1,891,667
Net income	36,000	65,000	300,000	541,667
		(Yen)		(U.S. dollar)
Net income per share - Basic	24.48	44.21	0.20	0.37

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 120 yen to US$1, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of March 2015.

3. Business Performance and Financial Position

(1) Business Performance

1) Consolidated Performance for the Fiscal Year Ended March 31, 2015 (Fiscal 2014): April 1, 2014 – March 31, 2015

Overview of General Performance

In the business environment surrounding the Mitsubishi Chemical Holdings Group during fiscal 2014, the Performance Products domain was generally strong. The Industrial Materials domain on the one hand saw the positive impact of an improvement of price differences between raw materials and products in some products and on the other, the negative effect of inventory valuation losses associated with a sharp drop in raw material and fuel prices in the second half of fiscal 2014. In addition, Taiyo Nippon Sanso Corporation was converted to a consolidated subsidiary in the third quarter of fiscal 2014. The Health Care domain remained strong with an increase in royalty revenues of license-out products in overseas markets and expanded sales of new pharmaceuticals, despite continued adverse conditions in Japan, i.e. drug price revisions implemented in April 2014, the expansion of generic drug use, and other factors.

Under these circumstances, the consolidated financial results for fiscal 2014 compared to the previous fiscal year were as follows. Net sales increased by ¥157.5 billion, or 4.5%, to ¥3,656.3 billion. Operating income increased by ¥55.2 billion, or 50.0%, to ¥165.7 billion, and ordinary income increased by ¥60.0 billion, or 58.2%, to ¥163.1 billion. Net income increased by ¥28.7 billion, or 88.7%, to ¥60.9 billion, due to gains on step acquisitions brought by the conversion of Taiyo Nippon Sanso to a consolidated subsidiary and extraordinary gains on sales of fixed assets, despite extraordinary losses associated with structural reforms and other factors.

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 ¥14.9 billion, or 11.1%, to ¥118.8 billion. Operating losses decreased by ¥2.7 billion, to ¥2.8 billion.

In recording media, net sales decreased due partly to reduction in the size of the optical disc market. In information and electronics-related materials, net sales increased due mainly to higher sales volumes of display materials and continued strong demand for precision cleaning and recycling for semiconductors, despite the downward trend in sales prices for phosphors used in LEDs. In imaging supplies, net sales decreased due to a decline in overseas sales prices for OPC drums, toners, and chemical toners.

Major initiatives in the Electronics Applications segment during fiscal 2014 included:

- Mitsubishi Chemical Corporation announced a cross-licensing agreement with Nichia Corporation for patents of nitride-type red phosphor, which is widely used in white LEDs, to further stabilize their patents and enhance the business base of both companies. (January 2015)

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 ¥12.3 billion, or 1.5%, to ¥811.4 billion. Operating income increased by ¥8.6 billion, or 18.1%, to ¥56.1 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 sales prices in general. In fine chemicals, net sales increased due to continued 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 strong demand for films for touch panel displays. In composite materials, net sales increased due to continuing strength in sales of carbon fibers and alumina fibers. In inorganic chemicals, net sales continued generally strong. In fibers, net sales decreased slightly due to a decline in sales volumes.

Major initiatives in the Designed Materials segment during 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 2014)
- 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 2014)
- 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 2014)

- 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 2014)
- 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 2014)
- Mitsubishi Rayon Co., Ltd. announced the acquisition of a 51% share in Wethje Holding GmbH, a German manufacturer of carbon fiber reinforced plastics parts for automobile applications, with the goal of strengthening and expanding carbon fiber intermediate material business for automobile applications in Europe. The acquisition made Wethje Holdings a consolidated subsidiary of Mitsubishi Rayon. (October 2014)
- Mitsubishi Plastics, Inc. and Mitsubishi Rayon Co., Ltd. agreed to integrate Mitsubishi Plastic's pitch-based carbon fiber business and Mitsubishi Rayon's PAN-based carbon fiber business by transferring Mitsubishi Plastic's business to Mitsubishi Rayon. The move, aimed at enhancing the carbon fiber and composite material business, is effective April 1, 2015. (January 2015)

Health Care Segment, Health Care Domain

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

Net sales in this segment increased by ¥8.8 billion, or 1.7%, to ¥531.9 billion. Operating income increased by ¥9.7 billion, or 14.4%, to ¥77.0 billion.

In the pharmaceutical business, net sales remained unchanged due to expanded sales of *Remicade*, an anti-TNFα monoclonal antibody and *Tenelia*, a treatment agent for type 2 diabetes mellitus and an increase in royalty revenues of *Gilenya*, a treatment for multiple sclerosis and *Invokana*, a treatment agent for type 2 diabetes mellitus, despite drug price revisions implemented in April 2014, the expanding impact of generic drugs, and other factors. In diagnostic reagents and instruments and clinical testing, net sales increased due primarily 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 favorable sales.

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

- Mitsubishi Tanabe Pharma Corporation obtained approval for production and sale of *CANAGLU* 100mg tablets for type 2 diabetes mellitus. (July 2014)
- Mitsubishi Tanabe Pharma Corporation concluded the final 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, as part of operational and structural reforms. (November 2014)
- Mitsubishi Tanabe Pharma Corporation announced plans to construct a new production facility at the Yoshitomi Plant of Mitsubishi Tanabe Pharma Factory Ltd., to develop a global-scale pharmaceutical supply system. (January 2015)
- Mitsubishi Tanabe Pharma Corporation announced the consolidation of its research functions in Japan into two bases – the Toda Office and the Yokohama Office – followed by closure of the Kazusa Office effective at the end of fiscal 2015. (February 2015)

Chemicals Segment, Industrial Materials Domain
(Basic petrochemicals, Chemical derivatives, Synthetic fiber materials, Carbon products, Industrial gases)

Net sales in this segment increased by ¥184.3 billion, or 19.3%, to ¥1,139.4 billion. Operating income increased by ¥8.5 billion, to ¥9.2 billion due to the conversion of Taiyo Nippon Sanso to a consolidated subsidiary, despite suffering from inventory valuation losses resulting from a drop in raw material prices.

The production volume of ethylene, a basic raw material of petrochemicals, was 974 thousand tons, a decrease of 14.6%, 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, chemical derivatives, synthetic fiber materials, and terephthalic acid that is a synthetic fiber material, net sales decreased significantly due mainly to a decline in sales prices stemming from a drop in raw material prices. In carbon products, net sales of blast furnace coke decreased as sales prices fell due to a drop in coking coal prices, even though an overall demand remained generally strong. In addition, net sales of industrial gases by Taiyo Nippon Sanso Corporation, which was converted to a consolidated subsidiary as of November 2014, have been included since the third quarter of fiscal 2014.

Major initiatives in the Chemicals segment during fiscal 2014 included:

- Mitsubishi Chemical Holdings Corporation announced the acquisition of Taiyo Nippon Sanso Corporation's additional common stock through a tender offer to enhance their mutual capital and business alliance relationships and improve the corporate value of both companies. As a result, Taiyo Nippon Sanso became a consolidated subsidiary of Mitsubishi Chemical Holdings.

(November 2014)

- Matheson Tri-Gas, Inc., a subsidiary of Taiyo Nippon Sanso Corporation concluded an agreement with Sasol Chemicals (USA) LLC to supply tonnage oxygen and nitrogen to Sasol's world-class ethane cracker and derivative production facility in the United States. (January 2015)

Polymers Segment, Industrial Materials Domain

(Synthetic resins)

Net sales in this segment decreased by ¥23.8 billion, or 2.8%, to ¥834.6 billion. Operating income increased by ¥24.5 billion, to ¥26.8 billion, due primarily to an improvement in price differences between raw materials and products.

In synthetic resins, net sales decreased, due mainly to changes in the accounting periods of overseas MMA-related consolidated subsidiaries implemented in fiscal 2013, in spite of an increase in market prices associated with trends toward a gradual recovery in demand for polyolefins and MMA monomers.

Major initiatives in the Polymers segment during 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 2014)
- 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 2014)
- 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 2014)
- Japan Polypropylene Corporation, a consolidated subsidiary of Mitsubishi Chemical Corporation announced the decision to expand production capacity of polypropylene compounds at its subsidiaries, Mytex Polymers US Corporation (current production capacity: 73,000 t/y; capacity increase: 20,000t/y) and Beijing Ju-Ling-Yang Plastic Co., Ltd. (current production capacity: 66,000 t/y; capacity increase: 10,000 t/y). (November 2014)

Others

(Engineering, Logistics, and Warehousing)

Net sales in this segment decreased by ¥9.2 billion, or 4.0%, to ¥220.2 billion. Operating income increased by ¥0.8 billion, or 14.0%, to ¥6.5 billion.

In engineering and logistics, net sales declined due to decreased external orders in logistics and a change in accounting periods in some of overseas subsidiaries in fiscal 2013, despite the steady performance of engineering.

- Mitsubishi Chemical Corporation announced that Mitsubishi Chemical Logistics Corporation absorbed Dia Packaging Materials Co., Ltd. to strengthen integrated logistics functions including the purchase of packaging materials, effective April 1, 2015. (February 2015)

Group in general

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

- 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 2014)
- Mitsubishi Chemical Holdings Corporation announced the transfer to a “Company with Committees”, with the objective of further strengthening corporate governance, subject to approval at the ordinary general meeting of shareholders scheduled for late June 2015. (December 2014)

2) Business Forecasts for the Fiscal Year Ending March 31, 2016 (Fiscal 2015)

Based on a continuing environment conducive to exports, Japanese corporations are expected to show improved earnings while both employment and personal income are expected to improve further as the economy continues its gradual recovery. Despite anxieties such as the sovereign debt crisis in Europe, a slowdown in economic growth in China and other emerging countries, and geopolitical risks, the world economy is expected to show gradual growth mainly in advanced nations. In our businesses under such circumstances, we expect to see increased earnings in the Designed Materials segment, through the continuing efforts to expand sales over fiscal 2014. We also expect for a large increase in profits in the Chemicals segment due primarily to elimination of inventory valuation losses caused by a decline in raw material prices during fiscal 2014, the contribution of Taiyo Nippon Sanso Corporation’s full-year business performance. In addition, we continue to aggressively work on cost reductions business structural reforms.

In light of the above-mentioned circumstances, forecasts of the consolidated financial results for fiscal 2015, as compared to fiscal 2014, are as follows. Net sales is expected to increase by ¥343.7 billion, to ¥4,000.0 billion. Operating income is expected to increase by ¥61.3 billion, to ¥227.0 billion. Ordinary income is expected to increase by ¥50.9 billion, to ¥214.0 billion. Net income attributable to shareholders of the parent is expected to increase by ¥4.1 billion, to ¥65.0 billion.

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

(Billions of yen, unless otherwise noted)

	Actual results for fiscal 2014	Forecasts for fiscal 2015
Capital expenditure	165.1	213.0
Depreciation	151.3	187.0
R&D expenses	132.2	137.0
Exchange rate (¥/$)	111*	120**
Naphtha (¥/kl)	63,500*	45,000**

*Average from April 2014 through March 2015
**Average from April 2015 through March 2016

(2) Financial Position

1) Consolidated Financial Position at the End of Fiscal 2014

Total assets were ¥4,323.0 billion, an increase of ¥843.6 billion compared to the end of fiscal 2013. The increase was due primarily to the conversion of Taiyo Nippon Sanso to a consolidated subsidiary from an affiliate accounted for by equity method and an increase in an equivalent amount in the yen in assets of overseas consolidated subsidiaries mostly because of a weaker yen at the end of fiscal 2014 compared to the dollar-yen exchange rate at the end of fiscal 2013.
Liabilities were ¥2,734.4 billion, an increase of ¥569.9 billion compared to the end of fiscal 2013, due primarily to the above-mentioned same reasons.
Net assets were ¥1,588.6 billion, an increase of ¥273.7 billion compared to the end of fiscal 2013, due primarily to an increase in foreign currency translation adjustment, reflecting mainly the weaker yen at the end of fiscal 2014 compared to the dollar-yen exchange rate at the end of fiscal 2013 and an increase in minority interests resulting from the conversion of Taiyo Nippon Sanso Corporation to a consolidated subsidiary.
Accordingly, shareholders’ equity ratio decreased by 3.2% point, to 22.6%, and net debt-equity ratio* increased by 0.14 to 1.25 compared to the end of fiscal 2013.

*Net debt-equity ratio = net interest-bearing debts ÷book value of shareholders' equity
Net interest-bearing debts = interest-bearing debts (including discounted notes) – (cash and cash equivalents ＋investment of surplus funds)

2) Consolidated Cash Flows for Fiscal 2014

Free cash flow, which consists of cash flows from operating and investing activities, was cash inflow of ¥52.6 billion, an increase of ¥35.3 billion compared to fiscal 2013.
Net cash provided by operating activities totaled ¥329.8 billion, an increase of ¥152.7 billion compared to fiscal 2013, due primarily to ¥165.6 billion of income before income taxes and minority interests in consolidated subsidiaries and depreciation and a decrease in inventories associated with a drop in raw material costs.
Net cash used in investing activities totaled ¥277.2 billion, an increase of ¥117.4 billion compared to fiscal 2013, due primarily to outflows from capital expenditures, security acquisitions, and stock acquisitions related to the conversion of Taiyo Nippon Sanso Corporation to a consolidated subsidiary.
Net cash used in financing activities totaled ¥2.1 billion, a decrease of ¥6.2 billon compared to fiscal 2013, due primarily to repayment of long-term debts and dividend payments, despite cash inflows from short-term loans.
As a result, cash and cash equivalents stood at ¥243.1 billion, an increase of ¥63.5 billion compared to the end of fiscal 2013, due to the effect of exchange rate changes on cash and cash equivalents of ¥11.8 billion, in addition to the above-mentioned factors.

3) Forecasts for Consolidated Statements of Cash Flows for Fiscal 2015

Free cash flow for fiscal 2015 is expected to increase compared to fiscal 2014 due primarily to that income before income taxes is expected to be ¥182.0 billion, despite expansion of capital expenditures.

4) Cash Flow Ratios

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014
Ratio of shareholders' equity to total assets (%)	24.2	24.6	25.8	22.6
Ratio of market value shareholders' equity to total assets (%)	20.5	19.3	18.1	23.7
Debt payment year (year)	5.3	5.8	7.1	4.9
Interest coverage ratio (times)	13.2	13.7	10.9	18.3

・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 of returning profits to shareholders emphasizes enhancement of shareholder value by increasing the value of the company. Therefore, using over 30% of the medium-term profit level as a guideline for the consolidated dividend payout ratio, we make stable payment of dividends, while maintaining sufficient internal reserves as resources to develop future businesses.

Based on the above stated policy, fiscal 2014 dividend payments are as follows: with an interim dividend of ¥6 per share already paid out, and a year-end dividend of ¥7 per share that is ¥1 greater than last year, the annual dividend is ¥13 per share.

In fiscal 2015, we plan to pay an interim dividend of ¥7 per share and a year-end dividend of ¥7 per share for an annual dividend of ¥14 per share.

4. Management Policy

(1) Basic Management Policy

The Mitsubishi Chemical Holdings Group corporate activities are based on the three decision criteria of "Sustainability [Green]," "Health," and "Comfort." While corporations are expected to find solutions to global-scale problems, they must devise a new key performance axis that goes beyond the pursuit of profit alone for sustainable growth. Under this idea, the Group has adopted an approach called *KAITEKI* management — enhancing corporate value by applying different time frames to the management of three aspects of our business: Management of Sustainability (MOS), which aims to enhance sustainability for people, society, and our planet, in addition to management, which emphasizes capital efficiency using financial indices such as operating income and return on assets (ROA), and Management of Technology (MOT), which fosters the creation of innovative technologies. Mitsubishi Chemical Holdings settled upon THE KAITEKI COMPANY as our corporate brand and the basis upon which we will work to further raise our Group value. Our aim, through business activities based on *KAITEKI* management, is to create a group of companies that realize improved lifestyles for people, create more comfortable societies, and make all corporate and societal activities truly sustainable for the Earth and the global environment.

(2) Medium- to Long-term Management Strategy

Fiscal 2015 is the final year of *APTSIS 15*, our current five-year medium-term management plan. Based on this plan, we have pushed forward to reform business structures, increase earning power, and improve our financial standing. In the Performance Products domain, we will not only accelerate business development of growth fields such as carbon fibers and polyester film, but also quickly achieve profitability in next-generation growth businesses such as lithium-ion battery materials. In the Health Care domain, we will work to develop new pharmaceuticals responding to unmet medical needs, while strengthening and expanding our business bases in overseas markets. Further, we work to expand next-generation healthcare services using information and communication technology (ICT) and create new businesses in the regenerative medicine field. In the Industrial Materials domain, we will establish the optimal worldwide supply system to help maintain and enhance our leading position in the MMA business, while steadily promoting structural reforms in our petrochemical businesses. Taiyo Nippon Sanso a leading supplier of industrial gases was converted to a consolidated subsidiary in November 2014, and will generate group synergies through utility supply and work in concert with the Health Care domain, in addition to aggressively promoting our industrial gas business on a global level.

During fiscal 2014, we accelerated business development with active capital investments and business acquisitions in MMA and carbon fibers, which are the growth businesses and moved ahead to reform our petrochemical business structure including the restructure of our ethylene production facilities. We also strengthened and expanded our base in the healthcare solution businesses with the establishment of Life Science Institute, Inc., and pressed ahead with business reforms through initiatives including the conversion of Taiyo Nippon Sanso to a consolidated subsidiary. Furthermore, we have worked to enhance the Group’s strengths by developing synergies among Group companies, and took Group-wide measures such as thorough cost reduction and asset compression, aiming toward improved profitability.

(3) Management Indices

As stated above, the Mitsubishi Chemical Holdings Group is implementing the medium-term management plan *APTSIS 15*. In executing the latter three years of this five-year plan (fiscal 2013-2015), we aim to enhance the effectiveness of our management and focus on improving business performance through self-reliant efforts, by categorizing businesses as stable, growth driver, and volatile from the viewpoints of sensitivity to business climate changes. We will also follow the conventional four-quadrant model in business portfolio management to maximize business profitability and competitiveness (by categorizing our operations as next-generation growth businesses, growth businesses, cash-generating businesses, and businesses to be restructured, according to the life stage of each business). The numerical targets and results for fiscal 2014 are shown below.

	Targets for fiscal 2015	Actual results for fiscal 2014
Operating income	¥280.0 billion	¥165.7 billion
ROA (Income before income taxes/Total assets)	≥7%	4.2%
Net debt-to-equity ratio	0.8*	1.25
Net debt-to-equity ratio (Including minority interests in consolidated subsidiaries)	0.5*	0.77
Overseas sales ratio	≥45%	41.5%

*excluding “leaping ahead” (M&A)

(4) Challenges

This year, we will formulate our next five-year medium-term management plan, which will take effect starting in fiscal 2016. In the coming management plan, we must establish the optimal management structure from a global perspective and orchestrate the Group’s strengths in ways that transcend business units. It will also be essential to establish various policies and take specific measures as we strive to create a company that generates high profitability, setting ourselves apart from the competition by revolutionizing our productivity. And as we move toward these goals, the entire Group will come together and work as one.

In addition, ensuring compliance with various laws and regulations and conducting our business in an appropriate manner are essential issues, as is thorough safety management. All of these are absolutely necessary if we are to earn and maintain the trust of society.

With the approval at the ordinary general meeting of shareholders scheduled in June 2015, we will transition to a Company with Committees. This move is aimed at increasing management transparency and fairness as well as improving management flexibility with more effective oversight and faster decision-making.

We will further pursue contributions to sustainability of people, societies, and our planet, and aim to become a corporate group trusted by society.

Forward-looking Statements