

# Operational Summary

for the Fiscal Year Ended March 31, 2015

May 13, 2015

Mitsubishi Chemical Holdings Corporation

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## List of Abbreviations

<b>FY2015:</b>	April 1, 2015 - March 31, 2016 <b>1st Half ("1H") of FY2015:</b> April 1, 2015 - September 30, 2015 <b>2nd Half ("2H") of FY2015:</b> October 1, 2015 - March 31, 2016
<b>FY2014:</b>	April 1, 2014 - March 31, 2015 <b>1st Half ("1H") of FY2014:</b> April 1, 2014 - September 30, 2014 <b>2nd Half ("2H") of FY2014:</b> October 1, 2014 - March 31, 2015 <b>4th Quarter ("4Q") of FY2014:</b> January 1, 2015 - March 31, 2015
<b>FY2013:</b>	April 1, 2013 - March 31, 2014 <b>1st Half ("1H") of FY2013:</b> April 1, 2013 - September 30, 2013 <b>2nd Half ("2H") of FY2013:</b> October 1, 2013 - March 31, 2014
<b>MCHC:</b>	Mitsubishi Chemical Holdings Corporation
<b>MCC:</b>	Mitsubishi Chemical Corporation
<b>MTPC:</b>	Mitsubishi Tanabe Pharma Corporation
<b>MPI:</b>	Mitsubishi Plastics, Inc.
<b>MRC:</b>	Mitsubishi Rayon Co., Ltd.
<b>LSII:</b>	Life Science Institute, Inc.
<b>TNSC:</b>	Taiyo Nippon Sanso Corporation

(Note)

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

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

# Consolidated Statements of Operations

Exchange rate (¥/US\$)	103.6	117.6	110.6	100.5	10.1
Naphtha price (¥/kl)	70,400	56,500	63,500	67,300	(3,800)

				(Billions of Yen)		%
	1H	2H	FY2014	FY2013	Change	
<b>Net sales</b>	1,672.3	1,984.0	<b>3,656.3</b>	<b>3,498.8</b>	<b>157.5</b>	5%
<b>Operating income</b>	73.7	92.0	<b>165.7</b>	<b>110.5</b>	<b>55.2</b>	50%
Income (expenses) on financing activities	(1.1)	(4.3)	(5.4)	(6.5)	1.1	
[Dividend income included in above]	[5.4]	[3.5]	[8.9]	[7.2]	[1.7]	
Equity in Earnings of non-consolidated subsidiaries and affiliates	1.7	2.1	3.8	(0.4)	4.2	
Other non-operating income (expenses)	2.0	(3.0)	(1.0)	(0.5)	(0.5)	
<b>Ordinary income</b>	76.3	86.8	<b>163.1</b>	<b>103.1</b>	<b>60.0</b>	58%
Extraordinary gain	16.7	42.1	58.8	30.8	28.0	
Extraordinary loss	(9.3)	(47.0)	(56.3)	(17.3)	(39.0)	
<b>Income before income taxes and minority interests</b>	83.7	81.9	<b>165.6</b>	<b>116.6</b>	<b>49.0</b>	
Current and deferred income taxes	(30.9)	(38.2)	(69.1)	(56.3)	(12.8)	
<b>Income before minority interests</b>	52.8	43.7	<b>96.5</b>	<b>60.3</b>	<b>36.2</b>	
Minority interests in consolidated subsidiaries	(19.5)	(16.1)	(35.6)	(28.1)	(7.5)	
<b>Net income (loss)</b>	33.3	27.6	<b>60.9</b>	<b>32.2</b>	<b>28.7</b>	89%
<b>Comprehensive income attributable to :</b>	69.2	104.5	<b>173.7</b>	<b>134.0</b>	<b>39.7</b>	
Shareholders of the parent	47.9	68.1	116.0	96.8	19.2	
Minority interests	21.3	36.4	57.7	37.2	20.5	

# Consolidated Net Sales and Operating Income by Business Segment

(Billions of Yen)

		1H	2H	FY2014	FY2013	Change
<b>Total</b>	Net Sales	1,672.3	1,984.0	3,656.3	3,498.8	157.5
	Operating Income	<b>73.7</b>	<b>92.0</b>	<b>165.7</b>	<b>110.5</b>	<b>55.2</b>
<b>Electronics Applications</b>	Net Sales	57.5	61.3	118.8	133.7	(14.9)
	Operating Income	(1.1)	(1.7)	(2.8)	(5.5)	2.7
<b>Designed Materials</b>	Net Sales	396.2	415.2	811.4	799.1	12.3
	Operating Income	<b>27.3</b>	<b>28.8</b>	<b>56.1</b>	*2 <b>47.5</b>	<b>8.6</b>
<b>Health Care</b>	Net Sales	255.8	276.1	531.9	523.1	8.8
	Operating Income	<b>39.8</b>	<b>37.2</b>	<b>77.0</b>	*2 <b>67.3</b>	<b>9.7</b>
<b>Chemicals</b>	Net Sales	441.0	698.4	1,139.4	955.1	184.3
	Operating Income	1.3	7.9	*1 <b>9.2</b>	<b>0.7</b>	<b>8.5</b>
<b>Polymers</b>	Net Sales	416.5	418.1	834.6	858.4	(23.8)
	Operating Income	<b>7.5</b>	<b>19.3</b>	<b>26.8</b>	<b>2.3</b>	<b>24.5</b>
<b>Others</b>	Net Sales	105.3	114.9	220.2	229.4	(9.2)
	Operating Income	<b>2.2</b>	<b>4.3</b>	<b>6.5</b>	<b>5.7</b>	<b>0.8</b>
<b>Corporate</b>	Net Sales	-	-	-	-	-
	Operating Income	(3.3)	(3.8)	(7.1)	(7.5)	0.4

\*1 Including net sales of 286.9 billion yen and operating income of 18.4 billion yen in industrial gases

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

# Consolidated Net Sales and Operating Income By Business Sub-segment

(Billions of Yen)

		1H	2H	FY2014	FY2013	Change	
<b>Electronics Applications</b>		Net Sales	57.5	61.3	118.8	133.7	(14.9)
		Operating Income	(1.1)	(1.7)	(2.8)	(5.5)	2.7 (a)
Designed Materials	<b>Functional Products</b>	Net Sales	273.0	290.2	563.2	544.1	19.1
		Operating Income	15.0	16.8	31.8	22.2	9.6 (b)
	<b>Performance Chemicals</b>	Net Sales	123.2	125.0	248.2	255.0	(6.8)
		Operating Income	12.3	12.0	24.3	*2 25.3	(1.0) (c)
Health Care	<b>Pharmaceuticals</b>	Net Sales	198.6	216.2	414.8	412.6	2.2
		Operating Income	37.1	34.4	71.5	63.8	7.7 (d)
	<b>Diagnostics, Clinical Testing and API</b>	Net Sales	57.2	59.9	117.1	110.5	6.6
		Operating Income	2.7	2.8	5.5	*2 3.5	2.0 (e)

\*1 All figures are approximation for reference purpose only.

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

### Major reasons for the change:

(a) Rationalization, increased sales for display materials, etc.

(b) Profit increased due to polyester film, electronic and industrial film, engineering plastic products, and carbon fiber, etc.

(c) Profit decreased for optical PVOH film: *OPL film* and *EVOH* products, despite increased sales and rationalization in lithium-ion battery materials, etc.

(d) Profit increased due to higher royalty revenues, increased sales for new pharmaceuticals and decreased SG&A expenses, while profit decreased due to drug price revisions and expanded use of generic drugs.

(e) Increased sales of products in Qualicaps Group, etc.

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

(Billions of Yen)

			1H	2H	FY2014	FY2013	Change
Chemicals	Petrochemicals	Net Sales	341.9	315.0	656.9	750.3	(93.4)
		Operating Income	(3.2)	(16.0)	(19.2)	(9.0)	(10.2)
	Carbon	Net Sales	99.1	96.5	195.6	204.8	(9.2)
		Operating Income	4.5	5.5	10.0	9.7	0.3
	Industrial Gases	Net Sales	-	286.9	286.9	-	286.9
		Operating Income	-	18.4	18.4	-	18.4
Polymers	Polyolefins and Advanced Polymers	Net Sales	254.0	261.9	515.9	510.8	5.1
		Operating Income	2.4	9.3	11.7	2.9	8.8
	MMA Monomers and Polymers	Net Sales	162.5	156.2	318.7	347.6	(28.9)
		Operating Income	5.1	10.0	15.1	(0.6)	15.7

\*1 All figures are approximation for reference purpose only.

Inventory valuation gain/loss	1H	2H	FY2014	FY2013	Change
Chemicals (Petrochemicals)	(0.1)	(15.4)	(15.5)	0.5	(16.0)
Chemicals (Carbon)	(0.7)	0.1	(0.6)	(0.3)	(0.3)
Polymers	2.0	(12.1)	(10.1)	9.5	(19.6)
Total	1.2	(27.4)	(26.2)	9.7	(35.9)

### Major reasons for the change:

- (a) Increased deficits due to inventory valuation loss in naphtha and paraxylene, the difference in scale of periodic maintenance, etc.
- (b) Increased sales for synthetic rubber, etc.
- (c) Impacts of the conversion of TNSC to a consolidated subsidiary (FY2014-3Q—)
- (d) Increased margins in polyolefin business, improved performance of phenol and polycarbonate chain, increased profit in performance polymers business, etc.
- (e) Firm MMA market in Asia, a drop in raw material prices, etc.

## Analysis of Operating Income

(Billions of Yen)

	FY2014	FY2013	Change	Analysis			
				Price	Volume	Cost reduction	Others *1
<b>Total</b>	<b>165.7</b>	<b>110.5</b>	<b>55.2</b>	15.2	35.2	29.4	(24.6)
<b>Electronics Applications</b>	<b>(2.8)</b>	<b>(5.5)</b>	<b>2.7</b>	(3.3)	1.8	4.2	0.0
<b>Designed Materials</b>	<b>56.1</b>	*3 <b>47.5</b>	<b>8.6</b>	0.2	6.5	5.1	(3.2)
<b>Health Care</b>	<b>77.0</b>	*3 <b>67.3</b>	<b>9.7</b>	(23.1)	27.7	6.8	(1.7)
<b>Chemicals</b>	<b>9.2</b>	<b>0.7</b>	<b>8.5</b>	2.5	(1.4)	4.5	*2 2.9
<b>Polymers</b>	<b>26.8</b>	<b>2.3</b>	<b>24.5</b>	38.9	0.4	7.8	(22.6)
<b>Others</b>	<b>6.5</b>	<b>5.7</b>	<b>0.8</b>	-	0.2	0.6	0.0
<b>Corporate</b>	<b>(7.1)</b>	<b>(7.5)</b>	<b>0.4</b>	-	-	0.4	0.0

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

\*2 Including impacts of the conversion of TNSC to a consolidated subsidiary (18.4 billion yen)

\*3 Effective from FY2014, certain businesses (including businesses in consolidated subsidiaries) have been reclassified from the Health Care segment to the Designed Materials segment. Accordingly, segment information for FY2013 is restated to match.



## Consolidated Extraordinary Gain and Loss

	(Billions of Yen)			
	4Q	FY2014	FY2013	Change
<b>Net of extraordinary gain and loss</b>	<b>(30.3)</b>	<b>2.5</b>	<b>13.5</b>	<b>(11.0)</b>
<b>Extraordinary gain</b>	<b>6.4</b>	<b>58.8</b>	<b>30.8</b>	<b>28.0</b>
Gain on step acquisitions	-	*1 34.1	0.9	33.2
Gain on sales of property, plant and equipment	0.2	13.0	2.5	10.5
Gain on sales of investment securities	3.7	6.3	13.0	(6.7)
Others	2.5	5.4	14.4	(9.0)
<b>Extraordinary loss</b>	<b>(36.7)</b>	<b>(56.3)</b>	<b>(17.3)</b>	<b>(39.0)</b>
Business structure improvement expenses	(8.0)	(20.5)	(9.9)	(10.6)
Impairment loss	(18.1)	(21.2)	(1.9)	(19.3)
Loss on sales and retirement of property, plant and equipment	(3.9)	(6.8)	(3.6)	(3.2)
Others	(6.7)	(7.8)	(1.9)	(5.9)

\*1 Impacts of the conversion of TNSC to a consolidated subsidiary

# Consolidated Cash Flows

	Based on statements of cash flows		Adjusted by excluding cash flows from investment of surplus funds		
	FY2014	FY2013	(Billions of Yen) FY2014 Excluded (50.4) billion yen	(Billions of Yen) FY2013 Excluded 26.2 billion yen	<Reference> Target for FY2014 (announced on May 12, 2014)
<b>Net cash provided by operating activities</b>	<b>329.8</b>	<b>177.0</b>	<b>329.8</b>	<b>177.0</b>	<b>233.0</b>
Income before income taxes and minority interests	165.6	116.6	165.6	116.6	115.0
Depreciation and amortization	151.3	131.6	151.3	131.6	132.0
Amortization of goodwill	21.1	14.7	21.1	14.7	16.0
Change in operating receivables/payables	(33.8)	(33.6)	(33.8)	(33.6)	6.0
Change in Inventories	59.0	(18.3)	59.0	(18.3)	
Others	(33.4)	(34.0)	* 1 (33.4)	(34.0)	(36.0)
<b>Net cash used in investment activities</b>	<b>(277.2)</b>	<b>(159.8)</b>	<b>(226.8)</b>	<b>(186.0)</b>	<b>(133.0)</b>
Capital expenditure	(160.7)	(135.1)	(160.7)	(135.1)	(135.0)
Sale of assets	34.8	42.7	34.8	42.7	2.0
Investment and loans receivable, etc	(151.3)	(67.4)	* 2 (100.9)	(93.6)	
<b>Free cash flow</b>	<b>52.6</b>	<b>17.2</b>	<b>103.0</b>	<b>(9.0)</b>	<b>100.0</b>
<b>Net cash used in financing activities</b>	<b>(2.1)</b>	<b>(8.3)</b>			
Interest bearing debts	33.6	22.2			
Dividends, etc.	(35.7)	(30.5)			
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>50.5</b>	<b>8.9</b>			
Effect of exchange rate changes and change in scope of consolidation	13.0	17.6			
<b>Cash and cash equivalents at the beginning of the period</b>	<b>179.6</b>	<b>153.1</b>			
<b>Cash and cash equivalents at the end of the period</b>	<b>243.1</b>	<b>179.6</b>			

\*1 Gains on step acquisitions of TNSC (34.1), etc.

\*2 Acquisitions of TNSC (69.2): acquisition cost (105.9), cash and cash equivalents at the time of acquisition 36.7, Investment on The Saudi Methacrylates Company, etc.

# Consolidated Balance Sheets

(Billions of Yen)

	Mar. 31, 2015	Mar. 31, 2014	Change
Cash and deposits	236.2	137.7	98.5
Inventories	595.5	591.1	4.4
Trade receivables	759.9	615.7	144.2
Others	265.6	218.9	46.7
<b>Current assets</b>	<b>1,857.2</b>	<b>1,563.4</b>	<b>293.8</b>
Tangible and Intangible fixed assets	1,679.7	1,234.5	445.2
Goodwill	243.8	180.1	63.7
Investment and Others	542.3	501.4	40.9
<b>Non-current assets</b>	<b>2,465.8</b>	<b>1,916.0</b>	<b>549.8</b>
<b>Total assets</b>	<b>4,323.0</b>	<b>3,479.4</b>	<b>843.6</b>

(Billions of Yen)

	Mar. 31, 2015	Mar. 31, 2014	Change
Interest-bearing debts	1,603.6	1,258.2	345.4
Trade payables	459.3	413.4	45.9
Others	671.5	492.9	178.6
<b>Liabilities</b>	<b>2,734.4</b>	<b>2,164.5</b>	<b>569.9</b>
Shareholders' equity	874.6	849.6	25.0
Accumulated other comprehensive income	106.4	51.2	55.2
Minority interests, etc.	607.6	414.1	193.5
<b>Net assets</b>	<b>1,588.6</b>	<b>1,314.9</b>	<b>273.7</b>
<b>Total liabilities and net assets</b>	<b>4,323.0</b>	<b>3,479.4</b>	<b>843.6</b>

Net interest-bearing debts (*1)	1,228.2	998.0	230.2
Net D/E ratio	1.25	1.11	0.14
Net D/E ratio (incl. minority interests in the denominator)	0.77	0.76	0.01

Shareholders' equity (*2)	981.0	900.8	80.2
Shareholders' equity ratio	22.6%	25.8%	(3.2%)

\*1. Net interest-bearing debts (1,229.5 billion yen)  
= interest bearing debts (1,603.6 billion yen)  
- (cash and cash equivalents (243.0 billion yen) + investments of surplus funds (131.1 billion yen))

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

# Consolidated Statements of Changes in Net Assets

(Billions of Yen)

	Total shareholders' equity					Accumulated other comprehensive income (loss)					Warrants	Minority interests in consolidated subsidiaries	Total net assets	
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock at cost	Total shareholders' equity	Net unrealized holding gain (loss) on other securities	Gain (loss) on deferred hedges	Land revaluation surplus	Foreign currency translation adjustments	Remeasurements of accrued retirement benefits				
<b>Beginning of period</b>	50.0	317.7	493.6	(11.7)	849.6	20.8	0.2	1.6	25.5	3.1	51.2	0.5	413.6	1,314.9
Cumulative effect of a change in accounting policy			(13.3)		(13.3)						-		(3.8)	(17.1)
<b>Beginning of period(after adjustment)</b>	50.0	317.7	480.3	(11.7)	836.3	20.8	0.2	1.6	25.5	3.1	51.2	0.5	409.8	1,297.8
Cash dividends			(17.6)		(17.6)						-			(17.6)
Net income			60.9		60.9						-			60.9
Purchase of treasury stock				(2.7)	(2.7)						-			(2.7)
Disposal of treasury stock		0.0		0.0	0.0						-			0.0
Change in scope of consolidation			(0.3)	(1.8)	(2.1)						-			(2.1)
Reduction of retained earnings by treasury stock acquisition from consolidated subsidiaries		(0.1)			(0.1)						-			(0.1)
Net change in items other than those in shareholders' equity						19.5	(0.2)	0.1	34.4	1.4	55.2	(0.0)	197.3	252.5
<b>Net changes during the period</b>	-	(0.0)	42.9	(4.5)	38.4	19.5	(0.2)	0.1	34.4	1.4	55.2	(0.0)	197.3	290.9
<b>End of period</b>	50.0	317.7	523.1	(16.2)	874.6	40.3	0.0	1.7	59.9	4.5	106.4	0.5	607.1	1,588.6

# Consolidated Statements of Comprehensive Income

Exchange rate used to convert balance sheets for foreign subsidiaries

	Mar. 2015	Mar. 2014
For subsidiaries with April-March accounting period (¥/US\$)	120.2	102.9
For subsidiaries with April-March accounting period (¥/€)	130.3	141.7

(Billions of Yen)

	FY2014	FY2013	Change
<b>Net income</b>	<b>60.9</b>	<b>32.2</b>	<b>28.7</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>35.6</b>	<b>28.1</b>	<b>7.5</b>
<b>Income before minority interests</b>	<b>96.5</b>	<b>60.3</b>	<b>36.2</b>
<b>Other comprehensive income (loss):</b>			
Net unrealized holding gain (loss) on other securities	24.3	7.5	16.8
Gain (loss) on deferred hedges	(0.5)	(1.2)	0.7
Foreign currency translation adjustments	40.7	58.8	(18.1)
Remeasurements of defined benefit plans	4.3	1.4	2.9
Other comprehensive income (loss) for affiliates accounted for using equity method	8.4	7.2	1.2
<b>Other comprehensive income (loss), net</b>	<b>77.2</b>	<b>73.7</b>	<b>3.5</b>
<b>Total comprehensive income (loss)</b>	<b>173.7</b>	<b>134.0</b>	<b>39.7</b>
<b>Total comprehensive income (loss) attributable to :</b>			
Shareholders of the parent	116.0	96.8	19.2
Minority interests	57.7	37.2	20.5

# Consolidated Statements of Operations

## (FY2015 Forecast)

**Forecast**

Exchange rate (¥/US\$)	120.0	120.0	120.0	110.6	9.4
Naphtha price (¥/kl)	45,000	45,000	45,000	63,500	(18,500)

				(Billions of Yen)	
	1H	2H	FY2015 Forecast	FY2014 Actual	Change
<b>Net sales</b>	1,920.0	2,080.0	4,000.0	3,656.3	343.7
<b>Operating income</b>	95.0	132.0	227.0	165.7	61.3
Income (expenses) on financing activities	(5.5)	(7.0)	(12.5)	(5.4)	(7.1)
[Dividend income included in above]	[4.5]	[3.0]	[7.5]	[8.9]	[(1.4)]
Equity in Earnings of non-consolidated subsidiaries and affiliates	3.0	4.0	7.0	3.8	3.2
Other non-operating income (expenses)	(3.5)	(4.0)	(7.5)	(1.0)	(6.5)
<b>Ordinary income</b>	89.0	125.0	214.0	163.1	50.9
Extraordinary gain(loss)	(1.0)	(31.0)	(32.0)	2.5	(34.5)
<b>Income before income taxes</b>	88.0	94.0	182.0	165.6	16.4
Current and deferred income taxes	(30.0)	(38.5)	(68.5)	(69.1)	0.6
<b>Net income (loss)</b>	58.0	55.5	113.5	96.5	17.0
Net income(loss) attributable to non-controlling interests	(22.0)	(26.5)	(48.5)	(35.6)	(12.9)
<b>Net income(loss) attributable to Shareholders of the parent</b>	36.0	29.0	65.0	60.9	4.1

\*1 Effective from FY2015, the presentation of net income/loss is changed due to the revision of "Accounting Standards for Business Combinations".

# Consolidated Net Sales and Operating Income by Business Segment (FY2015 Forecast)

**Forecast**

(Billions of Yen)

		1H	2H	FY2015 Forecast	FY2014 Actual	Change
<b>Total</b>	Net Sales	1,920.0	2,080.0	4,000.0	3,656.3	343.7
	Operating Income	95.0	132.0	227.0	165.7	61.3
<b>Electronics Applications</b>	Net Sales	60.0	65.0	125.0	118.8	6.2
	Operating Income	(0.5)	1.0	0.5	(2.8)	3.3
<b>Designed Materials</b>	Net Sales	430.0	470.0	900.0	*1 818.6	81.4
	Operating Income	29.5	36.5	66.0	55.6	10.4
<b>Health Care</b>	Net Sales	252.0	268.0	520.0	531.9	(11.9)
	Operating Income	31.5	46.0	77.5	77.0	0.5
<b>Chemicals</b>	Net Sales	653.0	727.0	1,380.0	*1 1,113.9	266.1
	Operating Income	21.5	30.5	52.0	8.9	43.1
<b>Polymers</b>	Net Sales	420.0	430.0	850.0	*1 873.7	(23.7)
	Operating Income	17.0	18.0	35.0	28.0	7.0
<b>Others</b>	Net Sales	105.0	120.0	225.0	*1 199.4	25.6
	Operating Income	0.0	4.0	4.0	6.1	(2.1)
<b>Corporate</b>	Net Sales	-	-	-	-	-
	Operating Income	(4.0)	(4.0)	(8.0)	(7.1)	(0.9)

\*1 Effective from FY2015, certain businesses (including businesses in consolidated subsidiaries) have been reclassified from the Chemicals segment and the Others segment to the Designed Materials segment and the Polymers segment. Accordingly, segment information for FY2014 is restated to match.

# Consolidated Net Sales and Operating Income By Business Sub-segment

Forecast

(Billions of Yen)

			1H	2H	FY2015 Forecast	FY2014 Actual	Change
<b>Electronics Applications</b>		Net Sales	60.0	65.0	125.0	118.8	6.2
		Operating Income	(0.5)	1.0	0.5	(2.8)	3.3
Designed Materials	<b>Functional Products</b>	Net Sales	300.0	340.0	640.0	570.4	69.6
		Operating Income	17.0	21.5	38.5	31.3	7.2
	<b>Performance Chemicals</b>	Net Sales	130.0	130.0	260.0	248.2	11.8
		Operating Income	12.5	15.0	27.5	24.3	3.2
Health Care	<b>Pharmaceuticals</b>	Net Sales	191.5	204.5	396.0	414.8	(18.8)
		Operating Income	30.5	41.5	72.0	71.5	0.5
	<b>Diagnostics, Clinical Testing and API</b>	Net Sales	60.5	63.5	124.0	117.1	6.9
		Operating Income	1.0	4.5	5.5	5.5	0.0

\*1 All figures are approximation for reference purpose only.

\*2 Effective from FY2015, certain businesses (including businesses in consolidated subsidiaries) have been reclassified from the Chemicals segment and the Others segment to the Designed Materials segment and the Polymers segment. Accordingly, segment information for FY2014 is restated to match.



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

Forecast

(Billions of Yen)

			1H	2H	FY2015 Forecast	FY2014 Actual	Change
Chemicals	Petrochemicals	Net Sales	262.0	276.0	538.0	631.4	(93.4)
		Operating Income	0.5	2.0	2.5	(19.5) <sup>*2</sup>	22.0
	Carbon	Net Sales	100.0	100.0	200.0	195.6	4.4
		Operating Income	5.0	5.0	10.0	10.0	0.0
	Industrial Gases	Net Sales	291.0	351.0	642.0	287	355.1
		Operating Income	16.0	23.5	39.5	18	21.1
Polymers	Polyolefins and Advanced Polymers	Net Sales	235.0	245.0	480.0	515.9	(35.9)
		Operating Income	6.0	11.5	17.5	11.7	5.8
	MMA Monomers and Polymers	Net Sales	185.0	185.0	370.0	357.8	12.2
		Operating Income	11.0	6.5	17.5	16.3 <sup>*2</sup>	1.2

\*1 All figures are approximation for reference purpose only.

\*2 Effective from FY2015, certain businesses (including businesses in consolidated subsidiaries) have been reclassified from the Chemicals segment and the Others segment to the Designed Materials segment and the Polymers segment. Accordingly, segment information for FY2014 is restated to match.

(Billions of Yen)

Inventory valuation gain/loss	1H	2H	FY2015 Forecast	FY2014 Actual	Change
Chemicals (Petrochemicals)	(0.5)	0.0	(0.5)	(15.5)	15.0
Chemicals (Carbon)	0.0	0.0	0.0	(0.6)	0.6
Polymers	(6.5)	(1.5)	(8.0)	(10.1)	2.1
Total	(7.0)	(1.5)	(8.5)	(26.2)	17.7

# Consolidated Cash Flow Targets

Forecast

Adjusted by excluding cash flows from investment of surplus funds

(Billions of Yen)

	FY2015 Target	FY2014 Actual
<b>Net cash provided by operating activities</b>	<b>327.0</b>	<b>329.8</b>
Income before income taxes	182.0	165.6
Depreciation and amortization	187.0	151.3
Amortization of goodwill	21.0	21.1
Change in working capital	(7.0)	25.2
Others	(56.0)	(33.4)
<b>Net cash used in investment activities</b>	<b>(212.0)</b>	<b>(250.8)</b>
Capital expenditure	(213.0)	(160.7)
Investment and loans receivables, etc.	1.0	(90.1)
<b>Free cash flow</b>	<b>115.0</b>	<b>79.0</b>

# Cash Dividends

Forecast

		FY2015 Forecast	FY2014 Actual	FY2013 Actual	FY2012 Actual	FY2011 Actual
Cash dividends per share (Yen)	Interim	7	6	6	6	5
	Year-end	7	7	6	6	5
	Total (Annual)	14	13	12	12	10
Total of cash dividends (Billions of Yen)	Interim		8.8	8.8	8.8	7.4
	Year-end		10.3	8.8	8.8	7.4
	Total (Annual)		19.1	17.6	17.6	14.8
Net income per share (Yen)	-	¥44.21	¥41.40	¥21.89	¥12.61	¥24.06
Consolidated dividend pay out ratio	-	31.7%	31.4%	54.8%	95.2%	41.6%

# Scope of Consolidation, Overseas Sales and Operating Income

**Reference**

Scope of consolidation	(Number of companies)				
	FY2014	FY2013	FY2012	FY2011	FY2010
MCHC and affiliated companies	762	450	429	448	472
Companies in consolidation scope	601	414	392	404	411
MCHC and consolidated subsidiaries	523	361	340	341	341
Japan	210	135	130	130	127
Overseas	313	226	210	211	214
Affiliates accounted for by the equity method	78	53	52	63	70

## Net sales and operating income by geographic area based on location of MCHC and consolidated subsidiaries

(Billions of Yen)

Japan	2,534.7	2,415.1	2,320.5	2,352.5	2,436.8
Overseas	1,121.6	1,083.7	768.1	855.7	730.0
Net sales	3,656.3	3,498.8	3,088.6	3,208.2	3,166.8
Japan	140.6	103.7	78.8	72.6	153.2
Overseas	25.1	6.8	11.4	58.0	73.3
Operating income	165.7	110.5	90.2	130.6	226.5

## Overseas sales based on location of customers

(Billions of Yen)

Overseas sales	1,519.1	* 1,321.6	1,107.6	1,184.4	1,087.6
Overseas sales ratio	41.5%	39.5%	35.9%	36.9%	34.3%

\* Excluding impacts of 145.6 billion yen associated with a change in accounting periods in some of overseas subsidiaries

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

Reference

(Billions of Yen, until otherwise noted)

	Capital Expenditure		Depreciation & Amortization (excluding goodwill)		R&D Expenses		Total Assets	Number of Employees
	FY2015 Forecast	FY2014 Actual	FY2015 Forecast	FY2014 Actual	FY2015 Forecast	FY2014 Actual	FY2014 Actual	FY2014 Actual
Electronics Applications	5.0	5.9	7.0	6.1	7.0	8.2	117.5	2,719
Designed Materials	61.0	53.7	43.0	40.2	24.0	21.3	837.4	16,929
Health Care	27.0	24.6	17.0	15.7	81.0	80.5	1,051.0	12,886
Chemicals	80.0	44.7	73.0	46.2	3.0	3.3	1,435.7	17,961
Polymers	35.0	30.2	42.0	38.2	16.0	13.6	801.5	8,219
Others	3.0	3.6	3.0	3.1	1.0	0.5	612.0	8,730
Corporate	2.0	2.4	2.0	1.8	5.0	4.8	(532.1)	819
<b>Total</b>	<b>213.0</b>	<b>165.1</b>	<b>187.0</b>	<b>151.3</b>	<b>137.0</b>	<b>132.2</b>	<b>4,323.0</b>	<b>68,263</b>

\*1 Effective from FY2015, certain businesses (including businesses in consolidated subsidiaries) have been reclassified from the Chemicals segment and the Others segment to the Designed Materials segment and the Polymers segment. Accordingly, segment information for FY2014 is restated to match.

# Major Capital Expenditure

Reference

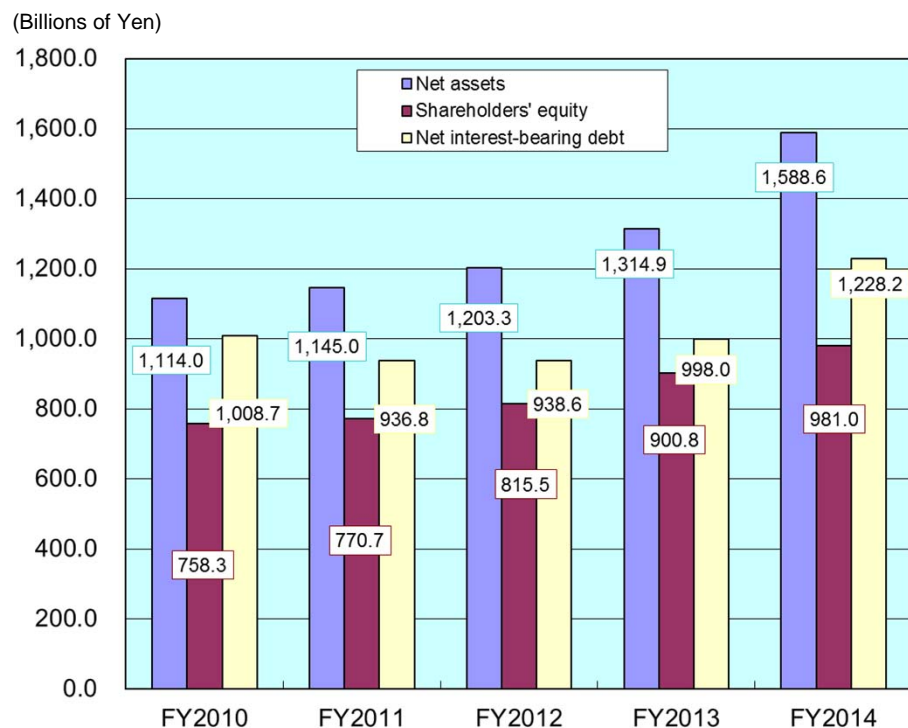
Segments	Projects Completed in FY2014				Projects in Progress			
	Company	Facility	Completion	Capacity increase	Company	Facility	Completion (Plan)	Capacity increase
Designed Materials	The Nippon Synthetic Chemical Industry Co., Ltd. Kumamoto Plant	PVOH film* (Expansion)	Nov. 2014	18M m <sup>2</sup> /y	Noltex, L.L.C. (USA)	EVOH* (Expansion)	1H of FY2015	15,000 t/y
	Mitsubishi Polyester Film GmbH (Germany)	Aluminum composite materials* (New)	Sep. 2014	1.5M m <sup>2</sup> /y	The Nippon Synthetic Chemical Industry Co., Ltd. Kumamoto Plant	Hi- <i>Selon</i> , water soluble PVOH film* (New)	2H of FY2015	--
					The Nippon Synthetic Chemical Industry Co., Ltd. Ogaki Plant	COPONYL, acrylic copolymer* (New)	2H of FY2015	--
					Mitsubishi Plastics Converting Film Wuxi Co., Ltd. (PRC)	Processed polyester film products* (New)	Apr. 2015	--
					PT. MC PET FILM INDONESIA (Indonesia)	Moisture transmission film* (New)	May. 2015	240M m <sup>2</sup> /y
Health Care					Mitsubishi Tanabe Pharma Factory Ltd. Yoshitomi Plant	Pharmaceuticals* (Expansion)	Jun. 2016	--
					Tianjin Tanabe Seiyaku Co., Ltd. (PRC)	Pharmaceuticals* (New)	1H of FY2015	--
Chemicals	Matheson Tri-Gas, Inc. (USA)	Air separation (New)	Sep. 2014	--	MCC PTA India Corp. Private Limited (India)	Coal hot heating system CHH (New)	Oct. 2016	--
					MCC PTA India Corp. Private Limited (India)	Connection with grid power (New)	Apr. 2015	--
					Taiyo Nippon Sanso Corporation Shunan Plant	Water- <sup>18</sup> O* (New)	Sep. 2015	300 kg/y
Polymers	Lucite International Inc (USA)	Methacrylic acid* (New)	Jul. 2014	23,000 t/y	Lucite International Singapore Pte Ltd (Singapore)	MMA monomer* (Enhancement)	2H of FY2015	--

\*Production facility

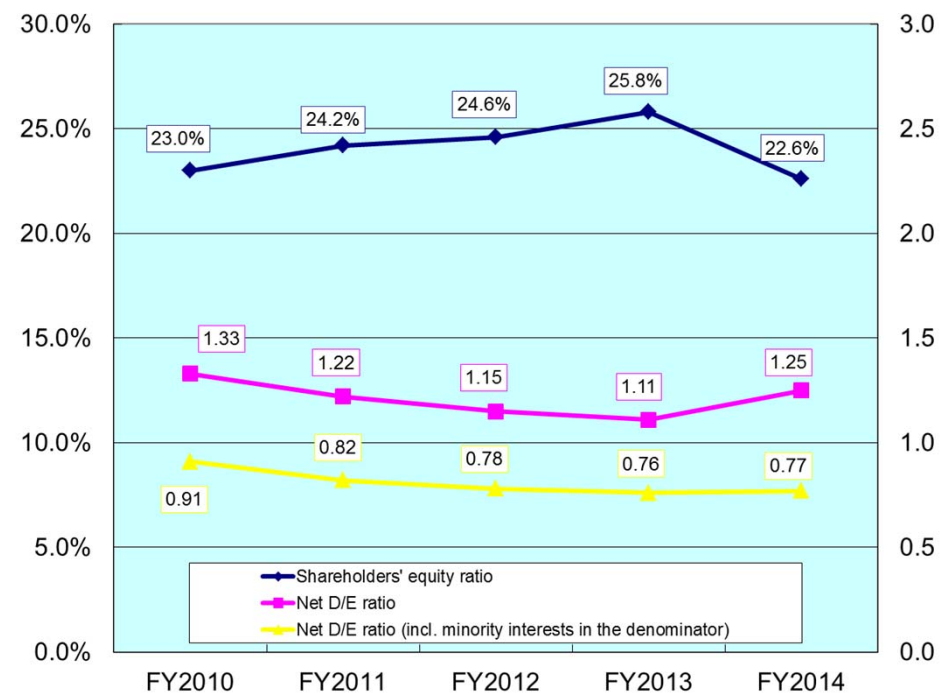
# Trend of Financial Position

Reference

**Net Assets, Shareholders' equity  
Net interest-bearing debt**



**Ratio of shareholders' equity to total assets  
Net D/E ratio**  
Net D/E ratio (incl. minority interests in the denominator)



# Major Subsidiaries

Reference

Company (Consolidated)	Net Sales			Operating Income		
	(Billions of Yen)					
	FY2014	FY2013	Change	FY2014	FY2013	Change
MCC	1,943.0	2,159.7	(216.7)	19.4	23.1	(3.7)
MTPC	415.1	412.7	2.4	67.1	59.1	8.0
MPI	453.7	442.7	11.0	27.8	20.1	7.7
MRC	591.3	606.2	(14.9)	28.9	8.8	20.1
LSII	129.3	-	129.3	5.5	-	5.5
TNSC *1	290.5	-	290.5	18.9	-	18.9
Adjustments, etc. *2	(166.6)	(122.5)	(44.1)	(1.9)	(0.6)	(1.3)
<b>MCHC Total</b>	<b>3,656.3</b>	<b>3,498.8</b>	<b>157.5</b>	<b>165.7</b>	<b>110.5</b>	<b>55.2</b>

\*1 The second half only

\*2 Adjustments for MCHC consolidation

-Those for net sales reflect elimination of internal transactions.

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

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



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

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