

**Mitsubishi Chemical Holdings Corporation**  
**Condensed Consolidated Financial Information**  
**for the First Quarter of the Fiscal Year Ending March 31, 2012**



**1. Business Results for the First Quarter of the Fiscal Year Ending March 31, 2012**  
**(Business period: April 1, 2011 to June 30, 2011)**

	Millions of Yen		Thousands of U.S. Dollars
	The First Quarter of the Current Fiscal Year	The First Quarter of the Previous Fiscal Year	The First Quarter of the Current Fiscal Year
	April 1, 2011 - June 30, 2011	April 1, 2010 - June 30, 2010	April 1, 2011 - June 30, 2011
<b>(1) Results of Operations:</b>			
Net sales	772,447	776,164	9,536,383
Operating income	59,803	60,838	738,309
Income before income taxes and minority interests in consolidated subsidiaries	53,867	54,260	665,025
Net income	24,467	24,457	302,062
Comprehensive income	49,499	30,628	611,099
		(Yen)	(U.S. Dollars)
Net income-Basic per share	16.59	17.82	0.21
Net income-Diluted per share	15.35	16.40	0.19

**(2) Segment Information:**

**[Net Sales by Segment]**

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Electronics Applications	36,466	43,983	450,198
Designed Materials	168,794	161,755	2,083,877
Health Care	125,252	132,158	1,546,321
Chemicals	218,705	207,287	2,700,062
Polymers	178,130	179,790	2,199,136
Others	45,100	51,191	556,790
Total	772,447	776,164	9,536,383

**[Operating Income (loss) by Segment]**

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Electronics Applications	98	2,917	1,210
Designed Materials	10,014	9,912	123,630
Health Care	24,684	29,018	304,741
Chemicals	16,022	12,058	197,802
Polymers	11,372	9,405	140,395
Others	(194)	(391)	(2,395)
Adjustments	(2,193)	(2,081)	(27,074)
Total	59,803	60,838	738,309

**(3) Financial Position:**

	Millions of Yen		Thousands of U.S. Dollars
	The First Quarter of the Current Fiscal Year	The Previous Fiscal Year Ended March 31, 2011	The First Quarter of the Current Fiscal Year
	June 30, 2011	March 31, 2011	June 30, 2011
Total assets	3,282,542	3,294,014	40,525,210
Inventories	521,491	485,061	6,438,160
Property, plant and equipment	1,081,994	1,088,369	13,357,951
Short-term and long-term debt	1,238,749	1,304,589	15,293,198
Shareholders' equity*	790,415	758,247	9,758,210
Ratio of shareholders' equity to total assets (%)	24.0	23.0	

\* Net assets excluding share subscription rights and minority interests

Millions of Yen	
The First Quarter of the Current Fiscal Year	The First Quarter of the Previous Fiscal Year
April 1, 2011 - June 30, 2011	April 1, 2010 - June 30, 2010

Thousands of U.S. Dollars
The First Quarter of the Current Fiscal Year
April 1, 2011 - June 30, 2011

**(4) Cash Flows:**

Net cash provided by operating activities	58,522	75,674
Net cash (used in) provided by investing activities	5,414	(19,669)
Net cash provided by (used in) financing activities	(82,733)	(54,439)
Cash and cash equivalents at end of the year	128,205	111,872

722,494
66,840
(1,021,395)
1,582,778

**(5) Ratio of Net Income to:**

(%)

Shareholders' equity**	3.1	3.5
Total assets	0.7	0.7
Net sales	3.1	3.1

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

**Notes:**

The Company and its domestic consolidated subsidiaries maintain their accounting recorded in Japanese yen. The U.S. dollar amounts are included solely for convenience and have been translated, as a matter of arithmetical computation only, at the rate of 81 yen to US\$1, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of June 2011.

**2. Prospects for the Following Fiscal Year**

	Millions of Yen	
	The First Half of FY2011	FY2011
	April 1, 2011 - September 30, 2011	April 1, 2011 - March 31, 2012
Net sales	1,590,000	3,490,000
Operating income	96,000	221,000
Net income	36,000	90,000
		(Yen)
Net income per share	24.41	61.04

	Thousands of U.S. Dollars	
	The First Half of FY2011	FY2011
	April 1, 2011 - September 30, 2011	April 1, 2011 - March 31, 2012
	19,629,630	43,086,420
	1,185,185	2,728,395
	444,444	1,111,111
		(U.S. dollar)
	0.30	0.75

### **3. Business Performance and Financial Position**

#### **(1) Business Performance**

##### **Consolidated Performance for the First Quarter of the Fiscal Year Ending March 31, 2012 (fiscal 2011): Three months ended June 30, 2011**

###### **Overview of General Performance**

In the first quarter of fiscal 2011, the Japanese economy still faced severe conditions due to the effects of the Great East Japan Earthquake and Tsunami of March 2011. However, some signs of recovery were seen, such as an upturn in manufacturing resulting from progress in rebuilding the supply chain. Also, reductions in capital expenditure and individual consumption seemed to have bottomed out.

Regarding business environment in the Mitsubishi Chemical Holdings Group, severe environment continued in the Performance Products and Industrial Materials domains due to continued trend of strong yen and stagnant manufacturing of customers by the earthquake in the continuing trend of rising raw materials and fuel prices. On the other hand, environment in the Health Care domain was generally favorable due to steady performance of demand amid ongoing trend of medical spending constraint despite the influence of the earthquake. The Group strived to restore our operations at production sites including the Kashima Plant of Mitsubishi Chemical Corporation that stopped operations in the wake of the earthquake, and restarted most of operations during the first quarter of fiscal 2011.

Under the above-mentioned circumstances, the consolidated business results for the first quarter of fiscal 2011 resulted as follows. Net sales slightly decreased by 3.8 billion, or 0.5%, to ¥772.4 billion compared to the same period of fiscal 2010 helped by strong overseas operations in the Industrial Materials domain. Operating income decreased by ¥1.0 billion, or 1.7%, to ¥59.8 billion compared to the same period of fiscal 2010. Ordinary income increased by ¥1.8 billion, or 3.0%, to ¥61.6 billion compared to the same period of fiscal 2010, but net income posted ¥24.5 billion and remained almost the same level as the same period of fiscal 2010 due to posting extraordinary losses caused by the Great East Japan Earthquake.

## **(2) 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 ¥7.5 billion, or 17.1%, to ¥36.5 billion. Operating income decreased by ¥2.8 billion, or 96.6%, to ¥0.1 billion.

In recording media, net sales drastically decreased due to lower sales volumes in DVDs and external hard disk drives and lowering prices, despite increased sales volumes of flash memory devices. In information and electronics-related materials, net sales significantly decreased due to a decrease in sales volumes in display materials. In imaging supplies, net sales decreased due to the appreciation of the yen, despite steady sales performance in OPC drums, toners and chemicals toners.

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

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

unjustifiably awarded by a lower court. However, in the future, the possibility of counterargument to the ruling or formal filing of a claim cannot be completely denied. (June)

### **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 ¥7.1 billion, or 4.4%, to ¥168.8 billion. Operating income increased by ¥0.1 billion, or 1.0%, to ¥10.0 billion.

In food ingredients, business continued favorably. In battery materials, net sales increased due to a gradual recovery in demand and substitute demand caused by the earthquake, despite lower sales pricing. In fine chemicals, net sales remained unchanged. In polymer processing products, net sales increased due to an increase in sales volumes of polyester films mainly in Europe and the US and correction of sales price, as well as an increase in sales volumes in engineering plastic products and lifeline related products. In composite materials, net sales of industrial materials such as carbon fibers increased due to continued favorable demand. In inorganic chemicals, net sales drastically decreased due to a decrease in sales volumes by the earthquake. In fibers, business continued favorably.

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

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

and the US. (June)

### **Health Care Segment, Health Care Domain**

#### **(Pharmaceuticals, Diagnostic reagents and instruments, Clinical testing)**

Net sales in this segment decreased by ¥7.0 billion, or 5.2%, to ¥125.2 billion. Operating income decreased by ¥4.3 billion, or 14.9 %, to ¥24.7 billion, due partly to an increase in SG & A expenses.

In the pharmaceutical business, net sales decreased due to a temporary increase in orders for the last fiscal year by the influence of the earthquake, which inversely affected orders for the first quarter of fiscal 2011, despite continued favorable sales in *Remicade*, an anti-TNF $\alpha$  monoclonal antibody; *Talion*, a treatment for allergic disorders and *Maintate*, angina pectoris hypertension and arrhythmias. In diagnostic reagents and instruments and clinical testing, net sales remained unchanged.

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

- Mitsubishi Tanabe Pharma Corporation that the company obtained approval for additional indication for selective  $\beta$ 1 antagonist, *MAINTATE* (generic name: JP bisoprolol fumarate tablets) for chronic heart failure resulting from ischemic heart disease or dilated cardiomyopathy. (May)
- Mitsubishi Tanabe Pharma Corporation announced that it has launched anti-allergy agent, bepotastine besilate (product name in Japan: *Talion*) in China and Indonesia through its consolidated subsidiaries, Tianjin Tanabe Seiyaku Co., Ltd. and P.T. Tanabe Indonesia, respectively. (May)
- Mitsubishi Tanabe Pharma Corporation and the Japanese Red Cross Society announced that they have reached an agreement to commence discussions about an integration of Benesis Corporation, a subsidiary of Mitsubishi Tanabe Pharma and Japan Red Cross Society's plasma fractionation operations. (June)

In January 2011, the Mitsubishi Tanabe Pharma Group confirmed that the Ashikaga Plant of Mitsubishi Tanabe Pharma Factory Ltd., a subsidiary of Mitsubishi Tanabe Pharma Corporation, had not performed certain tests related to the shipping of products.

In regard to this problem, on July 19, 2011, the Ashikaga Plant of Mitsubishi Tanabe Pharma

Factory Ltd. received a 10-day business suspension order for manufacturing of pharmaceuticals (July 20 to July 29, 2011) from Tochigi Prefecture.. Furthermore, on the same day Mitsubishi Tanabe Pharma received a business improvement order from the Minister of Health, Labour and Welfare.

### **Chemicals Segment, Industrial Materials Domain**

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

Net sales in this segment increased by ¥11.4 billion, or 5.5%, to ¥218.7 billion. Operating income increased by ¥3.9 billion, or 32.9%, to ¥16.0 billion due partly to a significant improvement in price variance between raw material and product in terephthalic acid and an improvement of inventory valuation in accordance with higher raw material and fuel prices.

The production volume of ethylene, a basic raw material of petrochemicals, decreased by 51.3% to 113 thousand tons due to the ethylene production facilities at the Kashima Plant of Mitsubishi Chemical Corporation that stopped operations in the wake of the earthquake, compared to the same period of fiscal 2010. In basic petrochemicals, chemical derivatives, net sales drastically decreased due to a significant decrease in sales volumes by the influence of the earthquake, despite a sales price adjustment along with an increase in raw materials. In synthetic fiber materials, net sales considerably increased due primarily to a substantial upward trend in terephthalic acid market. In carbon products, net sales of blast furnace coke significantly increased due primarily to a sales price adjustment along with an increase in coking coal price.

Major initiatives in the Chemicals segment during the first quarter of fiscal 2011 included:

- Mitsubishi Chemical Corporation announced that the Kashima No. 2 ethylene production facility stopped operations in the wake of the earthquake restarted on May 20, and the Kashima No. 1 ethylene production facility stopped in the same way restarted on June 30 after regular maintenance. (May and June)

### **Polymers Segment, Industrial Materials Domain**

#### **(Synthetic resins)**

Net sales in this segment decreased by ¥1.7 billion, or 0.9%, to ¥178.1 billion. Operating income increased by ¥2.0 billion, or 20.9%, to ¥11.4 billion due partly to an improvement in inventory valuation with rising raw material and fuel prices.

In synthetic resins, net sales remained unchanged due to a significant decrease in sale volumes in polyolefin and others by the influence of the earthquake, despite an increase in sales volumes along with a substantial upward trend in market price of MMA monomer.

Major initiatives in the Polymers segment during the first quarter of fiscal 2011 included:

- Mitsubishi Chemical Corporation announced establishment of a joint venture with PTT Public Company Limited to accelerate global expansion of *GS Pla*, a biodegradable plastic. (April)
- Mitsubishi Chemical Corporation announced conclusion of an agreement on business partnerships with BioAmber Inc. and Mitsui & Co., Ltd. which has interest in BioAmber. The partnership is to be concentrated on supplying biomass succinic acid, conducting R&D, and production technologies for the biomass biodegradable plastic, *GS Pla* (April)
- Mitsubishi Chemical Corporation and Genomatica, Inc. concluded an agreement to jointly develop production technologies to produce chemicals such as 1,4-butanediol from biomass resources. (April)
- Mitsubishi Chemical Corporation announced an increase in PVC compound production capacity in Thailand. (Current capacity: 15,000t/y; capacity increase: 4,000t/y) (May)
- Mitsubishi Chemical Corporation announced establishment of a new production facility for olefin thermoplastic elastomer and adhesive polymer in China (capacity: 4,500t/y), and to expand a production facility for olefin thermoplastic elastomer and adhesive polymer in North America (current capacity: 9,200t/y; capacity increase: 1,800t/y). (May)
- Mitsubishi Rayon Co., Ltd. and Saudi Basic Industries Corporation (SABIC) announced conclusion of an agreement aiming to the formation of a joint venture company to build and operate two plants – one for methyl methacrylate (MMA; Capacity: 250kt/y) and the other for polymethylmethacrylate (PMMA; Capacity: 40kt/y) – at one of SABIC's manufacturing affiliates in Jubail, Saudi Arabia. (May)

## **Others**

### **(Engineering, Logistics)**

Net sales in this segment decreased by ¥6.1 billion, or 11.9%, to ¥45.1 billion. Operating income improved by ¥0.2 billion to an operating loss of ¥0.2 billion.

In engineering, net sales decreased due to decreased external orders. In logistics, net sales decreased due to the influence of the earthquake. Other than these, net sales in other



businesses decreased due primarily to termination of some purchase and resale business.

#### 4. Consolidated Financial Position

At the end of the first quarter of fiscal 2011, total assets amounted to ¥3,282.5 billion, a decrease of ¥11.5 billion compared to the end of fiscal 2010. This reflected a decrease in securities used to reduce interest-bearing debts, while inventories increased due to the rise in raw material and fuel prices.

#### 5. Consolidated Financial Results Forecasts for Fiscal 2011

The consolidated financial results forecasts for fiscal 2011 announced on May 11, 2011 have been revised in light of the results of the first quarter of fiscal 2011. Consolidated financial results for the first half of fiscal 2011 are expected to exceed the forecasts announced previously on account of the better performance of pharmaceutical business in the first quarter of fiscal 2011 and that the lesser influence of the earthquake is expected. In regard to the full-year results forecasts, in consideration of the revisions to the results forecasts for the first half of fiscal 2011, the previously announced full-year forecasts have been revised.

##### 1) Revisions to the consolidated financial results forecasts for the first half of fiscal 2011 (April 1, 2011 – September 30, 2011)

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

	Nets sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecasts (A) (announced on May 11, 2011)	1,680,000	81,000	79,000	26,000	17.63 yen
Revised forecasts (B)	1,590,000	96,000	94,000	36,000	24.41 yen
Change (B-A)	(90,000)	15,000	15,000	10,000	-
Change (%)	(5.4)	18.5	19.0	38.5	-
Reference: Results for the same period of fiscal 2010	1,564,658	111,393	106,388	43,976	32.04 yen

**2) Revisions to the consolidated financial results for fiscal 2011 (April 1, 2011 – March 31, 2012)**

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

	Nets sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecasts (A) (announced on May 11, 2011)	3,580,000	206,000	205,000	80,000	54.26 yen
Revised forecasts (B)	3,490,000	221,000	220,000	90,000	61.04 yen
Change (B-A)	(90,000)	15,000	15,000	10,000	-
Change (%)	(2.5)	7.3	7.3	12.5	-
Reference: Results for fiscal 2010	3,166,771	226,493	223,899	83,581	58.72 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] , [9] and [10] hereof.