

**Mitsubishi Chemical Holdings Corporation**  
**Condensed Consolidated Financial Information**  
**for the First Half of the Fiscal Year Ending March 31, 2013**



**1. Business Results for the First Half of the Fiscal Year Ending March 31, 2013 ("FY2012")**  
**(Business period: April 1, 2012 to September 30, 2012)**

	Millions of Yen		Thousands of U.S. Dollars
	The First Half of the Current Fiscal Year ("FY2012")	The First Half of the Previous Fiscal Year ("FY2011")	The First Half of the Current Fiscal Year ("FY2012")
	April 1, 2012 - September 30, 2012	April 1, 2011 - September 30, 2011	April 1, 2012 - September 30, 2012
<b>(1) Results of Operations:</b>			
Net sales	1,529,788	1,570,197	19,612,667
Operating income	41,105	95,686	526,987
Income before income taxes and minority interests in consolidated subsidiaries	30,189	83,369	387,038
Net income	3,323	37,504	42,603
Comprehensive income	10,636	60,429	136,359
		(Yen)	(U.S. Dollars)
Net income per share -Basic	2.25	25.43	0.03
Net income per share -Diluted	2.16	23.52	0.03

**(2) Segment Information:**

**[Net Sales by Segment]**

Electronics Applications	60,489	69,831	775,500
Designed Materials	340,450	355,007	4,364,744
Health Care	250,792	246,717	3,215,282
Chemicals	443,622	466,166	5,687,462
Polymers	341,975	335,483	4,384,295
Others	92,460	96,993	1,185,385
Total	1,529,788	1,570,197	19,612,667

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

Electronics Applications	(1,337)	(1,179)	(17,141)
Designed Materials	10,480	18,373	134,359
Health Care	36,003	39,703	461,577
Chemicals	(5,375)	19,382	(68,910)
Polymers	2,890	22,257	37,051
Others	2,575	1,621	33,013
Adjustments	(4,131)	(4,471)	(52,962)
Total	41,105	95,686	526,987

	Millions of Yen		Thousands of U.S. Dollars
	As of September 30, 2012	As of March 31, 2012	As of September 30, 2012
<b>(3) Financial Position:</b>			
Total assets	3,104,290	3,173,970	39,798,590
Inventories	520,437	516,096	6,672,269
Property, plant and equipment	1,030,139	1,032,738	13,206,910
Short-term and long-term debts	1,124,526	1,164,128	14,417,000
Shareholders' equity*	764,837	770,729	9,805,603
Ratio of shareholders' equity to total assets (%)	24.6	24.2	

\*Represents the sum of total shareholders' equity and total accumulated other comprehensive income.

Millions of Yen		Thousands of U.S. Dollars
The First Half of FY2012	The First Half of FY2011	The First Half of FY2012
April 1, 2012 - September 30, 2012	April 1, 2011 - September 30, 2011	April 1, 2012 - September 30, 2012

**(4) Cash Flows:**

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Net cash provided by operating activities	94,867	89,573	1,216,244
Net cash (used in) provided by investing activities	(66,979)	(12,966)	(858,705)
Net cash provided by (used in) financing activities	(51,001)	(83,858)	(653,859)
Cash and cash equivalents at end of the period	110,375	138,695	1,415,064

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

		(%)
Shareholders' equity**	0.4	4.8
Total assets**	0.1	1.1
Net sales	0.2	2.3

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

**Notes:**

- Effective as from FY2012, Mitsubishi Tanabe Pharma Corporation and its subsidiaries in Japan, all of which are subsidiaries of Mitsubishi Chemical Holdings Corporation ("MCHC"), have changed depreciation method for their tangible fixed assets, from the declining-balance method to the straight-line method, resulting in increase in "operating income" and "income before income taxes and minority interests in consolidated subsidiaries" by 1,143 million yen and 1,164 million yen, respectively, for the First Half of FY2012 for MCHC.
- Effective as from FY2012, segmentation for certain consolidated subsidiaries has changed from the Polymers segment to the Designed Materials segment. The segment information for FY2011 is accordingly restated.
- Effective as from FY2012, expenses for certain basic research activities, previously included in the Corporate, are stated in the Designed Materials segment due to progress in the research. The expenses for the First Half of FY2011 were 1,231 million yen.
- 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 78 yen to US\$1, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of September 2012.

**2. Forecast for the Current Fiscal Year**

	Millions of Yen		Thousands of U.S. Dollars
	FY2012 - revised		FY2012 - revised
	April 1, 2012 - March 31, 2013		April 1, 2012 - March 31, 2013
Net sales		3,200,000	41,025,641
Operating income		120,000	1,538,462
Net income		21,000	269,231
		(Yen)	(U.S. dollar)
Net income per share -Basic		14.24	0.18

**Notes:**

The profit and loss forecast for FY2012 has been revised to the above from those announced on May 10, 2012.

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

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

##### **Consolidated Performance for the First Half of the Fiscal Year Ending March 31, 2013 (Fiscal 2012): Six Months Ended September 30, 2012**

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

Concerning the Mitsubishi Chemical Holdings Group's business environment in the first half of fiscal 2012, sluggish demand in overseas markets such as China and continued appreciation of the yen affected by a slowdown in overseas economies resulted in a severe environment for the Performance Products and Industrial Materials domains. On the other hand, despite the unfavorable impact of NHI drug price revisions in April 2012, steady demand had a favorable impact on the Health Care domain.

Under the circumstances, the consolidated results for the first half of fiscal 2012 were as follows. Net sales decreased by ¥40.4 billion, or 2.6%, to ¥1,529.8 billion compared to the same period of the previous fiscal year. Operating income decreased by ¥54.6 billion, or 57.0%, to ¥41.1 billion compared to the same period of the previous fiscal year, and ordinary income decreased by ¥59.0 billion, or 63.5%, to ¥33.9 billion compared to the same period of the previous fiscal year. Net income decreased by ¥34.2 billion, or 91.1%, to 3.3 billion compared to the same period of the previous fiscal year.

###### **(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 ¥9.3 billion, or 13.3%, to ¥60.5 billion. Operating income decreased by ¥0.1 billion, and posted a loss of ¥1.3 billion.

In recording media, net sales significantly decreased due to DVD market shrinking and a decline in sales volumes in external hard disk drives affected by last year's floods in Thailand, despite an increase in sales volumes in flash memory devices. In information and electronics-related materials, net sales remained the same due to the end of the manufacture and sale of phosphors for cold cathode tubes and others, despite an increase in sales volumes in display materials and phosphors for LEDs. In imaging supplies, net sales substantially decreased due to a decrease in sales volumes in OPC drums, toners, and chemicals toners.

Major initiative in the Electronics Applications segment during the first half of fiscal 2012 included:

- Mitsubishi Chemical Corporation and Pioneer Corporation successfully developed organic light emitting diode elements using a coating process for the light-emitting layer in addition to the under layer. The two companies have also agreed to set up a testing facility with an eye to establishing mass production technology. (June)
- Mitsubishi Chemical Corporation announced the launch of a new color tunable/dimmable organic light emitting diode (OLED) panel *VELVE*, which is an OLED element that employs the coating process for the under layer. This new product is about 1.5 times as power-efficient and generates about twice the brightness of current products. This product will be marketed through Mitsubishi Kagaku Media Co., Ltd. (September)

### **Designed Materials Segment, Performance Products Domain**

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

Net sales in this segment decreased by ¥14.5 billion, or 4.1%, to ¥340.5 billion. Operating income decreased by ¥7.9 billion, or 42.9%, to ¥10.5 billion.

In food ingredients, business remained unchanged due to generally favorable demand. In battery materials, net sales significantly decreased due to a decrease in sales volumes associated with the end of substitute shipment caused by the Great East Japan Earthquake and the downward trend of sales pricing. In fine chemicals, net sales increased due to that Chuo Rika Kogyo Corporation became a consolidated subsidiary in December 2011, despite that demand generally stayed flat. In polymer processing products, sales volumes of polyester films and others for flat panel displays were on a recovery trend. On the other hand, net sales of non-optical polyester films and engineering plastics related products considerably decreased due to a decline in overseas demand, despite favorable sales in films for touch panel displays. In composite materials, net sales of alumina fibers continued favorably, although net sales of carbon fibers decreased due to weakening in market price brought by a decline in demand. In inorganic chemicals, net sales decreased due to a downturn in demand. In fibers, net sales substantially decreased due to a decrease in sales volumes.

Major initiatives in the Designed Materials segment during the first half of fiscal 2012 included:

- Mitsubishi Rayon Co., Ltd. and Toyota Tsusho Corporation announced their agreement on a joint investment into Fengxin JDL Environmental Protection, Ltd. Through the investment, Mitsubishi Rayon and Toyota Tsusho will establish their first water treatment operation and maintenance (O&M) business at a major Chinese engineering firm. (April)

- Mitsubishi Plastics, Inc. announced establishment of a subsidiary, Wuxi Lingshu Agricultural Film & Material Technology Co., Ltd., to manufacture and sell high-performance films for agricultural greenhouse use in PRC. (June)
- Mitsubishi Rayon Co., Ltd. announced successful development of a new space-saving, energy-efficient hollow-fiber membrane product called *Sterapore* for the Membrane Bioreactor (MBR) system. Production is scheduled to begin in 2013. (July)
- Mitsubishi Plastics, Inc. announced conclusion of a comprehensive agreement to transfer its piping business (excluding business in piping made of PE-X materials) to SEKISUI CHEMICAL CO., LTD. (July)
- The Nippon Synthetic Chemical Industry Co., Ltd., a consolidated subsidiary of Mitsubishi Chemical Corporation, resolved to expand the production facility for *OPL Films* for polarizing film at its Kumamoto Plant. (Production capacity: 70 million m<sup>2</sup>/y; increased production capacity: 18 million m<sup>2</sup>/y). (September)

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

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

Net sales in this segment increased by ¥4.1 billion, or 1.7%, to ¥250.8 billion. Operating income decreased by ¥3.7 billion, or 9.3%, to ¥36.0 billion, due partly to an increase in SG & A expenses, in addition to the unfavorable impact of NHI drug price revisions.

In the pharmaceutical business, net sales remained favorable due to a contribution of new products including *TELAVIC*, an antiviral chronic hepatitis C and an increase in royalty revenues of a treatment for multiple sclerosis, in addition to sales expansion in *Remicade*, an anti-TNF $\alpha$  monoclonal antibody, despite an expanding impact of generics and NHI drug price revisions in April 2012. In diagnostic reagents and instruments and clinical testing, net sales remained unchanged.

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

- Mitsubishi Tanabe Pharma Corporation announced that VIVUS obtained NDA approval in the US for TA-1790, which MTPC developed as a therapy for erectile dysfunction. MTPC licensed VIVUS worldwide rights, except for Japan and certain parts of Asia, to develop and market the compound. (May)
- Mitsubishi Tanabe Pharma Corporation received approval to manufacture and market Type 2 Diabetes Mellitus *TENELIA* in 20mg tablets in Japan. The company and Daiichi Sankyo Co., Ltd., plan to begin joint marketing efforts. (June)
- Mitsubishi Tanabe Pharma Corporation concluded an agreement with Nipro Corporation regarding the dissolution of the joint venture for recombinant human serum albumin

preparations between the two companies involving Bipha Corporation. Under the terms of the new agreement, Mitsubishi Tanabe Pharma will acquire all the shares of Bipha held by Nipro, and Bipha will become a wholly owned subsidiary of Mitsubishi Tanabe Pharma. (August)

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

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

Net sales in this segment decreased by ¥22.6 billion, or 4.8%, to ¥443.6 billion. Operating income decreased by ¥24.8 billion, and posted operating loss of ¥5.4 billion mainly due to a significant shrunk price variance between raw material and product in terephthalic acid.

The production volume of ethylene, a basic raw material of petrochemicals, increased by 36.2% to 546 thousand tons due primarily to that the ethylene production facilities at the Kashima Plant of Mitsubishi Chemical Corporation stopped operations in the wake of the earthquake and the scale of regular maintenance was reduced, despite production cutbacks associated with the demand decrease. In basic petrochemicals and chemical derivatives, net sales substantially increased due to that the adverse effect such as a significant decline in sales volumes by the impact of the earthquake was virtually eliminated, in spite of sluggish demand. In synthetic fiber materials, net sales for terephthalic acid considerably decreased due to a considerable drop in market price associated with imbalance between supply and demand brought by an increase in supply capacity. In carbon products, net sales of blast furnace coke significantly decreased due to lower sales prices responding to a decline in coking coal price.

Major initiatives in the Chemicals segment during the first half of fiscal 2012 included:

- Mitsubishi Chemical Corporation announced expansion of its production facility for ethylene carbonate at the Kashima Plant. (Current capacity: 3,000t/y; capacity increase: 5,000t/y) (June)
- Mitsubishi Chemical Corporation announced shutdown of its No. 1 ethylene production facility and No. 1 benzene production facility at its Kashima Plant. To counter the shutdowns, the company will expand its No. 2 ethylene production facility and others, thereby aiming to establish a structure that will allow the company to quickly respond to an anticipated trend toward high-performance and high-value added petrochemical products. (June)

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

**(Synthetic resins)**

Net sales in this segment increased by ¥6.4 billion, or 1.9%, to ¥341.9 billion. Operating income decreased by ¥19.3 billion, or 86.9%, to ¥2.9 billion mainly due to a shrunk price variance between

raw material and product in methyl methacrylate monomer, a phenol-polycarbonate chain, and polyolefin.

In synthetic resins, net sales remained the same. Part of which is attributable to a drop in market price in methyl methacrylate monomer associated with a decrease in demand, despite that the adverse effect such as a substantial decline in sales volumes by the impact of the earthquake was virtually eliminated.

Major initiatives in the Polymers segment during the first half of fiscal 2012 included:

- Mitsubishi Chemical Corporation's subsidiaries: Japan Polypropylene Corporation and Japan Polyethylene Corporation announced shutdown of No. 3 polypropylene production facility and No.2 high-density polyethylene production facility at their Kawasaki Plant, respectively. (June)

### **Others**

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

Net sales in this segment decreased by ¥4.5 billion, or 4.6%, to ¥92.5 billion. Operating income increased by ¥0.9 billion, or 56.3%, to ¥2.5 billion partly due to a decrease in fixed costs.

Net sales decreased due to segmentation change in certain businesses excluding engineering and logistics effective from the first half of fiscal 2012, although net sales of engineering increased due to an increase in external orders and logistics continued favorably in general.

### **4. Consolidated Financial Position**

At the end of the first half of fiscal 2012, total assets amounted to ¥3,104.3 billion, a decrease of ¥69.7 billion compared to the end of fiscal 2011 primarily due to a decrease in operating receivables and a decrease in investment securities caused by a decline in market share price and sale of shares of affiliated companies.

### **5. Consolidated Financial Results Forecasts for Fiscal 2012**

Operating income, ordinary income, and net income are all expected to be lower than the consolidated financial results forecasts for fiscal 2012 released on May 10, 2012, due primarily to that market conditions for synthetic fiber materials and other petrochemicals are expected to be below our original expectations.

**Revisions to the consolidated financial results forecasts for fiscal 2012 (April 1, 2012 – March 31, 2013)**

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

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecasts (A) (released on May 10, 2012)	3,450,000	160,000	148,000	50,000	33.91 yen
Revised forecasts (B)	3,200,000	120,000	105,000	21,000	14.24 yen
Increase (Decrease) (B)-(A)	(250,000)	(40,000)	(43,000)	(29,000)	
Increase (Decrease) In percentage	(7.2)	(25.0)	(29.1)	(58.0)	
Reference: Results for the same period of fiscal 2011	3,208,168	130,579	133,614	35,486	24.06 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], [7], and [8] hereof.