May 9, 2013

Mitsubishi Chemical Holdings Corporation
Condensed Consolidated Financial Information
for the Fiscal Year Ended March 31, 2013

1. Business Results for the Fiscal Year Ended March 31, 2013
(Business period: April 1, 2012 to March 31, 2013)

	Millions of Yen		Thousands of U.S. Dollars
	FY2012	FY2011	FY2012
	April 1, 2012 - March 31, 2013	April 1, 2011 - March 31, 2012	April 1, 2012 - March 31, 2013
(1) Results of Operations:			
Net sales	**3,088,577**	3,208,168	32,857,202
Operating income	**90,241**	130,579	960,011
Income before income taxes and minority interests in consolidated subsidiaries	**82,900**	127,474	881,915
Net income	**18,596**	35,486	197,830
Comprehensive income	**94,900**	64,199	1,009,574
(2) Financial Position:			
Total assets	**3,307,758**	3,173,970	35,188,915
Inventories	**546,965**	516,096	5,818,777
Property, plant and equipment	**1,061,551**	1,032,738	11,293,096
Short-term and long-term debts	**1,198,799**	1,164,128	12,753,181
Shareholders' equity*	**815,503**	770,729	8,675,564
Ratio of shareholders' equity to total assets (%)	**24.6**	24.2	

* Net assets excluding share subscription rights and minority interests

(3) Cash Flows:			
Net cash provided by operating activities	**206,504**	217,954	2,196,851
Net cash used in investing activities	**(169,758)**	(63,404)	(1,805,936)
Net cash used in financing activities	**(26,250)**	(164,146)	(279,255)
Cash and cash equivalents at end of the period	**153,120**	133,055	1,628,936
(4) General:			
Capital expenditures	**132,221**	116,145	1,406,606
Depreciation and amortization (excld. goodwill)	**129,549**	145,695	1,378,181
R&D expenditures	**134,723**	138,545	1,433,223
Employees (number)	**55,131**	53,979	
(5) Per Share:		(Yen)	(U.S. dollar)
Net income - Basic	**12.61**	24.06	0.13
- Diluted	**12.11**	22.67	0.13
Shareholders' equity	**553.54**	522.77	5.89

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

[FY2012] 1,474,145 [FY2011] 1,474,287 (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, 2013] 1,473,234 [March 31, 2012] 1,474,298 (Thousands of shares)

(6) Ratio of Net Income to:		(%)
Shareholders' equity**	**2.3**	4.6
Total assets**	**0.5**	1.1
Net sales	**0.6**	1.1

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

	Millions of Yen		Thousands of U.S. Dollars
	FY2012	FY2011	FY2012
	April 1, 2012 - March 31, 2013	April 1, 2011 - March 31, 2012	April 1, 2012 - March 31, 2013

(7) Segment Information:

[Net Sales by Segment]

Electronics Applications	**118,194**	133,774	1,257,383
Designed Materials	**689,739**	699,883	7,337,649
Health Care	**514,379**	502,480	5,472,117
Chemicals	**903,637**	1,007,495	9,613,160
Polymers	**675,676**	658,650	7,188,043
Others	**186,952**	205,886	1,988,851
Total	**3,088,577**	3,208,168	32,857,202

[Operating Income (loss) by Segment]

Electronics Applications	**(5,071)**	(5,335)	(53,947)
Designed Materials	**22,521**	25,628	239,585
Health Care	**74,941**	76,360	797,245
Chemicals	**(230)**	14,853	(2,447)
Polymers	**111**	23,795	1,181
Others	**6,491**	6,120	69,053
Elimination & corporate	**(8,522)**	(10,842)	(90,660)
Total	**90,241**	130,579	960,011

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

Electronics Applications	**117,618**	123,432	1,251,255
Designed Materials	**746,981**	749,585	7,946,606
Health Care	**971,618**	852,274	10,336,362
Chemicals	**669,043**	656,021	7,117,479
Polymers	**715,731**	687,767	7,614,160
Others	**516,196**	295,760	5,491,447
Elimination & corporate	**(429,429)**	(190,869)	(4,568,394)
Total	**3,307,758**	3,173,970	35,188,915

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

Electronics Applications	**6,345**	7,919	67,500
Designed Materials	**44,702**	48,269	475,553
Health Care	**14,288**	17,978	152,000
Chemicals	**27,930**	32,947	297,128
Polymers	**30,661**	32,029	326,181
Others	**3,419**	3,796	36,372
Corporate costs	**2,204**	2,757	23,447
Total	**129,549**	145,695	1,378,181

[Capital Expenditures by Segment]

Electronics Applications	**6,011**	6,177	63,947
Designed Materials	**56,302**	47,464	598,957
Health Care	**15,532**	11,811	165,234
Chemicals	**20,458**	24,523	217,638
Polymers	**24,185**	18,060	257,287
Others	**3,891**	4,589	41,394
Corporate	**5,842**	3,521	62,149
Total	**132,221**	116,145	1,406,606

Notes:

1 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 property, plant and equipment, 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 2,637 million yen and 2,677 million yen, respectively, for FY2012.

2 Effective as from FY2012, domestic consolidated subsidiaries using declining-balance method to depreciate their property, plant and equipment have changed the depreciation method according to amendments of Japanese corporate tax laws for assets acquired on and after April 1, 2012. This change increased "operating income" and " income before income taxes and minority interests in consolidated subsidiaries" by 1,637 million yen and 1,659 million yen, respectively, for FY2012.

3 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.

4 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 FY2011 were 2,622 million yen.

5 The acquisition of Qualicaps Co., Ltd. was executed on March 1, 2013 with the deemed acquisition date of March 31, 2013. The acquisition costs are 48,471 million yen to recognize goodwill of 44,660 million yen. Total assets and total liabilities assumed as a result of the acquisition are 22,789 million yen and 18,978 million yen, respectively, as of March 31, 2013.

2. Prospects for the Following Fiscal Year

	Millions of Yen		Thousands of U.S. Dollars	
	The First Half of FY2013	FY2013	The First Half of FY2013	FY2013
	April 1, 2013 - September 30, 2013	April 1, 2013 - March 31, 2014	April 1, 2013 - September 30, 2013	April 1, 2013 - March 31, 2014
Net sales	1,660,000	3,570,000	17,659,574	37,978,723
Operating income	57,000	158,000	606,383	1,680,851
Net income	14,500	51,000	154,255	542,553
		(Yen)		(U.S. dollar)
Net income per share - Basic	9.84	34.61	0.11	0.37

Note:

The above prospects include impacts of the following actions for certain businesses;

1. Depreciation method for property, plant, and equipment will change from the declining-balance method to the straight-line method to be consistent with the group accounting policy. It is expected that consolidated operating income for FY2013 will increase by approximately 11.5 billion yen.

2. Accounting period will change from calendar year to April-March period to be consistent with the group accounting policy. It is expected that consolidated net sales and operating income for FY2013 will increase by approximately 143 billion yen and 8.5 billion yen, respectively.

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 94 yen to US$1, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of March 2013.

3. Business Performance and Financial Position

(1) Business Performance

1) Consolidated Performance for the Fiscal Year Ended March 31, 2013 (Fiscal 2012)

Overview of General Performance

The Mitsubishi Chemical Holdings Group faced a difficult business environment in fiscal 2012. Demand in PRC and other overseas markets was sluggish due to the global economic slowdown and the appreciation of the yen, which continued nearly to the end of the third quarter of fiscal 2012. These factors created especially difficult conditions for the Performance Products and Industrial Materials domains. On the other hand, despite the unfavorable impact of NHI drug price revisions in April 2012 and the influence of the expansion of the generic drug market, steady demand had a favorable impact on the Health Care domain.

Under the circumstances, the consolidated financial results for fiscal 2012 were as follows. Net sales decreased by ¥119.6 billion, or 3.7%, to ¥3,088.6 billion compared to the previous fiscal year. Operating income decreased by ¥40.4 billion, or 30.9%, to ¥90.2 billion compared to the previous fiscal year, and ordinary income decreased by ¥46.5 billion, or 34.8%, to ¥87.1 billion compared to the previous fiscal year. Net income decreased by ¥16.9 billion, or 47.6%, to 18.6 billion compared to the previous fiscal year.

Overview of Business Segments

Note: In the following section, all comparisons are with 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 ¥15.6 billion, or 11.7%, to ¥118.2 billion. Operating income decreased by ¥0.2 billion, and posted operating loss of ¥5.1 billion.

In recording media, net sales significantly decreased due to DVD market shrinkage and a decline in sales volumes in external hard disk drives. In information and electronics-related materials, net sales continued favorably in general due to 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 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 2012)
- 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 2012)
- Mitsubishi Kagaku Media Co., Ltd., a subsidiary of Mitsubishi Chemical Corporation announced a new LED light bulb line-up that achieves both energy-saving and enhanced brightness by utilizing GaN substrates produced by Mitsubishi Chemical. These bulbs are to be produced as substitutes for halogen lamps and to be launched under the Verbatim brand. (January 2013)
- Mitsubishi Kagaku Media Co., Ltd., a subsidiary of Mitsubishi Chemical Corporation, announced that I-O Data Device, Inc. has been appointed as an exclusive distributor in Japan for Mitsubishi Kagaku Media products such as optical discs under the Verbatim brand effective from April 2013. Both companies agreed to strengthen cooperation in the future. (January 2013)

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 ¥10.2 billion, or 1.5%, to ¥689.7 billion. Operating income decreased by ¥3.1 billion, or 12.1%, to ¥22.5 billion.

In food ingredients, business continued favorably. 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 Chuo Rika Kogyo Corporation becoming a consolidated subsidiary in December 2011 and continued strong sales in coating materials for automobiles and others. In polymer processing products, net sales remained unchanged, as a significant increase in sales volumes of films for flat panel displays and favorable sales of films for touch panel displays were offset by sluggish overseas demand for non-optical polyester films and engineering plastics related products, as well as a piping business* transfer in December 2012. In composite materials, net sales of alumina fibers continued favorably, although net sales of carbon fibers decreased due to lowering market prices brought by a decline in demand. In inorganic chemicals, net sales remained unchanged so that adverse effects such as a substantial decline in sales as a result of the earthquake were virtually eliminated, despite an overall downturn in demand. In fibers, net sales decreased due to a decrease in sales volumes.

*excluding business in piping made of PE-X materials

Major initiatives in the Designed Materials segment during 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 2012)
- 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 2012)
- 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 2012)
- 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 2012)
- 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^2/y; increased production capacity: 18 million m^2/y). (September 2012)
- Mitsubishi Rayon Co., Ltd. announced improvements in a facility that produces carbon fiber at its wholly-owned subsidiary, Grafil Inc. in the U.S. The carbon fiber is used in producing pressure vessels for compressed natural gas. (October 2012)
- Mitsubishi Rayon Co., Ltd. announced acquisition of all outstanding shares of Challenge Co., Ltd., which produces and markets CFRP composites, and all outstanding shares of TK Industries GmbH, which produces and markets carbon fiber-based multi-axial non-crimp fabric in Germany. These steps were taken in order to strengthen Mitsubishi Rayon’s carbon fiber composite business in both automotive and industrial sectors. (November 2012)
- Mitsubishi Rayon Co., Ltd. announced conclusion of a merger agreement in which the company acquires U.S. based Aldila, Inc., which produces and markets graphite golf shafts as well as carbon fiber intermediate materials, and others. (December 2012)
- Mitsubishi Rayon Co., Ltd. announced formation of a strategic business alliance with SK Chemicals Co., Ltd., which owns and operates carbon fiber prepreg businesses. (December 2012)
- The Nippon Synthetic Chemical Industry Co., Ltd. (NSCI), a subsidiary of Mitsubishi Chemical

Corporation, resolved to expand its production facility for *Soarnol*, a high gas barrier EVOH resin, at its subsidiary, Noltex, L.L.C. (total capacity in the NSCI Group: 51kt/y; capacity increase: 15kt/y) (December 2012)

- Mitsubishi Plastics, Inc. announced establishment of a new operation in Germany to produce and sell *Alpolic*, an aluminum composite material that is mainly used as interior and exterior construction material. (Capacity: 1,500,000 m^2/y) (February 2013)
- Mitsubishi Plastics, Inc. announced full-scale entry into NOx exhaust gas catalyst manufacturing with its unique high-performance zeolite *AQSOA* used in Selective Catalytic Reduction (SCR) Systems. SCR Systems convert NOx in exhaust gases into nitrogen and water with the aid of DEF (Diesel Exhaust Fluid) or *AdBlue*. (February 2013)
- Mitsubishi Rayon Co., Ltd. concluded a business partnership with Miura Co. Ltd., a major supplier of small boilers for industrial use in Japan, to create new water treatment businesses such as operation and maintenance (O&M) of total water treatment systems. (February 2013)

<u>Health Care Segment, Health Care Domain</u>

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

Net sales in this segment increased by ¥11.9 billion, or 2.4%, to ¥514.4 billion. Operating income decreased by ¥1.5 billion, or 2.0%, to ¥74.9 billion, due partly to a sales decrease in the drug discovery support business, in addition to the unfavorable impact of NHI drug price revisions.

In the pharmaceutical business, net sales increased due to the contribution of new products such as *Simponi*, anti-rheumatoid arthritis, *Tetrabik*, a combined vaccine, in addition to expanded sales of *Remicade*, an anti-TNFα monoclonal antibody, despite an expanding impact of generic drugs and NHI drug price revisions in April 2012. In diagnostic reagents and instruments and clinical testing, net sales decreased due to a sales decrease in the drug discovery support business.

Major initiatives in the Health Care segment during fiscal 2012 included:

- Mitsubishi Tanabe Pharma Corporation announced that VIVUS obtained NDA approval in the US for TA-1790, which Mitsubishi Tanabe Pharma developed as a therapy for erectile dysfunction. Mitsubishi Tanabe Pharma licensed VIVUS worldwide rights, except for Japan and certain parts of Asia, to develop and market the compound. (May 2012)
- Mitsubishi Tanabe Pharma Corporation received approval to manufacture and market *Tenelia*, for the treatment of type 2 diabetes mellitus in Japan. The company and Daiichi Sankyo Co., Ltd., plan to begin joint marketing efforts. (June 2012)
- 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 2012)

- Mitsubishi Tanabe Pharma Corporation announced transfer of all shares of Choseido Pharmaceutical Co., Ltd. held by the company to the President and CEO of Choseido Pharmaceutical, a subsidiary of Mitsubishi Tanabe Pharma that operates business in the field of generic drugs. (October 2012)
- Mitsubishi Tanabe Pharma Corporation announced launch of *Tetrabik*, Subcutaneous Injection Syringe, a combined vaccine that immunizes against acute poliomyelitis (polio), pertussis, diphtheria, and tetanus. Marketing approval for the new combined vaccine was obtained by the Research Foundation for Microbial Diseases of Osaka University. (October 2012)
- Mitsubishi Chemical Holdings Corporation concluded a share sale agreement with Carlyle Group, the controlling shareholders of Qualicaps Co., Ltd., to acquire all outstanding shares of Qualicaps. (December 2012)
- Mitsubishi Pharma Europe Ltd., a subsidiary of Mitsubishi Tanabe Pharma Corporation, received marketing authorization from the European Commission for non-absorbed phosphate binder *BindRen* (brand name in Japan: *Cholebine*) for the treatment of hyperphosphataemia in adult patients with Stage 5 chronic kidney disease who receive haemodialysis or peritoneal dialysis. (January 2013)
- API Corporation, a subsidiary of Mitsubishi Chemical Corporation, announced conclusion of an agreement with Neuland Laboratories Limited to establish a production site for active pharmaceutical intermediates (API) in India, and establishment of a wholly-owned subsidiary to be responsible for operation of the production site and quality control of the API produced. (March 2013)
- Janssen Pharmaceuticals, Inc. announced that the company obtained NDA approval in the US for TA-7284 (generic name, canagliflozin), selective sodium glucose co-transporter 2 (SGLT2) inhibitors, which the company has developed for treatment of adults with type 2 diabetes mellitus. TA-7284 was discovered by Tanabe Seiyaku Ltd. (present Mitsubishi Tanabe Pharma Corporation), and was licensed out to Janssen Pharmaceuticals. (March 2013)

<u>Chemicals Segment, Industrial Materials Domain</u>

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

Net sales in this segment decreased by ¥103.9 billion, or 10.3%, to ¥903.6 billion. Operating income decreased by ¥15.0 billion, and posted operating loss of ¥0.2 billion mainly due to a significant shrinking price variance between raw material and product in terephthalic acid.

The production volume of ethylene, a basic raw material of petrochemicals, increased by 16.3% to

1,134 thousand tons primarily due 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 decline. In basic petrochemicals and chemical derivatives, net sales 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 decreased considerably due to a significant drop in market price associated with imbalance between supply and demand brought by an increase in supply capacity, and changes in overseas subsidiaries' accounting periods in fiscal 2011. 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 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 2012)
- 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 2012)
- Mitsubishi Rayon Co., Ltd. resolved to purchase Mitsubishi Chemical Corporation's entire shares in Dia-Nitrix Co., Ltd., making Dia-Nitrix a wholly-owned subsidiary of Mitsubishi Rayon. Dia-Nitrix is a joint venture between Mitsubishi Chemical and Mitsubishi Rayon that produces and sells acrylonitrile and others. (February 2013)
- Mitsubishi Chemical Corporation concluded an agreement with Toyota Tsusho Corporation and Sanyo Chemical Industries, Ltd., to transfer its shares of San-Dia Polymers, Ltd., a joint venture between Mitsubishi Chemical and Sanyo Chemical Industries that manufactures and sells super-absorbent polymers, to Sanyo Chemical Industries. The share transfer has been completed. (March 2013)

Polymers Segment, Industrial Materials Domain

(Synthetic resins)

Net sales in this segment increased by ¥17.1 billion, or 2.6%, to 675.7 billion. Operating income decreased by ¥23.7 billion, or 99.6%, to 0.1 billion due to a shrinking price variance between raw materials and products as a whole, despite generally strong performance in sales of performance polymers, mainly for automotive use.

In synthetic resins, phenol-polycarbonate chain and polyolefin were able to recover from the adverse effects of the 2011 earthquake while markets for methyl methacrylate monomer, acrylic resin, and other products declined due to weaker supply-demand balance caused by lower demand. Nevertheless, as a whole, net sales of the synthetic resins remained unchanged.

Major initiatives in the Polymers segment during 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 2012)
- Mitsubishi Chemical Corporation signed an agreement with Faurecia, which produces automotive interior components, regarding joint research and development of bioplastics to be used in those components. (November 2012)
- Mitsubishi Chemical Corporation announced establishment of Mitsubishi Chemical Polimeros de Desempenho Ltda. to produce and sell performance polymers in South America and expand sales to the automotive industry. (Capacity of olefin-base thermoplastic elastomer, *THERMORUN*: 4,600t/y) (February 2013)
- Mitsubishi Chemical Corporation announced acquisition of thermoplastic elastomer and PVC compound businesses from the Tessenderlo Group to strengthen its performance polymer business in Europe. (February 2013)

Others

(Engineering, Logistics)

Net sales in this segment decreased by ¥18.9 billion, or 9.2%, to ¥187.0 billion. Operating income increased by ¥0.4 billion, or 6.6%, to ¥6.5 billion partly due to a decrease in fixed costs.

Net sales decreased significantly due to segmentation changes in certain businesses, excluding engineering and logistics, effective from fiscal 2012 and a drop in engineering sales, although logistics in general showed a continued favorable performance.

Group in General

Major initiatives in the Group in general other than the above-mentioned segments during fiscal 2012 included:

- Mitsubishi Chemical Holdings Corporation announced integration of part of administration, human resources, and accounting functions in Mitsubishi Chemical Corporation, Mitsubishi Plastics, Inc., and Mitsubishi Rayon Co., Ltd., aimed at increasing the sophistication of functions and increasing efficiency. (February 2013)

- Mitsubishi Chemical Corporation announced that Mitsubishi Chemical and Oji Holdings Corporation have succeeded in producing lightweight and foldable transparent continuous sheeting from biomass ultra-fine cellulose nanofibers for the first time in the world. (March 2013)

2) Business Forecasts for the Fiscal Year Ending March 31, 2014 (Fiscal 2013)

Effects of monetary and financial policies are expected to gradually boost domestic demand and the worldwide slowdown seems to be recovering, therefore the Japanese economy is expected to show a gradual recovery as well.

In our business, we expect to see earnings growth due to a correction of the yen appreciation as well as recovery in demand and sales expansion mainly in the Performance Products and Industrial Materials domains. Also, we will place strong emphasize on the pursuit of continued cost reductions.

In light of the above-mentioned circumstances, forecasts of the consolidated financial results for fiscal 2013, as compared to fiscal 2012, are as follows. Net sales is expected to increase by ¥481.4 billion, to ¥3,570.0 billion. Operating income is expected to increase by ¥67.8 billion, to ¥158.0 billion. Ordinary income is expected to increase by ¥55.9 billion, to ¥143.0 billion. Net income is expected to increase by ¥32.4 billion, to ¥51.0 billion.

As a result of the integration of depreciation method and accounting period, an increase of ¥143.0 billion in net sales and an increase of ¥20.0 billion in operating income are incorporated in the above-mentioned forecasts of the consolidated financial results for fiscal 2013.

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

(Billions of yen, unless otherwise noted)

	Actual results for fiscal 2012	Forecasts for fiscal 2013
Capital expenditure	132.2	132.0
Depreciation	129.5	130.0
R&D expenses	134.7	138.0
Exchange rate (¥/$)	83*	95**
Naphtha (¥/kl)	57,500	64,000

*Average from April 2012 through March 2013
**Average from April 2013 through March 2014

(2) Consolidated Financial Position

1) Financial Position at the end of Fiscal 2012

The consolidated total assets were ¥3,307.8 billion, an increase of ¥133.8 billion compared to the end of fiscal 2011. The increase was due primarily to an increase in an equivalent amount in the yen in assets of overseas subsidiaries in accordance with a correction of the yen appreciation, as well as making Qualicaps Co., Ltd. a wholly-owned subsidiary.

The consolidated liabilities were ¥2,104.4 billion, an increase of ¥75.4 billion compared to the end of fiscal 2011, due primarily to an increase in an equivalent amount in the yen in liabilities in foreign currency in accordance with a correction of the yen appreciation.

The consolidated net assets were ¥1,203.3 billion, an increase of ¥58.4 billion compared to the end of fiscal 2011, due primarily to an increase of ¥30.4 billion in foreign currency translation adjustment, reflecting weaker yen at the end of fiscal 2012 compared to the exchange rate at the end of fiscal 2011.

Accordingly, shareholders' equity ratio increased by 0.4% point, to 24.6%, and the net debt-equity ratio* decreased by 0.07 to 1.15 compared to the end of fiscal 2011.

*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 2012

The free cash flow, which consists of cash flows from operating and investing activities, was cash in-flow of ¥36.7 billion, a decrease of ¥117.8 billion compared to fiscal 2011.

The net cash provided by operating activities totaled ¥206.5 billion, a decrease of ¥11.5 billion compared to fiscal 2011, primarily due to ¥82.9 billion of income before income taxes and minority interests in consolidated subsidiaries and depreciation.

The net cash used in investing activities totaled ¥169.8 billion, an increase of ¥106.4 billion compared to fiscal 2011, primarily due to cash out-flows from capital expenditures and making Qualicaps Co., Ltd. a wholly-owned subsidiary, despite inflows on the sale of investment securities and tangible fixed assets.

The net cash used in financing activities totaled ¥26.3 billion, a decrease of ¥137.9 billion compared to fiscal 2011, primarily due to dividend payments.

As a result, cash and cash equivalents stood at ¥153.1 billion, an increase of ¥20.1 billion compared to the end of fiscal 2011, due to the effect of exchange rate changes on cash and cash equivalents of ¥8.8 billion, in addition to the above-mentioned factors.

3) Forecasts for Consolidated Statements of Cash Flows for Fiscal 2013

The consolidated income before income taxes and minority interests in consolidated subsidiaries for fiscal 2013 is expected to be ¥136.0 billion. It is expected that the free cash flow for fiscal 2013 will increase compared to fiscal 2012, primarily due to capital expenditure control and asset reductions to improve financial structure, even though investments to focused business areas are expected to continue.

4) Cash Flow Ratios

	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012
Ratio of shareholders’ equity to total assets (%)	20.0	23.0	24.2	24.6
Ratio of market value shareholders’ equity to total assets (%)	19.5	23.4	20.5	19.3
Debt payment year (year)	12.5	4.5	5.3	5.8
Interest coverage ratio (times)	8.7	18.1	13.2	13.7

・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 is to distribute dividends based on consolidated business results, while simultaneously retaining of sufficient internal reserves for the future business developments and stable dividends over medium-to-long terms.

Considering our basic policies and aforementioned projected business environment in fiscal 2013, Mitsubishi Chemical Holdings intends to pay out a year-end dividend of ¥6 per share for fiscal 2012, based on business results for that fiscal year. Together with the interim dividend of ¥6 per share, the annual dividend will be ¥12 per share.

In fiscal 2013, we plan an interim dividend of ¥6 per share and a year-end dividend of ¥6 per share for an annual dividend of ¥12 per share.

4. Management Policy

(1) Basic Management Policy

The Mitsubishi Chemical Holdings Group philosophy is “Good Chemistry for Tomorrow” – creating better relationships among people, society, and our planet. Under the philosophy, the Group introduced three decision criteria for corporate activities: “sustainability,” “health,” and “comfort.”

In addition, the Group implemented “MOS* Indexes,” including the Sustainability (Green) index, Health index, and Comfort index that Mitsubishi Chemical Holdings has developed as part of its business management in order to contribute to the sustainability of people, societies, and our planet. This is based on the idea that the Group should focus on not only the pursuit of economic benefits, but also sustainability which is indispensable to a company’s sustainable growth. The Group promotes its management through a new axis of management of SUSTAINABILITY (MOS) with existing axes of management of economics and management of technology. The value generated from balancing these three axes is called “*KAITEKI*** value.” The Mitsubishi Chemical Holdings Group aims for realizing a truly sustainable state for people, societies, and our planet that is called *KAITEKI* through our business activities.

*Management of SUSTAINABILITY

***KAITEKI* literally means comfort in Japanese.

(2) Medium- to Long-term Management Strategy

In the five-year medium-term management plan, *APTSIS 15* through fiscal 2015 announced on December 6, 2010, the basic concept is “grow, innovate, and leap ahead by orchestrating the Group’s strengths.” We strengthen fundamentals by generating synergies, improving financial position, and reforming business structure. Also, we accelerate transformation to high-performance and high-value-added business portfolio, expand green businesses such as white LED lighting and materials and lithium-ion battery materials, develop pharmaceuticals to fulfill unmet medical needs, and implement steadily strategies for global operations of internationally competitive businesses. At the same time, we accelerate launch of the six next-generation growth businesses: organic photovoltaic modules and materials, organic photo semi-conductor, advanced performance products, agribusiness solutions, healthcare solutions, and sustainable resources. Further, we strategically allocate resources in alliances and acquisitions to expand businesses in order for the Group to make the next leap.

In fiscal 2012, against the backdrop of a changing business environment, the Mitsubishi Chemical Holdings Group implemented measures such as thorough cost reductions, a review of capital expenditures and asset reductions, and accelerated business structural reforms including expansion of the No. 2 ethylene production facility at the Mitsubishi Chemical Corporation Kashima Plant associated with the shutdown of the plant's No. 1 ethylene production facility and No. 1 benzene production facility. We also made a strategic investment, purchasing Qualicaps Co., Ltd. In addition, in five business areas - healthcare solutions, polymer processing and information and electronics, water treatment systems and services, carbon fiber and composite materials, and specialty chemicals - we have appointed Mission Coordinators to formulate and execute group-wide strategies for each business area to accelerate the development of overall Group synergy. We have also integrated part of the administration, human resources, and accounting functions of Mitsubishi Chemical, Mitsubishi Plastics, Inc. and Mitsubishi Rayon Co., Ltd. to enhance sophistication of common corporate functions and increase efficiency in steps from April 2013.

(3) Management Indices

In the five-year medium-term management plan, *APTSIS 15* which continues through fiscal 2015, we have reconsidered our plan for fiscal 2013 through fiscal 2015 as *APTSIS 15 SETP 2* in March 2013, taking into account some significant changes in the business environment. Specifically, in addition to the two-axis portfolio management method used thus far, we have added a third axis measuring earnings volatility. In our new business portfolio management, businesses have been classified by type of growth model - stable business, growth driver business, and volatile business – to achieve more stable business management. We have emphasized improvement through our own efforts and have reset numerical targets for fiscal 2015.

The Mitsubishi Chemical Holdings Group's numerical targets for fiscal 2015 and actual results for fiscal 2012 are as follows:

	Revised targets for fiscal 2015	Actual results for fiscal 2012	Reference: Original targets for fiscal 2015
Operating income	¥280.0 billion	¥90.2 billion	¥400.0 billion
ROA (Income before income taxes/Total assets)	≥7%	2.6%	≥8%
Net debt-to-equity ratio	0.8*	1.15	1.0
Net debt-to-equity ratio (Including minority interests in consolidated subsidiaries)	0.5*	0.78	-
Overseas sales ratio	≥45%	35.9%	≥45%

*excluding "leaping ahead" (M&A)

(4) Challenges

The Mitsubishi Chemical Holdings Group, under the revised medium-term management plan, *APTSIS 15 STEP 2*, will further strengthen synergy by orchestrating the Group's strengths, and execute strategic measures corresponding to intense changes in business environment caused by the shale gas revolution and business structural reforms such as strengthening and expanding internationally competitive businesses, thus strengthening our fundamentals.
In addition, we have expanded the scope of MOS Indexes and reviewed objectives in *SETP 2*. We will further pursue contributions to sustainability of people, societies, and our planet, and aim to become a corporate group trusted by society.
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. We provide thorough instructions regarding the importance of compliance and risk management to each employee, and will strengthen internal controls to ensure reliability of financial reporting, among others. In accordance with the Group's global development, we have established regional headquarters in North America, PRC, and Europe, and are working to enhance compliance and risk management.

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 [3], [11], though [13] hereof.