

Mitsubishi Chemical Holdings Corporation
Condensed Consolidated Financial Information
for the Third Quarter of the Fiscal Year Ending March 31, 2015



1. Business Results for the Third Quarter of the Fiscal Year Ending March 31, 2015 ("FY2014")

(Business period: April 1, 2014 to December 31, 2014)

Millions of Yen	
the Third Quarter of the Current Fiscal Year ("FY2014") April 1, 2014 - December 31, 2014	the Third Quarter of the Current Fiscal Year ("FY2013") April 1, 2013 - December 31, 2013

Thousands of U.S. Dollars
the Third Quarter of the Current Fiscal Year ("FY2014") April 1, 2014 - December 31, 2014

(1) Results of Operations:

	2,680,344	2,481,556
Net sales		
Operating income	124,267	87,789
Income before income taxes and minority interests in consolidated subsidiaries	160,285	106,253
Net income	75,416	37,385
Comprehensive income	161,205	119,634

22,151,603
1,027,000
1,324,669
623,273
1,332,273

	51.26	25.38
Net income per share -Basic		
Net income per share -Diluted	51.23	24.70

(U.S. Dollars)
0.42
0.42

(2) Segment Information:

[Net Sales by Segment]

Electronics Applications	88,435	85,624
Designed Materials	598,370	564,282
Health Care	406,359	399,742
Chemicals	795,388	707,103
Polymers	630,410	579,703
Others	161,382	145,102
Total	2,680,344	2,481,556

730,868
4,945,207
3,358,339
6,573,455
5,210,000
1,333,736
22,151,603

[Operating Income (loss) by Segment]

Electronics Applications	(2,324)	(4,309)
Designed Materials	41,660	34,467
Health Care	70,746	62,146
Chemicals	2,230	(1,098)
Polymers	13,731	(749)
Others	3,261	2,051
Elimination & corporate costs	(5,037)	(4,719)
Total	124,267	87,789

(19,207)
344,298
584,678
18,430
113,479
26,950
(41,628)
1,027,000

Millions of Yen	
As of December 31, 2014	As of March 31, 2014

Thousands of U.S. Dollars
As of December 31, 2014

(3) Financial Position:

Total assets	4,423,531	3,479,359
Inventories	653,419	591,107
Property, plant and equipment	1,500,613	1,118,050
Short-term and long-term debts	1,650,421	1,258,186
Shareholders' equity*	984,143	900,803
Ratio of shareholders' equity to total assets (%)	22.2	25.8

36,558,107
5,400,157
12,401,760
13,639,843
8,133,413

* Net assets excluding share subscription rights and minority interests

Millions of Yen		Thousands of U.S. Dollars
The Third Quarter of FY2014	The Third Quarter of FY2013	The Third Quarter of FY2014
April 1, 2014 - December 31, 2014	April 1, 2013 - December 31, 2013	April 1, 2014 - December 31, 2014

(4) Cash Flows:

	Millions of Yen	Millions of Yen	Thousands of U.S. Dollars
Net cash provided by operating activities	193,047	135,054	1,595,430
Net cash used in investing activities	(204,954)	(123,414)	(1,693,835)
Net cash provided by (used in) financing activities	51,621	(3,453)	426,620
Cash and cash equivalents at end of the period	231,002	175,136	1,909,107

(5) Ratio of Net Income to:

		(%)
Shareholders' equity**	8.0	4.4
Total assets**	1.9	1.0
Net sales	2.8	1.5

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

Notes:

- From the first quarter of FY2014, the Company applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012), in accordance with the provisions stated in paragraph 35 of "Accounting Standard for Retirement Benefits" and paragraph 67 of "Guidance on Accounting Standard for Retirement Benefits". According to the transitional treatment provided in paragraph 37 of "Accounting Standard for Retirement Benefits", the effect of this change was recognized by adjusting retained earnings at the beginning of the third quarter of FY2014. As a result, retained earnings decreased by 13,343 million yen at the beginning of the third quarter of FY2014. The effect of this change on operating income, ordinary income, and income before income taxes and minority interests in consolidated subsidiaries is immaterial.
- Effective from FY2014, certain businesses (including businesses in consolidated subsidiaries) have been reclassified from "Health Care" segment to "Designed Materials" segment. Accordingly, segment information for FY2013 is restated to match.
- 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 121 yen to US\$1, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of December 2014.

2. Forecast for the Current Fiscal Year

	Millions of Yen	Thousands of U.S. Dollars
	FY2014 - revised	FY2014 - revised
	April 1, 2014 - March 31, 2015	April 1, 2014 - March 31, 2015
Net sales	3,680,000	30,413,223
Operating income	160,000	1,322,314
Net income	47,000	388,430
	(Yen)	(U.S. dollar)
Net income per share -Basic	31.91	0.26

Notes:

The profit and loss forecast for FY2014 has been revised to the above from those announced on November 27, 2014.

3. Business Performance and Financial Position

(1) Business Performance

1) Consolidated Performance for the Third Quarter of the Fiscal Year Ending March 31, 2015 (Fiscal 2014): Nine Months Ended December 31, 2014

Overview of General Performance

In the business environment surrounding the Mitsubishi Chemical Holdings Group during the third quarter of fiscal 2014, the Performance Products domain was generally strong, despite severe conditions facing some products in the Industrial Materials domain as a result of inventory valuation losses associated with a sharp drop in raw material and fuel prices and other factors. The Health Care domain remained strong with favorable sales figures of license-out products in overseas markets, despite continued adverse conditions with drug price revisions implemented in April 2014, the expansion of generic drug use, and other factors in Japan.

Under these circumstances, the consolidated financial results for the third quarter of fiscal 2014 compared to the same period of the previous fiscal year were as follows. Net sales increased by ¥198.7 billion, or 8.0%, to ¥2,680.3 billion, due to making Taiyo Nippon Sanso Corporation a consolidated subsidiary. Operating income increased by ¥36.5 billion, or 41.6%, to ¥124.3 billion, and ordinary income increased by ¥43.1 billion, or 51.1%, to ¥127.5 billion. Net income increased by ¥38.0 billion, or 101.7%, to ¥75.4 billion, due to marginal gains associated with the step acquisition brought by making Taiyo Nippon Sanso a consolidated subsidiary and other factors.

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 increased by ¥2.8 billion, or 3.3%, to ¥88.4 billion. Operating losses decreased by ¥2.0 billion, to ¥2.3 billion.

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

overseas sales prices for OPC drums, toners, and chemical toners.

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 ¥34.1 billion, or 6.0%, to ¥598.4 billion. Operating income increased by ¥7.2 billion, or 20.9%, to ¥41.7 billion.

In food ingredients, business continued favorably. In battery materials, net sales increased due to an increase in sales volumes in materials for automobile batteries, despite trends toward decreasing sales prices in general. In fine chemicals, net sales increased due to continued generally strong demand for coating materials for automobiles, and so on. In polymer processing products, net sales increased due mainly to higher sales volumes of engineering plastic-related products and continued strong demand for films for touch panel displays. In composite materials, net sales increased significantly due to continuing strength in sales of carbon fibers and alumina fibers. In inorganic chemicals, net sales continued generally strong. In fibers, net sales decreased slightly due to a decline in sales volumes.

Major initiatives in the Designed Materials segment during the third quarter of fiscal 2014 included:

- Mitsubishi Chemical Corporation and its consolidated subsidiaries — The Nippon Synthetic Chemical Industry Co., Ltd. (NSCI) and Chuo Rika Kogyo Corporation (CRK) — announced the establishment of a new company, Japan Coating Resin Co., Ltd., to strengthen the emulsion business operations of NSCI and CRK by merging their manufacturing divisions effective October 1, 2014. (April and August)
- Mitsubishi Rayon Co., Ltd. announced that the company has decided to expand production capacity of the carbon fiber plant at Mitsubishi Rayon Carbon Fiber and Composites, Inc. to serve the growing global demand especially in the North American market. (Production capacity: 2,000t/y; capacity increase: 2,000t/y) (June)
- Mitsubishi Plastics, Inc. and its subsidiary, Mitsubishi Plastics Agri Dream Co., Ltd. (MPAD) announced that MPAD has established a joint venture with Wuxi Sanyang Ecology Agricultural Development Limited Company, a subsidiary of the Jiangsu Supply and Marketing General Cooperative (China Co-op), to serve as a sales office for sunlight type plant factories in China. (July)
- The Nippon Synthetic Chemical Industry Co., Ltd., a subsidiary of Mitsubishi Chemical Corporation, decided to expand its production facility for *Coponyl*, pressure sensitive adhesive – acrylic copolymer, at the Ogaki Plant, and to build a new production facility for *Hi-Selon*, water-soluble plastic film made from polyvinyl alcohol, at the Kumamoto Plant. (July)
- Mitsubishi Plastics, Inc. announced its decision to construct an additional production line for

MAFTEC, alumina fiber at its Sakaide Plant. (Production capacity: 6,000t/y; capacity increase: 500t/y) (August)

- Mitsubishi Rayon Co., Ltd. announced the acquisition of a 51% share in Wethje Holding GmbH, a German manufacturer of carbon fiber reinforced plastics parts for automobile applications, with the goal of strengthening and expanding carbon fiber intermediate material business for automobile applications in Europe. The acquisition made Wethje Holdings a consolidated subsidiary of Mitsubishi Rayon. (October)

Health Care Segment, Health Care Domain

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

Net sales in this segment increased by ¥6.5 billion, or 1.6%, to ¥406.3 billion. Operating income increased by ¥8.6 billion, or 13.8%, to ¥70.7 billion.

In the pharmaceutical business, net sales decreased due primarily to drug price revisions implemented in April 2014 and the expanding impact of generic drugs, despite an increase in royalty revenues of *Gilenya*, a treatment for multiple sclerosis, *Invokana*, a treatment for type 2 diabetes mellitus, and other factors. In diagnostic reagents and instruments and clinical testing, net sales increased due to an increase in sales volumes in diagnostics. In pharmaceutical formulation materials, net sales increased considerably due to Qualicaps Co., Ltd., which became a consolidated subsidiary of Mitsubishi Chemical Holdings Corporation as of March 2013, being included since the first half of fiscal 2013 and its continued favorable sales.

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

- Mitsubishi Tanabe Pharma Corporation obtained approval for production and sale of *CANAGLU* 100mg tablets for type 2 diabetes mellitus. (July)
- Mitsubishi Tanabe Pharma Corporation concluded the final agreement with Sawai Pharmaceutical Co., Ltd. regarding the transfer of the Kashima Plant of Mitsubishi Tanabe Pharma Factory Ltd., which is a consolidated subsidiary of Mitsubishi Tanabe Pharma, to Sawai Pharmaceutical, as part of operational and structural reforms. (November)

Chemicals Segment, Industrial Materials Domain

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

Net sales in this segment increased by ¥88.3 billion, or 12.5%, to ¥795.4 billion. While, operating income increased by ¥3.3 billion, to ¥2.2 billion.

The production volume of ethylene, a basic raw material of petrochemicals, was 707 thousand tons, a decrease of 13.8%, due mainly to the shutdown of the No. 1 ethylene production facility and the No. 1 benzene production facility at the Mitsubishi Chemical Corporation Kashima Plant in May 2014 and expanded regular maintenance scale of production facilities. In basic petrochemicals and chemical derivatives, net sales decreased, due primarily to the expanded regular maintenance scale of production facilities. In synthetic fiber materials, net sales for terephthalic acid decreased due mainly to a decline in sales prices stemming from a drop in raw material prices. In carbon products, net sales of blast furnace coke decreased as sales prices fell due to a drop in coking coal prices, even though an overall demand remained generally strong. In addition, net sales of industrial gases by Taiyo Nippon Sanso Corporation, which became a consolidated subsidiary of Mitsubishi Chemical Holdings Corporation as of November 2014, have been included since the third quarter of fiscal 2014.

Major initiatives in the Chemicals segment during the third quarter of fiscal 2014 included:

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

Polymers Segment, Industrial Materials Domain

(Synthetic resins)

Net sales in this segment increased by ¥50.7 billion, or 8.7%, to ¥630.4 billion. Operating income increased by ¥14.5 billion, to ¥13.7 billion.

In synthetic resins, net sales increased, due mainly to an increase in market prices and sales volumes associated with trends toward a gradual recovery in demand for MMA monomers and an overall sales price adjustment for polyolefins in the fourth quarter of fiscal 2013.

Major initiatives in the Polymers segment during the third quarter of fiscal 2014 included:

- Mitsubishi Rayon Co., Ltd. and Mitsui & Co., Ltd. have signed a memorandum of understanding to commence detailed feasibility studies on the possibility of establishing a joint venture in the U.S. to produce methyle methacrylate (MMA) monomer. Mitsubishi Rayon and Mitsui have also entered into a non-binding material terms agreement with The Dow Chemical Company concerning potential partial supply of feedstock from Dow to the joint venture through Mitsui for the production of MMA monomer and the potential supply of MMA monomer from the joint venture to Dow. (June)

- Mitsubishi Rayon Co., Ltd. announced the establishment of The Saudi Methacrylates Company, a joint venture with Saudi Basic Industries Corporation. The joint venture will manufacture MMA monomer (capacity: 250,000t/y) and PMMA (capacity: 40,000t/y) in Al-Jubail, Saudi Arabia. (June)
- Mitsubishi Chemical Corporation announced plans to build a new production facility for thermoplastic elastomers at the Amata Nakorn Plant of Mitsubishi Chemical Performance Polymers (Thailand) Co., Ltd. previously called Sunprene (Thailand) Co., Ltd. to meet increasing demand, especially for automotive and construction use. (July)
- Japan Polypropylene Corporation, a consolidated subsidiary of Mitsubishi Chemical Corporation announced the decision to expand production capacity of polypropylene compounds at its subsidiaries, Mytex Polymers US Corporation (current production capacity: 73,000 t/y; capacity increase: 20,000t/y) and Beijing Ju-Ling-Yang Plastic Co., Ltd. (current production capacity: 66,000 t/y; capacity increase: 10,000 t/y). (November)

Others

(Engineering, Logistics, and Warehousing)

Net sales in this segment increased by ¥16.3 billion, or 11.2%, to ¥161.4 billion. Operating income increased by ¥1.2 billion, or 57.1%, to ¥3.3 billion.

In engineering and logistics, net sales increased due primarily to the steady performance of engineering, despite decreased external orders in logistics.

Group in general

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

- Mitsubishi Chemical Holdings Corporation announced that the company would voluntarily adopt the International Financial Reporting Standards (IFRS) beginning in fiscal 2016, in place of the Japanese Generally Accepted Accounting Principles currently used. The company will disclose its consolidated financial statements under IFRS beginning in fiscal 2016. (May)
- MCHC announced the transfer to a “Company with Committees”, with the objective of further strengthening corporate governance, subject to approval at the ordinary general meeting of shareholders scheduled for late June 2015. (December)

4. Consolidated Financial Position

At the end of the third quarter of fiscal 2014, total assets amounted to ¥423.5 billion, an increase of ¥944.1 billion compared to the end of fiscal 2013, due primarily to changing equity method subsidiary: Taiyo Nippon Sanso Corporation to a consolidated subsidiary and an increase in the yen-equivalent value of overseas subsidiary assets caused by the yen weakening against the U.S. dollar in the foreign

exchange market.

5. Consolidated Financial Results Forecasts for Fiscal 2014

The consolidated financial results forecasts for fiscal 2014 announced on November 27, 2014 have not been revised.

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] and [8] hereof.