

# Operational Summary

for the Nine Months Ended December 31, 2015

February 4, 2016

Mitsubishi Chemical Holdings Corporation

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## List of Abbreviations

<b>FY2015:</b>	April 1, 2015 - March 31, 2016 <b>1st Quarter ("1Q") of FY2015:</b> April 1, 2015 - June 30, 2015 <b>2nd Quarter ("2Q") of FY2015:</b> July 1, 2015 - September 30, 2015 <b>3rd Quarter ("3Q") of FY2015:</b> October 1, 2015 - December 31, 2015 <b>4th Quarter ("4Q") of FY2015:</b> January 1, 2016 - March 31, 2016 <b>1st Half ("1H") of FY2015:</b> April 1, 2015 - September 30, 2015
<b>FY2014:</b>	April 1, 2014 - March 31, 2015 <b>3rd Quarter ("3Q") of FY2014:</b> October 1, 2014 - December 31, 2014
<b>MCHC:</b>	Mitsubishi Chemical Holdings Corporation
<b>MCC:</b>	Mitsubishi Chemical Corporation
<b>MTPC:</b>	Mitsubishi Tanabe Pharma Corporation
<b>MPI:</b>	Mitsubishi Plastics, Inc.
<b>MRC:</b>	Mitsubishi Rayon Co., Ltd.
<b>LSII:</b>	Life Science Institute, Inc.
<b>TNSC:</b>	Taiyo Nippon Sanso Corporation

(Note)

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

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

# Consolidated Statements of Operations

Exchange rate (¥/US\$)	121.4	121.6	116.0	107.8	13.8
Naphtha price (¥/kl)	40,900	45,600	66,000	68,900	(23,300)

	(Billions of Yen)		(Billions of Yen)		Change	%	<Reference> FY2015 Forecast (announced on Nov. 5)
	3Q	Nine Months Ended Dec. 31, 2015	3Q	Nine Months Ended Dec. 31, 2014			
Net sales	968.7	2,853.3	1,008.0	2,680.3	173.0	7%	3,940.0
Operating income	91.9	228.3	50.6	124.3	104.0	84%	248.0
Income (expenses) on financing activities [Dividend income included in above]	(2.0) [1.9]	(6.5) [5.3]	(2.1) [1.8]	(3.2) [7.2]	(3.3) [(1.9)]		(11.0) [7.0]
Equity in Earnings of non-consolidated subsidiaries and affiliates	1.7	7.7	(0.4)	1.3	6.4		8.0
Other non-operating income (expenses)	(2.1)	(4.8)	3.1	5.1	(9.9)		(8.0)
Ordinary income	89.5	224.7	51.2	127.5	97.2	76%	237.0
Extraordinary gain	20.5	26.5	35.7	52.4	(25.9)		(44.0)
Extraordinary loss	(84.9)	(91.6)	(10.3)	(19.6)	(72.0)		
Income before income taxes	25.1	159.6	76.6	160.3	(0.7)		193.0
Current and deferred income taxes	(30.5)	(76.6)	(21.2)	(52.1)	(24.5)		(75.0)
Net income (loss)	(5.4)	83.0	55.4	108.2	(25.2)		118.0
Net income (loss) attributable to non-controlling interests	(22.3)	(51.6)	(13.3)	(32.8)	(18.8)		(53.0)
Net income (loss) attributable to Shareholders of the parent	(27.7)	31.4	42.1	75.4	(44.0)	-58%	65.0
Comprehensive income attributable to :	(14.3)	53.7	92.0	161.2	(107.5)		
Shareholders of the parent	(34.4)	10.8	68.2	116.1	(105.3)		
Non-controlling interests	20.1	42.9	23.8	45.1	(2.2)		

# Consolidated Net Sales and Operating Income by Business Segment

							(Billions of Yen)	<Reference>
		1Q	2Q	3Q	Nine Months Ended Dec. 31, 2015	Nine Months Ended Dec. 31, 2014	Change	FY2015 Forecast (announced on Nov. 5)
<b>Total</b>	Net Sales	941.0	943.6	968.7	2,853.3	2,680.3	173.0	3,940.0
	Operating Income	71.0	65.4	91.9	228.3	124.3	104.0	248.0
<b>Electronics Applications</b>	Net Sales	29.3	29.0	28.7	87.0	88.4	(1.4)	120.0
	Operating Income	(0.1)	0.2	(0.2)	(0.1)	(2.3)	2.2	0.5
<b>Designed Materials</b>	Net Sales	201.8	210.2	210.8	622.8	603.8	19.0	885.0
	Operating Income	15.8	20.3	19.8	55.9	*2 41.3	14.6	68.0
<b>Health Care</b>	Net Sales	128.2	133.0	170.0	431.2	406.3	24.9	545.0
	Operating Income	25.0	22.5	50.6	98.1	70.7	27.4	90.5
<b>Chemicals</b>	Net Sales	326.6	321.6	323.9	*1 972.1	*2 776.0	196.1	1,360.0
	Operating Income	21.5	9.4	14.5	45.4	*2 2.2	43.2	55.0
<b>Polymers</b>	Net Sales	207.7	197.1	184.5	589.3	*2 659.9	(70.6)	810.0
	Operating Income	9.8	12.4	6.9	29.1	*2 14.3	14.8	37.0
<b>Others</b>	Net Sales	47.4	52.7	50.8	150.9	*2 145.9	5.0	220.0
	Operating Income	0.5	2.3	1.5	4.3	*2 3.1	1.2	5.0
<b>Corporate</b>	Net Sales	-	-	-	-	-	-	-
	Operating Income	(1.5)	(1.7)	(1.2)	(4.4)	(5.0)	0.6	(8.0)

\*1 Including 1H of net sales of 282.0 billion yen and operating income of 18.8 billion yen in industrial gases

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

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

							(Billions of Yen)		<Reference>	
		1Q	2Q	3Q	Nine Months Ended Dec. 31, 2015	Nine Months Ended Dec. 31, 2014	Change	FY2015 Forecast (announced on Nov. 5)		
	<b>Electronics Applications</b>	Net Sales	29.3	29.0	28.7	87.0	88.4	(1.4)	120.0	
	Operating Income	(0.1)	0.2	(0.2)	(0.1)	(2.3)	2.2 (a)	0.5		
Designed Materials	<b>Functional Products</b>	Net Sales	140.8	148.4	148.3	437.5	420.6	16.9	625.0	
		Operating Income	8.1	12.3	11.8	32.2	*2 23.4	8.8 (b)	38.5	
	<b>Performance Chemicals</b>	Net Sales	61.0	61.8	62.5	185.3	183.2	2.1	260.0	
		Operating Income	7.7	8.0	8.0	23.7	17.9	5.8 (c)	29.5	
Health Care	<b>Pharmaceuticals</b>	Net Sales	98.5	103.2	139.2	340.9	319.4	21.5	418.0	
		Operating Income	23.8	21.9	49.5	95.2	66.4	28.8 (d)	86.5	
	<b>Diagnostics, Clinical Testing and API</b>	Net Sales	29.7	29.8	30.8	90.3	86.9	3.4	127.0	
		Operating Income	1.2	0.6	1.1	2.9	4.3	(1.4)	4.0	

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

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

### Major reasons for the change:

- (a) Deficits decreased due to rationalization and increased sales for display materials.
- (b) Profit increased due to a drop in raw material prices for polyester film and high-performance films.
- (c) Profit increased due to a drop in raw material prices and increased sales in lithium-ion battery materials.
- (d) Profit increased due to higher royalty revenues.

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

			(Billions of Yen)				<Reference>		
			1Q	2Q	3Q	Nine Months Ended Dec. 31, 2015	Nine Months Ended Dec. 31, 2014	Change	FY2015 Forecast (announced on Nov. 5)
Chemicals	Petrochemicals	Net Sales	136.3	134.5	129.3	400.1	*2 492.2	(92.1)	523.0
		Operating Income	8.8	(1.4)	0.4	7.8	(14.3)	22.1 (a)	4.5
	Carbon	Net Sales	49.7	45.7	45.0	140.4	147.8	(7.4)	190.0
		Operating Income	3.0	1.7	2.1	6.8	7.3	(0.5)	8.5
	Industrial Gases	Net Sales	140.6	141.4	149.6	431.6	136.0	295.6	647.0
		Operating Income	9.7	9.1	12.0	30.8	9.2	21.6 (b)	42.0
Polymers	Polyolefins and Advanced Polymers	Net Sales	121.5	113.9	111.8	347.2	389.2	(42.0)	465.0
		Operating Income	5.3	7.3	7.9	20.5	6.6	13.9 (c)	21.0
	MMA Monomers and Polymers	Net Sales	86.2	83.2	72.7	242.1	270.7	(28.6)	345.0
		Operating Income	4.5	5.1	(1.0)	8.6	*2 7.7	0.9 (d)	16.0

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

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

Inventory valuation gain/loss	1Q	2Q	3Q	Nine Months Ended Dec. 31, 2015	Nine Months Ended Dec. 31, 2014	Change
Chemicals (Petrochemicals)	2.1	(3.1)	(2.8)	(3.8)	(7.3)	3.5
Chemicals (Carbon)	(0.2)	(0.4)	(0.1)	(0.7)	(0.8)	0.1
Polymers	(2.6)	(2.5)	(4.2)	(9.3)	(0.7)	(8.6)
Total	(0.7)	(6.0)	(7.1)	(13.8)	(8.8)	(5.0)

### Major reasons for the change:

- (a) Profit increased due to firm petrochemical market conditions and the difference in scale of periodic maintenance.
- (b) Impacts of the conversion of TNSC to a consolidated subsidiary (FY2014-3Q—)
- (c) Profit increased due to a drop in raw material prices for polyolefin business and phenol and polycarbonate chain.
- (d) Profit remained unchanged from fiscal 2014 due to a drop in raw material prices, despite a declining demand.

## Analysis of Operating Income

(Billions of Yen)

	Nine Months Ended Dec. 31, 2015	Nine Months Ended Dec. 31, 2014	Change	Analysis			
				Price	Volume	Cost reduction	Others *1
<b>Total</b>	<b>228.3</b>	<b>124.3</b>	<b>104.0</b>	44.6	36.4	10.7	12.3
Electronics Applications	(0.1)	(2.3)	2.2	(1.4)	0.8	3.3	(0.5)
Designed Materials	55.9	*3 41.3	14.6	10.2	3.5	2.3	(1.4)
Health Care	98.1	70.7	27.4	(0.3)	26.9	1.5	(0.7)
Chemicals	45.4	*3 2.2	43.2	12.5	3.7	0.9	*2 26.1
Polymers	29.1	*3 14.3	14.8	23.6	0.8	1.9	(11.5)
Others	4.3	*3 3.1	1.2	-	0.7	0.3	0.2
Corporate	(4.4)	(5.0)	0.6	-	-	0.5	0.1

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

\*2 Including impacts of the conversion of TNSC to a consolidated subsidiary (18.8 billion yen)

\*3 Effective from FY2015, certain businesses (including businesses in consolidated subsidiaries) have been reclassified from the Chemicals segment and the Others segment to the Designed Materials segment and the Polymers segment. Accordingly, segment information for FY2014 is restated to match.



## Consolidated Extraordinary Gain and Loss

(Billions of Yen)

	3Q	Nine Months Ended Dec. 31, 2015	Nine Months Ended Dec. 31, 2014	Change
<b>Net of extraordinary gain and loss</b>	<b>(64.4)</b>	<b>(65.1)</b>	<b>32.8</b>	<b>(97.9)</b>
<b>Extraordinary gain</b>	<b>20.5</b>	<b>26.5</b>	<b>52.4</b>	<b>(25.9)</b>
Gain on sales of investment securities	18.2	21.5	2.6	18.9
Gain on sales of property, plant and equipment	2.2	2.9	12.8	(9.9)
Gain on step acquisitions	-	1.9	34.1	(32.2)
Others	0.1	0.2	2.9	(2.7)
<b>Extraordinary loss</b>	<b>(84.9)</b>	<b>(91.6)</b>	<b>(19.6)</b>	<b>(72.0)</b>
Business structure improvement expenses	(20.8)	(22.7)	(12.5)	(10.2)
Impairment loss	(63.0)	(63.9)	(3.1)	(60.8)
Loss on sales and retirement of property, plant and equipment	(1.1)	(2.2)	(2.9)	0.7
Others	0	(2.8)	(1.1)	(1.7)

# Consolidated Cash Flows

	Based on statements of cash flows		Adjusted by excluding cash flows from investment of surplus funds		<reference>
	Nine Months Ended Dec. 31, 2015	Nine Months Ended Dec. 31, 2014	Nine Months Ended Dec. 31, 2015 Excluded 31.1 billion yen	Nine Months Ended Dec. 31, 2014 Excluded (22.3) billion yen	
	(Billions of Yen)				
<b>Net cash provided by operating activities</b>	<b>271.6</b>	<b>193.1</b>	<b>271.6</b>	<b>193.1</b>	<b>327.0</b>
Income before income taxes	159.6	160.3	159.6	160.3	182.0
Depreciation and amortization	131.4	107.8	131.4	107.8	187.0
Amortization of goodwill	14.9	12.6	14.9	12.6	21.0
Change in operating receivables/payables	3.4	(23.5)	3.4	(23.5)	(7.0)
Change in Inventories	8.0	2.3	8.0	2.3	
Others	(45.7)	(66.4)	(45.7)	(66.4)	(56.0)
<b>Net cash used in investment activities</b>	<b>(68.9)</b>	<b>(205.0)</b>	<b>(100.0)</b>	<b>(182.7)</b>	<b>(212.0)</b>
Capital expenditure	(124.4)	(108.2)	(124.4)	(108.2)	(213.0)
Sale of assets	55.9	24.8	55.9	24.8	
Investment and loans receivable, etc	(0.4)	(121.6)	(31.5)	(99.3)	1.0
<b>Free cash flow</b>	<b>202.7</b>	<b>(11.9)</b>	<b>171.6</b>	<b>10.4</b>	<b>115.0</b>
<b>Net cash used in financing activities</b>	<b>(82.1)</b>	<b>51.6</b>			
Interest bearing debts	(37.1)	85.8			
Dividends, etc.	(45.0)	(34.2)			
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>120.6</b>	<b>39.7</b>			
Effect of exchange rate changes and change in scope of consolidation	(3.2)	11.7			
<b>Cash and cash equivalents at the beginning of the period</b>	<b>243.1</b>	<b>179.6</b>			
<b>Cash and cash equivalents at the end of the period</b>	<b>360.5</b>	<b>231.0</b>			

# Consolidated Balance Sheets

(Billions of Yen)

	Dec. 31, 2015	Mar. 31, 2015	Change
Cash and deposits	320.2	236.2	84.0
Inventories	584.9	595.5	(10.6)
Trade receivables	790.7	759.9	30.8
Others	277.2	265.6	11.6
<b>Current assets</b>	<b>1,973.0</b>	<b>1,857.2</b>	<b>115.8</b>
Tangible and Intangible fixed assets	1,591.6	1,679.7	(88.1)
Goodwill	251.2	243.8	7.4
Investment and Others	494.8	542.3	(47.5)
<b>Non-current assets</b>	<b>2,337.6</b>	<b>2,465.8</b>	<b>(128.2)</b>
<b>Total assets</b>	<b>4,310.6</b>	<b>4,323.0</b>	<b>(12.4)</b>

(Billions of Yen)

	Dec. 31, 2015	Mar. 31, 2015	Change
Interest-bearing debts	1,568.1	1,603.6	(35.5)
Trade payables	490.8	459.3	31.5
Others	649.8	671.5	(21.7)
<b>Liabilities</b>	<b>2,708.7</b>	<b>2,734.4</b>	<b>(25.7)</b>
Shareholders' equity	885.8	874.6	11.2
Accumulated other comprehensive income	84.8	106.4	(21.6)
Non-controlling interests, etc.	631.3	607.6	23.7
<b>Net assets</b>	<b>1,601.9</b>	<b>1,588.6</b>	<b>13.3</b>
<b>Total liabilities and net assets</b>	<b>4,310.6</b>	<b>4,323.0</b>	<b>(12.4)</b>

Net interest-bearing debts (*1)	1,106.7	1,228.2	(121.5)
Net D/E ratio	1.14	1.25	(0.11)
Net D/E ratio (incl. non-controlling interests in the denominator)	0.69	0.77	(0.08)

Shareholders' equity	970.6	981.0	(10.4)
Shareholders' equity ratio	22.5%	22.6%	(0.1%)

\*1. Net interest-bearing debts (1,106.7 billion yen)  
= interest bearing debts (1,568.1 billion yen)  
- {cash and cash equivalents (360.5 billion yen) + investments of surplus funds (100.9 billion yen)}

# Consolidated Statements of Comprehensive Income

## Exchange rate used to convert balance sheets for foreign subsidiaries

	Dec. 2015	Mar. 2015
For subsidiaries with April-March accounting period (¥/US\$)	120.6	120.2
For subsidiaries with April-March accounting period (¥/€)	131.8	130.3

(Billions of Yen)

	Nine Months Ended Dec. 31, 2015	Nine Months Ended Dec. 31, 2014	Change
<b>Net income(loss) attributable to Shareholders of the parent</b>	<b>31.4</b>	<b>75.4</b>	<b>(44.0)</b>
<b>Net income(loss) attributable to non-controlling interests</b>	<b>51.6</b>	<b>32.8</b>	<b>18.8</b>
<b>Net income (loss)</b>	<b>83.0</b>	<b>108.2</b>	<b>(25.2)</b>
<b>Other comprehensive income (loss):</b>			
Net unrealized holding gain (loss) on other securities	(7.8)	14.2	(22.0)
Gain (loss) on deferred hedges	0.2	(0.9)	1.1
Foreign currency translation adjustments	(17.8)	36.9	(54.7)
Remeasurements of defined benefit plans	(0.1)	(0.9)	0.8
Other comprehensive income (loss) for affiliates accounted for using equity method	(3.8)	3.7	(7.5)
<b>Other comprehensive income (loss), net</b>	<b>(29.3)</b>	<b>53.0</b>	<b>(82.3)</b>
<b>Total comprehensive income (loss)</b>	<b>53.7</b>	<b>161.2</b>	<b>(107.5)</b>
<b>Total comprehensive income (loss) attributable to :</b>			
Shareholders of the parent	10.8	116.1	(105.3)
Non-controlling interests	42.9	45.1	(2.2)

# Consolidated Statements of Operations (FY2015 Forecast)

Forecast

Exchange rate (¥/US\$)	121.7	121.4	120.0	121.2	120.9	0.3	110.6
Naphtha price (¥/kl)	48,000	40,900	35,000	42,975	44,000	(1,025)	63,500

					FY2015 Forecast (announced on Nov. 5)	Change	% Change from Forecast on May 13	<Reference> FY2014 Actual
	1H Actual	3Q Actual	4Q Forecast	FY2015 Forecast				
<b>Net sales</b>	1,884.6	968.7	1,016.7	3,870.0	3,940.0	(70.0)	(1.8%)	3,656.3
<b>Operating income</b>	136.4	91.9	26.7	255.0	248.0	7.0	2.8%	165.7
Income (expenses) on financing activities	(4.5)	(2.0)	(3.5)	(10.0)	(11.0)	1.0		(5.4)
[Dividend income included in above]	[3.4]	[1.9]	[1.7]	[7.0]	[7.0]	[0.0]		[8.9]
Equity in Earnings of non-consolidated subsidiaries and affiliates	6.0	1.7	1.8	9.5	8.0	1.5		3.8
Other non-operating income (expenses)	(2.7)	(2.1)	(5.2)	(10.0)	(8.0)	(2.0)		(1.0)
<b>Ordinary income</b>	135.2	89.5	19.8	244.5	237.0	7.5	3.2%	163.1
Extraordinary gain(loss)	(0.7)	(64.4)	(10.9)	(76.0)	(44.0)	(32.0)		2.5
<b>Income before income taxes</b>	134.5	25.1	8.9	168.5	193.0	(24.5)		165.6
Current and deferred income taxes	(46.1)	(30.5)	(13.4)	(90.0)	(75.0)	(15.0)		(69.1)
<b>Net income (loss)</b>	88.4	(5.4)	(4.5)	78.5	118.0	(39.5)		96.5
Net income(loss) attributable to non-controlling interests	(29.3)	(22.3)	(4.9)	(56.5)	(53.0)	(3.5)		(35.6)
<b>Net income(loss) attributable to Shareholders of the parent</b>	59.1	(27.7)	(9.4)	22.0	65.0	(43.0)	(66.2%)	60.9

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

**Forecast**

		(Billions of Yen)						<Reference>
		1H Actual	3Q Actual	4Q Forecast	FY2015 Forecast	FY2015 Forecast (announced on Nov. 5)	Change	FY2014 Actual
<b>Total</b>	Net Sales	1,884.6	968.7	1,016.7	3,870.0	3,940.0	(70.0)	3,656.3
	Operating Income	136.4	91.9	26.7	255.0	248.0	7.0	165.7
<b>Electronics Applications</b>	Net Sales	58.3	28.7	28.0	115.0	120.0	(5.0)	118.8
	Operating Income	0.1	(0.2)	(0.9)	(1.0)	0.5	(1.5)	(2.8)
<b>Designed Materials</b>	Net Sales	412.0	210.8	237.2	860.0	885.0	(25.0)	818.6
	Operating Income	36.1	19.8	15.1	71.0	68.0	3.0	*1 55.6
<b>Health Care</b>	Net Sales	261.2	170.0	121.8	553.0	545.0	8.0	531.9
	Operating Income	47.5	50.6	1.9	100.0	90.5	9.5	77.0
<b>Chemicals</b>	Net Sales	648.2	323.9	379.9	1,352.0	1,360.0	(8.0)	1,113.9
	Operating Income	30.9	14.5	5.6	51.0	55.0	(4.0)	*1 8.9
<b>Polymers</b>	Net Sales	404.8	184.5	185.7	775.0	810.0	(35.0)	873.7
	Operating Income	22.2	6.9	5.9	35.0	37.0	(2.0)	*1 28.0
<b>Others</b>	Net Sales	100.1	50.8	64.1	215.0	220.0	(5.0)	199.4
	Operating Income	2.8	1.5	1.7	6.0	5.0	1.0	*1 6.1
<b>Corporate</b>	Net Sales	-	-	-	-	-	-	-
	Operating Income	(3.2)	(1.2)	(2.6)	(7.0)	(8.0)	1.0	(7.1)

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

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

Forecast

						(Billions of Yen)		<Reference>
		1H Actual	3Q Actual	4Q Forecast	FY2015 Forecast	FY2015 Forecast (announced on Nov. 5)	Change	FY2014 Actual
	<b>Electronics Applications</b>	Net Sales	58.3	28.7	28.0	115.0	120.0	118.8
		Operating Income	0.1	(0.2)	(0.9)	(1.0)	0.5	(2.8)
Designed Materials	<b>Functional Products</b>	Net Sales	289.2	148.3	167.5	605.0	625.0	570.4
		Operating Income	20.4	11.8	7.8	40.0	38.5	31.3
	<b>Performance Chemicals</b>	Net Sales	122.8	62.5	69.7	255.0	260.0	248.2
		Operating Income	15.7	8.0	7.3	31.0	29.5	24.3
Health Care	<b>Pharmaceuticals</b>	Net Sales	201.7	139.2	88.1	429.0	418.0	414.8
		Operating Income	45.7	49.5	1.3	96.5	86.5	71.5
	<b>Diagnostics, Clinical Testing and API</b>	Net Sales	59.5	30.8	33.7	124.0	127.0	117.1
		Operating Income	1.8	1.1	0.6	3.5	4.0	5.5

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

**Major reasons for the change:**

(a) Profit increased due to higher revenues from royalties, vaccine business, and other business, and reduced SG&A expenses, etc.

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

Forecast

		(Billions of Yen)						<Reference>	
		1H Actual	3Q Actual	4Q Forecast	FY2015 Forecast	FY2015 Forecast (announced on Nov. 5)	Change	FY2014 Actual	
Chemicals	Petrochemicals	Net Sales	270.8	129.3	119.9	520.0	523.0	(3.0)	631.4
		Operating Income	7.4	0.4	(5.8)	2.0	4.5	(2.5) (a)	(19.5)
	Carbon	Net Sales	95.4	45.0	44.6	185.0	190.0	(5.0)	195.6
		Operating Income	4.7	2.1	0.2	7.0	8.5	(1.5)	10.0
	Industrial Gases	Net Sales	282.0	149.6	215.4	647.0	647.0	-	286.9
		Operating Income	18.8	12.0	11.2	42.0	42.0	-	18.4
Polymers	Polyolefins and Advanced Polymers	Net Sales	235.4	111.8	112.8	460.0	465.0	(5.0)	515.9
		Operating Income	12.6	7.9	3.5	24.0	21.0	3.0 (b)	11.7
	MMA Monomers and Polymers	Net Sales	169.4	72.7	72.9	315.0	345.0	(30.0)	357.8
		Operating Income	9.6	(1.0)	2.4	11.0	16.0	(5.0) (c)	16.3

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

**Major reasons for the change:**

- (a) Deficits increased due to inventory valuation loss in naphtha and declining petrochemicals' market conditions.
- (b) Buy-sell spread in polyolefin business improved, despite increased deficits caused by inventory valuation loss.
- (c) Margins decreased due to a decline in the Asian market, etc.



## Terephthalic Acid: Fixed Asset Impairment Loss

Reference

The global oversupply has severely affected the profitability of the terephthalic acid business. Despite the difficult conditions, more facilities than expected have been built and expanded in succession, focusing on China. These factors will make it more difficult to narrow the supply-demand gap and improve profitability for some time to come.

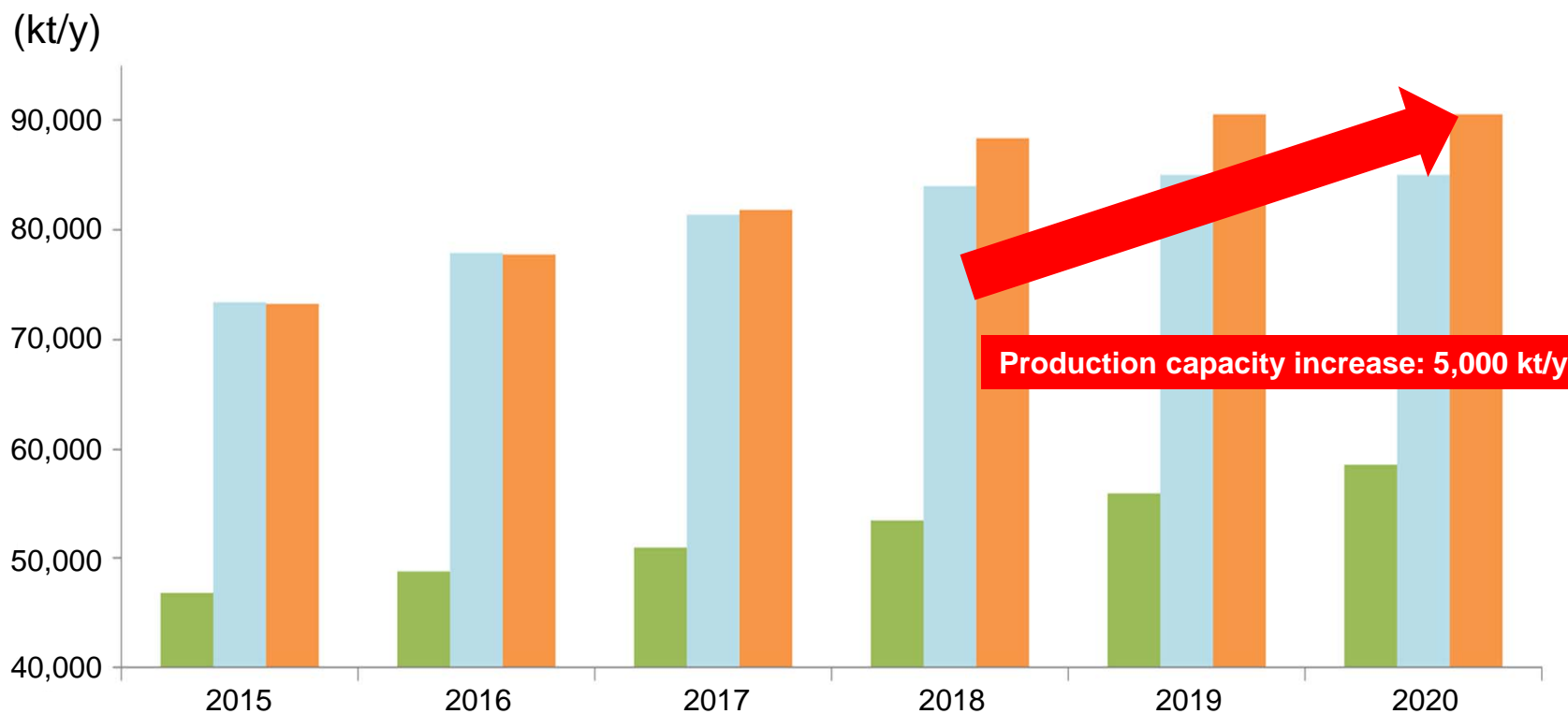
Under the circumstances, MCHC recognized the fixed asset impairment loss for its consolidated subsidiaries MCC PTA India Corp. Private Limited (MCPI) and Ningbo Mitsubishi Chemical Co., Ltd. (NMC), which operate the MCHC Group's terephthalic acid business, based on a study on the collectability of fixed assets held by both companies.

### Breakdown

Company	Location	Beginning of operation	Production capacity (Mt/y)	Impairment loss (¥ billion)
MCPI	West Bengal, India	No. 1 line: 2000 No. 2 line: 2009	1,270,000	- 42.4
NMC	Zhejiang, China	2007	600,000	- 20.4

In addition, MCHC's affiliate in Korea, Sam Nam Petrochemical Co., Ltd., also recognized a fixed asset impairment loss for some of its terephthalic acid production facilities. The impact of -200 million yen is included in the equity method gain/loss.

# PTA Supply-Demand Balance Forecast in Asia Reference



Demand growth rate: approx. 5%/y ■ Demand ■ Production capacity [Mar. 2015] ■ Production capacity [Nov. 2015]

	2015	2016	2017	2018	2019	2020
Production capacity [Nov. 2015] (MMt/y)	73	78	82	88	90	90
Capacity utilization (%)	64	63	62	61	62	65
Production capacity [Mar. 2015] (MMt/y)	73	78	81	84	85	85
Capacity utilization (%)	64	63	63	64	66	69
Demand (MMt/y)	47	49	51	53	56	59

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

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