



November 1, 2018

Mitsubishi Chemical Holdings Corporation
Condensed Consolidated Financial Information
for the First Half of the Fiscal Year Ending March 31, 2019

1. Business Results for the First Half of the Fiscal Year Ending March 31, 2019 ("FY2018")
(Business period: April 1, 2018 to September 30, 2018)

Millions of Yen	
The First Half of the Current Fiscal Year ("FY2018") April 1, 2018 - September 30, 2018	The First Half of the Previous Fiscal Year ("FY2017") April 1, 2017 - September 30, 2017

(1) Results of Operations:

	1,922,085	1,804,766
Sales revenue	1,922,085	1,804,766
Core operating income*	188,191	192,292
Operating income	186,623	185,328
Earnings before taxes	184,083	180,209
Net Income	146,896	131,320
Net income attributable to owners of the parent	120,213	100,478
Comprehensive income	197,881	175,026

* Core operating income: Operating income excluding special items

(Yen)

Earnings per share - Basic	84.41	69.81
- Diluted	77.91	64.56

(2) Segment Information:

[Sales Revenue by Business Segment]

Performance Products	582,489	560,747
Chemicals	645,839	571,581
Industrial Gases	325,652	302,160
Health Care	269,456	273,175
Others	98,649	97,103
Total	1,922,085	1,804,766

[Core Operating Income (Loss) by Business Segment]

Performance Products	44,429	50,848
Chemicals	83,445	71,854
Industrial Gases	26,934	28,063
Health Care	35,314	40,959
Others	2,900	3,450
Elimination & corporate	(4,831)	(2,882)
Total	188,191	192,292

Millions of Yen	
As of September 30, 2018	As of March 31, 2018

(3) Financial Position:

Total assets	4,796,650	4,701,415
Total equity	2,059,271	1,919,490
Equity attributable to owners of the parent	1,397,979	1,285,750
Ratio of equity attributable to owners of the parent to total assets (%)	29.1	27.3

Millions of Yen	
The First Half of the Current Fiscal Year ("FY2018") April 1, 2018 - September 30, 2018	The First Half of the Previous Fiscal Year ("FY2017") April 1, 2017 - September 30, 2017

(4) Cash Flows:

Net cash provided by (used in) operating activities	221,456	189,173
Net cash provided by (used in) investing activities	(114,815)	(27,390)
Net cash provided by (used in) financing activities	(124,449)	(113,922)
Cash and cash equivalents at the end of the period	263,108	416,198

Note:

The consolidated financial statements for fiscal 2017 have been retroactively adjusted to reflect the finalization of the provisional amounts of the business combination stemming from the October 2017 acquisition of NeuroDerm Ltd. by Mitsubishi Tanabe Pharmaceutical Corporation.

2. Forecast for the Current Fiscal Year

	Millions of Yen	
	FY2018	
	April 1, 2018 - March 31, 2019	
Sales revenue	4,040,000	
Core operating income	368,000	
Operating income	354,000	
Net income attributable to owners of the parent	213,000	

	(Yen)
Earnings per share - Basic	149.79

Note:

The profit and loss forecast for fiscal 2018 has been revised to the above from those announced on May 10, 2018.

3. Business Performance and Financial Position

(1) Business Performance

Consolidated Performance for the First Half of the Fiscal Year Ending March 31, 2019 (Fiscal 2018): Six Months Ended September 30, 2018

Overview of General Performance

The business environment surrounding the Mitsubishi Chemical Holdings Group during the first half of fiscal 2018 remained favorable, due to continued strong market prices for MMA, carbon products, and other products in the Industrial Materials domain, despite the impact of NHI price revision in April 2018 in the Health Care domain and slowing demand for some products and higher raw material costs in the Performance Products domain.

Against this background, sales revenue for the first half of fiscal 2018 increased by ¥117.3 billion, or 6.5% year on year, to ¥1,922.1 billion. Core operating income decreased by ¥4.1 billion, or 2.1% year on year, to ¥188.2 billion, and operating income was up ¥1.3 billion, or 0.7% year on year, at ¥186.6 billion, reflecting gains on sale of fixed assets in special items. Earnings before taxes rose by ¥3.9 billion, or 2.1% year on year, to ¥184.1 billion. Net income attributable to owners of the parent grew ¥19.7 billion, or 19.6% year on year, to ¥120.2 billion.

Overview of Business Segment

The overview of financial results by business segment for the first half of fiscal 2018 is shown below. Gains or losses by segment are stated with core operating income which excludes gains or losses from special items including losses incurred by business withdrawals, streamlining, and others.

In the following sections, all comparisons are with the same period of the previous fiscal year unless stated otherwise.

Performance Products Segment, Performance Products Domain

Sales revenue was up ¥21.8 billion, to ¥582.5 billion. Core operating income fell ¥6.4 billion, to ¥44.4 billion.

In functional products, sales revenue increased, due to higher sales volumes in advanced moldings and composites including high-performance engineering plastics, alumina fibers, and other products, despite slowing demand for some information and electronics related products.

In performance chemicals, sales revenue rose, reflecting continued strong market prices for phenol-polycarbonate chain in advanced polymers and rising sales volumes in battery materials for automobiles in the new energy business.

Core operating income decreased primarily due to an impact from scheduled maintenance and repairs and a rise in raw material costs as a whole.

Major initiatives in the Performance Products segment during the first half of fiscal 2018 included:

- Mitsubishi Chemical Corporation's consolidated subsidiary, The Nippon Synthetic Chemical Industry Co., Ltd., decided to expand a production facility for optical PVOH film, *OPL film*, in its Kumamoto Plant, in response to rising demand in polarizing film primarily due to spread of FPDs to emerging countries and an increase in screen size. The facility is slated to complete in March 2020.
(Capacity increase: 106 million m²/y to 127 million m²/y)
- Mitsubishi Chemical Corporation decided to absorb its consolidated subsidiary, The Nippon Synthetic Chemical Industry Co., Ltd., as of April 1, 2019, to further group-wide growth of associated businesses, by increasing revenue of existing businesses and developing new applications and products.
- In October 2018, Mitsubishi Chemical Corporation acquired Cleanpart Group GmbH, which provides semiconductor makers in Europe and the U.S. with precision cleaning and coating services for semiconductor manufacturing equipment, aiming at strengthening its position in the growing field of semiconductor-related services and providing global services.
- Mitsubishi Chemical Corporation has been conducting R&D and developing applications for biodegradable and bio-based plastics. In October 2018, Japan Paper and Pulp Co., Ltd. launched sales of paper cups made with Mitsubishi Chemical's BioPBS™ biodegradable plastic.

Chemicals Segment, Industrial Materials Domain

Sales revenue was rose by ¥74.2 billion, to ¥645.8 billion. Core operating income grew ¥11.6 billion, to ¥83.5 billion.

In MMA, sales revenue increased due to rising MMA monomer market prices in line with continuing firm demand.

In petrochemicals, sales revenue was up due to rising sales prices brought on by higher raw material prices, despite decreased sales volumes reflecting a larger impact from scheduled maintenance and repairs at an ethylene production facility.

In carbon, sales revenue grew primarily due to higher market prices of needle coke in the continued firm demand for coke and other products.

Core operating income increased mainly attributable to a widened price spread between raw materials and products in MMA and carbon products, despite the larger impact of the scheduled maintenance and repairs at petrochemical production facilities, a narrowed price spread between raw materials and products in polyolefin, and other factors.

Major initiatives in the Chemicals segment during the first half of fiscal 2018 included:

- The Saudi Methacrylates Company, a joint venture between Mitsubishi Chemical Corporation and Saudi Basic Industries Corporation commenced full-scale operation at its facilities for MMA monomer (250kt/y) and PMMA (40kt/y) in April 2018.
- Mitsubishi Chemical Corporation decided to transfer the acrylic sheet business in Europe operated

by its subsidiary in the U.K., valued at 92 million British pounds (13.5 billion yen), to Schweiter Technologies Group, in September 2018.

Industrial Gases Segment, Industrial Materials Domain

Sales revenue increased by ¥23.5 billion, to ¥325.7 billion. Core operating income was down ¥1.2 billion, at ¥26.9 billion.

In industrial gases, sales revenue increased, reflecting establishment of a new domestic onsite gas plant in October 2017 and continued firmness in the overseas gas business.

Core operating income decreased attributable to increased costs related to business acquisitions and other factors, despite increased revenue and profits.

A major initiative in the Industrial Gas segment during the first half of fiscal 2018 included:

- Taiyo Nippon Sanso Corporation announced a plan to acquire some of the European businesses of Praxair, Inc. including the industrial gas business in Germany, Spain, Portugal, Italy, Norway, Denmark, Sweden, the Netherlands, and Belgium; the carbon dioxide gas business in the U.K., Ireland, the Netherlands, and France; and the helium-related business, with a total value of 5 billion euro (approx. 643.8 billion yen). This move is aimed at accelerating Taiyo Nippon Sanso's global expansion by acquiring businesses with certain shares in markets where the company has little or no market presence.

Health Care Segment, Health Care Domain

Sales revenue totaled ¥269.5 billion, a decrease of ¥3.7 billion. Core operating income was down ¥5.7 billion, at ¥35.3 billion.

Pharmaceuticals recorded lower sales revenue and core operating income, mainly attributable to NHI price revision in domestic ethical pharmaceuticals in April 2018 and a generic drug business transfer in October 2017, despite sales growth of *Radicava*, a treatment for amyotrophic lateral sclerosis (ALS) in the U.S.

A major initiative in the Health Care segment during the first half of fiscal 2018 included:

- Life Science Institute, Inc. launched an exploratory clinical trial with the Muse cell-based product "CL2020" on an ischemic stroke patient, following an earlier trial with an acute myocardial infarction patient, at Tohoku University Hospital in September 2018.

Others

Sales revenue was up ¥1.5 billion, to ¥98.6 billion and core operating income decreased by ¥0.6 billion, to ¥2.9 billion.

(2) Consolidated Financial Position at the End of First Half of Fiscal 2018

Total assets at the end of the first half of fiscal 2018 were ¥4,796.7 billion, an increase of ¥95.3 billion from the end of fiscal 2017. The increase was mainly attributable to 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.

(3) Consolidated Financial Results Forecast for Fiscal 2018

Mitsubishi Chemical Holdings made a revision of its forecasts for consolidated financial results and dividends for fiscal 2018 which was announced on May 10, as detailed below.

I. Revision to consolidated financial results forecast for fiscal 2018

(April 1, 2018 – March 31, 2019)

(Unit: Billions of yen; unless otherwise noted)

	Sales revenue	Core operating income	Operating income	Net income	Net income attributable to owners of the parent	Net income per share (Yen)
Previous forecast (A) (announced on May 10, 2018)	3,930.0	355.0	337.0	238.0	184.0	127.83
Revised forecast (B)	4,040.0	368.0	354.0	268.0	213.0	149.79
Difference (B – A)	110.0	13.0	17.0	30.0	29.0	
Difference (%)	2.8	3.7	5.0	12.6	15.8	
Reference: Results for fiscal 2017	3,724.4	380.5	355.7	276.4	211.8	147.14

Notes: Net income before taxes: ¥325.0 billion (previous forecast); ¥345.0 billion (revised forecast)

Core operating income: Operating income excluding special items

Sales revenue, core operating income, operating income, net income, and net income attributable to the owners of the parent are expected to be higher than the previous forecast, mainly reflecting MMA and carbon product market prices that remained stronger than the initial assumption in the Chemicals segment, although profits are expected to decrease, mainly in the Performance Products segment, due in part to an increase in raw material costs.

II. Revision to dividends forecast for fiscal 2018

Our basic policy of returning profits to shareholders emphasizes enhancement of shareholder value by increasing the value of the company. Therefore, using 30% of the medium-term profit level as a guideline for the consolidated dividend payout ratio, we will make stable dividend payments, while maintaining sufficient internal reserves as resources to develop future businesses.

Based on the above stated policy, we raised the interim dividend by ¥3 from the previous forecast, to ¥20 and the year-end dividend by ¥3 from the previous forecast, to ¥20. Accordingly, the forecast for the annual dividend will be increased by ¥8 per share from fiscal 2017 to ¥40.

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 [6] hereof.

Reference

(1) Condensed Consolidated Statement of Profit or Loss

Six months ended September 30, 2017 and 2018

	(Millions of yen)	
	Six months ended September 30, 2017	Six months ended September 30, 2018
Sales revenue	1,804,766	1,922,085
Cost of sales	(1,254,037)	(1,367,811)
Gross profit	550,729	554,274
Selling, general and administrative expenses	(369,047)	(380,315)
Other income	4,719	6,516
Other expenses	(12,629)	(10,930)
Equity income	11,556	17,078
Operating income	185,328	186,623
Financial income	4,535	6,760
Financial expenses	(9,654)	(9,300)
Earnings before taxes	180,209	184,083
Income taxes	(48,889)	(37,187)
Net income	131,320	146,896
Net income attributable to		
Owners of the parent	100,478	120,213
Non-controlling interests	30,842	26,683
Earnings per share(Yen)		
Basic earnings per share attributable to owners of the parent	69.81	84.41
Diluted earnings per share attributable to owners of the parent	64.56	77.91

(2) Condensed Consolidated Statement of Comprehensive Income

Six months ended September 30, 2017 and 2018

	(Millions of yen)	
	Six months ended September 30, 2017	Six months ended September 30, 2018
Net income	131,320	146,896
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net gain (loss) on revaluation of financial assets measured at fair value	10,800	8,591
Remeasurements of defined benefit pensions plans	11,756	8,087
Share of other comprehensive income (loss) of investments accounted for using the equity method	(13)	129
Total items that will not be reclassified to profit or loss	22,543	16,807
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	20,681	30,013
Net gain (loss) on derivatives designated as cash flow hedges	1,546	5,073
Share of other comprehensive income(loss) of investments accounted for using the equity method	(1,064)	(908)
Total items that may be subsequently reclassified to profit or loss	21,163	34,178
Total other comprehensive income (net of tax)	43,706	50,985
Total comprehensive income	175,026	197,881
Total comprehensive income attributable to		
Owners of the parent	135,409	156,282
Non-controlling interests	39,617	41,599

(3) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2018	September 30, 2018
Assets		
Current assets		
Cash and cash equivalents	277,624	263,108
Trade receivables	854,804	841,310
Inventories	607,671	632,146
Other financial assets	247,365	264,789
Other current assets	62,050	58,930
Subtotal	2,049,514	2,060,283
Assets held for sales	2,139	10,302
Total current assets	2,051,653	2,070,585
Non-current assets		
Property, plant and equipment	1,433,509	1,477,047
Goodwill	324,201	330,516
Intangible assets	355,151	363,662
Investments accounted for using the equity method	175,905	180,922
Other financial assets	244,489	248,476
Other non-current assets	36,145	44,330
Deferred tax assets	80,362	81,112
Total non-current assets	2,649,762	2,726,065
Total assets	4,701,415	4,796,650

(Millions of yen)

	March 31, 2018	September 30, 2018
Liabilities		
Current liabilities		
Trade payables	488,592	492,647
Bonds and borrowings	580,854	581,036
Income tax payable	41,293	30,185
Other financial liabilities	201,208	189,657
Provisions	7,463	9,734
Other current liabilities	127,108	127,579
Subtotal	1,446,518	1,430,838
Liabilities directly associated with assets held for sales	364	1,647
Total current liabilities	1,446,882	1,432,485
Non-current liabilities		
Bonds and borrowings	1,025,268	985,842
Other financial liabilities	29,174	27,833
Retirement benefit liabilities	110,639	107,091
Provisions	30,712	30,902
Other non-current liabilities	38,014	38,960
Deferred tax liabilities	101,236	114,266
Total non-current liabilities	1,335,043	1,304,894
Total liabilities	2,781,925	2,737,379
Equity		
Common stock	50,000	50,000
Additional paid-in capital	321,111	321,605
Treasury stock	(43,569)	(63,561)
Retained earnings	956,946	1,062,162
Other components of equity	1,262	27,773
Equity attributable to owners of the parent	1,285,750	1,397,979
Non-controlling interests	633,740	661,292
Total equity	1,919,490	2,059,271
Total liabilities and equity	4,701,415	4,796,650

(4) Condensed Consolidated Statement of Changes in Equity

Six months ended September 30, 2017

(Millions of yen)

	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2017	50,000	321,703	(43,587)	761,364
Net income	—	—	—	100,478
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	100,478
Purchase of treasury stock	—	—	(25)	—
Disposal of treasury stock	—	(35)	36	—
Cash dividends	—	—	—	(17,271)
Share-based payment transactions	—	144	—	—
Share-based payment transactions of subsidiaries	—	—	—	—
Changes in interests in subsidiaries	—	(200)	—	—
Changes in scope of consolidation	—	—	—	(53)
Transfer from other components of equity to retained earnings	—	—	—	10,370
Total transactions with owners	—	(91)	11	(6,954)
Balance at September 30, 2017	50,000	321,612	(43,576)	854,888

Other components of equity

	Net gain (loss) on revaluation of financial assets measured at fair value	Remeasurements of defined benefit pensions plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Total	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at April 1, 2017	46,831	—	(43,886)	(1,027)	1,918	1,091,398	606,799	1,698,197
Net income	—	—	—	—	—	100,478	30,842	131,320
Other comprehensive income	8,125	10,116	15,470	1,220	34,931	34,931	8,775	43,706
Total comprehensive income	8,125	10,116	15,470	1,220	34,931	135,409	39,617	175,026
Purchase of treasury stock	—	—	—	—	—	(25)	—	(25)
Disposal of treasury stock	—	—	—	—	—	1	—	1
Cash dividends	—	—	—	—	—	(17,271)	(18,296)	(35,567)
Share-based payment transactions	—	—	—	—	—	144	—	144
Share-based payment transactions of subsidiaries	—	—	—	—	—	—	17	17
Changes in interests in subsidiaries	—	—	—	—	—	(200)	1,479	1,279
Changes in scope of consolidation	—	—	—	—	—	(53)	(78)	(131)
Transfer from other components of equity to retained earnings	(254)	(10,116)	—	—	(10,370)	—	—	—
Total transactions with owners	(254)	(10,116)	—	—	(10,370)	(17,404)	(16,878)	(34,282)
Balance at September 30, 2017	54,702	—	(28,416)	193	26,479	1,209,403	629,538	1,838,941

Six months ended September 30, 2018

(Millions of yen)

	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2018	50,000	321,111	(43,569)	956,946
Cumulative effects of changes in accounting policies	—	—	—	(85)
Restated balance at April 1, 2018	50,000	321,111	(43,569)	956,861
Net income	—	—	—	120,213
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	120,213
Purchase of treasury stock	—	—	(20,016)	—
Disposal of treasury stock	—	(23)	24	—
Cash dividends	—	—	—	(24,470)
Share-based payment transactions	—	483	—	—
Share-based payment transactions of subsidiaries	—	—	—	—
Changes in interests in subsidiaries	—	34	—	—
Changes in scope of consolidation	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	9,558
Total transactions with owners	—	494	(19,992)	(14,912)
Balance at September 30, 2018	50,000	321,605	(63,561)	1,062,162

Other components of equity

	Net gain (loss) on revaluation of financial assets measured at fair value	Remeasurements of defined benefit pensions plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Total	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at April 1, 2018	51,544	—	(50,455)	173	1,262	1,285,750	633,740	1,919,490
Cumulative effects of changes in accounting policies	—	—	—	—	—	(85)	(61)	(146)
Restated balance at April 1, 2018	51,544	—	(50,455)	173	1,262	1,285,665	633,679	1,919,344
Net income	—	—	—	—	—	120,213	26,683	146,896
Other comprehensive income	5,800	7,385	20,317	2,567	36,069	36,069	14,916	50,985
Total comprehensive income	5,800	7,385	20,317	2,567	36,069	156,282	41,599	197,881
Purchase of treasury stock	—	—	—	—	—	(20,016)	—	(20,016)
Disposal of treasury stock	—	—	—	—	—	1	—	1
Cash dividends	—	—	—	—	—	(24,470)	(16,189)	(40,659)
Share-based payment transactions	—	—	—	—	—	483	—	483
Share-based payment transactions of subsidiaries	—	—	—	—	—	—	16	16
Changes in interests in subsidiaries	—	—	—	—	—	34	2,273	2,307
Changes in scope of consolidation	—	—	—	—	—	—	(86)	(86)
Transfer from other components of equity to retained earnings	(2,173)	(7,385)	—	—	(9,558)	—	—	—
Total transactions with owners	(2,173)	(7,385)	—	—	(9,558)	(43,968)	(13,986)	(57,954)
Balance at September 30, 2018	55,171	—	(30,138)	2,740	27,773	1,397,979	661,292	2,059,271

(5) Condensed Consolidated Statement of Cash Flow

Six months ended September 30, 2017 and 2018

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Earnings before taxes	180,209	184,083
Depreciation and amortization	87,962	93,362
Equity income	(11,556)	(17,078)
Interest and dividend income	(4,171)	(5,767)
Interest expenses	7,914	8,664
(Increase) decrease in trade receivables	(58,106)	16,882
(Increase) decrease in inventories	(15,759)	(21,083)
Increase (decrease) in trade payables	15,840	(3,261)
Increase (decrease) in retirement benefit assets and liabilities, net	2,259	(598)
Other	(1,148)	(5,080)
Subtotal	203,444	250,124
Interest received	1,194	2,487
Dividends received	13,027	20,337
Interest paid	(7,571)	(9,013)
Income tax (paid) received, net	(20,921)	(42,479)
Net cash provided by (used in) operating activities	189,173	221,456
Cash flows from investing activities		
Purchase of property, plant and equipment	(91,399)	(101,101)
Proceeds from sales of property, plant and equipment	1,404	3,967
Purchase of intangible assets	(13,921)	(1,288)
Purchase of other financial assets	(195,226)	(148,434)
Proceeds from sales/redemption of other financial assets	335,670	137,186
Net cash outflow on acquisition of subsidiaries	(1,786)	—
Net cash inflow on sales of subsidiaries	—	83
Payments for transfer of business	(199)	(4,459)
Net (Increase) decrease of time deposits	(60,828)	95
Other	(1,105)	(864)
Net cash provided by (used in) investing activities	(27,390)	(114,815)

	(Millions of yen)	
	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	38,078	(23,709)
Net increase (decrease) in commercial papers	(30,000)	(4,000)
Proceeds from long-term borrowings	51,787	40,514
Repayment of long-term borrowings	(111,262)	(36,760)
Repayment from redemption of bonds	(25,000)	(40,000)
Net (increase) decrease in treasury stock	(25)	(20,015)
Dividends paid to owners of the parent	(17,271)	(24,470)
Dividends paid to non-controlling interests	(18,296)	(15,937)
Proceeds from stock issuance to non-controlling interests	2,902	2,451
Other	(4,835)	(2,523)
Net cash provided by (used in) financing activities	(113,922)	(124,449)
Effect of exchange rate changes on cash and cash equivalents	4,460	3,425
Net increase (decrease) in cash and cash equivalents	52,321	(14,383)
Cash and cash equivalents at the beginning of the period	363,510	277,624
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sales	(122)	(98)
Net increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	364	(35)
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	125	—
Cash and cash equivalents at the end of the period	416,198	263,108

(6) Change in accounting policy

The Mitsubishi Chemical Holdings Group (MCHC Group) adopted IFRS 15 “Revenue from Contracts with Customers” (issued in May 2014) and “Clarifications to IFRS 15” (issued in April 2016) (together, hereinafter “IFRS 15”) from the first quarter of fiscal 2018.

In accordance with the adoption of IFRS 15, the MCHC Group recognizes revenue, based on the following 5-step model, in an amount that reflects the consideration to which the Group expects to be entitled in exchange for goods or services transferred to customers.

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The MCHC Group offers a variety of products and services (see the following table, “Business Segment Information”) to domestic and foreign customers through its business activities in four business segments (“Performance Products,” “Chemicals,” “Industrial Gases” and “Health Care”), primarily by the four operating companies, Mitsubishi Chemical, Mitsubishi Tanabe Pharma, Life Science Institute, and Taiyo Nippon Sanso.

For the sales of such products, because the customer obtains control over the products upon delivery, the performance obligation is judged to have been satisfied and revenue is therefore recognized upon delivery of the products. Revenue is measured at the consideration promised in a contract with a customer, less discounts, rebates, returned products and other items.

Consideration for products under sales contracts is mainly collected within 12 months of the transfer of control over said products and therefore the consideration includes no significant financial elements.

The adoption of IFRS 15 has no material impact on the quarterly consolidated financial statements of the MCHC Group. In the adoption of IFRS 15, the Group has employed the method in which the cumulative effect of applying this standard is recognized at the date of initial application, which is allowed as the transition method. The amount of cumulative effect at the date of initial application of this standard is not material.

Business Segment Information

Business Domain	Business Segment	Business Sub-Segment		
			Businesses	
Performance Products	Performance Products	Functional Products	Electronics and Displays	Optical films, Electronics and displays, Acetyl
			High Performance Films	Packaging films, Industrial films
			Environment and Living Solutions	Aqua and separator solutions, Infrastructure solutions and agricultural materials
			Advanced Moldings and Composites	High performance engineering plastics, Fibers and textile, Carbon fiber and composite materials, Functional moldings and composites, Almina fiber and light metal products
		Performance Chemicals	Advanced Polymers	Performance polymers, Engineering polymers, Sustainable resources
			High Performance Chemicals	Performance chemicals, Performance materials, Food ingredients
			New Energy	Lithium ion battery materials, Energy transduction device materials
Industrial Materials	Chemicals	MMA	MMA	MMA
		Petrochemicals	Petrochemicals	Basic petrochemicals, Polyolefins, Basic chemical derivatives
		Carbon	Carbon	Carbon products
	Industrial Gases			Industrial gases
Health Care	Health Care			Pharmaceuticals
				Life science