May 12, 2014

Mitsubishi Chemical Holdings Corporation
Condensed Consolidated Financial Information
for the Fiscal Year Ended March 31, 2014

1. Business Results for the Fiscal Year Ended March 31, 2014
(Business period: April 1, 2013 to March 31, 2014)

	Millions of Yen		Thousands of U.S. Dollars
	FY2013	FY2012	FY2013
	April 1, 2013 - March 31, 2014	April 1, 2012 - March 31, 2013	April 1, 2013 - March 31, 2014

(1) Results of Operations:

Net sales	**3,498,834**	3,088,577	33,969,262
Operating income	**110,460**	90,241	1,072,427
Income before income taxes and minority interests in consolidated subsidiaries	**116,594**	82,900	1,131,981
Net income	**32,248**	18,596	313,087
Comprehensive income	**134,016**	94,900	1,301,126

(2) Financial Position:

Total assets	**3,479,359**	3,307,758	33,780,184
Inventories	**591,107**	546,965	5,738,903
Property, plant and equipment	**1,118,050**	1,061,551	10,854,854
Short-term and long-term debts	**1,258,186**	1,198,799	12,215,398
Shareholders' equity*	**900,803**	815,503	8,745,660
Ratio of shareholders' equity to total assets (%)	**25.8**	24.6	

* Net assets excluding share subscription rights and minority interests

(3) Cash Flows:

Net cash provided by operating activities	**177,027**	206,504	1,718,709
Net cash used in investing activities	**(159,789)**	(169,758)	(1,551,350)
Net cash used in financing activities	**(8,307)**	(26,250)	(80,650)
Cash and cash equivalents at end of the period	**179,556**	153,120	1,743,262

(4) General:

Capital expenditures	**133,339**	132,221	1,294,553
Depreciation and amortization (excld. goodwill)	**131,571**	129,549	1,277,388
R&D expenditures	**134,260**	134,723	1,303,495
Employees (number)	**56,031**	55,131	

(5) Per Share:

		(Yen)	(U.S. dollar)
Net income - Basic	**21.89**	12.61	0.21
- Diluted	**21.45**	12.11	0.21
Shareholders' equity	**611.95**	553.54	5.94

* Net income per share is based on the average number of common shares (excluding treasury stocks) during the respective period.
[FY2013] 1,472,574 [FY2012] 1,474,145 (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, 2014] 1,472,019 [March 31, 2013] 1,473,234 (Thousands of shares)

(6) Ratio of Net Income to:

		(%)
Shareholders' equity**	**3.7**	2.3
Total assets**	**0.9**	0.5
Net sales	**0.9**	0.6

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

	Millions of Yen		Thousands of U.S. Dollars
	FY2013	FY2012	FY2013
	April 1, 2013 - March 31, 2014	April 1, 2012 - March 31, 2013	April 1, 2013 - March 31, 2014

(7) Segment Information:

[Net Sales by Segment]

Electronics Applications	**133,675**	118,194	1,297,816
Designed Materials	**790,901**	689,739	7,678,650
Health Care	**531,285**	514,379	5,158,107
Chemicals	**955,088**	903,637	9,272,699
Polymers	**858,435**	675,676	8,334,320
Others	**229,450**	186,952	2,227,670
Total	**3,498,834**	3,088,577	33,969,262

[Operating Income (loss) by Segment]

Electronics Applications	**(5,519)**	(5,071)	(53,583)
Designed Materials	**46,506**	22,521	451,515
Health Care	**68,270**	74,941	662,816
Chemicals	**710**	(230)	6,893
Polymers	**2,307**	111	22,398
Others	**5,675**	6,491	55,097
Elimination & corporate	**(7,489)**	(8,522)	(72,709)
Total	**110,460**	90,241	1,072,427

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

Electronics Applications	**116,108**	117,618	1,127,262
Designed Materials	**814,381**	746,981	7,906,612
Health Care	**1,028,641**	971,618	9,986,806
Chemicals	**670,909**	669,043	6,513,680
Polymers	**799,640**	715,731	7,763,495
Others	**663,686**	516,196	6,443,553
Elimination & corporate costs	**(614,006)**	(429,429)	(5,961,223)
Total	**3,479,359**	3,307,758	33,780,184

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

Electronics Applications	**5,677**	6,345	55,117
Designed Materials	**38,534**	44,702	374,117
Health Care	**15,969**	14,288	155,039
Chemicals	**28,005**	27,930	271,893
Polymers	**38,390**	30,661	372,718
Others	**3,161**	3,419	30,689
Corporate costs	**1,835**	2,204	17,816
Total	**131,571**	129,549	1,277,388

[Capital Expenditures by Segment]

Electronics Applications	**6,678**	6,011	64,835
Designed Materials	**51,183**	56,302	496,922
Health Care	**20,307**	15,532	197,155
Chemicals	**25,517**	20,458	247,738
Polymers	**25,493**	24,185	247,505
Others	**3,226**	3,891	31,320
Corporate	**935**	5,842	9,078
Total	**133,339**	132,221	1,294,553

Notes:

1 From the end of FY2013, the Company has 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). (However, paragraph 35 of "Accounting Standard for Retirement Benefits" and paragraph 67 of "Guidance on Accounting Standard for Retirement Benefits" are excluded from the application.)
As a result, as of March 31, 2014, the Company recorded net defined benefit asset of 31,240 million yen and net defined benefit liability of 121,706 million yen, increased accumulated other comprehensive income by 6,608 million yen. Also, shareholders' equity per share increased by 4.48 yen at the end of FY2013.

2 Effective from FY2013, domestic consolidated subsidiaries using declining-balance method to depreciate their property, plant, and equipment have changed the depreciation method to the straight-line method. This change increased "operating income" and " income before income taxes and minority interests in consolidated subsidiaries" by 12,467 million yen and 12,670 million yen, respectively, for FY2013.

3 Mitsubishi Tanabe Pharma Corporation (MTPC) acquired 60% of the shares of Medicago Inc. on September 18, 2013. The total acquisiton costs were 20,882 million yen and MTPC recognized goodwill in the amount of 7,029 million yen.

4 Mitsubishi plastics, Inc. (MPI) acquired the remaining shares of Aquamit B.V. on May 21, 2013, making Aquamit a wholly owned subsidiary of MPI. The total acquisition costs were 16,487 million yen and MPI recognized goodwill in the amount of 12,055 million yen.

5 The purchase price allocation for the acquisition of Qualicaps Co., Ltd. was finished in FY2013. So, the amount of goodwill changed from 44,660 million yen to 32,342 million yen, with recognized newly intangible assets in the amount of 19,062 million yen.

2. Prospects for the Following Fiscal Year

	Millions of Yen		Thousands of U.S. Dollars	
	The First Half of FY2014	FY2014	The First Half of FY2014	FY2014
	April 1, 2014 - September 30, 2014	April 1, 2014 - March 31, 2015	April 1, 2014 - September 30, 2014	April 1, 2014 - March 31, 2015
Net sales	1,720,000	3,530,000	16,699,029	34,271,845
Operating income	56,500	136,000	548,544	1,320,388
Net income	10,000	38,000	97,087	368,932
		(Yen)		(U.S. dollar)
Net income per share - Basic	6.79	25.81	0.07	0.25

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 103 yen to US$1, the approximate exchange rate prevailing in the Tokyo foreign exchange market at the end of March 2014.

3. Business Performance and Financial Position

(1) Business Performance

1) Consolidated Performance for the Fiscal Year Ended March 31, 2014 (Fiscal 2013)

Overview of General Performance

In the business environment surrounding the Mitsubishi Chemical Holdings Group during fiscal 2013, the Performance Products and Industrial Materials domains continued trends toward mild recovery in overseas demand, despite weak economic recovery in China and Europe. On the other hand, domestic demand trended toward gradual recovery, bolstered by an improved export environment brought by monetary and fiscal policies that resulted in depreciation of the high yen. The Health Care domain faced severe conditions with the expansion of generic drug use as well as other factors in Japan, despite favorable sales figures of license-out products in overseas markets.

Under the circumstances, the consolidated financial results for fiscal 2013 compared to the previous fiscal year were as follows. Net sales increased by ¥410.2 billion, or 13.3%, to ¥3,498.8 billion due to changes in a certain number of consolidated subsidiaries' accounting periods among other factors. Owing to strong demand for items such as display-related products centering on touch panels, to reductions in costs, and to increases derived from depreciation of the yen, operating income increased by ¥20.3 billion, or 22.4%, to ¥110.5 billion, and ordinary income increased by ¥16.0 billion, or 18.4%, to ¥103.1 billion, despite a continued weak supply-demand balance in some petrochemical-related product business. Net income increased by ¥13.6 billion, or 73.4%, to ¥32.2 billion, due to extraordinary gains associated with the *Remicade* attribution award in pharmaceuticals and others.

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 increased by ¥15.5 billion, or 13.1%, to ¥133.7 billion. Operating loss increased by ¥0.4 billion, to ¥5.5 billion.

In recording media, net sales increased due to changes in overseas consolidated subsidiaries' accounting periods among other factors, despite an overall decline in sales volumes, which was partially due to reduction in the size of the DVD market and to lower prices mainly in portable hard disk drives. In information and electronics-related materials, net sales decreased due to the downward trend of sales pricing despite an increase in sales volumes in display materials and phosphors for

LEDs and to the fact that precision cleaning and recycling of wafers for semiconductors, etc. remained at low levels. In imaging supplies, net sales increased due to depreciation of the yen, etc., although demand remained generally flat for OPC drums, toners, and chemical toners.

A major initiative in the Electronics Applications segment during fiscal 2013 included:

- Mitsubishi Chemical Corporation and Pioneer Corporation established a joint venture company, MC Pioneer OLED Lighting Corporation, to market OLED lighting panels. By integrating both companies' OLED lighting panel sales and marketing functions into the new joint venture company, they plan to speed up application and market development for OLED lighting panels. (June 2013)
- Mitsubishi Chemical Corporation and Pioneer Corporation announced the first shipment of samples for OLED lighting modules (white monochromatic type) employing a wet coating process for both the light-emitting layer and the underlying layer, significantly reducing production costs. (September 2013)
- Mitsubishi Chemical Corporation and Pioneer Corporation announced the start of mass production and shipment of OLED lighting modules made with a wet coating process for both the light-emitting layer and the underlying layer. (March 2014)

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 ¥101.2 billion, or 14.7%, to ¥790.9 billion. Operating income increased by ¥24.0 billion, or 106.7%, to ¥46.5 billion.

In food ingredients, business continued favorably. In battery materials, net sales increased due to trends toward increasing sales in materials for automobile batteries, despite a decrease in selling prices in general. In fine chemicals, net sales increased due to continued strong demand in coating materials for automobiles, etc. In polymer processing products, net sales increased significantly, as sluggish overseas demand for general-use polyester films and the piping business* transfer completed in December 2012 were offset by generally favorable sales of films for flat panel displays, strong demand of films for touch panel displays, depreciation of the yen, and changes in some overseas consolidated subsidiaries' accounting periods. In composite materials, net sales of alumina fibers continued favorably, and net sales of carbon fibers also increased significantly due to greater sales volumes brought by trends toward recovery in demand and to depreciation of the yen. In inorganic chemicals, net sales increased due to a selling price adjustment in response to an increase in raw material prices, in addition to trends toward recovery in demand. In fibers, net sales increased significantly due to continued favorable sales generally and depreciation of the yen.

*excluding business in piping made of PE-X materials

Major initiatives in the Designed Materials segment during fiscal 2013 included:

- Mitsubishi Rayon Co., Ltd. announced that the company transferred part of stocks of its subsidiary, Toyama Filter Tow Co. Ltd., which produces acetate tow for cigarette filters, to Daicel Corporation, thus establishing a joint venture company. Through this joint venture company, an internationally competitive production system for acetate tow for cigarette filters can be set up. (May 2013)
- Mitsubishi Plastics, Inc. announced the purchase of 50% of the issued and outstanding stock in Aquamit B.V., the holding company of Quadrant AG. This action makes Quadrant a wholly owned subsidiary of Mitsubishi Plastics. (May 2013)
- Mitsubishi Rayon Co., Ltd. announced the founding of a joint research and development center with Yangtze Delta Region Institute of Tsinghua University, Zhejiang, PRC, to establish technologies for industrial waste water treatment using membrane bio reactors, and to develop optimal filtering materials and other products for household water purifiers. (June 2013)
- Mitsubishi Chemical Corporation and Samyang Corporation reached an agreement to establish a joint venture to manufacture ion exchange resins in Korea, a move that will strengthen their ion exchange resin business in Asian markets. (July 2013)
- Mitsubishi Rayon Co., Ltd. announced that it acquired shares in Wellthy Corporation, which manufactures, sells, and maintains groundwater membrane filtration systems and made Wellthy its consolidated subsidiary, to enhance water treatment systems and services. (November and December 2013)
- Mitsubishi Plastics, Inc. announced the expansion of production facility within its Azai Plant featuring a clean room, which enables production of high-quality products for food packaging and medical care. The facility will produce *DIAMIRON*, its co-extruded, multi-layered film. (December 2013)
- Mitsubishi Plastics, Inc. announced the establishment of Mitsubishi Plastics Converting Film Wuxi Co., Ltd., a polyester film processing subsidiary that will supply the Chinese market with release film and other materials for polarizers used in LCD TVs. (December 2013)
- Mitsubishi Chemical Corporation announced its decision to acquire shares in its consolidated subsidiary Chuo Rika Kogyo Corporation to make it its wholly owned subsidiary. The company also acquired shares in its consolidated subsidiary Nippon Kasei Chemical Co., Ltd. These measures are aimed at enhancing its partnerships with Chuo Rika Kogyo and Nippon Kasei Chemical in the specialty chemicals business. (December 2013)
- Mitsubishi Plastics, Inc. announced its decision to set up a new production line for KTF, a moisture transmission film used mainly as a backing sheet for disposable diapers, at the plant of its subsidiary, PT. MC PET FILM INDONESIA. (January 2014)

Health Care Segment, Health Care Domain

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

Net sales in this segment increased by ¥16.9 billion, or 3.3%, to ¥531.3 billion. Operating income decreased by ¥6.6 billion, or 8.8%, to ¥68.3 billion, primarily due to increased R&D expenses.

In the pharmaceutical business, net sales decreased due to a decrease in sales volumes of long-listed pharmaceuticals caused by the expanding impact of generic drugs, dissolution of partnerships in some businesses, and others, despite the contribution of expanded sales of *Remicade*, an anti-TNFα monoclonal antibody and *Simponi*, anti-rheumatoid arthritis, and royalty revenues of a treatment for multiple sclerosis. In diagnostic reagents and instruments and clinical testing, net sales increased due to greater sales in diagnostics, despite weak sales in the new pharmaceutical development support business. Net sales of pharmaceutical formulation materials in Qualicaps Co., Ltd., which became a consolidated subsidiary of Mitsubishi Chemical Holdings Corporation as of March 2013, have been included since the first half of fiscal 2013.

Major initiatives in the Health Care segment during fiscal 2013 included:

- Mitsubishi Chemical Holdings Corporation established Healthy Life Compass Corporation and announced that the new company now offers health status self-check services called *Jibun Karada Club* at drugstores. (April 2013)
- Mitsubishi Tanabe Pharma Corporation obtained approval for partial changes relating to an additional indication of atrial fibrillation (tachycardiac) for selective β1 blocker, *MAINTATE* Tablets. (June 2013)
- Mitsubishi Chemical Medience Corporation announced collaboration with Laboratory Corporation of America Holdings for the purpose of creating a stronger base for global joint clinical trials in support of global development of new pharmaceuticals. (June 2013)
- Mitsubishi Tanabe Pharma Corporation announced that VIVUS obtained marketing authorization from the European Commission for TA-1790, a phosphodiesterase type 5 inhibitor that Mitsubishi Tanabe Pharma developed as a treatment of erectile dysfunction. (June 2013)
- Mitsubishi Tanabe Pharma Corporation announced its decision to consolidate the current five existing production sites of its consolidated subsidiary Mitsubishi Tanabe Pharma Factory Ltd. (MTPF) into two sites as part of Mitsubishi Tanabe Pharma’s efforts to accelerate operational and structural reforms. At the same time, Mitsubishi Tanabe Pharma reached a basic agreement with CMIC HOLDINGS Co., Ltd. on the transfer of the MTPF production site in Ashikaga. (August 2013)
- Mitsubishi Tanabe Pharma Corporation announced that its consolidated subsidiaries Tianjin Tanabe Seiyaku Co., Ltd. and P.T. Tanabe Indonesia will both build their own new production

facilities. The planned facilities are aimed at expanding production capability and meeting new good manufacturing practice (GMP) standards. (August and September 2013)

- Mitsubishi Tanabe Pharma Corporation announced that the company received an arbitration decision from the International Chamber of Commerce in a dispute with Janssen Biotech, Inc. The dispute involved the supply price revision for *Remicade* 100mg IV Solution, an anti-TNFαmonoclonal antibody sold by the company in Japan. Mitsubishi Tanabe Pharma was reimbursed approximately $117 million for overpayments from April 2008 to March 2013. (August 2013)
- Mitsubishi Tanabe Pharma Corporation announced the acquisition of a 60% shares in Medicago Inc., a Canadian biological pharmaceutical company with special strengths in R&D for new vaccines using virus like particle (VLP) technology. The move will strengthen the Mitsubishi Tanabe Pharma pipeline in the vaccine area and build a global management foundation. After the acquisition, Medicago will operate as a joint venture owned by Mitsubishi Tanabe Pharma and Philip Morris Investments B.V. (September 2013)
- Mitsubishi Tanabe Pharma Corporation and its subsidiary Bipha Corporation received administrative actions issued by the Minister of Health, Labour and Welfare. These administrative actions were issued in regard to a violation of the Pharmaceutical Affairs Law of Japan related to *Medway* Injection 5% and *Medway* Injection 25%, which are recombinant human serum albumin products. (September 2013)
- Mitsubishi Tanabe Pharma Corporation and Daiichi Sankyo Co., Ltd. announced that Mitsubishi Tanabe Pharma received approval of a partial change in indication for *TENELIA* 20mg tablets for the treatment of type 2 diabetes mellitus, and *TENELIA* is available for combination therapy with existing oral hypoglycemic agents and insulin preparations. (December 2013)
- Mitsubishi Chemical Holdings Corporation announced that the establishment of Life Science Institute, Inc. as of April 1, 2014. Mitsubishi Chemical Holdings will place the Group’s healthcare-related businesses except for pharmaceuticals under the Life Science Institute management umbrella and work to strengthen the Institute’s position and support its expansion. (February 2014)

Chemicals Segment, Industrial Materials Domain

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

Net sales in this segment increased by ¥51.5 billion, or 5.7%, to ¥955.1 billion. Operating income increased by ¥0.9 billion, to ¥0.7 billion mainly due to lump sum of revenue from the licensing agreement for carbon products in the previous fiscal year and a limited improvement in the cost-price differential, raw material to product, of petrochemical-related products, among other factors, despite reductions in fixed costs.

The production volume of ethylene, a basic raw material of petrochemicals, was 1,141 thousand tons, or 0.6% increase compared to the previous fiscal year. In basic petrochemicals and chemical derivatives, net sales increased dramatically, mainly due to selling price adjustments in response to increases in raw materials and fuel prices, and to trends toward gradual recovery in demand. In synthetic fiber materials, net sales for terephthalic acid increased due to greater sales volumes in India and depreciation of the yen, despite the sluggish market situation brought about in part by an imbalance between supply and demand resulting from an increase in supply capacity. In carbon products, net sales of blast furnace coke decreased due to lower sales prices responding to a decline in coking coal price, despite continued favorable sales.

Major initiatives in the Chemicals segment during fiscal 2013 included:

- Mitsubishi Chemical Holdings Corporation and Asahi Kasei Corporation concluded an agreement to unify the naphtha crackers jointly operated by Mitsubishi Chemical Corporation and Asahi Kasei Chemicals Corporation at a Mitsubishi Chemical facility in Mizushima, in a move to optimize the production configuration, increase efficiency, strengthen competitiveness, and enhance earnings capacity. (February 2014)

Polymers Segment, Industrial Materials Domain
(Synthetic resins)

Net sales in this segment increased by ¥182.7 billion, or 27.0%, to ¥858.4 billion. Operating income increased by ¥2.2 billion, to ¥2.3 billion due to a differential improvement between raw material costs and product prices, primarily in polyolefins, and continued strong demand for performance polymers, mainly for automobiles, despite an increase in fixed costs in accordance with the revamp of a facility for methyl methacrylate (MMA) monomers in North America.

In synthetic resins, net sales increased considerably due to trends toward gradual recovery in domestic demand of polyolefin, an overall selling price adjustment as a result of raw material and fuel price increases, depreciation of the yen, and changes in overseas MMA-related consolidated subsidiaries' accounting periods, despite continued weak demand overseas for MMA monomers and others.

Major initiatives in the Polymers segment during fiscal 2013 included:

- Mitsubishi Chemical Corporation announced acquisition of compounding business from Comtrex LLC to strengthen its performance polymers business base for the automotive industry in North America. (April 2013)
- Mitsubishi Chemical Corporation, Japan Polychem Corporation, and JNC Corporation announced that they transferred their polypropylene compound-related businesses to Japan Polypropylene Corporation in order to achieve integral management of polypropylene compound-related

business in Japan and overseas as well as develop the business further in global markets. (April 2013)

- Mitsubishi Chemical Corporation announced the establishment of regional headquarters for the performance polymers business in Europe and China — Mitsubishi Chemical Performance Polymers Europe B.V. and Mitsubishi Chemical Performance Polymers (China) Co., Ltd. (renamed APCO (SUZHOU) CO., LTD.), respectively. (October 2013)
- Mitsubishi Rayon Co., Ltd. announced its plan to expand the MMA monomer production facilities at its subsidiary Lucite International (China) Chemical Industry Co., Ltd. The capacity of the existing facilities will be expanded from 93,000 t/y to 175,000 t/y. (October 2013)
- Japan Polyethylene Corporation, a consolidated subsidiary of Mitsubishi Chemical Corporation, announced the shutdown of one linear low-density polyethylene production line at its Kashima Plant. (March 2014)

Others

(Engineering, Logistics, and Warehousing)

Net sales in this segment increased by ¥42.4 billion, or 22.7%, to ¥229.4 billion. Operating income decreased by ¥0.8 billion, or 12.3%, to ¥5.7 billion.

In engineering and logistics, despite a decrease in external orders for logistics, net sales increased primarily due to the steady performance of engineering business in general and changes in a part of overseas consolidated subsidiaries' accounting periods and depreciation of the yen.

Group in general

A major initiative in the Group in general other than the above-mentioned segments during fiscal 2013 included:

- Mitsubishi Chemical Holdings Corporation and its affiliate Taiyo Nippon Sanso Corporation announced the execution of a capital and business tie-up to generate synergies through business alliance and mutual use of sales channels in the industrial gas-related business. The Mitsubishi Chemical Holdings Group plans to increase its investment ratio to as high as 27%. (September 2013)

2) Business Forecasts for the Fiscal Year Ending March 31, 2015 (Fiscal 2014)

While a slight dip is expected in the Japanese economy as a result of raising the consumption tax, with monetary policies and governmental economic policies as an underpinning, the nation's economy is expected to continue its gradual recovery. Where the global economy is concerned, industrialized countries such as the U.S. and Europe are expected to continue their slow recoveries. Nevertheless, the effect of tightened U.S. monetary policies, slowed growth in China and other emerging economies, geopolitical risks, etc., may cause a downturn in economies abroad.

Concerning our various businesses, as with fiscal 2013, we will continually push forward cost reduction, and anticipate increased profits in the Polymers segment, mostly due to stabilized production of MMA monomers in North America. Further, the Health Care segment will be affected by new NHI drug pricing of pharmaceuticals, but income from royalties should allow us to maintain profitability on a level with fiscal 2013.

In light of the above-mentioned circumstances, forecasts of the consolidated financial results for fiscal 2014, as compared to fiscal 2013, are as follows. Net sales is expected to increase by ¥31.2 billion, to ¥3,530.0 billion. Operating income is expected to increase by ¥25.5 billion, to ¥136.0 billion. Ordinary income is expected to increase by ¥23.9 billion, to ¥127.0 billion. Net income is expected to increase by ¥5.8 billion, to ¥38.0 billion.

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

(Billions of yen, unless otherwise noted)

	Actual results for fiscal 2013	Forecasts for fiscal 2014
Capital expenditure	133.3	135.0
Depreciation	131.6	132.0
R&D expenses	134.3	134.0
Exchange rate (¥/$)	101*	102**
Naphtha (¥/kl)	67,300	70,000

*Average from April 2013 through March 2014
**Average from April 2014 through March 2015

(2) Financial Position

1) Consolidated Financial Position at the End of Fiscal 2013

Total assets were ¥3,479.4 billion, an increase of ¥171.6 billion compared to the end of fiscal 2012. The increase was due primarily to an increase in an equivalent amount in the yen in assets of overseas consolidated subsidiaries in accordance with a correction of the yen appreciation.
Liabilities were ¥2,164.5 billion, an increase of ¥60.0 billion compared to the end of fiscal 2012, primarily due to an increase in an equivalent amount in the yen in liabilities of overseas consolidated subsidiaries in accordance with a correction of the yen appreciation.
Net assets were ¥1,314.9 billion, an increase of ¥111.6 billion compared to the end of fiscal 2012, due primarily to an increase in foreign currency translation adjustment, reflecting weaker yen at the end of fiscal 2013 compared to the exchange rate at the end of fiscal 2012.

Accordingly, shareholders' equity ratio increased by 1.2% point, to 25.8%, and net debt-equity ratio* decreased by 0.04 to 1.11 compared to the end of fiscal 2012.

*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 2013

Free cash flow, which consists of cash flows from operating and investing activities, was cash inflow of ¥172.0 billion, a decrease of ¥19.5 billion compared to fiscal 2012.
Net cash provided by operating activities totaled ¥177.0 billion, a decrease of ¥29.5 billion compared to fiscal 2012, primarily due to an increase in operating capital brought about by rising raw material costs, securing inventories for regular maintenance, despite ¥116.6 billion of income before income taxes and minority interests in consolidated subsidiaries and depreciation.
Net cash used in investing activities totaled ¥169.8 billion, an increase of ¥106.4 billion compared to fiscal 2011, primarily due to cash inflows from the sale of investment securities and tangible fixed assets, despite outflows from capital expenditures and a capital increase in Taiyo Nippon Sanso Corporation and stock acquisitions by making Medicago, Inc. a consolidated subsidiary and making Aquamit B.V. a wholly owned subsidiary.
Net cash used in financing activities totaled ¥8.3 billion, a decrease of ¥18.0 billon compared to fiscal 2012, primarily due to dividend payments, despite cash inflows from issuance of commercial paper and short-term loans.
As a result, cash and cash equivalents stood at ¥179.6 billion, an increase of ¥26.5 billion compared to the end of fiscal 2012, due to the effect of exchange rate changes on cash and cash equivalents of ¥17.6 billion, in addition to the above-mentioned factors.

3) Forecasts for Consolidated Statements of Cash Flows for Fiscal 2014

Free cash flow for fiscal 2014 is expected to increase compared to fiscal 2013 primarily due to continuous capital expenditure control and operating capital reductions, although income before income taxes is expected to be ¥115.0 billion and to remain virtually unchanged from fiscal 2013.

4) Cash Flow Ratios

	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013
Ratio of shareholders' equity to total assets (%)	23.0	24.2	24.6	25.8
Ratio of market value shareholders' equity to total assets (%)	23.4	20.5	19.3	18.1
Debt payment year (year)	4.5	5.3	5.8	7.1
Interest coverage ratio (times)	18.1	13.2	13.7	10.9

・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 2014, Mitsubishi Chemical Holdings intends to pay out a year-end dividend of ¥6 per share for fiscal 2013, 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 2014, 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 corporate activities are based on the three decision criteria of “Sustainability [Green],” “Health,” and “Comfort.” While corporations are expected to find solutions to global-scale problems, they must devise a new key performance axis that goes beyond the pursuit of profit alone for sustainable growth. Under this idea, the Group has adopted an approach called *KAITEKI* management — enhancing corporate value by applying different time frames to the management of three aspects of our business: Management of Sustainability (MOS), which aims to enhance sustainability for people, society, and our planet, in addition to management, which emphasizes capital efficiency using financial indices such as operating income and return on assets (ROA), and Management of Technology (MOT), which fosters the creation of innovative technologies. In November 2013, the Group settled upon THE KAITEKI COMPANY as our corporate brand and the basis upon which we will work to further raise our Group value. Our aim, through business activities based on *KAITEKI* management, is to create a group of companies that realize improved lifestyles for people, create more comfortable societies, and make all corporate and societal activities truly sustainable for the Earth and the global environment.

(2) Medium- to Long-term Management Strategy

Fiscal 2015 (ending March 31, 2016) is the final year of *APTSIS 15*, our current five-year medium-term management plan. Based on this plan, we have pushed forward to reform business structures, orchestrate the Group's strengths to generate synergies amongst the Group, and improve our financial standing. In the Performance Products domain, we will expand our specialty chemicals business and speed up its globalization. Further, we will work toward early expansion of profitability in carbon fiber and composite materials, water treatment systems and services, agribusiness solutions, organic photo-semiconductors, and more. In the Health Care domain, we will work to develop pharmaceutical products for medical needs that currently have no effective treatment, and with the establishment of Life Science Institute, Inc. in April 2014, we plan to solidify the foundations of our healthcare solution businesses and expand their activities. In the Industrial Materials domain, we will continue business structural reforms such as restructuring of our ethylene centers, and with our MMA business, we plan to establish the optimum global operation systems. This will include responding to the shale gas revolution to maintain and enhance our advantages. We will also take various measures such as acquiring strategic businesses and entering strategic alliances that will continue to move us forward.

In fiscal 2013, with changing business climates, we have continued thorough group-wide efforts on cost reduction, re-examining capital expenditures, scaling back assets, and other measures. Specific measures for business structural reforms include an agreement by Mitsubishi Chemical Holdings Corporation and Asahi Kasei Corporation to unify naphtha crackers jointly operated by Mitsubishi Chemical Corporation and Asahi Kasei Chemicals Corporation in Mizushima into Mitsubishi Chemical's facility. Looking at our business operations in performance polymers, carbon fiber and composite materials, and water treatment systems and services, we have strengthened the foundation of these sectors and moved to expand them with strategic investments. In October 2013, we increased our ownership stake in Taiyo Nippon Sanso Corporation, which helped improve synergy with the industrial gas, electronics, and healthcare business areas. To orchestrate the Group's strengths to generate synergies, we established MCHC R&D Synergy Center, Inc. (RDSC), which aims to collect and integrate common platform technologies from the R&D operations of our operating companies and take those technologies to a higher level.

(3) Management Indices

As stated above, the Mitsubishi Chemical Holdings Group is implementing the medium-term management plan *APTSIS 15*. In executing the latter three years of this five-year plan (fiscal 2013-2015), we aim to enhance the effectiveness of our management and focus on improving business performance through self-reliant efforts, by categorizing businesses as stable, growth driver, and volatile from the viewpoints of sensitivity to business climate changes. We will also follow the conventional four-quadrant model in business portfolio management to maximize business profitability and competitiveness (by categorizing our operations as next-generation growth businesses, growth businesses, cash-generating businesses, and businesses to be restructured, according to the life stage of each business). The numerical targets and results for fiscal 2013 are shown below.

	Revised targets for fiscal 2015	Actual results for fiscal 2013
Operating income	¥280.0 billion	¥110.5 billion
ROA (Income before income taxes/Total assets)	≥7%	3.4%
Net debt-to-equity ratio	0.8*	1.11
Net debt-to-equity ratio (Including minority interests in consolidated subsidiaries)	0.5*	0.76
Overseas sales ratio	≥45%	41.6%

*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, 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, Europe, and PRC, and are working to enhance compliance and risk management.

We will further pursue contributions to sustainability of people, societies, and our planet, and aim to become a corporate group trusted by society.

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], [10] through [13], and [15] hereof.