



## Overview of Business Results for First Quarter of Fiscal Year Ending March 2006 (Consolidated)

August 3, 2005

Name of Company: Mitsubishi Gas Chemical Company, Inc.  
(Company Code Number: 4182, Share traded: TSE, OSE, and NSE)  
(URL <http://www.mgc.co.jp>)

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### 1. Important bases for presenting consolidated quarterly report

#### 1) Adoption of convenient accounting method: Adopted

Some income tax calculations are based on this convenient method.

#### 2) Changes in accounting methods since latest fiscal year: Changed

“Accounting standards for impairment of fixed assets” adopted.

Classification of business segments adopted for description of segment information changed.

#### 3) Change in number of consolidated subsidiaries and equity method applied companies: Changed

One new consolidated subsidiary is included.

### 2. Summary of consolidated financial results for First Quarter of FY2005 (For period from April 1, 2005 to June 30, 2005)

#### (1) Consolidated operating results

Note: Figures are rounded down to the nearest million yen.

|                        | Net sales   |      | Operating income |       | Ordinary income |       | Net income for the first quarter |      |
|------------------------|-------------|------|------------------|-------|-----------------|-------|----------------------------------|------|
|                        | million yen | %    | million yen      | %     | million yen     | %     | million yen                      | %    |
| First quarter, FY2005  | 101,620     | 10.6 | 7,574            | 31.2  | 9,938           | 22.3  | 7,058                            | 23.5 |
| First quarter, FY2004  | 91,907      | 16.2 | 5,773            | 236.9 | 8,127           | 129.3 | 5,713                            | –    |
| FY2004 (for reference) | 388,589     |      | 30,868           |       | 37,726          |       | 23,348                           |      |

|                        | Net income for the quarter per share | Net income for the quarter per share, fully diluted |
|------------------------|--------------------------------------|---|
|                        | Yen sen                              | Yen sen   |
| First quarter, FY2005  | 15.26                                | –   |
| First quarter, FY2004  | 12.35                                | –   |
| FY2004 (for reference) | 50.41                                | –   |

Note: (1) Percentage figures for net sales and operating income indicate percentage of change on a year-to-year basis. The year-to-year percentage change for the first quarter of FY2004

is not indicated for net income, since net income for the first quarter of FY2003 was not disclosed.

- (2) Investment profit on equity method
  - First quarter of FY2005: 2,534 million yen
  - First quarter of FY2004: 2,758 million yen
  - FY2004: 11,834 million yen
- (3) Average number of shares outstanding during term (consolidated)
  - First quarter of FY2005: 462,396,933 shares
  - First quarter of FY2004: 462,551,768 shares
  - FY2004: 462,495,163 shares

#### [Qualitative Information regarding Consolidated Operating Business]

The MGC group's business results for the first quarter of FY2005 (from April 1, 2005 to June 30, 2005) were: net sales of 101.6 billion yen (a year-on-year increase of 9.7 billion yen, or up 10.6%), 7.5 billion yen for operating income (a year-on-year increase of 1.8 billion yen, or up 31.2%), 9.9 billion yen for ordinary income (a year-on-year increase of 1.8 billion yen, or up 22.3%), and 7.0 billion yen for net income for the quarter (a year-on-year increase of 1.3 billion yen, or up 23.5%), showing improvements in all aspects from the previous year's first quarter.

On the whole, demand remained steady during the first quarter, and both domestic and overseas sales increased. Operating income also increased over the previous year's first quarter, as a result of product price corrections, cost improvements, etc., while the purchase prices for methanol and petrochemical materials remained high.

#### [Natural gas chemicals]

Methanol has maintained high prices, because a tight supply-demand balance has continued. Overseas methanol companies maintained a steady performance. Methanol derivative products also remained steady in general, owing to production price corrections, reductions in fixed costs, etc., while some products targeting China, etc. showed a sense of stagnation.

As a consequence, net sales and operating income were 27.5 billion yen and 1.5 billion yen respectively.

#### [Aromatic chemicals]

Although the price of raw material xylene has remained high, production prices of paraxylene have also risen. Therefore net sales have increased over the previous year's first quarter. MX nylon and other methaxylene products have also maintained a steady performance.

As a consequence, net sales and operating income were 31.0 billion yen and 1.3 billion yen respectively.

[Specialty chemicals]

With regard to hydrogen peroxide, sales for new industrial uses and for paper and pulp have showed a steady performance. As for chemicals for use in the electronics industry, growth in chemicals for use in the manufacture of semiconductors contributed to increases both in sales and profits. Favorable performance was also seen in engineering plastics, polycarbonate and other plastics for the electrical, electronics and automobile industries, as well as polycarbonate sheets and films.

As a consequence, net sales and operating income were 28.3 billion yen and 2.4 billion yen respectively.

[Advanced materials]

While materials for printed circuit boards showed a trend toward recovery in demand that had previously been shrinking since the latter half of the previous year, total sales decreased over the previous year's first quarter. For oxygen absorbers, "AGELESS<sup>®</sup>" exhibited a performance nearly the same as the first quarter of the previous year.

As a consequence, net sales and operating income were 14.4 billion yen and 2.0 billion yen respectively.

(2) Consolidated financial position

|                        | Total assets | Shareholders' equity | Shareholders' Equity ratio | Shareholders' equity per share |
|------------------------|--------------|----------------------|----------------------------|--------------------------------|
|                        | million yen  | million yen          | %                          | yen sen                        |
| First quarter, FY2005  | 498,813      | 209,313              | 42.0                       | 452.68                         |
| First quarter, FY2004  | 487,664      | 185,222              | 38.0                       | 400.44                         |
| FY2004 (for reference) | 494,577      | 203,306              | 41.1                       | 439.60                         |

Note: Number of shares outstanding at the term end  
 First quarter of FY2005: 462,389,317 shares  
 First quarter of FY2004: 462,542,864 shares  
 FY2004: 462,403,064 shares

[Consolidated Cash Flows]

|                        | CF from operating activities | CF from investment activities | CF from financing activities | Cash and cash equivalents at the term end |
|------------------------|------------------------------|-------------------------------|------------------------------|---|
|                        | million yen                  | million yen                   | million yen                  | million yen                               |
| First quarter, FY2005  | 325                          | -3,412                        | -4,162                       | 21,645                                    |
| First quarter, FY2004  | -                            | -                             | -                            | -   |
| FY2004 (for reference) | 29,119                       | -15,629                       | -16,536                      | 28,696                                    |

Note: Statements of cash flows were not disclosed for the first quarter of FY 2004.

[Qualitative Information regarding Consolidated Financial Position]

[Consolidated financial position]

Total assets as of the end of the first quarter of FY2005 increased by 4.2 billion yen over the previous fiscal year end to 498.8 billion yen, largely due to increases in accounts receivable and inventories.

Total liabilities as of the end of the first quarter were 282.1 billion yen, a decrease of 1.9 billion yen from the previous fiscal year end, owing largely to a decrease in debts.

Shareholders' equity stood at 209.3 billion yen, a increase of 6.0 billion yen from the previous fiscal year end, and shareholders' equity per share increased from 439.60 yen to 452.68 yen.

[Consolidated cash flows]

Net cash from operating activities resulted in an inflow of cash of 0.3 billion yen, because the total increase in cash arising from net income before income tax for the first quarter, depreciation and amortization, etc. exceeded the total decrease caused by increases in accounts receivable, inventories, etc. Net cash used in investing activities resulted in an outflow of 3.4 billion yen, due to the acquisition of fixed assets and so on. Net cash from financing activities resulted in an outflow of 4.1 billion yen mainly due to repayments of interest-bearing liabilities. In summary, total cash balance as of the end of the first quarter of FY2005 was 21.6 billion yen.

3. Consolidated Business Outlook for FY2005 (For the period from April 1, 2005 to March 31, 2006)

Results for the first quarter of FY2005 were generally as forecast, so that interim and annual forecasts for FY2005 remain unchanged as announced on May 16, 2005.