



# **MITSUBISHI GAS CHEMICAL COMPANY, INC.**

Consolidated Financial Results for the First Quarter  
of the Fiscal Year Ending March 31, 2010

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product launches, and pricing and product initiatives of competitors.

## SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

Results for the first quarter ended June 30, 2009

(April 1, 2009 - June 30, 2009)

August 3, 2009

### MITSUBISHI GAS CHEMICAL COMPANY, INC.

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### 1. Summary of Consolidated Results for the First Quarter of the Fiscal Year Ending March 31, 2009

(The three-month period April 1, 2009 to June 30, 2009)

#### 1) Operating results

*Millions of yen, rounded down*

*Percentage figures denote change compared to equivalent period of previous year*

	April 1 - June 30, 2009		April 1 - June 30, 2008	
		Change %		Change %
Sales .....	85,294	(36.3)	133,907	-
Operating income (loss) .....	(2,088)	-	5,245	-
Ordinary income (loss) .....	(3,277)	-	12,690	-
Net income (loss) .....	(2,386)	-	9,185	-
Net income (loss) per share (¥) .....	(5.28)		19.88	
Fully diluted net income (loss) per share (¥) .....	-		19.45	

#### 2) Financial position

*Millions of yen, rounded down*

	As of June 30, 2009	As of March 31, 2009
Total assets .....	536,523	530,592
Net assets .....	275,852	272,083
Shareholders' equity ratio (%) .....	50.1	49.9
Net assets per share (¥) .....	594.13	585.90

Note: Shareholders' equity as of June 30, 2009: ¥268,573 million; as of March 31, 2009: ¥264,861 million

#### 2. Cash Dividends

	April 1, 2009 - March 31, 2010	April 1, 2008 - March 31, 2009
Interim dividend per share (¥) .....	6.00 (Forecast)	8.00
Year-end dividend per share (¥) .....	6.00 (Forecast)	8.00
Annual dividend per share (¥) .....	12.00 (Forecast)	16.00

Note: There has been no change in the forecast dividend.

### 3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2010 (April 1, 2009 to March 31, 2010)

*Millions of yen, rounded down*

*Percentage figures denote change compared to equivalent period of previous year*

	April 1 - September 30, 2009		April 1, 2009 - March 31, 2010	
		Change %		Change %
Sales .....	175,000	(35.0)	380,000	(15.1)
Operating income (loss) .....	(4,000)	-	8,000	-
Ordinary income (loss) .....	(6,000)	-	7,000	0.4
Net Income (loss) .....	(4,000)	-	6,000	(14.5)
Net income (loss) per share (¥) .....	(8.85)		13.27	

Note: Consolidated forecasts for the six-month period ending September 30, 2009 have been revised.

#### 4. Other Information

**1) Transfer of important subsidiaries during the period under review: None**

(Transfers of certain subsidiaries resulting in changes in the scope of consolidation)

**2) Adoption of simplified accounting methods: Yes**

(Note: Details are available in *Commentary on Results*, page 6, 4. Other matters)

**3) Changes in accounting methods, procedures and presentation in the preparation of these financial statements:**

**1. Changes following revisions to accounting standards: None**

**2. Other changes: None**

**4) Number of shares outstanding (ordinary shares)**

	June 30, 2009	March 31, 2009
Number of shares outstanding at end of period (including treasury shares) .....	483,478,398	483,478,398
Number of treasury shares at end of period .....	31,430,245	31,420,297
	April 1 - June 30, 2009	April 1 - June 30, 2008
Average shares outstanding during period .....	452,051,984	462,077,873

**Reference:**

**Non-consolidated Forecasts for the Fiscal Year Ending March 31, 2010 (April 1, 2009 to March 31, 2010)**

*Millions of yen, rounded down*  
*Percentage figures denote change compared to equivalent period of previous year*

	April 1 - September 30, 2009		April 1, 2009 - March 31, 2010	
		Change %		Change %
Sales .....	125,000	(35.5)	265,000	(14.5)
Operating income (loss) .....	(6,500)	-	1,000	-
Ordinary income (loss) .....	(4,500)	-	6,000	(52.7)
Net income (loss) .....	(1,000)	-	7,000	(44.8)
Net income (loss) per share (¥) .....	(2.21)		15.48	

Note: Non-consolidated forecasts for the six-month period ending September 30, 2009 have been revised.

**Notice regarding the appropriate use of the financial forecasts**

1. Consolidated and non-consolidated forecasts: This document contains revisions to the first-half business forecasts announced on May 8, 2009.
2. Forecasts, etc., recorded in this document contain forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations.

*Note: All comparisons are with the first quarter of the previous fiscal year, unless stated otherwise.*

## **1. Commentary on results**

### **General overview**

Revenue and earnings for the Mitsubishi Gas Chemical Company, Inc. group of companies ("MGC Group") declined significantly for the first quarter (April 1, 2009 to June 30, 2009) of the fiscal year ending March 31, 2010. Consolidated net sales were ¥85.2 billion (a decrease of ¥48.6 billion, or 36.3%). Consolidated operating loss was ¥2.0 billion (a deterioration of ¥7.3 billion), and consolidated ordinary loss was ¥3.2 billion (a decrease of ¥15.9 billion). Consolidated net loss for the first quarter was ¥2.3 billion (a decrease of ¥11.5 billion).

Sales volumes in certain products for semiconductors and LCD applications showed a marked recovery compared with the fourth quarter of the previous year. However, sales in engineering plastics and other specialty chemicals continued to stagnate, while methanol market products and sales prices also faltered.

### **Business segment overview**

#### **Natural Gas Chemicals Company**

In the methanol business, revenue and earnings, including those at overseas methanol producing companies, fell substantially for the first quarter. Despite recording sales volumes roughly in line with the previous year, the market failed to recover from its rapid fall at the end of 2008, resulting in significantly lower revenue.

In methanol and ammonia derivatives, sales volumes declined due to falling domestic demand, resulting in a major decline in performance. Results from enzymes and coenzymes weakened due to falling sales prices, despite an increase in sales volumes of coenzyme Q10.

In the sale of natural gas and other energy, revenue and earnings both declined concomitant with lower sales volumes of crude oil.

Consolidated net sales in the Natural Gas Chemicals Company were ¥24.6 billion (a decrease of ¥16.1 billion, or 39.6%) and operating loss was ¥3.4 billion (a deterioration of ¥2.6 billion), compared with the first quarter of the previous year.

#### **Aromatic Chemicals Company**

Negative results were recorded in specialty aromatic chemical products, as sales volumes of leading products such as meta-xylenediamine, Nylon-MXD6, and aromatic aldehyde declined substantially due to inventory adjustment by some customers, among other factors.

Revenue and earnings from the purified isophthalic acid business fell significantly as a result of lower sales volumes and falling sales prices.

Consolidated net sales in the Aromatic Chemicals Company were ¥21.7 billion (a decrease of ¥16.5 billion, or 43.2%) and operating loss was ¥0.7 billion (a deterioration of ¥2.3 billion), compared with the first quarter of the previous year.

### **Specialty Chemicals Company**

Revenue and earnings from inorganic chemicals for industrial use declined. Hydrogen peroxide recorded a weak performance owing to lower production in the paper pulp industry, in which the principal customers for that product operate. Revenue and earnings from chemicals for the electronics industry declined due to lower sales volumes in products for semiconductors and LCD applications.

In the engineering plastics business, sales volumes of polycarbonate sheets and films for flat panel display applications increased significantly. However, the core business of polycarbonate resin and polyacetal resin was affected by faltering demand, mainly from the automotive industry, resulting in lower revenue and earnings.

Consolidated net sales in the Specialty Chemicals Company were ¥23.7 billion (a decrease of ¥12.7 billion, or 35.0%) and operating income was ¥0.8 billion (a decrease of ¥1.5 billion, or 63.4%), compared with the first quarter of the previous year.

### **Information & Advanced Materials Company**

Revenue and earnings from materials for printed circuit boards decreased. This was despite a rebound from the rapid inventory adjustment seen in the second half of the previous year, which, combined with renewed demand for semiconductor packaging, caused sales volumes to recover considerably, while still falling short of levels of performance in the first quarter of the previous year.

Sales of oxygen absorber AGELESS® decreased slightly on the previous year due to the impact of factors such as faltering demand in the domestic food industry and pressure from customers to reduce prices.

Consolidated net sales in the Information & Advanced Materials Company were ¥14.9 billion (a decrease of ¥3.0 billion, or 17.0%) and operating income was ¥1.1 billion (a decrease of ¥1.0 billion, or 47.3%), compared with the first quarter of the previous year.

## **2. Consolidated financial position**

Total consolidated assets as of June 30, 2009 were ¥536.5 billion, ¥5.9 billion higher than at the end of the previous fiscal year. This was primarily because of increases in tangible fixed assets and investment securities, which offset decreases in current assets.

Liabilities increased ¥2.1 billion to ¥260.6 billion, mainly due to increases in accounts payable. Net assets increased ¥3.7 billion to ¥275.8 billion, due to gains on evaluation of other investment securities and gains in foreign currency translation adjustments.

## **3. Consolidated forecasts for the fiscal year ending March 31, 2009**

For the second quarter of the fiscal year ending March 31, 2010, there are concerns of overall continued declines in sales volumes and market prices, despite expectations of comparatively firm performance in certain products such as polycarbonate sheets and films for flat panel displays and materials for printed circuit boards.

Consequently, operating income and ordinary income for the first half of the fiscal year ending March 31, 2010 are expected to fall short of previous forecasts. A shift to profitability is anticipated from the third quarter onward, with an overall recovery in sales volumes expected in specialty chemicals, in particular those for electrical appliances, electronic devices, and automotive components. However, many variables, including product supply, raw material costs and exchange rates, remain uncertain, and full-year forecasts will therefore be reviewed based on observation of these trends going forward.

Revisions to the consolidated forecasts for six-month period announced on May 8, 2009 are as follows.

#### Revision of consolidated forecasts

Six-month period ending September 30, 2009 (April 1, 2009 to September 30, 2009)

(Unit: ¥ million, %)

	Net sales	Operating income (loss)	Ordinary income (loss)	Net income (loss)
Previously announced forecasts (A) (announced May 8, 2009)	180,000	0	(1,500)	0
Revised forecasts (B)	175,000	(4,000)	(6,000)	(4,000)
Change (B – A)	(5,000)	(4,000)	(4,500)	(4,000)
Change (%)	(2.8)	-	-	-
Results for previous six-month period (ended September 30, 2008)	269,204	9,620	19,951	14,565

#### 4. Other matters

(1) Important changes to subsidiaries during the period (changes to specific subsidiary companies within the scope of consolidation):

None

(2) Adoption of simplified accounting methods and special accounting methods for presenting quarterly consolidated financial statements:

(i) Method of estimating doubtful accounts for general debtors

If the actual default rate at the end of the first quarter is recognized as not being materially different from the rate calculated at the end of the previous fiscal year, a debt default provision is made using the actual default rate at the end of the previous fiscal year.

(ii) Accounting standard for measurement of inventories

Assets held in inventory have been calculated primarily using the overall average of cost method based on the assets held in inventory at the end of the previous fiscal year. In cases where the profitability has declined, the book value is reduced accordingly.

(iii) Method of estimating corporate and other taxes, deferred tax assets and liabilities

For the estimation of corporate and other tax payments, changes and tax-deductible items in the attached financial statements are limited to material items. In assessing the recoverability of deferred tax assets, the Company and its main consolidated subsidiaries employ the future earnings forecasts and tax planning assumptions of the financial statements for the previous fiscal year having deemed that there has been no marked change in the operating environment, etc., since the end of the previous year, and that there has been no marked change with respect to the occurrence of one-time or other such items.

(iv) Method of estimating depreciation expenses for fixed assets

For fixed assets depreciated using the fixed-percentage method, the Company and its main consolidated subsidiaries adopt a method of assigning to the period under review an estimated proportional amount of depreciation expenses for the fiscal year.

(3) Changes in principles, procedures and methods of indication of accounting methods for formulation of quarterly financial statements:

None

## 5. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

Millions of yen, rounded down

	As of June 30, 2009	As of March 31, 2009
<b>ASSETS</b>		
<b>Current assets</b>		
Cash.....	20,567	23,209
Trade notes and accounts receivable.....	80,283	74,549
Short-term investments .....	21,716	30,845
Merchandise and finished goods.....	36,097	38,599
Work in progress .....	6,896	8,386
Raw materials and supplies.....	18,641	18,351
Other current assets.....	20,089	21,942
Less allowance for doubtful receivables.....	(552)	(585)
Total current assets.....	203,740	215,298
<b>Fixed assets</b>		
Buildings and structures, net.....	46,714	46,662
Machinery, equipment and vehicles, net	72,292	71,495
Other, net.....	52,928	48,489
Total property, plant and equipment .....	171,935	166,647
Intangible assets .....	3,173	2,881
<b>Investments and other assets</b>		
Investments in securities.....	133,515	121,540
Other .....	25,814	25,805
Less allowance for doubtful receivables.....	(1,656)	(1,580)
Total investments and other assets.....	157,673	145,765
Total fixed assets .....	332,782	315,293
<b>Total assets .....</b>	<b>536,523</b>	<b>530,592</b>

Consolidated Balance Sheets (contd.)

Millions of yen, rounded down

	As of June 30, 2009	As of March 31, 2009
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade notes and accounts payable .....	45,230	40,301
Short-term borrowings.....	87,043	86,974
Accrued income taxes.....	937	361
Allowance.....	2,093	3,786
Other .....	29,101	29,663
Total current liabilities .....	164,406	161,088
<b>Non-current liabilities</b>		
Corporate bonds .....	20,000	20,000
Long-term borrowings .....	67,457	67,604
Allowance.....	6,282	6,266
Other .....	2,524	3,549
Total non-current liabilities .....	96,264	97,421
Total liabilities.....	260,670	258,509
<b>NET ASSETS</b>		
<b>Stockholders' equity</b>		
Common stock .....	41,970	41,970
Additional paid in capital .....	35,589	35,589
Retained earnings .....	215,987	221,990
Treasury stock, at cost.....	(7,897)	(7,891)
Total stockholders' equity .....	285,650	291,658
<b>Valuation and translation adjustments</b>		
Unrealized gains (loss) on other securities .....	2,283	(3,330)
Deferred gains on hedges.....	29	29
Surplus on revaluation of land .....	192	192
Foreign currency translation adjustments.....	(19,580)	(23,688)
Total valuation and translation adjustments .....	(17,076)	(26,797)
Minority interests .....	7,278	7,222
Total net assets.....	275,852	272,083
<b>Total liabilities and net assets .....</b>	<b>536,523</b>	<b>530,592</b>

## (2) Consolidated Statements of Income

*Millions of yen, rounded down*

	April 1 - June 30, 2009	April 1 - June 30, 2008
Net sales.....	85,294	133,907
Cost of sales .....	74,724	114,558
Gross profit .....	10,570	19,348
Selling, general and administrative expenses .....	12,659	14,103
Operating income (loss).....	(2,088)	5,245
<b>Non-operating income</b>		
Interest income.....	59	82
Dividend income.....	529	720
Equity in earnings of affiliates.....	488	6,124
Other .....	529	1,983
Total non-operating income .....	1,606	8,910
<b>Non-operating expenses</b>		
Interest expense.....	594	530
Personnel expenses for seconded employees.....	411	394
Other .....	1,789	539
Total non-operating expenses .....	2,795	1,464
Ordinary income (loss).....	(3,277)	12,690
<b>Extraordinary losses</b>		
Loss on change of equity in affiliates .....	-	10
Total extraordinary losses.....	-	10
Net income (loss) before income taxes and minority interests .....	(3,277)	12,679
Income taxes, etc.....	(853)	3,168
Minority interests in income (loss).....	(37)	325
Net income (loss).....	(2,386)	9,185









