

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

Results for the Third Quarter of Fiscal Year 2011

(April 1 – December 31, 2011)

February 3, 2012

MITSUBISHI GAS CHEMICAL COMPANY, INC.

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Scheduled date of filing of the quarterly financial report: February 10, 2012

Scheduled date of payment of dividend: —

1. Summary of Consolidated Results for the Third Quarter of Fiscal Year 2011

(April 1, 2011 – December 31, 2011)

1) Operating results

Millions of yen, rounded down

Percentage figures denote change compared to equivalent period of previous year

	April 1 – December 31, 2011		April 1 – December 31, 2010	
		Change %		Change %
Net sales	343,406	0.6	341,519	22.3
Operating income (loss)	9,192	(53.7)	19,868	-
Ordinary income (loss)	22,616	(18.0)	27,578	-
Net income (loss)	9,159	(29.3)	12,956	-
Net income (loss) per share (¥)	20.27		28.66	
Fully diluted net income (loss) per share (¥)	20.01		28.03	

(Note) Comprehensive income: third quarter of FY 2011: ¥1,185 million [(90.0%)] ; third quarter of FY 2010: ¥11,810 million [—%]

2) Financial position

Millions of yen, rounded down

	As of December 31, 2011	As of March 31, 2011
Total assets	584,744	577,045
Net assets	285,158	288,257
Equity ratio (%)	47.1	48.2

(Note) Shareholders' equity as of December 31, 2011: ¥275,117 million; as of March 31, 2011: ¥278,096 million

2. Cash Dividends

	FY 2011	FY 2010
Interim dividend per share (¥)	6.00	4.00
Year-end dividend per share (¥)	6.00 (Forecast)	4.00
Annual dividend per share (¥)	12.00 (Forecast)	8.00

(Note) Revision of cash dividend forecast during this period: No

3. Consolidated Forecasts for Fiscal Year 2011

(April 1, 2011 - March 31, 2012)

Millions of yen, rounded down

Percentage figures denote change compared to equivalent period of previous year

	Full year	
		Change %
Net sales	450,000	(0.2)
Operating income (loss)	7,000	(70.0)
Ordinary income (loss)	24,000	(34.1)
Net Income (loss)	11,000	(42.0)
Net income (loss) per share (¥)	24.34	

(Note) Revision of consolidated forecasts during this period: Yes

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: None**

3) **Changes in accounting policies, changes in accounting estimate or restatement of corrections:**

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

2. **Changes other than 1: None**

3. **Changes in accounting estimates: None**

4. **Restatement of corrections: None**

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

	December 31, 2011	March 31, 2011
Number of shares issued at end of period (including treasury shares)	483,478,398	483,478,398
Number of treasury shares at end of period	31,661,663	31,471,354
	April 1 – December 31, 2011	April 1 – December 31, 2010
Average shares outstanding during period	451,909,659	452,028,050

(NOTE)

1. *These quarterly financial results are not subject to quarterly review procedures. At this time of disclosure of these financial results, the quarterly financial statement review procedures based on the Financial Instrument and Exchange Law have not been completed.*
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.*

1. Consolidated business results for this period

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

(1) Consolidated operating results

Overview of results

In the nine months up to the third quarter of the fiscal year ending March 2012 (April 1-December 31, 2011), the MGC Group achieved consolidated net sales of ¥343.4 billion, an increase of ¥1.8 billion (0.6%) from the prior-year period, a consolidated operating income of ¥9.1 billion, a decline of ¥10.6 billion (53.7%), and a consolidated ordinary income of ¥22.6 billion, a drop of ¥4.9 billion (18.0%). The Group's consolidated quarterly net income fell ¥3.7 billion (29.3%) to ¥9.1 billion.

Operating income was substantially lower than the level achieved in the prior-year period. This negative development of earnings resulted primarily from the impact of the natural disaster that hit Eastern Japan in March 2011, the increasing appreciation of the yen, an increase in raw material prices, and a slowing of the world economy—in Europe and China in particular. Lower demand for some products for LCD displays also negatively affected earnings. Equity in earnings of affiliates grew thanks to the excellent sales performance achieved mainly by overseas methanol producing companies benefiting from increasing market prices of methanol, while ordinary income was lower than the level achieved in the prior-year period.

Despite a substantial improvement in the figure for extraordinary gain or loss, the Group's quarterly net income was lower than the prior-year level, since part of the deferred income taxes was reversed in response to the tax revisions implemented in fiscal 2011.

Results by business segment

Natural Gas Chemicals Company

The methanol business enjoyed an increase in revenue, due to increases in market prices caused by strong demand in China and other markets and by energy prices that remained high.

Methanol and ammonia derivatives saw a decline in earnings. Whereas sales prices of ammonia and MMA-based products surpassed the levels achieved in the prior-year period, market prices of neopentylglycol fell and amines suffered from a decline in sales volume.

The enzyme and coenzyme business recorded lower earnings compared with the prior-year period, as sales of coenzyme Q10 remained sluggish.

Crude oil and other energy increased in both revenue and earnings due to an increase in the sales price of crude oil.

In the nine months through the third quarter of fiscal 2011, the Natural Gas Chemicals Company achieved net sales of ¥115.0 billion, an increase of ¥5.5 billion (5.1%) and an operating income of ¥0.3 billion, a decline of ¥0.5 billion (61.4%). Due to higher earnings achieved by overseas methanol producing companies, equity in earnings of affiliates of ¥12.7 billion was recognized for the nine-month period under review, resulting in an ordinary income of ¥11.9 billion, an increase of ¥5.2 billion (78.5%).

Aromatic Chemicals Company

Specialty aromatic chemical products suffered losses in both revenue and earnings. While Nylon-MXD6 and aromatic aldehydes achieved prior-year levels in both revenue and earnings, meta-xylenediamines were affected by declining epoxy resin curing agent and polyamide sales volumes in Europe and other regions. The negative revenue/earnings development also reflects the impact of the strong yen and increasing fuel and raw material prices.

The purified isophthalic acid business achieved only a slight improvement in earnings. Although sales prices were higher than in the prior-year period, the business was affected by the strong yen and increases in fuel and raw material prices.

In the nine-month period under review, the Aromatic Chemicals Company posted net sales of ¥97.2 billion, an increase of ¥12.0 billion (14.1%), an operating income of ¥0.0 billion, a drop of ¥1.2 billion (98.4%), and an ordinary loss of ¥0.7 billion, a decline of ¥1.4 billion

Specialty Chemicals Company

The inorganic chemicals business suffered losses in both revenue and earnings. This negative development resulted mainly from a decline in the volume of hydrogen peroxide sales as domestic demand for MGC products, in particular that for pulp and paper, remained low following the restoration of operations after the natural disaster in March 2011.

The electronic chemicals business achieved growth in both revenue and earnings. Despite a reduction in the volume of sales for super-pure hydrogen peroxide, for the cleaning of semiconductors, in the domestic market, products for overseas markets and hybrid chemicals for semiconductors and LCD displays were successful.

Engineering plastics suffered losses in both revenue and earnings. While polyacetal was successful mainly in overseas markets, polycarbonates were affected by a decline in domestic demand after the restoration of operations following the natural disaster that occurred last spring.

Polycarbonate sheets and films suffered losses in both revenue and earnings. This is because, despite the success of hard-coated sheets for cellular phones, sales volumes of films used in flat panel displays fell sharply.

In the nine months between April and December of fiscal 2011, the Specialty Chemicals Company posted net sales of ¥90.3 billion, a decline of ¥10.1 billion (10.1%) and an operating income of ¥5.9 billion, a drop of ¥6.4 billion (52.1%). With ¥1.4 billion equity in earnings of affiliates recognized, the Company achieved an ordinary income of ¥6.4 billion, a decline of ¥7.3 billion (53.4%).

Information & Advanced Materials Company

Electronic materials posted losses in both revenue and earnings, despite the high levels of incoming orders placed for BT materials for semiconductor packaging immediately after the early recovery of Electrotechno. The negative development was caused partly because a temporary increase in manufacturing cost resulted in a decline in profitability. Another reason was that sales volume declined, particularly for general-purpose products, due to inventory adjustments by customers and a prolonged decline in real demand.

Thanks to overall success in the domestic food market and overseas medical markets, oxygen absorbers such as AGELESS[®] surpassed both the revenue and earnings achieved in the prior-year period.

In the nine-month period under review, the Information & Advanced Materials Company posted net sales of ¥40.2 billion, a decline of ¥5.5 billion (12.2%), an operating income of ¥3.6 billion, a drop of ¥2.8 billion (43.3%), and an ordinary income of ¥3.6 billion, a drop of ¥2.7 billion (42.9%).

Other

Up to the third quarter of fiscal 2011, other business operations marked net sales of ¥0.5 billion, an increase of ¥0.0 billion (5.2%), an operating income of ¥0.1 billion, a decline of ¥0.0 billion (11.7%), and an ordinary income of ¥1.3 billion, a drop of ¥0.7 billion (35.4%).

(2) Consolidated financial position

Total consolidated assets as of December 31, 2011 were ¥584.7 billion, ¥7.6 billion higher than at the end of the previous fiscal year. This was because, despite a decline in cash, trade notes and accounts receivable increased—as the last day of 2011 happened to be a holiday—and merchandise/finished products and tangible fixed assets were also higher. Total liabilities increased ¥10.7 billion to ¥299.5 billion, thanks primarily to an increase in trade notes and accounts payable because the last day of 2011 was a holiday. Net assets fell ¥3.0 billion to ¥285.1 billion. Despite an increase in retained earnings, there were declines in valuation gains on other investment securities and foreign currency translation adjustments.

(3) Consolidated forecasts for the fiscal year ending March 31, 2012

Since the last announcement of financial performance forecasts, the MGC Group has faced even more serious problems, including the prolonged public debt crisis in Europe, the slowdown of the Chinese economy, the yen's value, which remained high against other currencies, and the major floods in Thailand.

This difficult business environment has caused rapid reductions in the margins for purified isophthalic acid and other chemicals to shrink rapidly, while at the same time preventing most sales volumes from reaching their initial targets.

With the introduction of the 2011 Tax Revision Law and the Restoration Funding Law on December 2, 2011, the effective tax rate was revised and the recoverability of deferred income taxes was reviewed to assume the partial reversal of these taxes.

These performance forecasts assume exchange rates of ¥77=\$1 and ¥105=€1.

Full year ending March 31, 2012 (April 1, 2011 – March 31, 2012)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (¥)
Previously announced forecasts (A)	470,000	14,000	31,000	24,000	53.10
Revised forecasts (B)	450,000	7,000	24,000	11,000	24.34
Change (B – A)	(20,000)	(7,000)	(7,000)	(13,000)	—
Change (%)	(4.3)	(50.0)	(22.6)	(54.2)	—
Results for the same previous period (ended March 31, 2011)	451,033	23,363	36,394	18,950	41.92

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

Millions of yen, rounded down

	As of March 31, 2011	As of December 31, 2011
ASSETS		
Current assets		
Cash and deposits	47,964	27,918
Trade notes and accounts receivable.....	112,029	120,673
Short-term investments securities	613	2,399
Merchandise and finished goods.....	36,334	46,409
Work in progress	10,312	10,760
Raw materials and supplies.....	21,570	22,052
Other	16,476	15,290
Allowance for doubtful accounts.....	(778)	(792)
Total current assets	244,522	244,713
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net.....	50,453	49,728
Machinery, equipment and vehicles, net.....	66,884	59,646
Other, net	59,485	79,140
Total property, plant and equipment	176,823	188,516
Intangible assets		
Goodwill	56	92
Other	4,175	4,261
Total intangible assets	4,231	4,353
Investments and other assets		
Investment securities	131,047	129,712
Other	20,883	17,881
Allowance for doubtful accounts.....	(462)	(433)
Total investments and other assets.....	151,468	147,160
Total noncurrent assets	332,523	340,030
Total assets	577,045	584,744

Consolidated Quarterly Balance Sheets (contd.)

Millions of yen, rounded down

	As of March 31, 2011	As of December 31, 2011
LIABILITIES		
Current Liabilities		
Trade notes and accounts payable	60,108	70,390
Short-term loans payable	69,845	88,968
Current portion of bonds	20,000	—
Income taxes payable	1,869	1,066
Provision	5,912	2,185
Other	24,791	26,896
Total current liabilities	182,527	189,506
Noncurrent liabilities		
Corporate bonds	—	15,000
Long-term loans payable	75,850	56,521
Provision for retirement benefits	5,402	6,783
Other provision	1,302	1,432
Asset retirement obligations	3,472	3,496
Other	20,232	26,845
Total noncurrent liabilities	106,260	110,078
Total liabilities	288,787	299,585
NET ASSETS		
Shareholders' equity		
Capital stock	41,970	41,970
Capital surplus	35,591	35,593
Retained earnings	236,597	241,916
Treasury stock	(7,920)	(8,037)
Total shareholders' equity	306,238	311,442
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,197	1,542
Deferred gains or less on hedges	—	(444)
Revaluation reserve for land	192	192
Foreign currency translation adjustment	(32,531)	(37,614)
Total accumulated other comprehensive income ..	(28,142)	(36,325)
Minority interests	10,161	10,041
Total net assets	288,257	285,158
Total liabilities and net assets	577,045	584,744

(2) Consolidated Quarterly Statements of Income

Millions of yen, rounded down

	April 1 - December 31, 2010	April 1 - December 31, 2011
Net sales.....	341,519	343,406
Cost of sales	279,404	291,426
Gross profit	62,115	51,979
Selling, general and administrative expenses	42,247	42,787
Operating income	19,868	9,192
Non-operating income		
Interest income.....	108	98
Dividend income.....	1,107	1,230
Equity in earnings of affiliates.....	11,921	16,154
Other	1,175	1,256
Total non-operating income	14,312	18,739
Non-operating expenses		
Interest expense.....	1,552	1,425
Personnel expenses for seconded employees.....	1,162	1,156
Foreign exchange losses	1,937	605
Other	1,950	2,128
Total non-operating expenses	6,602	5,316
Ordinary income	27,578	22,616
Extraordinary income		
Insurance income.....	—	440
Gain on sales of investment securities.....	—	117
Gain on change in equity	—	17
Gain on sales of noncurrent assets.....	232	—
Total extraordinary income	232	574
Extraordinary losses		
Loss on valuation of investment securities.....	6,257	1,544
Loss on disaster.....	—	573
Environmental improvement expensive	296	498
Loss on litigation	—	102
Impairment loss.....	579	31
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,777	—
Provision of reserve for loss on liquidation of subsidiaries and affiliates	1,610	—
Total extraordinary losses.....	10,521	2,750
Income before income taxes and minority interests	17,290	20,439
Income taxes, etc.....	3,359	10,288
Net income before minority interests	13,930	10,150
Minority interests in income	974	991
Net income	12,956	9,159

(Consolidated Quarterly Statements of Comprehensive Income)

	<i>Millions of yen, rounded down</i>	
	April 1 - December 31, 2010	April 1 - December 31, 2011
Income before minority Interests	13,930	10,150
Other comprehensive Income		
Valuation difference on available-for-sale securities.....	4,672	(2,654)
Deferred gains or losses on hedges	—	(494)
Foreign currency statements translation adjustment	(1,471)	(1,576)
Share of other comprehensive income of associates accounted for using equity method	(5,321)	(4,239)
Total other comprehensive Income	(2,120)	(8,965)
Comprehensive Income	11,810	1,185
Total comprehensive Income Attributable to		
Owners of the parent	11,035	627
Minority interests	774	558

4. Consolidated Quarterly Segment Information

(1) Nine-month period ended December 31, 2010 (April 1 – December 31, 2010)

1. Revenue and earnings by segment

Millions of yen, rounded down

	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other (Note 1)	Adjustment (Note 2)	Consolidated (Note 3)
Sales to outside customers	109,477	85,228	100,478	45,780	554	—	341,519
Inter-segment sales	3,289	767	3,577	343	77	(8,056)	—
Total	112,767	85,995	104,056	46,124	632	(8,056)	341,519
Segment income (loss) [Ordinary income (loss)].....	6,678	642	13,739	6,319	2,064	(1,866)	27,578

Notes :

- The 'Other' segment includes operations not included in the other segments, such as listed related companies and real estate business.
- The adjustment amounts are as follows:
The ¥1,866 million segment loss adjustment consists of ¥406 million income in inter-segment sales, and ¥2,272 million loss of overall costs not allocated to segments.
Overall costs include SG&A expenses, financing expenses, and other expenses not allocated to segments.
- Segment income (loss) is based on ordinary income as provided in the quarterly consolidated statement of income.

(2) Nine-month period ended December 31, 2011(April 1 – December 31, 2011)

1. Revenue and earnings by segment

Millions of yen, rounded down

	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other (Note 1)	Adjustment (Note 2)	Consolidated (Note 3)
Sales to outside customers	115,064	97,241	90,301	40,215	583	—	343,406
Inter-segment sales	5,507	1,298	729	0	62	(7,597)	—
Total	120,572	98,539	91,030	40,215	645	(7,597)	343,406
Segment income (loss) [Ordinary income (loss)].....	11,918	(773)	6,406	3,609	1,334	120	22,616

Notes :

- The 'Other' segment includes operations not included in the other segments, such as listed related companies and real estate business.
- The adjustment amounts are as follows:
The ¥120 million segment income adjustment consists of ¥144 million income in inter-segment sales, and ¥23 million loss of overall costs not allocated to segments.
Overall costs include SG&A expenses, financing expenses, and other expenses not allocated to segments.
- Segment income (loss) is based on ordinary income as provided in the quarterly consolidated statement of income.