

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

Results for the First Quarter of Fiscal Year 2012

(April 1 – June 30, 2012)

August 2, 2012

MITSUBISHI GAS CHEMICAL COMPANY, INC.

Listed exchanges: First section of the Tokyo Stock Exchange
 Stock Code: 4182
 URL: <http://www.mgc.co.jp>
 President: Kazuo Sakai
 Inquiries: Motoyasu Kitagawa
 General Manager, Corporate Communications Division
 Tel: +81-3-3283-5041

Scheduled date of filing of the quarterly financial report: August 9, 2012

Scheduled date of payment of dividend: -

1. Summary of Consolidated Results for the First Quarter of Fiscal Year 2012

(April 1, 2012 – June 30, 2012)

1) Operating results

Millions of yen, rounded down

Percentage figures denote change compared to equivalent period of previous year

	April 1 – June 30, 2012		April 1 – June 30, 2011	
		Change %		Change %
Net sales	115,433	0.1	115,360	4.0
Operating income (loss)	1,117	(79.9)	5,561	(11.4)
Ordinary income (loss)	5,280	(47.6)	10,069	19.9
Net income (loss)	4,188	(40.6)	7,053	82.2
Net income (loss) per share (¥)	9.27		15.60	
Fully diluted net income (loss) per share (¥)	-		15.26	

(Note) Comprehensive income: first quarter of FY 2012 : ¥6,236 million [(28.9%)] ; first quarter of FY 2011 : ¥8,768 million [138.3%]

2) Financial position

Millions of yen, rounded down

	As of June 30, 2012	As of March 31, 2012
Total assets	606,643	595,250
Net assets	295,205	292,111
Equity ratio (%)	46.9	47.3

(Note) Shareholders' equity as of June 30, 2012: ¥284,677 million; as of March 31, 2012: ¥281,687 million

2. Cash Dividends

	FY 2012	FY 2011
Interim dividend per share (¥)	6.00 (Forecast)	6.00
Year-end dividend per share (¥)	6.00 (Forecast)	6.00
Annual dividend per share (¥)	12.00 (Forecast)	12.00

(Note) Revision of cash dividend forecast during this period: None

3. Consolidated Business Forecasts for Fiscal Year 2012

(April 1, 2012 – March 31, 2013)

Millions of yen, rounded down

Percentage figures denote change compared to equivalent period of previous year

	Six-month period		Full year	
		Change %		Change %
Net sales	230,000	(0.0)	480,000	6.1
Operating income (loss)	4,000	(46.7)	13,000	43.1
Ordinary income (loss)	11,000	(32.1)	28,000	7.2
Net Income (loss)	9,000	(25.7)	23,000	86.6
Net income (loss) per share (¥)	19.92		50.90	

(Note) Revision of consolidated business 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: Yes**

2. **Changes other than 1: Yes**

3. **Changes in accounting estimates: Yes**

4. **Restatement of corrections: None**

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

	June 30, 2012	March 31, 2012
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	31,747,909	31,666,371
	April 1 – June 30, 2012	April 1 – June 30, 2011
Average shares outstanding during period	451,752,570	452,005,364

(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

During the first quarter of the fiscal year ending March 2013 (April 1-June 30, 2012), the Japanese economy faced great challenges. Signs indicating the instability of the world economy included the public debt crisis in Europe, slowdown of the Chinese economy, and the continued appreciation of the yen against other currencies.

The MGC Group achieved the same level of net sales as it did for the corresponding prior-year period. Despite increases in the sales volumes of methanol, electronic chemicals, and polycarbonates, products such as methanol derivatives, aromatic chemicals, and electronic materials were affected by declining demand and market prices.

Operating income suffered a loss from a year earlier due to narrower margins resulting from declines in the prices of chemicals and lower sales volumes of electronic materials.

Equity in earnings of affiliates grew thanks to the excellent sales performance, achieved primarily by overseas methanol producing companies benefiting from the high market prices of methanol, while ordinary income was lower than the level the Group achieved in the prior-year period.

In the first quarter of fiscal 2012, the MGC Group achieved ¥115.4 billion in consolidated net sales, an increase of ¥0.0 billion (0.1%) from the prior-year period. Consolidated operating income was ¥1.1 billion, a decline of ¥4.4 billion (79.9%). Equity in earnings of affiliates was ¥5.3 billion, an increase of ¥0.2 billion (5.7%). Consolidated ordinary income fell by ¥4.7 billion (47.6%) to ¥5.2 billion. Consolidated net income was ¥4.1 billion, a drop of ¥2.8 billion (40.6%).

Results by business segment

Natural Gas Chemicals Company

The methanol business enjoyed an increase in net sales thanks to growing delivery volume from overseas methanol producing companies.

Methanol and ammonia derivatives suffered declines in revenue and earnings. Reasons for this include declining sales prices of MMA-based products due to low market price levels and a reduction in the sales volume of neopentylglycol caused by the slowdown of the Chinese economy.

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 thanks to an increase in the sales price of crude oil from the previous year.

In the first quarter of fiscal 2012, the Natural Gas Chemicals Company achieved consolidated net sales of ¥39.0 billion, a decline of ¥0.8 billion (2.0%) from the prior-year period and an operating loss of ¥0.9 billion, a drop of ¥1.6 billion from the positive figure for the prior-year period.

Due to higher earnings achieved by the overseas methanol producing companies, equity in earnings of affiliates of ¥4.3 billion was recognized for the three-month period under review, resulting in an ordinary income of ¥2.9 billion, a drop of ¥1.2 billion (30.6%).

Aromatic Chemicals Company

Specialty aromatic chemical products suffered declines in both revenue and earnings. Despite the prior-year levels of revenue and earnings achieved by meta-xylenediamine and Nylon-MXD6, the sales volume of aromatic aldehydes declined.

The purified isophthalic acid business suffered declines in both revenue and earnings because of a decline in sales prices due to a downturn in the polyester market, which was caused by the prolonged economic recession in the West and the slowdown of the Chinese economy.

In the first quarter of fiscal 2012, the Aromatic Chemicals Company achieved consolidated net sales of ¥32.0 billion, an increase of ¥0.2 billion (0.8%), an operating loss of ¥0.4 billion, a drop of ¥1.1 billion from the positive figure for the prior-year period, and an ordinary loss of ¥0.7 billion, a drop of ¥1.1 billion from the ordinary income posted a year earlier.

Specialty Chemicals Company

Inorganic chemicals improved in both terms of revenue and earnings due to a higher sales volume for hydrogen peroxide compared with the figure for the prior-year period affected by the major natural disaster in March 2011.

Electronic chemicals achieved increases in both revenue and earnings. This positive trend was primarily due to the growing sales volume of super-pure hydrogen peroxide and the strong sales development achieved by hybrid chemicals for semiconductors.

Engineering plastics achieved growth in both revenue and earnings. While polyacetal suffered from lower earnings, polycarbonates recovered from the aftereffects of the natural disaster in March 2011 and marked a higher sales volume.

Polycarbonate sheets and films suffered losses in both revenue and earnings. This is because, despite an increase in the sales volume of hard-coated sheets, used as a substitute material for smartphone cover glass, the sales volume of films for use in flat panel displays was much lower than the prior-year level.

In the first quarter of fiscal 2012, the Specialty Chemicals Company achieved consolidated net sales of ¥30.7 billion, an increase of ¥2.4 billion (8.5%) from the previous year, and an operating income of ¥1.6 billion, a year-on-year decline of ¥0.8 billion (35.5%). Due to ¥0.5 billion equity in earnings of affiliates, the Company achieved an ordinary income of ¥1.6 billion, a decline of ¥1.2 billion (43.1%).

Information & Advanced Materials Company

Electronic materials posted drops in both revenue and earnings. For BT materials used for semiconductor packaging, smartphone-related applications steadily grew in both revenue and earnings, whereas general-purpose products suffered from continued low demand levels.

Thanks to overall success in the domestic food market, oxygen absorbers such as AGELESS® achieved prior-year levels in both revenue and earnings.

In the first quarter of fiscal 2012, the Information & Advanced Materials Company achieved consolidated net sales of ¥13.3 billion, a decline of ¥1.7 billion (11.8%), an operating income of ¥0.8 billion, a drop of ¥1.2 billion (60.2%), and an ordinary income of ¥0.8 billion, a reduction of ¥1.2 billion (59.4%).

Other

In the first quarter of fiscal 2012, the other business segment achieved consolidated net sales of ¥0.1 billion, an increase of ¥0.0 billion (5.6%), an operating income of ¥0.0 billion, a drop of ¥0.0 billion (13.9%), and an ordinary income of ¥0.2 billion, a decline of ¥0.0 billion (9.9%).

(2) Consolidated financial position

At the end of the first quarter of fiscal 2012, the MGC Group had ¥606.6 billion in total assets, an increase of ¥11.3 billion from the end of fiscal 2011.

Current assets increased by ¥2.1 billion to ¥256.1 billion, primarily due to a decline in trade notes and accounts receivable and work in progress and increases in cash and deposits as well as merchandise and finished goods.

Noncurrent assets increased by ¥9.2 billion to ¥350.4 billion. Property, plant and equipment rose by ¥4.1 billion to ¥195.3 billion, thanks to an increase in construction in progress. Investments and other assets were ¥151.1 billion, an increase of ¥4.4 billion, due to the posting of equity in earnings and an increase in investment securities resulting from exchange effects.

Liabilities increased by ¥8.2 billion to ¥311.4 billion from the end of fiscal 2011.

Current liabilities increased by ¥8.8 billion to ¥202.2 billion, primarily due to an increase in trade notes and accounts payable.

Noncurrent liabilities fell by ¥0.5 billion to ¥109.1 billion, primarily due to a decline in long-term loans payable.

Net assets were ¥295.2 billion, ¥3.0 billion higher than the figure for the previous fiscal year. This was because, despite a reduction of ¥3.7 billion in valuation difference on available-for-sale securities, foreign currency translation adjustments increased by ¥5.2 billion due to the weak yen, and retained earnings rose by ¥1.4 billion. As of June 30, 2012 the shareholders' equity ratio was 46.9%.

(3) Consolidated business forecasts

Despite some signs of recovery seen at the beginning of the first quarter of 2012, the world economy has deteriorated increasingly in recent weeks. As in the previous fiscal year, the MGC Group faces challenges in achieving satisfactory levels of revenue and earnings.

With differences among its individual businesses, methanol derivatives, coenzyme Q10, and aromatic chemicals including purified isophthalic acid, suffers from reductions in sales volumes and margins. Businesses that anticipated recovery in sales volumes at the beginning of this fiscal year, including those for polycarbonate films for LCD TVs and BT materials for general-purpose semiconductors, have fallen far short of their initial forecasts.

Some high-performance products, such as electronic chemicals, materials for cutting-edge electronics, and polycarbonate sheets, are seeing steadily increasing sales. Unfortunately, however, these products have been unable to make up for the losses suffered by other businesses.

MGC is correcting its previous performance forecasts downward because in the second quarter and after, the difficulties facing the world economy, including the aforementioned public debt crisis in Europe, prolonged appreciation of the yen, and the slowdown of the Chinese economy, will likely continue.

These performance forecasts assume exchange rates of ¥80=\$1 and ¥100=€1.

Revision of Consolidated Business Forecasts

Six-month period ending September 30, 2012 (April 1 - September 30, 2012)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (¥)
Previously announced forecasts (A)	240,000	8,000	16,000	13,000	28.77
Revised forecasts (B)	230,000	4,000	11,000	9,000	19.92
Change (B – A)	(9,000)	(4,000)	(5,000)	(4,000)	-
Change (%)	(3.8)	(50.0)	(31.3)	(30.8)	-
Results for the same previous period (ended September 30, 2011)	230,076	7,500	16,204	12,109	26.79

Full year ending March 31, 2013 (April 1, 2012 - March 31, 2013)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (¥)
Previously announced forecasts (A)	500,000	18,000	34,000	28,000	61.96
Revised forecasts (B)	480,000	13,000	28,000	23,000	50.90
Change (B – A)	(20,000)	(5,000)	(6,000)	(5,000)	-
Change (%)	(4.0)	(27.8)	(17.6)	(17.9)	-
Results for the same previous period (ended March 31, 2012)	452,217	9,083	26,116	12,327	27.28

2. About figures indicated in this summary (including notes)

Changes in accounting policies, changes in accounting estimates or restatement of corrections

(Change in the depreciation method)

Starting in the first quarter of fiscal 2012, MGC has switched the method of depreciation of property, plant and equipment, not including buildings and structures (other than accompanying facilities) and leased assets, from the traditional fixed-rate method to the straight-line method.

This change was made following an internal study of the use of property, plant and equipment, which forms the basis of the MGC Mid-term Management Plan. This study shows that production outputs and operating ratios will remain stable in the long term. MGC has, therefore, decided that the straight-line method better reflects the use of these assets within MGC.

Compared with the corresponding figures calculated by the traditional method, operating income for the first quarter of fiscal 2012 increased by ¥782 million, while the ordinary income, and income before income taxes and minority interests each increased by ¥785 million.

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

Millions of yen, rounded down

	As of March 31, 2012	As of June 30, 2012
ASSETS		
Current assets		
Cash and deposits.....	27,438	31,471
Trade notes and accounts receivable.....	122,054	120,552
Short-term investments securities.....	10,241	9,140
Merchandise and finished goods.....	42,761	45,091
Work in progress.....	10,732	8,692
Raw materials and supplies.....	22,593	24,171
Other.....	18,995	17,811
Allowance for doubtful accounts.....	(779)	(771)
Total current assets.....	254,037	256,159
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net.....	49,793	49,734
Machinery, equipment and vehicles, net.....	59,707	59,785
Other, net.....	81,677	85,804
Total property, plant and equipment.....	191,178	195,323
Intangible assets		
Goodwill.....	104	108
Other.....	3,171	3,885
Total intangible assets.....	3,275	3,994
Investments and other assets		
Investment securities.....	132,935	134,956
Other.....	14,925	17,266
Allowance for doubtful accounts.....	(1,101)	(1,058)
Total investments and other assets	146,758	151,165
Total noncurrent assets.....	341,212	350,483
Total assets.....	595,250	606,643

Consolidated Quarterly Balance Sheets (contd.)

Millions of yen, rounded down

	As of March 31, 2012	As of June 30, 2012
LIABILITIES		
Current Liabilities		
Trade notes and accounts payable.....	69,427	76,483
Short-term loans payable.....	90,511	91,967
Income taxes payable.....	1,599	647
Provision.....	3,693	2,510
Other.....	28,232	30,687
Total current liabilities.....	193,464	202,297
Noncurrent liabilities		
Bonds payable.....	15,000	15,000
Long-term loans payable.....	56,277	55,650
Provision for retirement benefits.....	7,095	7,564
Other provision.....	1,451	1,530
Asset retirement obligations.....	3,512	3,528
Other.....	26,336	25,866
Total noncurrent liabilities.....	109,673	109,140
Total liabilities.....	303,138	311,438
NET ASSETS		
Shareholders' equity		
Capital stock.....	41,970	41,970
Capital surplus.....	35,593	35,594
Retained earnings.....	245,083	246,561
Treasury stock.....	(8,039)	(8,083)
Total shareholders' equity.....	314,607	316,042
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities.....	3,468	(247)
Deferred gains or less on hedges.....	(177)	(206)
Revaluation reserve for land.....	206	206
Foreign currency translation adjustment.....	(36,417)	(31,117)
Total accumulated other comprehensive income.....	(32,920)	(31,365)
Minority interests.....	10,424	10,528
Total net assets.....	292,111	295,205
Total liabilities and net assets.....	595,250	606,643

(2) Consolidated Quarterly Statements of Income

Millions of yen, rounded down

	April 1 - June 30, 2011	April 1 - June 30, 2012
Net sales.....	115,360	115,433
Cost of sales.....	95,546	100,344
Gross profit.....	19,813	15,088
Selling, general and administrative expenses.....	14,252	13,971
Operating income.....	5,561	1,117
Non-operating income		
Interest income.....	30	32
Dividend income.....	658	545
Equity in earnings of affiliates.....	5,057	5,343
Other.....	522	593
Total non-operating income.....	6,269	6,515
Non-operating expenses		
Interest expense.....	490	589
Personnel expenses for seconded employees.....	386	431
Foreign exchange losses.....	223	512
Other.....	660	819
Total non-operating expenses.....	1,761	2,353
Ordinary income.....	10,069	5,280
Extraordinary income		
Gain on sales of noncurrent assets.....	-	180
Insurance income.....	-	137
Gain on change in equity.....	17	-
Total extraordinary income.....	17	318
Extraordinary losses		
Provision for compensation expenses.....	-	838
Loss on valuation of investment securities.....	307	670
Environmental improvement expense.....	463	224
Impairment loss.....	4	22
Loss on disaster.....	488	-
Total extraordinary losses.....	1,264	1,754
Income before income taxes and minority interests.....	8,822	3,843
Income taxes, etc.....	1,389	(452)
Net income before minority interests.....	7,433	4,295
Minority interests in income.....	379	106
Net income.....	7,053	4,188

(Consolidated Quarterly Statements of Comprehensive Income)

	<i>Millions of yen, rounded down</i>	
	April 1 - June 30, 2011	April 1 - June 30, 2012
Income before minority Interests.....	7,433	4,295
Other comprehensive Income		
Valuation difference on available-for-sale securities....	(930)	(3,678)
Deferred gains or losses on hedges.....	6	(32)
Foreign currency statements translation adjustment...	749	1,892
Share of other comprehensive income of associates accounted for using equity method.....	1,511	3,760
Total other comprehensive Income.....	1,335	1,941
Comprehensive Income.....	8,768	6,236
Total comprehensive Income Attributable to		
Owners of the parent.....	8,225	5,743
Minority interests.....	543	493

4. Consolidated Quarterly Segment Information

(1) Three-month period ended June 30, 2011(April 1 – June 30, 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	39,867	31,835	28,385	15,098	172	-	115,360
Inter-segment sales	1,876	419	380	0	19	(2,697)	-
Total	41,743	32,255	28,766	15,099	192	(2,697)	115,360
Segment income (loss) [Ordinary income (loss)]	4,249	420	2,881	2,154	320	42	10,069

Notes :

1. The 'Other' segment includes operations not included in the other segments, such as listed related companies and real estate business.
2. The adjustment amounts are as follows:
The ¥42 million segment income adjustment consists of ¥95 million loss in inter-segment sales, and ¥138 million income of overall costs not allocated to segments.
Overall costs include SG&A expenses, financing expenses, and other expenses not allocated to segments.
3. Segment income (loss) is based on ordinary income as provided in the quarterly consolidated statement of income.

(2) Three-month period ended June 30, 2012(April 1 – June 30, 2012)

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	39,061	32,081	30,789	13,317	182	-	115,433
Inter-segment sales	1,855	594	230	0	13	(2,694)	-
Total	40,917	32,675	31,020	13,318	195	(2,694)	115,433
Segment income (loss) [Ordinary income (loss)]	2,950	(752)	1,640	875	288	278	5,280

Notes :

1. The 'Other' segment includes operations not included in the other segments, such as listed related companies and real estate business.
2. The adjustment amounts are as follows:
The ¥278 million segment income adjustment consists of ¥63 million loss in inter-segment sales, and ¥342 million income of overall costs not allocated to segments.
Overall costs include SG&A expenses, financing expenses, and other expenses not allocated to segments.
3. Segment income (loss) is based on ordinary income as provided in the quarterly consolidated statement of income.