

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

Results for the Fiscal Year 2013 (from April 1, 2013 to March 31, 2014)

MITSUBISHI GAS CHEMICAL COMPANY, INC.

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Stock Code: 4182

Listed exchanges: First section, Tokyo Stock Exchange

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Scheduled date of payment of dividend: June 6, 2014

1. Consolidated Financial Results for the Fiscal Year 2013(from April 1, 2013 to March 31, 2014)

1) Consolidated Operating Results

Percentage figures represent changes compared to the previous fiscal year

Millions of yen, rounded down

	FY 2013		FY 2012	
		(% change)		(% change)
Sales.....	534,670	14.3	467,979	3.5
Operating income (loss).....	11,416	(0.0)	11,421	25.7
Ordinary income (loss).....	30,735	11.2	27,651	5.9
Net income (loss).....	14,971	-	(7,793)	-
Net income (loss) per share (¥)	33.14		(17.25)	
Fully diluted net income (loss) per share (¥)	-		-	
Return on equity (%).....	5.0		(2.8)	
Ratio of ordinary income to total assets (%)	4.8		4.6	
Ratio of operating income to sales (%)	2.1		2.4	

Note: Comprehensive income: FY 2013: ¥37,541 million [326.0%]; FY 2012: ¥8,812 million [8.2%]
Equity in earnings of affiliates: FY 2013: ¥20,466million; FY 2012: ¥19,045 million

2) Consolidated Financial Position

Millions of yen, rounded down

	FY 2013	FY 2012
Total assets	658,117	613,908
Net assets.....	324,138	294,895
Shareholders' equity ratio (%).....	47.5	46.2
Net assets per share (¥)	691.88	628.40

Note: Shareholders' equity: FY 2013: ¥312,506million; FY 2012: ¥283,855 million

3) Consolidated Cash Flows

Millions of yen, rounded down

	FY 2013	FY 2012
Cash flow from operating activities	27,182	31,169
Cash flow from investing activities	(29,883)	(30,818)
Cash flow from financing activities.....	7,124	(14,356)
Cash and cash equivalents at end of period.....	37,310	26,907

2. Dividends

	FY 2012	FY 2013	FY 2014 (Forecast)
Interim dividend per share (¥)	6.00	6.00	7.00
Year-end dividend per share (¥)	6.00	6.00	7.00
Annual dividend per share (¥).....	12.00	12.00	14.00
Total dividend payment (millions of yen)	5,421	5,420	-
Dividend payout ratio (%).....	-	36.2	25.3
Dividend to net assets ratio (%)	1.9	1.8	-

3. Forecasts for the Fiscal Year 2014 (from April 1, 2014 to March 31, 2015)

Millions of yen, rounded down

	Six-month period		Full year	
		(% change)		(% change)
Sales.....	260,000	(2.5)	540,000	1.0
Operating income	5,000	(50.1)	14,000	22.6
Ordinary income	16,000	(25.8)	35,000	13.9
Net Income	12,000	(35.3)	25,000	67.0
Earnings per share (¥)	26.57		55.35	

4. Other Information

1) Transfer of important subsidiaries during the period: None

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

2) 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: None
3. Changes in accounting estimates: None
4. Restatement of corrections: None

3) Number of shares outstanding (ordinary shares)

	FY 2013	FY 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	31,800,380	31,769,134
Average shares outstanding during period	451,694,282	451,727,688

Reference: Outline of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year 2013 (from April 1, 2013 to March 31, 2014)

1) Non-consolidated Operating Results

Percentage figures represent changes compared to the previous fiscal year

Millions of yen, rounded down

	FY 2013		FY 2012	
		(% change)		(% change)
Sales	417,265	13.1	368,831	5.4
Operating income	7,285	(10.9)	8,176	-
Ordinary income	27,478	(0.8)	27,700	52.8
Net income	5,147	-	(7,788)	-
Earnings per share (¥)	11.40		(17.24)	
Fully diluted earnings per share (¥)	-		-	

2) Non-consolidated Financial Position

Millions of yen, rounded down

	FY 2013	FY 2012
Total assets	397,812	397,658
Net assets	177,092	174,953
Shareholders' equity ratio (%)	44.5	44.0
Net assets per share (¥)	392.08	387.31

Note: Shareholders' equity: FY 2013: ¥177,092million; FY 2012: ¥174,953 million

2. Non-consolidated Forecasts for the Fiscal Year 2014(from April 1, 2014 to March 31, 2015)

Percentage figures represent changes compared to the previous interims period or fiscal year

Millions of yen, rounded down

	Six-month period		Full year	
		(% change)		(% change)
Sales	200,000	(5.0)	400,000	(4.1)
Operating income	3,000	(51.5)	8,000	9.8
Ordinary income	16,500	7.7	30,000	9.2
Net income	11,500	(14.0)	20,000	288.5
Earnings per share (¥)	25.46		44.28	

(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 Operating Results

Note: Comparisons in the following section of the report are with the previous fiscal year, unless stated otherwise.

(1) Consolidated Operating Results

① Results for this period

In the consolidated fiscal year under review (fiscal 2013), the Japanese economy showed signs of slow recovery. Despite concerns over an economic downturn in the overseas markets due to slower growth of emerging economies, Japan enjoyed improvements in the export environment due to the weaker yen and the stable domestic demand.

The MGC Group achieved an increase in revenue compared with the previous fiscal year. Major contributions came from an overall increase in sales prices due to the weaker yen and the higher market price of methanol.

Group operating income was at the prior-year level. Positive contributions came from the improved profitability of export products thanks to the weaker yen, and from lower fixed costs for meta-xylene and purified isophthalic acid due to the structural reform conducted during the previous fiscal year. These effects were however offset by factors such as the negative impact of the deteriorating business environment of engineering plastics.

Group ordinary income rose from the prior-year figure. Despite the suspension of operation at the methanol producing company in Brunei and the weaker performance of engineering plastics affiliates, the weaker yen and higher market prices of methanol helped increase the equity in earnings of affiliates, especially those of the methanol producer in Saudi Arabia, compared with the previous year.

The Group achieved a significant improvement in net income in fiscal 2013. Despite the negative impact of the impairment of noncurrent assets recognized by the MGC polycarbonate subsidiary in China, extraordinary items improved due to lower expenses for the improvement of business structure. There was also an improvement in income taxes-deferred compared with the figure for the previous fiscal year, which was affected by a major reversal of deferred income taxes.

In fiscal 2013, the MGC Group achieved ¥534.6 billion in consolidated net sales, an increase of ¥66.6 billion (14.3%) from the previous year. Consolidated operating income was ¥11.4 billion, a drop of ¥0.0 billion (0.0%). Equity in earnings of affiliates was ¥20.4 billion, an increase of ¥1.4 billion (7.5%). Consolidated ordinary income grew by ¥3.0 billion (11.2%) to ¥30.7 billion. The Group achieved a consolidated net income of ¥14.9 billion, an improvement of ¥22.7 billion from the previous fiscal year's negative figure.

Results by business segment

Natural Gas Chemicals Company

The methanol business achieved an increase in revenue but posted lower earnings. Although the weaker yen and an increase in market prices pushed up sales prices, higher purchasing costs undermined the profitability of the business.

Methanol and ammonia-based chemicals posted growth in both revenue and earnings. Despite increases in the prices of major materials including methanol, positive effects came from higher sales prices of exports due to the weaker yen and a reduction in repair costs for ammonia-related equipment.

Crude oil and other energy sources achieved prior-year-level earnings. This is because the reduction in the sales volume of crude oil was offset by increases in unit sales price.

Some of the subsidiaries in this segment also achieved growth in earnings. This was due to improved

profitability resulting from the structural reform that has been conducted since fiscal 2012.

In fiscal 2013, the Natural Gas Chemicals Company achieved consolidated net sales of ¥185.2 billion, an increase of ¥31.2 billion (20.3%) from the previous year and an operating income of ¥2.7 billion, an increase of ¥0.9 billion (51.6%). Equity in earnings of affiliates of ¥16.9 billion, coming primarily from overseas methanol producing companies, resulted in an ordinary income of ¥18.4 billion, up ¥2.4 billion (15.4%).

Aromatic Chemicals Company

Specialty aromatic chemical products posted year-on-year growth in both revenue and earnings. Not only were exports of core products more profitable due to the weaker yen, but also there was an increase in the sales volume of aromatic aldehydes.

General-purpose aromatic chemicals such as purified isophthalic acid grew in both revenue and earnings. This was partly because fixed costs were reduced by the structural reform conducted during fiscal 2012. Another reason was that the weaker yen made exports more profitable.

In fiscal 2013, the Aromatic Chemicals Company achieved consolidated net sales of ¥139.5 billion, an increase of ¥11.3 billion (8.9%), an operating income of ¥2.9 billion, growth of ¥2.1 billion (289.9%), and an ordinary income of ¥2.1 billion, an improvement of ¥3.0 billion.

Specialty Chemicals Company

Inorganic chemicals achieved prior-year-level earnings. A decline in the profitability of domestic hydrogen peroxide operations was offset by the improved profitability of the Chinese subsidiary.

Electronic chemicals achieved growth in both revenue and earnings. This positive trend was primarily due to steadily growing sales volume of super-pure hydrogen peroxide and higher sales volumes of hybrid chemicals for LCD applications in overseas markets.

In the engineering plastics business, polycarbonates suffered a significant decline in earnings as they were affected by shrinking margins due to the excess supply and sluggish demand. The polyacetal business also posted lower earnings because of shrinking margins due to the reductions in sales volumes and an increase in the price of methanol as a raw material.

Polycarbonate sheets and films marked higher net sales and lower earnings. Despite a higher sales volume of films for use in flat panel displays, there was an increase in fixed costs due partly to new acquisitions of equipment.

In fiscal 2013, the Specialty Chemicals Company posted consolidated net sales of ¥153.3 billion, an increase of ¥21.7 billion (16.5%) from the previous year and an operating income of ¥3.8 billion, a decline of ¥3.1 billion (45.3%). Due to ¥1.3 billion equity in earnings of affiliates, ordinary income was ¥3.7 billion, a drop of ¥2.9 billion (44.7%).

Information & Advanced Materials Company

In electronic materials, BT materials for semiconductor packaging, which represent MGC's core segment for electronic materials, achieved an increase in revenue thanks to the weaker yen and higher sales volumes, notably for smartphone-related applications. However, earnings remained at the prior-year level due to the cost required for the launch of the second production site in Thailand.

Oxygen absorbers such as AGELESS® achieved higher revenue and prior-year-level earnings. Positive effects included stable sales in the domestic and overseas food markets as well as higher sales prices of

exports due to the weaker yen and the growth of non-food applications. These contributions were offset by higher costs for purchasing from overseas production sites.

In fiscal 2013, the Information & Advanced Materials Company achieved consolidated net sales of ¥55.6 billion, an increase of ¥2.3 billion (4.4%), an operating income of ¥4.3 billion, an increase of ¥0.1 billion (3.5%), and an ordinary income of ¥4.8 billion, growth of ¥0.4 billion (10.5%).

Other

In the year ending March 31, 2014, the other business segment achieved consolidated net sales of ¥0.8 billion, a year-on-year decline of ¥0.0 billion (7.1%). Operating income fell by ¥0.0 billion (23.5%) to ¥0.2 billion, and ordinary income rose by ¥0.3 billion (22.2%) to ¥1.9 billion.

Consolidated forecasts for the fiscal year 2014

Despite the expectations for continued recovery of the Japanese economy, the world economy warrants no optimism, as it has downturn risks relating to U.S. monetary policy and developments of emerging economies including China.

Under these circumstances, Mid-term Management Plan "MGC Will2014," which the Group started implementing in April 2012, will unfortunately find it difficult to achieve its consolidated management targets in its final fiscal year ending March 2015. Nevertheless, the Group will work as one to implement measures in accordance with basic strategies, including "strengthening the core businesses" and "restructuring loss-making businesses."

In fiscal 2014, the Group expects to achieve higher operating income than in fiscal 2013. Expected reductions in earnings for electronic chemicals and aromatic chemicals will be more than offset by improved profitability of the polycarbonate producing subsidiary in China, an increase in the margin for sales of purchased methanol, and expanded sales of oxygen absorbers such as AGELESS®. Equity in earnings of affiliates will also increase, due mainly to the scheduled recovery of the operation of the methanol producer in Brunei.

The Group anticipates to achieve consolidated net sales of ¥540.0 billion, an operating income of ¥14.0 billion, an ordinary income of ¥35.0 billion, and a net income of ¥25.0 billion. In non-consolidated terms, MGC forecasts net sales of ¥400.0 billion, an operating income of ¥8.0 billion, an ordinary income of ¥30.0 billion, and a net income of ¥20.0 billion.

These performance forecasts assume exchange rates of ¥100=\$1 and ¥130=€1.

(2) Consolidated financial position

Assets, liabilities and net assets

As of March 31, 2014, total consolidated assets were ¥658.1 billion, ¥44.2 billion higher than at the end of the previous fiscal year.

Current assets increased by ¥26.5 billion to ¥287.9 billion, primarily due to increases in cash and deposits and in merchandise and finished goods.

Noncurrent assets increased by ¥17.6 billion to ¥370.1 billion, since a decline in property, plant, and equipment due to an impairment loss was more than offset by an increase in investment securities. The latter came from the assessment of the market value of equity holdings, the posting of equity in earnings of affiliates, and exchange effects.

Total liabilities increased by ¥14.9 billion to ¥333.9 billion. Current liabilities fell by ¥16.5 billion due primarily to a reduction in short-term loans payable. Noncurrent liabilities increased by ¥31.5 billion due to increases in long-term loans payable and bonds payable.

Net assets increased by ¥29.2 billion to ¥324.1 billion. This was primarily due to increases in income, foreign currency translation adjustment and valuation difference on available-for-sale securities.

As of March 31, 2014, the shareholders' equity ratio was 47.5% (March 31, 2013: 46.2%). Net assets per share at the end of the fiscal year were ¥691.88, compared with ¥628.40 one year earlier.

Consolidated cash flows

As of March 31, 2014, total cash and cash equivalents were ¥37.3 billion, ¥10.4 billion higher than at the end of the previous fiscal year.

1) Operating activity cash flow

Net cash provided by operating activities fell by ¥3.9 billion from the previous year to ¥27.1 billion. This was due primarily to an increase in income before income taxes and minority interests as well as a reduction in trade notes and accounts payable.

2) Investing activity cash flow

Net cash outflow from investing activities was ¥29.8 billion, ¥0.9 billion less than the outflow for the previous year. This was primarily due to a decline in expenses caused by the acquisition of noncurrent assets.

3) Financing activity cash flow

Compared with the negative figure for the previous year, net cash flow from financial activities improved by ¥21.4 billion to ¥7.1 billion. This was primarily due to an income generated by issuing bonds.

(3) Dividend policy, payments and forecasts

MGC views returns to shareholders as a key Group management issue. The Company makes a comprehensive assessment of trends in business performance, capital expenditure plans, financial position and other factors from a medium- to long-term point of view, aiming to optimally balance the returning of profits to shareholders via stable dividends with the retention of sufficient earnings to implement measures to increase future enterprise value. The Company therefore determines dividends using a specific method combining a performance-linked portion with a stable portion. From the perspective of optimizing capital efficiency, treasury share acquisitions are considered flexibly in accordance with the market environment. For the year under review, the Company plans to pay a year-end dividend of ¥6.0 per share, as previously forecast. In combination with the interim dividend of ¥6.0 per share already paid, this represents an annual dividend of ¥12.0 per share.

For the year ending March 31, 2014 the Company plans an interim dividend of ¥7.0 per share and a year-end dividend of ¥7.0 per share

2. Management policy

(1) Basic management approach

Based on the MGC Group management philosophy of contributing to the peace and development of society through the creation of a diverse range of values through chemistry, the MGC Group aims to develop and grow sustainably on the global stage as a leading chemicals group with major presence and a strong platform of proprietary technology while taking CSR in all its activities.

(2) Mid-term management indices and targets

When developing the previous Mid-term Management Plan “MGC Will 2011” (FY2009-2011), MGC decided that, in order to achieve further sustainable growth despite increasing economic uncertainty, it was necessary to formulate and implement a business plan from a long-term perspective. Consideration was first given to determining what kind of company MGC should aim to become by 2021, the 50th anniversary of its establishment. As the second step, following “MGC Will 2011,” of achieving the vision for 2021, the Company introduced the new Mid-term Management Plan “MGC Will2014” in April 2012.

●Mid-term Management Plan “MGC Will2014”

Basic Strategies

- Strengthening the core businesses
- Restructuring loss-making businesses
- Accelerating development of new businesses
- Improving total enterprise quality in support of sustainable growth

By the fiscal year ending March 2015 (fiscal 2014), the Mid-term Management Plan is aimed at achieving financial targets on a consolidated basis: net sales of ¥600.0 billion, an operating income of ¥40.0 billion, an ordinary income of ¥60.0 billion, and ROA (ordinary income/total assets) of 9.0%. Unfortunately, however, the difficult business environment will make it difficult to achieve these targets. Nevertheless, the MGC Group will continue to pursue sustainable growth by implementing measures in accordance with the basic strategies stated in the Mid-term Management Plan.

(3) Key issues

In core businesses, MGC has a wide range of products, from basic chemicals and materials such as methanol, hydrogen peroxide, and polycarbonates to high-performance products such as sheets/films, electronics chemicals, BT materials, and the AGELESS® oxygen absorber. This accounts for our tangible presence in all market segments. The Group will continue to strengthen and expand core businesses. In the segment of chemicals and material products, low-cost production will be enhanced by obtaining access to material sources, producing overseas, and improving processes. In high-performance products, a development platform will be strengthened that allows MGC to offer differentiated products while closely exchanging information with major global users.

On the other hand, the MGC polycarbonate subsidiary in China inevitably recognized an impairment of noncurrent assets. The Chinese company faced difficulty in remaining profitable and expected to take time to recover. As far as loss-making operations are concerned, MGC will reform its business structure at a fast pace in response to changes in the business environment.

In developing new businesses, MGC set up the “Next Generation Business Project Group” to reinforce its existing research and development. Integrating internal resources through a cross-organizational approach, this organization has been operating successfully. In the future, it will accelerate its work even further.

To achieve sustainable growth, we need to improve management quality further in all respects. To "improve total enterprise quality in support of sustainable growth," we will squarely face challenges such as developing global human resources, improving the ability of the manufacturing floor, production with low environmental impact, cost reductions, higher group-wide business efficiency.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In ¥ million, rounded down)

	FY2012 (As of March 31, 2013)	FY2013 (As of March 31, 2014)
ASSETS		
Current assets		
Cash and deposits	28,888	38,772
Trade notes and accounts receivable.....	127,843	129,239
Short-term investments securities	140	2,130
Merchandise and finished goods	50,172	60,527
Work in progress	10,607	10,319
Raw materials and supplies	27,261	27,232
Other	17,275	20,508
Allowance for doubtful accounts	(792)	(808)
Total current assets	261,397	287,921
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	55,570	59,279
Machinery, equipment and vehicles, net.....	69,780	71,637
Other, net.....	70,101	
Total property, plant and equipment	195,453	191,311
Intangible assets		
Goodwill	-	2
Other	3,374	3,166
Total intangible assets	3,374	3,169
Investments and other assets		
Investment securities	146,762	167,296
Other	7,180	11,499
Allowance for doubtful accounts.....	(260)	(81)
Total investments and other assets	153,683	175,714
Total noncurrent assets.....	352,511	370,195
Total assets.....	613,908	658,117

Consolidated Balance Sheets (contd.)

(In ¥ million, rounded down)

	FY2012 (As of March 31, 2013)	FY2013 (As of March 31, 2014)
LIABILITIES		
Current Liabilities		
Trade notes and accounts payable	73,907	71,664
Short-term loans payable	84,627	75,859
Income taxes payable.....	1,358	1,570
Provision	4,318	5,015
Other	31,225	24,788
Total current liabilities	195,438	178,896
Noncurrent liabilities		
Bonds payable	15,000	25,000
Long -term loans payable	61,183	83,481
Provision for retirement benefits.....	7,549	-
Other provision	2,949	1,220
Asset retirement obligations	4,207	9,232
Other	32,682	36,148
Total noncurrent liabilities	123,574	155,081
Total liabilities.....	319,013	333,978
NET ASSETS		
Shareholders' equity		
Capital stock	41,970	41,970
Capital surplus	35,595	35,595
Retained earnings	231,882	240,111
Treasury stock	(8,094)	(8,119)
Total shareholders' equity	301,353	309,557
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,607	11,384
Revaluation reserve for land.....	206	206
Foreign currency translation adjustment	(26,311)	(7,305)
Remeasurements of defined benefit plans.....	—	(1,337)
Total accumulated other comprehensive income.....	(17,497)	2,949
Minority interests	11,039	11,632
Total net assets	294,895	324,138
Total liabilities and net assets	613,908	658,117

(2) Consolidated Statements of Income

(In ¥ million, rounded down)

	FY 2012 (April 1, 2012 – March 31, 2013)	FY 2013 (April 1, 2013 – March 31, 2014)
Net sales	467,979	534,670
Cost of sales	400,011	460,592
Gross profit	67,967	74,077
Selling, general and administrative expenses.....	56,545	62,660
Operating income.....	11,421	11,416
Non-operating income		
Interest income	173	200
Dividend income	1,344	1,735
Equity in earnings of affiliates.....	19,045	20,466
Other	3,215	3,942
Total non-operating income	23,779	26,344
Non-operating expenses		
Interest expense	2,581	2,995
Personnel expenses for seconded employees.....	1,443	1,466
Loss on disposal of noncurrent assets	903	750
Other	2,621	1,812
Total non-operating expenses.....	7,549	7,025
Ordinary income	27,651	30,735
Extraordinary income		
Gain on sales of noncurrent assets	180	361
Gain on sales of investment securities	-	266
Insurance income.....	163	238
Loss (gain) on liquidation of subsidiaries and associates	-	183
Total extraordinary income.....	344	1,050
Extraordinary losses		
Business structure improvement expenses.....	15,439	1,526
Loss on valuation of investment securities.....	1,049	-
Provision for compensation expenses.....	838	-
Environmental improvement expensive.....	592	448
Loss on litigation	165	-
Loss on disposal of noncurrent assets	116	-
Impairment loss.....	54	11,648
Compensation for products.....	-	339
Loss on fire accident.....	-	119
Total extraordinary losses	18,256	14,082
Income before income taxes and minority interests	9,739	17,703
Income taxes, etc.	17,076	2,951
Net income or loss before minority interests.....	(7,336)	14,751
Minority interests in income	456	(219)
Net income or loss	(7,793)	14,971

(Consolidated Statements of Comprehensive Income)

	(In ¥ million, rounded down)	
	FY 2012 (April 1, 2012 – March 31, 2013)	FY 2013 (April 1, 2013 – March 31, 2014)
Income before minority Interests	(7,336)	14,751
Other comprehensive Income		
Valuation difference on available-for-sale securities.....	5,088	2,720
Deferred gains or losses on hedges	197	-
Foreign currency statements translation adjustment	3,380	5,504
Share of other comprehensive income of associates accounted for using equity method	7,483	14,565
Total other comprehensive Income.....	16,149	22,790
Comprehensive Income	8,812	37,541
Total comprehensive Income Attributable to		
Owners of the parent	7,526	36,754
Minority interests.....	1,286	786

(3) Consolidated Statements of Changes in Net Assets

(In ¥ million, rounded down)

	FY 2012 (April 1, 2012 – March 31, 2013)	FY 2013 (April 1, 2013 – March 31, 2014)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period.....	41,970	41,970
Balance at the end of current period.....	41,970	41,970
Capital surplus		
Balance at the beginning of current period.....	35,593	35,595
Changes of items during the period		
Disposal of treasury stock	1	-
Total changes of items during the period.....	1	-
Balance at the end of current period.....	35,595	35,595
Retained earnings		
Balance at the beginning of current period.....	245,083	231,882
Changes of items during the period		
Dividends from surplus.....	(5,421)	(5,420)
Net income	(7,793)	14,971
Change of scope of consolidation	13	-
Change of scope of equity method.....	-	-
Increase (decrease) in cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	-	(1,322)
Total changes of items during the period.....	(13,200)	8,228
Balance at the end of current period.....	231,882	240,111
Treasury stock		
Balance at the beginning of current period.....	(8,039)	(8,094)
Changes of items during the period		
Purchase of treasury stock.....	(56)	(24)
Disposal of treasury stock	1	-
Total changes of items during the period.....	(54)	(24)
Balance at the end of current period.....	(8,094)	(8,119)
Total shareholders' equity		
Balance at the beginning of current period.....	314,607	301,353
Changes of items during the period		
Dividends from surplus.....	(5,421)	(5,420)
Net income	(7,793)	14,971
Change of scope of consolidation	13	-
Change of scope of equity method.....	-	-
Increase (decrease) in cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	-	(1,322)
Purchase of treasury stock.....	(56)	(24)
Disposal of treasury stock	3	-
Total changes of items during the period.....	(13,254)	8,203
Balance at the end of current period.....	301,353	309,557

Consolidated Statements of Changes in Net Assets (contd.)

(In ¥ million, rounded down)

	FY 2012 (April 1, 2012 – March 31, 2013)	FY 2013 (April 1, 2013 – March 31, 2014)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period.....	3,468	8,607
Changes of items during the period		
Net changes of items other than shareholders' equity	5,138	2,777
Total changes of items during the period	5,138	2,777
Balance at the end of current period.....	8,607	11,384
Deferred gains or losses on hedges		
Balance at the beginning of current period.....	(177)	-
Changes of items during the period		
Net changes of items other than shareholders' equity	177	-
Changes of items during the period	177	-
Balance at the end of current period.....	-	-
Revaluation reserve of land		
Balance at the beginning of current period.....	206	206
Changes of items during the period.....		
Net changes of items other than shareholders' equity	-	-
Total changes of items during the period	-	-
Balance at the end of current period.....	206	206
Foreign currency translation adjustments		
Balance at the beginning of current period.....	(36,417)	(26,311)
Changes of items during the period		
Net changes of items other than shareholders' equity	10,106	19,006
Total changes of items during the period.....	10,106	19,006
Balance at the end of current period.....	(26,311)	(7,305)
Remeasurements of defined benefit plans		
Balance at the beginning of current period.....	-	-
Changes of items during the period		
Net changes of items other than shareholders' equity	-	(1,337)
Total changes of items during the period	-	(1,337)
Balance at the end of current period.....	-	(1,337)
Total accumulated other comprehensive income		
Balance at the beginning of current period.....	(32,920)	(17,497)
Changes of items during the period		
Net changes of items other than shareholders' equity	15,422	20,446
Total changes of items during the period	15,422	20,446
Balance at the end of current period.....	(17,497)	2,949
Minority interests		
Balance at the beginning of current period	10,424	11,039 2
Changes of items during the period		
Net changes of items other than shareholders' equity	615	592
Total changes of items during the period	615	592
Balance at the end of current period	11,039	11,632
Total net assets		
Balance at the beginning of current period	292,111	294,895
Changes of items during the period		

Dividends from surplus	(5,421)	(5,420)
Net income	(7,793)	14,971
Change of scope of consolidation	13	-
Change of scope of equity method	-	-
Increase (decrease) in cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries		(1,322)
Purchase of treasury stock	(56)	(24)
Disposal of treasury stock	3	-
Net changes of items other than shareholders' equity	16,038	21,039
Total changes of items during the period	2,784	29,242
Balance at the end of current period	294,895	324,138

(4) Consolidated Statements of Cash Flows

(In ¥ million, rounded down)

	FY 2012 (April 1, 2012 – March 31, 2013)	FY 2013 (April 1, 2013 – March 31, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests.....	9,739	17,703
Depreciation and amortization.....	23,096	23,528
Loss (gain) on disposal of noncurrent assets	672	287
Amortization of goodwill.....	(73)	(168)
Insurance income	(201)	(281)
Business structure improvement expenses	15,439	1,526
Provision for compensation expenses	838	-
Impairment losses	54	11,648
Loss (gain) on liquidation of subsidiaries and associates.....		(185)
Loss on fire accident.....	-	119
Loss on litigation.....	165	-
Equity in (earnings) losses of affiliates.....	(19,045)	(20,466)
Increase (decrease) in allowance for doubtful accounts	(833)	460
Increase (decrease) in provision for retirement benefits	439	-
Increase (decrease) in net defined benefit liability.....	-	346
Interest and dividends income.....	(1,518)	(1,936)
Interest expenses	2,581	2,995
Loss (gain) on sales of short-term and long-term investment securities.....	(7)	(221)
Loss (gain) on valuation of short-term and long-term investment securities.....	1,056	23
Loss on adjustment for changes of accounting standard for asset retirement obligations.....	-	
Environment improvement expenses.....	592	448
Decrease (increase) in notes and accounts receivable-trade.....	(2,012)	2,092
Decrease (increase) in inventories.....	(11,322)	6,833
Increase (decrease) in notes and accounts payable-trade.....	1,739	(10,521)
Increase (decrease) in accrued consumption taxes.....	261	95
Increase (decrease) in provision for directors' retirement benefits.....	(33)	(49)
Other, net.....	(3,940)	(8,298)
Subtotal	17,687	12,312
Interest and dividends income received.....	1,440	1,926
Proceeds from dividends income from affiliates accounted for by equity method	17,945	18,798
Interest expenses paid	(2,498)	(3,112)
Income taxes (paid) refund.....	(4,313)	(3,024)
Proceeds from insurance income.....	982	281
Payments for loss on disaster	(75)	-
Net cash provided by (used in) operating activities	31,169	27,182

Consolidated Statements of Cash Flows (contd.)

(In ¥ million, rounded down)

	FY 2012 (April 1, 2012 – March 31, 2013)	FY 2013 (April 1, 2013 – March 31, 2014)
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	(10)	-
Proceeds from sales of short-term investment securities	124	22
Purchase of noncurrent assets	(30,105)	(29,403)
Proceeds from sales of noncurrent assets	448	997
Purchase of investment securities	(870)	(396)
Proceeds from sales of investment securities	3	649
Payments of loans receivable	(1,153)	(552)
Collection of loans receivable	695	249
Other, net	49	(1,445)
Net cash provided by (used in) investing activities ..	(30,818)	(29,883)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loan payable	(7,935)	1,514
Proceeds from long-term loans payable	24,601	27,835
Payment of long-term loans payable	(23,181)	(24,537)
Proceeds from issuance of bonds	-	9,952
Redemption of bonds	-	-
Purchase of treasury stock	(56)	(35)
Cash dividends paid	(5,421)	(5,420)
Cash dividends paid to minority shareholders	(635)	(474)
Other, net	(1,727)	(1,710)
Net cash provided by (used in) financing activities ..	(14,356)	7,124
Effect of exchange rate change on cash and cash equivalents	3,605	5,548
Net increase (decrease) in cash and cash equivalents	(10,399)	9,972
Cash and cash equivalents at beginning of period ...	35,701	26,907
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	1,605	-
Increase (decrease) in cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	-	430
Cash and cash equivalents at end of period	26,907	37,310

(5) Segment information

1. Segment overview

Mitsubishi Gas Chemical employs an in-house company system, which was adopted to clarify the responsibilities of each business and improve efficiency. Each company conducts its business according to an independent strategy formulated for its products and services.

This structure makes it possible to obtain separate financial information for each segment. Financial information is presented for the four companies subjected to periodical examinations that are conducted by the Board of Directors in order to optimize the allocation of management resources and evaluation of performance: Natural Gas Chemicals, Aromatic Chemicals, Specialty Chemicals, and Information & Advanced Materials.

The Natural Gas Chemicals Company manufactures and sells products such as methanol, ammonia, amines, methacrylate derivatives, polyhydric alcohol, enzymes, coenzymes, and crude oil.

The Aromatic Chemicals Company manufactures and sells xylene isomers and their derivatives.

The Specialty Chemicals Company manufactures and sells products such as hydrogen peroxide and other inorganic chemicals for industrial use, electronic chemicals, and engineering plastics.

The Information & Advanced Materials Company manufactures and sells products such as materials for printed circuit boards, printed circuit boards, and oxygen absorber such as AGELESS®.

2. Business segments

FY 2013 (from April 1, 2013 to March 31, 2014)

(In ¥ million, rounded down)

	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustment	Consolidated
Net sales							
Sales to outside customers	185,276	139,596	153,382	55,601	813	-	534,670
Inter-segment sales	9,568	2,040	1,176	0	95	(12,882)	-
Total	194,845	141,636	154,559	55,602	908	(12,882)	534,670
Operating income (loss)	18,444	2,189	3,708	4,883	1,901	(391)	30,735
Identifiable assets by business segment	217,997	101,943	195,038	64,448	55,832	22,857	658,117
Other items							
Depreciation	6,334	4,127	9,550	3,123	10	381	23,528
Amortization of goodwill	—	—	24	1	-	(26)	-
Amortization of negative goodwill	(13)	(11)	(169)	-	-	26	(168)
Interest income	79	20	156	46	22	(124)	200
Interest expense	1,236	0	1,496	132	4	(685)	2,995
Equity in earnings of affiliates	16,937	27	1,396	-	2,132	-	20,466
Investment to equity method affiliates	66,272	1,514	11,657	-	28,974	(239)	108,179
Increase of property, plant and equipment and intangible assets	4,523	2,377	11,237	6,691	2	577	25,409

FY 2012 (from April 1, 2012 to March 31, 2013)

(In ¥ million, rounded down)

	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustment	Consolidated
Net sales							
Sales to outside customers	153,995	128,222	131,611	53,274	875	-	467,979
Inter-segment sales	7,807	1,958	966	4	69	(10,806)	-
Total	161,803	130,180	132,577	53,279	944	(10,806)	467,979
Operating income (loss)	15,981	(890)	6,707	4,417	1,555	(119)	27,651
Identifiable assets by business segment	194,371	109,362	187,509	61,150	44,882	16,632	613,908
Other items							
Depreciation	6,295	5,860	7,790	2,799	10	339	23,096
Amortization of goodwill	44	94	0	1	-	(141)	-
Amortization of negative goodwill	(14)	(22)	(177)	-	-	141	(73)
Interest income	80	27	126	23	4	(90)	173
Interest expense	1,374	947	819	121	4	(685)	2,581
Equity in earnings of affiliates	15,217	27	2,097	-	1,703	-	19,045
Investment to equity method affiliates	54,675	1,539	11,030	-	25,096	(241)	92,100
Increase of property, plant and equipment and intangible assets	6,372	5,777	15,076	3,385	0	370	30,982

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS (FY 2013)

(hundred million of yen, rounded down)

		FY 2013	FY 2012	Change	Change(%)	FY 2014 (Forecast)
Net sales		5,346	4,679	666	14.3%	5,400
	Natural gas chemicals	1,948	1,618	330	20.4%	1,980
	Aromatic chemicals	1,416	1,301	114	8.8%	1,245
	Specialty chemicals	1,545	1,325	219	16.6%	1,657
	Information and advanced materials	556	532	23	4.4%	636
	Other and Adjustment	(119)	(98)	(21)	—	(120)
Operating income (loss)		114	114	(0)	(0.0%)	140
	Natural gas chemicals	27	17	9	51.6%	36
	Aromatic chemicals	29	7	21	289.9%	16
	Specialty chemicals	38	69	(31)	(45.3%)	56
	Information and advanced materials	43	41	1	3.5%	56
	Other and Adjustment	(23)	△ 22	(1)	—	(25)
Non - operating profit (loss)		193	162	30	19.0%	210
Ordinary income (loss)		307	276	30	11.2%	350
	Natural gas chemicals	184	159	24	15.4%	227
	Aromatic chemicals	21	(8)	30	—	(0)
	Specialty chemicals	37	67	(29)	△44.7%	58
	Information and advanced materials	48	44	4	10.5%	52
	Other and Adjustment	15	14	0	5.1%	12
Extraordinary income (loss)		(130)	(179)	48	—	(50)
Income before income taxes and minority interests		177	97	79	81.8%	300
Net income		149	(77)	227	—	250
Net income (loss) per share (¥)		33.14	(17.25)	—		55.35
Annual dividend per share (¥)		12.00	12.00	—		14.00

※Consolidated subsidiaries: 40 , Affiliates : 14 (As of end of March,2014)

Non - operating profit (loss)

Equity in earnings of affiliates	204	190	14	7.5%	250
Income (expenses) on financing activities	(10)	(10)	0	—	—
Foreign currency statements translation adjustment	(3)	10	(14)	—	—
Other	2	(27)	30	—	(40)
Total : Non - operating profit (loss)	193	162	30	19.0%	210

Extraordinary income (loss)

Gain on sales of noncurrent assets	3	1	1	100.6%
Gain on sales of investment securities	2	—	2	—

Insurance income	2	1	0	45.7%
Loss (gain) on liquidation of subsidiaries and associates	1	—	1	—
Impairment loss	(116)	(0)	(115)	—
Business structure improvement expenses	(15)	(154)	139	—
Environmental improvement expense	(4)	(5)	1	—
Compensation for products	(3)	—	(3)	—
Loss on fire accident	(1)	—	(1)	—
Loss on valuation of investment securities	—	(10)	10	—
Provision for compensation expenses	—	(8)	8	—
Loss on litigation	—	(1)	1	—
Loss on disposal of noncurrent assets	—	(1)	1	—
Total : Extraordinary income (loss)	(130)	(179)	48	—

Various index

	FY2014 (Forecast)	FY2013	FY2012	FY2011	FY2010
Investments (Full year)	290	254	309	424	354
(first half)	140	138	243	339	251
Depreciation and amortization (Full year)	230	235	230	277	290
(first half)	110	114	167	205	215
R&D expenditures (Full year)	180	161	153	174	164
(first half)	93	80	115	132	119
Staff	5,554	5,445	5,323	5,216	4,979
ROA	5.2%	4.8%	4.6%	4.5%	6.5%
ROE	7.8%	5.0%	(2.8%)	4.4%	6.9%
Annual dividend (Full year)	14.0	12.0	12.0	12.0	8.0
(first half)	7.0	6.0	6.0	6.0	4.0
Exchange rate (average)	¥100/\$	¥99/\$	¥79/\$	¥80/\$	¥89/\$
Apr-Sep					
Oct-Mar	¥100/\$	¥102/\$	¥87/\$	¥78/\$	¥82/\$
Methanol market(Assumed Asian average spot price)					
Jan-June	\$430/MT	\$375/MT	\$385/MT	\$349/MT	\$283/MT
July-Dec	\$370/MT	\$449/MT	\$364/MT	\$385/MT	\$307/MT