

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

Results for the First Half of Fiscal Year 2015

(April 1 – September 30, 2015)

November 5, 2015

MITSUBISHI GAS CHEMICAL COMPANY, INC.

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Scheduled date of payment of dividend: December 4, 2015

1. Summary of Consolidated Results for the First Half of Fiscal Year 2015 (April 1– September 30, 2015)

1) Operating results

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

	April 1 – September 30, 2015		April 1 – September 30, 2014	
		Change %		Change %
Net sales	300,294	12.1	267,861	0.5
Operating income (loss)	15,333	143.1	6,308	(37.8)
Ordinary income (loss)	21,131	(7.8)	22,910	-
Net income (loss)	18,524	(9.5)	20,465	-
Net income (loss) per share (¥)	41.55	-	45.31	-
Fully diluted net income (loss) per share (¥)	-	-	-	-

(Note) Comprehensive income: first half of FY 2015 : ¥10,112million [57.5%] ; first half of FY 2014 : 23,770million [-%]

2) Financial position

Millions of yen, rounded down

	As of September 30, 2015	As of September 30, 2014
Total assets	766,003	790,784
Net assets	425,903	422,851
Equity ratio (%)	49.6	47.8

(Note) Shareholders' equity as of September 30, 2015 : ¥380,110million; as of March 31, 2014 : ¥377,643million

2. Cash Dividends

	FY 2015	FY 2014
Interim dividend per share (¥)	8.00	7.00
Year-end dividend per share (¥)	8.00(Forecast)	7.00
Annual dividend per share (¥)	16.00	14.00

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

3. Consolidated Business Forecasts for Fiscal Year 2014 (April 1, 2015-March 31, 2016)

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

	Full year	
		Change %
Net sales	600,000	13.3
Operating income (loss)	26,500	76.7
Ordinary income (loss)	36,000	(14.3)
Net Income (loss)	26,000	(40.0)
Net income (loss) per share (¥)	58.32	-

(Note) Revision of consolidated business forecasts during this period: None

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)

	September 30, 2015	March 31, 2015
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	41,827,424	31,819,177
	April 1 – September 30, 2015	April 1 – September 30, 2014
Average shares outstanding during period	445,821,431	451,674,626

(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 Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

Millions of yen, rounded down

	As of March 31, 2015	As of September 30, 2015
ASSETS		
Current assets		
Cash and deposits	62,327	54,257
Trade notes and accounts receivable	152,711	144,705
Short-term investments securities.....	18,137	16,137
Merchandise and finished goods	65,476	65,669
Work in progress	12,707	12,616
Raw materials and supplies	32,173	30,505
Other.....	32,611	24,219
Allowance for doubtful accounts	(3,978)	(3,943)
Total current assets.....	372,166	344,167
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	75,836	73,793
Machinery, equipment and vehicles, net	87,249	84,670
Other, net	72,837	75,381
Total property, plant and equipment.....	235,923	233,845
Intangible assets		
Other	9,214	8,921
Total intangible assets.....	9,214	8,921
Investments and other assets		
Investment securities	164,654	169,376
Other	8,936	9,796
Allowance for doubtful accounts	(110)	(103)
Total investments and other assets	173,481	179,068
Total noncurrent assets	418,618	421,835
Total assets	790,784	766,003

Consolidated Quarterly Balance Sheets (contd.)

Millions of yen, rounded down

	As of March 31, 2015	As of September 30, 2015
LIABILITIES		
Current Liabilities		
Trade notes and accounts payable	79,323	68,961
Short-term loans payable	104,155	100,382
Income taxes payable	2,148	1,796
Provision	5,533	5,720
Other	33,907	30,758
Total current liabilities	225,068	207,620
Noncurrent liabilities		
Bonds payable	25,000	25,000
Long-term loans payable	69,932	62,009
Provision	2,779	3,072
Provision for retirement benefits	5,586	5,973
Asset retirement obligations	3,685	3,721
Other	35,879	32,612
Total noncurrent liabilities	142,864	132,479
Total liabilities	367,932	340,100
NET ASSETS		
Shareholders' equity		
Capital stock	41,970	41,970
Capital surplus	35,595	35,590
Retained earnings	279,540	299,180
Treasury stock	(8,131)	(15,560)
Total shareholders' equity	348,974	361,180
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,612	14,168
Deferred gains or losses on hedges	-	26
Revaluation reserve for land	217	217
Foreign currency translation adjustment	4,950	1,881
Remeasurements of defined benefit plans	2,888	2,637
Total accumulated other comprehensive	28,669	18,930
Minority interests	45,207	45,792
Total net assets	422,851	425,903
Total liabilities and net assets	790,784	766,003

(2) Consolidated Quarterly Statements of Income

Millions of yen, rounded down

	April 1 - Sep 30, 2014	April 1 - Sep 30, 2015
Net sales.....	267,861	300,294
Cost of sales	231,134	240,451
Gross profit.....	36,726	59,842
Selling, general and administrative expenses	30,418	44,508
Operating income	6,308	15,333
Non-operating income		
Interest income	91	243
Dividend income	1,524	1,615
Equity in earnings of affiliates	16,754	8,113
Other	1,237	1,267
Total non-operating income.....	19,608	11,240
Non-operating expenses		
Interest expense.....	1,277	1,224
Foreign exchange losses	-	2,465
Personnel expenses for seconded employees	615	661
Other	1,112	1,091
Total non-operating expenses	3,006	5,442
Ordinary income	22,910	21,131
Extraordinary income		
Gain on sales of investment securities	-	3,444
Subsidy income.....	-	301
Insurance income.....	-	136
Compensation income	1,055	-
Gain on rights and interests	792	-
Gain on bargain purchase.....	198	-
Gain on sales of noncurrent assets	139	-
Total extraordinary income	2,185	3,882
Extraordinary losses		
Loss on liquidation of subsidiaries and affiliates ..	-	1,028
Business structure improvement expenses	1,143	388
Loss on cancel of lease contracts.....	-	147
Impairment loss.....	519	-
Amortization of goodwill	476	-
Total extraordinary losses	2,139	1,564
Income before income taxes and minority interests	23,956	23,448
Income taxes, etc.....	1,951	2,852
Net income before minority interests	21,005	20,596
Minority interests in income.....	540	2,072
Net income	20,465	18,524

(Consolidated Quarterly Statements of Comprehensive Income)

	<i>Millions of yen, rounded down</i>	
	April 1 - Sep 30,2014	April 1 - Sep 30,2015
Income before minority Interests	21,005	20,596
Other comprehensive Income		
Valuation difference on available-for-sale securities ..	3,555	(6,407)
Deferred gains or losses on hedges	-	29
Foreign currency statements translation adjustment..	1,335	(2,439)
Remeasurements of defined benefit plans	184	(270)
Share of other comprehensive income of associates accounted for using equity method.....	(2,310)	(1,396)
Total other comprehensive Income	2,765	(10,484)
Comprehensive Income	23,770	10,112
Total comprehensive Income Attributable to		
Owners of the parent.....	22,851	8,786
Minority interests	918	1,326

(3) Consolidated Quarterly Statements of Income

Millions of yen, rounded down

	April 1 - September 30 2014	April 1 - September 30 2015
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	22,956	23,448
Depreciation and amortization.....	11,574	13,115
Impairment loss	519	-
Amortization of goodwill	476	132
Gain on bargain purchase	(198)	-
Increase (decrease) in allowance for doubtful accounts	(20)	(90)
Loss (gain) on disposal of non-current assets.....	306	329
Increase (decrease) in net defined benefit liability.....	340	166
Increase (decrease) in provision for directors' retirement benefits.....	(61)	(61)
Interest and dividends income.....	(1,616)	(1,858)
Interest expenses	1,277	1,224
Equity in (earnings) losses of affiliates	(16,754)	(8,113)
Investment securities and Gain on sales of investment securities	(80)	(3,444)
Loss on liquidation of subsidiaries and affiliates.....	-	1,028
Subsidy income	-	(301)
Business structure improvement expenses.....	1,143	388
Loss on cancel of lease contracts	-	147
Insurance income	(13)	(136)
Compensation income.....	(1,055)	-
Gain on rights and interests	(792)	-
Decrease (increase) in notes and accounts receivable - trade	1,609	7,378
Decrease (increase) in inventories	3,157	792
Increase (decrease) in notes and accounts payable - trade	5,139	(9,944)
Increase (decrease) in accrued consumption taxes.	824	(927)
Other, net	(1,132)	(2,726)
Subtotal.....	27,606	20,548
Interest and dividends income received	1,605	1,832
Proceeds from dividends income from affiliates accounted for by equity method.....	13,192	1,162
Interest expenses paid	(1,333)	(1,213)
Income taxes (paid) refund.....	(654)	4,068
Subsidy income	-	1,909
Proceeds from insurance income.....	13	203
Net cash provided by (used in) operating activities	40,429	28,510

Consolidated Statements of Cash Flows (contd.)

Millions of yen, rounded down

	April 1 - September 30, 2014	April 1 - September 30, 2015
Net cash provided by (used in) investing activities		
Proceeds from sales of short-term investment securities	37	-
Purchase of noncurrent assets	(9,394)	(13,831)
Proceeds from sales of noncurrent assets	764	191
Purchase of investment securities	(279)	(5,465)
Purchase of shares of subsidiaries	(50)	-
Proceeds from sales of investment securities	109	3,939
Payments of loans receivable	(1,139)	(3,680)
Collection of loans receivable	171	3,768
Other, net	2,203	(673)
Net cash provided by (used in) investing activities	(7,576)	(15,752)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loan payable	(7,475)	(845)
Proceeds from long-term loans payable	2,831	3,818
Payment of long-term loans payable	(6,956)	(14,875)
Purchase of treasury stock	(5)	(7,429)
Cash dividends paid	(2,710)	(3,161)
Cash dividends paid to minority shareholders	(414)	(838)
Other, net	(1,889)	(765)
Net cash provided by (used in) financing activities	(16,621)	(24,097)
Effect of exchange rate change on cash and cash equivalents	1,358	684
Net increase (decrease) in cash and cash equivalents	17,590	(10,653)
Cash and cash equivalents at beginning of period	37,310	72,678
Increase (decrease) in cash resulting from fiscal year change of subsidiaries	373	-
Cash and cash equivalents at end of period	55,274	62,024

4. Consolidated Quarterly Segment Information

(1) Six-month period ended September 30, 2014 (April 1 – September 30, 2014)

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	91,537	64,288	81,775	29,959	299	—	267,861
Inter-segment sales	6,211	1,097	611	0	51	(7,972)	—
Total	97,749	65,385	82,387	29,960	351	(7,972)	267,861
Segment income (loss) [Ordinary income (loss)].....	17,271	(352)	2,937	2,497	887	(330)	23,910

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 ¥330 million segment loss adjustment consists of ¥30 million loss in inter-segment sales, and ¥300 million loss 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) Six-month period ended September 30, 2015 (April 1 – September 30, 2015)

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	87,619	103,907	82,041	26,404	320	—	300,294
Inter-segment sales	5,269	1,175	685	16	43	(7,190)	—
Total	92,888	105,083	82,727	26,421	364	(7,190)	300,294
Segment income (loss) [Ordinary income (loss)].....	7,758	7,122	5,819	861	57	(488)	21,131

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 ¥488 million segment loss adjustment consists of ¥9 million loss in inter-segment sales, and ¥478 million loss 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.

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS (FY 2015)

(billions of yen, rounded down)

	FY 2014 H1	FY 2015 H1	Change	Change(%)	FY2014 Full Year Result	FY 2015 Full Year Forecast
Net sales	267.8	300.2	32.4	12.1%	529.5	600.0
Natural Gas Chemicals	97.7	92.8	(4.8)	(5.0%)	197.6	182.7
Aromatic Chemicals	65.3	105.0	39.6	60.7%	123.3	214.8
Specialty Chemicals	82.3	82.7	0.3	0.4%	166.0	164.8
Information and Advanced Materials	29.9	26.4	(3.5)	(11.8%)	58.2	53.8
Other and Adjustment	(7.6)	(6.8)	0.7	-	(15.6)	(16.2)
Operating income (loss)	6.3	15.3	9.0	143.1%	14.9	26.5
Natural Gas Chemicals	0.6	2.1	1.5	237.8%	2.7	3.9
Aromatic Chemicals	1.5	7.7	6.2	400.2%	3.0	14.0
Specialty Chemicals	3.2	5.6	2.4	76.0%	8.2	9.0
Information and Advanced Materials	2.2	1.1	(1.1)	(50.0%)	3.8	2.3
Other and Adjustment	(1.3)	(1.4)	(0)	-	(2.8)	(2.8)
Non - operating profit (loss)	16.6	5.7	(10.8)	(65.1%)	27.0	9.5
Ordinary income (loss)	22.9	21.1	(1.7)	(7.8%)	42.0	36.0
Natural Gas Chemicals	17.2	7.7	(9.5)	(55.1%)	27.2	14.8
Aromatic Chemicals	(0.3)	7.1	7.4	-	1.0	11.9
Specialty Chemicals	2.9	5.8	2.8	98.1%	9.1	8.7
Information and Advanced Materials	2.4	0.8	(1.6)	(65.5%)	4.0	1.6
Other and Adjustment	0.5	(0.4)	(0.9)	-	0.5	(1.2)
Extraordinary income (loss)	0.0	2.3	2.2	-	4.0	(2.0)
Income before income taxes and minority interests	22.9	23.4	0.4	2.1%	46.0	34.0
Net income	20.4	18.5	(1.9)	(9.5%)	43.3	26.0
Net income (loss) per share (¥)	45.31	41.55	(3.76)		95.97	58.32
Annual dividend per share (¥)	7.00	8.00	1.0		14.0	16.0

※Consolidated subsidiaries: 77, Affiliates : 13 (As of end of September,2015)

Non operating profit (loss)

	FY 2014 H1	FY 2015 H1	Change	Change(%)	FY2014 Full Year Result	FY 2015 Full Year Forecast
Equity in earnings of affiliates	16.7	8.1	(8.6)	51.6%	27.8	15.0
Income (expenses) on financing activities	0.3	0.6	0.2	87.0%	(0.1)	—
Foreign currency statements translation adjustment	0.0	(2.4)	(2.5)	—	0.5	—
Other	(0.5)	(0.4)	0.0	—	(1.2)	(5.5)
Total : Non - operating profit (loss)	16.6	5.7	(10.8)	(65.1%)	27.0	9.5

Extraordinary income (loss)

Gain on sales of investment securities	-	3.4	3.4	-	2.8	
Subsidy income	-	0.3	0.3	-	1.6	
Insurance income	-	0.1	0.1	-	-	
Compensation income	1.0	-	(1.0)	-	1.0	
Gain on rights and interests	0.7	-	(0.7)	-	0.7	
Gain on bargain purchase	0.1	-	(0.1)	-	0.1	
Gain on step acquisitions	-	-	-	-	2.0	
Other extraordinary income	0.1	-	(0.1)	-	0.7	
Loss on liquidation of subsidiaries and affiliates	-	(1.0)	(1.0)	-	-	
Business structure improvement expenses	(1.1)	(0.3)	0.7	-	(1.0)	
Loss on cancel of lease contracts	-	(0.1)	(0.1)	-	-	
Impairment loss	(0.5)	-	0.5	-	(1.1)	
Amortization of goodwill	(0.4)	-	0.4	-	(0.4)	
Loss on reduction of noncurrent assets	-	-	0.0	-	(1.6)	
Other extraordinary losses	-	-	0.0	-	(1.1)	
Total : Extraordinary income (loss)	0.0	2.3	2.2	-	4.0	(2.0)