

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS
Results for the Fiscal Year 2010 (from April 1, 2010 to March 31, 2011)

MITSUBISHI GAS CHEMICAL COMPANY, INC.

May 9, 2011

Stock Code: 4182
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 President: Kazuo Sakai
 Scheduled date of general shareholders' meeting: June 28, 2011
 Scheduled date of filing of the financial report: June 28, 2011
 Scheduled date of payment of dividend: June 9, 2011

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1. Consolidated Financial Results for the Fiscal Year 2010 (from April 1, 2010 to March 31, 2011)

1) Consolidated Operating Results

Percentage figures represent changes compared to the previous fiscal year

Millions of yen, rounded down

	FY 2010		FY 2009	
		(% change)		(% change)
Sales	451,033	17.3	384,528	(14.1)
Operating income (loss)	23,363	471.2	4,090	-
Ordinary income (loss)	36,394	394.1	7,365	5.6
Net income (loss)	18,950	225.2	5,827	(16.9)
Net income (loss) per share (¥)	41.92		12.89	
Fully diluted net income (loss) per share (¥)	41.00		12.61	
Return on equity (%)	6.9		2.2	
Ratio of ordinary income to total assets (%)	6.5		1.4	
Ratio of operating income to sales (%)	5.2		1.1	

Note: Comprehensive income: FY 2010: ¥16,561 million (55.5%); FY 2009: ¥10,650 million (- %)
 Equity in earnings of affiliates: FY 2010: ¥17,873 million; FY 2009: ¥8,794 million

2) Consolidated Financial Position

Millions of yen, rounded down

	FY 2010	FY 2009
Total assets	577,045	539,431
Net assets	288,257	278,094
Shareholders' equity ratio (%)	48.2	49.9
Net assets per share (¥)	615.25	595.56

Note: Shareholders' equity: FY 2010: ¥278,096 million; FY 2009: ¥269,213 million

3) Consolidated Cash Flows

Millions of yen, rounded down

	FY 2010	FY 2009
Cash flow from operating activities	39,773	31,326
Cash flow from investing activities	(24,626)	(33,662)
Cash flow from financing activities	(1,849)	(15,354)
Cash and cash equivalents at end of period	46,768	36,048

2. Dividends

	FY 2009	FY 2010	FY 2011 (Forecast)
Interim dividend per share (¥)	4.00	4.00	4.00
Year-end dividend per share (¥)	4.00	4.00	4.00
Annual dividend per share (¥)	8.00	8.00	8.00
Total dividend payment (<i>millions of yen</i>)	3,616	3,616	-
Dividend payout ratio (%)	62.1	19.1	-
Dividend to net assets ratio (%)	1.4	1.3	-

3. Forecasts for the fiscal year 2011 (from April 1, 2011 to March 31, 2012)

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

Millions of yen, rounded down

	Interim period		FY 2011	
		(% change)		(% change)
Sales	-	-	-	-
Operating income	-	-	-	-
Ordinary income	-	-	-	-
Net Income	-	-	-	-
Earnings per share (¥)	-	-	-	-

MGC has managed to work out rough schedules for the recovery of the production sites affected by the major earthquake that hit Eastern Japan in March 2011. At the present, however, the company can announce no forecasts on its performance in fiscal 2011 because it still requires time to accurately calculate the impact of the difficulties faced by the above sites in their operation. Forecasts will be announced as soon as they are available.

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 methods, procedures and presentation in the preparation of these financial statements

1. Changes following revisions to accounting standards: Yes
2. Other changes: None

3) Number of shares outstanding (ordinary shares)

	FY 2010	FY 2009
Number of shares outstanding at end of the fiscal year (including treasury shares)	483,478,398	483,478,398
Number of treasury shares at end of the fiscal year	31,471,354	31,446,964
Average shares outstanding during the fiscal year	452,023,503	452,044,572

Reference: Outline of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the fiscal year 2010 (from April 1, 2010 to March 31, 2011)

1) Non-consolidated Operating Results

Percentage figures represent changes compared to the previous fiscal year

Millions of yen, rounded down

	FY 2010		FY 2009	
		(% change)		(% change)
Sales	340,007	21.9	278,955	(10.0)
Operating income	6,987	-	(7,225)	-
Ordinary income	14,351	-	307	(97.6)
Net income	4,724	3.2	4,578	(63.9)
Earnings per share (¥)	10.45		10.13	
Fully diluted earnings per share (¥)	10.22		9.90	

2) Non-consolidated Financial Position

Millions of yen, rounded down

	FY 2010		FY 2009	
Total assets	396,888		375,704	
Net assets	181,327		174,966	
Shareholders' equity ratio (%)	45.7		46.6	
Net assets per share (¥)	401.16		387.07	

Note: Shareholders' equity: FY 2010: ¥181,327 million; FY 2009: ¥174,966 million

(NOTE)

1. These financial results are not subject to review procedures. At this time of disclosure of these financial results, the 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

During fiscal 2010, the Japanese economy continued to show signs of recovery. In the second half of the year, however, recovery paused due to appreciation of the yen against the dollar. The major earthquake that struck off the coast of Eastern Japan on March 11, 2011 had a serious impact on the economy.

The MGC Group's overseas businesses in general, including exports, were affected by the strong yen, and demand for some products for semiconductors and LCDs declined in the second half of the year. However, higher sales volumes for most products and improvement in the market for chemicals pushed up both revenue and earnings.

The March 11 earthquake affected buildings and equipment at the MGC Kashima Plant and MGC electronic materials production subsidiary Electrotechno Co., Ltd. An extraordinary loss of ¥3.0 billion due to the natural disaster was, therefore, included in the financial statements. Operating results were not very seriously affected.

Against this business backdrop, the MGC Group implemented various measures in accordance with the basic policy stated in its medium-term management plan, "MGC Will 2011," while at the same time making efforts to increase sales volume and maintain margins at acceptable levels.

After the major earthquake and tsunami, the company made all-out efforts to restore the affected sites as quickly as possible.

In fiscal 2010, the MGC Group achieved ¥451.0 billion in consolidated net sales, an increase of ¥66.5 billion (17.3%) from the previous year. Consolidated operating income was ¥23.3 billion, an increase of ¥19.2 billion (471.2%). Consolidated ordinary income rose by as much as ¥29.0 billion (394.1%) to ¥36.3 billion. The net income of ¥18.9 billion, an increase of ¥13.1 billion (225.2%) from the previous year, includes extraordinary losses of ¥13.9 billion, which in turn include losses on the appraisal of investments in securities as well as losses due to the natural disaster and the application of the Accounting Standard for Asset Retirement Obligations.

On the non-consolidated basis, MGC posted ¥340.0 billion in net sales, an increase of ¥61.0 billion (21.9%) from the previous year. Operating income was ¥6.9 billion, an increase of ¥14.2 billion, and ordinary income grew by a substantial ¥14.0 billion to ¥14.3 billion.

Non-consolidated net income grew by ¥0.1 billion (3.2%) from the previous year to ¥4.7 billion.

Results by business segment

Natural Gas Chemicals Company

The methanol business enjoyed an increase in net sales thanks to growing sales volumes, as demand in the fuel market and other markets in China drove world demand to increase prices, and the new plants in Brunei and Venezuela started operation.

Methanol and ammonia derivatives marked improvements both in net sales and earnings because strong demand in Asian countries caused an upward trend in the markets for MMA and neopentylglycol.

Despite a reduction in fixed cost, the enzyme and coenzyme business suffered from low earnings, as sales of coenzyme Q10 remained sluggish.

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

In fiscal 2010, the Natural Gas Chemicals Company achieved consolidated net sales of ¥145.5 billion, an increase of ¥35.0 billion (31.7%) from the previous year and an operating income of

¥1.3 billion, a year-on-year increase of ¥7.2 billion. Due to improvement in the performance of overseas methanol producing companies, equity in earnings of affiliates of ¥11.7 billion was posted, resulting in a consolidated ordinary income of ¥11.5 billion, a year-on-year increase of ¥13.8 billion.

Aromatic Chemicals Company

Specialty aromatic chemical products improved both in terms of net sales and earnings, due to the strong performance of meta-xylenediamine for epoxy resin curing agents, Nylon-MXD6 for gas barriers in PET bottles and engineering plastics, and aromatic aldehydes for resin additives in Europe and the USA.

Purified isophthalic acid enjoyed growing demand mainly in PET bottle applications in China and other Asian markets, resulting in higher prices in the fourth quarter. However, profitability did not fully recover due to the strong yen against the dollar.

In fiscal 2010, Aromatic Chemicals Company achieved consolidated net sales of ¥111.1 billion, an increase of ¥16.7 billion (17.7%), an operating income of ¥0.2 billion, an increase of ¥6.1 billion, and an ordinary loss of ¥0.7 billion, an improvement of ¥7.4 billion from the previous year.

Specialty Chemicals Company

The inorganic chemicals business improved both in terms of revenue and earnings due to higher sales volumes for hydrogen peroxide as a discoloring agent for pulp/paper and as an industrial oxidizing agent.

The electronic chemicals business, including overseas subsidiaries, grew both in terms of revenue and earnings, as sales volumes of products for both semiconductors and LCD applications increased.

In engineering plastics, polycarbonates suffered a loss in earnings due to a decline in sales volume and increases in raw material prices. By contrast, sales of polyacetal were driven by strong demand in Asia, surpassing the prior-year levels.

Due to the major earthquake in March, the Kashima Plant, a key MGC production site, suspended operation. The negative contributions to business results will be included in the financial statements for fiscal 2011.

Polycarbonate sheets and films achieved higher revenue and earnings with increases in the sales volumes of sheets for exclusive sunglasses and cellular phones, although the average unit sales prices of films used in flat panel displays declined.

In fiscal 2010, the Specialty Chemicals Company posted consolidated net sales of ¥134.0 billion, an increase of ¥15.7 billion (13.3%) from the previous year and an operating income of ¥15.1 billion, a year-on-year increase of ¥3.6 billion (32.0%). Due to a ¥3.0 billion equity in earnings of affiliates, ordinary income reached ¥17.1 billion, an increase of ¥4.6 billion (37.3%).

Information & Advanced Materials Company

BT materials for semiconductor packaging showed good performance in the beginning of the fiscal year due to strong demand for applications for mobile phones and digital consumer electronics. But they slowed down in the late second quarter due to stock adjustments by customers. For the full year, however, an increase in earnings was achieved thanks to cost reduction effects. On the other hand, the sales volume remained at the same level as the previous year, partly because Electrotechno suspended production temporarily following the major earthquake in March.

Despite being affected by the summer heat in the core market for domestic food, oxygen

absorbers such as AGELESS[®] achieved year-on-year growth in earnings thanks to the spread of individual food packaging and successful sales of products for other applications.

In fiscal 2010, the Information & Advanced Materials Company achieved consolidated net sales of ¥59.5 billion, a decline of ¥ 0.8 billion (1.4%), an operating income of ¥7.7 billion, a year-on-year increase of ¥1.5 billion (25.6%), and an ordinary income of ¥7.5 billion, an increase of ¥1.9 billion (35.7%).

Other

In the year ended March 31, 2011, the other business segment achieved consolidated net sales of ¥0.7 billion, a year-on-year decline of ¥0.1 billion (11.7%). Operating income fell by ¥0.1 billion (38.8%) to ¥0.2 billion, and ordinary income increased by ¥0.7 billion (44.8%) to ¥2.3 billion.

②Consolidated forecasts for the fiscal year 2011

The world economy is expected to recover as a whole. However, Japan will face economic difficulties due to the suspension of production and limited power supplies caused by the major earthquake in March.

In the MGC Group, the March 11 earthquake affected the Kashima Plant and Electrotechno Co., Ltd., key production sites for specialty chemicals and information/advanced materials. Both locations were forced to suspend production. In early May, Electrotechno is expected to recover production to the level at which it operated before the earthquake. The Kashima Plant will not be able to resume normal operation until late June. MGC has managed to work out rough schedules for the recovery of the production sites. At the present, however, the company can announce no forecasts on its performance because it still requires time to accurately calculate the impact of the difficulties faced by the above sites in their operations.

MGC will announce its forecasts as soon as they are available.

(2) Consolidated financial position

①Assets, liabilities and net assets

As of March 31, 2011, total consolidated assets were ¥577.0 billion, ¥37.6 billion higher than at the end of the previous fiscal year.

Current assets increased by ¥26.4 billion to ¥244.5 billion, primarily due to an increase in trade notes and accounts receivable associated with a recovery of sales.

Fixed assets increased by ¥11.1 billion to ¥332.5 billion, primarily due to an increase in lease assets.

Total liabilities increased by ¥27.4 billion to ¥288.7 billion. Current liabilities rose by ¥22.2 billion. Contributions include a decline due to ¥4.1 billion in repayment of short-term borrowings, a ¥20.0 billion current portion of corporate bonds transferred from non-current liabilities, a ¥3.6 billion increase in trade notes and accounts payable. Non-current liabilities increased by ¥5.2 billion: While ¥20.0 billion in corporate bonds was transferred to current liabilities, there were increases in lease liabilities, long-term borrowings, and other such factors.

Net assets increased by ¥10.1 billion to ¥288.2 billion. Valuation gains on other investment securities and a net income of ¥18.9 billion more than offset the decrease from foreign currency translation adjustments.

As of March 31, 2011, the shareholders' equity ratio was 48.2% (March 31, 2010: 49.9%). Net assets per share at the end of the period were ¥615.25, compared to ¥595.56 one year earlier.

②Consolidated cash flows

In line with *MGC Will 2011*, MGC Group's current medium-term management plan, MGC is emphasizing the allocation of resources to leverage the different characteristics and technical strengths within each business in everything from basic chemicals through to high-performance materials, and strengthening and expanding its core businesses to expand earnings. In order to construct and maintain a sound financial condition, MGC is working to create free cash flow, taking steps such as disposing of unutilized assets and optimizing inventories.

As of March 31, 2011, total cash and cash equivalents were ¥46.7 billion, ¥10.7 billion higher than at the end of the previous fiscal year.

1) Operating activity cash flow

Net cash provided by operating activities increased by ¥8.4 billion from the previous year to ¥39.7 billion. The primary contribution came from a ¥16.4 billion increase in net income before income taxes to ¥23.9 billion.

2) Investing activity cash flow

Net cash outflow from investing activities was ¥24.6 billion, ¥9.0 billion less than the outflow for the previous year. This was primarily because outflow due to the acquisition of fixed assets fell by ¥5.7 billion from the previous year to ¥25.9 billion.

3) Financing activity cash flow

Net cash outflow from financing activity was ¥1.8 billion, a decline of ¥13.5 billion from the previous year. This was because borrowings increased in fiscal 2010, following a decline in the previous year.

(3) Dividend policy, payments and forecasts

For the year under review, MGC plans to pay a year-end dividend of ¥4.0 per share, as previously forecast. In combination with the interim dividend of ¥4.0 per share already paid, this represents an annual dividend of ¥8.0 per share and a consolidated payout ratio of 19.1%.

MGC has yet to announce its forecasts for fiscal 2011. However, it follows its dividend policy and plans to pay the same dividends per share as for the current fiscal year: ¥4.0 interim and ¥4.0 year-end.

2. Management policy

(1) Basic management approach

Based on the MGC Group management philosophy of developing in harmony with society through using chemistry to create diverse value, MGC aims to realize CSR in all its activities while developing and growing sustainably on a global stage as a highly differentiated, widely recognized chemicals group operating from a strong platform of proprietary technology.

(2) Medium-term management indices and targets

MGC decided that, in order to follow a path of further sustainable growth it was necessary to formulate and implement a 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 first step in achieving this objective, MGC formulated *MGC Will 2011*, its medium-term management plan to fiscal 2011 (the fiscal year ending March 31, 2012) and began implementing the plan in April 2009.

The main policies and quantitative targets in the plan are outlined below.

● The MGC Group of 2021

- Trusted by society and realizing CSR in all corporate activities
- Sales exceeding ¥1 trillion, and in the global Top 30 chemical companies
- Highly profitable and research driven, achieving *global excellence*

● **Basic strategies of MGC Will 2011**

1. Strengthen and expand core businesses
2. Accelerate new product development and commercialization
3. Improve total enterprise quality in support of sustainable growth

Quantitative targets

Consolidated financial indices	FY 2011 ending March 2012
Net sales	¥550.0 bn
Operating income	¥40.0 bn
Ordinary income	¥50.0 bn
ROA (ordinary income/total assets)	9.0%
Debt-equity ratio	Below 0.6

(3) Key issues

In implementing its business strategies, the MGC Group policy is to intensively funnel its business resources into product groups with competitive advantage for further strengthening and expansion.

Key challenges in creating new products and developing their markets include making good use of the MGC “technology platform” developed under the previous medium-term management plan, adapting the diverse technology owned by the Group to functional needs from the market, and creating synergy among group companies and divisions.

MGC will pursue sustainable growth through steps to further improve management quality. Important management issues identified in the policy include achieving zero accidents or disasters, actively contributing to the reduction of environmental impact, recruiting and development of human resources, reducing costs, improving productivity, fine-tuning existing technologies, constructing a more robust financial foundation, and enhancing global group management.

In the fiscal year ending March 31, 2012, the final year of the “MGC Will 2011” medium-term management plan, the MGC Group will face economic uncertainty due to many reasons. These include the impact of the major earthquake that hit Eastern Japan in March 2011, high raw material costs, and exchange effects. Amid this adversity, MGC will continue to implement rigorous cost-cutting and price revision measures, while at the same time continually improving and strengthening its business structure.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In ¥ million, rounded down)

	FY 2009 (As of March 31, 2010)	FY 2010 (As of March 31, 2011)
ASSETS		
Current assets		
Cash and deposits	27,560	47,964
Notes and accounts receivable-trade	104,086	112,029
Short-term investments securities.....	10,016	613
Merchandise and finished goods	33,185	36,334
Work in progress.....	9,948	10,312
Raw materials and supplies	18,872	21,570
Deferred tax assets.....	3,494	5,159
Other.....	11,622	11,316
Allowance for doubtful accounts	(704)	(778)
Total current assets	218,082	244,522
Noncurrent assets		
Property, plant and equipment		
Buildings and structures.....	123,652	128,227
Accumulated depreciation	(73,968)	(77,774)
Buildings and structures, net	49,683	50,453
Machinery, equipment and vehicles.....	340,217	354,351
Accumulated depreciation	(272,963)	(287,466)
Machinery, equipment and vehicles, net	67,253	66,884
Land.....	22,939	22,831
Leased assets.....	529	18,495
Accumulated depreciation	(146)	(1,449)
Leased assets, net	382	17,045
Construction in progress	17,301	15,713
Other	29,288	30,389
Accumulated depreciation	(25,514)	(26,494)
Other, net	3,774	3,895
Total property, plant and equipment	161,334	176,823
Intangible assets		
Goodwill.....	-	56
Lease assets	53	39
Software	2,671	2,269
Other.....	1,932	1,866
Total intangible assets.....	4,658	4,231
Investments and other assets		
Investment securities	130,471	131,047
Long-term loans receivable	2,733	522
Deferred tax assets.....	17,457	15,564
Other.....	6,323	4,795
Allowance for doubtful accounts	(1,629)	(462)
Total investments and other assets	155,356	151,468
Total noncurrent assets	321,348	332,523
Total assets	539,431	577,045

Consolidated Balance Sheets (contd.)

(In ¥ million, rounded down)

	FY 2009 (As of March 31, 2010)	FY 2010 (As of March 31, 2011)
LIABILITIES		
Current liabilities		
Notes and accounts payable-trade	56,486	60,108
Short-term loan payable	74,004	69,845
Current portion of bonds	-	20,000
Accrued expenses	12,851	11,819
Lease obligations	116	1,099
Income taxes payable	2,421	1,869
Deferred tax liabilities	175	189
Provision for bonuses	3,645	3,726
Reserve for loss on disaster	-	2,185
Other provision	4	-
Other	10,591	11,683
Total current liabilities	160,297	182,527
Noncurrent liabilities		
Bonds payable	20,000	-
Long-term loans payable	71,394	75,850
Lease obligations	332	15,883
Deferred tax liabilities	866	1,037
Provision for retirement benefits	4,630	5,402
Provision for directors' retirement benefits	1,046	450
Accrued estimated cost of abandonment of wells	582	-
Provision for environmental measures	711	617
Other provision	219	234
Asset retirement obligations	-	3,472
Negative goodwill	229	-
Other	1,025	3,311
Total noncurrent liabilities	101,038	106,260
Total liabilities	261,336	288,787
NET ASSETS		
Stockholders' equity		
Capital stock	41,970	41,970
Capital surplus	35,590	35,591
Retained earnings	222,394	236,597
Treasury stock	(7,905)	(7,920)
Total shareholders' equity	292,048	306,238
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(1,013)	4,197
Deferred gains or losses on hedges	(1)	-
Revaluation reserve for land	192	192
Foreign currency translation adjustment	(22,013)	(32,531)
Total accumulated other comprehensive income	(22,835)	(28,142)
Minority interests	8,881	10,161
Total net assets	278,094	288,257
Total liabilities and net assets	539,431	577,045

(2) Consolidated Statements of (Comprehensive) Income
(Consolidated Statements of Income)

(In ¥ million, rounded down)

	FY 2009 (April 1, 2009 – March 31, 2010)	FY 2010 (April 1, 2010 – March 31, 2011)
Net sales	384,528	451,033
Cost of sales	326,738	370,963
Gross profit	57,790	80,070
Selling, general and administrative expenses	53,699	56,706
Operating income (loss)	4,090	23,363
Non-operating income		
Interest income	201	123
Dividend income	1,182	1,247
Equity in earnings of affiliates	8,794	17,873
Other	1,954	1,778
Total non-operating income	12,133	21,022
Non-operating expenses		
Interest expense	2,159	2,078
Personnel expenses for seconded employees	1,767	1,528
Foreign exchange losses	1,046	1,700
Loss on disposal of noncurrent assets	1,158	1,077
Other	2,725	1,606
Total non-operating expenses	8,858	7,992
Ordinary income	7,365	36,394
Extraordinary income		
Gain on sales of noncurrent assets	297	751
Insurance income	193	730
Gain on sales of investment securities	1,942	-
Total extraordinary income	2,433	1,482
Extraordinary losses		
Loss on valuation of investment securities	-	6,479
Loss on disaster	-	3,003
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	1,777
Loss on liquidation of subsidiaries and affiliates	-	1,642
Impairment losses	519	598
Environment improvement expenses	-	296
Loss on sales of investment securities	-	137
Loss on business withdrawal	374	-
Bad-debts written off	364	-
Loss on alteration of overseas investment plan	341	-
Loss on disposal of noncurrent assets	265	-
Other	401	-
Total extraordinary losses	2,269	13,935
Income before income taxes and minority interests	7,530	23,940
Income taxes-current	4,303	3,866
Refund of income taxes	-	(183)
Income taxes-deferred	(3,247)	(49)
Total income taxes	1,055	3,633
Income before minority interests	-	20,306
Minority interests in income	646	1,356
Net income	5,827	18,950

(Consolidated Statements of Comprehensive Income)

(In ¥ million, rounded down)

	FY 2009 (April 1, 2009 – March 31, 2010)	FY 2010 (April 1, 2010 – March 31, 2011)
Income before minority interests	-	20,306
Other comprehensive income		
Valuation difference on available-for-sale securities.....	-	5,275
Foreign currency translation adjustments.....	-	(1,843)
Share of other comprehensive income of associates accounted for using equity method	-	(7,177)
Total other comprehensive income	-	(3,745)
Comprehensive income	-	16,561
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	-	15,481
Comprehensive income attributable to Minority interests	-	1,079

(3) Consolidated Statements of Changes in Net Assets

(In ¥ million, rounded down)

	FY 2009 (April 1, 2009 – March 31, 2010)	FY 2010 (April 1, 2010 – March 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	41,970	41,970
Balance at the end of current period	41,970	41,970
Capital surplus		
Balance at the end of previous period	35,589	35,590
Changes of items during the period		
Disposal of treasury stock	1	1
Total changes of items during the period	1	1
Balance at the end of current period	35,590	35,591
Retained earnings		
Balance at the end of previous period	221,990	222,394
Changes of items during the period		
Dividends from surplus	(5,424)	(3,616)
Net income	5,827	18,950
Change of scope of consolidation	-	(134)
Change of scope of equity method	-	(996)
Total changes of items during the period	403	14,203
Balance at the end of current period	222,394	236,597
Treasury stock		
Balance at the end of previous period	(7,891)	(7,905)
Changes of items during the period		
Purchase of treasury stock	(15)	(15)
Disposal of treasury stock	1	1
Total changes of items during the period	(14)	(14)
Balance at the end of current period	(7,905)	(7,920)
Total shareholders' equity		
Balance at the end of previous period	291,658	292,048
Changes of items during the period		
Dividends from surplus	(5,424)	(3,616)
Net income	5,827	18,950
Change of scope of consolidation	-	(134)
Change of scope of equity method	-	(996)
Purchase of treasury stock	(15)	(15)
Disposal of treasury stock	2	2
Total changes of items during the period	390	14,190
Balance at the end of current period	292,048	306,238

Consolidated Statements of Changes in Net Assets (contd.)

(In ¥ million, rounded down)

	FY 2009 (April 1, 2009 – March 31, 2010)	FY 2010 (April 1, 2010 – March 31, 2011)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(3,330)	(1,013)
Changes of items during the period		
Net changes of items other than shareholders' equity	2,317	5,210
Total changes of items during the period	2,317	5,210
Balance at the end of current period	(1,013)	4,197
Deferred gains or losses on hedges		
Balance at the end of previous period	29	(1)
Changes of items during the period		
Net changes of items other than shareholders' equity	(31)	1
Changes of items during the period	(31)	1
Balance at the end of current period	(1)	-
Revaluation reserve of land		
Balance at the end of previous period	192	192
Balance at the end of current period	192	192
Foreign currency translation adjustments		
Balance at the end of previous period	(23,688)	(22,013)
Changes of items during the period		
Net changes of items other than shareholders' equity	1,675	(10,518)
Total changes of items during the period	1,675	(10,518)
Balance at the end of current period	(22,013)	(32,531)
Total accumulated other comprehensive income		
Balance at the end of previous period	(26,797)	7,007
Changes of items during the period		
Net changes of items other than shareholders' equity	3,961	(33,804)
Total changes of items during the period	3,961	(33,804)
Balance at the end of current period	(22,835)	(26,797)
Minority interests		
Balance at the end of previous period	7,222	9,706
Changes of items during the period		
Net changes of items other than shareholders' equity	1,659	(2,484)
Total changes of items during the period	1,659	(2,484)
Balance at the end of current period	8,881	7,222
Total net assets		
Balance at the end of previous period	272,083	312,021
Changes of items during the period		
Dividends from surplus	(5,424)	(3,616)
Net income	5,827	18,950
Change of scope of consolidation	-	(134)
Change of scope of equity method	-	(996)
Purchase of treasury stock	(15)	(15)
Disposal of treasury stock	2	2
Net changes of items other than shareholders' equity	5,621	(4,027)
Total changes of items during the period	6,011	10,162
Balance at the end of current period	278,094	288,257

(4) Consolidated Statements of Cash Flows

(In ¥ million, rounded down)

	FY 2009	FY 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	7,530	23,940
Depreciation and amortization.....	29,535	28,950
Loss (gain) on disposal of noncurrent assets	466	113
Amortization of goodwill	(28)	146
Insurance income	-	(730)
Impairment losses	519	598
Loss on disaster	-	3,003
Loss on liquidation of subsidiaries and affiliates.....	-	1,642
Equity in (earnings) losses of affiliates	(8,794)	(17,873)
Increase (decrease) in allowance for doubtful accounts.....	167	4
Increase (decrease) in provision for retirement benefits.....	894	847
Interest and dividends income.....	(1,384)	(1,371)
Interest expenses	2,159	2,078
Loss (gain) on sales of short-term and long-term investment securities	(2,050)	137
Loss (gain) on valuation of short-term and long-term investment securities	4	6,479
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	1,777
Environment improvement expenses	-	296
Decrease (increase) in notes and accounts receivable-trade.....	(29,579)	(10,606)
Decrease (increase) in inventories	3,510	(6,224)
Increase (decrease) in notes and accounts payable-trade.....	17,146	4,635
Increase (decrease) in accrued consumption taxes.	552	(443)
Increase (decrease) in provision for directors' retirement benefits ..	(2)	40
Other, net	(520)	(317)
Subtotal	20,127	37,128
Interest and dividends income received	1,392	1,371
Proceeds from dividends income from affiliates accounted for by equity method.....	9,182	7,785
Interest expenses paid	(2,200)	(2,178)
Income taxes (paid) refund.....	2,824	(4,814)
Proceeds from insurance income	-	730
Payments for loss on disaster	-	(249)
Net cash provided by (used in) operating activities	31,326	39,773
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities.....	(990)	(729)
Proceeds from sales of short-term investment securities	894	1,072
Purchase of noncurrent assets	(31,634)	(25,913)
Proceeds from sales of noncurrent assets	1,181	2,682
Purchase of investment securities	(6,878)	(2,277)
Proceeds from sales of investment securities	4,030	4
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	-	315
Payments of loans receivable.....	(837)	(420)
Collection of loans receivable.....	1,015	957
Other, net	(444)	(318)

Consolidated Statements of Cash Flows (contd.)

(In ¥ million, rounded down)

	FY 2009	FY 2010
Net cash provided by (used in) investing activities	(33,662)	(24,626)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loan payable.....	(3,130)	(2,351)
Proceeds from long-term loans payable.....	9,079	11,231
Payment of long-term loans payable.....	(15,096)	(6,469)
Proceeds from stock issuance to minority shareholders.....	-	847
Purchase of treasury stock.....	(15)	(15)
Cash dividends paid.....	(5,424)	(3,616)
Cash dividends paid to minority shareholders.....	(621)	(840)
Other, net.....	(145)	(634)
Net cash provided by (used in) financing activities	(15,354)	(1,849)
Effect of exchange rate change on cash and cash equivalents..	(445)	(3,048)
Net increase (decrease) in cash and cash equivalents	(18,135)	10,249
Cash and cash equivalents at beginning of period	53,065	36,048
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation.....	1,119	469
Cash and cash equivalents at end of period	36,048	46,768

(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 around its products and services. This structure makes it possible obtain separate financial information for each segment, and in order to optimize the allocation of management resources and assessment of performance by the Board of Directors, the four companies, the Natural Gas Chemicals Company, the Aromatic Chemicals Company, the Specialty Chemicals Company and the Information & Advanced Materials Company, are used as segments for the presentation of financial information.

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 2010 (from April 1, 2010 to March 31, 2011)

(In ¥ million, rounded down)

	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information chemicals and advanced materials	Other	Adjustment	Consolidated
Net sales							
Sales to outside customers	145,563	111,182	134,016	59,507	763	-	451,033
Inter-segment sales	6,123	2,256	2,026	1	97	(10,507)	-
Total	151,687	113,439	136,043	59,509	860	(10,507)	451,033
Operating income (loss)	11,531	(710)	17,101	7,501	2,339	(1,369)	36,394
Identifiable assets by business segment	177,715	103,749	152,758	57,537	41,968	43,316	577,045
Other items							
Depreciation	8,561	7,757	7,989	4,204	35	401	28,950
Amortization of goodwill	52	354	0	13	-	(273)	146
Amortization of negative goodwill	(16)	(27)	(228)	(1)	-	273	-
Interest income	48	33	79	51	0	(89)	123
Interest expense	1,069	724	492	144	9	(361)	2,078
Equity in earnings of affiliates	11,760	637	3,003	-	2,477	(4)	17,873
Investment to equity method affiliates	50,231	1,400	9,378	-	21,636	(122)	82,524
Increase of property, plant and equipment and intangible assets	14,020	4,503	14,825	1,789	1	260	35,400

FY 2009 (from April 1, 2009 to March 31, 2010)

(In ¥ million, rounded down)

	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information chemicals and advanced materials	Other	Adjustment	Consolidated
Net sales							
Sales to outside customers ...	110,502	94,474	118,311	60,376	864	-	384,528
Inter-segment sales.....	10,798	1,391	1,867	10	185	(14,254)	-
Total	121,301	95,866	120,178	60,386	1,050	(14,254)	384,528
Operating income (loss)	(2,289)	(8,114)	12,452	5,527	1,615	(1,796)	7,365
Identifiable assets by business segment.....	156,897	103,165	135,309	64,430	41,005	38,622	539,431
Other items							
Depreciation.....	7,503	7,925	8,605	5,138	10	352	29,535
Amortization of goodwill	0	259	0	1	-	(262)	-
Amortization of negative goodwill	(14)	(22)	(251)	(1)	-	262	(28)
Interest income.....	90	14	78	52	1	(36)	201
Interest expense	958	765	450	194	4	(213)	2,159
Equity in earnings of affiliates.....	5,533	(36)	1,949	-	1,363	(15)	8,794
Investment to equity method affiliates.....	41,216	1,157	8,544	-	20,625	(150)	71,393
Increase of property, plant and equipment and intangible assets.....	7,090	7,732	8,129	4,473	2	139	27,567