



SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

Results for the First Half of Fiscal Year 2011

(April 1 – September 30, 2011)

November 2, 2011

MITSUBISHI GAS CHEMICAL COMPANY, INC.

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Scheduled date of payment of dividend: December 5, 2011

1. Summary of Consolidated Results for the First Half of Fiscal Year 2011

(April 1 – September 30, 2011)

1) Operating results

Millions of yen, rounded down

Percentage figures denote change compared to equivalent period of previous year

	April 1 – September 30, 2011		April 1 – September 30, 2010	
		Change %		Change %
Net sales	230,076	1.3	227,054	25.6
Operating income (loss)	7,500	(40.6)	12,616	-
Ordinary income (loss)	16,204	(6.2)	17,276	-
Net income (loss)	12,109	89.4	6,392	-
Net income (loss) per share (¥)	26.79		14.14	
Fully diluted net income (loss) per share (¥)	26.28		13.83	

(Note) Comprehensive income: first half of FY 2011: ¥9,980 million (51.5%); first half of FY 2010: ¥6,587 million (-%)

2) Financial position

Millions of yen, rounded down

	As of September 30, 2011	As of March 31, 2011
Total assets	576,128	577,045
Net assets	296,818	288,257
Equity ratio (%)	49.7	48.2

(Note) Shareholders' equity as of September 30, 2011: ¥286,535 million; as of March 31, 2011: ¥278,096 million

2. Cash Dividends

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

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

3. Consolidated Forecasts for Fiscal Year 2011

(April 1, 2011 - March 31, 2012)

Millions of yen, rounded down

Percentage figures denote change compared to equivalent period of previous year

	FY 2011	
		Change %
Net sales	470,000	4.2
Operating income (loss)	14,000	(40.1)
Ordinary income (loss)	31,000	(14.8)
Net Income (loss)	24,000	26.6
Net income (loss) per share (¥)	53.10	

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

4. Other Information

1) **Transfer of important subsidiaries during the period under review: None**

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

2) **Adoption of simplified accounting methods: None**

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

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

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

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

4. **Restatement of corrections: None**

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

	September 30, 2011	March 31, 2011
Number of shares issued at end of period (including treasury shares)	483,478,398	483,478,398
Number of treasury shares at end of period	31,664,169	31,471,354
	April 1 – September 30, 2011	April 1 – September 30, 2010
Average shares outstanding during period	451,956,812	452,030,034

(NOTE)

1. *These quarterly financial results are not subject to quarterly review procedures. At this time of disclosure of these financial results, the quarterly financial statement review procedures based on the Financial Instrument and Exchange Law have not been completed.*
2. *Forecasts, etc., recorded in this document contain forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations.*

1. Consolidated business results for this period

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

(1) Consolidated operating results

Overview of results

During the first six months of the fiscal year ending March 2012 (April 1-September 30, 2011), the Japanese economy continued to face difficulties due to the aftereffects of the major earthquake that occurred in March and the continuing appreciation of the yen against other currencies. In spite of this adversity, the economy showed signs of recovery thanks to the recovery of supply chains. After the middle of the year, however, rapidly increasing uncertainty in foreign economies caused Japan's economic environment to deteriorate even further.

Following damage sustained in the March 11 earthquake, the MGC Kashima Plant and the MGC electronic materials production subsidiary Electrotechno Co., Ltd. were restored to normal operation earlier than initially scheduled. Apart from the direct and indirect impact of the natural disaster and the strong yen, sales of some products for LCD displays fell, causing a decline in operating income.

On the other hand, high market prices for methanol led to an increase in equity in earnings for overseas methanol producing companies and other affiliates.

Despite an extraordinary loss of ¥2.6 billion, including losses on valuation of investment securities, extraordinary gain or loss improved by ¥6.8 billion from the corresponding period of the previous year.

In the six-month period under review, the MGC Group achieved consolidated net sales of ¥230.0 billion, an increase of ¥3.0 billion (1.3%) from the prior-year period, a consolidated operating income of ¥7.5 billion, a decline of ¥5.1 billion (40.6%), equity in earnings of affiliates of ¥10.4 billion, an increase of ¥2.6 billion (34.2%), a consolidated ordinary income of ¥16.2 billion, a drop of ¥1.0 billion (6.2%). Net income increased ¥5.7 billion (89.4%) to ¥12.1 billion.

Results by business segment

Natural Gas Chemicals Company

The methanol business enjoyed an increase in net sales thanks to high market prices due to steady world demand—most notably in the Chinese market—and energy prices that remained at high levels.

Methanol and ammonia derivatives achieved the same level of earnings as in the prior-year period. Ammonia and MMA-based products achieved higher revenue and earnings thanks to increasing market prices, while neopentylglycol became less profitable.

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

Crude oil and other energy marked higher earnings thanks to increasing crude oil sales prices.

In the six-month period under review, the Natural Gas Chemicals Company achieved net sales of ¥74.1 billion, an increase of ¥3.7 billion (5.4%) and an operating income of ¥0.4 billion, an improvement of ¥0.9 billion. Due to the improvement in the earnings of overseas methanol producing companies, equity in earnings of affiliates reached ¥8.3 billion, resulting in an ordinary income of ¥8.1 billion, an increase of ¥4.4 billion (118.4%).

Aromatic Chemicals Company

Specialty aromatic chemicals were as successful as in the prior-year period. Aromatic aldehydes achieved gains in both revenue and earnings thanks to strong demand for uses in resin additives. Negative factors included the lower profitability of meta-xylenediamine due to increasing raw material prices and the continuing appreciation of the yen against other currencies.

The purified isophthalic acid business recorded improvements in both net sales and earnings. In addition to a decline in the sales volume due to a slowdown in demand in China, it was affected by the strong yen and increasing raw material prices. These negative factors were more than offset by higher sales prices.

In the first and second quarters of fiscal 2011, the Aromatic Chemicals Company achieved net sales of ¥67.5 billion, an increase of ¥12.6 billion (23.0%), an operating income of ¥0.7 billion, an improvement of ¥0.4 billion (147.0%), and an ordinary income of ¥0.1 billion, an improvement of ¥0.5 billion.

Specialty Chemicals Company

The inorganic chemicals business suffered losses in both revenue and earnings due to a reduction in hydrogen peroxide sales volume caused by suspended production at the Kashima Plant.

The electronic chemicals business achieved increases in both revenue and earnings. A reduction in the domestic sales volume of super-pure hydrogen peroxide was more than offset by strong demand for hybrid chemicals for semiconductors and LCD displays and the successful performance of overseas subsidiaries.

In engineering plastics, polycarbonates suffered losses in both revenue and earnings due to lower sales volumes (caused by suspended production at the Kashima Plant and weaker domestic demand) and increases in raw material prices. By contrast, polyacetal was largely successful in overseas markets, surpassing its performance for the prior-year period.

Polycarbonate sheets and films posted lower revenue and earnings, because, despite the success of hard-coated sheets for cellular phones and other products, net sales of films used in flat panel displays fell sharply.

In the first six-month period of fiscal 2011, the Specialty Chemicals Company posted net sales of ¥59.7 billion, a decline of ¥9.9 billion (14.3%) and an operating income of ¥3.7 billion, a drop of ¥4.8 billion (56.3%). Due to ¥0.9 billion equity in earnings of affiliates, ordinary income fell ¥4.4 billion (50.1%) to ¥4.4 billion.

Information & Advanced Materials Company

BT materials for semiconductor packaging suffered losses in both revenue and earnings. Immediately after achieving early recovery of Electrotechno, these materials enjoyed high levels of incoming orders, mainly for applications in mobile electronic devices. In July and after, however, sales volume declined due to inventory adjustments by many customers and sluggish actual demand. Another negative factor was an increase in manufacturing costs, which resulted in lower profitability.

Thanks to strong performance, mainly in the core market for domestic food, oxygen absorbers such as AGELESS[®] surpassed revenue and earnings for the prior-year period.

In the six-month period under review, the Information & Advanced Materials Company posted net sales of ¥28.2 billion, a decline of ¥3.4 billion (10.8%), an operating income of ¥3.4 billion, a drop of ¥1.5 billion (31.5%), and an ordinary income of ¥3.3 billion, a drop of ¥1.5 billion (32.0%).

Other

Up to the second quarter of fiscal 2011, other business operations achieved net sales of ¥0.3 billion, an increase of ¥0.0 billion (3.3%) and an operating income of ¥0.2 billion, an increase of ¥0.0 billion (32.5%), and an ordinary income of ¥0.9 billion, an increase of ¥0.0 billion (1.8%).

(2) Consolidated financial position

Total consolidated assets as of September 30, 2011 were ¥576.1 billion, ¥0.9 billion lower than at the end of the previous fiscal year. This was because cash fell, while tangible fixed assets and merchandise/finished products increased. Liabilities declined ¥9.4 billion to ¥279.3 billion, primarily due to the complete repayment of the current portion of corporate bonds, despite increases in short-term borrowings and trade notes and accounts payable. Net assets grew to ¥296.8 billion, an increase of ¥8.5 billion, primarily due to an increase in retained earnings.

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

Since the last announcement of financial performance forecasts, the world economy has rapidly deteriorated, causing reductions in both domestic and overseas demand. The continuing appreciation of the yen and rising raw material prices have reduced chemical product margins, while polycarbonate and BT material sales volumes have been declining. Despite the expected increase in equity in earnings of overseas methanol producing companies, full-year financial results will be lower than the previously forecast figures.

These forecasts assume exchange rates of ¥80=\$1 and ¥110=€1.

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

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (¥)
Previously announced forecasts (A)	480,000	21,000	37,000	27,000	59.73
Revised forecasts (B)	470,000	14,000	31,000	24,000	53.10
Change (B – A)	(10,000)	(7,000)	(6,000)	(3,000)	—
Change (%)	(2.1)	(33.3)	(16.2)	(11.1)	—
Results for the same previous period (ended March 31, 2011)	451,033	23,363	36,394	18,950	41.92

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

Millions of yen, rounded down

	As of March 31, 2011	As of September 30, 2011
ASSETS		
Current assets		
Cash and deposits	47,964	24,170
Trade notes and accounts receivable.....	112,029	111,126
Short-term investments securities	613	4,540
Merchandise and finished goods.....	36,334	43,648
Work in progress	10,312	10,704
Raw materials and supplies.....	21,570	22,641
Other	16,476	15,873
Allowance for doubtful accounts.....	(778)	(755)
Total current assets	244,522	231,949
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net.....	50,453	50,393
Machinery, equipment and vehicles, net	66,884	62,748
Other, net	59,485	71,915
Total property, plant and equipment	176,823	185,057
Intangible assets		
Goodwill	56	80
Other	4,175	4,243
Total intangible assets	4,231	4,323
Investments and other assets		
Investment securities	131,047	129,448
Other	20,883	25,808
Allowance for doubtful accounts.....	(462)	(458)
Total investments and other assets.....	151,468	154,798
Total noncurrent assets	332,523	344,179
Total assets	577,045	576,128

Consolidated Quarterly Balance Sheets (contd.)

Millions of yen, rounded down

	As of March 31, 2011	As of September 30, 2011
LIABILITIES		
Current Liabilities		
Trade notes and accounts payable	60,108	68,012
Short-term loans payable	69,845	81,035
Current portion of bonds	20,000	—
Income taxes payable	1,869	1,341
Provision	5,912	4,773
Other	24,792	23,885
Total current liabilities	182,527	179,050
Noncurrent liabilities		
Long –term loans payable	75,850	64,933
Provision for retirement benefits	5,402	6,157
Other provision	1,302	1,377
Asset retirement obligations	3,472	3,480
Other	20,232	24,311
Total noncurrent liabilities	106,260	100,260
Total liabilities	288,787	279,310
NET ASSETS		
Shareholders' equity		
Capital stock	41,970	41,970
Capital surplus	35,591	35,592
Retained earnings	236,597	247,577
Treasury stock	(7,920)	(8,037)
Total shareholders' equity	306,238	317,102
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,197	1,851
Deferred gains or less on hedges	—	(184)
Revaluation reserve for land	192	192
Foreign currency translation adjustment	(32,531)	(32,425)
Total accumulated other comprehensive income ..	(28,142)	(30,566)
Minority interests	10,161	10,282
Total net assets	288,257	296,818
Total liabilities and net assets	577,045	576,128

(2) Consolidated Quarterly Statements of Income

Millions of yen, rounded down

	April 1 - September 30, 2010	April 1 - September 30, 2011
Net sales.....	227,054	230,076
Cost of sales	186,290	193,803
Gross profit	40,763	36,273
Selling, general and administrative expenses	28,146	28,772
Operating income	12,616	7,500
Non-operating income		
Interest income.....	59	66
Dividend income.....	704	938
Equity in earnings of affiliates.....	7,760	10,417
Other	991	942
Total non-operating income	9,516	12,365
Non-operating expenses		
Interest expense.....	1,055	974
Foreign exchange losses	1,820	571
Personnel expenses for seconded employees.....	809	771
Other	1,140	1,334
Total non-operating expenses	4,856	3,661
Ordinary income	17,276	16,204
Extraordinary income		
Insurance income.....	—	440
Gain on change in equity	—	17
Total extraordinary income	—	457
Extraordinary losses		
Loss on valuation of investment securities.....	6,448	1,587
Loss on disaster.....	—	557
Environmental improvement expense	296	488
Impairment loss.....	551	19
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,777	—
Total extraordinary losses.....	9,073	2,653
Income before income taxes and minority interests	8,202	14,008
Income taxes, etc.....	1,174	1,262
Net income before minority interests	7,028	12,746
Minority interests in income	635	636
Net income	6,392	12,109

(Consolidated Quarterly Statements of Comprehensive Income)

	<i>Millions of yen, rounded down</i>	
	April 1 - September 30, 2010	April 1 - September 30, 2011
Income before minority Interests	7,028	12,746
Other comprehensive Income		
Valuation difference on available-for-sale securities.....	3,252	(2,325)
Deferred gains or losses on hedges	—	(205)
Foreign currency statements translation adjustment	(758)	67
Share of other comprehensive income of associates accounted for using equity method	(2,935)	(304)
Total other comprehensive Income	(440)	(2,766)
Comprehensive Income	6,587	9,980
Total comprehensive Income Attributable to		
Owners of the parent	6,116	9,336
Minority interests	471	643

(3) Consolidated Quarterly Statements of Cash Flows

	<i>Millions of yen, rounded down</i>	
	April 1 - September 30, 2010	April 1 - September 30, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	8,202	14,008
Depreciation and amortization	13,830	13,432
Less (gain) on disposal of noncurrent assets	211	281
Amortization of goodwill.....	49	(51)
Insurance income	—	(505)
Loss on disaster	—	557
Impairment loss	551	19
Equity in (earnings) losses of affiliates	(7,760)	(10,417)
Increase (decrease) in allowance for doubtful accounts.....	19	(27)
Increase (decrease) in provision for retirement benefits.....	304	754
Interest and dividends income.....	(764)	(1,005)
Interest expenses	1,055	974
Loss (gain) on valuation of short-term and long-term investment	6,451	1,587
Loss on adjustment for changes of accounting standard for asset retirement obligations.....	1,777	—
Environment improvement expenses	296	488
Decrease (Increase) in trade notes and accounts receivable	(3,045)	74
Decrease (Increase) in inventories.....	(2,379)	(8,850)
Increase (decrease) in trade notes and accounts payable	4,693	8,347
Increase (decrease) in accrued consumption taxes	(469)	(1,283)
Increase (decrease) in provision for directors' retirement benefits.....	(124)	57
Other, net	(3,294)	810
Subtotal.....	19,605	19,252
Interest and dividends income received	764	1,007
Proceeds from dividends income from affiliates accounted for by equity method	3,802	7,750
Interest expenses paid	(1,146)	(957)
Income taxes (paid) refund.....	(1,393)	(2,034)
Proceeds from insurance income	—	505
Payments for loss on disaster	—	(1,571)
Net cash provided by (used in) operating activities	21,632	23,953
Net cash provided by (used in) investing activities		
Purchase of short-term investments securities	(191)	(121)
Proceeds from sales of short-term investments securities ...	484	220
Purchase of noncurrent assets.....	(12,197)	(20,203)
Proceeds from sales of noncurrent assets.....	666	315
Purchase of investments in securities	(2,081)	(287)
Proceeds from sales of investments securities.....	19	274
Other, net.....	125	(445)
Net cash provided by (used in) investing activities.....	(13,174)	(20,248)

Consolidated Quarterly Statements of Cash Flows(contd.)

Millions of yen, rounded down

	April 1 - September 30, 2010	April 1 – September 30, 2011
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(408)	821
Proceeds from long-term loans payable	3,640	1,783
Repayment of long-term loans payable	(2,715)	(2,444)
Proceeds from stock issuance to minority shareholders'	847	—
Redemption of bond	—	(20,000)
Purchase of treasury stock	(4)	(118)
Cash dividends paid	(1,808)	(1,818)
Cash dividends paid to minority stockholders.....	(419)	(528)
Other, net	(271)	(494)
Net cash provided by (used in) financing activities.....	(1,138)	(22,789)
Effect of exchange rate change on cash and cash equivalents	564	(935)
Net increase (decrease) in cash and cash equivalents	7,884	(20,019)
Cash and cash equivalents at beginning of period	36,048	46,768
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	469	—
Cash and cash equivalents at end of period.....	44,402	26,748

4. Consolidated Quarterly Segment Information

(1) Six-month period ended September 30, 2010 (April 1 – September 30, 2010)

1. Revenue and earnings by segment

Millions of yen, rounded down

	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other (Note 1)	Adjustment (Note 2)	Consolidated (Note 3)
Sales to outside customers	70,383	54,961	69,678	31,676	354	—	227,054
Inter-segment sales	1,868	471	2,292	333	55	(5,021)	—
Total	72,252	55,432	71,970	32,009	409	(5,021)	227,054
Segment income (loss) [Ordinary income (loss)].....	3,727	(350)	8,865	4,990	961	(917)	17,276

Notes :

- The 'Other' segment includes operations not included in the other segments, such as listed related companies and real estate business.
- The adjustment amounts are as follows:
The ¥917 million segment loss adjustment consists of ¥816 million income in inter-segment sales, and ¥1,733 million loss of overall costs not allocated to segments.
Overall costs include SG&A expenses, financing expenses, and other expenses not allocated to segments.
- Segment income (loss) is based on ordinary income as provided in the quarterly consolidated statement of income.

(2) Six-month period ended September 30, 2011(April 1 – September 30, 2011)

1. Revenue and earnings by segment

Millions of yen, rounded down

	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other (Note 1)	Adjustment (Note 2)	Consolidated (Note 3)
Sales to outside customers	74,172	67,578	59,715	28,244	366	—	230,076
Inter-segment sales	3,572	827	503	1	39	(4,943)	—
Total	77,744	68,405	60,218	28,245	406	(4,943)	230,076
Segment income (loss) [Ordinary income (loss)].....	8,138	189	4,420	3,394	978	(916)	16,204

Notes :

- The 'Other' segment includes operations not included in the other segments, such as listed related companies and real estate business.
- The adjustment amounts are as follows:
The ¥916 million segment loss adjustment consists of ¥204 million loss in inter-segment sales, and ¥712 million loss of overall costs not allocated to segments.
Overall costs include SG&A expenses, financing expenses, and other expenses not allocated to segments.
- Segment income (loss) is based on ordinary income as provided in the quarterly consolidated statement of income.