

**SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS**  
Results for the Fiscal Year 2011 (from April 1, 2011 to March 31, 2012)

**MITSUBISHI GAS CHEMICAL COMPANY, INC.**

**May 9, 2012**

Stock Code: 4182

Listed exchanges: First section, Tokyo Stock Exchange

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Scheduled date of filing of the financial report: June 26, 2012

Scheduled date of payment of dividend: June 7, 2012

**1. Consolidated Financial Results for the Fiscal Year 2011 (from April 1, 2011 to March 31, 2012)**

**1) Consolidated Operating Results**

Percentage figures represent changes compared to the previous fiscal year

*Millions of yen, rounded down*

	FY 2011		FY 2010	
		(% change)		(% change)
Sales.....	452,217	0.3	451,033	17.3
Operating income (loss).....	9,083	(61.1)	23,363	471.2
Ordinary income (loss).....	26,116	(28.2)	36,394	394.1
Net income (loss).....	12,327	(34.9)	18,950	225.2
Net income (loss) per share (¥).....	27.28		41.92	
Fully diluted net income (loss) per share (¥).....	27.01		41.00	
Return on equity (%).....	4.4		6.9	
Ratio of ordinary income to total assets (%).....	4.5		6.5	
Ratio of operating income to sales (%).....	2.0		5.2	

**Note:** Comprehensive income: FY 2011: ¥8,141 million [(50.8%)]; FY 2010: ¥16,561 million [55.5 %]  
Equity in earnings of affiliates: FY 2011: ¥20,532 million; FY 2010: ¥17,873 million

**2) Consolidated Financial Position**

*Millions of yen, rounded down*

	FY 2011	FY 2010
Total assets.....	595,250	577,045
Net assets.....	292,111	288,257
Shareholders' equity ratio (%).....	47.3	48.2
Net assets per share (¥).....	623.46	615.25

**Note:** Shareholders' equity: FY 2011: ¥281,687 million; FY 2010: ¥278,096 million

**3) Consolidated Cash Flows**

*Millions of yen, rounded down*

	FY 2011	FY 2010
Cash flow from operating activities.....	37,348	39,773
Cash flow from investing activities.....	(37,274)	(24,626)
Cash flow from financing activities.....	(9,876)	(1,849)
Cash and cash equivalents at end of period.....	35,701	46,768

**2. Dividends**

	FY 2010	FY 2011	FY 2012 (Forecast)
Interim dividend per share (¥).....	4.00	6.00	6.00
Year-end dividend per share (¥).....	4.00	6.00	6.00
Annual dividend per share (¥).....	8.00	12.00	12.00
Total dividend payment ( <i>millions of yen</i> ) .....	3,616	5,421	-
Dividend payout ratio (%).....	19.1	44.0	19.4
Dividend to net assets ratio (%).....	1.3	1.9	-

**3. Forecasts for the Fiscal Year 2012 (from April 1, 2012 to March 31, 2013)**

*Millions of yen, rounded down*

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

	Six-month period		Full year	
		(% change)		(% change)
Sales.....	240,000	4.3	500,000	10.6
Operating income.....	8,000	6.7	18,000	98.2
Ordinary income.....	16,000	(1.3)	34,000	30.2
Net Income.....	13,000	7.3	28,000	127.1
Earnings per share (¥)	28.77		61.96	

#### 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: None
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 2011	FY 2010
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.....	31,666,371	31,471,354
Average shares outstanding during period.....	451,885,958	452,023,503

#### Reference: Outline of Non-consolidated Financial Results

##### 1. Non-consolidated Financial Results for the Fiscal Year 2011 (from April 1, 2011 to March 31, 2012)

###### 1) Non-consolidated Operating Results

Percentage figures represent changes compared to the previous fiscal year

Millions of yen, rounded down

	FY 2011		FY 2010	
		(% change)		(% change)
Sales.....	349,892	2.9	340,007	21.9
Operating income.....	(882)	-	6,987	-
Ordinary income.....	18,126	26.3	14,351	-
Net income.....	7,390	56.4	4,724	3.2
Earnings per share (¥).....	16.36		10.45	
Fully diluted earnings per share (¥).....	16.20		10.22	

###### 2) Non-consolidated Financial Position

Millions of yen, rounded down

	FY 2011	FY 2010
Total assets.....	402,532	396,888
Net assets.....	183,326	181,327
Shareholders' equity ratio (%).....	45.5	45.7
Net assets per share (¥).....	405.76	401.16

Note: Shareholders' equity: FY 2011: ¥183,326 million; FY 2010: ¥181,327 million

##### 2. Non-consolidated Forecasts for the Fiscal Year 2012(from April 1, 2012 to March 31, 2013)

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	12.1	400,000	14.3
Operating income.....	4,000	132.3	9,000	-
Ordinary income.....	11,000	2.9	20,000	10.3
Net income.....	10,000	8.7	18,000	143.5
Earnings per share (¥).....	22.13		39.83	

(NOTE)

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

#### Results for this period

During the fiscal year ending March 2012, the Japanese economy faced great difficulty due to a number of events, including the major natural disaster in Japan, the strong yen, the public debt crisis in Europe, the slowdown of the Chinese economy, and the major floods in Thailand.

The MGC Group achieved a slight increase in net sales compared with the previous year. Despite increases in market prices for methanol and other chemicals, sales volumes generally declined due to the impact of natural disasters in and outside Japan and an economic downturn.

Operating income was substantially lower than the prior-year level. This was primarily due to lower sales volumes and narrower margins of key products in individual segments and reductions in net sales from some products for LCD displays.

Equity in earnings of affiliates grew thanks to excellent sales performance, achieved mainly by overseas methanol producing companies, while ordinary income was lower than the prior-year level.

Despite a substantial improvement in the figure for extraordinary gain or loss, Group net income was lower than the prior-year level, since a part of the deferred income taxes was reversed in response to tax revisions implemented in fiscal 2011.

In fiscal 2011, the MGC Group achieved ¥452.2 billion in consolidated net sales, an increase of ¥1.1 billion (0.3%) from the previous year. Consolidated operating income was ¥9.0 billion, a decline of ¥14.2 billion (61.1%). Equity in earnings of affiliates was ¥20.5 billion, an increase of ¥2.6 billion (14.9%). Consolidated ordinary income fell by ¥10.2 billion (28.2%) to ¥26.1 billion. Consolidated net income was ¥12.3 billion, a drop of ¥6.6 billion (34.9%).

#### Results by business segment

##### **Natural Gas Chemicals Company**

The methanol business enjoyed an increase in revenue due to increases in market prices caused by strong demand in China and other markets as well as energy prices that remained high.

Methanol and ammonia derivatives suffered declines in revenue and earnings. Whereas market prices of ammonia increased, those of neopentylglycol fell, and amines suffered from a decline in sales volume.

The enzyme and coenzyme business recorded lower earnings compared with the previous year. The impact of the strong yen more than offset growth in volumes of coenzyme Q10 sales.

Crude oil and other energy increased in both revenue and earnings thanks to an increase in the sales price of crude oil from the previous year.

In fiscal 2011, the Natural Gas Chemicals Company achieved consolidated net sales of ¥153.1 billion, an increase of ¥7.6 billion (5.2%) from the previous year and an operating income of ¥0.3 billion, a decline of ¥0.9 billion (71.5%). Due to improvement in the performance of overseas methanol producing companies, equity in earnings of affiliates of ¥16.3 billion was posted, resulting in a consolidated ordinary income of ¥15.2 billion, an increase of ¥3.6 billion (31.9%).

##### **Aromatic Chemicals Company**

Specialty aromatic chemical products suffered losses in both revenue and earnings. While Nylon-MXD6 and aromatic aldehydes achieved prior-year levels in both revenue and earnings, meta-xylenediamines were

affected by declining sales volumes in Europe. The negative revenue/earnings development also reflects the impact of the strong yen and increasing fuel and raw material prices.

The purified isophthalic acid business suffered a drop in earnings compared with the previous year. Despite increases in both sales volumes and sales prices, the business was affected by the strong yen and increases in raw materials and fuel prices.

In fiscal 2011, the Aromatic Chemicals Company achieved consolidated net sales of ¥125.3 billion, an increase of ¥14.1 billion (12.7%) and suffered an operating loss of ¥1.0 billion, a decline of ¥1.3 billion, and an ordinary loss of ¥2.1 billion, a drop of 1.4 billion from the previous year.

### **Specialty Chemicals Company**

The inorganic chemicals business suffered losses in both revenue and earnings. This negative development resulted primarily from a decline in the volume of hydrogen peroxide sales as domestic demand for MGC products, such as those for pulp and paper, remained low following the restoration of operations after the natural disaster in March 2011.

The electronic chemicals business achieved growth in both revenue and earnings. Despite a reduction in the volume of sales for super-pure hydrogen peroxide in the domestic market, products for overseas markets and hybrid chemicals for semiconductors and LCD displays were successful.

Engineering plastics suffered losses in both revenue and earnings. While polyacetal enjoyed steady demand in overseas markets, polycarbonates were affected by a decline in domestic demand.

Polycarbonate sheets and films suffered losses in both revenue and earnings. This is because, despite the success of hard-coated sheets for cellular phones, sales volumes of films for use in flat panel displays were much lower than prior-year levels.

In fiscal 2011, the Specialty Chemicals Company posted consolidated net sales of ¥121.0 billion, a decline of ¥12.9 billion (9.7%) from the previous year and an operating income of ¥7.5 billion, a decline of ¥7.6 billion (50.3%). Due to ¥2.1 billion equity in earnings of affiliates, ordinary income was ¥8.4 billion, a drop of ¥8.6 billion (50.5%).

### **Information & Advanced Materials Company**

Electronic materials posted losses in both revenue and earnings. Immediately after recovery from the damage caused by the natural disaster in March 2011, Electrotechno enjoyed high levels of incoming orders for BT materials, used for semiconductor packaging. However, these products were affected by a continued downturn in demand that followed, above all, for general-purpose products.

Thanks to the overall success in the domestic food market and overseas medical markets, oxygen absorbers such as AGELESS® surpassed both the revenue and earnings achieved in the previous year.

In fiscal 2011, the Information & Advanced Materials Company achieved consolidated net sales of ¥51.8 billion, a decline of ¥7.6 billion (12.9%), an operating income of ¥3.7 billion, a drop of ¥3.9 billion (50.9%), and an ordinary income of ¥3.7 billion, a reduction of ¥3.7 billion (49.9%).

### **Other**

In the year ending March 31, 2012, the other business segment achieved consolidated net sales of ¥0.8 billion, a year-on-year increase of ¥0.0 billion (10.6%). Operating income fell by ¥0.0 billion (4.6%) to ¥0.2 billion, and ordinary income declined by ¥0.7 billion (30.8%) to ¥1.6 billion.

## **Consolidated forecasts for the fiscal year 2012**

The economic environment remains uncertain due to the public debt crisis in Europe and increases in fuel and raw material prices. The domestic and overseas markets, however, are expected to see gradual improvements in business conditions.

In April 2012, the MGC Group started implementing the new Mid-term Management Plan "MGC Will2014." The Group will steadily implement the basic strategies, which include "strengthening the core businesses" and "accelerating development of new businesses," to speed up the process of improving revenue and earnings.

In fiscal 2012, the Group is expected to see recovery in sales volumes and improvements in profitability across all segments. One reason is that the supply chain is expected to be restored to normal from the aftereffects of the major natural disaster in Japan and floods in Thailand. Another reason is that the excessive appreciation of the yen against other currencies is expected to be alleviated. The Group, therefore, expects to achieve higher operating income than in fiscal 2011. Equity in earnings of affiliates will be at the prior-year level since market prices of methanol will continue to develop favorably.

An internal study of the usage of property, plant and equipment shows that production outputs and operating ratios will remain stable in the long term. Starting in the fiscal year ending March 2013, therefore, the Group will switch the method of depreciation of noncurrent assets from the traditional fixed-rate method to the straight-line method. This change will reduce depreciation expenses by approximately of ¥6.2 billion.

In fiscal 2012, the Group expects to achieve consolidated net sales of ¥500 billion, an operating income of ¥18.0 billion, an ordinary income of ¥34.0 billion, and a net income of ¥28.0 billion. In non-consolidated terms, MGC forecasts net sales of ¥400 billion, an operating income of ¥9.0 billion, an ordinary income of ¥20.0 billion, and a net income of ¥18.0 billion.

These performance forecasts assume exchange rates of ¥80=\$1 and ¥105=€1.

## **(2) Consolidated financial position**

### **Assets, liabilities and net assets**

As of March 31, 2012, total consolidated assets were ¥595.2 billion, ¥18.2 billion higher than at the end of the previous fiscal year.

Current assets increased by ¥9.5 billion to ¥254.0 billion. Despite a decline in cash and deposits due to payments for investments in new facilities, major positive contributions came from increases in trade notes and accounts receivable (as the last day of 2011 happened to be a holiday) and an increase in short-term investments securities.

Noncurrent assets increased by ¥8.6 billion to ¥341.2 billion, primarily due to an increase in construction in progress related to the construction of new plants.

Total liabilities increased by ¥14.3 billion to ¥303.1 billion. Current liabilities rose by ¥10.9 billion. Contributions include a ¥9.3 billion increase in trade notes and accounts payable because the last day of 2011 was a holiday. Noncurrent liabilities increased by ¥3.4 billion: Despite a decline in long-term loans payable, newly issued corporate bonds caused an increase of ¥15.0 billion. Increasing lease liabilities were another reason.

Net assets increased by ¥3.8 billion to ¥292.1 billion.

A ¥8.4 billion increase in retained earnings more than offset declines in foreign currency translation adjustments and valuation difference on available-for-sale securities.

As of March 31, 2012, the shareholders' equity ratio was 47.3% (March 31, 2011: 48.2%). Net assets per share at the end of the fiscal year totaled ¥623.46, compared with ¥615.25 one year earlier.

### **Consolidated cash flows**

As of March 31, 2012, total cash and cash equivalents were ¥35.7 billion, ¥11.0 billion lower than at the end of the previous fiscal year.

#### **1) Operating activity cash flow**

Net cash provided by operating activities fell by ¥2.4 billion from the previous year to ¥37.3 billion. The primary positive contribution came from an increase in dividends received from equity method affiliates. Negative contributions include increasing expenses related to damage caused by natural disasters.

#### **2) Investing activity cash flow**

Net cash outflow from investing activities increased by ¥12.6 billion from the previous year to ¥37.2 billion. This was primarily because outflow due to the acquisition of noncurrent assets rose by ¥8.7 billion to ¥34.6 billion.

#### **3) Financing activity cash flow**

Net cash outflow from financing activity was ¥9.8 billion, an increase of ¥8.0 billion from the previous year. This was primarily because outflow due to repayments of corporate bonds surpassed the inflow provided by issuances of corporate bonds. Net cash outflow was also increased by a lower inflow from long-term loans payable.

### **(3) Dividend policy, payments and forecasts**

MGC view 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 and a consolidated payout ratio of 44.0%.

For the year ending March 31, 2013 the Company plans an interim dividend of ¥6.0 per share and a year-end dividend of ¥6.0 per share.

## **3. 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

#### Quantitative targets

Consolidated parameter	Target(FY 2014)
Net sales	¥600 billion
Operating income	¥40 billion
Ordinary income	¥60 billion
ROA (ordinary income/total assets)	9.0%

Assumptions:

Exchange rate: ¥80/USD

Crude oil price (Dubai): 2012: 115 USD/bbl, 2013: 115 USD/bbl, 2014: 120 USD/bbl

## (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 electronics chemicals, sheets/films, BT materials, and the AGELESS® oxygen absorber. This accounts for our tangible presence in all market segments.

On the other hand, we have concluded that the loss-making businesses require structural reform. Unexpected deterioration in the business environment and increasing competition have surpassed our efforts to make these operations profitable within the existing framework. Although we have already set up structural reform projects in cooperation with the relevant businesses, we will continue to study all possibilities and implement reform plans as soon as they are ready. Where development of new businesses is concerned, MGC has set up the “Next Generation Business Project Group” to reinforce our existing research and development. Integrating internal resources through a cross-organizational approach, the new organization has already started its activity, accelerating overall work in this area.

Through these initiatives, MGC commits itself to giving its all to achieving the goals stated in “MGC Will2014.”

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(In ¥ million, rounded down)

	FY 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits.....	47,964	27,438
Notes and accounts receivable-trade.....	112,029	122,054
Short-term investments securities.....	613	10,241
Merchandise and finished goods.....	36,334	42,761
Work in progress.....	10,312	10,732
Raw materials and supplies.....	21,570	22,593
Deferred tax assets.....	5,159	3,952
Other.....	11,316	15,042
Allowance for doubtful accounts.....	(778)	(779)
Total current assets.....	244,522	254,037
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings and structures.....	128,227	131,088
Accumulated depreciation.....	(77,774)	(81,295)
Buildings and structures, net.....	50,453	49,793
Machinery, equipment and vehicles.....	354,351	360,297
Accumulated depreciation.....	(287,466)	(300,589)
Machinery, equipment and vehicles, net.....	66,884	59,707
Land.....	22,831	22,798
Leased assets.....	18,495	26,419
Accumulated depreciation.....	(1,449)	(2,556)
Leased assets, net.....	17,045	23,862
Construction in progress.....	15,713	31,148
Other.....	30,389	31,521
Accumulated depreciation.....	(26,494)	(27,653)
Other, net.....	3,895	3,868
Total property, plant and equipment .....	176,823	191,178
<b>Intangible assets</b>		
Goodwill.....	56	104
Lease assets.....	39	25
Software.....	2,269	2,037
Other.....	1,866	1,107
Total intangible assets.....	4,231	3,275
<b>Investments and other assets</b>		
Investment securities.....	130,047	132,935
Long-term loans receivable.....	522	905
Deferred tax assets.....	15,564	9,218
Other.....	4,795	4,801
Allowance for doubtful accounts.....	(462)	(1,101)
Total investments and other assets.....	151,468	146,758
Total noncurrent assets.....	332,523	341,212
<b>Total assets.....</b>	<b>577,045</b>	<b>595,250</b>

Consolidated Balance Sheets (contd.)

(In ¥ million, rounded down)

	FY 2010 (As of March 31, 2011)	FY 2011 (As of March 31, 2012)
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade.....	60,108	69,427
Short-term loan payable.....	69,845	90,511
Current portion of bonds.....	20,000	-
Accrued expenses.....	11,819	13,332
Lease obligations.....	1,099	1,695
Income taxes payable.....	1,869	1,599
Deferred tax liabilities.....	189	201
Provision for bonuses.....	3,726	3,618
Reserve for loss on disaster.....	2,185	75
Other.....	11,683	13,002
Total current liabilities.....	182,527	193,464
<b>Noncurrent liabilities</b>		
Bonds payable.....	-	15,000
Long-term loans payable.....	75,850	56,277
Lease obligations.....	15,883	21,700
Deferred tax liabilities.....	1,037	1,869
Provision for retirement benefits.....	5,402	7,095
Provision for directors' retirement benefits.....	450	462
Provision for environmental measures.....	617	617
Other provision.....	234	370
Asset retirement obligations.....	3,472	3,512
Other.....	3,311	2,766
Total noncurrent liabilities.....	106,260	109,673
Total liabilities.....	288,787	303,138
<b>NET ASSETS</b>		
<b>Stockholders' equity</b>		
Capital stock.....	41,970	41,970
Capital surplus.....	35,591	35,593
Retained earnings.....	236,597	245,083
Treasury stock.....	(7,920)	(8,039)
Total shareholders' equity.....	306,238	314,607
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities.....	4,197	3,468
Deferred gains or losses on hedges.....	-	(177)
Revaluation reserve for land.....	192	206
Foreign currency translation adjustment.....	(32,531)	(36,417)
Total accumulated other comprehensive income.....	(28,142)	(32,920)
Minority interests.....	10,161	10,424
Total net assets.....	288,257	292,111
<b>Total liabilities and net assets.....</b>	<b>577,045</b>	<b>595,250</b>

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

(In ¥ million, rounded down)

	FY 2010 (April 1, 2010 – March 31, 2011)	FY 2011 (April 1, 2011 – March 31, 2012)
<b>Net sales</b> .....	451,033	452,217
Cost of sales.....	370,963	385,731
Gross profit .....	80,070	66,486
Selling, general and administrative expenses.....	56,706	57,402
<b>Operating income (loss)</b> .....	23,363	9,083
<b>Non-operating income</b>		
Interest income.....	123	136
Dividend income.....	1,247	1,471
Equity in earnings of affiliates.....	17,873	20,532
Other.....	1,778	1,847
Total non-operating income.....	21,022	23,987
<b>Non-operating expenses</b>		
Interest expense.....	2,078	1,981
Personnel expenses for seconded employees.....	1,528	1,443
Foreign exchange losses.....	1,077	608
Loss on disposal of noncurrent assets.....	1,700	387
Other.....	1,606	2,533
Total non-operating expenses.....	7,992	6,954
<b>Ordinary income</b> .....	36,394	26,116
<b>Extraordinary income</b>		
Insurance income.....	730	1,221
Gain on sales of investment securities	-	125
Gain on change in equity.....	-	17
Gain on sales of noncurrent assets .....	751	-
Total extraordinary income.....	1,482	1,363
<b>Extraordinary losses</b>		
Provision of allowance for doubtful accounts.....	-	682
Loss on disaster.....	3,003	572
Environment improvement expenses.....	296	499
Loss on litigation .....	-	149
Impairment losses.....	598	91
Loss on valuation of investment securities.....	6,479	-
Loss on adjustment for changes of accounting standard for asset retirement obligations.....	1,777	-
Loss on liquidation of subsidiaries and affiliates.....	1,642	-
Loss on sales of investment securities .....	137	-
Total extraordinary losses.....	13,935	1,995
Income before income taxes and minority interests.....	23,940	25,484
Income taxes-current.....	3,866	3,121
Refund of income taxes.....	(183)	-
Income taxes-deferred.....	(49)	8,772
Total income taxes.....	3,633	11,893
Income before minority interests.....	20,306	13,590
Minority interests in income.....	1,356	1,263
<b>Net income</b> .....	<b>18,950</b>	<b>12,327</b>

## (Consolidated Statements of Comprehensive Income)

(In ¥ million, rounded down)

	FY 2010 (April 1, 2010 – March 31, 2011)	FY 2011 (April 1, 2011 – March 31, 2012)
Income before minority interests.....	20,306	13,590
Other comprehensive income		
Valuation difference on available-for-sale securities.....	5,275	(793)
Deferred gains or losses on hedges.....	-	(197)
Foreign currency translation adjustments.....	(1,843)	(1,159)
Share of other comprehensive income of associates accounted for using equity method.....	(7,177)	(3,299)
Total other comprehensive income.....	(3,745)	(5,449)
Comprehensive income.....	16,561	8,141
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent .....	15,481	7,199
Comprehensive income attributable to Minority interests.....	1,079	941

## (3) Consolidated Statements of Changes in Net Assets

(In ¥ million, rounded down)

	FY 2010 (April 1, 2010 – March 31, 2011)	FY 2011 (April 1, 2011 – March 31, 2012)
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
Balance at the beginning of current period.....	41,970	41,970
Balance at the end of current period.....	41,970	41,970
<b>Capital surplus</b>		
Balance at the beginning of current period.....	35,590	35,591
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.....	35,591	35,593
<b>Retained earnings</b>		
Balance at the beginning of current period.....	222,394	236,597
Changes of items during the period		
Dividends from surplus.....	(3,616)	(4,518)
Net income.....	18,950	12,327
Change of scope of consolidation.....	(134)	-
Change of scope of equity method.....	(996)	678
Total changes of items during the period.....	14,203	8,486
Balance at the end of current period.....	236,597	245,083
<b>Treasury stock</b>		
Balance at the beginning of current period.....	(7,905)	(7,920)
Changes of items during the period		
Purchase of treasury stock.....	(15)	(121)
Disposal of treasury stock.....	1	1
Total changes of items during the period.....	(14)	(119)
Balance at the end of current period.....	(7,920)	(8,039)
<b>Total shareholders' equity</b>		
Balance at the beginning of current period.....	292,048	306,238
Changes of items during the period		
Dividends from surplus.....	(3,616)	(4,518)
Net income.....	18,950	12,327
Change of scope of consolidation.....	(134)	-
Change of scope of equity method.....	(996)	678
Purchase of treasury stock.....	(15)	(121)
Disposal of treasury stock.....	2	3
Total changes of items during the period.....	14,190	8,368
Balance at the end of current period.....	306,238	314,607

## Consolidated Statements of Changes in Net Assets (contd.)

(In ¥ million, rounded down)

	FY 2010 (April 1, 2010 – March 31, 2011)	FY 2011 (April 1, 2011 – March 31, 2012)
<b>Accumulated other comprehensive income</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance at the beginning of current period.....	(1,013)	4,197
Changes of items during the period		
Net changes of items other than shareholders' equity.....	5,210	(728)
Total changes of items during the period.....	5,210	(728)
Balance at the end of current period.....	(4,197)	3,468
<b>Deferred gains or losses on hedges</b>		
Balance at the beginning of current period.....	(1)	-
Changes of items during the period		
Net changes of items other than shareholders' equity.....	1	(177)
Changes of items during the period.....	1	(177)
Balance at the end of current period.....	-	(177)
<b>Revaluation reserve of land</b>		
Balance at the beginning of current period.....	192	192
Changes of items during the period.....		
Net changes of items other than shareholders' equity.....	-	14
Total changes of items during the period.....	-	14
Balance at the end of current period.....	192	206
<b>Foreign currency translation adjustments</b>		
Balance at the beginning of current period.....	(22,013)	(32,531)
Changes of items during the period		
Net changes of items other than shareholders' equity.....	(10,518)	(3,886)
Total changes of items during the period.....	(10,518)	(3,886)
Balance at the end of current period.....	(32,531)	(36,417)
<b>Total accumulated other comprehensive income</b>		
Balance at the beginning of current period.....	(22,835)	(28,142)
Changes of items during the period		
Net changes of items other than shareholders' equity.....	(5,306)	(4,778)
Total changes of items during the period.....	(5,306)	(4,778)
Balance at the end of current period.....	(28,142)	(32,920)
<b>Minority interests</b>		
Balance at the beginning of current period.....	8,881	10,161
Changes of items during the period		
Net changes of items other than shareholders' equity.....	1,279	263
Total changes of items during the period.....	1,279	263
Balance at the end of current period.....	10,161	10,424
<b>Total net assets</b>		
Balance at the beginning of current period.....	278,094	288,257
Changes of items during the period		
Dividends from surplus.....	(3,616)	(4,518)
Net income.....	18,950	12,327
Change of scope of consolidation.....	(134)	-
Change of scope of equity method.....	(996)	678
Purchase of treasury stock.....	(15)	(121)
Disposal of treasury stock.....	2	3
Net changes of items other than shareholders' equity.....	(4,027)	(4,514)
Total changes of items during the period.....	10,162	3,853
Balance at the end of current period.....	288,257	292,111

## (4) Consolidated Statements of Cash Flows

(In ¥ million, rounded down)

	FY 2010	FY 2011
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests.....	23,940	25,484
Depreciation and amortization.....	28,950	27,763
Loss (gain) on disposal of noncurrent assets.....	113	601
Amortization of goodwill.....	146	(102)
Insurance income.....	(730)	(1,373)
Impairment losses.....	598	91
Loss on disaster.....	3,003	572
Loss on litigation.....	-	149
Loss on liquidation of subsidiaries and affiliates.....	1,642	-
Equity in (earnings) losses of affiliates.....	(17,873)	(20,532)
Increase (decrease) in allowance for doubtful accounts.....	4	642
Increase (decrease) in provision for retirement benefits.....	847	1,700
Interest and dividends income.....	(1,371)	(1,608)
Interest expenses.....	2,078	1,981
Loss (gain) on sales of short-term and long-term investment securities.....	137	(99)
Loss (gain) on valuation of short-term and long-term investment securities.....	6,479	29
Loss on adjustment for changes of accounting standard for asset retirement obligations.....	1,777	-
Environment improvement expenses.....	296	499
Decrease (increase) in notes and accounts receivable-trade.....	(10,606)	(11,154)
Decrease (increase) in inventories.....	(6,224)	(8,332)
Increase (decrease) in notes and accounts payable-trade.....	4,635	10,164
Increase (decrease) in accrued consumption taxes.....	(443)	(1,384)
Increase (decrease) in provision for directors' retirement benefits.....	40	187
Other, net.....	(317)	1,286
<b>Subtotal.....</b>	<b>37,128</b>	<b>26,567</b>
Interest and dividends income received.....	1,371	1,609
Proceeds from dividends income from affiliates accounted for by equity method.....	7,785	18,242
Interest expenses paid.....	(2,178)	(1,863)
Income taxes (paid) refund.....	(4,814)	(5,375)
Proceeds from insurance income.....	730	592
Payments for loss on disaster.....	(249)	(2,423)
<b>Net cash provided by (used in) operating activities.....</b>	<b>39,773</b>	<b>37,348</b>
<b>Net cash provided by (used in) investing activities</b>		
Purchase of short-term investment securities.....	(729)	(118)
Proceeds from sales of short-term investment securities.....	1,072	488
Purchase of noncurrent assets.....	(25,913)	(34,625)
Proceeds from sales of noncurrent assets.....	2,682	337
Purchase of investment securities.....	(2,277)	(3,083)
Proceeds from sales of investment securities.....	4	193
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation.....	315	-
Payments of loans receivable.....	(420)	(455)
Collection of loans receivable.....	957	102

## Consolidated Statements of Cash Flows (contd.)

(In ¥ million, rounded down)

	FY 2010	FY 2011
Other, net.....	(318)	(112)
<b>Net cash provided by (used in) investing activities.....</b>	<b>(24,626)</b>	<b>(37,274)</b>
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loan payable.....	(2,351)	2,883
Proceeds from long-term loans payable.....	11,231	3,137
Payment of long-term loans payable.....	(6,469)	(4,300)
Proceeds from stock issuance to minority shareholders.....	847	-
Proceeds from issuance of bonds.....	-	14,926
Redemption of bonds.....	-	(20,000)
Purchase of treasury stock.....	(15)	(121)
Cash dividends paid.....	(3,616)	(4,518)
Cash dividends paid to minority shareholders.....	(840)	(684)
Other, net.....	(634)	(1,202)
<b>Net cash provided by (used in) financing activities....</b>	<b>(1,849)</b>	<b>(9,876)</b>
<b>Effect of exchange rate change on cash and cash equivalents.....</b>	<b>(3,048)</b>	<b>(1,264)</b>
<b>Net increase (decrease) in cash and cash equivalents.....</b>	<b>10,249</b>	<b>(11,066)</b>
<b>Cash and cash equivalents at beginning of period.....</b>	<b>36,048</b>	<b>46,768</b>
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation.....	469	-
<b>Cash and cash equivalents at end of period.....</b>	<b>46,768</b>	<b>35,701</b>

## (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 to 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 2011 (from April 1, 2011 to March 31, 2012)

(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.....	153,164	125,301	121,047	51,859	844	-	452,217
Inter-segment sales.....	6,802	1,883	1,063	0	82	(9,831)	-
Total.....	159,966	127,184	122,110	51,860	926	(9,831)	452,217
Operating income (loss).....	15,216	(2,160)	8,467	3,756	1,620	(783)	26,116
Identifiable assets by business segment.....	185,577	113,407	159,425	56,847	42,966	37,025	595,250
Other items							
Depreciation.....	7,725	7,738	8,420	3,525	11	342	27,763
Amortization of goodwill.....	44	94	0	1	-	(141)	-
Amortization of negative goodwill.....	(14)	(22)	(205)	(1)	-	141	(102)
Interest income.....	47	36	91	48	0	(88)	136
Interest expense.....	1,084	818	509	139	9	(579)	1,981
Equity in earnings of affiliates.	16,368	141	2,188	-	1,834	-	20,532
Investment to equity method affiliates.....	49,662	1,493	9,954	-	22,666	(246)	83,530
Increase of property, plant and equipment and intangible assets.....	13,942	4,736	21,661	1,887	10	185	42,423

**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