

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

Results for the First Half of Fiscal Year 2012

(April 1 – September 30, 2012)

MITSUBISHI GAS CHEMICAL COMPANY, INC.

November 2, 2012

Listed exchanges: First section of the Tokyo Stock Exchange
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Scheduled date of payment of dividend: December 5, 2012

1. Summary of Consolidated Results for the First Half of Fiscal Year 2012

(April 1, 2012 – September 30, 2012)

1) Operating results

Millions of yen, rounded down

Percentage figures denote change compared to equivalent period of previous year

	April 1 – September 30, 2012		April 1 – September 30, 2011	
		Change %		Change %
Net sales.....	232,789	1.2	230,076	1.3
Operating income (loss).....	3,933	(47.6)	7,500	(40.6)
Ordinary income (loss).....	11,235	(30.7)	16,204	(6.2)
Net income (loss).....	8,116	(33.0)	12,109	89.4
Net income (loss) per share (¥).....	17.97		26.79	
Fully diluted net income (loss) per share (¥).....	-		26.28	

(Note) Comprehensive income: first half of FY 2012 : ¥8,723 million [(12.6%)] ; first half of FY 2011 : ¥9,980 million [51.5%]

2) Financial position

Millions of yen, rounded down

	As of September 30, 2012	As of March 31, 2012
Total assets.....	611,713	595,250
Net assets.....	297,688	292,111
Equity ratio (%).....	47.0	47.3

(Note) Shareholders' equity as of September 30, 2012: ¥287,220 million; as of March 31, 2012: ¥281,687 million

2. Cash Dividends

	FY 2012	FY 2011
Interim dividend per share (¥).....	6.00	6.00
Year-end dividend per share (¥).....	6.00 (Forecast)	6.00
Annual dividend per share (¥).....	12.00 (Forecast)	12.00

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

3. Consolidated Business Forecasts for Fiscal Year 2012

(April 1, 2012 – March 31, 2013)

Millions of yen, rounded down

Percentage figures denote change compared to equivalent period of previous year

	Full Year	
		Change %
Net sales.....	470,000	3.9
Operating income (loss).....	10,000	10.1
Ordinary income (loss).....	26,000	(0.4)
Net Income (loss).....	12,000	(2.7)
Net income (loss) per share (¥).....	26.56	

(Note) Revision of consolidated business 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: Yes

2. Changes other than 1: Yes

3. Changes in accounting estimates: Yes

4. Restatement of corrections: None

4) Number of shares outstanding (ordinary shares)

	September 30, 2012	March 31, 2012
Number of shares issued at end of period (including treasury shares).....	483,478,398	483,478,398
Number of treasury shares at end of period.....	31,756,229	31,666,371
	April 1 – September 30, 2012	April 1 – September 30, 2011
Average shares outstanding during period.....	451,739,787	451,956,812

(NOTE)

- 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.*
- 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 same period 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 2013 (April 1-September 30, 2012), the Japanese economy continued to face great strain due to the prolonged public debt crisis in Europe, continued appreciation of the yen against other currencies, and the slowdown of the Chinese economy. The MGC Group achieved a slight increase in net sales. Aromatic chemicals and electronic materials suffered reductions in sales volumes due to a slowdown in demand. Methanol and ammonia derivatives saw declines in market prices. Positive contributions included increases in the sales volumes of electronic chemicals and polycarbonates, as well as favorable developments in methanol sales price.

Operating income suffered a loss due to narrower margins resulting from declines in the sales prices of chemicals in general and lower sales volumes for polycarbonate sheets/films and electronic materials.

Equity in earnings of affiliates was at the prior-year level, thanks to the excellent sales performance achieved by overseas methanol producing companies, which benefited from high methanol market prices. Ordinary income was lower.

Net income was lower than the prior-year level due to extraordinary losses, including losses on valuation of investment securities.

In the first six months of fiscal 2012, the MGC Group achieved ¥232.7 billion in consolidated net sales, an increase of ¥2.7 billion (1.2%). Consolidated operating income was ¥3.9 billion, a decline of ¥3.5 billion (47.6%). Equity in earnings of affiliates was ¥9.9 billion, a decline of ¥0.4 billion (4.6%). Consolidated ordinary income fell by ¥4.9 billion (30.7%) to ¥11.2 billion. Consolidated net income was ¥8.1 billion, a drop of ¥3.9 billion (33.0%).

Results by business segment

Natural Gas Chemicals Company

The methanol business marked higher net sales and lower earnings. Despite favorable developments in sales prices, purchasing costs increased due to an increase in market price.

Methanol and ammonia derivatives suffered a decline in revenue because of lower sales prices for MMA-based products and a reduction in the sales volume of neopentylglycol due to the slowdown of the Chinese economy. Earnings from these derivatives, however, remained at the prior-year level.

The enzyme and coenzyme business recorded prior-year-level earnings, despite suffering lower revenue due to weak coenzyme Q10 sales.

Crude oil and other energy increased in both revenue and earnings due to the favorable development of crude oil sales.

In the six-month period under review, the Natural Gas Chemicals Company achieved consolidated net sales of ¥77.1 billion, an increase of ¥3.0 billion (4.1%), and an operating loss of ¥0.6 billion, a drop of ¥1.0 billion.

Due to the strong performance of overseas methanol producing companies, an equity in earnings of affiliates of ¥7.9 billion was posted, resulting in a consolidated ordinary income of ¥6.5 billion, a decline of ¥1.5 billion (19.5%).

Aromatic Chemicals Company

Specialty aromatic chemical products suffered losses in both revenue and earnings. Negative factors included reductions in sales volumes for Nylon-MXD6, aromatic aldehydes for overseas customers and those for meta-xylenediamine for the domestic market.

The purified isophthalic acid business suffered reductions in both revenue and earnings because sales prices declined despite a prior-year-level sales volume.

In the first six months of fiscal 2012, Aromatic Chemicals Company achieved consolidated net sales of ¥64.0 billion, a decline of ¥3.5 billion (5.2%), an operating loss of ¥0.6 billion, a drop of ¥1.3 billion, and an ordinary loss of ¥1.1 billion, a reduction of ¥1.3 billion.

Specialty Chemicals Company

Inorganic chemicals improved in both terms of revenue and earnings. Positive contributions included a higher sales volume for hydrogen peroxide compared with the figure for the prior-year period affected by the major natural disaster in March 2011.

Electronic chemicals achieved increases in both revenue and earnings. This positive trend was primarily due to growing sales of super-pure hydrogen peroxide and hybrid chemicals for semiconductors.

Engineering plastics achieved growth in both revenue and earnings. While polyacetal suffered from lower earnings, polycarbonates achieved a higher sales volume compared with the prior-year number affected by the March 11 disaster in East Japan.

Polycarbonate sheets and films suffered losses in both revenue and earnings. This is because, despite an increase in the sales volume of hard-coated sheets, which are used as an alternative to smartphone cover glass, sales volume of films for use in flat panel displays were lower.

In the first half of fiscal 2012, the Specialty Chemicals Company achieved consolidated net sales of ¥64.6 billion, an increase of ¥4.9 billion (8.3%) and an operating income of ¥4.4 billion, an increase of ¥0.7 billion (19.3%). Due to ¥0.9 billion equity in earnings of affiliates, the Company achieved an ordinary income of ¥4.5 billion, an increase of ¥0.1 billion (3.0%).

Information & Advanced Materials Company

Electronic materials posted drops in both revenue and earnings. For BT materials used for semiconductor packaging, smartphone-related applications steadily grew in both revenue and earnings, whereas general-purpose products suffered from continued low demand levels.

Thanks to strong sales, mainly in the domestic and overseas food markets, oxygen absorbers such as AGELESS® achieved prior-year levels in both revenue and earnings.

In the half-year period under review, the Information & Advanced Materials Company achieved consolidated net sales of ¥26.4 billion, a decline of ¥1.7 billion (6.2%), an operating income of ¥2.0 billion, a drop of ¥1.3 billion (40.8%), and an ordinary income of ¥1.9 billion, a reduction of ¥1.4 billion (43.4%).

Other

In the first six months of fiscal 2012, the other business segment achieved consolidated net sales of ¥0.3 billion, a decline of ¥0.0 billion (0.7%), an operating income of ¥0.1 billion, a drop of ¥0.0 billion (41.0%), and an ordinary income of ¥0.7 billion, a decline of ¥0.1 billion (20.3%).

(2) Consolidated financial position

At the end of the first six months of fiscal 2012, the MGC Group had ¥611.7 billion in total assets, an increase of ¥16.4 billion from the end of fiscal 2011.

Current assets increased by ¥6.9 billion to ¥260.9 billion, primarily due to a decline in short-term investments securities and increases in cash and deposits as well as merchandise and finished goods.

Noncurrent assets increased by ¥9.5 billion to ¥350.7 billion. Property, plant and equipment rose by ¥6.6 billion to ¥197.8 billion thanks to increases in buildings and structures and machinery, equipment and vehicles despite a decline in construction in progress. Investments and other assets were ¥149.0 billion, an increase of ¥2.3 billion, due to an increase in deferred income taxes, the posting of equity in earnings, and an increase in investment securities resulting from exchange effects.

Liabilities increased by ¥10.8 billion to ¥314.0 billion from the end of fiscal 2011.

Current liabilities increased by ¥7.2 billion to ¥200.7 billion, due to a reduction in short-term loans payable and an increase in trade notes and accounts payable.

Noncurrent liabilities increased by ¥3.5 billion to ¥113.2 billion, primarily due to an increase in long-term loans payable.

Net assets increased by ¥5.5 billion to ¥297.6 billion. This was because, despite a reduction of ¥2.1 billion in valuation difference on available-for-sale securities, retained earnings rose by ¥5.4 billion and foreign currency translation adjustment increased by ¥2.3 billion due to the weak yen. As of September 30, 2012 the shareholders' equity ratio was 47.0%.

(3) Consolidated business forecasts

The MGC Group faces increasing uncertainty due to the prolonged public debt crisis in Europe, appreciation of the yen against other currencies, and the slowdown of the Chinese economy. In the second half of fiscal 2012, polycarbonates will likely suffer a decline in earnings in China, and it is anticipated that BT materials for general-purpose semiconductors will show lower sales volumes while some of the MGC products, such as hybrid chemicals for semiconductors, are expected to be successful, as they were in the first half of the year. For full-year fiscal 2012, therefore, the MGC group expects a decline in operating income.

Full-year net income is expected to be substantially lower than our previous forecast. This is because expected losses in unsuccessful businesses have been estimated where possible and included in the business forecasts, in accordance with the policy of restructuring loss-making businesses stated in the Med-term Management Plan "MGC Will2014."

These business forecasts assume exchange rates of ¥80=\$1 and ¥100= €1.

Revision of consolidated business forecasts

Fiscal year ending March 31, 2013 (April 1, 2012 - March 31, 2013)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (¥)
Previously announced forecasts (A)	480,000	13,000	28,000	23,000	50.90
Revised forecasts (B)	470,000	10,000	26,000	12,000	26.56
Change (B - A)	(10,000)	(3,000)	(2,000)	(11,000)	-
Change (%)	(2.1)	(23.1)	(7.1)	(47.8)	-
Results for the previous period (ended March 31, 2012)	452,217	9,083	26,116	12,327	27.28

2. About figures indicated in this summary (including notes)

Changes in accounting policies, changes in accounting estimates or restatement of corrections

(Change in the depreciation method)

Starting in the first quarter of fiscal 2012, MGC has switched the method of depreciation of property, plant and equipment, not including buildings and structures (other than accompanying facilities) and leased assets, from the traditional fixed-rate method to the straight-line method.

This change was made following an internal study of the use of property, plant and equipment, which forms the basis of the MGC Mid-term Management Plan. This study shows that production outputs and operating ratios will remain stable in the long term. MGC has, therefore, decided that the straight-line method better reflects the use of these assets within MGC.

Compared with the corresponding figures calculated by the traditional method, operating income for the first half of fiscal 2012 increased by ¥1,904 million, while the ordinary income, and income before income taxes and minority interests each increased by ¥1,911 million.

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

Millions of yen, rounded down

	As of March 31, 2012	As of September 30, 2012
ASSETS		
Current assets		
Cash and deposits.....	27,438	33,419
Trade notes and accounts receivable.....	122,054	124,765
Short-term investments securities.....	10,241	5,140
Merchandise and finished goods.....	42,761	48,400
Work in progress.....	10,732	9,610
Raw materials and supplies.....	22,593	25,255
Other.....	18,995	15,169
Allowance for doubtful accounts.....	(779)	(798)
Total current assets.....	254,037	260,962
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net.....	49,793	55,740
Machinery, equipment and vehicles, net.....	59,707	72,534
Other, net.....	81,677	69,586
Total property, plant and equipment.....	191,178	197,861
Intangible assets		
Goodwill.....	104	113
Other.....	3,171	3,682
Total intangible assets	3,275	3,796
Investments and other assets		
Investment securities.....	132,935	133,231
Other.....	14,925	16,669
Allowance for doubtful accounts.....	(1,101)	(808)
Total investments and other assets.....	146,758	149,092
Total noncurrent assets.....	341,212	350,750
Total assets.....	595,250	611,713

Consolidated Quarterly Balance Sheets (contd.)

Millions of yen, rounded down

	As of March 31, 2011	As of September 30, 2012
LIABILITIES		
Current Liabilities		
Trade notes and accounts payable.....	69,427	82,509
Short-term loans payable.....	90,511	82,208
Income taxes payable.....	1,599	713
Provision.....	3,693	4,994
Other.....	28,232	30,334
Total current liabilities.....	193,464	200,759
Noncurrent liabilities		
Bonds payable.....	15,000	15,000
Long-term loans payable.....	56,277	60,541
Provision for retirement benefits.....	7,095	7,314
Other provision.....	1,451	1,557
Asset retirement obligations.....	3,512	3,545
Other.....	26,336	25,305
Total noncurrent liabilities.....	109,673	113,265
Total liabilities.....	303,138	314,024
NET ASSETS		
Shareholders' equity		
Capital stock.....	41,970	41,970
Capital surplus.....	35,593	35,594
Retained earnings.....	245,083	250,489
Treasury stock.....	(8,039)	(8,087)
Total shareholders' equity.....	314,607	319,966
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities.....	3,468	1,298
Deferred gains or less on hedges.....	(177)	(208)
Revaluation reserve for land.....	206	206
Foreign currency translation adjustment.....	(36,417)	(34,042)
Total accumulated other comprehensive income.....	(32,920)	(32,746)
Minority interests.....	10,424	10,467
Total net assets.....	292,111	297,688
Total liabilities and net assets.....	595,250	611,713

(2) Consolidated Quarterly Statements of Income

Millions of yen, rounded down

	April 1 - September 30 2011	April 1 - September 30 2012
Net sales.....	230,076	232,789
Cost of sales.....	193,803	200,783
Gross profit	36,273	32,005
Selling, general and administrative expenses.....	28,772	28,072
Operating income.....	7,500	3,933
Non-operating income		
Interest income.....	66	61
Dividend income.....	938	806
Equity in earnings of affiliates.....	10,417	9,937
Other.....	942	966
Total non-operating income.....	12,365	11,771
Non-operating expenses		
Interest expense.....	974	1,233
Foreign exchange losses.....	571	887
Personnel expenses for seconded employees.....	771	767
Other.....	1,344	1,580
Total non-operating expenses.....	3,661	4,469
Ordinary income.....	16,204	11,235
Extraordinary income		
Gain on sales of noncurrent assets.....	-	180
Insurance income.....	440	137
Gain on change in equity.....	17	-
Total extraordinary income.....	457	318
Extraordinary losses		
Loss on valuation of investment securities.....	1,587	1,650
Provision for compensation expenses.....	-	838
Provision for loss on business liquidation.....	-	828
Environmental improvement expense.....	488	328
Loss on litigation.....	-	151
Impairment loss.....	19	32
Loss on disaster.....	557	-
Total extraordinary losses.....	2,653	3,829
Income before income taxes and minority interests.....	14,008	7,724
Income taxes, etc.....	1,262	(741)
Net income before minority interests.....	12,746	8,465
Minority interests in income.....	636	349
Net income.....	12,109	8,116

(Consolidated Quarterly Statements of Comprehensive Income)

Millions of yen, rounded down

	April 1 - September 30 2011	April 1 - September 30 2012
Income before minority Interests.....	12,746	8,465
Other comprehensive Income		
Valuation difference on available-for-sale securities.....	(2,325)	(2,096)
Deferred gains or losses on hedges.....	(205)	(34)
Foreign currency statements translation adjustment.....	67	491
Share of other comprehensive income of associates accounted for using equity method.....	(304)	1,897
Total other comprehensive Income.....	(2,766)	257
Comprehensive Income.....	9,980	8,723
Total comprehensive Income Attributable to		
Owners of the parent.....	9,336	8,290
Minority interests.....	643	432

(4) Consolidated Statements of Cash Flows

Millions of yen, rounded down

	April 1 - September 30 2011	April 1 - September 30 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests.....	14,008	7,724
Depreciation and amortization.....	13,432	10,776
Loss (gain) on disposal of noncurrent assets.....	281	191
Amortization of goodwill.....	(51)	(36)
Insurance income.....	(505)	(149)
Loss on disaster.....	557	-
Loss on litigation.....	-	151
Increase (decrease) in provision for loss on business liquidation.....	-	828
Increase (decrease) in provision for compensation expenses.....	-	668
Impairment losses.....	19	32
Equity in (earnings) losses of affiliates.....	(10,417)	(9,937)
Increase (decrease) in allowance for doubtful accounts.....	(27)	(275)
Increase (decrease) in provision for retirement benefits.....	754	219
Interest and dividends income.....	(1,005)	(867)
Interest expenses.....	974	1,233
Loss (gain) on valuation of short-term and long-term investment securities.....	1,587	1,655
Environment improvement expenses.....	488	328
Decrease (increase) in trade notes and accounts receivable.....	74	(3,383)
Decrease (increase) in inventories.....	(8,850)	(7,070)
Increase (decrease) in trade notes and accounts payable.....	8,347	13,015
Increase (decrease) in accrued consumption taxes.....	(1,283)	358
Increase (decrease) in provision for directors' retirement benefits.....	57	22
Other, net.....	810	2,261
Subtotal.....	19,252	17,746
Interest and dividends income received.....	1,007	868
Proceeds from dividends income from affiliates accounted for by equity method.....	7,750	7,417
Interest expenses paid.....	(957)	(1,216)
Income taxes (paid) refund.....	(2,034)	(819)
Proceeds from insurance income.....	505	930
Payments for loss on disaster.....	(1,571)	(75)
Net cash provided by (used in) operating activities.....	23,953	24,851

Consolidated Statements of Cash Flows (contd.)

Millions of yen, rounded down

	April 1 - September 30, 2011	April 1 - September 30, 2012
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities.....	(121)	(9)
Proceeds from sales of short-term investment securities.....	220	115
Purchase of noncurrent assets.....	(20,203)	(15,069)
Proceeds from sales of noncurrent assets.....	315	355
Purchase of investment securities.....	(287)	(581)
Proceeds from sales of investment securities.....	274	0
Other, net.....	(445)	(357)
Net cash provided by (used in) investing activities.....	(20,248)	(15,546)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loan payable.....	821	1,987
Proceeds from long-term loans payable.....	1,783	7,316
Payment of long-term loans payable.....	(2,444)	(13,581)
Redemption of bonds.....	(20,000)	-
Purchase of treasury stock.....	(118)	(48)
Cash dividends paid.....	(1,808)	(2,710)
Cash dividends paid to minority shareholders.....	(528)	(401)
Other, net.....	(494)	(848)
Net cash provided by (used in) financing activities.....	(22,789)	(8,286)
Effect of exchange rate change on cash and cash equivalents.....	(935)	(403)
Net increase (decrease) in cash and cash equivalents.....	(20,019)	614
Cash and cash equivalents at beginning of period.....	46,768	35,701
Cash and cash equivalents at end of period.....	26,748	36,315

4. Consolidated Quarterly Segment Information

(1) 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.

(2) Six-month period ended September 30, 2012 (April 1 – September 30, 2012)

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	77,179	64,066	64,685	26,494	363	-	232,789
Inter-segment sales	4,027	1,041	471	0	26	(5,567)	-
Total	81,207	65,107	65,156	26,495	390	(5,567)	232,789
Segment income (loss) [Ordinary income (loss)].....	6,549	(1,131)	4,551	1,922	780	(1,436)	11,235

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 ¥1,436 million segment loss adjustment consists of ¥44 million loss in inter-segment sales, and ¥1,391 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.