

**SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS**  
Results for the Fiscal Year 2012 (from April 1, 2012 to March 31, 2013)

**MITSUBISHI GAS CHEMICAL COMPANY, INC.**

**May 9, 2013**

Stock Code: 4182	Listed exchanges: First section, Tokyo Stock Exchange
URL: <a href="http://www.mgc.co.jp">http://www.mgc.co.jp</a>	Inquiries: Motoyasu Kitagawa General Manager Corporate Communications Division
President: Kazuo Sakai	Telephone: +81 3 3283-5041
Scheduled date of general shareholders' meeting: June 25, 2013	
Scheduled date of filing of the financial report: June 25, 2013	
Scheduled date of payment of dividend: June 6, 2013	

**1. Consolidated Financial Results for the Fiscal Year 2012 (from April 1, 2012 to March 31, 2013)**

**1) Consolidated Operating Results**

Percentage figures represent changes compared to the previous fiscal year Millions of yen, rounded down

	FY 2012		FY 2011	
		(% change)		(% change)
Sales.....	467,979	3.5	452,217	0.3
Operating income (loss).....	11,421	25.7	9,083	(61.1)
Ordinary income (loss).....	27,651	5.9	26,116	(28.2)
Net income (loss).....	(7,793)	-	12,327	(34.9)
Net income (loss) per share (¥).....	(17.25)		27.28	
Fully diluted net income (loss) per share (¥).....	-		27.01	
Return on equity (%).....	(2.8)		4.4	
Ratio of ordinary income to total assets (%).....	4.6		4.5	
Ratio of operating income to sales (%).....	2.4		2.0	

**Note:** Comprehensive income: FY 2012: ¥8,812 million [8.2%]; FY 2011: ¥8,141 million [(50.8%)]  
Equity in earnings of affiliates: FY 2012: ¥19,045 million; FY 2011: ¥20,532 million

**2) Consolidated Financial Position**

Millions of yen, rounded down

	FY 2012	FY 2011
Total assets.....	613,908	595,250
Net assets.....	294,895	292,111
Shareholders' equity ratio (%).....	46.2	47.3
Net assets per share (¥).....	628.40	623.46

**Note:** Shareholders' equity: FY 2012: ¥283,855 million; FY 2011: ¥281,687 million

**3) Consolidated Cash Flows**

Millions of yen, rounded down

	FY 2012	FY 2011
Cash flow from operating activities.....	31,169	37,348
Cash flow from investing activities.....	(30,818)	(37,274)
Cash flow from financing activities.....	(14,356)	(9,876)
Cash and cash equivalents at end of period.....	26,907	35,701

**2. Dividends**

	FY 2011	FY 2012	FY 2013 (Forecast)
Interim dividend per share (¥).....	6.00	6.00	6.00
Year-end dividend per share (¥).....	6.00	6.00	6.00
Annual dividend per share (¥).....	12.00	12.00	12.00
Total dividend payment (millions of yen).....	5,421	5,420	-
Dividend payout ratio (%).....	44.0	-	20.8
Dividend to net assets ratio (%).....	1.9	1.9	-

**3. Forecasts for the Fiscal Year 2013 (from April 1, 2013 to March 31, 2014)**

Millions of yen, rounded down

	Six-month period		Full year	
		(% change)		(% change)
Sales.....	260,000	11.7	530,000	13.3
Operating income.....	8,000	103.4	16,000	40.1
Ordinary income.....	17,000	51.3	34,000	23.0
Net Income.....	14,000	72.5	26,000	-
Earnings per share (¥).....	30.99		57.56	

#### 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: Yes
2. Changes other than 1: Yes
3. Changes in accounting estimates: Yes
4. Restatement of corrections: None

##### 3) Number of shares outstanding (ordinary shares)

	FY 2012	FY 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 .....	31,769,134	31,666,371
Average shares outstanding during period.....	451,727,688	451,885,958

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

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

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

Percentage figures represent changes compared to the previous fiscal year

Millions of yen, rounded down

	FY 2012		FY 2011	
		(% change)		(% change)
Sales.....	368,831	5.4	349,892	2.9
Operating income .....	8,176	-	(882)	-
Ordinary income .....	27,700	52.8	18,126	26.3
Net income.....	(7,788)	-	7,390	56.4
Earnings per share (¥) .....	(17.24)		16.36	
Fully diluted earnings per share (¥).....	-		16.20	

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

Millions of yen, rounded down

	FY 2012	FY 2011
Total assets .....	397,658	402,532
Net assets .....	174,953	183,326
Shareholders' equity ratio (%) .....	44.0	45.5
Net assets per share (¥).....	387.31	405.76

Note: Shareholders' equity: FY 2012: ¥174,953 million; FY 2011: ¥183,326 million

##### 2. Non-consolidated Forecasts for the Fiscal Year 2013 (from April 1, 2013 to March 31, 2014)

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	10.7	400,000	8.5
Operating income .....	4,000	175.9	8,000	(2.2)
Ordinary income .....	13,000	46.8	24,000	(13.4)
Net income.....	12,000	88.3	20,000	-
Earnings per share (¥) .....	26.57		44.28	

(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 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

In the consolidated fiscal year under review (fiscal 2012), the Japanese economy saw recovery in business sentiment thanks to the correction of the yen's excessive appreciation in the second half of the period. However, it continued to face great strain due to the prolonged public finance crisis in Europe and the slowdown of the Chinese economy.

The MGC Group achieved an increase in revenue compared with the previous year. Due to weak overseas demand and the strong yen, the Group's methanol and ammonia derivatives and aromatic chemicals faced a difficult sales environment as in the previous year. By contrast, methanol sales prices enjoyed favorable developments, while electronic chemicals and polycarbonates achieved higher sales volumes.

Operating income achieved a year-on-year increase. Despite overall declines in the earnings of consolidated subsidiaries, the higher sales volume of electronic chemicals and a change in the depreciation method made positive contributions.

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

The Group suffered a significant net loss in fiscal 2012, due to extraordinary loss due to the structural reform of purified isophthalic acid and meta-xylene businesses as well as the partial reversal of deferred income taxes.

In fiscal 2012, the MGC Group achieved ¥467.9 billion in consolidated net sales, an increase of ¥15.7 billion (3.5%) from the previous year. Consolidated operating income was ¥11.4 billion, an increase of ¥2.3 billion (25.7%). Equity in earnings of affiliates was ¥19.0 billion, a decline of ¥1.4 billion (7.2%). Consolidated ordinary income grew by ¥1.5 billion (5.9%) to ¥27.6 billion. The Group suffered a consolidated net loss of ¥7.7 billion, a drop of ¥20.1 billion from the previous fiscal year's positive figure.

#### Results by business segment

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

The methanol business achieved an increase in revenue thanks to favorable developments in sales prices.

Methanol and ammonia derivatives achieved an increase in earnings. Higher ammonia market prices and the change in the depreciation method contributed to this, despite declines in sales prices of MMA-based products and neopentylglycol, which was primarily due to declines in demand resulting from the slowdown of the Chinese economy.

The enzyme and coenzyme business recorded low levels of revenue and earnings due to a lower sales volume for coenzyme Q10.

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

In fiscal 2012, the Natural Gas Chemicals Company achieved consolidated net sales of ¥153.9 billion, an increase of ¥0.8 billion (0.5%) from the previous year and an operating income of ¥1.7 billion, an increase of ¥1.4 billion (365.9%). An equity in earnings of affiliates of ¥15.2 billion, coming primarily from overseas methanol producing companies, was posted, resulting in a consolidated ordinary income of ¥15.9 billion, an increase of ¥0.7 billion (5.0%).

## **Aromatic Chemicals Company**

Specialty aromatic chemical products posted higher earnings compared with the previous year. Reductions in sales volumes for meta-xylenediamine, Nylon-MXD6, and aromatic aldehydes were more than offset by the positive effects produced by such items as the change in the depreciation method.

General-purpose aromatic chemicals such as purified isophthalic acid posted higher earnings than the prior-year-level. They suffered declines in sales volume due for example to sluggish demand caused by the slowdown of the polyester market. On the other hand, positive effects were brought by factors such as the correction of the yen appreciation in the second half of the fiscal year and the change in the depreciation method.

In fiscal 2012, the Aromatic Chemicals Company achieved consolidated net sales of ¥128.2 billion, an increase of ¥2.9 billion (2.3%), an operating income of ¥0.7 billion, an improvement of ¥1.7 billion, and an ordinary loss of ¥0.8 billion, an improvement of ¥1.2 billion.

## **Specialty Chemicals Company**

Inorganic chemicals suffered declines in both revenue and earnings due to a reduction in the sales volume of hydrogen peroxide.

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

The earnings of the engineering plastics business were lower than its prior-year period. The sales volume of polycarbonates was higher than the prior-year number affected by the major natural disaster in East Japan, but the Shanghai subsidiary that started operation during the period under review suffered a substantial loss. The polyacetal business also suffered a decline in earnings due to reductions in sales prices.

Polycarbonate sheets and films suffered losses in both revenue and earnings. This is because of the prior-year level sales volume of films for use in flat panel displays and a lower sales volume of hard-coated sheets.

In fiscal 2012, the Specialty Chemicals Company posted consolidated net sales of ¥131.6 billion, an increase of ¥10.5 billion (8.7%) from the previous year and an operating income of ¥6.9 billion, a decline of ¥0.5 billion (7.3%). Due to ¥2.0 billion equity in earnings of affiliates, ordinary income was ¥6.7 billion, a drop of ¥1.7 billion (20.8%).

## **Information & Advanced Materials Company**

Electronic materials posted prior-year level earnings. Sales of BT materials for semiconductor packaging, which represents MGC's core segment for electronic materials, were affected by weak demand for general-purpose products. This negative impact was offset by an increase in the sales volume of high-performance products such as smartphone-related applications.

Oxygen absorbers such as AGELESS<sup>®</sup> achieved higher earnings than in the previous year. Despite lower sales of non-food applications, this business enjoyed strong sales developments overall, above all in the domestic and overseas food markets.

In fiscal 2012, the Information & Advanced Materials Company achieved consolidated net sales of ¥53.2 billion, an increase of ¥1.4 billion (2.7%), an operating income of ¥4.1 billion, an increase of ¥0.4 billion (10.6%), and an ordinary income of ¥4.4 billion, growth of ¥0.6 billion (17.6%).

## Other

In the year ending March 31, 2013, the other business segment achieved consolidated net sales of ¥0.8 billion, a year-on-year increase of ¥0.0 billion (3.7%). Operating income grew by ¥0.0 billion (15.5%) to ¥0.3 billion, and ordinary income declined by ¥0.0 billion (4.0%) to ¥1.5 billion.

### ② Consolidated forecasts for the fiscal year 2013

Despite the expectations for continued depreciation of the yen and economic recovery in the domestic market, the world economy warrants no optimism, as demand is low in overseas markets including China, while raw material and fuel prices remain at high levels.

With this awareness, the MGC Group will implement measures in accordance with the basic strategies stated in the "MGC Will2014" Mid-term Management Plan, which include "strengthening the core businesses" and "restructuring loss-making businesses." In doing so, the Group will steadily improve its revenue and earnings.

In fiscal 2013, the Group expects to achieve higher operating income than in fiscal 2012. Positive factors will include overall improvement of the profitability of exports, increases in the sales volumes of electronic chemicals, and improved earnings at consolidated subsidiaries. Equity in earnings of affiliates will also increase, due mainly to strong performance by overseas methanol producing companies.

The Group anticipates to achieve consolidated net sales of ¥530.0 billion, an operating income of ¥16.0 billion, an ordinary income of ¥34.0 billion, and a net income of ¥26.0 billion. In non-consolidated terms, MGC forecasts net sales of ¥400.0 billion, an operating income of ¥8.0 billion, an ordinary income of ¥24.0 billion, and a net income of ¥20.0 billion.

These performance forecasts assume exchange rates of ¥95=\$1 and ¥120=€1.

## (2) Consolidated financial position

### ① Assets, liabilities and net assets

As of March 31, 2013, total consolidated assets were ¥613.9 billion, ¥18.6 billion higher than at the end of the previous fiscal year.

Current assets increased by ¥7.3 billion to ¥261.3 billion, primarily due to a decline in short-term investments securities and increases in trade notes and accounts receivable as well as merchandise and finished goods.

Noncurrent assets increased by ¥11.2 billion to ¥352.5 billion. Major contributions came from an increase in property, plant and equipment due to capital expenditure, including machinery, equipment and vehicles, as well as an increase in investment securities. The latter came from the assessment of the market value of equity holdings, the posting of equity in earnings of affiliates, and exchange effects.

Total liabilities increased by ¥15.8 billion to ¥319.0 billion. Current liabilities rose by ¥1.9 billion: Despite a reduction in short-term loans payable, other current liabilities increased due to higher trade notes and accounts payable and accrued expenses due to capital expenditure. Noncurrent liabilities increased by ¥13.9 billion due to increases in long-term loans payable and deferred tax liabilities.

Net assets increased by ¥2.7 billion to ¥294.8 billion: Despite the net loss, positive contributions included increases in foreign currency translation adjustment and valuation difference on available-for-sale securities.

As of March 31, 2013, the shareholders' equity ratio was 46.2% (March 31, 2012: 47.3%). Net assets per

share at the end of the fiscal year were ¥628.40, compared with ¥623.46 one year earlier.

## **② Consolidated cash flows**

As of March 31, 2013, total cash and cash equivalents were ¥26.9 billion, ¥8.7 billion lower than at the end of the previous fiscal year.

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

Net cash provided by operating activities fell by ¥6.1 billion from the previous year to ¥31.1 billion. This was primarily due to a reduction in depreciation expenses.

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

Net cash outflow from investing activities was ¥30.8 billion, ¥6.4 billion less than the outflow for the previous year. This was primarily due to a decline in expenses caused by the acquisition of noncurrent assets.

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

Net cash outflow from financing activity was ¥14.3 billion, an increase of ¥4.4 billion from the previous year. This was primarily due to greater expenses for repaying short-term loans payable.

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

MGC views 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.

### 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 sheets/films, electronics chemicals, BT materials, and the AGELESS® oxygen absorber. This accounts for our tangible presence in all market segments. The Group will continue to strengthen and expand core businesses. In the segment of chemicals and material products, low-cost production will be enhanced by obtaining access to material sources, producing overseas, and improving processes. In high-performance products, a development platform will be strengthened that allows MGC to offer differentiated products while closely exchanging information with major global users.

On the other hand, MGC has worked on improving the profitability of loss-making businesses. However, they have continued to face a difficult business environment due to a worsened demand-supply balance

caused by increases in production capacity at competitors. It therefore remains unlikely that the environment of these businesses will turn for the better in the foreseeable future. MGC has decided to withdraw from these businesses and/or reduce their production. In keeping with changes in the business environment, MGC will continue to strengthen its business structure at a fast pace.

Where the development of new businesses is concerned, MGC set up the “Next Generation Business Project Group” to reinforce its existing research and development. Integrating internal resources through a cross-organizational approach, this organization has been operating successfully. In the future, it will accelerate its work even further.

To achieve sustainable growth, we need to improve management quality further in all respects. To “improve total enterprise quality in support of sustainable growth,” we will squarely face challenges such as developing global human resources, improving the ability of the manufacturing floor, production with low environmental impact, cost reductions, and higher group-wide business efficiency.

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(In ¥ million, rounded down)

	FY2011 (As of March 31, 2012)	FY2012 (As of March 31, 2013)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits.....	27,438	28,888
Trade notes and accounts receivable .....	122,054	127,843
Short-term investments securities.....	10,241	140
Merchandise and finished goods .....	42,761	50,172
Work in progress.....	10,732	10,607
Raw materials and supplies .....	22,593	27,261
Other.....	18,995	17,275
Allowance for doubtful accounts .....	(779)	(792)
Total current assets .....	254,037	261,397
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net .....	49,793	55,570
Machinery, equipment and vehicles, net .....	59,707	69,780
Other, net .....	81,677	70,101
Total property, plant and equipment.....	191,178	195,453
<b>Intangible assets</b>		
Goodwill.....	104	-
Other .....	3,171	3,374
Total intangible assets .....	3,275	3,374
<b>Investments and other assets</b>		
Investment securities.....	132,935	146,762
Other .....	14,925	7,180
Allowance for doubtful accounts.....	(1,101)	(260)
Total investments and other assets .....	146,758	153,683
Total noncurrent assets .....	341,212	352,511
<b>Total assets.....</b>	<b>595,250</b>	<b>613,908</b>

Consolidated Balance Sheets (contd.)

(In ¥ million, rounded down)

	FY2011 (As of March 31, 2012)	FY2012 (As of March 31, 2013)
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade notes and accounts payable .....	69,427	73,907
Short-term loans payable .....	90,511	84,627
Income taxes payable .....	1,599	1,358
Provision .....	3,693	4,318
Other .....	28,232	31,225
Total current liabilities.....	193,464	195,438
<b>Noncurrent liabilities</b>		
Bonds payable .....	15,000	15,000
Long-term loans payable .....	56,277	61,183
Provision for retirement benefits.....	7,095	7,549
Other provision.....	1,451	2,949
Asset retirement obligations .....	3,512	4,207
Other .....	26,336	32,682
Total noncurrent liabilities.....	109,673	123,574
Total liabilities.....	303,138	319,013
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Capital stock.....	41,970	41,970
Capital surplus .....	35,593	35,595
Retained earnings .....	245,083	231,882
Treasury stock.....	(8,039)	(8,094)
Total shareholders' equity .....	314,607	301,353
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities .....	3,468	8,607
Deferred gains or less on hedges.....	(177)	-
Revaluation reserve for land.....	206	206
Foreign currency translation adjustment.....	(36,417)	(26,311)
Total accumulated other comprehensive income .....	(32,920)	(17,497)
Minority interests .....	10,424	11,039
Total net assets .....	292,111	294,895
<b>Total liabilities and net assets.....</b>	<b>595,250</b>	<b>613,908</b>

## (2) Consolidated Statements of Income

(In ¥ million, rounded down)

	FY 2011 (April 1, 2011 – March 31, 2012)	FY 2012 (April 1, 2012 – March 31, 2013)
Net sales.....	452,217	467,979
Cost of sales .....	385,731	400,011
Gross profit .....	66,486	67,967
Selling, general and administrative expenses .....	57,402	56,545
Operating income.....	9,083	11,421
<b>Non-operating income</b>		
Interest income.....	136	173
Dividend income.....	1,471	1,344
Equity in earnings of affiliates.....	20,531	19,045
Other .....	1,847	3,215
Total non-operating income .....	23,987	23,779
<b>Non-operating expenses</b>		
Interest expense.....	1,981	2,581
Personnel expenses for seconded employees.....	1,443	1,443
Loss on disposal of noncurrent assets .....	608	903
Foreign exchange losses .....	387	-
Other .....	2,533	2,621
Total non-operating expenses .....	5,316	7,549
Ordinary income.....	22,616	27,651
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets.....	-	180
Insurance income .....	1,221	163
Gain on sales of investment securities .....	125	-
Gain on change in equity.....	17	-
Total extraordinary income .....	1,363	344
<b>Extraordinary losses</b>		
Business structure improvement expenses .....	-	15,439
Loss on valuation of investment securities.....	-	1,049
Provision for compensation expenses.....	-	838
Environmental improvement expense.....	499	592
Loss on litigation.....	149	165
Loss on disposal of noncurrent assets .....	-	116
Impairment loss.....	91	54
Provision of allowance doubtful accounts.....	682	-
Loss on disaster.....	573	-
Total extraordinary losses.....	1,995	18,256
Income before income taxes and minority interests.....	25,484	9,739
Income taxes, etc. ....	11,893	17,076
Net income or loss before minority interests.....	13,590	(7,336)
Minority interests in income .....	1,263	456
Net income or loss .....	12,327	(7,793)

**(Consolidated Statements of Comprehensive Income)**

(In ¥ million, rounded down)

	FY 2011 (April 1, 2011 – March 31, 2012)	FY 2012 (April 1, 2012 – March 31, 2013)
Income before minority Interests .....	13,590	(7,336)
Other comprehensive Income		
Valuation difference on available-for-sale securities .....	(793)	5,088
Deferred gains or losses on hedges .....	(197)	197
Foreign currency statements translation adjustment .....	(1,159)	3,380
Share of other comprehensive income of associates accounted for using equity method .....	(3,299)	7,483
Total other comprehensive Income .....	(5,449)	16,149
<b>Comprehensive Income</b> .....	<b>8,141</b>	<b>8,812</b>
Total comprehensive Income Attributable to		
Owners of the parent .....	7,199	7,526
Minority interests .....	941	1,286

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

(In ¥ million, rounded down)

	FY 2011 (April 1, 2011 – March 31, 2012)	FY 2012 (April 1, 2012 – March 31, 2013)
<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 .....	35,591	35,593
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 .....	35,593	35,595
<b>Retained earnings</b>		
Balance at the beginning of current period .....	236,597	245,083
Changes of items during the period		
Dividends from surplus .....	(4,518)	(5,421)
Net income .....	12,327	(7,793)
Change of scope of consolidation .....	-	13
Change of scope of equity method .....	678	-
Total changes of items during the period .....	8,486	(13,200)
Balance at the end of current period .....	245,083	231,882
<b>Treasury stock</b>		
Balance at the beginning of current period .....	(7,920)	(8,039)
Changes of items during the period		
Purchase of treasury stock .....	(121)	(56)
Disposal of treasury stock .....	1	1
Total changes of items during the period .....	(119)	(54)
Balance at the end of current period .....	(8,039)	(8,094)
<b>Total shareholders' equity</b>		
Balance at the beginning of current period .....	306,238	314,607
Changes of items during the period		
Dividends from surplus .....	(4,518)	(5,421)
Net income .....	12,327	(7,793)
Change of scope of consolidation .....	-	13
Change of scope of equity method .....	678	-
Purchase of treasury stock .....	(121)	(56)
Disposal of treasury stock .....	3	3
Total changes of items during the period .....	8,368	(13,254)
Balance at the end of current period .....	314,607	301,353

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

(In ¥ million, rounded down)

	FY 2011 (April 1, 2011 – March 31, 2012)	FY 2012 (April 1, 2012 – March 31, 2013)
<b>Accumulated other comprehensive income</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance at the beginning of current period .....	4,197	3,468
Changes of items during the period		
Net changes of items other than shareholders' equity.....	(728)	5,138
Total changes of items during the period .....	(728)	5,138
Balance at the end of current period.....	3,468	8,607
<b>Deferred gains or losses on hedges</b>		
Balance at the beginning of current period .....	-	(177)
Changes of items during the period		
Net changes of items other than shareholders' equity.....	(177)	177
Changes of items during the period.....	(177)	177
Balance at the end of current period.....	(177)	-
<b>Revaluation reserve of land</b>		
Balance at the beginning of current period .....	192	206
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.....	206	206
<b>Foreign currency translation adjustments</b>		
Balance at the beginning of current period .....	(32,531)	(36,417)
Changes of items during the period		
Net changes of items other than shareholders' equity.....	(3,886)	10,106
Total changes of items during the period .....	(3,886)	10,106
Balance at the end of current period.....	(36,417)	(26,311)
<b>Total accumulated other comprehensive income</b>		
Balance at the beginning of current period .....	(28,142)	(32,920)
Changes of items during the period		
Net changes of items other than shareholders' equity.....	(4,778)	15,422
Total changes of items during the period .....	(4,778)	15,422
Balance at the end of current period.....	(32,920)	(17,497)
<b>Minority interests</b>		
Balance at the beginning of current period.....	10,161	10,424
Changes of items during the period		
Net changes of items other than shareholders' equity .....	263	615
Total changes of items during the period.....	263	615
Balance at the end of current period .....	10,424	11,039
<b>Total net assets</b>		
Balance at the beginning of current period.....	288,257	292,111
Changes of items during the period		
Dividends from surplus .....	(4,518)	(5,421)
Net income.....	12,327	(7,793)
Change of scope of consolidation .....	-	13
Change of scope of equity method .....	678	-
Purchase of treasury stock .....	(121)	(56)
Disposal of treasury stock.....	3	3
Net changes of items other than shareholders' equity .....	(4,514)	16,038
Total changes of items during the period.....	3,853	2,784
Balance at the end of current period .....	292,111	294,895

## (4) Consolidated Statements of Cash Flows

(In ¥ million, rounded down)

	FY 2011 (April 1, 2011 – March 31, 2012)	FY 2012 (April 1, 2012 – March 31, 2013)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests .....	25,484	9,739
Depreciation and amortization .....	27,763	23,096
Loss (gain) on disposal of noncurrent assets.....	601	672
Amortization of goodwill .....	(102)	(73)
Insurance income.....	(1,373)	(201)
Business structure improvement expenses .....		15,439
Provision for compensation expenses .....		838
Impairment losses.....	91	54
Loss on disaster.....	572	-
Loss on litigation .....	149	165
Equity in (earnings) losses of affiliates.....	(20,532)	(19,045)
Increase (decrease) in allowance for doubtful accounts .....	642	(833)
Increase (decrease) in provision for retirement benefits .....	1,700	439
Interest and dividends income .....	(1,608)	(1,518)
Interest expenses.....	1,981	2,581
Loss (gain) on sales of short-term and long-term investment securities.....	(99)	(7)
Loss (gain) on valuation of short-term and long-term investment securities.....	29	1,056
Loss on adjustment for changes of accounting standard for asset retirement obligations .....	-	-
Environment improvement expenses.....	499	592
Decrease (increase) in notes and accounts receivable-trade .....	(11,154)	(2,012)
Decrease (increase) in inventories.....	(8,332)	(11,322)
Increase (decrease) in notes and accounts payable-trade .....	10,164	1,739
Increase (decrease) in accrued consumption taxes.....	(1,384)	261
Increase (decrease) in provision for directors' retirement benefits .....	187	(33)
Other, net.....	1,286	(3,940)
<b>Subtotal .....</b>	<b>26,567</b>	<b>17,687</b>
Interest and dividends income received.....	1,609	1,440
Proceeds from dividends income from affiliates accounted for by equity method .....	18,242	17,945
Interest expenses paid.....	(1,863)	(2,498)
Income taxes (paid) refund .....	(5,375)	(4,313)
Proceeds from insurance income.....	592	982
Payments for loss on disaster.....	(2,423)	(75)
<b>Net cash provided by (used in) operating activities...</b>	<b>37,348</b>	<b>31,169</b>

Consolidated Statements of Cash Flows (contd.)

(In ¥ million, rounded down)

	FY 2011 (April 1, 2011 – March 31, 2012)	FY 2012 (April 1, 2012 – March 31, 2013)
<b>Net cash provided by (used in) investing activities</b>		
Purchase of short-term investment securities .....	(118)	(10)
Proceeds from sales of short-term investment securities .....	488	124
Purchase of noncurrent assets .....	(34,625)	(30,105)
Proceeds from sales of noncurrent assets .....	337	448
Purchase of investment securities .....	(3,083)	(870)
Proceeds from sales of investment securities .....	193	3
Payments of loans receivable .....	(455)	(1,153)
Collection of loans receivable .....	102	695
Other, net .....	(112)	49
<b>Net cash provided by (used in) investing activities ...</b>	<b>(37,274)</b>	<b>(30,818)</b>
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loan payable .....	2,883	(7,935)
Proceeds from long-term loans payable .....	3,137	24,601
Payment of long-term loans payable .....	(4,300)	(23,181)
Proceeds from issuance of bonds .....	14,926	-
Redemption of bonds .....	(20,000)	-
Purchase of treasury stock .....	(121)	(56)
Cash dividends paid .....	(4,518)	(5,421)
Cash dividends paid to minority shareholders .....	(684)	(635)
Other, net .....	(1,202)	(1,727)
<b>Net cash provided by (used in) financing activities ...</b>	<b>(9,876)</b>	<b>(14,356)</b>
<b>Effect of exchange rate change on cash and cash equivalents .....</b>	<b>(1,264)</b>	<b>3,605</b>
<b>Net increase (decrease) in cash and cash equivalents .....</b>	<b>(11,066)</b>	<b>(10,399)</b>
<b>Cash and cash equivalents at beginning of period .....</b>	<b>46,768</b>	<b>35,701</b>
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation .....	-	1,605
<b>Cash and cash equivalents at end of period .....</b>	<b>35,701</b>	<b>26,907</b>

*Changes in accounting policies, changes in accounting estimates, and restatements of corrections*

(Change in the depreciation method)

Starting in 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 fiscal 2012 increased by ¥4,644 million, while ordinary income, and income before income taxes and minority interests each increased by ¥4,654 million.

Since fiscal 2012, some of the consolidated subsidiaries in Japan have switched to the depreciation method stipulated in the revised Corporation Tax Act for the property, plant and equipment acquired on April 1, 2012 and thereafter.

Compared with the corresponding figures calculated by the traditional method, their operating income, ordinary income, and income before income taxes and minority interests for fiscal 2012 each rose by ¥194 million.

## (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 2012 (from April 1, 2012 to March 31, 2013)**

(In ¥ million, rounded down)

	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustment	Consolidated
Net sales							
Sales to outside customers ....	153,995	128,222	131,611	53,274	875	-	467,979
Inter-segment sales .....	7,807	1,958	966	4	69	(10,806)	-
Total.....	161,803	130,180	132,577	53,279	944	(10,806)	467,979
Operating income (loss) .....	15,981	(890)	6,707	4,417	1,555	(119)	27,651
Identifiable assets by business segment.....	194,371	109,362	187,509	61,150	44,882	16,632	613,908
Other items							
Depreciation .....	6,295	5,860	7,790	2,799	10	339	23,096
Amortization of goodwill.....	44	94	0	1	-	(141)	-
Amortization of negative goodwill.....	(14)	(22)	(177)	-	-	141	(73)
Interest income .....	80	27	126	23	4	(90)	173
Interest expense.....	1,374	947	819	121	4	(685)	2,581
Equity in earnings of affiliates	15,217	27	2,097	-	1,703	-	19,045
Investment to equity method affiliates.....	54,675	1,539	11,030	-	25,096	(241)	92,100
Increase of property, plant and equipment and intangible assets.....	6,372	5,777	15,076	3,385	0	370	30,982

**FY 2011 (from April 1, 2011 to March 31, 2012)**

(In ¥ million, rounded down)

	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information 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