

## SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

Results for the First Quarter of Fiscal Year 2013

(April 1 – June 30, 2013)

August 1, 2013

### MITSUBISHI GAS CHEMICAL COMPANY, INC.

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Scheduled date of payment of dividend: —

### 1. Summary of Consolidated Results for the First Quarter of Fiscal Year 2013

(April 1, 2013– June 30, 2013)

#### 1) Operating results

*Millions of yen, rounded down*

*Percentage figures denote change compared to equivalent period of previous year*

	April 1 – June 30, 2013		April 1 – June 30, 2012	
		Change %		Change %
Net sales	130,138	12.7	115,433	0.1
Operating income (loss)	6,848	512.7	1,117	(79.9)
Ordinary income (loss)	14,085	166.8	5,280	(47.6)
Net income (loss)	11,770	181.0	4,188	(40.6)
Net income (loss) per share (¥)	26.06	-	9.27	-
Fully diluted net income (loss) per share (¥)	-	-	-	-

(Note) Comprehensive income: first quarter of FY 2013 : ¥22,030 million [253.2%] ; first quarter of FY 2012 : ¥6,236 million [(28.9%)]

#### 2) Financial position

*Millions of yen, rounded down*

	As of June 30, 2013	As of March 31, 2013
Total assets	642,881	613,908
Net assets	312,506	294,895
Equity ratio (%)	46.8	46.2

(Note) Shareholders' equity as of June 30, 2013: ¥300,905million; as of March 31, 2013: ¥283,855million

### 2. Cash Dividends

	FY 2013	FY 2012
Interim dividend per share (¥)	6.00 (Forecast)	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 2013

(April 1, 2013 – March 31, 2014)

*Millions of yen, rounded down*

*Percentage figures denote change compared to equivalent period of previous year*

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

(Note) Revision of consolidated business forecasts during this period: None

#### 4. Other Information

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

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

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

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

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

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

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

4. **Restatement of corrections: None**

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

	June 30, 2013	March 31, 2013
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	31,775,238	31,769,134
	April 1 – June 30, 2013	April 1 – June 30, 2012
Average shares outstanding during period	451,706,738	451,752,570

(NOTE)

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

## 1. Consolidated business results for this period

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

### (1) Consolidated operating results

#### Overview of results

During the first quarter of the fiscal year ending March 2014 (April 1-June 30, 2013), the Japanese economy saw recovery in some areas, e.g., the improving export environment thanks to the weaker yen. However, it continued to face great strain due to declines in demand caused primarily by the slowdown of the Chinese economy.

The MGC Group achieved an increase in revenue compared with the same period of the previous year. Major contributions came from higher sales volumes of general-purpose aromatic chemicals and general increases in the sales prices of chemicals due to the weaker yen.

Group operating income was also higher than the corresponding prior-year figure, thanks primarily to the improved profitability of exports and increases in sales volumes of products for semiconductor and LCD applications.

In addition to the higher operating income, equity in earnings of affiliates grew compared with the prior-year level due mainly to excellent performances of overseas methanol producing companies, resulting in a higher ordinary income.

In the quarter under review, the MGC Group achieved ¥130.1 billion in consolidated net sales, an increase of ¥14.7 billion (12.7%). Consolidated operating income was ¥6.8 billion, an increase of ¥5.7 billion (512.7%). Equity in earnings of affiliates was ¥6.3 billion, an increase of ¥1.0 billion (19.1%). Consolidated ordinary income grew by ¥8.8 billion (166.8%) to ¥14.0 billion. Consolidated net income was ¥11.7 billion, an increase of ¥7.5 billion (181.0%).

#### Results by business segment

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

The methanol business achieved an increase in revenue thanks to rising sales prices, which were made possible by the weaker yen and strong market.

Methanol and ammonia derivatives grew in both revenue and earnings. Reasons include growing sales volumes for MMA-based products and neopentylglycol as well as the reduction in repair cost for the ammonia equipment.

Crude oil and other energy sources achieved prior-year-level earnings thanks to the favorable development of crude oil sales.

In the first quarter of fiscal 2013, the Natural Gas Chemicals Company achieved consolidated net sales of ¥41.6 billion, an increase of ¥2.5 billion (6.6%) from the same period of the previous year and an operating income of ¥0.9 billion, a year-on-year improvement of ¥1.8 billion. An equity in earnings of affiliates of ¥5.1 billion, coming primarily from overseas methanol producing companies, was posted, resulting in a consolidated ordinary income of ¥5.6 billion, an increase of ¥2.7 billion (92.1%).

### **Aromatic Chemicals Company**

Specialty aromatic chemical products posted higher revenue and earnings compared with the prior-year period. Positive contributions came from favorable development of sales volumes for meta-xylenediamine and Nylon-MXD6, as well as a higher profitability of exports.

Purified isophthalic acid grew in both revenue and earnings. This is partly because an increase in sales volume and the weaker yen made exports more profitable. Another reason was that fixed costs were reduced by structural reform and other initiatives conducted during fiscal 2012.

In the first quarter of fiscal 2013, the Aromatic Chemicals Company achieved consolidated net sales of ¥37.0 billion, an increase of ¥4.9 billion (15.4%), an operating income of ¥1.4 billion, an improvement of ¥1.9 billion, and an ordinary income of ¥1.3 billion, an improvement of ¥2.0 billion.

### **Specialty Chemicals Company**

Inorganic chemicals achieved prior-year-level earnings because of a reduction in the sales volume of hydrogen peroxide which was offset by a higher increase in the sales volumes of persulfates.

The electronic chemicals business achieved growth in both revenue and earnings. The major reason was the successful sales of products for semiconductors and LCD displays in overseas markets.

The engineering plastics business suffered lower earnings because both polycarbonate and polyacetal were less profitable due to reductions in market prices.

Polycarbonate sheets and films enjoyed growth in both revenue and earnings. This is because of the higher sales volume of films for use in flat panel displays.

In the first quarter of fiscal 2013, the Specialty Chemicals Company achieved consolidated net sales of ¥36.5 billion, an increase of ¥5.8 billion (18.9%) and an operating income of ¥2.5 billion, an increase of ¥0.9 billion (60.0%). Due to ¥0.6 billion equity in earnings of affiliates, the Company achieved an ordinary income of ¥3.6 billion, an increase of ¥2.0 billion (121.9%).

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

Electronic materials grew in both revenue and earnings. BT materials for semiconductor packaging, which represent MGC's core segment for electronic materials, achieved higher sales volumes, notably for smartphone-related applications. A further contribution came from the improved profitability of exports thanks to the weaker yen.

Thanks to strong sales mainly in the domestic and overseas food markets, oxygen absorbers such as AGELESS<sup>®</sup> achieved growth in both revenue and earnings.

In the first quarter of fiscal 2013, the Information & Advanced Materials Company achieved consolidated net sales of ¥14.7 billion, an increase of ¥1.4 billion (10.5%), an operating income of ¥1.8 billion, an increase of ¥1.0 billion (122.6%), and an ordinary income of ¥2.2 billion, growth of ¥1.3 billion (151.5%).

### **Other**

In the first quarter of fiscal 2013, other business operations achieved consolidated net sales of ¥0.1 billion, a decline of ¥0.0 billion (9.8%) and an operating income of ¥0.0 billion, a drop of ¥0.0 billion (19.6%), and an ordinary income of ¥0.2 billion, a decline of ¥0.0 billion (15.4%).

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

At the end of the first quarter of fiscal 2013, the MGC Group had ¥642.8 billion in total assets, an increase of ¥28.9 billion from the end of fiscal 2012.

Current assets increased by ¥9.6 billion to ¥271.0 billion, primarily due to an increase in trade notes and accounts receivable and increases in merchandise and finished goods.

Noncurrent assets increased by ¥19.3 billion to ¥371.8 billion. Property, plant and equipment rose by ¥6.0 billion to ¥201.4 billion, thanks to an increase in construction in progress. Investments and other assets were ¥166.9 billion, an increase of ¥13.2 billion, due mainly to an increase in investment securities achieved by equity method companies.

Liabilities increased by ¥11.3 billion to ¥330.3 billion from the end of fiscal 2012.

Current liabilities increased by ¥6.1 billion to ¥201.6 billion, primarily due to an increase in trade notes and accounts payable.

Noncurrent liabilities rose by ¥5.1 billion to ¥128.7 billion, primarily due to an increase in long-term loans payable.

Net assets were ¥312.5 billion, an increase of ¥17.6 billion from the end of fiscal 2012. This was because foreign currency translation adjustments increased by ¥8.4 billion due to the weaker yen and retained earnings rose by ¥7.7 billion. As of June 30, 2013 the shareholders' equity ratio was 46.8%.

## **(3) Consolidated business forecasts**

The MGC Group confirms the consolidated and non-consolidated business forecasts announced on May 9, 2013, for both the six months through the second quarter (April-September) and full-year fiscal 2013.

### 3. Consolidated Quarterly Financial Statements

#### (1) Consolidated Quarterly Balance Sheets

Millions of yen, rounded down

	As of March 31, 2013	As of June 30, 2013
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits .....	28,888	29,983
Trade notes and accounts receivable.....	127,843	134,821
Short-term investments securities .....	140	140
Merchandise and finished goods.....	50,172	54,058
Work in progress .....	10,607	10,975
Raw materials and supplies .....	27,261	24,732
Other .....	17,275	17,178
Allowance for doubtful accounts.....	(792)	(821)
Total current assets.....	261,397	271,069
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net.....	55,570	56,772
Machinery, equipment and vehicles, net.....	69,780	70,937
Other, net.....	70,101	73,755
Total property, plant and equipment .....	195,453	201,465
<b>Intangible assets</b>		
Other.....	3,374	3,435
Total intangible assets.....	3,374	3,435
<b>Investments and other assets</b>		
Investment securities .....	146,762	158,986
Other.....	7,182	8,176
Allowance for doubtful accounts .....	(260)	(251)
Total investments and other assets	153,683	166,911
Total noncurrent assets.....	352,511	371,812
<b>Total assets .....</b>	<b>613,908</b>	<b>642,881</b>

Consolidated Quarterly Balance Sheets (contd.)

Millions of yen, rounded down

	As of March 31, 2013	As of June 30, 2013
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade notes and accounts payable.....	73,907	79,119
Short-term loans payable.....	84,627	85,877
Income taxes payable.....	1,358	1,147
Provision.....	4,318	2,696
Other.....	31,226	31,969
Total current liabilities.....	195,438	201,621
<b>Noncurrent liabilities</b>		
Bonds payable.....	15,000	15,000
Long-term loans payable.....	61,183	65,896
Provision for retirement benefits.....	7,549	7,873
Other provision.....	2,951	2,716
Asset retirement obligations.....	4,207	4,224
Other.....	32,682	33,042
Total noncurrent liabilities.....	123,574	128,754
Total liabilities.....	319,013	330,375
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Capital stock.....	41,970	41,970
Capital surplus.....	35,595	35,595
Retained earnings.....	231,882	239,620
Treasury stock.....	(8,094)	(8,099)
Total shareholders' equity.....	301,353	309,087
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities.....	8,607	9,499
Revaluation reserve for land.....	206	206
Foreign currency translation adjustment.....	(26,311)	(17,887)
Total accumulated other comprehensive income.....	(17,497)	(8,181)
Minority interests.....	11,039	11,601
Total net assets.....	294,895	312,506
<b>Total liabilities and net assets.....</b>	<b>613,908</b>	<b>642,881</b>

## (2) Consolidated Quarterly Statements of Income

Millions of yen, rounded down

	April 1 - June 30, 2012	April 1 - June 30, 2013
Net sales .....	115,433	130,138
Cost of sales .....	100,344	108,438
Gross profit .....	15,088	21,700
Selling, general and administrative expenses .....	13,971	14,852
Operating income .....	1,117	6,848
<b>Non-operating income</b>		
Interest income .....	32	34
Dividend income .....	545	633
Equity in earnings of affiliates .....	5,343	6,362
Other .....	593	1,708
Total non-operating income .....	6,515	8,739
<b>Non-operating expenses</b>		
Interest expense .....	589	711
Personnel expenses for seconded employees .....	431	416
Foreign exchange losses .....	512	-
Other .....	819	374
Total non-operating expenses .....	2,353	1,502
Ordinary income .....	5,280	14,085
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets .....	180	175
Insurance income .....	137	-
Total extraordinary income .....	318	175
<b>Extraordinary losses</b>		
Business structure improvement expenses .....	-	168
Environmental improvement expense .....	224	150
Provision for compensation expenses .....	838	-
Loss on valuation of investment securities .....	670	-
Impairment loss .....	22	-
Total extraordinary losses .....	1,754	318
Income before income taxes and minority interests .....	3,843	13,942
Income taxes, etc. ....	(452)	1,896
Net income before minority interests .....	4,295	12,045
Minority interests in income .....	106	275
Net income .....	4,188	11,770

**(Consolidated Quarterly Statements of Comprehensive Income)**

	<i>Millions of yen, rounded down</i>	
	April 1 - June 30, 2012	April 1 - June 30, 2013
Income before minority Interests.....	4,295	12,045
Other comprehensive Income		
Valuation difference on available-for-sale securities ...	(3,678)	863
Deferred gains or losses on hedges.....	(32)	-
Foreign currency statements translation adjustment...	1,892	3,524
Share of other comprehensive income of associates accounted for using equity method.....	3,760	5,597
Total other comprehensive Income.....	1,941	9,984
<b>Comprehensive Income</b> .....	<b>6,236</b>	<b>22,030</b>
Total comprehensive Income Attributable to		
Owners of the parent.....	5,743	21,086
Minority interests.....	493	943

## 4. Consolidated Quarterly Segment Information

### (1) Three-month period ended June 30, 2012 (April 1 – June 30, 2012)

#### 1. Revenue and earnings by segment

Millions of yen, rounded down

	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information & advanced materials	Other (Note 1)	Adjustment (Note 2)	Consolidated (Note 3)
Sales to outside customers ...	39,061	32,081	30,789	13,317	182	—	115,433
Inter-segment sales .....	1,855	594	230	0	13	(2,694)	—
Total	40,917	32,675	31,020	13,318	195	(2,694)	115,433
Segment income (loss) [Ordinary income (loss)]	2,950	(752)	1,640	875	288	278	5,280

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 ¥278 million segment income adjustment consists of ¥63 million loss in inter-segment sales, and ¥342 million income 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) Three-month period ended June 30, 2013 (April 1 – June 30, 2013)

#### 1. Revenue and earnings by segment

Millions of yen, rounded down

	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information & advanced materials	Other (Note 1)	Adjustment (Note 2)	Consolidated (Note 3)
Sales to outside customers ...	41,625	37,033	36,595	14,718	164	—	130,138
Inter-segment sales .....	2,134	455	278	1	17	(2,887)	—
Total	43,760	37,489	36,874	14,720	182	(2,887)	130,138
Segment income (loss) [Ordinary income (loss)]	5,666	1,309	3,640	2,200	244	1,024	14,085

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 ¥1,024 million segment income adjustment consists of ¥3 million loss in inter-segment sales, and ¥1,028 million income 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.