

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

Results for the First Half of Fiscal Year 2013

(April 1 – September 30, 2013)

November 1, 2013

MITSUBISHI GAS CHEMICAL COMPANY, INC.

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Scheduled date of payment of dividend: December 5, 2013

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

(April 1, 2013– September 30, 2013)

1) Operating results

Millions of yen, rounded down
Percentage figures denote change compared to equivalent period of previous year

	April 1 – September 30, 2013		April 1 – September 30, 2012	
		Change %		Change %
Net sales	266,563	14.5	232,789	1.2
Operating income (loss)	10,020	154.8	3,933	(47.6)
Ordinary income (loss)	21,574	92.0	11,235	(30.7)
Net income (loss)	18,550	128.6	8,116	(33.0)
Net income (loss) per share (¥)	41.07	-	17.97	-
Fully diluted net income (loss) per share (¥)	-	-	-	-

(Note) Comprehensive income: first half of FY 2013 : ¥35,105 million [302.4%] ; first half of FY 2012 : ¥8,723 million [(12.6%)]

2) Financial position

Millions of yen, rounded down

	As of September 30, 2013	As of March 31, 2013
Total assets	647,627	613,908
Net assets	325,800	294,895
Equity ratio (%)	48.5	46.2

(Note) Shareholders' equity as of September 30, 2013: ¥313,834 million; as of March 31, 2013: ¥283,855 million

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

	Full year	
		Change %
Net sales	530,000	13.3
Operating income (loss)	16,000	40.1
Ordinary income (loss)	34,000	23.0
Net Income (loss)	26,000	-
Net income (loss) per share (¥)	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)**

	September 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	31,783,462	31,769,134
	April 1 – September 30, 2013	April 1 – September 30, 2012
Average shares outstanding during period	451,702,900	451,739,787

(NOTE)

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

1. Consolidated business results for this period

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

(1) Consolidated operating results

Overview of results

During the first six months of the fiscal year ending March 2014 (April 1-September 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 destabilizing elements such as declines in demand caused primarily by the slowdown of the Chinese and other emerging economies.

The MGC Group achieved an increase in revenue compared with the same prior-year period. A major contribution came from general increases in the sales prices of products due to the weaker yen.

Group operating income was 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. Another reason was that fixed costs for purified isophthalic acid and meta-xylene were reduced by the structural reform conducted during fiscal 2012.

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 six-month period under review, the MGC Group achieved ¥266.5 billion in consolidated net sales, an increase of ¥33.7 billion (14.5%). Consolidated operating income was ¥10.0 billion, an increase of ¥6.0 billion (154.8%). Equity in earnings of affiliates was ¥11.8 billion, an increase of ¥1.9 billion (19.2%). Consolidated ordinary income soared by ¥10.3 billion (92.0%) to ¥21.5 billion. Consolidated net income was ¥18.5 billion, an increase of ¥10.4 billion (128.6%).

Results by business segment

Natural Gas Chemicals Company

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

Crude oil and other energy sources achieved prior-year-level earnings thanks 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 ¥85.1 billion, an increase of ¥7.9 billion (10.4%) from the same period of the previous year and an operating income of ¥2.0 billion, a year-on-year improvement of ¥2.6 billion. An equity in earnings of affiliates of ¥9.6 billion, coming primarily from overseas methanol producing companies, was posted, resulting in a consolidated ordinary income of ¥10.8 billion, an increase of ¥4.3 billion (65.9%).

Aromatic Chemicals Company

Specialty aromatic chemical products posted growth in both revenue and earnings compared with the corresponding prior-year period. The primary reason was that the weaker yen helped improve the profitability in exports of meta-xylenediamine, Nylon-MXD6, and aromatic aldehydes.

General-purpose aromatic chemicals such as 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 the structural reform conducted during fiscal 2012.

In the first six months of fiscal 2013, the Aromatic Chemicals Company achieved consolidated net sales of ¥75.3 billion, an increase of ¥11.2 billion (17.6%), an operating income of ¥2.0 billion, an improvement of ¥2.7 billion, and an ordinary income of ¥1.8 billion, an improvement of ¥3.0 billion.

Specialty Chemicals Company

Inorganic chemicals business suffered a decline in earnings. Despite improved profitability in exports of persulfates due to the weaker yen, there was a reduction in the sales volume of hydrogen peroxide in the domestic market.

The electronic chemicals business achieved increases in both revenue and earnings. Major reasons include increased profitability of exports thanks to the yen's depreciation as well as strong sales of products for both semiconductors and LCD applications in some overseas markets.

The engineering plastics business suffered lower earnings because of declines in the sales price of polyacetal and deterioration in the profitability of polycarbonate.

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

In the first half of fiscal 2013, the Specialty Chemicals Company achieved consolidated net sales of ¥76.8 billion, an increase of ¥12.1 billion (18.8%) from the prior-year period and an operating income of ¥3.6 billion, a year-on-year decline of ¥0.8 billion (19.2%). Due to ¥0.9 billion equity in earnings of affiliates, the Company achieved an ordinary income of ¥4.1 billion, a drop of ¥0.3 billion (8.5%).

Information & Advanced Materials Company

Electronic materials grew in both revenue and earnings. BT materials for semiconductor packaging, which represent this 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.

Oxygen absorbers such as AGELESS[®] achieved growth in both revenue and earnings, thanks to strong sales in the domestic food market and growth in the segment for medical applications.

In the six months between April and September 2013, the Information & Advanced Materials Company achieved consolidated net sales of ¥28.8 billion, an increase of ¥2.3 billion (9.1%), an operating income of ¥3.4 billion, an increase of ¥1.4 billion (70.3%), and an ordinary income of ¥3.7 billion, an increase of ¥1.8 billion (94.7%).

Other

In the first six months of fiscal 2013, the other business segment achieved consolidated net sales of ¥0.3 billion, a decline of ¥0.0 billion (9.4%), an operating income of ¥0.1 billion, a drop of ¥0.0 billion (16.6%), and an ordinary income of ¥0.9 billion, an increase of ¥0.1 billion (19.1%).

(2) Consolidated financial position

At the end of the first six months of fiscal 2013, the MGC Group had ¥647.6 billion in total assets, an increase of ¥33.7 billion from the end of fiscal 2012.

Current assets increased by ¥6.5 billion to ¥267.9 billion, primarily due to increases in cash and deposits and in merchandise and finished goods.

Noncurrent assets increased by ¥27.1 billion to ¥379.6 billion. Property, plant and equipment rose by ¥7.6 billion to ¥203.1 billion, thanks to an increase in buildings and structures. Investments and other assets were ¥173.1 billion, an increase of ¥19.4 billion, due mainly to an increase in investment securities achieved by equity method companies.

Liabilities increased by ¥2.8 billion to ¥321.8 billion from the end of fiscal 2012.

Current liabilities fell by ¥4.6 billion to ¥190.7 billion, primarily due to a reduction in trade notes and accounts payable.

Noncurrent liabilities rose by ¥7.4 billion to ¥131.0 billion, primarily due to an increase in long-term loans payable.

Net assets were ¥325.8 billion, an increase of ¥30.9 billion from the end of fiscal 2012. This was because retained earnings rose by ¥14.5 billion and foreign currency translation adjustment increased by ¥12.1 billion due to the weaker yen. As of September 30, 2013 the shareholders' equity ratio was 48.5%.

(3) Consolidated business forecasts

For the nine-month period through December and full year ending in March 2014, MGC expects declines in both operating and ordinary income compared with the first half-year period. Reasons will include slowdown in the sales development of electronic chemicals, purified isophthalic acid, and BT materials, increases in fixed costs due to periodical repairs, and an expected decline in the equity in earnings of the methanol producing affiliate in Brunei due to its long suspension of operation. The MGC Group therefore confirms its May 9, 2013 announcement of consolidated and non-consolidated forecasts for the 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 September 30, 2013
ASSETS		
Current assets		
Cash and deposits	28,888	32,903
Trade notes and accounts receivable.....	127,843	124,157
Short-term investments securities	140	130
Merchandise and finished goods.....	50,172	56,497
Work in progress	10,607	10,930
Raw materials and supplies	27,261	27,004
Other	17,275	17,120
Allowance for doubtful accounts.....	(792)	(799)
Total current assets.....	261,397	267,943
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net.....	55,570	60,498
Machinery, equipment and vehicles, net.....	69,780	70,889
Other, net.....	70,101	71,717
Total property, plant and equipment	195,453	203,105
Intangible assets		
Other.....	3,374	3,448
Total intangible assets.....	3,374	3,448
Investments and other assets		
Investment securities	146,762	165,043
Other.....	7,182	8,353
Allowance for doubtful accounts	(260)	(267)
Total investments and other assets	153,683	173,129
Total noncurrent assets.....	352,511	379,683
Total assets	613,908	647,627

Consolidated Quarterly Balance Sheets (contd.)

Millions of yen, rounded down

	As of March 31, 2013	As of September 30, 2013
LIABILITIES		
Current Liabilities		
Trade notes and accounts payable.....	73,907	70,660
Short-term loans payable.....	84,627	89,994
Income taxes payable.....	1,358	1,431
Provision.....	4,318	3,890
Other.....	31,226	24,785
Total current liabilities.....	195,438	190,763
Noncurrent liabilities		
Bonds payable.....	15,000	15,000
Long-term loans payable.....	61,183	67,437
Provision for retirement benefits.....	7,549	7,629
Other provision.....	2,951	2,744
Asset retirement obligations.....	4,207	4,235
Other.....	32,682	34,016
Total noncurrent liabilities.....	123,574	131,063
Total liabilities.....	319,013	321,826
NET ASSETS		
Shareholders' equity		
Capital stock.....	41,970	41,970
Capital surplus.....	35,595	35,595
Retained earnings.....	231,882	246,400
Treasury stock.....	(8,094)	(8,105)
Total shareholders' equity.....	301,353	315,860
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities.....	8,607	11,951
Revaluation reserve for land.....	206	206
Foreign currency translation adjustment.....	(26,311)	(14,183)
Total accumulated other comprehensive income.....	(17,497)	(2,025)
Minority interests.....	11,039	11,965
Total net assets.....	294,895	325,800
Total liabilities and net assets.....	613,908	647,627

(2) Consolidated Quarterly Statements of Income

Millions of yen, rounded down

	April 1 - September 30, 2012	April 1 - September 30, 2013
Net sales	232,789	266,563
Cost of sales	200,783	225,700
Gross profit.....	32,005	40,862
Selling, general and administrative expenses.....	28,072	30,841
Operating income	3,933	10,020
Non-operating income		
Interest income	61	75
Dividend income	806	1,013
Equity in earnings of affiliates	9,937	11,842
Other.....	966	1,857
Total non-operating income.....	11,771	14,789
Non-operating expenses		
Interest expense	1,233	1,444
Foreign exchange losses.....	887	29
Personnel expenses for seconded employees	767	786
Other.....	1,580	974
Total non-operating expenses.....	4,469	3,234
Ordinary income	11,235	21,574
Extraordinary income		
Gain on sales of noncurrent assets	180	175
Insurance income	137	-
Total extraordinary income.....	318	175
Extraordinary losses		
Environmental improvement expensive	328	278
Business structure improvement expenses.....	828	240
Loss on valuation of investment securities	1,650	-
Provision for compensation expenses	838	-
Loss on litigation	151	-
Impairment loss	32	-
Total extraordinary losses	3,829	518
Income before income taxes and minority interests	7,724	21,231
Income taxes, etc.	(741)	2,370
Net income before minority interests.....	8,465	18,861
Minority interests in income	349	311
Net income	8,116	18,550

(Consolidated Quarterly Statements of Comprehensive Income)

Millions of yen, rounded down

	April 1 - September 30 2012	April 1 - September 30 2013
Income before minority Interests	8,465	18,861
Other comprehensive Income		
Valuation difference on available-for-sale securities	(2,096)	3,311
Deferred gains or losses on hedges	(34)	-
Foreign currency statements translation adjustment	491	4,059
Share of other comprehensive income of associates accounted for using equity method	1,897	8,873
Total other comprehensive Income	257	16,244
Comprehensive Income	8,723	35,105
Total comprehensive Income Attributable to		
Owners of the parent	8,290	34,022
Minority interests	432	1,083

1. Consolidated Statements of Cash Flows

Millions of yen, rounded down

	April 1 - September 30 2012	April 1 - September 30 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests.....	7,724	21,231
Depreciation and amortization.....	10,776	11,407
Loss (gain) on disposal of noncurrent assets.....	191	148
Amortization of goodwill.....	(36)	(86)
Insurance income.....	(149)	(26)
Loss on litigation.....	151	-
Business structure improvement expenses.....	828	240
Increase (decrease) in provision for compensation expenses.....	668	-
Impairment losses.....	32	-
Equity in (earnings) losses of affiliates.....	(9,937)	(11,842)
Increase (decrease) in allowance for doubtful accounts.....	(275)	(98)
Increase (decrease) in provision for retirement benefits.....	219	52
Interest and dividends income.....	(867)	(1,089)
Interest expenses.....	1,233	1,444
Loss (gain) on valuation of short-term and long-term investment securities.....	1,655	13
Environment improvement expenses.....	328	278
Decrease (increase) in trade notes and accounts receivable.....	(3,383)	5,581
Decrease (increase) in inventories.....	(7,070)	(4,177)
Increase (decrease) in trade notes and accounts payable.....	13,015	(7,348)
Increase (decrease) in accrued consumption taxes.....	358	213
Increase (decrease) in provision for directors' retirement benefits.....	22	(146)
Other, net.....	2,261	(7,051)
Subtotal.....	17,746	8,745
Interest and dividends income received.....	868	1,102
Proceeds from dividends income from affiliates accounted for by equity method.....	7,417	7,486
Interest expenses paid.....	(1,216)	(1,529)
Income taxes (paid) refund.....	(819)	(177)
Proceeds from insurance income.....	930	26
Payments for loss on disaster.....	(75)	-
Net cash provided by (used in) operating activities.....	24,851	15,653

Consolidated Statements of Cash Flows (contd.)

Millions of yen, rounded down

	April 1 - September 30, 2012	April 1 - September 30, 2013
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities.....	(9)	-
Proceeds from sales of short-term investment securities	115	30
Purchase of noncurrent assets.....	(15,069)	(16,828)
Proceeds from sales of noncurrent assets	355	299
Purchase of investment securities.....	(581)	(251)
Proceeds from sales of investment securities	0	167
Other, net	(357)	(25)
Net cash provided by (used in) investing activities.....	(15,546)	(16,608)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loan payable.....	1,987	2,855
Proceeds from long-term loans payable.....	7,316	5,713
Payment of long-term loans payable	(13,581)	(2,886)
Purchase of treasury stock.....	(48)	(11)
Cash dividends paid	(2,710)	(2,710)
Cash dividends paid to minority shareholders.....	(401)	(474)
Other, net	(848)	(869)
Net cash provided by (used in) financing activities	(8,286)	1,078
Effect of exchange rate change on cash and cash equivalents.....	(403)	3,381
Net increase (decrease) in cash and cash equivalents.....	614	3,505
Cash and cash equivalents at beginning of period	35,701	26,907
Increase (decrease) in cash resulting from fiscal year change of subsidiaries	-	430
Cash and cash equivalents at end of period.....	36,315	30,843

4. Consolidated Quarterly Segment Information

(1) 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.

(2) Six-month period ended September 30, 2013 (April 1 – September 30, 2013)

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	85,172	75,311	76,857	28,892	329	—	266,563
Inter-segment sales	4,873	938	576	1	31	(6,421)	—
Total	90,045	76,249	77,434	28,893	360	(6,421)	266,563
Segment income (loss) [Ordinary income (loss)].....	10,866	1,877	4,162	3,743	929	(5)	21,574

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 ¥5 million segment loss adjustment consists of ¥71 million loss in inter-segment sales, and ¥65 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.