

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

Results for the Third Quarter of Fiscal Year 2014

(April 1 – December 31, 2014)

February 4, 2014

MITSUBISHI GAS CHEMICAL COMPANY, INC.

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 Scheduled date of payment of dividend: -

1. Summary of Consolidated Results for the Third Quarter of Fiscal Year 2014

(April 1, 2014 – December 31, 2014)

1) Operating results

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

	April 1 – December 31, 2014		April 1 – December 31, 2013	
		Change %		Change %
Net sales.....	401,426	0.9	397,760	-
Operating income (loss).....	11,399	(6.3)	12,162	-
Ordinary income (loss).....	34,383	20.6	28,520	-
Net income (loss).....	29,695	123.2	13,303	-
Net income (loss) per share (¥)	65.75		29.45	
Fully diluted net income (loss) per share (¥)	-		-	

(Note) Comprehensive income: third quarter of FY 2014 : ¥44,442 million [44.5%]; third quarter of FY 2013 : ¥30,751 million [-%]

2) Financial position

Millions of yen, rounded down

	As of December 31, 2014	As of March 31, 2014
Total assets	706,938	657,838
Net assets.....	362,352	323,858
Equity ratio (%)	49.5	47.5

(Note) Shareholders' equity as of December 31, 2014: ¥349,826million; as of March 31, 2014: ¥312,226million

2. Cash Dividends

	FY 2014	FY 2013
Interim dividend per share (¥)	7.00	6.00
Year-end dividend per share (¥)	7.00(Forecast)	6.00
Annual dividend per share (¥).....	1400 (Forecast)	12.00

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

3. Consolidated Business Forecasts for Fiscal Year 2014

(April 1, 2014 – March 31, 2015)

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

	Full Year	
		Change %
Net sales	540,000	1.0
Operating income (loss)	14,000	21.9
Ordinary income (loss)	40,000	29.8
Net Income (loss)	30,000	101.1
Net income (loss) per share (¥)	66.42	

(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: Yes**

2. **Changes other than 1: Yes**

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

4. **Restatement of corrections: None**

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

	December 31, 2014	March 31, 2014
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	31,813,634	31,800,380
	April 1 – December 31, 2014	April 1 – December 31, 2013
Average shares outstanding during period	451,672,518	451,698,860

(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 same period of the previous fiscal year, unless stated otherwise.

(1) Consolidated operating results

Overview of results

(Billions of yen)

	FY2013/3Q	FY2014/3Q	Change	Change (%)
Net Sales	397.7	401.4	3.6	0.9%
Operating income	12.1	11.3	(0.7)	(6.3%)
Equity in earnings of affiliates	16.3	23.9	7.5	46.0%
Ordinary income	28.5	35.5	7.0	24.8%
Net income	13.3	30.8	17.5	131.6%

The MGC Group achieved an increase in net sales compared with the same prior-year period. Business restructuring resulted in lower sales volumes for products such as purified isophthalic acid (PIA). This negative impact, however, was more than offset by positive factors such as higher sales volumes for engineering plastics and methanol.

Group operating income was lower than the prior-year level. Positive contributions came from the improved profitability of export products thanks to the weaker yen, as well as from higher earnings for polycarbonates primarily due to a reduction in depreciation expenses. However, these effects were overshadowed by declines in the profitability of products such as electronic materials, methanol derivatives, general-purpose aromatic chemicals, and polyacetal.

Ordinary income increased from the same period of last year. Despite the lower operating income, equity in earnings of overseas methanol producing companies grew due to the market price hike in the beginning of the fiscal year and the weaker yen.

Net income was much higher than in the same period of the previous year, in which the MGC polycarbonate subsidiary in China recognized an impairment loss.

Results by business segment

Natural Gas Chemicals Company

(Billions of yen)

	FY2013/3Q	FY2014/3Q	Change	Change (%)
Net Sales	130.3	138.5	8.1	6.3%
Operating income	2.7	1.6	(1.0)	(39.9%)
Ordinary income	14.7	22.2	7.5	51.5%

Net sales grew due to factors such as the weaker yen and the higher sales volume for methanol.

Operating income was lower due to negative impacts such as drops in the margins of methanol and ammonia-based chemicals and an increase in fixed costs.

Equity in earnings of overseas methanol producing companies grew due to the market price hike in the beginning

of the fiscal year and the weaker yen, resulting in an increase in ordinary income.

Aromatic Chemicals Company

(Billions of yen)

	FY2013/3Q	FY2014/3Q	Change	Change (%)
Net Sales	109.6	95.2	(14.3)	(13.1%)
Operating income	3.5	2.9	(0.5)	(15.1%)
Ordinary income	3.3	1.1	(2.1)	(2.1%)

A substantial decline was recognized in net sales primarily because business contraction led to a reduction in the sales volume of purified isophthalic acid.

Operating income declined from a year earlier. While the weaker yen helped improve the profitability in exports of meta-xylenediamine and Nylon-MXD6, the more difficult business environment made the phthalic anhydride and purified terephthalic acid (PTA) operations less profitable.

Ordinary income was also lower, because the equity method company that decided to quit its PTA operations recorded a loss.

Specialty Chemicals Company

(Billions of yen)

	FY2013/3Q	FY2014/3Q	Change	Change (%)
Net Sales	114.6	122.5	7.9	6.9%
Operating income	3.3	5.5	2.1	65.7%
Ordinary income	3.7	5.6	1.9	50.8%

Net sales increased due to growth in the sales volumes for polycarbonates and polyacetal.

Operating income also rose from the same prior-year period. While polyacetal suffered lower earnings due to higher fixed costs resulting from an increase in capacity, super-pure hydrogen peroxide showed steady growth in sales volume. A further positive contribution came from polycarbonates, whose operating results improved due to a reduction in depreciation expenses, successful work on improving profitability, and higher sales volumes for specialty products.

Information & Advanced Materials Company

(Billions of yen)

	FY2013/3Q	FY2014/3Q	Change	Change (%)
Net Sales	114.6	122.5	7.9	6.9%
Operating income	3.3	5.5	2.1	65.7%
Ordinary income	3.7	5.6	1.9	50.8%

Net sales increased due to the strong development of sales volumes for BT materials.

Operating income was lower than a year earlier. Despite the steady development of oxygen absorber sales, electronic materials were less profitable due to an increase in costs incurred as the Thai site started commercial operation.

Other

(Billions of yen)

	FY2013/3Q	FY2014/3Q	Change	Change (%)
Net Sales	0.4	0.4	0.0	7.6%
Operating income	0.1	0.1	(0.0)	(0.5%)
Ordinary income	1.4	1.2	(0.2)	(14.5%)

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

Millions of yen, rounded down

	As of March 31, 2014	As of December 31, 2014
ASSETS		
Current assets		
Cash and deposits.....	38,772	52,743
Trade notes and accounts receivable	127,817	139,822
Short-term investments securities.....	2,130	130
Merchandise and finished goods	61,641	64,301
Work in progress.....	10,319	11,260
Raw materials and supplies.....	27,232	28,549
Other.....	20,527	21,516
Allowance for doubtful accounts	(798)	(920)
Total current assets	287,642	317,403
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	59,279	61,030
Machinery, equipment and vehicles, net	71,637	73,223
Other, net	60,394	56,782
Total property, plant and equipment.....	191,311	191,036
Intangible assets		
Other	3,169	3,565
Total intangible assets	3,169	3,565
Investments and other assets		
Investment securities.....	167,296	187,571
Other	8,499	7,454
Allowance for doubtful accounts.....	(81)	(92)
Total investments and other assets	175,714	194,932
Total noncurrent assets	370,195	389,535
Total assets.....	657,838	706,938

Consolidated Quarterly Balance Sheets (contd.)

Millions of yen, rounded down

	As of March 31, 2014	As of December 31, 2014
LIABILITIES		
Current Liabilities		
Trade notes and accounts payable	71,665	89,725
Short-term loans payable	75,859	85,859
Income taxes payable	1,570	1,061
Provision	5,016	2,609
Asset retirement obligations	267	303
Other	24,518	28,039
Total current liabilities	178,897	207,599
Noncurrent liabilities		
Bonds payable	25,000	25,000
Long-term loans payable	83,481	63,476
Provision	1,220	1,921
Provision for retirement benefits	9,232	9,680
Asset retirement obligations	3,582	3,667
Other	32,564	33,241
Total noncurrent liabilities	155,081	136,986
Total liabilities	333,979	344,585
NET ASSETS		
Shareholders' equity		
Capital stock	41,970	41,970
Capital surplus	35,595	35,595
Retained earnings	239,831	264,310
Treasury stock	(8,119)	(8,128)
Total shareholders' equity	309,277	333,748
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,384	17,512
Revaluation reserve for land	206	206
Foreign currency translation adjustment	(7,305)	(602)
Remeasurements of defined benefit plans	(1,337)	(1,037)
Total accumulated other comprehensive income	2,949	16,078
Minority interests	11,632	12,525
Total net assets	323,858	362,352
Total liabilities and net assets	657,838	706,938

(2) Consolidated Quarterly Statements of Income

Millions of yen, rounded down

	April 1 - December 31 2013	April 1 - December 31 2014
Net sales.....	397,760	401,426
Cost of sales	339,185	343,842
Gross profit	58,574	57,584
Selling, general and administrative expenses	46,411	46,184
Operating income	12,162	11,399
Non-operating income		
Interest income.....	131	143
Dividend income.....	1,362	1,953
Equity in earnings of affiliates	16,396	22,830
Other	3,217	2,574
Total non-operating income	21,108	27,501
Non-operating expenses		
Interest expense	2,277	1,885
Personnel expenses for seconded employees	1,142	976
Other.....	1,331	1,655
Total non-operating expenses	4,750	4,517
Ordinary income	28,520	34,383
Extraordinary income		
Compensation income	-	1,055
Gain on rights and interests	-	792
Gain on sales of noncurrent assets.....	361	329
Gain on bargain purchase.....	-	198
Gain on sales of investment securities	245	-
Insurance income.....	238	-
Total extraordinary income	845	2,376
Extraordinary losses		
Business structure improvement expenses.....	240	1,143
Impairment loss.....	11,525	797
Amortization of goodwill	-	476
Provision for environmental measures	-	246
Environmental improvement expense	382	-
Compensation for products	339	-
Loss on fire accident	120	-
Total extraordinary losses.....	12,607	2,664
Income before income taxes and minority interests	16,758	34,095
Income taxes, etc.	3,637	3,701
Net income before minority interests	13,120	30,393
Minority interests in income.....	(182)	697
Net income.....	13,303	29,695

(Consolidated Quarterly Statements of Comprehensive Income)*Millions of yen, rounded down*

	April 1 - December 31 2013	April 1 – December 31 2014
Income before minority Interests	13,120	30,393
Other comprehensive Income		
Valuation difference on available-for-sale securities	5,068	6,060
Foreign currency statements translation adjustment.....	4,054	4,156
Remeasurements of defined benefit plans.....	-	258
Share of other comprehensive income of associates accounted for using equity method	8,507	3,573
Total other comprehensive Income	17,630	14,048
Comprehensive Income	30,751	44,442
Total comprehensive Income Attributable to Owners of the parent	29,991	42,825
Minority interests	759	1,617

3. Consolidated Quarterly Segment Information

(1) Nine-month period ended December 31, 2013(April 1 – December 31, 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	130,372	109,654	114,612	42,658	461	-	397,760
Inter-segment sales	7,064	1,451	865	1	96	(9,479)	-
Total	137,436	111,105	115,478	42,660	558	(9,479)	397,760
Segment income (loss) [Ordinary income (loss)].....	14,716	3,301	3,744	4,672	1,494	591	28,520

Notes :

1. The 'Other' segment includes operations not included in the other segments, such as listed related companies and real estate business.
2. The adjustment amounts are as follows:
The ¥591 million segment loss adjustment consists of ¥65 million loss in inter-segment sales, and ¥656 million loss of overall costs not allocated to segments.
Overall costs include SG&A expenses, financing expenses, and other expenses not allocated to segments.
3. Segment income (loss) is based on ordinary income as provided in the quarterly consolidated statement of income.

(2) Nine-month period ended December 31, 2014(April 1 – December 31, 2014)

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	138,549	95,271	122,518	44,589	497	-	401,426
Inter-segment sales	9,581	1,711	1,026	0	83	(12,402)	-
Total	148,131	96,983	123,544	44,590	580	(12,402)	401,426
Segment income (loss) [Ordinary income (loss)].....	22,191	1,111	5,646	3,336	1,277	819	34,383

Notes :

1. The 'Other' segment includes operations not included in the other segments, such as listed related companies and real estate business.
2. The adjustment amounts are as follows:
The ¥819 million segment loss adjustment consists of ¥110 million loss in inter-segment sales, and ¥708 million loss of overall costs not allocated to segments.
Overall costs include SG&A expenses, financing expenses, and other expenses not allocated to segments.
3. Segment income (loss) is based on ordinary income as provided in the quarterly consolidated statement of income.

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS (FY 2014)

(billions of yen, rounded down)

	FY 2013 Q3	FY 2014 Q3	Change		FY2013 Full Year Result	FY 2014 Full Year Forecast
				Change(%)		
Net sales	397.7	401.4	3.6	0.9	534.4	540.0
Natural Gas Chemicals	137.4	148.1	10.6	7.8	194.8	201.7
Aromatic Chemicals	111.1	96.9	(14.1)	(12.7)	141.5	123.7
Specialty Chemicals	115.4	123.5	8.0	7.0	154.5	169.2
Information and Advanced Materials	42.6	44.5	1.9	4.5	55.4	57.2
Other and Adjustment	(8.9)	(11.8)	(2.9)	-	(11.9)	(11.9)
Operating income (loss)	12.1	11.3	(0.7)	(6.3)	11.4	14.0
Natural Gas Chemicals	2.7	1.6	(1.0)	(39.9)	2.7	2.6
Aromatic Chemicals	3.5	2.9	(0.5)	(15.1)	2.8	2.6
Specialty Chemicals	3.3	5.5	2.1	65.7	3.9	6.9
Information and Advanced Materials	4.3	3.0	(1.3)	(29.8)	4.2	4.2
Other and Adjustment	(1.7)	(1.7)	(0.0)	-	(2.3)	(2.5)
Non - operating profit (loss)	16.3	22.9	6.6	40.5	19.3	26.0
Ordinary income (loss)	28.5	34.3	5.8	20.6	30.8	40.0
Natural Gas Chemicals	14.7	22.1	7.4	50.8	18.4	27.5
Aromatic Chemicals	3.3	1.1	(2.1)	(66.3)	2.1	(0.1)
Specialty Chemicals	3.7	5.6	1.9	50.8	3.8	7.0
Information and Advanced Materials	4.6	3.3	(1.3)	(28.6)	4.8	4.2
Other and Adjustment	2.0	2.0	(0.0)	0.5	1.5	0.9
Extraordinary income (loss)	(11.7)	(0.2)	11.4	-	(13.0)	(5.0)
Income before income taxes and minority interests	16.7	34.0	17.3	103.5	17.7	35.0
Net income	13.3	29.6	16.3	123.2	14.9	30.0
Net income (loss) per share (¥)	29.45	65.75	36.30		33.03	66.42
Annual dividend per share (¥)	6.00	7.00	1.00		12.00	14.00

※Consolidated subsidiaries: 40 , Affiliates : 13 (As of end of December,2014)

Non - operating profit (loss)

	FY 2013 Q3	FY 2014 Q3	Change		FY2013 Full Year Result	FY 2014 Full Year Forecast
				Change(%)		
Equity in earnings of affiliates	16.3	22.8	6.4	39.2	20.4	28.0
Income (expenses) on financing activities	(0.7)	0.2	0.9	-	(1.0)	—
Foreign currency statements translation adjustment	0.7	1.1	0.4	58.9	(0.3)	—
Other	0.0	(1.2)	(1.2)	-	0.2	(2.0)
Total : Non - operating profit (loss)	16.3	22.9	6.6	40.5	19.3	26.0

Extraordinary income (loss)

Compensation income	—	1.0	1.0	—	—	
Gain on rights and interests	—	0.7	0.7	—	—	
Gain on sales of noncurrent assets	0.3	0.3	(0.0)	(8.8%)	0.3	
Gain on bargain purchase	—	0.1	0.1	—	—	
Gain on sales of investment securities	0.2	—	(0.2)	—	0.2	
Insurance income	0.2	—	(0.2)	—	0.2	
Loss (gain) on liquidation of subsidiaries and associates	—	—	—	—	0.1	
Business structure improvement expenses	(0.2)	(1.1)	(0.9)	—	(1.5)	
Impairment loss	(11.5)	(0.7)	107	—	(11.6)	
Amortization of goodwill	—	(0.4)	(0.4)	—	—	
	—	(0.2)	(0.2)		—	
Environmental improvement expensive	(0.3)	—	0.3	—	(0.4)	
Compensation for products	(0.3)	—	0.3	—	(0.3)	
Loss on fire accident	(0.1)	—	0.1	—	(0.1)	
Total : Extraordinary income (loss)	(11.7)	0.2	11.4	—	(13.0)	(5.0)

Consolidated Quarterly Balance Sheets

	FY2013 Q3	FY2014 Q3	Change
Current assets	287.6	287.6	29.7
Property, plant and equipment, Intangible assets	194.4	194.4	0.1
Investments and other assets	194.9	175.7	19.2
Total assets	706.9	657.8	49.0
Interest-bearing liabilities	191.1	204.4	(13.3)
Other liabilities	153.4	129.4	23.9
Total liabilities	344.5	333.9	10.6
Shareholders' equity	333.7	309.2	24.4
Accumulated other comprehensive income	16.0	2.9	13.1
Minority interests	12.5	11.6	0.8
Total net assets	362.3	323.8	38.4
Total liabilities and net assets	706.9	657.8	49.0

Various index

	FY2010	FY2011	FY2012	FY2013	FY2014 (Forecast)
Investments (Full year) (Q3)	35.4 25.1	42.4 33.9	30.9 24.3	25.4 18.9	25.0 14.7
Depreciation and amortization (Full year) (Q3)	29.0 21.5	27.7 20.5	23.0 16.7	23.5 17.5	22.0 17.8
R&D expenditures (Full year) (Q3)	16.4 11.9	17.4 13.2	15.3 11.5	16.1 12.1	17.3 12.3
Staff	4,979	5,216	5,323	5,445	5,514
ROA	6.5%	4.5%	4.6%	4.8%	5.9%
ROE	6.9%	4.4%	(2.8%)	5.0%	9.3%
Annual dividend (Full year) (first half)	8.0 4.0	12.0 6.0	12.0 6.0	12.0 6.0	14.0 7.0
Exchange rate (average)					
Apr-Dec	¥87/\$	¥79/\$	¥80/\$	¥99/\$	¥107/\$
Apr -Mar	¥86/\$	¥79/\$	¥83/\$	¥100/\$	¥109/\$
Methanol market(Assumed Asian average spot price)					
Jan-Sep	\$277/MT	\$360/MT	\$377/MT	\$383/MT	\$410/MT
Oct-Dec	\$358/MT	\$388/MT	\$365/MT	\$498/MT	\$349/MT