

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

Results for the First Quarter of Fiscal Year 2015

(April 1 – June 30, 2015)

August 3, 2015

MITSUBISHI GAS CHEMICAL COMPANY, INC.

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1. Summary of Consolidated Results for the First Quarter of Fiscal Year 2015 (April 1– June 30, 2015)

1) Operating results

Millions of yen, rounded down

Percentage figures denote change compared to equivalent period of previous year

	April 1 – June 30, 2015		April 1 – June 30, 2014	
		Change %		Change %
Net sales	148,991	10.6	134,723	3.4
Operating income (loss)	7,585	141.3	3,144	(53.0)
Ordinary income (loss)	11,461	(14.7)	13,431	-
Net income (loss)	11,478	8.3	10,594	-
Net income (loss) per share (¥)	25.51	-	23.46	-
Fully diluted net income (loss) per share (¥)	-	-	-	-

(Note) Comprehensive income: first quarter of FY 2015 : ¥11,916 million [15.2%] ; first quarter of FY 2014 : ¥10,347 million [—%]

2) Financial position

Millions of yen, rounded down

	As of June 30, 2015	As of March 31, 2015
Total assets	774,945	790,784
Net assets	427,599	422,851
Equity ratio (%)	49.4	47.8

(Note) Shareholders' equity as of June 30, 2015: ¥382,875million; as of March 31, 2015: ¥377,643million

2. Cash Dividends

	FY 2015	FY 2014
Interim dividend per share (¥)	8.00(forecast)	7.00
Year-end dividend per share (¥)	8.00(forecast)	7.00
Annual dividend per share (¥)	16.00(forecast)	14.00

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

3. Consolidated Business Forecasts for Fiscal Year 2015 (April 1, 2015– March 31, 2016)

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	310,000	15.7	620,000	17.1
Operating income (loss)	11,000	74.4	25,000	66.7
Ordinary income (loss)	17,000	(25.8)	37,000	(11.9)
Net Income (loss)	14,000	(31.6)	29,000	(33.1)
Net income (loss) per share (¥)	31.11	-	64.45	-

(Note) Revision of consolidated business forecasts during this period: Yes

4. Other Information

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

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

2) Adoption of simplified accounting methods: None

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

1. Changes in accounting policies following revisions to accounting standards: Yes

2. Changes other than 1: Yes

3. Changes in accounting estimates: Yes

4. Restatement of corrections: None

4) Number of shares outstanding (ordinary shares)

	June 30, 2015	March 31, 2015
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	41,823,723	31,819,177
	April 1 – June 30, 2015	April 1 – June 30, 2014
Average shares outstanding during period	449,990,053	451,676,684

(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

(Billions of yen)

	FY2014/1Q	FY2015/1Q	Change	Change (%)
Net Sales	134.7	148.9	14.2	10.6%
Operating income	3.1	7.5	4.4	141.3%
Equity in earnings of affiliates	10.2	3.1	(7.1)	(69.7%)
Ordinary income	13.3	11.4	(1.9)	(14.7%)
Net income	10.6	11.4	0.8	8.3%

Beginning in the first quarter of the fiscal year under review, the MGC Group applies the “Accounting Standards for Business Combinations” (ASBJ Statement No. 21 of September 13, 2013) to its financial statements. Accordingly, the previous account item “net income” is replaced by “net income attributable to parent company shareholders.”

As indicated in “2. About figures indicated in this summary (including notes), Changes in accounting policies, changes in accounting estimates, and/or restatements,” beginning in the three months under review, some overseas affiliates are subjected to the International Financial Reporting Standards (IFRS). Comparisons with prior-year period results are therefore based on retroactively calculated figures.

During the first quarter of the fiscal year ending March 2016 (April 1-June 30, 2015), the Japanese economy continued to experience slow recovery. In addition to improvements in corporate earnings, there were signs of recovery in personal spending.

The MGC Group achieved an increase in revenue compared with the same prior-year period. Negative contributions such as lower sales volumes of not only general-purpose aromatic chemicals (due to the withdrawal from the purified terephthalic acid business), but also methanol, electronic materials, and polycarbonate sheets and films, were more than offset by favorable developments marked by the conversion of JSP and other companies into consolidated subsidiaries.

Group operating income achieved a year-on-year increase. Despite the lower sales volumes of electronic materials and polycarbonate sheets and films, there was an improvement in profitability due to the weaker yen and lower prices of raw materials and fuels. A further positive contribution came from the conversion of JSP and other companies into consolidated subsidiaries.

Group ordinary income fell from the same period of the previous year. This was because, despite the growth in operating income, equity in earnings of overseas methanol producing companies declined due to lower methanol market prices and the turnaround of the Brunei site.

The MGC Group achieved a year-on-year increase in net income attributable to parent company shareholders. The drop in ordinary income was more than canceled by an improvement of extraordinary results due to the recognition of a gain on sales of investment securities and a reduction in extraordinary losses.

Results by business segment

Natural Gas Chemicals Company

(Billions of yen)

	FY2014/1Q	FY2015/1Q	Change	Change (%)
Net Sales	46.8	42.5	(4.3)	(9.3%)
Operating income	(0.2)	1.6	1.8	
Ordinary income	9.3	3.9	(5.4)	(57.8%)

The methanol business suffered a decline in revenue due to reductions in sales volume and market prices. Its earnings improved from the same period of the previous year, when there were beginning inventories carrying high unit prices.

Methanol and ammonia-based chemicals were improved in earnings. Reasons include improved profitability primarily of MMA-based products—thanks to the weaker yen and lower raw material prices—as well as a reduction in repair costs for the ammonia equipment.

Crude oil and other energy sources declined in both revenue and earnings due to lower crude oil prices.

Aromatic Chemicals Company

(Billions of yen)

	FY2014/1Q	FY2015/1Q	Change	Change (%)
Net Sales	33.0	52.3	19.3	58.5%
Operating income	(0.4)	3.5	3.1	666.5%
Ordinary income	(0.3)	3.1	2.8	940.1%

Specialty aromatic chemical products posted higher revenue and earnings compared with the prior-year period. Positive contributions came from the favorable development of sales volumes for meta-xylenediamine and Nylon-MXD6, as well as higher profitability due to the weaker yen and lower prices of raw materials and fuels.

General-purpose aromatic chemical products suffered a year-on-year decline in revenue by quitting the purified terephthalic acid operations. However, earnings from this segment grew due to an improvement in the profitability primarily of exports such as meta-xylene and purified isophthalic acid.

Following the conversion of JSP and other companies into consolidated subsidiaries, financial results for foamed plastics and other operations are included here starting the first three-month period of the fiscal year under review.

Specialty Chemicals Company

(Billions of yen)

	FY2014/1Q	FY2015/1Q	Change	Change (%)
Net Sales	39.4	40.9	1.5	3.9%
Operating income	1.5	2.0	0.5	36.0%
Ordinary income	1.1	2.8	1.7	147.2%

Inorganic chemicals achieved growth in both revenue and earnings. Positive contributions included the improvement of profitability in exports of hybrid chemicals for semiconductors due to the weaker yen, as well as a higher sales volume of super-pure hydrogen peroxide at overseas sites.

The engineering plastics business saw an improvement in earnings. Major positive factors include reductions in raw material prices for both polycarbonate and polyacetal production.

Polycarbonate sheets and films suffered a decline in both revenue and earnings. This was because of a

lower sales volume of films for use in flat panel displays compared with the same prior-year period.

Information & Advanced Materials Company

(Billions of yen)

	FY2014/1Q	FY2015/1Q	Change	Change (%)
Net Sales	15.2	13.0	(2.2)	(14.7%)
Operating income	1.3	0.8	(0.5)	(38.7%)
Ordinary income	1.4	0.9	(0.5)	(35.4%)

Electronic materials posted a drop in both revenue and earnings since the sales volume of BT materials for semiconductor packaging, which represent this segment's core product category, fell due to reasons including inventory adjustments performed at customers.

Having suffered from a drop in demand resulted from the consumption tax hike in the same period of the previous year, oxygen absorbers such as AGELESS achieved an increase in both revenue and earnings. This was due not only to higher sales volumes of product for domestic food applications, but also to higher exports.

Other

(Billions of yen)

	FY2014/1Q	FY2015/1Q	Change	Change (%)
Net Sales	0.1	0.1	0.0	16.0%
Operating income	0.0	0.0	(0.0)	(40.3%)
Ordinary income	0.1	0.0	(0.1)	(90.8%)

In the first quarter of fiscal 2015, other business operations achieved net sales of ¥0.1 billion, an increase of ¥0.0 billion (16.0%) and an operating income of ¥0.0 billion, a drop of ¥0.0 billion (40.3%), and an ordinary income of ¥0.0 billion, a decline of ¥0.1 billion (90.8%).

(2) Consolidated financial position

At the end of the first three months of fiscal 2015, the MGC Group had ¥774.9 billion in total assets, a decline of ¥15.8 billion from the end of fiscal 2014.

Current assets fell by ¥22.1 billion to ¥349.9 billion, primarily due to a decline in trade notes and accounts receivable.

Noncurrent assets increased by ¥6.3 billion to ¥424.9 billion, with a primary reason being an increase in investment securities.

Liabilities declined by ¥20.5 billion to ¥347.3 billion. Current liabilities fell by ¥14.7 billion due primarily to a reduction in trade notes and accounts payable. Noncurrent liabilities fell by ¥5.8 billion due primarily to a reduction in long-term loans payable.

Net assets increased by ¥4.7 billion to ¥427.5 billion. Major contributions included an increase in retained earnings.

As of June 30, 2015, the shareholders' equity ratio was 49.4%.

(3) Consolidated business forecasts

Consolidated ordinary income for the first six months of fiscal 2015 is expected to surpass the previous forecast, partly because methanol market prices have been higher than our previous assumptions for the half-year period and partly because the Group will likely achieve higher equity in earnings of affiliates at overseas methanol producers due to the weaker yen. Net income attributable to parent company shareholders will be higher than the previous forecast due to an expected increase in ordinary income.

Non-consolidated ordinary income and net income for the first six months of fiscal 2015 are expected to fall below the previous forecasts. This is because the payment of dividends from methanol affiliates scheduled for the first half of the year will be put off until the second half of the year.

MGC confirms its previous full-year forecasts for both non-consolidated and consolidated performance.

These performance forecasts assume exchange rates of ¥120=\$1 and ¥130=€1 for the unelapsed period of the fiscal year.

Revision of consolidated business forecasts

Half year ending September 30, 2015 (April 1, 2015 – September 30, 2015)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (¥)
Previously announced forecasts (A)	310,000	11,000	15,000	12,000	26.57
Revised forecasts (B)	310,000	11,000	17,000	14,000	31.11
Change (B – A)	-	-	2,000	2,000	-
Change (%)	-	-	13.3	16.7	-
Results for the previous period (ended September 30, 2014)	267,861	6,308	22,910	20,465	45.31

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

Millions of yen, rounded down

	As of March 31, 2015	As of June 30, 2015
ASSETS		
Current assets		
Cash and deposits	62,327	58,078
Trade notes and accounts receivable	152,711	145,574
Short-term investments securities	18,137	12,131
Merchandise and finished goods	65,476	64,720
Work in progress	12,707	11,482
Raw materials and supplies	32,173	31,358
Other	32,611	30,598
Allowance for doubtful accounts	(3,978)	(3,975)
Total current assets	372,166	349,968
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	75,836	75,008
Machinery, equipment and vehicles, net	87,249	85,880
Other, net	72,837	73,834
Total property, plant and equipment	235,923	234,722
Intangible assets		
Other	9,214	9,043
Total intangible assets	9,214	9,043
Investments and other assets		
Investment securities	164,654	171,862
Other	8,936	9,453
Allowance for doubtful accounts	(110)	(105)
Total investments and other assets	173,481	181,210
Total noncurrent assets	418,618	424,976
Total assets	790,784	774,945

Consolidated Quarterly Balance Sheets (contd.)

Millions of yen, rounded down

	As of March 31, 2015	As of June 30, 2015
LIABILITIES		
Current Liabilities		
Trade notes and accounts payable	79,323	69,218
Short-term loans payable	104,155	103,572
Income taxes payable.....	2,148	1,639
Provision	5,533	3,257
Other	33,907	32,657
Total current liabilities.....	225,068	210,346
Noncurrent liabilities		
Bonds payable	25,000	25,000
Long-term loans payable	69,932	64,279
Provision	2,779	2,673
Provision for retirement benefits.....	5,586	5,926
Asset retirement obligations	3,685	3,703
Other	35,879	35,415
Total noncurrent liabilities.....	142,864	136,998
Total liabilities	367,932	347,345
NET ASSETS		
Shareholders' equity		
Capital stock	41,970	41,970
Capital surplus	35,595	35,595
Retained earnings.....	279,540	292,133
Treasury stock	(8,131)	(15,558)
Total shareholders' equity	348,974	354,141
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities.....	20,612	20,049
Deferred gains or losses on hedges	-	2
Revaluation reserve for land.....	217	217
Foreign currency translation adjustment	4,950	5,720
Remeasurements of defined benefit plans	2,888	2,744
Total accumulated other comprehensive	28,669	28,734
Minority interests.....	45,207	44,723
Total net assets	422,851	427,599
Total liabilities and net assets	790,784	774,945

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

	April 1 - June 30, 2014	April 1 - June 30, 2015
Net sales.....	134,723	148,991
Cost of sales	116,542	119,293
Gross profit	18,180	29,698
Selling, general and administrative expenses	15,036	22,112
Operating income	3,144	7,585
Non-operating income		
Interest income	45	127
Dividend income	1,141	1,285
Equity in earnings of affiliates	10,326	3,132
Other	626	911
Total non-operating income.....	12,140	5,457
Non-operating expenses		
Interest expense.....	699	651
Personnel expenses for seconded employees	372	438
Other	781	491
Total non-operating expenses	1,853	1,580
Ordinary income	13,431	11,461
Extraordinary income		
Gain on sales of investment securities	-	3,444
Subsidy income.....	-	119
Gain on rights and interests	809	-
Gain on bargain purchase.....	198	-
Total extraordinary income	1,008	3,564
Extraordinary losses		
Loss on cancel of lease contracts	-	147
Business structure improvement expenses	1,143	-
Amortization of goodwill	476	-
Total extraordinary losses	1,620	147
Income before income taxes and minority interests	12,819	14,877
Income taxes, etc.....	1,975	2,402
Net income before minority interests	10,844	12,475
Minority interests in income.....	250	997
Net income	10,594	11,478

(Consolidated Quarterly Statements of Comprehensive Income)

	<i>Millions of yen, rounded down</i>	
	April 1 - June 30, 2014	April 1 - June 30, 2015
Income before minority Interests	10,844	12,475
Other comprehensive Income		
Valuation difference on available-for-sale securities ...	2,045	(552)
Deferred gains or losses on hedges.....	-	2
Foreign currency statements translation adjustment	(529)	(866)
Deferred gains or losses on hedges	100	(154)
Share of other comprehensive income of associates accounted for using equity method.....	(2,114)	1,012
Total other comprehensive Income.....	(497)	(559)
Comprehensive Income	10,347	11,916
Total comprehensive Income Attributable to		
Owners of the parent.....	10,103	11,543
Minority interests	243	372

4. Consolidated Quarterly Segment Information

(1) Three-month period ended June 30, 2014 (April 1 – June 30, 2014)

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	46,894	33,013	36,403	15,261	150	—	134,723
Inter-segment sales	3,326	581	303	0	22	(4,234)	—
Total	50,220	33,595	39,707	15,262	173	(4,234)	134,723
Segment income (loss) [Ordinary income (loss)]	9,445	305	1,169	1,509	199	802	13,431

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 ¥802 million segment income adjustment consists of ¥4 million loss in inter-segment sales, and ¥806million 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, 2015 (April 1 – June 30, 2015)

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	42,531	52,327	40,933	13,023	174	-	148,991
Inter-segment sales	2,439	547	349	14	23	(3,375)	-
Total	44,971	52,874	41,283	13,038	198	(3,375)	148,991
Segment income (loss) [Ordinary income (loss)]	3,987	3,174	2,890	975	18	414	11,461

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 ¥414 million segment income adjustment consists of ¥35million loss in inter-segment sales, and ¥449 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.

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS (FY 2015)

(billions of yen, rounded down)

	FY 2014 Q1	FY 2015 Q1	Change		FY 2015 (Forecast)
				Change(%)	
Net sales	134.7	148.9	14.2	10.6%	620.0
Natural gas chemicals	50.2	44.9	(5.2)	(10.5%)	189.0
Aromatic chemicals	33.5	52.8	19.2	57.4%	220.4
Specialty chemicals	39.7	41.2	1.5	4.0%	168.1
Information and advanced materials	15.2	13.0	2.2	(14.6%)	58.4
Other and Adjustment	(4.0)	(3.1)	(0.8)	—	(16.1)
Operating income (loss)	3.1	7.5	4.4	141.3%	25.0
Natural gas chemicals	(0.2)	1.6	1.8	—	5.1
Aromatic chemicals	0.4	3.5	3.1	666.5%	12.3
Specialty chemicals	1.5	2.0	0.5	36.0%	6.3
Information and advanced materials	1.3	0.8	(0.5)	(38.7%)	4.3
Other and Adjustment	0	(0.5)	(0.5)	-	(3.0)
Non - operating profit (loss)	10.2	3.8	(6.4)	(62.3%)	12.0
Ordinary income (loss)	13.4	11.4	(1.9)	(14.7%)	37.0
Natural gas chemicals	9.4	3.9	(5.4)	(57.8%)	16.6
Aromatic chemicals	0.3	3.1	2.8	940.1%	10.3
Specialty chemicals	1.1	2.8	1.7	147.2%	7.8
Information and advanced materials	1.5	0.9	(0.5)	(35.4%)	4.0
Other and Adjustment	1.0	0.4	(0.5)	(56.8%)	(1.9)
Extraordinary income (loss)	(0.6)	3.4	4.0	—	(2.0)
Income before income taxes and minority interests	12.8	14.8	2.0	(16.1%)	35.0
Net income	10.5	11.4	0.8	(8.3%)	29.0
Net income (loss) per share (¥)	23.46	25.51	—	-	64.45
Annual dividend per share (¥)	—	-	—	-	16.0

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

Non□operating profit (loss)

Equity in earnings of affiliates	10.3	3.1	(7.1)	(69.7%)	16.0
Income (expenses) on financing activities	0.4	0.7	0.2	56.2%	-
Foreign currency statements translation adjustment	(0.3)	0.0	0.3	—	-
Other	(0.2)	0.0	0.1	—	(4.0)
Total : Non - operating profit (loss)	10.2	3.8	(6.4)	(62.3%)	12.0

Extraordinary income (loss)

Gain on sales of investment securities	3.4	-	3.4	-	-
Subsidy income	0.1	-	0.1	-	-
Gain on rights and interests	-	0.8	(0.8)	-	-
Gain on bargain purchase	-	0.1	(0.1)	-	-
Gain on step acquisitions	-	-	-	-	-
Compensation income	-	-	-	-	-
Other extraordinary income	-	-	-	-	-
Loss on cancel of lease contracts	(0.1)	-	(0.1)	-	-
Business structure improvement expenses	-	(1.1)	1.1	-	-
Amortization of goodwill	-	(0.4)	0.4	-	-
Loss on reduction of noncurrent assets	-	-	-	-	-
Impairment loss	-	-	-	-	-
Others	-	-	-	-	-
Total : Extraordinary income (loss)	3.4	(0.6)	4.0	-	2.0