Continuing to Grow as a Unique Chemical Manufacturer Dedicated to Excellence

Annual Report 2009

Year Ended March 31, 2009

MITSUBISHI GAS CHEMICAL COMPANY, INC.

Profile

The MGC Group currently consists of Mitsubishi Gas Chemical Company, Inc. and over 100 companies worldwide. Under a corporate philosophy of "making contributions towards development in harmony with society through the creation of a diverse range of value based on chemistry," the MGC Group conducts a wide range of businesses globally, from basic chemicals such as methanol and hydrogen peroxide, to fine chemicals such as life science products, meta-xylene derivatives and electronic chemicals, as well as functional materials such as engineering plastics, optical materials, electronic materials and oxygen absorbers.

Building on 30 years of overseas business experience, MGC will continue to strengthen its international presence, particularly in growing Asian markets. In April 2009, MGC initiated a new medium-term management plan, *MGC Will 2011*, with the aim of producing sustainable growth as a highly differentiated, widely recognized chemicals group operating from a strong platform of proprietary technology.

Management Philosophy

MGC is fully committed to making contributions towards development in harmony with society through the creation of a diverse range of value based on chemistry.

We are a transparent company, where all employees work towards a common goal.

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Forward-Looking Statements

Statements in this annual report with respect to MGC's plans, strategies and beliefs, as well as other statements that are not historical facts, are forward-looking statements involving risks and uncertainties. Various factors could cause actual results to differ materially from such statements.

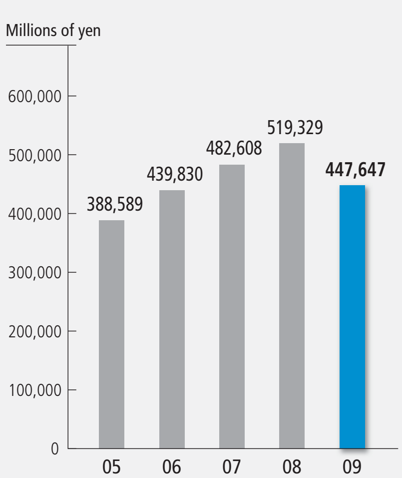
Financial Highlights

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the years ended March 31, 2009, 2008 and 2007

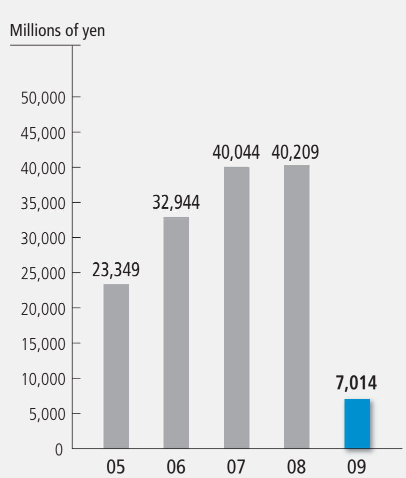
	Millions of yen			Percentage change	Thousands of U.S. dollars
	2009	2008	2007	2009/2008	2009
For the year:					
Net sales	¥447,647	¥519,329	¥482,608	(13.8)%	$4,557,131
Operating income (loss)	(3,104)	47,367	42,220	—	(31,599)
Net income	7,014	40,209	40,044	(82.6)	71,403
Return on assets (ROA) (%)	1.3	6.6	6.8	(5.3) points	
Return on equity (ROE) (%)	2.5	13.7	15.0	(11.2) points	
Capital expenditures	35,120	39,448	29,502	(11.0)	357,528
Depreciation and amortization	28,935	24,521	28,626	18.0	294,554
At year end:					
Total assets	¥530,593	¥601,386	¥609,966	(11.8)%	$5,401,537
Total net assets	272,084	312,021	292,696	(13.0)	2,769,866
Interest-bearing debt	174,933	150,573	163,950	15.9	1,780,851
Per share of common stock (Yen/U.S. dollars):					
Net income—basic	¥ 15.30	¥ 87.01	¥ 86.63	(82.4)%	$ 0.16
Net assets	585.90	654.25	613.64	(10.4)	5.96
Cash dividends	16.00	16.00	14.00	0.0	0.16

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the approximate rate of ¥98.23 = US$1 prevailing on March 31, 2009.
2. Cash dividends for each year represent the total of the interim dividend and the year-end dividend declared as applicable to the respective year.
3. Return on assets = Net income / Average total assets
4. The calculation of return on equity uses net assets excluding minority interests.

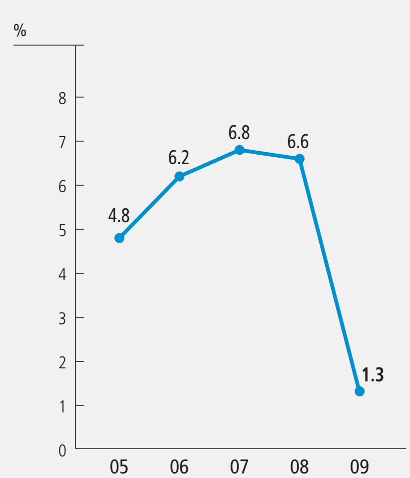
Net Sales



Net Income



Return on Assets (ROA)



Kazuo Sakai, President (left), and Hideki Odaka, Chairman

In the year ended March 31, 2009, we continued to focus management resources to strengthen our core businesses, reinforce our domestic R&D structure, strengthen our management infrastructure and improve profitability to achieve further growth in line with the aims of *Kyoso 2008*.

Operating Environment and Results

The Japanese economy showed signs of slowing from the start of fiscal 2008, the year ended March 31, 2009, and this accelerated dramatically following the Lehman bankruptcy in September. The deepening of the financial crisis caused rapid falls in commodity markets, and the real economy also showed a pronounced deterioration.

The business environment for Mitsubishi Gas Chemical Company, Inc. ("MGC") and its group of companies (the "MGC Group" or the "Group") was severe throughout the year, with high raw material costs in the first half of the year followed by a collapse in commodity prices and a significant drop in demand in the second half.

The MGC Group's efforts during fiscal 2008 were directed at maintaining and improving sales volumes and prices, while implementing initiatives to generate growth and strengthen the Group's management foundation in line with the core policies outlined in *Kyoso 2008*, MGC's medium-term management plan that ended on March 31, 2009. Despite these efforts, revenue and earnings both declined, with consolidated net sales for fiscal 2008 decreasing ¥71,682 million, or 13.8 percent, compared with the previous fiscal year to ¥447,647 million. A consolidated operating loss of ¥3,104 million was recorded, representing a deterioration of ¥50,471 million. Consolidated ordinary income decreased ¥54,785 million, or 88.7 percent, to ¥6,975 million. Consolidated net income decreased ¥33,195 million, or 82.6 percent, to ¥7,014 million.

Policy on Stockholder Returns and Dividends for Fiscal 2008

MGC considers returning earnings to stockholders to be one of the most important tasks in the management of the MGC Group. MGC's basic policy is 1) to determine the optimum amounts of profit to allocate for stockholder distribution and to retain for increasing MGC's future corporate value based on comprehensive consideration from a medium-to-long-term perspective of such factors as business performance, capital expenditure plans, and maintaining and improving the Group's financial position; 2) to determine dividend amounts from the combined perspectives of performance and stability; and 3) to increase capital efficiency by flexibly implementing share buybacks while observing the market environment.

Based on this policy, MGC's year-end dividend payout for fiscal 2008 was ¥8.00 per share, the same as its announced forecast. Because the interim dividend for fiscal 2008 was also ¥8.00 per share, total annual dividends for the fiscal year were ¥16.00 per share, the same as for the previous year, resulting in a consolidated dividend payout ratio of 104.2 percent.

Challenges for Fiscal 2009

Having felt the impact of the rapid global economic slowdown from the second half of the previous year, considerable concerns remain for fiscal 2009, the year ending March 31, 2010, with regard to the recovery of the U.S. economy and ongoing weakness in domestic demand. The business environment is therefore expected to remain severe. The MGC Group will be taking specific steps such as adjusting production to reflect trends in actual demand, reducing inventory, and minimizing overall costs while working to achieve the targets of *MGC Will 2011* (introduced on pages 4-6).

Based on the MGC Group management philosophy of "developing in harmony with society through using chemistry to create diverse value," MGC aims to realize CSR in all its activities while developing and growing sustainably on a global stage as a highly differentiated, widely recognized chemicals group operating from a strong platform of proprietary technology.

June 2009

Hideki Odaka

Hideki Odaka
Representative Director,
Chairman

K. Sakai

Kazuo Sakai
Representative Director,
President

MGC Will 2011: Continuously Making MGC Stronger, More Global and More Innovative

Achievements under the Previous Medium-Term Management Plan *Kyoso 2008*

During the term of *Kyoso 2008*, the previous medium-term management plan that ran from April 2006, the MGC Group's key strategic theme was to shift to a focus on growth, with a series of active investments undertaken in Japan and overseas that exceeded the level of depreciation and amortization expenses. At the same time the Group benefited from a favorable economic environment, and in reaching record earnings consecutively in fiscal 2006 and fiscal 2007 achieved all the plan goals set out with regard to management indices for those years. In the final year of *Kyoso 2008*, however, the Group was heavily affected by the sudden global economic slowdown from the second half of the year, and MGC's business performance for the year suffered accordingly.

Management indices set out in the previous medium-term management plan *Kyoso 2008* were as follows.

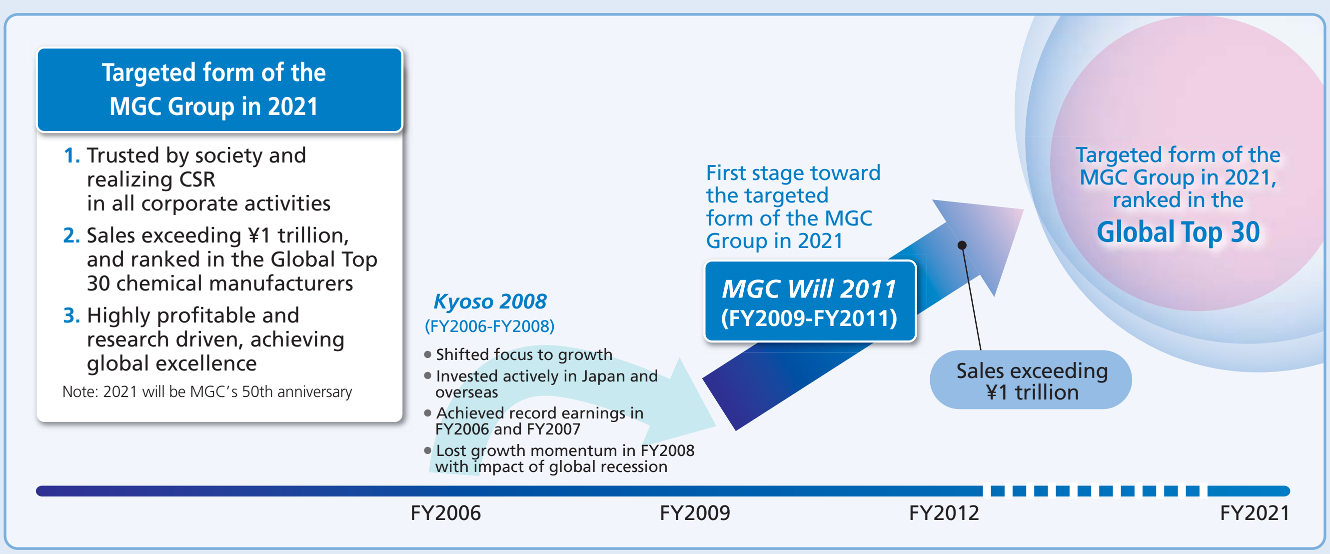
Billions of yen

Consolidated Financial Indices	Target	FY2006	FY2007	FY2008
Ordinary Income	¥55.0	¥61.7	¥61.7	¥6.9
ROA (Ordinary Income / Average Total Assets)	9.0% or higher	10.5%	10.2%	1.2%
Debt / Equity Ratio	0.6 or less	0.58	0.50	0.66

The New Medium-Term Management Plan *MGC Will 2011*

Given the uncertain economic outlook, it is not realistic to expect to achieve strong growth over the next few years. The new medium-term management plan has therefore been based on first considering the type of business the MGC Group should aim to become by 2021, which will mark 50 years since MGC's establishment. Group targets were then established by all divisions for the period through to March 2012, which is the first step in realizing the aims for 2021, and incorporated into *MGC Will 2011*, the new medium-term management plan that commenced April 2009. Use of the word 'will' in the title of the business plan expresses the strong intention throughout the MGC Group of achieving the plan's goals.

The main policies and quantitative targets in the plan are outlined below.



MGC Will 2011
New Medium-Term Management Plan for FY2009-FY2011

Group Vision

MGC aims to realize CSR in all its activities while developing and growing sustainably on a global stage as a highly differentiated, widely recognized chemicals group operating from a strong platform of proprietary technology.

Basic Strategies

1. Strengthen and expand core businesses

1. Adopt differentiation strategies tailored to each business
2. Concentrate resources in areas of growth and competitive advantage

2. Accelerate new product development and commercialization

1. Focus on growth sectors: IT electronics, the environment and energy, life sciences, food and packaging materials
2. Closely align technologies with market needs
3. Strengthen the chemical chain by developing and adopting new processes
4. Mobilize Group R&D resources to create synergies
5. Enhance utilization of MGC's technology platform

3. Improve total enterprise quality in support of sustainable growth

1. Achieve zero accidents and disasters, and contribute to reduced environmental impact
2. Recruit and foster capable personnel
3. Reduce costs, improve productivity and fine-tune existing technologies
4. Construct a more robust financial foundation
5. Enhance global group management

Consolidated Targets for FY2011

Net Sales	¥550.0 billion
Operating Income	¥40.0 billion
Ordinary Income	¥50.0 billion
Return on Assets (ROA)*	9.0%
Debt / Equity Ratio	Below 0.6

* In *MGC Will 2011*, ROA = Ordinary income / Average total assets

Assumptions of Plan

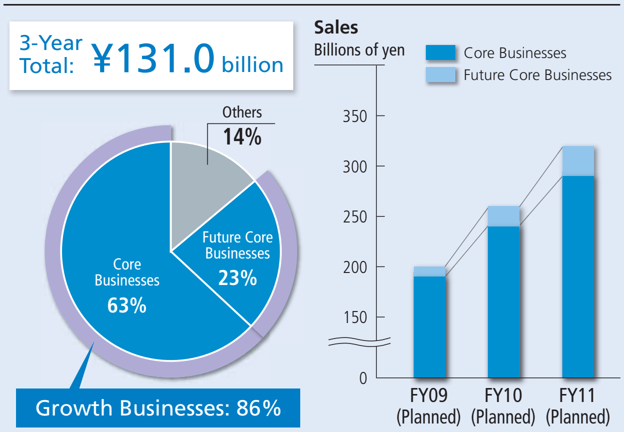
	FY2009	FY2010	FY2011
Exchange rate	¥90/$1	→	→
Crude oil (WTI)	$60/bbl	$70/bbl	$80/bbl

1. Strengthen and expand core businesses

In continuation of the previous plan, the MGC Group will continue to emphasize the allocation of resources to the development of a superior product portfolio. Under *MGC Will 2011*, however, the Group's extensive product range, which covers everything from basic chemicals through to high-performance materials, will be newly classified into one of two groups: chemical chain or high performance. By establishing differentiation strategies that reflect the different characteristics of products within these groups, and by concentrating management resources as appropriate, MGC will work to strengthen and expand its core businesses.

Breakdown of Consolidated Investment FY2009-FY2011

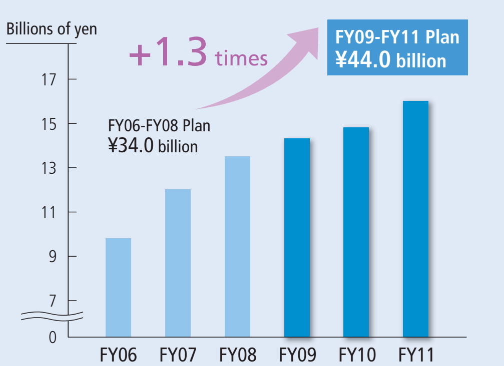
Amount of new investment in property, plant and equipment / investment securities, etc.



2. Accelerate new product development and commercialization

MGC will also take steps to accelerate the pace of new product development and commercialization. Key issues to be addressed in this respect include making use of the technology platform developed under the previous medium-term plan, aligning the multiple technologies in the Group with the actual needs of the market place, and realizing synergies between Group companies and divisions.

Research and Development Costs



3. Improve total enterprise quality in support of sustainable growth

At the same time, MGC will pursue sustainable growth by taking steps to improve total enterprise quality in every facet of operations. Important management issues identified in the new plan include achieving zero accidents or disasters, actively contributing to the reduction of environmental impact, recruiting and fostering personnel, reducing costs, improving productivity, fine-tuning existing technologies, constructing a more robust financial foundation, and enhancing global Group management.

For a detailed explanation of the new medium-term management plan, please refer to the Investor Relations section of MGC's website.
http://www.mgc.co.jp/eng/ir

Corporate Governance Policy

At Mitsubishi Gas Chemical Company, Inc. ("MGC" or "the Company"), the establishment and maintenance of a sound and transparent management system is a key management issue, and a number of measures are being pursued with the aim of improving transparency, ensuring fairness, and accelerating decision-making.

The Company has adopted an executive officer system and positioned the Board of Directors as the organization responsible for deciding important management issues, including basic policies, and for overseeing business execution. This has strengthened governance and enhanced the operational framework by clarifying functions and responsibilities. MGC has also adopted an internal company system for its business divisions, which has clarified responsibility and improved management performance.

MGC aims to enhance the transparency and fairness of management through internal audits performed by the Company's Board of Corporate Auditors and will develop effective corporate governance through appropriate disclosure of management information.

The MGC Group aims to realize corporate social responsibility (CSR) in all its activities while developing and growing sustainably on a global stage as a highly differentiated, widely recognized chemicals group operating from a strong platform of proprietary technology.

Corporate Governance System and Execution Status

Management System for Decision-making and Business Execution

MGC uses a corporate auditor system, and has adopted an executive officer system to oversee the execution of duties, which clearly separates the decision-making of management and supervisory functions from business execution.

The Board of Directors has been positioned as the organization that decides basic management policies as well as important matters relating to items decreed by law and the Company's articles of incorporation, and oversees business execution, whereas the executive officers are responsible for business execution.

Matters that may have a significant effect on the Company are decided after multifaceted consideration. The Management Council deliberates on management policies and the Operations Council deliberates on specific plans for their implementation. Moreover, MGC receives advice from attorneys and other experts when necessary for decision-making and business execution in the course of corporate management.

The Company's articles of incorporation provide that the number of directors is limited to 15; that voting on the election of directors must be carried out with at least one-third of shareholders with voting rights in attendance, holding a majority of voting rights; and that voting not be carried out based on a cumulative vote. Other provisions of the Company's articles of incorporation are that in order to enable flexible distribution of retained earnings, as stipulated in Article 459, Paragraph 1 of the Corporation Law, except where otherwise provided for by law, resolutions on distribution may be carried out by the Board of Directors without a resolution of the General Meeting of Shareholders; in order that the Board of Directors and corporate auditors fulfill their roles as expected, pursuant to Article 426, Paragraph 1 of the Corporation Law, directors (including former directors) and corporate auditors (including former corporate auditors), as defined by Article 423, Paragraph 1 of the Corporation Law may be exempted from liability for damages by resolution of the Board of Directors to the extent provided by law; and in order to ensure smooth operation of the General Meeting of Shareholders, a quorum for extraordinary resolutions must comprise at least one-third of the voting rights of all shareholders.

Auditing System

MGC's Board of Corporate Auditors is composed of five corporate auditors (three full-time), three of whom are outside corporate auditors. MGC has entered into limited liability contracts with the outside corporate auditors, limiting the amount pursuant to Article 427, Paragraph 1 of the Corporation Law, concerning liability for damages as defined by Article 423, Paragraph 1 of the same law.

In the course of auditing the business execution of MGC, each corporate auditor attends meetings of the Board of

Directors and other important meetings, audits MGC departments, and carries out surveys of subsidiaries. In doing so, they monitor the process of important decision-making and business execution to ensure rational decision-making as well as compliance with laws and corporate ethics. They also audit business execution. In addition, MGC assigns specialized staff to assist in the corporate auditors' duties.

The Internal Audit Division (nine internal auditors, two full-time, seven part-time) was established to enhance internal controls and to raise business management efficiency. In order to confirm the proper execution of business, internal audits are conducted based on an annual plan. The corporate auditors and the Internal Audit Division cooperate in the execution of audit duties, providing regular reporting and attending meetings. In order to ensure that MGC and its Group companies construct, maintain and operate internal controls appropriately, while correctly and appropriately fulfilling the internal control reporting system requirements stipulated by the Financial Instruments and Exchange Law, MGC has established an Internal Control Promotion Committee headed by the director responsible for the Internal Audit Division.

Pursuant to the Corporation Law, the Company has appointed Toyo Horwath as its independent auditor, and delegates auditing responsibilities to it pursuant to the Financial Instruments and Exchange Law. The auditing team for fiscal 2008 consisted of Tamotsu Kinjo, Chisato Kitayama and Akio Enokura, assisted by 16 other certified public accountants. The corporate auditors and independent auditors cooperate in the execution of audit duties, providing regular reporting and attending meetings.

In addition, the Internal Audit Division and the independent auditor exchange opinions as appropriate on matters including response to the Internal Control Reporting System.

For risks associated with conducting business, MGC uncovers and assesses various risks within the above noted business execution and internal control system, and takes appropriate measures for prevention, avoidance, mitigation and removal. In addition, in the event a major risk materializes, MGC will respond by establishing a temporary framework as appropriate in accordance with internal rules.

Relationships with Outside Directors and Outside Corporate Auditors

MGC does not appoint outside directors.

MGC has appointed three outside corporate auditors. Ichiei Noguchi previously worked for The Bank of Tokyo-Mitsubishi UFJ, Ltd., and holds 3,000 shares of MGC's stock. Although MGC conducts routine financial transactions with The Bank of Tokyo-Mitsubishi UFJ, Ltd., the outside corporate auditor has no special interest in MGC. Wataru Taguchi is representative director of Nissay Asset Management Corporation, and Yoshimasa Nihei is head of research and safety management as Vice President of Tokyo University of Science. The above company or university have no particular business relationship with MGC, and the two individuals have no special interest in MGC.

Compensation of Directors and Corporate Auditors

Total compensation paid to directors and corporate auditors in fiscal 2008, ended March 31, 2009, was as follows.

Compensation paid to directors:	¥497 million
Compensation paid to corporate auditors:	¥91 million (including ¥40 million paid to outside corporate auditors)
Total:	¥588 million

Notes: 1. The above compensation includes a fiscal 2008 increase in the reserve for retirement benefits for directors and corporate auditors (¥101 million for directors).

2. In addition to the compensation above, pursuant to the 81st Annual General Meeting of Stockholders held on June 26, 2008, ¥137 million in retirement benefits was paid to one retiring director and one retiring corporate auditor. Furthermore, in conjunction with the abolishment of the retirement benefits system for corporate auditors, a resolution was passed at the 80th Annual General Meeting of Stockholders held June 28, 2007 to pay retirement benefits of ¥34 million to three corporate auditors currently employed.

Compensation of the Independent Auditor

Millions of yen

Classification	Fiscal 2007		Fiscal 2008	
	Compensation for auditing services	Compensation for non-auditing services	Compensation for auditing services	Compensation for non-auditing services
Submitting company	—	—	¥63	—
Consolidated subsidiaries	—	—	12	—
Total	—	—	¥75	—

Board of Directors, Corporate Auditors and Executive Officers

As of July 1, 2009

Representative Director; Chairman

Hideki Odaka

Representative Director; President

Kazuo Sakai

Representative Director; Senior Managing Executive Officer

Kuniaki Kawakami

In charge of compliance and risk management; Chairman of Internal Control Promotion Committee; In charge of Internal Audit Division and Administrative & Personnel Center

Representative Director; Senior Managing Executive Officer

Yoshishige Yamazaki

President of Natural Gas Chemicals Company

Directors; Managing Executive Officers

Kozo Tsukamoto
President of Aromatic Chemicals Company

Kuniaki Ageishi
In charge of Research & Technology Development Division and Environment & Safety Division

Yuh Miyauchi
President of Information & Advanced Materials Company

Jin Hata
Member of Internal Control Promotion Committee; In charge of Finance & Accounting Center and Corporate Communications Division

Kunio Oya
Member of Internal Control Promotion Committee; In charge of Corporate Planning Division and Purchasing & Logistics Center

Toshikiyo Kurai
President of Specialty Chemicals Company

Corporate Auditors

Takao Kawaki

Shoji Uematsu

Outside Corporate Auditors

Ichiei Noguchi

Wataru Taguchi

Yoshimasa Nihei

Executive Officers

Makoto Mizutani
In charge of Maintenance Center; Executive Assistant to Director in charge of Research & Technology Development Division and Environment & Safety Division

Norio Konishi
General Manager, Methanol & DME Project Division, Natural Gas Chemicals Company

Masami Orisaku
General Manager, Planning & Development Division, Natural Gas Chemicals Company; General Manager, Basic & Intermediate Chemicals Division, Natural Gas Chemicals Company

Yukio Sakai
General Manager, Aromatic Chemicals Division I, Aromatic Chemicals Company

Hideyuki Takahashi
General Manager, Oxygen Absorbers Division, Information & Advanced Materials Company

Katsuhiko Sugita
General Manager, Finance & Accounting Center

Tomio Kato
Administrative Project Manager, China Hydrogen Peroxide Project and China Polycarbonate Project, Specialty Chemicals Company

Takayuki Watanabe
General Manager, Electronic Materials Division, Information & Advanced Materials Company

Tsukasa Sawai
General Manager, Kashima Plant, Specialty Chemicals Company

Yoshihiro Yamane
General Manager, Research & Technology Development Division; General Manager, MGC Chemical Analysis Center, Research & Technology Development Division

Shigenobu Ono
General Manager, Mizushima Plant, Aromatic Chemicals Company

Kunio Kawa
General Manager, Corporate Planning Division; Group Manager, Group Management Division, Corporate Planning Division

Executive General Manager

Kinya Tsuji
CEO of BRUNEI METHANOL COMPANY SDN. BHD.

Business Segments

Major Products

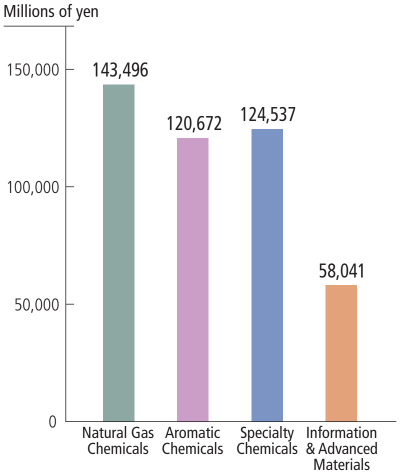
Natural Gas Chemicals

- **Methanol**
- **Methanol and ammonia derivatives:**
  Formalin, ammonia, amines, methyl methacrylate, methacrylic acid esters, dimethyl ether, polyols, etc.
- **Enzymes and coenzymes:**
  Coenzyme Q_{10}, catalase, etc.
- **Energy:**
  Natural gas, crude oil, etc.

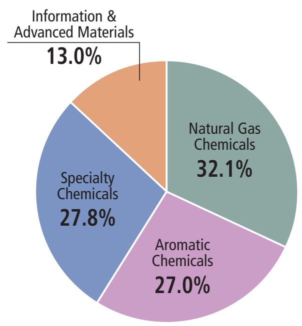
Aromatic Chemicals

- **Commodity aromatic chemicals:**
  Meta-xylene, para-xylene, ortho-xylene, purified terephthalic acid, phthalic anhydride, plasticizers, etc.
- **Specialty aromatic chemicals:**
  MXDA, Nylon-MXD6, trimellitic anhydride, pyromellitic dianhydride, aromatic aldehydes, purified isophthalic acid, etc.

Net Sales by Segment

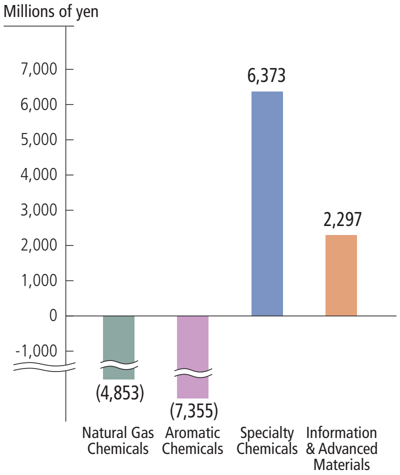


Share of Net Sales



Note: The Share of Net Sales total does not equal 100% because the Other segment has been omitted.

Operating Income (Loss) by Segment



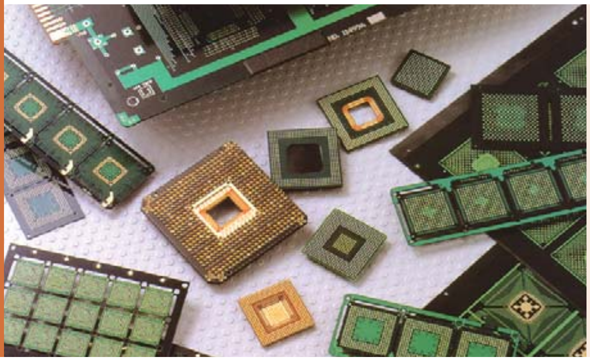
Business Segments

Major Products

Specialty Chemicals

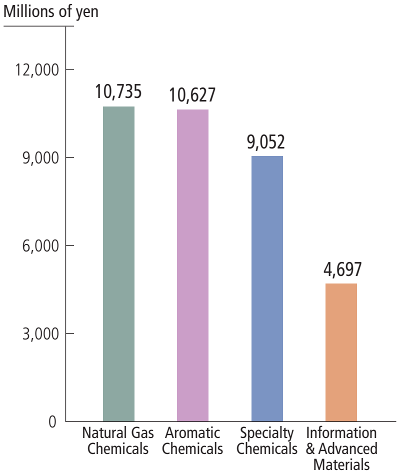
- **Industrial inorganic chemicals:**
  Hydrogen peroxide, sodium percarbonate, persulfates, water treatment agents, etc.
- **Electronic chemicals:**
  Super-pure hydrogen peroxide, chemical polishing fluids, ELM clean® (cleaners for the electronics industry), etc.
- **Engineering plastics:**
  Polycarbonate resin, polyacetal resin, polycarbonate sheets and films, etc.

Information & Advanced Materials

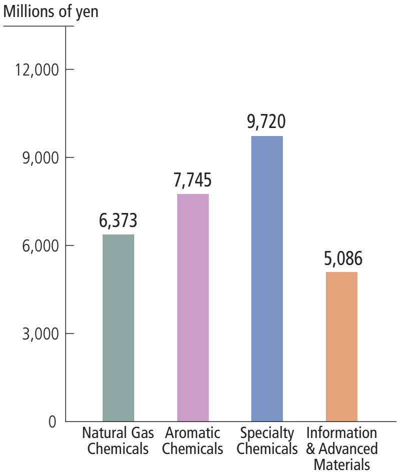


- **Electronic materials:**
  Epoxy resin-based copper-clad laminates, BT resin-based copper-clad laminates, LE Sheet, etc.
- **Oxygen absorbers:**
  AGELESS®, etc.

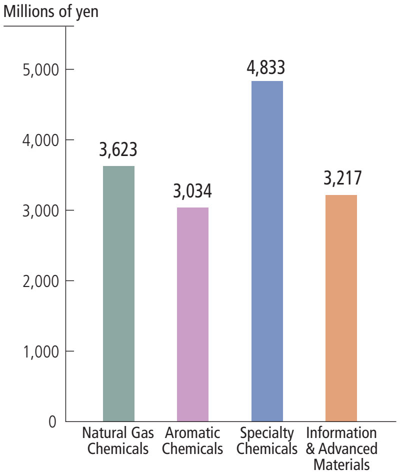
Capital Expenditures by Segment



Depreciation by Segment



Research and Development Expenses by Segment



Natural Gas Chemicals

Yoshishige Yamazaki
Company President

Sales of the Natural Gas Chemicals segment decreased ¥3,111 million, or 2.1 percent, year-on-year to ¥143,496 million, and operating loss was ¥4,853 million, compared with operating income of ¥3,321 million for the previous fiscal year.

In the methanol business, revenue and earnings both fell for the full year. Sales prices in the first half of the year exceeded prices in the first half of the previous year, driven by factors such as strong demand in China for fuel applications. From the third quarter, however, global demand slowed rapidly and commodity prices also fell, with the result that the average price for the full year declined. Earnings from overseas methanol producing companies accounted for by the equity method also declined, affected by the strengthening of the yen.

In methanol and ammonia derivatives, revenue and earnings declined, primarily due to higher repair and maintenance expenses and a sudden decline in sales volumes in the second half of the year.

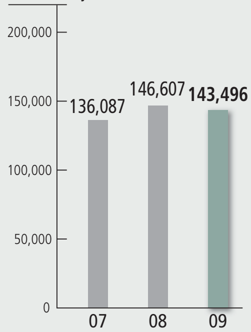
Results from enzymes and coenzymes were largely in line with the previous year, with a fall in the sales price of Coenzyme Q_{10} offset by an increase in sales volume and lower fixed costs.

In the sale of natural gas and other energy, the upward trend in crude oil prices that continued until the end of the first half of the year resulted in increased revenue and earnings.

Increased natural gas exploration costs in the first half of the year also decreased the profitability of the Natural Gas Chemicals segment for fiscal 2008. These exploration activities did not result in the discovery of an economically viable gas field.

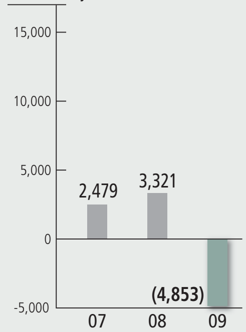
Net Sales

Millions of yen



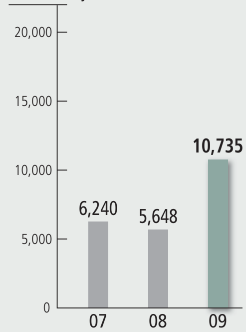
Operating Income (Loss)

Millions of yen



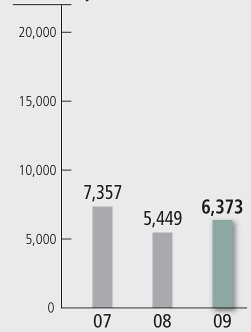
Capital Expenditures

Millions of yen



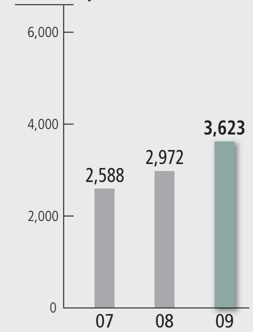
Depreciation

Millions of yen



Research and Development Expenses

Millions of yen



Aromatic Chemicals

Kozo Tsukamoto
Company President

Sales of the Aromatic Chemicals segment decreased ¥22,693 million, or 15.8 percent, to ¥120,672 million, and operating loss was ¥7,355 million, compared with operating income of ¥12,062 million for the previous fiscal year.

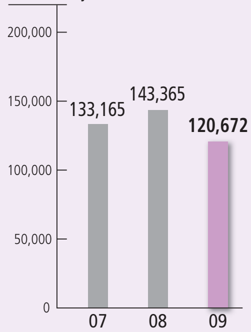
In specialty aromatic chemical products, although favorable sales were recorded for meta-xylenediamine for applications as an epoxy curing agent, and Nylon-MXD6 for applications as a gas barrier in PET bottles, demand for both products for applications in the automotive and home appliance industry fell significantly in the second half of the year. Similarly, while sales of aromatic aldehyde for applications in the agricultural and fragrance industries were strong, sales for applications as a resin additive fell in the second half of the year. Results were also influenced by a strengthening of the yen and an increase in depreciation and amortization costs, and for the full year both revenue and earnings declined.

At A.G. International Chemical Co., Inc., a subsidiary that produces and sells purified isophthalic acid, the market declined as a result of intensifying industry competition. The outcome was also influenced by the strong yen and a sudden drop in demand in the second half of the year, with the result that both revenue and earnings for the year declined significantly.

The revenue and earnings of the Aromatic Chemicals segment also decreased as a result of higher operating expenses arising from write-downs of inventory based on the lower-of-cost-or-market method.

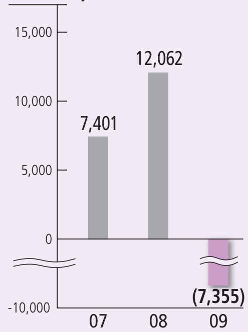
Net Sales

Millions of yen



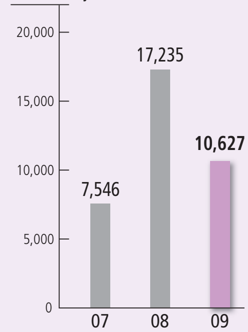
Operating Income (Loss)

Millions of yen



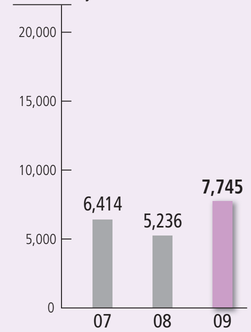
Capital Expenditures

Millions of yen



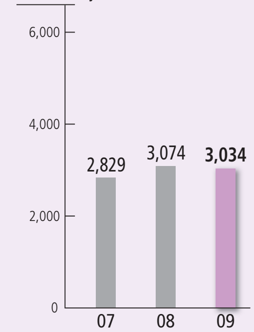
Depreciation

Millions of yen



Research and Development Expenses

Millions of yen



Specialty Chemicals

Toshikiyo Kurai
Company President

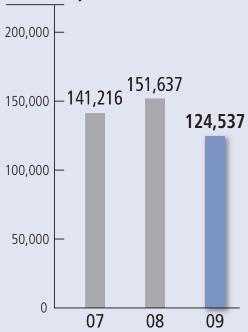
Sales of the Specialty Chemicals segment decreased ¥27,100 million, or 17.9 percent, to ¥124,537 million, and operating income decreased ¥9,797 million, or 60.6 percent, to ¥6,373 million.

Inorganic chemicals for industrial use recorded lower revenue and earnings. Overall sales volumes decreased, with a particularly strong impact from a fall in demand for hydrogen peroxide in the second half of the year.

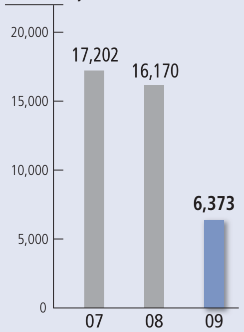
Revenue and earnings from chemicals for the electronics industry declined, with slow demand in the first half of the year and a significant fall in demand in the second half.

The engineering plastics business also recorded substantially lower revenue and earnings despite relatively firm ongoing demand for polyacetal. This was due to a sharp decline in demand for polycarbonate and sluggish sales in polycarbonate film for flat panel displays.

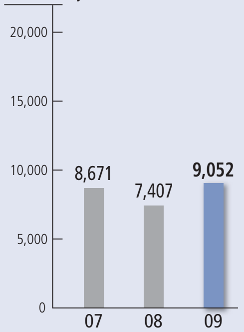
Net Sales
Millions of yen



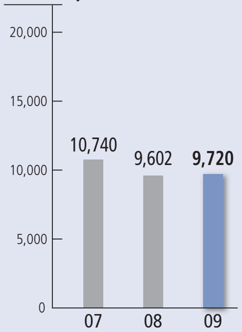
Operating Income
Millions of yen



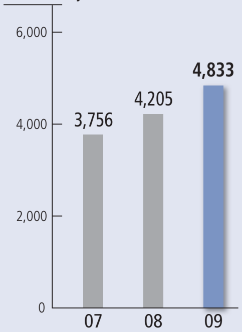
Capital Expenditures
Millions of yen



Depreciation
Millions of yen



Research and Development Expenses
Millions of yen



Information & Advanced Materials

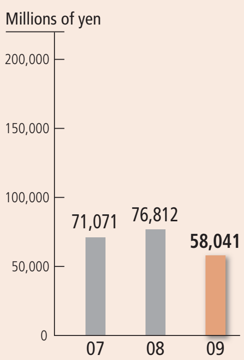
Yuh Miyauchi
Company President

Sales of the Information & Advanced Materials segment decreased ¥18,771 million, or 24.4 percent, to ¥58,041 million, and operating income decreased ¥12,930 million, or 84.9 percent, to ¥2,297 million.

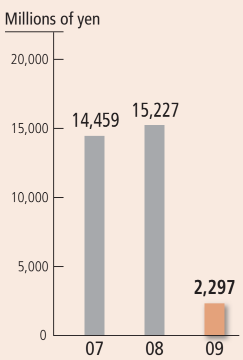
Revenue and earnings from materials for printed circuit boards decreased substantially. Demand for mobile phone and memory applications, which had been slow from the start of the year, declined further in the second half, during fall 2008. Higher depreciation and amortization on new production equipment at subsidiary Electrotechno Co., Ltd. also contributed to the decline. Sales of LE sheets, the entry sheets used in mechanical drilling of printed circuit boards, declined rapidly in the second half of the year, leading to lower revenue and earnings.

Sales of oxygen absorber AGELESS® were relatively firm, with revenue and earnings in line with the previous year despite the impact of strong competition in sales to the food industry.

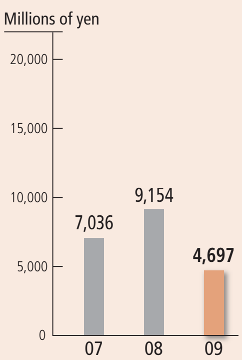
Net Sales



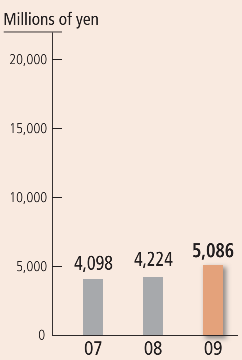
Operating Income



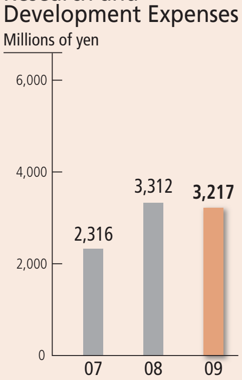
Capital Expenditures



Depreciation



Research and Development Expenses



Other

Sales of the Other segment decreased ¥7 million, or 0.8 percent, to ¥901 million, and operating income increased ¥77 million, or 15.6 percent, to ¥572 million.

Six-Year Summary

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the years ended March 31, 2009, 2008, 2007, 2006, 2005 and 2004

	Millions of yen					
	2009	2008	2007	2006	2005	2004
For the year:						
Net sales	¥447,647	¥519,329	¥482,608	¥439,830	¥388,589	¥340,711
Chemical products	—	—	—	—	223,952	188,984
Advanced materials	—	—	—	—	138,976	127,991
Other products	—	—	—	—	25,661	23,736
Natural Gas Chemicals	143,496	146,607	136,087	117,629	112,172	—
Aromatic Chemicals	120,672	143,365	133,165	129,097	110,045	—
Specialty Chemicals	124,537	151,637	141,216	123,308	106,541	—
Information and Advanced Materials	58,041	76,812	71,071	68,392	57,890	—
Other	901	908	1,069	1,404	1,941	—
Gross profit	52,021	102,179	91,679	87,136	75,363	55,711
Selling, general and administrative expenses	55,125	54,812	49,459	48,166	44,494	40,776
Operating income (loss)	(3,104)	47,367	42,220	38,970	30,869	14,935
Net income	7,014	40,209	40,044	32,944	23,349	10,622
R&D costs	14,707	13,563	11,489	10,702	10,726	10,516
Capital expenditures	35,120	39,448	29,502	17,484	18,591	12,505
Depreciation and amortization	28,935	24,521	28,626	18,759	19,430	19,519
At year end:						
Total assets	¥530,593	¥601,386	¥609,966	¥564,484	¥494,577	¥475,117
Current assets	215,299	268,660	275,926	242,255	208,365	191,775
Current liabilities	161,088	213,531	221,669	221,650	197,045	199,885
Working capital	54,211	55,129	54,257	20,605	11,320	(8,110)
Total net assets	272,084	312,021	292,696	259,339	203,307	180,524
Interest-bearing debt	174,933	150,573	163,950	161,806	167,059	184,299
Per share of common stock (Yen):						
Net income—basic	¥ 15.30	¥ 87.01	¥ 86.63	¥ 70.98	¥ 50.41	¥ 22.91
Net income—diluted	14.97	85.13	85.64	—	—	—
Net assets	585.90	654.25	613.64	543.12	439.60	390.23
Cash dividends	16.00	16.00	14.00	10.00	6.00	4.00
Ratios:						
Gross profit margin (%)	11.6	19.7	19.0	19.8	19.4	16.4
Operating income margin (%)	(0.7)	9.1	8.7	8.9	7.9	4.4
Return on sales (%)	1.6	7.7	8.3	7.5	6.0	3.1
Return on assets (ROA) (%)	1.3	6.6	6.8	6.2	4.8	2.3
Return on equity (ROE) (%)	2.5	13.7	15.0	14.5	12.2	6.2
Current ratio (times)	1.34	1.26	1.24	1.09	1.06	0.96
Net assets ratio (%)	49.9	50.3	46.5	44.5	41.1	38.0
Number of employees	4,902	4,686	4,561	4,466	4,426	4,537

Notes: 1. Business segments were reclassified in the year ended March 31, 2006. Figures for 2005 have been restated for reference.
2. Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standards Board of Japan, Statement No. 5, December 9, 2005) and Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standards Board of Japan, Guidance No. 8, December 9, 2005) are applied as of the fiscal year ended March 31, 2006. Figures for previous years use stockholders' equity.
3. Diluted net income per share for 2004, 2005 and 2006 is not presented because there were no residual securities such as bonds with stock options or warrants.
4. Cash dividends for each year represent the total of the interim dividend and the year-end dividend declared as applicable to the respective year.
5. Return on assets = Net income / Average total assets
6. The calculation of return on equity and the net assets ratio uses net assets excluding minority interests.

Sales and Income

During the fiscal year ended March 31, 2009, raw material prices were high in the first half of the year, followed by a sudden drop in commodity prices and a significant decline in demand in the second half. As a result, consolidated net sales for the year were ¥447,647 million (a decrease of ¥71,682 million, or 13.8 percent, compared with the previous fiscal year). Consolidated operating loss was ¥3,104 million (a deterioration of ¥50,471 million), and consolidated ordinary income was ¥6,975 million (a decrease of ¥54,785 million, or 88.7 percent). Consolidated net income for the year was ¥7,014 million (a decrease of ¥33,195 million, or 82.6 percent).

Performance by Business Segment

Natural Gas Chemicals Segment

In the methanol business, revenue and earnings both fell for the full year. Sales prices in the first half of the year exceeded prices in the first half of the previous year, driven by factors such as strong demand in China for fuel applications. From the third quarter, however, global demand slowed rapidly and market prices also fell, with the result that the average price for the full year declined. Earnings from overseas methanol-producing companies accounted for by the equity method also declined, affected by the strengthening of the yen.

In methanol and ammonia derivatives, revenue and earnings declined, primarily due to higher repair and maintenance expenses and a sudden decline in sales volumes in the second half of the year.

Results from enzymes and coenzymes were largely in line with the previous year, with a fall in the sales price of coenzyme Q_{10} offset by an increase in sales volume and lower fixed costs.

In the sale of natural gas and other energy, the upward trend in crude oil prices that continued until the end of the first half of the year resulted in increased revenue and earnings.

Increased natural gas exploration costs in the first half of the year also affected revenue and earnings in this business segment. Sales of the Natural Gas Chemicals segment were ¥143,496 million (a decrease of ¥3,111 million, or 2.1 percent), and operating loss was ¥4,853 million (a deterioration of ¥8,174 million). The abovementioned exploration activities did not result in the discovery of an economically viable gas field.

Aromatic Chemicals Segment

In specialty aromatic chemical products, although favorable sales were recorded for meta-xylenediamine for applications as an epoxy curing agent, and Nylon-MXD6 for applications as a gas barrier in PET bottles, demand for both products for applications in the automotive and home appliance industry fell significantly in the second half of the year. Similarly, while sales of aromatic aldehyde for applications in the agricultural and fragrance industries were strong, sales for applications as a resin additive fell in the second half of the year. Results were also influenced by a strengthening of the yen and an increase in depreciation and amortization costs, and for the full year both revenue and earnings declined.

At A.G. International Chemical Co., Inc., a subsidiary that produces and sells purified isophthalic acid, the market declined as a result of intensifying industry competition. The outcome was also influenced by the strong yen and a sudden drop in demand in the second half of the year, with the result that both revenue and earnings for the year declined significantly.

Results were also affected by higher operating expenses arising from write-downs of inventory based on the lower-of-cost-or-market method. Sales of the Aromatic Chemicals segment were ¥120,672 million (a decrease of ¥22,693 million, or 15.8 percent), and operating loss was ¥7,355 million (a deterioration of ¥19,417 million).

Specialty Chemicals Segment

Inorganic chemicals for industrial use recorded lower revenue and earnings. Overall sales volumes decreased, with a particularly strong impact from a fall in demand for hydrogen peroxide in the second half of the year.

Revenue and earnings from chemicals for the electronics industry declined, with slow demand in the first half of the year and a significant fall in demand in the second half.

The engineering plastics business also recorded substantially lower revenue and earnings despite relatively firm ongoing demand for polyacetal. This was due to a sharp decline in demand for polycarbonate and sluggish sales in polycarbonate film for flat panel displays.

As a result, sales of the Specialty Chemicals segment were ¥124,537 million (a decrease of ¥27,100 million, or 17.9 percent), and operating income was ¥6,373 million (a decrease of ¥9,797 million, or 60.6 percent).

Information & Advanced Materials Segment

Revenue and earnings from materials for printed circuit boards decreased substantially. Demand for mobile phone and memory applications, which had been slow from the start of the year, declined further in the second half. Higher depreciation and amortization on new production equipment at subsidiary Electrotechno Co., Ltd. also contributed to the decline. Sales of LE sheets, the entry sheets used in mechanical drilling of printed circuit boards, declined rapidly in the second half of the year, leading to lower revenue and earnings.

Sales of oxygen absorber AGELESS® were relatively firm, with revenue and earnings in line with the previous year despite the impact of strong competition in sales to the food industry.

As a result, sales of the Information & Advanced Materials segment were ¥58,041 million (a decrease of ¥18,771 million, or 24.4 percent), and operating income was ¥2,297 million (a decrease of ¥12,930 million, or 84.9 percent).

Other Segment

Sales of the Other business segment were ¥901 million (a decrease of ¥7 million, or 0.8 percent), and operating income was ¥572 million (an increase of ¥77 million, or 15.6 percent).

Assets and Liabilities

Total assets as of March 31, 2009 were ¥530,593 million, a decrease of ¥70,793 million compared with the end of the previous fiscal year.

Current assets were ¥215,299 million, a decrease of ¥53,361 million from a year earlier, primarily due to a reduction in trade notes and accounts receivable.

Fixed assets totaled ¥315,294 million, a decrease of ¥17,432 million from a year earlier. Despite increases in property, plant and equipment and deferred income taxes, fixed assets decreased mainly due to a decrease in investments in securities resulting from a sharp decline in the market value of securities held, concomitant with a fall in stock markets.

Total liabilities were ¥258,509 million, a decrease of ¥30,856 million from a year earlier. Current liabilities decreased ¥52,443 million due to a decrease in trade notes and accounts payable and other items, and non-current liabilities increased ¥21,587 million, primarily due to an increase in long-term debt. Net interest-bearing debt (short-term debt, bonds payable within one year, long-term debt and bonds) totaled ¥174,933 million, an increase of ¥24,360 million.

Net assets totaled ¥272,084 million, a decrease of ¥39,937 million from a year earlier. In addition to the decrease in market value of investments in securities mentioned above, this outcome was influenced by changes in foreign currency translation adjustments relating to the recording of net assets at overseas consolidated subsidiaries and other such items.

As a result, the stockholders' equity ratio was 49.9 percent as of March 31, 2009, compared to 50.3 percent one year earlier. Net assets per share at the end of the period were ¥585.90, compared to ¥654.25 one year earlier.

Cash Flow

Cash and cash equivalents as of March 31, 2009 were ¥53,065 million, an increase of ¥15,830 million from a year earlier.

Net cash provided by operating activities was ¥49,027 million, an increase of ¥8,632 million from the previous fiscal year. Although trade notes and accounts payable decreased, trade notes and accounts receivable also decreased. From the fiscal year ended March 31, 2009, dividend income from companies accounted for by the equity method is recorded as cash flow from operating activities rather than cash flow from investing activities, with an impact for the fiscal year under review of ¥15,382 million.

Net cash used in investing activities was ¥41,254 million, an increase of ¥20,346 million compared with the previous year. This was primarily because of the purchase of property, plant and equipment and investments in securities. Dividends received in the previous fiscal year from companies accounted for by the equity method totaled ¥18,089 million.

Net cash provided by financing activities was ¥11,541 million, compared with net cash used of ¥22,251 million for the previous fiscal year. This was primarily due to an increase in proceeds from long-term debt.

Cash flow indices as of March 31, 2009, 2008 and 2007 were as follows:

	2009	2008	2007
Stockholders' equity ratio (%)	49.9	50.3	46.5
Stockholders' equity ratio (market value basis, %)	35.8	54.5	85.6
Cash flow to net interest-bearing debt (%)	3.6	3.7	7.5
Interest coverage ratio (times)	22.6	18.7	10.8

Stockholders' equity ratio: Stockholders equity/total assets
Stockholders' equity ratio (market value basis): Market value of stockholders' equity/total assets
Cash flow to net interest-bearing debt: Net interest-bearing debt/Cash flow
Interest coverage ratio: Cash flow/interest expenses

Notes: 1. All figures are calculated using consolidated financial data.
2. The market value of stockholders' equity is calculated based on stock issued, excluding treasury stock.
3. "Cash flow" is net cash provided by operating activities.
4. Net interest-bearing debt includes short-term debt and current installments of long-term debt and long-term debt as recorded in the consolidated balance sheets.

Capital Expenditures

Capital expenditures of the MGC Group (the Company and its consolidated subsidiaries) for the year ended March 31, 2009 totaled ¥35,120 million.

By segment, capital expenditures were ¥10,735 million in the Natural Gas Chemicals segment, ¥10,627 million in the Aromatic Chemicals segment, ¥9,052 million in the Specialty Chemicals segment, ¥4,697 million in the Information & Advanced Materials segment, and ¥9 million in the Other segment.

Research and Development Costs

Under the medium-term management plan *Kyoso 2008*, the MGC Group worked to realize its Group vision of sustainable growth as a highly profitable, research-driven corporate group. To that end, the Company actively conducted research and development in close cooperation with subsidiaries in line with the basic strategies of the plan, which were to deploy an in-depth differentiation strategy for further growth and to strengthen the management infrastructure.

The R&D organization consists of the three research laboratories in Tokyo, Niigata and Hiratsuka and the MGC Chemical Analysis Center, as well as the Research & Technology Development Division within the Corporate Group, the planning and development divisions of internal companies, and the technical research departments of each plant. With this structure, MGC is promoting more efficient and speedy cultivation of new product lines by further enhancing the extensive technology platform it has built up, creating synergy by combining these technologies, and conducting research and development that leverages the Group's capabilities through joint development with and consignment of research to subsidiaries. Moreover, MGC plans to integrate and restructure the Tokyo Research Laboratory and the neighboring Tokyo Techno-Center to form the Tokyo Techno Park, which is scheduled for completion in fall 2009. This new facility will be an urban research and development base focusing on research of specialty chemicals and advanced materials.

The MGC Group's research and development staff, including the research and development divisions of subsidiaries, numbers 668 people, or approximately 14 percent of all employees. Total research and development costs for the year ended March 31, 2009 were ¥14,707 million. Research and development costs by segment were ¥3,623 million in the Natural Gas Chemicals segment, ¥3,034 million in the Aromatic Chemicals segment, ¥4,833 million in the Specialty Chemicals segment, and ¥3,217 million in the Information & Advanced Materials segment.

Consolidated Forecast for the Fiscal Year Ending March 31, 2010

Although there is some expectation that the current economic situation may see an impact from the completion of inventory adjustments and the implementation of various government economic stimulus packages around the world, considerable concern remains with regard to factors such as the potential for a delay in the recovery of the U.S. economy or ongoing weakness in domestic demand. For these reasons, the business environment is expected to remain severe.

In the MGC Group, initiatives during the year will be based on the policies outlined in the new medium-term business plan *MGC Will 2011*, which commenced on April 1, 2009. The key strategic themes in this plan are: *strengthen and expand core businesses; accelerate new product development and commercialization;* and *improve total enterprise quality in support of sustainable growth.* MGC aims to develop and grow sustainably on a global stage as a highly differentiated, widely recognized chemicals group operating from a strong platform of proprietary technology.

Financial performance for the year ending March 31, 2010 is expected to be influenced by factors such as depreciation and amortization arising from the activation of new plant and equipment and increases in retirement benefit and other fixed expenses. However, some improvement in the supply and demand situation may be seen from the second half of the year, and operating income is forecast to increase. Earnings from overseas methanol-producing companies accounted for by the equity method are forecast to be significantly lower, affected by lower average sales prices for the year ending March 31, 2010.

Consolidated full-year forecasts for the year ending March 31, 2010 are for net sales of ¥380 billion, operating income of ¥8 billion, ordinary income of ¥7 billion, and net income of ¥6 billion.

Premised on the achievement of the above performance forecasts, MGC plans to pay an interim dividend and a year-end dividend of ¥6.00 per share each.

The ¥/US$ exchange rate used as the basis for these forecasts is ¥90/US$1.

Business and Other Risks

The following are the main foreseeable risks that have the potential to affect the MGC Group's operating results, stock price and financial condition.

Please note that the following does not represent an exhaustive list of risks. All forward-looking statements in the text are based on the judgment of the MGC Group as of June 25, 2009.

1) Economic Conditions

The business revenues of the MGC Group are affected by economic conditions in the countries and regions where the Group's products are sold.

In particular, market-sensitive commodities such as methanol, methanol derivatives and xylene products, are generally prone to declines in sales volume and selling prices during times of economic downturn, which adversely affects the MGC Group's operating results and financial condition. In addition, rapid increases in raw material prices could also have an adverse effect on the MGC Group's operating results and financial condition.

Other factors, including appreciation of the yen, interest rate increases, and downturns in the stock market, could have adverse effects on the MGC Group's operating results and financial condition, such as decreases in sales or increases in expenses or losses.

2) Overseas Business

The MGC Group has established subsidiaries and conducts manufacturing and sales in Asia, North America, South America, the Middle East and other regions. Financial statement items denominated in foreign currencies are translated into Japanese yen for the purpose of preparing the consolidated financial statements. Depending on the exchange rates at the time of translation, this could have an adverse effect on the MGC Group's operating results and financial condition.

Moreover, the MGC Group makes large investments in plant and equipment at overseas subsidiaries. Although the Group takes various measures to mitigate risks, local business activities, including manufacturing, remittance of profits and recovery of investment could become difficult due to local political instability, social or economic turmoil, or other reasons.

Other risks that could have an adverse effect on the MGC Group's operating results and financial condition include problems due to differences in legal systems, the possibility of restrictions by foreign governments on investments, and personnel or labor issues.

3) Business Characteristics

The MGC Group manufactures and sells various chemical products, and conducts its business in a competitive environment. The Group competes mainly on the basis of price in commodity products, and on the basis of categories including price, market trends, quality, function, delivery time and customer service in specialty products and high-value-added products. A rise in the level of competition in these areas could lead to lower selling prices or a decrease in sales volume.

In addition, because of their characteristics, businesses of the MGC Group have risks such as those described below.

For example, the MGC Group purchases raw materials such as mixed xylene, electric power and other items from outside suppliers. The Group takes measures such as purchasing from various suppliers to reduce the risk that procurement will become impossible. However, the inability of a major supplier to deliver necessary raw materials or other items could be detrimental to the Group's production activities.

Many of the MGC Group's manufacturing bases have multiple production facilities that share electricity, water supply, steam and other utilities. Consequently, if a shared utility at any base shuts down due to an accident or other trouble, the production activities of the entire base could be suspended.

The specialty chemical products manufactured and sold by the MGC Group include some products that are sold only to specific customers. The MGC Group reduces risks with measures such as entering into long-term supply contracts with these customers; however, sales could decline if customers discontinue their use of these products.

Electronic materials and other high-performance products, for which the electronics industry is the primary customer segment, typically have a short product life and are constantly exposed to competition in technological innovation. Therefore, sales could decline if existing products become obsolete or if new product development is delayed.

For products other than commodity and basic chemicals, including engineering plastics and specialty chemicals, selling prices could drop and sales volume could decline due to the emergence of cheaper competing products.

The MGC Group takes all possible measures to mitigate these risks, but they could have an adverse effect on the Group's operating results and financial condition.

4) Product Defects

Nearly all of the MGC Group's manufacturing bases conduct production activities in accordance with globally recognized quality management standards, and ship products that conform to specifications agreed upon with customers. However, the possibility exists that defective products could be manufactured or shipped. In the event that a product with a quality defect is shipped, the MGC Group may have to compensate the customer who used the defective product not only for direct damages but also for opportunity loss. In addition, MGC may lose the trust of society.

To deal with this type of risk, the MGC Group has obtained product liability insurance and other liability insurance. However, the full amount of the damages for which the MGC Group is ultimately liable may not be covered by this insurance, and therefore the MGC Group's operating results and financial condition could be adversely affected.

5) Legal Restrictions

The MGC Group handles hazardous chemical substances including poisonous and deleterious substances, hazardous materials and high-pressure gas as part of its business, and is subject to various legal restrictions, both domestically and overseas, at each stage, including manufacturing, storage, distribution and sale. In addition, with rising environmental awareness worldwide, regulations on chemical substances are becoming increasingly stringent, which could disrupt the MGC Group's business activities.

Penalties, social sanctions, remediation costs and other consequences of the failure of the MGC Group to comply with legal regulations related to its business activities could have an adverse effect on the Group's operating results and financial condition.

6) Natural Disasters

The MGC Group has manufacturing bases not only in Japan but also in Asia, North America, South America, the Middle East and other regions. The production activities at these bases could be suspended or otherwise disrupted if equipment is damaged or trouble occurs due to the effects of natural disasters such as earthquakes, windstorms and floods. In some cases, material loss or opportunity loss caused by natural disasters may be excluded from casualty insurance, and thus could have an adverse effect on the MGC Group's operating results and financial condition.

7) Accidents and Disasters

The MGC Group routinely handles hazardous chemical substances including poisonous and deleterious substances, hazardous materials and high-pressure gas as part of its business. Although the MGC Group makes efforts to ensure maintenance and stable operation of production facilities with a world-class security and disaster prevention system, explosions, fires, toxic gas leaks or other accidents may occur as a result of equipment malfunction or human error. Such events could not only damage production facilities, but also, depending on circumstances, damage the area surrounding the production facility or harm customers. The MGC Group takes out fire insurance, profit insurance, oil pollution insurance, liability insurance and other insurance against these risks. However, the MGC Group's operating results and financial condition could be adversely affected if this insurance does not cover the full amount of the damages for which the MGC Group is ultimately liable.

8) Research and Development

The MGC Group conducts basic and applied research to develop new products and processes and improve existing products and processes. Research and development is complex and long-term, and results are uncertain. If the MGC Group does not continue to develop new products that are accepted in the market, or if the markets for products newly developed by the MGC Group do not grow as much as anticipated, the Group's future operating results and financial condition could be adversely affected.

9) Joint Ventures

The MGC Group procures virtually all of its methanol, the Group's largest-selling product when derivatives are included, from joint ventures in Saudi Arabia and Venezuela. The Group also has numerous joint ventures that manufacture other products. Because the MGC Group does not control its joint venture partners, there is no guarantee that the joint venture partners will make decisions that are best for the MGC Group or the joint ventures. Moreover, the partners may not fulfill their obligations under the joint venture agreements. Such circumstances could have an adverse effect on the MGC Group's operating results and financial condition.

10) Intellectual Property

The MGC Group consistently files and obtains patents in Japan and overseas to protect the research findings used in its businesses and licenses, and has entered into numerous patent licensing agreements and technology agreements. The MGC Group works to protect intellectual property with these patent rights and confidentiality agreements. However, failure of these protections could have an adverse effect on the Group's operating results and financial condition.

Consolidated Balance Sheets

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
March 31, 2009 and 2008

ASSETS

	Millions of yen		Thousands of U.S. dollars (note 2)
	2009	2008	2009
Current assets:			
Cash (notes 3 and 6)	¥ 23,209	¥ 30,265	$ 236,272
Trade notes and accounts receivable (note 16)	74,550	139,715	758,933
Short-term investments (notes 4 and 6)	30,846	8,381	314,018
Inventories	65,338	70,246	665,154
Deferred income taxes (note 8)	3,303	5,695	33,625
Other current assets	18,639	15,317	189,749
Less allowance for doubtful receivables	586	959	5,966
Total current assets	215,299	268,660	2,191,785
Property, plant and equipment (notes 6 and 13):			
Buildings and structures	117,709	116,998	1,198,300
Machinery, equipment and vehicles	328,032	311,164	3,339,428
Land	22,993	23,141	234,073
Leased assets	358	—	3,645
Construction in progress	21,474	20,093	218,609
Other	28,031	26,905	285,361
	518,597	498,301	5,279,416
Less accumulated depreciation	351,949	336,562	3,582,908
Net property, plant and equipment	166,648	161,739	1,696,508
Intangible assets, net:			
Goodwill	—	465	—
Leased assets	48	—	489
Software	1,946	2,112	19,810
Other	887	432	9,030
Net intangible assets	2,881	3,009	29,329
Investments and other assets:			
Investments in securities (notes 4, 5 and 6)	121,540	153,921	1,237,300
Long-term loans receivable	3,313	3,376	33,727
Deferred income taxes (note 8)	15,271	4,876	155,462
Other investments and other assets (notes 5 and 7)	7,222	6,466	73,521
Less allowance for doubtful receivables	1,581	661	16,095
Total investments and other assets	145,765	167,978	1,483,915
Total assets	¥530,593	¥601,386	$5,401,537

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS

	Millions of yen		Thousands of U.S. dollars (note 2)
	2009	2008	2009
Current liabilities:			
Trade notes and accounts payable	¥ 40,302	¥ 85,148	$ 410,282
Short-term debt and current installments of long-term debt (note 6)	87,057	84,679	886,257
Accrued expenses	14,636	15,212	148,997
Accrued income taxes (note 8)	362	5,052	3,685
Accrued bonuses	3,778	4,230	38,461
Other current liabilities (notes 7 and 8)	14,953	19,210	152,224
Total current liabilities	161,088	213,531	1,639,906
Non-current liabilities:			
Long-term debt (note 6)	87,877	65,894	894,604
Liabilities for retirement and severance benefits (note 7)	4,782	4,701	48,682
Deferred income taxes (note 8)	685	374	6,973
Other non-current liabilities (note 7)	4,077	4,865	41,505
Total non-current liabilities	97,421	75,834	991,764
Total liabilities	258,509	289,365	2,631,670
Stockholders' equity:			
Common stock (note 9):	41,970	41,970	427,263
Authorized 984,856,000 shares; issued 483,478,398 shares in 2009 and 2008			
Additional paid-in capital (note 9)	35,589	35,577	362,303
Retained earnings (note 10)	221,991	222,047	2,259,910
Treasury stock, at cost; 31,420,297 shares in 2009 and 21,396,891 shares in 2008	(7,891)	(4,287)	(80,332)
Total stockholders' equity	291,659	295,307	2,969,144
Valuation and translation adjustments:			
Net unrealized gain (loss) on other securities (note 4)	(3,330)	10,867	(33,900)
Deferred gains on hedges	30	129	305
Surplus on revaluation of land	192	192	1,955
Foreign currency translation adjustments	(23,689)	(4,181)	(241,158)
Total valuation and translation adjustments	(26,797)	7,007	(272,798)
Minority interests	7,222	9,707	73,521
Total net assets	272,084	312,021	2,769,867
Commitments and contingencies (note 17)			
Total liabilities and net assets	¥530,593	¥601,386	$5,401,537

Consolidated Statements of Income

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (note 2)
	2009	2008	2009
Net sales (note 16)	¥447,647	¥519,329	$4,557,131
Cost of sales (note 12)	395,626	417,150	4,027,547
Gross profit	52,021	102,179	529,584
Selling, general and administrative expenses (notes 11 and 12)	55,125	54,812	561,183
Operating income (loss)	(3,104)	47,367	(31,599)
Other income (deductions):			
Interest income	340	425	3,461
Dividend income	1,432	1,579	14,578
Interest expenses	(2,195)	(2,147)	(22,346)
Equity in earnings of affiliates	14,707	21,312	149,720
Loss on devaluation of investments in securities	(213)	—	(2,168)
Exchange loss	(1,264)	(3,705)	(12,868)
Personnel expenses for seconded employees	(1,181)	(1,212)	(12,023)
Provision of allowance for doubtful receivables	(1,092)	—	(11,117)
Loss on disposal of inventories	—	(911)	—
Loss on sale/disposal of property, plant and equipment	(1,057)	(1,370)	(10,760)
Impairment loss (note 13)	—	(5,023)	—
Other, net	(1,100)	(247)	(11,198)
	8,377	8,701	85,279
Income before income taxes and minority interests	5,273	56,068	53,680
Income taxes (note 8):			
Current	329	12,212	3,349
Deferred	(2,581)	2,076	(26,275)
	(2,252)	14,288	(22,926)
Income before minority interests	7,525	41,780	76,606
Minority interests	511	1,571	5,202
Net income	¥ 7,014	¥ 40,209	$ 71,404

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of yen											
	Stockholders' equity					Valuation and translation adjustments						
	Common stock (note 9)	Additional paid-in capital (note 9)	Retained earnings (note 10)	Treasury stock	Total	Net unrealized gain (loss) on other securities (note 4)	Deferred gains on hedges	Surplus on revaluation of land	Foreign currency translation adjustments	Total	Minority interests	Total net assets
Balance at March 31, 2007	¥41,970	¥35,565	¥188,695	¥(4,139)	¥262,091	¥ 22,042	¥208	¥192	¥ (902)	¥ 21,540	¥ 9,065	¥292,696
Changes arising during year:												
Cash dividends			(7,395)		(7,395)							(7,395)
Net income			40,209		40,209							40,209
Increase resulting from newly consolidated subsidiaries			538		538							538
Purchase of treasury stock				(151)	(151)							(151)
Disposition of treasury stock		12		3	15							15
Net changes other than stockholders' equity						(11,175)	(79)		(3,279)	(14,533)	642	(13,891)
Total changes during the year	—	12	33,352	(148)	33,216	(11,175)	(79)	—	(3,279)	(14,533)	642	19,325
Balance at March 31, 2008	41,970	35,577	222,047	(4,287)	295,307	10,867	129	192	(4,181)	7,007	9,707	312,021
Changes resulting from accounting changes of foreign subsidiaries			(144)		(144)							(144)
Changes arising during year:												
Cash dividends			(7,393)		(7,393)							(7,393)
Net income			7,014		7,014							7,014
Decrease resulting from newly consolidated subsidiary			(207)		(207)							(207)
Increase resulting from the merger			45		45							45
Increase resulting from affiliates newly accounted for by the equity method			629		629							629
Purchase of treasury stock				(3,617)	(3,617)							(3,617)
Disposition of treasury stock		12		13	25							25
Net changes other than stockholders' equity						(14,197)	(99)		(19,508)	(33,804)	(2,485)	(36,289)
Total changes during the year	—	12	88	(3,604)	(3,504)	(14,197)	(99)	—	(19,508)	(33,804)	(2,485)	(39,793)
Balance at March 31, 2009	¥41,970	¥35,589	¥221,991	¥(7,891)	¥291,659	¥ (3,330)	¥ 30	¥192	¥(23,689)	¥(26,797)	¥ 7,222	¥272,084

	Thousands of U.S. dollars (note 2)											
	Stockholders' equity					Valuation and translation adjustments						
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total	Net unrealized gain (loss) on other securities	Deferred gains on hedges	Surplus on revaluation of land	Foreign currency translation adjustments	Total	Minority interests	Total net assets
Balance at March 31, 2008	$427,263	$362,181	$2,260,480	$(43,643)	$3,006,281	$ 110,628	$ 1,313	$1,955	$ (42,563)	$ 71,333	$ 98,819	$3,176,433
Changes resulting from accounting changes of foreign subsidiaries			(1,466)		(1,466)							(1,466)
Changes arising during year:												
Cash dividends			(75,262)		(75,262)							(75,262)
Net income			71,404		71,404							71,404
Decrease resulting from newly consolidated subsidiaries			(2,107)		(2,107)							(2,107)
Increase resulting from the merger			458		458							458
Increase resulting from affiliates newly accounted for by the equity method			6,403		6,403							6,403
Purchase of treasury stock				(36,822)	(36,822)							(36,822)
Disposition of treasury stock		122		133	255							255
Net changes other than stockholders' equity						(144,528)	(1,008)		(198,595)	(344,131)	(25,298)	(369,429)
Total changes during the year	—	122	896	(36,689)	(35,671)	(144,528)	(1,008)	—	(198,595)	(344,131)	(25,298)	(405,100)
Balance at March 31, 2009	$427,263	$362,303	$2,259,910	$(80,332)	$2,969,144	$ (33,900)	$ 305	$1,955	$(241,158)	$(272,798)	$ 73,521	$2,769,867

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (note 2)
	2009	2008	2009
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 5,273	¥ 56,068	$ 53,680
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	28,935	24,521	294,564
Loss on sale/disposal of property, plant and equipment	619	737	6,301
Impairment loss	—	5,023	—
Equity in earnings of affiliates	(14,707)	(21,312)	(149,720)
Allowance for doubtful receivables	545	(149)	5,548
Increase (decrease) in liabilities for retirement and severance benefits	43	(4,545)	438
Interest and dividend income	(1,772)	(2,004)	(18,039)
Interest expenses	2,195	2,147	22,346
Gain on sale of short-term investments and investments in securities	(8)	(49)	(81)
Loss on devaluation of short-term investments and investments in securities	213	18	2,168
Decrease in trade notes and accounts receivable	62,831	10,039	639,631
(Increase) decrease in inventories	3,011	(5,591)	30,653
Decrease in trade notes and accounts payable	(43,001)	(11,051)	(437,758)
Other, net	1,545	396	15,728
Sub total	45,722	54,248	465,459
Interest and dividend received	1,764	2,005	17,958
Dividend received from affiliates accounted for by the equity method	15,382	—	156,591
Interest paid	(2,170)	(2,155)	(22,091)
Income taxes paid	(11,671)	(13,703)	(118,813)
Net cash provided by operating activities	49,027	40,395	499,104
Cash flows from investing activities:			
Purchase of short-term investments	(946)	(139)	(9,630)
Proceeds from sale of short-term investments	890	239	9,060
Capital expenditures	(38,121)	(34,829)	(388,079)
Proceeds from sale of property, plant and equipment	1,193	2,117	12,145
Purchase of investments in securities	(4,726)	(9,876)	(48,112)
Proceeds from sale of investments in securities	52	173	529
(Increase) decrease in long-term loans receivable	890	(420)	9,060
Other, net	(486)	21,827	(4,947)
Net cash used in investing activities	(41,254)	(20,908)	(419,974)
Cash flows from financing activities:			
Increase (decrease) in short-term debt	4,682	(1,833)	47,664
Proceeds from long-term debt	35,351	4,402	359,880
Payments on long-term debt	(16,937)	(16,818)	(172,422)
Purchase of treasury stock	(3,617)	(152)	(36,822)
Dividends paid to stockholders	(7,393)	(7,394)	(75,262)
Dividends paid to minority stockholders of subsidiaries	(522)	(668)	(5,314)
Other, net	(23)	212	(234)
Net cash provided by (used in) financing activities	11,541	(22,251)	117,490
Effect of exchange rate changes on cash and cash equivalents	(3,872)	(1,847)	(39,418)
Increase (decrease) in cash and cash equivalents	15,442	(4,611)	157,202
Cash and cash equivalents at beginning of year	37,235	41,267	379,060
Cash and cash equivalents of newly consolidated subsidiaries	118	579	1,201
Increase in cash and cash equivalents resulting from the merger	270	—	2,749
Cash and cash equivalents at end of year (note 3)	¥ 53,065	¥ 37,235	$ 540,212

See accompanying notes to consolidated financial statements.

1 Summary of Significant Accounting Policies

(a) Basis of Presenting Consolidated Financial Statements

Mitsubishi Gas Chemical Company, Inc. (the Company) and its domestic subsidiaries maintain their books of account and prepare their financial statements in conformity with financial accounting standards of Japan, and its foreign subsidiaries in conformity with those of the countries of their domicile.

Previously, a company could use the financial statements of its foreign subsidiaries which have been prepared in conformity with financial accounting standards of the countries of their domicile. From the year ended March 31, 2009, the Company adopted "Practical Solution on unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No. 18, May 17, 2006). This PITF requires that for the preparation of consolidated financial statements, the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should be unified, in principle, and financial statements prepared by foreign subsidiaries in accordance with IFRSs or the generally accepted accounting principles in the United States (U.S. GAAP) tentatively may be used for the consolidation process, however, the items listed in the PITF should be adjusted in the consolidation process so that net income is accounted for in accordance with Japan GAAP unless they are not material. The Company made necessary modification to the consolidated financial statements according to the PITF. The effect of the change on operating income and income before income taxes and minority interests is immaterial.

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the financial statements issued domestically in Japan in order to present them in a form which is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

(b) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries (34 subsidiaries for 2009 and 33 subsidiaries for 2008). The Company and its consolidated subsidiaries are collectively referred to as "MGC."

All significant intercompany accounts and transactions have been eliminated in consolidation.

Investments in affiliates are accounted for by the equity method.

The Accounting Standards for Consolidation require the control or influence concept for the consolidation scope of subsidiaries and affiliates. Under the control or influence concept, a company in which the parent company or its consolidated subsidiaries, directly or indirectly, are able to exercise control over operations is fully consolidated, and a company over which the parent company and/or its consolidated subsidiaries have the ability to exercise significant influence is accounted for by the equity method.

The difference between the cost and the underlying net assets at the date of investments in subsidiaries or affiliates is allocated to identifiable assets and liabilities based on fair market value at the date of investments.

The unallocated portion of the difference, which is recognized as goodwill or negative goodwill, is being amortized over 5 to 7 years.

(c) Cash and Cash Equivalents

For the purpose of the statements of cash flows, MGC considers all highly liquid investments with insignificant risk of changes in value, which have maturities of generally three months or less when purchased, to be cash equivalents.

(d) Short-term Investments and Investments in Securities

Under the Accounting Standards for Financial Instruments, securities are classified into four categories — "trading securities," "held-to-maturity securities," "investments in affiliates" and "other securities." Securities classified as "trading securities" are stated at fair value and unrealized gains or losses are recorded in the consolidated statements of income. Securities classified as "held-to-maturity securities" are stated at amortized cost. Securities classified as "other securities" with fair value are stated at fair value and unrealized gains or losses, net of related taxes, are excluded from earnings and recorded in a separate component of net assets. Debt classified as "other securities" for which fair value is not available are stated at the amortized cost. Equity securities classified as "other securities" for which fair value is not available are stated at the moving-average cost. Realized gains and losses on the other securities are computed using the moving-average cost. Holding securities of MGC are classified as held-to-maturity securities and other securities.

(e) Inventories

Inventories were previously stated principally at cost determined principally by the average method. From the year ended March 31, 2009, the Company adopted "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006), and inventories held for sale in the ordinary course of business are measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses, determined principally by the average method. As a result of the change, operating loss increased by ¥6,745 million ($68,665 thousand) and income before income taxes and minority interests decreased by the same amount.

(f) Property, Plant and Equipment

Property, plant and equipment are carried substantially at cost. Depreciation of the Company and its domestic consolidated subsidiaries is provided principally by the declining-balance method for the year ended March 31, 2008 and principally by the straight-line method for the year ended March 31, 2007, based on the estimated useful lives. And depreciation of overseas subsidiaries is provided principally by the straight-line method.

The estimated useful lives are as follows:

Buildings and structures	7-50 years
Machinery, equipment and vehicles	8-15 years

From the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries changed the estimated useful lives of machinery as a result of review of their useful lives. The effect of this change is to increase operating loss by ¥453 million ($4,612 thousand) and to decrease income before income taxes and minority interests by ¥382 million ($3,889 thousand).

From the year ended March 31, 2008, the Company changed its depreciation method of property, plant and equipment other than buildings from the straight-line method to the declining-balance method. And the Company and its domestic consolidated subsidiaries changed the estimated residual value of property, plant and equipment which was acquired on or after April 1, 2007 from 5% of the acquisition cost to ¥1. Under the circumstances of increasing capital expenditures and growing obsolescence through technology innovation, these changes are made to aim at showing periodical profits and losses more appropriately. As a result of these changes, both operating income and income before income taxes and minority interests decreased by ¥3,327 million.

From the year ended March 31, 2008, property, plant and equipment acquired on or before March 31, 2007 which were depreciated to the allowable limit based on a pre-revised corporate tax law (95% of the acquisition cost) in a particular business year are further depreciated down to ¥1 evenly over five years starting from the following business year. The change was made because it takes a long time to depreciate to ¥1 by the declining balance method (the newly adopted depreciation method) and that does not reflect the actual condition, and made for office work simplification. The effect of this change was immaterial.

(g) Intangible Assets

Intangible assets are carried at cost less amortization. The expenses for internal use computer software are deferred and amortized by the straight-line method over the estimated useful lives (5 years). Intangible assets other than software are deferred and amortized by the straight-line method at rates based on the estimated useful lives of the respective assets.

(h) Impairment of Long-lived Assets

The standard for the impairment of long-lived assets requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(i) Allowance for Doubtful Receivables

An allowance for doubtful receivables is provided at an amount of uncollectible receivables based on historical loss ratios and an amount that takes into consideration the possibility of specific liabilities.

(j) Retirement and Severance Benefits

MGC have retirement benefit plans covering substantially all employees.

Under the Accounting Standards for Retirement and Severance Benefits, provisions have been made in the accompanying consolidated financial statements based on the present value of the projected future retirement and severance benefits attributable to employee services rendered by the end of the year, less amounts funded under pension plans.

The Company and certain subsidiaries have unfunded defined benefit pension plans for directors, corporate auditors and executive officers. The provision for the plans has been made in the accompanying consolidated financial statements for the vested benefits to which directors, corporate auditors and executive officers are entitled if they were to retire or sever immediately at the balance sheet dates.

(k) Leases

Previously, finance leases, except for those where the legal title of the underlying property is transferred from the lessor to the lessee at the end of the lease term, are accounted for similarly to operating leases. On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the former accounting standard for lease transactions issued on June 17, 1993, and ASBJ Guidance No. 16, "Guidance on Accounting Standard for Lease Transactions," which revised the former guidance issued on January 18, 1994. The revised accounting standards are permitted to be adopted for fiscal years beginning on or after April 1, 2008. From the year ended March 31, 2009, the Company adopted the revised accounting standards. The revised accounting standards require that all finance lease transactions shall be capitalized. Leased assets related to finance lease transactions without title transfer are depreciated on a straight-line basis, with the lease periods as their useful lives and no residual value. Regarding finance leases transactions without title transfer for which the starting date for the lease transactions is prior to the initial fiscal year in which these new accounting standards apply, the Company and its domestic consolidated subsidiaries have continued recognize lease payments as expenses. The effect of this change on operating income and income before income taxes and minority interests is immaterial.

(l) Foreign Currency Translation

Under the Accounting Standards for Foreign Currency Transactions, foreign currency transactions are translated into yen on the basis of the rates in effect at the transaction dates, receivables and payables denominated in foreign currencies are translated into yen at the rate of exchange as of the balance sheet dates, and gains or losses resulting from the translation of foreign currencies are credited or charged to income. Assets and liabilities of overseas subsidiaries are translated into yen at the rate of exchange as of the balance sheet date, and revenues and expenses of them are translated into yen using the average rate in the year. A comprehensive adjustment resulting from translation is presented as "Foreign currency translation adjustments" and "Minority interests" in a component of net assets.

Effective from April 1, 2007, revenues and expenses of overseas subsidiaries are translated into yen using the average rate in the year, which were previously translated into yen at the rate of exchange as of the balance sheet date. This change was made to reflect the actual results of operations of the subsidiaries which are generated through the year, considering the increasing materiality of the overseas subsidiaries. As a result of this change, net sales increased by ¥1,562 million, operating income increased by ¥26 million and income before income taxes and minority interests increased by ¥705 million, respectively.

(m) Income Taxes

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries consist of corporate tax, inhabitant tax and business tax.

The Accounting Standards for Income Taxes require that deferred income taxes be accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled, and the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(n) Accrued Estimated Cost of Abandonment of Wells

MGC provided the accrued estimated cost of abandonment of a well at an offshore oil field to cover the costs to be incurred upon the abandonment of the well at an estimated amount which is allocated over a scheduled period based on MGC's plan for the abandonment of the well.

(o) Accrual for Environmental Measures

An accrual for environmental measures is provided at an estimated amount of disposal and transport costs of polychlorinated biphenyl waste based on the handling cost publicized by Japan Environment Safety Corporation. The Law of Special Measures for Proper Handling of Polychlorinated Biphenyl Waste requires proper handling of polychlorinated biphenyl waste.

(p) Directors' Bonus

Directors' bonuses are accounted for as an expense when such bonuses are accrued.

(q) Expenditures for Natural Gas, etc. Development

Expenditures for natural gas, etc. development are expensed as selling, general and administrative expenses in the year in which they were paid.

(r) Classification in the Cash Flow Statement of Dividends Received from Affiliates Accounted for by the Equity Method

Previously, dividends received from affiliates accounted for by the equity method were included in cash flows from investing activities in the consolidated statements of cash flows because the collection period was relatively long when the dividends were taken as return on the investment. However, in recent years, the collection period on investment becomes shorter and this trend is expected to continue. Therefore, to present the actual cash flows of whole MGC's operations which include the affiliates accounted for by the equity method, the dividends received are included in cash flows from operating activities from the year ended March 31, 2009. As a result of this change, cash flows from operating activities increased in ¥15,382 million ($156,592 thousand), and cash flows from investing activities decreased by the same amount. For the year ended March 31, 2008, dividends received from affiliates accounted for by the equity method were ¥18,089 million, which were included in cash flows from investing activities.

(s) Reclassifications

Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the presentation used for the year ended March 31, 2009.

2 Financial Statement Translation

The consolidated financial statements are expressed in Japanese yen. However, solely for the convenience of the reader, the consolidated financial statements as of and for the year ended March 31, 2009 have been translated into United States dollars at the rate of ¥98.23=U.S.$1, the approximate exchange rate on the Tokyo Foreign Exchange Market on March 31, 2009. This translation should not be construed as a representation that the amounts shown could be converted into U.S. dollars at such rate.

3 Cash and Cash Equivalents

Reconciliation between "Cash" in the consolidated balance sheets and "Cash and cash equivalents" in the consolidated statements of cash flows at March 31, 2009 and 2008 is follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Cash	¥23,209	¥30,265	$236,272
Time deposits with maturities of over three months	(274)	(255)	(2,789)
Short-term investments	30,130	7,225	306,729
Cash and cash equivalents	¥53,065	¥37,235	$540,212

4 Short-term Investments and Investments in Securities

Balance sheet amount, fair value and gross unrealized gain and loss of held-to-maturity securities with fair value as of March 31, 2009 and 2008 are summarized as follows:

	Millions of yen			
	Balance sheet amount	Gross unrealized gain	Gross unrealized loss	Fair value
March 31, 2009				
Government bond securities	¥8	¥—	¥—	¥8
	¥8	¥—	¥—	¥8
March 31, 2008				
Government bond securities	¥51	¥—	¥—	¥51
	¥51	¥—	¥—	¥51

	Thousands of U.S. dollars			
	Balance sheet amount	Gross unrealized gain	Gross unrealized loss	Fair value
March 31, 2009				
Government bond securities	$81	$—	$—	$81
	$81	$—	$—	$81

Acquisition cost, balance sheet amount and gross unrealized gain and loss of other securities with fair value as of March 31, 2009 and 2008 are summarized as follows:

	Millions of yen			
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Balance sheet amount
March 31, 2009				
Equity securities	¥29,899	¥ 5,818	¥(7,670)	¥28,047
Corporate bond securities	66	—	(1)	65
Other securities	33	—	—	33
	¥29,998	¥ 5,818	¥(7,671)	¥28,145
March 31, 2008				
Equity securities	¥30,056	¥17,540	¥ (298)	¥47,298
Other securities	33	—	—	33
	¥30,089	¥17,540	¥ (298)	¥47,331

	Thousands of U.S. dollars			
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Balance sheet amount
March 31, 2009				
Equity securities	$304,378	$59,228	$(78,082)	$285,524
Corporate bond securities	671	—	(10)	661
Other securities	336	—	—	336
	$305,385	$59,228	$(78,092)	$286,521

It is not practicable to estimate the fair value of securities as of March 31, 2009 and 2008 described below because of lack of market price and difficulty in estimating fair value.

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Held-to-maturity securities:			
Certificates of deposit	¥30,835	¥8,261	$313,906
Other securities:			
Unlisted equity securities	3,672	3,400	37,382
	¥34,507	¥11,661	$351,288

Projected future redemption of other securities with maturities and held-to-maturity securities at March 31, 2009 are summarized as follows:

	Millions of yen			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Debt securities:				
Government bond securities	¥ 9	¥ 6	¥ 2	¥—
Corporate bond securities	—	—	66	—
Other	—	23	—	—
Other:				
Certificates of deposit	30,835	—	—	—
	¥30,844	¥29	¥68	¥—

	Thousands of U.S. dollars			
	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Debt securities:				
Government bond securities	$ 92	$ 61	$ 20	$—
Corporate bond securities	—	—	672	—
Other	—	234	—	—
Other:				
Certificates of deposit	313,906	—	—	—
	$313,998	$295	$692	$—

For the years ended March 31, 2009 and 2008, proceeds from the sale of other securities are ¥24 million ($244 thousand) and ¥168 million, gross realized gains are ¥16 million ($163 thousand) and ¥54 million, gross realized losses are ¥8 million ($81 thousand) and ¥10 million, respectively.

5 Investments in Affiliates

The aggregate carrying amounts of investments in affiliates as of March 31, 2009 and 2008 are ¥89,812 million ($914,303 thousand) and ¥103,300 million, respectively.

6 Short-term and Long-term Debt

Short-term debt is represented by bank loans which are due within one year. The weighted average interest rate of short-term debt at March 31, 2009 and 2008 is 1.1% and 1.2%, respectively.

Long-term debt as of March 31, 2009 and 2008 is summarized as follows:

	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars 2009
Loans, principally from banks, maturing in installments through 2028 with weighted average interest of 1.8% both at March 31, 2009 and 2008, partially secured by mortgage of property, plant and equipment and securities	¥ 82,602	¥61,852	$ 840,904
Lease liabilities maturing in installments through 2014 with weighted average interest of 2.4% at March 31, 2009	355	—	3,614
Yen zero coupon convertible bonds (bonds with stock acquisition rights), due 2011	20,000	20,000	203,604
1.18% unsecured yen bonds issued by a subsidiary, due 2009	—	1,000	—
	102,957	82,852	1,048,122
Less current installments:			
Loans	14,997	16,958	152,673
Lease liabilities	83	—	845
	¥ 87,877	¥65,894	$ 894,604

The yen zero coupon convertible bonds (bonds with stock acquisition rights), due 2011 is exercisable for the period from October 5, 2006 to September 7, 2011 and entitling the bearer to acquire fully-paid and non-assessable shares of common stock of the Company at the conversion price of ¥1,959.3 ($19.95) per share at March 31, 2009.

The aggregate annual maturities of long-term debt after March 31, 2010 are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31:		
2011	¥ —	$ —
2012	20,000	203,604
2013	—	—
2014	—	—

Cash, property, plant and equipment and securities with a book value at March 31, 2009 of ¥26,179 million ($266,507 thousand) are mortgaged to secure certain debts.

As is customary in Japan, both short-term and long-term bank loans are under general agreements which provide that security and guarantees for present and future indebtedness will be given upon request of the bank, and that the bank shall have the right, as the obligations become due or in the event of default, to offset cash deposits against obligations due the banks.

7 Retirement and Severance Benefits

The Company and its domestic subsidiaries have defined benefit retirement and pension plans, which consist of unfunded lump-sum payment plans and tax qualified noncontributory pension plans.

Effective March 1, 2008, the Company amended the plan to introduce a "point" based funded pension plan. Under the new plan, the pension payments are based on accumulated "points" vested each year by the employees' length of service and job title. And the Company converted its tax qualified noncontributory pension plan into a defined benefit corporation pension plan, and converted a part of its unfunded lump-sum payment plan into a defined contribution pension plan. With respect to these transfers, the Company adopted "Accounting for Transfers among Retirement Benefit Plans" (Financial Accounting Standard Implementation Guidance No. 1), and as a result of these transfers, loss on revision of pension plans of ¥565 million was recorded in the accompanying consolidated statement of income for the year ended March 31, 2008.

The funded status of the pension plans at March 31, 2009 and 2008 is outlined as follows:

	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars 2009
Projected benefit obligation	¥(38,567)	¥(39,152)	$(392,619)
Plan assets at fair value	12,418	16,436	126,417
Assets contributed to the trust	10,476	18,485	106,648
Funded status	(15,673)	(4,231)	(159,554)
Unrecorded actuarial gain	12,418	1,415	126,417
Unrecognized prior service benefit	1,052	1,082	10,710
Net amount recognized in the consolidated balance sheets	(2,203)	(1,734)	(22,427)
Prepaid retirement and severance benefits	1,530	1,943	15,576
Accrued retirement and severance benefits	¥ (3,733)	¥ (3,677)	$ (38,003)

For the year ended March 31, 2008, the effect of the partial transfer of tax-qualified noncontributory pension plans and unfunded lump-sum payment plan into a defined contribution pension plan was as follows:

	Millions of yen
Decrease in projected benefit obligations	¥4,222
Unrecorded actuarial loss/gain	(186)
Unrecognized prior service cost	(273)
Decrease in accrued retirement and severance benefits and increase in prepaid retirement and severance benefits	¥3,763

Assets of ¥4,328 million will be transferred to the defined contribution pension plan over 4 years, and as at March 31, 2008, the not transferred amount is ¥3,246 million which was included in other current liabilities and other non-current liabilities in the accompanying consolidated balance sheet.

Net periodic pension cost for the years ended March 31, 2009 and 2008 consists of the following components:

	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars 2009
Service cost	¥1,733	¥ 1,630	$17,642
Interest cost	830	956	8,450
Expected return on plan assets	(343)	(415)	(3,492)
Amortization of actuarial gain	293	(1,551)	2,983
Amortization of prior service benefit	80	(49)	814
Net periodic pension cost	2,593	571	26,397
Loss on revision of pension plans	—	565	—
Contribution to the defined contribution pension plan	362	19	3,685
	¥2,955	¥1,155	$30,082

Significant assumptions of pension plans used to determine these amounts in fiscal 2009 and 2008 are as follows:

	2009	2008
Periodic allocation method for projected benefit	Straight-line	Straight-line
Discount rate	Mainly 2.0%	Mainly 2.5%
Expected rate of return on plan assets	Mainly 2.5%	Mainly 2.5%
Period for amortization of unrecognized prior service cost/benefit	Mainly 10 years	10 years
Period for amortization of unrecognized actuarial loss/gain	Mainly 10 years	Mainly 10 years

Directors, corporate auditors and executive officers are not covered by the plans described above. For such persons, the Company and certain subsidiaries have unfunded defined benefit pension plans. Under the plans, directors, corporate auditors and executive officers are entitled to lump-sum payments based on the current rate of pay and length of service when they leave the companies. MGC provides for the amount of the vested benefits to which directors, corporate auditors and executive officers are entitled if they were to retire or sever immediately at the balance sheet dates. As of March 31, 2009 and 2008, the liabilities for retirement and severance benefits related to the plans were ¥1,049 million ($10,679 thousand) and ¥1,024 million, respectively.

At the general meeting of stockholders held on June 28, 2007, abolishment of retirement benefit system for corporate auditors of the Company was approved and corporate auditors were entitled to lump-sum payment up to the date of the abolishment when they leave the Company. No additional provision has been made and the balance at the date of the abolishment will be reversed when they leave the Company.

8 Income Taxes

The Company and its domestic subsidiaries are subject to Japanese corporate, inhabitant and business taxes based on income which, in the aggregate, result in a statutory tax rate of approximately 40.5% in 2009 and 2008.

A reconciliation of the statutory tax rate and the effective tax rate as a percentage of income before income taxes and minority interests for the years ended March 31, 2009 and 2008 is follows:

	2009	2008
Statutory tax rate	40.5 %	40.5 %
Equity in earnings of affiliates	(113.0)	(15.4)
Dividend income eliminated in consolidation	141.8	15.6
Valuation allowance	67.0	—
Income not credited for tax purposes	(133.6)	(12.5)
Unrealized profit	(32.3)	—
Difference in statutory tax rates of subsidiaries	(15.0)	(1.9)
Other	(1.8)	(0.8)
Effective tax rate	(42.7)%	25.5 %

Significant components of deferred tax assets and liabilities at March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred tax assets:			
Liabilities for retirement and severance benefits	¥ 5,800	¥ 5,817	$ 59,045
Tax loss carryforward	14,528	3,968	147,898
Devaluation loss on investments in securities	1,114	2,335	11,341
Accrued bonuses	1,506	1,676	15,331
Intercompany profits	529	964	5,385
Depreciation	3,600	4,281	36,649
Other	7,373	8,427	75,059
	34,450	27,468	350,708
Valuation allowance	(7,656)	(4,120)	(77,940)
	26,794	23,348	272,768
Deferred tax liabilities:			
Net unrealized gain on other securities	(1,519)	(6,444)	(15,463)
Gain by contributing the assets to the trust	(3,096)	(3,096)	(31,518)
Tax purpose reserves, etc. regulated by Japanese tax law	(3,567)	(3,335)	(36,313)
Other	(881)	(503)	(8,969)
	(9,063)	(13,378)	(92,263)
Net deferred tax assets	¥17,731	¥ 9,970	$180,505

Net deferred tax assets and liabilities as of March 31, 2009 and 2008 are reflected in the accompanying consolidated balance sheets under the following captions:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Current assets — Deferred income taxes	¥ 3,303	¥ 5,695	$ 33,625
Investments and other assets — Deferred income taxes	15,271	4,876	155,462
Current liabilities — Other current liabilities	(158)	(227)	(1,609)
Non-current liabilities — Deferred income taxes	(685)	(374)	(6,973)
Net deferred tax assets	¥17,731	¥ 9,970	$180,505

9 Common Stock

Under the Corporation Law of Japan, the entire amount of the issue price of shares is required to be designated as stated common stock account although a company in Japan may, by resolution of its Board of Directors, account for an amount not exceeding 50% of the issue price of new shares as additional paid-in capital.

10 Retained Earnings and Dividends

The Corporation Law of Japan provides that an amount equal to 10% of distributions from retained earnings paid by the Company and its Japanese subsidiaries be appropriated as a legal reserve. No further appropriations are required when the total amount of the additional paid-in capital and the legal reserve equals 25% of their respective stated capital. The Corporation Law also provides that additional paid-in capital and legal reserve are available for appropriations by the resolution of the stockholders. Balances of the legal reserve are included in retained earnings in the accompanying consolidated balance sheets.

Cash dividends charged to retained earnings for the years ended March 31, 2009 and 2008 represent dividends paid out during those years. The amount available for dividends is based on the amount recorded in the Company's non-consolidated books of account in accordance with the Corporation Law.

(a) Dividends Paid during the Year Ended March 31, 2008

The following was approved by the Board of Directors held on May 11, 2007.

(a) Total dividends	¥3,698 million
(b) Cash dividends per common share	¥8
(c) Record date	March 31, 2007
(d) Effective date	June 11, 2007

The following was approved by the Board of Directors held on November 9, 2007.

(a) Total dividends	¥3,697 million
(b) Cash dividends per common share	¥8
(c) Record date	September 30, 2007
(d) Effective date	December 7, 2007

(b) Dividends Paid during the Year Ended March 31, 2009

The following was approved by the Board of Directors held on May 22, 2008.

(a) Total dividends	¥3,697 million ($37,636 thousand)
(b) Cash dividends per common share	¥8 ($0.08)
(c) Record date	March 31, 2008
(d) Effective date	June 11, 2008

The following was approved by the Board of Directors held on November 7, 2008.

(a) Total dividends	¥3,696 million ($37,626 thousand)
(b) Cash dividends per common share	¥8 ($0.08)
(c) Record date	September 30, 2008
(d) Effective date	December 5, 2008

(c) Dividends to Be Paid after the Balance Sheet Date but the Record Date for the Payment Belongs to the Year Ended March 31, 2009

The following was approved by the Board of Directors held on May 22, 2009.

(a) Total dividends	¥3,616 million ($36,812 thousand)
(b) Dividend source	Retained earnings
(c) Cash dividends per common share	¥8 ($0.08)
(d) Record date	March 31, 2009
(e) Effective date	June 8, 2009

11 Selling, General and Administrative Expenses

Significant components of selling, general and administrative expenses are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Freight	¥11,000	¥12,830	$111,982
Stevedoring and warehouse fee	2,558	2,588	26,041
Salaries	9,213	8,950	93,790
Employees' bonuses	3,415	3,626	34,765
Pension cost	1,422	273	14,476
Welfare	2,628	2,680	26,754
Transportation	1,996	1,878	20,320
Depreciation	3,819	3,542	38,878

12 Research and Development Costs

Research and development costs charged to income for the years ended March 31, 2009 and 2008 are ¥14,707 million ($149,720 thousand) and ¥13,563 million, respectively.

13 Long-lived Assets

For the year ended March 31, 2008, MGC reviewed its long-lived assets for impairment and, as a result, recognized an impairment loss as follows:

Location	Usage	Classification	Millions of yen
Niigata City, Niigata Prefecture	Coenzymes Q_{10} manufacturing facilities	Machinery and equipment, etc.	¥4,277

The long-lived assets that are used for business are grouped according to the classification which is used for monitoring the profit and loss continuously under the management accounting system, and the idle assets are grouped individually by each item.

Coenzymes Q_{10} manufacturing facilities were written down to a recoverable amount and the amount written down was recognized as impairment loss of ¥4,277 million because the market condition worsened dramatically. The recoverable amount was measured at its value in use and the discount rate used for computation of present value of future cash flows was 5%.

Impairment loss on long-lived assets consisted of the following:

	Millions of yen
Buildings and structures	¥ 890
Machinery, equipment and vehicles	3,343
Other (property, plant and equipment)	44
Software	0
Total	¥4,277

Other than the above impairment loss was immaterial.

14 Per Share Information

(a) Net Income per Share

Basic and diluted net income per share, and reconciliation of the numbers and the amounts used in the basic and diluted net income per share computations for the years ended March 31, 2009 and 2008 are as follows:

	Yen		U.S. dollars
	2009	2008	2009
Basic net income per share	¥15.30	¥87.01	$0.16
Diluted net income per share	14.97	85.13	0.15

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Net income	¥7,014	¥40,209	$71,404
Net income not applicable to common stockholders	—	—	—
Net income applicable to common stockholders	¥7,014	¥40,209	$71,404

	Number of shares	
	2009	2008
Weighted average number of shares outstanding on which basic net income per share is calculated	458,312,702	462,131,344
Effect of dilutive convertible bonds	10,207,727	10,188,487
Number of shares outstanding on which diluted net income per share is calculated	468,520,429	472,319,831

(b) Net Assets per Share

Net assets per share at March 31, 2009 and 2008 are as follows:

	Yen		U.S. dollars
	2009	2008	2009
Net assets per share	¥585.90	¥654.25	$5.96

15 Leases

(a) Finance Lease

A summary of assumed amounts of acquisition cost which includes interest portion, accumulated depreciation and net book value at March 31, 2009 and 2008 are as follows, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Millions of yen		
	Machinery, equipment and vehicles	Other tangible assets	Total
March 31, 2009			
Acquisition cost	¥2,156	¥2,953	¥5,109
Accumulated depreciation	1,407	2,091	3,498
Net book value	¥ 749	¥ 862	¥1,611
March 31, 2008			
Acquisition cost	¥1,951	¥2,955	¥4,906
Accumulated depreciation	1,005	1,474	2,479
Net book value	¥ 946	¥1,481	¥2,427

	Thousands of U.S. dollars		
	Machinery, equipment and vehicles	Other tangible assets	Total
March 31, 2009			
Acquisition cost	$21,949	$30,062	$52,011
Accumulated depreciation	14,324	21,287	35,611
Net book value	$ 7,625	$ 8,775	$16,400

Future minimum payments which include interest portion required under finance leases at March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Within one year	¥ 693	¥1,032	$ 7,055
Over one year	918	1,395	9,345
	¥1,611	¥2,427	$16,400

Lease payments for the years ended March 31, 2009 and 2008 amounted to ¥1,047 million ($10,659 thousand) and ¥1,239 million, respectively.

(b) Operating Lease

Future minimum lease payments required under noncancellable operating leases as of March 31, 2009 and 2008 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Within one year	¥ 342	¥ 504	$ 3,482
Over one year	1,271	1,967	12,939
	¥1,613	¥2,471	$16,421

16 Balances and Transactions with Related Party

The Company has a 50% equity ownership in Mitsubishi Engineering-Plastics Corp. at March 31, 2009 and 2008.

Balances with the company at March 31, 2009 and 2008, and related transactions for the years then ended are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Balances:			
Trade accounts receivable	¥ 4,062	¥15,889	$ 41,352
Transactions:			
Sales	39,687	61,080	404,021

The Company has a 50% equity ownership in Mizushima Aroma Co., Ltd. at March 31, 2009 and 2008.

Balances with the company at March 31, 2009 and 2008 and related transactions for the years then ended are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Balances:			
Trade accounts receivable	¥ 2,785	¥ 7,012	$ 28,352
Transactions:			
Sales	20,650	24,272	210,221

The Company has a 50% equity ownership in CG Ester Corporation at March 31, 2009 and 2008.

Balances with the company at March 31, 2009 and 2008 and related transactions for the years then ended are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Balances:			
Trade accounts receivable	¥2,422	¥5,246	$24,656
Transactions:			
Sales	7,228	9,944	73,582

The Company has a 50% equity ownership in BRUNEI METHANOL COMPANY SDN. BHD. at March 31, 2009.

At March 31, 2009, the Company has guaranteed ¥10,535 million ($107,248 thousand) of the company's loans to financial institutions.

17 Commitments and Contingencies

It is common practice in Japan for companies, in the ordinary course of business, to receive promissory notes in settlement of trade accounts receivable and to subsequently discount such notes at banks or to transfer them by endorsement to suppliers in the settlement of accounts payable. At March 31, 2008, MGC was contingently liable with respect to trade notes receivable discounted in the amounts of ¥11 million. There is no trade notes receivable discounted at March 31, 2009. Notes discounted are accounted for as sales and removed from the balance sheets. And at March 31, 2009 and 2008, MGC was contingently liable with respect to recourse obligations related to trade notes receivable transferred in the amounts of ¥101 million ($1,028 thousand) and ¥482 million, respectively.

Contingent liabilities at March 31, 2009 for loans guaranteed amounted to ¥15,265 million ($155,401 thousand).

18 Derivative Financial Instruments

MGC does not hold or issue derivative financial instruments for the purpose of trading. Derivative financial instruments held by MGC comprise forward exchange contracts, interest rate and currency swap agreements and interest rate swap agreements. MGC has entered into forward exchange contracts to hedge the risk of changes in foreign currency exchange rates associated with assets and liabilities denominated in foreign currencies. And MGC has entered into interest rate and currency swap agreements to manage interest rate exposures and changes in foreign currency exchange rates on certain foreign currency borrowings, and interest rate swap agreements to manage interest rate exposures on certain borrowings.

If interest rate swap agreements are used as hedges and meet certain hedging criteria, the difference in amounts to be paid or received on the interest rate swap agreements is recognized over the life of the agreements as an adjustment to interest expense.

The counterparties to these derivative transactions are financial institutions with high credit ratings and consequently, MGC does not anticipate credit-related losses from non-performance by the counterparties to transactions involving derivative financial instruments.

Derivative transactions have been executed and controlled in accordance with MGC's derivative regulations. The finance department has executed the derivative transactions with the director's approval and the transaction records have been reported to the accounting department regularly. At consolidated subsidiaries, the finance departments have executed the derivative transactions with the director's approval.

The contract or notional amounts disclosed below do not represent straightforwardly the extent of market risk or credit risk of the derivatives.

The contract or notional amounts and fair value of derivative financial instruments held as of March 31, 2009 and 2008 are summarized as follows:

March 31, 2009	Contract or notional amounts (Millions of yen)	Fair value (Millions of yen)	Valuation gain (loss) (Millions of yen)
Forward exchange contracts:			
To buy foreign currency:			
U.S. dollar	¥ 1,391	¥1,314	¥ (77)
To sell foreign currency:			
Korean won	92	92	—
New Taiwan dollar	220	229	(9)
Interest rate and currency swap agreements:			
U.S. dollar received for Thai baht	491	4	4
Interest rate swap agreements:			
Fixed rate received for variable rate	95	0	0
Variable rate received for fixed rate	31,000	(686)	(686)

March 31, 2008	Contract or notional amounts (Millions of yen)	Fair value (Millions of yen)	Valuation gain (loss) (Millions of yen)
Forward exchange contracts:			
To buy foreign currency:			
U.S. dollar	¥ 1,385	¥1,240	¥(145)
To sell foreign currency:			
U.S. dollar	15	15	—
New Taiwan dollar	489	478	11
Interest rate and currency swap agreements:			
U.S. dollar received for Thai baht	551	(125)	(125)
Interest rate swap agreements:			
Fixed rate received for variable rate	195	(1)	(1)
Variable rate received for fixed rate	11,733	(209)	(209)

March 31, 2009	Contract or notional amounts (Thousands of U.S. dollars)	Fair value (Thousands of U.S. dollars)	Valuation gain (loss) (Thousands of U.S. dollars)
Forward exchange contracts:			
To buy foreign currency:			
U.S. dollar	$ 14,161	$13,377	$ (784)
To sell foreign currency:			
Korean won	937	937	—
New Taiwan dollar	2,239	2,331	(92)
Interest rate and currency swap agreements:			
U.S. dollar received for Thai baht	4,998	41	41
Interest rate swap agreements:			
Fixed rate received for variable rate	967	0	0
Variable rate received for fixed rate	315,586	(6,984)	(6,984)

The fair value of forward exchange contracts or interest rate and currency swap agreements is computed using prices on the futures market, and the fair values of interest rate swap agreements are estimated based on quotes from counterparties.

Receivables and payables denominated in foreign currencies, of which yen amounts at settlement are fixed and stated at the corresponding yen amounts on the consolidated balance sheets due to forward exchange contracts, are not subject to disclosure.

19 Segment Information

(a) Industry Segments

MGC operate principally in five segments as “Natural gas chemicals,” “Aromatic chemicals,” “Specialty chemicals,” “Information and advanced materials” and “Other.” The segments are divided based on the classification for internal management and type of products.

Segment information by industry for the years ended March 31, 2009 and 2008 is summarized as follows:

Millions of yen

2009	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Total	Elimination / corporate	Consolidated
Sales to outside customers	¥143,496	¥120,672	¥124,537	¥58,041	¥ 901	¥447,647	¥ —	¥447,647
Inter-segment sales	7,361	1,378	1,910	17	238	10,904	(10,904)	—
	150,857	122,050	126,447	58,058	1,139	458,551	(10,904)	447,647
Operating expenses	155,710	129,405	120,074	55,761	567	461,517	(10,766)	450,751
Operating income (loss)	¥ (4,853)	¥ (7,355)	¥ 6,373	¥ 2,297	¥ 572	¥ (2,966)	¥ (138)	¥ (3,104)
Assets	¥155,957	¥118,785	¥113,492	¥58,809	¥20,341	¥467,384	¥ 63,209	¥530,593
Depreciation	6,373	7,745	9,720	5,086	11	28,935	—	28,935
Capital expenditures	10,735	10,627	9,052	4,697	9	35,120	—	35,120

Millions of yen

2008	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Total	Elimination / corporate	Consolidated
Sales to outside customers	¥146,607	¥143,365	¥151,637	¥76,812	¥ 908	¥519,329	¥ —	¥519,329
Inter-segment sales	9,740	1,787	2,296	18	198	14,039	(14,039)	—
	156,347	145,152	153,933	76,830	1,106	533,368	(14,039)	519,329
Operating expenses	153,026	133,090	137,763	61,603	611	486,093	(14,131)	471,962
Operating income	¥ 3,321	¥ 12,062	¥ 16,170	¥15,227	¥ 495	¥ 47,275	¥ 92	¥ 47,367
Assets	¥174,178	¥139,051	¥152,242	¥75,744	¥19,796	¥561,011	¥ 40,375	¥601,386
Depreciation	5,449	5,236	9,602	4,224	10	24,521	—	24,521
Impairment loss	4,278	707	26	12	—	5,023	—	5,023
Capital expenditures	5,648	17,235	7,407	9,154	4	39,448	—	39,448

Thousands of U.S. dollars

2009	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Total	Elimination / corporate	Consolidated
Sales to outside customers	$1,460,817	$1,228,464	$1,267,810	$590,868	$ 9,172	$4,557,131	$ —	$4,557,131
Inter-segment sales	74,936	14,028	19,444	174	2,423	111,005	(111,005)	—
	1,535,753	1,242,492	1,287,254	591,042	11,595	4,668,136	(111,005)	4,557,131
Operating expenses	1,585,157	1,317,367	1,222,376	567,658	5,772	4,698,330	(109,600)	4,588,730
Operating income (loss)	$ (49,404)	$ (74,875)	$ 64,878	$ 23,384	$ 5,823	$ (30,194)	$ (1,405)	$ (31,599)
Assets	$1,587,672	$1,209,254	$1,155,370	$598,687	$207,075	$4,758,058	$ 643,479	$5,401,537
Depreciation	64,878	78,846	98,951	51,777	112	294,564	—	294,564
Capital expenditures	109,284	108,185	92,151	47,816	92	357,528	—	357,528

Notes:

1. The main products of each segment are as follows:
   - Natural gas chemicals: Methanol, ammonia, amines, methacrylates, polyols, enzymes and coenzymes, natural gas and crude oil
   - Aromatic chemicals: Xylene isomers and xylene derivatives
   - Specialty chemicals: Hydrogen peroxide and other industrial inorganic chemicals, electronic chemicals and engineering plastics
   - Information and advanced materials: Printed circuit board materials, printed circuit boards and oxygen absorber (AGELESS®)
   - Other: Real estate business, etc.

2. Corporate assets of ¥98,919 million ($1,007,014 thousand) and ¥73,795 million as of March 31, 2009 and 2008 in the Elimination / corporate line consist primarily of surplus funds (cash and deposits, and securities), long-term investments (investment securities, etc.) and assets relating to the administrative operations.

3. For the year ended March 31, 2009, as described in Note 1 (e), the Company adopted "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006). As a result of these changes, operating income of each segment decreased as follows:

	Millions of yen	Thousands of U.S. dollars
Natural gas chemicals	¥1,040	$10,587
Aromatic chemicals	3,344	34,043
Specialty chemicals	1,027	10,455
Information and advanced materials	1,334	13,580

4. For the year ended March 31, 2009, as described in Note 1 (f), the Company and its domestic consolidated subsidiaries changed the estimated useful lives of machinery. As a result of these changes, operating income of each segment increased (decreased) as follows:

	Millions of yen	Thousands of U.S. dollars
Natural gas chemicals	¥(108)	$(1,099)
Aromatic chemicals	271	2,759
Specialty chemicals	(220)	(2,240)
Information and advanced materials	(396)	(4,031)

5. For the year ended March 31, 2008, as described in Note 1 (f), the Company changed its depreciation method of property, plant and equipment other than buildings from the straight line method to the declining balance method. And the Company and its domestic consolidated subsidiaries changed the estimated residual value of property, plant and equipment which was acquired on or after April 1, 2007 from 5% of the acquisition cost to ¥1. As a result of these changes, operating income of each segment decreased as follows:

	Millions of yen
Natural gas chemicals	¥ 574
Aromatic chemicals	1,014
Specialty chemicals	1,169
Information and advanced materials	570

Decrease in operating income of "Other" segment was immaterial.

6. Effective from April 1, 2007, as described in Note 1 (l), revenues and expenses of overseas subsidiaries are translated into yen using the average rate in the year, which were previously translated into yen at the rate of exchange as of the balance sheet date. As a result of this change, sales of each segment increased as follows:

	Millions of yen
Natural gas chemicals	¥1,098
Aromatic chemicals	244
Specialty chemicals	161
Information and advanced materials	59

And operating income of each segment increased (decreased) as follows:

	Millions of yen
Natural gas chemicals	¥ 33
Aromatic chemicals	12
Specialty chemicals	(17)
Information and advanced materials	(2)

(b) Geographic Segments

MGC has classified its geographic areas other than Japan into "North and South America" and "Asia." Sales in "Asia" for the year ended March 31, 2009 are more than 10% of total sales, therefore, "Asia" is stated separately.

Segment information by geographic area for the years ended March 31, 2009 and 2008 is summarized as follows:

	Millions of yen					
	2009					
	Japan	Asia	Other	Total	Elimination / corporate	Consolidated
Sales to outside customers	¥369,279	¥43,731	¥34,637	¥447,647	¥ —	¥447,647
Inter-segment sales	34,299	5,784	850	40,933	(40,933)	—
	403,578	49,515	35,487	488,580	(40,933)	447,647
Operating expenses	409,674	46,518	35,290	491,482	(40,731)	450,751
Operating income (loss)	¥ (6,096)	¥ 2,997	¥ 197	¥ (2,902)	¥ (202)	¥ (3,104)
Assets	¥502,822	¥23,015	¥12,905	¥538,742	¥ (8,149)	¥530,593

	Thousands of U.S. dollars					
	2009					
	Japan	Asia	Other	Total	Elimination / corporate	Consolidated
Sales to outside customers	$3,759,330	$445,190	$352,611	$4,557,131	$ —	$4,557,131
Inter-segment sales	349,170	58,882	8,653	416,705	(416,705)	—
	4,108,500	504,072	361,264	4,973,836	(416,705)	4,557,131
Operating expenses	4,170,559	473,562	359,258	5,003,379	(414,649)	4,588,730
Operating income (loss)	$ (62,059)	$ 30,510	$ 2,006	$ (29,543)	$ (2,056)	$ (31,599)
Assets	$5,118,823	$234,297	$131,375	$5,484,495	$ (82,958)	$5,401,537

1. The major countries or regions in the respective divisions are as follows:
   Asia: Korea, China, Taiwan, Singapore, Thailand and Indonesia
   Other: U.S.A.

2. For the year ended March 31, 2009, as described in Note 1 (e), the Company adopted "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, July 5, 2006). As a result of these changes, operating income of Japan segment decreased by ¥6,745 million ($68,665 thousand).

3. For the year ended March 31, 2009, as described in Note 1 (f), the Company and its domestic consolidated subsidiaries changed the estimated useful lives of machinery. As a result of these changes, operating loss of Japan segment increased by ¥453 million ($4,612 thousand).

Segment information by geographic area for the year ended March 31, 2008 which are restated to conform to the segmentation for the year ended March 31, 2009 are as follows:

	Millions of yen					
	2008					
	Japan	Asia	Other	Total	Elimination / corporate	Consolidated
Sales to outside customers	¥445,817	¥43,512	¥30,000	¥519,329	¥ —	¥519,329
Inter-segment sales	39,471	4,012	596	44,079	(44,079)	—
	485,288	47,524	30,596	563,408	(44,079)	519,329
Operating expenses	443,103	44,026	28,857	515,986	(44,024)	471,962
Operating income	¥ 42,185	¥ 3,498	¥ 1,739	¥ 47,422	¥ (55)	¥ 47,367
Assets	¥560,314	¥33,344	¥15,952	¥609,610	¥ (8,224)	¥601,386

The following is based on the former geographic segmentation for the year ended March 31, 2008:

	Millions of yen				
	2008				
	Japan	Other	Total	Elimination / corporate	Consolidated
Sales to outside customers	¥445,817	¥73,512	¥519,329	¥ —	¥519,329
Inter-segment sales	39,471	4,608	44,079	(44,079)	—
	485,288	78,120	563,408	(44,079)	519,329
Operating expenses	443,103	72,883	515,986	(44,024)	471,962
Operating income	¥ 42,185	¥ 5,237	¥ 47,422	¥ (55)	¥ 47,367
Assets	¥560,314	¥49,296	¥609,610	¥ (8,224)	¥601,386

MGC has classified its geographic areas other than Japan into "North and South America" and "Asia." Sales in "North and South America" and "Asia" are less than 10% of total sales, therefore, all are totally stated as "Other."

The major countries or regions in the respective divisions are as follows:

North and South America: U.S.A.

Asia: Korea, Taiwan, Singapore, Thailand and Indonesia

(c) Overseas Sales

Information for overseas sales for the years ended March 31, 2009 and 2008 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Overseas sales			
Asia	¥115,875	¥144,195	$1,179,630
North and South America	37,190	34,297	378,601
Other	10,229	12,423	104,133
	¥163,294	¥190,915	$1,662,364
Consolidated sales	¥447,647	¥519,329	$4,557,131
Percentage of overseas sales to consolidated sales	36.5%	36.8%	36.5%

The major countries or regions in the respective divisions are as follows:

Asia: Thailand, Malaysia, India, Indonesia, Korea, China, Taiwan and Singapore

North and South America: U.S.A., Mexico and Brazil

Other: Australia, New Zealand, Germany, the Netherlands, Italy, Great Britain and South Africa

20 The Income Statement Disclosure under Accounting Principles Generally Accepted in Japan

Under accounting principles generally accepted in Japan, an ordinary income or loss, "Keijo-soneki" should be disclosed in the income statement. The ordinary income or loss is an income or loss figure with certain adjustments made to income or loss before income taxes and minority interests.

Followings are the summary information of the income statement under accounting principles generally accepted in Japan.

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Sales	¥447,647	¥519,329	$4,557,131
Gross profit	52,021	102,179	529,584
Operating income (loss)	(3,104)	47,367	(31,599)
Ordinary income	6,975	61,760	71,007
Income before income taxes and minority interests	5,273	56,068	53,680
Net income	7,014	40,209	71,404

21 Subsequent Event

On May 22, 2009, the Board of Directors of the Company resolved that the Company will establish a subsidiary named LingYou Engineering-Plastics (Shanghai) Co., Ltd. in Shanghai, China in July 2009. The subsidiary's capital is to be approximately ¥10 billion ($102 million), and 80% owned by the Company and 20% owned by Mitsubishi Engineering-Plastics Corporation.

To the Board of Directors of
Mitsubishi Gas Chemical Company, Inc.:

We have audited the accompanying consolidated balance sheets of Mitsubishi Gas Chemical Company, Inc. and consolidated subsidiaries as of March 31, 2009 and 2008, and related consolidated statements of income, changes in net assets and cash flows for the years then ended, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mitsubishi Gas Chemical Company, Inc. and consolidated subsidiaries as of March 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As more fully described in the Note 1(r) to the consolidated financial statements, effective in the year ended March 31, 2009, in the consolidated statements of cash flows, dividends received from affiliates accounted for by the equity method have been classified as a component of cash flows from operating activities, which had been previously included in investing activities. As more fully described in Note 1(e) to the consolidated financial statements, effective in the year ended March 31, 2009, the Company has adopted "Accounting Standard for Measurement of Inventories." As more fully described in the Note 21 to the consolidated financial statements, the Board of Directors of the Company held on May 22, 2009 resolved that the Company will establish a subsidiary.

Furthermore, as more fully described in Note 1(f) to the consolidated financial statements, effective in the year ended March 31, 2008, the Company has changed its depreciation method of property, plant and equipment other than buildings from the straight-line method to the declining-balance method. As more fully described in Note 1(l) to the consolidated financial statements, effective in the year ended March 31, 2008, revenues and expenses of overseas subsidiaries have been translated into yen using the average rate in the year, which had been previously translated into yen at the rate of exchange as of the balance sheet date.

The accompanying consolidated financial statements as of and for the year ended March 31, 2009 have been translated into United States dollars solely for the convenience of the reader. We have recomputed the translation and, in our opinion, the consolidated financial statements expressed in yen have been translated into United States dollars on the basis described in Note 2 to the consolidated financial statements.

Toyo Horwath
Tokyo, Japan
June 25, 2009

Toyo Horwath

Main Subsidiaries and Affiliates

As of March 31, 2009

Name	Issued share capital (Millions of yen, except as noted)	The Company's share ownership	Principal business
TOKYO SHOKAI, LTD.	200	99.9%	Sale of compound resins and other products
RYOKO CHEMICAL CO., LTD.	100	100.0	Sale of industrial chemicals and other products
JAPAN CIRCUIT INDUSTRIAL CO., LTD.	1,497	96.0	Manufacture and sale of printed wiring boards
KINOE TERMINAL COMPANY, INC.	493	75.5	Storage service for methanol
JAPAN FINECHEM COMPANY, INC.	274	93.2	Manufacture and sale of fine chemicals and electronic products
JAPAN PIONICS CO., LTD.	200	100.0	Manufacture and sale of gas generators and gas purifiers, and manufacture of disposable body warmers
EIWA CHEMICAL IND. CO., LTD.	420	90.9	Manufacture and sale of foaming agents for rubber and plastic
MGC PURE CHEMICALS AMERICA, INC.	US$5,000 thousand	90.0	Manufacture and sale of chemicals for semiconductors
THAI POLYACETAL CO., LTD.	THB840 million	70.0	Manufacture and sale of polyacetal resin
ELECTROTECHNO CO., LTD.	500	100.0	Manufacture of copper-clad laminate and multilayer prepreg
MARINE TRANSPORT AND TERMINAL COMPANY, LIMITED	400	100.0	Storage and transport of methanol, other chemical products
RYOYO TRADING CO., LTD.	90	73.8	Sale of industrial chemicals and insurance agency businesses
MITSUBISHI GAS CHEMICAL AMERICA, INC.	US$1,084 thousand	100.0	Sale of chemicals and other products
MITSUBISHI GAS CHEMICAL SINGAPORE PTE. LTD.	US$1,161 thousand	100.0	Sale of chemicals and other products
KOKUKA SANGYO CO., LTD.	250	93.8	Transport of chemical products
FUDOW COMPANY LIMITED	180	100.0	Manufacture and sale of molding resin
A.G. INTERNATIONAL CHEMICAL CO., INC.	850	91.6	Manufacture and sale of purified isophthalic acid
MITSUBISHI ENGINEERING-PLASTICS CORPORATION	3,000	50.0	Manufacture and sale of engineering plastics
JSP CORPORATION	10,128	42.9	Manufacture and sale of foamed plastics
JAPAN U-PICA COMPANY, LTD.	1,100	45.7	Manufacture and sale of unsaturated polyester
JAPAN SAUDI ARABIA METHANOL COMPANY, INC.	2,310	47.4	Management of AR-RAZI
KOREA ENGINEERING PLASTICS CO., LTD.	₩11,000 million	40.0	Manufacture and sale of polyacetal
MIZUSHIMA AROMA CO., LTD.	2,000	50.0	Manufacture and sale of purified terephthalic acid

- A&C COMPANY, INC.
- POLYOLS ASIA COMPANY LTD.
- JAPAN BIO COMPANY LTD.
- LING TIAN (NANJING) FINE CHEMICAL CORPORATION
- METANOL DE ORIENTE, METOR, S.A.
- JAPAN ACRYACE CORPORATION
- TOHO EARTHTECH, INC.
- MGC ADVANCED POLYMERS, INC.
- FUDOW TECHNO CO., LTD.
- TAIYO INDUSTRY CO., LTD.
- DIA TEREPHTHALIC ACID CORPORATION
- CG ESTER CORPORATION
- KYOUDOU KASANKASUISO CORPORATION
- P. T. PEROKSIDA INDONESIA PRATAMA
- SAMYOUNG PURE CHEMICALS CO., LTD.
- TOYO KAGAKU CO., LTD.
- MGC FILSHEET CO., LTD.
- MGC PURE CHEMICALS SINGAPORE PTE. LTD.
- MGC PURE CHEMICALS TAIWAN, INC.
- OTSUKA-MGC CHEMICAL COMPANY, INC.
- YONEZAWA DIA ELECTRONICS CO., INC.
- RYOWA ENTERPRISE COMPANY, LTD.
- MGC FINANCE CO., LTD.

● Consolidated subsidiary
■ Equity method affiliate

● Natural Gas Chemicals
● Aromatic Chemicals
● Specialty Chemicals
● Information & Advanced Materials
● Other

Corporate Data

As of March 31, 2009

Mitsubishi Gas Chemical Company, Inc.

Established

April 21, 1951

Paid-in Capital

¥41,970 million

Outstanding Shares

483,478,398

Number of Stockholders

34,552

Listing

Tokyo

Ticker Code

4182

Annual General Meeting of Stockholders

The annual general meeting of stockholders is normally held in June in Tokyo, Japan.

Transfer Agent and Registrar

Mitsubishi UFJ Trust and Banking Corp.

Independent Auditor

Toyo Horwath

Number of Employees

2,258 (non-consolidated)

4,902 (consolidated)

Head Office

Mitsubishi Building
5-2 Marunouchi 2-chome,
Chiyoda-ku, Tokyo 100-8324, Japan

Branch Offices

Osaka, Nagoya, New York, Singapore, Dusseldorf, Bangkok, Shanghai

Research Institutes

Tokyo Research Laboratory

Niigata Research Laboratory

Hiratsuka Research Laboratory

Tokyo Techno-Center

MGC Chemical Analysis Center

Plants

Niigata, Mizushima, Yokkaichi, Yamakita, Kashima, Naniwa*, Saga*

* Part of Yokkaichi Plant

Investor Information

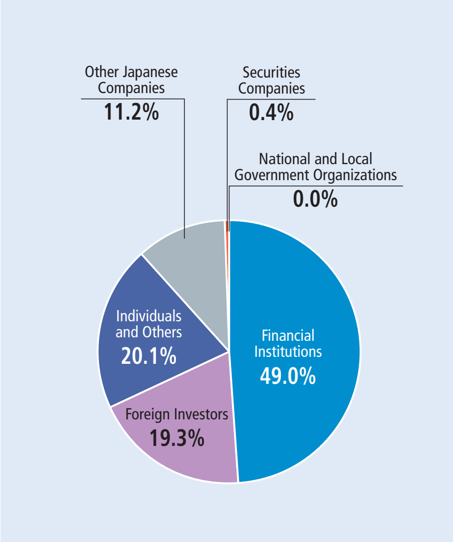
As of March 31, 2009

Principal Stockholders

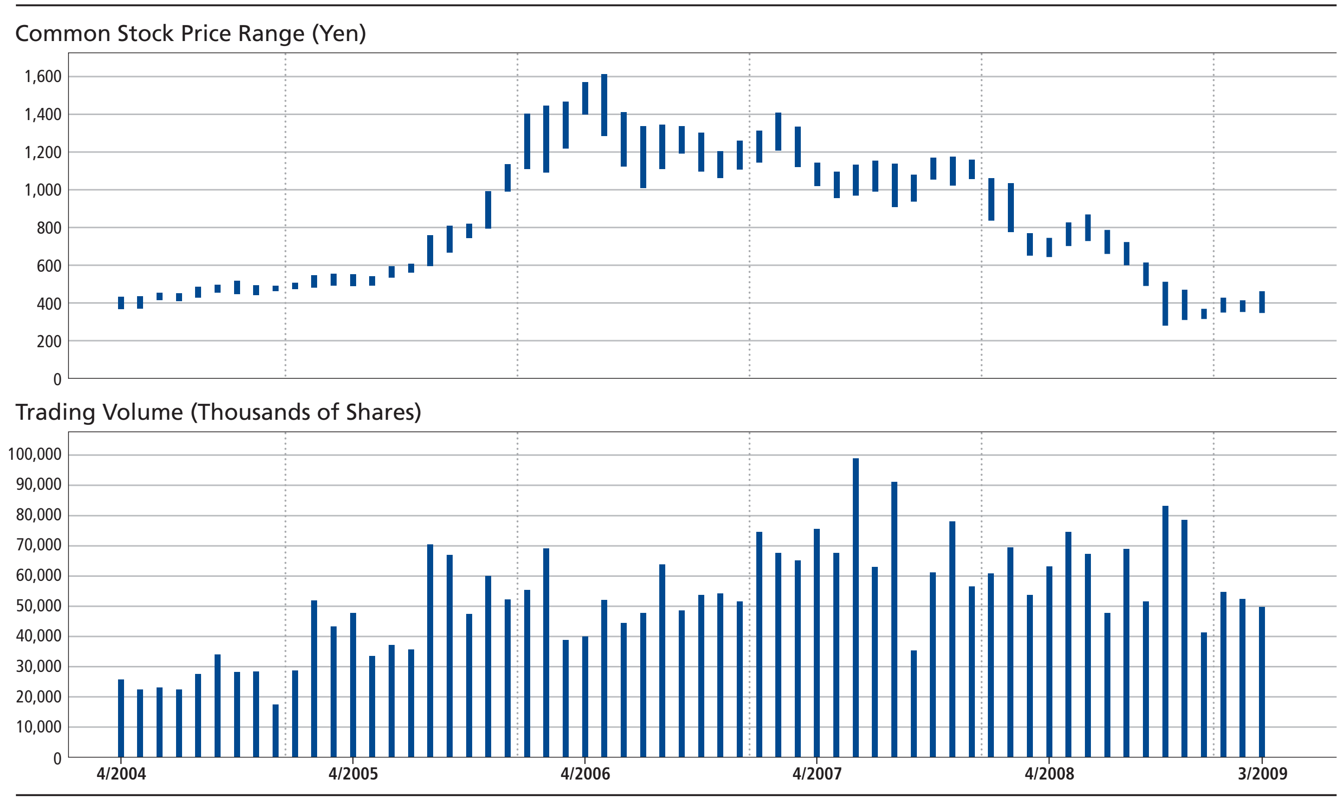
Name	Number of Shares Held (Thousands)	Percentage of Total Shares Outstanding
The Master Trust Bank of Japan, Ltd. (Trust Account)	32,563	7.2%
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	25,683	5.7
Japan Trustee Services Bank, Ltd. (Trust Account)	22,608	5.0
Nippon Life Insurance Company	21,452	4.7
Meiji Yasuda Life Insurance Company	16,795	3.7
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	16,403	3.6
Mitsubishi UFJ Trust and Banking Corp.	11,686	2.6
The Norinchukin Bank	10,053	2.2
Asahi Glass Co., Ltd.	9,671	2.1
Tokio Marine & Nichido Fire Insurance Co., Ltd.	9,008	2.0

Note: MGC holds 31,420 thousand shares of treasury stock, which is not included in the above list of principal stockholders or percentage calculations.

Composition of Stockholders



Monthly Stock Price Range and Trading Volume



MITSUBISHI GAS CHEMICAL COMPANY, INC.

Mitsubishi Building, 5-2 Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8324, Japan
Tel. +81-3-3283-5000 Fax. +81-3-3287-0833
http://www.mgc.co.jp/eng

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