Annual Report 2012

Fiscal year ended March 31, 2012

The Next Step for Sustainable Growth ——MGC *Will2014* Mid-term Management Plan

MITSUBISHI GAS CHEMICAL COMPANY, INC.

Message from the Management

Kazuo Sakai
Representative Director, President

Hideki Odaka
Representative Director, Chairman

During the fiscal year ending March 2012, the Japanese economy faced great difficulties due to a number of events including the Great East Japan Earthquake, the strong yen, the public debt crisis in Europe, the slowdown of the Chinese economy, and major flooding in Thailand.

The MGC Group achieved a slight increase in net sales compared with the previous year. Despite increases in market prices for methanol and other chemicals, sales volumes generally declined due to the impact of natural disasters in and outside Japan and the economic downturn.

Operating income was substantially lower than the previous year's level. This was primarily due to lower sales volumes and narrower margins on key products in individual segments and reductions in net sales of some products for LCD displays.

Equity in earnings of affiliates grew due to excellent sales performance, achieved mainly by overseas methanol-producing companies, while ordinary income was lower than the prior year's level.

Despite a substantial improvement in the figure for extraordinary loss or gain, Group net income was lower than last year's level, as a portion of deferred income tax was reversed in response to tax revisions implemented in fiscal 2011.

As a result, consolidated net sales increased ¥1,183 million, or 0.3%, to ¥452,217 million, and operating income decreased ¥14,280 million, or 61.1%, to ¥9,083 million. Equity in earnings of affiliates increased ¥2,658 million, or 14.9%, to ¥20,532 million, ordinary income decreased ¥10,277 million, or 28.2%, to ¥26,116 million, and net income for the period fell by ¥6,622 million, or 34.9%, to ¥12,327 million.

Year-end dividends increased by ¥2.0 per share to ¥6.0. Interim dividends were also ¥6.0 for the year, thus total annual dividends rose ¥4.0 per share to ¥12.0, with a consolidated payout ratio of 44.0%.

In April 2012, the MGC Group began its new "MGC Will2014" Mid-term Management Plan, which is based on the following four basic strategies.

- **Strengthening core businesses**

In our core businesses, we will not only continue to make the most of their existing strengths, but also take an M&A approach to boost business further.

- **Restructuring loss-making businesses**

We have already set up structural reform projects in cooperation with the relevant businesses, and we will continue to study all possibilities and implement reform plans as soon as they are finalized.

- **Accelerating development of new businesses**

Concerning the development of new businesses, MGC established the "Next Generation Business Project Group" to reinforce our existing research and development initiatives. This new organization has already become active, accelerating overall work in this area, by integrating internal resources through a cross-organizational approach.

- **Improving total enterprise quality in support of sustainable growth**

In order to improve total enterprise quality in support of sustainable growth, we will squarely face challenges such as developing global human resources, improving the ability of the manufacturing floor, achieving production with a low environmental impact, cost reductions, and higher group-wide business efficiency.

While aiming to achieve the following financial targets on a consolidated basis by the fiscal year ending March 2015 (FY2014), the entire MGC Group will continue to maximize its corporate value:

Net sales	¥600,000 million
Operating income	¥40,000 million
Ordinary income	¥60,000 million
ROA (ordinary income/total assets)	9.0%

June 2012

Hideki Odaka
K. Sakai

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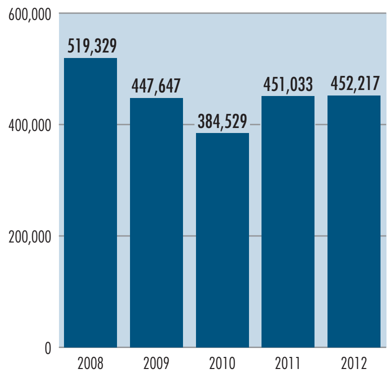
Financial Highlights

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

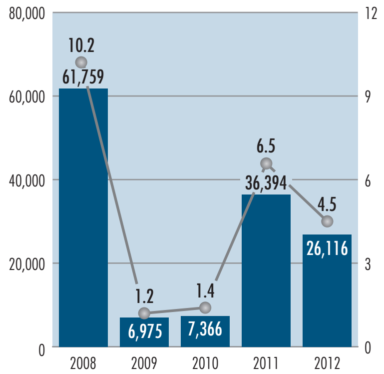
	Millions of yen					Thousands of U.S. dollars
	2012	2011	2010	2009	2008	2012
For the year:						
Net sales	¥452,217	¥451,033	¥384,529	¥447,647	¥519,329	$5,502,093
Natural Gas Chemicals	153,164	145,564	110,503	143,496	146,607	1,863,536
Aromatic Chemicals	125,301	111,182	94,475	120,672	143,365	1,524,529
Specialty Chemicals	121,047	134,016	118,311	124,537	51,637	1,472,770
Information and Advanced Materials	51,859	59,508	60,376	58,041	76,812	630,965
Other	844	763	864	901	908	10,269
Gross profit	66,486	80,070	57,790	52,021	102,179	808,931
Selling, general and administrative expenses	57,402	56,706	53,699	55,125	54,812	698,406
Operating income (loss)	9,083	23,364	4,091	(3,104)	47,367	110,512
EBITDA	55,229	54,970	39,225	36,403	82,735	671,967
Ordinary income	26,116	36,394	7,366	6,975	61,759	317,752
Net income	12,327	18,950	5,828	7,014	40,209	149,982
R&D costs	17,449	16,380	16,199	14,707	13,563	212,301
Capital expenditures	42,423	35,401	27,567	35,120	39,448	516,158
Depreciation and amortization	27,763	28,950	29,536	28,935	24,521	337,790
At year end:						
Total assets	¥595,250	¥577,046	¥539,431	¥530,593	¥601,386	$7,242,365
Current assets	254,037	244,523	218,083	215,299	268,660	3,090,850
Current liabilities	193,464	182,528	160,298	161,088	213,531	2,353,863
Working capital	60,572	61,995	57,785	54,211	55,129	736,975
Total net assets	292,111	288,258	278,095	272,084	312,021	3,554,094
Interest-bearing debt	185,185	182,679	165,848	174,934	150,573	2,253,133
Per share of common stock (Yen/U.S. dollars):						
Net income—basic	¥ 27.28	¥ 41.92	¥ 12.89	¥ 15.30	¥ 87.01	$ 0.33
Net income—diluted	27.01	41.00	12.61	14.97	85.13	0.33
Net assets	623.46	615.25	595.56	585.90	654.25	7.59
Cash dividends	12.00	8.00	8.00	16.00	16.00	0.15
Ratios:						
Gross profit margin (%)	14.7	17.8	15.0	11.6	19.7	
Operating income margin (%)	2.0	5.2	1.1	(0.7)	9.1	
Return on sales (%)	2.7	4.2	1.5	1.6	7.7	
Return on assets (ROA) (%)	4.5	6.5	1.4	1.2	10.2	
Return on equity (ROE) (%)	4.4	6.9	2.2	2.5	13.7	
Current ratio (times)	1.31	1.34	1.36	1.34	1.26	
Equitiy ratio (%)	47.3	48.2	49.9	49.9	50.3	
Number of employees	5,216	4,979	4,920	4,902	4,686	

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the approximate rate of ¥82.19 = US$1 prevailing on March 30, 2012.
2. EBITDA = Net income before taxes + Interest expense + Depreciation and amortization
3. Ordinary income, a common indicator in Japan, corresponds to income before income taxes and minority interests, less any extraordinary profit or loss.
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 = Ordinary income / Average total assets
6. The calculation of return on equity uses net assets excluding minority interests.

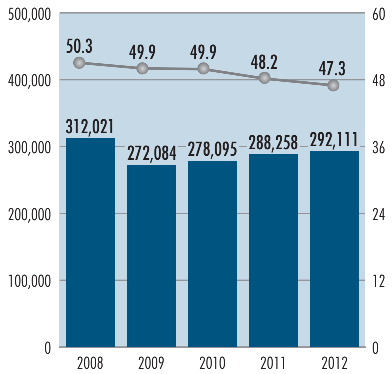
Net Sales
(Millions of yen)



Ordinary income and ROA
(Millions of yen, %)



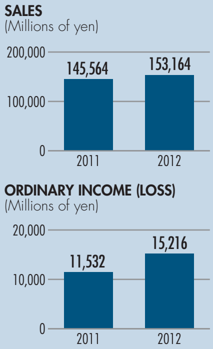
Net assets and EQUITY ratio
(Millions of yen, %)



MGC at a Glance

Mitsubishi Gas Chemical Company, Inc. (MGC) was established in 1951 through a merger between Japan Gas Chemical Co., Inc. and Mitsubishi Edogawa Chemical Co., Ltd. Today the MGC Group includes over 120 affiliates at home and abroad. Starting in 2000, MGC introduced an "internal company" system to broadly develop its businesses—spanning basic chemicals to functional materials and products—based on its four companies: Natural Gas Chemicals, Aromatic Chemicals, Specialty Chemicals, and Information & Advanced Materials. In addition to exploration of natural gas and petroleum and development of geothermal energy, MGC is also at the global forefront of the promotion of the next-generation clean energy, DME. MGC is active worldwide in a variety of sectors, including automobiles, electronics, life sciences, the environment and energy. Since its establishment, MGC has continually aimed to create its own technologies, and as a result, it has developed over 90% of the products it handles.

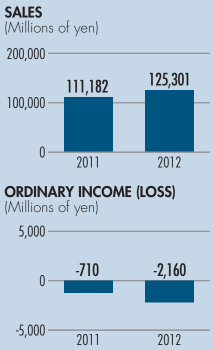
NATURAL GAS CHEMICALS



OUTLINE

Includes a wide product lineup, spanning from basic chemicals such as methanol, ammonia and their derivatives to Coenzyme Q10 made using biotechnology. Also involved in the exploration and drilling of petroleum and natural gas and geothermal development.

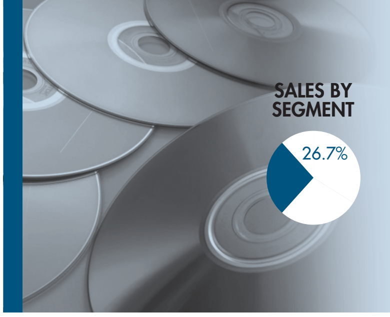
AROMATIC CHEMICALS

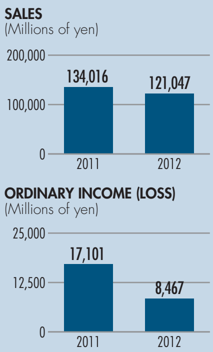


OUTLINE

Develops unique aromatic products centered on the metaxylene chain, including aromatic aldehydes and aromatic polycarboxylic acids, which are used as intermediates in pharmaceuticals, agrochemicals and fragrances, and monomers and additives for resins. One of our core products, Nylon-MXD6, is a derivative of metaxylene that is used for PET bottles and food packaging because of its excellent gas barrier property.

SPECIALTY CHEMICALS





OUTLINE

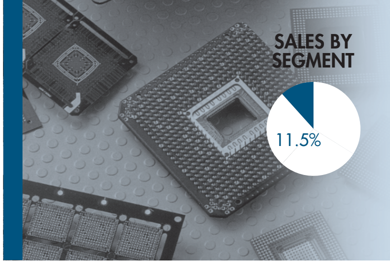
Inorganic Chemicals

Develops a range of products from industrial-use hydrogen peroxide, to chemicals for use in the electronics industry and environmental agents. Also involved in the development of functional thermosetting resin, and has a product lineup that ranges from monomers for high refractive index plastic lenses to photoresist monomers.

Engineering Plastics

Mainly involved in development of engineering plastics, including polycarbonate and polyacetal. Also develops special polycarbonate for specific optical applications as well as polycarbonate sheet & film with excellent surface coating technology.

INFORMATION AND ADVANCED MATERIALS



OUTLINE

Electronic Materials

Mainly involved in laminate materials for printed circuit boards and entry sheets, used in mechanical drilling of printed circuit boards. Its core product BT laminate material led the move towards using plastic material for semiconductor packaging, and it still remains synonymous with semiconductor package boards.

Oxygen Absorbers

Expanding the business with a focus on oxygen absorber AGELESS® which was developed based on the idea to create an oxygen-free packaging environment that prevents food deterioration by oxidation. Currently it is not only used for preserving food freshness but also in other areas as a total solution for maintaining quality, including for pharmaceuticals, medical de

A wide array of MGC technologies appear in a broad range of business sectors, with the MGC Group playing a variety of roles, including its activities as a global methanol supplier, a laminate maker for plastic packaging for semiconductors, a key Asian engineering plastic maker, a maker of chemicals for use in the global electronics industry, a developer and maker of the AGELESS® oxygen absorber that revolutionized the food distribution sector, and the world's first petrochemical maker to succeed in industrially producing highly-pure metaxylene.

The "Gas Chemical" in MGC's name comes from its predecessor, Japan Gas Chemical Co., Inc., which aimed to be a chemicals company that used domestic natural gas rather than depend on imported raw materials.

MAJOR PRODUCTS

Methanol, Formalin, Methanol synthesis catalyst, Ammonia, Amine, Polyol, Methyl methacrylate, Dimethyl ether (DME), Catalase, Coenzyme Q10

SUBSIDIARIES: 13 COMPANIES

- Japan Finechem Co., Inc. • Japan Pionics Co., Ltd.
- A&C Co., Inc. • Kinoe Terminal Co., Inc.
- Marine Transport and Terminal Co., Ltd. • Kokuka Sangyo Co., Ltd.
- Polyols Asia Co., Ltd. • Japan Bio Co., Ltd. • Iwai Kaiun Ltd.
- KSK (Panama) Corp. • Glorious & KSK (Panama) S.A.
- Vigorous & KSK (Panama) S.A. • Courageous & KSK (Panama) S.A.

AFFILIATES: 6 COMPANIES

- Japan Saudi Arabia Methanol Co., Inc.
- Metanol de Oriente, Metor, S.A.
- Brunei Methanol Company Sdn. Bhd.
- Japan Acryace Corporation • Toho Earthtech, Inc.
- Te An Ling Tian (Nanjing) Fine Chemical Corporation

MAJOR PRODUCTS

Metaxylene, Metaxylenediamine, Nylon-MXD6, Aromatic aldehydes, Aromatic polycarboxylic acids, Purified isophthalic acid, Plasticizers

SUBSIDIARIES: 5 COMPANIES

- A.G. International Chemical Co., Inc.
- MGC Advanced Polymers, Inc. • Fudow Co., Ltd.
- Fudow Techno Co., Ltd. • Taiyo Industry Co., Ltd.

AFFILIATES: 2 COMPANIES

- Mizushima Aroma Co., Ltd.
- CG Ester Corporation

MAJOR PRODUCTS

Inorganic Chemicals

Hydrogen peroxide, Chemicals for use in the electronics industry, Persulfates, Organic titanates, Water treatment agents, Environmental agents, Monomers for high refractive index plastic lenses, Adamantane derivatives

Engineering Plastics

Polycarbonate Iupilon®, Polyacetal Iupital®, Polyamide MXD6 Reny®, Polycarbonate sheet Iupilon® sheet, Special polycarbonate Iupizeta®

SUBSIDIARIES: 12 COMPANIES

- Ling You Engineering-Plastics (Shanghai) Co., Ltd.
- Eiwa Chemical Ind. Co., Ltd. • Kyoudou Kasankasuiso Corporation
- P. T. Peroksida Indonesia Pratama
- Samyoung Pure Chemicals Co., Ltd.
- MGC Pure Chemicals America, Inc. • Thai Polyacetal Co., Ltd.
- Toyo Kagaku Co., Ltd. • MGC Filsheet Co., Ltd.
- MGC Pure Chemicals Singapore Pte. Ltd.
- MGC Pure Chemicals Taiwan, Inc.
- Suzhou MGC Suhua Peroxide Co., Ltd.

AFFILIATES: 4 COMPANIES

- Mitsubishi Engineering-plastics Corporation
- Korea Engineering Plastics Co., Ltd.
- Otuska-MGC Chemical Co., Inc. • Thai Polycarbonate Co., Ltd.

MAJOR PRODUCTS

Electronic Materials

Laminate materials for printed circuit boards (epoxy-related materials, BT-related materials), entry sheets ("LE sheets") used for the mechanical drilling of printed circuit boards

Oxygen Absorbers

Oxygen absorber AGELESS®, PharmaKeep®, RP System®, anaerobic cultivation system AnaeroPack®, desiccant AGELESS DRY®

SUBSIDIARIES: 3 COMPANIES

- MGC Electrotechno Co., Ltd.
- Yonezawa Dia Elecronics Co., Inc.
- Japan Circuit Industrial Co., Ltd.

SUBSIDIARIES: 7 COMPANIES

- Tokyo Shokai, Ltd.
- Ryoko Chemical Co., Ltd.
- Ryoyo Trading Co., Ltd.
- Mitsubishi Gas Chemical America, Inc.
- Mitsubishi Gas Chemical Singapore Pte. Ltd.
- Ryowa Enterprise Co., Ltd.
- MGC Finance Co., Ltd.

AFFILIATES: 2 COMPANIES

- Japan U-Pica Co., Ltd.
- JSP Corporation

New Mid-term Management Plan "MGC Will2014"

When developing the previous Mid-term Management Plan, "MGC Will 2011," MGC decided that, in order to achieve further sustainable growth despite increasing economic uncertainty, it was necessary to formulate and implement a business plan from a long-term perspective. Accordingly, we determined the kind of company that MGC should aim to become by 2021 ("the desired MGC Group in 2021"). Introduced in April 2012, the new Mid-term Management Plan, "MGC Will2014," restates the same Group Vision: "MGC aims to demonstrate CSR in all its activities while developing and growing sustainably on the global stage as a leading chemicals group operating with major presence and a strong platform of proprietary technology." Accordingly, the new management plan defines itself as the second stage of the project aimed at shaping the "desired MGC Group in 2021."

Four Basic Strategies

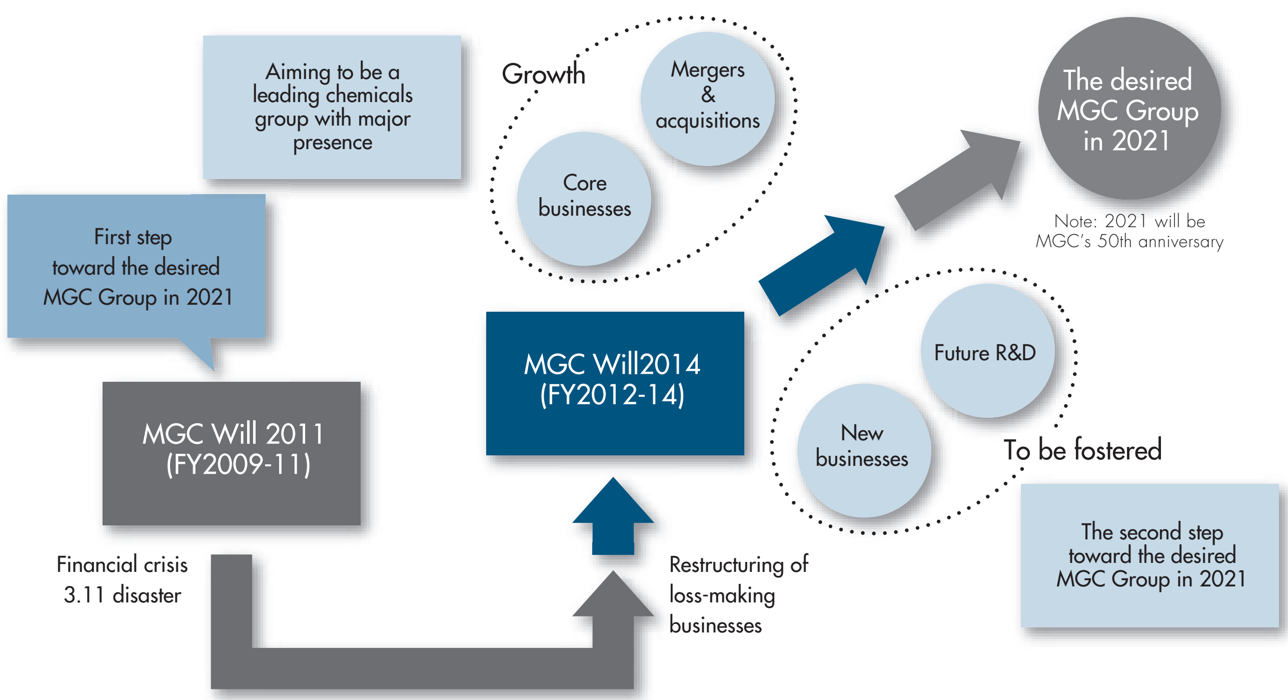
- Strengthening core businesses
- Restructuring loss-making businesses
- Accelerating development of new businesses
- Improving total enterprise quality in support of sustainable growth

Target Consolidated Financial Indicators (FY2014)

Consolidated parameter	Target (Fiscal year ending March 31, 2015)
Net sales	¥600,000 million
Operating income	¥40,000 million
Ordinary income	¥60,000 million
ROA (ordinary income/total assets)	9.0%

Assumptions:
Exchange rate: ¥80/USD
Crude oil price (Dubai) 2012: 115 USD/bbl, 2013: 115 USD/bbl, 2014: 120 USD/bbl
Consolidated investment amount: ¥140,000 million/3 years
Consolidated R&D expenditures: ¥50,000 million/3 years

MGC Will2014, New Mid-term Management Plan



Detailed Description of the Four Basic Strategies

Strengthening Core Businesses

Methanol

Strengths

- ✔ Locations near natural gas resources ensure good access to raw materials.
- ✔ Offers all functions required for business in a complete package.
  Production processes, proprietary catalysts, production operations, technical services, logistics, derivatives business, global marketing

Will2014 Business Strategies

- ✔ Metor 2 (Venezuela) and BMC (Brunei) began operations in 2010. Aims to achieve annual global production of 8 million tons in combination with AR-RAZI in Saudi Arabia (world demand: 55 million tons/year).
- ✔ Fine-tune catalyst and production technologies.
- ✔ Demand is increasing in China and other markets.
  Study the possibility of expanding the plant under the next plan and building a new plant elsewhere, and make preparations for further progress.

Polycarbonate Sheets and Films

Strengths

- ✔ Polycarbonate resin brand "Iupilon"
- ✔ Product development, technical services, and product lineup fully meet customer needs.
- ✔ Production in Japan, Thailand, and China

Will2014 Business Strategies

- ✔ Our Chinese plant started operations in 2012 and now plans further expansion.
- ✔ Increase cost competitiveness and reduce environmental impact.
- ✔ Align all products (polycarbonate resin, specialty polycarbonate resin, and sheets & films) closely with customer needs to strengthen the brand further.

MXDA/MX Nylon

Strengths

- ✔ Unique MGC-developed products: MGC is the only manufacturer and supplier of these products.
- ✔ In-house production of key product (MXDA)
- ✔ Used in a wide range of applications, including polyamide, epoxy resin, and isocyanates.

Will2014 Business Strategies

- ✔ Expand sales markets by establishing global networks for sales, technical services, and product development that cover Eastern Europe, Oceania, and Latin America.
- ✔ Develop markets in collaboration with external partners such as customers and trade companies.
- ✔ Increase capacity by building sites in new overseas locations.

BT Materials (for Semiconductor Package Substrates)

Strengths

- ✔ MGC is the top manufacturer of materials for semiconductor package substrates.
- ✔ Highest production capacity and supply stability in the industry
- ✔ Product lineup and development system designed to meet customer needs
- ✔ In-house production of key products

Will2014 Business Strategies

- ✔ Construct a new plant in Thailand (to start operation in 2013).
- ✔ Strengthen overseas marketing.
- ✔ Develop products in keeping with customer development roadmaps.

Hydrogen Peroxide/Electronics Chemicals

Strengths

- ✔ Solid relationships with strong globally operating customers
- ✔ Global networks for production, supply, and quality assurance
- ✔ In-house production beginning with hydrogen peroxide ensures high product quality.

Will2014 Business Strategies

- ✔ Enhance hydrogen peroxide production plants in China and other Asian countries.
- ✔ Develop cost-competitive processes for hydrogen peroxide.
- ✔ For electronics chemicals, MGC plans to continue developing products to meet market needs and expand existing production sites around the world.
- ✔ Promote the development of new applications such as sterilization and health care.

AGELESS® Oxygen Absorber

Strengths

- ✔ MGC is a pioneer in producing oxygen absorber, for food freshness preservation.
- ✔ Product lineup aligned with customer needs

Will2014 Business Strategies

- ✔ Accelerate the development of overseas markets.
- ✔ Develop and launch global products that can be produced at much lower costs.
- ✔ Enhance the development of markets for medical products and electronic components.

Restructuring Loss-Making Businesses

Unexpected deterioration in the business environment and increasing competition have surpassed our efforts to make the ammonia, isophthalic acid, and coenzyme Q10 businesses profitable within the existing framework. We will create project teams for the relevant businesses and evaluate all possibilities for restructuring, and implement reform plans as soon as they are finalized.

Accelerating Development of New Businesses

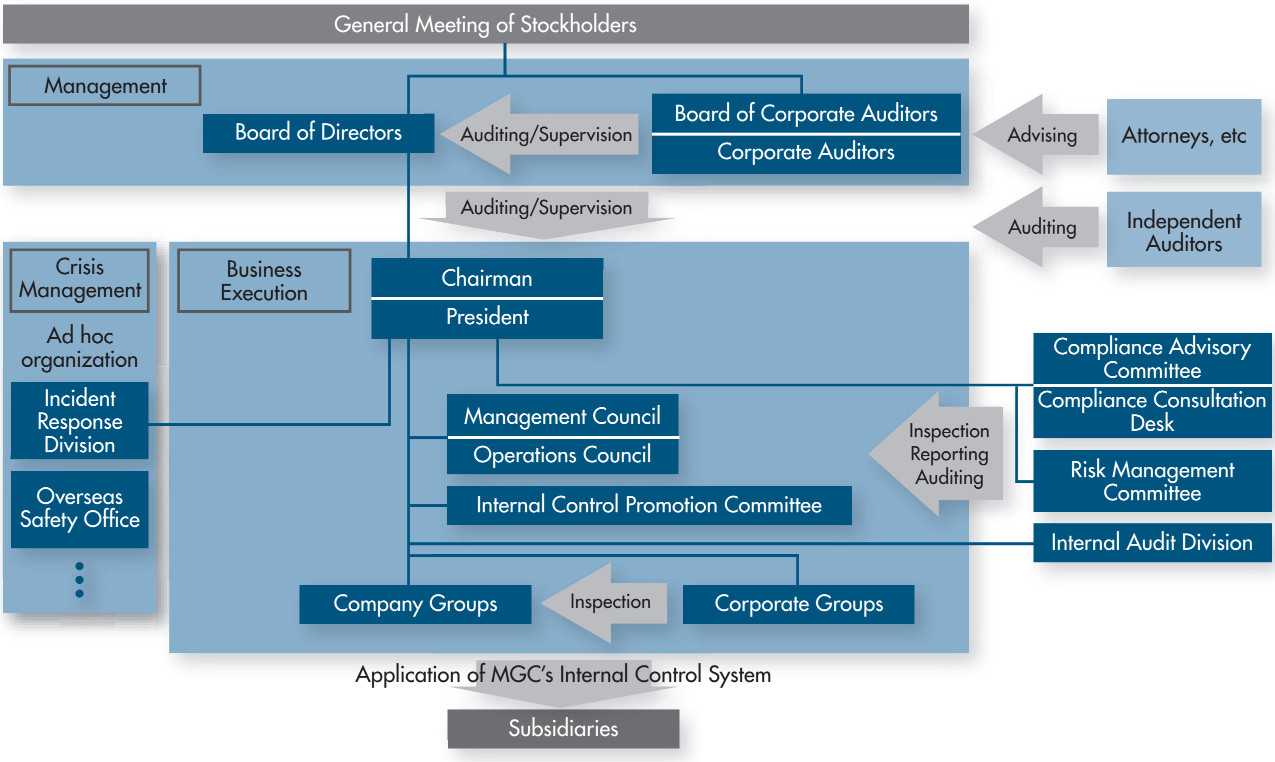
In order to reinforce the Group's existing approach to research and development, new business development will be accelerated through the "Next Generation Business Project." The new project integrates internal resources through a cross-organizational approach. Development targets include medical packing solutions, next-generation battery materials, and new structural materials. By 2021 the new businesses created by the project will achieve net sales of 100,000 million yen.

Improving Total Enterprise Quality in Support of Sustainable Growth

To achieve sustainable growth, we need to further improve all aspects of management quality. To improve total enterprise quality in support of sustainable growth, we will squarely face challenges such as developing global human resources, improving the ability of the manufacturing floor, achieving production with low environmental impact, implementing cost reductions, and promoting higher group-wide business efficiency.

Corporate Governance

Corporate Governance Framework



Corporate Governance Policy

At Mitsubishi Gas Chemical Company, Inc. (MGC), 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.

MGC 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.

Corporate Governance System

MGC has adopted a corporate auditing system and, to carry out the functions of business execution, uses an executive officer system, which clearly separates the decision making of management and supervisory functions from business executions. The Board of Directors decides the basic policies of management, as well as important matters relating to items decreed by law and articles of incorporation. The Board of Directors oversees business execution, while executive officers carry out the functions of business execution.

For matters arising in the course of its business execution that may have a significant effect on the company, MGC makes its decisions on the basis of multifaceted deliberations. The Management Council deliberates on management policies and the Operations Council deliberates on specific plans for the implementation of these. MGC receives advice from attorneys and other experts when necessary in the course of its decision making and business execution. In MGC's articles of incorporation, the Board of Directors is stipulated to comprise 15 or fewer members and as of June 26, 2012 there are 10 members.

MGC's Board of Auditors is comprised of five corporate auditors (three full-time) and of these, three are outside corporate auditors. The outside corporate auditors have no special interests in the company. Their tasks are to attend important meetings such as those held by the Board of Directors, to conduct audits of each division and surveys of subsidiaries, to strive to ascertain the process for important decision-making and the state of business execution, to ensure the rationality of the decisions and compliance with the law and corporate ethics, and in addition, to audit the execution of business. MGC has assigned full-time staff to aid all of its corporate auditors in the execution of their duties.

The Internal Audit Division was established to enhance internal controls and to raise business management efficiency. In order to confirm the proper execution of business by MGC and its Group companies, MGC conducts internal audits based on an annual plan and evaluates the effectiveness of its internal control system. 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

Board of Directors, Corporate Auditors and Executive Officers

Representative Director, Chairman
Hideki Odaka

Representative Director, President
Kazuo Sakai

Representative Directors, Senior Managing Executive Officers
Toshikiyo Kurai
Masami Orisaku

Directors, Managing Executive Officers
Makoto Mizutani
Yukio Sakai
Katsuhiko Sugita
Takayuki Watanabe
Yoshihiro Yamane
Kunio Kawa

Corporate Auditors
Shoji Uematsu
Kuniaki Kawakami

Outside Corporate Auditors
Hiroshi Shibata
Wataru Taguchi
Yoshimasa Nihei

Executive Officers
Shigenobu Ono
Osamu Kondo
Shuichi Murai
Kenji Inamasa
Katsushige Hayashi
Masahiro Johno
Takafumi Abe
Susumu Yoshida
Motoyoshi Onobori
Yasuhiro Sato
Tsuneaki Iwakiri
Masashi Fujii

Executive General Manager
Akira Ishiwada

established an Internal Control Promotion Committee headed by the executive officer responsible for the Internal Audit Division. Pursuant to the Companies Act, the company has appointed BDO Toyo & Co. as its independent auditor, and delegates auditing responsibilities to it pursuant to the Financial Instruments and Exchange Law.

Reasons for Adopting the Current Corporate Governance Framework

MGC has not appointed any outside directors, but has appointed three outside corporate auditors with no special interests in the company, one of whom is a full-time auditor. In terms of external checking of total governance, we believe our outside auditors fulfill the function of neutral oversight by participating in the process on important company decisions and conducting audits. We also believe that a governance framework enhancing management supervision by auditors and oversight functions through a reasonably sized Board of Directors comprised of internal directors familiar with MGC business, are currently appropriate measures for MGC to increase management transparency and impartiality.

Decision Policies and Method for Officer Compensation

Director Compensation

Policies for deciding compensation and other benefits for Directors are decided by the Board of Directors. Directors' compensation comprises basic compensation and a reserved retirement benefit and is decided in accordance with each director's position and in consideration of MGC's operational status and other companies' standards, etc. The basic compensation is a fixed amount of compensation corresponding to each director's position in MGC, and it may be increased or decreased to reflect the company's performance or the performance of each Director.

The reserved retirement benefit is an aggregate amount to be paid out upon retirement and corresponds to a director's term of service, calculated in increments of one year, and reserved through a resolution by a General Meeting of Stockholders.

Separate from the above compensation, bonuses may be paid through a resolution by a General Meeting of Stockholders, the amount of which would appropriately correspond to MGC's performance and that of the individual director.

Auditor Compensation

Corporate auditors' compensation consists of a basic compensation amount only and is determined in consultation with corporate auditors.

Director / Auditor Compensation (For the Fiscal Year 2011)

Officer type	Total compensation (in millions of yen)	Categorized total compensation (in millions of yen)		Number of officers
		Basic compensation	Reserved retirement benefits	
Directors	471	372	99	11
Auditors (excl. outside auditors)	51	51	—	2
Outside officers (outside auditors)	41	41	—	4
Total	564	465	99	17

Note: The amount of reserved retirement benefits for the above directors is this fiscal year's provision for director-reserved retirement benefits for 10 directors. At the 85th Ordinary General Meeting of Stockholders, held on June 26, 2012, we resolved that total reserved retirement benefits of ¥99 million would be paid to the 10 directors at the time of their retirement for performance of their professional duties from June 28, 2011 to June 26, 2012.

Total consolidated compensation per submitting company officer

The scope of disclosure extends to those with total consolidated compensation of ¥100 million or more, but as there are no officers who satisfy this condition, this section has been omitted.

Management's Discussion and Analysis

1. Results of Operations

1) Net Sales & Operating Income

The MGC Group achieved a slight increase in net sales compared with the previous year. Despite increases in market prices for methanol and other chemicals, sales volumes generally declined due to the impact of natural disasters in and outside Japan and an economic downturn.

Operating income was substantially lower than the prior-year level. This was primarily due to lower sales volumes and narrower margins on key products in individual segments and reductions in net sales from some products for LCD displays.

As a result, consolidated net sales increased ¥1,183 million, or 0.3%, to ¥452,217 million, and operating income decreased ¥14,280 million, or 61.1%, to ¥9,083 million.

2) Non-Operating Revenue

Non-operating revenue grew by ¥2,964 million, or 14.1%, to ¥23,987 million. The main factor behind this growth was increased gain on equity in the earnings of affiliates. Non-operating expenditures fell by ¥1,038 million or 13.0% to ¥6,954 million, resulting in an ordinary income decrease of ¥10,277 million, or 28.2%, to ¥26,116 million.

The Group posted extraordinary profit of ¥1,363 million, a decrease of ¥118 million or 8.0%. The Group posted extraordinary losses of ¥1,995 million, a decrease of ¥11,940 million or 85.7%.

As a result, net income before income taxes rose ¥1,544 million, or 6.5%, to ¥25,484 million, and due to a deferred tax assets reversal, net income for the year fell by ¥6,622 million, or 35.0%, to ¥12,327 million.

3) Dividend

Year-end dividends increased by ¥2.0 per share to ¥6.0. Interim dividends were also ¥6.0 for the year, thus total annual dividends rose ¥4.0 per share to ¥12.0, with a consolidated payout ratio of 44.0%.

2. Segment Information

1) Natural Gas Chemicals Company

In methanol, net sales increased due to increases in market prices caused by strong demand in China and other markets as well as energy prices that remained high.

Methanol and ammonia derivatives decreased revenue and earnings. Whereas market prices of ammonia increased, those of neopentylglycol fell, and amines suffered from a decline in sales volume.

The enzyme and coenzyme business recorded lower earnings compared with the previous year. The impact of the strong yen more than offset growth in volumes of coenzyme Q10 sales.

Crude oil and other energy increased in both revenue and earnings thanks to an increase in the sales price of crude oil from the previous year.

Consolidated net sales in the Natural Gas Chemical Company for the year ended March 31, 2012, increased by ¥7,600 million, or 5.2%, to ¥153,164 million, and operating income fell by ¥960 million, or 71.5%, to ¥383 million. Due to improvement in the performance of overseas methanol producing companies, equity in earnings of affiliates of ¥16,368 million was posted, resulting in ordinary income of ¥15,216 million, a year-on-year improvement of ¥3,684 million.

2) Aromatic Chemicals Company

Revenue and earnings from specialty aromatic chemical products decreased. While Nylon-MXD6 and aromatic aldehydes achieved prior-year levels in both revenue and earnings, meta-xylenediamines were affected by declining sales volumes in Europe. The negative revenue/earnings development also reflects the impact of the strong yen and increasing fuel and raw material prices.

Earnings in the purified isophthalic acid business decreased compared with the previous year. Despite increases in both sales volumes and sales prices, the business was affected by the strong yen and increases in raw materials and fuel prices.

Consolidated net sales in the Aromatic Chemicals Company for the year ended March 31, 2012 increased by ¥14,118 million, or 12.7%, to ¥125,301 million, and operating loss worsened, growing by ¥1,323 million to ¥1,026 million, and ordinary loss likewise grew by ¥1,450 million to ¥2,160 million.

3) Specialty Chemicals Company

Revenue and earnings from inorganic chemicals for industrial use decreased. This negative development resulted primarily from a decline in the volume of hydrogen peroxide sales as domestic demand for MGC products, such as those for paper pulp, remained low following the restoration of operations after the natural disaster in March 2011.

The electronic chemicals business achieved growth in both revenue and earnings. Despite a reduction in the volume of sales for super-pure hydrogen peroxide in the domestic market, products for overseas markets and hybrid chemicals for semiconductors and LCD displays were successful.

Revenue and earnings from engineering plastics decreased. While polyacetal enjoyed steady demand in overseas markets, polycarbonates were affected by a decline in domestic demand.

Polycarbonate sheets and films decreased both revenue and earnings. This is because, despite the success of hard-coated sheets for cellular phones, sales volumes of films for use in flat panel displays were much lower than prior-year levels.

Consolidated net sales in the Specialty Chemicals Company for the year ended March 31, 2012, fell by ¥12,968 million, or 9.7%, to ¥121,047 million, and operating income fell by ¥7,617 million, or 50.3%, to ¥7,514 million, and ordinary income fell by ¥8,633 million, or 50.5%, to ¥8,467 million.

4) Information & Advanced Materials Company

Electronic materials posted losses in both revenue and earnings. Immediately after recovery from the damage caused by the natural disaster in March 2011, Electrotechno enjoyed high levels of incoming orders for BT materials, used for semiconductor packaging. However, these products were affected by a continued downturn in demand that followed, above all, for general-purpose products.

Thanks to the overall success in the domestic food market and overseas medical markets, oxygen absorbers such as AGELESS® surpassed both the revenue and earnings achieved in the previous year.

Consolidated net sales in the Information & Advanced Materials Company for the year ended March 31, 2012, fell by ¥7,648 million, or 12.9%, to ¥51,859 million, and operating income fell by ¥3,926 million, or 50.9%, to ¥3,785 million, and ordinary income fell by ¥3,745 million, or 49.9%, to ¥3,756 million.

5) Other

Consolidated net sales in the Other business segment for the year ended March 31, 2012, increased by ¥80 million, or 10.6%, to ¥844 million, and operating income fell by ¥13 million, or 4.6%, to ¥282 million, and ordinary income decreased by ¥719 million, or 30.8%, to ¥1,620 million.

3. Financial Position

As of March 31, 2012, total consolidated assets were ¥595,250 million, ¥18,204 million higher than at the end of the previous fiscal year.

Current assets increased by ¥9,515 million to ¥254,037 million. Despite a decline in cash and deposits due to payments for investments in new facilities, major positive contributions came from increases in trade notes and accounts receivable (as the last day of 2011 happened to be a holiday) and an increase in short-term investments securities.

Noncurrent assets increased by ¥8,689 million to ¥341,212 million, primarily due to an increase in construction in progress related to the construction of new plants.

Total liabilities increased by ¥14,350 million to ¥303,138 million. Current liabilities rose by ¥10,937 million. Contributions include a ¥9,318 million increase in trade notes and accounts payable because the last day of 2011 was a holiday. Noncurrent liabilities increased by ¥3,413 million. Despite a decline in long-term loans payable, newly issued corporate bonds caused an increase of ¥15,000 million. Increasing lease liabilities were another reason.

Net assets increased by ¥3,853 million to ¥292,111 million.

A ¥8,486 million increase in retained earnings more than offset declines in foreign currency translation adjustments and valuation difference on available-for-sale securities.

As a result, the shareholders' equity ratio was 47.3% as of March 31, 2011 (March 31, 2011: 48.2%). Net assets per share at the end of the fiscal year totaled ¥623.46, compared with ¥615.25 one year earlier.

4. Cash Flow

As of March 31, 2012, total cash and cash equivalents were ¥35,701 million, ¥11,066 million lower than at the end of the previous fiscal year.

1) Operating Activity Cash Flow

Net cash provided by operating activities fell by ¥2,425 million from the previous year to ¥37,348 million. The primary positive contribution came from an increase in dividends received from equity method affiliates. Negative contributions include increasing expenses related to damage caused by natural disasters.

2) Investing Activity Cash Flow

Net cash outflow from investing activities increased by ¥12,648 million from the previous year to ¥37,274 million. This was primarily because outflow due to the acquisition of noncurrent assets rose by ¥8,712 million to ¥34,625 million.

3) Financing Activity Cash Flow

Net cash outflow from financing activity was ¥9,876 million, an increase of ¥8,027 million from the previous year. This was primarily because outflow due to repayments of corporate bonds surpassed the inflow provided by issuances of corporate bonds. Net cash outflow was also increased by a lower inflow from long-term loans payable.

5. Capital Expenditure

The MGC Group (including MGC and consolidated subsidiaries) capital expenditures for the consolidated fiscal year were ¥42,423 million.

By segment, capital expenditure of ¥13,942 million, ¥4,736 million, ¥21,661 million, ¥1,887 million and ¥10 million were made in natural gas chemicals, aromatic chemicals, specialty chemicals, information and advanced materials and other segments, respectively.

6. Research and Development

In 2011, the final year of the MGC Group's Mid-term management plan, MGC Will 2011, we set out to realize the Group Vision of seeking to "achieve sustainable growth as an outstanding chemicals company that is characterized by its own unique technologies and creates a strong impression."

To achieve this vision, we actively engaged in research and development in close cooperation with group companies and in line with the plan's key policies of "strengthening and expanding core businesses and accelerating new product development and commercialization."

MGC is aiming to achieve synergy by sharing and further developing the technologies it has acquired and developed over many years under its R&D system based on its research laboratories in Tokyo, Niigata, and Hiratsuka, the MGC Chemical Analysis Center, the Research and Development Division of corporate groups, the Next Generation Business Project Group, Planning and Development divisions of company groups, as well as the research divisions of individual plants. Further, we aim to cultivate new products faster and more efficiently via research and development utilizing MGC's comprehensive strengths through collaborative development with affiliates and outsourcing of research.

In October 2011, the "Next Generation Business Project Group," a company-wide organization led by the president, was established, and initiatives aimed at creating new, future-oriented core businesses commenced.

There are a total of 762 Group research and development personnel, including those in affiliate R&D divisions, making up around 15% of the total workforce. Expenditures on research totaled ¥17,449 million. Research and development costs by segment were as follows:

Natural Gas Chemicals Company:	¥4,541 million
Aromatic Chemicals Company:	¥3,062 million
Specialty Chemicals Company:	¥5,969 million
Information and Advanced Materials Company:	¥3,876 million

7. Risk Factors

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 26, 2012.

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.

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. 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 dividend 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) Exchange Rate Fluctuations

The Group's business results and financial situation has been affected by exchange rate fluctuations. With regards to the impact of exchange rate fluctuations on transactions in foreign currencies such as imports and exports, the MGC Group has, to a degree, hedged risk through forward exchange transactions. However, it is impossible to completely hedge the risk of medium- and long-term exchange rate changes. If the strong yen continues, there is the possibility of negative impact on the Group's business results and financial situation due to decreased sales, increased losses, and so on.

Financial balance data that is valued in local currencies for MGC Group overseas subsidiaries are translated into yen when creating the Group's consolidated balance sheet. Depending on the exchange rate at the time, the MGC Group's operating results and financial condition could be adversely affected.

6) Interest Rate Fluctuations

When procuring essential funds, the MGC Group considers their contents, financial situation, and financial environment, and determines factors such as the amounts to procure and the period and method of procurement. The Group combines fixed and variable interest rates when procuring funds in order to hedge against future interest rate changes. However, if interest rates rise, the amount of interest paid also rises, which may adversely affect the MGC Group's operating results and financial condition.

7) Marketable Security Market Price Fluctuations

The MGC Group's assets include market priced marketable securities. If the market prices of the Group's marketable securities were to fall sharply, it might adversely affect the Group's operating results and financial condition due to appraisal losses.

8) 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 in Japan 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.

9) Natural Disasters

The MGC Group has manufacturing bases not only in Japan but also in the rest of 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.

10) 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.

11) 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.

12) 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, Venezuela and Brunei. 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.

13) Intellectual Property

The MGC Group 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 through these patent rights and confidentiality agreements. However, failure of such protections could adversely effect the Group's operating results and financial condition.

14) Lawsuits

The MGC Group faces the risk of lawsuits and other legal risks in its domestic and overseas businesses. If a major lawsuit were to be filed against the Group in the future and if the verdict were unfavorable, it could have an adverse effect on the Group's operating results and financial condition.

Consolidated Balance Sheet

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
March 31, 2012

Assets

	Millions of yen		Thousands of U.S. dollars (note 2)
	2012	2011	2012
Current assets:			
Cash (note 3)	¥ 27,438	¥ 47,965	$ 333,836
Trade notes and accounts receivable (note 18)	122,054	112,029	1,485,023
Short-term investments (notes 4 and 6)	10,241	614	124,602
Inventories	76,087	68,217	925,745
Deferred income taxes (note 9)	3,952	5,160	48,084
Other current assets	15,042	11,317	183,015
Less allowance for doubtful receivables	779	779	9,478
Total current assets	254,037	244,523	3,090,850
Property, plant and equipment (note 6):			
Buildings and structures	131,088	128,227	1,594,939
Machinery, equipment and vehicles	360,297	354,351	4,383,708
Land	22,798	22,832	277,382
Leased assets	26,419	18,495	321,438
Construction in progress	31,148	15,713	378,976
Other	31,521	30,390	383,514
	603,273	570,008	7,339,981
Less accumulated depreciation	412,094	393,185	5,013,919
Net property, plant and equipment	191,178	176,823	2,326,049
Intangible assets, net:			
Goodwill	104	56	1,265
Leased assets	25	40	304
Software	2,037	2,269	24,784
Other	1,107	1,866	13,469
Net intangible assets	3,275	4,231	39,847
Investments and other assets:			
Investments in securities (notes 4, 5 and 6)	132,935	131,048	1,617,411
Long-term loans receivable	905	523	11,011
Deferred income taxes (note 9)	9,218	15,565	112,155
Other investments and other assets (note 5)	4,801	4,795	58,413
Less allowance for doubtful receivables	1,101	462	13,396
Total investments and other assets	146,758	151,469	1,785,594
Total assets	¥595,250	¥577,046	$7,242,365

See accompanying notes to consolidated financial statements.

Liabilities and Net Assets

	Millions of yen		Thousands of U.S. dollars (note 2)
	2012	2011	2012
Current liabilities:			
Trade notes and accounts payable	¥ 69,427	¥ 60,109	$ 844,713
Short-term debt and current installments of long-term debt (note 6)	92,207	90,945	1,121,876
Accrued expenses	13,332	11,820	162,210
Accrued income taxes (note 9)	1,599	1,869	19,455
Accrued bonuses	3,618	3,726	44,020
Other current liabilities (note 9)	13,278	14,059	161,553
Total current liabilities	193,464	182,528	2,353,863
Non-current liabilities:			
Long-term debt (note 6)	92,978	91,734	1,131,257
Liabilities for retirement and severance benefits (note 8)	7,558	5,853	91,958
Deferred income taxes (note 9)	1,869	1,038	22,740
Other non-current liabilities (notes 7 and 8)	7,267	7,635	88,417
Total non-current liabilities	109,673	106,260	1,334,384
Total liabilities	303,138	288,788	3,688,259
Stockholders' equity:			
Common stock (note 10): Authorized 984,856,000 shares; issued 483,478,398 shares in 2012 and 2011	41,970	41,970	510,646
Additional paid-in capital (note 10)	35,593	35,592	433,058
Retained earnings (note 11)	245,083	236,597	2,981,908
Treasury stock, at cost; 31,666,371 shares in 2012 and 31,471,354 shares in 2011	(8,039)	(7,920)	(97,810)
Total stockholders' equity	314,607	306,239	3,827,801
Accumulated other comprehensive income (loss):			
Net unrealized gain on other securities (note 4)	3,468	4,198	42,195
Deferred losses on hedges	(177)	—	(2,154)
Surplus on revaluation of land	206	192	2,506
Foreign currency translation adjustments	(36,417)	(32,532)	(443,083)
Total accumulated other comprehensive loss	(32,920)	(28,142)	(400,535)
Minority interests	10,424	10,161	126,828
Total net assets	292,111	288,258	3,554,094
Commitments and contingencies (note 19)			
Total liabilities and net assets	¥595,250	¥577,046	$7,242,365

See accompanying notes to consolidated financial statements.

Consolidated Statement of Income

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the year ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars (note 2)
	2012	2011	2012
Net sales (note 18)	¥452,217	¥451,033	$5,502,093
Cost of sales (note 13)	385,731	370,963	4,693,162
Gross profit	66,486	80,070	808,931
Selling, general and administrative expenses (notes 12 and 13)	57,402	56,706	698,406
Operating income	9,083	23,364	110,512
Other income (deductions):			
Interest income	136	123	1,655
Dividend income	1,471	1,248	17,898
Interest expenses	(1,981)	(2,079)	(24,103)
Equity in earnings of affiliates	20,532	17,873	249,811
Gain (loss) on sale of investments in securities	125	(137)	1,521
Exchange loss	(387)	(1,700)	(4,709)
Personnel expenses for seconded employees	(1,443)	(1,529)	(17,557)
Loss on sale/disposal of property, plant and equipment	(608)	(326)	(7,397)
Impairment loss	(91)	(599)	(1,107)
Loss on disaster (note 14)	(572)	(3,003)	(6,959)
Loss on devaluation of investments in securities (note 4)	—	(6,480)	—
Cumulative effect of accounting change	—	(1,777)	—
Restructuring charges of affiliates	—	(1,643)	—
Other, net	(778)	605	(9,466)
	16,400	576	199,538
Income before income taxes and minority interests	25,484	23,940	310,062
Income taxes (note 9):			
Current	3,121	3,683	37,973
Deferred	8,772	(49)	106,728
	11,893	3,634	144,701
Income before minority interests	13,590	20,306	165,349
Minority interests	1,263	1,356	15,367
Net income	¥ 12,327	¥ 18,950	$ 149,982

See accompanying notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the year ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars (note 2)
	2012	2011	2012
Income before minority interests	¥13,590	¥20,306	$165,349
Other comprehensive income (loss) arising during the year (note 15):			
Net unrealized gain on other securities	(793)	5,276	(9,648)
Deferred losses on hedges	(197)	—	(2,397)
Foreign currency translation adjustments	(1,159)	(1,844)	(14,101)
Other comprehensive loss of affiliates accounted by the equity method	(3,299)	(7,177)	(40,139)
Total other comprehensive loss arising during the year	(5,449)	(3,745)	(66,298)
Comprehensive income	¥ 8,141	¥16,561	$ 99,051
Comprehensive income attributable to:			
Owners of the parent	¥ 7,199	¥15,481	$ 87,590
Minority interests	¥ 941	¥ 1,080	$ 11,449

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the year ended March 31, 2012

	Millions of yen											
	Stockholders' equity					Accumulated other comprehensive income (loss)						
	Common stock (note 10)	Additional paid-in capital (note 10)	Retained earnings (note 11)	Treasury stock	Total	Net unrealized gain (loss) on other securities (note 4)	Deferred gains (losses) on hedges	Surplus on revaluation of land	Foreign currency translation adjustments	Total	Minority interests	Total net assets
Balance at March 31, 2010	¥41,970	¥35,590	¥222,394	¥(7,905)	¥292,049	¥(1,013)	¥(2)	¥192	¥(22,013)	¥(22,836)	¥8,882	¥278,095
Changes arising during year:												
Cash dividends			(3,616)		(3,616)							(3,616)
Net income			18,950		18,950							18,950
Change in the scope of consolidated subsidiaries			(135)		(135)							(135)
Change in the scope of affiliates accounted for by the equity method			(996)		(996)							(996)
Purchase of treasury stock				(16)	(16)							(16)
Disposition of treasury stock		2		1	3							3
Net changes other than stockholders' equity						5,211	2		(10,519)	(5,306)	1,279	(4,027)
Total changes during the year	—	2	14,203	(15)	14,190	5,211	2	—	(10,519)	(5,306)	1,279	10,163
Balance at March 31, 2011	41,970	35,592	236,597	(7,920)	306,239	4,198	—	192	(32,532)	(28,142)	10,161	288,258
Changes arising during year:												
Cash dividends			**(4,518)**		**(4,518)**							**(4,518)**
Net income			**12,327**		**12,327**							**12,327**
Change in the scope of affiliates accounted for by the equity method			**678**		**678**							**678**
Purchase of treasury stock				**(121)**	**(121)**							**(121)**
Disposition of treasury stock		**1**		**1**	**3**							**3**
Net changes other than stockholders' equity						**(728)**	**(177)**	**14**	**(3,886)**	**(4,778)**	**263**	**(4,514)**
Total changes during the year	**—**	**1**	**8,486**	**(119)**	**8,368**	**(728)**	**(177)**	**14**	**(3,886)**	**(4,778)**	**263**	**3,853**
Balance at March 31, 2012	**¥41,970**	**¥35,593**	**¥245,083**	**¥(8,039)**	**¥314,607**	**¥3,468**	**¥(177)**	**¥206**	**¥(36,417)**	**¥(32,920)**	**¥10,424**	**¥292,111**

	Thousands of U.S. dollars (note 2)											
	Stockholders' equity					Accumulated other comprehensive income (loss)						
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total	Net unrealized gain (loss) on other securities	Deferred losses on hedges	Surplus on revaluation of land	Foreign currency translation adjustments	Total	Minority interests	Total net assets
Balance at March 31, 2011	$510,646	$433,045	$2,878,659	$(96,362)	$3,725,989	$51,076	—	$2,336	$(395,814)	$(342,402)	$123,628	$3,507,215
Changes arising during year:												
Cash dividends			**(54,970)**		**(54,970)**							**(54,970)**
Net income			**149,982**		**149,982**							**149,982**
Change in the scope of affiliates accounted for by the equity method			**8,249**		**8,249**							**8,249**
Purchase of treasury stock				**(1,472)**	**(1,472)**							**(1,472)**
Disposition of treasury stock		**12**		**12**	**37**							**37**
Net changes other than stockholders' equity						**(8,858)**	**(2,154)**	**170**	**(47,281)**	**(58,134)**	**3,200**	**(54,922)**
Total changes during the year	**—**	**12**	**103,248**	**(1,448)**	**101,813**	**(8,858)**	**(2,154)**	**170**	**(47,281)**	**(58,134)**	**3,200**	**46,879**
Balance at March 31, 2012	**$510,646**	**$433,058**	**$2,981,908**	**$(97,810)**	**$3,827,801**	**$42,195**	**$(2,154)**	**$2,506**	**$(443,083)**	**$(400,535)**	**$126,828**	**$3,554,094**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the year ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars (note 2)
	2012	2011	2012
Cash flows from operating activities:			
Income before income taxes and minority interests	¥25,484	¥ 23,940	$310,062
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	27,660	29,097	336,537
Loss on sale/disposal of property, plant and equipment	601	114	7,312
Impairment loss	91	599	1,107
Restructuring charges of affiliates	—	1,643	—
Equity in earnings of affiliates	(20,532)	(17,873)	(249,811)
Loss on disaster	572	3,003	6,959
Allowance for doubtful receivables	642	5	7,811
Increase in liabilities for retirement and severance benefits	1,888	888	22,971
Interest and dividend income	(1,608)	(1,371)	(19,564)
Interest expenses	1,981	2,079	24,103
(Gain) loss on sale of short-term investments and investments in securities	(99)	137	(1,205)
Loss on devaluation of short-term investments and investments in securities	29	6,480	353
Cumulative effect of accounting change	—	1,777	—
Increase in trade notes and accounts receivable	(11,154)	(10,606)	(135,710)
Increase in inventories	(8,332)	(6,225)	(101,375)
Increase in trade notes and accounts payable	10,164	4,636	123,665
Other, net	(823)	(1,195)	(10,013)
Sub total	26,567	37,128	323,239
Interest and dividend received	1,609	1,372	19,577
Dividend received from affiliates accounted for by the equity method	18,242	7,785	221,949
Interest paid	(1,863)	(2,178)	(22,667)
Income taxes paid	(5,375)	(4,814)	(65,397)
Other, net	(1,831)	481	(22,278)
Net cash provided by operating activities	37,348	39,774	454,411
Cash flows from investing activities:			
Purchase of short-term investments	(118)	(730)	(1,436)
Proceeds from sale of short-term investments	488	1,073	5,937
Capital expenditures	(34,625)	(25,914)	(421,280)
Proceeds from sale of property, plant and equipment	337	2,682	4,100
Purchase of investments in securities	(3,083)	(2,277)	(37,511)
Proceeds from sale of investments in securities and subsidiaries	193	320	2,348
(Increase) decrease in long-term loans receivable	(352)	538	(4,283)
Other, net	(112)	(318)	(1,363)
Net cash used in investing activities	(37,274)	(24,626)	(453,510)
Cash flows from financing activities:			
Increase (decrease) in short-term debt	2,883	(2,352)	35,077
Proceeds from long-term debt	18,063	11,232	219,771
Payments on long-term debt	(24,300)	(6,469)	(295,656)
Purchase of treasury stock	(121)	(16)	(1,472)
Dividends paid to stockholders	(4,518)	(3,616)	(54,970)
Dividends paid to minority stockholders of subsidiaries	(684)	(841)	(8,322)
Other, net	(1,202)	213	(14,625)
Net cash used in financing activities	(9,876)	(1,849)	(120,161)
Effect of exchange rate changes on cash and cash equivalents	(1,264)	(3,049)	(15,379)
Increase (decrease) in cash and cash equivalents	(11,066)	10,250	(134,639)
Cash and cash equivalents at beginning of year	46,768	36,049	569,023
Increase in cash and cash equivalents resulting from change in the scope of consolidated subsidiaries	—	469	—
Cash and cash equivalents at end of year (note 3)	¥35,701	¥46,768	$434,372

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Mitsubishi Gas Chemical Company, Inc. and Consolidated Subsidiaries
For the year ended March 31, 2012

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.

"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) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for by the Equity Method" (ASBJ Practical Issues Task Force (PITF) No. 24, March 10, 2008) require 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 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 40 subsidiaries. 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, is being amortized over 5 years. Negative goodwill which occurred before March 31, 2010 is being amortized over 5 years.

(c) Cash and Cash Equivalents

For the purpose of the statement 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 statement 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 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.

(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 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

(g) Intangible Assets

Intangible assets are carried at cost less accumulated 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.

Recognized impairment losses, except for those to be deducted directly from acquisition costs of corresponding fixed assets, are included in accumulated depreciation on the consolidated balance sheet.

(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 (See note 8).

(k) Leases
All finance lease transactions are capitalized. Leased assets related to finance lease transactions without title transfer are depreciated on a straight-line method, with the lease periods as their useful lives and no residual value. Finance leases which commenced prior to April 1, 2008 and have been accounted for as operating leases, continue to be accounted for as operating leases with disclosure of certain "as if capitalized" information.

(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, and a comprehensive adjustment resulting from translation is presented as "Foreign currency translation adjustments" and "Minority interests" in a component of net assets.

(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) 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.

(o) Asset retirement obligations
The Company recognized an asset retirement obligation which is statutory or similar obligation with regard to the removal of assets as a liability. An asset retirement obligation is recognized as a liability at the time that the asset is incurred by its acquisition, construction, development or ordinary use. When an asset retirement obligation is recognized as a liability, the asset retirement cost corresponding to it is included in the cost of the relevant asset by the same amount.

(p) Accounting Changes and Error Corrections
From the year ended March 31, 2012, the Company applied "the Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, December 4, 2009) and "the Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, December 4, 2009).

The Standard and the Guidance prescribe 1) treatment in principle for changes in accounting policies, 2) treatment for changes in presentations, 3) treatment for changes in accounting estimates, and 4) treatment for corrections of prior period errors.

(q) 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, 2012.

2. Financial Statement Translation

The translations of the yen amounts into U.S. dollars are included solely for the convenience of the reader, using the prevailing exchange rate at March 30, 2012, which was ¥82.19 to U.S. $1. 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 sheet and "Cash and cash equivalents" in the consolidated statement of cash flows at March 31, 2012 and 2011 is follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Cash	¥ 27,438	¥ 47,965	$333,836
Time deposits with maturities of over three months	(1,866)	(1,327)	(22,703)
Short-term investments	10,130	130	123,251
Cash and cash equivalents	¥ 35,701	¥ 46,768	$434,372

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, 2012 and 2011 are summarized as follows:

	Millions of yen			
	Balance sheet amount	Gross unrealized gain	Gross unrealized loss	Fair value
March 31, 2012				
Government bond securities	¥ 6	¥ 0	¥ –	¥ 6
Certificates of deposit	10,231	–	–	10,231
Other	9	0	–	9
	¥ 10,247	¥ 0	¥ –	¥ 10,247
March 31, 2011				
Government bond securities	¥ 8	¥ 0	¥ 0	¥ 8
Certificates of deposit	603	–	–	603
Other	10	0	0	10
	¥ 621	¥ 0	¥ 0	¥ 621

	Thousands of U.S. dollars			
	Balance sheet amount	Gross unrealized gain	Gross unrealized loss	Fair value
March 31, 2012				
Government bond securities	$ 73	$ 0	$ –	$ 73
Certificates of deposit	124,480	–	–	124,480
Other	110	0	–	110
	$124,675	$ 0	$ –	$124,675

Acquisition cost, balance sheet amount and gross unrealized gain and loss of other securities with fair value as of March 31, 2012 and 2011 are summarized as follows:

	Millions of yen			
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Balance sheet amount
March 31, 2012				
Equity securities	¥ 29,236	¥ 7,524	¥ (2,082)	¥ 34,678
Other securities	32	0	–	32
	¥ 29,269	¥ 7,524	¥ (2,082)	¥ 34,711
March 31, 2011				
Equity securities	¥ 28,639	¥ 9,161	¥ (2,010)	¥ 35,790
Corporate bond securities	66	1	–	67
Other securities	33	0	–	33
	¥ 28,738	¥ 9,162	¥ (2,010)	¥ 35,890

	Thousands of U.S. dollars			
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Balance sheet amount
March 31, 2012				
Equity securities	$355,712	$ 91,544	$ (25,332)	$421,925
Other securities	389	0	–	389
	$356,114	$ 91,544	$ (25,332)	$422,326

Securities classified as other securities for which fair value is not available are unlisted equity securities amounting to ¥3,657 million ($44,494 thousand) and ¥3,678 million at March 31, 2012 and 2011, respectively.

For the years ended March 31, 2012 and 2011, proceeds from the sale of other securities are ¥193 million ($2,348 thousand) and ¥4 million, respectively. Gross realized gains were ¥125 million ($1,521thousand) for the year ended March 31, 2012.

The Company recognized impairment losses on securities of ¥29 million ($353 thousand) and ¥6,480 million for the years ended March 31, 2012 and 2011, respectively. The Company recognizes impairment losses on securities with market value when the market value declines by more than 50 percent, or when the market value declines by more than 30 percent but less than 50 percent, the Company recognizes necessary impairment losses as a result of considering the possibility of recovery. The Company recognizes impairment losses on securities without market value when the value declines significantly due to an issuer's financial condition.

5. Investments in Affiliates

The aggregate carrying amounts of investments in affiliates as of March 31, 2012 and 2011 are ¥94,642 million ($1,151,503 thousand) and ¥91,570 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 is 0.5% and 0.7% at March 31, 2012 and 2011, respectively.

Long-term debt as of March 31, 2012 and 2011 is summarized as follows:

	Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars 2012
Loans, principally from banks, maturing in installments through 2028 with weighted average interest of 1.2% at March 31, 2012, partially secured by mortgage of property, plant and equipment and securities	¥ 78,576	¥ —	$ 956,029
Loans, principally from banks, maturing in installments through 2028 with weighted average interest of 1.3% at March 31, 2011, partially secured by mortgage of property, plant and equipment and securities	—	80,143	—
Lease liabilities maturing in installments through 2027 with weighted average interest of 3.3% at March 31, 2012	23,396	—	284,658
Lease liabilities maturing in installments through 2026 with weighted average interest of 3.4% at March 31, 2011	—	16,983	—
Unsecured bonds, due 2016 with interest of 0.67%	15,000	—	182,504
Yen zero coupon convertible bonds (bonds with stock acquisition rights), due 2011	—	20,000	—
	116,972	117,126	1,423,190
Less current installments:			
Loans	22,298	4,292	271,298
Lease liabilities	1,695	1,100	20,623
Convertible bonds	—	20,000	—
	¥ 92,978	¥ 91,734	$1,131,257

The aggregate annual maturities of loans after March 31, 2013, are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31		
2014	¥ 23,932	$291,179
2015	2,633	32,036
2016	5,772	70,228
2017	9,884	120,258

The aggregate annual maturities of lease liabilities after March 31, 2013, are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31		
2014	¥ 1,666	$ 20,270
2015	1,620	19,710
2016	1,598	19,443
2017	1,589	19,333

The aggregate annual maturities of bonds after March 31, 2013, are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31		
2014	¥ —	$ —
2015	—	—
2016	—	—
2017	15,000	182,504

Property, plant and equipment and securities with a book value at March 31, 2012 of ¥19,293 million ($234,737 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. Asset Retirement Obligations

(a) Asset retirement obligations recognized on the consolidated balance sheet

The Company is obliged to restore its natural gas mining facilities except for mentioned below (b) according to law and land lease contracts. The asset retirement obligations are based on estimated future cash flows for the restorations. The obligations are calculated by using the estimated mine lives of 12 to 76 years and discounted rate of 1.579% to 2.385%.

Asbestos are used in part of fixed assets held by the Company and certain consolidated subsidiaries. The Company is obliged to conduct a special treatment when asbestos are removed. The asset retirement obligations are based on estimated future cash flows for the treatment. The obligations are calculated by using the estimated useful lives of the fixed assets mainly of 8 years and discounted rate of 1.035%.

The Company and certain consolidated subsidiaries are obliged to restore their head offices and plant premises according to leasehold contracts. The asset retirement obligations are based on estimated future cash flows for the restorations. The obligations are calculated by using the estimated lease terms of 31 to 50 years and discounted rate mainly of 2.295%.

The following table provides a total asset retirement obligation for the years ended March 31, 2012 and 2011:

	Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars 2012
Balance, beginning of year	¥ 3,472	¥ 3,514	$ 42,244
Accretion expenses	64	64	779
Liabilities settled	—	(105)	—
Other	(25)	—	(304)
Balance, end of year	¥ 3,512	¥ 3,473	$ 42,730

The above asset retirement obligation at the beginning of year 2011 was calculated by estimating the undiscounted future cash flow as of the beginning of the year and by using a discount rate.

(b) Asset retirement obligations not recognized on the consolidated balance sheet

The Company is obliged to restore its natural gas mining facilities according to law and land lease contracts, and the Company plan to use part of the facilities as storage facilities after mining continuingly. The Company and certain subsidiaries are obliged to restore their piers and pipelines according to law and lease contracts, and the piers and pipelines can be used for a substantial long-term with appropriate repair. Asset retirement obligations relating to these assets are not recognized because it is extremely difficult to estimate the time of fulfilling the obligations reasonably.

8. 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 defined benefit corporate pension plans, and defined contribution pension plans.

The funded status of the pension plans at March 31, 2012 and 2011 is outlined as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Projected benefit obligation	¥ (35,818)	¥ (36,608)	$ (435,795)
Plan assets at fair value	13,183	13,029	160,397
Assets contributed to the trust	10,703	12,237	130,223
Funded status	(11,931)	(11,342)	(145,164)
Unrecognized actuarial loss	4,279	5,283	52,062
Unrecognized prior service cost	556	657	6,765
Net amount recognized in the consolidated balance sheet	(7,095)	(5,402)	(86,324)
Accrued retirement and severance benefits	¥ (7,095)	¥ (5,402)	$ (86,324)

Net periodic pension cost for the years ended March 31, 2012 and 2011 consists of the following components:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Service cost	¥ 1,624	¥ 1,644	$ 19,759
Interest cost	662	675	8,055
Expected return on plan assets	(265)	(280)	(3,224)
Amortization of actuarial loss	1,088	985	13,238
Amortization of prior service cost	101	64	1,229
Net periodic pension cost	3,210	3,088	39,056
Contribution to the defined contribution pension plan	329	326	4,003
	¥ 3,540	¥ 3,414	$ 43,071

Significant assumptions of pension plans used to determine these amounts in fiscal 2012 and 2011 are as follows:

	2012	2011
Periodic allocation method for projected benefit	Straight-line	Straight-line
Discount rate	Mainly 2.0%	Mainly 2.0%
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	Mainly 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 had 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, 2012 and 2011, the liabilities for retirement and severance benefits related to the plans were ¥462 million ($5,621 thousand) and ¥451 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 for corporate auditors has been made and the balance at the date of the abolishment will be reversed when they leave the Company.

9. 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 2012 and 2011.

The "Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake" (Act No. 117 of 2011) were issued on December 2, 2011 and the statutory tax rate is to be changed accordingly with effect from fiscal years beginning on April 1, 2012 and onward.

Based on the amendments, the statutory income tax rates utilized for the measurement of deferred tax assets and liabilities expected to be settled or realized from April 1, 2012 to March 31, 2015 and on or after April 1, 2015 are 38.0% and 35.6%, respectively, as of March 31, 2012. Due to these changes in statutory income tax rates, net deferred tax assets decreased by ¥1,372 million ($16,693 thousand), income taxes-deferred reported in the consolidated statement of income increased by ¥1,662 million ($20,221 thousand) and net unrealized gain (loss) on other securities increased by ¥289 million ($3,516 thousand).

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, 2012 and 2011 is follows:

	2012	2011
Statutory tax rate	40.5%	40.5%
Equity in earnings of affiliates	(32.6)	(30.2)
Dividend income eliminated in consolidation	33.9	18.5
Valuation allowance	31.4	2.2
Income not credited for tax purposes	(34.5)	(18.6)
Adjustments of deferred tax assets due to change in statutory tax rate	6.5	–
Other	1.5	2.8
Effective tax rate	46.7%	15.2%

Significant components of deferred tax assets and liabilities at March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Deferred tax assets:			
Tax loss carryforward	¥ 19,643	¥ 18,713	$238,995
Liabilities for retirement and severance benefits	7,544	6,521	91,787
Devaluation loss on investments in securities	926	1,183	11,267
Accrued bonuses	1,361	1,471	16,559
Intercompany profits	548	521	6,667
Depreciation	1,147	3,099	13,955
Asset retirement obligations	1,294	1,460	15,744
Other	6,221	6,879	75,690
	38,689	39,847	470,726
Valuation allowance	(18,653)	(10,644)	(226,950)
	20,036	29,203	243,777
Deferred tax liabilities:			
Net unrealized gain on other securities	(2,052)	(3,095)	(24,967)
Gain by contributing the assets to the trust	(1,794)	(2,040)	(21,827)
Tax purpose reserves etc. regulated by Japanese tax law	(2,809)	(2,935)	(34,177)
Asset retirement cost	(426)	(506)	(5,183)
Other	(1,852)	(1,130)	(22,533)
	(8,936)	(9,706)	(108,724)
Net deferred tax assets	¥ 11,099	¥ 19,497	$135,041

Net deferred tax assets and liabilities as of March 31, 2012 and 2011 are reflected in the accompanying consolidated balance sheet under the following captions:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Current assets - Deferred income taxes	¥ 3,952	¥ 5,160	$ 48,084
Investments and other assets - Deferred income taxes	9,218	15,565	112,155
Current liabilities - Other current liabilities	(201)	(190)	(2,446)
Non-current liabilities - Deferred income taxes	(1,869)	(1,038)	(22,740)
Net deferred tax assets	¥ 11,099	¥ 19,497	$135,041

10. Common Stock

Under the Companies Act, 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.

11. Retained Earnings and Dividends

The Companies Act 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 Companies Act 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 sheet.

Cash dividends charged to retained earnings for the years ended March 31, 2012 and 2011 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 Companies Act.

(a) Dividends paid during the year ended March 31, 2011

The following was approved by the Board of Directors held on May 21, 2010.

(a) Total dividends	¥1,808 million
(b) Cash dividends per common share	¥4
(c) Record date	March 31, 2010
(d) Effective date	June 7, 2010

The following was approved by the Board of Directors held on October 29, 2010.

(a) Total dividends	¥1,808 million
(b) Cash dividends per common share	¥4
(c) Record date	September 30, 2010
(d) Effective date	December 3, 2010

(b) Dividends paid during the year ended March 31, 2012

The following was approved by the Board of Directors held on May 24, 2011.

(a) Total dividends	¥1,808 million ($21,998 thousand)
(b) Cash dividends per common share	¥4 ($0.05)
(c) Record date	March 31, 2011
(d) Effective date	June 9, 2011

The following was approved by the Board of Directors held on November 2, 2011.

(a) Total dividends	¥2,710 million ($32,972 thousand)
(b) Cash dividends per common share	¥6 ($0.07)
(c) Record date	September 30, 2011
(d) Effective date	December 5, 2011

(c) Dividends to be paid after the balance sheet date but the record date for the payment belongs to the year ended March 31, 2012

The following was approved by the Board of Directors held on May 24, 2012.

(a) Total dividends	¥2,710 million ($32,972 thousand)
(b) Dividend source	Retained earnings
(c) Cash dividends per common share	¥6 ($0.07)
(d) Record date	March 31, 2012
(e) Effective date	June 7, 2012

12. Selling, General and Administrative Expenses

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

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Freight	¥ 11,256	¥ 11,894	$136,951
Stevedoring and warehouse fee	2,891	3,049	35,175
Salaries	9,366	9,163	113,955
Employees' bonuses	3,365	3,347	40,942
Pension cost	1,658	1,433	20,173
Welfare	2,961	2,851	36,026
Transportation	1,818	1,658	22,119
Depreciation	5,186	5,065	63,098

13. Research and Development Costs

Research and development costs charged to income for the years ended March 31, 2012 and 2011 are ¥17,449 million ($212,301 thousand) and ¥16,380 million, respectively.

14. Loss on Disasters

Loss on disasters for the year ended March 31, 2011 was inventories disposal cost and payments required to restore property, plant and equipment (PPE) devastated in the Great East Earthquake and depreciation of inactive PPE while operations were shutdown. Loss on disasters for the year ended March 31, 2012 is depreciation of inactive PPE while operations were shutdown and payments required to restore PPE.

15. Other Comprehensive Loss

The reclassification adjustment and the related income tax effects allocated to each component of other comprehensive loss for the year ended March 31, 2012 are as follows:

	Millions of yen	Thousands of U.S. dollars
Net unrealized gain (loss) on other securities:		
Arising during the year	¥ (1,734)	$ (21,097)
Reclassification adjustment	24	292
Before tax amount	(1,709)	(20,793)
Tax benefit (expense)	916	11,145
Net-of-tax amount	(793)	(9,648)
Deferred loss on hedges:		
Arising during the year	(254)	(3,090)
Reclassification adjustment	56	681
Before tax amount	(197)	(2,397)
Tax benefit (expense)	—	—
Net-of-tax amount	(197)	(2,397)
Foreign currency translation adjustments:		
Arising during the year	(1,159)	(14,101)
Share of other comprehensive loss of affiliates accounted for by equity method:		
Arising during the year	(3,303)	(40,187)
Reclassification adjustment	4	49
Before tax amount	(3,299)	(40,139)
Tax benefit (expense)	—	—
Net-of-tax amount	(3,299)	(40,139)
Total other comprehensive loss	¥ (5,449)	$ (66,298)

16. 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, 2012 and 2011 are as follows:

	Yen		U.S. dollars
	2012	2011	2012
Basic net income per share	¥ 27.28	¥ 41.92	$ 0.33
Diluted net income per share	27.01	41.00	0.33

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Net income	¥ 12,327	¥ 18,950	$149,982
Net income not applicable to common stockholders	—	—	—
Net income applicable to common stockholders	¥ 12,327	¥ 18,950	$149,982

	Number of shares	
	2012	2011
Weighted average number of shares outstanding on which basic net income per share is calculated	451,885,958	452,023,503
Effect of dilutive convertible bonds	4,462,394	10,207,727
Number of shares outstanding on which diluted net income per share is calculated	456,348,352	462,231,230

(b) Net Assets per Share

Net assets per share at March 31, 2012 and 2011 are as follows:

	Yen		U.S. dollars
	2012	2011	2012
Net assets per share	¥ 623.46	¥ 615.25	$ 7.59

17. 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, 2012 and 2011 is as follows, which would have been reflected in the consolidated balance sheet 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, 2012			
Acquisition cost	¥ 2,607	¥ 546	¥ 3,153
Accumulated depreciation	1,295	432	1,728
Net book value	¥ 1,312	¥ 113	¥ 1,425
March 31, 2011			
Acquisition cost	¥ 2,633	¥ 1,150	¥ 3,783
Accumulated depreciation	1,023	856	1,879
Net book value	¥ 1,610	¥ 294	¥ 1,904

	Thousands of U.S. dollars		
	Machinery, equipment and vehicles	Other tangible assets	Total
March 31, 2012			
Acquisition cost	$ 31,719	$ 6,643	$ 38,362
Accumulated depreciation	15,756	5,256	21,024
Net book value	$ 15,963	$ 1,375	$ 17,338

Future minimum payments which include interest portion required under finance leases at March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Within one year	¥ 354	¥ 497	$ 4,307
Over one year	1,115	1,484	13,566
	¥ 1,469	¥ 1,981	$ 17,873

Lease payments for the years ended March 31, 2012 and 2011 amounted to ¥474 million ($5,767 thousand) and ¥689 million, respectively.

(b) Operating Lease

Future minimum lease payments required under noncancellable operating leases as of March 31, 2012 and 2011 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Within one year	¥ 933	¥ 943	$ 11,352
Over one year	3,663	4,315	44,567
	¥ 4,597	¥ 5,258	$ 55,931

18. Balances and Transactions with Related Party

The Company has a 50% equity ownership in Mitsubishi Engineering-Plastics Corp. at March 31, 2012 and 2011.

Balances with the company at March 31, 2012 and 2011, and related transactions for the years then ended are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Balances:			
Trade accounts receivable	¥ 8,569	¥ 6,163	$ 104,258
Transactions:			
Sales	23,361	27,557	284,232

The Company has a 50% equity ownership in Mizushima Aroma Co., Ltd. at March 31, 2012 and 2011.

Balances with the company at March 31, 2012 and 2011 and related transactions for the years then ended are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Balances:			
Trade accounts receivable	¥ 7,664	¥ 4,180	$ 93,247
Transactions:			
Sales	22,934	16,852	279,036

The Company has a 50% equity ownership in BRUNEI METHANOL COMPANY SDN. BHD. at March 31, 2012 and 2011.

At March 31, 2012 and 2011, the Company has guaranteed ¥12,423 million ($151,150 thousand) and ¥13,540 million of the company's loans to financial institutions, respectively.

The condensed financial information of all affiliates accounted for by equity method, including the significant affiliate, Japan Saudi Arabia Methanol Company, Inc. are as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Total current assets	¥176,386	¥148,585	$2,146,076
Total non-current assets	233,789	241,168	2,844,494
Total current liabilities	134,702	108,419	1,638,910
Total non-current liabilities	68,505	76,866	833,496
Total net assets	206,968	204,467	2,518,165
Sales	344,318	315,792	4,189,293
Income before income taxes	56,950	43,061	692,907
Net income	49,103	39,377	597,433

19. 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, 2012 and 2011, MGC was contingently liable with respect to recourse obligations related to trade notes receivable transferred in the amounts of ¥50 million ($608 thousand) and ¥131 million, respectively.

The Company guarantees certain obligations of its associated companies and employees, etc. At March 31, 2012 and 2011, guarantees for affiliates and employees etc. loans amounted to ¥4,383 million ($53,328 thousand) and ¥18,516 million, respectively, and guarantees for lease obligations of associated companies amounted to ¥1,777 million ($21,621 thousand) and ¥1,986 million, respectively.

20. Financial Instruments

Conditions of Financial instruments

(1) Management policy

MGC raises necessary funds through bank borrowings and issue of bonds. Surplus funds are invested in highly safe financial instruments. MGC raises funds through bank borrowings for short-term operating fund. MGC uses derivatives to avoid risks mentioned below and does not enter into derivatives for speculative purposes.

(2) Financial instruments and risks

Trade notes and accounts receivable are exposed to customer's credit risk. Maturities of trade notes and accounts payable are mostly within one year. Part of trade receivables and payables are denominated in foreign currency and are exposed to fluctuation risk of foreign exchange rates. MGC uses foreign exchange contracts to hedge the net position. Short-term investments and investments in securities are mainly held-to-maturity bonds and equity securities held for business relations and are exposed to market fluctuation risk. Borrowings, bonds and lease obligations for finance leases are for financing of funds for capital expenditure and operating. Part of the liabilities is with variable interest rate and thus is exposed to interest rate fluctuation risk. MGC uses interest rate swaps to hedge the risk.

MGC uses foreign exchange contracts to hedge future fluctuation of foreign exchange rates of receivables and payables denominated in foreign currency, interest rate swaps and currency swaps to hedge future fluctuation of interest rates and foreign exchange rates of borrowings.

Hedge accounting is applied for certain derivative transactions. MGC has entered into 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. MGC employs derivative transactions within actual demand and does not hold or issue derivative financial instruments for speculative purposes.

(3) Financial instruments risk management

1) Credit risk

To mitigate and quickly capture the collectability issues, sales administration division regularly monitors major customers' credit status, and performs due date controls and balance controls for each customer in accordance with trade receivables and credit control rules. Held-to-maturity securities are debt securities readily convertible into cash which are invested in accordance with investment of surplus funds rules.

Maximum risk at March 31, 2012 and 2011 is represented by the carrying amount of financial assets exposed to credit risk.

2) Market risk

The finance departments have executed the transactions with market risk with the director's approval in accordance with the finance rules and the derivatives control rules. To mitigate the foreign currency fluctuation risk recognized by currency and month, MGC enters into a forward exchange contract for hedging the cash flow fluctuation risk associated with operating receivables and payables and surplus funds denominated in foreign currencies. To mitigate the foreign currency and interest rate fluctuation risk, MGC enters into an interest rate swap and a currency swap for hedging the cash flow fluctuation risk associated with borrowings.

MGC regularly monitors a price and an issuer's financial condition, and continuously considers whether MGC holds the short-term investments or the investments in securities except for held-to-maturity bond.

3) Liquidity risk

To mitigate the liquidity risk, a finance department prepares and updates a funds management plan as necessary, and maintains an appropriate level of liquidity.

(4) Supplemental explanation regarding fair value of financial instruments

Fair value of financial instruments is measured based on the quoted market price, if available, or reasonably assessed value if a quoted market price is not available. Fair value of financial instruments whose quoted market price is not available is calculated based on certain assumptions, and the fair value might differ if different assumptions are used. In addition, the contract amount of the derivative transactions described below in **Fair value of financial instruments** does not represent the market risk of the derivative transactions.

Fair value of financial instruments

Balance sheet amount, fair value, and differences as of March 31, 2012 and 2011 are as follows.

Financial instruments, of which it is extremely difficult to measure the fair value, are not included in the table below. (Please see "<2> Financial instruments of which the fair value is extremely difficult to measure")

	Millions of yen			Thousands of U.S. dollars		
March 31, 2012	Balance sheet amount	Fair value	Differences	Balance sheet amount	Fair value	Differences
Assets:						
(1) Cash	¥ 27,438	¥ 27,438	¥ –	$ 333,836	$ 333,836	$ –
(2) Trade notes and accounts receivable	122,054	122,054	–	1,485,023	1,485,023	–
(3) Short-term investments and Investments in securities:	67,405	62,812	(4,593)	820,112	764,229	(55,883)
Total assets	¥ 216,898	¥ 212,305	¥ (4,593)	$2,638,983	$2,583,100	$ (55,883)
Liabilities:						
(1) Trade notes and accounts payable	¥ 69,427	¥ 69,427	¥ –	$ 844,713	$ 844,713	$ –
(2) Short-term borrowings	90,511	90,511	–	1,101,241	1,101,241	–
(3) Accrued expenses	13,332	13,332	–	162,210	162,210	–
(4) Lease obligations (current)	1,695	1,695	–	20,623	20,623	–
(5) Bonds	15,000	15,053	53	182,504	183,149	645
(6) Long-term borrowings	56,277	57,122	844	684,718	694,999	10,269
(7) Lease obligations (non-current)	21,700	21,566	(134)	264,022	262,392	(1,630)
Total liabilities	¥ 267,946	¥ 268,710	¥ 764	$3,260,080	$3,269,376	$ 9,296
Derivative transactions:						
Hedge accounting not applied	¥ (19)	¥ (19)	¥ –	$ (231)	$ (231)	$ –
Hedge accounting applied	(212)	(531)	(319)	(2,579)	(6,461)	(3,881)
Total derivatives	¥ (231)	¥ (550)	¥ (319)	$ (2,811)	$ (6,692)	$ (3,881)

March 31, 2011	Millions of yen Balance sheet amount	Fair value	Differences
Assets:			
(1) Cash	¥ 47,965	¥ 47,965	¥ —
(2) Trade notes and accounts receivable	112,029	112,029	—
(3) Short-term investments and Investments in securities:	58,070	57,413	(657)
Total assets	¥218,064	¥217,407	¥ (657)
Liabilities:			
(1) Trade notes and accounts payable	¥ 60,109	¥ 60,109	¥ —
(2) Short-term borrowings	69,846	69,846	—
(3) Accrued expenses	11,819	11,819	—
(4) Current portion of bonds	20,000	19,900	(100)
(5) Lease obligations (current)	1,100	1,100	—
(6) Long-term borrowings	75,850	76,776	926
(7) Lease obligations (non-current)	15,883	15,629	(254)
Total liabilities	¥254,607	¥255,179	¥ 572
Derivative transactions:			
Hedge accounting not applied	¥ 11	¥ 11	¥ —
Hedge accounting applied	(5)	(479)	(474)
Total derivatives	¥ 6	¥ (468)	¥ (474)

Derivative receivables and payables are on net basis. Items that are net payables are shown in parentheses.

<1> Fair value measurement of financial instruments

Assets:

- Cash, Trade notes and accounts receivable
  The carrying amount approximates fair value because of the short maturity of these instruments.
- Short-term investments and investments in securities
  The fair value of equity securities is calculated by quoted market price and the fair value of bond securities is estimated based on quotes from counterparties. Please see note 4 Short-term Investments and Investments in Securities for information by category.

Liabilities:

- Trade notes and accounts payable, Short-term borrowings, Accrued expenses and Lease obligations (current)
  The carrying amount approximates fair value because of the short maturity of these instruments.
- Current portion of bonds and bonds
  The fair value of bonds issued by the Company is calculated by market price.
- Long-term borrowings and Lease obligations (non-current)
  Fair value of long-term borrowings and lease obligations (non-current) is based on the present value of future cash flows discounted using the current borrowing rate for similar debt or lease of a comparable maturity.

Derivative Transactions:

Please see note 21 Derivative Financial Instruments.

<2> Financial instruments of which the fair value is extremely difficult to measure

	Millions of yen 2012	2011	Thousands of U.S. dollars 2012
Unlisted equity securities	¥ 75,771	¥ 73,591	$921,900

* It is extremely difficult to measure the fair value, and thus above are not included in "Assets (3) Short-term investments and Investments in securities."

<3> Projected future redemption of monetary claim and securities with maturities at March 31, 2012

	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
(1) Cash	¥ 27,438	¥ —	¥ —	¥ —
(2) Trade notes and accounts receivable	122,054	—	—	—
(3) Short-term investments and investments in securities:				
Held-to-maturity securities:				
Government bonds	0	5	0	—
Certificates of deposit	10,231	—	—	—
Other	10	—	—	—
Other securities with maturities				
Corporate bonds	—	—	—	—
Other	—	22	—	—
Total	¥159,735	¥ 28	¥ 0	¥ —

	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
(1) Cash	$ 333,836	$ —	$ —	$ —
(2) Trade notes and accounts receivable	1,485,023	—	—	—
(3) Short-term investments and investments in securities:				
Held-to-maturity securities:				
Government bonds	0	61	0	—
Certificates of deposit	124,480	—	—	—
Other	122	—	—	—
Other securities with maturities				
Corporate bonds	—	—	—	—
Other	—	268	—	—
Total	$1,943,485	$ 341	$ 0	$ —

<4> The annual maturities of the bonds, long-term borrowings and lease obligations at March 31, 2012

	Millions of yen					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds	¥ —	¥ —	¥ —	¥ —	¥ 15,000	¥ —
Long-term borrowings	22,298	23,932	2,633	5,772	9,884	14,054
Lease obligations	1,695	1,666	1,620	1,598	1,589	15,225

	Thousands of U.S. dollars					
	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds	$ —	$ —	$ —	$ —	$ 182,504	$ —
Long-term borrowings	271,298	291,179	32,036	70,228	120,258	170,994
Lease obligations	20,623	20,270	19,710	19,443	19,333	185,242

21. Derivative Financial Instruments

The contract or notional amounts and fair value of derivative financial instruments held as of March 31, 2012 and 2011 are summarized as follows:

Derivative financial instruments to which hedge accounting is not applied are summarized as follows:

	Millions of yen		
	Contract or notional amounts	Fair value	Valuation gain (loss)
March 31, 2012			
Forward exchange contracts:			
To sell foreign currency:			
U.S. dollar	¥ 13,487	¥ (20)	¥ (20)
Euro	28	0	0
New Taiwan dollar	418	1	1
		¥ (19)	¥ (19)
March 31, 2011			
Forward exchange contracts:			
To buy foreign currency:			
U.S. dollar	¥ 96	¥ 4	¥ 4
To sell foreign currency:			
U.S. dollar	13,880	12	12
Euro	54	(4)	(4)
New Taiwan dollar	408	(1)	(1)
		¥ 11	¥ 11

	Thousands of U.S. dollars		
	Contract or notional amounts	Fair value	Valuation gain (loss)
March 31, 2012			
Forward exchange contracts:			
To sell foreign currency:			
U.S. dollar	$164,095	$ (243)	$ (243)
Euro	341	0	0
New Taiwan dollar	5,086	12	12
		$ (231)	$ (231)

Derivative financial instruments to which hedge accounting is applied are summarized as follows:

	Millions of yen	
	Contract or notional amounts	Fair value
March 31, 2012		
Forward exchange contracts:		
To sell foreign currency:		
U.S. dollar	¥ 805	¥ (13)
Euro	95	(0)
		¥ (14)
March 31, 2011		
Forward exchange contracts:		
To sell foreign currency:		
U.S. dollar	¥ 342	¥ (2)
Euro	205	5
		¥ 3

	Thousands of U.S. dollars	
	Contract or notional amounts	Fair value
March 31, 2012		
Forward exchange contracts:		
To sell foreign currency:		
U.S. dollar	$ 9,794	$ (158)
Euro	1,156	(0)
		$ (170)

The fair value of forward exchange contracts are estimated based on quotes from counterparties.

Accounts receivable denominated in foreign currencies of which yen amounts at settlement are fixed by the above forward exchange contracts are stated at the corresponding yen amounts on the consolidated balance sheet.

	Millions of yen	
	Contract or notional amounts	Fair value
March 31, 2012		
Interest rate swap agreements:		
Variable rate received for fixed rate *1	¥ 3,824	¥ (197)
Variable rate received for fixed rate *2	27,965	(320)
	¥ 31,789	¥ (517)

March 31, 2011		
Interest rate swap agreements:		
Variable rate received for fixed rate *1	¥ 2,445	¥ 11
Variable rate received for fixed rate *2	28,190	(493)
	¥ 30,635	¥ (482)

	Thousands of U.S. dollars	
	Contract or notional amounts	Fair value
March 31, 2012		
Interest rate swap agreements:		
Variable rate received for fixed rate *1	$ 46,526	$ (2,397)
Variable rate received for fixed rate *2	340,248	(3,893)
	$386,775	$ (6,290)

The fair value of interest rate swap agreements is estimated based on quotes from counterparties.

*1 Deferral hedge accounting is applied and deferred gains and losses on interest rate swaps are carried as a separate component of net assets.

*2 The difference in amounts to be paid or received on interest rate swaps is recognized over the life of the agreements as an adjustment to interest expense.

22. Investment and Rental Property

The Company and certain consolidated subsidiaries own land and buildings for rent in Tokyo prefecture and other area (hereafter "rental property").

The amounts recognized in the consolidated balance sheet and fair values related to the rental property for the years ended March 31, 2012 and 2011 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Consolidated balance sheet amount:			
Balance at beginning of the year	¥ 3,965	¥ 3,923	$ 48,242
Increase/(decrease)	(309)	42	(3,760)
Balance at end of the year	¥ 3,655	¥ 3,965	$ 44,470
Fair value	¥ 7,677	¥ 8,795	$ 93,406

1. Consolidated balance sheet amount is its cost minus accumulated depreciation.
2. Decrease for the year ended March 31, 2012 is mainly due to sale of the Company's land of ¥(242) million ($(2,944) thousand) and increase for the year ended March 31, 2011 was mainly due to increase in subsidiary's head office of ¥22 million.
3. Fair value is based on roadside value etc.

Income from the rental property is ¥275 million ($3,346 thousand) and ¥282 million for the years ended March 31, 2012 and 2011, respectively.

23. Supplemental Cash Flow Information

Significant non-cash transactions

For the years ended March 31, 2012 and 2011, due to change in consolidation policy the Company acquired property, plant and equipment by finance lease of ¥7,676 million ($93,393 thousand) and ¥17,387 million, respectively, and recognized finance lease liabilities of ¥7,676 million ($93,393 thousand) and ¥17,149 million, respectively.

24. Segment Information

"The Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and "the Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008) adopt the management approach. Disclosures about segments of an enterprise and related information should provide proper information on the nature of various business activities in which it engages and the economic environments in which it operates.

The Company introduced company-based organization for clarifying management's responsibility in operation and for managing efficiently. Each company develops a business strategy for their products and services and conducts business.

The reported segments of the Company are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigation to determine distribution of management resources and evaluate their business results. "Natural gas chemicals business," "Aromatic chemicals business," "Specialty chemicals business" and "Information and advanced materials business" are the Company's reported segments.

Natural gas chemicals business mainly produces and sells methanol, ammonia, amines, methacrylates, polyols, enzymes and coenzymes and crude oil.

Aromatic chemicals business mainly produces and sells xylene isomers and xylene derivatives.

Specialty chemicals business mainly produces and sells hydrogen peroxide and other industrial inorganic chemicals, electronic chemicals and engineering plastics.

Information and advanced materials business mainly produces and sells printed circuit board materials, printed circuit boards and oxygen absorber (AGELESS®).

Segment sales, income, assets, liabilities and others are calculated by accounting methods similar to those employed to prepare the accompanying consolidated financial statements. Segment income are calculated based on "Keijo-soneki" disclosed in the consolidated statement of income under accounting principles generally accepted in Japan (See note 25). Intersegment revenue and transfer are based on arms-length transactions.

The reported segment information for the Company and its consolidated subsidiaries for the years ended March 31, 2012 and 2011 is summarized as follows:

	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustments	Consolidated
	Millions of yen						
	2012						
Sales:							
Sales to third parties	¥ 153,164	¥ 125,301	¥ 121,047	¥ 51,859	¥ 844	¥ —	¥ 452,217
Inter-segment sales	6,802	1,883	1,063	0	82	(9,831)	—
	¥ 159,966	¥ 127,184	¥ 122,110	¥ 51,860	¥ 926	¥ (9,831)	¥ 452,217
Segment income (loss)	¥ 15,216	¥ (2,160)	¥ 8,467	¥ 3,756	¥ 1,620	¥ (783)	¥ 26,116
Segment assets	¥ 185,577	¥ 113,407	¥ 159,425	¥ 56,847	¥ 42,966	¥ 37,025	¥ 595,250
Others:							
Depreciation and amortization	¥ 7,725	¥ 7,738	¥ 8,420	¥ 3,525	¥ 11	¥ 342	¥ 27,763
Amortization of goodwill	44	94	0	1	—	(141)	—
Amortization of negative goodwill	(14)	(22)	(205)	(1)	—	141	(102)
Interest income	47	36	91	48	0	(88)	136
Interest expenses	1,084	818	509	139	9	(579)	1,981
Equity in earnings of affiliates	16,368	141	2,188	—	1,834	—	20,532
Investments in affiliates accounted for by the equity method	49,662	1,493	9,954	—	22,666	(246)	83,530
Capital expenditures	13,942	4,736	21,661	1,887	10	185	42,423

	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustments	Consolidated
	Thousands of U.S. dollars						
	2012						
Sales:							
Sales to third parties	$1,863,536	$1,524,529	$1,472,770	$ 630,965	$ 10,269	$ —	$5,502,093
Intersegment sales	82,759	22,910	12,933	0	998	(119,613)	—
	$1,946,295	$1,547,439	$1,485,704	$ 630,977	$ 11,267	$ (119,613)	$5,502,093
Segment income (loss)	$ 185,132	$ (26,281)	$ 103,017	$ 45,699	$ 19,710	$ (9,527)	$ 317,752
Segment assets	$2,257,902	$1,379,815	$1,939,713	$ 691,653	$ 522,764	$ 450,481	$7,242,365
Others:							
Depreciation and amortization	$ 93,990	$ 94,148	$ 102,446	$ 42,888	$ 134	$ 4,161	$ 337,790
Amortization of goodwill	535	1,144	0	12	—	(1,716)	—
Amortization of negative goodwill	(170)	(268)	(2,494)	(12)	—	1,716	(1,241)
Interest income	572	438	1,107	584	0	(1,071)	1,655
Interest expenses	13,189	9,953	6,193	1,691	110	(7,045)	24,103
Equity in earnings of affiliates	199,148	1,716	26,621	—	22,314	—	249,811
Investments in affiliates accounted for by the equity method	604,234	18,165	121,110	—	275,776	(2,993)	1,016,304
Capital expenditures	169,631	57,623	263,548	22,959	122	2,251	516,158

	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustments	Consolidated
	Millions of yen						
	2011						
Sales:							
Sales to third parties	¥ 145,564	¥ 111,182	¥ 134,016	¥ 59,508	¥ 763	¥ —	¥ 451,033
Inter-segment sales	6,124	2,257	2,027	2	98	(10,508)	—
	¥ 151,688	¥ 113,439	¥ 136,043	¥ 59,510	¥ 861	¥ (10,508)	¥ 451,033
Segment income (loss)	¥ 11,532	¥ (710)	¥ 17,101	¥ 7,502	¥ 2,339	¥ (1,370)	¥ 36,394
Segment assets	¥ 177,715	¥ 103,749	¥ 152,758	¥ 57,538	¥ 41,969	¥ 43,317	¥ 577,046
Others:							
Depreciation and amortization	¥ 8,562	¥ 7,757	¥ 7,990	¥ 4,204	¥ 35	¥ 402	¥ 28,950
Amortization of goodwill	53	354	0	13	—	(274)	146
Amortization of negative goodwill	(16)	(28)	(228)	(2)	—	274	—
Interest income	48	33	80	51	1	(90)	123
Interest expenses	1,069	724	493	144	10	(361)	2,079
Equity in earnings of affiliates	11,760	637	3,004	—	2,477	(5)	17,873
Investments in affiliates accounted for by the equity method	50,232	1,400	9,378	—	21,637	(123)	82,524
Capital expenditures	14,020	4,504	14,826	1,790	1	260	35,401

1. Other includes listed affiliates and real estate business which are not included in reported segments.
2. Adjustments in the above table are made for the followings:
   (1) Adjustments in segment income are as followings:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Elimination of intersegment transactions	¥ (124)	¥ 406	$ (1,509)
Unallocated company-wide expenses	(659)	(1,776)	(8,018)
	¥ (783)	¥ (1,370)	$ (9,527)

*Company-wide expenses are administrative expenses, financial income and expenses and other income and expenses which are not allocated to reported segments.

   (2) Adjustments in segment assets

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Elimination of intersegment balances	¥ (39,228)	¥ (41,780)	$ (477,284)
Unallocated company-wide assets	76,254	85,097	927,777
	¥ 37,025	¥ 43,317	$ 450,481

*Company-wide assets are cash, investments in securities and deferred taxes assets which are not allocated to reported segments.

   (3) "Adjustments in depreciation and amortization" of ¥342 million ($4,161 thousand) and ¥402 million are depreciation and amortization of company-wide assets which are not allocated to reported segments for the years ended March 31, 2012 and 2011, respectively.
   (4) "Adjustments in amortization of goodwill" of ¥(141) million ($(1,716) thousand) and ¥(274) million and "Adjustments in amortization of negative goodwill" of ¥141 million ($1,716 thousand) and ¥274 million are the amount of their offset for the years ended March 31, 2012 and 2011, respectively.
   (5) "Adjustments in interest income" of ¥(88) million ($(1,071) thousand) and ¥(90) million are mainly elimination of intersegment transactions for the years ended March 31, 2012 and 2011, respectively.
   (6) "Adjustments in interest expenses" of ¥(579) million ($(7,045) thousand) and ¥(361) million are mainly elimination of intersegment transactions for the years ended March 31, 2012 and 2011, respectively.
   (7) "Adjustments in equity in earnings of affiliates" of ¥(5) million are mainly elimination of intersegment transactions for the years ended March 31, 2011.
   (8) "Adjustments in investments in affiliates accounted for by the equity method" of ¥(246) million ($(2,993) thousand) and ¥(123) million are mainly elimination of intersegment transactions for the years ended March 31, 2012 and 2011, respectively.
   (9) "Adjustments in capital expenditures" of ¥185 million ($2,251 thousand) and ¥260 million are related to company-wide assets which are not allocated to reported segments for the years ended March 31, 2012 and 2011, respectively.
3. Segment income is adjusted with "Keijo-soneki" disclosed in the consolidated statement of income under accounting principles generally accepted in Japan (See note 25).

Related information

1. Information by products and services
   Disclosures are omitted because the classification of products and services are same as the classification of the reported segments.
2. Geographical information
   (1) Sales:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Japan	¥ 265,474	¥ 259,312	$3,230,004
Asia	133,725	140,199	1,627,023
Other	53,017	51,522	645,054
Total	¥ 452,217	¥ 451,033	$5,502,093

Geographical sales are classified by customer's location.

   (2) Property, plant and equipment

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Japan	¥ 160,528	¥ 160,248	$1,953,133
Asia	27,220	14,211	331,184
Other	3,429	2,364	41,720
Total	¥ 191,178	¥ 176,823	$2,326,049

3. Information by major customers
   Disclosures are omitted because no particular customer whose sales are over 10% of sales in the consolidated statement of income exists.

Information of impairment loss on fixed assets by reported segments

	Millions of yen 2012						
	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustments	Consolidated
Impairment loss	¥ 32	¥ 59	¥ –	¥ –	¥ –	¥ –	¥ 91

	Thousands of U.S. dollars 2012						
	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustments	Consolidated
Impairment loss	$ 389	$ 718	$ –	$ –	$ –	$ –	$ 1,107

	Millions of yen 2011						
	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustments	Consolidated
Impairment loss	¥ 253	¥ 346	¥ –	¥ –	¥ –	¥ –	¥ 599

Information of balance of goodwill and negative goodwill by reported segments

	Millions of yen 2012						
	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustments	Consolidated
Goodwill	¥ 132	¥ 284	¥ 81	¥ 3	¥ –	¥ (398)	¥ 104
Negative goodwill	(18)	(33)	(346)	–	–	398	–

	Thousands of U.S. dollars 2012						
	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustments	Consolidated
Goodwill	$ 1,606	$ 3,455	$ 986	$ 37	$ –	$ (4,842)	$ 1,265
Negative goodwill	(219)	(402)	(4,210)	–	–	4,842	–

	Millions of yen 2011						
	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustments	Consolidated
Goodwill	¥ 177	¥ 379	¥ 136	¥ 4	¥ –	¥ (640)	¥ 56
Negative goodwill	(33)	(56)	(551)	–	–	640	–

Negative goodwill incurred by reported segments

No negative goodwill is incurred for the years ended March 31, 2012 and 2011.

25. The Statement of Income 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 statement of income. 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 statement of income under accounting principles generally accepted in Japan.

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Sales	¥452,217	¥451,033	$5,502,093
Gross profit	66,486	80,070	808,931
Operating income	9,083	23,364	110,512
Ordinary income	26,116	36,394	317,752
Income before income taxes and minority interests	25,484	23,940	310,062
Net income	12,327	18,950	149,982

Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of Mitsubishi Gas Chemical Company, Inc., which comprise the consolidated balance sheet as of March 31, 2012, and the consolidated statement of income, comprehensive income, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mitsubishi Gas Chemical Company, Inc. as of March 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audits also comprehended the translation of Japanese yen amounts into United States dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in note 2 to the consolidated financial statements. Such United States dollar amounts are presented solely for the convenience of readers outside Japan.

BDO Toyo & Co.

BDO Toyo & Co.
Tokyo, Japan
June 26, 2012

Corporate Data / Investor Information

As of March 31, 2012

Mitsubishi Gas Chemical Company, Inc.

Establishment
April 21, 1951

Paid-in Capital
¥ 41.97 billion

Outstanding Shares
483,478,398

Number of Stockholders
28,337

Listing (Ticker Code)
Tokyo (4182)

Stock Transaction Units
1,000 - share units

Annual General Meeting of Stockholders
The annual general meeting of stockholders is normally held in June in Tokyo, Japan.

Independent Auditor
BDO Toyo & Co.

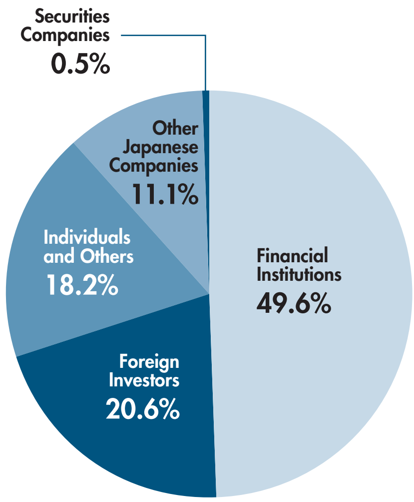
Transfer Agent and Registrar
Mitsubishi UFJ Trust and Banking Corp.

Major Stockholders

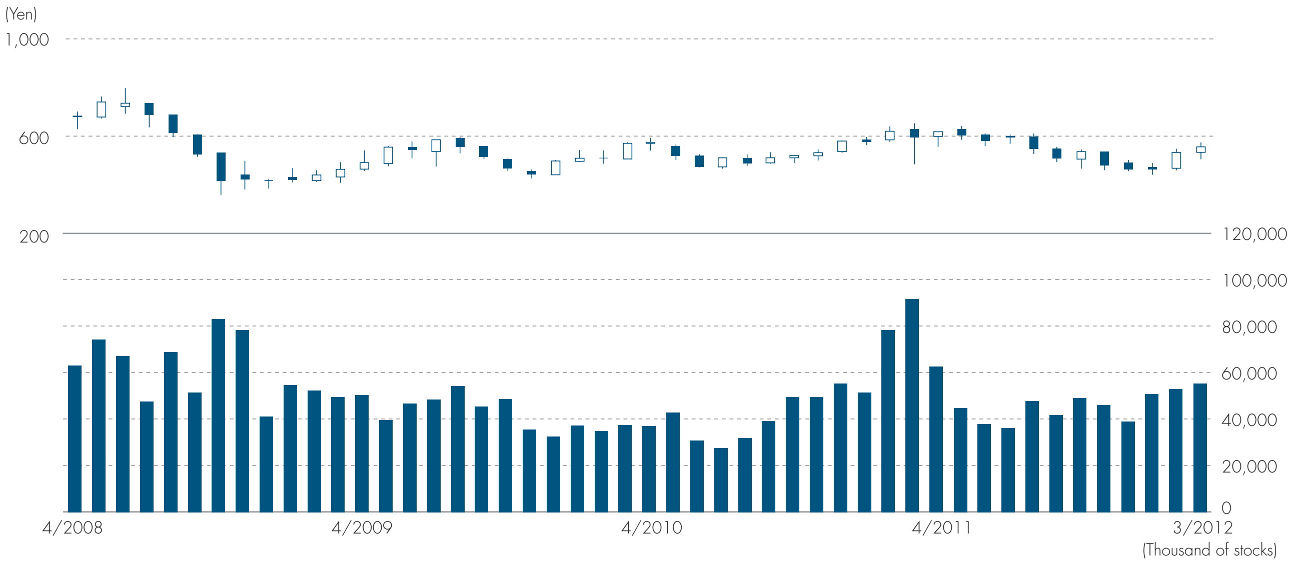
Name	Number of Shares Held (Thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	31,182	6.9
Japan Trustee Services Bank, Ltd. (Trust Account)	26,022	5.8
Nippon Life Insurance Company	21,452	4.7
Meiji Yasuda Life Insurance Company	16,795	3.7
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,611	3.0
National Mutual Insurance Federation of Agricultural Cooperatives	12,969	2.9
Mitsubishi UFJ Trust and Banking Corporation	11,686	2.6
The Norinchukin Bank	10,053	2.2
Asahi Glass Co., Ltd.	9,671	2.1
Sompo Japan Insurance Inc.	8,564	1.9

Notes: 1. MGC holds 31,666 thousand shares of treasury stock, which is not included in the above list of major stockholders.
2. Percentage to Total Shares Outstanding does not include treasury stock.

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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