MGC

ANNUAL REPORT 2015

Fiscal year ended March 31, 2015

MGC Advance2017
New medium-term
management plan launched.
Moving towards big dreams
only MGC Group can realize.

MITSUBISHI GAS CHEMICAL COMPANY, INC.

Message from the Management

Toshikiyo Kurai
Representative Director, President

Kazuo Sakai
Representative Director, Chairman

In fiscal 2014, MGC Group reported consolidated revenue of ¥529,570 million, a year-on-year decrease of 0.9%, and consolidated net income of ¥44,381 million, an increase of 197.4%. Net income per share was ¥98.26.

In the consolidated fiscal year under review (fiscal 2014), the Japanese economy experienced slow recovery overall. Despite the backlash from the last-minute surge in demand before the rise in consumption tax, there were positive developments such as improvements in corporate earnings and employment conditions.

MGC Group recorded a decline in revenue compared with the previous fiscal year. While engineering plastics and electronic chemicals achieved higher sales volumes, the business restructuring program resulted in lower sales volumes for general-purpose aromatic chemicals such as purified isophthalic acid.

Operating income grew regardless of declines in the profitability of electronic materials, general-purpose aromatic chemicals, and polycarbonate sheets and films. Major positive contributions came from improvements in the profitability of export products (thanks to the weaker yen), the earnings of polycarbonates, and the sales volume of electronic chemicals.

Equity in the earnings of affiliates increased as a result of higher equity in the earnings of overseas methanol production companies due to a strong market in the beginning of the year and the depreciation of the yen as well as improved operations at the Brunei production site and other factors.

The Group achieved a significant improvement in net income in fiscal 2014. In addition to a lower impairment loss, positive contributions included a gain on sales of investment securities and a gain on step acquisition, which was generated by converting JSP into a consolidated subsidiary.

The year-end dividend for the term was ¥7 per share, an increase of ¥1 compared to the year-end dividend for the previous term. The interim dividend was also ¥7 per share, for an annual dividend of ¥14 per share, an increase of ¥2 per share compared to the previous year.

MGC Group engages in a wide range of businesses extending from resources and energy to chemicals and raw materials such as methanol and polycarbonates, BT materials, and functional products such as the AGELESS oxygen absorber. Through our business, we provide value to society. We will continue to invest management resources in these core businesses and increase earnings capacity.

Changes to existing businesses caused by impacts from the external environment such as economic conditions cannot be avoided, and as a result, the continuity of the earnings capacity of those businesses cannot be guaranteed. If a determination is made that a business is no longer profitable, after investigating all possibilities, structural reforms will be implemented.

In addition, one of the fundamental policies of the Group's medium-term management plan is the creation and development of new business, and we constantly search for new sources of earnings including mergers and acquisitions.

In March 2015, MGC Group implemented a tender offer bid for JSP Corporation, which had been subject to the equity method, and the company became a consolidated subsidiary. The two companies will collaborate in the future with the aim of pursuing synergy effects in research and development, manufacturing, marketing, and other areas.

Providing returns to shareholders is one of the most important issues for management. MGC Group comprehensively considers trends in financial results, capital investment plans, maintenance and improvement of financial standing, and various other factors from a medium- to long-term perspective in order to make optimal allocations between shareholder returns and internal reserves for enhancing corporate value in the future. Dividend amounts are determined using methods that are tied to financial results with stable dividends. Our fundamental policy on share buy-backs is to conduct such buy-backs dynamically while monitoring the market environment.

June 2015

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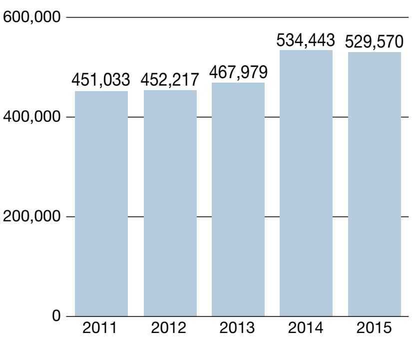
Financial Highlights

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

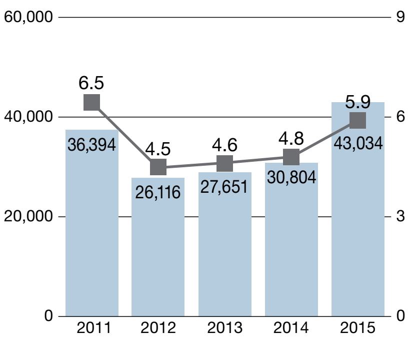
	Millions of yen					Thousands of U.S. dollars
	2011	2012	2013	2014	**2015**	**2015**
For the year:						
Net sales	¥451,033	¥452,217	¥467,979	¥534,443	**¥529,570**	**$4,406,840**
Natural Gas Chemicals	145,564	153,164	153,995	185,307	**184,873**	**1,538,429**
Aromatic Chemicals	111,182	125,301	128,222	139,476	**121,126**	**1,007,955**
Specialty Chemicals	134,016	121,047	131,611	153,377	**164,684**	**1,370,425**
Information & Advanced Materials	59,508	51,859	53,274	55,467	**58,241**	**484,655**
Other	763	844	875	813	**642**	**5,342**
Gross profit	80,070	66,486	67,967	74,149	**77,210**	**642,506**
Selling, general and administrative expenses	56,706	57,402	56,545	62,661	**62,213**	**517,708**
Operating income (loss)	23,364	9,083	11,421	11,488	**14,996**	**124,790**
EBITDA	54,970	55,229	35,417	44,296	**73,262**	**609,653**
Ordinary income	36,394	26,116	27,651	30,804	**43,034**	**358,109**
Net income	18,950	12,327	(7,793)	14,921	**44,381**	**369,318**
R&D costs	16,380	17,449	15,332	16,122	**16,873**	**140,409**
Capital expenditure	35,401	42,423	30,982	25,409	**22,226**	**184,955**
Depreciation and amortization	28,950	27,763	23,096	23,528	**23,770**	**197,803**
At year end:						
Total assets	¥577,046	¥595,250	¥613,908	¥657,838	**¥790,381**	**6,577,191**
Current assets	244,523	254,037	261,397	287,642	**372,166**	**3,096,996**
Current liabilities	182,528	193,464	195,438	178,897	**225,068**	**1,872,913**
Working capital	61,995	60,572	65,958	108,745	**147,097**	**1,224,074**
Total net assets	288,258	292,111	294,895	323,858	**422,448**	**3,515,420**
Interest-bearing debt	182,679	185,185	182,644	204,489	**215,614**	**1,794,241**
Per share of common stock (Yen/U.S. dollars):						
Net income—basic	¥ 41.92	¥ 27.28	¥ (17.25)	¥ 33.03	**¥ 98.26**	**$ 0.82**
Net income—diluted	41.00	27.01	—	—	**—**	**—**
Net assets	615.25	623.46	628.40	691.26	**835.23**	**6.95**
Cash dividends	8.00	12.00	12.00	12.00	**14.00**	**0.12**
Ratios:						
Gross profit margin (%)	17.8	14.7	14.5	13.9	**14.6**	
Operating income margin (%)	5.2	2.0	2.4	2.1	**2.8**	
Return on sales (%)	4.2	2.7	(1.7)	2.8	**8.4**	
Return on assets (ROA) (%)	6.5	4.5	4.6	4.8	**5.9**	
Return on equity (ROE) (%)	6.9	4.4	(2.8)	5.0	**12.9**	
Current ratio (times)	1.34	1.31	1.34	1.61	**1.65**	
Net assets ratio (%)	48.2	47.3	46.2	47.5	**47.7**	
Number of employees	4,979	5,216	5,323	5,445	**8,254**	

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the approximate rate of ¥120.17 = US$1 prevailing on March 31, 2015.
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.

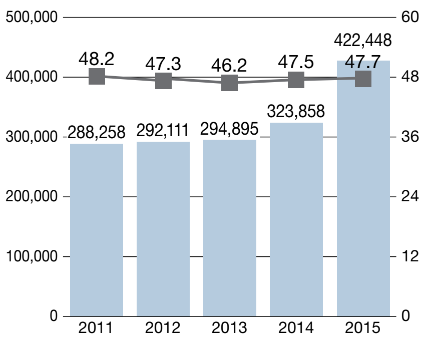
Net Sales
(Millions of yen)



Ordinary income and ROA
(Millions of yen, %)



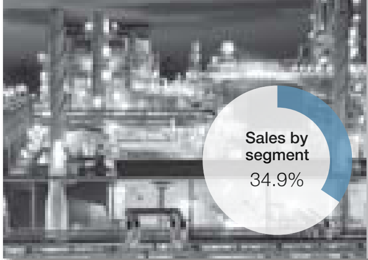
Net assets and Equity ratio
(Millions of yen, %)

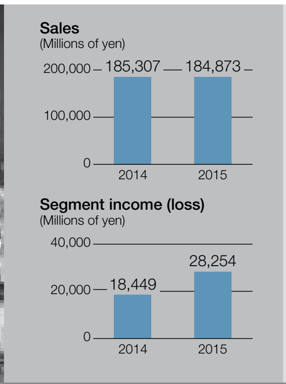


MGC at a Glance

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 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 technolo-

NATURAL GAS CHEMICALS

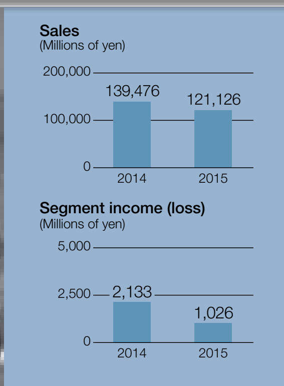




Outline

Starting from the raw material of natural gas, deploys the methanol chain and ammonia chain across a wide field ranging from basic chemicals to functional materials. Also promoting the use of biotechnology and the development of energy and resources.

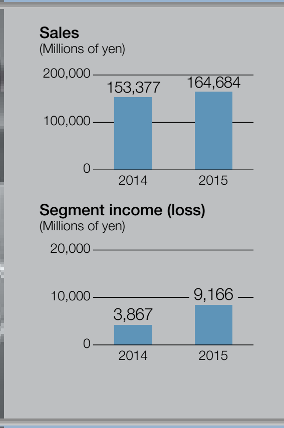
AROMATIC CHEMICALS



Outline

Develops unique aromatic products centered on the metaxylene chain, including aromatic aldehydes, 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 performance. The formed plastics business operated by JSP, our consolidated subsidiary, is used in a wide range of fields including automobiles, housing and food packaging.

SPECIALTY CHEMICALS



Outline

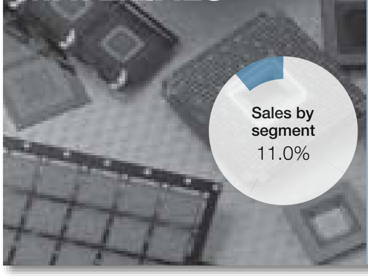
Inorganic Chemicals

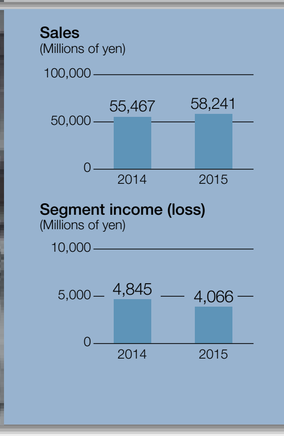
Develops a range of products from industrial-use hydrogen peroxide, to chemicals for use in the electronics industry and environmental agents. Also involved in the development of functional thermosetting resin, and has a product lineup that ranges from monomers for high refractive index plastic lenses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

gies, and as a result, it has developed over 90% of the products it handles.

A wide array of MGC technologies appear in a broad range of business sectors, with 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)

Major Subsidiaries
- Japan Finechem Co., Inc.
- Kokuka Sangyo Co., Ltd.

Major Affiliates
- Japan Saudi Arabia Methanol Co., Inc.
- Metanol de Oriente, Metor, S.A.
- Brunei Methanol Company Sdn. Bhd.

Major products
Metaxylene, Metaxylenediamine, Nylon-MXD6, Aromatic aldehydes, Aromatic polycarboxylic acids, Purified isophthalic acid, Plasticizers, Foamed Plastics

Major Subsidiaries
- JSP Corporation
- JSP International Group Ltd.
- Fudow Co., Ltd.

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

Major Subsidiaries
- MGC Pure Chemicals America, Inc.
- MGC Pure Chemicals Taiwan, Inc.
- MGC Filsheet Co., Ltd.
- Thai Polyacetal Co., Ltd.
- Mitsubishi Gas Chemical Engineering Plastics (Shanghai) Co., Ltd.

Major Affiliates
- Mitsubishi Engineering-plastics Corporation
- Korea Engineering Plastics Co., Ltd.
- 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

Major Subsidiaries
- MGC Electrotechno Co., Ltd.
- MGC Electrotechno (Thailand) Co., Ltd.

Major Subsidiaries
- Tokyo Shokai, Ltd.
- Ryoko Chemical Co., Ltd.
- Ryoyo Trading Co., Ltd.
- Mitsubishi Gas Chemical America, Inc.
- Mitsubishi Gas Chemical Singapore Pte. Ltd.
- MGC Montney Holdings Ltd.

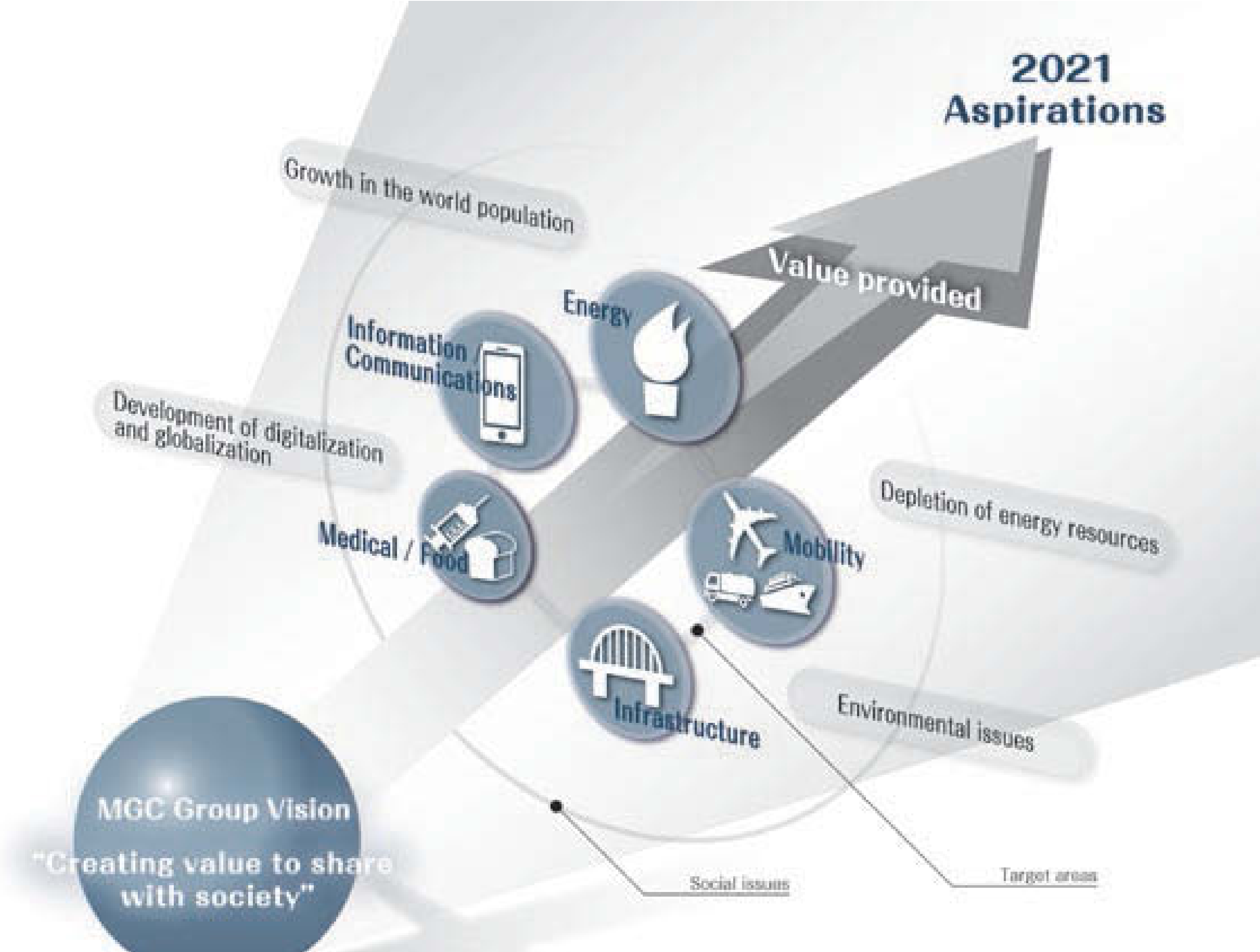
Affiliate
- Japan U-Pica Co., Ltd.

New Medium-Term Management Plan
MGC Advance2017

MGC Group launched the MGC Advance2017 New Medium-Term Management Plan in April 2015 under the title “moving towards big dreams only MGC Group can realize.” This plan represents the third step towards achieving the type of company MGC should aim to become by 2021 when it celebrates the 50th anniversary of its establishment. With the launch of this new plan, the Group adopted a new vision—“Creating value to share with society”—as a guideline indicating the direction that the Group will take from a long-term perspective. The chemical products that we create have the potential to contribute to solving various problems currently affecting the environment, economy, and society and to enhancing the quality of life. We will endeavor to maximize group strengths and undertake the challenges for achieving big dreams with the aim of creating value truly needed by society.

2017 Advance
Big dreams only MGC Group can realize!

Plan period:
April 2015–March 2018



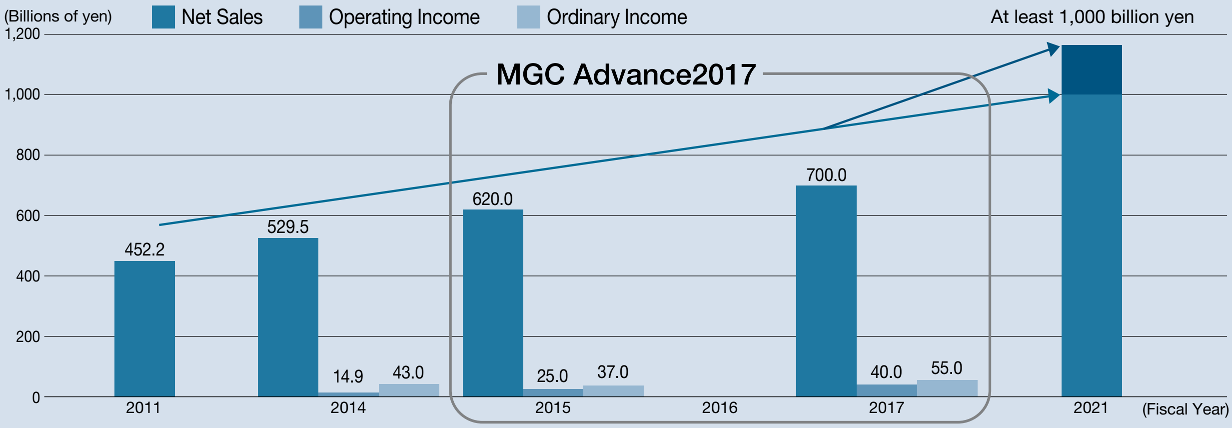
MGC Group’s Strengths

- Unique proprietary technologies
- Global marketing structure
- Development structure to meet customer needs
- Wide range of businesses
- Strong relationships with leading clients
- Production system consisting of multiple locations

2021 – MGC Group Aspirations

- MGC Group continues to earn the firm confidence of the public through its CSR achievements.
- Become a truly profitable, research and development-oriented MGC group
- Join the Global Top 30 by exceeding sales of 1 trillion JPY

Quantitative Targets of the New Medium-Term Management Plan for Becoming the Type of Company MGC aims to be by 2021



Target financial indicator values (FY 2017)

Consolidated parameter	Target (FY 2017)
Net sales	¥700 billion
Operating income	¥40 billion
Ordinary income	¥55 billion
ROE	≥9%

* Assumptions:
Exchange rate
¥115 / USD
Crude oil price (Dubai)
2015: $55USD/bbl
2016: $60USD/bbl
2017: $65USD/bbl

MGC Advance2017 – Basic Strategy

Enhancing the profitability of existing businesses, especially core businesses

Restructuring underperforming businesses

Developing and creating new businesses

Improving group-wide operational efficiency

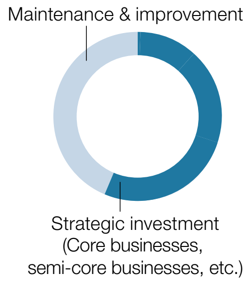
Improving total enterprise quality in support of sustainable growth

Investment Strategy

Total investment of 140.0 JPY in billions (not including M&A)

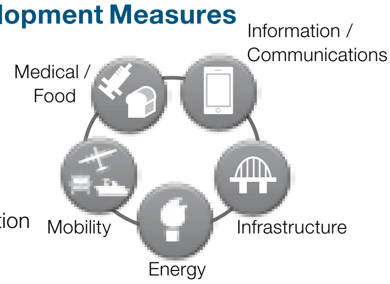
Investment projects

- Trinidad and Tobago Methanol Project
- QOL Innovation Center Shirakawa Project Phase 1
  MGC Filsheet Co., Ltd. Shirakawa Plant Project
  Oxygen absorbers Ageless Shirakawa Plant Project
- Increased investment in Canada shale gas LNG business



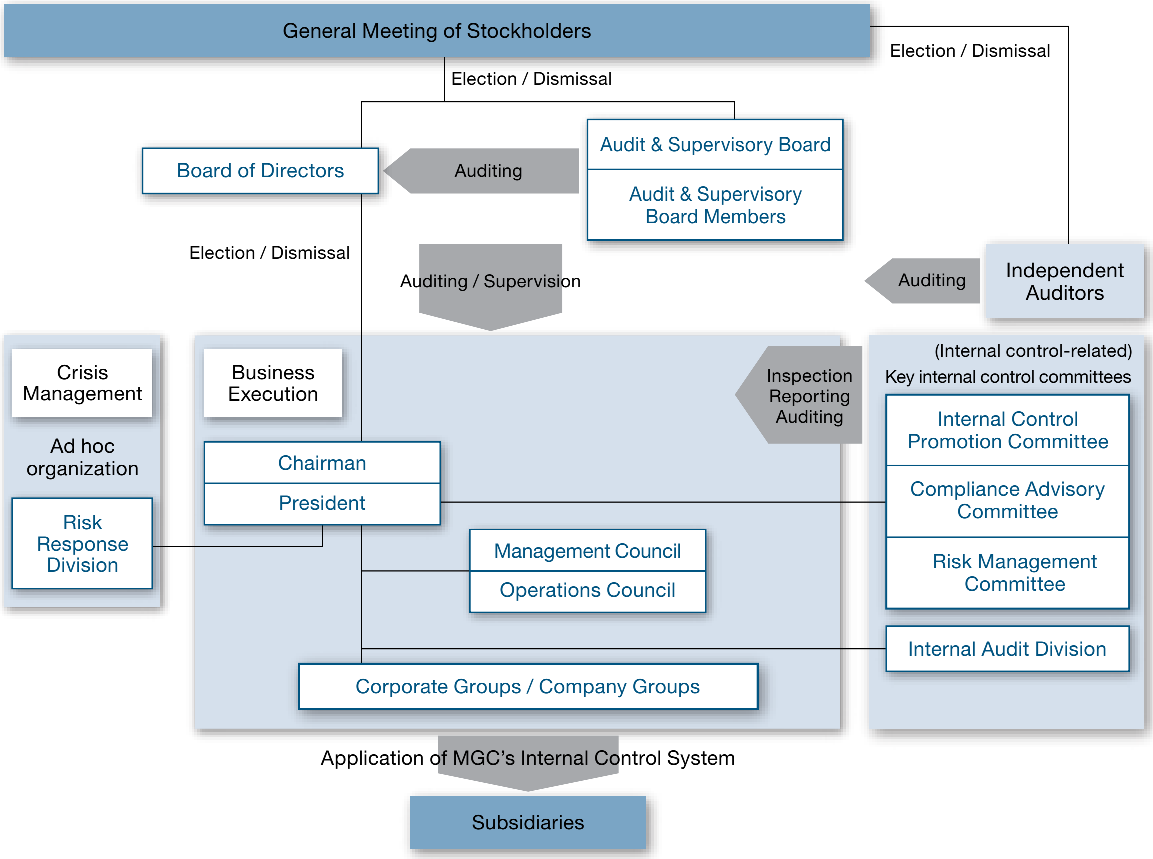
New Business Development Measures

- Establish Advanced Business Development Division
- 50 billion JPY for R&D investment
- Pursue M&A for growth
- Utilization of QOL Innovation Center Shirakawa



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 25, 2015 there are 12 members.

MGC's Audit & Supervisory Board is comprised of four members (three full-time) and of these, two are outside members. The outside members 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 fulltime staff to aid all of its Audit & Supervisory Board Members in the execution of their duties.

Board of Directors, Audit & Supervisory Board Members and Executive Officers

Representative Director, Chairman
Kazuo Sakai

Representative Director, President
Toshikiyo Kurai

Representative Directors, Senior Managing Executive Officers
Katsuhiko Sugita
Kunio Kawa

Directors, Managing Executive Officers
Yoshihiro Yamane
Katsushige Hayashi
Masahiro Johno
Kenji Inamasa
Yasuhiro Sato
Masashi Fujii

Outside Directors
Yoshimasa Nihei
Kazuo Tanigawa

Audit & Supervisory Board Members
Kunio Oya
Jin Hata

Outside Audit & Supervisory Board Members
Takashi Kimura
Yasuomi Matsuyama

Executive Officers
Takafumi Abe
Susumu Yoshida
Motoyoshi Onobori
Tsuneaki Iwakiri
Takuji Shitara
Chiharu Kubota
Masamichi Mizukami
Toshiya Takagi
Masato Inari
Yasushi Kousaka
Eiji Tsukiji
Kinji Hiramoto

Executive General Manager
Shinichi Mitsuda

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 limited to the amount stipulated by the General Meeting of Stockholders, 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, separate from monthly compensation, paid upon retirement as part of the compensation for services performed by each director other than outside directors and is calculated in annual increments and reserved pursuant to 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 limited to the amount stipulated by the General Meeting of Stockholders and is determined in consultation with corporate auditors.

Compensation (For the Fiscal Year 2014)

Classification	Total amount of compensation (¥ million)	Total amount of compensation by type (¥ million)		Number of subject executives (persons)
		Basic compensation	Reserved retirement benefits	
Directors (other than outside directors)	459	360	99	11
Audit & Supervisory Board Members (other than outside members)	51	51	—	3
Outside Officers	43	43	—	4
Total	554	454	99	18

Note: In the above reserved retirement benefits for directors, provision has been made for the current fiscal year with respect to reserved retirement benefits for 11 directors other than outside directors. At the 88th Ordinary General Meeting of Stockholders held on June 25, 2015, it was resolved to provide a total of ¥96 million in reserved retirement benefits for payment to 10 directors other than outside directors at the time of their retirement with respect to the performance of their duties from June 25, 2014 to June 25, 2015.

Management's Discussion and Analysis

1. Results of Operations

1) Net Sales & Operating Income

In fiscal 2014, MGC Group reported consolidated revenue of ¥529,570 million, a year-on-year decrease of 0.9%, and consolidated operating income of ¥14,996 million, an increase of 30.5%.

MGC Group reported a decline in revenue compared with the previous fiscal year. While sales volumes of engineering plastics and electronic chemicals were higher, the business restructuring program resulted in lower sales volumes for general-purpose aromatic chemicals such as purified isophthalic acid.

Group operating income was up from the previous year. Profitability of electronic materials, general-purpose aromatic chemicals, polycarbonate sheets and films deteriorated. However, improved profitability of export products due to the declining value of the yen, higher profitability of polycarbonates, increased sales volume of electronic chemicals, and other factors resulted in the overall increase.

2) Non-Operating Revenue

The Group reported non-operating revenue of ¥43,529 million, a year-on-year increase of 58.9%. The main factor contributing to the increase was higher investment income under the equity method.

Non-operating expenses were ¥11,473 million, a decrease of 45.6%. The main cause of the decrease was a reduction in depreciation expenses.

As a result, income before income taxes and minority interests was ¥47,051 million, an increase of 164.7%. Net income for the year was ¥44,381 million, an increase of 197.4%.

3) Dividend

Year-end dividends were ¥7 per share, which was ¥1 higher than the previous year. Interim dividends were also ¥7 per share in the period, therefore annual dividends were ¥2 higher than the previous year at ¥14 per share.

2. Segment Information

1) Natural Gas Chemicals

Net sales in the natural gas chemicals segment were ¥184,873 million, a year-on-year decrease of 0.2%, and operating income was ¥2,742 million, an increase of 1.2%. Equity in the earnings of affiliates, primarily overseas methanol production companies, of ¥26,418 million was reported, resulting in segment income of ¥28,254 million, an increase of 34.7%.

The methanol business achieved prior-year-level net sales. Despite a higher sales volume, the business experienced lower sales prices due to reductions in market prices.

Methanol and ammonia-based chemicals recorded higher earnings. The higher fixed cost recorded primarily due to the turnaround of the ammonia producing equipment was more than compensated for by the improved profitability of exports due to the weaker yen and higher sales volumes of high-performance products.

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

2) Aromatics Chemicals

Aromatic chemicals posted net sales of ¥121,126 million, a year-on-year decrease of 13.2% and operating income of ¥3,013 million, an increase of 4.0%. Equity in the net losses of affiliates was reported in conjunction with withdrawal from the purified terephthalic acid (PTA) business, and as a result, segment income was ¥1,026 million, down 51.9%.

Specialty aromatic chemical products posted higher earnings compared with the previous year. This was primarily due to higher sales volumes achieved by meta-xylenediamine and aromatic aldehydes, the higher profitability of export products resulting from the weaker yen, and withdrawal from the pyromellitic dianhydride operations.

General-purpose aromatic chemical products saw a substantial decline in net sales from the previous year. This was because business contraction led to a reduction in sales volumes of purified isophthalic acid and other products.

3) Specialty Chemicals

Specialty chemicals reported net sales of ¥164,684 million, a year-on-year increase of 7.4% and operating income of ¥8,299 million, an increase of 109.2%. Equity in the earnings affiliates of ¥1,776 million was reported, and as a result, segment income was ¥9,166 million, an increase of 137.0%.

Inorganic chemicals saw a decline in earnings because increases in raw material and fuel prices made these products less profitable.

Electronic chemicals achieved growth in both revenue and earnings. This positive trend was due to strong demand for super-pure hydrogen peroxide and hybrid chemicals for semiconductors, leading to increases in sales volumes.

The engineering plastics business posted a year-on-year increase in net sales due to growth in the sales volumes of polycarbonates and polyacetal. A further positive contribution came from polycarbonates, whose operating results improved due to a reduction in depreciation expenses which resulted from the impairment loss recognized in the previous fiscal year, successful work to improve profitability, and higher sales volumes for highly specialized products.

Polycarbonate sheets and films experienced losses in both revenue and earnings. This is because of lower sales volumes of films for use in flat panel displays and hard-coated sheets.

4) Information & Advanced materials

The information & advanced materials segment reported net sales of ¥58,241 million, a year-on-year increase of 5.0%, and operating income of ¥3,805 million, a decrease of 11.4%. Segment income was ¥4,066 million, a decrease of 16.1%.

Electronic materials grew in revenue, but experienced a decline in earnings. BT materials for semiconductor packaging had a strong showing in terms of sales volumes, notably in smartphone-related applications. The lower profitability was due to an increase in costs resulting from the start of commercial operation of the second site in Thailand.

Oxygen absorbers such as AGELESS posted increases in both revenue and earnings. While the impact of the consumption tax hike and other negative factors drove down domestic sales slightly, products for overseas markets achieved higher sales volumes. A further contribution came from the improved profitability of exports thanks to the weaker yen.

5) Other

Net sales in the other business segment were ¥642 million, a year-on-year decrease of 21.0%. Operating income was ¥206 million, a decrease of 17.2%, and segment income was ¥1,412 million, a decrease of 25.7%.

3. Financial Position

As of March 31, 2015, total consolidated assets were ¥790,381 million, ¥132,543 million higher than at the end of the previous fiscal year. This significant increase was primarily due to the conversion of JSP, previously an equity method affiliate, into a consolidated subsidiary.

Current assets increased by ¥84,523 million to ¥372,166 million, primarily due to increases in trade notes and accounts receivable as well as in cash and deposits.

Noncurrent assets rose by ¥48,019 million to ¥418,215 million, primarily due to increases in property, plant, and equipment as well as in goodwill.

Total liabilities increased by ¥33,953 million to ¥367,932 million. Current liabilities rose by ¥46,171 million, a major reason being an increase in short-term loans payable. Noncurrent liabilities fell by ¥12,217 million, primarily due to reductions in long-term loans payable and liability for retirement benefit.

Net assets increased by ¥98,589 million to ¥422,448 million. In addition to substantial growth in net income, positive contributions included increases in foreign currency translation adjustment, valuation difference on available-for-sale securities, and minority interests.

As of March 31, 2015, the shareholders' equity ratio was therefore 47.7% (March 31, 2014: 47.5%). Net assets per share at the end of the fiscal year was ¥835.23, compared with ¥691.26 one year earlier.

4. Cash Flow

As of March 31, 2015, total cash and cash equivalents were ¥72,678 million, ¥35,368 million higher than at the end of the previous fiscal year.

1) Operating activity cash flow

Net cash provided by operating activities increased by ¥49,799 million from the previous year to ¥76,982 million. This was primarily due to an increase in income before income taxes and minority interests.

2) Investing activity cash flow

Net cash outflow from investing activities was ¥23,531 million, ¥6,352 million less than the outflow for the previous year. This was primarily due to a decline in expenses caused by the acquisition of noncurrent assets and an increase in gain on sales of investment securities.

3) Financing activity cash flow

Net cash outflow from financing activity was ¥25,005 million, an increase of ¥32,130 million from the previous year. This was primarily due to a lower inflow from long-term loans payable.

5. Capital Expenditure

MGC Group (including MGC and consolidated subsidiaries) capital expenditures for the consolidated fiscal year were ¥22,226 million.

By segment, capital expenditure of ¥5,766 million, ¥4,067 million, ¥7,639 million, ¥4,397 million, and ¥355 million were made in natural gas chemicals, aromatic chemicals, specialty chemicals, information and advanced materials, and other business segments and company-wide assets, respectively.

6. Research and Development

In 2014, the final fiscal year of MGC Group's medium term management plan, MGC Will2014, we set out to realize the Group Vision of seeking to "achieve sustainable growth as an outstanding chemicals company that is characterized by its proprietary technologies and tangible presence." To achieve this vision, we actively engaged in research and development in close collaboration with group companies and in line with the plan's key policy of "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 research and development 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. Furthermore, we aim to cultivate new products faster and more efficiently via research and development utilizing MGC's comprehensive strengths through joint-development with affiliates and outsourcing of research.

There are a total of 862 MGC Group research and development personnel, including those in affiliate research and development divisions, making up around 10% of the total workforce. Expenditures on research totaled ¥16,873 million.

Research and development costs by segment were as follows:

Natural Gas Chemicals Company: ¥3,356 million
Aromatic Chemicals Company: ¥2,878 million
Specialty Chemicals Company: ¥5,699 million
Information and Advanced
Materials Company: ¥4,940 million

7. Risk Factor

The following are the main foreseeable risks that have the potential to affect 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 MGC Group as of May 11, 2015.

1) Economic Conditions

The business revenues of 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 MGC Group's operating results and financial condition. In addition, rapid increases in raw material prices could also have an adverse effect on MGC Group's operating results and financial condition.

2) Overseas Business

MGC Group has established subsidiaries and conducts manufacturing and sales in Asia, North America, South America, the Middle East and other regions. 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 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

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 MGC Group have risks such as those described below.

For example, 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 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 MGC Group include some products that are sold only to specific customers. 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.

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

5) Exchange Rate Fluctuations

The Group's business results and financial situation have 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, 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, MGC Group's operating results and financial condition could be adversely affected.

6) Interest Rate Fluctuations

When procuring essential funds, 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 MGC Group's operating results and financial condition.

7) Marketable Security Market Price Fluctuations

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

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 MGC Group's business activities.

Penalties, social sanctions, remediation costs and other consequences of the failure of 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

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 MGC Group's operating results and financial condition.

10) Accidents and Disasters

MGC Group routinely handles hazardous chemical substances including poisonous and deleterious substances, hazardous materials and high-pressure gas as part of its business. Although 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. MGC Group takes out fire insurance, profit insurance, oil pollution insurance, liability insurance and other insurance against these risks. However, 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 MGC Group is ultimately liable.

11) Research and Development

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 MGC Group does not continue to develop new products that are accepted in the market, or if the markets for products newly developed by 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

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 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 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 MGC Group's operating results and financial condition.

13) Intellectual Property

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. 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

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, 2015

Assets

	Millions of yen		Thousands of U.S. dollars (note 2)
	2015	2014	2015
Current assets:			
Cash (note 3)	¥ 62,327	¥ 38,772	$ 518,657
Trade notes and accounts receivable (note 20)	152,711	127,817	1,270,791
Short-term investments (note 4)	18,137	2,130	150,928
Inventories	110,356	99,192	918,332
Deferred income taxes (note 9)	5,038	2,659	41,924
Other current assets	27,573	17,868	229,450
Less allowance for doubtful receivables	3,978	798	33,103
Total current assets	372,166	287,642	3,096,996
Property, plant and equipment (note 6):			
Buildings and structures	190,511	149,106	1,585,346
Machinery, equipment and vehicles	466,373	400,239	3,880,944
Land	38,316	27,000	318,848
Leased assets	23,651	26,593	196,813
Construction in progress	12,303	10,051	102,380
Other	44,992	34,113	374,403
	776,148	647,106	6,458,750
Less accumulated depreciation	540,224	455,794	4,495,498
Net property, plant and equipment	235,923	191,311	1,963,244
Intangible assets, net:			
Goodwill	4,836	2	40,243
Leased assets	5	0	42
Software	1,543	1,504	12,840
Other	2,828	1,662	23,533
Net intangible assets	9,214	3,169	76,675
Investments and other assets:			
Investments in securities (notes 4, 5 and 6)	164,251	167,296	1,366,822
Long-term loans receivable	1,723	1,389	14,338
Deferred income taxes (note 9)	3,125	2,334	26,005
Other investments and other assets (note 5)	4,087	4,776	34,010
Less allowance for doubtful receivables	110	81	915
Total investments and other assets	173,077	175,714	1,440,268
Total assets	¥790,381	¥657,838	$6,577,191

See accompanying notes to consolidated financial statements.

Liabilities and Net Assets

	Millions of yen		Thousands of U.S. dollars (note 2)
	2015	2014	2015
Current liabilities:			
Trade notes and accounts payable	¥ 79,323	¥ 71,665	$ 660,090
Short-term debt and current installments of long-term debt (note 6)	105,629	77,527	878,996
Accrued expenses	14,676	12,223	122,127
Accrued income taxes (note 9)	2,148	1,570	17,875
Accrued bonuses	4,809	3,641	40,018
Other current liabilities (note 9)	18,480	12,269	153,782
Total current liabilities	225,068	178,897	1,872,913
Non-current liabilities:			
Long-term debt (note 6)	109,985	126,961	915,245
Net defined benefit liability (note 8)	5,586	9,232	46,484
Provision for directors' retirement benefits (note 8)	512	380	4,261
Deferred income taxes (note 9)	18,284	12,020	152,151
Other non-current liabilities (note 7)	8,494	6,486	70,683
Total non-current liabilities	142,864	155,081	1,188,849
Total liabilities	367,932	333,979	3,061,763
Stockholders' equity:			
Common stock (note 10): Authorized 984,856,000 shares; issued 483,478,398 shares in 2015 and 2014	41,970	41,970	349,255
Additional paid-in capital (note 10)	35,595	35,595	296,205
Retained earnings (note 11)	278,910	239,831	2,320,962
Treasury stock, at cost; 31,819,177 shares in 2015 and 31,800,380 shares in 2014	(8,131)	(8,119)	(67,662)
Total stockholders' equity	348,344	309,277	2,898,760
Accumulated other comprehensive income:			
Net unrealized gain on other securities (note 4)	20,612	11,384	171,524
Surplus on revaluation of land	217	206	1,806
Foreign currency translation adjustments	4,926	(7,305)	40,992
Remeasurements of defined benefit plans (note 8)	3,139	(1,337)	26,121
Total accumulated other comprehensive income	28,896	2,949	240,459
Minority interests	45,207	11,632	376,192
Total net assets	422,448	323,858	3,515,420
Commitments and contingencies (note 21)			
Total liabilities and net assets	¥790,381	¥657,838	$6,577,191

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, 2015

	Millions of yen		Thousands of U.S. dollars (note 2)
	2015	2014	2015
Net sales (note 20)	¥529,570	¥534,443	$4,406,840
Cost of sales (note 13)	452,360	460,293	3,764,334
Gross profit	77,210	74,149	642,506
Selling, general and administrative expenses (notes 12 and 13)	62,213	62,661	517,708
Operating income	14,996	11,488	124,790
Other income (deductions):			
Interest income	226	200	1,881
Dividend income	2,018	1,735	16,793
Interest expenses	(2,440)	(2,995)	(20,305)
Equity in earnings of affiliates	28,929	20,466	240,734
Gain on sale of investments in securities (note 4)	2,851	266	23,725
Gain on liquidation of subsidiaries and affiliates	—	183	—
Personnel expenses for seconded employees	(1,312)	(1,466)	(10,918)
Loss on sale/disposal of property, plant and equipment	(918)	(388)	(7,639)
Impairment loss (note 14)	(1,123)	(11,648)	(9,345)
Business structure improvement expenses (note 15)	(1,003)	(1,526)	(8,347)
Loss on fire accident (note 16)	—	(119)	—
Gain on step acquisitions	2,087	—	17,367
Gain on negative goodwill	198	—	1,648
Amortization of goodwill	(476)	—	(3,961)
Other, net	3,017	1,578	25,106
	32,055	6,284	266,747
Income before income taxes and minority interests	47,051	17,772	391,537
Income taxes (note 9):			
Current	3,160	2,830	26,296
Deferred	(1,548)	240	(12,882)
	1,611	3,070	13,406
Income before minority interests	45,440	14,702	378,131
Minority interests	1,059	(219)	8,813
Net income	¥ 44,381	¥ 14,921	$ 369,318

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, 2015

	Millions of yen		Thousands of U.S. dollars (note 2)
	2015	2014	2015
Income before minority interests	¥45,440	¥14,702	$378,131
Other comprehensive income arising during the year (note 17)**:**			
Net unrealized gain on other securities	9,302	2,720	77,407
Foreign currency translation adjustments	4,426	5,504	36,831
Remeasurements of defined benefit plans	4,066	—	33,835
Shares of other comprehensive income of affiliates accounted for by the equity method	9,147	14,565	76,117
Total other comprehensive income arising during the year	26,943	22,790	224,207
Comprehensive income	¥72,383	¥37,492	$602,338
Comprehensive income attributable to:			
Owners of the parent	¥70,328	¥36,705	$585,238
Minority interests	2,055	786	17,101

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, 2015

	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 on other securities (note 4)	Surplus on revaluation of land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total	Minority interests	Total net assets
Balance as of March 31, 2013	¥41,970	¥35,595	¥231,882	¥(8,094)	¥301,353	¥ 8,607	¥206	¥(26,311)	¥ —	¥(17,497)	¥11,039	¥294,895
Cumulative effects of changes in accounting policies			(230)		(230)							(230)
Restated balance as of April 1, 2013	¥41,970	¥35,595	¥231,652	¥(8,094)	¥301,123	¥ 8,607	¥206	¥(26,311)	¥ —	¥(17,497)	¥11,039	¥294,665
Changes arising during year:												
Cash dividends			(5,420)		(5,420)							(5,420)
Net income			14,921		14,921							14,921
Decrease due to change in the fiscal period of consolidated subsidiaries			(1,322)		(1,322)							(1,322)
Purchase of treasury stock				(24)	(24)							(24)
Disposition of treasury stock		0		0	0							0
Net changes other than stockholders' equity						2,777	—	19,006	(1,337)	20,446	592	21,039
Total changes during the year	—	0	8,178	(24)	8,154	2,777	—	19,006	(1,337)	20,446	592	29,193
Balance as of March 31, 2014	¥41,970	¥35,595	¥239,831	¥(8,119)	¥309,277	¥11,384	¥206	¥ (7,305)	¥(1,337)	¥ 2,949	¥11,632	¥323,858
Cumulative effects of changes in accounting policies			(52)		(52)							(52)
Restated balance as of April 1, 2014	¥41,970	¥35,595	¥239,779	¥(8,119)	¥309,225	¥11,384	¥206	¥ (7,305)	¥(1,337)	¥ 2,949	¥11,632	¥323,806
Changes arising during year:												
Cash dividends			**(5,871)**		**(5,871)**							**(5,871)**
Net income			**44,381**		**44,381**							**44,381**
Increase due to change in the fiscal period of consolidated subsidiaries			**160**		**160**							**160**
Increase due to change in the fiscal period of affiliates accounted for by the equity method			**546**		**546**							**546**
Change in the scope of consolidation			**(79)**		**(79)**							**(79)**
Change in the scope of the equity method			**(6)**		**(6)**							**(6)**
Purchase of treasury stock				**(12)**	**(12)**							**(12)**
Disposition of treasury stock		**0**		**0**	**0**							**0**
Net changes other than stockholders' equity						**9,227**	**10**	**12,231**	**4,477**	**25,946**	**33,575**	**59,522**
Total changes during the year	**—**	**0**	**39,131**	**(12)**	**39,119**	**9,227**	**10**	**12,231**	**4,477**	**25,946**	**33,575**	**98,641**
Balance as of March 31, 2015	**¥41,970**	**¥35,595**	**¥278,910**	**¥(8,131)**	**¥348,344**	**¥20,612**	**¥217**	**¥ 4,926**	**¥3,139**	**¥28,896**	**¥45,207**	**¥422,448**

	Thousands of U.S. dollars (note 2)											
	Stockholders' equity					Accumulated other comprehensive income						
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total	Net unrealized gain on other securities	Surplus on revaluation of land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total	Minority interests	Total net assets
Balance as of March 31, 2014	$349,255	$296,205	$1,995,764	$(67,563)	$2,573,662	$ 94,732	$1,714	$ (60,789)	$ (11,126)	$ 24,540	$ 96,796	$2,694,999
Cumulative effects of changes in accounting policies			(433)		(433)							(433)
Restated balance as of April 1, 2014	$349,255	$296,205	$1,995,332	$(67,563)	$2,573,230	$ 94,732	$1,714	$ (60,789)	$ (11,126)	$ 24,540	$ 96,796	$2,694,566
Changes arising during year:												
Cash dividends			**(48,856)**		**(48,856)**							**(48,856)**
Net income			**369,318**		**369,318**							**369,318**
Increase due to change in the fiscal period of consolidated subsidiaries			**1,331**		**1,331**							**1,331**
Increase due to change in the fiscal period of affiliates accounted for by the equity method			**4,544**		**4,544**							**4,544**
Change in the scope of consolidation			**(657)**		**(657)**							**(657)**
Change in the scope of the equity method			**(50)**		**(50)**							**(50)**
Purchase of treasury stock				**(100)**	**(100)**							**(100)**
Disposition of treasury stock		**0**		**0**	**0**							**0**
Net changes other than stockholders' equity						**76,783**	**83**	**101,781**	**37,256**	**215,911**	**279,396**	**495,315**
Total changes during the year	**—**	**0**	**325,630**	**(100)**	**325,530**	**76,783**	**83**	**101,781**	**37,256**	**215,911**	**279,396**	**820,845**
Balance as of March 31, 2015	**$349,255**	**$296,205**	**$2,320,962**	**$(67,662)**	**$2,898,760**	**$171,524**	**$1,806**	**$ 40,992**	**$ 26,121**	**$240,459**	**$376,192**	**$3,515,420**

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, 2015

	Millions of yen		Thousands of U.S. dollars (note 2)
	2015	2014	**2015**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥47,051**	¥17,772	**$391,537**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	**24,246**	23,359	**201,764**
Gain on negative goodwill	**(198)**	—	**(1,648)**
Loss on sale/disposal of property, plant and equipment	**792**	287	**6,591**
Business structure improvement expenses	**1,003**	1,526	**8,347**
Impairment loss	**1,123**	11,648	**9,345**
Gain on liquidation of subsidiaries and affiliates	**—**	(185)	**—**
Loss on fire accident	**—**	119	**—**
Equity in earnings of affiliates	**(28,929)**	(20,466)	**(240,734)**
Gain on step acquisitions	**(2,087)**	—	**(17,367)**
Increase in allowance for doubtful receivables	**24**	462	**200**
Increase in net defined benefit liability	**258**	346	**2,147**
Increase (decrease) in provision for directors' retirement benefits	**48**	(49)	**399**
Interest and dividend income	**(2,245)**	(1,936)	**(18,682)**
Interest expenses	**2,440**	2,995	**20,305**
Gain on sale of short-term investments and investments in securities	**(3,009)**	(221)	**(25,040)**
Loss on devaluation of short-term investments and investments in securities	**—**	23	**—**
Decrease in trade notes and accounts receivable	**10,162**	2,320	**84,564**
Decrease (increase) in inventories	**5,365**	(6,606)	**44,645**
Decrease in trade notes and accounts payable	**(8,326)**	(11,048)	**(69,285)**
Other, net	**565**	(8,036)	**4,702**
Sub total	**48,286**	12,312	**401,814**
Interest and dividend received	**2,192**	1,926	**18,241**
Dividend received from affiliates accounted for by the equity method	**34,773**	18,798	**289,365**
Interest paid	**(2,520)**	(3,112)	**(20,970)**
Income taxes paid	**(5,756)**	(3,024)	**(47,899)**
Other, net	**7**	281	**58**
Net cash provided by operating activities	**76,982**	27,182	**640,609**
Cash flows from investing activities:			
Proceeds from sale of short-term investments	**114**	22	**949**
Capital expenditures	**(24,486)**	(29,403)	**(203,761)**
Proceeds from sale of property, plant and equipment	**2,657**	997	**22,110**
Purchase of investments in securities and subsidiaries	**(10,364)**	(400)	**(86,244)**
Proceeds from sale of investments in securities	**6,228**	649	**51,827**
Increase in long-term loans receivable	**(2,431)**	(302)	**(20,230)**
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	**1,301**	—	**10,826**
Other, net	**3,448**	(1,445)	**28,693**
Net cash used in investing activities	**(23,531)**	(29,883)	**(195,814)**
Cash flows from financing activities:			
Increase (decrease) in short-term debt	**(4,705)**	1,514	**(39,153)**
Proceeds from long-term debt	**4,214**	27,835	**35,067**
Payments on long-term debt	**(14,351)**	(24,537)	**(119,422)**
Proceeds from issuance of bonds	**—**	9,952	**—**
Purchase of treasury stock	**(12)**	(35)	**(100)**
Dividends paid to stockholders	**(5,871)**	(5,420)	**(48,856)**
Dividends paid to minority stockholders of subsidiaries	**(590)**	(474)	**(4,910)**
Other, net	**(3,687)**	(1,710)	**(30,682)**
Net cash provided by (used in) financing activities	**(25,005)**	7,124	**(208,080)**
Effect of exchange rate changes on cash and cash equivalents	**6,549**	5,548	**54,498**
Increase in cash and cash equivalents	**34,995**	9,972	**291,212**
Cash and cash equivalents at beginning of year	**37,310**	26,907	**310,477**
Increase in cash and cash equivalents resulting from change in the fiscal period of consolidated subsidiaries	**373**	430	**3,104**
Cash and cash equivalents at end of year (note 3)	**¥72,678**	¥37,310	**$604,793**

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, 2015

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 Act 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 76 subsidiaries (40 in 2014). The Company and its consolidated subsidiaries are collectively referred to as "MGC."

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

A.G. International Chemical Co., Inc. was excluded from the scope of consolidation because of decreased materiality due to close of its business operation during the year ended March 31, 2015. JSP Corporation, JSP INTERNATIONAL GROUP LTD. and other 34 companies were included in the scope of consolidation due to acquisition of additional shares of JSP Corporation by the Company during the year ended March 31, 2015. MGC MONTNEY HOLDINGS LTD. was included in the scope of consolidation because of increased materiality due to its establishment and capital increase during the year ended March 31, 2015.

Investments in an unconsolidated subsidiary (0 in 2014) and 12 affiliates (14 in 2014) 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 using the straight-line method over an expected benefit period by each investment within 20 years.

The fiscal year-ends of 33 consolidated subsidiaries (13 in 2014) are December 31. For consolidation purposes, the Company uses their financial statements as of December 31 with necessary consolidation adjustments made to reflect any significant transactions which occurred between January 1 and March 31. MITSUBISHI GAS CHEMICAL SINGAPORE PTE. LTD., MITSUBISHI GAS CHEMICAL AMERICA, INC., MGC PURE CHEMICALS AMERICA, INC., THAI POLYACETAL CO., LTD., MGC ELECTROTECHNO (THAILAND) CO., LTD. changed their balance sheet date from December 31 to March 31. Net income and losses of these consolidated subsidiaries between January 1 to March 31, 2014, accordingly, were added to or deducted from retained earnings directly. Consequently, retained earnings increased by ¥160 million ($1,331 thousand). The relevant increase in cash and cash equivalents is presented as "Increase in cash and cash equivalents resulting from change in the fiscal period of consolidated subsidiaries" in the consolidated statement of cash flows.

(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. Securities held by the Company are classified as held-to-maturity securities, investments in affiliates 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 is carried substantially at cost. Depreciation of the property, plant and equipment of the Company and its consolidated subsidiaries is provided principally by the straight-line method based on the estimated useful lives.

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 Benefits

In calculating retirement benefit obligation, the benefit formula basis is used for the method of attributing expected retirement benefits to the periods up to the end of the current fiscal year.

Past service costs are amortized by the straight-line method over a certain period within the average remaining years of service of the eligible employees (ten years) when such past service costs occur.

Actuarial gains and losses are amortized by the declining-balance method over a certain period within the average remaining years of service of the eligible employees (ten years) from the year following the year in which the gains or losses occur.

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 Act 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) Accrued Business Structure Improvement Expenses

The Company provided a reasonably estimated amount of structural reform costs for unprofitable business.

(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, 2015.

(r) Changes in Accounting Policies

Effective from the year ended March 31, 2015, the Company has adopted the provisions specified in the main clause of Section 35 of the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) (the "Accounting Standard") and the main clause of Section 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015). Accordingly, the method for calculating retirement benefit obligation and service costs has been revised; the method of attributing expected retirement benefits to the periods has been changed from the straight-line basis to the benefit formula basis, and the method of determining discount rate has been changed from using the period which approximates the expected average remaining service period to using a single weighted average discount rate reflecting the estimated period and amount of benefit payment. In accordance with the tentative treatment prescribed in Section 37 of the Accounting Standard, the effect of the change in method for calculating retirement benefit obligation and service costs has been added to or deducted from retained earnings as of April 1, 2014.

As a result, as of April 1, 2014, net defined benefit liability increased by ¥270 million ($2,247 thousand) and retained earnings decreased by ¥52 million ($433 thousand).

The effects on operating income and income before income taxes and minority interests for the year ended March 31, 2015 were immaterial.

Previously, the Company and its domestic consolidated subsidiaries had recognized sales revenue mainly at the time of shipment. Effective from the year ended March 31, 2015, the sales revenue has been recognized mainly at the time of customer's acceptance.

As a result of a review of the revenue recognition policy of MGC, it was determined that the Company and its domestic consolidated subsidiaries' economic substance can better be presented by changing revenue recognition policy mainly to a customer's acceptance basis. It was also considered to be important to use uniform revenue recognition policy throughout MGC because its overseas consolidated subsidiaries recognize sales revenue mainly on a customer's acceptance basis, and the preparation for changing the revenue recognition policy had been carried out. As this preparation process has been completed, the revenue recognition policy of the Company and its domestic consolidated subsidiaries has been changed accordingly.

This change has been applied retrospectively, and the prior year consolidated financial statements have been restated.

As a result of this change, operating income and income before income taxes and minority interests for the year ended March 31, 2014 increased by ¥71 million ($591 thousand) and ¥69 million ($574 thousand), respectively, comparing to the respective amounts for which the previous policy was applied. Also, retained earnings decreased by ¥230 million ($1,914 thousand) as of April 1, 2013, as a result of reflecting the cumulative effects of changes in accounting policies in net assets as of April 1, 2013.

(s) Accounting Pronouncements Not Yet Adopted

- "Accounting Standard for Business Combinations"
  (ASBJ Statement No. 21, September 13, 2013)
- "Accounting Standard for Consolidated Financial Statements"
  (ASBJ Statement No. 22, September 13, 2013)
- "Accounting Standard for Business Divestitures"
  (ASBJ Statement No. 7, September 13, 2013)
- "Accounting Standard for Earnings Per Share"
  (ASBJ Statement No. 2, September 13, 2013)
- "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures"
  (ASBJ Guidance No. 10, September 13, 2013)
- "Guidance on Accounting Standard for Earnings Per Share"
  (ASBJ Guidance No. 4, September 13, 2013)

These accounting standards and guidance have been revised on treatment for changes in a parent's ownership interest in a subsidiary over which the parent retains control such as in a case of acquiring additional interest of the subsidiary, treatment for the acquisition related cost, a change in presentation of net income, and change in terminology from minority interests to non-controlling interests, and treatment for settlement of transitional accounting in business combination.

These standards and guidance will be applied from the beginning of the fiscal year ending March 31, 2016. However, the change in accounting for transitional accounting in business combination will be adopted from business combinations which will occur on and after the beginning of the fiscal year ending March 31, 2016.

The Company is in the process of measuring the effects of applying these revised standards and guidance.

2. Financial Statement Translation

The translations of the yen amounts into U.S. dollars are included solely for the convenience of the readers, using the prevailing exchange rate as of March 31, 2015, which was ¥120.17 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

(a) Reconciliation between "Cash" in the consolidated balance sheet and "Cash and cash equivalents" in the consolidated statement of cash flows as of March 31, 2015 and 2014 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Cash	¥ 62,327	¥ 38,772	$518,657
Time deposits with maturities of over three months	(7,786)	(3,592)	(64,792)
Short-term investments	18,137	2,130	150,928
Cash and cash equivalents	¥ 72,678	¥ 37,310	$604,793

(b) Details of the assets and liabilities of the newly consolidated subsidiaries by share acquisition

JSP Corporation and other 35 companies

	Millions of yen	Thousands of U.S. dollars
	2015	2015
Current assets	¥ 64,106	$ 533,461
Non-current assets	49,630	412,998
Total assets	¥ 113,736	$ 946,459
Current liabilities	¥ 33,401	$ 277,948
Non-current liabilities	14,669	122,069
Total liabilities	¥ 48,070	$ 400,017

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, 2015 and 2014 are summarized as follows:

	Millions of yen			
	Balance sheet amount	Gross unrealized gain	Gross unrealized loss	Fair value
March 31, 2015				
Government bond securities	¥ 1	¥ 0	¥ –	¥ 1
Certificates of deposit	18,130	–	–	18,130
	¥ 18,131	¥ 0	¥ –	¥ 18,131
March 31, 2014				
Government bond securities	¥ 5	¥ 0	¥ –	¥ 5
Certificates of deposit	2,130	–	–	2,130
	¥ 2,135	¥ 0	¥ –	¥ 2,135

	Thousands of U.S. dollars			
	Balance sheet amount	Gross unrealized gain	Gross unrealized loss	Fair value
March 31, 2015				
Government bond securities	$ 8	$ 0	$ –	$ 8
Certificates of deposit	150,870	–	–	150,870
	$150,878	$ 0	$ –	$150,878

Balance sheet amount, acquisition cost, and gross unrealized gain and loss of other securities with fair value as of March 31, 2015 and 2014 are summarized as follows:

	Millions of yen			
	Balance sheet amount	Gross unrealized gain	Gross unrealized loss	Acquisition cost
March 31, 2015				
Equity securities	¥ 57,146	¥ 30,061	¥ (135)	¥ 27,221
Other securities	10	0	–	10
	¥ 57,156	¥ 30,061	¥ (135)	¥ 27,231
March 31, 2014				
Equity securities	¥ 46,226	¥ 18,627	¥ (1,275)	¥ 28,874
Other securities	10	0	–	10
	¥ 46,236	¥ 18,627	¥ (1,275)	¥ 28,884

	Thousands of U.S. dollars			
	Balance sheet amount	Gross unrealized gain	Gross unrealized loss	Acquisition cost
March 31, 2015				
Equity securities	$475,543	$250,154	$ (1,123)	$226,521
Other securities	83	0	–	83
	$475,626	$250,154	$ (1,123)	$226,604

Securities classified as other securities for which fair value is not available are unlisted equity securities amounting to ¥12,596 million ($104,818 thousand) and ¥3,739 million as of March 31, 2015 and 2014, respectively.

For the years ended March 31, 2015 and 2014, proceeds from the sale of other securities are ¥6,035 million ($50,221 thousand) and ¥61 million, respectively. Gross realized gains are ¥2,898 million ($24,116 thousand) and ¥36 million for the years ended March 31, 2015 and 2014, respectively.

The Company recognized no impairment losses on securities for the year ended March 31, 2015.

The Company recognized impairment losses on securities of ¥23 million for the year ended March 31, 2014. The Company recognizes impairment losses on securities with market value when the market value declines by more than 50 percent. 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, 2015 and 2014 are ¥94,745 million ($788,426 thousand) and ¥117,390 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 0.6% as of March 31, 2015 and 2014, respectively.

Long-term debt as of March 31, 2015 and 2014 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Loans, principally from banks, maturing in installments through 2025 with weighted average interest of 1.0% as of March 31, 2015, partially secured by mortgage of property, plant and equipment and securities	**¥ 105,134**	¥ —	**$ 874,877**
Loans, principally from banks, maturing in installments through 2028 with weighted average interest of 1.3% as of March 31, 2014, partially secured by mortgage of property, plant and equipment and securities	**—**	94,940	**—**
Lease liabilities maturing in installments through 2027 with weighted average interest of 3.1% as of March 31, 2015	**16,526**	—	**137,522**
Lease liabilities maturing in installments through 2027 with weighted average interest of 3.3% as of March 31, 2014	**—**	20,148	**—**
Unsecured bonds, due 2016 with interest of 0.670%	**15,000**	15,000	**124,823**
Unsecured bonds, due 2021 with interest of 0.572%	**10,000**	10,000	**83,215**
	146,661	140,089	**1,220,446**
Less current installments:			
Loans	**35,201**	11,459	**292,927**
Lease liabilities	**1,474**	1,668	**12,266**
	¥ 109,985	¥ 126,961	**$ 915,245**

The aggregate annual maturities of loans after March 31, 2016, are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2017	¥ 30,353	$ 252,584
2018	11,017	91,678
2019	16,204	134,842
2020	11,425	95,074

The aggregate annual maturities of lease liabilities after March 31, 2016, are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2017	¥ 1,465	$ 12,191
2018	1,883	15,669
2019	1,557	12,957
2020	3,353	27,902

The aggregate annual maturities of bonds after March 31, 2016, are as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2017	¥ 15,000	$ 124,823
2018	—	—
2019	—	—
2020	—	—

Property, plant and equipment and securities with a book value as of March 31, 2015 of ¥26,932 million ($224,116 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 is 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 is 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 mainly 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, 2015 and 2014:

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Balance at beginning of year	¥ 3,849	¥ 4,207	$ 32,030
Liabilities incurred due to the acquisition	3	5	25
Accretion expenses	69	67	574
Liabilities settled	(267)	(29)	(2,222)
Other	31	(400)	258
Balance at end of year	¥ 3,685	¥ 3,849	$ 30,665

(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 plans 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 Benefits

MGC has defined retirement benefit plans such as lump-sum retirement benefit plans and defined benefit corporate pension plans, besides defined contribution pension plans.

In addition, the Company has also set up retirement benefit trusts.

Certain consolidated subsidiaries apply the simplified method in computing net defined benefit liability and retirement benefit expenses for their defined benefit corporate pension plans and lump-sum retirement benefit plans.

Defined benefit plans

(a) Reconciliation between retirement benefit obligations at beginning of year and end of year (excluding plans applying the simplified method):

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollar 2015
Retirement benefit obligation at beginning of year	¥ 34,311	¥ 34,463	$285,521
Cumulative effects of changes in accounting policies	255	—	2,122
Restated balance at beginning of year	34,567	34,463	287,651
Increase due to addition of consolidated subsidiaries	8,019	—	66,730
Service costs	1,686	1,518	14,030
Interest costs	296	463	2,463
Actuarial gains and losses arising during year	69	111	574
Retirement benefits paid	(2,109)	(2,245)	(17,550)
Retirement benefit obligation at end of year	¥ 42,529	¥ 34,311	$353,907

(b) Reconciliation between plan assets at beginning of year and end of year (excluding plans applying the simplified method):

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Plan assets at beginning of year	¥ 26,409	¥ 24,720	$219,764
Increase due to addition of consolidated subsidiaries	8,166	—	67,954
Expected return on plan assets	315	289	2,621
Actuarial gains and losses arising during year	3,827	1,783	31,847
Contribution from employer	1,119	1,116	9,312
Retirement benefits paid	(1,325)	(1,501)	(11,026)
Plan assets at end of year	¥ 38,512	¥ 26,409	$320,479

(c) Reconciliation between net defined benefit liabilities of plans applying the simplified method at beginning of year and end of year:

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Net defined benefit liability at beginning of year	¥ 1,330	¥ 1,500	$ 11,068
Increase due to addition of consolidated subsidiaries	364	—	3,029
Decrease due to exclusion of consolidated subsidiaries	(99)	—	(824)
Retirement benefit expenses	196	249	1,631
Retirement benefits paid	(118)	(304)	(982)
Contribution to plans	(102)	(114)	(849)
Net defined benefit liability at end of year	¥ 1,569	¥ 1,330	$ 13,057

(d) Reconciliation between retirement benefit obligations and plan assets at end of year and net defined benefit liability on the consolidated balance sheet:

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Funded retirement benefit obligation	¥ 42,200	¥ 34,002	$351,169
Plan assets	(39,936)	(27,784)	(332,329)
	¥ 2,263	¥ 6,218	18,832
Unfunded retirement benefit obligation	3,322	3,014	27,644
Net balance of liability and asset recorded on the consolidated balance sheet	¥ 5,586	¥ 9,232	$ 46,484
Net defined benefit liability	¥ 5,586	¥ 9,232	$ 46,484
Net balance of liability and asset recorded on the consolidated balance sheet	¥ 5,586	¥ 9,232	$ 46,484

(e) Retirement benefit expenses and components thereof:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Service costs	¥ 1,686	¥ 1,518	$ 14,030
Interest costs	296	463	2,463
Expected return on plan assets	(315)	(289)	(2,621)
Amortization of actuarial gains and losses	264	710	2,197
Amortization of past service costs	101	101	840
Retirement benefit expenses applying the simplified method	196	249	1,631
Retirement benefit expenses under defined benefit plans	¥ 2,228	¥ 2,753	$ 18,540

(f) Components of items recorded in remeasurements of defined benefit plans in other comprehensive income, before tax, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Past service costs	¥ 134	¥ —	$ 1,115
Actuarial gains and losses	4,437	—	36,923
Total	¥ 4,571	¥ —	$ 38,038

(g) Components of items recorded in remeasurements of defined benefit plans in accumulated other comprehensive income, before tax, are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unrecognized past service costs	¥ 263	¥ 398	$ 2,189
Unrecognized actuarial gains and losses	(3,374)	1,146	(28,077)
Total	¥ (3,110)	¥ 1,545	$ (25,880)

(h) Plan assets

(i) Components of plan assets

Percentages to total plan assets by major category are as follows:

	2015	2014
Debt securities	21%	22%
Equity securities	55	57
Cash	15	12
Other	9	9
Total	100%	100%

(Note) Total plan assets include retirement benefit trust of 36% and 45% as of March 31, 2015 and 2014, respectively, that are set up for corporate pension plans.

(ii) Determination of expected long-term rate of return on plan assets

The expected long-term rate of return on plan assets is determined considering current and expected allocation of plan assets and current and expected long-term rate of return derived from various components of plan assets.

(i) Actuarial assumptions

	2015	2014
Discount rate	Mainly 0.8%	Mainly 1.4%
Expected long-term rate of return on plan assets	Mainly 2.5%	Mainly 2.5%

Defined contribution plans

The required contribution of MGC to the defined contribution plans amounted to ¥148 million ($1,232 thousand) and ¥144 million as of March 31, 2015 and 2014, respectively.

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, 2015 and 2014, the liabilities for retirement and severance benefits related to the plans were ¥512 million ($4,261 thousand) and ¥380 million, respectively.

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 35.6% in 2015 and 38.0% in 2014.

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, 2015 and 2014 is as follows:

	2015	2014
Statutory tax rate	35.6%	38.0%
Equity in earnings of affiliates	(21.9)	(43.8)
Dividend income eliminated in consolidation	28.3	44.2
Valuation allowance	(17.3)	28.3
Income not credited for tax purposes	(28.6)	(46.4)
Foreign taxes	1.2	2.6
Adjustments of deferred tax assets due to change in statutory tax rate	0.2	1.8
Other	5.9	(7.4)
Effective tax rate	3.4%	17.3%

Significant components of deferred tax assets and liabilities as of March 31, 2015 and 2014 are as follows:

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Deferred tax assets:			
Tax loss carryforward	**¥ 15,624**	¥ 21,040	**$130,016**
Net defined benefit liability	**7,147**	7,660	**59,474**
Devaluation loss on investments in securities	**1,022**	5,841	**8,505**
Accrued bonuses	**1,513**	1,249	**12,590**
Intercompany profits	**1,575**	538	**13,106**
Depreciation	**1,013**	1,082	**8,430**
Impairment loss	**4,665**	5,121	**38,820**
Asset retirement obligations	**1,220**	1,320	**10,152**
Other	**7,470**	6,205	**62,162**
	41,254	50,061	**343,297**
Valuation allowance	**(31,489)**	(43,767)	**(262,037)**
	9,764	6,293	**81,252**
Deferred tax liabilities:			
Net unrealized gain on other securities	**(9,155)**	(6,272)	**(76,184)**
Gain by contributing the assets to the trust	**(1,481)**	(1,794)	**(12,324)**
Tax purpose reserves etc. regulated by Japanese tax law	**(1,998)**	(1,904)	**(16,626)**
Asset retirement cost	**(376)**	(390)	**(3,129)**
Retained earnings of overseas consolidated subsidiaries and others	**(4,639)**	(2,390)	**(38,604)**
Other	**(2,468)**	(765)	**(20,538)**
	(20,120)	(13,517)	**(167,429)**
Net deferred tax liabilities	**¥ (10,355)**	¥ (7,223)	**$ (86,170)**

As described in Note 1 (r), effective from the year ended March 31, 2015, the revenue recognition policy has been changed. This change has been applied retrospectively, and the prior year amounts have been restated.

Due to increase in its materiality, retained earnings of overseas consolidated subsidiaries and others is presented separately effective from the year ended March 31, 2015. Prior year amount included in deferred tax liabilities – other is presented to conform to the presentation of the year ended March 31, 2015.

Net deferred tax assets and liabilities as of March 31, 2015 and 2014 are reflected in the accompanying consolidated balance sheet under the following captions:

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Current assets - Deferred income taxes	**¥ 5,038**	¥ 2,659	**$ 41,924**
Investments and other assets - Deferred income taxes	**3,125**	2,334	**26,005**
Current liabilities - Other current liabilities	**(233)**	(196)	**(1,939)**
Non-current liabilities - Deferred income taxes	**(18,284)**	(12,020)	**(152,151)**

The "Act on Partial Revision of the Income Tax Act" (Act No. 9 of 2015) and the "Act on Partial Revision of the Local Tax Act" (Act No. 2 of 2015) were promulgated on March 31, 2015. As a result, the income tax rates will be reduced from the fiscal years beginning on or after April 1, 2015. Accordingly, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities is changed from 35.6% to 33.1% for temporary differences which are expected to be settled or realized in the fiscal year beginning on April 1, 2015, and to 32.3% for temporary differences which are expected to reverse in the fiscal year beginning on April 1, 2016 and thereafter.

As a result of this change, as of and for the year ended March 31, 2015, deferred tax liabilities, net of deferred tax assets, decreased by ¥812 million ($6,757 thousand), income taxes-deferred, net unrealized gain on other securities increased by ¥111 million ($924 thousand) and ¥937 million ($7,797 thousand), respectively, and remeasurements of defined benefit plans decreased by ¥2 million ($17 thousand).

In addition, the tax loss carry forward rules have been revised. The deductible amount is limited to 65% of the taxable income before deducting losses carried forward from the fiscal years beginning on and after April 1, 2015, and to 50% from the fiscal years beginning on or after April 1, 2017. As a result of this change, as of and for the year ended March 31, 2015, deferred tax assets decreased by ¥102 million ($849 thousand) and income taxes-deferred increased by ¥102 million ($849 thousand).

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, 2015 and 2014 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, 2014

The following was approved by the Board of Directors on May 24, 2013.

(i) Total dividends	¥2,710 million
(ii) Cash dividends per common share	¥6
(iii) Record date	March 31, 2013
(iv) Effective date	June 6, 2013

The following was approved by the Board of Directors on November 1, 2013.

(i) Total dividends	¥2,710 million
(ii) Cash dividends per common share	¥6
(iii) Record date	September 30, 2013
(iv) Effective date	December 5, 2013

(b) Dividends paid during the year ended March 31, 2015

The following was approved by the Board of Directors on May 26, 2014.

(i) Total dividends	¥2,710 million ($22,551 thousand)
(ii) Cash dividends per common share	¥6 ($0.05)
(iii) Record date	March 31, 2014
(iv) Effective date	June 6, 2014

The following was approved by the Board of Directors on November 5, 2014.

(i) Total dividends	¥3,161 million ($26,304 thousand)
(ii) Cash dividends per common share	¥7 ($0.06)
(iii) Record date	September 30, 2014
(iv) Effective date	December 5, 2014

(c) Dividends to be paid after the balance sheet date but the record date for the payment belongs to the year ended March 31, 2015

The following was approved by the Board of Directors on May 26, 2015.

(i) Total dividends	¥3,161 million ($26,304 thousand)
(ii) Dividend source	Retained earnings
(iii) Cash dividends per common share	¥7 ($0.06)
(iv) Record date	March 31, 2015
(v) Effective date	June 8, 2015

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
	2015	2014	**2015**
Freight	**¥ 13,517**	¥ 13,247	**$112,482**
Stevedoring and warehouse fee	**3,796**	3,581	**31,589**
Salaries	**10,565**	10,247	**87,917**
Employees' bonuses	**3,666**	3,441	**30,507**
Pension cost	**1,182**	1,439	**9,836**
Welfare	**3,375**	3,279	**28,085**
Transportation	**1,935**	1,921	**16,102**
Depreciation	**3,555**	4,223	**29,583**

13. Research and Development Costs

Research and development costs charged to income for the years ended March 31, 2015 and 2014 are ¥16,873 million ($140,409 thousand) and ¥16,122 million, respectively.

14. Long-Lived Assets

Year ended March 31, 2015

MGC reviewed its long-lived assets for impairment and, as a result, recognized an impairment loss in the amount of ¥1,123 million ($9,345 thousand) for the significant asset group which is as follows:

Location	Usage	Classification	Millions of yen	Thousands of U.S. dollars
Toyota City, Aichi prefecture	Electronic material manufacturing facilities	Machinery and equipment, etc.	¥ 519	$ 4,319

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

Electronic material manufacturing facilities owned by a consolidated subsidiary of the Company are written down to a recoverable amount because of their profitability decline.

The recoverable amount is measured by net selling price.

Impairment loss on this asset group consisted of the following:

	Millions of yen	Thousands of U.S. dollars
	2015	**2015**
Buildings and structures	**¥ 231**	**$ 1,922**
Machinery, equipment and vehicles	**287**	**2,388**
Total	**¥ 519**	**$ 4,319**

Impairment loss on other than the above facilities under long-lived assets was immaterial for the year ended March 31, 2015. The relevant disclosure is, therefore, omitted.

Year ended March 31, 2014

MGC reviewed its long-lived assets for impairment and, as a result, recognized an impairment loss in the amount of ¥11,648 million for the significant asset group which is as follows:

Location	Usage	Classification	Millions of yen
Shanghai City, People's Republic of China	Synthetic resin manufacturing facilities	Machinery and equipment, etc.	¥ 11,636

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

Synthetic resin manufacturing facilities, owned by Mitsubishi Gas Chemical Engineering Plastics (Shanghai) Co., Ltd., a consolidated subsidiary of the Company, are written down to a recoverable amount because of their profitability decline due to worsening business environment, etc.

The recoverable amount is measured at its value in use. The future cash flow is used for calculation of the value in use and is discounted by 12.5% for the year ended March 31, 2014.

Impairment loss on this asset group consisted of the following:

		Millions of yen
		2014
Buildings and structures	¥	2,590
Machinery, equipment and vehicles		8,731
Other		314
Total	¥	11,636

Impairment loss on other than the above facilities under long-lived assets was immaterial for the year ended March 31, 2014. The relevant disclosure is, therefore, omitted.

15. Business Structure Improvement Expenses

Year ended March 31, 2015

The Group provided an estimated amount of structural reform costs in the amount of ¥1,003 million ($8,347 thousand) as of March 31, 2015 for unprofitable business in aromatic chemicals business segment and natural gas chemicals business segment.

Components of business structure improvement expenses for the year ended March 31, 2015 are as follows:

		Millions of yen		Thousands of U.S. dollars
Accrual of business structure improvement expenses	¥	446	$	3,711
Impairment loss		414		3,445
Other		141		1,173

Details of significant impairment loss included in business structure improvement expenses for the year ended March 31, 2015 are as follows:

Location	Usage	Classification		Millions of yen		Thousands of U.S. dollars
Niigata City, Niigata Prefecture	Natural gas chemicals manufacturing facilities	Machinery and equipment, etc.	¥	402	$	3,345

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

Certain natural gas chemicals manufacturing facilities are written down to a recoverable amount because the Company's management decided to stop the operation of the facilities.

Impairment loss on this asset group consisted of the following:

		Millions of yen		Thousands of U.S. dollars
		2015		2015
Machinery, equipment and vehicles	¥	374	$	3,112
Other		28		233
Total	¥	402	$	3,345

The recoverable amount is measured at its value in use. The future cash flow used for calculation of the value in use is not discounted because the remaining usage period is approximately within one year and the impact of discount is not material for calculation of the recoverable amount.

The relevant disclosure is omitted because impairment loss included in business structure improvement expenses other than the above facilities was immaterial for the year ended March 31, 2015.

Year ended March 31, 2014

The Group provided an estimated amount of structural reform costs in the amount of ¥1,526 million as of March 31, 2014 for unprofitable business in aromatic chemicals business segment and natural gas chemicals business segment, and plant relocation and downsizing of the consolidated subsidiaries.

Components of business structure improvement expenses for the year ended March 31, 2014 are as follows:

		Millions of yen
Impairment loss	¥	1,139
Accrual of business structure improvement expenses		188
Loss on disposal of fixed assets		149
Other		49

Details of significant impairment loss included in business structure improvement expenses for the year ended March 31, 2014 are as follows:

Location	Usage	Classification		Millions of yen
Kurashiki City, Okayama Prefecture	Aromatic chemicals manufacturing facilities	Machinery and equipment, etc.	¥	805
—	Ships	Vehicles, etc.		334

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

Aromatic chemicals manufacturing facilities are written down to a recoverable amount because the Company's management decided to stop the production, and ships are written down to a recoverable amount because of their profitability decline.

The recoverable amount is measured at its value in use. The future cash flow is used for calculation of the value in use of ships and is discounted by 3.0%.

The future cash flow used for calculation of the value in use of aromatic chemicals manufacturing facilities is zero.

16. Loss on Fire Accident

There was no loss on fire accident for the year ended March 31, 2015.

Loss on fire accident recognized for the year ended March 31, 2014 was due to the fire accident of manufacturing facilities.

17. Other Comprehensive Income

The reclassification adjustment and the related income tax effects allocated to each component of other comprehensive income for the years ended March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Net unrealized gain on other securities:			
Arising during the year	**¥ 15,384**	¥ 4,471	**$128,019**
Reclassification adjustment	**(3,167)**	(35)	**(26,354)**
Before tax amount	**12,217**	4,435	**101,664**
Tax benefit (expense)	**(2,914)**	(1,715)	**(24,249)**
Net-of-tax amount	**9,302**	2,720	**77,407**
Foreign currency translation adjustments:			
Arising during the year	**4,426**	5,504	**36,831**
Remeasurements of defined benefit plans:			
Arising during the year	**3,782**	—	**31,472**
Reclassification adjustment	**365**	—	**3,037**
Before tax amount	**4,148**	—	**34,518**
Tax benefit (expense)	**(82)**	—	**(682)**
Net-of-tax amount	**4,066**	—	**33,835**
Share of other comprehensive income of affiliates accounted for by equity method:			
Arising during the year	**10,730**	14,565	**89,290**
Reclassification adjustment	**(1,582)**	—	**(13,165)**
Net-of-tax amount	**9,147**	14,565	**76,117**
Total other comprehensive income	**¥ 26,943**	¥ 22,790	**$224,207**

18. Per Share Information

(a) Net income per share

Basic net income per share, and reconciliation of the numbers and the amounts used in the basic net income per share computations for the years ended March 31, 2015 and 2014 are as follows:

	Yen		U.S. dollars
	2015	2014	**2015**
Basic net income per share	**¥ 98.26**	¥ 33.03	**$ 0.82**

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Net income	**¥ 44,381**	¥ 14,921	**$369,318**
Net income not applicable to common stockholders	**—**	—	**—**
Net income applicable to common stockholders	**¥ 44,381**	¥ 14,921	**$369,318**

	Number of shares	
	2015	2014
Weighted average number of shares outstanding on which basic net income per share is calculated	**451,670,027**	451,694,282

The diluted net income per share for the years ended March 31, 2015 and 2014 are not presented because there are no dilutive potential shares as of March 31, 2015 and 2014.

(b) Net assets per share

Net assets per share as of March 31, 2015 and 2014 are as follows:

	Yen		U.S. dollars
	2015	2014	**2015**
Net assets per share	**¥ 835.23**	¥ 691.26	**$ 6.95**

As described in Note 1 (r), effective from the year ended March 31, 2015, the revenue recognition policy has been changed. This change has been applied retrospectively, and the prior year amounts have been restated.

As a result of this change, as of and for the year ended March 31, 2014, net assets per share and net income per share decreased by ¥0.62 ($0.01) and ¥0.11($0.00), respectively, comparing to the respective amounts for which the previous policy was applied.

19. Leases

(a) Finance lease

A summary of assumed amounts of acquisition cost which includes interest portion, accumulated depreciation and net book value as of March 31, 2015 and 2014 are 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 and equipment	Other tangible assets	Total
March 31, 2015			
Acquisition cost	**¥ 789**	**¥ 45**	**¥ 835**
Accumulated depreciation	**601**	**45**	**646**
Net book value	**¥ 188**	**¥ —**	**¥ 188**
March 31, 2014			
Acquisition cost	¥ 1,028	¥ 48	¥ 1,076
Accumulated depreciation	753	43	797
Net book value	¥ 274	¥ 4	¥ 278

	Thousands of U.S. dollars		
	Machinery and equipment	Other tangible assets	Total
March 31, 2015			
Acquisition cost	**$ 6,566**	**$ 374**	**$ 6,948**
Accumulated depreciation	**5,001**	**374**	**5,376**
Net book value	**$ 1,564**	**$ —**	**$ 1,564**

Future minimum payments which include interest portion required under finance leases as of March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Within one year	**¥ 80**	¥ 90	**$ 666**
Over one year	**107**	188	**890**
	¥ 188	¥ 278	**$ 1,564**

Lease payments for the years ended March 31, 2015 and 2014 amounted to ¥90 million ($749 thousand) and ¥96 million, respectively.

(b) Operating lease

Future minimum lease payments required under non-cancellable operating leases as of March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Within one year	**¥ 1,355**	¥ 1,063	**$ 11,276**
Over one year	**2,985**	3,209	**24,840**
	¥ 4,340	¥ 4,272	**$ 36,116**

20. Balances and Transactions with Related Party

The Company has a 50% equity ownership in Mitsubishi Engineering-Plastics Corporation as of March 31, 2015 and 2014.

Balances with the company as of March 31, 2015 and 2014 and related transactions for the years then ended are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Balances:			
Trade accounts receivable	**¥ 5,881**	¥ 7,025	**$ 48,939**
Transactions:			
Sales	**29,960**	29,607	**249,313**

The Company has a 50% equity ownership in Mizushima Aroma Co., Ltd. as of March 31, 2014.

Balances with the company as of March 31, 2014 and related transactions for the year then ended are summarized as follows:

	Millions of yen
	2014
Balances:	
Trade accounts receivable	¥ 7,274
Transactions:	
Sales	27,708

The Company has a 50% equity ownership in BRUNEI METHANOL COMPANY SDN. BHD. as of March 31, 2015 and 2014.

As of March 31, 2015 and 2014, the Company has guaranteed ¥12,771 million ($106,274 thousand) and ¥12,020 million of the company's loans to financial institutions, respectively.

The condensed financial information of all of 13 affiliates (14 in 2014) accounted for by equity method, including the significant affiliates, Japan Saudi Arabia Methanol Company, Ltd. and METANOL DE ORIENTE, METOR S.A. are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Total current assets	**¥170,981**	¥191,678	**$1,422,826**
Total non-current assets	**248,578**	283,011	**2,068,553**
Total current liabilities	**130,281**	142,275	**1,084,139**
Total non-current liabilities	**71,547**	84,325	**595,382**
Total net assets	**217,731**	248,089	**1,811,858**
Sales	**337,207**	401,348	**2,806,083**
Income before income taxes	**87,728**	64,690	**730,032**
Net income	**72,933**	49,657	**606,915**

21. Commitments and Contingencies

As of March 31, 2015, MGC was contingently liable with respect to recourse obligations related to trade notes receivable transferred in the amount of ¥12 million ($100 thousand).

As of March 31, 2014, MGC was contingently liable with respect to recourse obligations related to trade accounts receivable transferred in the amount of ¥43 million.

The Company guarantees certain obligations of its associated companies and employees, etc. As of March 31, 2015 and 2014, guarantees for affiliates and employees, etc. loans amounted to ¥3,074 million ($25,580 thousand) and ¥3,310 million, respectively.

22. Financial Instruments

Conditions of financial instruments

(a) Management policy

MGC raises necessary funds through bank borrowings and issue of bonds in accordance with a funds management plan. 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.

(b) 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 is denominated in foreign currency and is 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 mainly 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.

(c) Financial instruments risk management

(i) 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 as of March 31, 2015 and 2014 is represented by the carrying amount of financial assets exposed to credit risk.

(ii) 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.

(iii) 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.

(d) Supplemental explanation regarding fair value of financial instruments

Fair value of financial instruments are 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 for which a 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, 2015 and 2014 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, 2015	Balance sheet amount	Fair value	Differences	Balance sheet amount	Fair value	Differences
Assets:						
(1) Cash	**¥ 62,327**	**¥ 62,327**	**¥ —**	**$ 518,657**	**$ 518,657**	**$ —**
(2) Trade notes and accounts receivable	**152,711**	**152,711**	**—**	**1,270,791**	**1,270,791**	**—**
(3) Short-term investments and investments in securities	**78,527**	**76,655**	**(1,872)**	**653,466**	**637,888**	**(15,578)**
Total assets	**¥ 293,567**	**¥ 291,695**	**¥ (1,872)**	**$2,442,931**	**$2,427,353**	**$ (15,578)**
Liabilities:						
(1) Trade notes and accounts payable	¥ 79,323	¥ 79,323	¥ —	$ 660,090	$ 660,090	$ —
(2) Short-term borrowings	104,155	104,155	—	866,730	866,730	—
(3) Accrued expenses	14,676	14,676	—	122,127	122,127	—
(4) Lease obligations (current)	1,474	1,474	—	12,266	12,266	—
(5) Bonds	25,000	24,991	(8)	208,039	207,964	(67)
(6) Long-term borrowings	69,932	70,875	942	581,942	589,789	7,839
(7) Lease obligations (non-current)	15,052	15,078	26	125,256	125,472	216
Total liabilities	¥ 309,615	¥ 310,574	¥ 959	$2,576,475	$2,584,455	$ 7,980
Derivative transactions (*):						
Hedge accounting not applied	¥ (245)	¥ (245)	¥ —	$ (2,039)	$ (2,039)	$ —
Hedge accounting applied	—	(49)	(49)	—	(408)	(408)
Total derivative transactions	¥ (245)	¥ (294)	¥ (49)	$ (2,039)	$ (2,447)	$ (408)

March 31, 2014	Millions of yen Balance sheet amount	Fair value	Differences
Assets:			
(1) Cash	¥ 38,772	¥ 38,772	¥ —
(2) Trade notes and accounts receivable	127,817	127,817	—
(3) Short-term investments and investments in securities	74,506	81,843	7,336
Total assets	¥ 241,096	¥ 248,433	¥ 7,336
Liabilities:			
(1) Trade notes and accounts payable	¥ 71,665	¥ 71,665	¥ —
(2) Short-term borrowings	75,859	75,859	—
(3) Accrued expenses	12,223	12,223	—
(4) Lease obligations (current)	1,668	1,668	—
(5) Bonds	25,000	24,868	(131)
(6) Long-term borrowings	83,481	84,340	859
(7) Lease obligations (non-current)	18,480	18,575	95
Total liabilities	¥ 288,377	¥ 289,200	¥ 823
Derivative transactions (*):			
Hedge accounting not applied	¥ 734	¥ 734	¥ —
Hedge accounting applied	—	(60)	(60)
Total derivative transactions	¥ 734	¥ 673	¥ (60)

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

As described in Note 1 (r), effective from the year ended March 31, 2015, the revenue recognition policy has been changed. This change has been applied retrospectively, and the prior year amounts have been restated.

<1> Fair value measurement of financial instruments

Assets:

- Cash and 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.
- 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 23 Derivative Financial Instruments.

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

	Millions of yen 2015	2014	Thousands of U.S. dollars 2015
Unlisted equity securities	¥103,860	¥ 94,919	$864,276

*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 as of March 31, 2015

	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	¥ 62,327	¥ —	¥ —	¥ —
(2) Trade notes and accounts receivable	152,711	—	—	—
(3) Short-term investments and investments in securities:				
Held-to-maturity securities:				
Government bonds	—	1	0	—
Certificates of deposit	18,130	—	—	—
Total	¥ 233,169	¥ 1	¥ 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	$ 518,657	$ —	$ —	$ —
(2) Trade notes and accounts receivable	1,270,791	—	—	—
(3) Short-term investments and investments in securities:				
Held-to-maturity securities:				
Government bonds	—	8	0	—
Certificates of deposit	150,870	—	—	—
Total	$ 1,940,326	$ 8	$ 0	$ —

<4> The annual maturities of the bonds, long-term borrowings and lease obligations as of March 31, 2015

	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	¥ —	¥ —	¥ —	¥ 10,000
Long-term borrowings	35,201	30,353	11,017	16,204	11,425	931
Lease obligations	1,474	1,465	1,883	1,557	3,353	6,792

	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	$ —	$ 124,823	$ —	$ —	$ —	$ 83,215
Long-term borrowings	292,927	252,584	91,678	134,842	95,074	7,747
Lease obligations	12,266	12,191	15,669	12,957	27,902	56,520

23. Derivative Financial Instruments

The contract or notional amounts and fair value of derivative financial instruments held as of March 31, 2015 and 2014 are summarized as follows:

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

(a) Forward exchange contracts

	Millions of yen		
	Contract or notional amounts	Fair value	Valuation gain (loss)
March 31, 2015			
Forward exchange contracts:			
To sell foreign currency:			
U.S. dollar	¥ 24,357	¥ 0	¥ 0
Euro	1,490	6	6
South Korean Won	58	(0)	(0)
New Taiwan dollar	979	(39)	(39)
To buy foreign currency:			
U.S. dollar	35,918	(20)	(20)
	¥ 62,803	¥ (53)	¥ (53)
March 31, 2014			
Forward exchange contracts:			
To sell foreign currency:			
U.S. dollar	¥ 21,910	¥ (38)	¥ (38)
Euro	1,348	(12)	(12)
New Taiwan dollar	882	(37)	(37)
	¥ 24,141	¥ (88)	¥ (88)

	Thousands of U.S. dollars		
	Contract or notional amounts	Fair value	Valuation gain (loss)
March 31, 2015			
Forward exchange contracts:			
To sell foreign currency:			
U.S. dollar	$202,688	$ 0	$ 0
Euro	12,399	50	50
South Korean Won	483	(0)	(0)
New Taiwan dollar	8,147	(325)	(325)
To buy foreign currency:			
U.S. dollar	298,893	(166)	(166)
	$522,618	$ (441)	$ (441)

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

(b) Interest rate swap agreements

	Millions of yen		
	Contract or notional amounts	Fair value	Valuation gain (loss)
March 31, 2015			
Interest rate swap agreements:			
Receive/floating and pay/fixed	¥ 12,581	¥ (191)	¥ (191)
March 31, 2014			
Interest rate swap agreements:			
Receive/floating and pay/fixed	¥ 7,533	¥ (190)	¥ (190)

	Thousands of U.S. dollars		
	Contract or notional amounts	Fair value	Valuation gain (loss)
March 31, 2015			
Interest rate swap agreements:			
Receive/floating and pay/fixed	**$104,693**	**$ (1,589)**	**$ (1,589)**

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

(c) Interest rate/currency swap agreements

There were no interest rate/currency swap agreements as of March 31, 2015.

	Millions of yen		
	Contract or notional amounts	Fair value	Valuation gain (loss)
March 31, 2014			
Interest rate/currency swap agreements:			
Receive/floating and pay/fixed	¥ 3,696	¥ 1,013	¥ 1,013

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

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

(a) Forward exchange contracts

		Millions of yen	
	Hedged items	Contract or notional amounts	Fair value
March 31, 2015			
Forward exchange contracts:			
To sell foreign currency:	**Accounts receivable**		
U.S. dollar		**¥ 292**	**¥ (2)**
Euro		**17**	**0**
To buy foreign currency:	**Accounts payable**		
U.S. dollar		**303**	**1**
Euro		**15**	**(0)**
		¥ 628	**¥ (1)**
March 31, 2014			
Forward exchange contracts:			
To sell foreign currency:	Accounts receivables		
U.S. dollar		¥ 417	¥ (2)
To buy foreign currency:	Accounts payable		
U.S. dollar		329	(5)
		¥ 746	¥ (7)

		Thousands of U.S. dollars	
	Hedged items	Contract or notional amounts	Fair value
March 31, 2015			
Forward exchange contracts:			
To sell foreign currency:	**Accounts receivable**		
U.S. dollar		**$ 2,430**	**$ (17)**
Euro		**141**	**0**
To buy foreign currency:	**Accounts payable**		
U.S. dollar		**2,521**	**8**
Euro		**125**	**(0)**
		$ 5,226	**$ (8)**

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

(b) Interest rate swap agreements

		Millions of yen	
	Hedged items	Contract or notional amounts	Fair value
March 31, 2015			
Interest rate swap agreements:			
Receive/floating and pay/fixed	**Long-term borrowings**	**¥ 20,905**	**¥ (47)**
March 31, 2014			
Interest rate swap agreements:			
Receive/floating and pay/fixed	Long-term borrowings	¥ 13,715	¥ (53)

		Thousands of U.S. dollars	
	Hedged items	Contract or notional amounts	Fair value
March 31, 2015			
Interest rate swap agreements:			
Receive/floating and pay/fixed	**Long-term borrowings**	**$173,962**	**$ (391)**

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

24. Investment and Rental Property

The Company and certain consolidated subsidiaries own land and buildings for rent in Tokyo and other areas (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, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Consolidated balance sheet amount:			
Balance at beginning of the year	**¥ 3,238**	¥ 4,029	**$ 26,945**
Increase/(decrease)	**2,437**	(790)	**20,280**
Balance at end of the year	**¥ 5,675**	¥ 3,238	**$ 47,225**
Fair value	**¥ 9,073**	¥ 7,239	**$ 75,501**

Notes:

1. Consolidated balance sheet amount is its cost minus accu-

mulated depreciation and accumulated impairment loss.

2. Increase for the year ended March 31, 2015 is mainly due to increase in rental properties of ¥1,945 million ($16,185 thousand) as a result of the inclusion of JSP Corporation in the scope of consolidation owing to acquisition of additional shares of JSP Corporation, and decrease for the year ended March 31, 2014 was mainly due to maturity of contract period for rent of the Company's land of ¥(473) million.
3. Fair value is based on roadside value, etc.

Income from the rental property is ¥335 million ($2,788 thousand) and ¥366 million for the years ended March 31, 2015 and 2014, respectively.

25. Business Combination

Business combination by acquisition

(a) Overview of the business combination
- (i) Name and business of the acquiree
  Name: JSP Corporation
  Description of the business: Manufacturing and sales of plastic products with improved functionality and economic efficiency primarily based on a foaming technologies and business related to these products
- (ii) Main reason for the business combination
  Further strengthening of capital and business alliance with JSP Corporation, the acquiree
- (iii) Date of the business combination
  March 16, 2015
- (iv) Legal form of the business combination
  Acquisition of shares for cash consideration
- (v) Name of the acquiree after the business combination
  JSP Corporation
- (vi) Ratio of voting rights acquired
  Ratio of voting rights before the business combination: 45.04%
  Ratio of voting rights additionally acquired on the date of the business combination: 9.17%
  Ratio of voting rights after the acquisition: 54.21%
- (vii) Rationale for determination of the acquirer
  Majority of voting rights is owned by the Company through the acquisition of shares for cash consideration.

(b) Period of the acquiree's financial results included in the consolidated financial statements
Financial results of the acquiree for the period from April 1, 2014 to March 31, 2015 is included in equity in earnings of affiliates as it was an affiliate accounted for by the equity method.

(c) Details of the acquisition cost

	Millions of yen	Thousands of U.S. dollars
Consideration of the acquisition	¥ 37,313	$ 310,502
Expenses directly related to the acquisition	50	416
Acquisition cost	¥ 37,363	$ 310,918

(d) Difference between consideration transferred for the acquisition and the total of costs for individual transactions leading to obtaining control

	Millions of yen	Thousands of U.S. dollars
Gain on step acquisitions	¥ 2,087	$ 17,367

(e) Amount of goodwill recognized, cause of recognition, method of amortization and period of amortization
- (i) Amount of goodwill recognized
  ¥4,528 million ($37,680 thousand)
- (ii) Cause of recognition
  The consideration transferred exceeded the fair value of the net assets acquired.
- (iii) Method of amortization and period of amortization
  Straight-line method over 20 years

(f) Assets acquired and liabilities assumed on the date of the business combination

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 64,106	$ 533,461
Non-current assets	49,630	412,998
Total assets	¥ 113,736	$ 946,459
Current liabilities	¥ 33,401	$ 277,948
Non-current liabilities	14,669	122,069
Total liabilities	¥ 48,070	$ 400,017

(g) Estimated impact on the consolidated statement of income for the year ended March 31, 2015 on the assumption that the business combination had been completed on April 1, 2014

	Millions of yen	Thousands of U.S. dollars
Sales	¥ 116,923	$ 972,980
Operating income	5,440	45,269
Net income	221	1,839

Method for calculating the estimated amounts
The estimated amounts reflect net sales and income and losses calculated on the assumption that the business combination had been completed on April 1, 2014.

This note has not been audited.

26. Subsequent Event

Purchase of treasury stock

At the Board of Directors on May 26, 2015, the Company resolved to purchase its treasury stock pursuant to the provision of the Articles of Incorporation of the Company under the Article 459, Paragraph 1 of the Companies Act.

(a) Reason for the purchase of treasury stock
In order to enhance shareholder returns, improve capital efficiency and execute flexible capital policy

(b) Type of shares to be purchased
Common stock

(c) Number of shares to be purchased
Up to 10,000,000 shares

(d) Aggregate purchase amount
Up to ¥ 9,000 million ($74,894 thousand)

(e) Purchase period
From May 27, 2015 to July 31, 2015

(f) Purchase method
Market purchases

Based on the resolution of the Board of Directors, the Company executed and completed the purchase of treasury stock.

(a) Type of shares purchased
Common stock

(b) Number of shares purchased
10,000,000 shares

(c) Aggregate purchase amount
¥7,423 million ($61,771 thousand)

(d) Purchase period
From May 27, 2015 to June 12, 2015

(e) Purchase method
Market purchases

27. 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 crude oil.

Aromatic chemicals business mainly produces and sells xylene isomers, xylene derivatives and foaming plastics.

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 is calculated based on "Keijo-soneki" disclosed in the consolidated statement of income under accounting principles generally accepted in Japan (See note 28). Intersegment revenue and transfer are based on arm's-length transactions.

(Change in revenue recognition policy)
As described in Note 1 (r), effective from the year ended March 31, 2015, the Company and its domestic consolidated subsidiaries have changed their revenue recognition policy. This change has been applied retrospectively, and the prior year amounts have been restated.

As a result of this change, for the year ended March 31, 2014, sales and segment income increased by ¥31 million ($258 thousand) and ¥5 million ($42 thousand), respectively, under Natural gas chemicals business segment, sales and segment income decreased by ¥120 million ($999 thousand) and ¥56 million ($466 thousand), respectively, under Aromatic chemicals business segment, sales decreased by ¥4 million ($33 thousand) and segment income increased by ¥159 million ($1,323 thousand) under Specialty chemicals business segment and sales and segment income decreased by ¥133 million ($1,107 thousand) and ¥37 million ($308 thousand), respectively, under Information and advanced materials business segment, comparing to the respective amounts for which the previous policy was applied.

The reported segment information for the Company and its consolidated subsidiaries for the years ended March 31, 2015 and 2014 is summarized as follows:

	Millions of yen						
	2015						
	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustments	Consolidated
Sales:							
Sales to third parties	¥ 184,873	¥ 121,126	¥ 164,684	¥ 58,241	¥ 642	¥ —	¥ 529,570
Inter-segment sales	12,745	2,214	1,377	0	110	(16,448)	—
	¥ 197,619	¥ 123,340	¥ 166,062	¥ 58,242	¥ 753	¥ (16,448)	¥ 529,570
Segment income	¥ 28,254	¥ 1,026	¥ 9,166	¥ 4,066	¥ 1,412	¥ (891)	¥ 43,034
Segment assets	¥ 203,878	¥ 211,422	¥ 212,149	¥ 65,356	¥ 43,348	¥ 54,225	¥ 790,381
Others:							
Depreciation and amortization	¥ 6,916	¥ 3,909	¥ 9,292	¥ 3,316	¥ 8	¥ 326	¥ 23,770
Amortization of goodwill	—	—	477	—	—	—	477
Interest income	30	23	164	52	2	(45)	226
Interest expenses	1,145	703	1,107	233	14	(763)	2,440
Equity in earnings of affiliates	26,418	(1,009)	1,776	—	1,744	—	28,929
Gain on negative goodwill	137	29	0	0	30	—	198
Investments in affiliates accounted for by the equity method	63,906	611	12,652	—	2,992	4,466	84,630
Capital expenditures	5,766	4,067	7,639	4,397	7	348	22,226

	Millions of yen						
	2014						
	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustments	Consolidated
Sales:							
Sales to third parties	¥ 185,307	¥ 139,476	¥ 153,377	¥ 55,467	¥ 813	¥ —	¥ 534,443
Inter-segment sales	9,568	2,040	1,176	0	95	(12,882)	—
	¥ 194,876	¥ 141,516	¥ 154,554	¥ 55,468	¥ 908	¥ (12,882)	¥ 534,443
Segment income	¥ 18,449	¥ 2,133	¥ 3,867	¥ 4,845	¥ 1,901	¥ (392)	¥ 30,804
Segment assets	¥ 218,018	¥ 101,925	¥ 194,995	¥ 64,202	¥ 55,832	¥ 22,863	¥ 657,838
Others:							
Depreciation and amortization	¥ 6,334	¥ 4,127	¥ 9,550	¥ 3,123	¥ 10	¥ 381	¥ 23,528
Amortization of goodwill	—	—	24	1	—	(26)	—
Amortization of negative goodwill	(13)	(11)	(169)	—	—	26	(168)
Interest income	79	20	156	46	22	(124)	200
Interest expenses	1,236	811	1,496	132	4	(685)	2,995
Equity in earnings of affiliates	16,937	0	1,396	—	2,132	—	20,466
Investments in affiliates accounted for by the equity method	66,272	1,514	11,657	—	28,974	(239)	108,179
Capital expenditures	4,523	2,377	11,237	6,691	2	577	25,409

	Thousands of U.S. dollars						
	2015						
	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustments	Consolidated
Sales:							
Sales to third parties	$1,538,429	$1,007,955	$1,370,425	$ 484,655	$ 5,342	$ —	$4,406,840
Inter-segment sales	106,058	18,424	11,459	0	915	(136,873)	—
	$1,644,495	$1,026,379	$1,381,892	$ 484,663	$ 6,266	$ (136,873)	$4,406,840
Segment income	$ 235,117	$ 8,538	$ 76,275	$ 33,835	$ 11,750	$ (7,414)	$ 358,109
Segment assets	$1,696,580	$1,759,358	$1,765,407	$ 543,863	$ 360,722	$ 451,236	$6,577,191
Others:							
Depreciation and amortization	$ 57,552	$ 32,529	$ 77,324	$ 27,594	$ 67	$ 2,713	$ 197,803
Amortization of goodwill	—	—	3,969	—	—	—	3,969
Interest income	250	191	1,365	433	17	(374)	1,881
Interest expenses	9,528	5,850	9,212	1,939	117	(6,349)	20,305
Equity in earnings of affiliates	219,839	(8,396)	14,779	—	14,513	—	240,734
Gain on negative goodwill	1,140	241	0	0	250	—	1,648
Investments in affiliates accounted for by the equity method	531,797	5,084	105,284	—	24,898	37,164	704,252
Capital expenditures	47,982	33,844	63,568	36,590	58	2,896	184,955

Notes:

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

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Elimination of intersegment transactions	**¥ 44**	¥ (135)	**$ 366**
Unallocated company-wide expenses	**(935)**	(257)	**(7,781)**
	¥ (891)	¥ (392)	**$ (7,414)**

*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
	2015	2014	**2015**
Elimination of intersegment balances	**¥ (25,548)**	¥ (48,779)	**$(212,599)**
Unallocated company-wide assets	**79,773**	71,642	**663,835**
	¥ 54,225	¥ 22,863	**$451,236**

*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 ¥326 million ($2,713 thousand) and ¥381 million are depreciation and amortization of company-wide assets which are not allocated to reported segments for the years ended March 31, 2015 and 2014, respectively.

(4) "Adjustments in amortization of goodwill" of ¥(26) million and "Adjustments in amortization of negative goodwill"

of ¥26 million are the amount of their offset for the year ended March 31, 2014.

(5) "Adjustments in interest income" of ¥(45) million ($(374) thousand) and ¥(124) million are mainly elimination of intersegment transactions for the years ended March 31, 2015 and 2014, respectively.

(6) "Adjustments in interest expenses" of ¥(763) million ($(6,349) thousand) and ¥(685) million are mainly elimination of intersegment transactions for the years ended March 31, 2015 and 2014, respectively.

(7) "Adjustments in investments in affiliates accounted for by the equity method" of ¥4,466 million ($37,164 thousand) and ¥(239) million are mainly elimination of intersegment transactions for the years ended March 31, 2015 and 2014, respectively.

(8) "Adjustments in capital expenditures" of ¥348 million ($2,896 thousand) and ¥577 million are related to company-wide assets which are not allocated to reported segments for the years ended March 31, 2015 and 2014, 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 28).

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
	2015	2014	**2015**
Japan	**¥ 264,549**	¥ 278,265	**$2,201,456**
Asia	**187,991**	186,445	**1,564,375**
Other	**77,029**	69,732	**641,000**
Total	**¥ 529,570**	¥ 534,443	**$4,406,840**

Notes:

1. Geographical sales are classified by customer's location.
2. As described in Note 1 (r), effective from the year ended March 31, 2015, the revenue recognition policy has been changed. This change has been applied retrospectively, and the prior year amounts have been restated.

(2) Property, plant and equipment

	Millions of yen		Thousands of U.S. dollars
	2015	2014	**2015**
Japan	**¥ 172,468**	¥ 148,832	**$1,435,200**
Asia	**44,636**	36,296	**371,440**
Other	**18,818**	6,183	**156,595**
Total	**¥ 235,923**	¥ 191,311	**$1,963,244**

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						
	2015						
	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustments	Consolidated
Impairment loss	**¥ 720**	**¥ 11**	**¥ 285**	**¥ 519**	**¥ —**	**¥ —**	**¥ 1,537**

	Millions of yen						
	2014						
	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustments	Consolidated
Impairment loss	¥ 334	¥ 817	¥ 11,636	¥ —	¥ —	¥ —	¥ 12,788

	Thousands of U.S. dollars						
	2015						
	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustments	Consolidated
Impairment loss	**$ 5,992**	**$ 92**	**$ 2,372**	**$ 4,319**	**$ —**	**$ —**	**$ 12,790**

Information of balance of goodwill by reported segments

	Millions of yen 2015						
	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustments	Consolidated
Goodwill	**¥ —**	**¥ 4,642**	**¥ 1**	**¥ —**	**¥ 192**	**¥ —**	**¥ 4,836**

	Millions of yen 2014						
	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustments	Consolidated
Goodwill	¥ —	¥ —	¥ 2	¥ —	¥ —	¥ —	¥ 2

	Thousands of U.S. dollars 2015						
	Natural gas chemicals	Aromatic chemicals	Specialty chemicals	Information and advanced materials	Other	Adjustments	Consolidated
Goodwill	**$ —**	**$ 38,629**	**$ 8**	**$ —**	**$ 1,598**	**$ —**	**$ 40,243**

Information of negative goodwill incurred by reported segments

Due to purchase of treasury stock by a consolidated subsidiary of the Company, negative goodwill of ¥137 million ($1,140 thousand), ¥29 million ($241 thousand), ¥0 million ($0 thousand), ¥0 million ($0 thousand) and ¥30 million ($250 thousand) is incurred in Natural gas chemicals, Aromatic chemicals, Specialty chemicals, Information and advanced materials and Other, respectively, for the year ended March 31, 2015.

Due to purchase of treasury stock by a consolidated subsidiary of the Company, negative goodwill of ¥11 million, ¥0 million and ¥3 million was incurred in Natural gas chemicals, Aromatic chemicals and Other, respectively, for the year ended March 31, 2014.

28. The Statement of Income Disclosure under Accounting Principles Generally Accepted in Japan

Under accounting principles generally accepted in Japan, an ordinary income, "Keijo-soneki" should be disclosed in the statement of income. The ordinary income is an income figure with certain adjustments made to income 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
	2015	2014	**2015**
Sales	**¥ 529,570**	¥ 534,443	**$4,406,840**
Gross profit	**77,210**	74,149	**642,506**
Operating income	**14,996**	11,488	**124,790**
Ordinary income	**43,034**	30,804	**358,109**
Income before income taxes and minority interests	**47,051**	17,772	**391,537**
Net income	**44,381**	14,921	**369,318**

Independent Auditor's 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. and its consolidated subsidiaries, which comprise the consolidated balance sheet as of March 31, 2015, and the consolidated statement of operations, 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 consolidated financial position of Mitsubishi Gas Chemical Company, Inc. and its consolidated subsidiaries as of March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter
We draw attention to Note1 (r), which describes that Mitsubishi Gas Chemical Company, Inc. and its domestic consolidated subsidiaries have changed their revenue recognition from shipment basis to customer's acceptance basis.
Our opinion is not modified with respect to this matter.

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 25, 2015

Corporate Data / Investor Information

As of March 31, 2015

Mitsubishi Gas Chemical Company, Inc.

Establishment
April 21, 1951

Paid-in Capital
¥41.97 billion

Outstanding Shares
483,478,398

Number of Stockholders
28,070

Listing (Ticker Code)
Tokyo (4182)

Stock Transaction Units
1,000 - shares

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

Independent Auditor
BDO Toyo & Co.

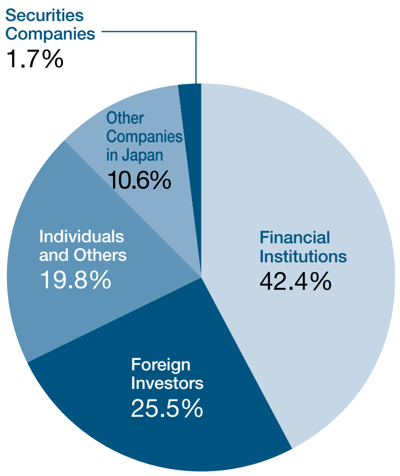
Transfer Agent and Registrar
Mitsubishi UFJ Trust and Banking Corp.

Major Stockholders

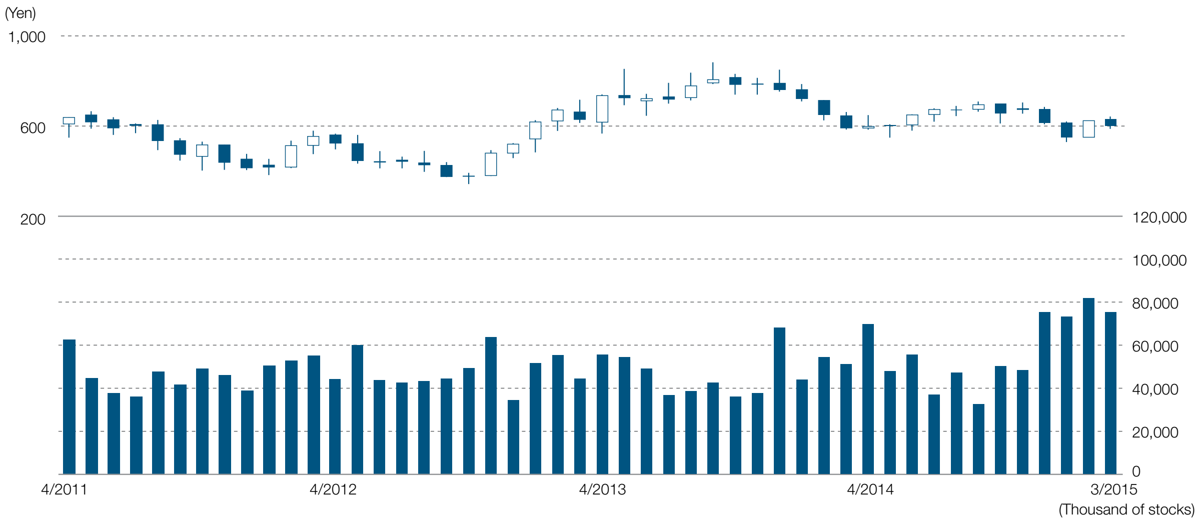
Name	Number of shares held (Thousands)	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	25,778	5.7
The Master Trust Bank of Japan, Ltd. (Trust Account)	20,083	4.4
Nippon Life Insurance Company	17,591	3.9
Meiji Yasuda Life Insurance Company	16,795	3.7
National Mutual Insurance Federation of Agricultural Cooperatives	14,069	3.1
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,611	3.0
The Norinchukin Bank	10,053	2.2
Asahi Glass Co., Ltd.	9,671	2.1
Mitsubishi UFJ Trust and Banking Corporation	7,012	1.6
State Street Bank and Trust Company 505041	6,198	1.4

Notes: 1. MGC holds 31,819 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



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