Business Report for the 88th Fiscal Year

(from April 1, 2014 to March 31, 2015)

MITSUBISHI GAS CHEMICAL COMPANY, INC.

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BUSINESS REPORT

(from April 1, 2014 to March 31, 2015)

1. Commentary on Results

(1) Overview of results for this period

In the consolidated fiscal year under review (fiscal 2014), the Japanese economy was affected by a pullback in demand after a rush in demand before the consumption tax increase, but due to factors such as improved corporate earnings and improvements in employment trends, a moderate recovery trend continued overall.

The MGC Group saw increase of sales volume of engineering plastics and electronic chemicals, but revenue decreased due to factors such as lower sales volume of commodity aromatic chemicals such as purified isophthalic acid, in line with business structural reforms.

Group operating income was increased due to factors such as a weaker yen yielding improved profitability in exports, improved profitability in polycarbonates, and higher sales volume of electronic chemicals, despite decreased profitability in electronic materials, commodity aromatic chemicals and polycarbonate sheets and films.

Group ordinary income was increased due to factors such as increased equity in earnings of affiliates for overseas methanol producing companies, a result of a jump in the market at the beginning of the year, a weaker yen, and an improved operation rate at the Brunei production site, as well as increase of operating income.

The Group achieved a significant improvement in net income in fiscal 2014. In addition to lower impairment loss, factors such as a gain on sales of investment securities and a gain on step acquisitions associated with the consolidation of JSP Corporation were contributors.

In fiscal 2014, the MGC Group achieved ¥529.5 billion in consolidated net sales, a decrease of ¥4.8 billion (0.9%) from the previous year. Consolidated operating income was ¥14.9 billion, an increase of ¥3.5 billion (30.5%). Equity in earnings of affiliates was ¥28.9 billion, an increase of ¥8.4 billion (41.4%). Consolidated ordinary income grew by ¥12.2 billion (39.7%) to ¥43.0 billion. The Group achieved a consolidated net income of ¥44.3 billion, an increase of ¥29.4 billion (197.4%).

(Note) Concerning standards for recording sales, MGC and its domestic consolidated subsidiaries had previously recorded net sales on a delivery basis, but from the current fiscal year, have changed the primary method to the inspection method. Comparisons with the previous year in this Business Report are made after retroactive application of this change in accounting standards to figures for the previous year.

(2) Results by business segment

Natural Gas Chemicals Segment

The methanol business, although sales volume increased, sales prices decreased due to a depression in market conditions, leading to net sales on par with the previous year.

Methanol/ammonia series chemicals earnings increased due to factors such as a weaker yen yielding improved profitability for exports and higher sales volume of fine products, despite factors such as higher fixed costs in line with the implementation of periodic repairs for ammonia-related equipment, etc.

Crude oil and other energy sources were affected by a deterioration in crude oil prices, resulting in lower earnings.

In fiscal 2014, the Natural Gas Chemicals Segment achieved consolidated net sales of ¥184.8 billion, a decrease of ¥0.4 billion (0.2%) from the previous year and an operating income of ¥2.7 billion, an

increase of ¥0 billion (1.2%). An equity in earnings of affiliates of ¥26.4 billion, coming primarily from overseas methanol producing companies, resulted in an ordinary income of ¥28.2 billion, up ¥9.8 billion (53.4%).

Aromatic Chemicals Segment

Specialty aromatic chemical products achieved higher earnings due to factors such as increased sales volume of items such as meta-xylenediamine and aromatic aldehydes, a weaker yen yielding improved profitability in exports, and the effects of improved profitability in line with a withdrawal from the pyromellitic dianhydride business.

Commodity aromatic chemicals saw significantly lower net sales compared to the previous year, owing to lower sales volume of items such as purified isophthalic acid, in line with a business contraction. Furthermore, factors such as a decline in the business environment for phthalic anhydride and purified terephthalic acid led to lower earnings.

In fiscal 2014, the Aromatic Chemicals Segment achieved consolidated net sales of ¥121.1 billion, a decrease of ¥18.3 billion (13.2%), an operating income of ¥3.0 billion, growth of ¥0.1 billion (4.0%), and due to factors such as recording of equity in loss of affiliates stemming from exiting the purified terephthalic acid business, an ordinary income of ¥1.0 billion, a decrease of ¥1.1 billion (51.9%).

Specialty Chemicals Segment

Industrial inorganic chemicals saw lower earnings due to a decline in profitability stemming from factors such as an increase in raw materials and fuel prices.

Electronic chemicals achieved growth in both revenue and earnings. This positive trend was primarily due to strong demand for items such as super-pure hydrogen peroxide and hybrid chemicals for semiconductors, leading to higher sales volume.

In the engineering plastics business, sales volume increased for items such as polycarbonates and polyacetal, causing net sales to exceed the previous year. Furthermore, profitability for polycarbonates improved due to factors such as reduced depreciation and amortization expenses after impairment during the previous year, corrective measures for profitability, and higher sales volume of specialty products.

Polycarbonate sheets and films marked lower revenue and earnings due to lower sales volume for films for use in flat panel displays and hard coating sheets.

In fiscal 2014, the Specialty Chemicals Segment posted consolidated net sales of ¥164.6 billion, an increase of ¥11.3 billion (7.4%) from the previous year and an operating income of ¥8.2 billion, an increase of ¥4.3 billion (109.2%). Due to ¥1.7 billion equity in earnings of affiliates, ordinary income was ¥9.1 billion, an increase of ¥5.2 billion (137.0%).

Information & Advanced Materials Segment

In electronic materials, although sales volume for BT materials for semiconductor packaging was robust, centered on smartphone-related applications, factors such as increased expenses in line with the launch of operations at the second production site in Thailand caused profitability to decline, leading to higher revenue and lower earnings.

Oxygen absorbers such as AGELESS® saw slightly lower domestic sales compared to the previous year, partially owing to the effects of the consumption tax increase, but due to factors such as higher sales volume overseas and a weaker yen yielding improved profitability in exports, both revenues and earnings increased.

In fiscal 2014, the Information & Advanced Materials Segment achieved consolidated net sales of ¥58.2 billion, an increase of ¥2.7 billion (5.0%), an operating income of ¥3.8 billion, a decrease of ¥0.4 billion (11.4%), and an ordinary income of ¥4.0 billion, a drop of ¥0.7 billion (16.1%).

Other Business Segments

In the year ended March 31, 2015, the other business segment achieved consolidated net sales of ¥0.6 billion, a decrease of ¥0.1 billion (21.0%). Operating income fell by ¥0.0 billion (17.2%) to ¥0.2 billion, and ordinary income decreased by ¥0.4 billion (25.7%) to ¥1.4 billion.

Results by Business Segment

Segment	FY2013 (April 2013 - March 2014)		FY2014 (April 2014 - March 2015)		Year-on-Year Increase/ Decrease (%)
	Amount (millions of yen)	Percentage Total (%)	Amount (millions of yen)	Percentage Total (%)	
Natural Gas Chemicals Segment	185,307	34.7	184,873	34.9	(0.2)
Aromatic Chemicals Segment	139,476	26.1	121,126	22.9	(13.2)
Specialty Chemicals Segment	153,377	28.7	164,684	31.1	7.4
Information & Advanced Materials Segment	55,467	10.4	58,241	11.0	5.0
Other Business Segments	813	0.1	642	0.1	(21.0)
Total	534,443	100.0	529,570	100.0	(0.9)

Note 1: The figures shown in parentheses represent loss or minus.

Note 2: As the standard for recording net sales, MGC and its domestic consolidated subsidiaries had previously used the delivery basis, but from the 88th fiscal year, have changed the primary method to the inspection method. Figures for the 87th fiscal year are presented after retroactive application of this change in accounting standards.

(3) Capital Expenditures

Capital expenditures for the current fiscal year were focused on maintaining/improving equipment and facilities.

No major expenditure was incurred.

(4) Funding

The funds for equipment and facilities as well as for working capital for the current fiscal year were provided by MGC's own resources and borrowings from financial institutions.

(5) Assets and Earnings Position

1) MGC Group (consolidated basis)

Classification	FY2011 April 2011 – March 2012	FY2012 April 2012 – March 2013	FY2013 April 2013 – March 2014		FY2014 April 2014 – March 2015
Primary standard for recording sales	Delivery basis	Delivery basis	Delivery basis	Inspection basis	Inspection basis
Sales (millions of yen)	452,217	467,979	534,670	534,443	529,570
Ordinary income (millions of yen)	26,116	27,651	30,735	30,804	43,034
Net income (millions of yen)	12,327	(7,793)	14,971	14,921	44,381
Net income per Share (yen)	27.28	(17.25)	33.14	33.03	98.26
Total assets (millions of yen)	595,250	613,908	658,117	657,838	790,381
Net assets (millions of yen)	292,111	294,895	324,138	323,858	422,448

Note 1: The figures shown in parentheses represent loss or minus.

Note 2: As the standard for recording net sales, MGC and its domestic consolidated subsidiaries had previously used the delivery basis, but from the 88th fiscal year, have changed the primary method to the inspection method. Figures for the 87th fiscal year after retroactive application of this change in accounting standards are presented alongside figures exclusive of this change.

2) MGC (Non-consolidated basis)

Classification	FY2011 April 2011 – March 2012	FY2012 April 2012 – March 2013	FY2013 April 2013 – March 2014		FY2014 April 2014 – March 2015
Primary standard for recording sales	Delivery basis	Delivery basis	Delivery basis	Inspection basis	Inspection basis
Sales (millions of yen)	349,892	368,831	417,265	417,583	385,213
Ordinary income (millions of yen)	18,126	27,700	27,478	27,586	46,655
Net income (millions of yen)	7,390	(7,788)	5,147	5,123	42,857
Net income per Share (yen)	16.36	(17.24)	11.40	11.34	94.89
Total assets (millions of yen)	402,532	397,658	397,812	397,436	435,857
Net assets (millions of yen)	183,326	174,953	177,092	176,853	222,621

Note 1: The figures shown in parentheses represent loss or minus.

Note 2: As the standard for recording net sales, MGC and its domestic consolidated subsidiaries had previously used the delivery basis, but from the 88th fiscal year, have changed the primary method to the inspection method. Figures for the 87th fiscal year after retroactive application of this change in accounting standards are presented alongside figures exclusive of this change.

(6) Challenges to Be Resolved

While the 88th fiscal year is the final year of the medium-term management plan "MGC Will2014," the Group was unable to achieve target figures outlined in the plan due to harsh profitability conditions at the Chinese polycarbonate manufacturing subsidiary and losses associated with measures such as structural reforms that were also implemented alongside the plan.
Under the new medium-term management plan "MGC Advance2017 Big dreams only MGC Group can realize!", the Group make use of its history to move toward realizing its aspirations in 2021, the year that will mark the 50th anniversary of MGC's founding. In starting "MGC Advance2017," as a policy for clarifying the direction of MGC from a long-term perspective, the Group set forth a new group vision, "creating values to share with society." Furthermore, "MGC Advance2017" maintains the four basic policies of "MGC Will2014," while also adding "Improving group-wide operational efficiency," for a total of five basic policies, and the Group will challenge itself to realizing big dreams that only MGC Group can realize.

- New Group vision

"Creating values to share with society"

- Basic policies of the new medium-term management plan "MGC Advance2017"

1. Enhancing the profitability of existing businesses, especially core businesses
2. Restructuring underperforming businesses
3. Development and creating new businesses
4. Improving group-wide operational efficiency
5. Improving total enterprise quality in support of sustainable growth

The Group's core businesses range from resource energy that provides a base for business, chemical products and raw materials such as methanol, hydrogen peroxide, polycarbonate and MXDA/MX-Nylon to specialty products such as sheets & films, foamed plastics, electronic chemicals, BT materials and oxygen absorber Ageless® to provide value to society. By concentrating management resources on these core businesses, the Group will aim to further strengthen their profitability.
Concerning unprofitable businesses, the Group will continue to monitor businesses that are at risk of becoming unprofitable and implement restructuring measures, including restructuring of the business portfolio, reassignment of personnel, and improving utility efficiency.
As a measure to create and develop new businesses, the Group will add an additional layer of focus via the newly established "Advanced Business Development Division," which selects new business areas to focus on over the medium to long term and continuously proposes launching new businesses. Furthermore, the "QOL Innovation Center Shirakawa," which has been determined to be established in Shirakawa City, Fukushima Prefecture, will innovate in various differentiated products to improve quality of life, and plans to become a significant site for production and research and development into creating values to share with society.
Concerning improving group-wide operational efficiency, the Group Vision will be shared among MGC and group companies, and by building and implementing a unified group strategy, the Group will aim to improve group corporate value. Furthermore, by utilizing the business bases both domestically and overseas, expertise, and technological information, etc., held by newly consolidated JSP Corporation, through measures such as cooperation and personnel exchange, the creation of synergies between MGC and JSP Corporation will be realized.

In order to achieve sustainable growth, it is necessary to improve quality of management in all areas. For this purpose, the Group has established the following priority issues: safety and safe production, strengthening of internal controls and compliance structures, acquisition and fostering of personnel that will be future leaders of the Group, and realizing a healthy and strong financial structure.

● Target management indicators (final fiscal year of "MGC Advance2017")

Consolidated indicator	Target figure (fiscal 2017)
Net sales (billions of yen)	700
Operating income (billions of yen)	40
Ordinary income (billions of yen)	55
Return on equity (ROE)	9% or higher

<Assumed conditions>
Exchange rate: 115 yen / US$
Crude oil prices (Dubai): 2015 - 55US$/BBL; 2017 - 65US$/BBL

(7) Major Businesses (As of March 31, 2015)

Major products and businesses by segment are as follows:

1) Natural Gas Chemicals Segment	Methanol Methanol/Ammonia Series Chemicals formalin, ammonia, methylamine and its derivatives, methyl methacrylate, methacrylic acid ester, dimethyl ether, polyols, etc. Energy Crude oil, etc.
2) Aromatic Chemicals Segment	Commodity Aromatic Chemicals meta-xylene, para-xylene, ortho-xylene, purified isophthalic acid, phthalic anhydride, plasticizers, etc. Specialty Aromatic Chemicals Meta-xylenediamine (MXDA), MX-Nylon, aromatic aldehydes, etc. Foamed Plastics Foamed polystyrene, foamed polyolefin, etc.
3) Specialty Chemicals Segment	Industrial Inorganic Chemicals hydrogen peroxide, persulfates, etc. Electronic Chemicals super-pure hydrogen peroxide, hybrid chemicals, chemical polishing fluids, etc. Plastic Lens Monomer Engineering Plastics polycarbonate resin, polyacetal resin, polyphenylene ether resin, polycarbonate sheets and films, etc.

4) Information & Advanced Materials Segment	Electronic Materials printed circuit board materials (epoxy resin-based copper-clad laminates, BT resin-based copper-clad laminates), LE sheet for drilling holes in printed circuit boards, printed circuit boards, etc. Oxygen Absorber Ageless®, PharmaKeep®, etc.
5) Other Segment	Insurance Agent, Real Estate, etc.

(Note) As a result of JSP Corporation's becoming a subsidiary on March 2015, "Foamed Plastics" has been added to the business content of the Aromatic Chemicals Segment.

(8) Principal Places of Business (As of March 31, 2015)

1) MGC

Head Office: 5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan

	Name	Location
Branch Offices:	Osaka Branch	Osaka Prefecture
Research Institutes:	Tokyo Techno Park	Tokyo
	Niigata Research Laboratory	Niigata Prefecture
	Hiratsuka Research Laboratory	Kanagawa Prefecture
Plants:	Niigata Plant	Niigata Prefecture
	Mizushima Plant	Okayama Prefecture
	Yokkaichi Plant	Mie Prefecture
	Yamakita Plant	Kanagawa Prefecture
	Kashima Plant	Ibaraki Prefecture

2) Subsidiaries

Company Name	Head Office	Business and Production Site
Kinoe Terminal Co., Ltd.	Tokyo	Hiroshima Prefecture, etc.
Tokyo Shokai, Ltd.	Tokyo	Osaka Prefecture, etc.
Japan Finechem Co., Inc.	Tokyo	Kagawa Prefecture, etc.
Ryoko Chemical Co., Ltd.	Tokyo	Osaka Prefecture, etc.
MGC Electrotechno Co., Ltd.	Tokyo	Fukushima Prefecture
MGC Pure Chemicals America, Inc.	U.S.A.	---
MGC Filsheet Co., Ltd.	Saitama Prefecture	Osaka Prefecture
Thai Polyacetal Co., Ltd.	Thailand	Thailand
Mitsubishi Gas Chemical America, Inc.	U.S.A.	---
Ryoyo Trading Co., Ltd.	Tokyo	Osaka Prefecture, etc.
Mitsubishi Gas Chemical Singapore Pte. Ltd.	Singapore	---
Samyoung Pure Chemicals Co., Ltd.	Korea	Korea
Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd.	China	---
MGC Pure Chemicals Taiwan, Inc.	Taiwan	---
MGC Pure Chemicals Singapore Pte. Ltd.	Singapore	---
JSP Corporation	Tokyo	Tochigi Prefecture, etc.
Eiwa Chemical Industry Co., Ltd.	Kyoto	Aichi Prefecture, etc.

(9) Number of Employees (As of March 31, 2015)

1) MGC Group (Consolidated)

Segment	Number of Employees	Change from End of FY2013
Natural Gas Chemicals Segment	1,165	(20)
Aromatic Chemicals Segment	3,650	2,691
Specialty Chemicals Segment	2,219	31
Information & Advanced Materials Segment	971	110
Other Segments	21	No change
Corporate (Shared)	228	(3)
Total	8,254	2,809

Notes: 1. Only employees working within the Group are included in the headcount (excludes individuals on assignment from the Group to companies outside of the Group and includes individuals on assignment from outside of the Group to companies within the Group).
2. The employees in the Corporate (Shared) segment are individuals who belong to administrative departments that cannot be classified into specific business segments.
3. As a result of JSP Corporation's becoming a subsidiary on March 2015, number of employees of JSP Corporation has been included in the Aromatic Chemicals Segment.

2) MGC (Non-Consolidated)

Number of Employees	Change from End of FY2013	Average Age	Average Duration in Employment
2,392	(42)	40 years old and 0 month	17 years and 1 month

Note: Only employees working within MGC are included in the headcount (excludes individuals on assignment from MGC to other companies and includes individuals on assignment from other companies to MGC).

(10) Main Subsidiaries and Affiliates (As of March 31, 2015)

Company	Issued Share Capital (millions of yen)	Ratio of Voting Rights (%)	Principal Business
Kinoe Terminal Co., Ltd.	493	75.5	Storage services for methanol
Tokyo Shokai, Ltd.	200	99.9 (3.2)	Sale of compound resins and electronic materials
Japan Finechem Co., Inc.	274	94.7 (9.8)	Manufacture and sale of organic synthetic chemicals, including polymeric initiators and raw materials for agrichemicals, and electronics parts
Ryoko Chemical Co., Ltd.	100	100.0 (2.5)	Sale of industrial chemicals
MGC Electrotechno Co., Ltd.	500	100.0	Manufacture and sale of printed circuit board materials
MGC Pure Chemicals America, Inc.	(thousands of USD) 5,000	90.0 (20.0)	Manufacture and sale of super pure hydrogen peroxide and other products
MGC Filsheet Co., Ltd.	50	100.0 (45.4)	Manufacture and sale of polycarbonate sheets/films
Thai Polyacetal Co., Ltd.	(millions of THB) 840	70.0	Manufacture and sale of polyacetal resins
Mitsubishi Gas Chemical America, Inc.	(thousands of USD) 1,084	100.0	Sale of chemicals and other products
Ryoyo Trading Co., Ltd.	90	68.1 (44.9)	Sale of chemicals and insurance agency business

Company	Issued Share Capital (millions of yen)	Ratio of Voting Rights (%)	Principal Business
Mitsubishi Gas Chemical Singapore Pte. Ltd.	(thousands of USD) 1,161	100.0	Sale of chemicals and other products
Samyoung Pure Chemicals Co., Ltd.	(millions of KRW) 3,500	51.0	Manufacture and sale of super pure hydrogen peroxide and other products
Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd.	(millions of RMB) 1,504	91.0	Manufacture and sale of polycarbonate resins
MGC Pure Chemicals Taiwan, Inc.	(millions of NTD) 80	85.0	Manufacture and sale of super pure hydrogen peroxide and other products
MGC Pure Chemicals Singapore Pte. Ltd.	(thousands of USD) 7,106	100.0 (10.0)	Manufacture and sale of super pure hydrogen peroxide and other products
JSP Corporation	10,128	54.2 (0.4)	Manufacture and sale of foamed polystyrene and foamed polyolefin
Eiwa Chemical Industry Co., Ltd.	420	90.9	Manufacture and sale of blowing agents, blowing agent activators, and resin processing products
Mitsubishi Engineering-Plastics Corporation	3,000	50.0	Sale and manufacture of engineering plastics
Japan U-Pica Co., Ltd.	1,100	45.7 (7.7)	Manufacture and sale of unsaturated polyester resins, coating resins, and methacrylic acid esters
Japan Saudi Arabia Methanol Co., Inc.	2,310	47.4	Import and sale of methanol, and investment in and finance for foreign companies
Korea Engineering Plastics Co., Ltd.	(millions of KRW) 12,600	40.0	Manufacture and sale of engineering plastics, mainly polyacetal resins
Brunei Methanol Company Sdn.Bhd.	(thousands of USD) 189,400	50.0	Manufacture and sale of methanol

Notes: 1. The figures in parentheses represent the percentage of voting rights indirectly held by MGC's subsidiaries, included in totals.
2. MGC made JSP Corporation a subsidiary on March 2015, which was an affiliate company before.

(11) Major Creditors (As of March 31, 2015)

Creditor	Balance of Borrowings (millions of yen)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	36,888
Japan Bank for International Cooperation	20,388
Mizuho Bank, Ltd.	17,029
Mitsubishi UFJ Trust and Banking Corporation	13,516
The Norinchukin Bank	12,519
Development Bank of Japan Inc.	11,409
Meiji Yasuda Life Insurance Company	7,228
Nippon Life Insurance Company	6,739
Sumitomo Mitsui Banking Corporation	5,743
The Bank of Yokohama, Ltd.	5,160

2. Matters Related to Stock (As of March 31, 2015)

(1) Authorized Shares 984,856,000 (No change from end of FY2013)

(2) Issued and Outstanding Shares 483,478,398 (No change from end of FY2013)

(3) Number of Shareholders 28,070 (Increase by 3,073 from end of FY2013)

(4) Principal Shareholders (ten largest shareholders)

Name of shareholder	Investment to MGC	
	Number of Shares Held (thousand Shares)	Percentage to Total Shares Outstanding (%)
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 principal shareholders.

2. “Percentage to Total Shares Outstanding” is calculated excluding treasury stock.

3. Matters Related to Subscription Rights to Shares, etc. (As of March 31, 2015)

(1) None of the subscription rights to shares, etc. held by corporate officers were issued in compensation for the performance of their duties.

(2) No subscription rights to shares, etc. issued to employees and others during FY2014 in compensation for the performance of their duties.

(3) No other important matters related to subscription rights to shares exist.

4. Matters Related to Corporate Officers (As of March 31, 2015)

(1) Directors and Audit & Supervisory Board Members

Position	Responsibility in MGC and important positions concurrently held at other companies, etc.	Name
Representative Director	Chairperson	Kazuo Sakai
Representative Director	President	Toshikiyo Kurai
Representative Director	Senior Managing Executive Officer Administrative Management of Compliance, Chairperson of Internal Control Promotion Committee, Chairperson of The Committee on Future R&D, Administrative Management of Internal Audit Division and Research & Development Division, and General Manager, Tokyo Techno Park	Takayuki Watanabe
Representative Director	Senior Managing Executive Officer President of Natural Gas Chemicals Company Outside Director of Co-op Chemical Co., Ltd.	Yukio Sakai
Director	Managing Executive Officer Administrative Management of Risk Management, and Administrative Management of Finance & Accounting Center, Administrative & Personnel Center and Purchasing & Logistics Center	Katsuhiko Sugita
Director	Managing Executive Officer President of Aromatic Chemicals Company Outside Director of JSP Corporation	Yoshihiro Yamane
Director	Managing Executive Officer Deputy Chairperson of Compliance Committee, Administrative Management of Corporate Planning Division and Corporate Communications Division	Kunio Kawa
Director	Managing Executive Officer President of Specialty Chemicals Company	Katsushige Hayashi
Director	Managing Executive Officer President of Information & Advanced Materials Company	Masahiro Jono
Director	Managing Executive Officer Administrative Management of Production Technology Division and Environment & Safety Division	Kenji Inamasa
Director	Director of The Educational Foundation for Tokyo Polytechnic University Professor Emeritus of The University of Tokyo	Yoshimasa Nihei
Audit & Supervisory Board Member (Standing)	-	Kunio Oya
Audit & Supervisory Board Member (Standing)	-	Jin Hata

Position	Responsibility in MGC and important positions concurrently held at other companies, etc.	Name
Audit & Supervisory Board Member (Standing)	-	Takashi Kimura
Audit & Supervisory Board Member	President of Seiwa Business Link Co. Ltd	Yasuomi Matsuyama

Notes: 1. MGC has adopted the executive officer system.
2. Of the Directors, Mr. Kenji Inamasa and of the Audit & Supervisory Board Members, Messrs. Jin Hata and Takashi Kimura newly assumed their offices as of June 25, 2014.
3. Of the Directors, Mr. Yoshimasa Nihei is Outside Director as stipulated in Article 2, Item 15 of the Companies Act.
4. Of the Audit & Supervisory Board Members, Messrs. Takashi Kimura and Yasuomi Matsuyama are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.
5. Audit & Supervisory Board Member, Mr. Jin Hata, has been involved in the Accounting Department of MGC for a number of years, and has experience in management through his role in administrative management of the Finance & Accounting Division, and possesses a considerable level of knowledge of finance and accounting.
6. Audit & Supervisory Board Member, Mr. Takashi Kimura, has been involved with financial institutions for a number of years, and has experience in corporate management as a manager, and possesses a considerable level of knowledge of finance and accounting.
7. MGC has registered Director, Mr. Yoshimasa Nihei, and Audit & Supervisory Board Members, Messrs. Takashi Kimura and Yasuomi Matsuyama, as independent directors/auditors at Tokyo Stock Exchange, Inc.
8. There is no material business relation between MGC and the other companies, etc. in which Director, Mr. Yoshimasa Nihei, serves concurrently.
9. There is no material business relation between MGC and the other companies, etc. in which Audit & Supervisory Board Member, Mr. Yasuomi Matsuyama, serves concurrently.
10. Corporate Officers who have retired during the current fiscal year are as follows:
Representative Director Mr. Masami Orisaku (Retired upon expiry of the term of office on June 25, 2014)
Audit & Supervisory Board Members Messrs. Kuniaki Kawakami, and Hiroshi Shibata (Retired upon resignation on June 25, 2014)

11. Effective April 1, 2015, "Responsibility in MGC and important positions concurrently held at other companies, etc." changed as follows.

Position	Responsibility in MGC and important positions concurrently held at other companies, etc.	Name
Representative Director	—	Takayuki Watanabe
Representative Director	Outside Director, Co-op Chemical Co., Ltd. Advisor, JSP Corporation	Kazuo Sakai
Director	Senior Managing Executive Officer Administrative Management of Compliance, Chairperson of Internal Control Promotion Committee, and Administrative Management of Internal Audit Division and Finance & Accounting Center	Katsuhiko Sugita
Director	Senior Managing Executive Officer Deputy Chairperson of Compliance Committee, and Administrative Management of Corporate Planning Division and Corporate Communications Division	Kunio Kawa
Director	Managing Executive Officer Chairperson of The Committee on Future R&D, and Administrative Management of Research & Development Division, Production Technology Division and Environment & Safety Division	Kenji Inamasa

(2) Total of Compensation and Other Amounts Related to Corporate Officers During the Fiscal Year

Classification	Number	Amount of Compensation, etc. (millions of yen)
Directors	12	468
Audit & Supervisory Board Members	6	85
Total (Outside Corporate Officers [included above])	18 (4)	554 (43)

Note: The amount of compensation and other benefits to Directors during the fiscal year under review includes a ¥99 million provision for reserved retirement benefits. Such provision includes no amount for Outside Directors, who are outside the scope of the reserved retirement benefits system.

(3) Policies and Methods for Deciding Compensation and Other Benefits of Corporate Officers

1) Directors' Compensation

Policies for deciding compensation and other benefits of Directors are decided by the Board of Directors.
Directors' compensation consists of a basic compensation and reserved retirement benefit and is decided in accordance with each Director's position and under consideration of MGC's operational status and other companies' standards etc.
The basic compensation is a fixed compensation corresponding to each Director's position in MGC within the amount stipulated by the General Meeting of Shareholders, but it may be increased or decreased to reflect the company's performance or the performance of each Director.
The reserved retirement benefit system is a form of Directors' compensation in which, as part of compensation for Directors (excluding Outside Directors) separate from monthly compensation, that is determined for each Director's performance of his/her duties, every year an amount calculated for each fiscal year is reserved through a resolution by the General Meeting of Shareholders, with the aggregate amount to be paid in full upon retirement.
Separate from the above compensation, bonuses may be paid through a resolution by a General Meeting of Shareholders, the amount of which would appropriately correspond to MGC's performance and each Director's performance.

2) Audit & Supervisory Board Members' Compensation

Audit & Supervisory Board Members' compensation consists only of a basic compensation and is decided among the Audit & Supervisory Board Members within the amount stipulated by the General Meeting of Shareholders.

(4) Matters Related to Outside Corporate Officers

1) Relations between MGC and Other Companies in which Officers Concurrently Hold Important Positions

The relations between MGC and other companies in which the outside corporate officers concurrently hold important positions are as described in (1).

2) Major Activities of Outside Corporate Officers

Outside Director	Major Activities
Yoshimasa Nihei	Attending all of 12 Board of Directors meetings and other important meetings , Mr. Nihei made comments as necessary from an external perspective to ensure appropriate and proper decision-making by the Board of Directors, drawing on his advanced expertise concerning industrial chemistry, environmental and safety engineering and other areas, as well as on his extensive experience holding prominent positions in various organizations, including universities and academic societies.

Outside Audit &	Major Activities

Supervisory Board Member	
Takashi Kimura	Attending all 9 Board of Directors meetings after his assumption and other important meetings, Mr. Kimura made comments from an external perspective, drawing on his long experience with financial institutions and in business management and asked questions and offered advice as a Standing Audit & Supervisory Board Member to ensure the appropriate execution of business by Directors. Further, Mr. Matsuyama attended all of 9 Audit & Supervisory Board meetings after his assumption and stated his views and opinions concerning the performance of duties of Audit & Supervisory Board Members including audit method, in addition to exchanging views on audit results and participating in such activities as discussions on important matters related to auditing.
Yasuomi Matsuyama	Attending all of 12 Board of Directors meetings, Mr. Matsuyama made comments as necessary from an external perspective to ensure proper decision-making by the Board of Directors, drawing on his long experience with financial institutions and in business management. Further, Mr. Matsuyama attended all of 14 Audit & Supervisory Board meetings and stated his views and opinions concerning the performance of duties of Audit & Supervisory Board Members including audit method, in addition to exchanging views on audit results and participating in such activities as discussions on important matters related to auditing.

3) General Intent of Limitation of Liability Agreement

MGC has entered into a Limitation of Liability Agreement with each Outside Corporate Officers to limit his liability pursuant to Article 423 Paragraph 1 of the Companies Act to the amount stipulated in Article 427 Paragraph 1 of said Act.

5. Matters Related to Independent Auditor

(1) Name of Independent Auditor

BDO Toyo & Co.

(2) Amounts of Fee and Other Payments Made to Independent Auditor in FY2013

1) Fee for the audit performed as stipulated in Article 2 Paragraph 1 of the Certified Public Accountants Law	¥56 million
2) Aggregate amount of cash and other monetary payments made by MGC and MGC's subsidiaries	¥61 million

Notes: 1. The fee for audit pursuant to the Companies Act and that for audit pursuant to the Financial Instruments and Exchange Act are not differentiated in the Audit Agreement between MGC and Independent Auditor. As such, the amount in 1) includes the amount of the fee and other payments for the audit due pursuant to the Financial Instruments and Exchange Act.

2. Of MGC's important subsidiaries, the financial statements of foreign subsidiaries are audited (as stipulated in the Companies Act or Financial Instruments and Exchange Act, including equivalent foreign laws and ordinances) by certified public accountants or accounting firms (including those with equivalent foreign certifications) other than MGC's Independent Auditor.

3. MGC pays consideration to Independent Auditor for duties other than duties prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act (study and advice on accounting policy etc. related to the transition to International Financial Reporting Standards).

(3) Dismissal and Non-reappointment Policy on Independent Auditors

MGC will make the decision to dismiss or refrain from reappointing MGC's Independent Auditor in the event said Independent Auditor breaches or defaults on its obligations regarding the performance of duties, commits a misdemeanor, or is in a state of physical or psychological failure that interferes with or renders impossible the performance of duties, or under any other circumstances where such decision is deemed necessary.

6. Resolution on Establishing Systems to Ensure Appropriate Business Operations

MGC resolved in the Board of Directors meeting as follows with respect to the matters stipulated in Article 362, Paragraph 4, Item 6 of the Companies Act, known as “Internal Control System: ”
The status of establishment and operation of internal controls pursuant to the resolution is being reported to the Board of Directors on a regular basis.
MGC and the MGC Group will continue to establish and implement controls to the end of further reinforcing the internal controls of the Group.

(Basic Policy)

In all matters relating to its internal control framework, MGC shall ensure that MGC and its Group companies construct, maintain and operate internal controls appropriately, while correctly and appropriately fulfilling the internal control reporting system requirements stipulated by the Financial Instruments and Exchange Law. In this way, MGC shall achieve its four objectives of effective and efficient operations, reliable financial reporting, compliance with MGC business-related and other laws and regulations, and preservation of its assets.

(1) Systems for Ensuring Duties of Directors and Employees Are Executed in Compliance with Laws, Regulations, and Articles of Incorporation

1) MGC shall view “compliance” as broadly encompassing conformity with laws, regulations, Articles of Incorporation, and internal rules, as well as the conduct of fair, transparent, and free business based on an awareness of corporate responsibility to society, and shall establish the Directives for Corporate Actions, Compliance Rules, and MGC Code of Conduct.
2) Administrative Management of Compliance shall be appointed and a Compliance Advisory Committee chaired by said Officer shall be established as an organization directly under the President. The Compliance Advisory Committee shall examine and implement measures to enhance MGC’s compliance systems, as well as provide instructions and oversight regarding compliance.
3) In order to detect internal compliance violations and take corrective measures promptly, Compliance Counseling shall be established as a means of receiving internal reports from officers, employees, their families, contractors, business partners, and the like.
4) In order to eliminate anti-social forces, in addition to clarifying its firm stance against such forces in the MGC Corporate Behavior Guidelines and the MGC Code of Conduct, MGC shall promote its policies in each relevant department.
5) An Internal Audit Division shall be established to conduct internal audits pursuant to the Internal Audit Rules in addition to auditing Audit & Supervisory Board Members and Independent Auditors.
6) In order to ensure that MGC and its Group companies construct, maintain and operate internal controls appropriately, while correctly and appropriately fulfilling the internal control reporting system requirements stipulated by the Financial Instruments and Exchange Law, MGC shall establish an Internal Control Promotion Committee headed by the director responsible for the Internal Audit Division.
7) MGC shall create a pamphlet “MGC Compliance Handbook" and distribute to officers and employees to ensure their understanding of the compliance system, as well as cultivate awareness of compliance through education and training.

(2) Systems for Ensuring Efficient Execution of Duties by Directors

1) MGC shall separate the decision-making, oversight, and business execution functions of the management and implement the Executive Officer system for expeditious decision-making and business execution. At the same time, the company system shall be adopted in the operating divisions to achieve efficient business management by clarifying accountability for performance.
2) In order to make decisions on matters that have material effect on MGC based on multifaceted considerations, a Management Council shall be established to deliberate on management policies and an Operations Council shall be established to deliberate on specific execution plans, with Directors to attend meetings of both Boards as a rule.
3) Organization Regulations, Separation of Duties Rules, and Rules Defining Extent of Authority shall be established to clarify the duties and authorities of Directors to ensure efficient and appropriate execution of duties.
4) Performance shall be monitored based on numerical targets clarified through the Group's medium-term management plan, annual budget, and the like.

(3) System for Archiving and Managing Information on Execution of Duties by Directors

Information pertaining to the execution of duties by Directors shall be archived and managed as documents in accordance with the Document Control Procedures and other internal rules.

(4) Rules and Other Systems for Managing Risk of Loss

1) MGC shall establish Risk Management Rules in order to understand and appropriately manage business risks.
2) A Risk Management Committee shall be chaired by the Administrative Management of Risk Management and shall be established as an organization directly under the President to identify the status of risk management and provide oversight and instructions on prioritizing risks and devising reduction measures.
3) Being a chemical manufacturer, MGC shall engage in responsible care (RC) activities as a voluntary undertaking to ensure environmental protection and safety through the life cycle of chemicals from production to disposal.

(5) System for Ensuring Appropriate Execution of Business by MGC Group

1) While valuing the autonomous management of subsidiaries and affiliates and clarifying the managerial accountability of their Board of Directors, MGC shall establish Rules on Subsidiaries and Affiliates and provide for regular reports on business conditions and prior consultations on important matters.
2) In addition to having MGC Audit & Supervisory Board Members conduct investigation and the Internal Audit Division conduct internal audits and the like as necessary with respect to subsidiaries, appropriate execution of business by subsidiaries and affiliates shall be ensured through the assignment of Directors to the companies and exercise of voting rights.
3) MGC's compliance system and risk management system shall, as a rule, be applied to subsidiaries and affiliates. Further, MGC's Compliance Counseling is also available to the officers, employees, their families, contractors, business partners, and the like.

(6) Matters Related to Employees Assisting with Audit & Supervisory Board Members' Duties

Employees shall be assigned to assist Audit & Supervisory Board Members with their duties pursuant to consultations with Audit & Supervisory Board Members.

(7) Matters Related to Independence from Directors of Employees Assisting with Audit & Supervisory Board Members' Duties

Employees assigned to assist with the duties of Audit & Supervisory Board Members shall engage full time in said assignment and shall not be subject to orders and instructions from Directors. The prior consent of the Audit & Supervisory Board is required for their transfer, appraisal, and disciplinary punishment.

(8) Matters Related to Reports from Directors and Employees to Audit & Supervisory Board Members

1) In the event Directors or employees find violations of laws and regulations or facts and the like that may cause significant damage to MGC, they must report said violations, facts, and the like to the Audit & Supervisory Board in accordance with laws, regulations, Compliance Rules, and other internal rules.
2) Directors and employees must report regularly, and promptly in the case of important matters, on the execution status of business operations, risk management, and implementation of compliance, as well as promptly conduct investigations and provide reports in the event Audit & Supervisory Board Members request investigations and reports concerning the execution status of business operations.

(9) Other Systems for Ensuring Effective Auditing of Audit & Supervisory Board Members

1) Representative Directors shall arrange for regular exchange of views with Audit & Supervisory Board Members. Further, the Internal Audit Division and the Independent Auditor shall communicate and deliberate with Audit & Supervisory Board Members to ensure the effectiveness of Audit & Supervisory Board Members' operations.
2) Audit & Supervisory Board Members may attend Board of Directors Meetings and other important meetings in order to understand the decision making status regarding important matters and the execution status of business operations, in addition to reviewing important documents and requesting explanations of Directors and employees on the execution of business operations.

7. Policy on Appropriation of Retained Earnings, etc.

MGC considers returning earnings to shareholders to be one of the most important tasks in the management of the MGC Group. MGC's basic policy is to determine the optimum amounts for profit distribution to shareholders and for retention to increase MGC's future corporate value based on medium- and long-term perspectives, giving due consideration to such things as the status trend of business performance, capital expenditure plan, and maintenance and improvement of the financial position; to determine dividends from the combined perspective of linkage with performance and stability; and to acquire MGC's own shares with flexibility, observing the market environment, in order to increase capital efficiency.

The year-end dividend payout for FY2014 was ¥7 per share, an increase of ¥1 per share. Since the interim dividend payout was ¥7, the annual dividend per share for FY2014 is ¥14 per share, an increase of ¥2 per share from the ¥12 per share during the previous year.
Both the interim and year-end dividend payouts for FY2015 are scheduled at ¥8 per share.

Consolidated Balance Sheet

(As of March 31, 2015)

(millions of yen)

Account item	Amount	Account item	Amount
(Assets)		(Liabilities)	
Total current assets	372,166	Total current liabilities	225,068
Cash and deposits	62,327	Notes and accounts payable-trade	79,323
Notes and accounts receivable-trade	152,711	Short-term loans payable	104,155
Short-term investment securities	18,137	Accrued expenses	14,676
Merchandise and finished goods	65,476	Lease obligations	1,474
Work in process	12,707	Income taxes payable	2,148
Raw materials and supplies	32,173	Deferred tax liabilities	233
Deferred tax assets	5,038	Provision for bonuses	4,809
Other	27,573	Provision for business structure improvement	608
Allowance for doubtful accounts	(3,978)	Other provision	114
Total noncurrent assets	418,215	Other	17,522
Property, plant and equipment	235,923	Total noncurrent liabilities	142,864
Buildings and structures, net	75,836	Corporate bonds	25,000
Machinery, equipment and vehicles, net	87,249	Long-term loans payable	69,932
Land	38,316	Lease obligations	15,052
Lease assets, net	16,195	Deferred tax liabilities	18,284
Construction in progress	12,303	Provision for directors' retirement benefits	512
Other, net	6,021	Provision for environment measures	438
Total Intangible assets	9,214	Provision for business structure improvement	1,305
Goodwill	4,836	Other provision	522
Lease assets	5	Net defined benefit liability	5,586
Software	1,543	Asset retirement obligations	3,685
Other	2,828	Other	2,542
Total investments and other assets	173,077	Total liabilities	367,932
Investments in securities	164,251	(Net assets)	
Long-term loans receivable	1,723	Total shareholders' equity	348,344
Deferred tax assets	3,125	Capital stock	41,970
Other	4,087	Capital surplus	35,595
Allowance for doubtful accounts	(110)	Retained earnings	278,910
		Treasury stock	(8,131)
		Total accumulated other comprehensive income	28,896
		Valuation difference on available-for-sale securities	20,612
		Revaluation reserve for land	217
		Foreign currency translation adjustments	4,926
		Remeasurements of defined benefit plans	3,139
		Minority interests	45,207
		Total net assets	422,448
Total assets	790,381	Total liabilities and net assets	790,381

Consolidated Statement of Income

(From April 1, 2014 to March 31, 2015)

(millions of yen)

Account item	Amount	
Net sales		529,570
Cost of sales		452,360
Gross profit		77,210
Selling, general and administrative expenses		62,213
Operating income		14,996
Non-operating income		
Interest and dividend income	2,245	
Equity in earnings of affiliates	28,929	
Other	2,974	34,149
Non-operating expenses		
Interest expenses	2,440	
Other	3,670	6,110
Ordinary income		43,034
Extraordinary income		
Gain on sales of investment securities	2,851	
Gain on step acquisitions	2,087	
Subsidy income	1,608	
Compensation income	1,055	
Gain on transfer of rights and interests	792	
Reversal of provision for business structure improvement	430	
Gain on sales of non-current assets	355	
Gain on bargain purchase	198	9,380
Extraordinary loss		
Loss on reduction of non-current assets	1,608	
Impairment loss	1,123	
Expenditure on business structure improvement	1,003	
Amortization of goodwill	476	
Loss on disposal of non-current assets	385	
Loss on cancellation of contracts	374	
Provision for environmental measures	247	
Loss on abandonment of inventories	144	5,363
Income before income taxes and minority interests		47,051
Income taxes-current	3,160	
Income taxes-deferred	(1,548)	1,611
Income before minority interests		45,440
Minority interests in income		1,059
Net income		44,381

Consolidated Statement of Changes in Net Assets

(From April 1, 2014 to March 31, 2015)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2014	41,970	35,595	240,111	(8,119)	309,557
Cumulative effects of changes in accounting			(331)		(331)
Restated balance	41,970	35,595	239,779	(8,119)	309,225
Changes during consolidated fiscal year					
Dividends of surplus			(5,871)		(5,871)
Net income			44,381		44,381
Changes of fiscal year of consolidated subsidiaries			160		160
Changes of fiscal year of entities accounted for using equity method			546		546
Change of scope of consolidation			(79)		(79)
Change of scope of equity method			(6)		(6)
Purchase of treasury stock				(12)	(12)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	0	39,131	(12)	39,119
Balance as of March 31, 2015	41,970	35,595	278,910	(8,131)	348,344

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation and translation adjustments	Revaluation reserve for land	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total of accumulated other comprehensive income		
Balance as of April 1, 2014	11,384	206	(7,305)	(1,337)	2,949	11,632	324,138
Cumulative effects of changes in accounting							(331)
Restated balance	11,384	206	(7,305)	(1,337)	2,949	11,632	323,806
Changes during consolidated fiscal year							
Dividends of surplus							(5,871)
Net income							44,381
Changes of fiscal year of consolidated subsidiaries							160

Changes of fiscal year of entities accounted for using equity method							546
Change of scope of consolidation							(79)
Change of scope of equity method							(6)
Purchase of treasury stock							(12)
Disposal of treasury stock							0
Net changes of items other than shareholders' equity	9,227	10	12,231	4,477	25,946	33,575	59,522
Total changes of items during the period	9,227	10	12,231	4,477	25,946	33,575	98,641
Balance as of March 31, 2015	20,612	217	4,926	3,139	28,896	45,207	422,448

In accordance with laws and regulations and Article 15 of the Articles of Incorporation, the Notes to Consolidated Financial Statements are posted on MGC's website (http://www.mgc.co.jp/ir/g_meeting.html) and are not included in this business report.

Independent Auditors' Audit Report on Consolidated Financial Statements (Certified Copy)

INDEPENDENT AUDITORS' REPORT

May 18, 2015

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

BDO Toyo & Co.

Koichiro Yoshida, CPA
Designated Partner,
Engagement Partner

Shinichi Nakashio, CPA
Designated Partner,
Engagement Partner

Kiichi Yonebayashi, CPA
Designated Partner,
Engagement Partner

We have audited the consolidated financial statements of namely, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to consolidated financial statements of Mitsubishi Gas Chemical Co., Inc. (the "Company") from April 1, 2014 to March 31, 2015, in accordance with paragraph 4, Article 444 of the Companies Act.

Management's Responsibility for the Financial Statements, etc.

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

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 and applied depend on the auditors' 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 auditors consider 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 referred to above present fairly, in all material respects, the financial position of the Company and consolidated subsidiaries and the results of its operations for the period covered thereby in conformity with accounting principles generally accepted in Japan.

Point of emphasis

As stated in notes on changes in accounting policy, the Company and its domestic consolidated subsidiaries previously primarily recorded net sales on a delivery basis, but from the current fiscal year, primarily record on an inspection basis.

This matter does not have an effect on our audit opinion.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Non-consolidated Balance Sheet

(As of March 31, 2015)

(millions of yen)

Account item	Amount	Account item	Amount
(Assets)		(Liabilities)	
Total current assets	215,407	Total current liabilities	137,174
Cash and deposits	19,881	Electronically recorded obligations-operating	3,108
Notes receivable-trade	491	Accounts payable-trade	37,469
Accounts receivable-trade	102,071	Short-term loans payable	70,767
Short-term investment securities	18,000	Lease obligations	28
Merchandise and finished goods	30,701	Accrued payable-other	6,988
Work in process	7,155	Income taxes payable	282
Raw materials and supplies	14,376	Accrued expenses	12,207
Prepaid expenses	901	Deposits received	242
Deferred tax assets	2,859	Provision for bonuses	2,620
Short-term loans receivable	8,654	Provision for environment measures	80
Accounts receivable-other	9,575	Provision for business structure improvement	608
Other	3,953	Other	2,769
Allowance for doubtful accounts	(3,217)	Total noncurrent liabilities	76,061
Total noncurrent assets	220,450	Corporate bonds	25,000
Total property, plant and equipment	95,816	Long-term loans payable	28,356
Buildings, net	20,877	Lease obligations	36
Structures, net	11,473	Provision for retirement benefits	4,340
Machinery and equipment, net	34,172	Provision for directors' retirement benefits	119
Vehicles, net	21	Provision for environment measures	438
Tools and appliances, net	3,370	Provision for business structure improvement	1,305
Land	18,907	Asset retirement obligations	3,601
Lease assets, net	64	Deferred tax liabilities	11,401
Construction in progress	6,928	Other	1,461
Total intangible assets	780	Total liabilities	213,236
Goodwill	1	(Net assets)	
Patent right	3	Total shareholders' equity	202,962
Software	667	Capital stock	41,970
Other	107	Total capital surpluses	35,725
Total investments and other assets	123,853	Legal capital surplus	35,668
Investments in securities	56,248	Other capital surplus	56
Stocks and investments in capital of subsidiaries and affiliates	64,548	Total earned surpluses	133,398
Long-term loans receivable	1,335	Legal retained earnings	6,999
Long-term prepaid expenses	257	Other retained earnings	126,399
Other	1,504	Reserve for mine prospecting	1,639
Allowance for doubtful accounts	(40)	Reserve for advanced depreciation of noncurrent assets	2,719
		General reserve	76,500
		Retained earnings brought forward	45,539
		Treasury stock	(8,131)
		Total valuation and translation adjustments	19,658
		Valuation difference on available-for-sale securities	19,658
		Total net assets	222,621
Total assets	435,857	Total liabilities and net assets	435,857

Non-consolidated Statement of Income

(From April 1, 2014 to March 31, 2015)

(millions of yen)

Account item	Amount	
Net sales		385,213
Cost of finished goods sold		339,005
Gross profit		46,208
Selling, general and administrative expenses		36,881
Operating loss		9,327
Non-operating income		
Interest and dividend income	38,975	
Other	2,577	41,552
Non-operating expenses		
Interest expenses	874	
Other	3,350	4,224
Ordinary income		46,655
Extraordinary income		
Gain on sales of investment securities	2,851	
Compensation income	2,110	
Gain on transfer of rights and interests	792	
Reversal of provision for business structure improvement	572	6,326
Extraordinary loss		
Loss on support to subsidiaries and affiliates	4,758	
Loss on valuation of stocks of subsidiaries and affiliates	1,373	
Expenditure on business structure improvement	1,003	
Loss on liquidation of subsidiaries and associates	949	
Loss on disposal of non-current assets	385	
Loss on cancellation of contracts	374	
Provision for environmental measures	247	
Loss on abandonment of inventories	144	9,236
Income before income taxes		43,744
Income taxes-current	831	
Income taxes-deferred	55	886
Net income		42,857

Non Consolidated Statement of Changes in Net Assets

(April 1, 2014 to March 31, 2015)

(millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus			Retained Earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings
Balance as of April 1, 2014	41,970	35,668	56	35,725	6,999
Cumulative effects of changes in accounting					
Restated balance	41,970	35,668	56	35,725	6,999
Changes during fiscal year					
Dividends of surplus					
Net income					
Provision of reserve for advanced depreciation of noncurrent assets					
Provision of reserve for mine prospecting					
Purchase of treasury stock					
Disposal of treasury stock			0	0	
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	0	0	-
Balance as of March 31, 2015	41,970	35,668	56	35,725	6,999

	Shareholders' equity				
	Retained earnings				
	Other retained earnings				Total retained earnings
	Reserve for mine prospecting	Reserve for advanced depreciation of noncurrent assets	General reserve	Retained earnings brought forward	
Balance as of April 1, 2014	804	2,696	76,500	9,874	96,875
Cumulative effects of changes in accounting				(462)	(462)
Restated balance	804	2,696	76,500	9,411	96,412
Changes during fiscal year					
Dividends of surplus				(5,871)	(5,871)
Net income				42,857	42,857

Provision of reserve for advanced depreciation of noncurrent assets		23		(23)	-
Provision of reserve for mine prospecting	834			(834)	-
Purchase of treasury stock					
Disposal of treasury stock					
Net changes of items other than shareholders' equity					
Total changes of items during the period	834	23	-	36,128	36,986
Balance as of March 31, 2015	1,639	2,719	76,500	45,539	133,398

	Shareholders' equity		Valuation and translation adjustments	Total Net Assets
	Treasury stock	Total Shareholders' equity	Valuation difference on available-for-sale securities	
Balance as of April 1, 2014	(8,119)	166,451	10,641	177,092
Cumulative effects of changes in accounting		(462)		(462)
Restated balance	(8,119)	165,988	10,641	176,629
Changes during fiscal year				
Dividends of surplus		(5,871)		(5,871)
Net income		42,857		42,857
Provision of reserve for advanced depreciation of noncurrent assets		-		-
Provision of reserve for mine prospecting		-		-
Purchase of treasury stock	(12)	(12)		(12)
Disposal of treasury stock	0	0		0
Net changes of items other than shareholders' equity			9,017	9,017
Total changes of items during the period	(12)	36,974	9,017	45,991
Balance as of March 31, 2015	(8,131)	202,962	19,658	222,621

In accordance with laws and regulations and Article 15 of the Articles of Incorporation, the Notes to Non-consolidated Financial Statements are posted on MGC's website (http://www.mgc.co.jp/ir/g_meeting.html) and are not included in this business report.

Independent Auditors' Audit Report (Certified Copy)

INDEPENDENT AUDITORS' REPORT

May 18, 2015

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

BDO Toyo & Co.

Koichiro Yoshida, CPA
Designated Partner,
Engagement Partner

Shinichi Nakashio, CPA
Designated Partner,
Engagement Partner

Kiichi Yonebayashi, CPA
Designated Partner,
Engagement Partner

We have audited the financial statements of namely, the balance sheet, the statement of income, the statement of changes in net assets, the notes to financial statements and the supporting schedules of Mitsubishi Gas Chemical Co., Inc. (the "Company") for the 88th business year from April 1, 2014 to March 31, 2015, in accordance with item 1, paragraph 2, Article 436 of the Companies Act.

Management's Responsibility for the Financial Statements, etc.

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements and the related supporting schedules 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 financial statements and the related supporting schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supporting schedules. The procedures selected and applied depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements and the related supporting schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the related supporting schedules 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 financial statements and the related supporting schedules.

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 financial statements and the related supporting schedules referred to above present fairly, in all material respects, the financial position and results of operations of Mitsubishi Gas Chemical Company, Inc. applicable to the 88th fiscal year ended March 31, 2015, in conformity with accounting principles generally accepted in Japan.

Point of emphasis

As stated in notes on changes in accounting policy, the Company previously recorded net sales on a delivery basis, but from the current fiscal year, records on an inspection basis.

This matter does not have an effect on our audit opinion.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Audit & Supervisory Board's Audit Report (Certified Copy)

AUDIT REPORT

We, the Audit & Supervisory Board, deliberated and prepared this audit report as follows on the execution of duties by MGC Directors during the 88th business term from April 1, 2014 to March 31, 2015, based on the audit report prepared by each Audit & Supervisory Board Member:

1. Method and Description of Audit by Audit & Supervisory Board Members and Audit by Audit & Supervisory Board

We determined the audit policy, audit duty assignments and the like, received reports from each Audit & Supervisory Board Member on individual audit status and results, received reports from the Directors and Independent Auditor on the status of the execution of their duties, and requested explanation as necessary.

Each Audit & Supervisory Board Member made efforts to collect information and enhance the auditing environment by communicating with the Directors, Internal Audit Division, other employees, and others in accordance with the Audit & Supervisory Board Members' Audit Standards, audit policy, audit duties, and the like as determined by the Audit & Supervisory Board, attended the Board of Directors' Meetings and other important meetings, received reports from Directors, employees and others on the status of execution of their duties, requested explanation as necessary, examined important decision-rendering documents and other documents, and investigated the state of activities and assets at the head office and principal business offices. In addition, with respect to the contents of resolutions of the Board of Directors regarding the establishment of the system for ensuring that the duties of Directors are executed in compliance with laws and regulations of Japan and the Articles of Incorporation of MGC and of other systems that are stipulated by Ordinance of the Ministry of Justice as being necessary for ensuring the appropriateness of operations of a joint stock company, as well as the systems (internal control systems) developed based on such resolutions, as stated in the Business Report, we periodically received reports from the Directors, employees and others, requested explanations as necessary and made opinions, regarding establishment and management of such systems. In terms of internal controls over financing reporting, reports on the assessment and audit status of said internal controls were received from the directors and other officers, and from the independent auditors, BDO Toyo & Co., and explanations were requested as necessary. Efforts were made to communicate and exchange information with the directors and Audit & Supervisory Board Members of subsidiaries, requested business reports therefrom as necessary, and visited major subsidiaries to investigate the state of activities and assets.

The business report and its supplementary schedules for this business term were examined based on the foregoing method.

Further, we monitored and verified that the Independent Auditor maintained its independence and performed its auditing duties adequately, as well as received reports from the Independent Auditor on the performance status of its duties and requested explanations as necessary. We received a notice from the Independent Auditors to the effect that "structures for ensuring that duties are appropriately performed" (matters stipulated in the items under Article 131 of the Regulations on Corporate Accounting) were being improved pursuant to Quality Management Standards for Auditing (October 28, 2005; Business Accounting Council) and requested explanations as necessary. The non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement on changes in net assets and notes to non-consolidated financial statements), their supplementary schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement on changes in net assets and notes to the consolidated financial statements) for this business term were examined based on the foregoing method.

2. Results of Audit

(1) Audit Result of Business Report, etc.

1) The business report and its supporting schedules are recognized as correctly presenting the state of MGC in accordance with the laws, regulations and the Articles of Incorporation.
2) No dishonest acts or material violations of laws, regulations or the Articles of Incorporation were recognized in connection with the performance by Directors of their duties.
3) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We also acknowledge that in terms of the development and

maintenance of said systems continuous improvements are being made. We did not find any matter to be mentioned with respect to internal controls over financial reporting.

(2) Audit Result of Non-Consolidated Financial Statements and Their Supplementary Schedule
We are of the opinion that the method and results of the audit performed by the Independent Auditor, BDO Toyo & Co., are appropriate.

(3) Audit Result of Consolidated Financial Statements
We are of the opinion that the method and results of the audit performed by the Independent Auditor, BDO Toyo & Co., are appropriate.

May 25, 2015

Mitsubishi Gas Chemical Company, Inc. Audit & Supervisory Board

Standing Audit & Supervisory Board Member
Kunio Oya

Standing Audit & Supervisory Board Member
Jin Hata

Standing Audit & Supervisory Board Member
(Outside Audit & Supervisory Board Member)
Takashi Kimura

Outside Audit & Supervisory Board Member
Yasuomi Matsuyama

- END -