Attached Documentation disclosed on the Internet regarding the Convocation Notice of the 88th Ordinary General Meeting of Shareholders

(i) Notes to Consolidated Financial Statements
(ii) Notes to Non-consolidated Financial Statements

Documents listed above, which should be attached to the convocation notice of the 88th ordinary general meeting of shareholders, are disclosed on MGC's website in accordance with laws and regulations and the provisions of Article 15 of the Articles of Incorporation of MGC.

MITSUBISHI GAS CHEMICAL COMPANY, INC.

This is attached document regarding the Notice of the 88th Ordinary General Meeting of Shareholders. This document has been translated from the Japanese original FOR REFERENCE PURPOSES ONLY. In the event of any discrepancy between this translated document and the Japanese original, THE ORIGINAL SHALL PREVAIL. The Company assumes NO RESPONSIBILITY for this translation or for direct, indirect or any other forms of damages arising from the translation.

(Notes to Consolidated Financial Statements)

Notes Related to Important Basis for the Preparation of Consolidated Financial Statements

Matters Related to the Scope of Consolidation

1. Number of consolidated subsidiaries and names of major consolidated subsidiaries, etc.
   Number of consolidated subsidiaries: 76
   Names of major consolidated subsidiaries:
   Japan Finechem Company, Inc., Kokua Sangyo Co., Ltd., JSP Corporation, JSP International Group Ltd., Fudow Company Limited, MGC Pure Chemicals America,Inc., MGC Filsheet Co., Thai Polyacetal Co.,Ltd., Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd., MGC Electrotechno Co., Ltd., MGC Electrotechno (Thailand) Co.,Ltd., Tokyo Shokai, Ltd., Ryoko Chemical Co., Ltd., Ryoyo Trading Co., Ltd., Mitsubishi Gas Chemical Singapore Pte. Ltd., Mitsubishi Gas Chemical America, Inc. and MGC Montney Holdings Ltd.

   A.G. International Chemical Co., Inc. is excluded from the scope of consolidation due to decrease in significance resulting from termination of business activities.
   JSP Corporation and JSP International Group Ltd. and 34 other companies are included in the scope of consolidation due to the additional acquisition in JSP Corporation.
   Due to the establishment and additional investment in MGC Montney Holdings Ltd., its significance has increased, and it is included in the scope of consolidation.

2. Names, etc., of major non-consolidated subsidiaries
   Names of major non-consolidated subsidiaries:
   Ageless (Thailand) Co., Ltd.
   Reasons for exclusion from scope of consolidation:
   Non-consolidated subsidiaries are excluded from the scope of consolidation due to the fact that the net assets, sales, net income or loss, retained earnings corresponding to MGC's interest in said companies are small and do not have a significant impact overall on the consolidated financial statements.

Matters Related to Equity Method

1. Number and names, etc., of non-consolidated subsidiaries and affiliates not accounted for under equity method
   Number of equity method non-consolidated subsidiaries: 1
   Names of major non-consolidated subsidiaries:
   JSP Foam Products Hong Kong Ltd.

   JSP Foam Products Hong Kong Ltd. was included in the scope of application of the equity method due to additional acquisition in JSP Corporation.

   Number of equity method affiliates: 12
   Names of major affiliates:
   Japan Saudi Arabia Methanol Co., Inc., Metanol De Oriente, Metor, S. A., Brunei Methanol Company Sdn. Bhd., Mitsubishi Engineering-Plastics Corporation, Korea Engineering Plastics Co., Ltd., Thai Polycarbonate Co., Ltd., Japan U-Pica Company Ltd.

Japan Acryace Corporation is excluded from the scope of application of the equity method due to the sale of stock.
Due to the termination of business activities, the significance of Mizushima Aroma Company, Ltd. has been reduced, and it is excluded from the scope of application of the equity method.
Due to additional acquisition in JSP Corporation, it is excluded from the scope of application of the equity method, and is included in the scope of consolidation. Additionally, Sanin Kasei Co., Ltd., which is an equity method affiliate of JSP Corporation, is included in the scope of application of the equity method.

2. Names, etc., of non-consolidated subsidiaries and affiliates not accounted for under equity method
Names of major companies, etc.:
(Non-consolidated subsidiaries)
Ageless (Thailand) Co., Ltd.
(Affiliates)
Polyxylenol Singapore Pte. Ltd.
Reasons for not applying equity method:
The equity method was not applied to these non-consolidated subsidiaries and affiliates since the net income and loss, retained earnings, and the like corresponding to MGC's interest in said companies are small and do not have a significant impact overall on the consolidated financial statements.

Matters Related to Business Year, etc., of Consolidated Subsidiaries

The business years of the consolidated subsidiaries are the same as the consolidated fiscal year with the exception of MGC Pure Chemicals Singapore Pte. Ltd., MGC Pure Chemicals Taiwan, Inc., and 31 other companies. In the case of the foregoing companies, December 31 marks the end of the business year, and non-consolidated financial statements as of said date are used. However, adjustment required in terms of consolidated statements is made with respect to major transactions taking place from January 1 to the end of the consolidated fiscal year.

Mitsubishi Gas Chemical Singapore Pte. Ltd., Mitsubishi Gas Chemical America, Inc., MGC Pure Chemicals America, Inc., Thai Polyacetal Co., Ltd. And MGC Electrotechno (Thailand) Co., Ltd. changed their fiscal closing date to March 31. Profits or losses of these companies in the period between January 1, 2014 and March 31, 2014 were recorded directly in retained earnings. As a result, retained earnings increased by ¥160 million.

Matters Related to Accounting Standards

1. Valuation Standard and Method for Securities
Held-to-Maturity securities: Amortized cost method (straight-line method)
Available-for-sale securities
Securities with fair value: Market value method based mainly on the average market price and the like for the month prior to the closing of the fiscal year (revaluation variances are all included directly in net assets and costs of sales are calculated by the moving average method)
Securities without fair value: Moving average cost method

2. Valuation Standard and Method for Inventories
Mainly periodic average cost method (The amounts on the balance sheet have been calculated using the cost accounting method of reducing book value based on declining profitability.)

3. Valuation Standard for Derivatives
   Mainly market value method

4. Depreciation of Fixed Assets
   Property, plant and equipment (except for lease assets):
   MGC and its consolidated companies: Mainly straight-line method
   Intangible fixed assets (except for lease assets):
   Straight-line method
   The expenses for internal use computer software are amortized by the straight-line method over the estimated useful lives (5 years).
   Lease assets:
   Finance lease transactions that do not transfer ownership to the lessee
   Straight-line method for the duration of the lease period with a remaining balance of zero. Of the finances lease transactions that do not transfer ownership to the lessee, transactions that commenced on or before March 31, 2008 are accounted for in the same manner as ordinary operating lease transactions.

5. Accounting Standards for Allowances
   Allowance for doubtful accounts:
   Estimated uncollectible amounts are accounted for based on historical loan loss ratios in the case of general receivables and based on case-by-case examination of collectability in the case of specific receivables, including doubtful receivables, in preparation against loss from the inability to collect on accounts receivable, loans, and the like.
   Provision for bonuses:
   Estimated bonus payments for the current consolidated fiscal year are accounted for in preparation for payment of bonuses to employees.
   Provision for business structure improvement:
   A reasonably estimated future loss amount is accounted for in preparation for loss expected to be incurred in line with the business structure reform of unprofitable businesses.
   Provision for directors' retirement benefits:
   MGC and some of its consolidated subsidiaries account for an amount to be paid to Corporate Officers at the end of the fiscal year pursuant to internal rules in preparation for payment of retirement and severance benefits to Directors and Executive Officers.
   Provision for environment measures:
   An estimated amount of disposal and transport costs of polychlorinated biphenyl wastes, based on the handling cost publicized by Japan Environment Safety Corporation, is accounted for to cover the cost of properly disposing of said chemical waste as required by the Law for Promotion of Correct Waste Disposal of Polychlorinated Biphenyls.

6. Hedge Accounting Methods
   Hedge accounting methods:
   “Exceptional accounting” (tokurei-shori) is applied to interest rate swaps that qualify for exceptional accounting.
   Hedging instruments and hedged items:
   Interest rate swaps hedge against interest rate transactions involved in borrowings.
   Hedging policy:
   MGC follows the policy of utilizing hedging instruments in the amount of the actual demand based on the maximum limit of the derivative transactions and does not enter into derivative transactions for speculative purposes.

7. Depreciation Method and Period for Goodwill
   Periods for which the effects of investments are generated are estimated for each investment target, and are depreciated within 20 years using the straight-line method.

8. Other significant matters for preparing the consolidated financial statements
   1) Recognition of net defined benefit liability
      To prepare for the payment of retirement and severance benefits to employees, the amount of accrued pension liabilities minus pension assets is recorded as net defined benefit liability, based on the estimated amount at the end of the current fiscal year.
      MGC has a retirement and severance trust.
      In the calculation of estimated retirement and severance benefits, the method for attributing estimated retirement and severance benefits to the period up to the end of the current fiscal year is based on the benefit formula standard.
      Unrecognized prior service cost is amortized by the straight-line method over a portion (10 years) of the estimated average remaining service years of employees at the time the cost was incurred.
      Unrecognized actuarial gain or loss is amortized mainly by the declining balance method over a portion (10 years) of the estimated average of remaining service years of employees from the following fiscal year.
      Unrecognized actuarial gain or loss and unrecognized prior service cost are recorded as remeasurements of defined benefit plans in accumulated other comprehensive income under net assets, after adjustment of tax effects.
   2) Accounting Method for Consumption Tax, etc.
      They are accounted for based on the tax segregation method.

Notes on changes in accounting policy

1. Application of Accounting Standard for Retirement Benefits, etc.

   The “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015) were applied with respect to the provisions specified in the main clause of Section 35 of the Accounting Standard for Retirement Benefits and the main clause of Section 67 of the Guidance on the Accounting Standard for Retirement Benefits effective the current fiscal year to revise the calculation method of accrued pension liabilities and service cost. Accordingly, the method of attributing expected benefit to periods is changed from straight-line basis to benefit formula basis, and the method of determining the discount rate is changed from the method based on a rate corresponding to the expected average remaining working lives of employees to the method of using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment.
   The application of the Accounting Standard for Retirement Benefits and its Guidance by MGC is subject to the tentative treatment provided for in Section 37 of the Accounting Standard for Retirement Benefits. Consequently, the effects of the changes in the calculation method of accrued pension liabilities and service cost were recognized in retained earnings at the beginning of the current fiscal year.
   As a result, as of the beginning of the current fiscal year, net defined benefit liability increased by ¥270 million and retained earnings decreased by ¥52 million. The effect of this change on operating income, ordinary income and income before income taxes and minority interests in the current fiscal year was immaterial.

2. Changes in 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, has changed its primary method to the inspection method.

Upon evaluating the Group's standards for recording sales, it was decided that by changing the standards for recording sales at MGC and domestic consolidated subsidiaries mainly to the inspection method, the actual economic state of companies would be more accurately reflected. Furthermore, although the Group's foreign consolidated subsidiaries record net sales primarily via the inspection method, the Group believes that it is important to unify the standard for recording sales within the Group, and has been advancing the changing of the standard of recording sales. Since preparations for the above change are now complete, the primary standard for recording sales at MGC and domestic consolidated subsidiaries has been changed to the inspection method.

The above change to accounting standards has been retroactively applied.

Additionally, the cumulative effect amount has been reflected in net assets at the beginning of the current fiscal year, causing the balance of retained earnings to decrease by ¥279 million.

Notes on Consolidated Balance Sheet

1. Collateralized Assets and Secured Debts

Collateralized assets are as follows:

	(millions of yen)
Land	6,233
Buildings and structures	2,593
Machinery, equipment and vehicles	2,680
Investments in securities (Note)	15,424
Total	26,932

Note: ¥14,539 million in shares of Brunei Methanol Company Sdn, Bhd., ¥46 million in shares of Mizushima Eco-works Co., Ltd., and ¥838 million in shares of Yuzawa Geothermal Power Corporation are collateralized for their respective loans.

Secured debts are as follows:

	(millions of yen)
Short-term debt	370
Long-term debt scheduled for repayment within one year	556
Long-term debt	1,258
Total	2,185

2. Cumulative depreciation of property, plant and equipment: ¥540,224 million

Cumulative depreciation includes cumulative impairment loss on fixed assets.

3. Guarantees: ¥3,074 million

4. Repurchase obligations relating to assignment of notes receivable: ¥12 million

Notes on Consolidated Statement on Changes in Net Assets

1. Matters Related to Issued and Outstanding Shares
   Common Stock: 483,478,398 Shares

2. Matters Related to Dividends
   (1) Dividends Paid

Resolution	Class of Stock	Total Amount of Dividends	Dividend per Share	Record Date	Effective Date
Board of Directors' Meeting; May 26, 2014	Common	¥2,710 million	¥6.00	March 31, 2014	June 6, 2014
Board of Directors' Meeting; November 5, 2014	Common	¥3,161 million	¥7.00	September 30, 2014	December 5, 2014

   (2) Dividends for Which Record Date Falls in Current Consolidated Fiscal Year but Effective Date Falls in Following Consolidated Fiscal Year

Resolution	Class of Stock	Total Amount of Dividends	Resource	Dividend per Share	Record Date	Effective Date
Board of Directors' Meeting; May 26, 2015	Common	¥3,161 million	Retained Earnings	¥7.00	March 31, 2015	June 8, 2015

Notes on Financial Instruments

1. Matters Relating to the Conditions of Financial Instruments
   (1) Policy on Financial Instruments
   The MGC Group primarily takes the plans for future cash flow into account when procuring necessary funds (mainly through bank loans and bond issues). Temporary surplus of funds is managed through secure financial assets and short-term working capital is financed through bank loans. The MGC Group uses derivatives for the purpose of mitigating the risks described below and does not engage in transactions for speculative purposes.
   (2) Contents and Risk of Financial Instruments
   Trade notes and accounts receivable are trade receivables, which are subject to the credit risks of the customers. Trade notes and accounts payable are trade liabilities due within one year. Although a portion of the Group's trade receivables and trade liabilities, being denominated in foreign currencies, are subject to risks associated with changes in the foreign currency exchange rates, the net position is basically hedged through the use of forward exchange contracts.
   Short-term investments and investments in securities mainly comprise held-to-maturity bonds and stocks of companies with which the Group has business relations, and are subject to risks associated with fluctuations of their market prices.
   Borrowings, bonds and lease liabilities associated with finance leases are used primarily for procuring the necessary funds for capital expenditures and working capital. Although a portion of these funds, having floating interest rates, is subject to risks associated with fluctuating interest rates, such risks are hedged through the use of derivative transactions (interest rate swap agreements).
   Derivative transactions include forward exchange contracts used for the purpose of hedging against risks of exchange rate fluctuations of foreign-currency denominated receivables and liabilities, and interest rate and currency swap contracts used for the purpose of hedging against risks associated with the payment of interest and changes in the currency exchange rates of loans.
   For methods of hedge accounting, hedging targets and hedging policies, please refer to "Methods of Hedge Accounting" under "Matters Related to Accounting Standards," stated above.

(3) System of Risk Management for Financial Instruments

1) Management of Credit Risks (risks associated with breach of contract by the customer)

MGC and its consolidated subsidiaries, in accordance with the Rules on the Management of Trade Receivables, manage their operating receivables by having the Sales Administration Department at each Division regularly monitor the status of their major customers and keep track of the payment dates and outstanding balances of each customer, while also enabling early recognition and mitigation of cases where there is concern for collection due to deteriorating financial conditions and other factors. Held-to-maturity bonds, pursuant to the Rules on Investment of Surplus Funds, are managed as bonds that may be converted into cash at any time.

The maximum risk amount as of the end of current fiscal year has been represented as the Consolidated Balance Sheet Amount of financial assets subject to credit risk.

2) Management of Market Risks (risks associated with changes in exchange and interest rates)

MGC and its consolidated subsidiaries, in accordance with the Financial Rules and the Rules for the Management of Derivatives, engage in transactions entailing market risks only after the division in charge of finances has obtained the approval of the officer in charge or other authorized decision-making parties.

Risks associated with trade receivables/trade obligations denominated in foreign currencies and surplus funds that have been monitored on a monthly basis and according to each currency are basically hedged through the use of forward exchange contracts. Additionally, interest rate and currency swap contracts are used to hedge against the risks associated with the payment of interest and changes in the currency exchange rates of loans.

In terms of short-term investment securities and investments in securities, their fair values and the financial status of the issuers (customers) are monitored on a regular basis; while the holding status of securities classified in categories other than held-to-maturity bonds are continuously reviewed.

3) Management of Liquidity Risk (risk of not being able to execute payment on payment date)

MGC and its consolidated subsidiaries manage liquidity risks by having the divisions in charge of finances prepare and update cash flow plans, as necessary, and maintain a certain level of liquidity at hand.

(4) Supplementary Explanation of Matters Relating to the Fair Value of Financial Instruments and Others

Fair values of financial instruments include the values based on market prices, and the values obtained by reasonable estimates when the financial instruments do not have market prices. Since certain variable factors are incorporated into such calculations, they may differ when adopting different assumptions.

2. Matters Relating to the Fair value of Financial Instruments and Others

The following are the consolidated balance sheet amounts, fair values and differences between them as of March 31, 2015.

Financial instruments whose fair values are extremely difficult to determine have been excluded from the table (see (Note 2)).

	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and deposits	62,327	62,327	—
(2) Notes and accounts receivable-trade	152,711	152,711	—
(3)Short-term investment securities and investments in securities	78,527	76,655	(1,872)
Total assets	293,567	291,695	(1,872)
(1)Notes and accounts payable-trade	79,323	79,323	—
(2)Short-term loans payable	104,155	104,155	—
(3)Accrued expenses	14,676	14,676	—
(4)Lease obligations (current liabilities)	1,474	1,474	—
(5)Corporate bonds	25,000	24,991	(8)
(6)Long-term loans payable	69,932	70,875	942
(7)Lease obligations (noncurrent liabilities)	15,052	15,078	26
Total liabilities	309,615	310,574	959
Derivative transactions			
1)Derivative transactions not qualifying for hedge accounting	(245)	(245)	—
2)Derivative transactions qualifying for hedge accounting	—	(49)	(49)
Total derivative transactions	(245)	(294)	(49)

(*) Net receivables and liabilities generated through derivative transactions are presented as net amounts and in cases where the total amount represents a net liability, such amounts have been put in parentheses.

Notes: 1. Calculation Method of Fair Value of Financial Instruments

Assets

(1) Cash and deposits and (2) Notes and accounts receivable - trade

As these assets are settled in a short period of time, their fair values are deemed nearly equivalent to their book values. Consequently, their fair values are calculated from their book values.

(3) Short-term investment securities and investments in securities

The fair values of stocks are calculated on the basis of stock prices quoted by the stock exchanges, while the fair values of bonds are calculated on the basis of prices quoted by the stock exchanges or prices indicated by the financial institutions that are the counterparties to the transactions.

Liabilities

(1) Notes and accounts payable - trade, (2) Short-term loans payable, (3) Accrued expenses and (4) Lease obligations (current liabilities)

As these liabilities are settled in a short period of time, their fair values are deemed nearly equivalent to their book values. Consequently, their fair values are calculated from their book values.

(5) Corporate bonds

The fair values of bonds issued by MGC are calculated on the basis of their market prices.

(6) Long-term loans payable and (7) Lease obligations (noncurrent liabilities)

The fair values of these liabilities are measured based on the present value of future cash flows of principal and interest, discounted at an interest rate that would be charged for a newly financed similar loan or lease transaction.

Derivative transactions

The fair values of derivative transactions are calculated on the basis of prices indicated by the financial institutions that are the counterparties to the transactions.

2. Financial Instruments whose Fair Values are Deemed to be Extremely Difficult to Determine

	Consolidated Balance Sheet Amount
Unlisted stocks (*1)	¥103,860 million

(*1) As unlisted stocks have no market value, and in light of the extreme difficulty of determining their fair value, they have been excluded from "Assets (3) Short-term investment securities and investments in securities."

Notes on Rental Property

Matters Concerning the Status and Fair Value of Rental Property

1. Outline of Rental Property
   MGC and a portion of its subsidiaries own land and buildings for rent in Tokyo and in other areas.

2. The Consolidated Balance Sheet Amount of Rental Property, Major Changes Thereof during the Fiscal Year, the Fair Value Thereof as of the Fiscal Year-end and the Method for Calculation of Fair Value

Consolidated Balance Sheet Amount			Fair value as of March 31, 2015
Balance as of April 1, 2014	Changes during fiscal year	Balance as of March 31, 2015	
¥3,238 million	¥2,437 million	¥5,675 million	¥9,073 million

Notes: 1. The consolidated balance sheet amount is the amount of acquisition cost less cumulative depreciation and cumulative impairment loss.
2. Major changes
Increase: Increase in rental property of JSP Corporation due to consolidation of JSP Corporation: ¥1,945 million
3. Method for calculation of fair value
The amount is based primarily on indices including roadside land prices.

3. Profit or Loss Relating to Rental Property
   Profit or loss from rent on rental property: ¥335 million

Notes on Per Share Information

Net Assets per Share ¥835.23
Net Income per Share ¥98.26

Other Notes

1. Notes on loss on impairment
   Material loss on impairment

Location	Use	Type	Loss on impairment
Toyota-shi, Aichi	Manufacturing facilities for electronic materials	Machinery and equipment etc.	¥519 million

MGC and consolidated subsidiaries make grouping assets for business use based on management accounting classification in which profit and loss are continuously monitored, in principle, and monitor idle assets by individual asset.
The book value of electronic materials manufacturing equipment held by the consolidated subsidiary was reduced to the recoverable amount due to the decline in profitability.
The recoverable amounts were measured by net realizable values.
Information of impairment losses other than the above is omitted because of immateriality.

2. Notes on expenditure on business structure improvement

Expenditure on business structure improvement is an expense incurred in connection with business structural reform, with which the MGC Group is pushing ahead, of unprofitable businesses in the Aromatic Chemicals Segment and the Natural Gas Chemicals Segment of MGC.
The components of expenditure on business structure improvement are provision for business structure improvement of ¥446 million, loss on impairment of ¥414 million and other loss of ¥141 million.

Material loss on impairment included in expenditure on business structure improvement

Location	Use	Type	Loss on impairment
Niigata-shi, Niigata	Manufacturing facilities for natural gas chemicals	Machinery and equipment etc.	¥402 million

MGC makes grouping assets for business use based on management accounting classification in which profit and loss are continuously monitored, in principle, and monitors idle assets by individual asset.
The book value of some manufacturing facilities for natural gas chemicals was reduced to the recoverable amount based on the decision to terminate production. Accordingly, such reduction was included in expenditure on business structure improvement and recognized in extraordinary loss.
The recoverable amount was measured by value in use. Future cash flows is not discounted because the manufacturing facilities have a remaining value in use of approximately one year, and as this is not significant with regard to calculation of recoverable amounts.
Information of impairment losses other than the above is omitted because of immateriality.

3. Revisions to amounts of deferred tax assets and deferred tax liabilities due to changes, etc., in the income tax, etc.

The Act on Partial Amendment to the Income Tax Act, etc. (Act No. 9 of 2015) and the "Act on Partial Amendment to the Local Tax Act" (Act No. 2 of 2015) were promulgated on March 31, 2015 and the income tax, etc., will be lowered, etc., from the fiscal year beginning on and after April 1, 2015. Due to this amendment, the effective statutory tax rate used in the calculation of deferred tax assets and deferred tax liabilities for temporary differences which are expected to be reversed in the fiscal year beginning on April 1, 2015 will be changed to 33.1%, and for temporary differences which are expected to be reversed in and after the fiscal year beginning on April 1, 2016 will be changed to 32.3%, respectively, from the previously applied 35.6%.
Due to this change in the tax rate, the amount of deferred tax liabilities (less the amount of deferred tax assets) decreased by ¥812 million and income taxes – deferred increased by ¥111 million, valuation difference on available-for-sale securities increased by ¥937 million and remeasurements of defined benefit plans decreased by ¥2 million.
Additionally, the upper limit for deductions in the carry-forward deduction system for deficits has been revised to 65/100 of pre-carry-forward deduction income for fiscal years beginning on or after April 1, 2015, and to 50/100 of pre-carry-forward deduction income for fiscal years beginning on or after April 1, 2017. As a result, deferred tax assets decreased by ¥102 million, and income taxes – deferred increased by ¥102 million.

4. Amounts less than ¥1 million are rounded off.

(Notes to Non-consolidated Financial Statements)

Notes Related to Important Accounting Principles

1. Valuation Standard and Method for Securities
   Held-to-Maturity Securities:
   Amortized cost method (straight-line method)
   Interest in Subsidiaries and Affiliates:
   Moving average cost method
   Other Securities
   Securities with fair value: Market value method based mainly on the average market price and the like for the month prior to the closing of the fiscal year (revaluation variances are all included directly in net assets, and costs of sales are calculated by the moving average method)
   Securities without fair value: Moving average cost method

2. Valuation Standard and Method for Inventories:
   Total average cost method (The amounts on the balance sheet have been calculated using the cost accounting method of reducing book value based on declining profitability.)

3. Valuation Standard for Derivatives: Market value method

4. Depreciation of Fixed Assets
   Tangible Fixed Assets (except for lease assets):
   Straight-line method

   Intangible Fixed Assets (except for lease assets):
   Straight-line method
   The expenses for internal use computer software are amortized by the straight-line method over the estimated useful lives (5 years).
   Lease assets:
   Finance lease transactions that do not transfer ownership to the lessee
   Straight-line method for the duration of the lease period with a remaining balance of zero. Of the finances lease transactions that do not transfer ownership to the lessee, transactions that commenced on or before March 31, 2008 are accounted for in the same manner as ordinary operating lease transactions.

5. Accounting Standards for Reserves
   Allowance for doubtful accounts:
   Estimated uncollectible amounts are accounted for based on historical loan loss ratios in the case of general receivables and based on case-by-case examination of collectability in the case of specific receivables, including doubtful receivables, in preparation against loss from the inability to collect on accounts receivable, loans, and the like.
   Provision for bonuses:
   Estimated bonus payments for the current fiscal year are accounted for in preparation for payment of bonuses to employees.
   Provision for business structure improvement:
   A reasonably estimated future loss amount is accounted for in preparation for loss expected to be incurred in line with the business structure reform of unprofitable businesses.

Provision for retirement benefits:

An amount based on estimated accrued pension liabilities and pension assets as of the end of the current fiscal year is accounted for in preparation for payment of retirement and severance benefits to employees.

MGC has a retirement and severance trust.

In the calculation of accrued pension liabilities, the method for attributing estimated retirement and severance benefits to the period up to the end of the current fiscal year is based on the benefit formula standard.

Prior service cost is amortized by the straight-line method over a portion (10 years) of the estimated average remaining service years of employees at the time the cost was incurred.

Unrecognized actuarial gain or loss is amortized by the declining balance method over a portion (10 years) of the estimated average of remaining service years of employees from the following fiscal year.

Provision for directors' retirement benefits:

MGC accounts for an amount payable at the end of the fiscal year pursuant to internal rules in preparation for payment of retirement benefits to corporate officers and Executive Officers under the reserved retirement benefit system for benefits to be paid upon retirement for the same.

Provision for environmental measures:

An estimated amount of disposal and transport costs of polychlorinated biphenyl wastes, based on the handling cost publicized by Japan Environment Safety Corporation, is accounted for to cover the cost of properly disposing of said chemical waste as required by the Law for Promotion of Correct Waste Disposal of Polychlorinated Biphenyls.

6. Hedge Accounting Methods

Hedge accounting methods:

"Exceptional accounting" (tokurei-shori) is applied to interest rate swaps that qualify for exceptional accounting.

Hedging instruments and hedged items:

Interest rate swaps hedge against interest rate transactions involved in borrowings.

Hedging policy:

MGC follows the policy of utilizing hedging instruments in the amount of the actual demand based on the maximum limit of the derivative transactions and does not enter into derivative transactions for speculative purposes.

7. Other significant matters that form the basis for preparing the non-consolidated financial statements

Treatment of retirement benefits

The accounting method for unrecognized actuarial gain or loss and unrecognized prior service cost for retirement and severance benefits is different from the accounting method for these items in the consolidated financial sheet.

Accounting Method for Consumption Tax, etc.

They are accounted for based on the tax segregation method.

Notes on changes in accounting policy

1. Application of Accounting Standard for Retirement Benefits, etc.

The "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015) were applied effective the current fiscal year to revise the calculation method of accrued pension liabilities and service cost. Accordingly, the method of attributing expected benefit to periods is changed from straight-line basis to benefit formula basis, and the method of determining the discount

rate is changed from the method based on a rate corresponding to the expected average remaining working lives of employees to the method of using a single weighted average discount rate reflecting the estimated timing and amount of benefit payment.

The application of the Accounting Standard for Retirement Benefits and its Guidance by MGC is subject to the tentative treatment provided for in Section 37 of the Accounting Standard for Retirement Benefits. Consequently, the effects of the changes in the calculation method of accrued pension liabilities and service cost were recognized in retained earnings brought forward at the beginning of the current fiscal year.

As a result, as of the beginning of the current fiscal year, provision for retirement benefits increased by ¥223 million and retained earnings brought forward decreased by ¥223 million. The effect of this change on operating income, ordinary income and income before income taxes in the current fiscal year was immaterial.

2. Changes in standards for recording sales

MGC had previously recorded net sales on a delivery basis, but from the current fiscal year, has changed to the inspection method.

Upon evaluating MGC's standards for recording sales, it was decided that by changing the standards for recording sales to the inspection method, the actual economic state of MGC would be more accurately reflected.

The above change to accounting standards has been retroactively applied, and the cumulative effect amount has been reflected the book value of net assets at the beginning of the current fiscal year.

As a result, the balance at the beginning of the fiscal year after retroactive application for retained earnings brought forward found within retained earnings on the statement of changes in net assets decreased by ¥239 million.

Notes on Non-consolidated Balance Sheet

1. Collateralized Assets

Collateralized assets are as follows:

	(millions of yen)
Investments in securities (Note 1)	46
Stocks of subsidiaries and affiliates (Note 2)	11,306

Notes: 1. ¥46 million of investments in securities are collateralized for the loans of Mizushima Eco-works Co., Ltd.
2. ¥11,306 million of stocks of subsidiaries and affiliates are collateralized for the loans of Brunei Methanol Company Sdn. Bhd. And Yuzawa Geothermal Power Corporation.

2. Cumulative depreciation of property, plant and equipment: ¥289,345 million

Cumulative depreciation includes cumulative impairment loss on fixed assets.

3. The amount of accelerated depreciation due to expropriation and the like deducted from the acquisition value of property, plant and equipment was ¥1,701 million, and the breakdown thereof was ¥791 million in buildings, ¥439 million in structures, ¥449 million in machinery and equipment, and ¥20 million in tools and appliances.

4. Guarantees

Loans of affiliates and other companies guaranteed:	¥37,622 million

5. Receivables from and Payables to Affiliates

Short-term receivables	¥81,209 million
Long-term receivables	¥1,838 million
Short-term payables	¥41,276 million

Notes on Non-consolidated Statement of Income

Volume of Transaction with Affiliates

Volume of Business Transactions

Sales	¥231,415 million
Purchase	¥154,720 million
Volume of Non-Business Transactions	¥49,105 million

Note on Non-consolidated Statement on Changes in Net Assets

Class and number of treasury stock as of the end the current fiscal year:

Common Stock	31,819,177 Shares

Note on Deferred Tax Accounting

Major Components of Deferred Tax Assets and Liabilities

Major components of deferred tax assets

Retained Loss	¥9,976 million
Matters related to retirement and severance benefits	¥5,931 million

Deferred tax assets are presented net of valuation allowance.

Major components of deferred tax liabilities

Gain on contribution of securities to retirement benefit trust	(¥1,481 million)
Reserve for advanced depreciation of noncurrent assets	(¥1,301 million)

(Additional information)

Revisions to amounts of deferred tax assets and deferred tax liabilities due to changes, etc., in the income tax, etc.

The Act on Partial Amendment to the Income Tax Act, etc. (Act No. 9 of 2015) and "Act on Partial Amendment to the Local Tax Act" (Act No. 2 of 2015) were promulgated on March 31, 2015 and the income tax, etc., will be lowered, etc., from the fiscal year beginning on and after April 1, 2015. Due to this revision, the effective statutory tax rate used in the calculation of deferred tax assets and deferred tax liabilities for temporary differences which are expected to be reversed in the fiscal year beginning on April 1, 2015 will be changed to 33.1%, and for temporary differences which are expected to be reversed in and after the fiscal year beginning on April 1, 2016 will be changed to 32.3%, respectively, from the previously applied 35.6%.

Due to this change in the tax rate, the amount of deferred tax liabilities (less the amount of deferred tax assets) decreased by ¥941 million and income taxes – deferred decreased by ¥57 million, and valuation difference on available-for-sale securities increased by ¥884 million.

Additionally, the upper limit for deductions in the carry-forward deduction system for deficits has been revised to 65/100 of pre-carry-forward deduction income for fiscal years beginning on or after April 1, 2015, and to 50/100 of pre-carry-forward deduction income for fiscal years beginning on or after April 1, 2017. As a result, deferred tax assets decreased by ¥102 million, and income taxes – deferred increased by ¥102 million.

Notes on Use of Leased Fixed Assets

Matters relating to finance lease transactions that have not been accounted for in the same manner as ordinary buying and selling transactions

1. Amounts Equivalent to Acquisition Cost, Cumulative Depreciation and Year-end Balance of Leased Assets as of Last Day of FY2014

(millions of yen)

	Acquisition Cost	Depreciation	Year-end Balance
Machinery and Equipment	726	538	188
Total	726	538	188

2. Year-End Balance of Leasing Charge for Lease in Effect as of Last Day of FY2014

Within 1 Year	¥80 million
Over 1 Year	¥107 million
Total	¥188 million

Notes on Transactions with Affiliated Companies

Subsidiaries and Affiliates, etc.

(millions of yen)

Attribute	Name of Company	% Voting Rights Owned	Relationship with Affiliated Company	Description of Transaction	Transaction Volume (Note 5)	Class	Year-End Balance (Note 5)
Subsidiary	MGC Finance Co., Ltd.	100% direct ownership	Borrowing funds, etc.	Borrowing funds (Note 1)	--	Short-term loans payable	8,941
				Guarantee of debts (Note 2)	5,000	--	--
Subsidiary	Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd.	91.05% direct ownership	Guarantee of debts, etc.	Guarantee of debts (Note 2)	19,990	--	--
				Purchase of engineering-plastics product (Note 3)	3,758	--	--
Subsidiary	MGC Electrotechno (Thailand) Co., Ltd.	100% indirect ownership	Guarantee of debts, etc.	Guarantee of debts (Note 2)	5,986	--	--
Affiliate	Brunei Methanol Company Sdn. Bhd.	50% direct ownership	Provision of collateral, etc.	Provision of collateral (Note 4)	12,771	--	--

Notes: 1. Loans related to Group financing; the loan terms are based on market interest rates.
2. MGC is guaranteeing the loans of its affiliates without compensation.
3. MGC purchased the subsidiary's product in purpose of supporting its business.
4. MGC has provided shares of Brunei Methanol Company Sdn. Bhd. that it holds as collateral on Brunei Methanol Company Sdn. Bhd.'s borrowings from financial institutions. MGC has not received any cash in return for this provision of collateral. Transaction volumes show balances of liabilities covered by collateral at the end of the fiscal year.
5. Consumption tax and other taxes are not included in the transaction volumes, but are included in the year-end balances.

Notes Related to Per Share Information

Net Asset per Share	¥492.90
Net Income per Share	¥94.89

Other Notes

1. Note on Expenditure on business structure improvement
   Expenditure on business structure improvement is expense incurred in connection with the business structure reform, with which the MGC Group is pushing ahead, of unprofitable businesses in the Aromatic Chemicals Segment and the Natural Gas Chemicals Segment.
   The components of expenditure on business structure improvement are provision for business structure improvement of ¥446 million, loss on impairment of ¥414 million and other loss of ¥141 million.
2. Amounts less than ¥1 million are rounded off.

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