Attached Documentation disclosed on the Internet regarding the Convocation Notice of the 89th 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 89th 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 document is an attachment to the Notice of the 89th 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: 77
   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.

   Japan Acryace Corporation is excluded from the scope of consolidation due to decrease in significance. JSP Foam Products (Thailand) Co., Ltd. and JSP Plastics (Wuhan) Co., Ltd. are included in the scope of consolidation due to the establishment.

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 the Equity Method

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

   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.

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 the 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 33 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.

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): Mainly straight-line method

(Changes to accounting policies that are difficult to distinguish from accounting estimates, and changes to accounting estimates)

Some domestic consolidated subsidiaries beginning with the consolidated fiscal year under review have changed the method of depreciation of property, plant and equipment (except for certain items) from the declining balance method to the straight-line method.

As a result of investigating the state of use of property, plant and equipment during the formulation of the medium-term management plan, the Company estimates that this change would bring about long-term stability in output, operating ratio, etc., and it was determined that depreciation as a result of the straight-line method would more appropriately reflect the actual state of facilities usage.

Also as a result of investigating the economic life of property, plant and equipment during the investigation of depreciation method, the useful lives of property, plant and equipment of some domestic consolidated subsidiaries has been changed to useful lives based on a more realistic prediction of economic life.

As a result, compared to the situation presented by the conventional methods, operating income rose by ¥1,406 million while ordinary income and net income before income tax each grew by ¥1,414 million during the consolidated fiscal year under review.

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 life (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.

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 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 loss on liquidation of subsidiaries and associates

A reasonably estimated amount is accounted for in preparation for loss expected to be incurred in line with the liquidation of subsidiaries and associates.

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 Environmental Storage & 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:

Deferred hedge accounting methods are applied. Also, allocation treatment is applied to exchange fluctuation risk hedging in cases where requirements are met and “Exceptional accounting” is applied to interest rate swaps in cases where requirements are met.

Hedging instruments and hedged items:

Forward exchange contracts hedge against accounts receivable and payable denominated in foreign currencies and forecasted transactions denominated in foreign currency; 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.

Method of evaluation of effectiveness of hedging:

Comparision is made between market fluctuations of the hedges and or cumulative cash flow fluctuations, and market fluctuations of the hedging instruments and cumulative cash flow fluctuations, and effectiveness is evaluated based on the proportion of the amount of fluctuation. However, effectiveness evaluation is omitted for interest rate swaps applying exceptional accounting.

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 for tax effects.

2) Accounting Method for Consumption Tax, etc.

Tax segregation method is applied.

Notes on changes in accounting policy

Application of accounting standards, etc., regarding business combinations

"Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013. hereinafter "Business Combinations Accounting Standard"), "Accounting Standard for Consolidated Financial Statements") (ASBJ Statement No. 22, September 13, 2013. Hereinafter "Consolidated Accounting Standard"), "Accounting Standard for Business Divestures, Etc." (ASBJ Statement No. 7, September 13, 2013. Hereinafter "Business Divestures, Etc. Accounting Standard), etc. were applied beginning from the consolidated fiscal year under review, and in addition to recording differences resulting from the Company's change in equity in subsidiaries that the Company continues to control as capital surplus, the methods have changed to record costs relating to acquisitions in the consolidated fiscal year in which they occurred. Also, accounting for business combinations that take place after the beginning of the consolidated fiscal year under review will change to a method where a revision of acquisition costs distributed as the result of the settlement of temporary accounting methods will be reflected on the consolidated fiscal year in which the business combination occurred. Additionally,

changes in the presentation of net income, etc., as well as changes in the presentation from minority interests to non-controlling interests have been conducted.
Regarding the application of the Business Combinations Accounting Standard, transitional methods established in the Business Combinations Accounting Standard 58-2(4), the Consolidated Accounting Standard 44-5(4), and the Business Divestures, Etc. Accounting Standard 57-4(4) will be followed from the beginning of the consolidated fiscal year under review forward.
The effect of these changes on consolidated financial statements is minimal.

（Additional information）
The application of International Financial Reporting Standards to overseas subsidiaries and affiliates

In applying the equity method to the METANOL DE ORIENTE, METOR, S.A. (METOR), one of MGC's overseas affiliate, METOR's financial statements created in compliance with US-GAAP were previously used as the basis, but as of the fiscal year under review, METOR's financial statements created in compliance with IFRS will be used as the basis.

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 increase by ¥630 million.

Notes on Consolidated Balance Sheet

1. Collateralized Assets and Secured Debts
Collateralized assets are as follows:

	(millions of yen)
Land	5,942
Buildings and structures	2,208
Machinery, equipment and vehicles	3,472
Investments in securities (Note)	11,708
Total	23,331

Note: ¥10,490 million in shares of Brunei Methanol Company Sdn, Bhd., ¥46 million in shares of Mizushima Eco-works Co., Ltd., and ¥1,172 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	448
Current portion of long-term loans payable	492
Long-term debt	1,524
Total	2,465

2. Cumulative depreciation of property, plant and equipment: ¥537,914 million
Cumulative depreciation includes cumulative impairment loss on fixed assets.
3. Guarantees: ¥10,239 million
4. Repurchase obligations relating to assignment of notes receivable: ¥46 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, 2015	Common	¥3,161 million	¥7.00	March 31, 2015	June 8, 2015
Board of Directors' Meeting; November 5, 2015	Common	¥3,533 million	¥8.00	September 30, 2015	December 4, 2015

   (2) Dividends for Which Record Date Falls in the Current Consolidated Fiscal Year but Effective Date Falls in the 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, 2016	Common	¥3,533 million	Retained Earnings	¥8.00	March 31, 2016	June 9, 2016

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, 2016.

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	84,097	84,097	―
(2) Notes and accounts receivable-trade	136,401	136,401	―
(3) Short-term investment securities and investments in securities	45,155	43,309	(1,846)
Total assets	265,654	263,808	(1,846)
(1) Notes and accounts payable-trade	60,819	60,819	―
(2) Short-term loans payable	93,911	93,911	―
(3) Current portion of bonds	15,000	15,000	―
(4) Accrued expenses	14,772	14,772	―
(5) Lease obligations (current liabilities)	1,538	1,538	―
(6) Corporate bonds	10,000	9,810	(189)
(3) Long-term loans payable	46,947	46,678	(268)
(8) Lease obligations (noncurrent liabilities)	14,029	15,929	1,900
Total liabilities	257,018	258,460	1,442
Derivative transactions			
1) Derivative transactions not qualifying for hedge accounting	(134)	(134)	―
2) Derivative transactions qualifying for hedge accounting	―	(61)	(61)
Total derivative transactions	(134)	(195)	(61)

(*) 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 on the stock exchanges, while the fair values of bonds are calculated on the basis of prices quoted on 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) Current portion of bonds, (4) Accrued expenses and (5) 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.

(6) Corporate bonds

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

(7) Long-term loans payable and (8) 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)	¥105,398 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, 2016
Balance as of April 1, 2015	Changes during fiscal year	Balance as of March 31, 2016	
¥5,675 million	¥279 million	¥5,955 million	¥9,789 million

Notes: 1. The consolidated balance sheet amount is the amount of acquisition cost less cumulative depreciation and cumulative impairment loss.
2. Major changes
New rental in consolidated subsidiary: ¥267 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: ¥389 million

Notes on Per Share Information

Net Assets per Share ¥853.51
Net Income per Share ¥76.92

Notes on Significant Subsequent Event

Repurchase of Own Shares

At the Board of Directors' Meeting held on May 10, 2016, the directors of MGC resolved to repurchase its own shares pursuant to the provision of the Articles of Incorporation pursuant to the provision of the Article 459, paragraph 1 of the Companies Act of Japan.

(1) Reasons for Repurchase of Own Shares
To enhance shareholder returns, improve capital efficiency and conduct capital management flexibly.

(2) Type of shares to be repurchased
Ordinary shares of MGC

(3) Aggregate number of shares to be repurchased
Maximum of 10 million shares

(4) Aggregate amount of repurchase price
Up to ¥9,000,000,000

(5) Repurchase period
From May 11, 2016 to June 23, 2016

(6) Repurchase method
Market purchases method

Other Notes

1. Notes on loss on impairment

   Material loss on impairment

Location	Use	Type	Loss on impairment
Tokorozawa-shi, Saitama etc.	Manufacturing facilities for engineering plastics	Buildings, machinery and equipment etc.	¥615 million
Toyonaka-shi, Osaka	Manufacturing facilities for engineering plastics	Buildings, machinery and equipment etc.	¥719 million

   MGC and consolidated subsidiaries make their grouping of assets for business use based on management accounting classifications in which profit and loss are continuously monitored, in principle, and monitor idle assets by individual asset.
   The book value of manufacturing facilities for engineering plastics held by the consolidated subsidiary was reduced to the recoverable amount due to the decline in profitability. The components of loss on impairment are buildings and structures of ¥837 million, machinery, equipment and vehicles of ¥462 million and others of ¥35 million.
   The recoverable amounts were measured by net realizable values, which is primarily calculated based on fixed assets tax valuation amount.
   Information of impairment losses other than the above is omitted because of immateriality.

2. Notes on loss on liquidation of subsidiaries and associates

   Loss on liquidation of subsidiaries and associates is a loss incurred in connection with a decision of liquidation of a consolidated subsidiary.
   The components of loss on liquidation of subsidiaries and associates are loss on impairment of ¥528 million and provision for loss on liquidation of subsidiaries and associates of ¥517 million, etc.

   Material loss on impairment included in loss on liquidation of subsidiaries and associates

Location	Use	Type	Loss on impairment
Toyota-shi, Aichi	Manufacturing facilities for electronic materials	Buildings, Machinery and equipment etc.	¥528 million

   MGC and consolidated subsidiaries make their grouping of assets for business use based on management accounting classifications in which profit and loss are continuously monitored, in principle, and monitor idle assets by individual asset.

   The book value of manufacturing facilities for electronic materials held by the consolidated subsidiary was reduced to the recoverable amount based on the decision of liquidation. Accordingly, such reduction was included in loss on liquidation of subsidiaries and associates and recognized in extraordinary loss. The components of loss on impairment are buildings and structures of ¥305 million, machinery, equipment and vehicles of ¥113 million and others of ¥108 million.
   The recoverable amount was measured by net realizable values, which is primarily calculated based on estimated sales value.

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. 15 of 2016) and the "Act on Partial Amendment, etc. to the Local Tax Act" (Act No. 13 of 2016) were enacted in the National Diet of Japan on March 29, 2016 and the income tax, etc., will be lowered, etc., from the fiscal year beginning on and after April 1, 2016. Due to this amendment, the effective statutory tax rate used in the calculation of deferred tax assets and deferred tax liabilities for temporary differences, etc. which are expected to be reversed in the fiscal year beginning on April 1, 2016 and the fiscal year beginning on April 1, 2017 will be changed to 30.9%, and for temporary differences, etc. which are expected to be reversed in and after the fiscal year beginning on April 1, 2018 will be changed to 30.6%, respectively, from the previously applied 32.3%.

Due to this change in the tax rate, the amount of deferred tax liabilities (less the amount of deferred tax assets) decreased by ¥393 million and income taxes - deferred decreased by ¥145 million, valuation difference on available-for-sale securities increased by ¥244 million, deferred gains or losses on hedges decreased by ¥0 million and remeasurements of defined benefit plans decreased by ¥0 million.

Additionally, the upper limit for deductions in the carry-forward deduction system for deficits has been revised to 60/100 of pre-carry-forward deduction income for fiscal years beginning on or after April 1, 2016, to 55/100 of pre-carry-forward deduction income for fiscal years beginning on or after April 1, 2017, and to 50/100 of pre-carry-forward deduction income for fiscal years beginning on or after April 1, 2018. As a result, deferred tax assets decreased by ¥99 million, and income taxes – deferred increased by ¥99 million.

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

- End of Notes to Consolidated Financial Statements -

(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 life (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.

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 Environmental Storage & 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. Other significant matters that form the basis for preparing the non-consolidated financial statements

Hedge accounting methods

"Exceptional accounting" is applied to interest rate swaps in cases where requirements are met.

Accounting method for consumption tax, etc.

Tax segregation method is applied.

Accounting method for retirement benefits

The accounting method for unrecognized actuarial gain or loss and unrecognized prior service cost for retirement and severance benefits is different from that of consolidated financial statement.

Notes on changes in accounting policy

Application of accounting standards, etc., regarding business combinations

"Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013. hereinafter "Business Combinations Accounting Standard") and "Accounting Standard for Business Divestures, Etc." (ASBJ Statement No. 7, September 13, 2013. Hereinafter "Business Divestures, Etc. Accounting Standard), etc. were applied from the fiscal year under review, and the methods have changed to record costs relating to acquisitions in the fiscal year in which they occurred. Also, accounting for business combinations that take place after the beginning of the consolidated fiscal year under review will change to a method where a revision of acquisition costs distributed as the result of the settlement of temporary accounting methods will be reflected on the consolidated fiscal year in which the business combination occurred.

Regarding the application of the Business Combinations Accounting Standard, transitional methods established in the Business Combinations Accounting Standard 58-2(4) and the Business Divestures, Etc. Accounting Standard 57-4(4) will be followed from the beginning of the fiscal year under review forward.

There are no effect on financial statements with respect to these changes.

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)	11,640

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: ¥283,106 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 ¥1,612 million, and the breakdown thereof was ¥791 million in buildings, ¥439 million in structures, ¥330 million in machinery and equipment, and ¥20 million in tools and appliances.

4. Guarantees
Loans of affiliates and other companies guaranteed: ¥31,348 million

5. Receivables from and Payables to Affiliates

Short-term receivables	¥63,499 million
Long-term receivables	¥1,690 million
Short-term payables	¥31,208 million

Notes on Non-consolidated Statement of Income

Volume of Transaction with Affiliates
Volume of Business Transactions

Sales	¥179,656 million
Purchase	¥104,848 million
Volume of Non-Business Transactions	¥28,027 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 41,835,711 Shares

Note on Deferred Tax Accounting

Major Components of Deferred Tax Assets and Liabilities
Major components of deferred tax assets

Retained Loss	¥10,559 million
Matters related to retirement and severance benefits	¥5,361 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	(¥1,402 million)
Reserve for advanced depreciation of noncurrent assets	(¥1,179 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. 15 of 2016) and the “Act on Partial Amendment, etc. to the Local Tax Act” (Act No. 13 of 2016) were enacted in the National Diet of Japan on

March 29, 2016 and the income tax, etc., will be lowered, etc., from the fiscal year beginning on and after April 1, 2016. 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, 2016 and the the fiscal year beginning on April 1, 2017 will be changed to 30.9%, and for temporary differences which are expected to be reversed in and after the fiscal year beginning on April 1, 2018 will be changed to 30.6%, respectively, from the previously applied 32.3%.
Due to this change in the tax rate, the amount of deferred tax liabilities (less the amount of deferred tax assets) decreased by ¥217 million, and income taxes-deferred increased by ¥7 million and valuation difference on available-for-sale securities increased by ¥224 million.
Additionally, the upper limit for deductions in the carry-forward deduction system for deficits has been revised to 60/100 of pre-carry-forward deduction income for fiscal years beginning on or after April 1, 2016, to 55/100 of pre-carry-forward deduction income for fiscal years beginning on or after April 1, 2017 and to 50/100 of pre-carry-forward deduction income for fiscal years beginning on or after April 1, 2018.
As a result, deferred tax assets decreased by ¥99 million, and income taxes-deferred increased by ¥99 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)	7,348	Short-term loans payable	6,773
Subsidiary	Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd.	91.05% direct ownership	Guarantee of debts, etc.	Guarantee of debts (Note 2)	15,784	--	--
				Purchase of engineering-plastics product (Note 3)	4,036	Accrued expenses	76
Subsidiary	MGC Electrotechno (Thailand) Co., Ltd.	100% indirect ownership	Guarantee of debts, etc.	Guarantee of debts (Note 2)	4,424	--	--
Affiliate	Brunei Methanol Company Sdn. Bhd.	50% direct ownership	Provision of collateral, etc.	Provision of collateral (Note 4)	10,630	--	--

Notes: 1. Loans related to Group financing; the loan terms are based on market interest rates. Transaction volume shows the average balance in the fiscal year.
2. MGC is guaranteeing the loans of its affiliates without compensation.
3. MGC purchased the subsidiary's product for the 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 volume shows the balance 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	¥518.58
Net Income per Share	¥69.57

Notes on Significant Subsequent Event

Repurchase of Own Shares

At the Board of Directors' Meeting held on May 10, 2016, the directors of MGC resolved to repurchase its own shares pursuant to the provision of the Articles of Incorporation pursuant to the provision of the Article 459, paragraph 1 of the Companies Act of Japan.

(1) Reasons for Repurchase of Own Shares

To enhance shareholder returns, improve capital efficiency and conduct capital management flexibly.

(2) Type of shares to be repurchased

Ordinary shares of MGC

(3) Aggregate number of shares to be repurchased

Maximum of 10 million shares

(4) Aggregate amount of repurchase price

Up to ¥9,000,000,000

(5) Repurchase period

From May 11, 2016 to June 23, 2016

(6) Repurchase method

Market purchases method

Other Notes

Amounts less than ¥1 million are rounded off.

- END of Notes to Non-consolidated Financial Statements -

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