

# Summary of Consolidated Financial Results for FY2014

May 12, 2015  
Mitsui Chemicals, Inc.

## 1. Summary of Income Statement

(Unit : Billions of Yen)

	FY2013	FY2014	Increase (Decrease)
Net Sales	1,566.0	1,550.1	(15.9)
Operating income	24.9	42.0	17.1
Ordinary income	22.5	44.4	21.9
Net income (loss)	(25.1)	17.3	42.4
Comprehensive income	10.2	66.2	56.0

Outlook for FY2015	
Interim	Full Year
700.0	1,410.0
18.0	52.0
14.0	47.0
5.0	25.0

## 2. Net Sales and Operating Income (Loss) (by business segment)

### • Net Sales

(Unit : Billions of Yen)

	FY2013	FY2014	Incr. (Decr.)	Breakdown	
				Volume	Price
Functional Chemicals	190.4	219.0	28.6	23.2	5.4
Functional Polymeric Materials	176.7	174.5	(2.2)	(13.9)	11.7
Polyurethane	163.8	154.8	(9.0)	(14.0)	5.0
Basic Chemicals	376.2	311.2	(65.0)	(58.0)	(7.0)
Petrochemicals	552.4	576.8	24.4	9.4	15.0
Films and Sheets	79.9	82.7	2.8	0.1	2.7
Others	26.6	31.1	4.5	4.5	-
Total	1,566.0	1,550.1	(15.9)	(48.7)	32.8

### • Operating Income (Loss)

(Unit : Billions of Yen)

	FY2013	FY2014	Incr. (Decr.)	Breakdown		
				Volume	Price ※	Fixed Costs etc.
Functional Chemicals	15.0	14.6	(0.4)	3.1	0.1	(3.6)
Functional Polymeric Materials	11.9	18.9	7.0	3.2	4.0	(0.2)
Polyurethane	(5.2)	(3.5)	1.7	(1.7)	2.2	1.2
Basic Chemicals	(17.4)	(7.4)	10.0	(2.4)	6.3	6.1
Petrochemicals	25.3	20.9	(4.4)	0.1	(3.6)	(0.9)
Films and Sheets	0.9	3.7	2.8	0.8	0.8	1.2
Others	(0.6)	0.8	1.4	-	-	1.4
Adjustment	(5.0)	(6.0)	(1.0)	-	-	(1.0)
Total	24.9	42.0	17.1	3.1	9.8	4.2

※ Price includes both selling and purchasing price variances.

## 3. Extraordinary Gains and Losses

(Unit : Billions of Yen)

	FY2013	FY2014	Increase (Decrease)
Gain on sales of fixed assets	2.5	2.3	(0.2)
Loss on sales and disposal of fixed assets	(2.3)	(4.5)	(2.2)
Loss on impairment	(0.5)	(5.3)	(4.8)
Insurance income	4.1	-	(4.1)
Business structure improvement expenses	(36.8)	-	36.8
Others	-	(1.1)	(1.1)
Total	(33.0)	(8.6)	24.4

Outlook for FY2015	
Interim	Full Year
-	-
(1.0)	(5.0)
-	-
-	-
-	-
-	-
(1.0)	(5.0)

#### 4. Summary of Balance Sheet

(Unit : Billions of Yen)

	Assets		
	As of Mar. 31, 2014	As of Mar. 31, 2015	Increase (Decrease)
Current assets	777.1	731.7	(45.4)
Tangible fixed assets	425.8	433.6	7.8
Intangible fixed assets	72.2	72.8	0.6
Investments and others	157.1	173.7	16.6
Total assets	1,432.2	1,411.8	(20.4)
[ Inventory ]	301.2	291.3	(9.9)

	Liabilities and Net assets		
	As of Mar. 31, 2014	As of Mar. 31, 2015	Increase (Decrease)
Interest-bearing liabilities	581.3	548.7	(32.6)
Other liabilities	441.3	391.8	(49.5)
Shareholders' equity	352.8	406.2	53.4
Minority interest	56.8	65.1	8.3
Total liabilities and net assets	1,432.2	1,411.8	(20.4)
[Net D/E Ratio]	1.44	1.22	(0.22)

#### 5. Summary of Cash Flow

(Unit : Billions of Yen)

	FY2013	FY2014	Increase (Decrease)
Cash flows from operating activities	43.5	58.3	14.8
Cash flows from investing activities	(89.8)	(35.0)	54.8
Free cash flows	(46.3)	23.3	69.6
Cash flows from financing activities	66.9	(46.6)	(113.5)
Others	5.6	2.7	(2.9)
Net incr.(decr.) in cash and cash equivalents	26.2	(20.6)	(46.8)
Cash and cash equivalents at the end of year	71.2	50.6	(20.6)

Outlook for FY2015	
Interim	Full Year
37.0	81.0
(31.0)	(54.0)
6.0	27.0
(5.0)	(29.0)
-	-
1.0	(2.0)

#### 6. Accounting Fundamentals

		FY2013	FY2014	Increase (Decrease)
R & D expenses	¥ Billions	33.6	32.5	(1.1)
Depreciation & amortization	¥ Billions	48.1	48.2	0.1
Capital expenditures	¥ Billions	113.2	47.5	(65.7)
(Excluding business combination)	¥ Billions	53.8	43.1	(10.7)
Financing incomes & expenses	¥ Billions	(3.3)	(2.3)	1.0
Interest-bearing liabilities	¥ Billions	581.3	548.7	(32.6)
Net D/E Ratio		1.44	1.22	(0.22)
Number of employees	person	14,271	14,363	92
Exchange rate	Yen / US\$	100	110	10
Domestic standard naphtha price	Yen / KL	67,300	63,500	(3,800)

Outlook for FY2015	
Interim	Full Year
17.0	33.0
26.0	53.0
25.0	44.0
25.0	44.0
(2.5)	(5.0)
550.0	530.0
1.21	1.12
14,700	14,600
120	120
50,000	50,000

#### 7. Scope of Consolidation and Equity Method

(Unit : Number of Companies)

	As of Mar. 31, 2014	As of Mar. 31, 2015	Increase (Decrease)
Consolidated subsidiaries	97	100	3
Non-consolidated subsidiaries and affiliates	38	37	(1)
Total	135	137	2

Outlook for FY2015	
As of Sep. 30, 2015	As of Mar. 31, 2016
95	94
37	37
132	131

#### 8. Topics

- Acquisition of US Corning "SunSensors<sup>®</sup>" Photochromic Lens Material (May 2014)
- Acquisition of E.G.S., Srl, a 3D scanner & CAD software company for dental materials in Italy (July 2014)
- Acquisition of Kyowa Industrial Co., Ltd, a mold manufacturer with superior planning and prototyping capabilities (September 2014)
- Commercial operations at "Shanghai Sinopec Mitsui Elastomers, Co., Ltd." new EPT production facility in China (75,000 tons/annum) (December 2014)

- Commercial operations at “Shanghai Sinopec Mitsui Chemical, Co., Ltd.” new phenols plant in China (Phenol: 250,000 tons/annum, Acetone: 150,000 tons/annum) (December 2014)
- Joint venture agreement between Mitsui Chemicals and SKC in polyurethane material business (December 2014)
- Commercial operations of new functional composites production facilities (“Mitsui Chemicals Functional Composites (Shanghai) Co., Ltd.”, MILASTOMER™, ADMER™) in China (March 2015)
- Acquisition of oral medical equipment manufacturer Respire Medical Holdings., LLC in U.S. (March 2015)
- Withdraw from Keiyo Ethylene Co., Ltd (March 2015)

## 9. Net Sales and Operating Income (Loss) (by new business segment)

### • Net Sales

(Unit : Billions of Yen)

	FY2014		FY2015 Outlook	
	Interim	Full Year	Interim	Full Year
Healthcare	71.0	144.5	84.0	158.0
Functional Polymeric Materials	85.7	174.5	89.0	176.0
Polyurethane	75.0	154.8	65.0	118.0
Basic Chemicals	171.8	324.5	147.0	293.0
Petrochemicals	294.0	584.4	233.0	492.0
Food & Packaging	61.4	129.2	62.0	133.0
Others	17.1	38.2	20.0	40.0
Total	776.0	1,550.1	700.0	1,410.0

### • Operating Income

(Unit : Billions of Yen)

	FY2014		FY2015 Outlook	
	Interim	Full Year	Interim	Full Year
Healthcare	4.7	9.5	5.5	12.0
Functional Polymeric Materials	7.1	18.7	10.0	19.5
Polyurethane	(3.5)	(3.5)	(1.5)	(1.5)
Basic Chemicals	(5.1)	(8.3)	(2.5)	(2.5)
Petrochemicals	12.5	21.6	6.0	20.5
Food & Packaging	5.3	9.1	4.5	10.0
Others	0.4	0.9	0.0	0.5
Adjustment	(2.8)	(6.0)	(4.0)	(6.5)
Total	18.6	42.0	18.0	52.0

\* Changes in Reported Segments classification methods

On Apr. 1 2015, to accelerate the business strategy of 2014 Mid-Term Business Plan, Strategy of New Business and New Products Creation, and the Business Support Strategy, the Mitsui Chemicals Group changed its organizational structure. Therefore, segmentation of some particular businesses is changed.

From the Functional Chemicals segment, the Fine & Performance Chemicals business is changed to the Basic Chemicals segment, the License business is changed to the Petrochemicals segment, the Healthcare business and nonwoven fabric business is categorized to the Healthcare segment.

Agrochemicals business, which was in the Functional Chemicals segment, is combined with the Films & Sheets segment. The new segment became the Food & Packaging segment.

The amounts of FY2014 are approximate estimates to compare with FY2015 forecast. They are unaudited.

## 10. Dividends

	Annual Dividends per Share (yen)				
	1st Q	Interim	3rd Q	End of Term	Annual Dividends
FY2013 Result	-	3.00	-	0.00	3.00
FY2014 Result	-	2.00	-	3.00	5.00
FY2015 Outlook	-	3.00	-	3.00	6.00

## 11. Number of shares outstanding (common stock)

	FY2013	FY2014
Number of shares outstanding at term-end (including treasury stock)	1,022,020,076	1,022,020,076
Number of shares of treasury stock at term-end	20,788,036	21,154,633
Average number of shares	1,001,447,485	1,001,079,617

## 1. Operating Results

### (1) Overview

In the fiscal period under review (the twelve-month period from Apr 1, 2014 to Mar 31, 2015, hereafter “fiscal 2014”), while economic conditions improved in the United States and minor improvement was seen in Europe, economic growth slowed in China and emerging markets.

In Japan, recovery from the contraction following the surge in demand ahead of the consumption tax hike was impacted by unseasonal weather in summer resulting in lackluster economic recovery during the period under review.

In the industry, although there were pullbacks in purchasing due to lowered crude oil prices in later half of the period, operating rates at production facilities for certain products continued at high levels. In general, conditions were seen to improve.

Under these circumstances, the Mitsui Chemicals Group (hereafter “the Group”), which started its 2014 Mid-Term Business Plan in fiscal 2014, continued to focus on its 3 targeted growth driving domains of *Mobility*, *Healthcare* and, *Food & Packaging*.

In the Mobility domain, the Group aims to strengthen its business by providing solutions to eco-friendly automobile industry. The Group will fully utilize its resources, mainly with the PP compounds, elastomers and a broad resins product portfolio and the strong customer base.

In the Healthcare domain, the Group established a new brand “Whole You™” in the United States, to explore new business opportunities and promote its healthcare products to patients and customers, in addition to continuing to expand its core business in ophthalmic lens materials, dental materials and nonwoven fabrics products.

In the Food & Packaging domain, to accelerate its global expansion of agrochemicals and packaging products with a focus on growing Asian markets, the Group will bolster marketing activities and target business expansion.

In the commodity chemicals, mostly the Petrochemicals and the Basic Chemicals, which support a wide variety of industries and society, the Group will continue to pursue optimization of production sites and business restructuring of volatile market products such as polyurethane materials, phenols and PTA.

The Group reported the following operating results for fiscal 2014.

(Billions of Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Fiscal 2014	1,550.1	42.0	44.4	17.3
Previous fiscal year	1,566.0	24.9	22.5	(25.1)
Change	(15.9)	17.1	21.9	42.4
Change (%)	(1.0)	68.8	97.2	-

**Net Sales** decreased 15.9 billion yen, or 1.0%, compared with the previous fiscal year to 1,550.1 billion yen. This was mainly attributable to 32.8 billion yen increase in sales prices and 48.7 billion yen decrease in sales volume. Sales prices were higher because of the rise in naphtha, other raw materials and fuel prices as well as the impact of weaker yen. In the factor of sales volume, the improvement of capacity utilization in the Petrochemicals segment and the increased sales of the dental materials business in the Functional Chemicals segment, were set off by the impact of 15-month results of some subsidiaries due to the unification of accounting periods in previous fiscal year and the decrease in the Basic Chemicals segment, because some consolidated subsidiaries were changed to equity method.

Net sales overseas were 686.1 billion yen, a decrease of 0.3% compared with the previous fiscal year to 44.3% in the total net sales.

**Operating income** was 42.0 billion yen, an increase of 17.1 billion yen or 68.8% year on year. This result was due to improvement in terms of trade in the Basic Chemicals and Functional Polymeric Materials segments.

**Ordinary income** was 44.4 billion yen, increased 21.9 billion yen or 97.2% year on year. This result largely reflected an increase in operating income.

**Extraordinary income and loss** improved by 24.4 billion yen year on year to 8.6 billion yen loss, due to a drop in the business restructuring expenses booked to the Polyurethane business and the Phenol business in the previous fiscal year.

As a result of the aforementioned factors, **net income and loss before income taxes and minority interests** amounted to an income of 35.8 billion yen, an improvement of 46.3 billion yen, year on year.

**Net income and loss** after accounting for income taxes and minority interests was a net income of 17.3 billion yen, a growth of 42.4 billion yen, compared with the previous fiscal year. Net income per share for the period was 17.24 yen.

## (2) Results by Business Segment

The status of each segment during fiscal 2014 is as follows.

### Functional Chemicals

Net sales increased 28.6 billion yen year on year to 219.0 billion yen and comprised 14% of total sales. On the other hand, operating income fell 0.4 billion yen compared with the previous fiscal year to 14.6 billion yen mainly due to increased fixed costs despite expanded sales.

The **dental materials** business contributed to sales growth while incurring amortization of goodwill expenses.

Sales were favorable for ophthalmic lens materials in **healthcare materials** and nonwoven fabrics in **hygiene materials** as well as for **agrochemicals**, primarily as a result of higher overseas demand.

### Functional Polymeric Materials

Net sales decreased 2.2 billion yen compared with the previous fiscal year to 174.5 billion yen and comprised 11% of total sales. On the other hand, operating income grew 7.0 billion yen to 18.9 billion yen year on year. The income growth was due to the impact of weaker yen and the Group's prompt response to increased market demand, despite a drop in income from 15-month results of some subsidiaries consolidated in the previous fiscal year due to unification of accounting periods.

Profits increased for **elastomers**, which are primarily used in automotive components and resin modifiers, mainly from expanding demand in the global automobile market and a weaker yen.

Profits also increased for **performance compounds** thanks to the impact of weaker yen, expanded demand for automotive applications, primarily in North America and Asia.

Profits from **specialty polyolefins** were boosted by the weaker yen impact and quick response to demand for IT-related products, especially in smartphones.

### Polyurethane

Net sales decreased 9.0 billion yen year on year to 154.8 billion yen. It comprised 10% of total sales. On the other hand, operating loss improved 1.7 billion yen year on year to 3.5 billion yen. Overseas markets for polyurethane materials declined but were positively impacted by a weaker yen.

In **coating materials**, profit expanded as overseas demand increased. On the flipside, harsh conditions and weak demand continued for **polyurethane materials**, which are used mainly in furniture manufacturing.

### Basic Chemicals

Net sales decreased 65.0 billion yen year on year to 311.2 billion yen and accounted for 20% of total sales. On the other hand, operating loss improved by 10.0 billion yen year on year, to 7.4 billion yen. This was mainly attributed to favorable trading terms, which were caused by industrial-wide phenols production facilities' periodic maintenance by Asian competitors, and the result of business structure improvement.

Conditions for **phenols** continue to be difficult. Although the business environment improved in comparison with the previous fiscal year as a result of delays in competitor plant start-ups, conditions continued to be unfavorable.

Conditions for **PTA** remained severe mainly due to market stagnation in China.

### Petrochemicals

Net sales increased 24.4 billion yen compared with the previous fiscal year to 576.8 billion yen. This comprised 37% of total sales. On the other hand, operating income decreased 4.4 billion yen year on year to 20.9 billion yen primarily due to inventory valuation loss caused by a sudden drop in oil prices.

Operating rate of naphtha crackers grew compared to the previous fiscal year. Profits expanded for overseas businesses mainly due to the increased production of automobiles in North and Central America.

### Films and Sheets

Net sales grew 2.8 billion yen compared with the previous fiscal year to 82.7 billion yen and comprised 6% of total sales. Operating income increased 2.8 billion yen to 3.7 billion yen year on year due to increased sales of high-value-added products, a weak yen, and cost-cutting efforts.

In **packaging films**, despite a sales price revision implemented from the beginning of the fiscal year, profits decreased due to higher prices of raw materials, contracted demand following a surge ahead of the consumption tax hike and sales price revision and decreased demand caused by unseasonal weather in summer.

In **industrial films** for electronic and information applications, profits rose due to increased demand related to high-value-added products, especially smartphones.

In **encapsulant sheets** used in solar modules, profits improved due to efforts to expand sales by new products and cost cuts despite sales prices declines from fierce competition in an ongoing severe business environment.

### Others

Net sales increased 4.5 billion yen to 31.1 billion yen, comprised 2% of total sales.

Operating profit improved by 1.4 billion yen year on year to an income of 0.8 billion yen.

### **(3) Outlook for Fiscal 2015 (Year Ending March 31, 2016) (Overall of Financial Outlook for Fiscal 2015)**

The fiscal 2015 global economy is predicted to gradually recover, especially in the United States and other developed countries, while the pace of economic growth in China continues to slow down.

The Japanese economy is expected to grow as a result of the delay in the proposed consumption tax hike. Individual consumption is expected to recover against a backdrop of improved employment and increased income.

Although prospects remain unclear, the chemical industry is slated for recovery due to increasing demand in line with global economic recovery.

The effect of business restructuring of volatile market products and steady business expansion in growth driving domains, leads the Mitsui Chemicals Group to forecast its business performance and earnings growth for fiscal 2015 as follows.

(¥ billion yen)	Net Sales	Operating Income	Ordinary Income	Net Income
FY2015	1,410.0	52.0	47.0	25.0
FY2014	1,550.1	42.0	44.4	17.3
Difference	(140.1)	10.0	2.6	7.7
Ratio (%)	(9.0)	23.7	5.8	44.8

Outlook above are based on the following assumptions:

- a) Exchange rate for the full year is 120 yen/US\$
- b) Average price of domestic naphtha is 50,000 yen /kl

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Agrochemicals business, which was in the Functional Chemicals segment, is combined with the Films & Sheets segment. The new segment became the Food & Packaging segment.

The amounts of FY2014 are approximate estimates to compare with FY2015 forecast.

## (Outlook by FY2015 Business Segment)

Outlook by FY2015 business segment is as follows. The amounts of FY2014 are summarized by segments of FY2015.

(Billions of Yen)

	Net Sales								
	Healthcare	Functional Polymeric Materials	Poly urethane	Basic Chemicals	Petro chemicals	Food & Packaging	Others	Adjustment	Total
FY2015	158.0	176.0	118.0	293.0	492.0	133.0	40.0	—	1,410.0
FY2014	144.5	174.5	154.8	324.5	584.4	129.2	38.2	—	1,550.1
Difference	13.5	1.5	(36.8)	(31.5)	(92.4)	3.8	1.8	—	(140.1)
Ratio(%)	9.3	0.9	(23.8)	(9.7)	(15.8)	3.0	4.7	—	(9.0)

(Billions of Yen)

	Operating Income (Loss)								
	Healthcare	Functional Polymeric Materials	Poly urethane	Basic Chemicals	Petro chemicals	Food & Packaging	Others	Adjustment	Total
FY2015	12.0	19.5	(1.5)	(2.5)	20.5	10.0	0.5	(6.5)	52.0
FY2014	9.5	18.7	(3.5)	(8.3)	21.6	9.1	0.9	(6.0)	42.0
Difference	2.5	0.8	2.0	5.8	(1.1)	0.9	(0.4)	(0.5)	10.0
Ratio(%)	25.8	4.4	—	—	(5.0)	10.0	(43.4)	—	23.7

## 2. Financial Position

### (1) Status of Assets, Liabilities and Net Assets

**Total assets** at the end of the fiscal year stood at 1,411.8 billion yen, a decrease of 20.4 billion yen compared with the end of the previous fiscal year.

**Total liabilities** at the end of the fiscal year decreased 82.1 billion yen compared with the previous fiscal year-end to 940.5 billion yen. **Interest-bearing debt** amounted to 548.7 billion yen, a fall of 32.6 billion yen compared with March 31, 2014. As a result, the interest-bearing debt ratio was 38.9%, a decrease of 1.7 percentage points.

**Net assets** totaled 471.3 billion yen, an increase of 61.7 billion yen compared with the previous fiscal year-end. The **ratio of shareholders' equity to total assets** was 28.8%, up 4.2 percentage point from the previous fiscal year-end.

Accounting for the aforementioned factors, the **net debt-equity ratio** stood at 1.22 at the end of the fiscal year, down 0.22 point from the previous fiscal year-end.

### (2) Cash Flow Status

Cash and cash equivalents (hereafter called "cash") were down 20.6 billion yen to 50.6 billion yen as of the end of this fiscal year compared with the previous fiscal year-end.

#### Cash Flows from Operating Activities

Net cash provided by operating activities grew 14.8 billion yen to 58.3 billion yen due to an increase of net income before income tax and minority interests.



### Cash Flows from Investing Activities

Net cash used in investing activities decreased 35.0 billion yen compared with the previous fiscal year to 54.8 billion yen due to outflows for the acquisition of the Heraeus Kulzer Dental Business in the previous fiscal year.

### Cash Flows from Financing Activities

Net cash used in financing activities was 46.6 billion yen due primarily to repayments of interest-bearing debts.

## (3) Trends in Cash Flow Indicators

	FY2010 (As of March 31, 2011)	FY2011 (As of March 31, 2012)	FY2012 (As of March 31, 2013)	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
Shareholders' Equity Ratio (%)	29.6	29.2	28.2	24.6	28.8
Shareholders' Equity Ratio on a Market Value Basis (%)	22.7	20.0	15.4	17.7	27.4
Ratio of Interest-bearing Debt to Cash Flows	6.6	10.7	27.4	13.4	9.4
Interest Coverage Ratio (Times)	9.5	6.4	2.7	5.6	7.7

#### Notes:

- Shareholders' Equity Ratio: Shareholders' equity to total assets.
- Shareholders' Equity Ratio on a Market Value Basis: Market capitalization to total assets.
- Ratio of Interest-bearing Debt to Cash Flows: Interest-bearing debt to cash flows.
- Interest Coverage Ratio: Cash flows to interest paid.
- Each of the indicators was calculated using consolidated financial figures.
- The market capitalization was calculated by multiplying the closing share price as of the end of the period with the number of shares outstanding (excluding treasury stock).
- Operating cash flow figures have been used for cash flow calculations.
- Interest-bearing debt is the portion of total debt booked on the consolidated balance sheet on which interest is being paid. Interest paid is the amount of interest paid as reported in the consolidated statements of cash flows.

## 3. Basic Policy on the Appropriation of Profits, Cash Dividends for Fiscal 2014 and 2015 (Year Ending March 31, 2015 and March 31, 2016)

### (1) Basic Policy on the Appropriation of Profits

The Group believes that the enhancement of corporate value through business growth and expansion is an important management issue and regards the distribution of profits to shareholders as one of the Group's most important management policies.

In allocating profits, the Group considers both the need to return earnings to shareholders as well as the need to maintain a level of internal reserves sufficient to fueling and sustaining future growth.

Taking into consideration the consolidated dividend payout ratio and the dividend on equity (DOE) ratio, the Group strives to promote a policy of consistent stable dividends that reflect consolidated earnings results over the medium term. In this context, the Group targets a consolidated dividend payout ratio of 25% or more and DOE of 2% or more.

From an internal reserves perspective, the Group actively engages in investment and

financing to further accelerate growth and expansion while swiftly realizing a robust business portfolio as well as research and development expenditure aimed at creating innovative technologies. To this end, the Group constantly endeavors to improve its business performance and results.

## **(2) Cash Dividends for Fiscal 2014 and 2015**

In current fiscal year, the Group plans to pay a year-end dividend of 3 yen per share. Because the Group paid an interim dividend of 2 yen per share on December 4, 2014, the annual dividend for the fiscal year under review will be 5 yen per share.

Turning to dividends for the fiscal year ending March 31, 2016, the Group plans to pay interim and year-end dividends of 3 yen per share, respectively. The Group therefore plans the annual dividend for the fiscal year to be 6 yen per share.

## 4. Consolidated Balance sheets

	Millions of yen	
	FY2013	FY2014
	At the end of March 31, 2014	At the end of March 31, 2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	71,979	52,004
Notes and accounts receivable-trade	296,492	299,052
Inventories	301,158	291,295
Deferred tax assets	9,828	9,118
Accounts receivable-other	89,677	70,981
Other	8,653	10,079
Allowance for doubtful accounts	(772)	(821)
<b>Total current assets</b>	<b>777,015</b>	<b>731,708</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	330,822	337,811
Accumulated depreciation	(221,602)	(229,306)
Buildings and structures, net	109,220	108,505
Machinery, equipment and vehicles	1,011,771	1,012,850
Accumulated depreciation	(885,662)	(888,755)
Machinery, equipment and vehicles, net	126,109	124,095
Land	159,674	160,188
Construction in progress	20,799	28,994
Other	70,400	73,035
Accumulated depreciation	(60,362)	(61,188)
Other, net	10,038	11,847
<b>Total property, plant and equipment</b>	<b>425,840</b>	<b>433,629</b>
<b>Intangible assets</b>		
Goodwill	34,935	34,978
Other	37,275	37,785
<b>Total intangible assets</b>	<b>72,210</b>	<b>72,763</b>
<b>Investments and other assets</b>		
Investment securities	108,620	109,830
Net defined benefit asset	13,036	25,170
Deferred tax assets	5,448	5,853
Other	30,919	33,706
Allowance for doubtful accounts	(926)	(869)
<b>Total investments and other assets</b>	<b>157,097</b>	<b>173,690</b>
<b>Total noncurrent assets</b>	<b>655,147</b>	<b>680,082</b>
<b>Total assets</b>	<b>1,432,162</b>	<b>1,411,790</b>

	<b>Millions of yen</b>	
	<b>FY2013</b>	<b>FY2014</b>
	<b>At the end of</b>	<b>At the end of</b>
	<b>March 31, 2014</b>	<b>March 31, 2015</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	219,849	164,193
Short-term loans payable	121,967	122,062
Current portion of long-term loans payable	41,188	36,192
Commercial papers	15,000	—
Current portion of bonds	13,000	20,142
Income taxes payable	4,455	4,103
Provision for directors' bonuses	42	93
Provision for repairs	12,324	10,601
Provision for business structure improvement	2,337	1,290
Asset retirement obligations	—	25
Other	76,894	89,798
<b>Total current liabilities</b>	<b>507,056</b>	<b>448,499</b>
<b>Noncurrent liabilities</b>		
Bonds payable	99,000	79,858
Long-term loans payable	290,595	289,138
Deferred tax liabilities	22,923	24,421
Provision for directors' retirement benefits	295	283
Provision for repairs	2,227	2,147
Provision for environmental measures	1,621	956
Provision for business structure improvement	14,213	10,846
Net defined benefit liability	58,324	59,193
Asset retirement obligations	3,770	4,268
Other	22,491	20,882
<b>Total noncurrent liabilities</b>	<b>515,459</b>	<b>491,992</b>
<b>Total liabilities</b>	<b>1,022,515</b>	<b>940,491</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	125,053	125,053
Capital surplus	91,065	91,065
Retained earnings	149,287	165,408
Treasury stock	(14,341)	(14,454)
<b>Total shareholders' equity</b>	<b>351,064</b>	<b>367,072</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	16,678	21,018
Deferred gains or losses on hedges	(105)	(331)
Foreign currency translation adjustments	6,551	28,926
Remeasurements of defined benefit plans	(21,345)	(10,450)
<b>Total accumulated other comprehensive income</b>	<b>1,779</b>	<b>39,163</b>
<b>Minority interests</b>	<b>56,804</b>	<b>65,064</b>
<b>Total net assets</b>	<b>409,647</b>	<b>471,299</b>
<b>Total liabilities and net assets</b>	<b>1,432,162</b>	<b>1,411,790</b>

## 5. Consolidated Income Statements and Consolidated Comprehensive Income Statements

### (Consolidated Income Statements)

	Millions of yen	
	FY2013	FY2014
	April 1, 2013 to March 31, 2014	April 1, 2014 to March 31, 2015
<b>Net sales</b>	<b>1,566,046</b>	<b>1,550,076</b>
Cost of sales	1,353,536	1,308,542
<b>Gross profit</b>	<b>212,510</b>	<b>241,534</b>
Selling, general and administrative expenses	187,611	199,494
<b>Operating income</b>	<b>24,899</b>	<b>42,040</b>
<b>Non-operating income and expenses</b>		
<b>Non-operating income</b>		
Interest income	358	367
Dividends income	3,724	4,751
Amortization of negative goodwill	679	23
Equity in earnings of affiliates	786	—
Foreign exchange Gains	165	5,147
Other	4,073	4,485
<b>Total non-operating income</b>	<b>9,785</b>	<b>14,773</b>
<b>Non-operating expenses</b>		
Interest expenses	7,372	7,353
Loss on suspension of operations	869	1,492
Equity in earnings of affiliates	—	73
Other	3,921	3,484
<b>Total non-operating expenses</b>	<b>12,162</b>	<b>12,402</b>
<b>Ordinary income</b>	<b>22,522</b>	<b>44,411</b>
<b>Extraordinary income and loss</b>		
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	128	135
Gain on sales of investment securities	2,432	2,126
Insurance income	4,044	—
<b>Total extraordinary income</b>	<b>6,604</b>	<b>2,261</b>
<b>Extraordinary loss</b>		
Loss on disposal of noncurrent assets	5,851	4,446
Loss on sales of noncurrent assets	17	24
Impairment loss	4,444	5,278
Loss on restructuring of subsidiaries and affiliates	2,167	—
Loss on business withdrawal	1,523	—
Loss on revision of retirement benefit plan	—	181
Contract termination Fees	—	903
Business structure improvement expenses	25,662	—
<b>Total extraordinary loss</b>	<b>39,664</b>	<b>10,832</b>
<b>Net Income (loss) before income taxes and minority interests</b>	<b>(10,538)</b>	<b>35,840</b>
<b>Income taxes— current</b>	<b>10,475</b>	<b>10,402</b>
<b>Income taxes— deferred</b>	<b>897</b>	<b>1,078</b>
<b>Total income taxes</b>	<b>11,372</b>	<b>11,480</b>
<b>Income (loss) before minority interests</b>	<b>(21,910)</b>	<b>24,360</b>
<b>Minority interests in income</b>	<b>3,228</b>	<b>7,099</b>
<b>Net income (loss)</b>	<b>(25,138)</b>	<b>17,261</b>

(Consolidated Comprehensive Income Statements)

	Millions of yen	
	FY2013	FY2014
	April 1, 2013 to March 31, 2014	April 1, 2014 to March 31, 2015
<b>Income before minority interests</b>	<b>(21,910)</b>	<b>24,360</b>
<b>Other comprehensive income (loss)</b>		
Valuation difference on available-for-sale securities	3,907	4,644
Deferred gains or losses on hedges	124	(412)
Foreign currency translation adjustment	21,892	22,770
Remeasurements of defined benefit plans	—	10,613
Post retirement liability adjustments for foreign consolidated subsidiaries	22	—
Share of other comprehensive income of associates accounted for using equity method	6,154	4,225
<b>Total other comprehensive income (loss)</b>	<b>32,099</b>	<b>41,840</b>
<b>Comprehensive income (loss)</b>	<b>10,189</b>	<b>66,200</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,055	54,645
Comprehensive income attributable to minority interests	5,134	11,555

## 6. Consolidated Statements of Cash Flows

	Millions of yen	
	FY2013	FY2014
	April 1, 2013 to March 31, 2014	April 1, 2014 to March 31, 2015
Net income (loss) before income taxes and minority interests	(10,538)	35,840
Depreciation	45,617	45,767
Amortization of goodwill	2,526	2,484
Impairment loss	4,444	5,278
Increase(decrease) in net defined benefit liability	(550)	257
Decrease (increase) in net defined benefit asset	2,900	(63)
Increase (decrease) in allowance for doubtful accounts	8	(52)
Increase (decrease) in provision for repairs	740	(1,803)
Increase (decrease) in provision for environmental measures	(1,407)	(657)
Increase (decrease) in provision for business structure improvement	12,670	(4,336)
Interest and dividend income	(4,082)	(5,118)
Interest expenses	7,372	7,353
Share of (profit) loss of entities accounted for using equity method	(786)	73
Loss (gain) on sales of investment securities	(2,499)	(2,001)
Loss (gain) on valuation of investment securities	6	6
Loss on retirement of non-current assets	1,015	938
Loss (gain) on sales of non-current assets	(111)	(111)
Decrease (increase) in notes and accounts receivable - trade	(7,150)	5,782
Decrease (increase) in inventories	(9,003)	19,008
Increase (decrease) in notes and accounts payable - trade	8,052	(59,995)
Other, net	1,148	20,152
<b>Subtotal</b>	<b>50,372</b>	<b>68,802</b>
Interest and dividends income received	6,580	8,072
Interest expenses paid	(7,764)	(7,542)
Income taxes paid	(10,641)	(11,045)
Proceeds from insurance income on explosion and fire	4,929	-
<b>I Net cash provided by (used in) operating activities</b>	<b>43,476</b>	<b>58,287</b>
Purchase of property, plant and equipment	(52,096)	(35,091)
Proceeds from sales of property, plant and equipment	451	681
Purchase of intangible assets	(1,396)	(2,385)
Purchase of long-term prepaid expenses	(1,006)	(685)
Purchase of investment securities	(8,208)	(3,245)
Proceeds from sales and redemption of investment securities	12,490	7,499
Payments for transfer of business	(40,900)	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(2,238)
Other, net	884	428
<b>II Net cash provided by (used in) investing activities</b>	<b>(89,781)</b>	<b>(35,036)</b>

	Millions of yen	
	FY2013	FY2014
	April 1, 2013 to March 31, 2014	April 1, 2014 to March 31, 2015
Net increase (decrease) in short-term loans payable	11,631	(3,896)
Increase (decrease) in commercial papers	-	(15,000)
Proceeds from long-term loans payable	112,317	31,318
Repayment of long-term loans payable	(54,022)	(41,400)
Proceeds from issuance of bonds	15,000	1,000
Redemption of bonds	(10,000)	(13,000)
Proceeds from stock issuance to minority shareholders	1,880	156
Proceeds from sales of treasury stock	8	6
Purchase of treasury stock	(102)	(125)
Cash dividends paid	(6,009)	(2,002)
Cash dividends paid to minority shareholders	(3,700)	(3,552)
Other, net	(135)	(111)
<b>III Net cash provided by (used in) financing activities</b>	<b>66,868</b>	<b>(46,606)</b>
Effect of exchange rate change on cash and cash equivalents	5,735	2,767
<b>V Net increase (decrease) in cash and cash equivalents</b>	<b>26,298</b>	<b>(20,588)</b>
<b>VI Cash and cash equivalents at beginning of period</b>	<b>44,996</b>	<b>71,210</b>
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(84)	-
<b>VIII Cash and cash equivalents at end of period</b>	<b>71,210</b>	<b>50,622</b>



## 7. Segment Information

### (1) Overview of Reportable Segments

The reportable segments of Mitsui Chemicals comprise those entities for which obtaining separate financial reports is possible and those are subject to regular review by the Board of Directors, which decides upon the distribution of management resources to said segments.

Mitsui Chemicals positions segments distinguished by their products and services within its headquarters. Each segment proposes comprehensive domestic and overseas strategies in addition to pursuing business expansion in its respective product and service area.

The six reportable segments (distinguished by products and services) that therefore comprise Mitsui Chemicals operations are: Functional Chemicals, Functional Polymeric Materials, Polyurethane, Basic Chemicals, Petrochemicals and Films and Sheets.

Segments		Major Products
Reportable Segments	Functional Chemicals	Healthcare materials, hygiene materials, specialty gas, catalysts, chemical products, agrochemical products and dental materials
	Functional Polymeric Materials	Elastomers, performance compounds, specialty polyolefin
	Polyurethane	Polyurethane materials, coating materials, adhesive materials, and molding materials
	Basic Chemicals	Phenols, bisphenol-A, PTA, PET, ethylene oxide
	Petrochemicals	Ethylene, propylene, polyethylene, polypropylene
	Films and Sheets	Packaging films, electronic and optical films, and solar cell sheets
Others	Others	Other related businesses, etc.

### (2) Methods to Determine Net Sales, Income or Loss, Assets, and Others by Reportable Business Segment

Profit by reportable business segment is stated on an operating income basis. Intersegment net sales and transfers are based on the values of transactions undertaken between third parties.

### (3) Information concerning Net Sales, Income or Loss, Assets, and Others by Reportable Business Segment

The previous fiscal year (April 1, 2013 – March 31, 2014)

(Millions of yen)

	Reportable Segment							Others (Note 1)	Sum total
	Functional Chemicals	Functional Polymeric Materials	Polyure- thane	Basic Chemicals	Petro chemicals	Films and sheets	Total		
Net sales									
1) To external customers	190,384	176,736	163,820	376,219	552,363	79,943	1,539,465	26,581	1,566,046
Internal sales among 2) segments and transfers	5,172	18,780	3,413	30,264	160,479	2,609	220,717	59,432	280,149
Total	195,556	195,516	167,233	406,483	712,842	82,552	1,760,182	86,013	1,846,195
Segment income (loss)	14,994	11,901	(5,244)	(17,388)	25,350	877	30,490	(586)	29,904
Segment assets	333,111	166,414	125,390	188,509	410,934	84,166	1,308,524	22,190	1,330,714
Other items									
Depreciation and amortization (Note 2)	9,506	7,182	2,904	8,360	9,119	4,776	41,847	3,427	45,274
Amortization of goodwill	2,067	—	—	—	459	—	2,526	—	2,526
Amount invested in equity method affiliate	6,066	20,440	8,553	22,811	2,270	1,384	61,524	1,533	63,057
Capital expenditures (Note 2)	71,503	5,796	4,905	6,615	17,271	4,084	110,174	2,319	112,493

Notes:

1. "Others" category incorporates operations not included in reportable segments.

2. Depreciation and amortization, and capital expenditures include amortization costs and expenditures under long-term prepaid expenses.

The fiscal year under review (April 1, 2014 – March 31, 2015)

(Millions of yen)

	Reportable Segment							Others (Note 1)	Sum total
	Functional Chemicals	Functional Polymeric Materials	Polyure- thane	Basic Chemicals	Petro chemicals	Films and sheets	Total		
Net sales									
1) To external customers	218,977	174,497	154,785	311,230	576,836	82,695	1,519,020	31,056	1,550,076
Internal sales among									
2) segments and transfers	4,245	20,237	3,090	30,909	145,284	3,196	206,961	61,801	268,762
Total	223,222	194,734	157,875	342,139	722,120	85,891	1,725,981	92,857	1,818,838
Segment income (loss)	14,608	18,850	(3,544)	(7,368)	20,945	3,697	47,188	797	47,985
Segment assets	345,530	177,740	129,306	175,243	380,724	82,945	1,291,488	44,658	1,336,146
Other items									
Depreciation and amortization (Note 2)	11,688	6,978	2,729	6,670	9,405	4,443	41,913	3,794	45,707
Amortization of goodwill	2,428	–	37	–	–	–	2,465	19	2,484
Amount invested in equity method affiliate	5,066	21,126	9,923	21,532	881	1,512	60,040	3,266	63,306
Capital expenditures (Note 2)	10,523	3,613	5,778	4,045	13,638	2,923	40,520	6,683	47,203

Notes: 1. "Others" category incorporates operations not included in reportable segments.  
2. Depreciation and amortization, and capital expenditures include amortization costs and expenditures for long-term prepaid expenses.

**(4) Reconciliation of Differences between Total Amounts of Reportable Segments and Consolidated Financial Statements (adjustment of difference)**

(Millions of yen)

Net Sales	FY 2013	FY 2014
Total reportable segment sales	1,760,182	1,725,981
Net sales classified under "Others"	86,013	92,857
Elimination of intersegment transactions	(280,149)	(268,762)
Net sales recorded in Consolidated Income Statements	1,566,046	1,550,076

(Millions of yen)

Income	FY 2013	FY 2014
Total reportable segment income	30,490	47,188
Income classified under "Others"	(586)	797
Elimination of intersegment transactions and etc	(26)	(184)
Corporate expenses (note)	(4,979)	(5,761)
Operating income (loss) recorded in Consolidated Income Statements	24,899	42,040

Note: Corporate expenses mainly comprise general & administrative expenses which are usually not attributed to segments.

(Millions of yen)

Assets	FY 2013	FY 2014
Total reportable segment assets	1,308,524	1,291,488
Assets classified under "Others"	82,945	44,658
Elimination of intersegment transactions	(67,855)	(91,512)
Corporate assets (note)	169,303	167,156
Assets recorded in Consolidated Balance Sheets	1,432,162	1,411,790

Note: Corporate assets are mainly attributed to the Company's surplus management funds (cash and savings), long-term investment funds (investment securities), deferred tax assets and administrative departments.

(Millions of yen)

Other items	Reportable segments		Others		Adjustments (note)		Amounts from consolidated financial	
	FY13	FY14	FY13	FY14	FY13	FY14	FY13	FY14
Depreciation and amortization	41,847	41,913	3,427	3,794	343	60	45,617	45,767
Amortization of goodwill	2,526	2,465	–	19	–	–	2,526	2,484
Investment in equity method affiliate	61,524	60,040	1,533	3,266	–	–	63,057	63,306
Capital expenditures	110,174	40,520	2,319	6,683	707	328	113,200	47,531

Note: Adjustments incorporate depreciation expenses, amortization expenses and capital expenditures which are related to R&D of new business.

## 8. Segment Related Information

### Information by Region

The previous consolidated fiscal year (April 1, 2013 – March 31, 2014)

a. Net Sales (Millions of yen)

Japan	China	Asia	America	Europe	Other regions	Total
867,958	163,506	299,464	153,984	62,905	18,229	1,566,046

- Notes:
1. Net sales are classified by country and region based on customer location.
  2. Major countries and regions located in areas outside of Japan and China are as follows:
    - (1) Asia: Taiwan, South Korea, Thailand, Malaysia, Singapore, India
    - (2) America: The United States, Mexico
    - (3) Europe: Germany, France
    - (4) Other regions: Oceania, Africa

b. Tangible Assets

(Millions of yen)

Japan	Asia	Other regions	Total
341,187	67,046	17,607	425,840

- Note: Major countries and regions located in areas outside of Japan are as follows:
- (1) Asia: China, Taiwan, South Korea, Thailand, Malaysia, Singapore, India
  - (2) Other regions: North America, Europe

The consolidated fiscal year under review (April 1, 2014 – March 31, 2015)

a. Net Sales

(Millions of yen)

Japan	China	Asia	America	Europe	Other regions	Total
863,966	165,459	265,487	166,400	74,273	14,491	1,550,076

- Notes:
1. Net sales are classified by country and region based on customer location.
  2. Major countries and regions located in areas outside of Japan and China are as follows:
    - (1) Asia: Taiwan, South Korea, Thailand, Malaysia, Singapore, India
    - (2) America: The United States, Mexico
    - (3) Europe: Germany, France
    - (4) Other regions: Oceania, Africa

b. Tangible Assets

(Millions of yen)

Japan	Singapore	Asia	Other regions	Total
332,554	45,748	33,399	21,928	433,629

- Note: Major countries and regions located in areas outside of Japan and Singapore are as follows:
- (1) Asia: China, Taiwan, South Korea, Thailand, Malaysia, India
  - (2) Other regions: North America, Europe

### Information Concerning Impairment Loss of Fixed Assets by Reportable Segment

The previous consolidated fiscal year (April 1, 2013 – March 31, 2014)

(Millions of yen)

	Functional Chemicals	Functional Polymeric Materials	Polyurethane	Basic Chemicals	Petrochemicals	Films and sheets	Others	Corporate Expenses	Total
Impairment loss	1,557	26	6,835	5,849	1,934	530	148	—	16,879

The consolidated fiscal year under review (April 1, 2014 – March 31, 2015)

(Millions of yen)

	Functional Chemicals	Functional Polymeric Materials	Polyurethane	Basic Chemicals	Petrochemicals	Films and sheets	Others	Corporate Expenses	Total
Impairment loss	68	138	1,677	1,973	18	952	452	—	5,278

### Information Concerning the Amount of Amortization and Unamortized Balance of Goodwill by Reportable Segment

The previous consolidated fiscal year (April 1, 2013 – March 31, 2014)

(Millions of yen)

	Functional Chemicals	Functional Polymeric Materials	Polyurethane	Basic Chemicals	Petrochemicals	Films and sheets	Others	Corporate Expenses	Total
Amount of amortization	2,067	—	—	—	459	—	—	—	2,526
Unamortized balance	34,771	—	187	—	—	—	—	—	34,958

The consolidated fiscal year under review (April 1, 2014 – March 31, 2015)

(Millions of yen)

	Functional Chemicals	Functional Polymeric Materials	Polyurethane	Basic Chemicals	Petrochemicals	Films and sheets	Others	Corporate Expenses	Total
Amount of amortization	2,428	—	37	—	—	—	19	—	2,484
Unamortized balance	34,299	—	167	—	—	—	512	—	34,978

### Information Concerning the Amount of Amortization and Unamortized Balance of Negative Goodwill by Reportable Segment

The previous consolidated fiscal year (April 1, 2013 – March 31, 2014)

(Millions of yen)

	Functional Chemicals	Functional Polymeric Materials	Polyurethane	Basic Chemicals	Petrochemicals	Films and sheets	Others	Corporate Expenses	Total
Amount of amortization	88	—	—	—	—	591	—	—	679
Unamortized balance	23	—	—	—	—	—	—	—	23

The consolidated fiscal year under review (April 1, 2014 – March 31, 2015)

(Millions of yen)

	Functional Chemicals	Functional Polymeric Materials	Polyurethane	Basic Chemicals	Petrochemicals	Films and sheets	Others	Corporate Expenses	Total
Amount of amortization	23	—	—	—	—	—	—	—	23
Unamortized balance	—	—	—	—	—	—	—	—	—