

Summary of Consolidated Financial Results for FY2013

May 13, 2014
Mitsui Chemicals, Inc.

(Unit : Billions of Yen)

1. Summary of Income Statement

| | FY2012 | FY2013 | Increase (Decrease) |
|----------------------|---------|---------|------------------------|
| Net Sales | 1,406.2 | 1,566.0 | 159.8 |
| Operating income | 4.3 | 24.9 | 20.6 |
| Ordinary income | 9.2 | 22.5 | 13.3 |
| Net income (loss) | (8.1) | (25.1) | (17.0) |
| Comprehensive income | 22.0 | 10.2 | (11.8) |

| Outlook for FY2014 | |
|--------------------|-----------|
| Interim | Full Year |
| 815.0 | 1,680.0 |
| 12.0 | 35.0 |
| 10.0 | 31.0 |
| 1.0 | 12.0 |

2. Net Sales and Operating Income (Loss) by Business Segment

• Net Sales

(Unit : Billions of Yen)

| | FY2012 | FY2013 | Incr. (Decr.) | Breakdown | |
|--------------------------------|---------|---------|------------------|-----------|-------|
| | | | | Volume | Price |
| Functional Chemicals | 149.6 | 190.4 | 40.8 | 32.7 | 8.1 |
| Functional Polymeric Materials | 134.7 | 176.7 | 42.0 | 22.2 | 19.8 |
| Polyurethane | 146.2 | 163.8 | 17.6 | 7.3 | 10.3 |
| Basic Chemicals | 401.7 | 376.2 | (25.5) | (75.2) | 49.7 |
| Petrochemicals | 469.0 | 552.4 | 83.4 | 13.6 | 69.8 |
| Films and Sheets | 74.8 | 79.9 | 5.1 | 3.1 | 2.0 |
| Others | 30.2 | 26.6 | (3.6) | (3.6) | - |
| Total | 1,406.2 | 1,566.0 | 159.8 | 0.1 | 159.7 |

| Outlook for FY2014 | |
|--------------------|-----------|
| Interim | Full Year |
| 104.0 | 221.0 |
| 90.0 | 181.0 |
| 86.0 | 182.0 |
| 188.0 | 374.0 |
| 293.0 | 612.0 |
| 42.0 | 85.0 |
| 12.0 | 25.0 |
| 815.0 | 1,680.0 |

• Operating Income (Loss)

(Unit : Billions of Yen)

| | FY2012 | FY2013 | Incr. (Decr.) | Breakdown | | |
|--------------------------------|--------|--------|------------------|-----------|--------------------|------------------------|
| | | | | Volume | Price [※] | Fixed Costs etc. |
| Functional Chemicals | 12.4 | 15.0 | 2.6 | 4.0 | 1.4 | (2.8) |
| Functional Polymeric Materials | 8.4 | 11.9 | 3.5 | 4.7 | 2.6 | (3.8) |
| Polyurethane | (2.6) | (5.2) | (2.6) | 3.0 | (3.0) | (2.6) |
| Basic Chemicals | (18.9) | (17.4) | 1.5 | (2.3) | (0.6) | 4.4 |
| Petrochemicals | 7.7 | 25.3 | 17.6 | 5.1 | 9.2 | 3.3 |
| Films and Sheets | (3.3) | 0.9 | 4.2 | 1.0 | - | 3.2 |
| Others | (0.6) | (0.6) | 0.0 | - | - | 0.0 |
| Total | 1.2 | (5.0) | (6.2) | - | - | (6.2) |
| Total | 4.3 | 24.9 | 20.6 | 15.5 | 9.6 | (4.5) |

| Outlook for FY2014 | |
|--------------------|-----------|
| Interim | Full Year |
| 7.5 | 16.5 |
| 6.5 | 14.5 |
| (2.0) | 1.0 |
| (5.0) | (9.0) |
| 9.5 | 19.5 |
| 0.0 | 1.0 |
| (0.5) | (0.5) |
| (4.0) | (8.0) |
| 12.0 | 35.0 |

The Company and its consolidated subsidiaries changed their business segment, effective April 2013.

※ Price includes both selling and purchasing price variances.

3. Extraordinary Gains and Losses

(Unit : Billions of Yen)

| | FY2012 | FY2013 | Increase (Decrease) |
|------------------------------------------------------|--------|--------|------------------------|
| Gain on sales of fixed assets | 1.7 | 2.5 | 0.8 |
| Reversal of provision for environmental measures | 3.3 | - | (3.3) |
| Loss on sales and disposal of fixed assets | (4.5) | (2.3) | 2.2 |
| Loss on Impairment | (5.6) | (0.5) | 5.1 |
| Loss on restructuring of subsidiaries and affiliates | (4.1) | - | 4.1 |
| Loss on valuation of investment securities | (0.8) | - | 0.8 |
| Insurance income | 5.5 | 4.1 | (1.4) |
| Loss on explosion and fire | (4.9) | - | 4.9 |
| Business structure improvement expenses | - | (36.8) | (36.8) |
| Others | (0.6) | - | 0.6 |
| Total | (10.0) | (33.0) | (23.0) |

| Outlook for FY2014 | |
|--------------------|-----------|
| Interim | Full Year |
| - | - |
| - | - |
| (2.0) | (5.0) |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| - | - |
| (1.0) | (1.0) |
| (3.0) | (6.0) |

Business structure improvement expenses in current fiscal year include all extraordinary losses related to the business restructuring plan.

4. Summary of Balance Sheet

(Unit : Billions of Yen)

| | Assets | | |
|-------------------------|---------------------------|---------------------------|------------------------|
| | As of Mar. 31, 2013 | As of Mar. 31, 2014 | Increase (Decrease) |
| Current assets | 715.4 | 777.1 | 61.7 |
| Tangible fixed assets | 446.6 | 425.8 | (20.8) |
| Intangible fixed assets | 14.6 | 72.2 | 57.6 |
| Investments and others | 161.4 | 157.1 | (4.3) |
| Total assets | 1,338.0 | 1,432.2 | 94.2 |
| [Inventory] | 284.6 | 301.2 | 16.6 |

| | Liabilities and Net assets | | |
|----------------------------------|----------------------------|---------------------------|------------------------|
| | As of Mar. 31, 2013 | As of Mar. 31, 2014 | Increase (Decrease) |
| Interest-bearing liabilities | 507.2 | 581.3 | 74.1 |
| Other liabilities | 401.9 | 441.3 | 39.4 |
| Shareholders' equity | 376.8 | * 352.8 | (24.0) |
| Minority interest | 52.1 | 56.8 | 4.7 |
| Total liabilities and net assets | 1,338.0 | 1,432.2 | 94.2 |
| [D/E Ratio] | 1.35 | 1.65 | 0.30 |

*The amount includes (21.3) billion yen of remeasurements of defined benefit plans. D/E ratio before the remeasurements is 1.55.

5. Summary of Cash Flow

(Unit : Billions of Yen)

| | FY2012 | FY2013 | Increase (Decrease) |
|-----------------------------------------------|--------|--------|------------------------|
| Cash flows from operating activities | 18.5 | 43.5 | 25.0 |
| Cash flows from investing activities | (58.1) | (89.8) | (31.7) |
| Free cash flows | (39.6) | (46.3) | (6.7) |
| Cash flows from financing activities | 27.3 | 66.9 | 39.6 |
| Others | 2.7 | 5.6 | 2.9 |
| Net incr.(decr.) in cash and cash equivalents | (9.6) | 26.2 | 35.8 |
| Cash and cash equivalents at the end of year | 45.0 | 71.2 | 26.2 |

| Outlook for FY2014 | |
|--------------------|-----------|
| Interim | Full Year |
| 5.0 | 45.0 |
| (23.0) | (53.0) |
| (18.0) | (8.0) |
| 6.0 | (4.0) |
| - | - |
| (12.0) | (12.0) |

6. Accounting Fundamentals

| | | FY2012 | FY2013 | Increase (Decrease) |
|---------------------------------|------------|--------|--------|------------------------|
| R & D expenses | ¥ Billions | 32.0 | 33.6 | 1.6 |
| Depreciation & amortization | ¥ Billions | 43.8 | 48.1 | 4.3 |
| Capital expenditures | ¥ Billions | 56.6 | 113.2 | 56.6 |
| (Exclude business acquisition) | ¥ Billions | 52.3 | 53.8 | 1.5 |
| Financing incomes & expenses | ¥ Billions | (3.1) | (3.3) | (0.2) |
| Interest-bearing liabilities | ¥ Billions | 507.2 | 581.3 | 74.1 |
| Net D/E ratio | | 1.22 | 1.44 | 0.22 |
| Number of employees | person | 12,846 | 14,271 | 1,425 |
| Exchange rate | Yen / US\$ | 83 | 100 | 17 |
| Domestic standard naphtha price | Yen / KL | 57,500 | 67,300 | 9,800 |

| Outlook for FY2014 | |
|--------------------|-----------|
| Interim | Full Year |
| 16.5 | 33.5 |
| 23.0 | 48.0 |
| 24.0 | 54.0 |
| 24.0 | 54.0 |
| (2.5) | (4.5) |
| 590.0 | 580.0 |
| 1.47 | 1.39 |
| 14,750 | 14,700 |
| 103 | 103 |
| 70,000 | 70,000 |

7. Scope of Consolidation and Equity Method

(Unit : Number of Companies)

| | As of Mar. 31, 2013 | As of Mar. 31, 2014 | Increase (Decrease) |
|----------------------------------------------|---------------------------|---------------------------|------------------------|
| Consolidated subsidiaries | 76 | 97 | 21 |
| Non-consolidated subsidiaries and affiliates | 34 | 38 | 4 |
| Total | 110 | 135 | 25 |

| Outlook for FY2014 | |
|---------------------------|---------------------------|
| As of Sep. 30, 2014 | As of Mar. 31, 2015 |
| 94 | 94 |
| 37 | 37 |
| 131 | 131 |

8. Topics

•Heraeus Kulzer Dental Business

Acquisition of dental business for manufacture and distribution of dental materials from Heraeus Holding GmbH in Germany, June 2013.

•DENTCA

Acquisition of a company for manufacture and distribution of dentures using new cutting edge computer-aided design (CAD), computer aided manufacturing (CAM) technology in USA, June 2013.

•Formosa Mitsui Advanced Chemicals

A newly established joint-venture company between the Company and Formosa Plastics Corporation for manufacture and distribution of electrolyte solution in China, September 2013.

•Vithal Castor Polyols PVT.LTD.

A newly established joint-venture company with Itoh Oil Chemical Co., Ltd and India's Jayant Agro-Organics Ltd. to produce "bio-polyol", the main raw materials of which are non-edible plant derived fatty acid in India, October 2013.

9. Dividends

| | Annual Dividends per Share (yen) | | | | |
|----------------|----------------------------------|---------|-------|-------------|------------------|
| | 1st Q | Interim | 3rd Q | End of Term | Annual Dividends |
| FY2012 Result | - | 3.00 | - | 3.00 | 6.00 |
| FY2013 Result | - | 3.00 | - | 0.00 | 3.00 |
| FY2014 Outlook | - | 0.00 | - | 3.00 | 3.00 |

10. Number of shares outstanding (common stock)

| | FY2012 | FY2013 |
|---------------------------------------------------------------------|---------------|---------------|
| 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 | 20,419,265 | 20,788,036 |
| Average number of shares | 1,001,710,405 | 1,001,447,485 |

1. Operating Results

(1) Overview

In the fiscal year ended March 31, 2014 (the twelve month period from April 1, 2013 to March 31, 2014, hereinafter, "fiscal 2013"), looking at the global economy, the United States saw gradual economic recovery, Europe experienced improving economic conditions, and China and emerging markets maintained a pace of gradual economic growth.

The Japanese economy is beginning to slowly recover thanks in part to a demand surge ahead of the April 2014 consumption tax hike. Another contributing factor was improved personal spending as well as expansion in production and exports against the backdrop of a weakening yen and rises in stock prices buoyed by high expectations for the government's economic policies. Despite all this the economy remained lackluster during the period under review.

In the chemicals industry, although production began to gradually pick up in the latter half of the year, overall improvement was limited owing to stagnant demand for general purpose products, particularly in China.

Against this backdrop, in the final year of the 2011 Mid-Term Business Plan, the Mitsui Chemicals Group worked to leverage the strategic measures taken thus far to propel the Group to greater success. We have focused resources on high functional products, such as healthcare materials, and high value added products, such as elastomers and polypropylene compounds, to firmly expand earnings with the aim of further accelerating a change in our business portfolio. To support this aim, we have also moved ahead with fundamental structural reforms of our volatile volume market businesses: phenols, polyurethane, and purified terephthalic acid. Their businesses environment continued to be severe because of the soaring raw material prices and a significant oversupply in the markets as the emergence of new and expanding production facilities in Asia, especially in China. We have therefore decided to move up the implementation of further business restructuring, including termination of plants and closing of production sites, in order to fundamentally turn around these businesses. As a result, by recording a substantial extraordinary loss following the decisions of abovementioned business restructuring plan, net income was severely affected in particular.

The Group performance in fiscal 2013 suffered, as illustrated below.

(Billions of Yen)

| | Net Sales | Operating Income | Ordinary Income | Net Income (Loss) |
|----------------------|-----------|------------------|-----------------|-------------------|
| Current Fiscal Year | 1,566.0 | 24.9 | 22.5 | (25.1) |
| Previous Fiscal Year | 1,406.2 | 4.3 | 9.2 | (8.1) |
| Change | 159.8 | 20.6 | 13.3 | (17.0) |
| Change (%) | 11.4 | 480.4 | 144.6 | — |

Net Sales increased 159.8 billion yen, or 11.4%, compared with the previous fiscal year to 1,566.0 billion yen. This was mainly attributable to a 159.7 billion yen increase because of the positive impact of a rise in sales price following hikes in naphtha and other raw material and fuel prices as well as an improvement in sales price due to the weaker yen. And a rise of 0.1 billion yen in net sales overall occurred due to the increase in sales volume in acquired Heraeus Kulzer Dental Business of Functional Chemicals and Functional Polymeric Materials, which covers the decrease in Basic Chemicals.

Overseas sales stood at 698.1 billion yen, increased 1.3% year on year to account for 44.6% of total sales.

Operating income was 24.9 billion yen, an increase of 20.6 billion yen or 480.4%, year on year. This result was due to an improvement in terms of trade in the Petrochemicals segment

as well as higher sales volume in the Functional Chemicals and Functional Polymeric Materials segment.

Ordinary income was 22.5 billion yen, an increase of 13.3 billion yen, or 144.6%, year on year. This result largely reflected higher operating income.

Extraordinary loss was 33.0 billion yen, a worse of 23.0 billion yen, year on year. The main reason was the post of business restructuring expenses for Polyurethane business and Phenol business, which are in volatile markets, of 25.7 billion yen.

As a result of the aforementioned factors, **net loss before income taxes and minority interests** amounted to 10.5 billion yen, a fall of 9.7 billion yen, year on year.

Net loss after accounting for income taxes and minority interests was 25.1 billion yen, a fall of 17.0 billion yen compared with the previous fiscal year, or 25.10 yen net loss per share for the period.

(2) Results by Business Segment

The status of each segment during the fiscal year is as follows.

From the fiscal period under review onwards, MCI has changed order of its business segments listing to signify acceleration of changes to its business portfolio towards functional products.

Functional Chemicals

Net sales in the Functional Chemicals segment increased 40.8 billion yen compared with the previous fiscal year to 190.4 billion yen and comprised 12% of total sales. Operating income grew 2.6 billion yen compared with the corresponding period of the previous fiscal year to 15.0 billion yen mainly due to expanding export sales of agrochemical products.

Sales were particularly favorable for ophthalmic lens materials in **healthcare materials**, nonwoven fabrics in **hygiene materials**, and **agrochemicals**, expanding primarily as a result of higher overseas demand. Sales of **catalysts** expanded as well, due to recovery from the effects of the suspension of production following the accident at the Iwakuni-Ohtake Works. The Group took over the Heraeus Kulzer Dental Business on June 30, 2013 and its operating results of half year have been included in consolidated results.

Functional Polymeric Materials

Net sales in the Functional Polymeric Materials segment increased 42.0 billion yen compared with the previous fiscal year to 176.7 billion yen and comprised 11% of total sales. Operating income increased 3.5 billion yen to 11.9 billion yen year on year due mainly to the Company's quick response to increased demand, the effect of the weaker yen and the impact of unification of closing period for certain subsidiaries, which consolidated their 15-month results.

Profits increased for **elastomers** and **performance compounds**, which are used primarily in automotive components and resin modifiers, thanks to the effect of the weaker yen and expanding demand for automotive applications, primarily in North America. Profits from **specialty polyolefins**, having fully recovered from the effects of the accident at the Iwakuni-Ohtake Works, were boosted by increased sales of smart phones and the effect of the weaker yen.

Polyurethane

Net sales in the Polyurethane segment increased 17.6 billion yen compared with the previous fiscal year to 163.8 billion yen and comprised 11% of total sales. On the other hand, operating loss rose 2.6 billion yen year on year to 5.2 billion yen due to a decline in overseas markets for polyurethane and hikes in raw material and fuel prices.

In **adhesive materials**, net sales expanded as overseas demand for adhesives used in packaging steadily increased and new sales of OLED adhesive materials commenced. Conditions remained harsh for **polyurethane materials**, which are used mainly in furniture manufacturing, due to weak demand as well as persistent stagnation in the Chinese market and increases in raw material and fuel prices.

Basic Chemicals

Net sales in the Basic Chemicals segment decreased 25.5 billion yen year on year to 376.2 billion yen and accounted for 24% of total sales. On the other hand, in spite of severe trade conditions for phenols and purified terephthalic acid (PTA), as cost-cutting efforts and impact of changes in consolidation subsidiaries, operating loss was 17.4 billion yen, 1.5 billion yen less comparing to the previous year.

The business environment for **phenols, PTA**, and other products remained severe against the backdrop of continued delay in demand recovery and, market stagnation in China.

Petrochemicals

Net sales in the Petrochemicals segment increased 83.4 billion yen compared with the previous fiscal year to 552.4 billion yen and comprised 35% of total sales. Operating income increased 17.6 billion yen year on year to 25.3 billion yen primarily because of improvement in sales volume, terms of trade and inventory evaluation gain accompanying higher naphtha prices and, impact of unification of closing period for certain subsidiaries, which consolidated their 15-month results.

Films and Sheets

Net sales in the Films and Sheets segment increased 5.1 billion yen compared with the previous fiscal year to 79.9 billion yen and comprised 5% of total sales. A 4.2 billion yen turnaround from the previous fiscal year resulted in operating income of 0.9 billion yen. This result was due to increased sales of high-value-added products, the effect of the weaker yen, and cost-cutting efforts.

In **packaging films**, profits increased due to a sales price revision implemented from the beginning of the fiscal year and the recovery of the domestic market demand.

In **electronic and optical films**, profits rose due to increased demand related to high-value-added products, especially smartphones, and the effect of the weaker yen.

In **solar cell sheets**, profits rose because of the growing market in Japan as well as efforts to expand sales of new products and minimize costs in spite of the continued severed business environment.

Others

In the Others segment, net sales decreased 3.6 billion yen with the previous fiscal year to 26.6 billion yen, comprised 2% of total sales. Operating loss was 0.6 billion yen, which was the same as the previous year.

(3) Outlook for Fiscal 2014 (Year Ending March 31, 2015) (Overall of Financial Outlook for Fiscal 2014)

Projections call for the global economy in fiscal 2014 to gradually head toward recovery, especially in the United States and Europe, as the effects of austerity measures dissipate, even though the pace of economic growth in China and emerging markets continues to slow.

The Japanese economy is expected to grow, supported by economic policies and growth in exports along with the weaker yen and improvements in overseas economies, although there is some trepidation regarding the impact the consumption tax increase may have.

The chemical industry is expected to recover, boosted by an increase in demand accompanying the global economic recovery, although the operational environment is expected to remain severe.

Under these circumstances, the projected business performance for the Group for fiscal 2014 is as follows.

| (¥ billion yen) | Net Sales | Operating Income | Ordinary Income | Net Income |
|-----------------|-----------|------------------|-----------------|------------|
| FY2014 | 1,680.0 | 35.0 | 31.0 | 12.0 |
| FY2013 | 1,566.0 | 24.9 | 22.5 | (25.1) |
| Difference | 114.0 | 10.1 | 8.5 | 37.1 |
| Ratio (%) | 7.3 | 40.6 | 37.6 | — |

Outlook above are based on the following assumptions:

a) Exchange rate for the full year is 103 yen/US\$

b) Average price of domestic naphtha is 70,000 yen /kl

(Outlook by Business Segment)

Outlook by business segment is as follows.

(Billions of Yen)

| | Net Sales | | | | | | | | |
|------------|----------------------|--------------------------------|---------------|-----------------|-----------------|------------------|--------|------------|---------|
| | Functional Chemicals | Functional Polymeric Materials | Poly urethane | Basic Chemicals | Petro chemicals | Films and Sheets | Others | Adjustment | Total |
| FY2014 | 221.0 | 181.0 | 182.0 | 374.0 | 612.0 | 85.0 | 25.0 | — | 1,680.0 |
| FY2013 | 190.4 | 176.7 | 163.8 | 376.2 | 552.4 | 79.9 | 26.6 | — | 1,566.0 |
| Difference | 30.6 | 4.3 | 18.2 | (2.2) | 59.6 | 5.1 | (1.6) | — | 114.0 |
| Ratio(%) | 16.1 | 2.4 | 11.1 | (0.6) | 10.8 | 6.4 | (6.0) | — | 7.3 |

(Billions of Yen)

| | Operating Income (Loss) | | | | | | | | |
|------------|-------------------------|--------------------------------|---------------|-----------------|-----------------|------------------|--------|------------|-------|
| | Functional Chemicals | Functional Polymeric Materials | Poly urethane | Basic Chemicals | Petro chemicals | Films and Sheets | Others | Adjustment | Total |
| FY2014 | 16.5 | 14.5 | 1.0 | (9.0) | 19.5 | 1.0 | (0.5) | (8.0) | 35.0 |
| FY2013 | 15.0 | 11.9 | (5.2) | (17.4) | 25.3 | 0.9 | (0.6) | (5.0) | 24.9 |
| Difference | 1.5 | 2.6 | 6.2 | 8.4 | (5.8) | 0.1 | 0.1 | (3.0) | 10.1 |
| Ratio(%) | 10.0 | 21.8 | — | — | (22.9) | 11.1 | — | — | 40.6 |

(4) Information on Extraordinary Loss due to Business Restructuring Plan

In the 4th quarter of fiscal year 2013, business structure improvement expenses of 5.1 billion yen, due to the restructuring of Polyurethane business and Phenol business, was recorded as below.

Therefore, including the amount recorded in previous quarter, business structure improvement expenses was recorded 25.7 billion yen for the whole fiscal year.

a) Extraordinary loss in Polyurethane materials business

Because of the stagnation of the market demand, there was indication that MCI's fixed

assets may be impaired. As the result of the impairment test on the recoverable amount of the fixed assets, the company posted impairment loss in 4th quarter of current fiscal year.

b) Extraordinary loss in Phenol business

The company decided to suspend one production line of Bisphenol-A series products in Mitsui Phenols Singapore Pte Ltd., its subsidiary in Singapore. Consequentially, the company posted impairment loss in 4th quarter of current fiscal year.

2. Financial Position

(1) Status of Assets, Liabilities and Net Assets

Total assets at the end of the fiscal year stood at 1,432.2 billion yen, up 94.2 billion yen compared with the end of the previous fiscal year.

Total liabilities at the end of the fiscal year increased 113.5 billion yen compared with the previous fiscal year-end to 1,022.6 billion yen. **Interest-bearing debt** amounted to 581.3 billion yen, a rise of 74.1 billion yen compared with March 31, 2013. As a result, the interest-bearing debt ratio was 40.6%, an increase of 2.7 percentage points.

Net assets totaled 409.6 billion yen, a fall of 19.3 billion yen compared with the previous fiscal year-end. The **ratio of shareholders' equity to total assets** was 24.6%, down 3.6 percentage point from the previous fiscal year-end.

Accounting for the aforementioned factors, the **debt-equity ratio** stood at 1.65 at the end of the fiscal year, up 0.30 point from the previous fiscal year-end. The **net debt-equity ratio** stood at 1.44 at the end of the fiscal year, up 0.22 point from the previous fiscal year-end.

(2) Cash Flow Status

Cash and cash equivalents (hereafter called "cash") were up 26.2 billion yen to 71.2 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 25.0 billion yen to 43.5 billion yen. It was due to an increase of depreciation and amortization expenses and a decrease in working capital.

Cash Flows from Investing Activities

Net cash used in investing activities increased 31.7 billion yen compared with the previous fiscal year to 89.8 billion yen. This rise was mainly attributable to higher outflows for the acquisition of the Heraeus Kulzer Dental Business.

Cash Flows from Financing Activities

Net cash used in financing activities was 66.9 billion yen, up 39.6 billion yen year on year. This was primarily due to an increase of interest-bearing debt.

(3) Trends in Cash Flow Indicators

| | FY2009 (As of March 31, 2010) | FY2010 (As of March 31, 2011) | FY2011 (As of March 31, 2012) | FY2012 (As of March 31, 2013) | FY2013 (As of March 31, 2014) |
|--------------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Shareholders' Equity Ratio (%) | 30.5 | 29.6 | 29.2 | 28.2 | 24.6 |
| Shareholders' Equity Ratio on a Market Value Basis (%) | 22.9 | 22.7 | 20.0 | 15.4 | 17.7 |
| Ratio of Interest-bearing Debt to Cash Flows | 7.0 | 6.6 | 10.7 | 27.4 | 13.4 |
| Interest Coverage Ratio (Times) | 8.2 | 9.5 | 6.4 | 2.7 | 5.6 |

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.
- The operating cash flow figures used are cash flows from operating activities as reported in the consolidated statements of cash flows. 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 2013 and 2014 (Year Ending March 31, 2014 and March 31, 2015)

(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 2013 and 2014

In current fiscal year, the Group posted a large amount of extraordinary loss due to its decision on the radical restructuring plan for its business in volatile markets plans. This resulted a net loss of 25.1 billion yen. Under such circumstances, the Group decided not to pay the year-end dividends. Because the Group paid an interim dividend of 3 yen per share on December 3, 2013, the annual dividend for the fiscal year under review will be 3 yen per share.

Turning to dividends for the fiscal year ending March 31, 2015, the Group plans to pay interim and year-end dividends as 0 yen and 3 yen per share, respectively. The Group therefore plans an annual dividend of 3 yen per share.

4. Consolidated Balance sheets

| | Millions of yen | |
|--------------------------------------------|---------------------------------|---------------------------------|
| | FY2012 | FY2013 |
| | At the end of March 31, 2013 | At the end of March 31, 2014 |
| Assets | | |
| Current assets | | |
| Cash and deposits | 46,514 | 71,979 |
| Notes and accounts receivable-trade | 298,411 | 296,492 |
| Inventories | 284,643 | 301,158 |
| Deferred tax assets | 11,264 | 9,828 |
| Accounts receivable-other | 66,108 | 89,677 |
| Other | 9,035 | 8,653 |
| Allowance for doubtful accounts | (579) | (772) |
| Total current assets | 715,396 | 777,015 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 318,872 | 330,822 |
| Accumulated depreciation | (212,415) | (221,602) |
| Buildings and structures, net | 106,457 | 109,220 |
| Machinery, equipment and vehicles | 1,064,514 | 1,011,771 |
| Accumulated depreciation | (920,466) | (885,662) |
| Machinery, equipment and vehicles, net | 144,048 | 126,109 |
| Land | 164,190 | 159,674 |
| Construction in progress | 22,888 | 20,799 |
| Other | 64,600 | 70,400 |
| Accumulated depreciation | (55,546) | (60,362) |
| Other, net | 9,054 | 10,038 |
| Total property, plant and equipment | 446,637 | 425,840 |
| Intangible assets | | |
| Goodwill | 3,935 | 34,935 |
| Other | 10,700 | 37,275 |
| Total intangible assets | 14,635 | 72,210 |
| Investments and other assets | | |
| Investment securities | 98,269 | 108,620 |
| Net defined benefit asset | - | 13,036 |
| Deferred tax assets | 4,129 | 5,448 |
| Other | 59,791 | 30,919 |
| Allowance for doubtful accounts | (862) | (926) |
| Total investments and other assets | 161,327 | 157,097 |
| Total noncurrent assets | 622,599 | 655,147 |
| Total assets | 1,337,995 | 1,432,162 |

| | Millions of yen | |
|-------------------------------------------------------|------------------------|-----------------------|
| | FY2012 | FY2013 |
| | At the end of | At the end of |
| | March 31, 2013 | March 31, 2014 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 215,666 | 219,849 |
| Short-term loans payable | 106,685 | 121,967 |
| Current portion of long-term loans payable | 54,011 | 41,188 |
| Commercial papers | 15,000 | 15,000 |
| Current portion of bonds | 10,000 | 13,000 |
| Income taxes payable | 2,963 | 4,455 |
| Provision for directors' bonuses | 23 | 42 |
| Provision for repairs | 10,232 | 12,324 |
| Provision for business structure improvement | - | 2,337 |
| Other | 79,328 | 76,894 |
| Total current liabilities | 493,908 | 507,056 |
| Noncurrent liabilities | | |
| Bonds payable | 97,000 | 99,000 |
| Long-term loans payable | 223,956 | 290,595 |
| Deferred tax liabilities | 16,963 | 22,923 |
| Provision for retirement benefits | 50,855 | - |
| Provision for directors' retirement benefits | 261 | 295 |
| Provision for repairs | 3,579 | 2,227 |
| Provision for environmental measures | 3,028 | 1,621 |
| Provision for business structure improvement | - | 14,213 |
| Net defined benefit liability | - | 58,324 |
| Asset retirement obligations | 2,589 | 3,770 |
| Other | 16,942 | 22,491 |
| Total noncurrent liabilities | 415,173 | 515,459 |
| Total liabilities | 909,081 | 1,022,515 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 125,053 | 125,053 |
| Capital surplus | 91,065 | 91,065 |
| Retained earnings | 180,451 | 149,287 |
| Treasury stock | (14,264) | (14,341) |
| Total shareholders' equity | 382,305 | 351,064 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 12,862 | 16,678 |
| Deferred gains or losses on hedges | (250) | (105) |
| Foreign currency translation adjustment | (18,138) | 6,551 |
| Remeasurements of defined benefit plans | - | (21,345) |
| Total accumulated other comprehensive income | (5,526) | 1,779 |
| Minority interests | 52,135 | 56,804 |
| Total net assets | 428,914 | 409,647 |
| Total liabilities and net assets | 1,337,995 | 1,432,162 |

5. Consolidated Income Statements and Consolidated Comprehensive Income Statements

(Consolidated Income Statements)

| | Millions of yen | |
|---------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| | FY2012 At the end of March 31, 2013 | FY2013 At the end of March 31, 2014 |
| Net sales | 1,406,220 | 1,566,046 |
| Cost of sales | 1,233,303 | 1,353,536 |
| Gross profit | 172,917 | 212,510 |
| Selling, general and administrative expenses | 168,627 | 187,611 |
| Operating income | 4,290 | 24,899 |
| Non-operating income and expenses | | |
| Non-operating income | | |
| Interest income | 256 | 358 |
| Dividends income | 3,445 | 3,724 |
| Amortization of negative goodwill | 681 | 679 |
| Equity in earnings of affiliates | 1,575 | 786 |
| Foreign exchange Gains | 4,102 | 165 |
| Other | 6,752 | 4,073 |
| Total non-operating income | 16,811 | 9,785 |
| Non-operating expenses | | |
| Interest expenses | 6,779 | 7,372 |
| Loss on suspension of operations | 1,198 | 869 |
| Other | 3,918 | 3,921 |
| Total non-operating expenses | 11,895 | 12,162 |
| Ordinary income | 9,206 | 22,522 |
| Extraordinary income and loss | | |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 425 | 128 |
| Gain on sales of investment securities | 1,251 | 2,432 |
| Reversal of provision for environmental measures | 3,309 | - |
| Insurance income | 5,472 | 4,044 |
| Total extraordinary income | 10,457 | 6,604 |
| Extraordinary loss | | |
| Loss on disposal of noncurrent assets | 4,288 | 5,851 |
| Loss on sales of noncurrent assets | 184 | 17 |
| Impairment loss | 5,582 | 4,444 |
| Loss on restructuring of subsidiaries and affiliates | 4,120 | 2,167 |
| Loss on valuation of investment securities | 794 | - |
| Loss on business withdrawal | 143 | 1,523 |
| Loss on explosion and fire | 4,868 | - |
| Contract termination Fees | 480 | - |
| Business structure improvement expenses | - | 25,662 |
| Total extraordinary loss | 20,459 | 39,664 |
| Net Income (loss) before income taxes and minority interests | (796) | (10,538) |
| Income taxes— current | 6,571 | 10,475 |
| Income taxes— deferred | 255 | 897 |
| Total income taxes | 6,826 | 11,372 |
| Income (loss) before minority interests | (7,622) | (21,910) |
| Minority interests in income | 527 | 3,228 |
| Net income (loss) | (8,149) | (25,138) |

(Consolidated Comprehensive Income Statements)

| | Millions of yen | |
|-------------------------------------------------------------------------------------|-----------------|-----------------|
| | FY2012 | FY2013 |
| | At the end of | At the end of |
| | March 31, 2013 | March 31, 2014 |
| Income before minority interests | (7,622) | (21,910) |
| Other comprehensive income (loss) | | |
| Valuation difference on available-for-sale securities | 4,825 | 3,907 |
| Deferred gains or losses on hedges | (70) | 124 |
| Post retirement liability adjustments for foreign consolidated subsidiaries | - | 22 |
| Foreign currency translation adjustment | 21,652 | 21,892 |
| Share of other comprehensive income of associates accounted for using equity method | 3,195 | 6,154 |
| Total other comprehensive income (loss) | 29,602 | 32,099 |
| Comprehensive income (loss) | 21,980 | 10,189 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 15,387 | 5,055 |
| Comprehensive income attributable to minority interests | 6,593 | 5,134 |

6. Consolidated Statements of Cash Flows

| | Millions of yen | |
|---------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| | FY2012 At the end of March 31, 2013 | FY2013 At the end of March 31, 2014 |
| Loss before income taxes and minority interests | (796) | (10,538) |
| Depreciation | 42,227 | 45,617 |
| Amortization of goodwill | 1,637 | 2,526 |
| Impairment loss | 5,582 | 4,444 |
| Increase (decrease) in provision for retirement benefits | (2,582) | - |
| Increase(decrease) in net defined benefit liability | - | (550) |
| Decrease (increase) in prepaid pension costs | 3,308 | - |
| Decrease (increase) in net defined benefit asset | - | 2,900 |
| Increase (decrease) in allowance for doubtful accounts | 49 | 8 |
| Increase (decrease) in provision for repairs | 814 | 740 |
| Increase (decrease) in provision for environmental measures | (4,236) | (1,407) |
| Increase (decrease) in provision for business structure improvement | - | 12,670 |
| Interest and dividend income | (3,700) | (4,082) |
| Interest expenses | 6,779 | 7,372 |
| Share of (profit) loss of entities accounted for using equity method | (1,575) | (786) |
| Loss (gain) on sales of investment securities | (1,427) | (2,499) |
| Loss (gain) on valuation of investment securities | 794 | 6 |
| Loss on retirement of non-current assets | 1,561 | 1,015 |
| Loss (gain) on sales of non-current assets | (241) | (111) |
| Decrease (increase) in notes and accounts receivable - trade | (16,260) | (7,150) |
| Decrease (increase) in inventories | (27,976) | (9,003) |
| Increase (decrease) in notes and accounts payable - trade | 14,665 | 8,052 |
| Other, net | (5,961) | 1,148 |
| Subtotal | 12,662 | 50,372 |
| Interest and dividends income received | 7,072 | 6,580 |
| Interest expenses paid | (6,807) | (7,764) |
| Income taxes paid | (8,098) | (10,641) |
| Proceeds from insurance income on explosion and fire | 13,683 | 4,929 |
| I Net cash provided by (used in) operating activities | 18,512 | 43,476 |
| Purchase of property, plant and equipment | (50,050) | (52,096) |
| Proceeds from sales of property, plant and equipment | 2,965 | 451 |
| Purchase of intangible assets | (2,037) | (1,396) |
| Purchase of long-term prepaid expenses | (3,378) | (1,006) |
| Purchase of investment securities | (6,167) | (8,208) |
| Proceeds from sales and redemption of investment securities | 455 | 12,490 |
| Payments for transfer of business | - | (40,900) |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | (4,083) | - |
| Other, net | 4,159 | 884 |
| II Net cash provided by (used in) investing activities | (58,136) | (89,781) |

| | Millions of yen | |
|--------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|
| | FY2012 | FY2013 |
| | At the end of March 31, 2013 | At the end of March 31, 2014 |
| Net increase (decrease) in short-term loans payable | 6,801 | 11,631 |
| Increase (decrease) in commercial papers | (3,700) | - |
| Proceeds from long-term loans payable | 76,499 | 112,317 |
| Repayment of long-term loans payable | (26,580) | (54,022) |
| Proceeds from issuance of bonds | 14,000 | 15,000 |
| Redemption of bonds | (30,000) | (10,000) |
| Proceeds from stock issuance to minority shareholders | 1,115 | 1,880 |
| Proceeds from sales of treasury stock | 15 | 8 |
| Purchase of treasury stock | (48) | (102) |
| Cash dividends paid | (6,011) | (6,009) |
| Cash dividends paid to minority shareholders | (4,701) | (3,700) |
| Other, net | (122) | (135) |
| III Net cash provided by (used in) financing activities | 27,268 | 66,868 |
| Effect of exchange rate change on cash and cash equivalents | 2,670 | 5,735 |
| V Net increase (decrease) in cash and cash equivalents | (9,686) | 26,298 |
| VI Cash and cash equivalents at beginning of period | 54,564 | 44,996 |
| Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation | 118 | (84) |
| VIII Cash and cash equivalents at end of period | 44,996 | 71,210 |

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, 2012 – March 31, 2013)

(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 | 149,633 | 134,674 | 146,150 | 401,736 | 468,952 | 74,794 | 1,375,939 | 30,281 | 1,406,220 |
| 2) Internal sales among segments and transfers | 5,986 | 16,321 | 4,540 | 28,357 | 136,314 | 1,863 | 193,381 | 55,681 | 249,062 |
| Total | 155,619 | 150,995 | 150,690 | 430,093 | 605,266 | 76,657 | 1,569,320 | 85,962 | 1,655,282 |
| Segment income (loss) | 12,448 | 8,438 | (2,643) | (18,916) | 7,674 | (3,319) | 3,682 | (573) | 3,109 |
| Segment assets | 224,411 | 166,229 | 126,282 | 238,599 | 380,104 | 87,750 | 1,223,375 | 41,552 | 1,264,927 |
| Other items | | | | | | | | | |
| Depreciation and amortization (Note 2) | 7,057 | 7,105 | 2,751 | 8,405 | 8,191 | 5,666 | 39,175 | 3,052 | 42,227 |
| Amortization of goodwill | 1,324 | — | — | — | 312 | — | 1,636 | 1 | 1,637 |
| Amount invested in equity method affiliate | 4,388 | 18,538 | 6,164 | 17,345 | 2,234 | 1,219 | 49,888 | 1,128 | 51,016 |
| Capital expenditures (Note 2) | 14,613 | 4,410 | 4,279 | 11,750 | 12,651 | 5,063 | 52,766 | 3,883 | 56,649 |

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, 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 |
| 2) Internal sales among 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 for long-term prepaid expenses.

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

| Net Sales | (Millions of yen) | |
|------------------------------------------------------|-------------------|-----------|
| | FY 2012 | FY 2013 |
| Total reportable segment sales | 1,569,320 | 1,760,182 |
| Net sales classified under "Others" | 85,962 | 86,013 |
| Elimination of intersegment transactions | (249,062) | (280,149) |
| Net sales recorded in Consolidated Income Statements | 1,406,220 | 1,566,046 |

| Income | (Millions of yen) | |
|--------------------------------------------------------------------|-------------------|---------|
| | FY 2012 | FY 2013 |
| Total reportable segment income | 3,682 | 30,490 |
| Income classified under "Others" | (573) | (586) |
| Elimination of intersegment transactions and etc | 2,750 | (26) |
| Corporate expenses (note) | (1,569) | (4,979) |
| Operating income (loss) recorded in Consolidated Income Statements | 4,290 | 24,899 |

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

| Assets | (Millions of yen) | |
|------------------------------------------------|-------------------|-----------|
| | FY 2012 | FY 2013 |
| Total reportable segment assets | 1,223,375 | 1,308,524 |
| Assets classified under "Others" | 41,552 | 22,190 |
| Elimination of intersegment transactions | (74,877) | (67,855) |
| Corporate assets (note) | 147,945 | 169,303 |
| Assets recorded in Consolidated Balance Sheets | 1,337,995 | 1,432,162 |

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.

| Other items | Reportable segments | | Others | | Adjustments (note) | | Amounts from consolidated financial | |
|---------------------------------------|---------------------|---------|--------|-------|--------------------|------|-------------------------------------|---------|
| | FY12 | FY13 | FY12 | FY13 | FY12 | FY13 | FY12 | FY13 |
| Depreciation and amortization | 39,175 | 41,847 | 3,052 | 3,427 | — | 343 | 42,227 | 45,617 |
| Amortization of goodwill | 1,636 | 2,526 | 1 | — | — | — | 1,637 | 2,526 |
| Investment in equity method affiliate | 49,888 | 61,524 | 1,128 | 1,533 | — | — | 51,016 | 63,057 |
| Capital expenditures | 52,766 | 110,174 | 3,883 | 2,319 | — | 707 | 56,649 | 113,200 |

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, 2012 – March 31, 2013)

a. Net Sales (Millions of yen)

| Japan | China | Asia | America | Europe | Other regions | Total |
|---------|---------|---------|---------|--------|---------------|-----------|
| 797,518 | 164,613 | 303,369 | 89,053 | 36,555 | 15,112 | 1,406,220 |

- 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 |
|---------|--------|---------------|---------|
| 358,430 | 79,043 | 9,164 | 446,637 |

- 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, 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

Information Concerning Impairment Loss of Fixed Assets by Reportable Segment

The previous consolidated fiscal year (April 1, 2012 – March 31, 2013)

(Millions of yen)

| | Functional Chemicals | Functional Polymeric Materials | Polyurethane | Basic Chemicals | Petrochemicals | Films and sheets | Others | Corporate Expenses | Total |
|-----------------|----------------------|--------------------------------|--------------|-----------------|----------------|------------------|--------|--------------------|-------|
| Impairment loss | 1,294 | 293 | 141 | 259 | 650 | 2,723 | — | 222 | 5,582 |

The consolidated fiscal year under review (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 |

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

The previous consolidated fiscal year (April 1, 2012 – March 31, 2013)

(Millions of yen)

| | Functional Chemicals | Functional Polymeric Materials | Polyurethane | Basic Chemicals | Petrochemicals | Films and sheets | Others | Corporate Expenses | Total |
|------------------------|----------------------|--------------------------------|--------------|-----------------|----------------|------------------|--------|--------------------|-------|
| Amount of amortization | 1,324 | — | — | — | 312 | — | 1 | — | 1,637 |
| Unamortized balance | 2,813 | — | — | — | 1,824 | — | — | — | 4,637 |

The consolidated fiscal year under review (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 |

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

The previous consolidated fiscal year (April 1, 2012 – March 31, 2013)

(Millions of yen)

| | Functional Chemicals | Functional Polymeric Materials | Polyurethane | Basic Chemicals | Petrochemicals | Films and sheets | Others | Corporate Expenses | Total |
|---------------------|----------------------|--------------------------------|--------------|-----------------|----------------|------------------|--------|--------------------|-------|
| Amount of | 88 | — | — | — | — | 593 | — | — | 681 |
| Unamortized balance | 111 | — | — | — | — | 591 | — | — | 702 |

The consolidated fiscal year under review (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 | 88 | — | — | — | — | 591 | — | — | 679 |
| Unamortized balance | 23 | — | — | — | — | — | — | — | 23 |

9. Business Combination (Acquisition of Dental Business from Heraeus Holding GmbH)

① Outline of the acquisition

(1) Seller's name and acquired business

| | |
|-------------------------------|---------------------------------------------------------------------|
| Seller's name | Heraeus Holding GmbH |
| Name of the acquired business | Heraeus Kulzer Dental Business |
| Business | Production and sales of dental related products (e.g. restoratives) |

(2) Purpose

The acquisition of Heraeus Kulzer Dental Business will provide the Mitsui Chemicals Group with a global platform for its dental materials business, in which it targets expansion and growth as a core business, into the growing overseas dental materials market that is expected to significantly grow in the future. In addition, the Group expects to be able to respond to customer needs by the synergy of Mitsui Chemicals' rich R&D resources and knowledge of chemical areas such as polymer technology and Heraeus Dental's strong product development capabilities.

(3) Acquisition date

June 30, 2013

(4) Legal form of the acquisition

Cash payment for shares and assets

(5) Form of business organization and company names after the acquisition

MCI established its 100% subsidiaries, MC Dental Holdings International LLP.(Japan) and MC Dental Holdings Europe GmbH (Germany). These 2 companies acquired the dental business.

(6) Acquired voting interest

100%

On Mar. 24, 2014, MCI sold 19.99% of MC Dental Holdings International LLP.'s voting shares to Development Bank of Japan Inc.

② Impact on consolidated business performance

Operating results from Jul. 1, 2013 to Dec. 31, 2013 were consolidated in the current period.

③ Cost of the acquisition (in million yen):

| | |
|---------------|--------|
| Direct cost | 57,902 |
| Related costs | 856 |
| <hr/> | |
| Total cost | 58,758 |

- ④ Goodwill recognition, measurement and amortization
- (1) Recognized amount: 30,473 million yen
 - (2) Measurement principle: the excess of the total cost of the acquisition over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed
 - (3) Amortization: straight-line over 20 years

- ⑤ Identifiable assets acquired and the liabilities assumed (in million yen):

| | |
|--------------------------|---------------|
| Current assets | 28,241 |
| Fixed assets | 34,920 |
| Total assets | 63,161 |
| Current liabilities | 16,708 |
| Fixed liabilities | 18,168 |
| Total liabilities | 34,876 |

- ⑥ Purchase price allocation to intangible assets other than goodwill, and their amortization (in million yen):

| Type | Amount | Amortization period |
|---------------------------------|--------|---------------------|
| Customer lists | 7,812 | Generally 20 years |
| Trademarks and trademark rights | 9,467 | Generally 20 years |
| Patents and technologies | 3,802 | Generally 20 years |

- ⑦ Impact on consolidated income statement as if the full-year financial results were consolidated and its measurement

Net sales 20,107 million yen

Measurement: the excess of the full-year net sales as if to be consolidated over the net sales which were consolidated in current period.

The impact on expenses and other revenues is negligible.

The impact amount is unaudited.