

# Summary of Consolidated Financial Results for FY2015

May 13, 2016  
Mitsui Chemicals, Inc.

## 1. Summary of Income Statement

(Unit : Billions of Yen)

	FY2014	FY2015	Increase (Decrease)
Net Sales	1,550.1	1,343.9	(206.2)
Operating income	42.0	70.9	28.9
Ordinary income	44.4	63.2	18.8
Profit attributable to owners of parent	17.3	23.0	5.7
Comprehensive income (loss)	66.2	(14.4)	(80.6)

Outlook for FY2016	
Interim	Full Year
600.0	1,250.0
27.0	70.0
23.0	62.0
10.0	36.0

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

### • Net Sales

(Unit : Billions of Yen)

	FY2014	FY2015	Incr. (Decr.)	Breakdown	
				Volume	Price
Healthcare	138.2	151.3	13.1	14.2	(1.1)
Functional Polymeric Materials	174.5	167.5	(7.0)	(3.4)	(3.6)
Polyurethane	154.8	112.2	(42.6)	(29.3)	(13.3)
Basic Chemicals	330.8	251.2	(79.6)	(15.6)	(64.0)
Petrochemicals	584.4	491.3	(93.1)	19.8	(112.9)
Food & Packaging	129.2	131.9	2.7	5.4	(2.7)
Others	38.2	38.5	0.3	0.3	-
Total	1,550.1	1,343.9	(206.2)	(8.6)	(197.6)

### • Operating Income (Loss)

(Unit : Billions of Yen)

	FY2014	FY2015	Incr. (Decr.)	Breakdown		
				Volume	Price ※	Fixed Costs etc.
Healthcare	9.1	10.7	1.6	2.1	1.3	(1.8)
Functional Polymeric Materials	18.7	26.2	7.5	0.6	7.6	(0.7)
Polyurethane	(3.5)	(8.5)	(5.0)	(0.6)	(5.0)	0.6
Basic Chemicals	(7.9)	(3.7)	4.2	(0.6)	3.0	1.8
Petrochemicals	21.6	39.3	17.7	3.0	13.2	1.5
Food & Packaging	9.1	13.9	4.8	2.1	2.5	0.2
Others	0.9	(0.1)	(1.0)	-	-	(1.0)
Adjustment	(6.0)	(6.9)	(0.9)	-	-	(0.9)
Total	42.0	70.9	28.9	6.6	22.6	(0.3)

※ Price includes both selling and purchasing price variances.

## 3. Extraordinary Income and Losses

(Unit : Billions of Yen)

	FY2014	FY2015	Increase (Decrease)
Gain on sales of non-current assets & investment securities	2.3	5.1	2.8
Gain on transfer of business	-	3.7	3.7
Loss on sales and disposal of non-current assets	(4.5)	(5.6)	(1.1)
Impairment loss	(5.3)	(24.1)	(18.8)
Loss on restructuring of subsidiaries and affiliates	-	(1.0)	(1.0)
Others	(1.1)	-	1.1
Total	(8.6)	(21.9)	(13.3)

Outlook for FY2016	
Interim	Full Year
-	-
-	-
(3.0)	(6.0)
-	-
-	-
-	-
(3.0)	(6.0)

#### 4. Summary of Balance Sheet

(Unit : Billions of Yen)

	Assets		
	As of Mar. 31, 2015	As of Mar. 31, 2016	Increase (Decrease)
Current assets	731.7	628.2	(103.5)
Tangible fixed assets	433.6	413.4	(20.2)
Intangible fixed assets	72.8	40.2	(32.6)
Investments and others	173.7	177.1	3.4
Total assets	1,411.8	1,258.9	(152.9)
[ Inventories ]	291.3	240.7	(50.6)

	Liabilities and Net assets		
	As of Mar. 31, 2015	As of Mar. 31, 2016	Increase (Decrease)
Interest-bearing liabilities	548.7	473.0	(75.7)
Other liabilities	391.8	342.7	(49.1)
Shareholders' equity	406.2	381.9	(24.3)
Non-controlling interests	65.1	61.3	(3.8)
Total liabilities and net assets	1,411.8	1,258.9	(152.9)
[ Net D/E Ratio ]	1.22	1.03	(0.19)

#### 5. Summary of Cash Flows

(Unit : Billions of Yen)

	FY2014	FY2015	Increase (Decrease)
Cash flows from operating activities	58.3	145.9	87.6
Cash flows from investing activities	(35.0)	(36.4)	(1.4)
Free cash flows	23.3	109.5	86.2
Cash flows from financing activities	(46.6)	(79.0)	(32.4)
Others	2.7	(2.9)	(5.6)
Net incr.(decr.) in cash and cash equivalents	(20.6)	27.6	48.2
Cash and cash equivalents at the end of year	50.6	78.2	27.6

Outlook for FY2016	
Interim	Full Year
38.0	98.0
(31.0)	(68.0)
7.0	30.0
(18.0)	(37.0)
-	-
(11.0)	(7.0)

#### 6. Accounting Fundamentals

		FY2014	FY2015	Increase (Decrease)
R & D expenses	¥ Billions	32.5	31.5	(1.0)
Depreciation & amortization	¥ Billions	48.2	48.6	0.4
Capital expenditures	¥ Billions	47.5	43.4	(4.1)
(Excluding business combination)	¥ Billions	43.1	43.4	0.3
Financing incomes & expenses	¥ Billions	(2.3)	(2.6)	(0.3)
Interest-bearing liabilities	¥ Billions	548.7	473.0	(75.7)
Net D/E Ratio		1.22	1.03	(0.19)
Number of employees	person	14,363	13,447	(916)
Exchange rate	Yen / US\$	110	120	10
Domestic standard naphtha price	Yen / KL	63,500	42,800	(20,700)

Outlook for FY2016	
Interim	Full Year
17.0	34.0
22.0	46.0
25.0	56.0
25.0	56.0
(1.5)	(3.0)
463.0	450.0
1.02	0.92
13,800	13,700
110	110
33,000	33,000

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

(Unit : Number of Companies)

	As of Mar. 31, 2015	As of Mar. 31, 2016	Increase (Decrease)
Consolidated subsidiaries	100	95	(5)
Non-consolidated subsidiaries and affiliates	37	36	(1)
Total	137	131	(6)

Outlook for FY2016	
As of Sep. 30, 2016	As of Mar. 31, 2017
95	95
36	36
131	131

#### 8. Topics

- Construction of high-performance polyurethane plant began at Omuta Works (April 2015)  
(Production facility for new aliphatic isocyanates FORTIMO™, and STABIO™, 2,000t/annum, commercial operation in August 2016 (tentative))
- Mitsui Chemicals & SKC Polyurethanes Inc. commences operations (July 2015)
- Construction starts at breathable film facility in Thailand (November 2015)  
(4,200tons/annum, commercial operations in January 2017 (tentative))

- Whole You™ launches Whole You Nexteeth™, its first denture product, and a new oral device for obstructive sleep apnea and snoring (November 2015)
- Mitsui Chemicals participates in subsidiary of Taiwan's Sentronic International Corp. (December 2015) (Bolstering business development of metal resin integrally molded POLYMETAC™)
- Mitsui Chemicals Agro, Inc. acquires additional shares of Sotus International Co., Ltd. in Thailand (January 2016)
- Commercial operations start at new bio-polyol facilities in India (8,000 tons/annum, January 2016)
- Commercial operations start at world's first large scale XDI plant at Omuta Works in Japan (5,000 tons/annum, March 2016)
- Mitsui Chemicals Agro, Inc. launches a new fungicide for paddy rice which contains the new active ingredient (March 2016)
- Termination of TDI plant at Kashima Works in Japan (117,000 tons/annum, March 2016)

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

### • Net Sales

	FY2015		FY2016 Outlook	
	Interim	Full Year	Interim	Full Year
Mobility	164.5	318.2	155.0	320.0
Healthcare	87.4	161.1	78.0	160.0
Food & Packaging	96.6	195.2	93.0	200.0
Basic Materials	341.3	630.8	255.0	530.0
Others	18.8	38.6	19.0	40.0
Total	708.6	1,343.9	600.0	1,250.0

(Unit : Billions of Yen)

### • Operating Income

	FY2015		FY2016 Outlook	
	Interim	Full Year	Interim	Full Year
Mobility	24.0	44.9	19.0	39.0
Healthcare	5.1	11.6	6.0	15.0
Food & Packaging	10.9	20.3	9.0	20.0
Basic Materials	4.3	1.0	(3.0)	4.0
Others	0.0	(0.1)	0.0	1.0
Adjustment	(2.9)	(6.8)	(4.0)	(9.0)
Total	41.4	70.9	27.0	70.0

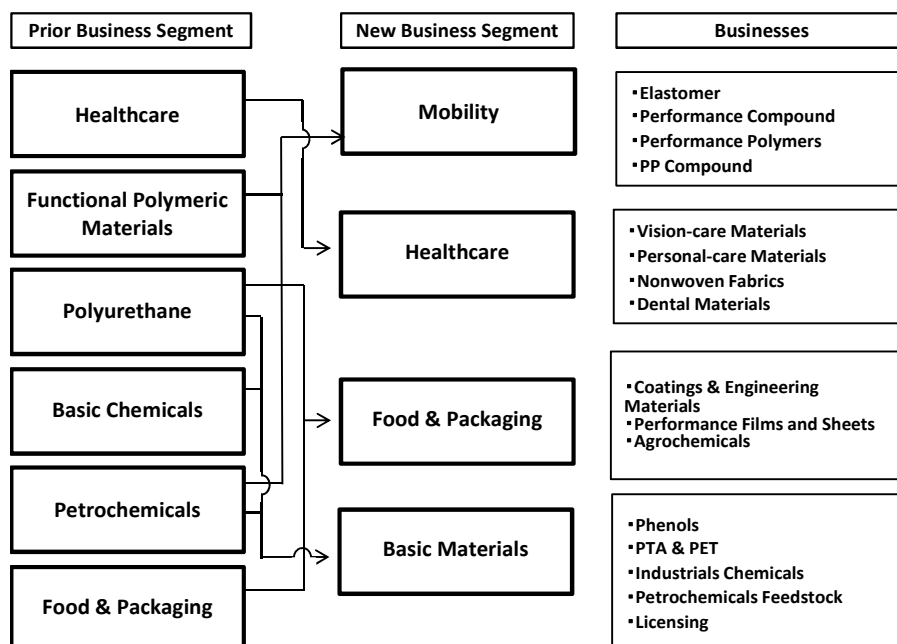
(Unit : Billions of Yen)

### \* Changes in Reported Segments classification methods

On April 1 2016, to promote the group-wide basic strategies outlined in the 2014 Mid-Term Business Plan, the Group implemented structural reforms. Therefore, the segmentation of some particular businesses has changed.

We established a framework that combines the major business sectors laid out in the Mid-Term Business Plan, namely Mobility, Healthcare, Food & Packaging and Basic Materials. By working to align its mid-term strategies with its reporting segments and overall organization, the Group will pursue greater inter-business synergies while making its structure clearer to those both inside and outside the Group.

The amounts of FY2015 are approximate estimates to compare with FY2016 forecast. They are unaudited.



## 10. Dividends

	Annual Dividends per Share (yen)				
	1st Q	Interim	3rd Q	End of Term	Annual Dividends
FY2014 Result	-	2.00	-	3.00	5.00
FY2015 Result	-	4.00	-	4.00	8.00
FY2016 Outlook	-	4.00	-	5.00	9.00

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

	FY2014	FY2015
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	21,154,633	21,483,760
Average number of shares	1,001,079,617	1,000,696,291

## 1. Operating Results

### (1) Overview

In the fiscal period under review (the twelve-month period from Apr 1, 2015 to Mar 31, 2016, hereafter “fiscal 2015”), the economy of the United States continued to improve, backed by robust personal consumption and a steady housing market, while European economies, particularly those of the United Kingdom and Germany, saw modest but constant recovery. Economic growth continued to slow in China and other emerging markets.

In Japan, the economy continued to gradually improve amid a rise in corporate earnings and an improvement in the employment environment, albeit without a feeling of robustness.

Overall, the chemical industry trended toward improvement. With crude oil prices and the yen both depreciating, utilization rates at ethylene production facilities in Japan remained high. In non-petroleum-based chemical products, the yen depreciation also helped bolster sales for healthcare materials, functional polymeric materials, agrochemicals, and other products.

Under these circumstances, the Mitsui Chemicals Group (hereafter “the Group”) worked to intensively expand business in the three targeted business domains for growth of Mobility, Healthcare, and Food & Packaging as outlined in the 2014 Mid-Term Business Plan while also promoting business restructuring in the area of Basic Materials. The efforts undertaken in fiscal 2015, the middle year of the business plan, were as follows.

In Mobility, functional polymeric materials products—especially polypropylene compounds and elastomers, our original core businesses—have contributed to steady returns on growth-oriented investments. The aim of these investments was to capture increased demand driven by expanding automobile production and sales, especially in North and Central America. As for new business creation, we have accelerated the commercialization of POLYMETAC™ technology, which fuses metals and resins to offer durability and strength alongside reduced weight. In pursuing commercialization, the Group has striven to find practical applications for this technology.

In Healthcare, the original core businesses of ophthalmic lens materials and non-woven fabric remained firm due to increased overseas demand. In non-woven fabric, demand for premium disposable diapers was exceptional as was the subsequent increase in exports, spurring an expansion of facilities to keep up. In dental materials, due mainly to stagnant conditions in North America, the world’s largest market, there was a delay in meeting profit targets set when this business was acquired, resulting in an impairment loss on goodwill. The Group has been quick to address this setback and has already restructured its business promotion framework, including an enhancement of its sales framework, and is working hard to promote sustainable growth in dental materials. In addition, the Group launched the new healthcare brand Whole You™ in North America to broaden business areas and develop healthcare product businesses geared toward patients and consumers. Under this brand, we have begun sales of new products under commercial development.

In Food & Packaging, specifically agrochemicals, the Group enhanced its overseas bases by stepping up its investment in the Brazilian company Iharabras S.A. and acquiring additional shares of the Thai company Sotus International Co., Ltd and launched a new fungicide which contains the new active ingredient. In addition, the Group established the Food & Packaging Office with the aim of creating new businesses. With a structure capable of harnessing group-wide synergies, the Office has worked to uncover new businesses and build business models by fostering original ideas and perspectives.

In Basic Materials, which is centered on petrochemicals and basic chemicals, positive effects have steadily materialized thanks to the establishment of an optimized domestic production system, efforts to maintain stable operations at full capacity, and the implementation of other business restructuring measures.

The Group reported the following operating results for fiscal 2015.

(Billions of Yen)

	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
Fiscal 2015	1,343.9	70.9	63.2	23.0
Previous fiscal year	1,550.1	42.0	44.4	17.3
Change	(206.2)	28.9	18.8	5.7
Change (%)	(13.3)	68.7	42.3	33.0

**Net Sales** decreased 206.2 billion yen, or 13.3%, compared with the previous fiscal year to 1,343.9 billion yen. This was mainly attributable to 197.6 billion yen decrease in sales prices and 8.6 billion yen decrease in sales volume. Sales prices were lower because of the drop in naphtha, other raw materials and fuel prices. Sales volume fell, due to the impact of transfer of business in the Polyurethane segment and the business restructuring in the Basic Chemicals segment.

Net sales overseas were 598.2 billion yen, an increase of 0.2% compared with the previous fiscal year to 44.5% in the total net sales.

**Operating income** was 70.9 billion yen, an increase of 28.9 billion yen or 68.7% year on year. This result was due to improvement in terms of trade in the Petrochemicals segment, the Functional Polymeric Materials segment and the Basic Chemicals segment.

**Ordinary income** was 63.2 billion yen, increased 18.8 billion yen or 42.3% year on year. This result largely reflected an increase in operating income.

**Extraordinary income and losses** declined 13.3 billion yen year on year to 21.9 billion yen loss, due to a goodwill impairment loss of 19.5 billion yen in the dental materials business, as the announcement on Apr 27, 2016, *Notice on Extraordinary Losses and Revision of Consolidated Financial Outlook*, in spite of gain on sales of fixed assets and gain on transfer of business.

As a result of the aforementioned factors, **profit before income taxes** amounted to 41.3 billion yen, an improvement of 5.5 billion yen, or 15.2% year on year.

**Profit attributable to owners of parent** after accounting for income taxes and non-controlling interests was 23.0 billion yen, a growth of 5.7 billion yen, or 33.0% compared with the previous fiscal year. Net income per share for the period was 22.95 yen.

## (2) Results by Business Segment

The status of each segment during fiscal 2015 is as follows.

With the aim of accelerating the business strategies outlined in the 2014 Mid-Term Business Plan, specifically the new business and new product creation strategy and the business support strategy, the Group undertook minor reorganization in some of its business segments on April 1, 2015. Specifically, the Fine & Performance chemicals business and the License business were moved from the Functional Chemicals segment to the Basic Chemicals segment and the Petrochemicals segment, respectively. The Healthcare business, non-woven fabric business, and dental materials businesses were re-categorized into the Healthcare segment. In addition, the Films & Sheet segment and the Agrochemicals business of the Functional Chemicals segment were merged to form the new Food & Packaging segment.

## Healthcare

Net sales increased 13.1 billion yen year on year to 151.3 billion yen and comprised 11% of total sales. Operating income increased 1.6 billion yen compared with the same period of the previous fiscal year to 10.7 billion yen mainly due to expanded sales despite increased fixed costs.

Sales of **healthcare materials**, such as ophthalmic lens materials, and **non-woven fabrics**, are expanded due mainly to rising overseas demand.

Amortization of goodwill and other fixed expenses increased for **dental materials** impacted by 15-month results of unification of accounting periods.

## Functional Polymeric Materials

Net sales decreased 7.0 billion yen compared with the same period of the previous fiscal year to 167.5 billion yen and comprised 12% of total sales. Operating income grew 7.5 billion yen to 26.2 billion yen year on year. The growth in income was due to the effect of a weaker yen and the Group's prompt response to increased market demand.

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

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

Profits from **functional polymers** were boosted by the effect of a weaker yen and quick response to demand for IT-related products.

## Polyurethane

Net sales fell 42.6 billion yen compared with the same period of the previous year to 112.2 billion yen and comprised 8% of total sales. Operating loss increased 5.0 billion yen year on year to 8.5 billion yen, reflecting a decline in overseas markets for polyurethane materials.

In **coating materials**, profit expanded due mainly to increased overseas demand and improved trading terms.

The Company transferred its **polyurethane materials** business to Mitsui Chemicals & SKC Polyurethanes Inc., established in July 2015. Conditions remained harsh in this business as income from contracted manufacturing worsened due to stagnant overseas market conditions.

## Basic Chemicals

Net sales decreased 79.6 billion yen compared with the same period of the previous fiscal year to 251.2 billion yen and accounted for 19% of total sales. On the other hand, operating loss improved 4.2 billion yen year on year, to 3.7 billion yen. This was mainly attributable to the effect of business structure improvement.

Market conditions continued to be difficult for **phenols**. Although the market environment improved in comparison with the same period of the previous fiscal year, conditions continued to be unfavorable as a result of plant start-ups by competitors and slowdown of China's economy.

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

## Petrochemicals

Net sales decreased 93.1 billion yen compared with the same period of the previous fiscal



year to 491.3 billion yen. This comprised 37% of total sales. On the other hand, operating income increased 17.7 billion yen year on year to 39.3 billion yen, primarily due to firm demand in domestic market and favorable foreign exchange rate.

Naphtha cracker operating rates grew compared with the same period of the previous fiscal year. Profits were firm for overseas polypropylene compound businesses mainly due to the increased production of automobiles in North and Central America.

### Food & Packaging

Net sales grew 2.7 billion yen compared with the same period of the previous fiscal year to 131.9 billion yen and comprised 10% of total sales. Operating income increased 4.8 billion yen to 13.9 billion yen year on year due to increased sales and favorable trading terms.

In **performance films and sheets**, profits rose due mainly to satisfactory sales performance in packaging materials and increased demand related to high value-added products, especially smartphones, expanded sales by new products, and the effect of a weaker yen.

In **agrochemicals**, sales remained roughly even with the previous fiscal year. Profits from overseas business expanded due primarily to higher sales and a weaker yen.

### Others

Net sales increased 0.3 billion yen to 38.5 billion yen, comprised 3% of total sales. Operating loss was 0.1 billion yen, a worsening of 1.0 billion yen year on year.

## (3) Outlook for Fiscal 2016 (Year Ending March 31, 2017) (Overall of Financial Outlook for Fiscal 2016)

The fiscal 2016 global economy is expected to continue to gradually expand despite lingering uncertainty. Meanwhile, predictions call for China's pace of economic growth to show clear signs of slowing, while emerging markets stagnate as they are affected by the Chinese slowdown and falling prices for natural resources. In the United States, however, domestic demand is expected to grow, backed by cheap crude oil and strong employment and income conditions.

The Japanese economy is expected to enjoy ongoing gradual recovery as a result of higher individual consumption against a backdrop of a further improving employment market and increasing incomes.

In the chemical industry, while demand is growing in line with global economic recovery, prospects remain unclear due to the volatility of naphtha prices and exchange rates.

Under these conditions, the Group is doing all it can to quickly achieve the targets set out in the 2014 Mid-Term Business Plan for 2020, particularly, operating income of 100 billion yen and net income of 50 billion yen. The Group forecasts its business performance and earnings growth for fiscal 2016 as follows.

(¥ billion yen)	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
FY2016	1,250.0	70.0	62.0	36.0
FY2015	1,343.9	70.9	63.2	23.0
Difference	(93.9)	(0.9)	(1.2)	13.0
Ratio (%)	(7.0)	(1.3)	(1.9)	56.8



Outlook above are based on the following assumptions:

- a) Exchange rate for the full year is 110 yen/US\$
- b) Average price of domestic naphtha is 33,000 yen /kl

On April 1 2016, to promote the group-wide basic strategies outlined in the 2014 Mid-Term Business Plan, the Group implemented structural reforms. Therefore, the segmentation of some particular businesses has changed.

We established a framework that combines the major business sectors laid out in the Mid-Term Business Plan, namely Mobility, Healthcare, Food & Packaging and Basic Materials. By working to align its mid-term strategies with its reporting segments and overall organization, the Group will pursue greater inter-business synergies while making its structure clearer to those both inside and outside the Group.

### (Outlook by FY2016 Business Segment)

Outlook by FY2016 business segment is as follows. The amounts of FY2015 are summarized by segments of FY2016.

(Billions of Yen)

	Net Sales						
	Mobility	Healthcare	Food & Packaging	Basic Materials	Others	Adjustment	Total
FY2016	320.0	160.0	200.0	530.0	40.0	-	1,250.0
FY2015	318.2	161.1	195.2	630.8	38.6	-	1,343.9
Difference	1.8	(1.1)	4.8	(100.8)	1.4	-	(93.9)
Ratio(%)	0.6	(0.7)	2.4	(16.0)	3.8	-	(7.0)

(Billions of Yen)

	Operating Income (Loss)						
	Mobility	Healthcare	Food & Packaging	Basic Materials	Others	Adjustment	Total
FY2016	39.0	15.0	20.0	4.0	1.0	(9.0)	70.0
FY2015	44.9	11.6	20.3	1.0	(0.1)	(6.8)	70.9
Difference	(5.9)	3.4	(0.3)	3.0	1.1	(2.2)	(0.9)
Ratio(%)	(13.2)	30.0	(1.3)	293.3	-	-	(1.3)

## 2. Financial Position

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

**Total assets** at the end of the fiscal year stood at 1,258.9 billion yen, a decrease of 152.9 billion yen compared with the end of the previous fiscal year.

**Total liabilities** at the end of the fiscal year decreased 124.8 billion yen compared with the previous fiscal year-end to 815.7 billion yen. **Interest-bearing debt** amounted to 473.0 billion yen, a fall of 75.7 billion yen compared with March 31, 2015. As a result, the interest-bearing debt ratio was 37.6%, a decrease of 1.3 percentage points.

**Net assets** totaled 443.2 billion yen, a decrease of 28.1 billion yen compared with the previous fiscal year-end. The **ratio of shareholders' equity to total assets** was 30.3%, up 1.5 percentage point from the previous fiscal year-end.

Accounting for the aforementioned factors, the **net debt-equity ratio** stood at 1.03 at the end of the fiscal year, down 0.19 point from the previous fiscal year-end.

## (2) Cash Flow Status

Cash and cash equivalents (hereafter called “cash”) increased 27.6 billion yen to 78.2 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 87.6 billion yen to 145.9 billion yen due to a decrease in working capital.

### Cash Flows from Investing Activities

Net cash used in investing activities increased 1.4 billion yen compared with the previous fiscal year to 36.4 billion yen due to outflows for increased capital expenditure in spite of inflows from transfer of Polyurethane materials business.

### Cash Flows from Financing Activities

Net cash used in financing activities increased 32.4 billion yen compared with the previous fiscal year to 79.0 billion yen due primarily to repayments of interest-bearing debts.

## (3) Trends in Cash Flow Indicators

	FY2011 (As of March 31, 2012)	FY2012 (As of March 31, 2013)	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)	FY2015 (As of March 31, 2016)
Shareholders' Equity Ratio (%)	29.2	28.2	24.6	28.8	30.3
Shareholders' Equity Ratio on a Market Value Basis (%)	20.0	15.4	17.7	27.4	29.8
Ratio of Interest-bearing Debt to Cash Flows	10.7	27.4	13.4	9.4	3.2
Interest Coverage Ratio (Times)	6.4	2.7	5.6	7.7	20.7

#### 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 2015 and 2016 (Year Ending March 31, 2016 and March 31, 2017)

### (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 2015 and 2016**

In current fiscal year, the Group plans to pay a year-end dividend of 4 yen per share. Because the Group paid an interim dividend of 4 yen per share on December 2, 2015, the annual dividend for the fiscal year under review will be 8 yen per share.

Turning to dividends for the fiscal year ending March 31, 2017, the Group plans to pay interim dividend of 4 yen per share and year-end dividend of 5 yen per share, respectively. The Group therefore plans the annual dividend for the fiscal year to be 9 yen per share.

## 4. Consolidated Balance sheets

	Millions of yen	
	FY2014	FY2015
	At the end of March 31, 2015	At the end of March 31, 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	52,004	79,578
Notes and accounts receivable-trade	299,052	245,345
Inventories	291,295	240,686
Deferred tax assets	9,118	11,007
Accounts receivable-other	70,981	44,913
Other	10,079	7,480
Allowance for doubtful accounts	(821)	(799)
<b>Total current assets</b>	<b>731,708</b>	<b>628,210</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	337,811	328,354
Accumulated depreciation	(229,306)	(227,510)
Buildings and structures, net	108,505	100,844
Machinery, equipment and vehicles	1,012,850	979,458
Accumulated depreciation	(888,755)	(866,582)
Machinery, equipment and vehicles, net	124,095	112,876
Land	160,188	157,697
Construction in progress	28,994	31,307
Other	73,035	70,313
Accumulated depreciation	(61,188)	(59,635)
Other, net	11,847	10,678
<b>Total property, plant and equipment</b>	<b>433,629</b>	<b>413,402</b>
<b>Intangible assets</b>		
Goodwill	34,978	9,408
Other	37,785	30,765
<b>Total intangible assets</b>	<b>72,763</b>	<b>40,173</b>
<b>Investments and other assets</b>		
Investment securities	109,830	124,942
Net defined benefit asset	25,170	17,571
Deferred tax assets	5,853	6,362
Other	33,706	29,070
Allowance for doubtful accounts	(869)	(782)
<b>Total investments and other assets</b>	<b>173,690</b>	<b>177,163</b>
<b>Total non-current assets</b>	<b>680,082</b>	<b>630,738</b>
<b>Total assets</b>	<b>1,411,790</b>	<b>1,258,948</b>

	<b>Millions of yen</b>	
	<b>FY2014</b>	<b>FY2015</b>
	<b>At the end of</b>	<b>At the end of</b>
	<b>March 31, 2015</b>	<b>March 31, 2016</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	164,193	118,331
Short-term loans payable	122,062	86,490
Current portion of long-term loans payable	36,192	25,892
Current portion of bonds	20,142	20,142
Accounts payable-other	60,496	71,744
Income taxes payable	4,103	5,886
Provision for directors' bonuses	93	164
Provision for repairs	10,601	8,129
Provision for business structure improvement	1,290	234
Asset retirement obligations	25	—
Other	29,302	27,247
<b>Total current liabilities</b>	<b>448,499</b>	<b>364,259</b>
<b>Non-current liabilities</b>		
Bonds payable	79,858	59,716
Long-term loans payable	289,138	279,583
Deferred tax liabilities	24,421	19,791
Provision for directors' retirement benefits	283	277
Provision for repairs	2,147	4,251
Provision for environmental measures	956	786
Provision for business structure improvement	10,846	2,648
Net defined benefit liability	59,193	59,659
Asset retirement obligations	4,268	3,991
Other	20,882	20,750
<b>Total non-current liabilities</b>	<b>491,992</b>	<b>451,452</b>
<b>Total liabilities</b>	<b>940,491</b>	<b>815,711</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	125,053	125,053
Capital surplus	91,065	90,847
Retained earnings	165,408	181,128
Treasury stock	(14,454)	(14,607)
<b>Total shareholders' equity</b>	<b>367,072</b>	<b>382,421</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	21,018	14,650
Deferred gains or losses on hedges	(331)	(48)
Foreign currency translation adjustments	28,926	8,930
Remeasurements of defined benefit plans	(10,450)	(23,982)
<b>Total accumulated other comprehensive income</b>	<b>39,163</b>	<b>(450)</b>
<b>Non-controlling interests</b>	<b>65,064</b>	<b>61,266</b>
<b>Total net assets</b>	<b>471,299</b>	<b>443,237</b>
<b>Total liabilities and net assets</b>	<b>1,411,790</b>	<b>1,258,948</b>

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

### (Consolidated Income Statements)

	Millions of yen	
	FY2014	FY2015
	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016
<b>Net sales</b>	<b>1,550,076</b>	<b>1,343,898</b>
Cost of sales	1,308,542	1,069,451
<b>Gross profit</b>	<b>241,534</b>	<b>274,447</b>
Selling, general and administrative expenses	199,494	203,521
<b>Operating income</b>	<b>42,040</b>	<b>70,926</b>
<b>Non-operating income and expenses</b>		
<b>Non-operating income</b>		
Interest income	367	637
Dividends income	4,751	3,434
Amortization of negative goodwill	23	—
Foreign exchange gains	5,147	—
Other	4,485	4,202
<b>Total non-operating income</b>	<b>14,773</b>	<b>8,273</b>
<b>Non-operating expenses</b>		
Interest expenses	7,353	6,623
Loss on suspension of operations	1,492	1,222
Share of loss of entities accounted for using equity method	73	2,150
Foreign exchange losses	—	1,929
Other	3,484	4,092
<b>Total non-operating expenses</b>	<b>12,402</b>	<b>16,016</b>
<b>Ordinary income</b>	<b>44,411</b>	<b>63,183</b>
<b>Extraordinary income and losses</b>		
<b>Extraordinary income</b>		
Gain on sales of non-current assets	135	1,236
Gain on sales of investment securities	2,126	3,820
Gain on transfer of business	—	3,738
<b>Total extraordinary income</b>	<b>2,261</b>	<b>8,794</b>
<b>Extraordinary losses</b>		
Loss on disposal of non-current assets	4,446	5,277
Loss on sales of non-current assets	24	293
Impairment loss	5,278	24,060
Loss on restructuring of subsidiaries and affiliates	—	1,045
Loss on revision of retirement benefit plan	181	—
Contract termination fees	903	—
<b>Total extraordinary losses</b>	<b>10,832</b>	<b>30,675</b>
<b>Profit (loss) before income taxes</b>	<b>35,840</b>	<b>41,302</b>
Income taxes—current	10,402	15,840
Income taxes—deferred	1,078	(4,005)
<b>Total income taxes</b>	<b>11,480</b>	<b>11,835</b>
<b>Profit (loss)</b>	<b>24,360</b>	<b>29,467</b>
<b>Profit (loss) attributable to non-controlling interests</b>	<b>7,099</b>	<b>6,504</b>
<b>Profit (loss) attributable to owners of parent</b>	<b>17,261</b>	<b>22,963</b>

(Consolidated Comprehensive Income Statements)

	Millions of yen	
	FY2014	FY2015
	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016
<b>Profit (loss)</b>	<b>24,360</b>	<b>29,467</b>
<b>Other comprehensive income (loss)</b>		
Valuation difference on available-for-sale securities	4,644	(6,624)
Deferred gains or losses on hedges	(412)	413
Foreign currency translation adjustment	22,770	(20,275)
Remeasurements of defined benefit plans	10,613	(13,472)
Share of other comprehensive income of entities accounted for using equity method	4,225	(3,905)
<b>Total other comprehensive income (loss)</b>	<b>41,840</b>	<b>(43,863)</b>
<b>Comprehensive income (loss)</b>	<b>66,200</b>	<b>(14,396)</b>
Comprehensive income (loss) attributable to		
Comprehensive income (loss) attributable to owners of parent	54,645	(16,650)
Comprehensive income (loss) attributable to non-controlling interests	11,555	2,254



## 6. Consolidated Statements of Cash Flows

	Millions of yen	
	FY2014	FY2015
	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016
Profit (loss) before income taxes	35,840	41,302
Depreciation	45,767	45,487
Amortization of goodwill	2,484	3,153
Impairment loss	5,278	24,060
Increase(decrease) in net defined benefit liability	257	(1,307)
Decrease (increase) in net defined benefit asset	(63)	(3,466)
Increase (decrease) in allowance for doubtful accounts	(52)	116
Increase (decrease) in provision for repairs	(1,803)	(247)
Increase (decrease) in provision for environmental measures	(657)	(169)
Increase (decrease) in provision for business structure improvement	(4,336)	(9,225)
Interest and dividend income	(5,118)	(4,071)
Interest expenses	7,353	6,623
Share of (profit) loss of entities accounted for using equity method	73	2,150
Loss (gain) on sales of investment securities	(2,001)	(3,817)
Loss (gain) on valuation of investment securities	6	-
Loss on retirement of non-current assets	938	1,161
Loss (gain) on sales of non-current assets	(111)	(943)
Decrease (increase) in notes and accounts receivable - trade	5,782	24,235
Decrease (increase) in inventories	19,008	34,929
Increase (decrease) in notes and accounts payable - trade	(59,995)	(40,440)
Other, net	20,152	36,949
<b>Subtotal</b>	<b>68,802</b>	<b>156,480</b>
Interest and dividends income received	8,072	7,669
Interest expenses paid	(7,542)	(7,059)
Income taxes paid	(11,045)	(11,177)
<b>I Net cash provided by (used in) operating activities</b>	<b>58,287</b>	<b>145,913</b>
Purchase of property, plant and equipment	(35,091)	(40,046)
Proceeds from sales of property, plant and equipment	681	1,759
Purchase of intangible assets	(2,385)	(1,340)
Purchase of long-term prepaid expenses	(685)	(3,863)
Purchase of investment securities	(3,245)	(42,920)
Proceeds from sales and redemption of investment securities	7,499	5,052
Proceeds from transfer of business	-	44,649
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,238)	-
Other, net	428	344
<b>II Net cash provided by (used in) investing activities</b>	<b>(35,036)</b>	<b>(36,365)</b>

	Millions of yen	
	FY2014	FY2015
	April 1, 2014 to March 31, 2015	April 1, 2015 to March 31, 2016
Net increase (decrease) in short-term loans payable	(3,896)	(29,774)
Increase (decrease) in commercial papers	(15,000)	-
Proceeds from long-term loans payable	31,318	18,711
Repayment of long-term loans payable	(41,400)	(36,921)
Proceeds from issuance of bonds	1,000	-
Redemption of bonds	(13,000)	(20,142)
Proceeds from share issuance to non-controlling shareholders	156	39
Proceeds from sales of treasury shares	6	7
Purchase of treasury shares	(125)	(161)
Cash dividends paid	(2,002)	(7,006)
Dividends paid to non-controlling interests	(3,552)	(3,540)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(163)
Other, net	(111)	(91)
<b>III Net cash provided by (used in) financing activities</b>	<b>(46,606)</b>	<b>(79,041)</b>
Effect of exchange rate change on cash and cash equivalents	2,767	(2,978)
<b>V Net increase (decrease) in cash and cash equivalents</b>	<b>(20,588)</b>	<b>27,529</b>
<b>VI Cash and cash equivalents at beginning of period</b>	<b>71,210</b>	<b>50,622</b>
<b>VIII Cash and cash equivalents at end of period</b>	<b>50,622</b>	<b>78,151</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: Healthcare, Functional Polymeric Materials, Polyurethane, Basic Chemicals, Petrochemicals and Food & Packaging.

Segments		Major Products
Reportable Segments	Healthcare	Healthcare materials, nonwoven materials 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, specialty gas and chemical products
	Petrochemicals	Ethylene, propylene, polyethylene, polypropylene and catalysts
	Food & Packaging	Performance films and sheets, and agrochemical products
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, 2014 – March 31, 2015)

(Millions of yen)

	Reportable Segment							Others (Note 1)	Sum total
	Health-care	Functional Polymeric Materials	Polyurethane	Basic Chemicals	Petrochemicals	Food & Packaging	Total		
Net sales									
1) To external customers	138,186	174,497	154,785	330,829	584,442	129,149	1,511,888	38,188	1,550,076
Internal sales among 2) segments and transfers	1,226	20,237	3,090	28,927	145,620	3,946	203,046	65,494	268,540
Total	139,412	194,734	157,875	359,756	730,062	133,095	1,714,934	103,682	1,818,616
Segment income (loss)	9,152	18,665	(3,531)	(7,857)	21,587	9,085	47,101	884	47,985
Segment assets	238,291	177,957	127,539	177,811	409,932	163,939	1,295,469	58,024	1,353,493
Other items									
Depreciation and amortization (Note 2)	9,205	6,990	2,625	7,194	9,841	5,793	41,648	4,059	45,707
Amortization of goodwill	2,428	—	37	—	—	—	2,465	19	2,484
Amount invested in equity method affiliate	661	21,126	9,923	24,839	1,833	1,512	59,894	3,412	63,306
Capital expenditures (Note 2)	8,346	3,635	5,702	4,457	13,937	4,193	40,270	6,933	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 under long-term prepaid expenses.

The fiscal year under review (April 1, 2015 – March 31, 2016)

(Millions of yen)

	Reportable Segment							Others (Note 1)	Sum total
	Health-care	Functional Polymeric Materials	Polyurethane	Basic Chemicals	Petrochemicals	Food & Packaging	Total		
Net sales									
1) To external customers	151,274	167,512	112,152	251,245	491,254	131,910	1,305,347	38,551	1,343,898
Internal sales among									
2) segments and transfers	2,753	19,092	2,383	19,758	105,754	3,881	153,621	56,432	210,053
Total	154,027	186,604	114,535	271,003	597,008	135,791	1,458,968	94,983	1,553,951
Segment income (loss)	10,660	26,198	(8,495)	(3,651)	39,262	13,908	77,882	(106)	77,776
Segment assets	200,879	161,313	111,388	163,138	356,758	157,442	1,150,918	51,505	1,202,423
Other items									
Depreciation and amortization (Note 2)	9,806	7,188	2,325	6,802	9,582	5,317	41,020	4,157	45,177
Amortization of goodwill	2,897	—	166	—	—	—	3,063	90	3,153
Amount invested in equity method affiliate	735	18,391	33,506	15,672	1,571	1,424	71,299	3,015	74,314
Capital expenditures (Note 2)	4,588	5,283	5,535	6,094	13,465	4,453	39,418	3,548	42,966

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 2014	FY 2015
Total reportable segment sales	1,714,934	1,458,968
Net sales classified under "Others"	103,682	94,983
Elimination of intersegment transactions	(268,540)	(210,053)
Net sales recorded in Consolidated Income Statements	1,550,076	1,343,898

(Millions of yen)

Income	FY 2014	FY 2015
Total reportable segment income	47,101	77,882
Income classified under "Others"	884	(106)
Elimination of intersegment transactions and etc	(184)	11
Corporate expenses (note)	(5,761)	(6,861)
Operating income (loss) recorded in Consolidated Income Statements	42,040	70,926

Note: Corporate expenses mainly comprise general & administrative expenses which are usually not attributed to segments and R&D expenses for new business.

(Millions of yen)

Assets	FY 2014	FY 2015
Total reportable segment assets	1,295,469	1,150,918
Assets classified under "Others"	58,024	51,505
Elimination of intersegment transactions	(91,515)	(99,315)
Corporate assets (note)	149,812	155,840
Assets recorded in Consolidated Balance Sheets	1,411,790	1,258,948

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	
	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15
Depreciation and amortization	41,648	41,020	4,059	4,157	60	310	45,767	45,487
Amortization of goodwill	2,465	3,063	19	90	—	—	2,484	3,153
Investment in equity method affiliate	59,894	71,299	3,412	3,015	—	—	63,306	74,314
Capital expenditures	40,270	39,418	6,933	3,548	328	439	47,531	43,405

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

The consolidated fiscal year under review (April 1, 2015 – March 31, 2016)

a. Net Sales

(Millions of yen)

Japan	China	Asia	America	Europe	Other regions	Total
745,738	130,494	208,296	169,815	80,766	8,789	1,343,898

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

b. Tangible Assets

(Millions of yen)

Japan	Singapore	Asia	Other regions	Total
324,054	46,043	23,757	19,548	413,402

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

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

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

(Millions of yen)

	Health-care	Functional Polymeric Materials	Polyurethane	Basic Chemicals	Petrochemicals	Food & Packaging	Others	Corporate Expenses	Total
Impairment loss	32	138	1,677	2,009	18	952	452	—	5,278

The consolidated fiscal year under review (April 1, 2015 – March 31, 2016)

(Millions of yen)

	Health-care	Functional Polymeric Materials	Polyurethane	Basic Chemicals	Petrochemicals	Food & Packaging	Others	Corporate Expenses	Total
Impairment loss	21,385	209	1,141	184	342	755	—	44	24,060

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

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

(Millions of yen)

	Health-care	Functional Polymeric Materials	Polyurethane	Basic Chemicals	Petrochemicals	Food & Packaging	Others	Corporate Expenses	Total
Amount of amortization	2,428	—	37	—	—	—	19	—	2,484
Unamortized balance	34,299	—	167	—	—	—	512	—	34,978

The consolidated fiscal year under review (April 1, 2015 – March 31, 2016)

(Millions of yen)

	Health-care	Functional Polymeric Materials	Polyurethane	Basic Chemicals	Petrochemicals	Food & Packaging	Others	Corporate Expenses	Total
Amount of amortization	2,897	—	166	—	—	—	90	—	3,153
Unamortized balance	9,003	—	—	—	—	—	405	—	9,408

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

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

(Millions of yen)

	Health-care	Functional Polymeric Materials	Polyurethane	Basic Chemicals	Petrochemicals	Food & Packaging	Others	Corporate Expenses	Total
Amount of amortization	23	—	—	—	—	—	—	—	23
Unamortized balance	—	—	—	—	—	—	—	—	—