Quarterly Securities Report

for the nine-month period ended December 31, 2012

English translation of certain items disclosed in the Quarterly Securities Report for the nine-month period ended December 31, 2012, which were filed with the Director of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on February 13, 2013.

MITSUI & CO., LTD.

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As used in this report, "Mitsui" is used to refer to Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha), "we", "us", and "our" are used to indicate Mitsui & Co., Ltd. and subsidiaries, unless otherwise indicated.

1. Overview of Mitsui and Its Subsidiaries

1. Selected Financial Data

As of or for the Periods Ended December 31, 2012 and 2011 and as of or for the Year Ended March 31, 2012

	In millions of Yen, except amounts per share and other				
	Nine-month period ended December 31, 2012	Nine-month period ended December 31, 2011	Three-month period ended December 31, 2012	Three-month period ended December 31, 2011	As of or for the year ended March 31, 2012
Consolidated income statement data:					
Revenues	¥ 3,576,461	¥ 3,946,819	¥ 1,210,563	¥ 1,317,789	¥ 5,251,602
Income before income taxes and equity in earnings	¥ 246,317	¥ 332,465	¥ 86,015	¥ 100,825	¥ 413,211
Net income attributable to Mitsui & Co., Ltd.	¥ 253,909	¥ 340,248	¥ 85,572	¥ 112,987	¥ 434,497
Comprehensive income attributable to Mitsui & Co., Ltd.	¥ 333,592	¥ 133,425	¥ 319,443	¥ 166,171	¥ 373,029
Total trading transactions	¥ 7,462,613	¥ 7,839,096	¥ 2,469,934	¥ 2,605,509	¥ 10,481,166
Consolidated balance sheet data:					
Total Mitsui & Co., Ltd. shareholders' equity	¥ -	¥ -	¥ 2,882,831	¥ 2,402,231	¥ 2,641,318
Total equity	¥ -	¥ -	¥ 3,121,964	¥ 2,600,469	¥ 2,860,810
Total assets	¥ -	¥ -	¥ 9,825,384	¥ 8,617,343	¥ 9,011,823
Total Mitsui & Co., Ltd. shareholders' equity ratio	-	-	29.34%	27.88%	29.31%
Amounts per share (Yen):					
Net income attributable to Mitsui & Co., Ltd.:					
Basic	¥ 139.13	¥ 186.46	¥ 46.89	¥ 61.92	¥ 238.10
Diluted	¥ -	¥ 186.45	¥ -	¥ 61.92	¥ -
Consolidated cash flow statement data:					
Net cash provided by operating activities	¥ 363,729	¥ 146,688	¥ -	¥ -	¥ 380,984
Net cash used in investing activities	¥ (640,009)	¥ (318,946)	¥ -	¥ -	¥ (438,191)
Net cash provided by financing activities	¥ 180,060	¥ 70,138	¥ -	¥ -	¥ 57,394
Cash and cash equivalents	¥ -	¥ -	¥ 1,361,496	¥ 1,297,883	¥ 1,431,112

(Notes)
1. The consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America.
2. Total trading transactions are calculated based on the Japanese accounting practices and disclosed for investors in Japan.
3. Revenues and total trading transactions do not include consumption taxes.
4. Diluted net income attributable to Mitsui & Co., Ltd. per share for the periods ended December 31, 2012 and the year ended March 31, 2012 is not disclosed as there are no dilutive potential shares.

2. Business Overview

We are a general trading company engaged in a range of global business activities including worldwide trading of various commodities, arranging financing for customers and suppliers in connection with our trading activities, organizing and coordinating international industrial projects by using the global office network and ability to gather information. Our business activities include the sale, import, export, offshore trading, production and a wide variety of comprehensive services such as retail, information and telecommunication, technology, logistics and finance in the areas of iron and steel products, mineral and metal resources, machinery and infrastructure, chemicals, energy, foods and consumer service. We also participate in the development of natural resources such as metals, minerals, oil and gas. We have been proactively making strategic business investments in certain new industries such as IT, renewable energy and environmental solution businesses.

There has been no significant change in our business for the nine-month period ended December 31, 2012.

Effective April 1, 2012, we changed our reportable operating segments. For details, see Note 9, "SEGMENT INFORMATION."

2. Operating and Financial Review and Prospects

1. Risk Factors

For the nine-month period ended December 31, 2012, there is no significant change in risk factors which were described on our Annual Securities Report for the year ended March 31, 2012.

2. Material Contracts

For the nine-month period ended December 31, 2012, we have not been a party to any sales contract, license of franchise contract, or business tie-up contract that on its own has a significant effect on our operating results, and there has not been any assignment of a transfer of business that on its own has a significant effect on our total assets. There are no contracts or other items which are significant in terms of our operations.

3. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows

This quarterly securities report contains forward-looking statements about Mitsui and its consolidated subsidiaries. These forward-looking statements are based on Mitsui's current assumptions, expectations and beliefs in light of the information currently possessed by it and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause Mitsui's actual consolidated financial position, consolidated operating results or consolidated cash flows to be materially different from any future consolidated financial position, consolidated operating results or consolidated cash flows expressed or implied by these forward-looking statements.

Forward-looking statements were made as of December 31, 2012, unless otherwise indicated.

(1) Operating Environment

During the nine-month period ended December 31, 2012, the global economy is showing signs of modest improvement as the condition of financial markets began to show some stability, but we still believe that the current operating environment poses many challenges including the continuing negative economic growth in Europe, with spillover effects to the emerging economies. The volatility levels of some of the financial markets such as foreign exchanges and equities, and the international commodities appear to have increased, as the risk tolerance of investors seem to be rising.

Due to the growth in consumer spending backed by the solid job growth and improved prospects for housing markets and stock prices, economic activities in the U.S. are picking up. While uncertainty remains for the full resolution of the financial crisis in Europe, in Japan, positive effects of the significant stimulus package and additional monetary easing are seen and anticipated to continue on in the short term.

Regarding China, manufacturing activities seems to have bottomed out supported by the growth in export volume, along with the monetary policy easing and stimulus package in place. We cautiously anticipate that China will sustain the relatively high growth rates and continue to be the key force for global recovery.

We maintain our view that the global economy will continue to grow at a moderate rate driven by reasonable growth in the emerging economies and the coordinated global policy easing. However, we expect that the current challenges in the operating environment will continue for some time and that we should not underestimate the uncertainties we face in assessing global recovery. We will further intensify our monitoring activities of these risks and reinforce our disciplined approach in conducting our businesses.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

Revenues

Total revenues for the nine-month period ended December 31, 2012 were ¥3,576.5 billion, a decline of ¥370.3 billion from ¥3,946.8 billion for the corresponding nine-month period of the previous year.

Revenues from sales of products for the nine-month period ended December 31, 2012 were ¥3,209.7 billion, a decline of ¥370.8 billion from ¥3,580.5 billion for the corresponding nine-month period of the previous year, as a result of the following:

- The Energy Segment reported a decline of ¥180.6 billion. Petroleum trading activities recorded a decline of ¥212.5 billion due to deterioration of market conditions, while an increase of ¥33.7 billion was recorded in oil and gas producing activities due to an increase in both volume and oil prices.
- The Chemicals Segment reported a decline of ¥164.0 billion mainly due to underperforming trading activities in petrochemical intermediate materials as well as fertilizer resources and materials.
- The Mineral & Metal Resources Segment reported a decline of ¥48.7 billion mainly attributable to a decline in iron ore prices.
- The Lifestyle Segment reported an increase of ¥25.1 billion. Multigrain AG (Switzerland) contributed to the increase as a result of its reclassification from associated company to subsidiary during the three-month period ended September 30, 2011.

Revenues from sales of services for the nine-month period ended December 31, 2012 were ¥280.6 billion, an increase of ¥8.5 billion from ¥272.1 billion for the corresponding nine-month period of the previous year.

Revenues from other sales for the nine-month period ended December 31, 2012 were ¥86.1 billion, a decrease of ¥8.1 billion from ¥94.2 billion for the corresponding nine-month period of the previous year. Mitsui recorded losses and gains in revenues related to the commodity derivatives trading business, which correspond to foreign exchange gains of ¥4.0 billion and ¥1.5 billion posted in other expense-net for the nine-month period ended December 31, 2012 and 2011, respectively.

Gross Profit

Gross profit for the nine-month period ended December 31, 2012 was ¥574.3 billion, a decline of ¥102.8 billion from ¥677.1 billion for the corresponding nine-month period of the previous year as a result of the following:

- The Mineral & Metal Resources Segment reported a decline of ¥46.9 billion in gross profit. Mitsui Iron Ore Development Pty. Ltd. (Australia) reported a decline of ¥30.9 billion reflecting the decline in iron ore prices, which was partially offset by the positive effect of increases in sales volume led by both the effect of incremental capacity and the reversal effect of unseasonably wet weather for the corresponding nine-month period of the previous year. Mitsui-Itochu Iron Pty. Ltd. (Australia) also recorded a decline of ¥14.0 billion due to the decline in iron ore prices.
- The Energy Segment reported a decline of ¥24.3 billion in gross profit. Mitsui Coal Holdings Pty. Ltd. (Australia) reported a decline of ¥26.3 billion due to lower coal prices, in spite of the reduction in production costs. A decline in gross profit of ¥8.3 billion in petroleum trading activities was recorded due to deterioration of market conditions. Although the volume increased, Mitsui E&P USA LLC

(United States) reported a decline of ¥10.4 billion due to an increase in depreciation costs as well as a decline in gas prices in the U.S. Meanwhile, Mitsui Oil Exploration Co., Ltd. (Japan) reported an increase of ¥16.4 billion due to increases in both volume and oil prices; Mitsui E&P Middle East B. V. (Netherlands) reported an increase of ¥3.3 billion due to an increase in volume; and Mitsui E&P Texas LP (United States) recorded an increase of ¥5.3 billion.

- The Lifestyle Segment reported a decline of ¥8.6 billion in gross profit. The main cause of the decline included the reversal effect of ¥4.6 billion mark-to-market valuation gains on commodity derivative contracts related to coffee for the corresponding nine-month period of the previous year, as well as a ¥5.8 billion decline recorded at Multigrain AG, reflecting a drop in the soybean and cotton harvest affected by the drought in Brazil.
- The Americas Segment reported a decline of ¥5.7 billion in gross profit. Novus International, Inc. (United States) reported a decline of ¥5.8 billion due to a decline in sales price despite the increase in sales volume of methionine, as well as a write-down on inventories of feed additives other than methionine.
- The Innovation & Cross Function Segment reported a decline of ¥5.7 billion in gross profit. Mitsui & Co. Commodity Risk Management Ltd. (United Kingdom) posted a decline of ¥4.8 billion due to underperforming derivatives trading. Gross profits corresponding to foreign exchange gains of ¥4.0 billion and ¥1.5 billion related to the commodity derivatives trading business at Mitsui posted in other expenses-net were included in gross profit for the nine-month period ended December 31, 2012 and for the corresponding nine-month period of the previous year, respectively.
- The Iron & Steel Products Segment reported a decline of ¥5.3 billion in gross profit, due to weaker demand and lower prices in emerging markets including Asia; sluggish domestic sales; and reduction in export volumes from Japan caused by the appreciation of Japanese yen.

Selling General and Administrative Expenses

Selling, general and administrative expenses for the nine-month period ended December 31, 2012 were ¥382.0 billion, an increase of ¥3.1 billion from ¥378.9 billion for the corresponding nine-month period of the previous year. The table below provides a breakdown of selling, general and administrative expenses used for our internal review.

	Billions of Yen		
	Nine-month Period Ended December 31,		
	2012	**2011**	**Change**
Personnel	¥ 203.9	¥ 203.6	¥ 0.3
Welfare	9.0	8.5	0.5
Travel	23.2	22.6	0.6
Entertainment	5.7	5.6	0.1
Communication	35.2	34.6	0.6
Rent	12.4	12.5	(0.1)
Depreciation	10.1	9.6	0.5
Fees and Taxes	6.0	5.9	0.1
Others	76.5	76.0	0.5
Total	¥ 382.0	¥ 378.9	¥ 3.1

The table below provides selling, general and administrative expenses broken down by operating segment.

	Billions of Yen		
	Nine-month Period Ended December 31,		
	2012	2011	Change
Iron & Steel Products	¥ 26.8	¥ 25.1	¥ 1.7
Mineral & Metal Resources	26.1	16.3	9.8
Machinery & Infrastructure	72.3	63.3	9.0
Chemicals	45.7	41.7	4.0
Energy	41.2	32.7	8.5
Lifestyle	83.3	75.3	8.0
Innovation & Cross Function	55.7	52.6	3.1
Americas	36.8	37.3	(0.5)
Europe, the Middle East and Africa	14.1	14.4	(0.3)
Asia Pacific	11.8	12.1	(0.3)
Total	413.8	370.8	43.0
All Other	4.1	4.4	(0.3)
Adjustments and Eliminations	(35.9)	3.7	(39.6)
Consolidated Total	¥ 382.0	¥ 378.9	¥ 3.1

Effective April 1, 2012, we changed our reportable operating segments. Starting from the nine-month period ended December 31, 2012, the headquarters' cost allocation system was changed from partial allocation to full allocation to the operating segments. For more information, see 2) Operating Results by Operating Segment.

Provision for Doubtful Receivables

Provision for doubtful receivables for the nine-month period ended December 31, 2012 was ¥9.4 billion, an increase of ¥0.6 billion from ¥8.8 billion for the corresponding nine-month period of the previous year. The provisions for both periods represented aggregated reserves for individually small receivables.

Interest Income (Expense)—Net

Interest income, net of interest expense, for the nine-month period ended December 31, 2012 was ¥1.4 billion, an improvement of ¥5.3 billion from ¥3.9 billion of expense for the corresponding nine-month period of the previous year. Income increased by ¥5.6 billion mainly attributable to the amortization of deferred commitment fee related to the loan extended to the subsidiary of Corporación Nacional del Cobre de Chile ("Codelco") recorded for the nine-month period ended December 31, 2012. The following table provides the periodic average of 3 month Tibor of the Japanese yen and 3 month Libor of the U.S. dollar for the nine-month periods ended December 31, 2012 and 2011.

Periodic average of 3 month rate (%p.a.)		
	Nine-month period ended December 31,	
	2012	2011
Japanese yen	0.33	0.34
U.S. dollar	0.39	0.36

Dividend Income

Dividend income for the nine-month period ended December 31, 2012 was ¥62.0 billion, an increase of

¥10.6 billion from ¥51.4 billion for the corresponding nine-month period of the previous year. Dividends from six LNG projects (Abu Dhabi, Oman, Qatargas 1 and 3, Equatorial Guinea and Sakhalin II) were ¥48.1 billion in total, an increase of ¥11.0 billion from the corresponding nine-month period of the previous year, reflecting an increase in dividends received from the Sakhalin II project.

Gain on Sales of Securities—Net

Gain on sales of securities for the nine-month period ended December 31, 2012 was ¥36.6 billion, an increase of ¥22.0 billion from ¥14.6 billion for the corresponding nine-month period of the previous year.

- For the nine-month period ended December 31, 2012, an ¥8.0 billion gain on the sale of shares in Mikuni Coca-Cola Bottling Co., Ltd.; a ¥4.8 billion gain on the sale of shares in Nihon Unisys, Ltd.; a ¥4.4 billion gain on the sale of shares in LME Holdings Limited; a ¥4.2 billion gain on the sale of shares in INPEX CORPORATION; and a ¥3.1 billion gain on the sale of shares in MED3000 Group, Inc. were recorded, respectively. Furthermore, MBK Healthcare Partners Limited (United Kingdom) recorded a ¥5.5 billion gain related to equity dilution in IHH Healthcare Bhd. (Malaysia) (*1) The relevant gain includes a ¥5.3 billion gain due to the dilution of MBK Healthcare Partners Limited's stake in IHH Healthcare Bhd. from 26.63% to 20.48% reflecting the issuance of new shares by IHH Healthcare Bhd. upon its initial public offering on the Bursa Malaysia and Singapore Exchange in July 2012 (*2).
- For the corresponding nine-month period of the previous year, a remeasurement gain of ¥3.6 billion on existing interests resulting from acquisition of the entire stake in Multigrain AG was recorded.

(*1) IHH Healthcare Bhd. changed its name from Integrated Healthcare Holdings Sdn. Bhd. on April 20, 2012.

(*2) MBK Healthcare Partners Limited recorded a ¥1.9 billion gain related to equity dilution in IHH Healthcare Bhd. in connection with the acquisition of Acibadem Saglik Yatirimlari Holding for the three-month period ended June 30, 2012. In the six-month period ended September 30, 2012, the gain was revised to ¥0.3 billion.

Loss on Write-Down of Securities

Loss on write-downs of securities for the nine-month period ended December 31, 2012 was ¥21.3 billion, an improvement of ¥0.7 billion from ¥22.0 billion for the corresponding nine-month period of the previous year.

- Due to a decline in share price, impairment losses on listed securities of ¥4.9 billion in an iron & steel company and ¥3.0 billion in Mitsui Chemicals Inc. were recorded for the nine-month period ended December 31, 2012. An impairment loss of ¥4.5 billion on preferred shares of Valepar S.A., reflecting an other-than-temporary decline related to the foreign exchange translation loss in the investment value of the current portion of the preferred shares, was recorded.
- For the corresponding nine-month period of the previous year, an impairment loss of ¥4.1 billion on preferred shares of Valepar S.A. was recorded in the same manner as the nine-month period ended December 31, 2012. An impairment loss of ¥4.0 billion on shares in Formosa Epitaxy Incorporation was recorded as well.

Gain on Disposal or Sales of Property and Equipment—Net

Gain on disposal or sales of property and equipment—net for the nine-month period ended December 31, 2012 was ¥1.9 billion, a decline of ¥3.1 billion from ¥5.0 billion for the corresponding nine-month period of the previous year. There were miscellaneous small transactions for the nine-month period ended December 31, 2012. For the corresponding nine-month period of the previous year, a ¥4.5 billion gain on sale of unused land in Japan was recorded.

Impairment Loss of Long-Lived Assets

Impairment loss of long-lived assets for the nine-month period ended December 31, 2012 was ¥1.8 billion, an improvement of ¥3.4 billion from ¥5.2 billion for the corresponding nine-month period of the previous year. There were miscellaneous small impairments in both periods.

Impairment Loss of Goodwill

There was no impairment loss of goodwill for the nine-month period ended December 31, 2012, and ¥2.3 billion of impairment loss of goodwill consisting of miscellaneous small impairments was recorded for the corresponding nine-month period of the previous year.

Other Expense (Income)—Net

Other expense—net for the nine-month period ended December 31, 2012 was ¥15.3 billion, a deterioration of ¥20.7 billion from income of ¥5.4 billion for the corresponding nine-month period of the previous year.

- For the nine-month period ended December 31, 2012, exploration expenses totaled ¥22.7 billion including those recorded at oil and gas producing businesses. Mitsui Oil Exploration Co., Ltd. recorded a foreign exchange translation gain of ¥4.6 billion related to foreign currency deposits. Meanwhile, Mitsui recorded foreign exchange losses of ¥13.0 billion, including a foreign exchange gain of ¥4.0 billion in the commodity derivatives trading business in the Innovation & Cross Function Business Segment, which corresponded to related revenues in the same segment, as well as valuation losses of ¥ 4.0 billion on foreign exchange forward contracts for trade settlements in the Iron & Steel Products Segment.
- For the corresponding nine-month period of the previous year, Mitsui recorded foreign exchange gains of ¥2.9 billion and Shark Bay Salt Pty. Ltd. recorded a gain of ¥5.8 billion in other income-net as consideration for releasing a part of the mining lease area to support the progress of an LNG project in the vicinity of the salt field. Meanwhile, exploration expenses of ¥14.3 billion in total were recorded, including those at oil and gas producing businesses.

Income Taxes

Income taxes for the nine-month period ended December 31, 2012 were ¥111.6 billion, a decline of ¥29.9 billion from ¥141.5 billion for the corresponding nine-month period of the previous year. Major factors contributing to the decline were declines in “income before income taxes and equity in earnings” and “equity earnings of associated companies-net,” while a ¥21.5 billion one-time positive impact was recorded in the corresponding nine-month period of the previous year, mainly consisting of a reversal of deferred tax liabilities on undistributed retained earnings of associated companies caused by the reduction of the Japanese corporate income tax rate. Reversal of deferred tax liabilities related to dividends received from the undistributed retained earnings of associated companies for the nine-month period ended December 31, 2012 was approximately ¥25.0 billion, an increase of approximately ¥10.0 billion from approximately ¥15.0 billion for the corresponding nine-month period of the previous year (*).
The effective tax rate on “income from continuing operations before income taxes and equity in earnings” for the nine-month period ended December 31, 2012 was 45.3%, an increase of 2.7% from 42.6% for the corresponding nine-month period of the previous year. Major factors for the increase was the reversal effect of the one-time impact of the aforementioned tax rate reduction recorded in the corresponding nine-month period of the previous year, while factors for the decrease includes the positive factor of the aforementioned increase in reversal of deferred tax liabilities related to dividends received from the undistributed retained earnings of associated companies.

(*) We, in principle, record deferred tax liabilities on undistributed retained earnings of associated companies calculating the expected tax amount payable based on the assumption that we would sell investments in associated companies in the future. At the time of profit distribution from associated companies, we reverse the deferred tax liabilities while recording an income tax expense on the dividends received. In a case where a certain portion of dividends received is treated as non-taxable, such as in the treatment of dividends under Japanese tax law, tax expenses on dividends received are smaller than the reversal amount of the deferred tax liabilities, and the balance is credited to tax expenses.

Equity in Earnings of Associated Companies - Net

Equity in earnings of associated companies for the nine-month period ended December 31, 2012 was ¥135.6 billion, a decline of ¥40.7 billion from ¥176.3 billion for the corresponding nine-month period of the previous year as a result of the following:

- A decline of ¥51.6 billion was recorded at Valepar S.A. (Brazil), mainly due to a decline in iron ore prices and impairment losses on nickel and aluminium assets.
- Earnings at Robe River Mining Co. Pty. Ltd. (Australia) reported a decline of ¥11.3 billion, due to the decline in iron ore prices, which was partially offset by the positive effect of an increase in sales volume led by both the effect of incremental capacity and the reversal effect of unseasonably wet weather for

the corresponding nine-month period of the previous year.

- Compañía Minera Doña Inés de Collahuasi SCM (Chile) reported a decline of ¥7.6 billion, mainly due to a decline in sales volume.
- Overseas power production businesses reported a decline of ¥7.5 billion due to a decline of ¥7.6 billion in mark-to-market valuation gains and losses such as those on power derivative contracts and fuel purchase contracts.
- Due to the dilution of ownership interest in Vale Nouvelle-Calédonie S.A.S. held by SUMIC Nickel Netherlands B.V., a ¥9.2 billion gain on the equity dilution was recorded.
- Due to a decline in share price, impairment losses on investments of ¥32.3 billion in total, including ¥18.3 billion for TPV Technology Limited, ¥6.7 billion for Moshi Moshi Hotline, Inc. and ¥6.0 billion for Nihon Unisys, Ltd., were recorded in equity earnings of associated companies-net for the corresponding nine-month period of the previous year (*). In addition to the impairment loss of ¥6.0 billion in investment, equity in losses of ¥3.1 billion was recorded at Nihon Unisys, Ltd. mainly due to the setting up of valuation allowances for its deferred tax assets for the nine-month period ended December 31, 2011.

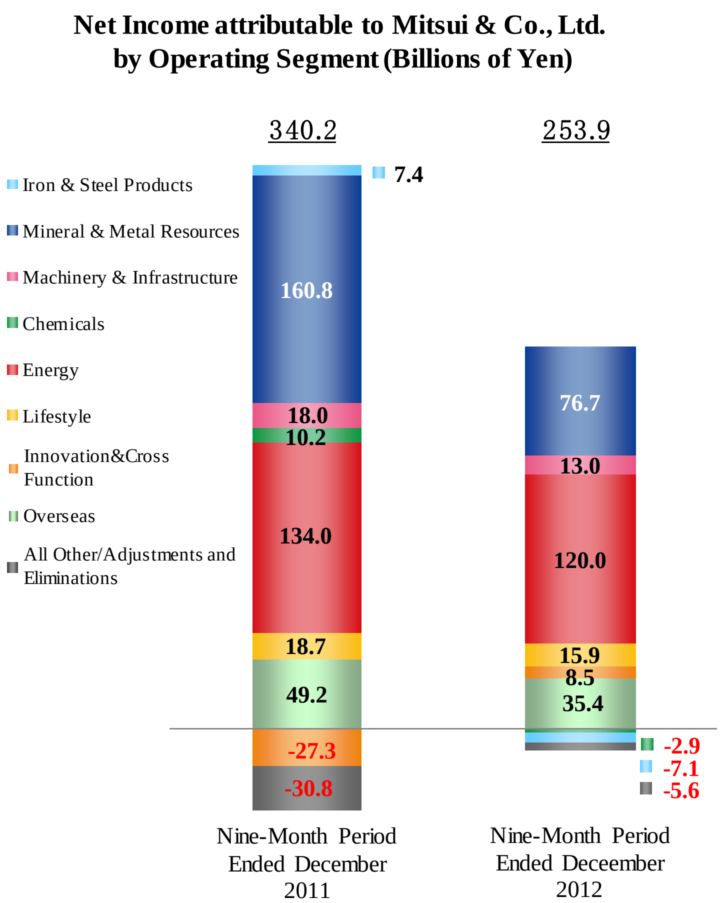
(*) Mitsui records an impairment loss on a marketable security of an associated company if a decline in the value of the security is other-than-temporary.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests for the nine-month period ended December 31, 2012 was ¥16.4 billion, a decline of ¥10.6 billion from ¥27.0 billion for the corresponding nine-month period of the previous year.

Net Income Attributable to Mitsui & Co., Ltd.

As a result, net income attributable to Mitsui & Co., Ltd. for the nine-month period ended December 31, 2012 was ¥253.9 billion, a decline of ¥86.3 billion from ¥340.2 billion for the corresponding nine-month period of the previous year.



2) Operating Results by Operating Segment

Effective April 1, 2012, we changed our reportable operating segments. In accordance with this change, the operating segment information for the nine-month period ended December 31, 2011 has been restated to conform to the current year presentation. For details, see Note 9, "SEGMENT INFORMATION."

In addition, starting from the nine-month period ended December 31, 2012, we changed the headquarters' cost allocation system from partial allocation to full allocation to the operating segments. The impact of this change to operating income (loss) and net income (loss) attributable to Mitsui & Co., Ltd. for each operating segment for the nine-month period ended December 31, 2012 was as follows:

(Billions of yen) Impact on Impact on Net income (Loss)

	Operating Income (Loss)	attributable to Mitsui & Co., Ltd.
Iron & Steel Products	(1.5)	(1.1)
Mineral & Metal Resources	(8.1)	(6.1)
Machinery & Infrastructure	(5.6)	(4.2)
Chemicals	(3.5)	(2.6)
Energy	(7.7)	(5.7)
Lifestyle	(5.7)	(4.2)
Innovation & Cross Function	(3.0)	(2.2)
Americas	0	0
Europe, the Middle East and Africa	0	0
Asia Pacific	0	0
All Other/Adjustments and Eliminations	35.0	26.1
Consolidated total	0	0

Iron & Steel Products Segment

Gross profit for the nine-month period ended December 31, 2012 was ¥27.3 billion, a decline of ¥5.3 billion from ¥32.6 billion for the corresponding nine-month period of the previous year. The main cause of the decline was weaker demand and lower prices in emerging markets including Asia; sluggish domestic sales; and reduction in export volumes from Japan caused by the appreciation of Japanese yen.

Operating income for the nine-month period ended December 31, 2012 was ¥0.7 billion, a decline of ¥7.2 billion from ¥7.9 billion for the corresponding nine-month period of the previous year.

Equity in earnings of associated companies for the nine-month period ended December 31, 2012 was ¥1.4 billion, a decline of ¥1.3 billion from ¥2.7 billion for the corresponding nine-month period of the previous year.

Net loss attributable to Mitsui & Co., Ltd. for the nine-month period ended December 31, 2012 was ¥7.1 billion, a decline of ¥14.5 billion from net income of ¥7.4 billion for the corresponding nine-month period of the previous year. In addition to the above-mentioned factors, the following factors also affected results:

- For the nine-month period ended December 31, 2012, this segment recorded an impairment loss of ¥4.3 billion on listed securities in an iron & steel company reflecting the decline in share price.
- Valuation losses of ¥ 4.0 billion on foreign exchange forward contracts for trade settlements were recorded for the nine-month period ended December 31, 2012.

Mineral & Metal Resources Segment

Gross profit for the nine-month period ended December 31, 2012 was ¥111.5 billion, a decline of ¥46.9 billion from ¥158.4 billion for the corresponding nine-month period of the previous year. The main factor behind the decline was the decrease in iron ore prices.

The majority of contract prices applied for products sold during the corresponding nine-month period of the previous year was based on a daily average of spot reference prices during the nine-month period starting from December 1, 2010 through August 31, 2011.

However, reflecting the transition to a more diversified sales contract portfolio starting from the three-month period ended December 31, 2011, the majority of contract prices applied for products sold during the nine-month period ended December 31, 2012 was based on pricing that reflects current spot reference prices, such as a daily average of spot reference prices for the current quarter of shipment and a daily average of spot reference prices for the shipment month.

Mitsui Iron Ore Development Pty. Ltd. reported a decline of ¥30.9 billion in gross profit reflecting the decline in iron ore prices, which was partially offset by the positive effect of increases in sales volume led by both the effect of incremental capacity and the reversal effect of unseasonably wet weather for the corresponding nine-month period of the previous year. Mitsui-Itochu Iron Pty. Ltd. also recorded a decline of ¥14.0 billion due to the decline in iron ore prices.

Operating income for the nine-month period ended December 31, 2012 was ¥85.1 billion, a decline of ¥56.7 billion from ¥141.8 billion for the corresponding nine-month period of the previous year. In addition to a decline in gross profit, selling, general and administrative expenses increased.

Equity in earnings of associated companies for the nine-month period ended December 31, 2012 was ¥38.6 billion, a decline of ¥70.5 billion from ¥109.1 billion for the corresponding nine-month period of the previous year. Major factors were as follows:

- Valepar S.A. posted earnings of ¥6.2 billion, a decline of ¥51.6 billion from ¥57.8 billion for the corresponding nine-month period of the previous year, mainly due to a decline in iron ore prices and impairment losses on nickel and aluminium assets.
- Earnings at Robe River Mining Co. Pty. Ltd. were ¥23.5 billion, a decline of ¥11.3 billion from ¥34.8 billion for the corresponding nine-month period of the previous year, due to the decline in iron ore prices, which was partially offset by the positive effect of an increase in sales volume led by both the effect of incremental capacity and the reversal effect of unseasonably wet weather for the corresponding nine-month period of the previous year.
- Compañía Minera Doña Inés de Collahuasi SCM recorded earnings of ¥3.0 billion, a decline of ¥7.6 billion from ¥10.6 billion for the corresponding nine-month period of the previous year mainly due to a decline in sales volume.
- Due to the dilution of ownership interest in Vale Nouvelle-Calédonie S.A.S. held by SUMIC Nickel Netherlands B.V., a ¥9.2 billion gain on the equity dilution was recorded.

Net income attributable to Mitsui & Co., Ltd. for the nine-month period ended December 31, 2012 was ¥76.7 billion, a decline of ¥84.1 billion from ¥160.8 billion for the corresponding nine-month period of the previous year. In addition to the above-mentioned factors, the following factors also affected results:

- For the nine-month period ended December 31, 2012, the amortization of deferred commitment fee related to the loan extended to the subsidiary of Codelco was recorded on interest income.
- For the corresponding nine-month period of the previous year, a ¥10.2 billion one-time positive impact was recorded in income taxes due to the reduction of the Japanese corporate income tax rate. The main cause of the positive impact was the reversal of deferred tax liabilities on undistributed retained earnings of associated companies.

Machinery & Infrastructure Segment

Gross profit for the nine-month period ended December 31, 2012 was ¥71.0 billion, an increase of ¥4.0 billion from ¥67.0 billion for the corresponding nine-month period of the previous year.

- The Infrastructure Projects Business Unit reported a decline of ¥1.7 billion.
- The Motor Vehicles & Construction Machinery Business Unit reported an increase of ¥2.0 billion. Mining and construction machinery-related businesses in the Americas achieved a solid performance.
- The Marine & Aerospace Business Unit reported an increase of ¥3.6 billion due to a reversal effect of a loss allowance for vessels under construction recorded in the corresponding nine-month period of the previous year.

Operating loss for the nine-month period ended December 31, 2012 was ¥9.8 billion, a deterioration of ¥3.9 billion from ¥5.9 billion for the corresponding nine-month period of the previous year. Despite the increase in gross profit, selling, general and administrative expenses increased.

Equity in earnings of associated companies for the nine-month period ended December 31, 2012 was ¥20.5 billion, a decline of ¥9.2 billion from ¥29.7 billion for the corresponding nine-month period of the previous year.

- The Infrastructure Projects Business Unit reported a decline of ¥8.4 billion. Overseas power producers reported equity in earnings of ¥4.4 billion in total, a decline of ¥6.9 billion from ¥11.3 billion for the corresponding nine-month period of the previous year. Mark-to-market valuation gains and losses, such as those on long-term power derivative contracts and long-term fuel purchase contracts, declined by ¥7.1 billion to a loss of ¥5.4 billion from a gain of ¥1.7 billion for the corresponding nine-month period of the previous year. The major cause of the decline was a reversal of valuation gains at Paiton 3 as a result of the application of the lease accounting associated with the commencement of commercial operation, and the reversal effect of valuation gains due to a rise in gas prices in the United Kingdom for the corresponding nine-month period of the previous year.

- The Motor Vehicles & Construction Machinery Business Unit reported an increase of ¥0.6 billion. Although a motorcycle manufacturing and distributing business in Indonesia reported a decline, automotive-related businesses in North America and Asia reported an increase.
- The Marine & Aerospace Business Unit reported a decline of ¥1.3 billion, reflecting a reversal effect of the gain on reversal of a loss allowance at the LNG vessels chartering business due to market recovery recorded in the corresponding nine-month period of the previous year.

Net income attributable to Mitsui & Co., Ltd. for the nine-month period ended December 31, 2012 was ¥13.0 billion, a decline of ¥5.0 billion from ¥18.0 billion for the corresponding nine-month period of the previous year.

Chemicals Segment

Gross profit for the nine-month period ended December 31, 2012 was ¥46.2 billion, a decline of ¥3.6 billion from ¥49.8 billion for the corresponding nine-month period of the previous year. This was mainly due to underperforming trading activities of fertilizer resources and materials as well as petrochemical intermediate materials.

Operating income for the nine-month period ended December 31, 2012 was ¥0.8 billion, a decline of ¥7.8 billion from ¥8.6 billion for the corresponding nine-month period of the previous year. In addition to the decline in gross profit, selling, general and administrative expenses increased.

Equity in earnings of associated companies for the nine-month period ended December 31, 2012 was ¥5.2 billion, an increase of ¥0.8 billion from ¥4.4 billion for the corresponding nine-month period of the previous year.

Net loss attributable to Mitsui & Co., Ltd. for the nine-month period ended December 31, 2012 was ¥2.9 billion, a deterioration of ¥13.1 billion from net income of ¥10.2 billion for the corresponding nine-month period of the previous year. In addition to the above-mentioned factors, the following factors also affected results:

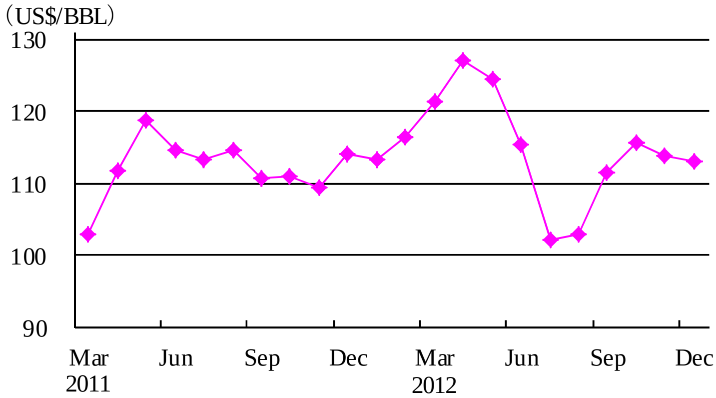
- For the corresponding nine-month period of the previous year, Shark Bay Salt Pty. Ltd. recorded a gain of ¥5.8 billion in other income-net as consideration for releasing a part of the mining lease area to support the progress of an LNG project in the vicinity of the salt field, which was partly offset by its impairment loss of goodwill.
- For the nine-month period ended December 31, 2012, this segment recorded an impairment loss of ¥3.0 billion on listed securities in Mitsui Chemicals Inc. reflecting the decline in share price.

Energy Segment

The weighted average crude oil prices applied to our operating results for the nine-month period ended December 31, 2012 and 2011 were estimated to be US$115 and US$105 per barrel, respectively.

Gross profit for the nine-month period ended December 31, 2012 was ¥142.9 billion, a decline of ¥24.3 billion from ¥167.2 billion for the corresponding nine-month period of the previous year, primarily due to the following factors:

Crude Oil Price (JCC: Japan Crude Cocktail)



- Mitsui Oil Exploration Co., Ltd. reported an increase of ¥16.4 billion due to increases in both oil prices and production volume, and Mitsui E&P Middle East B. V. reported an increase of ¥3.3 billion due to an increase in production volume. Mitsui E&P Texas LP, which acquired a working interest in the Eagle Ford shale project during the three-month period ended December 31, 2011, and was consolidated with a three-month time lag, recorded a gross profit of ¥5.3 billion.
- Mitsui Coal Holdings Pty. Ltd. reported a decline of ¥26.3 billion due to lower coal prices, in spite of the reduction in production costs.
- Mitsui E&P USA LLC reported a decline of ¥10.4 billion due to an increase in depreciation costs as well as a decline in gas prices in the United States, despite an increase in production volume.
- A decline in gross profit of ¥8.3 billion in petroleum trading activities was recorded due to deterioration of market conditions.

Operating income for the nine-month period ended December 31, 2012 was ¥101.8 billion, a decline of ¥32.8 billion from ¥134.6 billion for the corresponding nine-month period of the previous year. In addition to a decline in gross profit, selling, general and administrative expenses increased.

Equity in earnings of associated companies for the nine-month period ended December 31, 2012 was ¥40.8 billion, an increase of ¥1.7 billion from ¥39.1 billion for the corresponding nine-month period of the previous year.

Net income attributable to Mitsui & Co., Ltd. for the nine-month period ended December 31, 2012 was ¥120.0 billion, a decline of ¥14.0 billion from ¥134.0 billion for the corresponding nine-month period of the previous year. In addition to the above-mentioned factors, the following factors also affected results:

- Dividends from six LNG projects (Abu Dhabi, Oman, Qatargas 1 and 3, Equatorial Guinea and Sakhalin II) were ¥48.1 billion in total, an increase of ¥11.0 billion from ¥37.1 billion for the corresponding nine-month period of the previous year, due mainly to an increase in dividends received from the Sakhalin II project.
- Reversal of deferred tax liabilities on undistributed retained earnings of associated companies at the time of profit distribution increased by approximately ¥8.5 billion from the corresponding nine-month period of the previous year.
- For the nine-month period ended December 31, 2012, Mitsui Oil Exploration Co., Ltd. recorded a gain of ¥4.2 billion on the sale of shares in INPEX CORPORATION.
- For the nine-month period ended December 31, 2012, exploration expenses of ¥21.8 billion in total were recorded in other expenses-net, including those recorded by Mitsui E&P Mozambique Area 1 Limited (United Kingdom). For the corresponding nine-month period of the previous year, exploration expenses totaled ¥13.7 billion including those recorded by Mitsui Oil Exploration Co., Ltd. and Mitsui E&P Australia Pty Limited (Australia).
- For the corresponding nine-month period of the previous year, a ¥5.3 billion one-time positive impact was recorded in income taxes due to the reduction of the Japanese corporate income tax rate. The main cause of the positive impact was the reversal of deferred tax liabilities on undistributed retained earnings of associated companies.

Lifestyle Segment

Gross profit for the nine-month period ended December 31, 2012 was ¥81.5 billion, a decline of ¥8.6 billion from ¥90.1 billion for the corresponding nine-month period of the previous year.

- The Food Resources Business Unit reported a decline of ¥8.0 billion. Multigrain AG recorded a decline of ¥5.8 billion, reflecting a drop in the soybean and cotton harvest affected by the drought in Brazil.
- The Food Products & Services Business Unit recorded a decline of ¥2.5 billion, reflecting the reversal effect of ¥4.6 billion mark-to-market valuation gains on commodity derivative contracts related to coffee for the corresponding nine-month period of the previous year.
- The Consumer Service Business Unit reported an increase of ¥1.9 billion.

Operating loss for the nine-month period ended December 31, 2012 was ¥1.7 billion, a decline of ¥16.5 billion from operating income of ¥14.8 billion for the corresponding nine-month period of the previous year. In addition to the decline in gross profit, selling, general and administrative expenses increased.

Equity in earnings of associated companies for the nine-month period ended December 31, 2012 was ¥8.8

billion, an increase of ¥1.5 billion from ¥7.3 billion for the corresponding nine-month period of the previous year.

- This segment recorded a ¥2.9 billion impairment loss on listed securities in Mitsui Sugar Co., Ltd. for the nine-month period ended December 31, 2012, reflecting the decline in share price.
- IHH Healthcare Bhd., in which MBK Healthcare Partners Limited invested during the three-month period ended June 30, 2011, recorded an increase of ¥1.6 billion. MBK Healthcare Partners Limited recognizes equity earnings of IHH Healthcare Bhd. with a three-month time lag.

Net income attributable to Mitsui & Co., Ltd. for the nine-month period ended December 31, 2012 was ¥15.9 billion, a decline of ¥2.8 billion from ¥18.7 billion for the corresponding nine-month period of the previous year. In addition to the above-mentioned factors, the following factors also affected results:

- For the nine-month period ended December 31, 2012, this segment reported a gain of ¥8.0 billion on the sale of shares in Mikuni Coca-Cola Bottling Co., Ltd.
- MBK Healthcare Partners Limited recorded a ¥5.5 billion gain related to equity dilution in IHH Healthcare Bhd. The relevant gain includes a ¥5.3 billion gain due to the dilution of MBK Healthcare Partners Limited's stake in IHH Healthcare Bhd. from 26.63% to 20.48% reflecting the issuance of new shares by IHH Healthcare Bhd. upon its initial public offering on the Bursa Malaysia and Singapore Exchange in July 2012.
- For the corresponding nine-month period of the previous year, this segment recorded a ¥3.6 billion remeasurement gain due to the reclassification of Multigrain AG.

Innovation & Cross Function Segment

Gross profit for the nine-month period ended December 31, 2012 was ¥33.9 billion, a decrease of ¥5.7 billion from ¥39.6 billion for the corresponding nine-month period of the previous year.

- The IT Business Unit reported a decline of ¥0.8 billion.
- The Financial & New Business Unit reported a decrease of ¥6.7 billion. Mitsui & Co. Commodity Risk Management Ltd. posted a decline of ¥4.8 billion due to underperforming derivatives trading. Gross profits corresponding to foreign exchange gains of ¥4.0 billion and ¥1.5 billion related to the commodity derivatives trading business at Mitsui posted in other expenses-net were included in gross profit for the nine-month period ended December 31, 2012 and for the corresponding nine-month period of the previous year, respectively.
- The Transportation Logistics Business Unit reported an increase of ¥1.9 billion, mainly attributable to the gross profit of Portek International Private Limited (Singapore), which was newly acquired during the three-month period ended September 30, 2011.

Operating loss for the nine-month period ended December 31, 2012 was ¥21.6 billion, a deterioration of ¥8.4 billion from ¥13.2 billion for the corresponding nine-month period of the previous year. In addition to the decline in gross profit, selling, general and administrative expenses increased.

Equity in earnings of associated companies for the nine-month period ended December 31, 2012 was ¥13.8 billion, an increase of ¥37.0 billion from equity in losses of ¥23.2 billion for the corresponding nine-month period of the previous year. Reflecting the decline in share price, this segment recorded impairment losses on listed securities in an amount of ¥18.3 billion in TPV Technology Limited, ¥6.7 billion in Moshi Moshi Hotline, Inc. and ¥6.0 billion in Nihon Unisys, Ltd., for the nine-month period ended December 31, 2011. In addition to the impairment loss of ¥6.0 billion in investment, equity in losses of ¥3.1 billion was recorded at Nihon Unisys, Ltd. mainly due to the setting up of valuation allowances for its deferred tax assets for the nine-month period ended December 31, 2011.

Net income attributable to Mitsui & Co., Ltd. for the nine-month period ended December 31, 2012 was ¥8.5 billion, an increase of ¥35.8 billion from net loss of ¥27.3 billion for the corresponding nine-month period of the previous year. In addition to the above-mentioned factors, there were the following factors:

- For the nine-month period ended December 31, 2012, this segment reported a gain of ¥4.8 billion on the sale of shares in Nihon Unisys, Ltd.
- For the nine-month period ended December 31, 2012, Mitsui Bussan Commodities Ltd. (United

Kingdom) recorded a gain of ¥4.3 billion on the sale of shares in LME Holdings Limited.

- For the corresponding nine-month period of the previous year, this segment recorded a ¥4.0 billion impairment loss on shares in Formosa Epitaxy Incorporation.
- For the nine-month period ended December 31, 2012 and for the corresponding nine-month period of the previous year, foreign exchange gains of ¥4.0 billion and ¥1.5 billion, respectively, were posted in other expense-net in relation to the commodity derivatives trading business at Mitsui.

Americas Segment

Gross profit for the nine-month period ended December 31, 2012 was ¥51.5 billion, a decline of ¥5.7 billion from ¥57.2 billion for the corresponding nine-month period of the previous year. Novus International, Inc. reported a decline of ¥5.8 billion due to a decline in sales price despite the increase in sales volume of methionine, as well as a write-down on inventories of feed additives other than methionine.

Operating income for the nine-month period ended December 31, 2012 was ¥12.6 billion, a decline of ¥7.2 billion from ¥19.8 billion for the corresponding nine-month period of the previous year. In addition to the decline in gross profit, this segment reported an increase in the provision for doubtful receivables.

Equity in earnings of associated companies for the nine-month period ended December 31, 2012 was ¥2.5 billion, a decline of ¥0.4 billion from ¥2.9 billion for the corresponding nine-month period of the previous year.

Net income attributable to Mitsui & Co., Ltd. for the nine-month period ended December 31, 2012 was ¥13.4 billion, an increase of ¥1.5 billion from ¥11.9 billion for the corresponding nine-month period of the previous year. In addition to the above-mentioned factors, for the nine-month period ended December 31, 2012, this segment recorded a gain of ¥3.1 billion on the sale of shares in MED3000 Group, Inc.

Europe, the Middle East & Africa Segment

Gross profit for the nine-month period ended December 31, 2012 was ¥10.8 billion, a decline of ¥2.8 billion from ¥13.6 billion for the corresponding nine-month period of the previous year.

Operating loss for the nine-month period ended December 31, 2012 was ¥3.3 billion, a deterioration of ¥2.7 billion from ¥0.6 billion for the corresponding nine-month period of the previous year.

Equity in earnings of associated companies for the nine-month period ended December 31, 2012 was ¥0.4 billion, a decline of ¥0.1 billion from ¥0.5 billion for the corresponding nine-month period of the previous year.

Net loss attributable to Mitsui & Co., Ltd. for the nine-month period ended December 31, 2012 was ¥0.8 billion, a decline of ¥0.9 billion from ¥0.1 billion of net profit for the corresponding nine-month period of the previous year.

Asia Pacific Segment

Gross profit for the nine-month period ended December 31, 2012 was ¥7.4 billion, a decline of ¥1.3 billion from ¥8.7 billion for the corresponding nine-month period of the previous year.

Operating loss for the nine-month period ended December 31, 2012 was ¥4.2 billion, a deterioration of ¥1.1 billion from ¥3.1 billion for the corresponding nine-month period of the previous year.

Equity in earnings of associated companies for the nine-month period ended December 31, 2012 was ¥3.8 billion, an increase of ¥0.2 billion from ¥3.6 billion for the corresponding nine-month period of the previous year.

Net income attributable to Mitsui & Co., Ltd. for the nine-month period ended December 31, 2012 was ¥22.8 billion, a decline of ¥14.4 billion from ¥37.2 billion for the corresponding nine-month period of the previous year. In addition to the above-mentioned factors, this segment recorded earnings from the segment's minority interest in Mitsui Iron Ore Development Pty. Ltd., Mitsui-Itochu Iron Pty. Ltd. and Mitsui Coal Holdings Pty. Ltd., which were lower due to declines in the prices of iron ore and coal.

(3) Financial Condition and Cash Flows

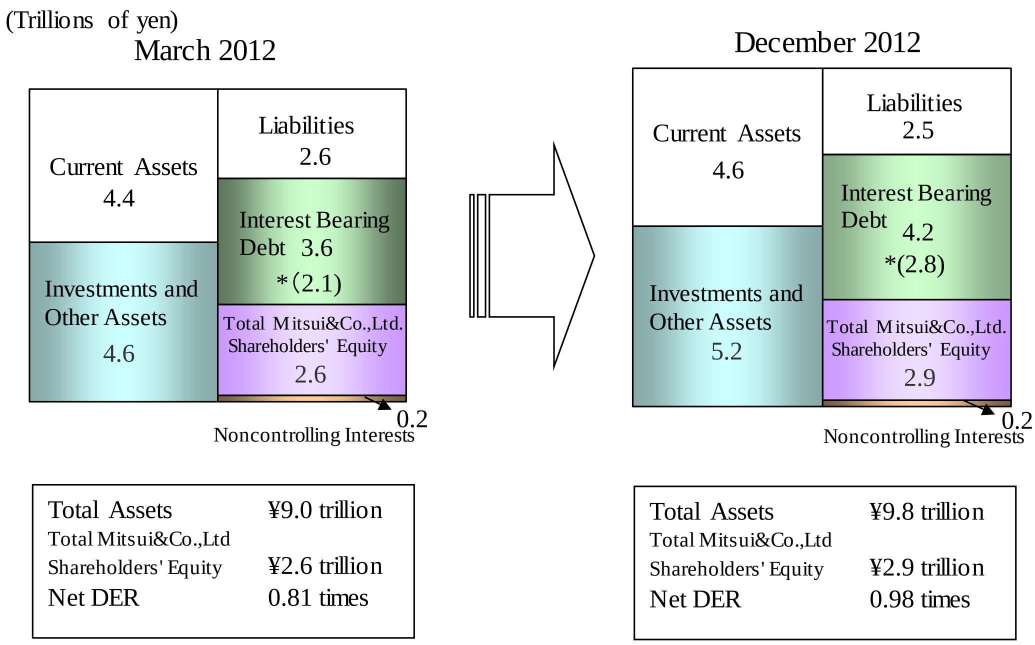
1) Assets, Liabilities and Shareholders' Equity

Total assets as of December 31, 2012 were ¥9,825.4 billion, an increase of ¥813.6 billion from ¥9,011.8 billion as of March 31, 2012.

Total current assets as of December 31, 2012 were ¥4,574.5 billion, an increase of ¥148.2 billion from ¥4,426.3 billion as of March 31, 2012. Inventories increased by ¥366.7 billion. Certain physical commodity swap transactions related to precious metals, which were originally accounted for as derivative transactions, are accounted for as financings from December 31, 2012, and, as a result, an increase of ¥267.3 billion in inventories was reported. Furthermore, increases in inventories were reported at Westport Petroleum, Inc. (United States) by ¥15.9 billion due to the rebound for the compression of inventory volume recorded as of March 31, 2012, and at the newly acquired Cinco Pipe & Supply, LLC (United States) by ¥12.7 billion, respectively. Meanwhile, trade receivables decreased by ¥155.2 billion, including declines at the petroleum trading activities in the Energy Segment as well as the Iron & Steel Products and Chemicals segments mainly attributable to the decline in sales volume. Cash and cash equivalents also declined by ¥69.6 billion.

Total current liabilities as of December 31, 2012, increased by ¥385.8 billion to ¥3,009.8 billion from ¥2,624.0 billion as of March 31, 2012. Short-term debt increased by ¥404.2 billion, including an increase of ¥264.6 billion due to the aforementioned change related to physical commodities swap transactions.

As a result, working capital, or current assets less current liabilities, as of December 31, 2012 totaled ¥1,564.7 billion, a decline of ¥237.6 billion from ¥1,802.3 billion as of March 31, 2012.



(*) Figures in brackets in interest-bearing debt are "net interest-bearing debt," which is interest-bearing debt minus cash and cash equivalents and time deposits.

The sum of "total investments and non-current receivables," "net property and equipment," "intangible assets, less accumulated amortization," "deferred tax assets-non-current," and "other assets" as of December 31, 2012 totaled ¥5,250.9 billion, an increase of ¥665.4 billion from ¥4,585.5 billion as of March 31, 2012, mainly due to the following factors:

Total of investments and non-current receivables as of December 31, 2012 was ¥3,660.7 billion, an increase of ¥469.0 billion from ¥3,191.7 billion as of March 31, 2012.

Within this category, investments in and advances to associated companies as of December 31, 2012 was ¥2,147.0 billion, an increase of ¥437.9 billion from ¥1,709.1 billion as of March 31, 2012. Major factors were as follows:

- An increase of ¥166.6 billion due to an acquisition of 32.20% stake in Inversiones Mineras Acrux SpA (Chile), a joint venture with Codelco;
- An increase of ¥85.7 billion due to an additional investment in Japan Australia LNG (MIMI) Pty. Ltd. (Australia) for the acquisition of working interests in the Browse LNG project;
- An increase due to an acquisition of a 30% stake in renewable energy power generation projects in Canada;
- An increase of ¥14.6 billion due to an investment in the Caserones copper and molybdenum project in Chile;
- An increase of ¥14.1 billion due to investments in and loans to FPSO (Floating Production, Storage and Offloading vessel) leasing businesses for oil and gas production in Brazil;
- An increase of ¥9.8 billion due to an acquisition of a 49.9% stake in National Plant and Equipment Pty Ltd., an Australian mining equipment rental company;
- A ¥12.7 billion decline in preferred shares of Valepar S.A. resulting from a foreign exchange fluctuation and partial redemption; and
- Factors that do not involve cash flow included net increases in equity earnings of ¥34.6 billion (net of ¥101.0 billion in dividends received from associated companies) as well as an increase of ¥73.8 billion resulting from a foreign exchange translation adjustment of foreign investments due to the depreciation of the Japanese yen.

Other investments as of December 31, 2012 were ¥752.3 billion, a decline of ¥40.2 billion from ¥792.5 billion as of March 31, 2012, mainly due to the following factors:

- A decline of ¥31.7 billion in investment in Sakhalin Energy Investment Company Ltd. due to capital redemption (in addition, a ¥0.5 billion increase due to a foreign exchange translation gain);
- A ¥18.6 billion net decline in unrealized holding gains on available-for-sale securities, such as those of INPEX CORPORATION, reflecting a drop in the stock price and the saleof shares;
- A decline of ¥16.8 billion due to the recognition of impairment in investments; and
- An increase of ¥9.4 billion due to an investment in Sodrugestvo Group S.A. which operates a grain business focused on Russia.

Non-current receivables, less unearned interest as of December 31, 2012 totaled ¥485.2 billion, an increase of ¥31.0 billion from ¥454.2 billion as of March 31, 2012. Major components included:

- An increase of ¥73.0 billion in the loan to Codelco’s subsidiary;
- A decline of ¥16.4 billion (excluding a foreign exchange translation loss of ¥1.3 billion) at PT. Bussan Auto Finance (Indonesia) ; and
- A decline of ¥12.3 billion in the loan to Grace Ocean Private Limited, a ship-owning company, mainly due to the collection.

Net property and equipment as of December 31, 2012 totaled ¥1,446.0 billion, an increase of ¥190.1 billion from ¥1,255.9 billion as of March 31, 2012, mainly due to the following factors:

- An increase of ¥74.8 billion (including a foreign exchange translation gain of ¥13.6 billion) at the Marcellus and Eagle Ford shale gas/oil projects in the United States;
- An increase of ¥71.0 billion (including a foreign exchange translation gain of ¥16.7 billion) at iron ore mining projects in Australia; and
- An increase of ¥19.1 billion (including a foreign exchange translation gain of ¥8.6 billion) at coal mining projects in Australia.

Long-term debt less current maturities as of December 31, 2012 was ¥3,102.2 billion, an increase of ¥204.0 billion from ¥2,898.2 billion as of March 31, 2012. Oriente Copper Netherlands B.V. (Netherlands) and a financial subsidiary in the United States reported an increase in long-term borrowings.

Total Mitsui & Co., Ltd. shareholders’ equity as of December 31, 2012 was ¥2,882.8 billion, an increase of ¥241.5 billion from ¥2,641.3 billion as of March 31, 2012. The major component of the increase was a net increase of ¥83.6 billion in foreign currency translation adjustments mainly due to appreciation of the Australian dollar and US dollar against the Japanese yen. Furthermore, retained earnings increased by ¥162.7 billion.

As a result, the equity-to-asset ratio (*1) as of December 31, 2012, was 29.3%, the same figure as that as of March 31, 2012. Net interest-bearing debt, or interest-bearing debt less cash and cash equivalents and time deposits as of December 31, 2012 was ¥2,828.0 billion, an increase of ¥685.2 billion from ¥2,142.8 billion as of March 31, 2012. The net debt-to-equity ratio (DER) (*2) as of December 31, 2012 was 0.98 times, 0.17 points higher compared to 0.81 times as of March 31, 2012.

(*1) Taking into consideration comparability with other trading companies in Japan, in this report we define the equity-to-asset ratio as the ratio of total Mitsui & Co., Ltd. shareholders' equity to total assets.

(*2) We refer to Net Debt-to-Equity Ratio ("Net DER") in this quarterly securities report. Net DER is comprised of "net interest-bearing debt" divided by total Mitsui & Co., Ltd. shareholders' equity.
"Net interest-bearing debt" is defined as interest-bearing debt less cash and cash equivalents and time deposits. Our interest-bearing debt consists primarily of long-term debt less current maturities, which are not readily repayable. In order to flexibly meet capital requirements and to prepare for future debt-service requirements in case of unforeseen deterioration in the financial markets, we currently hold a relatively high level of cash and cash equivalents reflecting current financial market conditions and future capital requirements.
Under this policy, Net DER is a useful internal measure for our management to review the balance between:
1. our capacity to meet debt repayments; and
2. leverage to improve return on equity in our capital structure.

This measure does not recognize the fact that cash and cash equivalents and time deposits may not be completely available for debt repayment, but cash and cash equivalents and time deposits may be required for operational needs including certain contractual obligations or capital expenditures.

	Billions of Yen			
	As of March 31, 2012		As of December 31, 2012	
Short-term debt	¥	307.1	¥	711.3
Long-term debt	¥	3,270.9	¥	3,482.4
Interest bearing debt	¥	3,578.0	¥	4,193.7
Less cash and cash equivalents and time deposits	¥	(1,435.2)	¥	(1,365.7)
Net interest bearing debt	¥	2,142.8	¥	2,828.0
Total Mitsui & Co., Ltd. Shareholders' equity	¥	2,641.3	¥	2,882.8
Net DER (times)		0.81		0.98

2) Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities for the nine-month period ended December 31, 2012 was ¥363.7 billion, an increase of ¥217.0 billion from ¥146.7 billion for the corresponding nine-month period of the previous year. Major components of net cash provided by operating activities were our operating income of ¥182.9 billion, dividend income of ¥151.9 billion, including dividends received from associated companies, and net cash inflow of ¥12.6 billion from a decline in working capital, or changes in operating assets and liabilities.

Compared with the corresponding nine-month period of the previous year, while operating income declined by ¥106.5 billion, dividend income increased by ¥29.8 billion, net cash flow from increases and decreases in working capital improved by ¥260.2 billion.

Cash Flows from Investing Activities

Net cash used in investing activities for the nine-month period ended December 31, 2012 was ¥640.0 billion, an increase of ¥321.1 billion from ¥318.9 billion for the corresponding nine-month period of the previous year. The net cash used in investing activities consisted of:

・ Net outflows of cash that corresponded to investments in and advances to associated companies (net of sales of investments in and collection of advances to associated companies) were ¥210.2 billion. The major cash outflows were as follows:

major cash outflows were as follows:

- An acquisition of a 16.95% stake in Inversiones Mineras Acrux SpA for ¥85.9 billion (*);
- An additional investment in Japan Australia LNG (MIMI) Pty. Ltd. for ¥85.7 billion;
- An acquisition of a 30% stake in renewable energy power generation projects in Canada;
- An investment in the Caserones copper and molybdenum project in Chile for ¥14.6 billion;
- Investments in and loans to FPSO leasing businesses for oil and gas production in Brazil for ¥14.1 billion; and
- An acquisition of a 49.9% stake in National Plant and Equipment Pty Ltd. for ¥9.8 billion.

The major cash inflows were the partial sale of shares in Mikuni Coca-Cola Bottling Co., Ltd. for ¥15.5 billion and the partial sale of shares in Nihon Unisys, Ltd. for ¥11.4 billion.

- Net inflows of cash that corresponded to other investments and acquisitions of businesses (net of sales and redemption of other investments) were ¥12.7 billion. Cash inflows mainly consisted of a ¥31.7 billion capital redemption from Sakhalin Energy Investment Company Ltd. Meanwhile, major cash expenditures included a ¥9.4 billion investment in Sodrugestvo Group S.A.
- Net outflows of cash that corresponded to long-term loan receivables (net of collection) were ¥139.2 billion. Increases in long-term loan mainly consisted of the loan to Codelco's subsidiary for ¥146.7 billion (*). The major cash inflows was a collection of loan for ¥11.4 billion from Grace Ocean Private Limited, a ship-owning company.
- Net outflows of cash relating to purchases of property leased to others and property and equipment (net of sales of those assets) were ¥302.7 billion. Major expenditures included:

  - Marcellus and Eagle Ford shale gas/oil projects in the United States for ¥88.0 billion;
  - Iron ore mining projects in Australia for ¥69.2 billion;
  - Oil and gas projects other than the shale gas/oil projects for a total of ¥58.6 billion;
  - Coal mining projects in Australia for ¥23.1 billion; and
  - Leased rolling stock for ¥17.0 billion.

(*) We currently have a 32.20% stake in Inversiones Mineras Acrux SpA as a result of repayment of a part of the loan extended to Codelco's subsidiary by the 15.25% stake in Inversiones Mineras Acrux SpA in November 2012.

Free cash flow, or the sum of net cash provided by operating activities and net cash used in investing activities, for the nine-month period ended December 31, 2012 was a net outflow of ¥276.3 billion.

Cash Flows from Financing Activities

For the nine-month period ended December 31, 2012, net cash provided by financing activities was ¥180.1 billion, an increase of ¥110.0 billion from net cash provided by financing activities of ¥70.1 billion for the corresponding nine-month period of the previous year. The cash outflows from payments of cash dividends were ¥91.3 billion. The net cash inflow from the borrowing of short-term debt was ¥120.7 billion and the net cash inflow from the borrowing of long-term debt was ¥148.5 billion.

In addition to the changes discussed above, there was an increase in cash and cash equivalents of ¥26.6 billion due to foreign exchange translation; as a result, cash and cash equivalents as of December 31, 2012 totaled ¥1,361.5 billion, a decline of ¥69.6 billion from ¥1,431.1 billion as of March 31, 2012.

(4) Forecasts for the Year Ending March 31, 2013

We are maintaining our forecasted net income attributable to Mitsui & Co., Ltd. for the year ending March 31, 2013 at ¥310 billion, the amount announced as the revised forecast on November 2, 2012. While the Energy Segment is performing better than the revised forecast, the Mineral & Metal Resources Segment was affected by impairment losses at Vale which were not taken into account in our revised forecast announced on November 2, 2012. In addition, the Chemicals Segment is still in the process of reconstructing its trading activities, and the Iron & Steel Products Segment is being affected by one-time foreign exchange losses. Taking all of those factors into account, we have decided to maintain our full year forecast at ¥310 billion.

Key commodity prices and other parameters for the year ending March 31, 2013

The table below shows assumptions for key commodity prices and other parameters for the projected net income attributable to Mitsui & Co., Ltd. for the year ending March 31, 2013. Effects of price movements for each commodity on annual net income attributable to Mitsui & Co., Ltd. are included in the table.

March 2013 (Revised Forecast) (Announced in November 2012)	Impact on Net Income attributable to Mitsui & Co., Ltd. for the Year ending March 31, 2013 (Announced in May 2012)			March 2013 (Revised Forecast) (Announced in February 2013)	March 2013	
					1-3Q (Result)	4Q (Assumption)
107	Commodity	Crude Oil/JCC	¥1.2 bn (US$1/bbl)	113	114	110
111		Consolidated Oil Price(*1)		114	115	111
(*2)		Iron Ore	¥1.9 bn (US$1/ton)	(*2)	123.6(*3)	(*2)
7,794		Copper	(*4)	7,848	7,964(*5)	7,500
8.0		Nickel	¥1.8 bn (US$1/lb)	7.9	8.0(*5)	7.5
79.49	Forex (*6)	USD	¥1.6 bn (¥1/USD)	82.68	80.24	90
80.39		AUD	¥1.9 bn (¥1/AUD)	85.66	82.54	95
39.61		BRL	¥0.8 bn (¥1/BRL)	40.92	39.56	45

(*1) the oil price trend is reflected in net income with a 0-6 month time lag. We assume the annual average price applicable to our financial results as the Consolidated Oil Price based on the estimation: 6 month time lag, 12%; 3 month time lag, 62%; no time lag, 26%.
(*2) We refrain from disclosing the iron ore price assumptions.
(*3) Average of representative reference prices (Fine, 62% Fe CFR North China) during April 2012 to December 2012
(*4) We refrain from disclosing the copper price sensitivity to net income.
(*5) Average of LME cash settlement monthly average price during January 2012 to September 2012 (Copper: US$/MT, Nickel: US$/lb)
(*6) Impact of currency fluctuation on net income of overseas subsidiaries and associated companies (denomination in functional currency) against the Japanese yen

(5) Research & Development

Research and development ("R&D") expenses were insignificant for the nine-month period ended December 31, 2012.

3. Consolidated Financial Statements

Consolidated Balance Sheets

Mitsui & Co., Ltd. and subsidiaries
December 31, 2012 and March 31, 2012

	Millions of Yen	
	December 31, 2012	**March 31, 2012**
ASSETS		
Current Assets:		
Cash and cash equivalents (Notes 1 and 3)	¥ 1,361,496	¥ 1,431,112
Time deposits	4,251	4,130
Marketable securities (Notes 1, 3 and 14)	378	1,087
Trade receivables (Notes 4 and 5):		
Notes and loans, less unearned interest	293,566	322,585
Accounts	1,525,167	1,616,191
Associated companies	81,924	116,885
Allowance for doubtful receivables (Note 1)	(18,084)	(17,860)
Inventories (Notes 1, 5, 11 and 12)	882,505	515,758
Advance payments to suppliers	149,565	129,987
Deferred tax assets—current (Note 1)	19,426	37,513
Derivative assets (Notes 1, 12 and 14)	57,240	53,664
Other current assets	217,059	215,271
Total current assets	4,574,493	4,426,323
Investments and Non-current Receivables (Notes 1 and 5):		
Investments in and advances to associated companies (Notes 3, 4, 9 and 14)	2,147,042	1,709,082
Other investments (Notes 3 and 14)	752,259	792,492
Non-current receivables, less unearned interest (Notes 4, 12 and 14)	485,170	454,191
Allowance for doubtful receivables (Note 4)	(36,266)	(36,840)
Property leased to others—at cost, less accumulated depreciation	312,485	272,746
Total investments and non-current receivables	3,660,690	3,191,671
Property and Equipment—at Cost (Notes 1, 5 and 14):		
Land, land improvements and timberlands	213,519	202,834
Buildings, including leasehold improvements	421,750	401,451
Equipment and fixtures	1,540,146	1,306,754
Mineral rights	167,373	158,967
Vessels	41,188	42,539
Projects in progress	213,638	152,789
Total	2,597,614	2,265,334
Accumulated depreciation	(1,151,618)	(1,009,451)
Net property and equipment	1,445,996	1,255,883
Intangible Assets, less Accumulated Amortization (Notes 1 and 14)	113,098	110,307
Deferred Tax Assets—Non-current (Note 1)	18,940	15,626
Other Assets	12,167	12,013
Total	¥ 9,825,384	¥ 9,011,823

See notes to consolidated financial statements

Consolidated Balance Sheets—(Continued)

Mitsui & Co., Ltd. and subsidiaries
December 31, 2012 and March 31, 2012

	Millions of Yen	
	December 31 2012	March 31 2012
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term debt (Note 5)	¥ 711,270	¥ 307,132
Current maturities of long-term debt (Notes 5 and 12)	380,288	372,657
Trade payables:		
Notes and acceptances	49,722	53,308
Accounts	1,369,529	1,342,343
Associated companies	84,987	110,289
Accrued expenses:		
Income taxes (Note 1)	65,676	73,111
Interest	14,061	16,619
Other	62,251	93,266
Advances from customers	111,362	106,787
Derivative liabilities (Notes 1, 12 and 14)	79,065	65,262
Other current liabilities (Notes 1 and 10)	81,595	83,256
Total current liabilities	3,009,806	2,624,030
Long-term Debt, less Current Maturities (Notes 5 and 12)	3,102,172	2,898,218
Accrued Pension Costs and Liability for Severance Indemnities (Note 1)	56,182	55,799
Deferred Tax Liabilities—Non-current (Note 1)	249,214	283,614
Other Long-term Liabilities (Notes 1, 10, 12 and 14)	286,046	289,352
Contingent Liabilities (Notes 5 and 10)		
Equity (Note 7):		
Mitsui & Co., Ltd. Shareholders' equity:		
Common stock—no par value		
Authorized, 2,500,000,000 shares;		
Issued, 1,829,153,527 shares at December 31, 2012 and 1,829,153,527 shares at March 31, 2012	341,482	341,482
Capital surplus	429,334	430,491
Retained earnings:		
Appropriated for legal reserve	69,606	65,500
Unappropriated	2,351,049	2,192,494
Accumulated other comprehensive income (loss) (Note 1):		
Unrealized holding gains and losses on available-for-sale securities (Note 3)	86,131	90,476
Foreign currency translation adjustments (Note 12)	(296,820)	(380,457)
Defined benefit pension plans	(63,693)	(68,163)
Net unrealized gains and losses on derivatives (Note 12)	(28,050)	(24,302)
Total accumulated other comprehensive loss	(302,432)	(382,446)
Treasury stock, at cost: 4,209,459 shares at December 31, 2012 and 4,204,441 shares at March 31, 2012	(6,208)	(6,203)
Total Mitsui & Co., Ltd. shareholders' equity	2,882,831	2,641,318
Noncontrolling interests (Note 1)	239,133	219,492
Total equity	3,121,964	2,860,810
Total	¥ 9,825,384	¥ 9,011,823

See notes to consolidated financial statements

Statements of Consolidated Income and Comprehensive Income

Mitsui & Co., Ltd. and subsidiaries
For the Nine-Month Periods Ended December 31, 2012 and 2011

Statements of Consolidated Income

	Millions of Yen	
	Nine-Month Period Ended December 31, 2012	Nine-Month Period Ended December 31, 2011
Revenues (Notes 1, 9, 12 and 14):		
Sales of products	¥ 3,209,733	¥ 3,580,515
Sales of services	280,619	272,070
Other sales	86,109	94,234
Total revenues	3,576,461	3,946,819
Total Trading Transactions (Note 1): Nine-month period ended December 31, 2012, ¥7,462,613 million; Nine-month period ended December 31, 2011, ¥7,839,096 million		
Cost of Revenues (Notes 1, 9, 12 and 14):		
Cost of products sold	2,842,246	3,119,315
Cost of services sold	116,552	104,991
Cost of other sales	43,408	45,449
Total cost of revenues	3,002,206	3,269,755
Gross Profit	574,255	677,064
Other Expenses (Income):		
Selling, general and administrative (Notes 1 and 6)	382,009	378,862
Provision for doubtful receivables (Notes 1 and 4)	9,372	8,840
Interest income (Notes 1, 4 and 12)	(33,244)	(27,573)
Interest expense (Notes 1 and 12)	31,819	31,463
Dividend income	(61,993)	(51,437)
Gain on sales of securities—net (Notes 1, 2, 3, 7 and 12)	(36,578)	(14,623)
Loss on write-down of securities (Notes 1, 3 and 14)	21,263	21,981
Gain on disposal or sales of property and equipment—net	(1,903)	(5,044)
Impairment loss of long-lived assets (Notes 1 and 14)	1,845	5,214
Impairment loss of goodwill (Notes 1 and 14)	-	2,305
Other expenses (income)—net (Notes 1, 10, 12 and 14)	15,348	(5,389)
Total other expenses (income)	327,938	344,599
Income before Income Taxes and Equity in Earnings	246,317	332,465
Income Taxes (Note 1)	111,590	141,527
Income before Equity in Earnings	134,727	190,938
Equity in Earnings of Associated Companies—Net (Notes 9 and 14)	135,616	176,303
Net Income before Attribution of Noncontrolling Interests	270,343	367,241
Net Income Attributable to Noncontrolling Interests	(16,434)	(26,993)
Net Income Attributable to Mitsui & Co., Ltd.	¥ 253,909	¥ 340,248
	Yen	
Net Income Attributable to Mitsui & Co., Ltd. per Share (Notes 1 and 8):		
Basic	139.13	186.46
Diluted	-	186.45

See notes to consolidated financial statements

Statements of Consolidated Comprehensive Income

	Millions of Yen	
	Nine-Month Period Ended December 31, 2012	Nine-Month Period Ended December 31, 2011
Comprehensive Income (Loss) (Note 1):		
Net Income before Attribution of Noncontrolling Interests	¥ 270,343	¥ 367,241
Other Comprehensive Income (Loss) (after income tax effect) (Notes 1 and 7)**:**		
Unrealized holding losses on available-for-sale securities (Note 3)	(8,718)	(54,034)
Foreign currency translation adjustments (Note 12)	91,246	(159,069)
Defined benefit pension plans	4,454	2,683
Net unrealized losses on derivatives (Note 12)	(3,877)	(9,512)
Total Other Comprehensive Income (Loss) (after income tax effect)	83,105	(219,932)
Comprehensive Income before Attribution of Noncontrolling Interests	353,448	147,309
Comprehensive Income Attributable to Noncontrolling Interests (Note 7)	(19,856)	(13,884)
Comprehensive Income Attributable to Mitsui & Co., Ltd.	¥ 333,592	¥ 133,425

See notes to consolidated financial statements

For the Three-Month Periods Ended December 31, 2012 and 2011

Statements of Consolidated Income

	Millions of Yen	
	Three-Month Period Ended December 31, 2012	**Three-Month Period Ended December 31, 2011**
Revenues (Notes 1, 9, 12 and 14):		
Sales of products	¥ 1,092,032	¥ 1,196,725
Sales of services	95,185	91,832
Other sales	23,346	29,232
Total revenues	1,210,563	1,317,789
Total Trading Transactions (Note 1): Three-month period ended December 31, 2012, ¥2,469,934 million; Three-month period ended December 31, 2011, ¥2,605,509 million		
Cost of Revenues (Notes 1, 9, 12 and 14):		
Cost of products sold	975,698	1,041,283
Cost of services sold	39,702	36,947
Cost of other sales	13,882	16,421
Total cost of revenues	1,029,282	1,094,651
Gross Profit	181,281	223,138
Other Expenses (Income):		
Selling, general and administrative (Notes 1 and 6)	130,529	124,517
Provision for doubtful receivables (Notes 1 and 4)	2,153	3,934
Interest income (Notes 1, 4 and 12)	(18,289)	(9,186)
Interest expense (Notes 1 and 12)	10,601	10,668
Dividend income	(15,607)	(12,490)
Gain on sales of securities—net (Notes 1, 2, 3, 7 and 12)	(20,914)	(2,695)
Loss on write-down of securities (Notes 1, 3 and 14)	2,902	6,604
Gain on disposal or sales of property and equipment—net	(387)	(3,653)
Impairment loss of long-lived assets (Notes 1 and 14)	1,621	3,097
Impairment loss of goodwill (Notes 1 and 14)	-	445
Other expenses—net (Notes 1, 10, 12 and 14)	2,657	1,072
Total other expenses (income)	95,266	122,313
Income before Income Taxes and Equity in Earnings	86,015	100,825
Income Taxes (Note 1)	33,965	32,391
Income before Equity in Earnings	52,050	68,434
Equity in Earnings of Associated Companies—Net (Notes 9 and 14)	38,278	52,309
Net Income before Attribution of Noncontrolling Interests	90,328	120,743
Net Income Attributable to Noncontrolling Interests	(4,756)	(7,756)
Net Income Attributable to Mitsui & Co., Ltd.	¥ 85,572	¥ 112,987
	Yen	
Net Income Attributable to Mitsui & Co., Ltd. per Share (Notes 1 and 8):		
Basic	46.89	61.92
Diluted	-	61.92

See notes to consolidated financial statements

Statements of Consolidated Comprehensive Income

	Millions of Yen	
	Three-Month Period Ended December 31, 2012	**Three-Month Period Ended December 31, 2011**
Comprehensive Income (Loss) (Note 1):		
Net Income before Attribution of Noncontrolling Interests	¥ 90,328	¥ 120,743
Other Comprehensive Income (Loss) (after income tax effect) (Notes 1 and 7)**:**		
Unrealized holding gains (losses) on available-for-sale securities (Note 3)	32,361	(6,408)
Foreign currency translation adjustments (Note 12)	211,456	61,110
Defined benefit pension plans	2,774	528
Net unrealized gains (losses) on derivatives (Note 12)	8	(239)
Total Other Comprehensive Income (after income tax effect)	246,599	54,991
Comprehensive Income before Attribution of Noncontrolling Interests	336,927	175,734
Comprehensive Income Attributable to Noncontrolling Interests (Note 7)	(17,484)	(9,563)
Comprehensive Income Attributable to Mitsui & Co., Ltd.	¥ 319,443	¥ 166,171

See notes to consolidated financial statements

Statements of Consolidated Cash Flows

Mitsui & Co., Ltd. and subsidiaries
For the Nine-Month Periods Ended December 31, 2012 and 2011

	Millions of Yen	
	Nine -Month Period Ended December 31, 2012	**Nine -Month Period Ended December 31, 2011**
Operating Activities:		
Net income before attribution of noncontrolling interests	¥ 270,343	¥ 367,241
Adjustments to reconcile net income before attribution of noncontrolling interests to net cash provided by operating activities:		
Depreciation and amortization	141,189	108,918
Pension and severance costs, less payments	7,730	8,480
Provision for doubtful receivables	9,372	8,840
Gain on sales of securities—net	(36,578)	(14,623)
Loss on write-down of securities	21,263	21,981
Gain on disposal or sales of property and equipment—net	(1,903)	(5,044)
Impairment loss of long-lived assets	1,845	5,214
Impairment loss of goodwill	-	2,305
Deferred income taxes	(16,457)	(3,387)
Equity in earnings of associated companies, less dividends received	(45,665)	(105,648)
Changes in operating assets and liabilities:		
Decrease (increase) in trade receivables	122,223	(97,794)
Increase in inventories	(65,705)	(113,330)
(Decrease) increase in trade payables	(10,030)	30,889
(Decrease) increase in accrued expenses	(38,650)	8,429
Decrease in advance payments to suppliers	13,120	27,696
Decrease in advances from customers	(6,067)	(39,209)
Payment for the settlement of the oil spill incident in the Gulf of Mexico	-	(86,105)
Other—net	(2,301)	21,835
Net cash provided by operating activities	363,729	146,688
Investing Activities:		
Net increase in time deposits	(713)	(436)
Investments in and advances to associated companies	(261,760)	(138,308)
Sales of investments in and collection of advances to associated companies	51,572	61,999
Acquisitions of other investments and businesses —net of cash acquired (Note 2)	(63,749)	(91,386)
Proceeds from sales and maturities of other investments	76,479	83,185
Increase in long-term loan receivables	(213,258)	(85,918)
Collection of long-term loan receivables	74,095	80,083
Additions to property leased to others and property and equipment	(311,958)	(248,766)
Proceeds from sales of property leased to others and property and equipment	9,283	14,063
Proceeds from sales of subsidiaries, net of cash held by subsidiaries	-	6,538
Net cash used in investing activities	(640,009)	(318,946)
Financing Activities:		
Net increase in short-term debt	120,678	23,485
Proceeds from long-term debt	643,603	398,431
Repayments of long-term debt	(495,125)	(249,988)
Transactions with noncontrolling interests shareholders	2,179	(3,210)
Purchases of treasury stock—net	(5)	(9)
Payments of cash dividends	(91,270)	(98,571)
Net cash provided by financing activities	180,060	70,138
Effect of Exchange Rate Changes on Cash and Cash Equivalents	26,604	(41,056)
Net Decrease in Cash and Cash Equivalents	(69,616)	(143,176)
Cash and Cash Equivalents at Beginning of Period	1,431,112	1,441,059
Cash and Cash Equivalents at End of Period	¥ 1,361,496	¥ 1,297,883

See notes to consolidated financial statements

Notes to Consolidated Financial Statements

Mitsui & Co., Ltd. and subsidiaries

1. BASIS OF FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements are stated in Japanese yen, the currency of the country in which Mitsui & Co., Ltd. (the “Company”) is incorporated and principally operates.

The accompanying consolidated financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America (“U.S. GAAP”). Effect has been given in the consolidated financial statements to adjustments which have not been entered in the companies’ general books of account maintained principally in accordance with accounting practices prevailing in the countries of incorporation. Major adjustments include those relating to accounting for derivative instruments and hedging activities, accounting for certain investments including non-monetary exchange of investments and effects of changes in foreign currency exchange rates on foreign-currency-denominated available-for-sale debt securities, accounting for pension costs and severance indemnities, accounting for consolidation, accounting for business combinations, accounting for goodwill and other intangible assets, accounting for consolidation of variable interest entities, accounting for leasing, accounting for stock issuance costs, accounting for uncertainty and change of rate in income taxes, and accounting for subsequent events.

Total trading transactions, as presented in the accompanying Statements of Consolidated Income, are voluntary disclosures, and represent the gross transaction volume as the aggregate nominal value of the sales contracts in which the companies act as a principal and the commissions in which the Company and certain subsidiaries serve as an agent.

Total trading transactions should not be construed as equivalent to, or a substitute or a proxy for, revenues, or as an indicator of the companies’ operating performance, liquidity or cash flows generated by operating, investing or financing activities. The companies have included the gross transaction volume information because similar Japanese trading companies have generally used it as an industry benchmark. As such, management believes that total trading transactions are a useful supplement to the results of operations information for users of the consolidated financial statements.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of the Company, its majority-owned domestic and foreign subsidiaries, the variable interest entities ("VIEs") where the Company or one of its subsidiaries is a primary beneficiary, and its proportionate share of the assets, liabilities, revenues and expenses of certain of its oil and gas producing, and mining unincorporated joint ventures in which the companies own an undivided interest in the assets, and pursuant to the joint venture agreements, are severally liable for their share of each liability. The VIEs are defined by Accounting Standard Codification ("ASC") 810, "Consolidation."

The difference between the cost of investments in VIEs which are not a business and the equity in the fair value of the net assets at the dates of acquisition is accounted for as a gain or loss while the excess of the cost of investments in other subsidiaries that meet the definition of a business over the equity in the fair value of the net assets at the dates of acquisition is accounted for as goodwill.

Changes in the companies' ownership interests while retaining their controlling financial interests in their subsidiaries are accounted for as equity transactions. When the companies cease to have their controlling financial interests, any retained investments are remeasured at their fair value at that date and the difference between the fair value and the carrying amount of the retained noncontrolling investments is recognized as a gain or loss in net income attributable to Mitsui & Co., Ltd.

Certain subsidiaries with a third-quarter-end on or after September 30, but prior to the parent company's third-quarter-end of December 31, are included on the basis of the subsidiaries' respective third-quarter-ends.

Foreign currency translation

The assets and liabilities of foreign subsidiaries and associated companies are translated into Japanese yen at the respective period-end exchange rates. All income and expense accounts are translated at average rates of exchange. The resulting translation adjustments are included in accumulated other comprehensive income (loss).

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at period-end exchange rates with the resulting gains and losses recognized in earnings.

Cash equivalents

Cash equivalents are defined as short-term (original maturities of three months or less), highly liquid investments which are readily convertible into cash and have no significant risk of change in value including certificates of deposit, time deposits, financing bills and commercial papers with original maturities of three months or less.

Allowance for credit losses

The companies have loans and trade receivables relating to businesses with corporate customers ("corporate business") and financial business with retail customers ("retail finance business").

If the debtor is under litigation or if there is significant difficulty in collecting receivables considering the debtor's financial condition, an allowance for credit loss of the doubtful receivables which are deemed to be impaired. The allowance is based on the latest information of the debtor and is measured individually based on the present value of expected cash flows discounted with the original effective interest rate of the loan or the fair value of the collateral if the loan is collateral dependent.

Other than the cases above, as for the corporate businesses, an allowance for credit losses is measured collectively based primarily upon the companies' historical credit loss experiences and an evaluation of the potential losses for all receivables. As for the retail finance business, some subsidiaries engaged in the business of providing financial services for the purchase of automobiles and motorcycles have credit risks relating to retail customers. Those subsidiaries record an allowance for doubtful receivables collectively based on each subsidiaries' historical credit loss ratio based on dates past due of the receivables considering the current economic situation.

Loans or trade receivables are charged-off when certain conditions are met. The following are the cases loans and trade receivables are charged-off: cutoff of loans and receivables by legal liquidation, obtainment of evident facts that suggest that it is impossible for the debtors to repay their debts from their perceived solvency and/or asset situation, and arrearage of payment after a certain period of time after a suspension of business operations.

Inventories

Inventories, consisting mainly of commodities and materials for resale, are stated at the lower of cost, principally on a specific-identification basis, or market.

Derivative instruments and hedging activities

In accordance with ASC 815, "Derivatives and Hedging," all derivative instruments are recognized and measured at fair value as either assets or liabilities in the Consolidated Balance Sheets. The accounting for changes in the fair value depends on the intended use of the derivative instruments and their resulting hedge designation. On the Consolidated Balance Sheets, the companies offset fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) against fair value amounts recognized for derivative instruments executed with the same counterparty under the same master netting arrangement.

The companies enter into derivative commodity instruments, such as future, forward, option and swap contracts, as a means of hedging the exposure to changes in the fair value of inventories and unrecognized firm commitments and the exposure to variability in the expected future cash flows from forecasted transactions, principally for non-ferrous metals, crude oil and agricultural products.

Changes in the fair value of derivative commodity instruments, designated and effective as fair value hedges, are recognized in sales of products or cost of products sold as offsets to changes in the fair value of the hedged items. Changes in the fair value of derivative commodity instruments, designated and effective as cash flow hedges, are initially recorded as other comprehensive income (loss) and reclassified into earnings as sales of products or cost of products sold when the hedged transactions affect earnings. Changes in the fair value of the ineffective portion are recognized in sales of products or cost of products sold immediately.

Changes in the fair value of derivative commodity instruments, for which hedge requirements are not met, are currently recognized in sales of products, cost of products sold or other sales without any offsetting changes in the fair value of the hedged items.

The Company and certain subsidiaries also enter into agreements for derivative commodity instruments as a part of their trading activities. These derivative instruments are marked to market and gains or losses resulting from these contracts are reported in other sales.

Changes in the fair value of all open positions of precious metals traded in terminal (future) markets are recognized in other sales in order to reflect the fair value of commodity trading transactions consisting of inventories, unrecognized firm commitments and derivative commodity instruments as a whole.

The companies enter into derivative financial instruments such as interest rate swap agreements, foreign exchange forward contracts, currency swap agreements, and interest rate and currency swap agreements as a means of hedging their interest rate and foreign exchange exposure.

Changes in the fair value of interest rate swap agreements, designated and effective as fair value hedges for changes in the fair value of fixed-rate financial assets or liabilities attributable to changes in the designated benchmark interest rate, are recognized in interest income and expense as offsets to changes in the fair value of hedged items. Changes in the fair value of interest rate swap agreements, designated and effective as cash flow hedges for changes in the cash flows of floating-rate financial assets or liabilities attributable to changes in the designated benchmark interest rate, are initially recorded in other comprehensive income (loss) and reclassified into earnings as interest income and expense when the hedged transactions affect earnings. Changes in the fair value of the ineffective portion are recognized in interest income and expense immediately.

Changes in the fair value of foreign exchange forward contracts and currency swap agreements, designated and effective as cash flow hedges for changes in the cash flows of foreign-currency-denominated assets or liabilities, unrecognized firm commitments and forecasted transactions attributable to changes in the related foreign currency exchange rate, are initially recorded in other comprehensive income (loss) and reclassified into earnings as mainly sales of products or other (income) expense-net when the hedged transactions affect earnings. Changes in the fair value of the ineffective portion are recognized in mainly other (income) expense-net immediately.

Changes in the fair value of interest rate and currency swap agreements, designated and effective as fair value hedges or cash flow hedges for changes in the fair values or cash flows of foreign-currency-denominated assets or liabilities attributable to changes in the designated benchmark interest rate or the related foreign currency exchange rate are recorded as either earnings or other comprehensive income depending on the treatment of foreign currency hedges as fair value hedges or cash flow hedges.

Changes in the fair value of derivative financial instruments, for which hedge requirements are not met, are currently recognized in interest income and expense for interest rate swap agreements and in mainly other (income) expense-net for foreign exchange forward contracts, currency swap agreements and interest rate and currency swap agreements.

The Company and certain subsidiaries also enter into agreements for certain derivative financial instruments as a part of their trading activities. These derivative instruments are marked to market and the related gains or losses are reported in other sales.

The companies use derivative instruments and non-derivative financial instruments in order to reduce the foreign currency exposure in the net investment in a foreign operation. The foreign currency transaction gains or losses on these instruments, designated as and effective as hedging instruments, are deferred and recorded as foreign currency translation adjustments within other comprehensive income (loss) to the extent they are effective as hedges. These amounts are only recognized in income upon the complete or partial sale of the related investment or the complete liquidation of the investment.

For the Statements of Consolidated Cash Flows, cash flows from derivative commodity instruments and derivative financial instruments that qualify for hedge accounting are included in the same category as the items being hedged.

Debt and marketable equity securities

The companies classify debt and marketable equity securities, at acquisition, into one of three categories: held-to-maturity, available-for-sale or trading.

Securities are classified as trading securities and carried at fair value only if the companies possess those securities for the purpose of purchase and sale. Unrealized holding gains and losses are included in earnings.

Debt securities are classified as held-to-maturity and measured at amortized cost in the Consolidated Balance Sheets only if the companies have the positive intent and ability to hold those securities to maturity. Premiums and discounts amortized in the period are included in interest income.

Debt and marketable equity securities other than those classified as trading or held-to-maturity securities are classified as available-for-sale securities and carried at fair value with related unrealized holding gains and losses reported in accumulated other comprehensive income (loss) in equity on a net-of-tax basis.

For an other-than-temporary decline in the value of debt and marketable equity securities below their cost or amortized cost, the investment is reduced to its fair value, which becomes the new cost basis of the investment. The amount of the reduction is reported as a loss for the period in which such determination is made. Whether the decline in the value of marketable equity securities is other-than-temporary is judged by reviewing various factors, such as the extent by which the cost exceeds the market value, the duration of the market decline, the financial condition and near-term prospects of the issuer, foreign exchange rates, and the intent and ability to retain the investment for a period of time sufficient to allow for any anticipated recovery in market value. Debt securities are reduced to their fair value, when the companies intend to sell the debt security or it is more likely than not that the companies will be required to sell the security prior to recovery of its amortized cost basis. When the companies do not intend to sell the security and it is not more likely than not that the companies will be required to sell the security before recovery of its amortized cost basis, the companies will recognize the credit component of an other-than-temporary impairment of the debt security in earnings and the noncredit component in other comprehensive income (loss).

The cost of debt and marketable securities sold is determined based on the moving-average cost method.

Non-marketable equity securities

Non-marketable equity securities are carried at cost. When an other-than-temporary decline in the value of such securities below their cost occurs, the investment is reduced to its fair value and an impairment loss is recognized. Various factors, such as the financial condition and near-term prospects of the issuer, are reviewed to judge whether it is other-than-temporary.

The cost of non-marketable equity securities sold is determined based on the moving-average cost method.

Investments in associated companies

Investments in associated companies (20% to 50%-owned corporate investees, corporate joint ventures, and less than 20%-owned corporate investees over which the companies have the ability to exercise significant influence) and noncontrolling investments in general partnerships, limited partnerships and limited liability companies are accounted for under the equity method, after appropriate adjustments for intercompany profits and dividends. The differences between the cost of such investments and the companies' equity in the underlying fair value of the net assets of associated companies at the dates of acquisition are recognized as equity method goodwill.

For an other-than-temporary decline in the value of investments in associated companies below the carrying amount, the investment is reduced to its fair value and an impairment loss is recognized.

Leasing

The companies are engaged in lease financing consisting of direct financing leases, sales-type leases and leveraged leases, and in operating leases of properties. For direct financing leases and sales-type leases, unearned income is amortized to income over the lease term at a constant periodic rate of return on the net investment. Income on leveraged leases is recognized over the life of the lease at a constant rate of return on the positive net investment. Income from the sales under sales-type leases is recognized at the inception of lease. Initial direct costs of direct financing leases and leveraged leases are deferred and amortized using the interest method over the lease period. Operating lease income is recognized as other sales over the term of underlying leases on a straight-line basis.

The companies are also lessees of various assets. Rental expenses on operating leases are recognized over the respective lease terms using the straight-line method.

Property and equipment

Property and equipment are stated at cost.

Depreciation of property and equipment (including property leased to others) is computed principally under the straight-line method, using rates based upon the estimated useful lives of the related property and equipment. Mineral rights are amortized over their respective estimated useful lives, using the straight-line method or the unit-of-production method.

Leasehold improvements are amortized over the lesser of the useful life of the improvement or the term of the underlying lease.

Significant renewals and additions are capitalized at cost. Maintenance and repairs, and minor renewals and betterments are charged to expense as incurred.

Impairment of long-lived assets

Long-lived assets to be held and used or to be disposed of other than by sale are reviewed, by using undiscounted future cash flows, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows is less than the carrying amount of the asset, an impairment loss is recognized. Such impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. Long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell.

Business combinations

In accordance with ASC 805, "Business Combinations," the acquisition method of accounting which requires the measurement of the fair value of all of the assets and liabilities of an acquired company, including noncontrolling interests, is used for all business combinations from April 1, 2009. The companies separately recognize and report acquired intangible assets as goodwill or other intangible assets. Any excess of fair value of acquired net assets over cost arising from a business combination is recognized as a gain from a bargain purchase. In a business combination achieved in stages, its previously held equity interest is remeasured at its acquisition-date fair value and the resulting gains or losses are recognized in earnings.

Goodwill and other intangible assets

Goodwill is not amortized but tested for impairment annually or more frequently if impairment indicators arise. Identifiable intangible assets with a finite useful life are amortized over their respective estimated useful lives and reviewed for impairment in accordance with ASC 360, "Property, Plant and Equipment." Any identifiable intangible asset determined to have an indefinite useful life is not amortized, but instead tested for impairment in accordance with ASC 350, "Intangibles-Goodwill and Other," until its useful life is determined to be no longer indefinite.

Equity method goodwill is reviewed for impairment as part of an other-than-temporary decline in the value of investments in associated companies below the carrying amount in accordance with ASC 323, "Investments-Equity Method and Joint Ventures."

Oil and gas producing activities

Oil and gas exploration and development costs are accounted for using the successful efforts method of accounting. The costs of acquiring properties, costs of drilling and equipping exploratory wells, and costs of development wells and related plant and equipment are capitalized, and amortized using the unit-of-production method. Exploratory well costs are expensed, if economically recoverable reserves are not found. Other exploration costs, such as geological and geophysical costs, are expensed as incurred.

In accordance with ASC 360, proved properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the proved properties are determined to be impaired, an impairment loss is recognized based on the fair value. Unproved properties are assessed annually for impairment in accordance with ASC 932-360-35-11, "Extractive Activities-Oil and Gas—Unproved Properties," with any impairment charged to expense. The companies make a comprehensive evaluation and record impairment of unproved property based on undiscounted future net cash flow approach, as well as taking into consideration various factors, such as remaining mining rights periods, examples of sales and purchases in neighboring areas, drilling results and seismic interpretations.

Mining operations

Mining exploration costs are expensed as incurred until the mining project has been established as commercially viable by a final feasibility study. Once established as commercially viable, costs are capitalized as development costs and are amortized using either the unit-of-production method or straight-line method based on the proven and probable reserves.

In open pit mining operations, it is necessary to remove overburden and other waste materials to access mineral deposits. The costs of removing waste materials are referred to as "stripping costs." During the development of a mine, before production commences, such costs are generally capitalized as part of the development costs. Removal of waste materials continues during the production stage of the mine. Such post-production stripping costs are variable production costs to be considered as a component of mineral inventory costs and are recognized as a component of costs of products sold in the same period as the related revenues from the sales of the minerals. Depending on the configuration of the mineral deposits, the post-production stripping costs could lead to a lower of cost or market inventory adjustment.

Asset retirement obligations

The companies record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the companies capitalize the related cost by increasing the carrying amount of the long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset.

Pension and severance indemnities plans

The Company and certain subsidiaries have defined benefit pension plans and severance indemnities plans. The costs of defined benefit pension plans and severance indemnities plans are accrued based on amounts determined using actuarial methods. The Company and certain subsidiaries recognize the overfunded or underfunded status of a defined benefit plan as an asset or a liability in the Consolidated Balance Sheets. The net actuarial gain or loss and net prior service cost or credit are included in accumulated other comprehensive income (loss) in equity on a net-of-tax basis and are amortized into net periodic pension costs over the certain future periods.

Guarantees

In accordance with ASC 460, "Guarantees," the companies recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken for the guarantee.

Revenue recognition

The companies recognize revenues when they are realized or realizable and earned. Revenues are realized or realizable and earned when the companies have persuasive evidence of an arrangement, the goods have been delivered or the services have been rendered to the customer, the sales price is fixed or determinable and collectibility is reasonably assured. In addition to this general policy, the following are specific revenue recognition policies:

<u>Sales of products</u>

Sales of products include the sales of various products as a principal in the transactions, the manufacture and sale of a wide variety of products such as metals, chemicals, foods and general consumer merchandise, the development of natural resources such as coal, iron ore, oil and gas, and the development and sale of real estate. The companies recognize those revenues at the time the delivery conditions agreed with customers are met. These conditions are usually considered to have been met when the goods are received by the customer, the title to the warehouse receipts is transferred, or the implementation testing is duly completed.

For long-term construction contracts such as railroad projects, depending on the nature of the contract, revenues are accounted for by the percentage-of-completion method if estimates of costs to complete and extent of progress toward completion of long-term contracts are reasonably dependable, otherwise the companies use the completed contract method.

The Company and certain subsidiaries enter into buy/sell arrangements, mainly relating to transactions of crude oil and petroleum products. Under buy/sell arrangements, which are entered into primarily to optimize supply or demand requirements, the Company and certain subsidiaries agree to buy (sell) a specific quality and quantity of commodities to be delivered at a specific location and/or time while agreeing to sell (buy) the same quality and quantity of the commodities to be delivered at a different location and/or time to the same counterparty. The buy/sell arrangements are reported on a net basis in the Statements of Consolidated Income.

Sales of services

Sales of services include the revenues from trading margins and commissions related to various trading transactions in which the companies act as a principal or an agent. Specifically, the companies charge a commission for the performance of various services such as logistic and warehouse services, information and communication services, and technical support. For some back-to-back sales and purchase transactions of products, the companies act as a principal and record the net amount of sales and purchase prices as revenues. The companies also facilitate conclusion of the contracts between manufacturers and customers and deliveries for the products between suppliers and customers. Revenues from service related businesses are recorded as revenues when the contracted services are rendered to third-party customers pursuant to the agreements.

Other sales

Other sales principally include the revenues from leasing activities of real estate, rolling stock, ocean transport vessels, equipment and others, the revenues from derivative commodity instruments and derivative financial instruments held for trading purposes, and the revenues from financing. See accounting policies for leasing and derivative instruments and hedging activities for the revenue recognition policies regarding leasing and derivative transactions, respectively.

Research and development expenses

Research and development costs are charged to expenses when incurred.

Advertising expenses

Advertising costs are charged to expenses when incurred.

Income taxes

Income tax expense is calculated based on reported earnings before income taxes and equity in earnings of associated companies. Deferred income taxes reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and such amounts recognized for tax purposes, tax loss carryforwards and tax credit carryforwards. These deferred taxes are measured using the currently enacted tax rates in effect for the year in which the temporary differences, tax loss carryforwards or tax credit carryforwards are expected to reverse. Valuation allowances are established when it is more likely than not that some or all of the deferred tax assets will not be realized.

Upon the introduction of the Australian Mineral Resource Rent Tax Act and Expansion of the Petroleum Resource Rent Tax Act, companies are allowed to elect to use market value as a starting base for existing transitional projects at May 1, 2010. A company electing to use the market value approach can obtain a deduction for the amortization of the market value of the project. As we plan to apply the market value approach, and the Mineral Resource Rent Tax and Petroleum Resource Rent Tax are regarded as an income tax subject to tax effect accounting in accordance with ASC 740 “Income Taxes,” we recorded deferred tax assets for the operating assets based on the difference in the book values for accounting purposes and tax purposes (the market values as of May 1, 2010 based on our best estimation), and apply a valuation allowance for the portion we judged could not be realized in consideration of several tax deductible items such as royalties and the impact of future augmentation which will be incurred on tax losses carried forward in the Mineral Resource Rent Tax and Petroleum Resource Rent Tax.

In accordance with ASC 740, “Income Taxes,” the companies recognize and measure uncertainty in income taxes. Interests and penalties incurred in relation to income taxes are reported in current income taxes in the Statements of Consolidated Income.

Net income per share

Basic net income per share attributable to Mitsui & Co., Ltd. is computed by dividing net income attributable to Mitsui & Co., Ltd. by the weighted-average number of common shares outstanding for the period. Diluted net income per share attributable to Mitsui & Co., Ltd. reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted into common shares.

Subsequent events

The Company has evaluated subsequent events by February 13, 2013.

III. CERTAIN PHYSICAL COMMODITY SWAP TRANSACTIONS RELATED TO PRECIOUS METAL

While the Company and a certain subsidiary accounted for certain physical commodity swap transactions related to precious metal as derivatives prior to October 1, 2012, these transactions are accounted for as financings beginning with the three-month period ended December 31, 2012. As a result of the change, the companies recorded ¥267,360 million in Inventories and ¥264,650 million in Short-term debt in the consolidated balance sheet as of December 31, 2012. Since there were no material effects on the financial position and results of operations of the companies in any period presented in the consolidated financial statements, the companies did not restate the balances as of March 31, 2012 and the amounts for the three-month and nine-month periods ended December 31, 2011 in connection with such changes.

IV. RECLASSIFICATION

Certain reclassifications and format changes have also been made to amounts for the nine-month period ended December 31, 2011 and for the three-month period ended December 31, 2011 to conform to the current period presentation.

V. DISCONTINUED OPERATIONS

The companies have the policy of presenting the results of discontinued operations (including operations of a subsidiary that either has been disposed of or is classified as held for sale) as a separate line in the Statements of Consolidated Income under income or loss from discontinued operations—net (after income tax effect). The figures of discontinued operations for the nine-month periods ended December 31, 2012 and 2011, were not reclassified due to their immateriality to the companies' financial position and results of operations.

VI. NEW ACCOUNTING STANDARDS

Testing goodwill for impairment

Effective April 1, 2012, the companies adopted the new provisions in ASC 350 which the FASB issued as ASU 2011-08, "Testing Goodwill for Impairment."

ASU 2011-08 amends the provisions in ASC 350 and permits the companies not to calculate the fair value of the reporting unit unless it is more likely than not that the fair value of the reporting unit is less than its carrying amount as a result of qualitative approach.

The effect of the adoption of these provisions on the companies' financial position and results of operations was immaterial.

Presentation of comprehensive income

Effective April 1, 2012, the companies adopted the new provisions in ASC 220, "Comprehensive Income," which the FASB issued as ASU 2011-05, "Presentation of Comprehensive Income," and ASU 2011-12, "Deferral of the Effective Date for Amendments to the Presentation of Reclassification of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05."

ASU 2011-05 amends the provisions in ASC 220 and requires net income and other comprehensive income to be presented either in a single continuous statement or in two separate but consecutive statements. ASU 2011-12 defers the application of provisions amended by ASU 2011-05 for the presentation of reclassification of items out of accumulated other comprehensive income.

The adoption of these provisions had no impact on the companies' financial position and results of operations.

2. *BUSINESS COMBINATIONS*

For the nine-month period ended December 31, 2012

Interest of Oil and Gas Concessions in the UK North Sea

On June 22, 2012, Mitsui E&P UK Limited, a 88.57% owned subsidiary of the Company, entered into a definitive agreement with Arco British Limited, a 100% owned subsidiary of BP p.l.c., to acquire the British oil major's working interest in the Alba oil field (percentage interest: 13.30%) and the Britannia gas and condensate field (8.97%) in the UK North Sea area for the purpose of establishing a well-balanced business portfolio and to contribute to the stable supply of energy resources in the region. This acquisition for ¥21,293 million (U.K. £162 million) was closed on December 7, 2012 (the acquisition date).

Mitsui E&P UK Limited has a fiscal year-end on December 31 and the accounting for this acquisition is to be processed in the next three-month period ending March 31, 2013. The purchase price allocation of the business combination is incomplete as of the issuance date of the consolidated financial statements. As a result, further information related to the fair value for assets acquired and liabilities assumed has not been disclosed.

For the nine-month period ended December 31, 2011

Multigrain AG

The Company entered into a definitive agreement to acquire 44.2% of Multigrain AG ("MAG") shares held by CHS Inc. through its subsidiary CHSIH SARL, and 9.7% of MAG shares held by PMG Trading AG on March 17, 2011 and April 28, 2011, respectively. The Company acquired these shares for a total consideration of ¥22,068 million (U.S. $274 million) on May 6, 2011. As a result of these acquisitions, MAG became a wholly owned subsidiary of the Company from an associated company. The Company remeasured its previously held equity interest to fair value, ¥18,095 million (U.S. $225 million), based on the amounts paid to acquire these additional shares, and recognized a gain of ¥3,557 million. The gain is included in gain on sales of securities—net in the Statements of Consolidated Income for the nine-month period ended December 31, 2011.

MAG is involved in agricultural production, especially grain production, in Brazil, and in grain trading. The Company acquired additional shares in MAG in order to strengthen its agricultural production and grain trading business in Brazil, and to secure a stable supply of grain from Brazil to Asia and other markets.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date:

	Millions of Yen
Current assets	¥ 60,346
Property and equipment	55,759
Intangible assets	4,853
Investments and other assets	9,381
Total assets acquired	130,339
Current liabilities	(75,049)
Long-term liabilities	(15,127)
Total liabilities assumed	(90,176)
Net assets acquired	¥ 40,163

Accounts receivable recorded at fair value is included in current assets in the table above, and the fair value was measured by deducting allowance for doubtful receivables of ¥1,179 million from the contractual amounts of ¥8,340 million.

¥687 million and ¥4,166 million were assigned to intangible assets subject to amortization and goodwill, respectively, and are included in intangible assets in the table above. The goodwill consists primarily of future economic benefits and synergies with the existing operations. The goodwill is non-deductible for tax purpose and has been assigned to the Lifestyle segment.

Pro forma results of operations for the above business combination have not been presented because the effects were not material to the consolidated financial statements. A net decrease in cash and cash equivalents of ¥21,870 million arising from this business combination is included in acquisitions of other investments and businesses—net of cash acquired in the Statements of Consolidated Cash Flows for the nine-month period ended December 31, 2011.

MicroBiopharm Japan Co., Ltd.

On April 25, 2011, the Company entered into an agreement to acquire all the outstanding shares of MBS Co., Ltd., a wholly owned subsidiary of Mercian Corporation, that succeeded Mercian's pharmaceutical and chemical businesses by demerger (absorption-type split). This acquisition for ¥15,820 million in cash was closed on July 1, 2011. On the same day, MBS Co., Ltd. changed its name to MicroBiopharm Japan Co., Ltd. ("MicroBiopharm Japan"). As a result of a post-closing purchase price adjustment, the acquisition cost was changed to ¥15,137 million during the year ended March 31, 2012.

MicroBiopharm Japan applies its unique manufacturing technologies and combined know-how of biotechnology and fermentation technology to its manufacturing, contract manufacturing, and sales of pharmaceutical ingredients and intermediates, as well as manufacturing and sales of food additives and industrial chemical. The Company positions MicroBiopharm Japan as a core company in its pharmaceutical CMO business, and acquired shares of MicroBiopharm Japan in order to strengthen its CMO business by utilizing MicroBiopharm Japan's unique manufacturing technologies, know-how, and development capabilities.

On January 5, 2012, the Company entered into a sales agreement to sell 20% of its interest in MicroBiopharm Japan to Toray Industries, Inc. This transaction was completed on January 6, 2012.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date:

	Millions of Yen
Current assets	¥ 1,138
Property and equipment	3,946
Intangible assets	3,746
Investments and other assets	7,215
Total assets acquired	16,045
Current liabilities	(44)
Long-term liabilities	(864)
Total liabilities assumed	(908)
Net assets acquired	¥ 15,137

¥1,526 million and ¥2,220 million were assigned to intangible assets subject to amortization and goodwill, respectively, and are included in intangible assets in the table above. The intangible assets subject to amortization consist primarily of customer relationship of ¥1,200 million with an amortization period of 10 years. The goodwill consists primarily of future economic benefits and synergies with the existing operations. The goodwill is non-deductible for tax purpose and has been assigned to the Lifestyle segment.

Pro forma results of operations for the above business combination have not been presented because the effects were not material to the consolidated financial statements. A net decrease in cash and cash equivalents of ¥15,128 million arising from this business combination is included in acquisitions of other investments and businesses—net of cash acquired in the Statements of Consolidated Cash Flows for the nine-month period ended December 31, 2011.

Portek International Limited

On July 13, 2011, the Company announced a voluntary conditional cash offer ("Offer") for all shares of Portek International Limited ("Portek"), and submitted the Offer to the Singapore Exchange Securities Trading Limited. The Offer price is Singapore $1.4 per share. The Company acquired 100% of its shares for a total consideration of ¥13,741 million (Singapore $214 million) on September 26, 2011.

Portek is a turnkey provider of equipment, services and solutions for the port industry globally as well as an operator of medium sized container and multipurpose ports in areas such as Asia, Africa, and Europe. The Company acquired Portek to expand the Company's logistics infrastructure and network in emerging countries.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date:

	Millions of Yen
Current assets	¥ 5,275
Property and equipment	2,453
Intangible assets	11,134
Investments and other assets	4,750
Total assets acquired	23,612
Current liabilities	(3,269)
Long-term liabilities	(3,713)
Total liabilities assumed	(6,982)
Noncontrolling interests	(2,889)
Net assets acquired	¥ 13,741

Accounts receivable recorded at fair value is included in current assets in the table above, and the fair value was measured by deducting allowance for doubtful receivables of ¥46 million from the contractual amounts of ¥1,510 million.

¥8,564 million and ¥2,571 million were assigned to intangible assets subject to amortization and goodwill, respectively, and are included in intangible assets in the table above. The intangible assets subject to amortization consist primarily of rights to operate of ¥6,250 million with an amortization period of 11-25 years. The goodwill consists primarily of future economic benefits and synergies with the existing operations. The goodwill is non-deductible for tax purpose and has been assigned to the Innovation & Cross Function segment.

Pro forma results of operations for the above business combination have not been presented because the effects were not material to the consolidated financial statements. A net decrease in cash and cash equivalents of ¥11,484 million arising from this business combination is included in acquisitions of other investments and businesses—net of cash acquired in the Statements of Consolidated Cash Flows for the nine-month period ended December 31, 2011.

3. *MARKETABLE SECURITIES AND OTHER INVESTMENTS*

Debt and marketable equity securities

At December 31, 2012 and March 31, 2012, the cost, fair value and gross unrealized holding gains and losses on available-for-sale securities and the amortized cost, fair value and gross unrealized holding gains and losses on held-to-maturity debt securities were as follows:

	Millions of Yen				
			Unrealized holding gains (losses)		
	Cost	Fair value	Gains	Losses	Net
December 31, 2012:					
Available-for-sale:					
Marketable equity securities (Japan)	¥ 215,846	¥ 350,580	¥ 135,715	¥ (981)	¥ 134,734
Marketable equity securities (Non-Japan)	14,260	39,063	24,978	(175)	24,803
Preferred stock that must be redeemed	53,144	42,826	1,101	(11,419)	(10,318)
Government bonds	15	15	0	—	0
Other securities	56	56	0	—	0
March 31, 2012:					
Available-for-sale:					
Marketable equity securities (Japan)	¥ 218,015	¥ 370,506	¥ 155,245	¥ (2,754)	¥ 152,491
Marketable equity securities (Non-Japan)	14,767	41,637	27,072	(202)	26,870
Preferred stock that must be redeemed	63,412	55,523	1,363	(9,252)	(7,889)
Government bonds	20	20	0	—	0
Other securities	460	460	0	—	0

	Millions of Yen				
			Unrealized holding gains (losses)		
	Amortized cost	Fair value	Gains	Losses	Net
December 31, 2012:					
Held-to-maturity debt securities	¥ 2,963	¥ 2,963	¥ 0	—	¥ 0
March 31, 2012:					
Held-to-maturity debt securities	¥ 2,364	¥ 2,364	¥ 0	—	¥ 0

At December 31, 2012 and March 31, 2012, the companies did not hold available-for-sale securities with original maturities of three months or less included in cash and cash equivalents in the Consolidated Balance Sheets.

At December 31, 2012 and March 31, 2012, the fair value and gross unrealized holding losses on available-for-sale securities, aggregated by investment category and length of time that individual securities have been in continuous unrealized loss positions, were as follows:

	Millions of Yen			
	Less than 12 months		12 months or more	
	Fair value	Unrealized holding losses	Fair value	Unrealized holding losses
December 31, 2012:				
Available-for-sale:				
Marketable equity securities	¥ 19,235	¥ (1,156)	—	—
Debt securities, consisting of preferred stock that must be redeemed	—	—	¥ 34,568	¥ (11,419)
Total	¥ 19,235	¥ (1,156)	¥ 34,568	¥ (11,419)
March 31, 2012:				
Available-for-sale:				
Marketable equity securities	¥ 19,389	¥ (2,956)	—	—
Debt securities, consisting of preferred stock that must be redeemed	—	—	¥ 47,709	¥ (9,252)
Total	¥ 19,389	¥ (2,956)	¥ 47,709	¥ (9,252)

The companies' investments in available-for-sale securities in an unrealized holding loss position consisted primarily of marketable equity securities and preferred stock that must be redeemed. The unrealized losses on marketable equity securities were due principally to a temporary decline in the stock market. The companies evaluated the near-term prospects of the issuers of the equity securities in relation to the severity and duration of impairment. Based on that evaluation and the companies' ability and intent to hold these investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the companies did not consider these investments to be other-than-temporarily impaired at December 31, 2012.

The unrealized losses on preferred stock that must be redeemed were due to a devaluation of foreign currencies against the yen in the foreign exchange market. For the currently redeemable portion of the preferred stock, losses on write-down were recognized to reflect the devaluation of foreign currencies considered to be other-than-temporary. For the non-current portion, the companies evaluated the prospects of the foreign exchange market for the period of maturity of the stock. Based on that evaluation, the companies did not consider this portion to be other-than-temporarily impaired at December 31, 2012.

For the nine-month periods ended December 31, 2012 and 2011, losses of ¥17,019 million and ¥11,662 million, respectively, were recognized on write-downs of available-for-sale securities to reflect the decline in market value considered to be other-than-temporary.

For the three-month periods ended December 31, 2012 and 2011 losses of ¥2,014 million and ¥4,911 million, respectively, were recognized on write-downs of available-for-sale securities to reflect the decline in market value considered to be other-than-temporary.

The portion of net trading gains and losses for the nine-month and three-month periods that relates to trading securities still held at December 31, 2012 and 2011 didn't exist.

The proceeds from sales of available-for-sale securities and the gross realized gains and losses on those sales for the nine-month periods ended December 31, 2012 and 2011 were as follows:

	Millions of Yen	
	2012	**2011**
Proceeds from sales	¥ 16,206	¥ 10,939
Gross realized gains	¥ 7,508	¥ 4,218
Gross realized losses	(1)	(130)
Net realized gains	¥ 7,507	¥ 4,088

The proceeds from sales of available-for-sale securities and the gross realized gains and losses on those sales for the three-month periods ended December 31, 2012 and 2011 were as follows:

	Millions of Yen	
	2012	**2011**
Proceeds from sales	¥ 7,928	¥ 1,622
Gross realized gains	¥ 5,380	¥ 659
Gross realized losses	—	(28)
Net realized gains	¥ 5,380	¥ 631

Debt securities classified as available-for-sale and held-to-maturity at December 31, 2012 mature as follows:

	Millions of Yen			
	Available-for-sale		Held-to-maturity	
	Amortized cost	Aggregate fair value	Amortized cost	Aggregate fair value
Contractual maturities:				
Within 1 year	¥ 6,992	¥ 8,015	¥ 132	¥ 132
After 1 year through 5 years	46,223	34,882	—	—
After 5 years through 10 years	—	—	—	—
After 10 years	—	—	2,831	2,831
Total	¥ 53,215	¥ 42,897	¥ 2,963	¥ 2,963

The actual maturities may differ from the contractual maturities shown above because certain issuers may have the right to redeem debt securities before their maturity.

Investments other than debt and marketable equity securities

Investments other than investments in debt and marketable equity securities consisted primarily of non-marketable equity securities and non-current time deposits and amounted to ¥359,357 million and ¥378,027 million at December 31, 2012 and March 31, 2012, respectively. The estimation of the corresponding fair values at those dates was not practicable, as the fair value for the individual non-marketable securities held by the companies was not readily determinable at each balance sheet date.

Investments in non-marketable equity securities are carried at cost; however, if the fair value of an investment has declined and such decline is judged to be other-than-temporary, the investment is written down to its estimated fair value.

Losses on write-downs of these investment securities recognized to reflect the declines in fair value considered to be other-than-temporary were ¥4,244 million and ¥10,319 million for the nine-month periods ended December 31, 2012 and 2011, respectively.

Losses on write-downs of these investment securities recognized to reflect the declines in fair value considered to be other-than-temporary were ¥888 million and ¥1,693 million for the three-month periods ended December 31, 2012 and 2011, respectively.

The aggregate carrying amount of the companies' non-marketable equity securities accounted for under the cost method totaled ¥315,577 million and ¥326,136 million at December 31, 2012 and March 31, 2012, respectively.

4. *FINANCING RECEIVABLES AND RELATED ALLOWANCES*

Portfolio segment

The financing receivables below are mainly loans and long-term receivables for the purpose of providing financing other than short term receivables. The amounts of recorded investment in financing receivables defined in ASC 310 and the analysis of the change in the related allowances as of December 31, 2012 and 2011, were as follows.

	Millions of Yen		
	Corporate Businesses	**Retail Finance Business**	**Total**
Nine-month period ended December 31, 2012:			
Related Allowances			
Balance at March 31, 2012	¥ 33,951	¥ 9,625	¥ 43,576
Credits charged off	(2,964)	(9,402)	(12,366)
Provision for doubtful receivables	3,307	9,020	12,327
Others	4,099	61	4,160
Balance at December 31, 2012	¥ 38,393	¥ 9,304	¥ 47,697
Allowances Collectively Evaluated	1,266	2,203	3,469
Allowances Individually Evaluated	37,127	7,101	44,228
Financing Receivables			
Balance at December 31, 2012	¥ 519,898	¥ 126,092	¥ 645,990
Financing Receivables with Allowances Collectively Evaluated	456,889	114,593	571,482
Financing Receivables with Allowances Individually Evaluated	63,009	11,499	74,508

Note: "Others" principally includes the effect of deconsolidation of subsidiaries, transfer from other accounts, transfer to other accounts and the effect of changes in foreign exchange rates.

	Millions of Yen		
	Corporate Businesses	**Retail Finance Business**	**Total**
Nine-month period ended December 31, 2011:			
Related Allowances			
Balance at March 31, 2011	¥ 42,693	¥ 7,210	¥ 49,903
Credits charged off	(4,292)	(7,041)	(11,333)
Provision for doubtful receivables	(699)	8,917	8,218
Others	(5,146)	(751)	(5,897)
Balance at December 31, 2011	¥ 32,556	¥ 8,335	¥ 40,891
Allowances Collectively Evaluated	1,206	2,405	3,611
Allowances Individually Evaluated	31,350	5,930	37,280
Financing Receivables			
Balance at December 31, 2011	¥ 389,828	¥ 130,277	¥ 520,105
Financing Receivables with Allowances Collectively Evaluated	336,583	120,407	456,990
Financing Receivables with Allowances Individually Evaluated	53,245	9,870	63,115

Note: "Others" principally includes the effect of deconsolidation of subsidiaries, transfer from other accounts and the effect of changes in foreign exchange rates.

	Millions of Yen					
	Corporate Businesses		Retail Finance Business		Total	
Three-month period ended December 31, 2012:						
Related Allowances						
Balance at September 30, 2012	¥	32,592	¥	8,706	¥	41,298
Credits charged off		(574)		(3,541)		(4,115)
Provision for doubtful receivables		1,211		3,279		4,490
Others		5,164		860		6,024
Balance at December 31, 2012	¥	38,393	¥	9,304	¥	47,697

Note: "Others" principally includes the effect of deconsolidation of subsidiaries, transfer from other accounts, transfer to other accounts and the effect of changes in foreign exchange rates.

	Millions of Yen					
	Corporate Businesses		Retail Finance Business		Total	
Three-month period ended December 31, 2011:						
Related Allowances						
Balance at September 30, 2011	¥	37,827	¥	7,935	¥	45,762
Credits charged off		(3,628)		(2,828)		(6,456)
Provision for doubtful receivables		(6)		3,283		3,277
Others		(1,637)		(55)		(1,692)
Balance at December 31, 2011	¥	32,556	¥	8,335	¥	40,891

Note: "Others" principally includes the effect of deconsolidation of subsidiaries, transfer from other accounts and the effect of changes in foreign exchange rates.

Credit quality indicators

The companies engaged in businesses with corporate customers ("corporate businesses") assess and monitor financing receivables every quarter by classifying the receivables into two categories, performing financing receivables and nonperforming financing receivables. Certain receivables are classified as nonperforming financing receivables in accordance with an internal guideline for managing receivables. Receivables from counterparties that meet any of the following conditions are classified as nonperforming financing receivables.

1) Counterparties who have filed a petition for liquidation, adjustments, rehabilitation or reorganization under the Bankruptcy Act.

2) Counterparties experiencing suspension or discontinuance of business, as well as those who have found it impossible or extremely difficult to fulfill their payments or deliveries, due to deficits in equity or insolvency for a considerable period without prospects for business improvement, also those who have suffered from tremendous losses due to natural disasters, sudden changes of economic conditions, or similar catastrophes.

3) Counterparties from which amounts due have been outstanding for more than one year.

Companies engaged in financial business with retail customers ("retail finance business") assess and monitor financing receivables every quarter by dates past due.

The amounts of recorded investments in financing receivables of the companies engaged in corporate businesses classified by Credit Quality Indicators were as follows. As for the financing receivables of the companies engaged in the retail finance business, refer to the table of Financing Receivables by Dates Past Due.

Balance at December 31, 2012:
Corporate Businesses

	Millions of Yen				
	Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle
Performing	¥ 112,588	¥ 248,438	¥ 2,164	¥ 33,128	¥ 9,923
Nonperforming	3,522	11,847	6,610	3,630	2,213
Total	¥ 116,110	¥ 260,285	¥ 8,774	¥ 36,758	¥ 12,136

	Millions of Yen		
	Innovation & Cross Function	Others	Total
Performing	¥ 9,663	¥ 61,450	¥ 477,354
Nonperforming	5,629	9,093	42,544
Total	¥ 15,292	¥ 70,543	¥ 519,898

Balance at March 31, 2012:
Corporate Businesses

	Millions of Yen				
	Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle
Performing	¥ 25,566	¥ 233,005	¥ 843	¥ 27,698	¥ 11,589
Nonperforming	3,272	12,404	6,781	3,446	2,355
Total	¥ 28,838	¥ 245,409	¥ 7,624	¥ 31,144	¥ 13,944

	Millions of Yen		
	Innovation & Cross Function	Others	Total
Performing	¥ 2,330	¥ 71,306	¥ 372,337
Nonperforming	4,729	9,540	42,527
Total	¥ 7,059	¥ 80,846	¥ 414,864

During the three-month period ended June 30, 2012, the classification of corporate businesses areas has been changed in consideration of the evolution of companies' portfolio strategy. In accordance with this change, balance at March 31, 2012, has been reclassified to conform to the current presentation.

Corporate Businesses are mainly classified into the following business areas.
Metals: Iron & Steel Products, Mineral & Metal Resources,
Machinery & Infrastructure: Infrastructure Projects, Motor Vehicles & Construction Machinery, Marine & Aerospace
Chemicals: Chemical
Energy: Energy
Lifestyle: Foods Resources, Food Product & Services, Consumer Service
Innovation & Cross Function: IT, Financial & New Business, Transportation Logistics

Financing receivables by dates past due

The amounts of recorded investments in financing receivables classified by dates past due were as follows:

Balance at December 31, 2012:
Corporate Businesses

	Millions of Yen				
	Metals	**Machinery & Infrastructure**	**Chemicals**	**Energy**	**Lifestyle**
Less than 90 days (including not past due)...	¥ 111,641	¥ 246,739	¥ 5,768	¥ 28,547	¥ 10,432
90 days or more	4,469	13,546	3,006	8,211	1,704
Total...............................	¥ 116,110	¥ 260,285	¥ 8,774	¥ 36,758	¥ 12,136

	Millions of Yen		
	Innovation & Cross Function	**Others**	**Total**
Less than 90 days (including not past due)...	¥ 12,494	¥ 66,375	¥ 481,996
90 days or more	2,798	4,168	37,902
Total............................	¥ 15,292	¥ 70,543	¥ 519,898

Retail Finance Business

	Millions of Yen
Less than 30 days (including not past due)..........	¥ 111,094
30-89 days past due	4,834
90-179 days past due	3,078
180-359 days past due	4,754
360 days or more past due	2,332
Total	¥ 126,092

For the companies engaged in both corporate businesses and retail finance business, the recorded investments of financing receivables of 90 days or more past due and accruing were considered minor.

Balance at March 31, 2012:
Corporate Businesses

	Millions of Yen				
	Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle
Less than 90 days (including not past due)...	¥ 24,887	¥ 234,808	¥ 5,075	¥ 27,696	¥ 12,317
90 days or more...............	3,951	10,601	2,549	3,448	1,627
Total..............................	¥ 28,838	¥ 245,409	¥ 7,624	¥ 31,144	¥ 13,944

	Millions of Yen		
	Innovation & Cross Function	Others	Total
Less than 90 days (including not past due)...	¥ 3,960	¥ 76,246	¥ 384,989
90 days or more...............	3,099	4,600	29,875
Total............................	¥ 7,059	¥ 80,846	¥ 414,864

Retail Finance Business

	Millions of Yen
Less than 30 days (including not past due)..........	¥ 118,671
30-89 days past due	5,701
90-179 days past due	4,058
180-359 days past due	5,110
360 days or more past due......	1,124
Total	¥ 134,664

For the companies engaged in both corporate businesses and retail finance business, the recorded investment of financing receivables of 90 days or more past due and accruing were considered minor.

Impaired financing receivables

The amounts of recorded investments in the impaired financing receivables were as follows.

Balance at December 31, 2012:
Corporate Businesses

	Millions of Yen							
	Metals		Machinery & Infrastructure		Chemicals		Energy	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥ 17,365	¥ 4,389	¥ 12,993	¥ 11,126	¥ 4,766	¥ 4,277	¥ 8,159	¥ 3,966
Without allowance for credit losses	200	—	533	—	18	—	—	—
Total	¥ 17,565	¥ 4,389	¥ 13,526	¥ 11,126	¥ 4,784	¥ 4,277	¥ 8,159	¥ 3,966

	Millions of Yen							
	Lifestyle		Innovation & Cross Function		Others		Total	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥ 2,858	¥ 2,834	¥ 5,629	¥ 4,976	¥ 11,239	¥ 5,559	¥ 63,009	¥ 37,127
Without allowance for credit losses	77	—	13	—	1,246	—	2,087	—
Total	¥ 2,935	¥ 2,834	¥ 5,642	¥ 4,976	¥ 12,485	¥ 5,559	¥ 65,096	¥ 37,127

Retail Finance Business

	Millions of Yen	
	Receivable	Allowance
With allowance for credit losses	¥ 11,499	¥ 7,101
Without allowance for credit losses	—	—
Total	¥ 11,499	¥ 7,101

Note: Unpaid principal and recorded investment in the impaired financing receivables are equal. Interest income recognized on impaired financing receivables was considered minor.

Balance at March 31, 2012:
Corporate Businesses

	Millions of Yen							
	Metals		Machinery & Infrastructure		Chemicals		Energy	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥ 11,593	¥ 4,083	¥ 11,792	¥ 9,716	¥ 4,583	¥ 4,196	¥ 3,446	¥ 3,047
Without allowance for credit losses	—	—	633	—	548	—	—	—
Total	¥ 11,593	¥ 4,083	¥ 12,425	¥ 9,716	¥ 5,131	¥ 4,196	¥ 3,446	¥ 3,047

	Millions of Yen							
	Lifestyle		Innovation & Cross Function		Others		Total	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥ 2,957	¥ 2,892	¥ 4,287	¥ 3,653	¥ 10,075	¥ 5,078	¥ 48,733	¥ 32,665
Without allowance for credit losses	84	—	454	—	1,183	—	2,902	—
Total	¥ 3,041	¥ 2,892	¥ 4,741	¥ 3,653	¥ 11,258	¥ 5,078	¥ 51,635	¥ 32,665

Retail Finance Business

	Millions of Yen	
	Receivable	Allowance
With allowance for credit losses	¥ 11,157	¥ 6,851
Without allowance for credit losses	—	—
Total	¥ 11,157	¥ 6,851

Note: Unpaid principal and recorded investment in the impaired financing receivables are equal. Interest income recognized on impaired financing receivables was considered minor.

The average investments in the impaired financing receivables were as follows.

Nine-month period ended December 31, 2012:

Millions of Yen								
Corporate Businesses								Retail Finance Business
Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function	Others	Total	
¥ 14,579	¥ 12,976	¥ 4,958	¥ 5,803	¥ 2,988	¥ 5,192	¥ 11,872	¥ 58,366	¥ 11,328

Nine-month period ended December 31, 2011:

Millions of Yen								
Corporate Businesses								Retail Finance Business
Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function	Others	Total	
¥ 19,119	¥ 13,467	¥ 5,735	¥ 4,080	¥ 4,923	¥ 4,268	¥ 12,915	¥ 64,507	¥ 9,001

Three-month period ended December 31, 2012:

Millions of Yen								
Corporate Businesses								Retail Finance Business
Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function	Others	Total	
¥ 13,415	¥ 13,732	¥ 4,772	¥ 7,616	¥ 2,916	¥ 5,530	¥ 10,831	¥ 58,812	¥ 11,305

Three-month period ended December 31, 2011:

Millions of Yen								
Corporate Businesses								Retail Finance Business
Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function	Others	Total	
¥ 18,880	¥ 12,259	¥ 5,258	¥ 3,432	¥ 5,128	¥ 4,485	¥ 11,008	¥ 60,449	¥ 9,802

Financing receivables on nonaccrual status

The companies recognize interest income on the accrual-basis. However, for companies engaged in corporate businesses, interest on impaired financing receivables is primarily recognized on a cash basis. For companies engaged in retail finance business, interest is recognized on a cash basis after a specified period without payment of interest. The companies resume the accrual of interest earnings only after the full amount of contractually outstanding interest has been collected.

The amounts of the recorded investments in financing receivables on nonaccrual status were as follows.

Balance at December 31, 2012:

Millions of Yen								
Corporate Businesses								Retail Finance Business
Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function	Others	Total	
¥ 17,565	¥ 25,908	¥ 4,784	¥ 8,159	¥ 2,935	¥ 5,642	¥ 12,485	¥ 77,478	¥ 11,499

Balance at March 31, 2012:

Millions of Yen								
Corporate Businesses								Retail Finance Business
Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function	Others	Total	
¥ 4,129	¥ 23,996	¥ 5,131	¥ 3,446	¥ 3,002	¥ 4,741	¥ 11,259	¥ 55,704	¥ 11,157

Troubled Debt Restructurings

The companies classify receivables as troubled debt restructurings ("TDRs") as the receivables which: 1) had their conditions modified through the conclusion of an agreement for deferred payment or reduction of interest and 2) are considered outstanding from borrowers which are experiencing financial difficulty. For receivables classified as TDRs, the companies measure the allowance for doubtful accounts in consideration of the fair value of collateral and risk of changes in future cash flow due to an extension of the due date.

The following table provides information on loans and financing receivables modified as TDRs within the retail finance business due to an extension of the due date during the nine-month and three-month periods ended December 31, 2012 and 2011.

Millions of Yen			
Nine-month period ended December 31, 2012		Nine-month period ended December 31, 2011	
Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
¥ 10,687	¥ 9,670	¥ 9,482	¥ 9,190

Millions of Yen			
Three-month period ended December 31, 2012		Three-month period ended December 31, 2011	
Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
¥ 3,373	¥ 3,216	¥ 3,153	¥ 3,126

The increases in the provision of allowance for doubtful accounts as a result of the classification of TDRs for the nine-month and three-month periods ended December 31, 2012 were ¥1,189 million and ¥169 million.
The increases in the provision of allowance for doubtful accounts as a result of the classification of TDRs for the nine-month and three-month periods ended December 31, 2011 were considered minor.
As for the corporate businesses, the financial effects of the modifications in relation to TDRs were considered minor.

The amounts of financing receivables modified as TDRs after April 1, 2011 and subsequently defaulted during the nine-month period ended December 31, 2012 for the retail finance business was ¥4,515 million.
The amounts of financing receivables modified as TDRs after October 1, 2011 and subsequently defaulted during the three-month period ended December 31, 2012 for the retail finance business was ¥2,640 million.
The amounts of financing receivables modified as TDRs after April 1, 2011 and subsequently defaulted during the nine-month and three-month periods ended December 31, 2011 for both the corporate businesses and the retail finance business were considered minor.
As for the corporate businesses, the financial effects of the modifications in relation to TDRs were considered minor.

5. *PLEDGED ASSETS AND FINANCIAL ASSETS ACCEPTED AS COLLATERAL*

Pledged assets

At December 31, 2012 and March 31, 2012, the following assets (exclusive of assets covered by trust receipts discussed below) were pledged as collateral for certain liabilities of the companies:

	Millions of Yen	
	December 31, 2012	**March 31, 2012**
Trade receivables (current and non-current)	¥ 78,962	¥ 76,286
Inventories	269,740	9,716
Investments	176,489	194,900
Property leased to others (net book value)	17,351	23,446
Property and equipment (net book value)	35,341	57,093
Other	7,110	17,332
Total	¥ 584,993	¥ 378,773

The distribution of such collateral among short-term debt, long-term debt, and financial guarantees and other was as follows:

	Millions of Yen	
	December 31, 2012	**March 31, 2012**
Short-term debt	¥ 274,831	¥ 9,871
Long-term debt	109,322	157,840
Financial guarantees and other	200,840	211,062
Total	¥ 584,993	¥ 378,773

Trust receipts issued under customary import financing arrangements (short-term bank loans and bank acceptances) give banks a security interest in the merchandise imported and/or the accounts receivable resulting from the sale of such merchandise. Because of the companies' large volume of import transactions, it is not practicable to determine the total amount of assets covered by outstanding trust receipts.

In addition to the above, the Companies has bank borrowings under certain provisions of loan agreements which require the Companies, upon the request of the bank, to immediately provide collateral, which is not originally identified in the loan agreements.

Financial assets accepted as collateral

At December 31, 2012 and March 31, 2012, the fair values of financial assets that the companies accepted as collateral for trade receivables and that they are permitted to sell or repledge consisted of the following:

	Millions of Yen	
	December 31, 2012	**March 31, 2012**
Bank deposits	¥ 932	¥ 883
Trade receivables—accounts	1,939	2,031
Stocks and bonds	4,794	4,993

There were no financial assets repledged or accepted as collateral under security repurchase agreements at December 31, 2012 and March 31, 2012.

6. *PENSION COSTS AND SEVERANCE INDEMNITIES*

Net periodic pension costs of the companies' defined benefit pension plans for the nine-month and three-month periods ended December 31, 2012 and 2011 included the following components:

	Millions of Yen	
	Nine-month period ended December 31, 2012	**Nine-month period ended December 31, 2011**
Service cost – benefits earned during the period	¥ 6,864	¥ 6,430
Interest cost on projected benefit obligation	4,313	4,677
Expected return on plan assets	(5,755)	(5,853)
Amortization of prior service cost	50	33
Amortization of net actuarial loss	8,204	7,217
Settlement loss	8	-
Net periodic pension costs	¥ 13,684	¥ 12,504

	Millions of Yen	
	Three-month period ended December 31, 2012	**Three-month period ended December 31, 2011**
Service cost – benefits earned during the period	¥ 2,199	¥ 2,229
Interest cost on projected benefit obligation	1,450	1,552
Expected return on plan assets	(1,944)	(1,945)
Amortization of prior service cost	18	12
Amortization of net actuarial loss	2,749	2,403
Net periodic pension costs	¥ 4,472	¥ 4,251

7. EQUITY

Mitsui & Co., Ltd. shareholders' equity and noncontrolling interests

During the nine-month periods ended December 31, 2012 and 2011, changes in Mitsui & Co., Ltd. shareholders' equity and noncontrolling interests were as follows:

	Millions of Yen		
	Nine-month period ended December 31, 2012		
	Mitsui & Co., Ltd. shareholders' equity	**Noncontrolling interests**	**Total equity**
Balance at beginning of period	¥ 2,641,318	¥ 219,492	¥ 2,860,810
Cash dividends paid to Mitsui & Co., Ltd. shareholders	(91,248)	—	(91,248)
Dividends paid to noncontrolling interest shareholders	—	(10,219)	(10,219)
Comprehensive income:			
Net income	253,909	16,434	270,343
Other comprehensive income (loss) (after income tax effect):			
Unrealized holding losses on available-for-sale securities	(4,781)	(3,937)	(8,718)
Foreign currency translation adjustments	83,741	7,505	91,246
Defined benefit pension plans	4,470	(16)	4,454
Net unrealized losses on derivatives	(3,747)	(130)	(3,877)
Total	333,592	19,856	353,448
Sales and purchases of treasury stock	(5)	—	(5)
Equity transactions with noncontrolling interest shareholders and other	(826)	10,004	9,178
Balance at end of period	¥2,882,831	¥ 239,133	¥3,121,964

	Millions of Yen		
	Nine-month period ended December 31, 2011		
	Mitsui & Co., Ltd. shareholders' equity	**Noncontrolling interests**	**Total equity**
Balance at beginning of period	¥ 2,366,192	¥ 187,142	¥ 2,553,334
Cash dividends paid to Mitsui & Co., Ltd. shareholders	(98,537)	—	(98,537)
Dividends paid to noncontrolling interest shareholders	—	(10,938)	(10,938)
Comprehensive income:			
Net income	340,248	26,993	367,241
Other comprehensive income (loss) (after income tax effect):			
Unrealized holding losses on available-for-sale securities	(49,144)	(4,890)	(54,034)
Foreign currency translation adjustments	(150,749)	(8,320)	(159,069)
Defined benefit pension plans	2,682	1	2,683
Net unrealized (losses) gains on derivatives	(9,612)	100	(9,512)
Total	133,425	13,884	147,309
Sales and purchases of treasury stock	(9)	—	(9)
Equity transactions with noncontrolling interest shareholders and other	1,160	8,150	9,310
Balance at end of period	¥2,402,231	¥ 198,238	¥2,600,469

Equity transactions with noncontrolling interest shareholders

During the nine-month periods ended December 31, 2012 and 2011, changes in noncontrolling interests due to equity transactions with noncontrolling interest shareholders were as follows:

	Millions of Yen	
	Nine-month period ended	
	December 31, 2012	December 31, 2011
Increase in noncontrolling interests due to transfers of Mitsui & Co., Ltd.'s ownership interests in its subsidiaries to noncontrolling interests, and contributions from noncontrolling interest shareholders	¥ 12,679	¥7,252
Decrease in noncontrolling interests due to transfers of ownership interests in its subsidiaries from noncontrolling interests	(1,537)	(1,010)

Increase in noncontrolling interests related to newly consolidated entities

During the nine-month period ended December 31, 2012, no material noncontrolling interests were recorded in "Equity transactions with noncontrolling interest shareholders and other" attributable to the noncontrolling interests related to newly consolidated subsidiaries.

During the nine-month period ended December 31, 2011, ¥2,725 million of a noncontrolling interest was included in "Equity transactions with noncontrolling interest shareholders and other" attributable to the noncontrolling interests as a result of the acquisition of Portek International Limited ("Portek"). Portek is a turnkey provider of equipment, services and solutions for the port industry globally as well as an operator of multipurpose ports. See Note 2, "BUSINESS COMBINATIONS," for further information regarding the Company's acquisition of Portek.

Gains recorded due to the deconsolidation of subsidiaries

During the nine-month period ended December 31, 2012, gains and losses recorded due to the deconsolidation of subsidiaries were immaterial.

During the nine-month period ended December 31, 2011, the companies deconsolidated certain subsidiaries due to the merger of a subsidiary with a third party and the sale of their entire interests, and through these transactions recognized a net pre-tax loss of ¥768 million. This net loss was included in gain on sales of securities – net in the Statements of Consolidated Income. Of the net total of ¥768 million, a gain of ¥259 million was recorded as a result of the remeasurement of the retained investments in the former subsidiaries to their fair values using a discounted cash flow model. The retained investment is accounted for under the equity method because the companies maintain significant influence over the investee primarily through representation on its board of directors.

8. *NET INCOME ATTRIBUTABLE TO MITSUI & CO., LTD. PER SHARE*

The following is a reconciliation of basic net income attributable to Mitsui & Co., Ltd. per share to diluted net income attributable to Mitsui & Co., Ltd. per share for the nine-month and three-month periods ended December 31, 2012 and 2011:

	Nine-Month Period Ended December 31, 2012			Nine-Month Period Ended December 31, 2011		
	Net income (numerator)	Shares (denominator)	Per share amount	Net income (numerator)	Shares (denominator)	Per share amount
	Millions of Yen	In Thousands	Yen	Millions of Yen	In Thousands	Yen
Basic Net Income Attributable to Mitsui & Co., Ltd. per Share:						
Net income available to common shareholders	¥253,909	1,824,947	¥139.13	¥340,248	1,824,826	¥186.46
Effect of Dilutive Securities:						
Adjustment of effect of dilutive securities of associated companies	–	–		(13)	–	
Diluted Net Income Attributable to Mitsui & Co., Ltd. per Share:						
Net income available to common shareholders after effect of dilutive securities	–	–	–	¥340,235	1,824,826	¥186.45

	Three-Month Period Ended December 31, 2012			Three-Month Period Ended December 31, 2011		
	Net income (numerator)	Shares (denominator)	Per share amount	Net income (numerator)	Shares (denominator)	Per share amount
	Millions of Yen	In Thousands	Yen	Millions of Yen	In Thousands	Yen
Basic Net Income Attributable to Mitsui & Co., Ltd. per Share:						
Net income available to common shareholders	¥85,572	1,824,945	¥46.89	¥112,987	1,824,824	¥61.92
Effect of Dilutive Securities:						
Adjustment of effect of dilutive securities of associated companies	–	–		(2)	–	
Diluted Net Income Attributable to Mitsui & Co., Ltd. per Share:						
Net income available to common shareholders after effect of dilutive securities	–	–	–	¥112,985	1,824,824	¥61.92

Note: Diluted net income attributable to Mitsui & Co., Ltd. per share for the nine-month and three-month periods ended December 31, 2012 is not disclosed as there are no dilutive potential shares.

9. SEGMENT INFORMATION

Nine-month period ended December 31, 2012 :	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function
	Millions of Yen						
Revenues	¥ 125,339	¥ 390,284	¥ 248,311	¥ 520,514	¥ 1,042,262	¥ 603,925	¥ 114,458
Gross Profit	¥ 27,344	¥ 111,527	¥ 70,995	¥ 46,231	¥ 142,896	¥ 81,480	¥ 33,939
Operating Income (Loss)	¥ 746	¥ 85,105	¥ (9,781)	¥ 801	¥ 101,829	¥ (1,672)	¥ (21,622)
Equity in Earnings of Associated Companies—Net	¥ 1,435	¥ 38,551	¥ 20,503	¥ 5,153	¥ 40,849	¥ 8,827	¥ 13,768
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ (7,088)	¥ 76,749	¥ 12,994	¥ (2,860)	¥ 120,030	¥ 15,935	¥ 8,458
Total Assets at December 31, 2012	¥ 492,537	¥ 1,442,591	¥ 1,371,368	¥ 669,178	¥ 1,746,989	¥ 1,324,655	¥ 863,776
Investments in and advances to associated companies at December 31, 2012	¥ 27,699	¥ 766,722	¥ 428,251	¥ 76,908	¥ 247,154	¥ 218,073	¥ 137,137
Depreciation and amortization	¥ 1,400	¥ 12,448	¥ 8,218	¥ 5,998	¥ 83,516	¥ 8,183	¥ 6,540
Additions to property leased to others and property and equipment	¥ 2,437	¥ 69,383	¥ 30,239	¥ 4,267	¥ 170,322	¥ 10,196	¥ 3,852

Nine-month period ended December 31, 2012 :	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenues	¥ 405,154	¥ 69,526	¥ 55,232	¥ 3,575,005	¥ 1,456	¥ 0	¥ 3,576,461
Gross Profit	¥ 51,470	¥ 10,780	¥ 7,400	¥ 584,062	¥ 681	¥ (10,488)	¥ 574,255
Operating Income (Loss)	¥ 12,615	¥ (3,279)	¥ (4,221)	¥ 160,521	¥ (3,392)	¥ 25,745	¥ 182,874
Equity in Earnings of Associated Companies—Net	¥ 2,462	¥ 406	¥ 3,799	¥ 135,753	—	¥ (137)	¥ 135,616
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 13,397	¥ (802)	¥ 22,814	¥ 259,627	¥ 431	¥ (6,149)	¥ 253,909
Total Assets at December 31, 2012	¥ 480,206	¥ 107,788	¥ 275,765	¥ 8,774,853	¥ 3,444,736	¥(2,394,205)	¥ 9,825,384
Investments in and advances to associated companies at December 31, 2012	¥ 43,560	¥ 11,837	¥ 161,289	¥ 2,118,630	¥ 494	¥ 27,918	¥ 2,147,042
Depreciation and amortization	¥ 4,374	¥ 491	¥ 298	¥ 131,466	¥ 207	¥ 9,516	¥ 141,189
Additions to property leased to others and property and equipment	¥ 13,184	¥ 611	¥ 189	¥ 304,680	¥ 25	¥ 7,253	¥ 311,958

Nine-month period ended December 31, 2011(As restated):	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function
	Millions of Yen						
Revenues	¥ 142,845	¥ 439,945	¥ 214,247	¥ 683,061	¥ 1,223,636	¥ 578,664	¥ 122,922
Gross Profit	¥ 32,633	¥ 158,404	¥ 67,039	¥ 49,795	¥ 167,161	¥ 90,079	¥ 39,615
Operating Income (Loss)	¥ 7,918	¥ 141,833	¥ (5,937)	¥ 8,572	¥ 134,564	¥ 14,757	¥ (13,231)
Equity in Earnings (Losses) of Associated Companies—Net	¥ 2,732	¥ 109,084	¥ 29,725	¥ 4,420	¥ 39,126	¥ 7,349	¥ (23,198)
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 7,392	¥ 160,770	¥ 18,014	¥ 10,153	¥ 133,960	¥ 18,682	¥ (27,251)
Total Assets at December 31, 2011	¥ 492,616	¥ 1,010,494	¥ 1,276,150	¥ 671,419	¥ 1,553,238	¥ 1,222,868	¥ 604,273
Investments in and advances to associated companies at December 31, 2011	¥ 25,188	¥ 517,842	¥ 331,704	¥ 71,533	¥ 155,268	¥ 193,479	¥ 128,095
Depreciation and amortization	¥ 1,600	¥ 10,909	¥ 6,869	¥ 5,865	¥ 57,362	¥ 7,730	¥ 6,007
Additions to property leased to others and property and equipment	¥ 1,473	¥ 37,692	¥ 41,829	¥ 8,319	¥ 132,342	¥ 7,383	¥ 2,981

Nine-month period ended December 31, 2011(As restated):	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenues	¥ 399,405	¥ 90,285	¥ 50,099	¥ 3,945,109	¥ 1,710	¥ —	¥ 3,946,819
Gross Profit	¥ 57,166	¥ 13,583	¥ 8,721	¥ 684,196	¥ 384	¥ (7,516)	¥ 677,064
Operating Income (Loss)	¥ 19,840	¥ (604)	¥ (3,111)	¥ 304,601	¥ (4,050)	¥ (11,189)	¥ 289,362
Equity in Earnings (Losses) of Associated Companies—Net	¥ 2,907	¥ 472	¥ 3,567	¥ 176,184	—	¥ 119	¥ 176,303
Net Income(Loss) Attributable to Mitsui & Co., Ltd	¥ 11,872	¥ 69	¥ 37,235	¥ 370,896	¥ 1,539	¥ (32,187)	¥ 340,248
Total Assets at December 31, 2011	¥ 402,592	¥ 86,942	¥ 273,722	¥ 7,594,314	¥ 2,905,387	¥(1,882,358)	¥ 8,617,343
Investments in and advances to associated companies at December 31, 2011	¥ 35,679	¥ 1,613	¥ 124,730	¥ 1,585,131	¥ (224)	¥ 43,312	¥ 1,628,219
Depreciation and amortization	¥ 4,133	¥ 538	¥ 321	¥ 101,334	¥ 329	¥ 7,255	¥ 108,918
Additions to property leased to others and property and equipment	¥ 9,302	¥ 1,040	¥ 646	¥ 243,007	¥ 550	¥ 5,209	¥ 248,766

Three-month period ended December 31, 2012 :	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function
	Millions of Yen						
Revenues	¥ 41,703	¥ 133,513	¥ 83,675	¥ 183,006	¥ 341,252	¥ 214,413	¥ 32,014
Gross Profit	¥ 9,279	¥ 35,980	¥ 24,268	¥ 13,161	¥ 45,391	¥ 27,960	¥ 5,502
Operating Income (Loss)	¥ 521	¥ 27,405	¥ (2,605)	¥ (2,288)	¥ 31,570	¥ 135	¥ (12,730)
Equity in Earnings of Associated Companies—Net	¥ 341	¥ 3,270	¥ 6,673	¥ 1,145	¥ 18,082	¥ 3,328	¥ 4,262
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ (6,298)	¥ 27,067	¥ 4,034	¥ (1,929)	¥ 41,167	¥ 11,086	¥ 2,509
Total Assets at December 31, 2012	¥ 492,537	¥ 1,442,591	¥ 1,371,368	¥ 669,178	¥1,746,989	¥ 1,324,655	¥ 863,776
Investments in and advances to associated companies at December 31, 2012	¥ 27,699	¥ 766,722	¥ 428,251	¥ 76,908	¥ 247,154	¥ 218,073	¥ 137,137
Depreciation and amortization	¥ 540	¥ 4,341	¥ 3,225	¥ 2,239	¥ 32,247	¥ 2,853	¥ 2,367
Additions to property leased to others and property and equipment	¥ 620	¥ 27,354	¥ 11,165	¥ 1,310	¥ 49,308	¥ 4,485	¥ 1,027

Three-month period ended December 31, 2012 :	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenues	¥ 133,213	¥ 21,300	¥ 25,977	¥ 1,210,066	¥ 497	¥ 0	¥ 1,210,563
Gross Profit	¥ 17,598	¥ 3,515	¥ 2,196	¥ 184,850	¥ 231	¥ (3,800)	¥ 181,281
Operating Income (Loss)	¥ 4,546	¥ (1,349)	¥ (1,867)	¥ 43,338	¥ (1,086)	¥ 6,347	¥ 48,599
Equity in Earnings of Associated Companies—Net	¥ 442	¥ 215	¥ 728	¥ 38,486	—	¥ (208)	¥ 38,278
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 4,591	¥ (301)	¥ 6,009	¥ 87,935	¥ (77)	¥ (2,286)	¥ 85,572
Total Assets at December 31, 2012	¥ 480,206	¥ 107,788	¥ 275,765	¥ 8,774,853	¥ 3,444,736	¥(2,394,205)	¥ 9,825,384
Investments in and advances to associated companies at December 31, 2012	¥ 43,560	¥ 11,837	¥ 161,289	¥ 2,118,630	¥ 494	¥ 27,918	¥ 2,147,042
Depreciation and amortization	¥ 1,626	¥ 180	¥ 103	¥ 49,721	¥ 51	¥ 3,214	¥ 52,986
Additions to property leased to others and property and equipment	¥ 5,325	¥ 292	¥ 78	¥ 100,964	¥ 6	¥ 2,125	¥ 103,095

Three-month period ended December 31, 2011(As restated):	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function
	Millions of Yen						
Revenues	¥ 47,601	¥ 139,526	¥ 73,286	¥ 203,464	¥ 427,337	¥ 205,601	¥ 43,030
Gross Profit	¥ 10,270	¥ 48,336	¥ 23,332	¥ 15,252	¥ 58,615	¥ 29,110	¥ 13,851
Operating Income (Loss)	¥ 2,306	¥ 42,656	¥ (858)	¥ 1,969	¥ 48,151	¥ 3,821	¥ (4,561)
Equity in Earnings (Losses) of Associated Companies—Net	¥ 1,072	¥ 26,388	¥ 6,878	¥ 2,532	¥ 14,328	¥ 3,781	¥ (4,113)
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 2,848	¥ 49,014	¥ 7,970	¥ 2,492	¥ 46,561	¥ 5,108	¥ (3,151)
Total Assets at December 31, 2011	¥ 492,616	¥ 1,010,494	¥ 1,276,150	¥ 671,419	¥ 1,553,238	¥ 1,222,868	¥ 604,273
Investments in and advances to associated companies at December 31, 2011	¥ 25,188	¥ 517,842	¥ 331,704	¥ 71,533	¥ 155,268	¥ 193,479	¥ 128,095
Depreciation and amortization	¥ 528	¥ 3,626	¥ 2,315	¥ 2,268	¥ 21,703	¥ 2,630	¥ 2,206
Additions to property leased to others and property and equipment	¥ 634	¥ 13,812	¥ 14,219	¥ 3,339	¥ 42,431	¥ 3,179	¥ 889

Three-month period ended December 31, 2011(As restated):	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenues	¥ 134,369	¥ 26,861	¥ 16,243	¥ 1,317,318	¥ 469	¥ 2	¥ 1,317,789
Gross Profit	¥ 18,554	¥ 4,779	¥ 2,531	¥ 224,630	¥ 182	¥ (1,674)	¥ 223,138
Operating Income (Loss)	¥ 6,178	¥ 208	¥ (1,509)	¥ 98,361	¥ (1,232)	¥ (2,442)	¥ 94,687
Equity in Earnings (Losses) of Associated Companies—Net	¥ 432	¥ (5)	¥ 1,063	¥ 52,356	—	¥ (47)	¥ 52,309
Net Income(Loss) Attributable to Mitsui & Co., Ltd	¥ 1,527	¥ 585	¥ 11,408	¥ 124,362	¥ (154)	¥ (11,221)	¥ 112,987
Total Assets at December 31, 2011	¥ 402,592	¥ 86,942	¥ 273,722	¥ 7,594,314	¥ 2,905,387	¥(1,882,358)	¥ 8,617,343
Investments in and advances to associated companies at December 31, 2011	¥ 35,679	¥ 1,613	¥ 124,730	¥ 1,585,131	¥ (224)	¥ 43,312	¥ 1,628,219
Depreciation and amortization	¥ 1,366	¥ 152	¥ 103	¥ 36,897	¥ 79	¥ 2,410	¥ 39,386
Additions to property leased to others and property and equipment	¥ 2,792	¥ 372	¥ 34	¥ 81,701	¥ 484	¥ 1,444	¥ 83,629

Notes: (1) "All Other" includes business activities which primarily provide services, such as financing services and operations services to external customers and/or to the companies and associated companies. Total assets of "All Other" at December 31, 2012 and 2011 consisted primarily of cash and cash equivalents and time deposits related to financing activities, and assets of certain subsidiaries related to the above services.

(2) Transfers between operating segments are made at cost plus a markup.

(3) Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" includes income and expense items that are not allocated to specific reportable operating segments, and eliminations of intersegment transactions.
Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" for the nine-month period ended December 31, 2012 includes ¥11,628 million related to tax items including adjustments of difference between actual tax rate and intercompany tax rate, and other miscellaneous amounts (the amount is after income tax effects).
Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" for the nine-month period ended December 31, 2011 includes (a) ¥14,059 million in general and administrative expenses of the corporate departments excluding pension costs, (b) a charge of ¥2,824 million for pension related items, and (c) ¥11,074 million related to tax items including adjustments of difference between actual tax rate and intercompany tax rate, and other miscellaneous amounts (all amounts are after income tax effects).
Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" for the three-month period ended December 31, 2012 includes ¥3,226 million related to tax items including adjustments of difference between actual tax rate and intercompany tax rate, and other

miscellaneous amounts (the amount is after income tax effects).
Net Income (Loss) Attributable to Mitsui & Co., Ltd. of “Adjustments and Eliminations” for the three-month period ended December 31, 2011 includes (a) ¥4,450 million in general and administrative expenses of the corporate departments excluding pension costs, (b) a charge of ¥993 million for pension related items, and (c) ¥4,684 million related to tax items including adjustments of difference between actual tax rate and intercompany tax rate, and other miscellaneous amounts (all amounts are after income tax effects).

(4) During the three-month period ended June 30, 2012, the companies changed the headquarters' cost allocation system from partial allocation to full allocation to the operating segments in order to make business judgments which reflect the current cost structure. The effect of this change was a decrease in the Operating Income (Loss) and the Net Income (Loss) Attributable to Mitsui & Co., Ltd. for the nine-month period ended December 31, 2012 as follows:

	Millions of Yen						
	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function
Operating Income (Loss)	¥ (1,475)	¥ (8,144)	¥ (5,586)	¥ (3,457)	¥ (7,696)	¥ (5,658)	¥ (2,981)
Net Income (Loss) Attributable to Mitsui & Co., Ltd.	¥ (1,099)	¥ (6,067)	¥ (4,162)	¥ (2,575)	¥ (5,734)	¥ (4,215)	¥ (2,221)

The effect of this change was a decrease in the Operating Income (Loss) and the Net Income (Loss) Attributable to Mitsui & Co., Ltd. for the three-month period ended December 31, 2012 as follows:

	Millions of Yen						
	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Cross Function
Operating Income (Loss)	¥ (495)	¥ (2,715)	¥ (1,854)	¥ (1,165)	¥ (2,556)	¥ (1,858)	¥ (1,001)
Net Income (Loss) Attributable to Mitsui & Co., Ltd.	¥ (369)	¥ (2,023)	¥ (1,381)	¥ (868)	¥ (1,904)	¥ (1,384)	¥ (746)

(5) During the three-month period ended June 30, 2012, “Foods & Retail” Segment and the Consumer Service Business Unit that were included in the “Consumer Service & IT” Segment were aggregated into the “Lifestyle” Segment for the purpose of strengthening initiatives in our business geared towards consumer products and the service market in Japan and the emerging economies' consumers that are expected to expand.
Additionally, the “Logistics & Financial Business” Segment and the IT Business Unit that were included in the “Consumer Service & IT” Segment were aggregated into the “Innovation & Cross Function” Segment. This new segment provides the functions of financing, logistics and IT & process development for the purpose of reinforcing the entire companies' earnings base. This segment will also pursue the creation of new businesses with its sights set on the next generation. In accordance with these changes, the operating segment information for the nine-month and the three-month periods ended December 31, 2011, have been restated to conform to the current period presentation.

(6) During the three-month period ended June 30, 2012, “Machinery & Infrastructure Project” Segment changed its name to “Machinery & Infrastructure”.

(7) Operating Income (Loss) reflects the companies' a) Gross Profit, b) Selling, general and administrative expenses, and c) Provision for doubtful receivables as presented in the Statements of Consolidated Income.

10. CONTINGENT LIABILITIES

I. GUARANTEES

The table below summarizes the companies' guarantees as defined in ASC 460, "Guarantees," at December 31 and March 31, 2012. The maximum potential amount of future payments represents the amounts without consideration of possible recoveries under recourse provisions or from collateral held or pledged that the companies could be obliged to pay if there were defaults by guaranteed parties. Such amounts bear no relationship to the anticipated losses on these guarantees and indemnifications, and, in the aggregate, they greatly exceed anticipated losses.

The companies evaluate risks involved for each guarantee in an internal screening procedure before issuing a guarantee and regularly monitor outstanding positions and record adequate allowance to cover losses expected from probable performance under these agreements. The companies believe that the likelihood to perform guarantees which would materially affect the consolidated financial position, results of operations, or cash flows of the companies is remote at December 31, 2012.

	Millions of Yen				
	Amount outstanding	**Recourse provisions/ collateral**	**Maximum potential amount of future payments**	**Carrying amount of liabilities**	**Expire no later than**
December 31, 2012:					
Type of guarantees:					
Credit guarantees:					
Guarantees for third parties	¥ 68,470	¥ 11,311	¥ 105,256	¥ 429	2045
Guarantees for associated companies	189,125	960	254,602	3,944	2046
Guarantees to financial institutions for employees' housing loans	3,124	—	3,124	—	2036
Total	¥ 260,719	¥ 12,271	¥ 362,982	¥ 4,373	
Market value guarantees:					
Obligation to repurchase bills of exchange	¥ 85,783	¥ 81,770	¥ 85,783	—	2013
Residual value guarantees of leased assets	6,858	—	6,858	—	2016
Total	¥ 92,641	¥ 81,770	¥ 92,641	—	
Derivative instruments	¥ 3,645	—	¥ 3,645	¥ 211	

	Millions of Yen				
	Amount outstanding	Recourse provisions/ collateral	Maximum potential amount of future payments	Carrying amount of liabilities	Expire no later than
March 31, 2012:					
Type of guarantees:					
Credit guarantees:					
Guarantees for third parties	¥ 72,817	¥ 13,010	¥ 104,701	¥ 1,407	2045
Guarantees for associated companies	166,350	6,750	257,511	4,177	2046
Guarantees to financial institutions for employees' housing loans	3,781	—	3,781	—	2036
Total	¥ 242,948	¥ 19,760	¥ 365,993	¥ 5,584	
Market value guarantees:					
Obligation to repurchase bills of exchange	¥ 77,114	¥ 74,098	¥ 77,114	—	2013
Residual value guarantees of leased assets	7,109	—	7,109	—	2016
Total	¥ 84,223	¥ 74,098	¥ 84,223	—	
Derivative instruments	¥ 5,115	—	¥ 5,115	¥ 40	

Credit guarantees

The companies provide various types of guarantees to the benefit of third parties and related parties principally to enhance their credit standings, and would be required to execute payments if a guaranteed party failed to fulfill its obligation with respect to a borrowing, trade payable or contractual performance.

Categories of credit guarantees are as follows:

Guarantees for third parties

The companies guarantee, severally or jointly with others, indebtedness of certain customers and suppliers in the furtherance of their trading activities. Most of these guarantees outstanding at December 31 and March 31, 2012, will expire through 2022.

Guarantees for associated companies

The companies, severally or jointly with others, issue guarantees for associated companies for the purpose of furtherance of their trading activities and credit enhancement of associated companies. Main items of these guarantees are contractual performance guarantees which guarantee Toyo Engineering Corporation regarding plant construction contracts executed under the name of the guaranteed party in Southeast Asia. In the case that Toyo Engineering Corporation failed to fulfill the contractual obligation, the project owners would execute the performance guarantees to claim compensation for damages to the companies. Most of these guarantees outstanding at December 31 and March 31, 2012, will expire through 2025.

Guarantees to financial institutions for employees' housing loans

As a part of its employee benefits program, the Company issues guarantees to financial institutions for employees' housing loans. The maximum duration of the guarantees is 24 years. The Company obtains a mortgage on the employees' assets, if necessary.

Market value guarantees

Obligation to repurchase bills of exchange

In connection with export transactions, the companies issue bills of exchange, some of which are discounted by its negotiating banks. If a customer fails to fulfill its obligation with respect to the bills, the companies would be obligated to repurchase the bills based on the banking transaction agreement. The maximum potential amount of future payments is represented by the aggregate par value of the bills discounted by the banks, and the recourse provisions and collateral are represented by the amount backed by letters of credit from the issuing banks of the customers. Most of these obligations outstanding will be extinguished within 1 year.

Residual Value guarantees of leased assets

As lessees in operating lease contracts, a subsidiary has issued residual value guarantees on the leased locomotives. On the date of expiration of the major part of the operating lease contracts, in case of sales of those leased locomotives to the third party, the subsidiary will be responsible for making up any shortfall between the actual sales price and the guaranteed price for sales of those leased locomotives to the third party. Most of these guarantees outstanding at December 31 and March 31, 2012, will expire through 2016.

Derivative instruments

Certain derivative contracts, including written put options and credit default swaps, meet the accounting definition of guarantees under ASC 460, “Guarantees,” when it is probable that the counterparties have underlying assets or liabilities related to the derivative contracts.

The companies consider the business relationship with counterparties and other circumstances in deciding whether it is probable that the counterparties have underlying assets or liabilities, and did not include the derivative contracts with certain financial institutions and traders.

ASC 460, “Guarantees,” does not require disclosure about derivative contracts if such contracts permit or require net settlement and the companies have no basis for concluding that it is probable that the counterparties have underlying assets or liabilities.

The companies have written put options as a part of various derivative transactions related to energy, non-ferrous metals, precious metals and grain. The aggregation of notional amounts computed based on the strike prices and quantities of written options are disclosed as the total amount outstanding and the maximum potential amount of future payments. The carrying amount of liabilities is represented by the fair value of such written options recorded in the consolidated balance sheet. Most of these put options will expire within 1 year.

The companies manage the market and credit risks on these derivative instruments by monitoring fair values against loss limits and credit lines, and generally the maximum potential amount of future payments as stated above greatly overstates the companies’ exposure to market and credit risks.

Indemnification contracts

Indemnification for cargo delivery

The companies have issued Discharging Letters of Indemnification ("DLOI") to shipping companies for international trading activities. The maximum potential amount of future payments can not be estimated since the amount to be compensated is not specified in DLOI. No liability is recorded since the companies believe that there is little likelihood of incurring any loss from DLOI.

Indemnification for Sakhalin Energy Investment Company Ltd.

The Company has entered into an indemnity agreement which indemnify the banks against the companies' equity interest percentage of any impairment caused to the banks as a result of the mortgages over certain assets of Sakhalin Energy Investment Company Ltd. ("Sakhalin Energy"), in which the companies hold a 12.5% equity interest, as stipulated in the bank loan agreement not being granted nor perfected. The guaranteed amount not being stipulated in the indemnity agreement nor the measurement of the maximum potential amount of future payment not being practicable, no liability is recorded since the companies believe that there is little likelihood of incurring any loss from performance under the indemnity agreement.

The total amount of Sakhalin Energy's bank borrowings is U.S.$6.7 billion. The repayments of the borrowings have been made as stipulated in the loan agreement.

Product warranties

The companies provide warranties, in relation to their sales of products, including residential houses, for the performance of such products during specified warranty periods, and they are responsible for repair or payments of compensation against the claims by the customers regarding defects in performance or function. Estimated warranty costs are accrued at the time the products are sold based on the historical claim experiences. Main items of these warranties are the maintenance costs based on the defect liabilities for houses sold by Mitsui Bussan House-Techno, Inc.

A tabular reconciliation of changes in the estimated liabilities for product warranties for the nine-month periods ended December 31, 2012 and 2011 is as follows:

	Millions of Yen	
	December 31, 2012	December 31, 2011
Balance at beginning of the period	¥ 4,482	¥ 4,748
Payments made in cash or in kind	(443)	(422)
Accrual for warranties issued during the period	209	321
Changes in accrual related to pre-existing warranties	40	(140)
Balance at end of the period	¥ 4,288	¥ 4,507

II. LITIGATION

In respect of the oil spill incident at an exploration project in the Gulf of Mexico on April 20, 2010 (Incident), taking into account the settlement with BP Exploration & Production Inc., BP Corporation North America Inc., and BP p.l.c on May 20, 2011 (BP Settlement) and the settlement with the United States on February 17, 2012 (DOJ Settlement), the Company expects that any additional potential liability of its subsidiaries resulting from the Incident is no longer material. See Note 28 THE OIL SPILL INCIDENT OF A DRILLING RIG IN THE GULF OF MEXICO in the Company's Annual Securities Report for the year ended March 31, 2012 for further details of the incident and related settlement.

The Company recognized the BP Settlement amount of US$ 1.065 billion as "Settlement of the oil spill incident in the Gulf of Mexico" in the Statement of Consolidated Income for the year ended March 31, 2011. The payment of such amount was made during the year ended March 31, 2012. The Company recognized US$ 90 million with respect to the DOJ Settlement as "Other (income) expense—net" in the Statement of the Consolidated Income for the year ended March 31, 2012.

In addition to the claims with regard to the Incident, various other claims and legal actions are pending against the companies in respect of contractual obligations and other matters arising out of the conduct of the companies' business. Appropriate provision has been recorded for the estimated loss on claims and legal actions. In the opinion of management, other liabilities will not materially affect the consolidated financial position, results of operations, or cash flows of the Company.

11. VARIABLE INTEREST ENTITIES

The companies are involved with VIEs which mainly engage in leasing and financing activities within the Machinery & Infrastructure, Chemicals and Lifestyle Segments.

When evaluating whether the companies are the primary beneficiary of a VIE and must therefore consolidate the VIE, the companies perform a qualitative analysis that the companies have both the: (1) power to direct the activities of a VIE that most significantly impact the entity's economic performance and (2) obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Consolidated Variable Interest Entities

VIEs that have been consolidated by the companies in accordance with ASC 810, "Consolidation," are described by groups aggregated by similar characteristics of risks and rewards of each VIE as follows:

The companies hold senior investment securities of VIE whose operation is real estate development ("Real estate development VIE"), which is consolidated by the companies as the primary beneficiary as of March 31, 2012. The companies deconsolidated the VIE as the regarding securities are no longer held by the companies as of December 31, 2012. The companies also hold a majority of the voting interests in VIEs, whose primary activity is chartering a vessel under a single-lessee leasing arrangement ("Vessel chartering VIE"), and whose primary activity is providing loans ("Loan VIE"). These VIEs are financed mainly by issuance of stock including preferred securities or borrowings.

The total asset of the Real estate development VIE is ¥5,777 million as of March 31, 2012, which shows no outstanding balance as of December 31, 2012. The total assets of the Vessel chartering VIEs as of December 31 and March 31, 2012 are ¥10,321 million and ¥22,124 million, respectively; and the total assets of the Loan VIEs as of December 31 and March 31, 2012 are ¥22,646 million and ¥33,753 million, respectively.

The consolidated real estate which includes land and buildings was pledged as collateral for the Real estate development VIE's long-term debt. Its carrying amount as of March 31, 2012 is ¥4,377 million, and they are included mainly in inventories as real estate for sale on the Consolidated Balance Sheet as of March 31, 2012. There is no outstanding amount as of December 31, 2012.

The companies did not provide any financial or other support to the VIEs that they were not previously contractually obligated to provide for the nine-month period ended December 31, 2012 and for the year ended March 31, 2012.

The creditors or beneficial interest holders of the consolidated VIEs do not have recourse to the general credit of the companies except for certain entities.

Non-consolidated Variable Interest Entities

VIEs that are not consolidated because the companies are not the primary beneficiary, but in which the companies have significant variable interests, are described as follows. In addition, the followings include VIEs that the companies determined not to consolidate as the power to direct the activities that most significantly impact the entity's economic performance is shared among multiple unrelated parties by contractual provisions and the like.

The companies are involved with and have significant variable interests in a number of VIEs that have been established to finance crude oil and gas producing plants and equipment or to finance subordinated debts by providing guarantees or subordinated loans to the VIEs. Those VIEs provide financing for customers located principally in Latin America, Middle East, and Southeast Asia in the form of leases and loans. These entities are financed mainly by bank borrowings and issuance of stock including preferred securities.

The total assets of the VIEs and the companies' maximum exposure to loss as of December 31, 2012 are ¥1,597,463 million and ¥103,916 million, respectively. The total assets of the VIEs and the companies' maximum exposure to loss as of March 31, 2012 were ¥1,576,853 million and ¥115,557 million, respectively. The total assets of the VIEs reflect the most current information available to the companies.

The amount of maximum exposure to loss represents a loss that the companies could incur from the variability in value of the leased assets, from financial difficulties of the customers and the like. In addition, the amount bears no relation to the loss anticipated to be incurred from the companies' involvement with the VIEs and is considered to greatly exceed the anticipated loss.

The maximum exposure to loss represents the amounts of investments, advances and guarantees provided by the companies to the VIEs as of December 31 and March 31, 2012.

The companies did not provide any financial or other support to the VIEs that they were not previously contractually obligated to provide for the nine-month period ended December 31, 2012 and for the year ended March 31, 2012.

12. *DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES*

The companies are exposed to market risks related to foreign currency exchange rates, interest rates and commodity prices in the ordinary course of business.

In order to offset or reduce these risks, the companies use derivative instruments, such as foreign exchange forward contracts, currency swap agreements, interest rate swap agreements, commodity future, forward, option and swap contracts, to hedge the exposure to changes in the fair value or expected future cash flows of recognized assets and liabilities, unrecognized firm commitments or forecasted transactions. The companies also use derivative instruments and non-derivative financial instruments, such as foreign-currency-denominated debt, to hedge the foreign currency exposure in the net investment in a foreign operation.

The notional amounts of the companies' derivative instruments as of December 31, 2012 and March 31, 2012 were as follows:

	Billions of Yen	
	December 31, 2012	March 31, 2012
Foreign exchange contracts	¥ 3,111	¥ 2,893
Interest rate contracts	1,967	2,039
Commodity contracts	29,133	34,678
Other contracts	8	—
Total derivative notional amounts	¥ 34,219	¥ 39,610

Foreign currency exchange rate risk hedging activities

The companies use derivative instruments, such as foreign exchange forward contracts, currency swap agreements and interest rate and currency swap agreements, to fix the expected future cash flows from foreign-currency-denominated receivables and payables resulting from selling and purchasing activities in currencies other than the local currency and long-term financing transactions as part of the companies' global operations in many countries. The companies also use derivative instruments and non-derivative financial instruments, such as foreign-currency-denominated debt, in order to hedge the foreign currency exposure in the net investment in a foreign operation.

Interest rate risk hedging activities

The companies use interest rate swap agreements and interest rate and currency swap agreements to diversify the sources of fund raising, reduce fund-raising costs, fix the expected future cash flows from long-term financial assets and liabilities with floating interest rates and reduce the exposure to changes in the fair value of long-term financial assets and liabilities with fixed interest rates.

Commodity price risk hedging activities

The companies use derivative instruments, such as commodity future, forward, option and swap contracts, to reduce the exposure to changes in the fair value of inventories and unrecognized firm commitments and to fix the expected future cash flows from forecasted transactions in marketable commodities, such as non-ferrous metals, crude oil and agricultural products.

Risk management policy

The companies have strictly separated the trading sections from the sections that record the results and positions of derivative instruments and are responsible for cash settlement and account confirmation with counterparties. Risk management sections classify the derivative transactions into trading transactions and hedging transactions. The distinction between trading and hedging transactions is strictly managed by confirming the correspondence with the hedged items for transactions for hedging purposes. Furthermore, these risk management sections comprehensively monitor, evaluate and analyze the positions of derivative instruments and report the results periodically to the Company's executive officers in charge of risk management. Based on these reports, the executive officers assess derivative instruments and the market risks surrounding these instruments, and establish the companies' risk management policy regarding derivative instruments.

Fair value hedges

Changes in the fair value of derivative instruments designated as hedging the exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments are recorded in earnings together with changes in the fair value of the corresponding hedged items attributable to the hedged risks.

The net gain or loss recognized in earnings representing the amount of the hedges' ineffectiveness and the component of the derivative instruments' gain or loss excluded from the assessment of hedge effectiveness were immaterial for the nine-month and three-month periods ended December 31, 2012 and 2011.

The amount of net gain or loss recognized in earnings when a hedged firm commitment no longer qualifies as a fair value hedge was immaterial for the nine-month and three-month periods ended December 31, 2012 and 2011.

The companies include the gain and loss on the hedged items in the same line item as the offsetting loss or gain on the derivative instruments designated as hedging instruments.

The following table presents the gain/(loss) on hedged items and derivative instruments designated and qualifying as a fair value hedge included within the Statement of Consolidated Income for the nine-month and three-month periods ended December 31, 2012 and 2011:

Nine-Month Period Ended December 31, 2012	**Millions of Yen**			
Income statement location	**Hedged items**	**Gain (loss) on hedged items**	**Hedging instruments**	**Gain (loss) on hedging instruments**
Interest expense	Long-term debt	¥ (7,848)	Interest rate contracts	¥ 7,840
Other (income) expense—net	Long-term debt	1,374	Foreign exchange contracts	(1,693)
Cost of products sold	Inventories	(62)	Commodity contracts	309
Total		¥ (6,536)		¥ 6,456

Nine-Month Period Ended December 31, 2011	**Millions of Yen**			
Income statement location	**Hedged items**	**Gain (loss) on hedged items**	**Hedging instruments**	**Gain (loss) on hedging instruments**
Interest expense	Long-term debt	¥ (9,825)	Interest rate contracts and foreign exchange contracts	¥ 9,766
Other (income) expense—net	Long-term debt	(1,721)	Foreign exchange contracts	1,351
Cost of products sold	Firm commitments and inventories	(238)	Commodity contracts	239
Total		¥ (11,784)		¥ 11,356

Three-Month Period Ended December 31, 2012	Millions of Yen			
Income statement location	**Hedged items**	**Gain (loss) on hedged items**	**Hedging instruments**	**Gain (loss) on hedging instruments**
Interest expense	Long-term debt	¥ 300	Interest rate contracts	¥ (299)
Other (income) expense—net	Long-term debt	1,751	Foreign exchange contracts	(2,263)
Cost of products sold	Inventories	483	Commodity contracts	29
Total		¥ 2,534		¥ (2,533)

Three-Month Period Ended December 31, 2011	Millions of Yen			
Income statement location	**Hedged items**	**Gain (loss) on hedged items**	**Hedging instruments**	**Gain (loss) on hedging instruments**
Interest expense	Long-term debt	¥ (1,779)	Interest rate contracts and foreign exchange contracts	¥ 1,910
Other (income) expense—net	Long-term debt	1,056	Foreign exchange contracts	(1,218)
Cost of products sold	Firm commitments and inventories	57	Commodity contracts	(56)
Total		¥ (666)		¥ 636

Cash flow hedges

Changes in the fair value of foreign exchange forward contracts, currency swap agreements and interest rate and currency swap agreements designated as hedging instruments to hedge the exposure to variability in expected future cash flows of recognized assets or liabilities, unrecognized firm commitments and forecasted transactions denominated in foreign currencies are initially recorded as other comprehensive income ("OCI") to the extent they are effective. The amounts in accumulated other comprehensive income ("AOCI") are reclassified into earnings when earnings are affected by the hedged items.

Changes in the fair value of interest rate swap agreements designated as hedging instruments to reduce the exposure to variability in expected future cash flows of floating-rate financial assets and liabilities are initially recorded as OCI to the extent they are effective. The amounts in AOCI are reclassified into earnings as interest income and expense when earnings are affected by the hedged items.

Changes in the fair value of commodity forward and swap contracts designated as hedging instruments to hedge the exposure to variability in expected future cash flows of the marketable commodities are initially recorded as OCI to the extent they are effective. The amounts in AOCI are reclassified into earnings as sales of products or cost of products sold when earnings are affected by the hedged transactions.

The ineffective portion of the hedging instruments' gain or loss and the component of the derivative instruments' gain or loss excluded from the assessment of hedge effectiveness are reported in earnings immediately. If the hedged forecasted transaction will not occur by the end of the originally specified time period, gain or loss on the hedging instrument reported in AOCI is reclassified into earnings. These amounts were immaterial for the nine-month and three-month periods ended December 31, 2012 and 2011.

The estimated net amounts of the existing gains or losses in AOCI at December 31, 2012 and March 31, 2012 that were expected to be reclassified into earnings within the next 12 months were net loss of ¥437 million and ¥1,284 million, respectively.

As of December 31, 2012 and March 31, 2012, the maximum length of time over which the companies are hedging their exposure to the variability in expected future cash flows for forecasted transactions (excluding those forecasted transactions related to the payment of variable interest on existing financial instruments) was 14 and 12 months. Foreign exchange forward contracts are used as hedging instruments for the forecasted transactions.

Hedges of the net investment in a foreign operation

The foreign currency transaction gain or loss on the derivative instrument and the non-derivative financial instrument that are designated as, and are effective as, hedging instruments to hedge the foreign currency exposure of a net investment in a foreign operation are recorded as foreign currency translation adjustments within OCI to the extent they are effective as a hedge.

Derivative instruments for trading purposes and risk management policy

The Company and certain subsidiaries use derivative instruments such as foreign exchange forward contracts, interest rate swap agreements and commodity future, forward, swap and option contracts for trading purposes. The Company's executive officers in charge of risk management have set strict position and loss limits for these instruments. Independent back and middle offices strictly separated from trading sections (front offices) monitor, evaluate and analyze the position of trading transactions and market risks. Those results are periodically reported to the executive officers. Among others, VaR (Value at Risk: Statistical measure of the potential maximum loss in the fair value of a portfolio resulting from adverse market movements in the underlying risk factors such as foreign currency exchange rates, interest rates and commodity prices, over a defined period, within a certain confidence level) is used to measure the market risks of derivative instruments for trading purposes.

The following table presents the fair value of derivative instruments included within the Consolidated Balance Sheets as of December 31, 2012 and March 31, 2012:

Derivative instruments designated as hedging instruments under ASC 815 "Derivatives and Hedging"

	Millions of Yen					
		December 31, 2012	March 31, 2012		December 31, 2012	March 31, 2012
Derivative instruments	**Balance sheet location**	**Fair value**	**Fair value**	**Balance sheet location**	**Fair value**	**Fair value**
Foreign exchange contracts	Derivative assets	¥ 7,563	¥ 8,369	Derivative liabilities	¥ 23,436	¥ 1,813
	Non-current receivables, less unearned interest	10,672	15,402	Other Long-Term Liabilities	10,340	1,101
Interest rate contracts	Derivative assets	451	451	Derivative liabilities	17	172
	Non-current receivables, less unearned interest	24,226	23,950	Other Long-Term Liabilities	12,068	7,819
Commodity contracts	Derivative assets	32	89	Derivative liabilities	475	152
Total		¥ 42,944	¥ 48,261		¥ 46,336	¥ 11,057

Derivative instruments not designated as hedging instruments under ASC 815 "Derivatives and Hedging"

	Millions of Yen					
		December 31, 2012	March 31, 2012		December 31, 2012	March 31, 2012
Derivative instruments	**Balance sheet location**	**Fair value**	**Fair value**	**Balance sheet location**	**Fair value**	**Fair value**
Foreign exchange contracts	Derivative assets	¥ 39,723	¥ 23,249	Derivative liabilities	¥ 58,587	¥ 42,517
	Non-current receivables, less unearned interest	20,253	12,625	Other Long-Term Liabilities	15,563	11,246
Interest rate contracts	Derivative assets	2,195	1,070	Derivative liabilities	2,295	1,567
	Non-current receivables, less unearned interest	10,269	10,310	Other Long-Term Liabilities	12,668	12,272
Commodity contracts	Derivative assets	433,900	1,115,936	Derivative liabilities	423,564	1,119,666
	Non-current receivables, less unearned interest	242,194	450,113	Other Long-Term Liabilities	272,313	483,063
Other contracts	Non-current receivables, less unearned interest	2,337	—			
Total		¥ 750,871	¥ 1,613,303		¥ 784,990	¥ 1,670,331

Non-derivative instruments designated as hedging instruments under ASC 815 "Derivatives and Hedging"

		Millions of Yen	
		December 31, 2012	March 31, 2012
Hedging instruments	**Balance sheet location**	**Carrying amount**	**Carrying amount**
Foreign-currency-denominated debt	Current maturities of long-term debt	¥ 64,156	¥ 31,548
	Long-term Debt, less Current Maturities	361,426	295,031
Foreign-currency-denominated bonds	Long-term Debt, less Current Maturities	6,942	—
Total		¥ 432,524	¥ 326,579

The following tables present the amounts affecting the Statements of Consolidated Income and other comprehensive income for the nine-month and three-month periods ended December 31, 2012 and 2011:

Derivative instruments in ASC 815 fair value hedging relationships

Nine-Month Period Ended December 31, 2012	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Other (income) expense —net	¥ (1,693)
Interest rate contracts	Interest expense	7,840
Commodity contracts	Cost of products sold	309
Total		¥ 6,456

Nine-Month Period Ended December 31, 2011	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Interest expense	¥ 21
	Other (income) expense —net	1,351
Interest rate contracts	Interest expense	9,745
Commodity contracts	Cost of products sold	239
Total		¥ 11,356

Three-Month Period Ended December 31, 2012	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Other (income) expense —net	¥ (2,263)
Interest rate contracts	Interest expense	(299)
Commodity contracts	Cost of products sold	29
Total		¥ (2,533)

Three-Month Period Ended December 31, 2011	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Interest expense	¥ 131
	Other (income) expense —net	(1,218)
Interest rate contracts	Interest expense	1,779
Commodity contracts	Cost of products sold	(56)
Total		¥ 636

Derivative instruments in ASC 815 cash flow relationships

Nine-Month Period Ended December 31, 2012	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	Amount of gain (loss) recognized in OCI on derivative instruments	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) reclassified from AOCI into income	Location of gain (loss) recognized in income on derivative instruments	Amount of gain (loss) recognized in income on derivative instruments
Foreign exchange contracts	¥ 4,783	Sales of products	¥ 2,116		
		Other sales	213		
		Cost of products sold	614		
		Other (income) expense —net	(986)		
Interest rate contracts.........	(3,235)	Interest expense	1,142		
Commodity contracts.........	370	Sales of products	450	Sales of products	¥ (286)
Total..................................	¥ 1,918		¥ 3,549		¥ (286)

Nine-Month Period Ended December 31, 2011	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	Amount of gain (loss) recognized in OCI on derivative instruments	Location of gain (loss) reclassified from AOCI into income	Amount of gain (loss) reclassified from AOCI into income	Location of gain (loss) recognized in income on derivative instruments	Amount of gain (loss) recognized in income on derivative instruments
Foreign exchange contracts	¥ 1,728	Sales of products	¥ 1,428		
		Cost of products sold	25		
		Other (income) expense —net	1,892		
Interest rate contracts.........	(4,678)	Interest expense	1,123		
Commodity contracts.........	(211)			Sales of products	¥ 282
Total..................................	¥ (3,161)		¥ 4,468		¥ 282

Three-Month Period Ended December 31, 2012	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	**Amount of gain (loss) recognized in OCI on derivative instruments**	**Location of gain (loss) reclassified from AOCI into income**	**Amount of gain (loss) reclassified from AOCI into income**	**Location of gain (loss) recognized in income on derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	¥ 2,676	Sales of products	¥ 865		
		Other sales	0		
		Cost of products sold	213		
		Other (income) expense —net	362		
Interest rate contracts.........	(815)	Interest expense	375		
Commodity contracts.........	(70)	Sales of products	413	Sales of products	¥ (907)
Total...................................	¥ 1,791		¥ 2,228		¥ (907)

Three-Month Period Ended December 31, 2011	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	**Amount of gain (loss) recognized in OCI on derivative instruments**	**Location of gain (loss) reclassified from AOCI into income**	**Amount of gain (loss) reclassified from AOCI into income**	**Location of gain (loss) recognized in income on derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	¥ 10,126	Sales of products	¥ (4)		
		Cost of products sold	(100)		
		Other (income) expense —net	3,367		
Interest rate contracts.........	(276)	Interest expense	381		
Commodity contracts.........	484			Sales of products	¥ 65
Total...................................	¥ 10,334		¥ 3,644		¥ 65

Derivative instruments and hedging instruments in ASC 815 net investment hedging relationships

Nine-Month Period Ended December 31, 2012	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	**Amount of gain (loss) recognized in OCI on derivative instruments**	**Location of gain (loss) reclassified from AOCI into income**	**Amount of gain (loss) reclassified from AOCI into income**	**Location of gain (loss) recognized in income on derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	¥ (27,953)			Interest income	¥ (1,021)
				Other (income) expense —net	(1,977)
Foreign-currency -denominated debt	(21,984)			Other (income) expense —net	(528)
Total	¥ (49,937)		—		¥ (3,526)

Nine-Month Period Ended December 31, 2011	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	**Amount of gain (loss) recognized in OCI on derivative instruments**	**Location of gain (loss) reclassified from AOCI into income**	**Amount of gain (loss) reclassified from AOCI into income**	**Location of gain (loss) recognized in income on derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	¥ 19,656	Gain on sales of securities—net	¥ 424	Interest income	¥ (104)
				Other (income) expense —net	2,468
Foreign-currency -denominated debt	11,972	Gain on sales of securities—net	3,931	Other (income) expense —net	215
Total	¥ 31,628		¥ 4,355		¥ 2,579

Three-Month Period Ended December 31, 2012	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	**Amount of gain (loss) recognized in OCI on derivative instruments**	**Location of gain (loss) reclassified from AOCI into income**	**Amount of gain (loss) reclassified from AOCI into income**	**Location of gain (loss) recognized in income on derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	¥ (36,262)			Interest income	¥ (579)
				Other (income) expense —net	(454)
Foreign-currency -denominated debt	(40,070)			Other (income) expense —net	(609)
Total	¥ (76,332)		—		¥ (1,642)

Three-Month Period Ended December 31, 2011	Millions of Yen				
	Effective portion			Ineffective portion and amount excluded from effective testing	
Derivative instruments	**Amount of gain (loss) recognized in OCI on derivative instruments**	**Location of gain (loss) reclassified from AOCI into income**	**Amount of gain (loss) reclassified from AOCI into income**	**Location of gain (loss) recognized in income on derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	¥ (2,301)			Interest income	¥ 14
				Other (income) expense —net	(698)
Foreign-currency -denominated debt	(2,092)			Other (income) expense —net	48
Total	¥ (4,393)		—		¥ (636)

Derivative instruments not designated as hedging instruments under ASC 815

Nine-Month Period Ended December 31, 2012	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Sales of products	¥ (653)
	Other sales	388
	Cost of products sold	1,600
	Interest income	(355)
	Other (income) expense —net	(15,839)
Interest rate contracts	Other sales	47
	Interest income	0
	Interest expense	1,115
	Other (income) expense —net	129
Commodity contracts	Sales of products	6,064
	Other sales	4,507
	Cost of products sold	(2)
	Other (income) expense —net	802
Other contracts	Other (income) expense —net	1,000
Total		¥ (1,197)

Nine-Month Period Ended December 31, 2011	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Sales of products	¥ (1,956)
	Other sales	(330)
	Cost of products sold	(1,552)
	Other (income) expense —net	12,988
Interest rate contracts	Other sales	2,291
	Interest expense	807
	Cost of other sales	(444)
Commodity contracts	Sales of products	16,503
	Other sales	16,880
	Cost of products sold	(2,239)
Total		¥ 42,948

Three-Month Period Ended December 31, 2012	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Sales of products	¥ 467
	Other sales	753
	Cost of products sold	2,706
	Interest income	(111)
	Other (income) expense —net	(19,860)
Interest rate contracts	Other sales	(120)
	Interest income	131
	Interest expense	837
	Other (income) expense —net	67
Commodity contracts	Sales of products	14,474
	Other sales	(5,316)
	Cost of products sold	(1,411)
	Other (income) expense —net	152
Other contracts	Other (income) expense —net	56
Total		¥ (7,175)

Three-Month Period Ended December 31, 2011	Millions of Yen	
Derivative instruments	**Location of gain (loss) recognized in income of derivative instruments**	**Amount of gain (loss) recognized in income on derivative instruments**
Foreign exchange contracts	Sales of products	¥ (3,515)
	Other sales	(308)
	Cost of products sold	394
	Other (income) expense —net	(495)
Interest rate contracts	Other sales	(236)
	Interest expense	329
	Cost of other sales	112
Commodity contracts	Sales of products	4,814
	Other sales	5,341
	Cost of products sold	(3,369)
Total		¥ 3,067

Credit-risk-related contingent features

Certain of the companies' derivative instruments, mainly for commodity future, forward, option and swap contracts, contain provisions that require the companies' debt to maintain a certain credit rating from each of the major credit rating agencies such as Standard & Poor's Services. If the credit rating of the companies' debt falls below a designated credit rating, it will be in violation of these provisions, and the counterparties to the derivative instruments can request early termination or demand immediate and ongoing overnight collateralization on derivative instruments in net liability positions.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a liability position on December 31, 2012 and March 31, 2012, was ¥2,237 million and ¥15,310 million, respectively (¥1,737 million and ¥8,100 million on the net basis of liability position after offsetting derivative assets against derivative liabilities in accordance with the adoption of ASC 210-20 "Balance Sheet: Offsetting"). Collateral of ¥408 million and ¥5,302 million in the normal course of business associated with these contracts were posted at December 31, 2012 and March 31, 2012, respectively. If the credit-risk-related contingent features underlying these agreements had been triggered on December 31, 2012 and March 31, 2012, the aggregate fair value of additional assets that would be required to be posted as collateral and/or the aggregate fair value of assets needed to settle the instruments would be ¥1,329 million and ¥2,949 million, respectively.

13. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

In accordance with the requirements of ASC 825-10-50, “Disclosures about Fair Value of Financial Instruments,” the companies have provided the following fair value estimates and information about valuation methodologies.

Quoted market prices, where available, are used to estimate fair values of financial instruments. When market prices are unavailable, fair values are estimated using discounted cash flow analysis or other valuation techniques.

Current financial assets other than marketable securities and current financial liabilities

The carrying amount approximates the fair value of the majority of these instruments because of their short maturities.

Marketable securities and other investments

See Note 3, “MARKETABLE SECURITIES AND OTHER INVESTMENTS” and Note 14, “FAIR VALUE MEASUREMENTS.”

Non-current receivables and advances to associated companies

The fair values of non-current receivables, including fixed rate, long-term loans receivable, are estimated by discounted cash flow analysis, using interest rates currently being offered for loans or accounts receivable with similar terms to borrowers or customers of similar credit quality and remaining maturities. The carrying amounts of loans with floating rates approximate the fair value.

Long-term debt

The fair values for long-term debt, except for debt with floating rates whose carrying amounts approximate fair value, are estimated by discounted cash flow analysis, using rates currently available for similar types of borrowings with similar terms and remaining maturities.

Financial guarantees and financing commitments

The fair values of financial guarantees are estimated based on the present values of expected future cash flows, considering the remaining terms of the arrangements and the counterparties’ credit standings.

The companies have not estimated the fair values of financing commitments because management does not believe it is practicable to estimate the fair values due to uncertainty involved in attempting to assess the likelihood and timing of commitments being drawn upon, coupled with the lack of an established market. However, management believes the likelihood is remote that material payments will be required under these financing commitments.

Derivative financial instruments

See Note 14, “FAIR VALUE MEASUREMENTS.”

The estimated fair values of certain financial instruments at December 31, 2012 and March 31, 2012 were as follows:

	Millions of Yen			
	December 31, 2012		March 31, 2012	
	Carrying amount	Fair value(*)	Carrying amount	Fair value(*)
Financial Assets (other than derivative financial instruments):				
Current financial assets other than marketable securities	¥3,431,915	¥3,431,915	¥3,655,399	¥3,655,399
Non-current receivables and advances to associated companies (less allowance for doubtful receivables)	414,489	416,481	314,108	315,938
Financial Liabilities (other than derivative financial instruments):				
Current financial liabilities	2,416,537	2,416,537	2,043,574	2,043,574
Long-term debt (including current maturities)	3,633,945	3,725,009	3,427,444	3,513,485

* The fair values of financial assets and liabilities other than derivative financial instruments, which primarily include cash and cash equivalents, accounts receivable, loans, accounts payable, borrowings, and bonds, are estimated using a discounted cash flow model by incorporating such key observable inputs as market interest rates, and are classified as level 2 except for the following:

1. The fair values of cash and cash equivalents included in current financial assets other than marketable securities which are classified as level 1 as of December 31, 2012 and March 31, 2012 were ¥1,026,725 million and ¥1,280,662 million, respectively.
2. The fair values of loans and other receivables included in non-current receivables and advances to associated companies (less allowance for doubtful receivables) which are classified as level 3 as of December 31, 2012 and March 31, 2012 were ¥151,598 million and ¥46,686 million, respectively. These are estimated using a discounted cash flow model by incorporating such key significant unobservable inputs as credit spreads, probability of default, and loss severity of each loan or receivable.

Concentration of Credit Risk

The companies' global operations include a variety of businesses with diverse customers and suppliers, which reduces concentrations of credit risks. The companies mainly deal with selective international financial institutions to minimize the credit risk exposure of derivative financial instruments. Credit risk represents the likelihood that the counterparties may be unable to meet the terms of the agreements. Management does not expect any significant losses as a result of counterparty default on financial instruments. Credit risk is managed with approvals of credit lines by management and continuous monitoring of counterparties' operations. The companies require counterparties to post collateral, if necessary.

14. FAIR VALUE MEASUREMENTS

ASC 820 "Fair Value Measurements and Disclosures," defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes the fair value hierarchy that may be used to measure fair value which is provided as follows:

Level 1:
Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:
Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include the following:

(1) Quoted prices for similar assets or liabilities in active markets
(2) Quoted prices for identical or similar assets or liabilities in markets that are not active
(3) Inputs other than quoted prices that are observable for the asset or liability
(4) Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3:
Unobservable inputs for the asset or liability.

The companies recognize transfers of assets or liabilities between levels of the fair value hierarchy as of the end of each reporting period when the transfers occur.

I. Valuation techniques

Primary valuation techniques used for each financial instrument and nonfinancial asset measured at fair value are as follows:

Securities
- Marketable equity securities and debt securities are measured at fair value.
- Publicly-traded, marketable equity securities are valued using quoted market prices and classified as level 1.
- Debt securities, consisting principally of preferred stock that must be redeemed and government bonds, are valued using a discounted cash flow analysis or quoted prices obtained from third parties, and classified as level 2.
- In the event of an other-than-temporary decline in fair value of non-marketable equity securities and investments in associated companies, these are measured at fair value. Retained investments in the former consolidated subsidiaries are remeasured at fair value using principally a discounted cash flow model with gains and losses recognized in earnings when subsidiaries are deconsolidated. The investments in listed associated companies are valued based on quoted market prices. These are classified as level 1. Some non-marketable equity securities are valued based primarily on quoted market prices for similar securities. These securities are classified as level 2. Other non-marketable equity securities, apart from those classified as level 2, and the investments in unlisted associated companies are valued based on the net asset value of the investment adjusted using cash flows and other factors that would impact the fair value. These are classified as level 3.

Derivative Instruments
- Derivative instruments mainly consist of derivative commodity instruments and derivative financial instruments.
- Exchange-traded derivative commodity instruments valued using quoted market prices are classified as level 1. The valuation for certain derivative commodity instruments is based upon adjusted quoted prices. These derivative commodity instruments are classified as level 2 or level 3 depending on the level of adjustment made.
- Derivative financial instruments classified as level 2 are mainly valued by a discounted cash flow analysis using foreign exchange and interest rates or quoted prices currently available for similar types of agreements.

Nonfinancial Assets

- Long-lived assets include tangible assets and identifiable intangible assets subject to amortization.
- The assets are valued based on independent appraisals, prices for similar assets or discounted future cash flows whichever management considers most appropriate and categorized as level 3.
- Goodwill classified as level 3 is mainly valued on the basis of the fair value of the subsidiary, which is measured using discounted cash flows or third party valuations.

II. Valuation process

- The valuation process involved in level 3 measurements for each applicable asset and liability is governed by the model validation policy and related procedures pre-approved by management of the Corporate Staff Division. Based on the policy and procedures, either personnel from the accounting division or the investment directors determine the valuation model to be utilized to measure each asset and liability at fair value. We engage independent external experts of valuation to assist in the valuation process for certain assets over a specific amount, and their results of valuations are reviewed by the responsible personnel. All the valuations including those performed by the external experts are reviewed and approved by the Corporate Staff Division management before being recorded in the general ledgers. The companies quarterly analyzes changes in the recurring fair valuation measurements of non-marketable equity securities based on such information as prices from most recent transactions.

III. Assets and liabilities measured at fair value on a recurring basis

Assets and liabilities measured at fair value on a recurring basis at Decembr 31, 2012 and March 31, 2012, are as follows:

December 31, 2012	Millions of Yen				
	Fair value measurements using				
	Level 1	Level 2	Level 3	Netting adjustments*	Total fair value
Assets:					
Equity securities and debt securities:					
Marketable equity securities (Japan)	¥ 350,580	—	—		
Marketable equity securities (Non-Japan)	39,063	—	¥ 11,974		
Preferred stock that must be redeemed	—	¥ 42,826	—		
Government bonds	—	15	—		
Other securities	—	56	—		
Total equity securities and debt securities	¥ 389,643	¥ 42,897	¥ 11,974		¥ 444,514
Derivative assets:					
Foreign exchange contracts	—	¥ 78,211	—		
Interest rate contracts	¥ 6,542	30,599	—		
Commodity contracts	38,800	636,778	¥ 548		
Other contracts	—	—	2,337		
Total derivative assets (current and non-current)	¥ 45,342	¥ 745,588	¥ 2,885	¥ (679,038)	¥ 114,777
Total assets	¥ 434,985	¥ 788,485	¥ 14,859	¥ (679,038)	¥ 559,291
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	—	¥ 107,926	—		
Interest rate contracts	¥ 5,859	21,189	—		
Commodity contracts	23,569	672,527	¥ 256		
Total derivative liabilities (current and non-current)	¥ 29,428	¥ 801,642	¥ 256	¥ (714,029)	¥ 117,297
Total liabilities	¥ 29,428	¥ 801,642	¥ 256	¥ (714,029)	¥ 117,297

March 31, 2012	Millions of Yen				
	Fair value measurements using				
	Level 1	Level 2	Level 3	Netting adjustments*	Total fair value
Assets:					
Equity securities and debt securities:					
Marketable equity securities (Japan)	¥ 370,506	—	—		
Marketable equity securities (Non-Japan)	41,640	—	¥ 14,569		
Preferred stock that must be redeemed	—	¥ 55,523	—		
Government bonds	—	20	—		
Other securities	—	460	—		
Total equity securities and debt securities	¥ 412,146	¥ 56,003	¥ 14,569		¥ 482,718
Derivative assets:					
Foreign exchange contracts	—	¥ 59,645	—		
Interest rate contracts	¥ 6,218	29,563	—		
Commodity contracts	26,147	1,539,106	¥ 885		
Total derivative assets (current and non-current)	¥ 32,365	¥ 1,628,314	¥ 885	¥(1,554,378)	¥ 107,186
Total assets	¥ 444,511	¥ 1,684,317	¥ 15,454	¥(1,554,378)	¥ 589,904
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	—	¥ 56,677	—		
Interest rate contracts	¥ 5,345	16,485	—		
Commodity contracts	26,397	1,575,663	¥ 821		
Total derivative liabilities (current and non-current)	¥ 31,742	¥ 1,648,825	¥ 821	¥(1,594,230)	¥ 87,158
Total liabilities	¥ 31,742	¥ 1,648,825	¥ 821	¥(1,594,230)	¥ 87,158

* Amounts of netting adjustments include the impact of legally enforceable master netting agreements that allow the companies to settle positive and negative positions and also cash collateral held or placed with the same counterparties.

A reconciliation of all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the nine-month period ended December 31, 2012 is as follows:

	Millions of Yen	
December 31, 2012	**Fair value measurements using significant unobservable inputs (Level 3)**	
	Equity securities and debt securities Marketable equity securities (Non-Japan)	**Derivative assets (liabilities)—net Commodity contracts and other contracts**
Opening balance	¥ 14,569	¥ 64
Total gains or losses for the period:	(1,252)	2,775
Included in earnings	(1,252)	2,775
Included in other comprehensive income (loss)	—	—
Purchase, sales, issues, and settlement:	(933)	(455)
Purchases	3,083	—
Sales	(4,016)	—
Issues	—	—
Settlements	—	(455)
Transfers into Level 3:	—	(2)
Transfers out of Level 3:	(964)	1
Translation adjustments	554	246
Closing balance	¥ 11,974	¥ 2,629
Change in unrealized (losses) or gains for the period included in earnings for assets held at the reporting date	¥ (1,252)	¥ 2,694

Gains and losses are included in cost of products sold, other sales and other income (expense)-net in the Statement of Consolidated Income for the nine-month period ended December 31, 2012.

A reconciliation of all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the nine-month period ended December 31, 2011 is as follows:

	Millions of Yen	
December 31, 2011	**Fair value measurements using significant unobservable inputs (Level 3)**	
	Equity securities and debt securities Marketable equity securities (Non-Japan)	**Derivative assets (liabilities)—net Commodity contracts**
Beginning balance	¥ 8,374	¥ 236
Total gains or losses (realized/unrealized):	533	671
Included in earnings	533	671
Included in other comprehensive income (loss)	—	—
Purchases, sales, issuances, and settlements:	2,581	(728)
Purchases	2,581	—
Sales	—	—
Issuances	—	—
Settlements	—	(728)
Transfers into and/or (out of) Level 3	—	(203)
Translation adjustments	(600)	(3)
Ending balance	¥ 10,888	¥ (27)
The amount of total gains or (losses) for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	¥ 533	¥ 27

	Millions of Yen			
	Other sales	**Cost of products sold**	**Other expense (income) −net**	**Total gains**
Total gains included in earnings for the period	¥ 431	¥ 722	¥ 51	¥ 1,204
Change in unrealized gains or (losses) relating to assets still held at the reporting date	451	58	51	560

A reconciliation of all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three-month period ended December 31, 2012 is as follows:

	Millions of Yen	
December 31, 2012	**Fair value measurements using significant unobservable inputs (Level 3)**	
	Equity securities and debt securities Marketable equity securities (Non-Japan)	**Derivative assets (liabilities)—net Commodity contracts and other contracts**
Opening balance	¥ 10,756	¥ 1,947
Total gains or losses for the period:	(28)	194
Included in earnings	(28)	194
Included in other comprehensive income (loss) ..	—	—
Purchases, sales, issues, and settlements	924	242
Purchases	1,229	—
Sales...	(305)	—
Issues	—	—
Settlements...............................	—	242
Transfers into Level 3:	—	(65)
Transfers out of Level 3:	(964)	52
Translation adjustments	1,286	259
Closing balance	¥ 11,974	¥ 2,629
Change in unrealized (losses) or gains for the period included in earnings for assets held at the reporting date	¥ (28)	¥ 445

Gains and losses are included in cost of products sold, other sales and other income (expense)-net in the Statement of Consolidated Income for the three-month period ended December 31, 2012.

A reconciliation of all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three-month period ended December 31, 2011 is as follows:

	Millions of Yen	
December 31, 2011	**Fair value measurements using significant unobservable inputs (Level 3)**	
	Equity securities and debt securities Marketable equity securities (Non-Japan)	**Derivative assets (liabilities)—net Commodity contracts**
Beginning balance	¥ 9,970	¥ 44
Total gains or losses (realized/unrealized):	—	278
Included in earnings	—	278
Included in other comprehensive income (loss)	—	—
Purchases, sales, issuances, and settlements:	771	(172)
Purchases	771	—
Sales	—	—
Issuances	—	—
Settlements	—	(172)
Transfers into and/or (out of) Level 3	—	(175)
Translation adjustments	147	(2)
Ending balance	¥ 10,888	¥ (27)
The amount of total gains for the period included in earnings attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	—	¥ 325

	Millions of Yen		
	Other sales	**Cost of products sold**	**Total gains**
Total (losses) or gains included in earnings for the period	¥ (14)	¥ 292	¥ 278
Change in unrealized (losses) or gains relating to assets still held at the reporting date	3	322	325

Information about valuation techniques and significant unobservable inputs used for level 3 assets measured at fair value on a recurring basis at December 31, 2012 and March 31, 2012 are as follows:

	Millions of Yen			
December 31, 2012	Fair Value	Valuation Technique	Principal Unobservable Input	Range
Recurring fair value measurements:				
Non-marketable equity securities	¥ 983	Income approach	Revenue growth rate	5%-60%
			Discount rate	20%
	6,677	Market approach	Revenue multiple	0.3-0.5
			Discount for lack of marketability	0%-60%
			Volatility rate	21%-131%
Derivative assets (other contracts)	2,337	Market approach	Probability of success	24%-100%
			Discount rate	10%

	Millions of Yen			
March 31, 2012	Fair Value	Valuation Technique	Principal Unobservable Input	Range
Recurring fair value measurements:				
Non-marketable equity securities	¥ 590	Income approach	Revenue growth rate	2%-321%
			Discount rate	20%
	7,367	Market approach	Revenue multiple	4-9
			Discount for lack of marketability	0%-60%
			Volatility rate	43%-115%

Information about sensitivity to changes in significant unobservable inputs

For recurring fair value measurements of non-marketable equity securities measured using the income approach, increases (decreases) in discount rates would result in a lower (higher) fair value, and increases (decreases) in revenue growth rates would result in a higher (lower) fair value. For those non-equity securities measured using the market approach, increases (decreases) in revenue multiples would result in a higher (lower) fair value, increases (decreases) in discounts for lack of marketability would result in a lower (higher) fair value, and increases (decreases) in volatility rates would result in a higher (lower) fair value. For recurring fair value measurements of derivative assets (other contracts), increases (decreases) in probability of success would result in a higher (lower) fair value, and increases (decreases) in discount rates would result in a lower (higher) fair value.

IV. Assets and liabilities measured at fair value on a nonrecurring basis

Certain non-marketable equity securities and investments in associated companies are written down to fair value if the fair value of these investments has declined and such decline is judged to be other-than-temporary. Retained investments in the former consolidated subsidiaries are remeasured at fair value using principally a discounted cash flow model with gains and losses recognized in earnings when subsidiaries are deconsolidated. The investments in listed associated companies are measured at fair value using unadjusted quoted prices in active markets for identical assets. Some non-marketable equity securities are valued based primarily on quoted market prices for similar securities. Other non-marketable equity securities, apart from these classified as level 2, and investments in unlisted associated companies are primarily valued by unobservable inputs based on financial information obtained from counterparties or third parties.

Financial assets measured at fair value on a nonrecurring basis for the nine-month and three-month periods ended December 31, 2012 and December 31, 2011 are as follows:

	Millions of Yen				
		Fair value measurements using			Nine-month period ended December 31, 2012
	Fair value	Level 1	Level 2	Level 3	Total losses
Non-marketable equity securities					
Japan	¥ 3,009	—	¥ 12	¥ 2,997	¥ (1,172)
Non-Japan	2,471	—	—	2,471	(3,072)
Total non-marketable equity securities	¥ 5,480	—	¥ 12	¥ 5,468	¥ (4,244)
Investments in associated companies					
Japan	¥ 14,643	¥ 14,643	—	—	¥ (3,880)
Non-Japan	563	—	—	¥ 563	(329)
Total investments in associated companies	¥ 15,206	¥ 14,643	—	¥ 563	¥ (4,209)

	Millions of Yen				
		Fair value measurements using			Nine-month period ended December 31, 2011
	Fair value	Level 1	Level 2	Level 3	Total losses
Non-marketable equity securities					
Japan	¥ 6,319	—	¥ 1,844	¥ 4,475	¥ (2,597)
Non-Japan	10,283	—	3,860	6,423	(7,722)
Total non-marketable equity securities	¥ 16,602	—	¥ 5,704	¥ 10,898	¥ (10,319)
Investments in associated companies					
Japan	¥ 37,141	¥ 36,043	—	1,098	¥ (13,684)
Non-Japan	6,725	6,725	—	0	(19,418)
Total investments in associated companies	¥ 43,866	¥ 42,768	—	1,098	¥ (33,102)

	Millions of Yen				
		Fair value measurements using			Three-month period ended December 31, 2012
	Fair value	**Level 1**	**Level 2**	**Level 3**	**Total losses**
Non-marketable equity securities					
Japan	¥ 18	—	¥ 6	¥ 12	¥ (46)
Non-Japan	408	—	—	408	(842)
Total non-marketable equity securities	¥ 426	—	¥ 6	¥ 420	¥ (888)
Investments in associated companies					
Japan	¥ 1,364	¥ 1,364	—	—	¥ (353)
Non-Japan	563	—	—	¥ 563	(329)
Total investments in associated companies	¥ 1,927	¥ 1,364	—	¥ 563	¥ (682)

	Millions of Yen				
		Fair value measurements using			Three-month period ended December 31, 2011
	Fair value	**Level 1**	**Level 2**	**Level 3**	**Total losses**
Non-marketable equity securities					
Japan	¥ 2,032	—	¥ 1,844	¥ 188	¥ (1,300)
Non-Japan	1,858	—	—	1,858	(393)
Total non-marketable equity securities	¥ 3,890	—	¥ 1,844	¥ 2,046	¥ (1,693)
Investments in associated companies					
Japan	¥ 3,593	¥ 2,495	—	1,098	¥ (69)
Non-Japan	6,725	6,725	—	0	(4,619)
Total investments in associated companies	¥ 10,318	¥ 9,220	—	1,098	¥ (4,688)

Long-lived assets are reviewed for impairment using undiscounted future cash flows whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted future cash flows is less than the carrying amount of the assets, the assets are determined to be impaired and written down to the amount of fair value. Long-lived assets are primarily valued by unobservable inputs based on an operating plan reflecting the most recent condition of the long-lived assets or prices for similar assets.

The carrying amount of goodwill is assessed for impairment annually or upon the occurrence of an indicator of impairment at each of the subsidiaries, which for the purpose of the impairment testing, are considered to be reporting units. If the implied fair value of goodwill, which is measured on the basis of the fair value of the subsidiary, falls below the carrying amount of goodwill, the impairment loss is recognized as the amount equal to the excess of the carrying amount of goodwill over the implied fair value of goodwill. Goodwill is primarily valued by unobservable inputs based on financial information including the business plan of the subsidiary.

Nonfinancial assets measured at fair value on a nonrecurring basis for the nine-month and three-month periods ended December 31, 2012 are immaterial.

Nonfinancial assets measured at fair value on a nonrecurring basis for the nine-month and three-month periods ended December 31, 2011 are as follows:

	Millions of Yen				
		Fair value measurements using			Nine-Month Period Ended December 31, 2011
	Fair value	Level 1	Level 2	Level 3	Impairment losses
Long-lived assets	¥ 4,395	—	—	¥ 4,395	¥ (5,214)
Goodwill	1,742	—	—	1,742	(2,305)

	Millions of Yen				
		Fair value measurements using			Three-Month Period Ended December 31, 2011
	Fair value	Level 1	Level 2	Level 3	Impairment losses
Long-lived assets	¥ 1,097	—	—	¥ 1,097	¥ (3,097)
Goodwill	0	—	—	0	(445)

Level 3 assets measured at fair value on a nonrecurring basis for three-month period ended December 31, 2012 are immaterial.

Information about valuation techniques and significant unobservable inputs used for level 3 assets measured at fair value on a non-recurring basis for the nine-month period ended December 31, 2012 are as follows:

	Millions of Yen			
Nine-month Period Ended December 31, 2012	Fair Value	Valuation Technique	Principal Unobservable Input	Range
Non-recurring fair value measurements: Non-marketable equity securities	¥ 2,974	Market approach	Price-to-embedded value multiple	0.29-0.36
			Discount for lack of marketability	0%-15%
	1,267	Income approach	Revenue growth rate	32%-127%