Quarterly Securities Report

for the six-month period ended September 30, 2013

English translation of certain items disclosed in the Quarterly Securities Report for the six-month period ended September 30, 2013, which were filed with the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on November 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 September 30, 2013 and 2012 and as of or for the Year Ended March 31, 2013

	In millions of Yen, except amounts per share and other				
	Six-month period ended September 30, 2013	Six-month period ended September 30, 2012	Three-month period ended September 30, 2013	Three-month period ended September 30, 2012	As of or for the year ended March 31, 2013
Consolidated income statement data:					
Revenues	¥ 2,872,305	¥ 2,365,898	¥ 1,456,703	¥ 1,186,119	¥ 4,911,609
Income before income taxes and equity in earnings	¥ 202,408	¥ 160,302	¥ 90,411	¥ 72,361	¥ 314,098
Net income attributable to Mitsui & Co., Ltd.	¥ 197,201	¥ 168,337	¥ 71,399	¥ 63,890	¥ 307,926
Comprehensive income attributable to Mitsui & Co., Ltd.	¥ 209,908	¥ 14,149	¥ 99,477	¥ 67,986	¥ 631,260
Total trading transactions	¥ 5,531,382	¥ 4,992,679	¥ 2,747,770	¥ 2,497,082	¥ 10,049,637
Consolidated balance sheet data:					
Total Mitsui & Co., Ltd. shareholders' equity	¥ -	¥ -	¥ 3,351,099	¥ 2,603,278	¥ 3,181,819
Total equity	¥ -	¥ -	¥ 3,604,353	¥ 2,824,786	¥ 3,440,104
Total assets	¥ -	¥ -	¥ 10,441,926	¥ 8,919,243	¥ 10,324,581
Total Mitsui & Co., Ltd. shareholders' equity ratio	-	-	32.09%	29.19%	30.82%
Amounts per share (Yen):					
Net income attributable to Mitsui & Co., Ltd.:					
Basic	¥ 108.05	¥ 92.24	¥ 39.12	¥ 35.01	¥ 168.72
Diluted	¥ 108.05	¥ 92.24	¥ 39.12	¥ 35.01	¥ 168.72
Consolidated cash flow statement data:					
Net cash provided by operating activities	¥ 276,618	¥ 227,088	¥ -	¥ -	¥ 461,430
Net cash used in investing activities	¥ (449,427)	¥ (522,692)	¥ -	¥ -	¥ (753,297)
Net cash provided by financing activities	¥ 67,585	¥ 179,446	¥ -	¥ -	¥ 221,635
Cash and cash equivalents	¥ -	¥ -	¥ 1,316,481	¥ 1,294,574	¥ 1,425,174

(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.

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, lifestyle, innovation & cross function. We also participate in the development of natural resources such as oil, gas, iron and steel raw materials. 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 six-month period ended September 30, 2013.

Effective April 1, 2013, we transferred some businesses across our reportable operating segments. For details, see Note 9, "SEGMENT INFORMATION."

2. Operating and Financial Review and Prospects

1. Risk Factors

For the six-month period ended September 30, 2013, there is no significant change in risk factors which were described on our Annual Securities Report for the year ended March 31, 2013.

2. Material Contracts

For the six-month period ended September 30, 2013, 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 September 30, 2013, unless otherwise indicated.

(1) Operating Environment

During the six-month period ended September 30, 2013, the global economy continued to recover at a moderate pace, supported mainly by firm growth in Japan, the U.S. and China. However, concerns about an economic downturn persisted.

The U.S. economy is currently driving growth in the global economy. The number of people in employment in the U.S. rose steadily and consumer spending, capital investment and housing investment continued to improve gradually, despite issues surrounding the government debt ceiling and concerns that the U.S. Quantitative Easing (QE3) will be gradually scaled back. In Japan, consumer spending increased and exports expanded, supported by the weak yen. The impact of fiscal stimulus measures is also starting to emerge. Japan is expected to achieve the highest rate of GDP growth among the major advanced economies in 2013. Europe registered its first quarter of positive growth in three quarters. However, employment and personal income conditions are not improving and consumer spending and capital investment are weak, indicating that full economic recovery is still some way off. In Brazil, India, Indonesia and some other emerging countries, indications that QE3 will be scaled back have led to fears that funds could flow out of those countries. This is fueling concerns that their economies could also lose steam, with a weakening in local currencies leading to increased inflationary pressures, forcing governments to increase interest rates in order to control inflation and protect their currencies.

With respect to China, which appears to be shifting its policy focus from the pace of growth to the sustainability of growth, some had voiced concerns the economy could be heading for a hard landing. However, the impact of additional infrastructure spending announced by the government since July is now feeding through and there is a growing consensus that China will be able to maintain growth at around 7.5%. Market concerns about the pace of growth have also been partly assuaged by government policy that downplays the importance of growth, with the spot reference price for iron ore (Iron Ore (Fine) CFR North China (Fe 62%)) traded in a range of around US$120-140 per ton and the Dubai Crude spot price stable at around US$100-110 per barrel during the six-month period ended September 30, 2013.

Although there is uncertainty about future U.S. policy responses and the outlook for the Chinese economy, coupled with geopolitical risks, our view that the global economy as a whole will continue to expand at a moderate pace is unchanged.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

Revenues

Total revenues for the six-month period ended September 30, 2013 were ¥2,872.3 billion, an increase of ¥506.4 billion from ¥2,365.9 billion for the corresponding six-month period of the previous year.

Revenues from sales of products for the six-month period ended September 30, 2013 were ¥2,617.2 billion, an increase of ¥499.5 billion from ¥2,117.7 billion for the corresponding six-month period of the previous year, as a result of the following:

- The Energy Segment reported an increase of ¥121.0 billion. Petroleum trading operations recorded an increase of ¥97.4 billion due to the increase in trading volume, while oil and gas producing operations recorded an increase of ¥21.8 billion reflecting the depreciation of the Japanese yen.
- The Chemicals Segment reported an increase of ¥113.0 billion mainly attributable to a recovery of trading activities of petrochemical materials.
- The Mineral & Metal Resources Segment reported an increase of ¥83.0 billion. Iron ore mining operations in Australia reported an increase of ¥41.9 billion due to the depreciation of the Japanese yen and an increase in sales volume owing to increased capacity.
- The Lifestyle Segment reported an increase of ¥73.1 billion due to an increase in trading volume of grain.
- The Americas Segment reported an increase of ¥69.7 billion, attributable to the depreciation of the Japanese yen; an increase in trading volume of grain; and new contributions from Cinco Pipe And Supply, LLC (United States.)

Revenues from sales of services for the six-month period ended September 30, 2013 were ¥202.0 billion, an increase of ¥16.6 billion from ¥185.4 billion for the corresponding six-month period of the previous year.

Revenues from other sales for the six-month period ended September 30, 2013 were ¥53.2 billion, a decline of ¥9.6 billion from ¥62.8 billion for the corresponding six-month period of the previous year. The commodity derivatives trading business at Mitsui recorded a decline in revenues from other sales corresponding to an improvement of ¥12.7 billion in the foreign exchange gains and losses posted in other expenses-net.

Gross Profit

Gross profit for the six-month period ended September 30, 2013 was ¥430.0 billion, an increase of ¥37.0 billion from ¥393.0 billion for the corresponding six-month period of the previous year as a result of the following:

- The Mineral & Metal Resources Segment reported an increase of ¥24.4 billion. Iron ore mining operations in Australia reported an increase of ¥22.3 billion due to the depreciation of the Japanese yen and an increase in sales volume owing to increased capacity.
- The Iron & Steel Products Segment reported an increase of ¥8.4 billion, attributable to the positive impact of the depreciation of the Japanese yen, solid sales of tubular products and increased export volume from Japan.
- The Machinery & Infrastructure Segment reported an increase of ¥6.6 billion. Automotive-related and mining and construction machinery-related businesses in South America achieved a solid performance.
- The Chemicals Segment reported an increase of ¥6.2 billion, due to the depreciation of the Japanese yen; recovery of trading activities of petrochemical materials; and strong sales of agricultural chemicals.
- The Innovation & Corporate Development Segment reported a decline of ¥15.0 billion. The commodity derivatives trading business at Mitsui recorded a decline in gross profit corresponding to an improvement of ¥12.7 billion in the foreign exchange gains and losses posted in other expenses-net.

Selling General and Administrative Expenses

Selling, general and administrative expenses for the six-month period ended September 30, 2013 were ¥278.6 billion, an increase of ¥27.1 billion from ¥251.5 billion for the corresponding six-month period of the previous year. The depreciation of the Japanese yen increased selling, general and administrative expenses of overseas subsidiaries.
The table below provides a breakdown of selling, general and administrative expenses used for our internal review.

	Billions of Yen		
	Six-month Period Ended September 30,		
	2013	2012	Change
Personnel	¥ 148.5	¥ 135.6	¥ 12.9
Welfare	6.9	6.0	0.9
Travel	16.6	15.2	1.4
Entertainment	4.0	3.6	0.4
Communication	25.4	23.3	2.1
Rent	9.7	8.8	0.9
Depreciation	7.5	6.2	1.3
Fees and Taxes	4.5	4.1	0.4
Others	55.5	48.7	6.8
Total	¥ 278.6	¥ 251.5	¥ 27.1

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

	Billions of Yen		
	Six-month Period Ended September 30,		
	2013	2012	Change
Iron & Steel Products	¥ 18.4	¥ 19.2	¥ (0.8)
Mineral & Metal Resources	19.0	16.3	2.7
Machinery & Infrastructure	57.0	50.9	6.1
Chemicals	33.3	31.0	2.3

Energy	32.0	27.4	4.6
Lifestyle	63.3	59.2	4.1
Innovation & Corporate Development	30.7	29.7	1.0
Americas	31.2	23.7	7.5
Europe, the Middle East and Africa	10.1	9.2	0.9
Asia Pacific	8.9	7.7	1.2
Total	303.9	274.3	29.6
All Other	6.0	2.7	3.3
Adjustments and Eliminations	(31.3)	(25.5)	(5.8)
Consolidated Total	¥ 278.6	¥ 251.5	¥ 27.1

Provision for Doubtful Receivables

Provision for doubtful receivables for the six-month period ended September 30, 2013 was ¥5.4 billion, a decline of ¥1.8 billion from ¥7.2 billion for the corresponding six-month period of the previous year. The provisions for both periods represented aggregated reserves for individually small receivables.

Interest Expense—Net

Interest expense, net of interest income, for the six-month period ended September 30, 2013 was ¥7.2 billion, an increase of ¥0.9 billion from ¥6.3 billion of expense for the corresponding six-month period of the previous year. The following table provides the month-end average of three-month Tibor for the Japanese yen and three-month Libor for the U.S. dollar for the six-month periods ended September 30, 2013 and 2012.

Month-end average of three-month rate (%p.a.)

	Six-month period ended September 30,	
	2013	**2012**
Japanese yen	0.23	0.33
U.S. dollar	0.27	0.44

Dividend Income

Dividend income for the six-month period ended September 30, 2013 was ¥64.5 billion, an increase of ¥18.1 billion from ¥46.4 billion for the corresponding six-month period of the previous year. Dividends from six LNG projects (Abu Dhabi, Oman, Qatargas 1 and 3, Equatorial Guinea, and Sakhalin II) were ¥52.9 billion in total, an increase of ¥15.7 billion from ¥37.2 billion for the corresponding six-month period of the previous year, mainly due to an increase in dividends received from the Sakhalin II project.

Gain on Sales of Securities—Net

Gain on sales of securities for the six-month period ended September 30, 2013 was ¥17.0 billion, an increase of ¥1.3 billion from ¥15.7 billion for the corresponding six-month period of the previous year.

- For the six-month period ended September 30, 2013, a gain on the sale of shares in Daicel Corporation for ¥3.3 billion; a gain on the exchange of shares in Mikuni Coca-Cola Bottling Co., Ltd. for ¥3.2 billion; and a gain on the sale of overseas listed shares for ¥3.2 billion were recorded.
- For the corresponding six-month period of the previous year, a ¥5.5 billion gain related to equity dilution in IHH Healthcare Bhd. (Malaysia) and a ¥4.8 billion gain on the sale of shares in Nihon Unisys, Ltd. were recorded.

Loss on Write-Down of Securities

Loss on write-downs of securities for the six-month period ended September 30, 2013 was ¥10.6 billion, an improvement of ¥7.8 billion from ¥18.4 billion for the corresponding six-month period of the previous year.

- For the six-month period ended September 30, 2013, an impairment loss of ¥4.9 billion on preferred shares of Valepar S.A. was recorded reflecting an other-than-temporary decline related to a foreign exchange translation loss in the investment value of the current portion of preferred shares. Furthermore, an impairment loss of ¥3.3 billion on investment in an LNG project was recorded reflecting an other-than-temporary decline in the investment value.
- For the corresponding six-month period of the previous year, impairment losses on listed shares of ¥4.9 billion in an iron & steel company and ¥3.0 billion in Mitsui Chemicals Inc. were recorded reflecting the decline in share prices. Meanwhile, an impairment loss of ¥2.6 billion on preferred shares of Valepar S.A. was recorded in the same manner as the six-month period ended September 30, 2013.

Gain on Disposal or Sales of Property and Equipment—Net

Gain on disposal or sales of property and equipment for the six-month period ended September 30, 2013 was ¥1.8 billion, an increase of ¥0.3 billion from ¥1.5 billion for the corresponding six-month period of the previous year. There were miscellaneous small transactions in both periods.

Impairment Loss of Long-Lived Assets

Impairment loss of long-lived assets for the six-month period ended September 30, 2013 was ¥0.4 billion, an increase of ¥0.2 billion from ¥0.2 billion for the corresponding six-month period of the previous year.

Other Expense (Income)—Net

Other expense for the six-month period ended September 30, 2013 was ¥8.7 billion, an improvement of ¥4.0 billion from ¥12.7 billion for the corresponding six-month period of the previous year.

- For the six-month period ended September 30, 2013, Mitsui recorded a foreign exchange gain of ¥7.5 billion in the commodity derivatives trading business in the Innovation & Corporate Development Segment, which corresponded to related revenues and gross profit in the segment. Meanwhile, exploration expenses totaled ¥11.5 billion, including those recorded at oil and gas producing businesses.
- For the corresponding six-month period of the previous year, exploration expenses totaled ¥14.0 billion, including those recorded at oil and gas producing businesses. Furthermore, the Innovation & Corporate Development Segment recorded a foreign exchange loss of ¥5.2 billion in the commodity derivatives trading business at Mitsui, which corresponded to related revenues and gross profit in the segment.

Income Taxes

Income taxes for the six-month period ended September 30, 2013 were ¥89.3 billion, an increase of ¥11.7 billion from ¥77.6 billion for the corresponding six-month period of the previous year.

- “Income before income taxes and equity in earnings” for the six-month period ended September 30, 2013 was ¥202.4 billion, an increase of ¥42.1 billion from ¥160.3 billion for the corresponding six-month period of the previous year. In response, applicable income taxes also increased.
- Reversal of deferred tax liabilities related to dividends received from the undistributed retained earnings of associated companies was approximately ¥11.5 billion for the six-month period ended September 30, 2013, a decline of approximately ¥3.5 billion from the corresponding six-month period of the previous year. (*).

The effective tax rate on “Income before income taxes and equity in earnings” for the six-month period ended September 30, 2013 was 44.1%, a decline of 4.3% from 48.4% for the corresponding six-month period of the previous year. The major factors for the decline were a decrease in the ratio of resource related taxes with higher tax rates and the ratio of income tax effect recorded for equity in earnings against “Income before income taxes and equity in earnings,” while the factors for the increase include a decline in the ratio of the aforementioned reversal of deferred tax liabilities.

(*) 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 six-month period ended September 30, 2013 was ¥93.3 billion, a decline of ¥4.0 billion from ¥97.3 billion for the corresponding six-month period of the previous year as a result of the following:

- Reflecting an other-than-temporary decline in the investment value, a ¥14.1 billion impairment loss was recorded on the investment in SCM Minera Lumina Copper Chile (Chile), a project company for the Caserones copper and molybdenum project.
- Valepar S.A. reported a decline of ¥6.1 billion, mainly due to the absence of the reversal of deferred tax liabilities recorded for the corresponding previous year and a decline in iron ore prices, despite a positive impact of exchange rate fluctuations including the depreciation of the Japanese yen.
- The Lifestyle Segment recorded an impairment loss reflecting an other-than-temporary decline in the investment value recorded for an associated company.
- Robe River Mining Co. Pty. Ltd. (Australia) reported an increase of ¥6.8 billion, reflecting the depreciation of the Japanese yen.
- IPP businesses reported an increase of ¥6.0 billion in earnings due to an improvement of ¥3.0 billion in mark-to-market valuation gains and losses, such as those on power derivative contracts and fuel purchase contracts. Hezhou and Paiton 3, which commenced commercial operation, also contributed to the increase.
- Japan Australia LNG (MIMI) Pty. Ltd. (Australia) reported an increase reflecting an increase in production as well as the depreciation of the Japanese yen.

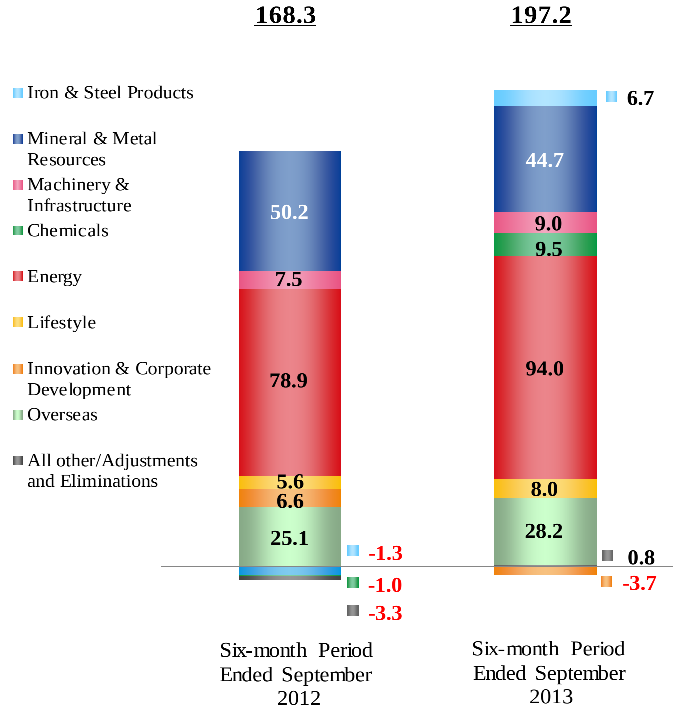
Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests for the six-month period ended September 30, 2013 was ¥9.2 billion, a decline of ¥2.5 billion from ¥11.7 billion for the corresponding six-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 six-month period ended September 30, 2013 was ¥197.2 billion, an increase of ¥28.9 billion from ¥168.3 billion for the corresponding six-month period of the previous year.

Net Income attributable to Mitsui & Co., Ltd. by Operating Segment (Billions of Yen)



2) Operating Results by Operating Segment

Effective April 1, 2013, the Innovation & Cross Function Segment changed its name to the Innovation & Corporate Development Segment. Logistics infrastructure businesses, including development and management of ports and airport terminal, advanced materials related businesses such as liquid crystal and electronic devices, and media-related businesses such as TV shopping and broadcasting, all included in the Innovation & Cross Function Segment until

March 31, 2013, were transferred to the Machinery & Infrastructure Segment, Chemicals Segment, and Lifestyle Segment, respectively, at the beginning of the six-month period ended September 30, 2013. Meanwhile, steel scrap related businesses of Mitsui Bussan Metals Co., Ltd. in the Mineral & Metal Resources Segment were transferred to Mitsui & Co. Steel Ltd. in the Iron & Steel Products Segment at the beginning of the six-month period ended September 30, 2013. The operating segment information for the corresponding six-month period of the previous year has been restated to conform to the current period presentation.

Iron & Steel Products Segment

Gross profit for the six-month period ended September 30, 2013 was ¥26.8 billion, an increase of ¥8.4 billion from ¥18.4 billion for the corresponding six-month period of the previous year. Major factors included the positive impact of the depreciation of the Japanese yen, solid sales of tubular products including line pipe and increased export volume from Japan.

Operating income for the six-month period ended September 30, 2013 was ¥8.0 billion, an increase of ¥8.7 billion from ¥0.7 billion of operating loss for the corresponding six-month period of the previous year.

Equity in earnings of associated companies for the six-month period ended September 30, 2013 was ¥3.1 billion, an increase of ¥2.0 billion from ¥1.1 billion for the corresponding six-month period of the previous year.

Net income attributable to Mitsui & Co., Ltd. for the six-month period ended September 30, 2013 was ¥6.7 billion, an increase of ¥8.0 billion from a net loss of ¥1.3 billion for the corresponding six-month period of the previous year. In addition to the above, an impairment loss of ¥4.3 billion on listed shares in an iron & steel company reflecting the decline in share price was recorded for the corresponding six-month period of the previous year.

Mineral & Metal Resources Segment

Gross profit for the six-month period ended September 30, 2013 was ¥99.6 billion, an increase of ¥24.4 billion from ¥75.2 billion for the corresponding six-month period of the previous year.

The main factor behind the increase was a positive impact from the depreciation of the Japanese yen on iron ore mining operations in Australia.

Iron Ore (Fine) CFR North China (Fe 62%)

As for iron ore pricing, the majority of contract prices applied to products sold during the six-month period ended September 30, 2013 were based on pricing that more closely reflects current spot reference prices, the same pricing as applied in the corresponding six-month period of the previous year, 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. (Australia) and Mitsui-Itochu Iron Pty. Ltd. (Australia) reported increases of ¥14.7 billion and ¥7.6 billion in gross profit, respectively, reflecting the depreciation of the Japanese yen and an increase in iron ore sales volume owing to increased capacity.

Operating income for the six-month period ended September 30, 2013 was ¥80.5 billion, an increase of ¥21.9 billion from ¥58.6 billion for the corresponding six-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 six-month period ended September 30, 2013 was ¥23.2 billion, a decrease of ¥12.1 billion from ¥35.3 billion for the corresponding six-month period of the previous year.

- Reflecting an other-than-temporary decline in the investment value, a ¥14.1 billion impairment loss was recorded on the investment in SCM Minera Lumina Copper Chile, a project company for the Caserones copper and molybdenum project.
- Valepar S.A. posted earnings of ¥11.8 billion, a decline of ¥6.1 billion from ¥17.9 billion for the corresponding six-month period of the previous year. The major factors for the decline were the absence of a reversal of deferred tax liabilities recorded for the corresponding six-month period of the previous year and a decline in iron ore prices, despite a positive impact of exchange rate fluctuations including the depreciation of the Japanese yen.
- The scrap metal recycling business in which Mitsui Raw Materials Development Pty. Limited (Australia) invests, reported a decline of ¥3.3 billion, reflecting impairment losses on inventories and long-lived assets.
- Earnings at Robe River Mining Co. Pty. Ltd., an iron ore mining company in Australia, were ¥22.9 billion, an increase of ¥6.8 billion from ¥16.1 billion for the corresponding six-month period of the previous year, reflecting the depreciation of the Japanese yen.
- Equity in earnings of SUMIC Nickel Netherlands B.V. (Netherlands) improved from the corresponding six-month period of the previous year, due to the discontinuation of applying the equity method on investment in Vale Nouvelle-Calédonie S.A.S, owing to the dilution of ownership interest.

Net income attributable to Mitsui & Co., Ltd. for the six-month period ended September 30, 2013 was ¥44.7 billion, a decrease of ¥5.5 billion from ¥50.2 billion for the corresponding six-month period of the previous year.

Machinery & Infrastructure Segment

Gross profit for the six-month period ended September 30, 2013 was ¥54.3 billion, an increase of ¥6.6 billion from ¥47.7 billion for the corresponding six-month period of the previous year.

- The Infrastructure Projects Business Unit reported an increase of ¥0.5 billion.
- The Integrated Transportation Systems Business Unit reported an increase of ¥6.2 billion. Automotive-related and mining and construction machinery-related businesses in South America achieved a solid performance.

Operating loss for the six-month period ended September 30, 2013 was ¥6.8 billion, an improvement of ¥2.8 billion from ¥9.6 billion for the corresponding six-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 six-month period ended September 30, 2013 was ¥15.4 billion, an increase of ¥1.4 billion from ¥14.0 billion for the corresponding six-month period of the previous year.

- The Infrastructure Projects Business Unit reported an increase of ¥9.0 billion. IPP businesses reported equity in earnings of ¥7.8 billion in total, an increase of ¥6.0 billion from ¥1.8 billion for the corresponding six-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, improved by ¥3.0 billion to a loss of ¥1.5 billion from a loss of ¥4.5 billion for the corresponding six-month period of the previous year. In addition, coal-fired plants, Hezhou in China and Paiton 3 in Indonesia, which commenced commercial operation, were new contributors.
- The Integrated Transportation Systems Business Unit reported a decline of ¥7.6 billion. The main causes of the decrease included a decline in automotive-related business in North America and the research and development cost incurred for the development of a new aircraft engine with General Electric Company.

Net income attributable to Mitsui & Co., Ltd. for the six-month period ended September 30, 2013 was ¥9.0 billion, an increase of ¥1.5 billion from ¥7.5 billion for the corresponding six-month period of the previous year.

Chemicals Segment

Gross profit for the six-month period ended September 30, 2013 was ¥40.1 billion, an increase of ¥6.2 billion from ¥33.9 billion for the corresponding six-month period of the previous year.

- The Basic Chemicals Business Unit reported an increase of ¥2.6 billion due to the recovery of underperforming trading activities of petrochemical materials for the corresponding six-month period of the previous year.
- The Performance Chemicals Business Unit reported an increase of ¥3.6 billion. The major factors included the positive effect of the depreciation of the Japanese yen and strong sales of agricultural chemicals at Mitsui AgriScience International SA/NV (Belgium.)

Operating income for the six-month period ended September 30, 2013 was ¥6.5 billion, an increase of ¥3.4 billion from ¥3.1 billion for the corresponding six-month period of the previous year, reflecting an increase in gross profit.

Equity in earnings of associated companies for the six-month period ended September 30, 2013 was ¥3.2 billion, a decline of ¥0.8 billion from ¥4.0 billion for the corresponding six-month period of the previous year.

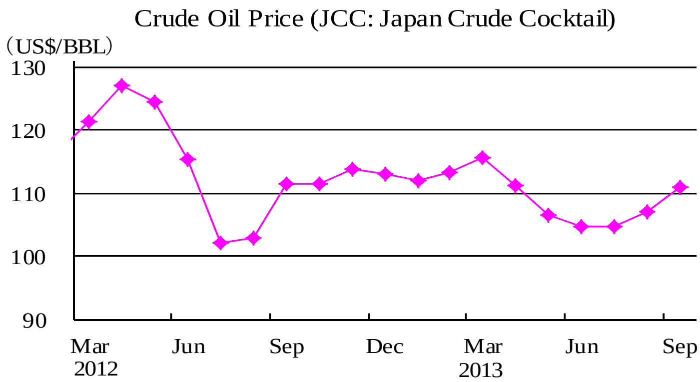
Net income attributable to Mitsui & Co., Ltd. for the six-month period ended September 30, 2013 was ¥9.5 billion, an increase of ¥10.5 billion from a net loss of ¥1.0 billion for the corresponding six-month period of the previous year. In addition to the above-mentioned factors, the following factors also affected results:

- For the six-month period ended September 30, 2013, this segment recorded a gain of ¥3.3 billion on the sale of shares in Daicel Corporation.
- For the corresponding six-month period of the previous year, this segment recorded an impairment loss of ¥3.0 billion on listed shares 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 six-month period ended September 30, 2013 and 2012 were estimated to be US$111 and US$117 per barrel, respectively.

Gross profit for the six-month period ended September 30, 2013 was ¥96.5 billion, a decline of ¥1.0 billion from ¥97.5 billion for the corresponding six-month period of the previous year, primarily due to the following factors:



- Mitsui E&P Middle East B.V. (Netherlands) reported an increase of ¥11.7 billion due to an increase in oil production volume as well as the depreciation of the Japanese yen.
- Mitsui Oil Exploration Co., Ltd. reported an increase of ¥5.9 billion due to the depreciation of the Japanese yen.
- Mitsui E&P USA LLC (United States) reported an increase of ¥3.3 billion due to a reduction in unit depreciation costs associated with an increase in proved reserves of shale gas as well as higher gas prices.
- Mitsui E&P Australia Pty Limited (Australia) reported a decline of ¥16.2 billion due to a decline in production volume associated with overhauling of its oil production facility.
- Mitsui Coal Holdings Pty. Ltd. (Australia) reported a decline of ¥12.2 billion due to lower coal prices.

Operating income for the six-month period ended September 30, 2013 was ¥64.7 billion, a decline of ¥5.6 billion from ¥70.3 billion for the corresponding six-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 six-month period ended September 30, 2013 was ¥30.3 billion, an increase of ¥7.5 billion from ¥22.8 billion for the corresponding six-month period of the previous year. Japan Australia LNG (MIMI) Pty. Ltd. reported an increase reflecting an increase in production volume as well as the depreciation of the Japanese yen.

Net income attributable to Mitsui & Co., Ltd. for the six-month period ended September 30, 2013 was

¥94.0 billion, an increase of ¥15.1 billion from ¥78.9 billion for the corresponding six-month period of the previous year. In addition to the above, the following factors also affected results:

- Dividends from six LNG projects (Abu Dhabi, Oman, Qatargas 1 and 3, Equatorial Guinea, and Sakhalin II) were ¥52.9 billion in total, an increase of ¥15.7 billion from ¥37.2 billion for the corresponding six-month period of the previous year, due mainly to an increase in dividends received from the Sakhalin II project.
- For the six-month period ended September 30, 2013, a ¥3.3 billion impairment loss on investment in an LNG project was recorded reflecting an other-than-temporary decline in the investment value.
- Reversal of deferred tax liabilities on undistributed retained earnings of associated companies at the time of profit distribution declined by approximately ¥3.0 billion from the corresponding six-month period of the previous year.
- For the six-month period ended September 30, 2013, exploration expenses of ¥10.7 billion in total were recorded, including those recorded by Mitsui E&P Australia Pty Limited. For the corresponding six-month period of the previous year, exploration expenses totaled ¥13.6 billion, including those recorded by Mitsui E&P Mozambique Area 1 Limited (United Kingdom).

Lifestyle Segment

Gross profit for the six-month period ended September 30, 2013 was ¥56.1 billion, a decline of ¥0.2 billion from ¥56.3 billion for the corresponding six-month period of the previous year.

- The Food Resources Business Unit reported a decline of ¥0.8 billion.
- The Food Products & Services Business Unit recorded a decline of ¥1.3 billion reflecting the downturn in domestic businesses.
- The Consumer Service Business Unit reported an increase of ¥2.0 billion, mainly attributable to the new contribution from Paul Stuart, Inc. (United States), which was acquired during the three-month period ended December 31, 2012.

Operating loss for the six-month period ended September 30, 2013 was ¥7.9 billion, a deterioration of ¥5.3 billion from an operating loss of ¥2.6 billion for the corresponding six-month period of the previous year, reflecting the increase in selling, general and administrative expenses.

Equity in earnings of associated companies for the six-month period ended September 30, 2013 was ¥6.6 billion, a decline of ¥1.1 billion from ¥7.7 billion for the corresponding six-month period of the previous year.

- The Food Resources Business Unit reported an increase of ¥3.3 billion. For the corresponding six-month period of the previous year, this business unit recorded a ¥2.9 billion impairment loss on listed shares in Mitsui Sugar Co., Ltd. due to the decline in share prices.
- The Food Products & Services Business Unit recorded a decline of ¥0.4 billion.
- The Consumer Service Business Unit reported a decline of ¥4.1 billion. An impairment loss reflecting an other-than-temporary decline in the investment value was recorded for an associated company.

Net income attributable to Mitsui & Co., Ltd. for the six-month period ended September 30, 2013 was ¥8.0 billion, an increase of ¥2.4 billion from ¥5.6 billion for the corresponding six-month period of the previous year. In addition to the above-mentioned factors, there are the following factors.

- For the six-month period ended September 30, 2013, this segment recorded a gain on sale of securities of ¥10.4 billion in total, including a ¥3.2 billion gain on the exchange of shares in Mikuni Coca-Cola Bottling Co., Ltd. for Coca-Cola East Japan Co., Ltd.
- For the corresponding six-month period of the previous year, MBK Healthcare Partners Limited (United Kingdom) recorded a ¥5.5 billion gain related to equity dilution in IHH Healthcare Bhd.

Innovation & Corporate Development Segment

Gross profit for the six-month period ended September 30, 2013 was ¥9.0 billion, a deterioration of ¥15.0 billion from ¥24.0 billion for the corresponding six-month period of the previous year. Gross profit corresponding to foreign exchange gains of ¥7.5 billion and losses of ¥5.2 billion related to the commodity derivatives trading business at Mitsui posted in other expenses-net were included in gross profit for the six-month period ended September 30, 2013 and for the corresponding six-month period of the previous year, respectively; there was a decline in gross profit corresponding to the ¥12.7 billion improvement of foreign exchange gains and losses.

Operating loss for the six-month period ended September 30, 2013 was ¥21.6 billion, a deterioration of ¥15.9 billion from ¥5.7 billion for the corresponding six-month period of the previous year.

Equity in earnings of associated companies for the six-month period ended September 30, 2013 was ¥6.3 billion, a decline of ¥0.8 billion from ¥7.1 billion for the corresponding six-month period of the previous year.

Net loss attributable to Mitsui & Co., Ltd. for the six-month period ended September 30, 2013 was ¥3.7 billion, a decline of ¥10.3 billion from a net income of ¥6.6 billion for the corresponding six-month period of the previous year. In addition to the above-mentioned factors, the following factors also affected the results:

- For the six-month period ended September 30, 2013 and for the corresponding six-month period of the previous year, foreign exchange gains of ¥7.5 billion and losses of ¥5.2 billion, respectively, were posted in other expense-net in relation to the commodity derivatives trading business at Mitsui.
- For the corresponding six-month period of the previous year, this segment recorded a gain of ¥4.8 billion on the partial sale of shares in Nihon Unisys, Ltd.

Americas Segment

Gross profit for the six-month period ended September 30, 2013 was ¥36.6 billion, an increase of ¥2.7 billion from ¥33.9 billion for the corresponding six-month period of the previous year. Cinco Pipe And Supply, LLC, which was newly acquired during the three-month period ended December 31, 2012, contributed to the increase.

Operating income for the six-month period ended September 30, 2013 was ¥5.3 billion, a decline of ¥2.8 billion from ¥8.1 billion for the corresponding six-month period of the previous year. Despite the increase in gross profit, selling, general and administrative expenses increased reflecting the depreciation of the Japanese yen.

Equity in earnings of associated companies for the six-month period ended September 30, 2013 was ¥3.1 billion, an increase of ¥1.1 billion from ¥2.0 billion for the corresponding six-month period of the previous year.

Net income attributable to Mitsui & Co., Ltd. for the six-month period ended September 30, 2013 was ¥5.2 billion, a decline of ¥3.6 billion from ¥8.8 billion for the corresponding six-month period of the previous year.

Europe, the Middle East & Africa Segment

Gross profit for the six-month period ended September 30, 2013 was ¥12.1 billion, an increase of ¥4.8 billion from ¥7.3 billion for the corresponding six-month period of the previous year. MBK Real Estate Europe Limited (United Kingdom) reported an increase of ¥3.6 billion due to the sale of an office building.

Operating profit for the six-month period ended September 30, 2013 was ¥2.0 billion, an increase of ¥3.9 billion from a loss of ¥1.9 billion for the corresponding six-month period of the previous year.

Equity in earnings of associated companies for the six-month period ended September 30, 2013 was ¥0.4 billion, an increase of ¥0.2 billion from ¥0.2 billion for the corresponding six-month period of the previous year.

Net income attributable to Mitsui & Co., Ltd. for the six-month period ended September 30, 2013 was ¥4.6 billion, an increase of ¥5.1 billion from ¥0.5 billion of net loss for the corresponding six-month period of the previous year.

Asia Pacific Segment

Gross profit for the six-month period ended September 30, 2013 was ¥6.4 billion, an increase of ¥1.2 billion from ¥5.2 billion for the corresponding six-month period of the previous year.

Operating loss for the six-month period ended September 30, 2013 was ¥2.5 billion, a decline of ¥0.1 billion from ¥2.4 billion for the corresponding six-month period of the previous year.

Equity in earnings of associated companies for the six-month period ended September 30, 2013 was ¥2.1 billion, a decline of ¥1.0 billion from ¥3.1 billion for the corresponding six-month period of the previous year.

Net income attributable to Mitsui & Co., Ltd. for the six-month period ended September 30, 2013 was ¥18.4 billion, an increase of ¥1.6 billion from ¥16.8 billion for the corresponding six-month period of the previous year. In addition to the above, 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.

(3) Financial Condition and Cash Flows

1) Assets, Liabilities and Shareholders’ Equity

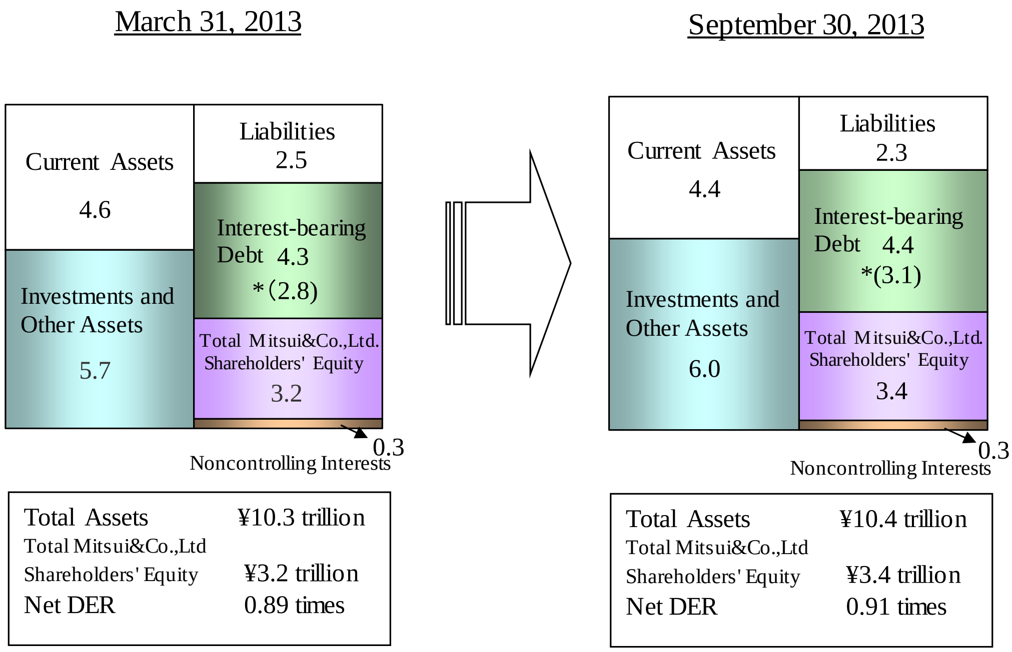
Total assets as of September 30, 2013 were ¥10,441.9 billion, an increase of ¥117.3 billion from ¥10,324.6 billion as of March 31, 2013.

Total current assets as of September 30, 2013 were ¥4,358.5 billion, a decline of ¥273.0 billion from ¥4,631.5 billion as of March 31, 2013. Trade receivables, cash and cash equivalents, and inventories declined by ¥178.7 billion, ¥108.7 billion and ¥20.5 billion, respectively. Trade receivables declined, mainly due to a decline in volume, at the Machinery & Infrastructure Segment, oil and gas producing operations and petroleum trading operations in the Energy Segment, and the precious metal lease business in the Innovation & Corporate Development Segment.

Total current liabilities as of September 30, 2013 were ¥2,995.4 billion, a decline of ¥49.9 billion from ¥3,045.3 billion as of March 31, 2013. Trade payables and short-term debt declined by ¥129.6 billion and ¥16.7 billion, respectively, while current maturities of long-term debt increased by ¥106.8 billion. Trade payables declined at the Machinery & Infrastructure Segment, the Energy Segment and the precious metal lease business in the Innovation & Corporate Development Segment.

As a result, working capital, or current assets less current liabilities, as of September 30, 2013 totaled ¥1,363.1 billion, a decline of ¥223.1 billion from ¥1,586.2 billion as of March 31, 2013.

(Trillions of Yen)



(*) Figures in parenthesis 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 September 30, 2013 totaled ¥6,083.4 billion, an increase of ¥390.3 billion from ¥5,693.1 billion as of March 31, 2013, mainly due to the following factors:

Within this category, the total of investments and non-current receivables as of September 30, 2013 was ¥4,211.1 billion, an increase of ¥252.3 billion from ¥3,958.8 billion as of March 31, 2013.

- Investments in and advances to associated companies as of September 30, 2013 was ¥2,443.6 billion, an increase of ¥118.3 billion from ¥2,325.3 billion as of March 31, 2013. Major factors were as follows:

  - An increase of ¥39.3 billion due to an investment in the North and South American operations of an automotive components supplier, Gestamp Automoción, S.L.;
  - An increase of ¥26.1 billion due to an investment in the Caserones copper and molybdenum project in Chile;
  - An increase of ¥12.7 billion due to an acquisition of a 49% stake in Czech water business companies, Aqualia Czech, S.L. and Aqualia Infraestructuras Inženýring, s.r.o.;
  - An increase due to an acquisition of a 19.99% stake in Medini Iskandar Malaysia Sdn. Bhd., which is engaged in the urban development of a smart city in Malaysia; and
  - Factors that do not involve cash flow included an increase of ¥5.9 billion resulting from a foreign exchange translation adjustment on foreign investments due to the depreciation of the Japanese yen, despite net declines in equity earnings of ¥2.4 billion (net of ¥95.7 billion in dividends received from associated companies).

- Other investments as of September 30, 2013 were ¥932.9 billion, an increase of ¥116.6 billion from ¥816.3 billion as of March 31, 2013. Major factors included a ¥61.3 billion increase by an acquisition of a 7% share in BHP Iron Ore (Jimblebar) Pty. Ltd. which is developing the Jimblebar iron ore mine in Australia, as well as a ¥55.8 billion net increase in unrealized holding gains on available-for-sale securities.

- Net property and equipment as of September 30, 2013 totaled ¥1,706.2 billion, an increase of ¥135.9 billion from ¥1,570.3 billion as of March 31, 2013, mainly due to the following factors:

- An increase of ¥93.3 billion due to an acquisition of a 25% interest in the Tempa Rossa onshore oil field in the Gorgoglione concession in Italy;
- An increase of ¥23.7 billion (including a foreign exchange translation gain of ¥10.1 billion) at the Marcellus and Eagle Ford shale gas and oil producing operations in the United States;
- An increase of ¥16.0 billion (including a foreign exchange translation gain of ¥4.8 billion) at oil & gas producing operations other than U.S. shale gas and oil and the Tempa Rossa onshore oil field;
- An increase of ¥10.6 billion (including a foreign exchange translation loss of ¥25.5 billion) at iron ore mining operations in Australia; and
- A decline of ¥13.3 billion (including a foreign exchange translation loss of ¥13.6 billion) at coal mining operations in Australia.

Long-term debt less current maturities as of September 30, 2013 was ¥3,200.8 billion, an increase of ¥15.8 billion from ¥3,185.0 billion as of March 31, 2013, mainly due to an increase in long-term borrowings at financial subsidiaries, despite a decline in long-term debt due to a reclassification to current maturities at Mitsui.

Total Mitsui & Co., Ltd. shareholders' equity as of September 30, 2013 was ¥3,351.1 billion, an increase of ¥169.3 billion from ¥3,181.8 billion as of March 31, 2013. The major component of the increase was an increase in retained earnings of ¥158.8 billion and unrealized holding gains on available-for-sale securities of ¥37.0 billion reflecting higher stock prices. Meanwhile, there was a net decline of ¥29.5 billion in foreign currency translation adjustments mainly due to the depreciation of the Australian dollar and Brazilian real against the Japanese yen.

As a result, the equity-to-asset ratio (*1) as of September 30, 2013, was 32.1%, 1.3% higher compared to 30.8% as of March 31, 2013. Net interest-bearing debt, or interest-bearing debt less cash and cash equivalents and time deposits as of September 30, 2013 was ¥3,050.0 billion, an increase of ¥210.6 billion from ¥2,839.4 billion as of March 31, 2013. The net debt-to-equity ratio (DER) (*2)as of September 30, 2013 was 0.91 times, 0.02 points higher compared to 0.89 times as of March 31, 2013.

(*1) Taking into consideration comparability with other trading companies in Japan, in this flash 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, 2013		As of September 30, 2013	
Short-term debt	¥	663.1	¥	646.4
Long-term debt	¥	3,606.2	¥	3,728.8
Interest bearing debt	¥	4,269.3	¥	4,375.2
Less cash and cash equivalents and time deposits	¥	(1,429.9)	¥	(1,325.2)
Net interest-bearing debt	¥	2,839.4	¥	3,050.0
Total Mitsui & Co., Ltd. Shareholders' equity	¥	3,181.8	¥	3,351.1
Net DER (times)		0.89		0.91

2) Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities for the six-month period ended September 30, 2013 was ¥276.6 billion, an increase of ¥49.5 billion from ¥227.1 billion for the corresponding six-month period of the previous year. Major components of net cash provided by operating activities were our operating income of ¥146.0 billion, dividend income of ¥150.9 billion, including dividends received from associated companies, while net cash outflow of ¥35.6 billion from an increase in working capital, or changes in operating assets and liabilities.

Compared with the corresponding six-month period of the previous year, dividend income increased by ¥64.7 billion and operating income increased by ¥11.7 billion, while net cash flow from changes in working capital deteriorated by ¥42.4 billion.

Cash Flows from Investing Activities

Net cash used in investing activities for the six-month period ended September 30, 2013 was ¥449.4 billion, a decline of ¥73.3 billion from ¥522.7 billion for the corresponding six-month period of the previous year. 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 ¥76.1 billion. The major cash outflows were attributable to an acquisition of a 30% stake in Gestamp Automoción, S.L.'s North and South American operations for ¥39.3 billion, an investment in the Caserones copper and molybdenum project in Chile for ¥26.1 billion, an acquisition of a 49% stake in Aqualia Czech, S.L. and Aqualia Infraestructuras Inženýring, s.r.o. for ¥12.7 billion, and an acquisition of a 19.99% stake in Medini Iskandar Malaysia Sdn. Bhd. The major cash inflows included collection of a loan for ¥24.5 billion from FPSO leasing business for oil and gas production in Brazil.

- Net outflows of cash that corresponded to other investments and business (net of sales and redemption of other investments) were ¥152.9 billion. Major cash expenditures included an acquisition of a 25% interest in an onshore oil field in Italy for ¥98.3 billion and an acquisition of a 7% share in BHP Iron Ore (Jimblebar) Pty. Ltd. for ¥61.3 billion.

- Net outflows of cash that corresponded to long-term loan receivables (net of collection) were ¥23.5 billion. Increases in long-term loans mainly consisted of the loan to BHP Iron Ore (Jimblebar) Pty. Ltd.

- Net outflows of cash relating to purchases of property leased to others and property and equipment (net of sales of those assets) were ¥192.1 billion. Major expenditures included:

  - Iron ore mining operations in Australia for ¥48.7 billion;
  - Oil and gas producing operations other than U.S. shale gas and oil for a total of ¥47.3 billion;
  - Marcellus and Eagle Ford shale gas and oil producing operations in the United States for ¥47.1 billion; and
  - Rolling stock for leasing for ¥12.1 billion.

Free cash flow, or the sum of net cash provided by operating activities and net cash used in investing activities, for the six-month period ended September 30, 2013 was a net outflow of ¥172.8 billion.

Cash Flows from Financing Activities

For the six-month period ended September 30, 2013, net cash provided by financing activities was ¥67.6 billion, a decline of ¥111.8 billion from ¥179.4 billion for the corresponding six-month period of the previous year. The net cash inflow from the borrowing of long-term debt and short-term debt were ¥85.0 billion and ¥21.6 billion, respectively, while the cash outflow from payments of cash dividends was ¥38.3 billion.

In addition to the changes discussed above, there was a decline in cash and cash equivalents of ¥3.5 billion due to foreign exchange translation; as a result, cash and cash equivalents as of September 30, 2013 totaled

¥1,316.5 billion, a decline of ¥108.7 billion from ¥1,425.2 billion as of March 31, 2013.

(4) Management Issues

1) Result and Forecast for Investment and Loan Plan

Our progress with the investments and loans plan in each of the six business areas for the six-month period ended September 30, 2013 was as follows:

Business Area	Plan Mar/2014	Result Mar/2014 1H (¥ billion)	Major Projects
Metals	280	195	Acquisition and expansion of Australian iron ore mines, Automotive components, Caserones copper development
Machinery & Infrastructure	280	95	Czech water business, Urban development of smart city, Rolling stock leasing
Chemicals	40	15	Tank terminal expansion in U.S.
Energy	320	205	Onshore oil field in Italy. Shale gas-oil development, Expansion of oil & gas and coal
Lifestyle	50	30	Intravenous products in India. Salmon farming in Chile
Innovation & Corporate Development	30	10	Logistics facility in Japan
Gross Investments & Loans	1,000	550	
Divestiture	▲170	▲110	Refinancing of FPSO project, Sale of shares, European real estate, U.S. Ethanol business
Net Cash Outflow	830	440	

During the six-month period ended September 30, 2013, we implemented new investments and loans of approximately ¥550 billion, which was originally planned at ¥1,000 billion for the fiscal year ending March 31, 2014.

Investments and loans in each of the six business areas, mainly to high-quality upstream assets and infrastructure projects in emerging countries, are executed in line with our original plan.

During the six-month period ended September 30, 2013, we collected approximately ¥110 billion for divestiture, which was originally planned at ¥170 billion for the fiscal year ending March 31, 2014. Adding to the collection for loans and sales of real estate, we proactively sold our holding shares.

We maintain our projection of the investments and loans plan for the fiscal year ending March 31, 2014.

Due to the many investment opportunities to strengthen our earnings base, free cash flow is forecasted to be negative for the fiscal year ending March 31, 2014. We plan to continue our efforts to improve our portfolio by further reinforcing our investment discipline and enhancing strategic divestitures, keeping in mind the necessity to recover from negative free cash flow.

2) Revised forecasts for the year ending March 31, 2014

[Assumption]	1st Half of Mar-14 Actual	2nd Half of Mar-14 Revised Forecast	Mar-14 Revised Forecast	Mar-14 Original Forecast
Exchange rate (JPY/USD)	98.65	95.00	96.83	95.00
Crude oil (JCC)	$108/bbl	$103/bbl	$105/bbl	$103/bbl
Consolidated oil price	$111/bbl	$105/bbl	$108/bbl	$106/bbl

(Billions of yen)

	Mar-14 Revised	Mar-14 Original	Change	Description of Increase/Decrease
Gross profit	850.0	900.0	-50.0	Decline in coal prices Commodity derivatives trading
SG & A expenses	-580.0	-580.0	0.0	
Provision for doubtful receivables	-10.0	-10.0	0.0	
Operating income	260.0	310.0	-50.0	
Interest expenses	-10.0	-10.0	0.0	
Dividend income	105.0	90.0	15.0	Increase in dividends from LNG projects Depreciation of Yen
Gain on sales of securities, PPE and other gains-net	25.0	-5.0	30.0	Increase in gain on sale of securities
Income before income taxes and equity in earnings	380.0	385.0	-5.0	
Income taxes	-175.0	-200.0	25.0	
Income before equity in earnings	205.0	185.0	20.0	
Equity in earnings of associated companies	180.0	200.0	-20.0	Impairment losses on equity investments Scrap metal recycling business
Net income before attribution of noncontrolling interests	385.0	385.0	0.0	
Net income attributable to noncontrolling interests	-15.0	-15.0	0.0	
Net income attributable to Mitsui & Co., Ltd.	370.0	370.0	0.0	

We assume foreign exchange rates for the six-month period ending March 31, 2014 (2nd half) will be ¥95/US$, ¥90/AU$ and ¥40/BRL, while average foreign exchange rates for the six-month period ended September 30, 2013 (1st half) were ¥98.65/US$, ¥92.94/AU$ and ¥44.94/BRL. Also, we assume the annual average crude oil price applicable to our financial results for the year ending March 31, 2013 will be US$108/barrel, up US$2 from the original forecast, based on the assumption that the crude oil price (JCC) will be maintained at US$103/barrel throughout the six-month period ending March 31, 2014.

Gross profit for the year ending March 31, 2014 is expected to be ¥850.0 billion, a decline of ¥50.0 billion from the original forecast, due to a decline in coal prices and underperforming commodity derivatives trading. Equity in earnings of associated companies is expected to be ¥180.0 billion, a decline of ¥20.0 billion. Major factors included impairment losses on equity investments including SCM Minera Lumina Copper Chile recoded in the six-month period ended September 30, 2013 and equity loss from scrap metal recycling business. Meanwhile, we expect increases in divided income and gain on sale of securities.

As a result, net income attributable to Mitsui & Co., Ltd. for the year ending March 31, 2014 is expected to be ¥370.0 billion, the same level as the original forecast.

The forecast for annual operating results by operating segment compared to the original forecast is described as follows:

(Billions of yen)	Year ending March 31, 2014 Revised Forecast	Year ending March 31, 2014 Original Forecast*	Change
Iron & Steel Products	13.0	13.0	0.0
Mineral & Metal Resources	89.0	112.0	(23.0)
Machinery & Infrastructure	19.0	22.0	(3.0)
Chemicals	14.0	12.0	2.0
Energy	172.0	155.0	17.0
Lifestyle	22.0	16.0	6.0
Innovation & Corporate Development	1.0	(3.0)	4.0
Americas	14.0	17.0	(3.0)
Europe, the Middle East and Africa	3.0	3.0	0.0
Asia Pacific	33.0	33.0	0.0
All Other/Adjustments and Eliminations	(10.0)	(10.0)	0.0
Consolidated total	370.0	370.0	0.0

* Effective October 1, 2013, the coal related businesses, except for trading of thermal coal for power utilities, were transferred from the Energy Segment to the Mineral & Metal Resources Segment. In accordance with this change, the operating segment information of the original forecast for the year ending March 31, 2014 has been restated to conform to the operating segment as of October 1, 2013.

- Projected net income attributable to Mitsui & Co., Ltd. from the Iron & Steel Products Segment for the year ending March 31, 2013 is ¥13.0 billion, the same level as the original forecast, taking into consideration its progress, which is in line with the original forecast.
- Projected net income attributable to Mitsui & Co., Ltd. from the Mineral & Metal Resources Segment is ¥89.0 billion, a decline of ¥23.0 billion from the original forecast. The primary reasons for the decline are the impairment loss on investment in SCM Minera Lumina Copper Chile recoded in the six-month period ended September 30, 2013; a deterioration in earnings of Mitsui Raw Materials Development Pty. Limited which invests in the scrap metal recycling business; and a decline in coal prices. Meanwhile, we count the positive impact attributable to iron ore prices and sales volume.
- Projected net income attributable to Mitsui & Co., Ltd. from the Machinery & Infrastructure Segment is ¥19.0 billion, a decline of ¥3.0 billion from the original forecast. Gas distribution business in Brazil and construction machinery-related businesses are expected to post declines in profits, due to the fluctuations in exchange rates and weaker demand.
- Projected net income attributable to Mitsui & Co., Ltd. from the Chemicals Segment is ¥14.0 billion, an increase of ¥2.0 billion from the original forecast, reflecting the gain on sale of securities recorded in the six-month period ended September 30, 2013.
- Projected net income attributable to Mitsui & Co., Ltd. from the Energy Segment is ¥172.0 billion, an increase of ¥17.0 billion from the original forecast. The main causes of the increase are a decline in cost at oil and gas producing operations; the positive effect from depreciation of the Japanese yen; and an increase in oil prices. Meanwhile, we took into consideration certain decline in production volume at oil and gas producing operations.
- Projected net income attributable to Mitsui & Co., Ltd. from the Lifestyle Segment is ¥22.0 billion, an increase of ¥6.0 billion from the original forecast. Expected positive factors include an increase in gains on sales of consumer service -related securities compared with the original forecast.
- Projected net income attributable to Mitsui & Co., Ltd. from the Innovation & Corporate Development Segment is ¥1.0 billion, an increase of ¥4.0 billion from the original forecast. We expect an increase in gains on sales of information industry-related securities, despite a profit decline in the commodity derivatives trading at Mitsui & Co. Commodity Risk Management Ltd. and the venture capital business.
- Projected net income attributable to Mitsui & Co., Ltd. from the Americas Segment is ¥14.0 billion, a

decline of ¥3.0 billion from the original forecast, reflecting the loss on sale of SunWize Technologies, Inc., a photovoltaic distributor, recorded in the six-month period ended September 30, 2013. Projected net income attributable to Mitsui & Co., Ltd. from the Europe, the Middle East and Africa Segment and the Asia Pacific Segment are ¥3.0 billion and ¥33.0 billion, respectively, the same level as the original forecast.

- Projected net loss attributable to Mitsui & Co., Ltd. from All Other/Adjustments and Eliminations Segment is ¥10.0 billion, the same level as the original forecast. Adjustments and Eliminations include income and expense items that are not allocated to specific segments.

3) Key commodity prices and other parameters for the year ending March 31, 2014

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, 2014. Effects of price movements for each commodity on annual net income attributable to Mitsui & Co., Ltd. are included in the table.

Impact on Net Income attributable to Mitsui & Co., Ltd. for the Year ending March 31, 2014 (Announced in May 2013)			March 2014 (Revised Forecast) (Announced in November 2013)	March 2014		March 2013 (Original Forecast) (Announced in May 2013)
				1st Half (Result)	2nd Half (Assumption)	
Commodity	Crude Oil/JCC	¥1.9 bn (US$1/bbl)	105	108	103	103
	Consolidated Oil Price(*1)		108	111	105	106
	Iron Ore	¥2.2 bn (US$1/ton)	(*2)	124.8(*3)	(*2)	(*2)
	Copper	¥0.6 bn (US$100/ton)	7,413	7,537(*4)	7,500(*5)	7,500
Forex (*6)	USD	¥1.9 bn (¥1/USD)	96.83	98.65	95	95
	AUD	¥1.9 bn (¥1/AUD)	91.47	92.94	90	95
	BRL	¥0.4 bn (¥1/BRL)	42.47	44.94	40	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: 4-6 month time lag, 34%; 1-3 month time lag, 47%; no time lag, 19%.
(*2) We refrain from disclosing the iron ore price assumptions.
(*3) Daily average of representative reference prices (Fine, Fe 62% CFR North China) during April 2013 to September 2013
(*4) Average of LME cash settlement price during January 2013 to June 2013
(*5) Price assumption for January 2014 to March 2014
(*6) Impact of currency fluctuation on net income of overseas subsidiaries and associated companies (denomination in functional currency) against the Japanese yen
Impact of currency fluctuation between their functional currencies against revenue currencies and exchange rate hedging are not included.

4) Shareholder Return Policy

In order to increase corporate value and maximize shareholder value, we have sought to maintain an optimal balance between (a) meeting investment demand in areas that are our core strengths and growth largely through re-investments of our retained earnings, and (b) directly providing returns to shareholders by paying out cash dividends based on a target dividend payout ratio of consolidated net income.

For the two-year period of the Medium-term Management Plan to March 2014, while we principally aim for a steady increase in dividends through improvements in corporate performance, we will also consider more flexible compensation to the shareholders, provided that sufficient retained earnings for future business development is secured. Considering the strengthening of our financial standing that has been accomplished through the execution of our previous Medium-term Management Plan, we have set our minimum target dividend payout ratio at 25%.

For the six-month period ended September 30, 2013, we have decided to pay an interim dividend of ¥25 per share, a ¥3 per share increase from the corresponding six-month period of the previous year. Pursuant to our policy, for the year ending March 31, 2014, we currently envisage an annual dividend of ¥51 per share (including the interim dividend of ¥25 per share), an ¥8 increase from the year ended March 31, 2013, on the assumption that our annual consolidated net income attributable to Mitsui & Co., Ltd. will be ¥370 billion, as mentioned in our net income forecast for the year ending March 31, 2014.

We will continue to review the shareholder return policy taking into consideration the business environment, future investing activity trends, free cash flow and interest-bearing debt levels, and return on equity.

(5) Research & Development

Research and development ("R&D") expenses were insignificant for the six-month period ended September 30, 2013.

3. Consolidated Financial Statements

Consolidated Balance Sheets

Mitsui & Co., Ltd. and subsidiaries
September 30, 2013 and March 31, 2013

	Millions of Yen	
	September 30, 2013	**March 31, 2013**
ASSETS		
Current Assets:		
Cash and cash equivalents (Notes 1 and 3)	¥ 1,316,481	¥ 1,425,174
Time deposits	8,725	4,740
Marketable securities (Notes 1, 3 and 14)	370	367
Trade receivables (Notes 4 and 5):		
Notes and loans, less unearned interest	258,854	291,052
Accounts	1,501,213	1,608,915
Associated companies	97,165	138,588
Allowance for doubtful receivables (Note 1)	(13,806)	(16,463)
Inventories (Notes 1, 5 and 12)	726,144	746,584
Advance payments to suppliers	127,484	135,120
Deferred tax assets—current (Note 1)	14,534	15,644
Derivative assets (Notes 1, 12 and 14)	87,137	61,081
Other current assets	234,179	220,729
Total current assets	4,358,480	4,631,531
Investments and Non-current Receivables (Notes 1 and 5):		
Investments in and advances to associated companies (Notes 3, 4, 9 and 14)	2,443,637	2,325,255
Other investments (Notes 3 and 14)	932,877	816,343
Non-current receivables, less unearned interest (Notes 4, 12 and 14)	531,170	523,904
Allowance for doubtful receivables (Note 4)	(37,881)	(37,362)
Property leased to others—at cost, less accumulated depreciation	341,275	330,627
Total investments and non-current receivables	4,211,078	3,958,767
Property and Equipment—at Cost (Notes 1, 5 and 14):		
Land, land improvements and timberlands	220,859	218,801
Buildings, including leasehold improvements	461,610	442,255
Equipment and fixtures	1,791,095	1,668,246
Mineral rights	277,718	203,142
Vessels	41,274	42,478
Projects in progress	238,445	235,084
Total	3,031,001	2,810,006
Accumulated depreciation	(1,324,785)	(1,239,736)
Net property and equipment	1,706,216	1,570,270
Intangible Assets, less Accumulated Amortization (Notes 1 and 14)	123,311	118,448
Deferred Tax Assets—Non-current (Note 1)	28,699	31,538
Other Assets	14,142	14,027
Total	¥10,441,926	¥10,324,581

See notes to consolidated financial statements

Consolidated Balance Sheets—(Continued)

Mitsui & Co., Ltd. and subsidiaries
September 30, 2013 and March 31, 2013

	Millions of Yen	
	September 30, 2013	March 31, 2013
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term debt (Note 5)	¥ 646,417	¥ 663,129
Current maturities of long-term debt (Notes 5 and 12)	528,018	421,211
Trade payables:		
Notes and acceptances	37,537	46,057
Accounts	1,297,402	1,438,287
Associated companies	91,100	71,272
Accrued expenses:		
Income taxes (Note 1)	54,464	54,091
Interest	15,887	16,985
Other	80,515	80,971
Advances from customers	100,474	98,470
Derivative liabilities (Notes 1, 12 and 14)	75,053	83,940
Other current liabilities (Notes 1 and 10)	68,560	70,917
Total current liabilities	2,995,427	3,045,330
Long-term Debt, less Current Maturities (Notes 5 and 12)	3,200,804	3,184,957
Accrued Pension Costs and Liability for Severance Indemnities (Note 1)	66,518	68,312
Deferred Tax Liabilities—Non-current (Note 1)	288,127	266,544
Other Long-term Liabilities (Notes 1, 10, 12 and 14)	286,697	319,334
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 September 30, 2013 and 1,829,153,527 shares at March 31, 2013	341,482	341,482
Capital surplus	427,255	429,828
Retained earnings:		
Appropriated for legal reserve	72,067	69,653
Unappropriated	2,561,468	2,405,008
Accumulated other comprehensive income (loss) (Note 1):		
Unrealized holding gains on available-for-sale securities (Note 3)	172,770	135,832
Foreign currency translation adjustments (Note 12)	(124,427)	(94,912)
Defined benefit pension plans	(70,998)	(74,124)
Net unrealized losses on derivatives (Note 12)	(22,585)	(24,974)
Total accumulated other comprehensive loss	(45,240)	(58,178)
Treasury stock, at cost: 3,991,092 shares at September 30, 2013 and 4,027,206 shares at March 31, 2013	(5,933)	(5,974)
Total Mitsui & Co., Ltd. shareholders' equity	3,351,099	3,181,819
Noncontrolling interests (Note 1)	253,254	258,285
Total equity	3,604,353	3,440,104
Total	¥10,441,926	¥10,324,581

See notes to consolidated financial statements

Statements of Consolidated Income and Comprehensive Income

Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2013 and 2012

Statements of Consolidated Income

	Millions of Yen	
	Six-Month Period Ended September 30, 2013	Six-Month Period Ended September 30, 2012
Revenues (Notes 1, 7, 9, 12 and 14):		
Sales of products	¥ 2,617,151	¥ 2,117,701
Sales of services	201,981	185,434
Other sales	53,173	62,763
Total revenues	2,872,305	2,365,898
Total Trading Transactions (Note 1): Six-month period ended September 30, 2013, ¥5,531,382 million; Six-month period ended September 30, 2012, ¥4,992,679 million		
Cost of Revenues (Notes 1, 7, 9, 12 and 14):		
Cost of products sold	2,332,370	1,866,548
Cost of services sold	80,331	76,850
Cost of other sales	29,628	29,526
Total cost of revenues	2,442,329	1,972,924
Gross Profit	429,976	392,974
Other Expenses (Income):		
Selling, general and administrative (Notes 1, 6, 7 and 9)	278,565	251,480
Provision for doubtful receivables (Notes 1, 4 and 9)	5,444	7,219
Interest income (Notes 1, 4 and 12)	(14,851)	(14,955)
Interest expense (Notes 1, 7 and 12)	22,064	21,218
Dividend income	(64,523)	(46,386)
Gain on sales of securities—net (Notes 3 and 7)	(16,987)	(15,664)
Loss on write-down of securities (Notes 1, 3, 7 and 14)	10,600	18,361
Gain on disposal or sales of property and equipment—net	(1,838)	(1,516)
Impairment loss of long-lived assets (Note 1)	414	224
Other expenses—net (Notes 1, 7, 12 and 14)	8,680	12,691
Total other expenses (income)	227,568	232,672
Income before Income Taxes and Equity in Earnings	202,408	160,302
Income Taxes (Note 1)	89,288	77,625
Income before Equity in Earnings	113,120	82,677
Equity in Earnings of Associated Companies—Net (Notes 1, 7, 9 and 14)	93,301	97,338
Net Income before Attribution of Noncontrolling Interests	206,421	180,015
Net Income Attributable to Noncontrolling Interests	(9,220)	(11,678)
Net Income Attributable to Mitsui & Co., Ltd.	¥ 197,201	¥ 168,337
	Yen	
Net Income Attributable to Mitsui & Co., Ltd. per Share (Notes 1 and 8):		
Basic	108.05	92.24
Diluted	108.05	92.24

See notes to consolidated financial statements

Statements of Consolidated Comprehensive Income

	Millions of Yen	
	Six-Month Period Ended September 30, 2013	Six-Month Period Ended September 30, 2012
Comprehensive Income (Loss) (Note 1):		
Net Income before Attribution of Noncontrolling Interests	¥ 206,421	¥ 180,015
Other Comprehensive Income (Loss) (after income tax effect) (Notes 1 and 7)**:**		
Unrealized holding gains (losses) on available-for-sale securities (Note 3)	35,569	(41,079)
Foreign currency translation adjustments (Note 12)	(28,885)	(120,210)
Defined benefit pension plans	3,143	1,680
Net unrealized gains (losses) on derivatives (Note 12)	2,308	(3,885)
Total Other Comprehensive Income (Loss) (after income tax effect)	12,135	(163,494)
Comprehensive Income before Attribution of Noncontrolling Interests	218,556	16,521
Comprehensive Income Attributable to Noncontrolling Interests (Note 7)	(8,648)	(2,372)
Comprehensive Income Attributable to Mitsui & Co., Ltd.	¥ 209,908	¥ 14,149

See notes to consolidated financial statements

For the Three-Month Periods Ended September 30, 2013 and 2012

Statements of Consolidated Income

	Millions of Yen	
	Three-Month Period Ended September 30, 2013	**Three-Month Period Ended September 30, 2012**
Revenues (Notes 1, 7, 9, 12 and 14):		
Sales of products	¥ 1,323,124	¥ 1,065,711
Sales of services	101,313	94,083
Other sales	32,266	26,325
Total revenues	1,456,703	1,186,119
Total Trading Transactions (Note 1): Three-month period ended September 30, 2013, ¥2,747,770 million; Three-month period ended September 30, 2012, ¥2,497,082 million		
Cost of Revenues (Notes 1, 7, 9, 12 and 14):		
Cost of products sold	1,178,097	941,322
Cost of services sold	41,747	38,207
Cost of other sales	14,670	15,555
Total cost of revenues	1,234,514	995,084
Gross Profit	222,189	191,035
Other Expenses (Income):		
Selling, general and administrative (Notes 1, 6, 7 and 9)	138,877	126,077
Provision for doubtful receivables (Notes 1, 4 and 9)	2,649	2,675
Interest income (Notes 1, 4 and 12)	(7,249)	(8,248)
Interest expense (Notes 1, 7 and 12)	11,072	10,528
Dividend income	(15,111)	(10,989)
Gain on sales of securities—net (Notes 3 and 7)	(8,190)	(9,906)
Loss on write-down of securities (Notes 1, 3, 7 and 14)	2,335	7,028
Gain on disposal or sales of property and equipment—net	(1,672)	(242)
Impairment loss of long-lived assets (Note 1)	414	221
Other expenses—net (Notes 1, 7, 12 and 14)	8,653	1,530
Total other expenses (income)	131,778	118,674
Income before Income Taxes and Equity in Earnings	90,411	72,361
Income Taxes (Note 1)	44,478	41,523
Income before Equity in Earnings	45,933	30,838
Equity in Earnings of Associated Companies—Net (Notes 1, 7, 9 and 14)	29,311	37,243
Net Income before Attribution of Noncontrolling Interests	75,244	68,081
Net Income Attributable to Noncontrolling Interests	(3,845)	(4,191)
Net Income Attributable to Mitsui & Co., Ltd.	¥ 71,399	¥ 63,890
	Yen	
Net Income Attributable to Mitsui & Co., Ltd. per Share (Notes 1 and 8):		
Basic	39.12	35.01
Diluted	39.12	35.01

See notes to consolidated financial statements

Statements of Consolidated Comprehensive Income

	Millions of Yen	
	Three-Month Period Ended September 30, 2013	**Three-Month Period Ended September 30, 2012**
Comprehensive Income (Loss) (Note 1):		
Net Income before Attribution of Noncontrolling Interests	¥ 75,244	¥ 68,081
Other Comprehensive Income (Loss) (after income tax effect) (Notes 1 and 7)**:**		
Unrealized holding gains (losses) on available-for-sale securities (Note 3)	24,606	(2,285)
Foreign currency translation adjustments (Note 12)	(6,398)	9,006
Defined benefit pension plans	649	16
Net unrealized gains (losses) on derivatives (Note 12)	9,517	(3,142)
Total Other Comprehensive Income (after income tax effect)	28,374	3,595
Comprehensive Income before Attribution of Noncontrolling Interests	103,618	71,676
Comprehensive Income Attributable to Noncontrolling Interests (Note 7)	(4,141)	(3,690)
Comprehensive Income Attributable to Mitsui & Co., Ltd.	¥ 99,477	¥ 67,986

See notes to consolidated financial statements

Statements of Consolidated Cash Flows

Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2013 and 2012

	Millions of Yen	
	Six -Month Period Ended September 30, 2013	Six -Month Period Ended September 30, 2012
Operating Activities:		
Net income before attribution of noncontrolling interests	¥ 206,421	¥ 180,015
Adjustments to reconcile net income before attribution of noncontrolling interests to net cash provided by operating activities:		
Depreciation and amortization	105,478	88,203
Pension and severance costs, less payments	3,421	5,417
Provision for doubtful receivables	5,444	7,219
Gain on sales of securities—net	(16,987)	(15,664)
Loss on write-down of securities	10,600	18,361
Gain on disposal or sales of property and equipment—net	(1,838)	(1,516)
Impairment loss of long-lived assets	414	224
Deferred income taxes	6,188	(4,486)
Equity in earnings of associated companies, less dividends received	(6,905)	(57,494)
Changes in operating assets and liabilities:		
Decrease in trade receivables	183,819	167,662
Decrease (increase) in inventories	28,023	(66,237)
Decrease in trade payables	(140,121)	(72,800)
Increase (decrease) in accrued expenses	4,313	(18,222)
Decrease in advance payments to suppliers	13,326	944
(Decrease) increase in advances from customers	(10,653)	5,117
Changes in derivative assets and liabilities—net	(58,247)	(5,708)
Decrease in short-term debt—other secured financing	(50,176)	-
Other—net	(5,902)	(3,947)
Net cash provided by operating activities	276,618	227,088
Investing Activities:		
Net increase in time deposits	(4,699)	(2,070)
Investments in and advances to associated companies	(126,864)	(219,783)
Sales of investments in and collection of advances to associated companies	50,752	26,124
Acquisitions of other investments and businesses —net of cash acquired (Note 2)	(189,727)	(29,576)
Proceeds from sales and maturities of other investments	36,781	40,535
Increase in long-term loan receivables	(75,887)	(190,949)
Collection of long-term loan receivables	52,342	54,551
Additions to property leased to others and property and equipment	(207,889)	(208,863)
Proceeds from sales of property leased to others and property and equipment	15,764	7,339
Net cash used in investing activities	(449,427)	(522,692)
Financing Activities:		
Net increase in short-term debt	21,593	152,665
Proceeds from long-term debt	349,154	310,343
Repayments of long-term debt	(264,138)	(231,629)
Transactions with noncontrolling interests shareholders	(681)	(820)
Purchases of treasury stock—net	(9)	(2)
Payments of cash dividends	(38,334)	(51,111)
Net cash provided by financing activities	67,585	179,446
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(3,469)	(20,380)
Net Decrease in Cash and Cash Equivalents	(108,693)	(136,538)
Cash and Cash Equivalents at Beginning of Period	1,425,174	1,431,112
Cash and Cash Equivalents at End of Period	¥ 1,316,481	¥ 1,294,574

See notes to consolidated financial statements

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 second-quarter-end on or after June 30, but prior to the parent company's second-quarter-end of September 30, are included on the basis of the subsidiaries' respective second-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 is recorded for the 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 in which 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.
The Company and a certain subsidiary accounted for certain physical commodity swap transactions related to precious metal as financings with physical commodities pledged as collateral.

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 expenses-net when the hedged transactions affect earnings. Changes in the fair value of the ineffective portion are recognized in mainly other expenses-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 expenses-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 improvements 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:

Sales of products

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 through November 13, 2013.

III. RECLASSIFICATION

Certain reclassifications and format changes have also been made to amounts for the six-month period ended September 30, 2012 and for the three-month period ended September 30, 2012 to conform to the current period presentation.

IV. 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 six-month periods ended September 30, 2013 and 2012, were not reclassified due to their immateriality to the companies' financial position and results of operations.

Ⅴ.NEW ACCOUNTING STANDARDS

Testing indefinite-lived intangible assets for impairment

Effective April 1, 2013, the companies adopted the new provisions in ASC350,"Intangibles-Goodwill and Other," which the FASB issued as ASU 2012-02, "Testing Indefinite-Lived Intangible Assets for Impairment."

ASU 2012-02 amends the provisions in ASC 350 and permits the companies not to calculate the fair value of the indefinite-lived intangible assets unless it is more likely than not that the fair value of the assets 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.

Disclosures about offsetting assets and liabilities

Effective April 1, 2013, the companies adopted the new provisions in ASC210,"Balance Sheet," which the FASB issued as ASU 2013-01, "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities."

ASU 2013-01 clarifies that the scope of ASU 2011-11, "Disclosures about Offsetting Assets and Liabilities," applies to derivatives accounted for in accordance with ASC 815, "Derivatives and Hedging," including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with ASC 210-20-45 or ASC 815-10-45 or subject to an enforceable master netting arrangement or similar agreement.

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

Reporting of amounts reclassified out of accumulated other comprehensive income

Effective April 1, 2013, the companies adopted the new provisions in ASC220,"Comprehensive Income," which the FASB issued as ASU 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income."

ASU 2013-02 amends the provisions in ASC 220 to require enhanced disclosures regarding the changes in other comprehensive income by component and 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 six-month period ended September 30, 2013

Total E&P Energia Italia S.r.l

On March 18, 2013, Mitsui E&P Italia A S.r.l, an 89.34% owned subsidiary of the Company, entered into a definitive agreement with Total E&P Italia S.p.A, to acquire all shares of Total E&P Energia Italia S.r.l which owns a 25% participating interest in the Tempa Rossa onshore oil field in the Gorgoglione concession in Italy, 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 ¥98,321 million (€757 million) was closed on June 21, 2013.

The Company is in the process of determining its purchase price allocation, and recorded provisional amounts for assets acquired and liabilities assumed. The following table summarizes the acquisition-date fair values of such assets and liabilities provisionally recorded at September 30 and June 30, 2013:

	Millions of Yen	
	September 30, 2013	June 30, 2013
Current assets	¥ 5,801	¥ 5,059
Property and equipment	92,929	93,262
Total assets acquired	98,730	98,321
Current liabilities	(409)	-
Total liabilities assumed	(409)	-
Net assets acquired	¥ 98,321	¥ 98,321

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 ¥98,321 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 six-month period ended September 30, 2013.

For the six-month period ended September 30, 2012

No material business combinations were completed during the six-month period ended September 30, 2012.

3. *MARKETABLE SECURITIES AND OTHER INVESTMENTS*

Debt and marketable equity securities

At September 30, 2013 and March 31, 2013, 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
September 30, 2013:					
Available-for-sale:					
Marketable equity securities (Japan)	¥ 208,355	¥ 441,105	¥ 232,787	¥ (37)	¥ 232,750
Marketable equity securities (Non-Japan)	18,990	63,702	45,272	(560)	44,712
Preferred stock that must be redeemed	44,816	38,023	1,551	(8,344)	(6,793)
Government bonds	15	15	0	—	0
Other securities	478	478	0	—	0
March 31, 2013:					
Available-for-sale:					
Marketable equity securities (Japan)	¥ 207,774	¥ 403,264	¥ 195,583	¥ (93)	¥ 195,490
Marketable equity securities (Non-Japan)	19,653	48,399	28,968	(222)	28,746
Preferred stock that must be redeemed	52,923	47,168	1,933	(7,688)	(5,755)
Government bonds	15	15	0	—	0
Other securities	285	285	0	—	0

	Millions of Yen				
			Unrealized holding gains (losses)		
	Amortized cost	Fair value	Gains	Losses	Net
September 30, 2013:					
Held-to-maturity debt securities	¥ 3,797	¥ 3,797	¥ 0	—	¥ 0
March 31, 2013:					
Held-to-maturity debt securities	¥ 3,593	¥ 3,593	¥ 0	—	¥ 0

At September 30, 2013 and March 31, 2013, 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 September 30, 2013 and March 31, 2013, 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
September 30, 2013:				
Available-for-sale:				
Marketable equity securities	¥ 2,610	¥ (597)	—	—
Debt securities, consisting of preferred stock that must be redeemed	—	—	¥ 23,197	¥ (8,334)
Total	¥ 2,610	¥ (597)	¥ 23,197	¥ (8,334)
March 31, 2013:				
Available-for-sale:				
Marketable equity securities	¥ 3,404	¥ (315)	—	—
Debt securities, consisting of preferred stock that must be redeemed	—	—	¥ 38,300	¥ (7,688)
Total	¥ 3,404	¥ (315)	¥ 38,300	¥ (7,688)

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 at September 30, 2013. 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 September 30, 2013.

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. Losses on write-down of current portion of the preferred stock 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 September 30, 2013.

For the six-month periods ended September 30, 2013 and 2012 losses of ¥5,512 million and ¥15,006 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 September 30, 2013 and 2012 losses of ¥670 million and ¥5,466 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 portions of net trading gains and losses for the six-month and three-month periods that relate to trading securities still held at September 30, 2013 and 2012 didn't exist.

The proceeds from sales of available-for-sale securities and the gross realized gains and losses on those sales for the six-month periods ended September 30, 2013 and 2012 were as follows:

	Millions of Yen	
	2013	2012
Proceeds from sales	¥ 19,281	¥ 8,278
Gross realized gains	¥ 10,981	¥ 2,128
Gross realized losses	(2)	(1)
Net realized gains	¥ 10,979	¥ 2,127

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 September 30, 2013 and 2012 were as follows:

	Millions of Yen	
	2013	2012
Proceeds from sales	¥ 4,981	¥ 993
Gross realized gains	¥ 3,548	¥ 377
Gross realized losses	(2)	—
Net realized gains	¥ 3,546	¥ 377

On July 1, 2013, in connection with the foundation of Coca-Cola East Japan Co., Ltd., the Company exchanged shares of Mikuni Coca-Cola Bottling Co., Ltd. for those of Coca-Cola East Japan Co., Ltd. In accordance with ASC 325-20-30, "Nonmonetary Exchange of Cost-Method Investments," a non-cash gain of ¥3,172 million was recorded for the six-month and three-month periods ended September 30, 2013, and is included in gain on sales of securities—net in the Statements of Consolidated Income.

Debt securities classified as available-for-sale and held-to-maturity at September 30, 2013 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	¥ 13,290	¥ 14,841	—	—
After 1 year through 5 years	31,723	23,379	¥ 141	¥ 141
After 5 years through 10 years	296	296	—	—
After 10 years	—	—	3,656	3,656
Total	¥ 45,309	¥ 38,516	¥ 3,797	¥ 3,797

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

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 ¥423,805 million and ¥360,822 million at September 30, 2013 and March 31, 2013, respectively.

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 ¥5,088 million and ¥3,355 million for the six-month periods ended September 30, 2013 and 2012, respectively.

Losses on write-downs of these investment securities recognized to reflect the declines in fair value considered to be other-than-temporary were ¥1,665 million and ¥1,562 million for the three-month periods ended September 30, 2013 and 2012, respectively.

The aggregate carrying amount of the companies' non-marketable equity securities accounted for under the cost method totaled ¥367,809 million and ¥315,599 million at September 30, 2013 and March 31, 2013, 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 September 30, 2013 and 2012, were as follows:

	Millions of Yen		
	Corporate Businesses	**Retail Finance Business**	**Total**
Six-month period ended September 30, 2013:			
Related Allowances			
Balance at March 31, 2013	¥ 39,845	¥ 6,218	¥ 46,063
Credits charged off	(3,077)	(3,213)	(6,290)
Provision for doubtful receivables	1,385	3,565	4,950
Others	(109)	(459)	(568)
Balance at September 30, 2013	¥ 38,044	¥ 6,111	¥ 44,155
Allowances Collectively Evaluated	1,579	1,502	3,081
Allowances Individually Evaluated	36,465	4,609	41,074
Financing Receivables			
Balance at September 30, 2013	¥ 547,633	¥ 127,039	¥ 674,672
Financing Receivables with Allowances Collectively Evaluated	486,007	119,850	605,857
Financing Receivables with Allowances Individually Evaluated	61,626	7,189	68,815

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**
Six-month period ended September 30, 2012:			
Related Allowances			
Balance at March 31, 2012	¥ 33,951	¥ 9,625	¥ 43,576
Credits charged off	(2,390)	(5,861)	(8,251)
Provision for doubtful receivables	2,096	5,741	7,837
Others	(1,065)	(799)	(1,864)
Balance at September 30, 2012	¥ 32,592	¥ 8,706	¥ 41,298
Allowances Collectively Evaluated	989	1,957	2,946
Allowances Individually Evaluated	31,603	6,749	38,352
Financing Receivables			
Balance at September 30, 2012	¥ 546,839	¥ 116,479	¥ 663,318
Financing Receivables with Allowances Collectively Evaluated	496,660	105,368	602,028
Financing Receivables with Allowances Individually Evaluated	50,179	11,111	61,290

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 September 30, 2013:			
Related Allowances			
Balance at June 30, 2013	¥ 42,972	¥ 6,261	¥ 49,233
Credits charged off	(3,007)	(1,125)	(4,132)
Provision for doubtful receivables	439	1,463	1,902
Others	(2,360)	(488)	(2,848)
Balance at September 30, 2013	¥ 38,044	¥ 6,111	¥ 44,155

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 September 30, 2012:			
Related Allowances			
Balance at June 30, 2012	¥ 35,639	¥ 8,989	¥ 44,628
Credits charged off	(1,905)	(2,802)	(4,707)
Provision for doubtful receivables	(63)	2,666	2,603
Others	(1,079)	(147)	(1,226)
Balance at September 30, 2012	¥ 32,592	¥ 8,706	¥ 41,298

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.

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 September 30, 2013:
Corporate Businesses

	Millions of Yen			
	Metals	Machinery & Infrastructure	Chemicals	Energy
Performing	¥ 142,557	¥ 241,491	¥ 1,398	¥ 35,892
Nonperforming	5,284	13,145	7,155	4,098
Total	¥ 147,841	¥ 254,636	¥ 8,553	¥ 39,990

	Millions of Yen			
	Lifestyle	Innovation & Corporate Development	Others	Total
Performing	¥ 9,820	¥ 11,285	¥ 60,232	¥ 502,675
Nonperforming	2,213	3,941	9,122	44,958
Total	¥ 12,033	¥ 15,226	¥ 69,354	¥ 547,633

Balance at March 31, 2013:
Corporate Businesses

	Millions of Yen			
	Metals	Machinery & Infrastructure	Chemicals	Energy
Performing	¥ 126,037	¥ 259,152	¥ 1,664	¥ 31,760
Nonperforming	3,549	12,343	6,899	3,943
Total	¥ 129,586	¥ 271,495	¥ 8,563	¥ 35,703

	Millions of Yen			
	Lifestyle	Innovation & Corporate Development	Others	Total
Performing	¥ 9,421	¥ 11,274	¥ 62,297	501,605
Nonperforming	2,449	5,890	8,847	43,920
Total	¥ 11,870	¥ 17,164	¥ 71,144	545,525

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 & Corporate Development: 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 September 30, 2013:
Corporate Businesses

	Millions of Yen			
	Metals	**Machinery & Infrastructure**	**Chemicals**	**Energy**
Less than 90 days (including not past due)..	¥ 142,767	¥ 239,660	¥ 5,185	¥ 33,028
90 days or more	5,074	14,976	3,368	6,962
Total..............................	¥ 147,841	¥ 254,636	¥ 8,553	¥ 39,990

	Millions of Yen			
	Lifestyle	**Innovation & Corporate Development**	**Others**	**Total**
Less than 90 days (including not past due)..	¥ 10,439	¥ 12,166	¥ 65,063	¥ 508,308
90 days or more	1,594	3,060	4,291	39,325
Total...........................	¥ 12,033	¥ 15,226	¥ 69,354	¥ 547,633

Retail Finance Business

	Millions of Yen
Less than 30 days (including not past due)..........	¥ 117,642
30-89 days past due	4,135
90-179 days past due	2,138
180-359 days past due	1,458
360 days or more past due......	1,666
Total..	¥ 127,039

For the companies engaged in both corporate business 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, 2013:
Corporate Businesses

	Millions of Yen							
	Metals		Machinery & Infrastructure		Chemicals		Energy	
Less than 90 days (including not past due)	¥	125,012	¥	257,341	¥	5,532	¥	28,602
90 days or more		4,574		14,154		3,031		7,101
Total	¥	129,586	¥	271,495	¥	8,563	¥	35,703

	Millions of Yen							
	Lifestyle		Innovation & Corporate Development		Others		Total	
Less than 90 days (including not past due)	¥	10,092	¥	14,153	¥	66,864	¥	507,596
90 days or more		1,778		3,011		4,280		37,929
Total	¥	11,870	¥	17,164	¥	71,144	¥	545,525

Retail Finance Business

	Millions of Yen	
Less than 30 days (including not past due)	¥	120,353
30-89 days past due		4,843
90-179 days past due		2,944
180-359 days past due		1,311
360 days or more past due		1,739
Total	¥	131,190

For the companies engaged in both corporate business and retail finance business, the recorded investments 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 September 30, 2013:
Corporate Businesses

	Millions of Yen							
	Metals		Machinery & Infrastructure		Chemicals		Energy	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥ 20,059	¥ 5,258	¥ 13,556	¥ 12,337	¥ 5,121	¥ 4,541	¥ 6,904	¥ 4,477
Without allowance for credit losses	—	—	351	—	—	—	—	—
Total	¥ 20,059	¥ 5,258	¥ 13,907	¥ 12,337	¥ 5,121	¥ 4,541	¥ 6,904	¥ 4,477

	Millions of Yen							
	Lifestyle		Innovation & Corporate Development		Others		Total	
	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance	Receivable	Allowance
With allowance for credit losses	¥ 4,494	¥ 4,310	¥ 3,936	¥ 3,283	¥ 7,556	¥ 2,259	¥ 61,626	¥ 36,465
Without allowance for credit losses	40	—	15	—	1,452	—	1,858	—
Total	¥ 4,534	¥ 4,310	¥ 3,951	¥ 3,283	¥ 9,008	¥ 2,259	¥ 63,484	¥ 36,465

Retail Finance Business

	Millions of Yen	
	Receivable	Allowance
With allowance for credit losses	¥ 7,189	¥ 4,609
Without allowance for credit losses	—	—
Total	¥ 7,189	¥ 4,609

Note: Unpaid principal and recorded investment in the impaired financing receivables are equal.

Balance at March 31, 2013:
Corporate Businesses

	Metals (Millions of Yen) Receivable	Metals Allowance	Machinery & Infrastructure Receivable	Machinery & Infrastructure Allowance	Chemicals Receivable	Chemicals Allowance	Energy Receivable	Energy Allowance
With allowance for credit losses	¥19,935	¥ 4,686	¥13,429	¥11,556	¥ 4,907	¥ 4,377	¥ 7,048	¥ 4,308
Without allowance for credit losses	58	—	632	—	12	—	—	—
Total	¥19,993	¥ 4,686	¥14,061	¥11,556	¥ 4,919	¥ 4,377	¥ 7,048	¥ 4,308

	Lifestyle (Millions of Yen) Receivable	Lifestyle Allowance	Innovation & Corporate Development Receivable	Innovation & Corporate Development Allowance	Others Receivable	Others Allowance	Total Receivable	Total Allowance
With allowance for credit losses	¥ 3,079	¥ 2,994	¥ 5,886	¥ 5,244	¥10,903	¥ 5,371	¥65,187	¥38,536
Without allowance for credit losses	72	—	16	—	1,379	—	2,169	—
Total	¥ 3,151	¥ 2,994	¥ 5,902	¥ 5,244	¥12,282	¥ 5,371	¥67,356	¥38,536

Retail Finance Business

	Millions of Yen Receivable	Allowance
With allowance for credit losses	¥ 7,590	¥ 4,697
Without allowance for credit losses	—	—
Total	¥ 7,590	¥ 4,697

Note: Unpaid principal and recorded investment in the impaired financing receivables are equal.

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

Six-month period ended September 30, 2013:

Corporate Businesses (Millions of Yen): Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	Others	Total	Retail Finance Business
¥ 20,026	¥ 13,984	¥ 5,020	¥ 6,976	¥ 3,842	¥ 4,927	¥ 10,645	¥ 65,420	¥ 7,390

Six-month period ended September 30, 2012:

Corporate Businesses (Millions of Yen): Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	Others	Total	Retail Finance Business
¥ 10,429	¥ 13,182	¥ 4,946	¥ 5,260	¥ 2,969	¥ 5,080	¥ 10,217	¥ 52,081	¥ 11,134

Note: Interest income for the six-month period ended September 30, 2013 and 2012, recognized on impaired financing receivables was considered minor.

Three-month period ended September 30, 2013:

Corporate Businesses (Millions of Yen)								
Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	Others	Total	Retail Finance Business
¥ 20,022	¥ 14,201	¥ 5,172	¥ 6,005	¥ 4,533	¥ 5,022	¥ 10,790	¥ 65,744	¥ 7,250

Three-month period ended September 30, 2012:

Corporate Businesses (Millions of Yen)								
Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	Others	Total	Retail Finance Business
¥ 10,490	¥ 13,946	¥ 4,801	¥ 7,130	¥ 2,934	¥ 4,979	¥ 12,982	¥ 57,261	¥ 11,071

Note: Interest income for the three-month period ended September 30, 2013 and 2012, recognized on impaired financing receivables was considered minor.

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 September 30, 2013:

Corporate Businesses (Millions of Yen)								
Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	Others	Total	Retail Finance Business
¥ 20,059	¥ 27,887	¥ 5,121	¥ 6,904	¥ 4,534	¥ 3,951	¥ 9,007	¥ 77,463	¥ 7,189

Balance at March 31, 2013:

Corporate Businesses (Millions of Yen)								
Metals	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development	Others	Total	Retail Finance Business
¥ 19,993	¥ 27,512	¥ 4,919	¥ 7,048	¥ 3,151	¥ 5,902	¥ 12,282	¥ 80,807	¥ 7,590

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 six-month and three-month periods ended September 30, 2013 and 2012.

Millions of Yen			
Six-month period ended September 30, 2013		Six-month period ended September 30, 2012	
Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
¥ 4,861	¥ 3,977	¥ 7,314	¥ 6,454

Millions of Yen			
Three-month period ended September 30, 2013		Three-month period ended September 30, 2012	
Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
¥ 2,214	¥ 1,672	¥ 3,464	¥ 2,876

The increases in the provision of allowance for doubtful accounts as a result of the classification of TDRs for the six-month and three-month periods ended September 30, 2013 were considered minor. The increases in the provision of allowance for doubtful accounts as a result of the classification of TDRs for the six-month and three-month periods ended September 30, 2012 were ¥1,020 million and ¥787 million. 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, 2012 and subsequently defaulted during the six-month period ended September 30, 2013 for the retail finance business was ¥2,894 million. The amounts of financing receivables modified as TDRs after July 1, 2012 and subsequently defaulted during the three-month period ended September 30, 2013 for the retail finance business was ¥1,037 million. The amounts of financing receivables modified as TDRs after April 1, 2011 and subsequently defaulted during the six-month period ended September 30, 2012 for the retail finance business was ¥1,875 million. The amounts of financing receivables modified as TDRs after July 1, 2011 and subsequently defaulted during the three-month period ended September 30, 2012 for the retail finance business was ¥1,774 million. 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 September 30, 2013 and March 31, 2013, 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	
	September 30, 2013	March 31, 2013
Trade receivables (current and non-current)	¥ 82,528	¥ 86,830
Inventories	85,234	141,885
Investments	207,948	192,808
Property leased to others (net book value)	16,188	15,748
Property and equipment (net book value)	23,340	36,756
Other	7,138	6,538
Total	¥ 422,376	¥ 480,565

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

	Millions of Yen	
	September 30, 2013	March 31, 2013
Short-term debt	¥ 90,754	¥ 147,104
Long-term debt	94,481	112,994
Financial guarantees and other	237,141	220,467
Total	¥ 422,376	¥ 480,565

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 have 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 September 30, 2013 and March 31, 2013, 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	
	September 30, 2013	March 31, 2013
Bank deposits	¥ 908	¥ 918
Trade receivables—accounts	1,972	1,777
Stocks and bonds	5,920	5,457

There were no financial assets repledged or accepted as collateral under security repurchase agreements at September 30, 2013 and March 31, 2013.

6. *PENSION COSTS AND SEVERANCE INDEMNITIES*

Net periodic pension costs of the companies' defined benefit pension plans for the six-month and three-month periods ended September 30, 2013 and 2012 included the following components:

	Millions of Yen	
	Six-month period ended September 30, 2013	**Six-month period ended September 30, 2012**
Service cost – benefits earned during the period	¥ 5,546	¥ 4,665
Interest cost on projected benefit obligation	2,178	2,863
Expected return on plan assets	(2,848)	(3,811)
Amortization of prior service cost	171	32
Amortization of net actuarial loss	5,352	5,455
Settlement loss	–	8
Net periodic pension costs	¥ 10,399	¥ 9,212

	Millions of Yen	
	Three-month period ended September 30, 2013	**Three-month period ended September 30, 2012**
Service cost – benefits earned during the period	¥ 2,731	¥ 2,259
Interest cost on projected benefit obligation	1,085	1,438
Expected return on plan assets	(1,451)	(1,976)
Amortization of prior service cost	95	16
Amortization of net actuarial loss	2,678	2,728
Settlement loss	–	1
Net periodic pension costs	¥ 5,138	¥ 4,466

7. EQUITY

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

During the six-month periods ended September 30, 2013 and 2012, changes in Mitsui & Co., Ltd. shareholders' equity and noncontrolling interests were as follows:

	Millions of Yen		
	Six-month period ended September 30, 2013		
	Mitsui & Co., Ltd. shareholders' equity	Noncontrolling interests	Total equity
Balance at beginning of period	¥ 3,181,819	¥ 258,285	¥ 3,440,104
Cash dividends paid to Mitsui & Co., Ltd. shareholders	(38,327)	—	(38,327)
Dividends paid to noncontrolling interest shareholders	—	(10,800)	(10,800)
Comprehensive income (loss):			
Net income	197,201	9,220	206,421
Other comprehensive income (loss) (after income tax effect):			
Unrealized holding gains (losses) on available-for-sale securities	36,938	(1,369)	35,569
Foreign currency translation adjustments	(29,746)	861	(28,885)
Defined benefit pension plans	3,126	17	3,143
Net unrealized gains (losses) on derivatives	2,389	(81)	2,308
Total	209,908	8,648	218,556
Sales and purchases of treasury stock	41	—	41
Equity transactions with noncontrolling interest shareholders and other	(2,342)	(2,879)	(5,221)
Balance at end of period	¥ 3,351,099	¥ 253,254	¥ 3,604,353

	Millions of Yen		
	Six-month period ended September 30, 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	(51,099)	—	(51,099)
Dividends paid to noncontrolling interest shareholders	—	(9,582)	(9,582)
Comprehensive income (loss):			
Net income	168,337	11,678	180,015
Other comprehensive income (loss) (after income tax effect):			
Unrealized holding losses on available-for-sale securities	(38,045)	(3,034)	(41,079)
Foreign currency translation adjustments	(114,009)	(6,201)	(120,210)
Defined benefit pension plans	1,693	(13)	1,680
Net unrealized losses on derivatives	(3,827)	(58)	(3,885)
Total	14,149	2,372	16,521
Sales and purchases of treasury stock	(2)	—	(2)
Equity transactions with noncontrolling interest shareholders and other	(1,088)	9,226	8,138
Balance at end of period	¥ 2,603,278	¥ 221,508	¥ 2,824,786

Equity transactions with noncontrolling interest shareholders

During the six-month periods ended September 30, 2013 and 2012, changes in noncontrolling interests due to equity transactions with noncontrolling interest shareholders were as follows:

	Millions of Yen	
	Six-month period ended	
	September 30, 2013	September 30, 2012
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	¥ 9,142	¥ 9,340
Increase (decrease) in noncontrolling interests due to transfers of ownership interests in its subsidiaries from noncontrolling interests	1,977	(159)

Increase in noncontrolling interests related to newly consolidated entities

During the six-month periods ended September 30, 2013 and 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.

Gains and losses recorded due to the deconsolidation of subsidiaries

During the six-month periods ended September 30, 2013 and 2012, gains and losses recorded due to the deconsolidation of subsidiaries were immaterial.

Other comprehensive income (loss)

Changes in each component of other comprehensive income (loss) for the six-month and three-month periods ended September 30, 2013 were as follows:

		Millions of Yen
		Six-month period ended September 30, 2013
Unrealized Holding Gains on Available-for-Sale Securities:		
Pre-tax amount of unrealized holding gains on available-for-sale securities	¥	62,353
Deferred income taxes		(21,755)
Adjustments for six-month period (after income tax effect)		40,598
Pre-tax amount of reclassification adjustments		(5,467)
Deferred income taxes		1,807
Adjustments for six-month period (after income tax effect)		(3,660)
Foreign Currency Translation Adjustments:		
Pre-tax amount of translation adjustments	¥	(43,407)
Deferred income taxes		11,471
Adjustments for six-month period (after income tax effect)		(31,936)
Pre-tax amount of reclassification adjustments		2,229
Deferred income taxes		(39)
Adjustments for six-month period (after income tax effect)		2,190
Defined Benefit Pension Plans:		
Pre-tax amount of defined benefit pension plans	¥	(1,547)
Deferred income taxes		1,138
Adjustments for six-month period (after income tax effect)		(409)
Pre-tax amount of reclassification adjustments		5,523
Deferred income taxes		(1,988)
Adjustments for six-month period (after income tax effect)		3,535
Net Unrealized Gains (Losses) on Derivatives:		
Pre-tax amount of net unrealized gains on derivatives	¥	3,418
Deferred income taxes		(3,447)
Adjustments for six-month period (after income tax effect)		(29)
Pre-tax amount of reclassification adjustments		3,630
Deferred income taxes		(1,212)
Adjustments for six-month period (after income tax effect)		2,418
Other Comprehensive Income Attributable to Mitsui & Co., Ltd. —Total:		
Pre-tax amount	¥	26,732
Deferred income taxes		(14,025)
Adjustments for six-month period (after income tax effect)		12,707
Other Comprehensive Income Attributable to Noncontrolling Interests:		
Pre-tax amount	¥	(581)
Deferred income taxes		9
Adjustments for six-month period (after income tax effect)		(572)
Other Comprehensive Income:		
Pre-tax amount	¥	26,151
Deferred income taxes		(14,016)
Adjustments for six-month period (after income tax effect)		12,135

	Millions of Yen
	Three-month period ended September 30, 2013
Unrealized Holding Gains on Available-for-Sale Securities:	
Pre-tax amount of unrealized holding gains on available-for-sale securities	¥ 39,659
Deferred income taxes	(14,199)
Adjustments for three-month period (after income tax effect)	25,460
Pre-tax amount of reclassification adjustments	(2,875)
Deferred income taxes	1,035
Adjustments for three-month period (after income tax effect)	(1,840)
Foreign Currency Translation Adjustments:	
Pre-tax amount of translation adjustments	¥ (5,731)
Deferred income taxes	(887)
Adjustments for three-month period (after income tax effect)	(6,618)
Pre-tax amount of reclassification adjustments	1,121
Deferred income taxes	(39)
Adjustments for three-month period (after income tax effect)	1,082
Defined Benefit Pension Plans:	
Pre-tax amount of defined benefit pension plans	¥ (1,329)
Deferred income taxes	203
Adjustments for three-month period (after income tax effect)	(1,126)
Pre-tax amount of reclassification adjustments	2,773
Deferred income taxes	(998)
Adjustments for three-month period (after income tax effect)	1,775
Net Unrealized Gains on Derivatives:	
Pre-tax amount of net unrealized gains on derivatives	¥ 9,655
Deferred income taxes	(2,525)
Adjustments for three-month period (after income tax effect)	7,130
Pre-tax amount of reclassification adjustments	3,360
Deferred income taxes	(1,145)
Adjustments for three-month period (after income tax effect)	2,215
Other Comprehensive Income Attributable to Mitsui & Co., Ltd. —Total:	
Pre-tax amount	¥ 46,633
Deferred income taxes	(18,555)
Adjustments for three-month period (after income tax effect)	28,078
Other Comprehensive Income Attributable to Noncontrolling Interests:	
Pre-tax amount	¥ 1,694
Deferred income taxes	(1,398)
Adjustments for three-month period (after income tax effect)	296
Other Comprehensive Income:	
Pre-tax amount	¥ 48,327
Deferred income taxes	(19,953)
Adjustments for three-month period (after income tax effect)	28,374

The amounts of other comprehensive income (loss) reclassified into earnings for the six-month and three month periods ended September 30, 2013 were as follows:

Six-month period ended September 30, 2013	**Millions of Yen**	
Components of Accumulated other comprehensive income (loss)	**Amounts of reclassification adjustments**	**Affected line items in the Statements of Consolidated Income**
Unrealized Holding Gains (Losses) on Available-for-Sale Securities:		
Sales of securities	¥ (10,979)	Gain on sales of securities—net
Write-down of securities	5,512	Loss on write-down of securities
	(5,467)	Pre-tax amount
	1,807	Deferred income taxes
	(3,660)	Adjustments for six-month period (after income tax effect)
Foreign Currency Translation Adjustments:		
Sales of affiliated companies	¥ 1,121	Gain on sales of securities—net
Liquidation of affiliated companies	1,108	Other expenses—net
	2,229	Pre-tax amount
	(39)	Deferred income taxes
	2,190	Adjustments for six-month period (after income tax effect)
Defined Benefit Pension Plans:		
Prior service cost	¥ 171	Selling, general and administrative
Net actuarial loss	5,352	Selling, general and administrative
	5,523	Pre-tax amount
	(1,988)	Deferred income taxes
	3,535	Adjustments for six-month period (after income tax effect)
Net Unrealized Gains (Losses) on Derivatives:		
Foreign exchange contracts	¥ 4,867	Sales of products , Cost of products sold, Other expenses—net, Equity in Earnings of Associated Companies—Net
Interest rate contracts	(1,333)	Interest expense, Equity in Earnings of Associated Companies—Net
Commodity contracts	96	Equity in Earnings of Associated Companies—Net
	3,630	Pre-tax amount
	(1,212)	Deferred income taxes
	2,418	Adjustments for six-month period (after income tax effect)
Total reclassification adjustments	¥ 4,483	Adjustments for six-month period (after income tax effect)

Note: Increases (decreases) in amounts indicate decreases (increases) in earnings in the Statements of Consolidate Income.

Three-month period ended September 30, 2013	Millions of Yen	
Components of Accumulated other comprehensive income (loss)	**Amounts of reclassification adjustments**	**Affected line items in the Statements of Consolidated Income**
Unrealized Holding Gains (Losses) on Available-for-Sale Securities:		
Sales of securities	¥ (3,546)	Gain on sales of securities—net
Write-down of securities	671	Loss on write-down of securities
	(2,875)	Pre-tax amount
	1,035	Deferred income taxes
	(1,840)	Adjustments for three-month period (after income tax effect)
Foreign Currency Translation Adjustments:		
Sales of affiliated companies	¥ 1,121	Gain on sales of securities—net
	1,121	Pre-tax amount
	(39)	Deferred income taxes
	1,082	Adjustments for three-month period (after income tax effect)
Defined Benefit Pension Plans:		
Prior service cost	¥ 95	Selling, general and administrative
Net actuarial loss	2,678	Selling, general and administrative
	2,773	Pre-tax amount
	(998)	Deferred income taxes
	1,775	Adjustments for three-month period (after income tax effect)
Net Unrealized Gains (Losses) on Derivatives:		
Foreign exchange contracts	¥ 3,616	Sales of products , Cost of products sold, Other expenses—net, Equity in Earnings of Associated Companies—Net
Interest rate contracts	(290)	Interest expense, Equity in Earnings of Associated Companies—Net
Commodity contracts	34	Equity in Earnings of Associated Companies—Net
	3,360	Pre-tax amount
	(1,145)	Deferred income taxes
	2,215	Adjustments for three-month period (after income tax effect)
Total reclassification adjustments	¥ 3,232	Adjustments for three-month period (after income tax effect)

Note: Increases (decreases) in amounts indicate decreases (increases) in earnings in the Statements of Consolidate Income.

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 six-month and three-month periods ended September 30, 2013 and 2012:

	Six-Month Period Ended September 30, 2013			Six-Month Period Ended September 30, 2012		
	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	¥197,201	1,825,145	¥108.05	¥168,337	1,824,948	¥92.24
Effect of Dilutive Securities:						
Adjustment of effect of dilutive securities of associated companies	(1)	–		–	–	
Diluted Net Income Attributable to Mitsui & Co., Ltd. per Share:						
Net income available to common shareholders after effect of dilutive securities	¥197,200	1,825,145	¥108.05	¥168,337	1,824,948	¥92.24

	Three-Month Period Ended September 30, 2013			Three-Month Period Ended September 30, 2012		
	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	¥71,399	1,825,143	¥39.12	¥63,890	1,824,947	¥35.01
Effect of Dilutive Securities:						
Adjustment of effect of dilutive securities of associated companies	(1)	–		–	–	
Diluted Net Income Attributable to Mitsui & Co., Ltd. per Share:						
Net income available to common shareholders after effect of dilutive securities	¥71,398	1,825,143	¥39.12	¥63,890	1,824,947	¥35.01

9. *SEGMENT INFORMATION*

Six-month period ended September 30, 2013 :	Millions of Yen Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
Revenues	¥ 117,484	¥ 320,176	¥ 185,713	¥ 452,426	¥ 822,301	¥ 474,553	¥ 45,152
Gross Profit	¥ 26,798	¥ 99,613	¥ 54,323	¥ 40,063	¥ 96,507	¥ 56,103	¥ 9,016
Operating Income (Loss)	¥ 7,996	¥ 80,491	¥ (6,837)	¥ 6,514	¥ 64,729	¥ (7,939)	¥ (21,565)
Equity in Earnings of Associated Companies—Net	¥ 3,114	¥ 23,243	¥ 15,424	¥ 3,234	¥ 30,258	¥ 6,561	¥ 6,328
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 6,681	¥ 44,664	¥ 8,977	¥ 9,546	¥ 93,987	¥ 7,961	¥ (3,691)
Total Assets at September 30, 2013	¥ 547,980	¥1,678,929	¥1,612,743	¥ 695,460	¥2,091,827	¥1,455,942	¥ 562,276
Investments in and advances to associated companies at September 30, 2013	¥ 74,302	¥ 854,808	¥ 518,681	¥ 83,027	¥ 291,734	¥ 257,495	¥ 107,717
Depreciation and amortization	¥ 677	¥ 11,093	¥ 8,763	¥ 4,058	¥ 62,960	¥ 4,667	¥ 2,626
Additions to property leased to others and property and equipment	¥ 870	¥ 48,778	¥ 24,601	¥ 4,186	¥ 104,008	¥ 8,603	¥ 3,388

Six-month period ended September 30, 2013 :	Millions of Yen Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenues	¥ 341,522	¥ 60,537	¥ 51,505	¥2,871,369	¥ 933	¥ 3	¥2,872,305
Gross Profit	¥ 36,556	¥ 12,103	¥ 6,435	¥ 437,517	¥ 492	¥ (8,033)	¥ 429,976
Operating Income (Loss)	¥ 5,308	¥ 1,984	¥ (2,507)	¥ 128,174	¥ (5,477)	¥ 23,270	¥ 145,967
Equity in Earnings of Associated Companies—Net	¥ 3,058	¥ 416	¥ 2,053	¥ 93,689	¥ 10	¥ (398)	¥ 93,301
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 5,241	¥ 4,568	¥ 18,442	¥ 196,376	¥ 5,384	¥ (4,559)	¥ 197,201
Total Assets at September 30, 2013	¥ 497,896	¥ 117,647	¥ 313,621	¥9,574,321	¥4,865,669	¥(3,998,064)	¥10,441,926
Investments in and advances to associated companies at September 30, 2013	¥ 51,501	¥ 16,767	¥ 175,856	¥2,431,888	¥ 790	¥ 10,959	¥2,443,637
Depreciation and amortization	¥ 4,024	¥ 345	¥ 222	¥ 99,435	¥ 6,043	—	¥ 105,478
Additions to property leased to others and property and equipment	¥ 8,251	¥ 240	¥ 2,898	¥ 205,823	¥ 2,313	¥ (247)	¥ 207,889

Six-month period ended September 30, 2012(As restated):	Millions of Yen Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
Revenues	¥ 103,646	¥ 236,761	¥ 170,582	¥ 338,309	¥ 701,010	¥ 396,473	¥ 68,736
Gross Profit	¥ 18,448	¥ 75,164	¥ 47,651	¥ 33,871	¥ 97,505	¥ 56,265	¥ 23,967
Operating Income (Loss)	¥ (691)	¥ 58,616	¥ (9,571)	¥ 3,056	¥ 70,259	¥ (2,604)	¥ (5,667)
Equity in Earnings of Associated Companies—Net	¥ 1,094	¥ 35,281	¥ 14,024	¥ 4,008	¥ 22,767	¥ 7,710	¥ 7,101
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ (1,340)	¥ 50,232	¥ 7,533	¥ (953)	¥ 78,863	¥ 5,612	¥ 6,635
Total Assets at September 30, 2012	¥ 524,757	¥1,241,711	¥1,290,607	¥ 655,475	¥1,675,961	¥1,273,199	¥ 465,339
Investments in and advances to associated companies at September 30, 2012	¥ 25,736	¥ 611,483	¥ 367,937	¥ 70,043	¥ 234,144	¥ 223,847	¥ 100,234
Depreciation and amortization	¥ 872	¥ 8,095	¥ 6,400	¥ 3,759	¥ 51,269	¥ 5,494	¥ 2,602
Additions to property leased to others and property and equipment	¥ 1,821	¥ 42,025	¥ 19,382	¥ 2,957	¥ 121,014	¥ 5,766	¥ 2,462

Six-month period ended September 30, 2012(As restated):	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenues	¥ 271,941	¥ 48,226	¥ 29,255	¥2,364,939	¥ 959	—	¥2,365,898
Gross Profit	¥ 33,872	¥ 7,265	¥ 5,204	¥ 399,212	¥ 462	¥ (6,700)	¥ 392,974
Operating Income (Loss)	¥ 8,069	¥ (1,930)	¥ (2,354)	¥ 117,183	¥ (2,222)	¥ 19,314	¥ 134,275
Equity in Earnings of Associated Companies—Net	¥ 2,020	¥ 191	¥ 3,071	¥ 97,267	—	¥ 71	¥ 97,338
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 8,806	¥ (501)	¥ 16,805	¥ 171,692	¥ 864	¥ (4,219)	¥ 168,337
Total Assets at September 30, 2012	¥ 415,271	¥ 88,895	¥ 252,459	¥7,883,674	¥4,722,241	¥(3,686,672)	¥8,919,243
Investments in and advances to associated companies at September 30, 2012	¥ 38,313	¥ 7,504	¥ 141,808	¥1,821,049	¥ 584	¥ 34,710	¥1,856,343
Depreciation and amortization	¥ 2,748	¥ 311	¥ 195	¥ 81,745	¥ 6,255	¥ 203	¥ 88,203
Additions to property leased to others and property and equipment	¥ 7,859	¥ 319	¥ 111	¥ 203,716	¥ 5,047	¥ 100	¥ 208,863

Three-month period ended September 30, 2013 :	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
	Millions of Yen						
Revenues	¥ 59,173	¥ 166,466	¥ 91,987	¥ 229,640	¥ 409,565	¥ 254,550	¥ 30,691
Gross Profit	¥ 12,369	¥ 49,478	¥ 26,429	¥ 19,753	¥ 52,122	¥ 28,554	¥ 11,544
Operating Income (Loss)	¥ 2,969	¥ 39,622	¥ (3,547)	¥ 2,791	¥ 35,886	¥ (3,926)	¥ (3,571)
Equity in Earnings of Associated Companies—Net	¥ 1,681	¥ (2,613)	¥ 6,588	¥ 1,654	¥ 12,585	¥ 4,637	¥ 2,518
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 3,607	¥ 11,552	¥ 3,801	¥ 1,865	¥ 34,251	¥ 8,699	¥ (2,760)
Total Assets at September 30, 2013	¥ 547,980	¥1,678,929	¥1,612,743	¥ 695,460	¥2,091,827	¥1,455,942	¥ 562,276
Investments in and advances to associated companies at September 30, 2013	¥ 74,302	¥ 854,808	¥ 518,681	¥ 83,027	¥ 291,734	¥ 257,495	¥ 107,717
Depreciation and amortization	¥ 336	¥ 5,073	¥ 4,316	¥ 1,980	¥ 29,774	¥ 2,805	¥ 1,304
Additions to property leased to others and property and equipment	¥ 709	¥ 22,641	¥ 9,596	¥ 1,614	¥ 49,545	¥ 6,401	¥ 1,074

Three-month period ended September 30, 2013 :	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenues	¥ 165,161	¥ 23,967	¥ 25,043	¥1,456,243	¥ 453	¥ 7	¥1,456,703
Gross Profit	¥ 18,391	¥ 4,427	¥ 2,971	¥ 226,038	¥ 238	¥ (4,087)	¥ 222,189
Operating Income (Loss)	¥ 2,613	¥ (716)	¥ (1,487)	¥ 70,634	¥ (2,326)	¥ 12,355	¥ 80,663
Equity in Earnings of Associated Companies—Net	¥ 1,539	¥ 354	¥ 1,029	¥ 29,972	¥ (257)	¥ (404)	¥ 29,311
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 2,467	¥ 754	¥ 8,435	¥ 72,671	¥ 1,227	¥ (2,499)	¥ 71,399
Total Assets at September 30, 2013	¥ 497,896	¥ 117,647	¥ 313,621	¥9,574,321	¥4,865,669	¥(3,998,064)	¥10,441,926
Investments in and advances to associated companies at September 30, 2013	¥ 51,501	¥ 16,767	¥ 175,856	¥2,431,888	¥ 790	¥ 10,959	¥2,443,637
Depreciation and amortization	¥ 2,013	¥ 172	¥ 110	¥ 47,883	¥ 3,021	—	¥ 50,904
Additions to property leased to others and property and equipment	¥ 5,661	¥ 94	¥ 2,680	¥ 100,015	¥ 821	¥ (246)	¥ 100,590

Three-month period ended September 30, 2012(As restated):	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
	Millions of Yen						
Revenues	¥ 47,015	¥ 114,330	¥ 90,834	¥ 166,130	¥ 351,622	¥ 210,181	¥ 33,229
Gross Profit	¥ 9,448	¥ 34,249	¥ 23,455	¥ 18,869	¥ 44,623	¥ 30,336	¥ 10,942
Operating Income (Loss)	¥ (173)	¥ 25,228	¥ (5,415)	¥ 3,317	¥ 30,915	¥ 440	¥ (3,911)
Equity in Earnings of Associated Companies—Net	¥ 1,010	¥ 11,679	¥ 6,905	¥ 1,703	¥ 9,263	¥ 2,102	¥ 2,825
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 947	¥ 19,544	¥ 3,953	¥ (1,972)	¥ 22,587	¥ 2,824	¥ 2,711
Total Assets at September 30, 2012	¥ 524,757	¥1,241,711	¥1,290,607	¥ 655,475	¥1,675,961	¥1,273,199	¥ 465,339
Investments in and advances to associated companies at September 30, 2012	¥ 25,736	¥ 611,483	¥ 367,937	¥ 70,043	¥ 234,144	¥ 223,847	¥ 100,234
Depreciation and amortization	¥ 442	¥ 4,229	¥ 3,120	¥ 1,840	¥ 29,428	¥ 2,759	¥ 1,308
Additions to property leased to others and property and equipment	¥ 987	¥ 17,156	¥ 7,350	¥ 1,338	¥ 65,754	¥ 2,888	¥ 1,108

Three-month period ended September 30, 2012(As restated):	Americas	Europe, the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenues	¥ 134,393	¥ 23,946	¥ 13,957	¥1,185,637	¥ 482	—	¥1,186,119
Gross Profit	¥ 16,563	¥ 3,544	¥ 2,494	¥ 194,523	¥ 246	¥ (3,734)	¥ 191,035
Operating Income (Loss)	¥ 4,819	¥ (1,080)	¥ (1,336)	¥ 52,804	¥ (181)	¥ 9,660	¥ 62,283
Equity in Earnings of Associated Companies—Net	¥ 757	¥ 124	¥ 953	¥ 37,321	—	¥ (78)	¥ 37,243
Net Income (Loss) Attributable to Mitsui & Co., Ltd	¥ 5,149	¥ (537)	¥ 7,949	¥ 63,155	¥ 1,492	¥ (757)	¥ 63,890
Total Assets at September 30, 2012	¥ 415,271	¥ 88,895	¥ 252,459	¥7,883,674	¥4,722,241	¥(3,686,672)	¥8,919,243
Investments in and advances to associated companies at September 30, 2012	¥ 38,313	¥ 7,504	¥ 141,808	¥1,821,049	¥ 584	¥ 34,710	¥1,856,343
Depreciation and amortization	¥ 1,407	¥ 93	¥ 99	¥ 44,725	¥ 2,495	¥ 815	¥ 48,035
Additions to property leased to others and property and equipment	¥ 3,622	¥ 145	¥ 44	¥ 100,392	¥ 4,106	¥ (528)	¥ 103,970

Notes: (1) "All Other" principally consisted of the Corporate Staff Unit which provides financing services and operations services to external customers and/or to the companies and associated companies. Total assets of "All Other" at September 30, 2013 and 2012 consisted primarily of cash and cash equivalents and time deposits related to financing activities, and assets of the Corporate Staff Unit and certain subsidiaries related to the above services.
During the six-month and the three-month periods ended September 30, 2013, a part of the Corporate Staff Unit which was formerly included in "Adjustments and Eliminations" is included in "All Other".
This change has been made to the operating segment information for the six-month and the three-month periods ended September 30, 2012, to conform to the current period presentation.

(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 six-month period ended September 30, 2013 and 2012 includes ¥9,156 million (loss) and ¥8,240 million (loss) related to tax items including adjustments of difference between actual tax rate and intercompany tax rate, and other miscellaneous amounts.
Net Income (Loss) Attributable to Mitsui & Co., Ltd. of "Adjustments and Eliminations" for the three-month period ended September 30, 2013 and 2012 includes ¥4,888 million (loss) and ¥2,580 million (loss) related to tax items including adjustments of difference between actual tax rate and intercompany tax rate, and other miscellaneous amounts.

(4) During the three-month period ended June 30, 2013, logistics infrastructure businesses including

development and management of ports and airport terminal, advanced materials related businesses such as liquid crystal and electronic devices, and media related businesses such as TV shopping and broadcasting, all included in “Innovation & Corporate Development” segment, were transferred to “Machinery & Infrastructure” segment, “Chemicals” segment, and “Lifestyle” segment, respectively.
In accordance with these changes, the operating segment information for the six-month and the three-month periods ended September 30, 2012, has been restated to conform to the current period presentation.

(5) During the three-month period ended June 30, 2013, the steel scrap related businesses of Mitsui Bussan Metals Co., Ltd. in “Mineral & Metal Resources” segment were transferred to Mitsui & Co. Steel Ltd. in “Iron & Steel Products” segment.
In accordance with this change, the operating segment information for the six-month and the three-month periods ended September 30, 2012, has been restated to conform to the current period presentation.

(6) During the three-month period ended June 30, 2013, “Innovation & Cross Function” changed its name to “Innovation & Corporate Development”.

(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 September 30, 2013 and March 31, 2013. 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 September 30, 2013.

	Millions of Yen				
	Amount outstanding	Recourse provisions/ collateral	Maximum potential amount of future payments	Carrying amount of liabilities	Expire no later than
September 30, 2013:					
Type of guarantees:					
Credit guarantees:					
Guarantees for third parties	¥ 80,275	¥ 16,682	¥ 171,669	¥ 428	2045
Guarantees for associated companies	199,939	21,946	268,574	3,707	2046
Guarantees to financial institutions for employees' housing loans	2,577	—	2,577	—	2036
Total	¥ 282,791	¥ 38,628	¥ 442,820	¥ 4,135	
Market value guarantees:					
Obligation to repurchase bills of exchange	¥ 119,313	¥ 114,836	¥ 119,313	—	2014
Residual value guarantees of leased assets	2,120	—	2,120	—	2016
Total	¥ 121,433	¥ 114,836	¥ 121,433	—	
Derivative instruments	¥ 3,386	—	¥ 3,386	¥ 492	

	Millions of Yen				
	Amount outstanding	Recourse provisions/ collateral	Maximum potential amount of future payments	Carrying amount of liabilities	Expire no later than
March 31, 2013:					
Type of guarantees:					
Credit guarantees:					
Guarantees for third parties	¥ 75,622	¥ 12,558	¥ 113,843	¥ 475	2045
Guarantees for associated companies	198,083	875	253,832	3,938	2046
Guarantees to financial institutions for employees' housing loans	2,969	—	2,969	—	2036
Total	¥ 276,674	¥ 13,433	¥ 370,644	¥ 4,413	
Market value guarantees:					
Obligation to repurchase bills of exchange	¥ 115,296	¥ 112,713	¥ 115,296	—	2014
Residual value guarantees of leased assets	7,218	—	7,218	—	2016
Total	¥ 122,514	¥ 112,713	¥ 122,514	—	
Derivative instruments	¥ 14,357	—	¥ 14,357	¥ 1,312	

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 September 30, 2013 and March 31, 2013, will expire through 2023.

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 September 30, 2013 and March 31, 2013, will expire through 2024 and 2025, respectively.

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 23 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 outstanding obligations will be extinguished within a 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 September 30, 2013 and March 31, 2013, 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 a 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 indemnifies 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. Most of these guarantees outstanding at September 30, 2013 and September 30, 2012, will expire through 2024 and 2023, respectively.

A tabular reconciliation of changes in the estimated liabilities for product warranties for the six-month periods ended September 30, 2013 and 2012 is as follows:

	Millions of Yen	
	September 30, 2013	**September 30, 2012**
Balance at beginning of the period	¥ 4,208	¥ 4,482
Payments made in cash or in kind	(490)	(301)
Accrual for warranties issued during the period	348	148
Changes in accrual related to pre-existing warranties	23	(71)
Balance at end of the period	¥ 4,089	¥ 4,258

II. LITIGATION

Various 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 companies.

11. VARIABLE INTEREST ENTITIES

The companies are involved with VIEs which mainly engage in leasing and financing activities within the Mineral & Metal Resources, Machinery & Infrastructure and Chemicals 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 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 activities are investing and providing loans ("Investment and Loan VIE"). These VIEs are financed mainly by issuance of stock including preferred securities or borrowings.

The total assets of the Vessel chartering VIEs as of September 30 and March 31, 2013 are ¥7,773 million and ¥10,472 million, respectively; and the total assets of the Investment and Loan VIEs as of September 30 and March 31, 2013 are ¥114,616 million and ¥34,715 million, respectively.

The companies did not provide any financial or other support to the VIEs that they were not previously contractually obligated to provide for the six-month period ended September 30, 2013 and for the year ended March 31, 2013.

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 following 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 September 30, 2013 are ¥1,624,443 million and ¥81,415 million, respectively. The total assets of the VIEs and the companies' maximum exposure to loss as of March 31, 2013 were ¥1,650,961 million and ¥103,170 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 September 30 and March 31, 2013.

The companies did not provide any financial or other support to the VIEs that they were not previously contractually obligated to provide for the six-month period ended September 30, 2013 and for the year ended March 31, 2013.

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 September 30, 2013 and March 31, 2013 were as follows:

	Billions of Yen	
	September 30, 2013	**March 31, 2013**
Foreign exchange contracts	¥ 3,034	¥ 3,222
Interest rate contracts	1,608	1,496
Commodity contracts	23,336	19,616
Other contracts	9	9
Total derivative notional amounts	¥ 27,987	¥ 24,343

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 six-month and three-month periods ended September 30, 2013 and 2012.

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 six-month and three-month periods ended September 30, 2013 and 2012.

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 six-month and three-month periods ended September 30, 2013 and 2012:

Six-Month Period Ended September 30, 2013	**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	¥ 953	Interest rate contracts	¥ (953)
Other expenses—net	Long-term debt	783	Foreign exchange contracts	(768)
Total		¥ 1,736		¥ (1,721)

Six-Month Period Ended September 30, 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	¥ (8,148)	Interest rate contracts	¥ 8,139
Other expenses—net	Long-term debt	(377)	Foreign exchange contracts	570
Cost of products sold	Inventories	(545)	Commodity contracts	280
Total		¥ (9,070)		¥ 8,989

Three-Month Period Ended September 30, 2013	**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	¥ (6,247)	Interest rate contracts	¥ 6,242
Other expenses—net	Long-term debt	(98)	Foreign exchange contracts	115
Total		¥ (6,345)		¥ 6,357

Three-Month Period Ended September 30, 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	¥ (3,436)	Interest rate contracts	¥ 3,463
Other expenses—net	Long-term debt	371	Foreign exchange contracts	(4)
Cost of products sold	Inventories	596	Commodity contracts	(694)
Total		¥ (2,469)		¥ 2,765

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 six-month and three-month periods ended September 30, 2013 and 2012.

The estimated net amounts of the existing gains or losses in AOCI at September 30, 2013 and March 31, 2013 that were expected to be reclassified into earnings within the next 12 months were net loss of ¥2,836 million and net gain of ¥717 million, respectively.

As of September 30, 2013 and March 31, 2013, 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 37 and 14 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 September 30, 2013 and March 31, 2013:

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

	Millions of Yen					
		September 30, 2013	**March 31, 2013**		**September 30, 2013**	**March 31, 2013**
Derivative instruments	**Balance sheet location**	**Fair value**	**Fair value**	**Balance sheet location**	**Fair value**	**Fair value**
Foreign exchange contracts	Derivative assets	¥ 6,402	¥ 7,859	Derivative liabilities	¥ 20,416	¥ 31,395
	Non-current receivables, less unearned interest	9,269	6,532	Other Long-Term Liabilities	14,408	17,925
Interest rate contracts	Derivative assets	1,203	702	Derivative liabilities	98	89
	Non-current receivables, less unearned interest	25,783	28,459	Other Long-Term Liabilities	7,101	10,873
Commodity contracts	Derivative assets	323	52	Derivative liabilities	-	58
Total		¥ 42,980	¥ 43,604		¥ 42,023	¥ 60,340

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

	Millions of Yen					
		September 30, 2013	**March 31, 2013**		**September 30, 2013**	**March 31, 2013**
Derivative instruments	**Balance sheet location**	**Fair value**	**Fair value**	**Balance sheet location**	**Fair value**	**Fair value**
Foreign exchange contracts	Derivative assets	¥ 56,413	¥ 51,371	Derivative liabilities	¥ 39,590	¥ 52,886
	Non-current receivables, less unearned interest	29,623	37,574	Other Long-Term Liabilities	18,003	27,416
Interest rate contracts	Derivative assets	289	475	Derivative liabilities	853	484
	Non-current receivables, less unearned interest	4,861	4,397	Other Long-Term Liabilities	5,450	7,568
Commodity contracts	Derivative assets	284,600	310,523	Derivative liabilities	282,898	299,316
	Non-current receivables, less unearned interest	161,397	129,129	Other Long-Term Liabilities	176,990	125,382
Other contracts	Non-current receivables, less unearned interest	3,215	3,508			
Total		¥ 540,398	¥ 536,977		¥ 523,784	¥ 513,052

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

		Millions of Yen	
		September 30, 2013	March 31, 2013
Hedging instruments	Balance sheet location	Carrying amount	Carrying amount
Foreign-currency-denominated debt	Current maturities of long-term debt	¥ 96,002	¥ 36,371
	Long-term Debt, less Current Maturities	455,382	444,132
Foreign-currency-denominated bonds	Long-term Debt, less Current Maturities	7,988	7,567
Total		¥ 559,372	¥ 488,070

The following tables present the amounts affecting the Statements of Consolidated Income and other comprehensive income for the six-month and three-month periods ended September 30, 2013 and 2012:

Derivative instruments in ASC 815 fair value hedging relationships

Six-Month Period Ended September 30, 2013	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 expenses—net	¥ (768)
Interest rate contracts	Interest expense	(953)
Total		¥ (1,721)

Six-Month Period Ended September 30, 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 expenses—net	¥ 570
Interest rate contracts	Interest expense	8,139
Commodity contracts	Cost of products sold	280
Total		¥ 8,989

Three-Month Period Ended September 30, 2013	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 expenses—net	¥ 115
Interest rate contracts	Interest expense	6,242
Total		¥ 6,357

Three-Month Period Ended September 30, 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 expenses—net	¥ (4)
Interest rate contracts	Interest expense	3,463
Commodity contracts	Cost of products sold	(694)
Total		¥ 2,765

Derivative instruments in ASC 815 cash flow relationships

Six-Month Period Ended September 30, 2013	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	¥ (11,506)	Sales of products	¥ (2,959)		
		Cost of products sold	(1,529)		
		Other expenses—net	(818)		
Interest rate contracts.........	8,161	Interest expense	1,112		
Commodity contracts.........	220			Sales of products	¥ (129)
Total..................................	¥ (3,125)		¥ (4,194)		¥ (129)

Six-Month Period Ended September 30, 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	¥ 2,107	Sales of products	¥ 1,251		
		Other sales	213		
		Cost of products sold	401		
		Other expenses—net	(1,348)		
Interest rate contracts.........	(2,420)	Interest expense	767		
Commodity contracts.........	440			Sales of products	¥ 621
Total..................................	¥ 127		¥ 1,284		¥ 621

Three-Month Period Ended September 30, 2013	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	¥ 1,057	Sales of products	¥ (1,972)		
		Cost of products sold	(1,079)		
		Other expenses—net	(781)		
Interest rate contracts.........	691	Interest expense	190		
Commodity contracts.........	(184)			Sales of products	¥ (34)
Total...................................	¥ 1,564		¥ (3,642)		¥ (34)

Three-Month Period Ended September 30, 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	¥ 2,578	Sales of products	¥ 1,274		
		Other sales	213		
		Cost of products sold	389		
		Other expenses—net	(1,344)		
Interest rate contracts.........	(974)	Interest expense	380		
Commodity contracts.........	1,005			Sales of products	¥ 424
Total...................................	¥ 2,609		¥ 912		¥ 424

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

Six-Month Period Ended September 30, 2013	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	¥ (12,325)			Interest income	¥ (1,256)
				Other expenses —net	(961)
Foreign-currency -denominated debt	(17,793)			Other expenses —net	(788)
Total	¥ (30,118)		—		¥ (3,005)

Six-Month Period Ended September 30, 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	¥ 8,309			Interest income	¥ (442)
				Other expenses —net	(1,523)
Foreign-currency -denominated debt	18,086			Other expenses —net	81
Total	¥ 26,395		—		¥ (1,884)

Three-Month Period Ended September 30, 2013	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	¥ 2,397			Interest income	¥ (678)
				Other expenses —net	141
Foreign-currency -denominated debt	5,783			Other expenses —net	297
Total	¥ 8,180		—		¥ (240)

Three-Month Period Ended September 30, 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	¥ (201)			Interest income	¥ (241)
				Other expenses —net	(222)
Foreign-currency -denominated debt	5,403			Other expenses —net	(49)
Total	¥ 5,202		—		¥ (512)

Derivative instruments not designated as hedging instruments under ASC 815

Six-Month Period Ended September 30, 2013	**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	¥ (257)
	Other sales	225
	Cost of products sold	374
	Interest income	(438)
	Other expenses—net	8,024
Interest rate contracts	Interest expense	1,238
	Other expenses—net	235
Commodity contracts	Sales of products	7,642
	Other sales	15
	Cost of products sold	2,087
	Other expenses—net	(376)
Total		¥ 18,769

Six-Month Period Ended September 30, 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	¥ (1,120)
	Other sales	(365)
	Cost of products sold	(1,106)
	Interest income	(244)
	Other expenses—net	4,021
Interest rate contracts	Other sales	167
	Interest income	(131)
	Interest expense	278
Commodity contracts	Sales of products	(8,410)
	Other sales	9,823
	Cost of products sold	1,409
	Other expenses—net	650
Other contracts	Other expenses—net	944
Total		¥ 5,916

Three-Month Period Ended September 30, 2013	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	¥ (1,591)
	Other sales	(95)
	Cost of products sold	(112)
	Interest income	(232)
	Other expenses—net	(1,382)
Interest rate contracts	Interest expense	904
	Other expenses—net	(106)
Commodity contracts	Sales of products	4,070
	Other sales	(8,519)
	Cost of products sold	53
	Other expenses—net	(385)
Total		¥ (7,395)

Three-Month Period Ended September 30, 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	¥ (604)
	Other sales	(92)
	Cost of products sold	(222)
	Interest income	(183)
	Other expenses—net	(285)
Interest rate contracts	Other sales	21
	Interest income	45
	Interest expense	312
Commodity contracts	Sales of products	(5,985)
	Other sales	(1,930)
	Cost of products sold	(958)
	Other expenses—net	(2,487)
Other contracts	Other expenses—net	944
Total		¥ (11,424)

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 September 30, 2013 and March 31, 2013, was ¥5,323 million and ¥2,956 million, respectively (¥4,232 million and ¥1,335 million on the net basis of liability position after offsetting derivative assets against derivative liabilities in accordance with ASC 210-20 "Balance Sheet: Offsetting"). Collateral of ¥6,712 million and ¥449 million in the normal course of business associated with these contracts were posted at September 30, 2013 and March 31, 2013, respectively. If the credit-risk-related contingent features underlying these agreements had been triggered on September 30, 2013 and March 31, 2013, 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 ¥434 million and ¥886 million, respectively.

Offsetting derivative asset and derivative liabilities

On the Consolidated Balance Sheets, the companies offset derivative assets and derivative liabilities in accordance with ASC210-20 “Balance Sheet: Offsetting”. The companies also 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 following table presents the gross amounts, gross amounts offset and net amounts of derivative assets and derivative liabilities as of September 30, 2013 and March 31, 2013.

As of September 30, 2013	**Millions of Yen**	
Derivative instruments	**Derivative assets**	**Derivative liabilities**
(1) Gross amounts of recognized derivative assets and derivative liabilities	¥ 583,378	¥ 565,807
(2) Gross amounts offset in the Consolidated Balance Sheets	433,993	453,903
(3) Net amounts of derivative assets and derivative liabilities presented in the Consolidated Balance Sheets	149,385	111,904

Derivative assets and Non-current receivables, less unearned interest, with amount ¥87,137 million and ¥62,248 million, respectively, and derivative liabilities and Other Long-Term Liabilities with amount ¥75,053 million and ¥36,851 million, respectively, are included in (3) of the table above.

As of March 31, 2013	**Millions of Yen**	
Derivative instruments	**Derivative assets**	**Derivative liabilities**
(1) Gross amounts of recognized derivative assets and derivative liabilities	¥ 580,581	¥ 573,392
(2) Gross amounts offset in the Consolidated Balance Sheets	446,888	434,931
(3) Net amounts of derivative assets and derivative liabilities presented in the Consolidated Balance Sheets	133,693	138,461

Derivative assets and Non-current receivables, less unearned interest, with amount ¥61,081 million and ¥72,612 million, respectively, and derivative liabilities and Other Long-Term Liabilities with amount ¥83,940 million and ¥54,521 million, respectively, are included in (3) of the table above.

Gross amounts not offset in the Consolidated Balance Sheets as of September 30, 2013 and March 31, 2013, were immaterial, and net exposures as of September 30, 2013 and March 31, 2013, approximate net amounts of derivative assets and derivative liabilities presented in the Consolidated Balance Sheets.

As of September 30, 2013 and March 31, 2013, the amount of receivables in respect of cash collateral paid that was netted against derivatives was ¥26,606 million and ¥2,931 million, respectively. The amount of payables associated with cash collateral received that was netted against derivative assets was ¥6,696 million and ¥14,888 million, respectively. Cash collateral receivables and payables of ¥34,177 million and ¥29,414 million, respectively, as of September 30, 2013 and March 31, 2013, and ¥3,649 million and ¥2,569 million, respectively, as of September 30, 2013 and March 31, 2013, were not offset.

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 MEASUREMENT.”

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 MEASUREMENT.”

The estimated fair values of certain financial instruments at September 30, 2013 and March 31, 2013 were as follows:

	Millions of Yen			
	September 30, 2013		March 31, 2013	
	Carrying amount	Fair value*	Carrying amount	Fair value*
Financial Assets (other than derivative financial instruments):				
Current financial assets other than marketable securities.....	¥3,362,139	¥3,362,139	¥3,634,300	¥3,634,300
Non-current receivables and advances to associated companies (less allowance for doubtful receivables)......	444,181	445,864	407,771	409,678
Financial Liabilities (other than derivative financial instruments):				
Current financial liabilities	2,263,080	2,263,080	2,413,370	2,413,370
Long-term debt (including current maturities).....................	3,882,126	3,963,996	3,765,082	3,857,866

* 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 September 30, 2013 and March 31, 2013 were ¥976,115 million and ¥1,208,441 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 September 30, 2013 and March 31, 2013 were ¥188,876 million and ¥178,562 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 MEASUREMENT

ASC 820 “Fair Value Measurement” 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.

Long-term Loans

- Long-term loans are measured based on the fair value of the collateral. The fair value of the collateral is measured based on a broker's price opinion and classified as level 3.

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 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 analyze, on a quarterly basis, changes in the recurring fair valuation measurements of non-marketable equity securities based on such information as prices from the 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 September 30, 2013 and March 31, 2013, were as follows:

	Millions of Yen				
September 30, 2013	**Fair value measurements using**			**Netting adjustments***	**Total fair value**
	Level 1	**Level 2**	**Level 3**		
Assets:					
Equity securities and debt securities:					
Marketable equity securities (Japan)	¥ 441,105	—	—		
Marketable equity securities (Non-Japan)	64,711	—	¥ 10,790		
Preferred stock that must be redeemed	—	¥ 38,023	—		
Government bonds	—	15	—		
Other securities	—	478	—		
Total equity securities and debt securities	¥ 505,816	¥ 38,516	¥ 10,790		¥ 555,122
Derivative assets:					
Foreign exchange contracts	—	¥ 101,707	—		
Interest rate contracts	¥ 83	32,053	—		
Commodity contracts	38,860	407,417	¥ 43		
Other contracts	—	—	3,215		
Total derivative assets (current and non-current)	¥ 38,943	¥ 541,177	¥ 3,258	¥ (433,993)	¥ 149,385
Total assets	¥ 544,759	¥ 579,693	¥ 14,048	¥ (433,993)	¥ 704,507
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	—	¥ 92,417	—		
Interest rate contracts	¥ 84	13,418	—		
Commodity contracts	28,589	431,190	¥ 109		
Total derivative liabilities (current and non-current)	¥ 28,673	¥ 537,025	¥ 109	¥ (453,903)	¥ 111,904
Total liabilities	¥ 28,673	¥ 537,025	¥ 109	¥ (453,903)	¥ 111,904

	Millions of Yen				
March 31, 2013	**Fair value measurements using**			**Netting adjustments***	**Total fair value**
	Level 1	**Level 2**	**Level 3**		
Assets:					
Equity securities and debt securities:					
Marketable equity securities (Japan)	¥ 403,264	—	—		
Marketable equity securities (Non-Japan)	48,399	—	¥ 11,007		
Preferred stock that must be redeemed	—	¥ 47,168	—		
Government bonds	—	15	—		
Other securities	—	285	—		
Total equity securities and debt securities	¥ 451,663	¥ 47,468	¥ 11,007		¥ 510,138
Derivative assets:					
Foreign exchange contracts	—	¥ 103,336	—		
Interest rate contracts	¥ 8	34,025	—		
Commodity contracts	23,085	416,421	¥ 198		
Other contracts	—	—	3,508		
Total derivative assets (current and non-current)	¥ 23,093	¥ 553,782	¥ 3,706	¥ (446,888)	¥ 133,693
Total assets	¥ 474,756	¥ 601,250	¥ 14,713	¥ (446,888)	¥ 643,831
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	—	¥ 129,622	—		
Interest rate contracts	¥ 41	18,973	—		
Commodity contracts	13,486	411,048	¥ 222		
Total derivative liabilities (current and non-current)	¥ 13,527	¥ 559,643	¥ 222	¥ (434,931)	¥ 138,461
Total liabilities	¥ 13,527	¥ 559,643	¥ 222	¥ (434,931)	¥ 138,461

* 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 six-month period ended September 30, 2013 was as follows:

	Millions of Yen	
September 30, 2013	**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	¥ 11,007	¥ 3,484
Total gains or losses for the period:	653	(145)
Included in earnings	653	(145)
Included in other comprehensive income (loss)	—	—
Purchases, sales, issues, and settlements:	634	(401)
Purchases	1,254	—
Sales	(620)	—
Issues	—	—
Settlements	—	(401)
Transfers into Level 3:	—	73
Transfers out of Level 3:	(1,937)	(1)
Translation adjustments	433	139
Closing balance	¥ 10,790	¥ 3,149
Change in unrealized gains or (losses) for the period included in earnings for assets held at the reporting date	¥ 653	¥ (6)

“Transfers out of Level 3”of Marketable equity securities (Non-Japan) was due to the fact that the equity securities owned by a certain subsidiary began to be publicly traded for the six-month period ended September 30, 2013.

Gains and losses are included in cost of products sold, other sales and other expenses-net in the Statement of Consolidated Income for the six-month period ended September 30, 2013.

A reconciliation of all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the six-month period ended September 30, 2012 was as follows:

	Millions of Yen	
September 30, 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:	(1,224)	2,581
Included in earnings	(1,224)	2,581
Included in other comprehensive income (loss)	—	—
Purchases, sales, issues, and settlements:	(1,857)	(697)
Purchases	1,854	—
Sales	(3,711)	—
Issues	—	—
Settlements	—	(697)
Transfers into Level 3:	—	63
Transfers out of Level 3:	—	(51)
Translation adjustments	(732)	(13)
Closing balance	¥ 10,756	¥ 1,947
Change in unrealized (losses) or gains for the period included in earnings for assets held at the reporting date	¥ (1,224)	¥ 2,016

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 six-month period ended September 30, 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 September 30, 2013 was as follows:

	Millions of Yen	
September 30, 2013	**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	¥ 10,750	¥ 3,231
Total gains or losses for the period:	653	(120)
Included in earnings	653	(120)
Included in other comprehensive income (loss)	—	—
Purchases, sales, issues, and settlements:	44	24
Purchases	664	—
Sales	(620)	—
Issues	—	—
Settlements	—	24
Transfers into Level 3:	—	73
Transfers out of Level 3:	(562)	(31)
Translation adjustments	(95)	(28)
Closing balance	¥ 10,790	¥ 3,149
Change in unrealized gains or (losses) for the period included in earnings for assets held at the reporting date	¥ 653	¥ (56)

Gains and losses are included in cost of products sold, other sales and other expenses-net in the Statement of Consolidated Income for the three-month period ended September 30, 2013.

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 September 30, 2012 was as follows:

	Millions of Yen	
September 30, 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	¥ 11,443	¥ (7)
Total gains or losses for the period:	(1,224)	2,000
Included in earnings	(1,224)	2,000
Included in other comprehensive income (loss)	—	—
Purchases, sales, issues, and settlements:	776	(35)
Purchases	776	—
Sales	—	—
Issues	—	—
Settlements	—	(35)
Transfers into Level 3:	—	62
Transfers out of Level 3:	—	(62)
Translation adjustments	(239)	(11)
Closing balance	¥ 10,756	¥ 1,947
Change in unrealized (losses) or gains for the period included in earnings for assets held at the reporting date	¥ (1,224)	¥ 1,888

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 September 30, 2012.

Information about valuation techniques and significant unobservable inputs used for level 3 assets measured at fair value on a recurring basis at September 30, 2013 and March 31, 2013 were as follows:

	Millions of Yen			
September 30, 2013	Fair Value	Valuation Technique	Principal Unobservable Input	Range
Recurring fair value measurements:				
Non-marketable equity securities	¥ 1,722	Income approach	Revenue growth rate	0%-43%
			Discount rate	15%-40%
	5,854	Market approach	Discount for lack of marketability	0%-25%
			Volatility rate	50%-105%
Derivative assets (other contracts)	3,215	Market approach	Probability of success	0%-100%
			Discount rate	0%-10%

	Millions of Yen			
March 31, 2013	Fair Value	Valuation Technique	Principal Unobservable Input	Range
Recurring fair value measurements:				
Non-marketable equity securities	¥ 940	Income approach	Revenue growth rate	0%-40.4%
			Discount rate	15%-40%
	4,124	Market approach	Discount for lack of marketability	0%-30%
			Volatility rate	40%-105%
Derivative assets (other contracts)	3,508	Market approach	Probability of success	0%-100%
			Discount rate	0%-10%

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. Non-marketable equity securities 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 six-month and three-month period ended September 30, 2013 and 2012 were as follows:

	Millions of Yen				
		Fair value measurements using			Six-month period ended September 30, 2013
	Fair value	Level 1	Level 2	Level 3	Total losses
Non-marketable equity securities					
Japan	¥ 9	—	¥ 2	¥ 7	¥ (18)
Non-Japan	11,250	—	—	11,250	(5,070)
Total non-marketable equity securities	¥ 11,259	—	¥ 2	¥ 11,257	¥ (5,088)
Investments in associated companies					
Non-Japan	¥ 40,294	—	—	¥ 40,294	¥ (15,649)
Total investments in associated companies	¥ 40,294	—	—	¥ 40,294	¥ (15,649)

	Millions of Yen				
		Fair value measurements using			Six-month period ended September 30, 2012
	Fair value	Level 1	Level 2	Level 3	Total losses
Non-marketable equity securities					
Japan	¥ 2,996	—	¥ 6	¥ 2,990	¥ (1,126)
Non-Japan	2,229	—	—	2,229	(2,229)
Total non-marketable equity securities	¥ 5,225	—	¥ 6	¥ 5,219	¥ (3,355)
Investments in associated companies					
Japan	¥ 13,279	¥ 13,279	—	—	¥ (3,527)
Total investments in associated companies	¥ 13,279	¥ 13,279	—	—	¥ (3,527)

	Millions of Yen				
		Fair value measurements using			Three-month period ended September 30, 2013
	Fair value	Level 1	Level 2	Level 3	Total losses
Non-marketable equity securities					
Japan	¥ 9	—	¥ 2	¥ 7	¥ (16)
Non-Japan	1,171	—	—	1,171	(1,648)
Total non-marketable equity securities	¥ 1,180	—	¥ 2	¥ 1,178	¥ (1,664)
Investments in associated companies					
Non-Japan	¥ 40,294	—	—	¥ 40,294	¥ (15,649)
Total investments in associated companies	¥ 40,294	—	—	¥ 40,294	¥ (15,649)

	Millions of Yen				
		Fair value measurements using			Three-month period ended September 30, 2012
	Fair value	Level 1	Level 2	Level 3	Total losses
Non-marketable equity securities					
Japan	¥ 17	—	¥ 6	¥ 11	¥ (24)
Non-Japan	1,765	—	—	1,765	(1,538)
Total non-marketable equity securities	¥ 1,782	—	¥ 6	¥ 1,776	¥ (1,562)
Investments in associated companies					
Japan	¥ 13,279	¥ 13,279	—	—	¥ (3,527)
Total investments in associated companies	¥ 13,279	¥ 13,279	—	—	¥ (3,527)

Nonfinancial assets measured at fair value on a nonrecurring basis for the six-month and three-month periods ended September 30, 2013 and 2012 were 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 six-month period ended September 30, 2013 and 2012 were as follows:

	Millions of Yen			
Six-month Period Ended September 30, 2013	**Fair Value**	**Valuation Technique**	**Principal Unobservable Input**	**Range**
Non-recurring fair value measurements:				
Non-marketable equity securities	¥ 50,252	Income approach	Discount rate	7.32%-15.6%

	Millions of Yen			
Six-month Period Ended September 30, 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%

Information about valuation techniques and significant unobservable inputs used for level 3 assets measured at fair value on a non-recurring basis for the three-month period ended September 30, 2013 and 2012 were as follows:

	Millions of Yen			
Three-month Period Ended September 30, 2013	**Fair Value**	**Valuation Technique**	**Principal Unobservable Input**	**Range**
Non-recurring fair value measurements:				
Non-marketable equity securities	¥ 40,294	Income approach	Discount rate	7.32%-13.5%

	Millions of Yen			
Three-month Period Ended September 30, 2012	**Fair Value**	**Valuation Technique**	**Principal Unobservable Input**	**Range**
Non-recurring fair value measurements:				
Non-marketable equity securities	¥ 1,267	Income approach	Revenue growth rate	32%-127%

15. SUBSEQUENT EVENTS

On November 5, 2013, the Board of Directors approved the payment of cash dividend to shareholders of record on September 30, 2013 of ¥25 per share or a total of ¥45,636 million.