# Annual Securities Report
# for the fiscal year ended March 31, 2015

MITSUI & CO., LTD.

Certain References and Information

This report is prepared for overseas investors and compiled based on contents of the Annual Securities Report ("Yukashoken Hokokusho") of Mitsui & Co., Ltd. filed with the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on June 19, 2015.

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. "Share" means one share of Mitsui's common stock, "ADS" means an American Depositary Share representing 20 shares, and "ADR" means an American Depositary Receipt evidencing one or more ADSs. Also, "dollar" or "$" means the lawful currency of the United States of America, and "yen" or "¥" means the lawful currency of Japan.

All financial statements and information contained in this report have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board except where otherwise noted.

A Cautionary Note on Forward-Looking Statements
This report includes forward-looking statements based on our current expectations, assumptions, estimates and projections about our business, our industry and capital markets around the world. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "may," "expect," "anticipate," "estimate," "forecast," "plan" or similar words. The forward-looking statements in this report are subject to various risks, uncertainties and assumptions. These statements discuss future expectations, identify strategies, contain projections of results of operations or of our financial position, or state other forward-looking information. Known and unknown risks, uncertainties and other factors could cause our actual operating results to differ materially from those contained or implied in any forward-looking statement. Our expectations expressed in these forward-looking statements may not turn out to be correct, and our actual results could materially differ from and be worse than our expectations.

Important risks and factors that could cause our actual results to differ materially from our expectations are discussed in "2. Operating and Financial Review and Prospects, 4. Risk Factors" or elsewhere in this report and include, without limitation:

- changes in economic conditions that may lead to unforeseen developments in markets for products handled by us;
- fluctuations in currency exchange rates that may cause unexpected deterioration in the value of transactions;
- adverse political developments in the various jurisdictions where we operate, which among things, may create delays or postponements of transactions and projects;
- changes in laws, regulations or policies in any of the countries where we conduct our operations; and
- significant changes in the competitive environment.

We do not assume, and specifically disclaim, any obligation to update any forward-looking statements which speak only as of the date made.

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## 1. Overview of Mitsui and Its Subsidiaries

### 1. Selected Financial Data

| | | IFRS | | | |
|---|---|---|---|---|---|
| Fiscal year | | 96th | 95th | 94th | Transition date |
| Year ended | | March 31, 2015 | March 31, 2014 | March 31, 2013 | April 1, 2012 |
| Consolidated financial data | | | | | |
| Revenue | (Millions of Yen) | 5,404,930 | 5,731,918 | 4,912,118 | - |
| Gross profit | (Millions of Yen) | 845,840 | 880,106 | 814,139 | - |
| Profit for the year attributable to owners of the parent | (Millions of Yen) | 306,490 | 350,093 | 296,623 | - |
| Comprehensive income for the year attributable to owners of the parent | (Millions of Yen) | 406,583 | 521,457 | 664,345 | - |
| Total trading transactions | (Millions of Yen) | 10,827,831 | 11,155,434 | 10,050,556 | - |
| Total equity attributable to owners of the parent | (Millions of Yen) | 4,099,795 | 3,815,767 | 3,439,141 | 2,866,278 |
| Total assets | (Millions of Yen) | 12,202,921 | 11,491,319 | 10,777,274 | 9,493,804 |
| Equity attributable to owners of the parent per share | (Yen) | 2,287.17 | 2,128.73 | 1,884.33 | 1,570.61 |
| Basic earnings per share attributable to owners of the parent | (Yen) | 170.98 | 192.22 | 162.53 | - |
| Diluted earnings per share attributable to owners of the parent | (Yen) | 170.95 | 192.21 | 162.53 | - |
| Equity attributable to owners of the parent ratio | (%) | 33.60 | 33.21 | 31.91 | 30.19 |
| Return on Equity (ROE) | (%) | 7.74 | 9.65 | 9.41 | - |
| Price Earnings Ratio (PER) | (Times) | 9.43 | 7.59 | 8.08 | - |
| Cash flows from operating activities | (Millions of Yen) | 639,967 | 449,243 | 455,326 | - |
| Cash flows from investing activities | (Millions of Yen) | (386,397) | (659,818) | (754,533) | - |
| Cash flows from financing activities | (Millions of Yen) | (126,193) | (13,237) | 236,335 | - |
| Cash and cash equivalents at end of year | (Millions of Yen) | 1,400,770 | 1,226,317 | 1,432,534 | 1,431,112 |
| Number of employees (excluding average number of part-time employees) | (Number of persons) | 47,118 (11,139) | 48,090 (12,570) | 45,148 (16,750) | 44,805 (19,413) |

(Notes)
1. The consolidated financial statements have been prepared on the basis of International Financial Reporting Standards (IFRS) from the 95th fiscal year.
2. Total trading transactions are voluntary disclosures for users of the consolidated financial statements as a measure commonly used by Japanese trading companies. It is not to be construed as equivalent to revenue under IFRS. Total trading transactions 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.
3. Revenue and total trading transactions do not include consumption taxes.

| | | U.S. GAAP | | | |
|---|---|---|---|---|---|
| Fiscal year | | 95th | 94th | 93rd | 92nd |
| Year ended | | March 31, 2014 | March 31, 2013 | March 31, 2012 | March 31, 2011 |
| Consolidated financial data | | | | | |
| Revenues | (Millions of Yen) | 5,740,650 | 4,911,609 | 5,251,602 | 4,679,443 |
| Income from continuing operations before income taxes and equity in earnings | (Millions of Yen) | 453,732 | 314,098 | 413,211 | 272,697 |
| Net income attributable to Mitsui & Co., Ltd. | (Millions of Yen) | 422,161 | 307,926 | 434,497 | 306,659 |
| Comprehensive income attributable to Mitsui & Co., Ltd. | (Millions of Yen) | 549,238 | 631,260 | 373,029 | 191,345 |
| Total trading transactions | (Millions of Yen) | 11,165,660 | 10,049,637 | 10,481,166 | 9,942,472 |
| Total Mitsui & Co., Ltd. shareholders' equity | (Millions of Yen) | 3,586,414 | 3,181,819 | 2,641,318 | 2,366,192 |
| Total equity | (Millions of Yen) | 3,868,066 | 3,440,104 | 2,860,810 | 2,553,334 |
| Total assets | (Millions of Yen) | 11,001,264 | 10,324,581 | 9,011,823 | 8,598,124 |
| Shareholders' equity per share | (Yen) | 2,000.78 | 1,743.34 | 1,447.34 | 1,296.66 |
| Basic net income attributable to Mitsui & Co., Ltd. per share | (Yen) | 231.79 | 168.72 | 238.10 | 168.05 |
| Diluted net income attributable to Mitsui & Co., Ltd. per share | (Yen) | 231.78 | - | - | 168.05 |
| Shareholders' equity ratio | (%) | 32.60 | 30.82 | 29.31 | 27.52 |
| Return on Equity (ROE) | (%) | 12.47 | 10.58 | 17.35 | 13.34 |
| Price Earnings Ratio (PER) | (Times) | 6.29 | 7.78 | 5.70 | 8.87 |
| Cash flows from operating activities | (Millions of Yen) | 521,524 | 461,430 | 380,984 | 504,474 |
| Cash flows from investing activities | (Millions of Yen) | (704,516) | (753,297) | (438,191) | (484,021) |
| Cash flows from financing activities | (Millions of Yen) | (34,698) | 221,635 | 57,394 | 33,820 |
| Cash and cash equivalents at end of year | (Millions of Yen) | 1,225,079 | 1,425,174 | 1,431,112 | 1,441,059 |
| Number of employees (excluding average number of part-time employees) | (Number of persons) | 48,090 (12,570) | 45,148 (16,750) | 44,805 (19,413) | 40,026 (19,378) |

(Notes)
1. The consolidated financial statements prepared on the basis of accounting principles generally accepted in the United States of America (U.S. GAAP) in the 95th fiscal year is unaudited financial information pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act.
2. Total trading transactions are voluntary disclosures for users of the consolidated financial statements as a measure commonly used by Japanese trading companies. It is not to be construed as equivalent to revenue under U.S. GAAP. Total trading transactions 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.
3. "Shareholders' equity" or "equity" in shareholders' equity per share, shareholders' equity ratio and return on equity (ROE) in the above table refers to "Total Mitsui & Co., Ltd. shareholders' equity" in the consolidated balance sheets.
4. Diluted net income attributable to Mitsui & Co., Ltd. per share in the 94th and 93rd fiscal years is not disclosed as there are no dilutive potential shares.
5. Revenues and total trading transactions do not include consumption taxes.

2. History

Mitsui Bussan Kabushiki Kaisha ("Mitsui & Co., Ltd." in English) was originally incorporated on July 25, 1947, as Daiichi Bussan Kabushiki Kaisha with a common stock of ¥195,000, with the main purpose of importing, exporting and selling a wide variety of products.

Since our establishment, our business results have developed strongly, and we have grown in scale as the result of capital increases or stock dividends, the issuance of foreign currency-denominated and domestic convertible bonds, along with integration with other new companies. On February 16, 1959, we changed our name to our present name of Mitsui Bussan Kabushiki Kaisha (Mitsui & Co., Ltd.), and took the form of a general trading company in both name and practice. From then until the present day, we have continued to expand our business through mergers and acquisitions of other businesses and companies.

The significant developments for the company that occurred during this time, including name changes, mergers, establishment of major affiliated companies, listings on securities exchanges, and other, are as follows.

| | |
|---|---|
| Jul. 1947 | Daiichi Bussan Kabushiki Kaisha established with common stock of ¥195,000 |
| May 1949 | Listed on Tokyo Stock Exchange |
| Nov. 1954 | Listed on Sapporo Securities Exchange, Nagoya Stock Exchange and Osaka Securities Exchange |
| Apr. 1956 | Established Daiichi Bussan Kabushiki Kaisha Australia (currently Mitsui &Co. (Australia), Ltd.) |
| Feb. 1959 | Changed the name to Mitsui Bussan Kabushiki Kaisha (Mitsui & Co., Ltd.) |
| Feb. 1959 | Listed on Fukuoka Stock Exchange |
| Jan. 1963 | Participated in the development of the Moura Coal Mine in Australia (currently the Dawson Coal Mine) |
| May 1963 | Issued American Depositary Receipts (ADR) in the U.S. (registered on NASDAQ in U.S. in 1971) |
| Feb. 1965 | Decided to participate in Robe River iron mine in Australia |
| Apr. 1966 | Established Mitsui & Co. (U.S.A.), Inc. |
| Oct. 1966 | Concluded long-term purchase agreement of iron ore from Mount Newman in Australia |
| Mar. 1971 | Split off lease business and established Mitsui leasing, Ltd. (currently JA Mitsui Leasing, Ltd.) |
| Sept. 1971 | Signed basic agreement on development of Liquefied Natural Gas (LNG) in Das Island, Abu Dhabi |
| Oct. 1971 | Signed basic agreement on Iran Petrochemical Project |
| May 1976 | Established Aim Services Co., Ltd. with ARA (currently ARAMARK Corporation) |
| Nov. 1976 | Moved head office to Otemachi, Chiyoda-ku, Tokyo |
| Jul. 1985 | Participated in North West Shelf LNG project in Western Australia |
| Apr. 1988 | Established Mitsui & Co. UK PLC (currently Mitsui & Co. Europe PLC) |
| Dec. 1990 | Concluded Iran Petrochemical Project due to winding up of Iran Chemical Development Co. Ltd. |
| Oct. 1991 | Introduced Chief Operating Officer system |
| Feb. 1994 | Established P.T. Paiton Energy, an electric power company in Indonesia |
| Jun. 1994 | Signed development contracts (production sharing contract) for the Sakhalin II petroleum and natural gas projects |
| Apr. 2002 | Introduced Managing Officer system |
| Mar. 2003 | Participated in ownership interest in International Methanol Company of Saudi Arabia |
| Jun. 2003 | First appointment of external director |
| Sept. 2003 | Purchased ownership interest in Valepar S.A., the holding company of Vale S.A., the Brazilian diversified resource company |
| Apr. 2004 | Abolished Domestic Branches and Offices Segment and included them in each business unit by product |
| Apr. 2006 | Introduced overseas regional business unit system (currently three overseas regional business unit system) |
| Jun. 2007 | Acquired Steel Technologies, Inc., a U.S. steel processing service center |
| Feb. 2010 | Decided to participate in the Marcellus Shale Gas production development project in the US |
| Apr. 2011 | Delisted from NASDAQ (deregistered from the U.S. Securities and Exchange Commission (the "SEC") in July 2011) |
| Aug. 2012 | Established a strategic alliance with Codelco and participated in a joint venture to jointly hold shares of Anglo American Sur S.A. |
| Nov. 2014 | Moved head office to Marunouchi, Chiyoda-ku, Tokyo due to reconstruction of the head office building |

## 3. 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 our 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 & steel, mineral & metal resources, machinery & infrastructure, chemicals, energy, lifestyle, innovation & corporate development. 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.

The business units of Mitsui's Head Office, which are organized based on "products and services," plan overall and worldwide strategies for their products and services and conduct their worldwide operations. The business units also collaborate with overseas branches and overseas trading subsidiaries in planning and executing their strategies for products and regions. The overseas branches and overseas trading subsidiaries are separate operating units, which are delegated responsibility for the business of their regions as the centers of each particular regional strategy and operate diversified businesses together with their subsidiaries and associated companies in collaboration with the business units. Therefore, our operating segments consist of product-focused operating segments comprised of the business units of the Head Office and region-focused operating segments comprised of overseas branches and overseas trading subsidiaries.

For the disclosure pursuant to IFRS 8 "Operating Segments," our operating segments have been aggregated based on the nature of the products and other criteria into seven product-focused reportable operating segments and three region-focused reportable operating segments, totaling ten reportable operating segments.

We have 445 affiliated companies for consolidation, which consist of 209 overseas subsidiaries, 70 domestic subsidiaries, 131 overseas equity accounted investees and 35 domestic equity accounted investees.

***Iron & Steel Products Segment***

The Iron & Steel Products Segment consists of one business unit, the Iron & Steel Products Business Unit. Through the Iron & Steel Products Segment, we provide our customers both in Japan and overseas with services relating to the procurement and supply of iron and steel products. In addition, we invest in steel service centers that function as processing and distribution bases, in electric furnace steel mills and rolling mills that act as manufacturing bases, and in component suppliers and the iron and steel distribution industry.

<u>Infrastructure</u>

- Supply and sales expansion of steel products for infrastructure projects mainly in Asia, the Middle East and Africa
- Supply and sales expansion of high value-added steel products such as rails to Africa, Brazil and Australia

<u>Automotive</u>

- Automotive components manufacturing business and service center business

<u>Energy</u>

- Supply and sales expansion of high value-added steel products related to shale gas development and renewable energy, in addition to conventional steel products used in the energy industry
- Fabrication and assembly of offshore structures, as well as their maintenance including inspection, repair and technical assistance

***Mineral & Metal Resources Segment***

The Mineral & Metal Resources Segment consists of one business unit, the Mineral & Metal Resources Business Unit.
The Mineral & Metal Resources Segment mainly engages in the following fields of business, as described below:

Businesses relating to development of resource, production, processing and sales through investments

Iron Ore:
- Joint venture in Australia with Rio Tinto and BHP Billiton
- Indirectly-held shares of Vale S.A., the world's largest producer and sales company of iron ore

Coal:
- Joint venture with Anglo American, Rio Tinto and BHP Billiton in Australia

Ferrous Raw Materials and Recycling Solutions:
- Investment in metal scrap business through Sims in the U.S. and Australia, and diversified businesses in areas such as coal, power generation, ferroalloys and chemical products through Erdos Electrical Power & Metallurgical Co., Ltd. in Inner Mongolia, China
- Metal resources and materials recycling business in Japan and overseas, in consideration of the environment

Copper:
- Investment in Collahuasi, Anglo American Sur and Caserones joint ventures in Chile

Nickel:
- Investment in Coral Bay and Taganito joint ventures in the Philippines and VNC (Vale New Caledonia) joint venture in New Caledonia

Aluminum:
- Investment in alumina and aluminum ingot business through Albras and Alunorte in Brazil, as well as aluminum product manufacturing business with Dongyangguang Aluminum in China and aluminum coil center business of Garmco in Singapore

Global trading utilizing our logistics network function
- Iron ore, ferrous raw materials such as metal scrap, hot briquetted iron, pig iron and ferroalloys, rebuilt automotive parts, coal, petroleum coke, copper concentrate and copper cathode, nickel, aluminum, rare metals, etc.

***Machinery & Infrastructure Segment***

The Machinery & Infrastructure Segment consists of two business units, the Infrastructure Projects Business Unit and the Integrated Transportation Systems Business Unit.

Infrastructure Projects Business Unit
The Infrastructure Projects Business Unit mainly engages in the fields of business described below:

Electric power
- Independent power producer (IPP) business with thermal power, hydropower and renewable energy

Marine energy / Basic industry
- Marine energy business including FPSO (floating production, storage and offloading system for offshore oil and gas) facilities
- Core infrastructure business including LNG facilities for offloading/unloading, pipeline and local gas distribution business

Water treatment and supply / Logistics
- Development and operation of water supply and sewage, desalination, and wastewater treatment facilities in Mexico, China and Europe
- Development and operation of logistics and social infrastructure projects mainly involving seaport and airport business

Integrated Transportation Systems Business Unit
The Integrated Transportation Systems Business Unit mainly engages in the fields of business described below:

Sea

- Sales of newbuilding ships, provision of ship management services, brokerage for chartering vessels and for sales and purchases of second-hand ships for ship owners and shipping companies in Japan and overseas, and sales of ship machinery to shipbuilders
- Ownership and operation of commercial ships and LNG carriers

Land

- Export, manufacturing and sales of Japanese automobiles and parts
- Import wholesaling, dealing and manufacturing of Japanese vehicles, logistics for vehicle parts, retail operations and retail finance worldwide
- Sales and ancillary services involving dump trucks for mining operations, hydraulic excavators, etc.
- Arrangement for rolling stock and locomotive operating and finance leasing in North America, Brazil, Europe and Russia, as well as provision of relevant operating, maintenance and management services
- General freight transport and passenger transport business in Brazil
- Truck leasing and truck rental business in North America

Air

- Sales, provision and arrangement of operating leases and finance leases for passenger aircraft, as well as aircraft engines to airlines in Japan and overseas

***Chemicals Segment***

The Chemicals Segment consists of the Basic Chemicals Business Unit and the Performance Chemicals Business Unit.
The Chemicals Segment mainly engages in the fields of business described below:

Value chain relating to food and agriculture

- Agricultural chemicals business in Europe and the U.S.
- Phosphorus ore business in Peru
- Fertilizer business and food and nutrition chemicals business

Responding to growing market needs for environmentally friendly and sustainable energy with our green and biochemical business

- Manufacture of bio-succinic acid in Canada
- Oleochemical business using palm oil as raw materials in Malaysia and China

Investment in manufacturing products based on various competitive feedstock

- Production and sales of methanol in Saudi Arabia and the U.S.
- Chlor-alkali business in the U.S.
- Salt business in Australia

Supporting Japanese chemical manufactures with proprietary technology and products in starting up businesses overseas

- Production and sales of high-performance polyethylene resin in Singapore
- Production and sales of raw materials for high-performance polycarbonate in Germany

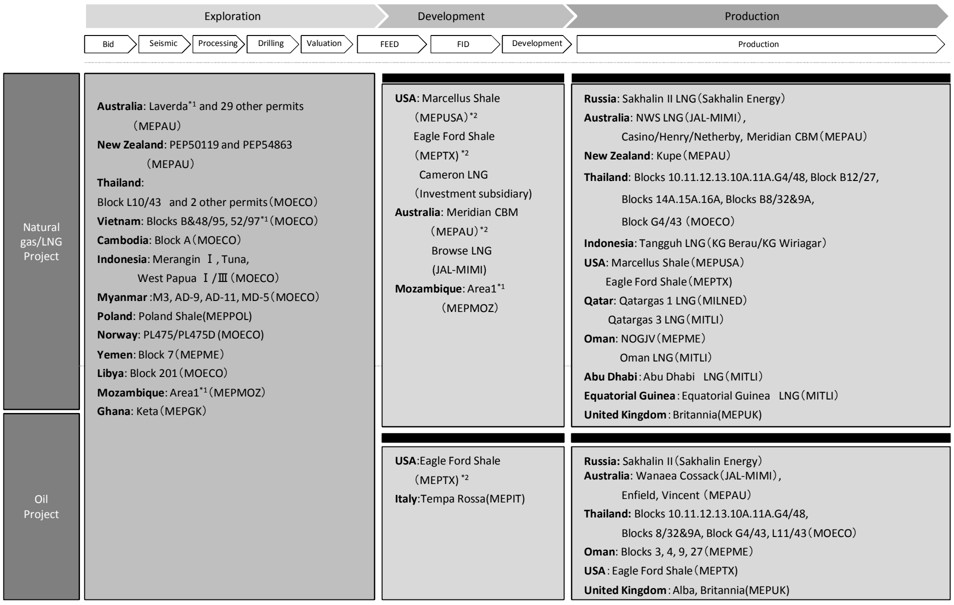
***Energy Segment***

The Energy Segment consists of two business units, the Energy Business Units I and II.
The Energy Segment engages mainly in the fields of business described below:

- Exploration, development and production of energy resources including oil and natural gas/LNG (Main businesses are shown in the below chart.)
- Trading and marketing of oil, natural gas/LNG, petroleum products, coal, uranium etc.
- Environmental and next-generation energy businesses toward the realization of a low-carbon society

**Upstream・Midstream Assets (Natural Gas/LNG/Oil)**

As of March 31, 2015




*1 Proved undeveloped *2 Partly in production

***Lifestyle Segment***

The Lifestyle Segment consists of three business units, the Food Resources Business Unit, the Food Products & Services Business Unit and the Consumer Service Business Unit.

The media business has been transferred from the Consumer Service Business Unit to the IT & Communication Business Unit under the Innovation & Corporate Development Segment, effective from April 2015.

The Lifestyle Segment mainly engages in the fields of business described below.

<u>Food resources, products and services</u>

・Securing and supply of grains, oils and fats, sugars, livestock and marine products, beverage materials, dairy products and other such items worldwide
・Supply of edible oils, refined sugar, compound feed stuffs and other products on a global scale
・Sales of processed foods and alcoholic beverages, etc. for supermarkets, convenience stores, contract food and catering services, and restaurant chains
・Support for Japanese retailers, including convenience stores, in their efforts to achieve global expansion

<u>Medical and healthcare</u>

・Hospital business and its ancillary business
・Pharmaceutical manufacturing, and development support business, and manufacturing and sales of generic pharmaceuticals

<u>Services</u>

・Outsourcing and franchising business focusing mainly on contract food services and facility management services
・Healthcare staffing services and educational business

<u>Real estate</u>

・Development, leasing and property management of office buildings, business parks, smart cities, logistics facilities and residences

<u>Housing and industrial materials</u>

・Afforestation, woodchip processing, and lumber businesses, sales of Off Road tires, manufacturing and sales of sanitary ware

Fashion

・ Fashion e-commerce business, brand marketing business for global markets, OEM business for apparel and export of advanced functional materials and textile fabrics

Media

・Broadcasting services and TV shopping business

***Innovation & Corporate Development Segment***

The Innovation & Corporate Development Segment consists of one business unit, the Innovation & Corporate Development Business Unit.
The IT & Communication Business Unit and Corporate Development Business Unit have been newly established in place of the Innovation & Corporate Development Business Unit, effective from April 2015. Due to this reorganization, the media business has been transferred from the Consumer Service Business Unit to the IT & Communication Business Unit.

The Innovation & Corporate Development Segment mainly engages in the fields of business described below:

・ Telecommunication business, operation of service platforms including high-speed mobile internet, e-commerce and online payment system, and related services such as digital marketing and data centers
・ Creation of businesses for the next generation, by utilizing IT services and big data applications, in fields such as medical and healthcare, agriculture, resources and energy
・ Creation and provision of cyber security and cloud service
・ Asset management, leasing and insurance
・ Buyout investment and venture investment
・ Commodity derivatives and provision to clients and the group companies with hedging tools for price fluctuation risks of commodities
・Logistics center business including warehousing and delivery centers and cold-chain logistics in Japan and abroad, and establishment and proposal of logistics strategies for clients.

***Americas Segment***

Leveraging our extensive expertise in business investment in the U.S., an incubation center for new businesses, the Americas Segment mainly engages in the fields of business described below:

Metals business area

- Streamlining processes at each stage of the value chain in alliances with steelmakers, steel processors, major customers and recycling companies
- Provision of a full range of processing services of steel products through Steel Technologies LLC (50% shareholdings) and other affiliated companies
- Provision of oil and gas well tubular products and other energy-related steel products through Champions Pipe & Supply, Inc. and Cinco Pipe and Supply, Inc.

Machinery & Infrastructure business area

- Development and operation of large-scale infrastructure projects and related businesses centered on power generation, water treatment, transportation, and energy and mineral resources mainly in Brazil and Mexico
- Expansion and reinforcement of businesses related to automotive, construction machinery, ships, aerospace and transportation

Chemicals business area

- Trading of products such as petrochemical products, food and feed additives, chemical fertilizers, pesticides, synthetic resins, and resin additives
- Production and sales of amino acids used in feedstuffs at Novus International, Inc.
- Tank terminal operations at Intercontinental Terminals Company LLC

Lifestyle business area

- Businesses related to food materials and processed food products, medical and healthcare, housing and industrial materials, fashion, services, and real estate
- Grain origination and export business at United Grain Corporation of Oregon
- Single Family and Multi-family residential development, and Senior housing development and operation at MBK Real Estate LLC

Others

- Identifying and forming new projects in the Energy and Innovation & Corporate Development business areas

***Europe, the Middle East and Africa Segment***

In the Europe, the Middle East and Africa Segment, led by Mitsui & Co. Europe PLC, overseas trading subsidiaries, other branch offices and representative offices, together with their affiliated companies, collaborate with other business units and regional business units. This segment mainly engages in the fields of business described below:

Metals business area

- Sale of oil and gas well tubular products and line pipe, provision of related services in the form of SCM for energy-related industry, and fabrication and assembly of offshore structures and their inspection, repair and maintenance
- Processing and sales of steel products including automotive and electrical steel sheets in Europe
- Joint venture with a packaging manufacturer and sales of tin materials in Africa and around Turkey
- Sales of steel materials for transportation infrastructure such as building materials and rails, mainly in the Middle East and Africa
- Sales and intermediary services involving iron and steel raw materials, nonferrous metals and their products, and steel scrap

Energy business area

- Mining and development of energy resources including LNG
- Sales and intermediary services involving energy resources

Machinery & Infrastructure business area

- Power generation (thermal power, wind power and solar power) business in Europe, the Middle East and

Africa
· Water and sewer concession business in Europe
· Offshore-related business (FPSO, FSRU)
· Port operation business, mainly in Africa
· Building and chartering ships, and leasing of locomotive, aircraft and aircraft engines

Chemicals business area
· Sales and intermediary services involving chemical products and materials
· Operation of chemical tank terminal in Belgium

Lifestyle business area
· Fashion business for the Japanese market
· Medical and healthcare business, focusing on pharmaceuticals
· Real estate development business in the U.K.
· Sales and intermediary services involving food and food materials

Others
· Demonstration project for electric buses on routes in the U.K.
· Energy development and production business and petrochemical and power plant business in the Middle East

***Asia Pacific Segment***

In the Asia Pacific Segment, trading subsidiaries including Mitsui & Co. (Asia Pacific) Pte. Ltd. (Singapore), Mitsui & Co. (Thailand) Ltd. and Mitsui & Co. (Australia) Ltd., subsidiaries and associated companies jointly collaborate with other business units and regional business units. This segment mainly engages in the fields of business described below:

ASEAN Region
· Engaging in various businesses involving chemical products, steel and metal products, industrial projects and foods
· Supplying tap water under long-term water supply agreements with local public water utilities in Thailand

Southwest Asia
· Import and export related transactions
· Various manufacturing and sales operations in India with Indian companies, and pursuing opportunities for investment in infrastructure including logistics infrastructure in India

Oceania
· Development of mineral resources such as iron ore and coal
· Energy business including wind power generation
· Export sales of agricultural crops including wheat

4. Affiliated Companies

(1) Parent Company

Mitsui does not have a parent company.

(2) Major Subsidiaries

| Operating Segment | Registered Name | Principal Lines of Business | Jurisdiction of Incorporation | Ownership of Voting Shares (%) |
|---|---|---|---|---|
| Iron & Steel Products | Mitsui & Co. Steel Ltd. | Domestic sales, export, import of steel products | Japan | 100.0 |
| | Bangkok Coil Center Co., Ltd. | Steel processing | Thailand | 99.1 |
| | Regency Steel Asia Pte Ltd. | Wholesale and retail of steel products | Singapore | 92.5 |
| Mineral & Metal Resources | Mitsui-Itochu Iron Pty. Ltd. | Mining and sales of Australian iron ore | Australia | 70.0 |
| | Mitsui Iron Ore Development Pty. Ltd. | Mining and sales of Australian iron ore | Australia | 100.0 |
| | Mitsui Raw Materials Development Pty. Limited | Investment in Sims Metal Management Ltd., a scrap metal recycler | Australia | 100.0 |
| | Oriente Copper Netherlands B.V. | Investment in and loan to copper business in Chile through Inversiones Mineras Acrux SpA | Netherlands | 100.0 |
| | Japan Collahuasi Resources B.V. | Investment in Collahuasi copper mine in Chile | Netherlands | 61.9 |
| | Mitsui Bussan Copper Investment & Co., Ltd. | Investment in Caserones copper mine in Chile | Japan | 100.0 |
| | MITSUI BUSSAN METALS CO., LTD. | Sales and trading of non-ferrous scrap, alloy and products | Japan | 100.0 |
| | Mitsui & Co. Mineral Resources Development (Asia) Corp. | Investments in nickel and cobalt smelting business in Philippines | Philippines | 100.0 |
| | Mitsui Coal Holdings Pty. Ltd. | Investments in Australian coal business | Australia | 100.0 |
| Machinery & Infrastructure | Mitsui & Co. Plant Systems, Ltd. | Sales of various plants, electric power facilities and transportation equipment | Japan | 100.0 |
| | KARUGAMO ENERGY MANAGEMENT PTY. LIMITED | Investments in power generation business | Australia | 100.0 |
| | MIT POWER CANADA LP INC. | Investment in Greenfield Power Generation Project in Ontario | Canada | 100.0 |
| | MITSUI GAS E ENERGIA DO BRASIL LTDA. | Investments in gas distribution companies in Brazil | Brazil | 100.0 |
| | Mit Investment Manzanillo B.V. | Investment in LNG terminal in Mexico | Netherlands | 100.0 |
| | Drillship Investment B.V. | Investment in deepwater drilling service business | Netherlands | 100.0 |
| | MIT Gas Mexico, S. de R.L. de C.V. | Investments in gas distribution companies in Mexico | Mexico | 100.0 |
| | ME Servicos de Energia do Brasil Participacoes Ltda. | Cogeneration service business in Brazil | Brazil | 90.0 |
| | MIT Pipeline Investment Americas, Inc. | Investments in natural gas pipeline project in Arizona | U.S.A. | 100.0 |
| | ATLATEC, S.A. de C.V. | Designing, building and operation of wastewater treatment plants | Mexico | 85.0 |
| | MyPower Corp. | Investment and management of power projects in U.S. | U.S.A. | 100.0 |

| Operating Segment | Registered Name | Principal Lines of Business | Jurisdiction of Incorporation | Ownership of Voting Shares (%) |
|---|---|---|---|---|
| Machinery & Infrastructure | MIZHA ENERGIA PARTICIPACOES S.A. | Investment in power producing business in Brazil | Brazil | 100.0 |
| | MIT SAFI COMPANY LIMITED | Investment in power generation business in Morocco | United Kingdom | 100.0 |
| | Portek International Private Limited | Development and operation of container terminal | Singapore | 90.0 |
| | Tokyo International Air Cargo Terminal Ltd. | Operation of air cargo terminal at Tokyo International Airport | Japan | 100.0 |
| | Toyota Chile S.A. | Import and sales of automobiles and auto parts in Chile | Chile | 100.0 |
| | Mitsui Automotriz S.A. | Retail sales of automobiles and auto parts | Peru | 100.0 |
| | MITSUI AUTO FINANCE CHILE LTDA. | Automobile retail finance | Chile | 100.0 |
| | TRANSFREIGHT, LLC | Auto parts logistics business | U.S.A. | 100.0 |
| | Veloce Logistica SA | Auto parts logistics | Brazil | 100.0 |
| | MBK Commercial Vehicles Inc. | Investment in full-service truck leasing, rental and logistics business | U.S.A. | 100.0 |
| | MBK USA Commercial Vehicles Inc. | Investment in full-service truck leasing, rental and logistics business | U.S.A. | 100.0 |
| | Mitsui Bussan Automotive (Thailand) Co., Ltd. | Sales, leasing and service of automobiles | Thailand | 100.0 |
| | BAF (Thailand) Co., Ltd. | Motorcycle retail finance | Thailand | 100.0 |
| | PT. Bussan Auto Finance | Motorcycle retail finance | Indonesia | 70.0 |
| | Mitsui Automotive CIS Investment B.V. | Investment in automotive-related companies in Russia | Netherlands | 100.0 |
| | Bussan Automotive Singapore Pte. Ltd. | Investment in two-wheeled vehicle related companies in India | Singapore | 100.0 |
| | Komatsu-Mitsui Maquinarias Peru S.A. | Sales of construction and mining equipment | Peru | 60.0 |
| | Road Machinery, LLC | Sales of construction and mining equipment | U.S.A. | 100.0 |
| | MITSUI BUSSAN MACHINE TEC CO., LTD. | Sale of machine tools and peripheral equipment | Japan | 100.0 |
| | Orient Marine Co., Ltd. | Shipping business | Japan | 100.0 |
| | OMC SHIPPING PTE. LTD. | Shipping business | Singapore | 100.0 |
| | Mitsui Bussan Aerospace Co., Ltd. | Import and sales of helicopters and defense and aerospace products | Japan | 100.0 |
| | Mitsui Rail Capital Holdings, Inc. | Freightcar leasing and management in North America | U.S.A. | 100.0 |
| | Mitsui Rail Capital Europe B.V. | Locomotive leasing and management in Europe | Netherlands | 100.0 |
| | Mitsui Rail Capital Participacoes Ltda. | Freightcar leasing and management in Brazil | Brazil | 100.0 |

| Operating Segment | Registered Name | Principal Lines of Business | Jurisdiction of Incorporation | Ownership of Voting Shares (%) |
|---|---|---|---|---|
| Chemicals | DAIICHI TANKER CO., LTD. | Operation of chemical tankers | Japan | 100.0 |
| | Japan-Arabia Methanol Company Ltd. | Investments in methanol producing business in Saudi Arabia and sales of products | Japan | 55.0 |
| | MMTX Inc. | Investment in methanol producing business in U.S. and sale of products | U.S.A. | 100.0 |
| | Shark Bay Salt Pty. Ltd. | Production of salt | Australia | 100.0 |
| | Mitsui & Co. Texas Chlor-Alkali, Inc. | Investments in chlor-alkali producing business in U.S. | U.S.A. | 100.0 |
| | Mitsui Bussan Chemicals Co., Ltd. | Sales and trading of solvents and coating materials | Japan | 100.0 |
| | MITSUI & CO. PLASTICS LTD. | Sales of plastics and chemicals | Japan | 100.0 |
| | Daito Chemical Co., Ltd. | Manufacture and sales of industrial chemicals | Japan | 70.0 |
| | Mitsui AgriScience International SA/NV | Investments in crop protection businesses in Europe | Belgium | 100.0 |
| | Mitsui AgriScience International Inc. | Investments in crop protection businesses in Americas | U.S.A. | 100.0 |
| | Mitsui Bussan Agro Business Co., Ltd. | Development and sales of fertilizers and agricultural products | Japan | 100.0 |
| | Mitsui Bussan Fertilizer Resources B.V. | Investment in phosphorus ore mining in Peru and global marketing business | Netherlands | 100.0 |
| Energy | Mitsui Oil Exploration Co., Ltd. | Exploration, development and production of oil and natural gas | Japan | 74.3 |
| | Mitsui E&P Middle East B.V. | Exploration, development and production of oil and natural gas | Netherlands | 100.0 |
| | Mitsui E&P Australia Pty Limited | Exploration, development and production of oil and natural gas | Australia | 100.0 |
| | Mitsui E&P UK Limited | Exploration, development and production of oil and natural gas in Europe & Africa | United Kingdom | 100.0 |
| | Mitsui E&P USA LLC | Exploration, development and production of oil and gas | U.S.A. | 100.0 |
| | MEP Texas Holdings LLC | Investment in oil and gas in Americas | U.S.A. | 100.0 |
| | Mitsui & Co. Energy Trading Singapore Pte. Ltd. | International trading of petroleum products and crude oil | Singapore | 100.0 |
| | Mitsui Sakhalin Holdings B.V. | Investments in Sakhalin Energy Investment Company Ltd. | Netherlands | 100.0 |
| | Mitsui & Co. LNG Investment USA, Inc. | Investment in natural gas liquefaction business in U.S. and sales of LNG | U.S.A. | 100.0 |
| | MITSUI & CO. LNG INVESTMENT LIMITED | Investment in LNG projects | United Kingdom | 100.0 |
| | Mitsui Gas Development Qatar B.V. | Exploration, development and production of oil and natural gas | Netherlands | 100.0 |
| | Mitsui E&P Mozambique Area 1 Limited | Exploration, development and production of oil and natural gas in Mozambique | United Kingdom | 50.0 |

| Operating Segment | Registered Name | Principal Lines of Business | Jurisdiction of Incorporation | Ownership of Voting Shares (%) |
|---|---|---|---|---|
| Lifestyle | PRIFOODS CO., LTD. | Production, processing and sales of broilers | Japan | 46.4 |
| | TOHO BUSSAN KAISHA, LTD. | Import and sales of agricultural and marine products | Japan | 100.0 |
| | WILSEY FOODS, INC. | Investments in processed oil food company | U.S.A. | 90.0 |
| | XINGU AGRI AG | Production and merchandising of agriproducts | Switzerland | 100.0 |
| | Multigrain Trading AG | Origination and merchandising of agricultural products | Switzerland | 100.0 |
| | San-ei Sucrochemical Co., Ltd. | Manufacture and sales of saccharified products, pharmaceuticals, feedstuffs and other products | Japan | 70.0 |
| | Mitsui Norin Co., Ltd. | Manufacture and sales of food products | Japan | 100.0 |
| | MITSUI ALIMENTOS LTDA. | Export of coffee beans and domestic sales of roasted coffee | Brazil | 100.0 |
| | MITSUI FOODS CO., LTD. | Wholesale of foods and beverages | Japan | 100.0 |
| | Bussan Logistics Solutions Co., Ltd. | Operation and management of logistics centers | Japan | 100.0 |
| | VENDOR SERVICE CO., LTD. | Sales and distribution of food and packaging materials | Japan | 100.0 |
| | RETAIL SYSTEM SERVICE CO., LTD. | Sales of foods and groceries, services for retailers | Japan | 100.0 |
| | Mitsui & Co. Facilities Ltd. | Property management | Japan | 100.0 |
| | UHS Partners, Inc. | Investment in healthcare staffing business | U.S.A. | 100.0 |
| | Mitsui Bussan Woodchip Oceania Pty. Ltd. | Plantation, processing and sales of woodchip | Australia | 100.0 |
| | BUSSAN REAL ESTATE CO., LTD. | Real estate sales, leasing and management | Japan | 100.0 |
| | MBK Healthcare Partners Limited | Investment in IHH Healthcare Bhd. | United Kingdom | 100.0 |
| | MicroBiopharm Japan Co., Ltd. | Manufacture and sales of medicines and chemicals | Japan | 80.0 |
| | MITSUI BUSSAN INTER-FASHION LTD. | Planning and management for production and procurement of apparel | Japan | 100.0 |
| | Paul Stuart, Inc. | Luxury clothing retailer | U.S.A. | 100.0 |

| Operating Segment | Registered Name | Principal Lines of Business | Jurisdiction of Incorporation | Ownership of Voting Shares (%) |
|---|---|---|---|---|
| Innovation & Corporate Development | MITSUI KNOWLEDGE INDUSTRY CO., LTD. | Planning, development and sales of information and communication systems | Japan | 100.0 |
| | Mitsui Electronics Inc. | Sales of electronics device and equipment | Japan | 100.0 |
| | Asia Pacific Mobile Pte. Ltd. | Investment in high-speed mobile service business in Indonesia | Singapore | 100.0 |
| | Mitsuibussan Insurance Co., Ltd. | Non life and life insurance agency services | Japan | 100.0 |
| | Mitsui & Co. Global Investment Ltd. | Investment in venture businesses | Japan | 100.0 |
| | Mitsui & Co., Principal Investments Ltd. | Investment in private equity | Japan | 100.0 |
| | Mitsui Bussan Commodities Ltd. | Trading of non-ferrous metals | United Kingdom | 100.0 |
| | Mitsui & Co. Precious Metals, Inc. | Trading of precious metals | U.S.A. | 100.0 |
| | Mitsui & Co. Commodity Risk Management Ltd. | Trading of energy derivatives | United Kingdom | 100.0 |
| | TRI-NET (JAPAN) INC. | International integrated transportation services | Japan | 100.0 |
| | Trinet Logistics Co., Ltd. | Domestic warehousing business | Japan | 100.0 |
| Americas | Mitsui Foods, Inc. | Trading canned foods, chilled foods, juice ingredient and coffee | U.S.A. | 100.0 |
| | United Grain Corporation of Oregon | Grain merchandising | U.S.A. | 100.0 |
| | Champions Pipe & Supply, Inc. | Sales of oil and gas well tubular products | U.S.A. | 100.0 |
| | MBK Real Estate LLC | Real estate-related business | U.S.A. | 100.0 |
| | MITSUI PLASTICS INC. | Sales of chemicals | U.S.A. | 100.0 |
| | Novus International, Inc. | Manufacturing and sales of feed additives | U.S.A. | 65.0 |
| | Hydro Capital Corporation | Investment in water treatment plants in Mexico | U.S.A. | 100.0 |
| | Mit Wind Power Inc. | Investment in wind power generation company | U.S.A. | 100.0 |
| | Intercontinental Terminals Company LLC | Chemical tank leasing | U.S.A. | 100.0 |
| | Ellison Technologies Inc. | Sales of machine tools | U.S.A. | 88.8 |
| | Game Changer Holdings Inc. | Investment in steel processing company | U.S.A. | 100.0 |
| | Cinco Pipe and Supply, LLC | Sales of oil and gas well tubular products | U.S.A. | 100.0 |
| | Mitsui & Co. (U.S.A.), Inc. | Trading | U.S.A. | 100.0 |
| | Mitsui & Co. (Canada) Ltd. | Trading | Canada | 100.0 |
| | MITSUI & CO. (BRASIL) S.A. | Trading | Brazil | 100.0 |

| Operating Segment | Registered Name | Principal Lines of Business | Jurisdiction of Incorporation | Ownership of Voting Shares (%) |
|---|---|---|---|---|
| Europe, the Middle East and Africa | EURO-MIT STAAL B.V. | Steel processing | Netherlands | 90.0 |
| | Mitsui & Co. Europe PLC | Trading | United Kingdom | 100.0 |
| | Mitsui & Co. Deutschland GmbH | Trading | Germany | 100.0 |
| | Mitsui & Co. Benelux S.A./N.V. | Trading | Belgium | 100.0 |
| | Mitsui & Co. Italia S.p.A. | Trading | Italy | 100.0 |
| | Mitsui & Co., Middle East Ltd. | Trading | United Arab Emirates | 100.0 |
| Asia Pacific | Mitsui Water Holdings (Thailand) Ltd. | Investment in water supply business | Thailand | 100.0 |
| | MIT POWER AUSTRALIA PTY LTD | Wind power generation | Australia | 100.0 |
| | Mitsui & Co. (Asia Pacific) Pte. Ltd. | Trading | Singapore | 100.0 |
| | Mitsui & Co. (Thailand) Ltd. | Trading | Thailand | 100.0 |
| | Mitsiam International Ltd. | Trading | Thailand | 55.0 |
| | Mitsui & Co. (Australia) Ltd. | Trading | Australia | 100.0 |
| All Other | Mitsui & Co. (Hong Kong) Ltd. | Trading | China | 100.0 |
| | Mitsui & Co. (China) Ltd. | Trading | China | 100.0 |
| | Mitsui & Co. (Shanghai) Ltd. | Trading | China | 100.0 |
| | Mitsui & Co. (Taiwan) Ltd. | Trading | Taiwan | 100.0 |
| | Mitsui & Co. Korea Ltd. | Trading | Korea | 100.0 |
| | Mitsui & Co. Financial Services Ltd. | Financing services within the Group | Japan | 100.0 |
| | Mitsui & Co. Financial Services (Asia) Ltd. | Financing services within the Group | Singapore | 100.0 |
| | Mitsui & Co. Financial Services (U.S.A.) Inc. | Financing services within the Group | U.S.A. | 100.0 |
| | Mitsui & Co. Financial Services (Europe) Plc | Financing services within the Group | United Kingdom | 100.0 |
| | MITSUI BUSSAN BUSINESS PARTNERS CO., LTD. | Provision of HR & GA services to Mitsui and its subsidiaries | Japan | 100.0 |
| | Mitsui Bussan Trade Services Ltd. | Provision of logistics-related services to Mitsui and its subsidiaries | Japan | 100.0 |
| | Mitsui & Co. Financial Management, Ltd. | Provision of accounting and treasury-related services to Mitsui | Japan | 100.0 |

* Mitsui Bussan Copper Investment & Co., Ltd., Mitsui Raw Materials Development Pty. Limited, Tokyo International Air Cargo Terminal Ltd. and Mitsui & Co. Mineral Resources Development (Latin America) Ltd. were in a financial condition with liabilities in excess of assets. The amount of negative net worth as of March 31, 2015 were ¥32,691 million, ¥29,284 million, ¥25,932 million and ¥23,164 million, respectively.

(3) Major Equity Accounted Investees

| Operating Segment | Registered Name | Principal Lines of Business | Jurisdiction of Incorporation | Ownership of Voting Shares (%) |
|---|---|---|---|---|
| Iron & Steel Products | *Shanghai Bao-Mit Steel Distribution Co., Ltd. | Processing and sales of steel products | China | 35.0 |
| | *Gestamp North America, Inc. | Manufacture of automotive components | U.S.A. | 30.0 |
| | *Gestamp Holding Mexico, S.L. | Manufacture of automotive components | Spain | 30.0 |
| | *Gestamp Brasil Industria De Autopecas S.A. | Manufacture of automotive components | Brazil | 30.0 |
| | *Gestamp Holding Argentina, S.L. | Manufacture of automotive components | Spain | 30.0 |
| Mineral & Metal Resources | Valepar S.A. | Holding Company of Vale S.A. | Brazil | 18.2 |
| | Inner Mongolia Erdos Electric Power & Metallurgical Co., Ltd. | Coal mining, power generation, ferrous alloy and chemical production and water pumping | China | 25.0 |
| | NIPPON AMAZON ALUMINIUM CO., LTD. | Investments in aluminum smelting business in Brazil | Japan | 20.9 |
| | SUMIC Nickel Netherlands B.V. | Investments in nickel smelting and refining business in New Caledonia and sales of products | Netherlands | 47.6 |
| | BHP Billiton Mitsui Coal Pty Ltd. | Mining and sales of Australian coal | Australia | 16.8 |
| Machinery & Infrastructure | Toyo Engineering Corporation | Engineering and construction for industrial facilities | Japan | 22.9 |
| | *MYANMAR POWER PTE. LTD. | Investment in power generation business in Myanmar | Singapore | 44.0 |
| | *Galaxy Newspring Pte. Ltd. | Investments in water business in China | Singapore | 50.0 |
| | *JM ENERGY CO., LIMITED | Investment in power generation business in China | Hong Kong | 50.0 |
| | P.T. PAITON ENERGY | Power generation in Indonesia | Indonesia | 40.5 |
| | *Compania de Generacion Valladolid, S. de R.L. de C.V. | Power generation in Mexico | Mexico | 50.0 |
| | *IPM Eagle LLP | Investments in power generation business | United Kingdom | 30.0 |
| | *IPM Holdings (UK) Limited | Power plant business in the United Kingdom | United Kingdom | 26.3 |
| | MT Falcon Holdings Company, S.A.P.I. de C.V. | Investment in power generation business in Mexico | Mexico | 40.0 |
| | VLI S.A. | Integrated freight transportation business | Brazil | 20.0 |
| | Penske Automotive Group, Inc. | Automotive retailer | U.S.A. | 17.2 |
| | Toyota Canada Inc. | Import and sales of Toyota automobiles and parts | Canada | 49.0 |
| | *TOYOTA MANILA BAY CORPORATION | Retail sales of Toyota cars | Philippines | 40.0 |
| | *PT. Yamaha Indonesia Motor Manufacturing | Manufacture and sales of motorcycles | Indonesia | 15.0 |
| | TAIYOKENKI RENTAL CO., LTD | Rental of construction machinery | Japan | 25.9 |
| | KOMATSU MARKETING SUPPORT AUSTRALIA PTY LTD | Sales of construction and mining equipment | Australia | 40.0 |
| | *NATIONAL PLANT AND EQUIPMENT PTY LIMITED | Rental of mining equipment | Australia | 49.9 |
| Chemicals | *Santa Vitoria Acucar e Alcool Ltda | Production and sales of bio-ethanol | Brazil | 50.0 |

| Operating Segment | Registered Name | Principal Lines of Business | Jurisdiction of Incorporation | Ownership of Voting Shares (%) |
|---|---|---|---|---|
| Energy | *ENEOS GLOBE Corporation | LPG imports and marketing, fuel cell and photovoltaic systems marketing | Japan | 30.0 |
| | *Japan Australia LNG (MIMI) Pty. Ltd. | Exploration, development and sales of crude oil and natural gas | Australia | 50.0 |
| Lifestyle | FEED ONE HOLDINGS CO., LTD. | Investments in compound feed manufacturing and sales companies | Japan | 25.0 |
| | Mitsui Sugar Co., Ltd. | Manufacture of refined sugar | Japan | 32.5 |
| | The Kumphawapi Sugar Co., Ltd. | Production and sales of sugar | Thailand | 44.7 |
| | *AIM SERVICES CO., LTD. | Contract food services | Japan | 50.0 |
| | *ARAMARK Uniform Services Japan Corporation | Rental and sales of uniforms | Japan | 39.2 |
| | *Sumisho & Mitsuibussan Kenzai Co., Ltd. | Sales of building materials, contract of construction work and import of various building materials | Japan | 50.0 |
| | SOGO MEDICAL CO., LTD. | Dispensary pharmacy business, total solutions for medical institution management | Japan | 21.5 |
| | Fuji Pharma Co., Ltd. | Manufacture and sale of pharmaceutical products | Japan | 22.9 |
| | QVC JAPAN INC. | Multimedia retail business based on TV shopping | Japan | 40.0 |
| | CCTV Shopping Co., Ltd. | Service for TV shopping business in China | China | 25.0 |
| Innovation & Corporate Development | Moshi Moshi Hotline, Inc. | Comprehensive telemarketing and direct marketing operations | Japan | 34.4 |
| | JA Mitsui Leasing, Ltd. | Leasing and financing business | Japan | 31.4 |
| Europe, the Middle East and Africa | *ITC RUBIS TERMINAL ANTWERP NV | Chemical tank leasing | Belgium | 50.0 |
| | GEG (Holdings) Limited | Fabrication, upgrading, inspection and maintenance of welded structures | United Kingdom | 25.0 |

(*1) SUMIC Nickel Netherlands B.V. was in a financial condition with liabilities in excess of assets. Amount of negative net worth as of March 31, 2015 was ¥30,742 million.

(*2) The companies with an asterisk, accounted for using the equity method, are joint ventures in accordance with IFRS 11 "Joint Arrangements." For more information, see Note 2, "BASIS OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

(*3) FEED ONE HOLDINGS CO., LTD. was established as a result of the merger of Nippon Formula Feed Manufacturing Co., Ltd. and Kyodo Shiryo Co., Ltd. as of October 1, 2014.

(4) Other Affiliated Companies

Not applicable.

5. Employees

(1) Mitsui & Co., Ltd. and Subsidiaries

As of March 31, 2015

| Operating Segment | Number of Employees | |
|---|---|---|
| Iron & Steel Products | 1,624 | (133) |
| Mineral & Metal Resources | 446 | (10) |
| Machinery & Infrastructure | 18,868 | (4,520) |
| Chemicals | 2,343 | (201) |
| Energy | 784 | (58) |
| Lifestyle | 9,781 | (4,489) |
| Innovation & Corporate Development | 3,466 | (1,429) |
| Americas | 4,315 | (53) |
| Europe, the Middle East and Africa | 862 | (13) |
| Asia Pacific | 1,441 | (61) |
| All Other | 3,188 | (172) |
| Total | 47,118 | (11,139) |

(Notes) 1. The figures in parentheses in the number of employees column indicate the annual average number of temporary employees.
2. The number of employees at trading subsidiaries and their consolidated subsidiaries in China, Taiwan, Korea and CIS are included in "All Other."

(2) Mitsui & Co., Ltd.

As of March 31, 2015

| Number of Employees | Average Age | Average Years of Service | Average Yearly Salary (Thousands of Yen) |
|---|---|---|---|
| 6,085 | 42.4 | 18 years 11 months | 13,613 |

| Operating Segment | Number of Employees |
|---|---|
| Iron & Steel Products | 333 |
| Mineral & Metal Resources | 252 |
| Machinery & Infrastructure | 780 |
| Chemicals | 596 |
| Energy | 434 |
| Lifestyle | 851 |
| Innovation & Corporate Development | 361 |
| Americas | 216 |
| Europe, the Middle East and Africa | 147 |
| Asia Pacific | 227 |
| All Other | 1,888 |
| Total | 6,085 |

(Notes) 1. The number of employees includes 1,233 seconded employees, 78 extended employment staff and 1 contract administrative staff. However, 305 contract workers (including 169 workers seconded to Mitsui from outside Mitsui) and 163 employees hired in overseas offices are not included.
2. The average yearly salary includes bonuses and overtime pay.
3. The number of headquarters employees working in China, Taiwan, Korea and CIS is included in "All Other."

(3) Trade Union

No material items to report.

## 2. Operating and Financial Review and Prospects

### 1. Overview of Business Results

#### (1) Operating Results

See "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2015 and 2014, 3) Operating Results by Operating Segment."

#### (2) Cash Flows

See "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources, 6) Cash Flows."

### 2. Purchases, Sales Contracts and Trading Transactions

#### (1) Purchases

In all operating segments, as the difference between the amount of purchases and the amount of total trading transactions is minimal compared to the amount of total trading transactions, this item is omitted.

#### (2) Sales Contracts

In all operating segments, as the difference between the amount of contracts and the amount of total trading transactions is minimal, this item is omitted.

#### (3) Trading Transactions

See "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2015 and 2014," and Note 7, "SEGMENT INFORMATION."

3. Management Issues

This Management Issues section contains forward-looking statements about Mitsui and its consolidated subsidiaries. These forward-looking statements involve assumptions, risks, uncertainties and other factors, including, but not limited to, those described in “4. Risk Factors.” Such risks, uncertainties and other factors may cause Mitsui’s actual results to be materially different from any future results expressed or implied by these forward-looking statements.

(1) New Medium-term Management Plan “Challenge & Innovation for 2020 -Demonstrating Mitsui Premium-”

Note: The following describes a part of the contents of the New Medium-term Management Plan “Challenge & Innovation for 2020 -Demonstrating Mitsui Premium-” announced in May 2014.

Basic policies of the New Medium-term Management Plan

**Basic Policy**

① **Provide industrial solutions to our customers’ needs through higher level of competitiveness, managerial excellence and successful business development**

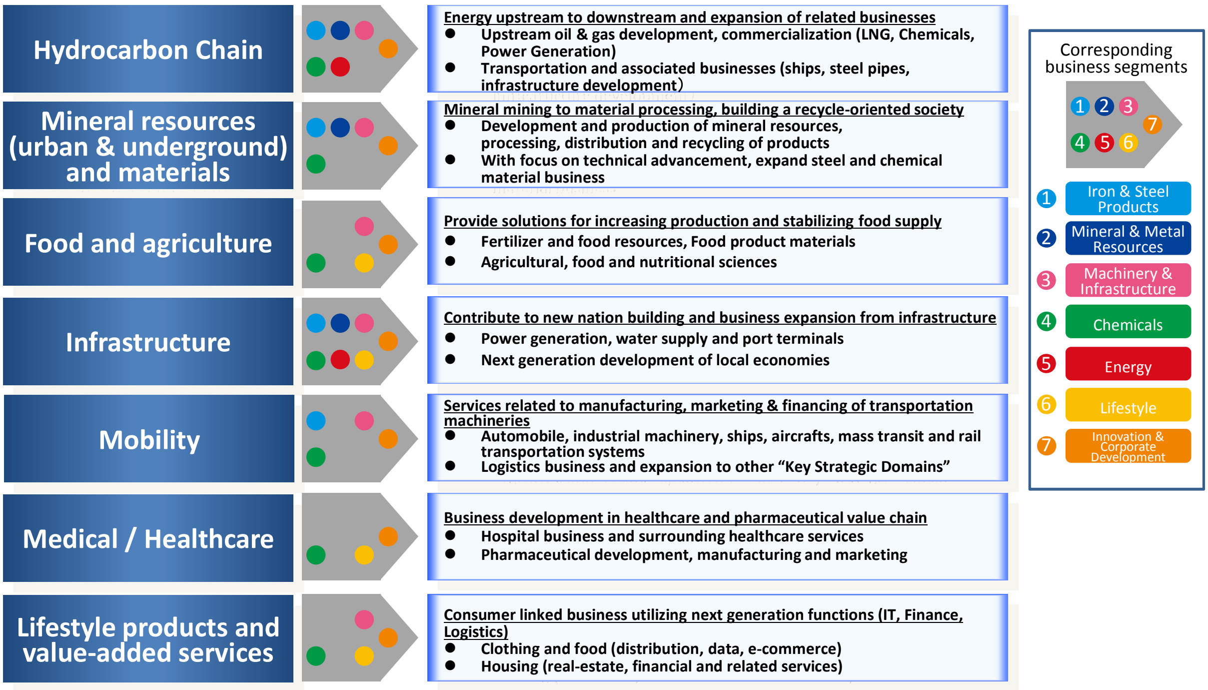
⇒ **Establishing “Key Strategic Domains” in line with our core strengths**

② **Enhance earnings base of “Existing Business” and fully execute “Projects in the pipeline” ***

③ **Pursue both “New Investments” and “Shareholder Return” backed by strong cash generation capabilities**

*In 2009, we announced our Long-Term Management Vision outlining our vision for the coming ten years.

Seven Key Strategic Domains:




(2) Progress with the New Medium-term Management Plan

Progress with the first year, the year ended March 31, 2015, of the New Medium-term Management Plan is outlined below.

1) Establishing “Key Strategic Domains” in line with our core strengths
In the first year, we had significant accomplishments in four “Key Strategic Domains.”

＜Accomplishments in the First Year＞

Hydrocarbon Chain
- Made progress in establishing "Key Strategic Domains" through Existing Business and Projects in the pipeline centering on US (steady output from shale business, FID on Cameron, etc.)
- US: MMA monomer production and sales (basic agreement)

Mineral resources (urban & underground) and materials
- Mozambique: coal mine and rail & port infrastructure (agreed to participate)
- US: chloroprene rubber production and sales (agreed to acquisition)
- China: oleochemicals production and sales (agreed to participate)

Infrastructure
- Thailand: cogeneration (agreed to participate)
- Indonesia: new container terminal (participated)

Mobility
- US: truck leasing (participated)
- Brazil: passenger railway transportation (agreed to participate)

2) Enhance earnings base of "Existing Business" and fully execute "Projects in the pipeline"
In the first year, progress with enhancing the earnings base of "Existing Business" and fully executing "Projects in the pipeline" is shown below.

< Accomplishments in the first year >

◆ **Enhanced earnings base of "Existing Business"**
- 2 Strengthen cost-competitiveness (iron ore, coal)
- 3 Expanded and diversified IPP business
- 3 Expanded gas distribution business in Brazil
- 3 Capital raising with the aim of doubling the size of railcar leasing business in North America
- 4 Completed expansion of chemical tank terminal in US

◆ **Executed or achieved major milestones in "Projects in the pipeline"**
- 2 Reached Jimblebar iron ore mine capacity to 35M ton/year in Australia
- 4 Commenced full production of chlor-alkali in US throughout the year
- 5 Final investment decision on Cameron LNG project in US

Business assets expanded during the Year Ended Mar/15

| | |
|---|---|
| Iron ore business | Equity production : 51M ton/year → 55M ton/year |
| Oil and gas upstream assets | Equity production : 243kboe/day → 254kboe/day |
| IPP business | Net generation capacity : 8.5GW → 9.6GW |
| Grain production and origination business | Handling volume : 15M ton/year → 17.5M ton/year |
| IHH Healthcare hospital business | Number of beds : approx.5,000 → approx.7,000 |

3) Pursue both "New Investments" and "Shareholder Return" backed by strong cash generation capabilities
For further information regarding investments and asset recycling, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources, 4) Investments and Loans, Financial Policies."

For further information regarding shareholder return policy, see "4. Corporate Information, 3. Shareholder Return Policy."

(3) Business approach for the year ending March 31, 2016

Business approach for the second year, the year ending March 31, 2016, of the New Medium-term Management Plan is outlined below.

1) Establishing "Key Strategic Domains" in line with our core strengths and 2) Enhance earnings base of "Existing Business" and fully execute "Projects in the pipeline"
As the diagram below shows, the Company will strengthen its initiatives in each "Key Strategic Domain" as it looks to establish seven "Key Strategic Domains."
We will fully execute an abundance of Projects in the pipeline in the "Hydrocarbon Chain," "Mineral resources and materials," "Infrastructure," and "Mobility," and further strengthen "Key Strategic Domains."

Also, in the year ending March 31, 2016, we will further focus on the three “Key Strategic Domains” of “Food and agriculture,” “Medical/Healthcare,” and “Lifestyle products and value-added services” in particular.
In order to accelerate initiatives toward the establishment of “Key Strategic Domains,” in addition to proactive initiatives by existing corresponding product segments, we will make flexible use of the Corporate Development Business Unit, which was newly established in the Innovation & Corporate Development Segment in April 2015. We will assign personnel experienced in various business investments across the Company, and, while collaborating with product segments, will proactively work on deal sourcing, screening and execution of investment opportunities to establish “Key Strategic Domains.”
Also, in order to accelerate reform in the Company’s business model in the information and communication technology (ICT) area, where business chances are expanding in areas such as the internet, media, and IT services, we newly established the IT & Communication Business Unit in the Innovation & Corporate Development Segment in April 2015, aiming to connect each “Key Strategic Domain,” thus promoting innovation in high-growth areas.

| | | Strategic direction and actions in progress |
|---|---|---|
| Hydrocarbon Chain | Energy upstream to downstream and expansion of related businesses | • Increase production volume, expanding reserves, strengthening cost-competitiveness<br>• Create value by strengthening the trading and strengthening business in downstream areas |
| Mineral resources (urban & underground) and materials | Mineral mining to material processing, building a recycle-oriented society | • Increase production volume, expanding reserves, strengthening cost-competitiveness<br>• Develop businesses in new materials and the binding point of steel scrap |
| Food and agriculture | Provide solutions for increasing production and stabilizing food supply | • Contribute to increasing stable supply of food resources by collaboration between chemicals (fertilizers, agrochemicals, food & feed additives) and food (agriculture, livestock and marine products) business |
| Infrastructure | Contribute to new nation building and business expansion from infrastructure | • Diversify power sources and strengthening the foundations of existing assets<br>• Develop resource infrastructure and new businesses |
| Mobility | Services related to manufacturing, marketing & financing of transportation machineries | • Develop businesses in commercial vehicles, freight cars, and passenger rail integrally<br>• Strengthen competitiveness of rental, leasing, financing and logistics businesses |
| Medical / Healthcare | Business development in healthcare and pharmaceutical value chain | • Expand service businesses surrounding hospitals centering on collaboration with IHH Healthcare<br>• Develop support service businesses for pharmaceutical companies |
| Lifestyle products and value-added services | Consumer linked business utilizing next generation functions (IT, Finance Logistics) | • Multilateral development corresponding to expansion of consumption by middle class in Asian countries<br>• Develop a platform of business service such as information & communication, marketing, distribution, and use this as a foundation to further create new businesses downstream |

Allocate management resources flexibly, including strengthening the initiatives of Corporate Development Business Unit, a newly established cross functional team
Promote business innovation in high-growth areas by connecting ICT and “Key Strategic Domains”

3) Pursue both “New Investments” and “Shareholder Return” backed by strong cash generation capabilities
For further information regarding investments and asset recycling, see “7. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources, 4) Investments and Loans, Financial Policies.”

For further information regarding shareholder return policy, see “4. Corporate Information, 3. Shareholder Return Policy.”

(4) Forecasts for the year ending March 31, 2016

1) Forecasts for the year ending March 31, 2016

[Assumption]

| | | |
|---|---|---|
| Exchange rate (JPY/USD) | 120.00 | 110.62 |
| Crude oil price (JCC) | $63/bbl | $91/bbl |
| Consolidated oil price | $63/bbl | $103/bbl |

| (Billions of yen) | March 31, 2016 Forecast | March 31, 2015 Result | Change | Description |
|---|---|---|---|---|
| Gross profit | 740.0 | 845.8 | (105.8) | Decline in crude oil and iron ore prices |
| Selling, general and administrative expenses | (600.0) | (584.6) | (15.4) | |
| Gain (loss) on investments, fixed assets and other | 30.0 | (71.0) | 101.0 | Reversal effects of impairment losses in the Energy Segment |
| Interest expenses | (30.0) | (17.1) | (12.9) | |
| Dividend income | 60.0 | 114.1 | (54.1) | Decline in dividend from LNG projects |
| Profit of equity method investments | 190.0 | 144.6 | 45.4 | Reversal effects of one-time negative impacts and decline in earnings from equity method investments of resources and energy |
| Profit before income taxes | 390.0 | 431.8 | (41.8) | |
| Income taxes | (130.0) | (104.9) | (25.1) | Reversal effects of one-time positive impact due to reduction of Japanese corporate income tax rate |
| Non-controlling interests | (20.0) | (20.4) | 0.4 | |
| Profit for the year attributable to owners of the parent | 240.0 | 306.5 | (66.5) | |

| | | | |
|---|---|---|---|
| EBITDA (*) | 660.0 | 788.3 | (128.3) |

(*) We use EBITDA as a measure of underlying earning power.
EBITDA = Gross profit – Selling, general and administrative expenses + Dividend income + Equity earnings + Depreciation/Amortization

Foreign exchange rates assumed for the year ending March 31, 2016 are ¥120/US$, ¥95/AU$ and ¥40/BRL, while average foreign exchange rates for the year ended March 31, 2015 were ¥110.62/US$, ¥95.51/AU$ and ¥44.58/BRL. Also, the average crude oil price applicable to our financial results for the year ending March 31, 2016 is assumed to be US$63/barrel, down US$40 from US$103/barrel applied for the year ended March 31, 2015, based on the assumption that the crude oil price (JCC) will average US$63/barrel during the year ending March 31, 2016.

・Gross profit for the year ending March 31, 2016 is expected to be ¥740.0 billion, reflecting the decline in crude oil and iron ore prices.

・For gain on investments, fixed assets and other, the reversal effects of impairment losses on fixed assets of Eagle Ford shale oil and gas producing operations as well as oil and gas fields in the North Sea are expected.

・Dividend income for the year ending March 31, 2016 is expected to be ¥60.0 billion, reflecting the decline in dividend from LNG projects.

・Profit of equity method investments is expected to be ¥190.0 billion, reflecting reverse effects of the one-time negative impact and decline in earnings from equity method investments of resource and energy.

・For income taxes, reversal effects of the one-time positive impact due to reduction of the Japanese corporate income tax rate are forecasted.

As a result, EBITDA and profit for the year attributable to owners of the parent for the year ending March 31, 2016 are expected to be ¥660.0 billion and ¥240.0 billion, respectively.

The forecast for profit for the year attributable to owners of the parent by operating segment is described as follows:
Effective April 1, 2015, the media business, included in the Lifestyle Segment until March 31, 2015, was transferred to the Innovation & Corporate Development Segment.
In accordance with the aforementioned change, the operating segment information for the year ended March 31, 2015 has been restated to conform to the operating segment as of April 2015.

| (Billions of yen) | Year ending March 31, 2016 | Year ended March 31, 2015 | Change |
|---|---|---|---|
| Iron & Steel Products | 12.0 | 8.5 | 3.5 |
| Mineral & Metal Resources | 38.0 | 60.9 | (22.9) |
| Machinery & Infrastructure | 53.0 | 45.7 | 7.3 |
| Chemicals | 8.0 | 3.7 | 4.3 |
| Energy | 56.0 | 119.7 | (63.7) |
| Lifestyle | 19.0 | (5.9) | 24.9 |
| Innovation & Corporate Development | 3.0 | 9.9 | (6.9) |
| Americas | 23.0 | 25.8 | (2.8) |
| Europe, the Middle East and Africa | 2.0 | 3.4 | (1.4) |
| Asia Pacific | 22.0 | 30.5 | (8.5) |
| All Other/Adjustments and Eliminations | 4.0 | 4.3 | (0.3) |
| Consolidated total | 240.0 | 306.5 | (66.5) |

- The forecast for the Iron & Steel Products Segment is ¥12.0 billion, an increase of ¥3.5 billion from the year ended March 31, 2015. An increase in transactions of line pipes and oil well pipes are expected.

- The forecast for the Mineral & Metal Resources Segment is ¥38.0 billion, a decline of ¥22.9 billion from the year ended March 31, 2015. Decline in iron ore prices is expected, while reversal effects are projected in relation to foreign exchange valuation losses on debt of Valepar S.A. and recognition of a deferred tax liability of Inversiones Mineras Acrux SpA, a copper mining company in Chile, reflecting the tax system revision in the year ended March 31, 2015.

- The forecast for the Machinery & Infrastructure Segment is ¥53.0 billion, an increase of ¥7.3 billion from the year ended March 31, 2015. An increase is expected mainly due to reversal effects of one-time negative effects and contribution from businesses newly acquired, while the reversal effect of the one-time positive effect due to the reduction of the Japanese corporate income tax rate in the year ended March 31, 2015 is projected.

- The forecast for the Chemicals Segment is ¥8.0 billion, an increase of ¥4.3 billion from the year ended March 31, 2015, reflecting recovery of market conditions in the chlor-alkali producing business and contribution from methanol producing business in the United States.

- The forecast for the Energy Segment is ¥56.0 billion, a decline of ¥63.7 billion from the year ended March 31, 2015. A decline in profits from oil and gas producing operations and a decline in dividends from LNG projects are expected, while reversal effects are projected in relation to the impairment losses on fixed assets of Eagle Ford shale oil and gas producing operations and oil and gas fields in the North Sea in the year ended March 31, 2015.

- The forecast for the Lifestyle Segment is ¥19.0 billion, an increase of ¥24.9 billion from the year ended March 31, 2015, reflecting gain on sale of building by Bussan Real Estate Co., Ltd. and recovery of origination and merchandising of agricultural products.

- The forecast for the Innovation & Corporate Development Segment is ¥3.0 billion, a decline of ¥6.9 billion from the year ended March 31, 2015, reflecting the reversal effect of the one-time positive impact on the partial sale of shares in TPV Technology Limited.

- The forecast for the Americas Segment is ¥23.0 billion, a decline of ¥2.8 billion from the year ended March 31, 2015, reflecting the reversal effects of the sales of a stake in senior living business and Silver Bell Mining, LLC in the year ended March 31, 2015. The forecast for the Europe, the Middle East and Africa Segment is ¥2.0 billion, a decline of ¥1.4 billion from the year ended March 31, 2015, due to the reversal effect of the one-time positive impact. The forecast for the Asia Pacific Segment is ¥22.0 billion, a decline of ¥8.5 billion from the year ended March 31, 2015, due to lower profit from the segment's minority interest in iron ore mining operations in Australia.

2) Key commodity prices and other parameters for the year ending March 31, 2016

The table below shows assumptions for key commodity prices and foreign exchange rates for the forecast for the year ending March 31, 2016. Effects of movements on each commodity price and foreign exchange rates on profit for the year attributable to owners of the parent are included in the table below.

| Impact on profit for the year attributable to owners of the parent for the Year ending March 31, 2016 | | | March 2016 Assumption | March 2015 Result |
|---|---|---|---|---|
| Commodity | Crude Oil/JCC | ¥2.7 bn (US$1/bbl) | 63 | 91 |
| | Consolidated Oil Price (*1) | | 63 | 103 |
| | U.S. Natural Gas (*2) | ¥0.8 bn (US$0.1/mmBtu) | 3.65 (*3) | 4.28 (*4) |
| | Iron Ore | ¥3.0 bn (US$1/ton) | (*5) | 83 (*6) |
| | Copper | ¥1.0 bn (US$100/ton) | 6,000 | 6,860 (*7) |
| Forex (*8) | USD | ¥1.8 bn (¥1/USD) | 120 | 110.62 |
| | AUD | ¥0.8 bn (¥1/AUD) | 95 | 95.51 |
| | BRL | ¥0.3 bn (¥1/BRL) | 40 | 44.58 |

(*1) The oil price trend is reflected in profit for the year attributable to owners of the parent with a 0-6 month time lag. For the year ending March 31, 2016, 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, 38%; no time lag, 28%.
(*2) U.S. shale gas is not all sold at Henry Hub (HH) linked prices. Therefore the sensitivity does not represent the direct impact of HH movement, but rather the impact from the movement of weighted average gas sales price.
(*3) For natural gas sold in the US on HH linked prices, the assumed price used is US$3.65/mmBtu.
(*4) Daily average of settlement price for prompt month Henry Hub Natural Gas Futures contracts reported by NYMEX during January 2014 to December 2014
(*5) We refrain from disclosing the iron ore price assumptions.
(*6) Daily average of representative reference prices (Fine, Fe 62% CFR North China) during April 2014 to March 2015
(*7) Average of LME cash settlement price during January 2014 to December 2014

(*8) Impact of currency fluctuation on profit for the year attributable to owners of the parent of overseas subsidiaries and equity accounted investees (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.

Note: Impact of Foreign Currency Exchange Fluctuation on Operating Results

The total sums for profit for the year attributable to owners of the parent for the years ended March 31, 2014 and 2015 reported by overseas subsidiaries and associated companies were ¥394.2 billion and ¥291.7 billion, respectively. These companies principally use the U.S. dollar, the Australian dollar and the Brazilian real as functional currencies in their reporting.

We conducted a simplified estimation for the effect of foreign currency exchange fluctuations on profit for the year attributable to owners of the parent for the year ending March 2016.

i) We aggregated a total projected profit for the year attributable to owners of the parent in the business plans of these companies covering the year ending March 31, 2016, according to their functional currencies. Firstly, we aggregated Australian dollar- and Brazilian real-denominated projected profit for the year attributable to owners of the parent of those companies using two currencies as functional currencies. Secondly, we aggregated the rest of the projected profit for the year attributable to owners of the parent from overseas subsidiaries and associated companies as a US dollar-equivalent amount. We conducted a sensitivity analysis on foreign currency fluctuation for three categories of aggregated profit for the year attributable to owners of the parent.
For example, yen appreciation of ¥1 against US$1 would have the net effect of reducing profit for the year attributable to owners of the parent by approximately ¥1.8 billion. Specifically, for the profit for the year attributable to owners of the parent from those companies using Australian dollar and Brazilian real as functional currencies, appreciation of ¥1 against AUD1 and BRL1 would have the net effect of reducing profit for the year attributable to owners of the parent by approximately ¥0.8 billion and ¥0.3 billion, respectively.

ii) Profit for the year attributable to owners of the parent from those mineral resources and energy producing companies are affected by the currency fluctuation between the US dollar as a contractual currency of sales contracts and the two currencies as functional currency, affecting their Australian dollar or Brazilian real denominated revenues. Attention should be paid to this, in addition to the impact that is discussed in i) above.

iii) Furthermore, some subsidiaries and associated companies, including the mineral resources- and energy-related production companies, carry out hedging on the exchange rates between their functional currencies and the US dollar, which is the contract currency for sales contracts. There are also cases that they carry out exchange rate hedging for yen equivalence valuation of profit for the year attributable to owners of the parent that is denominated in foreign currencies. It is necessary to take the impact of these factors into consideration separately from the sensitivity resulting from the yen equivalence valuation of profit for the year attributable to owners of the parent in each of the three currencies mentioned in i) above.

4. Risk Factors

(1) Declines in volume of trade and the flow of goods and materials resulting from worldwide or specific region's economic downturns may adversely affect our business, operating results and financial condition.

Our global business activities are affected by economic conditions both globally and regionally. Among other locations, we are particularly vulnerable to downward economic trends in Europe, Japan, China, the United States and emerging countries. An economic downturn may cause a reduction in the flow of goods and materials, a decline in consumer spending and capital investment, and subsequently a decline in demand from our customers for our products and services, which may have an adverse impact on our business, operating results and financial condition.

(2) Fluctuations in commodity prices, especially crude oil, iron ore, coal and copper, may adversely affect our business, operating results and financial condition.

We are engaged in trades in and, as the case may be, production of a variety of commodities in the global commodities market including mineral resources and energy products. Among others, operating results from our mineral resources and energy producing activities account for significant portion in our overall operating results. These commodity markets can be volatile in a short period or seasonally fluctuate by various factors such as imbalance of supply and demand, economic fluctuation, inventory adjustment, and exchange rate fluctuations. These factors are beyond our control. The unexpected market fluctuations may adversely affect our business, operating results and financial condition, as follows.

- At businesses such as mineral resources and/or energy development projects, in which large amounts of investment has been made, it may occur that the invested amount is not recoverable through sales of the produced products due to a fall in price or we may have difficulty in divesting our proprietary equity at a reasonable price.
- A decline in the value of our investments in LNG projects which are recognized to designate as at fair value through other comprehensive income ("FVTOCI"), could adversely affect our operating results and financial condition due to the decline of other comprehensive income.
- In trading of commodities or derivative instruments losses may occur as a result of unexpected fluctuations.
- Fluctuations in a commodity market may cause a reduction of trading transactions in which we act as a principal or an agent.

For further information about the impact of commodity price fluctuations on our operating results for the year ended March 31, 2015 and possible effects in the future, see "3. Management Issues, (4) Forecasts for the year ending March 31, 2016" and "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2015 and 2014."

(3) Exchange rate fluctuations may adversely affect our operating results.

We are exposed to risk of exchange rate fluctuations and exchange rate fluctuations may have an adverse effect on our operating results. Although our reporting currency is the Japanese yen, a significant portion of our business operations, consolidated revenues and operating expenses is denominated in currencies other than the Japanese yen. As a result, appreciation or depreciation in the value of other currencies as compared to the Japanese yen could result in material transactional gains or losses. As most of revenues, costs of revenues, and selling, general and administrative expenses incurred from regular business activities at overseas subsidiaries and associated companies are quoted in the U.S. dollar, the Australian dollar, the Brazilian real, or other currencies, our profit for the year may be affected by the fluctuations of these currencies and we are exposed to translation risk in our assets and liabilities denominated in foreign currencies. In addition, exchange rate fluctuations may reduce the value of investments in overseas subsidiaries and associated companies as well as in FVTOCI, and adversely affect our accumulated other comprehensive income.

For further information about the impact of exchange rate fluctuations on our operating results for the year ended March 31, 2015 and in the future, see "3. Management Issues, (4) Forecasts for the year ending March 31, 2016" and "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources."

(4) We are subject to substantial amount of counterparty credit risks from diversified clients with which we have business transactions or financial dealings and/or credit risks from various projects.

We are exposed to large-scale counterparty credit risks, including the following:

- While many of our customers purchase products and services from us on credit, we may also provide financing programs or debt guarantees for customers associated with sales contracts. At March 31, 2015, our current trade receivables (less allowance for doubtful receivables—current) were ¥1,949.8 billion, representing 16.0% of our total assets. The balance of the allowance for doubtful receivables—current for the year ended March 31, 2015 was ¥17.0 billion.
- We engage in significant project financing activities as a lender or guarantor whereby we assume repayment risk.
- We have counterparty payment risk from various derivative transactions we enter into as part of our hedging activities.

It is not possible for our credit risk management policy to eliminate risks completely relating to the deterioration of the financial positions of our counterparties. Furthermore, factors such as insolvencies among our customers caused by liquidity crises, sudden falls in real estate market or stock market prices, or increases in company bankruptcies may make it difficult for us to collect receivables.

(5) Changes in interest rates could have an adverse effect on our operating results.

We are exposed to risks associated with interest rate fluctuations, which may affect our overall operational costs and the value of our financial assets and liabilities, particularly our debt obligations from the capital markets and borrowings from financial institutions, including ¥290.6 billion short-term debt and ¥4,503.3 billion long-term debt as of March 31, 2015. An increase in interest rates, especially in Japan and the United States, may adversely affect our operating results.

For information on the status of our funding, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources" and Note 9, "DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS"

(6) If the value of assets for our own use and/or rental to third parties, such as equipment and fixtures, land and buildings declines, we may record impairment losses.

Assets for our own use and/or rental to third parties, such as equipment and fixtures, land and buildings are exposed to potential significant impairment losses due to the decline in the value of these assets. The total of the carrying amounts of property, plant and equipment, investment property and intangible assets was ¥2,458.9 billion, as of March 31, 2015. The carrying amounts of assets for our own use and/or rental to third parties are affected by certain factors, which are beyond our control such as changes in price, sales volume, production volume and cost based on global or local supply and demand. When impairment losses on these assets occur, impairment losses may have an adverse effect on our operating results and financial condition.

For information on our accounting policies and estimates with respect to impairment on non-financial assets, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (5) Critical Accounting Policies and Estimates."

(7) Declines in the market value of domestic and foreign equity and/or debt securities may decrease the value of our pension plan assets which in turn may increase our defined benefit cost.

Declines in the market value of domestic and foreign government bonds, other debt securities and marketable equity securities would reduce the value of our pension plan assets. A decline in the value of our pension plan assets or an increase in our unfunded defined benefit obligation could adversely affect our operating results and financial condition due to the decline of other comprehensive income and retained earnings.

For information on our defined benefit cost, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (5) Critical Accounting Policies and Estimates" and Note 19, "EMPLOYEE BENEFITS."

(8) Our liquidity could be adversely affected by turmoil in financial markets, a downgrade in our credit ratings, significant changes in the lending or investment policies of our lenders or institutional investors.

Turmoil in financial markets, a downgrade in our credit ratings or significant changes in the lending or investment policies of our lenders or institutional investors could result in constraints on our fund procurement and an increase in funding costs, and could have an adverse effect on our financial position and liquidity.

For information on our funding sources and credit ratings, see “7. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources.”

(9) Due to our significant investments in marketable equity financial assets, a substantial decline in the stock market could negatively affect our investment portfolio.

A significant portion of our investment portfolio consists of marketable equity financial assets. At March 31, 2015, our marketable equity financial assets recognized to designate as FVTOCI were carried at a fair value of ¥633.4 billion, representing 5.2% of our total assets. While we periodically review our investment portfolio, a decline in the equity securities market could negatively impact the value of our investment portfolio and operating results and financial condition due to the decline of other comprehensive income.

(10) Decrease in deferred tax assets due to the changes in the assessment for recoverability of deferred tax assets may adversely affect our operating results and financial condition.

We determine the recoverability of deferred tax assets based on all currently available information, including tax deductibility of accounting losses, their timing as well as future taxable income at Mitsui and the subsidiaries. Deferred tax assets are recognized except for cases where such deferred tax assets are not recoverable, while the amount of recoverable net deferred tax assets may change if estimates of future taxable income are changed or if tax laws and regulations including statutory tax rates are revised.

A worsening of our operating environment could negatively affect our ability to achieve the goals set in our business plan, and future taxable income may decrease compared to the amount anticipated in the current tax planning strategies. In such cases, decrease in deferred tax assets due to the changes in assessment for recoverability of deferred tax assets may adversely affect our operating results and financial conditions.

For information on our accounting policies and estimates with respect to deferred tax asset valuation, see “7. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (5) Critical Accounting Policies and Estimates.”

(11) Some of our operations are concentrated in a limited number of regions or countries, which could harm our business, operating results and financial condition if activity levels in these regions or countries decline.

Various types of businesses worldwide sometimes expose us to risks associated with regional political and economic instabilities, in addition to aspects of the global economic environment such as commodity market conditions, demand and supply for commodities, currency exchange rates and interest rates. Furthermore, some of our business activities may be exposed to concentration risk in particular industries located in specific regions or countries. For example:

- In Brazil, Chile and Russia, we have significant interests in the exploration, development and production of mineral resources and energy.
- In Indonesia, we actively participate in infrastructure projects, including the operation of power plants, and maintain a nationwide motorcycle retail finance business.

As a result, declining levels of trading activities or asset volumes in specific sectors or in certain regions or countries, or unexpected political or economic instabilities could have a disproportionately negative effect on our business, operating results and financial condition.

(12) We may not be able to successfully restructure or eliminate unprofitable or underperforming subsidiaries or associated companies in a timely manner.

As of March 31, 2015, we had 279 consolidated subsidiaries and 166 equity accounted investees. We have been continuously restructuring underperforming businesses of our consolidated subsidiaries and associated companies using a process we have introduced to assess their profitability. If we fail to successfully restructure or eliminate our underperforming subsidiaries and associated companies in a timely manner, or if these efforts fail to improve our business operations as contemplated, our business operations may become less efficient and our operating results and financial condition may be adversely affected.

(13) Our alliances by forming joint ventures with third parties and strategic investments in third parties may not necessarily result in successful operations.

We participate in various businesses directly or indirectly through joint ventures or by making strategic investments in other companies and business enterprises. The outcome of these joint ventures and strategic investments is unpredictable because:

- operational success is critically dependent on factors that are beyond our control such as the financial condition and performance of the partner companies or the strategic investees; or
- with respect to certain associated companies, we may be unable to exercise adequate control over the management, operations and assets of the companies in which we invested or may be unable to make major decisions without the consent of other shareholders or participants due to lack of common business goals and strategic objectives with our alliance partners.

Any occurrence of these events could have an adverse effect on our operating results and financial condition.

(14) Our businesses in exploration, development and production of mineral resources and oil and gas may not develop in line with assumed costs and schedules, and are subject to the risks associated with estimating reserves and the operating performance of third party operators.

Reflecting the rising prices of mineral resources and oil and gas as well as increased production in recent years, exploration, development and production of mineral resources and oil and gas are becoming more significant to our operating results and financial condition. Mining and oil and gas projects involve risks, such as the following:

- development of projects may face schedule delays or cost overruns than originally planned, due to difficulties in technical conditions, procurement of materials, financial conditions and government regulations including environmental aspect;
- reserves are estimated based on available geological, technical, contractual and economic information, and thus actual development and production may significantly differ from originally estimated reserves; and
- exploration activities may not produce successful results and thus it is possible that reserve replacement cannot be achieved based on the assumed cost and time schedule.

We participate as a non-operator in many of these projects. Under these circumstances, we carefully consider the business potential and profitability of projects based on the information and data provided by operators, who substantially control operations of such projects, including decision-making in the course of development and production. In addition to the above-mentioned risks, an operator’s failure in managing those projects may adversely affect our operating results and financial condition.

(15) Intense competition from other Japanese general trading companies and others could have an adverse effect on our operating results and financial condition.

Products and services we provide are generally under competition. Other Japanese general trading companies as well as other competitors which engage in similar business activities in various fields may have stronger business associations and relationships with our customers, suppliers and business partners in both domestic and global markets; or stronger global network and regional expertise, diversified global customer bases, greater financial engineering skills and market insights.

Unless we can successfully continue to meet the changing needs of our customers by providing them with innovative and integrated services in a cost effective manner, we may lose our market share or relationships with our existing customers, and we may have an adverse effect on our operating results and financial condition.

(16) We may lose opportunities for entry into new business areas because of the limitation of resources on business, particularly required human resources.

In new businesses, we are investing human resources that are capable of planning and evaluating business, executing projects and managing and supervising workforce. However, in certain business areas, we may have a shortage of required human resources, which could cause a loss of opportunities to start new businesses, which in turn may adversely affect our future business, operating results and financial condition.

(17) Restrictions under environmental laws and regulations may have a significant impact on our business, operating results and financial condition.

Various projects and business transactions worldwide we are involved in are subject to extensive environmental laws and regulations. In particular, the Mineral & Metal Resources Segment and Energy Segment may be adversely affected by present or future environmental regulations or enforcement in connection with our exploration, development and production activities. For example, we are subject to complex sets of environmental regulations in Australia, Brazil, Chile, Russia, and the Middle East. These laws and regulations may require us to perform site clean-ups; require us to curtail or cease certain operations; impose fines and payments for significant environmental damage; require us to install costly pollution control equipment; and require us to modify our operations. Newly enacted environmental laws and regulations or changes therein and protests by environmental groups may materially impact the progress of these projects.

Once an environmental accident occurs, as the owner of mineral resource and energy interests, regardless of the degree of our contribution to such accidents or acts of negligence, we may be imposed to bear fines or payments for compensation from environmental authorities or other concerned parties, even in situations where we have no involvement at all in actual operations as a non-operator. These fines and/or compensation payments may include clean-up costs, compensation for environmental damages, compensation for health hazard and/or property damage to those affected by the accident, compensation for absence from work and/or for loss of earnings.

As a result of an oil spill incident at an exploration project in the Gulf of Mexico for which BP Exploration & Production Inc. (BP) was the operator, civil lawsuits including those seeking recovery for alleged economic loss, property damages, the costs of and caused by the clean up and personal injuries as well as those seeking penalties were brought against subsidiaries of Mitsui. Among the plaintiffs were private parties, the United States government, and state and local governmental entities.
In connection with this incident, subsidiaries of Mitsui entered into a settlement with BP and its parent companies (BP Settlement), under which Mitsui and its subsidiaries are to be fully indemnified by BP and its parent companies as to all claims arising from the incident except for punitive damages, but solely to the extent arising from the conduct of the Mitsui subsidiaries, and fines, penalties and sanctions. However, there is a risk that the indemnity payments required by the BP Settlement may not be made.
The civil penalty claims filed by the United States and rights asserted by some of the Gulf Coast state governments to claim for civil penalties were resolved by an agreement reached between subsidiaries of Mitsui and the United States (DOJ Settlement).
Except for the punitive damage claims of individuals in connection with the personal injury claims, all asserted claims that are not covered by the BP Settlement or the DOJ Settlement have been dismissed by court orders. However, many of these court orders are not final and can be appealed.

Mitsui and its United States subsidiary, Mitsui & Co. (U.S.A.), Inc. are shareholders of Coronet Industries Inc. ("Coronet"), a former manufacturer of animal feed supplements, each with 18% and 12% share interest, respectively. Coronet has been working with the U.S. Environmental Protection Agency and the State of Florida in an investigation on environmental conditions related to its prior operations at its facility in the state of Florida. Currently deliberations continue with the environmental authorities in relation to appropriate environmental measures and concrete clean-up methods, as well as their implementation.

(18) We are subject to extensive laws and regulations in Japan and other countries throughout the world as well as various concession contracts. Changes in these laws and regulations or unilateral change of contractual terms by a government could adversely affect our business, operating results and financial condition.

Our business operations are subject to extensive laws and regulations in Japan and other countries throughout the world. Our operations are subject to laws and regulations governing, among other things, commodities, consumer protection, business and investment approvals, environmental protection, currency exchange control, import and export (including restrictions from the viewpoint of national and international security), taxation, and antitrust. For instance, many of our infrastructure projects in developing countries are subject to less developed legal systems. As a result, our costs may increase due to factors such as the lack of a comprehensive set of laws and regulations, an unpredictable judicial system based on inconsistent application and interpretation of laws and regulations, and changing practices of regulatory and administrative bodies. For example, we are subject to sudden and unpredictable changes to: tariffs for products and services that we provide; technical specifications with respect to environmental regulations; income tax and duty rates; and foreign currency exchange controls with respect to repatriation of investments and dividends.

Furthermore, while we are involved in the exploration, development and production activities through various contractual arrangements for concessions, the contracts may not be honored or extended when they expire. Moreover, the regulatory bodies of these areas may unilaterally intervene or even alter the contractual terms of our oil and gas as well as mineral resource producing operations involving production rates, pricing formulas, royalties, environmental protection cost, land tenure or otherwise. If these regulatory bodies unilaterally alter such contractual terms, or if the cost of complying with revised or newly established laws and regulations increases, our business, operating results and financial condition could be adversely affected. In order to comply with laws and regulations, we may bear considerable additional costs.

(19) Employee misconduct could adversely affect our operating results and reputation.

Due to our size, as well as the operational and geographic breadth of our activities, our day-to-day operations are necessarily de-centralized. As a result, we cannot fully ensure that our employees comply with all applicable laws and regulations as well as our internal policies. For example, our employees may engage in unauthorized trading activities and exceed the allotted market risk exposure for various commodities or extend an unauthorized amount of credit to a client, which, in either case, may result in unknown losses or unmanageable risks. Moreover, our employees could engage in various unauthorized activities prohibited under the laws of Japan or other jurisdictions to which we are subject, including export regulations, anticorruption laws, antitrust laws and tax regulations. The efforts we undertake to ensure employees' compliance with applicable laws and regulations as well as our internal policies may not succeed in preventing misconduct by our employees. Depending on its nature, employees' misconduct could have negative effects on our operating results and reputation.

(20) Failure to maintain adequate internal control over financial reporting could negatively affect our reputation.

We are engaged in business activities in a variety of products and services worldwide and thus our internal control over financial reporting needs to be established for numerous transaction patterns. We may be unable to maintain adequate internal control over financial reporting, and thus not be able to assert that our internal control over financial reporting is effective. This could adversely affect the capital market's perception of us and may cause negative market reactions.

(21) Climate change and natural disaster may adversely affect our operating results.

Among extreme weather conditions which have been increasing recently due to climate change, intense storms, especially hurricanes and cyclones, which are strong tropical depressions in the Atlantic and South Pacific oceans, respectively, may have an adverse impact on production and shipments of our mineral resources, oil and gas, and salt production operations, leading to increased costs and/or decreased revenues. In the case that production sites, production facilities, and infrastructure used for shipments such as roads, railways and ports, are seriously damaged by extreme weather conditions, operations and shipments could stop for indeterminate periods until restoration work is completed. Extreme weather conditions such as drought could also adversely affect foods raw material producing activities in which we have investments.
Initiatives to reduce greenhouse gases, which are said to be the root cause of climate change and global warming, are undertaken globally, such as the Kyoto Protocol, which came into effect for that objective. Introduction of government-imposed greenhouse gas emission restrictions including environmental tax, and cap and trade schemes of emission credit could adversely affect the operating results of our businesses that use fossil fuel and emit a large amount of greenhouse gasses, such as overseas power producing businesses where we have minority share holdings.

Furthermore, natural disaster, such as earthquake, heavy rain or flood, that affects our employees and damages our offices or facilities, may adversely hinder our business. We have implemented measures such as developing a disaster contingency manual, creating a Business Continuity Plan (BCP), introducing a safety confirmation system for employees, reinforcing earthquake resistance, and conducting emergency drills. However, despite these measures, there is no assurance that damage from disasters can be completely avoided.

(22) Information security incidents caused by unexpected information system malfunctions or unauthorized access or attacks from internal or external sources may adversely affect our business, operating results and financial condition.

We are working to strengthen the security of information systems used by us and our consolidated subsidiaries and to thwart external attacks through various measures, including the development of related regulations and response systems, and monitoring of our group’s IT networks. However, we cannot totally eliminate the possibility that unforeseeable information system malfunctions or security issues could cause serious problems in our IT system infrastructure or communications networks, or that confidential business information could be destroyed or stolen. Such situations could seriously reduce our operational efficiency or jeopardize our ability to maintain or expand our business activities, with negative consequences, which may have an adverse impact on our business, operating results and financial condition.

(23) The actual amount of dividend payment our shareholders of record receive may differ from the forecasts announced prior to the record date.

The customary dividend payout practice of publicly listed companies in Japan may significantly differ from the practice widely followed in other markets. Our dividend payout practice is no exception.

We ordinarily announce a certain dividend payout policy at the beginning of each fiscal year and also provide guidance for annual dividends based on the forecast of our financial results including profit for the year. Interim dividends are paid to shareholders of record on September 30 of each fiscal year after reviewing our financial results during the first six months of each fiscal year as well as our forecast of our financial results during the last six months of the same fiscal year. The decision of declaration and payment is solely a matter of discretion of our Board of Directors, and such a decision may be made after the September 30 record date, and thus may differ from our guidance provided prior to such record date.

The amount and payment of the year-end dividend are determined by our Board of Directors based on the actual financial results including profit for the year. It also requires the approval of shareholders at the annual general meeting held in June of each year, if we propose to declare the year-end dividend. Our Board of Directors decides and submits a proposal for the year-end dividend declaration a few weeks before the annual general meeting. If the shareholders’ approval is given, dividend payments are made to shareholders of record.

The shareholders of record may sell shares after the March 31 record date with the anticipation of receiving a certain dividend payment. However, the declaration of year-end dividends is approved by our shareholders only in June, usually based upon a proposal submitted by our Board of Directors. As such, we may have announced dividend-related forecasts prior to the record date; but, in making a decision on the year-end dividend declaration, neither our shareholders nor our Board of Directors is legally bound by such forecast. Moreover, where our profit for the year turns out to be lower than we originally forecast, we may not submit any year-end dividend proposal to the annual general meeting of shareholders.

(24) Because of daily price range limitations under Japanese stock exchange rules, you may not be able to sell your shares of our common stock at a particular price on any particular trading day, or at all.

Stock prices on Japanese stock exchanges are determined on a real-time basis by the equilibrium between bids and offers. These exchanges are order-driven markets without specialists or market makers to guide price formation. To prevent excessive volatility, these exchanges set daily upward and downward price range limitations for each stock, based on the previous day's closing price. Although transactions may continue at the upward or downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits on these exchanges. Consequently, an investor wishing to sell at a price above or below the relevant daily limit on these exchanges may not be able to effect a sale at such price on a particular trading day, or at all.

(25) As holders of ADSs, you will have fewer rights than a direct shareholder and you will have to act through the depositary to exercise those rights.

The rights of shareholders under Japanese law to take actions, including exercising voting rights, receiving dividends and distributions, bringing derivative actions, examining our accounting books and records and exercising appraisal rights are available only to holders recorded on our register of shareholders. Because the depositary, through its custodian agents, is the recorded holder of the shares underlying the ADSs, only the depositary can exercise those rights in connection with the deposited shares. The depositary will make efforts to vote the shares underlying your ADSs as instructed by you and will pay to you the dividends and distributions collected from us. However, as ADS holders, you will not be able to bring a derivative action, examine our accounting books and records or exercise appraisal rights except through and with the consent of the depositary.

## 5. Material Contracts

For the year ended March 31, 2015, 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 or 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.

For major business combinations that occurred in the year ended March 31, 2015 and the previous fiscal year, see Note 3, "BUSINESS COMBINATIONS." Also, for the major acquisitions and sales of assets in the year ended March 31, 2015, see "7. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources, and 5) Assets, Liabilities and Shareholders' Equity."

## 6. Research & Development

For the year ended March 31, 2015, research and development ("R&D") expenses totaled ¥6.0 billion. Management recognizes that individual R&D activity will not have a significant effect on our future operating results.

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

Please take note that our management's discussion and analysis of financial position, operating results and cash flow contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ significantly from those anticipated in these forward-looking statements as a result of the items mentioned in "4. Risk Factors" or other factors.

As used in this "2. Operating and Financial Review and Prospects," "Mitsui" is used to refer to Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha), and "we," "us," and "our" are used to indicate Mitsui & Co., Ltd. and its subsidiaries, unless otherwise indicated.

In the Consolidated Financial Statements and accompanying Notes to Consolidated Financial Statements, the "Company" is used to refer to Mitsui & Co., Ltd., and the "companies" is used to refer to Mitsui & Co., Ltd. and its subsidiaries, unless otherwise indicated.

All references to “Note” throughout “2. Operating and Financial Review and Prospects” relate to the Notes to Consolidated Financial Statements contained elsewhere in this report.

(1) Key Performance Measures under Management’s Discussion

Although our operating results and financial position are affected by various factors including the items stated in “4. Risk Factors,” management believes that as of the end of the fiscal year under review, the following indicators can be usefully employed to discuss trends in our performance and financial condition.

1) Gross Profit, Share of Profit of Investments Accounted for Using the Equity Method, EBITDA [*1] and Profit for the Year Attributable to Owners of the Parent

We undertake world-wide business activities, involving diversified risk-return profiles, ranging from intermediary services as agent to development and production activities of mineral resources and energy. In this context, changes in the amounts of gross profit, share of profit of investments accounted for using the equity method, EBITDA and profit for the year attributable to owners of the parent by operating segment reflect the overall progress of our operating results and our businesses. From the year ended March 31, 2015, we introduced EBITDA as a measure of underlying earnings power in addition to profit for the year attributable to owners of the parent as a base index to measure performance.

(*1) EBITDA is the total of “gross profit,” “selling, general and administrative expenses,” “dividend income” and “share of profit of investments accounted for using the equity method” from the consolidated statements of income and “depreciation and amortization” from the consolidated statements of cash flows.

2) Trends in the Price of and Supply-Demand for Mineral Resources and Energy

Due to the significance to our operating results of the portion that comes from our mineral resources and energy-related businesses, the condition of the market and the production amount for mineral resources and energy has become a significant variable in operating results.

For further information regarding trends and prospects in this field, see the sections relating to the Mineral & Metal Resources Segment and the Energy Segment in “(3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2015 and 2014, 3) Operating Results by Operating Segment.”

3) Cash Flows, Capital Efficiency, and Financial Leverage

Under the New Medium-term Management Plan (announced in May 2014) started from the year ended March 31, 2015, we are pursuing an improvement of capital efficiency and a balanced allocation of generated cash to growth investments and returns to shareholders. From the year ended March 31, 2015, we introduced core operating cash flow [*2] as a measure of cash flow generation capabilities and source of cash reallocation.

Mitsui decides the policies on levels of shareholders’ equity [*3], and also debt and equity balances, and examines the status of execution in terms of stability for capital efficiency as well as financing. Mitsui also examines the scale of shareholders’ equity in terms of risk buffer to maximum exposure to potential losses due to a deterioration of the respective business and is monitoring and managing group-wide financial leverage seeking to secure an efficient return on equity as well as maintaining and improving credit ratings and financial stability in order to refinance our interest-bearing debt. For further information regarding our capital management, see Note 9, “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS (6) Risk-related matters.” For further information regarding our financial policy, see “(4) Liquidity and Capital Resources.”

(*2) Core operating cash flow is cash flows from operating activities without the net cash outflow from an increase in working capital.

(*3) Shareholders’ equity is total equity attributable to owners of the parent in the Consolidated Statements of Financial Position.

(2) Operating Environment

Note: The following describes the understanding of the economic environments as of May 2015. Descriptions included herein may differ from our current understanding.

Overall, the global economy recovered moderately, driven by firm economic growth in the United States. In the United States economy, well-balanced growth was observed owing to steadily improving employment, gradual recovery in the housing market, wealth effect generated by higher stock and land prices, and strong corporate earnings. In the Japanese economy, in spite of two consecutive quarters of negative growth owing to the prolonged impact of the consumption tax hike, the economy recovered, though moderately, thanks to improvement in the export sector due to a weaker yen, a steady improvement in the employment and income environments, and other factors.

In the European economy, despite flat growth owing partly to a harsh employment environment, there were positive trends supporting the economy going forward, as quantitative easing by the European Central Bank led to lower interest rates, a weaker euro, and higher stock prices.

In the Chinese economy, despite the support of monetary easing and other policies, a restraint over excess production capacity and a softer real estate market have led to a slowdown in the economic growth rate. In other emerging economies, in resource importing countries such as India, purchasing power is increasing with the fall in commodity markets, and lower interest rates caused by moderating inflationary pressure is creating a virtuous cycle in the economy. In resource exporting countries, where there are delays in improving fundamentals such as current account deficits and fiscal deficits, the fall in commodities markets has led to a considerable dampening of growth.

The spot reference price for iron ore CFR North China (Fe 62%) continued to show a downward trend, falling near the US$50-per-ton level, due to lower growth rates in the Chinese economy. With OPEC showing no signs of curbing production despite a slowdown in the growth of global oil demand, the Dubai Crude spot price sharpened its downward trend from October onward, and plunged below US$50-per-barrel.

Looking forward, the global economy faces risk factors including the Chinese economy slowing more than expected, capital outflowing from emerging countries triggered by an interest rate hike in the United States and a further sharp fall in resource prices, and the debt crisis in Greece becoming more severe. Despite these risk factors, the global economy is expected to continue to recover moderately, supported by the economic recovery in the United States spreading to other countries, the purchasing power of resource importing countries increasing due to the fall in commodities markets, and a continuing relaxed financial environment in developed countries, even considering an interest rate hike in the United States.

(3) Discussion and Analysis of Operating Results for the Years Ended March 31, 2015 and 2014

1) Analysis by Income Statement Account

**Revenue**

Under IFRS, revenue is reported based on the gross amount billed to a customer or on the net amount retained (that is, the amount billed to a customer less the amount paid to a supplier) in accordance with degree of risk against reward in the following manner.

- Revenue is reported based on gross amounts for transactions where we have the related risks and rewards of ownership such as transactions mainly where we are the primary obligor in the arrangement and/or assume general inventory risk without any significant mitigation of our risk level.

- Revenue is reported based on net amounts where we assume a low degree of related risks and rewards, effectively acting as an agent for the applicable products or services. A typical example of reporting revenue based on net amounts is a transaction where we receive a commission or fee at a fixed rate based on transaction volume or amount.

Mitsui & Co., Ltd. (“Mitsui”) and its subsidiaries (collectively “we”) recorded total revenue of ¥5,404.9 billion for the year ended March 31, 2015 (“current year”), a decline of ¥327.0 billion, or 5.7%, from ¥5,731.9 billion for the year ended March 31, 2014 (“previous year”).

We classified our revenue into sale of products, rendering of services and other revenue with the corresponding costs of revenue.

The table below provides these three categories of revenue by operating segment.

| | Billions of Yen | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Current Year | | | | Previous Year | | | | Change | | | |
| | Sale of Products | Rendering of Services | Other Revenue | Total | Sale of Products | Rendering of Services | Other Revenue | Total | Sale of Products | Rendering of Services | Other Revenue | Total |
| Iron & Steel Products | ¥ 126.6 | ¥ 24.5 | ¥ 0.3 | ¥ 151.4 | ¥ 183.3 | ¥ 36.5 | ¥ 0.3 | ¥ 220.1 | ¥ (56.7) | ¥ (12.0) | ¥ 0.0 | ¥ (68.7) |
| Mineral & Metal Resources | 784.3 | 6.9 | 0.0 | 791.2 | 785.1 | 6.1 | 0.0 | 791.2 | (0.8) | 0.8 | 0.0 | 0.0 |
| Machinery & Infrastructure | 227.9 | 131.3 | 84.7 | 443.9 | 219.8 | 118.9 | 71.5 | 410.2 | 8.1 | 12.4 | 13.2 | 33.7 |
| Chemicals | 848.9 | 37.4 | 1.9 | 888.2 | 901.2 | 40.3 | 1.7 | 943.2 | (52.3) | (2.9) | 0.2 | (55.0) |
| Energy | 970.2 | 4.4 | 16.6 | 991.2 | 1,448.6 | 7.5 | (1.8) | 1,454.3 | (478.4) | (3.1) | 18.4 | (463.1) |
| Lifestyle | 843.1 | 124.3 | 8.6 | 976.0 | 768.5 | 111.9 | 10.2 | 890.6 | 74.6 | 12.4 | (1.6) | 85.4 |
| Innovation & Corporate Development | 32.0 | 65.3 | 22.9 | 120.2 | 34.7 | 62.3 | 6.2 | 103.2 | (2.7) | 3.0 | 16.7 | 17.0 |
| Americas | 795.6 | 11.7 | 21.2 | 828.5 | 671.7 | 7.8 | 20.1 | 699.6 | 123.9 | 3.9 | 1.1 | 128.9 |
| Europe, the Middle East and Africa | 94.0 | 16.2 | 0.0 | 110.2 | 94.3 | 14.4 | 0.0 | 108.7 | (0.3) | 1.8 | 0.0 | 1.5 |
| Asia Pacific | 92.5 | 9.7 | 0.0 | 102.2 | 99.4 | 9.7 | 0.0 | 109.1 | (6.9) | 0.0 | 0.0 | (6.9) |
| Total | 4,815.1 | 431.7 | 156.2 | 5,403.0 | 5,206.6 | 415.4 | 108.2 | 5,730.2 | (391.5) | 16.3 | 48.0 | (327.2) |
| All Other | 0.1 | 0.2 | 1.5 | 1.8 | 0.1 | 0.2 | 1.6 | 1.9 | 0.0 | 0.0 | (0.1) | (0.1) |
| Adjustments and Eliminations | 0.0 | 0.2 | (0.1) | 0.1 | 0.1 | (0.2) | (0.1) | (0.2) | (0.1) | 0.4 | 0.0 | 0.3 |
| Consolidated Total | ¥ 4,815.2 | ¥ 432.1 | ¥ 157.6 | ¥ 5,404.9 | ¥ 5,206.8 | ¥ 415.4 | ¥ 109.7 | ¥ 5,731.9 | ¥ (391.6) | ¥ 16.7 | ¥ 47.9 | ¥ (327.0) |

*Sale of products*

Sale of products is revenue from sales transactions of products and mainly include the following four types of transactions:

- the sale of products as a principal in the various transactions;
- the sale of manufactured products in the wide range of industries such as metals, chemicals, foods and machinery;
- the sale of natural resources from iron ore, copper, and coal mining activities and oil and gas producing activities; and
- the development and sale of real estate.

Revenue from sales of products for the current year was ¥4,815.2 billion, a decline of ¥391.6 billion, or 7.5%, from ¥5,206.8 billion for the previous year, as a result of the following:

- The Energy Segment reported a decline of ¥478.4 billion. Petroleum trading operations recorded a decline of ¥305.1 billion due to a decrease in trading volume and the sale of Mitsui Oil Co., Ltd. resulted in a decline of ¥227.9 billion. Meanwhile, oil and gas producing operations recorded an increase of ¥41.8 billion reflecting higher production volume. MMGS Inc., a gas distribution subsidiary in the United States, also reported an increase of ¥27.0 billion due to an increase in sales volume.
- The Iron & Steel Products Segment reported a decline of ¥56.7 billion. Shipments of line pipe to LNG projects had been almost completed by the end of the previous year, and trading volume of other steel products also decreased.
- The Americas Segment reported an increase of ¥123.9 billion due to an increase in trading volume of soybean.

*Rendering of services*

Rendering of services includes the revenue from trading margins and commissions related to various trading transactions in which we act as a principal or an agent. For example:

- We provide various services such as logistics and warehouse services, information and communication services and technical support. In these cases, the billed amounts for these services are recognized as revenue.
- We facilitate arrangement of the contracts between manufacturers and customers and deliveries of the products between suppliers, and also enter into back-to-back sales and purchase transactions of products. In these cases, the net amounts of sale and purchase prices (namely, margins for our intermediary services) are recognized as revenue.

Revenue from rendering of services for the current year was ¥432.1 billion, an increase of ¥16.7 billion, or 4.0%, from ¥415.4 billion for the previous year.

*Other revenue*

Other revenue principally includes the revenue from:

- derivative commodity instruments and derivative financial instruments held for trading purposes;
- the revenue from leasing activities of real estate, rolling stock, aircraft, ships and machinery equipment; and
- the revenue from external consumer financing.

Other revenue for the current year was ¥157.6 billion, an increase of ¥47.9 billion, or 43.7%, from ¥109.7 billion for the previous year. Petroleum trading operations in the Energy Segment recorded an increase of ¥18.9 billion due to valuation of derivatives related to market fluctuations, and the commodity derivatives trading business at Mitsui recorded an increase in other revenue corresponding to a deterioration of ¥9.5 billion in the foreign exchange gains and losses posted in other expenses.

**Gross Profit**

Gross profit for the current year was ¥845.8 billion, a decline of ¥34.3 billion, or 3.9%, from ¥880.1 billion for the previous year.

- The Mineral & Metal Resources Segment reported a decline of ¥54.8 billion. Iron ore mining operations in Australia reported a decline of ¥53.1 billion due to lower iron ore prices, which was partially offset by the positive impact of exchange rate fluctuations, higher sales volume, an increase in income from infrastructure usage and cost reductions.
- The Iron & Steel Products Segment reported a decline of ¥13.1 billion. Shipments of line pipe to LNG projects had been almost completed by the end of the previous year, and trading volume of other steel products also decreased.
- The Chemicals Segment reported a decline of ¥10.4 billion. P.T. Kaltim Pasifik Amoniak, an ammonia producer in Indonesia, reported a decline of ¥10.4 billion due to completion of business at the end of the previous year as a result of an asset transfer under the build-operate-transfer (BOT) contract.
- The Machinery & Infrastructure Segment reported an increase of ¥15.4 billion, attributable to an increase in trading volume of newly built and second-hand ships as well as recognition of commission relevant to overseas plant projects.
- The Innovation & Corporate Development Segment reported an increase of ¥14.8 billion. The commodity derivatives trading business at Mitsui recorded an increase in gross profit corresponding to a deterioration of ¥9.5 billion in the foreign exchange gains and losses posted in other expense. Furthermore, Mitsui & Co. Commodity Risk Management Ltd. reported an increase of ¥6.1 billion due to the recovery of underperforming trading of derivatives for the previous year.
- The Americas Segment reported an increase of ¥13.9 billion. Novus International, Inc. reported an increase of ¥12.5 billion reflecting higher sales prices of methionine.

For more details of the discussion and analysis, see “3) Operating Results by Operating Segment.”

### Other Income (Expenses)

*Selling, general and administrative expenses*

Selling, general and administrative expenses for the current year were ¥584.6 billion, an increase of ¥9.7 billion, or 1.7%, from ¥574.9 billion for the previous year. The table below provides a breakdown of selling, general and administrative expenses used in accordance with our internal control.

| | Billions of Yen | | |
|---|---|---|---|
| | Current Year | Previous Year | Change |
| Personnel | ¥ 295.5 | ¥ 290.7 | ¥ +4.8 |
| Welfare | 14.7 | 14.3 | +0.4 |
| Travel | 34.5 | 33.5 | +1.0 |
| Entertainment | 8.4 | 8.2 | +0.2 |
| Communication | 48.8 | 51.2 | (2.4) |
| Rent | 24.1 | 20.1 | +4.0 |
| Depreciation | 15.0 | 14.5 | 0.5 |
| Fees and Taxes | 10.6 | 9.3 | +1.3 |
| Provision for Doubtful Receivables | 17.0 | 10.2 | +6.8 |
| Others | 116.0 | 122.9 | (6.9) |
| Total | ¥ 584.6 | ¥ 574.9 | ¥ +9.7 |

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

| | Billions of Yen | | |
|---|---|---|---|
| | Current Year | Previous Year | Change |
| Iron & Steel Products | ¥ 35.8 | ¥ 37.6 | ¥ (1.8) |
| Mineral & Metal Resources | 40.5 | 41.8 | (1.3) |
| Machinery & Infrastructure | 131.8 | 124.2 | +7.6 |
| Chemicals | 71.6 | 69.8 | +1.8 |
| Energy | 59.8 | 57.9 | +1.9 |
| Lifestyle | 139.2 | 129.4 | +9.8 |
| Innovation & Corporate Development | 58.6 | 59.7 | (1.1) |
| Americas | 67.8 | 64.9 | +2.9 |
| Europe, the Middle East and Africa | 21.2 | 21.0 | +0.2 |
| Asia Pacific | 20.8 | 19.4 | +1.4 |
| Total | 647.1 | 625.7 | +21.4 |
| All Other | 12.3 | 8.2 | +4.1 |
| Adjustments and Eliminations | (74.8) | (59.0) | (15.8) |
| Consolidated Total | ¥ 584.6 | ¥ 574.9 | ¥ +9.7 |

*Gain on securities and other investments—net*

Gain on securities and other investments for the current year was ¥42.5 billion, an increase of ¥11.7 billion, or 38.0%, from ¥30.8 billion for the previous year.

- For the current year, a ¥12.0 billion gain on sale of a stake in relation to aviation business was recorded. Also, ¥9.1 billion and ¥6.5 billion gains on the sales of the stakes in Silver Bell Mining, LLC and Shanghai Senmao International Real Estate Co., Ltd. were recorded, respectively. Furthermore, due to the partial sale of shares in TPV Technology Limited, a ¥6.2 billion gain on the sale of shares and valuation on retained shares was recorded in total. MBK Real Estate LLC recorded a ¥4.9 billion gain on sales of a stake related to senior living business.
- For the previous year, a gain on the sale of shares in Mitsui Oil Co., Ltd. for ¥11.3 billion and a ¥4.1 billion gain on sale of shares in a port terminal company in Brazil by Multigrain Trading AG were recorded. Also, a ¥5.4 billion valuation gain on the investment in Nippon Steel Trading Co., Ltd. due to discontinuance of applying the equity method of accounting resulting from the merger with Sumikin Bussan Corporation was recorded. Furthermore, an ¥8.4 billion gain due to a reversal of impairment loss on shares in Penske Automotive Group, Inc., reflecting a rise in the share price, and a ¥4.4 billion impairment loss on shares in TPV Technology Limited reflecting a decline in the share price were recorded. An impairment loss of ¥2.6 billion was recorded on the investment in SCM Minera Lumina Copper Chile, the project company for the Caserones Copper Mine.

*Impairment loss of fixed assets*

Impairment loss of fixed assets for the current year was ¥79.9 billion, a deterioration of ¥19.9 billion, or 33.2%, from ¥60.0 billion for the previous year.

- Reflecting the decline in oil prices, Mitsui E&P Texas LP recorded an impairment loss of ¥58.9 billion related to Eagle Ford shale oil and gas producing operations and Mitsui E&P UK Limited recorded an impairment loss of ¥13.8 billion related to oil and gas fields in the North Sea for the current year.
- For the previous year, Mitsui Coal Holdings Pty. Ltd. recorded an impairment loss of ¥39.3 billion related to coal mines mainly attributable to a decline in coal price. Furthermore, Mitsui E&P Texas LP recorded an impairment loss of ¥14.2 billion related to Eagle Ford shale oil and gas producing operations mainly attributable to a review of the production estimates.

For more information on impairment losses on property, plant and equipment, see Note 12, “PROPERTY, PLANT AND EQUIPMENT.”

*Gain on disposal or sales of fixed assets—net*

Gain on disposal or sales of fixed assets for the current year was ¥1.4 billion, a decline of ¥15.0 billion, or 91.5%, from ¥16.4 billion for the previous year.

- There were miscellaneous small transactions for the current year.
- For the previous year, Mitsui E&P Middle East B.V. and Mitsui E&P Australia Pty Limited recorded a gain on sales of interests in oil fields in Egypt and New Zealand, respectively, totaling ¥6.2 billion. Furthermore, Bussan Real Estate Co., Ltd. recorded a ¥4.3 billion gain on sales of office buildings in Japan and MBK Real Estate LLC recorded a ¥4.3 billion gain on sale of senior living facilities.

*Other expense—net*

Other expense for the current year was ¥34.9 billion, an increase of ¥13.2 billion, or 60.8%, from the expense of ¥21.7 billion for the previous year.

- For the current year, exploration expenses totaled ¥34.9 billion, including those recorded at oil and gas producing businesses. The Lifestyle Segment recorded foreign exchange losses of ¥5.7 billion in the coffee trading business at Mitsui, which corresponded to related gross profit in the same segment. Mitsui E&P UK Limited recorded an impairment loss of ¥4.8 billion on goodwill related to oil and gas fields in the North Sea. Furthermore, the Lifestyle Segment recorded a one-time negative impact due to reorganization among affiliated companies. Meanwhile, Mitsui Oil Exploration Co., Ltd. recorded a foreign exchange translation gain of ¥6.7 billion related to foreign currency deposits. The Innovation & Corporate Development Segment recorded foreign exchange gains of ¥4.9 billion in the commodity derivatives trading business at Mitsui, which corresponded to related gross profit in the same segment.

- For the previous year, exploration expenses totaled ¥20.2 billion, including those recorded at oil and gas producing businesses. Mitsui Raw Materials Development Pty. Ltd. recorded a ¥3.6 billion foreign exchange loss related to borrowings denominated in U.S. dollars, and Mitsui recorded a ¥3.1 billion loss in relation to the sale of shares in Mitsui Oil Co., Ltd. Furthermore, the Lifestyle Segment recorded foreign exchange losses of ¥0.3 billion in the coffee trading business at Mitsui, which corresponded to related gross profit in the same segment. Meanwhile, the Innovation & Corporate Development Segment recorded foreign exchange gains of ¥14.4 billion in the commodity derivatives trading business at Mitsui, which corresponded to related gross profit in the same segment. Mitsui Oil Exploration Co., Ltd. recorded a foreign exchange translation gain of ¥4.6 billion related to foreign currency deposits.

**Finance Income (Costs)**

*Interest income*

Interest income for the current year was ¥33.1 billion, a decline of ¥0.5 billion, or 1.5%, from ¥33.6 billion for the previous year.

*Dividend income*

Dividend income for the current year was ¥114.1 billion, a decline of ¥9.9 billion, or 8.0%, from ¥124.0 billion for the previous year. Dividends from six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3 and Equatorial Guinea) were ¥87.1 billion in total, a decline of ¥9.1 billion from ¥96.2 billion for the previous year. Dividends received from the Sakhalin II project declined, while those from the Abu Dhabi project increased.

*Interest expense*

Interest expense for the current year was ¥50.2 billion, an increase of ¥1.0 billion, or 2.0%, from ¥49.2 billion for the previous year. The following table provides the simple average of the rates at the end of each month of three-month Tibor for the Japanese yen and three-month Libor for the U.S. dollar for both years.

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

| | Current Year | Previous Year |
|---|---|---|
| Japanese yen | 0.19 | 0.22 |
| U.S. dollar | 0.24 | 0.25 |

**Share of Profit of Investments Accounted for Using the Equity Method**

Share of profit of investments accounted for using the equity method for the current year was ¥144.6 billion, a decline of ¥26.6 billion, or 15.5%, from ¥171.2 billion for the previous year.

- Inversiones Mineras Acrux SpA, a copper mining company in Chile, reported a decline of ¥19.2 billion due to additional recognition of a deferred tax liability reflecting the tax system revision in Chile, and lower copper prices.
- Valepar S.A. reported a decline of ¥15.4 billion. The main factor behind the decline was lower iron ore prices and foreign exchange valuation losses on debt at Vale S.A., which was partially offset by a reversal of loss due to Vale S.A.'s participation in the federal tax settlement (REFIS) relating to Brazilian corporate income tax and social contribution of its non-Brazilian subsidiaries and affiliates for the previous year.
- Robe River Mining Co. Pty. Ltd., an iron ore mining company in Australia, reported a decline of ¥8.3 billion due to lower iron ore prices, which was partially offset by the positive impact of exchange rate fluctuations, income from infrastructure usage and cost reduction.
- A decline was anticipated for Toyo Engineering Corporation. Furthermore, IPP businesses recorded a decline of ¥7.5 billion.
- ENEOS GLOBE Corporation, a liquefied petroleum gas sales company in Japan, reported a decline of ¥5.7 billion due to inventory valuation losses reflecting a decline in LPG prices.

- SCM Minera Lumina Copper Chile, a project company for the Caserones Copper Mine, reported an improvement of ¥5.4 billion due to a reversal effect of a ¥16.8 billion impairment loss on fixed assets posted in the previous year, which was partially offset by a ¥12.3 billion impairment loss on fixed assets for the current year.
- For the previous year, a ¥4.8 billion impairment loss on fixed assets was recorded in the renewable energy business in Europe. A ¥3.8 billion impairment loss on fixed assets was recorded in the infrastructure business other than IPP business. Furthermore, Arch Pharmalabs Limited, a pharmaceutical contract manufacturer in India, posted a ¥4.2 billion impairment loss on fixed assets and other assets.

For more details of the discussion and analysis, see “3) Operating Results by Operating Segment.”

**Income Taxes**

Income taxes for the current year were ¥104.9 billion, a decline of ¥71.8 billion, or 40.6%, from ¥176.7 billion for the previous year.

- Profit before income taxes for the current year was ¥431.8 billion, a decline of ¥118.7 billion, or 21.6%, from ¥550.5 billion for the previous year. In response, applicable income taxes also declined.
- For the current year, a ¥20.1 billion one-time positive impact was recorded in income taxes due to the reduction of the Japanese corporate income tax rate. The main cause of the positive impact was the reversal of deferred tax liabilities on undistributed retained earnings of associated companies.
- For the current year, there was a ¥12.0 billion decline in tax burden in relation to income taxes recognized as other comprehensive income corresponding to sales of financial assets measured at FVTOCI, including the share of Recruit Holdings Co., Ltd.
- There was an increase in tax burden in Australian resource-related taxes due to a reversal of declined production at Mitsui E&P Australia Pty Limited associated with the refurbishment of its oil production facility for the previous year.

The effective tax rate for the current year was 24.3%, a decline of 7.8% from 32.1% for the previous year. The main increasing factor was the tax burden in Australian resource-related taxes of Mitsui E&P Australia Pty Limited. Meanwhile, the major factors for the decline were the decline in tax burden in relation to the reduction of the Japanese corporate income tax rate and sales of financial assets measured at FVTOCI.

**Profit for the Year**

As a result of the above factors, profit for the year was ¥326.9 billion, a decline of ¥47.0 billion, or 12.6%, from ¥373.9 billion for the previous year.

**Profit for the Year Attributable to Owners of the Parent**

Profit for the year attributable to owners of the parent was ¥306.5 billion, a decline of ¥43.6 billion, or 12.5%, from ¥350.1 billion for the previous year.

2) EBITDA

We have begun to use EBITDA as a measure of underlying earning power from the current year.
EBITDA is the total of "gross profit," "selling, general and administrative expenses," "dividend income" and "share of profit of investments accounted for using the equity method" from the consolidated statements of income and "depreciation and amortization" from the consolidated statements of cash flows.

| (Billions of Yen) | | Current Year | Previous Year | Change |
|---|---|---|---|---|
| EBITDA (a+b+c+d+e) (*1) | | 788.3 | 819.6 | (31.3) |
| Gross profit | a | 845.8 | 880.1 | (34.3) |
| Selling, general and administrative expenses | b | (584.6) | (574.9) | (9.7) |
| Dividend income | c | 114.1 | 124.0 | (9.9) |
| Profit of equity method investments (*2) | d | 144.6 | 171.2 | (26.6) |
| Depreciation and amortization | e | 268.4 | 219.1 | +49.3 |

*1 May not match with the total of items due to rounding off. The same shall apply hereafter.
*2 "Profit of equity method investments" means "share of profit of investments accounted for using the equity method" in the consolidated statements of income. The same shall apply hereafter.

3) Operating Results by Operating Segment

Our operating segment information for EBITDA for the current year and the previous year is as follows:

**EBITDA**

| | Billions of Yen | | |
|---|---|---|---|
| | **Current Year** | **Previous Year** | **Change** |
| Iron & Steel Products | ¥ 12.9 | ¥ 21.8 | ¥ (8.9) |
| Mineral & Metal Resources | 155.5 | 241.8 | (86.3) |
| Machinery & Infrastructure | 55.0 | 35.6 | +19.4 |
| Chemicals | 18.1 | 28.5 | (10.4) |
| Energy | 439.8 | 416.1 | +23.7 |
| Lifestyle | 16.2 | 20.2 | (4.0) |
| Innovation & Corporate Development | (5.0) | (23.6) | +18.6 |
| Americas | 41.3 | 26.3 | +15.0 |
| Europe, the Middle East and Africa | (0.5) | 0.5 | (1.0) |
| Asia Pacific | (2.5) | 0.3 | (2.2) |
| Total | 730.8 | 766.9 | (36.1) |
| All Other | 3.2 | 7.8 | (4.6) |
| Adjustments and Eliminations | 54.3 | 44.9 | +9.4 |
| Consolidated Total | ¥ 788.3 | ¥ 819.6 | ¥ (31.3) |

Discussion and analysis regarding the operating results of each operating segment is as follows:

***Iron & Steel Products Segment***

| (Billions of Yen) | Current Year | Previous Year | Change |
|---|---|---|---|
| EBITDA | 12.9 | 21.8 | (8.9) |
| Gross profit | 38.0 | 51.1 | (13.1) |
| Selling, general and administrative expenses | (35.8) | (37.6) | +1.8 |
| Dividend income | 1.9 | 1.5 | +0.4 |
| Profit of equity method investments | 7.6 | 5.4 | +2.2 |
| Depreciation and amortization | 1.2 | 1.4 | (0.2) |
| Profit for the year attributable to owners of the parent | 8.5 | 14.6 | (6.1) |

EBITDA declined by ¥8.9 billion, mainly due to the following factors:
Gross profit declined by ¥13.1 billion. Shipments of line pipe to LNG projects had been mostly completed by the end of the previous year and trading volume of other steel products also decreased.
Profit of equity method investments increased by ¥2.2 billion.

Profit for the year attributable to owners of the parent declined by ¥6.1 billion. In addition to the factors mentioned above, the following factors also affected results:

- For the previous year, a ¥5.4 billion valuation gain on the investment in Nippon Steel Trading Co., Ltd. due to discontinuance of applying the equity method of accounting resulting from the merger with Sumikin Bussan Corporation was recorded.
- Foreign exchange gains and losses corresponding to transactions of line pipe improved by ¥2.1 billion.

***Mineral & Metal Resources Segment***

| (Billions of Yen) | Current Year | Previous Year | Change |
|---|---|---|---|
| EBITDA | 155.5 | 241.8 | (86.3) |
| Gross profit | 146.1 | 200.9 | (54.8) |
| Selling, general and administrative expenses | (40.5) | (41.8) | +1.3 |
| Dividend income | 1.8 | 1.7 | +0.1 |
| Profit of equity method investments | 0.9 | 38.0 | (37.1) |
| Depreciation and amortization | 47.2 | 42.9 | +4.3 |
| Profit for the year attributable to owners of the parent | 60.9 | 88.1 | (27.2) |

EBITDA declined by ¥86.3 billion, mainly due to the following factors:
Gross profit declined by ¥54.8 billion reflecting the impact from lower iron ore prices on iron ore mining operations in Australia.

As for iron ore pricing, the majority of contract prices applied to products sold during the current year were based on pricing that more closely reflects current spot reference prices as in the previous year, such as the daily average of spot reference prices for the current quarter of shipments, and the daily average of spot reference prices for the shipment month.

Mitsui Iron Ore Development Pty. Ltd. reported a decline of ¥42.8 billion in gross profit reflecting lower iron ore prices, which was partially offset by the positive impact of exchange rate fluctuations, income from infrastructure usage and cost reduction. Mitsui-Itochu Iron Pty. Ltd. reported a decline of ¥10.4 billion in gross profit reflecting lower iron ore prices, which was offset by higher sales volume, cost reduction and positive impact of exchange rate fluctuations.

Profit of equity method investments decreased by ¥37.1 billion.

- Inversiones Mineras Acrux SpA, a copper mining company in Chile, recorded a decline of ¥19.2 billion to a loss of ¥15.0 billion from a profit of ¥4.2 billion for the previous year, due to additional recognition of a deferred tax liability reflecting the tax system revision in Chile and lower copper prices.
- Valepar S.A. posted a loss of ¥25.3 billion, a decline of ¥15.4 billion from a loss of ¥9.9 billion for the previous year. The main factor behind the decline was lower iron ore prices and foreign exchange valuation losses on debt at Vale S.A., which was partially offset by a reversal of loss due to Vale S.A.'s participation in the federal tax settlement (REFIS) relating to Brazilian corporate income tax and social contribution of its non-Brazilian subsidiaries and affiliates for the previous year.
- Profit from Robe River Mining Co. Pty. Ltd. was ¥34.6 billion, a decline of ¥8.3 billion from ¥42.9 billion due to lower iron ore prices, which was partially offset by the positive impact of exchange rate fluctuations, income from infrastructure usage and cost reduction.
- SCM Minera Lumina Copper Chile, the project company for the Caserones Copper Mine, reported a loss of ¥11.2 billion, an improvement of ¥5.4 billion from a ¥16.6 billion loss for the previous year, due to a reversal effect of a ¥16.8 billion impairment loss on fixed assets posted in the previous year, which was partially offset by a ¥12.3 billion impairment loss on fixed assets for the current year.

Depreciation and amortization increased by ¥4.3 billion.
Profit for the year attributable to owners of the parent declined by ¥27.2 billion. In addition to the above, the following factors also affected results:

- For the previous year, Mitsui Coal Holdings Pty. recorded an impairment loss of ¥39.3 billion on coal mines reflecting the decline in coal prices.
- For the current year, a ¥7.1 billion one-time positive impact was recorded in income taxes due to the reduction of the Japanese corporate income tax rate. The main cause of the positive impact was the reversal of deferred tax liabilities on undistributed retained earnings of associated companies.
- A ¥4.5 billion gain on the sale of the stake in Silver Bell Mining, LLC was recorded for the current year.
- For the previous year, Mitsui Raw Materials Development Pty. Ltd. recorded a ¥3.6 billion foreign exchange loss related to borrowings denominated in U.S. dollars.
- For the previous year, an impairment loss of ¥2.6 billion was recorded on the investment in SCM Minera Lumina Copper Chile.

Short- and Long-Term Outlook on Prices and Supply-Demand Balance for Iron Ore, and Our Equity Share of Production

- Short-Term Pricing and Supply-Demand Balance

Reflecting the expansion of the spot market, iron ore pricing has been shifted to more diversified contract pricing methods. While some sales were carried out using quarterly spot reference price, the majority of contracts have been set by pricing that reflects current spot reference prices, such as a daily average of spot reference price for the shipment month.

Chinese crude steel production in 2014 has moderately increased to 823 million tons from 815 million tons in 2013. The growth rate of crude steel production in China is expected to slow down on a year on year basis. After the spot price (Fe 62% CFR China) reached a peak of US$150/ton in early 2013 followed by a correction in the market during the year, the spot price started dropping from early 2014 and bottomed out at US$47.5/ton in April 2015 as a result of lower growth rates in the Chinese economy. Lately, the spot price has recovered to US$64/ton as of June 15, 2015 due to an increase of appetite for commodities and growing expectations for economic stimulus by the Chinese government, etc.

Fluctuations in iron ore prices directly affect revenues from the equity share of production at our iron ore subsidiaries and equity accounted investees. For the year ending March 31, 2016, we estimate that the impact on profit for the year attributable to owners of the parent of a change of US$1 per ton in the iron ore price would be approximately ¥3.0 billion.

For the year ended March 31, 2015, the equity share of shipments of our overseas subsidiaries and equity accounted investees amounted to 54.9 million tons of iron ore. The above-mentioned effect of a change of US$1 per ton is calculated based on the assumptions of an estimated increase or decrease in production in the year ending March 31, 2016, in line with our holdings after the year ended March 31, 2015, and a specific range of foreign exchange rates for the U.S. dollar and other related currencies. As the value of natural resource producing countries' currencies, such as the Australian dollar and Brazilian real, generally trends to be highly correlated to the market prices of those countries' products, the change in the currencies may impact the local currency denominated revenues of our overseas subsidiaries and equity accounted investees.

- Medium- and Long-Term Price Outlook and Supply-Demand Balance and Trends in Our Equity Share of Production

Despite the fact that China saw some slowdown in its crude steel production from the end of 2011, iron ore demand is expected to be stable in the medium- and long-term, led by strong steel demand in developing countries. In order to respond to such stable demand, we are investing with the aim of expanding iron ore production capacity. For a summary of investments to expand capacity, see "3. Equipment and Facilities, 1. Overview of Capital Expenditures."

As there are many uncertainties including demand from China and other emerging countries, it is difficult for our management to set definitive forecasts on supply-demand balance and prices for iron ore.

Short- and Long-Term Outlook on Prices and Supply-Demand Balance for Coal, and Our Equity Share of Production

- Short-Term Pricing and Supply-Demand Balance

As is the case with the iron ore business, coal (metallurgical coal) producing joint venture businesses in Australia in which we participate together with major foreign mineral resources companies conclude long term sales contracts with Japanese steel manufacturers and other major clients in other countries. The diversification of methods to determine price, such as quarterly and monthly pricing mechanism, has progressed.

In 2013, due to an increase in the market's perception of an oversupply in the coal market, the quarterly prices for coking coal have remained in a declining trend and prices for coking coal for the three-month period ended June 30, 2013 were reportedly settled with some Japanese iron and steel manufacturers at around US$172/MT. Since then, the representative quarterly prices continued to fall and the prices for the three-month period ended June 30, 2014 and 2015 were reportedly settled with some Japanese iron and steel manufacturers at around US$120/MT and US$110/MT, respectively.

The annual contract price for thermal coal for the year ended March 31, 2014, the year ended March 31, 2015 and the year ending March 31, 2016 was settled at around US$95/MT, US$82/MT and $68/MT respectively reflecting a continued oversupply trend similar to the trend for metallurgical coal.

Fluctuations in coal prices directly affect revenues from the equity share of production at our coal subsidiaries and equity accounted investees. For the year ended March 31, 2015, the equity share of production of our overseas subsidiaries and equity accounted investees companies amounted to 12.9 million tons of coal. As the value of natural resource producing countries' currencies, such as the Australian dollar, generally trends to be highly correlated to the market prices of those countries' products, the change in the currencies may impact the local currency denominated revenues of our overseas subsidiaries and equity accounted investees.

- Medium- and Long-Term Price Outlook and Supply-Demand Balance and Trends in Our Equity Share of Production

Despite the recent oversupply condition, supply and demand in the medium- and long-term is expected to tighten as a result of the suspension of new development and expansion projects resulting from weak coal prices, and increased demand for metallurgical coal in line with economic growth of developing countries including China, Brazil, and India, as well as rising demand for thermal coal for coal fired power plants, especially in China and India.

As there are many uncertainties, including demand from China and other emerging countries, it is difficult for our management to set definitive medium- and long-term forecasts for coal.

***Machinery & Infrastructure Segment***

| (Billions of Yen) | Current Year | Previous Year | Change |
|---|---|---|---|
| EBITDA | 55.0 | 35.6 | +19.4 |
| Gross profit | 130.1 | 114.7 | +15.4 |
| Selling, general and administrative expenses | (131.8) | (124.2) | (7.6) |
| Dividend income | 4.1 | 3.5 | +0.6 |
| Profit of equity method investments | 33.0 | 24.4 | +8.6 |
| Depreciation and amortization | 19.6 | 17.2 | +2.4 |
| Profit for the year attributable to owners of the parent | 45.7 | 17.1 | +28.6 |

EBITDA increased by ¥19.4 billion, mainly due to the following factors:
Gross profit increased by ¥15.4 billion.

- The Infrastructure Projects Business Unit reported an increase of ¥4.8 billion.
- The Integrated Transportation Systems Business Unit reported an increase of ¥10.6 billion. The main factor behind the increase was an increase in trading volume of newly built and second-hand ships.

Selling, general and administrative expenses increased by ¥7.6 billion.
Profit of equity method investments increased by ¥8.6 billion.

- The Infrastructure Projects Business Unit reported an increase of ¥1.8 billion.
  For the previous year, a ¥4.8 billion impairment loss was recorded in the renewable energy business in Europe. Furthermore, a ¥3.8 billion impairment loss was recorded for infrastructure businesses other than IPP business.
  Gas distribution business in Brazil and water treatment business in Mexico reported increases. Meanwhile, a decline was anticipated for Toyo Engineering Corporation.
  IPP businesses posted a profit of ¥12.4 billion in total, a decline of ¥7.1 billion from ¥19.5 billion for the previous year.
  - In the current year, impairment losses on obsolete thermal power plants in the UK were recognized.
  - Mark-to-market valuation gains and losses, such as those on long-term power derivative contracts and long-term fuel purchase contracts, declined by ¥1.4 billion to a gain of ¥0.5 billion from ¥1.9 billion for the previous year.
- The Integrated Transportation Systems Business Unit reported an increase of ¥6.8 billion. Automotive-related business in North America achieved a solid performance. Meanwhile, there was a new contribution from VLI S.A., an integrated freight transportation company in Brazil, in which Mitsui invested in the current year.

Profit for the year attributable to owners of the parent increased by ¥28.6 billion. In addition to the above, the following factors also affected results:

- For the current year, this segment recorded a ¥12.0 billion gain on sale of a stake in relation to aviation business.
- For the current year, a ¥5.2 billion one-time positive impact was recorded in income taxes due to the reduction of the Japanese corporate income tax rate. The main cause of the positive impact was the reversal of deferred tax liabilities on undistributed retained earnings of associated companies.
- For the previous year, this segment recorded a ¥6.7 billion gain against past impairment losses on shares in Penske Automotive Group, Inc., reflecting a recovery in the share price.

***Chemicals Segment***

| (Billions of Yen) | Current Year | Previous Year | Change |
|---|---|---|---|
| EBITDA | 18.1 | 28.5 | (10.4) |
| Gross profit | 70.1 | 80.5 | (10.4) |
| Selling, general and administrative expenses | (71.6) | (69.8) | (1.8) |
| Dividend income | 1.2 | 1.8 | (0.6) |
| Profit of equity method investments | 7.2 | 8.6 | (1.4) |
| Depreciation and amortization | 11.1 | 7.4 | +3.7 |
| Profit for the year attributable to owners of the parent | 3.7 | 8.4 | (4.7) |

EBITDA declined by ¥10.4 billion, mainly due to the following factors:
Gross profit declined by ¥10.4 billion.

- The Basic Chemicals Business Unit reported a decline of ¥3.5 billion. Mitsui & Co. Texas Chlor-Alkali, Inc., a chlor-alkali producer in the United States, reported a decline of ¥6.0 billion due to unfavorable market conditions.
- The Performance Chemicals Business Unit reported a decline of ¥6.9 billion. P.T. Kaltim Pasifik Amoniak, an ammonia producer in Indonesia, reported a decline of ¥10.4 billion due to completion of business at the end of the previous year as a result of an asset transfer under the build-operate-transfer (BOT) contract. Meanwhile, sales of agricultural chemicals showed good performance.

Profit of equity method investments declined by ¥1.4 billion.
Depreciation and amortization increased by ¥3.7 billion. Mitsui & Co. Texas Chlor-Alkali, Inc., recorded an increase of ¥4.5 billion.

Profit for the year attributable to owners of the parent declined by ¥4.7 billion. In addition to the above, a loss of ¥3.0 billion due to the cancellation of a feasibility study on alpha olefins production in the United States was recorded for the previous year.

***Energy Segment***

| (Billions of Yen) | Current Year | Previous Year | Change |
|---|---|---|---|
| EBITDA | 439.8 | 416.1 | +23.7 |
| Gross profit | 202.7 | 199.8 | +2.9 |
| Selling, general and administrative expenses | (59.8) | (57.9) | (1.9) |
| Dividend income | 92.8 | 102.3 | (9.5) |
| Profit of equity method investments | 56.6 | 60.1 | (3.5) |
| Depreciation and amortization | 147.5 | 111.8 | +35.7 |
| Profit for the year attributable to owners of the parent | 119.7 | 188.4 | (68.7) |

EBITDA increased by ¥23.7 billion, mainly due to the following factors:
The weighted average crude oil prices applied to our operating results for the current year and the previous year were estimated to be US$103 and US$110 per barrel, respectively.

Gross profit increased by ¥2.9 billion, primarily due to the following factors:

- Mitsui E&P Australia Pty Limited reported an increase of ¥24.4 billion due to a reversal of declined production during the previous year associated with the refurbishment of its oil production facility.
- Mitsui E&P Texas LP reported an increase of ¥8.1 billion from increased production.

- Mitsui E&P USA LLC reported an increase of ¥4.5 billion from lower costs and higher production.
- Mitsui E&P Middle East B.V. reported a decline of ¥12.4 billion due to an increase in production cost as well as the sales of interests in oil fields in Egypt in the previous year, despite a depreciation of the Japanese yen.
- A decline of ¥8.5 billion was recorded from the sale of Mitsui Oil Co., Ltd. in the previous year.

Dividend income declined by ¥9.5 billion. Dividends from six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3 and Equatorial Guinea) were ¥87.1 billion in total, a decline of ¥9.1 billion from ¥96.2 billion for the previous year. Dividends received from the Sakhalin II project declined, while those from the Abu Dhabi project increased.

Profit of equity method investments declined by ¥3.5 billion. ENEOS GLOBE Corporation reported a decline of ¥5.7 billion from ¥2.6 billion for the previous year due to inventory valuation losses reflecting a drop in LPG prices.

Depreciation and amortization increased by ¥35.7 billion. Oil and gas producing operations recorded an increase of ¥37.8 billion, including an increase of ¥4.2 billion at Marcellus and Eagle Ford shale gas and oil operations in the United States.

Profit for the year attributable to owners of the parent decreased by ¥68.7 billion. In addition to the above, the following factors also affected results:

- For the current year, reflecting the decline in oil prices, Mitsui E&P Texas LP recorded an impairment loss of ¥58.9 billion on fixed assets related to Eagle Ford shale oil and gas producing operations and Mitsui E&P UK Limited recorded impairment losses related to oil and gas fields in the North Sea for ¥13.8 billion on fixed assets and ¥4.8 billion on goodwill.
- For the current year, exploration expenses of ¥33.3 billion in total were recorded, including those recorded by Mitsui E&P Mozambique Area 1 Limited and Mitsui E&P USA LLC. For the previous year, exploration expenses of ¥18.6 billion in total were recorded, including those recorded by Mitsui E&P Australia Pty Limited and Mitsui E&P Mozambique Area 1 Limited.
- For the current year, Mitsui E&P UK Limited recorded a ¥4.7 billion reversal of deferred tax liability due to revisions in forecasted future tax liability in Italy, and also recorded a ¥5.8 billion reversal of deferred tax assets in relation to its oil and gas business in the North Sea reflecting the decline in oil prices.
- For the previous year, Mitsui E&P Texas LP recorded an impairment loss of ¥14.2 billion related to Eagle Ford shale oil and gas producing operations mainly attributable to a review of the production estimates.
- For the previous year, Mitsui E&P Middle East B.V. and Mitsui E&P Australia Pty Limited recorded a gain on sales of interests in oil fields in Egypt and New Zealand, respectively, totaling ¥6.2 billion.
- For the current year, a ¥3.1 billion one-time positive impact was recorded in income taxes due to the reduction of the Japanese corporate income tax rate. The main cause of the positive impact was included in the reversal of deferred tax liabilities on undistributed retained earnings of associated companies.

Short- and Long-Term Outlook on Prices and Supply-Demand Balance for Oil and Gas, and Our Equity Share of Production

- Short-Term Pricing and Supply-Demand Balance

A report by the International Energy Agency (published May 2015) indicated that world crude oil demand in the 2014 calendar year was 92.5 million barrels per day, with an estimated demand for the 2015 calendar year of 93.6 million barrels per day. As of May 2015, general observations on short-term supply-demand balance of crude oil by agencies and corporations in this industry suggest that:

- After hitting bottom in April to June 2009 world crude oil demand has maintained steady growth, but in 2014 demand growth slowed due to slowing growth mainly in Europe and China. On the other hand, global crude oil supply growth strengthened as a result of increased production of US shale oil and by OPEC, and even with improved demand growth forecast for 2015, the growth in supply is expected to continue to outpace demand growth in the short term.

- The price of crude oil (Brent), after touching US$126 per barrel in February 2012 due to concerns over geopolitical risks, fell below US$90 per barrel in June of that year due to the financial situation in Europe as well as concerns over a slowdown in growth rates in the emerging economies such as China. Since then, on the back of factors such as rising geopolitical risks, expectations towards improving economic conditions in Europe and additional quantitative easing in the United States, the crude oil (Brent) price shifted upwards again and has traded in the range of about US$100 – 120 per barrel until September 2014, and fell down to about US$46 per barrel in January 2015 due to sustained strong supply from the US and OPEC in the midst of slowing demand growth. As of June 15, 2015, the price of crude oil (Brent) traded at around US$63 per barrel.
- The price of crude oil (WTI) is affected by, in addition to factors mentioned above, supply and demand balance in the United States, and inventory levels and transportation facilities at Cushing, Oklahoma. At the beginning of 2013 the price of WTI had traded at US$20 per barrel below Brent, but recently the differential has shrunk to about US$3 per barrel, and as of June 15, 2015, the price of WTI was traded at around US$60 per barrel.
- In regards to LNG, amid steadily rising trend in LNG demand mainly in newly emerging economies, although LNG demand has maintained its high level since the operational shutdown of nuclear power plants due to the Great East Japan Earthquake in March 2011, the spot price of LNG to Asia as of mid-June 2015 has fallen, hovering around US$7 per mmBtu due to falling crude oil price since the previous year.

According to the U.S. Securities and Exchange Commission standards, our equity share of production amount of oil and gas for the year ended March 31, 2014 was 75 million barrels (gas is converted to barrels of oil at the ratio of 5,800 cubic feet of natural gas to 1 barrel of crude oil; includes 10 million barrels for Mitsui Oil Exploration Co., Ltd.'s non-controlling interest portion), and the equity share of production for the year ended March 31, 2015 was 76 million barrels (including 11 million barrels of Mitsui Oil Exploration Co., Ltd.'s non-controlling interest portion).

For the year ending March 31, 2016, a change of US$1 per barrel in crude oil prices is estimated to have an effect of ¥2.7 billion on profit for the year attributable to owners of the parent as a result of changes in revenues of our oil and gas related subsidiaries and associated companies.

Similar to the discussion regarding iron and steel raw materials, actual results of operations are also influenced by production costs, trends in foreign exchange rates and other factors surrounding those subsidiaries and associated companies.

- Medium- and Long-Term Price Outlook and Supply-Demand Balance and Trends in Our Equity Share of Production

The medium- and long-term trends in supply, demand and prices of crude oil are subject to far greater levels of uncertainty than recent trends, and it is therefore difficult for the management to make a definitive forecast. On the other hand, with respect to LNG and North American shale gas, we are focusing on the changes in market structure that are currently taking place, and acting accordingly as follows:

- In the past, the LNG market growth has been driven primarily by long-term purchase contracts by power and gas companies operating in Japan and the Far East. Expansion of incumbent projects and greenfield projects coming on stream will increase the volume of supply to the market, while demand, traditionally centered around the Far East, is likely to increase by growing demand from Europe and Latin America, and especially from huge markets in China, India and South East Asian countries. Therefore, globalization in terms of both supply and demand is expected to continue. In addition, as the frequency of supply-demand adjustments in these markets increases, LNG is expected to become a more marketable commodity.
- In evaluating the opportunities for the expansion of incumbent projects or pursuit of new development projects, we put emphasis on securing stable supply as well as diversifying our source of supply to enhance flexibility.

- While shale gas, which is an unconventional source of gas that has been increasingly developed in the United States, is recognized to have vast global reserves, it is not expected to be rapidly developed in areas outside the United States due to restrictions such as the requirement for a large supply of water for development and a pipeline near the gas fields for transportation. Development of unconventional gas including shale gas will impact the supply and demand balance of natural gas in the United States, and due to its abundant supply, part of the production is expected to be exported in the form of LNG. Amid rising demand for natural gas as clean energy, LNG is expected to grow along with natural gas from a medium- and long-term perspective.
- Henry Hub prices, which form the basis of natural gas prices in the United States, has remained low as a result of the development progress of unconventional gas. It is predicted that, going forward, natural gas will continue to be traded at a lower price on a caloric conversion basis compared to crude oil, but in the long term it is likely that demand for replacement of fuels, particularly coal, used in the production of electricity, as well as demand for LNG and chemical production will emerge, and the price will gradually rise.

***Lifestyle Segment***

| (Billions of Yen) | Current Year | Previous Year | Change |
|---|---|---|---|
| EBITDA | 16.2 | 20.2 | (4.0) |
| Gross profit | 116.2 | 114.0 | +2.2 |
| Selling, general and administrative expenses | (139.2) | (129.4) | (9.8) |
| Dividend income | 4.8 | 5.4 | (0.6) |
| Profit of equity method investments | 21.6 | 19.3 | +2.3 |
| Depreciation and amortization | 12.6 | 10.9 | +1.7 |
| Profit for the year attributable to owners of the parent | (2.7) | 12.1 | (14.8) |

EBITDA declined by ¥4.0 billion, mainly due to the following factors:
Gross profit increased by ¥2.2 billion.

- The Food Resources Business Unit reported a decline of ¥1.8 billion. Multigrain Trading AG recorded a decline of ¥8.1 billion due to underperforming origination and merchandising.
- The Food Products & Services Business Unit recorded an increase of ¥7.1 billion. There was an increase in gross profit corresponding to a ¥5.4 billion deterioration of foreign exchange losses related to the coffee trading business at Mitsui posted in other expense for the current year and for the previous year. In addition, food-related subsidiaries in Japan recorded an increase due to higher volume.
- The Consumer Service Business Unit reported a decline of ¥3.0 billion, mainly attributable to deconsolidation of ShopNet Co., Ltd., a TV shopping company in Taiwan, resulting from the sale of its shares in the current year.

Selling, general and administrative expenses increased by ¥9.8 billion. Multigrain Trading AG reported an increase of ¥3.1 billion due to an increase in provision for doubtful receivables. Food-related subsidiaries in Japan also recorded increases.
Profit of equity method investments increased by ¥2.3 billion.

- The Food Resources Business Unit reported a decline of ¥0.8 billion.
- The Food Products & Services Business Unit reported a decline of ¥0.2 billion.
- The Consumer Service Business Unit reported an increase of ¥3.4 billion. Arch Pharmalabs Limited, a pharmaceutical contract manufacturer in India, posted a ¥4.2 billion impairment loss on fixed assets and other assets for the previous year.

Profit for the year attributable to owners of the parent declined by ¥14.8 billion. In addition to the above, the following factors also affected results:

- A ¥6.5 billion gain on the sales of the stake in Shanghai Senmao International Real Estate Co., Ltd. was recorded for the current year.

- For the current year and for the previous year, foreign exchange losses of ¥5.7 billion and ¥0.3 billion, respectively, were posted in other expense in relation to the coffee trading business at Mitsui.
- For the previous year, Bussan Real Estate Co., Ltd. recorded a ¥4.3 billion gain on sales of office buildings in Japan, and a ¥4.1billion gain on sale of shares in a port terminal company in Brazil by Multigrain Trading AG was recorded.
- For the current year, a one-time negative impact was recorded due to reorganization among affiliated companies.

***Innovation & Corporate Development Segment***

| (Billions of Yen) | Current Year | Previous Year | Change |
|---|---|---|---|
| EBITDA | (5.0) | (23.6) | +18.6 |
| Gross profit | 37.4 | 22.6 | +14.8 |
| Selling, general and administrative expenses | (58.6) | (59.7) | +1.1 |
| Dividend income | 5.1 | 3.4 | +1.7 |
| Profit of equity method investments | 5.7 | 4.9 | +0.8 |
| Depreciation and amortization | 5.3 | 5.2 | +0.1 |
| Loss for the year attributable to owners of the parent | 6.0 | (12.3) | +18.3 |

EBITDA increased by ¥18.6 billion, mainly due to the following factors:
Gross profit increased by ¥14.8 billion.

- There was an increase in gross profit corresponding to a ¥9.5 billion deterioration of foreign exchange gains and losses related to the commodity derivatives trading business at Mitsui posted in other expense for the current year and for the previous year.
- Mitsui & Co. Commodity Risk Management Ltd. reported an increase of ¥6.1 billion due to the recovery of underperforming trading of derivatives for the previous year.

Profit of equity method investments increased by ¥0.8 billion.

Profit for the year attributable to owners of the parent improved by ¥18.3 billion. In addition to the factors mentioned above, the following factors also affected results:

- For the current year and for the previous year, foreign exchange gains of ¥4.9 billion and ¥14.4 billion, respectively, were posted in other expense in relation to the commodity derivatives trading business at Mitsui.
- For the current year, due to the partial sale of shares in TPV Technology Limited, a ¥6.2 billion gain on the sale of shares and valuation on retained shares was recorded in total. For the previous year, an impairment loss of ¥4.4 billion on shares in TPV Technology Limited was recorded reflecting the decline in share price.
- For the current year, a decline of ¥5.9 billion of income tax was recorded reflecting tax deduction of previously recognized impairment losses on shares in TPV Technology Limited.

***Americas Segment***

| (Billions of Yen) | Current Year | Previous Year | Change |
|---|---|---|---|
| EBITDA | 41.3 | 26.3 | +15.0 |
| Gross profit | 92.6 | 78.7 | +13.9 |
| Selling, general and administrative expenses | (67.8) | (64.9) | (2.9) |
| Dividend income | 0.1 | 0.4 | (0.3) |
| Profit of equity method investments | 7.5 | 4.0 | +3.5 |
| Depreciation and amortization | 9.0 | 8.1 | +0.9 |
| Profit for the year attributable to owners of the parent | 25.8 | 13.7 | +12.1 |

EBITDA increased by ¥15.0 billion, mainly due to the following factors:
Gross profit increased by ¥13.9 billion. Novus International, Inc. reported an increase of ¥12.5 billion due to higher methionine prices.
Profit of equity method investments increased by ¥3.5 billion.
Profit for the year attributable to owners of the parent increased by ¥12.1 billion. In addition to the factors mentioned above, the following factors also affected results:

- For the current year, MBK Real Estate LLC recorded a ¥4.9 billion gain on sales of a stake related to senior living business. Furthermore, this segment recorded a ¥4.5 billion gain on the sale of the stake in Silver Bell Mining, LLC.
- For the previous year, MBK Real Estate LLC recorded a ¥4.3 billion gain on sales of senior living facilities.

***Europe, the Middle East & Africa Segment***

| (Billions of Yen) | Current Year | Previous Year | Change |
|---|---|---|---|
| EBITDA | (0.5) | 0.5 | (1.0) |
| Gross profit | 19.3 | 18.8 | +0.5 |
| Selling, general and administrative expenses | (21.2) | (21.0) | (0.2) |
| Dividend income | 0.3 | 0.7 | (0.4) |
| Profit of equity method investments | 0.6 | 1.4 | (0.8) |
| Depreciation and amortization | 0.5 | 0.7 | (0.2) |
| Profit for the year attributable to owners of the parent | 3.4 | 0.4 | +3.0 |

EBITDA declined by ¥1.0 billion, mainly due to the following factors:
Gross profit increased by ¥0.5 billion.
Profit of equity method investments decreased by ¥0.8 billion.
Profit for the year attributable to owners of the parent increased by ¥3.0 billion.

***Asia Pacific Segment***

| (Billions of Yen) | Current Year | Previous Year | Change |
|---|---|---|---|
| EBITDA | (2.5) | (0.3) | (2.2) |
| Gross profit | 12.2 | 12.5 | (0.3) |
| Selling, general and administrative expenses | (20.8) | (19.4) | (1.4) |
| Dividend income | 0.9 | 1.5 | (0.6) |
| Profit of equity method investments | 4.5 | 4.5 | 0 |
| Depreciation and amortization | 0.7 | 0.5 | +0.2 |
| Profit for the year attributable to owners of the parent | 30.5 | 30.7 | (0.2) |

EBITDA declined by ¥2.2 billion, mainly due to the following factors:
Gross profit declined by ¥0.3 billion.
Profit of equity method investments was ¥4.5 billion which was the same amount for the previous year.
Profit for the year attributable to owners of the parent declined by ¥0.2 billion. In addition to the above, this segment recorded profit from the segment's minority interest in iron ore mining and coal mining operations in Australia, which declined due to the fall in prices of iron ore and coal.

(4) Liquidity and Capital Resources

Use of Non-GAAP Financial Measures

*Net Debt-to-Equity Ratio*

We refer to "Net Debt-to-Equity Ratio" ("Net DER") in this "Liquidity and Capital Resources" and elsewhere in this report. Net DER is comprised of "net interest-bearing debt" divided by total equity attributable to owners of the parent.

We define "net interest-bearing debt" as follows:

- calculate interest-bearing debt by adding up short-term debt and long-term debt
- calculate net interest-bearing debt by subtracting cash and cash equivalents and time deposits with maturities within one year after three months from interest-bearing debt

Our management considers that Net DER is a useful measure for investors to review the balance between interest-bearing debt and total equity attributable to owners of the parent for the purpose of improving our capacity to meet debt repayment and leverage to improve return on equity in our capital structure.

"Net interest-bearing debt" and "Net DER" are presented in the table below.

| | As of March 31, 2015 | As of March 31, 2014 |
|---|---|---|
| | (Billions of Yen) | (Billions of Yen) |
| Short-term debt | ¥ 290.6 | ¥ 436.9 |
| Long-term debt | 4,503.3 | 3,974.2 |
| Interest bearing debt | 4,793.9 | 4,411.1 |
| Less cash and cash equivalents and time deposits | (1,411.7) | (1,232.3) |
| Net interest bearing debt | 3,382.2 | 3,178.8 |
| Total equity attributable to owners of the parent | ¥ 4,099.8 | ¥ 3,815.8 |
| Net DER (times) | 0.82 | 0.83 |

*Free Cash Flow*

We define "free cash flow" as the sum of net cash provided by/(used in) operating activities and net cash provided by/(used in) investing activities. Our management believes that such indicator is useful for investors to measure available net cash for strategic investments and/or for debt repayments, or the extent of reliance on borrowings from outside sources to procure funds.

The following table shows how we calculated free cash flow.

| | Year ended March 31, 2015 (Billions of Yen) | Year ended March 31, 2014 (Billions of Yen) | Increase/(Decrease) (Billions of Yen) |
|---|---|---|---|
| Cash flows from operating activities | ¥ 640.0 | ¥ 449.2 | ¥ 190.8 |
| Cash flows from investing activities | (386.4) | (659.8) | 273.4 |
| Free cash flow | ¥ (253.6) | ¥ (210.6) | ¥ 464.2 |

1) Funding and Treasury Policies

Our basic funding policy as set forth by our management is to secure liquidity required for our smooth operations and to maintain the strength and soundness of our balance sheet. Thus, our principal strategy is to obtain long-term funds (those with maturities of around 10 years) from financial institutions, including domestic life-insurance companies and banks, and through the issuance of corporate bonds. At the same time, we minimize our refinance risk by deconcentrating the amount of long-term debt to be repaid each fiscal year. In cases of projects where large amounts of financing are required, we utilize financing programs provided by government financing agencies and/or project financing. We also hold sufficient cash and cash equivalents in order to maintain liquidity to flexibly meet capital requirements and to minimize the harmful effects of a deteriorated financial market on future debt-service requirements. While there is no particular target amount of cash and cash equivalents to be held, considering the current financial market conditions, cash and cash equivalents are invested mainly in highly liquid and highly rated short-term financial instruments, or deposited.

In principle, a domestic financing subsidiary provides a cash management service to wholly owned domestic subsidiaries, which results in the centralization of funding sources, efficient use of excess funds and securement of liquidity for domestic subsidiaries.

The same policy and practices have been extended to wholly owned overseas subsidiaries through our regional financing subsidiaries. As a result, approximately three fourths of total interest-bearing debt on a consolidated basis as of March 31, 2015 was raised by Mitsui and the above-mentioned financing subsidiaries.

2) Funding Sources

In accordance with our basic funding policy above, we choose funding sources from various forms of direct and indirect financing in order to secure long-term and stable sources of funds, and procure financing by suitable means considering the financial condition at that point of time.

We procure necessary funds, mainly long-term, based on our longstanding and wide-ranging relations with financial institutions in Japan and overseas. In addition, we borrow from government financing agencies such as Japan Bank for International Cooperation, and also utilize project financing.

In addition to these funding sources, Mitsui maintains various means of procuring direct financing, such as a ¥300 billion debt shelf-registration and a ¥2,400 billion commercial paper program in Japan, and utilizes a suitable one among these facilities on the favorable financial situation. Furthermore, Mitsui & Co. Financial Services (Asia) Ltd. and Mitsui & Co., Ltd. have arranged a joint Euro medium-term note (“MTN”) program of US$5 billion. Mitsui guarantees notes issued by Mitsui & Co. Financial Services (Asia) Ltd. under this program. Outstanding domestic bonds under shelf-registration and notes under MTN program as of March 31, 2015 were ¥325 billion and ¥27.7 billion, respectively. For raising short-term funds overseas, Mitsui & Co. (U.S.A.), Inc. has a US$1.5 billion U.S. domestic commercial paper program, and there are similar commercial paper programs in certain other overseas markets and these programs are utilized where appropriate. We maintain the principal strategy of carrying out long-term and stable fund procurement, and we do not rely on fund procurement means such as commercial paper or short-term loans. As a result, the proportion of short-term debt to total interest-bearing debt on a consolidated basis was 6.1% as of March 31, 2015.

Certain subsidiaries set lines of credit by paying commitment fees to financial institutions, but the amount of the fee paid was not material in the previous fiscal year and in the current fiscal year. For unused lines of credit for short-term borrowing, including these lines of credit with fees, see Note 16, “DISCLOSURES ABOUT FINANCIAL AND OTHER TRADE LIABILITIES.”

A vast majority of interest-bearing debt is denominated in Japanese yen and U.S. dollars. Considering the type of interest and currency of the asset-side, we employ certain derivative financial instruments, which include interest rate swaps, currency swaps and foreign currency exchange forward contracts to convert the interest or currency of our liabilities. We consider that the proportion of interest-bearing debt with fixed interest rate after taking into account interest rate swaps is appropriate considering the condition of our current financial position. See Note 9, “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS” for further description of our derivative financial instruments. Additionally, regarding liquidity analysis related to derivative instruments, see Note 16, “DISCLOSURES ABOUT FINANCIAL AND OTHER TRADE LIABILITIES.”

Credit Ratings

To facilitate smooth fund raising from capital markets, Mitsui has obtained ratings from Rating and Investment Information, Inc. (“R&I”), Moody’s Japan K.K. (“Moody’s”) and Standard & Poor’s Ratings Japan K.K. (“S&P”). The ratings as of March 31, 2015 were as follows:

| | R&I | Moody’s | S&P |
|---|---|---|---|
| Short-term rating | a-1+ | P-1 | A-1(**) |
| (Long-term) Issuer rating | AA- | — | A+ |
| Long-term issue rating | AA- | A2(*) | — |
| Medium-term note rating | AA- | A2 | A+ |
| Outlook | Stable | Stable | Stable |

(*) The terminology used at Moody’s is “Long-Term Obligation Ratings (senior unsecured).”
(**) The terminology used at S&P is “Short-Term Issuer Credit Ratings.”

Mitsui intends to maintain sound financial foundations and will strive to maintain and improve its credit rating.

Credit ratings are assessments by the rating agencies of the credit risks associated with us and are based on information provided by us and other sources that the rating agencies consider reliable. Credit ratings do not constitute a recommendation to buy, sell or hold securities and are subject to change or withdrawal by each of the rating agencies at any time. Each rating agency has different criteria in evaluating the risk associated with a company.

3) Liquidity Management

Cash and cash equivalents were ¥1,400.8 billion as of March 31, 2015. A vast majority of cash and cash equivalents are denominated in Japanese yen and our management recognizes that cash and cash equivalents as of March 31, 2015 satisfy the liquidity requirements for the repayment of short-term debt (¥290.6 billion) and current maturities of long-term debt (¥472.7 billion).

During the year ended March 31, 2015, the global economy recovered moderately overall, driven by firm economic growth in the United States. Although the Federal Reserve ended its quantitative easing measures, the financial environment in developed countries such as Japan and Europe continued to be relaxed, while we steadily procured necessary funds in accordance with our basic funding policy by utilizing our good long-term relationship with financial institutions and various measures implemented by public financing agencies. On the other hand, the global economy faces risk factors including the negative effect of future U.S. interest rate hike, a greater-than-expected economic slowdown in emerging countries, especially in China, and a further sharp fall in resource prices, so it is undeniable that there remains uncertainty in global financial conditions, and we consider it necessary to continue to closely monitor the prospects for liquidity.

As a result, our interest-bearing debt outstanding as of March 31, 2015, totaled ¥4,793.9 billion, an increase of ¥382.8 billion from the previous fiscal year-end, and the proportion of long-term debt to total interest-bearing debt on a consolidated basis was 93.9%. The maturity profile of our outstanding debt as of March 31, 2015 was as follows. For the details of the long-term debt and interest rate structure of our outstanding debt as of March 31, 2015, see Note 16, “DISCLOSURES ABOUT FINANCIAL AND OTHER TRADE LIABILITIES.”

| Year ending March 31: | 2016 | 2017 | 2018 | 2019 | 2020 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| Billions of Yen | 472.7 | 505.7 | 476.8 | 494.4 | 474.8 | 2,078.9 | 4,503.3 |

Total equity attributable to owners of the parent as of March 31, 2015 was ¥4,099.8 billion, an increase of ¥284.0 billion from March 31, 2014. On the other hand, net interest-bearing debt was ¥3,382.2 billion, an increase of ¥203.4 billion, and as a result, the Net DER decreased to 0.82 times as of March 31, 2015 from 0.83 times as of March 31, 2014.

The ratio of current assets to current liabilities, which was 149.6% as of March 31, 2014, was 166.5% as of March 31, 2015.

Judging by the numbers above and current market conditions, the financial strength of our balance sheet is maintained, and at this stage we are not aware of any significant financial difficulties that would affect our operations including investments and loans in accordance with our New Medium-term Management Plan.

Although we provide payment guarantees to third parties and related parties, these guarantees do not include those that have substantial impacts on our liquidity. For details on guarantees issued by us and future obligations, see Note 28, "CONTINGENT LIABILITIES."

With the exception of non-recourse financing for individual projects, it is our policy not to conclude agreements for important financial transactions with financial institutions that contain additional debt restriction clauses that may cause acceleration of our obligations, including debt incurrence restrictions, negative pledges, restrictions on dividend payments and various financial ratio limits, and there are no material financial covenants in the agreements undertaken.

Our management believes that our liquidity will not be affected by dividends from our foreign consolidated subsidiaries and equity accounted investees. Assuming that such companies have sufficient distributable net assets or retained earnings as provided under the local laws of the relevant jurisdictions, there are no material contractual or legal restrictions on the ability of our consolidated subsidiaries and equity accounted investees to transfer funds to us in the form of dividends and other distributions. There are no material economic restrictions on payments of dividends and other distributions by them other than general withholding or other taxes calculated at the rates determined by the local tax laws of the relevant jurisdictions.

We plan to contribute ¥11.3 billion to our defined-benefit pension plans for the year ending March 31, 2016.

4) Investments and Loans, Financial Policies

Our core operating cash flow for the year ended March 31, 2015 amounted to approximately ¥660.0 billion. Divestitures generated cash flow of approximately ¥340.0 billion, which combined with core operating cash flow amounted to a total of approximately ¥1 trillion. Meanwhile, gross investments and loans totaled approximately ¥715.0 billion (*). Of this amount, gross investments and loans in Existing Business and Projects in the pipeline totaled approximately ¥525.0 billion, and gross investments and loans in new business totaled approximately ¥190.0 billion. Amid strong demand for new investments for further growth, we implemented diligent assessment and screening process before the final investment decision. See "6) Cash Flows," for further description of cash flows for the year ended March 31, 2015.

(*) We define investments and loans with the combined total of investing cash flows of operating segments other than All Other and Adjustments and Eliminations. Financial services from and to us referred to in "1) Funding and Treasury Policies" and "3) Liquidity Management" above are provided by the All Other segment. Cash flows from investing activities at the All Other segment included an increase or decrease of time deposits as well as purchases of and proceeds from sales of other securities for the purpose of fund management. For details of cash flows by operating segment, see "6) Cash Flows."

＜Result for the Year Ended Mar/15 (approx. figure)＞

(¥ billion)

| | | Major items |
|---|---|---|
| **Core Operating Cash Flow** | +660.0 | |
| **Divestiture** | +340.0 | Sales of shares in Recruit Holdings, Finance lease receivables, Valepar's preferred shares |
| **Gross Investments & Loans** | -715.0 | Existing Business + Projects in the pipeline -525.0 / New Business -190.0 |
| (breakdown) **Iron & Steel Products** | -5.0 | Automotive components in US |
| **Mineral & Metal Resources** | -75.0 | Expansion and development of Australian iron ore operations |
| **Machinery & Infrastructure** | -265.0 | Truck leasing in US, Integrated logistics company*, FPSO lease |
| **Chemicals** | -50.0 | Methanol production, Agrichemical fungicide business in US |
| **Energy** | -195.0 | Developments of Thai businesses and existing shale oil/gas in US |
| **Lifestyle** | -50.0 | Logistics facilities development in China, Domestic real estate |
| **Innovation & Corporate Development** | -15.0 | Venture investment in US, Insurance fund |
| **Overseas** | -60.0 | Wind power generation in Australia, Tank terminal expansion in US |
| **Shareholder Return (Dividend)** | Annual dividend for the Year Ended Mar/15 remains unchanged at ¥64/share. Consolidated dividend payout ratio is 37%. | |

*The planned investment of VLI in the Year Ended Mar/2014 was deferred into the Year Ended Mar/2015. Therefore, this figure was not included in the New Medium-term Management Plan.

Based on our cash flow results in the first year of the New Medium-term Management Plan and the latest outlook for core operating cash flow and asset recycling and other factors, we have revised our outlook for core cumulative cash flow over the three years.

As a result, as shown in the diagram below, we expect cumulative core operating cash flow amounting to ¥1,700.0 billion level over the three years. We expect asset recycling activities to generate cash flow at the higher end of the originally forecasted range in the New Medium-term Management Plan, which is at ¥900.0 billion, and, adding the core operating cash flow to this amount, we expect a total cash inflow over the three years of ¥2,600.0 billion, within the range of the New Medium-term Management Plan.

Regarding investments and loans in Existing Business and Projects in the pipeline, the investment plans for most of these have already been decided; therefore, there is no significant change in the figure of ¥1,500.0 billion shown in the New Medium-term Management Plan.

Though the current fall in commodity prices will have a certain impact on our operating cash flow, there is no change in our plan to generate recurring free cash flow at the level shown in the New Medium-term Management Plan, by enhancing our cash-generating ability in Existing Business as well as promoting asset recycling. We will aim to achieve positive free cash flow by fully following-through on our investment discipline, and pursue both "growth investments" and "shareholder returns."

＜Latest forecast of Cash Flow Allocation (FY Mar/15 - Mar/17 cumulative) ＞

| | | | New Medium-term Management Plan (announced in May 2014) | Latest forecast (announced in May 2015) |
|---|---|---|---|---|
| RESOURCES (Recurring FCF) | Free Cash Flow | Core Operating Cash Flow…① | +¥1.8〜2.0 trillion | +¥1.7 trillion |
| | | Asset recycling…② | +¥0.7〜0.9 trillion | +¥0.9 trillion |
| | | Cash Inflow …①+② | +¥2.5〜2.9 trillion | +¥2.6 trillion |
| | | Investment to Existing Business and Porjects in the pipeline as of May 2014 | -¥1.5 trillion | approx. -¥1.5 trillion |
| ALLOCATION | | Growth investments (New Investments) | ・Achieve positive Free Cash Flow<br>・Pursue both "Growth investments" and "Shareholder Return" | |
| | | Shareholder Return (Dividend, share buyback) | | |

Borrowing/repayment of interest-bearing debt (±)

For the details of the New Medium-term Management Plan, see "3. Management Issues (1) New Medium-term Management Plan "Challenge & Innovation for 2020 -Demonstrating Mitsui Premium-"" and for the details of refinancing, see "1) Funding and Treasury Policies" and "2) Funding Sources."

Final investment decisions on many of the projects in the Latest Forecast of Cash Flow Allocation (FY Mar/15 – Mar/17 cumulative) have not been made and the progress of such projects will have an effect on our actual cash flows and financial condition.

5) Assets, Liabilities and Shareholders' Equity

Total assets as of March 31, 2015 was ¥12,202.9 billion, an increase of ¥711.6 billion from ¥11,491.3 billion as of March 31, 2014.

Total current assets as of March 31, 2015 was ¥4,730.5 billion, an increase of ¥265.1 billion from ¥4,465.4 billion as of March 31, 2014. Other financial assets increased by ¥112.9 billion, mainly due to price fluctuations of the commodity derivatives trading business in the Innovation & Corporate Development Segment and oil trading business in the Energy Segment.
Total current liabilities as of March 31, 2015 was ¥2,841.1 billion, a decline of ¥143.6 billion from ¥2,984.7 billion as of March 31, 2014. Corresponding to the increase in other financial assets as mentioned above, other financial liabilities increased by ¥113.0 billion. Meanwhile, short-term debt and current portion of long-term debt declined by ¥146.3 billion and ¥33.2 billion, respectively, due to repayment of debt.

As a result, working capital, or current assets less current liabilities, as of March 31, 2015, totaled ¥1,889.4 billion, an increase of ¥408.7 billion from ¥1,480.7 billion as of March 31, 2014.

Total non-current assets as of March 31, 2015 totaled ¥7,472.4 billion, an increase of ¥446.5 billion from ¥7,025.9 billion as of March 31, 2014, mainly due to the following factors (Operating Segments are shown in parentheses):

- Investments accounted for using the equity method as of March 31, 2015 were ¥2,791.3 billion, an increase of ¥342.5 billion from ¥2,448.8 billion as of March 31, 2014, mainly due to the following factors:
  - An increase of ¥101.4 billion resulting from foreign currency exchange fluctuations;
  - An increase of ¥91.4 billion due to an acquisition of a 20% stake in Penske Truck Leasing Co., L.P., which is engaged in truck leasing and rental business in North America (Machinery & Infrastructure);

- An increase of ¥70.1 billion due to an acquisition of a 20% stake in VLI S.A., which is engaged in integrated freight transportation in Brazil (Machinery & Infrastructure);
- An increase of ¥13.6 billion due to an investment in Cameron LNG Holdings, LLC, which is engaged in construction and operation of natural gas liquefaction facilities in the United States (Energy);
- An increase due to additional investments in ESBR Participações S.A., which runs the Jirau hydropower project in Brazil (Machinery & Infrastructure);
- An increase of ¥10.0 billion due to an acquisition of a 15% stake in a passenger railway transportation business in Brazil with Odebrecht TransPort S.A. (Machinery & Infrastructure); and
- A decline of ¥184.0 billion due to dividends received from equity accounted investees, despite an increase of ¥144.6 billion corresponding to the profit of equity method for the current year.

The following table shows the details of investments accounted for using the equity method as of March 31, 2015 and 2014 by operating segment.

| | Billions of Yen | | |
|---|---|---|---|
| | As of March 31, | | |
| | 2015 | 2014 | Change |
| Iron & Steel Products | ¥ 91.6 | ¥ 71.4 | ¥ +20.2 |
| Mineral & Metal Resources | 816.2 | 869.6 | (53.4) |
| Machinery & Infrastructure | 781.2 | 564.9 | +216.3 |
| Chemicals | 92.6 | 77.3 | +15.3 |
| Energy | 338.2 | 286.6 | +51.6 |
| Lifestyle | 296.1 | 262.7 | +33.4 |
| Innovation & Corporate Development | 88.6 | 71.5 | +17.1 |
| Americas | 78.5 | 57.8 | +20.7 |
| Europe, the Middle East and Africa | 11.5 | 14.0 | (2.5) |
| Asia Pacific | 211.0 | 192.5 | +18.5 |
| **Total** | **2,805.5** | **2,468.3** | **337.2** |
| All Other | (0.7) | 0.6 | (1.3) |
| Adjustments and Eliminations | (13.5) | (20.1) | +6.6 |
| **Consolidated Total** | **¥ 2,791.3** | **¥ 2,448.8** | **¥ +342.5** |

- Other investments as of March 31, 2015 were ¥1,529.8 billion, a decline of ¥24.9 billion from ¥1,554.7 billion as of March 31, 2014, mainly due to the following factors:
  - A ¥102.6 billion net decline due to valuation on financial assets measured at FVTOCI, despite the increase of fair value in listed securities due to higher share prices, and
  - A ¥109.5 billion net increase due to foreign currency exchange fluctuations.

- Trade and other receivables as of March 31, 2015 totaled ¥425.1 billion, a decline of ¥45.8 billion from ¥470.9 billion as of March 31, 2014, mainly due to the following factors:
  - A decline of ¥21.7 billion due to the sales of aircraft and locomotive finance lease receivables at Mitsui & Co. (U.S.A.), Inc. (Americas); and
  - A decline of ¥11.7 billion due to the collection of long-term loan receivables at a private equity-sponsored loans business with GE Capital (Innovation & Corporate Development).

- Property, plant and equipment as of March 31, 2015 totaled ¥2,148.1 billion, an increase of ¥140.6 billion from ¥2,007.5 billion as of March 31, 2014, mainly due to the following factors:
  - An increase of ¥57.7 billion (including a foreign exchange translation gain of ¥47.7 billion and a decrease by ¥13.8 billion due to the recognition of an impairment loss related to oil and gas fields in the North Sea) at oil and gas operations other than U.S. shale gas and oil producing operations (Energy);

- An increase of ¥28.0 billion (including a foreign exchange translation gain of ¥3.5 billion) at the methanol manufacturing joint venture in the United States (Chemicals);
- An increase of ¥21.4 billion (including a foreign exchange translation gain of ¥9.5 billion) at the tank operation in the United States (Americas);
- An increase of ¥14.1 billion (including a foreign exchange translation loss of ¥0.8 billion) at the wind power generation business in Australia (Asia Pacific);
- An increase of ¥10.6 billion (including a foreign exchange translation loss of ¥14.0 billion) at iron ore mining operations in Australia (Mineral & Metal Resources);
- An increase of ¥6.8 billion (including a foreign exchange translation gain of ¥44.4 billion and a decrease by ¥58.9 billion due to the recognition of impairment loss) at the Marcellus and Eagle Ford shale gas and oil producing operations in the United States (Energy); and
- A decline of ¥22.3 billion due to the reclassification of freight car leasing and management business in the United States to an investment accounted for using the equity method (Machinery & Infrastructure).

• Intangible assets as of March 31, 2015 totaled ¥163.0 billion, an increase of ¥18.8 billion from ¥144.2 billion as of March 31, 2014. There was an increase of ¥13.2 billion due to the acquisition of an agrichemical fungicide business (Chemicals).

The following table shows the details of property, plant and equipment as of March 31, 2015 and 2014 by operating segment.

| | **Billions of Yen** | | |
|---|---|---|---|
| | **As of March 31,** | | |
| | **2015** | **2014** | **Change** |
| Iron & Steel Products | ¥ 9.8 | ¥ 13.7 | ¥ (3.9) |
| Mineral & Metal Resources | 514.2 | 510.9 | +3.3 |
| Machinery & Infrastructure | 213.9 | 231.5 | (17.6) |
| Chemicals | 140.7 | 109.9 | +30.8 |
| Energy | 815.2 | 752.7 | +62.5 |
| Lifestyle | 143.5 | 89.6 | +53.9 |
| Innovation & Corporate Development | 39.8 | 46.8 | (7.0) |
| Americas | 136.6 | 111.6 | +25.0 |
| Europe, the Middle East and Africa | 3.2 | 4.2 | (1.0) |
| Asia Pacific | 25.2 | 11.0 | +14.2 |
| **Total** | **2,042.1** | **1,881.9** | **+160.2** |
| All Other | 55.8 | 53.5 | +2.3 |
| Adjustments and Eliminations | 50.2 | 72.1 | (21.9) |
| **Consolidated Total** | **¥ 2,148.1** | **¥ 2,007.5** | **¥ +140.6** |

The following table shows the details for the categories of property, plant and equipment leased to others as of March 31, 2015 and 2014.

| | Billions of Yen | |
|---|---|---|
| | As of March 31, | |
| | 2015 | 2014 |
| Real estate | ¥ 82.4 | ¥ 69.9 |
| Ships and aircraft | 86.1 | 68.5 |
| Rolling stock, equipment and others | 68.2 | 105.1 |
| **Consolidated Total** | **¥ 236.7** | **¥ 243.5** |

Total non-current liabilities as of March 31, 2015 totaled ¥4,964.4 billion, an increase of ¥558.0 billion from ¥4,406.4 billion as of March 31, 2014. Long-term debt, less current portion as of March 31, 2015 was ¥4,030.6 billion, an increase of ¥562.3 billion from ¥3,468.3 billion as of March 31, 2014, due to the impact of depreciation of the Japanese yen as well as an increase in long-term borrowings at the Marcellus and Eagle Ford shale gas and oil producing operations in the United States.

Total equity attributable to owners of the parent as of March 31, 2015 was ¥4,099.8 billion, an increase of ¥284.0 billion from ¥3,815.8 billion as of March 31, 2014. Major components included:

- Retained earnings increased by ¥192.0 billion. In addition to the ¥306.5 billion profit for the year attributable to owners of the parent, there were the following factors:
  - An increase of ¥54.0 billion was recorded due to a transfer from other components of equity. The major component was a transfer from financial assets measured at FVTOCI for ¥38.8 billion, including a ¥23.7 billion increase due to a sale of shares in Recruit Holdings Co., Ltd. and
  - Decline factors were a dividend payment for ¥118.3 billion and a cancellation of treasury stock for ¥50.2 billion.
- Other components of equity as of March 31, 2015 increased by ¥48.0 billion to ¥814.6 billion from ¥766.6 billion as of March 31, 2014, mainly due to the following factors:
  - Foreign currency translation adjustments increased by ¥124.8 billion, reflecting the appreciation of the U.S. dollar against the Japanese yen despite the depreciation of the Brazilian Real and
  - Financial assets measured at FVTOCI declined by ¥50.5 billion. Fair value in investments in LNG projects declined reflecting the drop in oil prices, while fair value in listed securities increased due to higher share prices. In addition, there was a decline of ¥38.8 billion due to the transfer to retained earnings.
- Treasury stock declined by ¥50.2 billion, due to cancellation.

6) Cash Flows

| (Billions of Yen) | Current Year | Previous Year | Change |
|---|---|---|---|
| Cash flows from operating activities | ¥ 640.0 | ¥ 449.2 | ¥ +190.8 |
| Cash flows from investing activities | (386.4) | (659.8) | +273.4 |
| Cash flows from financing activities | (126.2) | (13.2) | (113.0) |
| Effect of exchange rate changes on cash and cash equivalents | 47.1 | 17.6 | +29.5 |
| Change in cash and cash equivalents | ¥ +174.5 | ¥ (206.2) | ¥ +380.7 |

*Cash Flows from Operating Activities*

| (Billions of Yen) | | Current Year | Previous Year | Change |
|---|---|---|---|---|
| Cash flows from operating activities | a | 640.0 | 449.2 | +190.8 |
| Cash flows from change in working capital | b | (21.6) | (159.7) | +138.1 |
| Core operating cash flow | a-b | 661.6 | 608.9 | +52.7 |

Net cash provided by operating activities for the current year was ¥640.0 billion, an increase of ¥190.8 billion from ¥449.2 billion for the previous year.
Net cash outflow from an increase in working capital, or changes in operating assets and liabilities for the current year, was ¥21.6 billion, a decline of ¥138.1 billion from ¥159.7 billion for the previous year.
Core operating cash flow, cash flows from operating activities without the net cash outflow from an increase in working capital, for the current year amounted to ¥661.6 billion, an increase of ¥52.7 billion from ¥608.9 billion for the previous year.

- Depreciation and amortization for the current year was ¥268.4 billion, an increase of ¥49.3 billion from ¥219.1 billion for the previous year.
- Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current year totaled ¥291.6 billion, an increase of ¥14.3 billion from ¥277.3 billion for the previous year.

The following table shows the core operating cash flow by operating segment.

| (Billions of Yen) | Current Year | Previous Year | Change |
|---|---|---|---|
| Iron & Steel Products | 7.1 | 11.3 | (4.2) |
| Mineral & Metal Resources | 159.9 | 182.2 | (22.3) |
| Machinery & Infrastructure | 69.6 | 39.3 | +30.3 |
| Chemicals | 13.5 | 20.2 | (6.7) |
| Energy | 348.0 | 318.3 | +29.7 |
| Lifestyle | 4.0 | 15.5 | (11.5) |
| Innovation & Corporate Development | 6.1 | (2.3) | +8.4 |
| Americas | 25.2 | 15.7 | +9.5 |
| Europe, the Middle East and Africa | 2.5 | 1.9 | +0.6 |
| Asia Pacific | 6.6 | 5.1 | +1.5 |
| **Total** | **642.5** | **607.2** | **+35.3** |
| All Other and Adjustments and Eliminations | 19.1 | 1.7 | +17.4 |
| **Consolidated Total** | **661.6** | **608.9** | **+52.7** |

*Cash Flows from Investing Activities*

Net cash used in investing activities for the current year was ¥386.4 billion, a decline of ¥273.4 billion from ¥659.8 billion for the previous year. The net cash used in investing activities consisted of (Operating Segments are shown in parentheses):

- Net cash outflow that corresponded to investments in and advances to equity accounted investees (net of sales of investments and collection of advances) was ¥155.4 billion. The major cash outflows were an acquisition of a 20% stake in Penske Truck Leasing Co., L.P. for ¥73.1 billion (Machinery & Infrastructure), an acquisition of a 20% stake in VLI S.A. for ¥70.1 billion (Machinery & Infrastructure), a loan to the FPSO leasing business for oil and gas production in Ghana and Brazil for ¥30.6 billion (Machinery & Infrastructure), an investment in Cameron LNG Holdings, LLC for ¥13.6 billion (Energy), additional investments in ESBR Participações S.A (Machinery & Infrastructure), and an acquisition of a 15% stake in a passenger railway transportation business in Brazil for ¥10.0 billion (Machinery & Infrastructure). The major cash inflows included a loan to the FPSO leasing business for oil and gas production in Ghana and Brazil for ¥25.6 billion (Machinery & Infrastructure), redemption of preferred shares in Valepar S.A. for ¥20.1 billion (Mineral & Metal Resources), the sale of the stake in Silver Bell Mining, LLC (Mineral & Metal Resources and Americas), and a sale of a stake in relation to aviation business for ¥12.0 billion (Machinery & Infrastructure).

- Net cash inflow that corresponded to other investments (net of sales and maturities of other investments) was ¥60.1 billion. The major cash inflows were a sale of shares in Recruit Holdings Co., Ltd. and Burberry Group plc for ¥53.3 billion (Lifestyle) and ¥11.8 billion (Lifestyle), respectively, and capital redemption from a private equity-sponsored loans business with GE Capital for ¥11.4 billion (Innovation & Corporate Development). The major cash outflows included the acquisition of agrichemical fungicide business for ¥13.2 billion (Chemicals).

- Net cash inflow that corresponded to long-term loan receivables (net of collection) was ¥60.0 billion. The major cash inflows included sales of aircraft and locomotive finance lease receivables for ¥20.9 billion at Mitsui & Co. (U.S.A.), Inc. (Americas)

- Net cash outflow that corresponded to purchases of property, plant, equipment and investment property (net of sales of those assets) was ¥346.4 billion. Major expenditures included:

  - Oil and gas projects other than the U.S. shale gas and oil projects for a total of ¥127.7 billion (Energy);
  - Iron ore mining projects in Australia for ¥56.3 billion (Mineral & Metal Resources);
  - Marcellus and Eagle Ford shale gas and oil projects in the United States for ¥50.7 billion (Energy);
  - A methanol manufacturing joint venture in the United States for ¥24.1 billion (Chemicals);
  - Tank terminals in the United States for ¥ 14.5 billion (Americas)
  - A wind power generation business in Australia for ¥14.3 billion (Asia Pacific); and
  - Coal mining operations in Australia for ¥ 12.6 billion (Energy).

  The major cash inflows included the sale of an ammonia plant by P.T. Kaltim Pasifik Amoniak for ¥9.9 billion (Chemicals).

Free cash flow, or the sum of net cash provided by operating activities and net cash used in investing activities, for the current year was a net inflow of ¥253.6 billion.

The following table shows net cash provided by (used in) investing activities by operating segment.

| | Billions of Yen | |
|---|---|---|
| | **Current Year** | **Previous Year** |
| Iron & Steel Products | ¥ (6.1) | ¥ (33.5) |
| Mineral & Metal Resources | (31.7) | (187.7) |
| Machinery & Infrastructure | (173.8) | (128.9) |
| Chemicals | (37.0) | (18.3) |
| Energy | (184.7) | (300.0) |
| Lifestyle | 45.7 | (19.3) |
| Innovation & Corporate Development | 12.7 | 28.1 |
| Americas | 13.5 | (6.3) |
| Europe, the Middle East and Africa | (1.3) | 17.2 |
| Asia Pacific | (16.7) | (11.0) |
| **Total** | **(379.4)** | **(659.7)** |
| All Other and Adjustments and Eliminations | (7.0) | (0.1) |
| **Consolidated Total** | **¥ (386.4)** | **¥ (659.8)** |

*Cash Flows from Financing Activities*

For the current year, net cash used by financing activities was ¥126.2 billion, an increase of ¥113.0 billion from ¥13.2 billion of net cash used for the previous year. The cash outflow from payments of cash dividends was ¥118.3 billion. The net cash outflow from the borrowing of short-term debt was ¥181.8 billion. Meanwhile, the net cash inflow from the borrowing of long-term debt was ¥197.2 billion.

See "2) Funding Sources" for funding during the year ended March 31, 2015.

(5) Critical Accounting Policies and Estimates

Accounting policies and estimates are considered to be critical if they are important to our financial condition and results of operations and involve estimates that require management's subjective or significant judgment about the effect of matters that are inherently uncertain.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the carrying values of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

The following items require significant management judgments and estimates.

Impairment of Non-financial Assets and Investments in Equity Accounted Investee

Impairment losses of tangible fixed assets and intangible assets other than goodwill and intangible assets with infinite estimated useful lives, for the years ended March 31, 2015 and 2014, were ¥79.9 billion and ¥60.0 billion, respectively. The carrying amounts of these assets, net of accumulated depreciation and amortization, as of March 31, 2015 and 2014, were ¥2,380.9 billion and ¥2,212.2 billion, respectively.

Impairment losses of investments in equity accounted investees for the years ended March 31, 2015 and 2014, were ¥4.1 billion and ¥8.8 billion, respectively. The carrying amounts of corresponding investments in equity accounted investees as of March 31, 2015 and 2014, were ¥7.0 billion and ¥48.0 billion, respectively.

Impairment losses of non-financial assets and investments in equity accounted investees may have a material impact on our profit for the year.

These losses were mainly due to the declining profitability resulting from deterioration of business environment and the reorganization of business structure of our consolidated subsidiaries and the fall in the market value of investments in equity accounted investees.

Non-financial assets and investments in equity accounted investees are assessed to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the non-financial assets or asset groups and the investment are estimated. Where the carrying amount exceeds its recoverable amount, the difference is recognized as impairment loss.
The recoverable amount is the higher of fair value less costs of disposal and value in use.
Fair value is assessed as the price in an orderly transaction between market participants, such as the market price of marketable investments in equity accounted investees and the price on the appraisal report by the independent third party.
Cash flow projections used in calculations of value in use are based on the business plan authorized by our management or, if this is not available, on the operating plan reflecting the most recent condition of the non-financial asset. In these plans, for example, we assume:

- that the level of most recent selling prices and rents of real estate in the surrounding areas will remain unchanged for a reasonable period in the future;

- that the estimate of the sales prices of the products from facilities and equipment for the certain future period is based on the average price of the equivalent length of period in the past or on the analysts' reports;

- that for the development equipment and mining rights involved in resource businesses such as coal and oil, the most updated reserve will be produced in accordance with a production plan by using the non-financial assets, and that such materials to be produced will be sold on the assumption of prices based on futures prices as of the time of the review for impairment, prices estimated by third parties, or sales prices under long-term sales contracts; and

- that the estimate of the revenues from an operation derived from customer relationship for the certain future period is based on the degree of contribution to revenues in the past, on the past ratio of cancellation of contracts, and on analysts' market forecasts.

A profit margin which is deemed to be the market average and the risks inherent in the cash-generating unit is used as discount rate to calculate value in use.

Factors to be considered when estimating future cash flows and determining discount rates vary for each non-financial asset because of the difference in nature of the assets and in operating circumstances, such as location, owner, operator, profitability and other factors.

An assessment is made at each reporting date as to whether there is any indication of impairment that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed as income in consolidated statements of income only if there has been a change in the assumptions used to determine the recoverable amount of the asset since the last impairment loss was recognized.

Impairment of Goodwill

Impairment losses on goodwill for the year ended March 31, 2015 and 2014 were ¥5.8 billion and ¥4.3 billion, respectively. The carrying amounts as of March 31, 2015 and 2014 were ¥73.5 billion and ¥71.6 billion, respectively.

Goodwill is allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies arising from the combination, and it is tested for impairment annually regardless of any indication of impairment, and when there is an indication that the cash-generating unit may be impaired.

Impairment testing is performed by comparing the carrying amount of the cash-generating unit or groups of cash-generating units, including the goodwill, with the recoverable amount. If the carrying amount exceeds the recoverable amount, the excess amount is recognized as the impairment loss. The recoverable amount is estimated by the same method as impairment testing of non-financial assets.

Non-marketable equity financial assets measured at fair value

Non-marketable equity securities measured at fair value are generally elected to be designated as FVTOCI. The carrying amount of non-marketable securities which are the fair value as of the year ended March 31, 2015 and 2014 were ¥850.9 billion and ¥990.6 billion, respectively.
The company performs internal valuation analyses using the discounted cash flow method or by utilizing external valuation performed by independent external experts when management believes the amounts are material.
Similar to impairment of non-financial assets and investments in equity accounted investee, cash flow projections used in the fair value calculations are based on business plans authorized by investee's management. Estimates and assumptions for fair value calculations could significantly impact other comprehensive income.

Tax Asset Valuation

Decrease in deferred tax assets due to the changes in assessment for recoverability has had a significant impact on our profit for the year. The deferred tax assets as of March 31, 2015 and 2014 are ¥250.0 billion and ¥214.5 billion, respectively.

We determine the recoverability of deferred tax assets based on all available evidence, both positive and negative, including all currently available information regarding tax deductibility on future years and ability to generate sufficient taxable income at Mitsui and subsidiaries prior to the expiration of the loss carryforward pursuant to the relevant tax laws and regulations. Deferred tax assets are recognized except for cases where such deferred tax assets are not recoverable. However, the amount of recoverable deferred tax assets may change in the near term if estimates of future taxable income during the carryforward period are changed or if statutory tax rates are changed. Some of the examples we factored in to assess the recoverability of deferred tax assets were as follows;

- On the occurrence of future deductible temporary difference, we establish a deferred tax asset; and, at the same time we evaluate when those deferred tax assets will be realized in future. Particularly, when we establish a deferred tax asset in relation to a write-down loss of securities or impairment loss on long-lived assets which are not subject to depreciation for tax purposes and we have no specific schedule of sale or disposal of those assets, we decrease the deferred tax asset because we view the deferred tax amount as not recoverable.

- We evaluate recoverability of deferred tax assets on the future deductible temporary difference and tax loss carryforwards at subsidiaries and associated companies. If those subsidiaries and associated companies recorded a significant amount of tax loss carryforwards in recent years and are expected to record a significant tax loss in the current fiscal year as well, we judge the recoverability of deferred tax assets considering the probability of the generation of future taxable income due to the nature of the taxable entities' operation and the expiration dates of operating loss in the countries in which they operate, etc.

- Mitsui and its wholly owned domestic subsidiaries started to file a consolidated corporate income tax return to the National Tax Agency as a consolidated group in the year ended March 31, 2010. We separately evaluate recoverability of national income tax portion of deferred tax assets based on the estimate of our consolidated tax group's future taxable income coupled with feasible tax planning strategies, and determined to decrease deferred tax assets which we judged could not utilized. Since the consolidated tax return system is not applicable to local income taxes, we evaluate their recoverability of deferred tax assets based on future taxable income of each company, and determined to decrease deferred tax assets which we judged could not utilized.

- In March 2012, the Expansion of the Petroleum Resource Rent Tax (hereinafter, PRRT) was enacted in Australia. Under the PRRT, companies are allowed electing to use market value as a starting base for existing transitional projects at May 1, 2010. A company electing to use market value approach can obtain deduction for the amortization of the market value of the project. As our subsidiaries and equity accounted investees apply the market value approach, these companies recorded deferred tax assets for the operating assets subject to PRRT based on the difference between book values for accounting purpose and those for tax purpose (the market value as of May 1, 2010) except for the portion that is deemed not to be recoverable in consideration of assumptions regarding commodity prices and the augmentation which will be incurred on tax loss carryforwards in the PRRT.

Reserve estimates for oil and gas producing and mining activities

Reserves are estimates of the amount of product that can be economically and legally extracted from interests in our properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect our financial results and financial position in a number of ways, including the following:

- Asset carrying values may be impaired due to changes in estimated future cash flows.

- Depreciation and amortization charged in the income statement may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.

- Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.

Defined benefit costs and obligations

Employee defined benefit costs and obligations are dependent on various assumptions, including discount, retirement, and mortality rates, which are based on current statistical data, and other factors. In accordance with IFRS, the difference between actual results and the assumptions is recognized immediately in other components of equity in equity and are transferred to retained earnings on recognition, and, therefore, generally affects comprehensive income and retained earnings. Management believes that the assumptions used are appropriate; however, differences in actual experience or changes in assumptions may affect our future defined benefit costs and obligations.

We determine the discount rates each year as of the measurement date, based on a review of interest rates associated with high-quality fixed-income corporate bonds or long-term Japanese government bonds. The discount rates determined on each measurement date are used to calculate the defined benefit obligations as of that date, and are also used to calculate the net periodic pension costs for the upcoming plan year.

See Note 19, “EMPLOYEE BENEFITS,” for further discussion about the estimates and assumptions on the defined benefit costs and obligations.

## 3. Equipment and Facilities

1. Overview of Capital Expenditures

For a breakdown of the amounts of capital expenditures for property and equipment in the year ended March 31, 2015 see “7. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (4) Liquidity and Capital Resources, 5) Assets, Liabilities and Shareholders’ Equity and 6) Cash Flows.” Also see Note 7, “SEGMENT INFORMATION.” Among our major property and equipment expenditures, we are making focused efforts towards new development and investment for expansion in property and equipment for production in mineral resources and energy resources. The table below shows major mineral resources and energy production operations that were completed by the year ended March 31, 2015, as well as those which are being newly constructed or expanded at present.

<table>
<tr><td>Operating segment</td><td colspan="2">Mineral & Metal Resources</td></tr>
<tr><td>Commodity</td><td colspan="2">Iron ore</td></tr>
<tr><td>Company name</td><td colspan="2">Mitsui Iron Ore Development Pty. Ltd.</td></tr>
<tr><td>Project (or name of joint venture)</td><td colspan="2">Robe River Joint Venture</td></tr>
<tr><td>Country/Region</td><td colspan="2">Australia/Western Australia</td></tr>
<tr><td>Participating operators</td><td colspan="2">Rio Tinto, etc.</td></tr>
<tr><td>Ratio of Mitsui’s capital investment contribution</td><td colspan="2">33%</td></tr>
<tr><td>Details of capital expenditure in property and equipment, period of becoming operational (completion date), production capacity, etc.</td><td>Investment decided in September 2012.<br>Iron ore export capacity at Cape Lambert, a shipping port for iron ore, will be expanded from its nameplate capacity of 139 million tons to 206 million tons per annum by the end of the first half of 2015.</td><td>Investment decided in February 2014 for development of Deposit B in West Angelas mine and expansion of its production capacity. The Deposit B started production from November 2014. Upon completion, total production capacity at West Angelas, from the Deposit B together with existing deposits, will be expanded to 35 million tons per annum from 29 million tons.</td></tr>
<tr><td>Total budget at time of deciding capital expenditure (Amounts in parentheses show amounts provided by Mitsui, not including costs of acquiring interests). (*)</td><td>4.4 billion Australian dollars<br>(1.5 billion Australian dollars)</td><td>0.64 billion Australian dollars<br>(0.21 billion Australian dollars)</td></tr>
</table>

| | |
|---|---|
| Operating segment | Mineral & Metal Resources |
| Commodity | Iron ore |
| Company name | Mitsui Iron Ore Development Pty. Ltd. and Mitsui-Itochu Iron Pty. Ltd. |
| Project (or name of joint venture) | Joint venture of each of Mt. Newman, Yandi, Goldsworthy<br>Ownership of interests in BHP Iron Ore (Jimblebar) Pty. Ltd. |
| Country/Region | Australia/Western Australia |
| Participating operators | BHP Billiton, etc. |
| Ratio of Mitsui’s capital investment contribution | 7% |
| Details of capital expenditure in property and equipment, period of becoming operational (completion date), production capacity, etc. | Annual loading capacity will be expanded to 220 million tons per annum due to an increase of port loading facilities and an installation of port blending facilities in addition to development work at the Jimblebar mine. |
| Total budget at time of deciding capital expenditure (Amounts in parentheses show amounts provided by Mitsui, not including costs of acquiring interests). (*) | 9.97 billion U.S. dollars<br>(0.46 billion U.S. dollars) |

| Operating segment | Energy | |
|---|---|---|
| Commodity | Shale gas | Shale oil/gas |
| Company name | Mitsui E&P USA LLC | MEP Texas Holdings LLC |
| Project (or name of joint venture) | Marcellus Shale | Eagle Ford Shale |
| Country/Region | United States/Pennsylvania | United States/Texas |
| Participating operators | Anadarko Petroleum Corporation<br>Chesapeake Energy, etc. | Anadarko Petroleum Corporation,<br>SM Energy Company, etc. |
| Net acreage | 100,000 acres<br>(Mitsui: 60% / Mitsui Oil Exploration Co., Ltd.: 40%) | 47,000 acres<br>(Mitsui: 60% / Mitsui Oil Exploration Co., Ltd.: 40%) |
| Details of capital expenditure in property and equipment, period of becoming operational (completion date), production capacity, etc. | Participated in the development and production of Anadarko Petroleum's Marcellus Shale gas project in 2010. The partners of this project will be drilling a few thousand wells during a span of more than ten years and capital expenditure will be made regularly. Peak production volume (Mitsui E&P USA's share) will be between 360 MMcfd and 460 MMcfd (equivalent to crude oil approximately 60-77 thousand barrels per day). | Participated in the development and production of SM Energy Company's Eagle Ford Shale oil/gas project in 2011. Additional Investment decided in November 2012 to increase the total production by increasing the number of wells and expansion of the gathering and processing facilities. Additional accelerated expansion investment decided in September 2013 to increase the total production. The partners of this project will be drilling a few thousand wells during a span of ten years and capital expenditure will be made regularly. Peak production volume (MEP Texas Holdings' share) will be approximately 26-32 thousand barrels per day. |
| Total budget at time of deciding capital expenditure (Amounts in parentheses show amounts provided by Mitsui, not including costs of acquiring interests). (*) | (Between 3.0 and 4.0 billion U.S. dollars) | (2.2 billion U.S. dollars including the additional investment) |

(*) This is the amount estimated at the time of decision of the capital expenditure, and the actual amount of expenditure may exceed the above amounts in the process of development construction.

2. Major Equipment and Facilities

(1) Mitsui & Co., Ltd.

| Operating Segment | Office Name | Type of Equipment and Facilities | Location | Number of Employees (Persons) | Land, Land Improvements and Timberlands | | Buildings | Equipment and Fixtures | Other (Millions of Yen) | Use of Property |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Acreage ($m^2$) | Carrying Amount (Millions of Yen) | Carrying Amount (Millions of Yen) | Carrying Amount (Millions of Yen) | | |
| Other | Head Office | Office building | Chiyoda-ku, Tokyo | 3,671 | — | — | 3,601 | — | 295 | Rent:¥6,799 mil/year |
| | | Multi-purpose office complex | Chiyoda-ku, Tokyo | — | 14,095 | 53,582 | — | — | — | (Note) |
| | Kansai Office | Office building | Kita-ku, Osaka-shi | 123 | 3,038 | 2,161 | 6,861 | — | 15 | Partially leased |
| | Chubu Office | Office building | Nakamura-ku, Nagoya-shi | 55 | 1,525 | 548 | 1,070 | — | 1 | Partially leased |
| | | Human Resource Development Center | Atami-shi, Shizuoka | — | 15,655 | 2,045 | 1,124 | — | 14 | |
| | | Global Human Resource Development Center | Tsuzuki-ku, Yokohama-shi, Kanagawa | — | 15,000 | 2,417 | 1,012 | — | 102 | |

(Note) For the head office building and Ohtemachi PAL Building, which were presented as major facilities as of March 31, 2014, the carrying amounts of the buildings are written off in relation to the integrated development scheme in the Ohtemachi 1-Chome 2-Banchi district, and the type of facilities as of March 31, 2015 is changed to a multi-purpose office complex.

(2) Domestic Subsidiaries

| Operating Segment | Company Name | Office Name and Type of Equipment and Facilities | Location | Number of Employees (Persons) | Land, Land Improvements and Timberlands | | Buildings | Equipment and Fixtures | Other (Millions of Yen) | Use of Property |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Acreage ($m^2$) | Carrying Amount (Millions of Yen) | Carrying Amount (Millions of Yen) | Carrying Amount (Millions of Yen) | | |
| Iron & Steel Products | Mitsui & Co. Steel Ltd. | Kita Kanto Branch, MITSUI BUSSAN KOZAI HANBAI CO., LTD. and others | Ota-shi, Gunma and others | 674 | 48,776 | 1,520 | 629 | 220 | 19 | |
| Chemicals | DAIICHI TANKER CO., LTD. | Ships | Chuo-ku, Tokyo | 72 | — | — | 8 | 14 | 9,847 | |
| Energy | Mitsui Oil Exploration Co., Ltd. | Crude oil / gas manufacturing facility and others | Thailand, Gulf of Thailand and others | 170 | — | — | 4,771 | 162,580 | 59,833 | Including mineral rights |
| Lifestyle | MITSUI FOODS CO., LTD. | Tokyo Branch / Shinkiba Logistic Center | Koto-ku, Tokyo | 1,314 | 17,103 | 12,075 | 7,679 | 1,395 | 3,651 | Including investment property |
| | PRIFOODS CO., LTD. | Hosoya Factory and others | Misawa-shi, Aomori and others | 1,834 | 28,383 | 3,197 | 6,148 | 3,930 | 1,076 | |
| | Mitsui Norin Co., Ltd. | Fujieda Plant and others | Fujieda-shi, Shizuoka and others | 543 | 25,773 | 1,975 | 5,084 | 1,798 | 9 | |
| | Bussan Logistics Solutions Co., Ltd. | CB Nagoya Center / Fukushima Sales Office and others | Nagoya-shi, Aichi and others | 579 | 9,496 | 564 | 7,585 | 2,003 | 90 | |
| | BUSSAN REAL ESTATE CO., LTD. | Hibiya Central Building and others | Minato-ku, Tokyo | 132 | — | — | 15 | 40 | 46,323 | Including investment property |
| Innovation & Corporate Development | Trinet Logistics Co., Ltd. | Higashihama Logistic Center and others | Ichikawa-shi, Chiba | 400 | 60,364 | 16,246 | 12,678 | 860 | 4,699 | |

(Note) For those companies who own more than one type of equipment or facility, only the information of the most notable one is presented.
For the number of employees and the carrying amount, the total number and amount in each company are presented.
For movables such as ships and aircraft, the location of each company’s head office is presented.
The carrying amounts of mineral rights as of March 31, 2015 are presented in other.

(3) Overseas Subsidiaries

| Operating Segment | Company Name | Office Name and Type of Equipment and Facilities | Location | Number of Employees (Persons) | Land, Land Improvements and Timberlands | | Buildings | Equipment and Fixtures | Other (Millions of Yen) | Use of Property |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Acreage ($m^2$) | Carrying Amount (Millions of Yen) | Carrying Amount (Millions of Yen) | Carrying Amount (Millions of Yen) | | |
| Mineral & Metal Resources | Mitsui Iron Ore Development Pty. Ltd. | Mining equipment for iron ore | Pilbara, Western Australia, Australia | 14 | — | — | 125,519 | 89,626 | 39,738 | Including mineral rights |
| | Mitsui-Itochu Iron Pty. Ltd. | Mining equipment for iron ore | Pilbara, Western Australia, Australia | 2 | — | — | 25,938 | 96,490 | 22,312 | |
| | Mitsui Coal Holdings Pty. Ltd. | Mining equipment for coal | Emerald, Queensland, Australia and others | 14 | — | — | 8,106 | 92,982 | 13,484 | |
| Machinery & Infrastructure | Mitsui Rail Capital Europe B.V. | Rolling stock | Amsterdam, Netherlands | 89 | — | — | — | 73,246 | 3,140 | Including property leased to others |
| | ME Serviços de Energia do Brasil Participações Ltda. | Equipment for energy services | Sao Paulo, Brazil | 199 | — | — | — | 10,635 | 639 | |
| | Portek International Pte. Limited. | Port terminal facility and others | Singapore and others | 1,266 | — | 11 | 3,148 | 4,586 | 39 | |
| | Komatsu-Mitsui Maquinarias Peru S.A. | Construction equipment | Lima, Peru | 1,831 | 38,000 | 2,651 | 2,559 | 9,629 | 445 | Including property leased to others |
| | M&T Aviation Finance (Ireland) Limited | Aircraft | Dublin, Ireland | — | — | — | — | — | 15,189 | Including property leased to others |
| | OMC SHIPPING PTE. LTD. | Ships | Singapore | 11 | — | — | 15 | 19 | 49,777 | Including property leased to others |
| | Road Machinery, LLC | Construction equipment | Phoenix, Arizona, U.S.A. | 878 | 17,500 | 322 | 967 | 6,333 | 1,316 | Including property leased to others |
| | Mitsui Automotriz S.A. | Automobiles | Lima, Peru | 672 | 28,090 | 896 | 1,573 | 2,491 | 790 | Including property leased to others |
| | CM Pacific Maritime Corporation | Ships | Liberia | — | — | — | — | — | 8,523 | Including property leased to others |
| Chemicals | Shark Bay Salt Pty. Ltd. | Salt manufacturing facility | Shark Bay, Western Australia, Australia and others | 169 | — | 537 | 19,286 | 9,669 | 2,199 | |
| | Mitsui & Co. Texas Chlor-Alkali, Inc. | Electrolysis apparatus | Houston, Texas, U.S.A. | — | — | — | 1,010 | 47,926 | 21 | |
| | MMTX Inc. | Methanol production facility | Houston, Texas, U.S.A. | — | — | — | — | — | 36,944 | |
| Energy | Mitsui E&P Australia Pty Limited | Crude oil / gas manufacturing facility and others | Indian Ocean, Australia and others | 17 | — | — | — | 24,572 | 34,084 | Including mineral rights |
| | Mitsui E&P Middle East B.V. | Crude oil / gas manufacturing facility and others | Oman and others | 23 | — | — | 60 | 61,378 | 4,270 | Including mineral rights |
| | Mitsui E&P USA LLC | Gas manufacturing plant and others | Pennsylvania, U.S.A. | 30 | — | — | — | 159,453 | 18,645 | Including mineral rights |

| Operating Segment | Company Name | Office Name and Type of Equipment and Facilities | Location | Number of Employees (Persons) | Land, Land Improvements and Timberlands | | Buildings | Equipment and Fixtures | Other (Millions of Yen) | Use of Property |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Acreage ($m^2$) | Carrying Amount (Millions of Yen) | Carrying Amount (Millions of Yen) | Carrying Amount (Millions of Yen) | | |
| Energy | MEP Texas Holdings LLC | Crude oil / gas manufacturing facility and others | Texas, U.S.A. | — | — | — | — | 78,097 | 2,911 | Including mineral rights |
| | Mitsui E&P Mozambique Area 1 Limited | Crude oil / gas exploration facility and others | Northern offshore, Mozambique | 3 | — | — | — | 21 | 33,640 | |
| | Mitsui E&P UK Limited | Crude oil / gas manufacturing facility and others | British North Sea | 15 | — | — | — | 6,813 | 161,384 | Including mineral rights |
| Lifestyle | Multigrain Trading AG | Grain silo and others | Bahia, Brazil and others | 407 | 290,000 | 846 | 3,315 | 1,621 | 313 | |
| | Xingu Agri AG | Tabuleiro farm | Bahia, Brazil | 492 | 970,740 (thousand $m^2$) | 49,901 | 2,666 | 4,683 | 21,466 | Including investment property |
| Americas | Inter-continental Terminals Company LLC | Chemical tank terminal | Houston, Texas, U.S.A. | 285 | 1,067,953 | 3,567 | 56,024 | 143 | 11,843 | Including property leased to others |
| | MBK Real Estate LLC | Senior living properties | Tucson, Arizona, U.S.A. and others | 1,270 | — | 2,195 | 19,142 | 512 | 10,524 | Including investment property |
| | Novus International, Inc. | Feed additive manufacturing plant | Alvin, Texas, U.S.A. and others | 752 | — | 776 | 3,170 | 8,388 | 327 | |
| | United Grain Corporation of Oregon | Grain exporting facility | Vancouver, Washington, U.S.A. | 73 | 5,398,698 | 333 | 13,580 | 5,231 | 608 | |
| Asia Pacific | MIT Power Australia Pty Ltd | Wind power generation facility | Melbourne, Australia | — | — | — | — | 4 | 20,584 | |

(Note) For those companies who own more than one type of equipment or facility, only the information of the most notable one is presented.
For the number of employees and the carrying amount, the total number and amount in each company are presented.
For movables such as ships and aircraft, the location of each company's head office is presented.
The carrying amounts of mineral rights as of March 31, 2015 are presented in other.

3. Plans for New Additions or Disposals

As indicated in "1. Overview of Capital Expenditures," plans for new construction and expansion of material equipment and facilities are focused on new development and investment for expansion in property and equipment for production in mineral resources and energy resources.

## 4. Corporate Information

### 1. Status on the Mitsui's Shares

#### (1) Total Number of Shares and Other Related Information

1) Total Number of Shares

| Class | Total number of shares authorized to be issued |
|---|---|
| Common stock | 2,500,000,000 |
| Total | 2,500,000,000 |

2) Number of Shares Issued

| Class | Number of shares outstanding (as of March 31, 2015) | Number of shares outstanding as of issuance date of this report (June 19, 2015) | Names of stock exchanges on which Mitsui is listed or names of authorized financial instruments firms association | Description |
|---|---|---|---|---|
| Common stock | 1,796,514,127 | 1,796,514,127 | Securities Exchanges in Tokyo, Nagoya, (both listed on the first section), Sapporo, Fukuoka | The number of shares constituting a unit is 100. |
| Total | 1,796,514,127 | 1,796,514,127 | — | — |

(2) Status of the Share Subscription Rights

Share Subscription Rights issued based on the Companies Act of Japan are as follows:

1) Stock Option based on the resolution of the Board of Directors on July 4, 2014 (Stock option scheme as stock-based compensation with stock price conditions)

| | As of March 31, 2015 | As of May 31, 2015 |
|---|---|---|
| Number of subscription rights to shares | 2,574 | 2,574 |
| Number of own subscription rights to shares | — | — |
| Class of shares to be issued upon exercise of subscription rights to shares | Common stock<br>The number of shares constituting a unit is 100. | Same as on the left |
| Number of shares to be issued upon exercise of subscription rights to shares | 257,400 (Note 1) | 257,400 (Note 1) |
| Amount to be paid in upon exercise of subscription rights to shares (Exercise price) | ¥1 | Same as on the left |
| Exercise period of subscription rights to shares | From July 28, 2017 to July 27, 2044 | Same as on the left |
| Price of issuing shares and amount of capitalization upon exercise of subscription rights to shares | Price of issuing shares: ¥1<br>Amount of capitalization shall be one half of the upper limit of an increase in capital stock, etc., to be increased calculated in accordance with the Corporate Accounting Regulations of Japan, and a fraction of less than ¥1 arising as a result of the calculation shall be rounded up to the nearest ¥1. | Same as on the left |
| Conditions for exercise of subscription rights to shares | (Notes 2, 3) | Same as on the left |
| Matters regarding acquisition of subscription rights to shares through transfer | Acquisition of subscription rights to shares through transfer shall be subject to approval by resolution of the Board of Directors | Same as on the left |
| Matters regarding substitute payment | — | — |
| Matters regarding the grant of subscription rights to shares upon organizational restructuring | (Note 4) | Same as on the left |

(Notes)

1. The class of shares to be issued upon exercise of subscription rights to shares shall be common shares of Mitsui, and the number of shares to be issued upon exercise of one subscription right to shares (hereinafter referred to as the "number of shares granted") will be 100 shares.
After the day of allotment, however, if Mitsui undertakes a share split (including gratis allotment of common shares of Mitsui. The same shall apply to the description of the share split hereinafter.), or a share consolidation with respect to common shares of Mitsui, an adjustment to the number of shares granted will be made according to the following formula, and any fractional portion of less than one share resulting from the foregoing adjustment shall be disregarded:

Number of shares granted after adjustment = Number of shares granted before adjustment × Ratio of share split or share consolidation

2. Exercise of right by an heir
In the case that inheritance from a holder of subscription rights to shares commenced for reasons such as the death of the holder, only one of the heirs-at-law of the holder of subscription rights to shares (hereinafter referred to as the "heir-at-law") may exercise the offered subscription rights to shares. It is not permitted to inherit subscription rights to shares again in the case that the heir-at-law dies.

3. Conditions for exercise of subscription rights to shares
(1) A holder of subscription rights to shares may no longer exercise the subscription rights to

shares after a period of 10 years has elapsed from the day following the day on which the holder of subscription rights to shares loses his/her position as Director, and/or Executive Officer, and/or Corporate Auditor of Mitsui.

(2) A holder of subscription rights to shares may exercise all of the subscription rights to shares only when, as the stock price conditions, Mitsui's stock price growth rate for the period of three years from the allotment date is equal to or exceeds the TOPIX (Tokyo Stock Price Index) growth rate. When Mitsui's stock price growth rate does not exceed the TOPIX growth rate, reflecting that degree, the holder of subscription rights to shares may exercise only part of such subscription rights to shares allotted (please refer to the below for details).

(3) Notwithstanding the exercise period of subscription rights to shares prescribed above, if a proposal for approval of a merger agreement under which Mitsui is to be dissolved, or a proposal for approval of a share exchange agreement or a share transfer plan, under which Mitsui will become a wholly-owned subsidiary is approved at an ordinary general meeting of shareholders of Mitsui, holders of subscription rights to shares may exercise offered subscription rights to shares within 15 days from the following day of the day on which such proposal for approval is approved, except where subscription rights to shares of a restructured company are to be issued to the holders of subscription rights to shares in accordance with Note 4 below.

(4) In the event that Mitsui recognizes any violation of laws and regulations, misconduct of the duties, act conflicting with the duty of due care or duty of loyalty, or any other act equivalent thereto of a holder of subscription rights to shares during the period in which he/she serves as Mitsui's Director, and/or Executive Officer, and/or Corporate Auditor, Mitsui may limit, subject to a resolution by the Board of Directors of Mitsui, the number of subscription rights to shares that may be exercised by such holder of subscription rights to shares. In this event, such holder of subscription rights to shares may not exercise the subscription rights to shares more than the said limit.

4. If Mitsui is to engage in a merger (limited to cases where Mitsui is to be dissolved as a result of the merger), an absorption-type company split or an incorporation-type company split (both limited to cases where Mitsui is to be a split company), or a share exchange or a share transfer (both limited to cases where Mitsui is to be a wholly-owned subsidiary) (all of which are collectively referred to as a "restructuring transaction"), subscription rights to shares in the entity specified under Article 236, Paragraph 1, Item 8 (a) through (e) of the Companies Act of Japan (such entity hereinafter referred to as the "restructured company") shall be issued, in accordance with the following conditions, to holders of subscription rights to shares who hold subscription rights to shares remaining in effect immediately prior to the effective date of the restructuring transaction (hereinafter respectively referring to the effective date of an absorption-type merger in case of an absorption-type merger, the date of formation of a new company incorporated by the merger in case of a consolidation-type merger, the effective date of an absorption-type company split in case of an absorption-type company split, the date of formation of a new company in case of an incorporation-type company split, the effective date of a share exchange in the case of a share exchange, and the date of formation of a wholly-owning parent company in case of a share transfer) (such rights hereinafter referred to as "remaining subscription rights to shares"). In this event, the remaining subscription rights to shares shall become extinct, and the restructured company shall newly issue subscription rights to shares. However, such rights may be granted only if provisions for issuing the subscription rights to shares of the restructured company in accordance with the following conditions are included in an absorption-merger agreement, a consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement, or a share transfer plan.

(1) The number of subscription rights to shares of the restructured company to be issued
The same number of subscription rights to shares as the number of remaining subscription rights to shares owned by respective holders of subscription rights to shares shall be issued.

(2) The class of shares of the restructured company to be issued upon exercise of the subscription rights to shares
The class of shares of the restructured company to be issued upon exercise of the subscription rights to shares shall be common shares of the restructured company.

(3) The number of shares of the restructured company to be issued upon exercise of subscription rights to shares
The number of shares of the restructured company to be issued upon exercise of subscription rights to shares shall be determined in accordance with the provisions in Note

1 above, taking into consideration the conditions and other factors concerning the restructuring transactions.

(4) The amount of assets to be contributed upon exercise of subscription rights to shares
The amount of assets to be contributed upon exercise of each subscription right to shares to be issued shall be the amount obtained by multiplying the amount to be paid in after restructuring as prescribed below by the number of shares of the restructured company to be issued upon exercise of each subscription right to shares that will be determined in accordance with (3) above. The amount to be paid in after restructuring shall be ¥1 per share of the restructured company to be issued upon exercise of each subscription right to shares to be issued.

(5) Exercise period of subscription rights to shares
The exercise period of subscription rights to shares shall begin on the date of commencement of the exercise period or the effective date of the restructuring transaction, whichever is later, and end on the closing date of the exercise of such subscription rights to shares.

(6) Matters concerning capital stock and capital reserve to be increased in the event of issuance of shares upon exercise of subscription rights to shares
It shall be determined in accordance with the memorandum for offering.

(7) Restriction on acquisition of subscription rights to shares through transfer
Acquisition of subscription rights to shares through transfer requires the approval of the restructured company.

(8) Terms and conditions of acquisition of subscription rights to shares
It shall be determined in accordance with the memorandum for offering.

(9) Other conditions for exercise of subscription rights to shares
It shall be determined in accordance with the memorandum for offering.

**Details of stock price conditions**

1. When Mitsui’s stock price growth rate*1 is equal to or exceeds the TOPIX (Tokyo Stock Price Index) growth rate*2:
All of the subscription rights to shares granted may be exercised.

2. When Mitsui’s stock price growth rate does not exceed the TOPIX growth rate:
Only part of the subscription rights to shares granted*3 may be exercised.

*1 Mitsui’s stock price growth rate shall be calculated by the formula below based on Mitsui’s stock price growth rate for the period of three years from the allotment date to the first date of the exercise period.
A: The average closing price for Mitsui’s common stock on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the first date of the exercise period of the subscription rights to shares falls
B: The total amount of dividends per common share of Mitsui for the period from the allotment date to the first date of the exercise period of the subscription rights to shares
C: The average closing price for Mitsui’s common stock on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the allotment date falls
**Mitsui’s stock price growth rate = (A + B) / C**

*2 The TOPIX growth rate shall be calculated by the formula below based on the TOPIX growth rate for the period of three years from the allotment date to the first date of the exercise period.
D: The average closing price for TOPIX on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the first date of the exercise period of the subscription rights to shares falls
E: The average closing price for TOPIX on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the allotment date falls
**TOPIX growth rate = D / E**

*3 **Number of exercisable subscription rights to shares = Number of subscription rights to shares granted × (Mitsui’s stock price growth rate / TOPIX growth rate)**

2) Stock Option based on the resolution of the Board of Directors on May 8, 2015 (Stock option scheme as stock-based compensation with stock price conditions)

| | As of March 31, 2015 | As of May 31, 2015 |
|---|---|---|
| Number of subscription rights to share | — | 68 |
| Number of own subscription right to shares | — | — |
| Class of shares to be issued upon exercise of subscription rights to shares | — | Common stock<br>The number of shares constituting a unit is 100. |
| Number of shares to be issued upon exercise of subscription rights to shares | — | 6,800 (Note 1) |
| Amount to be paid in upon exercise of subscription rights to shares (Exercise price) | — | ¥1 |
| Exercise period of subscription rights to shares | — | From May 28, 2018 to May 27, 2045 |
| Price of issuing shares and amount of capitalization upon exercise of subscription rights to shares | — | Price of issuing shares : ¥1<br>Amount of capitalization shall be one half of the upper limit of an increase in capital stock, etc., to be increased calculated in accordance with the Corporate Accounting Regulations of Japan, and a fraction of less than ¥1 arising as a result of the calculation shall be rounded up to the nearest ¥1. |
| Conditions for the exercise of subscription rights to shares | — | (Notes 2, 3) |
| Matters regarding acquisition of subscription rights to shares through transfer | — | Acquisition of subscription rights to shares through transfer shall be subject to approval by resolution of the Board of Directors |
| Matters regarding substitute payment | — | — |
| Matters regarding the grant of subscription rights to shares upon organizational restructuring | — | (Note 4) |

(Notes) Notes 1. to 4. are the same as Notes 1. to 4 in 1) Stock Option based on the resolution of the Board of Directors on July 4, 2014 (stock option scheme with stock price conditions).

(3) Exercise Status of Bonds with Share Subscription Rights Containing a Clause for Exercise Price Adjustment

Not applicable.

(4) Right Plans

Not applicable.

(5) Trends in the Number of Shares Issued, Amount of Common Stock, and Others

| Period | Changes in the number of shares issued (Thousands) | Balance of the number of shares issued (Thousands) | Changes in common stock (Millions of Yen) | Balance of common stock (Millions of Yen) | Changes in additional paid-in capital (Millions of Yen) | Balance of additional paid-in capital (Millions of Yen) |
|---|---|---|---|---|---|---|
| From April 1, 2010 to March 31, 2011 | — | 1,829,153 | — | 341,481 | — | 367,758 |
| From April 1, 2011 to March 31, 2012 | — | 1,829,153 | — | 341,481 | — | 367,758 |
| From April 1, 2012 to March 31, 2013 | — | 1,829,153 | — | 341,481 | — | 367,758 |
| From April 1, 2013 to March 31, 2014 | — | 1,829,153 | — | 341,481 | — | 367,758 |
| From April 1, 2014 to March 31, 2015 (Note) | (32,639) | 1,796,514 | — | 341,481 | — | 367,758 |

(Note) The number of shares issued was decreased by 32,639,400 dated April 18, 2014 due to cancellation of such number of treasury stock based on the resolution of the meeting of the Board of Directors held on March 26, 2014.

(6) Status of Shareholders

As of March 31, 2015

| Classification | Status of shares (1 unit = 100 shares) | | | | | | | | Shares under one unit |
|---|---|---|---|---|---|---|---|---|---|
| | National and local governments | Financial institutions | Securities companies | Other corporations | Foreign shareholders | | Individuals and other | Total | |
| | | | | | Foreign shareholders other than individuals | Individuals | | | |
| Number of shareholders (persons) | — | 291 | 134 | 2,671 | 763 | 271 | 307,202 | 311,332 | — |
| Number of shares held (units) | — | 6,483,021 | 736,535 | 924,422 | 5,487,634 | 5,802 | 4,314,514 | 17,951,928 | 1,321,327 |
| Ratio (%) | — | 36.12 | 4.10 | 5.15 | 30.57 | 0.03 | 24.03 | 100 | — |

(Notes)
1. Of treasury stock of 3,745,706 shares, 37,457 units (3,745,700 shares) are included in “Individuals and other,” and 6 shares are included in “Shares under one unit.”
2. Of 1,715 shares registered in the name of Japan Securities Depositary Center, Inc., 17 units (1,700 shares) are included in “Other corporations,” and 15 shares are included in “Shares under one unit.”

(7) Status of Major Shareholders

As of March 31, 2015

| Name of shareholders | Location | Number of shares held (Thousands) | Percentage of common stock issued (%) |
|---|---|---|---|
| The Master Trust Bank of Japan, Ltd. (trust account) | 11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo | 122,273 | 6.80 |
| Japan Trustee Services Bank, Ltd. (trust account) | 8-11, Harumi 1-chome, Chuo-ku, Tokyo | 86,283 | 4.80 |
| Sumitomo Mitsui Banking Corporation | 1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo | 38,500 | 2.14 |
| Nippon Life Insurance Company | 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo | 35,070 | 1.95 |
| Barclays Securities Japan Limited | 10-1, Roppongi 6-chome, Minato-ku, Tokyo | 25,000 | 1.39 |
| Mitsui Sumitomo Insurance Company, Limited | 3-9 Kandasurugadai, Chiyoda-ku, Tokyo | 24,726 | 1.37 |
| THE BANK OF NEW YORK MELLON SA/NV 10<br>(Standing agent: The Bank of Tokyo-Mitsubishi UFJ, Ltd.) | RUE MONTOYERSTRAAT 46, 1000, BRUSSELS, BELGIUM<br>(7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo) | 24,479 | 1.36 |
| STATE STREET BANK AND TRUST COMPANY 505223<br>(Standing agent: Mizuho Bank, Ltd.) | P.O.BOX 351 BOSTON, MASSACHUSETTS 02101,<br>U. S. A.<br>(16-13, Tsukishima 4-chome, Chuo-ku, Tokyo) | 24,207 | 1.34 |
| STATE STREET BANK WEST CLIENT – TREATY 505234<br>(Standing agent: Mizuho Bank, Ltd.) | 1776, HERITAGE DRIVE, NORTH QUINCY, MA 02171, U. S. A.<br>(16-13, Tsukishima 4-chome, Chuo-ku, Tokyo) | 22,805 | 1.26 |
| The Dai-ichi Life Insurance Company, Limited<br>(Standing agent: Trust & Custody Services Bank, Ltd.) | 13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo<br>(8-12, Harumi 1-chome, Chuo-ku, Tokyo) | 20,444 | 1.13 |
| Total | | 423,790 | 23.58 |

(Notes)
1. The number of shares is rounded down to the nearest thousand.
2. Percentage of common stock issued is rounded down to two decimal places.
3. The status of major shareholders shown above does not include the following reports on possession of large volume and change reports pertaining to reports on possession of large volume that were filed with the Director-General of the Kanto Local Finance Bureau in the past three fiscal years, as it is not possible for us to confirm the actual status of the shareholding ratio as of March 31, 2015, which is the end of our fiscal year. Reports by large volume shareholders include portions held by joint holders.

| Name of shareholders | Ownership as of | Number of shares owned | Holding ratio (%) |
|---|---|---|---|
| Sumitomo Mitsui Trust Bank, Limited | November 29, 2013 | 86,992,500 | 4.76 |
| BlackRock Japan Co., Ltd. | March 31, 2014 | 113,908,731 | 6.23 |

(8) Status of Voting Rights

1) Shares Issued

As of March 31, 2015

| Classification | Number of shares (Shares) | Number of voting rights (Units) | Description |
|---|---|---|---|
| Shares without voting rights | — | — | — |
| Shares with restricted voting rights (Treasury stock, etc.) | — | — | — |
| Shares with restricted voting rights (Others) | — | — | — |
| Shares with full voting rights (Treasury stock, etc.) | (Treasury stock) Common stock 3,745,700 | — | — |
| Shares with full voting rights (Others) | Common stock 1,791,447,100 | 17,914,471 | — |
| Shares under one unit | Common stock 1,321,327 | — | Shares under one unit (100 shares) |
| Total shares issued | 1,796,514,127 | — | — |
| Total voting rights held by all shareholders | — | 17,914,471 | — |

(Notes) 1. In the column “Shares with full voting rights (Others),” “1,791,447,100 shares in common stock” and “17,914,471 units of voting rights” include 17 units (1,700 shares) and 17 units of voting rights within those shares, all of which are registered in the name of Japan Securities Depositary Center, Inc.

2. In the column “Shares under one unit,” “1,321,327 shares in common stock” include 6 shares of treasury stock (under one unit) held by Mitsui and 15 shares (under one unit) that are registered in the name of Japan Securities Depositary Center, Inc.

2) Treasury Stock, etc.

As of March 31, 2015

| Name of shareholders | Addresses of shareholders | Number of shares held under own name | Number of shares held under the name of others | Total | Percentage of interest (%) |
|---|---|---|---|---|---|
| Treasury stock: | | | | | |
| Mitsui & Co., Ltd. | 1-3, Marunouchi, 1-chome, Chiyoda-ku | 3,745,700 | — | 3,745,700 | 0.20 |
| Total | — | 3,745,700 | — | 3,745,700 | 0.20 |

(9) Stock Option Plans

Details of Mitsui's stock option plan are as follows:

1) Stock Option based on the resolution of the Board of Directors on July 4, 2014 (Stock option scheme as stock-based compensation with stock price conditions)

| | |
|---|---|
| Date of resolution | July 4, 2014 |
| Class and number of person for subscription rights to shares | 9 Directors (excluding External Directors)<br>24 Executive Officers who are not serving concurrently as Mitsui's Directors (excluding Executive Officers residing outside Japan) |
| Class of shares to be issued upon exercise of subscription rights to shares | See (2) Status of the Share Subscription Rights |
| Number of shares to be issued upon exercise of subscription rights to shares | same as above |
| Amount to be paid in upon exercise of subscription rights to shares | same as above |
| Exercise period of subscription rights to shares | same as above |
| Conditions for exercise of subscription rights to shares | same as above |
| Matters regarding acquisition of subscription rights to shares through transfer | same as above |
| Matters regarding substitute payment | — |
| Matters regarding the grant of subscription rights to shares upon organizational restructuring | See (2) Status of the Share Subscription Rights |

2) Stock Option based on the resolution of the Board of Directors on May 8, 2015 (Stock option scheme as stock-based compensation with stock price conditions)

| | |
|---|---|
| Date of resolution | May 8, 2015 |
| Class and number of person for subscription rights to shares | 1 Executive Officer who is not serving concurrently as a Mitsui's Director |
| Class of shares to be issued upon exercise of subscription rights to shares | See (2) Status of the Share Subscription Rights |
| Number of shares to be issued upon exercise of subscription rights to shares | same as above |
| Amount to be paid in upon exercise of subscription rights to shares | same as above |
| Exercise period of subscription rights to shares | same as above |
| Conditions for exercise of subscription rights to shares | same as above |
| Matters regarding acquisition of subscription rights to shares through transfer | same as above |
| Matters regarding substitute payment | — |
| Matters regarding the grant of subscription rights to shares upon organizational restructuring | See (2) Status of the Share Subscription Rights |

2. Acquisition of Treasury Stock and Other Related Status

[Class of shares]Acquisition of shares of common stock under Article 155, Item 7, of the Companies Act of Japan

(1) Acquisition of Treasury Stock Based on a Resolution Approved at the Ordinary General Meeting of Shareholders

Not applicable.

(2) Acquisition of Treasury Stock Based on a Resolution Approved by the Board of Directors

Not applicable.

(3) Acquisition of Treasury Stock not Based on a Resolution Approved at the Ordinary General Meeting of Shareholders or a Resolution Approved by the Board of Directors

| Classification | Number of shares (Shares) | Total amount (Yen) |
|---|---|---|
| Treasury stock acquired during the current fiscal year | 15,675 | 25,392,641 |
| Treasury stock acquired during the current period for acquisition (Note) | 1,626 | 2,682,263 |

(Note) "Treasury stock acquired during the current period for acquisition" does not include shares constituting less than one full unit purchased during the period from June 1, 2015, to the issuance date of this report.

(4) Current Status of the Disposition and Holding of Acquired Treasury Stock

| Classification | Current fiscal year | | Current period for acquisition | |
|---|---|---|---|---|
| | Number of shares (Shares) | Total disposition amount (Yen) | Number of shares (Shares) | Total disposition amount (Yen) |
| Acquired treasury stock for which subscribers were solicited | — | — | — | — |
| Acquired treasury stock that was disposed of | 32,639,400 | 49,999,377,886 | — | — |
| Acquired treasury stock for which transfer of shares was conducted in association with merger/stock exchange/corporate separation | — | — | — | — |
| Other (Sold due to demand for sale of shares constituting less than one full unit) (Note 1) | 1,165 | 1,863,233 | 58 | 99,586 |
| Number of shares of treasury stock held (Note 2) | 3,745,706 | — | 3,747,274 | — |

(Notes) 1. Treasury stock disposed of during the current period for acquisition does not include shares constituting less than one full unit sold during the period from June 1, 2015, to the issuance date of this report.

2. Number of shares of treasury stock held during the current period for acquisition does not include shares constituting less than one full unit purchased or sold during the period from June 1, 2015, to the issuance date of this report.

3. Shareholder Return Policy

Our profit distribution policy has been resolved as follows at the Board of Directors through discussion in which External Directors were also involved:

・ In order to increase corporate value and maximize shareholder value, we seek to maintain an optimal balance between (a) meeting investment demand in our core and growth areas through re-investments of our retained earnings, and (b) directly providing returns to shareholders by paying out cash dividends.
・ In addition to the above, in relation to share buyback toward improving capital efficiency, we judge that the decision by the Board of Directors in a prompt and flexible manner as needed concerning its timing and amount by taking into consideration of the business environment such as, future investment activity trends, free cash flow and interest-bearing debt levels, and return on equity, continues to contribute to enhancement of corporate value.

Our basic policy is to pay dividends from retained earnings twice a year as interim dividend and year-end dividend. The Articles of Incorporation stipulate that Mitsui may pay interim dividends, by a resolution of the Board of Directors, where September 30th of each year is set as the record date. Meanwhile, our year-end dividend shall be resolved by General Meeting of Shareholders.

It was resolved that the year-end dividend for the year ended March 31, 2015 was ¥32 per share. The annual dividend for the year ended March 31, 2015 was ¥64, including the interim dividend of ¥32 per share.

For the year ending March 31, 2016, as a second year of the New Medium-term Management Plan, we currently envisage an annual dividend of ¥64 per share, same amount as the year ended March 31, 2015, taking into consideration of EBITDA, core operating cash flow as well as stability and continuity of the amount of dividend, on the assumption that profit for the year attributable to owners of the parent will be ¥240 billion, as mentioned in our forecast profit attributable to owners of the parent for the year ending March 31, 2016. We will review our actual results and other business environment before finally deciding the amount to be paid out.

Dividends for the year ended March 31, 2015 were as follows:
(a) The interim dividend which the Board of Directors resolved on November 6, 2014
Total dividend amount of ¥57,369 million; ¥32 per share
(b) The year-end dividend which Ordinary General Meeting of Shareholders resolved on June 19, 2015
Total dividend amount of ¥57,369 million; ¥32 per share

4. Trends in the Market Price of Mitsui's Shares

(1) Highest and Lowest Prices by Fiscal Year during the Past Five Years

| Fiscal year | 96th | 95th | 94th | 93rd | 92nd |
|---|---|---|---|---|---|
| Year-end | March 2015 | March 2014 | March 2013 | March 2012 | March 2011 |
| Highest (Yen) | 1,820 | 1,636 | 1,463 | 1,487 | 1,665 |
| Lowest (Yen) | 1,402 | 1,193 | 1,041 | 1,005 | 995 |

(Note) The above prices are quoted on the first section of the Tokyo Stock Exchange.

(2) Highest and Lowest Prices by Month during the Past Six Months

| Month | October 2014 | November 2014 | December 2014 | January 2015 | February 2015 | March 2015 |
|---|---|---|---|---|---|---|
| Highest (Yen) | 1,724.0 | 1,739.0 | 1,639.0 | 1,619.5 | 1,665.5 | 1,708.0 |
| Lowest (Yen) | 1,514.5 | 1,610.0 | 1,480.0 | 1,462.0 | 1,502.0 | 1,605.0 |

(Note) The above prices are quoted on the first section of the Tokyo Stock Exchange.

5. Members of the Board of Directors and Corporate Auditors
   16 male Directors and Corporate Auditors and 3 female Directors and a Corporate Auditor (percentage of female: 15.8%)

**Directors**

**Name** ***Masami Iijima (1)***
Date of Birth September 23, 1950
Shareholdings as of March 31, 2015 72,717

Prior Positions
- 1974/4 Joined Mitsui & Co., Ltd.
- 2006/4 Managing Officer, Chief Operating Officer of Iron & Steel Raw Materials and Non-Ferrous Metals Business Unit
- 2007/4 Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit
- 2008/4 Executive Managing Officer
- 2008/6 Representative Director, Executive Managing Officer
- 2008/10 Representative Director, Senior Executive Managing Officer
- 2009/4 Representative Director, President and Chief Executive Officer
- 2015/4 Representative Director, Chairman of the Board of Directors (current position)

**Name** ***Tatsuo Yasunaga (1)***
Date of Birth December 13, 1960
Shareholdings as of March 31, 2015 13,579

Prior Positions
- 1983/4 Joined Mitsui & Co., Ltd.
- 2013/4 Managing Officer, Chief Operating Officer of Integrated Transportation Systems Business Unit
- 2015/4 President and Chief Executive Officer
- 2015/6 Representative Director, President and Chief Executive Officer (current position)

**Name** ***Daisuke Saiga (1)***
Date of Birth March 16, 1955
Shareholdings as of March 31, 2015 27,678

Prior Positions
- 1977/4 Joined Mitsui & Co., Ltd.
- 2008/4 Managing Officer, General Manager of Human Resources & General Affairs Division
- 2010/4 Executive Managing Officer, Chief Compliance Officer
- 2010/6 Representative Director, Executive Managing Officer, Chief Compliance Officer
- 2012/4 Representative Director, Senior Executive Managing Officer
- 2014/4 Representative Director, Executive Vice President (current position)

**Name** ***Masayuki Kinoshita (1)***

Date of Birth April 11, 1954

Shareholdings as of March 31, 2015 31,374

Prior Positions

- 1978/4 Joined Mitsui & Co., Ltd.
- 2008/4 Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit
- 2010/4 Executive Managing Officer, Chief Operating Officer of Mineral & Metal Resources Business Unit
- 2011/4 Executive Managing Officer, Chief Information Officer, Chief Privacy Officer
- 2011/6 Representative Director, Executive Managing Officer, Chief Information Officer, Chief Privacy Officer
- 2012/4 Representative Director, Senior Executive Managing Officer, Chief Information Officer, Chief Privacy Officer
- 2014/4 Representative Director, Executive Vice President, Chief Information Officer, Chief Privacy Officer (current position)

**Name** ***Shintaro Ambe (1)***

Date of Birth August 31, 1952

Shareholdings as of March 31, 2015 24,083

Prior Positions

- 1977/4 Joined Mitsui & Co., Ltd.
- 2009/4 Managing Officer, Chief Operating Officer of Infrastructure Projects Business Unit
- 2011/4 Executive Managing Officer, Chief Operating Officer of Infrastructure Projects Business Unit
- 2012/4 Executive Managing Officer
- 2012/6 Representative Director, Executive Managing Officer
- 2013/4 Representative Director, Senior Executive Managing Officer
- 2014/4 Representative Director, Executive Vice President (current position)

**Name** ***Hiroyuki Kato (1)***

Date of Birth April 28, 1956

Shareholdings as of March 31, 2015 27,049

Prior Positions

- 1979/4 Joined Mitsui & Co., Ltd.
- 2010/4 Managing Officer, Chief Operating Officer of Energy Business Unit 1
- 2012/4 Executive Managing Officer, Chief Operating Officer of Energy Business Unit 1
- 2014/4 Senior Executive Managing Officer
- 2014/6 Representative Director, Senior Executive Managing Officer (current position)

**Name** ***Yoshihiro Hombo (1)***

Date of Birth March 19, 1957

Shareholdings as of March 31, 2015 19,986

Prior Positions

- 1979/4 Joined Mitsui & Co., Ltd.
- 2010/4 Managing Officer, Chief Operating Officer of Basic Chemicals Business Unit
- 2012/4 Executive Managing Officer, General Manager of Investment Administration Division
- 2014/4 Senior Executive Managing Officer
- 2014/6 Representative Director, Senior Executive Managing Officer (current position)

| | | |
|---|---|---|
| **Name** | ***Makoto Suzuki (1)*** | |
| Date of Birth | April 13, 1958 | |
| Shareholdings as of March 31, 2015 | | 37,553 |

Prior Positions
- 1981/4 Joined Mitsui & Co., Ltd.
- 2011/4 Managing Officer, Chief Representative of Mitsui & Co., Ltd. in South West Asia
- 2013/4 Executive Managing Officer, Chief Representative of Mitsui & Co., Ltd. in South West Asia
- 2015/4 Senior Executive Managing Officer, Chief Compliance Officer
- 2015/6 Representative Director, Senior Executive Managing Officer, Chief Compliance Officer (current position)

| | | |
|---|---|---|
| **Name** | ***Keigo Matsubara (1)*** | |
| Date of Birth | December 10, 1955 | |
| Shareholdings as of March 31, 2015 | | 7,558 |

Prior Positions
- 1979/4 Joined Mitsui & Co., Ltd.
- 2012/4 Managing Officer, Deputy Chief Financial Officer, Global Controller
- 2015/4 Executive Managing Officer, Chief Financial Officer
- 2015/6 Representative Director, Executive Managing Officer, Chief Financial Officer (current position)

| | | |
|---|---|---|
| **Name** | ***Ikujiro Nonaka (1)*** | |
| Date of Birth | May 10, 1935 | |
| Shareholdings as of March 31, 2015 | | 18,739 |

Prior Positions
- 1958/4 Joined Fuji Electric Co., Ltd.
- 1977/4 Professor, Management Faculty, Nanzan University
- 1979/1 Professor, National Defense Academy of Japan
- 1982/4 Professor, Institute of Business Research, Hitotsubashi University
- 1995/4 Professor, Graduate School of Knowledge Science, JAIST
- 1997/5 Xerox Distinguished Professor in Knowledge, Walter A. Haas School of Business, University of California, Berkeley (current position)
- 2000/4 Professor, Graduate School of International Corporate Strategy, Hitotsubashi University
- 2006/4 Professor Emeritus, Hitotsubashi University (current position)
- 2007/1 First Distinguished Drucker Scholar in Residence, Drucker School of Claremont Graduate University (current position)
- 2007/6 External Director, Mitsui & Co., Ltd. (current position)
- 2012/4 Specially Appointed Professor, Waseda University (current position)

| | | |
|---|---|---|
| **Name** | ***Hiroshi Hirabayashi (1)*** | |
| Date of Birth | May 5, 1940 | |
| Shareholdings as of March 31, 2015 | | 13,354 |

Prior Positions
- 1963/4 Entered the Ministry of Foreign Affairs
- 1993/8 Director-General, Economic Cooperation Bureau, Ministry of Foreign Affairs
- 1998/1 Ambassador Extraordinary and Plenipotentiary to India and to Bhutan
- 2002/9 Ambassador Extraordinary and Plenipotentiary to France and to Andorra
- 2003/1 Ambassador Extraordinary and Plenipotentiary to Djibouti
- 2006/6 Ambassador in charge of Inspection, Ministry of Foreign Affairs
- 2007/6 External Director, Mitsui & Co., Ltd. (current position)
  President, The Japan-India Association
- 2009/6 Vice President, The Japan Forum on International Relations, Inc.
- 2015/5 Chairman, Japan Forum for Strategic Studies (current position)

| | | |
|---|---|---|
| **Name** | ***Toshiro Muto (1)*** | |
| Date of Birth | July 2, 1943 | |
| Shareholdings as of March 31, 2015 | | 8,256 |

Prior Positions

- 1966/4 Entered the Ministry of Finance
- 1999/7 Director-General of the Budget Bureau, Ministry of Finance
- 2000/6 Administrative Vice Minister, Ministry of Finance
- 2003/1 Special Advisor, Ministry of Finance
- 2003/3 Deputy Governor, Bank of Japan
- 2008/7 Chairman, Daiwa Institute of Research Ltd. (current position)
- 2009/4 Director, Principal, The Kaisei Academy
- 2010/6 External Director, Mitsui & Co., Ltd. (current position)

| | | |
|---|---|---|
| **Name** | ***Izumi Kobayashi (1)*** | |
| Date of Birth | January 18, 1959 | |
| Shareholdings as of March 31, 2015 | | 481 |

Prior Positions

- 1981/4 Joined Mitsubishi Chemical Industries, Ltd. (currently Mitsubishi Chemical Corporation)
- 1985/6 Joined Merrill Lynch Futures Japan Inc.
- 2001/12 President, Merrill Lynch Japan Securities Co., Ltd.
- 2002/7 External Director, Osaka Securities Exchange Co., Ltd.
- 2008/11 Executive Vice President, Multilateral Investment Guarantee Agency, World Bank Group
- 2014/6 External Director, Mitsui & Co., Ltd. (current position)
- 2015/4 Vice Chairperson, Japan Association of Corporate Executives (current position)

| | | |
|---|---|---|
| **Name** | ***Jenifer Rogers (1)*** | |
| Date of Birth | June 22, 1963 | |
| Shareholdings as of March 31, 2015 | | 0 |

Prior Positions

- 1989/9 Joined Haight Gardner Poor & Havens (currently Holland & Knight LLP)
- 1990/12 Registered as Attorney at Law admitted in New York
- 1991/2 Joined Industrial Bank of Japan Limited, New York Branch (currently Mizuho Bank)
- 1994/12 Joined Merrill Lynch Japan Securities Co., Ltd.
- 2000/11 Merrill Lynch Europe Plc
- 2006/7 Bank of America Merrill Lynch (Hong Kong)
- 2012/11 General Counsel, NEW Asurion Asia Pacific Japan LLC (current position)
- 2015/6 External Director, Mitsui & Co., Ltd. (current position)

**Corporate Auditors**

| | | |
|---|---|---|
| **Name** | ***Joji Okada (2)*** | |
| Date of Birth | October 10, 1951 | |
| Shareholdings as of March 31, 2015 | | 40,771 |

Prior Positions

- 1974/4 Joined Mitsui & Co., Ltd.
- 2008/4 Managing Officer, General Manager of Accounting Division
- 2009/4 Managing Officer, Deputy Chief Financial Officer, General Manager of Global Controller Division
- 2010/4 Executive Managing Officer, Deputy Chief Financial Officer, General Manager of Global Controller Division
- 2011/4 Executive Managing Officer, Chief Financial Officer
- 2011/6 Representative Director, Executive Managing Officer, Chief Financial Officer
- 2012/4 Representative Director, Senior Executive Managing Officer, Chief Financial Officer
- 2014/4 Representative Director, Executive Vice President, Chief Financial Officer
- 2015/4 Director
- 2015/6 Full-time Corporate Auditor (current position)

| | | |
|---|---|---|
| **Name** | ***Takashi Yamauchi (2)*** | |
| Date of Birth | May 3, 1951 | |
| Shareholdings as of March 31, 2015 | | 39,033 |

Prior Positions

- 1976/4 Joined Mitsui & Co., Ltd.
- 2008/4 Managing Officer, Chief Operating Officer of Iron & Steel Products Business Unit
- 2010/4 Executive Managing Officer, Chief Operating Officer of Transportation Logistics Business Unit
- 2011/4 Executive Managing Officer, Chief Operating Officer of Asia Pacific Business Unit
- 2013/4 Senior Executive Managing Officer, Chief Operating Officer of Asia Pacific Business Unit
- 2014/4 Executive Vice President, Chief Operating Officer of Asia Pacific Business Unit
- 2015/4 Executive Vice President
- 2015/6 Full-time Corporate Auditor (current position)

| | | |
|---|---|---|
| **Name** | ***Hiroyasu Watanabe (3)*** | |
| Date of Birth | April 11, 1945 | |
| Shareholdings as of March 31, 2015 | | 2,537 |

Prior Positions

- 1969/7 Entered the Ministry of Finance
- 1997/7 Director-General, Tokyo Taxation Bureau, National Tax Agency
- 1998/7 Director-General, Customs and Tariff Bureau, Ministry of Finance
- 2000/6 President, Policy Research Institute, Ministry of Finance
- 2002/7 Commissioner, National Tax Agency
- 2004/4 Professor, Graduate School of Finance, Accounting and Law, Waseda University (current position)
- 2009/6 External Corporate Auditor, Mitsui & Co., Ltd. (current position)

| | |
|---|---|
| **Name** | ***Haruka Matsuyama (4)*** |
| Date of Birth | August 22, 1967 |
| Shareholdings as of March 31, 2015 | 41 |

Prior Positions
- 1995/4 Appointed assistant judge at Tokyo District Court
- 2000/7 Registered as Attorney at Law
- 2000/7 Joined Hibiya Park Law Offices
- 2002/1 Partner of Hibiya Park Law Offices (current position)
- 2014/6 External Corporate Auditor, Mitsui & Co., Ltd. (current position)

| | |
|---|---|
| **Name** | ***Hiroshi Ozu (2)*** |
| Date of Birth | July 21, 1949 |
| Shareholdings as of March 31, 2015 | 0 |

Prior Positions
- 1974/4 Appointment as Public Prosecutor
- 2007/7 Vice Minister of Justice
- 2012/7 Attorney General
- 2014/9 Registered as Attorney at Law
- 2015/6 External Corporate Auditor, Mitsui & Co., Ltd. (current position)

(1) Current term of office will expire at the close of the Ordinary General Meeting of Shareholders in June 2016.
(2) Current term of office will expire at the close of the Ordinary General Meeting of Shareholders in June 2019.
(3) Current term of office will expire at the close of the Ordinary General Meeting of Shareholders in June 2017.
(4) Current term of office will expire at the close of the Ordinary General Meeting of Shareholders in June 2018.
(5) Mr. Ikujiro Nonaka, Mr. Hiroshi Hirabayashi, Mr. Toshiro Muto, Ms. Izumi Kobayashi and Ms. Jenifer Rogers are External Directors.
Mr. Hiroyasu Watanabe, Ms. Haruka Matsuyama and Mr. Hiroshi Ozu are External Corporate Auditors.
Mr. Joji Okada and Mr. Takashi Yamauchi are full-time Corporate Auditors.
(6) Ms. Matsuyama's name as it appears in her family registry is Haruka Kato.

Mitsui introduced the Managing Officer System in April 2002. Managing Officers as of June 19, 2015 are as follows:
(* Serves concurrently as Director)

**Managing Officers**

| Name | Title and Principal Positions |
|---|---|
| Tatsuo Yasunaga* | President and Chief Executive Officer; Chairman, Internal Controls Committee; Head of Crisis Management Headquarters |
| Daisuke Saiga* | Executive Vice President; Iron & Steel Products Business Unit; Consumer Service Business Unit; Chairman, Portfolio Management Committee |
| Masayuki Kinoshita* | Executive Vice President; Chief Information Officer; Chief Privacy Officer; Corporate Staff Unit (Corporate Planning & Strategy Division, Information Technology Promotion Division, Environmental・Social Contribution Division, Corporate Communications Division, Investment Administrative Division, Business Supporting Unit (Each Planning & Administrative Division)); Business Innovation & Incubation; Environmental Matters; Chairman, Information Strategy Committee; Chairman, CSR Promotion Committee; Chairman, Business Innovation Committee |
| Shintaro Ambe* | Executive Vice President; Infrastructure Projects Business Unit; Integrated Transportation Systems Business Unit; IT & Communication Business Unit; Corporate Development Business Unit; Chairman, Power & Energy Strategy Committee |
| Motomu Takahashi | Executive Vice President; Chief Operating Officer of Americas Business Unit |

| Name | Title and Principal Positions |
|---|---|
| Hiroyuki Kato* | Senior Executive Managing Officer; Mineral & Metal Resources Business Unit; Energy Business Unit I; Energy Business Unit II, Domestic Offices and Branches |
| Yoshihiro Hombo* | Senior Executive Managing Officer; Basic Chemicals Business Unit; Performance Chemicals Business Unit; Food Resources Business Unit; Food Products & Services Business Unit |
| Makoto Suzuki* | Senior Executive Managing Officer; Chief Compliance Officer; Corporate Staff Unit (Secretariat, Corporate Auditor Division, Human Resources & General Affairs Division, Legal Division, Trade & Logistics Control Division, Corporate Logistics Development Division); Business Continuity Management; Rebuilding of Head Office; Chairman, Compliance Committee; Chairman, Diversity Promotion Committee; Head of Emergency Response Division |
| Hironobu Ishikawa | Senior Executive Managing Officer; Chief Operating Officer of EMEA (Europe, the Middle East and Africa) Business Unit |
| Atsushi Kume | Senior Executive Managing Officer; General Manager of Osaka Office |
| Satoshi Tanaka | Senior Executive Managing Officer; Chief Operating Officer of Asia Pacific Business Unit |
| Keigo Matsubara* | Executive Managing Officer; Chief Financial Officer; Corporate Staff Unit (CFO Planning & Administrative Division, Global Controller Division, Finance Division, Risk Management Division, Investor Relations Division, Business Supporting Unit (Financial Management & Advisory Division I, II, III, IV)); Chairman, Disclosure Committee; Chairman, J-SOX Committee |
| Takeshi Kanamori | Executive Managing Officer; Chief Operating Officer of Infrastructure Projects Business Unit |
| Katsunori Aikyo | Executive Managing Officer; General Manager of Nagoya Office |
| Yasushi Takahashi | Executive Managing Officer; Chairman & Managing Director of Mitsui & Co. (Australia) Ltd. |
| Toru Suzuki | Executive Managing Officer; Chief Representative of Mitsui & Co., Ltd. in South West Asia; Managing Director, Mitsui & Co., India Pvt. Ltd. |
| Yasushi Yoshikai | Executive Managing Officer |
| Shinjiro Sawada | Executive Managing Officer; Chief Representative of Mitsui & Co., Ltd. in China |
| Shinsuke Fujii | Executive Managing Officer; General Manager of Investment Administrative Division |
| Akira Nakaminato | Managing Officer; President & CEO, Mitsui Global Strategic Studies Institute |
| Yasuyuki Fujitani | Managing Officer; Chief Operating Officer of Corporate Development Business Unit |
| Taku Morimoto | Managing Officer; Chief Operating Officer of Performance Chemicals Business Unit |
| Nobuaki Kitamori | Managing Officer; Chief Operating Officer of IT & Communication Business Unit |
| Shingo Sato | Managing Officer; President of Mitsui & Co. (Thailand) Ltd. |
| Motoo Ono | Managing Officer; General Manager of Human Resources & General Affairs Division |
| Yukio Takebe | Managing Officer; President & Chief Executive Officer of P.T. Mitsui Indonesia |
| Noboru Katsu | Managing Officer; Chief Operating Officer of Iron & Steel Products Business Unit |
| Katsurao Yoshimori | Managing Officer; Chief Operating Officer of Basic Chemicals Business Unit |
| Osamu Toriumi | Managing Officer; General Manager of Legal Division |
| Takakazu Uchida | Managing Officer; General Manager of Finance Division |
| Hiromichi Yagi | Managing Officer; Chief Operating Officer of Integrated Transportation Systems Business Unit |
| Shinichiro Omachi | Managing Officer; Chief Operating Officer of Mineral & Metal Resources Business Unit |

| Name | Title and Principal Positions |
| --- | --- |
| Hiroyuki Tsurugi | Managing Officer; Chief Operating Officer of Energy Business Unit I |
| Hirotatsu Fujiwara | Managing Officer; Chief Operating Officer of Energy Business Unit II |
| Kenichi Hori | Managing Officer; General Manager of Corporate Planning & Strategy Division |
| Itaru Nishimura | Managing Officer; Chief Operating Officer of Consumer Service Business Unit |
| Masazumi Takahashi | Managing Officer; General Manager of Internal Auditing Division |
| Shin Hatori | Managing Officer; Chief Operating Officer of Food Products & Services Business Unit |
| Shinji Tsuchiya | Managing Officer; President of Mitsui & Co. (Brasil) S.A. |
| Hiroshi Meguro | Managing Officer; Chief Representative of Mitsui & Co., Ltd. in CIS; General Director of Mitsui & Co. Moscow LLC |
| Kimiro Shiotani | Managing Officer; Global Controller |
| Miki Yoshikawa | Managing Officer; Chief Operating Officer of Food Resources Business Unit |
| Yoshio Kometani | Managing Officer; Deputy Chief Operating Officer of Asia Pacific Business Unit |

6. Corporate Governance

(1) Corporate Governance

1) Basic Corporate Governance Policy

In structuring the corporate governance framework, Mitsui places emphasis on “improved transparency and accountability” and “clarification of the division of roles between management oversight and execution.” For the “improved transparency and accountability,” Mitsui ensures sound supervision and monitoring of management with the view point of External Directors and External Corporate Auditors. Mitsui has also established an internal control system for disclosure so that all executives and employees fulfill their accountability to stakeholders under the principle of fair disclosure. For “clarification of the division of roles between management oversight and execution,” Mitsui delegates execution of business to Managing Officers substantially while the Board of Directors retains a supervisory role over Managing Officers’ business activities. Chief Operating Officers of 13 business units within headquarters and 3 regional business units serve concurrently as Managing Officers and engage in business operation for the consolidated group in a responsive and flexible manner.
While increasing the effectiveness of supervisory functions by having Corporate Auditors, Mitsui implements corporate governance by maintaining a board of corporate auditors system because it believes that having internal Directors who are familiar with our business practices and operations is essential to the business of a general trading company. By adopting a Committee System in which External Directors and External Corporate Auditors participate, Mitsui achieves highly effective corporate governance to secure “improved transparency and accountability” and “clarification of the division of roles between management oversight and execution.” In order to realize effective corporate governance for shareholders and other stakeholders, Mitsui has established, and maintains, the following structures:

i) The Board of Directors is the highest authority for execution of business and supervision, and in order to secure this function, Mitsui has set the number of Directors to the maximum number that permits substantial discussions. As advisory committees to the Board of Directors, Mitsui also has in place the Governance Committee, the Nomination Committee and the Remuneration Committee, in which External Directors and/or External Corporate Auditors participate as members.

ii) The Corporate Auditors supervise the Directors’ execution of duties as an independent institution with the mandate of the shareholders. For this purpose, Corporate Auditors carry out multi-faceted, effective audit activities such as attending important internal meetings, verifying reports and investigating our business, and take necessary measures in a timely manner.

2) Corporate Governance Structure of Mitsui

i) Status of the Board of Directors

- Upon the introduction of the Managing Officer System in April 2002, the number of Directors was reduced from 38 to 11 in June 2002. In June 2003, the first External Director was appointed, and since the Ordinary General Meeting of Shareholders held in June 2015, five External Directors have been appointed. The Chairman is a director and is authorized to call for a meeting of the Board of Directors and to serve as a chairman of the meeting. As of the date of the issuance of this report, 14 Directors (including 2 female External Directors, and the percentage of female Directors is 14.3%) are appointed, 8 of whom also serve as Managing Officers.
Mitsui has limited the number of Directors to the maximum to enable substantial discussions and gives priority to the appointment of new External Directors in the case of increasing the number of board members in order to enhance the division of roles between management oversight and execution. The tenure of Directors is one year, and Directors can be reappointed.

In accordance with the Rules of the Board of Directors Regarding Resolutions and Matters to be Reported, the Board of Directors passes resolutions of fundamental policies on management of Mitsui, matters of important business operation, matters mandated by a resolution of the General Meeting of Shareholders and issues prescribed in laws and regulations and in the Articles of Incorporation. The Board of Directors also receives reports on issues prescribed in laws and regulations and the status of important business operations.

- A regular meeting of the Board of Directors is held once every month, and extraordinary meetings are held from time to time, whenever necessary. During the year ended March 31, 2015, 16 meetings, including 1 extraordinary meeting, were held.

- Mitsui has established the three committees shown below as advisory bodies to the Board of Directors. Mitsui has reviewed the composition of members in order to strengthen the corporate governance structure of Mitsui in June, 2015. As a result, External Directors and Auditor compose a majority of the Governance Committee, and an External Director serves as the committee chair of the Nomination Committee as well as the Remuneration Committee. The compositions of members as of the date of issuance of this report are as follows:

  - Governance Committee
    Composition: Chairman of the Board of Directors (the committee chair), President and Chief Executive Officer, three External Directors, one Internal Director, one External Corporate Auditor
    Role: To study the state and future vision of Mitsui's corporate governance with the viewpoints of External Directors and External Corporate Auditor

  - Nomination Committee
    Composition: Two External Directors (one of them is the committee chair), President and Chief Executive Officer, two Internal Directors
    Role: To discuss the selection standards and processes to be applied in nominating Directors and Managing Officers as well as to evaluate the proposal of Director nomination

  - Remuneration Committee
    Composition: Two External Directors (one of them is the committee chair), President and Chief Executive Officer, two Internal Directors
    Role: To study the system and decision-making process related to remuneration and bonuses for Directors and Managing Officers as well as to evaluate the remuneration proposals for the Directors

ii) Status of auditing by the Corporate Auditors, Internal Auditors and Independent Auditors

(a) Auditing by the Corporate Auditors

- As of the issuance of this report, there are five Corporate Auditors, including two Full-time Corporate Auditors and three External Corporate Auditors (including one female External Corporate Auditor, and the percentage of female Corporate Auditor is 20%). A meeting of the Corporate Auditors is regularly held prior to a meeting of the Board of Directors and whenever necessary. In the year ended March 31, 2015, 19 meetings were held. Corporate Auditors attend the meeting of the Board of Directors and audit the procedure of the meeting and the contents of resolutions as well as other issues, and proactively express their opinions.

- The Guidelines of auditing by Corporate Auditors define the responsibility of Corporate Auditors, the frame of mind necessary for auditors, the framework of audits, audit standards, and codes of conduct. Pursuant to laws and regulations, the Articles of Incorporation and the provision of the rules of the Board of Corporate Auditors, the Board of Corporate Auditors receives reports, deliberates and/or makes resolutions as to important matters in auditing.

- Each Corporate Auditor has a duty to audit the following issues: In the area of business auditing, execution of duties by Directors, decision-making processes at the Board of Directors and others, and the status of construction and operation of the internal control systems. In the area of financial audit, the independence of the Independent Auditors, effectiveness of the internal control systems, system of financial reporting, accounting policies and processing of financial information, audit of financial statements, reports from the Independent Auditors, and the system of disclosure.

- The Board of Corporate Auditors establishes audit policies and makes audit plans taking into consideration materiality, timeliness and other necessary elements. To conduct effective and efficient audits, the Board of Corporate Auditors coordinates closely with the Independent Auditors and Internal Auditing Division.

- Full-time Corporate Auditors attend important internal meetings and committees, including the Corporate Management Committee. All Corporate Auditors have discussions with the Chairman of the Board of Directors and the President and Chief Executive Officer, respectively, on a periodic basis. Full-time Corporate Auditors receive reports and exchange opinions at individual meetings with Directors and Managing Officers, as well as regular meetings with the Directors in charge of Corporate Staff Units and general managers in Corporate Staff Units.

- In accordance with the auditing plan established at the start of the year, the Corporate Auditors conduct auditing on the management status of Mitsui's subsidiaries through visits to domestic and overseas branch offices and major subsidiaries as well as through cooperation with corporate auditors at subsidiaries.

- The Board of Corporate Auditors has designated Mr. Joji Okada and Mr. Hiroyasu Watanabe as Corporate Auditors who have considerable expertise in finance and accounting.

  Mr. Joji Okada joined Mitsui in 1974. Before being elected as one of our Corporate Auditors in 2015, he had worked in the field of accounting and was appointed as Managing Officer, General Manager of Accounting Division in 2008, as Executive Managing Officer, Chief Financial Officer in 2011, and as Vice President, Chief Financial Officer in 2014.

  Mr. Hiroyasu Watanabe had been working for the Ministry of Finance and National Tax Agency, and his final position in such field was Commissioner of the National Tax Agency. He is currently working as a professor at Waseda University, Graduate School of Finance, Accounting and Law.

- We set up the Corporate Auditor Division to assist in the performance of the duties of the Corporate Auditors, and assign to the Division at least three full-time employees with the appropriate knowledge and abilities necessary for this work.

(b) Internal auditing

- Based on the order or approval of the President and Chief Executive Officer, for the purpose of contributing to the effective achievement of management goals, the Internal Auditing Division evaluates how internal control is maintained and exercised with emphasis on the effectiveness and efficiency of operations, the reliability of financial reporting, compliance with laws and regulations, as well as safeguarding of Company assets. The adequacy and effectiveness of each process in risk management, control (any action taken by the management toward the achievement of the established goals) and governance (processes and structures implemented by the management to inform, direct, manage and monitor the activities of the organization toward the achievement of its objectives) within each organizational unit shall also be evaluated, and suggestions and proposals shall be made for their improvement.

- In order to ensure the independence and objectivity of internal audits, we have the Internal Auditing Division directly under the rule of the President and Chief Executive Officer. The composition of the personnel in the division as of March 31, 2015, is as follows: of a total of 76 people, which includes one General Manager, 29 internal auditors, 26 members in charge of audits, and 20 staff members; 63 people are stationed in the Internal Auditing Division in the Head Office, 8 people are stationed in Internal Auditing Offices overseas, and 5 people are stationed in the Internal Auditing Department within Business Supporting Units.

- In the regular audits which cover Mitsui, Overseas Offices, Overseas Trading Subsidiaries, and other subsidiaries, internal auditors carry out independent and objective evaluations, pursuant to the rules on internal audits, etc., with an emphasis on risk management, effectiveness of management and operations, compliance, and appropriate financial reporting. In addition, the following audits are implemented as internal audits: cross-organizational and cross-functional audits by target and item, such as issues involving multiple organizations and business processes or security trade control systems, and extraordinary examinations to get a whole picture of such events that caused or could cause irregular economic losses or that jeopardized or could jeopardize the corporate trust, in order to identify the responsibility and recommend measures to clarify causes as well as to prevent recurrence. The Internal Auditing Division as an independent department compiles and checks the assessment of the entity-wide internal control regarding the credibility of financial reports, pursuant to the Financial

Instruments and Exchange Act of Japan. The final results are reported to the below-mentioned J-SOX Committee.

- For each fiscal year, the internal auditing policy and the internal auditing plan go through the approval process by the President and Chief Executive Officer. Internal audits are implemented either with or without advance notice to the target organization. The internal auditors provide feedback on the results of the internal audit to the organization before preparing the internal audit report and carry out a full exchange of opinions on their suggestions. The audit results are reported to the President and Chief Executive Officer. The reports from the organization on the implementation status of improvements regarding the issues identified are requested and are reevaluated.

(c) Auditing of financial statements

- For the year ended March 31, 2015, the certified public accountants executing audits on our financial statements are the following four people, who all belong to Deloitte Touche Tohmatsu LLC: Yoshio Sato, Nobuaki Fuse, Hidehito Goda, and Michiyuki Yamamoto. The number of assistants involved in auditing work is 94 people as of March 31, 2015, and this number is comprised of 32 certified public accountants, 17 members of the Japanese Institute of Junior Accountants, and 45 others.

- In order to secure prompt financial closing and reliability, the auditing work of Mitsui and its consolidated subsidiaries are in principle entrusted solely to Deloitte Touche Tohmatsu. Mitsui's Independent Auditors implement auditing under the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan as well as auditing of the consolidated financial statements in English.

(d) Coordination among auditing by Corporate Auditors, auditing by Internal Auditing Division and auditing by the Independent Auditors

- At the end of the fiscal year, the Independent Auditors report to the Board of Corporate Auditors the audit procedures and results of audits on accounting and internal controls, and exchange opinions on these. During a fiscal year, the Corporate Auditors hold monthly meetings with the Independent Auditors and receive reports from the Independent Auditors about their auditing plans, the items of focus in audits, the status of audits and other matters. In the meetings, the participants exchange information and have discussions on the execution of effective and efficient accounting audits and internal control audits.

- In addition to the exchange of information with the Internal Auditing Division for implementing efficient audits, Full-time Corporate Auditors in principle attend all of the feedback sessions on regular internal audits by the Internal Auditing Division. The General Manager of the Internal Auditing Division periodically reports on the plans and results of internal audits to the Board of Corporate Auditors. The Corporate Auditors, as necessary, request reports on the internal control system, risk evaluation and other matters from the Internal Auditing Division and other divisions responsible for internal controls, and also ask for their cooperation on a wide range of matters in audits.

(e) Coordination between supervision by the External Directors or auditing by External Corporate Auditors and the internal audits, auditing by Corporate Auditors and Independent Auditors, and relationship with divisions involved in internal control

- The External Directors and External Corporate Auditors, through the Board of Directors and the Board of Corporate Auditors, mutually coordinate with internal audits, auditing by Corporate Auditors and accounting audits as well as supervise and audit the internal control system. Specifically, they periodically receive reports on the following at the meeting of the Board of Directors and the Board of Corporate Auditors, respectively: results of the internal audits and internal audit plans, results of auditing by the Board of Corporate Auditors and audit implementation plans, summary of management letters by Independent Auditors, assessment results with regard to the internal control system in accordance with the Financial Instruments and Exchange Act of Japan, the operational status of compliance programs, and other matters regarding the structure and management of internal controls.

iii) Framework for internal control and execution of business activities

- Ultimate responsibility for execution of business operations lies with the President and Chief Executive Officer. The President and Chief Executive Officer delegates authority to the Chief Operating Officers of the business units and regional business units, who, in turn, report to the President and Chief Executive Officer. The Corporate Management Committee is organized for deliberating the basic policies and important matters for execution of group-wide business operations. The Committee consists of the Chairman of the Board of Directors, President and Chief Executive Officer (the committee chair), the Directors in charge of Corporate Staff Units, and Representative Directors or Managing Officers nominated by the President and Chief Executive Officer. The Corporate Management Committee is held weekly in principle.

- As mentioned above, the Internal Auditing Division, the division positioned directly under the President and Chief Executive Officer, examines the status of development and implementation of the internal control of Mitsui. With the delisting from NASDAQ in April 2011 and the termination of SEC registration in July 2011, Mitsui implements the internal control framework based on Japanese regulation from the year ended March 31, 2012. Even after the transition, Mitsui maintains its internal control system by positioning the internal control as the structure by which the management controls the executive body, aiming for: (1) "Improvement of effectiveness and efficiency of operations," (2) "Compliance with accounting standards and securing reliability of financial reporting," (3) "Compliance with laws, rules that are equivalent to the laws, and observance of management philosophy and company rules including all codes of conduct which reflect this philosophy," and (4) "The safeguarding of company assets;" and consists of: "control environment," "risk assessment," "control activities," "information and communication," "monitoring," and "response to IT." These objectives and components are as stated in the basic framework designated in "Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting," issued by the advisory board to the Commissioner of the Financial Services Agency.

- Mitsui has established major committees pertaining to the execution of business and implementation of internal control as follows, and is taking measures to respond to a wide range of risks and forms of businesses, which continue to increase and diversify.

- Internal Controls Committee
  Chaired by the President and Chief Executive Officer, as an organization under the Corporate Management Committee, the Internal Controls Committee establishes a basic policy related to the internal control system while developing, maintaining, and improving the effectiveness of the integrated management system.

- Compliance Committee
  As an organization under the Internal Controls Committee, this committee, with an attorney at law from outside Mitsui participating as an observer, develops, maintains, and improves the effectiveness of the compliance structure.

- Disclosure Committee
  As an organization under the Internal Controls Committee, this committee develops principles and basic policy for statutory disclosure and timely disclosure as well as the internal structure, and discusses and determines the materiality and appropriateness of information to be disclosed.

- J-SOX Committee
  As an organization under the Internal Controls Committee, this committee develops, maintains, and improves the effectiveness of the system for ensuring the reliability of our consolidated financial reporting. During the year ended March 31, 2012, due to the termination of the registration with SEC, the SOA Sec. 404 Committee was renamed as the J-SOX Committee.

- Portfolio Management Committee
  As an advisory body to the Corporate Management Committee, this committee establishes the corporate portfolio strategy as well as investment and loan plans, monitors our corporate portfolios, and examines important individual proposals.

- Information Strategy Committee
  As an advisory body to the Corporate Management Committee, this committee plans company-wide

information strategy and determines and monitors essential policies concerning establishment of a management platform and promotion of the structure of the information strategy.

- CSR Promotion Committee
  As an organization under the Corporate Management Committee, this committee provides advice to the management with regard to "Corporate Social Responsibility (CSR), " raises awareness among the employees and sends out messages with respect to CSR-oriented management.

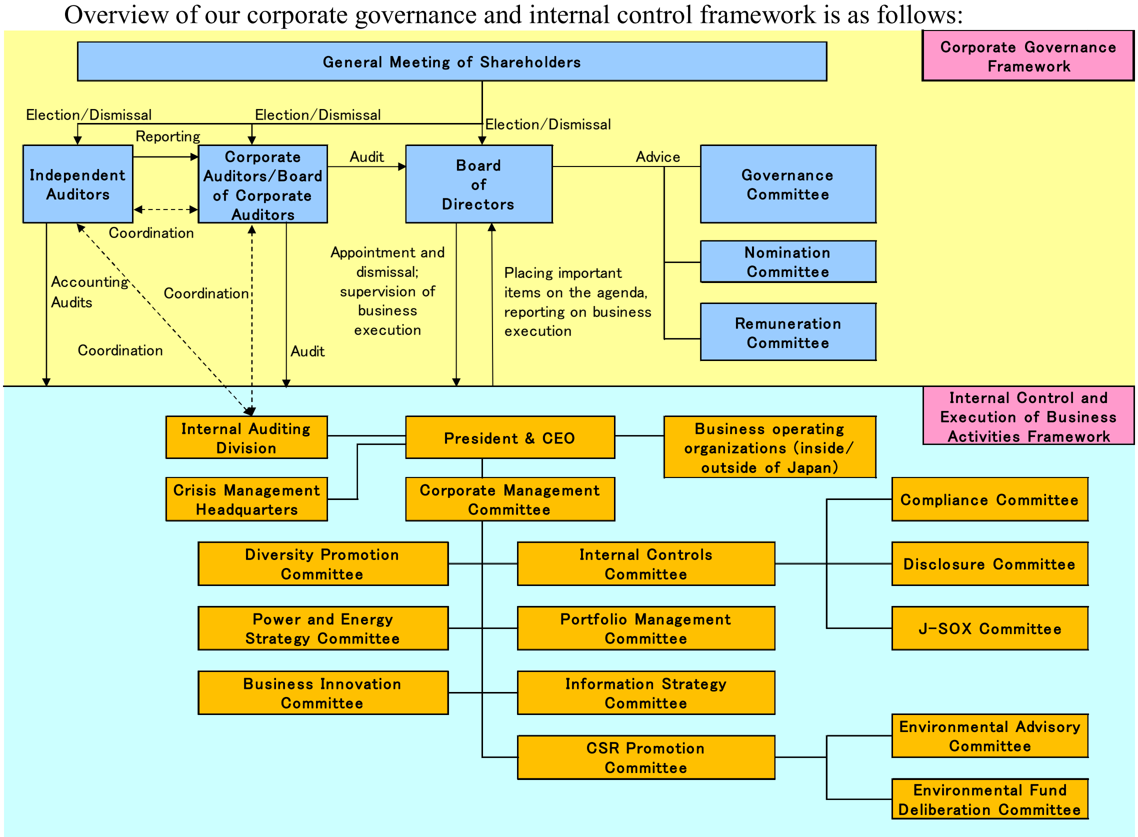
- Diversity Promotion Committee
  As an advisory body to the Corporate Management Committee, this committee makes proposals regarding basic policy and the plan for diversity promotion, and formulates and implements targets set along with the plan.

- Power and Energy Strategy Committee
  As an advisory body to the Corporate Management Committee, this committee analyzes the external business environment, monitors and evaluates our current activities, specifies our priorities and focuses, and recommends relevant measures in power and energy business.

- Crisis Management Headquarters
  As an extraordinary and non-permanent organization under the direct rule of the President and Chief Executive Officer, the Crisis Management Headquarters exercises necessary decision making in place of normal in-house decision mechanisms relating to all conceivable matters requiring an extraordinary response. The President and Chief Executive Officer serves as head of this Headquarters.

- Business Innovation Committee
  As an organization under the Corporate Management Committee, this committee monitors and analyzes new technology trends and potential business innovations, specifies our priorities and focuses, and provides advice to the management, as well as examines specific measures to support business units in implementing potential new businesses, aiming for the next generation.

Overview of our corporate governance and internal control framework is as follows:



3) The Relationship with External Directors and External Corporate Auditors and Their Activities

i) Relationship with External Directors and reasons for their appointments; policy regarding their independence

- The prospective person's extensive business experience and knowledge is required to deliberate on such board meeting proposals as investments and loans, and knowledge of his or her particular area of business should be used.

- Mitsui puts great value on ensuring independence of the External Directors from Mitsui in the pursuit of their management oversight functions. Also, with a view to overseeing business operations in a way that reflects the standpoint of our diverse stakeholders, in selecting External Directors, Mitsui shall take into consideration the fields from which candidates originate, along with their gender.

- Given that Mitsui is a general trading company with extensive business dealings, it has been decided to make appropriate efforts by the Board of Directors to handle likely conflicts of interest involving the prospective External Directors in individual transactions with external parties.

The five External Directors that were appointed at the Ordinary General Meeting of Shareholders held on June 19, 2015, their relationships with Mitsui, and the reasons for their appointment are as follows. Mitsui has entered into agreements with these External Directors respectively limiting their liability as External Directors to legally designated limits pursuant to Article 427, Paragraph 1 of the Companies Act of Japan.

| Name (Date of assumption of office) | Relationship with Mitsui | Reasons for appointment as External Director at Mitsui |
|---|---|---|
| Ikujiro Nonaka (Since June 2007) | There is no personal, capital, business or other relationship between Mr. Nonaka and Mitsui, therefore, Mr. Nonaka is deemed to appropriately carry out his duties as the independent and neutral External Director. | Mr. Nonaka is appointed as an External Director so that the management may benefit from his deep insight and supervisory capabilities related to management gained over the years as an expert in international corporate strategy, as well as for his independent oversight. |
| Hiroshi Hirabayashi (Since June 2007) | Mr. Hirabayashi has been serving as the President of The Japan-India Association. Mitsui, as a member of the Association, paid a membership fee during the year ended March 31, 2015. However, since the amount is small and would not affect the independence of Mr. Hirabayashi.<br>Mr. Hirabayashi's eldest daughter is an employee of Mitsui. However, since she is in a non-managerial position, and would not affect the independence of Mr. Hirabayashi, Mr. Hirabayashi is deemed to appropriately carry out his duties as the independent and neutral External Director. | Mr. Hirabayashi is appointed as an External Director so that the management may benefit from his wealth of international experience and knowledge gained over the years as a diplomat, as well as for his independent oversight. |
| Toshiro Muto (Since June 2010) | There is no personal, capital, business or other relationship between Mr. Muto and Mitsui, therefore, Mr. Muto is deemed to appropriately carry out his duties as the independent and neutral External Director. | Mr. Muto is appointed as an External Director so that the management may benefit from his deep insight into fiscal and monetary affairs, also in economics in general, gained over the years at the Ministry of Finance and the Bank of Japan, as well as for his independent oversight. |

| Name (Date of assumption of office) | Relationship with Mitsui | Reasons for appointment as External Director at Mitsui |
|---|---|---|
| Izumi Kobayashi (Since June 2014) | Ms. Kobayashi served as Vice Chairperson at the Japan Association of Corporate Executives from May 2007 to April 2009, and has served in the same position since April 2015. Mitsui, as a member of the Association, paid a membership fee and made financial contributions during the year ended March 31, 2015.<br>However, since the amount is small and would not affect the independence of Ms. Kobayashi, Ms. Kobayashi is deemed to appropriately carry out her duties as the independent and neutral External Director. | Ms. Kobayashi is appointed as an External Director so that the management may benefit from her wide-ranging knowledge and experience gained over the years both in Japan and overseas as a representative of private sector financial institutions and a multilateral development bank, as well as for her independent oversight. |
| Jenifer Rogers (Since June 2015) | There is no personal, capital, business or other relationship between Ms. Rogers and Mitsui, therefore, Ms. Rogers is deemed to appropriately carry out her duties as the independent and neutral External Director. | Ms. Rogers is appointed as an External Director so that management may benefit from her global perspective gained over the years at international financial institutions and her knowledge and experience gained over the years through her work experiences, etc., in Japanese companies, as well as for her independent oversight. |

(*) As of the time of issuance of this report, concurrent positions (external director/corporate auditor) in other organizations held by External Directors are mainly as follows:

| Name | Concurrent positions in other organizations held by External Directors | |
|---|---|---|
| Ikujiro Nonaka | Trend Micro Incorporated | External Director |
| Hiroshi Hirabayashi | DAIICHI SANKYO COMPANY, LIMITED | External Director |
| Izumi Kobayashi | ANA HOLDINGS INC.<br>Suntory Holdings Limited | External Director<br>External Director |

ii) Activities of External Directors in the year ended March 31, 2015

The activities of External Directors in the year ended March 31, 2015 were as follows:

| Name | Major activities |
|---|---|
| Ikujiro Nonaka | Mr. Nonaka participated in all 16 Board of Directors meetings held during the year ended March 31, 2015, and offered advice mainly from the perspective of his deep insight related to management gained as an expert in international corporate strategy. Mr. Nonaka was also a member of the Governance Committee and the Nomination Committee, both advisory committees to the Board of Directors. |
| Hiroshi Hirabayashi | Mr. Hirabayashi participated in all 16 Board of Directors meetings held during the year ended March 31, 2015, and offered advice mainly from the perspective of his wealth and knowledge gained as a foreign diplomat for Japan. Mr. Hirabayashi was also a member of the Nomination Committee, an advisory committee to the Board of Directors. |
| Toshiro Muto | Mr. Muto participated in 12 of the 16 Board of Directors meetings held during the year ended March 31, 2015, and offered advice mainly from the perspective of his deep insight into fiscal and monetary affairs, as well as in economics in general, gained at the Ministry of Finance and the Bank of Japan. Mr. Muto was also Chairman of the Remuneration Committee, an advisory committee to the Board of Directors. |
| Izumi Kobayashi | Ms. Kobayashi participated in all 12 Board of Directors meetings held since she became a Director in June 2014, and offered advice from the perspective of her wide-ranging knowledge and experience gained as a representative of private sector financial institutions and a multilateral development bank. Ms. Kobayashi was also a member of the Governance Committee, an advisory committee to the Board of Directors. |

iii) Relationship with External Corporate Auditors and reasons for their appointments; policy regarding their independence

The External Corporate Auditors shall be selected with the objective of further heightening the neutrality and independence of the auditing system, and, in particular, it is expected that the External Corporate Auditors will give an objective voice to their auditing opinions from the standpoint of neutrality, building on such factors as independence. When selecting candidates for External Corporate Auditors, the Board of Corporate Auditors shall confirm that no issues with independence arise by taking into consideration such factors as relations with the company, management and important staff members.
As to the three External Corporate Auditors as of the issuance of this report, the reasons for their appointment are as follows. Mitsui has entered into agreements with these External Corporate Auditors respectively limiting their liability as External Corporate Auditors to legally designated limits pursuant to Article 427, Paragraph 1 of the Companies Act of Japan.

| Name (Date of assumption of office) | Relationship with Mitsui | Reasons for appointment as External Corporate Auditor at Mitsui |
|---|---|---|
| Hiroyasu Watanabe (Since June 2009) | There is no personal, capital, business or other relationship between Mr. Watanabe and Mitsui, therefore, Mr. Watanabe is deemed to appropriately carry out his duties as the independent and neutral External Corporate Auditor. | Mr. Watanabe is appointed as an External Corporate Auditor in expectation of the expression of his objective audit opinions from an independent and neutral standpoint, from the experience and perspective he has gained, mainly at the Ministry of Finance and also as a graduate school professor. |
| Haruka Matsuyama (Since June 2014) | There is no personal, capital, business or other relationship between Ms. Matsuyama and Mitsui, therefore, Ms. Matsuyama is deemed to appropriately carry out her duties as the independent and neutral External Corporate Auditor. | Ms. Matsuyama is appointed as an External Corporate Auditor in expectation of the expression of her objective audit opinions from an independent and neutral standpoint, from the many years of experience and perspective she has gained, mainly as an attorney at law. |
| Hiroshi Ozu (Since June 2015) | There is no personal, capital, business or other relationship between Mr. Ozu and Mitsui, therefore, Mr. Ozu is deemed to appropriately carry out his duties as the independent and neutral External Corporate Auditor. | Mr. Ozu is appointed as an External Corporate Auditor in expectation of the expression of his objective audit opinions from an independent and neutral standpoint, from the many years of experience and perspective he has gained, mainly as a prosecutor. |

(*) As of the time of issuance of this report, concurrent positions (external director/corporate auditor) held by External Corporate Auditors in other organizations, etc. are mainly as follows:

| Name | Concurrent positions held in other organizations | |
|---|---|---|
| Hiroyasu Watanabe | NOMURA Co., Ltd. | External Corporate Auditor |
| Haruka Matsuyama | T&D Holdings, Inc.<br>Mitsubishi UFJ Financial Group, Inc.<br>Vitec Co., Ltd. | External Director<br>External Director<br>External Corporate Auditor |
| Hiroshi Ozu | TOYOTA MOTOR CORPORATION | External Corporate Auditor |

iv) Activities of External Corporate Auditors in the year ended March 31, 2015

The activities of External Corporate Auditors in the year ended March 31, 2015 were as follows:

| Name | Major activities |
|---|---|
| Kunihiro Matsuo | Mr. Matsuo participated in 13 of the 16 Board of Directors meetings and 16 of the 19 Board of Corporate Auditors meetings, held during the year ended March 31, 2015, and offered advice mainly from his many years of experience and perspective he has gained working as a prosecutor and an attorney at law. Mr. Matsuo was also a member of the Governance Committee, an advisory body to the Board of Directors. |
| Hiroyasu Watanabe | Mr. Watanabe participated in 15 of the 16 Board of Directors meetings and 18 of the 19 Board of Corporate Auditors meetings, held during the year ended March 31, 2015, and offered advice mainly from the perspective of his high degree of knowledge and varied experience obtained working at the Ministry of Finance and as a graduate school professor. |
| Haruka Matsuyama | Ms. Matsuyama participated in all 12 Board of Directors meetings and all 14 Board of Corporate Auditors meetings, held since she became a Corporate Auditor in June 2014, and offered advice from the perspective of her knowledge and experience obtained as an attorney at law. |

Mr. Matsuo retired at the conclusion of the 96th Ordinary General Meeting of Shareholders held on June 19, 2015.

v) The External Directors and External Corporate Auditors are given the following support:

For External Directors, before regular and extraordinary meetings of the Board of Directors, the Board of Directors Secretariat (Legal Division and Secretariat) provides material on the proposals and gives advance explanations.

For External Corporate Auditors, in addition to timely provision of company information by the Full-time Corporate Auditors and staff in the Corporate Auditor Division, summaries of meetings between Full-time Corporate Auditors and staff in the Corporate Auditor Division are provided to External Corporate Auditors periodically. When necessary, advance distribution of materials and advance explanations are conducted regarding regular and extraordinary meetings of the Board of Corporate Auditors and of the Board of Directors.

4) Status of Internal Control System

In the construction of internal control processes, aiming to achieve the above mentioned objective of the internal control process – "Improvement of effectiveness and efficiency of operations," "Compliance with accounting standards and securing reliability of financial reporting," "Compliance with laws, rules that are equivalent to the laws, and observance of management philosophy and company rules including all codes of conduct which reflect this philosophy," and "The conservation of company assets" – the following systems are implemented.

i) Risk management system

As a general trading company engaging in a wide variety of businesses, risks arising from business activities are monitored and managed by Chief Operating Officers of business units and regional business units within their authorization delegated from the management. Risks associated with our business include quantitative risks such as credit risk, market risk, business risk arising from subsidiaries' businesses, and country risk, as well as qualitative risks such as compliance risk and operational risk. Measures taken by each business unit to manage quantitative risks include setting of position limits and loss-cut limits as well as monitoring of positions by divisions with relevant expertise. For the management of qualitative risks, the business units are obligated to observe related internal regulations. When a business unit or a regional business unit takes risks greater than the scope of authority granted to the Chief Operating Officers, it is necessary to obtain approval of the Corporate Management Committee or a Representative Director in charge, or a Senior Managing Officer in charge, depending on the importance of the case, in accordance with the standards of the internal approval system.
Furthermore, as stated in "2) Corporate Governance Structure of Mitsui," as committees responsible for business execution and the internal control system, organizations such as the Portfolio Management Committee, the Internal Controls Committee, the CSR Promotion Committee, and the Crisis Management Headquarters establish and develop the risk management structures and handle significant risks. These committees consist of Managing Officers and the General Managers of Corporate Staff Units. With respect to the risks in the fields they are in charge of, each division of the Corporate Staff Units is responsible for surveillance of the whole Company's positions, control within the prescribed range of their authority, and supporting the relevant Directors and Managing Officers.

ii) Internal control over financial reporting

As a result of the termination of the SEC registration, Mitsui implements the internal control framework as stipulated in the Financial Instruments and Exchange Act of Japan from the year ended March 2012. In addition to the Company-wide discipline, Mitsui has been conducting self-assessment by units subject to evaluation and testing by an independent division concerning the effectiveness of accounting and financial closing controls, IT controls, and business process level controls. After comprehensively assessing the above, Mitsui management confirmed that internal control over financial reporting is effective for the year ended March 31, 2015.

iii) Internal controls regarding construction and management of information systems and information security

The important principles for our global group information strategy are formulated in line with the corporate management policy through the discussions at the Information Strategy Committee established pursuant to the "Rules of Information Strategy Committee." Under the system centered around the Information Strategy Committee, we are enhancing the system of internal control including management of various possible risks such as information leakage risks through maintenance of the following rules, necessary in light of development and operation of information systems and information security.
"Information System Rules": rules on the process of procurement, introduction and operation of information assets

“Rules on IT Security”: code of conduct for the system supervisory divisions regarding IT security
“Rules on Information Management”: basic policies in terms of information risk management system and information management
“Rules on Protection of Personal Information”: rules for the handling of personal information required for business execution (Applied only in Japan)

iv) Compliance structure

In addition to the Compliance Committee (see “2) Corporate Governance Structure of Mitsui”), chaired by the Chief Compliance Officer, Mitsui implements a compliance management system within the regular line of management at business division and department level. Further, Compliance Supervising Officers are designated at domestic and overseas units, branch offices and others.

Mitsui has set forth the “Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd.” (“Guidelines”) and has equivalent business conduct guidelines in place at its subsidiaries. Mitsui is striving to improve observance of the Guidelines through continuous monitoring and review. See Mitsui’s website for the “Business Conduct Guidelines for Employees and Officers of Mitsui & Co., Ltd.”

Mitsui has a total of eight whistle-blowing avenues in place, including those involving an external attorney at law and a third-party providing hotline services. Pursuant to the Whistleblower Protection Act, Mitsui made it clear that a whistle-blower would not be subject to any recrimination or detrimental treatment by Mitsui as a result of whistle-blowing. Additionally, Mitsui makes sure that its domestic affiliated companies are also able to use the whistle-blowing avenues (external attorneys at law and a third-party providing hotline services) designated by Mitsui in order to (i) maintain a high standard of confidentiality and (ii) enable their employees to use these avenue without uneasiness. Mitsui’s overseas offices and overseas affiliate companies also have whistle-blowing systems that were put in place considering applicable local laws and regional characteristics. Furthermore, Mitsui prohibits treating a whistleblower disadvantageously due to the reason of the whistleblowing itself, and will thoroughly make this a known internal fact. Any cases of violation of compliance are handled strictly, including disciplinary actions in accordance with the Employment Regulations of Mitsui & Co., Ltd.

v) Specially Designated Business Management System

In response to the DPF Incident, Mitsui established the “Specially Designated Business Management System” in April 2005. Under this system, internal review of four business domains which are “Environment-related business,” “Medical, Healthcare and Bioethics-related businesses,” “Businesses with subsidy,” and “Businesses with a high public profile” is strengthened. When examining these matters, reports from the CSR Promotion Committee or the Environmental Advisory Committee in which external experts participate as members, or opinions from other external experts will be obtained, as necessary. In addition, Mitsui appoints consultants with insights into environmental and social risk, and utilize their advice for new and existing environment-related businesses as necessary.

vi) Systems to secure appropriateness of operations within the corporate group

In March 2006, Mitsui established the “Mitsui & Co., Ltd. Corporate Governance and Internal Control Principles” (“Principles”). In light of other laws and regulations and to the extent reasonable, Mitsui requires its subsidiaries to develop and operate internal controls based on these Principles, and for its equity accounted investees, Mitsui coordinates with other equity participants and encourages the equity accounted investees to develop and operate similar internal controls. For internal controls to secure reliability in financial reporting, see “internal control over financial reporting” above. In addition, from its officers and employees, Mitsui appoints supervising officers for its affiliated companies and has them engage in their duties based on the “Rules on Delegation of Authority for Supervising Officers for Affiliated Companies.” Also, when Mitsui deploys full-time corporate auditors in major affiliated companies, Mitsui selects personnel from the Internal Auditing Division rather than from related Business Units to enhance the independence of auditing.

5) Enhancements of Corporate Governance in the year ended March 31, 2015

i) Implementation for strengthening corporate governance
The status of meetings held in the year ended March 31, 2015 by the three Committees that are advisory bodies to the Board of Directors is as follows:

- The Governance Committee was held twice in the year ended March 31, 2015 and carried out reviews of matters such as the corporate governance structure of Mitsui, in relation to the newly established Corporate Governance Code of Japan and the amended Companies Act of Japan. The Committee reported to the Board of Directors the amendment to Mitsui Corporate Governance and Internal Control Principles.

- The Nomination Committee was held twice in the year ended March 31, 2015 and carried out a review of the standards and the process for nominating Directors and Managing Officers. The Committee reported that the candidates met the selection criteria of the Directors.

- The Remuneration Committee was held in May 2014 and carried out a review of the remuneration structure for Directors and Managing Officers. Based on the review, the Committee reported to the Board of Directors the revision of basic remuneration of External Directors.

ii) Measures for strengthening internal controls

The efforts made by the committees regarding execution of business activities and internal controls in the year ended March 31, 2015 are as follows:

- The Internal Controls Committee held two meetings. The three sub-committees to the Internal Controls Committee, which are the Compliance Committee, the Disclosure Committee and the J-SOX Committee, each made reports to the Internal Controls Committee regarding matters including the discussions they held.

- The Compliance Committee met in March 2015, and carried out a review of Mitsui's responses to compliance issues and the compliance plans for the purpose of maintaining and improving the effectiveness of the compliance structure. In order to improve the awareness and knowledge of its officers and employees regarding compliance issues, Mitsui fully renewed the Compliance Handbook, distributed the Handbook to all the employees, and implemented various compliance e-learning and compliance training sessions. The compliance awareness survey was also conducted at Mitsui group in order to see the awareness level of our global group. Mitsui also worked on building a consolidated group-wide compliance structure by developing a compliance program at affiliated companies, through provision of assistance to compliance officers of such companies, for example, by individual visits to important affiliated companies.

- The Disclosure Committee held three meetings and established a disclosure policy for various disclosure materials and carried out evaluations of the appropriateness of the contents of such materials.

- The J-SOX Committee held two meetings. The Committee prepared Mitsui's policy on compliance with the requirements of Article 24-4-4 and Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act of Japan. In addition, the Committee understood the company-wide status of internal control over financial reporting for the year ended March 31, 2015 and studied company-wide measures to keep and improve the effectiveness of internal control.

- The Portfolio Management Committee met 33 times. The Committee reported to the Corporate Management Committee regarding the results of examinations into key strategic domains, business portfolio strategy, investments, loans and recycling plans, and individual large-scale investments, and carried out monitoring and analysis of important indices such as cash flows and risk assets.

- The Information Strategy Committee met eight times. The Committee made decisions on policies such as the construction of the next-generation management platform on a global and group basis, IT governance and various measures on IT portfolio management, management of IT investments, IT security and R&D activity on information technology, training of human resources literate in IT management, and changing mindsets company-wide.

-The CSR Promotion Committee held two meetings. The Committee conducted progress reporting on CSR promotion activities, social contribution activities and the Mitsui & Co., Ltd. Environment Fund, etc., and prepared the 2015 activity policy. In addition, the Committee identified CSR material items and confirmed the identification process.

- The Power and Energy Strategy Committee met four times. The Committee carried out medium- and long-term macro analysis of the environment, electricity, and energy segments based upon data and information provided by governmental agencies, etc., and discussed strategic approach and necessary measures in those segments.

- The Business Innovation Committee met seven times. The Committee promoted efforts towards new generation business, collected information through networks outside the Company and shared such information internally, conducted internal task forces and campaigns and considered potential new business opportunities.

- The Diversity Promotion Committee met in June, 2014. The Committee discussed and analyzed current issues to promote excellence in our diverse workforce and made decisions regarding action plans to resolve these issues.

6) Other regulations in Mitsui's Articles of Incorporation

i) Resolution requirements for appointment of Directors

Regarding resolutions for the appointment of Directors, our Articles of Incorporation set forth that attendance of shareholders who hold one-third or more of the voting rights of the shareholders who can exercise voting rights is necessary. The Articles of Incorporation also set forth that that resolutions for the appointment of Directors may not be made with cumulative voting.

ii) Decision-making body for buying back Company's own shares

In order to enable the execution of a flexible and swift capital policy, the Articles of Incorporation set forth that Mitsui may acquire its own shares by means of a market transaction upon a resolution of the Board of Directors.

iii) Requirements for special resolutions of the General Meeting of Shareholders

For smooth management of the General Meeting of the Shareholders, the Articles of Incorporation set forth that a resolution of the General Meeting of Shareholders as specified by Article 309, Paragraph 2 of the Companies Act of Japan is valid if the shareholders who have at least one-third of the total voting rights attend the meeting and of which two-thirds of the votes support such resolution.

iv) Interim dividend

In order to enable profits to be returned to shareholders in a flexible and swift manner, the Articles of Incorporation set forth that Mitsui may pay interim dividends, upon a resolution by the Board of Directors, with September 30 set as the record date each year.

v) Limitation of liability of Directors and Corporate Auditors

In order to enable Directors and Corporate Auditors to fully carry out the role that is expected of them in the execution of their duties, the Articles of Incorporation set forth that, upon a resolution of the Board of Directors, the liability of Directors and Corporate Auditors may be limited to the extent determined by the applicable laws and regulations.

7) Remuneration of Directors and Corporate Auditors

i) The remuneration of Directors and Corporate Auditors for the year ended March 31, 2015 was as follows:

| Category of position | Number of recipients | Basic remuneration | Bonus | Stock option | Total remuneration |
|---|---|---|---|---|---|
| Directors (Excluding External Directors) | 11 | ¥737 million | ¥307 million | ¥120 million | ¥1,164 million |
| Corporate Auditors (Excluding External Corporate Auditors) | 2 | ¥113 million | — | — | ¥113 million |
| External Directors and External Corporate Auditors | 9 | ¥93 million | — | — | ¥93 million |
| Total | 22 | ¥943 million | ¥307 million | ¥120 million | ¥1,370 million |

(Notes) 1. Limits on the remuneration of Directors and Corporate Auditors have been determined by resolutions passed at a General Meeting of Shareholders. The details are as follows: total amount of basic remuneration to be paid to the Directors should not exceed ¥70 million per month (by its resolution on June 22, 2007); total amount of basic remuneration to be paid to the Corporate Auditors should not exceed ¥20 million per month (by its resolution on June 22, 2007); total amount of bonus to be paid to the Directors (not including External Directors) should not exceed ¥500 million per year (by its resolution on June 22, 2007) ; and total amount of stock option with stock price conditions to be paid to the Directors (not including External Directors) should not exceed ¥500 million per year (by its resolution on June 20, 2014). This stock option with stock price conditions is granted to the Company's Directors (excluding External Directors) to purchase up to 500,000 shares of the Company's common stock per year. The exercise period of subscription rights to shares shall be 27 years from the day following the date on which 3 years have elapsed after the allotment date of subscription rights to shares, with payment due upon the exercise of the subscription right to shares being ¥1 per share.

2. The bonus shown above is the planned amount.

3. In addition to the amounts shown above, Mitsui paid pensions (resolution for payments made prior to the abolition of such program) of ¥604 million to 132 retired Directors, and a total of ¥62 million to 19 retired Corporate Auditors in the year ended March 31, 2015.

ii) The following table contains information about remuneration earned by the named directors who earned more than a total of ¥100 million for the year ended March 31, 2015.

| Name | Category of position | Payer | Basic remuneration | Bonus | Stock option | Total remuneration |
|---|---|---|---|---|---|---|
| Shoei Utsuda | Director | Mitsui | ¥111 million | ¥46 million | ¥30 million | ¥187 million |
| Masami Iijima | Director | Mitsui | ¥131 million | ¥46 million | ¥36 million | ¥213 million |
| Daisuke Saiga | Director | Mitsui | ¥75 million | ¥33 million | ¥8 million | ¥116 million |
| Joji Okada | Director | Mitsui | ¥75 million | ¥33 million | ¥8 million | ¥116 million |
| Masayuki Kinoshita | Director | Mitsui | ¥75 million | ¥33 million | ¥8 million | ¥116 million |
| Shintaro Ambe | Director | Mitsui | ¥75 million | ¥33 million | ¥8 million | ¥116 million |

iii) Taking into consideration the result of the deliberation at the Remuneration Committee, which is chaired by an External Director, the remuneration of Directors (excluding External Directors) is determined as a sum of fixed basic remuneration, performance-related bonuses based on the profit for the year attributable to owners of the parent and stock-based compensation stock options with stock price conditions as medium- and long-term incentive compensation. The following formula applies in calculating the performance-related bonuses, which is advised as being appropriate by the Remuneration Committee and subsequently resolved at the Board of Directors meeting.

Directors are not paid retirement compensation, with the exception of those payments that were approved prior to the abolition of the program.

(a) Total amount paid in bonuses for Directors

Total bonuses are calculated as the lesser of profit attributable to owners of the parent x 0.1% and ¥500 million (if the profit attributable to owners of the parent is minus, i.e., net loss, this item is set as 0 for the calculation).

(b) Amount paid as individual bonuses

The total amount calculated by the method shown in (a) above is distributed to each Director in proportion to the following points, which are assigned for each position. Amounts less than ¥10,000 will be rounded off.
(Amount individually paid = total amount paid × position points / sum of position points)

(c) Conditions for exercise of subscription rights to shares
See "1. Status on the Mitsui's Shares, (2) Status of the Share Subscription Rights"

Points by position

| Chairman/President | Executive Vice President | Senior Executive Managing Officer | Executive Managing Officer |
|---|---|---|---|
| 10 | 7 | 6 | 5 |

Based on the composition of the Directors and Corporate Auditors as of the date of the issuance of this report, the maximum amounts that may be paid for each position (in the case of profit attributable to owners of the parent of ¥500 billion for the fiscal year) are as follows:

| | | | | |
|---|---|---|---|---|
| Chairman/President | = | ¥500 million × 10 points / (10 points × 2 persons + 7 points × 3 persons + 6 points × 3 persons + 5 points × 1 person = 64 points) | = | ¥78.13 million |
| Executive Vice President | = | ¥500 million × 7 / 64 points | = | ¥54.69 million |
| Senior Executive Managing Officer | = | ¥500 million × 6 / 64 points | = | ¥46.88 million |
| Executive Managing Officer | = | ¥500 million × 5 / 64 points | = | ¥39.06 million |

iv) Each Director (excluding External Directors) is required to purchase Mitsui's shares in an amount equivalent to at least 10% of his or her monthly remuneration but less than ¥1 million through the Mitsui Executives' Shareholding Association.

v) Corporate Auditors receive only monthly remuneration which does not include a performance-related portion. The monthly remuneration for each Corporate Auditor is determined by discussions among the Corporate Auditors. The total amount shall not exceed the amount shown in Note 1 in i) above. Retirement compensation is not paid to the Corporate Auditors.

8) Status of Stocks Held

i) Stocks for investment held for purposes other than pure investment purposes stood at 459 issues and total of the amount recorded in the balance sheet is ¥605,932 million as of March 31, 2015.

ii) Stocks for investment held for purposes other than pure investment purposes (excluding unlisted stocks), of which amount recorded on the balance sheet as of March 31, 2014 exceeded 1% of the common stock of Mitsui are as follows:

Specified Investment Shares (33 issues)

| Issue | Number of shares (Shares) | Amount on balance sheet (Millions of Yen) | Purpose of holding |
|---|---|---|---|
| Seven & i Holdings Co., Ltd. | 16,222,480 | 63,981 | Seek operating revenue and improvement in corporate value by strengthening relationship with issuer of stocks or making various proposals, etc. to issuer of stocks |
| TonenGeneral Sekiyu K. K. | 36,000,000 | 32,796 | same as above |
| MODEC, INC. | 6,957,500 | 18,172 | same as above |
| Yamato Kogyo Co., Ltd. | 4,573,000 | 14,793 | same as above |
| Yamaha Motor Co., Ltd. | 8,586,000 | 14,123 | same as above |
| Coca-Cola East Japan Co., Ltd. | 5,237,383 | 13,564 | same as above |
| Burberry Group plc | 4,771,739 | 11,403 | same as above |
| NIPPON STEEL & SUMIKIN BUSSAN CORPORATION | 33,831,000 | 11,198 | same as above |
| Nihon Unisys, Ltd. | 9,798,509 | 9,886 | same as above |
| Mitsui Fudosan Co., Ltd. | 3,000,000 | 9,447 | same as above |
| Toray Industries, Inc. | 13,776,000 | 9,395 | same as above |
| Mitsui Engineering & Shipbuilding Co., Ltd. | 42,944,000 | 9,361 | same as above |
| TOKYO BROADCASTING SYSTEM HOLDINGS, INC. | 7,691,000 | 9,175 | same as above |
| TOYOTA MOTOR CORPORATION | 1,500,000 | 8,739 | same as above |
| POSCO | 254,696 | 7,290 | same as above |
| Nippon Steel & Sumitomo Metal Corporation | 24,599,544 | 6,937 | same as above |

| Issue | Number of shares (Shares) | Amount on balance sheet (Millions of Yen) | Purpose of holding |
|---|---|---|---|
| KATO SANGYO Co., Ltd. | 3,153,000 | 6,920 | same as above |
| QIWI plc | 1,715,403 | 6,117 | same as above |
| A10 NETWORKS, Inc. | 3,724,477 | 5,765 | same as above |
| J-OIL MILLS, INC. | 20,877,110 | 5,741 | same as above |
| FORMOSA EPITAXY INCORPORATION | 74,693,000 | 4,804 | same as above |
| The Dai-ichi Life Insurance Company, Limited | 3,163,900 | 4,745 | same as above |
| Mitsui Chemicals, Inc. | 17,370,390 | 4,394 | same as above |
| DUSKIN CO., LTD. | 2,100,000 | 4,155 | same as above |
| IHI Corporation | 9,395,000 | 4,077 | same as above |
| NSK Ltd. | 3,838,000 | 4,075 | same as above |
| Japan Airlines Co., Ltd. | 791,500 | 4,020 | same as above |
| Mitsubishi UFJ Financial Group, Inc. | 6,978,000 | 3,956 | same as above |
| Sumitomo Mitsui Financial Group, Inc. | 889,100 | 3,920 | same as above |
| Fuji Pharma Co., Ltd. | 1,930,600 | 3,905 | same as above |
| Nippon Flour Mills Co., Ltd. | 6,698,221 | 3,784 | same as above |
| Sumitomo Metal Mining Co., Ltd. | 2,908,000 | 3,768 | same as above |
| Kaneka Corporation | 5,543,459 | 3,470 | same as above |

Deemed Stockholdings (8 issues)

| Issue | Number of shares (Shares) | Amount on balance sheet (Millions of Yen) | Rights held by Mitsui |
|---|---|---|---|
| TOYOTA MOTOR CORPORATION | 2,246,200 | 13,086 | Voting rights |
| Mitsui Fudosan Co., Ltd. | 2,801,000 | 8,820 | same as above |
| SKY Perfect JSAT Holdings Inc. | 13,405,200 | 7,399 | same as above |
| MS & AD Insurance Group Holdings, Inc. | 2,846,100 | 6,728 | same as above |
| Katakura Industries Co., Ltd. | 3,600,000 | 4,719 | same as above |
| Mitsui Chemicals, Inc. | 17,370,000 | 4,394 | same as above |
| TOSHIBA CORPORATION | 8,621,000 | 3,767 | same as above |
| Toyo Suisan Kaisha, Ltd. | 994,000 | 3,424 | same as above |

(Note) In selection of high ranking issues in terms of the amount recorded on the balance sheet, Specified Investment Shares and Deemed Stockholdings are not combined.

Stocks for investment held for purposes other than pure investment purposes (excluding unlisted stocks), of which amount recorded on the balance sheet as of March 31, 2015 exceeded 1% of the common stock of Mitsui are as follows:

Specified Investment Shares (39 issues)

| Issue | Number of shares (Shares) | Amount on balance sheet (Millions of Yen) | Purpose of holding |
|---|---|---|---|
| Seven & i Holdings Co., Ltd. | 16,222,480 | 81,972 | Seek operating revenue and improvement in corporate value by strengthening relationship with issuer of stocks or making various proposals, etc. to issuer of stocks |
| Recruit Holdings Co.,Ltd. | 12,000,000 | 45,000 | same as above |
| TonenGeneral Sekiyu K. K. | 36,000,000 | 37,332 | same as above |
| Yamaha Motor Co., Ltd. | 8,586,000 | 24,916 | same as above |
| MODEC, INC. | 8,387,300 | 15,843 | same as above |
| NIPPON STEEL & SUMIKIN BUSSAN CORPORATION | 33,831,000 | 14,039 | same as above |
| Toray Industries, Inc. | 13,776,000 | 13,872 | same as above |
| Yamato Kogyo Co., Ltd. | 4,573,000 | 13,279 | same as above |
| Coca-Cola East Japan Co., Ltd. | 5,237,383 | 12,831 | same as above |
| TOYOTA MOTOR CORPORATION | 1,500,000 | 12,574 | same as above |
| TPV Technology Limited | 426,802,590 | 11,709 | same as above |
| TOKYO BROADCASTING SYSTEM HOLDINGS, INC. | 7,691,000 | 11,659 | same as above |
| Nihon Unisys, Ltd. | 9,798,509 | 11,170 | same as above |
| Mitsui Fudosan Co., Ltd. | 3,000,000 | 10,588 | same as above |
| J-OIL MILLS, INC. | 20,877,110 | 8,726 | same as above |
| KATO SANGYO Co., Ltd. | 3,153,000 | 7,860 | same as above |
| Nippon Steel & Sumitomo Metal Corporation | 24,599,544 | 7,441 | same as above |
| POSCO | 254,696 | 6,769 | same as above |

| Issue | Number of shares (Shares) | Amount on balance sheet (Millions of Yen) | Purpose of holding |
|---|---|---|---|
| NSK Ltd. | 3,838,000 | 6,747 | same as above |
| Mitsui Chemicals, Inc. | 17,370,390 | 6,704 | same as above |
| Japan Airlines Co., Ltd. | 1,583,000 | 5,920 | same as above |
| The Dai-ichi Life Insurance Company, Limited | 3,163,900 | 5,522 | same as above |
| IHI Corporation | 9,395,000 | 5,289 | same as above |
| Mitsui Engineering & Shipbuilding Co., Ltd. | 25,500,000 | 5,227 | same as above |
| Mitsubishi UFJ Financial Group, Inc. | 6,978,000 | 5,189 | same as above |
| Sumitomo Metal Mining Co., Ltd. | 2,908,000 | 5,113 | same as above |
| QIWI plc | 1,715,403 | 4,951 | same as above |
| MS & AD Insurance Group Holdings, Inc. | 1,422,900 | 4,795 | same as above |
| Kaneka Corporation | 5,543,459 | 4,689 | same as above |
| GOLDWIN INC. | 5,459,381 | 4,454 | same as above |
| DUSKIN CO., LTD. | 2,100,000 | 4,368 | same as above |
| Sumitomo Mitsui Financial Group, Inc. | 889,100 | 4,091 | same as above |
| EPISTAR corporation | 20,730,779 | 4,010 | same as above |
| Nippon Flour Mills Co., Ltd. | 6,698,221 | 3,978 | same as above |
| AIR WATER INC. | 1,754,000 | 3,767 | same as above |
| Mizuho Financial Group, Inc. | 17,674,090 | 3,731 | same as above |
| JFE Holdings, Inc. | 1,354,360 | 3,594 | same as above |
| Showa Sangyo Co., Ltd. | 7,700,000 | 3,557 | same as above |
| Nippon Soda Co., Ltd. | 5,075,000 | 3,542 | same as above |

Deemed Stockholdings (8 issues)

| Issue | Number of shares (Shares) | Amount on balance sheet (Millions of Yen) | Rights held by Mitsui |
|---|---|---|---|
| TOYOTA MOTOR CORPORATION | 2,246,200 | 18,829 | Voting rights |
| SKY Perfect JSAT Holdings Inc. | 13,405,200 | 10,000 | same as above |
| Mitsui Fudosan Co., Ltd. | 2,801,000 | 9,886 | same as above |
| MS & AD Insurance Group Holdings, Inc. | 2,846,100 | 9,591 | same as above |
| Mitsui Chemicals, Inc. | 17,370,000 | 6,704 | same as above |
| Katakura Industries Co., Ltd. | 3,600,000 | 4,424 | same as above |
| TOSHIBA CORPORATION | 8,621,000 | 4,346 | same as above |
| Toyo Suisan Kaisha, Ltd. | 994,000 | 4,204 | same as above |

(Note) In selection of high ranking issues in terms of the amount recorded on the balance sheet, Specified Investment Shares and Deemed Stockholdings are not combined.

iii) There are no stocks held solely for investment purposes.

(2) Details of Audit Fees and Other Matters

1) Details of fees paid to the certified public accountant auditor

Mitsui's certified public accountant auditor is Deloitte Touche Tohmatsu LLC.

The table below shows the amount of fees paid to Deloitte Touche Tohmatsu LLC by Mitsui and its consolidated subsidiaries, for the years ended March 31, 2015 and 2014.

| Classification | Year ended March 31, 2015 | | Year ended March 31, 2014 | |
|---|---|---|---|---|
| | Audit Fees (Millions of Yen) | Non Audit Fees (Millions of Yen) | Audit Fees (Millions of Yen) | Non Audit Fees (Millions of Yen) |
| Mitsui | 701 | 8 | 942 | 6 |
| Consolidated subsidiaries | 760 | 4 | 867 | 1 |
| Total | 1,461 | 12 | 1,809 | 7 |

(Note) Audit fees are fees for auditing pursuant to the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan, and auditing the consolidated financial statements prepared in English. The audit fees include services performed as part of the audit, directly relating to the audit, and which are required by laws to be performed by the auditor, and can only be reasonably performed by the auditor.

2) Details of other significant fees

We entrust auditing work and non-auditing work to member firms of Deloitte Touche Tohmatsu Limited, which belong to the same network to which Deloitte Touche Tohmatsu LLC belongs.

The table below shows the amount of fees paid to member firms of Deloitte Touche Tohmatsu Limited (excluding Deloitte Touche Tohmatsu LLC) by Mitsui and its consolidated subsidiaries, for the years ended March 31, 2015 and 2014.

| Classification | Year ended March 31, 2015 | | Year ended March 31, 2014 | |
|---|---|---|---|---|
| | Audit Fees (Millions of Yen) | Non Audit Fees (Millions of Yen) | Audit Fees (Millions of Yen) | Non Audit Fees (Millions of Yen) |
| Mitsui | 3 | 11 | 5 | 9 |
| Consolidated subsidiaries | 2,529 | 364 | 2,491 | 370 |
| Total | 2,532 | 375 | 2,496 | 379 |

3) Details of non-auditing work performed by the certified public accountant auditor of Mitsui

The non-auditing work for which Mitsui pays a fee to Deloitte Touche Tohmatsu LLC includes works related to overseas tax returns and so on.

4) Policy for determining audit fees

In determination of audit fees, factors such as past records and the volume of work accompanying audit work are taken into account. The approval of the Board of Corporate Auditors is obtained when decisions on fees for auditing work are made.

## 5. Financial Information

1. Consolidated Financial Statements

### Consolidated Statements of Financial Position

**Mitsui & Co., Ltd. and subsidiaries**
**March 31, 2015 and 2014**

| | Millions of Yen | | Millions of U.S. Dollars (Note 2) |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **ASSETS** | | | |
| **Current Assets:** | | | |
| Cash and cash equivalents (Note 2) | ¥ 1,400,770 | ¥ 1,226,317 | $ 11,673 |
| Trade and other receivables (Notes 2, 4, 8, 9, 10, 17 and 23) | 1,949,837 | 2,040,855 | 16,249 |
| Other financial assets (Notes 2, 9 and 27) | 384,156 | 271,288 | 3,201 |
| Inventories (Notes 2, 9, 11 and 27) | 671,164 | 625,328 | 5,593 |
| Advance payments to suppliers | 188,545 | 183,576 | 1,571 |
| Other current assets | 136,051 | 118,049 | 1,134 |
| Total current assets | 4,730,523 | 4,465,413 | 39,421 |
| **Non-current Assets:** | | | |
| Investments accounted for using the equity method (Notes 2, 4, 6, 7 and 17) | 2,791,341 | 2,448,848 | 23,261 |
| Other investments (Notes 2, 9 ,17 and 27) | 1,529,767 | 1,554,673 | 12,748 |
| Trade and other receivables (Notes 2, 4, 8, 9, 10 and 17) | 425,136 | 470,880 | 3,543 |
| Other financial assets (Notes 2, 9 and 27) | 130,974 | 116,298 | 1,091 |
| Property, plant and equipment (Notes 2, 10, 12, 15 and 17) | 2,148,142 | 2,007,452 | 17,901 |
| Investment property (Notes 2, 10 and 13) | 147,757 | 139,334 | 1,231 |
| Intangible assets (Notes 2 and 14) | 162,951 | 144,153 | 1,358 |
| Deferred tax assets (Notes 2 and 26) | 78,746 | 74,419 | 656 |
| Other non-current assets | 57,584 | 69,849 | 481 |
| Total non-current assets | 7,472,398 | 7,025,906 | 62,270 |
| **Total assets** | ¥12,202,921 | ¥11,491,319 | $ 101,691 |

See notes to consolidated financial statements

## Consolidated Statements of Financial Position—(Continued)

**Mitsui & Co., Ltd. and subsidiaries**
**March 31, 2015 and 2014**

| | Millions of Yen | | Millions of U.S. Dollars (Note 2) |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **LIABILITIES AND EQUITY** | | | |
| **Current Liabilities:** | | | |
| Short-term debt (Notes 16 and 17) | ¥ 290,641 | ¥ 436,869 | $ 2,422 |
| Current portion of long-term debt (Notes 9, 10, 16 and 17) | 472,718 | 505,946 | 3,939 |
| Trade and other payables (Notes 2, 4, 10, 16 and 23) | 1,384,039 | 1,473,834 | 11,534 |
| Other financial liabilities (Notes 2, 9, 16, 27 and 28) | 414,011 | 301,047 | 3,450 |
| Income tax payables (Notes 2 and 26) | 41,877 | 42,857 | 349 |
| Advances from customers | 177,432 | 165,124 | 1,479 |
| Provisions (Notes 2 and 18) | 25,523 | 17,491 | 213 |
| Other current liabilities | 34,900 | 41,486 | 290 |
| Total current liabilities | 2,841,141 | 2,984,654 | 23,676 |
| **Non-current Liabilities:** | | | |
| Long-term debt, less current portion (Notes 9, 10, 16 and 17) | 4,030,598 | 3,468,301 | 33,588 |
| Other financial liabilities (Notes 2, 9, 16, 27 and 28) | 147,289 | 95,541 | 1,227 |
| Retirement benefit liabilities (Notes 2 and 19) | 46,211 | 69,558 | 385 |
| Provisions (Notes 2 and 18) | 228,540 | 174,855 | 1,905 |
| Deferred tax liabilities (Notes 2 and 26) | 482,141 | 567,281 | 4,018 |
| Other non-current liabilities | 29,627 | 30,825 | 247 |
| Total non-current liabilities | 4,964,406 | 4,406,361 | 41,370 |
| Total liabilities | 7,805,547 | 7,391,015 | 65,046 |
| **Equity:** (Note 20) | | | |
| Common stock | 341,482 | 341,482 | 2,846 |
| Capital surplus (Note 21) | 411,881 | 418,004 | 3,432 |
| Retained earnings | 2,537,815 | 2,345,790 | 21,148 |
| Other components of equity (Notes 2 and 9) | 814,563 | 766,631 | 6,789 |
| Treasury stock | (5,946) | (56,140) | (50) |
| Total equity attributable to owners of the parent | 4,099,795 | 3,815,767 | 34,165 |
| Non-controlling interests (Note 2) | 297,579 | 284,537 | 2,480 |
| Total equity | 4,397,374 | 4,100,304 | 36,645 |
| **Total liabilities and equity** | ¥12,202,921 | ¥11,491,319 | $ 101,691 |

See notes to consolidated financial statements

## Consolidated Statements of Income and Comprehensive Income

### Consolidated Statements of Income
### Mitsui & Co., Ltd. and subsidiaries
### Years Ended March 31, 2015 and 2014

| | Millions of Yen | | Millions of U.S. Dollars (Note 2) |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Revenue** (Notes 2, 6, 7, 9 and 23): | | | |
| Sale of products | ¥ 4,815,162 | ¥ 5,206,772 | $ 40,126 |
| Rendering of services | 432,112 | 415,395 | 3,601 |
| Other revenue | 157,656 | 109,751 | 1,314 |
| Total revenue | 5,404,930 | 5,731,918 | 45,041 |
| **Cost** (Notes 2, 6, 9 and 23): | | | |
| Cost of products sold | (4,310,657) | (4,627,572) | (35,922) |
| Cost of services rendered | (181,528) | (162,690) | (1,513) |
| Cost of other revenue | (66,905) | (61,550) | (557) |
| Total cost | (4,559,090) | (4,851,812) | (37,992) |
| **Gross Profit** | 845,840 | 880,106 | 7,049 |
| **Other Income (Expenses):** | | | |
| Selling, general and administrative expenses (Notes 2, 14, 19, 21 and 24) | (584,608) | (574,871) | (4,872) |
| Gain (loss) on securities and other investments—net (Notes 2, 5, 6, 9 and 27) | 42,458 | 30,816 | 354 |
| Impairment loss of fixed assets (Notes 2, 12 and 14) | (79,948) | (59,966) | (666) |
| Gain (loss) on disposal or sales of fixed assets—net (Notes 12 and 14) | 1,446 | 16,419 | 12 |
| Other income (expense)—net (Notes 2, 14, 15 and 25) | (34,918) | (21,720) | (291) |
| Total other income (expenses) | (655,570) | (609,322) | (5,463) |
| **Finance Income (Costs)** (Notes 2 and 9): | | | |
| Interest income | 33,120 | 33,644 | 276 |
| Dividend income | 114,070 | 124,026 | 951 |
| Interest expense (Note 18) | (50,229) | (49,176) | (419) |
| Total finance income (costs) | 96,961 | 108,494 | 808 |
| **Share of Profit of Investments Accounted for Using the Equity Method** (Notes 2, 6 and 7) | 144,596 | 171,239 | 1,205 |
| **Profit before Income Taxes** | 431,827 | 550,517 | 3,599 |
| **Income Taxes** (Notes 2 and 26) | (104,903) | (176,654) | (875) |
| **Profit for the Year** | ¥ 326,924 | ¥ 373,863 | $ 2,724 |
| **Profit for the Year Attributable to:** | | | |
| Owners of the parent | ¥ 306,490 | ¥ 350,093 | $ 2,554 |
| Non-controlling interests | 20,434 | 23,770 | 170 |

| | Yen | | U.S. Dollars (Note 2) |
|---|---|---|---|
| **Earnings per Share Attributable to Owners of the Parent** (Notes 2 and 22): | | | |
| Basic | ¥ 170.98 | ¥ 192.22 | $ 1.42 |
| Diluted | ¥ 170.95 | ¥ 192.21 | $ 1.42 |

See notes to consolidated financial statements

## Consolidated Statements of Income and Comprehensive Income—(Continued)

### Consolidated Statements of Comprehensive Income
### Mitsui & Co., Ltd. and subsidiaries
### Years Ended March 31, 2015 and 2014

| | Millions of Yen | | Millions of U.S. Dollars (Note 2) |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Comprehensive Income:** | | | |
| Profit for the year | ¥ 326,924 | ¥ 373,863 | $ 2,724 |
| Other comprehensive income: | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Financial assets measured at FVTOCI (Notes 2 and 9) | (57,039) | 76,202 | (475) |
| Remeasurements of defined benefit pension plans (Notes 2 and 19) | 20,045 | (9,676) | 167 |
| Share of other comprehensive income of investments accounted for using the equity method (Note 6) | (3,612) | 622 | (30) |
| Income tax relating to items not reclassified (Note 20) | 42,045 | (12,915) | 350 |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation adjustments (Notes 2 and 9) | 38,078 | 20,022 | 317 |
| Cash flow hedges (Notes 2 and 9) | (11,871) | 6,699 | (99) |
| Share of other comprehensive income of investments accounted for using the equity method (Note 6) | 83,900 | 112,522 | 699 |
| Reclassification adjustments | (19,372) | (6,477) | (161) |
| Income tax relating to items that may be reclassified (Note 20) | 20,174 | (3,889) | 168 |
| Total other comprehensive income | 112,348 | 183,110 | 936 |
| **Comprehensive Income for the Year** | ¥ 439,272 | ¥ 556,973 | $ 3,660 |
| **Comprehensive Income for the Year Attributable to:** | | | |
| Owners of the parent | ¥ 406,583 | ¥ 521,457 | $ 3,388 |
| Non-controlling interests (Note 20) | 32,689 | 35,516 | 272 |

See notes to consolidated financial statements

# Consolidated Statements of Changes in Equity
## Mitsui & Co., Ltd. and subsidiaries
## Years Ended March 31, 2015 and 2014

| | Attributable to owners of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Millions of Yen** | **Common Stock** | **Capital Surplus** | **Retained Earnings** | **Other Components of Equity** | **Treasury Stock** | **Total** | **Non-controlling Interests** | **Total Equity** |
| **Balance as at April 1, 2013** | ¥ 341,482 | ¥ 428,552 | ¥ 2,060,298 | ¥ 614,783 | ¥ (5,974) | ¥ 3,439,141 | ¥ 245,848 | ¥ 3,684,989 |
| Profit for the year | | | 350,093 | | | 350,093 | 23,770 | 373,863 |
| Other comprehensive income for the year (Notes 2, 9 and 20) | | | | 171,364 | | 171,364 | 11,746 | 183,110 |
| Comprehensive income for the year | | | | | | 521,457 | 35,516 | 556,973 |
| Transaction with owners: | | | | | | | | |
| Dividends paid to the owners of the parent (per share: ¥46) | | | (83,957) | | | (83,957) | | (83,957) |
| Dividends paid to non-controlling interest shareholders | | | | | | | (18,981) | (18,981) |
| Acquisition of treasury stock | | | | | (50,217) | (50,217) | | (50,217) |
| Sale of treasury stock | | | 0 | | 51 | 51 | | 51 |
| Equity transactions with non-controlling interest shareholders (Notes 2 and 20) | | (10,548) | | (160) | | (10,708) | 22,154 | 11,446 |
| Transfer to retained earnings (Notes 2 and 20) | | | 19,356 | (19,356) | | – | | – |
| **Balance as at March 31, 2014** | ¥ 341,482 | ¥ 418,004 | ¥ 2,345,790 | ¥ 766,631 | ¥ (56,140) | ¥ 3,815,767 | ¥ 284,537 | ¥ 4,100,304 |
| Profit for the year | | | 306,490 | | | 306,490 | 20,434 | 326,924 |
| Other comprehensive income for the year (Notes 2, 9 and 20) | | | | 100,093 | | 100,093 | 12,255 | 112,348 |
| Comprehensive income for the year | | | | | | 406,583 | 32,689 | 439,272 |
| Transaction with owners: | | | | | | | | |
| Dividends paid to the owners of the parent (per share: ¥66) | | | (118,305) | | | (118,305) | | (118,305) |
| Dividends paid to non-controlling interest shareholders | | | | | | | (13,900) | (13,900) |
| Acquisition of treasury stock | | | | | (25) | (25) | | (25) |
| Sale of treasury stock | | | 0 | | 28 | 28 | | 28 |
| Cancellation of treasury stock (Note 20) | | | (50,191) | | 50,191 | – | | – |
| Compensation costs related to stock options (Note 21) | | 215 | | | | 215 | | 215 |
| Equity transactions with non-controlling interest shareholders (Notes 2 and 20) | | (6,338) | | 1,870 | | (4,468) | (5,747) | (10,215) |
| Transfer to retained earnings (Notes 2 and 20) | | | 54,031 | (54,031) | | – | | – |
| **Balance as at March 31, 2015** | ¥ 341,482 | ¥ 411,881 | ¥ 2,537,815 | ¥ 814,563 | ¥ (5,946) | ¥ 4,099,795 | ¥ 297,579 | ¥ 4,397,374 |

| | Attributable to owners of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Millions of U.S. Dollars (Note 2)** | **Common Stock** | **Capital Surplus** | **Retained Earnings** | **Other Components of Equity** | **Treasury Stock** | **Total** | **Non-controlling Interests** | **Total Equity** |
| **Balance as at March 31, 2014** | $ 2,846 | $ 3,483 | $ 19,548 | $ 6,389 | $ (468) | $ 31,798 | $ 2,371 | $ 34,169 |
| Profit for the year | | | 2,554 | | | 2,554 | 170 | 2,724 |
| Other comprehensive income for the year (Notes 2, 9 and 20) | | | | 834 | | 834 | 102 | 936 |
| Comprehensive income for the year | | | | | | 3,388 | 272 | 3,660 |
| Transaction with owners: | | | | | | | | |
| Dividends paid to the owners of the parent (per share: $0.55) | | | (986) | | | (986) | | (986) |
| Dividends paid to non-controlling interest shareholders | | | | | | | (115) | (115) |
| Acquisition of treasury stock | | | | | (0) | (0) | | (0) |
| Sale of treasury stock | | | 0 | | 0 | 0 | | 0 |
| Cancellation of treasury stock (Note 20) | | | (418) | | 418 | – | | – |
| Compensation costs related to stock options (Note 21) | | 2 | | | | 2 | | 2 |
| Equity transactions with non-controlling interest shareholders (Notes 2 and 20) | | (53) | | 16 | | (37) | (48) | (85) |
| Transfer to retained earnings (Notes 2 and 20) | | | 450 | (450) | | – | | – |
| **Balance as at March 31, 2015** | $ 2,846 | $ 3,432 | $ 21,148 | $ 6,789 | $ (50) | $ 34,165 | $ 2,480 | $ 36,645 |

See notes to consolidated financial statements

# Consolidated Statements of Cash Flows
# Mitsui & Co., Ltd. and subsidiaries
# Years Ended March 31, 2015 and 2014

| | Millions of Yen | | Millions of U.S. Dollars (Note 2) |
|---|---|---|---|
| | 2015 | 2014 | 2015 |
| **Operating Activities** (Note 29): | | | |
| Profit for the Year | ¥ 326,924 | ¥ 373,863 | $ 2,724 |
| Adjustments to reconcile profit for the year to cash flows from operating activities: | | | |
| Depreciation and amortization | 268,367 | 219,147 | 2,236 |
| Change in retirement benefit liabilities | (3,787) | 1,121 | (32) |
| Provision for doubtful receivables | 17,041 | 10,215 | 142 |
| (Gain)/loss on securities and other investments—net | (42,458) | (30,816) | (354) |
| Impairment loss of fixed assets | 79,948 | 59,966 | 666 |
| (Gain)/loss on disposal or sales of fixed assets—net | (1,446) | (16,419) | (12) |
| Finance (income)/costs—net | (86,694) | (101,451) | (722) |
| Income taxes | 104,903 | 176,654 | 874 |
| Share of profit of investments accounted for using equity method | (144,596) | (171,239) | (1,205) |
| Changes in operating assets and liabilities: | | | |
| Change in trade and other receivables | 159,674 | (44,457) | 1,331 |
| Change in inventories | (161) | (13,508) | (1) |
| Change in trade and other payables | (52,092) | (51,883) | (434) |
| Change in derivative assets and liabilities | (95,596) | (58,856) | (796) |
| Other—net | (33,477) | 9,025 | (279) |
| Interest received | 38,291 | 26,817 | 319 |
| Interest paid | (49,906) | (51,283) | (416) |
| Dividends received | 291,593 | 277,305 | 2,430 |
| Income taxes paid | (136,561) | (164,958) | (1,138) |
| Cash flows from operating activities | 639,967 | 449,243 | 5,333 |
| **Investing Activities** (Note 29): | | | |
| Change in time deposits | (4,736) | 707 | (40) |
| Investments in and advances to equity accounted investees | (278,977) | (268,298) | (2,325) |
| Proceeds from sales of investments in and collection of advances from equity accounted investees | 123,622 | 63,541 | 1,030 |
| Purchases of other investments | (68,157) | (165,784) | (568) |
| Proceeds from sales and maturities of other investments | 128,232 | 158,604 | 1,069 |
| Increase in long-term loan receivables | (1,963) | (34,281) | (16) |
| Collections of long-term loan receivables | 62,009 | 32,318 | 517 |
| Purchases of property, plant, equipment and investment property | (378,374) | (406,516) | (3,153) |
| Proceeds from sales of property, plant, equipment and investment property | 31,947 | 49,629 | 266 |
| Acquisitions of subsidiaries or other businesses | - | (98,321) | - |
| Sales of subsidiaries or other businesses | - | 8,583 | - |
| Cash flows from investing activities | (386,397) | (659,818) | (3,220) |
| **Financing Activities** (Note 29): | | | |
| Change in short-term debt | (181,841) | (85,141) | (1,515) |
| Proceeds from long-term debt | 752,182 | 746,792 | 6,268 |
| Repayments of long-term debt | (554,949) | (537,806) | (4,624) |
| Purchases and sales of treasury stock | (23) | (50,216) | (0) |
| Dividends paid | (118,323) | (83,970) | (986) |
| Transactions with non-controlling interests shareholders | (23,239) | (2,896) | (194) |
| Cash flows from financing activities | (126,193) | (13,237) | (1,051) |
| **Effect of Exchange Rate Changes on Cash and Cash Equivalents** | 47,076 | 17,595 | 392 |
| **Change in Cash and Cash Equivalents** | 174,453 | (206,217) | 1,454 |
| **Cash and Cash Equivalents at Beginning of Year** | 1,226,317 | 1,432,534 | 10,219 |
| **Cash and Cash Equivalents at End of Year** | ¥ 1,400,770 | ¥ 1,226,317 | $ 11,673 |

See notes to consolidated financial statements

## *1. REPORTING ENTITY*

Mitsui & Co., Ltd. (the “Company”) is a company incorporated in Japan. The consolidated financial statements of the Company have an annual closing date as of March 31 and comprises the financial statements of the Company, its subsidiaries, and the interests in associated companies and joint ventures (collectively, the “equity accounted investees”).

The Company and its subsidiaries, as sogo shosha or general trading companies, are engaged in business activities, such as trading in various commodities, financing for customers and suppliers relating to such trading activities worldwide, and organizing and coordinating industrial projects through their worldwide business networks.

The Company and its subsidiaries conduct sales, export, import, offshore trades and manufacture of products in the areas of “Iron & Steel Products,” “Mineral & Metal Resources,” “Machinery & Infrastructure,” “Chemicals,” “Energy,” “Lifestyle,” and “Innovation & Corporate Development,” while providing general services for retailing, information and communications, technical support, transportation, and logistics and financing.

In addition to the above, the Company and its subsidiaries are also engaged in the development of natural resources such as oil and gas, and iron and steel raw materials and in strategic business investments in new areas such as information technology, renewable energy, and environmental solution business.

## *2. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

### I. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

### II. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Japanese yen, which is the functional currency of the Company, and all financial information presented in Japanese yen has been rounded to the nearest million.

The translation of Japanese yen amounts into U.S. dollar amounts for the year ended March 31, 2015 is included solely for the convenience of readers outside Japan and has been made at the rate of ¥120=U.S. $1, the approximate rate of exchange at March 31, 2015. The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

### III. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared under the historical cost basis except for the items such as financial instruments, asset and liability related to definite benefit pension plans, and a part of inventories as explained in V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

### IV. USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements requires management to make judgments based on assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these judgments and estimates. The judgments based on assumptions and estimates are reviewed on an ongoing basis.
Main assumptions and estimates that affect consolidated financial statements significantly are as follows:

- Revaluation for financial instruments (See Note 9 “DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS,” and Note 27 “FAIR VALUE MEASUREMENT”)

- Impairment and its reversal of assets (See Note 6 “INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD,” Note 12 “PROPERTY, PLANT AND EQUIPMENT,” and Note 14 “INTANGIBLE ASSETS”)
- Provisions (See Note 18 “PROVISIONS”)
- Measurement in defined benefit obligation (See Note 19 “EMPLOYEE BENEFITS”)
- Recoverability of deferred tax assets (See Note 26 “INCOME TAXES”)

The change of judgments based on assumptions and estimates which could affect the accompanying consolidated financial statements is mainly as the following.
- Measurement of the recoverable amount of fixed assets (See Note 12 “PROPERTY, PLANT AND EQUIPMENT”)

Main information about the judgments taken for the application of the accounting policies which have an impact on consolidated financial statements, are as follows:
- Scope of consolidated subsidiaries, associated companies, and joint ventures (See Note 5 “CONSOLIDATED SUBSIDIARIES” and Note 6 “INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD”)
- Accounting for leases businesses (See Note 10 “LEASES”)

## V. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Consolidation***

The consolidated financial statements include the accounts of the Company, its subsidiaries (which were controlled directly or indirectly through voting or similar rights), and structured entities (“SEs”), collectively the “companies,” where the Company or one of its subsidiaries have control. SEs are entities controlled through other means than voting or similar rights. The word “control” is used per its definition in IFRS 10 “Consolidated Financial Statements,” so that the companies consider all facts and circumstances including the existing rights and substantive rights included within the agreements with the investees.

The consolidated financial statements include financial statements of certain subsidiaries with different fiscal year-ends from that of the Company, as the company considers it impracticable to unify the fiscal year-ends of such subsidiaries with that of the Company.

Major consolidated subsidiaries with different fiscal year-ends include subsidiaries that operate exploration, development and production of oil and gas. As the Company is a non-operator in such operations and the financial information is prepared by the operators, the Company is unable to obtain necessary information from the operators in time for the preparation of the Company’s consolidated financial statements as of March-end. For the same reasons, it is also impracticable to prepare additional financial statements for these subsidiaries as of the same date as the Company’s year-end date. Therefore, financial information for such subsidiaries as of their fiscal year-end of December 31 is included in the Company’s consolidated results.

There are other consolidated subsidiaries for which it is also considered impracticable to unify their fiscal year-ends with that of the Company’s due to certain facts and circumstances such as the requirement of local laws and regulations, the local business practices, the environment surrounding the accounting system. The fiscal year-ends of such consolidated subsidiaries are mainly the end of December.

Adjustments are made for the effects of significant transactions or events that occur between the ends of the fiscal years of such consolidated subsidiaries and that of the Company.

Changes in the companies’ ownership interests that are made 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 measured at their fair value at that date, and the difference between the fair value and the carrying amount of the retained non-controlling investments is recognized as gain (loss) on securities and other investments—net.

***Investments in associated companies and joint arrangements***

Associated companies are the entities over which the Company and its subsidiaries own 20% or more of the voting rights and cannot be clearly demonstrated to be unable to exercise significant influence over the financial and operating policy decisions of the investees, or those whereby the companies have the ability to exercise significant influence despite holding less than 20% ownership. Investments in associated companies are accounted for using the equity method.

Joint arrangements are arrangements in which decisions about the relevant activities require the unanimous consent of the parties sharing control. When the parties that have joint control of the arrangement substantially have rights to the assets and obligations for the liabilities, relating to the arrangement, the arrangement is a joint operation, and when an arrangement is structured through a separate vehicle and the parties that have joint control of the arrangement have rights to the net assets of the arrangement, the arrangement is classified as a joint venture. A joint operation is accounted for by recognizing the assets, liabilities, revenues and expenses relating to its interest in a joint operation. A joint venture is accounted for using the equity method.

Robe River Iron Associates (Mitsui's percentage of ownership: 33%), which conducts iron ore mining activity in Australia, is a major joint operation.

The consolidated financial statements include some associated companies, joint ventures and joint operations with different fiscal year-ends from that of the Company because it is impracticable to unify the fiscal year-ends due to the requirement of local laws and regulations and relationships with other shareholders, and it is also impracticable to prepare additional financial statements as of the same date as the financial statements of the companies due to certain factors such as the local business practices and the environment surrounding the accounting system. The fiscal year-ends of associated companies, joint ventures and joint operations are generally December 31.
Adjustments are made for the effects of significant transactions or events that occur due to differences of fiscal year-ends.

The companies discontinue the use of the equity method from the date when the investment ceases to be an associated company or a joint venture. Any retained investments are measured at their fair value at that date, and the difference between the fair value and the carrying amount of the retained investments is recognized as gain (loss) on securities and other investments—net. Regarding impairment of investments in equity accounted investees, please refer to "*Impairment of non-financial assets and investments accounted for using the equity method*."

***Business combinations***

In accordance with IFRS 3 "Business Combinations," all business combinations on or after April 1, 2012, the date of translation to IFRS, are accounted for using the acquisition method, where all assets and liabilities of an acquired company, including non-controlling interests, are measured at fair value. The differences between consideration transferred and the net fair value of identifiable assets and liabilities are recognized as goodwill when the consideration transferred is in excess of the net fair value of identifiable assets and liabilities. If the net fair value of identifiable assets and liabilities exceed the consideration transferred, the excess is recognized immediately in profit for the year.

***Foreign currency translation***

The assets and liabilities of foreign subsidiaries and equity accounted investees are translated into Japanese yen using the spot exchange rate at the respective reporting date. All income and expense accounts are translated into Japanese yen using average rates of exchange for the respective reporting period. The resulting translation adjustments are recognized in other components of equity.

Foreign currency transactions are translated into functional currencies of individual companies using the spot exchange rate at the date of transactions. At the end of each reporting period, monetary assets and liabilities, and non-monetary assets and liabilities measured at fair value denominated in foreign currencies are translated into functional currencies using the spot exchange rate at the reporting date and exchange differences arising from translation are recognized in profit for the year.

Non-monetary items measured at historical cost denominated in foreign currencies are translated using the spot exchange rate at the date of transaction.

***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.

***Inventories***

Inventories, consisting mainly of commodities and materials for sale, are measured at the lower of cost and net realizable value. The cost of inventory of items that are not ordinarily interchangeable are assigned by using specific identification of their individual costs. For those items which are interchangeable, the costs are mainly assigned by using the weighted average cost formula. Inventories acquired with the purpose of being sold in the near future and a profit from fluctuations in price are measured at fair value less costs to sell, and changes in fair value less costs to sell are recognized in profit for the year.

***Financial instruments***

The companies early adopted IFRS 9 "Financial Instruments" (amended in October 2010) prior to April 1, 2014 and early adopt IFRS 9 "Financial Instruments" (amended in November 2013) from April 1, 2014. Accordingly, the companies have accounted for all hedging relationships designated on or after April 1, 2014 based on the requirements of IFRS 9 "Financial Instruments" (amended in November 2013).

*Non-derivative financial assets*

Trade and other receivables are recognized at fair value on initial recognition and regular purchases of other financial assets are recognized on the trade date. These financial assets are derecognized if they satisfy any of the following conditions:

-the contractual rights to the cash flows from the financial asset have expired; or

-the contractual rights to receive the cash flows of the financial asset have been transferred and substantially all risks and rewards of the ownership of the financial asset have been transferred.

Non-derivative financial assets are classified and measured as follows:

Non-derivative financial assets that are debt instruments are measured at amortized cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortized cost is calculated by using the effective interest rate method. For financial assets measured at amortized cost, the companies consider if impairment occurred. Please see *Impairment of financial assets* regarding impairment.

Equity financial instruments and non-derivative financial assets that do not satisfy the requirements to be measured at amortized cost are measured at fair value through profit or loss ("FVTPL"). However, for certain equity financial instruments held primarily for the purpose of enhancing the revenue base by maintaining or strengthening the trade relationship with the investees, the companies elect at initial recognition to designate these instruments as at fair value through other comprehensive income ("FVTOCI").

When financial assets measured at FVTOCI are derecognized, the accumulated other components of equity are directly reclassified to retained earnings without being recognized in profit for the year. Dividend income received on financial assets measured at FVTOCI is mainly recognized in profit for the year.

*Non-derivative financial liabilities*

The companies have non-derivative financial liabilities including corporate bonds and loans payable, trade and other payables, and other financial liabilities. Corporate bonds issued by the companies are

recognized at fair value on the issue date and all other non-derivative financial liabilities are recognized at fair value on the trade date. Subsequent to initial recognition, non-derivative financial liabilities are measured at amortized cost.
The companies derecognize a non-derivative financial liability only when it is extinguished; that is, the underlying obligation specified in the contract is discharged, cancelled or expires.

*Impairment of financial assets*

For financial assets measured at amortized cost, the companies recognize allowance for doubtful receivables on an individual basis for certain receivables if there is an objective evidence of a loss event based on the latest information or events such as in the case where the debtor is under legal reorganization and in financial failure or has a serious problem in repaying debts due to financial difficulty, although it is not yet in financial failure. Impairment losses are measured by using the present value of expected future cash flows, discounted at the effective interest rate based on the original terms of the contract, or, at fair value of the collateral if their value depends on the collateral and comparing the resulting value to the carrying value of the financial asset with the difference between recognized in profit for the year.

Similarly, debt securities measured at amortized cost are assessed for impairment, and impairment losses are directly deducted from the carrying amount. Impairment losses are recognized in profit for the year. After an impairment loss is recognized, interest income continues to be recognized on the reduced carrying amount using the same discount rate used to discount the expected future cash flows when the impairment loss was measured.

If the fair value of previously impaired receivables or debt securities measured at amortized cost subsequently recovers due to factors occurring after the recognition of impairment, a reversal of impairment loss is recognized in profit for the year. The reversal amount is directly added to the carrying amount for debt securities, or deducted from related provision for receivables. The carrying amount after a reversal of impairment loss cannot exceed the carrying amount that would have been, had the impairment loss not been recognized in prior years.

Other than the cases above, as for the corporate businesses, an allowance for doubtful receivables 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 and trade receivables are written off when certain conditions are met. The following are examples of when 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.

*Finance income and costs*

Finance income and costs consist of items such as interest income, interest expense, dividends received and gain or loss on hedging instruments recognized in profit for the year. Interest income and interest expense are recognized using the effective interest method. Dividend income is recognized on the date when the rights of the companies to received dividends vest. See "*Derivative instruments and hedging activities*" for the accounting for gains or losses arising from hedging instruments.

*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 mitigate or reduce these risks, the companies use derivative instruments, such as foreign exchange forward contracts, currency swap agreements, interest rate swap agreements, commodity futures, forwards, options 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 investments in foreign operations.
The companies recognize all derivative instruments as an asset or a liability at fair value as at the date on which they become party to the relevant agreement. Subsequent to initial recognition, derivative instruments are measured at fair value with any changes in fair value accounted for as follows:

・Fair value hedges
Derivative instruments held for the purpose of eliminating the risk of changes in the fair value of hedged items are designated as fair value hedges and subject to the assessment of hedge effectiveness. To the extent that they satisfy the requirements for hedge accounting, the companies include the gain or loss on the hedged items in the same line item as the offsetting loss or gain on the derivative instruments designated as hedging instruments mainly as interest expense.

・Cash flow hedges
Derivative instruments held for the purpose of offsetting the variability in cash flows of the hedged items are designated as cash flow hedges. To the extent that they are effective, any changes in fair value are recognized in other comprehensive income until cash flows of the hedged item affect gain or loss. The amounts previously recognized in other comprehensive income are reclassified into profit for the year mainly as interest expense and other income (expense)–net when earnings are affected by the hedged items.

・Hedges of net investments in foreign operations
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 reduce the foreign currency exposure of a net investment in a foreign operation are recorded as foreign currency translation adjustments within other comprehensive income to the extent they are effective as a hedge. The amounts in other components of equity are reclassified into profit for the year mainly as gain (loss) on securities and other investments—net when the related investment is sold completely or partially, or the liquidation of the investment is completed. 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 recorded in profit for the year mainly as other income (expenses)-net immediately.

・Derivative instruments for trading purposes
The Company and certain subsidiaries use derivative instruments for trading purposes within certain position and loss limits. Derivative instruments for trading purposes are measured at fair value and changes in fair value are recorded in profit for the year as other revenue.

*Offsetting financial assets and financial liabilities*

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statements of financial position when, and only when, the companies currently have a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

***Leasing***

The companies are engaged in finance and operating leases businesses. For finance leases, unearned income is amortized to income over the lease term at a constant periodic rate of return on the net investment. Operating lease income is recognized as revenue over the term of underlying leases on a straight-line method.

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

***Property, plant and equipment***

Property, plant and equipment are measured based on the cost model and are stated at cost less accumulated depreciation and impairment losses.

Depreciation of property, plant and equipment, except for land and projects in progress, is computed principally under the straight-line method, using rates based on the estimated useful lives of the related assets. The estimated useful lives for buildings, equipment and fixtures, vessels and aircrafts are primarily 2 to 52 years, 3 to 30 years, and 8 to 20 years, respectively. Mineral rights are primarily amortized using the unit-of-production method.

***Investment property***

Investment property is measured by using the cost model and is stated at cost less accumulated depreciation and impairment losses. Depreciation of investment property is computed principally under the straight-line method, using rates based upon the estimated useful lives of the related investment property. The estimated useful lives for investment properties are primarily 2 to 50 years.

***Intangible assets***

Intangible assets include goodwill arising from the acquisition of subsidiaries.
Intangible assets are measured based on the cost model and intangible assets with finite estimated useful lives are stated at cost less accumulated amortization and impairment losses. Goodwill and intangible assets with indefinite estimated useful lives are not amortized and are presented at cost less accumulated impairment losses.
The software is primarily amortized over 5 years using the straight-line method.

***Impairment of non-financial assets and investments accounted for using the equity method***

Non-financial assets and investments accounted for using the equity method are assessed to determine whether there is any indication of impairment at respective reporting date. If any such indication exists, the recoverable amounts of the non-financial asset and the investment are estimated. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually. For investments accounted for using the equity method, the entire carrying amount of the investment is tested for impairment as a single asset.
The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, when the asset generates cash inflows that are largely independent of those from other assets or groups of assets.
Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and the carrying amount is written down to its recoverable amount with impairment loss recognized in profit or loss. For assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication of impairment that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed as income in profit and loss to the extent that the increased carrying amount of an asset does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss recognized for the asset in prior years only if there has been a change in the assumptions used to determine the recoverable amount of the asset since the last impairment loss was recognized. An impairment loss recognized for goodwill is not reversed.

***Oil and gas producing activities***

Oil and gas exploration and development costs are accounted for using the successful effort 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.

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 recoverable amount. Unproved properties are assessed whenever there is an indication of impairment, and if the unproved properties are determined to be impaired, impairment losses are charged to expense. The companies make a comprehensive evaluation and record impairment of unproved property based on 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 surface 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 in relation to mineral produced during the fiscal year are variable production costs to be considered as a component of mineral inventory costs and are recognized as a component of costs in the same period as the related revenues from the sales of the minerals. On the other hand, post-production stripping costs incurred that relate to mineral to be produced in the subsequent fiscal year are capitalized, and are amortized using either the unit-of-production method or straight-line method based on the proved and probable reserves.

### *Provisions*

Provisions are recognized when the companies have a present obligation (legal or constructive) as a result of a past event, it is probable that outflows of resources embodying economic benefits will be required to settle the obligation, and the reliable estimates of the amount of the obligations can be made. Provisions are measured as the best estimate of the amount of expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted to their present value using a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

### *Asset retirement obligations*

The companies recognize costs of dismantling and removing assets mainly related to mining and oil and gas production facilities, and the companies record the provision 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 asset. Over time, the liability is increased to its present value to reflect the passage of time by unwinding the discount each period, and the capitalized cost is depreciated over the useful life of the related asset.

### *Employee benefits*

The Company and certain subsidiaries have defined benefit pension plans and severance indemnity plans. The costs of defined benefit pension plans and severance indemnity plans are accrued based on amounts determined using actuarial procedures based on the projected unit credit method. 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 statements of financial position. The remeasurements of defined benefit pension plans are recognized immediately in other components of equity in equity and are transferred to retained earnings on recognition.

The Company and certain subsidiaries also have defined contribution pension plans. Payments to defined contribution pension plans are recognized as an expense when employees have rendered service.

### *Revenue recognition*

Revenue is recognized as follows:

<u>*Sales of products*</u>

Revenues from sale of products include those arising from the sale 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 and when conditions agreed upon with customers are satisfied. 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, revenue is accounted for by the percentage-of-completion method if the outcome of a construction contract can be estimated reliably, otherwise the companies recognize revenues only to the extent that contract costs incurred are probable to be recovered. Under the percentage-of-completion method, the stage of completion of a construction contract is determined based on the proportion of costs incurred for the contract works to date to the total estimated contract costs.

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 consolidated statement of income.

<u>*Rendering of services*</u>

Revenues from rendering of services include those arising 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 revenue when the contracted services are rendered to third-party customers pursuant to the agreements.

<u>*Other revenue*</u>

Other revenues principally include the revenues from leasing activities of real estate, rolling stock, ocean transport vessels, aircraft, 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.

***Income taxes***

Income taxes comprise current taxes and deferred taxes. Income tax expense is calculated based on profit before income taxes. Deferred income taxes reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and their tax bases, tax loss carryforwards and tax credit carryforwards. These deferred income taxes are measured using the currently enacted or substantively enacted tax rates in effect for the year in which the temporary differences, tax loss carryforwards or tax credit carryforwards are expected to reverse. Deferred tax assets are recognized except for cases where such deferred tax assets are not recoverable.

Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries and equity accounted investees, unless the companies are able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities are measured at the tax rates that are applicable to the expected manner of recovery or settlement by the management.

Upon the introduction of the Expansion of the Petroleum Resource Rent Tax Act in Australia, 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. The Company's Australian subsidiaries and equity accounted investees apply the market value approach. The Petroleum Resource Rent Tax is regarded as an income tax subject to tax effect accounting in accordance with IAS 12 "Income Taxes," and deferred tax assets have been recognized for the operating assets based on the difference in the book values for financial reporting purposes and their tax bases except for the portion that are deemed not to be recoverable. In judgment of recoverability, several tax deductible items such as royalties and the impact of future augmentation, which will be incurred on tax losses carried forward in the Petroleum Resource Rent Tax, has been considered.

The Australian Mineral Resource Rent Tax Act was regarded as an income tax subject to tax effect accounting in accordance with IAS 12 “Income Taxes,” and deferred tax assets were recognized for the difference between the book values of the operating assets for financial reporting purposes and their tax bases based on the market value approach except for the portion that was deemed not to be recoverable. Such difference subject to tax effect accounting has been reversed upon the abolition of the Mineral Resource Rent Tax Act at September 5, 2014.

The companies recognize uncertain tax positions in income taxes in the consolidated financial statements when it is probable that an economic outflow would occur if the tax positions were examined and challenged by tax authorities.

***Earnings per share***

Basic earnings per share attributable to owners of the parent is computed by dividing profit attributable to owners of the parent by the weighted-average number of common stock outstanding during the reporting period, adjusted for the number of treasury stock acquired. Diluted earnings per share attributable to owners of the parent reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

## VI. STANDARDS AND INTERPRETATIONS NEWLY APPLIED

Effective April 1, 2014, the companies applied the following new standards and interpretation for consolidated financial statements. Potential impacts on consolidated financial statements of application of these are immaterial.

| IFRS | Title | Summaries |
|---|---|---|
| IFRIC 21 | Levies | Clarification of accounting for levies |
| IAS 36 | Impairment of Assets | Clarification of recoverable amount disclosures for non-financial assets |
| IFRS 9 | Financial Instruments: Hedge Accounting | Comprehensive amendments of requirements for hedge accounting |

## VII. NEW STANDARDS AND INTERPRETATIONS NOT YET APPLIED

The new standards, interpretations, and amendments that have been issued as of the date of the approval for the consolidated financial statements which the companies have not yet applied as of March 31, 2015, are mainly as follows. Potential impacts that application of these will have on the consolidated financial statements cannot be reasonably estimated.

| IFRS | Title | Reporting periods beginning on or after which the applications are required | Reporting periods of the application by the companies (The reporting period ended) | Summaries of new IFRS and amendments |
|---|---|---|---|---|
| IFRS11 | Joint Arrangements | January 1, 2016 | March 31, 2017 | Clarification of accounting for acquisitions of interests in joint operations |
| IAS16 | Property, Plant and Equipment | January 1, 2016 | March 31, 2017 | Clarification that revenues cannot be the basis of depreciation and amortization |
| IAS38 | Intangible Assets | January 1, 2016 | March 31, 2017 | |
| IFRS15 | Revenue from Contracts with Customers | January 1, 2017 | March 31, 2018 | Accounting for recognizing revenue from contracts with customers |
| IFRS9 | Financial Instruments | January 1, 2018 | March 31, 2019 | Implementation of expected credit loss model for the recognition of impairment losses of financial instruments |

## VIII. RECLASSIFICATION

Certain reclassifications and format changes have been made to prior year amounts to conform to the current year presentation.

## *3. BUSINESS COMBINATIONS*

**For the year ended March 31, 2015**

No material business combinations were completed during the year ended March 31, 2015.

**For the year ended March 31, 2014**

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

| | Millions of Yen |
|---|---|
| Current assets | ¥ 4,491 |
| Property, plant and equipment | 101,556 |
| Intangible assets | 19,141 |
| Total assets acquired | 125,188 |
| Current liabilities | (409) |
| Non-current liabilities | (26,458) |
| Total liabilities assumed | (26,867) |
| Net assets acquired | ¥ 98,321 |

Intangible assets are goodwill arising from the above business combination. The goodwill mainly derives from a deferred tax liability based on the difference in the net fair value of assets acquired and liabilities assumed by the above business combination and their book value for tax purpose. The goodwill is non-deductible for tax purpose and has been assigned to the Energy Segment.

Pro forma results of operations for the above business combination have not been presented because the effects were not material to the consolidated financial statements.

A net cash outflow in cash flows from investing activities of ¥98,321 million arising from the above business combination is included in acquisitions of subsidiaries or other businesses in the Consolidated Statements of Cash Flows for the year ended March 31, 2014.

## *4. ASSETS HELD FOR SALE*

Mitsui & Co. Steel Ltd. (“Mitsui Steel”), Metal One Corporation and Metal One Structural Steel & Resource Corporation reached an agreement to integrate its domestic construction steel and metal scrap business to Metal One Structural Steel & Resource Corporation for the purpose of responding to changes in the business environment. Therefore, as of September 30, 2014, a part of the assets and liabilities of Mitsui Steel were presented as single line items in the assets held for sale and liabilities directly associated with assets held for sale account, with amounts ¥111,373 million and ¥58,167 million, respectively. These accounts mostly consist of “Trade and other receivables” and “Trade and other payables.” This integration was closed on November 1, 2014, and the integrated company became a 50% owned joint venture of Mitsui Steel. Therefore, as of March 31, 2015, these accounts are reclassified to the investments accounted for using the equity method. This transaction is included in the Iron & Steel Products Segment.

### *5. CONSOLIDATED SUBSIDIARIES*

***Consolidated subsidiaries***

Major consolidated subsidiaries as of March 31, 2015 were as follows:

| Registered Name | Principal Lines of Business | Jurisdiction of Incorporation | Ownership of voting shares (%) |
|---|---|---|---|
| Mitsui Oil Exploration Co., Ltd. | Exploration, development and production of oil and natural gas | Japan Tokyo | 74.3 |
| Mitsui Iron Ore Development Pty. Ltd. | Mining and sales of Australian iron ore | Australia Perth | 100.0 |
| Mitsui-Itochu Iron Pty. Ltd. | Mining and sales of Australian iron ore | Australia Perth | 70.0 |
| Mitsui E&P Middle East B.V. | Exploration, development and production of oil and natural gas | Netherlands Amsterdam | 100.0 |
| Mitsui Iron Ore Corporation Pty. Ltd. | Mining and sales of Australian iron ore | Australia Perth | 100.0 |
| MITSUI & CO. LNG INVESTMENT LIMITED | Investment in LNG projects | United Kingdom London | 100.0 |
| Mitsui Sakhalin Holdings B.V. | Investment in Sakhalin Energy Investment Company Ltd. | Netherlands Amsterdam | 100.0 |
| Mitsui & Co. (U.S.A.), Inc. | Trading | U.S.A. New York | 100.0 |
| Mitsui & Co. Financial Services Ltd. | Financing services within the Group | Japan Tokyo | 100.0 |
| Oriente Copper Netherlands B.V. | Investment in and loan to copper business in Chile through Inversiones Mineras Acrux SpA | Netherlands Amsterdam | 100.0 |

***Restrictions on transferring cash or others within consolidated group***

There are no significant restrictions on transferring cash or other assets in the form of dividends or loans and settling liabilities within the company, consolidated subsidiaries and equity accounted investees.

***Changes in owners of parent's ownership interests due to the deconsolidation of subsidiaries***

During the year ended March 31, 2014, the companies deconsolidated certain subsidiaries mainly due to the sale of the interests in the subsidiaries to third parties. Through these transactions the companies recognized a net pre-tax gain of ¥16,117 million. This net gain was included in gain (loss) on securities and other investments—net in the Consolidated Statement of Income.
There is no significant gain or loss arising from changes in owners of parent's ownership interests due to the deconsolidation of subsidiaries during the year ended March 31, 2015.

***Unconsolidated Structured Entities (Unconsolidated SEs)***

The companies are involved with SEs, established for the purpose of financing projects such as oil and gas, by providing guarantees or loans to the SEs. Those SEs provide financing for customers located principally in Latin America in the form of leases and loans. Those entities are financed mainly by bank borrowings and issuance of stock.

The total assets of the SEs, the carrying amounts of assets and liabilities in the Consolidated Statements of Financial Position that relate to the companies' interests in the SEs, and the companies' maximum exposure to loss as a result of the companies' involvement with the SEs as of March 31, 2015 and 2014 were as follows:

March 31, 2015:

| Millions of Yen | | | |
|---|---|---|---|
| | Assets and liabilities that relate to interests in SEs | | |
| Total assets of SEs | Carrying amounts of assets | Carrying amounts of liabilities | Maximum exposure to loss |
| ¥ 296,209 | ¥ 19,365 | – | ¥ 21,738 |

March 31, 2014:

| Millions of Yen | | | |
|---|---|---|---|
| | Assets and liabilities that relate to interests in SEs | | |
| Total assets of SEs | Carrying amounts of assets | Carrying amounts of liabilities | Maximum exposure to loss |
| ¥ 359,001 | ¥ 17,833 | – | ¥ 22,932 |

Note: The assets that relate to the companies' interests in the SEs are mainly "Other investments" and "Trade and other receivables".

The amount of maximum exposure to loss represents a loss that the companies could incur from financial difficulties of the customers. The amount bears no relation to the loss anticipated to be incurred from the companies' involvement with the SEs and is considered to greatly exceed the anticipated loss.

The maximum exposure to loss that relates to the companies' interests in the SEs represents the amounts of investments, loans and guarantees provided by the companies to the SEs as of March 31, 2015 and 2014 respectively.

The companies did not provide any financial support to the SEs for the years ended March 31, 2015 and 2014.

***Consolidated Structured Entities (Consolidated SEs)***

There is no consolidated SE as of March 31, 2015 and 2014.

## *6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD*

Primary investees over which the companies have the ability to exercise significant influence despite ownership percentage of less than 20% are as follows:

The investment in Valepar S.A. (18.24%) is accounted for under the equity method because of the Company's ability to exercise significant influence over operating and financial policies primarily through the board representation and veto power over significant operating and financial decisions through the board of directors. As the sole operating company among the shareholders, which consist primarily of pension funds and financial institutions, the Company utilizes its experience and expertise in operating businesses and substantively participates in the decision-making processes.

The investment in Sims Metal Management Limited (17.65%) is accounted for under the equity method because the companies are the largest and sole shareholder to have a board designation right and the top up right, which enable the companies to increase their share in the event of dilution so that the companies are able to retain proportionate share after the dilutive event, and the companies have the ability to exercise significant influence over operating and financial policies primarily through board representation and membership in various advisory committees to the board, such as the Finance and Investment Committee.

The companies are the second largest shareholder group of Penske Automotive Group, Inc. ("PAG", 17.23%) and entered into a shareholders agreement with the largest shareholder group owning approximately 35% of its voting shares. Based on a reciprocal voting provision set forth in the agreement for any shareholder election of the directors of PAG, the companies and the largest shareholder group constitute a "group" within the meaning of Section 13(d) of the Securities Exchange Act of 1934 and jointly participate in the management of PAG. The investment in PAG is accounted for under the equity method because of the companies' ability to exercise significant influence over operating and financial policies primarily through board representation by a director and senior vice president dispatched from the companies. PAG is utilizing the companies' global network to develop its business activities outside the United States and, as part of the process, the companies substantively participate in the decision-making processes.

The carrying amount of the investments accounted for using the equity method for the years ended March 31, 2015 and 2014, consisted of the following:

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| Associated companies | ¥ | 1,663,073 | ¥ | 1,433,407 |
| Joint ventures | | 1,128,268 | | 1,015,441 |
| Total | ¥ | 2,791,341 | ¥ | 2,448,848 |

Share of profit and other comprehensive income (before income tax effect) of the equity accounted investees for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| Profit for the year | | | | |
| Associated companies | ¥ | 78,162 | ¥ | 77,902 |
| Joint ventures | | 66,434 | | 93,337 |
| Total | ¥ | 144,596 | ¥ | 171,239 |
| Other comprehensive income | | | | |
| Associated companies | ¥ | (22,989) | ¥ | 39,943 |
| Joint ventures | | 33,573 | | 63,861 |
| Total | ¥ | 10,584 | ¥ | 103,804 |
| Total comprehensive income | ¥ | 155,180 | ¥ | 275,043 |

Dividends received from the equity accounted investees for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| Associated companies | ¥ | 83,834 | ¥ | 74,866 |
| Joint ventures | | 92,294 | | 77,615 |
| Total | ¥ | 176,128 | ¥ | 152,481 |

The carrying value of the investments accounted for using the equity method exceeded the companies' equity in the underlying net assets of those companies. The amounts of such excess value for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| Associated companies | ¥ | 143,828 | ¥ | 75,751 |
| Joint ventures | | 74,298 | | 79,224 |
| Total | ¥ | 218,216 | ¥ | 154,975 |

The excess is attributed first to certain fair value adjustments on a net-of-tax basis at the time of the initial and subsequent investments in those companies with the remaining portion considered as equity method goodwill. The fair value adjustments mainly relate to property, plant and equipment which consist primarily of mineral rights amortized over their respective estimated useful lives, principally 3 to 47 years, using either the straight-line or the unit-of-production method.

Investments in common stock of publicly traded associated companies include marketable equity securities carried at ¥290,231 million and ¥274,833 million at March 31, 2015 and 2014, respectively. Corresponding aggregate quoted market values were ¥601,803 million and ¥426,843 million, respectively. There is no investment in common stock of publicly traded joint venture.

For the year ended March 31, 2014, the companies reversed an impairment loss of ¥8,407 million of an investment accounted for using the equity method in the Machinery & Infrastructure Segment due to recovery of market price and recognized in profit on securities and other investments in consolidated statements of income. The amount that reversed an impairment loss is calculated on basis of its recoverable amount measured at fair value less costs to sell, based on the market price at the measurement date.

For the years ended March 31, 2015 and 2014, the companies recognized impairment losses of investment accounted for using the equity method of ¥4,144 million and ¥8,849 million, respectively, in loss on securities and other investments in consolidated statements of income due to decline of market price.

The amounts of outstanding balances of receivables and payables in the equity accounted investees for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| | Receivables | Payables | Receivables | Payables |
| Associated companies... | ¥ 303,042 | ¥ 96,276 | ¥ 297,106 | ¥ 93,959 |
| Joint ventures................ | 100,006 | 73,185 | 54,191 | 41,447 |
| Total....................... | ¥ 403,048 | ¥ 169,461 | ¥ 351,297 | ¥ 135,406 |

In relation to the Company’s liquefaction business in the United States, a wholly owned subsidiary of the Company has secured four million tons per annum of LNG tolling capacity for 20 years following the inception of production of LNG scheduled for 2018, for which it will pay a tolling service fee, under a natural gas tolling liquefaction agreement with Cameron LNG LLC, a subsidiary of Cameron LNG Holdings LLC, an associate of the Company.
The Company has completed the procurement of seven LNG ships intended to be used for the delivery of LNG mainly to its customers in Japan by the end of March, 2015. In addition, on May 11, 2015, the Company has entered into a time charter contract for the eighth LNG ship with ship-owning company in which the Company has investments accounted for as joint ventures, for a total maximum charter period of 25 years starting from 2020.
Among the time charter contracts for the seven LNG ships already concluded by the end of March, 2015, the five LNG ships including contracts for two ships with ship-owning companies in which the Company has investments accounted for as joint ventures, have a total maximum charter period of 25 years starting from 2017 or 2018, and the remaining two ships have a total maximum charter period of 25 years starting from 2018 or 2019.
As a result, the total maximum hire amount for the eight ships is approximately ¥700 billion.
Corresponding to the costs from the above tolling and transportation contracts, the Company also entered into long term LNG sales contracts with customers mainly in Japan.

The companies’ revenues and purchases in cost of revenues from the equity accounted investees for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| Revenues | | | | |
| Associated companies | ¥ | 33,621 | ¥ | 46,651 |
| Joint ventures | | 4,713 | | 2,537 |
| Total | ¥ | 38,334 | ¥ | 49,188 |
| Purchases | | | | |
| Associated companies | ¥ | 58,591 | ¥ | 58,828 |
| Joint ventures | | 51,027 | | 59,384 |
| Total | ¥ | 109,618 | ¥ | 118,212 |

## *7. SEGMENT INFORMATION*

IFRS 8 “Operating Segments” requires disclosure of financial and descriptive information regarding operating segments, which are components of an entity whose operating results are regularly reviewed by the entity’s chief operating decision maker in deciding about resources to be allocated to the segment and assessing its performance.

The Company is operated through business units, determined based on their products and services, which plan overall and worldwide strategies for their products and services and conduct their worldwide operations. The business units also collaborate with the regional business units in planning and executing their strategies for products and regions. The regional business units are delegated the business of their regions as the centers of each particular regional strategy and operate diversified business together with their affiliated companies in collaboration with the business units.

Therefore, the companies’ operating segments consist of product-focused operating segments comprised of the business units of the Head Office and region-focused operating segments comprised of the regional business units. The companies’ operating segments have been aggregated based on the nature of the products and other criteria into seven product-focused reportable segments and three region-focused reportable segments, totaling ten reportable segments.

The reportable segments of the Company are as follows:

“Iron & Steel” Products manufactures, sells and trades iron & steel products in Japan and abroad.

“Mineral & Metal Resources” is engaged in overseas development of iron and non-ferrous metal resources, and produces, sells and trades raw materials and metal products in Japan and abroad.

“Machinery & Infrastructure” is engaged in manufacturing, sales and trading, leasing and financing of plant and machinery, as well as infrastructure businesses such as power generation in Japan and abroad.

“Chemicals” manufactures, sells and trades chemical products in Japan and abroad.

“Energy” is engaged in overseas development of oil and gas resources, and manufactures, sells and trades oil, gas, coal and related products in Japan and abroad.

“Lifestyle” manufactures, sells, and trades foods, consumer products and materials, and engages in healthcare, real estate, service and media businesses in Japan and abroad.

“Innovation & Corporate Development” engages in information and communication, logistics, insurance and financial businesses in Japan and abroad.

“Americas,” “Europe, the Middle East and Africa,” and “Asia Pacific” trade in various commodities and conduct related business led by overseas trading subsidiaries or offices located in each region.

The companies’ operating segment information, product information and geographic area information for the years ended March 31, 2015 and 2014 presented in conformity with IFRS 8 were as follows:

## *Segment information*

| Year ended March 31, 2015: | Iron & Steel Products | Mineral & Metal Resources | Machinery & Infrastructure | Chemicals | Energy | Lifestyle | Innovation & Corporate Development |
|---|---|---|---|---|---|---|---|
| | Millions of Yen | | | | | | |
| Revenue | ¥ 151,442 | ¥ 791,211 | ¥ 443,946 | ¥ 888,222 | ¥ 991,247 | ¥ 975,991 | ¥ 120,167 |
| Gross Profit | ¥ 37,970 | ¥ 146,125 | ¥ 130,131 | ¥ 70,134 | ¥ 202,739 | ¥ 116,242 | ¥ 37,420 |
| Share of Profit of Investments Accounted for Using the Equity Method | ¥ 7,641 | ¥ 913 | ¥ 32,988 | ¥ 7,225 | ¥ 56,610 | ¥ 21,642 | ¥ 5,748 |
| Profit (Loss) for the Year Attributable to Owners of the parent | ¥ 8,460 | ¥ 60,857 | ¥ 45,680 | ¥ 3,702 | ¥ 119,674 | ¥ (2,695) | ¥ 6,006 |
| Total Assets at March 31, 2015 | ¥ 493,961 | ¥ 1,955,957 | ¥ 2,112,645 | ¥ 838,894 | ¥ 2,610,367 | ¥ 1,658,188 | ¥ 550,339 |
| Investments accounted for using the equity method at March 31, 2015 | ¥ 91,565 | ¥ 816,216 | ¥ 781,162 | ¥ 92,617 | ¥ 338,185 | ¥ 296,057 | ¥ 88,644 |
| Capital additions to Non-current assets | ¥ 801 | ¥ 68,868 | ¥ 12,386 | ¥ 29,580 | ¥ 178,489 | ¥ 23,180 | ¥ 3,585 |
| Depreciation and Amortization | ¥ 1,196 | ¥ 47,185 | ¥ 19,554 | ¥ 11,137 | ¥ 147,473 | ¥ 12,614 | ¥ 5,301 |
| EBITDA | ¥ 12,909 | ¥ 155,530 | ¥ 54,977 | ¥ 18,074 | ¥ 439,849 | ¥ 16,156 | ¥ (4,991) |

| Year ended March 31, 2015: | Americas | Europe, the Middle East and Africa | Asia Pacific | Total | All Other | Adjustments and Eliminations | Consolidated Total |
|---|---|---|---|---|---|---|---|
| | Millions of Yen | | | | | | |
| Revenue | ¥ 828,521 | ¥ 110,161 | ¥ 102,179 | ¥ 5,403,087 | ¥ 1,843 | ¥ - | ¥ 5,404,930 |
| Gross Profit | ¥ 92,589 | ¥ 19,317 | ¥ 12,223 | ¥ 864,890 | ¥ 701 | ¥ (19,751) | ¥ 845,840 |
| Share of Profit of Investments Accounted for Using the Equity Method | ¥ 7,450 | ¥ 574 | ¥ 4,518 | ¥ 145,309 | ¥ - | ¥ (713) | ¥ 144,596 |
| Profit (Loss) for the Year Attributable to Owners of the parent | ¥ 25,757 | ¥ 3,408 | ¥ 30,535 | ¥ 301,384 | ¥ 8,947 | ¥ (3,841) | ¥ 306,490 |
| Total Assets at March 31, 2015 | ¥ 584,086 | ¥ 104,646 | ¥ 382,495 | ¥11,291,578 | ¥ 5,135,246 | ¥(4,223,903) | ¥12,202,921 |
| Investments accounted for using the equity method at March 31, 2015 | ¥ 78,509 | ¥ 11,512 | ¥ 211,006 | ¥ 2,805,473 | ¥ (668) | ¥ (13,464) | ¥ 2,791,341 |
| Capital additions to Non-current assets | ¥ 33,229 | ¥ 976 | ¥ 14,764 | ¥ 365,858 | ¥ 12,523 | ¥ (7) | ¥ 378,374 |
| Depreciation and Amortization | ¥ 9,040 | ¥ 451 | ¥ 682 | ¥ 254,633 | ¥ 13,734 | ¥ - | ¥ 268,367 |
| EBITDA | ¥ 41,297 | ¥ (541) | ¥ (2,528) | ¥ 730,732 | ¥ 3,221 | ¥ 54,312 | ¥ 788,265 |

| Year ended March 31, 2014: | Iron & Steel Products | Mineral & Metal Resources | Machinery & Infrastructure | Chemicals | Energy | Lifestyle | Innovation & Corporate Development |
|---|---|---|---|---|---|---|---|
| | Millions of Yen | | | | | | |
| Revenue | ¥ 220,068 | ¥ 791,197 | ¥ 410,155 | ¥ 943,198 | ¥ 1,454,254 | ¥ 890,587 | ¥ 103,215 |
| Gross Profit | ¥ 51,130 | ¥ 200,892 | ¥ 114,743 | ¥ 80,527 | ¥ 199,834 | ¥ 113,979 | ¥ 22,579 |
| Share of Profit of Investments Accounted for Using the Equity Method | ¥ 5,395 | ¥ 37,990 | ¥ 24,400 | ¥ 8,606 | ¥ 60,087 | ¥ 19,289 | ¥ 4,879 |
| Profit (Loss) for the Year Attributable to Owners of the parent | ¥ 14,583 | ¥ 88,052 | ¥ 17,146 | ¥ 8,370 | ¥ 188,441 | ¥ 12,096 | ¥ (12,258) |
| Total Assets at March 31, 2014 | ¥ 567,741 | ¥ 1,970,858 | ¥ 1,872,585 | ¥ 765,751 | ¥ 2,478,158 | ¥ 1,495,387 | ¥ 496,533 |
| Investments accounted for using the equity method at March 31, 2014 | ¥ 71,397 | ¥ 869,570 | ¥ 564,933 | ¥ 77,260 | ¥ 286,635 | ¥ 262,687 | ¥ 71,549 |
| Capital additions to Non-current assets | ¥ 1,461 | ¥ 96,051 | ¥ 24,645 | ¥ 22,146 | ¥ 204,907 | ¥ 14,882 | ¥ 5,865 |
| Depreciation and Amortization | ¥ 1,361 | ¥ 42,908 | ¥ 17,243 | ¥ 7,359 | ¥ 111,802 | ¥ 10,922 | ¥ 5,228 |
| EBITDA | ¥ 21,839 | ¥ 241,785 | ¥ 35,642 | ¥ 28,514 | ¥ 416,106 | ¥ 20,203 | ¥ (23,614) |

| Year ended March 31, 2014: | Americas | Europe, the Middle East and Africa | Asia Pacific | Total | All Other | Adjustments and Eliminations | Consolidated Total |
|---|---|---|---|---|---|---|---|
| | Millions of Yen | | | | | | |
| Revenue | ¥ 699,622 | ¥ 108,663 | ¥ 109,079 | ¥ 5,730,038 | ¥ 1,884 | ¥ (4) | ¥ 5,731,918 |
| Gross Profit | ¥ 78,725 | ¥ 18,752 | ¥ 12,469 | ¥ 893,630 | ¥ 794 | ¥ (14,318) | ¥ 880,106 |
| Share of Profit of Investments Accounted for Using the Equity Method | ¥ 4,039 | ¥ 1,384 | ¥ 4,525 | ¥ 170,594 | ¥ 365 | ¥ 280 | ¥ 171,239 |
| Profit (Loss) for the Year Attributable to Owners of the parent | ¥ 13,668 | ¥ 397 | ¥ 30,682 | ¥ 361,177 | ¥ 11,004 | ¥ (22,088) | ¥ 350,093 |
| Total Assets at March 31, 2014 | ¥ 568,772 | ¥ 105,907 | ¥ 345,074 | ¥10,666,766 | ¥ 5,037,172 | ¥(4,212,619) | ¥ 11,491,319 |
| Investments accounted for using the equity method at March 31, 2014 | ¥ 57,799 | ¥ 14,010 | ¥ 192,463 | ¥ 2,468,303 | ¥ 556 | ¥ (20,011) | ¥ 2,448,848 |
| Capital additions to Non-current assets | ¥ 17,430 | ¥ 459 | ¥ 8,484 | ¥ 396,330 | ¥ 10,519 | ¥ (333) | ¥ 406,516 |
| Depreciation and Amortization | ¥ 8,072 | ¥ 663 | ¥ 547 | ¥ 206,105 | ¥ 13,041 | ¥ 1 | ¥ 219,147 |
| EBITDA | ¥ 26,334 | ¥ 499 | ¥ (347) | ¥ 766,961 | ¥ 7,756 | ¥ 44,930 | ¥ 819,647 |

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 affiliated companies. Total assets of "All Other" at March 31, 2015 and 2014 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.

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

(3) Profit (Loss) for the Year Attributable to the Owners of the parent of "Adjustments and Eliminations" includes income and expense items that are not allocated to specific reportable segments, and eliminations of intersegment transactions.
For the year ended March 31, 2015, there was no individually material item in the Profit (Loss) Attributable to Owners. For the year ended March 31, 2014, it includes ¥30,003 million (Loss) related to tax items including adjustments of the difference between actual tax rate and intercompany tax rate, and other miscellaneous amounts.

(4) Since the year ended March 31, 2015, EBITDA has been disclosed by reportable segments as the information of the operating segments periodically reviewed by the entity's chief operating decision maker. EBITDA is comprised of the companies' (a) gross profit, (b) selling, general and administrative expenses, (c) dividend income, (d) share of profit of investments accounted for using the equity method as presented in the Consolidated Statements of Income and (e) depreciation and amortization as presented in the Consolidated Statements of Cash Flows.

*Product information*

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| | **Iron and Steel** | **Non-Ferrous Metals** | **Machinery** | **Electronics & Information** | **Chemicals** | **Energy** |
| Year ended March 31, 2015: | | | | | | |
| Revenue | ¥ 783,807 | ¥ 356,195 | ¥ 505,721 | ¥ 60,167 | ¥1,254,514 | ¥ 999,576 |
| Year ended March 31, 2014: | | | | | | |
| Revenue | ¥ 904,681 | ¥ 290,296 | ¥ 469,411 | ¥ 60,095 | ¥1,295,552 | ¥ 1,462,113 |

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | **Foods** | **Textiles** | **General Merchandise** | **Property and Service Business** | **Consolidated Total** |
| Year ended March 31, 2015: | | | | | |
| Revenue | ¥ 1,235,230 | ¥ 19,694 | ¥ 33,269 | ¥ 156,757 | ¥ 5,404,930 |
| Year ended March 31, 2014: | | | | | |
| Revenue | ¥ 1,045,298 | ¥ 19,890 | ¥ 28,466 | ¥ 156,116 | ¥ 5,731,918 |

*Geographic area information*

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| | **Japan** | **United States** | **Singapore** | **Australia** | **All Other** | **Consolidated Total** |
| Year ended March 31, 2015: | | | | | | |
| Revenue | ¥ 2,253,353 | ¥1,052,460 | ¥ 549,127 | ¥ 456,538 | ¥1,093,452 | ¥ 5,404,930 |
| Year ended March 31, 2014: | | | | | | |
| Revenue | ¥ 2,526,034 | ¥ 817,676 | ¥ 847,780 | ¥ 486,551 | ¥1,053,877 | ¥ 5,731,918 |

Note: Revenues are attributed to countries based on the location of sellers.

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| | **Australia** | **United States** | **Japan** | **Thailand** | **All Other** | **Consolidated Total** |
| At March 31, 2015: | | | | | | |
| Non-current assets | ¥ 647,569 | ¥ 569,779 | ¥ 410,811 | ¥ 218,423 | ¥ 669,852 | ¥ 2,516,434 |
| At March 31, 2014: | | | | | | |
| Non-current assets | ¥ 627,000 | ¥ 517,023 | ¥ 399,762 | ¥ 201,203 | ¥ 615,800 | ¥ 2,360,788 |

Note: Financial instruments and deferred tax assets are excluded from Non-current assets.

There were no individual material customers with respect to revenues for the years ended March 31, 2015 and 2014.

## 8. *RECEIVABLES AND RELATED ALLOWANCES*

### *Changes in allowance for doubtful receivables*

The analysis of the changes in allowance for doubtful receivables for the years ended March 31, 2015 and 2014 is as follows. The allowance for doubtful receivables shown in the following table includes those for short-term trade receivables.

| | Millions of Yen | | |
|---|---|---|---|
| **Year ended March 31, 2015:** | **Corporate Businesses** | **Retail Finance Business** | **Total** |
| Balance at beginning of year | ¥ 45,539 | ¥ 6,413 | ¥ 51,952 |
| Credits charged off | (7,601) | (8,146) | (15,747) |
| Provision for doubtful receivables | 7,122 | 9,919 | 17,041 |
| Others | 2,421 | 194 | 2,615 |
| Balance at end of year | ¥ 47,481 | ¥ 8,380 | ¥ 55,861 |

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

| | Millions of Yen | | |
|---|---|---|---|
| **Year ended March 31, 2014:** | **Corporate Businesses** | **Retail Finance Business** | **Total** |
| Balance at beginning of year | ¥ 47,573 | ¥ 6,216 | ¥ 53,789 |
| Credits charged off | (5,082) | (6,967) | (12,049) |
| Provision for doubtful receivables | 2,644 | 7,571 | 10,215 |
| Others | 404 | (407) | (3) |
| Balance at end of year | ¥ 45,539 | ¥ 6,413 | ¥ 51,952 |

Note: "Others" principally includes the effect of deconsolidation of subsidiaries, transfer from/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 receivables every quarter by classifying the receivables into two categories, performing receivables and nonperforming receivables. Certain receivables are classified as nonperforming receivables in accordance with an internal guideline for managing receivables. Receivables from counterparties that meet any of the following conditions are classified as nonperforming 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, and also those who have suffered from tremendous losses due to natural disasters, sudden changes in economic conditions, or similar catastrophes.

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

The companies classify receivables other than nonperforming receivables as performing receivables. Companies engaged in financial business with retail customers ("retail finance business") assess and monitor receivables every quarter by dates past due.

The amounts of recorded investments in receivables classified by Credit Quality Indicators as of March 31, 2015 and 2014 were as follows:

**Corporate Businesses**

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| Performing | ¥ | 2,396,131 | ¥ | 2,532,446 |
| Nonperforming | | 52,300 | | 41,119 |
| Total | ¥ | 2,448,431 | ¥ | 2,573,565 |

**Retail Finance Business**

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| Less than 30 days past due (including not past due) | ¥ | 139,138 | ¥ | 128,539 |
| 30-89 days past due | | 5,981 | | 4,468 |
| 90-179 days past due | | 3,419 | | 2,936 |
| 180-359 days past due | | 1,565 | | 2,481 |
| 360 days or more past due | | 1,982 | | 1,474 |
| Total | ¥ | 152,085 | ¥ | 139,898 |

***Receivables that are past due, but not impaired***

The age analysis of receivables that are past due, but not impaired as of March 31, 2015 and 2014 are as follows. The amounts of receivables of the companies engaged in retail finance business that are past due, but not impaired were immaterial.

**Corporate Businesses**

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| Less than 90 days past due | ¥ | 53,693 | ¥ | 91,318 |
| 90 days or more past due | | 20,010 | | 21,821 |
| Total | ¥ | 73,703 | ¥ | 113,139 |

***Impaired receivables***

The amounts of recorded investments in impaired receivables as of March 31, 2015 and 2014 were as follows. The carrying amounts of individually impaired receivables in the retail finance business were immaterial.

**Corporate Businesses**

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| | Receivable | Allowance | Receivable | Allowance |
| With allowance for doubtful accounts | ¥ 67,887 | ¥ 42,986 | ¥ 59,753 | ¥ 35,924 |
| Without allowance for doubtful accounts | 608 | – | 473 | – |
| Total | ¥ 68,495 | ¥ 42,986 | ¥ 60,226 | ¥ 35,924 |

## *9. DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS*

(1) Trade and other receivables, and other financial assets

Trade and other receivables, and other financial assets as of March 31, 2015 and 2014 were measured at amortized cost except derivative assets, and consisted of the following:

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| **Current** | | |
| Trade and other receivables | | |
| Accounts and notes | ¥ 1,704,618 | ¥ 1,847,232 |
| Loans | 103,970 | 100,504 |
| Receivables from equity accounted investees | 158,270 | 107,681 |
| Other financial assets | | |
| Time deposits | 10,977 | 5,964 |
| Accounts receivables-other | 91,548 | 99,219 |
| Derivative assets | 218,150 | 114,519 |
| Other | 63,481 | 51,586 |
| Allowances for doubtful receivables | ¥ (17,021) | ¥ (14,562) |
| Total | ¥ 2,333,993 | ¥ 2,312,143 |
| **Non-current** | | |
| Trade and other receivables | | |
| Accounts and notes | ¥ 98,102 | ¥ 134,555 |
| Loans | 198,260 | 212,613 |
| Receivables from equity accounted investees | 167,614 | 161,102 |
| Other financial assets | | |
| Time deposits | 256 | 3,438 |
| Accounts receivables-other | 6,929 | 16,914 |
| Derivative assets | 87,675 | 56,582 |
| Other | 36,114 | 39,364 |
| Allowances for doubtful receivables | ¥ (38,840) | ¥ (37,390) |
| Total | ¥ 556,110 | ¥ 587,178 |

(2) Other investments

The carrying amounts of other investments as of March 31, 2015 and 2014 were as follows:

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Other investments | | |
| Financial assets measured at FVTPL | ¥ 41,012 | ¥ 42,890 |
| Financial assets measured at FVTOCI | 1,484,246 | 1,507,561 |
| Amortized cost | 4,509 | 4,222 |
| Total | ¥ 1,529,767 | ¥ 1,554,673 |

Note: Preferred stock issued by equity accounted investee, which was contained in financial assets measured at FVTOCI as of March 31, 2015 and 2014 were ¥50,796 million and ¥50,654 million, respectively.

Financial assets measured at FVTOCI which were contained in other investments

The fair value of financial assets measured at FVTOCI as of March 31, 2015 and 2014 were as follows:

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Marketable | ¥ 633,366 | ¥ 516,968 |
| Non-marketable | 850,880 | 990,593 |
| Total | ¥ 1,484,246 | ¥ 1,507,561 |

The fair value of major items of these marketable financial assets measured at FVTOCI as of March 31, 2015 and 2014 were as follows:

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Seven & i Holdings Co., Ltd. | ¥ 82,381 | ¥ 64,285 |
| INPEX CORPORATION | 67,010 | 71,173 |
| Recruit Holdings Co.,Ltd. | 45,000 | – |
| TonenGeneral Sekiyu K. K. | 37,332 | 32,796 |
| Yamaha Motor Co., Ltd. | 24,917 | 14,123 |
| MODEC, INC. | 15,844 | 18,173 |
| NIPPON STEEL & SUMIKIN BUSSAN CORPORATION | 14,040 | 11,198 |
| Toray Industries, Inc. | 13,873 | 9,395 |
| Yamato Kogyo Co., Ltd. | 13,280 | 14,794 |
| Coca-Cola East Japan Co., Ltd. | 12,840 | 13,573 |
| TOYOTA MOTOR CORPORATION | 12,575 | 8,739 |
| TPV Technology Limited | 11,709 | – |
| TOKYO BROADCASTING SYSTEM HOLDINGS, INC. | 11,659 | 9,175 |
| Nihon Unisys, Ltd. | 11,170 | 9,887 |
| Mitsui Fudosan Co., Ltd. | 10,589 | 9,447 |
| J-OIL MILLS, INC. | 8,781 | 5,741 |
| KATO SANGYO Co., Ltd. | 7,860 | 6,921 |
| Nippon Steel & Sumitomo Metal Corporation | 7,442 | 6,937 |
| POSCO | 6,770 | 7,290 |
| NSK Ltd. | 6,747 | 4,076 |

Non-marketable financial assets measured at FVTOCI were mainly composed of six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3 and Equatorial Guinea) and the fair value of them as of March 31, 2015 and 2014 were ¥477,661 million and ¥563,589 million, respectively.

Derecognized financial assets measured at FVTOCI

The fair value, gains and losses, and dividends received related to financial assets measured at FVTOCI which were derecognized because of review of business strategy as of March 31, 2015 and 2014 were as follows:

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Fair value of the financial assets at the date of derecognition | ¥ 163,735 | ¥ 89,577 |
| Cumulative gains and losses on disposition | ¥ 50,846 | ¥ 22,262 |
| Dividends received from derecognized financial assets | ¥ 1,899 | ¥ 3,451 |

With respect to financial assets measured at FVTOCI, gains and losses on disposition (after income tax effect) recorded as other components of equity at the date of derecognition were transferred to retained earnings. The amounts transferred were ¥38,831 million and ¥23,559 million for the years ended March 31, 2015 and 2014, respectively.

(3) Gain (loss) on securities and other investments-net

Gain (loss) on securities and other investments-net for the years ended March 31, 2015 and 2014 that the companies recognized were as follows:

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Gain (loss) on securities and other investments-net | | |
| Financial assets measured at FVTPL | ¥ (1,340) | ¥ 3,234 |
| Affiliated companies | 43,798 | 27,582 |
| Total | ¥ 42,458 | ¥ 30,816 |

(4) Finance income and costs

The finance income and finance costs for the years ended March 31, 2015 and 2014 that the companies recognized were as follows:

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| Interest income | | | | |
| Amortized cost | ¥ | 34,681 | ¥ | 38,159 |
| Derivatives | | (1,561) | | (4,515) |
| Total | ¥ | 33,120 | ¥ | 33,644 |
| Dividend income | | | | |
| Financial assets measured at FVTOCI | ¥ | 113,891 | ¥ | 123,690 |
| Financial assets measured at FVTPL | | 179 | | 336 |
| Total | ¥ | 114,070 | ¥ | 124,026 |
| Interest expense | | | | |
| Amortized cost | ¥ | (75,356) | ¥ | (57,695) |
| Derivatives | | 25,127 | | 8,519 |
| Total | ¥ | (50,229) | ¥ | (49,176) |

In addition to those shown in the table above, interest income of ¥37,479 million and ¥34,096 million on financial assets measured at amortized cost is included in "Other revenue" and interest expenses of ¥11,583 million and ¥9,812 million on financial liabilities measured at amortized cost are included in "Cost of other revenue" for the years ended March 31, 2015 and 2014, respectively, relative to mainly personal loan business.
Fee income and expense arising from financial assets measured at amortized cost are immaterial.

(5) Fair value of non-current financial assets and liabilities

The fair values of non-current receivables with floating rates, including long-term loans receivable, and long-term debt with floating rates approximate their respective carrying amounts. The fair values of non-current receivables with fixed rates and long-term debt with fixed rates are estimated by discount cash flow analysis, using interest rates currently available for similar types of loans, accounts receivable and borrowings with similar terms and remaining maturities.
The fair values of financial instruments as of March 31, 2015 and 2014 were as follows. The fair values of current financial assets and current financial liabilities are not disclosed because the carrying amounts reasonably approximate its fair values.

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Investments and non-current receivables | | | | |
| Trade and other receivables and other financial assets (*) | ¥ 468,435 | ¥ 469,812 | ¥ 530,596 | ¥ 533,089 |
| Non-current liabilities | | | | |
| Long-term debts, less current portion and other financial liabilities (*) | ¥ 4,121,731 | ¥ 4,200,480 | ¥ 3,529,921 | ¥ 3,610,941 |

(*) Does not include the derivative instruments. The fair values of other financial assets and other financial liabilities approximate their respective carrying amounts.

Trade and other miscellaneous receivables include loans receivable. Long-term debts (non-current portion) and other miscellaneous liabilities include borrowings and bonds. Fair values of trade and other receivables classified as level 3 were ¥198,793 million and ¥204,400 million as of March 31, 2015 and 2014, respectively. Their valuation is based on significant unobservable inputs such as credit spreads, default probabilities, and estimated loss rates of individual receivables using the discounted cash flow method. Items other than said loans and certain other items are classified as level 2 as their fair values are measured using the discounted cash flow method based on observable inputs including market interest rates.

(6) Risk-related matters

Capital management
The Company decides the policies to maintain appropriate levels of shareholders' equity, debt and equity balances, examines the status of execution in terms of stability for capital efficiency as well as financing when the Company acquires high-quality assets to improve enterprise value and utilize existing assets. Shareholders' equity is the total equity attributable to owners of the parent in the Consolidated Statements of Financial Position. The Company also examines the appropriateness of scale of shareholders' equity in terms of risk buffer to maximum exposure to potential losses due to a deterioration of the respective business.
The key metrics used for capital management are as follows:
・Return on equity (ROE) (*)
・Net Debt-to-Equity Ratio (Net DER) (**)
・Ratio of risk adjusted assets to shareholder's equity (***)

(*) ROE refers to ratio of profit for the year attributable to the owner of the parent to shareholders' equity. ROE as of March 31, 2015 and 2014 were 7.7% and 9.7%, respectively.

(**) Net DER refers to ratio of net interest bearing debt to shareholders' equity. Net interest bearing debt is calculated by subtracting cash and cash equivalents and time deposits from interest bearing debt. Net DER as of March 31, 2015 and 2014 were 0.82 times and 0.83 times, respectively.

(***) Risk-adjusted assets refers to the maximum loss exposure and is calculated by assigning assets including trade and other receivables, other investments and fixed assets risk weights, which the companies have determined individually based on the potential risk of loss.

The Company checks these indicators periodically, and these are used for developing business policy and business judgment.
As a result, the Company maintains the robust balance sheet and credit rating is enough for business projects. The Company will strive to maintain and upgrade its credit rating.
The Company is not subject to any externally imposed capital requirements (except for general requirements, such as those in the Company Law).

Risk management
・Credit risk
With regard to the contingent characteristics of credit risks included in derivative instruments, some of the derivative instruments used by the Company and certain subsidiaries such as commodity futures, commodity forwards, commodity swaps, and commodity options may include clauses that prescribe changes in the minimum required collateral (margins) or early termination in accordance with the credit ratings of the company. If the credit ratings of the Company are downgraded, the counterparty will claim additional collateral from the Company and certain subsidiaries to cover the whole or part of the amount of the relevant derivative obligations in accordance with such clauses.
See Note 8 "RECEIVABLES AND RELATED ALLOWANCES" in the notes to the consolidated financial statements for credit risks of financial instruments other than derivative instruments.
Concentration of credit risk in specific regions or customers is minimized as the companies carry out a wide variety of transactions with various customers all over the world. The companies also minimize credit risks of derivative instruments associated with, for example, counterparty defaults by entering into these transactions mainly with reputable international financial institutions with high credit ratings. Therefore, the companies believe that it is extremely unlikely of a significant loss arising from these transactions. We manage credit risks through the management of commitment lines of credit approved by executive offices in charge and counterparty monitoring conducted on an ongoing basis. In addition, the companies require collateral and/or other forms of security from counterparties as necessary.

・Liquidity risk
Turmoil in financial markets, a downgrade in our credit ratings or significant changes in the lender or investment policies of our lenders or institutional investors could result in constraints on our fund procurement and an increase in funding costs, and could have an adverse effect on our financial position and liquidity. The companies secure liquidity required for our smooth operations and maintain the strength and soundness of our balance sheet by holding sufficient cash and cash equivalents,

procuring mainly long funds, utilizing financing programs provided by government financing agencies and/or project financing and such so that the companies decrease liquidity risk.

・Market risks

The companies are subject to market risks associated with fluctuations in interest rates, foreign currency exchange rates, commodity prices, and stock prices that arise in the course of their operating activities and other activities.

The companies have formulated market risk management policies, and have established management systems at several levels. In particular, regarding foreign currency exchange risks and commodity price risks, Chief Operating Officers have the primary responsibility of establishing risk management policies that prescribe the setting of limits to positions and losses, as well as prescribing management systems, at each business unit. They also have the responsibility of obtaining the approval of our executive officers in charge of risk management, and carrying out management and reporting in accordance with such approval. In addition, risk management sections, which are independent form trading sections, monitor, analyze and evaluate market risks and periodically report to the executive officers in charge. Interest rate risk is not managed by independent risk management sections, but is managed by setting transaction limits and other manners. Stock price risk is managed by analyzing factors of stock price fluctuations.

①Interest rate risk

The companies are exposed to interest rate risk arising from floating-rate assets and liabilities. An increase in interest rates may adversely affect our operating results. The companies have entered into interest rate derivative transactions which consist mainly of interest rate swap agreements and interest rate and currency swap agreements to hedge exposures on these assets and liabilities.

The impact on profit before income taxes for the prior and current fiscal years assuming a 100 basis point rise in interest rates as of March 31, 2015 and 2014 is ¥(30,872) million and ¥(16,837) million respectively. This analysis calculates the impact by multiplying the balance of floating-rate financial instruments held by the companies at the end of the prior and current fiscal years by 100 basis point without considering future changes in the balance, the effect of exchange rate fluctuations, the diversification effect of the timing of refinancing/interest rate revisions of floating-rate debts, etc., and assuming that all other variables are constant.

The items that are considered to be instruments that are affected by interest rate fluctuations for the purpose of calculating the sensitivity include floating-rate interest-bearing debts/loans, fixed-rate interest-bearing debts/loans that are effectively converted to floating-rate instruments under interest rate swap agreements, deposits and such.

②Foreign currency exchange rate risk

The companies are exposed to foreign currency exchange rate risk on receivables and payables denominated in foreign currencies arising from transactions such as purchases and sales of commodities and financial transactions. The companies hedge these risks with forward exchange contracts and currency swaps.

For significant long and short net positions denominated in foreign currencies as of March 31, 2015 and 2014, assuming 1% appreciation of the Yen, the impacts on profit before income taxes were ¥(72) million from USD, ¥(240) million from BRL and ¥386 million from AUD as of March 31, 2015 and ¥(274) million from USD, ¥(869) million from BRL and ¥371 million from AUD as of March 31, 2014. Based on the same assumption, the impact on other comprehensive income were ¥(174) million from USD as of March 31, 2015 and ¥(309) million from USD as of March 31, 2014. The long and short positions denominated in foreign currencies indicate that they are in currencies other than that of their functional currency of each company. In this context, the long positions represent the condition in which certain losses occur due to decline in the value of the currency, and the short positions represent the condition in which certain gains occur due to increase in the value of the currency. As a result, foreign currency translation adjustment is not included in the scope of this analysis. In addition, this analysis also assumes that other variables are constant.

③Commodity price risk

As the companies carry out business activities pertaining to commodities such as non-ferrous metals, crude oil and gas, and foods, they are exposed to risks on commodity prices.

The companies measure the risk of market commodities which are those commodities historical price fluctuations are quite high and derivatives are actively traded by using the Value at Risk (VaR), which is a statistical measure of the potential maximum loss in the fair value of a given portfolio over a certain holding period and within a certain confidential level. VaR is calculated by mainly using a 10-day holding period and a confidence level of 99%. In addition, the figures do not necessarily take into account correlations between all commodities. The actual results may differ significantly from VaR below as VaR is calculated by using historical fluctuations of each risk component. VaR as of March 31, 2015 and 2014 is ¥10,790 million and ¥21,082 million respectively.

④Stock price risk
The companies invest in listed companies to strengthen our ties with customers, suppliers and others, as well as to make various types of propositions towards the companies in which we invest, in order to pursue operating revenue and improve corporate value. These investments are exposed to stock price risks.
For the investments held as of March 31, 2015 and 2014, the impact on other comprehensive income arising from changes in the fair values assuming a 10 % change in the stock index representative of the markets on which individual stocks included in are ¥50,736 million and ¥47,107 million respectively. The impact on profit before taxes is immaterial.

(7) Derivative instruments and hedging accounting

The companies have adopted IFRS 9 "Financial Instruments: Hedge Accounting" (amended in November 2013) since April 1, 2014. Therefore, following disclosure information for the year ended March 31, 2015 and 2014 is in accordance with the requirements of IFRS 7 "Financial Instruments: Disclosures" (amended in November 2013) and IFRS 7 "Financial Instruments: Disclosures" (amended in December 2011), respectively.

The risk management policies for each risk category of risk exposure for which hedge accounting is applied is provided in Note 9 "DISCLOSURES ABOUT FINANCIAL INSTRUMENTS AND RELATED MATTERS (6)Risk-related matters." Regarding foreign currency exchange rate risks and commodity price risks, the companies manage the risk exposure based on limits to positions and losses set by each business unit. Regarding interest rate risks, the companies manage the risk exposure based on the policies in which the companies considered factors such as financial market, asset and debt balances and the risk of interest rate fluctuations.

Foreign currency exchange rate risk
The companies use derivative instruments, such as foreign exchange forward contracts and currency swap agreements, as hedging instruments for hedge accounting 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 foreign-currency-denominated debt in order to mainly hedge the foreign currency exposure in the net investment in foreign operations.

Interest rate risk
The companies use derivatives, such as interest rate swap agreements, as hedging instruments for hedge accounting to fix the expected future cash flows from long-term financial assets and liabilities with floating interest rates and offset the exposure to changes in the fair value of long-term financial assets and liabilities with fixed interest rates.

Commodity price risk
The companies use derivative instruments, such as swap contracts, as hedging instruments for hedge accounting to fix the expected future cash flows from forecasted transactions in marketable commodities.

When applying hedge accountings to address the above risk, the companies confirm that there are economic relationships between the hedged items and the hedging instruments through qualitative assessments, which show whether the critical terms of hedging instruments and hedged items match exactly or are closely aligned, and quantitative assessments, which show fluctuations of value of hedged item and hedging instrument by the same risk offset each other, in order to confirm there are economic relationships that the change in fair value or the present value of cash flows of the hedged items that are attributable to the risk that will be hedged will move in the opposite direction from the change in fair value or the present value of cash flows of the hedging instrument.
Each hedge ratio is established properly based on an economic relationship between the hedge item and the hedging instrument and the risk management strategy.

In case the companies designate specific risk component which was decided based on the risk management strategies for each risk category as a hedged item, the risk component is separately identifiable from item in its entirety for all risks, and changes of the cash flows or the fair value of them is measurable reliably.

The nominal amounts of the hedging instruments as of March 31, 2015 were as follow:

| | Billions of Yen | | |
|---|---|---|---|
| Risk category | Fair value hedges | Cash flow hedges | Hedges of the net investment in a foreign operation |
| Foreign currency exchange rate.............. | ¥ 47 | ¥ 284 | ¥ 1,329 |
| Interest rate............................................ | 709 | 483 | - |
| Commodity price................................... | - | 11 | - |
| Total nominal amounts........................... | 756 | 778 | 1,329 |

The effects of hedge accounting on Consolidated Statements of Financial Position

The following tables present Carrying Value (fair value) of hedging instruments included within the Consolidated Statements of Financial Position as of March 31, 2015 and 2014:

| | | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|---|
| | | March 31, 2015 | | | March 31, 2014 | | |
| Risk category | Line Item in the Consolidated Statements of Financial Position | Fair value hedge | Cash flow hedge | Hedges of the net investment in a foreign operation | Fair value hedge | Cash flow hedge | Hedges of the net investment in a foreign operation |
| Foreign currency exchange rate .................. | Cash and cash equivalents | ¥ - | ¥107,781 | ¥ - | ¥ - | ¥ - | ¥ - |
| | Other financial assets - Current | 3 | 5,165 | 5,482 | 196 | 9,056 | 364 |
| | Other financial assets - Non-current | - | 4,112 | 2,385 | 494 | 5,320 | 2,046 |
| Interest rate....... | Other financial assets - Current | 473 | - | - | 400 | 5 | - |
| | Other financial assets - Non-current | 38,427 | - | - | 20,611 | 4,656 | - |
| Commodity price ................ | Other financial assets - Current | - | - | - | - | 53 | - |
| Total……………………….. | | 38,903 | 117,058 | 7,867 | 21,701 | 19,090 | 2,410 |

| | | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|---|
| | | March 31, 2015 | | | March 31, 2014 | | |
| Risk category | Line Item in the Consolidated Statements of Financial Position | Fair value hedge | Cash flow hedge | Hedges of the net investment in a foreign operation | Fair value hedge | Cash flow hedge | Hedges of the net investment in a foreign operation |
| Foreign currency exchange rate ............... | Current portion of long-term debt | ¥ 2,788 | ¥ - | ¥ 100,593 | ¥ - | ¥ - | ¥ 87,969 |
| | Other financial liabilities - Current | - | 699 | 19,122 | 367 | 1,041 | 19,322 |
| | Long-term debt, less current position | 35,719 | - | 749,561 | - | - | 536,866 |
| | Other financial liabilities - Non-current | 239 | 613 | 17,859 | - | 204 | 18,348 |
| Interest rate.... | Other financial liabilities - Current | - | 2,319 | - | 16 | 140 | - |
| | Other financial liabilities - Non-current | 103 | 6,912 | - | 229 | 6,419 | - |
| Commodity price ............. | Other financial liabilities - Current | - | 4,846 | - | - | 223 | - |
| Total……………………….. | | 38,849 | 15,389 | 887,135 | 612 | 8,027 | 662,505 |

The following table presents the fair value of derivative instruments not designated as hedging instruments included within the Consolidated Statements of Financial Position as of March 31, 2014.

| **Derivative instruments** | | **Millions of Yen**<br>**March 31, 2014**<br>**Assets** | **Liabilities** |
|---|---|---|---|
| Foreign exchange contracts | Current | ¥ 58,596 | ¥ 50,785 |
| | Non-current | 16,245 | 4,905 |
| Interest rate contracts | Current | 449 | 968 |
| | Non-current | 3,947 | 4,411 |
| Commodity contracts | Current | 416,145 | 455,251 |
| | Non-current | 196 | 376 |
| Other contracts | Non-current | 3,357 | – |
| Total | | ¥ 498,935 | ¥ 516,696 |

Derivative Assets Current and Non-current, and Derivative Liabilities Current and Non-current are included in Other financial assets and Other financial liabilities of Consolidated Statements of Financial Position, respectively.

The differences between the amounts of derivative assets and derivative liabilities stated above and those stated in the Consolidated Statements of Financial Position resulted from offsetting derivative assets and derivative liabilities with cash collaterals.

*Fair value hedge*

The following table presents the carrying amount of the hedged items recognized in the Consolidated Statements of Financial Position as of March 31, 2015 and the accumulated amount of fair value hedge adjustments on the hedged items included in the carrying amount of the hedged items recognized in the Consolidated Statements of Financial Position:

| | | **Millions of Yen** | |
|---|---|---|---|
| | | **March 31, 2015** | |
| Risk Category | Line Item in the Consolidated Statements of Financial Position | Carrying amount of the hedged items | Accumulated amount of fair value hedge adjustments on the hedged items included in the carrying amount of the hedged items |
| Foreign currency exchange rate | Other investments | ¥ 49,768 | ¥ 1,747 |
| | Long-term debt, less current position | 5,198 | (222) |
| Interest rate | Current portion of long-term debt | 76,000 | 473 |
| | Long-term debt, less current position | 631,193 | 38,374 |

The accumulated amount of fair value hedge adjustments remaining in the Consolidated Statements of Financial Position as of March 31, 2015 for any hedged items that have ceased to be adjusted for hedging gains and losses was immaterial.

*Cash flow hedge*

Following amounts in the Consolidated Statements of Financial Position as of March 31, 2015 were immaterial:
- The balances in the cash flow hedge reserve
- The balances remaining in the cash flow hedge reserve from any hedging relationships for which hedge accounting is no longer applied

*Hedges of a net investment in a foreign operation*

The balance in the foreign currency translation adjustments which were recognized to reduce the foreign currency exposure in the net investment in foreign operations as of March 31, 2015 was ¥ (223,325) million. The balance in the foreign currency translation adjustments from any hedging relationships for which hedge accounting is no longer applied as of March 31, 2015 was immaterial.

The effects of hedge accounting on the Consolidated Statements of Income and Comprehensive Income

*Fair value hedge*

The following table presents the change in value of the hedged items and fair value of hedging instruments used as the basis for recognizing hedge ineffectiveness for the year ended March 31, 2015.

| | Millions of Yen | |
|---|---|---|
| Risk category | Change in value of hedged items | Change in fair value of Hedging instruments |
| Foreign currency exchange rate risk......... | 3,302 | (3,771) |
| Interest rate risk....................................... | 27,708 | (27,708) |

The following amounts included in the Consolidated Statements of Income and Comprehensive Income for the year ended March 31, 2015 were immaterial:

- Hedge ineffectiveness recognized in profit for the year.

The gain or loss on the hedged items offsetting loss or gain on the derivative instruments were immaterial for the year ended March 31, 2014.

*Cash flow hedge*

The following amounts included in the Consolidated Statements of Income and Comprehensive Income for the year ended March 31, 2015 were immaterial:

- The change in value of hedged items and fair value of hedging instruments used as the basis for recognizing hedge effective.

- The hedging gains and losses that were recognized in other comprehensive income.

- Hedge ineffectiveness recognized in profit for the year.

- The amount reclassified from the cash flow hedge reserve into profit for the year as a reclassification adjustment.

The amounts recorded as other comprehensive income and the ineffective portion of the hedging instruments' gain or loss for the year ended March 31, 2014 were immaterial.

*Hedges of a net investment in a foreign operation*

The change in fair value of hedging instruments used as the basis for recognizing hedge ineffectiveness for the year ended March 31, 2015, was ¥ (131,087) million. Of this amount, ¥ (123,591) million was recognized in the foreign currency transaction adjustments. The change in value of hedged items used as the basis for recognizing hedge ineffectiveness approximated the change in fair value of hedging instruments used as the basis for recognizing hedge ineffectiveness.

The following amounts included in the Consolidated Statements of Income and Comprehensive Income for the year ended March 31, 2015 were immaterial:

- Hedge ineffectiveness recognized in profit for the year.

- The amount reclassified from the foreign currency translation adjustments into profit for the year as a reclassification adjustment.

The ineffective portion of the hedging instruments' gain or loss for the year ended March 31, 2014 was immaterial.

(8) Offset of financial assets and liabilities

A financial asset and a financial liability including collateral are offset and the net amount is presented in the Consolidated Statements of Financial Position of the Company when, and only when, the companies currently have a legally enforceable right to set off the recognized amounts as well as intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The following table presents the gross amounts of recognized financial assets and liabilities, amounts of offset, net amounts, amounts not offset despite the existence of a master netting agreement, and exposure on a net basis of derivative assets, derivative liabilities and collaterals as of March 31, 2015 and 2014. These amounts of financial assets and liabilities except derivative assets, derivative liabilities and collaterals as of March 31, 2015 and 2014 were immaterial.

| | Millions of Yen | |
|---|---|---|
| **March 31, 2015:** | **Financial Assets** | **Financial Liabilities** |
| Gross amounts of recognized financial assets and liabilities.... | ¥ 1,241,598 | ¥ 1,151,151 |
| Gross amounts of financial assets and liabilities set off in the Consolidated Statements of Financial Position.................. | (894,313) | (894,313) |
| Net amounts of financial assets and liabilities presented in the Consolidated Statements of Financial Position.................. | 347,285 | 256,838 |
| Related amounts not set off in the Consolidated Statements of Financial Position (including collateral) ............................. | (78,799) | (78,799) |
| Exposure on a net basis .......................................................... | ¥ 268,486 | ¥ 178,039 |

| | Millions of Yen | |
|---|---|---|
| **March 31, 2014:** | **Financial Assets** | **Financial Liabilities** |
| Gross amounts of recognized financial assets and liabilities.... | ¥ 602,261 | ¥ 568,012 |
| Gross amounts of financial assets and liabilities set off in the Consolidated Statements of Financial Position.................. | (395,871) | (395,871) |
| Net amounts of financial assets and liabilities presented in the Consolidated Statements of Financial Position.................. | 206,390 | 172,141 |
| Related amounts not set off in the Consolidated Statements of Financial Position (including collateral) ............................. | (36,211) | (36,211) |
| Exposure on a net basis .......................................................... | ¥ 170,179 | ¥ 135,930 |

Financial assets are included in Other financial assets of Current and Non-current assets, and financial liabilities are included in Other financial liabilities of Current and Non-current liabilities in Consolidated Statements of Financial Position.

The companies normally have the rights to set off which are enforceable only in the event of default, insolvency or bankruptcy of its customers in relation to its recognized financial assets and liabilities where the requirements to set off are not met.

## *10. LEASES*

### *Lessor*

The companies lease real estate, rolling stock, ocean transport vessels, aircraft, equipment and others.

Certain leases of rolling stock, equipment and others are classified as finance leases, and the net investments are included as part of trade and other receivables in the consolidated statements of financial position. The unguaranteed residual values represent the estimate of the values of the leased assets at the end of the lease contracts and are initially recorded based on appraisals and estimates at the commencement of the lease. Realization of the residual values is dependent on the companies' future ability to sell the related assets under then prevailing market conditions.

Other leases are classified as operating leases and the related assets are presented as property, plant and equipment or investment property in the consolidated statements of financial position.

The following is a schedule of future minimum lease payments to be received from finance leases as well as the components of the present value as of March 31, 2015 and 2014:

| | Millions of Yen | | | |
|---|---|---|---|---|
| | Gross investment in the lease | | The present value of future minimum lease payments to be received | |
| Year ending March 31: | 2015 | 2014 | 2015 | 2014 |
| Not later than 1 year | ¥ 10,713 | ¥ 17,431 | ¥ 9,941 | ¥ 15,857 |
| Later than 1 year and not later than 5 years | 31,339 | 62,529 | 23,365 | 42,773 |
| Later than 5 years | 18,463 | 41,204 | 9,254 | 18,766 |
| Total | ¥ 60,515 | ¥121,164 | ¥ 42,560 | ¥ 77,396 |
| Unearned income | (17,107) | (36,165) | | |
| Unguaranteed residual values of leased assets (present value) | (848) | (7,603) | | |
| The present value of future minimum lease payments to be received | ¥ 42,560 | ¥ 77,396 | | |

The following is a schedule of future minimum lease payments to be received under noncancellable operating leases as of March 31, 2015 and 2014:

| | Millions of Yen | |
|---|---|---|
| Year ending March 31: | 2015 | 2014 |
| Not later than 1 year | ¥ 30,121 | ¥ 25,163 |
| Later than 1 year and not later than 5 years | 44,816 | 42,437 |
| Later than 5 years | 15,994 | 10,835 |
| Total | ¥ 90,931 | ¥ 78,435 |

***Lessee***

The companies lease equipment, real estate and others under finance leases.
The following is a schedule of minimum lease payments under finance leases as well as components of the present value as of March 31, 2015 and 2014. The following minimum lease payments have not been reduced by minimum sublease payments to be received of ¥22,684 million and ¥22,217 million as of March 31, 2015 and 2014:

| | Millions of Yen | | | |
|---|---|---|---|---|
| | Future minimum lease payments | | The present value of future minimum lease payments | |
| Year ending March 31: | 2015 | 2014 | 2015 | 2014 |
| Not later than 1 year | ¥ 7,704 | ¥ 6,413 | ¥ 7,404 | ¥ 6,186 |
| Later than 1 year and not later than 5 years | 22,150 | 19,301 | 19,386 | 17,034 |
| Later than 5 years | 32,278 | 25,266 | 24,071 | 18,114 |
| Total | ¥ 62,132 | ¥ 50,980 | ¥ 50,861 | ¥ 41,334 |
| Future financial cost | (11,271) | (9,646) | | |
| The present value of future minimum lease payments | ¥ 50,861 | ¥ 41,334 | | |

The companies lease real estate, rolling stock, ocean transport vessels, equipment and others under operating leases. Most of the rolling stock and ocean transport vessels under operating leases are subleased to third parties.

The following is a schedule of future minimum lease payments under noncancellable operating leases as of March 31, 2015 and 2014. The following minimum lease payments have not been reduced by minimum sublease payments to be received of ¥13,181 million and ¥19,372 million as of March 31, 2015 and 2014:

| | Millions of Yen | |
|---|---|---|
| Year ending March 31: | 2015 | 2014 |
| Not later than 1 year | ¥ 23,631 | ¥ 16,764 |
| Later than 1 year and not later than 5 years | 57,364 | 37,764 |
| Later than 5 years | 31,846 | 29,351 |
| Total | ¥ 112,841 | ¥ 83,879 |

Rental expenses incurred for operating leases for the years ended March 31, 2015 and 2014 were ¥40,784 million and ¥35,144 million, respectively. Sublease rental income for the years ended March 31, 2015 and 2014 were ¥6,847 million and ¥11,183 million, respectively.

## *11. INVENTORIES*

Inventories as of March 31, 2015 and 2014 were comprised of the following:

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Commodities and finished goods | ¥ 587,911 | ¥ 562,483 |
| Property for Sale | 9,936 | 7,807 |
| Raw materials, work in progress and others | 73,317 | 55,038 |
| Total | ¥ 671,164 | ¥ 625,328 |

See Note 27, "FAIR VALUE MEASUREMENT" for the carrying amount of inventories carried at fair value less costs to sell.

## *12. PROPERTY, PLANT AND EQUIPMENT*

The changes in acquisition cost, accumulated depreciation and impairment losses and carrying amount of property, plant and equipment for the years ended March 31, 2015 and 2014 were as follows:

[Acquisition cost]

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| | Land and buildings | Equipment and fixtures | Vessels and aircrafts | Mineral rights | Projects in progress | Total |
| Balance at April 1, 2013 | ¥ 751,186 | ¥1,815,914 | ¥ 105,248 | ¥ 208,924 | ¥ 276,904 | ¥3,158,176 |
| Additions | 54,926 | 167,774 | 9,280 | 4,793 | 187,074 | 423,847 |
| Disposals | (25,479) | (70,412) | (13,931) | (820) | (1,847) | (112,489) |
| Acquisitions through business combinations | 3 | – | – | 79,078 | 22,475 | 101,556 |
| Foreign currency translation | 16,763 | 65,768 | 6,825 | 13,917 | 2,661 | 105,934 |
| Others | (46,074) | 64,413 | 9,545 | (14,336) | (166,378) | (152,830) |
| Balance at March 31, 2014 | ¥ 751,325 | ¥2,043,457 | ¥ 116,967 | ¥ 291,556 | ¥ 320,889 | ¥3,524,194 |
| Additions | 23,040 | 136,888 | 10,633 | 488 | 229,298 | 400,347 |
| Disposals | (59,930) | (35,293) | (40,919) | (10,587) | (85) | (146,814) |
| Foreign currency translation | 24,148 | 114,448 | 16,103 | 36,232 | 15,726 | 206,657 |
| Others | 73,168 | 136,356 | 25,479 | 9,237 | (257,379) | (13,139) |
| Balance at March 31, 2015 | ¥ 811,751 | ¥2,395,856 | ¥ 128,263 | ¥ 326,926 | ¥ 308,449 | ¥3,971,245 |

[Accumulated depreciation and impairment losses]

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| | Land and buildings | Equipment and fixtures | Vessels and aircrafts | Mineral rights | Projects in progress | Total |
| Balance at April 1, 2013 | ¥ 265,360 | ¥ 993,627 | ¥ 25,490 | ¥ 106,977 | ¥ 6,761 | ¥1,398,215 |
| Depreciation expenses | 27,261 | 157,609 | 7,349 | 11,252 | – | 203,471 |
| Disposals | (5,358) | (37,058) | (3,689) | (485) | – | (46,590) |
| Impairment losses | 2,065 | 43,836 | 454 | 12,996 | 342 | 59,693 |
| Foreign currency translation | 3,365 | 27,937 | 1,056 | 5,228 | (85) | 37,501 |
| Others | (42,211) | (82,971) | (78) | (9,293) | (995) | ¥(135,548) |
| Balance at March 31, 2014 | ¥ 250,482 | ¥1,102,980 | ¥ 30,582 | ¥ 126,675 | ¥ 6,023 | ¥1,516,742 |
| Depreciation expenses | 31,399 | 200,592 | 7,465 | 11,427 | – | 250,883 |
| Disposals | (58,673) | (28,293) | (10,802) | (4,404) | – | (102,172) |
| Impairment losses | 557 | 63,478 | 1,271 | 12,130 | 43 | 77,479 |
| Foreign currency translation | 6,797 | 60,857 | 2,905 | 12,046 | 90 | 82,695 |
| Others | 8,862 | (6,360) | 1,543 | (454) | (6,115) | ¥ (2,524) |
| Balance at March 31, 2015 | ¥ 239,424 | ¥1,393,254 | ¥ 32,964 | ¥ 157,420 | ¥ 41 | ¥1,823,103 |

[Carrying amount]

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| | Land and buildings | Equipment and fixtures | Vessels and aircrafts | Mineral rights | Projects in progress | Total |
| Balance at March 31, 2014 | ¥ 500,843 | ¥ 940,477 | ¥ 86,385 | ¥ 164,881 | ¥ 314,866 | ¥2,007,452 |
| Balance at March 31, 2015 | ¥ 572,327 | ¥1,002,602 | ¥ 95,299 | ¥ 169,506 | ¥ 308,408 | ¥2,148,142 |

For the year ended March 31, 2014, the decrease in "Others" resulted mainly from the deconsolidation of Mitsui Oil Co., Ltd.

The increase of the carrying amount of property, plant and equipment was ¥47,255 million due to the revision of the future cost relating to asset retirement obligations for the year ended March 31, 2014.

The impairment loss was recorded as impairment loss of fixed assets in Consolidated Statements of Income. The breakdowns of impairment losses of fixed assets for the years ended March 31, 2015 and 2014 per segment were as follows:

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Mineral & Metal Resources | ¥ - | ¥ (39,776) |
| Machinery & Infrastructure | (1,077) | (3,967) |
| Chemicals | - | (907) |
| Energy | (75,233) | (14,413) |
| Lifestyle | (223) | (143) |
| Innovation & Corporate Development | (132) | – |
| Americas | (813) | (474) |
| Asia Pacific | - | (3) |
| Others | (1) | (10) |
| Consolidated Total | ¥ (77,479) | ¥ (59,693) |

The impairment loss on property, plant and equipment for the year ended March 31, 2015 consisted mainly of two impairment losses as stated below.

One of the main impairment loss was from production equipment and mineral rights of ¥58,862 million, which were owned by Mitsui E&P Texas LP, a subsidiary in Energy Segment engaged in the shale oil and gas development in Texas. The impairment losses were calculated as the result of the reduction of carrying amounts to the recoverable amount of ¥75,172 million.

The other main impairment loss was from production equipment and mineral rights of ¥13,784 million,which were owned by Mitsui E&P UK Limited, a subsidiary in Energy Segment engaged in the oil and gas development in the North Sea, U.K. The impairment losses were calculated as the result of the reduction of carrying amounts to the recoverable amount of ¥16,642 million.

These impairments mainly related to a decline in the crude oil price.

These recoverable amounts above represented the value in use. A profit margin which is deemed to be the market average and reflects the risks inherent in the cash-generating unit is used as the discount rate to calculate the value in use.

The impairment loss on property, plant and equipment for the year ended March 31, 2014 consisted principally of two impairment losses as stated below.

One of the main impairment losses was a portion of mining equipment and mineral rights of ¥39,338 million, which were owned by Mitsui Coal Holdings Pty. Ltd., a subsidiary in Mineral & Metal Resource Segment engaged in the exploration, development and production of coal in Australia. The impairment losses were calculated as the result of the reduction of carrying amounts to the recoverable amount of ¥66,664 million.

The impairment mainly related to a decline in coal price.

The other main impairment loss was from production equipment and mineral rights of ¥14,155 million, which were owned by Mitsui E&P Texas LP, a subsidiary in Energy Segment engaged in the shale oil and gas development in Texas. The impairment losses were calculated as the result of the reduction of carrying amounts to the recoverable amount of ¥88,666 million.

The impairment mainly related to review of the production estimates.

These recoverable amounts above represented the value in use. A profit margin which is deemed to be the market average and reflects the risks inherent in the cash-generating unit is used as the discount rate to calculate the value in use.

### *13. INVESTMENT PROPERTY*

The acquisition cost of investment property as of March 31, 2015, 2014 and April 1, 2013 were ¥196,596 million, ¥177,397 million and ¥165,190 million, respectively, and accumulated depreciation and impairment losses of investment property were ¥48,839 million, ¥38,063 million and ¥42,353 million, respectively.

The carrying amount of investment property as of March 31, 2015 and 2014 were ¥147,757 million and ¥139,334 million, respectively, and fair value of investment property were ¥206,927 million and ¥177,854 million, respectively.

The main reason for the increases in carrying amount of investment property for the year ended March 31, 2014 was a transfer from an owner-occupied property (land) of ¥23,891 million.

Rental income from investment property and direct operating expenses arising from investment property for the year ended March 31, 2015 and 2014 were immaterial.

The fair value of primary investment property as of the end of each reporting period is based on a valuation conducted by independent valuation appraisers who have recent experience in the locations and categories of the investment property being valued, and have the appropriate and recognized professional qualifications (such as a registered appraiser), and classified as level 3. The valuation is based on significant unobservable inputs such as estimated rents and discount rates using primarily the income approach and conforms to the standards of the country where the investment property is located.

## *14. INTANGIBLE ASSETS*

The changes in acquisition cost, accumulated amortization and impairment losses and carrying amount of intangible assets for the years ended March 31, 2015 and 2014 were as follows:

[Acquisition cost]

| | Millions of Yen | | | |
|---|---|---|---|---|
| | **Goodwill** | **Software** | **Others** | **Total** |
| Balance at April 1, 2013 | ¥ 84,621 | ¥ 80,647 | ¥ 91,997 | ¥ 257,265 |
| Additions | 28,114 | 7,122 | 9,872 | 45,108 |
| Disposals | (7,438) | (8,830) | (6,577) | (22,845) |
| Foreign currency translation | 3,826 | 1,070 | 4,806 | 9,702 |
| Others | (176) | 807 | (9,746) | (9,115) |
| Balance at March 31, 2014 | ¥ 108,947 | ¥ 80,816 | ¥ 90,352 | ¥ 280,115 |
| Additions | 2,370 | 7,048 | 21,906 | 31,324 |
| Disposals | (4,086) | (6,306) | (3,405) | (13,797) |
| Foreign currency translation | 6,156 | 2,055 | 5,801 | 14,012 |
| Others | (1,484) | 299 | 3,406 | 2,221 |
| Balance at March 31, 2015 | ¥ 111,903 | ¥ 83,912 | ¥ 118,060 | ¥ 313,875 |

[Accumulated amortization and impairment losses]

| | Millions of Yen | | | |
|---|---|---|---|---|
| | **Goodwill** | **Software** | **Others** | **Total** |
| Balance at April 1, 2013 | ¥ 37,546 | ¥ 47,260 | ¥ 51,270 | ¥ 136,076 |
| Amortization expense | – | 10,734 | 3,877 | 14,611 |
| Impairment losses | 4,347 | 202 | 71 | 4,620 |
| Disposals | (5,463) | (8,282) | (5,230) | (18,975) |
| Foreign currency translation | 914 | 549 | 2,700 | 4,163 |
| Others | – | (2,482) | (2,051) | (4,533) |
| Balance at March 31, 2014 | ¥ 37,344 | ¥ 47,981 | ¥ 50,637 | ¥ 135,962 |
| Amortization expense | – | 10,886 | 4,068 | 14,954 |
| Impairment losses | 5,834 | 57 | 2,412 | 8,303 |
| Disposals | (2,780) | (5,908) | (1,400) | (10,088) |
| Foreign currency translation | (522) | 949 | 2,807 | 3,234 |
| Others | (1,475) | (2,131) | 2,165 | (1,441) |
| Balance at March 31, 2015 | ¥ 38,401 | ¥ 51,834 | ¥ 60,689 | ¥ 150,924 |

[Carrying amount]

| | Millions of Yen | | | |
|---|---|---|---|---|
| | **Goodwill** | **Software** | **Others** | **Total** |
| Balance at March 31, 2014 | ¥ 71,603 | ¥ 32,835 | ¥ 39,715 | ¥ 144,153 |
| Balance at March 31, 2015 | ¥ 73,502 | ¥ 32,078 | ¥ 57,371 | ¥ 162,951 |

Amortization expense on intangible assets with finite estimated useful lives was mainly recognized in selling, general and administrative expenses in the Consolidated Statement of Income.
Impairment losses on goodwill were recognized in other income (expense)-net, while impairment losses on other intangible asset were recognized in impairment loss of fixed assets in the Consolidated Statement of Income.

Goodwill is allocated to each cash-generating unit (or group of units) for impairment testing of goodwill for the years ended March 31, 2015 and 2014. The goodwill allocated to Mitsui E&P Italia A S.r.l, whose carrying amounts were ¥23,652 million and ¥20,257 million as of March 31, 2015 and 2014, respectively, accounts for a main portion of the goodwill. The recoverable amount is calculated based on the value in use, and is the sum of the net present value of the future cash flow estimated from the production plan on the Tempa Rossa on shore oil field in the Gorgoglione concession in Italy during its useful life. A profit margin which is deemed to be the market average and reflects the risks inherent in the cash-generating unit is used as the discount rate to calculate the value in use.

The key assumptions with the most significant impact on the calculation of the value in use are the production plan and oil price.
The production plan used in the valuation has been developed by the operator, Total E&P Italia S.p.A and approved by the management of Mitsui E&P Italia A S.r.l. Oil price based on Crude Oil Brent Price are used for impairment testing.

The amount by which the unit's recoverable amount exceeds its carrying amount is immaterial.

The carrying amount of intangible assets with indefinite useful lives, allocated to cash-generating unit (or group of units) for impairment testing is immaterial in comparison with the companies' total carrying amount of intangible assets with indefinite useful lives for the years ended March 31, 2015 and 2014.

## *15. EXPLORATION AND EVALUATION FOR MINERAL RESOURCES AND OIL & GAS*

Exploration and evaluation assets for mineral resources and oil & gas for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| Balance at beginning of year | ¥ | 68,514 | ¥ | 51,115 |
| Acquisitions / Additions | | 40,942 | | 22,822 |
| Charge for the year | | (19,036) | | (8,256) |
| Foreign currency translation | | 9,410 | | 4,476 |
| Others | | (13,474) | | (1,643) |
| Balance at end of year | ¥ | 86,356 | ¥ | 68,514 |

Expenses, cash flows from operating activities and cash flows from investing activities in relation to exploration and evaluation for mineral resources and oil & gas for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| Exploration and evaluation expenses | ¥ | (47,245) | ¥ | (32,384) |
| Cash flows from operating activities | | (25,984) | | (23,871) |
| Cash flows from investing activities | | (18,351) | | (22,163) |

Exploration and evaluation expenses are included in other income (expense)-net in the Consolidated Statements of Income.

## *16. DISCLOSURES ABOUT FINANCIAL AND OTHER TRADE LIABILITIES*

(1)Short-term debt

Short-term debt as of March 31, 2015 and 2014 were comprised of the following:

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| | | Interest rate | | Interest rate |
| Short-term bank loans and others | ¥ 278,631 | 2.3% | ¥ 358,323 | 1.9% |
| Commercial paper | 12,010 | 0.2 | 73,550 | 0.2 |
| Notes under medium-term note programme | – | – | 4,996 | 0.2 |
| Total | ¥ 290,641 | | ¥ 436,869 | |

The interest rates represent weighted average rates in effect as of March 31, 2015 and 2014 regardless of borrowing currencies, though the range of the interest rates varies by borrowing currency.
Unused lines of credit, for short-term financing of the companies as of March 31, 2015 and 2014 were ¥1,095,827 million and ¥758,142 million, respectively.

(2)Long-term debt

Long-term debt as of March 31, 2015 and 2014 consisted of the following:

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Long-term debt with collateral (Note 17): | | |
| Banks and insurance companies, maturing serially through 2052—principally 0.7% to 13.9% | ¥ 92,992 | ¥ 70,867 |
| Government-owned banks and government agencies, maturing serially through 2030—principally 1.0% to 11.5% | 45,701 | 59,551 |
| Bonds: | | |
| Foreign currency bonds (floating rate 13.0% to 14.8%, due 2021) | 3,660 | 4,468 |
| Total | 142,353 | 134,886 |
| Long-term debt without collateral: | | |
| Banks and others (principally insurance companies): | | |
| Principally 0.0% to 2.9%, maturing serially through 2034 | 1,603,476 | 1,685,001 |
| Principally 0.0% to 12.7%, maturing serially through 2032 (payable in foreign currencies) | 2,346,172 | 1,770,099 |
| Bonds and notes: | | |
| Japanese yen bonds with early redemption clause (fixed rate 1.4%, due 2015) | 10,000 | 10,000 |
| Japanese yen bonds (fixed rate 0.8% to 2.6%, due 2014–2033) | 252,748 | 233,939 |
| Japanese yen bonds (fixed and floating rate: floating rate 1.4% to 2.5%, due 2014–2024) | 30,000 | 41,000 |
| Japanese yen bonds (floating rate 0.6% to 1.8%, due 2016–2017) | 40,000 | 40,000 |
| Notes under euro medium-term note programme (fixed rate 1.7% to 4.3%, due 2014–2017) | 9,680 | 9,755 |
| Notes under euro medium-term note programme (floating rate 0.6%, due 2014) | — | 2,058 |
| Notes under euro medium-term note programme (fixed and floating rate: floating rate 0.5% to 0.8% due 2014–2019) | 18,026 | 6,175 |
| Finance lease obligations (0.1% to 5.7%, maturing serially through 2034) | 50,861 | 41,334 |
| Total | 4,360,963 | 3,839,361 |
| Total | 4,503,316 | 3,974,247 |
| Less current portion | 472,718 | 505,946 |
| Long-term debt, less current portion | ¥ 4,030,598 | ¥3,468,301 |

(3)Trade and other payables, and other financial liabilities

Trade and other payables, and other financial liabilities as of March 31, 2015 and 2014 consisted of the following:

| | Millions of Yen | |
|---|---|---|
| | **2015** | **2014** |
| **Current:** | | |
| **Trade and other payables** | | |
| Notes payable-trade | ¥ 26,951 | ¥ 37,041 |
| Accounts payable-trade | 1,212,091 | 1,282,818 |
| Payables to equity accounted investees | 35,964 | 41,211 |
| Accrued expenses | 109,033 | 112,764 |
| **Other financial liabilities** | | |
| Accounts payable-other | 123,339 | 100,892 |
| Derivative liabilities | 174,077 | 130,690 |
| Other | 116,595 | 69,465 |
| Total | ¥ 1,798,050 | ¥ 1,774,881 |
| **Non-current:** | | |
| **Other financial liabilities** | | |
| Accounts payable-other | ¥ 51,714 | ¥ 41,840 |
| Derivative liabilities | 56,156 | 33,921 |
| Other | 39,419 | 19,780 |
| Total | ¥ 147,289 | ¥ 95,541 |

All financial liabilities, except for derivative liabilities, presented above are measured at amortized cost and there is no financial liabilities measured at FVTPL.

(4)Liquidity risk analysis

***Non-derivative financial liabilities***

The contractual balances of non-derivative financial liabilities by maturity as of March 31, 2015 and 2014 were as follows:

**March 31, 2015**

| | Millions of Yen | | | |
|---|---|---|---|---|
| | Within 1 year | More than 1 year and not more than 5 years | More than 5 years | Total |
| Trade and other payables | ¥ 1,382,444 | ¥ 1,595 | ¥ - | ¥ 1,384,039 |
| Accounts payables-other | 123,322 | 51,247 | 484 | 175,053 |
| Long-term debt (Including current portion) | 472,718 | 1,951,724 | 2,078,874 | 4,503,316 |

**March 31, 2014**

| | Millions of Yen | | | |
|---|---|---|---|---|
| | Within 1 year | More than 1 year and not more than 5 years | More than 5 years | Total |
| Trade and other payables | ¥ 1,467,103 | ¥ 6,726 | ¥ 5 | ¥ 1,473,834 |
| Accounts payables-other | 100,892 | 33,729 | 8,111 | 142,732 |
| Long-term debt (Including current portion) | 505,946 | 1,646,934 | 1,821,367 | 3,974,247 |

***Derivative instruments***

The following tables summarize the result of liquidity analysis of derivative instruments held by the companies. These tables are prepared based on future receipts and payments of derivative instruments. If amounts to be received or paid are not fixed, the disclosed amounts are calculated using interest rates estimated in reference to the yield curve as of March 31, 2015 and 2014.

**March 31, 2015**

| | | Millions of Yen | | | |
|---|---|---|---|---|---|
| | | Within 1 year | More than 1 year and not more than 5 years | More than 5 years | Total |
| Foreign exchange contracts | Receipts | ¥ 39,911 | ¥ 59,515 | ¥ 16,369 | ¥ 115,795 |
| | Payments | (42,818) | (41,747) | (21,284) | (105,849) |
| Interest rate contracts | Receipts | 11,252 | 26,708 | 37,665 | 75,625 |
| | Payments | (8,124) | (5,186) | (1,006) | (14,316) |
| Commodity contracts | Receipts | 865,613 | 129,203 | – | 994,816 |
| | Payments | (865,705) | (129,494) | (1,203) | (996,402) |

**March 31, 2014**

| | | Millions of Yen | | | |
|---|---|---|---|---|---|
| | | Within 1 year | More than 1 year and not more than 5 years | More than 5 years | Total |
| Foreign exchange contracts | Receipts | ¥ 68,819 | ¥ 21,196 | ¥ 2,669 | ¥ 92,684 |
| | Payments | (71,483) | (19,834) | (3,824) | (95,141) |
| Interest rate contracts | Receipts | 8,656 | 23,580 | 27,781 | 60,017 |
| | Payments | (4,226) | (7,246) | (3,563) | (15,035) |
| Commodity contracts | Receipts | 321,092 | 94,669 | – | 415,761 |
| | Payments | (354,313) | (101,181) | – | (455,494) |

## *17. PLEDGED ASSETS*

The assets pledged as collateral for certain short-term debt, long-term debt and payment guarantees, etc. as of March 31, 2015 and 2014 were as follows:

| | Millions of Yen | |
|---|---|---|
| | **2015** | **2014** |
| Trade and other receivables (current and non-current) | ¥ 89,020 | ¥ 102,184 |
| Investments | 473,268 | 456,608 |
| Property, plant and equipment | 93,552 | 86,703 |
| Others | 10,590 | 7,634 |
| Total | ¥ 666,430 | ¥ 653,129 |

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. For this reason, it is not included in the amounts shown in the table above.
In addition to the above, the Company has bank borrowings under certain provisions of loan agreements which require the Company, upon the request of the bank, to immediately provide collateral, which is not originally identified in the loan agreements. The Company also has certain bank loan agreements in which default provisions grant sale or possession rights of the pledged assets to lenders.

### *18. PROVISIONS*

The changes in provisions for the year ended March 31, 2015 was as follows:

| | Millions of Yen | | |
|---|---|---|---|
| | Asset retirement obligation | Other provisions | Total |
| Balance at April 1, 2014 | ¥ 170,660 | ¥ 21,686 | ¥ 192,346 |
| Additional provisions recognized | 23,385 | 10,308 | 33,693 |
| Provisions used | (142) | (7,383) | (7,525) |
| Unwinding of discount | 7,505 | – | 7,505 |
| Others* | 26,492 | 1,552 | 28,044 |
| Balance at March 31, 2015 | ¥ 227,900 | ¥ 26,163 | ¥ 254,063 |

*"Others" principally includes the effect of changes in foreign currency exchange rates.

The asset retirement obligations are principally related to the costs of dismantling and removing mining and oil and gas production facilities owned by subsidiaries in Australia, which are engaged in mining operations or oil and gas producing activities, and a domestic subsidiary which has interests in oil and gas operations in Southeast Asia and other areas.
"Other provisions" includes provision for product warranties and rebates of sales, etc.

### *19. EMPLOYEE BENEFITS*

The Company and certain subsidiaries have non-contributory and contributory defined benefit pension plans, covering substantially all employees other than directors.

The primary pension plan is the Company's contributory Corporate Pension Fund ("CPF") under the Defined Benefit Corporate Pension Law. The benefits from CPF are based on the length of service.

Effective April 1, 2006, the Company converted certain portions of CPF into a defined contribution plan and a cash balance plan. The cash balance plan calculates a participant's benefits using a percentage of the employee's annual salary and an interest crediting rate.

The Company and certain subsidiaries have unfunded severance indemnity plans. Benefits under the plans are based on the level of compensation at retirement, or earlier termination of employment, and the length of service.

***Changes in the defined benefit obligation and the plan assets***

The following table sets forth the changes in the companies' defined benefit obligation and plan assets:

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Change in defined benefit obligation: | | |
| Defined benefit obligation at beginning of year | ¥ 350,467 | ¥ 329,241 |
| Service cost | 10,384 | 11,117 |
| Interest cost | 4,660 | 4,391 |
| Actuarial loss | 6,878 | 22,510 |
| Benefits paid from plan assets | (15,757) | (13,532) |
| Others | 1,673 | (3,260) |
| Defined benefit obligation at end of year | 358,305 | 350,467 |
| Change in plan assets: | | |
| Fair value of plan assets at beginning of year | 280,958 | 259,243 |
| Interest income | 4,150 | 4,142 |
| Return on plan assets (excluding interest income) | 29,661 | 13,048 |
| Contributions by the employer | 11,062 | 16,674 |
| Benefits paid from plan assets | (15,757) | (13,532) |
| Others | 2,333 | 1,383 |
| Fair value of plan assets at end of year | 312,407 | 280,958 |
| Net defined benefit liability at end of year | ¥ (45,898) | ¥ (69,509) |

***Components of net periodic pension costs***

Net periodic pension costs of the companies' defined benefit pension plans for the years ended March 31, 2015 and 2014 included the following components:

| | Millions of Yen | |
|---|---|---|
| | **2015** | **2014** |
| Service cost – benefits earned during the period | ¥ 10,384 | ¥ 11,117 |
| Net interest expense | 510 | 249 |
| Past service cost arising during the period | – | (1,262) |
| Others | (21) | – |
| Net periodic pension costs | ¥ 10,873 | ¥ 10,104 |

***Assumptions***

The weighted-average assumptions used to determine the companies' defined benefit obligations as of March 31, 2015 and 2014 are set forth as follows:

| | **2015** | **2014** |
|---|---|---|
| Discount rate | 1.3% | 1.4% |
| Rate of increase in future compensation levels | 1.1% | 1.0% |

The companies mainly determine the discount rates each year as of the measurement date, based on a review of interest rates associated with high-quality fixed-income corporate bonds.

The rate of increase in future compensation levels was not applied in determining the defined benefit obligation of CPF other than the cash balance plan, because the benefit formulas of these plans do not contain factors relating to compensation levels.

The following table illustrates the sensitivity to changes in assumptions for pension plans:

| | **Impact of change in assumption on defined benefit obligation as of March 31, 2015** |
|---|---|
| 50 basis point decrease in discount rate | ¥25,303 million increase |
| 50 basis point increase in discount rate | ¥22,399 million decrease |

***Plan assets***

The Company's investment objective is to build high quality plan assets, and the investment policy is targeted to ensure adequate returns available to provide future payments of pension benefits and severance indemnities. The basic strategy is diversified investment in various asset classes which have different risk return characteristics. The Company sometimes uses derivative instruments to hedge the exposure to changes in the fair value of debt and equity securities, but never uses them for speculation. The subsidiaries' investment strategies are mainly based on diversified investment, and are targeted to ensure stable and adequate returns to provide future payments of pension benefits over the long term.

The fair value of the companies' pension plan assets as of March 31, 2015 and 2014 by asset class are set forth as follows:

| | Millions of Yen | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | |
| | Quoted market price in an active market | | | Quoted market price in an active market | | |
| Asset Class | Available | Not available | TOTAL | Available | Not available | TOTAL |
| Equity Financial Instruments (Japan) | ¥ 81,516 | ¥ 38,718 | ¥ 120,234 | ¥ 64,382 | ¥ 35,437 | ¥ 99,819 |
| Equity Financial Instruments (Non-Japan) | 6,530 | 35,431 | 41,961 | 5,870 | 29,447 | 35,317 |
| Debt securities (Japan) | 923 | 34,311 | 35,234 | 229 | 45,640 | 45,869 |
| Debt securities (Non-Japan) | 7,280 | 51,708 | 58,988 | 6,410 | 47,852 | 54,262 |
| Life insurance company general accounts | – | 32,306 | 32,306 | – | 31,729 | 31,729 |
| Cash and deposits | 23,360 | – | 23,360 | 13,812 | – | 13,812 |
| Other | – | 324 | 324 | – | 150 | 150 |
| Total | ¥ 119,609 | ¥ 192,798 | ¥ 312,407 | ¥ 90,703 | ¥ 190,255 | ¥ 280,958 |

Equity financial instruments above include securities held in the Company's employee retirement benefit trust. Publicly-traded, equity financial instruments and debt securities are valued using quoted market prices and classified as assets of which a quoted market price in an active market is available. Other equity financial instruments and debt securities are mostly pooled investments managed by trust banks. They are valued using net asset values of the investments calculated by the trust banks based on the fair value of the underlying assets and classified as assets of which a quoted market price in an active market is not available. Life insurance company general accounts are pooled investment portfolios managed by insurance companies with a guaranteed minimum rate of return. They are valued based on the value of the accounts calculated by the insurance companies and classified as assets of which a quoted market price in an active market is not available.

***Cash flows***

*Contributions*
The companies expect to contribute ¥11,340 million to their defined benefit pension plans for the year ending March 31, 2016. When a funded amount of CPF is less than the minimum funding amount at the end of each annual period, the companies will contribute required amounts to CPF in accordance with the rules of CPF.

*Information about the maturity profile*
The weighted average duration of the benefit payments for the defined benefit obligation as of March 31, 2015 is 16 years.

***Multiemployer plan***

Certain subsidiaries participate in a multiemployer defined benefit pension plan, Mitsui & Co. Group Pension Fund ("MGPF"). Employers other than the Company and subsidiaries also participate in MGPF, which are different from single-employer plans in the following respects:

a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
c. If the multiemployer plan is wound up or a participating employer chooses to stop participating in the multiemployer plan, the participating employer may be required to pay the plan an amount based on the underfunded status of the plan when a wind-up or a withdrawal, referred to as a withdrawal liability.

By participating in MGPF, participating employees will receive the substitutional part of the welfare pension and the additional benefit stipulated by the plan.

In relation to this plan, the amount of contribution was recorded as a retirement benefit cost as though it is a defined contribution plan because sufficient information is not available to enable the entity to account for the plan as a defined benefit plan.

Based on the most recently available information, the funded status of MGPF as of March 31, 2014 and 2013 were as follows:

| | Millions of Yen | |
|---|---|---|
| | 2014 | 2013 |
| Plan assets, net of current payables............................. | ¥ 53,958 | ¥ 49,209 |
| Actuarial reserve under pension actuarial valuation.... | 50,935 | 47,368 |

The amount contributed to MGPF by the subsidiaries constituted a significant portion of the total contribution and included surcharge. MGPF was converted to a defined benefit corporate pension fund with an approval from the Ministry of Health, Labour and Welfare of the Japanese Government in April, 2015.

The Company also provides an "Early Retirement Support Plan" to eligible employees, which guarantees, prior to normal retirement age, certain supplemental payments based on preretirement compensation levels.

## *20. EQUITY*

### *(1) Common stock*

The number of shares authorized and issued for the years ended March 31, 2015 and 2014 were as follows:

| | Number of shares | |
|---|---|---|
| | 2015 | 2014 |
| **Authorized:** | | |
| Common stock – no par value............................................... | 2,500,000,000 | 2,500,000,000 |
| **Issued:** | | |
| Balance at beginning of year................................................ | 1,829,153,527 | 1,829,153,527 |
| Increase (decrease) during the year....................................... | (32,639,400) | – |
| Balance at end of year......................................................... | 1,796,514,127 | 1,829,153,527 |

The number of treasury stock as of March 31, 2015 and 2014 included in the number of shares issued shown above were 3,995,027 and 36,641,439 shares, respectively.
For the year ended March 31, 2015, the number of shares issued was decreased by 32,639,400 shares dated April 18, 2014 due to cancellation of such number of treasury stock based on the resolution of the meeting of the Board of Directors held on March 26, 2014.

### *(2) Capital surplus and retained earnings*

Capital surplus mainly consist of additional paid-in capital. Changes in capital surplus for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Balance at beginning of year........................................................................ | ¥ 418,004 | ¥ 428,552 |
| Equity transactions with non-controlling interest shareholders: | | |
| Increase (decrease) due to transfers of owners of parent's ownership interests in its subsidiaries to non-controlling interests ............................ | 3 | (2,007) |
| Increase (decrease) due to transfers of owners of parent's ownership interests in its subsidiaries from non-controlling interests........................ | (6,341) | (8,541) |
| Compensation costs related to stock options | 215 | – |
| Balance at end of year ................................................................................. | ¥ 411,881 | ¥ 418,004 |

Retained earnings consist of legal reserve and other unappropriated retained earnings.

The Companies Act in Japan provides that an amount equal to 10% of distribution must be appropriated as additional paid-in capital or a legal reserve in retained earnings depending on the equity account charged upon the payment of such distribution until the total aggregate amount of additional paid-in capital and legal reserve in retained earnings equals 25% of the common stock.

Under the Companies Act, the amount available for distribution is calculated based on the amount of capital surplus and retained earnings, exclusive of additional paid-in capital and legal reserve, recorded in the general books of account in accordance with the generally accepted accounting principles in Japan. The amount available for distributions from the Company would amount to ¥959,620 million if it were to be calculated at March 31, 2015.

*(3) Other components of equity*

Changes in other components of equity for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| **Financial Assets Measured at FVTOCI:** | | |
| Balance at beginning of year | ¥ 369,267 | ¥ 335,847 |
| Increase (decrease) during the year | (11,626) | 56,979 |
| Transfer to retained earnings | (38,831) | (23,559) |
| Balance at end of year | ¥ 318,810 | ¥ 369,267 |
| **Remeasurements of Defined Benefit Pension Plans:** | | |
| Balance at beginning of year | ¥ – | ¥ – |
| Increase (decrease) during the year | 15,200 | (4,203) |
| Transfer to retained earnings | (15,200) | 4,203 |
| Balance at end of year | ¥ – | ¥ – |
| **Foreign Currency Translation Adjustments:** | | |
| Balance at beginning of year | ¥ 413,931 | ¥ 311,934 |
| Increase (decrease) during the year | 124,797 | 101,997 |
| Balance at end of year | ¥ 538,728 | ¥ 413,931 |
| **Cash Flow Hedges:** | | |
| Balance at beginning of year | ¥ (16,567) | ¥ (32,998) |
| Increase (decrease) during the year | (26,408) | 16,431 |
| Balance at end of year | ¥ (42,975) | ¥ (16,567) |
| **Total:** | | |
| Balance at beginning of year | ¥ 766,631 | ¥ 614,783 |
| Increase (decrease) during the year | 101,963 | 171,204 |
| Transfer to retained earnings | (54,031) | (19,356) |
| Balance at end of year | ¥ 814,563 | ¥ 766,631 |

### *(4) Income tax relating to other comprehensive income*

Income tax included in each component of other comprehensive income for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Items that will not be reclassified to profit or loss: | | |
| Financial assets measured at FVTOCI. | ¥ 46,408 | ¥ (16,352) |
| Remeasurements of defined benefit pension plans | (5,877) | 3,532 |
| Share of other comprehensive income of investments accounted for using the equity method | 1,514 | (95) |
| Total | ¥ 42,045 | ¥ (12,915) |
| Items that may be reclassified subsequently to profit or loss: | | |
| Foreign currency translation adjustments | ¥ 21,666 | ¥ 23,641 |
| Cash flow hedges | 3,051 | (3,800) |
| Share of other comprehensive income of investments accounted for using the equity method | (4,543) | (23,730) |
| Total | ¥ 20,174 | ¥ (3,889) |

### *(5) Other comprehensive income included in non-controlling interests*

Each component of other comprehensive income included in non-controlling interests for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Financial assets measured at FVTOCI | ¥ (1,231) | ¥ 1,402 |
| Remeasurements of defined benefit pension plans | (68) | 191 |
| Foreign currency translation adjustments | 13,448 | 10,065 |
| Cash flow hedges | 106 | 88 |
| Total | ¥ 12,255 | ¥ 11,746 |

## *21. SHARE-BASED PAYMENT*

The Company granted the stock options (subscription rights to shares) to Directors (excluding External Directors) and Executive Officers as compensation. Under the rule of the stock option, the Company will issue one hundred common shares of the Company upon exercise of one offered subscription right. The exercise price shall be one yen for one subscription right to shares.

Subscription rights to shares can be exercised under a certain stock price condition. A holder of subscription rights to shares may exercise all of them only when the Company's stock price growth rate for the period of three years from the allotment date is equal to or exceeds the TOPIX (Tokyo Stock Price Index) growth rate. When the Company's stock price growth rate does not exceed the TOPIX growth rate, reflecting that degree, the holder of subscription rights to shares may exercise only part of them.

The Company's stock price growth rate shall be calculated by the formula of (A+B)/C;
A: The average closing price for the Company's common stocks on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the first date of the exercise period of the subscription rights to shares falls
B: The total amount of the dividends per common share of the Company for the period from the allotment date to the first date of the exercise period of the subscription rights to shares
C: The average closing price for the Company's common stocks on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the allotment date falls

The TOPIX growth rate shall be calculated by the formula of D/E;
D: The average closing price for TOPIX on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the first date of the exercise period of the subscription rights to shares falls
E: The average closing price for TOPIX on the Tokyo Stock Exchange on each day for the three months immediately before the month in which the allotment date falls

When the Company's stock price growth rate does not exceed the TOPIX growth rate, the number of exercisable subscription rights to shares shall be calculated by the formula of F×(G/H);
F: The number of subscription rights to shares granted
G: The Company's stock price growth rate
H: The TOPIX growth rate

A holder of subscription rights to shares can exercise them for twenty-seven years after a period of three years has elapsed from the day following the allotment date, however, may no longer exercise them after a period of ten years has elapsed from the day following the day on which a holder of subscription rights to shares loses his or her position as Director, and/or Executive Officer, and/or Corporate Auditor of the Company.

The compensation expense related to stock options for the year ended March 31, 2015 was ¥215 million.

The following table summarizes information about the stock option activities for the year ended March 31, 2015. The number of stock options is exchanged to the number of common shares (one hundred common shares for one stock option).

| | 2015 | |
|---|---|---|
| | Number of common shares | Weighted average exercise price |
| Outstanding at the beginning of the year | - | - |
| Granted | 257,400 | ¥1 |
| Forfeited | - | - |
| Exercised | - | - |
| Expired | - | - |
| Outstanding at the end of the year | 257,400 | ¥1 |
| Exercisable at the end of the year | - | - |

The range of exercise prices and the weighted average remaining contractual life as of March 31, 2015 were ¥1 and 29.3 years.

The weighted average fair value of the stock options at the measurement date in the year ended March 31, 2015 was ¥836.

The fair value of the stock options is measured using Monte Carlo method with following inputs to the model.

| | | 2015 |
|---|---|---|
| Exercise price | | ¥1 |
| Expected option life | Note 1 | 16.5 years |
| Weighted average stock price | 2 | ¥1,654.5 |
| Weighted average TOPIX | 2 | 1,286.07 |
| Expected volatility of stock | 3 | 37.551% |
| Expected volatility of TOPIX | 3 | 22.203% |
| Expected dividends of stock | 4 | ¥59 |
| Expected dividend yield of TOPIX | 5 | 1.804% |
| Risk-free interest rate | 6 | 1.086% |

Note 1: Expected option life is calculated based on the expected period of time from the allotment date to the date of exercise of stock options.

2: Weighted average stock price and weighted average TOPIX are calculated based on the closing price of the Company's stock and TOPIX in Tokyo Stock Exchange on the allotment date.

3: Expected volatility of stock and expected volatility of TOPIX are calculated based on the daily closing price of the Company's common stock and TOPIX for the past period which is equal to the expected option life from the allotment date.

4: Expected dividends of stock is calculated based on the actual dividend made in the previous year of the year including the allotment date.

5: Expected dividend yield of TOPIX is calculated based on the past one-year record of the dividend from the components of the index on the allotment date.

6: Risk-free interest is calculated based on the yield of government bonds having a remaining life equal to expected option life at the allotment date.

## *22. EARNINGS PER SHARE*

The following is a reconciliation of basic earnings per share attributable to owners of the parent to diluted earnings per share attributable to owners of the parent for the years ended March 31, 2015 and 2014:

| | 2015 | | | 2014 | | |
|---|---|---|---|---|---|---|
| | **Profit (numerator)** | **Shares (denominator)** | **Per share amount** | **Profit (numerator)** | **Shares (denominator)** | **Per share amount** |
| | **Millions of Yen** | **In Thousands** | **Yen** | **Millions of Yen** | **In Thousands** | **Yen** |
| **Basic earnings per share attributable to owners of the parent:** | ¥ 306,490 | 1,792,516 | ¥ 170.98 | ¥ 350,093 | 1,821,339 | ¥ 192.22 |
| **Effect of dilutive securities:** | | | | | | |
| Adjustment of effect of: | | | | | | |
| Dilutive securities of associated companies… | (15) | – | | (17) | – | |
| Stock options ……………………………… | – | 257 | | – | – | |
| **Diluted earnings per share attributable to owners of the parent:** | ¥ 306,475 | 1,792,773 | ¥ 170.95 | ¥ 350,076 | 1,821,339 | ¥ 192.21 |

## *23. CONSTRUCTION CONTRACTS*

Due from and due to customers for contract work as of March 31, 2015 and 2014 were as follows:

| | Millions of Yen | |
|---|---|---|
| | **2015** | **2014** |
| Due from customers for contract work..... | ¥ 2,863 | ¥ 2,985 |
| Due to customers for contract work.......... | 228 | 151 |

Contract revenue recognized for the years ended March 31, 2015 and 2014 were ¥11,093 million and ¥9,789 million respectively.

The aggregate amount of costs incurred and recognized profit (less recognized losses) for contract work to March 31, 2015 and 2014 were ¥5,049 million and ¥10,827 million respectively.

### *24. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES*

Selling, general and administrative expenses for the years ended March 31, 2015 and 2014 consisted of the following:

| | Millions of Yen | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| Personnel expenses | ¥ | 295,471 | ¥ | 290,739 |
| Communication expenses | | 48,814 | | 51,155 |
| Traveling expenses | | 34,510 | | 33,482 |
| Provision for doubtful receivables | | 17,041 | | 10,215 |
| Other | | 188,772 | | 189,280 |
| Total | ¥ | 584,608 | ¥ | 574,871 |

Remuneration of the Company's Directors and Corporate Auditors for the years ended March 31, 2015 and 2014 were ¥1,370 million and ¥1,307 million respectively.

### *25. FOREIGN EXCHANGE GAINS AND LOSSES - NET*

Net foreign exchange gains and losses recognized in the consolidated statements of income for the years ended March 31, 2015 and 2014 were ¥12,269 million (loss) and ¥13,617 million (loss), respectively.

### *26. INCOME TAXES*

Income Taxes in the consolidated statements of income for the year ended March 31, 2015 includes the gain on the change in the balance of the deferred tax assets and liabilities-net of ¥20,079 million recorded to reflect the decrease in normal effective statutory tax rates to approximately 32% based on the new laws which were enacted on March 31, 2015. According to the new laws, the normal effective statutory tax rate is reduced to approximately 33% in the fiscal year beginning on April 1, 2015, and to approximately 32% in fiscal years beginning on or after April 1, 2016. However, the company used the 32% to measure the deferred tax assets and liabilities as the effect of the decrease in the normal effective statutory tax rate is insignificant.

The reconciliation between the applicable income tax rate in Japan and the effective income tax rate in the consolidated statements of income and comprehensive income for the years ended March 31, 2015 and 2014 were summarized as follows:

| | % | |
|---|---|---|
| | 2015 | 2014 |
| Applicable income tax rate in Japan | 36.0% | 36.0% |
| Increases (decreases) in tax rate resulting from: | | |
| Expenses not deductible for tax purposes and income not taxable-net | 2.5 | 1.1 |
| Application of lower tax rates to certain taxable income | (2.1) | (2.5) |
| Changes in tax rate | (5.8) | - |
| Tax effects on dividends | (12.0) | (9.6) |
| Changes in assessment for recoverability of deferred tax assets | 5.1 | 6.9 |
| Higher tax rates for resource related taxes | 9.1 | 4.9 |
| Tax effects on investments accounted for using the equity method | (7.4) | (5.4) |
| Other | (1.1) | 0.7 |
| Effective income tax rate | 24.3% | 32.1% |

The tax effects of significant temporary differences and carryforwards which result in deferred tax assets and liabilities as of March 31, 2015 and 2014 were as follows:

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| **Deferred Tax Assets:** | | |
| Retirement benefit liabilities | ¥ 9,205 | ¥ 28,909 |
| Estimated losses | 13,955 | 4,085 |
| Fixed assets | 68,074 | 59,887 |
| Loss carryforwards | 69,641 | 43,470 |
| Foreign currency translation | 64,262 | 44,535 |
| Fixed assets related to the Australian Mineral Resource Rent Tax Act 2012 | - | 11,938 |
| Other | 24,854 | 21,699 |
| Total deferred tax assets | 249,991 | 214,523 |
| **Deferred Tax Liabilities:** | | |
| Fixed assets | 164,453 | 146,802 |
| Investments | 242,595 | 283,262 |
| Undistributed earnings | 176,109 | 206,004 |
| Foreign currency translation | 64,252 | 64,352 |
| Other | 5,977 | 6,965 |
| Total deferred tax liabilities | ¥ 653,386 | ¥ 707,385 |

Deferred tax assets recognized by taxable entities that have suffered a loss in either the current or preceding period were ¥46,212 million and ¥26,266 million, as of March 31, 2015 and 2014, respectively. The companies recognize deferred tax assets based on the judgment of the recoverability considering the probability of the generation of future taxable income due to the nature of the taxable entities' operation and the expiration dates of operating loss in the countries in which they operate, etc.

The unused tax loss carryforwards and deductible temporary differences for which deferred tax assets were not recognized were ¥1,378,241 million and ¥1,793,654 million as of March 31, 2015 and 2014, respectively.

Taxable temporary differences associated with investments in subsidiaries for which deferred tax liabilities were not recognized were ¥1,910,478 million and ¥1,726,286 million as of March 31, 2015 and 2014, respectively.

The increase and decrease of deferred tax assets and deferred tax liabilities recognized as deferred tax expenses in the consolidated statements of income for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Retirement benefit liabilities | ¥ (171) | ¥ (252) |
| Estimated losses | (188) | (1,353) |
| Fixed assets | (13,255) | 1,561 |
| Loss carryforwards | 29,211 | 5,296 |
| Investments | 33 | (824) |
| Undistributed earnings | 32,670 | (9,513) |
| Fixed assets related to the Australian Mineral Resource Rent Tax Act 2012 | (11,938) | 2,546 |
| Other | 2,711 | 2,347 |
| Total | ¥ 39,073 | ¥ (192) |

The unused tax loss carryforwards for which no deferred tax assets have been recognized as of March 31, 2015 and 2014 were ¥507,670 million and ¥438,615 million respectively. If not utilized, such loss carryforwards expire as follows:

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Within 5 years | ¥ 41,667 | ¥ 57,362 |
| After 5 to 10 years | 212,005 | 145,507 |
| After 10 to 15 years | 2 | 909 |
| After 15 years | 253,996 | 234,837 |
| Total | ¥ 507,670 | ¥ 438,615 |

Income tax expenses in the consolidated statements of income for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Current | ¥ (143,976) | ¥ (176,462) |
| Deferred | ¥ 39,073 | ¥ (192) |
| Total | ¥ (104,903) | ¥ (176,654) |

Deferred tax expenses or income arising from the write-down and reversal of a previous write-down of deferred tax assets for loss carryforwards and temporary differences of the companies where it is more likely than not that a tax benefit or expense will not be realized were immaterial for the year ended March 31, 2015 and ¥80,458 million of tax expense for the year ended March 31, 2014.

## *27. FAIR VALUE MEASUREMENT*

IFRS 13 "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. IFRS 13 establishes the fair value hierarchy that may be used to measure fair value, which is provided as follows. 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.

*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:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active
- Inputs other than quoted prices that are observable for the asset or liability
- 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.

### *(1)Valuation techniques*

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

*Other Investments*

- Other investments other than measured at amortized cost are measured at fair value.
- Publicly-traded Other investments are measured using quoted market prices and classified as level 1.
- Non-marketable Other investments are measured at fair value principally using the discounted cash flow method, the market comparison approach and other appropriate valuation techniques considering various assumptions, including expected future cash flows and discount rates reflecting the related risks of the investee. The degree to which these inputs are observable in the relevant markets determines whether the investment is classified as level 2 or 3.

*Derivative Instruments*

- Derivative instruments mainly consist of derivative commodity instruments and derivative financial instruments.
- Exchange-traded derivative commodity instruments measured using quoted market prices are classified as level 1. Certain derivative commodity instruments measured using observable inputs of the quoted prices obtained from the market, financial information providers and brokers, are classified as level 2. Also, the derivative commodity instruments measured using unobservable inputs are classified as level 3.
- Derivative financial instruments are mainly measured by discounted cash flow analysis using foreign exchange and interest rates or quoted prices currently available for similar types of agreements and are classified as level 2.

*Inventories*

- Inventories acquired with the purpose of being sold in the near future and a profit from fluctuations in price are measured at fair value based on quoted prices with certain adjustment and classified as level 2. The amounts of costs to sell as of March 31, 2015 and 2014 were immaterial.

***(2) 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 appropriate approver. Based on the policy and procedures, the personnel 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 of the valuations, including those performed by the external experts, are reviewed and approved by appropriate approver.

*(3)Assets and liabilities measured at fair value on a recurring basis*

***Information by fair value hierarchy***

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2015 and 2014 were as follows. No assets or liabilities were transferred between level 1 and 2 for the years ended March 31, 2015 and 2014.

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| **March 31, 2015** | **Fair value measurements using** | | | | |
| | **Level 1** | **Level 2** | **Level 3** | **Netting adjustments*** | **Total fair value** |
| **Assets:** | | | | | |
| Other investments: | | | | | |
| Financial assets measured at FVTPL | ¥ 4,566 | – | ¥ 36,446 | | |
| Financial assets measured at FVTOCI | 633,366 | – | 850,880 | | |
| Total other investments | ¥ 637,932 | – | ¥ 887,326 | – | ¥ 1,525,258 |
| Derivative assets: | | | | | |
| Foreign exchange contracts | – | ¥ 114,855 | – | | |
| Interest rate contracts | – | 41,646 | – | | |
| Commodity contracts | ¥ 47,578 | 948,519 | ¥ 812 | | |
| Other contracts | – | – | 3,495 | | |
| Total derivative assets | ¥ 47,578 | ¥1,105,020 | ¥ 4,307 | ¥ (851,080) | ¥ 305,825 |
| Inventories | – | ¥ 153,065 | – | – | ¥ 153,065 |
| Total assets | ¥ 685,510 | ¥1,258,085 | ¥ 891,633 | ¥ (851,080) | ¥ 1,984,148 |
| **Liabilities:** | | | | | |
| Derivative liabilities: | | | | | |
| Foreign exchange contracts | – | ¥ 105,700 | – | | |
| Interest rate contracts | – | 12,551 | – | | |
| Commodity contracts | ¥ 38,345 | 961,774 | ¥ 716 | | |
| Total derivative liabilities | ¥ 38,345 | ¥1,080,025 | ¥ 716 | ¥ (888,853) | ¥ 230,233 |
| Total liabilities | ¥ 38,345 | ¥1,080,025 | ¥ 716 | ¥ (888.853) | ¥ 230,233 |

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| **March 31, 2014** | **Fair value measurements using** | | | | |
| | **Level 1** | **Level 2** | **Level 3** | **Netting adjustments*** | **Total fair value** |
| **Assets:** | | | | | |
| Other investments: | | | | | |
| Financial assets measured at FVTPL | ¥ 3,203 | – | ¥ 39,687 | | |
| Financial assets measured at FVTOCI | 516,968 | – | 990,593 | | |
| Total other investments | ¥ 520,171 | – | ¥1,030,280 | – | ¥ 1,550,451 |
| Derivative assets: | | | | | |
| Foreign exchange contracts | – | ¥ 92,317 | – | | |
| Interest rate contracts | ¥ 144 | 29,924 | – | | |
| Commodity contracts | 23,068 | 393,204 | ¥ 122 | | |
| Other contracts | – | – | 3,357 | | |
| Total derivative assets | ¥ 23,212 | ¥ 515,445 | ¥ 3,479 | ¥ (371,035) | ¥ 171,101 |
| Inventories | – | ¥ 175,917 | – | – | ¥ 175,917 |
| Total assets | ¥ 543,383 | ¥ 691,362 | ¥1,033,759 | ¥ (371,035) | ¥ 1,897,469 |
| **Liabilities:** | | | | | |
| Derivative liabilities: | | | | | |
| Foreign exchange contracts | – | ¥ 94,972 | – | | |
| Interest rate contracts | ¥ 107 | 12,076 | – | | |
| Commodity contracts | 42,714 | 412,534 | ¥ 602 | | |
| Total derivative liabilities | ¥ 42,821 | ¥ 519,582 | ¥ 602 | ¥ (398,394) | ¥ 164,611 |
| Total liabilities | ¥ 42,821 | ¥ 519,582 | ¥ 602 | ¥ (398,394) | ¥ 164,611 |

* Amounts of netting adjustments include the net amount when, and only when, the companies currently have a legally enforceable right to set off the recognized amounts as well as intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

***Reconciliation of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3)***

The reconciliation of financial assets measured at FVTOCI for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Balance at beginning of year | ¥ 990,593 | ¥ 894,092 |
| Other comprehensive income (Note 1) | (191,164) | (6,776) |
| Purchases | 19,497 | 93,315 |
| Sales | (33,916) | (34,622) |
| Transfers into Level 3 | – | – |
| Transfers out of Level 3 | (41,280) | (11,402) |
| Others (Note 2) | 107,150 | 55,986 |
| Balance at end of year | ¥ 850,880 | ¥ 990,593 |

Note 1: For "Other comprehensive income" for the year ended March 31, 2015, fair value in investments in LNG projects declined reflecting the drop in oil prices.
Note 2: "Others" includes the effect of changes in foreign exchange rates and in scope of consolidation.

Other comprehensive income related to financial assets measured at FVTOCI was included in "Financial assets measured at FVTOCI" in the Consolidated Statements of Comprehensive Income. "Transfers out of Level 3" was due to the fact that the securities of investee began to be publicly traded for the years ended March 31, 2015 and 2014.

***Quantitative information about level 3 fair value measurements***

Information about valuation techniques and significant unobservable inputs used for level 3 assets measured at fair value on a recurring basis as of March 31, 2015 and 2014 were as follows:

| March 31, 2015 | Valuation Technique | Principal Unobservable Input | Range |
|---|---|---|---|
| Financial assets measured at FVTOCI | Income approach | Discount rate | 5.9%~16.0% |

| March 31, 2014 | Valuation Technique | Principal Unobservable Input | Range |
|---|---|---|---|
| Financial assets measured at FVTOCI | Income approach | Discount rate | 6.6%~13.9% |

***Information about sensitivity to changes in significant unobservable inputs***

For recurring fair value measurements of financial assets measured at FVTOCI using the income approach, increases (decreases) in discount rates would result in a lower (higher) fair value.

## *28. CONTINGENT LIABILITIES*

### I. 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 or trade payable.

The table below summarizes the maximum potential amount of future payments, amount outstanding and recourse provisions/collateral of the companies' guarantees as of March 31, 2015 and 2014. The maximum potential amount of future payments represents the amount 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, operating result, or cash flows of the companies is remote at March 31, 2015.

| | Millions of Yen | | | |
|---|---|---|---|---|
| | **Maximum potential amount of future payments** | **Amount outstanding (a)** | **Recourse provisions/ Collateral (b)** | **Net amount outstanding (a)-(b)** |
| **March 31, 2015** | | | | |
| Type of guarantees: | | | | |
| Financial guarantees | | | | |
| Guarantees for third parties...... | ¥ 213,030 | ¥ 82,758 | ¥ 19,673 | ¥ 63,085 |
| Guarantees for the investments accounted for using the equity method .......... | 690,440 | 385,616 | 88,859 | 296,757 |
| Performance guarantees | | | | |
| Guarantees for third parties...... | 50,092 | 33,925 | 2,883 | 31,042 |
| Guarantees for the investments accounted for using the equity method .......... | 35,767 | 27,034 | 236 | 26,798 |
| Total.................................. | ¥ 989,329 | ¥ 529,333 | ¥ 111,651 | ¥ 417,682 |

| | Millions of Yen | | | |
|---|---|---|---|---|
| | Maximum potential amount of future payments | Amount outstanding (a) | Recourse provisions/ Collateral (b) | Net amount outstanding (a)-(b) |
| **March 31, 2014** | | | | |
| Type of guarantees: | | | | |
| Financial guarantees | | | | |
| Guarantees for third parties...... | ¥ 132,285 | ¥ 72,457 | ¥ 16,777 | ¥ 55,680 |
| Guarantees for the investments accounted for using the equity method .......... | 312,032 | 240,809 | 22,509 | 218,300 |
| Performance guarantees | | | | |
| Guarantees for third parties...... | 64,401 | 38,003 | 9,944 | 28,059 |
| Guarantees for the investments accounted for using the equity method .......... | 67,760 | 62,518 | 421 | 62,097 |
| Total.................................. | ¥ 576,478 | ¥ 413,787 | ¥ 49,651 | ¥ 364,136 |

*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 as of March 31, 2015 and 2014 will expire through 2033 and 2023, respectively.

*Guarantees for the investments accounted for using the equity method*

The companies, severally or jointly with others, issue guarantees for the investments accounted for using the equity method for the purpose of furtherance of their trading activities and enhancement of their credit for securing financing. Most of these guarantees outstanding as of March 31, 2015 and 2014 will expire through 2022.

The table below summarizes the maximum potential amount of future payments for the companies' guarantees by the remaining contractual period as of March 31, 2015 and 2014.

| | Millions of Yen | |
|---|---|---|
| | 2015 | 2014 |
| Within 1 year........................................................ | ¥ 189,481 | ¥ 116,863 |
| After 1 to 5 years.................................................. | 522,605 | 252,316 |
| After 5 years......................................................... | 277,243 | 207,299 |
| Total ............................................................. | ¥ 989,329 | ¥ 576,478 |

## 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, any additional liabilities will not materially affect the consolidated financial position, operating results, or cash flows of the companies.

In November, 2013, Vale S.A., the Brazilian consolidated subsidiary of Valepar S.A. (an associated company in which the Company owns 18.24% of the voting shares), participated in the federal tax settlement (REFIS) in Brazil in relation to the taxation of earnings of its non-Brazilian subsidiaries and affiliates from 2003 to 2012 and recognized the related losses in earnings. In this regard, losses of ¥21,577 million (after income tax effect) were recognized in the Company's consolidated statements of income for the year ended March 31, 2014.

## *29. SUPPLEMENTAL CASH FLOW INFORMATION*

Supplemental information related to the consolidated statements of cash flows for the years ended March 31, 2015 and 2014 were as follows:

| | Millions of Yen | |
|---|---|---|
| | **2015** | **2014** |
| Non-cash investing and financing activities: | | |
| Investment in kind to equity accounted investees | 32,195 | 14,840 |
| Acquisition of assets related to finance leases | 12,858 | – |
| Acquisitions of subsidiaries or other businesses (Note 3): | | |
| The total consideration paid | – | 98,321 |
| The portion of the consideration consisting of cash and cash equivalents | – | 98,321 |
| Total assets in the subsidiaries or other businesses acquired (including cash and cash equivalents) | – | 125,188 |
| Total liabilities in the subsidiaries or other businesses acquired | – | 26,867 |
| Sales of subsidiaries or other businesses: | | |
| The total consideration received | – | 24,857 |
| The portion of the consideration consisting of cash and cash equivalents | – | 24,857 |
| Cash and cash equivalents in the subsidiaries or other businesses sold | – | 16,274 |
| Assets in the subsidiaries or other businesses sold | | |
| Current assets (including cash and cash equivalents) | – | 104,692 |
| Property, plant and equipment | – | 31,517 |
| Intangible assets | – | 1,937 |
| Investments and other assets | – | 8,009 |
| Total assets in the subsidiaries or other businesses sold | – | 146,155 |
| Liabilities in the subsidiaries or other businesses sold | | |
| Current liabilities | – | 104,503 |
| Non-current liabilities | – | 15,201 |
| Total liabilities in the subsidiaries or other businesses sold | – | 119,704 |

## *30. SUBSEQUENT EVENTS*

Stock Option Scheme

The Company approved at the meeting of the Board of Directors held on May 8, 2015, to allot the stock option scheme as stock-based compensation with stock price conditions to the Company's Executive Officer to purchase up to 6,800 shares of the Company's common stock in the period from May 28, 2018 to May 27, 2045 with payment due upon the exercise of offered subscription rights to shares being ¥1 per share.

Dividend

On June 19, 2015, the shareholders approved the payment of a cash dividend to shareholders as of March 31, 2015 of ¥32 per share or a total of ¥57,369 million at the Company's Ordinary General Meeting of Shareholders.

## *31. AUTHORIZATION OF THE ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS*

The issue of the consolidated financial statements was authorized by Tatsuo Yasunaga, Representative Director, President and CEO, and Keigo Matsubara, Representative Director, Executive Managing Officer and CFO on June 19, 2015.

2. Others

Quarterly data for the year ended March 31, 2015

| | Millions of Yen, Except Amounts per Share | | | |
|---|---|---|---|---|
| | Year ended March 31, 2015 | Nine-month period ended December 31, 2014 | Six-month period ended September 30, 2014 | Three-month period ended June 30, 2014 |
| Revenue | ¥ 5,404,930 | ¥ 4,166,979 | ¥ 2,747,569 | ¥ 1,370,526 |
| Profit before Income Taxes | 431,827 | 369,170 | 312,081 | 173,134 |
| Profit for the Period (Year) Attributable to Owners of the Parent | 306,490 | 254,415 | 222,660 | 127,806 |
| Earnings per Share Attributable to Owners of the Parent (Yen) | ¥ 170.98 | ¥ 141.93 | ¥ 124.22 | ¥ 71.30 |

| | Three-month period ended March 31, 2015 | Three-month period ended December 31, 2014 | Three-month period ended September 30, 2014 | Three-month period ended June 30, 2014 |
|---|---|---|---|---|
| Earnings per Share Attributable to Owners of the Parent (Yen) | ¥ 29.05 | ¥ 17.71 | ¥ 52.92 | ¥ 71.30 |

Litigation
See Note 28, “CONTINGENT LIABILITIES.”

## 6. Outline Regarding the Administration of Mitsui's Stock

| | |
|---|---|
| Fiscal Year | From April 1 to March 31 |
| Ordinary general meeting of shareholders | During June |
| Record date | March 31 |
| Record dates for dividends of surplus | September 30<br>March 31 |
| Number of shares in one trading unit | 100 shares |
| Buyback and increase in holdings of shares less than one unit | |
| Place of handling | (Special account)<br>Sumitomo Mitsui Trust Bank, Limited<br>Stock Transfer Agency Business Planning Dept.<br>4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo |
| Administrator of shareholder registry | (Special account)<br>Sumitomo Mitsui Trust Bank, Limited<br>4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo |
| Forwarding office | ------ |
| Fees for buyback and increase in holdings | Amount equivalent to fees for entrusting sale or purchase of stock |
| Method of giving public notice | Mitsui carries out its public notifications by means of electronic public notice.<br>http://www.mitsui.com/jp/ja/koukoku/<br>However, in the event of an accident which makes electronic notice not possible, or the occurrence of similar circumstances which cannot be controlled, public notification shall be posted in the Nihon Keizai Shimbun (the Nikkei Newspaper). |
| Shareholder privileges | Not applicable |

(Note) Public notice of book closing is not included in the public notices shown in "Method of giving public notice."

## 7. Reference Information on Mitsui

1. Information on the Parent Company

Mitsui does not have a parent company.

2. Other Reference Information

Mitsui filed the following reports, originally written in Japanese, between the beginning of the fiscal year ended March 31, 2015 and the issuance date (June 19, 2015) of the original Japanese version of this Annual Securities Report.

(1) Annual Securities Report

Fiscal year (the 95th) From April 1, 2013 to March 31, 2014 Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 20, 2014

(2) Related to Quarterly Securities Reports

Quarterly Securities Reports and Confirmation Notes

(The 1st quarter of 96th period) (From April 1, 2014 to June 30, 2014) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 13, 2014

(The 2nd quarter of 96th period) (From July 1, 2014 to September 30, 2014) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on November 13, 2014

(The 3rd quarter of 96th period) (From October 1, 2014 to December 31, 2014) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on February 13, 2015

(3) Internal Control Report

Fiscal Year (the 95th) (From April 1, 2013 to March 31, 2014) Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 20, 2014

(4) Extraordinary Report

1) Extraordinary Report

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on June 24, 2014
Under the provisions of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 (resolutions of matters resolved at the General Meeting of Shareholders), of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on January 21, 2015
Under the provisions of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9 (change in Representative Directors), of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on February 5, 2015
Under the provisions of Article 24-5, Paragraph 4, of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9 (change in Representative Directors), of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.

2) Amendment Report for Extraordinary Report

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on March 26, 2015
Amendment Report pertaining to the Extraordinary Report (change in Representative Directors) submitted on January 21, 2015

(5) Shelf Registration Statement (corporate bonds)

1) Shelf Registration Statement and Attached Documents

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on August 15, 2014

2) Amended Shelf Registration Statement

Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on November 13, 2014
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on January 21, 2015
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on February 5, 2015
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on February 13, 2015
Submitted to the Director-General of the Kanto Local Finance Bureau, Japan, on March 26, 2015

Deloitte.

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# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha):

We have audited the accompanying consolidated financial statements of Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha) and its subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended (all expressed in Japanese yen), and the related notes to the consolidated financial statements.

## Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mitsui & Co., Ltd. and its subsidiaries as at March 31, 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

## Convenience Translations

Our audit also includes the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

## Report on Management's Report on Internal Control over Financial Reporting

Notwithstanding the second paragraph of the "Auditor's Responsibility" section, we have performed an audit of management's report on internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act of Japan. A translated copy of management's report on ICFR along with a translated copy of our report is included within this Annual Securities Report as information for readers.

Deloitte Touche Tohmatsu LLC

June 19, 2015

**Management's Annual Report on Internal Control over Financial Reporting (Translation)**

NOTE TO READERS

Following is an English translation of management's report on internal control over financial reporting filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

**1. Matters Relating to the Basic Framework for Internal Control over Financial Reporting**

Tatsuo Yasunaga, Representative Director, President and CEO, and Keigo Matsubara, Representative Director, Executive Managing Officer and CFO, are responsible for designing and operating effective internal control over financial reporting of Mitsui & Co., Ltd. ("the Company"), and have designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in "The Standards and Practice Standards for Management Assessment and Audit of Internal Control Over Financial Reporting" published by the Business Accounting Council.

The internal control is designed to achieve its objectives to the extent reasonable through the effective function and combination of its basic elements. Therefore, there is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

**2. Matters Relating to Scope of Assessment, the Assessment Date, and Assessment Procedures**

The assessment of internal control over financial reporting was performed as of March 31, 2015. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal controls which may have a material effect on the entire financial reporting in a consolidation ("company-level controls") and based on the result of this assessment, we appropriately selected business processes to be evaluated, analyzed these selected business processes, identified key controls that may have a material impact on the reliability of our financial reporting, and assessed the design and operation of these key controls. These procedures have allowed us to evaluate the effectiveness of its internal controls.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as its consolidated subsidiaries and equity-method affiliated companies, from the perspective of the materiality that may affect the reliability of our financial reporting. The materiality that may affect the reliability of the financial reporting is determined taking into account the materiality of quantitative and qualitative impacts. We confirmed that we had reasonably determined the scope of assessment of internal controls over business processes in light of the results of assessment of company-level controls conducted for the Company, its consolidated subsidiaries and equity-method affiliated companies. We did not include those consolidated subsidiaries and equity-method affiliated companies which do not have any quantitatively or qualitatively material impact on the consolidated financial statements in the scope of assessment of company-level controls.

Regarding the scope of assessment of internal control over business processes, we accumulated business units in descending order of total asset (before elimination of intercompany accounts) and income before income taxes (before elimination of intercompany accounts) for the prior fiscal year, and those business units whose combined amount of total assets reaches approximately 70% of total assets on a consolidated basis and those business units whose combined amount of income before income taxes reaches approximately 70% of consolidated income before income taxes on a consolidated basis were selected as "significant business units."

At the selected significant business units, we included, in the scope of assessment, (1) those business processes leading to sales or revenue, accounts receivable and inventories, and those leading to investments and loans, as significant accounts that may have a material impact on the business objectives of us, and (2) those business processes leading to other quantitatively material accounts. Further, not only at selected significant business units, but also at other business units, we added to the scope of assessment, as business processes having greater materiality considering their impact on the financial reporting, (1) those business processes relating to greater likelihood of material misstatements and significant account involving estimates and the management's judgment, and (2) those business processes relating to businesses or operations dealing with high-risk transactions.

**3. Matters Relating to the Results of the Assessment**

As a result of the assessment above, we concluded that our internal control over financial reporting was effective as of March 31, 2015.

## 4. Supplementary Matters

Not applicable.

## 5. Special Information

Not applicable.

**Independent Auditors' Report (filed under the Financial Instruments and Exchange Act of Japan)**

| |
|---|
| NOTE TO READERS:<br>Following is an English translation of the Independent Auditors' Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information. |

(TRANSLATION)

**INDEPENDENT AUDITORS' REPORT**

(filed under the Financial Instruments and Exchange Act of Japan)

June 19, 2015

To the Board of Directors of
Mitsui & Co., Ltd. (Mitsui Bussan Kabushiki Kaisha):

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Yoshio Sato

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Nobuaki Fuse

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Hidehito Goda

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant: Michiyuki Yamamoto

**Audit of Financial Statements**

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements included in the Financial Section, namely, the consolidated statement of financial position as of March 31, 2015 of Mitsui & Co., Ltd. (the "Company") and its consolidated subsidiaries, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the fiscal year from April 1, 2014 to March 31, 2015, including notes to consolidated financial statements.

*Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards pursuant to the provisions of Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Audit Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2015, and the results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Audit of Internal Control**

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of the Company as of March 31, 2015.

*Management's Responsibility for the Report on Internal Control*

The Company's management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

*Auditors' Responsibility*

Our responsibility is to express an opinion on management's report on internal control based on our internal control audit as independent position. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether management's report on internal control is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditors' judgment, including the significance of effects on reliability of financial reporting. An internal control audit includes examining representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of the Company as of March 31, 2015 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

**Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.