



Implementation of International Financial Reporting Standards (IFRS)

December 13, 2013

Mitsui & Co., Ltd.



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This material is prepared for the purpose of explaining the expected impact of IFRS implementation to Mitsui's consolidated financial statements as of the date of this material and significant differences between USGAAP and IFRS from Mitsui's perspective. IFRS based financial figures in this material are current estimations only and are not audited, thus these figures may be materially different from Mitsui's actual results to be disclosed based on IFRS. Mitsui undertakes no obligation to publicly update or revise any information on this material. This material does not constitute a solicitation of investments or any similar act inside or outside of Japan, regarding the shares, bonds or other securities issued by us.

1. Objective

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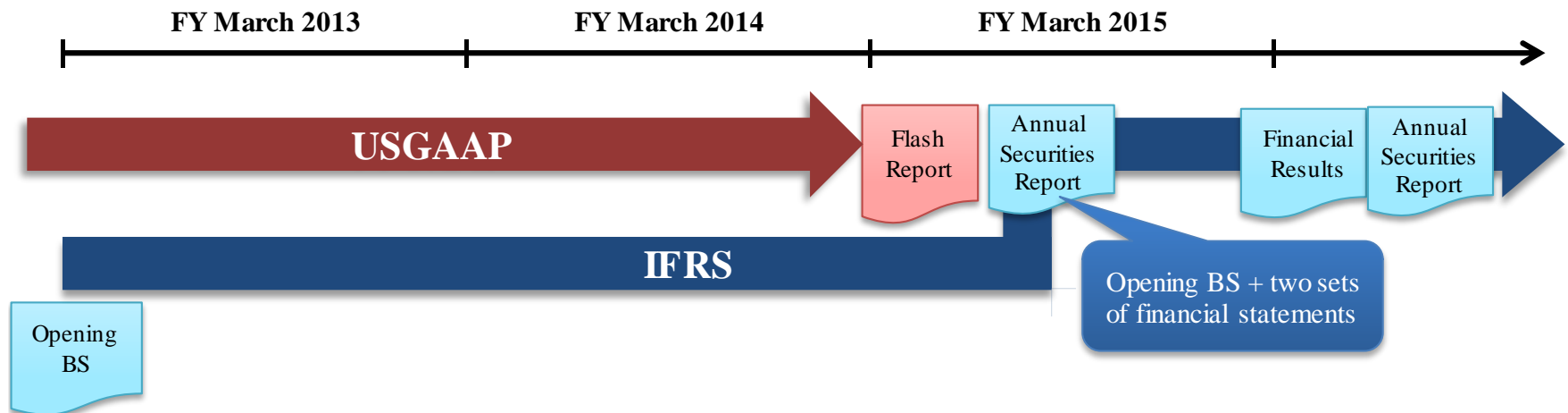


- ✓ Improve the efficiency of financial reporting infrastructure of the group.
- ✓ Strengthen the consolidated group management by utilising IFRS as a tool.

2. Schedule



- ✓ IFRS reporting will begin from Annual Securities Report for the year ending March 2014, with April 1, 2012 being the 'transition date'.



* Flash Report for the year ending March 2014 will be disclosed based on USGAAP.

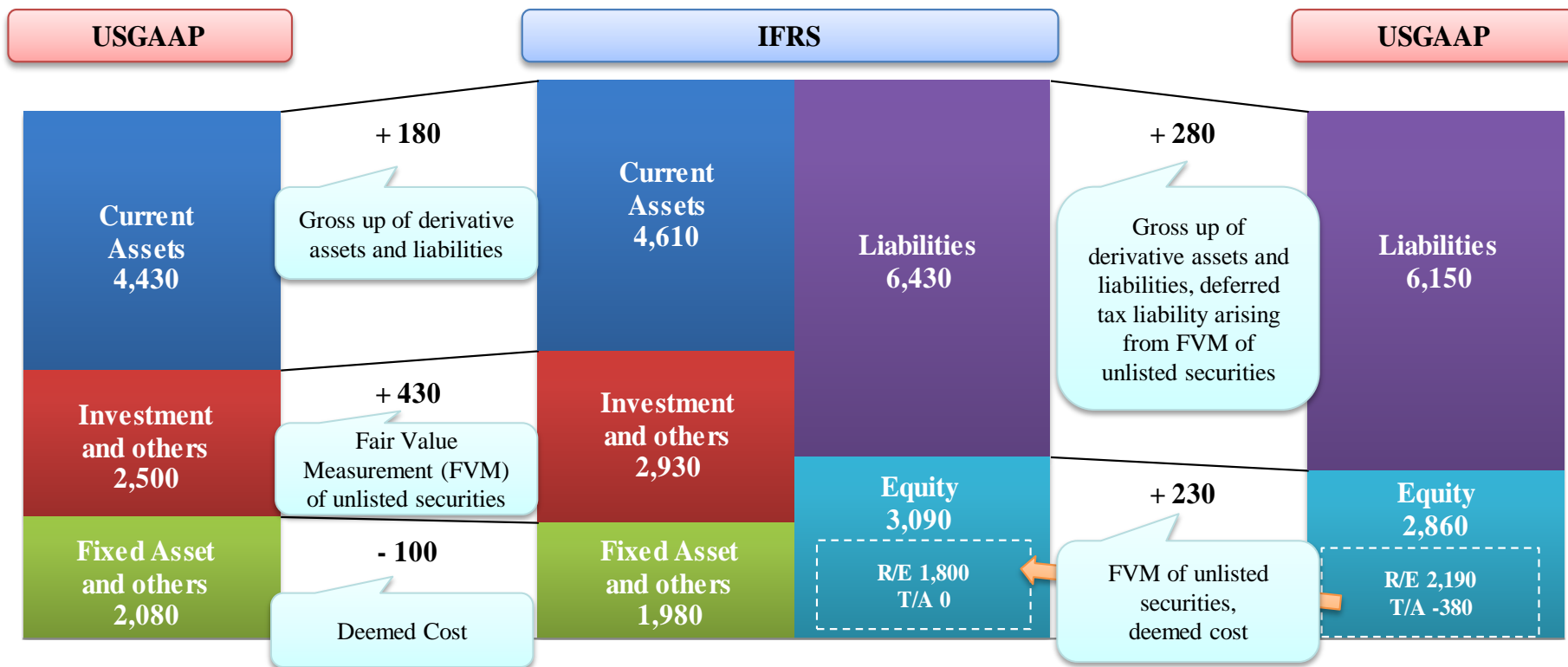
3. Impact of IFRS implementation to opening BS (1)

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<Opening BS (as of April 1, 2012)>

✓ Total assets : USGAAP ¥9,010 billion ➔ IFRS ¥9,520 billion (+ ¥510 billion)

(¥ billion)



3. Impact of IFRS implementation to opening BS (2)

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<Detailed analysis of the Opening BS>

1. Significant differences between USGAAP and IFRS

(¥ billion)

Item	Description	Asset/Liab.	Impact	
			Equity	
			Retained Earnings	Accumulated Other Comprehensive Income
Equity securities (Classification)	Reclassification of impairment losses recognised in past periods for securities classified as Fair Value Through OCI (FVTOCI).	-	130	-130
Equity securities (Measurement)	Fair Value Measurement (FVM) of unlisted equity securities.	500	-	* 320
Derivatives	Gross up presentation of derivatives resulting from narrower criteria to offset.	90	-	-

*: After tax

2. Optional exemptions for first time adoption

Item	Description	Asset/Liab.	Impact	
			Equity	
			Retained Earnings	Accumulated Other Comprehensive Income
Fixed assets	Measurement at fair value as of the transition date upon applying 'deemed cost'.	-80	* -70	-
TA Reset	TA accumulated under USGAAP up to the transition date is reclassified to RE.	-	-380	380

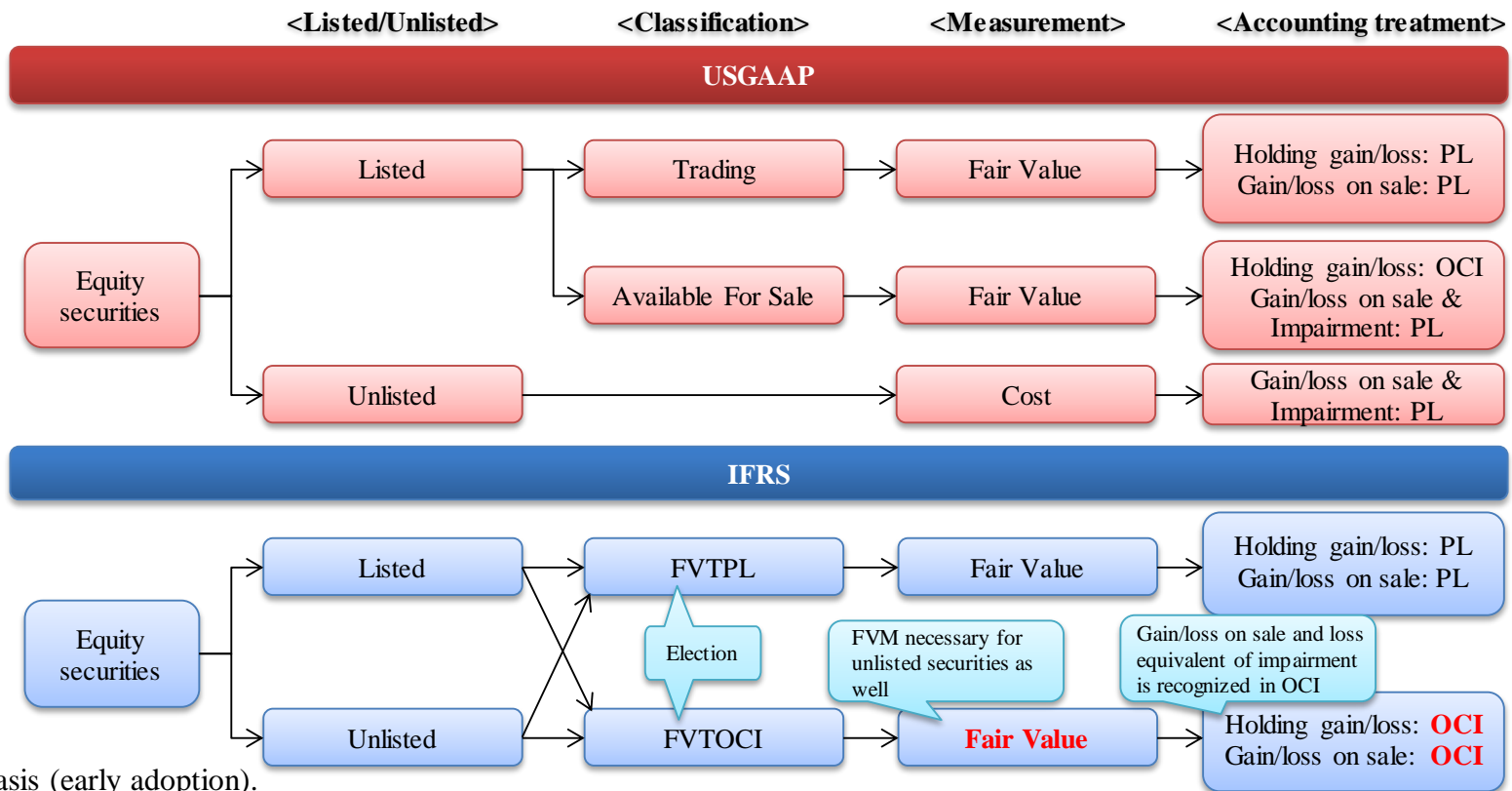
*: After tax

3. Impact of IFRS implementation to opening BS (3)

1. Significant differences between USGAAP and IFRS

<Classification and measurement of equity securities>

- ✓ Equity securities +¥500 billion, Equity +¥320 billion, Deferred tax liability +¥180 billion
- ✓ Reclassified from RE to Accumulated Other Comprehensive Income -¥130 billion



- IFRS 9 basis (early adoption).
- Dividend is recognized in PL

3. Impact of IFRS implementation to opening BS (3)

1. Significant differences between USGAAP and IFRS



<Offset of derivative assets and liabilities>

✓ Assets and Liabilities : +¥90 billion

Master Netting Agreement

Can be presented as the net amount under USGAAP

Derivative assets and liabilities can be presented as the net amount if a Master Netting Agreement is entered into.

1. Unconditional and legally enforceable right to offset

2. Intention to settle on net basis or simultaneously

Net presentation required under IFRS

Under IFRS, net presentation is required if the below criteria are met:

1. There is an unconditional and legally enforceable right to offset.
2. There is an intention either to settle the derivative asset and liability on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

3. Impact of IFRS implementation to opening BS (4)

2. Optional exemptions for first time adoption

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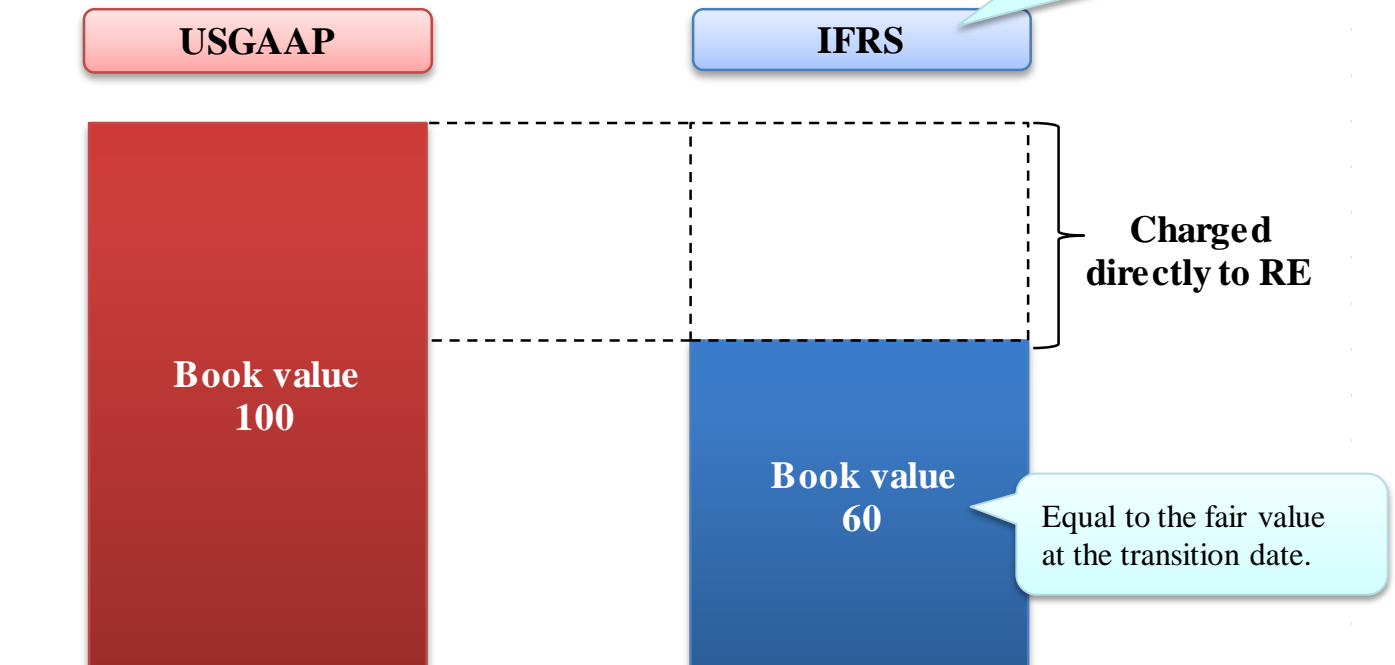


<Deemed cost>

- ✓ Fixed Assets: -¥80 billion. Future reduction in depreciation cost is expected.

In principle, retrospective calculation is necessary to determine the book value under IFRS. As an exemption, however, the company may elect to reevaluate given fixed assets at the fair value as of the transition date.

Example:



3. Impact of IFRS implementation to opening BS (4)

2. Optional exemptions for first time adoption

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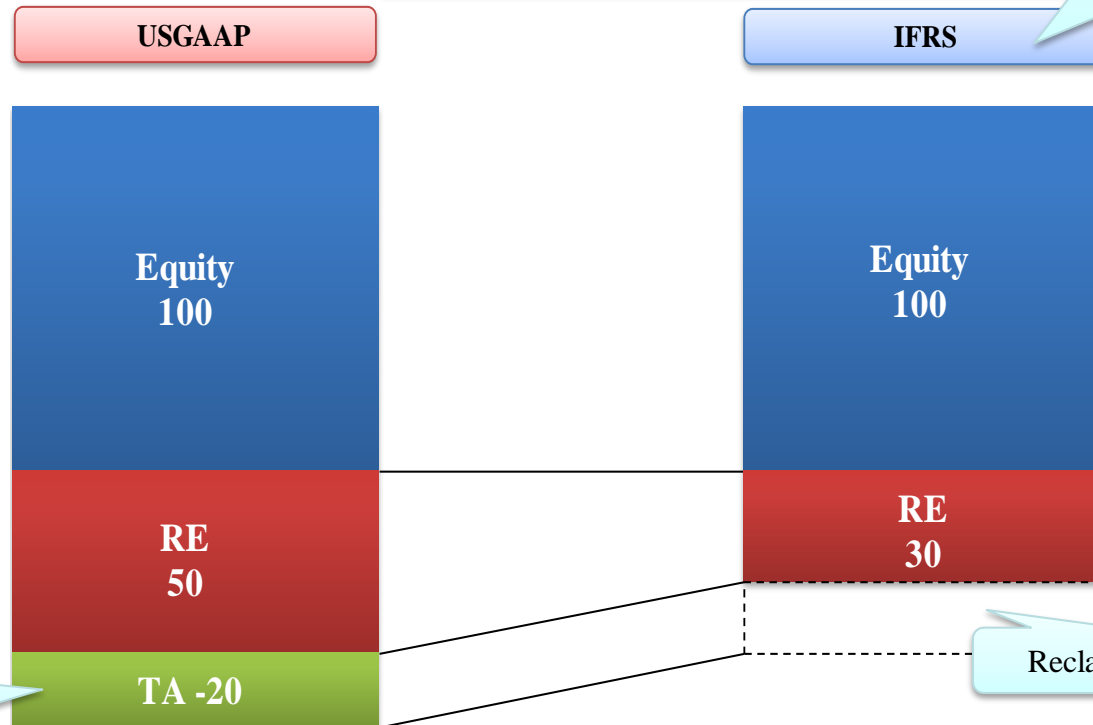


<TA Reset>

- ✓ Reclassified to RE : -¥380 billion

In principle, retrospective calculation of TA amount defined by IFRS is necessary. The company, however, may elect to reclassify TA recognized under USGAAP directly to RE.

Example:



TA: Foreign currency translation adjustment

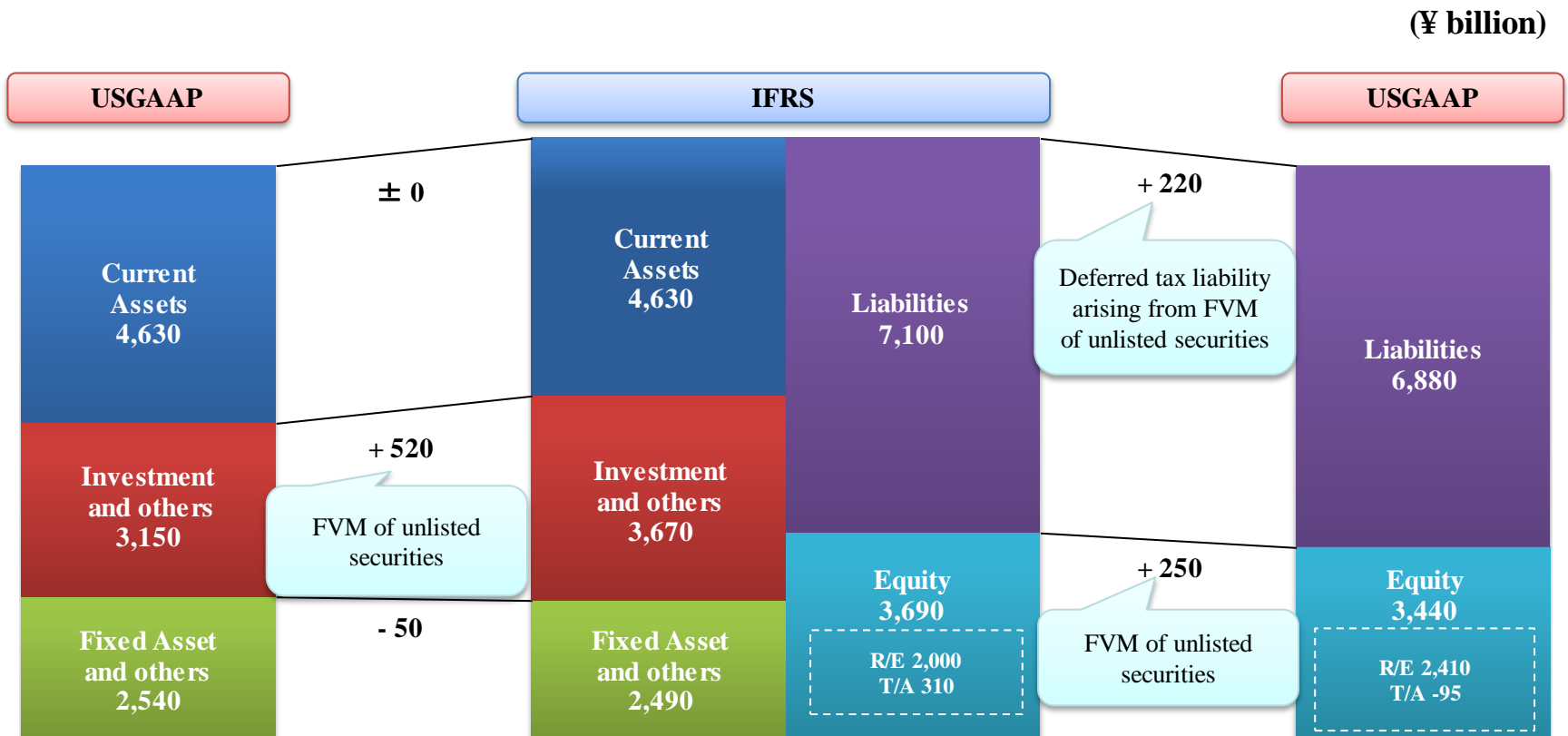
Reclassified to RE

4. Impact of IFRS implementation for the year ended March 2013 (1)

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<Illustrative BS as of March 2013>

✓ Total assets: USGAAP: ¥10,320 billion ➔ IFRS: ¥10,790 billion (+¥470 billion)



4. Impact of IFRS implementation for the year ended March 2013 (2)

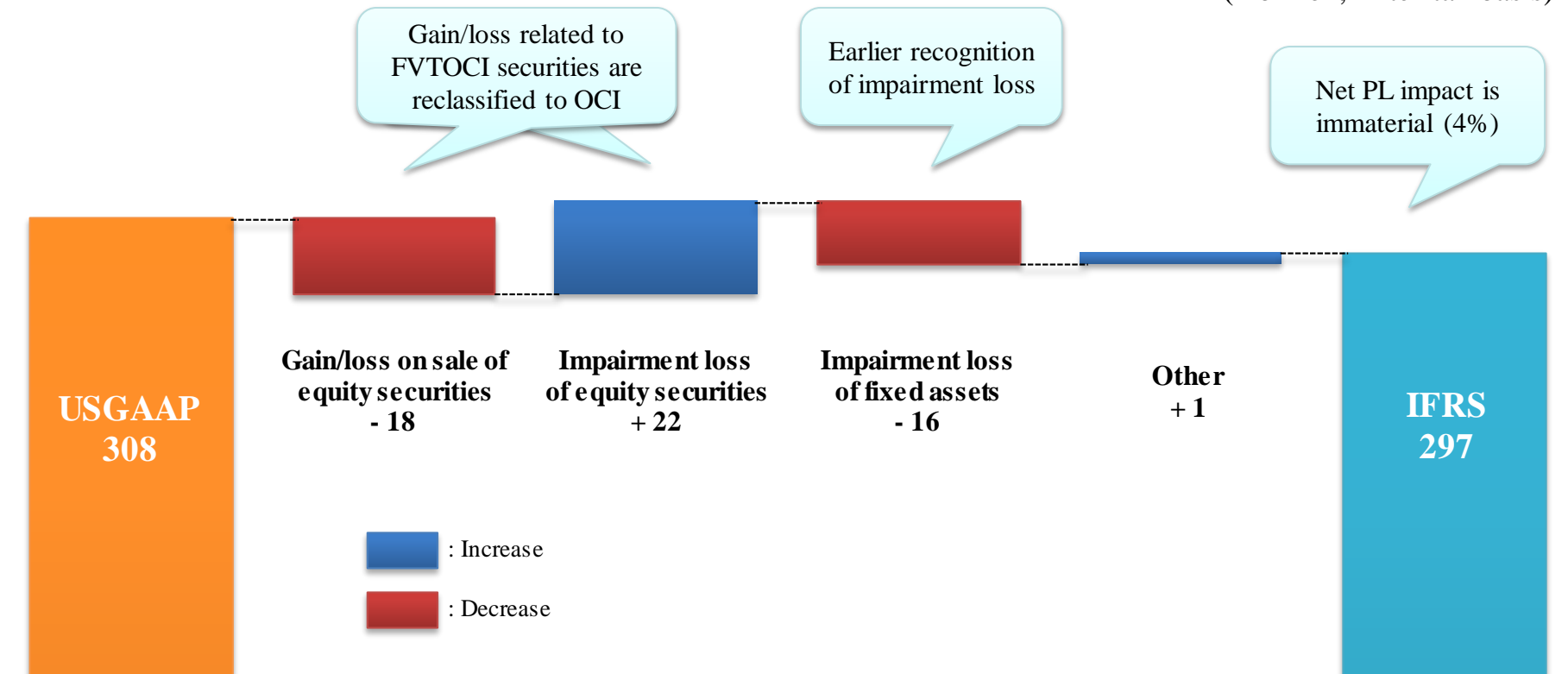
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<Illustrative PL for the year ended March 2013>

✓ Net income attributable to Mitsui & Co., Ltd.

(¥ billion, After tax basis)



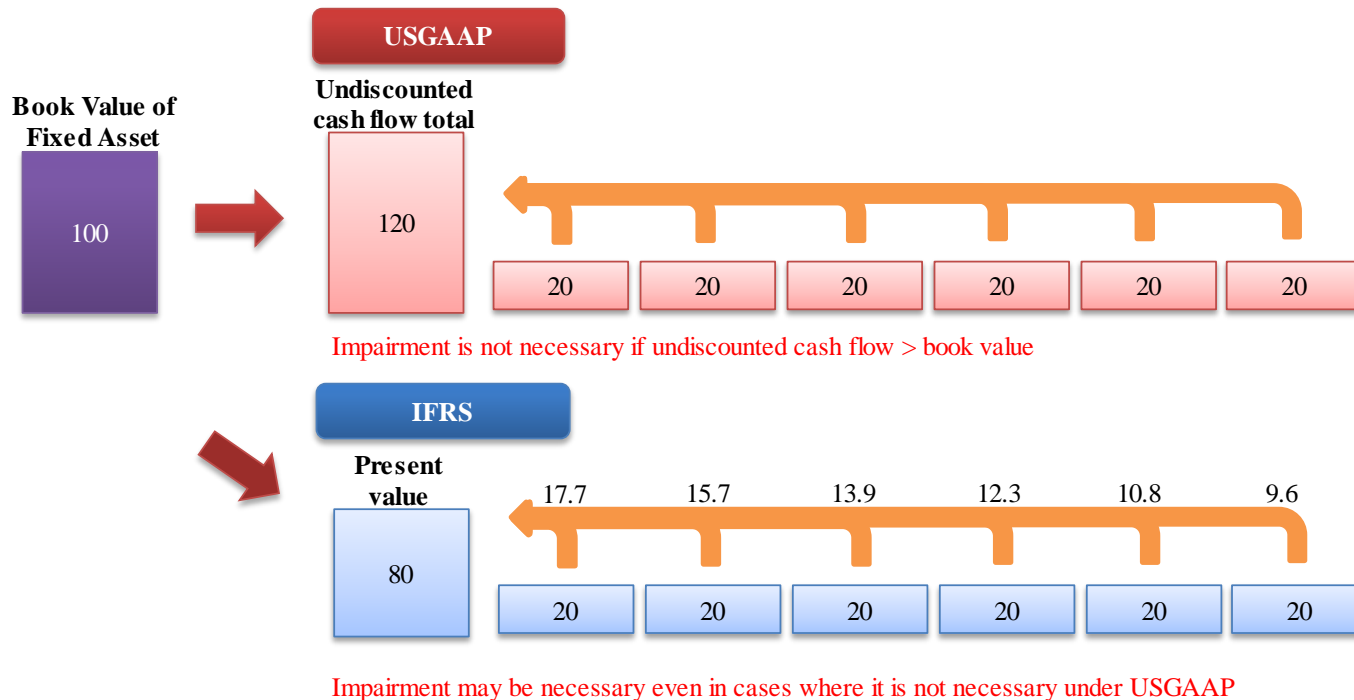
4. Impact of IFRS implementation for the year ended March 2013 (3)

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<Impairment of fixed assets>

Under USGAAP, impairment is not necessary if the total of undiscounted future cash flows exceeds the book value. Once impairment loss is recognized, reversal is prohibited even in the case of subsequent recovery.

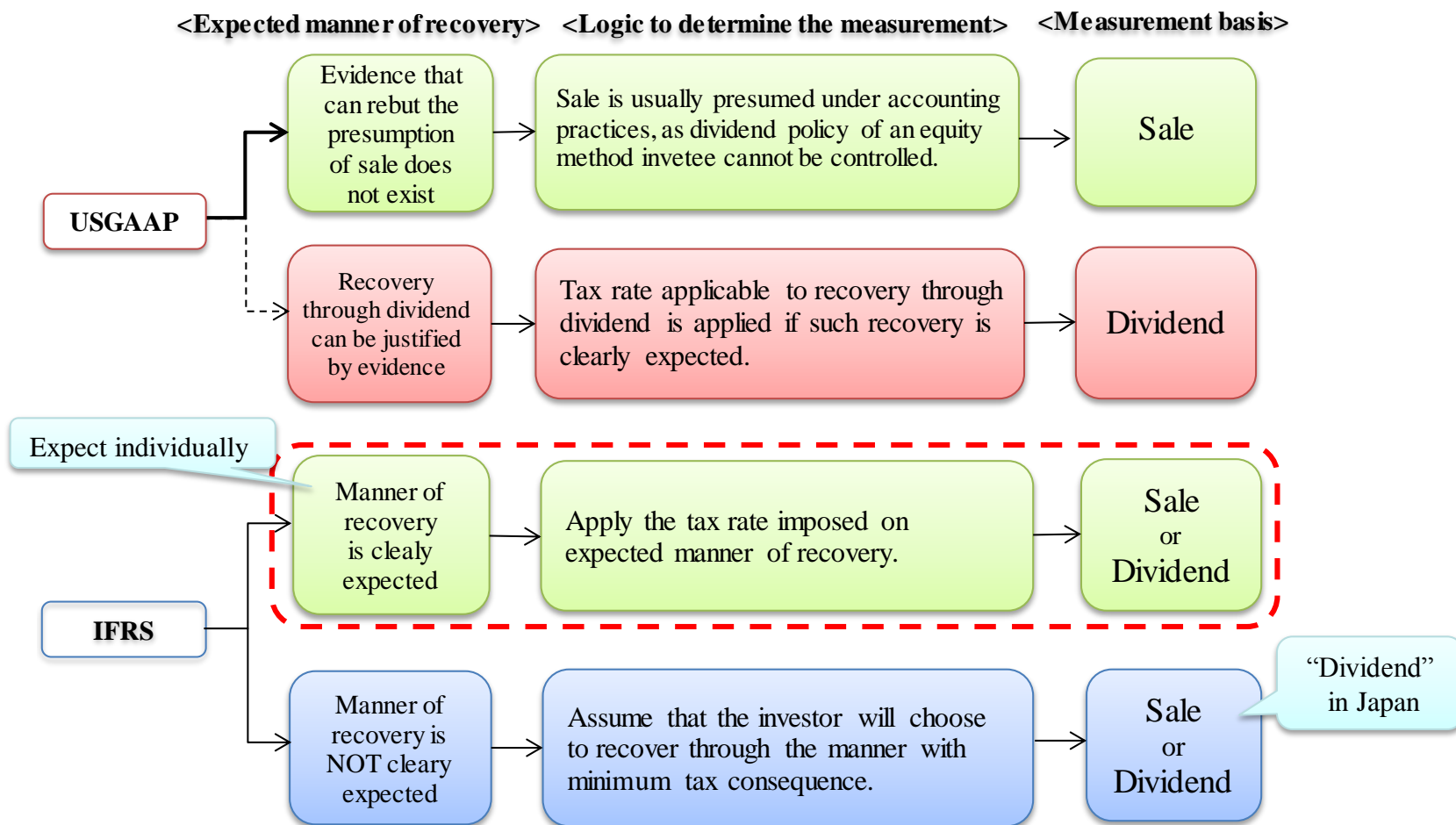
Under IFRS, impairment is recognized if the book value exceeds the total of discounted cash flows (1step approach). Reversal is necessary upon subsequent recovery.



5. Other significant differences between USGAAP and IFRS (1)

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<Deferred taxes on RE of equity method investees>



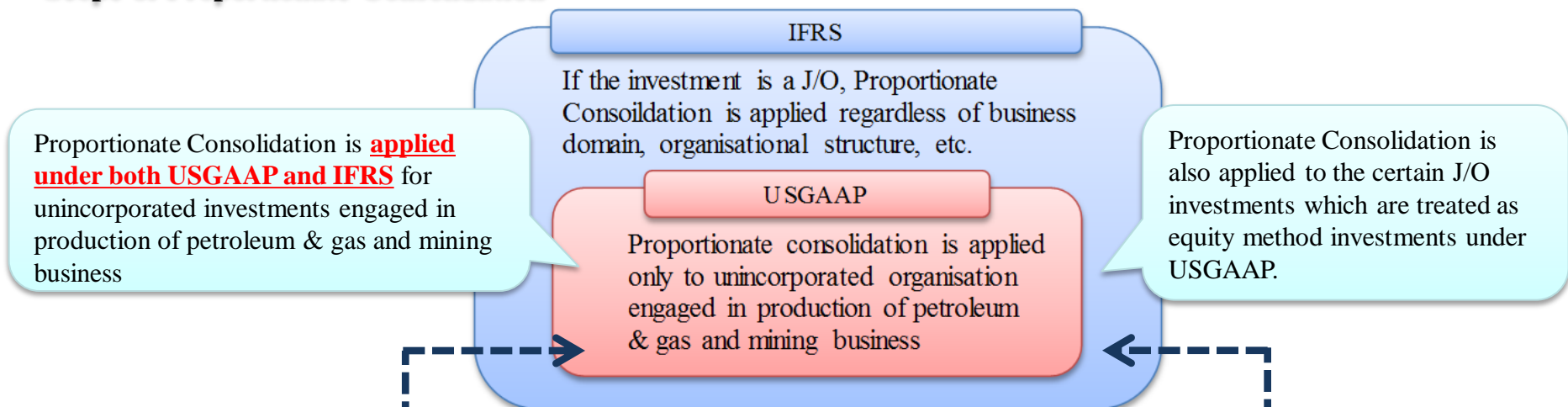
5. Other significant differences between USGAAP and IFRS (2)

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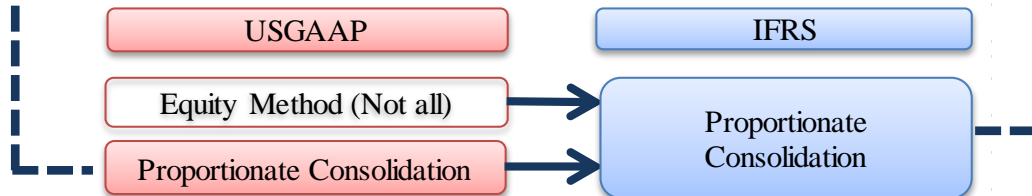
<Joint Operation (J/O), Proportionate Consolidation>

Proportionate Consolidation is applied to Joint Arrangements that i) require unanimous consent for daily operations, and ii) substantial rights and obligations to the assets and liabilities exist.

<Scope of Proportionate Consolidation>



<Accounting treatment>



6. Impact of IFRS implementation to key indicators

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<Illustrative Key Indicators as of March 2013>

(¥ billion)

Indicator	USGAAP	IFRS
Total Assets	10,320	10,790
Mitsui & Co., Ltd. Shareholders' Equity	3,180	3,440
Net income attributable to Mitsui & Co., Ltd.	308	297
ROE	10.6%	9.4%
Dividend (Total)	79	79
Dividend Payout Ratio	25.5%	26.4%
Net interest-bearing Debt	2,840	2,840
Net DER	0.89 times	0.83 times

