Quarterly Securities Report

for the six-month period ended September 30, 2014

English translation of certain items disclosed in the Quarterly Securities Report for the six-month period ended September 30, 2014, which were filed with the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on November 13, 2014.

Mitsui & Co., Ltd

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

1. Overview of Mitsui and Its Subsidiaries

1. Selected Financial Data

As of or for the periods ended September 30, 2014 and 2013 and as of or for the year ended March 31, 2014

	In millions of Yen, except amounts per share and other				
	Six-month period ended September 30, 2014	Six-month period ended September 30, 2013	Three-month period ended September 30, 2014	Three-month period ended September 30, 2013	As of or for the year ended March 31, 2014
Consolidated financial data					
Revenue	¥ 2,747,569	¥ 2,864,467	¥ 1,377,043	¥ 1,457,174	¥ 5,731,918
Gross profit	¥ 420,242	¥ 437,066	¥ 209,853	¥ 225,737	¥ 880,106
Profit for the period attributable to owners of the parent	¥ 222,660	¥ 203,690	¥ 94,854	¥ 70,722	¥ 350,093
Comprehensive income for the period attributable to owners of the parent	¥ 343,404	¥ 225,366	¥ 217,600	¥ 98,959	¥ 521,457
Total trading transactions	¥ 5,475,335	¥ 5,522,734	¥ 2,794,004	¥ 2,747,469	¥ 11,155,434
Total equity attributable to owners of the parent	¥ -	¥ -	¥ 4,093,681	¥ 3,623,880	¥ 3,815,767
Total assets	¥ -	¥ -	¥ 12,254,323	¥ 10,973,833	¥ 11,491,319
Basic earnings per share attributable to owners of the parent (Yen)	¥ 124.22	¥ 111.60	¥ 52.92	¥ 38.75	¥ 192.22
Diluted earnings per share attributable to owners of the parent (Yen)	¥ 124.20	¥ 111.60	¥ 52.91	¥ 38.75	¥ 192.21
Equity attributable to owners of the parent ratio	-	-	33.41%	33.02%	33.21%
Cash flows from operating activities	¥ 373,688	¥ 239,281	¥ -	¥ -	¥ 449,243
Cash flows from investing activities	¥ (189,966)	¥ (426,849)	¥ -	¥ -	¥ (659,818)
Cash flows from financing activities	¥ 142,223	¥ 81,836	¥ -	¥ -	¥ (13,237)
Cash and cash equivalents at end of period	¥ -	¥ -	¥ 1,570,672	¥ 1,323,333	¥ 1,226,317

(Notes)
1. The consolidated financial statements have been prepared on the basis of International Financial Reporting Standards (IFRS).
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 constructed 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.

2. Business Overview

We are a general trading company engaged in a range of global business activities including worldwide trading of various commodities, arranging financing for customers and suppliers in connection with our trading activities, organizing and coordinating international industrial projects by using the global office network and ability to gather information. Our business activities include the sale, import, export, offshore trading, production and a wide variety of comprehensive services such as retail, information and telecommunication, technology, logistics and finance in the areas of iron & 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.

There has been no significant change in our business for the six-month period ended September 30, 2014.

2. Operating and Financial Review and Prospects

1. Risk Factors

For the six-month period ended September 30, 2014, there is no significant change in risk factors which were described on our Annual Securities Report for the year ended March 31, 2014.

2. Material Contracts

For the three-month period ended September 30, 2014, we have not been a party to any sales contract, license of franchise contract, or business tie-up contract that on its own has a significant effect on our operating results, and there has not been any assignment of a transfer of business that on its own has a significant effect on our total assets. There are no contracts or other items which are significant in terms of our operations.

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

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

Forward-looking statements were made as of September 30, 2014, unless otherwise indicated.

(1) Operating Environment

The following is an overview of the operating environment for the six-month period ended September 30, 2014, and afterwards.

Looking at the global economy, although the U.S. continued to show firm growth, there was an overall slowdown in the global economy, with the pace of economic recovery slower than expected in Japan and Europe and the signs of stagnation in the emerging countries becoming more prominent. There were also rising concerns about uncertain factors that could impact the global economy such as the situation in Ukraine, the conflict in Syria and Iraq, and the spread of infection of the Ebola virus.

The U.S. economy has been smoothly recovering since the end of the cold-snap-induced negative growth of January to March owing to steadily improving employment, gradual recovery in the housing market, and strong corporate earnings, and it is expected to grow stably in the second half of the fiscal year. In the Japanese economy, the impact of the consumption tax hike has been prolonged and there has continued to be a slump in consumer spending and decline in industrial production. Nevertheless, the economy is expected to pick up gradually on the back of improvements in the employment environment and corporate earnings.

For the European economy, there are growing concerns about the future economic outlook due to the harsh employment environment amid a wide gap between supply and demand, more cautious stance on lending by the financial institutions, and a slowdown in exports to Russia in relation to the situation in Ukraine.

In the Chinese economy, the restraint of excess production capacity and a softer real estate market have led to a slowdown in the economic growth rate. Meanwhile, in other emerging economies, where there is a delay in improvements of weak economic fundamentals such as inflation and current account deficits, there are concerns of a capital outflow triggered by the end of the third round of quantitative easing (QE3) in the United States.

The spot reference price for iron ore CFR North China (Fe 62%) fell below the US$80-per-ton level in September, declining to the lowest price in 5 years. Amid a slowdown in global demand, the Dubai Crude spot price also sharpened its downward trend, and recently, it has been traded in a range of around US$80–US$90 per barrel.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

Revenue

Mitsui & Co., Ltd. (“Mitsui”) and its subsidiaries (collectively “we”) recorded total revenue of ¥2,747.6 billion for the six-month period ended September 30, 2014 (“current period”), a decline of ¥116.9 billion from ¥2,864.5 billion for the corresponding six-month period of the previous year (“previous period”).

- Revenue from sales of products for the current period was ¥2,472.8 billion, a decline of ¥135.5 billion from ¥2,608.3 billion for the previous period, as a result of the following:
  - The Energy Segment reported a decline of ¥214.7 billion. The sale of Mitsui Oil Co., Ltd. resulted in a decline of ¥150.4 billion and petroleum trading operations recorded a decline of ¥131.9 billion due to a decline in trading volume. Meanwhile, oil and gas producing operations recorded an increase of ¥24.8 billion reflecting higher production volume. MMGS Inc., a gas distribution subsidiary in the United States, also reported an increase of ¥16.0 billion due to an increase in sales volume.
  - The Iron & Steel Products Segment reported a decline of ¥20.0 billion. Transactions of line pipe to LNG

projects had been almost shipped by the end of the previous year and trading volume of other steel products also declined.

- The Americas Segment reported an increase of ¥83.9 billion due to an increase in trading volume of soybean.

- Revenue from rendering of services for the current period was ¥207.8 billion, an increase of ¥5.8 billion from ¥202.0 billion for the previous period.
- Other revenue for the current period was ¥66.9 billion, an increase of ¥12.7 billion from ¥54.2 billion for the previous period. The commodity derivatives trading business at Mitsui recorded an increase in other revenue corresponding to a deterioration of ¥5.1 billion in the foreign exchange gains and losses posted in other expense.

Gross Profit

Gross profit for the current period was ¥420.2 billion, a decline of ¥16.9 billion from ¥437.1 billion for the previous period.

- The Mineral & Metal Resources Segment reported a decline of ¥20.5 billion. Iron ore mining operations in Australia reported a decline of ¥21.8 billion due to lower iron ore prices.
- The Iron & Steel Products Segment reported a decline of ¥6.5 billion. Transactions of line pipe to LNG projects had been almost shipped by the end of the previous year and trading volume of other steel products also declined.
- The Innovation & Corporate Development Segment reported an increase of ¥7.3 billion. The commodity derivatives trading business at Mitsui recorded an increase in gross profit corresponding to a deterioration of ¥5.1 billion in the foreign exchange gains and losses posted in other expense.
- The Machinery & Infrastructure Segment reported an increase of ¥5.5 billion, attributable to an increase in trading volume of newly built ships and second-hand ships.

Other Income (Expenses)

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the current period were ¥281.4 billion, an increase of ¥1.2 billion from ¥280.2 billion for the previous period. The table below provides a breakdown of selling, general and administrative expenses used for our internal review.

(Billions of Yen)	Personnel	Welfare	Travel	Entertainment	Communication
Current Period	145.2	7.0	17.0	4.1	23.9
Previous Period	143.8	6.9	16.6	4.0	25.4
Change	1.4	0.1	0.4	0.1	(1.5)

(Billions of Yen)	Rent	Depreciation	Tax	Provision for doubtful receivables	Others	Total
Current Period	10.3	7.2	5.4	6.4	54.9	281.4
Previous Period	9.7	7.3	4.5	5.4	56.6	280.2
Change	0.6	(0.1)	0.9	1.0	(1.7)	1.2

Gain on securities and other investments—net

Gain on securities and other investments for the current period was ¥9.3 billion, a decline of ¥3.2 billion from ¥12.5

billion for the previous period.

- A ¥9.1 billion gain on the sale of the stake in Silver Bell Mining, LLC was recorded for the current period.
- For the previous period, an ¥8.4 billion gain was recorded due to a reversal of impairment loss on shares in Penske Automotive Group, Inc., reflecting a rise in the share price. Meanwhile, an impairment loss of ¥2.6 billion was recorded on the investment in SCM Minera Lumina Copper Chile, a project company for the Caserones Copper Mine.

Impairment Loss of Fixed Assets

Impairment loss of fixed assets for the current period was ¥0.8 billion, the same amount as the previous period. There were miscellaneous small transactions in both periods.

Gain on Disposal or Sales of Fixed Assets—Net

Gain on disposal or sales of fixed assets for the current period was ¥0.4 billion, a decline of ¥1.3 billion from ¥1.7 billion for the previous period. There were miscellaneous small transactions in both periods.

Other Expense—Net

Other expense for the current period was ¥8.6 billion, a decline of ¥2.0 billion from ¥10.6 billion for the previous period.

- For the current period, exploration expenses totaled ¥12.6 billion, including those recorded at oil and gas producing businesses.
- For the previous period, exploration expenses totaled ¥11.5 billion, including those recorded at oil and gas producing businesses. Furthermore, Mitsui Raw Materials Development Pty. Ltd. recorded a ¥3.5 billion foreign exchange loss related to borrowings denominated in U.S. dollars. Meanwhile, the Innovation & Corporate Development Segment recorded foreign exchange gains of ¥7.5 billion in the commodity derivatives trading business at Mitsui, which corresponded to related gross profit in the same segment.

Finance Income (Costs)

Interest Income

Interest income for the current period was ¥16.7 billion, the same amount as the previous period.

Dividend Income

Dividend income for the current period was ¥76.9 billion, an increase of ¥11.8 billion from ¥65.1 billion for the previous period.

- Dividends from six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3 and Equatorial Guinea) were ¥61.2 billion in total, an increase of ¥8.3 billion from ¥52.9 billion for the previous period, due to an increase in dividends received from the Sakhalin II project.
- Dividends from preferred shares in JA Mitsui Leasing Ltd. increased by ¥4.0 billion.

Interest Expense

Interest expense for the current period was ¥24.6 billion, an increase of ¥0.4 billion from ¥24.2 billion for the previous period. The following table provides the month-end average of three-month Tibor for the Japanese yen and three-month Libor for the U.S. dollar for both periods.

	Current Period	Previous Period
Japanese yen	0.21%	0.23%
U.S. dollar	0.23%	0.27%

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 period was ¥103.8 billion, an increase of ¥5.4 billion from ¥98.4 billion for the previous period.

- Valepar S.A. reported an increase of ¥4.6 billion, reflecting the positive impact of exchange rate fluctuations which was partially offset by lower iron ore prices.
- IPP businesses reported an increase of ¥3.4 billion. Mark-to-market valuation gains and losses, such as those on power derivative and fuel purchase contracts, improved by ¥2.3 billion. Meanwhile, new businesses including Astoria I gas-fired IPP in the United States, in which Mitsui acquired stakes in the last year, contributed to the increase.
- Inversiones Mineras Acrux SpA, a copper mining company in Chile, reported a decline of ¥15.8 billion due to additional recognition of a deferred tax liability reflecting the tax system revision in Chile.
- Robe River Mining Co. Pty. Ltd., an iron ore mining company in Australia, reported a decline of ¥8.0 billion due to lower iron ore prices.
- For the previous period, SCM Minera Lumina Copper Chile posted a ¥10.6 billion impairment loss on fixed assets. Meanwhile, Arch Pharmalabs Limited, a pharmaceutical contract manufacturer in India, posted a ¥4.2 billion impairment loss on fixed assets and other assets.

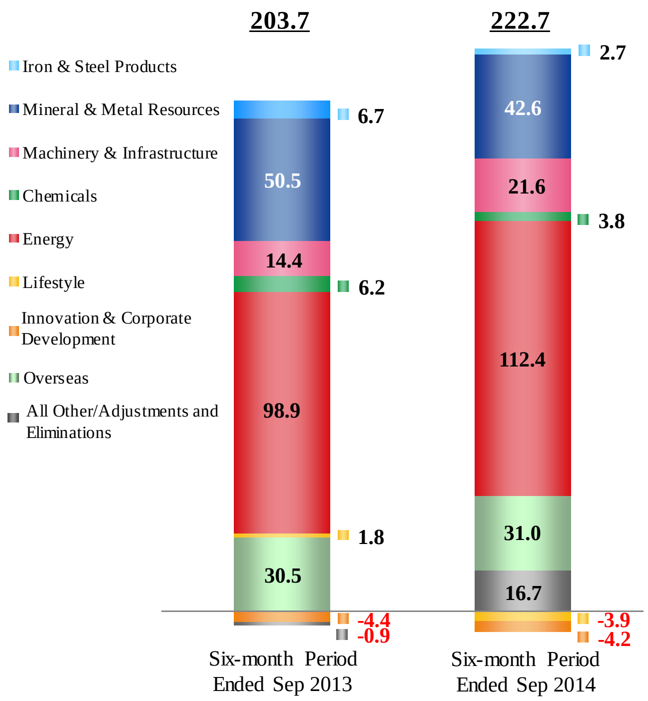
Income Taxes

Income taxes for the current period were ¥79.2 billion, a decline of ¥22.2 billion from ¥101.4 billion for the previous period.

- Profit before income taxes for the current period was ¥312.1 billion, a decline of ¥3.6 billion from ¥315.7 billion for the previous period. In response, applicable income taxes also declined.
- For the current period, a ¥13.4 billion deferred tax assets was recognized after evaluating the recoverability in relation to sales of financial assets measured at FVTOCI.
- A ¥12.0 billion negative impact on deferred tax was caused by the repeal of the Australian Mineral Resource Rent Tax (“MRRT”) at the end of September 2014 which led to the reversal of deferred tax assets. Meanwhile, the current tax burden of MRRT declined reflecting the decline in iron ore prices.

The effective tax rate for the current period was 25.4%, a decline of 6.7% from 32.1% for the previous period. The major factors for the decrease were the aforementioned recognition of deferred tax assets in relation to sales of financial assets measured at FVTOCI and an increase in no-tax or low-tax income such as dividend income. Meanwhile, factors for the increase included the aforementioned reversal of deferred tax assets related to MRRT.

Profit for the Period Attributable to Owners of the Parent by Operating Segment (Billions of Yen)



Profit for the Period

As a result of the above factors, profit for the period was ¥232.9 billion, an increase of ¥18.6 billion from ¥214.3 billion for the previous period.

Profit for the Period Attributable to Owners of the Parent

Profit for the period attributable to owners of the parent was ¥222.7 billion, an increase of ¥19.0 billion from ¥203.7 billion for the previous period.

2) EBITDA

We use EBITDA as a measure of underlying earning power from the current period.

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 Period	Previous Period	Change
EBITDA (a+b+c+d+e) (*1)		462.1	422.3	+39.8
Gross profit	a	420.2	437.1	(16.9)
Selling, general and administrative expenses	b	(281.4)	(280.2)	(1.2)
Dividend income	c	76.9	65.1	+11.8
Profit of equity method investments (*2)	d	103.8	98.4	+5.4
Depreciation and amortization	e	142.4	102.0	+40.4

*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

Iron & Steel Products Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	5.8	12.6	(6.8)
Gross profit	20.3	26.8	(6.5)
Selling, general and administrative expenses	(19.4)	(18.8)	(0.6)
Dividend Income	1.0	0.8	+0.2
Profit of equity method investments	3.3	3.1	+0.2
Depreciation and amortization	0.6	0.7	(0.1)
Profit for the period attributable to owners of the parent	2.7	6.7	(4.0)

EBITDA declined by ¥6.8 billion, mainly due to the following factors:

Gross profit declined by ¥6.5 billion. Transactions of line pipe to LNG projects had been mostly shipped out by the end of the previous year and trading volume of other steel products also declined.

Profit of equity method investments increased by ¥0.2 billion.

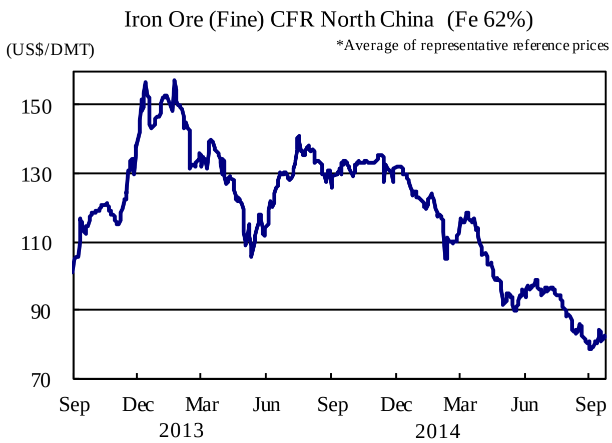
Profit for the period attributable to owners of the parent declined by ¥4.0 billion. In addition to the factors mentioned above, foreign exchange gains and losses corresponding to transactions of line pipe improved by ¥1.9 billion.

Mineral & Metal Resources Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	111.9	123.1	(11.2)
Gross profit	76.5	97.0	(20.5)
Selling, general and administrative expenses	(21.0)	(21.6)	+0.6
Dividend Income	0.8	0.7	+0.1
Profit of equity method investments	24.7	27.9	(3.2)
Depreciation and amortization	31.0	19.1	+11.9
Profit for the period attributable to owners of the parent	42.6	50.5	(7.9)

EBITDA declined by ¥11.2 billion, mainly due to the following factors:

Gross profit declined by ¥20.5 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 period were based on pricing that more closely reflects current spot reference prices, the same pricing as applied in the previous year, such as a daily average of spot reference prices for the current quarter of shipments and a daily average of spot reference prices for the shipment month.



Mitsui Iron Ore Development Pty. Ltd. reported a decline of ¥21.7 billion in gross profit reflecting lower iron ore prices.

Profit of equity method investments declined by ¥3.2 billion.

- Inversiones Mineras Acrux SpA, a copper mining company in Chile, recorded a decline of ¥15.8 billion to a loss of ¥13.9 billion from a profit of ¥1.9 billion for the previous period, due to additional recognition of a deferred tax liability reflecting the tax system revision in Chile.
- Profit from Robe River Mining Co. Pty. Ltd. were ¥14.9 billion, a decline of ¥8.0 billion from ¥22.9 billion due to lower iron ore prices.
- SCM Minera Lumina Copper Chile, a project company for the Caserones Copper Mine, reported an improvement of ¥10.7 billion from a ¥10.7 billion loss for the previous period, due to a reversal effect of a ¥10.6 billion impairment loss on fixed assets posted in the previous period.
- Valepar S.A. posted ¥16.0 billion of profit, an increase of ¥4.6 billion from ¥11.4 billion due to the positive impact of exchange rate fluctuations which was partially offset by lower iron ore prices. Reflecting the exchange rate fluctuations on Brazilian real against U.S. dollar, there was a reversal effect of foreign exchange losses on debt

denominated in U.S. dollars recorded in the previous period.

Depreciation and amortization increased by ¥11.9 billion.

Profit for the period attributable to owners of the parent declined by ¥7.9 billion. In addition to the above, the following factors also affected results:

- A ¥12.0 billion negative impact on deferred tax was caused by the repeal of the Australian Mineral Resource Rent Tax (“MRRT”) at the end of September 2014 which led to the reversal of deferred tax assets. Meanwhile, the current tax burden of MRRT declined reflecting the decline in iron ore prices.
- A ¥4.5 billion gain on the sale of the stake in Silver Bell Mining, LLC was recorded for the current period.
- For the previous period, Mitsui Raw Materials Development Pty. Ltd. recorded a ¥3.5 billion foreign exchange loss related to borrowings denominated in U.S. dollars.
- For the previous period, an impairment loss of ¥2.6 billion was recorded on the investment in SCM Minera Lumina Copper Chile.

Machinery & Infrastructure Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	32.7	21.6	+11.1
Gross profit	59.4	53.9	+5.5
Selling, general and administrative expenses	(64.6)	(61.1)	(3.5)
Dividend Income	2.5	1.9	+0.6
Profit of equity method investments	26.1	18.3	+7.8
Depreciation and amortization	9.3	8.6	+0.7
Profit for the period attributable to owners of the parent	21.6	14.4	+7.2

EBITDA increased by ¥11.1 billion, mainly due to the following factors:

Gross profit increased by ¥5.5 billion.

- The Infrastructure Projects Business Unit reported an increase of ¥1.4 billion.
- The Integrated Transportation Systems Business Unit reported an increase of ¥4.1 billion. The main factor behind the increase was an increase in trading volume of newly built ships and second-hand ships.

Profit of equity method investments increased by ¥7.8 billion.

- The Infrastructure Projects Business Unit reported an increase of ¥5.9 billion. IPP businesses posted profit of ¥12.4 billion in total, an increase of ¥3.3 billion from ¥9.1 billion for the previous period. Mark-to-market valuation gains and losses, such as those on long-term power derivative contracts and long-term fuel purchase contracts, improved by ¥2.1 billion to a gain of ¥2.6 billion from ¥0.5 billion for the previous period. Meanwhile, new businesses including Astoria I gas-fired IPP in the United States, in which Mitsui acquired stakes in the last year, contributed to the increase.
- The Integrated Transportation Systems Business Unit reported an increase of ¥1.9 billion. Automotive-related business in North America achieved a solid performance.

Profit for the period attributable to owners of the parent increased by ¥7.2 billion. In addition to the factors mentioned above, in the previous period, this segment recorded a ¥6.7 billion gain due to a reversal of impairment loss on shares in Penske Automotive Group, Inc., reflecting a rise in the share price.

Chemicals Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	11.8	14.3	(2.5)
Gross profit	37.0	40.1	(3.1)
Selling, general and administrative expenses	(34.5)	(33.8)	(0.7)
Dividend Income	0.6	0.8	(0.2)
Profit of equity method investments	3.5	3.2	+0.3
Depreciation and amortization	5.1	4.1	+1.0
Profit for the period attributable to owners of the parent	3.8	6.2	(2.4)

EBITDA declined by ¥2.5 billion, mainly due to the following factors:

Gross profit declined by ¥3.1 billion.

- The Basic Chemicals Business Unit reported a decline of ¥0.2 billion.
- The Performance Chemicals Business Unit reported a decline of ¥2.8 billion. P.T. Kaltim Pasifik Amoniak, an ammonia producer in Indonesia, reported a decline of ¥6.2 billion due to a shutdown 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 increased.

Profit of equity method investments increased by ¥0.3 billion.

Profit for the period attributable to owners of the parent declined by ¥2.4 billion.

Energy Segment

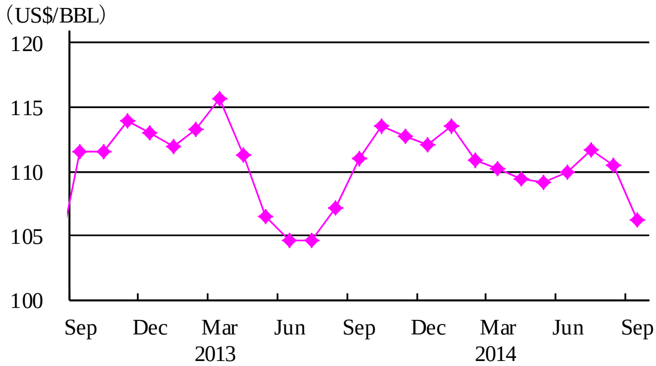
(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	246.8	212.7	+34.1
Gross profit	109.4	108.9	+0.5
Selling, general and administrative expenses	(28.7)	(30.1)	+1.4
Dividend Income	63.2	54.5	+8.7
Profit of equity method investments	26.8	28.4	(1.6)
Depreciation and amortization	76.2	51.0	+25.2
Profit for the period attributable to owners of the parent	112.4	98.9	+13.5

EBITDA increased by ¥34.1 billion, mainly due to the following factors:

The weighted average crude oil prices applied to our operating results for the current period and the previous period were estimated to be US$110 and US$111 per barrel, respectively.

Gross profit increased by ¥0.5 billion, primarily due to the following factors:

Crude Oil Price (JCC: Japan Crude Cocktail)



- Mitsui E&P Australia Pty Limited reported an improvement of ¥13.3 billion due to a reversal of declined production during the previous period associated with the refurbishment of its oil production facility.

- Mitsui E&P USA LLC reported an improvement of ¥4.8 billion from higher production and lower costs.
- A decline of ¥6.6 billion was recorded due to the sale of Mitsui Oil Co., Ltd in the previous year.
- Mitsui E&P Middle East B.V. reported a decline of ¥5.4 billion due to an increase in production cost as well as the sales of interests in oil fields in Egypt in the previous year.
- A ¥3.5 billion decline was recorded from LNG transactions.

Dividend income increased by ¥8.7 billion mainly due to an increase in dividends received from the Sakhalin II project. Dividends from six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3 and Equatorial Guinea) were ¥61.2 billion in total, an increase of ¥8.3 billion from ¥52.9 billion for the previous period.

Profit of equity method investments declined by ¥1.6 billion.

Depreciation and amortization increased by ¥25.2 billion. Oil and gas producing operations recorded an increase of ¥26.5 billion, including an increase of ¥10.1 billion at Marcellus and Eagle Ford shale gas and oil operations in the United States.

Profit for the period attributable to owners of the parent increased by ¥13.5 billion. In addition to the above, exploration expenses of ¥11.8 billion in total and ¥10.6 billion in total were recorded for the current period and the previous period, respectively.

Lifestyle Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	6.3	6.4	(0.1)
Gross profit	56.9	55.3	+1.6
Selling, general and administrative expenses	(70.3)	(64.0)	(6.3)
Dividend Income	2.9	3.2	(0.3)
Profit of equity method investments	10.4	6.3	+4.1
Depreciation and amortization	6.3	5.6	+0.7
Profit (Loss) for the period attributable to owners of the parent	(3.9)	1.8	(5.7)

EBITDA declined by ¥0.1 billion, mainly due to the following factors:

Gross profit increased by ¥1.6 billion.

- The Food Resources Business Unit reported an increase of ¥1.3 billion.
- The Food Products & Services Business Unit recorded an increase of ¥2.2 billion.
- The Consumer Service Business Unit reported a decline of ¥1.9 billion.

Selling, general and administrative expenses increased by ¥6.3 billion due to an increase in provision for doubtful receivables at Multigrain Trading AG and increases from new subsidiaries acquired in the previous year.

Profit of equity method investments increased by ¥4.1 billion.

- The Food Resources Business Unit reported an increase of ¥0.4 billion .
- The Food Products & Services Business Unit reported a decline of ¥0.1 billion.
- The Consumer Service Business Unit reported an increase of ¥3.9 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 period.

Profit for the period attributable to owners of the parent declined by ¥5.7 billion. In addition to the above, the following factors also affected results:

- Gains and losses on equity method investments deteriorated by ¥4.8 billion; an impairment loss and gains on sales were recorded for the current period and previous period, respectively.
- Foreign exchange losses for the current period were ¥3.6 billion, a deterioration of ¥3.4 billion from the previous period, mainly attributable to those related to coffee trading at Mitsui.

Innovation & Corporate Development Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	(5.4)	(12.0)	+6.6
Gross profit	16.5	9.2	+7.3
Selling, general and administrative expenses	(30.4)	(30.6)	+0.2
Dividend Income	4.5	0.9	+3.6
Profit of equity method investments	1.6	6.0	(4.4)
Depreciation and amortization	2.5	2.5	0.0
Loss for the period attributable to owners of the parent	(4.2)	(4.4)	+0.2

EBITDA increased by ¥6.6 billion, mainly due to the following factors:

Gross profit increased by ¥7.3 billion.

- There was an increase in gross profit corresponding to a ¥5.1 billion deterioration of foreign exchange gains and losses related to the commodity derivatives trading business at Mitsui posted in other expense for the current period and for the previous period.
- Mitsui & Co. Commodity Risk Management Ltd. reported an increase of ¥3.2 billion due to the recovery of underperforming trading of derivatives for the previous period.

Dividend income increased by ¥3.6 billion. Dividends from preferred shares in JA Mitsui Leasing Ltd. increased by ¥4.0 billion.

Profit of equity method investments declined by ¥4.4 billion due to a decline in profit of JA Mitsui Leasing Ltd.

Loss for the period attributable to owners of the parent improved by ¥0.2 billion. In addition to the factors mentioned above, for the current period and for the previous period, foreign exchange gains of ¥2.4 billion and ¥7.5 billion, respectively, were posted in other expense in relation to the commodity derivatives trading business at Mitsui.

Americas Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	15.5	14.2	+1.3
Gross profit	38.4	38.3	+0.1
Selling, general and administrative expenses	(31.0)	(30.9)	(0.1)
Dividend Income	0.0	0.0	0.0
Profit of equity method investments	3.9	2.9	+1.0
Depreciation and amortization	4.2	3.9	+0.3
Profit for the period attributable to owners of the parent	12.6	9.8	+2.8

EBITDA increased by ¥1.3 billion, mainly due to the following factors:

Gross profit increased by ¥0.1 billion.

Profit of equity method investments increased by ¥1.0 billion.

Profit for the period attributable to owners of the parent increased by ¥2.8 billion. In addition to the factors mentioned above, this segment recorded a ¥4.5 billion gain on the sale of the stake in Silver Bell Mining, LLC for the current period.

Europe, the Middle East and Africa Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	0	(0.3)	+0.3
Gross profit	9.4	8.8	+0.6
Selling, general and administrative expenses	(10.5)	(10.0)	(0.5)
Dividend Income	0.1	0.1	0.0
Profit of equity method investments	0.9	0.5	+0.4
Depreciation and amortization	0.2	0.3	(0.1)
Profit for the period attributable to owners of the parent	3.2	1.1	+2.1

EBITDA increased by ¥0.3 billion, mainly due to the following factors:

Gross profit increased by ¥0.6 billion.

Profit of equity method investments increased by ¥0.4 billion.

Profit for the period attributable to owners of the parent increased by ¥2.1 billion.

Asia Pacific Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	0.3	0.7	(0.4)
Gross profit	6.3	6.4	(0.1)
Selling, general and administrative expenses	(10.0)	(8.9)	(1.1)
Dividend Income	0.6	0.9	(0.3)
Profit of equity method investments	3.0	2.1	+0.9
Depreciation and amortization	0.3	0.2	+0.1
Profit for the period attributable to owners of the parent	15.2	19.6	(4.4)

EBITDA declined by ¥0.4 billion, mainly due to the following factors:

Gross profit declined by ¥0.1 billion.

Profit of equity method investments increased by ¥0.9 billion.

Profit for the period attributable to owners of the parent declined by ¥4.4 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 fall in prices of iron ore and coal.

(3) <u>Financial Condition and Cash Flows</u>

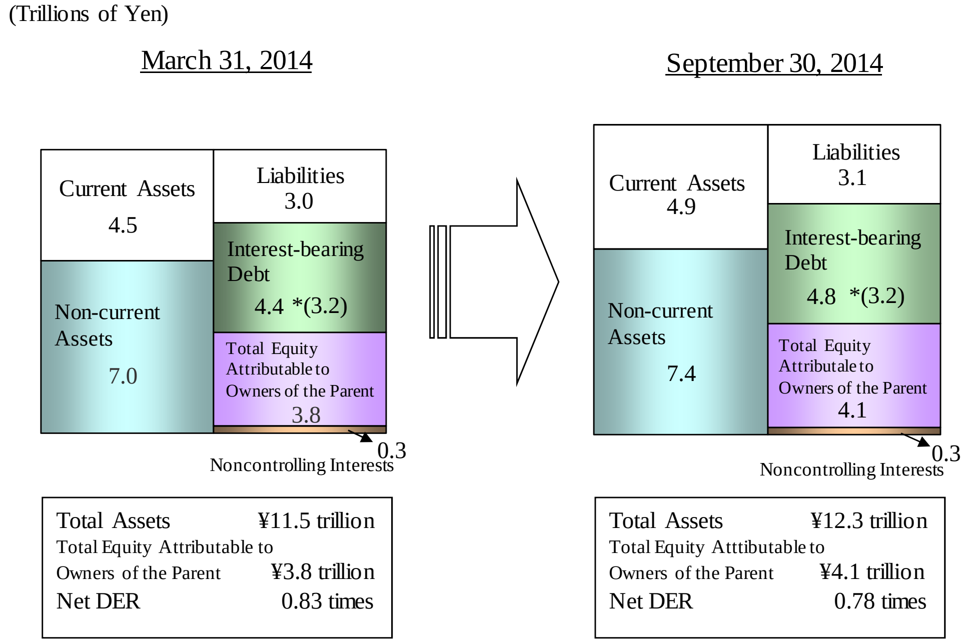
1) Financial Condition

Total assets as of September 30, 2014 were ¥12,254.3 billion, an increase of ¥763.0 billion from ¥11,491.3 billion as of March 31, 2014.

Total current assets as of September 30, 2014 were ¥4,877.4 billion, an increase of ¥412.0 billion from ¥4,465.4 billion as of March 31, 2014. Inventories increased by ¥91.4 billion, mainly due to seasonal factors at Multigrain Trading AG. As of September 30, 2014, assets of ¥111.4 billion and liabilities of ¥58.2 billion were transferred to the assets held for sale and liabilities directly associated with assets held for sale accounts, respectively, due to the merger of domestic construction steel and metal scrap businesses of Mitsui & Co., Steel Ltd. with Metal One Structural Steel & Resource Corporation as of November 1, 2014.

Total current liabilities as of September 30, 2014 were ¥3,115.0 billion, an increase of ¥130.3 billion from ¥2,984.7 billion as of March 31, 2014. Short-term debt increased by ¥48.4 billion.

As a result, working capital, or current assets less current liabilities, as of September 30, 2014, totaled ¥1,762.4 billion, an increase of ¥281.7 billion from ¥1,480.7 billion as of March 31, 2014.



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

Total non-current assets as of September 30, 2014 totaled ¥7,377.0 billion, an increase of ¥351.1 billion from ¥7,025.9 billion as of March 31, 2014, mainly due to the following factors:

- Investments accounted for using the equity method as of September 30, 2014 was ¥2,600.8 billion, an increase of ¥152.0 billion from ¥2,448.8 billion as of March 31, 2014. Major factors included 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, as well as an increase of ¥59.0 billion resulting from foreign currency exchange fluctuations. Meanwhile, there was a decline of ¥104.3 billion due to dividends received from equity accounted investees, despite an increase of ¥103.8 billion corresponding to the profit of equity method for the current period.
- Other investments as of September 30, 2014 were ¥1,639.2 billion, an increase of ¥84.5 billion from ¥1,554.7 billion as of March 31, 2014, mainly due to the following factors:

- A ¥52.1 billion net increase due to valuation on financial assets measured at FVTOCI; and
- A ¥43.1 billion net increase due to foreign currency exchange fluctuations.

- Property, plant and equipment as of September 30, 2014 totaled ¥2,129.7 billion, an increase of ¥122.2 billion from ¥2,007.5 billion as of March 31, 2014, mainly due to the following factors:
  - An increase of ¥37.1 billion (including a foreign exchange translation gain of ¥18.0 billion) at the Marcellus and Eagle Ford shale gas and oil producing operations in the United States;
  - An increase of ¥26.0 billion (including a foreign exchange translation gain of ¥18.3 billion) at oil and gas operations other than U.S. shale gas and oil producing operations;
  - An increase of ¥12.2 billion (including a foreign exchange translation gain of ¥1.1 billion) at the methanol manufacturing joint venture in United States; and
  - An increase of ¥10.5 billion (including a foreign exchange translation loss of ¥0.1 billion) at the wind power generation business in Australia.
- Trade and other receivables as of September 30, 2014 totaled ¥457.7 billion, a decline of ¥13.2 billion from ¥470.9 billion as of March 31, 2014, mainly due to the following factors:
  - A decline of ¥11.7 billion due to collection of long-term loan receivables at a private equity-sponsored loans business with GE Capital; and
  - An increase of ¥11.6 billion due to a loan to the FPSO leasing business for oil and gas production in Brazil and Ghana.

Total non-current liabilities as of September 30, 2014 totaled ¥4,744.2 billion, an increase of ¥337.8 billion from ¥4,406.4 billion as of March 31, 2014. Long-term debt, less current portion as of September 30, 2014 was ¥3,778.5 billion, an increase of ¥310.2 billion from ¥3,468.3 billion as of March 31, 2014, mainly due to 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 September 30, 2014 was ¥4,093.7 billion, an increase of ¥277.9 billion from ¥3,815.8 billion as of March 31, 2014. Major components included:

- Retained earnings increased by ¥128.7 billion which was partially offset by a dividend payment and a cancellation of treasury stock;
- Other components of equity as of September 30, 2014 increased by ¥104.7 billion to ¥871.3 billion from ¥766.6 billion as of March 31, 2014, mainly due to the following factors:
  - Foreign currency translation adjustments increased by ¥82.0 billion, reflecting the appreciation of the U.S. dollar against the Japanese yen; and
  - Financial assets measured at FVTOCI increased by ¥31.8 billion reflecting the higher stock prices; and
- Treasury stock declined by ¥50.2 billion, due to a cancellation.

Net interest-bearing debt, or interest-bearing debt less cash and cash equivalents and time deposits as of September 30, 2014 was ¥3,191.6 billion, an increase of ¥12.8 billion from ¥3,178.8 billion as of March 31, 2014. The net debt-to-equity ratio (DER) (*) as of September 30, 2014 was 0.78 times, 0.05 points lower compared to 0.83 times as March 31, 2014.

(*) 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.

	Billions of Yen			
	As of March 31, 2014		As of September 30, 2014	
Short-term debt	¥	436.9	¥	485.3
Long-term debt	¥	3,974.2	¥	4,284.2
Interest bearing debt	¥	4,411.1	¥	4,769.5
Less cash and cash equivalents and time deposits	¥	(1,232.3)	¥	(1,577.9)
Net interest-bearing debt	¥	3,178.8	¥	3,191.6
Total equity attributable to owners of the parent	¥	3,815.8	¥	4,093.7
Net DER (times)		0.83		0.78

2) Cash Flows

Cash Flows from Operating Activities

(Billions of Yen)		Current Period	Previous Period	Change
Cash flows from operating activities	a	373.7	239.3	+134.4
Cash flows from change in working capital	b	(27.5)	(91.5)	+64.0
Core operating cash flow	a-b	401.2	330.8	+70.4

Net cash provided by operating activities for the current period was ¥373.7 billion, an increase of ¥134.4 billion from ¥239.3 billion for the previous period.

Net cash outflow from an increase in working capital, or changes in operating assets and liabilities for the current period, was ¥27.5 billion, a decline of ¥64.0 billion from ¥91.5 billion for the previous period.

Core operating cash flow, cash flows from operating activities without the net cash outflow from an increase in working capital, for the current period amounted to ¥401.2 billion, an increase of ¥70.4 billion from ¥330.8 billion for the previous period.

- Depreciation and amortization for the current period was ¥142.4 billion, an increase of ¥40.4 billion from ¥102.0 billion for the previous period.
- Net cash inflow from dividend income, including dividends received from equity accounted investees, for the

current period totaled ¥184.4 billion, an increase of ¥32.5 billion from ¥151.9 billion for the previous period.

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

(Billions of Yen)	Current Period	Previous Period	Change
Iron & Steel Products	2.0	6.7	(4.7)
Mineral & Metal Resources	85.4	87.8	(2.4)
Machinery & Infrastructure	39.8	18.7	+21.1
Chemicals	9.9	13.1	(3.2)
Energy	210.4	176.3	+34.1
Lifestyle	3.3	2.7	+0.6
Innovation & Corporate Development	0.7	(2.7)	+3.4
Americas	11.4	11.0	+0.4
Europe, the Middle East and Africa	1.5	0.3	+1.2
Asia Pacific	4.2	2.9	+1.3
All Other and Adjustments and Eliminations	32.6	14.0	+18.6
Consolidated Total	401.2	330.8	+70.4

Cash Flows from Investing Activities

Net cash used in investing activities for the current period was ¥190.0 billion, a decline of ¥236.8 billion from ¥426.8 billion for the previous period. The net cash used in investing activities consisted of:

- Net cash outflows that corresponded to investments in and advances to equity accounted investees (net of sales of investments and collection of advances) were ¥66.2 billion. The major cash outflows were an acquisition of a 20% stake in VLI S.A. for ¥70.1 billion as well as a loan to the FPSO leasing business for oil and gas production in Brazil and Ghana for ¥11.6 billion. The major cash inflows included the sale of the stake in Silver Bell Mining, LLC and redemption of preferred shares in Valepar S.A. for ¥10.0 billion.
- Net cash inflows that corresponded to other investments (net of sales and maturities of other investments) were ¥25.6 billion. The major cash inflows were a sale of shares in Burberry Group plc for ¥11.8 billion and capital redemption from a private equity-sponsored loans business with GE Capital for ¥11.4 billion.
- Net cash inflows that corresponded to long-term loan receivables (net of collection) were ¥22.4 billion.
- Net cash outflows that corresponded to purchases of property, plant, equipment and investment property (net of sales of those assets) were ¥170.8 billion. Major expenditures included:
  - Oil and gas projects other than the U.S. shale gas and oil projects for a total of ¥63.7 billion;
  - Iron ore mining projects in Australia for ¥32.5 billion;
  - Marcellus and Eagle Ford shale gas and oil projects in the United States for ¥25.0 billion;
  - A wind power generation business in Australia for ¥10.5 billion; and
  - A methanol manufacturing joint venture in the United States for ¥10.0 billion.

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

Free cash flow, or the sum of net cash provided by operating activities and net cash used in investing activities, for the current period was a net inflow of ¥183.7 billion.

Cash Flows from Financing Activities

For the current period, net cash provided by financing activities was ¥142.2 billion, an increase of ¥60.4 billion from ¥81.8 billion for the previous period. The net cash inflow from the borrowing of long-term debt was ¥175.9 billion and short-term debt was ¥35.6 billion. Meanwhile, the cash outflow from payments of cash dividends was ¥61.0 billion.

In addition to the changes discussed above, there was an increase in cash and cash equivalents of ¥19.1 billion due to foreign exchange translation and a decline of ¥0.7 billion due to the reclassification to assets held for sale; as a result, cash and cash equivalents as of September 30, 2014 totaled ¥1,570.7 billion, an increase of ¥344.4 billion from ¥1,226.3 billion as of March 31, 2014.

(4) Management Issues

1) Result and Forecast for Investment and Loan Plan

Our progress with the investment and loan plan in each operating segment for the six-month period ended September 30, 2014 (current period) was as follows:

Segment	Result Current Period (¥ billion)	Major Items
Iron & Steel Products	0	
Mineral & Metal Resources	40	Expansion and development of Australian iron ore operations
Machinery & Infrastructure	115	Integrated logistics company* and FPSO lease in Brazil
Chemicals	15	Methanol production in U.S.
Energy	90	Developments in existing shale gas/oil and Thai businesses
Lifestyle	15	Additional acquisition of Fuji Pharma shares, Domestic real estate
Innovation & Corporate Development	5	Venture investment in U.S.
Overseas	25	Tank terminal expansion and senior living facilities/housing in U.S.
Gross Investments & Loans	305	Existing Business + Projects in the pipeline 285; New Business 20
Divestiture	(120)	Burberry shares, Private equity-sponsored loans in U.S.
Net Cash Outflow	185	

* The planned investment of VLI in the previous year was differed into the current year. Therefore, this figure is not considered in the New Medium-term Management plan.

We implemented investments and loans of approximately ¥285 billion to existing businesses and projects in the pipeline (*), which is planned at ¥1.5 trillion for the three-year period of the New Medium-term Management Plan announced in May 2014. In addition, we made new investments and loans of approximately ¥20 billion for further growth. The resulting sum of investments and loans for the current period was ¥305 billion.

On the other hand, we collected approximately ¥120 billion through disposal of assets and investments, which is planned in the range from ¥700 to ¥900 billion during the New Medium-term Management Plan.

To realize “Evolution of portfolio strategy”, which is one of the key initiatives of the New Medium-term Management Plan, we will continue with improvement and modification of our portfolio adjustment and achieve positive free cash flow during the New Medium-term Management Plan by ensuring discipline in investments.

* Projects in which our participation has been decided and announced as of May 2014 and profit contributions from such projects are expected within several years.

2) Revised forecasts for the year ending March 31, 2015

＜Assumption＞	1st Half (Actual)	2nd Half (Forecast)	Revised Forecast	Original Forecast
Exchange rate (JPY/USD)	103.61	110	106.81	100
Crude oil (JCC)	$109.50/bbl	$87/bbl	$98/bbl	$102/bbl
Consolidated oil price	$109.77/bbl	$95/bbl	$103/bbl	$104/bbl

(Billions of yen)

	Revised Forecast	Original Forecast	Change	Description
Gross profit	820.0	850.0	(30.0)	Decline in iron ore prices Underperfoming of Multigrain Trading
Selling, general and administrative expenses	(580.0)	(580.0)	0.0	
Gain on investments, fixed assets and other	10.0	0.0	10.0	Increase of gain on asset recycling
Interest expenses	(20.0)	(20.0)	0.0	
Dividend income	120.0	110.0	10.0	Increase in dividend from LNG projects
Profit of equity method investments	210.0	230.0	(20.0)	Tax system revision in Chile
Profit before income taxes	560.0	590.0	(30.0)	
Income taxes	(160.0)	(190.0)	30.0	Recognition of DTA related to financial assets measured at FVTOCI
Non-controlling Interests	(20.0)	(20.0)	0.0	
Profit for the year attributable to owners of the parent	380.0	380.0	0.0	

EBITDA	850.0	850.0	0.0

We assume foreign exchange rates for the six-month period ending March 31, 2015 (2nd half) will be ¥110/US$, ¥95/AU$ and ¥45/BRL, while average foreign exchange rates for the six-month period ended September 30, 2015 (1st half) were ¥103.61/US$, ¥95.61/AU$ and ¥45.76/BRL. Also, we assume the annual average crude oil price applicable to our financial results for the year ending March 31, 2015 will be US$103/barrel, down US$1 from the original assumption, based on the assumption that the crude oil price (JCC) will average US$87/barrel throughout the six-month period ending March 31, 2015.

- Gross profit for the year ending March 31, 2015 is expected to be ¥820.0 billion, a decline of ¥30.0 billion from the original forecast, due to a decline in iron prices and underperforming origination and merchandising operations at Multigrain Trading AG.
- Increase of ¥10.0 billion is expected in gain on sale from asset recycling. Another ¥10.0 billion increase is expected in dividend income mainly attributable to those from LNG projects.
- Profit of equity method investments is expected to be ¥210.0 billion, a decline of ¥20.0 billion from the original forecast, reflecting the additional recognition of deferred tax liability reflecting the tax system revision in Chile.

- Income taxes are forecasted to improve by ¥30.0 billion, due to the recognition of deferred tax assets related to sales of financial assets measured at FVTOCI as well as the decline in profit before income taxes.

As a result, profit for the year attributable to owners of the parent is expected to be ¥380.0 billion, the same level as the original forecast.

In addition to the above, depreciation and amortization is forecasted to increase; projected EBITDA is ¥850.0 billion, the same level as the original forecast.

The revised forecast for profit for the year attributable to owners of the parent by operating segment compared to the original forecast is described as follows:

(Billions of Yen)	Year ending March 31, 2015 Revised Forecast	Year ending March 31, 2015 Original Forecast	Change
Iron & Steel Products	8.0	8.0	0.0
Mineral & Metal Resources	80.0	118.0	(38.0)
Machinery & Infrastructure	45.0	38.0	+7.0
Chemicals	6.0	8.0	(2.0)
Energy	180.0	140.0	+40.0
Lifestyle	0.0	14.0	(14.0)
Innovation & Corporate Development	(4.0)	(2.0)	(2.0)
Americas	21.0	16.0	+5.0
Europe, the Middle East and Africa	3.0	1.0	+2.0
Asia Pacific	29.0	33.0	(4.0)
All Other and Adjustments and Eliminations	12.0	6.0	+6.0
Consolidated Total	380.0	380.0	0.0

- Revised forecast for the Iron & Steel Products Segment is ¥8.0 billion, the same level as the original forecast, taking into consideration its progress, which is in line with the original forecast.
- Revised forecast for the Mineral & Metal Resources Segment is ¥80.0 billion, a decline of ¥38.0 billion from the original forecast. The primary reasons for the decline are the decline in prices of iron ore and coal as well as the additional recognition of deferred tax liability reflecting the tax system revision in Chile. Meanwhile, we count the positive impact attributable to higher sales volume of iron ore and depreciation of the Japanese yen.
- Revised forecast for the Machinery & Infrastructure Segment is ¥45.0 billion, an increase of ¥7.0 billion from the original forecast. We anticipate solid performance on IPP business and the recovery of trading volume in commercial ships. Logistic infrastructure business and gas distribution business in Brazil are also expected to contribute to the increase.
- Revised forecast for the Chemicals Segment is ¥6.0 billion, a decline of ¥2.0 billion from the original forecast. We took into consideration unfavorable market conditions in the chlor-alkali producing business in the United States.
- Revised forecast for the Energy Segment is ¥180.0 billion, an increase of ¥40.0 billion from the original forecast. The main causes of the increase are an increase in dividend income from LNG projects; the positive

effect from depreciation of the Japanese yen; and an increase in production volume at oil and gas producing operations.

- Revised forecast for the Lifestyle Segment is ¥0.0 billion, a decline of ¥14.0 billion from the original forecast, reflecting the underperforming origination and merchandising operations at Multigrain Trading AG and one-time losses including the impairment loss on investment recorded in the six-month period ended September 30, 2014.
- Revised forecast for the Innovation & Corporate Development Segment is ¥4.0 billion of loss, a deterioration of ¥2.0 billion from the original forecast. We predict profit declines in the venture capital business as well as precious metals trading at Mitsui & Co. Precious Metals, Inc.
- Revised forecast for the Americas Segment is ¥21.0 billion, an increase of ¥5.0 billion from the original forecast, reflecting an increase in one-time profits as well as solid performance on food trading. Revised forecast for the Europe, the Middle East and Africa Segment is ¥3.0 billion, an increase of ¥2.0 billion from the original forecast, reflecting the one-time tax-related profit. Revised forecast for the Asia Pacific Segment is ¥29.0 billion, a decline of ¥4.0 billion from the original forecast, due to lower profit from the segment's minority interest in iron ore mining operations in Australia.
- Revised forecast for the All Other/Adjustments and Eliminations Segment is ¥12.0 billion, an increase of ¥6.0 billion from the original forecast, due to the recognition of deferred tax assets related to sales of financial assets measured at FVTOCI in the six-month period ended September 30, 2014.

3) Key commodity prices and other parameters for the year ending March 31, 2015

The table below shows assumptions for key commodity prices and foreign exchange rates for the forecast for the year ending March 31, 2015. 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.

Impact on profit for the year attributable to owners of the parent for the Year ending March 31, 2015 (Announced in May 2014)			Original Forecast (Announced in May 2014)	March 2015		Revised Forecast (Announced in November 2014)
				1st Half (Result)	2nd Half (Assumption)	
Commodity	Crude Oil/JCC	¥1.8 bn (US$1/bbl)	102	109.50	87	98
	Consolidated Oil Price(*1)		104	109.77	95	103
	U.S. Natural Gas(*2)	¥0.3 bn (US$0.1/mmBtu)	4.25(*3)	4.62	4.14	4.38
	Iron Ore	¥2.5 bn (US$1/ton)	(*5)	96.18	(*5)	(*5)
	Copper	¥0.7 bn (US$100/ton)	7,000	6,913(*6)	7,000	6,957
Forex (*7)	USD	¥2.7 bn (¥1/USD)	100	103.61	110	106.81
	AUD	¥1.5 bn (¥1/AUD)	95	95.61	95	95.30
	BRL	¥0.5 bn (¥1/BRL)	45	45.76	45	45.38

(*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 March31, 2015, 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, 35%; 1-3 month time lag, 41%; no time lag, 24%.

(*2) US shale gas are 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$4.25/mmBtu.

(*4) Daily average of representative reference prices (Fine, Fe 62% CFR North China) during April 2014 to September 2014

(*5) We refrain from disclosing the iron ore price assumptions.

(*6) Average of LME cash settlement price during January 2014 to June 2014
(*7) 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.

4) Shareholder Return Policy

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

For the period of the new Medium-term Management Plan announced in May 2014, we set our target dividend payout ratio at 30% of profit attributable to owners of the parent.

For the six-month period ended September 30, 2014, we have decided to pay an interim dividend of ¥32 per share, a ¥7 per share increase from the corresponding six-month period of the previous year. Pursuant to our policy, for the year ending March 31, 2015, we currently envisage an annual dividend of ¥64 per share (including the interim dividend of ¥32 per share), an ¥5 increase from the year ended March 31, 2014, on the assumption that profit for the year attributable to owners of the parent will be ¥380 billion, as mentioned in our forecast profit attributable to owners of the parent for the year ending March 31, 2015.

In relation to share buyback for the period of the new Medium-tern Management Plan, we will continue to take measures accordingly in a prompt and flexible manner as needed, taking into consideration the business environment, future investment activity trends, free cash flow, interest-bearing debt levels, and return on equity.

(5) Research & Development

Research and development (“R&D”) expenses were insignificant for the six-month period ended September 30, 2014.

3. Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Financial Position

Mitsui & Co., Ltd. and subsidiaries
September 30, 2014 and March 31, 2014

	Millions of Yen	
	September 30, 2014	**March 31, 2014**
ASSETS		
Current Assets:		
Cash and cash equivalents	¥ 1,570,672	¥ 1,226,317
Trade and other receivables	1,906,951	2,040,855
Other financial assets (Note 13)	280,842	271,288
Inventories (Note 13)	716,725	625,328
Advance payments to suppliers	156,852	183,576
Assets held for sale (Note 4)	111,373	-
Other current assets	133,955	118,049
Total current assets	4,877,370	4,465,413
Non-current Assets:		
Investments accounted for using the equity method (Note 7)	2,600,834	2,448,848
Other investments (Note 13)	1,639,221	1,554,673
Trade and other receivables	457,664	470,880
Other financial assets (Note 13)	123,744	116,298
Property, plant and equipment (Note 6)	2,129,694	2,007,452
Investment property	143,502	139,334
Intangible assets	151,872	144,153
Deferred tax assets (Note 2)	72,462	74,419
Other non-current assets	57,960	69,849
Total non-current assets	7,376,953	7,025,906
Total assets	¥12,254,323	¥11,491,319

Condensed Consolidated Statements of Financial Position—(Continued)

Mitsui & Co., Ltd. and subsidiaries
September 30, 2014 and March 31, 2014

	Millions of Yen	
	September 30, 2014	March 31, 2014
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term debt	¥ 485,278	¥ 436,869
Current portion of long-term debt (Note 8)	505,614	505,946
Trade and other payables	1,420,022	1,473,834
Other financial liabilities (Notes 12 and 13)	371,421	301,047
Income tax payables	57,833	42,857
Advances from customers	155,357	165,124
Provisions	24,217	17,491
Liabilities directly associated with assets held for sale (Note 4)	58,167	-
Other current liabilities	37,138	41,486
Total current liabilities	3,115,047	2,984,654
Non-current Liabilities:		
Long-term debt, less current portion (Note 8)	3,778,537	3,468,301
Other financial liabilities (Notes 12 and 13)	96,025	95,541
Retirement benefit liabilities	70,773	69,558
Provisions	188,451	174,855
Deferred tax liabilities	578,528	567,281
Other non-current liabilities	31,933	30,825
Total non-current liabilities	4,744,247	4,406,361
Total liabilities	7,859,294	7,391,015
Equity:		
Common stock	341,482	341,482
Capital surplus	412,349	418,004
Retained earnings	2,474,476	2,345,790
Other components of equity (Note 9)	871,334	766,631
Treasury stock	(5,960)	(56,140)
Total equity attributable to owners of the parent	4,093,681	3,815,767
Non-controlling interests	301,348	284,537
Total equity	4,395,029	4,100,304
Total liabilities and equity	¥12,254,323	¥11,491,319

See Notes to Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income
Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2014 and 2013

	Millions of Yen	
	Six-month Period Ended September 30, 2014	Six-month Period Ended September 30, 2013
Revenue (Note 5):		
Sale of products	¥ 2,472,813	¥ 2,608,332
Rendering of services	207,815	201,981
Other revenue	66,941	54,154
Total revenue	2,747,569	2,864,467
Cost:		
Cost of products sold	(2,206,933)	(2,316,937)
Cost of services rendered	(88,872)	(80,239)
Cost of other revenue	(31,522)	(30,225)
Total cost	(2,327,327)	(2,427,401)
Gross Profit	420,242	437,066
Other Income (Expenses):		
Selling, general and administrative expenses	(281,361)	(280,170)
Gain (loss) on securities and other investments—net (Notes 7 and 13)	9,305	12,459
Impairment loss of fixed assets	(812)	(838)
Gain (loss) on disposal or sales of fixed assets—net	439	1,710
Other income (expense)—net	(8,574)	(10,588)
Total other income (expenses)	(281,003)	(277,427)
Finance Income (Costs):		
Interest income	16,735	16,746
Dividend income	76,932	65,064
Interest expense	(24,634)	(24,177)
Total finance income (costs)	69,033	57,633
Share of Profit of Investments Accounted for Using the Equity Method (Note 5)	103,809	98,381
Profit before Income Taxes	312,081	315,653
Income Taxes (Note 2)	(79,207)	(101,392)
Profit for the Period	¥ 232,874	¥ 214,261
Profit for the Period Attributable to:		
Owners of the parent	¥ 222,660	¥ 203,690
Non-controlling interests	10,214	10,571

	Yen	
Earnings per Share Attributable to Owners of the Parent (Note 11):		
Basic	¥ 124.22	¥ 111.60
Diluted	¥ 124.20	¥ 111.60

Condensed Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2014 and 2013

	Millions of Yen	
	Six-month Period Ended September 30, 2014	**Six-month Period Ended September 30, 2013**
Comprehensive Income:		
Profit for the period	¥ 232,874	¥ 214,261
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	68,110	45,543
Remeasurements of defined benefit pension plans	(2,569)	(199)
Share of other comprehensive income of investments accounted for using the equity method	2,585	(199)
Income tax relating to items not reclassified	(17,389)	(7,456)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	19,384	(32,324)
Cash flow hedges	(3,534)	3,402
Share of other comprehensive income of investments accounted for using the equity method	54,637	6,170
Income tax relating to items that may be reclassified	6,622	6,359
Total other comprehensive income	127,846	21,296
Comprehensive Income for the Period	¥ 360,720	¥ 235,557
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 343,404	¥ 225,366
Non-controlling interests	17,316	10,191

See Notes to Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income
Mitsui & Co., Ltd. and subsidiaries
For the Three-Month Periods Ended September 30, 2014 and 2013

	Millions of Yen	
	Three-month Period Ended September 30, 2014	Three-month Period Ended September 30, 2013
Revenue (Note 5):		
Sale of products	¥ 1,234,821	¥ 1,322,849
Rendering of services	107,100	101,313
Other revenue	35,122	33,012
Total revenue	1,377,043	1,457,174
Cost:		
Cost of products sold	(1,106,261)	(1,174,735)
Cost of services rendered	(44,341)	(41,701)
Cost of other revenue	(16,588)	(15,001)
Total cost	(1,167,190)	(1,231,437)
Gross Profit	209,853	225,737
Other Income (Expenses):		
Selling, general and administrative expenses	(142,113)	(139,389)
Gain (loss) on securities and other investments—net (Note 13)	8,148	1,052
Impairment loss of fixed assets	(801)	(760)
Gain (loss) on disposal or sales of fixed assets—net	(36)	1,656
Other income (expense)—net	(6,986)	(10,297)
Total other income (expenses)	(141,788)	(147,738)
Finance Income (Costs):		
Interest income	8,378	11,366
Dividend income	35,943	15,290
Interest expense	(12,928)	(11,986)
Total finance income (costs)	31,393	14,670
Share of Profit of Investments Accounted for Using the Equity Method (Note 5)	39,489	31,272
Profit before Income Taxes	138,947	123,941
Income Taxes (Note 2)	(39,603)	(48,944)
Profit for the Period	¥ 99,344	¥ 74,997
Profit for the Period Attributable to:		
Owners of the parent	¥ 94,854	¥ 70,722
Non-controlling interests	4,490	4,275
	Yen	
Earnings per Share Attributable to Owners of the Parent (Note 11):		
Basic	¥ 52.92	¥ 38.75
Diluted	¥ 52.91	¥ 38.75

See Notes to Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Income and Comprehensive Income—(Continued)

Condensed Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
For the Three-Month Periods Ended September 30, 2014 and 2013

	Millions of Yen	
	Three-month Period Ended September 30, 2014	**Three-month Period Ended September 30, 2013**
Comprehensive Income:		
Profit for the period	¥ 99,344	¥ 74,997
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI	44,546	45,914
Remeasurements of defined benefit pension plans	(1,008)	(830)
Share of other comprehensive income of investments accounted for using the equity method	577	265
Income tax relating to items not reclassified	(11,386)	(11,343)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments	22,230	(3,640)
Cash flow hedges	(850)	5,956
Share of other comprehensive income of investments accounted for using the equity method	73,391	(4,774)
Income tax relating to items that may be reclassified	4,622	(2,673)
Total other comprehensive income	132,122	28,875
Comprehensive Income for the Period	¥ 231,466	¥ 103,872
Comprehensive Income for the Period Attributable to:		
Owners of the parent	¥ 217,600	¥ 98,959
Non-controlling interests	13,866	4,913

See Notes to Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Changes in Equity

Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2014 and 2013

Millions of Yen	Attributable to owners of the parent: Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity (Note 9)	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 period			203,690			203,690	10,571	214,261
Other comprehensive income for the period				21,676		21,676	(380)	21,296
Comprehensive income for the period						225,366	10,191	235,557
Transaction with owners:								
Dividends paid to the owners of the parent (per share: ¥21)			(38,327)			(38,327)		(38,327)
Dividends paid to non-controlling interest shareholders							(10,794)	(10,794)
Acquisition of treasury stock					(10)	(10)		(10)
Sale of treasury stock			(0)		51	51		51
Equity transactions with non-controlling interest shareholders		(2,583)		242		(2,341)	11,688	9,347
Transfer to retained earnings			17,070	(17,070)		-		-
Balance as at September 30, 2013	¥ 341,482	¥ 425,969	¥ 2,242,731	¥ 619,631	¥ (5,933)	¥ 3,623,880	¥ 256,933	¥ 3,880,813

Millions of Yen	Attributable to owners of the parent: Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity (Note 9)	Treasury Stock	Total	Non-controlling Interests	Total Equity
Balance as at April 1, 2014	¥ 341,482	¥ 418,004	¥ 2,345,790	¥ 766,631	¥ (56,140)	¥ 3,815,767	¥ 284,537	¥ 4,100,304
Profit for the period			222,660			222,660	10,214	232,874
Other comprehensive income for the period				120,744		120,744	7,102	127,846
Comprehensive income for the period						343,404	17,316	360,720
Transaction with owners:								
Dividends paid to the owners of the parent (per share: ¥34)			(60,946)			(60,946)		(60,946)
Dividends paid to non-controlling interest shareholders							(7,384)	(7,384)
Acquisition of treasury stock					(11)	(11)		(11)
Sale of treasury stock			0		0	0		0
Cancellation of treasury stock			(50,191)		50,191	-		-
Compensation costs related to stock options		215				215		215
Equity transactions with non-controlling interest shareholders		(5,870)		1,122		(4,748)	6,879	2,131
Transfer to retained earnings			17,163	(17,163)		-		-
Balance as at September 30, 2014	¥ 341,482	¥ 412,349	¥ 2,474,476	¥ 871,334	¥ (5,960)	¥ 4,093,681	¥ 301,348	¥ 4,395,029

See Notes to Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Cash Flows

Mitsui & Co., Ltd. and subsidiaries
For the Six-Month Periods Ended September 30, 2014 and 2013

	Millions of Yen	
	Six-month Period Ended September 30, 2014	Six-month Period Ended September 30, 2013
Operating Activities:		
Profit for the Period	¥ 232,874	¥ 214,261
Adjustments to reconcile profit for the period to cash flows from operating activities:		
Depreciation and amortization	142,443	101,988
Change in retirement benefit liabilities	(1,725)	4,096
Provision for doubtful receivables	6,359	5,444
(Gain)/loss on securities and other investments—net	(9,305)	(12,459)
Impairment loss of fixed assets	812	838
(Gain)/loss on disposal or sales of fixed assets—net	(439)	(1,710)
Finance (income)/costs—net	(65,273)	(54,302)
Income taxes	79,207	101,392
Share of profit of investments accounted for using equity method	(103,809)	(98,381)
Changes in operating assets and liabilities:		
Change in trade and other receivables	52,498	161,854
Change in inventories	(73,886)	(39,493)
Change in trade and other payables	8,435	(138,352)
Other—net	(14,563)	(75,567)
Interest received	17,515	14,442
Interest paid	(23,977)	(27,708)
Dividends received	184,380	151,933
Income taxes paid	(57,858)	(68,995)
Cash flows from operating activities	373,688	239,281
Investing Activities:		
Net change in time deposits	(976)	(4,699)
Investments in and advances to equity accounted investees	(105,900)	(125,236)
Proceeds from sales of investments in and collection of advances from equity accounted investees	39,709	50,747
Purchases of other investments	(22,189)	(92,102)
Proceeds from sales and maturities of other investments	47,772	36,781
Increase in long-term loan receivables	(989)	(25,917)
Collections of long-term loan receivables	23,373	12,519
Purchases of property, plant, equipment and investment property	(184,210)	(196,285)
Proceeds from sales of property, plant, equipment and investment property	13,444	15,664
Acquisitions of subsidiaries or other businesses	-	(98,321)
Cash flows from investing activities	(189,966)	(426,849)
Financing Activities:		
Net change in short-term debt	35,646	42,986
Proceeds from long-term debt	501,300	351,432
Repayments of long-term debt	(325,443)	(273,558)
Purchases and sales of treasury stock	(11)	(9)
Dividends paid	(60,955)	(38,334)
Transactions with non-controlling interests shareholders	(8,314)	(681)
Cash flows from financing activities	142,223	81,836
Effect of Exchange Rate Changes on Cash and Cash Equivalents	19,083	(3,469)
Cash and Cash Equivalents Included in Assets Held for Sale	(673)	-
Change in Cash and Cash Equivalents	344,355	(109,201)
Cash and Cash Equivalents at Beginning of Period	1,226,317	1,432,534
Cash and Cash Equivalents at End of Period	¥ 1,570,672	¥ 1,323,333

Notes to Condensed Consolidated Financial Statements

Mitsui & Co., Ltd. and subsidiaries

1. REPORTING ENTITY

Mitsui & Co., Ltd. (the "Company") is a company incorporated in Japan. Condensed Consolidated Financial Statements of the Company have a quarterly closing date as of September 30 and comprises the financial statements of the Company and its subsidiaries (collectively, the "companies"), and the interests in associated companies and joint ventures (collectively, the "equity accounted investees").

The companies, 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 companies 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 companies 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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

I. BASIS OF PREPARATION

Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard No.34 ("IAS34") and not all information required in Consolidated Financial Statements as of the end of fiscal year is included. Therefore, Condensed Consolidated Financial Statements should be used with Consolidated Financial Statements of the previous fiscal year.

II. USE OF ESTIMATES AND JUDGMENTS

The preparation of Condensed 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 estimates and judgments which could affect the accompanying Condensed Consolidated Financial Statements are the same as those of the previous fiscal year.

III. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies applied in the accompanying Condensed Consolidated Financial Statements are the same as those applied in the Consolidated Financial Statements of the previous fiscal year except for the following.

Income taxes

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.

Effective April 1, 2014, the companies applied the following new standards and interpretation for Condensed Consolidated Financial Statements. Potential impacts on Condensed 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

3. BUSINESS COMBINATIONS

For the six-month period ended September 30, 2014

No material business combinations were completed during the six-month period ended September 30, 2014.

For the six-month period ended September 30, 2013

Total E&P Energia Italia S.r.l

On March 18, 2013, Mitsui E&P Italia A S.r.l, an 89.34% owned subsidiary of the Company, entered into a definitive agreement with Total E&P Italia S.p.A, to acquire all shares of Total E&P Energia Italia S.r.l which owns a 25% participating interest in the Tempa Rossa onshore oil field in the Gorgoglione concession in Italy, for the purpose of establishing a well-balanced business portfolio and to contribute to the stable supply of energy resources in the region. This acquisition for ¥98,321 million (€757 million) was closed on June 21, 2013.

The 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 Condensed 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 Condensed Consolidated Statements of Cash Flows for the six-month period ended September 30, 2013.

4. ASSETS HELD FOR SALE

On June 16, 2014, Mitsui & Co. Steel Ltd. (“Mitsui Steel” a 100% subsidiary of the Company), 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. This integration was closed on November 1, 2014, and the integrated company became a 50% owned joint venture of Mitsui Steel. Therefore, at September 30, 2014, a part of the assets and liabilities of Mitsui Steel are presented as single line items in the assets held for sale and liabilities directly associated with assets held for sale account. These accounts mostly consist of “Trade and other receivables” and “Trade and other payables”. The assets and liabilities are included in the Iron & Steel Products Segment.

5. SEGMENT INFORMATION

Six-month period ended September 30, 2014 :	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
	Millions of Yen						
Revenue	¥ 90,739	¥ 390,155	¥ 204,081	¥ 470,243	¥ 542,889	¥ 462,527	¥ 54,425
Gross Profit	¥ 20,283	¥ 76,471	¥ 59,449	¥ 36,966	¥ 109,401	¥ 56,938	¥ 16,460
Share of Profit of Investments Accounted for Using the Equity Method	¥ 3,300	¥ 24,673	¥ 26,092	¥ 3,521	¥ 26,798	¥ 10,441	¥ 1,568
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 2,710	¥ 42,601	¥ 21,591	¥ 3,815	¥ 112,369	¥ (3,880)	¥ (4,199)
EBITDA	¥ 5,804	¥ 111,889	¥ 32,702	¥ 11,754	¥ 246,843	¥ 6,286	¥ (5,361)
Total Assets at September 30, 2014	¥ 579,386	¥ 2,016,856	¥ 1,997,726	¥ 816,906	¥ 2,533,782	¥ 1,629,599	¥ 490,120

Six-month period ended September 30, 2014 :	Americas	Europe the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenue	¥ 427,718	¥ 51,616	¥ 52,271	¥ 2,746,664	¥ 907	¥ (2)	¥ 2,747,569
Gross Profit	¥ 38,415	¥ 9,407	¥ 6,250	¥ 430,040	¥ 394	¥ (10,192)	¥ 420,242
Share of Profit of Investments Accounted for Using the Equity Method	¥ 3,900	¥ 910	¥ 3,005	¥ 104,208	¥ -	¥ (399)	¥ 103,809
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 12,558	¥ 3,248	¥ 15,215	¥ 206,028	¥ 4,460	¥ 12,172	¥ 222,660
EBITDA	¥ 15,497	¥ 38	¥ 252	¥ 425,704	¥ 383	¥ 35,978	¥ 462,065
Total Assets at September 30, 2014	¥ 592,378	¥ 106,789	¥ 357,855	¥ 11,121,397	¥ 5,086,285	¥ (3,953,359)	¥ 12,254,323

Six-month period ended September 30, 2013 :	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
	Millions of Yen						
Revenue	¥ 117,484	¥ 383,454	¥ 185,713	¥ 452,426	¥ 759,162	¥ 474,998	¥ 45,243
Gross Profit	¥ 26,798	¥ 96,978	¥ 53,880	¥ 40,063	¥ 108,885	¥ 55,307	¥ 9,199
Share of Profit of Investments Accounted for Using the Equity Method	¥ 3,115	¥ 27,886	¥ 18,332	¥ 3,167	¥ 28,418	¥ 6,311	¥ 5,965
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 6,671	¥ 50,492	¥ 14,420	¥ 6,182	¥ 98,945	¥ 1,847	¥ (4,427)
EBITDA	¥ 12,551	¥ 123,135	¥ 21,575	¥ 14,315	¥ 212,678	¥ 6,439	¥ (11,961)
Total Assets at March 31, 2014	¥ 567,741	¥ 1,970,858	¥ 1,872,585	¥ 765,751	¥ 2,478,158	¥ 1,495,387	¥ 496,533

Six-month period ended September 30, 2013 :	Americas	Europe the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
	Millions of Yen						
Revenue	¥ 341,522	¥ 52,024	¥ 51,505	¥ 2,863,531	¥ 933	¥ 3	¥ 2,864,467
Gross Profit	¥ 38,331	¥ 8,751	¥ 6,435	¥ 444,627	¥ 492	¥ (8,053)	¥ 437,066
Share of Profit of Investments Accounted for Using the Equity Method	¥ 2,855	¥ 462	¥ 2,056	¥ 98,567	¥ 10	¥ (196)	¥ 98,381
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 9,769	¥ 1,127	¥ 19,642	¥ 204,668	¥ 4,345	¥ (5,323)	¥ 203,690
EBITDA	¥ 14,166	¥ (340)	¥ 669	¥ 393,227	¥ 1,781	¥ 27,321	¥ 422,329
Total Assets at March 31, 2014	¥ 568,772	¥ 105,907	¥ 345,074	¥ 10,666,766	¥ 5,037,172	¥ (4,212,619)	¥ 11,491,319

Three-month period ended September 30, 2014 :	Millions of Yen						
	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
Revenue	¥ 46,379	¥ 198,316	¥ 103,402	¥ 251,482	¥ 263,647	¥ 241,513	¥ 27,050
Gross Profit	¥ 10,158	¥ 31,425	¥ 32,036	¥ 18,471	¥ 56,474	¥ 30,667	¥ 6,975
Share of Profit of Investments Accounted for Using the Equity Method	¥ 2,774	¥ 2,754	¥ 11,099	¥ 1,985	¥ 13,068	¥ 4,194	¥ 390
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 1,672	¥ 3,946	¥ 10,018	¥ 1,257	¥ 55,697	¥ (4,049)	¥ (3,339)
EBITDA	¥ 3,697	¥ 40,610	¥ 16,187	¥ 5,620	¥ 127,343	¥ 3,487	¥ (6,233)

Three-month period ended September 30, 2014 :	Millions of Yen						
	Americas	Europe the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	¥ 194,866	¥ 24,167	¥ 25,792	¥ 1,376,614	¥ 431	¥ (2)	¥ 1,377,043
Gross Profit	¥ 20,058	¥ 5,064	¥ 3,375	¥ 214,703	¥ 170	¥ (5,020)	¥ 209,853
Share of Profit of Investments Accounted for Using the Equity Method	¥ 1,631	¥ 474	¥ 1,321	¥ 39,690	-	¥ (201)	¥ 39,489
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 6,801	¥ 2,164	¥ 4,869	¥ 79,036	¥ 2,607	¥ 13,211	¥ 94,854
EBITDA	¥ 7,972	¥ 196	¥ (241)	¥ 198,638	¥ 685	¥ 18,575	¥ 217,898

Three-month period ended September 30, 2013 :	Millions of Yen						
	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
Revenue	¥ 59,173	¥ 198,382	¥ 91,987	¥ 229,640	¥ 377,819	¥ 254,775	¥ 30,767
Gross Profit	¥ 12,369	¥ 47,227	¥ 26,178	¥ 19,753	¥ 58,720	¥ 27,408	¥ 11,666
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 1,681	¥ 1,288	¥ 6,426	¥ 1,651	¥ 11,858	¥ 4,534	¥ 1,721
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 3,646	¥ 10,883	¥ 4,621	¥ 2,279	¥ 34,290	¥ 2,944	¥ (2,700)
EBITDA	¥ 5,286	¥ 47,006	¥ 7,599	¥ 6,397	¥ 91,569	¥ 3,054	¥ (53)

Three-month period ended September 30, 2013 :	Millions of Yen						
	Americas	Europe the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	¥ 165,161	¥ 23,967	¥ 25,043	¥ 1,456,714	¥ 453	¥ 7	¥ 1,457,174
Gross Profit	¥ 18,896	¥ 4,427	¥ 2,971	¥ 229,615	¥ 238	¥ (4,116)	¥ 225,737
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 1,135	¥ 377	¥ 1,031	¥ 31,702	¥ (257)	¥ (173)	¥ 31,272
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 4,799	¥ 710	¥ 8,942	¥ 70,414	¥ 1,204	¥ (896)	¥ 70,722
EBITDA	¥ 6,365	¥ (20)	¥ (69)	¥ 167,134	¥ 769	¥ 14,279	¥ 182,182

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 September 30, 2014 and March 31, 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 Period Attributable to 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.

(4) Since the three-month period ended June 30, 2014, EBITDA has been disclosed by reportable segments as the information of the operating segments periodically reviewed by the management. EBITDA is comprised of the companies' (a) gross profit, (b) selling, general and administrative expenses, (c) dividend income and (d) share of profit of investments accounted for using the equity method as presented in Condensed Consolidated Statements of Income and (e) depreciation and amortization as presented in Condensed Consolidated Statements of Cash Flows.

6. ACQUISITIONS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT

The amounts of acquisitions of property, plant and equipment for the six-month periods ended September 30, 2014 and 2013 are ¥200,702 million and ¥286,418 million, respectively.
The amounts of disposals of property, plant and equipment for the six-month periods ended September 30, 2014 and 2013 are ¥9,582 million and ¥12,856 million, respectively.

7. IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES FOR ASSETS

The amount of impairment losses for assets for the six-month periods ended September 30, 2014 and 2013 were not material.

The amount of reversals of impairment losses for assets for the six-month period ended September 30, 2014 was not material. For the six-month period ended September 30, 2013, 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 the market price.

8. ISSUES, REPURCHASES AND REPAYMENTS OF FINANCIAL INSTRUMENTS

The total amount of repaid bonds for the six-month period ended September 30, 2014 was not material.
The total amount of issued bonds for the six-month period ended September 30, 2014 was ¥35,237 million.
The total amount of repaid bonds for the six-month period ended September 30, 2013 was ¥40,204 million.
The total amount of issued bonds for the six-month period ended September 30, 2013 was not material.

9. EQUITY

Changes in other components of equity for the six-month periods ended September 30, 2014 and 2013 were as follows:

	Millions of Yen			
	Six-month period ended September 30, 2014		**Six-month period ended September 30, 2013**	
Financial Assets Measured at FVTOCI:				
Balance at beginning of period	¥	369,267	¥	335,847
Increase (decrease) during the period		49,689		39,428
Transfer to retained earnings		(17,916)		(17,849)
Balance at end of period	¥	401,040	¥	357,426
Remeasurements of Defined Benefit Pension Plans:				
Balance at beginning of period	¥	-	¥	-
Increase (decrease) during the period		(753)		(779)
Transfer to retained earnings		753		779)
Balance at end of period	¥	-	¥	-
Foreign Currency Translation Adjustments:				
Balance at beginning of period	¥	413,931	¥	311,934
Increase (decrease) during the period		81,991		(25,642)
Balance at end of period	¥	495,922	¥	286,292
Cash Flow Hedges:				
Balance at beginning of period	¥	(16,567)	¥	(32,998)
Increase (decrease) during the period		(9,061)		8,911
Balance at end of period	¥	(25,628)	¥	(24,087)
Total:				
Balance at beginning of period	¥	766,631	¥	614,783
Increase (decrease) during the period		121,866		21,918
Transfer to retained earnings		(17,163)		(17,070)
Balance at end of period	¥	871,334	¥	619,631

10. DIVIDENDS

During the six-month periods ended September 30, 2014 and 2013, the Company paid dividends of ¥34 per share (total dividend of ¥60,955 million) and ¥21 per share (total dividend of ¥38,334 million), respectively.

11. 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 six-month and three-month periods ended September 30, 2014 and 2013:

	Six-month Period Ended September 30, 2014			**Six-month Period Ended September 30, 2013**		
	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:	¥ 222,660	1,792,509	¥ 124.22	¥ 203,690	1,825,145	¥ 111.60
Effect of dilutive securities:						
Adjustment of effect of:						
Dilutive securities of associated companies…	(7)	-		(4)	-	
Stock options …………………………………	-	257		-	-	
Diluted earnings per share attributable to owners of the parent:	¥ 222,653	1,792,766	¥ 124.20	¥ 203,686	1,825,145	¥ 111.60

	Three-month Period Ended September 30, 2014			**Three-month Period Ended September 30, 2013**		
	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:	¥ 94,854	1,792,508	¥ 52.92	¥ 70,722	1,825,143	¥ 38.75
Effect of dilutive securities:						
Adjustment of effect of:						
Dilutive securities of associated companies…	(4)	-		(4)	-	
Stock options …………………………………	-	257		-	-	
Diluted earnings per share attributable to owners of the parent:	¥ 94,850	1,792,765	¥ 52.91	¥ 70,718	1,825,143	¥ 38.75

12. 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 of the companies' guarantees as of September 30, 2014 and March 31, 2014. 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, result of operations, or cash flows of the companies is remote at September 30, 2014.

	Millions of Yen			
	September 30, 2014		**March 31, 2014**	
Type of guarantees:				
Guarantees for third parties	¥	143,825	¥	189,591
Guarantees for the investments accounted for using the equity method		461,140		379,792
Others		6,704		7,095
Total	¥	611,669	¥	576,478

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 September 30, 2014 and March 31, 2014, will expire through 2023.

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 September 30, 2014 and March 31, 2014, will expire through 2023 and 2022, respectively.

The table below summarizes the maximum potential amount of future payments for the companies' guarantees by the remaining contractual period as of September 30, 2014 and March 31, 2014.

	Millions of Yen			
	September 30, 2014		**March 31, 2014**	
Within 1 year	¥	144,495	¥	116,863
After 1 to 5 years		277,924		252,316
After 5 years		189,250		207,299
Total	¥	611,669	¥	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, results of operations, or cash flows of the Company.

13. 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 assets or liabilities, 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 assets or liabilities
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3:
Unobservable inputs for the assets or liabilities.

(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 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 September 30, 2014 and March 31, 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 September 30, 2014 and March 31, 2014 were as follows. No assets or liabilities were transferred between level 1 and 2 for the six-month period ended September 30, 2014 and for the year ended March 31, 2014.

	Millions of Yen				
September 30, 2014	**Fair value measurements using**				
	Level 1	**Level 2**	**Level 3**	**Netting adjustments***	**Total fair value**
Assets:					
Other investments:					
Financial assets measured at FVTPL	¥ 3,730	–	¥ 42,399		
Financial assets measured at FVTOCI	547,043	–	1,041,926		
Total other investments	¥ 550,773	–	¥ 1,084,325	–	¥ 1,635,098
Derivative assets:					
Foreign exchange contracts	–	¥ 100,456	–		
Interest rate contracts	–	36,891	–		
Commodity contracts	¥ 60,679	451,269	¥ 109		
Other contracts	–	–	3,185		
Total derivative assets	¥ 60,679	¥ 588,616	¥ 3,294	¥ (434,940)	¥ 217,649
Inventories	–	¥ 210,484	–	–	¥ 210,484
Total assets	¥ 611,452	¥ 799,100	¥ 1,087,619	¥ (434,940)	¥ 2,063,231
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	–	¥ 112,906	–		
Interest rate contracts	–	10,608	–		
Commodity contracts	¥ 45,084	475,245	¥ 281		
Total derivative liabilities	¥ 45,084	¥ 598,759	¥ 281	¥ (447,321)	¥ 196,803
Total liabilities	¥ 45,084	¥ 598,759	¥ 281	¥ (447,321)	¥ 196,803

March 31, 2014	Millions of Yen				
	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 six-month period ended September 30, 2014 and 2013 were as follows:

	Millions of Yen	
	Six-month period ended September 30, 2014	**Six-month period ended September 30, 2013**
Balance at beginning of period	¥ 990,593	¥ 894,092
Other comprehensive income	14,329	(16,030)
Purchases	7,751	81,217
Sales	(3,567)	(9,326)
Transfers into Level 3	–	–
Transfers out of Level 3	–	(11,402)
Others	32,820	23,641
Balance at end of period	¥ 1,041,926	¥ 962,192

Note: "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 Condensed 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 six-month period ended September 30, 2013.

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 September 30, 2014 and March 31, 2014 were as follows:

September 30, 2014	**Valuation Technique**	**Principal Unobservable Input**	**Range**
Financial assets measured at FVTOCI	Income approach	Discount rate	6.6%~13.9%

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.

(4) 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 approximately equal their respective carrying amounts. The fair values of non-current receivables with fixed rate and long-term debt with fixed rate 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 September 30, 2014 and March 31, 2014 were as follows. The fair values of current financial assets and current financial liabilities are not disclosed because the carrying amounts are approximately the same as their fair values on a reasonable basis.

	Millions of Yen			
	September 30, 2014		March 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Investments and non-current receivables				
Trade and other miscellaneous receivables	¥ 513,511	¥ 514,329	¥ 530,596	¥ 533,089
Non-current liabilities				
Long-term debts (non-current portion) and other miscellaneous liabilities	¥ 3,841,099	¥ 3,922,703	¥ 4,035,867	¥ 4,116,887

Trade and other miscellaneous receivables include loans receivable. Long-term debts (non-current portion) and other miscellaneous liabilities include borrowings and bonds.

14. SUBSEQUENT EVENTS

Cameron LNG Export Project

In relation to the natural gas liquefaction business in the United States through a wholly owned subsidiary and LNG marketing business, all necessary conditions, including acquisition of licenses from the U.S. Department of Energy for the export of domestically produced LNG to countries that do not have a free trade agreement with the United States, were satisfied. As a result, the natural gas tolling liquefaction agreement with Cameron LNG, LLC ("Cameron LNG") and the joint venture agreement for Cameron LNG Holdings, LLC, which is a Cameron LNG's holding company, became effective on October 1, 2014.

In relation to the borrowings of USD7.4 billion by Cameron LNG, the project entity, from financial institutions, the Company provided a completion guarantee proportionate to its equity interests (16.6%) for the construction of the natural gas liquefaction facilities.
Under the natural gas tolling liquefaction agreement, a wholly owned subsidiary of the Company has secured four million tonnes per annum of LNG tolling capacity for 20 years following the inception of production of LNG scheduled for 2018, for which a wholly owned subsidiary of the Company will pay a tolling service fee.

In addition, the Company is proceeding with the procurement of eight LNG ships intended to be used for the delivery of LNG mainly to its customers in Japan and has entered into time charter contracts for five LNG ships, including contracts for two ships with ship-owning companies in which the Company invests, for a total maximum hire amount of approximately 400 billion yen for charter period of maximum 25 years starting from 2017 or 2018.

Corresponding to the cost from the above contracts, the Company also entered into long term LNG sales contracts with customers mainly in Japan.

Interim Dividend

On November 6, 2014, the Board of Directors approved the payment of cash dividend to shareholders of record on September 30, 2014 of ¥32 per share or a total of ¥57,369 million.

15. AUTHORIZATION OF THE ISSUE OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The issue of Condensed Consolidated Financial Statements was authorized by Masami Iijima, Representative Director, President and CEO, and Joji Okada, Representative Director, Executive Vice President and CFO, on November 13, 2014.