

Quarterly Securities Report
for the Nine-Month Period Ended December 31, 2015

English translation of certain items disclosed in the Quarterly Securities Report for the nine-month period ended December 31, 2015, which were filed with the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on February 12, 2016.

Mitsui & Co., Ltd.

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

1. Overview of Mitsui and Its Subsidiaries

1. Selected Financial Data

As of or for the periods ended December 31, 2015 and 2014 and as of or for the year ended March 31, 2015

	In millions of Yen, except amounts per share and other				
	Nine-month period ended December 31, 2015	Nine-month period ended December 31, 2014	Three-month period ended December 31, 2015	Three-month period ended December 31, 2014	As of or for the year ended March 31, 2015
Consolidated financial data					
Revenue	¥ 3,674,115	¥ 4,166,979	¥ 1,176,283	¥ 1,419,410	¥ 5,404,930
Gross profit	¥ 565,231	¥ 640,695	¥ 174,640	¥ 220,453	¥ 845,840
Profit for the period attributable to owners of the parent	¥ 134,438	¥ 254,415	¥ 3,797	¥ 31,755	¥ 306,490
Comprehensive income for the period attributable to owners of the parent	¥ (137,102)	¥ 444,301	¥ (5,063)	¥ 100,897	¥ 406,583
Total trading transactions	¥ 7,386,105	¥ 8,293,912	¥ 2,378,127	¥ 2,818,577	¥ 10,827,831
Total equity attributable to owners of the parent	¥ -	¥ -	¥ 3,846,462	¥ 4,136,602	¥ 4,099,795
Total assets	¥ -	¥ -	¥ 11,745,193	¥ 12,682,326	¥ 12,202,921
Basic earnings per share attributable to owners of the parent (Yen)	¥ 75.00	¥ 141.93	¥ 2.12	¥ 17.72	¥ 170.98
Diluted earnings per share attributable to owners of the parent (Yen)	¥ 74.98	¥ 141.91	¥ 2.12	¥ 17.71	¥ 170.95
Equity attributable to owners of the parent ratio	-	-	32.75%	32.62%	33.60%
Cash flows from operating activities	¥ 401,861	¥ 469,040	¥ -	¥ -	¥ 639,967
Cash flows from investing activities	¥ (275,821)	¥ (257,504)	¥ -	¥ -	¥ (386,397)
Cash flows from financing activities	¥ (103,038)	¥ (58,967)	¥ -	¥ -	¥ (126,193)
Cash and cash equivalents at end of period	¥ -	¥ -	¥ 1,408,750	¥ 1,438,971	¥ 1,400,770

(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 nine-month period ended December 31, 2015.

Effective April 1, 2015, we transferred some businesses across reportable operating segments. For details, see Note 4, "SEGMENT INFORMATION."

2. Operating and Financial Review and Prospects

1. Risk Factors

For the nine-month period ended December 31, 2015, there is no significant change in risk factors which were described on our Annual Securities Report for the year ended March 31, 2015.

2. Material Contracts

For the nine-month period ended December 31, 2015, we have not been a party to any sales contract, license of franchise contract, or business tie-up contract that on its own has a significant effect on our operating results, and there has not been any assignment of a transfer of business that on its own has a significant effect on our total assets. There are no contracts or other items which are significant in terms of our operations.

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

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

Forward-looking statements were made as of December 31, 2015, unless otherwise indicated.

(1) Operating Environment

The following is an overview of the operating environment for the nine-month period ended December 31, 2015, and thereafter.

The global economy gained support for recovery from developed countries, primarily the U.S., yet growth overall remained extremely sluggish as a consequence of the Chinese economic slowdown infecting economies worldwide through channels of trade and investment.

The United States economy faced weakening exports due to the strong dollar and the slowdown in emerging economies, but still continued on a robust expansionary track underpinned by rising consumer spending against a backdrop of employment gains and lower crude oil prices, along with a modest recovery in the housing market.

In the Japanese economy, the employment and income environment proved favorable but recovery was slow due to lackluster exports resulting from the slowdown in emerging economies and stagnating production as a consequence of an increasingly guarded corporate mindset.

The European economy, which had reaped the benefits of monetary easing along with euro depreciation and lower crude oil prices, remained on a path of gradual recovery fueled by domestic demand centered on personal consumption. In the Chinese economy, growth continued to slow due to stagnant industrial production and fixed asset investment combined with falling exports, amid an ongoing scenario of reductions in excess production capacity and corrections in the property market.

As for other emerging countries, the situation varied depending on the country. For instance, performance was strong in India amid its pursuit of structural reforms, but the economy pulled back in Brazil and Russia given their high degree of dependency on resource exports.

The spot reference price for iron ore CFR North China (Fe 62%) remained soft against a backdrop of slowing Chinese economic growth, and was in the range of around US\$40 - 50 per ton in and after November. The Dubai Crude spot price sharpened its downward trend from November onward and plunged to nearly US\$30 per barrel, largely due to sluggish growth in demand and anticipation of increasing supply attributable to the lifting of economic sanctions on Iran.

As for the global economy outlook, although the likelihood of the U.S. and other major developed countries propping up economic conditions remains unchanged, a scenario of extremely slow recovery is apt to persist overall amid ongoing economic slowdown in emerging countries. On the other hand, there are many risk factors at hand including those of the volatility in commodities markets worldwide, a continuance of the substantial slowdown in China's economy going forward, and the prospect of funds flowing out of emerging countries at an even faster pace. While paying full attention to these risk factors, we will continue to conduct our business operations with a long-term perspective.

(2) Results of Operations

1) Analysis of Consolidated Income Statements

Revenue

Mitsui & Co., Ltd. ("Mitsui") and its subsidiaries (collectively "we") recorded total revenue of ¥3,674.1 billion for the nine-month period ended December 31, 2015 ("current period"), a decline of ¥492.9 billion from ¥4,167.0 billion for the corresponding nine-month period of the previous year ("previous period").

- Revenue from sales of products for the current period was ¥3,253.6 billion, a decline of ¥467.9 billion from ¥3,721.5 billion for the previous period, as a result of the following:
 - The Energy Segment reported a decline of ¥246.7 billion. Petroleum trading operations recorded a decline of ¥200.8 billion reflecting lower crude oil prices. Furthermore, oil and gas producing operations recorded a decline of ¥48.6 billion reflecting lower crude oil and gas prices.
 - The Chemicals Segment reported a decline of ¥83.0 billion due to a decline in trading volume and lower prices of chemicals in China.
 - The Mineral & Metal Resources Segment reported a decline of ¥63.9 billion. Iron ore operations in Australia reported a decline of ¥64.2 billion due to lower prices.
 - The Americas Segment reported a decline of ¥35.7 billion due to a decline in sales volume of oil and gas well tubular products and a transfer of Ellison Technologies Inc., a machine tools sales company in the United States, to the Machinery & Infrastructure Segment in spite of an increase in Novus International, Inc. from higher methionine prices.
 - The Iron & Steel Products Segment reported a decline of ¥32.9 billion mainly due to a transfer of domestic structural product and metal scrap businesses from Mitsui & Co. Steel Ltd. to Metal One Mitsui Bussan Resources & Structural Steel Corporation (now called MM & KENZAI Corporation), which is an equity accounted investee.
- Revenue from rendering of services for the current period was ¥300.0 billion, a decline of ¥21.5 billion from ¥321.5 billion for the previous period.
- Other revenue for the current period was ¥120.5 billion, a decline of ¥3.4 billion from ¥123.9 billion for the previous period.

Gross Profit

Gross profit for the current period was ¥565.2 billion, a decline of ¥75.5 billion from ¥640.7 billion for the previous period.

- The Energy Segment reported a decline of ¥68.9 billion. Mitsui E&P Middle East B.V. reported a decline of ¥25.6 billion mainly due to lower crude oil prices despite higher production. Mitsui Oil Exploration Co., Ltd. reported a decline of ¥21.2 billion from lower crude oil prices and higher production costs, which was partially offset by higher production and the positive impact of exchange rate fluctuations and Mitsui E&P Australia Pty Limited reported a decline of ¥13.1 billion from lower crude oil prices in spite of partially off-setting increased production and cost reduction. Furthermore, Mitsui E&P USA LLC reported a decline of ¥11.1 billion from lower gas prices in spite of cost reductions and MEP Texas Holdings LLC reported a decline of ¥3.1 billion due to lower crude oil prices which more than off-set the effects of cost reductions and higher production. Meanwhile, an increase of ¥4.5 billion was recorded mainly as a reversal of losses on LNG trading in the previous period.
- The Mineral & Metal Resources Segment reported a decline of ¥35.0 billion. Iron ore mining operations in Australia reported a decline of ¥38.2 billion due to lower iron ore prices, which was partially offset by the positive impact of exchange rate fluctuations and cost reductions. Meanwhile, Mitsui Coal Holdings Pty. Ltd. reported an increase of ¥4.4 billion reflecting the positive impact of exchange rate and cost reduction, which was partially offset by lower coal prices.

- The Americas Segment reported an increase of ¥22.0 billion. Novus International, Inc. reported an increase of ¥31.9 billion due to higher methionine prices and lower costs. Meanwhile, Champions Pipe & Supply, Inc. reported a decline of ¥3.8 billion due to a decline in sales volume of oil and gas well tubular products reflecting lower crude oil prices.

Other Income (Expenses)

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the current period were ¥428.0 billion, a decline of ¥4.4 billion from ¥432.4 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	221.1	11.4	25.5	6.1	36.2
Previous Period	220.0	10.9	26.3	6.3	36.0
Change	1.1	0.5	(0.8)	(0.2)	0.2

(Billions of Yen)	Rent	Depreciation	Tax	Provision for doubtful receivables	Others	Total
Current Period	20.3	11.3	6.4	10.5	79.2	428.0
Previous Period	17.1	11.1	7.7	11.9	85.1	432.4
Change	3.2	0.2	(1.3)	(1.4)	(5.9)	(4.4)

Gain (Loss) on Securities and Other Investments—Net

Gain on securities and other investments for the current period was ¥31.2 billion, an increase of ¥9.0 billion from ¥22.2 billion for the previous period.

- For the current period, a ¥15.5 billion gain due to valuation of fair value on shares in Hutchison China MediTech (including a ¥10.1 billion gain on shares in Hutchison MediPharma Holdings before a share exchange with Hutchison China MediTech) and a ¥6.2 billion reversal gain of impairment loss on investments for Relia, Inc. (former Moshi Moshi Hotline, Inc.) reflecting the share price rise were recorded. Furthermore, a ¥3.5 billion gain on sales of stakes in relation to automobile business was recorded.
- For the previous period, ¥9.1 billion and ¥6.5 billion gains on the sales of the stake in Silver Bell Mining, LLC and Shanghai Senmao International Real Estate Co., Ltd. were recorded, respectively.

Impairment Reversal (Loss) of Fixed Assets—Net

Loss on fixed assets for the current period was ¥0.6 billion, a decline of ¥73.4 billion from ¥74.0 billion of loss for the previous period.

- For the current period, a ¥5.2 billion loss was recorded at Mitsui E&P UK Limited on fixed assets as a result of changes in estimation of asset retirement costs at oil and gas fields in the North Sea. Furthermore, a ¥4.1 billion impairment loss on fixed assets was recorded at Multigrain Trading AG. Meanwhile, an ¥11.8 billion reversal of impairment was recorded at Tokyo International Air Cargo Terminal Ltd.
- Reflecting the decline in oil prices, MEP Texas Holdings LLC recorded an impairment loss of ¥58.9 billion related to Eagle Ford shale gas and oil producing operations and Mitsui E&P UK Limited recorded an impairment loss of

¥13.8 billion related to oil and gas fields in the North Sea area for the previous period.

Gain (Loss) on Disposal or Sales of Fixed Assets—Net

Loss on disposal or sales of fixed assets for the current period was ¥9.3 billion, a deterioration of ¥9.4 billion from ¥0.1 billion of gain for the previous period.

- For the current period, a retirement loss of ¥21.5 billion was recorded at Mitsui E&P Middle East B.V. Furthermore, a demolition expense of ¥3.0 billion on the head office building was recorded due to the integrated development scheme in the Otemachi 1-Chome 2-Banchi district. Meanwhile, an ¥11.6 billion gain on the sales of buildings in Japan was recorded.
- There were miscellaneous small transactions for the previous period.

Other Expense—Net

Other expense for the current period was ¥20.3 billion, a decline of ¥0.7 billion from ¥21.0 billion for the previous period.

- For the current period, exploration expenses totaled ¥11.0 billion, including those recorded at oil and gas producing businesses. A ¥6.3 billion impairment loss on goodwill on Multigrain Trading AG was recorded. Furthermore, Mitsui Oil Exploration Co., Ltd. recorded a foreign exchange translation loss of ¥3.1 billion related to foreign currency deposits.
- For the previous period, exploration expenses totaled ¥17.9 billion, including those recorded at oil and gas producing businesses. The Lifestyle Segment recorded foreign exchange losses of ¥6.2 billion in the coffee trading business at Mitsui, which corresponded to related gross profit in the same segment. Mitsui E&P UK Limited recorded an impairment loss of ¥4.8 billion on goodwill related to oil and gas fields in the North Sea area, reflecting the decline in oil prices. Meanwhile, Mitsui Oil Exploration Co., Ltd. recorded a foreign exchange translation gain of ¥5.4 billion related to foreign currency deposits. The Innovation & Corporate Development Segment recorded foreign exchange gains of ¥4.4 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 ¥23.2 billion, a decline of ¥2.2 billion from ¥25.4 billion for the previous period.

Dividend Income

Dividend income for the current period was ¥49.1 billion, a decline of ¥47.6 billion from ¥96.7 billion for the previous period.

- Dividends from six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3 and Equatorial Guinea) were ¥29.7 billion in total, a decline of ¥45.2 billion from ¥74.9 billion for the previous period.

Interest Expense

Interest expense for the current period was ¥37.9 billion, a decline of ¥0.6 billion from ¥38.5 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	0.17%	0.20%
U.S. dollar	0.35%	0.23%

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 ¥88.6 billion, a decline of ¥61.3 billion from ¥149.9 billion for the previous period.

- IPP businesses recorded a deterioration of ¥22.2 billion mainly due to a one-time negative impact on IPP businesses from lower electricity prices and obsolete power plants.
- SCM Minera Lumina Copper Chile, the project company for the Caserones Copper Mine, reported a deterioration of ¥22.2 billion due to an effect of ¥19.8 billion impairment loss on fixed assets reflecting lower copper prices.
- Japan Australia LNG (MIMI) Pty. Ltd reported a decline due to lower oil prices.
- Robe River Mining Co. Pty. Ltd. reported a decline of ¥9.4 billion due to lower iron ore prices, which was partially offset by the positive impact of exchange rate fluctuations, cost reduction and income from infrastructure usage.
- Mitsui Oil Exploration Co., Ltd. reported a decline of ¥9.1 billion from an impairment and lower crude oil prices in relation to its Gulf of Thailand business.
- Valepar S.A. recorded a decline of ¥8.1 billion due to lower iron ore prices and foreign exchange valuation losses, which was partially offset by recognition of a deferred tax asset reflecting the tax system revision in Brazil.
- Compañía Minera Doña Inés de Collahuasi, a copper mining company in Chile, recorded a decline of ¥4.8 billion reflecting lower copper prices.
- Inversiones Mineras Acrux SpA, a copper mining company in Chile, recorded an increase of ¥11.1 billion due to the reversal effect of additional recognition of a deferred tax liability reflecting the tax system revision in Chile for the previous period.
- For the previous period, research and development cost incurred for the development of a new aircraft engine with General Electric Company was recorded.
- The LNG receiving terminal project in Mexico recorded an increase of ¥6.5 billion mainly due to a change in lease accounting treatment and there was a new contribution of ¥3.5 billion from a truck leasing and rental businesses in North America.
- Furthermore, a one-time positive impact in relation to Toyo Engineering Corporation was recorded reflecting the difference between loss estimates and actual amounts.

Income Taxes

Income taxes for the current period were ¥110.0 billion, an increase of ¥3.2 billion from ¥106.8 billion for the previous period.

- For the previous period, tax burden was reduced in relation to income taxes recognized as other comprehensive income corresponding to sales of financial assets measured at FVTOCI.
- Subsidiaries whose functional currency and currency used to calculate tax profit differ recorded an increase in tax burden on taxable temporary difference arising from depreciation of currency used to calculate tax profit against functional currency.
- Profit before income taxes for the current period was ¥261.3 billion, a decline of ¥107.9 billion from ¥369.2 billion for the previous period. In response, applicable income taxes also declined.
- For the previous period, a ¥12.0 billion negative impact on deferred tax was caused by the repeal of the Australian Mineral Resource Rent Tax (“MRRT”).

The effective tax rate for the current period was 42.1%, an increase of 13.2% from 28.9% for the previous period. The major factors for the increase were the decline in reduced tax burden corresponding to sale of financial assets measured at FVTOCI for the previous period and effects on depreciation of currency used to calculate tax profit. Furthermore, a decline in no-tax or low-tax income such as dividend income and non-recognition of tax effects on losses caused an increase in the effective tax rate. Meanwhile, the major factor for the decline was the negative impact for the previous period on a deferred tax caused by the repeal of the Australian Mineral Resource Rent Tax (“MRRT”).

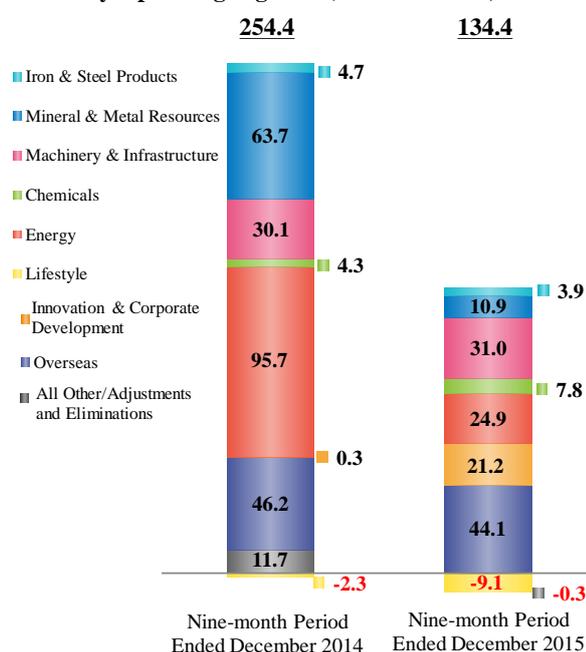
Profit for the Period

As a result of the above factors, profit for the period was ¥151.4 billion, a decline of ¥111.0 billion from ¥262.4 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 ¥134.4 billion, a decline of ¥120.0 billion from ¥254.4 billion for the previous period.

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



2) EBITDA

We use EBITDA as a measure of underlying earning power.

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)		469.0	665.4	(196.4)
Gross profit	a	565.2	640.7	(75.5)
Selling, general and administrative expenses	b	(428.0)	(432.4)	+ 4.4
Dividend income	c	49.1	96.7	(47.6)
Profit of equity method investments (*2)	d	88.6	149.9	(61.3)
Depreciation and amortization	e	194.0	210.5	(16.5)

*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

From the current period, for the purpose of disclosing each operating segment’s EBITDA more properly, profits and losses associated with EBITDA of jointly invested subsidiaries by several segments are allocated using “Profit of equity method investments”, and service fees received from affiliated companies are either added up as “Gross profit” or deducted from “Selling, general and administrative expenses” according to its content. Furthermore, Media Business Div., included in the Lifestyle Segment, was transferred to the Innovation & Corporate Development Segment. In accordance with the aforementioned changes, the operating segment information for the previous period has been restated to conform to the current period presentation.

Iron & Steel Products Segment

(Billions of Yen)		Current Period	Previous Period	Change
EBITDA		8.9	9.9	(1.0)
Gross profit		25.1	30.2	(5.1)
Selling, general and administrative expenses		(21.9)	(26.9)	+5.0
Dividend income		2.0	1.6	+0.4
Profit of equity method investments		3.0	4.1	(1.1)
Depreciation and amortization		0.8	0.9	(0.1)
Profit for the period attributable to owners of the parent		3.9	4.7	(0.8)

EBITDA declined by ¥1.0 billion, mainly due to the following factors:

Gross profit declined by ¥5.1 billion. Mitsui & Co. Steel Ltd. reported a decline of ¥3.3 billion, mainly due to a transfer of domestic structural product and metal scrap businesses to Metal One Mitsui Bussan Resources & Structural Steel Corporation (now called MM & KENZAI Corporation) which is an equity accounted investee.

Selling, general and administrative expenses declined by ¥5.0 billion.

Profit of equity method investments declined by ¥1.1 billion.

Profit for the period attributable to owners of the parent declined by ¥0.8 billion.

Mineral & Metal Resources Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	61.0	121.8	(60.8)
Gross profit	80.6	115.6	(35.0)
Selling, general and administrative expenses	(27.4)	(30.1)	+2.7
Dividend income	1.0	1.5	(0.5)
Profit of equity method investments	(29.0)	(1.5)	(27.5)
Depreciation and amortization	35.9	36.3	(0.4)
Profit for the period attributable to owners of the parent	10.9	63.7	(52.8)

EBITDA declined by ¥60.8 billion, mainly due to the following factors:

Gross profit declined by ¥35.0 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 as in the previous period, such as the daily average of spot reference prices for the current quarter of shipments, and the daily average of spot reference prices for the shipment month.

Mitsui Iron Ore Development Pty. Ltd. reported a decline of ¥31.9

billion reflecting lower iron ore prices, which was partially offset by the positive impact of exchange rate fluctuations, cost reduction and income from infrastructure usage. Mitsui-Itochu Iron Pty. Ltd. reported a decline of ¥6.1 billion reflecting lower iron ore prices, which was partially offset by cost reductions and the positive impact of exchange rate fluctuations. Meanwhile, Mitsui Coal Holdings Pty. Ltd. reported an increase of ¥4.4 billion reflecting the positive impact of exchange rate and cost reduction, which was partially offset by lower coal prices.

Profit of equity method investments declined by ¥27.5 billion.

- SCM Minera Lumina Copper Chile, the project company for the Caserones Copper Mine, reported a loss of ¥21.9 billion due to an effect of ¥19.8 billion impairment loss on fixed assets reflecting lower copper prices, which was a deterioration of ¥22.2 billion from ¥0.3 billion profit for the previous period.
- Profit from Robe River Mining Co. Pty. Ltd. was ¥17.1 billion, a decline of ¥9.4 billion from ¥26.5 billion due to lower iron ore prices, which was partially offset by the positive impact of exchange rate fluctuations, cost reduction and income from infrastructure usage.
- Valepar S.A. posted a loss of ¥1.0 billion, a decline of ¥8.1 billion from a profit of ¥7.1 billion for the previous period due to lower iron ore prices and foreign exchange valuation losses which was partially offset by recognition of a deferred tax asset reflecting the tax system revision in Brazil.
- Compañía Minera Doña Inés de Collahuasi, a copper mining company in Chile, recorded a profit of ¥1.7 billion



which was a decline of ¥4.8 billion from a profit of ¥6.5 billion for the previous period reflecting lower copper prices.

- Inversiones Mineras Acrux SpA, a copper mining company in Chile, recorded a loss of ¥2.5 billion which was an increase of ¥11.1 billion from a loss of ¥13.6 billion for the previous period, due to the reversal effect of additional recognition of a deferred tax liability reflecting the tax system revision in Chile.
- Allocation to other segments declined by ¥8.5 billion mainly due to the negative impact from lower iron ore prices on iron ore mining operations in Australia, jointly invested with the Asia Pacific Segment.

Profit for the period attributable to owners of the parent declined by ¥52.8 billion. In addition to the above, the following factors also affected results:

- A ¥12.0 billion negative impact on a deferred tax was caused by the repeal of the MRRT for the previous period.
- A ¥4.5 billion gain on the sale of the stake in Silver Bell Mining, LLC was recorded for the previous period.

Machinery & Infrastructure Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	51.7	52.0	(0.3)
Gross profit	96.0	96.7	(0.7)
Selling, general and administrative expenses	(95.6)	(94.5)	(1.1)
Dividend income	3.0	3.0	0.0
Profit of equity method investments	34.3	32.2	+2.1
Depreciation and amortization	14.1	14.6	(0.5)
Profit for the period attributable to owners of the parent	31.0	30.1	+ 0.9

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

Gross profit declined by ¥0.7 billion.

- The Infrastructure Projects Business Unit reported an increase of ¥0.3 billion.
- The Integrated Transportation Systems Business Unit reported a decline of ¥1.0 billion.

Profit of equity method investments increased by ¥2.1 billion.

- The Infrastructure Projects Business Unit reported a decline of ¥11.8 billion.
IPP businesses posted a loss of ¥6.5 billion in total, a deterioration of ¥22.2 billion from a profit of ¥15.7 billion for the previous period.
 - For the current period, a one-time negative impact was recorded due to lower electricity prices and obsolete power plants.
 - Mark-to-market valuation gains and losses, such as those on long-term power derivative contracts and long-term fuel purchase contracts, deteriorated by ¥2.0 billion to a loss of ¥1.3 billion from a gain of ¥0.7 billion for the previous period.

The LNG receiving terminal project in Mexico recorded an increase of ¥6.5 billion mainly due to a change in lease accounting treatment. Furthermore, a one-time positive impact in relation to Toyo Engineering Corporation was recorded reflecting the difference between loss estimates and actual amounts.

- The Integrated Transportation Systems Business Unit reported an increase of ¥13.8 billion. For the current period, there was a new contribution of ¥3.5 billion from a truck leasing and rental businesses in North America.

Meanwhile, this Business Unit recorded research and development costs incurred for the development of a new aircraft engine with General Electric Company for the previous period.

Profit for the period attributable to owners of the parent increased by ¥0.9 billion. In addition to the above, the following factors also affected results:

- For the current period, an ¥11.8 billion reversal gain of impairment loss was recorded at Tokyo International Air Cargo Terminal Ltd.

Chemicals Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	22.5	16.5	+6.0
Gross profit	57.0	54.2	+2.8
Selling, general and administrative expenses	(49.4)	(52.0)	+2.6
Dividend income	1.2	1.0	+0.2
Profit of equity method investments	6.7	5.2	+1.5
Depreciation and amortization	7.0	8.0	(1.0)
Profit for the period attributable to owners of the parent	7.8	4.3	+3.5

EBITDA increased by ¥6.0 billion, mainly due to the following factors:

Gross profit increased by ¥2.8 billion.

- The Basic Chemicals Business Unit reported an increase of ¥2.1 billion.
- The Performance Chemicals Business Unit reported an increase of ¥0.7 billion.

Profit of equity method investments increased by ¥1.5 billion.

Profit for the period attributable to owners of the parent increased by ¥3.5 billion.

Energy Segment

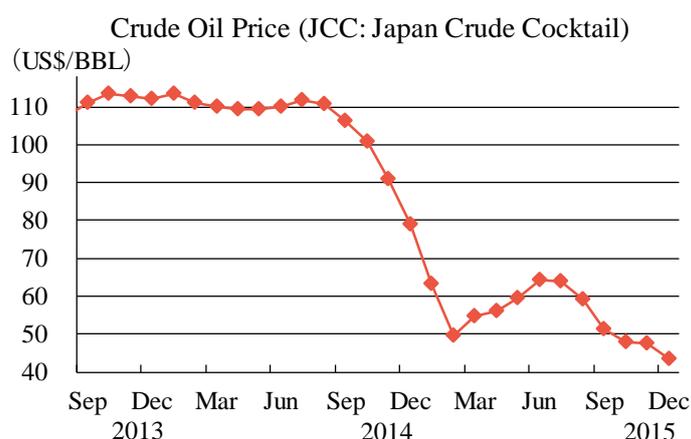
(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	207.8	357.1	(149.3)
Gross profit	90.5	159.4	(68.9)
Selling, general and administrative expenses	(38.1)	(42.2)	+4.1
Dividend income	31.6	78.6	(47.0)
Profit of equity method investments	16.5	42.4	(25.9)
Depreciation and amortization	107.2	118.8	(11.6)
Profit for the period attributable to owners of the parent	24.9	95.7	(70.8)

EBITDA declined by ¥149.3 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\$57 and US\$109 per barrel, respectively.

Gross profit declined by ¥68.9 billion, primarily due to the following factors:

- Mitsui E&P Middle East B.V. reported a decline of ¥25.6



billion mainly due to lower crude oil prices despite higher production.

- Mitsui Oil Exploration Co., Ltd. reported a decline of ¥21.2 billion from lower crude oil prices and higher production costs, which was partially offset by higher production and the positive impact of exchange rate fluctuations.
- Mitsui E&P Australia Pty Limited reported a decline of ¥13.1 billion from lower crude oil prices in spite of partially off-setting increased production and cost reduction.
- Mitsui E&P USA LLC reported a decline of ¥11.1 billion from lower gas prices in spite of cost reductions.
- MEP Texas Holdings LLC reported a decline of ¥3.1 billion due to lower crude oil prices which more than off-set the effects of cost reductions and higher production.
- An increase of ¥4.5 billion was recorded mainly as a reversal of losses on LNG trading in the previous period.

Selling, general and administrative expenses declined by ¥4.1 billion.

Dividend income declined by ¥47.0 billion. Dividends from six LNG projects (Sakhalin II, Qatargas 1, Abu Dhabi, Oman, Qatargas 3 and Equatorial Guinea) were ¥29.7 billion in total, a decline of ¥45.2 billion from ¥74.9 billion for the previous period.

Profit of equity method investments declined by ¥25.9 billion. Japan Australia LNG (MIMI) Pty. Ltd reported a decline due to lower oil prices, and Mitsui Oil Exploration Co., Ltd. reported a decline of ¥9.1 billion from an impairment in relation to its Gulf of Thailand business and lower crude oil prices.

Depreciation and amortization declined by ¥11.6 billion. Oil and gas producing operations recorded a decline of ¥11.5 billion, including a decline of ¥15.4 billion at shale oil and gas operations in the United States.

Profit for the period attributable to owners of the parent declined by ¥70.8 billion. In addition to the above, the following factors also affected results:

- For the current period, a retirement loss of ¥21.5 billion was recorded at Mitsui E&P Middle East B.V.
- For the current period, an impairment loss of ¥5.2 billion was recorded at Mitsui E&P UK Limited on fixed assets as a result of changes in estimation of asset retirement costs at oil and gas fields in the North Sea.
- For the previous period, reflecting the decline in oil prices, MEP Texas Holdings LLC recorded an impairment loss of ¥58.9 billion on fixed assets related to Eagle Ford shale gas and oil producing operations as well as Mitsui E&P UK Limited recorded impairment losses related to oil and gas fields in the North Sea area for ¥13.8 billion on fixed assets and ¥4.8 billion on goodwill.
- For the current period, exploration expenses of ¥9.9 billion in total were recorded, including those recorded by Mitsui E&P Australia Pty Limited and Mitsui E&P USA LLC. For the previous period, exploration expenses of ¥16.6 billion in total were recorded, including those recorded by Mitsui E&P Mozambique Area 1 Limited and Mitsui E&P Australia Pty Limited.

Lifestyle Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	9.9	13.9	(4.0)
Gross profit	90.7	89.3	+1.4
Selling, general and administrative expenses	(108.0)	(101.1)	(6.9)
Dividend income	3.5	4.2	(0.7)
Profit of equity method investments	13.9	12.2	+1.7
Depreciation and amortization	9.8	9.4	+0.4
Loss for the period attributable to owners of the parent	(9.1)	(2.3)	(6.8)

EBITDA declined by ¥4.0 billion, mainly due to the following factors:

Gross profit increased by ¥1.4 billion.

- The Food Resources Business Unit reported an increase of ¥1.1 billion.
- The Food Products & Services Business Unit reported a decline of ¥2.8 billion. There was a decline in gross profit corresponding to a ¥6.4 billion improvement of foreign exchange gains and losses related to the coffee trading business at Mitsui posted in other expense for the current period and for the previous period.
- The Consumer Service Business Unit reported an increase of ¥3.2 billion.

Selling, general and administrative expenses increased by ¥6.9 billion.

Profit of equity method investments increased by ¥1.7 billion.

- The Food Resources Business Unit reported an increase of ¥1.9 billion.
- The Food Products & Services Business Unit reported an increase of ¥0.5 billion.
- The Consumer Service Business Unit reported a decline of ¥0.6 billion.

Loss for the period attributable to owners of the parent deteriorated by ¥6.8 billion. In addition to the above, the following factors also affected results:

- For the current period, Bussan Real Estate Co., Ltd. (now called Mitsui & Co. Real Estate Ltd.) recorded a ¥13.1 billion gain on the sales of buildings in Japan.
- For the current period, ¥6.3 billion and ¥4.1 billion impairment losses on goodwill and fixed assets, respectively, were recorded at Multigrain Trading AG.
- For the current period and for the previous period, foreign exchange gain of ¥0.2 billion and foreign exchange loss of ¥6.2 billion, respectively, were posted in other expense in relation to the coffee trading business at Mitsui.
- A ¥6.5 billion gain on the sales of the stake in Shanghai Senmao International Real Estate Co., Ltd. was recorded for the previous period.

Innovation & Corporate Development Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	5.0	(1.5)	+6.5
Gross profit	35.2	28.9	+6.3
Selling, general and administrative expenses	(44.7)	(45.9)	+1.2
Dividend income	4.8	4.9	(0.1)
Profit of equity method investments	6.3	6.7	(0.4)
Depreciation and amortization	3.5	3.9	(0.4)
Profit for the period attributable to owners of the parent	21.2	0.3	+20.9

EBITDA increased by ¥6.5 billion, mainly due to the following factors:

Gross profit increased by ¥6.3 billion.

- The IT & Communication Business Unit reported an increase of ¥1.7 billion.
- The Corporate Development Business Unit reported an increase of ¥4.6 billion. There was an increase in gross profit corresponding to a ¥4.7 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.

Profit of equity method investments decreased by ¥0.4 billion.

Profit for the period attributable to owners of the parent increased by ¥20.9 billion. In addition to the above, the following factors also affected results:

- A ¥15.5 billion gain due to the valuation of fair value on shares in Hutchison China MediTech (including a ¥10.1 billion gain on shares in Hutchison MediPharma Holdings before a share exchange with Hutchison China MediTech) was recorded for the current period.
- For the current period, reflecting the share price rise, a ¥6.2 billion reversal gain of impairment loss on investments for Relia, Inc. (former Moshi Moshi Hotline, Inc.) in total was recorded.
- For the current period and for the previous period, foreign exchange losses of ¥0.3 billion and gains of ¥4.4 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	58.2	36.1	+22.1
Gross profit	92.2	70.2	+22.0
Selling, general and administrative expenses	(47.6)	(48.5)	+0.9
Dividend income	0.0	0.0	0.0
Profit of equity method investments	6.2	7.9	(1.7)
Depreciation and amortization	7.4	6.5	+0.9
Profit for the period attributable to owners of the parent	25.0	20.6	+4.4

EBITDA increased by ¥22.1 billion, mainly due to the following factors:

Gross profit increased by ¥22.0 billion. Novus International, Inc. reported an increase of ¥31.9 billion due to higher methionine prices and lower costs. Meanwhile, Champions Pipe & Supply, Inc. reported a decline of ¥3.8 billion due to a decline in sales volume of oil and gas well tubular products reflecting lower crude oil prices.

Profit of equity method investments declined by ¥1.7 billion.

Profit for the period attributable to owners of the parent increased by ¥4.4 billion. In addition to the above, a ¥4.5 billion gain on the sale of the stake in Silver Bell Mining, LLC was recorded for the previous period.

Europe, the Middle East and Africa Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	4.1	3.1	+1.0
Gross profit	15.8	15.8	0.0
Selling, general and administrative expenses	(15.0)	(16.1)	+1.1
Dividend income	0.1	0.1	0.0
Profit of equity method investments	3.0	3.0	0.0
Depreciation and amortization	0.3	0.3	0.0
Profit for the period attributable to owners of the parent	2.7	3.2	(0.5)

EBITDA increased by ¥1.0 billion, mainly due to the following factors:

Gross profit was the same amount for the previous period.

Profit of equity method investments was the same amount for the previous period.

Profit for the period attributable to owners of the parent declined by ¥0.5 billion.

Asia Pacific Segment

(Billions of Yen)	Current Period	Previous Period	Change
EBITDA	32.4	40.4	(8.0)
Gross profit	17.9	16.3	+1.6
Selling, general and administrative expenses	(15.5)	(15.3)	(0.2)
Dividend income	0.7	0.7	0.0
Profit of equity method investments	28.0	38.2	(10.2)
Depreciation and amortization	1.2	0.5	+0.7
Profit for the period attributable to owners of the parent	16.4	22.4	(6.0)

EBITDA declined by ¥8.0 billion, mainly due to the following factors:

Gross profit increased by ¥1.6 billion.

Profit of equity method investments declined by ¥10.2 billion. Allocation from other segments declined by ¥8.5 billion mainly due to the negative impact from lower iron ore prices on iron ore mining operations in Australia, jointly invested with the Mineral & Metal Resources Segment.

Profit for the period attributable to owners of the parent declined by ¥6.0 billion.

(3) Financial Condition and Cash Flows

1) Financial Condition

Total assets as of December 31, 2015 was ¥11,745.2 billion, a decline of ¥457.7 billion from ¥12,202.9 billion as of March 31, 2015.

(Trillions of Yen)

March 31, 2015		December 31, 2015	
Current Assets	4.7	Current Assets	4.5
Non-current Assets	7.5	Non-current Assets	7.2
Liabilities	3.0	Liabilities	2.8
Interest-bearing Debt	4.8 *(3.4)	Interest-bearing Debt	4.8 *(3.4)
Total Equity Attributable to Owners of the Parent	4.1	Total Equity Attributable to Owners of the Parent	3.8
Non-controlling Interests	0.3	Non-controlling Interests	0.3
Total Assets ¥12.2 trillion Total Equity Attributable to Owners of the Parent ¥4.1 trillion Net DER 0.82 times		Total Assets ¥11.7 trillion Total Equity Attributable to Owners of the Parent ¥3.8 trillion Net DER 0.88 times	

(*) 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 current assets as of December 31, 2015 was ¥4,556.2 billion, a decline of ¥174.3 billion from ¥4,730.5 billion as of March 31, 2015. Trade and other receivables declined by ¥166.4 billion, mainly due to the decline in trading volume in the Machinery & Infrastructure, the Chemicals and the Innovation & Corporate Development Segments as well as lower prices in the Energy Segment, despite the seasonal increase in the Lifestyle Segment.

Total current liabilities as of December 31, 2015 was ¥2,706.6 billion, a decline of ¥134.5 billion from ¥2,841.1 billion as of March 31, 2015. Trade and other payables declined by ¥116.8 billion, corresponding to the decline in trade and other receivables.

As a result, working capital, or current assets less current liabilities, as of December 31, 2015, totaled ¥1,849.6 billion, a decline of ¥39.8 billion from ¥1,889.4 billion as of March 31, 2015.

Total non-current assets as of December 31, 2015 totaled ¥7,189.0 billion, a decline of ¥283.4 billion from ¥7,472.4 billion as of March 31, 2015, mainly due to the following factors:

- Investments accounted for using the equity method as of December 31, 2015 was ¥2,837.9 billion, an increase of ¥46.6 billion from ¥2,791.3 billion as of March 31, 2015, mainly due to the following factors:
 - An increase of ¥61.8 billion due to an acquisition of a 49% stake in Petrobras Gás S.A., which is engaged in gas distribution in Brazil;
 - An increase of ¥14.4 billion due to an acquisition of a 25% stake in Gonvarri Eólica, S.L., which is engaged in

wind turbine towers and flanges manufacturing in Spain;

- An increase of ¥12.3 billion due to an acquisition of a 40% stake in MIMS Group, providing drug information to healthcare professionals in the Asia-Oceania region;
 - An increase of ¥11.9 billion due to an additional acquisition of a stake in a passenger railway transportation business in Brazil with Odebrecht TransPort S.A.;
 - An decline of ¥60.8 billion resulting from foreign currency exchange fluctuations; and
 - A decline of ¥138.3 billion due to dividends received from equity accounted investees, despite an increase of ¥88.6 billion corresponding to the profit of equity method investments for the current period.
- Other investments as of December 31, 2015 were ¥1,319.3 billion, a decline of ¥210.5 billion from ¥1,529.8 billion as of March 31, 2015, mainly due to the following factors:
 - A ¥221.6 billion net decline mainly due to the decline of fair value on financial assets measured at FVTOCI in investments in LNG projects due to lower crude oil prices, and
 - A ¥15.6 billion net increase due to the increase of fair value on financial assets measured at FVTPL, including a ¥15.5 billion increase due to valuation of fair value on shares in Hutchison China MediTech (including a ¥10.1 billion increase due to valuation of fair value on shares in Hutchison MediPharma Holdings before a share exchange with Hutchison China MediTech).
 - Trade and other receivables as of December 31, 2015 totaled ¥366.6 billion, a decline of ¥58.5 billion from ¥425.1 billion as of March 31, 2015, mainly due to a decline of ¥21.2 billion from the collection of a loan receivable to the FPSO leasing business in Brazil and Vietnam.
 - Property, plant and equipment as of December 31, 2015 totaled ¥2,064.0 billion, a decline of ¥84.1 billion from ¥2,148.1 billion as of March 31, 2015, mainly due to the following factors:
 - A decline of ¥49.0 billion due to a sale of a stake in production of chlor-alkali in the United States;
 - A decline of ¥40.4 billion mainly due a retirement of fixed assets at Mitsui E&P Middle East B.V. (including a foreign exchange translation gain of ¥1.5 billion) at oil and gas operations other than U.S. shale gas and oil producing operations;
 - A decline of ¥18.3 billion (including a foreign exchange translation loss of ¥18.1 billion) at iron ore mining operations in Australia; and
 - An increase of ¥15.2 billion in leased aircraft business.
 - Intangible assets as of December 31, 2015 totaled ¥168.1 billion, an increase of ¥5.1 billion from ¥163.0 billion as of March 31, 2015. There was an increase of ¥11.8 billion due to a reversal of an impairment loss at Tokyo International Air Cargo Terminal Ltd.

Total non-current liabilities as of December 31, 2015 totaled ¥4,890.1 billion, a decline of ¥74.3 billion from ¥4,964.4 billion as of March 31, 2015.

Total equity attributable to owners of the parent as of December 31, 2015 was ¥3,846.5 billion, a decline of ¥253.3 billion from ¥4,099.8 billion as of March 31, 2015. Major components included:

- Retained earnings increased by ¥32.9 billion, which was partially offset by a dividend payment.
- Other components of equity as of December 31, 2015 declined by ¥284.6 billion.

- Financial assets measured at FVTOCI declined by ¥168.1 billion. Fair value in investments in LNG projects declined reflecting the drop in crude oil prices; and
- Foreign currency translation adjustments declined by ¥116.9 billion mainly reflecting the depreciation of the Australian dollar and the Brazilian real against the Japanese yen.

Net interest-bearing debt or interest-bearing debt less cash and cash equivalents and time deposits as of December 31, 2015 was ¥3,378.9 billion, a decline of ¥3.3 billion from ¥3,382.2 billion as of March 31, 2015. The net debt-to-equity ratio (DER) (*) as of December 31, 2015 was 0.88 times, 0.06 points higher compared to 0.82 times as of March 31, 2015.

(*) 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, 2015		As of December 31, 2015	
Short-term debt	¥	290.6	¥	323.4
Long-term debt	¥	4,503.3	¥	4,470.4
Interest bearing debt	¥	4,793.9	¥	4,793.8
Less cash and cash equivalents and time deposits	¥	(1,411.7)	¥	(1,414.9)
Net interest-bearing debt	¥	3,382.2	¥	3,378.9
Total equity attributable to owners of the parent	¥	4,099.8	¥	3,846.5
Net DER (times)		0.82		0.88

2) Cash Flows

Cash Flows from Operating Activities

(Billions of Yen)		Current Period	Previous Period	Change
Cash flows from operating activities	a	401.9	469.0	(67.1)
Cash flows from change in working capital	b	(19.6)	(99.4)	+79.8
Core operating cash flow	a-b	421.5	568.5	(147.0)

Net cash provided by operating activities for the current period was ¥401.9 billion, a decline of ¥67.1 billion from ¥469.0 billion for the previous period.

Net cash from an increase or a decrease in working capital, or changes in operating assets and liabilities for the current period was ¥19.6 billion of net cash outflow, an increase of ¥79.8 billion from ¥99.4 billion of net cash outflow for the previous period.

Core operating cash flow, cash flows from operating activities without the net cash flow from an increase or a decrease

in working capital, for the current period amounted to ¥421.5 billion, a decline of ¥147.0 billion from ¥568.5 billion for the previous period.

- Depreciation and amortization for the current period was ¥194.0 billion, a decline of ¥16.5 billion from ¥210.5 billion for the previous period.
- Net cash inflow from dividend income, including dividends received from equity accounted investees, for the current period totaled ¥187.6 billion, a decline of ¥55.0 billion from ¥242.6 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	4.6	5.2	(0.6)
Mineral & Metal Resources	113.6	125.7	(12.1)
Machinery & Infrastructure	54.9	51.3	+3.6
Chemicals	14.4	12.8	+1.6
Energy	170.0	285.0	(115.0)
Lifestyle	(0.3)	0.4	(0.7)
Innovation & Corporate Development	3.9	3.6	+0.3
Americas	38.9	20.6	+18.3
Europe, the Middle East and Africa	1.4	1.8	(0.4)
Asia Pacific	6.6	4.9	+1.7
All Other and Adjustments and Eliminations	13.5	57.2	(43.7)
Consolidated Total	421.5	568.5	(147.0)

Cash Flows from Investing Activities

Net cash used in investing activities for the current period was ¥275.8 billion, an increase of ¥18.3 billion from ¥257.5 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 ¥97.4 billion. The major cash outflow was an acquisition of a 49% stake in Petrobras Gás S.A., which is engaged in gas distribution in Brazil, for ¥61.8 billion, an acquisition of a 25% stake in wind turbine towers and flanges manufacturing business in Spain for ¥14.4 billion, an acquisition of a 40% stake in MIMS Group, providing drug information to healthcare professionals in the Asia-Oceania region, for ¥12.3 billion and an additional acquisition of a stake in a passenger railway transportation business in Brazil for ¥11.9 billion. The major cash inflow was a repayment of loan to the FPSO leasing business for oil and gas production in Brazil and Vietnam for ¥21.2 billion.
- Net cash inflows that corresponded to other investments (net of sales and maturities of other investments) were ¥26.9 billion. The major cash inflow was a sale of a chlor-alkali business in the United States for ¥17.5 billion and a sale of shares in Coca-Cola East Japan Co., Ltd. for ¥11.7 billion.
- Net cash inflows that corresponded to long-term loan receivables (net of collection) were ¥10.8 billion.
- Net cash outflows that corresponded to purchases of property, plant, equipment and investment property (net of sales of those assets) were ¥215.3 billion. Major expenditures included:
 - Oil and gas projects other than the U.S. shale gas and oil projects for a total of ¥100.3 billion;

- Marcellus and Eagle Ford shale gas and oil projects in the United States for ¥24.4 billion;
- Iron ore mining projects in Australia for ¥22.2 billion;
- A methanol manufacturing joint venture in the United States for ¥11.7 billion; and
- Tank terminals in the United States for ¥10.7 billion.

The major cash inflows included ¥13.5 billion from the sale of buildings in Japan by Bussan Real Estate Co., Ltd. (now called Mitsui & Co. Real Estate Ltd.), which is sales proceeds of ¥17.0 billion less advance payment received in the previous fiscal year.

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 ¥126.1 billion.

Cash Flows from Financing Activities

For the current period, net cash used by financing activities was ¥103.0 billion, an increase of ¥44.0 billion from ¥59.0 billion of net cash used for the previous period. The cash outflow from payments of cash dividends was ¥114.7 billion and the cash outflow from the borrowing of long-term debt was ¥13.1 billion. Meanwhile, the cash inflow from the borrowing of short-term debt was ¥36.3 billion.

In addition to the changes discussed above, there was a decline in cash and cash equivalents of ¥15.0 billion due to foreign exchange translation. Cash and cash equivalents as of December 31, 2015 totaled ¥1,408.8 billion, an increase of ¥8.0 billion from ¥1,400.8 billion as of March 31, 2015.

(4) Forecasts for the Year Ending March 31, 2016

1) Revised forecasts for the year ending March 31, 2016

Revised forecasts for the year ending March 31, 2016 compared to the previous forecast announced in November 2015 is described as follows.

< Assumption >	3Q Actual	4Q Forecast	Mar-16 Revised Forecast	Mar-16 Previous Forecast
Exchange rate (JPY/USD)	121.63	120.00	121.22	120.86
Crude oil (JCC)	\$55/bbl	\$35/bbl	\$50/bbl	\$57/bbl
Consolidated oil price	\$57/bbl	\$43/bbl	\$54/bbl	\$58/bbl

(Billions of yen)

	Revised Forecast	Previous Forecast	Change	Description
Gross profit	710.0	740.0	(30.0)	Lower iron ore prices Lower crude oil and gas prices
Selling, general and administrative expenses	(570.0)	(570.0)	0.0	Recognition of one-time positive impact in spite of retirement loss
Gain on investments, fixed assets and other	60.0	40.0	20.0	
Interest expenses	(20.0)	(20.0)	0.0	
Dividend income	60.0	60.0	0.0	
Profit of equity method investments	120.0	170.0	(50.0)	Impairment loss at Caserones Valepar: FX and lower prices
Profit before income taxes	360.0	420.0	(60.0)	
Income taxes	(140.0)	(150.0)	10.0	Decline in PBT
Non-controlling Interests	(30.0)	(30.0)	0.0	
Profit for the year attributable to owners of the parent	190.0	240.0	(50.0)	
Depreciation and amortization	260.0	260.0	0.0	
EBITDA	580.0	660.0	(80.0)	

We assume foreign exchange rates for the three-month period ending March 31, 2016 will be ¥120/US\$, ¥85/AU\$ and ¥30/BRL, while average foreign exchange rates for the nine-month period ended December 31, 2015 were ¥121.63/US\$, ¥89.71/AU\$ and ¥34.81/BRL. Also, we assume the annual average crude oil price applicable to our financial results for the year ending March 31, 2016 will be US\$54/barrel, down US\$4 from the previous assumption, based on the assumption that the crude oil price (JCC) will average US\$35/barrel throughout the three-month period ending March 31, 2016.

- Gross profit for the year ending March 31, 2016 is expected to be ¥710.0 billion, a decline of ¥30.0 billion from the previous forecast, due to lower iron ore prices and crude oil and gas prices.
- Gain on investments, fixed assets and other is expected to be ¥60.0 billion, an increase of ¥20.0 billion from the previous forecast, due to a one-time positive impact at Energy Segment in spite of a retirement loss at Mitsui E&P Middle East B.V.

- Profit of equity method investments is expected to be ¥120.0 billion, a decline of ¥50.0 billion from the previous forecast, due to the impairment losses on fixed assets at SCM Minera Lumina Copper Chile, the project company for the Caserones Copper Mine, and foreign exchange fluctuation and lower iron ore prices at Valepar S.A.
- Income taxes are forecasted to be ¥140.0 billion, a decline of ¥10.0 billion from the previous forecast, due to a decline in profit before income taxes.

As a result, profit for the year attributable to owners of the parent is expected to be ¥190.0 billion, a decline of ¥50.0 billion from the previous forecast.

In addition to the above, depreciation and amortization are the same level as the previous forecast; projected EBITDA is ¥580.0 billion, a decline of ¥80.0 billion from the previous forecast.

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

(Billions of Yen)	Year ending March 31, 2016 Revised Forecast	Year ending March 31, 2016 Previous Forecast	Change
Iron & Steel Products	7.0	9.0	(2.0)
Mineral & Metal Resources	11.0	44.0	(33.0)
Machinery & Infrastructure	50.0	50.0	0
Chemicals	19.0	11.0	+8.0
Energy	48.0	48.0	0
Lifestyle	(14.0)	(4.0)	(10.0)
Innovation & Corporate Development	18.0	18.0	0
Americas	29.0	33.0	(4.0)
Europe, the Middle East and Africa	3.0	4.0	(1.0)
Asia Pacific	19.0	22.0	(3.0)
All Other and Adjustments and Eliminations	0.0	5.0	(5.0)
Consolidated Total	190.0	240.0	(50.0)

- The revised forecast for the Iron & Steel Products Segment is ¥7.0 billion, a decline of ¥2.0 billion from the previous forecast, reflecting unfavorable market conditions.
- The revised forecast for the Mineral & Metal Resources Segment is ¥11.0 billion, a decline of ¥33.0 billion from the previous forecast, reflecting the impairment losses on fixed assets at SCM Minera Lumina Copper Chile as well as lower iron ore and copper prices.
- The revised forecast for the Machinery & Infrastructure Segment is ¥50.0 billion, the same level as the previous forecast, taking into consideration the progress, which is in line with the previous forecast.
- The revised forecast for the Chemicals Segment is ¥19.0 billion, an increase of ¥8.0 billion from the previous forecast, due to a sale of a stake in relation to basic chemicals business.
- The revised forecast for the Energy Segment is ¥48.0 billion, the same level as the previous forecast, reflecting a retirement loss and lower crude oil and gas prices in spite of recognition of a one-time positive impact.

- The revised forecast for the Lifestyle Segment is a loss of ¥14.0 billion, a deterioration of ¥10.0 billion from the previous forecast, reflecting the impairment losses on fixed assets, tax expenses and poor performance of origination and merchandising of agricultural products at Multigrain Trading AG.
- The revised forecast for the Innovation & Corporate Development Segment is ¥18.0 billion, the same level as the previous forecast, taking into consideration the progress, which is in line with the previous forecast.
- The revised forecast for the Americas Segment is ¥29.0 billion, a decline of ¥4.0 billion from the previous forecast, reflecting tax expenses and a decline in sales volume of oil and gas well tubular products. The revised forecast for the Europe, the Middle East and Africa Segment is ¥3.0 billion, a decline of ¥1.0 billion from the previous forecast, reflecting an increase in selling, general and administrative expense. The revised forecast for the Asia Pacific Segment is ¥19.0 billion, a decline of ¥3.0 billion from the previous forecast, reflecting lower iron ore prices.

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

The table below shows assumptions for key commodity prices and foreign exchange rates for the forecast for the year ending March 31, 2016. The 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, 2016 (Announced in May 2015)			Previous Forecast (Announced in Nov 2015)	March 2016		Revised Forecast (Announced in Feb 2016)
				1-3Q (Result)	4Q (Assumption)	
Commodity	Crude Oil/JCC	¥2.7 bn (US\$1/bbl)	57	55	35	50
	Consolidated Oil Price(*1)		58	57	43	54
	U.S. Natural Gas(*2)	¥0.8 bn (US\$0.1/mmBtu)	2.89	2.76(*3)	2.22(*4)	2.63
	Iron Ore	¥3.0 bn (US\$1/ton)	(*5)	53(*6)	(*5)	(*5)
	Copper	¥1.0 bn (US\$100/ton)	5,817	5,707(*7)	4,887	5,501
Forex (*8)	USD	¥1.8 bn (¥1/USD)	120.86	121.63	120	121.22
	AUD	¥0.8 bn (¥1/AUD)	87.95	89.71	85	88.54
	BRL	¥0.3 bn (¥1/BRL)	33.23	34.81	30	33.61

(*1) The oil price trend is reflected in profit for the year attributable to owners of the parent with a 0-6 month time lag. For the year ending March 31, 2016, we assume the annual average price applicable to our financial results as the Consolidated Oil Price based on the estimation: 4-6 month time lag, 34%; 1-3 month time lag, 38%; no time lag, 28%.

(*2) US shale gas is not all sold at Henry Hub (HH) linked prices. Therefore the sensitivity does not represent the direct impact of HH movement, but rather the impact from the movement of weighted average gas sales prices.

(*3) Daily average of settlement price for prompt month Henry Hub Natural Gas Futures contracts reported by NYMEX during January 2015 - September 2015.

(*4) For natural gas sold in the US on HH linked prices, the assumed price used is US\$2.22/mmBtu.

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

(*6) Daily average of representative reference prices (Fine, Fe 62% CFR North China) during April 2015 to December 2015.

(*7) Average of LME cash settlement price during January 2015 to September 2015.

(*8) Impact of currency fluctuation on profit for the year attributable to owners of the parent of overseas subsidiaries and equity accounted investees (denomination in functional currency) against the Japanese yen. Impact of currency fluctuation between their functional currencies against revenue currencies and exchange rate hedging are not included.

3) Profit Distribution Policy

Our profit distribution policy has been resolved as follows at the board of directors through discussion in which external directors were also involved:

- In order to increase corporate value and maximize shareholder value, we seek to maintain an optimal balance between (a) meeting investment demand in our core and growth areas through re-investments of our retained

earnings, and (b) directly providing returns to shareholders by paying out cash dividends.

- In addition to the above, in relation to share buyback toward improving capital efficiency, we judge that the decision by the board of directors in a prompt and flexible manner as needed concerning its timing and amount by taking into consideration of the business environment such as, future investment activity trends, free cash flow and interest-bearing debt levels, and return on equity, continues to contribute to enhancement of corporate value.

At this time we made a downward revision to our forecasts for profit attributable to owners of the parent for the year ending March 31, 2016 to ¥190.0 billion as we announced above, we currently envisage an annual dividend of ¥64 per share (the same amount as we announced in November 2015, and including the interim dividend of ¥32 per share), the same amount as the year ended March 31, 2015, taking into consideration of EBITDA, core operating cash flow as well as stability and continuity of the amount of dividend, on the assumption that profit for the year attributable to owners of the parent will be ¥190.0 billion, as mentioned in our forecast for the year ending March 31, 2016.

(5) Research & Development

Research and development (“R&D”) expenses were insignificant for the nine-month period ended December 31, 2015.

3. Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Financial Position

Mitsui & Co., Ltd. and subsidiaries
December 31, 2015 and March 31, 2015

	Millions of Yen	
	December 31, 2015	March 31, 2015
ASSETS		
Current Assets:		
Cash and cash equivalents.....	¥ 1,408,750	¥ 1,400,770
Trade and other receivables	1,783,413	1,949,837
Other financial assets (Note 12).....	349,095	384,156
Inventories (Note 12).....	653,329	671,164
Advance payments to suppliers.....	234,429	188,545
Other current assets.....	127,182	136,051
Total current assets	4,556,198	4,730,523
Non-current Assets:		
Investments accounted for using the equity method (Notes 2 and 6).....	2,837,873	2,791,341
Other investments (Note 12).....	1,319,304	1,529,767
Trade and other receivables (Note 12).....	366,552	425,136
Other financial assets (Note 12).....	143,862	130,974
Property, plant and equipment (Note 5).....	2,064,020	2,148,142
Investment property	149,730	147,757
Intangible assets (Notes 2 and 6)	168,116	162,951
Deferred tax assets	75,438	78,746
Other non-current assets	64,100	57,584
Total non-current assets.....	7,188,995	7,472,398
Total assets	¥11,745,193	¥12,202,921

Condensed Consolidated Statements of Financial Position—(Continued)

**Mitsui & Co., Ltd. and subsidiaries
December 31, 2015 and March 31, 2015**

	Millions of Yen	
	December 31, 2015	March 31, 2015
LIABILITIES AND EQUITY		
Current Liabilities:		
Short-term debt	¥ 323,414	¥ 290,641
Current portion of long-term debt (Note 7).....	456,214	472,718
Trade and other payables	1,267,184	1,384,039
Other financial liabilities (Notes 11 and 12)	345,497	414,011
Income tax payables.....	32,245	41,877
Advances from customers	214,791	177,432
Provisions	14,117	25,523
Other current liabilities	53,178	34,900
Total current liabilities.....	<u>2,706,640</u>	<u>2,841,141</u>
Non-current Liabilities:		
Long-term debt, less current portion (Notes 7 and 12).....	4,014,151	4,030,598
Other financial liabilities (Notes 11 and 12)	116,062	147,289
Retirement benefit liabilities	44,386	46,211
Provisions.....	240,145	228,540
Deferred tax liabilities.....	445,991	482,141
Other non-current liabilities	29,378	29,627
Total non-current liabilities	<u>4,890,113</u>	<u>4,964,406</u>
Total liabilities.....	<u>7,596,753</u>	<u>7,805,547</u>
Equity:		
Common stock	341,482	341,482
Capital surplus	410,244	411,881
Retained earnings.....	2,570,668	2,537,815
Other components of equity (Note 8).....	530,028	814,563
Treasury stock.....	(5,960)	(5,946)
Total equity attributable to owners of the parent.....	3,846,462	4,099,795
Non-controlling interests.....	301,978	297,579
Total equity	<u>4,148,440</u>	<u>4,397,374</u>
Total liabilities and equity	<u>¥11,745,193</u>	<u>¥12,202,921</u>

Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income Mitsui & Co., Ltd. and subsidiaries For the Nine-Month Periods Ended December 31, 2015 and 2014

	Millions of Yen	
	Nine-month Period Ended December 31, 2015	Nine-month Period Ended December 31, 2014
Revenue (Note 4):		
Sale of products.....	¥ 3,253,581	¥ 3,721,524
Rendering of services.....	300,026	321,522
Other revenue.....	120,508	123,933
Total revenue.....	3,674,115	4,166,979
Cost:		
Cost of products sold.....	(2,939,370)	(3,343,524)
Cost of services rendered.....	(121,539)	(132,942)
Cost of other revenue.....	(47,975)	(49,818)
Total cost.....	(3,108,884)	(3,526,284)
Gross Profit	565,231	640,695
Other Income (Expenses):		
Selling, general and administrative expenses.....	(428,040)	(432,358)
Gain (loss) on securities and other investments—net (Notes 6 and 12).....	31,176	22,197
Impairment reversal (loss) of fixed assets—net (Note 6).....	(565)	(73,987)
Gain (loss) on disposal or sales of fixed assets—net.....	(9,291)	138
Other income (expense)—net.....	(20,279)	(21,009)
Total other income (expenses).....	(426,999)	(505,019)
Finance Income (Costs):		
Interest income.....	23,235	25,371
Dividend income.....	49,107	96,713
Interest expense.....	(37,854)	(38,456)
Total finance income (costs).....	34,488	83,628
Share of Profit of Investments Accounted for Using the Equity Method (Note 4).....	88,621	149,866
Profit before Income Taxes	261,341	369,170
Income Taxes	(109,960)	(106,789)
Profit for the Period	¥ 151,381	¥ 262,381
Profit for the Period Attributable to:		
Owners of the parent.....	¥ 134,438	¥ 254,415
Non-controlling interests.....	16,943	7,966
		Yen
Earnings per Share Attributable to Owners of the Parent (Note 10):		
Basic.....	¥ 75.00	¥ 141.93
Diluted.....	¥ 74.98	¥ 141.91

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

**Condensed Consolidated Statements of Comprehensive Income
Mitsui & Co., Ltd. and subsidiaries
For the Nine-Month Periods Ended December 31, 2015 and 2014**

	Millions of Yen	
	Nine-month Period Ended December 31, 2015	Nine-month Period Ended December 31, 2014
Comprehensive Income:		
Profit for the period.....	¥ 151,381	¥ 262,381
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI.....	(203,062)	(83,087)
Remeasurements of defined benefit pension plans.....	1,577	(3,200)
Share of other comprehensive income of investments accounted for using the equity method.....	(3,247)	2,602
Income tax relating to items not reclassified.....	48,252	29,321
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments.....	(64,275)	76,561
Cash flow hedges.....	6,549	(12,821)
Share of other comprehensive income of investments accounted for using the equity method.....	(77,739)	198,204
Income tax relating to items that may be reclassified.....	12,314	1,906
Total other comprehensive income	(279,631)	209,486
Comprehensive Income for the Period	¥ (128,250)	¥ 471,867
Comprehensive Income for the Period Attributable to:		
Owners of the parent.....	¥ (137,102)	¥ 444,301
Non-controlling interests	8,852	27,566

Condensed Consolidated Statements of Income and Comprehensive Income

Condensed Consolidated Statements of Income Mitsui & Co., Ltd. and subsidiaries For the Three-Month Periods Ended December 31, 2015 and 2014

	Millions of Yen	
	Three-month Period Ended December 31, 2015	Three-month Period Ended December 31, 2014
Revenue (Note 4):		
Sale of products.....	¥ 1,033,130	¥ 1,248,711
Rendering of services.....	103,311	113,707
Other revenue.....	39,842	56,992
Total revenue.....	1,176,283	1,419,410
Cost:		
Cost of products sold.....	(943,273)	(1,136,591)
Cost of services rendered.....	(42,525)	(44,070)
Cost of other revenue.....	(15,845)	(18,296)
Total cost.....	(1,001,643)	(1,198,957)
Gross Profit	174,640	220,453
Other Income (Expenses):		
Selling, general and administrative expenses.....	(144,669)	(150,997)
Gain (loss) on securities and other investments—net (Notes 6 and 12).....	15,106	12,892
Impairment reversal (loss) of fixed assets—net (Note 6).....	(5,373)	(73,175)
Gain (loss) on disposal or sales of fixed assets—net.....	(20,808)	(301)
Other income (expense)—net.....	(1,094)	(12,435)
Total other income (expenses).....	(156,838)	(224,016)
Finance Income (Costs):		
Interest income.....	7,290	8,636
Dividend income.....	23,130	19,781
Interest expense.....	(12,257)	(13,822)
Total finance income (costs).....	18,163	14,595
Share of Profit of Investments Accounted for Using the Equity Method (Note 4).....	346	46,057
Profit before Income Taxes	36,311	57,089
Income Taxes	(30,685)	(27,582)
Profit for the Period	¥ 5,626	¥ 29,507
Profit for the Period Attributable to:		
Owners of the parent.....	¥ 3,797	¥ 31,755
Non-controlling interests.....	1,829	(2,248)
		Yen
Earnings per Share Attributable to Owners of the Parent (Note 10):		
Basic.....	¥ 2.12	¥ 17.72
Diluted.....	¥ 2.12	¥ 17.71

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 December 31, 2015 and 2014**

	Millions of Yen	
	Three-month Period Ended December 31, 2015	Three-month Period Ended December 31, 2014
Comprehensive Income:		
Profit for the period.....	¥ 5,626	¥ 29,507
Other comprehensive income :		
Items that will not be reclassified to profit or loss:		
Financial assets measured at FVTOCI.....	(85,828)	(151,197)
Remeasurements of defined benefit pension plans.....	98	(631)
Share of other comprehensive income of investments accounted for using the equity method.....	42	17
Income tax relating to items not reclassified.....	18,493	46,710
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustments.....	1,756	57,177
Cash flow hedges.....	2,731	(9,287)
Share of other comprehensive income of investments accounted for using the equity method.....	69,401	143,567
Income tax relating to items that may be reclassified.....	(14,420)	(4,716)
Total other comprehensive income	(7,727)	81,640
Comprehensive Income for the Period	¥ (2,101)	¥ 111,147
Comprehensive Income for the Period Attributable to:		
Owners of the parent.....	¥ (5,063)	¥ 100,897
Non-controlling interests	2,962	10,250

Condensed Consolidated Statements of Changes in Equity
Mitsui & Co., Ltd. and subsidiaries
For the Nine-Month Periods Ended December 31, 2015 and 2014

Millions of Yen	Attributable to owners of the parent						Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity (Note 8)	Treasury Stock	Total		
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			254,415			254,415	7,966	262,381
Other comprehensive income for the period				189,886		189,886	19,600	209,486
Comprehensive income for the period						444,301	27,566	471,867
Transaction with owners:								
Dividends paid to the owners of the parent (per share: ¥66)			(118,305)			(118,305)		(118,305)
Dividends paid to non-controlling interest shareholders							(8,582)	(8,582)
Acquisition of treasury stock					(19)	(19)		(19)
Sales of treasury stock			0		28	28		28
Cancellation of treasury stock			(50,191)		50,191	-		-
Compensation costs related to stock options		215				215		215
Equity transactions with non-controlling interest shareholders		(6,668)		1,283		(5,385)	1,725	(3,660)
Transfer to retained earnings			42,417	(42,417)		-		-
Balance as at December 31, 2014	¥ 341,482	¥ 411,551	¥ 2,474,126	¥ 915,383	¥ (5,940)	¥ 4,136,602	¥ 305,246	¥ 4,441,848

Millions of Yen	Attributable to owners of the parent						Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings	Other Components of Equity (Note 8)	Treasury Stock	Total		
Balance as at April 1, 2015	¥ 341,482	¥ 411,881	¥ 2,537,815	¥ 814,563	¥ (5,946)	¥ 4,099,795	¥ 297,579	¥ 4,397,374
Profit for the period			134,438			134,438	16,943	151,381
Other comprehensive income for the period				(271,540)		(271,540)	(8,091)	(279,631)
Comprehensive income for the period						(137,102)	8,852	(128,250)
Transaction with owners:								
Dividends paid to the owners of the parent (per share: ¥64)			(114,722)			(114,722)		(114,722)
Dividends paid to non-controlling interest shareholders							(12,014)	(12,014)
Acquisition of treasury stock					(14)	(14)		(14)
Sales of treasury stock		0			0	0		0
Compensation costs related to stock options		181				181		181
Equity transactions with non-controlling interest shareholders		(1,818)		142		(1,676)	7,561	5,885
Transfer to retained earnings			13,137	(13,137)		-		-
Balance as at December 31, 2015	¥ 341,482	¥ 410,244	¥ 2,570,668	¥ 530,028	¥ (5,960)	¥ 3,846,462	¥ 301,978	¥ 4,148,440

Condensed Consolidated Statements of Cash Flows
Mitsui & Co., Ltd. and subsidiaries
For the Nine-Month Periods Ended December 31, 2015 and 2014

	Millions of Yen	
	Nine-month Period Ended December 31, 2015	Nine-month Period Ended December 31, 2014
Operating Activities:		
Profit for the Period.....	¥ 151,381	¥ 262,381
Adjustments to reconcile profit for the period to cash flows from operating activities:		
Depreciation and amortization.....	194,040	210,482
Change in retirement benefit liabilities.....	(13)	(2,256)
Provision for doubtful receivables.....	10,511	11,861
(Gain) loss on securities and other investments—net.....	(31,176)	(22,197)
Impairment (reversal) loss of fixed assets—net.....	565	73,987
(Gain) loss on disposal or sales of fixed assets—net.....	9,291	(138)
Finance (income) costs—net.....	(27,508)	(77,692)
Income taxes.....	109,960	106,789
Share of profit of investments accounted for using equity method.....	(88,621)	(149,866)
Changes in operating assets and liabilities:		
Change in trade and other receivables.....	171,769	(99,678)
Change in inventories.....	16,708	(71,047)
Change in trade and other payables.....	(66,709)	110,184
Other—net.....	(141,414)	(38,869)
Interest received.....	28,731	30,260
Interest paid.....	(37,800)	(38,841)
Dividends received.....	187,584	242,648
Income taxes paid.....	(85,438)	(78,968)
Cash flows from operating activities.....	401,861	469,040
Investing Activities:		
Change in time deposits.....	(833)	1,917
Investments in and advances to equity accounted investees.....	(153,513)	(188,428)
Proceeds from sales of investments in and collection of advances from equity accounted investees.....	56,103	72,009
Purchases of other investments.....	(36,003)	(58,395)
Proceeds from sales and maturities of other investments.....	62,901	120,533
Increase in long-term loan receivables.....	(2,772)	(1,088)
Collections of long-term loan receivables.....	13,569	52,900
Purchases of property, plant, equipment and investment property.....	(241,809)	(280,036)
Proceeds from sales of property, plant, equipment and investment property.....	26,536	23,084
Cash flows from investing activities.....	(275,821)	(257,504)
Financing Activities:		
Change in short-term debt.....	36,337	(52,979)
Proceeds from long-term debt.....	411,427	553,978
Repayments of long-term debt.....	(424,563)	(427,851)
Purchases and sales of treasury stock.....	(14)	(17)
Dividends paid.....	(114,737)	(118,323)
Transactions with non-controlling interests shareholders.....	(11,488)	(13,775)
Cash flows from financing activities.....	(103,038)	(58,967)
Effect of Exchange Rate Changes on Cash and Cash Equivalents.....	(15,022)	60,085
Change in Cash and Cash Equivalents.....	7,980	212,654
Cash and Cash Equivalents at Beginning of Period.....	1,400,770	1,226,317
Cash and Cash Equivalents at End of Period.....	¥ 1,408,750	¥ 1,438,971

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 December 31 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 based on assumptions and estimates.

The judgments based on assumptions and estimates which could affect the accompanying Condensed Consolidated Financial Statements are the same as those of the previous fiscal year except for the following.

- Note6 "IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES FOR ASSETS"

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.

IV. RECLASSIFICATION

Certain reclassifications and format changes have been made to amounts as of March 31, 2015 and for the nine-month period ended December 31, 2014 to conform to the current period presentation.

3. BUSINESS COMBINATIONS

No material business combinations were completed during the nine-month periods ended December 31, 2015 and 2014.

4. SEGMENT INFORMATION

Millions of Yen

Nine-month period ended December 31, 2015 :	Millions of Yen						
	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
Revenue	¥ 86,617	¥ 535,663	¥ 303,467	¥ 616,070	¥ 551,634	¥ 749,754	¥ 100,016
Gross Profit	¥ 25,109	¥ 80,615	¥ 95,958	¥ 57,027	¥ 90,520	¥ 90,727	¥ 35,245
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 2,956	¥ (29,035)	¥ 34,296	¥ 6,698	¥ 16,540	¥ 13,893	¥ 6,254
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 3,856	¥ 10,861	¥ 30,959	¥ 7,761	¥ 24,902	¥ (9,054)	¥ 21,241
EBITDA	¥ 8,878	¥ 61,044	¥ 51,703	¥ 22,549	¥ 207,843	¥ 9,926	¥ 5,037
Total Assets at December 31, 2015 ...	¥ 429,607	¥ 1,858,324	¥ 2,053,957	¥ 815,086	¥ 2,115,448	¥ 1,685,844	¥ 568,530

Millions of Yen

Nine-month period ended December 31, 2015 :	Millions of Yen					Adjustments and Eliminations	Consolidated Total
	Americas	Europe the Middle East and Africa	Asia Pacific	Total	All Other		
Revenue	¥ 601,793	¥ 79,791	¥ 83,659	¥ 3,708,464	¥ 2,022	¥ (36,371)	¥ 3,674,115
Gross Profit	¥ 92,191	¥ 15,767	¥ 17,940	¥ 601,099	¥ 1,192	¥ (37,060)	¥ 565,231
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 6,236	¥ 2,967	¥ 28,047	¥ 88,852	¥ 45	¥ (276)	¥ 88,621
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 24,978	¥ 2,672	¥ 16,417	¥ 134,593	¥ 3,683	¥ (3,838)	¥ 134,438
EBITDA	¥ 58,157	¥ 4,134	¥ 32,367	¥ 461,638	¥ (1,880)	¥ 9,201	¥ 468,959
Total Assets at December 31, 2015 ...	¥ 650,997	¥ 152,813	¥ 425,939	¥ 10,756,545	¥ 5,382,864	¥ (4,394,216)	¥ 11,745,193

Millions of Yen

Nine-month period ended December 31, 2014 (As restated) :	Millions of Yen						
	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
Revenue	¥ 121,036	¥ 600,106	¥ 328,955	¥ 700,942	¥ 801,360	¥ 737,157	¥ 91,538
Gross Profit	¥ 30,155	¥ 115,598	¥ 96,695	¥ 54,227	¥ 159,448	¥ 89,254	¥ 28,920
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 4,130	¥ (1,463)	¥ 32,224	¥ 5,196	¥ 42,433	¥ 12,177	¥ 6,672
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 4,665	¥ 63,661	¥ 30,053	¥ 4,264	¥ 95,693	¥ (2,343)	¥ 331
EBITDA	¥ 9,891	¥ 121,831	¥ 52,008	¥ 16,502	¥ 357,102	¥ 13,900	¥ (1,455)
Total Assets at March 31, 2015	¥ 457,838	¥ 1,951,657	¥ 2,046,943	¥ 839,609	¥ 2,582,054	¥ 1,615,681	¥ 592,538

Millions of Yen

Nine-month period ended December 31, 2014 (As restated) :	Millions of Yen					Adjustments and Eliminations	Consolidated Total
	Americas	Europe the Middle East and Africa	Asia Pacific	Total	All Other		
Revenue	¥ 633,918	¥ 83,401	¥ 87,611	¥ 4,186,024	¥ 2,116	¥ (21,161)	¥ 4,166,979
Gross Profit	¥ 70,177	¥ 15,758	¥ 16,309	¥ 676,541	¥ 1,328	¥ (37,174)	¥ 640,695
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 7,913	¥ 2,959	¥ 38,225	¥ 150,466	¥ 43	¥ (643)	¥ 149,866
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 20,567	¥ 3,209	¥ 22,415	¥ 242,515	¥ 5,614	¥ 6,286	¥ 254,415
EBITDA	¥ 36,140	¥ 3,085	¥ 40,420	¥ 649,424	¥ 2,132	¥ 13,842	¥ 665,398
Total Assets at March 31, 2015	¥ 613,287	¥ 167,658	¥ 443,322	¥ 11,310,587	¥ 5,115,883	¥ (4,223,549)	¥ 12,202,921

Millions of Yen

Three-month period ended December 31, 2015 :	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
Revenue	¥ 28,470	¥ 161,747	¥ 103,679	¥ 182,691	¥ 176,486	¥ 258,762	¥ 33,989
Gross Profit	¥ 8,616	¥ 23,495	¥ 31,423	¥ 18,971	¥ 20,665	¥ 33,518	¥ 10,570
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 224	¥ (33,568)	¥ 14,554	¥ 2,409	¥ 1,521	¥ 2,490	¥ 888
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 1,308	¥ (20,436)	¥ 12,159	¥ 3,037	¥ (1,270)	¥ (5,220)	¥ 8,200
EBITDA	¥ 3,303	¥ (6,177)	¥ 20,095	¥ 8,984	¥ 67,405	¥ 3,893	¥ (2,151)

Millions of Yen

Three-month period ended December 31, 2015 :	Americas	Europe the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	¥ 195,539	¥ 24,939	¥ 20,854	¥ 1,187,156	¥ 699	¥ (11,572)	¥ 1,176,283
Gross Profit	¥ 28,673	¥ 4,854	¥ 5,946	¥ 186,731	¥ 356	¥ (12,447)	¥ 174,640
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 2,886	¥ 468	¥ 8,515	¥ 387	¥ 15	¥ (56)	¥ 346
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 8,041	¥ (205)	¥ 3,720	¥ 9,334	¥ 2,930	¥ (8,467)	¥ 3,797
EBITDA	¥ 18,329	¥ 247	¥ 9,759	¥ 123,687	¥ 1,362	¥ (3,491)	¥ 121,558

Millions of Yen

Three-month period ended December 31, 2014 (As restated) :	Iron & Steel Products	Mineral & Metal Resources	Machinery & Infrastructure	Chemicals	Energy	Lifestyle	Innovation & Corporate Development
Revenue	¥ 29,799	¥ 209,011	¥ 124,045	¥ 230,468	¥ 257,566	¥ 276,975	¥ 33,207
Gross Profit	¥ 9,374	¥ 38,187	¥ 36,417	¥ 17,030	¥ 49,142	¥ 32,808	¥ 10,407
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 980	¥ (2,733)	¥ 8,848	¥ 2,170	¥ 15,508	¥ 4,532	¥ 2,973
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 1,955	¥ 21,060	¥ 8,462	¥ 449	¥ (16,676)	¥ 3,119	¥ 2,585
EBITDA	¥ 3,305	¥ 31,780	¥ 19,609	¥ 4,427	¥ 107,953	¥ 8,254	¥ 518

Millions of Yen

Three-month period ended December 31, 2014 (As restated) :	Americas	Europe the Middle East and Africa	Asia Pacific	Total	All Other	Adjustments and Eliminations	Consolidated Total
Revenue	¥ 203,365	¥ 30,721	¥ 30,664	¥ 1,425,821	¥ 705	¥ (7,116)	¥ 1,419,410
Gross Profit	¥ 28,927	¥ 5,287	¥ 5,383	¥ 232,962	¥ 430	¥ (12,939)	¥ 220,453
Share of Profit (Loss) of Investments Accounted for Using the Equity Method	¥ 2,556	¥ 287	¥ 11,167	¥ 46,288	¥ 13	¥ (244)	¥ 46,057
Profit (Loss) for the Period Attributable to Owners of the parent	¥ 8,009	¥ (39)	¥ 7,200	¥ 36,124	¥ 1,517	¥ (5,886)	¥ 31,755
EBITDA	¥ 16,351	¥ 221	¥ 11,439	¥ 203,857	¥ 1,646	¥ (2,170)	¥ 203,333

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 December 31, 2015 and March 31, 2015 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 year ended March 31, 2015, EBITDA has been disclosed by reportable segments as the information of the operating segments periodically reviewed by the entity's chief operating decision maker. EBITDA is comprised of the companies' (a) Gross Profit, (b) Selling, general and administrative expenses, (c) Dividend income, (d) Share of Profit (Loss) of Investments Accounted for Using the Equity Method as presented in the Condensed Consolidated Statements of Income and (e) Depreciation and amortization as presented in the Condensed Consolidated Statements of Cash Flows.

- (5) Previously, Profit for the Period of the jointly invested subsidiaries by several segments was allocated from main segment to sub segment by using Profit for the Period Attributable to Non-controlling interests account. However, in order to disclose each operating segment's EBITDA more properly, since the three-month period ended June 30, 2015, profits and losses associated with EBITDA have been allocated by using Share of Profit (Loss) of Investments Accounted for Using the Equity Method account. Also, in order to disclose each operating segment's Total Assets more properly, since the three-month period ended June 30, 2015, Total Assets of the jointly invested subsidiaries have been allocated based on the internal profit share. In accordance with these changes, the operating segment information for the nine-month and the three-month periods ended December 31, 2014 has been restated to conform to the current period presentation.
- (6) Since the three-month period ended June 30, 2015, service fees received from affiliated companies, which were formerly included in Other income (expense) – net, have been either included in Revenue or deducted from Selling, general and administrative expenses according to their nature, in order to disclose each operating segment's EBITDA more properly. In accordance with these changes, the operating segment information for the nine-month and the three-month periods ended December 31, 2014 has been restated to conform to the current period presentation.
- (7) During the three-month period ended June 30, 2015, Media Business Div. was transferred from the "Lifestyle" segment to the "Innovation & Corporate Development" segment, in conjunction with the creation of the IT & Communication Business Unit and the Corporate Development Business Unit in "Innovation & Corporate Development" segment. In accordance with these changes, the operating segment information for the nine-month and the three-month periods ended December 31, 2014 has been restated to conform to the current period presentation.

5. ACQUISITIONS AND DISPOSALS OF PROPERTY, PLANT AND EQUIPMENT

The amounts of acquisitions of property, plant and equipment for the nine-month periods ended December 31, 2015 and 2014 are ¥264,979 million and ¥301,434 million, respectively.

The amounts of disposals of property, plant and equipment for the nine-month periods ended December 31, 2015 and 2014 are ¥67,387 million and ¥29,821 million, respectively.

6. IMPAIRMENT LOSSES AND REVERSALS OF IMPAIRMENT LOSSES FOR ASSETS

The amount of impairment losses for assets for the nine-month period ended December 31, 2015 was not material.

For the nine-month period ended December 31, 2014, Mitsui E&P Texas LP, a subsidiary in the Energy Segment engaged in the shale oil and gas development in Texas, recognized an impairment loss of ¥58,862 million in “Impairment reversal (loss) of fixed assets - net” in the Condensed Consolidated Statements of Income by reducing the carrying amount of the production equipment and others to the recoverable amount of ¥75,172 million. In addition, Mitsui E&P UK Limited, a subsidiary in the Energy Segment engaged in the oil and gas development in the North Sea, U.K., recognized an impairment loss of ¥13,784 million in “Impairment reversal (loss) of fixed assets - net” in the Condensed Consolidated Statements of Income by reducing the carrying amount of the mineral rights and production equipment to the recoverable amount of ¥16,642 million. These impairment losses mainly related to a decline in the crude oil prices.

The recoverable amount above represented the value in use. The discount rate used to calculate the value in use is deemed to reflect the market average profit margin and the risks inherent to the cash-generating unit.

For the nine-month period ended December 31, 2015, TOKYO INTERNATIONAL AIR CARGO TERMINAL LTD., a subsidiary in the Machinery & Infrastructure Segment, recognized the reversal of impairment loss of ¥11,808 million related to the intangible asset based on the service concession arrangement in “Impairment reversal (loss) of fixed assets - net” in the Condensed Consolidated Statements of Income based on the recoverable amount of ¥12,075 million. This reversal of impairment loss mainly related to the increase in the quantity of air cargo caused by the increase in inbound and outbound flights at Haneda Airport and the cost reduction. The recoverable amount above represented the value in use. The discount rate used to calculate the value in use is deemed to reflect the market average profit margin and the risks inherent to the cash-generating unit.

The company recognized the reversal of impairment losses of ¥12,442 million of investments accounted for using the equity method due to recovery of market prices in “Gain (loss) on securities and other investments - net” in the Condensed Consolidated Statements of Income.

The amount of reversal of impairment losses for assets for the nine-month period ended December 31, 2014 was not material.

7. ISSUES, REPURCHASES AND REPAYMENTS OF FINANCIAL INSTRUMENTS

The total amount of repaid bonds for the nine-month period ended December 31, 2015 was ¥23,154 million. The total amount of issued bonds for the nine-month period ended December 31, 2015 was none.

The total amount of repaid bonds for the nine-month period ended December 31, 2014 was ¥25,628 million. The total amount of issued bonds for the nine-month period ended December 31, 2014 was ¥35,237 million.

8. EQUITY

Changes in other components of equity for the nine-month periods ended December 31, 2015 and 2014 were as follows:

	Millions of Yen	
	Nine-month period ended December 31, 2015	Nine-month period ended December 31, 2014
Financial Assets Measured at FVTOCI:		
Balance at beginning of period.....	¥ 318,810	¥ 369,267
Increase (decrease) during the period.....	(156,018)	(53,029)
Transfer to retained earnings	(12,045)	(43,797)
Balance at end of period	¥ 150,747	¥ 272,441
Remeasurements of Defined Benefit Pension Plans:		
Balance at beginning of period.....	¥ -	¥ -
Increase (decrease) during the period.....	1,092	(1,380)
Transfer to retained earnings	(1,092)	1,380
Balance at end of period	¥ -	¥ -
Foreign Currency Translation Adjustments:		
Balance at beginning of period.....	¥ 538,728	¥ 413,931
Increase (decrease) during the period.....	(116,929)	263,375
Balance at end of period	¥ 421,799	¥ 677,306
Cash Flow Hedges:		
Balance at beginning of period.....	¥ (42,975)	¥ (16,567)
Increase (decrease) during the period.....	457	(17,797)
Balance at end of period	¥ (42,518)	¥ (34,364)
Total:		
Balance at beginning of period.....	¥ 814,563	¥ 766,631
Increase (decrease) during the period.....	(271,398)	191,169
Transfer to retained earnings	(13,137)	(42,417)
Balance at end of period	¥ 530,028	¥ 915,383

9. DIVIDENDS

During the nine-month periods ended December 31, 2015 and 2014, the Company paid dividends of ¥64 per share (total dividend of ¥114,737 million) and ¥66 per share (total dividend of ¥118,323 million), respectively.

10. 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 nine-month and three-month periods ended December 31, 2015 and 2014:

	Nine-month Period Ended December 31, 2015			Nine-month Period Ended December 31, 2014		
	Profit (numerator)	Shares (denominator)	Per share amount	Profit (numerator)	Shares (denominator)	Per share amount
	Millions of Yen	In Thousands	Yen	Millions of Yen	In Thousands	Yen
Basic earnings per share attributable to owners of the parent:	¥ 134,438	1,792,515	¥ 75.00	¥ 254,415	1,792,518	¥ 141.93
Effect of dilutive securities:						
Adjustment of effect of:						
Dilutive securities of associated companies...	(9)	-		(7)	-	
Stock options	-	406		-	257	
Diluted earnings per share attributable to owners of the parent:	<u>¥ 134,429</u>	<u>1,792,921</u>	<u>¥ 74.98</u>	<u>¥ 254,408</u>	<u>1,792,775</u>	<u>¥ 141.91</u>
	Three-month Period Ended December 31, 2015			Three-month Period Ended December 31, 2014		
	Profit (numerator)	Shares (denominator)	Per share amount	Profit (numerator)	Shares (denominator)	Per share amount
	Millions of Yen	In Thousands	Yen	Millions of Yen	In Thousands	Yen
Basic earnings per share attributable to owners of the parent:	¥ 3,797	1,792,512	¥ 2.12	¥ 31,755	1,792,514	¥ 17.72
Effect of dilutive securities:						
Adjustment of effect of:						
Dilutive securities of associated companies...	(3)	-		(0)	-	
Stock options	-	515		-	257	
Diluted earnings per share attributable to owners of the parent:	<u>¥ 3,794</u>	<u>1,793,027</u>	<u>¥ 2.12</u>	<u>¥ 31,755</u>	<u>1,792,771</u>	<u>¥ 17.71</u>

11. CONTINGENT LIABILITIES

I. GUARANTEES

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

The table below summarizes the maximum potential amount of future payments, amount outstanding and recourse provisions/collateral of the companies' guarantees as of December 31, 2015 and March 31, 2015. The maximum potential amount of future payments represents the amount without consideration of possible recoveries under recourse provisions or from collateral held or pledged that the companies could be obliged to pay if there were defaults by guaranteed parties. Such amounts bear no relationship to the anticipated losses on these guarantees and indemnifications, and, in the aggregate, they greatly exceed anticipated losses.

The companies evaluate risks involved for each guarantee in an internal screening procedure before issuing a guarantee and regularly monitor outstanding positions and record adequate allowance to cover losses expected from probable performance under these agreements. The companies believe that the likelihood to perform guarantees which would materially affect the consolidated financial position, operating result, or cash flows of the companies is remote at December 31, 2015.

Millions of Yen					
	Maximum potential amount of future payments	Amount outstanding (a)	Recourse provisions/ Collateral (b)	Net amount outstanding (a)-(b)	
December 31, 2015					
Type of guarantees:					
Financial guarantees					
Guarantees for third parties.....	¥ 158,191	¥ 74,110	¥ 5,716	¥ 68,394	
Guarantees for the investments accounted for using the equity method	813,052	476,528	80,488	396,040	
Performance guarantees					
Guarantees for third parties.....	61,544	44,728	1,940	42,788	
Guarantees for the investments accounted for using the equity method	35,198	25,655	5,395	20,260	
Total.....	¥ 1,067,985	¥ 621,021	¥ 93,539	¥ 527,482	

Millions of Yen					
	Maximum potential amount of future payments	Amount outstanding (a)	Recourse provisions/ Collateral (b)	Net amount outstanding (a)-(b)	
March 31, 2015					
Type of guarantees:					
Financial guarantees					
Guarantees for third parties.....	¥ 213,030	¥ 82,758	¥ 19,673	¥ 63,085	
Guarantees for the investments accounted for using the equity method	690,440	385,616	88,859	296,757	
Performance guarantees					
Guarantees for third parties.....	50,092	33,925	2,883	31,042	
Guarantees for the investments accounted for using the equity method	35,767	27,034	236	26,798	
Total.....	¥ 989,329	¥ 529,333	¥ 111,651	¥ 417,682	

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 December 31, 2015 and March 31, 2015 will expire through 2033.

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 December 31, 2015 and March 31, 2015 will expire through 2020 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 December 31, 2015 and March 31, 2015.

	Millions of Yen	
	December 31, 2015	March 31, 2015
Within 1 year	¥ 208,784	¥ 189,481
After 1 to 5 years	588,058	522,605
After 5 years	271,143	277,243
Total	¥ 1,067,985	¥ 989,329

II. LITIGATION

Various claims and legal actions are pending against the companies in respect of contractual obligations and other matters arising out of the conduct of the companies' business. Appropriate provision has been recorded for the estimated loss on claims and legal actions. In the opinion of management, any additional liabilities will not materially affect the consolidated financial position, operating results, or cash flows of the companies.

12. 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 December 31, 2015 and March 31, 2015 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 December 31, 2015 and March 31, 2015 were as follows. No assets or liabilities were transferred between level 1 and 2 for the nine-month period ended December 31, 2015 and for the year ended March 31, 2015.

December 31, 2015	Millions of Yen				
	Fair value measurements using			Netting adjustments*	Total fair value
	Level 1	Level 2	Level 3		
Assets:					
Other investments:					
Financial assets measured at FVTPL	¥ 31,905	–	¥ 43,874		
Financial assets measured at FVTOCI	613,783	–	625,215		
Total other investments	¥ 645,688	–	¥ 669,089	–	¥ 1,314,777
Derivative assets:					
Foreign exchange contracts	–	¥ 85,306	–		
Interest rate contracts	–	50,859	–		
Commodity contracts	¥ 38,245	782,677	¥ 444		
Other contracts	–	–	3,508		
Total derivative assets	¥ 38,245	¥ 918,842	¥ 3,952	¥ (707,042)	¥ 253,997
Inventories.....	–	¥ 138,037	–	–	¥ 138,037
Total assets	¥ 683,933	¥ 1,056,879	¥ 673,041	¥ (707,042)	¥ 1,706,811
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	–	¥ 68,921	–		
Interest rate contracts	–	9,728	–		
Commodity contracts	¥ 17,853	775,039	¥ 319		
Other contracts	–	–	1,041		
Total derivative liabilities	¥ 17,853	¥ 853,688	¥ 1,360	¥ (715,718)	¥ 157,183
Total liabilities.....	¥ 17,853	¥ 853,688	¥ 1,360	¥ (715,718)	¥ 157,183

March 31, 2015	Millions of Yen				
	Fair value measurements using			Netting adjustments*	Total fair value
	Level 1	Level 2	Level 3		
Assets:					
Other investments:					
Financial assets measured at FVTPL	¥ 4,566	–	¥ 36,446		
Financial assets measured at FVTOCI	633,366	–	850,880		
Total other investments	¥ 637,932	–	¥ 887,326	–	¥ 1,525,258
Derivative assets:					
Foreign exchange contracts	–	¥ 114,855	–		
Interest rate contracts	–	41,646	–		
Commodity contracts	¥ 47,578	948,519	¥ 812		
Other contracts	–	–	3,495		
Total derivative assets	¥ 47,578	¥ 1,105,020	¥ 4,307	¥ (851,080)	¥ 305,825
Inventories.....	–	¥ 153,065	–	–	¥ 153,065
Total assets	¥ 685,510	¥ 1,258,085	¥ 891,633	¥ (851,080)	¥ 1,984,148
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	–	¥ 105,700	–		
Interest rate contracts	–	12,551	–		
Commodity contracts	¥ 38,345	961,774	¥ 716		
Total derivative liabilities	¥ 38,345	¥ 1,080,025	¥ 716	¥ (888,853)	¥ 230,233
Total liabilities.....	¥ 38,345	¥ 1,080,025	¥ 716	¥ (888,853)	¥ 230,233

*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 nine-month period ended December 31, 2015 and 2014 were as follows:

	Millions of Yen	
	Nine-month period ended December 30, 2015	Nine-month period ended December 30, 2014
Balance at beginning of period	¥ 850,880	¥ 990,593
Other comprehensive income (Note1)	(220,087)	(195,652)
Purchases	16,397	11,841
Sales	(11,800)	(15,413)
Transfers into Level 3	-	-
Transfers out of Level 3	-	(41,280)
Others (Note2)	(10,175)	109,970
Balance at end of period	¥ 625,215	¥ 860,059

Note1: For “Other comprehensive income” for the nine-month period ended December 31, 2015 and 2014, fair value in investments in LNG projects declined reflecting the drop in oil prices.

Note2: “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 nine-month period ended December 31, 2014.

The reconciliation of financial assets measured at FVTPL for the nine-month period ended December 31, 2015 and 2014 were as follows:

	Millions of Yen	
	Nine-month period ended December 31, 2015	Nine-month period ended December 31, 2014
Balance at beginning of period	¥ 36,446	¥ 39,687
Gains (losses)	7,956	415
Purchases	12,609	15,324
Sales	(1,350)	(17,452)
Transfers into Level 3	-	-
Transfers out of Level 3	(10,221)	-
Others (Note1)	(1,566)	2,199
Balance at end of period	¥ 43,874	¥ 40,173

Note1: “Others” includes the effect of changes in foreign exchange rates and in scope of consolidation.

Gains (losses) related to financial assets measured at FVTPL was included in “Gain (loss) on securities and other investments—net” in Condensed Consolidated Statements of Income.

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 December 31, 2015 and March 31, 2015 were as follows:

December 31, 2015	Valuation Technique	Principal Unobservable Input	Range
Financial assets measured at FVTOCI	Income approach	Discount rate	6.7%~17.4%
March 31, 2015	Valuation Technique	Principal Unobservable Input	Range
Financial assets measured at FVTOCI	Income approach	Discount rate	5.9%~16.0%

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 December 31, 2015 and March 31, 2015 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			
	December 31, 2015		March 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-current receivables				
Trade and other receivables and other financial assets (*).	¥ 510,414	¥ 511,325	¥ 556,110	¥ 557,487
Non-current liabilities				
Long-term debts, less current portion and other financial liabilities (*)	¥ 4,130,213	¥ 4,234,221	¥ 4,177,887	¥ 4,256,636

(*)The fair values of other financial assets and other financial liabilities approximate their respective carrying amounts.

Trade and other receivables include loans receivable. Long-term debts include borrowings and bonds.

13. AUTHORIZATION OF THE ISSUE OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The issue of Condensed Consolidated Financial Statements was authorized by Tatsuo Yasunaga, Representative Director, President and CEO, and Keigo Matsubara, Representative Director, Executive Managing Officer and CFO, on February 12, 2016.